

Vátryggingafélag Íslands hf.

Condensed Consolidated Interim
Financial Statements

1 January - 30 June 2017

Vátryggingafélag Íslands hf.

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Report and Endorsement of the Board of Directors and the CEO

The condensed consolidated interim financial statements of Vátryggingafélag Íslands hf. ("the Company" or "VÍS") for the period 1 January to 30 June 2017 is prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34. The Company's main operations consist of insurance and investment activities. The consolidated interim financial statements consist of the financial statements of the Company and its subsidiary, Líftryggingafélag Íslands hf., together referred to as "the Group".

Operation

According to the statement of profit or loss and other comprehensive income the Group's profit for the period amounted to ISK 1,107 million. The Group's assets at end of the period amounted to ISK 49,007 million and equity amounted to ISK 16,455 million according to the balance sheet.

At the beginning of the year, the Company's Board of Directors announced its acquisition of nearly 21.8% of the share capital of Kvikabanki hf. The purchase price of the shares was ISK 1,655 million. The purchase was made subject to the approval of the Financial Supervisory Authority of VÍS's ability to hold an active holding in Kvikabanki. In early March the Financial Supervisory Authority approved the acquisition. In April the Company purchased 3.06% share and at the end of June its shareholding in Kvikabanki was 24.9%. In the interim financial statements share of profit in associate amounts to ISK 175 million. □

On 12 March 2017 it was announced that a settlement had been reached on the termination of a court case arising from liability insurance of the board and the management of Lífsverk. A total of ISK 835 million was paid to compensate for the termination of the court case. As a result of reinsurance VÍS's share was 15% of the total compensation or about ISK 125 million, which was within the expense that had been recognised in the Company's claims provision.

At the company's Annual General Meeting on 15 March 2017, it was decided to pay dividends amounting to ISK 1,023 million. The date of payment was 6 April.

At the end of the period, the number of shareholders was 746, but they were 806 at the beginning of the year.

Statement by the Board of Directors and the CEO

According to our best knowledge it is our opinion that the consolidated interim financial statements of Vátryggingafélag Íslands hf. give a true and fair view of the consolidated financial performance of the Group for the period 1 January to 30 June 2017, and its assets, liabilities and financial position as at 30 June 2017. Further, in our opinion the consolidated interim financial statements give a fair view of the development and performance of the Group's operations and its position at the end of the period end and describe the principal risks faced by the Group.

The Board of Directors and the CEO of Vátryggingafélag Íslands hf. have today discussed the Company's consolidated interim financial statements for the period 1 January to 30 June 2017 and confirm them by means of their signatures.

Reykjavík, 24 August 2017

Board of Directors

Svanhildur Nanna Vigfúsdóttir
Chairman of the Board

Helga Hlín Hákonardóttir
Vice-chairman of the Board

Gestur Breiðfjörð Gestsson

Valdimar Svavarsson

Sandra Hlíf Ocares

CEO

Helgi Bjarnason

Independent Auditor's Review Report

To the Board of Directors of Vátryggingafélag Íslands hf.

We have reviewed the accompanying consolidated balance sheet of Vátryggingafélag Íslands hf. as at 30 June 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and condensed notes to the interim financial information.

The Board of Directors and the CEO are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Reykjavík, 24 August 2017

KPMG ehf.

Sigríður Soffía Sigurðardóttir

Sæmundur Valdimarsson

Statement of profit or loss and other comprehensive income for the period 1 January - 30 June 2017

	Notes	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Premiums earned		5.140.689	4.460.170	9.960.309	8.767.182
Premiums earned, reinsurers' share		(171.495)	(159.830)	(343.600)	(324.631)
Premiums earned, net of reinsurance	6	<u>4.969.194</u>	<u>4.300.340</u>	<u>9.616.709</u>	<u>8.442.551</u>
Interest income		162.926	171.985	305.290	321.047
Foreign exchange difference		(172.926)	(112.318)	(170.856)	(284.280)
Fair value changes of financial assets		348.893	140.620	842.561	598.996
Share in profit of associate		136.545	0	175.346	0
Investment income	7	<u>475.438</u>	<u>200.288</u>	<u>1.152.340</u>	<u>635.763</u>
Other income		37.612	43.740	81.801	83.570
Total income		<u>5.482.244</u>	<u>4.544.367</u>	<u>10.850.849</u>	<u>9.161.884</u>
Claims incurred		(3.105.033)	(3.957.321)	(6.617.665)	(7.370.603)
Claims incurred, reinsurers' share		41.375	408.796	(463.123)	437.492
Claims incurred, net of reinsurance	8	<u>(3.063.658)</u>	<u>(3.548.525)</u>	<u>(7.080.788)</u>	<u>(6.933.111)</u>
Changes in risk premium		(7.769)	(1.717)	(15.485)	(4.794)
Operating expenses		(1.247.812)	(1.101.971)	(2.369.614)	(2.190.999)
Interest expenses		(54.632)	(58.252)	(94.927)	(85.239)
Reversal of impairment of accounts receivable		(10.593)	7.412	(17.424)	(2.204)
Total expenses		<u>(4.384.463)</u>	<u>(4.703.053)</u>	<u>(9.578.237)</u>	<u>(9.216.346)</u>
Profit (loss) before income taxes		1.097.781	(158.686)	1.272.613	(54.462)
Income taxes	9	<u>(180.925)</u>	<u>251.438</u>	<u>(165.207)</u>	<u>292.315</u>
Total comprehensive income for the period		<u><u>916.856</u></u>	<u><u>92.753</u></u>	<u><u>1.107.406</u></u>	<u><u>237.853</u></u>
Earnings per share:					
Basic and diluted earnings per share		0,41	0,03	0,50	0,10

The notes on pages 8-14 are an integral part of the interim financial statements.

Balance Sheet as at 30 June 2017

	Notes	30.6.2017	31.12.2016
Assets			
Operating assets		208.185	184.406
Goodwill and other intangible assets		769.299	809.972
Tax asset		490.293	618.535
Shareholdings in associate	10	2.054.421	0
Financial assets at fair value through profit or loss	10	25.985.155	28.669.835
Financial assets held-to-maturity	10	4.335.416	4.357.527
Bonds and other long-term receivables	10	1.400.820	41.461
Investments where investment risk is borne by life-insurance policyholders		1.249.734	1.232.526
Accounts receivable		8.496.745	5.706.473
Reinsurance assets		831.674	1.897.983
Other receivables		2.240.584	1.740.968
Cash and cash equivalents		944.877	1.063.335
Total assets		<u>49.007.203</u>	<u>46.323.020</u>
Equity			
Share capital		2.223.498	2.223.498
Statutory reserve		625.620	625.620
Unrealised fair value changes of securities		525.295	1.093.461
Unrealised profit of associate		175.346	0
Retained earnings		12.905.580	12.428.163
Total equity		<u>16.455.338</u>	<u>16.370.742</u>
Liabilities			
Subordinated bonds	12	2.601.079	2.573.693
Technical provision	13	27.184.990	24.936.072
Technical provision for life-insurance policies where investment risk is borne by the policyholders		1.249.734	1.232.526
Accounts payable and other liabilities		1.516.062	1.209.987
Total liabilities		<u>32.551.865</u>	<u>29.952.279</u>
Total equity and liabilities		<u>49.007.203</u>	<u>46.323.020</u>

The notes on pages 8-14 are an integral part of the interim financial statements.

Statement of Changes in Equity 1 January - 30 June 2017

	Share capital	Statutory reserve	Unrealised fair value changes of securities	Unrealised profit of associate	Retained earnings	Total equity
2016						
Equity 1.1.2016	2.296.437	625.620	0	0	14.629.992	17.552.048
Total comprehensive income for the period					237.853	237.853
Treasury shares purchased	(50.023)				(346.152)	(396.175)
Dividends paid, ISK 0.90 per share					(2.066.793)	(2.066.793)
Equity 30.6.2016	<u>2.246.413</u>	<u>625.620</u>	<u>0</u>	<u>0</u>	<u>12.454.899</u>	<u>15.326.932</u>
2017						
Equity 1.1.2017	2.223.498	625.620	1.093.461	0	12.428.163	16.370.742
Total comprehensive income for the period					1.107.406	1.107.406
Unrealised fair value changes of securities			(568.166)		568.166	0
Unrealised profit of associate				175.346	(175.346)	0
Dividends paid, ISK 0.46 per share					(1.022.809)	(1.022.809)
Equity 30.6.2017	<u>2.223.498</u>	<u>625.620</u>	<u>525.295</u>	<u>175.346</u>	<u>12.905.580</u>	<u>16.455.338</u>

The notes on pages 8-14 are an integral part of the interim financial statements.

Statement of Cash Flows for the period 1 January - 30 June 2017

	Notes	YTD 2017	YTD 2016
Operating activities			
Total comprehensive income for the period		1.107.406	237.853
Operating items not affecting cash flows:			
Financial income and expenses		(39.506)	48.472
Fair value changes of financial assets		(842.561)	(598.996)
Share in profit of associate		(175.346)	0
Depreciation, amortisation and impairment		80.148	64.199
Changes in operating assets and liabilities:			
Tax asset, decrease (increase)		128.242	(328.742)
Financial assets, decrease (increase)		3.199.901	(1.269.625)
Bonds and other receivables, (increase) decrease		(1.359.360)	3.980
Accounts receivable, (increase)		(2.790.272)	(2.051.068)
Reinsurance assets, decrease (increase)		1.066.309	(563.385)
Other assets, decrease		28.350	129.133
Technical provision, increase		2.248.918	3.477.156
Accounts payable and other liabilities, increase		306.075	48.160
Cash flows from operating activities before interest and tax		<u>2.958.303</u>	<u>(802.864)</u>
Interest income received		505.970	396.927
Financial expenses paid		(67.541)	(31.070)
Income taxes paid		(527.966)	(129.853)
Cash flows from (to) operating activities		<u>2.868.766</u>	<u>(566.860)</u>
Investing activities			
Purchase of operating assets		(63.254)	(40.528)
Purchase of associate		(1.879.075)	0
		<u>(1.942.329)</u>	<u>(40.528)</u>
Financing activities			
Purchase of treasury shares		0	(396.175)
Dividends paid		(1.022.809)	(2.066.793)
Issue of subordinated bonds		0	2.500.000
		<u>(1.022.809)</u>	<u>37.032</u>
Decrease in cash and cash equivalents		(96.372)	(570.356)
Cash and cash equivalents at the beginning of the year		1.063.335	1.428.183
Effect of movements in exchange rates on cash held		(22.087)	(17.850)
Cash and cash equivalents at the end of the period		<u>944.877</u>	<u>839.977</u>

The notes on pages 8-14 are an integral part of the interim financial statements.

Notes

1. Reporting entity

Vátryggingafélag Íslands hf., hereafter referred to as "the Company", "the Group" or "VÍS", is a limited liability company and operates according to law no. 100/2016 on insurance operations and law no. 2/1995 on limited liability companies. The Company's headquarters are at Ármúli 3, Reykjavík.

The consolidated interim financial statements of Vátryggingafélag Íslands hf. comprise the interim financial statements of the Company and its subsidiary, Líftryggingafélag Íslands hf. ("Lífis"). The Group's operations consist of casualty insurance, life insurance and investment activities. The Icelandic Financial Supervisory Authorities supervises the operations of the Group according to law no. 87/1998 on the official supervision of financial operations.

2. Basis of preparation

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Icelandic law on annual accounts. The condensed consolidated interim financial statements do not contain all the information required in consolidated financial statements and should be read in conjunction with its annual consolidated financial statements for the year 2016.

The annual consolidated financial statements can be accessed on the Company's website www.vis.is and on the Icelandic Stock Exchange website; www.nasdaqomxnordic.com

The interim financial statements were approved and authorised for issue at a board meeting on 24 August 2017.

3. Functional and presentation currency

These consolidated interim financial statements are prepared and presented in Icelandic Krona (ISK), which is the Company's functional currency. All amounts are presented in ISK thousand unless otherwise stated.

4. Accounting estimates

Preparing condensed consolidated interim financial statements in accordance with IFRS requires management to make assumptions, estimates and apply judgement that affect the assets and liabilities at the reporting date, disclosures in notes and income and expenses. Estimates and judgements are based on experience and various other factors that are considered appropriate and form the basis of decisions made regarding the reported amounts of assets and liabilities not evident by other means.

Estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period when they are revised.

Management has made assumptions and accounting estimates regarding the following items that materially impact the Group's financial statements:

- financial assets, see note no. 10
- technical provision, see note no. 13

5. Operating segments

The Group's operations are, in accordance with its organisation and internal reporting, divided into three operating segments: Casualty insurance, life insurance and financial activities.

The operating segments' results for the period 1 January - 30 June 2017 are specified as follows:

	Casualty insurance	Life insurance	Financial activities	Total
Premiums earned	9.386.590	573.718	0	9.960.308
Premiums earned, reinsurers' share	(242.652)	(100.949)	0	(343.600)
Investment income	489.415	16.881	646.045	1.152.340
Other income	81.801	0	0	81.801
Total income	9.715.155	489.651	646.045	10.850.849

Notes

5. Operating segments (contd.)

	Casualty insurance	Life insurance	Financial activities	Total
Claims incurred	(6.390.819)	(226.846)	0	(6.617.665)
Claims incurred, reinsurers' share	(528.761)	65.638	0	(463.123)
Change in risk premium	(14.184)	(1.301)	0	(15.485)
Operating expenses	(1.887.904)	(184.450)	(297.261)	(2.369.615)
Interest expenses	0	0	(94.927)	(94.927)
Reversal of impairment of accounts receivable	0	0	(17.424)	(17.424)
Operating segment result	893.486	142.693	236.433	1.272.612
Income taxes				(165.207)
Profit for the year				1.107.405

Depreciation of operating assets and software in the amount of ISK 51 million and ISK 1 million are included in the operating results of casualty insurance and financial activities, respectively. Investments in software and operating assets of casualty insurance amounted to ISK 63 million. The foreign exchange difference in technical provisions for casualty insurance is recognized as premiums and claims. During the period there was a foreign exchange gain on technical provisions.

The operating segments' results for the period 1 January - 30 June 2016 are specified as follows:

	Casualty insurance	Life insurance	Financial activities	Total
Premiums earned	8.233.843	533.339	0	8.767.182
Premiums earned, reinsurers' share	(232.922)	(91.709)	0	(324.631)
Investment income	598.426	15.766	21.572	635.763
Other income	83.570	0	0	83.570
Total income	8.682.917	457.395	21.572	9.161.884
Claims incurred	(7.183.485)	(187.118)	0	(7.370.603)
Claims incurred, reinsurers' share	373.658	63.834	0	437.492
Change in risk premium	(3.839)	(954)	0	(4.794)
Operating expenses	(1.773.580)	(155.747)	(261.672)	(2.190.999)
Interest expenses	0	0	(85.239)	(85.239)
Reversal of impairment of accounts receivable	0	0	(2.204)	(2.204)
Operating segment result	95.671	177.410	(327.543)	(54.462)
Income taxes				292.315
Profit for the year				237.853

Depreciation of operating assets and software in the amount of ISK 35 million and ISK 1 million are included in the operating results of casualty insurance and financial activities, respectively. Investments in software and operating assets of casualty insurance amounted to ISK 41 million. The difference in technical provisions for casualty insurance is recognized as premiums and claims. During the period there was a foreign exchange gain on technical provisions.

Notes

6. Premiums earned, net of reinsurance

	YTD 2017	YTD 2016
Premiums written	13.531.498	11.598.454
Premiums written, reinsurers' share	(571.983)	(551.645)
Change in unearned premiums	(3.571.189)	(2.831.272)
Change in unearned premiums, reinsurers' share	228.383	227.014
Premiums earned, net of reinsurance	<u>9.616.709</u>	<u>8.442.551</u>

7. Financial income

	YTD 2017	YTD 2016
Interest income on bank accounts	17.869	30.201
Interest income on financial assets held-to-maturity	100.834	116.021
Other interest income	186.587	174.825
Financial income.....	<u>305.290</u>	<u>321.047</u>
Fair value change of shares.....	360.018	296.215
Fair value change of other financial assets.....	482.543	302.780
Fair value change of financial assets.....	<u>842.561</u>	<u>598.996</u>

Fair value change of financial assets includes dividend income from shareholding amounting to ISK 193 (YTD 2016:134) million.

8. Claims incurred, net of reinsurance

	YTD 2017	YTD 2016
Claims incurred	7.891.121	6.729.513
Claims incurred, reinsurers' share	(806.597)	(98.562)
Change in claims provision	(1.273.456)	641.090
Change in claims provision, reinsurers' share	1.269.721	(338.930)
Claims incurred, net of reinsurance.....	<u>7.080.788</u>	<u>6.933.111</u>

9. Income taxes

Income taxes are calculated and recognised in the interim financial statements.

Effective tax rate:

	1 January - 30 June 2017		1 January - 30 June 2016	
	Amount	%	Amount	%
Profit (loss) before income taxes	1.272.613		(54.462)	
Income tax according to domestic tax rate	254.523	20,0%	(10.892)	20,0%
Non-deductible expenses	3	0,0%	3	0,0%
Dividends received	(38.640)	-3,0%	28.162	-51,7%
Fair value changes of financial assets	(27.610)	-2,2%	(87.405)	160,5%
Share in profit of associate	(35.069)	-2,8%	0	0,0%
Special financial activity tax	12.000	0,9%	0	0,0%
Reversal of write-down of tax asset*	0	0,0%	(222.183)	408,0%
Income taxes according to the statement of profit or loss	<u>165.207</u>	<u>13,0%</u>	<u>(292.315)</u>	<u>536,7%</u>

* Tax asset due to finalisation of winding-up of bankrupt companies.

Notes

10. Investment securities

Financial assets designated at fair value through profit or loss are specified as follows:

	30.6.2017	31.12.2016
Shares in other companies		
Listed on domestic stock exchange	8.074.289	7.996.255
Listed on foreign stock exchanges	118	119
Other companies	3.415.855	3.091.245
	<u>11.490.262</u>	<u>11.087.619</u>
Other securities		
Government backed securities, indexed	406.918	2.903.069
Government backed securities, non-indexed	2.385.899	1.465.295
Other bonds	7.781.895	9.194.104
Bond funds	1.818.226	1.829.796
Alternative investment funds	2.101.957	2.189.952
	<u>14.494.894</u>	<u>17.582.216</u>
Total financial assets at fair value	<u>25.985.156</u>	<u>28.669.835</u>
Financial assets held-to-maturity		
Listed government backed securities *	4.335.416	4.357.527
Bonds and other long-term receivables are specified as follows:		
Loans pledged by real estates	1.125.693	41.461
Loans pledged by securities	275.127	0
	<u>1.400.820</u>	<u>41.461</u>
Shareholdings in associate		
Kvika banki hf.	2.054.421	0
	<u>2.054.421</u>	<u>0</u>
Investment securities	<u>33.775.812</u>	<u>33.068.822</u>
* Estimated fair value of financial assets held-to-maturity	4.572.133	4.365.621

Notes

11. Fair value hierarchy

The following table discloses financial assets at fair value according to valuation techniques. The valuation techniques are separated into three levels based on the significance of the assumptions made in determining fair value. The levels are as follows:

Level 1: Quoted price in an active market for identical assets.

Level 2: Fair value is not based on quoted price in an active market (level 1) but on inputs that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial assets for which there is not an active market are classified into level 2. The fair value assessment is based on recent transactions between unrelated parties or bid prices of unrelated parties. Comparison to similar financial assets is also applied.

Level 3: Fair value measurement is based on significant inputs other than market input. Fair value measurement of financial assets classified as level 3 is based on inputs such as valuation from fund managers of investment or institutional investment funds, put options or the Company's valuation based on financial results or comparison to other similar financial assets.

Group

30 June 2017

	Level 1	Level 2	Level 3	Total
Financial assets at fair value	19.674.807	333.240	5.977.108	25.985.155
Fair value of held-to-maturity financial assets	4.572.133	0	0	4.572.133
Financial assets total	24.246.940	333.240	5.977.108	30.557.288

Group

31 December 2016

	Level 1	Level 2	Level 3	Total
Financial assets at fair value	22.836.979	342.312	5.490.544	28.669.835
Fair value of held-to-maturity financial assets	1.752.326	2.613.295	0	4.365.621
Financial assets total	24.589.305	2.955.607	5.490.544	33.035.456

Changes that fall under level 3 in the period are specified as follows:

	2017	2016
Balance at 1.1.	5.490.544	5.740.556
Purchased	1.125.987	607.401
Sold / Repayments	(936.509)	(801.021)
Interest and fair value changes	297.087	435.086
Balance at 30.6.	5.977.108	5.982.023

12. Subordinated bonds

At the end of February 2016 the Company issued subordinated bonds in the nominal amount of ISK 2,500 million. The bonds are classified as Tier II equity and included in the Company's solvency. They bear a fixed inflation-indexed interest rate of 5.25%. Their maturity is 30 years but with a prepayment option and a step-up in interest rate to 6.25% ten years after issue date.

Notes

13. Technical provision

Technical provision is determined as best estimate in accordance with provisions of Solvency II regulation.

	30.6.2017	31.12.2016
Technical provision (total):		
Claims reported	13.497.416	15.026.585
Claims incurred but not reported	2.527.102	2.335.688
Total claims provision	16.024.518	17.362.273
Unearned premiums	9.926.064	6.354.875
Risk premium	1.234.408	1.218.923
Total technical provision	27.184.990	24.936.072
Reinsurers' share:		
Claims reported	484.523	1.745.545
Claims incurred but not reported	10.090	18.789
Claims provision	494.613	1.764.334
Unearned premiums	337.061	108.690
Total reinsurers' share	831.674	1.873.024
Technical provision, net of reinsurance:		
Claims reported	13.012.893	13.281.040
Claims incurred but not reported	2.517.012	2.316.899
Claims provision	15.529.905	15.597.939
Unearned premiums	9.589.003	6.246.185
Risk premium	1.234.408	1.218.923
Total technical provision, net of reinsurance	26.353.316	23.063.047

Technical provision is calculated based on the Company's best estimate according to Solvency II regulation on unsettled claims at reporting date which have been reported to the Company and as well as for claims incurred but not reported at reporting date to the Company or not reported adequately. Unearned premiums represent the Company's estimated amounts of the proportion of the duration of each policy issued that extends into periods beyond the reporting date.

14. Related parties

Related parties are those parties, or their companies, that have an influence on the Group, whether directly or indirectly. Related parties are large shareholders, board members and members of the boards sub-committees, key management personnel and their families, as well as other parties directed by or under the influence of the Group, i.e. associates. Transactions with related parties have been on the same terms as with unrelated parties.

Transactions and balances with related parties are specified as follows:

	1.1. - 30.6.2017		30.6.2017	
	Income	Expenses	Assets	Liabilities
Affiliated companies	0	1.546	0	0
Board of directors and key management personnel ..	4.136	13.727	13.334	3.132
	4.136	15.273	13.334	3.132

Notes

14. Related parties (contd.)

	1.1. - 30.6.2016		31.12.2016	
	Income	Expenses	Assets	Liabilities
Affiliated companies	1.467	2.189	0	0
Board of directors and key management personnel ..	2.914	120	10.758	1.508
	<u>4.381</u>	<u>2.309</u>	<u>10.758</u>	<u>1.508</u>

15. Events after the reporting date

No events subsequent to the reporting date call for corrections or changes to the interim financial statements

16. Key ratios

	YTD 2017	YTD 2016
Claims ratio	66,4%	84,1%
Net claims ratio	73,6%	82,1%
Operating cost ratio	20,8%	22,0%
Reinsurers' cost ratio	8,1%	-1,3%
Combined ratio	95,4%	104,8%
Solvency ratio of the Group	1,61	1,83

17. Quarterly statements

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Premiums earned	5.140.689	4.819.620	4.763.779	4.788.072	4.460.170
Premiums earned, net of reinsurance	4.969.194	4.647.515	4.583.247	4.621.464	4.300.340
Investment income	475.438	676.903	958.760	402.567	200.288
Other income	37.612	44.188	49.518	37.537	43.740
Total income	<u>5.482.244</u>	<u>5.368.606</u>	<u>5.591.526</u>	<u>5.061.567</u>	<u>4.544.367</u>
Claims incurred	(3.105.033)	(3.512.632)	(3.697.145)	(3.798.077)	(3.957.321)
Claims incurred, net of reinsurance	(3.063.658)	(4.017.130)	(3.599.061)	(3.512.595)	(3.548.525)
Changes in risk premium	(7.769)	(7.716)	31.352	(1.720)	(1.717)
Operating expenses	(1.247.812)	(1.121.802)	(1.146.499)	(1.137.267)	(1.101.971)
Impairment of accounts receivable and interest expenses	(65.225)	(47.126)	(37.927)	(19.186)	(50.840)
Profit before income taxes	<u>1.097.781</u>	<u>174.830</u>	<u>839.390</u>	<u>390.800</u>	<u>(158.686)</u>
Income taxes	(180.925)	15.718	28.344	(36.974)	251.438
Total comprehensive income for the period	<u>916.856</u>	<u>190.549</u>	<u>867.734</u>	<u>353.826</u>	<u>92.753</u>
Claims ratio	60,4%	72,9%	77,6%	79,3%	88,7%
Net claims ratio	61,7%	86,4%	78,5%	76,0%	82,5%
Operating cost ratio	21,3%	20,3%	21,1%	20,4%	22,0%
Reinsurers' cost ratio	2,5%	14,0%	1,7%	-2,5%	-5,6%
Combined ratio	84,2%	107,2%	100,4%	97,2%	105,1%