

**SJÓVÁ**

## Q3 & 6M 2020

Translation of Investors'  
Presentation

29 October 2020





### Results

**ISK 1.266m**

after tax profit

Technical results of

**ISK 988m**

Pre-tax profit from investment operations

**ISK 572m**



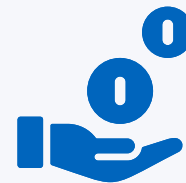
### Combined ratio

**83,2%**

compared to 86,5% in Q3 2019\*

Strategic efforts to improve underwriting operations continue to deliver results

Premiums up 3% from Q3 2019, efforts in private line of business have yielded good results



### Investments

Investment income

**ISK 747m**

**1,7%**  
return on investment portfolio

The investment policy is unchanged



### Leading service company

Sjóvá has had the most satisfied customers in the insurance industry for the past 3 years

New surveys show that loyalty is increasing, the Company's image is strong and Sjóvá would be the most likely choice for all customers if they decided to switch insurers

Continued emphasis on being a leading service company

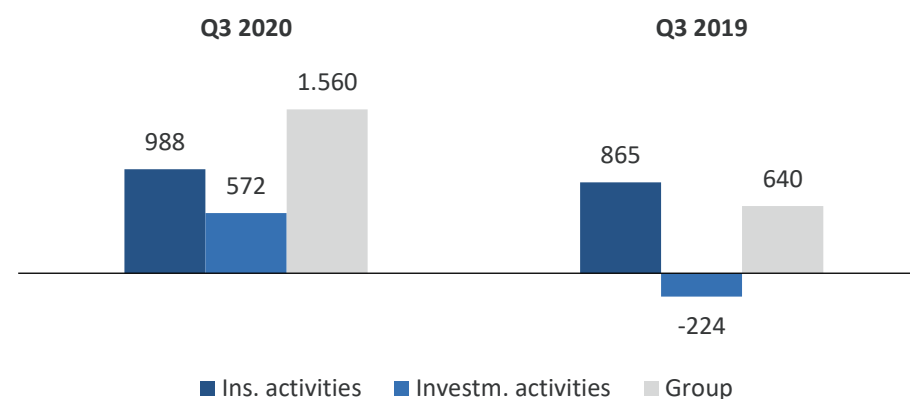
# Highlights from Q3 2020

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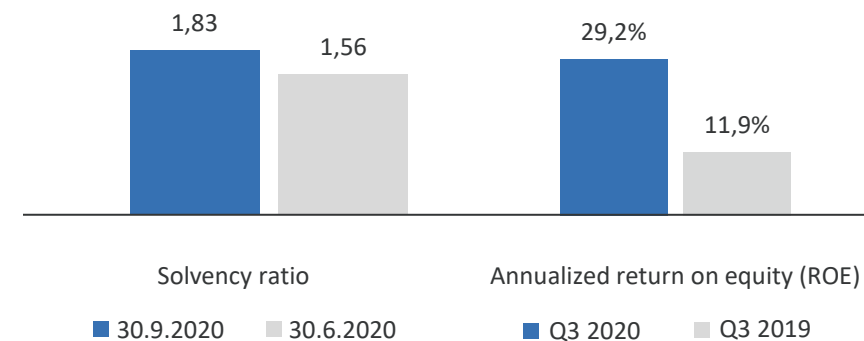
Historically good underwriting performance in the third quarter

	Q3 2020	Q3 2019*
Profit for the period	1.266	443
Earnings per share	0,95	0,32
Pre-tax profit	1.560	640
Technical results*	988	865
Profit/loss on investment operations*	572	-224
Annualized return on equity (ROE)	29,2%	11,9%
Group combined ratio	83,2%	86,5%
	<b>30.9.2020</b>	<b>30.6.2020</b>
Group equity ratio	32,0%	30,2%
Solvency ratio	1,83	1,56

## Segment performance before tax



## Solvency ratio and return on equity



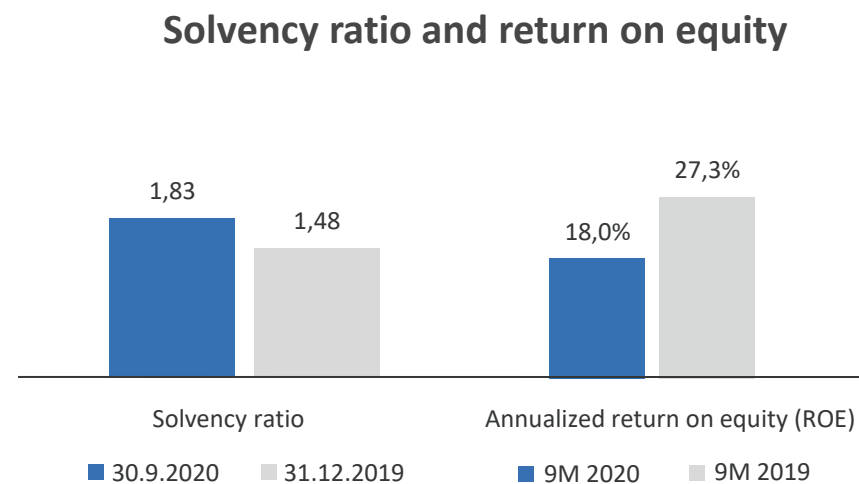
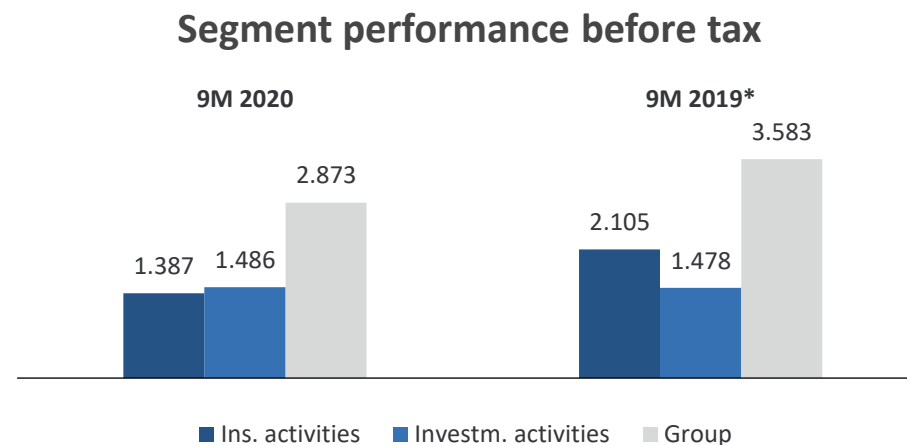
\* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

# Highlights from 9M 2020

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Good technical results and results in investments, with a rising solvency ratio

	9M 2020	9M 2019
Profit for the period	2.338	3.044
Earnings per share	1,75	2,22
Pre-tax profit	2.873	3.583
Technical results*	1.387	2.105
Profit on investment operations*	1.486	1.478
Annualized return on equity (ROE)	18,0%	27,3%
Group combined ratio	92,5%	89,2%
	<b>30.9.2020</b>	<b>31.12.2019</b>
Group equity ratio	32,0%	32,0%
Solvency ratio	1,83	1,48



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

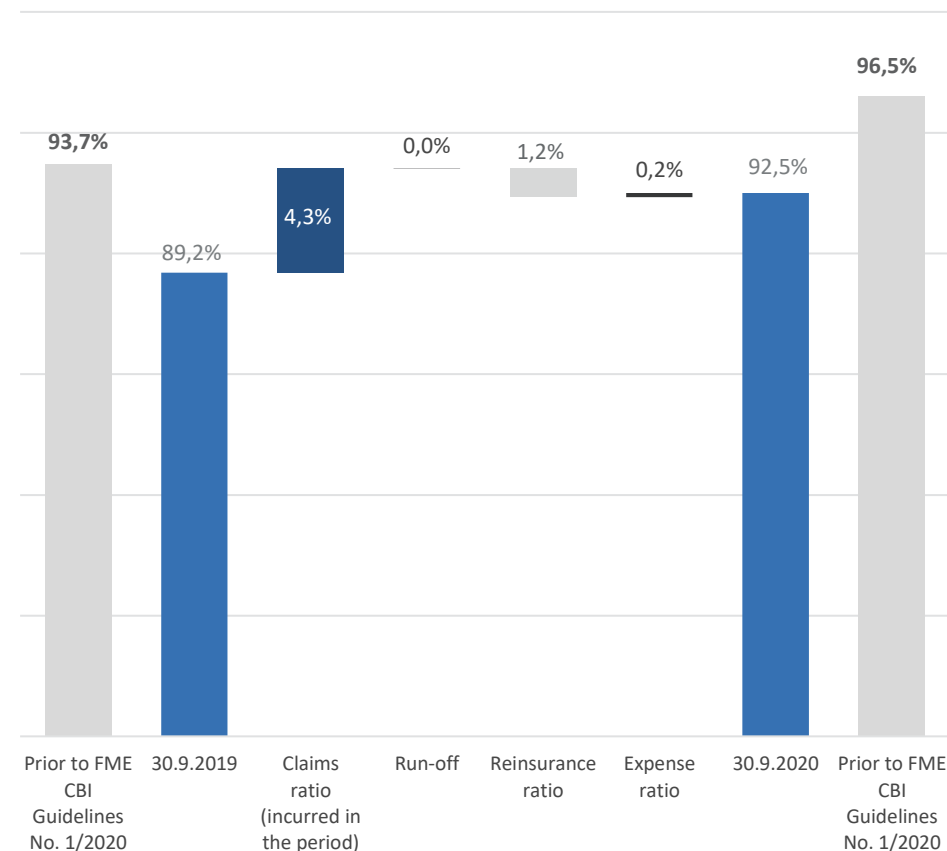
# Income statement

Strong operations during challenging times despite an ISK 650 million cancellation of premiums in Q2 2020

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	Q3 2020	Q3 2019	%	9M 2020	9M 2019	%
Premiums earned	5.553	5.385	3,1%	15.376	15.402	-0,2%
<b>Earned premiums, net of reinsurance</b>	<b>5.332</b>	<b>5.163</b>	<b>3,3%</b>	<b>14.583</b>	<b>14.695</b>	<b>-0,8%</b>
Investment income	747	105	-	2.644	2.804	-5,7%
Claims incurred	-3.659	-3.614	1,2%	-11.086	-10.439	6,2%
<b>Claims incurred, net of reinsurance</b>	<b>-3.508</b>	<b>-3.528</b>	<b>-0,6%</b>	<b>-10.539</b>	<b>-10.193</b>	<b>3,4%</b>
Technical interest rate and exchange rate changes for technical provisions*	-36	-135	-	-610	-695	-12,2%
Operating expenses	-1.006	-994	1,3%	-3.334	-3.178	4,9%
Pre-tax profit	1.560	640	-	2.873	3.583	-19,8%
<b>After-tax profit</b>	<b>1.266</b>	<b>443</b>	<b>-</b>	<b>2.338</b>	<b>3.044</b>	<b>-23,2%</b>
Claims ratio (incurred in this period)	67,1%	67,6%		73,3%	69,0%	
Run-off	-1,2%	-0,5%		-1,2%	-1,2%	
Claims ratio*	65,9%	67,1%		72,1%	67,8%	
Reinsurance ratio	1,2%	2,5%		1,3%	2,5%	
<b>Claims and reinsurance ratio</b>	<b>67,1%</b>	<b>69,6%</b>		<b>73,4%</b>	<b>70,3%</b>	
Expense ratio	16,1%	16,9%		19,1%	18,9%	
<b>Combined ratio*</b>	<b>83,2%</b>	<b>86,5%</b>		<b>92,5%</b>	<b>89,2%</b>	

Change in combined ratio  
9M 2019 to 9M 2020

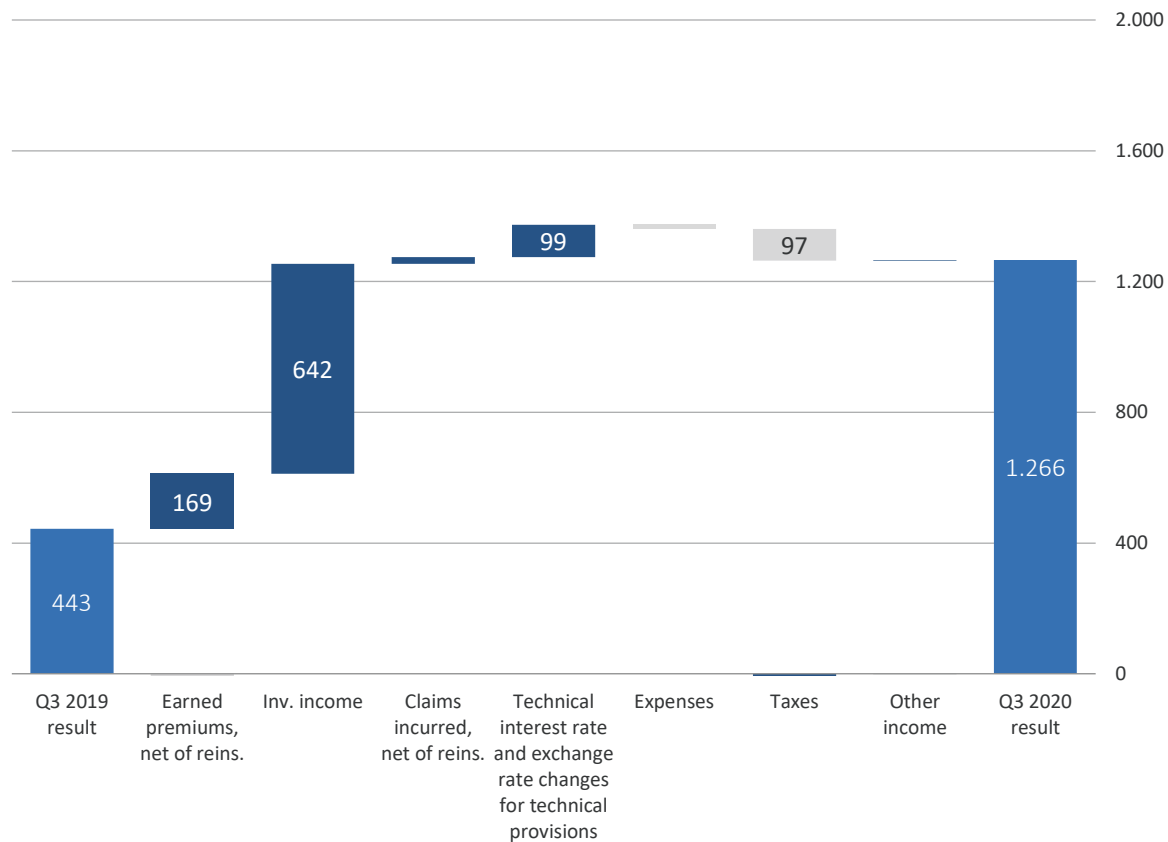


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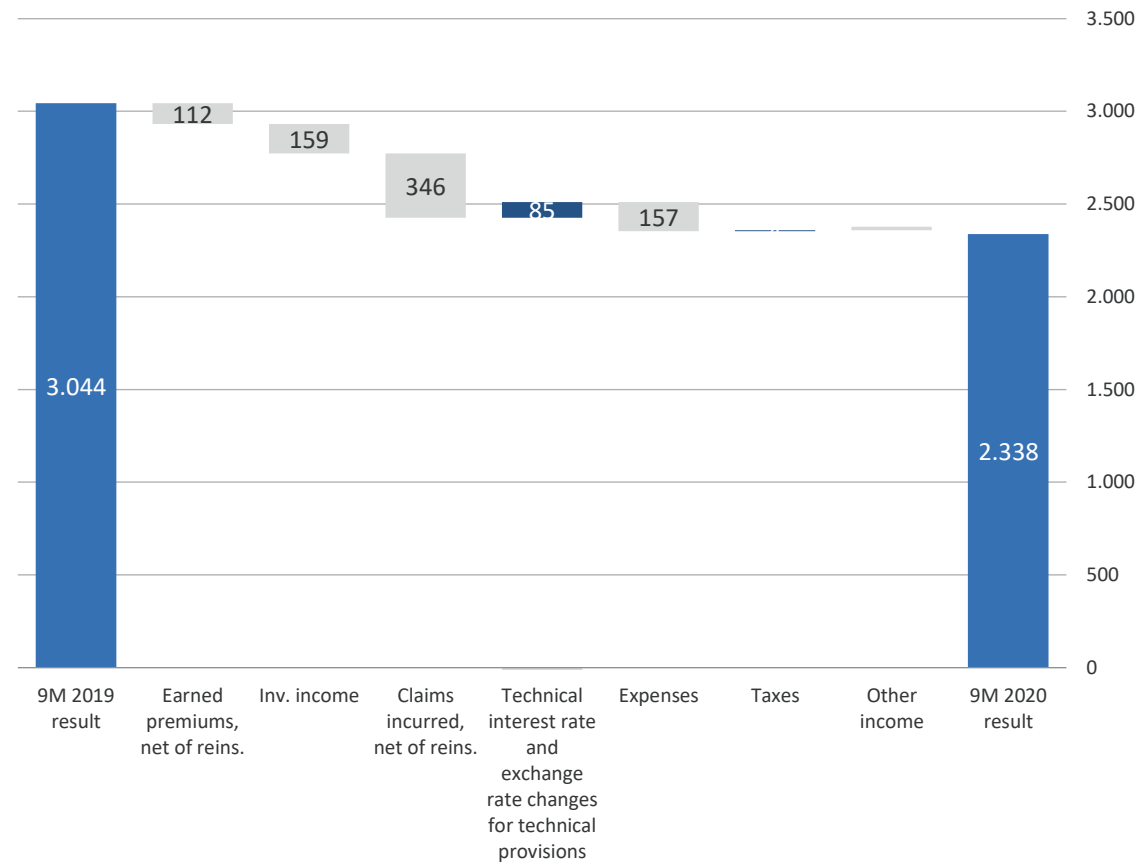
# Bridge analysis

Premiums slightly down in the first nine months of the year and fluctuating investment income from quarter-to-quarter

### Bridge analysis Q3 2019 to Q3 2020



### Bridge analysis 9M 2019 to 9M 2020

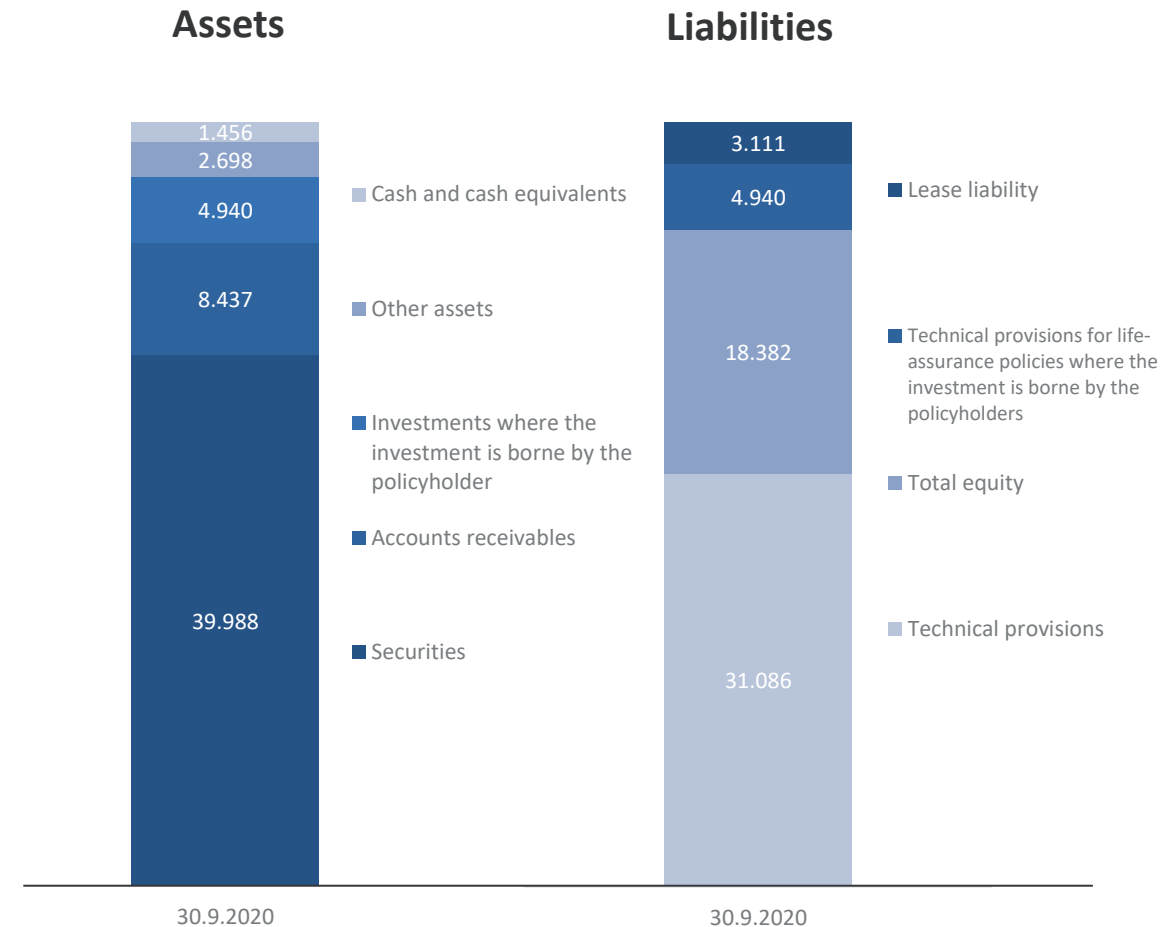


# Balance sheet

Financially strong with a robust balance sheet

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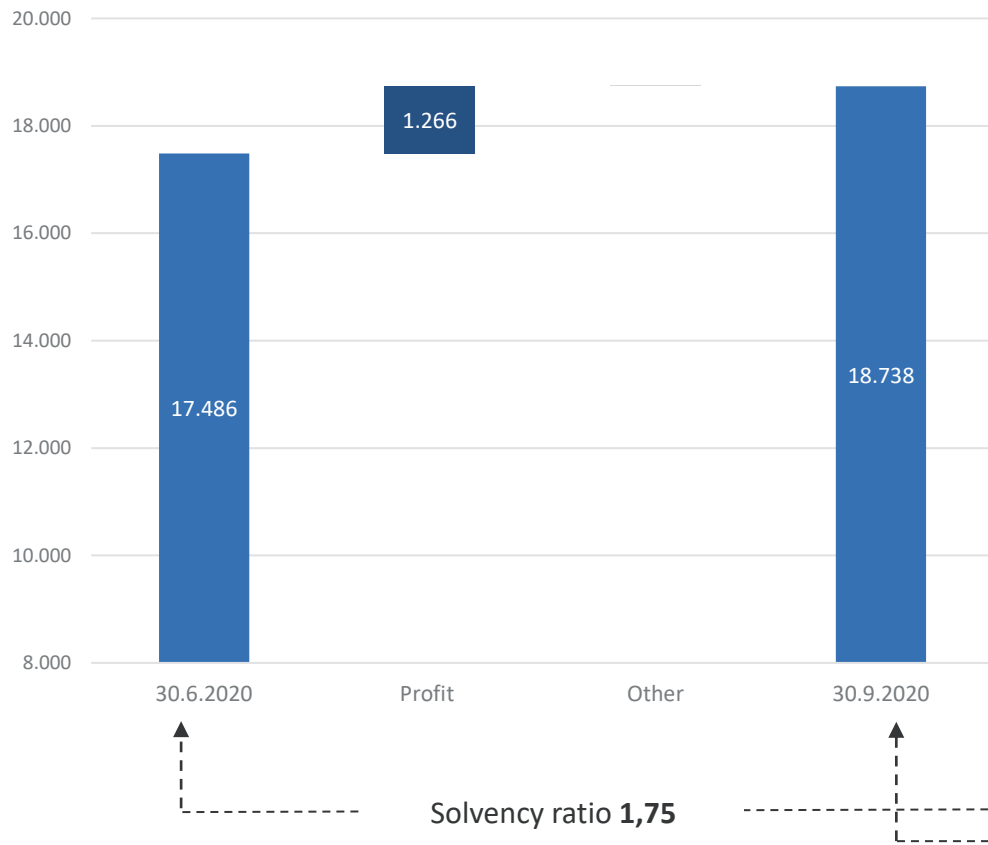
	30.9.2020	31.12.2019
<b>Assets</b>		
Securities	39.988	36.549
Accounts receivables	8.437	6.463
Investments where the investment is borne by the policyholder	4.940	4.539
Cash and cash equivalents	1.456	969
Other assets	2.698	2.464
<b>Total assets</b>	<b>57.519</b>	<b>50.984</b>
<b>Equity</b>		
Share capital	1.334	1.347
Other equity	17.048	14.947
<b>Total equity</b>	<b>18.382</b>	<b>16.294</b>
<b>Liabilities</b>		
Technical provisions	31.086	27.599
Technical provisions for life-assurance policies where the investment is borne by the policyholders	4.940	4.539
Lease liability	3.111	2.552
Accounts payable and other liabilities	39.138	34.690
<b>Total liabilities</b>	<b>57.519</b>	<b>50.984</b>



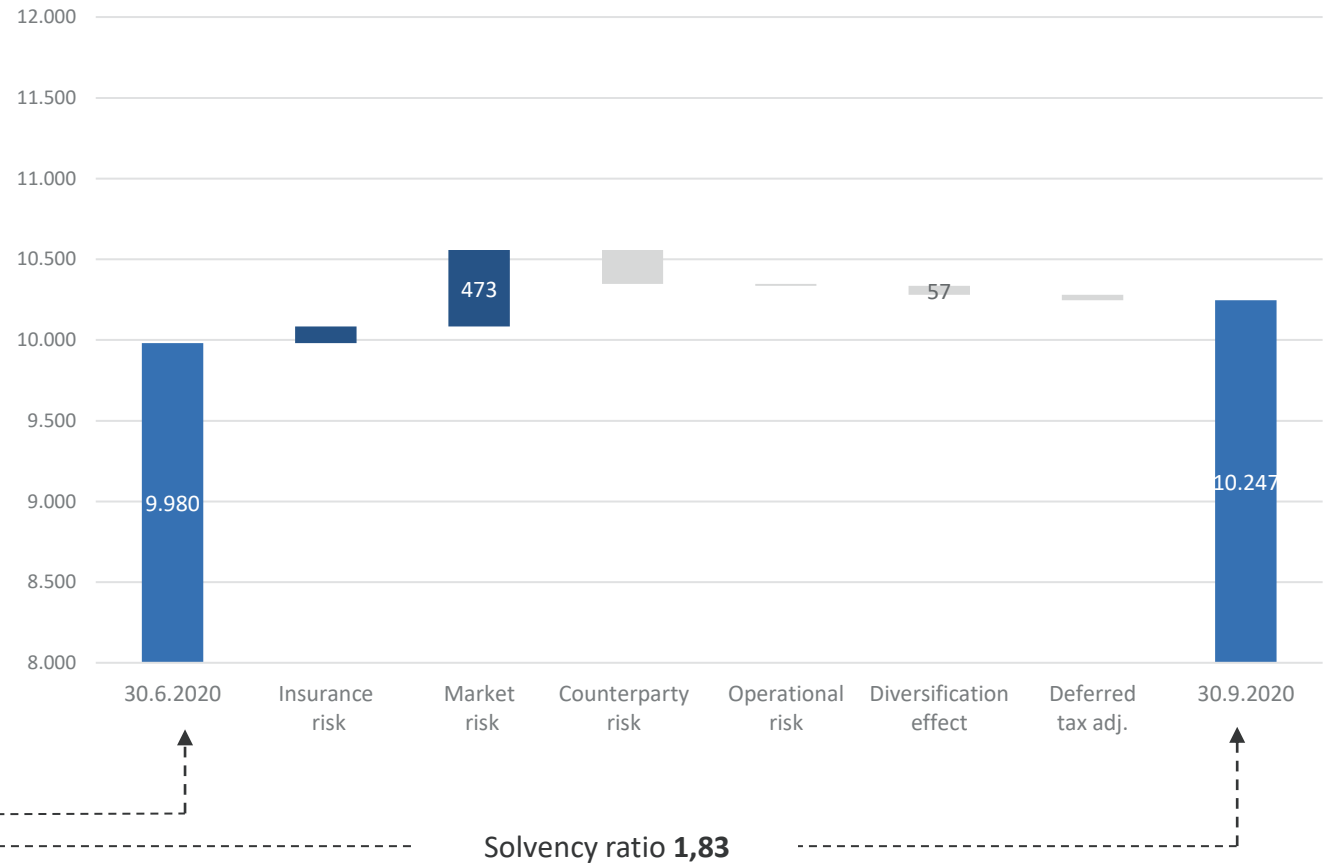
# Changes in basic own funds and solvency capital requirements

Q3 2020

**Basic own funds**



**Solvency capital requirements**





# Investment performance in Q3 2020

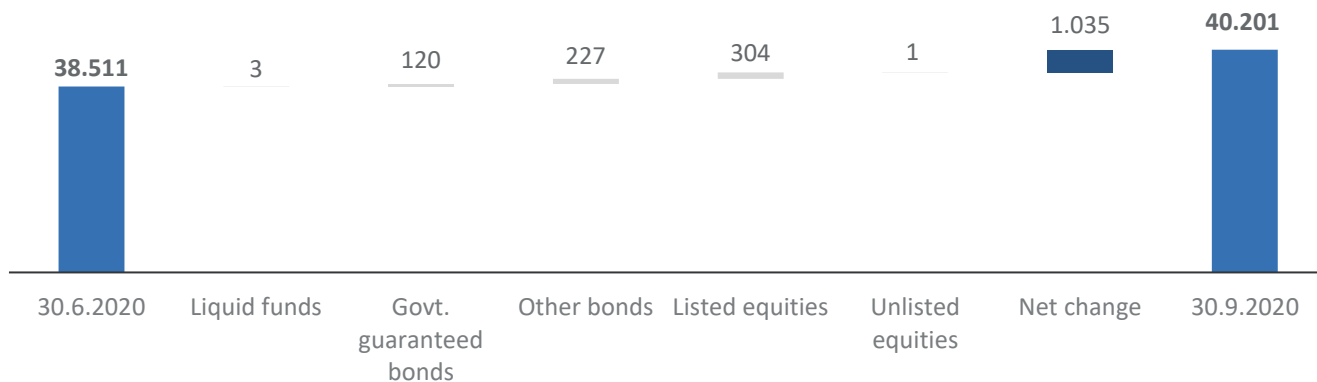
Return on the investment portfolio was 1,7% in the quarter

Asset class*	30.6.2020	Net change	Income	30.9.2020	Return
Liquid funds	1.153	-207	3	949	0,4%
Govt. guaranteed bonds	11.676	475	120	12.271	1,0%
Other bonds	14.603	-97	227	14.733	1,5%
Listed equities	8.864	665	304	9.833	3,3%
Unlisted equities	2.214	200	1	2.415	0,1%
<b>Total</b>	<b>38.511</b>	<b>1.035</b>	<b>655</b>	<b>40.201</b>	<b>1,7%</b>
Interest income from receivables			91		
Other investment income			2		
<b>Total investment income</b>			<b>747</b>		

- › The average duration of the Group's bond portfolio was 4,7 years at the end of the quarter (4,2 years at the end of Q2 20) and the indexation rate was 60% (46% at the end of Q2 20)

Gamma index return	Q3 2020
Market index	1,1%
Equities	0,2%
Government bonds	0,3%
Inflation-indexed bonds	1,8%
Non-indexed bonds	-0,4%
Covered bonds	2,1%

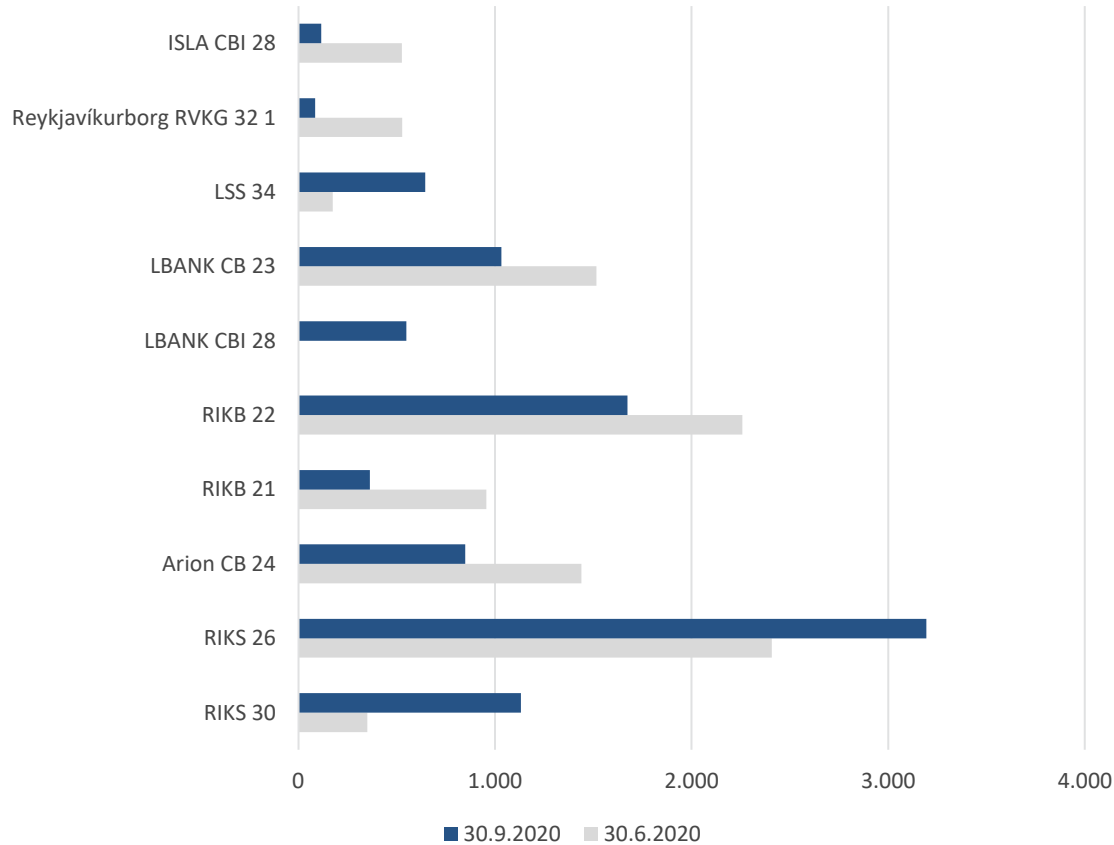
Return and changes in investment portfolio



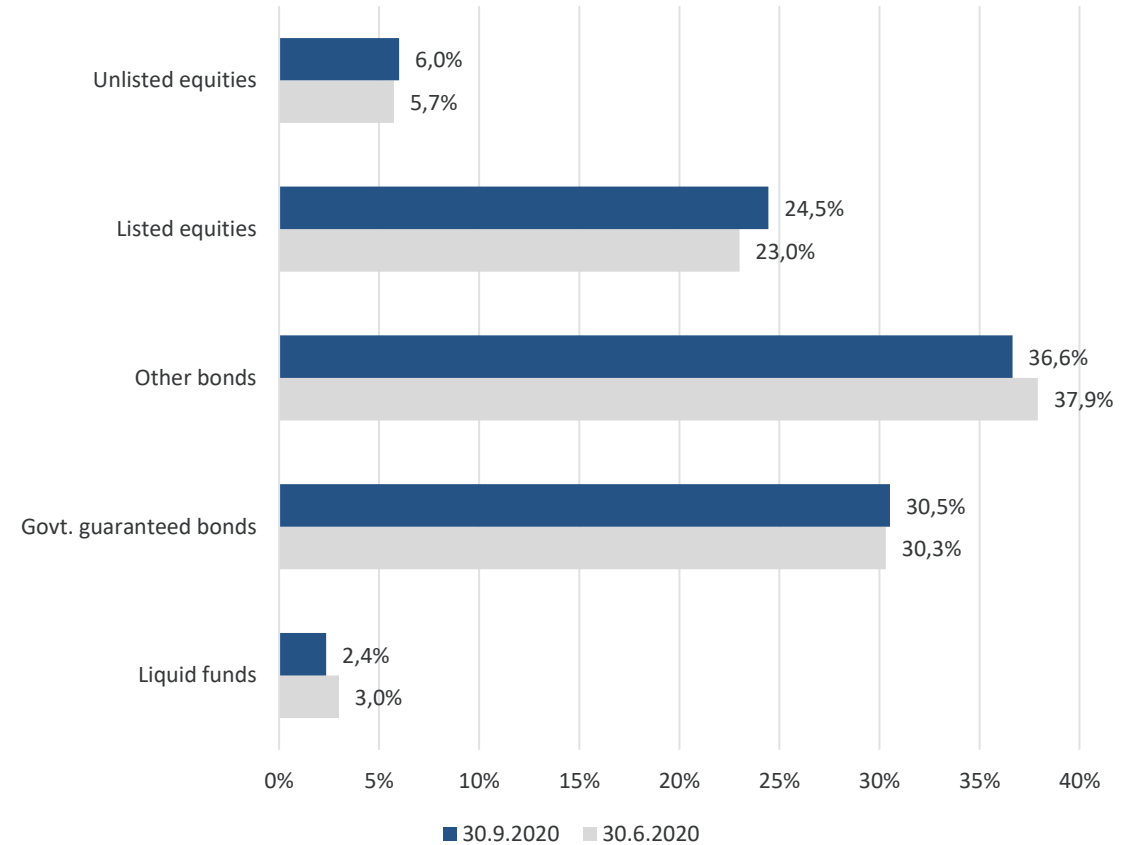
# Changes to asset portfolio in Q3 2020

Stock price increases along with investment in listed equities increase the weight of listed equities in the portfolio

Largest portfolio changes in Q3 2020



Investment breakdown\*



\* Assets in this statement are not classified in accordance with IFRS, as in the financial statements. Not included in the statement is Sjóvá líf's share of assets with life insurance policyholders' own risk, receivables and bank accounts used in daily operations.

# Group investment assets exceeding ISK 500 million

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Assets	30.9.2020	30.6.2020	Return	Net change	% of portfolio
RIKS 26	3.194	2.408	62	724	7,9%
RIKB 22	1.673	2.259	6	-591	4,2%
FESTI	1.575	1.348	169	57	3,9%
MAREL	1.456	1.440	-81	96	3,6%
RIKB 25	1.436	1.319	-10	127	3,6%
RIKS 33	1.241	1.199	31	11	3,1%
RIKS 30	1.131	350	4	777	2,8%
ARION	1.100	760	109	230	2,7%
RIKS 21	1.053	900	13	140	2,6%
LBANK CB 23	1.032	1.516	10	-494	2,6%
EIK	948	836	12	100	2,4%
ARION CBI 26	890	552	12	327	2,2%
ISLA CB 23	850	1.117	9	-276	2,1%
ARION CB 24	849	1.439	7	-597	2,1%
RB 31	801	1.027	5	-231	2,0%
ISLA 24	799	846	8	-55	2,0%
SÍMINN	754	595	104	56	1,9%
REGINN	706	717	-48	37	1,8%
JR Veðskuldabréf	677	668	9	0	1,7%
Iceland Seafood International	661	616	13	33	1,6%
Reitir fasteignafélag 15.11.2022	654	657	9	-12	1,6%
LSS 34	646	176	-8	478	1,6%
BRIM	631	521	58	52	1,6%
LBANK CBI 26	624	547	9	68	1,6%
Stefnir ríkisverðbréfasjóður meðallangur	583	579	5	0	1,5%
Gamma IFIF	563	536	27	0	1,4%

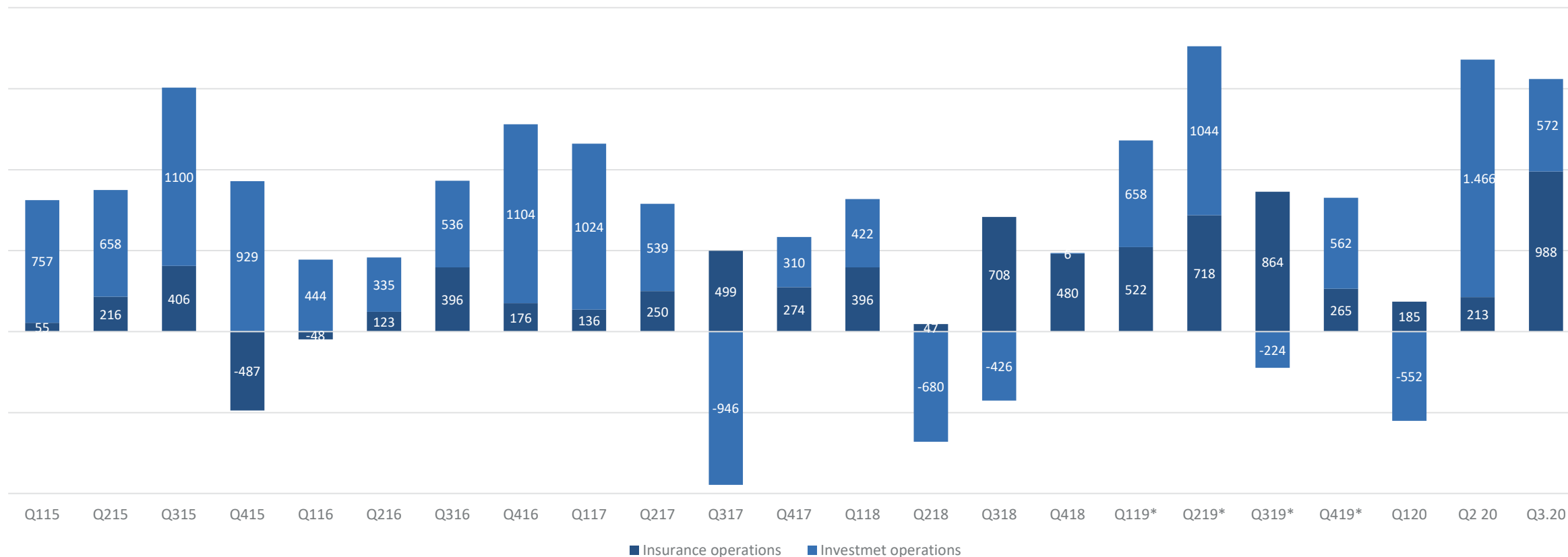
# Group investment assets exceeding ISK 500 million

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Assets	30.9.2020	30.6.2020	Return	Net change	% of portfolio
Reykjavíkurborg RVKG 32 1	559	771	17	-229	1,4%
LBANK CBI 24	557	445	12	100	1,4%
Origo	551	595	-41	-3	1,4%
LBANK CBI 28	549	0	-3	552	1,4%
Hagar	540	526	14	0	1,3%
<b>Aðrar eignir</b>	<b>10.917</b>	<b>11.245</b>	<b>112</b>	<b>-439</b>	<b>27,2%</b>
<b>Samtals</b>	<b>40.201</b>	<b>38.511</b>	<b>655</b>	<b>1.035</b>	<b>100,0%</b>

# Combination of profit/loss before tax

2015-2020



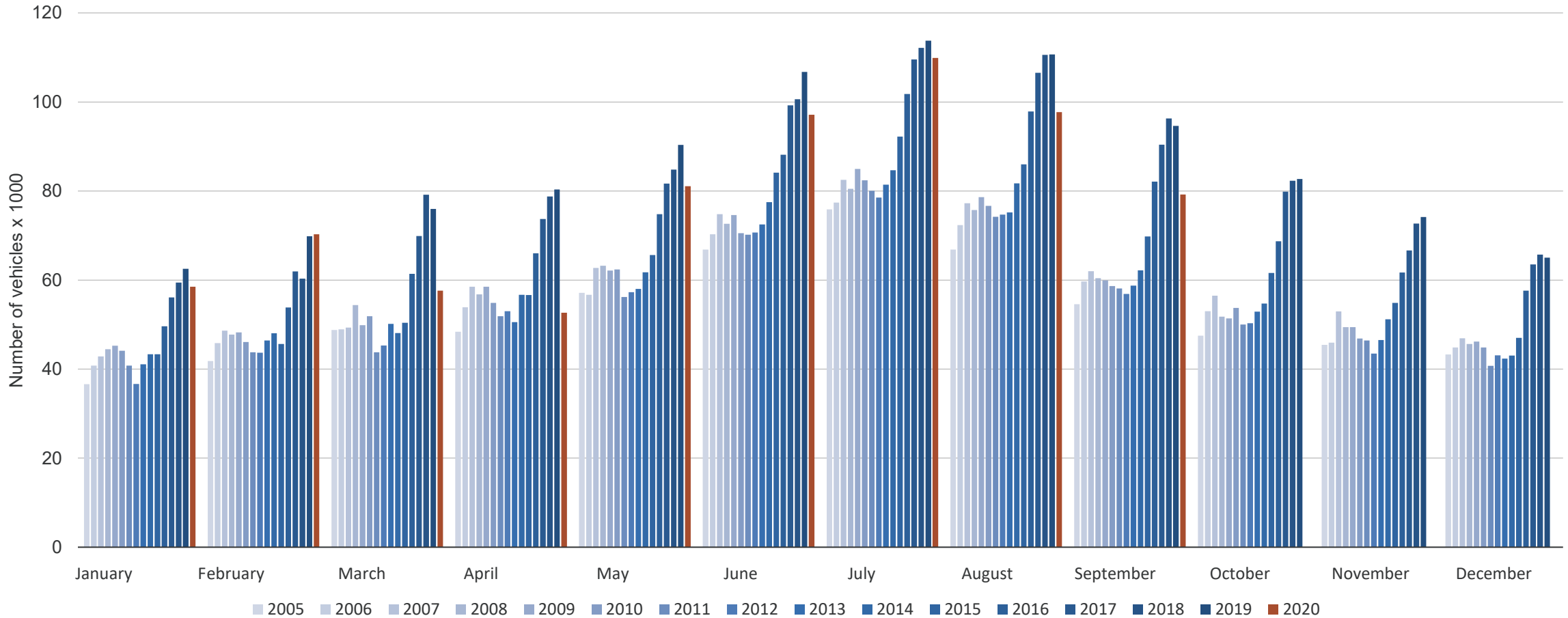
\* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

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



Traffic has declined by 12,5% since the start of the year when compared to the prior year

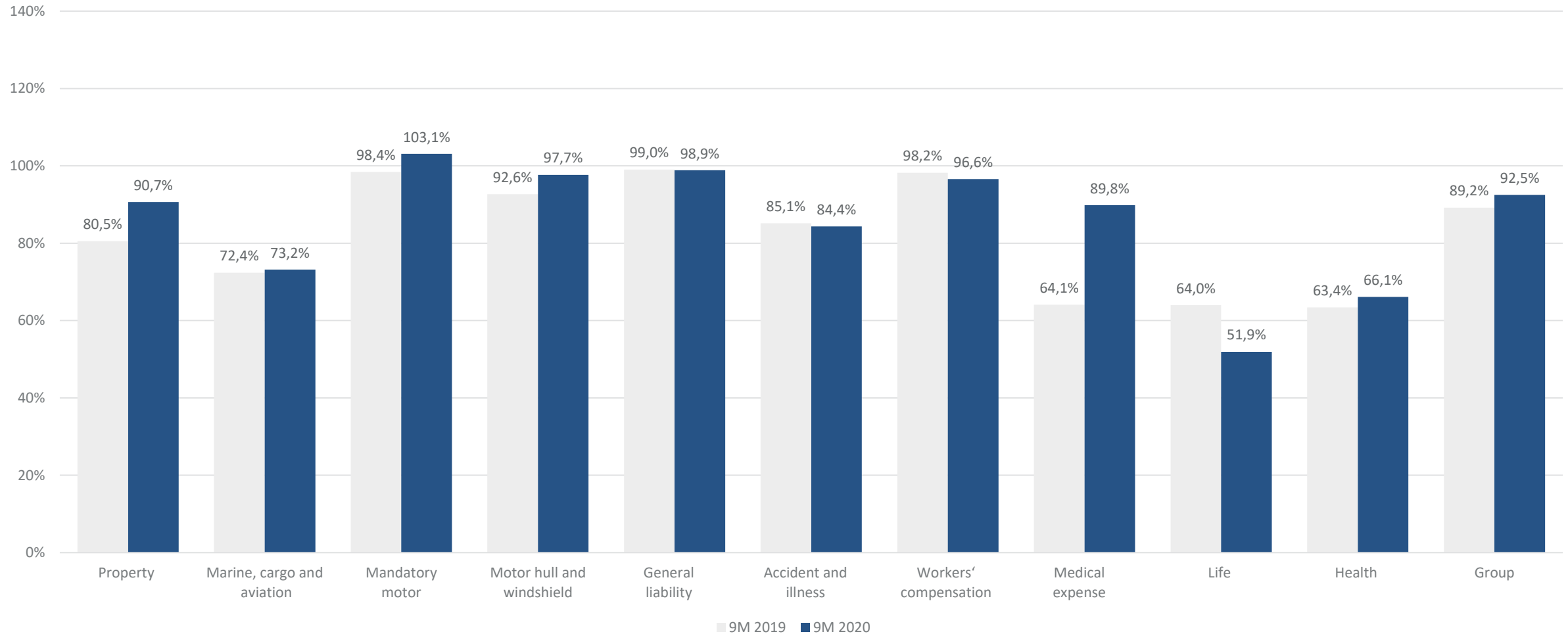
Combined traffic data as measured by 16 traffic counters around the country \*



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

# Combined ratio

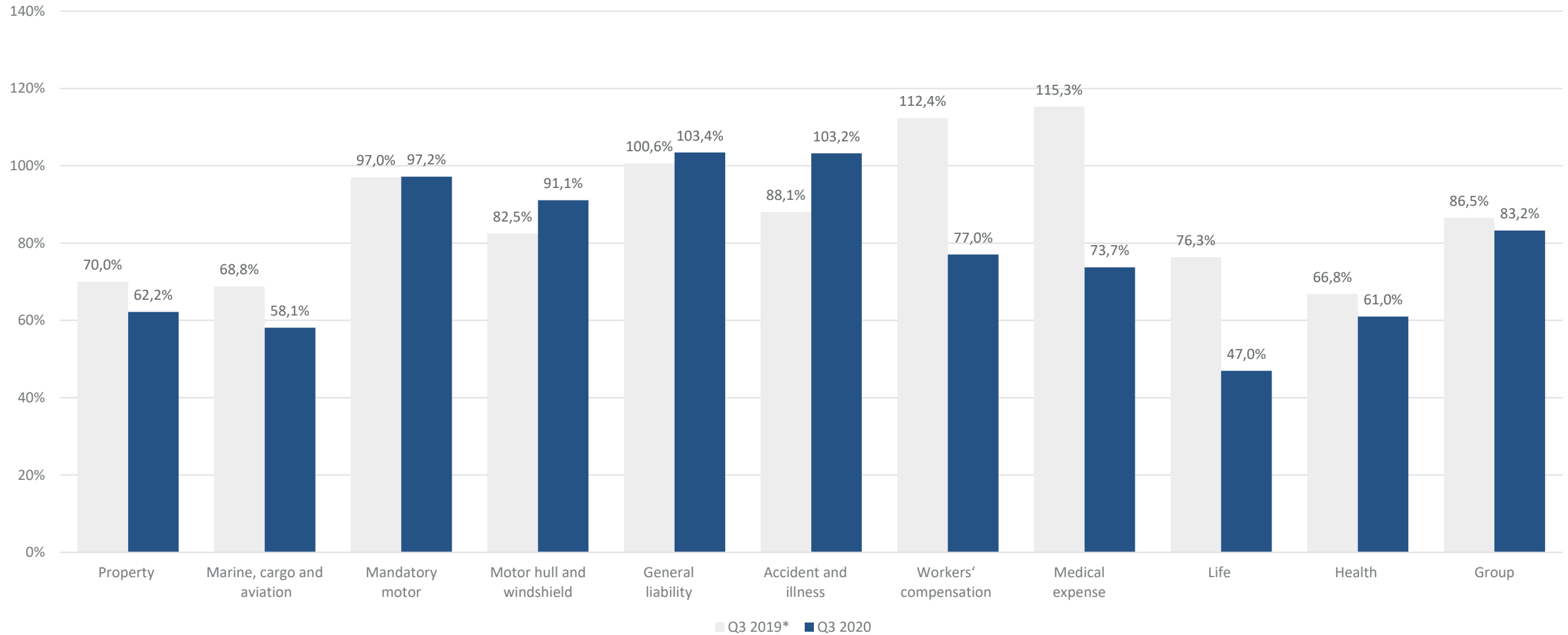
9M 2020 and 9M 2019 by insurance segments



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

# Combined ratio

Q3 2020 and Q3 2019 by insurance segment



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



# Financially strong company with robust operations

SJÓVÁ

9M 2020



9M 2020

**ISK 2.338m**

after tax profit

**92,5%**

combined ratio

Investment income

**ISK 2.644m**

Return on investment portfolio

**6,4%**



## Earnings guidance

Pre-tax earnings for the full year 2020 at around ISK 3,600 million and combined ratio around 93%, return on investment portfolio 7,2%\*

Pre-tax earnings for the next 12 months (Q4 2020 – Q3 2021) at around ISK 3,400 million and combined ratio around 92%

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

The economy is expected to rebound from around the middle of next year



## 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.

At its meeting today, the Board of Directors decided to convene a shareholders' meeting for 25 November 2020 where a proposal will be made that a dividend should not be paid in 2020 for the 2019 operating year



2021

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

Work on the development of digital service solutions is progressing as planned and will further support our commitment to be a leading service company

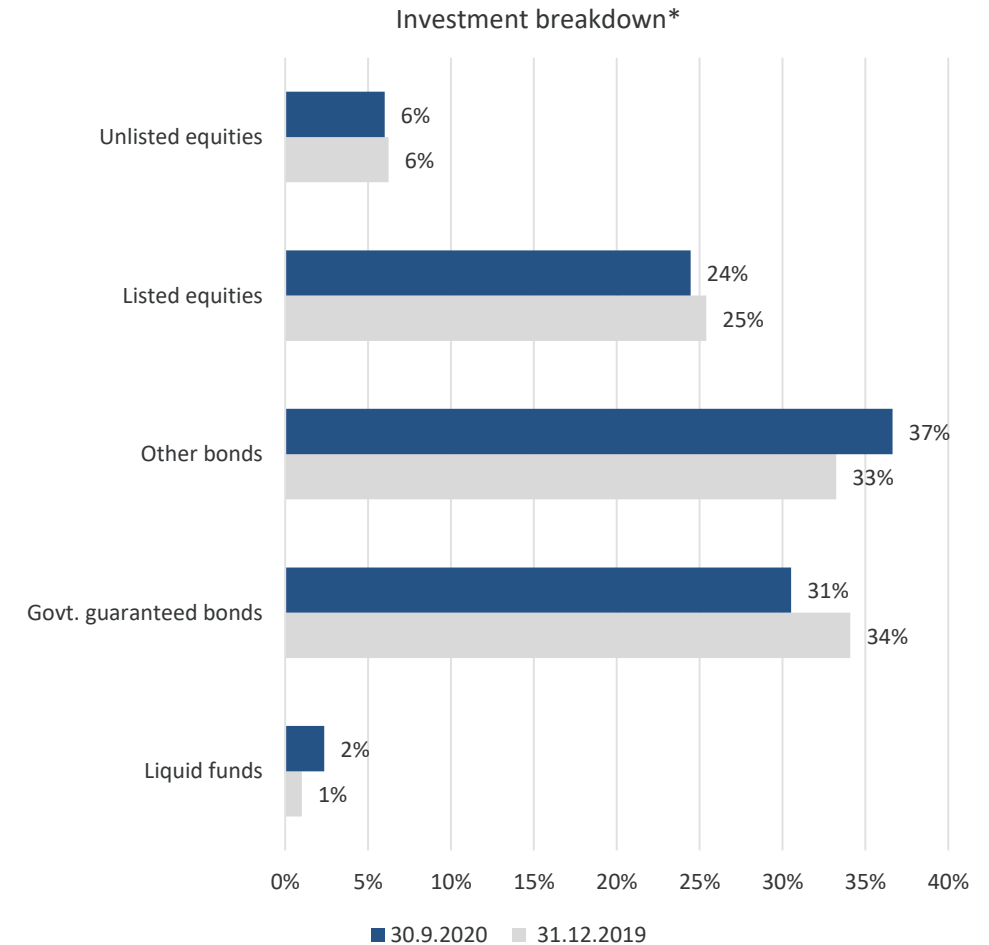
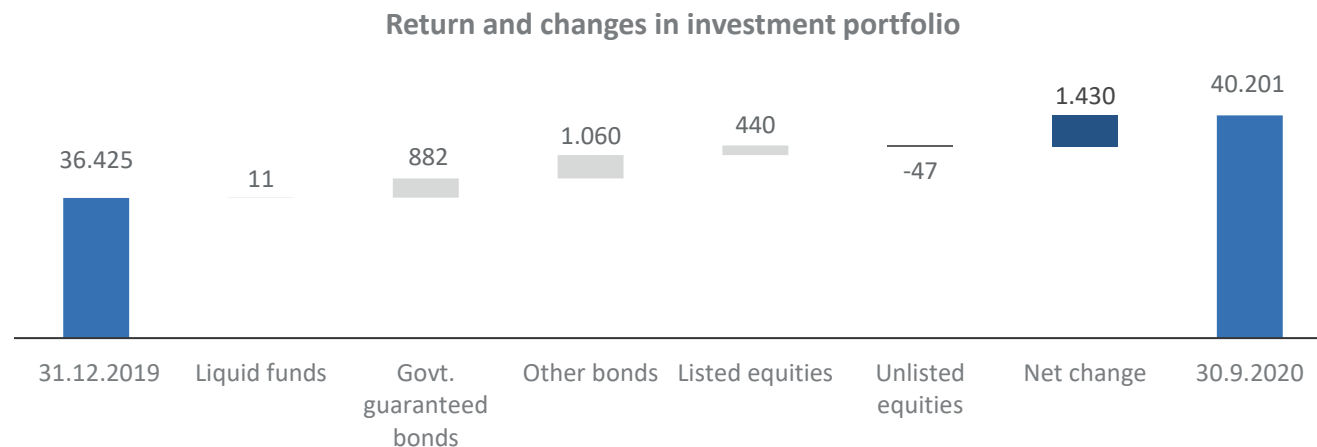
\*Return on investment portfolio does not include interest income on receivables

# Appendices and Disclaimer

# Investment performance in 9M 2020

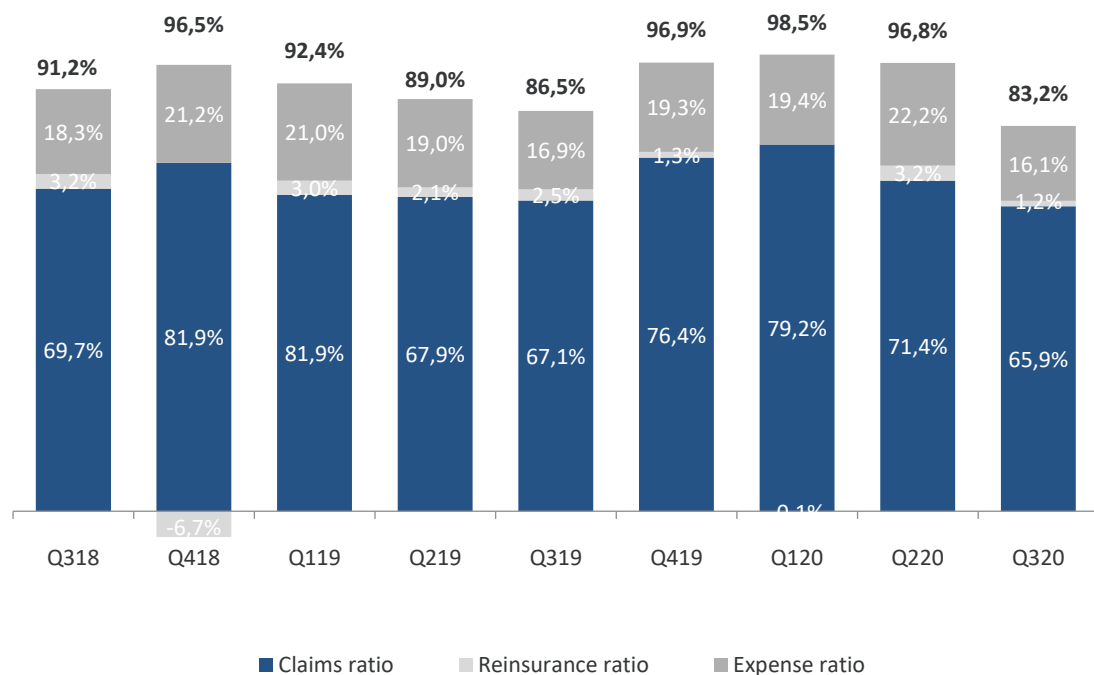
Return on the investment portfolio was 6,4% in the first nine months of the year

Asset class*	31.12.2019	Net change	Income	30.9.2020	Return
Liquid funds	369	570	11	949	1,8%
Govt. guaranteed bonds	12.420	-1.031	882	12.271	7,9%
Other bonds	12.107	1.566	1.060	14.733	7,7%
Listed equities	9.255	138	440	9.833	4,9%
Unlisted equities	2.274	188	-47	2.415	-2,1%
<b>Total</b>	<b>36.425</b>	<b>1.430</b>	<b>2.346</b>	<b>40.201</b>	<b>6,4%</b>
Interest income from receivables			273		
Other investment income			26		
<b>Total investment income</b>			<b>2.644</b>		

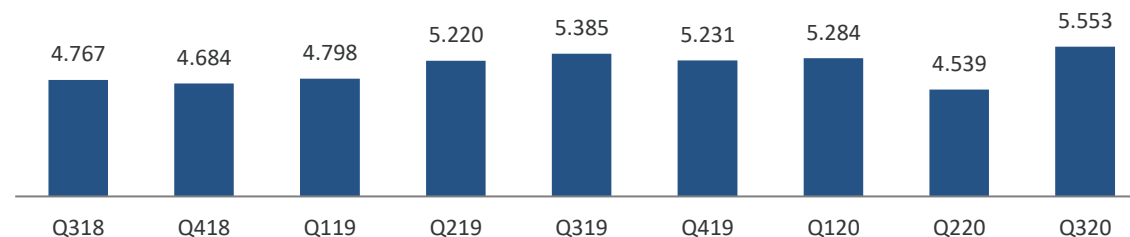


# Development of key indicators over preceding quarters

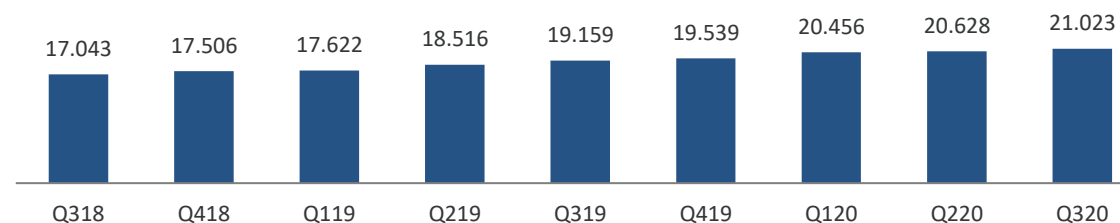
## Combined ratio



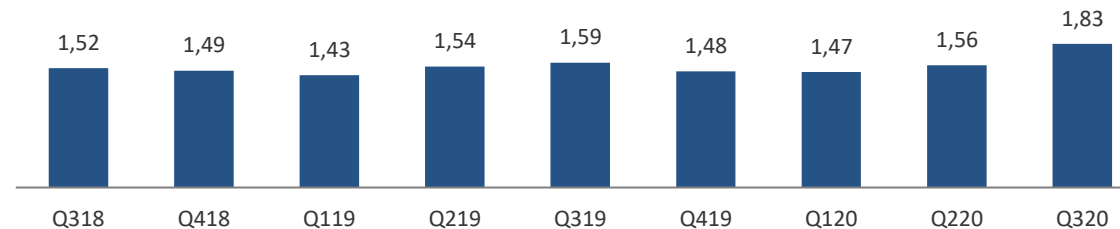
## Premiums earned



## 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



	Q3 2020	Q2 2020	Q1 2020	Q4 2019*	Q3 2019*	Q2 2019*	Q1 2019*	Q4 2018	Q3 2018
<b>Insurance operations</b>									
Premiums earned	5.553	4.539	5.284	5.231	5.385	5.220	4.798	4.684	4.767
Outward reinsurance premiums	5.332	4.288	4.963	5.005	5.163	4.970	4.563	4.431	4.535
Investment income from insurance operations*	30	42	73	76	111	124	129	314	294
Claims incurred*	-3.659	-3.242	-4.185	-3.994	-3.614	-3.543	-3.282	-3.839	-3.324
Claims incurred, net of reinsurance*	-3.508	-3.158	-3.873	-3.863	-3.582	-3.463	-3.201	-3.357	-3.248
Operating expenses of insurance operations	-897	-1.007	-1.027	-1.008	-911	-993	-1.007	-993	-879
<b>Profit from insurance operations</b>	<b>988</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>Investment operations</b>									
Investment income from investm. operations*	717	1.812	-30	761	-6	1.416	1.029	71	-349
Insurance technical interest*	-36	-228	-346	-110	-135	-287	-273		
Operating expenses of investment operations	-110	-118	-176	-88	-83	-86	-98	-65	-78
<b>Profit/loss from investment operations</b>	<b>572</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>
									0
<b>Profit/loss before income tax</b>	<b>1.560</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>
Income tax	-294	-142	-99	-19	-197	-214	-127	-94	-141
<b>Comprehensive income/loss for the year</b>	<b>1.266</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>

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

Amounts are in ISK million

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# Development of key indicators

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	Q3 2020	Q2 2020	Q1 2020	Q4 2019*	Q3 2019*	Q2 2019*	Q1 2019*	Q4 2018	Q3 2018
Claims ratio*	65,9%	71,4%	79,2%	76,4%	67,1%	67,9%	68,4%	81,9%	69,7%
Reinsurance ratio	1,2%	3,2%	-0,1%	1,3%	2,5%	2,1%	3,0%	-6,7%	3,2%
Cost ratio	16,1%	22,2%	19,4%	19,3%	16,9%	19,0%	21,0%	21,2%	18,4%
<b>Combined ratio*</b>	<b>83,2%</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%
Operating ratio	82,4%	95,4%	96,6%	95,5%	84,3%	86,6%	89,5%		
Return on equity on an annual basis	29,2%	36,8%	-11,7%	21,5%	11,9%	42,0%	30,0%	10,8%	3,9%
Earnings per share	0,95	1,15	-0,35	0,62	0,32	1,12	0,76	0,27	0,10
Result of reinsurance	-67	-146	7	-67	-133	-110	-146		
Technical provision	31.086	31.494	31.740	27.599	28.572	28.812	28.190	24.738	25.311
Total assets	57.519	56.658	54.631	50.984	51.516	51.831	49.807	50.984	45.182
Equity	18.382	17.116	15.578	16.294	15.869	15.666	14.228	13.827	13.534
Solvency ratio SII after dividend payment	1,83	1,56	1,47	1,48	1,59	1,54	1,43	1,49	1,52
Minimum capital ratio	4,24	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

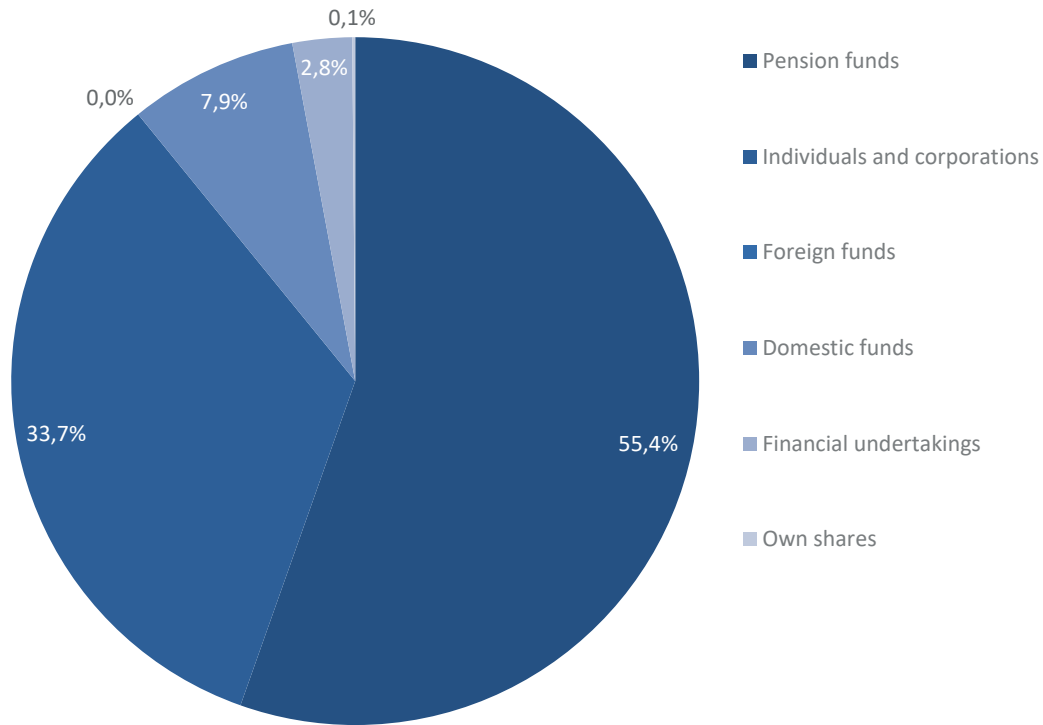
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# Distribution of shareholders

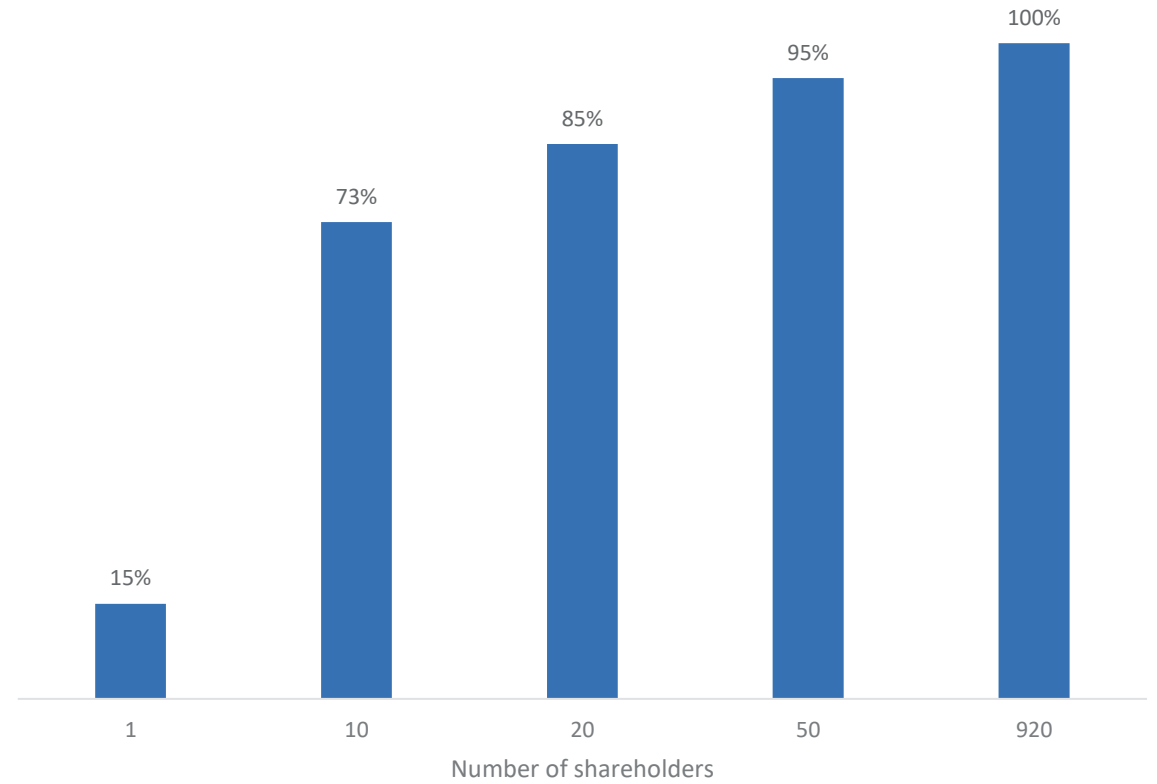
920 shareholders as of October 26 2020

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### Shareholders



### Total shareholdings



- › Although every effort is made to ensure accuracy, in the case of any inconsistencies between the Icelandic and English versions of the company's announcement of results, please note that it is the Icelandic original which is authentic and valid and all English announcements and presentations are translations provided as assistance for investors and other users.
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