

SJÓVÁ

Quarterly results Q4 2019

Translation of Investors'
Presentation
13 February 2020



Q4 2019



Results

Profit of
ISK 808 million

Technical results of
ISK 324 million

Pre-tax profit from
investment operations of
ISK 504 million



Combined ratio

99,0%
combined ratio
compared to 96,5% in
Q4 2018

A few significant losses
negatively affected
underwriting results in
the quarter

Normal quarter-to-
quarter fluctuations in
combined ratio



Investments

ISK 734 million
income from the
investment portfolio

2,1%
return on investment
portfolio

Net income for the
quarter mainly driven by
gains in listed equities



Premium growth

12%
year-on-year growth in
premium earned

Premium growth
remained strong
throughout the year

Contributes to a
sustained improvement
in underwriting results

12M 2019 and guidance



Results

Profit of
ISK 3.853 million

Technical results of
ISK 2.192 million

Pre-tax profit from
investment operations of
2.218 million



Combined ratio

95,1%
combined ratio compared
to 97,4% in 2018

In line with guidance for
the year and the company's
long-term goal of a **95%**
combined ratio

14% YoY premium
growth helps to keep the
combined ratio down



Leading service company

The most satisfied
customers of any
Icelandic insurer for the
third year running

Our digital
transformation strategy
is proceeding as planned

Emphasis on customer
experience



Updated guidance and dividend

Combined ratio **95%** and
pre-tax earnings of **ISK
3.400 million** in 2020

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

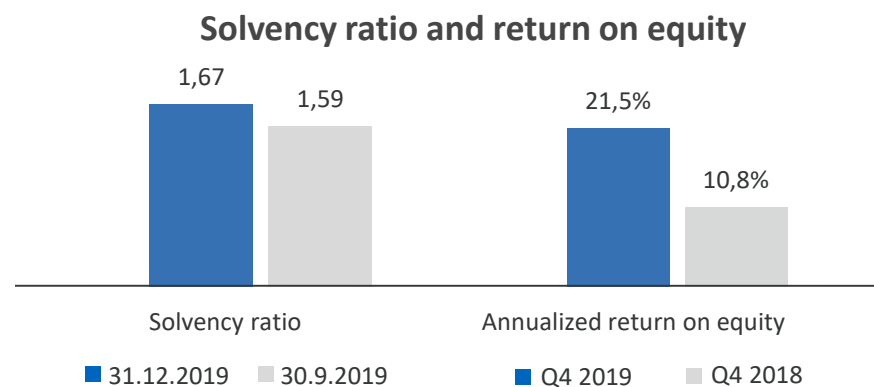
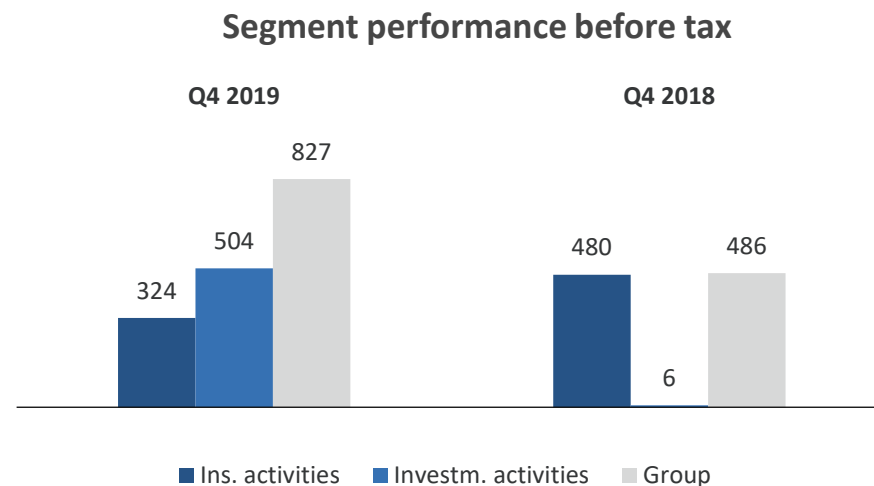
The Board of Directors
proposes a dividend of
ISK 1.44 per share or **ISK
1,940 million**

Highlights from Q4 2019

Investment results subject to fluctuations

SJÓVÁ

	Q4 2019	Q4 2018
Profit for the period	808	392
Earnings per share	0,62	0,27
Pre-tax profit	827	486
Technical results	324	480
Profit on investment operations	504	6
Annualized return on equity (ROE)	21,5%	10,8%
Group combined ratio	99,0%	96,5%
	31.12.2019	30.9.2019
Group equity ratio	32,0%	30,8%
Solvency ratio before	1,67	1,59



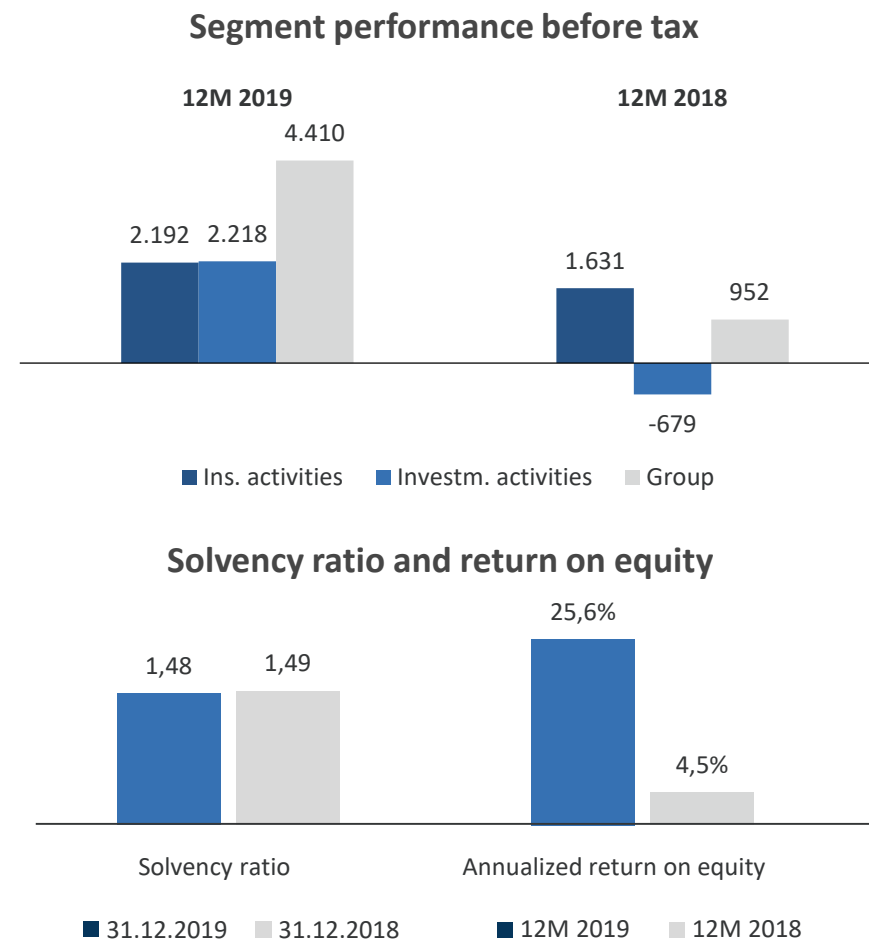
Highlights from 12M 2019

Good results from underwriting and investment activities

SJÓVÁ

	12M 2019	12M 2018
Profit for the period	3.853	652
Earnings per share	2,82	0,46
Pre-tax profit	4.410	952
Technical results	2.192	1.631
Profit/loss on investment operations	2.218	-679
Annualized return on equity (ROE)	25,6%	4,5%
Group combined ratio	95,1%	97,4%
	31.12.2019	31.12.2018
Group equity ratio	32,0%	31,3%
Solvency ratio before dividend	1,67	1,56
Solvency ratio after dividend	1,48	1,49

Amounts are in ISK million

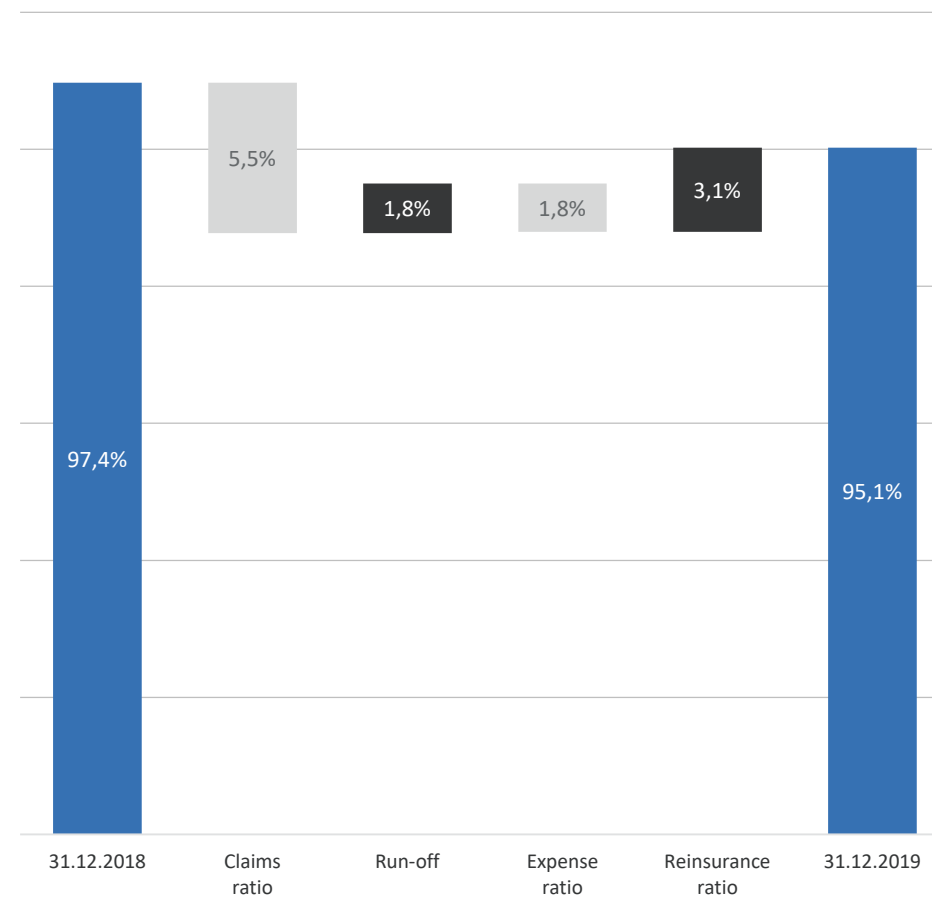


Income statement

Strong underwriting performance and a combined ratio in line with the long-term target

	Q4 2019	Q4 2018	%	12M 2019	12M 2018	%
Premiums earned	5.231	4.684	11,7%	20.633	18.165	13,6%
Earned premiums, net of reinsurance	5.005	4.431	13,0%	19.701	17.218	14,4%
Investment income	837	385	-	3.640	798	-
Claims incurred	-4.105	-3.839	6,9%	-15.239	-14.085	8,2%
Claims incurred, net of reinsurance	-3.974	-3.357	18,4%	-14.861	-13.087	13,6%
Operating expenses	-1.096	-1.058	3,5%	-4.273	-4.103	4,1%
Pre-tax profit	827	486	70,1%	4.410	952	-
After-tax profit	808	392	-	3.853	652	-
Claims ratio	78,1%	82,6%		71,3%	76,7%	
Run-off	0,4%	-0,7%		2,6%	0,8%	
Claims ratio	78,5%	81,9%		73,9%	77,5%	
Reinsurance ratio	1,3%	-6,7%		2,2%	-0,9%	
Claims and reinsurance ratio	79,7%	75,3%		76,1%	76,7%	
Expense ratio	19,3%	21,2%		19,0%	20,8%	
Combined ratio	99,0%	96,5%		95,1%	97,4%	

Change in combined ratio 12M 2018 to 12M 2019

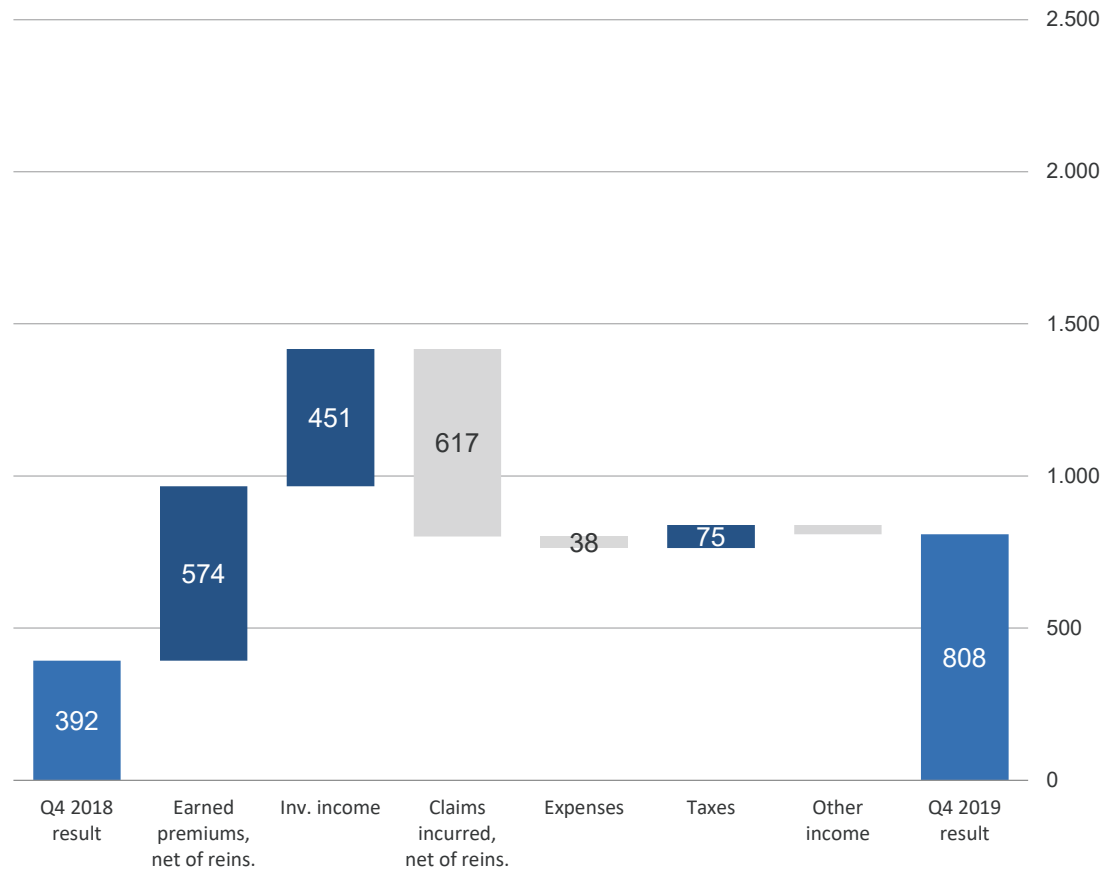


Bridge analysis

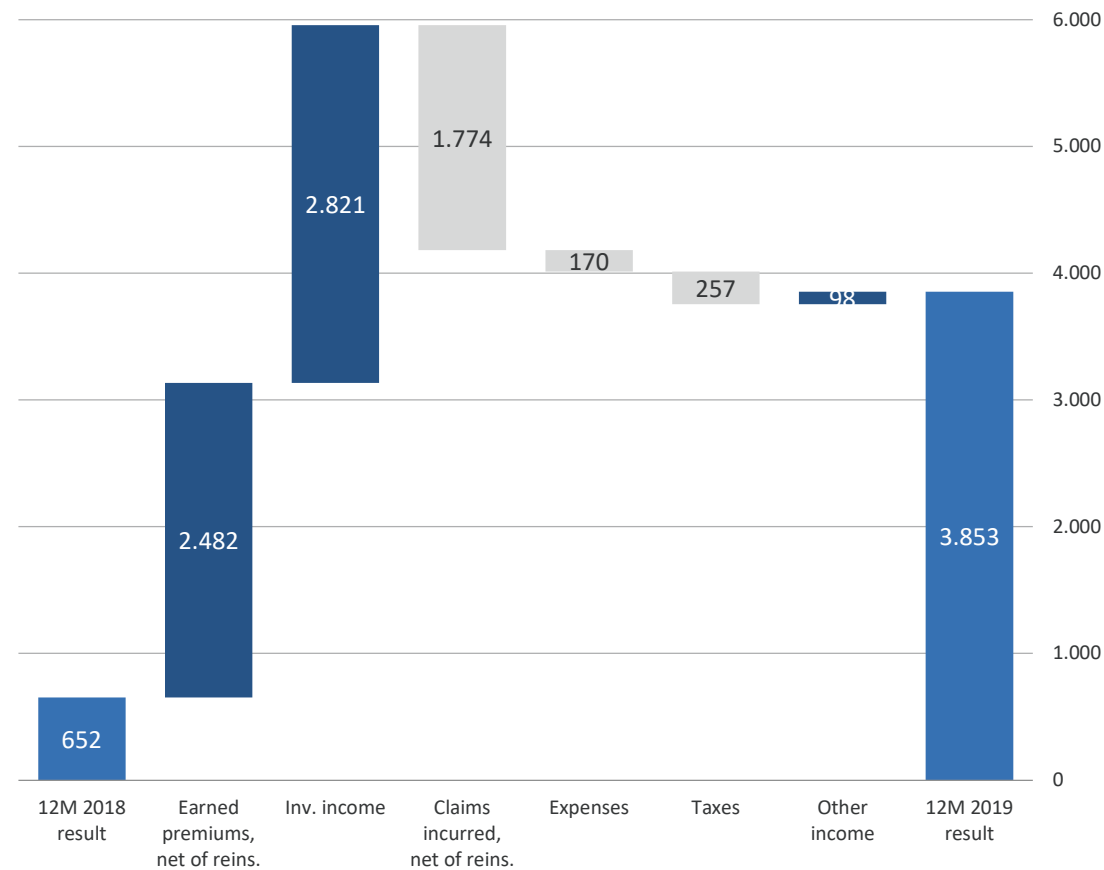
Robust premium growth and a turnaround in investment results during the year



Bridge analysis Q4 2018 to Q4 2019



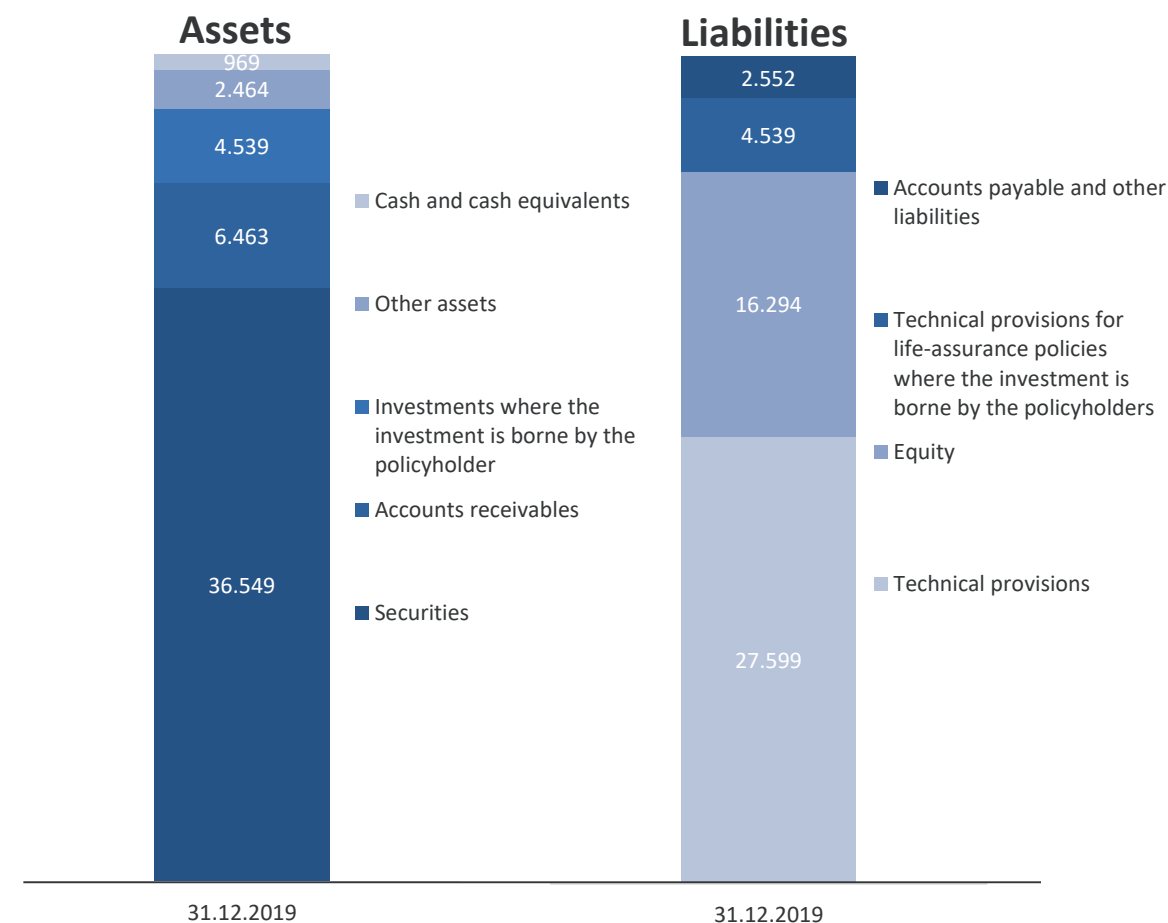
Bridge analysis 12M 2018 to 12M 2019



Balance sheet

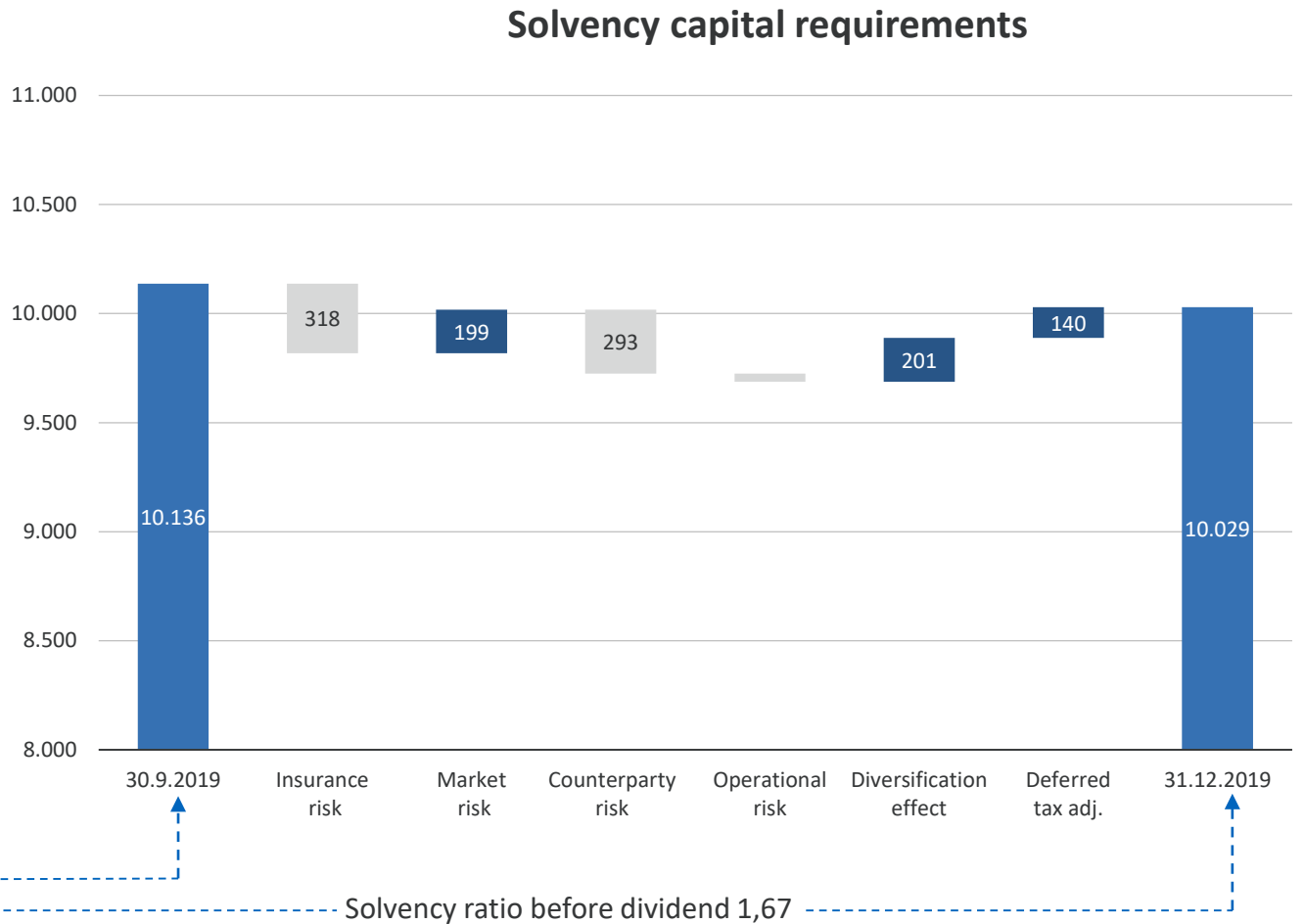
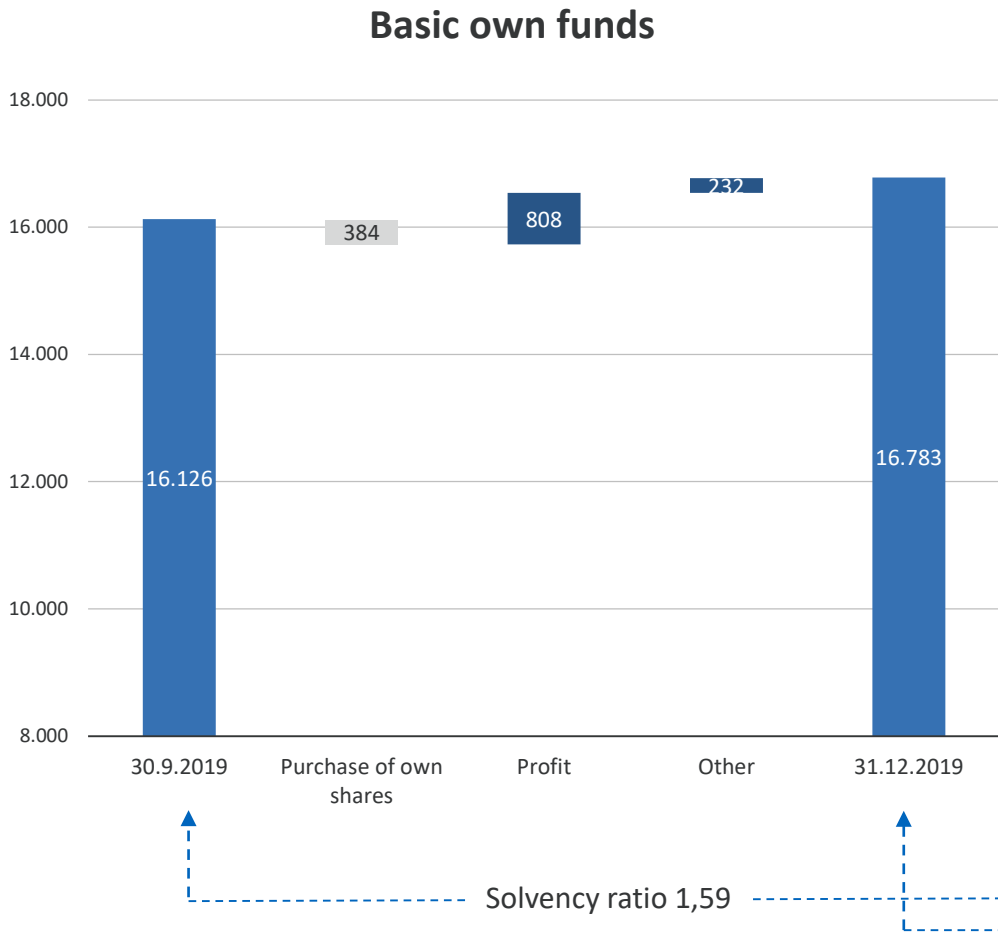
Growing balance sheet in line with increased revenue and earnings

	31.12.2019	31.12.2018
Assets		
Securities	36.549	31.349
Accounts receivables	6.463	5.416
Investments where the investment is borne by the policyholder	4.539	3.891
Cash and cash equivalents	969	1.313
Other assets	2.464	2.227
Total assets	50.984	44.195
Equity		
Share capital	1.347	1.389
Other equity	14.947	12.438
Total equity	16.294	13.827
Liabilities		
Technical provisions	27.599	24.738
Technical provisions for life-assurance policies where the investment is borne by the policyholders	4.539	3.891
Accounts payable and other liabilities	2.552	1.739
Total liabilities	34.690	30.368
Total liabilities and equity	50.984	44.195



Changes in basic own funds and solvency capital requirements

Q4 2019



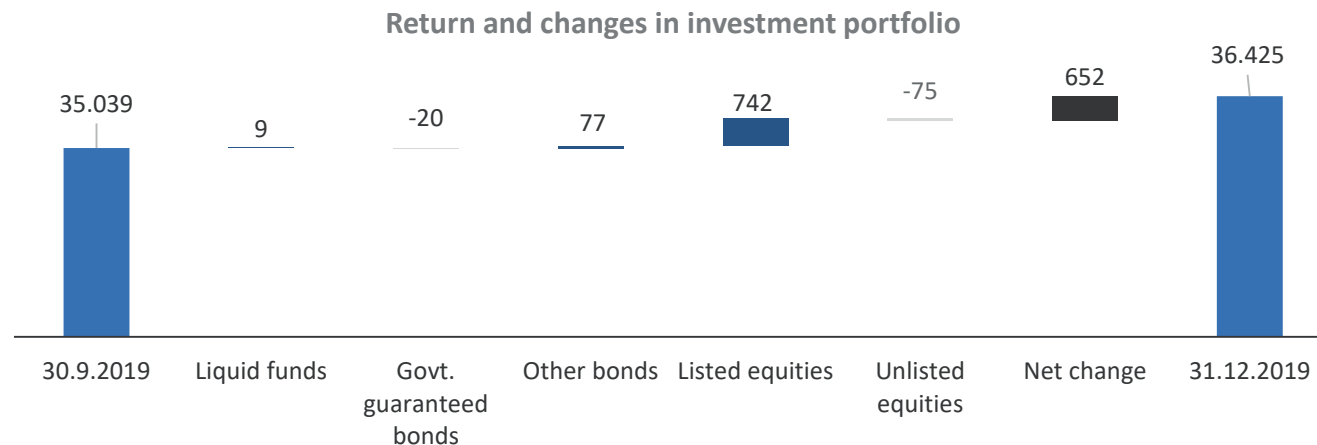
Investment performance in Q4 2019

Return on the investment portfolio was 2,1%

Asset class*	30.9.2019	Net change	Income	31.12.2019	Return
Liquid funds	1.095	-521	9	582	1,2%
Govt. guaranteed bonds	12.344	-575	-20	11.750	-0,2%
Other bonds	9.824	2.662	77	12.564	0,7%
Listed equities	9.565	-1.052	742	9.255	8,2%
Unlisted equities	2.211	138	-75	2.274	-3,3%
Investment income from assets under management	35.039	652	734	36.425	2,1%
Interest income from receivables			102		
Other investment income and exchange rate difference			1		
Total investment income			837		

- › The average duration of the Group's bond portfolio was 3,9 years at the end of the quarter (4,0 years at the end of Q3 19) and the indexation rate was 41% (42% at the end of Q3 19)
- › Strong investment income during the quarter driven by equity gains, while bonds performed below expectations; continued write-down of unlisted equities

Gamma index return	Q4 2019
Market index	2,2%
Equities	9,9%
Government bonds	-1,2%
Inflation-indexed bonds	-1,7%
Non-indexed bonds	0,4%
Covered bonds	0,4%
Corporate bonds	0,1%

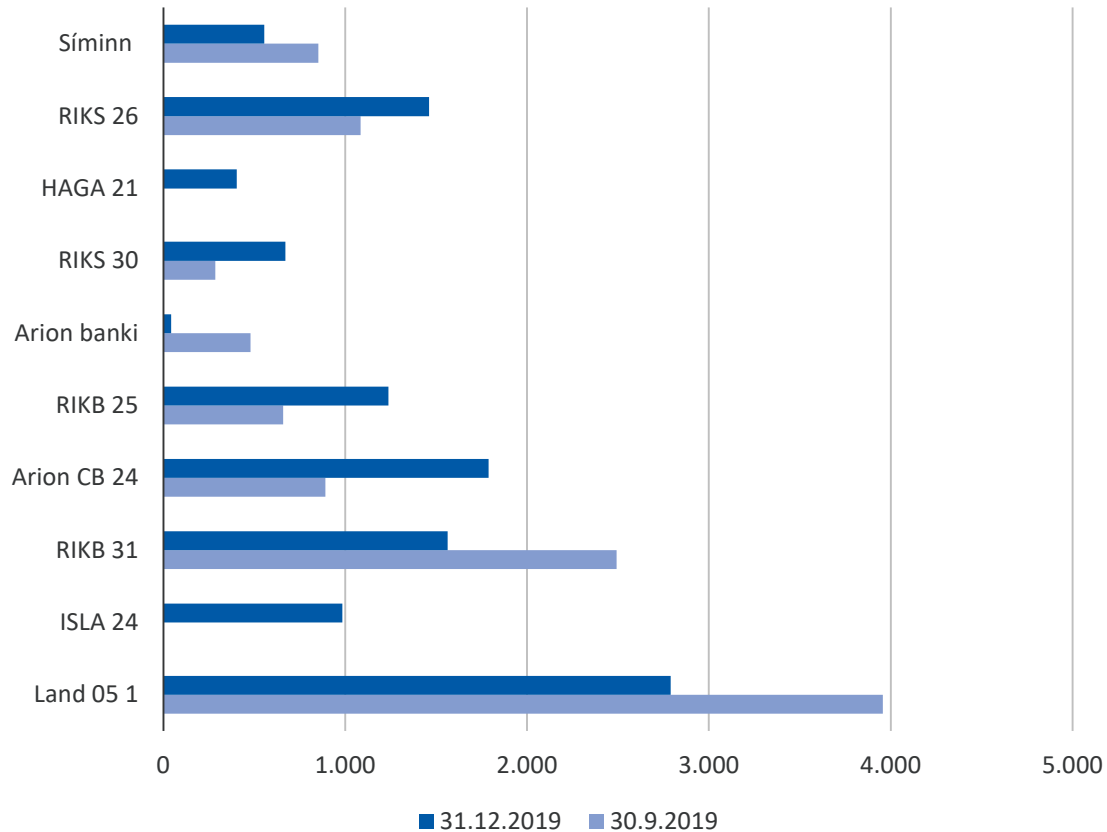


Changes to asset portfolio in Q4 2019

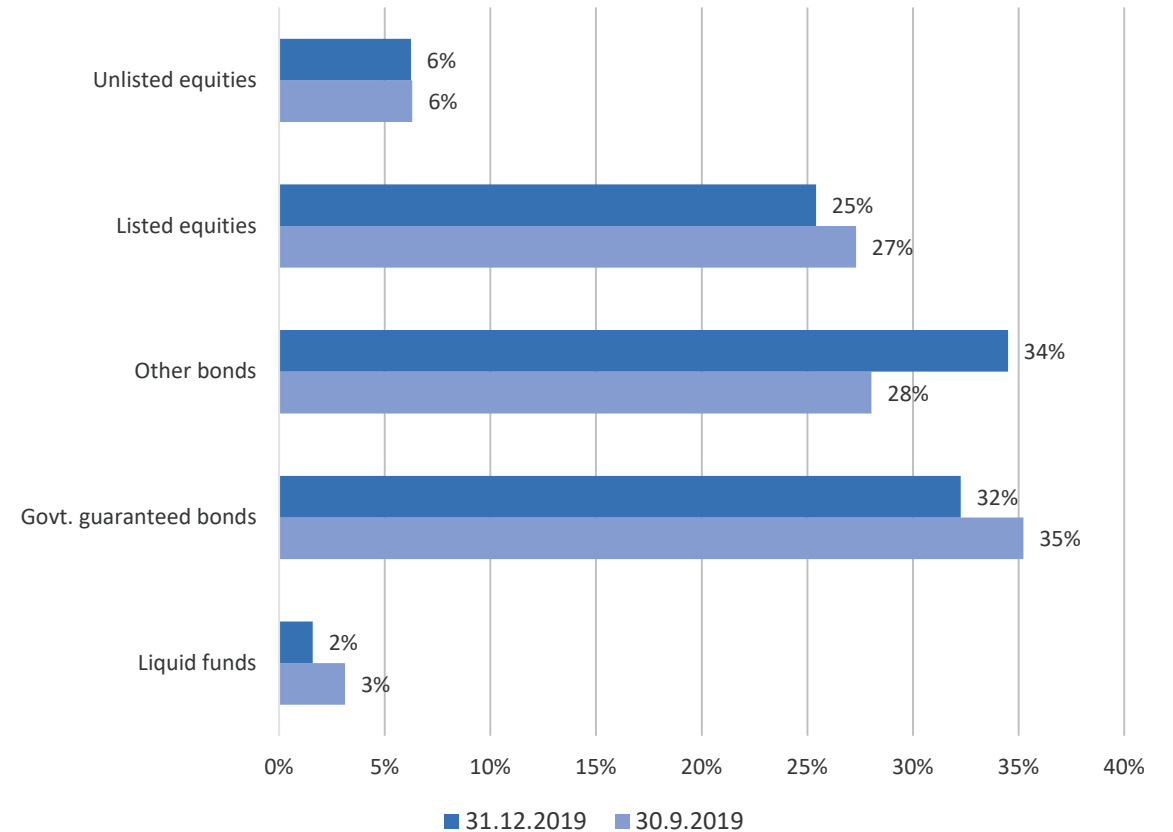
Reduced exposure to government bonds and increased exposure to other types of bonds



Largest portfolio changes in Q4 2019



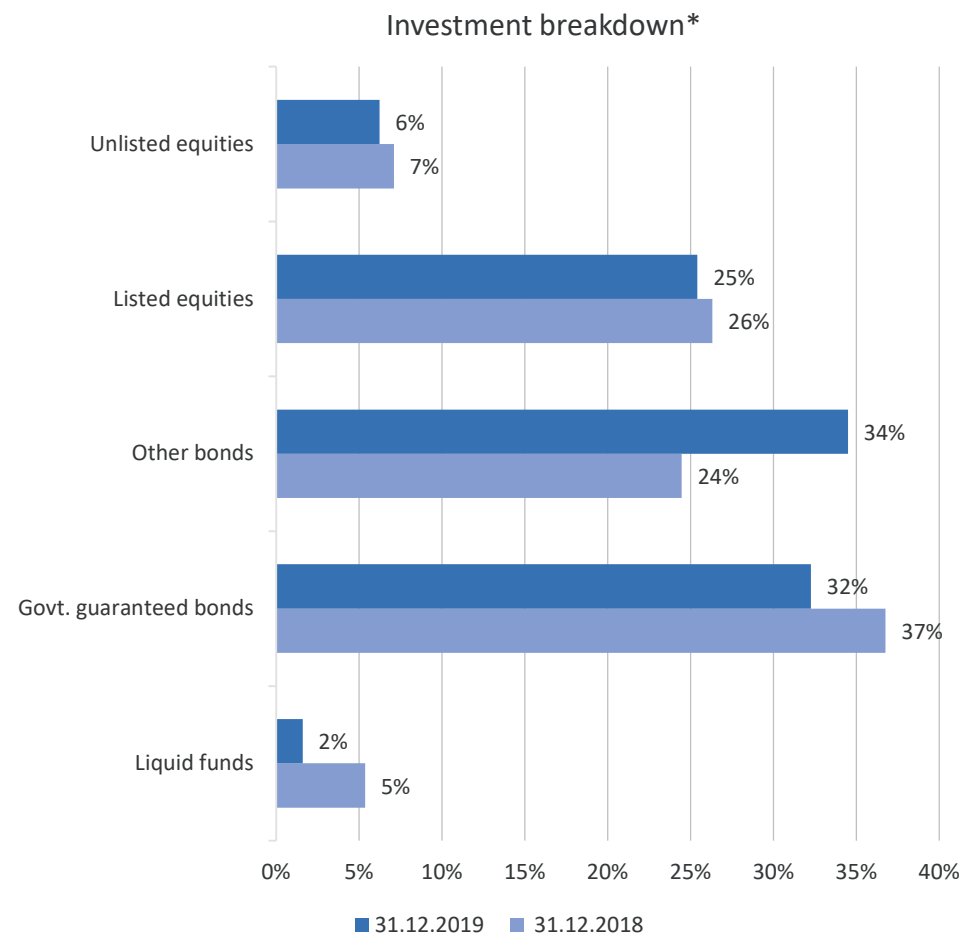
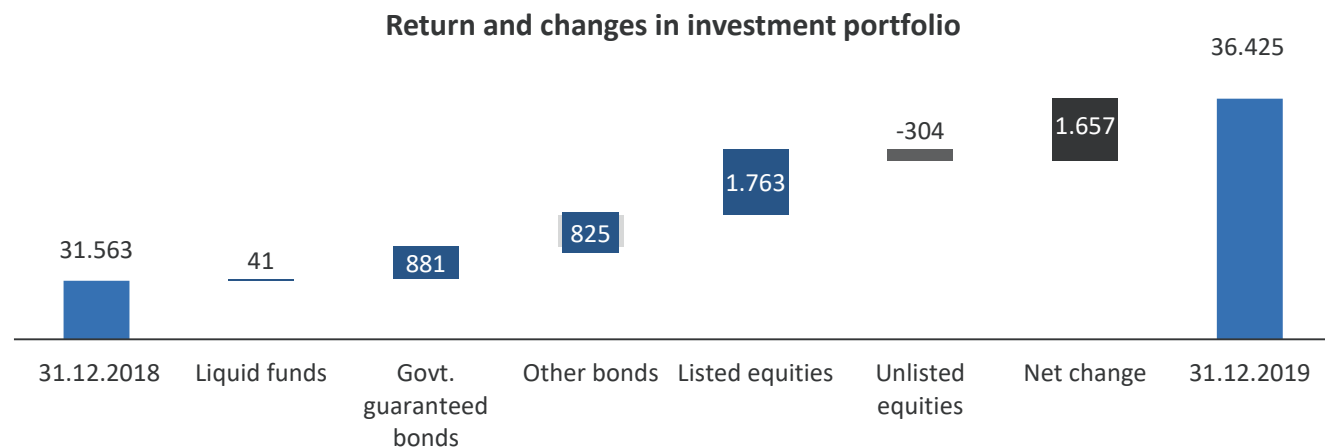
Investment breakdown*



Investment performance in 12M 2019

Return on the investment portfolio was 10,0%

Asset class	31.12.2019	Net purchase	Income	31.12.2018	Return
Liquid funds	582	-1.152	41	1.788	3,3%
Govt. guaranteed bonds	11.750	-734	881	11.603	8,1%
Other bonds	12.564	4.017	825	7.627	8,5%
Listed equities	9.255	-811	1.763	8.302	21,2%
Unlisted equities	2.274	337	-304	2.242	-12,9%
Investment income from assets under management	36.425	1.657	3.206	31.563	10,0%
Interest income from receivables			410		
Other investment income and exchange rate difference			25		
Total investment income			3.640		



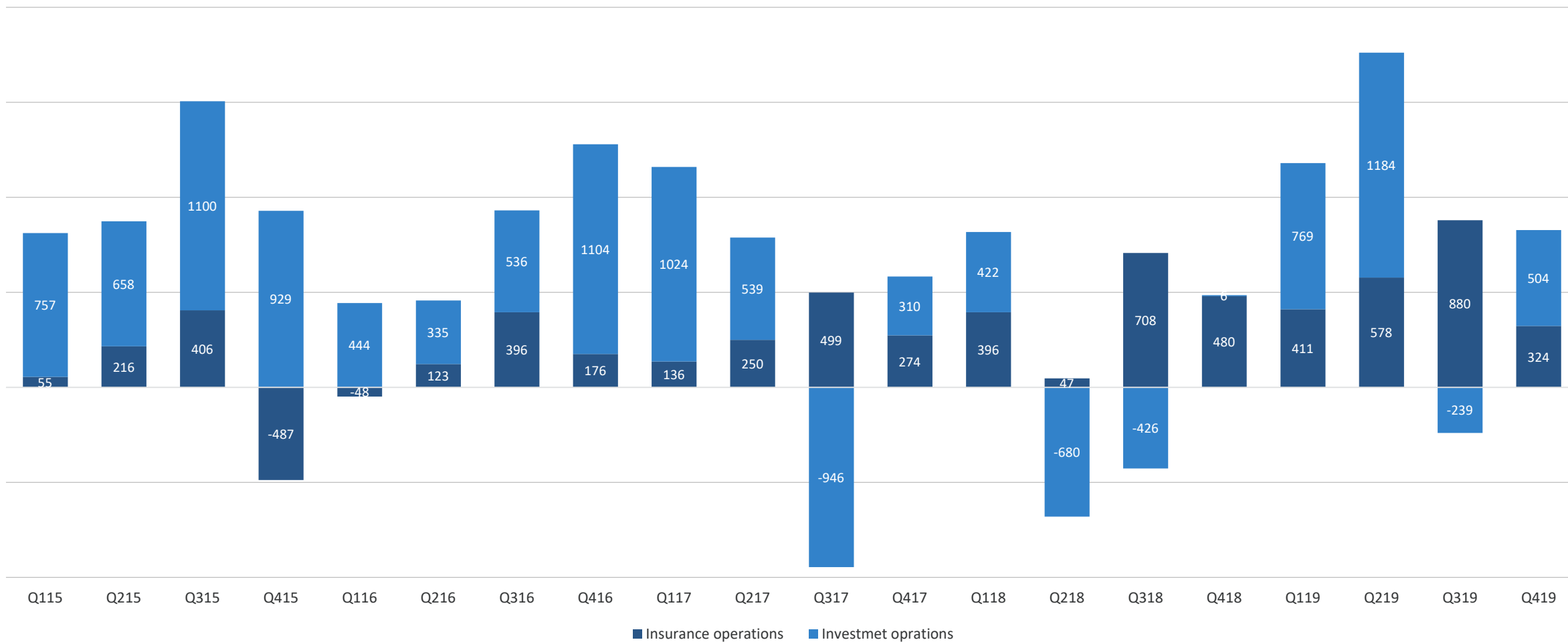
Group investment assets exceeding ISK 500 million

SJÓVÁ

Asset	31.12.2019	30.9.2019	Return	Net change	% of portfolio
Land 05 1	2.790	3.957	31	-1.198	7,7%
Marel	2.249	2.235	179	-166	6,2%
RIKB 28	1.848	1.867	-8	-11	5,1%
Arion CB 24	1.788	891	11	887	4,9%
LBANK CB 23	1.619	1.298	6	315	4,4%
RIKB 31	1.563	2.492	-26	-902	4,3%
RIKS 26	1.461	1.085	-18	394	4,0%
RIKB 25	1.237	658	10	569	3,4%
FESTI	1.209	964	97	148	3,3%
ISLA 24	984	0	4	980	2,7%
Reginn	827	700	97	30	2,3%
EIK	775	709	79	-13	2,1%
ISLA CB 23	768	1.077	5	-313	2,1%
RIKB 22	714	340	5	368	2,0%
RIKS 30	671	286	-16	400	1,8%
Iceland Seafood International	670	630	8	32	1,8%
Reitir fasteignafélag 15.11.2022	658	655	9	-6	1,8%
Júpíter veðskuldabréf	647	637	10	0	1,8%
RIKB 21	612	303	4	306	1,7%
Heimavellir	611	628	-16	0	1,7%
Síminn	554	852	79	-377	1,5%
RIKS 33	547	523	-16	40	1,5%
Stefnir ríkisverðbréfasjóður	541	545	-4	0	1,5%
Reykjavíkurborg RVK 35 1	529	530	-1	0	1,5%
Origo	517	450	73	-6	1,4%
Other assets	10.035	10.728	132	-825	27,6%
Total assets	36.425	35.039	734	652	

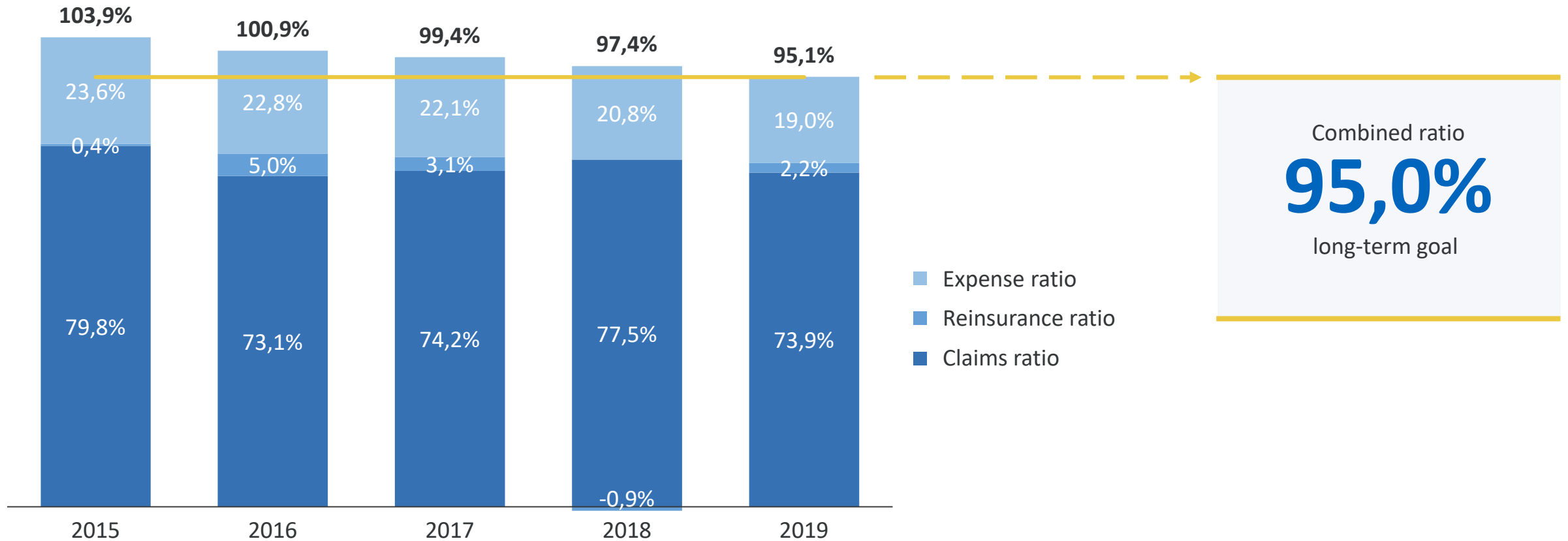
Combination of profit/loss before tax

2015 - 2019



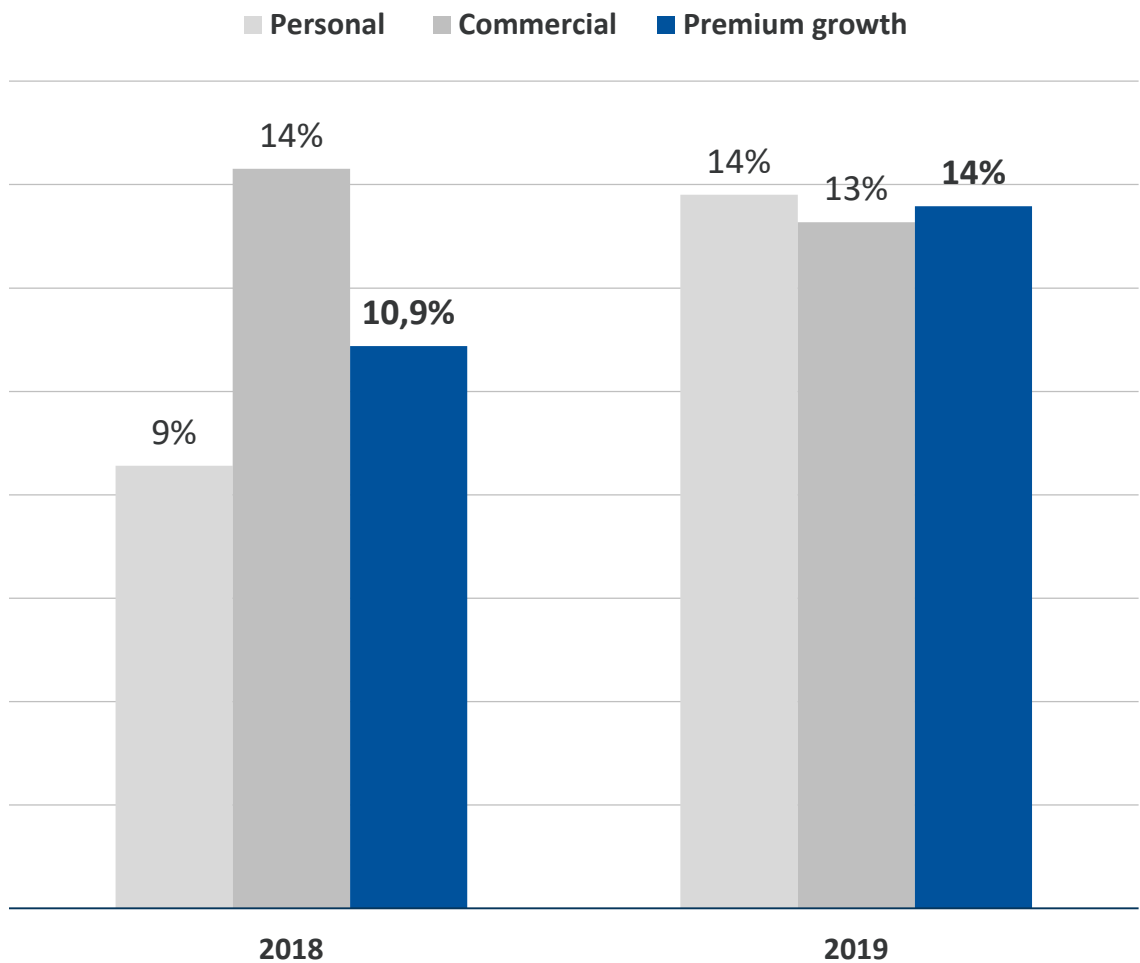
Combined ratio 2015-2019

Robust premium growth contributes to improvement in underwriting results



Premium growth 2018-2019

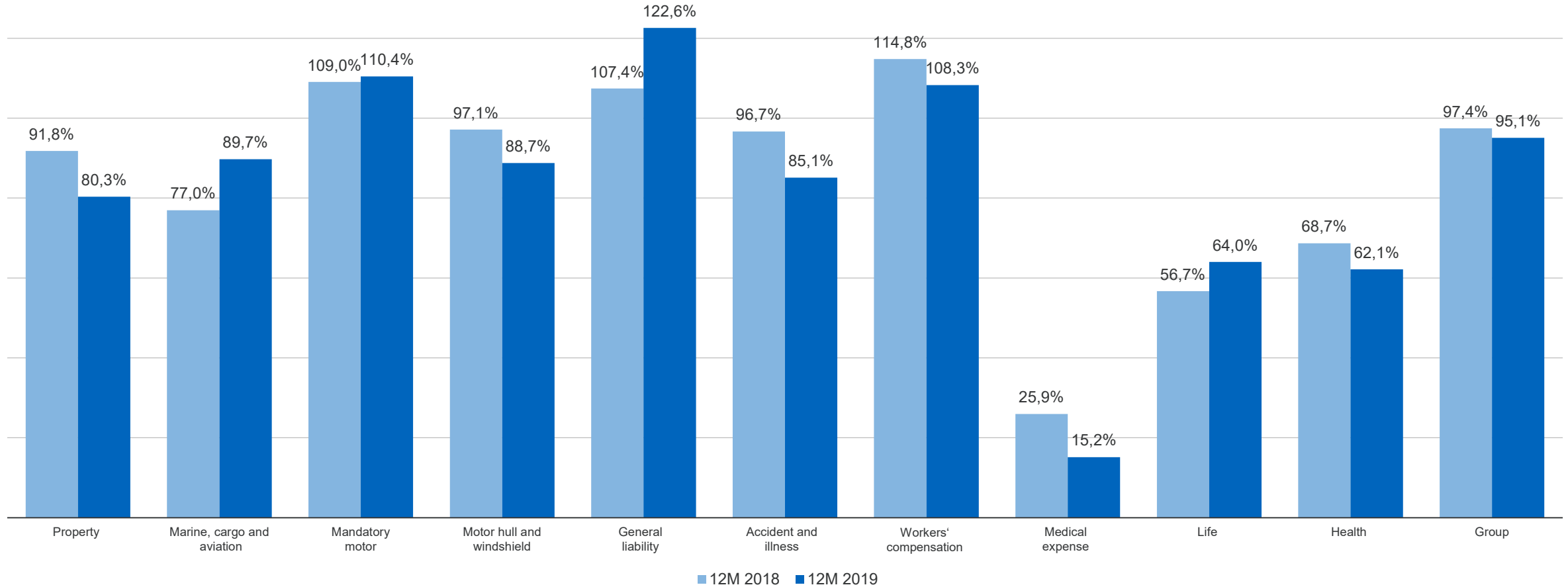
Robust premium growth in both personal and commercial lines



Combined ratio

12M 2019 and 12M 2018 by insurance segment

SJÓVÁ



Increased initiative. In 2019 we made

9.228

unprompted phone calls to customers to go over their coverage.

Better risk assessment. In 2019 we made

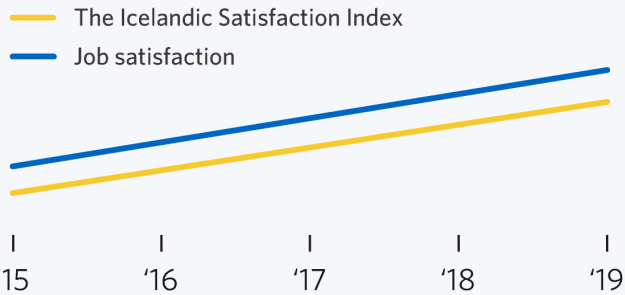
197

special visits to our commercial customers to encourage them to address any weaknesses in their fire protection.

More customer satisfaction

89%

of our customers rate us between eight and ten in service polls.



Top-rated insurance company three years in a row.



Company of the year in 2018 and 2019.



An example for others in gender equality. The only listed Icelandic company to be rated 10 on the GEMMAQ index for gender equality.

Combined ratio down from **97.4%** in 2018 to a

95,1%

combined ratio in 2019.

Customer loyalty program STOFN
We refunded ISK **570** million to

24.500

families that are Stofn members.

Premiums up

14%

Year over Year.

10%

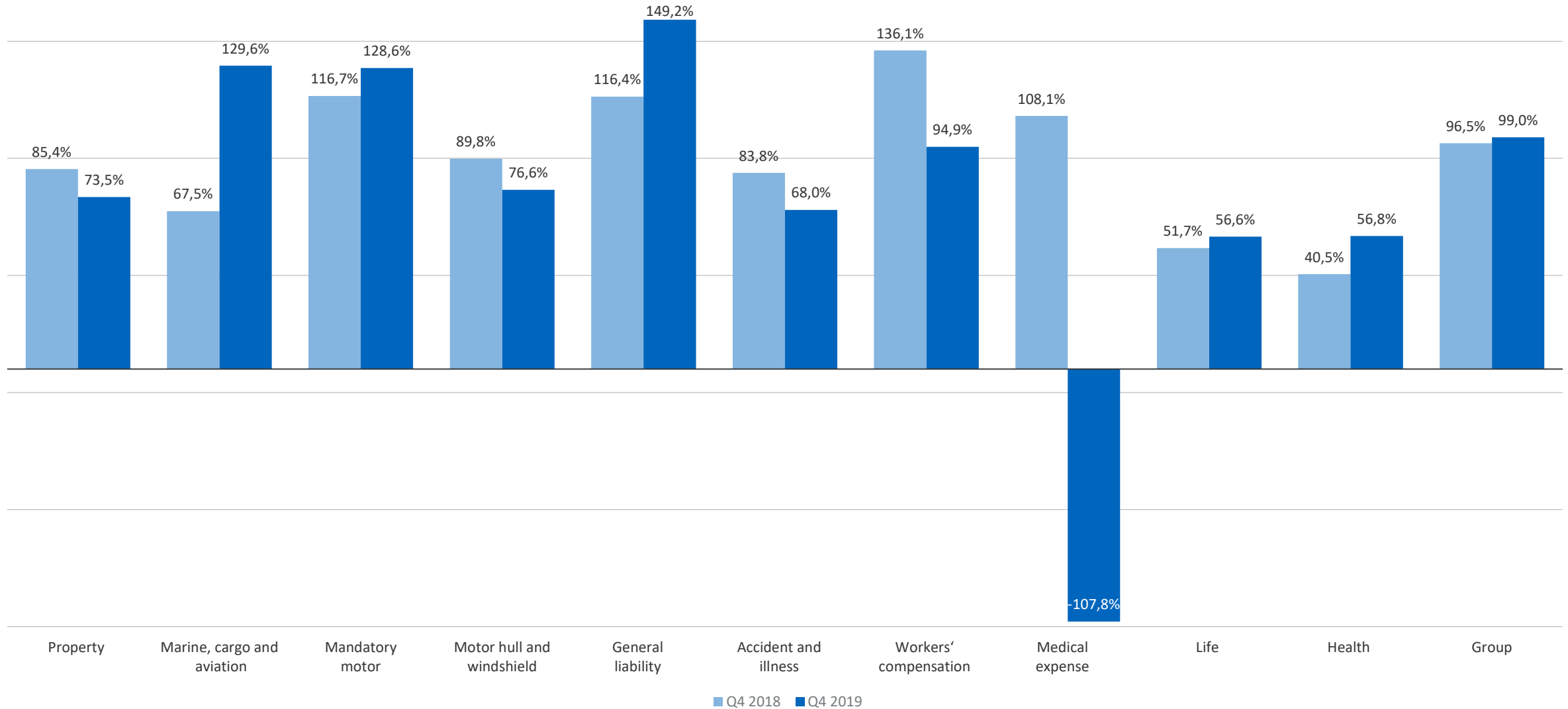
return on our investment portfolio.

Appendices and Disclaimer

Combined ratio

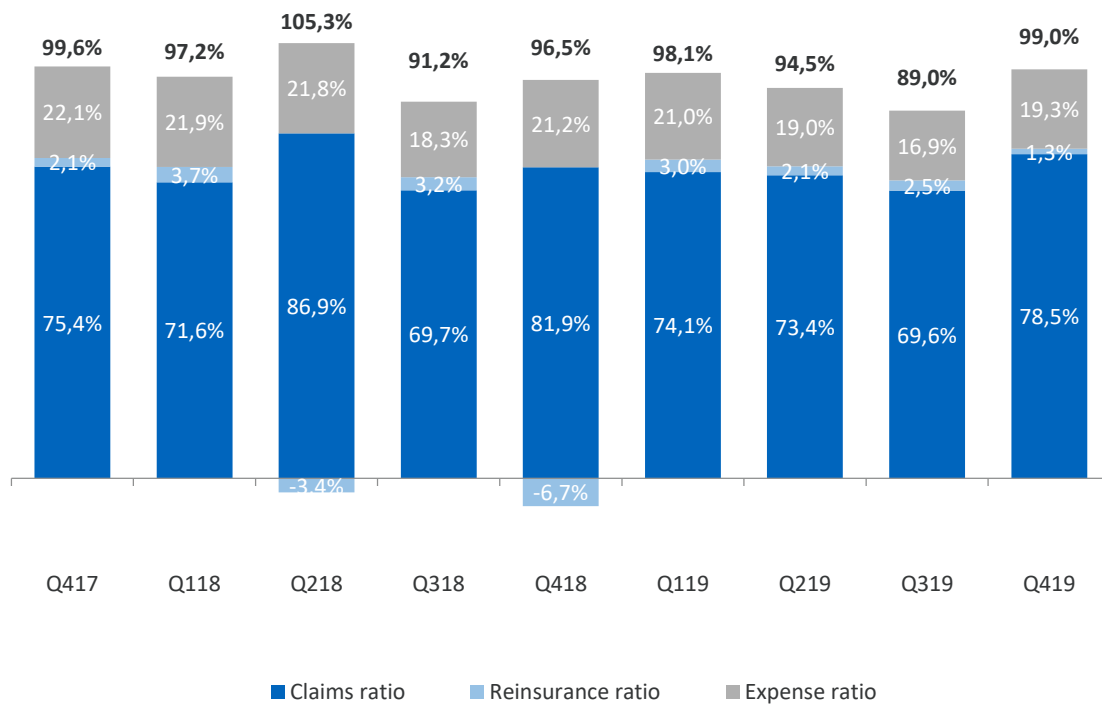
Q4 2019 and Q4 2018 by insurance segment

SJÓVÁ

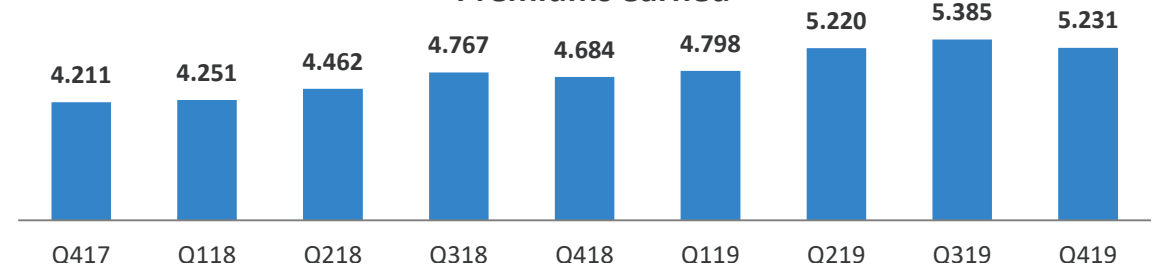


Development of key indicators

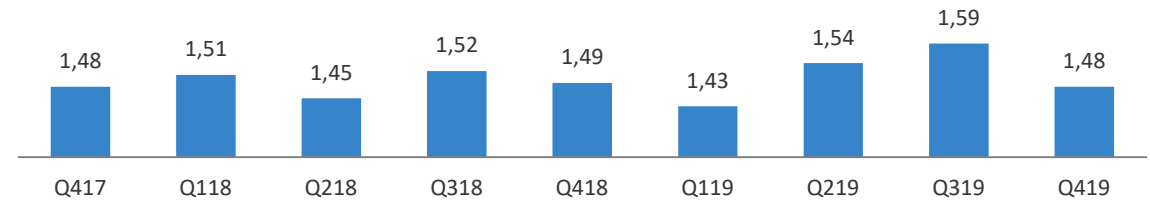
Combined ratio



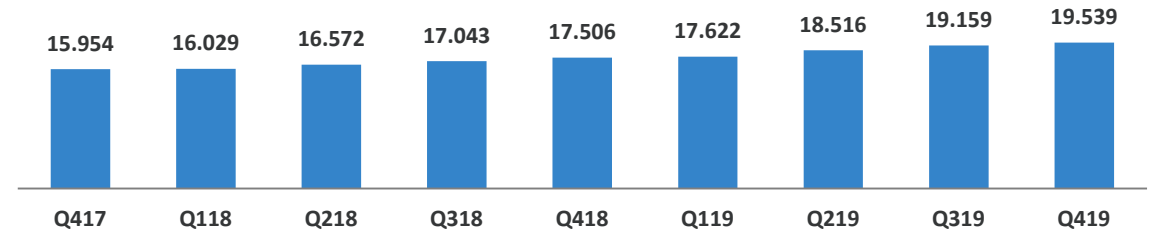
Premiums earned



Solvency margin



Claim provision



Development of key indicators

SJÓVÁ

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Premiums earned	5.231	5.385	5.220	4.798	4.684	4.767	4.462	4.251	4.211
Premiums earned, net of reinsurance	5.005	5.163	4.970	4.563	4.431	4.535	4.213	4.039	3.997
Investment income	837	105	1.540	1.158	385	-54	-305	793	649
Total income	5.897	5.297	6.592	5.759	4.902	4.486	3.916	4.840	4.691
Claims incurred	-4.105	-3.749	-3.830	-3.554	-3.839	-3.324	-3.879	-3.044	-3.177
Claims incurred, net of reinsurance	-3.974	-3.663	-3.751	-3.474	-3.357	-3.248	-3.484	-2.998	-3.096
Operating expenses on insurance operations	-1.008	-911	-993	-1.007	-993	-872	-968	-950	-931
Total expenses	-5.070	-4.657	-4.830	-4.578	-4.415	-4.197	-4.549	-4.022	-4.107
After-tax profit	808	443	1.548	1.053	392	140	-630	749	416
Total assets	50.984	51.516	51.831	49.807	44.195	45.182	45.242	45.937	43.365
Securities	41.088	39.565	39.468	37.189	35.240	30.560	35.171	34.978	36.036
Cash and cash equivalents	969	1.326	907	788	1.313	1.492	861	1.574	951
Equity	16.294	15.869	15.666	14.228	13.827	13.534	13.695	14.459	15.206
Technical provisions	27.599	28.572	28.812	28.190	24.738	25.311	25.509	25.255	22.469
Claims ratio	78,5%	69,6%	73,4%	74,1%	81,9%	69,7%	86,9%	71,6%	75,4%
Reinsurance ratio	1,3%	2,5%	2,1%	3,0%	-6,7%	3,2%	-3,4%	3,7%	2,1%
Expense ratio	19,3%	16,9%	19,0%	21,0%	21,2%	18,4%	21,7%	21,9%	22,1%
Combined ratio	99,0%	89,0%	94,5%	98,1%	96,5%	91,3%	105,2%	97,2%	99,6%
Return on equity (ROE)	21,5%	11,9%	42,0%	30,0%	10,8%	3,9%	-17,4%	20,2%	10,2%
Solvency ratio	1,48	1,59	1,54	1,43	1,49	1,52	1,45	1,51	1,48

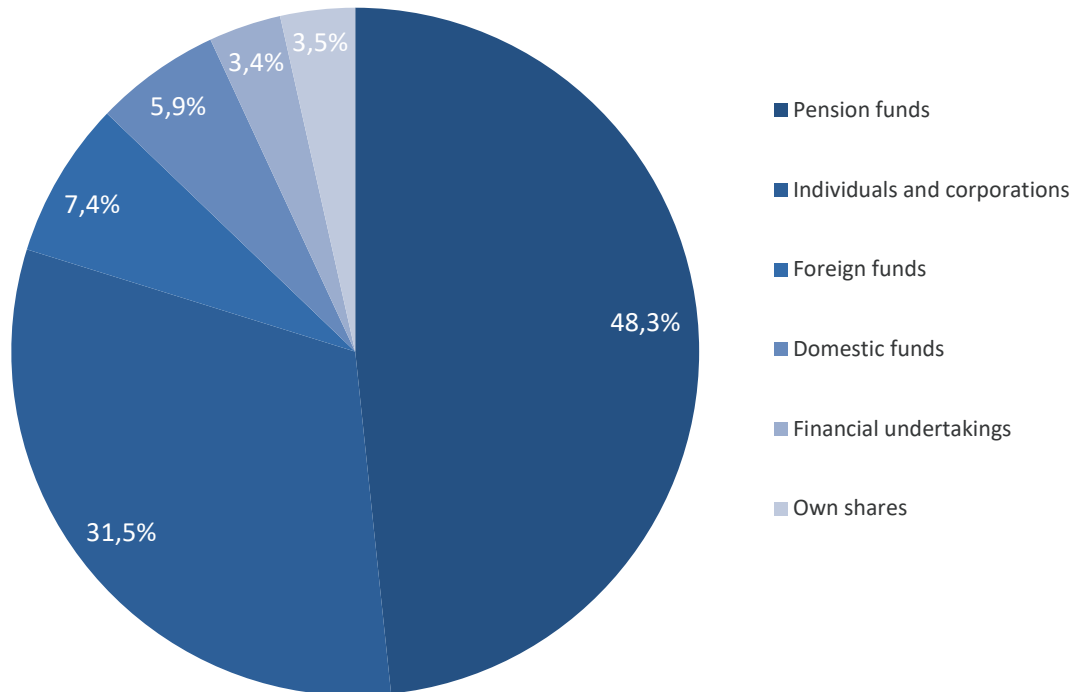
Amounts are in ISK million

Distribution of shareholders

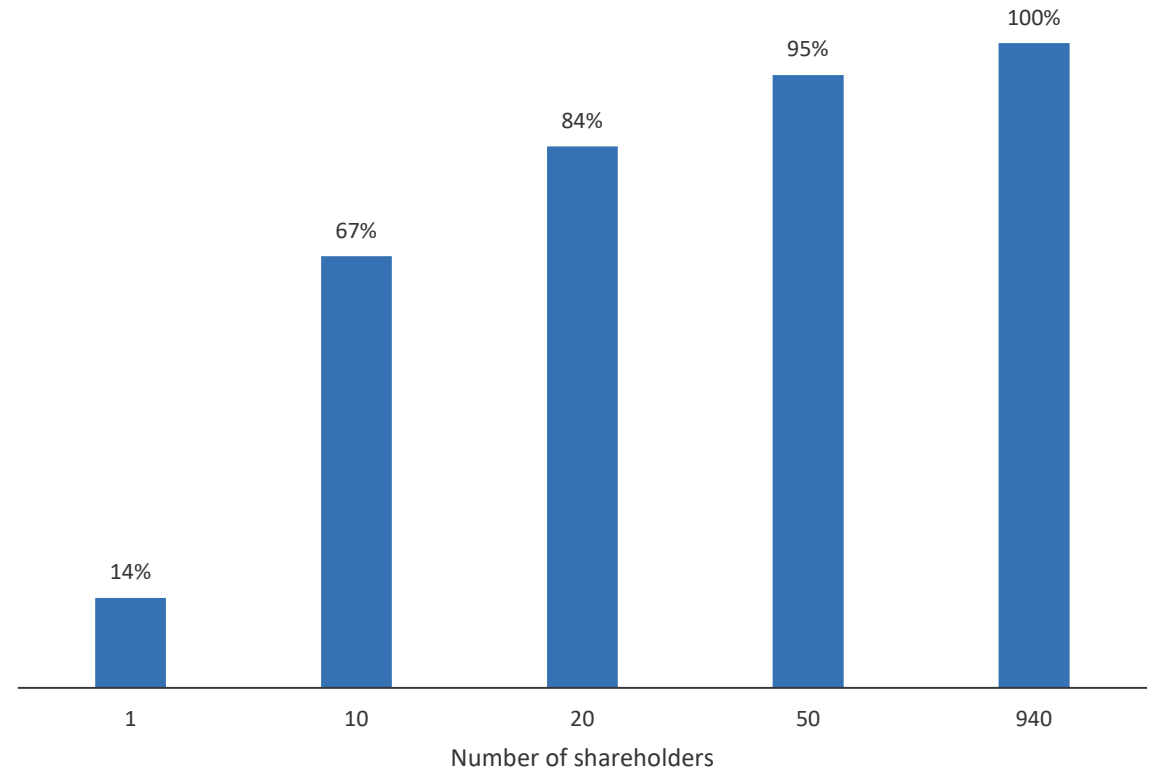
947 shareholders as of 9 February 2020



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.
- › The information in this presentation is based on sources that Sjóvá believes to be reliable at present but can not be guaranteed to be free of errors. All information in this presentation is the property of Sjóvá. Neither information contained herein nor the entire presentation may be reproduced, modified or distributed in any manner, in whole or in part.
- › This presentation is intended solely for information purposes. It is not in any respect intended to imply a promise or advice or in any way to serve as the basis for decision-making by persons who may receive it. Many different factors may cause the picture presented in the presentation of the company's situation and future prospects to change materially. These include, but are not limited to, general economic developments, claims developments, changes in the competitive environment, reinsurance markets or financial markets, legislative changes and changes in judicial practice. Should any of these risks factors or uncertainties materialise, or should the underlying management assumptions concerning the future prove incorrect, this could result in significant deviations in the company's financial position and performance from that described in this presentation.
- › Sjóvá stresses that statements contained in this presentation are valid only at the time of the presentation and their value is limited to what is stated in this disclaimer. Sjóvá is not obliged to update in any manner management opinions concerning the company's future outlook which may appear in this presentation, nor issue corrections to errors or inaccurate information, which may subsequently be revealed, unless required by law.
- › In receiving this presentation, the recipient agrees to be bound by the foregoing reservations and restrictions.