



If P&C Insurance AS

# Interim Report

## 1<sup>st</sup> Quarter 2026

Translation from Estonian language

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## Contacts and signatures

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

Business name:	If P&C Insurance AS
Registry code:	10100168
Address:	Lõõtsa 8a, 11415 Tallinn
Telephone:	777 1211
E-mail:	info@if.ee
Web page:	if.ee
Beginning of reporting period:	1 January 2026
End of reporting period:	31 March 2026
Chairman of the Management Board:	Andris Morozovs
Auditor:	Sirius Audit OÜ

If P&C Insurance AS management board has compiled 1<sup>st</sup> quarter 2026 interim report which is presented on pages 8-13.

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## Explanatory note

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

If has been offering property and casualty insurance to private individuals and corporate customers in the Baltic markets since 1992. Across the Baltic countries, If has approximately 383,000 policyholders and is one of the leading P&C companies in Estonia and is among top 5 companies in Latvia and Lithuania. If's products include Property, Liability, Motor, Marine & Transport and Accident & Health insurance.

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

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

## Results from operations January-March 2026

Net profit for the period has showed significant decrease compared to preceding year and amounted to €3,8 million (€11,6 million in 3 months 2025). Profit from Insurance Service was €6,6 million (€10,3 million in 3 months 2025), corresponding to a combined ratio of 89.0% (82.6% in 3 months 2025).

### Insurance revenue, gross

Insurance revenue gross for the period grew by ca. 1.0% reaching €61,4 million (€60,8 million in 3 months 2025).

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

### Insurance Service expense

Insurance Service expense, claims incurred, including claims handling cost, amounted to €38,4 million (€38,0 million in 3 months 2025), corresponding to a loss ratio of 66,7% (60.3% in 3 months 2025). The change was primarily attributable to lower large claims cost.

Continuous efficiency improvements and tight cost control, supported by digitalization and automation of customer integration processes, helped us keep the expense ratio stable at 22.3% (22,3% in 3 months 2025).

Total operating expenses, excluding claims handling expenses, stayed close to last year's level, at €13,3 million (€13,2 million in 3 months 2025).

### Investment result

The value of financial investments was €365,9 million at the end of Q1 2026 (€369,0 million at the end of 2025).

The first quarter of 2026 started strongly, with tight credit spreads, solid demand for investment-grade bonds, and active primary markets. During February, volatility gradually increased as markets became more concerned about geopolitical tensions, trade policy uncertainty, and the global growth outlook. March was significantly more challenging. The escalation in the Middle East drove higher oil prices, rising inflation concerns, and a reassessment of central bank expectations. Underlying interest rates moved higher and credit spreads widened, although investment-grade credit remained relatively resilient compared with other risk assets.

In Q1, we added €16.8m of investment-grade bonds to the portfolio, at an average yield of 3.52% and an average maturity of 6.2 years. Bond sales of €5.0m and redemptions of €19.1m resulted in net bond outflows of €7.3m for the quarter. At the same time, we invested €9.9m in short-term discount papers, bringing total net investments across the portfolio to €2.6m. During the quarter, we also received €5.0m of allocations from insurance operations and €3.6m in coupon income. The cash position increased by €6.1m during the quarter, raising the portfolio's cash weight to 8.1% from 6.6% at the end of Q4 2025. This increase

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was in line with our liquidity planning ahead of the dividend payment at the end of April.

The portfolio's duration was unchanged at 3.3 years during Q1. Running yield was broadly unchanged at 3.0%, while the mark-to-market yield increased more significantly to 3.4% from 3.0% in the previous quarter, reflecting the repricing in fixed income markets during the quarter. The fixed income portfolio delivered a return of -0.5% in Q1, as higher underlying interest rates and somewhat wider credit spreads weighed on performance. In absolute terms, the fixed income result for the quarter was -€2.0m. After accounting for -€0.1m in other investment expenses, the portfolio's total result for the quarter was -€2.1m, corresponding to a return of -0.5%.

Our investment strategy remains focused on high-quality issuers and maintaining a balanced risk profile. While spread levels are somewhat more attractive after the volatility in March, valuations remain relatively tight from a historical perspective. We therefore remain selective when adding exposure and continue to prioritise liquidity and resilience in the portfolio. At the same time, overall yield levels remain attractive compared with recent years due to higher underlying interest rates. We expect market volatility to remain elevated in the near term given ongoing geopolitical uncertainty and changing expectations for central bank policy, and we remain prepared to add selectively during periods of market weakness.

## Insurance finance income/expense

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

## Number of employees

As at 31 March 2026, the number of full-time employees was 596 (31.12.2025 593).

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

During the first quarter of 2026, If continued strengthening its digital services and customer-focused insurance solutions across the Baltics. Several initiatives launched during the quarter reflected changing customer expectations regarding flexibility, accessibility, and sustainable mobility.

In Estonia, If launched a new cooperation with car-sharing company CityBee, offering casco customers a flexible alternative to traditional replacement cars during vehicle repairs. Instead of using a single rental vehicle, customers can choose shared mobility solutions through CityBee credits, providing greater convenience and supporting more sustainable mobility choices in urban environments.

Digital development remained an important focus area during the quarter. In March, a new version of the If Mobile Baltics app was released, introducing improvements to policy management, accessibility, mobile sales capabilities, and overall app performance. The update supports If's long-term ambition to strengthen digital customer experience and improve customer engagement across Baltic markets.

During the quarter, If also supported customers affected by disruptions caused by the deteriorating security situation in the Middle East. The company provided guidance regarding travel insurance coverage and assisted customers facing travel interruptions, evacuation-related situations, and unexpected transportation or accommodation expenses.

Construction of If's new headquarters in Tallinn's Fahle district also progressed according to schedule during the quarter ahead of the planned opening in autumn 2026. During the quarter, the If logo was installed on the building's façade, giving Estonia's first wooden high-rise a recognizable visual identity already before completion. The milestone marks another important step toward establishing If's future headquarters and modern working environment in Tallinn.

As the year continues, If remains focused on innovation, customer experience, and sustainable solutions that support customers' evolving everyday needs.

## Outlook

The Baltic insurance market is expected to deliver steady, moderate growth, supported by improving economic activity and stabilizing inflation, with demand gradually strengthening across core insurance lines.

At the same time, the environment remains inherently volatile, shaped by ongoing geopolitical uncertainty and potential energy market shocks. While inflation is easing from recent peaks, it remains above historical levels, and continued wage growth in tight labor markets is expected to sustain pressure on claims costs and the overall expense base. Maintaining profitability will, however, require continued underwriting discipline, active portfolio steering, and pricing agility in an increasingly competitive

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market. Demand growth is expected to remain gradual, alongside rising customer expectations for simple, digital and reliable insurance solutions.

In this environment, If is well positioned to deliver consistent and profitable growth, supported by strong technical capabilities, disciplined risk selection and a clear focus on cost efficiency. The company remains committed to maintaining resilient performance, high customer satisfaction, while adapting proactively to a more complex and dynamic risk landscape.

## Key figures

Thousand EUR	2026 Jan-Mar	2025 Jan-Mar	2025 Jan - Dec
<b>Earnings and expenses related information</b>			
Insurance revenue, gross	61,415	60,810	250,583
Reinsurance premium expense	-1,918	-1,630	-7,377
Insurance service expense, claims incurred	-38,394	-37,984	-150,955
Insurance service expense, operating expenses	-13,265	-13,195	-56,632
Reinsurer's share of claims incurred	-1,277	2,323	4,332
<b>Insurance service result</b>	<b>6,562</b>	<b>10,324</b>	<b>39,951</b>
Investment result	-2,112	1,965	12,354
Insurance finance income or expense (-), net	-95	665	-953
<b>Net financial result</b>	<b>-2,207</b>	<b>2,629</b>	<b>11,401</b>
<b>Net profit for the period</b>	<b>3,760</b>	<b>11,605</b>	<b>41,877</b>
<b>Information regarding financial position</b>			
Investment assets	365,851	365,265	369,016
Insurance liabilities	233,930	221,746	232,813
Own funds	171,048	167,356	167,288
<b>Key data</b>			
Loss ratio <sup>1</sup>	66.7%	60.3%	60.3%
Expense ratio <sup>2</sup>	22.3%	22.3%	23.3%
Combined ratio <sup>3</sup>	89.0%	82.6%	83.6%
Total investment return <sup>4</sup>	-2.3%	2.2%	3.5%

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## Formulas

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

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## Statement of profit and loss Q1

<b>Thousand EUR</b>	<b>2026 Q1</b>	<b>2025 Q1</b>
Insurance revenue, gross	61,415	60,810
Reinsurance premium expense	-1,918	-1,630
Insurance service expense	-51,659	-51,179
<i>Claims incurred</i>	-38,394	-37,984
<i>Operating expenses</i>	-13,265	-13,195
Reinsurer's share of claims incurred	-1,277	2,323
<b>Insurance service result</b>	<b>6,562</b>	<b>10,324</b>
Other income / expense	11	16
<b>Result from other services</b>	<b>11</b>	<b>16</b>
<b>Investment result</b>	<b>-2,112</b>	<b>1,965</b>
<i>Direct investment income</i>	2,958	2,742
<i>Changes in value</i>	-4,965	-672
<i>Management costs</i>	-105	-105
<b>Insurance finance income or expense, net</b>	<b>-95</b>	<b>665</b>
<i>Insurance contracts</i>	-98	644
<i>Reinsurance contracts held</i>	3	21
<b>Net financial result</b>	<b>-2,207</b>	<b>2,629</b>
<b>Result before income taxes</b>	<b>4,366</b>	<b>12,970</b>
Taxes	-606	-1,365
<b>Net profit for the period</b>	<b>3,760</b>	<b>11,605</b>

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## Statement of financial position

Thousand EUR	Note	2026 31 Mar	2025 31 Dec
<b>ASSETS</b>			
Cash and bank balances		52,548	42,977
<b>Investment assets</b>		<b>365,851</b>	<b>369,016</b>
<i>Other financial investment assets</i>	2	361,151	363,276
<i>Accrued interest</i>		4,700	5,741
<b>Debtors</b>		<b>4,452</b>	<b>4,190</b>
<b>Prepayments and accrued income</b>		<b>1,191</b>	<b>1,288</b>
<b>Reinsurance assets</b>		<b>5,345</b>	<b>7,632</b>
<i>Asset for remaining coverage</i>		-3,356	-2,315
<i>Asset for incurred claims</i>		8,701	9,948
<b>Other assets</b>		<b>2,390</b>	<b>2,659</b>
Tangible assets		2,390	2,659
<b>Total assets</b>		<b>431,777</b>	<b>427,763</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>			
<b>Creditors</b>		<b>19,860</b>	<b>19,641</b>
<i>Other creditors</i>		18,262	17,836
<i>Lease liabilities</i>		1,598	1,806
<b>Deferred tax liability</b>		<b>106</b>	<b>96</b>
<b>Accruals and deferred income</b>		<b>6,834</b>	<b>7,924</b>
<b>Insurance liabilities</b>		<b>233,930</b>	<b>232,813</b>
<i>Liability for remaining coverage and acquisition cashflow asset</i>		49,950	50,386
<i>Liability for incurred claims</i>		183,980	182,426
<b>Shareholders' equity</b>		<b>171,048</b>	<b>167,288</b>
Share capital		6,391	6,391
Premium reserve		3,679	3,679
Statutory reserve		2,362	2,362
Profit brought forward		154,856	112,979
Net profit for the period		3,760	41,877
<b>Total liabilities, provisions and shareholders' equity</b>		<b>431,777</b>	<b>427,763</b>

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## Changes in shareholders' equity

Thousand EUR	Restricted equity			Unrestricted equity		Total Equity
	Share capital	Premium Reserve	Statutory Reserves	Profit Brought Forward	Net Profit for the Year	
<b>Equity at beginning of 2025</b>	<b>6,391</b>	<b>3,679</b>	<b>2,362</b>	<b>143,319</b>	-	<b>155,751</b>
Dividends paid	-	-	-	-30,340	-	-30,340
Net profit for the year	-	-	-	-	41,877	41,877
<b>Equity at end of Dec 2025</b>	<b>6,391</b>	<b>3,679</b>	<b>2,362</b>	<b>112,979</b>	<b>41,877</b>	<b>167,288</b>
<b>Equity at beginning of 2026</b>	<b>6,391</b>	<b>3,679</b>	<b>2,362</b>	<b>154,856</b>	-	<b>167,288</b>
Dividends paid	-	-	-	-	-	-
Net profit for the year	-	-	-	-	3,760	3,760
<b>Equity at end of Mar 2026</b>	<b>6,391</b>	<b>3,679</b>	<b>2,362</b>	<b>154,856</b>	<b>3,760</b>	<b>171,048</b>

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## Statement of Cash flows

Thousand EUR	2026 Jan-Mar	2025 Jan-Mar
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Cash flow from insurance operations</b>		
Premium flows, direct insurance	57,527	60,821
Premiums ceded	-1,285	-651
Claim payments, direct insurance	-37,190	-39,824
Reinsurance flows	71	31
Cost of operations	-10,679	-11,665
<b>Total</b>	<b>8,443</b>	<b>8,713</b>
<b>Cash flow from asset management</b>		
Interest received	3,960	3,150
Interest paid	-13	-19
Investments in bonds and other interest bearing securities	-34,724	-67,139
Proceeds from disposals of bonds and other interest bearing securities	33,901	48,596
<b>Total</b>	<b>3,124</b>	<b>-15,412</b>
Paid income tax	-1,751	-1,189
<b>CASH FLOW FROM OPERATING ACTIVITIES TOTAL</b>	<b>-1,751</b>	<b>-1,189</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of lease liabilities	-245	-228
<b>CASH FLOW FROM FINANCING ACTIVITIES TOTAL</b>	<b>-245</b>	<b>-228</b>
<b>Cash flow for the period</b>	<b>9,571</b>	<b>-8,117</b>
<b>Cash and bank balances</b>		
Opening cash and bank balances for the period	42,977	42,670
Cash flow for the period	9,571	-8,117
<b>Closing cash and bank balances for the period</b>	<b>52,548</b>	<b>34,553</b>

# 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 2025 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 2025. The financial statements are available on Company’s website at [www.if.ee](http://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 2025 Annual Report.

The totals in tables and statements in the interim report may not always reconcile due to rounding. The aim is for each line item to correspond to the source and therefore rounding differences may arise in totals.

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## Note 2 Financial investments IFRS 9

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

Thousand EUR	Acquisition	Fair value	Carrying	Acquisition	Fair value	Carrying
	value 2026 Mar 31	2026 Mar 31	amount 2026 Mar 31	value 2025 Dec 31	2025 Dec 31	amount 2025 Dec 31
Financial assets at fair value through profit or loss						
Bonds and other interest-bearing securities	364,254	365,851	365,851	361,477	369,016	369,016
<b>Total financial assets at fair value through profit or loss</b>	<b>364,254</b>	<b>365,851</b>	<b>365,851</b>	<b>361,477</b>	<b>369,016</b>	<b>369,016</b>

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	2026 Mar 31			2025 Dec 31		
	Level 1	Level 2	Total fair value	Level 1	Level 2	Total fair value
Financial assets at fair value through profit or loss						
Bonds and other interest-bearing securities	322,658	43,192	365,851	341,219	27,797	369,016
<b>Total financial assets, at fair value</b>	<b>322,658</b>	<b>43,192</b>	<b>365,851</b>	<b>341,219</b>	<b>27,797</b>	<b>369,016</b>