

If P&C Insurance AS

Consolidated Interim Report

2nd Quarter 2013

Translation from Estonian language

Contacts and signatures

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

Business name: *If P&C Insurance AS*
Registry code: *10100168*
Address: *Pronksi 19, 10124 Tallinn*
Telephone: *6671 100*
Fax: *6671 101*
E-mail: *info@if.ee*
Web page: *www.if.ee*
Beginning of reporting period: *1 January 2013*
End of reporting period: *30 June 2013*
CEO: *Andris Morozovs*
Auditor: *Ernst & Young Baltic AS*

If P&C Insurance AS management board have compiled 2nd quarter 2013 consolidated interim report which is presented on pages 7-21.

Member of the Management Board	Heinar Olak	/Signature/	29.08.2013
Member of the Management Board	Artur Praun	/Signature/	29.08.2013

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EXPLANATORY NOTE

If P&C Insurance AS (the Company or If Insurance) is fully owned by the leading Nordic P&C insurance group If P&C Insurance Holding Ltd, which is owned by Sampo Plc., a Finnish listed company on the Helsinki Stock Exchange. In addition to the property and casualty insurance operations conducted within If, the Sampo Group also conducts life insurance operations.

The company is registered in Estonia and also operates branches in Latvia and Lithuania. The current corporate structure contributes to making operations more efficient and improving claims handling processes even further in the Baltic region. The company's business divisions cover all of the Baltic States together, but each country has its own sales and customer service divisions in order to allow the company better adapt to its customers' needs and practices.

The company is headed by the Baltic management – BMT (Baltic Management Team) – consisting of the management board members.

The Estonian unit of the company has been the Estonian leader in non-life insurance since 2000 with a market share of 26.9% in the first six months of 2013 (QI-II 2012: 28.4%). The Latvian branch of If Insurance is the fourth largest non-life insurance company operating on the Latvian market in terms of market share – 12.2% in the first quarter of 2013 (QI 2012: 12.9%) (the data for Latvia are published at a staggered interval and the current year six-month figures were not yet available as of this writing). The Lithuanian branch of If Insurance is sixth in terms of market share on the Lithuanian non-life insurance market – market share in the first half year of 2013 was 7.5% (QI-II 2012: 8.1%).

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

Results for the six months of 2013

The economy in the Baltic States continued to recover in the first half year of 2013. Lithuania's and Estonia's gross domestic product (GDP) grew in the first half year of 2013 correspondingly by 3.6% and 1.2%, in Latvia GDP grew in first quarter 3.1% respectively in the same time period (the data for Latvia are published at a staggered interval and the current year six months figures were not yet available as of this writing). Economic growth has been primarily fuelled by exports and increase in consumer spending, but also by a continued increase in industrial output. Economic development in the Baltic region in 2013 is estimated to be stable, but is dependent on the economic development of main export partners. The main contributor for growth in the Baltic States is expected to be growth in industrial production and exports, but also growth in domestic demand. Development in the Baltic States is strongly dependant on macro-economic development in Europe.

The growth of the economy has had a positive impact on the development of the insurance market. The Estonian non-life insurance market contracted by 5.4% in the first half year of 2013, in Lithuania 9.9% and in first quarter of 2013 the figure for Latvia was 3.2% (the data for Latvia are published at a staggered interval and the current year first half year figures were not yet available as of this writing). The Latvian non-life insurance market showed the strongest growth in Personal Accident lines, with especially strong growth in Health products. The growth in Latvia was mainly supported by macro-economic development, and also government institutions starting to insure their employees to a higher extent. In Estonia the main contributor for growth was Motor Own Damage insurance, Private and Corporate Property insurance; in Lithuania Motor Own Damage and Compulsory Motor TPL insurance, which increased both the number of objects than the average insurance premium.

In in the first half year of 2013, If Insurance received insurance premiums of 61.4 million euros, increasing by 0.5 per cent year-over-year. Premium volumes increased in Lithuania, stayed in the same level in Estonia and Latvia. The growth of premium volumes in Lithuania was supported by Motor Own Damage and Health insurance.

The consolidated net profit of If Insurance was 6.4 million euros in the reporting period (QI-II 2012: 12.4 million euros), of which the profit of insurance activity amounted to 6.0 million euros (QI-II 2012: 8.8 million euros). The decrease in the technical result is explained by a higher number of large claims throughout 2013 compared to 2012.

The loss ratio, including claims adjustment expenses, worsened during the first half year of 2013 and amounted to 61.9% (QI-II 2012: 55.7%). The worsened loss ratio is related to increase the number of large claims in the first half year. The combined ratio increased to 89.3% (QI-II 2012: 84.0 %). The increase is explained by worsened loss ratio outcome.

Investments

The assets of the company have increased from 217.2 million euros as of the beginning of the year to 231.8 million euros as at 30 June 2013. The amount of financial assets (197.4 million euros as at 30 June 2013) exceeds by 81.3 million euros the obligations under insurance contracts net of reinsurance assets, which gives the company a strong liquidity reserve.

At the end of June YTD performance on investment portfolio was +0.2%, Market rates rose dramatically in June, e.g. rates in 2 to 5 year maturities almost doubled. As a result of this, portfolio's performance was -0,4% during June. Rates were driven higher by talks about coming change in US monetary policy. In Euro area there is no change in monetary policy in the horizon, hence we regard these rate changes mostly as a temporary dislocation. At the end of June we allocated 10 million euros into government bonds (Netherlands 04/2016, yield 0.54%). Given short dated government bonds offer now significant pick-up to money market we may allocate more assets into government bonds.

Allocation in money market is down and standing now at 17%. As a result of this has increased in portfolio credit weight up to 77% and government bonds to 6%.

Fixed income portfolio's running yield has stayed at 0.9%. The overall duration of the portfolio was 1.5 years as of the end of June 2013 (increase by 0.1 years in comparison with QI).

Number of employees and workforce expenses

As of 30 June 2013, If P&C Insurance AS group employed 575 full-time employees (30.06.2012: 573 full-time employees) and the workforce expenses totalled 8.98 million euros (QI-II 2012: 8.00 million euros).

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

If sells insurance products to corporate and private customers via direct sales, internet, brokers and partners. If has 28 sales and customer service offices all over Estonia, with the largest offices located in Tallinn, Tartu and Pärnu. The company has 3 offices in Latvia and 10 in Lithuania, all located in the main towns. If holds the second largest position by insurance volumes among all non-life insurance providers in the Baltic States. The number of customers in the Baltics is approximately 340,000 and this includes both private individuals as well as companies.

Continued attention has been on improving existing e-solutions. In the first quarter of 2013 the company sold more than 30,000 policies via the Internet and 70% of claim statements also reach us over the Internet. If is confident that the growth trend on the Internet will continue as result of continued investments in product development and user friendliness of the Internet portal.

At the end of 2012 strategic partnership with Nordea Banking Group was agreed. This year the co-operation will offer tailor made insurance solutions for Nordea customers.

As the leading insurance company in the Baltics, If is aware of its social responsibility. Through sponsorships and funding, the company is making consistent contributions to different projects related to claims prevention. If is also attentive to raising awareness of insurance products in society, especially in areas where insurance coverage is low or, in many cases, non-existent.

The company continues to focus on high quality in claims handling. Claims handling should take place with the highest speed and convenience for the customer. This is in line with If's slogan 'claims handling the way it should be'.

For property customers in Latvia If provides a 24/7 help service – the so-called Home Assistance service as the first line of help to a customer in case of any problems with property, around the clock, including on weekends.

In the coming years If will maintain focus on improving its back-end and front-end IT systems and pay special attention on improving the efficiency of business processes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Q II

in euros

	Note	Q II 2013	Q II 2012
REVENUE			
PREMIUMS EARNED, NET OF REINSURANCE			
Premiums earned		28 870 617	28 431 930
Premiums ceded		-1 073 459	-997 275
TOTAL	2	27 797 158	27 434 655
OTHER INCOME			
Reinsurance commissions		86 923	61 444
Return on investments	3	-44 657	1 243 263
Other income		56 224	28 360
TOTAL		98 489	1 333 068
TOTAL REVENUE		27 895 648	28 767 723
EXPENSES			
CLAIMS INCURRED, NET OF REINSURANCE			
Claims incurred, gross	4	-16 155 580	-13 373 695
Reinsurer's share in claims paid	4	393 485	-326 969
TOTAL		-15 762 095	-13 700 664
EXPENSES			
Insurance contract acquisition costs	5	-5 192 061	-5 250 896
Administrative expenses	5	-2 030 094	-2 806 672
TOTAL		-7 222 155	-8 057 568
TOTAL EXPENSES		-22 984 250	-21 758 232
NET RESULT BEFORE TAXES		4 911 397	7 009 490
INCOME TAX		100 309	-393 410
NET PROFIT FOR THE FINANCIAL PERIOD		5 011 707	6 616 081
OTHER COMPREHENSIVE INCOME			
Change in the value of available-for-sale assets		-343 846	-
Exchange differences on translating foreign operations		-94	5 628
TOTAL		-343 940	5 628
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		4 667 767	6 621 709

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Q I-II

in euros

	Note	Q I-II 2013	Q I-II 2012
REVENUE			
PREMIUMS EARNED, NET OF REINSURANCE			
Premiums earned		57 066 906	56 496 443
Premiums ceded		-1 835 207	-1 721 455
TOTAL	2	55 231 699	54 774 988
OTHER INCOME			
Reinsurance commissions		171 314	157 581
Return on investments	3	357 601	4 092 581
Other income		109 031	58 141
TOTAL		637 946	4 308 303
TOTAL REVENUE		55 869 645	59 083 291
EXPENSES			
CLAIMS INCURRED, NET OF REINSURANCE			
Claims incurred, gross	4	-34 246 392	-30 289 342
Reinsurer's share in claims paid	4	33 125	-210 750
TOTAL		-34 213 267	-30 500 093
EXPENSES			
Insurance contract acquisition costs	5	-10 384 835	-10 231 291
Administrative expenses	5	-4 870 517	-5 436 613
TOTAL		-15 255 352	-15 667 904
TOTAL EXPENSES		-49 468 618	-46 167 997
NET RESULT BEFORE TAXES		6 401 027	12 915 294
INCOME TAX		-45 650	-557 650
NET PROFIT FOR THE FINANCIAL PERIOD		6 355 377	12 357 644
OTHER COMPREHENSIVE INCOME			
Change in the value of available-for-sale assets		-401 579	-
Exchange differences on translating foreign operations		4 829	-39 664
TOTAL		-396 750	-39 664
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		5 958 627	12 317 980

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in euros

	Note	30.06.2013	31.12.2012
ASSETS			
Cash and cash equivalents		5 365 482	2 622 241
Financial assets	6	197 375 237	184 710 115
Receivables related to insurance activities		13 913 944	12 416 217
Accrued income and prepaid expenses		4 500 866	3 858 181
Deferred tax asset		156 998	123 264
Reinsurance assets	9	4 182 982	3 408 072
Intangible assets	7	5 148 379	4 758 234
Property, plant and equipment	8	1 134 978	5 256 843
TOTAL ASSETS		231 778 864	217 153 167
LIABILITIES AND OWNER'S EQUITY			
Liabilities related to insurance activities		6 082 023	4 714 234
Accrued expenses and prepaid revenues		13 439 334	3 620 882
Liabilities arising from insurance contracts	9	120 245 182	115 764 353
Total liabilities		139 766 539	124 099 469
Share capital		6 391 165	6 391 165
Share premium		3 678 730	3 678 730
Mandatory reserve		2 362 314	2 362 314
Revaluation reserve		-70 338	326 412
Retained earnings		73 295 077	59 576 002
Net profit for the year		6 355 377	20 719 075
Total owner's equity		92 012 325	93 053 698
TOTAL LIABILITIES AND OWNER'S EQUITY		231 778 864	217 153 167

CONSOLIDATED STATEMENT OF CASH FLOWS

in euros

	Note	Q I-II 2013	Q I-II 2012
Cash flow from operating activities			
Premiums received	2	59 315 965	58 967 790
Premiums ceded	2	-1 634 541	-1 168 935
Claims paid, incl. Claims handling expenses	4,5	-33 790 145	-31 076 477
Cash flow from reinsurance		898 520	238 057
Employee-related and service-related expenses		-15 807 229	-16 786 288
Investments in fixed income securities		-34 042 692	-65 046 205
Proceeds from disposals of fixed income securities		32 417 942	62 045 595
Investments in term deposits		-25 850 000	-64 800 000
Return on term deposits		23 070 000	96 200 000
Interest received		1 170 150	1 595 926
Cash flow operating activities, net		5 747 970	40 169 465
Cash flow from investing activities			
Purchase of property, plant and equipment, and intangible assets	7,8	-982 283	-774 285
Proceeds from disposal of property, plant and equipment, and intangible assets		4 982 091	11 645
Cash flow from investing activities, net		3 999 808	-762 640
Cash flow from financing activities			
Paid dividend		-7 000 000	-39 000 000
Cash flow from financing activities, net		-7 000 000	-39 000 000
Change in cash flow, net		2 747 778	406 824
Cash and cash equivalents at the beginning of the period		2 622 241	2 859 840
Effects of exchange rate changes on cash and cash equivalents		-4 538	3 351
Cash and cash equivalents at the end of the period		5 365 482	3 270 015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in euros

	Restricted equity			Unrestricted				Total equity
	Share capital	Share premium	Mandatory reserve	Revaluation reserve	Available-for-sale-financial assets	Foreign currency translation reserve	Retained earnings	
Equity at beginning of 2012	6 391 165	3 678 730	2 362 314	-	43 433	98 576 002	-	111 051 644
Paid dividends	-	-	-	-	-	-39 000 000	-	-39 000 000
Other comprehensive income	-	-	-	-	-45 663	-	-	-45 663
Profit for the year	-	-	-	328 642	-	-	20 719 075	21 047 717
Equity at end of 2012	6 391 165	3 678 730	2 362 314	328 642	-2 230	59 576 002	20 719 075	93 053 698
Equity at beginning of 2013	6 391 165	3 678 730	2 362 314	328 642	-2 230	80 295 077	-	93 053 698
Paid dividends	-	-	-	-	-	-7 000 000	-	-7 000 000
Other comprehensive income	-	-	-	-401 579	4 829	-	-	-396 750
Profit for the year	-	-	-	-	-	-	6 355 377	6 355 377
Equity at 30.06. 2013	6 391 165	3 678 730	2 362 314	-72 937	2 599	73 295 077	6 355 377	92 012 325

As of 30 June 2013 the share capital of If Insurance stands at 6,391,165 euros and the sole shareholder owns 6,391,165 shares with a nominal value of 1 euro. According to the amended articles of association the minimum share capital of If Insurance is 3 million euros and the maximum share capital is 12 million euros. The parent company of If P&C Insurance AS is If P&C Insurance Holding Ltd, which is headquartered in Sweden.

- 1) In the 2012 annual report, the management board proposed to distribute 7,000,000 euros in dividends to the sole shareholder. The company pays dividends from the profits made by its Latvian and Lithuanian branches. In accordance with the Estonian Income Tax Act, dividends paid from profit earned through an Estonian company's permanent establishment located in an EEA state or Switzerland and taxed there are exempt from income tax. The purpose of the provision is to incentivize the free movement of capital and likewise to ensure conformity with EU law.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Note 1. Accounting principles and basis of estimations used in the preparation of the consolidated financial statements

This consolidated 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 2012 was prepared in conformity with the IFRS and the interpretations issued by IFRIC, which have been approved by the EU. The same accounting policies were applied in preparing the 6-months of 2013 interim report.

This consolidated interim report includes the consolidated reports of the consolidated group’s parent company If P&C Insurance AS and its subsidiary AS If Kinnisvarahaldus.

Note 2. Premiums earned, net of reinsurance

	Q I-II 2013	Q I-II 2012
Premiums written, gross	61 362 554	61 043 757
incl. 100% of the reinsured portion	1 133 999	897 429
Change in the provision for unearned premiums	-4 295 648	-4 547 315
Premiums earned, gross of reinsurance	57 066 906	56 496 443
Reinsurance premiums	-2 743 443	-2 398 208
Change in the provision for unearned premiums	908 236	676 753
Premiums earned, ceded	-1 835 207	-1 721 455
TOTAL	55 231 699	54 774 988

Note 3. Return on investments

	Q I-II 2013	Q 1-II 2012
<u>Interest income/expense</u>		
Financial assets at fair value through profit or loss		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	651 198	1 480 357
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	26 195	171 968
Financial assets available for sale		
From bonds and other fixed income securities	149 168	-
Loans and receivables		
From deposits	52 271	178 328
From cash and cash equivalents	1 635	3 014
	880 467	1 833 667
<u>Profit from disposals</u>		
Financial assets at fair value through profit or loss		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	-	251 255
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	-	7 543
Financial assets available for sale		
From bonds and other fixed income securities	291	-
	291	258 798
<u>Loss from disposals</u>		
Financial assets at fair value through profit or loss		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	-100	-
	-100	-
<u>Profit/loss from change in fair value</u>		
Financial assets at fair value through profit or loss		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	-374 918	2 290 033
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	-21 956	-59 946
	-396 874	2 230 087
<u>Investment expenses</u>	-126 183	-229 971
TOTAL RETURN ON INVESTMENTS	357 601	4 092 581

Reconciliation of fair value reserve of available-for-sale financial assets	Q I-II 2013	Q I-II 2012
Opening balance, available-for-sale financial assets	328 642	-
Changes in fair value during the year, recognized in comprehensive income	-401 579	-
Closing balance, available-for-sale financial assets	-72 937	-

Note 4. Claims incurred, net of reinsurance

	Q I-II 2013	Q I-II 2012
Gross		
Claims paid during the year related to that year	-20 571 479	-19 521 075
Claims paid related to previous years	-14 115 316	-12 628 231
Amounts recovered from salvage and recourses	2 640 315	4 181 281
Change in the provision for claims outstanding	-352 452	-578 917
Claims handling costs	-1 847 459	-1 742 400
TOTAL	-34 246 392	-30 289 342
Reinsurer's share		
Claims paid during the year related to that year	15 522	52 624
Claims paid related to previous years	135 889	41 992
Change in the provision for claims outstanding	-118 286	-305 366
TOTAL	33 125	-210 750
Net		
Claims paid during the year related to that year	-17 915 642	-15 287 171
Claims paid related to previous years	-13 979 427	-12 586 239
Claims handling costs	-1 847 459	-1 742 400
Change in the provision for claims outstanding	-470 738	-884 283
TOTAL	-34 213 267	-30 500 093

Note 5. Operating expenses

	Q I-II 2013	Q I-II 2012
Personnel expenses	-8 978 655	-7 999 188
Commissions to intermediaries	-4 766 147	-4 803 127
Data processing	-1 016 806	-1 398 736
Expenses on premises	-1 099 982	-1 300 810
Office expenses (incl. communication expenses)	-548 778	-629 459
Other operating expenses	-692 443	-1 278 984
TOTAL	-17 102 811	-17 410 304

Division of costs on the basis of functions:

Insurance contract acquisition costs	-10 384 835	-10 231 291
Administrative expenses	-4 870 517	-5 436 613
Claims handling expenses	-1 847 459	-1 742 400
TOTAL	-17 102 811	-17 410 304

Note 6. Financial assets

	30.06.2013	31.12.2012
Financial assets measured at fair value through profit or loss		
<i>Classified as held for trading</i>		
Shares, equity funds and bond funds	64	64
- unlisted	64	64
Bonds and other fixed income securities	120 531 673	130 413 758
- listed	120 523 102	130 371 334
- unlisted	8 571	42 425
incl. with a floating interest rate	63 265 940	69 759 267
incl. with a fixed interest rate (2.0% - 6.0%)	57 265 733	60 654 492
<i>Designated at fair value through profit or loss at inception:</i>		
Certificates of deposits	-	15 855 760
- unlisted with a fixed interest rate	-	15 855 760
TOTAL	120 531 737	146 269 582
Financial assets available for sale		
Bonds and other fixed income securities	50 974 127	15 330 292
- listed	26 893 775	12 333 666
- unlisted	24 080 352	2 996 626
incl. with a fixed interest rate (0.0% - 2.75%)	50 974 127	15 330 292
TOTAL	50 974 127	15 330 292

	30.06.2013	31.12.2012
Loans and receivables		
Term deposits	25 869 373	23 110 240
TOTAL	25 869 373	23 110 240
FINANCIAL ASSETS TOTAL	197 375 237	184 710 115

Division of bonds and other fixed income securities by issuers

	30.06.2013	31.12.2012
Issued by Estonian companies	4 453 507	4 427 645
Issued by foreign governments	9 857 000	-
Issued by foreign financial institutions	126 757 315	123 802 694
Issued by foreign companies	30 437 978	33 369 471
TOTAL	171 505 800	161 599 811

Ratings of bond issuers (S&P)

	Percentage of fair value	
	30.06.2013	31.12.2012
AAA	13.1%	8.0%
AA+ until AA-	31.3%	27.9%
A+ until A-	35.3%	40.6%
BBB+ until BBB-	16.8%	22.8%
BB	0.6%	0.7%
Non rated	2.9%	0.0%
TOTAL	100%	100%

Division of bonds and other fixed income securities by maturity terms

	30.06.2013	31.12.2012
up to 1 year	96 933 140	66 029 067
1-2 years	5 647 055	40 310 033
2-5 years	45 807 659	36 669 196
5-10 years	23 117 946	18 591 515
TOTAL	171 505 800	161 599 811

Note 7. Intangible assets

	Computer software
Net book value 31.12.2011	3 883 850
Acquisition (incl. prepayment)	1 613 283
Write-off	-133 343
Acquisition cost 31.12.2012	9 689 406
-incl. fully depreciated	3 746 835
Depreciation charge for the year	-635 441
Depreciation of written-off non-current assets	26 159
Accumulated depreciation 31.12.2012	-4 949 730
Translation differences	18 558
Net book value 31.12.2012	4 758 234
Acquisition (incl. prepayment)	809 769
Acquisition cost 30.06.2013	10 499 174
-incl. fully depreciated	3 760 874
Depreciation charge for the year	-411 449
Accumulated depreciation 30.06.2013	-5 361 178
Translation differences	10 382
Net book value 30.06.2013	5 148 379

Note 8. Property, plant and equipment

	Land	Buildings	Other PPE	TOTAL
Net book value 31.12.2011	383 937	4 474 873	782 874	5 641 683
Acquisition	-	-	239 175	239 175
Write-off	-	-	-459 587	-459 587
Disposal	-	-	-435 586	-435 586
Acquisition cost 31.12.2012	383 937	6 852 817	3 487 057	10 723 811
-incl. fully depreciated	-	-	2 078 110	2 078 110
Depreciation charge for the year	-	-137 536	-450 256	-587 792
Depreciation charge of sales and disposals	-	-	858 774	858 774
Accumulated depreciation 31.12.2012	-	-2 515 481	-2 956 002	-5 471 483
Translation differences	-	-	4 515	4 515
Net book value 31.12.2012	383 937	4 337 336	535 570	5 256 843
Acquisition	-	-	243 741	243 741
Write-off	-	-	-40 756	-40 756
Disposal	-380 528	-6 116 076	-106 056	-6 602 661
Acquisition cost 30.06.2013	3 409	736 741	3 583 986	4 324 135
-incl. fully depreciated	-	-	2 176 632	2 176 632
Depreciation charge for the year	-	-58 535	-171 616	-230 151
Depreciation charge of sales and disposals	-	2 371 674	137 216	2 508 890
Accumulated depreciation 30.06.2013	-	-202 342	-2 990 407	-3 192 749
Translation differences	-	-	3 591	3 591
Net book value 30.06.2013	3 409	534 399	597 170	1 134 978

Note 9. Liabilities related to insurance contracts and reinsurance assets

	30.06.2013	31.12.2012
Gross		
Provision for incurred and reported claims and claims handling expenses	45 776 538	45 573 594
Provision for incurred but not reported claims	31 408 925	31 346 623
Provision for unearned premiums	43 059 719	38 844 137
TOTAL	120 245 182	115 764 353
Reinsurer's share		
Provision for incurred and reported claims and claims handling expenses	2 046 558	2 194 640
Provision for incurred but not reported claims	462 363	442 661
Provision for unearned premiums	1 674 060	770 771
TOTAL	4 182 982	3 408 072
Net		
Provision for incurred and reported claims and claims handling expenses	43 729 980	43 378 954
Provision for incurred but not reported claims	30 946 562	30 903 962
Provision for unearned premiums	41 385 659	38 073 365
TOTAL	116 062 201	112 356 282

Note 10. Related party transactionsRelated parties

The company's shareholders, enterprises under the joint control of or enterprises controlled by the company, the company's staff, Management Board and Supervisory Board members, their close relatives and other individuals over whom the above persons have significant influence, are considered related parties.

Transactions with members of the Management Board, members of the Supervisory Board, and other management individual

Insurance contracts with total premiums of 6,517 euros were concluded with the management individuals in the financial period (2012 6 months: 5,119 euros). The Management Board members received a total of 463,007 euros in remuneration, including social tax (2012 6 months: 416,613 euros). During the reporting period, Management Board members did not get severance. No remuneration was paid to members of the Supervisory Board.

Reinsurance transactions with group companies

The company has concluded reinsurance contracts with If P&C Insurance Ltd (Sweden) and If P&C Insurance Company Ltd (Finland), insurance companies incorporated under the parent company If P&C Insurance Holding Ltd group.

	Calculated reinsurance premiums		Indemnifications and commissions received	
	Q I-II 2013	Q I-II 2012	Q I-II 2013	Q I-II 2012
If P&C Insurance Ltd (Sweden)	1 660 841	1 490 310	55 947	47 545
If P&C Insurance Company Ltd (Finland)	145 357	123 095	10 884	9 233

Receivables and payables related to the above transactions as of 30.06.2013 and 31.12.2012:

	30.06.2013	31.12.2012
Receivables		
If P&C Insurance Ltd (Sweden)	900 831	1 505 495
If P&C Insurance Company Ltd (Finland)	5 000	5 000
Payables		
If P&C Insurance Ltd (Sweden)	1 238 232	652 682
If P&C Insurance Ltd Company (Finland)	5 245	5 018

Other related party transactions, transactions with other group companies

	Services purchased		Services rendered	
	Q I-II 2013	Q I-II 2012	Q I-II 2013	Q I-II 2012
Mandatum Life Insurance Baltic SE	30	180	25 654	35 755
Nordea Group companies	35 238	50 944	302 906	352 641
If P&C Insurance Company Ltd (Finland)	-	-	210 000	-
Sampo PLC	182 000	173 000	-	-

Receivables and payables related to the above transactions as of 30.06.2013 and 31.12.2012:

	30.06.2013	31.12.2012
Receivables		
Mandatum Life Insurance Baltic SE	9 286	2 914
Nordea Group companies	57 437	30 844
If P&C Insurance Ltd (Sweden)	34 543	34 543
If IT Services AS	29 356	16 348
IPSC Region	-	8 100

	30.06.2013	31.12.2012
Payables		
Nordea Group companies	2 769	15 883
Sampo PLC	90 000	93 000

If Insurance has acquired financial assets and has earned investment income from the following group companies:

	30.06.2013	31.12.2012
Financial assets		
Nordea Group companies	3 093 090	10 395 145

	Q I-II 2013	Q I-II 2012
Investment income/expense		
Nordea Group companies	5 434	65 834