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Skagi

Initiation Report - Public Version - Issued on 31/08/2026.
All information and calculations based on closing prices on 14/08/2026.

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SKAGI – Investment Summary

TP - ISK 27,7

50% vs Last Price (18,50 on 14/08/2026)

Rating: BUY (Speculative)

Key Valuation Metrics (2027E) - Current Valuation

P/E	7,3x
P/B	1,35x
P/NTA	1,64x
P/Investment Portfolio	0,68x
Cost of Equity	9,58%
Implied Cost of Equity	12,35%

Financial Outlook (2027E)

Insurance Revenues	ISK 36,3bn
Financial Services Revenues	ISK 3,3bn
Net Financial Income	ISK 2,9bn
Net Operating Income	ISK 9,2bn
ROE	18,9%
ROTE	23,0%

Investment Highlights

- **Valuation Disconnect:** At ISK 18,50 the market pays 8,0x normalised earnings (EPS 2,30) for a group likely to outperform its >15% ROE target. AKKUR's four methods span ISK 25,9-30,9.
- **Underwriting Turnaround Delivered:** Combined ratio 99,5% (2023) → 90,7% (2025) → 91,5% (2026E).
- **Normalised Earnings Power:** At a 93,0% combined ratio and 9,5% return on the ISK 51bn portfolio, normalized group net income is ~ISKbn 4,3 - ROE 19,0%, above the >15% target.
- **Capital Optionality:** Solvency 1,48 insurance / 1,30 group vs the internal 1,175 floor; equity de-risking released ISK 1,25bn of equity SCR in six months which will likely continue.
- **Financial Services Optionality:** Revenue +36% in 2025 to ISKm 3.188; AuM ISK 251bn; cost savings from H2 2026 support a normalized segment PBT of ~ISKm 350-400 in 2027.
- **Attractive Risk-Adjusted Returns:** At ISK 18,50 and a 10x exit P/E, the implied total return is ~22% annualized to YE2028 including dividends on AKKUR's EPS path.

Investment Merits

- **Valuation gap:** All four methods (SOP, P/B, P/E, DDM) span ISK 25,9-30,9 vs price 18,50.
- **Underwriting streak:** CoR 90,4% H1 2026; guidance 90-93%, target <91,5%.
- **Normalised ROE:** 19,0% vs a >15% target, priced at 1,53x book.
- **Capital returns:** ISK 1,8bn distributed in 2026; solvency headroom above the 1,175 floor.
- **FS ramp:** AuM ISK 251bn, ÍV revenue +24% H1, cost base reset annualising from H2.

Key Risks

- **Reserve-release cliff:** best-estimate re-estimation; pre-2023 fuel ~ISK 2,2bn (1-2 years).
- **Invest. dependence:** portfolio 2,3x equity; H1 1,5% vs 9,5% target; ~500m PBT per 1pp.
- **Reinvestment risk:** the ISK 51bn float reprices lower - ~500m PBT per 100bp once rolled.
- **AY2023 adverse:** strengthened twice; accident-year runs 3-6pp above the reported ratio.
- **Estimate uncertainty:** three segments, short strategy track record - Speculative overlay.

Shareholders

20 Largest Shareholders and Changes YTD

- The largest shareholder is **Bjarni Ármannsson**, private investor, through **Sjávarsýn ehf.**
- Private shareholders own at least 28,3%, just looking at the top 20.
- Skagi's CEO, **Haraldur Þórðarson**, holds 2,63% through **H3 ehf.**
- At the end of June, five out of eleven equity funds covered by AKKUR had Skagi as a top 10 position.
- Skagi has a **2,4% weight in OMXI15** and **1,5% in OMX All Shares.**
- **Skagi has been the largest buyer of shares YTD,** through share buybacks, acquiring a 3,85% stake.
- Aside from Skagi, **Sjávarsýn is the largest buyer YTD** with a 0,31% stake added.

SKAGI	31/07/2026		Changes - YTD	
Shareholder	Shares	Stake %	Shares	Stake %
Sjávarsýn ehf.	193.990.421	10,00%	6.000.000	0,31%
Lífeyrissj.starfsm.rík. A-deild	166.200.000	8,57%	0	0,00%
Skel fjárfestingafélag hf.	156.956.533	8,09%	0	0,00%
Gildi Pension Fund	156.587.657	8,07%	0	0,00%
Live Pension Fund	150.218.970	7,74%	0	0,00%
Frjálsi Pension Fund	146.532.336	7,55%	2.824.000	0,15%
Klettar fjárfestingar ehf.	91.851.004	4,73%	0	0,00%
Stapi Pension Fund	79.913.379	4,12%	-1.000.000	-0,05%
Skagi hf.	74.610.000	3,85%	64.277.312	3,85%
Birta Pension Fund	54.927.843	2,83%	0	0,00%
H3 ehf.	50.985.315	2,63%	-5.000.000	-0,26%
Almenni-Lífsverk Pension Fund	36.498.439	1,88%	-7.255.000	-0,37%
Kormákur Invest ehf.	35.614.044	1,84%	0	0,00%
Lífeyrissj.starfsm.rík. B-deild	30.700.000	1,58%	0	0,00%
Stefnir - Innlend hlutabréf hs.	26.999.171	1,39%	-7.238.675	-0,37%
Arion banki hf.	20.065.454	1,03%	-5.218.267	-0,27%
Vanguard Total International S	19.851.770	1,02%	0	0,00%
Vindhamar ehf.	19.800.000	1,02%	0	0,00%
Vanguard Emerging Markets Stock	17.780.973	0,92%	0	0,00%
Landsbankinn hf.	16.712.624	0,86%	-4.313.798	-0,22%
20 largest shareholders	**1.546.795.933**	**79,72%**	**43.075.572**	**2,75%**

Key Investment Considerations

Assessing the Risk/Reward Profile

Investment Merits

Valuation Disconnect on Normalised Earnings

- **8,0x P/E and 12,5% earnings yield** on normalised EPS 2,30 vs a 9,58% cost of equity.
- **1,53x book** for a group normalising toward **19,0% ROE** - justified P/B mechanics support ~2,5x.
- **All four valuation methods land 40-67% above** the current price.

Underwriting at the Target's Doorstep

- **H1 2026 CoR 90,4%** - lowest first half as reported since 2007; revenue +7,1%.
- **FY guidance upgraded to 90-93%** against the <91,5% target; cost ratio at a record-low 18,5%.

Capital Optionality and Distribution Capacity

- **Solvency 1,48 / 1,30** after ISK 1,8bn of 2026 distributions; internal floor 1,175.
- **Equity de-risking (34% → 27%)** released ISK 1,25bn of equity SCR - a repeatable lever.

Financial Services Ramp at Little Implied Value

- **Revenue +36% in 2025;** AuM ISK 251bn (+8,2% YoY); ÍV revenue +24% H1.
- **Cost savings initiatives** kick in from H2 → supports normalized PBT ~ISKm 350-400.

Key Risks

Reserve-Release Cliff

- **Releases added 6,3pp** to the H1 2026 ratio (ISKm 1.032) and are best-estimate re-estimation, not prudence unwinding.
- **Pre-2023 cohorts hold ~ISK 2,2bn** of remaining fuel - one to two years at the current pace.
- **AY2023 strengthened twice (-291)**; the accident-year ratio worsened YoY while the reported ratio improved.

Investment-Result Dependence

- **Portfolio of ISK 51bn is 2,3x equity** - every 1pp of return is ~ISKm 500 of PBT.
- **H1 2026 delivered 1,5% vs the 9,5% FY target;** Oculis (−356m) and Annata (−286m) show single-name concentration.

Rate Sensitivity: Optics Now, Reinvestment Later

- **Falling rates lift reported CoR ~1pp per 100bp,** but lower finance expense and bond revaluation gains offset it - near-term bottom-line effect is roughly neutral.
- **The real exposure is reinvestment**: the ISK 51bn float gradually reprices onto lower yields - ~ISKm 500 of PBT per 100bp once rolled.
- **Comparability**: the discount tailwind (~3,9pp) flattered 2023-2025 reported ratios; its reversal will look like underwriting deterioration even where none occurred.

Estimation Cycle and Structure

- **Under-reserve → strengthen → release pattern** across 2018-2025 argues for conservative normalisation.
- **Three-segment conglomerate with holdco drag;** FS guidance already cut once (10.7.2026). Basis for the Speculative overlay.

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Valuation Approach

Four Lenses, Equally Weighted

- **Four methods, one average.** Sum-of-the-parts, justified P/B (ROE-Ke spread), group P/E on normalized earnings, and a dividend discount model on distributable own funds - each captures a different aspect of a capital-regulated group, and none is demonstrably superior ex ante. Fair value is their simple average.
- **Why equal weights:** weighting is where false precision creeps into a valuation. The four results span a tight ISK 25,9-30,9, so any defensible weighting doesn't really move the needle - the analytical work sits in the inputs, not the weights.
- **The honest caveat:** the tight span is not independent confirmation - all four methods draw on the same normalized-earnings and cost-of-equity inputs.
- **Two views of the same portfolio, by design.** The sum-of-the-parts, justified P/B and group P/E methods value the business as it stands, with the current ISK 51bn portfolio earning its 9,5% target return on today's capital base. The dividend discount model takes the other path: equity exposure falls further, investment returns settle at 7,0%, and the capital that de-risking releases is distributed. Normalizing on the as-is portfolio avoids modelling that surplus capital twice; the DDM prices it directly.
- **Equity is valued directly at the cost of equity**; no WACC is used anywhere in the build.

Method	Weight	Result (ISK)
Sum-of-the-parts	25%	25,9
Justified P/B	25%	30,9
Group P/E	25%	27,6
Dividend discount model	25%	26,6
Target price		**27,7**

Cost of Equity

CAPM Built Using Damodaran Dataset

- Based on Damodaran's data for betas and Market Risk Premiums.
- **Group beta weighted by where the capital sits:** insurance carries ~85-90% of group capital and earnings, so the P&C beta of 0,51 gets an 85% weight, with banks, brokerage & investment banking and asset management at 5% each - a group-level beta of 0,55.
- **Levered betas, used directly:** the Damodaran figures are levered industry betas, so no re-levering step is applied; Skagi's financial leverage is regulation-bounded and close to the industry norm.
- **The risk-free rate of 6,78%** is the current yield on **RIKB 42 0217**, the longest nominal Icelandic government bond - nominal curve for nominal ISK cash flows.
- A **Market Risk Premium for Iceland of 5,14%** according to the latest Damodaran data.
- **No WACC is used anywhere in the build:** the group is valued directly at the cost of equity; regulatory capital, not debt capacity, is the binding constraint.
- **Result:** cost of equity 9,58% (6,78% + 0,55 × 5,14%) - a **2,80% equity risk premium** over the risk-free rate.

Global betas	Beta	Weight
Banks (Regional)	0,51	5%
Brokerage & Investment Banking	0,98	5%
Insurance (Prop/Cas.)	0,51	85%
Investments & Asset Management	0,75	5%
Group Level	**0,55**	**100%**

Component	Value	Source/note
Risk-free rate	6,78%	RIKB 42 0217 yield
Group level beta	0,55	Damodaran global betas
Market risk premium (Iceland)	5,14%	Damodaran dataset
Cost of equity	9,58%	
Risk premium	*2,80%*	*Spread on risk-free rate*

Sum-of-the-Parts

Component Build to Equity Value

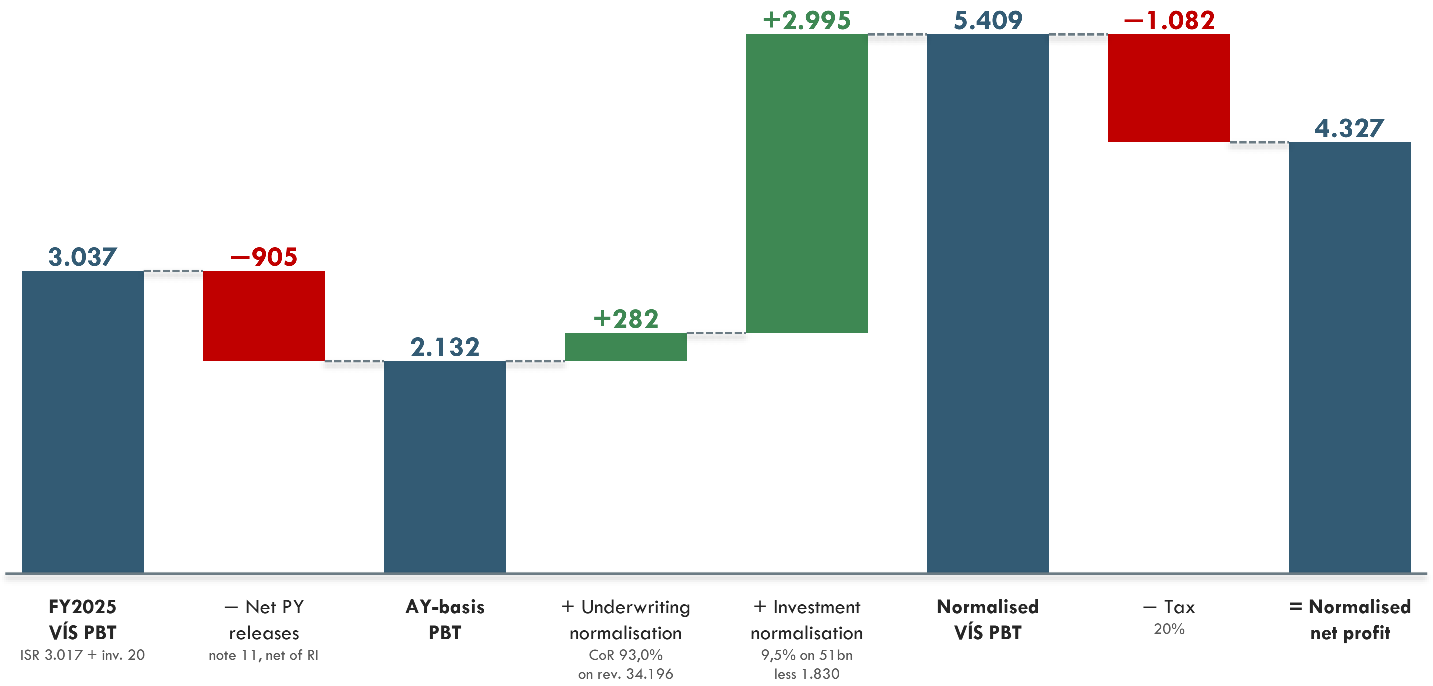
Component	Method	Low	Central	High
VÍS insurance	P/B multiple / normalized earnings	37.573	47.213	56.853
Financial services	P/E on normalized PBT / AuM cross-check	2.530	3.475	4.420
Associates (Tplús, Vex)	Book value	236	236	236
Corporate overhead	Capitalized central cost drag	-3.000	-2.700	-2.400
Equity value (ISKm)		**37.339**	**48.224**	**59.108**
Per share (ISK)		**20,0**	**25,9**	**31,7**

VÍS – Valuation

Two Anchors: P/B and Normalized Earnings

- **P/B anchor:** Peer group trades at ~2,3-6,9x equity; the multiple is a function of ROE vs Ke. VÍS own funds (post assumed distributions, 30.6.2026): ISKm 21.251.
- **Normalized-earnings anchor:** AY combined ratio at target + investment return at assumption → normalized VÍS profit of ISKm 4.327 after tax.
- **Quality adjustment:** the fading reserve-release tailwind argues for normalizing between the AY and CY ratio, not the calendar headline.
- **Result:** Using 1,5-2,5x own funds and 10-14x normalized earnings the range is ISKm 37.573 / 47.213 / 56.853 (low/central/high) - ISK 25,3 per Skagi share at central.

Company	Country	ROE LTM	ROE 2026E	ROE 2027E	P/B	P/NTA	P/E LTM	P/E 2026E	P/E 2027E
Sampo	Finland	21,3%	14,8%	18,9%	3,1x	5,4x	15,4x	17,8x	15,8x
Gjensidige	Norway	27,3%	28,5%	30,8%	6,9x	10,5x	23,1x	18,1x	16,5x
Tryg	Denmark	12,2%	12,3%	15,6%	2,6x	17,7x	20,8x	16,6x	15,1x
Storebrand	Norway	15,2%	14,8%	16,0%	2,8x	3,4x	18,4x	16,8x	15,0x
Protector Forsikring	Norway	30,6%	28,5%	28,4%	6,3x	6,4x	20,8x	19,5x	17,3x
Alm. Brand	Denmark	8,0%	12,0%	13,7%	2,3x	15,3x	29,6x	16,2x	13,3x
Skagi	Iceland	12,2%	12,3%	18,9%	1,5x	1,9x	12,9x	11,6x	7,3x



- ***Methodology note:*** *The 9,5% return is Skagi's target on the portfolio as currently constituted. AKKUR's base case assumes equity exposure falls and returns settle at 7,0%; that path, and the capital it releases, is valued in the dividend discount model (p.14) rather than here. Tax is applied at 20%, above the 15% effective rate used in AKKUR's forecast model (Appendix), since gains and dividends on equity holdings largely fall outside the effective tax base. The higher rate is applied deliberately, as a prudent offset to the 9,5% return assumption; at 15% normalized group EPS would be ISK 2,44 rather than 2,30, and the P/E method would give ISK 29,3 rather than 27,6.*

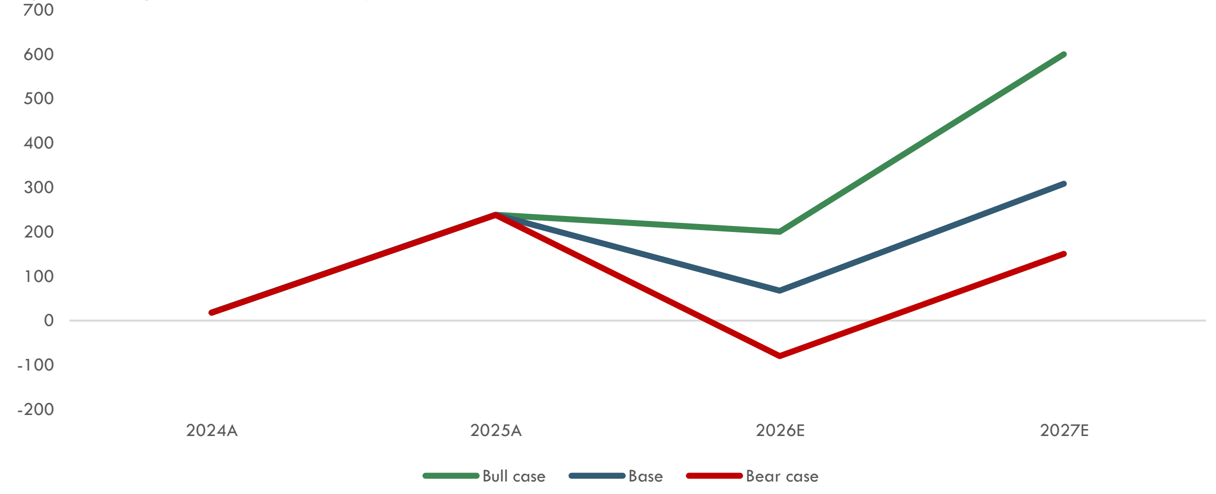
Fossar + ÍV – Valuation

Two Anchors - Earnings Power and AuM

- **Earnings basis:** P/E of 8-12x on normalized after-tax earnings of ISKm 320 (PBT 400) – a cyclical business with lower P/E multiples.
- **AuM cross-check:** 1,0-2,0% of ISKbn 250 AuM.
- **Result:** ISKm 3.475 central – ISK 1,9 per Skagi share.
- **Why ISKm 320:** the H1 loss of 114 carries 110 of one-offs in an adverse environment; cost cutting initiatives and the 2.700-3.200 guidance band support normalized PBT of ~400 - ISKm 320 after tax.
- **Multiple rationale:** 8-12x reflects cyclical, fee-driven revenue - ÍV's recurring management fees anchor the top of the range, Fossar's transaction-led advisory the bottom.
- **Cross-check consistency:** the central lands at ~10,9x normalized earnings and ~1,4% of AuM - inside both ranges rather than at either edge.
- **Context:** the central roughly equals the segment’s own funds of 3.200-3.700 - little is paid for the ramp, and delivery of the guidance band would argue for the upper half.

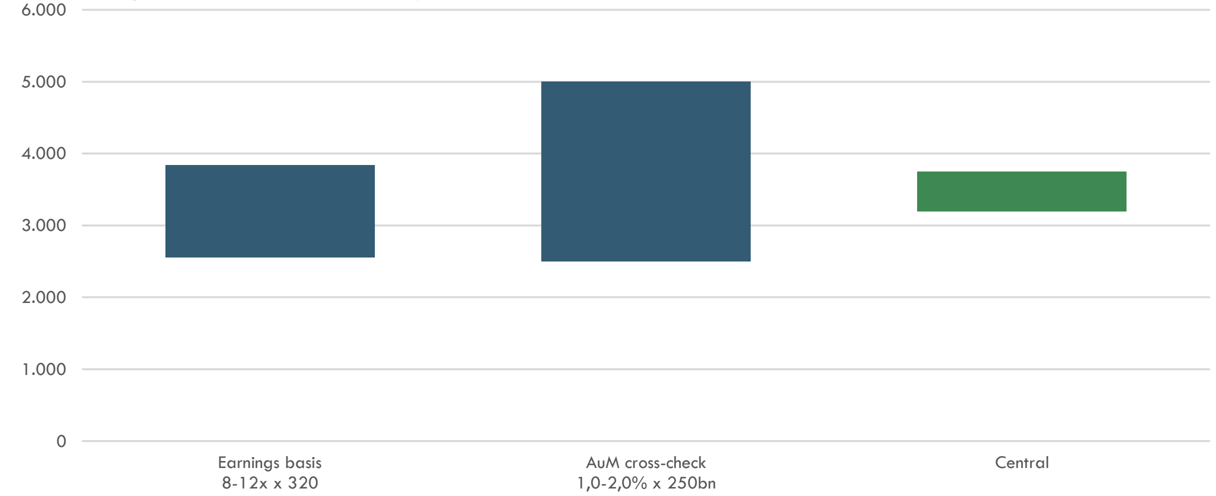
Normalized PBT scenarios

Segment PBT path to 2027E (ISKm)



Valuation bridge

Method ranges vs chosen central (ISKm)

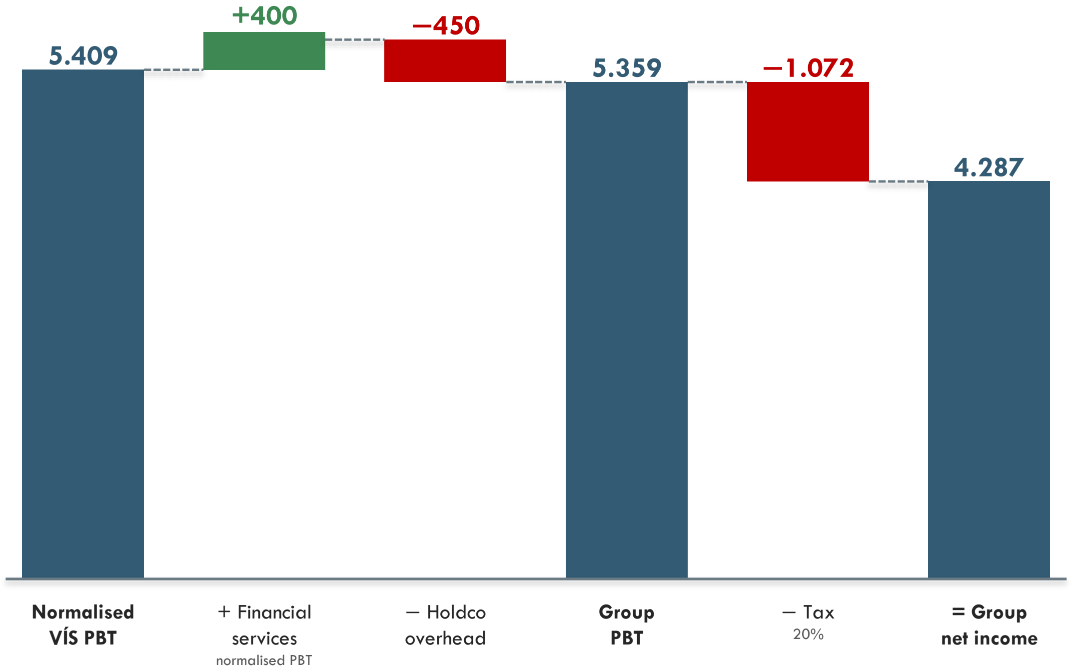


Group P/E

Normalized Earnings Against the Peer Set

- **The earnings problem:** FY2025 EPS is artificially depressed by the investment result — a trough multiple on trough earnings is too punitive; a peak-on-peak equally misleading.
- **Basis:** AKKUR-normalized EPS of ISK 2,30 (AY underwriting at target, investment at assumption, financial services at run-rate).
- **Peer set:** Nordic/European non-life insurers, median 2027E P/E 15,5x.
- **Result:** 12x applied → ISK 27,6 per share.

Company	Country	ROE LTM	ROE 2026E	ROE 2027E	P/B	P/NTA	P/E LTM	P/E 2026E	P/E 2027E
Sampo	Finland	21,3%	14,8%	18,9%	3,1x	5,4x	15,4x	17,8x	15,8x
Gjensidige	Norway	27,3%	28,5%	30,8%	6,9x	10,5x	23,1x	18,1x	16,5x
Tryg	Denmark	12,2%	12,3%	15,6%	2,6x	17,7x	20,8x	16,6x	15,1x
Storebrand	Norway	15,2%	14,8%	16,0%	2,8x	3,4x	18,4x	16,8x	15,0x
Protector Forsikring	Norway	30,6%	28,5%	28,4%	6,3x	6,4x	20,8x	19,5x	17,3x
Alm. Brand	Denmark	8,0%	12,0%	13,7%	2,3x	15,3x	29,6x	16,2x	13,3x
Skagi	Iceland	12,2%	12,3%	18,9%	1,5x	1,9x	12,9x	11,6x	7,3x



EPS 2,30
ROE 19,0%

- ***Methodology note:*** *EPS is struck on shares excluding treasury (~1.864m at date of issue); financial services enter at normalized PBT of ISKm 400, taxed once at the group line, and tax follows the 20% convention set out on p.10 (at 15,0%, EPS would be ISK 2,44 and this method ISK 29,3). The 12x applied sits below the peer median of 15,5x by design: peer multiples are struck on consensus forecast earnings, not normalised earnings, so applying them to AKKUR's already-normalized ISK 2,30 would capitalise the same recovery twice. The residual discount reflects conglomerate structure, short track record and Nasdaq Iceland liquidity.*

Justified P/B

The ROE–Ke Spread Sets the Warranted Multiple

- **Framework:** P/B = (ROE − g) / (Ke − g). The spread over the cost of equity, not ROE in isolation, determines the warranted book multiple.
- **Inputs:** normalized ROE 19,0% (AKKURe), Ke 9,58%, sustainable growth g 3,5%.
- **Rate-environment discipline:** higher Icelandic rates lift Ke - identical ROE warrants a lower P/B than for European peers; comparisons must adjust.
- **Result:** warranted P/B 2,55x on book value of ISKm 22.558 (30.6.26) → ISK 30,9 per share.

ROE↓ / Ke→	8,08%	8,58%	9,08%	9,58%	10,08%	10,58%	11,08%
16,0%	2,73x	2,46x	2,24x	2,06x	1,90x	1,77x	1,65x
17,0%	2,95x	2,66x	2,42x	2,22x	2,05x	1,91x	1,78x
18,0%	3,17x	2,86x	**2,60x**	**2,39x**	**2,20x**	2,05x	1,91x
19,0%	3,39x	3,05x	**2,78x**	**2,55x**	**2,36x**	2,19x	2,05x
20,0%	3,60x	3,25x	**2,96x**	**2,71x**	**2,51x**	2,33x	2,18x
21,0%	3,82x	3,45x	3,14x	2,88x	2,66x	2,47x	2,31x
22,0%	4,04x	3,64x	3,32x	3,04x	2,81x	2,61x	2,44x

Warranted P/B grid

Dividend Discount Model

Distributable Own Funds Above the Internal Floor

- **Logic:** value equals the present value of capital that can actually leave the group - own funds generated above the 1,175 floor, after growth consumption.
- **Inputs:** sustainable payout 80% (= 1 − g/ROE), dividend growth 3,5%, Ke 9,58%. Equity exposure assumed to decrease and excess capital distributed while maintaining a ~1,2x group solvency ratio.
- **Timing:** values are discounted to 17 August 2026. Distributions are assumed received mid-year. The 2026 distributions are excluded
- **Result:** ISK 26,6 per share.

ISKm	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Net income	2.972	4.725	4.228	3.789	3.952	4.131	4.300	4.472	4.646
Capital retained for growth	1.069	1.154	-1.201	570	1.050	1.088	1.080	1.026	1.055
Distributions	1.902	3.571	5.429	3.219	2.902	3.042	3.220	3.446	3.591
Distribution ratio	100%	120%	115%	76%	77%	77%	78%	80%	80%
Solvency ratio (post distribution)	1,25x	1,20x	1,20x	1,20x	1,20x	1,20x	1,20x	1,20x	1,20x

Equity value	
Present value of distributions	19.798
Present value of TV	29.749
Equity value (ISKm)	**49.547**
Per share	26,6

Sensitivity - Cost of equity vs. Terminal growth rate

	8,08%	8,58%	9,08%	9,58%	10,08%	10,58%	11,08%
2,0%	28,7	26,6	24,8	23,2	21,9	20,6	19,6
2,5%	30,4	28,0	25,9	24,2	22,7	21,3	20,2
3,0%	32,4	29,6	**27,3**	**25,3**	**23,6**	22,1	20,8
3,5%	34,8	31,5	**28,8**	**26,6**	**24,7**	23,0	21,6
4,0%	37,8	33,9	**30,7**	**28,1**	**25,9**	24,1	22,5
4,5%	41,7	36,8	33,0	29,9	27,4	25,3	23,5
5,0%	46,8	40,5	35,8	32,1	29,1	26,7	24,6

Returns Analysis

Analysis of Potential Returns

IRR analysis assuming exit at YE 2028

	Exit P/E↓						
Entry Price ↓	8,0x	9,0x	10,0x	11,0x	12,0x	13,0x	14,0x
17,0	17,0%	22,9%	28,4%	33,7%	38,8%	43,7%	48,5%
17,5	15,3%	21,0%	26,5%	31,7%	36,7%	41,6%	46,3%
18,0	13,6%	19,3%	**24,6%**	**29,8%**	**34,8%**	39,5%	44,1%
18,5	12,0%	17,6%	**22,9%**	**28,0%**	**32,9%**	37,6%	42,1%
19,0	10,4%	15,9%	**21,2%**	**26,2%**	**31,0%**	35,7%	40,1%
19,5	8,9%	14,4%	19,6%	24,5%	29,3%	33,9%	38,3%
20,0	7,5%	12,9%	18,0%	22,9%	27,6%	32,1%	36,5%

	Exit P/B↓						
Entry Price ↓	1,25x	1,50x	1,75x	2,00x	2,25x	2,50x	2,75x
17,0	12,2%	20,8%	28,9%	36,4%	43,6%	50,4%	56,8%
17,5	10,5%	19,0%	27,0%	34,4%	41,4%	48,1%	54,5%
18,0	8,9%	17,3%	**25,1%**	**32,4%**	**39,4%**	46,0%	52,3%
18,5	7,3%	15,6%	**23,3%**	**30,6%**	**37,4%**	43,9%	50,1%
19,0	5,8%	14,0%	**21,6%**	**28,8%**	**35,5%**	41,9%	48,1%
19,5	4,4%	12,5%	20,0%	27,0%	33,7%	40,0%	46,1%
20,0	3,0%	11,0%	18,4%	25,4%	32,0%	38,2%	44,2%

IRR analysis assuming exit at YE 2030

	Exit P/E↓						
Entry Price ↓	8,0x	9,0x	10,0x	11,0x	12,0x	13,0x	14,0x
17,0	12,0%	14,6%	17,0%	19,2%	21,3%	23,3%	25,1%
17,5	11,1%	13,6%	16,0%	18,2%	20,3%	22,2%	24,1%
18,0	10,2%	12,7%	**15,0%**	**17,2%**	**19,3%**	21,2%	23,1%
18,5	9,3%	11,8%	**14,1%**	**16,3%**	**18,3%**	20,3%	22,1%
19,0	8,4%	10,9%	**13,2%**	**15,4%**	**17,4%**	19,4%	21,2%
19,5	7,6%	10,1%	12,4%	14,5%	16,6%	18,5%	20,3%
20,0	6,8%	9,2%	11,5%	13,7%	15,7%	17,6%	19,4%

	Exit P/B↓						
Entry Price ↓	1,25x	1,50x	1,75x	2,00x	2,25x	2,50x	2,75x
17,0	12,6%	16,6%	20,3%	23,5%	26,6%	29,4%	32,0%
17,5	11,7%	15,7%	19,2%	22,5%	25,5%	28,3%	30,9%
18,0	10,7%	14,7%	**18,3%**	**21,5%**	**24,5%**	27,3%	29,9%
18,5	9,8%	13,8%	**17,3%**	**20,6%**	**23,5%**	26,3%	28,9%
19,0	9,0%	12,9%	**16,4%**	**19,6%**	**22,6%**	25,3%	27,9%
19,5	8,1%	12,1%	15,6%	18,8%	21,7%	24,4%	27,0%
20,0	7,3%	11,2%	14,7%	17,9%	20,8%	23,5%	26,1%

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Income Statement

Overview

Summarized Income Statement																	
ISKm	Historical Figures								AKKUR Estimates								
	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Insurance Service Results	293	591	-2.207	658	1.214	143	1.479	2.970	2.909	2.721	2.476	2.575	2.678	2.785	2.883	2.984	3.088
Net Interest Income	0	0	0	0	0	74	237	461	587	645	660	692	758	825	892	963	1.038
Net Fee and Commission Income	0	0	0	0	0	356	1.816	2.358	2.354	2.607	2.691	2.766	2.862	2.963	3.066	3.170	3.278
Net Financial Income	2.002	2.311	3.915	7.451	-159	2.830	1.900	38	947	2.921	2.573	1.943	1.966	2.000	2.033	2.064	2.088
Other Operating Income	119	97	65	66	47	83	241	322	275	275	275	275	275	275	275	275	275
Total Operating Income	**2.414**	**2.999**	**1.774**	**8.175**	**1.102**	**3.485**	**5.674**	**6.148**	**7.073**	**9.169**	**8.675**	**8.251**	**8.540**	**8.849**	**9.149**	**9.456**	**9.768**
Operating Expenses	-39	-97	-158	-40	-48	-1.694	-3.128	-3.711	-3.577	-3.610	-3.701	-3.794	-3.890	-3.989	-4.090	-4.194	-4.301
Profit Before Tax	**2.375**	**2.902**	**1.616**	**8.135**	**1.054**	**1.791**	**2.545**	**2.437**	**3.496**	**5.559**	**4.975**	**4.457**	**4.650**	**4.860**	**5.058**	**5.261**	**5.466**
Income Tax Expense	-315	-375	182	-451	-114	40	-287	-535	-524	-834	-746	-669	-697	-729	-759	-789	-820
Net Income	**2.061**	**2.527**	**1.798**	**7.684**	**940**	**1.832**	**2.258**	**1.902**	**2.972**	**4.725**	**4.228**	**3.789**	**3.952**	**4.131**	**4.300**	**4.472**	**4.646**

Assumptions and KPIs

Overview

Assumptions & KPIs																	
	Historical Figures								AKKUR Estimates								
	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Insurance services																	
Revenue growth (%)		2,8%	-3,7%	2,4%	6,2%	8,2%	10,2%	9,5%	7,1%	6,0%	5,0%	4,0%	4,0%	4,0%	3,5%	3,5%	3,5%
Claims ratio (%)	76,7%	75,3%	85,6%	74,9%	70,8%	76,5%	72,6%	69,5%	70,5%	71,5%	72,5%	72,5%	72,5%	72,5%	72,5%	72,5%	72,5%
Expense ratio (%)	21,1%	21,2%	22,2%	23,1%	21,8%	22,3%	19,1%	18,1%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%
Reinsurance ratio (%)	0,9%	1,0%	2,0%	-0,8%	2,4%	0,7%	3,3%	3,1%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%
Combined ratio (%)	98,7%	97,5%	109,8%	97,1%	95,0%	99,5%	94,9%	90,7%	91,5%	92,5%	93,5%	93,5%	93,5%	93,5%	93,5%	93,5%	93,5%
Financial services																	
Financial services revenues (ISKm)						494	2.342	3.188	2.941	3.252	3.351	3.458	3.620	3.789	3.958	4.133	4.316
Financial services PBT (ISKm)						-128	18	238	67	308	337	371	458	550	641	736	837
AuM (ISKbn)						117	227	253	266	276	286	296	306	317	328	340	352
Loan book size (ISKm)						1.673	7.880	11.837	13.612	14.973	15.722	16.508	17.333	17.940	18.568	19.218	19.890
Net interest margin (%)						2,3%	3,4%	3,9%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%
Profitability																	
Return on equity (%)		16,8%	11,2%	41,0%	5,0%	9,5%	10,4%	8,2%	12,3%	18,9%	16,9%	15,4%	15,5%	15,6%	15,6%	15,6%	15,6%
Return on tangible equity (%)		18,2%	12,3%	44,8%	5,4%	10,9%	12,8%	10,3%	15,1%	23,0%	20,6%	18,8%	18,8%	18,7%	18,6%	18,5%	18,4%
Investment return (%)	8,3%	10,3%	14,0%	18,7%	3,5%	10,7%	8,3%	5,2%	6,0%	9,0%	8,0%	7,0%	7,0%	7,0%	7,0%	7,0%	7,0%
Capital																	
Equity (ISKm)	14.910	15.194	16.992	20.453	17.325	21.172	22.271	23.984	24.417	25.572	24.371	24.941	25.991	27.080	28.159	29.185	30.241
Equity ratio (%)	31,6%	30,2%	31,0%	34,6%	34,5%	32,2%	28,1%	28,2%	27,1%	27,1%	25,5%	25,3%	25,4%	25,6%	25,8%	25,8%	25,9%
Net tangible equity (ISKm)	13.885	13.834	15.322	18.992	15.910	17.689	17.537	19.425	19.928	21.082	19.881	20.451	21.502	22.590	23.670	24.696	25.751
BSCR (ISKm)						12.916	14.962	15.715	14.602	14.304	14.924	15.445	15.987	16.550	17.063	17.593	18.142
Total minimum own fund requirements (ISKm)	10.373	10.168	11.127	12.575	11.523	12.610	15.903	17.252	16.349	16.444	17.285	18.024	18.782	19.541	20.253	20.987	21.746
Group solvency ratio	1,40	1,44	1,45	1,48	1,58	1,56	1,35	1,31	1,25	1,20	1,20	1,20	1,20	1,20	1,20	1,20	1,21

All data and information from annual/interim reports, Kodiak Excel and AKKUR estimates unless otherwise stated.

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