

INSR INSURANCE GROUP ASA

INTERIM REPORT

THIRD QUARTER 2017

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u e

HIGHLIGHTS

- Strong third quarter
 - Premium portfolio growth of 2.6% quarter on quarter
 - Strong underwriting result, gross loss ratio of 62.8%
 - Gross combined ratio of 100.2%
 - Profit of NOK 12.0 million
- Company transforming acquisition of Nemi Forsikring
 - Private placement up-sized due to strong interest
 - Expecting to close transaction during fourth quarter
 - Integration during 2018

CONSOLIDATED KEY FIGURES

<i>(MNOK except otherwise stated)</i>	Q3 2017	Q3 2016	YTD 2017	YTD 2016 ¹	FY 2016 ¹
Gross premiums earned ²	166.2	202.4	487.6	617.8	821.7
Gross claims incurred	(104.1)	(160.4)	(336.9)	(527.6)	(615.7)
Sales costs	(24.8)	(51.3)	(70.6)	(127.7)	(114.3)
Administration costs	(37.3)	(34.6)	(88.5)	(106.9)	(204.6)
Gross underwriting result	0.0	(43.9)	(8.3)	(144.4)	(112.9)
Gross to net adjustment					
Reinsurance share of premiums	(97.9)	(158.0)	(326.7)	(447.3)	(582.8)
Reinsurance share of claims	56.7	119.6	214.7	388.2	456.8
Commissions received ³	53.8	21.7	97.2	81.3	80.5
Net underwriting result	12.6	(60.6)	(23.1)	(122.2)	(158.4)
Other items ⁴	(0.7)	1.5	(0.9)	139.9	127.4
Result from operations	12.0	(59.1)	(24.1)	17.7	(31.0)
Solvency ratio	215%	172%			159%

1) Numbers have been restated and are excluding Sweden

2) Includes other insurance related income

3) Includes a correction of reinsurance commissions for 2016

4) Includes non-technical result, tax, exchange rate differences, non adjusted risk, profit for discontinued operations in YTD 2016 and FY 2016

Strong underwriting result and portfolio growth

Premium portfolio volume returned to growth and ongoing pricing measures have increased average prices in the portfolio significantly. Insr recorded a profit for the third quarter with a strong underwriting result.

The acquisition of Nemi Forsikring is a company transforming transaction, attractive both strategically and financially. The private placement for financing the transaction was upsized due to high demand and ability of putting capital to good use, e.g., through reducing reinsurance, providing a strengthened owner base. The transaction is expected to close during fourth quarter.

GROUP PERFORMANCE

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

Results

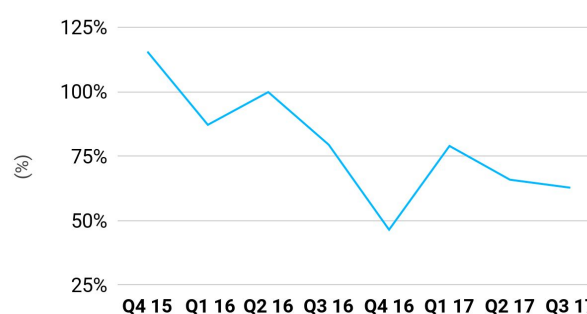
Third Quarter 2017

Insr Insurance Group ASA (Insr) reported a significantly improved gross loss ratio for the third quarter at 62.8% (79.5%), due to both fewer large claims, and as a result of effective pricing and pruning measures implemented over the past quarters.

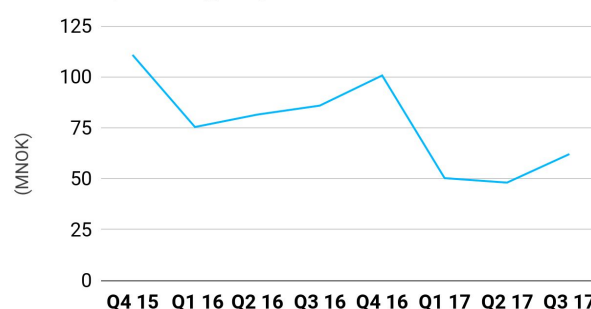
Gross cost ratio was 37.4% (42.6%), corresponding to gross operating expenses of NOK 62.1 million (NOK 85.9 million). The comprehensive cost-cutting program initiated last year, involving downsizing of both headquarters and call centers, was completed during the first quarter this year. With continued stringent cost control and focus on lean operations, costs are approximately halved since 2015.

The loss and cost improvements described above generated a significant year-on-year improvement in the gross combined ratio for the quarter; 100.2% (122.0%).

Gross loss ratio



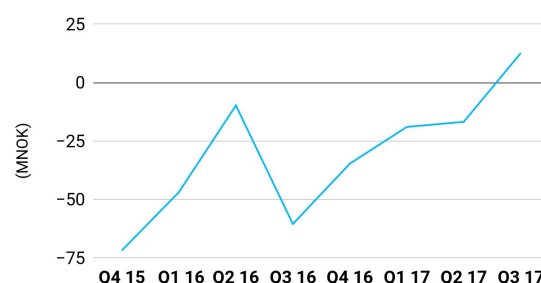
Gross operating expenses



Loss ratio for own account was 69.8% (93.0%), reflecting fewer large claims.

Cost ratio for own account amounted to 12.1% (146.6%), corresponding to total operating expenses for own account of NOK 8.2 million (NOK 64.2 million). Total operating expenses for own account are negatively impacted by non-recurring items and periodisation effects from wholesale commissions with NOK 22.2 million. An update of estimates for reinsurance commissions for 2016 positively impacted total operating expenses for own account with NOK 33.9 million. Combined ratio for own account came to 81.9% (239.6%).

Technical result



Technical result for the quarter was a profit of NOK 11.7 million (loss of NOK 60.5 million).

Net income from financial assets amounted to NOK 3.8 million (NOK 0 million); net interest and currency effects to negative NOK 3.5 million.

Result from operations for the quarter is a profit of NOK 12.0 million (loss of NOK 59.1 million).

Year to date 2017

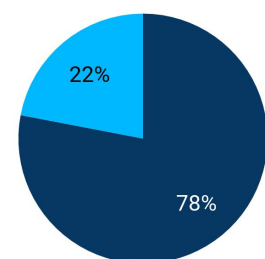
Technical result for the first nine months of 2017 was a loss of NOK 24.1 million (loss of NOK 122.2 million). The significant improvement was driven by successful portfolio pruning, effective pricing measures and a significant reduction of the cost base.

Result from operations was a loss of NOK 24.0 million (profit of NOK 17.7 million). Result from operations for the first nine months 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>	Q3 2017	Q3 2016	YTD 2017	YTD 2016 ¹
Gross premiums written	157.4	134.6	475.6	546.7
Norway	145.3	120.9	438.1	503.0
Denmark	12.1	13.7	37.5	43.8
Premiums earned f.o.a.	67.9	43.8	159.6	168.3
Norway	62.6	40.1	148.5	156.5
Denmark	5.3	3.7	11.1	11.8
Portfolio	655.5	788.3		
Norway	607.1	736.2		
Denmark	48.4	52.1		

Portfolio Q3 2017



● Personal Lines ● Commercial Lines

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

Third Quarter 2017

Gross premiums written amounted to NOK 157.4 million (NOK 134.6 million) during the third quarter. Premiums earned for own account totaled NOK 67.9 million (NOK 43.8 million). As previously communicated, written premiums are starting to increase, confirming the wholesale strategy.

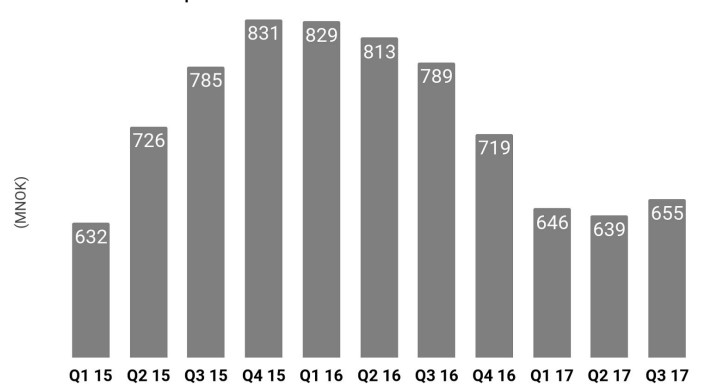
Reduced quota reinsurance share, effective from 1 April 2017, increase premiums earned for own account. Premiums earned for own account improved in the third quarter, NOK 67.9 million compared to NOK 54.7 million for the second quarter.

The portfolio as of 30 September 2017 was NOK 655.5 million (NOK 788.3 million). Compared to the second quarter 2017, the portfolio increased with 2.6% from NOK 638.9. 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 78% (74%) of the portfolio at the end of the third quarter.

Year to date 2017

Gross premiums written for the first nine months of 2017 amounted to NOK 475.6 million (NOK 546.7 million). Gross premiums earned and premiums earned for own account came to respectively NOK 486.4 million (NOK 615.7 million) and NOK 159.6 million (NOK 168.3 million). The decline in gross written and earned premiums year-on-year reflects reduced in-house sales capacity. The development of new sales during first nine months of 2017 were encouraging, confirming the wholesale strategy. Reduced reinsurance share increases premiums earned for own account.

Portfolio development



Financial position and liquidity

Consolidated cash flow

Third quarter 2017

Cash flow from operations amounted to positive NOK 24.8 million (negative NOK 56.7 million). Cash flow from investment activities was positive NOK 29.2 million (NOK 45.2 million).

The group recorded cash and cash equivalents of NOK 207.0 million as of 30 September 2017 (NOK 56.4 million).

Year to date 2017

Cash flow from operations was positive NOK 58.2 million (negative NOK 142.2 million). Cash flow from investment activities was negative NOK 79.7 million (positive NOK 68.8 million), due to investing

private placement proceeds in money market funds. Cash flow from financing activities was positive NOK 126.8 million (NOK 2.4 million); proceeds from a private placement and subsequent repair offering of shares.

Consolidated financial position and solvency capital

As of 30 September 2017, total assets amounted to NOK 1 334.3 million (NOK 1 437.9 million). Total equity amounted to NOK 178.3 million (NOK 121.4 million).

The solvency ratio at the end of the quarter was 215% (172%), significantly above the regulatory requirement of 100%. The solvency capital requirement as of 30 September 2017 was NOK 129.2 million (NOK 130.8 million).

STRATEGIC UPDATE

On 18 August 2017, Insr entered into a share purchase agreement to acquire 100% of the shares in Nemi from Alpha. Alpha is wholly owned by Alpha Holding A/S, a privately held Danish insurance group. The transaction is expected to close during fourth quarter 2017, subject to approvals from the Norwegian Financial Supervisory Authority.

Nemi is a P&C insurer with a similar size and business profile as Insr, which has achieved both growth and improvement in operational quality, as measured by e.g. the combined ratio, through recent years.

The agreed compensation is NOK 320 million, of which NOK 230 million to be paid in cash. The rest is paid in shares in Insr.

To finance the transaction, to strengthen the Insr's capital position and to potentially reduce the reinsurance cession, a private placement was successfully placed on 29 August 2017, raising gross proceeds of NOK 400.4 million. A repair issue of up to NOK 40 million will be conducted after closing. After closing, Insr will have a strong owner base with four large owners: Investment AB Öresund (17%), Alpha Group (10%), Kistefos AS (9%) and German insurance group HDI V.a.G (8%).

The transaction will double the size of Insr's insurance operation and enable the combined company to reach a profitable scale. Nemi will add both significant volume, competence and its brand to Insr's multi-brand and wholesale strategy. The Nemi brand will be maintained and Nemi will be positioned as a strong distribution channel. With this additional distribution channel, Insr will have a solid position in the tied agent market, providing a strong basis to further expand Insr's network of partners and agents.

Insr expects to realize significant economies of scale and benefit from complementary strongholds in the two organisations through combining operations with Nemi. One example is migrating to one set of IT systems and business support. Another is that the combined pool of in-house talent and competence allows for reduced use of external consultants. Insr expects to realize substantial synergies within operating costs as well as from improved claims ratios and reinsurance terms. The expected profitability of the combined company also allows for utilising a large combined loss carryforward of around NOK 1 billion (as of 31 December 2016) earlier than the stand-alone companies.

Insr targets around NOK 60 million of operation cost synergies stemming from the Nemi acquisition. In addition, Insr targets annual savings on claims for own account of around NOK 20 million, much due to anticipated improved terms in a combined reinsurance programme.

Based on Insr's cost reduction plans and expected cost synergies, Insr targets a gross combined ratio in the medium term of 90-92%. Insr aims for low double digit portfolio growth in the medium term, harvesting the strong interest in the wholesale proposition. Assuming gross earned premium of NOK 1.5 billion, a combined ratio of 92% and efficient reinsurance, net results from operations will be in the area of NOK 100 million.

Insr's main focus is to establish Insr as a wholesale insurer, offering underwriting capabilities and capacity, as well as claims handling, for a wide range of white label distribution partners who wish to offer insurance solutions to their customers under their own brands.

Insr sees an increasing demand from companies and organizations wishing to offer insurance solutions to their customers, without having to obtain their own insurance license. Insr will develop partnering concepts, technological capabilities and specialized insurance solutions in cooperation with customers, and have a broad range of target customer groups.

There are few direct competitors in the Norwegian wholesale insurance market with correspondingly low rivalry. Incumbent insurance companies are naturally reluctant to cannibalise own direct distribution through facilitating a disruption in client distribution. Insr is building a robust insurance platform, being agnostic regarding which distribution models and channels will succeed going forward.

OUTLOOK

With the wholesale business fully operational, Insr expects continued portfolio growth towards year-end 2017. Further Insr expects the quality of the insurance portfolio to keep improving, as a result of the continuous focus on pricing and pruning measures. This coupled with continued cost reductions, establishes a strong base for underwriting profitability.

The acquisition of Nemi Forsikring is expected to close during fourth quarter. This will be followed by a subsequent offering of shares. Insr expects to accrue a NOK 40 million cost charge in order to take out synergies related to the acquisition. The focus for 2018 will be integration.

Insr Insurance Group ASA complies with statutory solvency requirements, reporting a solvency ratio of 215% as of 30 September 2017. The company forecasts the solvency ratio to stay above 200% through 2017.

Oslo, 7 November 2017

The Board of Directors
Insr Insurance Group ASA

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Consolidated Income Statement							(NOK 1,000)
	Note	Q3 2017	Q3 2016	YTD 2017	YTD 2016 ¹	FY 2016 ¹	
Premium income							
	2						
Gross premiums earned		165 810	201 814	486 373	615 686	818 953	
Reinsurance share		(97 909)	(158 018)	(326 745)	(447 338)	(582 775)	
Premiums earned for own account		67 901	43 796	159 628	168 348	236 178	
Other insurance-related income							
		353	589	1 272	2 095	2 740	
Claims							
	2						
Gross claims incurred		(104 082)	(160 370)	(336 864)	(527 571)	(615 692)	
Reinsurance share of gross claims incurred		56 694	119 645	214 677	388 246	456 752	
Claims incurred for own account		(47 388)	(40 725)	(122 187)	(139 325)	(158 941)	
Operating expenses							
Sales costs		(24 780)	(51 308)	(70 559)	(127 728)	(114 314)	
Insurance-related administration costs		(37 299)	(34 612)	(88 526)	(106 857)	(204 597)	
Commission received		53 847	21 720	97 183	81 326	80 495	
Total operating expenses for own account		(8 232)	(64 200)	(61 901)	(153 349)	(238 416)	
Net non-adjusted risk							
		(940)	0	(940)	0	(1 251)	
Technical result		11 693	(60 539)	(24 129)	(122 231)	(159 690)	
Non-technical result							
Net income from financial assets		3 762	(14)	2 726	2 430	4 004	
Net interest and currency		(3 477)	-	(2 624)	-	(15 517)	
Non-technical result		286	(14)	101	2 430	(11 513)	
Result before tax		11 979	(60 553)	(24 027)	(119 801)	(171 202)	
Tax		-	-	-	-	-	
Result from continued operations	7	11 979	(60 553)	(24 027)	(119 801)	(171 202)	
Result from discontinued operations		-	-	-	136 130	137 221	
Result before comprehensive income and expenses		11 979	(60 553)	(24 027)	16 329	(33 981)	
Comprehensive income and expenses							
Exchange rate differences		3	1 498	(37)	1 360	2 938	
Total comprehensive income and expenses		3	1 498	(37)	1 360	2 938	
Result from operations		11 982	(59 055)	(24 064)	17 689	(31 043)	

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

Consolidated Statement of Financial Position				(NOK 1,000)
ASSETS	Note	Q3 2017	Q3 2016	FY 2016
Intangible assets				
Goodwill		64 810	78 507	64 810
Other intangible assets	3	49 133	67 624	60 247
Total intangible assets		113 942	146 131	125 056
Investments				
Investments in shares and parts		2 000	513	363
Bonds and other fixed-income securities	5	196 725	153 446	119 001
Total investments		198 725	153 959	119 364
Reinsurance share of gross technical provisions				
Reinsurance share of gross premium provisions		177 347	268 357	252 222
Reinsurance share of non-adjusted risk		2 730	-	3 753
Reinsurance share of gross claims provisions		296 258	374 809	345 281
Total reinsurance share of gross technical provisions		476 335	643 166	601 256
Receivables				
Receivables in connection with direct insurance and reinsurance		272 904	263 369	270 903
Receivables in connection with associates		-	-	-
Other receivables		51 374	83 404	56 118
Total receivables		324 278	346 773	327 021
Other assets				
Plant and equipment		2 397	4 177	3 844
Cash and cash equivalents		206 961	56 387	101 732
Total other assets		209 357	60 564	105 576
Prepaid expenses and earned income not received				
Prepaid costs and earned income not received		11 663	87 327	3 632
Total prepaid expenses and earned income not received		11 663	87 327	3 632
Total assets		1 334 300	1 437 920	1 281 905

Consolidated Statement of Financial Position				(NOK 1,000)
EQUITY AND LIABILITIES	Note	Q3 2017	Q3 2016	FY 2016
Paid-in equity				
Share capital		50 891	35 829	35 829
Share premium		1 019 036	907 334	907 334
Other paid-in-equity		7 123	6 937	5 536
Total paid-in equity		1 077 050	950 100	948 699
Provision for Guarantee scheme		25 291	20 210	21 966
Other equity		(924 085)	(848 897)	(896 696)
Total equity		178 257	121 413	73 970
Subordinated loan				
		74 128	73 959	73 959
Technical provisions				
Gross premium reserve		330 266	364 121	341 073
Non-adjusted risk		5 113	-	5 004
Gross claims reserve		402 939	486 765	438 285
Total technical provisions		738 318	850 886	784 362
Financial liabilities				
Other liabilities		19 447	52 035	85 224
Tax payable		-	7 350	-
Liabilities in connection with direct insurance and reinsurance		238 955	190 637	194 042
Total financial liabilities		258 402	250 022	279 266
Accrued costs and received unearned income				
Accrued costs and received unearned income		85 193	141 639	70 349
Total accrued costs and received unearned income		85 193	141 639	70 349
Total liabilities		1 156 041	1 316 506	1 207 935
Total equity and liabilities		1 334 300	1 437 920	1 281 905

Consolidated statement of cash flow					(NOK 1,000)
	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Cash flow from operations					
Paid-in premiums	144 848	151 843	457 167	867 506	1 061 090
Paid claims	(90 441)	(133 682)	(309 877)	(656 195)	(770 562)
Paid reinsurance	52 962	(9 276)	139 562	(11 940)	57 567
Other paid operating expenses incl. interest	(82 521)	(65 611)	(228 650)	(341 562)	(472 932)
Net cash flow from operations	24 847	(56 725)	58 202	(142 194)	(124 837)
Cash flow from investment activities					
Payment from sale of portfolio	-	30 676	-	30 676	30 676
Acquisition of assets	40	-	(2 015)	-	-
Acquisition of subsidiaries	-	-	-	(14 212)	(14 212)
Investments in money market funds	29 171	(985)	(77 722)	36 894	70 997
Payments on loans to management (Sweden)	-	15 468	-	15 468	15 468
Net cash flow from investment activities	29 211	45 159	(79 737)	68 826	102 929
Cash flow from financial activities					
Proceeds from issued capital	-	325	126 765	2 444	-
Net cash flow from financial activities	-	325	126 765	2 444	-
Exchange rate differences on cash and cash equivalents	-	-	-	822	(2 867)
Net cash flow for the period	54 058	(11 241)	105 229	(70 121)	(24 776)
Hereof discontinued operations		(9 536)		(19 756)	(31 946)
Net cash flow					
Cash and cash equivalents at the beginning of the period	152 904	67 628	101 732	126 508	126 508
Cash and cash equivalents at the end of the period	206 961	56 387	206 961	56 387	101 732
Net cash flow for the period	54 058	(11 241)	105 229	(70 121)	(24 776)
Specification of cash and cash equivalents					
Cash and cash equivalents	206 961	56 387	206 961	56 387	101 732
Total cash and cash equivalents	206 961	56 387	206 961	56 387	101 732

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	-
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	-
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
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	-
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
Equity as at 1 July 2017	50 891	1 019 036	6 731	(934 571)	24 891	166 979
Changes in provisions				(400)	400	-
Profit before OCI				8 803		8 803
Other result components (net after tax)				2 083		2 083
Other expenses			392			392
Equity as at 30 September 2017	50 891	1 019 036	7 123	(924 085)	25 291	178 257

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.

NOTE 2 Segment information

Norway (NOK 1,000)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Gross premiums earned	153 048	188 134	449 620	502 954	776 650
Premiums earned f.o.a.	62 019	40 108	148 446	156 654	221 912
Other income	(587)	589	332	2 095	2 740
Incurring claims and operating expenses f.o.a.	(48 425)	(98 956)	(163 642)	(276 638)	(361 843)
Technical result	13 593	(58 260)	(14 864)	(117 889)	(137 191)
Cost Ratio f.o.a.	7%	154%	34%	93%	97%
Loss Ratio f.o.a.	70%	93%	76%	84%	66%
Net Combined Ratio	77%	247%	110%	177%	163%

Denmark (NOK 1,000)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Gross premiums earned	12 762	13 680	36 754	43 795	42 303
Premiums earned f.o.a.	5 295	3 688	11 182	11 784	14 266
Other income	-	-	-	-	-
Incurring claims and operating expenses f.o.a.	(7 196)	(5 969)	(20 447)	(16 036)	(36 514)
Technical result	(1 900)	(2 280)	(9 265)	(4 252)	(21 248)
Cost Ratio f.o.a.	70%	69%	98%	65%	161%
Loss Ratio f.o.a.	66%	93%	84%	71%	88%
Net Combined Ratio	136%	162%	183%	136%	249%

NOTE 3 Other intangible assets

The Group made no large investments in goodwill or intangible assets during the third 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 49.1 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)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Result from operations	11 982	(59 055)	(24 064)	17 689	(31 043)
Earnings per share	0.19	(0.14)	(0.39)	0.04	(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)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Result from operations	11 982	(59 055)	(24 064)	17 689	(31 043)
Weighted average of ordinary shares (in 1,000)	63 614	410 492	61 247	410 492	41 049
Adjusted for stock options (in 1,000)	65 674	447 867	63 307	447 867	44 787
Earnings per share diluted	0.18	(0.13)	(0.38)	0.04	(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 September 2017 was NOK 196.7 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)		
	Q3 2017	Q3 2016	FY 2016
Premium income			
Gross premiums earned	-	-	348 671
Reinsurance share	-	-	(272 765)
Premiums earned for own account	-	-	75 906
Other insurance-related income	-	-	-
Claims			
Gross claims incurred	-	-	(310 079)
Reinsurance share of gross claims incurred	-	-	233 208
Claims incurred for own account	-	-	(76 871)
Operating expenses			
Sales costs	-	-	(61 549)
Insurance-related administration costs	-	-	(23 256)
Commission received	-	-	60 062
Total operating expenses for own account	-	-	(24 743)
Technical result	-	-	(25 708)
Net financial income			
Income from sale of the Swedish portfolio	-	-	162 929
Total financial income	-	-	162 929
Non-technical result	-	-	162 929
Result before components of comprehensive income	-	-	137 221
Result from discontinued operations	-	-	137 221

GLOSSARY

Available capital: Capital available for solvency purposes, determined under regulatory rules

Solvency capital requirement (SCR): The amount of capital the company is required to hold to fulfil regulatory requirements under Solvency II. The Standard formula is used to calculate SCR.

Solvency ratio: 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.

Portfolio: Sum of annualised premium for all insured as of given date

Written premium: Total premiums on policies issued during a specific period

Earned premium: Premiums recorded during a specific period based on the ratio of the time passed on the policies to their coverage period

Technical result: Result before return on investment, other income, other costs and taxes

Gross underwriting result: $(1 - \text{Gross combined ratio}) * \text{Gross premiums earned}$

Net underwriting result: $(1 - \text{Net combined ratio}) * \text{Earned premium f.o.a.}$

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 f.o.a. / Earned premiums f.o.a.

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

Net non-adjusted risk: If expected claims and claims handling costs for future claims related to insurance contracts effective at the reporting date exceeds the provision for unearned premium, the company determines a provision for net non-adjusted risk.

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
Q4 2017 Results	28 February 2018
Annual Report	31 March 2018
Q1 2018 Results	16 May 2018
Annual General Meeting	23 May 2018
Q2 2018 Results	15 August 2018

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