

## VÍS: Interim Financial Report

### 2018 half year results – Highlights:

- Profit for the period amounted to kronur (ISK) 552 million compared with 1,107 ISK million during the same period in 2017
- Written premiums increased by 8.4% from the same period last year
- Loss ratio was 80.8%, compared to 66.4% last year
- Composite ratio was 103.3%, compared to 95.3% in the same period of last year
- Income from investments increased by 23% and amounted to ISK 1,415 million.
- Earnings per share amounted to ISK 0.25, compared with ISK 0.50 kronur for the same period in 2017
- The company's solvency ratio at the end of the period was 1.38

### Second quarter of 2018 - Highlights

- The loss for the period amounted to ISK 291 million compared with ISK 917 million profit for the same period in 2017
- The combined ratio was 109.1%, compared to 84.2% for the same period in 2017

### Helgi Bjarnason, CEO of VÍS:

"The second quarter was eventful at VÍS. Most importantly, there were two major fire damages that occurred within a short period of time. It is to be expected that damage of this magnitude would reflect the performance, as our mission is to stand by our customers in trying times. But at the same time, I'm pleased to see how strong our core operation is; the combined ratio for the past 12 months and the estimated combined ratio of 2018 is under 100%, despite the major losses.

In this context, our profit is almost ISK 600 million in the first half of the year which is an acceptable result.

Despite the challenging market conditions, the return on investment is well-acceptable. There, we still have unrealized gains, amounting to almost ISK 500 million because of Kvika banki that will be transferred into the books in the third quarter.

Regarding investments, we continue to adjust to the roadmap agreed by shareholders at the end of June, which involves reducing risk and increasing the weight of bonds in our portfolio at the expense of listed shares. The extensive review that took place during the first half of the year on VÍS's financial structure has underlined the importance of ensuring that insurance operations be profitable, which is a prerequisite for reducing risks and fluctuations in investments. It is therefore gratifying to see that the second half of the year is starting off well with regards to insurances but our combined ratio in July was 83.5.

Simultaneously, we have invested considerably in infrastructure during the period, including in digital projects.

In parallel with this report, we updated the Company's profit forecast. According to it, it is now estimated that the profit for the year will be about ISK 2.2 billion before taxes."

### Prospects

The updated earnings forecast of VÍS for the next 12 months assumes that the Company's combined ratio will be 99% in 2018 and that the Company's profit in 2018 will be around ISK 2,200 million before taxes. The combined ratio for the next 12 months will be 96.3% according to the forecast.

