



Q4 presentation 2015

1 March 2016



Espen Husstad, CEO



Bård Standal, CFO

Executive summary

- Growth in premium income and portfolio
 - New management team in place
 - Underlying financial performance masked by one-offs
- Capital position positively impacted by Solvency II but still challenging
 - Transition to solvency II from 1 January 2016
 - Solvency II capital margin ratio (SII) at 110%
- The Board of Directors has decided to evaluate and consider all strategic alternatives



New senior management in place



Bård Standal appointed CFO in February 2016



- Joined Vardia from the position as SVP Finance for the Orkla group
- Significant experience from inside and outside the Nordic insurance sector
- Extensive financial and legal background including SVP Strategic Execution in Statkraft and Chief Legal Officer in Statoil Fuel & Retail

Jonas Billberg appointed Chief Operating Officer in October 2015

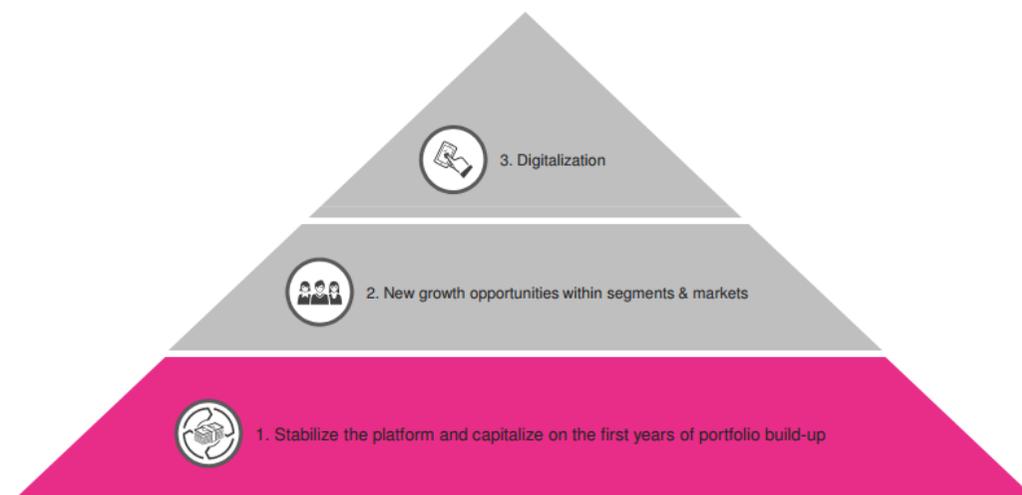


- Oversees Nordic operations within distribution, claims handling, marketing and IT
- Extensive experience from several leading positions at If P&C Insurance

Both will play a key role in Vardia's future development

Strategy

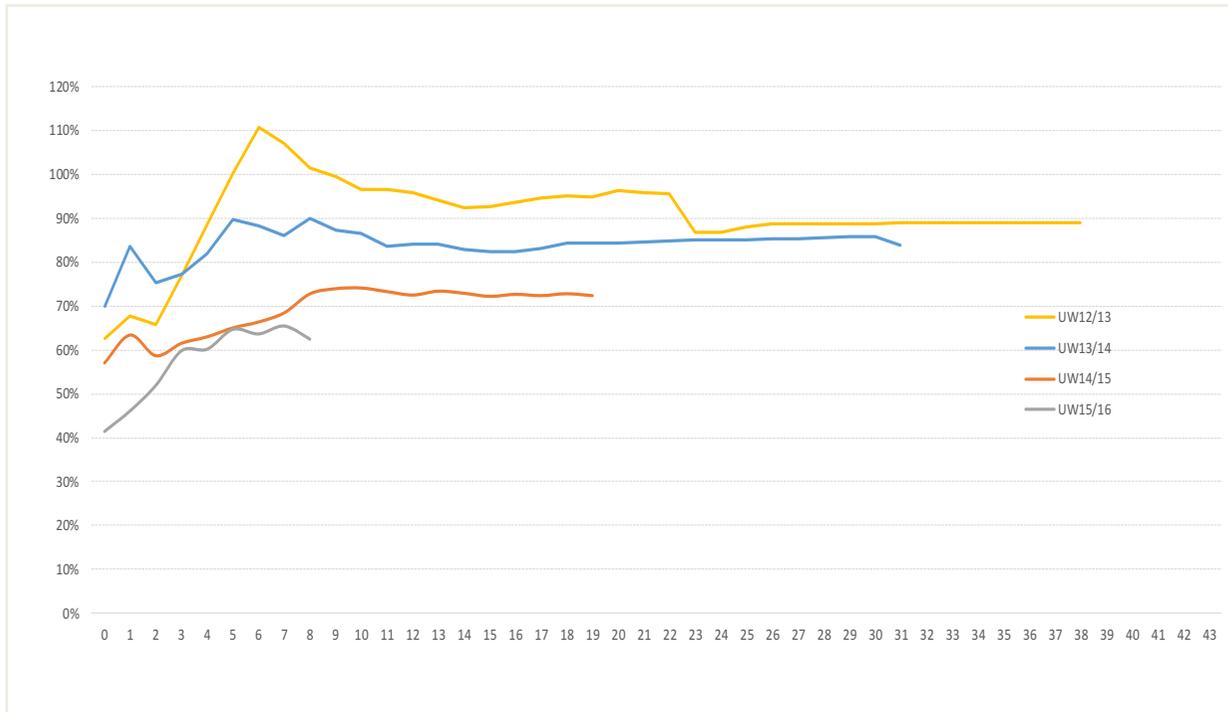
- Vardia holds a sizeable Scandinavian portfolio
 - The market cost of building it matches well the accumulated investment made in Vardia
 - Significant earnings potential in place
- The Board of Directors has decided to evaluate and consider all strategic alternatives
 - Vardia and its portfolio has significant strategic and financial value.
 - in order to unlock the underlying potential and maximize shareholder value. Vardia has engaged financial advisors to assist in this process.
- Next step: Establish a sustainable operation
 - Stabilizing the platform
 - Capitalizing on the portfolio build-up



* Presented in Q3/15 result presentation

Focus on operational improvements

Maturing



Portfolio: Motor Sweden & Norway
 The graph shows development of claims ratio per month (number of months) since the start of each UW-year, for the full UW-year.

Pruning

- Cancellations of large wooden risks
- Cancellation of risks in the restaurant segment

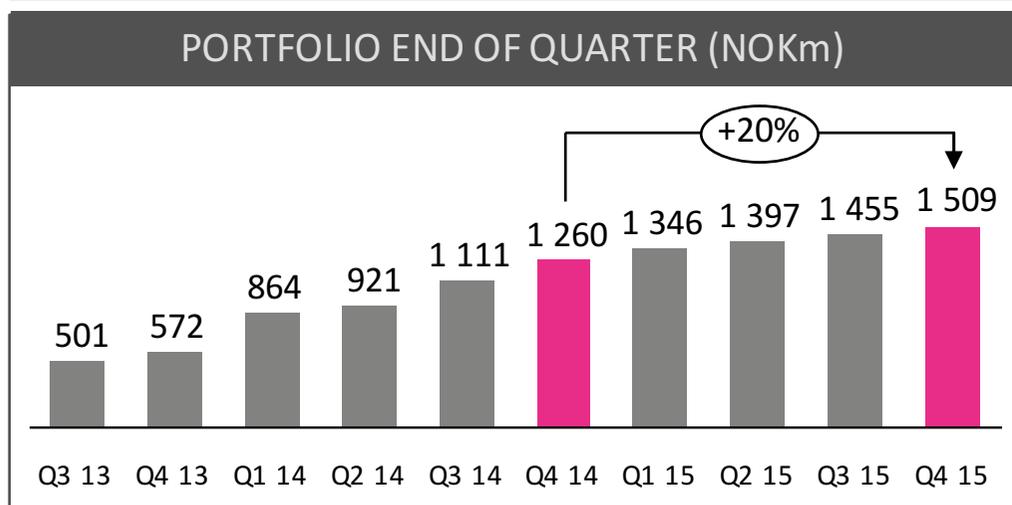
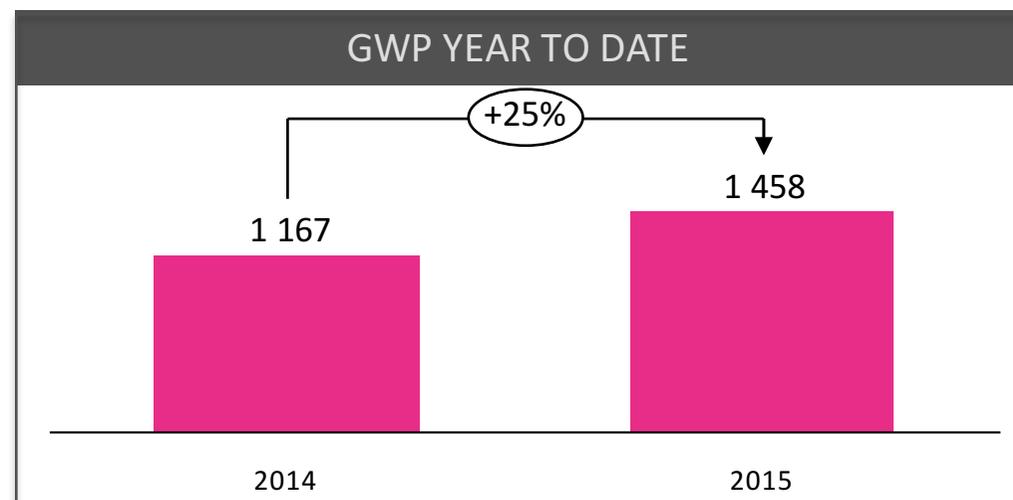
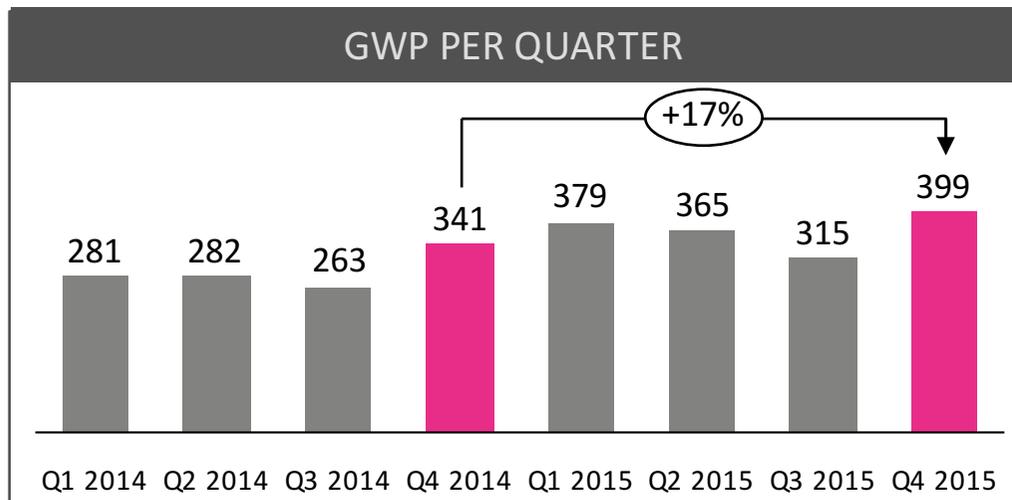
Commerical buildings Norway:

- Large Wooden Buildings
 - Claims ratio 998,2%
 - Premium ~6 MNOK
- Remaning of Portfolio
 - Claims ratio 36,7%
 - Premium ~50 MNOK

Q4 financial highlights

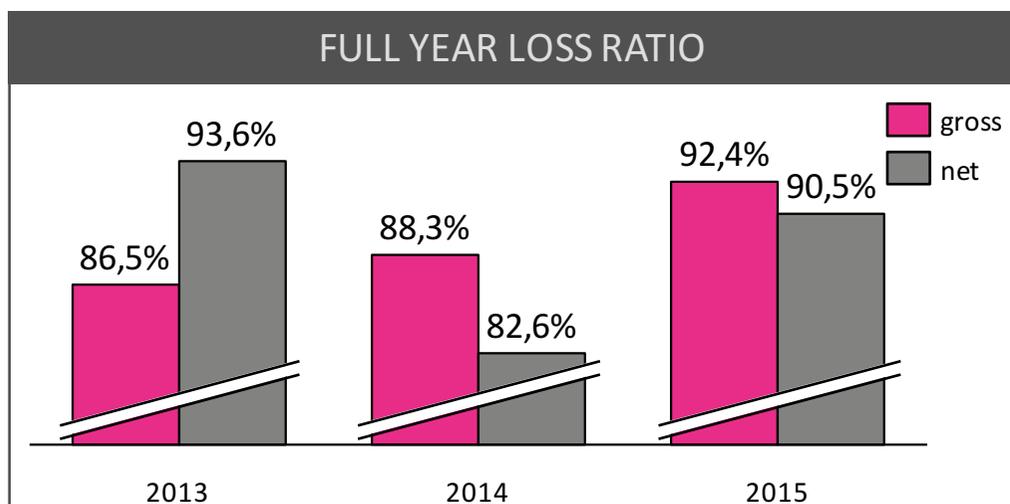
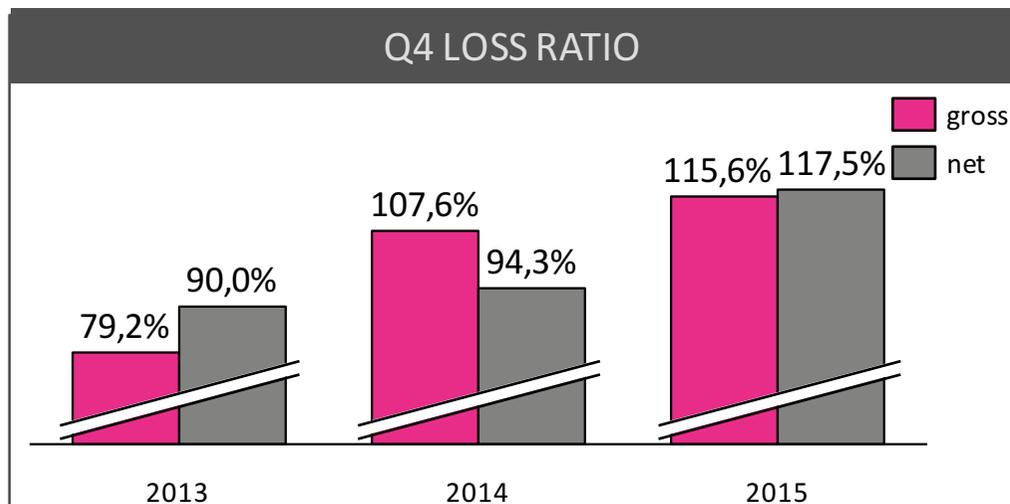


Financial highlights Q4 – continued premium growth



- ### TOP LINE TAKEAWAY
- Continued strong top-line growth in Q4 2015
 - GWP up 17% Y-o-Y
 - Portfolio growth of NOK 249m from 2014
 - Norway and Sweden up about NOK 105m each
 - Denmark added NOK 37m

Loss ratio development – special items blurring Q4 performance



LOSS RATIO TAKEAWAY

Q4 2015

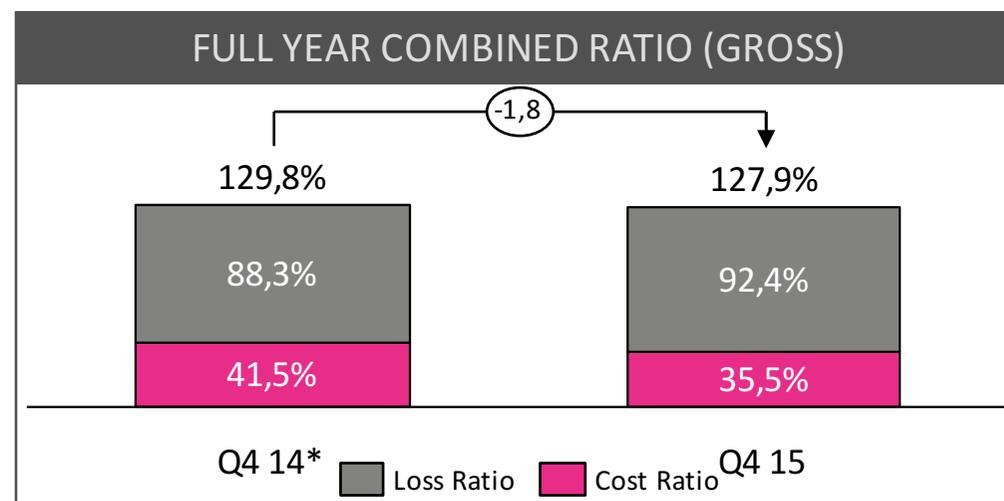
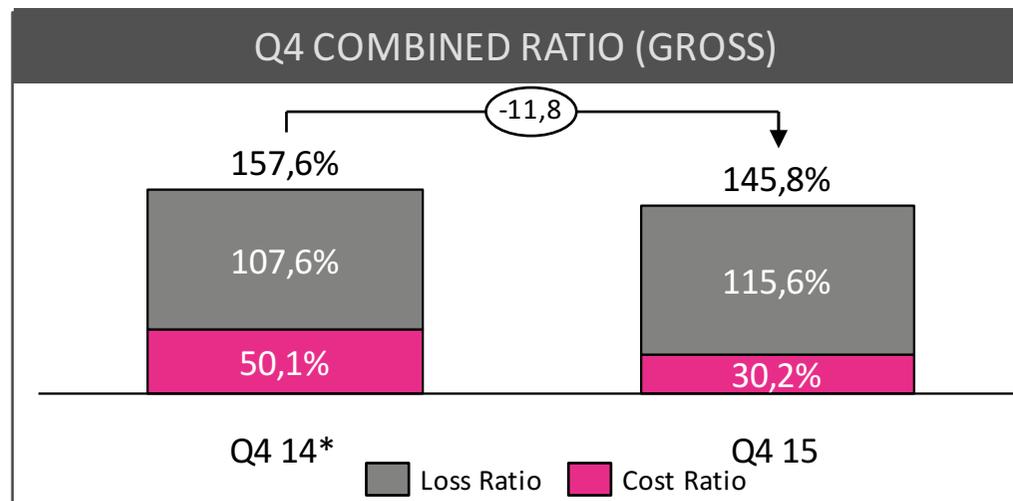
- Three large losses* with a total negative effect of NOK 47 million (13.0%-points) on gross losses
- IBNR reserves increased with NOK 130 million in Q4 to a total of 352 million (gross)
- Higher NatCat from increased market share (2.1%-points)
- Claims handling expense (CHE) at 7.7%

Full year 2015

- 4.1ppt adverse from 2014
 - Large losses represent 8.5%-points of the gross loss ratio
- Gross loss ratio also includes claims handling costs at 7.2%-points.
 - This is partly insourced from 1 January 2016 in order to reduce CHE

* Large losses: losses > NOK 5 million

Combined ratio – mainly influenced by adverse one-offs on losses



TAKEAWAY

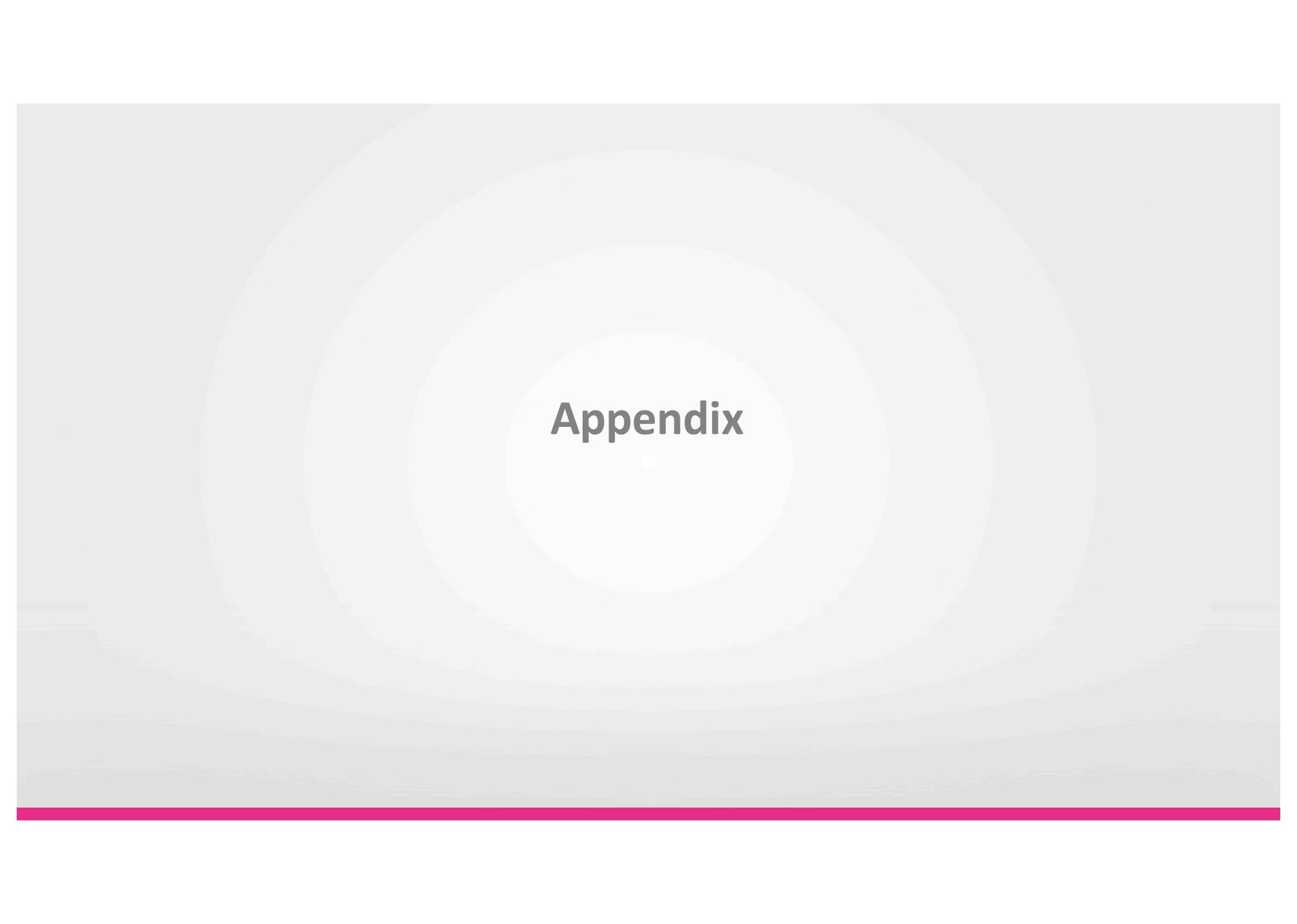
Q4'15 improving 11.8%-points from Q4'14, despite "one-offs":

- Losses affected by
 - IBNR strengthened by 59%-points (gross)
 - Adverse gross effect from large losses, including the high profile Nedre Foss Gård, Oslo
- One-off costs largely driven by extraordinary items (audit fees, consultancy, legal counselling) related to Q3'15 audit
- Adverse effect on Combined Ratio from losses and costs mentioned above is 39%-points

Satisfactory capital position



SOLVENCY MARGIN	TAKEAWAY
<p data-bbox="376 571 864 609">SOLVENCY 1 PER 31.12.2015</p> <p data-bbox="510 746 730 826">42 %</p>	<ul data-bbox="1167 507 2107 1007" style="list-style-type: none"><li data-bbox="1167 507 2107 608">▪ Satisfactory solvency margin as of 1 January 2016 under Solvency II<li data-bbox="1167 703 2107 746">▪ Vardia has conducted a solvency margin audit<li data-bbox="1167 847 2107 1007">▪ Solvency margin recovered under the transition to Solvency II from Solvency I as previously communicated
<p data-bbox="398 995 842 1034">SOLVENCY 2 PER 1.1.2016</p> <p data-bbox="488 1171 752 1251">110 %</p>	

The background features a series of concentric circles in shades of gray, centered on the page. At the bottom, there is a solid horizontal bar in a vibrant pink color.

Appendix

Results



NOK thousands	Q4 2015	Q4 2014*	2015
Gross premiums written	399 224	340 512	1 458 269
Gross premiums earned	367 396	281 477	1 343 963
Premiums earned f.o.a.	93 556	70 400	346 170
Gross Incurred claims	-424 829	-302 775	-1 241 954
Incurred claims f.o.a.	-109 886	-66 420	-313 448
Operating expenses for own account	-49 966	-97 446	-250 279
Other income/expenses	-431	1 637	12 165
Techn. result before changes in sec.reserves**	-66 726	-91 830	-205 392
Net financial income	2 166	9 059	-943
Operating result	-64 561	-82 770	-206 335
Changes in security reserves etc.	-5 729	-1 974	-14 755
Profit/Loss before tax	-70 290	-84 744	-221 090
Profit/Loss after tax	-57 492	-85 104	-212 094
<i>Gross loss ratio</i>	115,6	107,6	92,4
<i>Gross cost ratio</i>	30,2	50,1	35,5
<i>Gross Combined ratio</i>	145,8	157,6	127,9
<i>Loss ratio f.o.a.</i>	117,5	94,3	90,5
<i>Cost ratio f.o.a.</i>	53,4	138,4	72,3
<i>Combined ratio f.o.a.</i>	170,9	232,8	162,8

* Figures are restated to reflect decreased deferral of incremental acquisition costs

** Figures are ex. allocated return on investment transferred from the non-technical account

Balance sheet



NOKm	31.12.2015	30.09.2015	31.12.2014
Various Assets	131	123	135
Bank deposits/Money market funds	317	347	185
Reinsurers share of gross technical reserves	1 111	981	792
Receivables direct insurance and reinsurance	502	482	400
Other Assets	253	194	121
Total Assets	2 314	2 127	1 633
Total Equity	204	213	27
Subordinated loan	74	74	0
Gross Premium Reserve	753	704	610
Gross claims reserve	705	592	431
Other technical provisions	47	41	32
Pension liabilities	0	8	8
Financial liabilities	531	495	524
Total liabilities	2 109	1 914	1 606
Total equity and liabilities	2 314	2 127	1 633

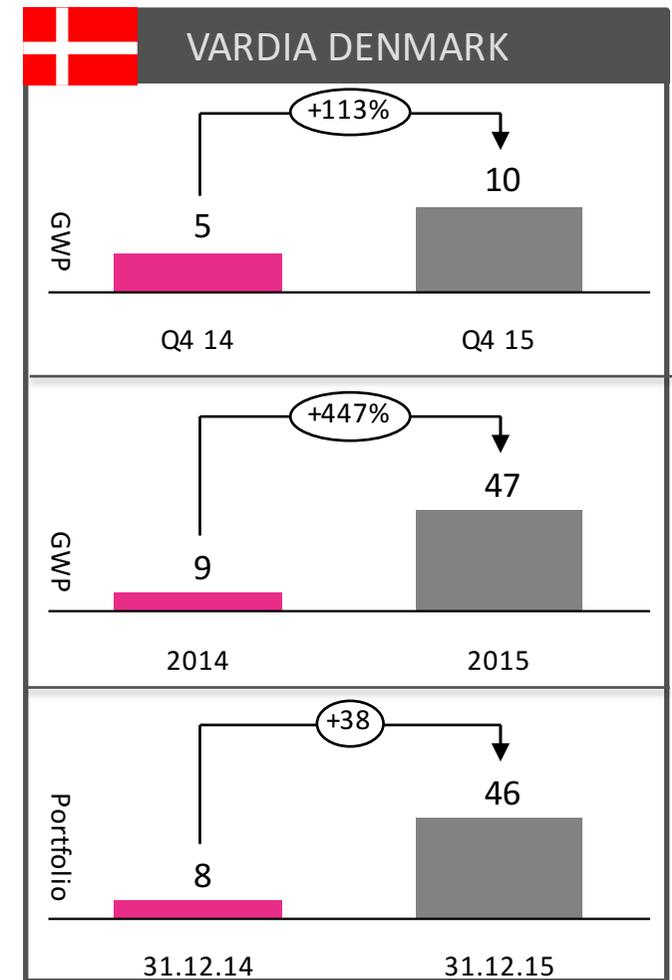
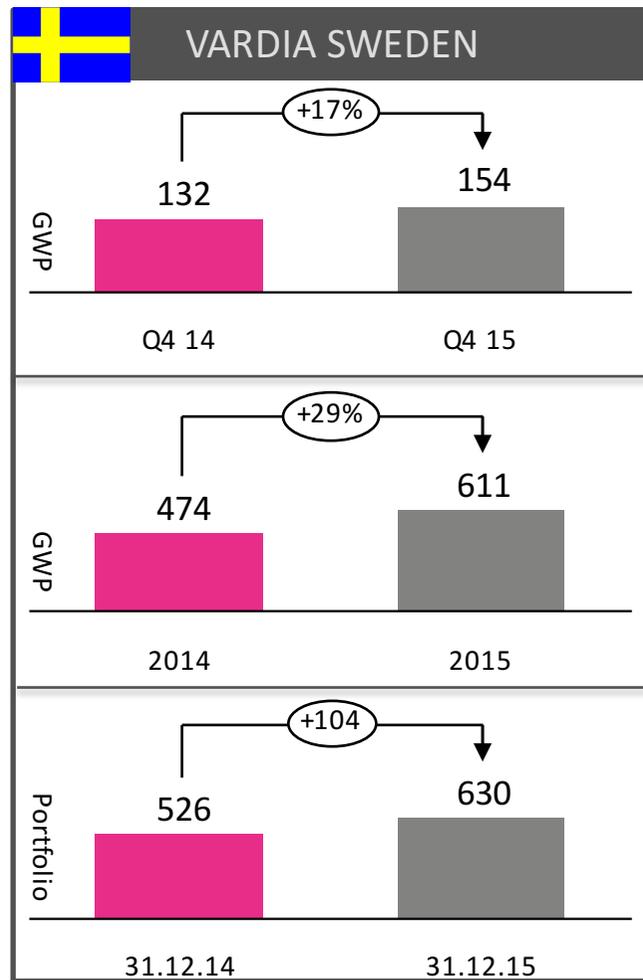
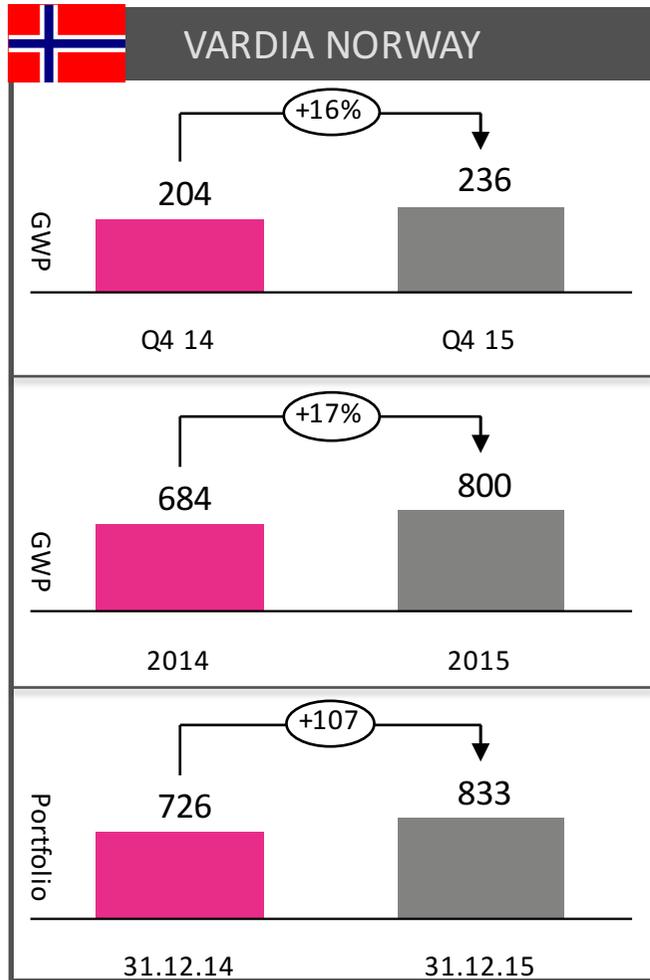
- The Group's total assets increased from NOK 2,127 million in Q3 to NOK 2,241 million in Q4
- Vardia pursues a conservative investment policy, with all liquid assets deposited in banks and money market fund

Top 20 shareholders – 23 February 2016

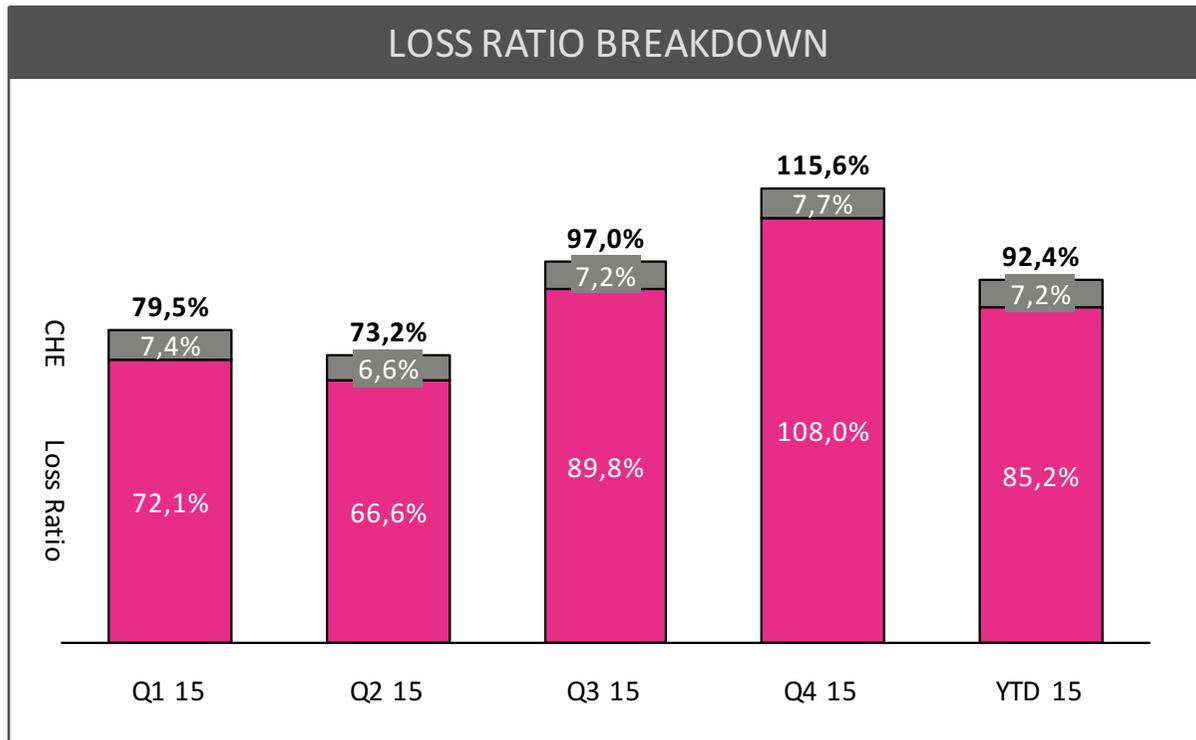


Shareholder's name	No. of Shares	Percent	Nationality
Avanza Bank AB (Broker account)	43 531 717	9,72 %	SWE
Skandinaviska Enskilda Banken AB (Nominee)	28 745 953	6,31 %	SWE
D. Carnegie AB	25 486 615	5,69 %	SWE
Canica AS	18 515 666	4,13 %	NOR
Nordnet Bank AB (Nominee)	16 940 067	3,71 %	SWE
Skandinaviska Enskilda Banken AB (Nominee)	15 762 100	3,68 %	SWE
Norway Marine Insurance AS	13 863 342	3,10 %	NOR
Nordnet Bank AB (Nominee)	13 130 065	2,93 %	SWE
Nilvama AS	11 775 529	2,63 %	NOR
Aakvik Holding AS	11 775 427	2,63 %	NOR
Busebakk AS	11 533 124	2,58 %	NOR
Saxo Bank (Nominee)	7 842 106	1,76 %	DNK
Gyljandi AS	7 759 776	1,73 %	NOR
Vikna Eiendom AS	7 168 955	1,60 %	NOR
Hetlands Gecco Management AS	6 777 964	1,51 %	NOR
Toluma Norden AS	6 575 428	1,47 %	NOR
AHJ Holdings Ltd	6 315 413	1,41 %	GBR
Høie, Karl	6 016 832	1,34 %	NOR
Euroclear Bank S.A. (Nominee)	5 849 132	1,31 %	BEL
Slethei AS	5 557 563	1,24 %	NOR
Sum of all other shareholders	176 944 214	39,52 %	
Total	447 866 988	100,00 %	

Markets at a glance – Strong growth in all three markets



Gross loss ratio breakdown – quarterly



Markets at a glance – Loss development

