

Insr Insurance Group ASA – Acquisition of all shares in Nemi Forsikring AS

The following is a detailed stock exchange announcement under section 3.4 of the "Continuing obligations of stock exchange listed companies".

Insr Insurance Group ASA ("Insr" or the "Company") today announces that it has entered into a share purchase agreement for the acquisition of 100% of the shares in Nemi Forsikring AS ("Nemi") from its sole owner Alpha Insurance A/S ("Alpha") (the "Transaction"). Alpha is fully owned by Alpha Holding A/S, a privately held Danish insurance group.

The agreed purchase price for 100% of the shares in Nemi is NOK 320 million of which NOK 230m is payable in cash at closing and NOK 90 million is payable by issuing new shares in the Company to Alpha (the "Consideration Shares"). The Consideration Shares will be issued at a subscription price per share equal to the subscription price obtained in the private placement (as further detailed below).

Financing of the Transaction

The Transaction will be financed through issuance of the Consideration Shares and with new equity through a planned private placement.

In total, Insr intends to raise around NOK 240 million in the private placement in addition to the NOK 90 million obtained through the issuance of the Consideration Shares, for a total equity financing amount of around NOK 330 million. The Company has received significant commitments for the private placement at a share price of up to NOK 7.0 from its largest shareholder, Investment AB Öresund ("Öresund") and from HDI V.a.G. ("HDI"), a German mutual insurance group and the majority owner of Talanx AG, as further detailed below:

- Öresund, currently owning 16.4% of the shares in Insr, has committed to subscribe for a number of shares that will increase its ownership to 19.99% following completion of the Transaction and the planned private placement, implying an investment of around NOK 82 million. Öresund has received approval from the Norwegian Financial Supervisory Authority (the "NFSA") to increase its shareholding to 19.99%.
- HDI has committed to subscribe for a number of shares that will result in an ownership of 9.99% following completion of the Transaction and the planned private placement, implying an investment of around NOK 77 million.

Öresund and HDI will subscribe for the new shares in the planned private placement to be conducted in due course. In addition to the received commitments from Öresund and HDI, Insr intends to raise around NOK 80 million in additional new equity as part of the private placement. Insr furthermore intends to undertake a subsequent repair offering directed towards existing shareholders not being allocated shares in the private placement.

Alpha has agreed to a lock-up period of 6 months for the Consideration Shares. Alpha will through the subscription of the Consideration Shares become the owner of more than 9.99% of the shares in the Company and will apply to the NFSA for approval to own more than 9.99% of the Company's shares following completion of the Transaction. If such approval is not obtained, the amount of the purchase price to be settled through the issuance of Consideration Shares will be reduced to bring down Alpha's ownership to 9.99% and the amount corresponding to the reduction will be settled with a tier two hybrid capital.

The completion of the private placement will be subject to the Closing Conditions (defined below) being satisfied and settlement will take place a few days prior to completion of the Transaction. As the shares in the private placement will be issued prior to the Considerations Shares, parts of the shares to be issued to Öresund and HDI will not be issued until completion of the Transaction to ensure that the two investors comply with their respective ownership limitations.

Conditions and timeline

The completion of the Transaction is subject to the following conditions being satisfied or waived (the "**Closing Conditions**"):

- (i) The Company's shareholders passing the resolutions required to complete the Transaction and to raise the required equity at an extraordinary general meeting to be convened in due course;
- (ii) Approval by the NFSA of the Transaction, including the issuance of the Consideration Shares and the issuance of shares to raise the required equity;
- (iii) Approval by the Norwegian Competition Authority (or any applicable "stand-still periods" must have expired without intervention); and
- (iv) Other standard conditions for closing of this type of transaction.

Insr expects that the Transaction will be completed in the fourth quarter of 2017. The Transaction will be terminated if completion of the Transaction has not occurred by 31 December 2017. Completion of the planned private placement is conditional on the conditions for completion of the Transaction being fulfilled or waived by 31 December 2017.

Description of Nemi

Nemi is a non-life insurance company operating in the Norwegian market providing a range of standardized insurance products to both private / retail and commercial customers. It has around 50,000 private and 4,500 commercial customers, and a market share around 1.2% (as at Q2 2017). Nemi has a dual market approach, selling insurance through external distribution (franchise, external partners and white label affiliates) in additions to direct sales under the Nemi brand. Nemi had 117 employees as at year end 2016 and has its headquarter in Oslo, Norway. Nemi has realized considerable growth over recent years, with gross premiums written increasing from NOK 501m in 2014 to NOK 689m in 2016.

The board of directors of Nemi comprises Leif Corinth-Hansen (Chairman), Bo Lundquist (Deputy Chairman), Jens Erik Christensen, Lars Døviksen (Employee representative) and Siv-Tone Steira (Employee representative). The executive management of Nemi comprises Jan Tore Flaglien (CEO), Flemming Holm (CFO), Linda Mulehamn (Price & Product), Simen Hønsi (IT & Business Development), Trude M. Berntzen (Director Customer Service), Samuel Norstad (Sale & Distribution) and Morten H-Meyer (Claims).

Key figures from the most recent financial year, the two preceding years, and the latest interim accounts from the current year and the same period last year are shown below.

NOK m.	2016	2015	2014	Q1-2 '17	Q1-2 '16	Q2 '17	Q2 '16
Gross premiums earned	641.4	533.4	478.5	342.0	305.8	170.6	158.2
Reinsurance share	(482.2)	(431.7)	(284.1)	(255.4)	(229.6)	(127.0)	(118.8)
Premiums earned f.o.a.	159.1	101.7	194.4	86.5	76.1	43.6	39.4
Gross claims	(483.0)	(416.1)	(378.1)	(211.5)	(188.0)	(81.6)	(111.1)
Reinsurance share	354.8	304.4	210.3	145.1	157.1	53.5	81.0
Claims f.o.a.	(128.1)	(111.7)	(167.9)	(66.4)	(30.9)	(28.2)	(30.1)
Technical results	(19.0)	(69.5)	(13.4)	(-3.1)	15.4	12.3	(4.6)
Profit before tax	(14.7)	(67.6)	(12.7)	(1.7)	17.7	12.7	(3.5)
Profit / loss from operations	4.3	(86.6)	(13.5)	17.3	36.7	12.7	15.5
Loss ratio (gross)	75.3	78.0	79.0	61.8	61.5	47.8	70.2
Cost ratio (gross)	29.1	33.5	30.8	29.0	30.9	26.6	28.8
Combined ratio (gross)	104.4	111.6	109.9	90.8	92.3	74.4	99.0
Loss ratio (f.o.a)	80.5	109.8	86.4	76.7	40.6	64.7	76.4
Cost ratio (f.o.a)	34.5	66.7	38.0	29.2	42.4	10.9	38.5
Combined ratio (f.o.a)	115.0	176.5	124.4	105.9	83.0	75.6	114.9
Total assets	1,066.2	1,003.8	1,076.2			1,056.6	1,074.1
Total liabilities	865.8	848.0	882.4			838.9	827.9
Shareholders' equity	200.4	155.8	193.8			217.7	246.2

Nemi had a tax loss carry forward of NOK 340m as at year-end 2016, with NOK 36.6m recorded as a deferred tax asset in the balance sheet.

Strategic rationale and effects of the Transaction - financial targets

The acquisition of Nemi is a transformational transaction for Insr, and fits well with the wholesale and multi-brand strategy of the Company. The transaction will boost the size of Insr's insurance operation and enable the combined company to quickly reach profitable scale. Nemi is a company with a similar size, business profile and strategy, and is a strong and clear match with Insr. Nemi has achieved both growth and improvement in operational quality, as measured by e.g. the combined ratio through recent years.

Nemi will add significantly to Insr's multi-brand and wholesale strategy, and the Company will retain Nemi as a brand in the market and towards insurance customers. Nemi will be positioned as a strong distribution channel along with Insr's current Vardia brand and its portfolio of third party partners and agents. With Nemi as a new distribution channel, the Company will be established with a solid position in the tied agent market and a strong basis to further expand its network of partners and agents.

Through the acquisition and combination of operations, Insr expects to realize significant economies of scale and benefit from complementary strongholds in the two organisations. One example is migrating to one set of IT systems and business support. Another that the combined pool of in-house talent and competence allows for reduced use of external consultants. The Company expects to realize substantial synergies related to the combined reinsurance programme (resulting in reduced claims cost for own account) and within operating costs.

Based on Insr's cost reduction plans and expected cost synergies, Insr targets a gross combined ratio in the medium term of 90-92%. Over a longer period of time, Insr believes it has a potential to further improve profitability through growth and continued focus on cost efficiency. The Company expects the acquisition to allow the additional benefit of utilising a large combined deferred tax asset in the level of NOK 1bn sooner than would be the case on a stand-alone basis.

Agreements entered into with board members or senior members of management

No agreements have been entered into with any board members or senior management of Insr or Nemi related to the Transaction.

Advisors

ABG Sundal Collier ASA acts as financial advisor to Insr in the Transaction and as sole manager for the planned private placement. Advokatfirmaet Wiersholm AS acts as legal advisor to Insr in the Transaction and the planned private placement.

Webcast and presentation

Insr will hold a webcast for investors on Friday 17 August 2017 at 08:30 CET and hold an investor presentation at 12:00 CET in ABG Sundal Collier's offices at Munkedamsveien 45E. The webcast can be accessed here: <http://webtv.hegnar.no/presentation.php?webcastId=64760408>

About Insr Insurance Group ASA

Insr Insurance Group ASA was established in 2009 and is an independent insurance group listed on the Oslo Stock Exchange, with headquarter in Oslo. Insr has a license for all groups of non-life insurance, except for credit and guarantee insurance. The Company's main focus is on the market for property and casualty insurance for the retail and small & medium sized enterprises segments in Norway and Denmark. Insr distributes its products mainly through insurance agents and partners. It has around 35,000 private and 12,000 commercial customers, and a market share of around 1.1% (as at Q2 2017)

About Nemi Forsikring AS

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About Investment AB Öresund

Investment AB Öresund ("Öresund") is an investment company with SEK 5.6bn in net asset value (as of 31 July 2017). The Company is active in asset management and is listed on the Stockholm Stock

Exchange since 1962. Öresund primarily invests in Nordic securities, and its strategy is to make long term investments in a limited number of companies. Öresund has a strong track record from investments in the financial sector.

About HDI V.a.G.

HDI Haftpflichtverband der Deutschen Industrie V.a.G is a German mutual insurance company, founded in 1903 as a liability association for the German iron and steel industry. It is the majority shareholder owning 79% of the Talanx Group, the third largest insurance group in Germany with a premium income of EUR 31.1bn (2016) and worldwide about 20,000 employees.

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