

**SJÓVÁ**

**Q2 2020**

Translation of Investors'  
Presentation

19 August 2020





### Results

**ISK 1.538m**

after tax profit

Technical results of

**ISK 213m**

Pre-tax profit from investment operations

**ISK 1.465m**



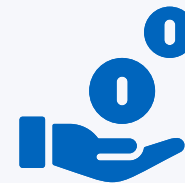
### Combined ratio

**96,8%**

combined ratio compared to 89,0% in Q2 2019\*

Premiums declined 13% from Q2 2019, almost entirely due to the decision to lower motor premiums for individuals that were fully realized in the second quarter

Robust growth in the private line of business helps to offset a decline in the commercial segment



### Investments

Investment income

**ISK 1.854m**

**4,8%**

return on investment portfolio

The equity markets recovered after a sharp decline in the first quarter



### Motor premiums not collected from individuals in May

Following a significant reduction in traffic in the wake of restrictions on public gatherings, the decision was made not to collect motor premiums from individuals due in May

The Q2 reduction in premiums resulting from this measure amounts to approx.

**ISK 650m**

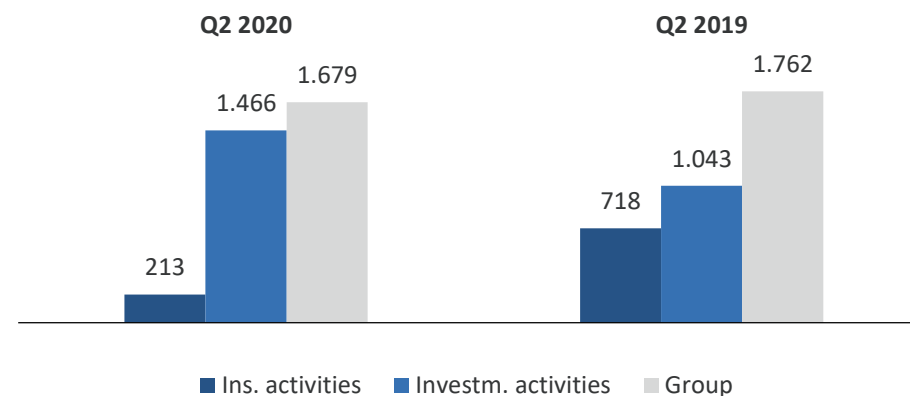
Welcomed by customers and general feedback overwhelmingly positive

# Highlights from Q2 2020

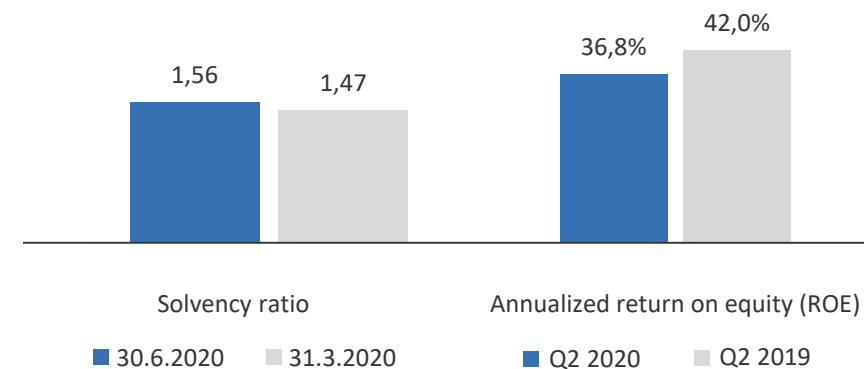
The cancellation of private motor premiums due in May impacts the underwriting performance

	Q2 2020	Q2 2019
Profit for the period	1.538	1.548
Earnings per share	1,15	1,12
Pre-tax profit	1.679	1.762
Technical results*	213	718
Profit on investment operations*	1.466	1.043
Annualized return on equity (ROE)	36,8%	42,0%
Group combined ratio	96,8%	89,0%
	<b>30.6.2020</b>	<b>31.3.2020</b>
Group equity ratio	30,2%	28,5%
Solvency ratio	1,75	1,68
Profit for the period	1,56	1,47

## Segment performance before tax



## Solvency ratio and return on equity



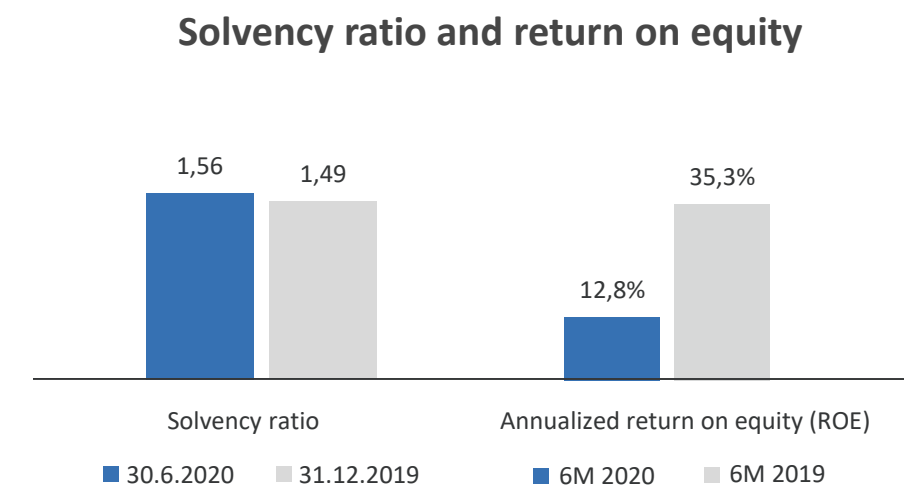
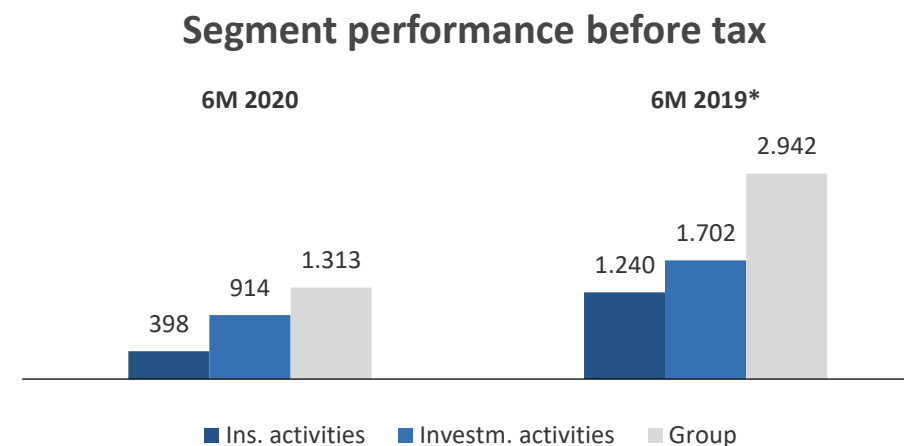
\* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

# Highlights from 6M 2020

Strong operations during challenging times

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	6M 2020	6M 2019
Profit for the period	1.072	2.601
Earnings per share	0,80	1,88
Pre-tax profit	1.313	2.942
Technical results*	398	1.241
Profit on investment operations*	914	1.702
Annualized return on equity (ROE)	12,8%	35,3%
Group combined ratio	97,7%	90,7%
	<b>30.6.2020</b>	<b>31.12.2019</b>
Group equity ratio	30,2%	32,0%
Solvency ratio	1,75	1,67
Profit for the period	1,56	1,48



\* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

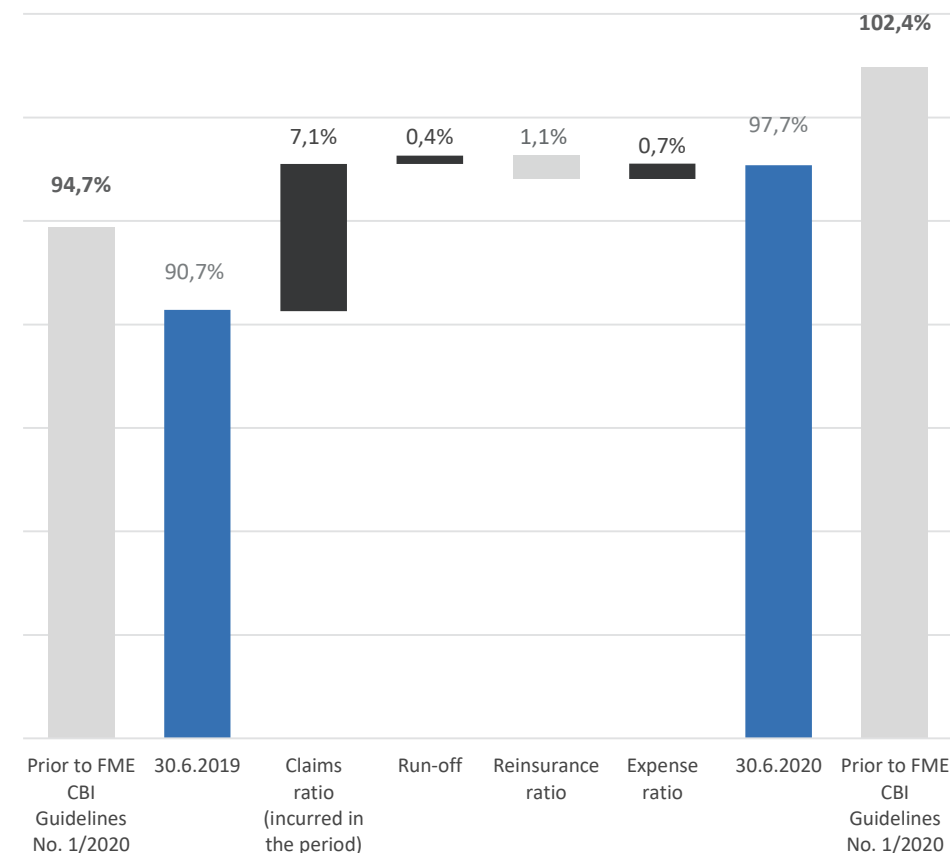
# Income statement

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Premiums declined due to the May premium relief with the impact fully realized in Q2

	Q2 2020	Q2 2019	%	6M 2020	6M 2019	%
Premiums earned	4.539	5.220	-13,0%	9.823	10.017	-1,9%
<b>Earned premiums, net of reinsurance</b>	<b>4.288</b>	<b>4.970</b>	<b>-13,7%</b>	<b>9.251</b>	<b>9.532</b>	<b>-2,9%</b>
Investment income	1.854	1.540	20,4%	1.897	2.699	-29,7%
Claims incurred	-3.242	-3.543	-8,5%	-7.427	-6.825	8,8%
<b>Claims incurred, net of reinsurance</b>	<b>-3.158</b>	<b>-3.464</b>	<b>-8,8%</b>	<b>-7.032</b>	<b>-6.665</b>	<b>5,5%</b>
Technical interest rate and exchange rate changes for technical provisions*	-228	-287	-20,4%	-574	-560	2,6%
Operating expenses	-1.125	-1.079	4,2%	-2.328	-2.184	6,6%
Pre-tax profit	1.679	1.762	-4,7%	1.313	2.942	-55,4%
<b>After-tax profit</b>	<b>1.538</b>	<b>1.548</b>	<b>-0,6%</b>	<b>1.072</b>	<b>2.601</b>	<b>-58,8%</b>
Claims ratio (incurred in this period)	71,5%	68,9%		76,8%	69,7%	
Run-off	0,0%	-1,0%		-1,2%	-1,6%	
Claims ratio*	<b>71,4%</b>	<b>67,9%</b>		<b>75,6%</b>	<b>68,1%</b>	
Reinsurance ratio	3,2%	2,0%		1,4%	2,5%	
<b>Claims and reinsurance ratio</b>	<b>74,6%</b>	<b>70,0%</b>		<b>77,0%</b>	<b>70,7%</b>	
Expense ratio	22,2%	19,0%		20,7%	20,0%	
<b>Combined ratio*</b>	<b>96,8%</b>	<b>89,0%</b>		<b>97,7%</b>	<b>90,7%</b>	

Change in combined ratio  
6M 2019 to 6M 2020



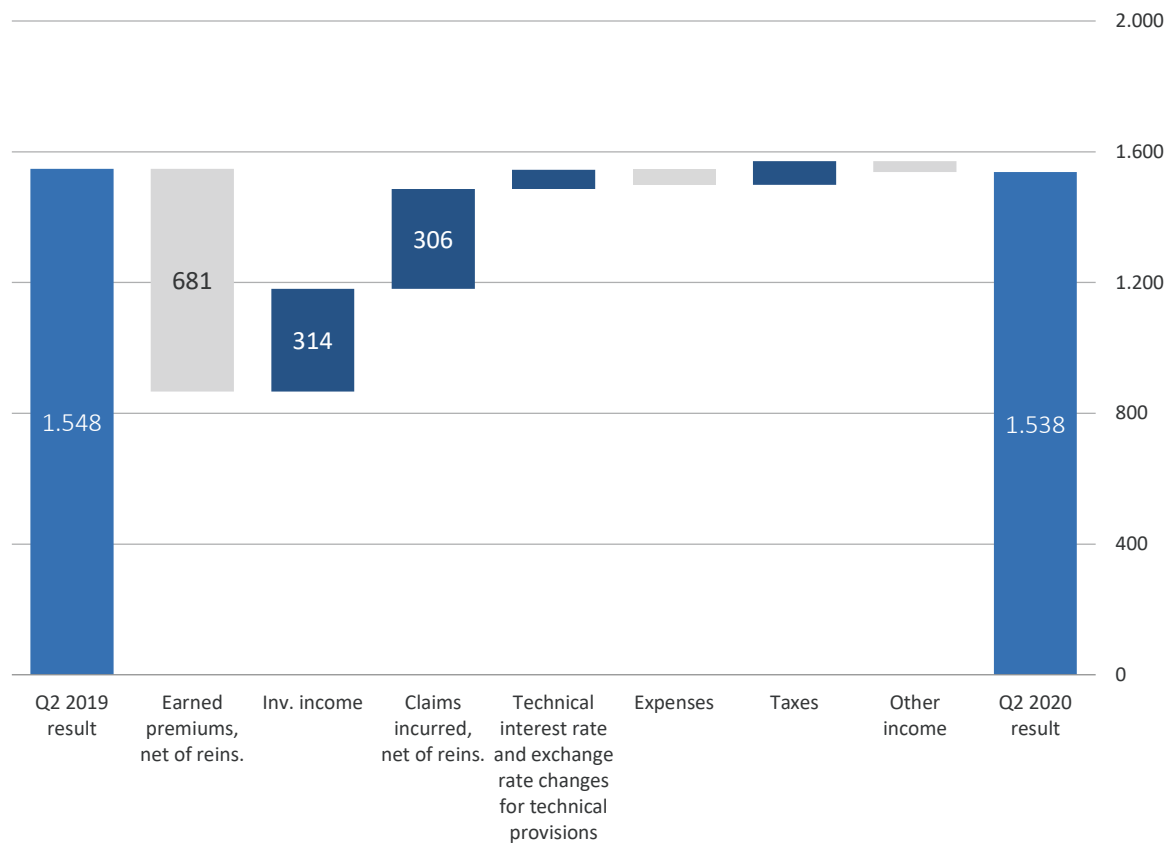
\* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

# Bridge analysis

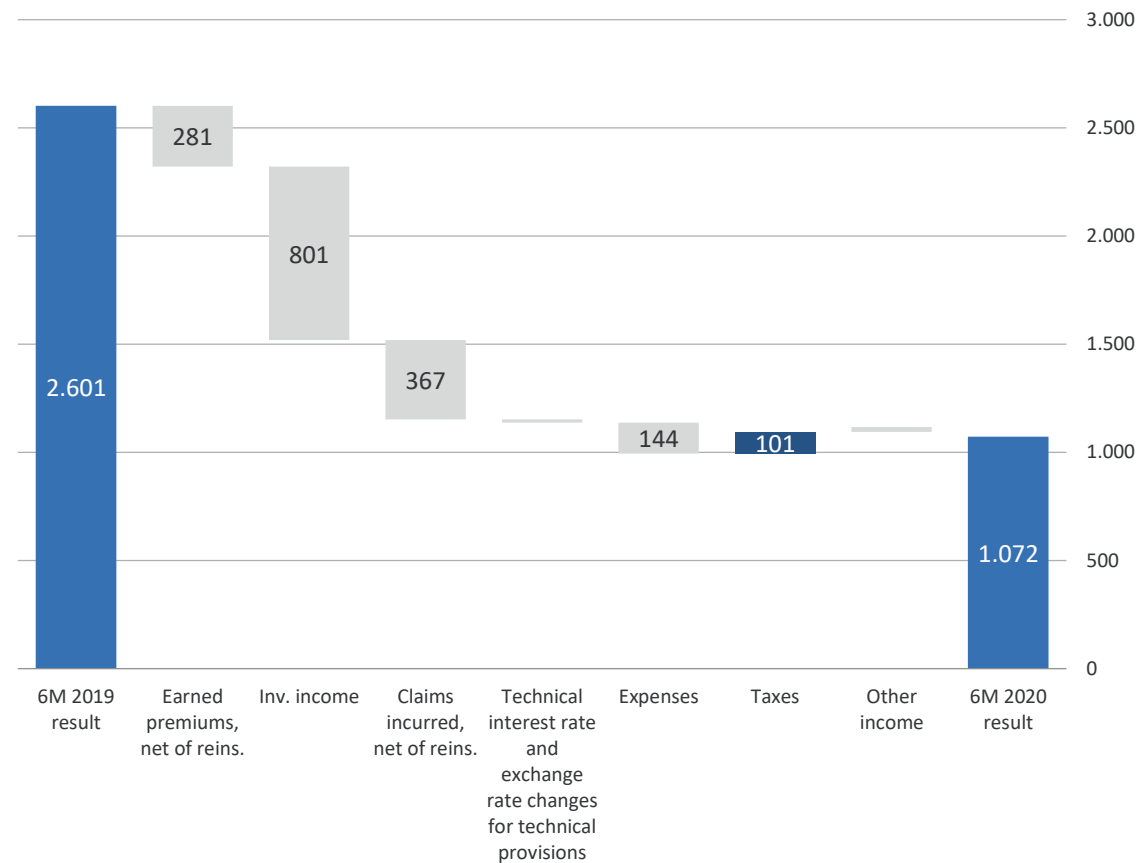
Large quarter-to-quarter fluctuations in investment income



### Bridge analysis Q2 2019 to Q2 2020



### Bridge analysis 6M 2019 to 6M 2020

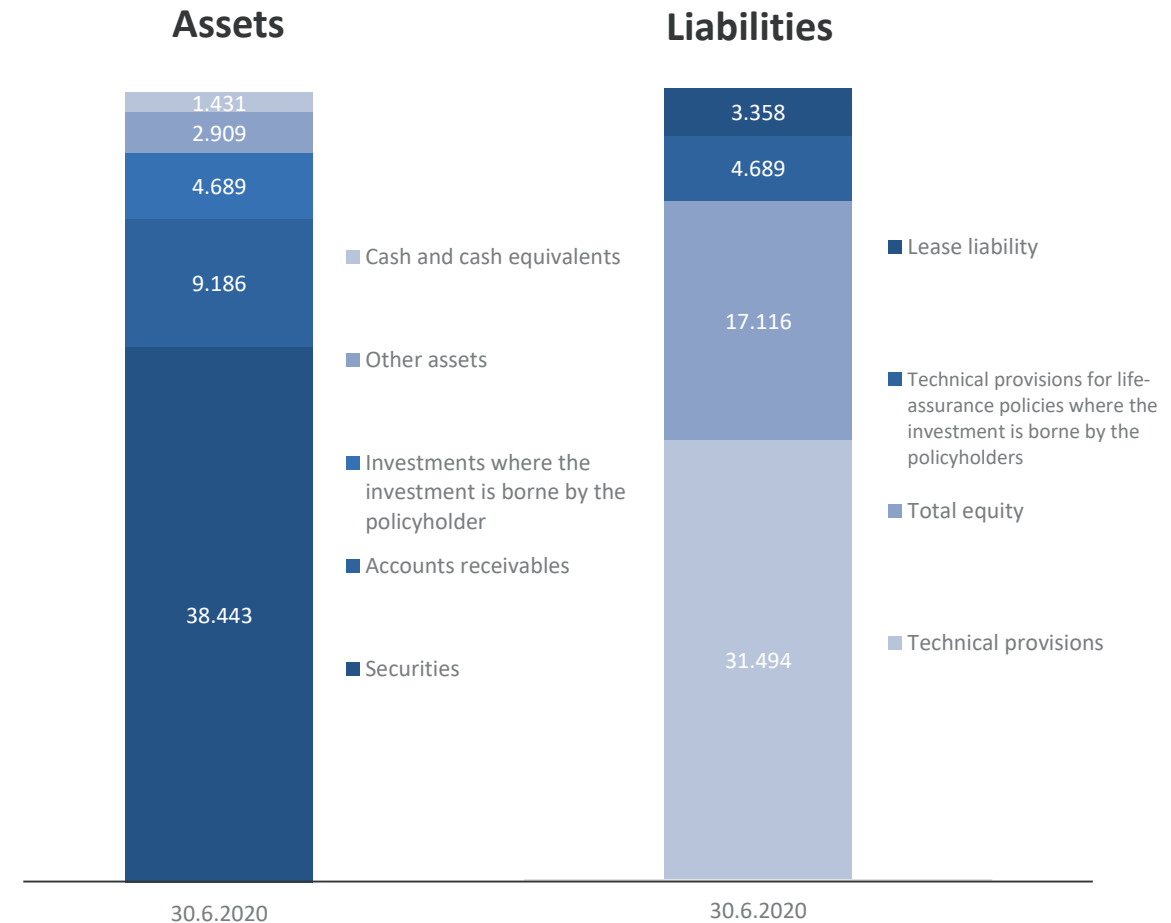


# Balance sheet

Financially strong with a robust balance sheet

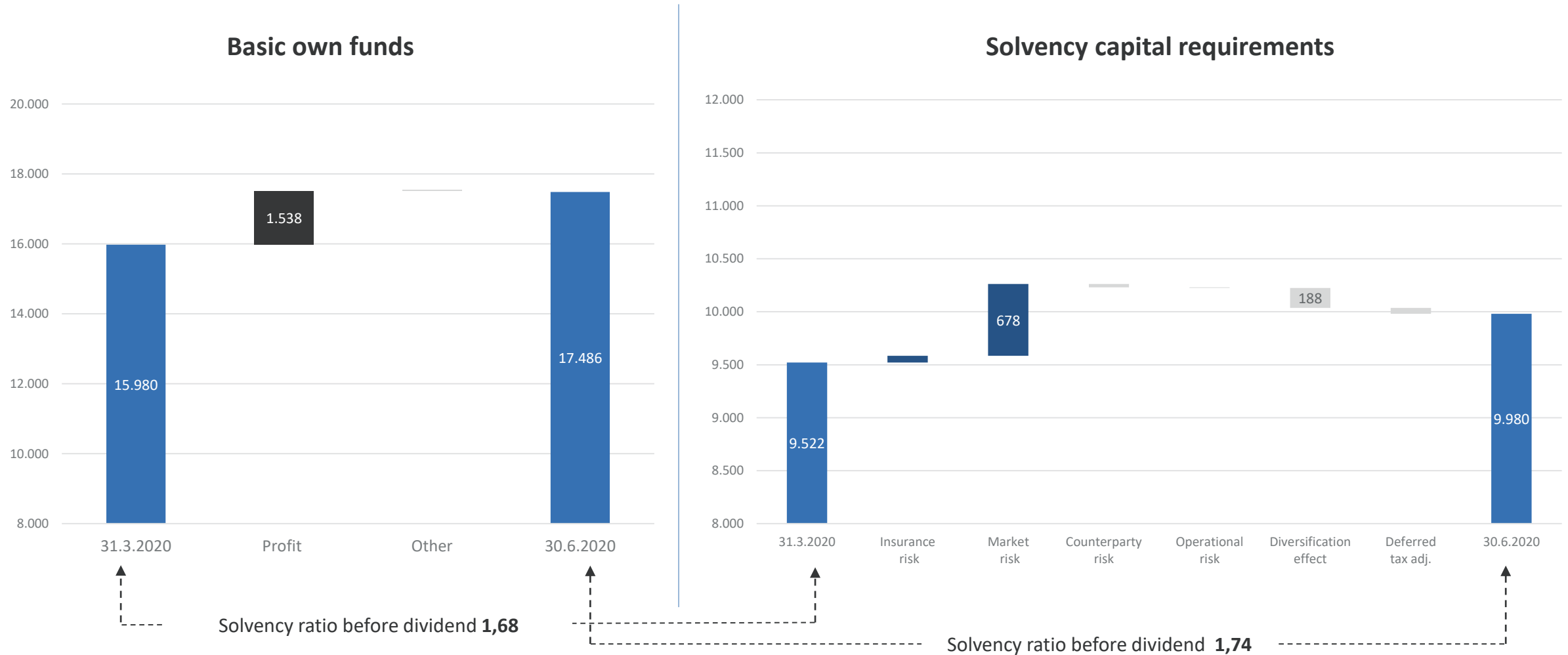
**SJÓVÁ**

	30.6.2020	31.12.2019
<b>Assets</b>		
Securities	38.443	36.549
Accounts receivables	9.186	6.463
Investments where the investment is borne by the policyholder	4.689	4.539
Cash and cash equivalents	1.431	969
Other assets	2.909	2.464
<b>Total assets</b>	<b>56.658</b>	<b>50.984</b>
<b>Equity</b>		
Share capital	1.334	1.347
Other equity	15.782	14.947
<b>Total equity</b>	<b>17.116</b>	<b>16.294</b>
<b>Liabilities</b>		
Technical provisions	31.494	27.599
Technical provisions for life-assurance policies where the investment is borne by the policyholders	4.689	4.539
Lease liability	3.358	2.552
Accounts payable and other liabilities	<b>39.542</b>	<b>34.690</b>
<b>Total liabilities</b>	<b>56.658</b>	<b>50.984</b>



# Changes in basic own funds and solvency capital requirements

Q2 2020





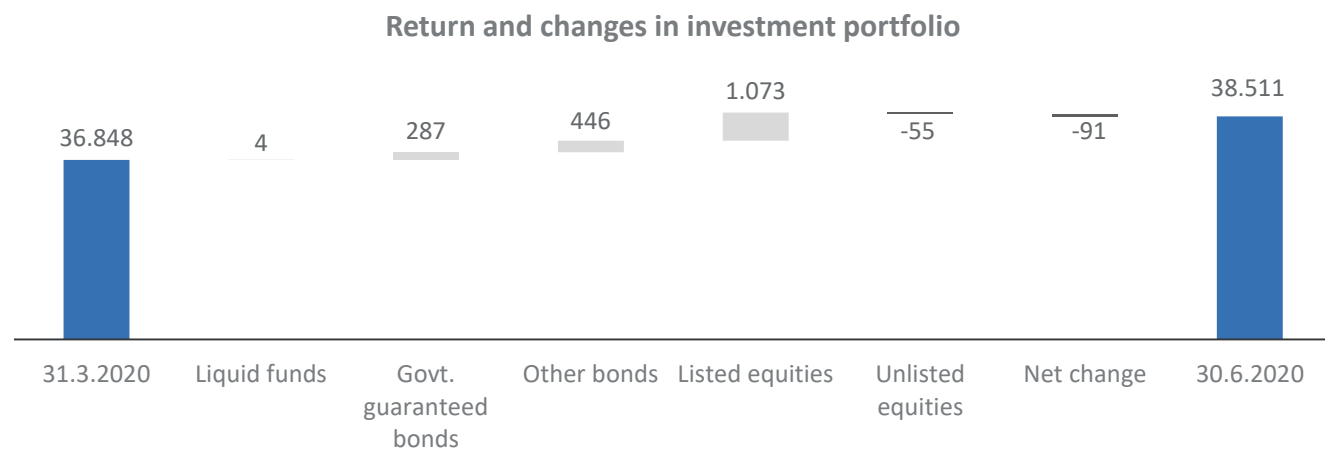
# Investment performance in Q2 2020

Return on the investment portfolio was 4,8% in the quarter

Asset class*	31.3.2020	Net change	Income	30.6.2020	Return
Liquid funds	379	770	4	1.153	0,6%
Govt. guaranteed bonds	12.011	-622	287	11.676	2,6%
Other bonds	14.378	-220	446	14.603	3,1%
Listed equities	7.812	-21	1.073	8.864	13,6%
Unlisted equities	2.268	2	-55	2.214	-2,4%
<b>Total</b>	<b>36.848</b>	<b>-91</b>	<b>1.754</b>	<b>38.511</b>	<b>4,8%</b>
Interest income from receivables			82		
Other investment income			18		
<b>Total investment income</b>			<b>1.854</b>		

- › The average duration of the Group's bond portfolio was 4,2 years at the end of the quarter (4,4 years at the end of Q1 20) and the indexation rate was 46% (39% at the end of Q1 20)
- › Write-down of unlisted assets related to holdings in companies in the tourism industry

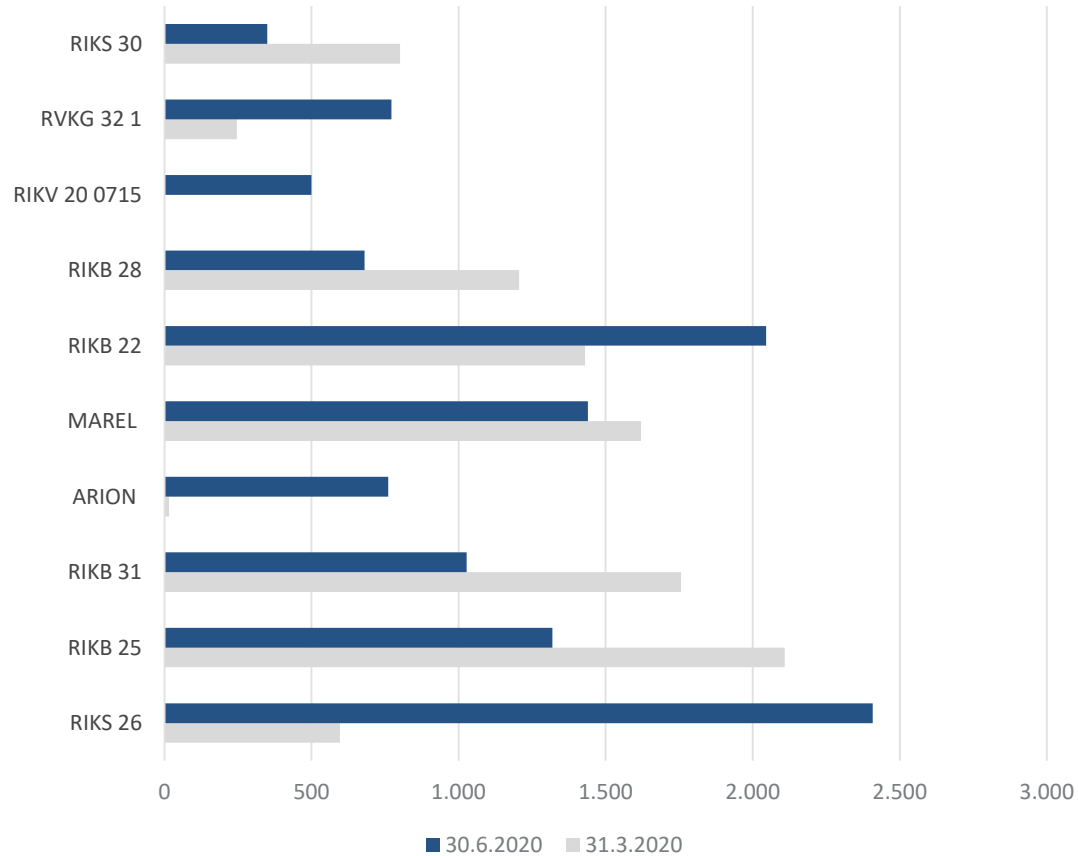
Gamma index return	Q2 2020
Market index	8,3%
Equities	16,4%
Government bonds	2,1%
Inflation-indexed bonds	2,9%
Non-indexed bonds	1,7%
Covered bonds	4,2%
Corporate bonds	4,2%



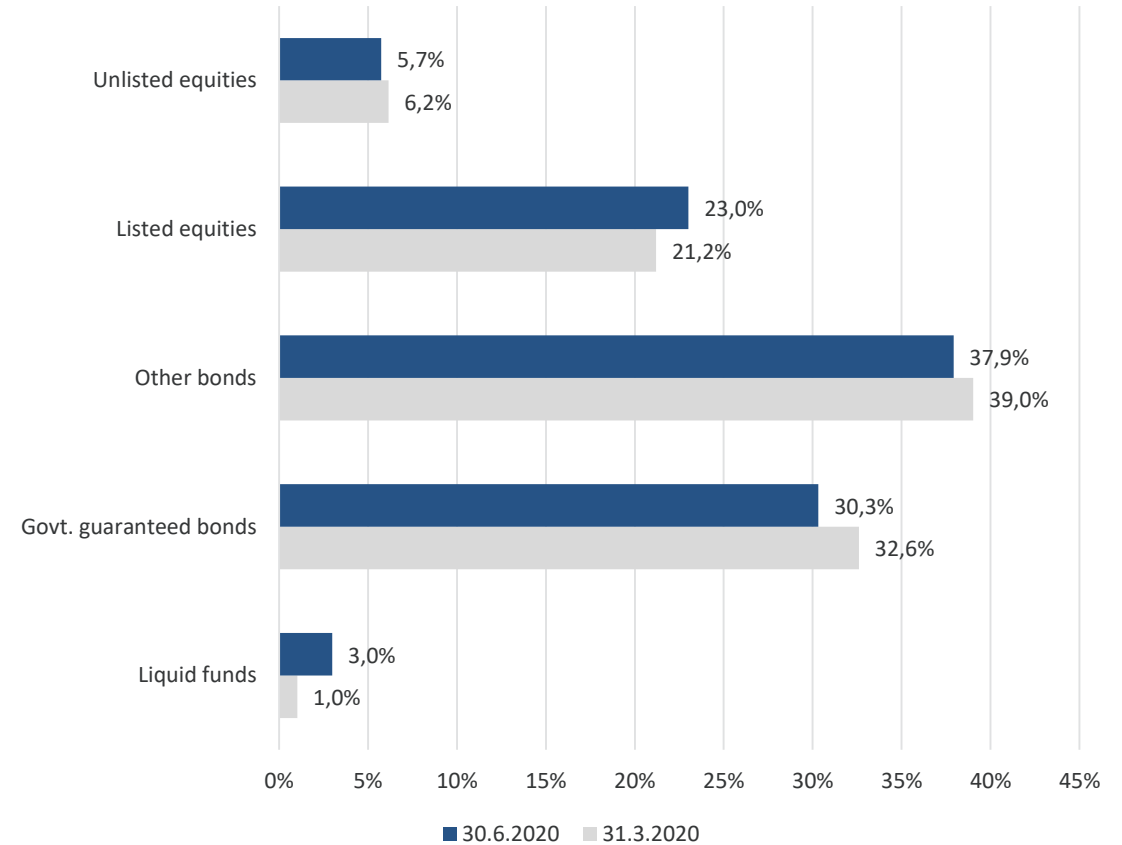
# Changes to asset portfolio in Q2 2020

Stock price increases in the quarter increase the weight of listed equities in the portfolio

Largest portfolio changes in Q2 2020



Investment breakdown\*



\* Eignir á þessu yfirliti eru flokkaðar skv. eigin flokkun en ekki skv. IFRS staðli eins og í ársreikningi. Utan yfirlitsins er hlutdeild Sjóvá líf í eignum með eigin áhættu líftryggingataka, viðskiptakröfur og bankareikningar sem notaðir eru í daglegum rekstri.

# Group investment assets exceeding ISK 500 million

**SJÓVÁ**

Assets	30.6.2020	31.3.2020	Return	Net change	% of portfolio
RIKS 26	2.408	597	53	1.758	6,3%
RIKB 22	2.046	1.430	24	593	5,3%
LBANK CB 23	1.516	1.582	44	-109	3,9%
MAREL	1.440	1.620	458	-638	3,7%
Arion CB 24	1.439	1.817	53	-431	3,7%
FESTI	1.348	1.147	113	87	3,5%
RIKB 25	1.319	2.109	35	-824	3,4%
RIKS 33	1.199	1.146	53	0	3,1%
ISLA CB 23	1.117	1.231	32	-146	2,9%
RIKB 31	1.027	1.757	25	-755	2,7%
RIKB 21	956	1.069	12	-125	2,5%
RIKS 21	900	1.126	19	-245	2,3%
ISLA 24	846	908	-5	-56	2,2%
EIK	836	741	93	2	2,2%
Reykjavíkurborg RVKG 32 1	771	246	35	491	2,0%
ARION	760	16	45	700	2,0%
REGINN	717	765	-14	-34	1,9%
RIKB 28	680	1.206	24	-550	1,8%
Júpíter veðskuldabréf	668	656	12	0	1,7%
Reitir fasteignafélag 15.11.2022	657	654	9	-6	1,7%
Iceland Seafood International	616	549	63	4	1,6%
ORIGO	595	434	155	6	1,5%
SIMINN	595	778	109	-293	1,5%
Stefnir ríkisverðbréfasjóður	579	563	15	0	1,5%
Reykjavíkurborg RVKG 53 1	571	241	11	319	1,5%
ARION CBI 26	552	526	31	-5	1,4%

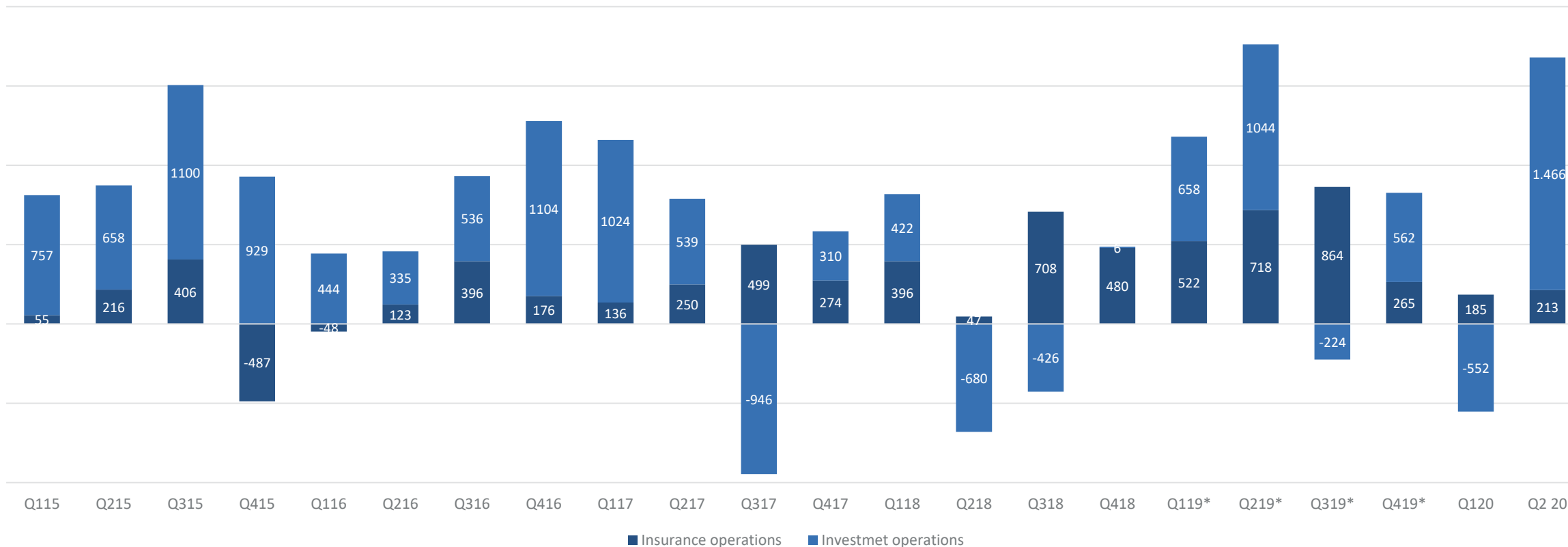
# Group investment assets exceeding ISK 500 million

SJÓVÁ

Assets	30.6.2020	31.3.2020	Return	Net change	% of portfolio
LBANK CBI 26	547	413	30	105	1,4%
Gamma IFIF	536	481	55	0	1,4%
Reykjavíkurborg RVK 35 1	529	707	16	-194	1,4%
ISLA CBI 28	527	462	27	38	1,4%
HAGAR	526	498	28	0	1,4%
BRIM	521	400	-9	130	1,4%
RIKV 20 0715	500	0	0	499	1,3%
Other assets	8.665	8.975	101	-411	22,5%
<b>Total</b>	<b>38.511</b>	<b>36.848</b>	<b>1.754</b>	<b>-91</b>	

# Combination of profit/loss before tax

2015-2020

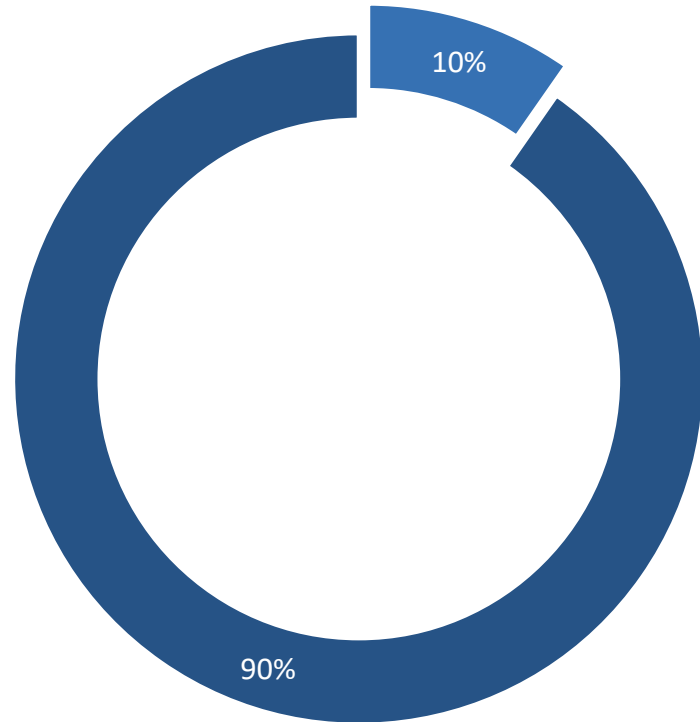


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# Underwriting exposure to the tourism industry

Around 10% of premiums earned in 2019 related to the tourism industry

Percentage of tourism-related premiums in 2019



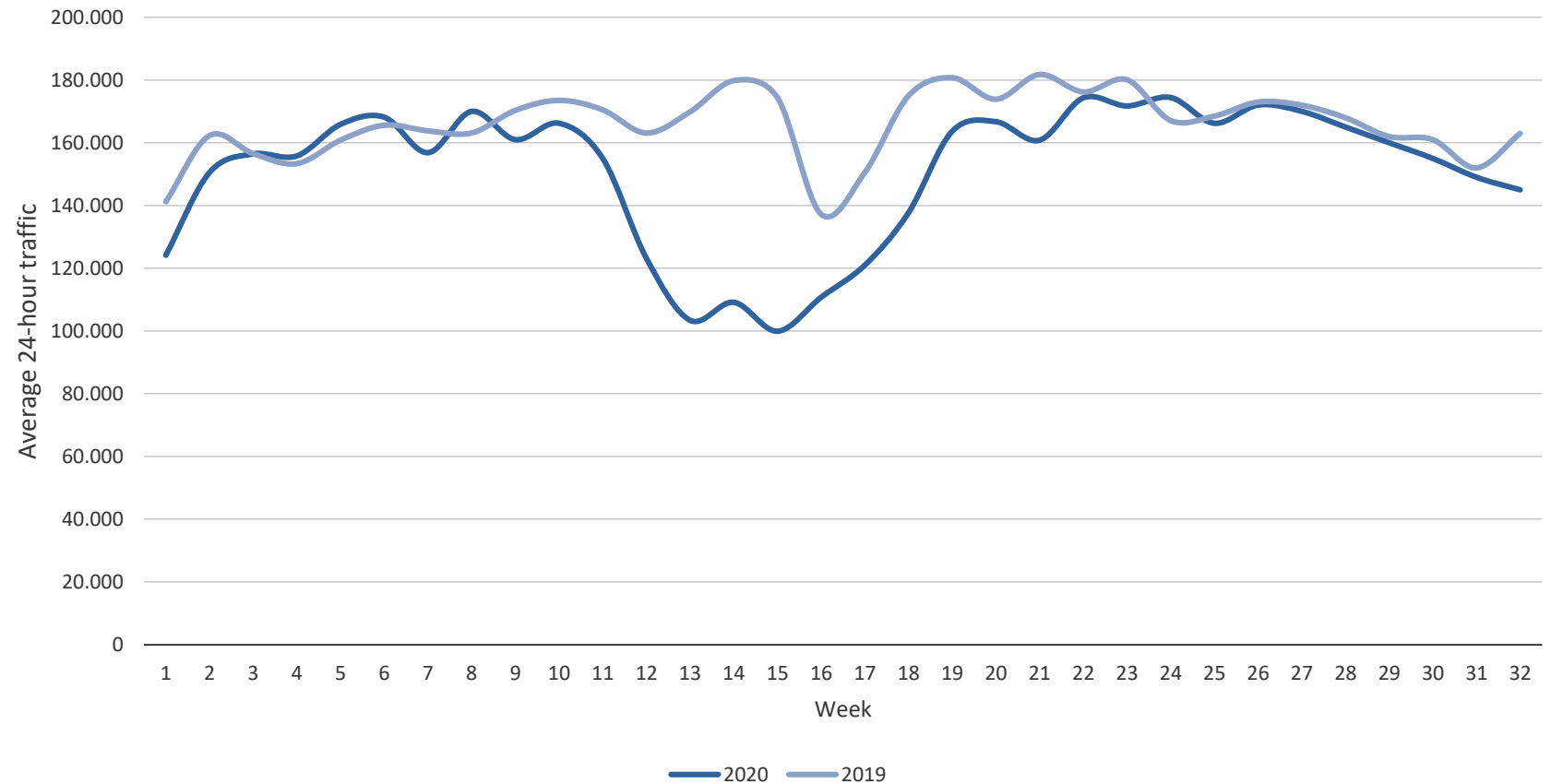
■ Tourism-related premiums ■ Other premiums

- › The 10% figure comprises companies that operate directly in the travel industry, such as car rentals, bus operators, hotels and airlines
- › As revenue from these customers decreases, so does the Company's exposure to them in form of a reduced likelihood of claims
- › This group of companies is the one hardest hit by the economic impact of the COVID-19 pandemic.
- › We have worked closely with these businesses to support them through the current challenges, as we would with all our customers, with good results.

## Traffic trends in the greater Reykjavik area

The cumulative average daily traffic in greater Reykjavik area declined by **23%** during the restriction on public gatherings and has declined by **13%** since the start of the year when compared to the prior year

Average 24-hour traffic as measured by the Icelandic Road and Coastal Administration in the greater Reykjavik area \*

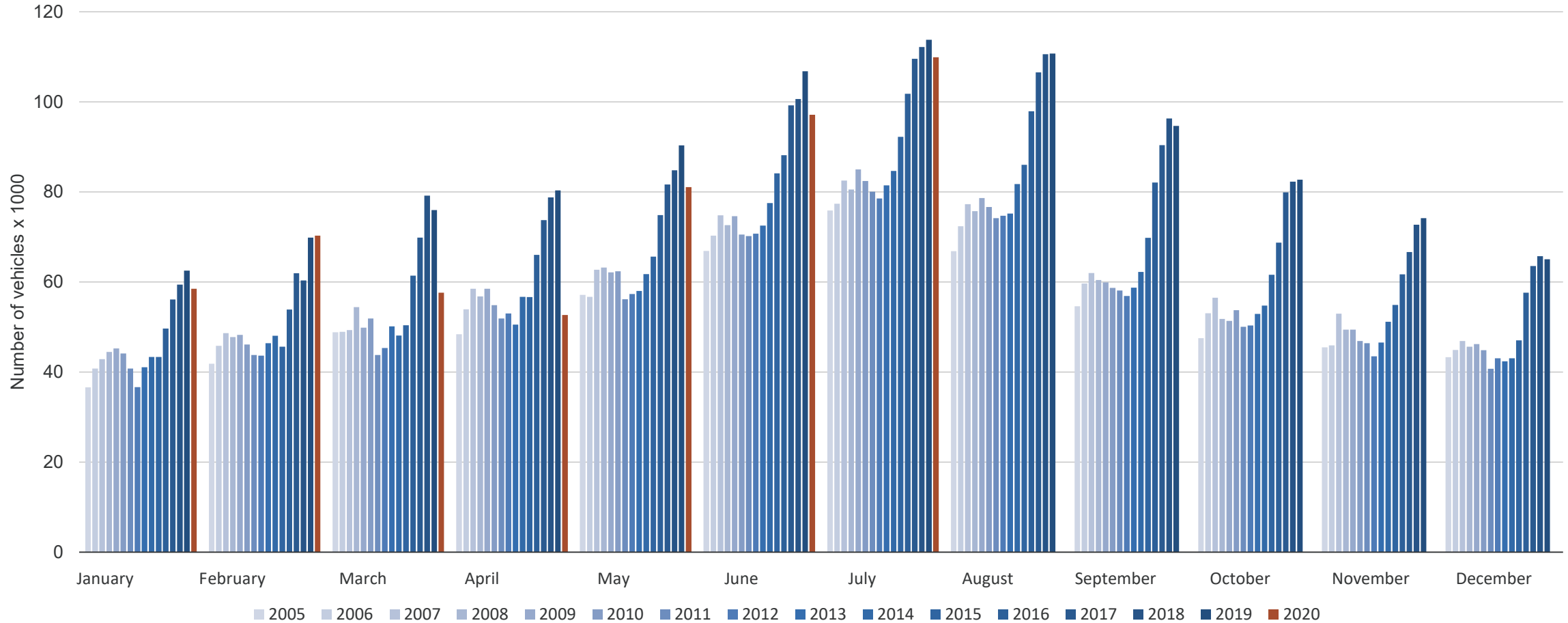


\* source: Vegagerðin ([www.vegagerdin.is](http://www.vegagerdin.is))

# Traffic on the Ring Road has picked up during the summer

Traffic has declined by 12% since the start of the year when compared to the prior year

Combined traffic data as measured by 16 traffic counters around the country \*

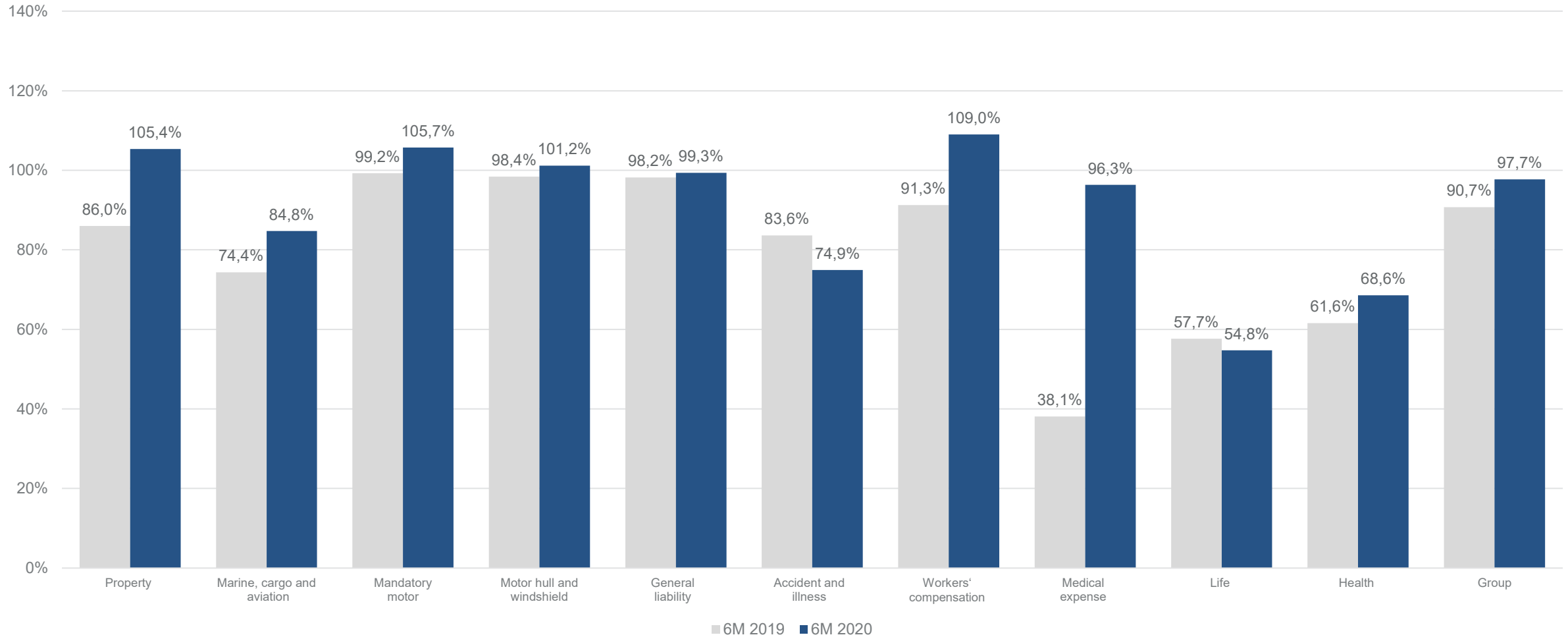


\* source: Vegagerðin ([www.vegagerdin.is](http://www.vegagerdin.is))



# Combined ratio

6M 2020 and 6M 2019 by insurance segments



\* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

# Financially strong company with robust operations

6M 2020

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6M 2020

**ISK 1.072m**

after tax profit

**97,7%**

combined ratio

Investment income

**ISK 1.897m**



**Earnings guidance**

Pre-tax earnings for the full year 2020 at around ISK 2,600 million and combined ratio around 95%

Pre-tax earnings for the next 12 months (Q3 2020 – Q2 2021) at around ISK 2,400 million and combined ratio around 94%

The updated guidance is based on actual results on investment activities thus far into the third quarter



**Dividend**

The Board of Directors' proposal to postpone a decision on the payment of dividends for the 2019 operating year was approved at the Company's AGM on 12 March.

The Company is financially strong and well placed to pay a dividend to shareholders while retaining its ability to respond to any potential setbacks

Still too much uncertainty to be able to decide whether and in what manner to pay a dividend to shareholders, which would be subject to regulatory approval



**2020**

Continued efforts to gain new business with focus on healthy premiums despite economic setbacks

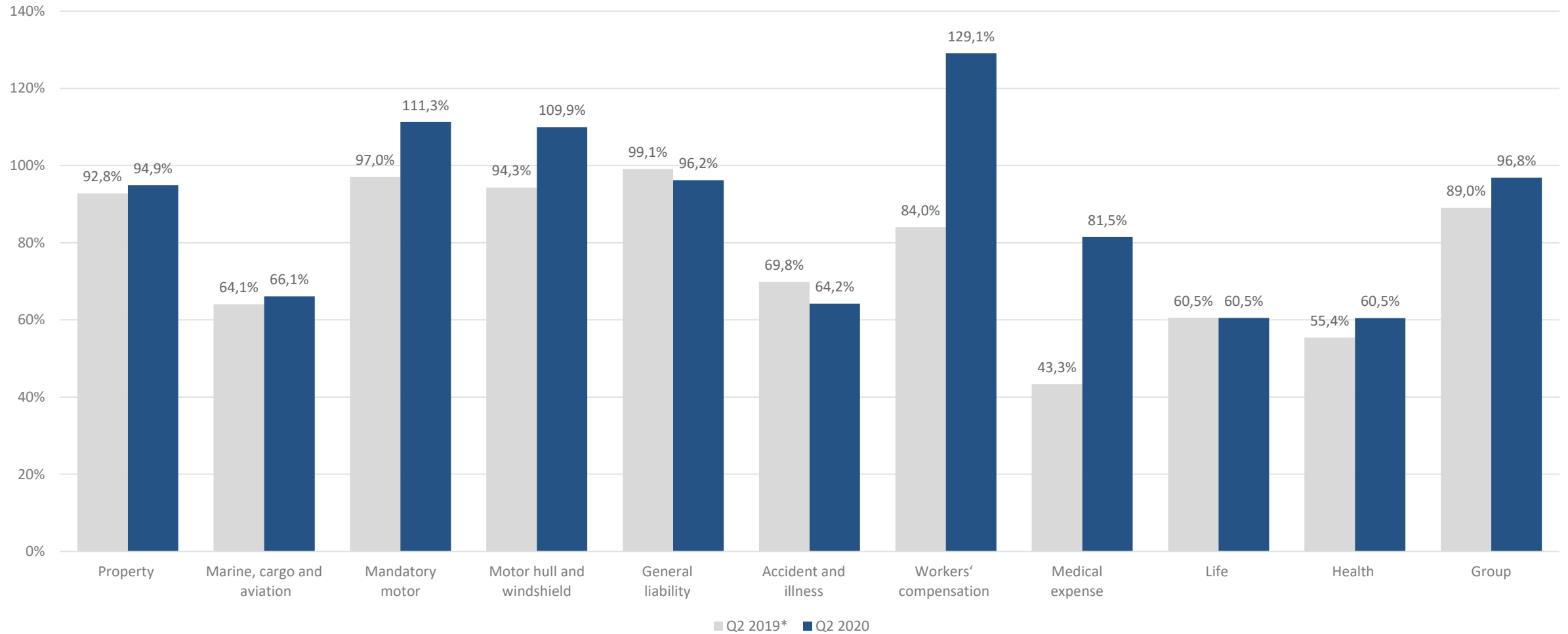
Development of digital services proceeding as planned

We have the most satisfied customers in the Icelandic insurance market and we intend to keep it that way – surveys show that customer loyalty is increasing

# Appendices and Disclaimer

# Combined ratio

Q2 2020 and Q2 2019 by insurance segment

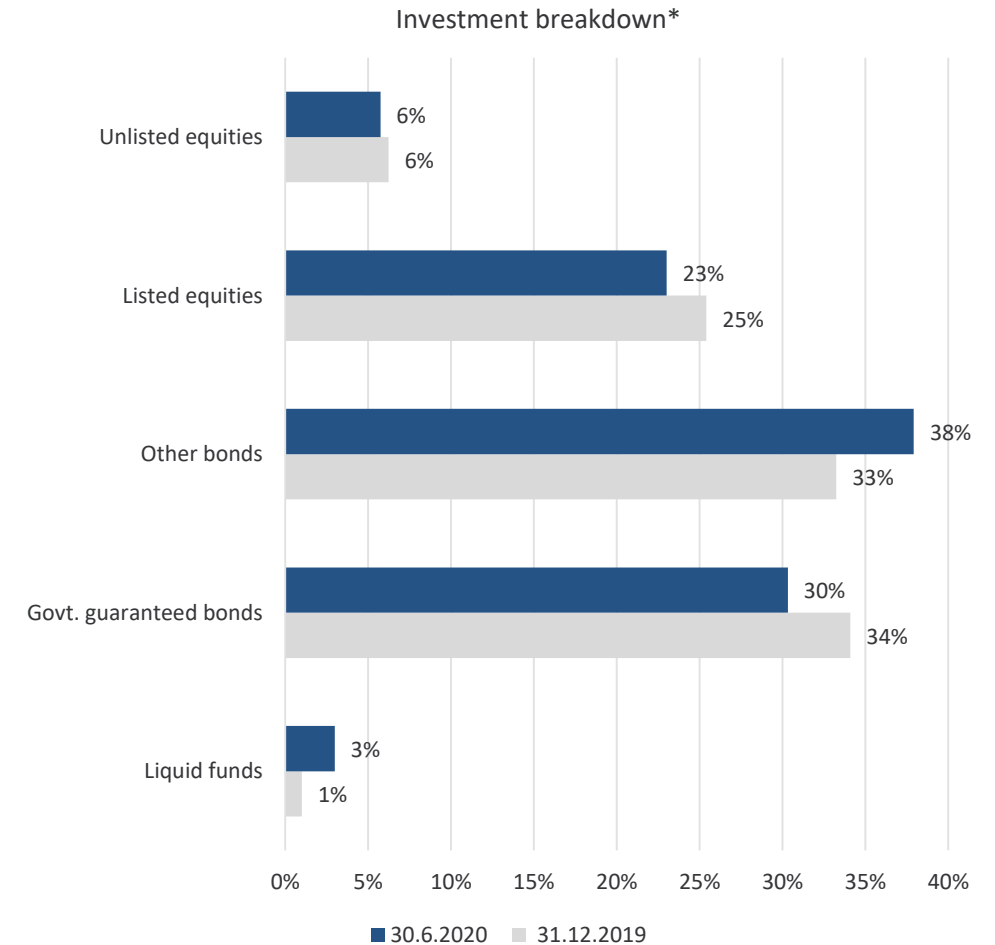
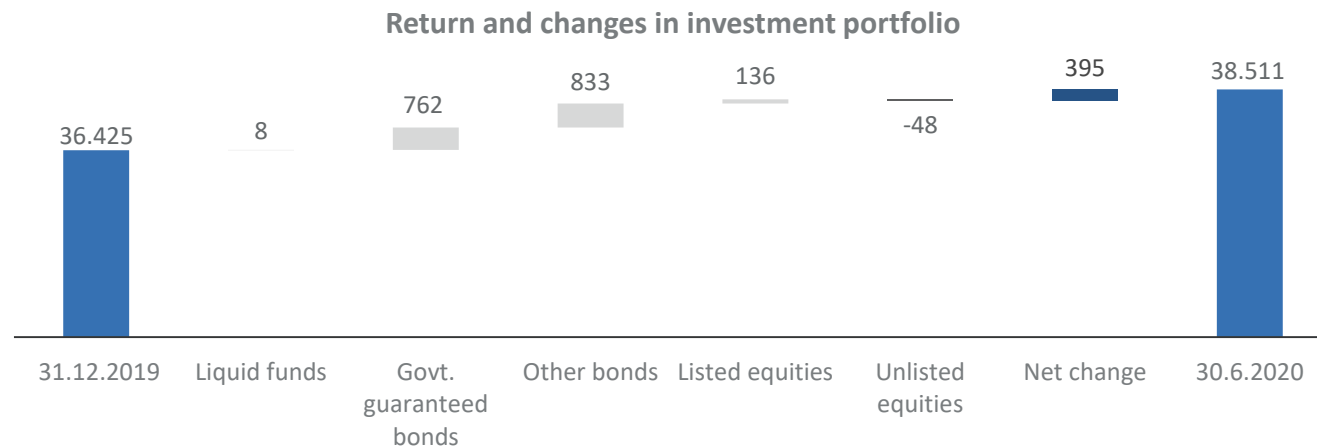


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# Investment performance in 6M 2020

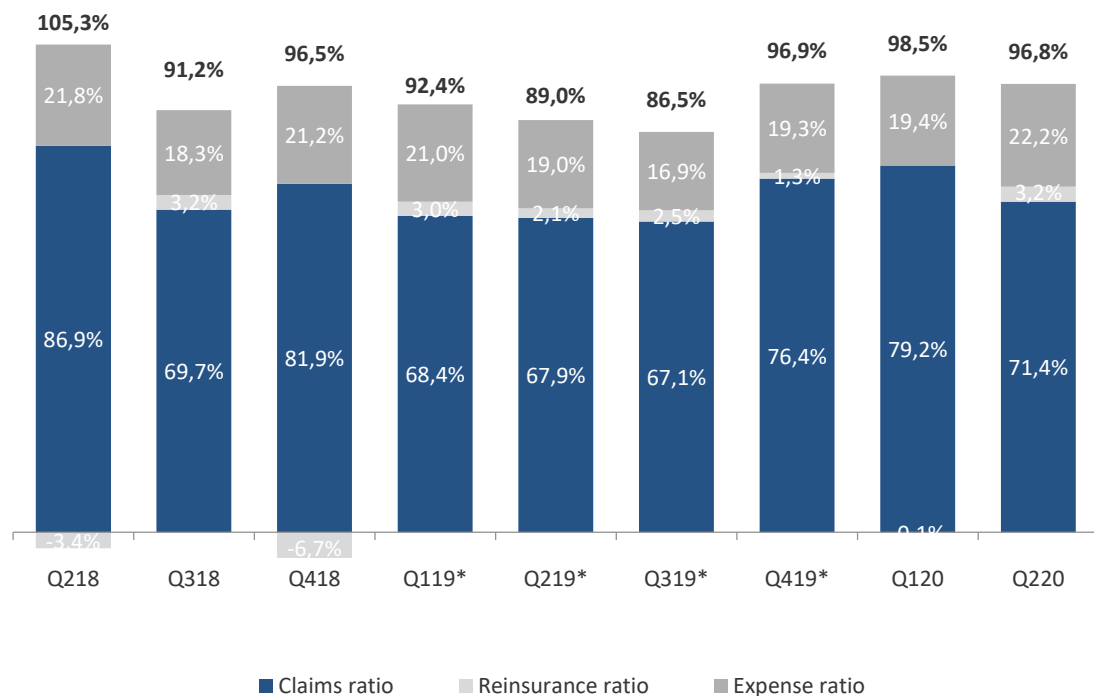
Return on the investment portfolio was 0,2% in the first six months of the year

Asset class*	31.12.2019	Net change	Income	30.6.2020	Return
Liquid funds	369	777	8	1.153	1,3%
Govt. guaranteed bonds	12.420	-1.506	762	11.676	6,8%
Other bonds	12.107	1.663	833	14.603	6,2%
Listed equities	9.255	-527	136	8.864	1,5%
Unlisted equities	2.274	-12	-48	2.214	-2,1%
<b>Total</b>	<b>36.425</b>	<b>395</b>	<b>1.691</b>	<b>38.511</b>	<b>4,6%</b>
Interest income from receivables			182		
Other investment income			25		
<b>Total investment income</b>			<b>1.897</b>		

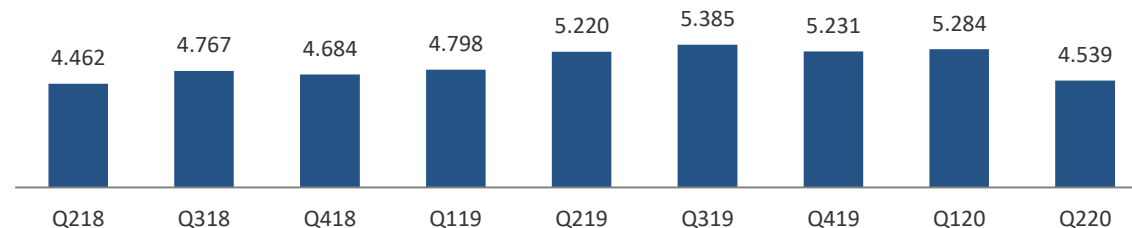


# Development of key indicators over preceding quarters

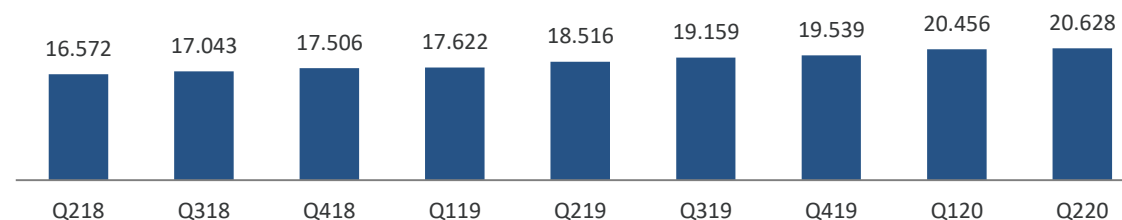
## Combined ratio



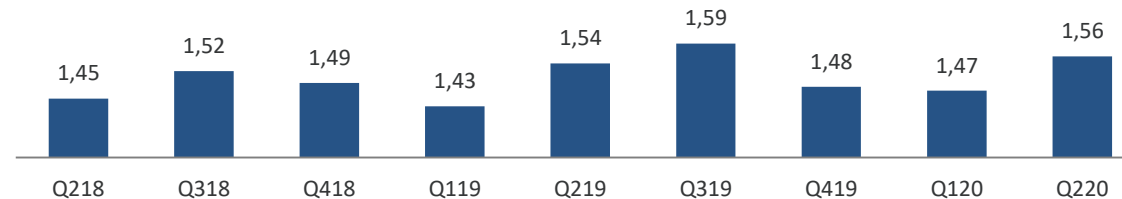
## Premiums earned



## Claim provision



## Solvency margin



\* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

# Development of key indicators

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	Q2 2020	Q1 2020	Q4 2019*	Q3 2019*	Q2 2019*	Q1 2019*	Q4 2018	Q3 2018	Q2 2018
<b>Insurance operations</b>									
Premiums earned	4.539	5.284	5.231	5.385	5.220	4.798	4.684	4.767	4.462
Outward reinsurance premiums	4.288	4.963	5.005	5.163	4.970	4.563	4.431	4.535	4.213
Investment income from insurance operations*	42	73	76	111	124	129	314	294	278
Claims incurred*	-3.242	-4.185	-3.994	-3.614	-3.543	-3.282	-3.839	-3.324	-3.879
Claims incurred, net of reinsurance*	-3.158	-3.873	-3.863	-3.582	-3.463	-3.201	-3.357	-3.248	-3.484
Operating expenses of insurance operations	-1.007	-1.027	-1.008	-911	-993	-1.007	-993	-879	-968
<b>Profit from insurance operations</b>	<b>213</b>	<b>185</b>	<b>265</b>	<b>864</b>	<b>718</b>	<b>522</b>	<b>480</b>	<b>708</b>	<b>47</b>
<b>Investment operations</b>									
Investment income from investm. operations*	1.812	-30	761	-6	1.416	1.029	71	-349	-583
Insurance technical interest*	-228	-346	-110	-135	-287	-273			
Operating expenses of investment operations	-118	-176	-88	-83	-86	-98	-65	-78	-97
<b>Loss/profit from investment operations</b>	<b>1.466</b>	<b>-552</b>	<b>562</b>	<b>-224</b>	<b>1.044</b>	<b>658</b>	<b>6</b>	<b>-426</b>	<b>-680</b>
								0	
<b>Loss/profit before income tax</b>	<b>1.679</b>	<b>-366</b>	<b>827</b>	<b>640</b>	<b>1.762</b>	<b>1.180</b>	<b>486</b>	<b>281</b>	<b>-633</b>
Income tax	-142	-99	-19	-197	-214	-127	-94	-141	3
<b>Comprehensive loss/income for the year</b>	<b>1.538</b>	<b>-465</b>	<b>808</b>	<b>443</b>	<b>1.548</b>	<b>1.053</b>	<b>392</b>	<b>140</b>	<b>-630</b>

\* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

Amounts are in ISK million

# Development of key indicators

**SJÓVÁ**

	Q2 2020	Q1 2020	Q4 2019*	Q3 2019*	Q2 2019*	Q1 2019*	Q4 2018	Q3 2018	Q2 2018
Claims ratio*	71,4%	79,2%	76,4%	67,1%	67,9%	68,4%	81,9%	69,7%	86,9%
Reinsurance ratio	3,2%	-0,1%	1,3%	2,5%	2,1%	3,0%	-6,7%	3,2%	-3,4%
Cost ratio	22,2%	19,4%	19,3%	16,9%	19,0%	21,0%	21,2%	18,4%	21,7%
<b>Combined ratio*</b>	<b>96,8%</b>	<b>98,5%</b>	<b>96,9%</b>	<b>86,5%</b>	<b>89,0%</b>	<b>92,4%</b>	96,5%	91,3%	105,2%
Operating ratio	95,4%	96,6%	95,5%	84,3%	86,6%	89,5%			
Return on equity on an annual basis	36,8%	-11,7%	21,5%	11,9%	42,0%	30,0%	10,8%	3,9%	-17,4%
Earnings per share	1,15	-0,35	0,62	0,32	1,12	0,76	0,27	0,10	-0,44
Result of reinsurance	-146	7	-67	-133	-110	-146			
Technical provision	31.494	31.740	27.599	28.572	28.812	28.190	24.738	25.311	25.509
Total assets	56.658	54.631	50.984	51.516	51.831	49.807	50.984	45.182	54.631
Equity	17.116	15.578	16.294	15.869	15.666	14.228	13.827	13.534	13.695
Solvency ratio SII after dividend payment	1,56	1,47	1,48	1,59	1,54	1,43	1,49	1,52	1,45
Minimum capital ratio	3,93	3,65	4,08	4,06	4,01	3,70			

\* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

Amounts are in ISK million

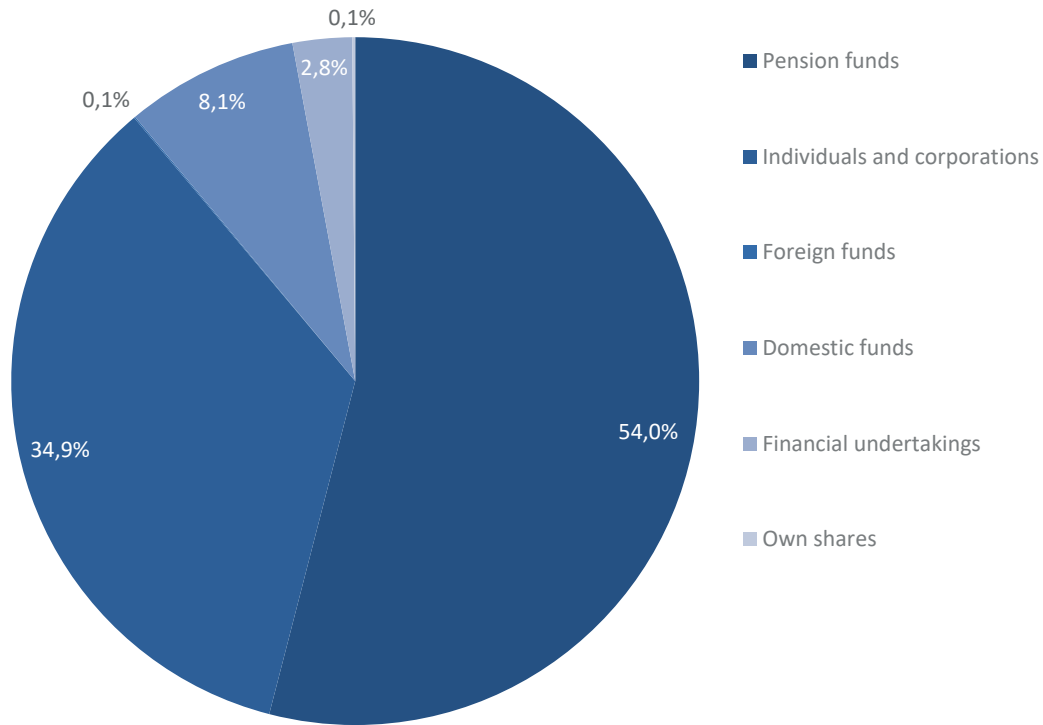


# Distribution of shareholders

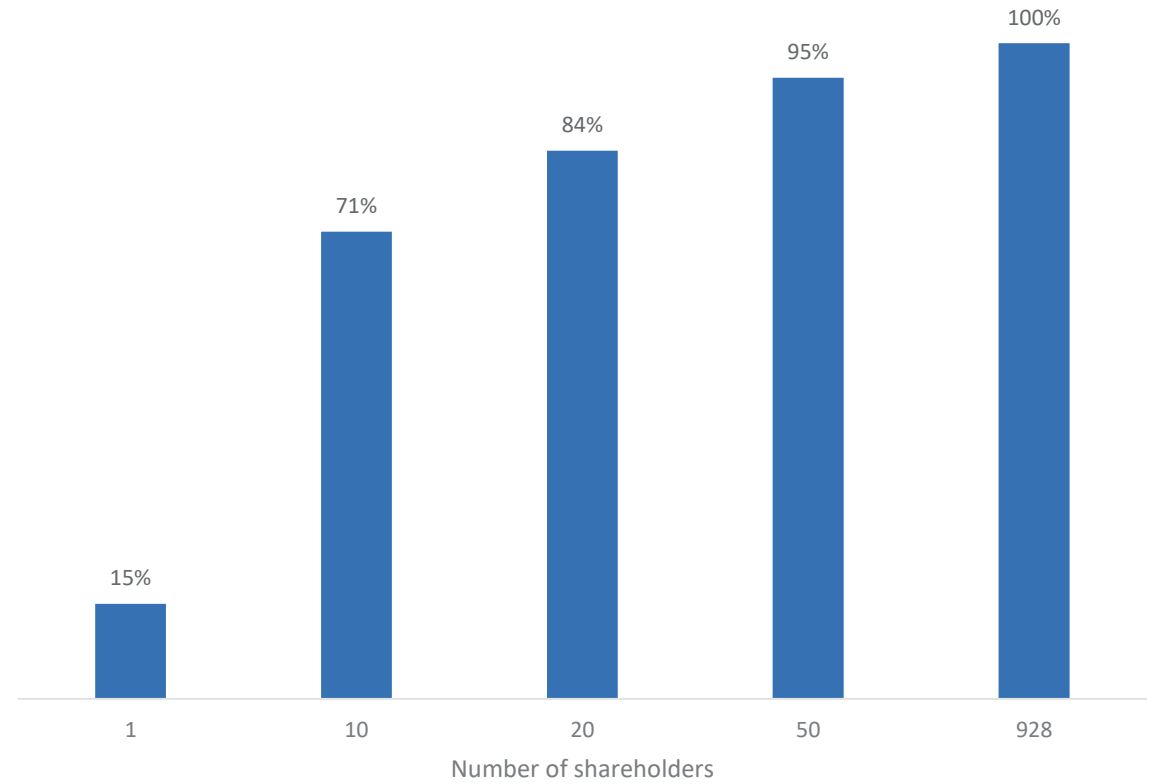
928 shareholders as of August 16 2020



### Shareholders



### Total shareholdings



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