

INSR INSURANCE GROUP ASA

INTERIM REPORT

SECOND QUARTER AND FIRST HALF
2017

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HIGHLIGHTS

- Strong operational improvement, gross combined ratio 97% for the quarter
- Gross loss ratio significantly improved year-on-year, due to successful portfolio pruning and pricing measures
- Significant cost reduction, full year target on track
- Strong new sales activity in wholesale market primes portfolio for growth

CONSOLIDATED KEY FIGURES

<i>(MNOK except otherwise stated)</i>	Q2 2017	Q2 2016 ¹	YTD 2017	YTD 2016 ¹	FY 2016 ¹
Financial					
Premiums earned f.o.a.	54.7	73.3	91.7	124.6	236.2
Result from operations	(14.4)	(13.1)	(34.9)	(59.4)	(31.0)
Basic earnings per share (NOK)	(0.24)	0.32	(0.58)	0.19	(0.76)
Basic average number of shares	59.3	410.5	60.1	410.5	41.0
Investment portfolio	225.9	152.6	225.9	152.6	119.4
Net financial income	2.4	1.8	(1.0)	2.4	4.0
Operational³					
Loss ratio f.o.a.	75.7%	61.8%	81.5%	79.2%	67.3%
Cost ratio f.o.a.	55.8%	59.4%	58.5%	71.6%	100.9%
Combined ratio f.o.a.	131.5%	121.3%	140.1%	150.7%	168.2%
Gross loss ratio	65.9%	99.9%	72.6%	88.7%	75.2%
Gross cost ratio	30.6%	35.4%	30.3%	35.9%	38.9%
Gross combined ratio	96.6%	135.3%	102.9%	124.6%	114.1%
Other³					
Solvency ratio	211%	196%	211%	196%	159%

¹ Numbers are excluding discontinued operations and income from the sale of the Swedish portfolio.

² A reverse share split was conducted with a ratio of 10:1 in October 2016.

³ See glossary for definitions.

Strong progress in operational performance

Insr's second quarter performance resulted in a gross combined ratio of 97% and a profitable underlying result for insurance operations. The comprehensive restructuring program has been successfully implemented over the past quarters. Portfolio quality has improved significantly and premium volume is well underway to returning to growth with higher new sales activity and encouraging response from wholesale segment.

GROUP PERFORMANCE

(Figures in brackets = same period prior year unless otherwise stated)

Results

Second Quarter 2017

Insr Insurance Group ASA (Insr) reported a significantly improved gross loss ratio for the second quarter at 66% (100%), driven by lower claims frequency and reduced large claims. The favorable development is a result of effective pricing and pruning measures implemented over the past quarters as well as further maturation of the customer base and premiums.

Gross cost ratio was 31% (35%), corresponding to gross operating expenses of NOK 48.1 million (NOK 77.3 million). The comprehensive cost-cutting program initiated last year, involving downsizing of the headquarters and the sales force, was completed during the first quarter this year. Based on continued stringent cost control and focus on lean operations, the company remains on track to deliver on the target of underlying annual cost base of NOK 175 million from 2017, excluding non-recurring expenses related to the turnaround process and periodisation of wholesale commissions.

The loss and cost improvements described above generated a considerable year-on-year improvement in the gross combined ratio at 97% (135%).

Loss ratio for own account was 76% (62%), the increase primarily being related to re-calibration of reserves for excess of loss reinsurance. Cost ratio for own account amounted to 56% (59%), corresponding to total operating expenses for own account of NOK 30.5 million (NOK 43.6 million), reflecting the successful cost-cutting program. Combined ratio for own account came to 132% (121%).

Technical result for the quarter was a loss of NOK 16.8 million (loss of NOK 14.8 million), driven by the increase in combined ratio for own account.

Net financial income amounted to NOK 2.4 million (NOK 1.8 million), primarily related to returns on the investment portfolio.

Result from operations for the quarter came to a loss of NOK 14.4 million (profit of NOK 129.7 million). Result from operations for the second quarter of 2016 include gains of NOK 142.8 million from the sale of the Swedish portfolio. These gains have been restated for the second quarter of 2016.

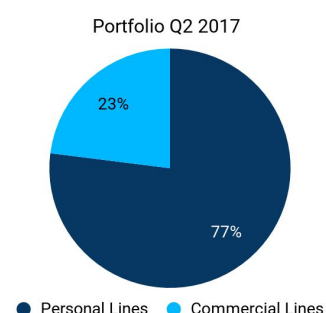
First Half 2017

Technical result for the first six months of 2017 was a loss of NOK 35.8 million (loss of NOK 61.7 million). The improvement was driven by successful portfolio pruning, effective pricing measures and a significant reduction of the cost base.

Result from operations was a loss of NOK 34.9 million (profit of NOK 76.7 million). Result from operations for the first half of 2016 was significantly impacted by gains of NOK 136.1 million related to the sale of the Swedish portfolio.

Premium income

<i>(MNOK except otherwise stated)</i>	Q2 2017	Q2 2016 ¹	YTD 2017	YTD 2016
Gross premiums written	176.4	193.7	318.2	412.2
Norway	164.0	179.0	292.8	382.1
Denmark	12.4	14.7	25.4	30.1
Premiums earned f.o.a.	54.7	73.4	91.7	124.6
Norway	51.6	67.8	88.6	116.5
Denmark	3.1	5.5	3.1	8.1
Portfolio	638.9	812.7		
Norway	588.5	759.7		
Denmark	50.4	53.0		



¹ Numbers are excluding discontinued operations related to the sale of the Swedish portfolio.

Second Quarter 2017

Gross premiums written amounted to NOK 176.4 million (NOK 193.7 million) during the second quarter. Premiums earned for own account totaled NOK 54.7 million (NOK 73.3 million). The expected decline in premiums reflected implemented measures to improve profitability, including lower sales activities towards the retail segment. Sales efforts were stepped up during the second quarter, primarily towards the wholesale segment. The response so far this year has been very encouraging, generating written premiums rising above the first quarter this year. In the second quarter Insr has e.g. signed on Uninite, a new wholesale partner. Uninite is a company offering an innovative platform for flat sharing, providing further exposure for Insr to disruptive startups.

Premiums earned for own account improved in the second quarter, NOK 54.7 million compared to NOK 37.0 million for the first quarter, due to reduced quota reinsurance. The significant reduction of reinsurance enables Insr to accelerate implementation of the new strategy and will over time result

in a higher convergence between underlying results from insurance operations and reported profit and loss.

Pruning and pricing measures as well as reduced sales activities over the past five quarters continued to impact the portfolio compared to the same period last year, recorded at NOK 638.9 million as of 30 June 2017 (NOK 812.7 million). The decline bottomed out during the second quarter, resulting in a stable portfolio compared with the first quarter of 2017. In addition to higher average prices, the portfolio exposure has been successfully shifted towards a more favorable customer and product mix. Personal line premiums increased to 77% (68%) of the portfolio at the end of the second quarter, primarily as a result of lower exposure to unprofitable commercial customers.

First Half 2017

Gross premiums written for the first six months of 2017 amounted to NOK 318.2 million (NOK 412.2 million). Gross premiums earned and premiums earned for own account came to NOK 320.6 million (NOK 413.9 million) and NOK 91.7 million (NOK 124.6 million) respectively. The decline in premiums year-on-year came as a result of the measures to re-price and reduce in-house sales. The development of new sales during first half 2017 were encouraging, confirming the wholesale strategy.

Financial position and liquidity

Consolidated cash flow

Second Quarter 2017

Cash flow from operations amounted to positive NOK 12.0 million (negative NOK 24.1 million). Cash flow from investment activities was negative NOK 2.1 million (NOK 14.2 million). A subsequent offering of shares following the private placement during the first quarter of 2017 generated a positive cash flow of NOK 3.8 million (NOK 0 million) from financing activities.

The group recorded cash and cash equivalents of NOK 378.8 million as of 30 June 2017 (NOK 220.2 million).

First Half 2017

Cash flow from operations was positive NOK 33.4 million (negative NOK 83.4 million). Cash flow from investment activities was negative NOK 2.1 million (negative NOK 14.2 million). Cash flow from financing activities was positive NOK 126.8 million (NOK 0 million), driven by proceeds from a private placement and subsequent offering of shares.

Consolidated financial position and solvency capital

As of 30 June 2017, total assets amounted to NOK 1 365.9 million (NOK 1 565.3 million). Total equity amounted to NOK 167.0 million (NOK 199.5 million).

The solvency ratio at the end of the quarter was 211% (196%), significantly above the regulatory requirement of 100%. The solvency capital requirement as of 30 June 2017 was NOK 126.2 million (NOK 130.8 million).

Risk factors and uncertainties

Insr Insurance Group ASA (Insr) and its subsidiaries are exposed to various forms of market, insurance, financial and operational risks. Insurance operations account for the majority of the group's risk exposure.

The Norwegian non-life insurance market is historically cyclical with operating results of insurers having fluctuated significantly because of volatile and sometimes unpredictable events, some of which are beyond direct control of any insurance company. Future events may result in adverse fluctuations in the Insr's financial position and results of operations.

Insr faces significant competition in each of the company's lines of business, from both domestic, Nordic and international insurance companies. If Insr is unable or is perceived to be unable to compete efficiently, the company's competitive position may be adversely affected, which as a result, may have a material adverse effect on its business, results of operations and/or financial condition.

Insr has operation procedures in place which its management believes are sufficient. However, any mismanagement, fraud or failure to satisfy fiduciary responsibilities or to comply with underwriting guidelines and authorization limits, or negative publicity resulting from these activities or accusations by a third part of such activities, could have material adverse effect on the company's business, results of operations and/or financial condition.

If the underwriting guidelines or internal control procedures are inefficient or if the employees do not properly follow these guidelines, the pricing policy of a product line may be incorrect and the company may not have the proper reserves for claims attributable to the relevant product line. In addition, Insr may not be able to adjust prices to avoid future losses. The company is at risk both from customers who misrepresent or fail to fully disclose the risks against which they are seeking cover before such cover is purchased, and from employees who undertake or fail to follow procedures designed to prevent fraudulent activities. Also, the company is exposed to potential risk that the turnover from its customer base could diminish due to customers leaving the company.

The company is dependent on the strength of its reputation with customers and distributors. Any negative publicity related to Insr could adversely affect its reputation and the value of its brand. Insr is exposed, among others, to the risk that litigation, employee's or officer's misconduct, operational failures, disclosure of confidential information, negative publicity, whether or not founded could damage its reputation. Any erosion of Insr's reputation may have a material adverse effect on its business, revenues, and results of operations or financial conditions.

Investment returns are an important part of Insr's overall profitability. Interest rate volatility may adversely affect the value of the company's investment portfolios, adversely impact the financial position and the results of operations and result in volatility in the results. In addition, the company is exposed to counterparty risk in the banks where deposits are invested.

STRATEGIC UPDATE

Insr's turnaround process has been successful, resulting in a significantly reduced cost level, improved loss ratio and a controlled return to profitable portfolio growth. During the second quarter, the finance, sales and analysis functions were strengthened further by recruitment of highly qualified staff, bringing strong skills and expertise to the group. Insr is now positioned for controlled portfolio growth in the second half of the year.

Insr completed a private placement of shares during the first quarter of 2017 and a subsequent offering in the second quarter (9 May 2017), which in total provided NOK 137.6 million in gross proceeds. The added funds enabled Insr to enter into new reinsurance agreements at favorable terms during the first quarter of 2017, reducing the overall share of reinsurance. The new agreements, effective from 1 April 2017, will gradually reduce the share of reinsurance in earned premium from 75% to the target of 50%. During the second quarter, the ceded share of earned premiums was 65%.

The shift towards the wholesale segment gained momentum during the second quarter. Sales developed according to plan and the pipeline of potential new customers expanded during the quarter. The promising development adds confidence to Insr's strategy.

OUTLOOK

The current macroeconomic conditions in Norway and Denmark give reason to expect continued stable demand for general insurance products in the short and medium term.

Insr remains committed to complete the restructuring process in 2017, including implementing further measures to strengthen operational capacity and capabilities. Management maintains the target of NOK 175 million in underlying operating expenses for 2017.

The implementation of the wholesale strategy is on track and continues with full force, setting the scene for portfolio growth towards year-end 2017. The premium portfolio is expected to continue improving going forward, due to implemented pricing and pruning measures. Coupled with the significant reduction in the cost base, Insr has established a strong base for delivering enhanced profitability.

Insr Insurance Group ASA complies with statutory solvency requirements, reporting a solvency ratio of 211% as of 30 June 2017. The company forecast the solvency ratio to stay above 200% through 2017.

Oslo, 15 August 2017

The Board of Directors
Insr Insurance Group ASA

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED FOR THE PERIOD ENDED 30 JUNE 2017

Consolidated Income Statement							(NOK 1,000)
	Note	Q2 2017	Q2 2016 ¹	YTD 2017	YTD 2016 ¹	FY 2016 ¹	
Premium income	2						
Gross premiums earned		157 172	207 233	320 563	413 872	818 953	
Reinsurance share		(102 478)	(133 909)	(228 836)	(289 320)	(582 775)	
Premiums earned for own account		54 694	73 324	91 727	124 552	236 178	
Other insurance-related income		464	813	918	1 506	2 740	
Claims	2						
Gross claims incurred		(103 642)	(207 009)	(232 782)	(367 201)	(615 692)	
Reinsurance share of gross claims incurred		62 626	161 675	157 983	268 601	456 752	
Claims incurred for own account		(41 416)	(45 334)	(74 799)	(98 600)	(158 941)	
Operating expenses							
Sales costs		(26 727)	(28 868)	(45 778)	(76 420)	(114 314)	
Insurance-related administration costs		(21 405)	(44 455)	(51 226)	(72 245)	(204 597)	
Commission received		17 610	29 745	43 336	59 516	80 495	
Total operating expenses for own account		(30 522)	(43 578)	(53 669)	(89 149)	(238 416)	
Net non-adjusted risk		-	-	-	-	(1 251)	
Technical result		(16 779)	(14 775)	(35 822)	(61 691)	(159 690)	
Net financial income							
Interest income and dividends etc. on financial assets		2 402	1 822	(1 036)	2 444	4 004	
Total financial income		2 402	1 822	(1 036)	2 444	4 004	
Net other income and expenses							
Other income and expenses		3	-	1 948	-	(15 515)	
Total other income		3	-	1 948	-	(15 515)	
Non-technical result		2 405	1 822	912	2 444	(11 511)	
Result before tax		(14 374)	(12 953)	(34 910)	(59 247)	(171 201)	
Tax		-	-	-	-	-	
Result from continued operations	5	(14 374)	(12 953)	(34 910)	(59 247)	(171 201)	
Result from discontinued operations		-	142 821	-	136 130	137 221	
Result before comprehensive income and expenses	5	(14 374)	129 868	(34 910)	76 833	(33 980)	
Comprehensive income and expenses							
Exchange rate differences		(40)	(109)	(40)	(138)	2 938	
Total comprehensive income and expenses		(40)	(109)	(40)	(138)	2 938	
Result from operations		(14 414)	129 759	(34 950)	76 745	(31 042)	

¹ Numbers are excluding discontinued operations related to the sale of the Swedish portfolio.

Consolidated Statement of Financial Position				(NOK 1,000)
ASSETS	Note	Q2 2017	Q2 2016	FY 2016
Intangible assets				
Goodwill		64 810	78 486	64 810
Other intangible assets	4	53 689	77 998	60 247
Total intangible assets		118 499	156 484	125 056
Investments				
Investments in shares and parts		2 156	363	363
Bonds and other fixed-income securities	6	225 892	152 596	119 001
Total investments		228 049	152 959	119 364
Reinsurance share of gross technical provisions				
Reinsurance share of gross premium provisions		204 223	318 101	252 222
Reinsurance share of non-adjusted risk		3 753	-	3 753
Reinsurance share of gross claims provisions		319 545	390 612	345 281
Total reinsurance share of gross technical provisions		527 520	708 713	601 256
Receivables				
Receivables in connection with direct insurance and reinsurance		272 714	299 678	270 903
Receivables in connection with associates		-	18 633	-
Other receivables		52 398	73 386	56 118
Total receivables		325 111	391 697	327 021
Other assets				
Plant and equipment		3 130	4 712	3 844
Cash and cash equivalents		152 904	67 628	101 732
Total other assets		156 034	72 340	105 576
Prepaid expenses and earned income not received				
Prepaid costs and earned income not received		10 715	83 142	3 632
Total prepaid expenses and earned income not received		10 715	83 412	3 632
Assets held for sale				
		-	-	-
Total assets		1 365 930	1 565 335	1 281 905

Consolidated Statement of Financial Position				(NOK 1,000)
EQUITY AND LIABILITIES	Note	Q2 2017	Q2 2016	FY 2016
Paid-in equity				
Share capital		50 891	35 828	35 829
Share premium		1 019 036	907 334	907 334
Other paid-in-equity		6 731	5 937	5 536
Total paid-in equity		1 076 658	949 099	948 699
Provision for Guarantee scheme		24 891	18 103	21 966
Other equity		(934 570)	(767 747)	(896 696)
Total equity	3	166 980	199 455	73 970
Subordinated loan				
		74 099	73 959	73 959
Technical provisions				
Gross premium reserve		338 672	421 606	341 073
Non-adjusted risk		5 004	-	5 004
Gross claims reserve		416 539	486 838	438 285
Total technical provisions		760 215	908 444	784 362
Financial liabilities				
Other liabilities		11 946	129 539	85 224
Tax payable		-	41	-
Liabilities in connection with direct insurance and reinsurance		248 319	166 730	194 042
Total financial liabilities		260 265	296 310	279 266
Accrued costs and received unearned income				
Accrued costs and received unearned income		104 371	87 166	70 349
Total accrued costs and received unearned income		104 371	87 166	70 349
Liabilities held for sale				
		-	-	-
Total liabilities		1 198 950	1 365 879	1 207 935
Total equity and liabilities		1 365 930	1 565 335	1 281 905

Consolidated statement of cash flow	(NOK 1,000)				
	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FY 2016
Cash flow from operations					
Paid-in premiums	148 140	338 759	312 318	715 663	1 061 090
Paid claims	(102 196)	(266 238)	(219 434)	(522 513)	(770 562)
Paid reinsurance	40 726	(11 095)	86 600	2 664	57 567
Other paid operating expenses incl. interest	(74 699)	(85 500)	(146 131)	(273 935)	(472 932)
Net cash flow from operations	11 971	(24 074)	33 345	(83 449)	(124 837)
Cash flow from investment activities					
Payment from sale of portfolio	-		-	-	30 676
Acquisition of assets	(2 055)		(2 055)	-	-
Acquisition of subsidiaries	-	(14 212)	-	(14 212)	(14 212)
Payments on loans to management (Sweden)	-	-	-	-	15 468
Net cash flow from investment activities	(2 055)	(14 212)	(2 055)	(14 212)	31 932
Cash flow from financial activities					
Proceeds from issued capital	3 780	-	126 765	-	-
Net cash flow from financial activities	3 780		126 765	-	-
Exchange rate differences on cash and cash equivalents	-	(624)	-	-	(2 867)
Net cash flow for the period	13 695	(38 910)	158 063	(96 283)	(95 774)
Hereof discontinued operations	-	-9 536	-	-	
Net cash flow					
Cash and cash equivalents at the beginning of the period	365 101	259 134	220 733	316 507	316 507
Cash and cash equivalents at the end of the period	378 796	220 224	378 796	220 224	220 733
Net cash flow for the period	13 695	(38 910)	158 063	(96 283)	(95 774)
Specification of cash and cash equivalents					
Bonds and other fixed-income securities	225 892	152 596	225 892	152 596	119 001
Cash in bank and other liquid funds	152 904	62 628	152 904	62 628	101 732
Total cash and cash equivalents	378 796	220 224	378 796	220 224	220 733

Consolidated statement of changes in equity						(NOK 1,000)
	Share capital	Share premium	Other equity	Other earned equity	Guarantee scheme	Total
Equity as at 1 January 2016	35 829	907 334	4 081	(858 150)	14 435	103 529
Changes in provisions in Q1 2016				(1 902)	1 902	-
Cost related to capital issue						-
Result before OCI				(46 323)		(46 323)
Other result components (net after tax)				(29)		(29)
Option expenses			401			401
Result from discontinued operations				(6 691)		(6 691)
Equity as at 31 March 2016	35 829	907 334	4 482	(931 095)	16 337	50 886
Equity as at 1 April 2016	35 829	907 334	4 482	(931 095)	16 337	50 886
Changes in provisions in Q2 2016				(1 766)	1 766	-
Cost related to capital issue						-
Result before OCI				(12 953)		(12 953)
Other result components (net after tax)						-
Option expenses			1 054			1 054
Result from discontinued operations				143 912		143 912
Other				(109)		(109)
Equity as at 30 June 2016	35 829	907 334	5 536	(784 011)	18 103	182 790
Equity as at 1 July 2016	35 829	907 334	5 536	(784 011)	18 103	182 790
Changes in provisions in Q3 2016						-
Cost related to capital issue				(2 107)	2 107	-
Result before OCI				(60 553)		(60 553)
Other result components (net after tax)				1 498		1 498
Equity as at 30 September 2016	35 829	907 334	5 536	(845 173)	20 210	123 735
Equity as at 1 October 2016	35 829	907 334	5 536	(845 173)	20 210	123 735
Changes in provisions in Q4 2016				(1 756)	1 756	-
Cost related to capital issue						-
Result before OCI				(51 263)		(51 263)
Other result components (net after tax)				1 496		1 496
Equity as at 31 December 2016	35 829	907 334	5 536	(896 696)	21 966	73 970
Equity as at 1 January 2017	35 829	907 334	5 536	(896 696)	21 966	73 970
Increase in equity	14 400					14 400
Subscribed equity		111 600				111 600
Cost related to capital issue		(3 015)				(3 015)
Changes in provisions in Q1 2017				(1 534)	1 534	-
Result before OCI				(19 549)		(19 549)
Other result components (net after tax)				(2 079)		(2 079)
Option expenses			641			641
Equity as at 31 March 2017	50 229	1 015 919	6 177	(919 858)	23 500	175 967
Equity as at 1 April 2017	50 229	1 015 919	6 177	(919 858)	23 500	175 967
Increase in equity	662					662
Subscribed equity		5 132				5 132
Cost related to capital issue		(2 015)				-2 015
Changes in provisions in Q2 2017				(1 391)	1 391	-
Result before OCI				(13 282)		-13 282
Other result components (net after tax)				(40)		-40
Option expenses			554			554
Equity as at 30 June 2017	50 891	1 019 036	6 731	-934 571	24 891	166 979

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Accounting principles

These interim accounts and the report from the Board of Directors for the second quarter 2017 have been prepared according to IFRS and IAS 34 Interim Reporting, and are in line with the principles described in the annual report 2016. For further information, reference is made to the 2016 annual report.

The Group has decided to change accounting principles related to capitalization and amortization of sales expenses. As of 30 June 2016 the capitalized expenses amounted to NOK 112.0 million and have been restated to equity. The comparative amounts for prior periods have been restated accordingly. The effect of the changes in accounting principles is shown in the table below:

Change in accounting principles	(NOK 1,000)
Equity effect of changing principles 30 June 2016	112 054
Reduced expenses 2016	35 470
Equity effect of changing principles 31 December 2015	147 524
Increased sales expenses 2015	-79 432
Changes in security reserves provisions 2015	-31 974
Equity effect of changing principles 1 January 2015	36 118

NOTE 2 Segment information

Norway (NOK 1,000)	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FY 2016
Gross premiums earned	144 219	178 989	308 415	382 058	776 650
Premiums earned f.o.a.	51 584	67 853	87 848	116 456	221 912
Other income	464	813	918	1 506	2 740
Incurring claims and operating expenses f.o.a.	(67 729)	(80 616)	(90 602)	(177 682)	(361 843)
Technical result	(15 680)	(11 950)	(21 936)	(59 720)	(137 191)
Cost Ratio f.o.a.	65%	54%	54%	72%	97%
Loss Ratio f.o.a.	89%	65%	83%	80%	66%
Net Combined Ratio	154%	119%	137%	153%	163%

Denmark (NOK 1,000)	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FY 2016
Gross premiums earned	12 953	14 705	12 149	30 115	42 303
Premiums earned f.o.a.	3 110	5 471	3 880	8 096	14 266
Other income	-	-	-	-	-
Incurring claims and operating expenses f.o.a.	(4 209)	(3 310)	(8 371)	(10 067)	(36 514)
Technical result	(1 099)	2 161	(4 492)	(1 971)	(21 248)
Cost Ratio f.o.a.	35%	42%	160%	63%	161%
Loss Ratio f.o.a.	100%	19%	56%	61%	88%
Net Combined Ratio	135%	61%	216%	124%	249%

NOTE 3 Other intangible assets

The Group had no large investments in goodwill or intangible assets during the second quarter of 2017. Goodwill of NOK 64.8 is related to the purchase of the distribution companies in 2016 and acquisition of insurance portfolios from Rein and Saga in 2013. The balance of other intangible assets amounting to NOK 57.0 million refers mainly to development of the Group's insurance system and insurance portfolios. Both the Group's insurance system and the insurance portfolios are depreciated over seven years.

NOTE 4 Earnings per share

Earnings per share

Earnings per share is calculated by dividing the result from operations on a weighted average of outstanding ordinary shares through the quarter, own shares deducted.

(NOK 1,000)	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FY 2016
Result from operations	(14 414)	129 759	(34 910)	76 745	(31 043)
Earnings per share	(0.24)	0.32	(0.58)	0.19	(0.76)

Earnings per share, diluted

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 Group has one category of potential shares that can cause dilution: stock options. The number of shares is 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)	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FY 2016
Result from operations	(14 414)	129 759	(34 910)	76 745	(31 043)
Weighted average of ordinary shares (in 1,000)	59 339	410 492	60 064	410 492	41 049
Adjusted for stock options (in 1,000)	61 339	447 867	62 124	447 867	44 787
Earnings per share diluted	(0.23)	0.29	(0.56)	0.17	(0.69)

Earnings per share diluted is for Insr 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 5 Bond and other fixed-income securities

During the second quarter 2015 and first quarter 2017, the company invested in low risk money market funds. The value of the portfolio by end of June 2017 was NOK 226 million. The managers of the funds are Danske Bank, Storebrand and Nordea.

NOTE 6 Transactions with related parties

Transactions with companies within the Group have been eliminated in the Group accounts. With the acquisition of Vardia Norge, additional transactions have been identified and eliminated. The purchase of the shares of Vardia Norge group (distribution companies) was executed on 23 May 2016 for the amount of NOK 5.5 million. Vardia Norge's activities are integrated into group operations. For further information, please refer to the annual accounts for 2015 and 2016.

NOTE 7 Discontinued operations

On 28 April 2016, Insr announced the sale of its Swedish insurance portfolio to Gjensidige for a total consideration of SEK 200 million and the repurchase of the distribution business in Norway that was divested in 2015. The Swedish portfolio is not included in the balance sheet as per 30 June 2016 (included in prior periods) and the related result for the portfolio is presented as "discontinued operations" in the related quarters. The business represents the geographic area Sweden, defined as an operating segment.

Discontinued operations (Sweden)	(NOK 1,000)		
	Q2 2017	Q2 2016	FY 2016
Premium income			
Gross premiums earned	-	191 739	348 671
Reinsurance share	-	(157 773)	(272 765)
Premiums earned for own account	-	33 966	75 906
Other insurance-related income	-	-	-
Claims			
Gross claims incurred	-	(180 118)	(310 079)
Reinsurance share of gross claims incurred	-	140 249	233 208
Claims incurred for own account	-	(39 869)	(76 871)
Operating expenses			
Sales costs	-	(23 540)	(61 549)
Insurance-related administration costs	-	(7 411)	(23 256)
Commission received	-	16 746	60 062
Total operating expenses for own account	-	(14 205)	(24 743)
Technical result	-	(20 108)	(25 708)
Net financial income			
Income from sale of the Swedish portfolio	-	162 929	162 929
Total financial income	-	162 929	162 929
Non-technical result	-	162 929	162 929
Result before components of comprehensive income	-	142 821	137 221
Result from discontinued operations	-	142 821	137 221

DECLARATION

The presented set of condensed financial statements for the period 1 January to 30 June 2017 have been prepared and presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the additional requirements found in the Norwegian Securities Trading Act. We confirm, to the best of our knowledge, that the information disclosed in the financial statements provides a true and fair view of the Group's assets, liabilities, financial position and profit 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 first six months of the financial year and their impact on the presented set of financial statements. It also provides a description of the principal risks and uncertainties for the remaining six months of the financial year.

Oslo, 15 August 2017

The Board of Directors
Insr Insurance Group ASA



Åge Korsvold
Chairman



Christer Karlsson



Ragnhild Wiborg



Mernosh Saatchi



Ulf Spång



Terje Moen
(employee representative)



Espen Husstad
CEO

GLOSSARY

Available capital: Capital measure defined internally based on Insr's valuation of market-consistent value of assets minus market-consistent value of obligations.

Solvency capital requirement (SCR): The amount of capital the company is required to hold. SCR is derived using a standard formula.

Solvency margin: Available capital / Solvency capital requirement

Vintages: Policies written in prior underwriting years.

Underwriting year: The year commencing with the effective date of a policy or with the renewal date of that policy.

Gross loss ratio: Gross claims incurred / Gross premiums earned

Gross cost ratio: Sales and administration costs / Gross premiums earned

Gross combined ratio: Gross loss ratio + Gross cost ratio

For own account (f.o.a.): Net of reinsurance

Loss ratio f.o.a.: Claims incurred f.o.a. / Earned premium f.o.a.

Cost ratio f.o.a.: Administration costs / Earned premiums net of reinsurance

Combined ratio f.o.a.: Loss ratio f.o.a. + Cost ratio f.o.a.

Disclaimer

This report may contain forward-looking statements, which are based on our current expectations and projections about future events. The terms “anticipates”, “assumes”, “believes”, “can”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “should”, “projects”, “will”, “would” or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. All statements other than statements of historical facts included in this report, including statements regarding our future financial position, risks and uncertainties related to our business, strategy and our plans and objectives for future operations, may be deemed to be forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition, any forward-looking statements are made only as of the date of this report, and we do not intend and do not assume any obligation to update any statements set forth in this report.

FINANCIAL CALENDAR

Q3 2017 Results

8 November 2017

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