



If P&C Insurance AS

Interim Report

3rd Quarter 2023

Translation from Estonian language

Interim Report 3rd Quarter 2023

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 2023
End of reporting period:	30 September 2023
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If P&C Insurance AS management board has compiled 3rd quarter 2023 interim report which is presented on pages 7-19.

Member of the
Management Board

Heinar Olak / Signature /

30.11.2023

Member of the
Management Board

Tiit Kolde / Signature /

30.11.2023

Table of Contents

Explanatory note	4
Income Statement Q3	8
Other comprehensive income Q3	8
Income Statement January - September	9
Other comprehensive income January - September	9
Statement of financial position	10
Changes in equity	11
Cash flow statement	12
Notes to the interim financial statements	13
Note 1 Accounting policies	13
Note 2 Financial investments IFRS 9	17
Note 3 Transition effects of changed accounting policies applied from 2023	18

Explanatory note

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

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 385,000 policyholders and is one of the leading P&C companies in Estonia. 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-September 2023

Net profit for the period increased by ca. 37% compared to preceding year and amounted to €26.2 million (€19.1 million in 9 months 2022), corresponding to a combined ratio of 87.2% (90.0% in 9M 2022).

Insurance revenue, gross

Insurance revenue gross for the period grew by ca. 19% reaching €163.8 million (€137.9 million in 9 months 2022). The premium development was attributable to successful acquisition of new customers and solid renewals of existing customers, both in the large customer segment as well as in Private and Commercial small- and medium customer segments. Following the high inflation in 2022 - 2023 premium rates were increased and contributed to high extent to the premium growth.

Insurance Service expense

Insurance Service expense, claims incurred, including claims handling cost, amounted to €102.6 million (€89.9 million in 9 months 2022), corresponding to a claims ratio of 63.8% (65.8% in 9 months 2022). Despite few large claims incurred and storm in August, improvement in frequency claims made 9M 2023 claim outcome better than in 9M 2022.

Continuous efficiency improvements and tight cost control, supported by digitalization and automation of customer integration processes, reduced the expense ratio to 23.4% (24.2% in 9 months 2022).

Total operating expenses, excluding claims handling expenses, increased to €37.4 million (€32.6 million in 9 months 2022), mainly driven by salary inflation and increase in commissions and fees related to business volumes.

Investment result

The value of financial investments was €316.5 million at the end of Q3 2023 (€300.2 million at the end of 2022).

In Q3 the Central Bank raised interest rates to 4% - the highest level since the euro currency was launched in 1999. Inflation also has remained above the ECB's 2% target.

During Q3 If continued to purchase investment-grade bonds into the portfolio.

Net investment return was €10.1 million (€2.4 million in 9 months 2022).

The current interest rate environment offers good buying opportunities for the portfolio. 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.

Interim Report 3rd Quarter 2023

Insurance Service finance income/expense

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

Number of employees

As at 30 September 2023, the number of full-time employees was 586 (31.12.2022 577).

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. If is currently the fourth-largest P&C insurer in the Baltic region combined.

If remains focused on developing easy-to-use products and services supported by smart digital solutions that simplify the process for the customer throughout the entire customer journey, from a purchase to a possible claim. During the second quarter If Mobile app was presented in Lithuania, which offers the easiest way to enjoy being an If customer. Updated If Mobile Baltics app was also presented in Latvia and Estonia during first quarter.

If has maintained its visibility in the second quarter, focusing mainly on communication about different products. It's worth mentioning that in all Baltic countries, If started a B2B campaign called 'Every business has its own Achilles' heel.' The campaign message portrays If as a caring expert who understands business risks and can provide proper insurance coverage.

Caring for the emotional health of employees and promoting a sustainable environment encourages If to seek new and effective solutions. In June, in Lithuania and Latvia, we offered employees a new, sustainable alternative for commuting to work: shareable bicycles. Employees will have access to safe, new bicycles for work-related trips throughout the year.

In May, If employees celebrated Diversity & Inclusion Week in the Baltics, a week filled with various activities centered around the main message, 'Human, like you.' The aim of the week was not to focus on differences but to highlight mutual similarities. After all, even people who may appear completely different at first glance can share many similarities.

Outlook

The macroeconomic outlook and outlook for the P&C Insurance market in the Baltic countries is uncertain for 2023. Ongoing war in Europe, with following high inflation and expected economic recession is causing uncertainty. Underlying policy and customer count development is expected to be moderate in short term, additional uncertainty is related to the salary and other cost inflation in 2023.

Over the time, market volumes are expected to continue growth at a pace that is somewhat faster than the economic growth due to increase in consumption, and also due to increasing awareness of the importance of being insured.

Interim Report 3rd Quarter 2023

Key figures

Thousand EUR	2023 Jan-Sept	2022 Jan-Sept	2022 Jan-Dec
Earnings-related information			
Insurance revenue, gross	163,811	137,867	188,769
Reinsurance premium expense	4,085	3,057	4,153
Insurance service expense, claims incurred	102,567	89,871	123,059
Insurance service expense, operating expenses	37,376	32,632	45,006
Reinsurer's share of claims incurred	-684	-1,169	-1,103
Insurance service result	20,468	13,477	17,654
Investment result	10,127	2,391	3,371
Insurance finance income or expense (-), net	-1,012	7,702	4,921
Net financial result	9,115	10,093	8,292
Net profit for the period	26,210	19,063	21,158
Information regarding financial position			
Investment assets	316,480	282,933	300,170
Insurance liabilities	204,408	177,847	189,105
Own funds	150,984	145,643	147,873
Key data			
Claims ratio ¹	63,8%	65,8%	66,1%
Expense ratio ²	23,4%	24,2%	24,4%
Combined ratio ³	87,2%	90,0%	90,4%
Total investment return ⁴	4,4%	-12,6%	-8,8%

Interim Report 3rd Quarter 2023

Formulas

¹ Claims 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)	$\frac{\text{Investment result}}{\text{Weighted average volume of financial investments in the period}}$
⁵ Return on investments (yearly basis)	$\frac{\text{Investment result (+) changes in fair value recognised in other comprehensive income}}{\text{Weighted average volume of financial investments in the period}}$

Interim Report 3rd Quarter 2023

Income Statement Q3

Thousand EUR	2023 Q3	2022 Q3
Insurance revenue, gross	57,823	49,403
Reinsurance premium expense	-1,422	-1,037
Insurance service expense	-48,115	-44,271
<i>Claims incurred</i>	-34,994	-32,865
<i>Operating expenses</i>	-13,121	-11,407
Reinsurer's share of claims incurred	979	1,883
Insurance service result	9,266	5,978
Other income	20	16
Result from other services	20	16
Investment result	3,598	885
<i>Direct investment income</i>	2,022	1,009
<i>Changes in value</i>	1,662	-16
<i>Management costs</i>	-88	-108
Insurance finance income or expense, net	701	573
<i>Insurance contracts</i>	683	621
<i>Reinsurance contracts held</i>	17	-48
Net financial result	4,299	1,458
Result before income taxes	13,585	7,452
Taxes	-77	-374
Net profit for the period	13,505	7,078

Other comprehensive income

Thousand EUR	2023 Q3	2022 Q3
Net profit for the period	13,505	7,078
Other comprehensive income		
Items that will be reclassified subsequently to profit and loss when specific conditions are met		
Value changes on financial assets available for sale	-	-7,863
Total comprehensive income	-	-7,863
Total comprehensive income for the period	13,505	-785

Interim Report 3rd Quarter 2023

Income Statement January - September

Thousand EUR	2023 Jan-Sept	2022 Jan-Sept
Insurance revenue, gross	163,811	137,867
Reinsurance premium expense	-4,085	-3,057
Insurance service expense	-139,943	-122,502
<i>Claims incurred</i>	-102,567	-89,870
<i>Operating expenses</i>	-37,376	-32,632
Reinsurer's share of claims incurred	684	1,169
Insurance service result	20,467	13,477
Other income	64	60
Result from other services	64	60
Investment result	10,127	2,391
<i>Direct investment income</i>	6,570	2,666
<i>Changes in value</i>	3,810	118
<i>Management costs</i>	-253	-393
Insurance finance income or expense, net	-1,012	7,702
<i>Insurance contracts</i>	-1,090	7,947
<i>Reinsurance contracts held</i>	78	-245
Net financial result	9,115	10,093
Result before income taxes	29,646	23,630
Taxes	-3,436	-4,567
Net profit for the period	26,210	19,063

Other comprehensive income

Thousand EUR	2023 Jan-Sept	2022 Jan-Sept
Net profit for the period	26,210	19,063
Other comprehensive income		
Items that will be reclassified subsequently to profit and loss when specific conditions are met		
Value changes on financial assets available for sale	-	-29,642
Total comprehensive income	-	-29,642
Total comprehensive income for the period	26,210	-10,580

Interim Report 3rd Quarter 2023

Statement of financial position

Thousand EUR	Note	2023 30 Sept	2022 31 Dec
ASSETS			
Cash and bank balances		45,278	41,680
Investment assets		316,480	300,170
<i>Other financial investment assets</i>	2	313,717	297,897
<i>Accrued interest</i>		2,763	2,273
Debtors		4,202	3,946
Prepayments and accrued income		834	1,018
Reinsurance assets		4,933	5,002
<i>Asset for remaining coverage</i>		-1,691	-931
<i>Asset for incurred claims</i>		6,624	5,933
Investments in subsidiary		-	88
Other assets		4,120	4,440
Tangible assets		4,120	4,440
Deferred tax assets		-	140
Total assets		375,846	356,483
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Creditors		12,226	11,982
<i>Other creditors</i>		8,703	8,171
<i>Lease liabilities</i>		3,523	3,811
Deferred tax liability		59	189
Accruals and deferred income		8,171	7,334
Insurance liabilities		204,408	189,105
<i>Liability for remaining coverage and acquisition cashflow asset</i>		48,189	41,315
<i>Liability for incurred claims</i>		156,219	147,790
Shareholders' equity		150,983	147,873
Share capital		6,391	6,391
Premium reserve		3,679	3,679
Statutory reserve		2,362	2,362
Fair value reserve		-	-24,011
Profit brought forward		112,341	138,294
Net profit for the period		26,210	21,158
Total liabilities, provisions and shareholders' equity		375,846	356,483

Interim Report 3rd Quarter 2023

Changes in 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 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
Dividends paid	-	-	-	-	-23,100	-	-23,100
Net profit for the year	-	-	-	-	-	26,210	26,210
Total comprehensive income	-	-	-	-	-	-	-
Equity at end of Sept 2023	6,391	3,679	2,362	-	112,341	26,210	150,983
Equity at beginning of 2022	6,391	3,679	2,362	4,710	160,511	-	177,653
Effect of changes in accounting policies (IFRS 17)	-	-	-	-	-4,116	-	-4,116
Adjusted equity at beginning of 2022	6,391	3,679	2,362	4,710	156,395	-	173,537
Dividend paid	-	-	-	-	-18,100	-	-18,100
Net profit for the year	-	-	-	-	-	19,063	19,063
Total comprehensive income	-	-	-	-29,642	-	-	-29,642
Equity at end of Sept 2022	6,391	3,679	2,362	-24,932	138,295	19,063	144,858
Equity at beginning of 2022	6,391	3,679	2,362	4,710	160,511	-	177,653
Effect of changes in accounting policies (IFRS 17)	-	-	-	-	-4,116	-	-4,116
Adjusted equity at beginning of 2022	6,391	3,679	2,362	4,710	156,395	-	173,537
Dividend paid	-	-	-	-	-18,100	-	-18,100
Net profit for the year	-	-	-	-	-	21,157	21,157
Total comprehensive income	-	-	-	-28,721	-	-	-28,721
Equity at end of 2022	6,391	3,679	2,362	-24,011	138,295	21,157	147,873

Interim Report 3rd Quarter 2023

Cash flow statement

Thousand EUR	2023 Jan-Sept	2022 Jan-Sept
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from insurance operations		
Premium flows, direct insurance	171,734	145,791
Premiums ceded	-3,557	-3,225
Claim payments, direct insurance	-95,069	-81,820
Reinsurance flows	88	524
Cost of operations	-36,607	-31,950
Total	36,589	29 320
Cash flow from asset management		
Interest received	4,554	2,415
Interest paid	-39	-179
Investments in bonds and other interest bearing securities	-46,104	-105,421
Proceeds from disposals of bonds and other interest bearing securities	34,600	49,973
Total	-6,990	-53,211
Dividends received	1,050	-
Paid income tax	-3,958	-3,463
CASH FLOW FROM OPERATING ACTIVITIES TOTAL	-2,908	-3,463
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-23,100	-18,100
Repayments of lease liabilities	-738	-745
CASH FLOW FROM FINANCING ACTIVITIES TOTAL	-23,838	-18,845
Cash flow for the period	2,853	-46,199
Cash and bank balances		
Opening cash and bank balances for the period	42,425	78,327
Cash flow for the period	-2,853	46,199
Closing cash and bank balances for the period	45,278	32,128

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 2022 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 2022. 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 2022 Annual Report, except for the changes described below in sections 2-4.

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.

2. Changes in accounting policies

The accounting standards IFRS 17 Insurance contracts and IFRS 9 Financial instruments are applied since January 1, 2023 and presented in this interim report.

IFRS 17 Insurance Contracts has replaced IFRS 4 Insurance Contracts where IFRS 17 contains a complete framework for the measurement and presentation of insurance contracts. The Company has determined that the premium allocation approach can be applied to all insurance business, as well as a full retrospective approach to the transition of the new standard with restated financial statements for the comparative year 2022. The implementation of IFRS 17 has had a major impact on the presentation with new line items in the income statement and for the statement of financial position both assets and liabilities have decreased due to reclassification of premium receivables and deferred acquisition costs from assets to insurance liabilities. Insurance finance income or expenses, as defined by the standard, is presented fully in the income statement, and thus, the allowed other comprehensive income (OCI) option is not applied.

IFRS 9 Financial Instruments has superseded IAS 39 Financial Instruments: Recognition and Measurement, where IFRS 9 changes the principles of classification and measurement of financial assets and introduces a new impairment model based on expected, rather than incurred, credit losses. The implementation of IFRS 9 has not had a material impact on the Company’s statement of financial position, as the financial investments were already previously measured at fair value. At transition to IFRS 9 the debt instruments have been classified at fair value through profit or loss (mandatorily) based on the business model assessment. Consequently, unlike previous accounting, the changes in fair value under IFRS 9 are recognized in the income statement. The comparative figures for 2022 are not restated.

Refer to Note 18 in the 2022 Annual report for further details regarding the changes in accounting policies and significant estimations and judgements introduced by IFRS 17 and IFRS 9. The accounting policies applied from 1 January 2023 are described in section 3 and 4 below, and more information regarding the impact on transition is provided in Note 3.

3. Accounting policies: IFRS 17 Insurance contracts

Insurance liabilities and reinsurance assets

Insurance liabilities for issued insurance contracts consist of Liability for remaining coverage and acquisition cash flow asset, and also Liability for incurred claims. Correspondingly, Reinsurance assets for reinsurance contracts held consist of Asset for remaining coverage and Asset for incurred claims.

Measurement model

The premium allocation approach (PAA) is applied for all insurance business in the Company, as the coverage period for the main part of the insurance and reinsurance contracts is one year or less, and longer-term contracts have been assessed to fulfil the eligibility criteria.

Level of aggregation

Portfolios of insurance contracts comprise contracts subject to similar risks and managed together. The Company has determined the portfolios based on a combination of business area, country and product. The portfolios are then divided into two groups, onerous contracts or all remaining contracts (profitable contracts). Since the premium allocation approach is applied, the groups of contracts are assumed to not be onerous unless facts and circumstances indicate otherwise, where internal management information from the plan process has been used to identify any onerous groups of contracts.

The carrying amount of the portfolios of insurance and reinsurance contracts determines if they are presented as assets or liabilities in the statement of financial position.

Liability for remaining coverage and acquisition cash flow assets

On initial recognition of an insurance contract, the carrying amount of the liability for remaining coverage (LRC) is measured at premiums received less insurance acquisition cash flows. Subsequent of initial recognition, the carrying amount is decreased by the amount recognized as insurance revenue for insurance contract services provided in the period. For most products this is based on the passage of time i.e. calculated on a pro rata temporis basis. Consequently, any premium receipts pertaining to insurance services to be provided after the closing date remains in this liability. The carrying amount is also increased for any premiums received in subsequent periods less additional insurance acquisition cash flows paid.

The insurance acquisition cash flows reducing the carrying amount of LRC relates to commission expenses as well as personnel expenses for internal sales units. The acquisition cash flows are deferred over the coverage period of the contracts, generally one year. The option to recognize these cash flows as an expense when they are incurred has not been applied.

For groups of onerous contracts, a loss component is part of the liability for remaining coverage, where the loss component is calculated as the difference in the liability measured with the general measurement model compared to the premium allocation approach.

The carrying amount of LRC is not discounted as the time between providing services and the related premium due date generally is not more than a year.

Liability for incurred claims

The liability for incurred claims (LIC) is intended to cover the future payments of all claims incurred, including claims not yet reported to the company (IBNR) and all claims handling expenses. The estimated future cash flows (best estimate) in direct property and casualty insurance and reinsurance are calculated with the aid of statistical methods or through individual assessments of individual claims.

In addition to the best estimate, the liability for incurred claims includes an explicit risk adjustment, which reflects the uncertainty about the amount and timing of cash flows arising from non-financial risk. Both the best estimate and risk adjustment are discounted to present value using standard actuarial methods, and applying market-based yield curves, which are constructed based on a risk-free rate and an illiquidity premium.

Interim Report 3rd Quarter 2023

Reinsurance assets

The corresponding policies as for measuring the insurance contracts issued are applied when measuring the reinsurance contracts held. The asset for incurred claims also takes into consideration the effect of the risk of non-performance by the issuer of the reinsurance contract.

Income statement

Insurance revenue

Insurance revenue reflects the compensation that the Company receives from the policyholder in return for the transfer of risk (insurance contract services) on an earned basis. The insurance revenue recognized in the reporting period is based on premium receipts and expected premium receipts allocated over the underlying term of the insurance contract, i.e. based on passage of time. The liability for remaining coverage is reduced with a corresponding amount as the insurance revenue.

Reinsurance premium expenses

Reinsurance premium expenses relating to reinsurance contracts held is recognized similarly to insurance revenue and reflect the premium payments by the Company that are attributable to the reporting period for the reinsurance contract services received. Any commissions received - reduce the reinsurance premium expenses.

Insurance service expenses

The insurance service expenses comprise of both claims incurred and operating expenses.

Claims incurred for the reporting period include claims payments during the period and changes in the liability for incurred claims. The change in liability for incurred claim includes the changes in undiscounted best estimate, discounted risk adjustment and the changes in discounting effect due to changes in underlying best estimate or changes in payment patterns. The claims incurred also include claims handling expenses and changes in the loss component.

Operating expenses reported in the insurance service result relate to administrative expenses arising from the handling of insurance contracts.

Additionally, the operating expenses include the change in acquisition cash flows, where the liability for remaining coverage changes with a corresponding amount.

Reinsurers' share of claims incurred

The reinsurers' share of claims incurred is reported consistently with Insurance service expenses, claims incurred and also includes changes in risk of non-performance.

Insurance finance income or expenses

Insurance finance income or expenses comprise of changes in the liability/ asset for incurred claims relating to the change in discounting effect due to changes in interest rates and interest expense/ income (unwinding). The effect of changes in financial risk relating to indexation of annuities is also presented within Insurance finance income or expenses. The option to present changes in discounting effect in OCI is not applied.

4. Accounting policies: IFRS 9 Financial instruments

Financial investments

A financial asset is recognized in the statement of financial position when the Company becomes party to the contractual terms of the financial instrument. A financial asset is derecognized from the statement of financial position when the rights in the contract are realized, expire or as a result of a transfer of the assets whereby the Company no longer retains significant risks and benefits from the assets as well as it loses control over them. Furthermore, a contract is derecognized if a significant modification has been made to the contract terms of a financial asset. There are no financial liabilities in the Company's portfolio.

The purchase and sale of money market and capital market instruments on the spot market is reported in the statement of financial position on the transaction date. Between the transaction date and payment date the counterparty's liability/ receivable is reported at the gross amount under the item Other creditors (liability) / Accrued income and prepaid expenses (receivable).

Interim Report 3rd Quarter 2023

There are no Equity instruments in the financial investments portfolio of the company except for the participation in subsidiary.

Debt instruments (Bonds and other interest-bearing securities) are classified as measured at either fair value through profit or loss (mandatorily) or amortized cost, based on the business model for managing the assets and the asset's contractual terms. The business model reflects how the Company manages portfolios of financial assets to achieve business objectives and to generate cash flows. The factors considered in determining the portfolio's business model include how the financial assets' performance is evaluated and reported to management, how risks are assessed and managed, past experience of how the cash flows have been collected and how compensation is linked to performance.

Debt instruments are classified as measured at fair value through profit or loss (mandatorily) when the business model reflects the assets being managed and evaluated on a fair value basis or being held for trading, alternatively if the contractual cash flows do not consist of solely payments of principal and interest, i.e. not consistent with a basic lending arrangement.

Financial investment assets mainly consist Bonds and other interest-bearing securities.

Bonds and other interest-bearing securities

Bonds and other interest-bearing securities are classified as measured at fair value through profit or loss (mandatorily) as the portfolio is managed and evaluated on a fair value basis. The instruments are initially recognized and subsequently measured at fair value. Transaction costs that are directly attributable to the issue or acquisition of the assets are expensed in profit or loss.

The return on bonds and interest-bearing securities is divided into interest income and changes in value. The change in value is calculated as the difference between the fair value (market value) of the instruments and their amortized cost.

Investment result

The investment result is divided into direct investment income, changes in value and deductions for management costs. Direct investment income primarily includes interest income from investments reported using the effective interest rate method, where the premiums / discounts resulting from acquisitions are distributed across the remaining useful life of the asset and dividends on shareholding in the subsidiary. Changes in value mainly comprises unrealized and realized value changes on investment assets, but also changes in the loss allowance. The Company's currency result is included in Changes in value.

The administrative expenses relating to asset management are reported within the Investment result.

Interim Report 3rd Quarter 2023

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. Comparative figures are not reclassified and are classified in accordance with IAS 39.

Thousand EUR	Acquisition value 2023 Sept 30	Fair value 2023 Sept 30	Carrying amount 2023 Sept 30	Acquisition value 2022 Dec 31	Fair value 2022 Dec 31	Carrying amount 2022 Dec 31
Financial assets at fair value through profit or loss						
Bonds and other interest-bearing securities	332,156	316,480	316,480			
Total financial assets at fair value through profit or loss	332,156	316,480	316,480			
Financial assets available for sale						
Bonds and other interest-bearing securities				321,255	300,170	300,170
Total financial assets available for sale				321,255	300,170	300,170

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	2023 Sept 30				2022 Dec 31			
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets at fair value through profit or loss								
Bonds and other interest-bearing securities	306,059	10,421	-	316,480				
Total financial assets, at fair value	306,059	10,421	-	316,480				
Financial assets, available for sale								
Bonds and other interest-bearing securities					282,747	17,423	-	300,170
Total financial assets, at fair value					282,747	17,423	-	300,170

Interim Report 3rd Quarter 2023

Note 3 Transition effects of changed accounting policies applied from 2023

IFRS 17 Insurance contracts and IFRS 9 Financial instruments are new standards effective from 1 January 2023. IFRS 17 Insurance Contracts has replaced IFRS 4 Insurance Contracts, where IFRS 17 contains a complete framework for the measurement and presentation of insurance contracts. IFRS 9 Financial Instruments has superseded IAS 39 Financial Instruments: Recognition and Measurement, where IFRS 9 has changed the principles of classification and measurement of financial assets and introduces a new impairment model based on expected, rather than incurred, credit losses. Refer also to Note 18 in the 2022 Annual report for further details regarding the changes in accounting policies introduced.

For IFRS 17 a full retrospective approach to the transition of the new standard has been applied with restated financial statements for the comparative year 2022. The transition effect per 1 January 2022 was presented in Note 18 of the 2022 Annual report. The changes in restated comparative period are presented below, for the balance sheet per 31 December 2022 and for the income statement the corresponding period as this interim report.

IFRS 17 Balance sheet transition table per 31 December 2022:

Thousand EUR

BALANCE SHEET (per IFRS 4)	IFRS 4 31.12.2022	Reclassi- fication	Remea- surement	IFRS17 31.12.2022	BALANCE SHEET (per IFRS 17)
Cash and cash equivalents	41,680			41,680	Cash and cash equivalents
Financial investments	300,170			300,170	Financial investments
Receivables related to insurance activities	46,260	-42,314		3,946	Debtors
Accrued income and prepaid expenses	5,669	-6,236	1,585	1,018	Accrued income and prepaid expenses
Reinsurance assets	7,320	-2,147	-172	5,002	Reinsurance assets
Investment in subsidiary	88			88	Investment in subsidiary
Property, plant and equipment	4,440			4,440	Property, plant and equipment
Deferred tax asset			140	140	Deferred tax asset
TOTAL ASSETS	405,627	-50,697	1,553	356,483	
Liabilities related to insurance activities	8,112	60		8,171	Creditors
Lease liabilities	3,811			3,811	Lease liabilities
Accrued expenses and deferred income	9,578	-2,245		7,334	Accrued expenses and deferred income
Deferred tax liability	116		73	189	Deferred tax liability
Liabilities arising from insurance contracts	237,254	-48,512	363	189,105	Insurance liabilities
Shareholders' equity					Shareholders' equity
Share capital	6,391			6,391	Share capital
Share premium	3,679			3,679	Share premium
Mandatory capital reserve	2,362			2,2362	Mandatory capital reserve
Other restricted reserves	-24,011			-24,011	Other restricted reserves
Retained earnings	158,335		1,117	159,452	Retained earnings
TOTAL LIABILITIES AND EQUITY	405,627	-50,697	1,553	356,483	TOTAL LIABILITIES AND EQUITY

Interim Report 3rd Quarter 2023

IFRS 17 Income Statement transition table 9 months 2022:

Thousand EUR

INCOME STATEMENT (per IFRS 4)	IFRS4 30.09.2022	Change	IFRS17 30.09.2022	INCOME STATEMENT (per IFRS 17)
PREMIUMS EARNED, NET OF REINSURANCE				
Premiums earned, gross	137,867		137,867	Insurance revenue
Premiums ceded	-3,249	192	-3,057	Reinsurance premium expense
Total	134,619		134,811	Total
CLAIMS INCURRED, NET OF REINSURANCE				
Claims incurred, gross	-91,019	1,149	-89,871	Insurance service expense, claims incurred
Reinsurers' share of claims incurred	1,285	-117	1,169	Reinsurers' share of claims incurred
Total	-89,734		-88,702	Total
EXPENSES				
Operating expenses in insurance operations, gross	-32,457	-175	-32,632	Insurance service expense, operating expenses
	12,428	1,049	13,477	Insurance service result
OTHER INCOME				
Investment result	2,391		2,391	Investment result
Reinsurance commissions and other income	60		60	Other income
Total	2,451		2,451	Total
		7,702	7,702	Insurance finance income, net
Result before income taxes	14,879		23,630	Result before income taxes
Taxes	-3,893	-674	-4,567	Taxes
Net profit for the period	10,986	6,423	19,063	Net profit for the period