

If P&C Insurance AS

Consolidated Interim Report

4th Quarter 2012

Translation from Estonian language

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 2012*
End of reporting period: *31 December 2012*
CEO: *Andris Morozovs*
Auditor: *Ernst & Young Baltic AS*

If P&C Insurance AS management board have compiled 4th quarter 2012 consolidated interim report which is presented on pages 7-21.

Member of the Management Board	Heinar Olak	/Signature/	27.02.2013
Member of the Management Board	Artur Praun	/Signature/	27.02.2013

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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 27.3% in 2012 (2011: 28.9%). The Latvian branch of If Insurance is the fourth largest non-life insurance company operating on the Latvian market in terms of market share – 11.6% in the first nine months 2012 (9 months 2011: 11.8%) (the data for Latvia are published at a staggered interval and the current year twelve-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 2012 was 10.0% (2011: 10.9%).

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 twelve months of 2012

The economy in the Baltic States continued to recover in 2012. Latvia's gross domestic product (GDP) grew by 5.6% in the first nine months of 2012, while in both Lithuania and Estonia GDP growth was slower – 3.5% and 3.1% respectively in the same time period. By the end of 2012, GDP is expected to have grown by roughly 5% in Latvia and by roughly 3% in Lithuania and Estonia. Economic growth has been primarily fuelled by exports and increase in consumer spending, but also by a continued increase in industrial output. On the other hand, the unemployment rate continues to be very high and only minor improvement is expected in the years ahead.

Economic development in the Baltic region in 2013 is estimated to be stable, but is dependent on the economic development of main export partners. Economic growth for 2013 is forecasted to be at the same level as in 2012 in Estonia and Lithuania, but slightly slower in Latvia. 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 improvement in the economy has had a positive impact on the development of the insurance market. The Estonian non-life insurance market contracted by 6.5% in 2012, in Lithuania 15.1% and in the first nine months 2012 the figure for Latvia was 9.2% (the data for Latvia are published at a staggered interval and the current 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 was mainly supported by macro-economic development, and also government institutions starting to insure their employees to a higher extent. Motor insurance volumes grew due to an increase in car sales and an increased number of leased cars.

In 2012, If Insurance received insurance premiums of 115.2 million euros, increasing by 1.1 per cent

year-over-year. Premium volumes increased in Latvia and Estonia. In Lithuania premium volumes decreased due to enhanced focus on improving the business' profitability.

The consolidated net profit of If Insurance was 20.7 million euros in the reporting period (2011: 21.5 million euros), of which the profit of insurance activity amounted to 14.4 million euros (2011: 20.2 million euros). The decrease in the technical result is explained by a higher number of large claims throughout 2012 compared to 2011.

The loss ratio, including claims adjustment expenses, worsened during 2012 and amounted to 58.7% (2011: 52.9%). Results of property products were negatively affected by the increased cost of large claims throughout the year. Results for motor products was supported by low claims frequencies in 2012, especially at the beginning of the year because of the mild winter weather. Results for Lithuania continued to improve as a result of various actions related to profitability.

Continuous efforts to create more cost-efficient processes in customer service and claims handling had a favourable impact on expense ratio. The combined ratio increased to 87.2% (2011: 81.7 %). The increase is explained by worsened loss ratio outcome for large claims.

Investments

The assets of the company have decreased from 228.8 million euros as of the beginning of the year to 217.2 million euros as at 31 December 2012. The amount of financial assets (184.7 million euros as at 31 December 2012) exceeds by 72.4 million euros the obligations under insurance contracts net of reinsurance assets, which gives the company a strong liquidity reserve.

In the fourth quarter, yield on fixed interest rate financial investments were solid +0.7%, YTD performance was 4.4%. Credit bond portfolio, which accounts for most of the investments, has been the main portfolio yield driver, since the beginning of the year the yield was +5.6%. Money market portfolio yield during 2012 was 1.1%.

During 2012 were sold all remaining government bonds. Money market portfolio weight was as at the end of December 23% and credit bonds weight was portfolio is 77%. The overall duration of the portfolio was 1.5 years as of the end of December. Running yield has been decreased again and is now at 1.0% reflecting the fact that all new investments are done at very low yield level.

The outlook is as follows: it is planned maintain high exposure of credit bonds in portfolio and decrease the size of money market portfolio. Given ultra-low rates and tight credit spreads, the reinvestment opportunities will be scarce. Duration is expected to remain at current level.

Number of employees and workforce expenses

As of 31 December 2012, If P&C Insurance AS group employed 576 full-time employees (31.12.2011: 559 full-time employees) and the workforce expenses totalled 16.9 million euros (2011: 15.5 million euros).

Changes in the management bodies

In 2012, Tiit Kolde was elected new management board member. The amendment was entered into the Commercial Register on 2 July 2012.

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 30 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.

Throughout the year attention has been on improving existing e-solutions. In 2012 the company sold more than 100,000 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.

The year 2012 was also successful in the partner channel, supported by product development and development of systems for cooperation with car importers and car retailers.

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

One of the product innovations for customers in 2012 was the pre-paid Insurance Card (Kindlustuskaart) concept in the Estonian market in co-operation with the leading fuel retailer Statoil. The concept is unique in the region and allows customers to buy MTPL (Motor Third Party Liability) insurance in the easiest way and has become very popular.

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. Furthermore, since September 2012 If also ensures Direct Claims handling for both MTPL customers who are involved in the same claim.

The company efforts towards its customers do not go unnoticed. In 2012, the market research company Spect Dive declared that If is the best client service provider among non-life insurance companies in Lithuania, and the company has reached the top 100 most preferred brands in Estonia as shown by a survey.

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 IV

in euros

	Note	Q IV 2012	Q IV 2011
REVENUE			
PREMIUMS EARNED, NET OF REINSURANCE			
Premiums earned		28 890 384	28 717 581
Premiums ceded		-864 324	-843 401
TOTAL	2	28 026 060	27 874 180
OTHER INCOME			
Reinsurance commissions		29 404	41 473
Return on investments	3	1 186 580	879 921
Other income		59 598	32 862
TOTAL		1 275 583	954 257
TOTAL REVENUE		29 301 643	28 828 436
EXPENSES			
CLAIMS INCURRED, NET OF REINSURANCE			
Claims incurred, gross	4	-17 668 369	-7 840 860
Reinsurer's share in claims paid	4	213 538	-2 217 218
TOTAL		-17 454 831	-10 058 078
EXPENSES			
Insurance contract acquisition costs	5	-5 343 278	-5 457 682
Administrative expenses	5	-2 844 006	-3 414 115
TOTAL		-8 187 284	-8 871 797
TOTAL EXPENSES		-25 642 115	-18 929 875
NET RESULT BEFORE TAXES		3 659 529	9 898 561
INCOME TAX		-109 081	-428 321
NET PROFIT FOR THE FINANCIAL PERIOD		3 550 448	9 470 241
OTHER COMPREHENSIVE INCOME			
Change in the value of available-for-sale assets		177 914	0
Exchange differences on translating foreign operations		-6 741	59 661
TOTAL		171 172	59 661
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		3 721 620	9 529 902

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Q I-IV

in euros

	Note	2012	2011
REVENUE			
PREMIUMS EARNED, NET OF REINSURANCE			
Premiums earned		114 253 164	113 432 736
Premiums ceded		-3 299 178	-3 398 098
TOTAL	2	110 953 986	110 034 638
OTHER INCOME			
Reinsurance commissions		221 992	257 805
Return on investments	3	7 170 959	1 962 216
Other income		151 763	108 401
TOTAL		7 544 714	2 328 422
TOTAL REVENUE		118 498 700	112 363 060
EXPENSES			
CLAIMS INCURRED, NET OF REINSURANCE			
Claims incurred, gross	4	-65 223 377	-51 745 344
Reinsurer's share in claims paid	4	87 765	-6 493 614
TOTAL		-65 135 612	-58 238 958
EXPENSES			
Insurance contract acquisition costs	5	-20 747 695	-20 520 305
Administrative expenses	5	-11 078 212	-11 412 928
TOTAL		-31 825 907	-31 933 233
TOTAL EXPENSES		-96 961 520	-90 172 191
NET RESULT BEFORE TAXES		21 537 181	22 190 869
INCOME TAX		-818 106	-724 752
NET PROFIT FOR THE FINANCIAL PERIOD		20 719 075	21 466 118
OTHER COMPREHENSIVE INCOME			
Change in the value of available-for-sale assets		328 642	0
Exchange differences on translating foreign operations		-45 663	61 819
TOTAL		282 979	61 819
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		21 002 054	21 527 937

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in euros

	Note	31.12.2012	31.12.2011
ASSETS			
Cash and cash equivalents		2 622 241	2 859 840
Financial assets	6	184 710 115	195 839 078
Receivables related to insurance activities		12 416 217	12 547 063
Accrued income and prepaid expenses		3 858 181	3 650 204
Deferred tax asset		123 264	483 247
Reinsurance assets	9	3 408 072	3 845 578
Intangible assets	7	4 758 234	3 883 850
Property, plant and equipment	8	5 256 843	5 641 684
TOTAL ASSETS		217 153 167	228 750 544
LIABILITIES AND OWNER'S EQUITY			
Liabilities related to insurance activities		4 714 234	5 549 773
Accrued expenses and prepaid revenues		3 620 882	3 712 558
Liabilities arising from insurance contracts	9	115 764 353	108 436 569
Total liabilities		124 099 469	117 698 900
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		326 412	43 433
Retained earnings		59 576 002	77 109 884
Net profit for the year		20 719 075	21 466 118
Total owner's equity		93 053 698	111 051 644
TOTAL LIABILITIES AND OWNER'S EQUITY		217 153 167	228 750 544

CONSOLIDATED STATEMENT OF CASH FLOWS

in euros

	Note	2012	2011
Cash flow from operating activities			
Premiums received	2	114 786 349	115 822 714
Premiums ceded	2	-3 611 569	-3 542 280
Claims paid, incl. Claims handling expenses	4,5	-58 486 424	-69 115 663
Cash flow from reinsurance		623 563	1 216 418
Employee-related and service-related expenses		-31 909 931	-31 509 335
Investments in fixed income securities		-79 977 632	-240 577 736
Proceeds from disposals of fixed income securities		73 892 925	162 688 995
Investments in term deposits		-87 870 000	-340 418 546
Return on term deposits		110 400 000	402 230 571
Interest received		2 620 973	3 246 586
Cash flow operating activities, net		40 468 254	41 723
Cash flow from investing activities			
Purchase of property, plant and equipment, and intangible assets	7,8	-1 789 770	-2 109 517
Proceeds from disposal of property, plant and equipment, and intangible assets		81 766	15 346
Cash flow from investing activities, net		-1 708 004	-2 094 171
Cash flow from financing activities			
Paid dividend		-39 000 000	-
Cash flow from financing activities, net		-39 000 000	-
Change in cash flow, net		-239 750	-2 052 448
Cash and cash equivalents at the beginning of the period		2 859 840	4 905 644
Effects of exchange rate changes on cash and cash equivalents		2 151	6 644
Cash and cash equivalents at the end of the period		2 622 241	2 859 840

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 2011	6 391 165	3 678 730	2 362 314	-	-18 386	77 109 884	-	89 523 707
Other comprehensive income	-	-	-	-	61 819	-	-	61 819
Profit for the year	-	-	-	-	-	-	21 466 118	21 466 118
Equity at end of 2011	6 391 165	3 678 730	2 362 314	-	43 433	77 109 884	21 466 118	111 051 644
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

As of 31 December 2012 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 2011 annual report, the management board proposed to distribute 42,195,848 euros in dividends to the sole shareholder. The sole shareholder decided to take 39,000,000 euros out as dividends.
- The company pays dividends from the profits made by its Latvian and Lithuanian branches and capital contributions previously made into these countries and now returned. 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. The basis for the other part of the dividends was a return of contributed capital from Latvia and Lithuania which did not exceed previous contributions and which thus did not constitute a taxable event.

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 2011 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 12-months 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

	2012	2011
Premiums written, gross	115 165 545	113 931 859
incl. 100% of the reinsured portion	1 548 887	1 911 785
Change in the provision for unearned premiums	-912 381	-499 123
Premiums earned, gross of reinsurance	114 253 164	113 432 736
Reinsurance premiums	-3 167 489	-3 479 751
Change in the provision for unearned premiums	-131 689	81 653
Premiums earned, ceded	-3 299 178	-3 398 098
TOTAL	110 953 986	110 034 638

Note 3. Return on investments

	2012	2011
<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	2 749 313	1 484 810
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	264 849	463 830
Financial assets available for sale		
From bonds and other fixed income securities	70 222	-
Loans and receivables		
From deposits	265 117	991 919
From cash and cash equivalents	4 404	24 760
	3 353 905	2 965 319
<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	334 582	57 896
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	13 959	3 985
	348 541	61 881
<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	-	-154 814
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	-	-31 510
	-	-186 324
<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	3 930 272	-153 043
<i>Designated at fair value through profit or loss at inceptions:</i>		
From certificates of deposits	-24 058	46 014
	3 906 214	-107 030
<u>Investment expenses</u>	-437 701	-771 630
TOTAL RETURN ON INVESTMENTS	7 170 959	1 962 216

Note 4. Claims incurred, net of reinsurance

	2012	2011
Gross		
Claims paid during the year related to that year	-46 735 368	-50 379 515
Claims paid related to previous years	-15 440 508	-20 630 139
Amounts recovered from salvage and recourses	6 828 262	5 147 037
Change in the provision for claims outstanding	-6 354 482	17 490 565
Claims handling costs	-3 521 281	-3 373 291
TOTAL	-65 223 377	-51 745 344
Reinsurer's share		
Claims paid during the year related to that year	158 806	11 556
Claims paid related to previous years	259 233	745 495
Change in the provision for claims outstanding	-330 275	-7 250 665
TOTAL	87 765	-6 493 614
Net		
Claims paid during the year related to that year	-39 748 299	-45 220 922
Claims paid related to previous years	-15 181 274	-19 884 645
Claims handling costs	-3 521 281	-3 373 291
Change in the provision for claims outstanding	-6 684 757	10 239 900
TOTAL	-65 135 612	-58 238 958

Note 5. Operating expenses

	2012	2011
Personnel expenses	-16 858 776	-15 456 470
Commissions to intermediaries	-8 965 246	-8 644 499
Data processing	-2 544 995	-3 800 585
Expenses on premises	-2 561 747	-2 619 532
Office expenses (incl. communication expenses)	-1 243 969	-1 463 216
Other operating expenses	-3 172 456	-3 322 221
TOTAL	-35 347 189	-35 306 524

Division of costs on the basis of functions:

Insurance contract acquisition costs	-20 747 695	-20 520 305
Administrative expenses	-11 078 212	-11 412 928
Claims handling expenses	-3 521 281	-3 373 291
TOTAL	-35 347 189	-35 306 524

Note 6. Financial assets

	31.12.2012	31.12.2011
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	130 413 758	121 897 841
- listed	130 371 334	121 855 416
- unlisted	42 425	42 425
incl. with a floating interest rate	69 759 267	61 616 518
incl. with a fixed interest rate (2.0% - 6.0%)	60 654 492	60 281 322
<i>Designated at fair value through profit or loss at inceptions:</i>		
Certificates of deposits	15 855 760	28 286 889
- unlisted with a fixed interest rate (0.13% - 0.182%)	15 855 760	28 286 889
TOTAL	146 269 582	150 184 794
Financial assets available for sale		
Bonds and other fixed income securities	15 330 292	-
- listed	12 333 666	-
- unlisted	2 996 626	-
incl. with a floating interest rate	-	-
incl. with a fixed interest rate (0.276% - 2.75%)	15 330 292	-
TOTAL	15 330 292	-
Loans and receivables		
Term deposits	23 110 240	45 654 284
TOTAL	23 110 240	45 654 284
FINANCIAL ASSETS TOTAL	184 710 115	195 839 078

Division of bonds and other fixed income securities by issuers

	31.12.2012	31.12.2011
Issued by Estonian companies	4 427 645	42 425
Issued by foreign governments	-	29 126 208
Issued by foreign financial institutions	123 802 694	102 525 884
Issued by foreign companies	33 369 471	18 490 213
TOTAL	161 599 811	150 184 730

Ratings of bond issuers (S&P)	Percentage of fair value	
	31.12.2012	31.12.2011
AAA	8.0%	22.7%
AA	27.9%	32.7%
A	40.6%	35.4%
BBB	22.8%	9.1%
BB	0.7%	0.0%
TOTAL	100%	100%

Division of bonds and other fixed income securities by maturity terms

	31.12.2012	31.12.2011
up to 1 year	66 029 067	50 173 393
1-2 years	40 310 033	63 348 727
2-5 years	36 669 196	36 662 609
5-10 years	18 591 515	-
TOTAL	161 599 811	150 184 730

Note 7. Intangible assets

	Computer software
Net book value 31.12.2010	<u>2 974 475</u>
Acquisition (incl. prepayment)	1 850 957
Write-off	-561 641
Acquisition cost 31.12.2011	8 209 466
-incl. fully depreciated	3 604 130
Depreciation charge for the year	-515 621
Depreciation of written-off non-current assets	-
Accumulated depreciation 31.12.2011	-4 340 448
Translation differences	14 832
Net book value 31.12.2011	<u>3 883 850</u>
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	<u>4 758 234</u>

Note 8. Property, plant and equipment

	Land	Buildings	Other PPE	TOTAL
Net book value 31.12.2010	383 937	4 623 128	952 682	5 959 746
Acquisition	-	-	396 873	396 873
Reclassification	-	-10 336	10 336	-
Write-off	-	-	-715 862	-715 862
Disposal	-	-	-63 472	-63 472
Acquisition cost 31.12.2011	383 937	6 852 817	4 143 056	11 379 810
-incl. fully depreciated	-	-	2 142 536	2 142 536
Depreciation charge for the year	-	-138 573	-579 234	-717 807
Depreciation charge of sales and disposals	-	-	777 901	777 901
Depreciation charge of reclassified assets	-	654	-654	-
Accumulated depreciation 31.12.2011	-	-2 377 944	-3 364 520	-5 742 464
Translation differences	-	-	4 338	4 338
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

Note 9. Liabilities related to insurance contracts and reinsurance assets

	31.12.2012	31.12.2011
Gross		
Provision for incurred and reported claims and claims handling expenses	45 573 594	38 270 776
Provision for incurred but not reported claims	31 346 623	32 266 006
Provision for unearned premiums	38 844 137	37 899 787
TOTAL	115 764 353	108 436 569
Reinsurer's share		
Provision for incurred and reported claims and claims handling expenses	2 194 640	2 560 097
Provision for incurred but not reported claims	442 661	388 796
Provision for unearned premiums	770 771	896 685
TOTAL	3 408 072	3 845 578
Net		
Provision for incurred and reported claims and claims handling expenses	43 378 954	35 710 679
Provision for incurred but not reported claims	30 903 962	31 877 210
Provision for unearned premiums	38 073 365	37 003 101
TOTAL	112 356 282	104 590 991

Note 10. Related party transactions*Related 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 8,575 euros were concluded with the management individuals in the financial period (2011: 7,297 euros). The Management Board members received a total of 958,843 euros in remuneration, including social tax (2011: 750,503 euros). During the reporting period, Management Board members did not get severance pay (2011: 183,605 euros). 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	
	2012	2011	2012	2011
If P&C Insurance Ltd (Sweden)	1 991 990	2 068 278	87 374	236 311
If P&C Insurance Company Ltd (Finland)	123 132	102 673	9 235	2 659

Receivables and payables related to the above transactions as of 31.12.2012 and 31.12.2011:

	31.12.2012	31.12.2011
Receivables		
If P&C Insurance Ltd (Sweden)	1 505 495	1 470 398
If P&C Insurance Company Ltd (Finland)	5 000	5 000
Payables		
If P&C Insurance Ltd (Sweden)	652 682	375 087
If P&C Insurance Ltd Company (Finland)	5 018	5 018

Other related party transactions, transactions with other group companies

	Services purchased		Services rendered	
	2012	2011	2012	2011
Mandatum Life Insurance Baltic SE	230	136	25 327	24 538
Nordea Group companies	156 723	224 236	656 019	668 704
Sampo PLC	355 000	313 000	-	-
If P&C Insurance Company Ltd (Finland)	-	-	78 714	-
If IT Services AS	-	-	-	47 957
IPSC Region	-	-	13 100	-

Receivables and payables related to the above transactions as of 31.12.2012 and 31.12.2011:

	31.12.2012	31.12.2011
Receivables		
Mandatum Life Insurance Baltic SE	2 914	3 173
Nordea Group companies	30 844	34 340
If P&C Insurance Ltd (Sweden)	34 543	410
If IT Services AS	16 348	23 949
IPSC Region	8 100	-

	31.12.2012	31.12.2011
Payables		
Mandatum Life Insurance Baltic SE	-	214
Nordea Group companies	15 883	14 638
Sampo PLC	93 000	97 000
If Insurance has acquired financial assets and has earned investment income from the following group companies:		
	31.12.2012	31.12.2011
Financial assets		
Nordea Group companies	10 395 145	12 242 540
	2012	2011
Investment income/expense		
Nordea Group companies	207 386	352 170