



Q3 Presentation 2015

10 November 2015

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Terje Finholdt, CFO

Vardia – Executive Summary



- The business continued to put stress on solvency margin capital
 - 20 % top line growth in Q3
 - Adverse result driven by one-offs and large losses in Q3

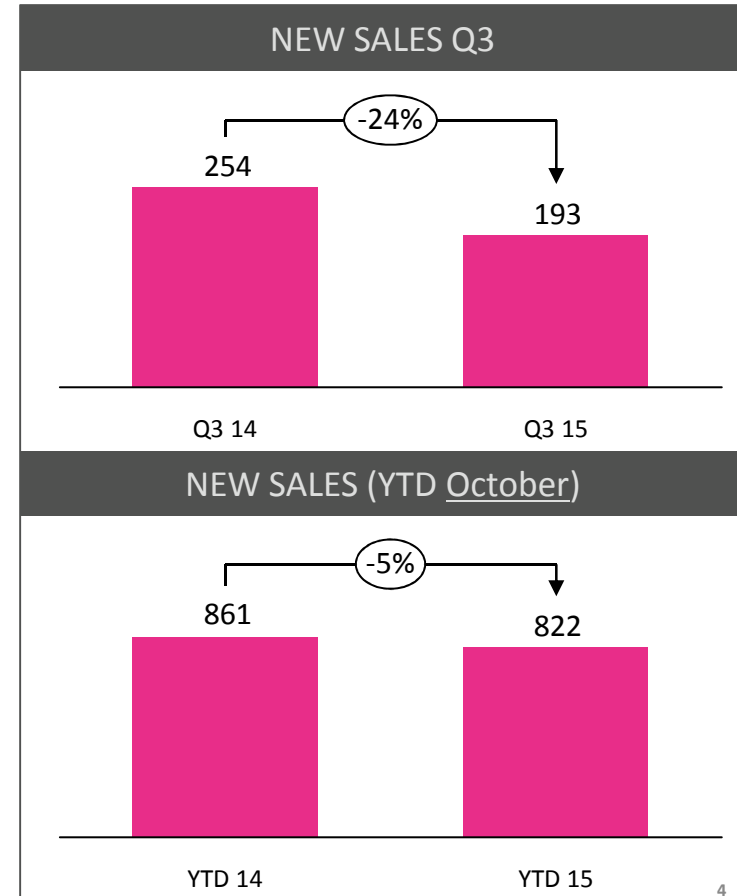
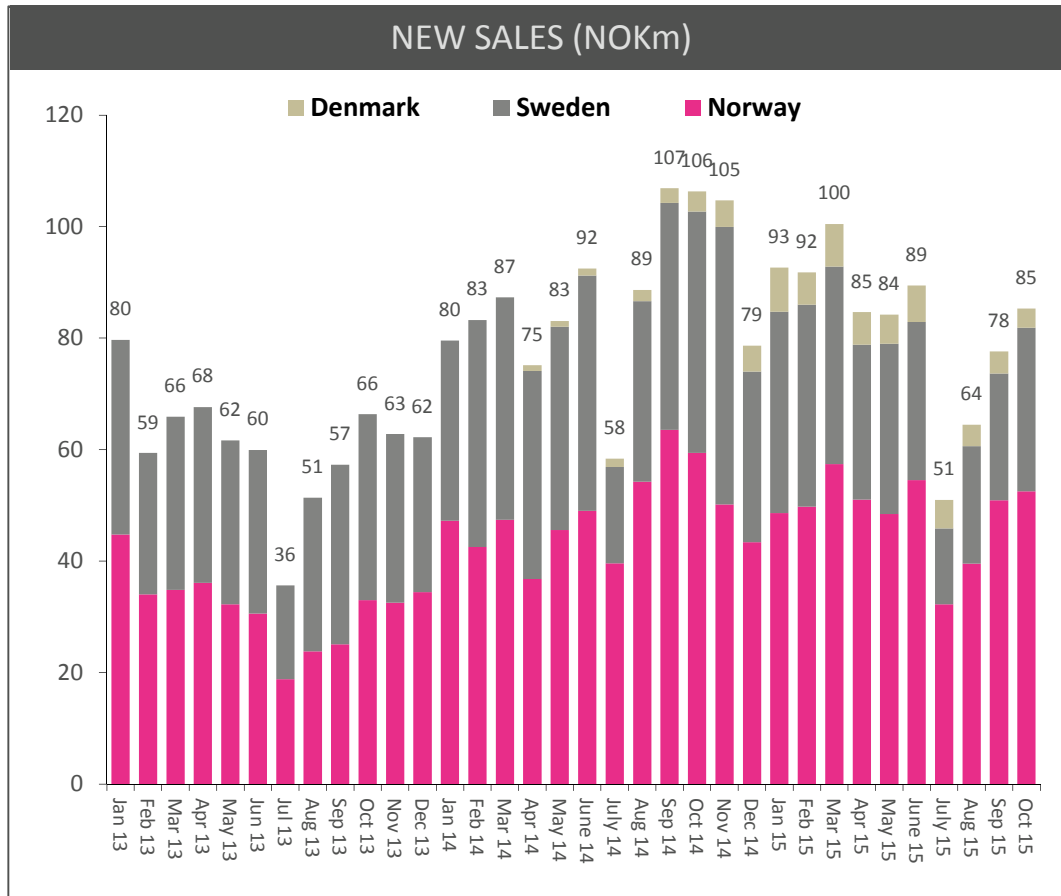
- SII and the recent private placement
 - A successful private placement was completed on 25 October
 - This leaves the group sufficiently capitalized for the remainder of 2015
 - The solvency capital margin ratio (SII) on Jan 1st 2016 is estimated at above 120%

- Restructuring
 - The Group was restructured with effect from 10 August
 - Distribution channels successfully implemented as independent companies
 - New management team

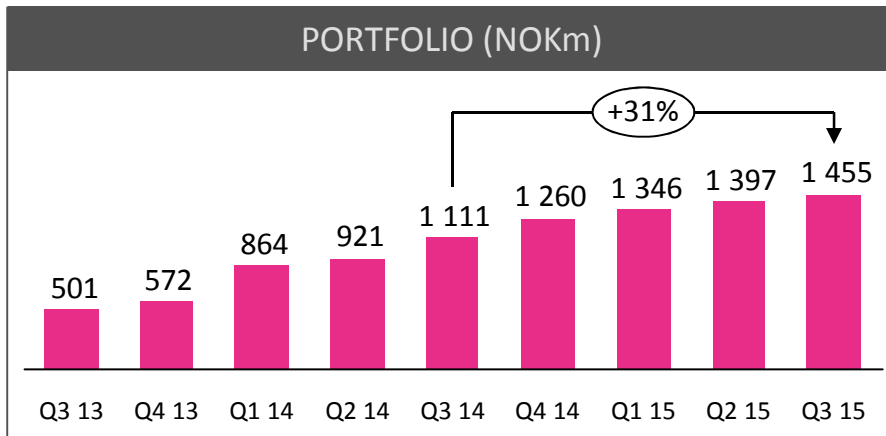
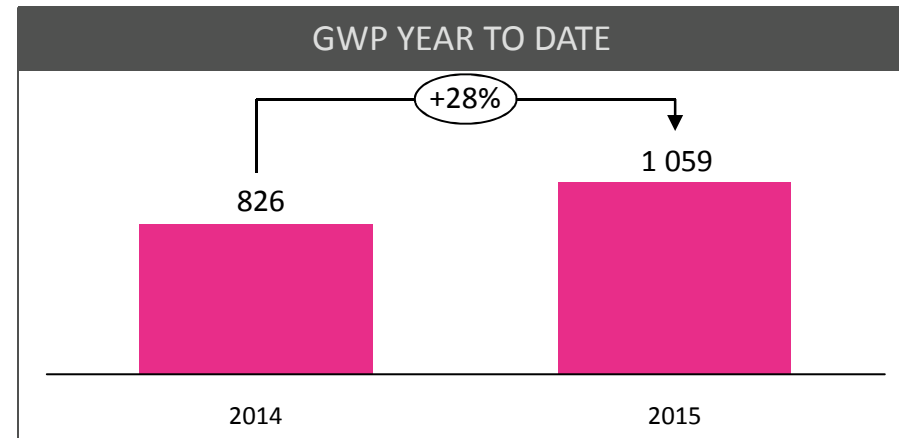
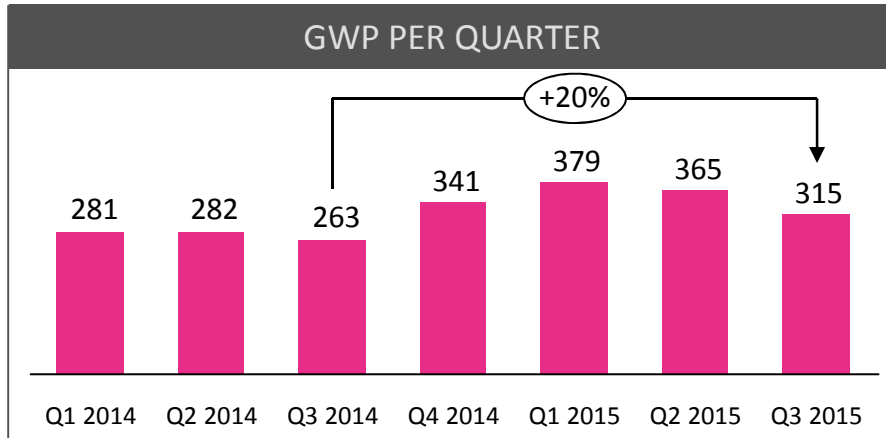
- Stabilize the platform and capitalize on the start-up sales focus.

Q3 Highlights

New Sales – Continued growth at a lower rate



Financial highlights Q3 – Premium growth continues



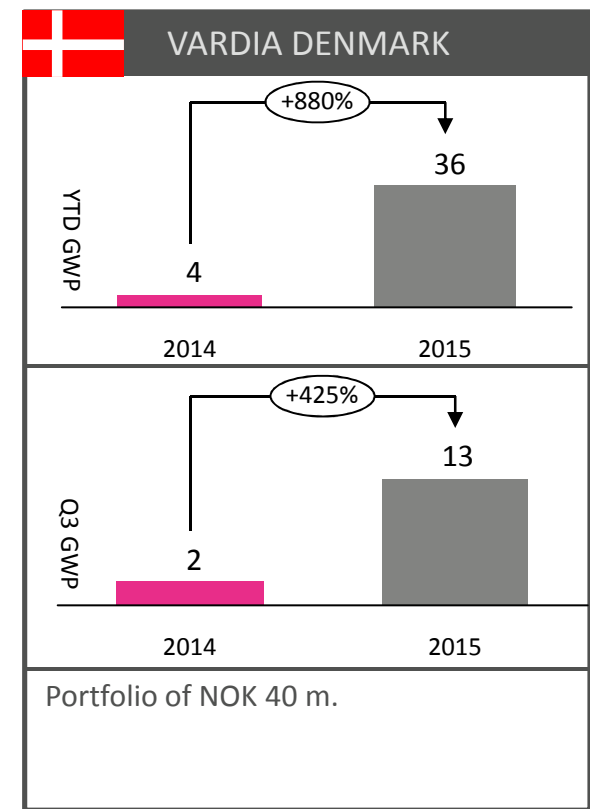
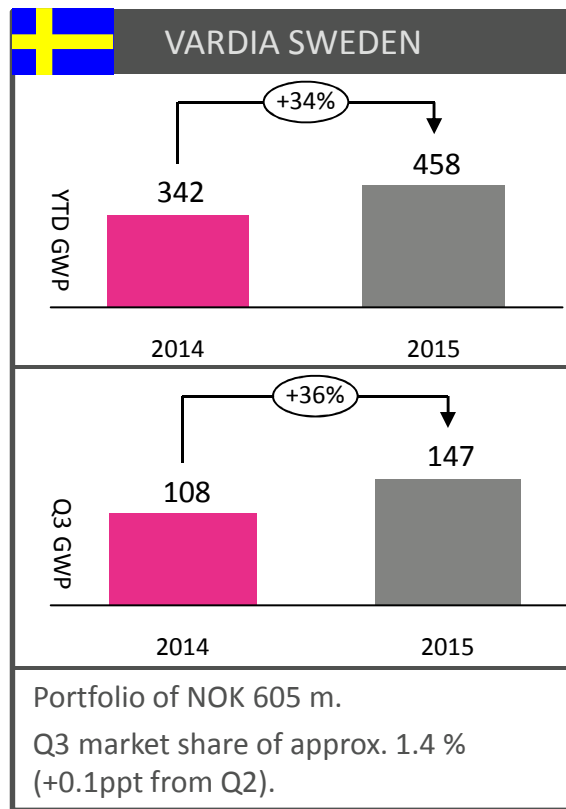
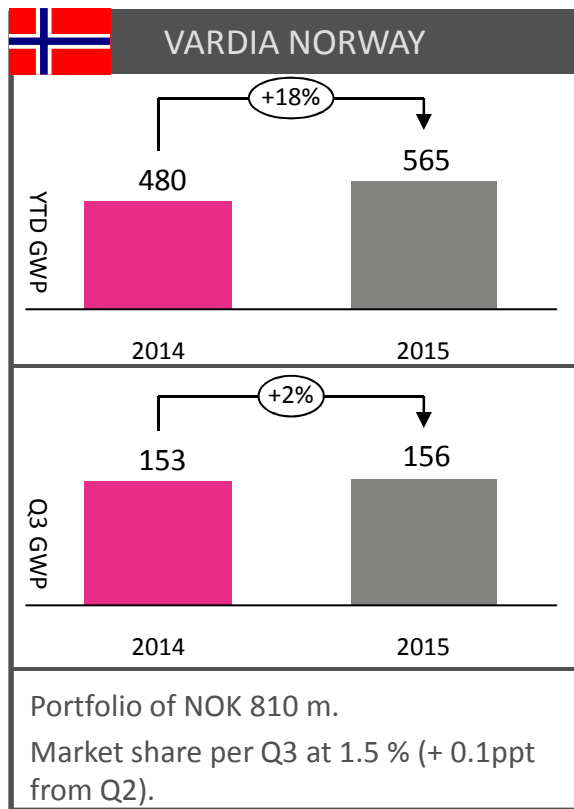
TOP LINE EXPECTATION Q4

Q4 outlook

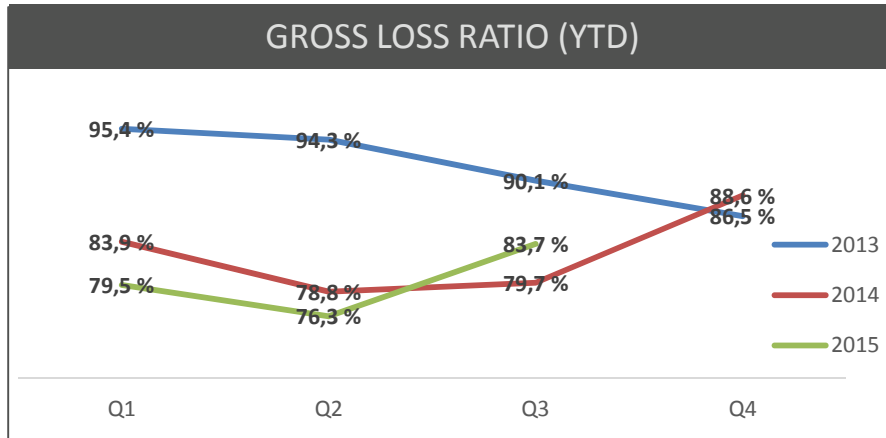
- We expect a higher GWP in Q4 compared to Q3, hence show a similar “U-shaped” top line phasing as in 2014

* Please note – Q2 2015 adjusted from previously reported NOK 1.444m

Markets at a glance – Growth in all countries

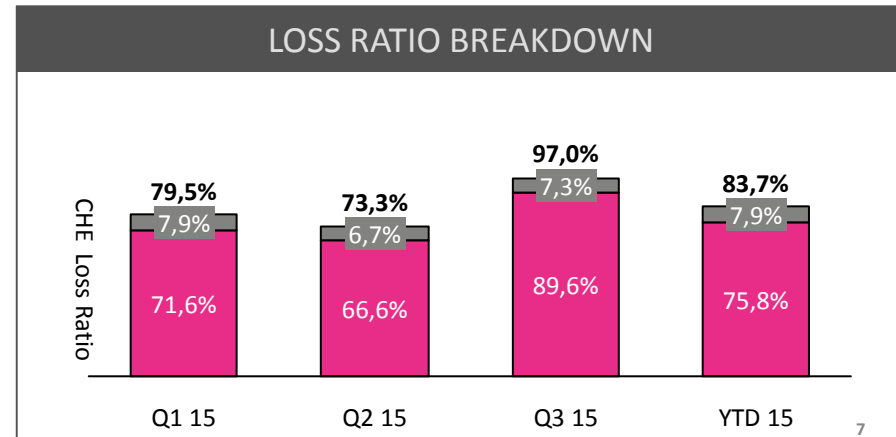
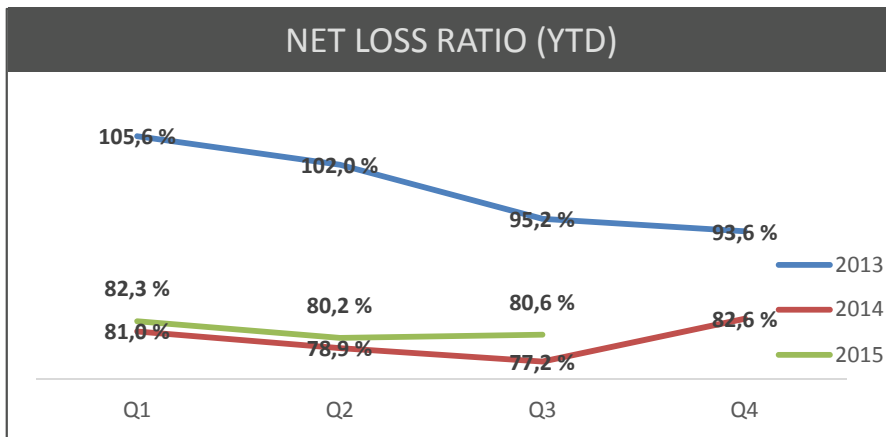


Loss ratio development – Q3 hit by large losses

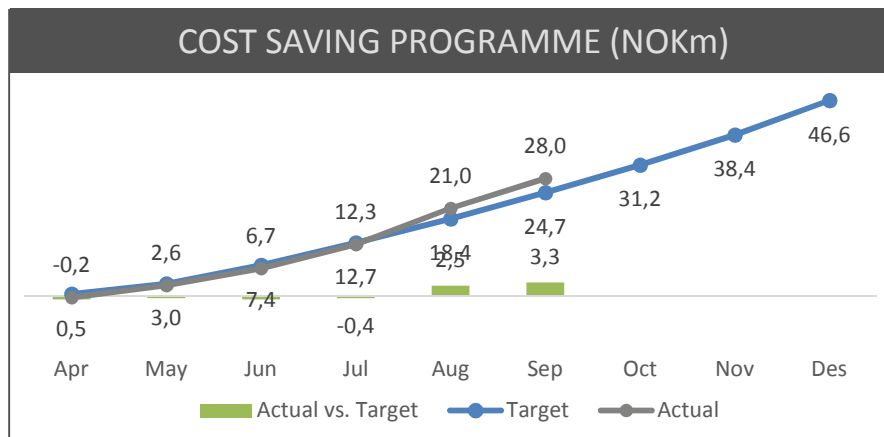
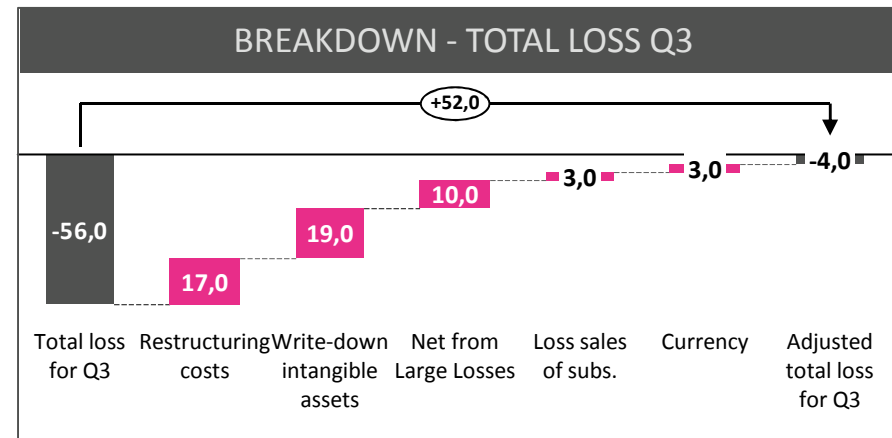
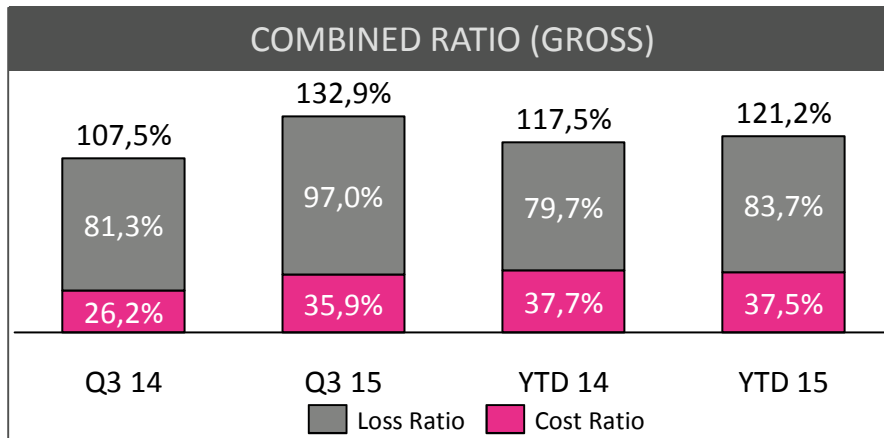


LOSS RATIO TAKEAWAY

- Q3 hit by five Large Losses (Losses > NOK 5m) – with a combined adverse effect of NOK 59m (gross):
 - 5.9ppt adverse effect on Loss Ratio (YTD)
 - 16.9ppt adverse effect on Loss Ratio (in Q3)



Combined Ratio – Q3 influenced by large losses and one-offs

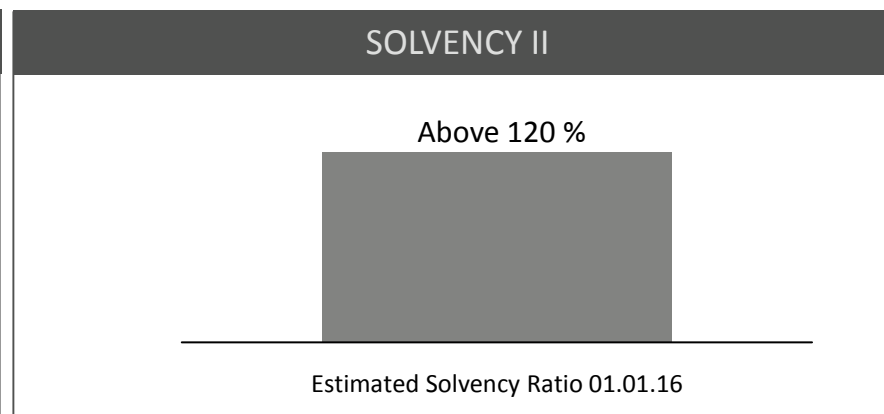
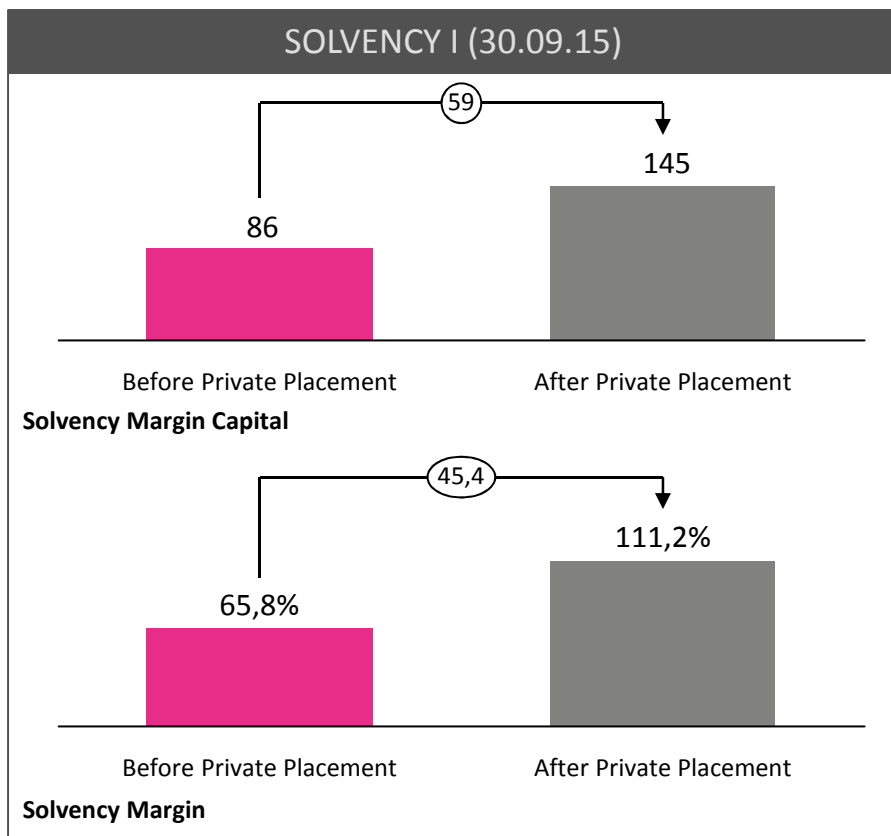


TAKEAWAY

Adverse effect on Combined Ratio in Q3 (25.4ppt vs. Q3 2014) driven by:

- **Large Losses.** Five losses > NOK 5m incurred in Q3. Currently reserved at NOK 59m in total (16.9ppt adverse effect on Combined Ratio)
- **One-offs** in Q3 related to restructuring of the company and write-down on intangible assets and goodwill. In total NOK 36m (10.3ppt adverse effect on Combined Ratio)
- YTD: 5.9 ppt adverse effect on Combined Ratio from Large Losses, and 3.7ppt from one-offs

Main KPI for Q4: Solvency Margin Capital Ratio

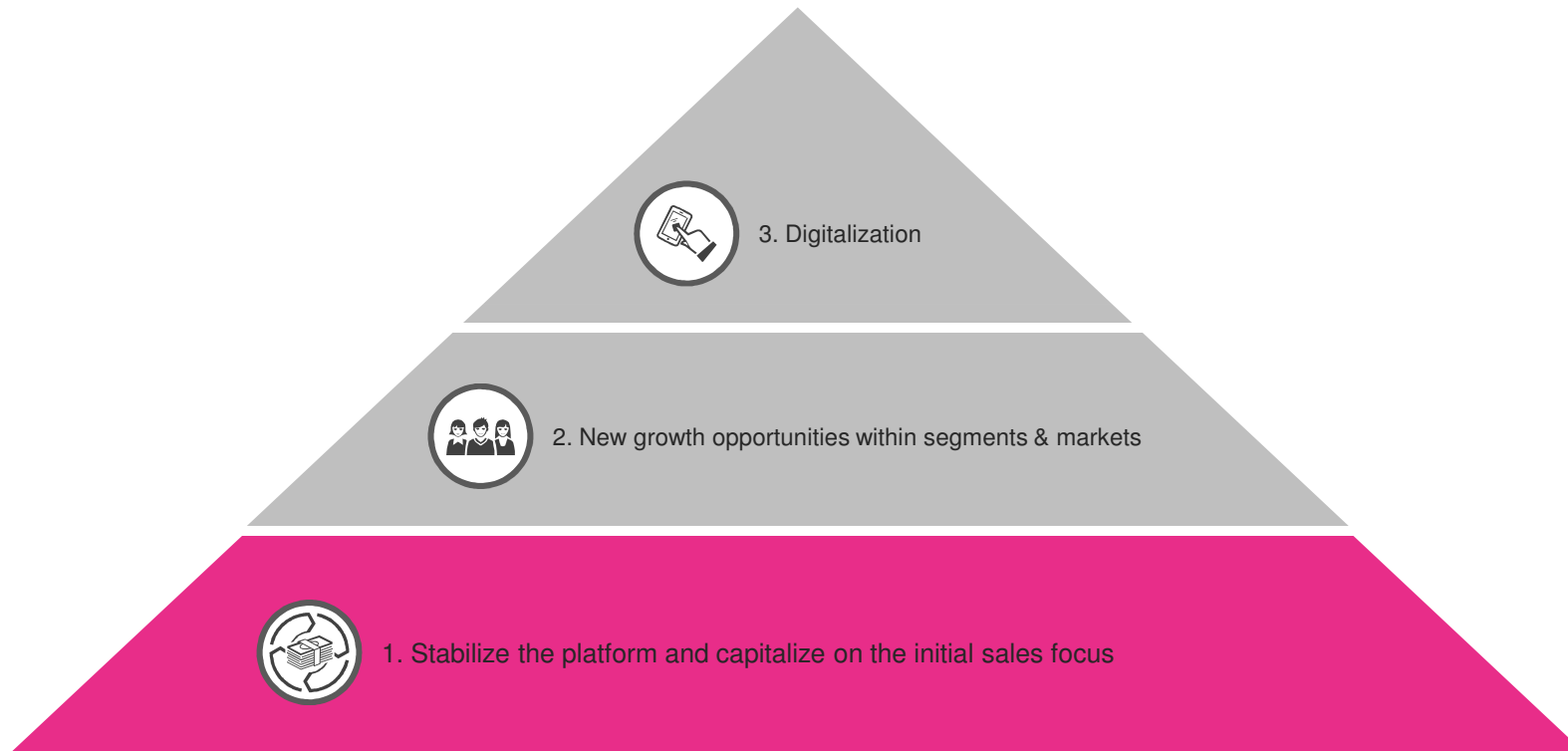


- ### TAKEAWAY
- Private placement**
- Gross proceeds of NOK 50m raised October 26th
 - Set aside shareholders pre-emptive rights
 - Time sensitive need to remedy the shortfall in solvency margin capital
 - Solvency II
 - Positive effect on implementation

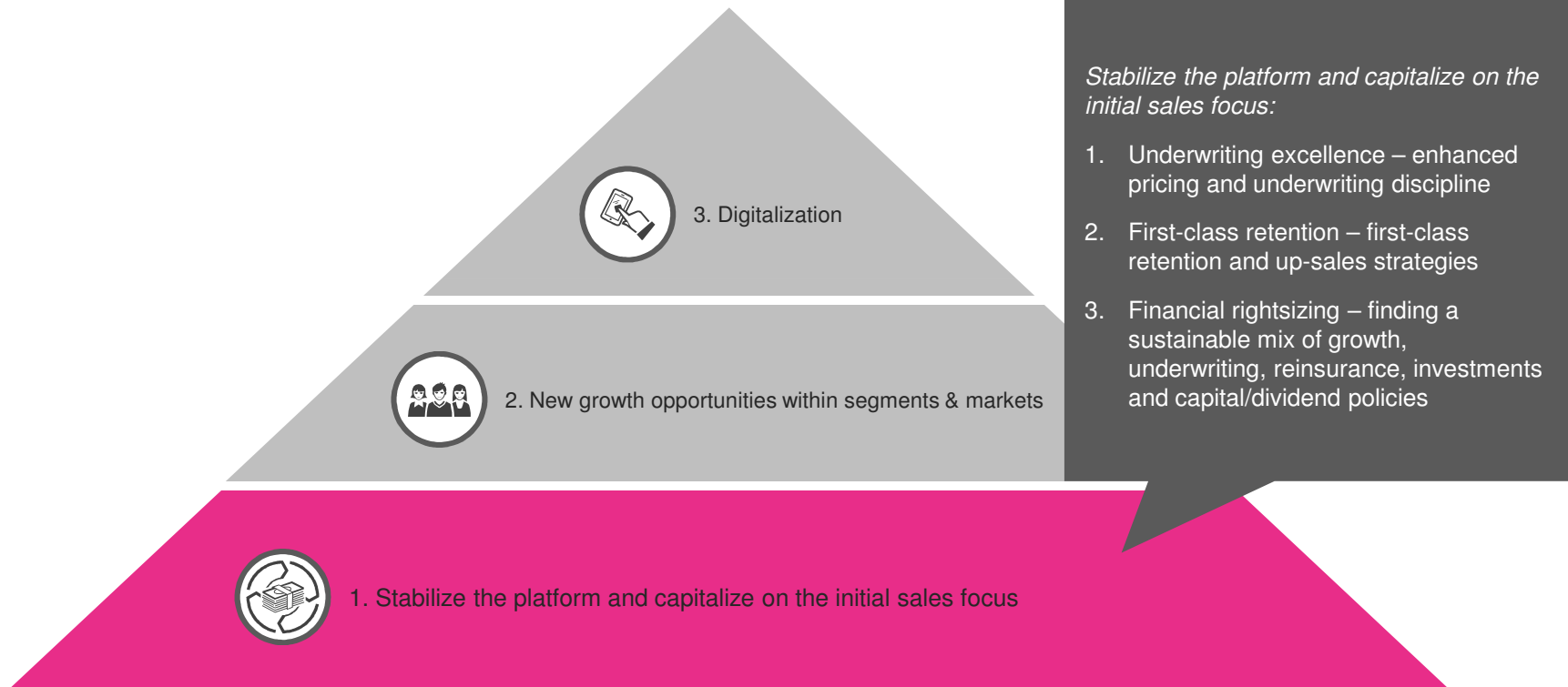
The estimated solvency position (based on the Solvency II standard formula) of Vardia includes ORSA add-ons and warranty provisions.

Strategy

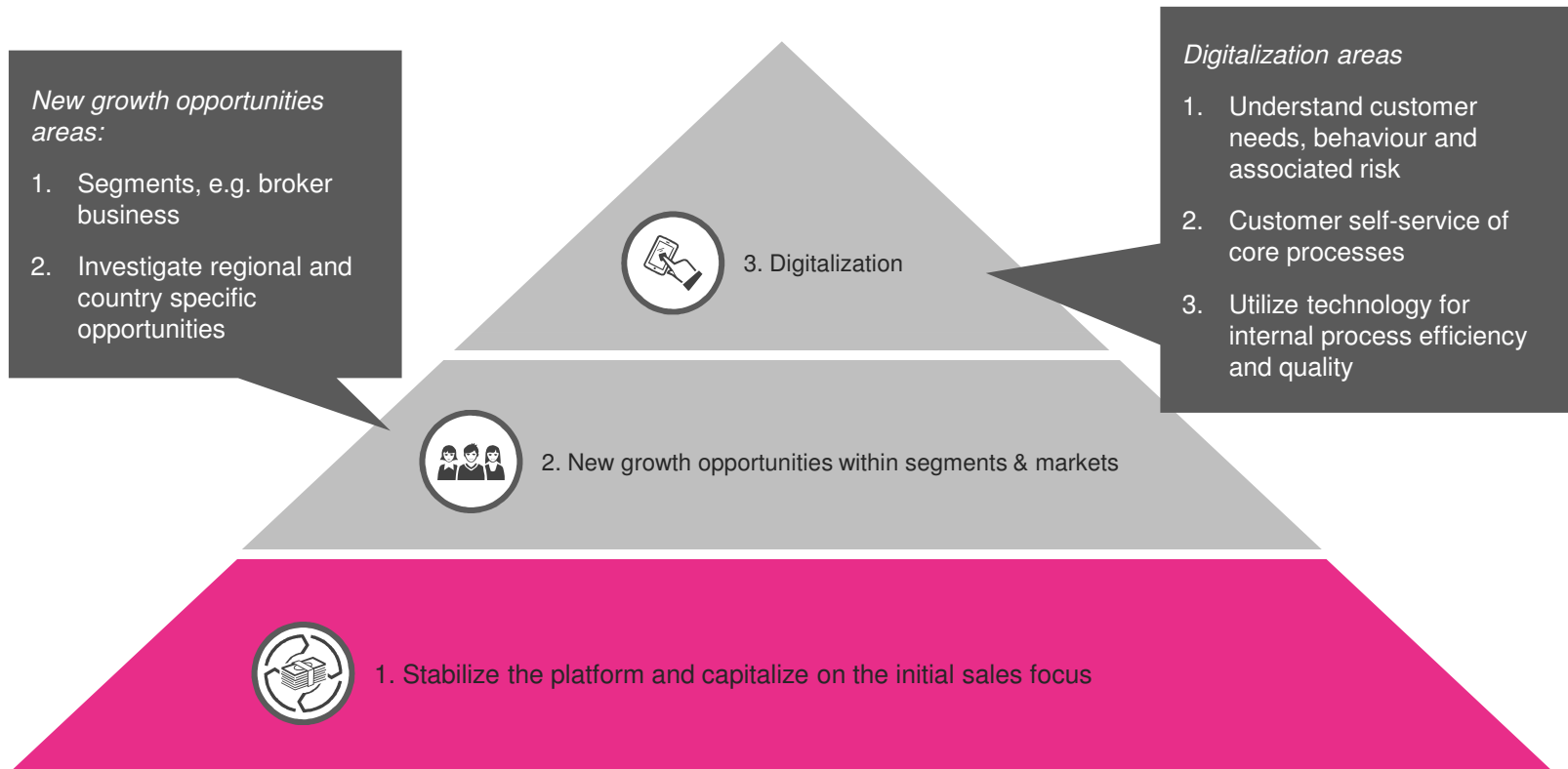
Strategic embryo and focus areas for Vardia going forward



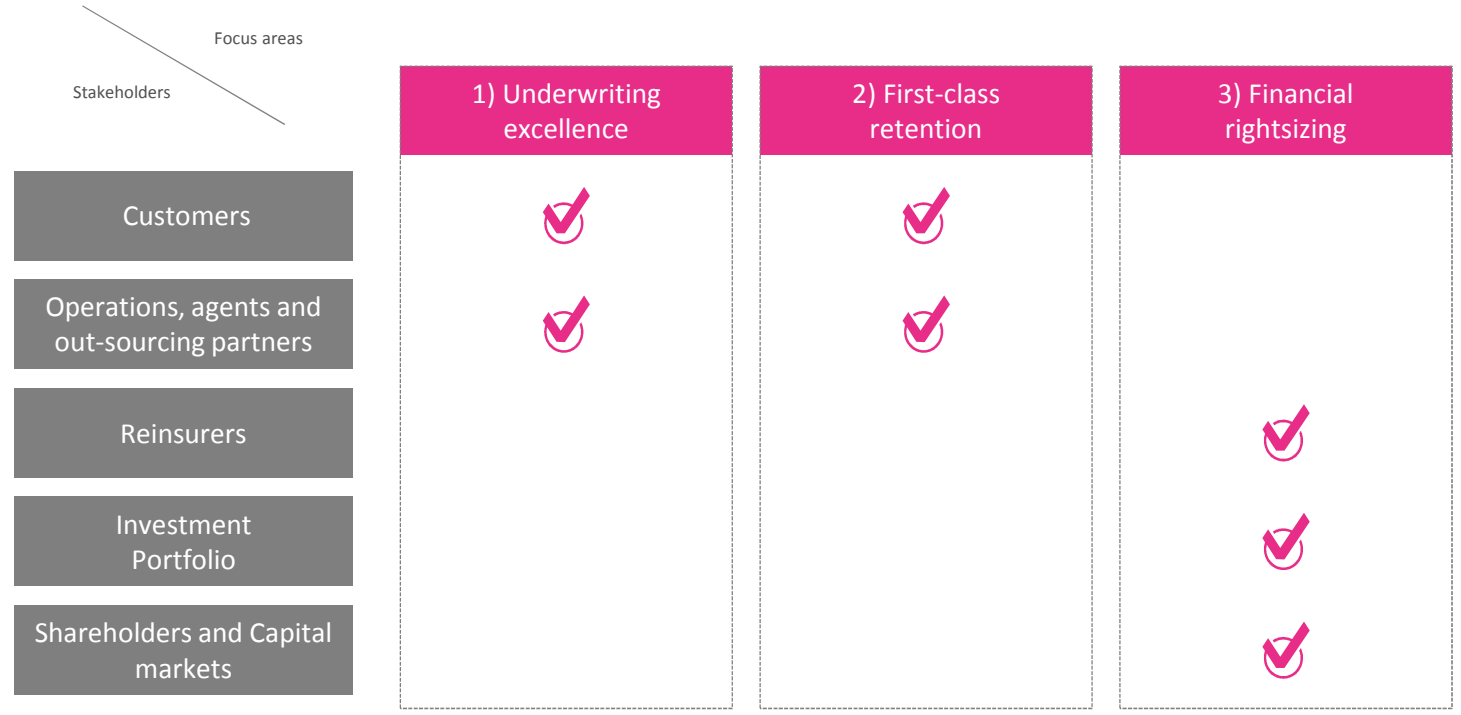
Strategic embryo and focus areas for Vardia going forward



Strategic embryo and focus areas for Vardia going forward



Stabilize the platform and capitalize on the first years of portfolio build- up



Key takeaways

Vardia – Key takeaways



- The business continued to put stress on solvency margin capital during Q3
- The solvency 2 (SII) regime in force as of Jan 2016 will improve the capital adequacy
- Through stabilizing the platform the group will capitalize on the start-up sales focus.

Financials

Results



NOK thousands	Q3 2015	Q3 2014*	30.09.2015
Gross premiums written	315 391	263 313	1 059 045
Gross premiums earned	350 003	239 747	976 567
Premiums earned f.o.a.	88 177	56 600	252 614
Gross Incurred claims	-339 342	-195 020	-817 125
Incurred claims f.o.a.	-71 625	-41 963	-203 562
Operating expenses for own account	-64 565	-33 573	-200 313
Other income/expenses	4 109	4 371	12 596
Techn. result before changes in sec.reserves**	-43 904	-14 565	-138 666
Net financial income	-5 412	2 869	-3 108
Operating result	-49 316	-11 696	-141 774
Changes in security reserves etc.	-3 000	-5 000	-9 026
Profit/Loss before tax	-52 316	-16 696	-150 800
Profit/Loss after tax	-55 692	-16 784	-154 602
<i>Gross loss ratio</i>	97,0	81,3	83,7
<i>Gross cost ratio</i>	35,9	26,2	37,5
<i>Gross Combined ratio</i>	132,9	107,5	121,2
<i>Loss ratio f.o.a.</i>	81,2	74,1	80,6
<i>Cost ratio f.o.a.</i>	73,2	59,3	79,3
<i>Combined ratio f.o.a.</i>	154,5	133,5	159,9

* 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	30.09.2015	30.09.2014	31.12.2014
Various Assets	123	135	135
Bank deposits/Money market funds	347	218	185
Reinsurers share of gross technical reserves	981	659	792
Receivables direct insurance and reinsurance	482	349	400
Other Assets	194	104	121
Total Assets	2 127	1 464	1 633
Total Equity	213	113	27
Subordinated loan	74	0	0
Gross Premium Reserve	704	527	610
Gross claims reserve	592	335	431
Other technical provisions	41	30	32
Pension liabilities	8	6	8
Financial liabilities	495	454	524
Total liabilities	1 914	1 351	1 606
Total equity and liabilities	2 127	1 464	1 633

- The Group's total assets increased from NOK 2,011m in Q2 to NOK 2,127m in Q3
- Vardia pursues a conservative investment policy, with all liquid assets deposited in banks and money market fund

Top 20 shareholders – 8 November 2015



Sharholder's name	No. of Shares	Percent
Avanza Bank AB (Broker account)	35 193 794	7,86 %
Carnegie Investment (Nominee)	33 563 944	7,49 %
Skandinaviska Enskilda Banken AB (Nominee)	32 904 154	7,35 %
Skandinaviska Enskilda Banken AB (Nominee)	18 663 196	4,17 %
Canica AS	18 515 666	4,13 %
Nordnet Bank AB (Nominee)	15 374 163	3,43 %
Norway Marine Insurance AS	13 863 342	3,10 %
Nilvama AS	11 775 529	2,63 %
Aakvik Holding AS	11 775 427	2,63 %
Busebakk AS	11 533 124	2,58 %
Gyljandi AS	7 759 776	1,73 %
Toluma Norden AS	7 296 737	1,63 %
Vikna Eiendom AS	7 168 955	1,60 %
BNP Paribas Sec. (Nominee)	6 966 702	1,56 %
Hetlands Gecco Management AS	6 777 964	1,51 %
AHJ Holdings Ltd	6 315 413	1,41 %
Høie, Karl	6 016 832	1,34 %
Saxo Bank (Nominee)	5 860 058	1,31 %
Slethei AS	5 557 563	1,24 %
Mays Holding II AS	4 950 000	1,11 %
Others	180 034 649	40,19 %
Total	447 866 988	100,00 %

Markets at a glance – Loss development

