



# **REPORT FOR FOURTH QUARTER AND PRELIMINARY RESULTS FOR 2015 CONSOLIDATED**



## VARDIA INSURANCE GROUP ASA - CONSOLIDATED

### HIGHLIGHTS FOURTH QUARTER

- Positive underlying portfolio growth for Vardia. Despite a turbulent 2015, reporting a GWP increase of 17% compared with fourth quarter 2014
- Strengthened position into 2016 with new management in place and transition to Solvency II
- The company was in regulatory breach with a Solvency I capital margin of 42% as at year-end. Solvency margin recovered under the transition to Solvency II from Solvency I, and the company reports a Solvency II margin of 110% as of Jan 1<sup>st</sup> 2016
- The gross loss ratio for the fourth quarter 2015 was 115.6% (107.6), and the loss ratio f.o.a. was 117.5% (94.3), the loss ratio for fourth quarter is adversely impacted by IBNR reserve strengthening and large losses
- The cost ratio f.o.a. was 53.4% (138.4) for the fourth quarter 2015, and the implementation of the previously announced cost improvement program progressed as planned. However, the impact was tempered by one-off items impacting in fourth quarter 2015
- The fourth quarter 2015 net loss was reduced to NOK 57 million from a net loss of NOK 85 million for fourth quarter 2014

**KEY FIGURES (consolidated)** (NOK 1,000)

	Q4 2015	Q4 2014*	2015	2014*
<b>Gross premiums written</b>	<b>399 224</b>	<b>340 512</b>	<b>1 458 269</b>	<b>1 166 551</b>
Gross premiums earned	367 396	281 477	1 343 963	919 221
Premiums earned f.o.a.	93 556	70 400	346 170	224 288
Gross incurred losses	-424 829	-302 775	-1 241 954	-811 322
Incurred losses f.o.a.	-109 886	-66 420	-313 448	-185 188
Operating expenses for own account	-49 966	-97 446	-250 279	-243 749
Other income/expenses	-431	1 637	12 165	18 443
<b>Techn. result before changes in sec. reserves**</b>	<b>-66 726</b>	<b>-91 830</b>	<b>-205 392</b>	<b>-186 207</b>
Net financial income/expenses	2 166	9 059	-943	14 423
<b>Operating result</b>	<b>-64 561</b>	<b>-82 770</b>	<b>-206 335</b>	<b>-171 783</b>
Changes in security reserves etc.	-5 729	-1 974	-14 755	-15 279
<b>Profit/loss before tax</b>	<b>-70 290</b>	<b>-84 744</b>	<b>-221 090</b>	<b>-187 062</b>
<b>Total profit/loss for the year (after tax)</b>	<b>-57 492</b>	<b>-85 104</b>	<b>-212 094</b>	<b>-188 758</b>
* figures are restated to reflect decreased deferral of incremental acquisition costs				
** figures are ex. allocated return on investment transferred from the non-technical account				
Gross loss ratio	115,6	107,6	92,4	88,3
Gross cost ratio	30,2	50,1	35,5	41,5
<b>Gross combined ratio</b>	<b>145,8</b>	<b>157,6</b>	<b>127,9</b>	<b>129,8</b>
Loss ratio f.o.a.	117,5	94,3	90,5	82,6
Cost ratio f.o.a.	53,4	138,4	72,3	108,7
<b>Combined ratio f.o.a.</b>	<b>170,9</b>	<b>232,8</b>	<b>162,8</b>	<b>191,2</b>
<b>Solvency capital</b>			<b>261 093</b>	<b>58 690</b>
<b>Capital adequacy</b>			<b>5 %</b>	<b>-27 %</b>
<b>Solvency margin</b>			<b>42 %</b>	<b>-107 %</b>
<b>Profit/loss after tax per share* (NOK)</b>	<b>-0,16</b>	<b>-2,66</b>	<b>-0,90</b>	<b>-6,15</b>
*Earnings per share before and after dilution are equivalent (note 5).				

**The Company and its business**

Vardia Insurance Group ASA is a Norwegian insurance group serving the private and commercial market in the Scandinavian countries. The company, established in 2009, obtained its own insurance license in 2011. Vardia started to write premiums for own account (f.o.a.) in Sweden in 2011, in Norway in 2012 and in Denmark in 2014. The fourth quarter 2015 report reflects the recent key developments of the company.

Vardia had a negative operating result in fourth quarter of 2015 mainly due to project costs, large losses, natural-catastrophe related claims (Naturskadepoolen), IBNR strengthening of claims reserves; following a thorough review of the portfolio and meeting requirements from the Financial Supervisory Authority of Norway (FSA).

Gross written premiums continued to show steady growth. However, the growth-rate was lower than in previous periods, reflecting a leaner

sales organisation and a more selective approach in signing new clients in accordance with the revised business plan.

The implementation of the cost improvement program announced in the first half of 2015 progressed according to plan. The cost initiatives announced in 2015 have had a positive effect on the underlying cost ratio. These effects were in the fourth quarter of 2015 partly offset by extra costs related to the audit of the third quarter 2015 results.

### **Premium income**

Vardia continued to book a strong growth in premium income. Fourth quarter 2015 gross premiums written was NOK 399 million, representing an increase of 17% from NOK 341 million in same period of 2014. Gross earned premiums for the same period were NOK 367 million, an increase of 31 % compared with the same period the year before. Premiums earned for own account for fourth quarter 2015 was NOK 94 million, representing a growth of 33 % compared with the same period in 2014.

The full year 2015 gross written premiums were NOK 1 458 million, compared with NOK 1 167 million in 2014. This represents an increase of 25%. Gross earned premiums for the same period was NOK 1 344 million, an increase of 46%. Full-year premiums earned for own account in 2015 were NOK 346 million, representing an increase of 54% from 2014.

Gross premiums written for fourth quarter 2015 are divided between Norway with NOK 236 million (increase 15 %), Sweden with NOK 154 million (increase 16 %) and Denmark with NOK 10 million (increase 115 %). As at 31 December 2015, Personal Lines (PL) accounted for about 75% and Commercial Lines (CL) about 25 % of premium income. Both private and commercial businesses contributed to the portfolio growth during the quarter.

Vardia had a premium portfolio of NOK 1 506 million as at 31 December 2015. The portfolio is divided between Norway with NOK 833 million, Sweden with NOK 630 million and Denmark with NOK 43 million. At the end of December, the company had in excess of 150 000 customers.

### **Results and allocation**

The company had an operating loss before changes in minimum-security reserve of NOK 65 million in fourth quarter 2015. This compares with an operating loss of NOK 83 million in fourth quarter 2014.

The fourth quarter 2015 gross loss ratio was 115.6%, while the loss ratio for own account was 117.5%. Corresponding ratios for the same quarter of 2014 were 107.6% and 94.3%, respectively. The quarter had higher than normal large losses, including the impact from the fire at Nedre Foss Gård restaurant in Oslo in late December. In addition, the company decided to increase the IBNR reserves within certain lines of business by NOK 132 million, with a net effect of NOK 30 million, following a review of the portfolio carried out in cooperation with Vardia's auditor. This move strengthens the reserve base and portfolio quality going forward in compliance with requirements set by the FSA. The full year 2015 gross loss ratio was 92.4% and measured for own account at 90.5%. The corresponding figures for 2014 were 88.3% and 82.6%.

Gross loss reserve was NOK 705 million, of which NOK 354 million were IBNR reserves calculated by the company's actuary.

The fourth quarter 2015 gross cost ratio was 30.2%, compared with a gross cost ratio of 50.1% in the same quarter the year before. The cost ratio for own account in fourth quarter 2015 was 53.4%, compared with a cost ratio for own account of 138.4% in fourth quarter 2014. For the full year 2015 the gross cost ratio was 35.5%, compared with 41.5% in 2014. The 2015 cost ratio for own account was 72.3%, compared with 108.7% in 2014. Included in the 2015 accounts are one-off restructuring of NOK 17 million and a write-down of intangible assets of NOK 19 million.

Net financial income for fourth quarter 2015 was a profit of NOK 2 million, compared with a profit of NOK 9 million in fourth quarter 2014. The company pursues a conservative investment policy. As of 31 December 2015, NOK190 million was invested in low risk money market funds. For 2015 as a whole, the company posted a loss on interest income and dividends on financial assets of NOK 2 million, driven by interest expenses on subordinate loan. Net profit from sales of subsidiaries accounted for NOK 1 million in 2015. Net financial income was NOK 14 million in 2014.

Other income, mainly caused by actuarial gain on pensions, was NOK 9 million in the fourth quarter 2015, compared with NOK 1 million in fourth quarter 2014. Security reserves have increased by NOK 6 million during the quarter.

Group loss before tax for fourth quarter 2015 was NOK 70 million, compared with a loss of NOK 85 million in the same period a year earlier. The result after tax and components of comprehensive income was a loss of NOK 57 million in fourth quarter 2015, compared with a loss of NOK 85 million in the same period a year before. For the full year 2015 the total result (after tax and components of comprehensive income) showed a loss of NOK 212 million whereof all was allocated to equity. The corresponding figure for 2014 was a loss of NOK 189 million.

The holding company of the group reported a loss after tax and components of comprehensive income of NOK 137 million for the fourth quarter 2015. Per end of year 2015, the total result (after tax and components of comprehensive income) showed a loss of NOK 257 million, which has been allocated to equity.

### **Capital/cash flow**

Fourth quarter 2015 net cash flow from operational activities was negative NOK 66 million and net cash flow from investment activities was

negative NOK 13 million. Net cash flow from financial activities was positive NOK 48 million, mainly reflecting the NOK 50 million equity issue in October to meet solvency capital requirements. Cash and cash equivalents decreased during the quarter with NOK 31 million from NOK 347 million to NOK 317 million.

The reinsurers' share of gross technical reserves were NOK 1 111 million as of 31 December 2015, compared with NOK 792 million at the end of 2014.

The number of shareholders by the end of fourth quarter 2015 was around 1 750.

As of 31 December 2015, solvency margin capital for the group was NOK 56 million. Solvency margin was 42 %. The group's capital ratio was 5%. The minimum regulatory requirement for capital adequacy is 8%. The company, as the listed parent insurance company, had a solvency margin of 145% and a capital ratio of 25% at the end of fourth quarter 2015.

As of 31 December 2015, Vardia was thus in breach of the solvency margin on group level. However, as of 1 January 2016 the group came in under the Solvency II regime, with a solvency margin exceeding the minimum requirement.

The subsidiary Vardia Agencies AS was subject to a management buyout, leaving employees with 100% ownership with effect from 31 December 2015. In addition, December 2015 also saw the finalization of the merger of the remaining subsidiaries, Vardia Eksterne Kanaler 2014 AS and Rein Forsikring AS, into Vardia Insurance Group ASA. Vardia Forsikringsagentur A/S and Vardia IT AB are both held in the Company's balance sheet at cost.

During fourth quarter 2015, the company's total assets increased from NOK 2 127 million to NOK 2 314 million. The increase is due to the growth of the insurance portfolio.

## **Solvency II**

The company has, as an integral part of the risk management system, conducted a self-assessment of risk and capital situation in line with the Solvency II Directive 2009/138/EC Article 45 (Own Risk and Solvency Assessment - ORSA process). The ORSA report was submitted to The Financial Supervisory Authority of Norway (FSA) on 4 June 2014. FSA commented the report in a letter dated 22 December 2014. As addressed in the third quarter report, the comments from the FSA are taken into account in the 2015 report. During the fourth quarter, the company has continued its preparations for the Pillar 3 Reporting and the Pillar 2 requirements, and the ORSA-report for 2015 was finalised and submitted to the FSA in November 2015.

At group level, under Solvency II, solvency capital ratio is calculated to be at a satisfactory level as of 1 January 2016.

## **Management changes**

Mr. Jonas Billberg was appointed Chief Operating Officer (COO) on 16 October 2015. He is responsible for overseeing Nordic operations within distribution, claims handling, marketing and IT. Prior to joining Vardia, Mr. Billberg served as Senior Vice President and Head of Sales & Service Sweden in If P&C Insurance. He has also had several other leading positions within If.

Vardia on 15 December 2015 appointed Bård Standal as new Chief of Strategy and Staff. He joined Vardia from the position as SVP Finance for the Orkla group.

## **Restructuring the group**

Through the second half of 2015 Vardia has focused on successfully implementing the restructuring and efficiency measures previously communicated. The company has focused on implementation while minimizing effect on operational performance and maintaining a strong relationship to its customers and partners. The growth in new sales has moved towards communicated targets of around 10% annual growth, reflecting a more selective approach to new customers and a leaner sales organization. The cooperation with the distribution companies is working well.

## **Future developments**

2015 was a challenging year for Vardia with a restructuring of distribution as well as changed accounting principles and recapitalisation. Going forward, the focus remains on tight follow-up of group capitalisation and solvency right-sizing the organisation, managing costs and improving efficiency. The financial position has improved with the introduction of Solvency II, and the new management team is fully in place. Vardia is therefore in an improved position to ensure the underwriting culture remains "best in class" to enable the company to create value for the shareholders.

## **Subsequent events**

In ultimo February 2016, it was decided to streamline the management group, combining the Strategy and Finance functions under the leadership of Mr. Standal. He replaces Terje Finholdt who was engaged as CFO in August 2015 to help execute a planned restructuring of the group. Standal has significant management experience from both inside and outside the Nordic insurance sector and will play a key role in building Vardia's future.

In accordance with the nomination committee's recommendation, Ragnhild Wiborg, Cecilia Lager and Christer Karlsson were elected new board members in the Company with a term of service until the annual general meeting for 2017. The board of directors now comprise of the following persons:

Åge Korsvold, chairman of the board  
Karl Høie, board member  
Ragnhild Wiborg, board member  
Cecilia Lager, board member  
Christer Karlsson, board member  
Line Sanderud Bakkevig, board member  
Terje Moen, employee representative

Vardia and its portfolio has significant strategic and financial value. The Board of Directors has decided to evaluate and consider all strategic alternatives in order to unlock the underlying potential and maximize shareholder value. Vardia has engaged financial advisors to assist in this process.

Oslo, 29 February 2016

**Consolidated income statement** (NOK 1,000)

	Note	Q4 2015	Q4 2014*	2015	2014
<b>Premium income</b>	2				
Gross premiums written		399 224	340 512	1 458 269	1 166 551
Ceded reinsurance premiums		-289 389	-246 473	-1 074 936	-869 497
<b>Premiums written for own account</b>		<b>109 835</b>	<b>94 039</b>	<b>383 333</b>	<b>297 054</b>
Change in premium reserves gross		-31 828	-59 035	-114 306	-247 330
Reinsurance share		15 549	35 396	77 143	174 564
<b>Premiums earned for own account</b>		<b>93 556</b>	<b>70 400</b>	<b>346 170</b>	<b>224 288</b>
<b>Allocated return on investment transferred from the non-technical account</b>		<b>626</b>	<b>909</b>	<b>2 519</b>	<b>3 238</b>
<b>Other insurance-related income</b>		<b>-431</b>	<b>1 637</b>	<b>12 165</b>	<b>18 443</b>
<b>Claims</b>	2				
Gross claims paid		-319 241	-216 767	-988 807	-603 552
Reinsurance share		227 328	164 795	736 959	458 561
Change in gross claims reserve		-105 588	-86 008	-253 147	-207 770
Reinsurance share		87 615	71 560	191 547	167 573
<b>Claims incurred for own account</b>		<b>-109 886</b>	<b>-66 420</b>	<b>-313 448</b>	<b>-185 188</b>
<b>Operating expenses</b>					
Sales costs		-75 763	-122 703	-349 802	-323 676
Insurance-related administration costs		-35 136	-18 213	-127 613	-57 849
Commission received		60 933	43 470	227 136	137 776
<b>Total operating expenses for own account</b>		<b>-49 966</b>	<b>-97 446</b>	<b>-250 279</b>	<b>-243 749</b>
<b>Technical result before changes in security reserve etc.</b>		<b>-66 100</b>	<b>-90 921</b>	<b>-202 873</b>	<b>-182 969</b>
<b>Change in security reserve etc.</b>					
Change in security reserve		-5 729	-1 974	-14 755	-15 279
<b>Total change in security reserve etc.</b>		<b>-5 729</b>	<b>-1 974</b>	<b>-14 755</b>	<b>-15 279</b>
<b>Technical result</b>		<b>-71 829</b>	<b>-92 895</b>	<b>-217 628</b>	<b>-198 248</b>
<b>Net financial income</b>					
Sale of subsidiaries		3 940	0	1 063	0
Interest income and dividends etc. on financial assets		-1 774	9 059	-2 006	14 423
<b>Total financial income</b>		<b>2 166</b>	<b>9 059</b>	<b>-943</b>	<b>14 423</b>
<b>Allocated return on investment transferred to the technical account</b>		<b>-626</b>	<b>-909</b>	<b>-2 519</b>	<b>-3 238</b>
<b>Non-technical result</b>		<b>1 540</b>	<b>8 150</b>	<b>-3 462</b>	<b>11 185</b>
<b>Profit before tax</b>		<b>-70 290</b>	<b>-84 744</b>	<b>-221 090</b>	<b>-187 062</b>
Tax		3 383	-868	3 383	-868
<b>Profit before components of comprehensive income</b>	5	<b>-66 907</b>	<b>-85 612</b>	<b>-217 707</b>	<b>-187 930</b>
<b>Other income and expenses</b>					
Revaluations		0	0	0	-1 171
Exchange rate differences		1 396	3 842	-2 406	3 677
Actuarial gains and losses on pensions		8 019	-3 334	8 019	-3 334
Tax on other result components		0	0	0	0
<b>Total other income and expenses</b>		<b>9 415</b>	<b>508</b>	<b>5 613</b>	<b>-828</b>
<b>Profit for the year</b>		<b>-57 492</b>	<b>-85 104</b>	<b>-212 094</b>	<b>-188 758</b>

**Consolidated statement of financial position** (NOK 1,000)

	Note	31.12.2015	31.12.2014
<b>Assets</b>			
Goodwill		54 137	57 792
Other intangible assets	4	72 898	69 278
Deferred tax benefit		0	0
Plant and equipment		4 288	8 168
<b>Financial assets</b>			
Investments in shares and parts		0	0
Bonds and other fixed-income securities	6	189 999	0
Reinsurance share of gross technical reserves		1 110 693	791 965
Receivables in connection with direct insurance and reinsurance		501 732	399 700
Other receivables		64 242	23 594
Prepaid costs and earned income not received		189 008	97 227
Cash and cash equivalents		126 508	184 977
<b>Total assets</b>		<b>2 313 504</b>	<b>1 632 701</b>
<b>Equity and liabilities</b>			
Share capital		35 829	2 579
Subscribed but unregistered capital		0	0
Share premium		907 333	552 382
Other paid-in-equity		4 081	2 541
Other equity		-757 314	-538 280
Provision for Natural Perils Fund		0	428
Provision for Guarantee scheme		14 435	7 067
<b>Total equity</b>	3	<b>204 364</b>	<b>26 716</b>
<b>Subordinated loan</b>		<b>73 931</b>	<b>0</b>
<b>Provision for liabilities</b>			
Gross premium reserve		752 792	610 404
Gross claims reserve		704 515	431 422
Other technical provisions		46 729	31 974
Pension liabilities		0	8 019
<b>Financial liabilities</b>			
Other liabilities		42 032	33 721
Liability for current tax		0	868
Liabilities in connection with direct insurance and reinsurance		335 187	341 894
Accrued costs and received unearned income		153 954	147 682
<b>Total liabilities</b>		<b>2 109 140</b>	<b>1 605 984</b>
<b>Total equity and liabilities</b>		<b>2 313 504</b>	<b>1 632 701</b>

<b>Statement of cash flow - consolidated (NOK 1,000)</b>				
	<b>Q4 2015</b>	<b>Q4 2014</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Net cash flow from operational activities	-66 041	-13 176	-230 224	-64 712
Net cash flow from investment activities	-12 558	-18 222	-26 447	-42 277
Net cash flow from financial activities	47 909	-1 138	388 201	160 913
<b>Net change in cash and cash equivalents</b>	<b>-30 690</b>	<b>-32 536</b>	<b>131 530</b>	<b>53 924</b>
Cash and cash equivalents at the beginning of the perio	347 197	217 513	184 977	131 053
Cash and cash equivalents at the end of the period	316 507	184 977	316 507	184 977
<b>Net cash flow for the period</b>	<b>-30 690</b>	<b>-32 536</b>	<b>131 530</b>	<b>53 924</b>
<b>Specification of cash and cash equivalents</b>				
Cash in bank and liquidity funds	316 507	184 977	316 507	184 977
<b>Total cash and cash equivalents</b>	<b>316 507</b>	<b>184 977</b>	<b>316 507</b>	<b>184 977</b>

**Statement of changes in equity - consolidated (NOK 1,000)**

	Share capital	Share premium	Other equity	Other earned equity	Natural perils fund	Guarantee scheme	Total
<b>Equity as at 1st January 2014</b>	<b>2 080</b>	<b>380 912</b>	<b>960</b>	<b>-343 858</b>	<b>0</b>	<b>1 831</b>	<b>41 925</b>
Increase in equity in Q1 2014	25	9 917					9 942
Subscribed equity, paid fourth April 2014*		172 182					172 182
Cost related to capital issue		-9 868					-9 868
Changes in provisions in Q1 2014				-1 762	1 762		0
Profit before OCI				-43 936			-43 936
Other result components (net after tax)				-55			-55
Other				-388			-388
<b>Equity as at 31st March 2014</b>	<b>2 105</b>	<b>553 143</b>	<b>960</b>	<b>-389 999</b>	<b>1 762</b>	<b>1 831</b>	<b>169 802</b>
* 172.182 is made up of share capital 467 (subscribed but not registered) and share premium 171.715							
<b>Equity as at 1st April 2014</b>	<b>2 105</b>	<b>553 143</b>	<b>960</b>	<b>-389 999</b>	<b>1 762</b>	<b>1 831</b>	<b>169 802</b>
Increase in equity in Q2 2014	467	-467					0
Cost related to capital issue		-903					-903
Changes in provisions in Q2 2014				-825	825		0
Profit before OCI				-41 686			-41 686
Other result components (net after tax)				-1 193			-1 193
Option expenses			629				629
Other				-634			-634
<b>Equity as at 30th June 2014</b>	<b>2 572</b>	<b>551 773</b>	<b>1 589</b>	<b>-434 337</b>	<b>2 587</b>	<b>1 831</b>	<b>126 015</b>
<b>Equity as at 1st July 2014</b>	<b>2 572</b>	<b>551 773</b>	<b>1 589</b>	<b>-434 337</b>	<b>2 587</b>	<b>1 831</b>	<b>126 015</b>
Subscribed equity, registered in Q3*		1 245					1 245
Cost related to capital issue		-160					-160
Changes in provisions in Q3 2014				2 403	-2 403		0
Profit before OCI				-16 696			-16 696
Other result components (net after tax)				-88			-88
Option expenses			475				475
Other				2 350			2 350
<b>Equity as at 30th Sept. 2014</b>	<b>2 572</b>	<b>552 858</b>	<b>2 064</b>	<b>-446 368</b>	<b>184</b>	<b>1 831</b>	<b>113 141</b>
* 1.245 is made up of share capital 8 (subscribed but not registered) and share premium 1.237							
<b>Equity as at 1st October 2014</b>	<b>2 572</b>	<b>552 858</b>	<b>2 064</b>	<b>-446 368</b>	<b>184</b>	<b>1 831</b>	<b>113 141</b>
Increase in equity in Q4 2014	7	-7					0
Cost related to capital issue		-469					-469
Changes in provisions in Q4 2014				-5 480	244	5 236	0
Profit before OCI				-85 612			-85 612
Other result components (net after tax)				508			508
Option expenses			477				477
Other				-1 329			-1 329
<b>Equity as at 31st Dec. 2014</b>	<b>2 579</b>	<b>552 382</b>	<b>2 541</b>	<b>-538 281</b>	<b>428</b>	<b>7 067</b>	<b>26 716</b>

**Statement of changes in equity - consolidated** (NOK 1,000)

	Share capital	Share premium	Other equity	Other earned equity	Natural perils fund	Guarantee scheme	Total
<b>Equity as at 1st January 2015</b>	<b>2 579</b>	<b>552 382</b>	<b>2 541</b>	<b>-538 281</b>	<b>428</b>	<b>7 067</b>	<b>26 716</b>
Changes in provisions in Q1 2015				-300	300		0
Profit before OCI				-55 660			-55 660
Other result components (net after tax)				49			49
Other				510			510
<b>Equity as at 31st March 2015</b>	<b>2 579</b>	<b>552 382</b>	<b>2 541</b>	<b>-593 682</b>	<b>728</b>	<b>7 067</b>	<b>-28 385</b>
<b>Equity as at 1st April 2015</b>	<b>2 579</b>	<b>552 382</b>	<b>2 541</b>	<b>-593 682</b>	<b>728</b>	<b>7 067</b>	<b>-28 385</b>
Increase in equity in Q2 2015	30 000	315 572					345 572
Cost related to capital issue		-3 698					-3 698
Changes in provisions in Q2 2015				728	-728		0
Profit before OCI				-42 950			-42 950
Other result components (net after tax)				-476			-476
Other				-315			-315
<b>Equity as at 30th June 2015</b>	<b>32 579</b>	<b>864 256</b>	<b>2 541</b>	<b>-636 695</b>	<b>0</b>	<b>7 067</b>	<b>269 748</b>
<b>Equity as at 1st July 2015</b>	<b>32 579</b>	<b>864 256</b>	<b>2 541</b>	<b>-636 695</b>	<b>0</b>	<b>7 067</b>	<b>269 748</b>
Increase in equity in Q3 2015	0	0					0
Cost related to capital issue		-1 582					-1 582
Changes in provisions in Q3 2015				-5 404	0	5 404	0
Profit before OCI				-52 316			-52 316
Other result components (net after tax)				-3 376			-3 376
Other				547			547
<b>Equity as at 30th September 2015</b>	<b>32 579</b>	<b>862 674</b>	<b>2 541</b>	<b>-697 244</b>	<b>0</b>	<b>12 471</b>	<b>213 021</b>
<b>Equity as at 1st October 2015</b>	<b>32 579</b>	<b>862 674</b>	<b>2 541</b>	<b>-697 244</b>	<b>0</b>	<b>12 471</b>	<b>213 021</b>
Increase in equity in Q4 2015	3 250	46 719					49 969
Cost related to capital issue		-2 060					-2 060
Changes in provisions in Q3 2015				-1 964	0	1 964	0
Profit before OCI				-51 385			-51 385
Other result components (net after tax)				9 415			9 415
Option expenses			1 540				1 540
Gevinst salg datterselskaper				1 063			1 063
Other				-1 677			-1 677
<b>Equity as at 31st December 2015</b>	<b>35 829</b>	<b>907 333</b>	<b>4 081</b>	<b>-741 792</b>	<b>0</b>	<b>14 435</b>	<b>219 886</b>

## NOTE 1 Accounting principles

The accounts and the report from the Board of Directors for fourth quarter 2015 are prepared according to IAS 34. The consolidated accounts is prepared according to IFRS from 2013. Reference is made to the annual report for 2013 and 2014. The accounts for fourth quarter 2014 have been restated according to the same accounting principles as for the year 2014.

## NOTE 2 Segment information

Norway (NOK 1,000)	Q4 2015	Q4 2014	31.12.2015	31.12.2014
Gross premiums written	235 901	203 986	800 331	684 401
Premiums earned f.o.a.	49 154	41 251	198 863	127 523
Other income	-422	-1 209	6 207	7 726
Incurred claims and operating expenses f.o.a.	-83 294	-96 739	-281 215	-228 701
<b>Technical result</b>	<b>-34 562</b>	<b>-56 697</b>	<b>-76 145</b>	<b>-93 452</b>

Sweden (NOK 1,000)	Q4 2015	Q4 2014	31.12.2015	31.12.2014
Gross premiums written	153 144	131 394	611 397	473 666
Premiums earned f.o.a.	41 420	28 705	139 221	96 132
Other income	0	2 846	5 958	10 717
Incurred claims and operating expenses f.o.a.	-66 140	-54 592	-201 148	-172 958
<b>Technical result</b>	<b>-24 720</b>	<b>-23 041</b>	<b>-55 969</b>	<b>-66 108</b>

Denmark (NOK 1,000)	Q4 2015	Q4 2014	31.12.2015	31.12.2014
Gross premiums written	10 180	5 132	46 541	8 484
Premiums earned f.o.a.	2 982	444	8 086	633
Other income	-9	0	0	0
Incurred claims and operating expenses f.o.a.	-10 418	-12 535	-81 364	-27 279
<b>Technical result</b>	<b>-7 445</b>	<b>-12 091</b>	<b>-73 278</b>	<b>-26 646</b>

## NOTE 3 Changes in equity

The company had a capital issue of net NOK 47.9 million in the fourth quarter 2015. A total of 40 625 000 new shares were issued. Reference is made to the statement of changes in equity.

## NOTE 4 Other intangible assets

The company has during fourth quarter 2015 a net increase in intangible assets and plant and equipment of NOK 8.3 million. The increase is mainly due to reclassification of prepaid costs. The balance of NOK 72.9 million refers to development of the company's insurance systems and acquisition of an insurance portfolio at the end of 2013. Both the company's insurance system and the insurance portfolio are depreciated over seven years.

## NOTE 5 Earnings per share

a) Earnings per share is calculated by dividing the profit before components of comprehensive income on a weighted average of out-standing ordinary shares through the quarter, own shares deducted.

(NOK 1,000)	Q4 2015	Q4 2014	31.12.2015	31.12.2014
Profit before OCI	-66 907	-85 612	-217 707	-187 930
Earnings per share (NOK)	-0,16	-2,66	-0,90	-6,15

b) By calculation of diluted earnings per share, a weighted average of total outstanding shares through the quarter is used adjusted for the effect of conversion of potential shares that can cause dilution. The company has one category of potential shares that can cause dilution: stock options. The number of shares are compared with the number of shares that would have been issued if all stock options were exercised. The difference is added in the calculation as issued shares without consideration.

(NOK 1,000)	Q4 2015	Q4 2014	31.12.2015	31.12.2014
Profit before OCI	-66 907	-85 612	-217 707	-187 930
Weighted average of ordinary shares (in 1000)	409 374	32 144	242 283	30 562
Adjusted for stock options (in 1000)	415 812	33 787	248 721	32 205
Earnings per share diluted (NOK)	-0,16	-2,66	-0,90	-6,15

Earnings per share diluted is for Vardia Insurance Group ASA equivalent to earnings per share. The earnings per share diluted will only be different if conversion of shares increases the deficit per share.

## NOTE 6 Bond and other fixed-income securities

During the fourth quarter 2015, the company invested in low risk money market funds. The value of the portfolio by end of December 2015 was NOK 190 million. The managers of the funds are Danske Bank, Storebrand and Nordea.

## Vardia Insurance Group ASA

- The Board of Directors and the CEO's statement

The Board of Directors and the CEO has today discussed and approved the accounts and the report from the Board of Directors for fourth quarter 2015 for Vardia Insurance Group ASA and consolidated. The report for fourth quarter 2015 is prepared in agreement with the requirements in IAS 34 (interim financial reporting).

We confirm, to the best of our knowledge, that the presented set of financial statements for the period 1 January to 31 December 2015 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Company's assets, liabilities, financial position and profit and loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the financial year and their impact on the presented set of financial statements, a description of the principal risks and uncertainties for the remaining three months of the financial year, and major related parties transactions.

Oslo, 29 February 2016

The Board of Directors of Vardia Insurance Group ASA

Åge Korsvold <i>Chairman</i>	Karl Høie	Ragnhild Wiborg
Line Sanderud Bakkevig	Cecilia Lager	
Christer Karlsson	Terje Moen (employee representative)	Espen Husstad <i>CEO</i>