



Q4 & 12M 2020

Translation of Investors' Presentation

11 February 2021



Results

ISK 2.982m

after tax profit

Technical results of

ISK 581m

Pre-tax profit from investment operations

ISK 2.475m



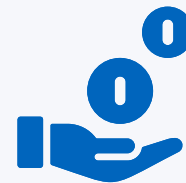
Combined ratio

90,4%

compared to 96,9% in Q4 2019*

Strategic measures to improve underwriting results continue to yield results, and claims development has remained favourable

Premiums up 4.3% from 4Q 2019, driven by growth in personal lines, which offsets the contraction in commercial premiums



Investments

Investment income

ISK 2.630m

6,3%

return on investment portfolio

Performance of the equity portfolio in line with developments in the stock market, which far exceeded expectations



Most satisfied customers in the insurance market

Sjóvá has had the most satisfied customers in the Icelandic insurance market for the past four years and in 2020 received the highest customer satisfaction score ever achieved by an Icelandic insurer

New standards set in customer service in the Icelandic insurance market

Continued emphasis on excellent service and customer experience as a leading service company

The Company's strengths became apparent in the challenging circumstances that prevailed during the year



12M 2020

ISK 5.320m

after tax profit

—

92,0%

combined ratio

—

Investment income

ISK 5.274m

—

Return on investment portfolio

13,2%



Eventful year

Stable and profitable underwriting operations

—

Customers supported with the cancellation of the portion of premiums due in May

—

Collaboration with large parties within the tourism industry

—

Return on investment assets under management far exceeds expectations

—

Employees have shown great resilience under extraordinary circumstances



Dividend

The Board of Directors proposes a dividend amounting to **50%** of 2020 earnings, for a total payout of about **ISK 2.650m** (ISK 1,99 /share)

—

Extreme caution exercised in the management of capital and determination of dividends, in full compliance with the recommendations of regulators

—

Solvency ratio of **1,67** after the planned dividend

—

The solvency ratio is near the upper limit of the Board of Directors' risk appetite and efforts will be made to move it back to its prior level when uncertainty decreases; the Board of Directors may convene a shareholders' meeting for this purpose



Earnings guidance

Pre-tax earnings from underwriting operations estimated at around

ISK 2.100m with a combined ratio of around **92%**

—

It has been decided not to issue guidance for the results of the Company's investment operations

—

The Company's plans assume that the return on investment assets under management will generally amount to about 4% on an annual basis over the long term, taking into account current interest rate levels and the Company's investment policy

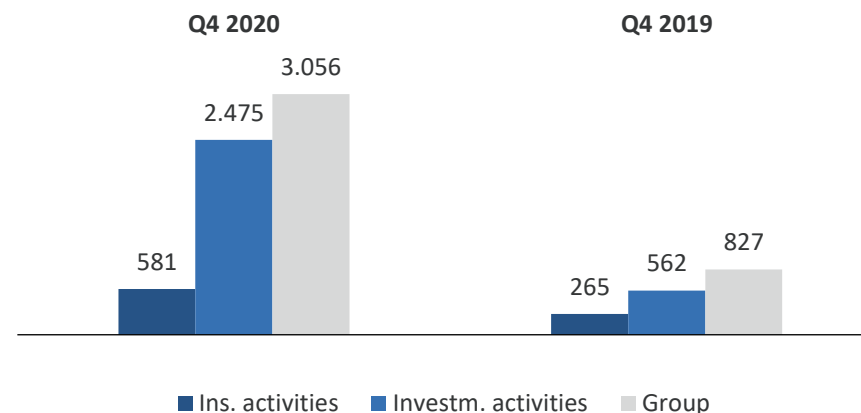
Significant deviations from expected investment performance will not be disclosed unless they can be attributed to changes in unlisted assets or a significant change in the investment policy

Highlights from Q4 2020

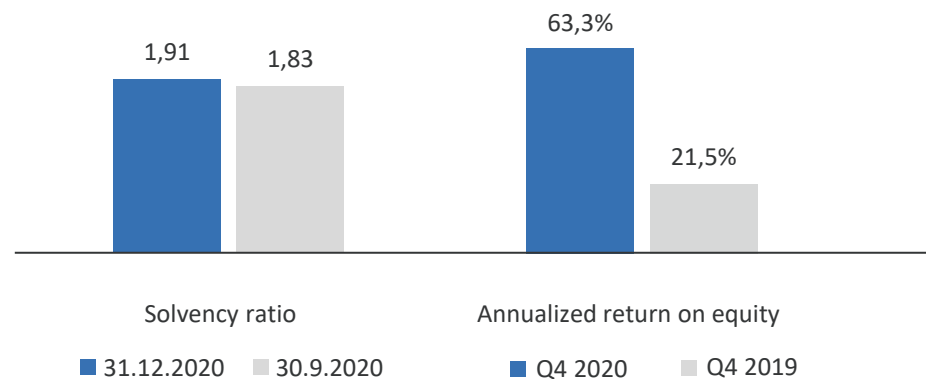
Excellent investment results in the quarter - the solvency ratio up significantly

	Q4 2020	Q4 2019*
Profit for the period	2.982	808
Earnings per share	2,22	0,62
Pre-tax profit	3.056	827
Technical results*	581	265
Profit on investment operations*	2.475	562
Annualized return on equity (ROE)	63,3%	21,5%
Group combined ratio	90,4%	96,9%
	31.12.2020	30.9.2020
Group equity ratio	36,0%	32,0%
Solvency ratio before prosed dividend	1,91	1,83

Segment performance before tax



Solvency ratio and return on equity



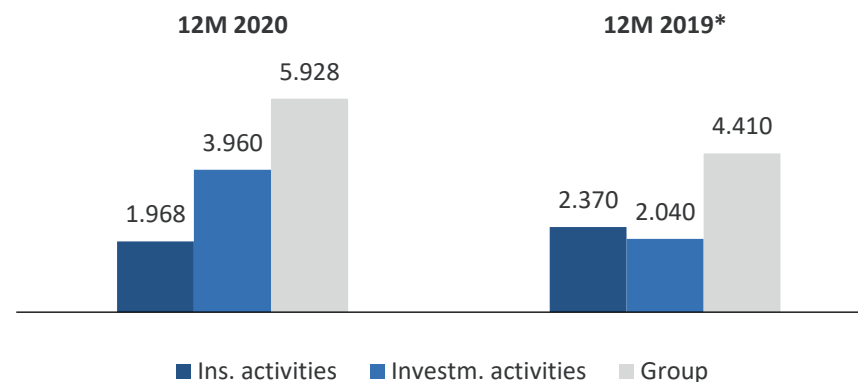
Highlights from 12M 2020

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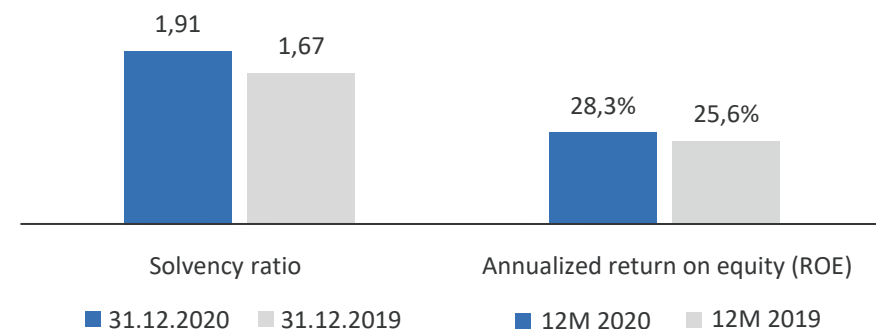
Strong underwriting results - investment performance above expectations

	12M 2020	12M 2019*
Profit for the period	5.320	3.853
Earnings per share	3,98	2,82
Pre-tax profit	5.928	4.410
Technical results*	1.968	2.370
Profit on investment operations*	3.960	2.040
Annualized return on equity (ROE)	28,3%	25,6%
Group combined ratio	92,0%	91,2%
	31.12.2020	31.12.2019
Group equity ratio	36,0%	32,0%
Solvency ratio before prosed dividend	1,91	1,67
Solvency ratio after prosed dividend	1,67	1,67

Segment performance before tax



Solvency ratio and return on equity



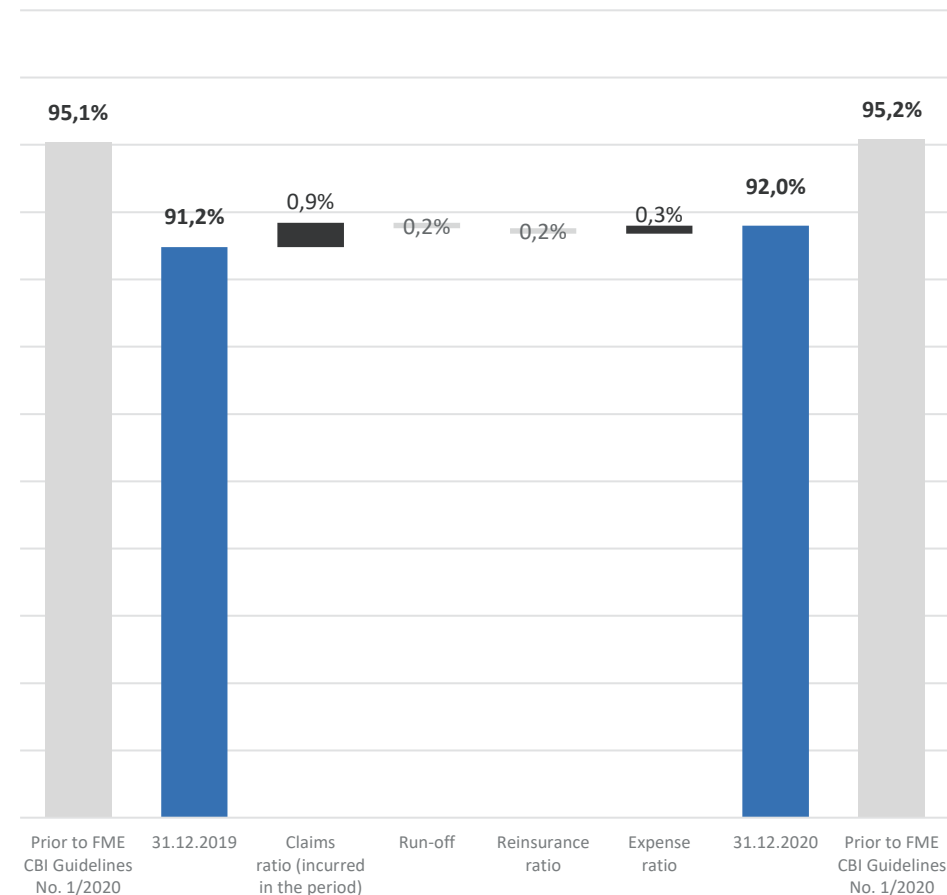
* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

Income statement

Good operating years where both the underwriting and investment parts of the business are performing well

	Q4 2020	Q4 2019*	%	12M 2020	12M2019*	%
Premiums earned	5.455	5.231	4,3%	20.831	20.633	1,0%
Earned premiums, net of reinsurance	5.234	5.005	4,6%	19.817	19.701	0,6%
Investment income	2.630	837		5.274	3.640	44,9%
Claims incurred	-3.633	-3.994	-9,0%	-14.720	-14.433	2,0%
Claims incurred, net of reinsurance	-3.684	-3.863	-4,6%	-14.223	-14.056	1,2%
Technical interest rate and exchange rate changes for technical provisions*	-68	-110	-38%	-678	-805	-15,8%
Operating expenses	-1.145	-1.096	4,5%	-4.479	-4.273	4,8%
Pre-tax profit	3.056	827		5.928	4.410	34,4%
After-tax profit	2.982	808		5.320	3.853	38,1%
Claims ratio (incurred in this period)	69,3%	77,4%		72,3%	71,4%	
Run-off	-2,7%	-1,1%		-1,6%	-1,4%	
Claims ratio*	66,6%	76,4%		70,7%	70,0%	
Reinsurance ratio	3,9%	1,3%		2,0%	2,2%	
Claims and reinsurance ratio	70,5%	77,6%		72,7%	72,2%	
Expense ratio	19,9%	19,3%		19,3%	19,0%	
Combined ratio*	90,4%	96,9%		92,0%	91,2%	

Change in combined ratio 12M 2019 to 12M 2020



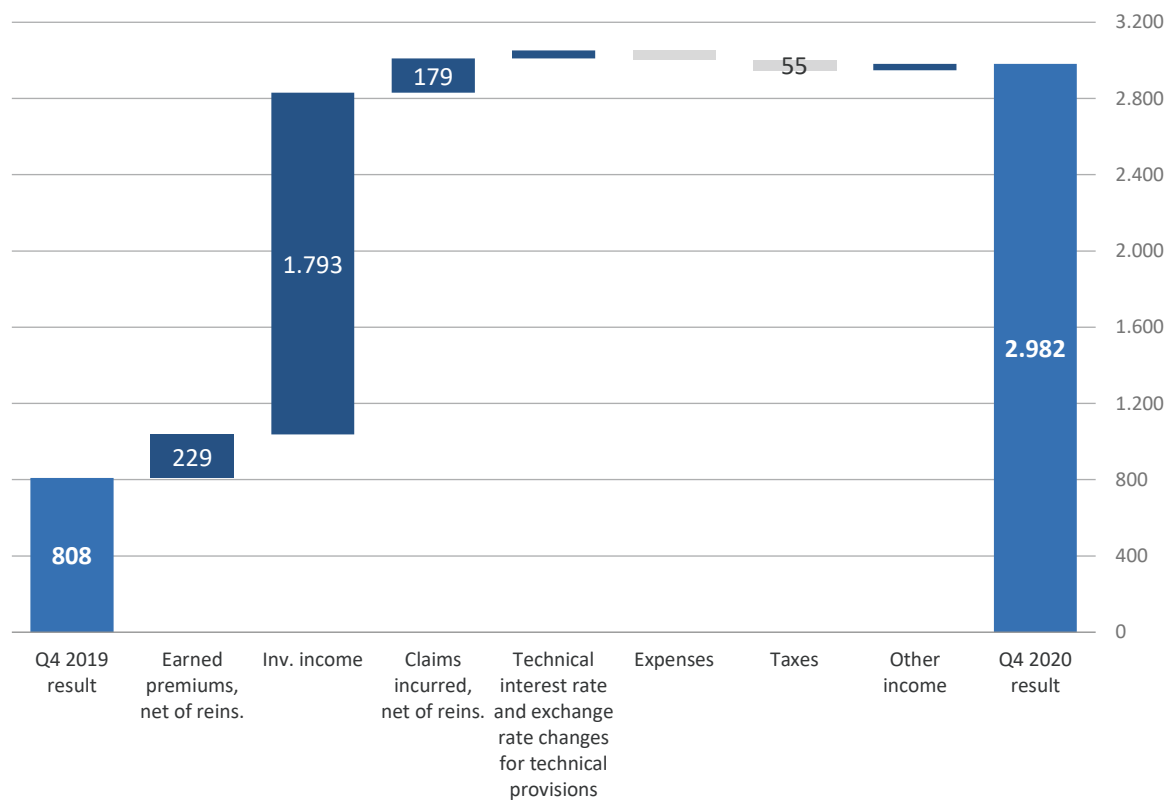
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Bridge analysis

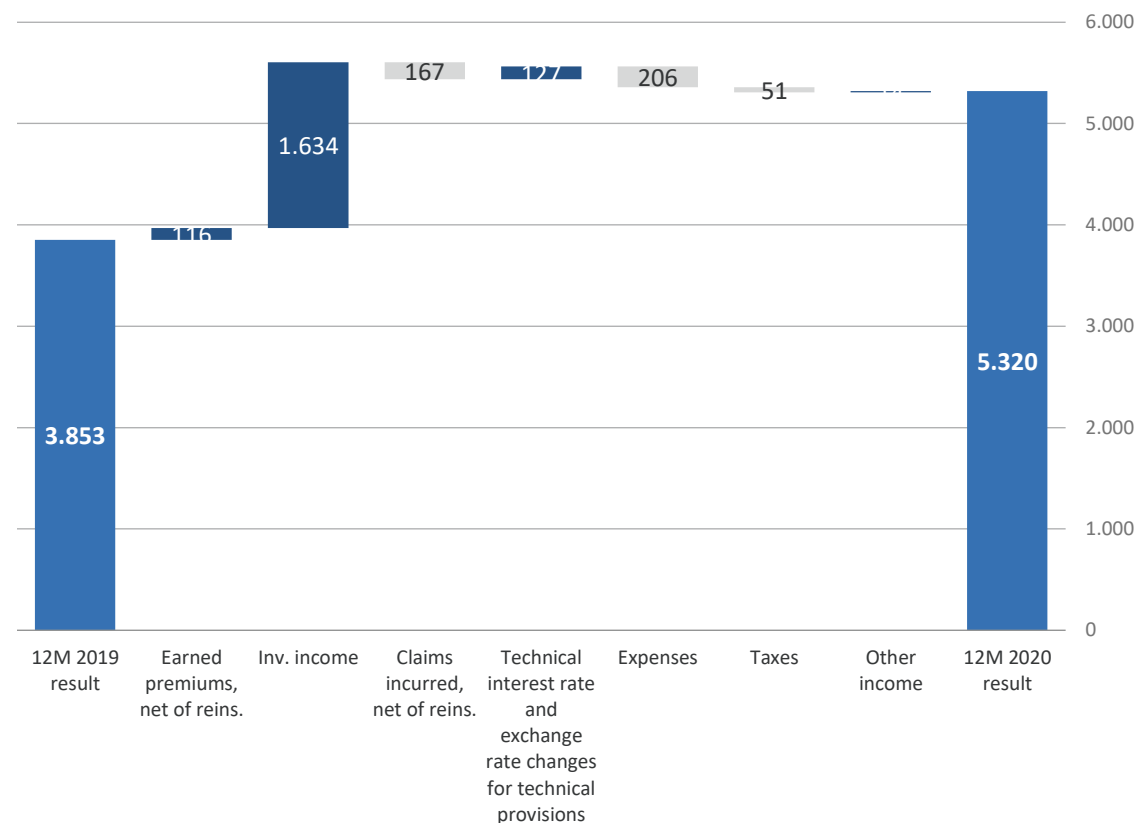
Growth in investment income drives increase in earnings

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Bridge analysis Q4 2019 to Q4 2020



Bridge analysis 12M 2019 to 12M 2020

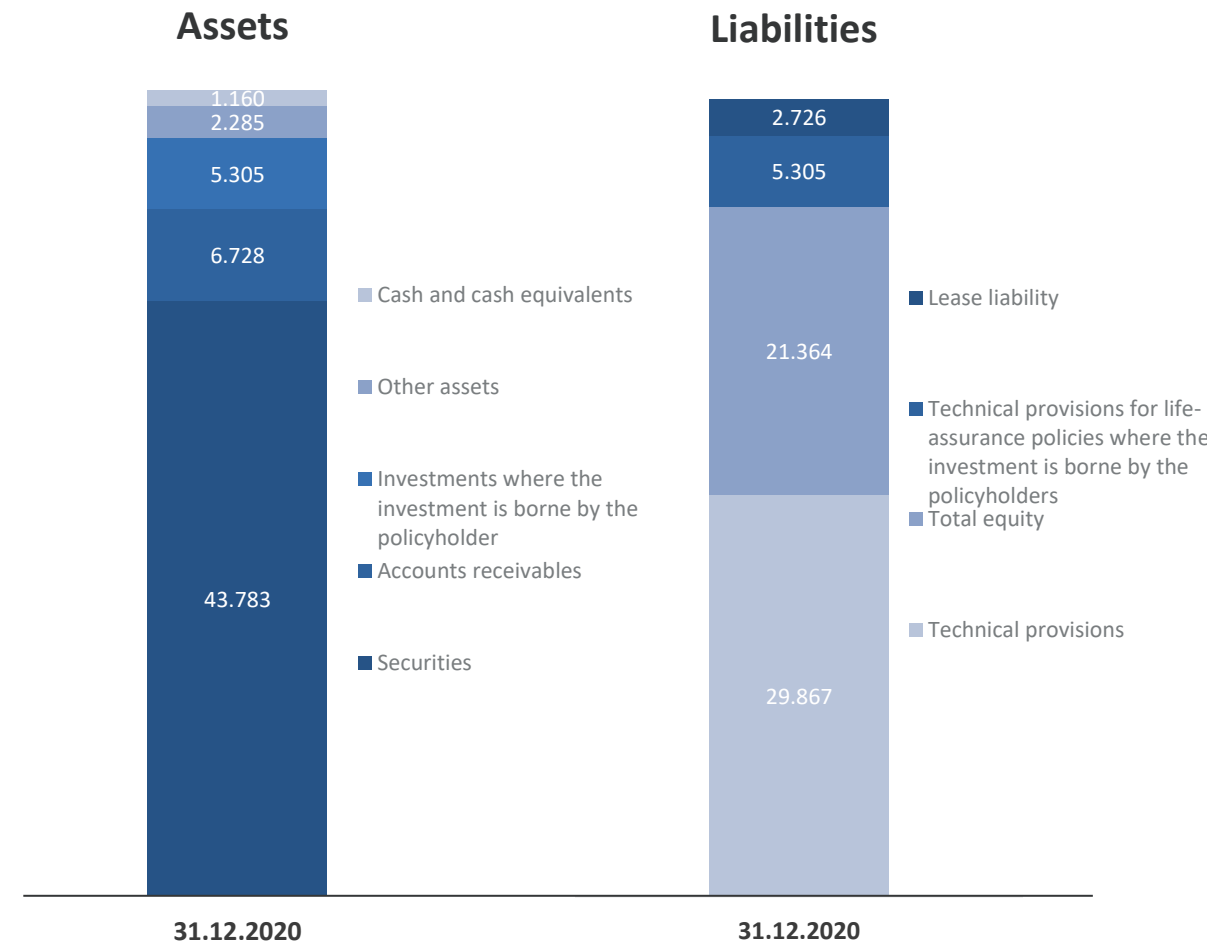


Balance sheet

Financially strong with a robust balance sheet

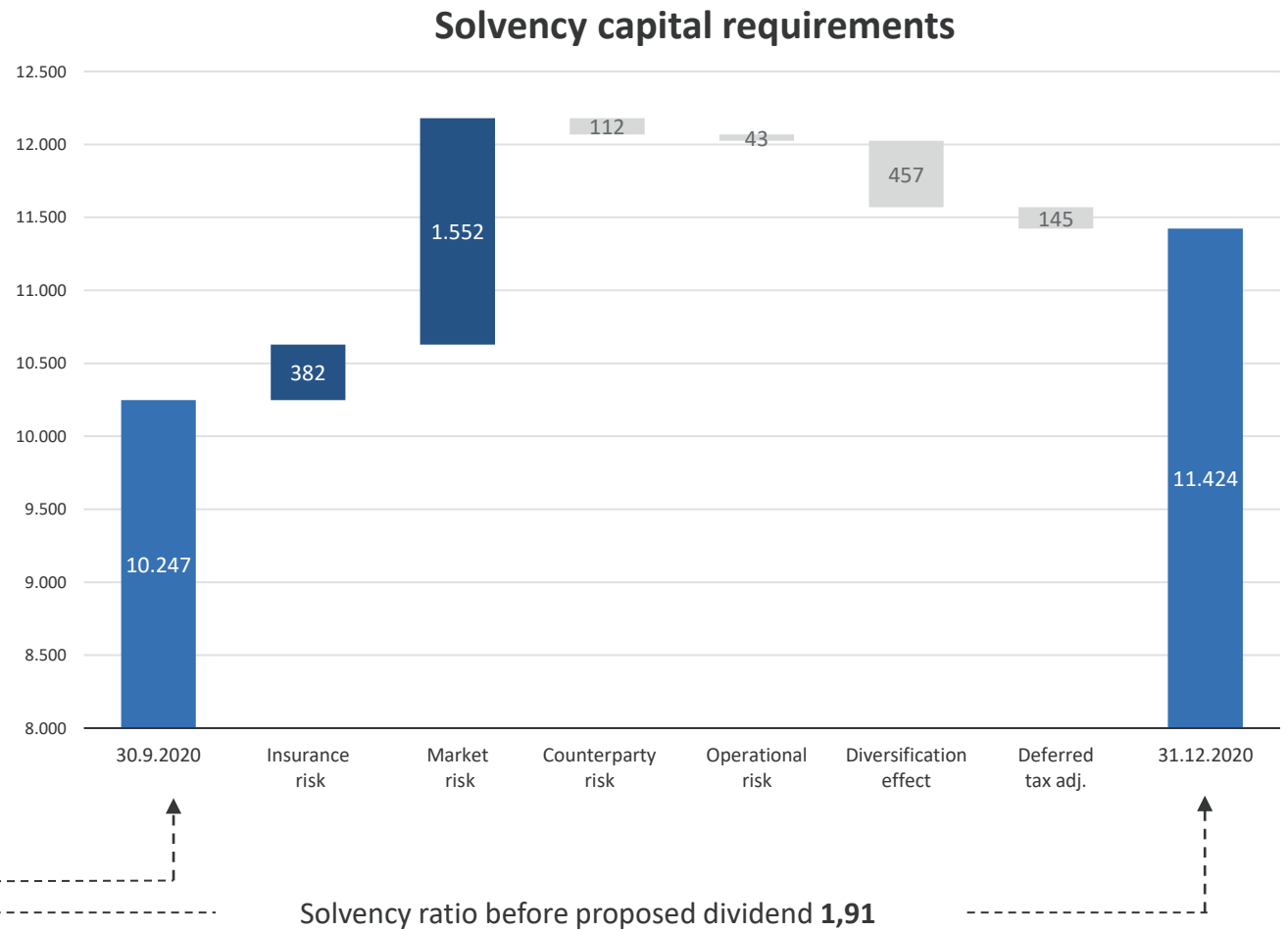
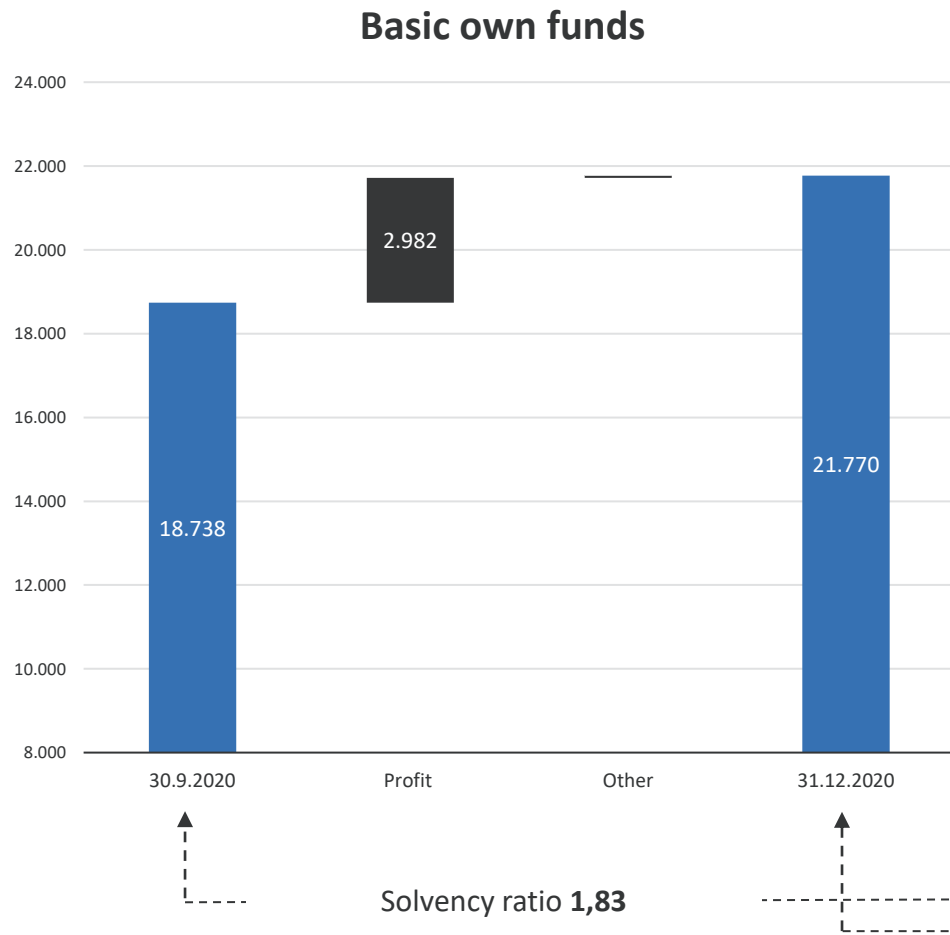
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	31.12.2020	31.12.2019
Assets		
Securities	43.783	36.549
Accounts receivables	6.728	6.463
Investments where the investment is borne by the policyholder	5.305	4.539
Cash and cash equivalents	1.160	969
Other assets	2.285	2.464
Total assets	59.261	50.984
Equity		
Share capital	1.334	1.347
Other equity	20.029	14.947
Total equity	21.364	16.294
Liabilities		
Technical provisions	29.867	27.599
Technical provisions for life-assurance policies where the investment is borne by the policyholders	5.305	4.539
Accounts payable and other liabilities	2.726	2.552
Total liabilities	37.898	34.690
Total equity and liabilities	59.261	50.984



Changes in basic own funds and solvency capital requirements

Q4 2020



Investment performance in Q4 2020

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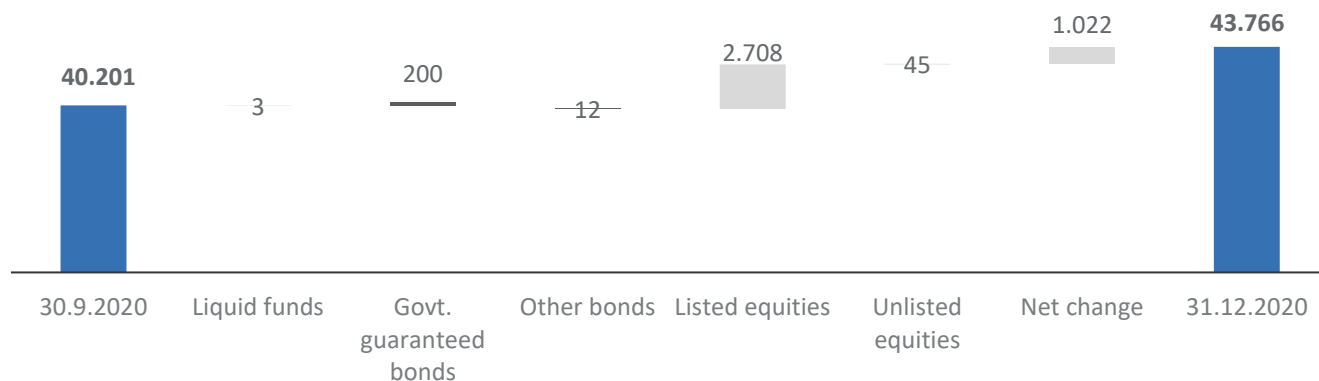
Return on the investment portfolio was 6,3% in the quarter

Asset class*	30.9.2020	Net change	Income	31.12.2020	Return
Liquid funds	949	-80	3	872	0,3%
Govt. guaranteed bonds	12.271	990	-200	13.061	-1,6%
Other bonds	14.733	814	-12	15.535	-0,1%
Listed equities	9.833	-702	2.708	11.839	27,7%
Unlisted equities	2.415	0	45	2.460	1,9%
Total	40.201	1.022	2.544	43.766	6,3%
Interest income from receivables			89		
Other investment income			-3		
Total investment income			2.630		

- › The average duration of the Group's bond portfolio was 4,5 years at the end of the quarter (4,7 years at the end of Q3 20) and the indexation rate was 47% (60% at the end of Q3 20)

Kvika asset management index return	4F 2020
Market index	10,0%
Equities	27,7%
Government bonds	-1,3%
Inflation-indexed bonds	-2,9%
Non-indexed bonds	-0,6%
Covered bonds	-0,8%

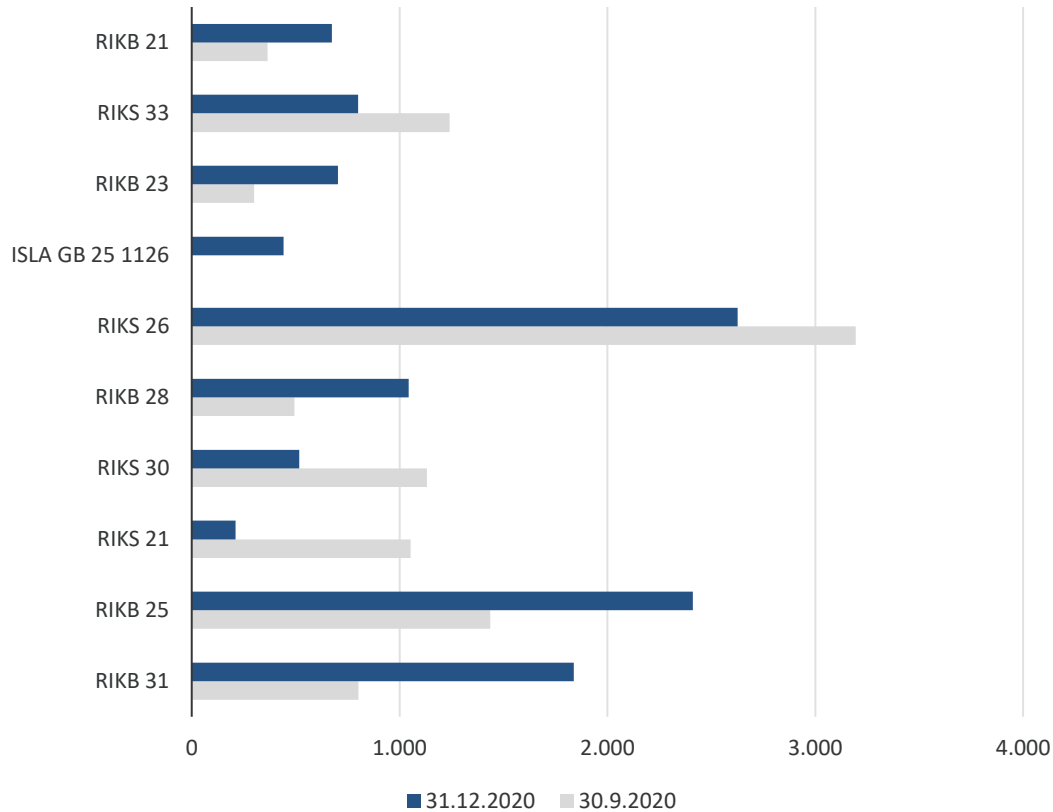
Return and changes in investment portfolio



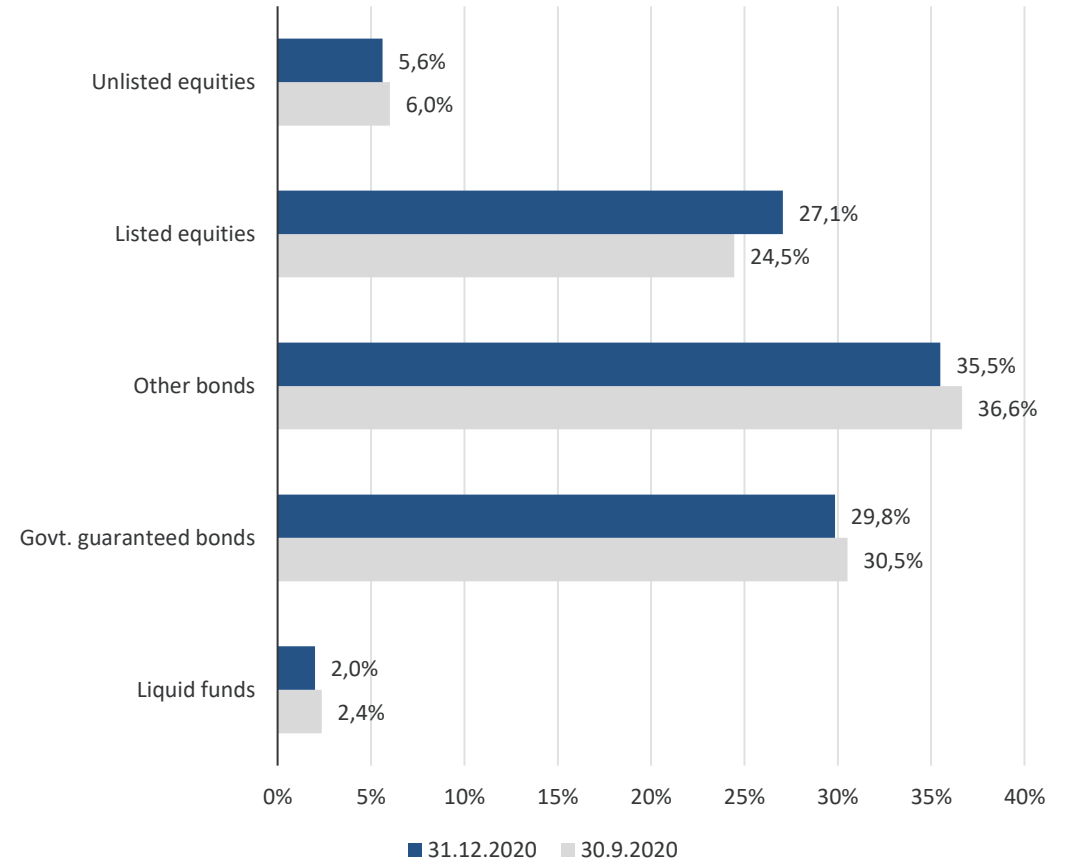
Changes to asset portfolio in Q4 2020

The proportion of listed equities in the portfolio increases in line with price increases in the stock market

Largest portfolio changes in Q4 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	31.12.2020	30.9.2020	Net change	Return	% of portfolio
RIKS 26	2.626	3.194	-502	-67	6,0%
RIKB 25	2.410	1.436	951	23	5,5%
RIKB 31	1.838	801	1.068	-32	4,2%
MAREL	1.732	1.456	12	264	4,0%
FESTI	1.551	1.575	-305	282	3,5%
ARION	1.425	1.100	43	282	3,3%
RIKB 22	1.380	1.460	-87	7	3,2%
ISLA CB 23	1.055	850	200	5	2,4%
RIKB 28	1.043	494	554	-6	2,4%
SIMINN	1.023	754	140	129	2,3%
ICESEA	1.003	661	56	285	2,3%
LBANK CB 23	992	1.032	-46	6	2,3%
Arion CB 24	989	849	133	7	2,3%
EIK	926	948	-257	235	2,1%
Arion CBI 26	868	890	-8	-14	2,0%
REGINN	844	706	-154	292	1,9%
RIKS 33	800	1.241	-367	-74	1,8%
ISLA 24	781	799	-54	36	1,8%
LSS 34	766	646	143	-23	1,8%
HAGAR	763	540	114	109	1,7%
ORIGO	729	551	-31	208	1,7%
RIKB 23	704	300	401	2	1,6%
Kvika Veðskuldabréf	686	677	0	9	1,6%
RIKB 21	674	364	308	1	1,5%
BRIM	631	631	-110	111	1,4%
Stefnir ríkisverðbréfasjóður meðallangur	571	583	0	-12	1,3%

Group investment assets exceeding ISK 500 million

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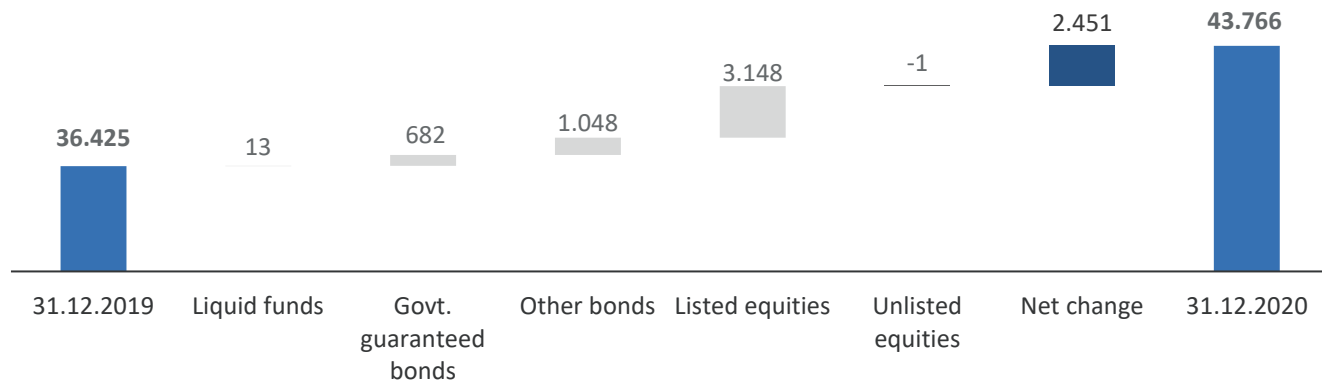
Assets	31.12.2020	30.9.2020	Net change	Return	% of portfolio
Fagfjárfestastjóðurinn IFIF	559	563	0	-5	1,3%
LBANK CBI 28	522	549	-13	-14	1,2%
RIKS 30	516	1.131	-569	-45	1,2%
Other assets	13.362	13.418	-599	542	30,5%
Total assets	43.766	40.201	1.021	2.544	

Investment performance in 12M 2020

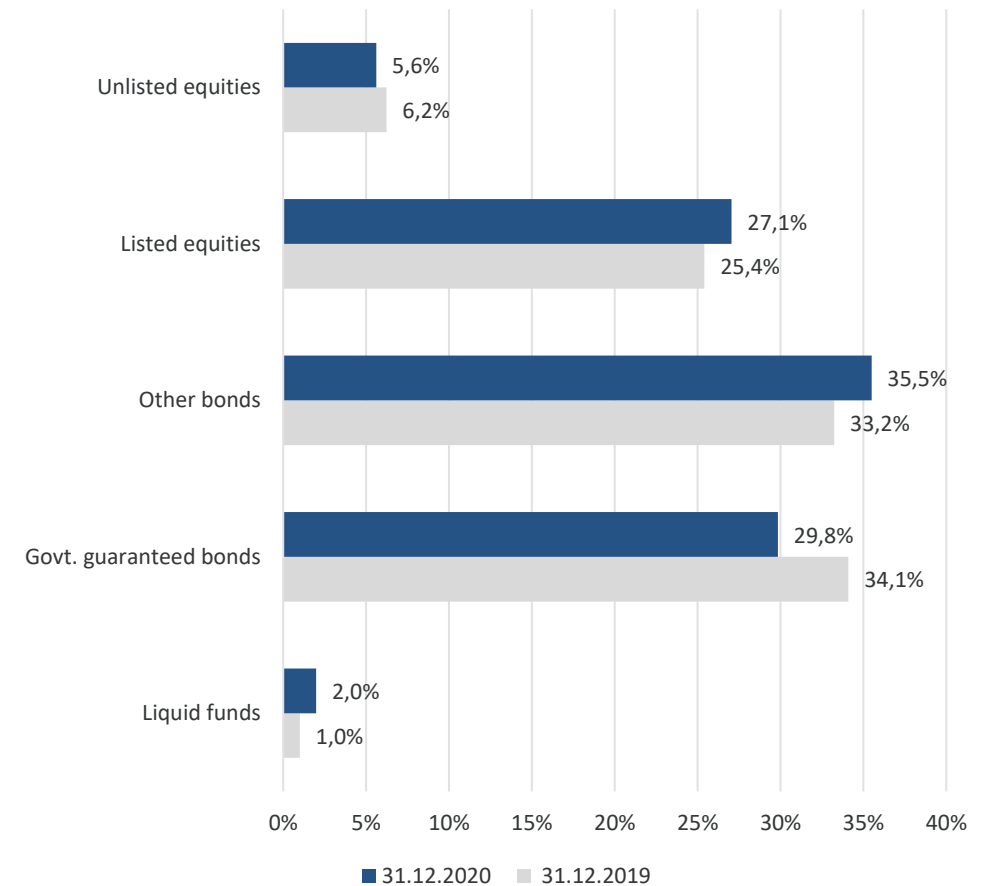
Return on the investment portfolio was 13,2% in the year 2020

Asset class*	31.12.2019	Net change	Income	31.12.2020	Return
Liquid funds	369	490	13	872	2,2%
Govt. guaranteed bonds	12.420	-41	682	13.061	6,0%
Other bonds	12.107	2.380	1.048	15.535	7,6%
Listed equities	9.255	-564	3.148	11.839	34,5%
Unlisted equities	2.274	187	-1	2.460	-0,1%
Total	36.425	2.451	4.889	43.766	13,2%
Interest income from receivables			362		
Other investment income			23		
Total investment income			5.274		

Return and changes in investment portfolio



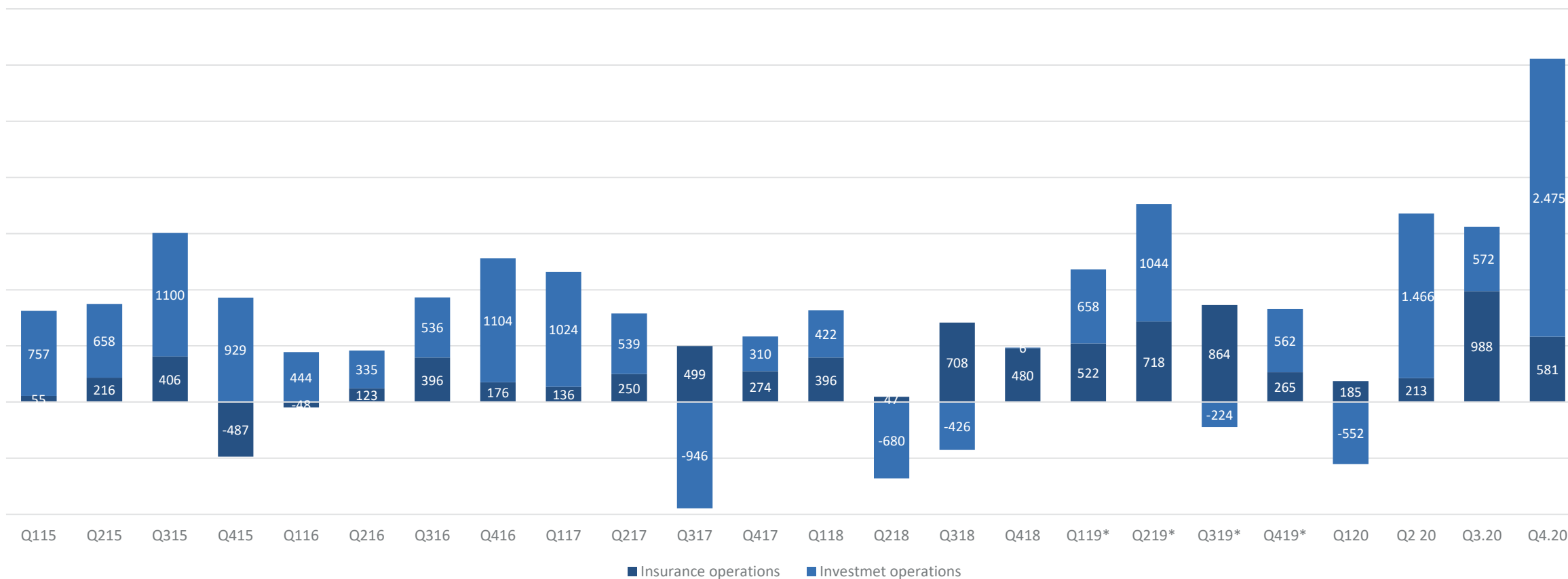
Investment breakdown*



Combination of profit/loss before tax

2015 til 2020

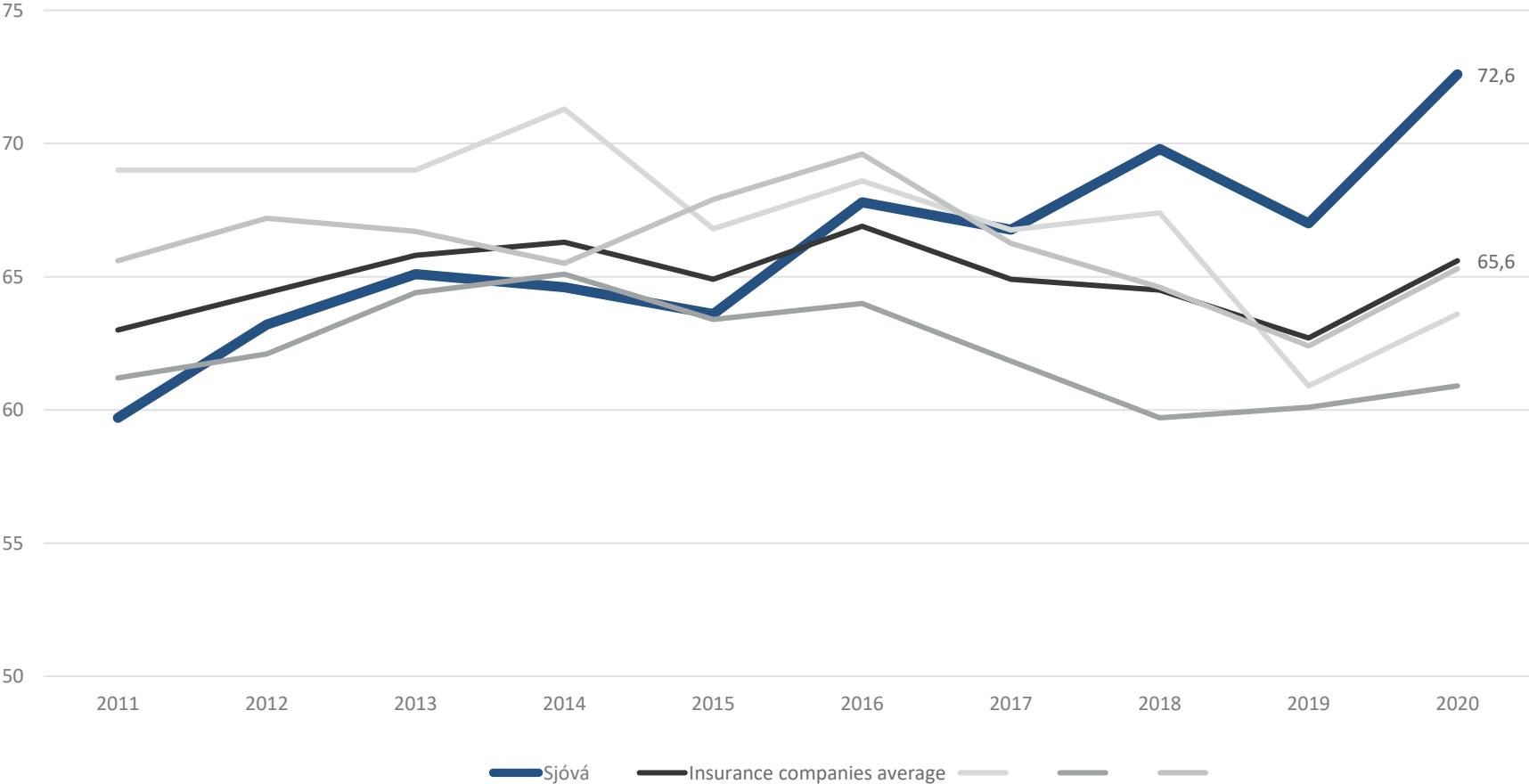
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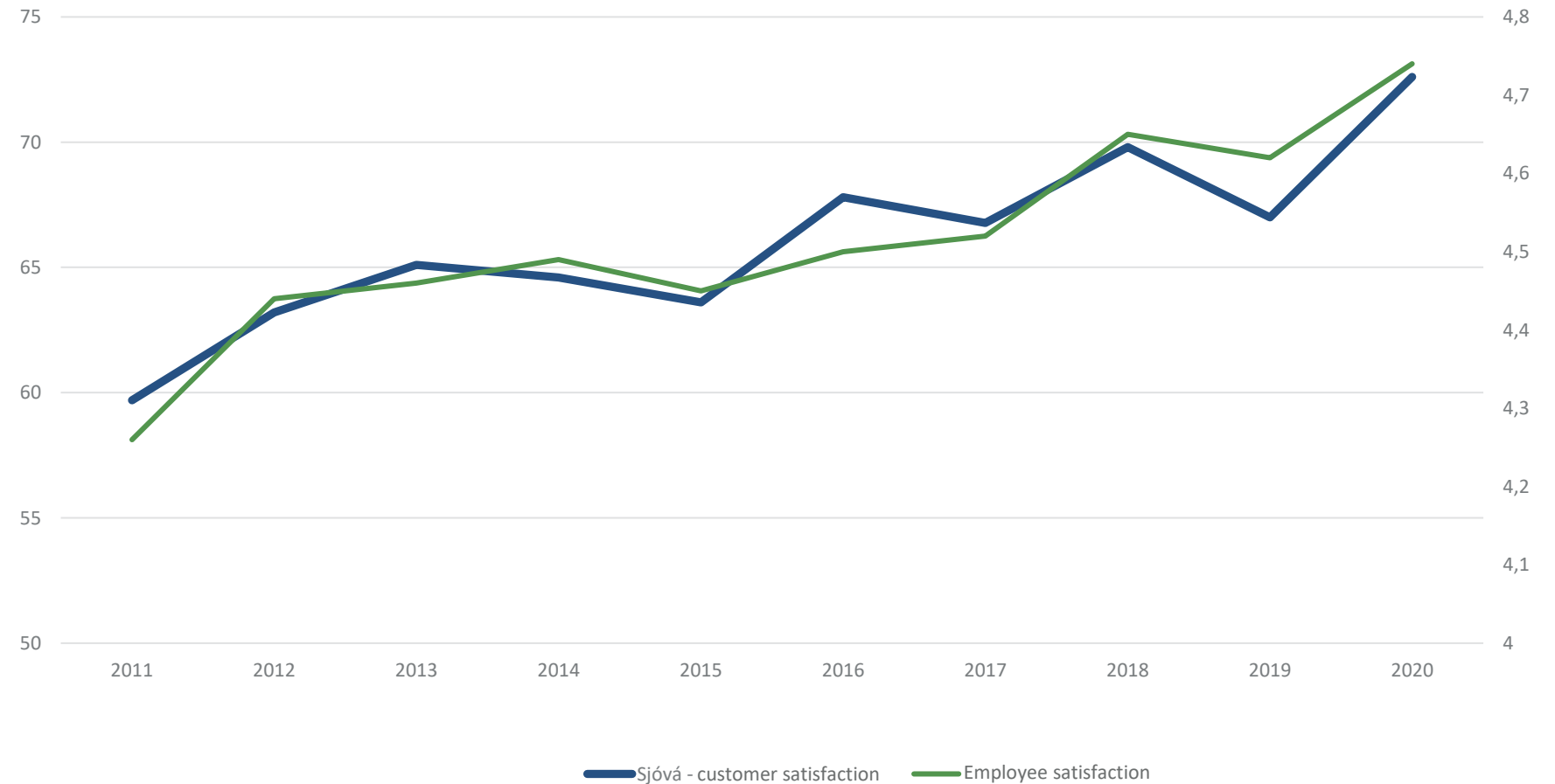
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The Icelandic Customer Satisfaction Index 2011-2020

New standards for service in the Icelandic insurance market



Customer and employee satisfaction go hand in hand

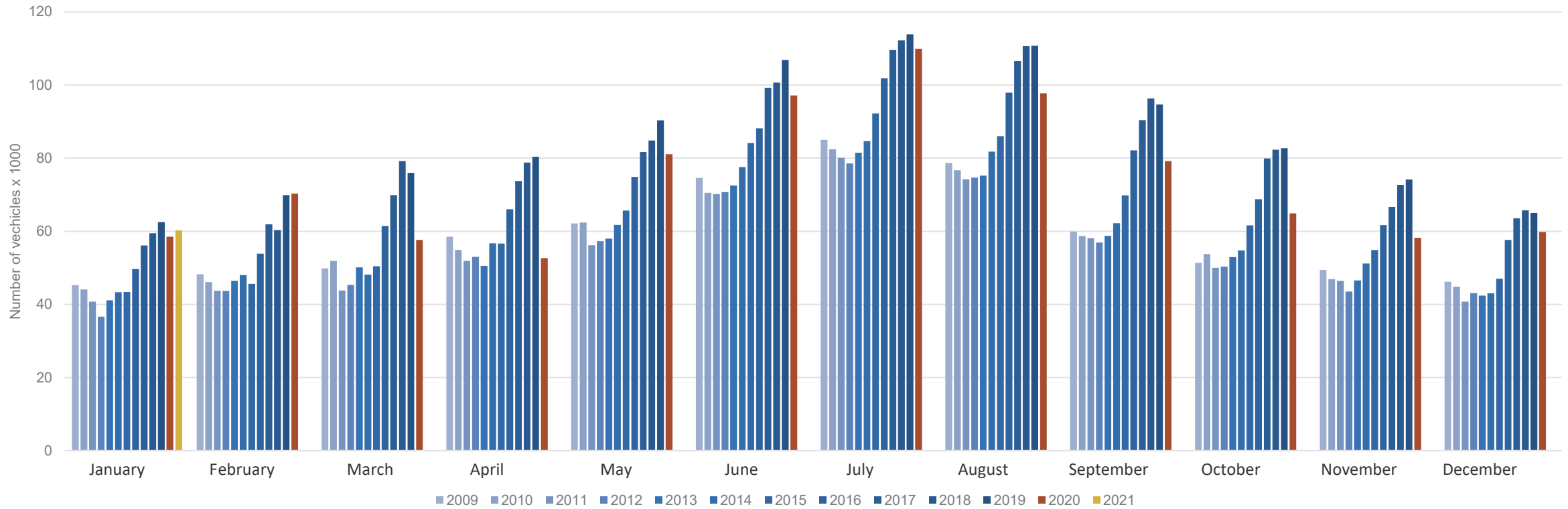


Traffic on the Ring Road

Traffic declines by 13,6% between years



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



* source: Vegagerðin (www.vegagerdin.is)

Financially strong company with robust operations

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The Company's strengths became apparent in the challenging circumstances that prevailed during the year



12M 2020

ISK 5.320m

after tax profit

92,0%

combined ratio

Investment income

ISK 5.274m

Return on investment portfolio

13,2%



Eventful year

Stable and profitable underwriting operations

Customers supported with the cancellation of the portion of premiums due in May

Collaboration with large parties within the tourism industry

Return on investment assets under management far exceeds expectations

Employees have shown great resilience under extraordinary circumstances



Dividend

The Board of Directors proposes a dividend amounting to **50%** of 2020 earnings, for a total payout of about **ISK 2.650m** (ISK 1,99 /share)

Extreme caution exercised in the management of capital and determination of dividends, in full compliance with the recommendations of regulators

Solvency ratio of **1,67** after the planned dividend

The solvency ratio is near the upper limit of the Board of Directors' risk appetite and efforts will be made to move it back to its prior level when uncertainty decreases; the Board of Directors may convene a shareholders' meeting for this purpose



Leading service company

Continued focus on attracting new customers with an emphasis on healthy premium growth 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

New standards have been set for services in the Icelandic insurance market and our aim is set even higher

2020 sendum við

2.000

þjónustukannanir út mánaðarlega til einstaklinga.



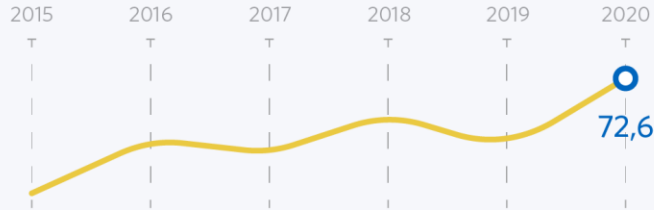
Staðið með ferðaþjónustufyrirtækjum og vernd löguð að nýjum aðstæðum að okkar frumkvæði.

25%

aukning í tjonstilkynningum viðskiptavina í gegnum vefinn á milli ára.



Efst í Ánægjuvoginni fjögur ár í röð. Fyrirtæki ársins 2018, 2019 og 2020. Viðskiptaverðlaun 2020.



Sjóvá fékk nýlega hæstu einkunn í Ánægjuvoginni sem tryggingafélag hefur fengið.



Í fararbroddi í jafnréttismálum. Hlutum Hvatningarverðlaun jafnréttismála 2020.

92%

samsett hlutfall á árinu 2020.

Á árinu 2020 hafa viðskiptavinir Sjóvá fengið samtals

1.300 m.kr

greiddar í formi niðurfellingar maí gjalddagans og vegna tjonleysis.

13,2%

ávöxtun á fjárfestingar-eignir í stýringu.

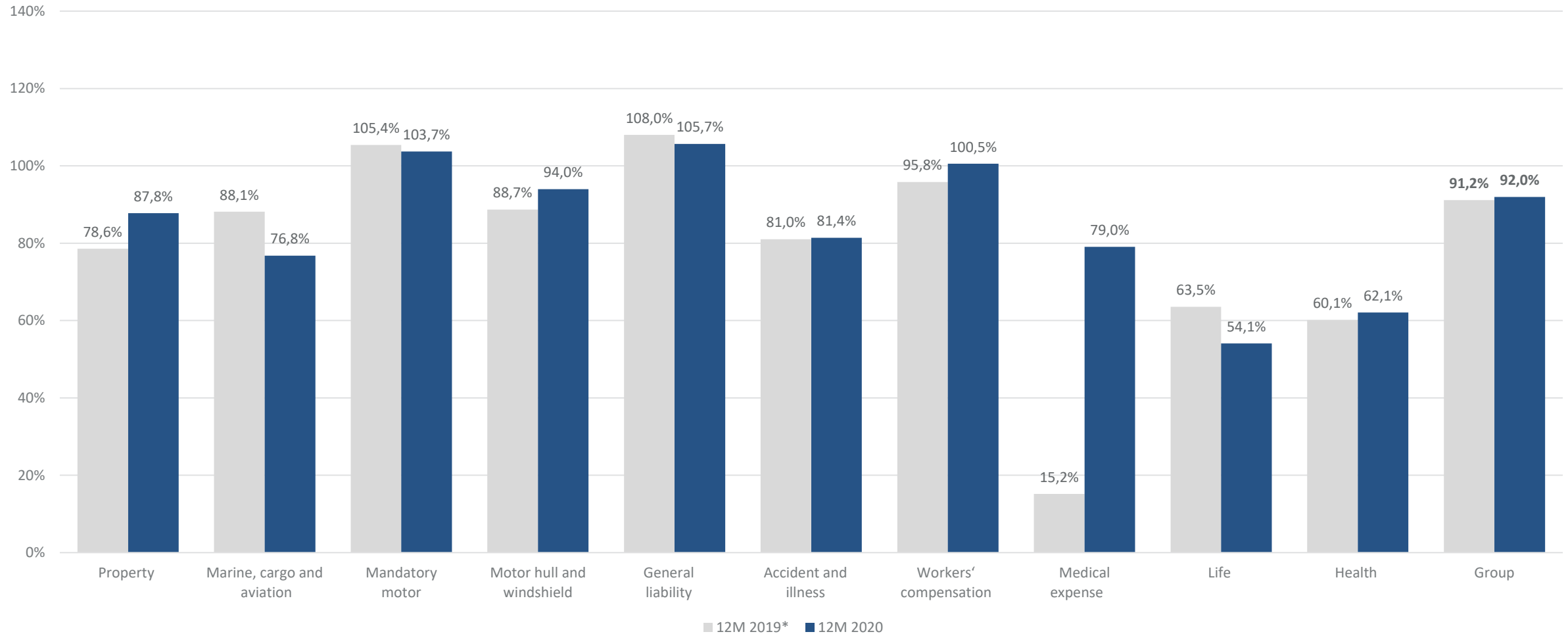
28,3%

ávöxtun eigin fjár.

Appendices and Disclaimer

Combined ratio

12M 2020 and 12M 2019 by insurance segment

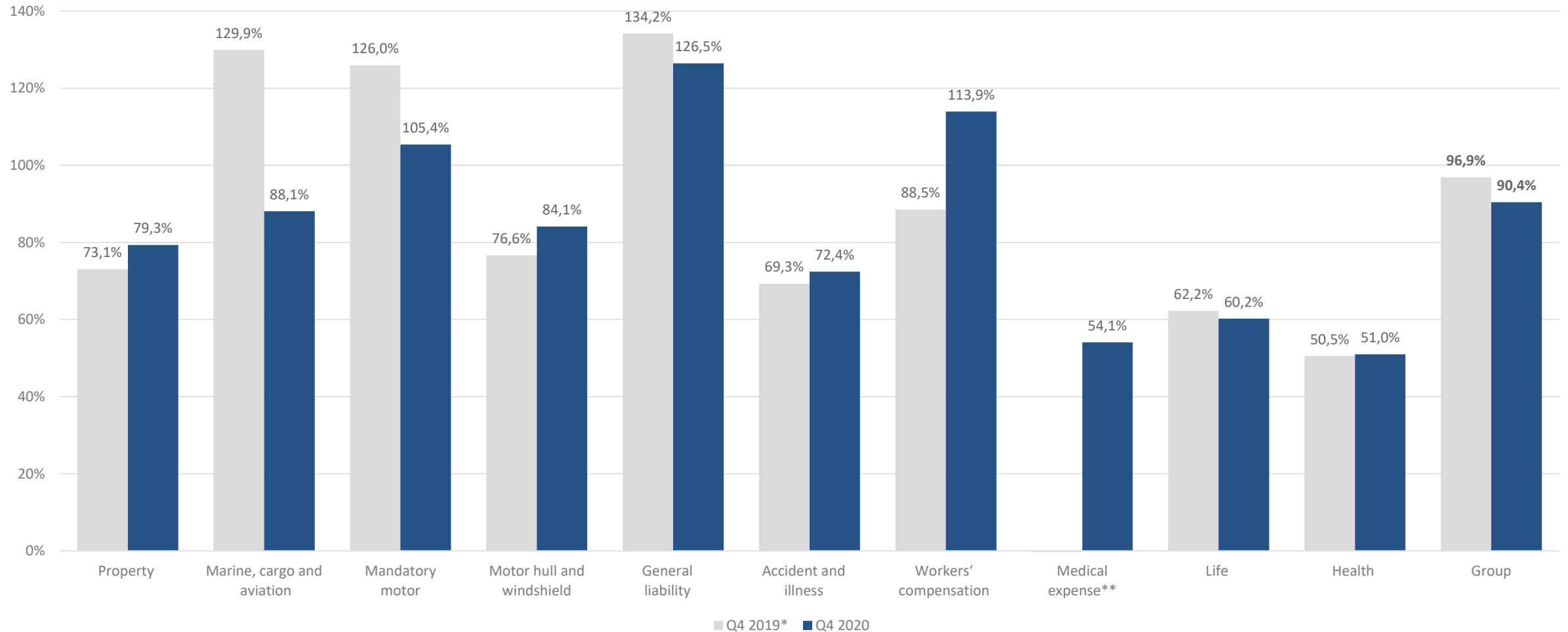


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Samsett hlutfall

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4F 2020 og 4F 2019 eftir váttryggingagreinum



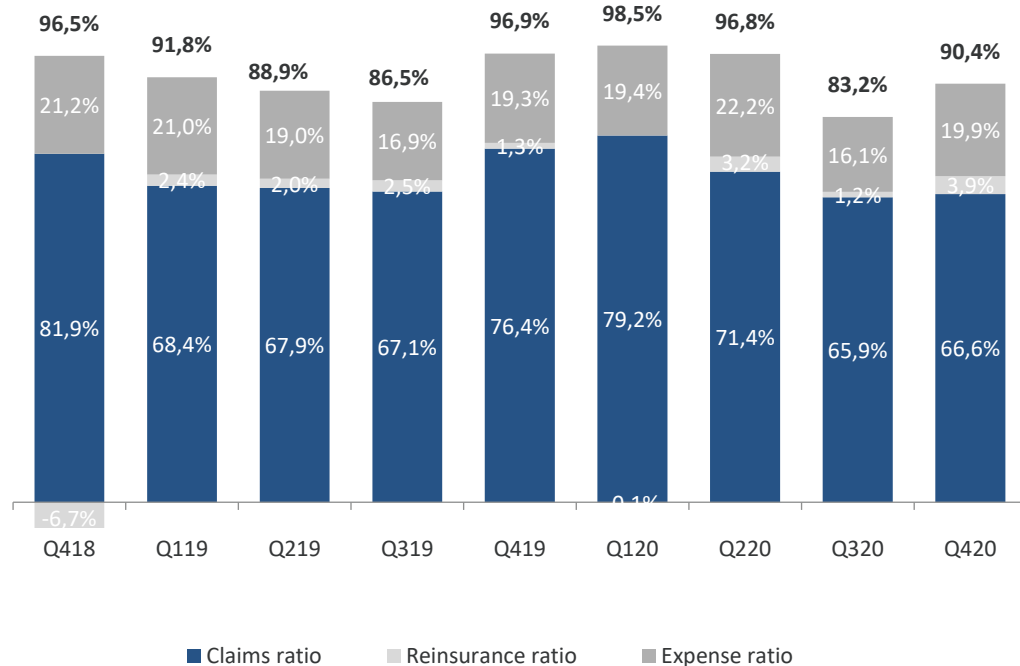
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** -107,8% in Q4F 2020 due to a small premium base which can cause large fluctuations in the combined ratio over short periods of time

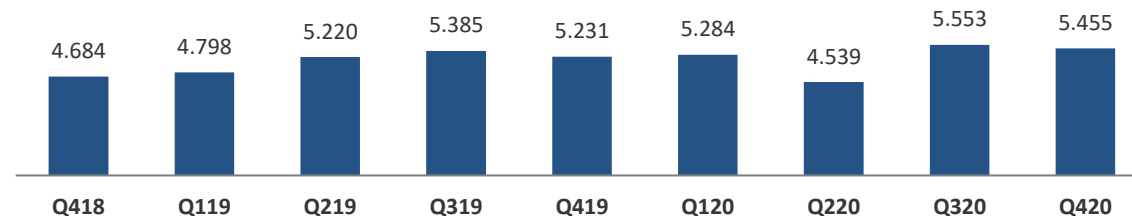
Development of key indicators over preceding quarters

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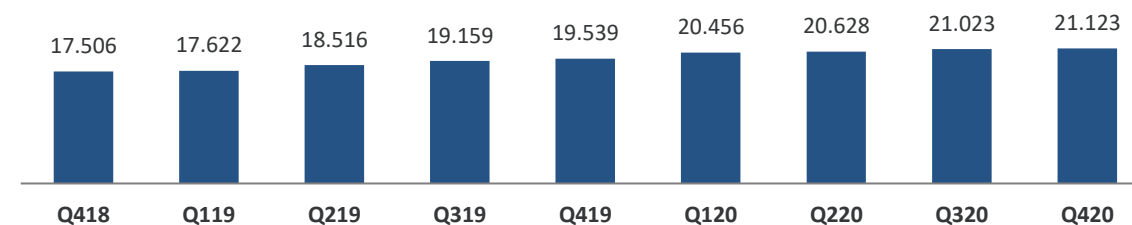
Combined ratio



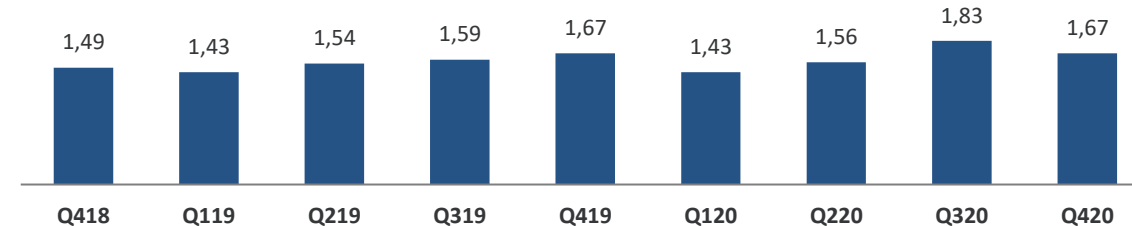
Premiums earned



Claim provision



Solvency margin



Development of key indicators

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	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019*	Q3 2019*	Q2 2019*	Q1 2019*	Q4 2018
Insurance operations									
Premiums earned	5.455	5.553	4.539	5.284	5.231	5.385	5.220	4.798	4.684
Outward reinsurance premiums	5.234	5.332	4.288	4.963	5.005	5.163	4.970	4.563	4.431
Investment income from insurance operations*	30	30	42	73	76	111	124	129	314
Claims incurred*	-3.633	-3.659	-3.242	-4.185	-3.994	-3.614	-3.543	-3.282	-3.839
Claims incurred, net of reinsurance*	-3.684	-3.508	-3.158	-3.873	-3.863	-3.582	-3.463	-3.201	-3.357
Operating expenses of insurance operations	-1.088	-897	-1.007	-1.027	-1.008	-911	-993	-1.007	-993
Profit from insurance operations	581	988	213	185	265	864	718	522	480
Investment operations									
Investment income from investm. operations*	2.600	717	1.812	-30	761	-6	1.416	1.029	71
Insurance technical interest*	-68	-36	-228	-346	-110	-135	-287	-273	
Operating expenses of investment operations	-57	-110	-118	-176	-88	-83	-86	-98	-65
Profit/loss from investment operations	2.475	572	1.466	-552	562	-224	1.044	658	6
Profit/loss before income tax	3.056	1.560	1.679	-366	827	640	1.762	1.180	486
Income tax	-74	-294	-142	-99	-19	-197	-214	-127	-94
Comprehensive income/loss for the year	2.982	1.266	1.538	-465	808	443	1.548	1.053	392

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

Amounts are in ISK million

25

Development of key indicators

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	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019*	Q3 2019*	Q2 2019*	Q1 2019*	Q4 2018
Claims ratio*	66,6%	65,9%	71,4%	79,2%	76,4%	67,1%	67,9%	68,4%	81,9%
Reinsurance ratio	3,9%	1,2%	3,2%	-0,1%	1,3%	2,5%	2,0%	2,4%	-6,7%
Cost ratio	19,9%	16,1%	22,2%	19,4%	19,3%	16,9%	19,0%	21,0%	21,2%
Combined ratio*	90,4%	83,2%	96,8%	98,5%	96,9%	86,5%	88,9%	91,8%	96,5%
Operating ratio	89,9%	82,4%	95,4%	96,6%	95,5%	84,3%	86,6%	89,5%	
Return on equity on an annual basis	63,3%	29,2%	36,8%	-11,7%	21,5%	11,9%	42,0%	30,0%	10,8%
Earnings per share	2,22	0,95	1,15	-0,35	0,62	0,32	1,12	0,76	0,27
Result of reinsurance	-211	-67	-146	7	-67	-133	-110	-146	
Technical provision	29.867	31.086	31.494	31.740	27.599	28.572	28.812	28.190	24.738
Total assets	59.261	57.519	56.658	54.631	50.984	51.516	51.831	49.807	50.984
Equity	21.364	18.382	17.116	15.578	16.294	15.869	15.666	14.228	13.827
Solvency ratio SII after dividend payment	1,67	1,83	1,56	1,47	1,67	1,59	1,54	1,43	1,49
Minimum capital ratio	4,40	4,24	3,93	3,65	4,08	4,06	4,01	3,70	

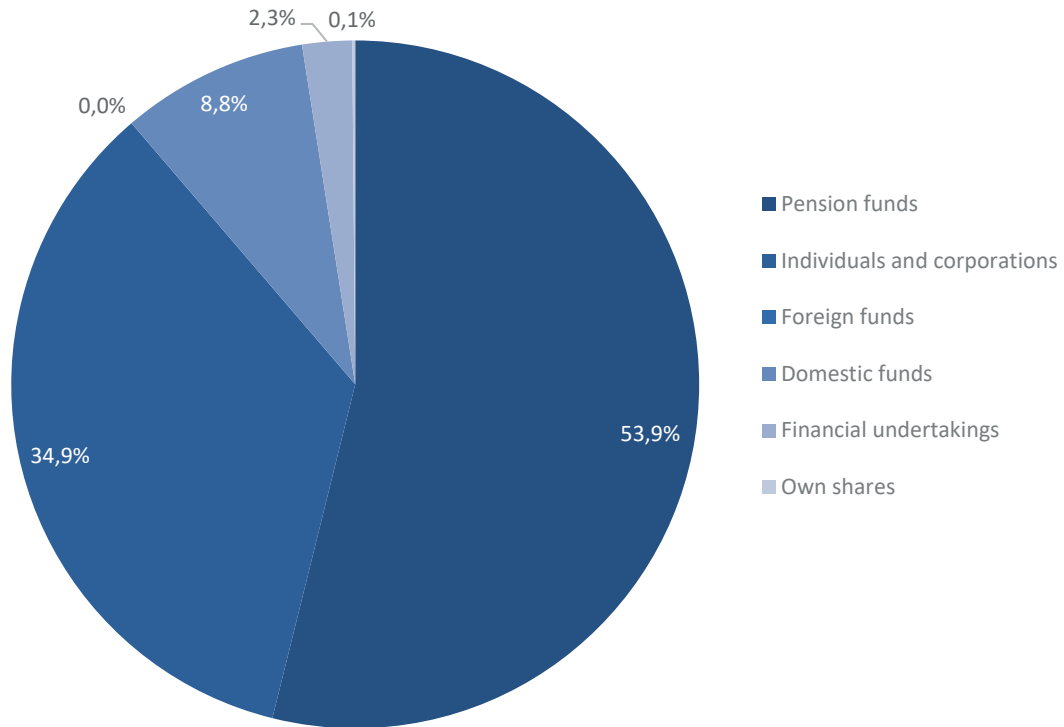
* the comparative figures for 2019 have been adjusted in accordance with FME CBI Guidelines No. 1/2020

Distribution of shareholders

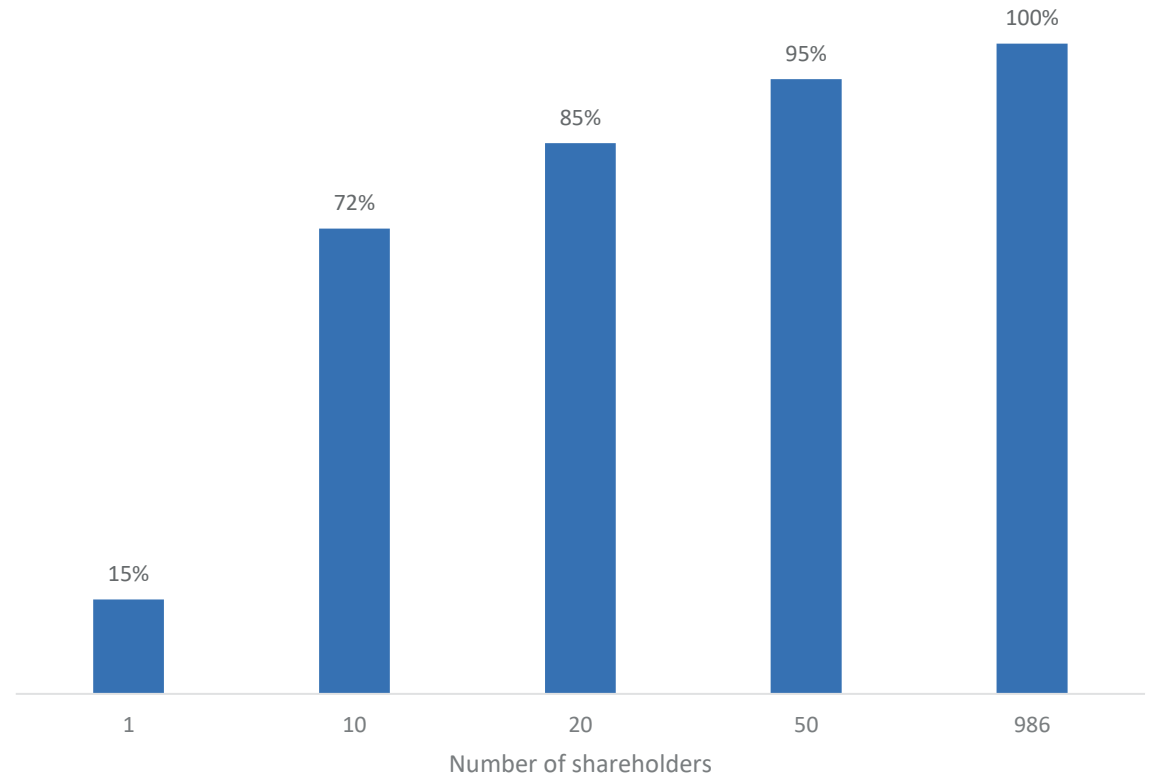
986 shareholders as of February 8 2021



Shareholders



Total shareholdings



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