

Skagi hf. Financial results

FY2024 – A year of growth

February 26th 2025



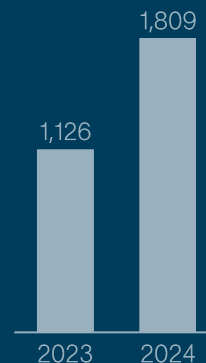
Key highlights FY2024



Skagi 2024 results in line with guidance targets



Fossar continues a rapid growth journey, with revenue **growing 61% YoY**



Best-in-class return for SIV and ÍV funds in 2024



#1 in Icelandic equities #1 in international equities

Strong momentum with VÍS, outperforming both financial and operational targets



Skagi organizational **structure finalized**



Financial Services in Q4:

Financial services revenue of **892m (+100% YoY)**

169m pre-tax profit and ROTE of 24% (40% after tax)¹

Results 2024 in line with guidance targets



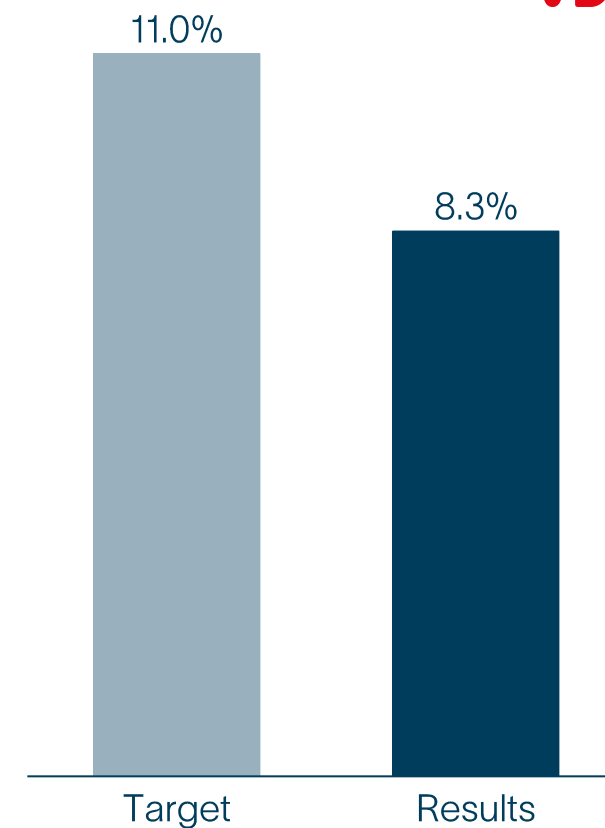
Insurance combined ratio, %
Guidance target



Financial services income¹, ISKm
Guidance target



Insurance investment return, %
Indicative target

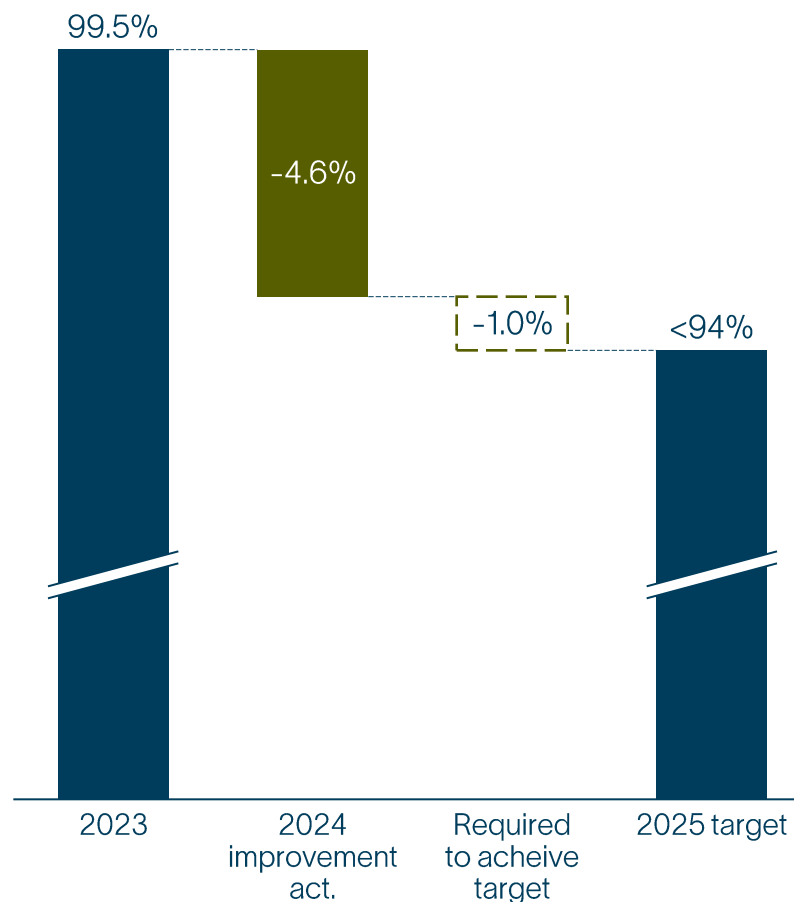


1. 2024 includes a ~200m contribution from ÍV acquisition. Without ÍV financial services revenues are 2,140 and still within guidance range (1,900-2,600m)

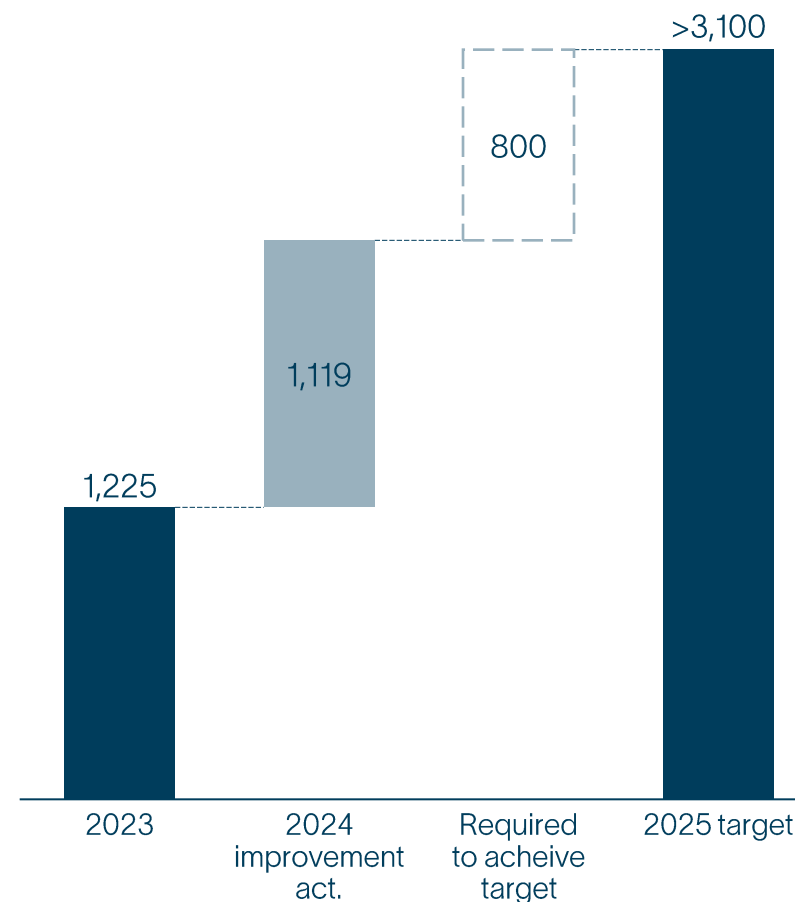
Results in 2024 lay foundation for 2025 targets



Combined ratio, %
Bridge from 2023 to 2025 target



Financial services income, ISKm
Bridge from 2023 to 2025 target



In Q3 2024 we announced updated guidance targets for combined ratio and financial services income in 2025

The updated targets were made to reflect the momentum in our core business operations

The FY2024 results highlight this momentum and show a credible path towards the 2025 targets

2024 includes a ~200m contribution from ÍV acquisition. T12m ÍV revenues are ~600m

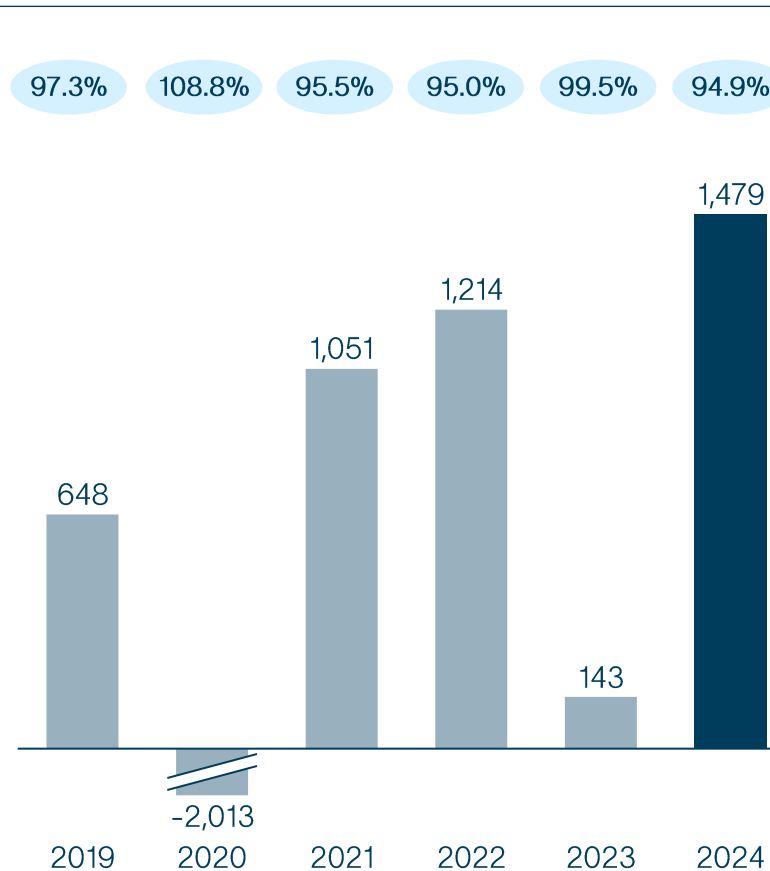
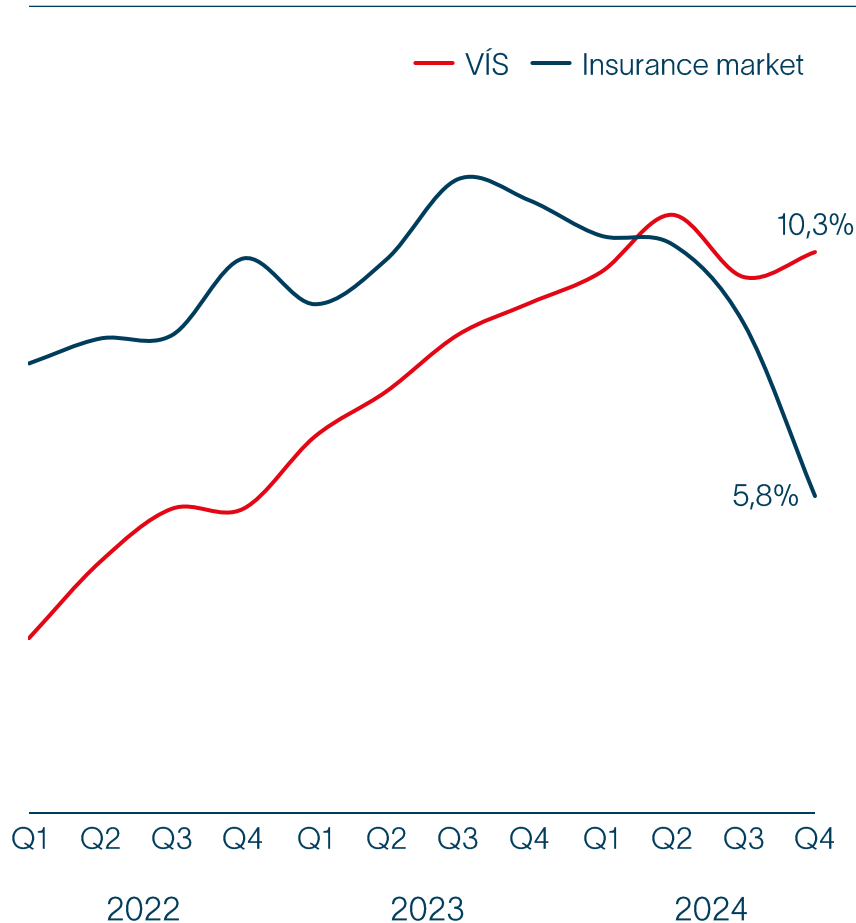
VÍS is growing faster than market whilst increasing profitability



Key accomplishments in 2024

Insurance premium growth in 2024, VÍS vs insurance market in Iceland¹

Insurance service result and combined ratio, ISKm



Revenue increase above market
10.2%



Significant cost ratio decline
From 22.3% to 19.1%



Material growth in life insurance
14.9%



Happier customers
Best result in 17 years



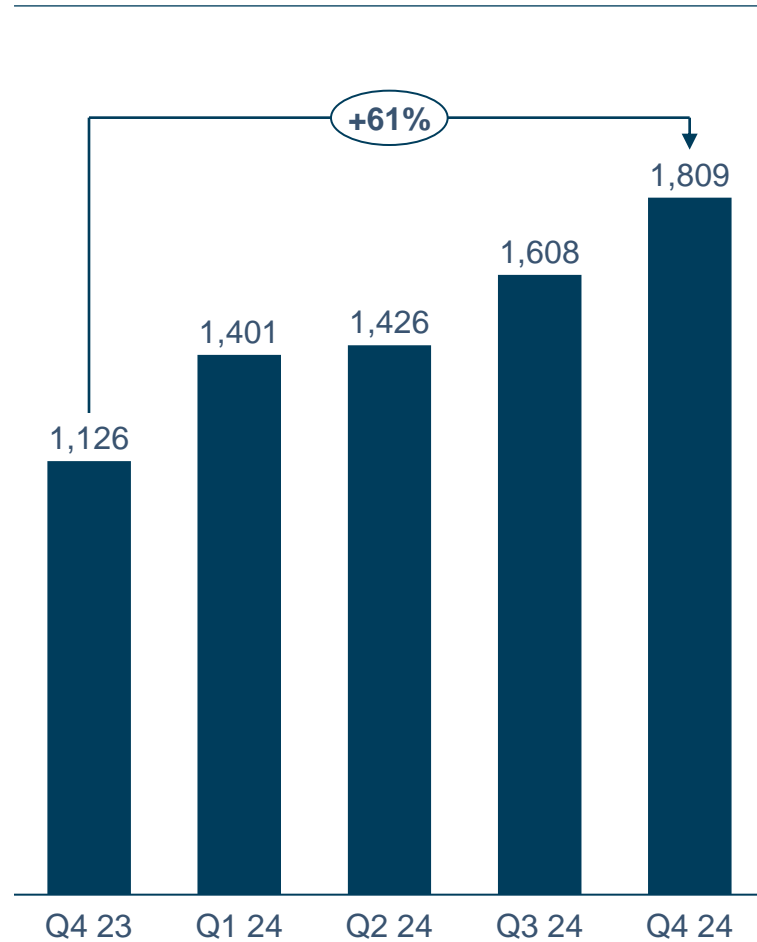
New key partnership with Íslandsbanki
Access to ~130,000 individuals and corporations

¹ Weighted average growth of VÍS, Sjóvá, TM and Vörður

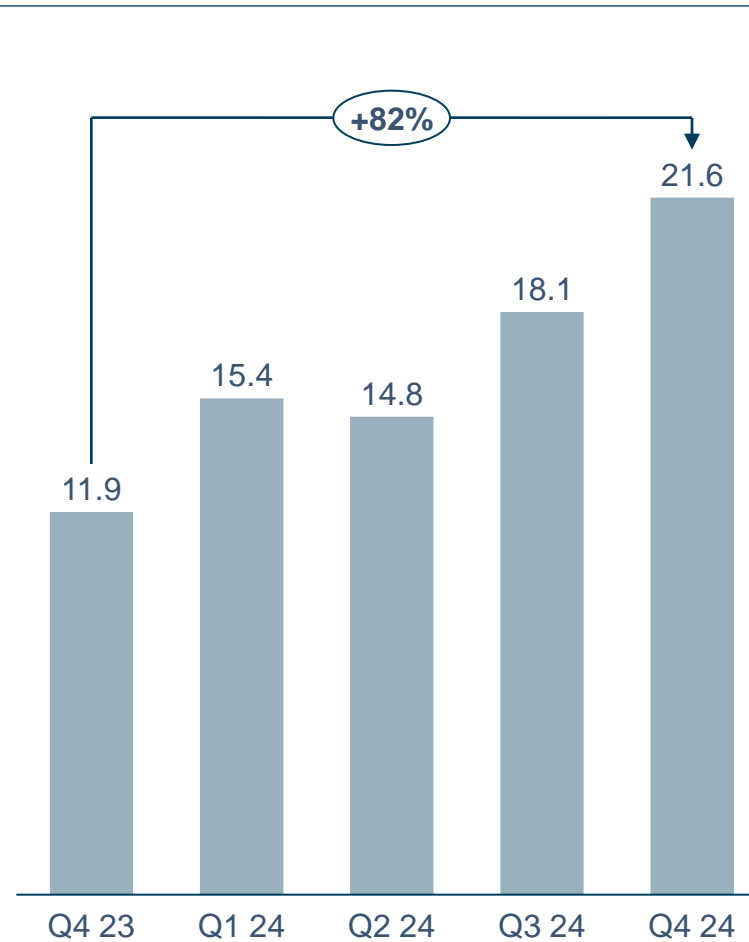
Fossar Investment Bank is scaling rapidly

Key 2024 accomplishments

Fossar LTM revenues by quarter, ISKm



Fossar balance sheet, ISKbn



Significant increase in revenues and balance sheet size
61% and 82% respectively



Rapid loan book turnaround
2.7x with focus on short duration and syndication



More diverse revenue mix
50% of revenue non-capital markets



Growth in corporate finance income
>250% in 2024



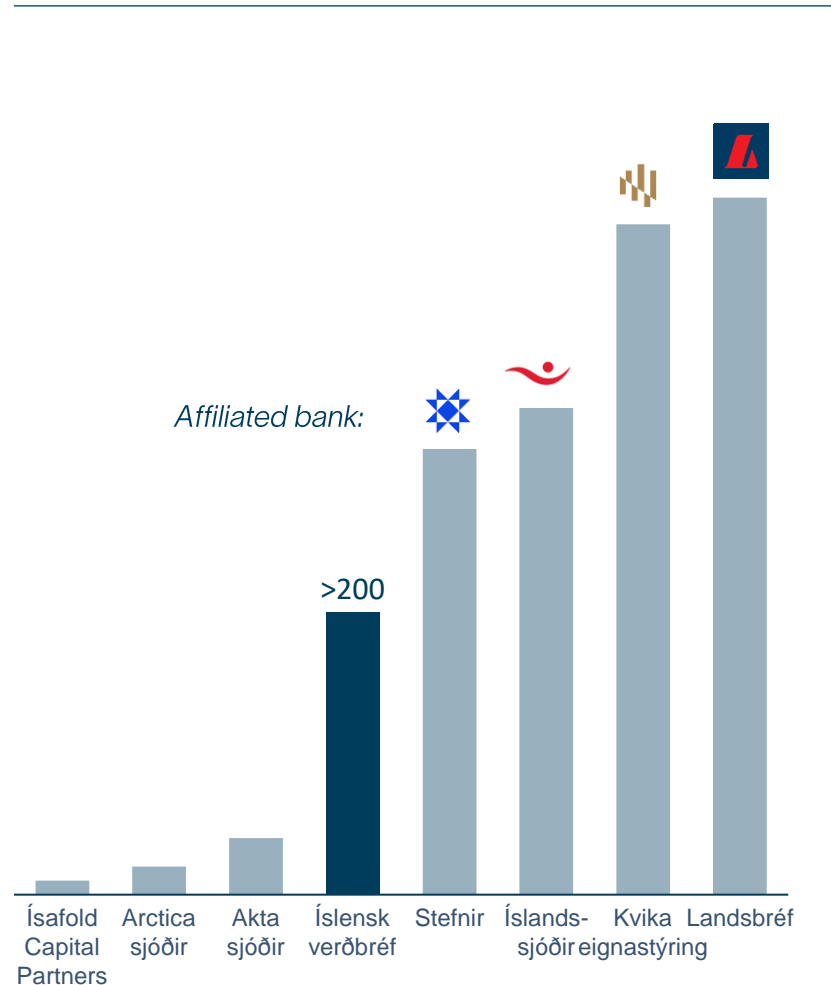
Road to profitability well underway

Íslensk verðbréf will be the largest non-bank affiliated asset management firm

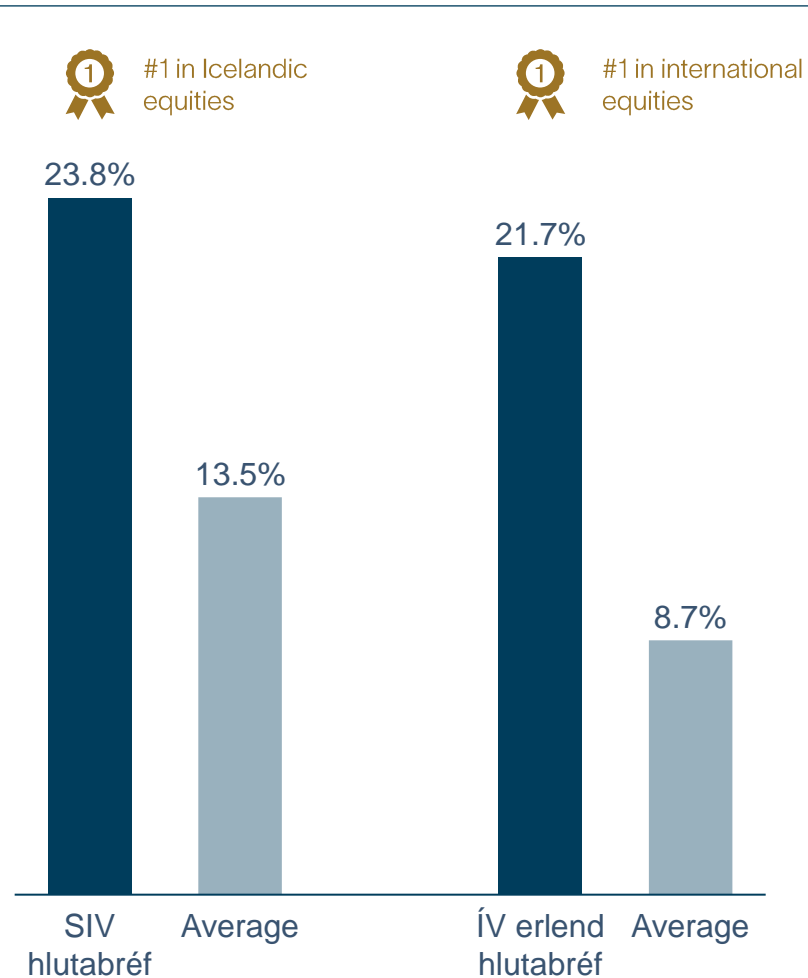


Key 2024 accomplishments

Comparison of Icelandic asset management firms¹
AuM, ISKbn



Fund returns for domestic and international equities, 2024, %



¹ Based on most recent available data from regulated asset management firms


 AuM growth
>100% growth in AuM with ÍV acquisition

 Market leading returns of funds
#1 in both Icelandic and international equity funds

 Increased product offering
From 10 funds to 25 funds





Íslensk verðbréf key competitive advantage

 Experienced team with best-in-class track record

 Special focus on credit offerings currently underserved in Icelandic market

Skagi financial targets

Guidance range and targets for 2024 and 2025


 SKAGI	2024 actuals	2025 target
 Combined ratio	94.9%	<94%
	Range:	93 - 96%
 Financial services revenue	2.3bn	>3.1bn
	Range:	2.9 - 3.5bn
 Investment return	8.3%	10%

1. Target Combined ratio for VÍS insurance business. Guidance range was 94-97% in 2024 and is 93-96% in 2025.
2. Target Financial Services Income includes all income of Financial services. Guidance range was 1.9-2.6bn in 2024 and is 2.9-3.5bn in 2025. Target RoTE from Financial services is >20%.
3. Investment return target is based on market conditions and assumptions in November 2024 and asset allocation policy for 2025 (35% Equity & 65% Bonds). Investments include solely the investments and income derived from VÍS Insurance investment portfolio.

Outlook to be updated if performance is expected to be outside of target range on Combined Ratio in Insurance or on revenue in Financial Services.
No update is given on Investment return of Investments nor on RoTE in Financial services.



Long-term targets 2026 put forward in relation to VÍS/Fossar merger¹

 SKAGI	2024 actuals	2026 target
Profit per share	1.19	2.50
AuM	227bn	250bn
Core revenue	32bn	36bn
Financial services revenue	2.3bn	4bn

All targets on track



Group financials

- Key financial results
 - Income statement
 - Balance sheet
-



Key financial results in 2024



	Core revenue 31,526m ↑ 17% YoY PF	Group PBT 2,545m ↑ 42% YoY	Group profit 2,258m ↑ 23% YoY	ROE 10.8%	EPS 1.19
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Insurance

Operational changes deliver results

- Insurance revenues grow 10.2% in 2024, of which 14.9% in life and health insurances
- Combined ratio of 94.9% (2023: 99.5%)
- Cost ratio improves at 19.1% (2023: 22.3%)
- Cost measures and increased emphasis on sales delivers target combined ratio below 95%

1,479m insurance service result
94.9% Combined ratio
10.2% YoY revenue growth

Investments

Acceptable return despite drawdown in unlisted assets

- Return of 8.3% from investment assets (2023: 10.7%)
- Investment income of 3,657 million (2023: 4,753)
- Good relative return on all asset classes except unlisted equity portfolio due to decline in value of Controlant
- Investment portfolio stands at 45.7bn at quarter end

1,742m operating profit before tax¹
3,657 million investment income
8.3% return

Financial services

Continued growth and broader revenue base

- Increased diversification of financial services income
- Net financial services income grow 91% YoY pro forma
- AuM at 227bn at the end of the year²
- Stronger asset management business supports growth path
- Profit before tax 18m in financial services in 2024
- Strong results in Q4 delivering 169m pre-tax profit

18m operating profit before tax¹
227 AuM
2,344 million revenue

Income statement Q4 2024

Continued growth in revenue from insurance and financial services



Group core revenue 8.4bn and profit after tax 1,558m

Insurance

- Insurance revenue was 7,546m (10% YoY)
- Combined ratio 94.2% and 437m insurance service result (192 million improvement YoY)

Financial services

- Net interest income 77m from Fossar and ÍV (5% YoY)
- Net fee and commission income 679m (91%) YoY, partly driven by increase in corporate finance and loan syndication

Investments

- Investment income was 1,646m, representing a 3.6% return in the quarter

Net operating income

- Net operating income 2,549m (66% YoY)

Expenses

- Operating expenses 933m and increases 36% with broader financial services operations
- Net impairments lower following software assets write off

Results

- Pre-tax profit of 1,616m and profit after tax of 1,558m
- Low effective tax rate due to forward contracts and profit on listed equity

Income statement	Q4 2024	Q4 2023	Diff.	Diff. %
Insurance service result	437	245	192	78%
Net interest income	77	74	4	5%
Net fee and commission income	679	356	324	91%
Net financial income	1,296	864	431	50%
Other income	61	-4	64	1740%
Net Operating Income	2,549	1,534	1,014	66%
Operating expenses	-933	-685	-247	36%
Net impairments	-1	-806	804	-100%
Profit before taxes	1,616	44	1,572	3579%
Income tax	-58	108	-166	153%
Profit	1,558	152	1,406	926%
Group KPIs				
Core Revenues	8,438	7,291	1,148	15.7%
ROE - annualised	29.0%	3.1%	+25.9p.p	
Profit per share	0.82	0.35	0.47	134.8%
Business Unit KPIs				
Insurance revenue	7,546	6,844	703	10.3%
Combined ratio	94.2%	96.4%	-2.2p.p	
Financial services income	892	447	445	99.6%
Investment income	1,646	1,498	148	10%
Investment income return %	3.6%	3.4%	-0.2p.p	

Income statement FY 2024

A year of growth



Group core revenue 31.5bn and profit after tax 2,258m

Insurance

- Insurance revenue was 29,182m (10% YoY)
- Combined ratio 94.9% and 1.479m insurance service result (1.336 million improvement YoY)

Financial services

- Net interest income 237m from Fossar and ÍV (222% YoY)
- Net fee and commission income from Fossar and ÍV 1.816m (411% YoY)

Investments

- Investment income was 3.657m, representing a 8.3% return in the period

Net operating income

- Net operating income 5,554m (59% YoY)

Expenses

- Operating expenses 2.998m and increases with first full year and broader financial services operations
- Net impairments lower following software assets write off

Results

- Pre-tax profit of 2,545m and profit after tax of 2,258m (23% YoY)
- Low effective tax rate due to forward contracts and profit on listed equity

Income statement	2024	2023	Diff.	Diff. %
Insurance service result	1,479	143	1,336	933%
Net interest income	237	74	163	222%
Net fee and commission income	1,816	356	1,460	411%
Net financial income	1,883	2,839	-956	-34%
Other income	139	74	65	88%
Net Operating Income	5,554	3,485	2,069	59%
Operating expenses	-2,998	-888	-2,110	238%
Net impairments	-11	-806	795	-99%
Profit before taxes	2,545	1,791	754	42%
Income tax	-287	40	-327	813%
Profit	2,258	1,832	427	23%

Group KPIs

Core Revenues	31,526	26,968	4,558	16.9%
ROE - annualised	10.8%	10.2%	+0.6p.p	
Profit per share	1.19	0.97		22.7%

Business Unit KPIs

Insurance revenue	29,182	26,474	2,708	10.2%
Combined ratio	94.9%	99.5%	-4.6p.p	
Financial services income	2,344	494	1,850	374.5%
Investment income	3,657	4,753	-1,096	-23%
Investment income return %	8.3%	10.7%	-2.4p.p	

Balance sheet

Strong and robust balance sheet



- Strong and robust balance sheet of the group
- Total group assets are 79.2bn (+21% YoY)
- Insurance investment assets stand at 45,0bn
- Insurance liability 28.8bn
- Balance sheet of Fossar consists of liquid assets mainly of government bonds and listed assets
- Loans to customers consist in part of financing with security in liquid listed assets
- Fossar funding source is mostly in form of money market deposits, bills and bonds
- Fossar has issued two bonds in 2024 and continues to diversify its funding sources with longer term bonds
- Goodwill and intangible assets are mainly related to acquisitions and mergers in financial services
- Equity of the group stands at 22.3bn

Balance sheet, ISKm	31.12.2024	30.9.2024	Δ%	31.12.2023	Δ%
Assets					
Cash	2,322	1,836	26%	2,271	2%
Insurance investments assets	44,927	45,051	0%	42,759	5%
Fixed income securities	5,996	5,574	8%	4,562	31%
Shares and other variable income securities	469	403	16%	337	39%
Securities used for hedging	6,103	5,631	8%	4,521	35%
Loans to customers	7,880	4,407	79%	1,673	371%
Goodwill and intangible assets	5,547	4,087	36%	4,259	30%
Other assets	5,939	5,845	0%	5,086	15%
Total Assets	79,183	72,835	9%	65,468	21%
Liabilities and Equity					
Insurance liabilities	28,834	28,441	1%	26,162	10%
Money market deposits	10,663	9,274	15%	6,227	71%
Bills and marketable instruments	4,387	3,564	23%	2,285	92%
Other liabilities	9,263	7,448	23%	6,031	52%
Subordinated liabilities	3,764	3,706	2%	3,590	5%
Total Liabilities	56,912	52,432	8%	44,296	28%
Equity	22,271	20,403	9%	21,172	5%
Total Liabilities and Equity	79,183	72,835	9%	65,468	21%

Business unit financials

- Insurance
 - Financial services
 - Investments
-



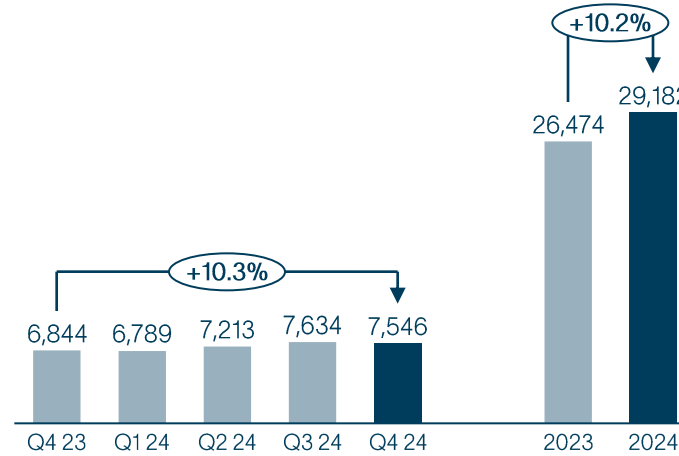
Insurance



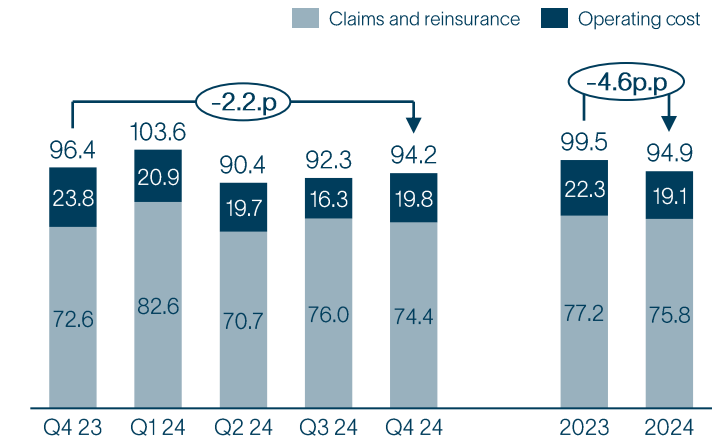
Continued growth and improved profitability

- Positive momentum in insurance revenue
- 10.3% insurance revenue growth in Q4 YoY and 10.2% FY2024
- Strong 14.9% growth in life and health insurance with increased emphasis on growth in this product range
- Claims ratio slightly higher in Q4 compared to last year but improves in 2024 total
- Cost measures implemented and higher premium base continue to result in decreased cost ratio, down to 19.1% in 2024 compared to 22.3% the year before
- Combined ratio is 94.2% in Q4 and 94.9% in 2024, both in line with management expectations and yearly targets

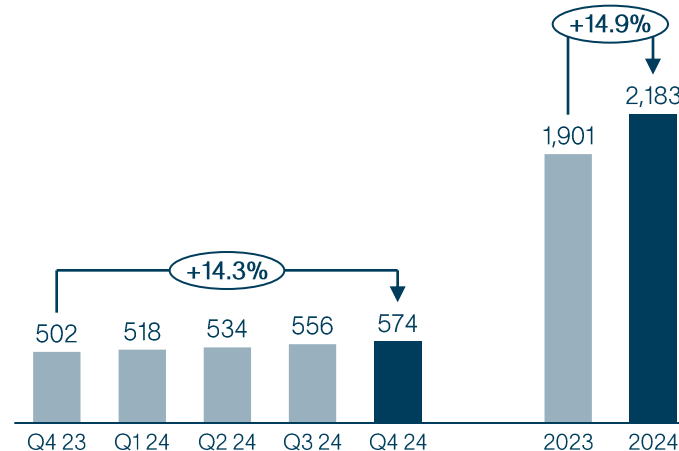
Insurance revenue



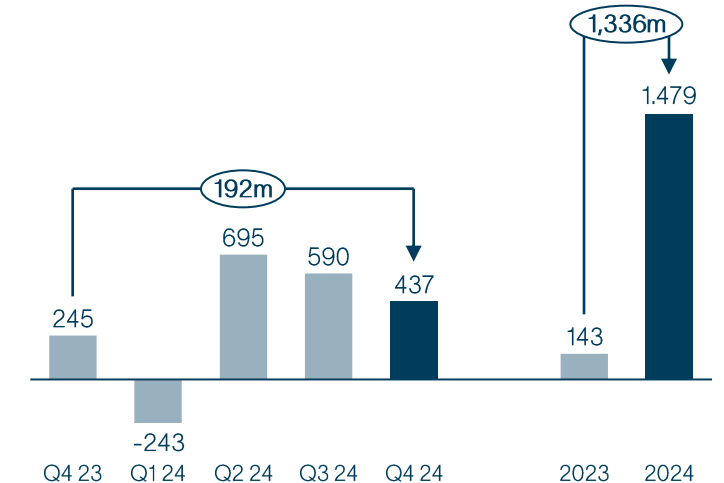
Combined ratio %



Life insurance revenue



Insurance contract results



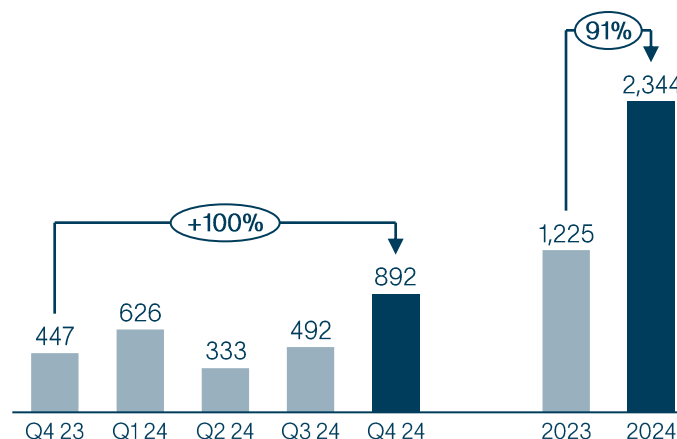
Financial services

Continued growth and broader revenue base

- Financial services generated a strong performance in Q4 2024 with net income of 892 (100% YoY) ending the full year 2024 with net income of 2,344 (91% YoY pro forma)
- Group AuM of 227bn¹ at end of year and asset management generating about 44% of total income in Q4 2024 and 33% of income in 2024
- Merged ÍV will have close to 200 bn AuM, of which over 25 funds with around 80bn AuM
- Financial services within Skagi continue to diversify its income pillars, with over 60% of income coming from non-capital markets related activities in 2024, compared to 31% in 2023
- Financial services delivered pre-tax profit in Q4 2024 of 169m. Full year 2024 delivered pre-tax profit of 18m and after tax profit of 220m³. Positive tax largely due to forward contracts

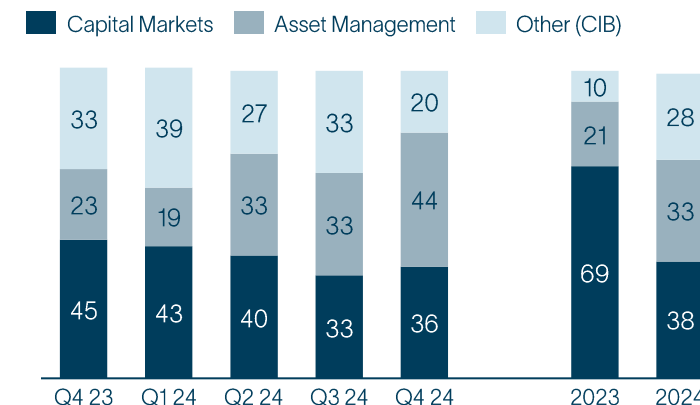
Net financial services income

Excluding intra-group adj.



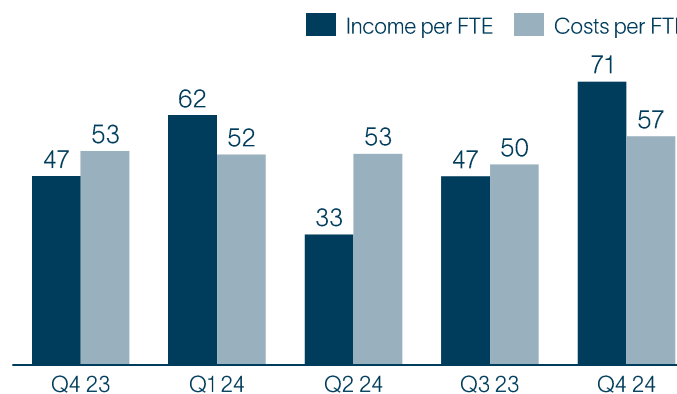
Composition of financial services income, %

Pro Forma excluding financial income

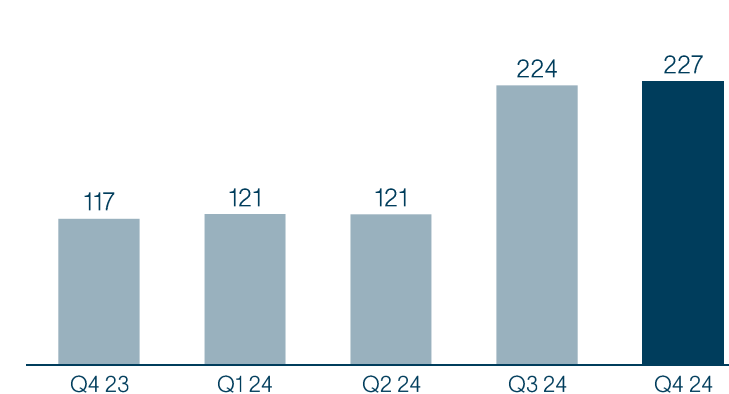


Income and costs per FTE

ISKm annualized, only including financial services



Assets under management², billions ISK



All amounts are in ISK unless stated otherwise

1. Net financial services income excludes intra group adjustments. 2. AuM and placement by clients into foreign funds which Fossar are distributors for. 3. Financial Services result pre and post tax is combined results of Fossar, SIV and Q4 for ÍV. 4. FY2023 net financial services income is pro forma with Fossar 2023 full year. 4. Financial services income and costs per FTE excludes impairments on the cost side.

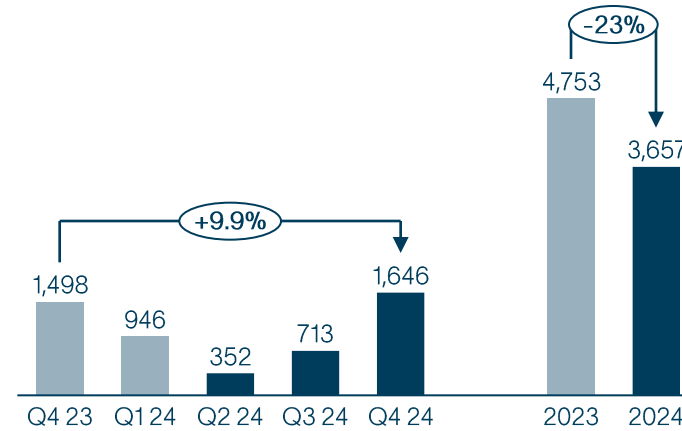
Investments

Returns under benchmarks

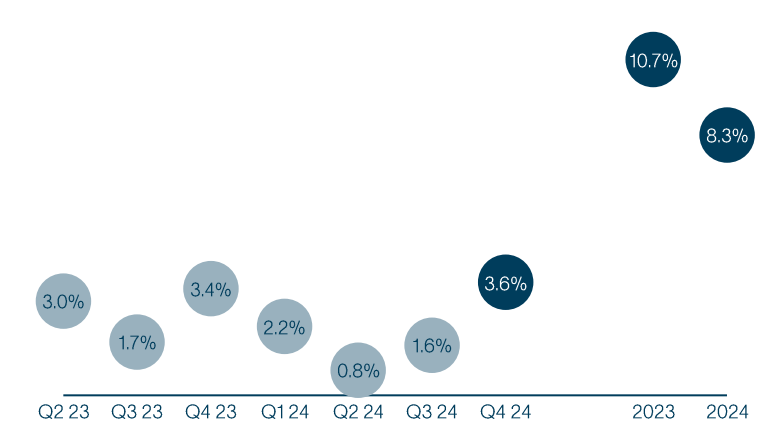


- Return on investments 3.6% in Q4 and 8.3% in 2024
- Investment income of 1,646m in Q4 (10% YoY) and 3,657m in 2024 (-22% YoY)
- Positive return from all asset classes except unlisted equities in 2024
- Solid total and relative return from bonds and cash contributing a total of 2.4bn in 2024
- Profit from listed equity in 2024 was or -2.8% compared to 3.7% drawdown in equity index

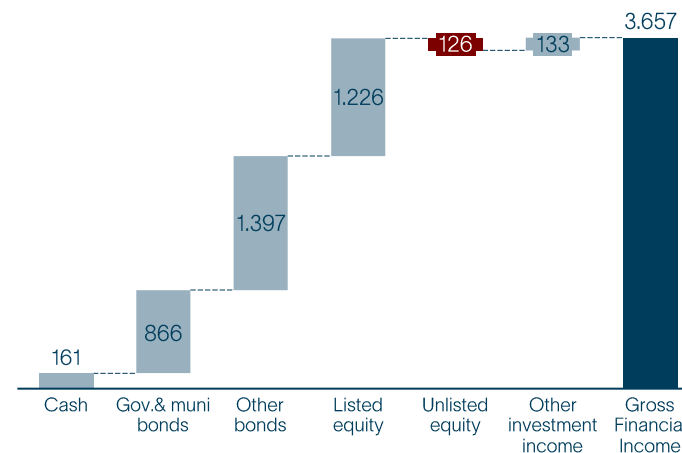
Investment income



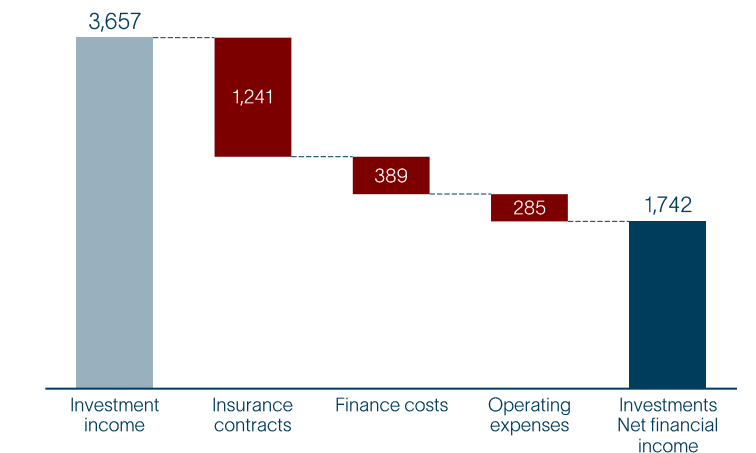
Return on investment assets



Investment income from assets in 2024



Net investment income breakdown in 2024



All amounts are in ISKm unless stated otherwise

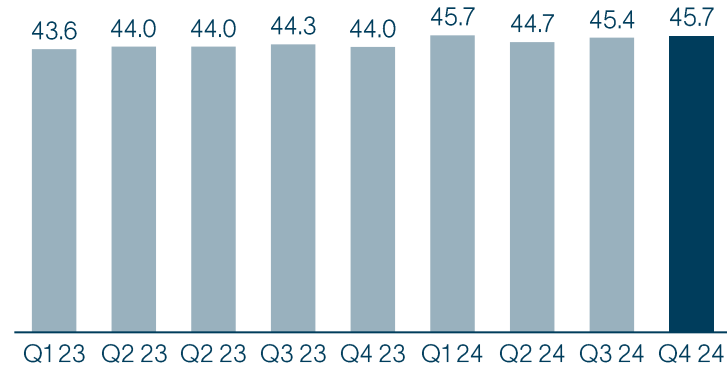
Investment portfolio



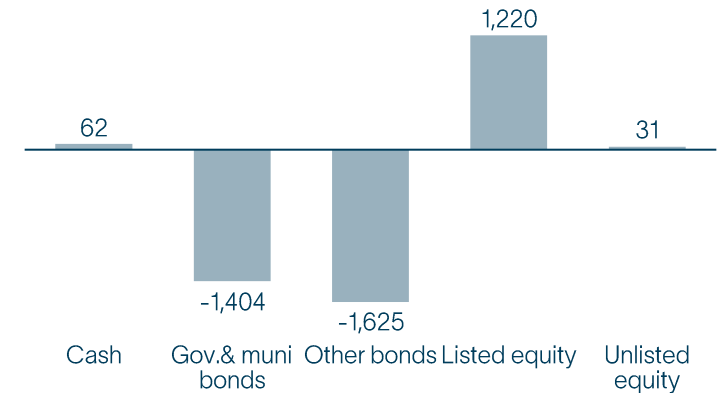
Investment portfolio shifted towards listed equity

- Investment asset portfolio¹ stands at 45.7bn at end of quarter, consisting of financial assets of VÍS insurance
- Composition of portfolio is 57% bonds and 38% equity, thereof 15% in unlisted equity
- Allocation shift to listed equity, only domestic equities, from bonds
- Duration higher at about 3.1 in Q4
- Foreign bonds are comprised of foreign credit funds and bonds issued by financial institutions
- Currency hedges are in place against the foreign bond exposure

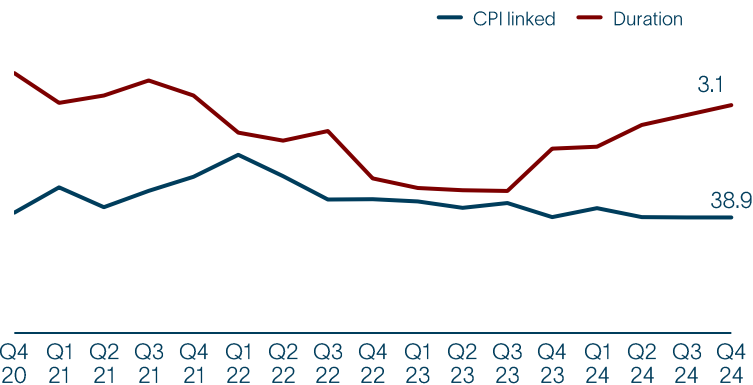
Investment assets¹, ISK billions



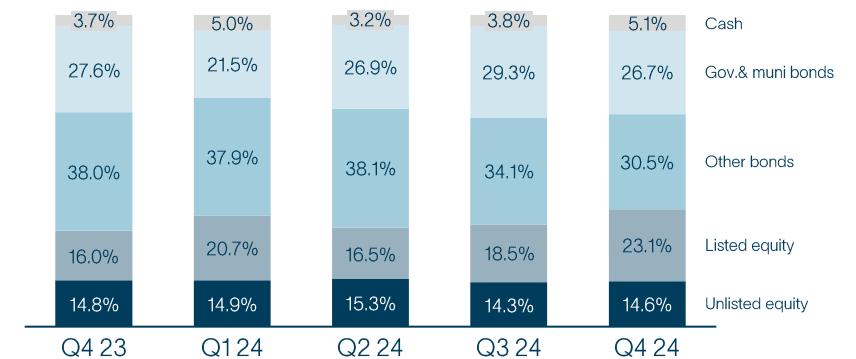
Asset allocation shift in Q4 24



Bonds - duration and CPI-linked ratio



Asset allocation



Operating costs and solvency

- Operating costs
 - Solvency and bank capitalisation
-

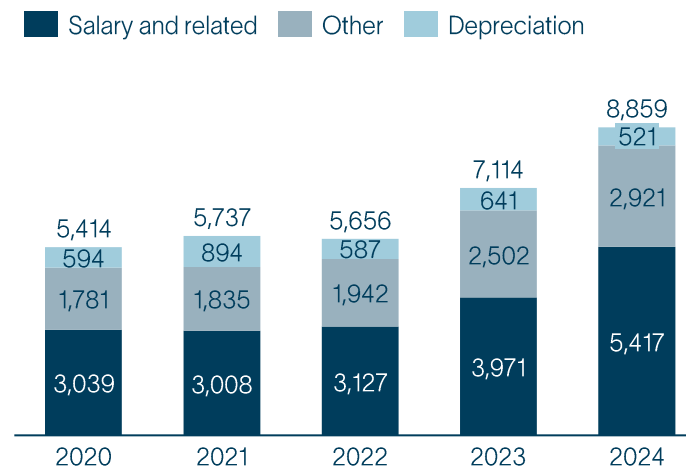


Operating costs

Streamlining of operating costs continue in line with plans

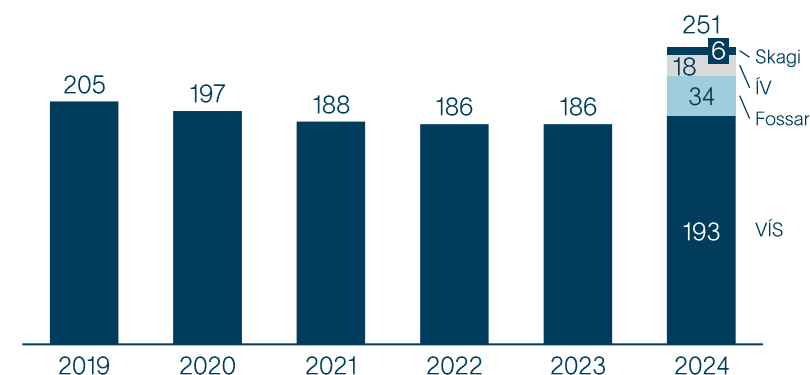
- Operating costs increase YoY mainly due to full-year inclusion of Financial services (Fossar & ÍV)
- Streamlining of operating costs continues with high focus on cost measures in insurance business
- Synergies between insurance and financial services operations are being extracted across housing, IT, finance and legal
- Average employees over the year increase up to 251 with Fossar, SIV and ÍV inclusion
- Insurance base costs decrease ~1% YoY

Operating costs



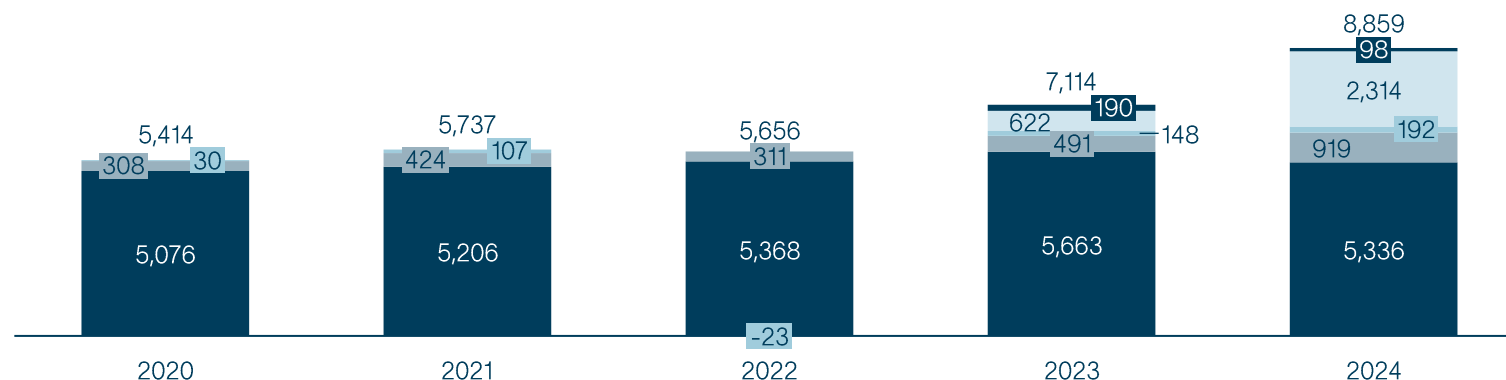
Employees (FTEs)

Average over period



Breakdown of operating costs

Business units: Insurance base cost (dark blue), Investments and other costs (grey), Incentives scheme (light blue), Financial Services Costs (medium blue), One-off op costs (black)



Solvency ratio and investment bank capital



Group capitalised within policy levels

Solvency position

- Group solvency ratio is 1.35 at end of year while VÍS insurance solvency ratio is 1.38
- Own funds are within target policy levels;

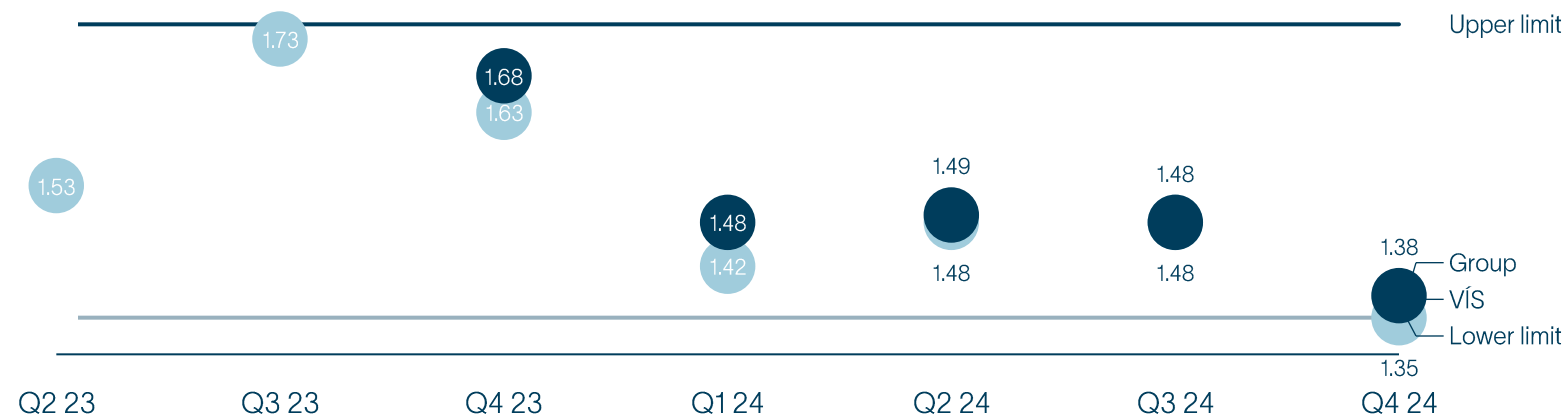
Fossar capital position

- Fossar capital ratio of 23.6%
- Fossar capital position is ~200m above capital requirement
- Fossar completed the SREP process in late 2024. The banks capital ratio is above total regulatory requirements

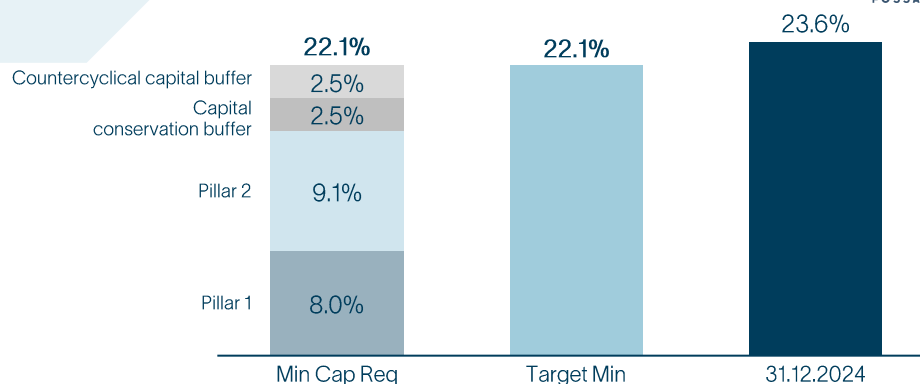
Capital allocation

- Capital allocation optimization within the Group to support internal and external growth is consistently monitored

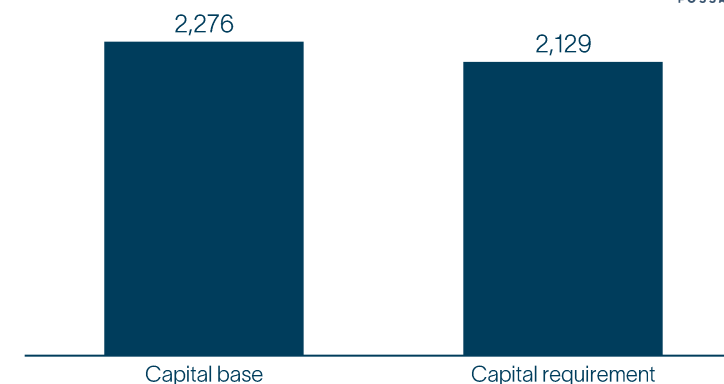
Solvency ratio



Fossar - capital ratio



Fossar - capital and requirement





A year of growth

- **Insurance:** Continued profitable growth journey
- **Financial Services:** Significant revenue growth and clear road to increased profitability
- **Investments:** Results under benchmark but confidence in long-term results

Positive momentum in insurance revenue

10.2% **insurance revenue growth** in Q4 and 10.3% in 2024

Combined ratio **94.2%** in Q4 and **94.9%** in 2024

Guidance target delivered

Financial services continue to **grow** within the Group – with a YoY income growth of **91%** on pro-forma basis

Skagi organizational structure now **optimized for future growth**

Appendix:

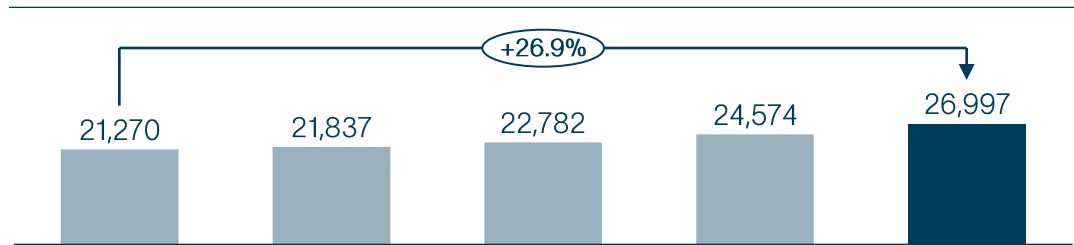
Further information

VÍS insurance – additional information

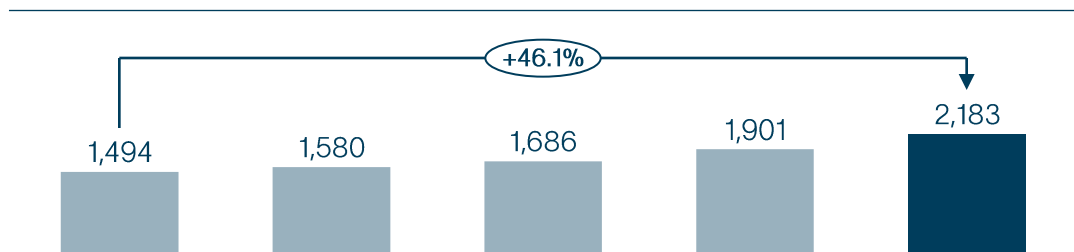


Revenue and claims breakdown

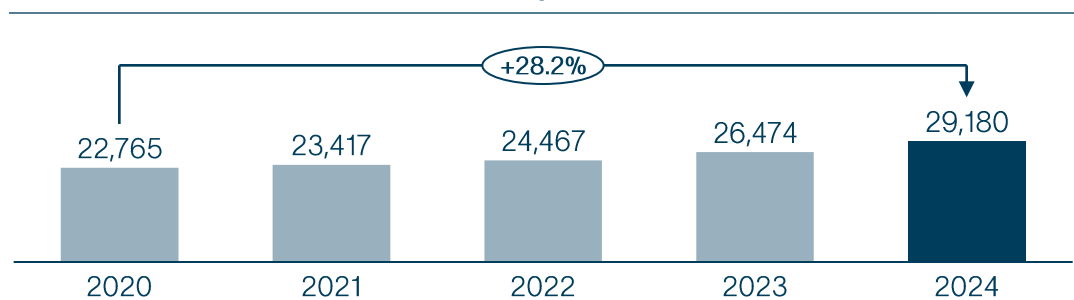
Revenue from non-life insurance contracts, ISKm



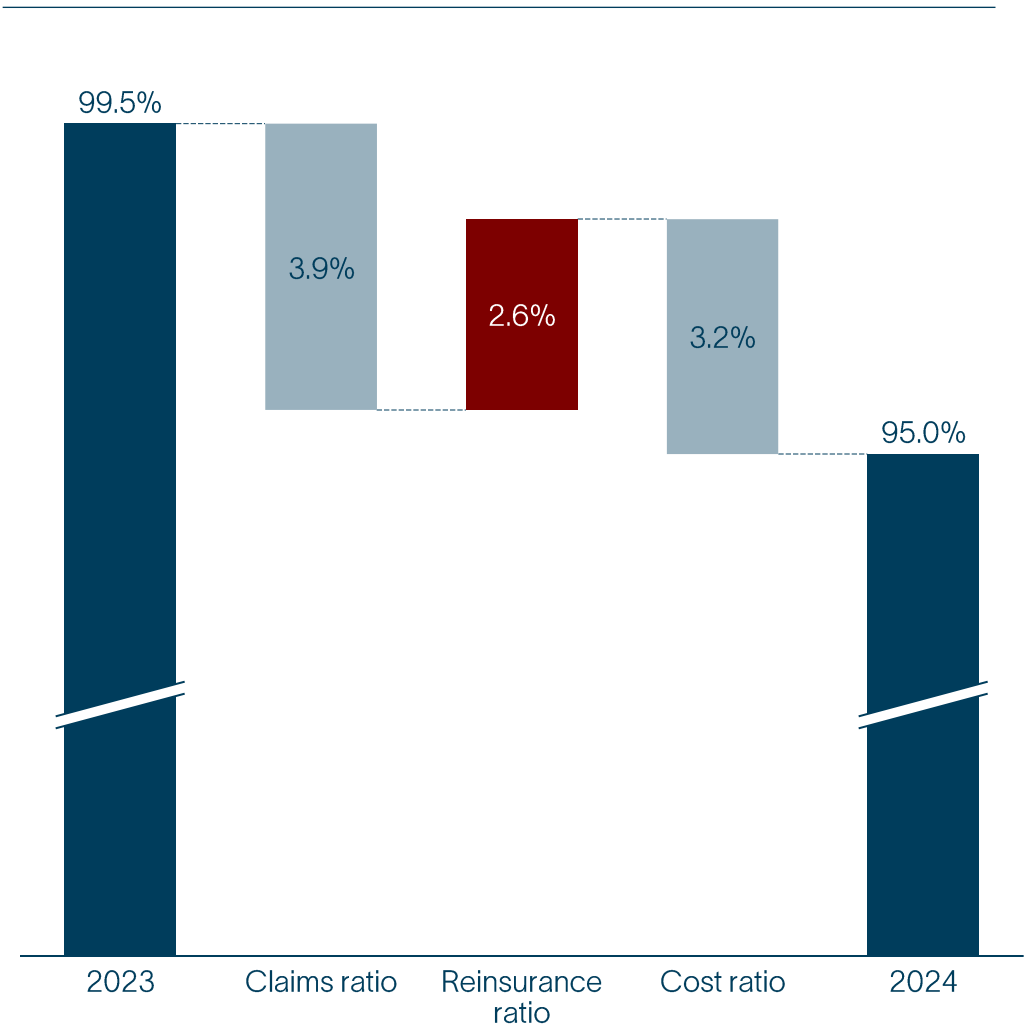
Revenue from life insurance contracts, ISKm



Revenue from insurance contracts, ISKm



Combined ratio bridge from 2023 to 2024

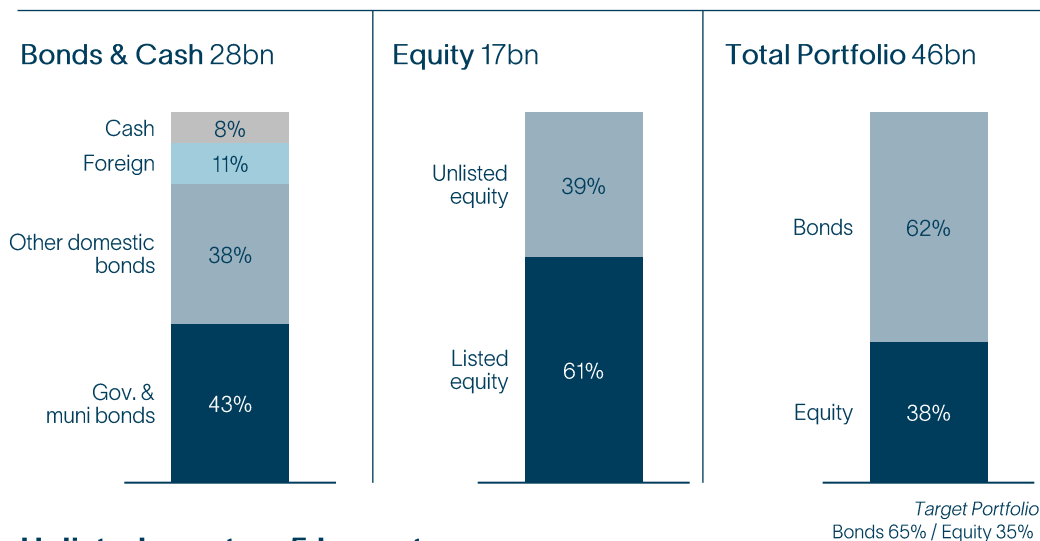


Investment portfolio – additional information

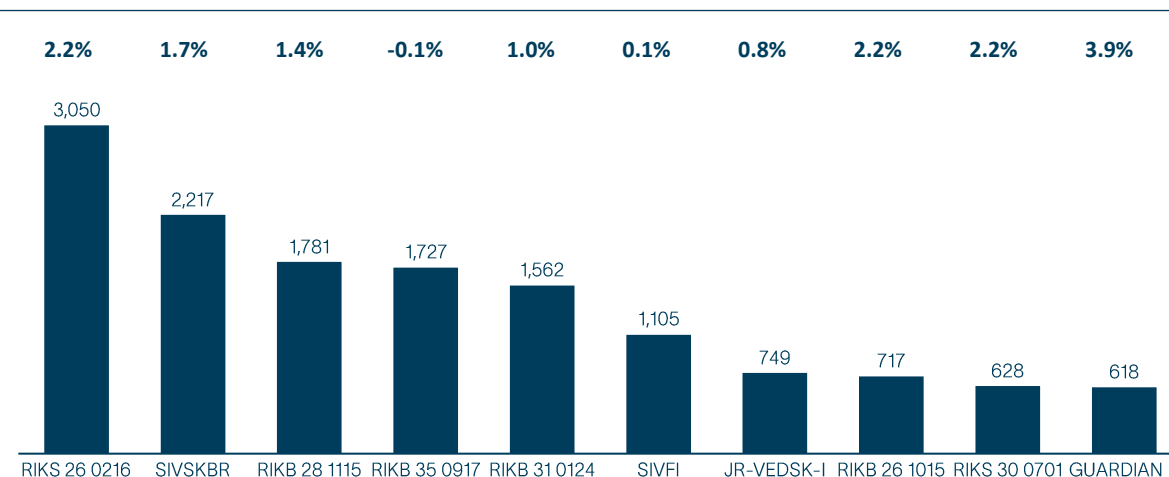


Breakdown of asset allocation and major positions in the portfolio

Allocation of bonds and equity



Bonds – 10 largest and return in quarter

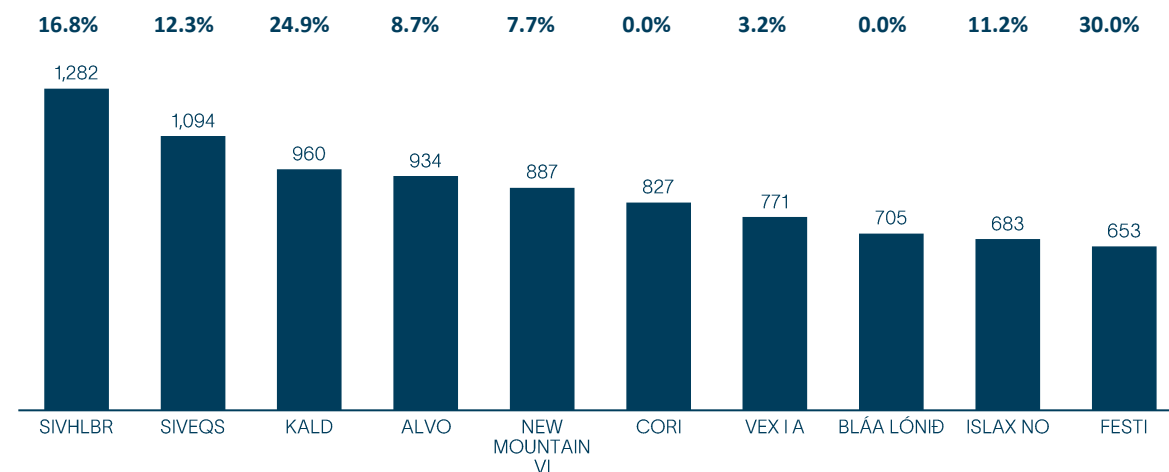


Unlisted assets – 5 largest

	Value 31.12.2024	Value 30.09.2024	Difference	Share price 31.12.2024
CORIPHARMA	827	827	0	13.7
BLUE LAGOON	705	705	0	80
annata Powering possibilities	603	604	-1	133.1*
NOX HEALTH	335	349	-14	83.5**
Controlant	250	250	0	30

* indirect via VPE AN (VEX) | **indirect via Nox Holding ehf.

Equity – 10 largest and return in quarter



1 Increase is due to participation in equity raise and not an increase in share price
All amounts are in ISK unless stated otherwise

Fossar Investment Bank – balance sheet

Strong balance sheet with majority of assets in listed assets



Balance sheet	31.12.2024	30.9.2024	Δ%
Assets			
Fixed income securities	5,666	5,471	4%
Shares and other variable income securities	469	403	46%
Securities used for hedging	6,103	5,631	8%
Cash	135	517	-74%
Loans to customers	7,880	4,407	79%
Claims and other assets	1,633	1,670	-9%
Total assets	21,886	18,100	21%
Liabilities and Equity			
Borrowings	2,700	1,399	93%
Money market deposits	10,663	9,274	15%
Bills and marketable instruments	4,387	3,564	23%
Other liabilities	1,451	2,004	-28%
Total liabilities	19,202	16,241	18%
Total equity	2,684	1,859	44%
Total Liabilities and Equity	21,886	18,100	21%

LCR ratio and net stable funding ratio

Liquidity coverage ratio (LCR)	31.12.2024	30.9.2024
High quality liquid assets	3,740	3,958
Net outflow	1,309	1,311
Liquidity coverage ratio (LCR)	286%	301%
<i>Minimum regulatory requirement</i>	<i>100%</i>	<i>100%</i>
Net stable funding ratio (NSFR)	31.12.2024	30.9.2024
Available stable funding	9,479	4,432
Required stable funding	3,487	3,007
Net stable funding ratio (NSFR)	272%	147%
<i>Minimum regulatory requirement</i>	<i>100%</i>	<i>100%</i>

All amounts are in ISKm unless stated otherwise

Strong historical return of insurance investments



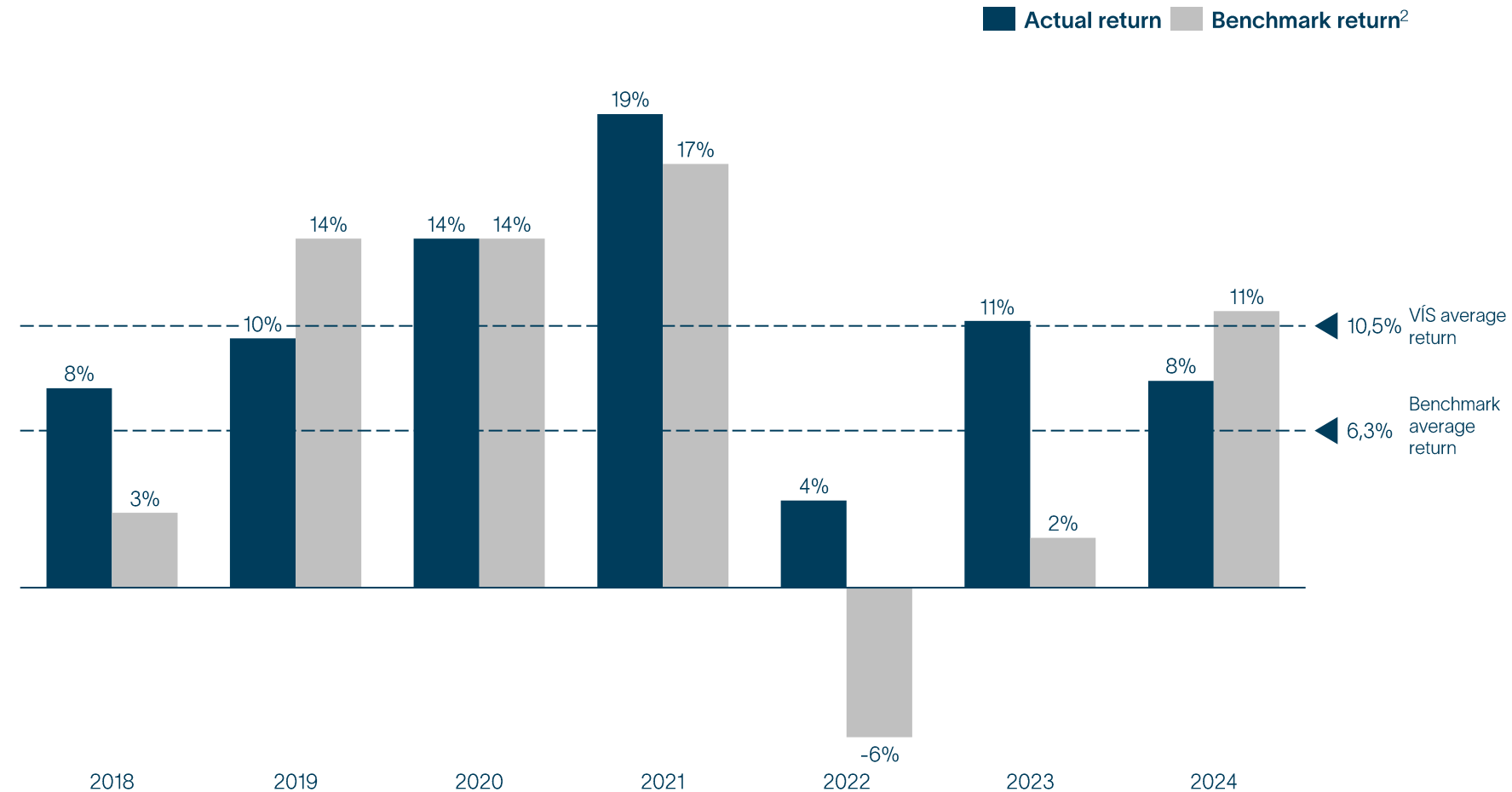
Return of insurance investments¹

2024 insurance investment return was acceptable but below benchmark

Most asset classes performed well but soft performance of unlisted assets influenced the overall return

Notably, the revaluation of Controlant shares from 105 to 30 contributes -625m, or -1.4% to investment returns

The VÍS portfolio has delivered consistent returns in recent years and we are confident in the portfolio composition and investment strategy moving forward



1. Insurance investments under management of Íslensk verðbréf
 2. Benchmark return is combined from Kvika indices for each relevant asset class, based on investment strategy for VÍS Investment portfolio in each year

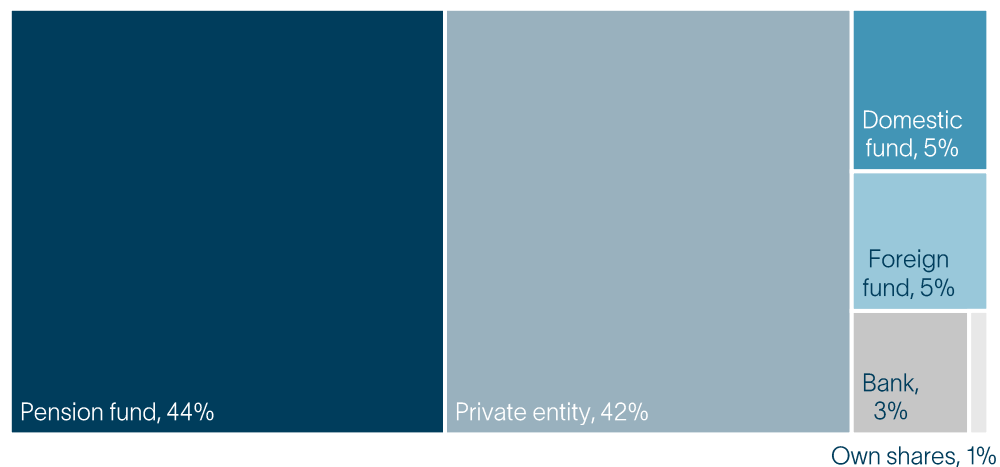
Shareholders



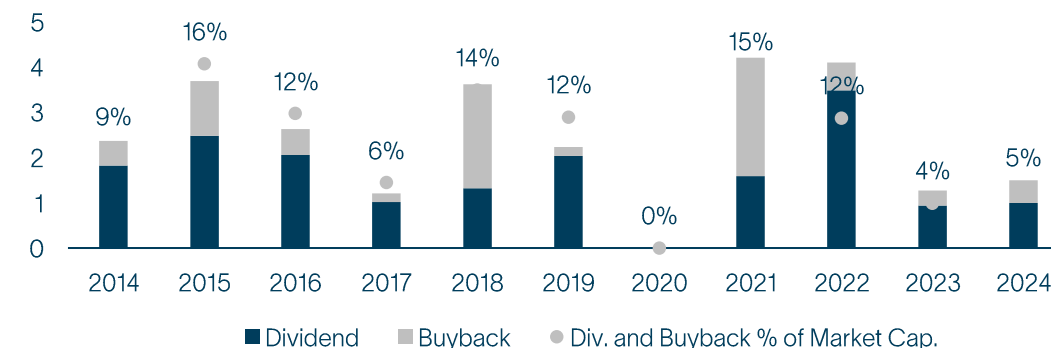
10 largest shareholders, 21.02.2025

Shareholder	%
Lífeyrissj.starfsm.rik. A-deild	8.7%
Sjávarsýn ehf.	8.6%
Skel fjárfestingafélag hf.	8.2%
Gildi - lífeyrissjóður	8.2%
Frjálsi lífeyrissjóðurinn	7.3%
Lífeyrissjóður verzlunarmanna	7.3%
Klettur fjárfestingar ehf.	4.8%
Stapi lífeyrissjóður	4.0%
H3 ehf.	2.9%
Birta lífeyrissjóður	2.8%

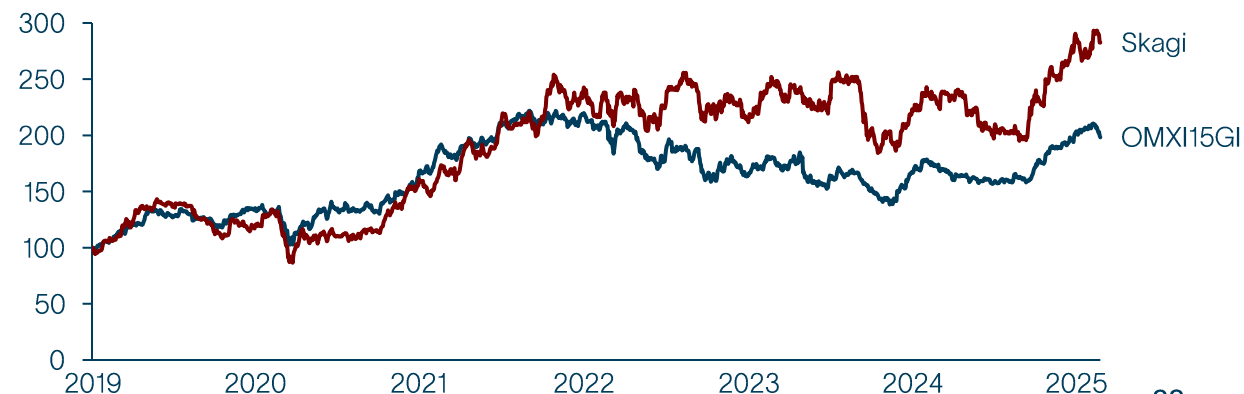
Shareholders by type, 21.02.2025



Payments to shareholders, ISKbn



Skagi stock price development¹, index 2019=100



¹ Index and Skagi stock price corrected for dividends, share buybacks and stock splits

Sustainability within the Group

– Strong ESG Ratings



ESG ratings (Reitun): 80 points

Skagi achieved the score **80 out of 100** second year in a row in Reitun's ESG rating. Placing the company in category B1.

The rating is based on the company's performance in environmental, social and governance (ESG) in its operations in 2023.

Skagi will publish its Annual and Sustainability report 2024 on its website on 27th February 2025

Environment **88** points

Social **90** points

Governance **76** points



United Nations
Global Compact



Signatory of:

 **PRI** | Principles for
Responsible
Investment



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