



If P&C Insurance AS

Interim Report

4th Quarter 2023

Translation from Estonian language

Interim Report 4th 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:	31 December 2023
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If P&C Insurance AS management board has compiled 4th quarter 2023 interim report which is presented on pages 7-19.

Member of the
Management Board

Heinar Olak / Signature /

28.02.2024

Member of the
Management Board

Tiit Kolde / Signature /

28.02.2024

Table of Contents

Explanatory note	4
Income Statement Q4	8
Other comprehensive income Q4	8
Income Statement October - December	9
Other comprehensive income October - December	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 370,000 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-December 2023

Net profit for the period increased by ca. 46% compared to preceding year and amounted to €39,1 million (€21,2 million in 2022), corresponding to a combined ratio of 87.2% (90.4% in 2022).

Insurance revenue, gross

Insurance revenue gross for the period grew by ca. 15% reaching €223 million (€188,8 million in 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 €139,2 million (€123,1 million in 2022), corresponding to a loss ratio of 63.5% (66.1% in 2022). The change was primarily attributable to high large claims and severe weather.

Continuous efficiency improvements and tight cost control, supported by digitalization and automation of customer integration processes, reduced the expense ratio to 23.7% (24,3% in 2022).

Total operating expenses, excluding claims handling expenses, increased to €51,5 million (€45 million in 2022), mainly driven by salary inflation and increase in commissions and fees related to business volumes.

Investment result

The value of financial investments was €339 million at the end of 2023 (€300.2 million at the end of 2022).

After the sharp drop in yields the question is whether market pricing for rate cuts has gone too far, and we have taken a slightly more cautious stance.

Net investment return was €23.2 million (€3,4 million in 2022).

Yields in 2023 have been decent and 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, however in some cases awaiting better opportunities.

Interim Report 4th 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 31 December 2023, the number of full-time employees was 602 (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.

In 2023, If continued to expand its visibility through various channels. A notable achievement was the significant leap in digital customer service, highlighted by the introduction of an updated If Mobile app in Latvia, Estonia, and for the first time, in Lithuania. By using The If Mobile Baltics app it is easy to get access to My Pages and its services in just a few seconds without additional authorization. The updated app includes content such as invoices and claims, but also additional services for health insurance customers.

If remained focused on developing easy-to-use products and services and strived for innovation in order to make customer journey as smooth and relevant as possible. Therefore, during 2023 If has updated MOD product with unique and exclusive features that makes us stand out in the Baltic market. Specifically, these updates addressed all risks related to electric vehicles, providing comprehensive protection for electric vehicle owners. The strategic B2B campaign, 'Every business has its own Achilles' heel,' contributed to maintaining market visibility and earned recognition at the BalticBest Awards, receiving a bronze award in the print/outdoor craft category. If remained focused on its ambition to have the most satisfied customers. A survey conducted in the Baltic countries by research company Dive showed that If's service is the one of the best among insurers, taking second place in Lithuania and third in Estonia and Latvia. Proud about one more external acknowledgement – If in Lithuania received a solid achievement – the main local business magazine selected If among Top financial business sector leaders and number one among insurance companies' in 2023.

Outlook

The economic forecast and future trajectory of the P&C Insurance market in the Baltic countries are fraught with uncertainty for 2024. Factors including geopolitical tensions, escalating military conflicts, elevated risks and expenses related to international trade, fluctuations in interest rates, inflationary pressures, and various other economic variables are contributing to this uncertainty. Given the volatile economic environment, there is a need for frequent reassessment and adjustment of pricing strategies to maintain a delicate balance between risk management and customer value. Furthermore, it is anticipated that salary inflation will persist at elevated levels due to a growing scarcity of skilled labor, driven by population decline, an aging society, and increased cross-border employment by employers from higher-cost EU nations.

The dynamic economic environment underscores the necessity for ongoing evaluation and adjustment of pricing strategies to effectively mitigate risk while providing optimal value to customers. It is projected that policy and customer count advancement will experience moderate growth in 2024. Market volumes are anticipated to gradually outpace overall economic expansion, driven by heightened levels of consumption, investments, and trade activity, alongside an increasing recognition of the importance of acquiring insurance coverage.

Concurrently, there is a noticeable trend towards environmentally friendly and socially responsible products, gradually gaining momentum in consumer preferences. The focus on sustainable consumption is resonating with a wider audience, shaping their decisions. If is well-positioned to adapt to these evolving market dynamics.

In the Baltic region, If's business is anticipated to sustain premium growth in 2024, in line with the overall market dynamics. If is fully equipped to ensure business continuity and maintain a high standard of customer service

Interim Report 4th Quarter 2023

Key figures

Thousand EUR	2023 Jan-Dec	2022 Jan-Dec
Earnings-related information		
Insurance revenue, gross	223,024	188,769
Reinsurance premium expense	-5,264	-4,153
Insurance service expense, claims incurred	-139,185	-123,059
Insurance service expense, operating expenses	-51,524	-45,006
Reinsurer's share of claims incurred	1,015	1,103
Insurance service result	28,066	17,654
Investment result	23,226	3,371
Insurance finance income or expense (-), net	-4,783	4,921
Net financial result	18,443	8,292
Net profit for the period	39,119	21,158
Information regarding financial position		
Investment assets	338,984	300,170
Insurance liabilities	208,936	189,105
Own funds	147,892	147,873
Key data		
Loss ratio ¹	63,5%	66,1%
Expense ratio ²	23,7%	24,3%
Combined ratio ³	87,2%	90,4%
Total investment return ⁴	7,3%	-8,8%

Interim Report 4th Quarter 2023

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)	$\frac{\text{Investment result}}{\text{Weighted average volume of financial investments in the period}}$
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 4th Quarter 2023

Statement of profit and loss Q4

Thousand EUR	2023 Q4	2022 Q4
Insurance revenue, gross	59,213	50,902
Reinsurance premium expense	-1,179	-1,096
Insurance service expense	-50,767	-45,563
<i>Claims incurred</i>	-36,618	-33,189
<i>Operating expenses</i>	-14,148	-12,374
Reinsurer's share of claims incurred	331	-66
Insurance service result	7,598	4,177
Other income	13	17
Result from other services	13	17
Investment result	13,100	979
<i>Direct investment income</i>	2,358	1,333
<i>Changes in value</i>	10,833	-273
<i>Management costs</i>	-91	-81
Insurance finance income or expense, net	-3,772	-2,780
<i>Insurance contracts</i>	-3,846	-2,789
<i>Reinsurance contracts held</i>	74	9
Net financial result	9,328	-1,801
Result before income taxes	16,939	2,393
Taxes	-4,030	-298
Net profit for the period	12,909	2,095

Other comprehensive income

Thousand EUR	2023 Q4	2022 Q4
Net profit for the period	12,909	2,095
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	-	921
Total comprehensive income	12,909	3,016

Interim Report 4th Quarter 2023

Statement of profit and loss January - December

Thousand EUR	2023 Jan-Dec	2022 Jan-Dec
Insurance revenue, gross	223,024	188,769
Reinsurance premium expense	-5,264	-4,153
Insurance service expense	-190,709	-168,065
<i>Claims incurred</i>	-139,185	-123,059
<i>Operating expenses</i>	-51,524	-45,006
Reinsurer's share of claims incurred	1,015	1,103
Insurance service result	28,066	17,654
Other income	77	77
Result from other services	77	77
Investment result	23,226	3,371
<i>Direct investment income</i>	8,927	3,998
<i>Changes in value</i>	14,642	-155
<i>Management costs</i>	-343	-472
Insurance finance income or expense, net	-4,783	4,921
<i>Insurance contracts</i>	-4,936	5,158
<i>Reinsurance contracts held</i>	153	-237
Net financial result	18,443	8,292
Result before income taxes	46,586	26,023
Taxes	-7,467	-4,865
Net profit for the period	39,119	21,158

Other comprehensive income

Thousand EUR	2023 Jan-Dec	2022 Jan-Dec
Net profit for the period	39,119	21,158
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	-	-28,721
Total comprehensive income	39,119	-7,563

Interim Report 4th Quarter 2023

Statement of financial position

Thousand EUR	Note	2023 31 Dec	2022 31 Dec
ASSETS			
Cash and bank balances		29,610	42,425
Investment assets		338,984	300,170
<i>Other financial investment assets</i>	2	335,496	297,897
<i>Accrued interest</i>		3,488	2,273
Debtors		2,875	3,256
Prepayments and accrued income		933	1,017
Reinsurance assets		5,695	5,002
<i>Asset for remaining coverage</i>		-1,336	-931
<i>Asset for incurred claims</i>		7,031	5,933
Investments in subsidiary		-	88
Other assets		4,043	4,440
Tangible assets		4,043	4,440
Deferred tax assets		-	140
Total assets		382,140	356,538
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Creditors		17,109	12,037
<i>Other creditors</i>		13,779	8,226
<i>Lease liabilities</i>		3,330	3,811
Deferred tax liability		21	189
Accruals and deferred income		8,182	7,334
Insurance liabilities		208,936	189,105
<i>Liability for remaining coverage and acquisition cashflow asset</i>		46,108	41,315
<i>Liability for incurred claims</i>		162,828	147,790
Shareholders' equity		147,892	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		96,341	138,294
Net profit for the period		39,119	21,158
Total liabilities, provisions and shareholders' equity		382,140	356,538

Interim Report 4th 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	-	-	-	-	-39,100	-	-39,100
Net profit for the year	-	-	-	-	-	39,119	39,119
Total comprehensive income	-	-	-	-	-	-	-
Equity at end of Dec 2023	6,391	3,679	2,362	-	96,341	39,119	147,892
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 4th Quarter 2023

Statement of Cash flows

Thousand EUR	2023 Jan-Dec	2022 Jan-Dec
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from insurance operations		
Premium flows, direct insurance	230,813	196,197
Premiums ceded	-5,134	-4,412
Claim payments, direct insurance	-128,729	-112,616
Reinsurance flows	60	629
Cost of operations	-50,223	-44,114
Total	46,786	35,684
Cash flow from asset management		
Interest received	5,965	3,040
Interest paid	-54	-192
Investments in bonds and other interest bearing securities	-62,139	-116,846
Proceeds from disposals of bonds and other interest bearing securities	39,889	65,035
Total	-16,339	-48,963
Dividends received	1,050	-
Proceeds from sale of subsidiary	5	-
Paid income tax	-4,229	-3,538
CASH FLOW FROM OPERATING ACTIVITIES TOTAL	-3,174	-3,538
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-39,100	-18,100
Repayments of lease liabilities	-988	-985
CASH FLOW FROM FINANCING ACTIVITIES TOTAL	-40,088	-19,085
Cash flow for the period	-12,815	-35,902
Cash and bank balances		
Opening cash and bank balances for the period	42,425	78,327
Cash flow for the period	-12,815	-35,902
Closing cash and bank balances for the period	29,610	42,425

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 4th 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).

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

Interim Report 4th Quarter 2023

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 4th 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 Dec 31	Fair value 2023 Dec 31	Carrying amount 2023 Dec 31	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	302,682	338,984	338,984			
Total financial assets at fair value through profit or loss	302,682	338,984	338,984			
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 Dec 31				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	314,739	24,246	-	338,984				
Total financial assets, at fair value	314,739	24,246	-	338,984				
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 4th 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	42,425			42,425	Cash and cash equivalents
Financial investments	300,170			300,170	Financial investments
Receivables related to insurance activities	45,515	-42,259		3,256	Debtors
Accrued income and prepaid expenses	5,669	-6,237	1,585	1,017	Accrued income and prepaid expenses
Reinsurance assets	7,320	-2,146	-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	-50,642	1,553	356,538	
Liabilities related to insurance activities	8,112	114		8,226	Creditors
Lease liabilities	3,811			3,811	Lease liabilities
Accrued expenses and deferred income	9,578	-2,244		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
Share capital	6,391			6,391	Share capital
Share premium	3,679			3,679	Share premium
Mandatory capital reserve	2,362			2,362	Mandatory capital reserve
Other restricted reserves	-24,011			-24,011	Other restricted reserves
Retained earnings	142,411		-4,117	138,294	Retained earnings
Net profit for the year	15,924		5,234	21,158	Net profit for the year
TOTAL LIABILITIES AND EQUITY	405,627	-50,642	1,553	356,538	TOTAL LIABILITIES AND EQUITY

Interim Report 4th Quarter 2023

IFRS 17 Statement of profit and loss transition table 12 months 2022:

Thousand EUR				
INCOME STATEMENT (per IFRS 4)	IFRS4 31.12.2022	Change	IFRS17 31.12.2022	INCOME STATEMENT (per IFRS 17)
PREMIUMS EARNED, NET OF REINSURANCE				
Premiums earned, gross	188,769		188,769	Insurance revenue
Premiums ceded	-4,412	259	-4,153	Reinsurance premium expense
Total	184,357	259	184,616	Total
CLAIMS INCURRED, NET OF REINSURANCE				
Claims incurred, gross	-123,843	784	-123,059	Insurance service expense, claims incurred
Reinsurers' share of claims incurred	1,190	-87	1,103	Reinsurers' share of claims incurred
Total	-122,653	697	-121,956	Total
EXPENSES				
Operating expenses in insurance operations, gross	-45,098	92	-45,006	Insurance service expense, operating expenses
	16,606	1,048	17,654	Insurance service result
OTHER INCOME				
Investment result	3,371		3,371	Investment result
Reinsurance commissions and other income	354	-277	77	Other income
Total	3,725	-277	3,448	Total
Result before income taxes	20,331	4,921	26,023	Insurance finance income, net Result before income taxes
Taxes	-4,407	-458	-4,865	Taxes
Net profit for the period	15,924	5,234	21,158	Net profit for the period