



If P&C Insurance AS

# Interim Report

## 1<sup>st</sup> Quarter 2025

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.

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Beginning of reporting period:	1 January 2025
End of reporting period:	31 March 2025
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 2025 interim report which is presented on pages 7-13.

Member of the  
Management Board

Heinar Olak / Signature /

28.05.2025

Member of the  
Management Board

Tiit Kolde / Signature /

28.05.2025

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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 375,000 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 2025

Net profit for the period has showed significant increase compared to preceding year and amounted to €11,6 million (€4,2 million in 3 months 2024). Profit from Insurance Service result was €10,3 million (€4,9 million in 3 months 2024), corresponding to a combined ratio of 82.6% (91.6% in 3 months 2024).

### Insurance revenue, gross

Insurance revenue gross for the period grew by ca. 2% reaching €60,8 million (€59,5 million in 3 months 2024).

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 €38,0 million (€40,7 million in 3 months 2024), corresponding to a loss ratio of 60,3% (69.1% in 3 months 2024). The change was primarily attributable to high large claims cost.

Continuous efficiency improvements and tight cost control, supported by digitalization and automation of customer integration processes, reduced the expense ratio to 22.3% (22,5% in 3 months 2024).

Total operating expenses, excluding claims handling expenses, increased to €13,2 million (€13,1 million in 3 months 2024), mainly driven by salary inflation and increase in commissions and fees related to business volumes.

### Investment result

The value of financial investments was €365,3 million at the end of Q1 2025 (€345,8 million at the end of 2024).

Q1 2025 saw central banks diverge in their approach, with the Federal reserve pausing rate cuts at 4.25-4.50%, while the ECB lowered its key rate from 3.00% to 2.50% amid slowing inflation. Market volatility rose as US data surprised to the upside and concerns grew over potential new US tariffs. In Europe, major fiscal spending announcements from Germany and the EU triggered a sharp move higher in EUR yields, reflecting market reactions to the anticipated rise in public spending and borrowing. Credit spreads remained resilient but started to level off after last year's rally.

In Q1, we purchased investment-grade bonds into the portfolio for €44.2 million in total, with average deal rate of 3.45% and average maturity of 7.5 years. We sold shorter-term bonds for €12.2million in connection with extensions into longer-term bonds. Due to the postponed dividend payment, we rolled over €25 million of our maturing € 30 million 3-month money market investments in CDs into a new 1-month CD at 2.435% yield. Bond redemptions during the quarter were €6.8 million. In total, net investments in the portfolio were €20.2 million in Q1. Allocations from insurance operations were €7 m. Cash weight decreased from 7.6% in the end of Q4 to 4.7% in the end of Q1.

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The duration in the fixed income portfolio increased to 2.9 years in Q1 from 2.4 in the previous quarter.

Running yield increased to 2.8% from 2.7% in Q4. Mark to market yield was unchanged at 3.1%. Return in the fixed income portfolio was +0.5% in Q1, dampened by rising underlying interest rates. In absolute terms, fixed income result was €2.0 million in Q1. As there were no other investment expenses in Q1, total investment return and result in Q1 were +0.5% and €2.0million.

Our investment focus remains unchanged and we will continue to look for opportunities in European investment-grade bonds. With risks building and limited scope for further tightening, we maintain a cautious stance and selective approach across sectors and issuers.

## 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 2025, the number of full-time employees was 603 (31.12.2024 614).

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

If P&C Insurance AS continues to drive forward in the Baltic markets with a clear focus on innovation, sustainability, and community engagement. In the first quarter of 2025, we launched several new initiatives that reflect our evolving priorities and growing impact:

We introduced a refreshed employer branding strategy, “Insure Your Growth”. As part of our continued support for Ukraine, we matched employee donations, doubling the total contribution and reinforcing our commitment to meaningful social responsibility. We focused on key topics such as electric vehicle awareness, pet insurance, and loss prevention - areas we are actively promoting across all three Baltic countries. We proudly began a new sponsorship with the “Ignitis ON EV Race: Baltics”, an electric car race promoting sustainability, innovation, and clean mobility throughout the region. In Estonia, we continued our sponsorship of the project “Successful Estonia”, supporting initiatives that inspire local achievement and development.

We also launched a collaboration with Boop in Latvia, expanding our partnerships with innovative local brands aligned with customer lifestyle trends. Additionally in Latvia, we kicked off a new campaign with Pet City, focusing on the wellbeing and protection of pets. These new initiatives reflect our forward-thinking approach and strong commitment to employees, communities, and customers across the Baltics. At If P&C Insurance AS, we continue to grow with purpose - empowering people, promoting sustainable practices, and building trust through action.

## Outlook

The Baltic insurance market is projected to experience moderate growth in 2025, supported by a gradual economic recovery, declining inflation, and lower interest rates. While 2025 is expected to be a transitional year, full stability has yet to be achieved.

Geopolitical uncertainties remain a key risk factor, with concerns over regional stability and regulatory changes, including changes in tax regimes, influencing market dynamics and consumer behavior. Additionally, salary inflation is expected to remain elevated due to a growing shortage of skilled labor, driven by demographic shifts, an aging workforce, and increased cross-border employment by companies in higher-cost EU nations. Despite these challenges, the market remains resilient, with insurers demonstrating adaptability to evolving conditions.

In this dynamic environment, frequent reassessment and adjustment of pricing strategies will be necessary to maintain a balance between risk management and customer value. Policy and customer growth are expected to remain moderate in 2025, primarily driven by changing consumer behaviors and a modest increase in demand for insurance products, with repricing playing a secondary role.

At the same time, there is a growing shift toward environmentally friendly and socially responsible products, which are steadily gaining traction among consumers. The increasing focus on sustainability is influencing purchasing decisions, reflecting broader market trends. If is well-positioned to navigate these evolving dynamics and respond effectively to changing customer expectations.

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Overall, the Baltic insurance market is poised for steady growth in 2025, supported by evolving consumer preferences, moderate demand increases, and the need for strategic adaptability amid economic fluctuations, geopolitical uncertainties, and broader socioeconomic trends. In line with overall market trends, If is expected to maintain premium growth in 2025 and remains fully prepared to ensure business continuity while upholding high standards of customer service.

## Key figures

Thousand EUR	2025 Jan-Mar	2024 Jan - Mar
<b>Earnings and expenses related information</b>		
Insurance revenue, gross	60,810	59,475
Reinsurance premium expense	-1,630	-1,497
Insurance service expense, claims incurred	-37,984	-40,723
Insurance service expense, operating expenses	-13,195	-13,054
Reinsurer's share of claims incurred	2,323	661
<b>Insurance service result</b>	<b>10,324</b>	<b>4,861</b>
Investment result	1,965	3,002
Insurance finance income or expense (-), net	665	-907
<b>Net financial result</b>	<b>2,629</b>	<b>2,095</b>
<b>Net profit for the period</b>	<b>11,605</b>	<b>4,202</b>
<b>Information regarding financial position</b>		
Investment assets	365,265	339,370
Insurance liabilities	221,746	212,751
Own funds	167,356	131,794
<b>Key data</b>		
Loss ratio <sup>1</sup>	60.3%	69.1%
Expense ratio <sup>2</sup>	22.3%	22.5%
Combined ratio <sup>3</sup>	82.6%	91.6%
Total investment return <sup>4</sup>	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	$\text{Claims ratio} + \text{Expense ratio}$
<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

Thousand EUR	2025 Q1	2024 Q1
Insurance revenue, gross	60,810	59,475
Reinsurance premium expense	-1,630	-1,497
Insurance service expense	-51,179	-53,777
<i>Claims incurred</i>	-37,984	-40,723
<i>Operating expenses</i>	-13,195	-13,054
Reinsurer's share of claims incurred	2,323	661
<b>Insurance service result</b>	<b>10,324</b>	<b>4,861</b>
Other income / expense	16	25
<b>Result from other services</b>	<b>16</b>	<b>25</b>
<b>Investment result</b>	<b>1,965</b>	<b>3,002</b>
<i>Direct investment income</i>	2,742	2,406
<i>Changes in value</i>	-672	690
<i>Management costs</i>	-105	-94
<b>Insurance finance income or expense, net</b>	<b>665</b>	<b>-907</b>
<i>Insurance contracts</i>	644	-942
<i>Reinsurance contracts held</i>	21	35
<b>Net financial result</b>	<b>2,629</b>	<b>2,095</b>
<b>Result before income taxes</b>	<b>12,970</b>	<b>6,980</b>
Taxes	-1,365	-2,778
<b>Net profit for the period</b>	<b>11,605</b>	<b>4,202</b>



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## Statement of financial position

Thousand EUR	Note	2025 31 Mar	2024 31 Dec
<b>ASSETS</b>			
Cash and bank balances		35,133	42,670
<b>Investment assets</b>		<b>365,265</b>	<b>345,829</b>
<i>Other financial investment assets</i>	2	361,908	341,998
<i>Accrued interest</i>		3,357	3,831
<b>Debtors</b>		<b>3,648</b>	<b>3,972</b>
<b>Prepayments and accrued income</b>		<b>943</b>	<b>1,037</b>
<b>Reinsurance assets</b>		<b>6,977</b>	<b>5,696</b>
<i>Asset for remaining coverage</i>		-2,855	-1,753
<i>Asset for incurred claims</i>		9,832	7,449
<b>Other assets</b>		<b>3,410</b>	<b>3,639</b>
Tangible assets		3,410	3,639
<b>Total assets</b>		<b>415,376</b>	<b>402,843</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>			
<b>Creditors</b>		<b>18,946</b>	<b>14,763</b>
<i>Other creditors</i>		16,450	12,062
<i>Lease liabilities</i>		2,496	2,701
<b>Deferred tax liability</b>		<b>34</b>	<b>41</b>
<b>Accruals and deferred income</b>		<b>7,293</b>	<b>8,365</b>
<b>Insurance liabilities</b>		<b>221,746</b>	<b>223,923</b>
<i>Liability for remaining coverage and acquisition cashflow asset</i>		48,217	47,743
<i>Liability for incurred claims</i>		173,529	176,180
<b>Shareholders' equity</b>		<b>167,356</b>	<b>155,751</b>
Share capital		6,391	6,391
Premium reserve		3,679	3,679
Statutory reserve		2,362	2,362
Profit brought forward		143,319	106,760
Net profit for the period		11,605	36,559
<b>Total liabilities, provisions and shareholders' equity</b>		<b>415,376</b>	<b>402,843</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	
Equity at beginning of 2024	6,391	3,679	2,362	135,460	-	147,892
Dividends paid	-	-	-	-28,700	-	-28,700
Net profit for the year	-	-	-	-	36,559	36,559
Equity at end of Dec 2024	6,391	3,679	2,362	106,760	36,559	155,751
Equity at beginning of 2025	6,391	3,679	2,362	143,319	-	155,751
Dividends paid	-	-	-	-	-	-
Net profit for the year	-	-	-	-	11,605	11,605
Equity at end of March 2025	6,391	3,679	2,362	143,319	11,605	167,356

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## Statement of Cash flows

Thousand EUR	2025 Jan-Mar	2024 Jan-Mar
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Cash flow from insurance operations</b>		
Premium flows, direct insurance	60,821	58,908
Premiums ceded	-651	-486
Claim payments, direct insurance	-39,824	-35,599
Reinsurance flows	31	36
Cost of operations	-11,665	-11,480
<b>Total</b>	<b>8,713</b>	<b>8,379</b>
<b>Cash flow from asset management</b>		
Interest received	3,150	2,580
Interest paid	-19	-17
Investments in bonds and other interest bearing securities	-67,139	-22,788
Proceeds from disposals of bonds and other interest bearing securities	48,596	24,053
<b>Total</b>	<b>-15,412</b>	<b>3,828</b>
Paid income tax	-1,189	-4,583
<b>CASH FLOW FROM OPERATING ACTIVITIES TOTAL</b>	<b>-1,189</b>	<b>-4,583</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	-20,300
Repayments of lease liabilities	-228	-251
<b>CASH FLOW FROM FINANCING ACTIVITIES TOTAL</b>	<b>-228</b>	<b>-20,551</b>
<b>Cash flow for the period</b>	<b>-8,117</b>	<b>-12,927</b>
<b>Cash and bank balances</b>		
Opening cash and bank balances for the period	42,670	29,610
Cash flow for the period	-8,117	-12,927
<b>Closing cash and bank balances for the period</b>	<b>34,553</b>	<b>16,682</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 2024 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 2024. 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 2024 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 value 2025 Mar 31	Fair value 2025 Mar 31	Carrying amount 2025 Mar 31	Acquisition value 2024 Dec 31	Fair value 2024 Dec 31	Carrying amount 2024 Dec 31
Financial assets at fair value through profit or loss						
Bonds and other interest-bearing securities	362,327	365,265	365,265	341,785	345,829	345,829
<b>Total financial assets at fair value through profit or loss</b>	<b>362,327</b>	<b>365,265</b>	<b>365,265</b>	<b>341,785</b>	<b>345,829</b>	<b>345,829</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

	2025 Mar 31			2024 Dec 31		
Thousand EUR	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	306,790	58,475	365,265	297,965	47,864	345,829
<b>Total financial assets, at fair value</b>	<b>306,790</b>	<b>58,475</b>	<b>365,265</b>	<b>297,965</b>	<b>47,864</b>	<b>345,829</b>