



VIS: First Quarter 2021 Results

The Company's consolidated interim financial statements for Q1 2021 were confirmed by the Company's Board of Directors and CEO at a board meeting on 29 April 2021.

Highlights from Q1 2021

- Net profit of ISK 1,904 million, as compared to a loss of ISK 1,963 million in the same period in 2020
- Underwriting results in the period were negative by ISK 405 million, versus a negative result of ISK 1,410 million last year
- Combined ratio of 108% in the quarter, versus 126.5% in the same period last year
- Premiums earned totalled ISK 5,520 million in the period, as compared to ISK 5,558 million in Q1 2020
- Investment income of ISK 2,484 million, versus a negative result of ISK 162 million in Q1 2020

Helgi Bjarnason, CEO:

"The year 2021 got off to a good start on the investment side, with the second-best quarterly investment result since the Company's listing. Investment income for the quarter amounted to ISK 2.5 billion, the return on Investments was 5.8% for the period. This result is mostly due to strong performance of listed equities, as the Investment portfolio increased by 17,6%. Investment portfolio at the end of the quarter amounted to ISK 42 billion. I am proud of good results on the quarter –

A turnaround in earnings

Profit for the first quarter of 2021 was ISK 1.9 billion, which is a turnaround of almost four billion compared to the first quarter of last year.

Generally, in the Icelandic insurances, losses tend to be more frequent in the first three months of the year, but unusually good weather and the impact from the pandemic had a positive effect on the result. Still, the results were adversely affected by a few large losses, resulting in a combined ratio for the quarter of 108%. During the same period last year, the combined ratio for the quarter was 126.5%, due largely to a strengthening of the loss reserve.

Important milestones on the Company's journey

We continued the important task of defining a clear vision and strategy with the management team. We set new milestones and goals. We know where we are going and how we are going to get there – which is an important guiding light for the future.

We will continue to develop the digital processes we have already introduced – and increase the percentage of work processed automatically. The aim is to make life easier for our customers. We know time is precious. In the beginning of the year, we proudly introduced the Driving Indicator (Ókuvísir), which is a revolutionary innovation in the Icelandic insurances. The app has been well received and was the most popular app in Iceland when it was released. We are now approaching fast to our future vision of becoming a digital service company – and the Driving Indicator represents an important milestone on that journey.

We have said before that we intend to change how insurances work. This entails that we want to rethink insurance and have the courage to make the necessary changes. The next milestone on our digital journey is to change the purchasing process for life and illness insurance. The work has started and as before we will seek input from our customers in the development and design of this new solution. We look forward to telling you more about it."



Changed disclosures arrangement and outlook for underwriting operations in 2021

The Company has decided to change the arrangement of monthly disclosure and move away from the current form of guidance. More information on investment assets will be provided in quarterly reports, but monthly notifications of the combined ratio and investment returns will be discontinued. At the same time, it has been decided not to publish guidance on the results of the Company's investment activities. Underwriting and investment activities are inherently volatile, and the Company is of the opinion that fuller quarterly disclosure is a more suitable way of informing investors about the Company's position rather than monthly disclosure.

Information about the combined ratio

The Company intends to publish guidance on the combined ratio of each year, as well as to specify the Company's objectives for the combined ratio and return on equity for the next three years. The Company's objective is to have a combined ratio of less than 95% and a return on equity of at least 15%. 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.

Information about investment assets

Instead of publishing monthly information on investment results, the Company will publish more detailed information on its investment assets, for example on the Company's largest unlisted assets. This gives investors a better opportunity to monitor the portfolio's returns and their impact on the Company's performance. In this way, disclosure of information about the Company's investments is being improved without predicting market returns.

Guidance on the combined ratio in 2021

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

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.

Presentation

A presentation of the results for market participants and shareholders will be held on Friday, 30 April 2021, commencing at 8:30 a.m. local time at the Company's headquarters at Ármúli 3, Reykjavík.

CEO Helgi Bjarnason will present the results and respond to questions.

We would like to ask those planning to attend to please send an e-mail to fjarfestatengsl@vis.is so that we can keep track of the number of attendees.

A live stream and a recording of the presentation will be available at:

<https://www.vis.is/fjarfestafundur/>

The presentation materials will be available at: <https://www.vis.is/fjarfestaupplýsingar/>

Financial calendar

Q2 2021 results || 19 August 2021
Q3 2021 results || 21 October 2021

Further information

For further information, please contact Erla Tryggvadóttir, Director of Communications, at +354 660 5260 or erlat@vis.is.

Income Statement

	Q1 2021	Q1 2020	Var	Var %
Premiums earned	5.520	5.558	-38	-0,7%
Premiums earned, reinsurers' share	-168	-187	19	-10,2%
Premiums earned, net of reinsurance	5.352	5.370	-19	-0,3%
Investment income	2.484	-162	2.646	-
Other income	19	15	4	23,2%
Total income	7.854	5.223	2.631	50,4%
Claims incurred	-4.633	-5.631	998	-17,7%
Claims incurred, reinsurers' share	164	54	110	-
Claims incurred, net of reinsurance	-4.469	-5.577	1.108	-19,9%
Technical interest rates and exch. rate changes of techn. provisions	73	-423	496	-
Operating expenses	-1.429	-1.375	-55	4,0%
Interest expenses & impairment of acc. receivables	-100	-85	-14	17,0%
Total expenses	-5.925	-7.459	1.534	-20,6%
Profit (loss) before income taxes	1.929	-2.236	4.164	-
Income taxes	-24	273	-298	-
Profit (loss) for the period	1.904	-1.963	3.867	-

Claims & reinsurance cost ratio	83,9%	103,6%
Expense ratio	24,0%	22,9%
Combined ratio	108,0%	126,5%
Return on investments	5,8%	-0,5%
Return on equity	11,2%	-13,8%

Balance Sheet

	31.03.2021	31.12.2020
Assets		
Operating assets	566	606
Goodwill and other intangible assets	1.721	1.670
Right-of-use asset	772	798
Tax asset	39	36
Financial assets at fair value through profit or loss	39.615	38.839
Bonds and other long-term receivables	1.445	1.438
Investments where investment risk is borne by life-ins. policy holders	1.648	1.622
Accounts receivables	9.557	6.496
Reinsurance assets	1.030	887
Other receivables	970	795
Cash and cash equivalents	1.685	1.576
Total assets	59.047	54.762
Equity		
Share capital	1.878	1.894
Statutory reserve	626	626
Other reserves	7.426	5.455
Retained earnings	7.120	9.017
Total equity	17.050	16.992
Liabilities		
Subordinated bonds	2.875	2.889
Tax liability	27	0
Lease liability	808	831
Technical provision	34.055	30.073
Technical provision for life-insurance policies where investment risk is borne by the policy holders	1.648	1.622
Accounts payables and other liabilities	2.584	2.355
Total liabilities	41.997	37.770
Total equity and liabilities	59.047	54.762