

A full-page photograph of a smiling woman with long brown hair tied back, wearing a light green jacket over a dark blue top. She has a maroon backpack with a rolled-up green mat attached. In the background, a man and a child are visible in a sun-dappled forest.

# Interim Report

## January – June 2022

If P&C Insurance Holding Ltd (publ), 556241-7559



# Contents

- Economical overview .....3
- Key figures.....4
- Consolidated income statement.....5
- Consolidated statement of comprehensive income.....6
- Consolidated balance sheet.....7
- Changes in shareholders' consolidated equity .....9
- Consolidated cash flow statement.....10
- Parent company.....11
- Notes.....13
- Signature .....18
- Definitions.....19

# Economical overview

If is the leading property and casualty insurance company in the Nordic region, with insurance operations that also encompass the Baltic countries. The Group's headquarters is located in Solna, Sweden and the Parent Company of the If Group, If P&C Insurance Holding Ltd (publ), is a wholly owned subsidiary of Sampo plc, a Finnish listed company. If's subsidiaries and branches provide insurance solutions and services in Sweden, Norway, Denmark, Finland and the Baltic countries. If's operations are divided into four business areas: Private, Commercial, Industrial and Baltic.

The totals in tables and statements in the interim report may not always reconcile due to rounding. The aim is for each line item to correspond to the source and therefore rounding differences may arise in totals. Comparative figures for income statement items refer to the period January – June 2021 and for balance sheet items as per December 31, 2021.

## Significant events and effects during the reporting period

The first six months 2022 were marked by geopolitical uncertainty including Russia's invasion of Ukraine and an overall challenging macroeconomic environment. If's insurance exposure in the affected region is limited to certain clients in the Industrial business area, with coverage subject to war exclusions. On the asset side, If has no material direct investments in Russia or Ukraine. Macroeconomic uncertainty with high levels of inflation and central bank interest rate hikes with resulting volatility in capital markets marked the first half of the year.

Covid-19 effects in the first six months 2022 were materially below the levels observed during 2021. Given the limited impact of Covid-19 and the increasing difficulty in reliably estimating associated effects, If no longer discloses quantitative Covid-19 effects in 2022 financial reporting. In the comparison period January–June 2021, Covid-19 effects reduced the combined ratio by some 3 percentage points.

## Earnings and financial position

### Results

The technical result for insurance operations increased to MSEK 5,510 (4,549) and the combined ratio improved during the period to 78.9 (81.1). The investment result increased to MSEK 1,530 (1,481). Profit before tax for the period amounted to MSEK 6,930 (5,733).

### Premiums

Gross written premiums amounted to MSEK 34,218 (30,851). Adjusted for currency effects, the increase was 7.5%. Growth was robust across the business areas and driven primarily by rate increases, high retention and an increase in customer count.

## Claims and claims reserves

Claims incurred, net of reinsurance, amounted to MSEK 16,525 (15,581) during the period. The risk ratio was 58.5% (59.9), including a 6.6 percentage points (4.0) positive impact of prior years' development.

On June 30, gross claims reserves amounted to MSEK 69,312 (68,422). Adjusted for currency effects, gross claims reserves decreased by MSEK 1,224 compared with the end of 2021. The change during the period was primarily attributable to a reserve reduction for annuities due to changes in the mortality model in Finland and increased discounting rates, including a 0.25 percentage point increase in the Finnish discount rate to 1.0%.

Reinsurers' share of claims provision amounted to MSEK 2,371 (2,581). Adjusted for currency effects, the decrease during the period was MSEK 413.

## Expenses

Operating costs in insurance operations amounted to MSEK 3,874 (3,654) during the first half of the year. The cost ratio improved to 20.4% (21.2).

## Investment result and asset allocation

At full market value, result from asset management was negative MSEK 5,895 (positive 2,841), impacted by a correction in the stock market and interest rate increases, and corresponding to a total investment return of negative 4.8% (positive 2.5).

Asset allocation was fairly stable. Fixed income comprises 89% (86) and equities 11% (14) of the total investment assets. The duration of the fixed income assets at the end of the period was 1.7 (1.1).

## Solvency and cash flow

Insurance is a regulated business with EU common rules for calculating capital requirements and available capital. All If's insurance subsidiaries have regulatory solvency capital requirements under Solvency II and have fulfilled those during the reporting period. As a subsidiary of Sampo plc, If P&C Insurance Holding Ltd (publ) is a member of the Sampo insurance group and is not subject to any requirement to report the If Group solvency position.

Cash flow from operating activities, including net investments in financial investment assets, strongly decreased to MSEK 406 (8,062) due to higher net investments.

## Parent Company earnings

The operations of the Parent Company If P&C Insurance Holding Ltd (publ) consist primarily of ownership and management of shares in subsidiaries. Parts of the cash surplus are also managed in a dedicated investment portfolio.

Profit for the period increased to MSEK 8,395 (5,863), primarily due to increased dividends from subsidiaries.

# Key figures

MSEK	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec
<b>Earnings-related information</b>						
Premiums earned, net of reinsurance	25,862	23,718	48,418	47,028	46,451	44,019
Allocated investment return transferred from the non-technical account	55	81	145	173	167	130
Other technical income	698	611	1,232	1,079	332	304
Claims paid, net of reinsurance	-16,525	-15,581	-31,717	-31,204	-31,756	-30,307
<i>of which, claims-adjustment costs</i>	-1,408	-1,380	-2,701	-2,672	-2,635	-2,437
Operating expenses for insurance operations, net of reinsurance	-3,874	-3,654	-7,662	-7,416	-7,472	-7,200
Other operating expenses	-706	-626	-1,260	-1,159	-472	-345
<b>Technical result from property and casualty insurance</b>	<b>5,510</b>	<b>4,549</b>	<b>9,155</b>	<b>8,502</b>	<b>7,250</b>	<b>6,601</b>
<b>Net profit for the period</b>	<b>5,508</b>	<b>4,539</b>	<b>8,618</b>	<b>7,405</b>	<b>7,301</b>	<b>6,784</b>
Investment result	1,530	1,481	2,371	1,529	2,707	2,648
Remeasurements of financial assets available for sale	-7,026	1,877	3,443	903	3,910	-2,423
Value changes of available for sale assets recognized in the income statement	-400	-517	-815	116	-877	-1,062
<b>Total return</b>	<b>-5,895</b>	<b>2,841</b>	<b>4,999</b>	<b>2,548</b>	<b>5,740</b>	<b>-838</b>
<b>Information regarding economic status</b>						
Investment assets	116,445	110,256	113,839	108,535	112,394	110,535
Technical provisions	100,893	96,338	92,599	88,629	91,704	91,618
Consolidation capital	41,709	45,805	42,352	37,568	36,559	33,932
<i>of which, deferred tax</i>	2,306	3,090	3,569	2,605	2,728	2,016
<b>Key data</b>						
Claims ratio	63.9%	65.7%	65.5%	66.4%	68.4%	68.8%
Expense ratio	15.0%	15.4%	15.8%	15.8%	16.1%	16.4%
Combined ratio	78.9%	81.1%	81.3%	82.1%	84.5%	85.2%
Risk ratio <sup>1)</sup>	58.5%	59.9%	59.9%	60.7%	62.7%	63.3%
Cost ratio <sup>1)</sup>	20.4%	21.2%	21.4%	21.5%	21.8%	21.9%
Insurance margin <sup>1)</sup>	21.3%	19.2%	19.0%	18.2%	15.9%	15.1%
Total investment return	-4.8%	2.5%	4.3%	2.3%	5.0%	-0.8%

<sup>1)</sup> Refers to alternative performance measures which are defined in Definitions.

# Consolidated income statement

MSEK	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
<b>TECHNICAL ACCOUNT INSURANCE OPERATIONS</b>			
<b>Premiums earned, net of reinsurance</b>			
Premiums written, gross	34,218	30,851	52,089
Premiums ceded	-2,684	-2,218	-2,827
Change in provision for unearned premiums and unexpired risks	-6,745	-5,827	-937
Reinsurers' share of change in provision for unearned premiums and unexpired risks	1,074	912	93
	<b>25,862</b>	<b>23,718</b>	<b>48,418</b>
Allocated investment return transferred from the non-technical account	55	81	145
Other technical income	698	611	1,232
<b>Claims incurred, net of reinsurance</b>			
Claims paid			
Gross	-18,361	-16,012	-33,042
Reinsurers' share	880	613	1,465
Change in provision for claims outstanding			
Gross	1,369	-654	-298
Reinsurers' share	-413	472	157
	<b>-16,525</b>	<b>-15,581</b>	<b>-31,717</b>
<b>Operating expenses</b>			
Operating expenses in insurance operations, net of reinsurance			
Gross	-3,981	-3,740	-7,846
Commissions and profit participations in ceded reinsurance	107	87	184
	<b>-3,874</b>	<b>-3,654</b>	<b>-7,662</b>
Other operating expenses	-706	-626	-1,260
	<b>-4,580</b>	<b>-4,279</b>	<b>-8,922</b>
<b>Technical result from property and casualty insurance</b>	<b>5,510</b>	<b>4,549</b>	<b>9,155</b>
<b>NON-TECHNICAL ACCOUNT</b>			
<b>Investment result</b>			
Direct investment income	1,354	1,086	1,920
Changes in value	324	531	742
Management costs	-148	-137	-291
	<b>1,530</b>	<b>1,481</b>	<b>2,371</b>
Allocated investment return transferred to the technical account	-200	-182	-361
Interest expense on net pension liability	-2	-6	-13
Interest expenses, financing	-31	-82	-163
Income from associates	124	-26	-67
<b>Result before income taxes</b>	<b>6,930</b>	<b>5,733</b>	<b>10,923</b>
Taxes	-1,422	-1,194	-2,304
<b>Net profit for the period</b>	<b>5,508</b>	<b>4,539</b>	<b>8,618</b>
<i>Of which attributable to owners of the parent</i>	<i>5,508</i>	<i>4,539</i>	<i>8,618</i>

# Consolidated statement of comprehensive income

MSEK	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
<b>Net profit for the period</b>	<b>5,508</b>	<b>4,539</b>	<b>8,618</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Remeasurements of the net pension liability	535	473	745
Taxes related to items which will not be reclassified	-112	-98	-154
	<b>424</b>	<b>375</b>	<b>591</b>
<i>Items that will be reclassified subsequently to profit and loss when specific conditions are met</i>			
Effects of changes in exchange rates, foreign operations	702	277	709
Effects of changes in exchange rates, foreign associates	0	0	0
Remeasurements of financial assets available for sale	-7,026	1,877	3,443
Value changes on financial assets available for sale reclassified to the income statement	-400	-517	-815
Taxes related to items which will be reclassified when specific conditions are met	1,411	-303	-623
	<b>-5,312</b>	<b>1,334</b>	<b>2,714</b>
<b>Total comprehensive income for the period</b>	<b>620</b>	<b>6,249</b>	<b>11,924</b>
<i>Of which attributable to owners of the parent</i>	<i>620</i>	<i>6,249</i>	<i>11,924</i>

# Consolidated balance sheet

## Assets

MSEK	Note	2022 Jun 30	2021 Jun 30	2021 Dec 31
<b>Intangible assets</b>				
Goodwill		1,915	1,866	1,903
Other intangible assets		232	287	234
		<b>2,148</b>	<b>2,153</b>	<b>2,137</b>
<b>Investment assets</b>				
Land and buildings		9	53	9
Investments in associates		76	192	170
Loans to associates		-	2	2
Other financial investment assets	4	116,353	110,002	113,651
Deposits with ceding undertakings		7	7	7
		<b>116,445</b>	<b>110,256</b>	<b>113,839</b>
<b>Reinsurers' share of technical provisions</b>				
Provisions for unearned premiums and unexpired risks		1,854	1,516	719
Provisions for claims outstanding		2,371	2,796	2,581
		<b>4,225</b>	<b>4,312</b>	<b>3,299</b>
<b>Deferred tax assets</b>		<b>47</b>	<b>109</b>	<b>45</b>
<b>Debtors</b>				
Debtors arising out of direct insurance operations		18,536	17,032	15,107
Debtors arising out of reinsurance operations		1,847	1,280	1,108
Other debtors		949	843	913
		<b>21,332</b>	<b>19,155</b>	<b>17,129</b>
<b>Other assets</b>				
Tangible assets		1,989	1,971	2,013
Cash and bank balances		6,068	13,510	5,342
Collaterals and settlement claims		39	152	94
Net pension assets		559	-	-
		<b>8,654</b>	<b>15,633</b>	<b>7,448</b>
<b>Prepayments and accrued income</b>				
Accrued interest and rental income		339	321	355
Deferred acquisition costs		1,275	1,195	1,162
Other prepayments and accrued income		526	466	458
		<b>2,141</b>	<b>1,982</b>	<b>1,975</b>
<b>Total assets</b>		<b>154,990</b>	<b>153,599</b>	<b>145,872</b>

## Shareholders' equity, provisions and liabilities

MSEK	Note	2022 Jun 30	2021 Jun 30	2021 Dec 31
<b>Shareholders' equity</b>				
Share capital		2,726	2,726	2,726
Statutory reserve		400	400	400
Fair value reserve		1,818	6,689	7,699
Profit brought forward		26,460	22,763	16,849
Net profit for the period		5,508	4,539	8,618
		<b>36,912</b>	<b>37,117</b>	<b>36,292</b>
<b>Subordinated debt</b>		<b>2,492</b>	<b>5,598</b>	<b>2,490</b>
<b>Technical provisions (gross)</b>				
Provisions for unearned premiums and unexpired risks		31,581	28,691	24,177
Provisions for claims outstanding		69,312	67,647	68,422
		<b>100,893</b>	<b>96,338</b>	<b>92,599</b>
<b>Provisions for other risks and charges</b>				
Deferred tax liability		2,352	3,199	3,614
Other provisions		346	650	364
		<b>2,698</b>	<b>3,849</b>	<b>3,978</b>
<b>Deposits received from reinsurers</b>		-	-	-
<b>Creditors</b>				
Creditors arising out of direct insurance operations		1,589	1,285	1,548
Creditors arising out of reinsurance operations		1,460	1,086	441
Derivatives	4	53	134	78
Other creditors		6,933	6,361	6,380
		<b>10,035</b>	<b>8,865</b>	<b>8,447</b>
<b>Accruals and deferred income</b>				
Reinsurers' share of deferred acquisition costs		124	104	52
Other accruals and deferred income		1,836	1,729	2,013
		<b>1,960</b>	<b>1,833</b>	<b>2,066</b>
<b>Total shareholders' equity, provisions and liabilities</b>		<b>154,990</b>	<b>153,599</b>	<b>145,872</b>



# Changes in shareholders' consolidated equity

MSEK	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserves	Fair value reserve	Profit brought forward	Net profit for the period	
<b>Equity at beginning of 2022</b>	<b>2,726</b>	<b>400</b>	<b>7,699</b>	<b>25,467</b>	<b>-</b>	<b>36,292</b>
Total comprehensive income	-	-	-5,882	993	5,508	620
<b>Equity at end of June 2022</b>	<b>2,726</b>	<b>400</b>	<b>1,818</b>	<b>26,460</b>	<b>5,508</b>	<b>36,912</b>
<b>Equity at beginning of 2021</b>	<b>2,726</b>	<b>400</b>	<b>5,594</b>	<b>22,149</b>	<b>-</b>	<b>30,868</b>
Total comprehensive income	-	-	1,096	614	4,539	6,249
<b>Equity at end of June 2021</b>	<b>2,726</b>	<b>400</b>	<b>6,689</b>	<b>22,763</b>	<b>4,539</b>	<b>37,117</b>
<b>Equity at beginning of 2021</b>	<b>2,726</b>	<b>400</b>	<b>5,594</b>	<b>22,149</b>	<b>-</b>	<b>30,868</b>
Total comprehensive income	-	-	2,106	1,200	8,618	11,924
Dividend paid	-	-	-	-6,500	-	-6,500
<b>Equity at end of 2021</b>	<b>2,726</b>	<b>400</b>	<b>7,699</b>	<b>16,849</b>	<b>8,618</b>	<b>36,292</b>

There are a total of 136,350,000 shares with a quota value of SEK 19.99 each, including 103,525,000 Series A shares carrying one vote and 32,825,000 Series B shares carrying one tenth of a vote.

The accumulated translation difference amounted to MSEK 1,142 (440).

# Consolidated cash flow statement

MSEK	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash flow from insurance operations</b>			
Premium flows, direct insurance	30,939	28,259	52,070
Claim payments, direct insurance	-17,856	-16,057	-33,513
Reinsurance flows	-1,546	-1,350	-1,484
Cost of operations	-4,107	-3,946	-7,614
	<b>7,429</b>	<b>6,906</b>	<b>9,459</b>
<b>Cash flow from asset management</b>			
Interest received	948	891	1,633
Interest paid	-73	-73	-67
Dividends received, shares	351	311	489
Cash flows from properties	-5	0	33
Net investments in financial investment assets	-6,904	1,777	467
	<b>-5,681</b>	<b>2,907</b>	<b>2,556</b>
Interest payment, financing	-28	-39	-163
Realized foreign exchange transactions	309	-217	-87
Paid income tax	-1,624	-1,494	-2,240
	<b>406</b>	<b>8,062</b>	<b>9,525</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Dividends received and sale of shares, associates	218	-	22
Investments in associates	-	-	-41
	<b>218</b>	<b>-</b>	<b>-19</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid	-	-	-6,500
Repayments of lease liabilities	-121	-106	-235
Issuance of loans	-	1,491	1,491
Repayments of loans	-	-	-3,128
	<b>-121</b>	<b>1,385</b>	<b>-8,371</b>
<b>Cash flow for the period</b>	<b>503</b>	<b>9,448</b>	<b>1,136</b>
<b>Cash and bank balances</b>			
Opening cash and bank balances for the period	5,342	4,015	4,015
Effect of exchange rate changes	223	46	190
Cash flow for the period	503	9,448	-1,326
<b>Closing cash and bank balances for the period</b>	<b>6,068</b>	<b>13,510</b>	<b>5,342</b>

## Income statement

MSEK	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Other operating income	56	51	130
Other operating expenses	-54	-48	-124
<b>Operation result</b>	<b>3</b>	<b>3</b>	<b>5</b>
<b>Result from financial investments</b>			
Dividends from group companies	8,424	5,898	5,898
Income from associates	-8	-	22
Interest income and similar income items	22	15	42
Interest expense and similar expense items	-44	-50	-114
<b>Result after financial items</b>	<b>8,397</b>	<b>5,863</b>	<b>5,853</b>
Group contributions, net	-	-	10
<b>Result before income taxes</b>	<b>8,397</b>	<b>5,865</b>	<b>5,863</b>
Tax on net profit for the period	-2	-2	-7
<b>Net profit for the period</b>	<b>8,395</b>	<b>5,863</b>	<b>5,856</b>

## Statement of comprehensive income

MSEK	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
<b>Net profit for the period</b>	<b>8,395</b>	<b>5,863</b>	<b>5,856</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit and loss when specific conditions are met</i>			
Effects of changes in exchange rates, foreign operations	0	0	0
Remeasurements of financial assets available for sale	-23	6	-1
Value changes on financial assets available for sale reclassified to the income statement	0	-1	-5
Taxes related to items which will be reclassified when specific conditions are met	5	-1	2
	<b>-18</b>	<b>5</b>	<b>-4</b>
<b>Total comprehensive income for the period</b>	<b>8,377</b>	<b>5,867</b>	<b>5,853</b>

## Balance sheet

MSEK	2022	2021	2021
Assets	Jun 30	Jun 30	Dec 31
<b>Financial fixed assets</b>			
Shares in group companies	18,299	18,299	18,299
Shares in associates	41	120	137
	<b>18,340</b>	<b>18,420</b>	<b>18,436</b>
<b>Deferred tax asset</b>	12	2	5
<b>Debtors</b>			
Debtors, group companies	8,225	5,639	110
Other debtors	-	0	-
Accrued interest income	3	4	7
	<b>8,228</b>	<b>5,643</b>	<b>117</b>
<b>Short-term investments</b>			
Bonds and other interest-bearing securities	1,930	4,347	1,412
	<b>1,930</b>	<b>4,347</b>	<b>1,412</b>
<b>Cash and bank balances</b>	<b>2,329</b>	<b>6,686</b>	<b>2,582</b>
<b>Total assets</b>	<b>30,839</b>	<b>35,098</b>	<b>22,552</b>
<b>Shareholders' equity, provisions and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	2,726	2,726	2,726
Statutory reserve	400	400	400
Fair value reserve	-10	17	9
Profit brought forward	14,379	15,022	8,522
Net profit for the period	8,395	5,863	5,856
	<b>25,890</b>	<b>24,028</b>	<b>17,513</b>
<b>Subordinated debt</b>	<b>2,492</b>	<b>4,487</b>	<b>2,490</b>
<b>Provisions</b>			
Other provisions	37	23	35
	<b>37</b>	<b>23</b>	<b>35</b>
<b>Current creditors</b>			
Creditors, group companies	2,307	6,383	2,416
Provision for taxes	2	3	9
Accounts payable	-	-	0
Other creditors	17	114	14
Other accrued expenses and prepaid income	95	59	75
	<b>2,420</b>	<b>6,559</b>	<b>2,514</b>
<b>Total shareholders' equity, provisions and liabilities</b>	<b>30,839</b>	<b>35,098</b>	<b>22,552</b>



## NOTE 1 – Accounting policies

For the Group, this Interim report was prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations in the Annual Accounts Act (1995:1560) for Insurance Companies (ÅRFL), and for the Parent Company in accordance with the Annual Accounts Act (1995:1554) (ÅRL). The accounting policies for the Group and the Parent Company that have been applied in this Interim report are the same as those applied in the 2021 Annual Report.

Besides the disclosures provided in Notes 1-5, more information can be found in the section Economical overview.

As commented on in the 2021 Annual report, the Group will in 2023 for the first time apply the following IFRSs that will have a significant impact on the Group's reporting processes:

- IFRS 17 Insurance Contracts
- IFRS 9 Financial Instruments

IFRS 17 will replace the current IFRS 4 Insurance Contracts and, unlike its predecessor, establishes a complete set of principles for the recognition, measurement, presentation, and disclosures of insurance contracts. When certain criteria are met, insurers may apply a simplified accounting approach, the premium allocation approach (PAA), for measurement of insurance contracts. If has determined that PAA will be applied for all insurance business, as well as a fully retrospective approach to the transition of the new standard with restated financial statements for the comparative year 2022.

The implementation of IFRS 17 is expected to have a major impact on the presentation and the extent of disclosures in the financial statements. Both assets and liabilities are expected to decrease due to reclassifications of premium receivables and deferred acquisition costs from assets to insurance liabilities. Insurance finance income or expenses, as defined by the standard, will be presented fully in the income statement, and thus, the allowed OCI option will not be applied.

IFRS 9 supersedes the current IAS 39 Financial Instruments: Recognition and Measurement. The new standard changes the classification and measurement of financial assets and includes a new impairment model based on expected credit losses. The implementation of IFRS 9 is not expected to have a material impact on the Group's balance sheet, as the main part of financial assets is currently reported at fair value in the balance sheet, which will be the measurement principle also under IFRS 9.

Unlike in current accounting, under IFRS 9 the changes in fair value will be recognised in the income statement, which may increase volatility in the accounting for financial instruments during future reporting periods. If has estimated that only a limited amount of financial assets will be recognised at amortised cost and thus the amount of expected credit losses is expected to be minor. The measurement of financial liabilities is not expected to change. The comparative period 2022 will not be restated.

## NOTE 2 – Risks and uncertainties

Risks and risk management are an essential and inherent element of If's business activities and operating environment. A high-quality risk management process is a prerequisite for running the business effectively and achieving established goals. The risk categories are: underwriting risk, market risk, credit risk, operational risk and other risks. External drivers, sustainability factors and emerging risks have a potential impact on all risk categories. The main underwriting risks in insurance operations are premium risks and reserve risks.

In addition, market risks (such as changes in interest rates, foreign exchange rates and equity prices, as well as changes in their volatility) and credit risks affect the market values of financial assets and liabilities. Operational risk, that refer to the risk of loss arising from inadequate or failed processes or systems, from personnel, or from external events, are also handled through the risk-management processes. If's risks and risk management are described in the 2021 Annual Report.

## NOTE 3 – Result per business area

## Income statement per business area

MSEK	Private	Commercial	Industrial	Baltic	Asset management	Other <sup>1)</sup>	Eliminations and adjustments to consolidated policies <sup>2)</sup>	Total 2022 Jan-Jun	Total 2021 Jan-Jun
Premiums earned, net of reinsurance	15,229	6,833	2,884	916	-	0		25,862	23,718
Allocated investment return transferred from the non-technical account	26	22	7	-	-	0		55	81
Other technical income	125	49	11	0	-	659	-147	698	611
Claims incurred, net of reinsurance	-9,916	-3,977	-2,083	-607	-	12	46	-16,525	-15,581
Operating expenses in insurance operations, net of reinsurance	-2,120	-1,169	-385	-222	-	39	-15	-3,874	-3,654
Other operating expenses	-140	-41	-10	-	-	-631	116	-706	-626
<b>Technical result from property and casualty insurance</b>	<b>3,204</b>	<b>1,717</b>	<b>424</b>	<b>87</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>5,510</b>	<b>4,549</b>
Investment result, net					-5,895		7,425	1,530	1,481
Allocated investment return transferred to the technical account						-200		-200	-182
Interest expense on net pension liability						-2		-2	-6
Interest expenses, financing						-31		-31	-82
Income from associates						124		124	-26
<b>Result before income taxes</b>								<b>6,930</b>	<b>5,733</b>

<sup>1)</sup> Including road assistance, Run Off and other operations not allocated to the business areas.

<sup>2)</sup> Relating to elimination of transactions between business areas. Additionally, the business area reporting includes all value changes on investment assets in the investment result. The main principle in the Group is to recognize unrealized gains or losses in Other comprehensive income.

## Balance sheet per business area

MSEK	Private	Com- mercial	Industrial	Baltic	Asset management	Other	Total 2022 Jun 30	Total 2021 Jun 30
<b>Assets</b>								
Intangible assets	-	272	-	-	-	1,876	2,148	2,153
Investment assets	-	-	-	-	116,445	-	116,445	110,256
Reinsurers' share of technical provisions	183	137	3,878	27	-	0	4,225	4,312
Deferred tax assets	-	-	-	-	-	47	47	109
Debtors arising out of insurance operations	13,244	3,718	3,325	517	-	-421	20,383	18,312
Deferred acquisitions costs	785	328	109	53	-	-	1,275	1,195
Other assets <sup>1)</sup>	-	-	-	-	3,336	7,132	10,468	17,263
<b>Total assets</b>	<b>14,212</b>	<b>4,455</b>	<b>7,312</b>	<b>596</b>	<b>119,780</b>	<b>8 634</b>	<b>154,990</b>	<b>153,599</b>
<b>Shareholders' equity, provisions and liabilities</b>								
Shareholders' equity	-	-	-	-	-	36,912	36,912	37,117
Subordinated debt	-	-	-	-	-	2,492	2,492	5,598
Technical provisions, gross	49,730	27,986	20,700	2,478	-	-	100,893	96,338
Provisions for other risk and changes	13	3	-	274	-	2,408	2,698	3,849
Creditors arising out of insurance operations	561	183	1,485	73	-	747	3,049	2,370
Reinsurers' share of deferred acquisition costs	8	7	108	1	-	-	124	104
Other creditors <sup>1)</sup>	-	-	-	-	482	8,341	8,823	8,223
<b>Total shareholders' equity, provisions and liabilities</b>	<b>50,313</b>	<b>28,179</b>	<b>22,292</b>	<b>2,826</b>	<b>482</b>	<b>50,899</b>	<b>154,990</b>	<b>153,599</b>

<sup>1)</sup> Other debtors and creditors are not divided on the basis of business areas except for those related to asset management.

## NOTE 4 – Other financial investment assets and derivative liabilities

## Classification of other financial investment assets and derivative liabilities in accordance with IAS 39

The recognition of financial assets and liabilities depends on their classification. The classification of assets and liabilities categorized in accordance with IAS 39 is shown below.

MSEK	Acquisition value		Fair value		Carrying amount	
	2022 Jun 30	2021 Jun 30	2022 Jun 30	2021 Jun 30	2022 Jun 30	2021 Jun 30
<b>Financial assets, mandatory at fair value through profit or loss (trading)</b>						
Derivatives	22	13	429	74	429	74
<b>Financial assets available for sale</b>						
Shares and participations	9,394	9,010	12,923	14,494	12,923	14,494
Bonds and other interest-bearing securities	102,011	93,201	99,445	93,991	99,445	93,991
<b>Total financial assets, at fair value</b>	<b>111,427</b>	<b>102,224</b>	<b>112,796</b>	<b>108,559</b>	<b>112,796</b>	<b>108,559</b>
<b>Loans <sup>1)</sup></b>						
Other loans	3,557	1,442	3,557	1,678	3,557	1,442
<b>Total other financial investment assets</b>	<b>114,984</b>	<b>103,666</b>	<b>116,353</b>	<b>110,237</b>	<b>116,353</b>	<b>110,002</b>
<b>Financial liabilities, mandatory at fair value through profit or loss (trading)</b>						
Derivatives	9	-	53	134	53	134
<b>Total financial liabilities, at fair value</b>	<b>9</b>	<b>-</b>	<b>53</b>	<b>134</b>	<b>53</b>	<b>134</b>

<sup>1)</sup> Loans are in accordance with If's application of IAS 39 accounted for at amortized cost. The fair value is only shown for disclosure purposes. Financial instruments with fair value information are classified in three different hierarchy levels depending on their liquidity and valuation methods. All loans are classified in level 3 and the fair value of these loans are based on cash-flow valuations.

## Financial investment assets and derivative liabilities at fair value

A careful process is followed and controls are performed in order to ensure correct fair values of financial assets and liabilities. For example, controls are made by several different external sources and assessments of abnormal price changes are performed when necessary.

Different valuation methods are used to determine the fair value depending on the type of financial instruments and to what extent they are traded on active markets. In order to evaluate the activity in a market with respect to frequency and volume If mainly uses information compiled by Bloomberg. Quoted shares are valued on the basis of latest trade price on stock markets and are obtained by Bloomberg. The valuation of bonds is also usually based on prices from Bloomberg. Quoted bonds are valued on the basis of last bid price. For model-valued interest bearing instruments, yield curves based on last mid prices are used.

If's financial instruments, which are measured at fair value, are classified in three different hierarchy levels depending on their valuation methods as well as how active the market is. The control of the classification in hierarchy levels is done quarterly. If conditions have changed for the existing level, the holding in question is moved to the correct hierarchy level in consent with the Risk Management function.

*Level 1 – Financial assets and liabilities with values based on quoted prices in active markets for identical assets or liabilities.*

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. An active market is typically characterized by quoted prices that are easily and regularly available and that represent actual and regularly occurring transactions at arm's length distance.

Assets and liabilities in the category include shares, listed funds (ETF), equity- and interest rate funds and interest bearing assets that have quoted prices in an active market at the time of valuation.

*Level 2 – Financial assets and liabilities with values based on quoted prices or valuation based on directly or indirectly observable market data.*

In the level 2 hierarchy, all essential inputs are observable either directly or indirectly. The large majority of the instruments in level 2 are traded in a market with daily quoted prices and regularly occurring market transactions but where the market is not considered to be active enough regarding frequency and volume and/or when the standard deviation of the prices is high. A very limited part of the instruments are model valued with the help of market data that is indirectly observable, meaning that prices can be derived from observable markets where market interest rates and underlying rates normally are updated daily or, in exceptional cases, at least on a monthly basis.

Instruments that are valued at level 2 include interest bearing assets where the market is not active enough. Most OTC derivatives, standardized derivatives as well as currency derivatives are also included in this level.

Transfers from level 1 to level 2 amounted to MSEK 6,324 (6,663) corresponding to 5.6% (6.1) of the outstanding balance for financial investment assets measured at fair value, while transfers from level 2 to level 1 amounted to MSEK 4,244 (4,225) corresponding to 3.8% (3.9) of the outstanding balance for financial investment assets measured at fair value.

*Level 3 – Financial assets and liabilities that are traded on an illiquid market, with non-observable market data or indications of trading levels without any actual trade.*

When neither quoted prices in active markets nor observable market data is available, the fair value of financial instruments is based on valuation techniques that are based on non observable market data.

Level 3 comprises private equity, unlisted shares, certain high-yield assets and distressed assets encountering financial difficulties where trading has essentially ceased to exist.

The types of financial instruments classified as level 3 in the valuation hierarchy are discussed below with reference to type of securities and valuation method:

- Private equity is classified as level 3. The majority of If's investment in private equity is made in mutual funds. The fair values are based on prices and share values obtained from the funds administrators. These quotations are based on the value in the underlying assets in accordance with market practice. The last obtained value is used;
- For some unlisted shares external evaluations are obtained, which are used for valuation. The external valuations are based on models that contain non-observable assumptions; and
- Other assets in level 3 are normally valued at least yearly and the valuation is based either on external estimates, cash flow analyses or latest market transactions.

## Financial investment assets and derivative liabilities in fair value hierarchy

MSEK	2022 Jun 30				2021 Jun 30			
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
<b>Financial assets, mandatory at fair value through profit and loss (trading)</b>								
Derivatives								
Equity derivatives	-	-	-	-	-	0	-	0
Fixed income derivatives	-	44	-	44	-	1	-	1
Foreign exchange derivatives	-	385	-	385	-	74	-	74
<b>Financial assets, available for sale</b>								
Shares and participations <sup>1)</sup>	12,842	23	57	12,923	14,415	19	60	14,494
Bonds and other interest-bearing securities	64,059	35,122	263	99,445	60,042	33,854	96	93,991
<b>Total financial assets, at fair value</b>	<b>76,902</b>	<b>35,574</b>	<b>320</b>	<b>112,796</b>	<b>74,457</b>	<b>33,948</b>	<b>156</b>	<b>108,559</b>
<b>Financial liabilities, mandatory at fair value through profit and loss (trading)</b>								
Derivatives								
Fixed income derivatives	-	-	-	-	-	3	-	3
Foreign exchange derivatives	-	53	-	53	-	130	-	130
<b>Total financial liabilities, at fair value</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>134</b>

<sup>1)</sup> Mutual equity funds recognized in the above balances totaled MSEK 4,498 (4,803) of which MSEK 4,468 (4,767) was allocated to level 1 and MSEK 29 (36) to level 3.

## Financial investment assets in level 3

Financial assets presented in level 3 are included in financial instruments carried at fair value on the balance sheet. At June 30,

2022, the assets presented in level 3 amounted to MSEK 320 (156). All assets in level 3 are categorized as financial assets available for sale.

MSEK 2022	Carrying amount Jan 1	Net gains/losses recorded in		Purchases	Sales/ maturities	Transfers into/out of level 3	Exchange rate differences	Carrying amount Jun 30	Net gains/ losses in income statement that are attributable to assets held at end of period
		income- state- ment	other com- prehensive income						
<b>Financial assets, available for sale</b>									
Shares and participations	65	-	-6	-	-7	-	5	57	-
Bonds and other interest-bearing securities	28	-	-	-	-	229	6	263	-
<b>Total</b>	<b>93</b>	<b>-</b>	<b>-6</b>	<b>-</b>	<b>-7</b>	<b>229</b>	<b>10</b>	<b>320</b>	<b>-</b>

MSEK 2021	Carrying amount Jan 1	Net gains/losses recorded in		Purchases	Sales/ maturities	Transfers into/out of level 3	Exchange rate differences	Carrying amount Jun 30	Net gains/ losses in income statement that are attributable to assets held at end of period
		income- state- ment	other com- prehensive income						
<b>Financial assets, available for sale</b>									
Shares and participations	145	-	3	-4	-86	-	3	60	-
Bonds and other interest-bearing securities	16	-23	7	96	-	-	1	96	-23
<b>Total</b>	<b>161</b>	<b>-23</b>	<b>9</b>	<b>92</b>	<b>-86</b>	<b>-</b>	<b>4</b>	<b>156</b>	<b>-23</b>



### Sensitivity analysis of the fair values of financial investment assets in level 3

The sensitivity of the fair value of level 3 instruments to changes in key assumptions, by category and financial instrument is shown below.

The following changes in key assumptions have been used:

- a 1% increase in the yield curve for bonds and other interest-bearing securities;
- a 20% decrease in prices for equity related securities.

MSEK	2022 Jun 30		2021 Jun 30	
	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
<b>Financial assets, available for sale</b>				
Shares and participations <sup>1)</sup>	57	-11	60	-12
Bonds and other interest-bearing securities	263	-2	96	-3
<b>Total</b>	<b>320</b>	<b>-13</b>	<b>156</b>	<b>-16</b>

<sup>1)</sup> Includes holding in equity funds.

### NOTE 5 – Pledged assets and contingent liabilities

MSEK	2022 Jun 30	2021 Jun 30	2021 Dec 31
<b>Pledged assets and equivalent securities</b>			
Other financial investment assets	2,954	2,615	4,410
Shares in subsidiaries	995	929	968
Cash and bank balances	112	33	26
<b>Total</b>	<b>4,062</b>	<b>3,578</b>	<b>5,404</b>
<b>Policyholders' beneficiary rights</b>			
Assets covered by policyholders' beneficiary rights	111,157	106,477	106,211
Technical provisions, net	-66,491	-71,703	-70,065
<b>Surplus of registered securities</b>	<b>44,666</b>	<b>34,774</b>	<b>36,146</b>
<b>Contingent liabilities and other commitments</b>			
Surety and guarantee undertakings	18	18	19
Other commitments	55	45	50
<b>Total</b>	<b>73</b>	<b>63</b>	<b>69</b>

# Signature

Stockholm, August 26, 2022

**Morten Thorsrud**  
President and CEO

The interim report has not been reviewed by the company's auditors.

## **Alternative performance measures**

An alternative performance measure which is not defined in applicable accounting standards (IFRS, ÅRFL, FFFS 2019:23 and FRL), but where If considers it relevant to monitor and describe the Group's/company's financial situation and to provide additional useful information to the users of its financial statements. Since these measures have been developed and adapted for If, they are not fully comparable with similar performance measures presented by other companies. These are marked below with \*).

## **Claims ratio**

Total sum of claims incurred on own account including claims-adjustment costs in relation to premiums earned on own account, expressed as a percentage.

## **Combined ratio**

Total sum of claims incurred and operating expenses on own account in insurance operations in relation to premiums earned on own account, expressed as a percentage.

## **Consolidation capital**

Shareholders' equity less deferred tax assets plus untaxed reserves, subordinated debt and deferred tax liability.

## **Cost ratio \*)**

Total sum of operating expenses in insurance operations on own account and claims-adjustment costs in relation to premiums earned on own account, expressed as a percentage.

## **Expense ratio**

Operating expenses in insurance operations on own account in relation to net premiums earned, expressed as a percentage.

## **Insurance margin \*)**

Technical result less other technical income and other operating expense in relation to premiums earned on own account, expressed as a percentage.

## **Risk ratio \*)**

Total sum of insurance claims on own account, excluding claims-adjustment costs, in relation to premiums earned on own account, expressed as a percentage.

## **Total investment return**

Investment return in relation to other financial investment assets, land and buildings, cash and bank balances, accrued financial income, securities settlement claims/liabilities and derivative liabilities, expressed as a percentage. The return has been calculated using a daily time-weighted return calculation method.



Contact:  
Sweden +46 771 430 000 if.se  
Norway +47 214 924 00 if.no  
Denmark +45 368 740 00 if.dk  
Finland +358 10 51510 if.fi

