

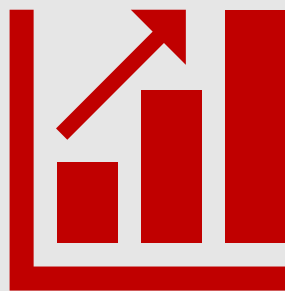


# Investor Presentation

Q2 - 2021

August 20th 2021

# / Highlights



## Good Investment Results

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- One of the best investments result since listing – 6% return on investments
- Investment income 2,6 bn.
- UN PRI – the first insurance company in Iceland



## Continued Turnaround in Earnings

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- Strong quarter in underlying underwriting operations
- The review of the claims provision and the implementation of a new process has now been completed
- Profit of ISK 2.8 bn in the quarter
- 14.4% return on equity
- Combined ratio of 95.3%



## International Recognition for our Digital Journey

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- International award for Ökuvísir
- Our digital journey in full swing – transforming the process for purchasing life and illness insurance
- Greatly improved comprehensive insurance – with the most complete protection available

# Highlights– Q2 2021



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**Premiums**  
**ISK 5.649 m.kr**

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Q2 2020 || 5.641 m.kr

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**Profit**  
**ISK 2.599 m.kr**

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Q2 2020 || 916 m.kr

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**Combined Ratio**  
**95,3%**

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Q2 2020 || 103,5%

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**ROI**  
**6,0%**

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Q2 2020 || 4,4%

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**ROE\***  
**14,4%**

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Q2 2020 || 6,7%

\*ROE for the quarter

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**Solvency Ratio**  
**1,58**

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Q2 2020 || 1,57





# Highlights – 6M 2021



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**Premiums**  
**11.169 m.kr.**

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6M 2020 || 11.198 m.kr

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**Profit**  
**4.503 m.kr.**

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6M 2020 || -1.047 m.kr

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**Combined Ratio**  
**101,6%**

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6M 2020 || 114,9%

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**ROI**  
**11,8%**

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6M 2020 || 4,0%

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**ROE\***  
**25,5%**

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6M 2020 || -7,4%

\*ROE for first half of the year

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**Solvency Ratio**  
**1,58**

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6M 2020 || 1,57



# / Income Statement



	Q2 2021	Q2 2020	Var.	Var. %	6M 2021	6M 2020	Var	Var %
Premiums earned	5.649	5.641	8	0,1%	11.169	11.198	-29	-0,3%
Premiums earned, reinsurers' share	-186	-211	24	-11,5%	-355	-398	43	-10,9%
<b>Premiums earned, net of reinsurance</b>	<b>5.463</b>	<b>5.430</b>	33	0,6%	<b>10.815</b>	<b>10.800</b>	14	0,1%
<b>Investment income</b>	<b>2.574</b>	<b>1.612</b>	962	-	<b>5.058</b>	<b>1.450</b>	3.607	-
Other income	18	12	6	50,9%	36	27	9	35,3%
<b>Total income</b>	<b>8.055</b>	<b>7.054</b>	1.000	14,2%	<b>15.909</b>	<b>12.278</b>	3.631	29,6%
Claims incurred	-4.502	-4.407	-96	2,2%	-9.136	-10.038	902	-9,0%
Claims incurred, reinsurers' share	590	90	500	-	754	145	610	-
<b>Claims incurred, net of reinsurance</b>	<b>-3.912</b>	<b>-4.316</b>	404	-9,4%	<b>-8.381</b>	<b>-9.893</b>	1.512	-15,3%
Technical interest rates and exchange rate changes of technical provisions	129	-227	356	-	202	-649	852	-
Operating expenses	-1.387	-1.417	30	-2,1%	-2.816	-2.791	-25	0,9%
Interest expenses & impairment of acc. receivables	-100	-98	-3	2,9%	-200	-183	-17	9,5%
<b>Total expenses</b>	<b>-5.270</b>	<b>-6.057</b>	787	-13,0%	<b>-11.196</b>	<b>-13.517</b>	2.321	-17,2%
<b>Profit (loss) before income taxes</b>	<b>2.784</b>	<b>997</b>	1.788	-	<b>4.713</b>	<b>-1.239</b>	5.952	-
Income taxes	-186	-81	-105	-	-210	192	-403	-
<b>Profit (loss) for the period</b>	<b>2.599</b>	<b>916</b>	1.683	-	<b>4.503</b>	<b>-1.047</b>	5.549	-

Claims & reinsurance cost ratio	72,5%	80,2%	78,2%	91,8%
Expense ratio	22,8%	23,3%	23,4%	23,1%
Combined ratio	95,3%	103,5%	101,6%	114,9%
Return on equity	14,4%	6,7%	25,5%	-7,4%
Return on investments	6,0%	4,4%	11,8%	4,0%
Basic and diluted earnings per share	1,40	0,51	2,42	-0,55

# Changes in Premiums



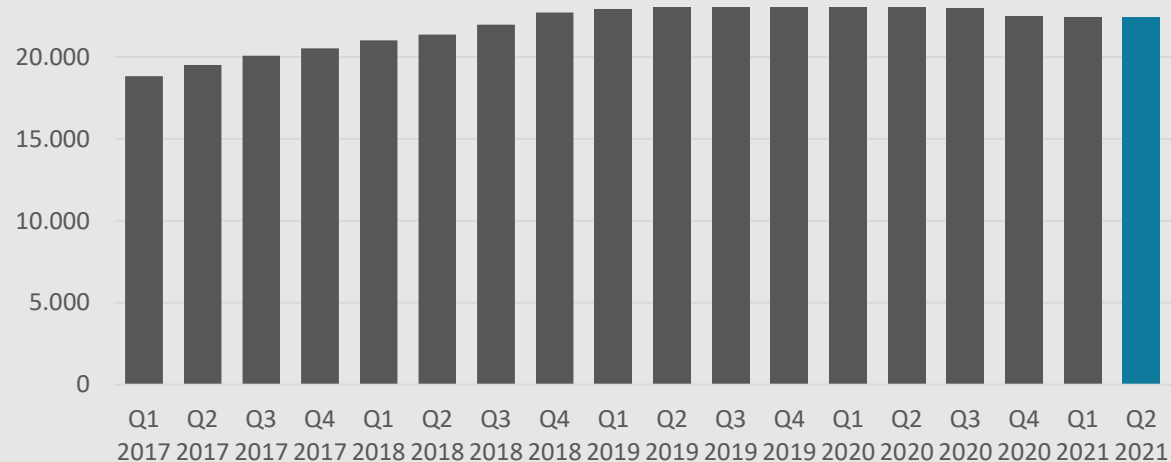
## Premiums

	Q2 21	Q2 20	Q2 21 vs 20	Q2 20 vs 19
Non-life insurance	5.210	5.035	3,5%	0,3%
Life insurance	392	369	6,2%	4,8%
Discontinued business*	48	237	-79,9%	-16,7%
<b>Total</b>	<b>5.649</b>	<b>5.641</b>	<b>0,1%</b>	<b>-0,3%</b>

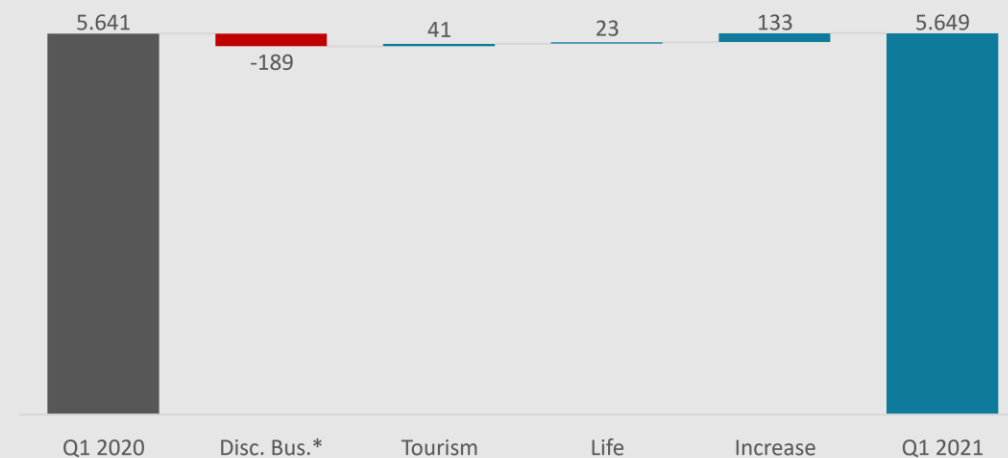
## Non-Life Premium Development



## 12 Months rolling Premium Development – In millions



## Premium Development



\*Foreign reinsurance

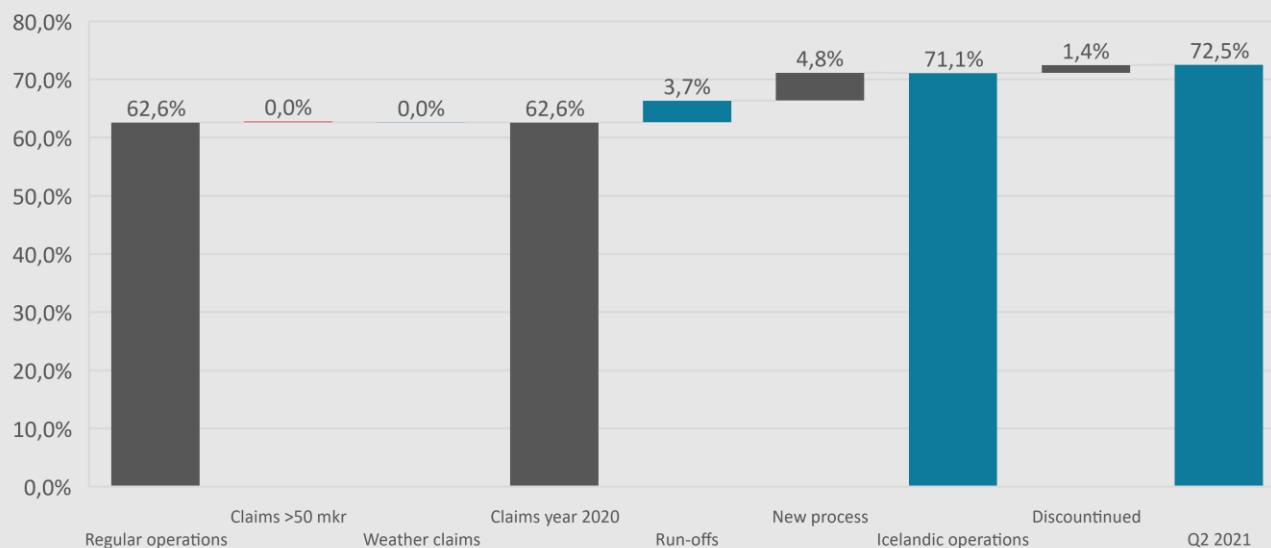
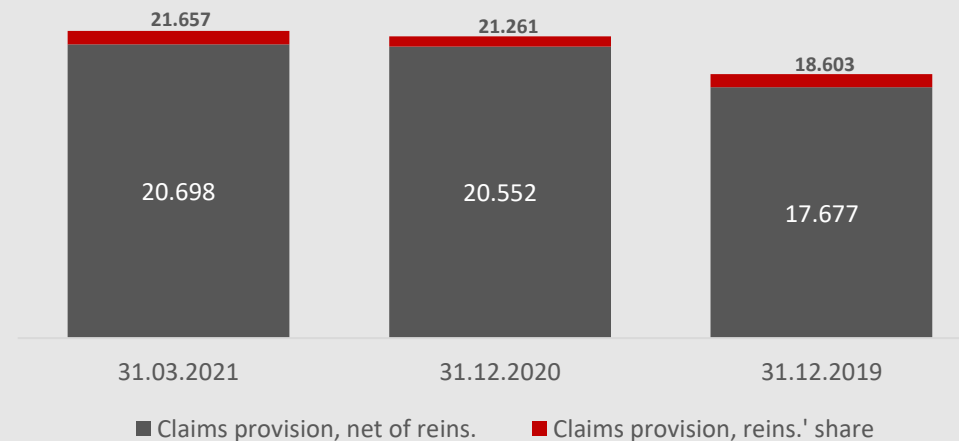
# / Development in Claims



## Claims Incurred

	2F 21	2F 20	2F 21 vs 20	2F 20 vs 19
Non-life insurance	4.261	3.774	12,9%	6,1%
Life insurance	165	170	-3,3%	-32,7%
Discontinued business*	77	463	-83,4%	332,4%
<b>Total</b>	<b>4.502</b>	<b>4.407</b>	<b>2,2%</b>	<b>12,5%</b>

## Claims Provision



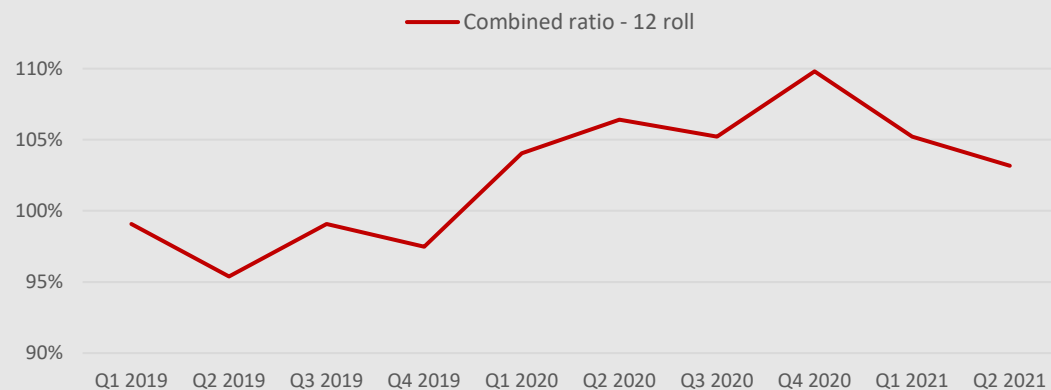
## Development of the Claims Provision

- An 18 month review of the claims provision and the implementation of a new process has now been completed
- A 4.8% impact on the claims ratio for the quarter
  - The combined ratio for the quarter would have been 90.5% without the above impact
- The outlook for the year is unchanged
- From this point forward we expect to make only normal claims provision adjustments in line with the claims development at any given time

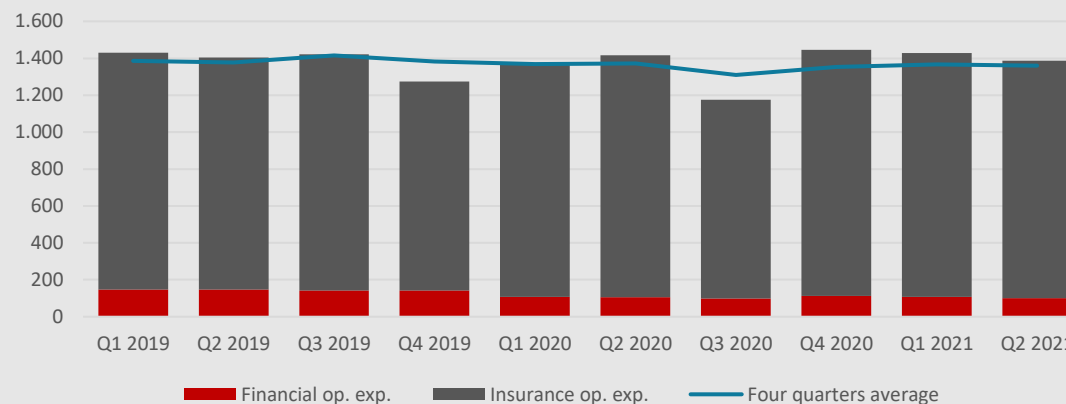
# Operations



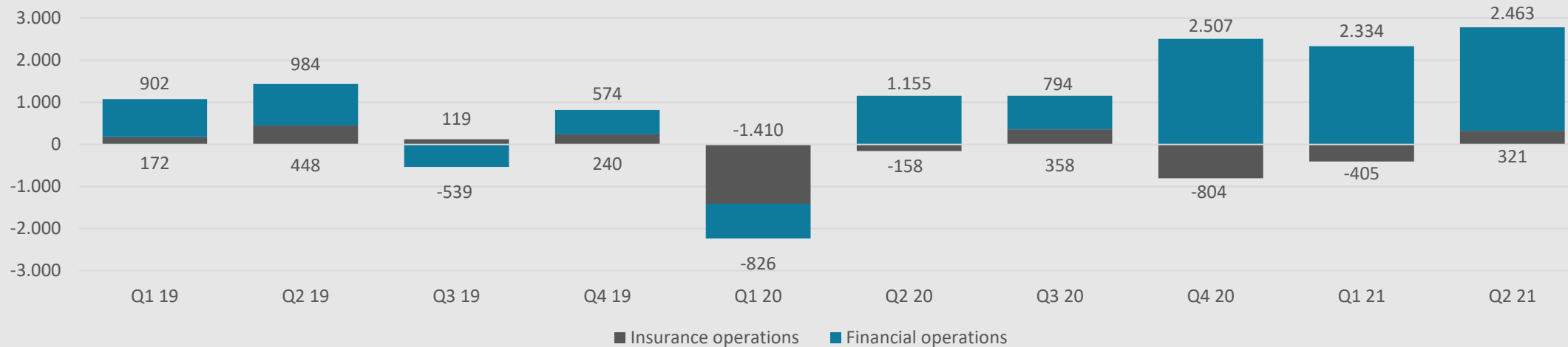
## Combined Ratio 12 Months Rolling



## Operating Expenses



## Operating Segments



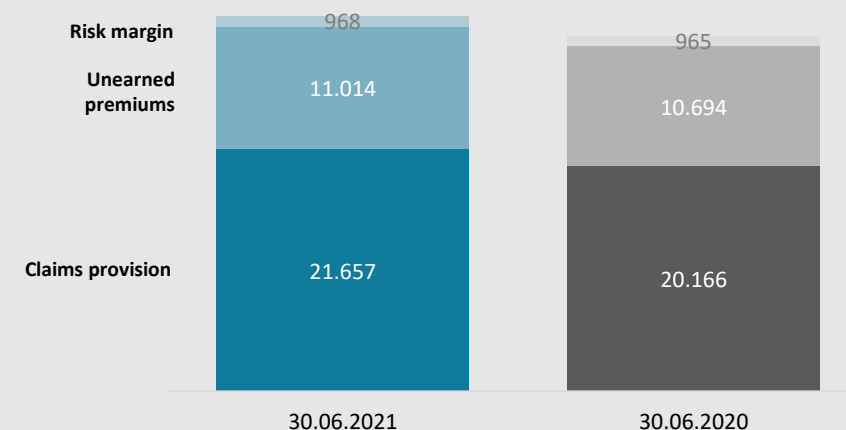


# / Balance Sheet

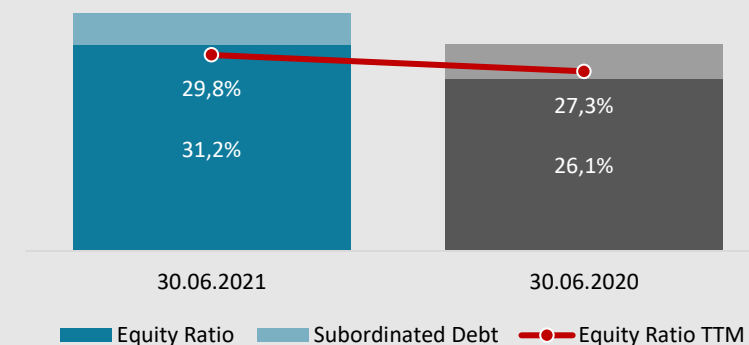


Assets	30.06.2021	31.12.2020
Operating assets	523	606
Goodwill and other intangible assets	1.760	1.670
Right-of-use asset	751	798
Tax asset	0	36
Financial assets at fair value through profit or loss	41.859	38.839
Bonds and other long-term receivables	1.346	1.438
Investments, life-insurance unit-linked policies	1.694	1.622
Accounts receivables	8.920	6.496
Reinsurance assets	1.371	887
Other receivables	772	795
Cash and cash equivalents	1.720	1.576
<b>Total assets</b>	<b>60.716</b>	<b>54.762</b>
<b>Equity</b>		
Share capital	1.835	1.894
Statutory reserve	626	626
Other reserves	9.506	5.455
Retained earnings	6.976	9.017
<b>Total equity</b>	<b>18.943</b>	<b>16.992</b>
<b>Liabilities</b>		
Subordinated bonds	2.960	2.889
Tax liability	138	0
Lease liability	789	831
Technical provision	33.639	30.073
Technical provision for life-insurance unit-linked policies	1.694	1.622
Accounts payables and other liabilities	2.552	2.355
<b>Total liabilities</b>	<b>41.773</b>	<b>37.770</b>
<b>Total equity and liabilities</b>	<b>60.716</b>	<b>54.762</b>

## Technical Provision



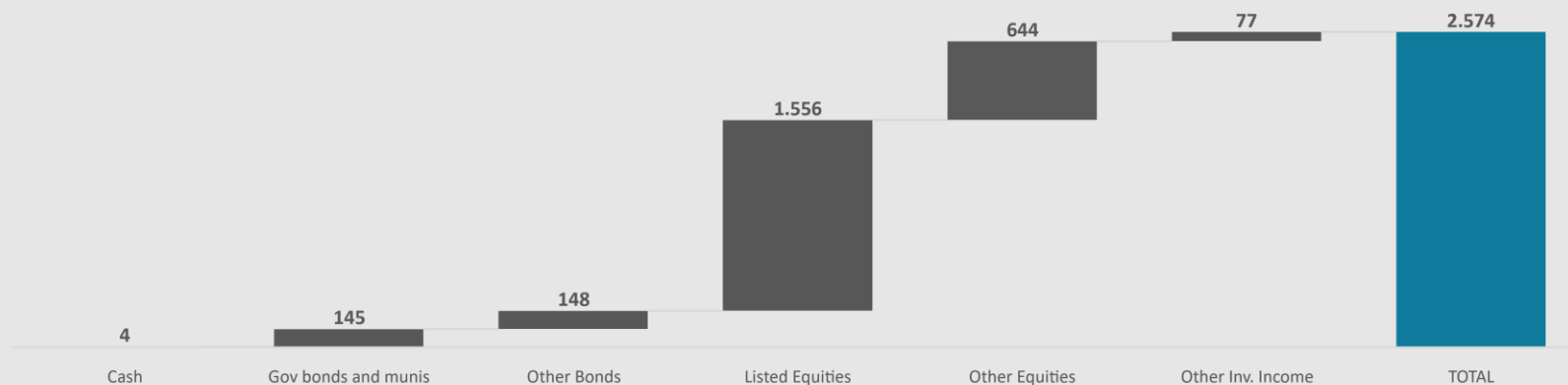
## Equity Ratio



# Investment Income and Return Q2

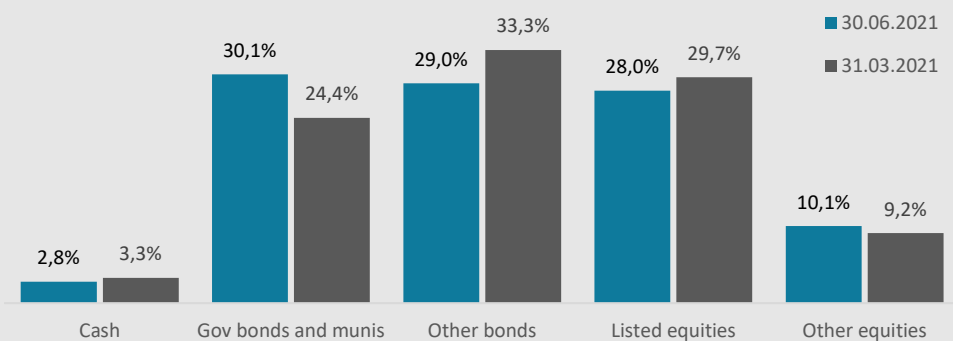


## Investment Income Q2 2021 ISK bn.

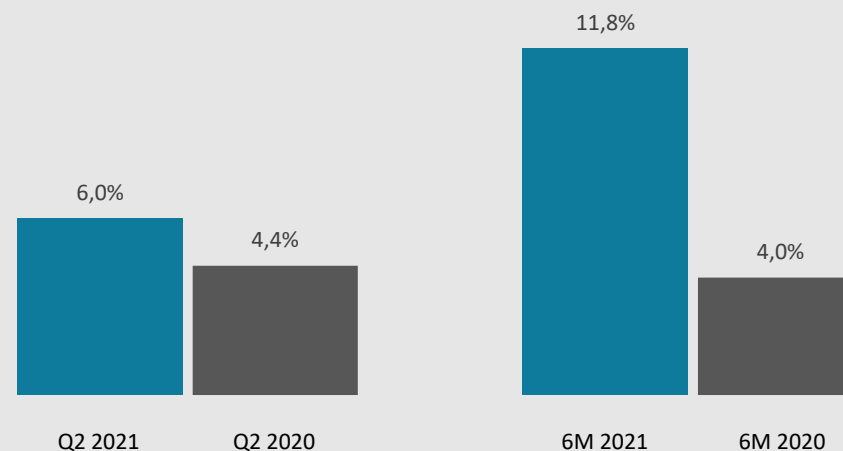


- **Second best quarter since listing**
- **Listed equities** returned 14,4% – solid relative performance
- Positive return on government bonds after few negative quarters.
- **Other equities** positively affected by Controlant, Kerecis and Olgerdin. Value of Midborg 105 decreased by 180 m.kr.

## Asset Allocation



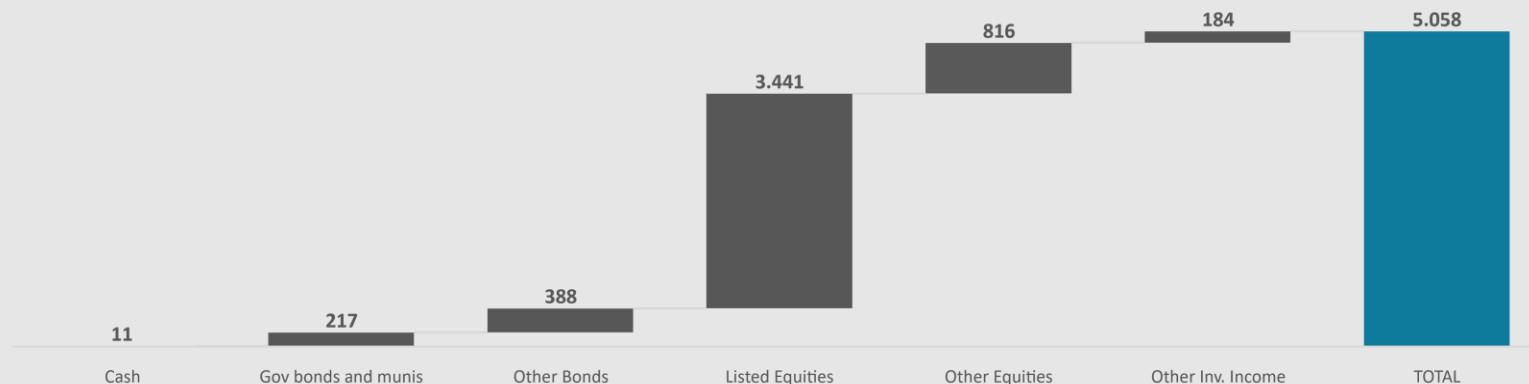
## Return on Investments



# Investment Income and Return 6M

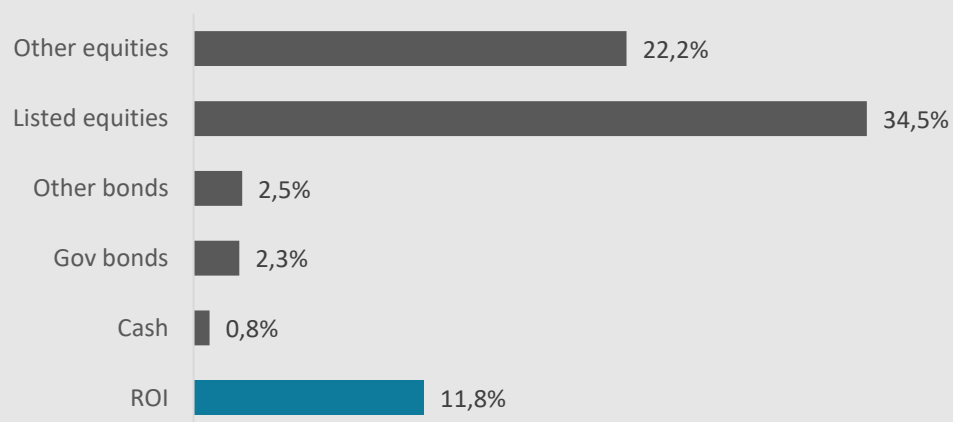


Investment Income 6M 2021 ISK bn.



- ROI 11,8% in first 6 months of the year
- **Listed equities** largest contributor to investment income with 34,5% return
- Good return from bonds despite difficult market condition
- Foreign bonds have positive effect on **other bonds**
- Good return from **other equities** in particular in the second quarter

## Return Asset Classes 6M 2021



## Unlisted Equities – Investments



# Investment assets



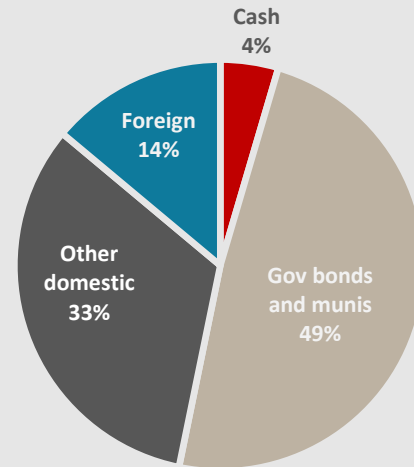
Investment Assets ISK **44 bn.**

**Fixed Income** and Cash  
**ISK 27 bn.**

Duration 3,2 years

Inflation indexation of  
domestic bonds 42%

Foreign bonds fully hedged  
against ISK



**Equities**  
**ISK 17 bn.**

**5 stærstu óskráðu eignir**

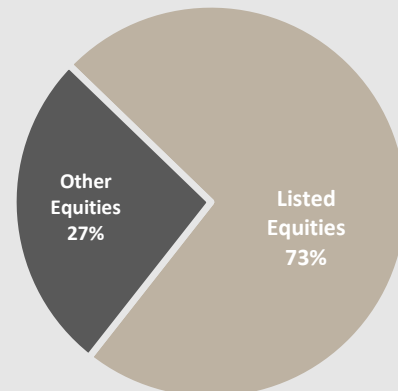
Coripharma **718 m.kr.**

Controlant **583 m.kr.**

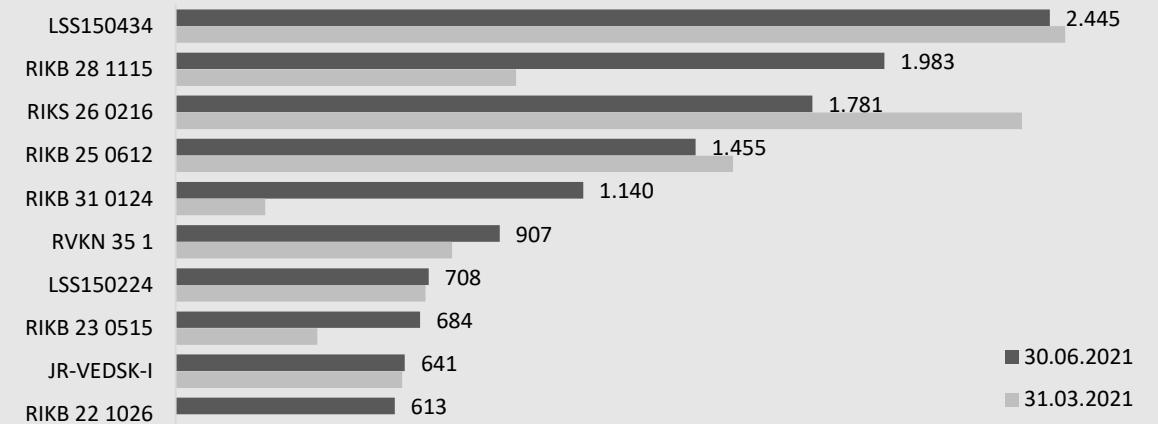
Hvatning **485 m.kr.**

Kerecis **442 m.kr.**

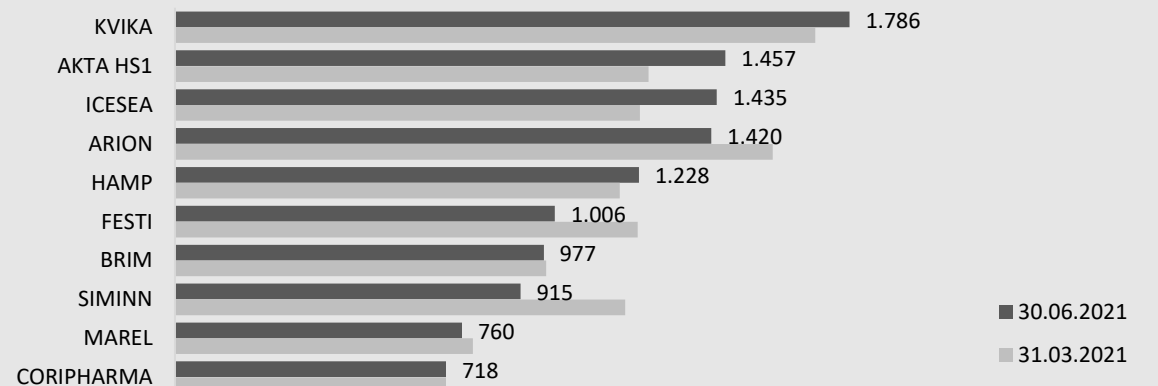
Ölgerðin **332 m.kr.**



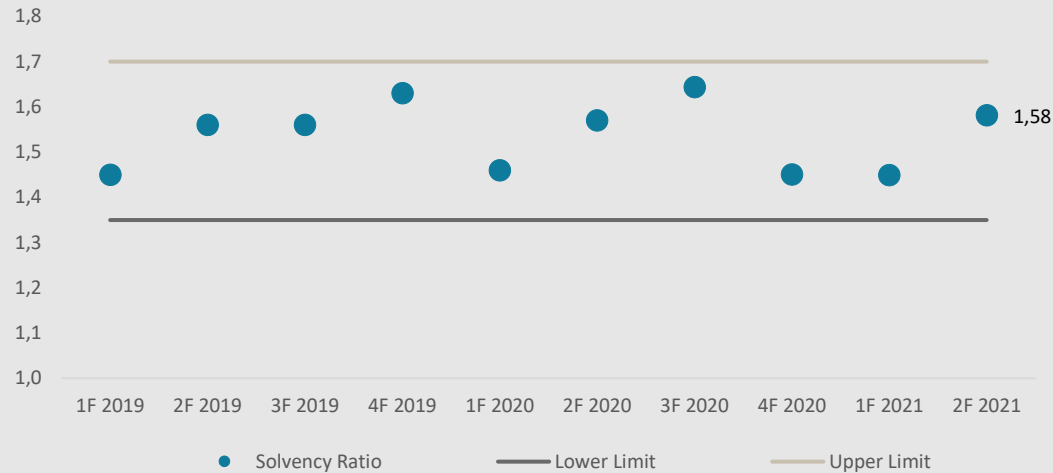
10 Largest **Fixed Income Holdings** ISK bn.



10 Largest Equity Holdings ISK bn.

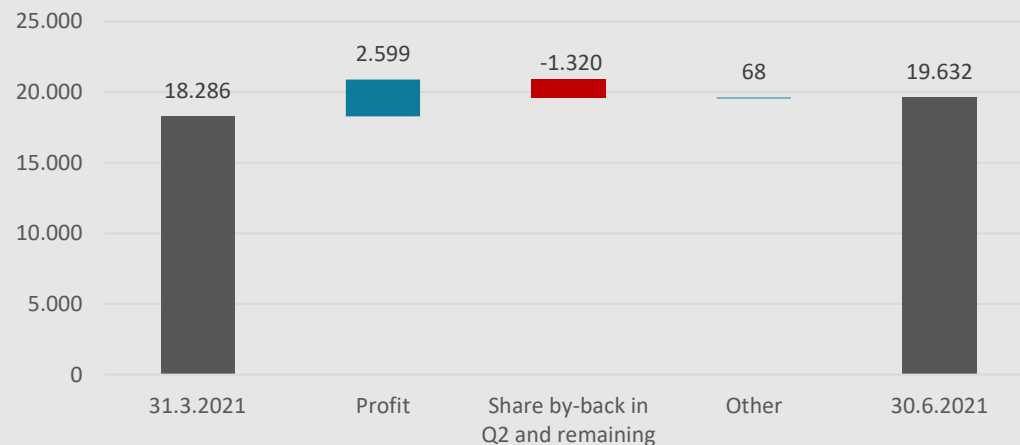


## Solvency Ratio



- **The solvency ratio** is 1,58 after remaining share buy-back
- **Market risk increases** due to the increase of the equity portfolio as well as symmetric adjustment
- **Counterparty risk decreases** due to seasonal decrease in receivables
- **SCR decreased** due to increase in loss absorbing capacity of deferred taxes

## Eligible Own Funds



## Changes in SCR

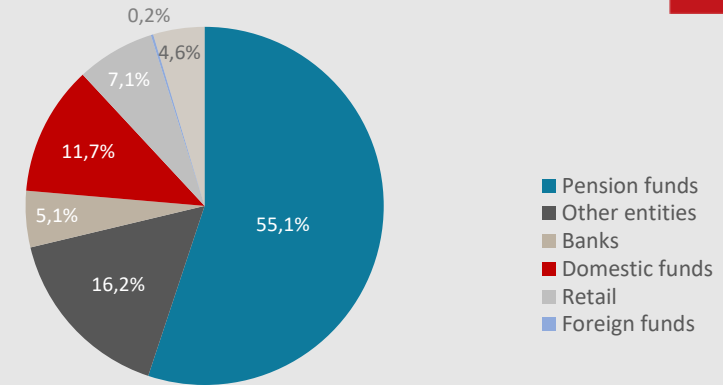
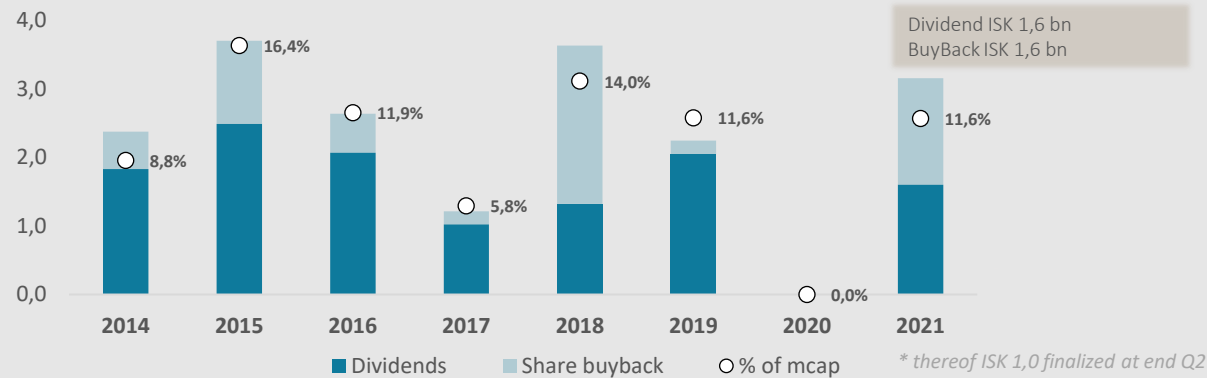


# Shareholders

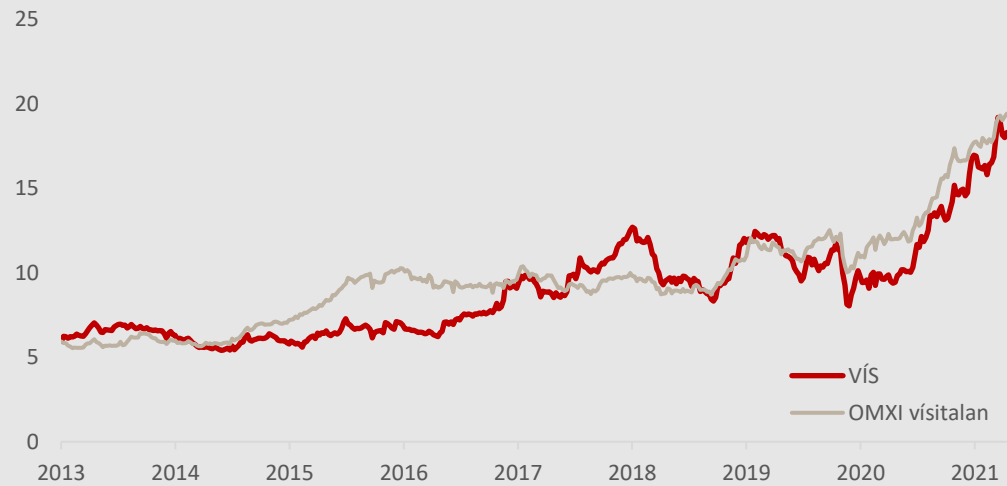
Shareholders 12.08.2021



## Payments to Shareholders in ISK bn.



## Share Price since Listing



\*dividend reinvested, until 13.08.21

## 10 Largest Shareholders 12.08.2021

Lífeyrissjóður verslunarmanna	9,4%
Frjálsi lífeyrissjóðurinn	8,0%
Gildi - lífeyrissjóður	8,0%
Lífeyrissj.starfsm.rík. A-deild	6,6%
Sjávarsýn ehf.	5,8%
Stapi lífeyrissjóður	4,7%
Birta lífeyrissjóður	4,5%
Brú Lífeyrissjóður starfs sveit	3,6%
Lífsværk lífeyrissjóður	2,4%
Arion banki hf.	2,4%



# Sustainability as a Guiding Principle



The first insurance company in Iceland to be signatory of:



VÍS

Let  
Safety  
Fit



# Digital Journey in Full Swing

## Investments

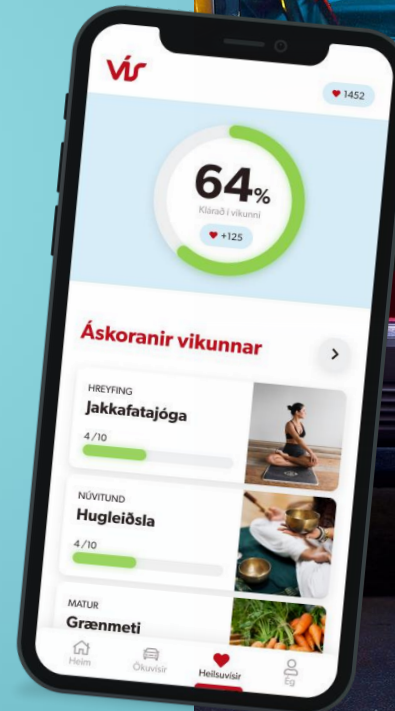
- The third quarter off to a good start
- Interesting times ahead

## Operations

- New managing director of Operations
- New and greatly improved comprehensive insurance – which we now believe to be best in the market
- Focus on improving the customer experience

## Digital Development

- Continued focus on automation
- Changing the buying process of life and illness insurance
- Continued development of the Driving Indicator (Ökuvísir)



**vís**





# / Outlook for the Year

The Company believes that the combined ratio for the year 2021 will be in the range of **97-99%**

- The combined ratio of each quarter will be set out in the Company's quarterly reports, along with the status of, and outlook for, the Company's operations.
- The Company will notify investors if there is a change in the guidance regarding the combined ratio for the year, e.g. due to large losses or other factors that have a significant impact on the Company's operations and could be considered material for the price of the Company's shares.

The Company's **objective**  
Combined ratio of **less than 95%**  
Return on equity of **at least 15%**

The VIR logo, consisting of the letters 'VIR' in white on a red square background.

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