



# Interim Report

## January – June 2022

If P&C Insurance Ltd (publ), 516401-8102



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# Economical overview

If P&C Insurance Ltd (publ) is a wholly owned subsidiary of If P&C Insurance Holding Ltd (publ), which in turn is a wholly owned subsidiary of Sampo plc, Finland. The business of If P&C Insurance Ltd (publ) consists of property and casualty insurance operations conducted in Sweden and via branch offices in Norway, Finland and Denmark. In addition to its operations in the Nordic countries, the company conducts certain activities via branch offices in Estonia, Latvia, the Netherlands, Germany, the United Kingdom and France.

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. For If P&C Insurance, the insurance exposure in the affected region is limited to certain larger industrial clients, with coverage subject to war exclusions. On the asset side, the company 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 P&C Insurance 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 5,198 (4,219). The combined ratio improved during the period to 79.1% (81.7). The investment result increased to MSEK 1,571 (1,465). Profit before tax for the period amounted to MSEK 6,570 (5,468).

### Premiums

Gross written premiums amounted to MSEK 32,802 (29,706). Adjusted for currency effects, the increase was 7.1%. Growth was robust across the company 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 15,919 (15,109) during the period. The risk ratio was 58.9% (60.5), including a 6.6 percentage points (3.8) positive impact of prior years' development.

On June 30, gross claims reserves amounted to MSEK 67,801 (67,004). Adjusted for currency effects, gross claims reserves decreased by MSEK 1,251 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 2,354 (2,555). Adjusted for currency effects, the decrease during the period was MSEK 404.

## Expenses

Operating expenses in insurance operations amounted to MSEK 3,612 (3,443) during the first half of the year. The cost ratio improved to 20.2% (21.1).

## Investment result and asset allocation

At full market value, result from asset management was negative MSEK 5,590 (positive 2,823), impacted by a correction in the stock market and interest rate increases, and corresponding to a total investment return of negative 4.7% (positive 2.6).

Asset allocation was fairly stable. Fixed income comprises 88% (85) and equities 11% (15) 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 financing

Insurance is a regulated business with EU-wide rules for calculating capital requirements and available capital. If P&C Insurance Ltd (publ) uses an approved partial internal model (PIM) to calculate the solvency capital requirement (SCR) for the majority of the insurance risks while other risks are calculated using the standard formula. As per June 30, 2022, the solvency capital requirement amounted to MSEK 16,730 (17,629) and the eligible own funds amounted to MSEK 36,118 (30,906).

A dividend of MSEK 8,000 (5,500) was paid during the period. Since December 2021, the company no longer has any subordinated loans.

# 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	24,679	22,720	46,328	45,033	44,490	42,172
Allocated investment return transferred from the non-technical account	54	80	144	171	165	128
Other technical income	285	241	494	452	417	373
Claims paid, net of reinsurance	-15,919	-15,109	-30,696	-30,204	-30,720	-29,322
<i>of which, claims-adjustment costs</i>	-1,377	-1,362	-2,641	-2,628	-2,624	-2,431
Operating expenses for insurance operations, net of reinsurance	-3,612	-3,443	-7,101	-6,962	-7,062	-6,818
Other operating expenses/other technical expenses	-289	-271	-534	-520	-516	-418
<b>Technical result from property and casualty insurance</b>	<b>5,198</b>	<b>4,219</b>	<b>8,636</b>	<b>7,970</b>	<b>6,775</b>	<b>6,115</b>
<b>Net profit for the period</b>	<b>5,198</b>	<b>4,330</b>	<b>8,319</b>	<b>7,082</b>	<b>6,932</b>	<b>6,132</b>
Investment result	1,571	1,465	2,338	1,583	2,696	2,590
Remeasurements of financial assets available for sale	-6,761	1,871	3,465	880	3,812	-2,357
Value changes of available for sale assets recognized in the income statement	-401	-513	-805	114	-876	-1,056
<b>Total return</b>	<b>-5,590</b>	<b>2,823</b>	<b>4,998</b>	<b>2,577</b>	<b>5,632</b>	<b>-823</b>
<b>Information regarding economic status</b>						
Investment assets	111,125	102,508	109,118	102,443	105,825	102,990
Technical provisions	98,116	93,962	90,178	86,425	89,553	89,654
Consolidation capital	27,266	31,925	36,568	31,408	31,250	27,290
<i>of which, deferred tax</i>	309	1,233	1,633	859	912	184
<b>Capital strength according to Solvency II regulation</b>						
Own funds (capital base)	36,118	34,462	30,906	25,857	25,358	24,269
Basic own funds	36,118	34,462	30,906	25,857	25,358	24,269
Solvency capital requirement (SCR)	16,730	16,551	17,629	14,683	15,186	14,205
Eligible own funds to cover the minimum capital requirement	34,104	31,493	28,979	22,826	22,052	21,129
Minimum capital requirement (MCR)	7,529	7,448	7,933	6,607	6,834	6,392
<b>Key data</b>						
Claims ratio	64.5%	66.5%	66.3%	67.1%	69.0%	69.5%
Expense ratio	14.6%	15.2%	15.3%	15.5%	15.9%	16.2%
Combined ratio	79.1%	81.7%	81.6%	82.5%	84.9%	85.7%
Risk ratio <sup>1)</sup>	58.9%	60.5%	60.6%	61.2%	63.2%	63.8%
Cost ratio <sup>1)</sup>	20.2%	21.1%	21.0%	21.3%	21.8%	21.9%
Insurance margin <sup>1)</sup>	21.1%	18.7%	18.7%	17.8%	15.5%	14.6%
Total investment return	-4.7%	2.6%	4.6%	2.5%	5.3%	-0.8%

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

# Income statement

MSEK	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
<b>TECHNICAL ACCOUNT OF PROPERTY AND CASUALTY INSURANCE</b>			
<b>Premiums earned, net of reinsurance</b>			
Premiums written, gross	32,802	29,706	49,866
Premiums ceded	-2,673	-2,204	-2,797
Change in provision for unearned premiums and unexpired risks	-6,524	-5,695	-833
Reinsurers' share of change in provision for unearned premiums and unexpired risks	1,075	913	92
	<b>24,679</b>	<b>22,720</b>	<b>46,328</b>
Allocated investment return transferred from the non-technical account	54	80	144
Other technical income	285	241	494
<b>Claims incurred, net of reinsurance</b>			
Claims paid			
Gross	-17,788	-15,556	-32,073
Reinsurers' share	877	612	1,462
Change in provision for claims outstanding			
Gross	1,396	-635	-240
Reinsurers' share	-404	470	154
	<b>-15,919</b>	<b>-15,109</b>	<b>-30,696</b>
<b>Operating expenses</b>			
Operating expenses in insurance operations, net of reinsurance			
Gross	-3,719	-3,528	-7,282
Commissions and profit participations in ceded reinsurance	106	85	182
	<b>-3,612</b>	<b>-3,443</b>	<b>-7,101</b>
Other operating expenses/other technical expenses	-289	-271	-534
	<b>-3,902</b>	<b>-3,713</b>	<b>-7,634</b>
<b>Technical result from property and casualty insurance</b>	<b>5,198</b>	<b>4,219</b>	<b>8,636</b>
<b>NON-TECHNICAL ACCOUNT</b>			
<b>Investment result</b>			
Direct investment income	1,802	1,537	2,737
Unrealized gains on investment assets	92	117	134
Management costs	-311	-164	-474
Unrealized losses on investment assets	-12	-25	-59
	<b>1,571</b>	<b>1,465</b>	<b>2,338</b>
Allocated investment return transferred to the technical account	-199	-182	-360
Interest expenses, financing	-	-33	-64
Amortization, goodwill	-1	-1	-2
<b>Result before income taxes and appropriations</b>	<b>6,570</b>	<b>5,468</b>	<b>10,549</b>
<b>Appropriations</b>			
Group contribution	-	-	-10
	<b>-</b>	<b>-</b>	<b>-10</b>
<b>Result before income taxes</b>	<b>6,570</b>	<b>5,468</b>	<b>10,539</b>
Taxes	-1,372	-1,138	-2,220
<b>Net profit for the period</b>	<b>5,198</b>	<b>4,330</b>	<b>8,319</b>

# Statement of comprehensive income

MSEK	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
<b>Net profit for the period</b>	<b>5,198</b>	<b>4,330</b>	<b>8,319</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	597	159	465
Remeasurements of financial assets available for sale	-6,761	1,871	3,465
Value changes on financial assets available for sale reclassified to the income statement	-401	-513	-805
Taxes related to items which will be reclassified when specific conditions are met	1,359	-303	-630
	<b>-5,206</b>	<b>1,213</b>	<b>2,496</b>
<b>Total comprehensive income for the period</b>	<b>-8</b>	<b>5,543</b>	<b>10,815</b>

# Balance sheet

## Assets

MSEK	Note	2022 Jun 30	2021 Jun 30	2021 Dec 31
<b>Intangible assets</b>				
Goodwill		1	3	2
Other intangible assets		-	-	-
		<b>1</b>	<b>3</b>	<b>2</b>
<b>Investment assets</b>				
Land and buildings		9	53	9
Other financial investment assets	3	111,109	102,448	109,103
Deposits with ceding undertakings		7	7	7
		<b>111,125</b>	<b>102,508</b>	<b>109,118</b>
<b>Reinsurers' share of technical provisions</b>				
Provisions for unearned premiums and unexpired risks		1,844	1,507	708
Provisions for claims outstanding		2,354	2,772	2,555
		<b>4,198</b>	<b>4,279</b>	<b>3,263</b>
<b>Debtors</b>				
Debtors arising out of direct insurance operations		17,763	16,465	14,542
Debtors arising out of reinsurance operations		1,857	1,305	1,114
Other debtors		2,926	7,107	3,029
		<b>22,547</b>	<b>24,878</b>	<b>18,685</b>
<b>Other assets</b>				
Tangible assets		210	201	213
Cash and bank balances		3,080	6,148	1,832
Collaterals and settlement claims		39	152	94
		<b>3,329</b>	<b>6,501</b>	<b>2,139</b>
<b>Prepayments and accrued income</b>				
Accrued interest and rental income		323	307	334
Deferred acquisition costs		1,223	1,155	1,122
Other prepayments and accrued income		421	406	383
		<b>1,966</b>	<b>1,867</b>	<b>1,839</b>
<b>Total assets</b>		<b>143,166</b>	<b>140,036</b>	<b>135,047</b>

## Shareholders' equity, provisions and liabilities

MSEK	Note	2022 Jun 30	2021 Jun 30	2021 Dec 31
<b>Shareholders' equity</b>				
Share capital		104	104	104
Statutory reserve		388	388	388
Fair value reserve		1,978	6,612	7,649
Profit brought forward		12,226	11,197	11,442
Net profit for the period		5,198	4,330	8,319
		<b>19,894</b>	<b>22,631</b>	<b>27,902</b>
<b>Untaxed reserves</b>		<b>7,063</b>	<b>6,950</b>	<b>7,032</b>
<b>Subordinated debt</b>		-	1,111	-
<b>Technical provisions (gross)</b>				
Provisions for unearned premiums and unexpired risks		30,315	27,676	23,174
Provisions for claims outstanding		67,801	66,286	67,004
		<b>98,116</b>	<b>93,962</b>	<b>90,178</b>
<b>Provisions for other risks and charges</b>				
Deferred tax liability		309	1,233	1,633
Other provisions		286	389	317
		<b>595</b>	<b>1,622</b>	<b>1,950</b>
<b>Deposits received from reinsurers</b>		-	-	-
<b>Creditors</b>				
Creditors arising out of direct insurance operations		1,553	1,250	1,514
Creditors arising out of reinsurance operations		1,449	1,078	431
Derivatives	3	53	134	77
Other creditors		12,755	9,680	4,151
		<b>15,811</b>	<b>12,141</b>	<b>6,173</b>
<b>Accruals and deferred income</b>				
Reinsurers' share of deferred acquisition costs		123	103	52
Other accruals and deferred income		1,564	1,517	1,760
		<b>1,687</b>	<b>1,619</b>	<b>1,811</b>
<b>Total shareholders' equity, provisions and liabilities</b>		<b>143,166</b>	<b>140,036</b>	<b>135,047</b>



# Changes in shareholders' equity

MSEK	Restricted equity			Unrestricted equity			Total equity
	Share capital	Statutory reserves	Fund for costs of development	Fair value reserve	Profit brought forward	Net profit for the period	
<b>Equity at beginning of 2022</b>	<b>104</b>	<b>388</b>	<b>-</b>	<b>7,649</b>	<b>19,761</b>	<b>-</b>	<b>27,902</b>
Total comprehensive income	-	-	-	-5,671	466	5,198	-8
Dividend paid	-	-	-	-	-8,000	-	-8,000
<b>Equity at end of June 2022</b>	<b>104</b>	<b>388</b>	<b>-</b>	<b>1,978</b>	<b>12,226</b>	<b>5,198</b>	<b>19,894</b>
<b>Equity at beginning of 2021</b>	<b>104</b>	<b>388</b>	<b>144</b>	<b>5,519</b>	<b>16,433</b>	<b>-</b>	<b>22,588</b>
Total comprehensive income	-	-	-	1,093	120	4,330	5,543
Dividend paid	-	-	-	-	-5,500	-	-5,500
Transfer between restricted and unrestricted	-	-	-144	-	144	-	-
<b>Equity at end of June 2021</b>	<b>104</b>	<b>388</b>	<b>-</b>	<b>6,612</b>	<b>11,197</b>	<b>4,330</b>	<b>22,631</b>
<b>Equity at beginning of 2021</b>	<b>104</b>	<b>388</b>	<b>144</b>	<b>5,519</b>	<b>16,432</b>	<b>-</b>	<b>22,588</b>
Total comprehensive income	-	-	-	2,131	365	8,319	10,815
Dividend paid	-	-	-	-	-5,500	-	-5,500
Transfer between restricted and unrestricted	-	-	-144	-	144	-	-
<b>Equity at end of 2021</b>	<b>104</b>	<b>388</b>	<b>-</b>	<b>7,649</b>	<b>11,442</b>	<b>8,319</b>	<b>27,902</b>

The share capital comprises 1,044,306 shares with a quotient value of SEK 100 each.

The accumulated translation difference amounted to MSEK 586 (-11).

# Notes

## NOTE 1 – Accounting policies

This interim report was prepared in accordance with the Annual Accounts Act (1995:1560) for Insurance Companies (ÅRFL) and the Swedish Financial Supervisory Authority's Regulations and General recommendations on Annual Accounts in Insurance Companies (FFFS 2019:23). The accounting policies 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 1-4, more information can be found in the section Economical overview.

As commented on in the 2021 Annual report, If P&C Insurance will in 2023 for the first time apply the standard IFRS 9 Financial Instruments, that will have a significant impact on the company's reporting processes.

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 company'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 P&C Insurance 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.

According to the Swedish Financial Supervisory Authority's regulations and general recommendations in FFS 2022:7, the new standard IFRS 17 Insurance Contracts, that in January 2023 supersedes IFRS 4 Insurance Contracts, should not be applied for accounting for insurance contracts in a legal entity. The Swedish Financial Supervisory Authority's decision essentially entails unchanged accounting regulations.

## NOTE 2 – Risks and uncertainties

Risks and risk management are an essential and inherent element of the business activities and operating environment of If P&C Insurance. 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. The risks and risk management of If P&C Insurance are described in the 2021 Annual Report.

## NOTE 3 – 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	426	74	426	74
<b>Financial assets available for sale</b>						
Shares and participations	9,379	9,048	12,907	14,533	12 907	14,533
Bonds and other interest-bearing securities	96,585	85,705	94,219	86,400	94 219	86,400
<b>Total financial assets, at fair value</b>	<b>105,987</b>	<b>94,766</b>	<b>107,552</b>	<b>101,007</b>	<b>107 552</b>	<b>101,007</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>109,544</b>	<b>96,208</b>	<b>111,109</b>	<b>102,716</b>	<b>111 109</b>	<b>102,480</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 P&C Insurance'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 P&C Insurance 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 P&C Insurance'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 5,715 (6,218) corresponding to 5.3% (6.0) of the outstanding balance for financial investment assets measured at fair value, while transfers from level 2 to level 1 amounted to MSEK 4,227 (4,206) corresponding to 3.9% (4.1) 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 P&C Insurance'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	-	44	-	44	-	0	-	0
Fixed income derivatives	-	-	-	-	-	1	-	1
Foreign exchange derivatives	-	382	-	382	-	74	-	74
<b>Financial assets, available for sale</b>								
Shares and participations <sup>1)</sup>	12,842	23	42	12,907	14,415	19	99	14,533
Bonds and other interest-bearing securities	59,878	34,078	263	94,219	55,916	30,389	96	86,400
<b>Total financial assets, at fair value</b>	<b>72,720</b>	<b>34,528</b>	<b>305</b>	<b>107,552</b>	<b>70,331</b>	<b>30,481</b>	<b>195</b>	<b>101,007</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 305 (195). 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						
Financial assets, available for sale									
Shares and participations	121	-62	-	-	-21	-	4	42	-
Bonds and other interest-bearing securities	28	-	-	-	-	229	6	263	-
Total	148	-62	-	-	-21	229	10	305	

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							
Financial assets, available for sale										
Shares and participations	185	-	2	-4	-86	-	3	99	-	
Bonds and other interest-bearing securities	16	-23	7	96	-	-	1	96	-23	
Total	201	-23	9	92	-86	-	4	195	-23	



### 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	Effect of reasonably possible alternative assumptions	2021 Jun 30	Effect of reasonably possible alternative assumptions
	Carrying amount		Carrying amount	
<b>Financial assets, available for sale</b>				
Shares and participations <sup>1)</sup>	42	-8	99	-20
Bonds and other interest-bearing securities	263	-2	96	-3
<b>Total</b>	<b>305</b>	<b>-10</b>	<b>195</b>	<b>-23</b>

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

### NOTE 4 – 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
Cash and bank balances	112	33	26
<b>Total</b>	<b>3,067</b>	<b>2,648</b>	<b>4,436</b>
<b>Policyholders' beneficiary rights</b>			
Assets covered by policyholders' beneficiary rights	110,853	106,072	105,823
Technical provisions, net	-66,435	-71,667	-70,002
<b>Surplus of registered securities</b>	<b>44,418</b>	<b>34,405</b>	<b>35,821</b>
<b>Contingent liabilities and other commitments</b>			
Surety and guarantee undertakings	10	12	12
Other commitments	55	45	50
<b>Total</b>	<b>65</b>	<b>56</b>	<b>62</b>

# Signature

Stockholm, August 26, 2022

**Måns Edsman**  
President

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 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. Below these are marked with \*).

## Basic own funds

Basic own funds are derived from the solvency balance sheet in which the undertaking's assets and liabilities are valued in accordance with the solvency regulations. Basic own funds consists of the positive difference between assets and liabilities (including technical provisions), which are reduced by the amount of own shares held. In addition, qualifying subordinated liabilities are included in basic own funds.

## 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.

## Eligible own funds to cover the minimum capital requirement

The eligible own funds to cover the minimum capital requirement are derived from the same available own fund items as the eligible own funds to cover the Solvency Capital Requirement, but with the difference that additional limits apply as to the eligibility of those own funds items. The level of eligible own funds may not fall below the minimum capital requirement (MCR).

## 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.

## Minimum capital requirement (MCR)

The Minimum Capital Requirement should reflect a level of eligible own funds where the company in 85 percent of all possible outcomes during a year can meet its commitments and is a solvency level below which it is considered unacceptable to continue operating.

## Own funds (Capital base) (Solvency II)

In Solvency II, the solvency capital requirements should be covered with "own funds," which consist of capital items and financial resources of a certain quality in terms of ability to absorb losses. An undertaking's available own funds may consist of basic own funds and ancillary own funds. The part of the undertaking's capital which is eligible to cover the solvency and minimum capital requirements is called eligible own funds. An insurance undertaking must have eligible own funds at least equal to the solvency capital requirement (SCR).

## 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.

## Solvency capital requirement (SCR)

The Solvency Capital Requirement corresponds to a level of eligible own funds that enables an undertaking to absorb significant losses and that provides policyholders and beneficiaries with reasonable certainty to receive their benefits when they fall due. The Solvency Capital Requirement is calculated on the basis of all the quantifiable risks to which the insurance company is exposed. As a minimum, the Solvency Capital Requirement is to cover: insurance risk, market risk, counterparty default risk, and operational risk.

## 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.



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