



VIS: Second Quarter 2021 Results

The Company's consolidated interim financial statements for the first six months of 2021 were confirmed by the Company's Board of Directors and CEO at a board meeting on 19 August 2021.

Highlights from Q2 2021

- Net after-tax profit of ISK 2,599 million, as compared to ISK 916 million in the corresponding period in 2020.
- Underwriting results in the period were positive by ISK 321 million, versus a loss of ISK 158 million in the prior year period.
- Combined ratio of 95.3% in the quarter, versus 103.5% in the prior year period.
- Premiums earned totalled ISK 5,649 million in the period, as compared to ISK 5,641 million in the same period last year.
- Investment income of ISK 2,574 million, versus ISK 1,612 million in the corresponding period in 2020.

Highlights from the first half of 2021

- Net profit of ISK 4,503 million for the period, versus a negative result of ISK 1,047 million in 2020 - an ISK 5.5 billion turnaround.
- Return on equity was 25.5% in the first six months of the year, versus a negative result of 7.4% over the same period last year

Helgi Bjarnason, CEO:

Excellent quarter

"I am very pleased with the Company's results in the quarter. Investments performed well, delivering one of the best results since the Company's listing. Investment income amounted to ISK 2.6 billion, representing a nominal return of 6% over the period. Listed equities performed well, gaining 14.4%. There was also a considerable increase in the Company's unlisted assets, such as Controlant, Kerecis and Ölgerðin. Underwriting operations are in line with expectations, with a combined ratio in the quarter of 95.3%.

Loss reserve development

Over the past 18 months, we have implemented a new methodology for estimating the claims provision. The impact in the quarter was a charge of ISK 272 million. The underlying underwriting operations are good and the combined ratio for the quarter would have been 90.5% without these measures. This has been extensive work and I am pleased that it has now been completed. During this period, the claims provision has increased by over ISK 3 billion. We now expect to make only normal loss reserve adjustments in line with the claims development at any given time. The outlook for the full year is unchanged - with the Company currently expecting the combined ratio for the year to fall in the range of 97-99%.

Continued turnaround in earnings

The Company delivered earnings of ISK 4.5 billion in the first six months of the year, versus a loss of just over 1 billion in the same period last year, representing a turnaround of ISK 5.5 billion. Return on equity on an annualised base is therefore over 50% – which is an excellent result.

Our digital journey receives international recognition

We are on a digital journey and intend to change the way insurance works. We launched Ökuvísir at the beginning of the year, which is a revolutionary new product in the Icelandic vehicle insurance market. It rewards our customers for good driving habits with lower premiums. This new product has been well received by our customers. We are proud to have received international recognition for Ökuvísir – as Global Banking & Finance



Review® recently awarded us for outstanding innovation in services and product development. This award is encouraging and confirms that we are on the right track.

Excellent comprehensive insurance with extensive coverage

We introduced greatly improved comprehensive insurance during the quarter. We now believe that we offer the best comprehensive insurance in Iceland, with the most complete protection available. We continue to change the way insurance works – and are now working to transform the process for purchasing life and illness insurance. We look forward to presenting the results of that work in the coming weeks."

Guidance

The Company's long-term goal is for the combined ratio not to exceed 95% and the return on equity to be at least 15%. The combined ratio of each quarter will be presented in the Company's earnings reports, along with a discussion of the status of, and outlook for, the Company's operations.

Guidance on the 2021 combined ratio

The Company expects the combined ratio for the full year 2021 to be in the range of 97-99%.

The Company will notify investors if there is a change in the outlook for the full year's combined ratio, 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 investors will be held on Friday, 20 August 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.

It will be possible to watch a live stream and a recording of the presentation at: <https://vis.is/2-arsfjordingur-2021/>. The presentation materials will be available at the same location.

Financial calendar

Q3 2021 results || 21 October 2021

FY 2021 results || 24 February 2022

2022 AGM || 17 March 2022

Further information

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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%
Premiums earned, net of reinsurance	5.463	5.430	33	0,6%	10.815	10.800	14	0,1%
Investment income	2.574	1.612	962	-	5.058	1.450	3.607	-
Other income	18	12	6	50,9%	36	27	9	35,3%
Total income	8.055	7.054	1.000	14,2%	15.909	12.278	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	-
Claims incurred, net of reinsurance	-3.912	-4.316	404	-9,4%	-8.381	-9.893	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%
Total expenses	-5.270	-6.057	787	-13,0%	-11.196	-13.517	2.321	-17,2%
Profit (loss) before income taxes	2.784	997	1.788	-	4.713	-1.239	5.952	-
Income taxes	-186	-81	-105	-	-210	192	-403	-
Profit (loss) for the period	2.599	916	1.683	-	4.503	-1.047	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		

Balance Sheet

	30.06.2021	31.12.2020
Assets		
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 where investment risk is borne by life-ins. policy holders	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
Total assets	60.716	54.762
Equity		
Share capital	1.835	1.894
Statutory reserve	626	626
Other reserves	9.506	5.455
Retained earnings	6.976	9.017
Total equity	18.943	16.992
Liabilities		
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 policies where investment risk is borne by the policy holders	1.694	1.622
Accounts payables and other liabilities	2.552	2.355
Total liabilities	41.773	37.770
Total equity and liabilities	60.716	54.762