



If P&C Insurance AS

Interim Report

4th Quarter 2024

Translation from Estonian language

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Contacts and signatures

If P&C Insurance AS main field of activity is non-life insurance services.

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Beginning of reporting period:	1 January 2024
End of reporting period:	31 December 2024
Chairman of the Management Board:	Andris Morozovs
Auditor:	Sirius Audit OÜ

If P&C Insurance AS management board has compiled 4th quarter 2024 interim report which is presented on pages 7-14.

Member of the
Management Board

Heinar Olak / Signature /

18.02.2025

Member of the
Management Board

Tiit Kolde / Signature /

18.02.2025

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Explanatory note

If P&C Insurance AS (the Company, If) is a wholly owned subsidiary of the If P&C Insurance Holding Ltd (publ), the parent company of the leading Nordic property and casualty insurance group, which in turn is owned by the Finnish company Sampo plc. Sampo plc is listed on the Helsinki, Stockholm and Copenhagen Stock Exchange. The Sampo Group consists of the parent company Sampo plc and its wholly owned subsidiaries If P&C Insurance Holding Ltd (publ) and Hastings Group Ltd.

If has been offering property and casualty insurance to private individuals and corporate customers in the Baltic markets since 1992. Across the Baltic countries, If has approximately 374,000 policyholders and is one of the leading P&C companies in Estonia and is among top 5 companies in Latvia and Lithuania. If's products include Property, Liability, Motor, Marine & Transport and Accident & Health insurance.

The Company is registered in Estonia and operates in Latvia and Lithuania through branches. The current corporate structure enables efficient operations with some shared business functions across all three Baltic countries.

This interim report includes the financial indicators of the Estonian unit operated by If P&C Insurance AS and the Latvian and Lithuanian branches.

Results from operations January-December 2024

Net profit for the period remained stable, showing a decrease of ca. 7% compared to preceding year and amounted to €36,6 million (€39,1 million in 12 months 2023). Profit from Insurance Service result was €31,0 million (€28,0 million in 12 months 2023), corresponding to a combined ratio of 87.0% (87.2% in 12 months 2023).

Insurance revenue, gross

Insurance revenue gross for the period grew by ca. 10% reaching €245,0 million (€223,0 million in 12 months 2023).

The premium development was attributable to successful acquisition of new customers and solid renewals of existing customers, both in Private and Commercial small- and medium customer segments.

Insurance Service expense

Insurance Service expense, claims incurred, including claims handling cost, amounted to €153,6 million (€139,1 million in 12 months 2023), corresponding to a loss ratio of 63,7% (63,5% in 12 months 2023). The change was primarily attributable to high large claims cost.

Continuous efficiency improvements and tight cost control, supported by digitalization and automation of customer integration processes, reduced the expense ratio to 23,3% (23,7% in 12 months 2023).

Total operating expenses, excluding claims handling expenses, increased to €55,8 million (€51,5 million in 12 months 2023), mainly driven by salary inflation and increase in commissions and fees related to business volumes.

Investment result

The value of financial investments was €345,8 million at the end of 2024 (€338,9 million at the end of 2023).

2024 saw inflation trending lower, enabling a long-anticipated series of interest rate cuts beginning in the summer. The Federal Bank cut interest rates from 5.25-5.50% to 4.25-4.50%, and the ECB from 4.0% to 3.0%. The direction of central bank policy will be a key driver for markets in 2025, dependent on the path of inflation and growth. We expect continued volatility in yields, as the prospects for growth, inflation and interest rate cuts are constantly reassessed by the markets. Markets are still concerned about European growth outlook, politics and public finances, and there is uncertainty surrounding new US policies and their impact on Europe, as well as ongoing geopolitical/military conflicts.

In Q4, we purchased investment-grade bonds into the portfolio for €19.9 million in total, with average maturity 6.2 years. We sold bonds for €11.2 million, primarily shorter-term bonds in connection to extensions into longer-term bonds, and also some selected

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corporate bonds due to tight spread levels. Bond redemptions during the quarter were €7.5million. In total, net investments in the portfolio were €11.2m in Q4. Allocations from insurance operations were €8million. Cash weight decreased slightly from 7.8% in the end of Q3 to 7.6% in the end of Q4.

Total investment return was €17,7 million (€23,2 million in 12 months 2023) corresponding 5.2% (7.3% in 12 months 2023).

Our investment focus remains unchanged. We will continue to focus on European fixed-rate investment-grade bonds, and plan to re-invest maturing bonds and allocations received from insurance operations selectively into medium term instruments.

Insurance finance income/expense

The insurance finance income/expense (-) net result is mostly affected by the change in discount rate.

Number of employees

As at 31 December 2024, the number of full-time employees was 614 (31.12.2023 602).

Key activities of If P&C Insurance AS and its branches

If offers a complete range of P&C insurance products for both private individuals and corporate customers. We provide services via digital channels and phone, but customers are also served with the help of strong network of brokers and partners.

During the fourth quarter, If continued its efforts to maintain visibility and engagement with customers. The brand campaign "If helps a lot" was launched, reinforcing If's commitment to providing security and peace of mind. Additionally, loss prevention communication was a key focus area, emphasizing the importance of proactive risk management and safety measures for customers.

As If looks ahead, the company remains dedicated to innovation, customer satisfaction, and sustainability, ensuring that it continues to lead in delivering high-quality insurance solutions in the Baltic region.

Donation and volunteering are something we are proud about. Throughout Baltics donations were made to: Pet shelters, SOS Children village, Organization looking for missing people.

Outlook

The Baltic insurance market is projected to experience moderate growth in 2025, supported by a gradual economic recovery, declining inflation, and lower interest rates. While 2025 is expected to be a transitional year, full stability has yet to be achieved.

Geopolitical uncertainties remain a key risk factor, with concerns over regional stability and regulatory changes, including changes in tax regimes, influencing market dynamics and consumer behavior. Additionally, salary inflation is expected to remain elevated due to a growing shortage of skilled labor, driven by demographic shifts, an aging workforce, and increased cross-border employment by companies in higher-cost EU nations. Despite these challenges, the market remains resilient, with insurers demonstrating adaptability to evolving conditions.

In this dynamic environment, frequent reassessment and adjustment of pricing strategies will be necessary to maintain a balance between risk management and customer value. Policy and customer growth are expected to remain moderate in 2025, primarily driven by changing consumer behaviors and a modest increase in demand for insurance products, with repricing playing a secondary role.

At the same time, there is a growing shift toward environmentally friendly and socially responsible products, which are steadily gaining traction among consumers. The increasing focus on sustainability is influencing purchasing decisions, reflecting broader market trends. If is well-positioned to navigate these evolving dynamics and respond effectively to changing customer expectations.

Overall, the Baltic insurance market is poised for steady growth in 2025, supported by evolving consumer preferences, moderate demand increases, and the need for strategic adaptability amid economic fluctuations, geopolitical uncertainties, and broader socioeconomic trends. In line with overall market trends, If is expected to maintain premium growth in 2025 and remains fully prepared to ensure business continuity while upholding high standards of customer service.

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Key figures

Thousand EUR	2024 Jan-Dec	2023 Jan - Dec
Earnings and expenses related information		
Insurance revenue, gross	244,974	223,024
Reinsurance premium expense	-5,526	-5,264
Insurance service expense, claims incurred	-153,615	-139,185
Insurance service expense, operating expenses	-55,828	-51,524
Reinsurer's share of claims incurred	1,038	1,015
Insurance service result	31,043	28,066
Investment result	17,698	23,226
Insurance finance income or expense (-), net	-5,965	-4,783
Net financial result	11,733	18,443
Net profit for the period	36,559	39,119
Information regarding financial position		
Investment assets	345,829	338,984
Insurance liabilities	223,923	208,936
Own funds	155,751	147,892
Key data		
Loss ratio ¹	63.7%	63.5%
Expense ratio ²	23.3%	23.7%
Combined ratio ³	87.0%	87.2%
Total investment return ⁴	5.2%	7.3%

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Formulas

¹ Loss ratio	$\frac{\text{Claims incurred (incl. Claims handling costs), net of reinsurance}}{\text{Insurance revenue, net of reinsurance}}$
² Expense ratio	$\frac{\text{Insurance service expense, operating expenses}}{\text{Insurance revenue, net of reinsurance}}$
³ Combined ratio	Claims ratio + Expense ratio
⁴ Return on investments (yearly basis)	$\frac{\text{Investment result}}{\text{Weighted average volume of financial investments in the period}}$

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Statement of profit and loss Q4

Thousand EUR	2024 Q4	2023 Q4
Insurance revenue, gross	62,039	59,213
Reinsurance premium expense	-1,352	-1,179
Insurance service expense	-51,580	-50,767
<i>Claims incurred</i>	-37,091	-36,618
<i>Operating expenses</i>	-14,489	-14,148
Reinsurer's share of claims incurred	-359	331
Insurance service result	8,749	7,598
Other income / expense	67	13
Result from other services	67	13
Investment result	3,415	13,100
<i>Direct investment income</i>	2,588	2,358
<i>Changes in value</i>	943	10,833
<i>Management costs</i>	-117	-91
Insurance finance income or expense, net	-1,309	-3,772
<i>Insurance contracts</i>	-1,361	-3,846
<i>Reinsurance contracts held</i>	53	74
Net financial result	2,106	9,328
Result before income taxes	10,921	16,939
Taxes	-598	-4,030
Net profit for the period	10,327	12,909

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Statement of profit and loss January - December

Thousand EUR	2024 Jan-Dec	2023 Jan-Dec
Insurance revenue, gross	244,974	223,024
Reinsurance premium expense	-5,526	-5,264
Insurance service expense	-209,443	-190,709
<i>Claims incurred</i>	-153,615	-139,185
<i>Operating expenses</i>	-55,828	-51,524
Reinsurer's share of claims incurred	1,038	1,015
Insurance service result	31,043	28,066
Other income / expense	170	77
Result from other services	170	77
Investment result	17,698	23,226
<i>Direct investment income</i>	9,829	8,927
<i>Changes in value</i>	8,264	14,642
<i>Management costs</i>	-395	-343
Insurance finance income or expense, net	-5,965	-4,783
<i>Insurance contracts</i>	-6,225	-4,936
<i>Reinsurance contracts held</i>	260	153
Net financial result	11,733	18,443
Result before income taxes	42,946	46,586
Taxes	-6,387	-7,467
Net profit for the period	36,559	39,119

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Statement of financial position

Thousand EUR	Note	2024 31 Dec	2023 31 Dec
ASSETS			
Cash and bank balances		42,670	29,610
Investment assets		345,829	338,984
<i>Other financial investment assets</i>	2	341,998	335,496
<i>Accrued interest</i>		3,831	3,488
Debtors		3,972	2,875
Prepayments and accrued income		1,037	933
Reinsurance assets		5,696	5,695
<i>Asset for remaining coverage</i>		-1,753	-1,336
<i>Asset for incurred claims</i>		7,449	7,031
Other assets		3,639	4,043
Tangible assets		3,639	4,043
Total assets		402,843	382,140
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Creditors		14,763	17,109
<i>Other creditors</i>		12,062	13,779
<i>Lease liabilities</i>		2,701	3,330
Deferred tax liability		41	21
Accruals and deferred income		8,365	8,182
Insurance liabilities		223,923	208,936
<i>Liability for remaining coverage and acquisition cashflow asset</i>		47,743	46,108
<i>Liability for incurred claims</i>		176,180	162,828
Shareholders' equity		155,751	147,892
Share capital		6,391	6,391
Premium reserve		3,679	3,679
Statutory reserve		2,362	2,362
Profit brought forward		106,760	96,341
Net profit for the period		36,559	39,119
Total liabilities, provisions and shareholders' equity		402,843	382,140

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Changes in shareholders' equity

Thousand EUR	Restricted equity				Unrestricted equity		Total Equity
	Share capital	Premium Reserve	Statutory Reserves	Fair Value Reserve	Profit Brought Forward	Net Profit for the Year	
Equity at beginning of 2024	6,391	3,679	2,362	-	135,460	-	147,892
Dividends paid	-	-	-	-	-28,700	-	-28,700
Net profit for the year	-	-	-	-	-	36,559	36,559
Equity at end of Dec 2024	6,391	3,679	2,362	-	106,760	36,559	155,751
Equity at beginning of 2023	6,391	3,679	2,362	-24,011	159,452	-	147,873
Effect of changes in accounting policies (IFRS 9)	-	-	-	24,011	-24,011	-	-
Adjusted equity at beginning of 2023	6,391	3,679	2,362	-	135,441	-	147,873
Dividend paid	-	-	-	-	-39,100	-	-39,100
Net profit for the period	-	-	-	-	-	39,119	39,119
Equity at end of Dec 2023	6,391	3,679	2,362	-	135,402	39,119	147,892

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Statement of Cash flows

Thousand EUR	2024 Jan-Dec	2023 Jan-Dec
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from insurance operations		
Premium flows, direct insurance	246,792	230,813
Premiums ceded	-5,493	-5,134
Claim payments, direct insurance	-146,716	-128,729
Reinsurance flows	71	60
Cost of operations	-54,120	-50,223
Total	40,533	46,786
Cash flow from asset management		
Interest received	8,888	5,965
Interest paid	-79	-54
Investments in bonds and other interest bearing securities	-119,300	-62,139
Proceeds from disposals of bonds and other interest bearing securities	121,781	39,889
Total	11,290	-16,339
Dividend received and proceeds from sale of subsidiary	-	1,055
Paid income tax	-9,079	-4,229
CASH FLOW FROM OPERATING ACTIVITIES TOTAL	-9,079	-3,174
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-28,700	-39,100
Repayments of lease liabilities	-984	-988
CASH FLOW FROM FINANCING ACTIVITIES TOTAL	-29,684	-40,088
Cash flow for the period	13,060	-12,815
Cash and bank balances		
Opening cash and bank balances for the period	29,610	42,425
Cash flow for the period	13,060	-12,815
Closing cash and bank balances for the period	42,670	29,610

Notes to the interim financial statements

Note 1. Accounting policies

1. Basis of preparation

This interim report has been prepared in conformity with the IAS 34 “Interim Financial Reporting” requirements for condensed interim financial statements.

The If P&C Insurance AS annual report for the financial year ended 31 December 2023 was prepared in conformity with the IFRS and the interpretations issued by IFRIC, which have been approved by the EU. The applied standards and interpretations are described in Company’s accounting policies for the financial year 2023. The financial statements are available on Company’s website at www.if.ee.

The accounting policies for the Company that have been applied in this Interim report are the same as those applied in the 2023 Annual Report.

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.

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Note 2 Financial investments IFRS 9

The recognition of financial assets depends on their classification. The classification of assets categorized in accordance with IFRS 9 is shown below.

Thousand EUR	Acquisition value 2024 Dec 31	Fair value 2024 Dec 31	Carrying amount 2024 Dec 31	Acquisition value 2023 Dec 31	Fair value 2023 Dec 31	Carrying amount 2023 Dec 31
Financial assets at fair value through profit or loss						
Bonds and other interest-bearing securities	341,785	345,829	345,829	302,682	338,984	338,984
Total financial assets at fair value through profit or loss	341,785	345,829	345,829	302,682	338,984	338,984

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.

Financial investment assets in fair value hierarchy

Thousand EUR	2024 Dec 31			2023 Dec 31		
	Level 1	Level 2	Total fair value	Level 1	Level 2	Total fair value
Financial assets at fair value through profit or loss						
Bonds and other interest-bearing securities	297,965	47,864	345,829	314,739	24,246	338,984
Total financial assets, at fair value	297,965	47,864	345,829	314,739	24,246	338,984