Annual Report 2022

Contents

Comments by the President and CEO

Morten Thorsrud

We have helped a lot

After two challenging years with the corona pandemic impacting our societies and lives, the prospects looked good for 2022. We were going to enter a new normal. But life didn't want it that way, and not much has been normal from the year we have left behind.

A lot has happened in the world around us, and the start of the year was brutal when Russia invaded Ukraine. Some of our customers, both individuals and clients of Commercial and Industrial with business in the affected countries, also found themselves in the midst of the tragedy. Our employees have also shown a lot of care for the victims of war, and If chose to double the amounts they donated to charity organizations helping the people in Ukraine. By the end of the year, we had together donated more than MSEK 4.

2022 was also a year characterized by severe supply chain disruptions, increased interest rates and record-high inflation. But despite the turbulent market situation, our development in If continued as planned.

During the year, we improved our digital solutions further and made it easier to use our online services, we increased our self-service solutions and simplified digital claims reporting. Our substantial investments and long-term strategic focus have given us the position as the leading digital player in the Nordic and Baltic insurance market. During the year, the number of colleagues in If working with tech passed 1,000 and we continue to raise our ambitions.

Our product offerings increased further. Among these, we entered new and renewed important partner contracts which also enable us to offer more services linked to our insurance products. Mobility continues to be an area of great importance, and we are proud to be the preferred insurance partner for the automotive industry. This close cooperation is particularly important to us, as an industry in rapid development. An important milestone during the year was that we were first to launch a new In-Car app that is integrated in the car and enables a range of new possibilities in terms of helping the customers if something happens.

Insurance is a complicated product and our efforts to make it easier for our customers continue. During the year, we focused heavily on simplifying parts of our personal insurance portfolio. Complicated insurance terms were replaced with understandable language, and we adapted our products to different life situations. We are proud that we made such complex products easier to understand – which also led to increased sales and more customers being correctly insured.

During the year, we grew in both number of customers and volume. Our customer loyalty was very high with continued strong customer satisfaction. We also received numerous awards, among others for our customer service, products, and sustainability efforts. In 2022, we also handled over 2 million claims and paid out more than SEK 30 billion. We have helped a lot.

Financially, 2022 was another solid year for If. Gross written premiums grew by 7.2% excluding currency effects. Our combined ratio improved to a record low 80.3%, and the technical result amounted to an all-time high of MSEK 10,488.

There's no doubt that we are living in a challenging time. But predicting the unforeseen is in many ways the essence of insurance and what we do best in If. And our scale, knowledge, and experience become even more significant in turbulent times. We are well prepared for whatever awaits us in the year to come.

We are by your side.

Morten Thorsrud, President and CEO

Board of Directors' Report

The Board of Directors and the President of If P&C Insurance Holding Ltd (publ), corporate registration number 556241-7559, hereby issue their annual report and consolidated financial statements for the 2022 fiscal year.

Organization

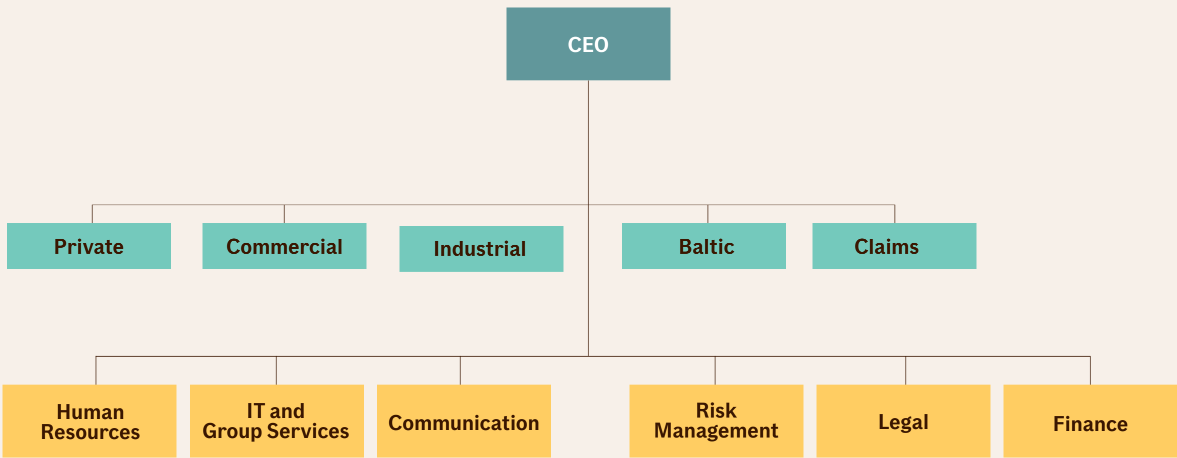
If is a Nordic Group that also conducts insurance operations in the Baltic countries. The Group's headquarters is located in Solna, Sweden.

The Parent Company of the If Group, If P&C Insurance Holding Ltd (publ), is a wholly owned subsidiary of Sampo plc, a Finnish listed company, whose registered office is in Helsinki.

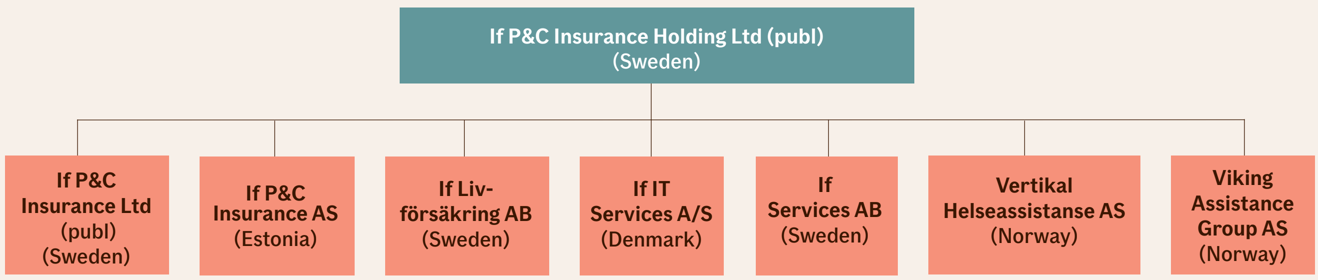
The main role of If P&C Insurance Holding Ltd (publ) is to manage shares in wholly owned property and casualty insurance operations as well as other significant holdings. The holding company owns the Swedish companies If P&C Insurance Ltd (publ), If Livförsäkring AB and If Services AB, the Danish company If IT Services A/S, the Norwegian companies Vertikal Helseassistanse AS and Viking Assistance Group AS and the Estonian company If P&C Insurance AS. If's insurance operations in Denmark, Norway and Finland and to some extent Estonia and Latvia, are conducted via branches of If P&C Insurance Ltd (publ) in each country. In addition, If P&C Insurance Ltd (publ) has branch offices in France, the Netherlands, the UK and Germany to support customers with international operations. The Estonian company If P&C Insurance AS also conducts operations in Latvia and Lithuania via branches.

The insurance operation in the Nordic region is organizationally divided in accordance with customer segments into the business areas Private, Commercial and Industrial, and a Nordic claims management unit. Insurance operations in the Baltic countries are organized in one business area, Baltic. Support functions such as Human Resources, IT and Group Services, Communication, Risk Management, Legal and Finance are organized as a support to the business.

Operational structure



Legal structure



Significant events and effects during the year and after the balance sheet date

2022 was a turbulent year marked by geopolitical uncertainty following Russia's invasion of Ukraine and an overall challenging macroeconomic environment. If's insurance exposure in Russia and Ukraine is mainly related to certain Nordic industrial line clients, with coverage subject to war exclusions. On the asset side, If has no material direct investments in the region.

Macroeconomic uncertainty with high levels of inflation and interest-rate hikes by central banks, with resulting volatility in capital markets, marked the year. The increase in inflation due to supply shortages in the wake of the pandemic was further fueled by the challenging macroeconomic environment following the war in Ukraine. These developments are currently causing significant uncertainties on economic and capital market development.

In 2022, If saw no material Covid-19 effects in the Nordic and Baltic countries. In the beginning of the year, the pandemic-related restrictions affecting claims frequencies were gradually lifted and motor claims continued to normalize with traffic returning to closer to normal levels. 2022 also saw an uptick in travel claims frequencies as people started traveling again.

Looking at internal processes, If continued its preparation for the new international financial reporting standards IFRS 17 Insurance contracts and IFRS 9 Financial instruments. During the year, focus was on developing and refining both actuarial and financial reporting processes to comply with the new standards that have now been successfully implemented in January 2023.

Earnings and financial position

Results

The technical result for insurance operations increased to MSEK 10,488 (9,155) and the combined ratio improved to 80.3% (81.3). The investment result increased to MSEK 2.902 (2,371). Profit before tax for the year amounted to MSEK 12,931 (10,923).

Premiums

Gross written premiums amounted to MSEK 57,732 (52,089). Adjusted for currency effects, the increase was 7.2% (4.3), driven mainly by premium increases, a high renewal rate and an increased number of customers. All business areas and countries showed good growth.

Net premiums earned amounted to MSEK 53,164 (48,418).

Claims and claims reserves

Claims incurred, net of reinsurance, amounted to MSEK 34,494 (31,717). The risk ratio was 59.2% (59.9), including an adverse large claims result compared with 2021 and a 6.7-percentage-point (3.6) positive impact of prior year development.

At year end, gross claims reserves amounted to MSEK 71,349 (68,422). Adjusted for currency effects, gross claims reserves decreased by MSEK 706 compared with the preceding year. The change during the year was primarily attributable to a reserve reduction for annuities due to changes in the mortality model in Finland and increased discounting rates. The positive effect was partly offset by an increase in the claims reserves consistent with If's conservative reserving approach.

Reinsurers' share of claims provision amounted to MSEK 2,723 (2,581). Adjusted for currency effects, the decrease during the year was MSEK 108.

Expenses

Operating expenses in insurance operations, net of reinsurance, amounted to MSEK 8,197 (7,662). Adjusted for currency effects, the increase was 4.4% (4.2). The cost ratio improved to 21.1% (21.4).

Investment result and asset allocation

At full market value, the result from asset management was negative MSEK 5,464 (positive 4,999), impacted by a correction in the stock market and interest rate increases. The result corresponds to a total return of negative 4.4% (positive 4.3). Net investment return amounted to MSEK 2,902 (2,371) in the income statement and negative MSEK 8,366 (positive 2,628) in other comprehensive income.

Consolidated results per quarter and full-year

MSEK	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 Jan-Dec	2021 Jan-Dec
Premiums earned, net of reinsurance	13,710	13,592	13,116	12,746	53,164	48,418
Allocated investment return transferred from the non-technical account	35	25	26	29	115	145
Other technical income	406	366	352	346	1,470	1,232
Claims paid, net of reinsurance	-8,956	-9,012	-8,130	-8,395	-34,494	-31,717
of which, claims-adjustment costs	*-841*	*-753*	*-721*	*-687*	*-3,002*	*-2,701*
Operating expenses for insurance operations, net of reinsurance	-2,240	-2,083	-1,976	-1,898	-8,197	-7,662
Other operating expenses	-474	-390	-343	-363	-1,570	-1,260
Technical result from property and casualty insurance	**2,480**	**2,498**	**3,045**	**2,465**	**10,488**	**9,155**
Investment result	865	507	936	594	2,902	2,371
Allocated investment return transferred to the technical account	-149	-121	-104	-96	-471	-361
Interest expense, net pension liability	-1	-1	-1	-1	-4	-13
Interest expense, financing	-29	-21	-17	-15	-81	-163
Result from associates	-43	16	106	18	97	-67
Result before income tax	**3,123**	**2,878**	**3,964**	**2,966**	**12,931**	**10,923**
Claims ratio	65.3%	66.3%	62.0%	65.9%	64.9%	65.5%
Expense ratio	16.3%	15.3%	15.1%	14.9%	15.4%	15.8%
Combined ratio	81.7%	81.6%	77.1%	80.8%	80.3%	81.3%
Risk ratio [1]	59.2%	60.8%	56.5%	60.5%	59.2%	59.9%
Cost ratio [1]	22.5%	20.9%	20.6%	20.3%	21.1%	21.4%
Insurance margin [1]	18.6%	18.5%	23.1%	19.5%	19.9%	19.0%

[1] Refers to alternative performance measurements which are defined in Glossary and definitions.

Asset allocation remained fairly stable. Fixed income comprised 89% (86) and equities 11% (14) of the total investment assets. The duration of the fixed income assets was 1.9 (1.1) at the end of the year.

Tax expense and net profit

The effective tax rate for the year was 20.8% (21.1). Of total taxes, current tax expense accounted for MSEK 2,684 (2,296) and deferred tax expense for MSEK 10 (8).

Net profit for the year was MSEK 10,237 (8,618).

Results per business area

Information concerning operations and the earnings trend in the Group's business areas is presented in Note 6.

Solvency and cash flow

Insurance is a regulated business with EU-wide rules for calculating capital requirements and available capital. All If's insurance subsidiaries have regulatory solvency capital requirements (SCR) and fulfilled those during the fiscal year. If P&C Insurance Ltd (publ) uses an approved partial internal model (PIM) to calculate the SCR for insurance risk, while other risks are calculated using the standard formula. If Livförsäkring AB and If P&C Insurance AS (Estonia) use the standard formula for calculating SCR.

As a subsidiary of Sampo plc, If P&C Insurance Holding Ltd (publ) is a member of the Sampo insurance Group and is not subject to a formal requirement to report its sub-group solvency position. The consolidation capital calculated according to the Swedish Financial Supervisory Authority's general recommendations amounted to MSEK 39,117 (42,352).

Cash flow from operating activities, including net investments in financial investments assets, amounted to MSEK 4,613 (9,525). During the year, a dividend of MSEK 6,900 (6,500) was paid but there were no subordinated loan transactions (net repayment of MSEK 1,636).

Personnel

The numbers of employees increased during the year and amounted to 7,630 (7,287) at year-end. The average number of employees during the year was 7,496 (7,223), of whom 53% (53) were women.

During the year, If recruited approximately 1,400 employees (1,100) in order to replace people who had retired or left the company and to add new competencies to the organization.

The principles applied for determining remuneration to senior executives are presented in Note 12.

Outlook

The macroeconomic uncertainty is greater than in a very long time. Despite this, the underlying profitability of the insurance operation is expected to remain solid. A key success factor is continued accuracy in pricing insurance contracts, while ongoing efficiency improvements are important for long-term profitability.

For 2023, the financial target for the Group is to reach a combined ratio below 85%.

Applied accounting policies

If P&C Insurance Holding Ltd (publ) has prepared the consolidated accounts in accordance with international accounting standards (IFRS Standards, IAS Standards, SIC Interpretations and IFRIC Interpretations), as adopted by the European Union. For the 2022 fiscal year, there were no new or amended standards that caused any significant changes or new requirements for the Group.

Objectives and policies for financial risk management

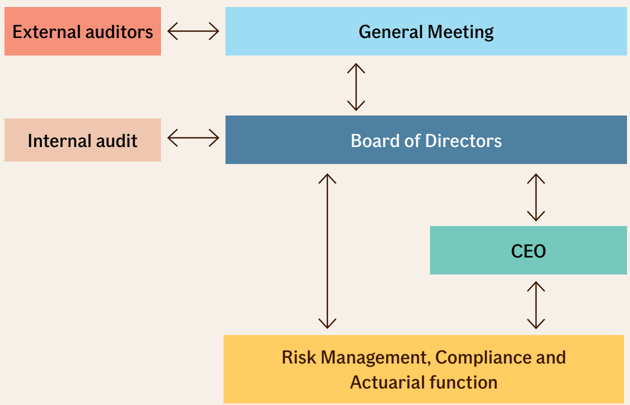
The core of the Group's insurance operations is the transfer of risk from the insured clients to the insurer. If's result depends on both the underwriting result and the return on investment assets.

The main objectives of If's risk management are to ensure a sufficient return for the risks taken and that risks are taken into account in pricing decisions and other business decisions.

This requires risks to be properly identified and monitored. The risks, exposures and risk management are described in Note 5.

Corporate Governance Statement

Governance structure



If P&C Insurance Holding Ltd (publ) is not listed and does not comply with the Swedish Corporate Governance Code. However, the company has subordinated loans listed for trading on the Luxembourg Stock Exchange (BdL Market). According to the Swedish Annual Accounts Act (1995:1554), there are requirements stipulating that such companies shall submit a limited Corporate Governance Statement. The company has decided to allow the Corporate Governance Statement to be part of the Board of Directors' Report.

As mentioned earlier, the company is a wholly owned subsidiary of the listed Finnish company Sampo plc. The shareholder's right to participate in company decisions is exercised at the Annual General Meeting and at Extraordinary General Meetings.

The Articles of Association, which is the fundamental control document for the company, states, inter alia, the object of the company's operations, the size of the share capital, the number of members of the Board of Directors and auditors, as well as the period for such assignments, matters that shall be addressed at the Annual General Meeting and how notice convening the General Meetings shall be sent out. According to the Articles of Association, the Board of Directors shall comprise no fewer than three and not more than five elected members, and the election shall apply for the period until the end of the Annual General Meeting taking place the year after the member was elected. The Articles of Association contain no stipulations pertaining to amendments of the Articles of Association. The company has issued two series of shares, Series A shares and Series B shares. Series A shares carry one vote each and Series B shares carry one tenth of a vote each. The shareholder or the shareholder's representative is entitled to vote for the full number of shares represented, with no restrictions on voting entitlement. No General Meeting has granted any authorization to the Board of Directors to make decisions that the company shall issue new shares or acquire own shares.

The Board of Directors is ultimately responsible for ensuring that there are efficient systems for follow-up and control of the company's business and financial position. The central finance and accounting department is responsible in part for control systems, control, accounting and reporting in accordance with generally accepted accounting principles, and in part for liquidity, funding and capital. The work with internal control of financial reporting is based on If's Internal Control Policy, which is based on the framework established by the Committee of Sponsoring Organisations of the Treadway Commission, COSO. The aim is to exclude material errors in the financial reports. The control environment includes aspects such as the organizational structure, roles and responsibilities, integrity-steering documents, ethical values and the competence of If's employees. Control activities consist of steering documents, approval procedures, routine descriptions and controls to manage the identified risks. Implemented controls include such activities as authorization rules and referrals according to appropriate rules, for instance the four-eyes principle.

The risk management function is led by the Chief Risk Officer (CRO). The function has the task of supporting the implementation and development of the risk management system. The risk management function reports to the Board and the CEO, see also Note 5.

The compliance function is responsible for advising the Board and the CEO regarding compliance with the rules that are related to If's permit to conduct insurance operations. The compliance function also evaluates the measures taken to prevent non-compliance. Furthermore, the compliance function assesses any consequences of rule changes that affect the business and identifies and assesses risks of non-compliance. A risk-based compliance plan is produced annually and adopted by the Board.

The compliance function is operationally independent. The Chief Compliance Officer (CCO) is appointed by the CEO and has the overall responsibility for the function and its areas of responsibility. The Board issues an instruction to the CCO, which describes its tasks in more detail. The CCO reports directly to the company's Board and CEO.

The actuarial function is led by the Chief Actuary and reports to the Board and to the CEO. The main tasks of the actuarial function are to coordinate the calculation of technical provisions and ensure its reliability and adequacy, to comment on the underwriting policy, on whether the reinsurance arrangements are sufficient and on the solvency position and to contribute to the risk management system, including through the ORSA process.

Internal audit is an objective and independent function designed to add value and improve the organization's operations. The internal audit helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness and suitability of risk management, control and governance processes.

The internal audit function conducted a number of audits of the company's operations during the year in accordance with a risk based internal audit activity plan, which has been approved by the Board of Directors. The Chief Audit Executive reports the results of the audits directly to the Board of Directors. In addition, the Board of Directors receives an annual report containing a summary of the function's work, and significant observations during the year.

The internal audit function also performs follow-up activities to ensure that corrective measures have been taken by the business.

The external auditors are independent reviewers of the company's accounts and assess and express an opinion on whether they consider that the annual report gives a true and fair view of the financial position and result. They also review that the accounts have been prepared in accordance with applicable laws and standards. The auditors also review the administration of the Board and the CEO.

Sustainability report

In accordance with the Swedish Annual Accounts Act, If P&C Insurance Holding Ltd (publ) shall prepare a sustainability report which includes the Parent Company and its subsidiaries. If has chosen to prepare the statutory sustainability report separately from the annual report, in a document named If Sustainability Report 2022. The report is available on the website https://www.if.se.

Parent Company

The operations of the Parent Company If P&C Insurance Holding Ltd (publ) consist primarily of ownership and management of shares in subsidiaries and managing a part of the cash surplus in a dedicated investment portfolio. Parts of Group Management are employed by the Parent Company and the subsidiary If P&C Insurance Ltd (publ) is invoiced for management services performed.

The Parent Company is also the main account holder for a group cash pool account system comprising the major part of the flows of liquid funds from the insurance operations. Underlying flows give rise to intra-group transactions within the Parent Company's balance sheet.

The Parent Company's net profit for the year increased to MSEK 8,333 (5,856), mainly as a result of increased dividends from subsidiaries.

The Parent Company's consolidation capital at year end amounted to MSEK 21,396 (19,998) and its total assets to MSEK 22,826 (22,552).

Appropriation of earnings

Unrestricted funds in the company, including the Fair value reserve, that are available for appropriation by the Annual General Meeting in accordance with the balance sheet, amount to:

SEK	
Net profit for the year	8,333,099,109
Profit brought forward	7,479,009,015
Fair value reserve	-20,683,438
	15,791,424,687

The Board of Directors proposes appropriation of earnings as follows:

SEK	
Paid as dividend	0
Profit to be carried forward	15,791,424,687

From January 1, 2023, If applies IFRS 9 Financial instruments, whereby the current Fair value reserve is dissolved and a corresponding amount is instead recognized in Profit brought forward.

Group Five-year summary

MSEK	2022	2021	2020	2019	2018
Condensed income statement					
Premiums written, net of reinsurance	54,235	49,262	48,126	47,372	44,381
Premiums earned, net of reinsurance	53,164	48,418	47,028	46,451	44,019
Allocated investment return transferred from the non-technical account	115	145	173	167	130
Other technical income	1,470	1,232	1,079	332	304
Claims incurred, net of reinsurance	-34,494	-31,717	-31,204	-31,756	-30,307
of which, claims-adjustment costs	*-3,002*	*-2,701*	*-2,672*	*-2,635*	*-2,437*
Operating expenses for insurance operations, net of reinsurance	-8,197	-7,662	-7,416	-7,472	-7,200
Other operating expenses	-1,570	-1,260	-1,159	-472	-345
Technical result from property and casualty insurance	**10,488**	**9,155**	**8,502**	**7,250**	**6,601**
Investment result	2,902	2,371	1,529	2,707	2,648
Allocated investment return transferred to the technical account	-471	-361	-404	-470	-450
Interest expense, net pension liability	-4	-13	-16	-11	-12
Interest expense, financing	-81	-163	-160	-149	-132
Result from associates	97	-67	-1	6	44
Result before income tax	**12,931**	**10,923**	**9,451**	**9,333**	**8,699**
Income taxes	-2,693	-2,304	-2,046	-2,032	-1,915
Net profit for the year	**10,237**	**8,618**	**7,405**	**7,301**	**6,784**

Group Five-year summary, *continued*

MSEK	2022	2021	2020	2019	2018
Balance sheet, december 31					
Assets					
Intangible assets	2,233	2,137	2,256	1,380	945
Investment assets	116,288	113,839	108,535	112,394	110,535
Reinsurers' share of technical provisions	3,622	3,299	2,844	2,194	2,138
Deferred tax assets	95	45	217	203	111
Debtors	19,105	17,129	15,969	15,983	15,174
Other assets, prepayments and accrued income	8,403	9,423	8,267	7,297	5,562
Total assets	**149,746**	**145,872**	**138,089**	**139,452**	**134,465**
Shareholders' equity, provisions and liabilities					
Shareholders' equity	34,495	36,292	30,868	29,697	27,809
Subordinated debt	2,494	2,490	4,095	4,134	4,107
Deferred tax liability	2,223	3,614	2,822	2,931	2,127
Technical provisions	97,853	92,599	88,629	91,704	91,618
Creditors	9,850	8,447	8,506	7,818	6,293
Provisions, accruals and deferred income	2,831	2,430	3,168	3,168	2,509
Total shareholders' equity, provisions and liabilities	**149,746**	**145,872**	**138,089**	**139,452**	**134,465**
Key data, property and casualty operations					
Claims ratio	64.9%	65.5%	66.4%	68.4%	68.8%
Expense ratio	15.4%	15.8%	15.8%	16.1%	16.4%
Combined ratio	80.3%	81.3%	82.1%	84.5%	85.2%
Risk ratio [1]	59.2%	59.9%	60.7%	62.7%	63.3%
Cost ratio [1]	21.1%	21.4%	21.5%	21.8%	21.9%
Insurance margin [1]	19.9%	19.0%	18.2%	15.9%	15.1%
Key data, asset management					
Total investment return [2]	-4.4%	4.3%	2.3%	5.0%	-0.8%
Other key data					
Consolidation capital	39,117	42,352	37,568	36,559	33,932
of which deferred tax	*2,128*	*3,569*	*2,605*	*2,728*	*2,016*
Consolidation margin	72.1%	86.0%	78.1%	77.2%	76.5%
Return on equity [1]	9.0%	29.2%	27.6%	29.7%	12.1%

[1] Refers to alternative performance measurements which are defined in Glossary and definitions.
[2] The calculations are based on the policies used internally by If Group for the valuation of investment operations. Refer to Note 15.

Consolidated income statement

MSEK	Note	2022	2021
TECHNICAL ACCOUNT INSURANCE OPERATIONS			
Premiums earned, net of reinsurance			
Premiums written, gross	7	57,732	52,089
Premiums ceded	7	-3,497	-2,827
Change in provision for unearned premiums and unexpired risks		-1,162	-937
Reinsurers' share of change in provision for unearned premiums and unexpired risks		91	93
		53,164	**48,418**
Allocated investment return transferred from the non-technical account	8	115	145
Other technical income		1,470	1,232
Claims incurred, net of reinsurance			
Claims paid			
Gross		-36,820	-33,042
Reinsurers' share		1,372	1,465
Change in provision for claims outstanding			
Gross		1,062	-298
Reinsurers' share		-108	157
	9	**-34,494**	**-31,717**
Operating expenses			
Operating expenses in insurance operations, net of reinsurance			
Gross		-8,429	-7,846
Commissions and profit participations in ceded reinsurance		232	184
		-8,197	**-7,662**
Other operating expenses		-1,570	-1,260
	10, 12, 13	**-9,767**	**-8,922**
Technical result from property and casualty insurance	14	**10,488**	**9,155**
NON-TECHNICAL ACCOUNT			
Investment result			
Direct investment income		3,082	1,920
Changes in value		122	742
Management costs		-302	-291
	15	**2,902**	**2,371**
Allocated investment return transferred to the technical account	8	-471	-361
Interest expense on net pension liability		-4	-13
Interest expense, financing	16	-81	-163
Income from associates	17	97	-67
Result before income taxes		**12,931**	**10,923**
Taxes	18	-2,693	-2,304
Net profit for the year		**10,237**	**8,618**
Of which attributable to owners of the parent		*10,237*	*8,618*

Consolidated statement of comprehensive income

MSEK	Note	2022	2021
Net profit for the year		**10,237**	**8,618**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net pension liability		344	745
Taxes related to items which will not be reclassified	18	-72	-154
		273	**591**
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Effects of changes in exchange rates, foreign operations		1,504	709
Effects of changes in exchange rates, foreign associates		0	0
Remeasurements of financial assets available for sale		-8,159	3,443
Value changes on financial assets available for sale reclassified to the income statement		-208	-815
Taxes related to items which will be reclassified when specific conditions are met	18	1,456	-623
		-5,407	**2,714**
Total comprehensive income		**5,103**	**11,924**
Of which attributable to owners of the parent		*5,103*	*11,924*

Consolidated balance sheet

Assets, December 31

MSEK	Note	2022	2021
Intangible assets			
Goodwill		1,940	1,903
Other intangible assets		294	234
	19	**2,233**	**2,137**
Investment assets			
Land and buildings		9	9
Investments in associates	20	48	170
Loan to associates		-	2
Other financial investment assets	21, 22	116,223	113,651
Deposits with ceding undertakings		7	7
		116,288	**113,839**
Reinsurers' share of technical provisions			
Provisions for unearned premiums and unexpired risks		899	719
Provisions for claims outstanding		2,723	2,581
	23	**3,622**	**3,299**
Deferred tax assets	32	**95**	**45**
Debtors			
Debtors arising out of direct insurance operations	24	16,982	15,107
Debtors arising out of reinsurance operations	25	1,107	1,108
Other debtors	26	1,016	913
		19,105	**17,129**
Other assets			
Tangible assets	27	2,115	2,013
Cash and bank balances		3,295	5,342
Collaterals and settlement claims		86	94
Net pension assets	33	382	-
		5,878	**7,448**
Prepayments and accrued income			
Accrued interest and rental income		702	355
Deferred acquisition costs	28	1,321	1,162
Other prepayments and accrued income	29	502	458
		2,525	**1,975**
Total assets		**149,746**	**145,872**

Shareholders' equity, provisions and liabilities, December 31

MSEK	Note	2022	2021
Shareholders' equity			
Share capital		2,726	2,726
Statutory reserve		400	400
Fair value reserve		1,083	7,699
Profit brought forward		20,049	16,849
Net profit for the year		10,237	8,618
		34,495	**36,292**
Subordinated debt	30	**2,494**	**2,490**
Technical provisions (gross)			
Provisions for unearned premiums and unexpired risks		26,504	24,177
Provisions for claims outstanding		71,349	68,422
	31	**97,853**	**92,599**
Provisions for other risks and charges			
Deferred tax liability	32	2,223	3,614
Other provisions	33, 34	345	364
		2,568	**3,978**
Creditors			
Creditors arising out of direct insurance operations	35	2,174	1,548
Creditors arising out of reinsurance operations		528	441
Derivatives	21, 22	74	78
Other creditors	36	7,074	6,380
		9,850	**8,447**
Accruals and deferred income			
Reinsurers' share of deferred acquisition costs		64	52
Other accruals and deferred income	37	2,421	2,013
		2,486	**2,066**
Total shareholders' equity, provisions and liabilities		**149,746**	**145,872**

Consolidated cash flow statement

MSEK	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Cash flow from insurance operations			
Premium flows, direct insurance		56,550	52,070
Claims payments, direct insurance		-36,308	-33,513
Reinsurance flows		-2,129	-1,484
Costs of operations		-7,807	-7,614
		10,305	**9,459**
Cash flow from asset management			
Interest received		1,878	1,633
Interest paid		-159	-67
Dividends received, shares		455	489
Cash flows from properties		-1	33
Net investments in financial investment assets		-5,929	467
		-3,756	**2,556**
Interest paid, financing		-73	-163
Realized foreign exchange transactions		924	-87
Paid income tax		-2,788	-2,240
		4,613	**9,525**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired		-38	-
Dividends received and sale of shares, associates		218	22
Investments in associates		-	-41
		180	**-19**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		-6,900	-6,500
Repayments of lease liabilities	40	-247	-235
Issuance of loans	40	-	1,491
Repayments of loans	40	-	-3,128
		-7,147	**-8,371**
Cash flow for the year		**-2,354**	**1,136**
Cash and bank balances			
Cash and bank balances on January 1		5,342	4,015
Effect of exchange rate changes		307	190
Cash flow for the year		-2,354	1,136
Cash and bank balances on December 31		**3,295**	**5,342**

Income statement

MSEK	Note	2022	2021
Other operating income		162	130
Other operating expenses	2	-155	-124
Operating result		**7**	**5**
Result from financial investments			
Dividends from group companies		8,424	5,898
Result from associates	3	-50	22
Interest income and similar income items	4	63	42
Interest expense and similar expense items	5	-110	-114
Result after financial items		**8,335**	**5,853**
Group contributions, net		4	10
Result before income taxes		**8,339**	**5,863**
Taxes	6	-6	-7
Net profit for the year		**8,333**	**5,856**

Statement of comprehensive income

MSEK	Note	2022	2021
Net profit for the year		**8,333**	**5,856**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Effects of changes in exchange rates, foreign operations		0	0
Remeasurements of financial assets available for sale		-37	-1
Value changes on financial assets available for sale reclassified to the income statement		0	-5
Taxes related to items which will be reclassified when specific conditions are met		8	2
		-29	**-4**
Total comprehensive income		**8,304**	**5,853**

Balance sheet, December 31

MSEK Assets	Note	2022	2021
Tangible assets		**1**	**-**
Financial fixed assets			
Shares in group companies	7	18,322	18,299
Shares in associates	8	20	137
		18,342	**18,436**
Deferred tax asset	11	**14**	**5**
Debtors			
Debtors, group companies		141	110
Accrued interest income		17	7
		158	**117**
Short-term investments			
Bonds and other interest-bearing securities		2,956	1,412
	9	**2,956**	**1,412**
Cash and bank balances		**1354**	**2,582**
Total assets		**22,826**	**22,552**
Shareholders' equity, provisions and liabilities			
Shareholders' equity			
Share capital		2,726	2,726
Statutory reserve		400	400
Fair value reserve		-21	9
Profit brought forward		7,479	8,522
Net profit for the year		8,333	5,856
		18,917	**17,513**
Subordinated debt	10	**2,494**	**2,490**
Provisions			
Other provisions		39	35
		39	**35**
Current creditors			
Creditors, group companies		1,214	2,416
Provision for taxes		6	9
Accounts payable		0	0
Other creditors		18	14
Other accrued expenses and prepaid income		139	75
		1,377	**2,514**
Total shareholders' equity, provisions and liabilities		**22,826**	**22,552**

Cash flow statement

MSEK	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Operating result	7	5
Non-cash flow items	-18	11
Interest received	46	37
Interest paid	-96	-104
Dividends received, shares	8,424	5,898
Paid income tax	-1	-5
Change in current debtors	-32	22
Change in current creditors	-1,136	685
Net investments in short-term investments	-1,567	1,063
	5,627	**7,611**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	-44	-
Dividends received and sale, associates	89	22
Acquisition of associates	-	-17
	45	**6**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-6,900	-6,500
Emission of subordinated debt	-	1,491
Repayment of subordinated debt	-	-2,000
	-6,900	**-7,009**
Cash flow for the year	**-1,228**	**608**
Cash and bank balances		
Cash and bank balances on January 1	2,582	1,937
Effect of exchange rate changes	1	36
Cash flow for the year	-1,228	608
Cash and bank balances on December 31	**1,354**	**2,582**

Changes in shareholders' equity

Group

MSEK	Restricted equity: Share capital	Restricted equity: Statutory reserves	Unrestricted equity: Fair value reserve [3]	Unrestricted equity: Profit brought forward	Unrestricted equity: Net profit for the year	Total equity
Equity at beginning of 2021	**2,726**	**400**	**5,594**	**22,149**	**-**	**30,868**
Total comprehensive income	-	-	2,106	1,200	8,618	11,924
Dividend paid [1]	-	-	-	-6,500	-	-6,500
Equity at end of 2021	**2,726**	**400**	**7,699**	**16,849**	**8,618**	**36,292**
Equity at beginning of 2022	**2,726**	**400**	**7,699**	**25,467**	**-**	**36,292**
Total comprehensive income	-	-	-6,616	1,482	10,237	5,103
Dividend paid [2]	-	-	-	-6 900	-	-6,900
Equity at end of 2022	**2,726**	**400**	**1,083**	**20,049**	**10,237**	**34,495**

Parent Company

MSEK	Restricted equity: Share capital	Restricted equity: Statutory reserves	Unrestricted equity: Fair value reserve [3]	Unrestricted equity: Profit brought forward	Unrestricted equity: Net profit for the year	Total equity
Equity at beginning of 2021	**2,726**	**400**	**13**	**15,022**	**-**	**18,161**
Total comprehensive income	-	-	-4	-	5,856	5,853
Dividend paid [1]	-	-	-	-6,500	-	-6,500
Equity at end of 2021	**2,726**	**400**	**9**	**8,522**	**5,856**	**17,513**
Equity at beginning of 2022	**2,726**	**400**	**9**	**14,379**	**-**	**17,513**
Total comprehensive income	-	-	-29	0	8,333	8,304
Dividend paid [2]	-	-	-	-6,900	-	-6,900
Equity at end of 2022	**2,726**	**400**	**-21**	**7,479**	**8 ,333**	**18,917**

[1] During 2021, dividends paid totaled approximately SEK 47.67 per share, of which dividends resolved by the Extraordinary General Meeting accounted for about SEK 47.67 per share.

[2] During 2022, dividends paid totaled approximately SEK 50.61 per share, of which dividends resolved by the Extraordinary General Meeting accounted for about SEK 50.61 per share.
The Board of Directors and the President propose that the 2023 Annual General Meeting resolve not to pay any dividend.

[3] The fair value reserve corresponds in full to value changes of financial assets available for sale with deduction for deferred tax.

There are a total of 136,350,000 shares with a quotient value of SEK 19.99 each, including 103,525,000 Series A shares carrying one vote and 32,825,000 Series B shares carrying one tenth of a vote. The number of shares was unchanged during the year.

The accumulated translation difference amounted to MSEK 1,943 (440).

Notes to the consolidated financial statements

Note 1 – Accounting policies

Company information

This annual report and the consolidated financial statements for If P&C Insurance Holding Ltd (publ) were prepared and authorized for publication by the Board of Directors and CEO on March 9, 2023 and will be presented to the 2023 Annual Meeting for approval. The company is a Swedish limited liability company with its registered office in Stockholm and its headquarters in Solna, Sweden.

The Group's primary operations are described in the Board of Directors' Report.

Statement of compliance with regulations applied and information about new accounting standards

The annual report for the Parent Company If P&C Insurance Holding Ltd (publ) was prepared in accordance with the Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for legal entities).

If has prepared the consolidated accounts in accordance with international accounting standards (IFRS Standards, IAS Standards, SIC Interpretations and IFRIC Interpretations), as adopted by the European Union. In addition, If applies the supplementary provisions ensuing from the Annual Accounts Act for Insurance Companies (ÅRFL), the Swedish Financial Supervisory Authority's regulations and general recommendations on annual accounts in insurance companies (FFFS 2019:23) and, in appropriate parts, the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting rules for Groups).

In accordance with Chapter 2 of the Swedish Annual Accounts Act (ÅRL) and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, it is possible to depart from the aforementioned regulations if the effect of the departure is immaterial.

The financial reports and notes are presented in SEK millions (MSEK), unless otherwise stated. The totals in tables and statements in the annual 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.

Issued, but not yet effective, international accounting standards or standards that are not yet mandatory for If, are currently assessed as not likely to have any significant impact on the financial statements when first applied, except IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts.

IFRS 9 Financial Instruments became effective on January 1, 2018 and superseded IAS 39 Financial Instruments: Recognition and Measurement. In accordance with an EU-adopted amendment to IFRS 4 Insurance Contracts, the IASB has decided that, under certain circumstances, insurance companies may delay their initial application of IFRS 9 so that the date coincides with the initial application of IFRS 17 Insurance Contracts (see below). If meets these requirements since If has not previously applied IFRS 9 and the carrying amount of the insurance-related liabilities accounts for more than 90% of the carrying amount of the total liabilities. In light of this, If has decided to delay the application of IFRS 9 until January 1, 2023. However, extended disclosure requirements have been introduced for financial instruments, to facilitate comparisons with companies that have already implemented IFRS 9. For more information, refer to Note 21 Other financial investment assets and derivative liabilities.

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 will not have a material impact on the Group's balance sheet, as the main part of the financial assets is currently measured at fair value, which will be the measurement basis also under IFRS 9. Unlike in current accounting, the changes in fair value under IFRS 9 will be recognized in the income statement, which may increase volatility in the accounting for financial instruments in future reporting periods. If has assessed that only a limited amount of financial assets will be measured at amortized cost and the amount of expected credit losses based on the new impairment requirements is therefore assessed to be minor. The measurement of financial liabilities will not change. The comparative period 2022 will not be restated. Refer to Note 41 for further information regarding main changes in accounting policies.

IFRS 17 Insurance Contracts was adopted by the EU in November 2021 and takes effect on January 1, 2023. IFRS 17 replaces IFRS 4 Insurance Contracts and, unlike its predecessor, contains a complete framework for the measurement and presentation of insurance contracts. When certain criteria are met, insurers may apply a simplified approach, the premium allocation approach (PAA), for measurement of insurance contracts. If has determined that the premium allocation approach will 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 is expected to have a major impact on the presentation and the extent of disclosures in the financial statements. Both assets and liabilities decrease 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, will be presented fully in the income statement, and thus, the allowed OCI option will not be applied. Refer to Note 41 for more information regarding key changes in accounting policies and IFRS 17 balance sheet transition effects.

Bases for consolidation

The consolidated accounts include the Parent Company, If P&C Insurance Holding Ltd (publ), and all companies in which the Parent Company directly or indirectly holds more than 50% of the votes for all shares or in some other manner has a controlling interest.

The consolidated accounts have been prepared in accordance with IFRS 10 and IFRS 3. Acquired companies are reported in accordance with the purchase method, which means that assets and liabilities are reported in the acquiring company's accounts at the acquisition values determined in accordance with an established acquisition analysis. The identified assets and liabilities in the acquired company are measured at fair value in the acquisition analysis. If the acquisition value of shares in a subsidiary exceeds the established fair value of the acquired assets and liabilities, the difference is reported as goodwill. In conjunction with the transition to IFRS, an opening balance sheet was compiled as of January 1, 2004. In line with the exemption rules in IFRS 1, no recalculation was made of acquisitions and mergers prior to this date.

In consolidating foreign subsidiaries, locally prepared income statements and balance sheets are recompiled to eliminate differences between local accounting policies and the accounting policies applied in the consolidated accounts. These recompilations mainly comprise adjustments for unrealized changes in the value of investment assets and derivatives, deferred acquisition costs, provision for unexpired risks and interest allocated to the technical result.

Outside Sweden, any equalization or catastrophe reserves governed by tax or business laws are treated in consolidation in the same manner as Swedish untaxed reserves.

In 1999, Storebrand and Skandia agreed to form a joint venture and transfer their portfolios of property and casualty business to If P&C Insurance Ltd (publ). The merger in 1999 is reported in the consolidated accounts, applying joint venture accounting based on the carryover method. According to the carryover method, the joint venture unit assumes the assets and liabilities transferred from the owners at the carrying amount and then continues to operate the business that has been taken over. As a result of this accounting procedure, no goodwill arose in If P&C Insurance Holding Ltd (publ) Group. Goodwill based on net assets was reported in the subsidiary If P&C Insurance Ltd (publ), since in formal terms the assets from Storebrand were transferred at a value that exceeded the previous carrying amount. Since the subsidiary If P&C Insurance Ltd (publ) has a right to make a tax deduction for the amortization of the goodwill based on the net assets, a value has arisen in the Group, recognized in the consolidated accounts for 2022 at a rate of 20.6% of the non-deducted goodwill amount in the subsidiary, which represents deferred tax assets.

Transactions, receivables and liabilities in foreign currency and translation of the accounts of foreign subsidiaries and branches

Individual companies and branches in the If Group report in their respective functional currencies, determined as the local currency in the country in which the company or branch is active. Income statement items in another currency than the functional currency (foreign currency) are translated to their respective presentation currency using the average exchange rate for the month during which they were reported, while assets and liabilities in foreign currency are translated at the closing date exchange rates. Any unrealized translation differences arising are reported in the income statement as changes in value under Investment result. Currency forward contracts used to economically hedge currency exposure are measured at fair value and these effects are reported in their entirety in the income statement as changes in value.

In the preparation of the consolidated accounts, translation from the presentation currencies of the companies and the branches into SEK is performed in line with IAS 21. Items in the balance sheet are translated using the exchange rate on the balance sheet date and items in the income statement are translated using the average exchange rate for the period during which the item arose. Translation differences are reported in other comprehensive income when arising from the use of different exchange rates for items in the balance sheet and income statement, the fact that capital contributions and dividends are translated at different exchange rates than those prevailing on the transaction date and that shareholders' equity is translated at a different exchange rate at year-end than at the beginning of the year.

For If's most significant currencies, the following exchange rates were used as of December 31 to translate balance sheet items in foreign currency to SEK:

	2022	2021
Danish kroner	1.50	1.38
Euro	11.12	10.25
Norwegian kroner	1.06	1.03
US dollars	10.43	9.05

Policies applying to items in the consolidated balance sheet

Goodwill

Goodwill is measured at its acquisition value, adjusted for any impairments. Goodwill arises in connection with the acquisition of operations or portfolios. In conjunction with acquisitions, an acquisition balance sheet is compiled in which all identified assets and liabilities are measured at fair value on the acquisition date. When the acquisition price cannot be attributed to identifiable assets and liabilities, this portion is recognized as goodwill.

Goodwill is an asset with an indefinite useful life and thus it is not subject to amortization. To ensure that goodwill is not overvalued in the balance sheet, an annual analysis is conducted of individual goodwill items to identify impairment requirements. The analysis determines the recoverable amount, defined as the higher of the value in use and the net realizable value. The value in use is calculated as the discounted value of expected future cash flows attributable to the acquired net assets. When the recoverable amount measured on the valuation date is less than the carrying amount in the Group, the carrying amount is reduced to the recoverable amount. If, subsequently, a higher recoverable amount can be set, this does not result in revaluation or reversing of previous impairments.

Other intangible assets

Other intangible assets consist of externally acquired rights, customer relationships, trademarks etc. and internally developed intangible assets. Intangible assets are measured at their acquisition value less deductions for accumulated amortization.

Internally developed intangible assets are measured at acquisition value, determined as the direct and indirect expenses for the development (programming and testing) of computer systems that are expected to provide financial benefits in the future. Only expenses linked to new development and mainly limited to major system changes are capitalized.

Rights, customer relationships and similar assets are amortized from the acquisition day or the day they are valid.

Customer relationships consist of the calculated value of current customer contracts and the calculated value of renewal of the contracts. The estimated useful life for customer relationships is 2-7 years and they are amortized using the straight-line method.

Capitalized development expenses are amortized from the date the asset is put into production. Amortization is applied over its estimated useful life using the straight-line method. The useful life is determined individually per asset and for capitalized developments does not exceed 10 years.

Acquired trademarks have indefinite useful life and thus they are not subject to amortization. Instead, they are tested for impairment at least annually.

If there is any indication on the closing date that the carrying amount of an intangible asset is higher than its recoverable amount, a calculation is made of the asset's recoverable amount. Recoverable amount refers to the higher of the asset's net realizable value and its value in use. If the determined recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If, subsequently, a higher recoverable amount can be set, a previous impairment may be reversed.

Investments in associates

Associates refer to companies in which If P&C Insurance Holding Ltd (publ) directly or indirectly has significant influence, which is normally the case when the shareholding amounts to a minimum of 20% of the voting rights for all shares in the company. Associates are reported in the consolidated accounts using the equity method. The equity method means that the carrying amount of an associate is continually adjusted for changes in the holding company's share of the associate's net assets. If there is any indication that an associate's carrying amount is higher than its recoverable amount, a calculation is made of the associate's recoverable amount. Recoverable amount refers to the higher of the associate's net realizable value and its value in use. If the determined recoverable amount is less than the carrying amount, the carrying amount of the associate is reduced to its recoverable amount. If, subsequently, a higher recoverable amount can be set, a previous impairment may be reversed.

Minor holdings are accounted for in a simplified way. The carrying amount is normally only adjusted with If Group's share of the respective company's result after tax and subject to a delay of one quarter. Additional information is provided in Notes 17 and 20.

Other financial investment assets

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the contractual terms of the financial instrument. A financial asset is derecognized from the balance sheet when the rights in the contract are realized, expire or as a result of a transfer of the assets the company doesn't bear longer significant risks and benefits from the assets as well as it loses control over them. Furthermore, a cancellation is made if a significant modification has been made to the contract terms of a financial asset or liability. A financial liability is removed from the balance sheet when the obligation in the agreement has been fulfilled, cancelled, or otherwise terminated.

The purchase and sale of money market and capital market instruments on the spot market as well as derivative transactions are reported in the balance sheet on the transaction date. The counterparty's liability/receivable is reported between the transaction date and payment date at the gross amount under the item Other assets or Other creditors.

Financial investment assets are reported in the original currency and at fair value with – as a main principle – changes in value recognized in other comprehensive income until being realized. The presentation below describes the detailed valuation for each type of asset.

Shares

Shares are measured at fair value. For shares listed on an authorized stock exchange or marketplace, the sales value normally refers to the latest trade price on the closing date. Unlisted securities included in private equity investments are measured using established valuation models.

Interest-bearing securities

Interest-bearing securities are measured at fair value and accounted for by separating the amortized cost from the change in value. The amortized cost is the discounted present value of future payments, for which the discount rate applied is the effective rate of interest on the acquisition date. This means that acquired premium and discount on coupon instruments are distributed over the period as interest during the bond's remaining time to maturity, in the case of loans with adjustable interest rates, to the next rate-adjustment occasion. For discount instruments, the reported interest income pertains only to distribution of the discount in conjunction with the acquisition. The return on 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 securities and its amortized cost. When measuring at fair value, the listed bid price or yield-curve models, based on listed mid prices, are used.

Derivatives

All derivative instruments are individually measured at fair value. Derivative transactions with a positive fair value on the closing date are reported as Other financial investment assets and derivative positions with a negative fair value are reported on the liabilities side of the balance sheet under the heading Derivatives.

Receivables

Receivables are reported in the amounts expected to be received.

Provisions for doubtful receivables are normally accounted for on the basis of individual valuation of the receivables. Provisions pertaining to standard products are measured through a standard computation in the form of maturity stages based on reported losses during prior periods.

Tangible assets

Tangible assets consist of machinery and equipment and are initially measured at acquisition value. Acquisition value includes not only the purchase price but also expenses directly attributable to the acquisition. Machinery and equipment are reported at historical acquisition value, less accumulated straight-line depreciation. These deductions are based on historical acquisition value and the estimated useful life.

Depreciation period	
Office equipment	3–10 years
Computer equipment	3–5 years
Vehicles	5 years
Other fixed assets	4–10 years

If Group recognizes right-of-use assets for material leases that are in scope of IFRS 16 Leases. If applies a company-specific materiality assessment that includes, but is not limited to, the two exemptions specified in the standard. The acquisition cost corresponds to the amount equivalent to lease liabilities and any lease prepayments made before the commencement date.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the estimated useful life which is set at the end of the expected lease term. The carrying amount of the right-of-use asset is adjusted for certain remeasurements of the lease liability.

If there is any indication on the closing date that the carrying amount of a tangible asset owned or held through a right of use is higher than its recoverable amount, a calculation is made of the asset's recoverable amount. Recoverable amount refers to the higher of the asset's net realizable value and its value in use. If the determined recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If, subsequently, a higher recoverable amount can be set, a previous impairment may be reversed.

Cash and bank

In addition to small petty cash amounts, cash and bank consists of bank balances in the insurance operations and funds transferred to asset management that have not been invested in investment assets.

Deferred acquisition costs

Sales costs that have a clear connection with the writing of insurance contracts are reported as an asset, namely as deferred acquisition costs. Sales costs include operating expenses such as commissions, marketing costs, salaries and overheads for sales personnel, which vary according to, and are directly or indirectly related to, the acquisition or renewal of insurance contracts. The sales costs are deferred in a manner that corresponds to the amortization of unearned premiums. The amortization period ordinarily does not exceed 12 months.

Subordinated debt

Issued subordinated loans are reported in their original currency at amortized cost, which includes premiums/ discounts arising on the issue date and other external transaction costs attributable to borrowing. During the term of the loan, costs for subordinated loans are reported using the effective interest rate method, whereby premiums/ discounts and capitalized borrowing expenses are distributed over the term of the loan; however, no later than the interest-adjustment date in the case of loans with adjustable interest rates.

Technical provisions

Technical provisions consist of:

– Provision for unearned premiums and unexpired risks;
– Provision for claims outstanding.

The provisions correspond to the liabilities pursuant to current insurance contracts.

Provision for unearned premiums and unexpired risks

The provision for unearned premiums is intended to cover anticipated claims costs and operating expenses during the remaining term of insurance contracts in force.

In property and casualty insurance and reinsurance, the provision for unearned premiums is calculated on a strictly proportional basis over time for most products, i.e. calculated on a pro rata temporis basis.

In the event that premiums are deemed to be insufficient to cover anticipated claims costs and operating expenses, the provision for unearned premiums is required to be augmented by a provision for unexpired risks. Calculation of the provision for unexpired risks must also take into account premium installments not yet due.

Provision for claims outstanding

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company (the IBNR provision). The provision for claims outstanding includes claims payments plus all costs of claims settlements.

The provision for claims outstanding in direct property and casualty insurance and reinsurance is calculated with the aid of statistical methods or through individual assessments of individual claims. Often a combination of the two methods is used, meaning large claims are assessed individually while small claims and claims incurred but not reported (the IBNR provision) are calculated using statistical methods.

Apart from provisions for vested annuities and provisions for unknown but probable claims that pertain to annuities, the provisions for claims outstanding are not discounted. Provisions for annuities are discounted to present value using standard actuarial methods, taking anticipated inflation and mortality into account.

Pension costs and pension commitments and other employee benefits

The Group's pension obligations comprise pension plans in several national systems that are regulated through local collective bargaining agreements and social insurance laws. The obligations consist of both defined-contribution and defined-benefit plans.

For defined-contribution plans, the pension cost comprises of the premiums paid for securing the pension obligations in life insurance companies.

The reporting of funded and unfunded defined-benefit pension plans complies with the regulations contained in IAS 19 Employee benefits. According to these rules, the present value of future pension obligations less the market value of the plan assets covered by the plan is to be recognized as a pension liability in the balance sheet.

What is to be recognized as a pension cost during the fiscal year is the sum of (i) the actuarially calculated earnings of old-age pensions during the year, calculated straight-line based on pensionable income at the time of retirement, and (ii) calculated interest expense for indexing the preceding year's established net pension obligation. The calculation of pension costs during the fiscal year primarily occurs at the beginning of the year and is based on assumptions about factors such as salary growth and price inflation throughout the duration of the obligation and on current market interest rates adjusted to take into account the duration of the company's pension obligations. If includes the first amount in the technical result while the interest expense is recognized separately in the income statement. The technical result also includes past service income and cost, e.g. effects of plan amendments.

Remeasurements of the pension obligation due to actuarial gains and losses, and because the return on plan assets deviates from the calculated interest rate, are recognized in other comprehensive income.

If has certain pension obligations that have been classified as defined-benefit plans but recognized as defined-contribution plans, either because If lacks the information necessary to recognize them as defined-benefit plans or because they have been deemed as insignificant.

Provision is also made for the calculated value of other earned remuneration of employees, the final amount of which is determined and paid after the end of the fiscal year, such as one-year variable remuneration and multi-year incentive programs.

If Group's cash-settled share-based payments give rise to an obligation to the employees, which is measured at fair value and is reported as an expense with a corresponding increase in liabilities. Fair value is initially calculated at the time of granting and at every reporting date thereafter. The fair value of the cash-settled units is calculated using the Black-Scholes model and the terms and conditions of the allocated units are taken into account. The provision recognized in the balance sheet is the earned part of the value on the balance sheet date and any changes in the provision are reported in the profit for the year as a personnel cost.

Other creditors

Lease liabilities are initially measured at the present value of the fixed lease payments and certain variable lease payments to be made under the lease that are not paid at the commencement date, discounted using the incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest method. They are remeasured to reflect any lease modifications or reassessments. Lease liabilities are recognized in the line item Other creditors.

The lease term is determined as the expected lease term. This includes the non-cancellable period of the lease contracts, adjusted for any optional extension or termination periods that If is reasonably certain to exercise.

The balance sheet line item Other creditors also includes Loans to credit institutions that are first reported at fair value, including transaction costs directly attributable to the acquisition or issue of the loan. After the acquisition, they are reported at amortized cost according to the effective interest method. Interest expenses and exchange rate gains and losses are reported in the income statement. Gains or losses on removal from the balance sheet are also recognized in the income statement.

Policies applying to items in the consolidated income statement

In the income statement, there is a division into the result of insurance operations – the technical result – and the non-technical result, which is primarily attributable to asset management.

Items included in the technical result pertain almost entirely to the Group's operations as an insurer, that is, the transfer of insurance risk pursuant to the definition in IFRS 4, Insurance Contracts. Only contracts that do not cover a significant transfer of insurance risk are attributable to other operations and are reported in accordance with to IFRS 15 Revenue from Contracts with Customers.

Reporting in the income statement complies with the principle for gross accounting of accepted and ceded insurance. Income statement items thus disclose the accounting effects of the underlying flow and the accrual of issued insurance contracts and the equivalent for reinsurance purchased.

Premiums written

The premium written refers to the compensation that If receives from the policyholder in return for the transfer of risk. Premiums written are reported in the income statement at the inception of risk coverage in line with the insurance contract. When the contracted premium for the insurance period is divided into several amounts, the entire premium amount is still recognized at the beginning of the period.

Premiums earned

Premiums earned are reported as the share of premiums written that is attributable to the reporting period. The share of premiums written from insurance contracts pertaining to periods after the closing date is allocated to the premium reserve in the balance sheet. The provision posted in the premium reserve is normally calculated by distributing premiums written strictly on the basis of the underlying term of the insurance contract. For certain insurance products – in particular those with terms longer than one year – the accrual is risk adjusted, i.e. in relation to expected claims.

Allocated investment return transferred from the non-technical account

The investment result is reported in the non-technical result. Part of the income is transferred from the investment result to the technical result for insurance operations based on the net technical provisions. When calculating this income, interest rates corresponding to the discount rate in each country are used for annuities. For other technical provisions, interest rates are used that for each currency match the interest rate for government bonds with a maturity that approximates with the technical provisions. Negative interest rates are not used.

Other technical income

Other technical income consists of income in insurance operations that does not involve the transfer of insurance risk. Such income is primarily attributable to sales commission and services for administration, claims settlement, etc. in insurance contracts on behalf of other parties.

Furthermore, the subsidiary Viking Assistance Group AS provides roadside assistance. Income from these services is recognized when roadside assistance has been provided. Viking also has prepaid assistance agreement towards different customer groups, and for these agreements the share of income associated with future services is recognized in the balance sheet as prepaid assistance at the time of sale and subsequently recognized in the income statement according to actual deliveries of roadside services.

Claims incurred

Total claims incurred for the accounting period cover claims payments during the period and changes in provisions for unsettled claims. In addition to claims payments, claims incurred also include claims-adjustment expenses. Provisions for unsettled claims are divided into reported and claims not yet reported to the company (IBNR).

Operating expenses

Operating expenses reported in the technical result in the income statement are divided into expenses arising from the handling of insurance contracts that include the transfer of insurance risk, and costs for other technical operations. Administrative expenses refer to direct and indirect costs and are distributed among the following functions, Acquisition, Claims settlement, Administration, Asset Management and Other.

Claims settlement costs are included in the administrative expenses of insurance operations but are reported among claims incurred in the income statement.

In addition to administrative expenses, the operating expenses of insurance operations include acquisition costs and deferral of acquisition costs.

Investment result

The investment result is divided into direct investment income and changes in value and with deductions for management costs. The Direct investment income item primarily includes dividends on shareholdings and 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. The Changes in value item mainly comprises of realized value changes on investment assets, but also impairment losses from Available-for-sale financial assets that were deemed necessary in accordance with the specific impairment requirements in IAS 39.

In line with these paragraphs, If has assessed whether there is any objective evidence that an asset is impaired. In this assessment, If has chosen to use, in respect of interesting-bearing securities, criteria related to issuer default as well as to make an individual assessment for interest-bearing securities with a fair value below 50% of nominal value. In respect of shares, the assessment is also conducted on an individual basis where generally all shares with a significant (>20%) and/or prolonged (12 months) decline in value in relation to the acquisition cost shall be impaired. For both asset categories, the carrying amount is reduced to the current fair value. In the event of a subsequent recovery of a value decline, the recovery is presented as a reversed impairment loss in respect of interest-bearing securities but not in respect of shares.

The Group's currency result is included in the Changes in value item.

Taxes

The Group's tax expense is calculated in accordance with IAS 12 Income taxes. This entails calculation and recognition of both current and deferred tax.

Current tax is calculated individually for every unit in accordance with the tax rules in each country. Current tax also includes non-deductible coupon taxes in respect of dividends received.

If's foreign branch offices are taxed on their results in the country concerned. In Sweden, the company is in principle liable for taxation on all income, including the reported results from the foreign branch offices.

In Sweden, taxable income is also impacted by translation differences pertaining to the net assets of branches, which are recognized in other comprehensive income in accordance with IAS 21. If has opted for centralized asset management, which gives rise to considerable intra-company balance sheet items. In contrast to other assets and liabilities, the translation differences associated with these intra-company items are not taxable/deductible. As a result, the net impact on taxable income can be substantial and far exceed the recognized translation differences.

The liability that arises in the Swedish head office due to the centralized asset management is denominated in local currency and thus gives rise to currency effects on the intra-company items which, in accordance with IAS 21, are recognized in profit or loss. These effects are not taxable/deductible either and can thus also have a material impact on the taxable income.

The two permanent tax effects arise simultaneously and display a strongly opposing correlation, relate to the same counterparty and are settled at the same time, hence the tax effects of the exchange-rate differences on the head office's internal liability are netted against the tax effects arising in conjunction with the translation of the balance sheets of branches. If thus recognizes all tax effects related to the above items net in other comprehensive income.

If the company pays tax in Sweden for its foreign income, with the aim of avoiding double taxation, a deduction for the taxes paid abroad is normally allowed.

Income taxes abroad are attributable to taxes on foreign branch office income and withholding taxes on the return on foreign investment assets.

In Sweden, the tax rate during the year was 20.6% of taxable income. In Denmark, the tax rate was 22%, in Finland 20% and in the Norwegian P&C insurance branch 25%. For the Danish P&C insurance branch, the tax rate is to be gradually increased during 2023-2024 to 26%. This has been taken into account when calculating deferred tax assets and liabilities as of December 31, 2022.

Deferred tax attributable to temporary differences between the amounts reported and the equivalent actual taxation is reported in the company's accounts. For income reported in the income statement for the period but which is not taxed until a later period, a deferred tax cost is charged, which results in a corresponding liability item, Deferred tax liabilities. Similarly, costs that will not result in tax deductions until a later period give rise to a deferred tax revenue and a corresponding deferred tax asset. Deferred tax assets and liabilities are reported net when they pertain to the same tax authority and can be offset against each other. The tax effect of tax loss carry-forwards is reported as deferred tax assets if it is considered likely that they can be used to offset taxable profits in the future.

The application of joint venture accounting resulted in a deferred tax asset arising in connection with Storebrand's transfer of operations. This is based on the difference between the value for tax purposes and the carrying amount of these net assets. Additional comments regarding joint venture accounting are provided in the section Bases for consolidation above.

Policies applying to items in the consolidated cash flow statement

If defines cash and cash equivalents as the balance in transaction accounts in banks. The cash flow for the year thus consists of the net of inflows and outflows of cash and cash equivalents during the year, and, at the same time, the reconciliation of the balance-sheet item Cash and bank balances is a reconciliation of the Group's cash and cash equivalents.

In the Group's income statement, the premiums written are accrued over the contractual period. Claims provisions are continuously generated using statistical models for anticipated claims, and the actual claims reserves are made when the claims occur. The claim is finally settled through payment to the policyholder. The cash flow arising from an insurance contract and a claim thus differs considerably from the procedure for recognizing income and expenses. The link between the income statement and cash flow is recognized in the Group's balance sheet, where accrual items are recognized in technical provisions (premium and claims provisions) and in the receivables and liabilities that comprise outstanding items attributable to insurance contacts. Due to extensive insurance operations, the law of large numbers means that the effects of the underlying differences between accounting and real cash flow are reduced considerably.

The cash flow statement shows separate items of the Group's cash flow. The analysis has its foundation in the income statement items that are directly connected with external payment flows. These items are adjusted in the statement with the changes in the balance sheet during the period (counterparty receivables/assets) that are directly linked to the income statement items in question. The balance sheet items reported in the Group comprise significant receivables/liabilities in foreign currency and are thus subject to continuous revaluation at the exchange rate prevailing at each closing date. In the cash flow statement, the effect of this recalculation is eliminated, and the individual cash flows shown in the analysis are therefore not directly evident as differences in the balance sheets and notes presented in other parts of the annual report.

Policies applied for alternative performance measures

Key figures are financial measurements of the historical earnings trend and financial position. If presents a number of key figures, some of which are referred to as alternative performance measures and are not defined in applicable accounting standards, e.g. IFRS, ÅRFL, FFFS 2019:23 and the Swedish Insurance Business Act (FRL). Definitions of a number of key figures are provided in the Glossary and definitions, including some that are marked as alternative performance measures.

Alternative performance measures are used by If when deemed relevant to monitor and describe the Group's/ the company's financial situation and to provide additional useful information to the users of its financial statements. In order to facilitate increased comparability, comments on changes in amounts and percentages between the current year and the preceding year are occasionally adjusted for the impact of changes in exchange rates, whereby amounts in foreign currency have been recalculated using the same exchange rates for the respective years.

Since these measures have been developed and adapted for If, they are not fully comparable with similar performance measures presented by other companies.

Accounting policies in the Parent Company

Other operating income

Revenues accounted for in the Parent Company refer to sales of management services to If P&C Insurance Ltd (publ).

Accounting of group contributions

Paid and received group contributions are recognized as an appropriation in the income statement.

Accounting for holdings in subsidiaries and associates

Shares in subsidiaries and associates are reported at acquisition value with deductions for any impairments. The acquisition value includes in certain cases external transaction costs attributable to the acquisition. Dividends from group companies and associates are accounted for when received.

Accounting for short-term investments

Short-term investments are recognized at fair value with changes in value recognized in other comprehensive income until they are realized. Refer to Policies applying to valuation of other financial investment assets above.

Cash flow statement

The Parent Company's cash flow statement has been prepared in accordance with the indirect method, which means operating profit is adjusted for non-cash effecting transactions such as depreciation and impairment losses. The cash flows are classified by operating, investing and financing activities.

Note 2 – Significant estimations and judgments affecting the financial statements

Preparing financial statements in accordance with IFRS requires that the Board and executive management make judgments and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The judgments and assumptions are based on experience and insight into the insurance business. The actual outcome may deviate from these judgments and estimations.

Judgments made by the Board and executive management in the application of IFRS that have a significant effect on the financial statements for 2022 and estimations that may cause material adjustments in the financial statements in subsequent years are commented on below.

Goodwill

If reports goodwill attributable to the acquisition of Sampo's Finnish property and casualty operations and the acquisitions of Vertikal Helseassistanse AS and Viking Assistance Group AS. In accordance with IFRS 3, goodwill is not amortized. To ensure that the carrying amount for this item is not reported at an excessively high value, a calculation of its recoverable amount has been done. Additional comments on the parameters used, conducted assessments and so forth are made in Note 19.

Valuation of investment assets

If has elected to apply a classification according to IAS 39 that means that almost all financial investment assets are measured at fair value. Since the valuation of the assets is essentially based on observable market listings, the company believes that this accounting method offers a good presentation of the company's holdings of investments assets.

The main part of the financial assets that are not derivatives has been classified as available-for-sale financial assets. Value changes on these assets are therefore normally recognized in other comprehensive income until being realized, unless the application of the specific impairment paragraphs in IAS 39 require an impairment loss to be recognized in the income statement. In line with these paragraphs, If has assessed whether there is any objective evidence that an asset is impaired. The company's assessment affects the reported profit of the year but not shareholders' equity. The assessment criteria are presented in Note 1 (under the heading of Investment result). Additional information is provided in Notes 5, 15 and 21.

Technical provisions

The provision for unsettled claims is designed to cover anticipated future payments for all claims incurred, including claims not yet reported to If, referred to as IBNR provision. The provision is calculated using statistical methods or through individual assessments of claims. These provisions are significant in an assessment of the company's reported results and financial position, since any deviation from actual future payments gives rise to a prior-year claims result reported in future years. Additional comments on provision risk are provided in Note 5 and an account of the company's prior-year claims results in recent years is available in Note 31.

The provision for unearned premiums and unexpired risk is designed to cover anticipated claims and operating expenses during the remaining term of the insurance contracts concluded. For most products, the provision is calculated strictly in proportion to time. If the premium level is deemed to be insufficient to cover the anticipated claims and operating expenses, the provision for unearned premiums is strengthened with a provision for unexpired risks. This assessment includes estimates of future claims frequency and other factors affecting the need for a provision for unexpired risk. This provision is also commented on in Note 5.

Provisions for pensions

If applies IAS 19 Employee benefits for reporting pensions expenses and outstanding pension commitments. According to this standard, the company should determine which pension plans that are to be seen as defined-benefit plans, as well as a number of parameters that are significant in the calculation of, for example, the company's net obligations and the amounts that are to be reported in the income statement, other comprehensive income and balance sheet. Discount rates for the pension obligations are set in Sweden and Norway with reference to AAA and AA corporate bonds, including mortgage-backed bonds, issued in local currency. Significant parameters are further presented in Note 33.

Note 3 – Recognition of the effects of changed exchange rates

In addition to the Nordic currencies, If underwrites insurance in the most frequently used international currencies. Moreover, asset management is characterized by a large degree of international diversification. Accordingly, assets and liabilities in currencies other than the Swedish krona account for considerable sums. According to If's Currency Policy, exchange-rate risks are to be limited by conducting specific hedging transactions when required. If's Currency Risk Policy sets limits for currency exposure.

MSEK **Exchange-rate effects in the technical result**	**2022**	**2021**	**Change**	***Of which exchange-rate effect***
Premiums earned, net of reinsurance	53,164	48,418	4,746	*1,601*
Allocated investment return transferred from the non-technical account	115	145	-30	*8*
Other technical income	1,470	1,232	237	*59*
Claims incurred, net of reinsurance	-34,494	-31,717	-2,776	*-1,120*
Operating expenses	-9,767	-8,922	-845	*-379*
Technical result from property and casualty insurance	**10,488**	**9,155**	**1,332**	***170***

As a result of the large amount of foreign currency in business operations, financial reports in the Swedish krona are continuously impacted by effects attributable to exchange-rate changes. In the income statement, transactions in foreign currency are translated into the Swedish krona using the average exchange rate during the month when the transaction was incurred or reported. Normally, the accounting of insurance contracts matches the contracted currency. Accordingly, exchange-rate effects that could have an impact on a specific reporting line in the income statement do not have a material impact on the technical result from property and casualty insurance.

Technical income and operating expenses net, distributed by currency 2022	**Premiums earned**	**Total expenses**	***Of which claims costs***	***Of which operating expenses***
SEK	30%	31%	*26%*	*6%*
NOK	33%	36%	*30%*	*6%*
DKK	9%	11%	*9%*	*2%*
EUR	25%	17%	*12%*	*5%*
USD	2%	3%	*3%*	*0%*
Other	1%	1%	*1%*	*0%*
Total	**100%**	**100%**	***81%***	***19%***

Balance sheet items established in foreign currency are translated into SEK using the exchange rate on the balance sheet date. Currency exposure in the balance sheet is mainly controlled by the continuous allocations of If's investment assets in foreign currency. The remaining exposure that arises is managed through the use of currency forward contracts.

For 2022, a net exchange-rate result of negative MSEK 118 (negative 134) was recognized in the income statement. The currency result arises as a result of the translation of the income statement and balance sheet items and from currency derivatives. Accordingly, the exchange-rate result may be divided into:

MSEK **Total exchange-rate result**	**2022**	**2021**
Conversion of items in the income statement and balance sheet	-1,430	-329
Realized effects of currency derivatives	924	-200
Unrealized effects of currency derivatives	388	394
Total exchange-rate result	**-118**	**-134**

Note 4 – Information about related companies

Relations with associates

The Parent Company If P&C Insurance Holding owns a share of 33.0% of Rogaland Forsikring AS, which is an insurance agency that sells insurance products on behalf of If P&C Insurance Ltd (publ).

The Parent Company If P&C Insurance Holding owns a share of 22.0% of CAB Group AB, which provides systems and services for calculations of costs of repairing vehicles.

Up until June 2022, the Parent Company If P&C Insurance Holding owned, directly (10.5%) and indirectly via If P&C Insurance Ltd (publ) (15.3%), a share of 25.8% of SOS International A/S, a company providing assistance services to insurance companies. If P&C Insurance Holding and If P&C Insurance Ltd (publ) thereafter sold all their shares and SOS International A/S is no longer deemed as an If Group associated company.

Up until December 2022, the Parent Company If P&C Insurance Holding owned a share of 34.0% of Boalliansen AS, which provides various services to housing associations, and 34.0% of Digiconsept AS, which owns the intellectual property rights to the system that Boalliansen AS uses. Boalliansen AS mediates insurances on behalf of If P&C Insurance Ltd (publ). In December 2022, If P&C Insurance Holding acquired the remaining 66.0% of the shares in Boalliansen AS and 66.0% of the shares in Digiconsept AS and is now the sole shareholder in both companies.

Relations with Sampo

Relations with Sampo refer to Sampo plc and all companies in this corporate group with the exception of If P&C Insurance Holding and its subsidiaries.

If has concluded agreements with a Sampo subsidiary regarding the marketing of the counterparty's products in If's network primarily in Finland. If receives a commission for the services.

In Finland and the Baltic countries, Sampo or its subsidiaries have also concluded P&C insurance agreements with If.

Sampo's purchase of data-processing services and data production is conducted through If IT Services A/S, which has monitoring and administrative responsibility for IT operations with the suppliers.

If and a subsidiary to Sampo have an asset management agreement according to which some investment decisions, within the framework of the Investment Policy, are outsourced to that Sampo subsidiary. If pays a fixed percentage commission calculated on the market value of the managed investment assets.

In Finland, Sampo and Sampo subsidiaries purchase internal audit services, HR services, as well as, other office services and investigation services from If. Sampo and Sampo subsidiaries pay a fee for the services.

Office premises and services are partly used together with Sampo.

Topdanmark A/S is a subsidiary of Sampo plc. Under the Danish Corporate Income Tax Act, the If Group and the Topdanmark Group are subject to mandatory joint taxation in Denmark. Topdanmark A/S is the administration company for the Danish joint taxation but the companies have a joint and several liability.

If P&C Insurance Ltd (publ) holds subordinated loans issued by Topdanmark A/S and a subsidiary of Topdanmark A/S.

In Finland, If Services AB mediates insurances on behalf of Sampo subsidiaries.

Relations with Nordea

As of April 2022, Sampo sold of all its shares in Nordea Bank plc. Up until then, Nordea Bank plc was an associate to Sampo, and consequently a related company to If. Relations with Nordea refer to Nordea Bank plc and all the companies in this corporate group.

Nordea is If's banking partner in Sweden, Finland, Denmark, Norway and the United Kingdom and agreements have been concluded covering the management of bank accounts and related services. The Parent Company, If P&C Insurance Holding, is the primary account holder in the Nordic cash pool in Nordea. The subsidiaries of If P&C Insurance Holding also have their own accounts with Nordea.

In asset management, investments are made in bonds and other interest-bearing securities issued by Nordea companies as well as in deposits with Nordea. Nordea is also included among the market makers used for general securities trading. Nordea is furthermore a counterparty for transactions in interest rate and currency derivatives.

Nordea distributes If's P&C insurance products through its banking offices in Sweden and Finland as well as via the Internet, for which they are paid a commission.

In Finland, If's subsidiary If P&C Insurance Ltd (publ) has written P&C insurance policies with Nordea.

Transactions with related companies

	Income [1]		Expenses [2]		Assets		Liabilities	
MSEK	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Associates	-	-	-98	-128	-	27	-	-
Owner								
Sampo plc	22	20	0	-77	0	0	-4	-13
Other related parties								
Subsidiaries of Sampo plc	81	50	-13	-3	1,425	2,256	-5	-5
Nordea Bank Abp	18	34	-17	-38	-	9,250	-	-379
Other associates, Sampo plc	9	6	-	-	130	346	-	-

[1] Including interest income
[2] Including interest expense

Note 5 – Risks and risk management

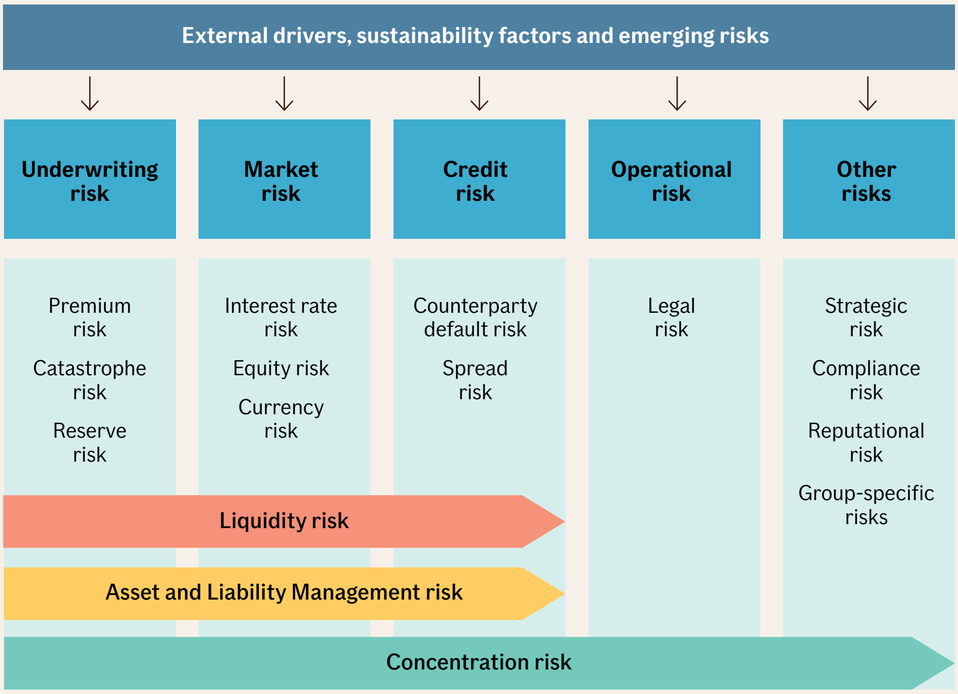
Risk Management System

Risks and risk management are an essential and inherent element of If's business activities and operating environment. A high-quality risk management process is a prerequisite for running the business effectively and in achieving established goals. The objectives of the Risk Management System are to create value for the stakeholders by securing long-term solvency, minimizing the risk of unexpected financial loss and giving input to business decisions by taking into account the effect on risks and capital. If's risk appetite framework defines the boundaries for what level of risk If is willing to accept in the pursuit of the objectives. The framework includes the risk appetite statement, capital adequacy, steering documents, processes and controls.

The Risk Management System comprises strategies, processes and reporting procedures necessary to continuously identify, assess, measure, mitigate, monitor and report risks. As a part of the larger Internal Control System, the Risk Management System ensures that all risks are managed from a group-wide perspective as well as from a legal entity perspective. The risk categories are: underwriting risk, market risk, credit risk, operational risk and other risks. External drivers, sustainability factors and emerging risks have a potential impact on all risk categories, see Figure 1. Each key risk is subject to a dedicated risk management process. Within the Risk Management System, sustainability-related risks, such as climate risks, are not assessed and reported as a stand-alone risk category. Instead, the risks are assessed as an integrated part of the assessments per defined risk category.

Steering documents are in place for each risk area specifying restrictions and limits chosen to reflect and ensure that the risk level complies with the overall risk appetite and capital constraints at all times.

Figure 1 – Risks encompassed in the Risk Management System



Risk strategy

The Risk Management Policy defines the overall risk strategy and the risk appetite for the main risks. The risk management strategies are to:

- ensure a strong governance structure to optimize development and maintenance;
- ensure a sound and well-established internal control and risk culture;
- ensure the adequacy of capital in relation to risks and risk appetite;
- limit fluctuations in the economic values of group companies;
- ensure a strong financial data management;
- ensure that risks affecting the income statement and the balance sheet are identified, assessed, mitigatedd, monitored and reported;
- ensure that the riskiness of the insurance business is reflected in the pricing;
- ensure adequate long-term investment returns within set risk levels;
- ensure well working and efficient reporting processes compliant with external and internal requirements; and
- safeguard the reputation and ensure that customers and other stakeholders have confidence in If.

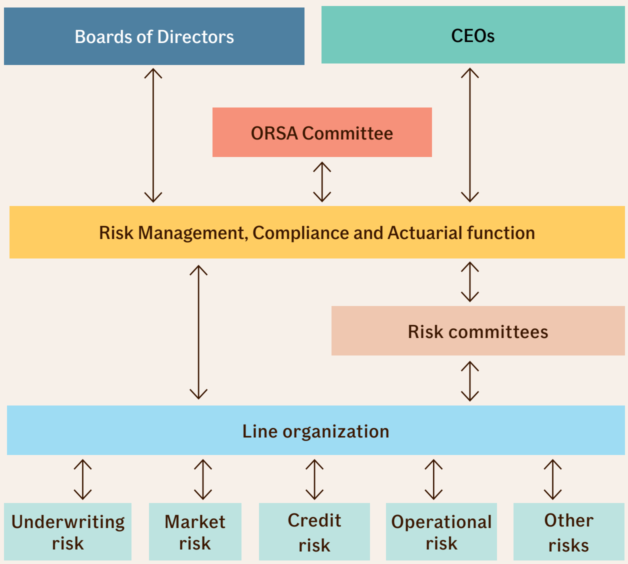
Risk management process

The overall risk management process includes five main steps: risk identification, risk assessment/measuring, risk monitoring, risk mitigation and reporting. When risks are identified and assessed, sustainability aspects should also be considered.

Reporting structure and risk governance

Figure 2 illustrates the reporting structure within the Risk Management System. The system includes processes and activities including committees, central functions and the line organization.

Figure 2 – Risk management reporting structure



Boards of Directors
The Boards of Directors are the corporate bodies responsible for risk control, internal control, and for ensuring that If has appropriate risk management systems and processes. The Boards of Directors approve the yearly Risk Management Policy and other risk-steering documents.

CEOs
The Chief Executive Officers (CEOs) are responsible for organizing and overseeing the daily business activities in accordance with instructions and guidelines from the Boards of Directors. The CEOs have the ultimate responsibility for the effective implementation and development of the Risk Management System by ensuring an appropriate risk management set-up and promoting a sound risk culture.

Committees in the Risk Management System
The Own Risk and Solvency Assessment Committee (ORSA Committee) assists the CEOs in fulfilling the responsibility of overseeing the Risk Management System. The committee also reviews the effectiveness of If's Internal Control System, as well as initiates and monitors efforts and actions relating to these areas. Furthermore, the ORSA Committee monitors that the short-term and long-term aggregated risk profile is aligned with the risk strategy and capital requirements. The committee meets at least four times a year.

There are also additional committees in place for key risk areas. These committees have the responsibility to monitor that risks are managed and controlled as decided by the Boards of Directors. The chairmen of the committees are responsible for the reporting to the ORSA Committee. The committees also monitor the effectiveness of the steering documents and give input with respect to changes and updates, if needed. None of the committees have any decision-making mandate.

Risk Management function
The Risk Management function facilitates the implementation and development of the Risk Management System and consists of the CRO and the Risk Management unit. The function is responsible for coordinating the risk management activities on behalf of the Boards of Directors and the CEOs.

Compliance function
The Compliance function is headed by the Chief Compliance Officer (CCO) and is responsible for reporting to the Boards of Directors and the CEOs on compliance with the rules relevant for the license to conduct insurance business.

Actuarial function
The Actuarial function is headed by the Chief Actuary who advises on actuarial matters and fulfils tasks according to set instructions. The Actuarial function reports to the Boards of Directors and to the CEOs.

Line organization
The line organization has the day-to-day responsibility for identifying and managing risks within the limits and restrictions set by the risk policies, guidelines and instructions and has to ensure that it has the resources and tools in place to do so. On behalf of the Heads of the business areas/support functions, a risk coordinator structure is established. CRO and CCO issue instructions describing the responsibility of the risk coordinators. The line organization has the obligation to inform the Risk Management function and the Compliance funtion of material risks according to the instructions.

Capital management
If focuses on capital efficiency and sound risk management by keeping its capital resources at an appropriate level in relation to the risks taken over the business planning horizon. This means ensuring that the available capital exceeds the internal and regulatory capital requirements, as well as making sure that If P&C Insurance Ltd (publ) within the Group retains at least an A rating from Standard & Poor's and Moody's.

Capital management is based on a risk-appetite statement, as well as risk preferences and risk tolerances decided by the Boards of Directors. The risk profile, capital requirements and available capital are measured, analyzed and reported to the ORSA Committee and the Boards of Directors on a quarterly basis, or more often when deemed necessary. In order to maintain a sufficient level of capital, If:
- projects its risks and capital according to the financial plan;
- allocates capital to business areas and lines of business, ensuring that a risk-based approach is used for target setting and evaluation of profitability; and
- assures its dividend capacity through the effective use of reinsurance, group synergies and diversification benefits.

Risk and capital modelling
In order to assess the overall risk profile, the interrelationships between various risks is considered, since some of these risks could develop in opposite directions creating diversification effects. For this purpose, If has an internal model to calculate economic capital for underwriting risk and market risk. Through simulations of both insurance and investment operations, the effect of for example reinsurance structures and investment allocations is analyzed.

In addition to the calculation and reporting of economic capital, the internal model is used as a basis for decision making regarding:
- allocation of capital to business areas and lines of business;
- evaluation of the effect on the risk profile related to changes in the investment portfolio;
- evaluation of reinsurance programs;
- evaluation of Investment Policies and limits; and
- evaluation of risks over the business planning horizon.

Operational risks and smaller material risks are quantified using the Solvency II standard formula.

Capital position
The capital position is the relationship between available capital and required capital. To fulfill requirements from various stakeholders, different measures are used to describe the capital position: regulatory measures, internal economic measures and rating agency measures. If considers them on a one-year and a multi-year perspective.

Regulatory measures
Insurance is a regulated business with EU rules for calculating capital requirements and available capital. All insurance companies within If fulfilled the regulatory solvency capital requirements (SCR) during 2022.

As a subsidiary of Sampo plc, If P&C Insurance Holding Ltd (publ) is a member of the Sampo insurance Group and is, as a holding company, not subject to a formal requirement to report its sub-group solvency position.

Internal economic measures
Economic capital is an internal measure showing the deviation from the expected result calculated at a confidence level corresponding to 99.5% on a one-year horizon. The major quantifiable risks are included in the calculation of economic capital. The calculations are based on an economic and market-consistent valuation.

Rating agency measures
If P&C Insurance Ltd (publ) within the Group is AA+ rated by Standard & Poor's and A1 rated by Moody's. The objective is to retain at least a single A rating.

Risks

Underwriting risk
Underwriting risk is the risk of loss, or of adverse change, in the value of insurance liabilities, due to uncertainty in pricing and provisioning assumptions.

Premium risk and catastrophe risk
Premium risk is the risk of loss, or of adverse change, in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events that have not occurred at the balance date.

Catastrophe risk is the risk of loss, or of adverse change, in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events.

Risk exposure
Given the inherent uncertainty of insurance, there is a risk of losses due to unexpectedly high claims costs. Examples of what could lead to high claims costs include large fires and natural catastrophes or an unforeseen increase in the frequency or the average size of small and medium-sized claims.

If underwrites insurance policies in the Nordic and Baltic countries. In addition, If underwrites policies for Nordic clients with operations outside the Nordic region. The geographical distribution of premium income is shown in Figure 3.

Risk management and control
The principal methods for mitigating premium risks are by reinsurance, diversification, prudent underwriting and regular follow-ups linked to the strategy and financial planning process. The Underwriting Policy sets general principles, restrictions and directions for the underwriting activities. The Underwriting Policy is supplemented by guidelines outlining in greater detail how to conduct underwriting within each business area.

The Reinsurance Policy stipulates guidelines for the purchase of reinsurance. The optimal choice of reinsurance is evaluated by comparing the expected cost versus the benefit of the reinsurance, as well as the impact on result volatility and capital requirement. The main tool for this evaluation is the internal model in which small claims, large claims and natural catastrophes are modelled. The Reinsurance Policy includes limitations on permitted reinsurers and their rating for each line of business. In addition, limits relating to concentration risk and exposure to reinsurance risk are included. The reinsurers are continuously assessed and evaluated through own financial and qualitative pre-defined analyses.

A group-wide reinsurance program is in place in If since 2003. In 2022, retention levels were between MSEK 100 and MSEK 250 per risk and MSEK 250 per event.

Figure 3 – Premium income per geographical area

An analysis of how changes in the combined ratio, premium and claims level affect the result before tax is presented in Table 1.

Table 1 – Sensitivity analysis, premium risk

MSEK			Effect on result before tax	
Parameter	**Level, 2022**	**Change**	**2022**	**2021**
Combined ratio, Business Area Private	81.7%	+/- 1 percentage point	+/- 311	+/- 291
Combined ratio, Business Area Commercial	74.6%	+/- 1 percentage point	+/- 140	+/- 128
Combined ratio, Business Area Industrial	85.8%	+/- 1 percentage point	+/- 61	+/- 49
Combined ratio, Business Area Baltic	89.9%	+/- 1 percentage point	+/- 20	+/- 16
Premium level	53,164	+/- 1%	+/- 532	+/- 484
Claims level	34,494	+/- 1%	+/- 345	+/- 317

Reserve risk

Reserve risk is the risk of loss, or of adverse change, in the value of insurance liabilities, resulting from fluctuations in the timing and amount of claims settlements for events that have occurred at, or prior to, the balance date.

Reserve risk includes revision risk, which is defined as the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from fluctuations in the level, trend, or volatility of revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

Technical provisions always include a degree of uncertainty since the provisions are based on estimates of the size and the frequency of future claims payments.

The uncertainty of technical provisions is normally greater for new portfolios for which complete run-off statistics are not yet available, and for portfolios including claims that take a long time to settle. Workers' Compensation, Motor Third Party Liability (MTPL), Personal Accident and Liability insurance are products with the latter characteristics.

Risk exposure

For lines of businesses such as Motor Third Party Liability and Workers' Compensation, legislation differs significantly between countries. Some of the provisions for these lines include annuities that are sensitive to changes in inflation, retirement age, mortality assumptions and discount rates. In 2022, the proportion of technical provisions related to Motor Third Party Liability and Workers' Compensation was 44% (48). The amount of technical provisions broken down by product and geographical area is shown in Table 2.

Risk management and control

The Boards of Directors decide on the guidelines governing the calculation of technical provisions. The Chief Actuary is responsible for developing and presenting guidelines on how the technical provisions are to be calculated and for assessing whether the level of total provisions is sufficient.

The actuarial estimates are based on historical claims data and exposures that are available at the closing date. Factors that are considered include loss development trends, the level of unpaid claims, changes in legislation, case law and economic conditions. When setting provisions, established actuarial methods are generally used, combined with projections of the number of claims and average claims costs.

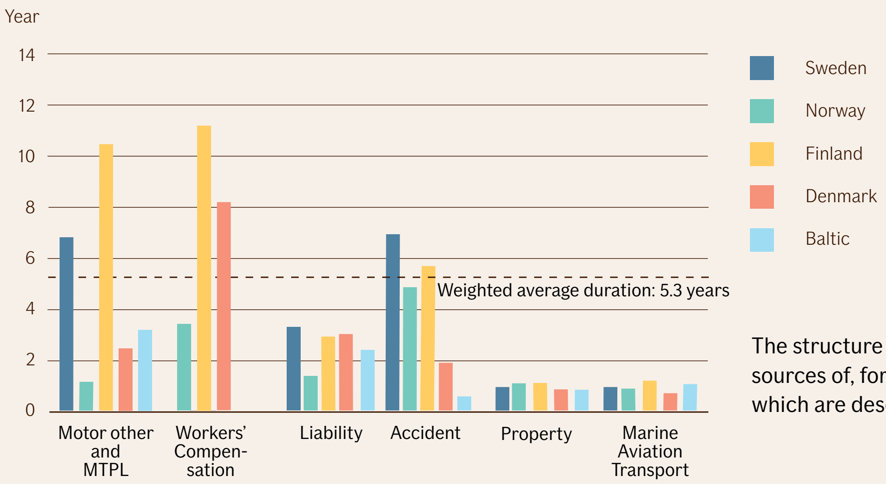
The provisions for annuities are calculated as discounted values based on the amounts and payment periodicity in each individual case, taking expected investment income, expenses, indexation, other possible adjustments and mortality into account. The anticipated inflation trend is taken into account when calculating the technical provisions and is of high importance for claims settled over a long period of time, such as claims related to Motor Third Party Liability and Workers' Compensation. The anticipated trend is based on external assessments of the inflation trend in various areas, such as the consumer price index and payroll index, combined with own estimations of costs for various types of claims.

Table 2 – Technical provisions (net) per product and geographical area

	Sweden		Norway		Finland		Denmark		Baltic	
MSEK	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Motor other and MTPL	17,764	18,157	6,280	5,518	9,633	10,723	1,902	1,497	1,626	1,269
Workers' Compensation	-	-	1,887	1,753	9,972	11,679	3,433	2,890	-	-
Liability	3,766	3,184	1,653	1,265	1,395	1,115	1,033	810	279	277
Accident	4,694	4,490	5,260	4,587	2,629	2,031	1,239	1,072	109	84
Property	5,556	5,465	6,830	5,833	3,353	2,716	2,253	1,568	547	442
Marine, Aviation, Transport	301	212	299	227	142	116	369	289	28	31
Total	**32,081**	**31,508**	**22,209**	**19,183**	**27,124**	**28,380**	**10,228**	**8,126**	**2,589**	**2,103**

The durations of technical provisions for various products are shown in Figure 4. The duration of technical provisions has decreased by 1.7 years relative last year as a result of higher interest rates, new mortality assumptions in Finland, and a shift in the composition of provisions towards short-tailed business.

Figure 4 – Duration of technical provisions 2022



The structure and duration of technical provisions are also sources of, for example, interest rate risk and inflation risk, which are described in greater detail under market risk.

A sensitivity analysis of the reserve risk is presented in Table 3. Changes in the technical provisions will result in a correspon-ding change in claims incurred.

Table 3 – Sensitivity analysis, reserve risk

Technical provision item	Risk factor	Change in risk parameter	Country	2022 Effect MSEK	2021 Effect MSEK
Nominal reserves	Inflation increase	Increase by 1 percentage point	Sweden	1,227	1,381
			Denmark	237	197
			Norway	395	648
			Finland	550	421
Discounted reserves, including annuities and estimated share of claims reserves to future annuities	Decrease in discount rate	Decrease by 1 percentage point	Sweden	838	1,003
			Denmark	196	218
			Finland	2,114	3,210
Annuities and estimated share of claims reserves to future annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	170	157
			Denmark	9	10
			Finland	562	788

Financial assets and liabilities

The recognition of financial assets and liabilities depends on their classification.

Table 4 – Categories of financial assets and financial liabilities

MSEK	2022	2021
Financial assets at fair value		
Financial assets, mandatory at fair value through profit or loss (trading)	608	176
Financial assets, available for sale	113,284	110,397
Loans and receivables [1]	25,901	26,363
Total financial assets	**139,793**	**136,936**
Financial liabilities, mandatory at fair value through profit or loss (trading)	74	78
Financial liabilities measured at amortized cost or at the amount expected to be settled [2]	13,631	11,855
Total financial liabilities	**13,706**	**11,932**

[1] Loans and receivables consist of the following balance sheet items: loans and receivables, deposits with ceding undertakings, receivables, cash and bank, collaterals and securities settlement claims and financial accrued income.

[2] Financial liabilities measured at amortized cost or at the amount expected to be settled consist of the following balance sheet items: subordinated debt, creditors arising out of direct insurance and reinsurance operations, lease liabilities, securities settlement liabilities, other financial creditors and accrued financial expenses.

Table 5 – Investment assets categorized from an asset management perspective

	Investment assets and derivative liabilities		Assets under active management		Assets under active management categorized from an asset management perspective					
					Fixed income		Equity		Properties	
MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Land and buildings	**9**	**9**	**9**	**9**					**9**	**9**
Investments in associated companies	**48**	**170**								
Loans to associated companies	**-**	**2**								
Financial assets mandatory at fair value through profit or loss (trading)										
Derivatives [1]	608	176	608	176	47	5	-	0		
Financial assets available for sale										
Shares and participations	12,983	16,977	12,983	16,977			12,983	16,977		
Bonds and other interest-bearing securities	100,301	93,420	100,301	93,420	100,301	93,420				
Loans										
Other loans	2,331	3,078	2,331	3,078	2,331	3,078				
Total other financial investment assets	**116,223**	**113,651**								
Deposits with ceding undertakings	**7**	**7**								
Total Investment assets	**116,288**	**113,839**								
Other assets										
Cash and bank			3,295	5,342	3,295	5,342				
Collaterals and settlement claims			86	94	25	60	62	33		
Accrued income			702	355	702	355				
Assets under active management			**120,316**	**119,450**	**106,701**	**102,261**	**13,045**	**17,011**	**9**	**9**
Financial liabilities mandatory at fair value through profit or loss (trading)										
Derivatives [2]	74	78	75	78	-	-	-	-		
Total Derivative liabilities	**74**	**78**								
Financial liabilities measured at the amount expected to be settled										
Collaterals and settlement liabilities			537	278	537	278				
Accruals			-	-	-	-				
Liabilities under active management			**611**	**355**	**537**	**278**				
Assets under active management net			**119,705**	**119,095**	**106,164**	**101,983**	**13,045**	**17,011**	**9**	**9**

[1] Only fixed income and equity derivatives are included in the assets categorized from an asset management perspective. Excluded currency derivatives amounted to MSEK 561 (170).

[2] Only fixed income and equity derivatives are included in the liabilities categorized from an asset management perspective. Excluded currency derivatives amounted to MSEK 74 (78).

Market risk

Market risk is the risk of loss, or of adverse change, in the financial situation resulting, directly or indirectly, from fluctuations in the level or in the volatility of market prices of assets, liabilities and financial instruments.

Risk exposure

The investment operations generated a return of -4.4% (4.3) in 2022. The investment assets amounted to MSEK 119,705 (119,095), as presented in table 5. The main market risks are interest rate risk, equity risk and currency risk. The exposure towards market risk can be described through the allocation of investment assets and the sensitivity of their values to changes in underlying market variables.

During the year, the proportion of equity investments decreased to 10.9% (14.3). The proportion of fixed income investments increased to 88.7% (85.6). Other investment assets amounted to 0% (0) on December 31, 2022.

Table 6 shows the sensitivity analysis of the fair values of financial assets and liabilities in different market scenarios. The effects represent the immediate impact on fair values as a result of changes in the underlying market variables as per December 31 each year. The sensitivity analysis includes the effects of derivative positions and is calculated before tax.

Risk management and control

The Investment Policy is the principal document for managing market risks. It sets guiding principles for, inter alia, the prudent person principle, specific risk restrictions and a decision-making structure for the investment activities.

The structure and nature of the technical provisions, the overall risk appetite, risk tolerance, regulatory requirements and rating targets are taken into account when deciding limits and when setting return and liquidity targets. The Boards of Directors decides on the Investment Policy once a year or more often if deemed necessary. The Investment Policy specifies guidelines defining mandates and authorizations on the use of derivatives. The market risk is actively monitored and controlled by the Investment Control Committee and reported to the ORSA Committee.

Table 6 – Sensitivity analysis of the fair values of financial assets and liabilities

	2022				**2021**			
	Interest rate		**Equities**	**Properties**	**Interest rate**		**Equities**	**Properties**
MSEK	**1 percentage point parallel shift down**	**1 percentage point parallel shift up**	**20% fall in prices**	**20% fall in prices**	**1 percentage point parallel shift down**	**1 percentage point parallel shift up**	**20% fall in prices**	**20% fall in prices**
Assets								
Short-term fixed income	1	-1			11	-11		
Long-term fixed income	2,196	-2,110			1,207	-1,160		
Equities			-2,609				-3,402	
Derivatives, net	-12	12	0		-23	22	0	
Other financial assets				-2				-2
Liabilities								
Derivatives, net	-	-	-		-	-	-	
Total change in fair value	**2,184**	**-2,099**	**-2,609**	**-2**	**1,195**	**-1,148**	**-3,402**	**-2**
Effect recognized in profit/loss	**-12**	**12**	**0**	**-2**	**-23**	**22**	**0**	**-2**
Effect recognized in equity	**2,184**	**-2,099**	**-2,609**	**-2**	**1,195**	**-1,148**	**-3,402**	**-2**

Interest rate risk

Interest rate risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.

Risk exposure

Since the technical provisions are predominantly stated in nominal terms in the balance sheet, If is mainly exposed to changes in future inflation. However, the economic value of these provisions, meaning the present value of future claims payments, is exposed to changes in interest rates. Furthermore, the provisions for annuities are discounted and potential changes in discount rates affect the level of technical provisions. The discount rates could vary between countries, mainly as a result of legislative differences, but also due to the prevailing interest rate environment.

The duration of provisions and thus the sensitivity to changes in interest rates is analyzed in greater detail in Figure 4 and Table 3, in the reserve risk section. The duration of fixed income investments was at year-end 2022 was 1.9 (1.1) years. The duration of fixed income investments is shown in Table 7.

Following the financial crisis, the reformation and replacement of benchmark interest rates has become a priority for global regulators. The impact of the IBOR reform is insignificant insofar as If only has a few instruments that reference to USD LIBOR, which remains the only reference rate left to be replaced. USD LIBOR's expected cessation date is June 30, 2023 and it will then be replaced by SOFR.

As per December 31, 2022 If's risk exposure affected by the interest rate benchmark reform predominantly comprised investment instruments of MSEK 412 or 0.4% of the investment portfolio.

Risk management and control

In accordance with the Investment Policy, the nature of the insurance commitments with respect to interest rate risk and inflation risk is taken into account in the composition of investment assets. The overall interest rate risk is managed by sensitivity limits for instruments sensitive to interest rate changes.

Table 7 – Duration and breakdown of fixed income investments per instrument type

MSEK Instrument type [1]	2022 Carrying amount	%	Duration	2021 Carrying amount	%	Duration
Short-term fixed income	3,025	2.8	0.0	11,953	11.7	0.1
Scandinavia, long-term government and corporate securities	79,781	75.1	1.6	68,339	67.0	0.8
Scandinavia, index-linked bonds	4,489	4.2	5.0	5,088	5.0	6.3
Europe, long-term government and corporate securities	13,902	13.1	2.3	13,309	13.1	1.6
USA, long-term government and corporate securities	2,731	2.6	3.4	1,827	1.8	2.3
Global, long-term government and corporate securities	2,237	2.1	2.1	1,467	1.4	1.8
Total	**106,164**	**100**	**1.9**	**101,983**	**100**	**1.1**

[1] IR Derivatives are included in the table.

Equity risk

Equity risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.

Risk exposure

The equity portfolio consists of Nordic shares and a diversified global fund portfolio. At year-end, the exposure amounted to MSEK 13,045 (17,011) and the proportion of equities in the investment portfolio was 10.9% (14.3).

Risk management and control

The equity portfolio is actively managed with a long-term investment horizon. The equity risk is reduced by diversifying the investments across industry sectors and geographical areas. According to the Investment Policy, equity investments may not exceed 16.5% of the total investment portfolio and the exposure towards an individual issuer is to be limited.

Table 8 – Breakdown of equity investments by industry sectors

MSEK	2022 Carrying amount	%	2021 Carrying amount	%
Industrials	4,765	56.8	5,632	46.5
Consumer Discretionary	2,277	27.1	4,641	38.3
Materials	769	9.2	1,055	8.7
Telecommunication services	431	5.1	572	4.7
Consumer staples	55	0.7	58	0.5
Energy	51	0.6	85	0.7
Health care	26	0.3	43	0.4
Information technology	16	0.2	15	0.1
Financials and Real estate	4	0.0	4	0.0
Total	**8,393**	**100**	**12,104**	**100.0**

The sector allocation of equity excludes investments made through ETF's, mutual and private equity funds of MSEK 4,652 (4,906).

Table 9 – Breakdown of equity investments by geographical areas

MSEK	2022 Carrying amount	%	2021 Carrying amount	%
Sweden	5,875	45.1	9,320	54.9
Europe	2,944	22.6	3,108	18.3
Asia	1,698	13.0	1,771	10.4
Norway	1,147	8.8	1,318	7.8
North America	1,084	8.3	1,174	6.9
Latin America	272	2.1	278	1.6
Denmark	3	0.0	2	0.0
Total	**13,023**	**100**	**16,972**	**100**

The geographical allocation of equity excludes investments made through private equity funds of MSEK 23 (39).

Currency risk

Currency risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

Risk exposure

The currency positions and the sensitivity of the valuation to changes in exchange rates are shown in Table 10.

Risk management and control

The currency risk is reduced by matching technical provisions with investment assets in the corresponding currencies or by using currency derivatives. The currency exposure in the insurance operations is hedged to the presentation currency on a regular basis. The currency exposure in investment assets is controlled weekly and is hedged when the exposure reaches a specified level, which is set with respect to cost efficiency and minimum transaction size. If is also exposed to translation risk, which is described in more detail in the group-specific risks section.

Table 10 – Currency risk

MSEK **Currency 2022**	**EUR**	**NOK**	**DKK**	**GBP**	**USD**	**JPY**	**Other**
Investments	25,620	23,029	2,922	118	3,304	7	51
Derivatives	15,234	2,547	8,456	175	-1,258	139	167
Insurance operations	-41,585	-25,993	-11,452	-392	-2,427	-4	-328
Open position (SEK)	-730	-417	-75	-99	-381	143	-110
10% depreciation of foreign currency against SEK	73	42	7	10	38	-14	11
Effect recognized in profit/loss	73	42	7	10	38	-14	11
Effect recognized in equity	73	42	7	10	38	-14	11

Excluding currency positions in Business Area Baltic.

MSEK **Currency 2021**	**EUR**	**NOK**	**DKK**	**GBP**	**USD**	**JPY**	**Other**
Investments	19,732	23,464	4,335	40	3,972	4	8
Derivatives	16,016	-959	5,012	92	-2,519	1	162
Insurance operations	-36,355	-22,465	-9,579	-174	-1,550	-4	-216
Open position (SEK)	-607	40	-232	-43	-97	1	-46
10% depreciation of foreign currency against SEK	61	-4	23	4	10	0	5
Effect recognized in profit/loss	61	-4	23	4	10	0	5
Effect recognized in equity	61	-4	23	4	10	0	5

Excluding currency positions in Business Area Baltic.

Credit risk

Credit risk is the risk of loss, or of adverse change, in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance undertakings are exposed in the form of counterparty default risk, spread risk or market risk concentrations.

Spread risk refers to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

Counterparty delfault risk is the risk of loss due to unexpected default, or deterioration in the credit standing, of counterparties and debtors. In the case of default, the final loss depends on the value of the asset less any collateral and recoveries at the time of default.

Credit risk in investment operations

Credit risk in the investment operations can be measured as spread risk and counterparty default risk. In most cases, part of the credit risk is already reflected through a higher spread and thereby the asset has a lower market value, even in the case of no default. Accordingly, the spread is essentially the market price of credit risk.

Additional risks, stemming either from the lack of diversification in the asset portfolio or from a large exposure to default risk by a single issuer of securities or a group of related issuers not captured by the spread risk or counterparty default risk, are measured as concentration risk.

Risk exposure

The most significant credit risk exposures arise from fixed income investments. The exposures are shown by sector, asset class and rating category in Table 11.

Risk management and control

Credit risk in the investment operations is managed by specific limits stipulated in the Investment Policy. In the policy, limits are set for maximum exposures towards single issuers, type of debt category and per rating class. The spread risk is further limited by sensitivity limits for instruments sensitive to spread changes.

Before investing, potential investments are analyzed thoroughly. The creditworthiness and outlook of the issuer are assessed together with any collateral as well as structural details of the potential investment. Internal risk indicators are important factors in the assessment, although the macroeconomic environment, market trends and external opinions of analysts and credit ratings by rating agencies are also taken into account. In addition, the portfolio performance and the counterparties' credit standings are monitored continuously.

The development of the portfolios with respect to credit risk is monitored at company level, as well as at group level, and reported to the Investment Control Committee and the ORSA Committee. Credit exposures are reported by ratings, instrument type and industry sector.

Table 11 – Exposures by sectors, asset classes and rating category 2022

	Fixed income												
MSEK	**AAA**	**AA+ - AA-**	**A+ - A-**	**BBB+ - BBB-**	**BB+ - C**	**D**	**Not rated**	**Total [1]**	**Equities**	**Proper-ties**	**Deriva-tives**	**Total [2]**	**Change compared with Dec 31 2021**
Basic Industry	-	-	133	1,508	224	-	214	**2,079**	604	-	-	**2,683**	749
Capital Goods	-	-	801	1,006	337	-	1,122	**3,267**	5,400	-	-	**8,668**	-1,501
Consumer Products	-	11	1,871	2,962	167	-	604	**5,615**	1,861	-	-	**7,476**	-1,005
Energy	-	-	160	-	-	-	1,097	**1,257**	51	-	-	**1,308**	-37
Financial Institutions	351	7,176	16,235	6,614	1.113	-	430	**31,920**	-	-	8	**31,928**	1,877
Governments	4,695	-	-	-	-	-	-	**4,695**	-	-	-	**4,695**	-599
Government Guaranteed	-	266	-	-	-	-	-	**266**	-	-	-	**266**	-8
Health Care	-	-	141	593	84	-	405	**1,222**	26	-	-	**1,249**	174
Insurance	-	-	451	1,246	86	-	1,789	**3,572**	13	-	-	**3,585**	-792
Media	-	-	-	-	-	-	277	**277**	-	-	-	**277**	32
Packaging	-	-	-	-	226	-	-	**226**	-	-	-	**226**	80
Public Sector, Other	5,738	406	-	-	-	-	-	**6,144**	-	-	-	**6,144**	-92
Real Estate	-	434	1,481	2,447	357	-	2,229	**6,947**	-	9	-	**6,957**	-6,591
Services	-	-	80	520	1.088	-	293	**1,980**	-	-	-	**1,980**	61
Technology and Electronics	-	124	248	139	-	-	524	**1,035**	7	-	-	**1,042**	-142
Telecommunications	-	-	20	1,225	-	-	213	**1,459**	431	-	-	**1,889**	-858
Transportation	-	634	477	-	150	-	1,244	**2,506**	-	-	-	**2,506**	-351
Utilities	-	-	777	1,516	854	-	474	**3,621**	-	-	-	**3,621**	265
Covered Bonds	27,860	-	-	-	-	-	-	**27,860**	-	-	-	**27,860**	9,375
Funds	-	-	-	-	-	-	107	**107**	4,652	-	-	**4,759**	-147
Other	-	-	-	19	-	-	576	**595**	0	-	-	**595**	118
Clearing House	–	–	–	–	–	–	–	**-**	–	–	48	**48**	43
Total	**38,645**	**9,051**	**22,875**	**19,795**	**4.686**	**-**	**11,599**	**106,650**	**13,045**	**9**	**56**	**119,761**	**650**
Change compared with Dec 31, 2021	8,819	-1,917	5,177	-1,519	265	-	-6,258	4,569	-3,965	1	47	**650**	

[1] Total fixed income exposure differs by MSEK 486 from the corresponding financial assets and liabilities in Table 5 because other derivatives and collaterals are excluded.

[2] Total exposure differs by MSEK 56 from the corresponding financial assets and liabilities in Table 5 because the counterparty risk for OTC derivatives is taken into account.

Credit risk in reinsurance operations

In addition to credit risk associated with investment assets, credit risk arises from insurance operations, most importantly through ceded reinsurance. Credit risk related to reinsurers arises through reinsurance receivables and through the reinsurers' portion of claims outstanding. Credit risk exposure towards policyholders is very limited, since non-payment of premiums generally results in the cancellation of insurance policies.

Risk exposure

The distribution of recoverables and receivables concerning ceded reinsurance is presented in Table 12. In the table, MSEK 2,053 (1,845) is excluded, which mainly relates to captives and statutory pool solutions.

Table 12 – Reinsurance recoverables

MSEK Rating (S&P)	2022	%	2021	%
AA	857	47.3	864	49.7
A	951	52.5	869	50.0
BBB	0	0	-	-
Not rated	4	0.2	5	0.3
Total	**1,812**	**100**	**1,739**	**100**

Risk management and control

To limit and control credit risk associated with ceded reinsurance, the Reinsurance Policy sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. Credit ratings from rating agencies are used to determine the creditworthiness of reinsurance companies.

The distribution of ceded treaty and facultative premiums per rating category is presented in Table 13.

Table 13 – Ceded treaty and facultative reinsurance premiums per rating category

MSEK Rating (S&P)	2022	%	2021	%
AA	427	46.6	433	54.0
A	488	53.4	370	46.0
Total	**915**	**100**	**803**	**100**

Asset and Liability Management risk

Asset and Liability Management (ALM) risk is the risk of loss, or of adverse change, in the financial situation resulting from a mismatch between the assets' and the liabilities' sensitivity to fluctuations in the level or in the volatility of market rates.

Risk management and control

ALM is taken into account through the risk appetite framework and is governed by the Investment Policies.

Most of the technical provisions are nominal, while a significant portion, namely the annuity and annuity IBNR reserves, are discounted using interest rates in accordance with the regulatory rules. Accordingly, from an accounting perspective, If is mainly exposed to changes in regulatory discount rates and inflation expectations.

From an economic perspective, wherein the technical provisions are discounted using prevailing interest rates, If is exposed to changes in inflation and nominal interest rates.

To maintain the ALM risk within the overall risk appetite, the technical provisions may be matched by investing in fixed income instruments and by using currency and interest rate derivatives.

Liquidity risk

Liquidity risk is the risk that insurance undertakings are unable to realize investments and other assets in order to settle financial obligations when they fall due.

Risk exposure

The maturities of cash flows for technical provisions, financial assets and liabilities are presented in Table 14. In the table, financial assets and liabilities are divided into contracts with a contractual maturity profile, and other contracts. The table also shows expected cash flows for net technical provisions, which are inherently associated with a degree of uncertainty.

Risk management and control

In If P&C Insurance Ltd (publ), premiums are collected in advance and large claim payments are usually known long before they fall due, thus limiting the liquidity risk.

The Cash Management unit is responsible for liquidity planning. To identify liquidity risk, expected cash flows from investment assets and technical provisions are analyzed regularly, taking both normal market conditions and stressed conditions into consideration. Liquidity risk is reduced by investing in assets that are readily marketable in liquid markets. The available liquidity of financial assets, meaning the part of the assets that can be converted into cash at a specific point in time, is analyzed and reported continuously.

Table 14 – Maturities of cash flows for financial assets, liabilities and net technical provisions

				Cash flows						
2022 MSEK	**Carrying amount**	***of which without maturity***	***of which with contractual maturity***	**2023**	**2024**	**2025**	**2026**	**2027**	**2028-2037**	**2038-**
Financial assets	139,793	*16,286*	*123,508*	36,226	24,228	20,140	22,497	25,197	9,591	-
Derivative liabilities	-74	-	*-74*	-69	-	-	-	-	-	-
Other financial liabilities	-11,846	*-534*	*-11,312*	-9,718	-88	-393	-1,533	-	-	-
Lease liabilities	-1,783	-	*-1,783*	-285	-259	-252	-242	-203	-652	-
Net technical provisions	-94,230	*-94,230*	-	-38,835	-11,644	-6,506	-4,699	-3,793	-19,908	-19,766

				Cash flows						
2021 MSEK	**Carrying amount**	***of which without maturity***	***of which with contractual maturity***	**2022**	**2023**	**2024**	**2025**	**2026**	**2027-2036**	**2037-**
Financial assets	136,936	*22,364*	*114,572*	43,307	18,918	21,811	14,763	13,673	5,389	-
Derivative liabilities	-78	-	*-78*	-83	-	-	-	-	-	-
Other financial liabilities	-10,145	*-451*	*-9,694*	-6,953	-1,044	-40	-337	-1,518	-	-
Lease liabilities	-1,710	-	*-1,710*	-246	-224	-212	-210	-199	-725	-
Net technical provisions	-89,300	*-89,300*	-	-34,088	-10,142	-5,366	-3,703	-2,959	-17,550	-19,993

Concentration risk

Concentration risk is all risk concentrations towards a single counterparty, industry sector or geographic region with a material loss potential that is not captured by any other risk type.

Risk exposure

The investments are mainly concentrated to the financial sector in the Scandinavian countries. The largest market and credit risk concentrations related to a single issuer of securities or a group of related issuers and asset classes are shown in Table 15. Concentrations to industry, sector or geographical area are shown in Tables 8, 9 and 11.

Reinsurers share of the ten largest individual reinsurance recoverable balances amounted to MSEK 2,215 (1,923), representing 57% (54) of the total reinsurance recoverables. Out of the ten largest reinsurance recoverables, 34% (32) of the reinsurers had an A rating or higher, while the rest were from non-rated captives.

Risk management and control

In the Underwriting Policy, Reinsurance Policy and Investment Policy, limits are set for maximum exposures towards single issuers or group of related issuers and per rating class. Risk concentrations are actively monitored and controlled by the respective committee and reported to the ORSA Committee.

Table 15 – Concentration of market and credit risks in individual counterparties and asset classes 2022

MSEK Fair value	Equities	Covered bonds	Other long-term fixed income	Short-term fixed income	Positive fair values of derivatives [1]	Total
Nordea Bank plc	-	5,511	1,924	1,811	7	**9,253**
Svenska Handelsbanken AB (publ)	-	6,447	555	6	-	**7,008**
Kingdom of Sweden	-	-	6,534	-	-	**6,534**
Swedbank AB (publ)	-	5,117	1,045	5	-	**6,167**
Kingdom of Norway	-	-	4,099	-	-	**4,099**
DnB ASA	-	1,353	2,133	4	-	**3,490**
Danske Bank A/S	-	1,328	1,442	22	-	**2,793**
AB Volvo	1,461	-	1,247	-	-	**2,707**
Nykredit A/S	-	902	803	-	-	**1,706**
Skandinaviska Enskilda Banken AB (publ)	-	722	960	15	-	**1,697**
Total top ten exposures	**1,461**	**21,381**	**20,743**	**1,863**	**7**	**45,454**

[1] After deduction of received cash collateral and financial instruments subject to master netting agreements.

The ten largest exposures amount to MSEK 45,454 (38,289), representing 38% (32) of the investment assets under active management.

Operational risk

Operational risk is the risk of loss arising from inadequate or failed processes or systems, from personnel, or from external events.

Operational risks occur in all parts of the organization and are a natural part of the business. It is not cost-effective to eliminate all operational risks and therefore the level of risk mitigation needs to be balanced. Managers within the line organization are the risk owners and responsible for continuously managing significant risks to an acceptable level within their operations.

Risk exposure

If's main operational risks are related to internal processes and customer and partner processes that are driven by the transition to a multi core system landscape, old legacy systems and complex processes. To manage these risks If has a core system strategy to enable an efficient transition, a changed governance and management structure as well as standardized routines to meet new demands.

Furthermore, information security is significant within the operational risk area related to the risk of data leaks or business interruptions due to improper handling of sensitive data or cyber-attacks. Some examples of risk mitigating activities are If's continuous work in governing identities and accesses, improving incident responses and security monitoring, as well as penetration tests and regular tests of backups and IT redundancies. For monitoring the information security, If has established an Information Security Committee.

Operational risks are identified and assessed through the Operational and Compliance Risk Assessment (OCRA) process. Self-assessments to identify, assess, measure, mitigate and monitor operational risks are performed and reported regularly by the line organization. Identified operational risks are assessed from a likelihood and impact perspective and evaluated using a traffic light system. An operational risk coordinator network in the line organization supports the risk owners in the OCRA process. The results are challenged and aggregated by the Risk Management function. If P&C Insurance Ltd (publ) has a system for incident reporting procedures and follow-up. Incident data is used to analyze operational risk and severe incidents are tracked to ensure that proper actions are taken.

Risk management and control

If has issued several steering documents which are relevant for the management of operational risks. These include, but are not limited to, the Operational Risk Policy, Business Continuity and Security Policy and Information Security Policy. If also has processes and instructions in place to manage the risk of external and internal fraud. Policies and other relevant guidelines are reviewed and updated at least annually. Internal training on ethical rules and other relevant guidelines is provided to employees on a regular basis.

Other Risks

Strategic risk

Strategic risk is defined as the risk of losses due to changes in the competitive environment, changes in the overall economic climate or internal inflexibility.

Risk management and control

Strategic risk relates to changes in the operational environment and the capability to adjust to changes in relation to the strategy and financial planning process. The most likely strategic risks are related to competition, macroeconomic, regulatory and other external factors. These risks are controlled and mitigated through the continuous monitoring of competitors, the market and regulatory changes.

The Corporate Strategy unit is responsible for coordinating the strategic risk assessments. The strategy process takes place annually and includes setting high-level objectives and translating these into detailed short-term business plans. The strategy process also includes a risk assessment update whenever larger changes occur. An overall assessment by the Corporate Strategy unit is reported to the ORSA Committee.

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, material financial losses or loss of reputation as a result of not complying with applicable rules.

Risk management and control

The Compliance function is responsible for ensuring that there are effective processes for identifying, assessing, mitigating, monitoring and reporting compliance risk exposure. Compliance risks are identified and assessed in the OCRA process. The most important compliance risks are reported to the ORSA Committee and to the Boards of Directors.

Compliance incidents are reported by the business in the incident reporting tool and incident data is used to analyze risks. Severe incidents are investigated to ensure that appropriate actions are taken.

There is a number of steering documents that are relevant for the management of compliance risks, for example the Compliance Policy, the Risk Management Policy, the Ethics Policy and the AML/CTF Policy.

Internal training on important rules and guidelines is provided to employees on a regular basis. Policies and other internal steering documents are reviewed and updated at least annually.

Reputational risk

Reputational risk is often a consequence of a materialized operational or compliance risk and is defined as potential damage to the company through the deterioration of its reputation amongst customers and other stakeholders.

A good reputation is vital for an insurance company, which means that trust is an important factor in the relationship with customers, investors, employees and other stakeholders. If's reputation is determined by how stakeholders perceive the Group in all aspects.

Risk management and control

When assessing the operational and compliance risks in the organization, a deteriorated reputation as a consequence of a materialized risk is taken into account. Reputational risk is assessed from an impact and likelihood perspective. Identified reputational risk is managed by the organization and in some cases by the Communication Department. An aggregated reputational risk assessment is reported to the ORSA Committee.

Some processes are especially sensitive to reputational risk, such as marketing and claims handling. Individual incidents can also receive high attention in media. Professional handling and communication are key to mitigate the risk. There are established procedures for customer complaints and incident reporting. If also provides training for employees in ethical guidelines and how potential reputational risks should be handled. What is written about If in media is continuously monitored.

Emerging risks

Emerging risks are newly developing or changing risks which are difficult to quantify and which may have a major impact on the business.

Risk exposure

The risks that are under extra observation are lack of adaptation to climate changes, Internet of Things (IoT), terrorism and infrastructure blackouts.

Risk management and control

The main principle is that each business area is responsible for identifying and taking action with regard to potential emerging risk exposures in its business. As emerging risks are not considered a stand-alone risk category, they are assessed as an integrated part of the main risk categories, see Figure 1 – Risks encompassed in the Risk Management System. For example, climate related risks in the insurance business, such as the risk of weather related claims are identified, assessed, mitigated, monitored and reported in the underwriting process. Due to the risk of a potentially large accumulation of emerging risks that could negatively affect the long-term solvency position, an Emerging Risk Core Team has been established, consisting of key persons from the various business areas. This group follows and analyzes important emerging risk factors and suggests actions. The most serious risks are reported to the ORSA Committee by the Emerging risk coordinator.

Group-specific risks

Group-specific risks are risks that are present at company level but whose impact is significantly different at group level, or risks that are only present at group level. Examples of group-specific risks are contagion risk due to intra-group transactions as well as currency risk and translation risk due to the group structure. The intra-group transactions consist of internal reinsurance, internal outsourcing and other services provided under service agreements.

Risk exposure

The only material group-specific risk for If is translation risk. The translation risk refers to the risk that arises when consolidating the financial statements of foreign operations that have a different presentation currency than the Parent Company into the Group's financial statements.

Risk management and control

If has processes in place for handling these risks and interdependencies through the risk management system. The translation risk is not hedged since those operations and investments are regarded as long-term and their currency effects will not affect the income statement.

Notes to the income statement

Note 6 – Result per business area

The Group's operations are controlled and reported primarily in accordance with If's customer groups and operations, which consist of private individuals in Business Area Private, small and medium sized corporate customers in Business Area Commercial, large sized corporates in Business Area Industrial, as well as asset management.

The Private, Commercial and Industrial business areas conduct operations in Sweden, Norway, Denmark and Finland on a pan-Nordic business platform.

The operations in the Baltic countries constitute a separate business area. The business area consists of insurance operations conducted in Estonia, Latvia and Lithuania.

The asset management unit provides centralized management of the Group's investment assets and bank balances. The asset management unit has earnings responsibility for its operations within the investment restrictions regulated in the Group investment policy.

An estimated return on the assets that correspond to technical provisions is transferred from the non-technical account to the technical result for each business area.

Within segment reporting, a separate account is provided in terms of the group-wide operations that If has chosen not to allocate to the Group's established business areas. Within Other, If reports its road assistance, run-off operations and other group-wide operations.

Business area consolidation is implemented, with the exception of asset management, in accordance with the same policies as those applied by the Group. The income statement items, assets and liabilities that are attributed to the various business areas are of an insurance-related nature and constitute the principal operating items.

Income statement and balance sheet per business area

MSEK	Private	Com-mercial	Industrial	Baltic	Asset manage-ment	Other [1]	Eliminations and adjustments to consolidated policies [2]	2022 Total	2021 Total
Premiums earned, net of reinsurance	31,085	14,017	6,078	1,984		0		53,164	48,418
Allocated investment return transferred from the non-technical account	61	38	16	-		0		115	145
Other technical income	259	85	24	1		1,601	-500	1,470	1,232
Claims incurred, net of reinsurance	-20,876	-8,041	-4,398	-1,304		21	104	-34,494	-31,717
Operating expenses in insurance operations, net of reinsurance	-4,522	-2,421	-814	-480		62	-22	-8,197	-7,662
Other operating expenses	-321	-107	-23	-		-1,538	418	-1,570	-1,260
Technical result from property and casualty insurance	**5,686**	**3,571**	**883**	**202**	**-**	**146**	**0**	**10,488**	**9,155**
Investment result					-5,464		8,366	2,902	2,371
Allocated investment return transferred to the technical account						-471		-471	-361
Interest expense on net pension liability						-4		-4	-13
Interest expense, financing						-81		-81	-163
Income from associates						97		97	-67
Result before income taxes								**12,931**	**10,923**
Assets on December 31									
Intangible assets	-	293	-	-	-	1,940		2,233	2,137
Investment assets	-	-	-	-	116,288	-		116,288	113,839
Reinsurers' share of technical provisions	34	70	3,468	50	-	0		3,622	3,299
Deferred tax assets	-	-	-	53,	-	42		95	45
Debtors arising out of insurance operations	12,937	2,779	1,939	500	-	-66		18,089	16,216
Deferred acquisitions costs	855	345	69	52	-	-		1,321	1,162
Other assets [3]	-	-	-	-	1,953	6,145		8,098	9,174
Total assets	**13,826**	**3,487**	**5,475**	**656**	**118,241**	**8,061**		**149,746**	**145,872**
Shareholders' equity, provisions and liabilities on December 31									
Shareholders' equity	-	-	-	-	-	34,495		34,495	36,292
Subordinated debt	-	-	-	-	-	2,494		2,494	2,490
Technical provisions, gross	50,084	25,312	19,819	2,639	-	0		97,853	92,599
Provisions for other risks and charges	18	5	-	330	-	2,216		2,568	3,978
Creditors arising out of insurance operations	499	425	905	70	-	803		2,702	1,989
Reinsurers´share of deferred acquisitions costs	4	2	57	1	-	-		64	52
Other creditors [3]	-	-	-	-	618	8,951		9,569	8,471
Total shareholders' equity, provisions and liability	**50,605**	**25,743**	**20,780**	**3,040**	**618**	**48,959**		**149,746**	**145,872**

[1] Including road assistance, run-off and other operations not allocated to the business areas.

[2] Relating to elimination of transactions between business areas. Additionally, the business area reporting includes all value changes on investment assets in the Investment result. The main principle in the Group is to recognize unrealized gains or losses in Other comprehensive income.

[3] Other debtors and creditors are not divided on the basis of business areas except for those related to asset management.

Operations per geographical area

Revenue by geographic area below is distributed among the countries in which If has companies or branches and corresponds in all material respects to the customers' geographic domicile.

Long-term investments have been distributed directly to the countries where they belong in terms of physical or business domicile.

MSEK	Sweden		Norway		Denmark		Finland		Baltic		Total	
Geographical area segment information	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Premiums earned, net of reinsurance	17,829	17,088	17,545	15,407	5,110	4,593	10,695	9,730	1,984	1,601	53,164	48,418
Non-current assets [1]	767	773	2,308	2,166	38	139	1,210	1,177	81	73	4,404	4,328

[1] Non-current assets refer to goodwill, customer relations, other intangible assets, land and buildings, investments in associates and tangible assets.

Business Area Private

Development during the year

The technical result decreased during the year and amounted to MSEK 5,686 (6,261), corresponding to a combined ratio of 81.7% (78.6).

Gross written premiums increased by 3.5% excluding currency effects with positive development in all countries. Growth was mainly driven by rate increases in line with claims inflation and strong retention of 90%. Gross written premiums were negatively affected by continued slow new car sales development during the year. In 2022, the number of customers increased to 3.3 million households, and customer satisfaction remained high at NPS 62.

In total, claims costs increased compared with the preceding year and the risk ratio deteriorated to 60.6% (57.3). This was mainly due to a more normal claims rate compared with the pandemic years and an increase in weather-related claims compared with last year.

The cost ratio amounted to 21.1% (21.2) and total operating expenses increased by 2.9% excluding currency effects.

In 2022, digital customer KPIs continued to improve following consistent investments into this area over many years. The digital share of incoming sales increased to more than 50% and online claims continued to develop positively. Also, self-service through My Pages increased by 16% year-on-year to over 13 million logins during the year with good development in all countries.

MSEK **Income statement and insurance-related balance sheet items**	**2022**	**2021**
Premiums earned, net of reinsurance	31,085	29,072
Allocated investment return transferred from the non-technical account	61	71
Other technical income	259	249
Claims incurred, net of reinsurance	-20,876	-18,511
Operating expenses in insurance operations, net of reinsurance	-4,522	-4,332
Other operating expenses	-321	-288
Technical result of property and casualty insurance	**5,686**	**6,261**
Intangible assets	**-**	**-**
Debtors arising out of direct insurance operations	12,929	11,914
Debtors arising out of reinsurance operations	8	18
Debtors arising out of insurance operations	**12,937**	**11,932**
Deferred acquisition costs	855	758
Reinsurers' share of deferred acquisition costs	4	4
Deferred acquisition costs, net	**850**	**754**
Technical provisions, gross	50,084	47,948
Reinsurers' share of technical provisions	34	47
Technical provisions, net	**50,050**	**47,902**
Creditors arising out of direct insurance operations	498	394
Creditors arising out of reinsurance operations	1	3
Creditors arising out of insurance operations	**499**	**396**

Business Area Commercial

Development during the year

The technical result improved during the year and amounted to MSEK 3,571 (2,208), corresponding to a combined ratio of 74.6% (83.2).

Gross written premiums increased by 6.0% excluding currency effects. Growth was particularly strong in Sweden and Norway. The increase in gross written premiums was supported by rate actions during the year, solid renewals of existing customers and a growing customer base.

In total, claims costs decreased compared with the preceding year and the risk ratio improved to 52.7% (61.2). This positive development was the result of continuous work on risk selection and increased price sophistication during the year.

The cost ratio amounted to 22.0% (21.9) and total operating expenses increased by 5.4% excluding currency effects.

The strong business momentum during the year was supported by continued investments in online sales and increased usage of self-service solutions. At the end of the year nearly 45% of Commercials' customers used the digital login solution MyBusiness.

MSEK **Income statement and insurance-related balance sheet items**	**2022**	**2021**
Premiums earned, net of reinsurance	14,017	12,803
Allocated investment return transferred from the non-technical account	38	57
Other technical income	85	80
Claims incurred, net of reinsurance	-8,041	-8,423
Operating expenses in insurance operations, net of reinsurance	-2,421	-2,227
Other operating expenses	-107	-82
Technical result of property and casualty insurance	**3,571**	**2,208**
Intangible assets	**293**	**269**
Debtors arising out of direct insurance operations	2,774	2,509
Debtors arising out of reinsurance operations	5	11
Debtors arising out of insurance operations	**2,779**	**2,519**
Deferred acquisition costs	345	311
Reinsurers' share of deferred acquisition costs	2	1
Deferred acquisition costs, net	**343**	**310**
Technical provisions, gross	25,312	24,881
Reinsurers' share of technical provisions	70	76
Technical provisions, net	**25,241**	**24,805**
Creditors arising out of direct insurance operations	425	333
Creditors arising out of reinsurance operations	0	11
Creditors arising out of insurance operations	**425**	**344**

Business Area Industrial

Development during the year

The technical result amounted to MSEK 883 (342), corresponding to a combined ratio of 85.8% (93.4).

Gross written premiums increased by 20.4% excluding currency effects. Growth was strong in all four Nordic countries with inflation-driven rate increases across the board. Continued strong renewals and improved retention also supported growth.

In total, the claims cost increased compared with the preceding year while the risk ratio improved to 68.5 % (74.3). The increase in claim costs was largely due to a less favourable large claims outcome than last year. However, the outcome of severe weather claims was better than in the preceding year, which was affected by severe weather losses related to flooding in Europe.

The cost ratio amounted to 17.3% (19.1) and total operating expenses increased by 7.9% excluding currency effects.

During the year digital engagement and self-service increased among Industrial customers. Approximately 55% of clients now have access to If Login and more than 90% of those were active users during the year.

MSEK **Income statement and insurance-related balance sheet items**	**2022**	**2021**
Premiums earned, net of reinsurance	6,078	4,943
Allocated investment return transferred from the non-technical account	16	17
Other technical income	24	22
Claims incurred, net of reinsurance	-4,398	-3,895
Operating expenses in insurance operations, net of reinsurance	-814	-723
Other operating expenses	-23	-22
Technical result of property and casualty insurance	**883**	**342**
Intangible assets	**-**	**-**
Debtors arising out of direct insurance operations	846	434
Debtors arising out of reinsurance operations	1,092	1,077
Debtors arising out of insurance operations	**1,939**	**1,511**
Deferred acquisition costs	69	53
Reinsurers' share of deferred acquisition costs	57	47
Deferred acquisition costs, net	**12**	**6**
Technical provisions, gross	19,819	17,632
Reinsurer' share of technical provisions	3,468	3,142
Technical provisions, net	**16,351**	**14,490**
Creditors arising out of direct insurance operations	386	55
Creditors arising out of reinsurance operations	519	418
Creditors arising out of insurance operations	**905**	**473**

Business Area Baltic

Development during the year

The technical result deteriorated during the year and amounted to MSEK 202 (212), corresponding to a combined ratio of 89.9% (86.8).

Gross written premiums increased by 21.9% excluding currency effects. Growth was strong in all Baltic countries: Estonia, Latvia and Lithuania. Gross written premiums were positively affected by continued rate increases because of elevated inflation and a growing customer base compared with the previous year.

In total, the claims costs increased compared with the preceding year which contributed to a deteriorated risk ratio of 62.8% (58.7). During the year, the risk ratio was negatively affected by increased claims inflation and a higher claims frequency compared with the previous year.

The cost ratio amounted to 27.1% (28.0) and total operating expenses increased by 14.2% excluding currency effects.

MSEK **Income statement and insurance-related balance sheet items**	**2022**	**2021**
Premiums earned, net of reinsurance	1,984	1,601
Allocated investment return transferred from the non-technical account	-	-
Other technical income	1	1
Claims incurred, net of reinsurance	-1,304	-989
Operating expenses in insurance operations, net of reinsurance	-480	-400
Other operating expenses	0	-
Technical result of property and casualty insurance	**202**	**212**
Intangible assets	**-**	**-**
Debtors arising out of direct insurance operations	498	365
Debtors arising out of reinsurance operations	2	3
Debtors arising out of insurance operations	**500**	**368**
Deferred acquisition costs	52	40
Reinsurers' share of deferred acquisition costs	1	1
Deferred acquisition costs, net	**51**	**39**
Technical provisions, gross	2,639	2,138
Reinsurers' share of technical provisions	50	35
Technical provisions, net	**2,589**	**2,103**
Creditors arising out of direct insurance operations	61	57
Creditors arising out of reinsurance operations	9	10
Creditors arising out of insurance operations	**70**	**67**

Asset management

At full market value, the result from asset management was negative MSEK 5,464 (positive 4,999), corresponding to a total return of negative 4.4% (positive 4.3). Net investment return amounted to MSEK 2,902 (2,371) in the income statement and negative MSEK 8,366 (positive 2,628) in other comprehensive income.

The decline in the result compared with the preceding year was mainly due to negative results for both the fixed-income portfolio and the equity portfolio, impacted by interest rate increases and a correction in the stock market.

Fixed income gave a total return of negative 1.7% (positive 1.7). Almost all interest-bearing assets generated negative results, except for Scandinavian high-yield corporate bonds which generated a positive return.

Total return on equities was negative 20.4% (positive 27.3). If’s investments in nearly all stock markets declined during 2022, except for the Latin America position, which generated a positive return.

Asset allocation remained fairly stable. Fixed income comprises 89% (86) and equities 11% (14) of the total investment assets. The duration of the fixed income assets was 1.9 (1.1) at the end of the year.

Return on investment assets [1]	Fair value Dec 31, 2022 MSEK	%	Fair value Dec 31, 2021 MSEK	%	Return 2022 MSEK	%	Return 2021 MSEK	%
Interest-bearing securities	106,164	89	101,983	86	-1,742	-1,7	1,716	1.7
Shares	13,045	11	17,011	14	-3,402	-20,4	3,589	27.3
Currency (active positions)	24	-	1	-	36	-	0	-
Currency (other) [2]	463	-	92	-	-154	-	-134	-
Properties	9	-	9	-	-12	-	7	-
Other	0	-	-	-	-189	-	-179	-
Total investment assets excl. associates [1]	**119,705**	**100**	**119,095**	**100**	**-5,464**	**-4,4**	**4,999**	**4.3**

[1] The table above has the same format and is based on the same calculation methods as those used internally by If for the valuation of investment operations. The valuation does not include associates. Accrued interest and the investment operations’ bank balances are reported above as part of interest-bearing securities. Derivatives and securities settlement claims/liabilities have been reported under the relevant asset category above. The return on active investments has been calculated using a daily time-weighted calculation method. Properties and Other have been calculated using a monthly time-weighted calculation method.

[2] In the asset category Currency (other), the current value of held currency derivatives is presented. The reported return on the same line also includes, in addition to the return from currency derivatives, currency exchange effects recognized in the income statement from the revaluation of items in the income statement and balance sheet.

Other operations

If’s subsidiary Viking Assistance Group AS is the Parent Company of the Viking Group (Viking). Viking offers nationwide 24/7 assistance service in all Nordic countries.

The Nordic market for roadside assistance normalized during the year after the mobility restrictions due to the Covid-19 pandemic were lifted. Viking experienced increasing assistance volumes and revenues during 2022, with contribution made by all geographical areas. Revenues during the year increased to MSEK 1,334 (1,065) and operating profit was MSEK 49 (56).

Besides Viking, Other operations comprise Group-wide operations that If has chosen not to allocate to the Group’s established business areas and includes certain parent company costs, adjustments due to reporting of defined-benefit pension plans and interest expenses for the Group’s subordinated debt. Other operations also include run-off operations. The technical result for these parts of the operations amounted to MSEK 97 (76).

Note 7 – Premiums written

	2022			2021		
MSEK	Gross[1)]	Ceded	Net	Gross[1)]	Ceded	Net
Premiums written	57,732	-3,497	54,235	52,089	-2,827	49,262

[1)] Of which insurance agreements for direct property and casualty insurance written in:

Sweden	18,509	17,727
Rest of EEA	36,820	32,518
Total	**55,329**	**50,244**

Note 8 – Allocated investment income transferred from the non-technical account

The estimated return on the assets that correspond to the technical provisions is transferred from the finance operations (non-technical account) to the technical result. The return is calculated on the basis of net technical provisions. Interest rates corresponding to current discount rates in each country are used for calculating the return on annuities. For other technical provisions, interest rates used in the calculation for each currency match the interest rate for government bonds with a maturity that approximates with the maturity of the technical provisions. Negative interest rates are not used. The transferred investment return is divided into two parts; one part that adds the annuity result by means of a reduction of costs for the upward adjustment of the annuity provision and one part that is reported separately as the allocated investment return.

The following average calculated interest rates have been used for the principal countries/currencies:

	2022		2021	
	Annuities	Other provisions	Annuities	Other provisions
Sweden/SEK	2.2%	0.0%	1.2%	0.0%
Norway/NOK	2.7%	0.4%	1.8%	0.8%
Denmark/DKK	1.5%	0.0%	0.2%	0.0%
Finland/EUR	0.9%	0.0%	0.8%	0.0%

Note 9 – Claims incurred

	2022			2021		
MSEK	Gross	Ceded	Net	Gross	Ceded	Net
Claims costs attributable to current-year operations						
Claims paid	-19,102	193	-18,908	-18,194	697	-17,498
Operating expenses for claims adjustment	-3,002	-	-3,002	-2,701	-	-2,701
Operating expenses for claims paid	-5	-	-5	-	-	-
Change in claims reserve for incurred and reported losses	-9,156	624	-8,531	-7,424	557	-6,867
Change in claims reserve for incurred but not reported losses (IBNR)	-7,339	122	-7,217	-6,357	90	-6,268
Change in provision for annuities	-42	-	-42	-81	-	-81
Change in reserves for claims adjustment	-374	-	-374	-41	-	-41
			-38,081			**-33,455**
Claims costs attributable to prior-year operations						
Claims paid	-13,400	1,179	-12,220	-10,798	768	-10,030
Annuities	4,104	-14	4,090	-1,259	-2	-1,262
Change in claims reserve for incurred and reported losses	7,522	-728	6,794	6,293	-405	5,888
Change in claims reserve for incurred but not reported losses (IBNR)	5,036	-113	4,924	7,224	-83	7,141
			3,587			**1,737**
Total insurance claims	**-35,758**	**1,264**	**-34,494**	**-33,339**	**1,622**	**-31,717**

MSEK	2022 Gross	2022 Ceded	2022 Net	2021 Gross	2021 Ceded	2021 Net
Paid insurance claims						
Claims paid	-32,501	1,372	-31,129	-28,993	1,465	-27,527
Annuities paid	-1,311	-	-1,311	-1,348	-	-1,348
Operating expenses for claims adjustment	-3,002	-	-3,002	-2,701	-	-2,701
Operating expenses for claims paid	-5	-	-5	-	-	-
	-36,820	**1,372**	**-35,447**	**-33,042**	**1,465**	**-31,577**
Change in provision for claims outstanding						
Change in claims reserve for incurred and reported losses	-1,634	-104	-1,738	-1,131	152	-979
Change in claims reserve for incurred but not reported losses (IBNR)	-2,303	10	-2,293	866	7	874
Change in claims provision for annuities	5,372	-14	5,358	8	-2	5
Change in reserves for claims adjustment	-374	-	-374	-41	-	-41
	1,062	**-108**	**954**	**-298**	**157**	**-141**
Total claims incurred	**-35,758**	**1,264**	**-34,494**	**-33,339**	**1,622**	**-31,717**

Note 10 – Operating expenses

MSEK	2022	2021
Specification of income statement item operating expenses		
External acquisition costs [1]	-1,696	-1,469
Internal acquisition costs	-4,344	-3,939
Change in deferred acquisition costs, gross	107	-39
Administrative expenses, insurance	-2,497	-2,399
Total operating expenses in property and casualty insurance, gross	**-8,429**	**-7,846**
Reinsurance commission and profit participation in ceded reinsurance	238	189
Change in deferred acquisition costs, ceded	-5	-5
Total reinsurance commission and profit participation in ceded reinsurance	**232**	**184**
Other operating expenses	-1,570	-1,260
Total	**-9,767**	**-8,922**
[1] Of which, provisions in direct insurance	*-1,540*	*-1,350*
Summary of total operating expenses		
Salaries and remuneration	-5,306	-4,773
Social costs	-1,148	-1,050
Pension costs	-689	-612
Other personnel costs	-328	-231
Total personnel costs	**-7,471**	**-6,666**
Premises costs	-218	-222
Depreciation, amortization and impairments	-400	-632
Roadside assistance	-935	-723
External acquisition costs	-1,696	-1,469
Other administrative costs	-2,627	-2,257
Total	**-13,347**	**-11,969**

MSEK	2022	2021
Allocation of operating expenses in the income statement		
Claims-adjustment costs included in claims paid	-3,002	-2,701
Claims costs included in claims paid	-5	-
External and internal acquisition costs included in operating expenses in insurance operations	-6,040	-5,408
Joint administrative costs for insurance operations included in operating expenses in insurance operations	-2,497	-2,399
Administrative costs pertaining to other technical operations included in other operating expenses	-1,570	-1,260
Asset-management costs included in investment costs	-232	-200
Total	**-13,347**	**-11,969**

Note 11 – Average number of employees

	2022		2021	
Average number of employees	**Average number of employees**	**Where of Women %**	**Average number of employees**	**Where of Women %**
Denmark	590	*46*	572	*47*
Estonia	400	*79*	377	*78*
Finland	1,793	*61*	1,699	*61*
France	6	*33*	6	*33*
Latvia	462	*43*	409	*41*
Lithuania	156	*75*	153	*71*
Netherlands	5	*59*	5	*61*
Norway	1,580	*47*	1,535	*47*
Spain	116	*49*	122	*54*
United Kingdom	6	*39*	6	*41*
Sweden [1)]	2,375	*51*	2,332	*51*
Germany	6	*22*	6	*22*
Total	**7,496**	***53***	**7,223**	***53***

[1)] Agents are not included. If has 8 (9) spare-time agents in Sweden.

Percentage of women in executive management	**2022**	**2021**
Boards of Directors	27 %	28 %
Other senior executives	23 %	24 %

Note 12 – Salaries and other remuneration for senior executives and other employees

MSEK	**2022**	**2021**
Salaries and remuneration	5,306	4,773
Pension costs	689	612
Social fees	1,148	1,050
Total	**7,143**	**6,435**

MSEK **Of which salaries and other remuneration for senior executives [1)]**	**2022**	**2021**
Fixed salaries and remuneration	54	53
Variable compensation and incentive schemes	122	89
Total	**176**	**142**

[1)] Senior executives are defined as the Group Management team, the board members, and presidents in the Parent Company and subsidiaries. The amounts for salaries and remuneration also include severance pay of MSEK - (2.5).

Principles for determining remuneration of senior executives

Remuneration of the CEO and other members of Group Management consist of fixed salary, short-term variable compensation, pension and other benefits. The majority of Group Management is also covered by Sampo Group's long-term incentive schemes. Director fees are not paid to Board members employed in If or other companies within the Sampo Group.

The maximum annual variable compensation payable to the CEO is 75% of the annual fixed salary. The maximum annual variable compensation payable to other members of Group Management entitled to variable compensation is 50-75% of the annual fixed salary. The annual variable compensation is based on the If Group results, business unit results and individual results. For senior executives who are members of the Sampo Group Executive Committee, the annual variable compensation is also based on the Sampo Group results. A substantial part of payments from variable compensation programs is deferred for at least three years. Thereafter, the Board shall evaluate and, if needed, risk adjust the deferred compensation before any payment is made.

kSEK **Salaries and other remuneration for If Group senior executives 2022**	**Basic salary/ Directors' fee**	**Variable compensation**	**Incentive schemes [1]**	**Other benefits**	**Pension costs**	**Total**
Chairman of the Board Torbjörn Magnusson	-	-	-	-	-	-
Other Board members	-	-	-	-	-	-
President / CEO Morten Thorsrud	7,076	4,495	16,286	32	1,150	29,039
Other members of Group Management, 11 individuals	31,716	11,894	83,097	758	8,923	136,388
Total	**38,792**	**16,389**	**99,383**	**790**	**10,073**	**165,427**

[1] For more information, refer to Long-term incentive schemes below.

kSEK **Salaries and other remuneration for If Group senior executives 2021**	**Basic salary/ Directors' fee**	**Variable compensation**	**Incentive schemes [1]**	**Other benefits**	**Pension costs**	**Total**
Chairman of the Board Torbjörn Magnusson	-	-	-	-	-	-
Other Board members	-	-	-	-	-	-
President / CEO Morten Thorsrud	5,787	3,648	10,866	43	1,877	22,221
Other members of Group Management, 11 individuals	33,596	11,863	58,956	1,077	20,344	125,836
Total	**39,383**	**15,511**	**69,822**	**1,120**	**22,221**	**148,057**

[1] For more information, refer to Long-term incentive schemes below.

Pensions

In addition to statutory occupational pension benefits, Swedish, Norwegian and Danish members of Group Management are covered by local occupational retirement pension plans. A description of the pension plans can be found below. For more information on pensions, see note 33.

Sweden

Senior executives are covered by individually agreed defined-contribution pension plans or collectively agreed pension according to FTP 1. The annual premium for individual occupational pension is 38% of fixed salary and 25% of paid short-term variable pay. The annual premium for the occupational pension FTP 1 corresponds to
- 5.5% of pensionable salary up to 7.5 income base amounts and
- 31.3% of pensionable salary in excess of 7.5 income base amounts.

The retirement age is flexible. Pension contributions are made until the age of 65 at the most.

Norway

Senior executives are covered by defined-contribution pension plans, with an annual contribution corresponding to

– 7% of pensionable salary up to 7.1 G (G = National Insurance basic amount) and
– 25.1% between 7.1 and 12 G.

For pensionable salary exceeding 12 G, the Norwegian members are covered by a temporary pension between 67 and 82 years of age and the contribution corresponds to 24% of the annual pensionable salary.

The retirement age is flexible.

Denmark

Senior executives are covered by a defined-contribution pension plan. The contribution corresponds to 22.7% of the annual fixed salary and 25% of paid short-term variable compensation.

The retirement age is flexible. Pension contributions are made until the age of 65 at the most.

Severance pay

If employment is terminated by the company, the CEO will be entitled to compensation during a 12-month period of notice and severance pay amounting to 12 months' fixed salary.

If employment is terminatied by the company, other members of Group Management are entitled to compensation during a period of notice of 6 to 12 months and, in most cases, severance pay amounting to a minimum of 9 months' and a maximum of 18 months' fixed salary.

Long-term incentive schemes

The Board of Directors of Sampo plc has decided on long-term incentive schemes for key employees of Sampo Group. The Board has authorized the Group CEO to decide on the allocation of incentive units, which are used to determine the incentive reward. Some 80 persons were included in the schemes at the end of year 2022.

The amount of the incentive reward is based on the performance of the Sampo A share, If Group's insurance margin (IM) and/or Sampo Group's return on capital at risk (RoCaR). The value of one calculated incentive unit is the trade-weighted average price of the Sampo A share at the time established in the terms of the scheme, reduced by the dividend-adjusted starting price. The starting prices of the schemes vary between EUR 32.94 and 44.74. The pay-out from the schemes is always capped i.e., the size of the payment is limited to a maximum amount. The maximum share price for one incentive unit varies between EUR 56.94 and 68.74.

In the 2017:1 scheme, the incentive reward also takes into account the outcome of two performance indicators. If the IM is 6% or more, 60% of the scheme is paid. If the IM is 4-5.99%, 30% is paid. If RoCaR is at least the risk-free return +4%, 40% is paid. If RoCaR is the risk-free return +2%, but less than the risk-free return +4%, 20% is paid.

In the 2020:1 scheme, the incentive reward also depends on the RoCAR. If RoCaR is at least the risk-free return +5%, the reward is paid out in full. If RoCaR is the risk-free return +3%, but less than the risk-free return +5%, the pay-out is 50%. If RoCaR is below the risk-free return +3%, no reward will be paid.

Each plan has three performance periods and incentive rewards are paid in cash in three instalments. Given that the targets have been met, the payment equals the increase in the price of the Sampo A share from the launch of the respective scheme up until each instalment. According to the terms and conditions of the schemes, identified staff must buy Sampo A shares with 50% of the net reward after taxes and other comparable charges. The shares are subject to a formal disposal restriction for three years from the date of payment.

For further information on the long-term incentive schemes and full terms and conditions, see https://www.sampo.com/governance/remuneration/forms-of-remuneration/long-term-incentives/.

Long-term incentive schemes		2017:1/2	2020:1	2020:1/2	2020:1/3
Approvement date		2017-09-14	2020-08-05	2020-08-05	2020-08-05
Initial number of granted units		57,000	2,106,500	170,000	128,000
End of performance period I 30%		Q2 2021	Q2 2023	Q2 2024	Q2 2025
End of performance period II 35%		Q2 2022	Q2 2024	Q2 2025	Q2 2026
End of performance period III 35%		Q2 2023	Q2 2025	Q2 2026	Q2 2027
Payment I 30%		Sept 2021	Sept 2023	Sept 2024	Sept 2025
Payment II 35%		Sept 2022	Sept 2024	Sept 2025	Sept 2026
Payment III 35%		Sept 2023	Sept 2025	Sept 2026	Sept 2027
Starting price [1] EUR		44.10	32.94	43.49	44.74
Maximum price EUR		62.53	56.94	67.49	68.74
Dividend-adjusted starting price as at December 31, 2022 EUR		33.38	27.14	39.39	44.74
Sampo A closing price as at December 30, 2022 EUR	48.82				

[1] For 2017:1 the starting price is calculated as trade-weighted average for 10 trading days from publication of the half-year result. For 2020:1 the starting price is calculated as the trade-weighed average for 25 trading days.

The schemes have been measured at fair value at the grant date and at every reporting date thereafter. The fair value of the schemes has been estimated using the Black-Scholes pricing model. The terms regarding If Group's insurance margin, Sampo Group's return on capital at risk and the number of units that are expected to vest are monitored on an ongoing basis. The provision recognized in the balance sheet is the vested value on the balance sheet date and any changes in the fair value are recognized in profit or loss.

Reconciliation of outstanding units	2022	2021
Outstanding at January 1	**2,823,475**	**3,353,650**
Granted during the year	128,000	170,000
Forfeited during the year	-15,250	-104,000
Paid out during the year	-593,775	-596,175
Lapsed during the year	-	-
Outstanding at December 31	**2,342,450**	**2,823,475**

kSEK Outstanding units and values	Dec 31, 2022 Number of units	Maximum amount	Reserved amount	Dec 31, 2021 Number of units	Maximum amount	Reserved amount
President / CEO Morten Thorsrud	150,000	49,714	20,658	194,450	52,113	10,017
Other members of Group Management, 11 (11) individuals	827,000	272,340	105,658	1,006,000	266,990	46,820
Others covered by the incentive schemes	1,365,450	436,248	164,469	1,623,025	431,056	79,883
Total	**2,342,450**	**758,303**	**290,786**	**2,823,475**	**750,158**	**136,720**

The expensed cost of the incentive program during the year amounted to MSEK 228.0 (146,5).

Note 13 – Auditors' fees

MSEK	2022	2021
Deloitte		
Audit fees	22	19
Audit fees outside the audit assignment	0	-
Tax consultancy fees	0	0
Other consultancy fees	3	0
Total fees to Deloitte	**25**	**19**

MSEK	2022	2021
KPMG		
Audit fees	0	5
Audit fees outside the audit assignment	-	0
Tax consultancy fees	-	1
Other consultancy fees	1	1
Total fees to KPMG	**1**	**7**

Note 14 – Performance analysis per class of insurance

2022 MSEK	Accident and health	Motor, third party liability	Motor, other classes	Marine, aviation and transport	Fire and other damage to property	Third party liability	Credit and suretyship
Premiums written, gross	9,867	5,824	15,959	1,439	16,483	3,063	20
Premiums earned, gross	9,661	5,843	15,869	1,412	15,913	2,906	20
Claims incurred, gross	-4,457	-2,292	-11,512	-847	-10,577	-2,116	-4
Operating expenses, gross [1]	-1,518	-1,209	-2,440	-225	-2,058	-401	-4
Profit/loss from ceded reinsurance	-29	-8	-8	-273	-999	-367	-
Technical result before investment income transferred from the non-technical account	**3,658**	**2,334**	**1,910**	**67**	**2,279**	**22**	**13**

	Legal expenses	Assistance	Miscellaneous	Total direct insurance	Reinsurance accepted	Eliminations and undistributed cost items	Total
Premiums written, gross	583	23	2,068	55,329	2,403	-	57,732
Premiums earned, gross	572	21	1,971	54,189	2,381	-	56,570
Claims incurred, gross	-331	-20	-1,733	-33,889	-1,994	125	-35,758
Operating expenses, gross [1]	-72	-	-256	-8,183	-357	10	-8,530
Profit/loss from ceded reinsurance	-	-	-185	-1,868	-41	-	-1,909
Technical result before investment income transferred from the non-technical account	**169**	**1**	**-203**	**10,249**	**-11**	**135**	**10,373**

Investment income transferred from the non-technical account	**115**
Technical result of insurance operations	**10,488**

[1] The item Operating expenses, gross includes Other technical income of MSEK 1,470 and Other technical expense of MSEK -1,570.

2021 MSEK	Accident and health	Motor, third party liability	Motor, other classes	Marine, aviation and transport	Fire and other damage to property	Third party liability	Credit and suretyship
Premiums written, gross	8,791	5,630	15,224	1,261	14,522	2,597	22
Premiums earned, gross	8,623	5,584	15,052	1,250	14,197	2,520	20
Claims incurred, gross	-5,635	-2,405	-10,103	-325	-9,411	-1,637	3
Operating expenses, gross [1]	-1,540	-1,116	-2,268	-198	-1,902	-352	-3
Profit/loss from ceded reinsurance	-236	-8	-10	-163	-841	-182	-
Technical result before investment income transferred from the non-technical account	**1,211**	**2,054**	**2,671**	**563**	**2,043**	**349**	**20**

	Legal expenses	Assistance	Miscellaneous	Total direct insurance	Reinsurance accepted	Eliminations and undistributed cost items	Total
Premiums written, gross	536	21	1,640	50,244	1,845	-	52,089
Premiums earned, gross	539	23	1,524	49,331	1,820	-	51,152
Claims incurred, gross	-291	-21	-1,631	-31,457	-1,986	103	-33,339
Operating expenses, gross [1]	-61	-	-177	-7,617	-284	27	-7,874
Profit/loss from ceded reinsurance	-	-	67	-1,373	446	-	-928
Technical result before investment income transferred from the non-technical account	**186**	**2**	**-217**	**8,884**	**-4**	**131**	**9,010**

Investment income transferred from the non-technical account	**145**
Technical result of insurance operations	**9,155**

[1] The item Operating expenses, gross includes Other technical income of MSEK 1,232 and Other technical expense of MSEK -1,260

Note 15 – Investment result

MSEK	Direct income 2022	Direct income 2021	Value changes 2022	Value changes 2021	Total 2022	Total 2021
Financial assets, mandatory at fair value through profit or loss (trading)						
Derivatives	-121	-87	46	21	-74	-66
Financial assets, available for sale						
Interest bearing securities						
Interest income	2,511	1,437			2,511	1,437
Realized gains and losses			92	282	92	282
Impairment losses			27	119	27	119
Shares						
Dividends	450	487			450	487
Realized gains and losses			291	473	291	473
Impairment losses			-204	-59	-204	-59
Total from financial assets at fair value	**2,840**	**1,837**	**252**	**836**	**3,092**	**2,673**
Loans						
Interest income	116	42			116	42
Realized gains and losses			-	33	-	33
Total from Other financial investment assets	**2,956**	**1,879**	**252**	**870**	**3,208**	**2,749**
Properties and Other assets						
Result from properties	-1	0	-12	7	-12	7
Interest income	126	41			126	41
Currency result			-118	-134	-118	-134
Total from Properties and Other assets	**126**	**41**	**-130**	**-128**	**-4**	**-87**
Total Investment income	**3,082**	**1,920**	**122**	**742**	**3,204**	**2,662**
Investment costs						
Allocated operating expenses					-232	-200
Interest expense on lease liabilities					-16	-16
Other financial expenses					-53	-74
Investment result					**2,902**	**2,371**

Impairment losses in the income statement refer to holdings where there is objective evidence that the asset is impaired, in respect of interest-bearing securities defined as issuer default and in respect of shares generally when there is a significant and/or prolonged decline in the value. The carrying amount is reduced to current market value.

MSEK **Reconciliation of accumulated value changes of financial assets available for sale**	**2022**	**2021**
Opening balance	**9,751**	**7,115**
Unrealized change in value of financial assets available for sale	-8,159	3,443
Changes in value recognized in income statement	-208	-815
Translation difference	39	8
Closing balance	**1,424**	**9,751**
Net value change, financial assets available for sale	-8,366	2,628

Note 16 – Interest expense, financing

MSEK	Interest rate	2022	2021
Subordinated loan, issued in 2011	6.00%	-	-64
Subordinated loan, issued in 2016	3-month STIBOR + 2.25%	-	-33
Subordinated loan, issued in 2016	2.415%	-	-12
Subordinated loan, issued in 2018	3-month STIBOR + 2.75%	-37	-30
Subordinated loan, issued in 2021	3-month STIBOR + 1.3%	-31	-17
Loan, issued in 2020	3-month NIBOR + 1.9%	-12	-8
Total		**-81**	**-163**

Note 17 – Income from associates

MSEK	2022	2021
Share of result	30	-67
Sales gain on sales and revaluations in connection with additional acquisitions [1]	67	-
Total	**97**	**-67**

[1] Of which sales of SOS International A/S and Viking Veihjelp A/S amount to MSEK 100. Revaluations in connection with the acquisition of outstanding shares in Boalliansen AS, Digiconsept AS and Viking Assistance AS amount to MSEK -33 net.

Note 18 – Taxes

MSEK	2022	2021
Current tax	-2,684	-2,296
Deferred tax	-10	-8
Total tax in the income statement	**-2,693**	**-2,304**
Current tax		
Swedish entities	-758	-959
Non-Swedish entities	-1,926	-1,338
Current tax pertaining to prior years	1	1
Total current tax	**-2,684**	**-2,296**

For a specification of deferred tax, see Note 32.

MSEK	2022	2021
Tax related to Other comprehensive income		
Related to remeasurements of net pension liability	-72	-154
Related to financial assets, available-for-sale	1,716	-528
Other	-260	-95
Total current and deferred tax	**1,384**	**-777**

MSEK	2022	2021
Difference between reported tax and tax based on current Swedish tax rate		
Profit before taxes	12,931	10,923
Tax according to current tax rate, 20.6%	-2,664	-2,250
Currency related tax effects	0	0
Permanent differences, net	-40	-46
Share of associates' result	6	-14
Capital gains and impairment loss, associates	2	-
Adjustment of prior-year taxes	2	-2
Reassessments of deferred tax assets/liabilities	0	-3
Different tax rates in foreign units	24	19
Non-creditable foreign taxes	-5	-4
Changes in tax rates	-19	-4
Reported tax in the income statement	**-2,693**	**-2,304**

Notes to the balance sheet

Note 19 – Intangible assets

	2022					2021				
MSEK	**Goodwill**	**Customer relations**	**Trademark**	**Other in-tangible assets**	**Total in-tangible assets**	**Goodwill**	**Customer relations**	**Trademark**	**Other in-tangible assets**	**Total in-tangible assets**
Accumulated acquisition value										
Opening balance	**1,903**	**67**	**154**	**261**	**2,385**	**1,824**	**129**	**144**	**373**	**2,470**
Additions	-	-	-	19	19	-	-	-	63	63
Acquisitions through business combinations	-	50	-	15	66	-	-	-	-	-
Disposals	-	-	-	-21	-21	-	-69	-	-192	-261
Translation differences	37	3	5	9	53	79	7	10	17	113
Closing balance	**1,940**	**120**	**159**	**283**	**2,501**	**1,903**	**67**	**154**	**261**	**2,385**
Accumulated amortization and impairment										
Opening balance	**-**	**-37**	**-**	**-210**	**-248**	**-**	**-27**	**-**	**-187**	**-214**
Amortization and impairments during the year	-	-21	-	-6	-26	-	-27	-	-26	-53
Acquisitions through business combinations	-	-	-	-6	-6	-	-	-	-	-
Disposals	-	-	-	21	21	-	19	-	14	33
Translation differences	-	-1	-	-7	-9	-	-2	-	-12	-14
Closing balance	**-**	**-59**	**-**	**-209**	**-268**	**-**	**-37**	**-**	**-210**	**-248**
Carrying amount, closing balance	**1,940**	**61**	**159**	**74**	**2,233**	**1,903**	**30**	**154**	**50**	**2,137**

Consolidated goodwill consists of three different items that arose from the acquisition of Sampo's Finnish property and casualty insurance operations in January 2002, acquisition of Vertikal Helseassistanse AS in December 2019 and acquisition of Viking Assistance Group AS in January 2020. As of December 31, 2022, the items amount to MSEK 715, MSEK 277 and MSEK 948, respectively.

To ensure that those items are not booked at an excessive carrying amount, an impairment test was conducted to determine each item's recoverable amount calculated as the value in use in December 2022. In the calculations for all three items, a cash flow model was used whereby the recoverable amount was set at the present value of future projected cash flows from the operations. As the investments are of a long-term nature, indefinite cash flows were used in the calculations.

The future cash flows for the Finnish property and casualty insurance operations and Vertikal are based primarily on the financial plans for the years 2023-2025, including volumes, premiums and cost development as well as margins. The cash flows for the following years are based on successively normalized results with a combined ratio of 89% (in the interval 89-91). Valuations are based on long-term premium growth of 2.0% (2.0), return on investment assets of 2.4% (2.0) and weighted average cost of capital in the interval of 7.4-9.4% (6.8-8.8).

The future cash flows for Viking are based on the financial plans for the years 2023-2025, including volumes, sales and cost development as well as margins. The cash flows for the following years are based on a gradually normalized margin of 9-10% based on comparable operations. Valuations are also based on long-term sales growth of 2.0% (2.0) and a weighted average cost of capital 8.2% (7.6).

Weighted average cost of capital (WACC) for all items is calculated in accordance with the Capital Asset Pricing Model (CAPM).

Note 20 – Investments in associates

MSEK	Country	Number of shares	Holding %[1]	Carrying amount 2022	2021
CAB Group AB	Sweden	1,209	22.0	34	28
SOS International A/S	Denmark	-	-	-	100
Viking Veihjelp A/S	Denmark	-	-	-	0
Rogaland Forsikring AS	Norway	6,530	33.0	14	14
Boalliansen AS	Norway	-	-	-	8
Digiconsept AS	Norway	-	-	-	14
Viking Assistance AS	Norway	-	-	-	6
Total				**48**	**170**

[1] All of the associates have only one share class; therefore the participating share and voting rights are the same.

Changes in investments in associates

MSEK	2022	2021
Opening balance	**170**	**218**
Investments and acquisitions through business combinations	-	41
Share of associates' result	30	-67
Dividends from associates	-	-22
Effects of exchange rates, foreign associates	0	0
Sales and transfers in connection with additional acquisitions [1]	-152	-
Closing balance	**48**	**170**

[1] Consists of the sale of SOS International A/S and Viking Veihjelp A/S and transfers of carrying amounts when Boalliansen AS, Digiconsept AS and Viking Assistance AS became wholly owned companies in If Group.

Note 21 – Other financial investment assets and derivative liabilities

Classification of other financial investment assets and derivative liabilities in accordance with IAS 39

The recognition of financial assets and liabilities depends on their classification. The classification of assets and liabilities categorized in accordance with IAS 39 is shown below.

MSEK	Acquisition value 2022	Acquisition value 2021	Fair value 2022	Fair value 2021	Carrying amount 2022	Carrying amount 2021
Financial assets, mandatory at fair value through profit or loss (trading)						
Derivatives	-	5	608	176	608	176
Financial assets available for sale						
Shares and participations	9,399	9,622	12,983	16,977	12,983	16,977
Bonds and other interest-bearing securities	104,024	92,769	100,301	93,420	100,301	93,420
Total financial assets, at fair value	**113,423**	**102,396**	**113,892**	**110,573**	**113,892**	**110,573**
Loans [1]						
Other loans	2,331	3,078	2,331	3,079	2,331	3,078
Total other financial investment assets	**115,755**	**105,474**	**116,223**	**113,652**	**116,223**	**113,651**
Financial liabilities, mandatory at fair value through profit or loss (trading)						
Derivatives	6	-	74	78	74	78
Total financial liabilities, at fair value	**6**	**-**	**74**	**78**	**74**	**78**

[1] Loans are in accordance with If's application of IAS 39 accounted for at amortized cost. 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. All loans are classified in level 3 and the fair value of these loans is based on cash-flow valuations.

Classification of other financial investment assets in accordance with IFRS 9

In accordance with the requirements of IFRS 4, insurance companies that have decided to delay the implementation of IFRS 9 until 2023 must provide certain disclosures regarding fair value and changes in fair values. These disclosures are to be divided into two groups of financial assets.

In 2022, If conducted a review of how IFRS 9 will affect the reporting of financial instruments and the main changes are presented in note 41.

Based on decided categorization according to IFRS 9, the following presents the fair value of financial assets at the end of the reporting period and the change in fair value during the period, which according to IFRS 9, have been classified in one of the following categories: financial assets measured at fair value through profit or loss or financial assets measured at amortized cost.

MSEK	Fair value 2022	Fair value 2021	Change in fair value
Financial assets, at fair value through profit or loss			
Shares and participations	12,983	16,977	-3,994
Bonds and other interest-bearing securities	100,301	93,420	6,881
Derivative assets	608	176	432
Total	**113,892**	**110,573**	**3,319**
Financial investment assets at amortized cost			
Other loans	2,331	3,079	-748
Total	**2,331**	**3,079**	**-748**
Total financial investment assets	**116,223**	**113,652**	**2,571**

If has only minor holdings in financial investment assets at amortized cost. These holdings are assessed to have a credit rating of between A+ and BB-.

Specification of other financial investment assets and derivative liabilities

Bonds and other interest-bearing securities

If's bonds and other interest-bearing securities by type of issuer at December 31, 2022 are shown below.

MSEK Type of issuer	Nominal value	%	Fair value	%	Carrying amount	%
Swedish government	3,749	4	4,485	4	4,485	4
Swedish public sector, other	2,043	2	2,037	2	2,037	2
Swedish mortgage companies	5,840	6	5,293	5	5,293	5
Swedish financial companies	21,999	22	20,687	21	20,687	21
Other Swedish companies	16,626	16	16,019	16	16,019	16
Foreign governments	472	0	469	0	469	0
Foreign public sector, other	4,268	4	4,362	4	4,362	4
Foreign financial companies	29,383	29	29,865	30	29,865	30
Other foreign companies	17,092	17	17,083	17	17,083	17
Total	**101,471**	**100**	**100,301**	**100**	**100,301**	**100**

Years to maturity [1]	<1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	9-30	Total
Fair value %, 2022	13	20	17	18	22	5	2	1	-	0	**100**
Fair value %, 2021	26	19	22	15	13	3	2	0	2	0	**100**

[1] The maturity period is not adjusted to take into account the possibility of early redemption of bonds.

Derivatives

	2022			2021		
MSEK Derivative assets	Fair value	Carrying amount	Nominal amount	Fair value	Carrying amount	Nominal amount
Equity derivatives						
Options	-	-	-	0	0	4
Total	**-**	**-**	**-**	**0**	**0**	**4**
of which, cleared by clearing house	-	-	-	-	-	-
Total fixed income derivatives	**47**	**47**	**1,000**	**5**	**5**	**1,000**
Currency derivatives						
Options	40	40	188	0	0	13
Futures	520	520	25,790	170	170	20,848
Total	**608**	**608**	**26,978**	**176**	**176**	**21,861**
of which, cleared by clearing house	-	-	-	-	-	-
Total derivative assets	**608**	**608**		**176**	**176**	
Derivative liabilities						
Fixed income derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Currency derivatives						
Options	19	19	155	-	-	-
Futures	55	55	24,934	78	78	20,713
Total	**74**	**74**	**25,089**	**78**	**78**	**20,713**
of which, cleared by clearing house				-	-	-
Total derivative liabilities	**74**	**74**		**78**	**78**	

Financial investment assets and derivative liabilities at fair value

Within If, a careful process is followed and controls are performed in order to ensure correct fair values of financial assets and liabilities. For example, controls are made by several different external sources and assessments of abnormal price changes are performed when necessary.

Different valuation methods are used to determine the fair value depending on the type of financial instruments and to what extent they are traded on active markets. In order to evaluate the activity in a market with respect to frequency and volume If mainly uses information compiled by Bloomberg. Quoted shares are measured on the basis of latest trade price on stock markets and are obtained by Bloomberg. The valuation of bonds is also usually based on prices from Bloomberg. Quoted bonds are measured on the basis of last bid price. For model-valued interest bearing instruments, yield curves based on last mid prices are used.

If's financial instruments, which are measured at fair value, are classified in three different hierarchy levels depending on their valuation methods as well as how active the market is. The control of the classification in hierarchy levels is done quarterly. If conditions have changed for the existing level, the holding in question is moved to the correct hierarchy level in consensus with the Risk Management function.

Level 1 – Financial assets and liabilities with values based on quoted prices in active markets for identical assets or liabilities.

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. An active market is typically characterized by quoted prices that are easily and regularly available and that represent actual and regularly occurring transactions at arm's length distance.

Assets and liabilities in the category include shares, listed funds (ETF), equity and interest rate funds and interest bearing assets that have quoted prices in an active market at the time of valuation.

Level 2 – Financial assets and liabilities with values based on quoted prices or valuation based on directly or indirectly observable market data.

In the level 2 hierarchy, all essential inputs are observable either directly or indirectly. The large majority of the instruments in level 2 are traded in a market with daily quoted prices and regularly occurring market transactions but where the market is not considered to be active enough regarding frequency and volume and/or when the standard deviation of the prices is high. A very limited part of the instruments are model-valued with the help of market data that is indirectly observable, meaning that prices can be derived from observable markets where market interest rates and underlying rates normally are updated daily or, in exceptional cases, at least on a monthly basis.

Instruments that are measured at level 2 include interest-bearing assets where the market is not active enough. Most OTC derivatives, standardized derivatives and currency derivatives are also included in this level.

Level 3 – Financial assets and liabilities that are traded on an illiquid market, with non-observable market data or indications of trading levels without any actual trade.

When neither quoted prices in active markets non-observable market data is available, the fair value of financial instruments is based on valuation techniques that are based on non-observable market data.

Level 3 comprises private equity, unlisted shares and distressed assets encountering financial difficulties where trading has essentially ceased to exist.

The types of financial instruments classified as level 3 in the valuation hierarchy are discussed below with reference to type of securities and valuation method:

- Private equity is classified as level 3. The majority of If's investment in private equity is made in mutual funds. The fair values are based on prices and share values obtained from the funds´ administrators. These quotations are based on the value of the underlying assets in accordance with market practice. The last obtained value is used.
- For some unlisted shares external evaluations are obtained, which are used for valuation. The external valuations are based on models that contain non-observable assumptions.
- Other assets in level 3 are normally measured at least yearly and the valuation is based either on external estimates, cash flow analyses or latest market transactions.

For more information on the valuation of financial instruments, see Note 1.

Financial investment assets and derivative liabilities in fair value hierarchy

MSEK	2022 Level 1	2022 Level 2	2022 Level 3	2022 Total fair value	2021 Level 1	2021 Level 2	2021 Level 3	2021 Total fair value
Financial assets, mandatory at fair value through profit or loss (trading)								
Derivatives								
Equity derivatives	-	-	-	-	-	-	-	-
Fixed income derivatives	-	47	-	47	-	5	-	5
Foreign exchange derivatives	-	561	-	561	-	170	-	170
Financial assets, available for sale								
Shares and participations [1]	12,913	23	47	12,983	16,892	20	65	16,977
Bonds and other interest-bearing securities	70,062	30,208	30	100,301	54,577	38,816	28	93,420
Total financial assets, at fair value	**82,975**	**30,839**	**78**	**113,892**	**71,469**	**39,011**	**93**	**110,573**
Financial liabilities, mandatory at fair value through profit or loss (trading)								
Derivatives								
Fixed income derivatives	-	-	-	-	-	-	-	-
Foreign exchange derivatives	-	74	-	74	-	78	-	78
Total financial liabilities, at fair value	**-**	**74**	**-**	**74**	**-**	**78**	**-**	**78**

[1] Mutual equity funds recognized in the above balances totaled MSEK 4,648 (4,902) of which MSEK 4,625 (4,863) was allocated to level 1 and MSEK 22 (39) to level 3.

Transfers from level 1 to level 2 amounted to MSEK 4,607 (3,477) corresponding to 4.0% (3.1) of the outstanding balance for financial investment assets measured at fair value, while transfers from level 2 to level 1 amounted to MSEK 7,033 (5,530) corresponding to 6.2% (5.0) of the outstanding balance for financial investment assets measured at fair value.

Financial investment assets in level 3

Financial assets presented in level 3 are included in financial instruments carried at fair value on the balance sheet. At December 31, 2022, the assets presented in level 3 amounted to MSEK 78 (93). These financial assets are categorized as available for sale.

MSEK 2022	Carrying amount Jan 1	Net gains/losses recorded in: income statement	Net gains/losses recorded in: other comprehensive income	Purchases	Sales/ maturities	Transfers into/out of level 3	Exchange rate differences	Carrying amount Dec 31	Net gains/ losses in income statement that are attributable to assets held at end of period
Financial assets, available for sale									
Shares and participations	66	0	-12	-	-11	-	4	47	-13
Bonds and other interest-bearing securities	28	-	0	2	-	-	1	30	-
Total	**93**	**0**	**-12**	**2**	**-11**	**-**	**5**	**78**	**-13**

MSEK 2021	Carrying amount Jan 1	Net gains/losses recorded in: income statement	Net gains/losses recorded in: other comprehensive income	Purchases	Sales/ maturities	Transfers into/out of level 3	Exchange rate differences	Carrying amount Dec 31	Net gains/ losses in income statement that are attributable to assets held at end of period
Financial assets, available for sale									
Shares and participations	145	-	3	17	-105	-	4	65	-
Bonds and other interest-bearing securities	16	-	0	13	-	-	1	28	-
Total	**161**	**-**	**3**	**30**	**-105**	**-**	**5**	**93**	**-**

Sensitivity analysis of the fair values of financial investment assets in level 3

The sensitivity of the fair value of level 3 instruments to changes in key assumptions, by category and financial instrument, is shown below.

The following changes in key assumptions have been used:
- 1% increase in the yield curve for bonds and other interest-bearing securities.
- 20% decrease in prices for equity related securities.

	2022		2021	
MSEK	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Financial assets, available for sale				
Shares and participations [1]	47	-9	65	-13
Bonds and other interest-bearing securities	30	-	28	0
Total	**78**	**-9**	**93**	**-13**

[1] Includes holding in equity funds.

Note 22 – Financial instruments set off in the balance sheet or subject to netting agreements

MSEK **Assets**	**2022**	**2021**
Derivatives		
Gross amount of recognized assets	608	176
Gross amounts of recognized liabilities offset against assets	-	-
Net amount presented in the balance sheet	**608**	**176**
Amounts not set off but subject to master netting agreements and similar agreements [1]		
Financial instruments	-72	-35
Cash collateral received	-534	-146
Net amount	**3**	**-5**

MSEK **Liabilities**	**2022**	**2021**
Derivatives		
Gross amount of recognized liabilities	74	78
Gross amounts of recognized assets offset against liabilities	-	-
Net amount presented in the balance sheet	**74**	**78**
Amounts not set off but subject to master netting agreements and similar agreements [1]		
Financial instruments	-72	-35
Cash collateral pledged	-	-63
Net amount	**2**	**-20**

[1] Subject to a legally binding offsetting agreement, enforceable master netting arrangement or similar agreements. If has ISDA agreements with all derivative counterparties. Offsetting takes place in case of the counterparty's bankruptcy but not in running business.

Note 23 – Reinsurers' share of technical provisions

	2022		2021	
MSEK **Change during the year**	**Provision for unearned premiums and unexpired risks**	**Provision for claims outstanding**	**Provision for unearned premiums and unexpired risks**	**Provision for claims outstanding**
Opening balance	**719**	**2,581**	**589**	**2,255**
Change in provision	91	-108	93	157
Translation differences	89	251	37	168
Closing balance	**899**	**2,723**	**719**	**2,581**

Supplementary information regarding the reinsurers' portion of technical provisions is presented in Note 31.

Note 24 – Debtors arising out of direct insurance

MSEK	2022	2021
Receivables from policyholders	16,937	15,067
Receivables from insurance brokers	37	28
Receivables from insurance companies	97	93
Bad-debt provisions	-90	-80
Total [1]	**16,982**	**15,107**

[1] Of which, MSEK 5 (3) is expected to be received later than 12 months after the closing date.

MSEK Age analysis	Not due and due less than six months	Due more than six months	Total
Receivables	16,918	154	17,072
Bad-debt provisions	-7	-83	-90
Total	**16,911**	**71**	**16,982**

Generally, provision is based on a standard computation; the amount includes individual provision of MSEK -5 (-3).

Note 25 – Debtors arising out of reinsurance

MSEK	2022	2021
Receivables from reinsurers	1,127	1,280
Bad-debt provisions	-20	-171
Total [1]	**1,107**	**1,108**

[1] Of which, MSEK 5 (3) is expected to be received later than 12 months after the closing date.

MSEK Age analysis	Not due and due less than six months	Due more than six months	Total
Receivables	1,050	78	1,127
Bad-debt provisions	0	-21	-20
Total	**1,050**	**57**	**1,107**

Bad-debt provisions are calculated entirely on an individual basis.

Note 26 – Other debtors

MSEK	2022	2021
Debtor, patient-insurance pool for the public sector	763	689
Other debtors	253	224
Bad-debt provisions	-	-
Total [1]	**1,016**	**913**

[1] Of which, MSEK 718 (647) is expected to be received later than 12 months after the closing date.

Note 27 – Tangible assets

	2022			2021		
MSEK	Right-of-Use: Buildings	Right-of-Use: Vehicles	Other Tangible assets	Right-of-Use: Buildings	Right-of-Use: Vehicles	Other Tangible assets
Accumulated acquisition value						
Opening balance	**2,241**	**47**	**795**	**1,937**	**36**	**754**
Additions	253	10	143	341	20	144
Acquisitions through business combinations	-	-	3	-	-	-
Disposals	-26	-8	-87	-95	-12	-123
Translation differences	83	1	34	57	3	19
Closing balance	**2,551**	**50**	**887**	**2,241**	**47**	**795**
Accumulated depreciation and impairment						
Opening balance	**-561**	-19	**-490**	**-401**	-16	**-478**
Depreciation and impairments during the year	-238	-10	-115	-241	-9	-110
Acquisitions through business combinations	-	-	-2	-	-	-
Disposals	21	8	80	91	8	107
Translation differences	-26	-1	-23	-11	-1	-10
Closing balance	**-803**	**-21**	**-549**	**-561**	**-19**	**-490**
Carrying amount, closing balance	**1,748**	**29**	**338**	**1,680**	**28**	**305**

Lease contracts where If acts as lessee mainly pertain to premises, vehicles and office equipment. Right-of-use assets relate to lease contracts for large office premises and vehicles.

If leases premises and vehicles for its own use. The expected lease term varies from 1 to 13 years for premises and 2 to 6 years for vehicles. Most contracts include an option to extend the contract at the term end. Some lease contracts have an option to terminate the contract before the term end.

Variable lease payments are linked to consumer price indexes

Expenses relating to lease contracts not recognized in the balance sheet amount to MSEK 51 (49).

The total cash outflow for leases amounts to MSEK 311 (296).

For more information on leases, please refer to Note 1 Accounting policies, Note 15 Investment result and Note 36 Other creditors.

Note 28 – Deferred acquisition costs

MSEK	2022	2021
Opening balance	**1,162**	**1,160**
Net change during the year	107	-39
Translation difference	52	41
Closing balance	**1,321**	**1,162**

Acquisition expenditure during the year amounted to MSEK 6,040 (5,408). The item pertains to accrued sales costs that have a distinct connection to the writing of insurance contracts. The sales costs include such operating expenses as commission, marketing expenses, salaries and the cost of salespeople, which vary according to, and have a direct or indirect relationship with, the acquisition or renewal of insurance contracts. The sales costs are expensed in a manner that matches the amortization of unearned premiums, normally not more than one year.

Note 29 – Other prepayments and accrued income

MSEK	2022	2021
Accrued income	374	356
Deferred costs	127	102
Total	**502**	**458**

Note 30 – Subordinated debt

				2022		2021	
MSEK	Original nominal value	Maturity	Interest rate	Fair value [1]	Carrying amount	Fair value [1]	Carrying amount
Subordinated loan, issued in 2018	MSEK 1,000	perpetual	3-month STIBOR + 2.75%	1,001	1,000	992	997
Subordinated loan, issued in 2021	MSEK 1,500	30 years	3-month STIBOR + 1.30%	1,501	1,494	1,485	1,493
Total				**2,502**	**2,494**	**2,477**	**2,490**

[1] According to If´s application of IAS 39, subordinated debt is carried at amortized cost. Fair value is only given for disclosure purposes. Financial instruments with fair value information are classified in three different hierarchy levels depending on their liquidity and valuation methods. The subordinated loan issued in 2018 is classified in level 1 and a quoted price in an active market is available. The subordinated loan issued in 2021 is classified in level 2 and fair value is based on quoted prices in inactive markets.

The loan of MSEK 1,000 was issued in March 2018 with variable interest rate terms. The loan includes terms stating the right of redemption after five years and at any interest payment date thereafter. If has decided to redeem the loan in March 2023. The loan is listed on the Luxembourg Stock Exchange (BdL Market).

The loan of MSEK 1,500 was issued in March 2021 with variable interest rate terms. The loan includes terms stating the right of redemption after five years, at any date for a three-month period after the first five years and thereafter at any interest payment date. The loan is listed on the Luxembourg Stock Exchange (BdL Market).

Note 31 – Technical provisions, gross

MSEK Changes during the year	2022 Provisions for unearned premiums and unexpired risks	2022 Provisions for claims outstanding	2021 Provisions for unearned premiums and unexpired risks	2021 Provisions for claims outstanding
Opening balance	**24,177**	**68,422**	**22,499**	**66,130**
Unwinding of discounted annuities	-	356	-	217
Change in provision	1,162	-1,062	937	297
Translation differences	1,165	3,633	741	1,778
Closing balance	**26,504**	**71,349**	**24,177**	**68,422**

MSEK Technical provisions and reinsurers' share	2022	2021
Technical provisions, gross		
Unearned premiums and unexpired risks	26,504	24,177
Provision for incurred and reported claims	20,876	18,257
Provision for incurred but not reported claims	27,841	24,371
Provision for annuities	19,911	23,556
Provision for claims-settlement costs	2,721	2,238
Total	**97,853**	**92,599**
Reinsurers' share of technical provisions		
Unearned premiums and unexpired risks	899	719
Provision for incurred and reported claims	2,167	2,083
Provision for incurred but not reported claims	554	482
Provision for annuities	2	15
Provision for claims-settlement costs	-	-
Total	**3,622**	**3,299**
Technical provisions, net of reinsurance		
Unearned premiums and unexpired risks	25,605	23,458
Provision for incurred and reported claims	18,709	16,174
Provision for incurred but not reported claims	27,287	23,889
Provision for annuities	19,909	23,541
Provision for claims-settlement costs	2,721	2,238
Total	**94,231**	**89,300**

Valuation of technical provisions

Technical provisions must reflect the liability If has for its insurance undertakings, meaning the insurance contracts underwritten. This may be divided into two parts: firstly, provisions for unearned premiums and, secondly, provisions for unsettled claims. The provisions for unearned premiums pertain to current contracts for which the contractual period has not expired. The dominant component, provisions for unsettled claims, pertains to future claims payments for the claims associated with all insurance contracts underwritten by If.

Provisions for unearned premiums and unexpired risk

Provisions for unearned premiums correspond to the value of If's aggregate liability for current insurance policies and are calculated using a generally accepted method. This involves taking into consideration how large a share of the premium is attributable to the period following the accounting period. The provision is subsequently tested to ensure it is sufficient to cover anticipated claims and operating expenses. If the provision is deemed to be insufficient, a provision is made for the unexpired risk corresponding to the calculated deficit.

Provisions for unsettled claims

The provisions for unsettled claims correspond to the value of all anticipated claims payments and related claims settlement costs, including those reported to If and those that have probably occurred but not yet been reported.

The provisions for unsettled claims are calculated using statistical methods and/or individual assessment. Usually, the cost of major claims is estimated individually. Minor claims that occur more frequently (frequent claims) as well as the provisions for claims that have yet to be reported are assessed using statistical methods.

Apart from provisions for claims-related annuities and provisions for unknown but probable claims that pertain to annuities, the provisions for unsettled claims are not discounted. Provisions for claims-related annuities are discounted in accordance with current practice, taking into account inflation and mortality.

Description of method

If uses a number of statistical methods to determine the final claims cost that If must pay.

The most common methods are Chain-ladder and Bornhuetter-Ferguson. The Chain-ladder method may be based on various types of data such as outgoing payments, claims costs or the number of claims. Historical claims trend factors and a selection of estimates of future development factors are analyzed. The selection of development factors are subsequently applied to the known costs to date for claims for each claims year (which are not yet fully developed) that is to be estimated. This provides an estimate of the anticipated claims costs for each claims year. The Chain-ladder methodology is most suitable for insurance portfolios that have a relatively stable progression. The method is less applicable in cases that lack sufficient historical data, such as in the case of new insurance products or portfolios with a long lag in claims reporting. In the case of such portfolios, the Bornhuetter-Ferguson method is most frequently used. This is based partly on a combination of claims history and partly on exposure data, such as the numbers of insured parties or premiums written. The actual claims history is given greater weight for older developed claims years while, for more recent years, the known exposure is weighted to a greater degree towards experience from similar portfolios and product areas.

Assumptions and sensitivity

The assumptions and parameters used in determining the provisions to be posted are adjusted each quarter. A more in-depth analysis is implemented on an annual basis.

If is exposed to personal claims arising primarily from obligatory Motor Third Party Liability and Workers' Compensation policies. Of the total claims provision, almost 70% is attributable to these two insurance categories. If issues Motor Third Party Liability insurance in the Nordic region and in the Baltic countries. Workers' Compensation is issued in Norway, Denmark and Finland. From a customer perspective, the scope of the obligatory insurance provided is essentially similar. However, the portion covered by personal insurance and the portion financed through the state social security system differs among the various countries.

There are a number of factors affecting provisions and their uncertainty. The most important assumptions for portfolios dominated by personal claims are:

– inflation;
– discount rate;
– mortality and
– effect of legislative amendments and court practices.

Inflation

The anticipated inflation trend is observed in all provisions but is primarily important in claims settled over a long period of time. For long-term business, such as Motor Third Party Liability and Workers' Compensation, assessments are made in-house regarding the future cost trend. This is based on external assessments of the future inflation trend in various areas, such as the consumer price index and payroll index, combined with If's own evaluation of cost increases for various types of compensation. Compensation costs can rise due to new or amended legislation or practices, for example. Various national rules mean that the sensitivity implications of the assumptions underlying inflation differ quite substantially between countries.

A large share of the claims cost in obligatory insurance consists of compensation for loss of income, which in terms of legislation is usually associated with a pre-defined index for the value adjustments of compensation.

In Finland, compensation is paid out in the form of vested annuities and value adjustments are dealt with off the balance sheet in a non-funded pool system. This limits the inflation risk. In Sweden, compensation is also paid out in the form of vested annuities over a long period and provisions must cover future value adjustments. The same also applies to Danish Workers Compensation insurance. This entails substantial sensitivity to changes in inflation.

In Norway and in Danish Motor Third Party Liability insurance, compensation is paid as a lump sum. Since in this case the duration is relatively short, the inflation risk is reduced. Refer to Note 5, Risks and risk management, for a sensitivity analysis of inflation.

Discount rate

With the exception of the claims reserves related to annuities, provisions for claims and premium reserves are presented as nominal values (undiscounted).

The discount interest rate for vested annuities is mainly determined with guidance from the now repealed Swedish Financial Supervisory Authority's regulations and general recommendations on the selection of interest rates for calculating technical provisions (FFFS 2013:23). For the operations conducted in If P&C Insurance Ltd, branch in Finland, however, technical provisions are recognized in accordance with the Finnish Insurance Companies Act. This means that provisions for vested annuities are discounted using a flat interest rate and not the interest-rate curve.

The rates given below are the weighted averages for If's annuities.

The presentation below shows discounted provisions and discount rate by country for countries with significant claims-related annuity portfolios:

MSEK	2022	2021
Denmark		
Amount vested annuities	1,473	1,659
Amount IBNR	216	44
Discount rate	2.58%	0.26%
Finland		
Amount vested annuities	12,859	15,863
Amount IBNR	2,235	2,586
Discount rate	2.50%	0.75%
Sweden		
Amount vested annuities	4,916	5,465
Amount IBNR	840	863
Discount rate	2.76%	1.42%

Refer to Note 5, Risks and risk management, for a sensitivity analysis of the discount interest rate.

Mortality

The provision risk for mortality is also related to claims-related annuities, since actual mortality may be lower than the mortality assumptions made when assessing the provision. The model used for mortality complies with the practices observed in the various countries. It is usually based on population death rates and/or specific joint-company analyses. The assumptions for mortality are generally differentiated in terms of age and gender. Refer to Note 5, Risks and risk management, for a sensitivity analysis of mortality.

The mortality model in Finland was updated in March 2022 by adapting the K2021 reference mortality model. The new model decreased the annuity reserve by around MSEK 500.

Effects of legislative amendments and court practices

When setting provisions, it is virtually impossible to take into account amendments to legislation and practices that affect future costs. However, there are methods for managing this uncertainty. Firstly, as noted earlier, the inflation assumptions are adjusted somewhat to take into account historical experience of the various insurance categories. In cases where individual claims issues are subject to legal examination and for which there is a risk of a prejudicial decision that will affect other claims, the provisions for similar claims are adjusted.

Changes in 2022

No significant changes in methods were implemented during the year.

During the year, the reported increase in gross claims provisions amounted to MSEK 2,926. Effects of exchange rate changes amounted to an increase of MSEK 3,633, while the real changes in gross claims reserves adjusted for currency effects amounted to a decrease of MSEK 706. The mortality model was changed in Finland, which decrased the reserves by approximately MSEK 500. Discount rate changes had a major impact on the claims provision during the year. In Finland, the discount rate changed from 0.75% to 2.50% during the year, which decreased the annuity reserve (including IBNR for new annuities) by around MSEK 3,800. By geographical area, the major reserve changes were as follows:

– Claims provisions in the Swedish operation, including branches of the Business Area Industrial, increased by MSEK 374. The largest change was seen in reserves for Motor Third Party Liability insurance, which decreased by over MSEK 400, to a large extent due to the increased discount rates for annuities. Reserves for Liability insurance increased by nearly MSEK 400 while reserves for Accident insurance and Motor Other insurance each increased by around MSEK 200.
– Claims provisions in the Norwegian operation increased by MSEK 1,324. Reserves for Accident insurance increased by almost MSEK 400 while reserves for Liability insurance and Motor Third Party Liability Insurance increased by almost MSEK 300 each. There were also smaller increases in reserves for Motor Other Insurance and Property Insurance.
– Claims provisions in the Danish operation increased by MSEK 1,223. Reserves for Property Insurance increased by over MSEK 400 while reserves for Workers' compensation insurance and Motor Third Party Liability insurance each increased by around MSEK 300.
– Claims provisions in the Finnish operation decreased by MSEK 3,751. Reserves for Workers' Compensation insurance decreased by around MSEK 2,600 while reserves for Motor Third Party Liability insurance decreased by MSEK 2,000. These changes were driven by increased discount rates as well as the new mortality model. Reserves for Accident insurance increased by almost MSEK 400, reserves for Property insurance increased by around MSEK 350 and reserves for Liability insurance increased by nearly MSEK 200.
– Claims reserves in the Baltic operations increased by MSEK 124 mostly due to increased reserves for Motor insurance.

The reinsured share of the claims provision increased by MSEK 143 in nominal terms. The real change adjusted for currency effects was a decrease of MSEK 108. The main driver was a decrease in ceded property reserves in Sweden.

Significant events

This year's large claims outcome was worse than expected on a total level. The largest single claim in 2022 was a machine breakdown in a power plant in UK estimated in excess of MSEK 200.

Claims costs trend

In addition to the sensitivity analysis, prior-year estimates of the claims costs for individual claims years also represent a measure of If´s ability to foresee final claims costs. The tables below show the cost trend for the claims years 2013-2022, before and after reinsurance. For claims years 2012 and earlier, the information is aggregated to one column and includes only payments made after 2002, i.e. the starting point is the closing balance for claims provisions in 2002 as well as the complete claims years 2003-2012.

The upper part of the table shows how an estimate of the total claims costs per claims year evolves annually. The lower section shows how large a share of this is presented in the balance sheet. Since If has operations in various countries, the portfolio is exposed to a number of currencies. To adjust for currency effects, the local reporting currency has been translated to SEK at the closing rate on December 31, 2022. Consequently, the table is not directly comparable with the corresponding tables reported in previous years or with the income statement, since all claims years include translated information and closing rates are used throughout.

MSEK **Claims costs, gross** **Claims year**	**2012 and prior years**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Estimated claims cost												
at the close of the claims year	310,209	28,706	28,456	28,701	29,183	29,550	31,098	32,354	34,032	33,737	36,387	
one year later	309,605	28,962	28,370	28,889	29,529	29,966	32,176	32,848	34,456	35,176		
two years later	309,200	28,991	28,439	28,763	29,503	29,911	32,509	33,019	34,757			
three years later	310,120	29,050	28,580	28,507	29,078	29,965	32,699	33,272				
four years later	308,488	29,119	28,635	28,230	28,960	29,680	32,592					
five years later	307,313	28,995	28,318	28,191	29,085	29,561						
six years later	305,339	28,871	28,029	28,025	28,906							
seven years later	303,782	28,710	27,911	27,884								
eight years later	301,655	28,617	27,688									
nine years later	299,939	28,397										
ten years later	295,571											
Current estimate of total claims costs	295,571	28,397	27,688	27,884	28,906	29,561	32,592	33,272	34,757	35,176	36,387	
Total disbursed	273,097	26,755	26,068	26,091	26,743	27,197	29,465	29,736	29,628	27,337	19,446	
Provisions reported in the balance sheet	22,473	1,642	1,620	1,793	2,163	2,364	3,127	3,537	5,129	7,839	16,941	68,628
of which annuities	*15,042*	*652*	*592*	*602*	*520*	*529*	*763*	*531*	*395*	*242*	*44*	*19,911*
Provisions for claims-settlement costs												2,721
Total provisions reported in the balance sheet												**71,349**

MSEK **Claims cost, net of reinsurance** **Claims year**	**2012 and prior years**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Estimated claims cost												
at the close of the claims year	265,774	28,213	28,065	28,244	28,589	28,924	30,527	31,689	32,008	32,361	35,436	
one year later	264,531	28,473	27,944	28,396	28,689	29,389	31,413	32,067	32,218	33,440		
two years later	264,008	28,520	27,859	28,235	28,647	29,286	31,738	32,200	32,515			
three years later	263,681	28,592	27,992	28,075	28,320	29,336	31,947	32,469				
four years later	264,536	28,632	28,002	27,774	28,201	29,060	31,798					
five years later	263,240	28,522	27,656	27,730	28,272	29,071						
six years later	262,452	28,385	27,372	27,571	28,102							
seven years later	260,677	28,219	27,246	27,441								
eight years later	259,160	28,140	27,030									
nine years later	257,195	27,886										
ten years later	255,565											
Current estimate of total claims costs	255,565	27,886	27,030	27,441	28,102	29,071	31,798	32,469	32,515	33,440	35,436	
Total disbursed	233,356	26,277	25,438	25,685	26,153	26,780	28,742	29,074	27,813	26,234	19,298	
Provisions reported in the balance sheet	22,209	1,609	1,592	1,756	1,949	2,291	3,056	3,395	4,702	7,206	16,138	65,905
of which annuities	*15,040*	*652*	*592*	*602*	*520*	*529*	*763*	*531*	*395*	*242*	*44*	*19,909*
Provisions for claims-settlement costs												2,721
Total provisions reported in the balance sheet												**68,626**

Comments

In 2022 If had reinsurance coverage with retention levels of MSEK 250 per event and between MSEK 100 and 250 per risk depending on line of business. From 2023, the retention levels are MSEK 300 per event and between MSEK 100 and 300 per risk.

Provisions for fixed claims-related annuities and related payments are included in the distribution by claims year above. Of the total net provision for claims-related annuities of MSEK 19,909, MSEK 15,040 applies to 2012 and previous years.

Note 32 – Deferred tax

MSEK Changes in deferred tax 2022	Opening balance	Recognized in income statement	Translation difference	Recognized in other comprehensive income	Changes due to acquisition through business combination/ disposal	Closing balance
Deferred tax assets						
Other provisions	84	-12	1	7	-	80
Goodwill [1]	86	-	0	-	-	86
Valuation of investment assets at fair value	-	-	-	59	-	59
Tax losses carried forward [2]	17	-12	1	-	0	5
Other temporary differences	19	-1	0	-1	0	18
Total deferred tax asset	**205**	**-25**	**2**	**65**	**0**	**248**
Netted deferred tax asset against deferred tax liability	**-161**					**-152**
Deferred tax asset according to balance sheet	**45**					**95**
Deferred tax liability						
Equalization reserve and other similar provisions	1,718	8	31	–	-	1,756
Valuation of investment assets at fair value	1,695	-	5	-1,537	-	164
Trademark and customer relationships	30	-4	1	-	12	40
Net pension assets	–	2	-	77	-	79
Other temporary differences	332	-21	26	–	0	337
Total deferred tax liability	**3,775**	**-15**	**64**	**-1,461**	**12**	**2,376**
Netted deferred tax liability against deferred tax asset	**-161**					**-152**
Deferred tax liability according to balance sheet	**3,614**					**2,223**
Deferred tax expense according to income statement		**-10**				

[1] Goodwill pertains to the possibility of tax deductions for acquired goodwill in If P&C Insurance Ltd (publ).

[2] At the end of 2022, Viking Assistance Group AS and its subsidiaries had tax loss carryforwards of MSEK 73, mainly in Sweden and Denmark, none of which is subject to expiration dates. Deferred tax assets are recognized for about 33% of the tax losses.

MSEK Changes in deferred tax 2021	Opening balance	Recognized in income statement	Translation difference	Recognized in other comprehensive income	Changes due to acquisition through business combination/ disposal	Closing balance
Deferred tax assets						
Other provisions	256	-23	2	-151	-	84
Goodwill [1]	86	-	0	-	-	86
Tax losses carried forward [2]	28	-13	1	-	-	17
Other temporary differences	16	2	0	-1	-	19
Total deferred tax asset	**386**	**-34**	**4**	**-151**	**-**	**205**
Netted deferred tax asset against deferred tax liability	**-169**					**-161**
Deferred tax asset according to balance sheet	**217**					**45**
Deferred tax liability						
Equalization reserve and other similar provisions	1,681	-8	46	–	-	1,718
Valuation of investment assets at fair value	942	-1	2	752	-	1,695
Trademark and customer relationships	46	-19	3	-	-	30
Other temporary differences	322	3	7	–	-	332
Total deferred tax liability	**2,991**	**-26**	**58**	**752**	**-**	**3,775**
Netted deferred tax liability against deferred tax asset	**-169**					**-161**
Deferred tax liability according to balance sheet	**2,822**					**3,614**
Deferred tax income according to income statement		**-8**				

[1] Goodwill pertains to the possibility of tax deductions for acquired goodwill in If P&C Insurance Ltd (publ).

[2] At the end of 2021, Viking Assistance Group AS and its subsidiaries had tax loss carryforwards of MSEK 148, mainly in Norway, Sweden and Denmark, none of which is subject to expiration dates. Tax assets are recognized for about 50% of the tax losses.

Note 33 – Provision for pensions and similar obligations

MSEK	2022	2021
Defined benefit pension obligations, including social costs etc.	2,341	3,012
Fair value of plan assets	2,446	2,745
Net liability (asset) recognized in balance sheet	**-105**	**267**
of which recognized as Net pension assets	*382*	*-*
of which included in the item Other provisions	*276*	*267*

If applies IAS 19 Employee Benefits and recognizes defined-benefit pension plans in Sweden and Norway. Other pension plans existing in the Group have either been classified as defined-contribution plans or have been classified as defined-benefit plans but recognized as defined-contribution plans, either because If lacks the information necessary to recognize them as defined-benefit plans or because they have been deemed as insignificant.

For the defined-contribution pension plans, If pays fixed contributions and has no further payment obligations once the contributions have been paid. The pension expense for the defined-contribution plans is equal to the premiums paid by If for the fiscal year.

The main Swedish defined-benefit pension plan, FTP2, is a multi-employer plan and is closed to new employees born in 1972 or later. The main Norwegian defined-benefit pension plan consists solely of active people employed prior to 2006 and born 1957 and earlier. As only a few individuals covered by the plan remain employed in If, the plan has been closed for accounting purposes during the year.

The pension benefits referred to are old-age pension and survivors' pension. A common feature of the defined-benefit plans is that the employees and survivors encompassed by the plans are entitled to a guaranteed pension that depends on the employees' service period and pensionable salary at the time of retirement. The dominating benefit is the old-age pension, referring to a life-long pension after anticipated retirement age.

The anticipated retirement age for Sweden in connection with life-long pension is 65 years. Life-long old-age pension following a complete service period is payable at a rate of 10% of the pensionable salary between 0 and 7.5 income base amounts, 65% of salary between 7.5 and 20 income base amounts and 32.5% between 20 and 30 income base amounts. Paid-up policies and pension payments from the Swedish plans are normally indexed annually with an amount corresponding to the change in the consumer price index. However, there is no agreement guaranteeing the value and future supplements, in addition to the contractual pension benefit, could either rise or fall.

In addition to the closed pension plan, there are also unfunded pension benefits in Norway for which If is responsible for ongoing payments. All employees in Norway born in 1957 or earlier and who were employed by If in 2013 are entitled to a temporary pension before the anticipated retirement age. The retirement age for receiving early retirement pension is normally 65 years. Following a complete service period the early retirement pension is payable at a rate of 70% of the pensionable salary. A few individuals also have a top-hat arrangement on salary above 12G or an individual pension agreement.

The pensions in Sweden are primarily funded through insurance whereby the insurers establish the premiums and disburse the benefits. If's obligation is primarily fulfilled through payment of the premiums. Should the assets that are attributable to the pension benefits not be sufficient to enable the insurers to cover the guaranteed pension benefits, If could be forced to pay supplementary insurance premiums or secure the pension obligations in some other way. However, given the insurers' high consolidation ratio, the risk that If will be forced to take any such action is low.

To cover the insured pension benefits, the related capital is managed as part of the insurers' management portfolios. New and existing asset categories are evaluated on an ongoing basis in order to diversify the asset portfolios with a view to optimize the anticipated risk-adjusted return. Any surplus that arises from management of the assets normally accrues to If and/or the insured and there is no form of transfer of the asset value to other members of the insurance collective.

The insurers and If are jointly responsible for monitoring the pension plans, including investment decisions and contributions. The pension plans are essentially exposed to similar material risks regarding the final amount of the benefits, longevity, the investment risk associated with the plan assets and the fact that the choice of discount interest rate affects the valuation in the financial statements.

When applying IAS 19, the pension obligation and the pension cost attributed to the fiscal period are calculated annually using the Projected Unit Credit method. The calculation of the defined benefit obligation is based on future expected pension payments and includes yearly updated actuarial assumptions such as salary growth, inflation, mortality and employee turnover. The expected pension payments are then discounted to a present value using a discount rate set with reference to AAA and AA corporate bonds issued in local currency, including mortgage-backed bonds, as at mid- December. The discount rates chosen in Sweden and Norway take into account the duration of the company's pension obligations in each respective country. After a deduction for the plan assets, a net asset or a net liability is recognized in the balance sheet.

The following tables contain a number of material assumptions, specifications of pension costs, assets and liabilities and a sensitivity analysis showing the potential effect on the obligations of reasonable changes in those assumptions as at the end of the fiscal year. The carrying amounts have been stated including special payroll tax in Sweden (24.26%) and a corresponding fee in Norway (14.1%-19.1%).

In addition to the defined benefit plan in Norway that was closed during the year, two small plans in Sweden have also been closed for accounting purposes. This has been reported as a settlement under IAS 19 as of December 31, 2022.

MSEK Distribution by country	2022 Sweden	2022 Norway	2022 Total	2021 Sweden	2021 Norway	2021 Total
Income statement and other comprehensive income						
Current service cost	44	3	48	62	9	70
Past service cost and settlements	3	5	8	-	-	-
Total cost, defined benefit pensions in technical result	**47**	**9**	**56**	**62**	**9**	**70**
Interest expense (income) on net pension liability	-1	5	4	8	5	13
Remeasurements of the net pension liability in other comprehensive income	-327	-17	-344	-743	-2	-745
Net cost (income), defined benefit pensions in comprehensive income	**-281**	**-3**	**-285**	**-674**	**12**	**-662**
In addition, defined contribution pension cost excl. social costs			**635**			**555**
Balance sheet						
Defined benefit pension obligations, including social costs etc.	2,045	296	2,341	2,516	496	3,012
Fair value of plan assets	2,427	19	2,446	2,561	184	2,745
Net liability (net asset) recognized in balance sheet	**-382**	**276**	**-105**	**-44**	**311**	**267**
Distribution by asset class[1)]						
Bonds	42%	-		41%	55%	
Equities	20%	-		27%	12%	
Properties	10%	-		9%	13%	
Other	28%	-		23%	20%	
Significant actuarial assumptions, etc.[1)]						
Discount rate	3.50%	3.25%		1.75%	2.00%	
Future salary increases	2.75%	3.00%		2.50%	3.00%	
Price inflation	2.00%	2.00%		1.75%	2.00%	
Mortality table	DUS21	K2013		DUS14	K2013	
Average duration of pension liabilities	18 år	10 år		20 years	12 years	
Expected contributions to the defined benefit plans during 2023 and 2022	62	-		73	8	
Sensitivity analysis[1)]						
Discount rate, +0.50%	-166	-11	-177	-296	-26	-323
Discount rate, -0.50%	188	12	200	340	29	369
Future salary increases, +0.25%	40	1	41	80	1	82
Future salary increases, -0.25%	-37	-1	-38	-74	-1	-75
Expected longevity, +1 year	68	6	74	122	13	135

1) The information regarding Distribution by asset class, Significant actuarial assumptions etc. and Sensitivity analysis does not include defined-benefit plans in the Norwegian subsidiary Viking Assistance Group AS amounting to a net liability of MSEK 7 (12).

MSEK Distribution of obligations on funded and unfunded plans	Funded plans 2022	Funded plans 2021	Unfunded plans 2022	Unfunded plans 2021
Defined benefit pension obligations, including social costs	2,071	2,704	269	308
Fair value of plan assets	2,446	2,745	-	-
Net liability (net asset) recognized in balance sheet	**-375**	**-41**	**269**	**308**

MSEK **Specification of change in pension obligations**	**2022**	**2021**
Defined benefit pension obligations on Jan 1, excl. social security costs etc.	2,947	3,194
Current service cost	47	57
Past service cost	-	-
Interest expense	52	42
Actuarial gains (-)/losses (+) on financial assumptions	-699	-283
Actuarial gains (-)/losses (+) on demographic assumptions	-69	-
Actuarial gains (-)/losses (+), experience adjustments	262	39
Translation differences on foreign plans	14	32
Benefits paid	-215	-134
Settlements	-70	-
Defined benefit pension obligations on Dec 31, excl. social security costs etc.	**2,270**	**2,947**
Social security costs etc.	71	64
Defined benefit pension obligations on Dec 31, incl. social security costs etc.	**2,341**	**3,012**

MSEK **Specification of change in plan assets**	**2022**	**2021**
Fair value of plan assets on Jan 1	2,745	2,402
Interest income	49	32
Difference between actual return and calculated interest income	-164	356
Contributions paid	102	75
Translation differences on foreign plans	6	14
Benefits paid	-215	-134
Settlements	-77	-
Fair value of plan assets on Dec 31	**2,446**	**2,745**

Note 34 – Other provisions

MSEK **Change in other provisions**	**2022**	**2021**
Opening balance	**97**	**197**
Provisions utilized during the fiscal year	-39	-57
Unutilized provisions reversed during the fiscal year	-17	-96
Provisions added during the fiscal year	24	51
Translation difference	4	2
Closing balance[1]	**69**	**97**

[1] Of which MSEK 47 (49) is expected to be settled later than 12 months after the closing date.

Other provisions consist of funds amounting to MSEK 30 (38) reserved for future expenses attributable to previously implemented or planned future organizational changes. The development of more efficient administrative and claims-adjustment processes and structural changes in distribution channels are resulting in organizational changes affecting all business areas. In addition to the provisions attributable to restructuring measures, the item includes employer contributions of MSEK 38 (39) reserved for commitments attributable to endowment policies and provisions for law suits and other uncertain obligations amounting to MSEK 0 (20).

Note 35 – Creditors arising out of direct insurance

MSEK	**2022**	**2021**
Payables to policyholders	1,844	1,462
Payables to insurance brokers	98	79
Payables to insurance companies	232	7
Total [1]	**2,174**	**1,548**

[1] Of which MSEK - (-) to be settled later than 12 months after the closing date.

Note 36 – Other creditors

MSEK	2022	2021
Premium tax	1,954	1,900
Lease liabilities	1,783	1,710
Current tax liabilities	899	843
Liability patient-insurance pool for public sector	742	678
Other creditors	430	329
Loan from credit institutions	315	305
Collaterals and settlement liabilities	537	278
Employee withholding taxes	141	126
Accounts payable	150	112
Other tax	123	100
Total [1)]	**7,074**	**6,380**

1) Of which MSEK 2,584 (2,372) matures later than 12 months after the closing date.

For more information on leases, please refer to Note 1 Accounting policies, Note 15 Investment result and Note 27 Tangible assets.

Note 37 – Other accruals and deferred income

MSEK	2022	2021
Accrued interest expense, financing	7	3
Other accrued expense	2,254	1,835
Deferred income	160	175
Total	**2,421**	**2,013**

Other accrued expense consist mainly of personnel-related provisions, such as for vacation-pay liability, social security fees, commission and other variable compensation as well as reserves for uninvoiced other operating expenses.

Note 38 – Pledged assets

MSEK **Pledged assets and equivalent securities for own liabilities and for commitments reported as provisions**	**2022**	**2021**
Other financial investment assets		
Collateral for insurance undertakings	3,938	4,309
Collateral for derivates trading	91	101
Total	**4,029**	**4,410**
Shares in subsidiaries		
Collateral for loans	1,045	968
Cash and bank balances		
Collateral for derivatives trading	-	20
Other collaterals	3	5
Total	**3**	**26**
Total	**5,077**	**5,404**

The following assets are registered as assets covering technical provisions. In the event of an insolvency situation, policyholders have a beneficiary right to assets registered for coverage of technical provisions. In normal operating circumstances, If has the right to transfer assets in and out of the register as long as all insurance commitments are covered in accordance with the Insurance Business Act.

MSEK **Policyholders' beneficiary rights**	**2022**	**2021**
Assets covered by policyholders' beneficiary rights	107,257	106,211
Technical provisions, net	-67,646	-70,065
Surplus of registered securities	**39,611**	**36,146**

Note 39 – Contingent liabilities and other commitments

MSEK	**2022**	**2021**
Surety and guarantee undertakings	21	19
Other commitments	56	50
Total	**77**	**69**

The subsidiary If P&C Insurance Ltd (publ) provides insurance with mutual undertakings within several pools, such as the Nordic Nuclear Insurers Pool, within the Norwegian Natural Perils Pool and the Dutch Terror Pool.

In connection with the transfer of property and casualty insurance business from the Skandia Group to the If Group, as of March 1, 1999, If P&C Insurance Holding and If P&C Insurance Ltd (publ) issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ), whereby, the aforementioned companies in the If Group mutually guarantee that companies in the Skandia Group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia Group within the property and casualty insurance business transferred to the If Group.

If P&C Insurance Holding and If P&C Insurance Ltd (publ) have separately entered into agreements with Försäkringsaktiebolaget Skandia (publ) and Tryg-Baltica Forsikring AS, whereby, Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Skandia and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (UK) Ltd (renamed Marlon Insurance Company Ltd, company dissolved in July 2017), in favor of the Institute of London Underwriters. Marlon was sold during 2007, and the purchaser issued a guarantee in favor of the afore-mentioned companies in the If Group for the full amount that they may be required to pay under these guarantees.

With respect to certain IT systems that If and the Sampo Group use jointly, If P&C Insurance Holding has undertaken to indemnify Sampo plc for any costs caused by If that Sampo plc may incur, in relation to the owners of the IT systems.

If P&C Insurance Ltd (publ) has outstanding commitments to private equity funds totalling MSEK 35, which is the maximum amount that the company has committed to invest in the funds. Capital may be called to these funds over several years as the funds make investments.

Note 40 – Specifications to Cash Flow Statements

	Subordinated debt		**Bonds and loans from credit institutions**		**Lease liabilities**	
MSEK	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Opening balance	**2,490**	**4 095**	**305**	**284**	**1,710**	**1,540**
Cash flows - Issuance	-	1 491	-	-	-	-
Cash flows - Repayment	-	-3,128	-	-	-243	-231
Cash flows - Interest expenses	-63	-155	-10	-7	-16	-16
Non cash changes - Translation difference	-	32	8	20	60	49
Non cash changes - New leases and reassessments	-	-	-	-	256	352
Non cash changes - Interest expense	69	155	12	8	16	16
Non cash changes - Other	-2	-	-	-	-	-
Closing balance	**2,494**	**2,490**	**315**	**305**	**1,783**	**1,710**

Note 41 – Transition effects of changed accounting policies applied from 2023 (IFRS 17 and IFRS 9)

Transition to IFRS 17 Insurance contracts

IFRS 17 Insurance Contracts replaces IFRS 4 Insurance contracts and takes effect on January 1, 2023. IFRS 17, unlike its predecessor, contains a complete framework for the measurement and presentation of insurance contracts. The transition to the new standard is recognized as a change in accounting policy, with a retrospective application from January 1, 2022.

IFRS 17 introduces a general measurement model applicable to all insurance contracts and reinsurance contracts to measure the insurance liabilities and the reinsurance assets. When certain criteria are met a simplified approach, the premium allocation approach (PAA), may be applied. The premium allocation approach will be applied for all insurance business in If, as the coverage period for the main part of the insurance and reinsurance contracts is one year or less, and as longer-term contracts have been assessed to fulfil the eligibility criteria.

Significant changes in accounting policies: Insurance and reinsurance contracts issued

Liability for remaining coverage (LRC)

IFRS 17 stipulates that 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. This is a change compared with the current measurement of the provision for unearned premiums which is intended to cover anticipated claims costs and operating expenses during the remaining coverage period of the contract. Both assets and liabilities will consequently be reduced at the transition to IFRS 17, mainly due to reclassification of both premium receivables as well as deferred acquisition costs to insurance liabilities.

Subsequent of initial recognition, the carrying amount is decreased by the amount recognized as insurance revenue for services provided in the period. Insurance revenue is recognized based on the expected premium receipts allocated to the period, which for most products will be the passage of time i.e. calculated on a pro rata temporis basis consistent with the current accounting policy.

The insurance acquisition cash flows reducing the carrying amount of LRC relates to commissions expenses as well as personnel expenses for internal sales units. The acquisitions 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 is applied to portfolios relating to Business Area Private, which is a change compared to the current accounting policy.

For any groups of onerous contracts, IFRS 17 introduces a loss component as part of the liability for remaining coverage, where the loss component is calculated as the difference in the liability measured with general measurement model compared to premium allocation approach. If has identified a very limited number of onerous groups of contracts at the transition to IFRS 17.

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 (LIC)

The liability for incurred claims (LIC) is measured at the total of the fulfilment cash flows which consists of estimated future cash flows adjusted for time value of money (discounting) and a risk adjustment.

According to IFRS 17 all the estimated future cash flows are discounted with market-based yield curves, compared with the current accounting policy of only discounting the provisions for annuities (including annuity IBNR). The current discount rates are determined with guidance from the now repealed Swedish Financial Supervisory Authority's regulation (FFFS 2013:23) and a flat EUR discount rate. These will be replaced by yield curves compliant with IFRS 17.

The yield curves that will be applied after transition to IFRS 17 are constructed based a risk-free rate and an illiquidity premium for each of the main currencies. The risk-free rate is derived based on swap rates deducted with a credit risk adjustment, currently aligned with the methodology to derive EIOPA's risk-free interest rates applied for Solvency II reporting. This also comprises the last liquid point and the extrapolation method and assumptions, which includes the ultimate forward rate. The risk-free interest rate is adjusted with an illiquidity premium, which is derived based on a basket of high-rated bonds for each currency, up until the last liquid point and thereafter extrapolated with the same assumptions as the risk-free rate.

The effect from changes in discounting, is according to the current accounting policy presented in the income statement as Change in provision for claims outstanding. IFRS 17 requires changes in the time value of money and changes in financial risk to be presented in the income statement as Insurance finance income or expenses unless the allowed option with presentation in Other comprehensive income is applied. If will not apply this alternative. Therefore, the effect from changes in interest rates as well as interest expense is presented in its entirety as Insurance finance income or expenses. Potential changes in the indexation of annuities are considered to meet the definition of a financial risk. Consequently, changes in indexation will be presented within Insurance finance income or expenses after the transition to IFRS 17.

IFRS 17 introduces an explicit risk adjustment, which reflects the uncertainty about the amount and timing of cash flows arising from non-financial risk. The risk adjustment will be derived through a confidence level technique whereby management has determined the appropriate quantile reflecting the compensation required for bearing non-financial risk and the degree of risk aversion. The confidence level applied in calculating the risk adjustment has been set to 85%. The risks considered when determining the risk adjustment are reserve risk, longevity risk and inflation risk. The change in risk adjustment, including related discounting effects, is presented within the income statement as Insurance service expenses.

Significant changes in accounting policies: Reinsurance contracts held

The same changes in accounting policies as for measuring the insurance contracts issued will be applied when measuring the reinsurance contracts held. The additional requirement to account for the effect of the risk of non-performance by the issuer of the reinsurance contract has had an insignificant impact at transition to IFRS 17.

Transition approach and transition effects January 1, 2022

IFRS 17 will be applied retrospectively in its entirety at the transition date (a full retrospective approach). Consequently, groups of insurance contracts are identified, recognized and measured as if IFRS 17 had always been applied at the transition date groups, and any existing balances that would not exist if IFRS 17 had always been applied are derecognized. The resulting net difference is recognized as retained earnings in equity.

The changes in accounting policies affect several line items in If's balance sheet at transition. The table below presents the transition effects to the opening balances as per January 1, 2022.

MSEK Consolidated balance sheet according to IFRS 4	IFRS 4 Dec 31, 2021	Reclass-ifications	Remeasu-rements	IFRS 17 Jan 1, 2022	Consolidated balance sheet according to IFRS 17
Reinsurers' share of technical provisions					**Reinsurance assets**
Provisions for unearned premiums and unexpired risks	719	-485		233	Asset for remaining coverage
Provisions for claims outstanding	2,581		12	2,592	Asset for incurred claims
	3,299	**-485**	**12**	**2,826**	
Deferred tax asset	**45**		**10**	**54**	**Deferred tax asset**
Debtors					
Debtors arising out of dir.insurance	15,107	-13,972			
Debtors arising out of reinsurance	1,108	-840			
Other debtors	913				
	17,129	**-14,812**		**2,317**	**Debtors**
Prepayments and accrued income					**Prepayments and accrued income**
Accrued interest and rental income	355			355	Accrued interest and rental income
Deferred acquisition costs	1,162	-1,162			
Other prepayments and accrued income	458			458	Other prepayments and accrued income
	1,975	**-1,162**		**813**	
Total asset change		**-16,459**	**22**		
Shareholders' equity					**Shareholders' equity**
Retained earnings incl Net income for 2021	25,467		1,435	26,903	Retained earnings incl Net income for 2021
Other items in equity	10,825			10,825	Other items in equity
	36,292		**1,435**	**37,727**	
Technical provisions (gross)					**Insurance liabilities**
Provisions for unearned premiums and unexpired risks	24,177	-15,964	993	9,206	Liability for remaining coverage
Provisions for claims outstanding	68,422		-2,792	65,631	Liability for incurred claims
	92,599	**-15,964**	**-1,798**	**74,837**	
Provision for other risks & charges					**Provision for other risks & charges**
Deferred tax liability	3,614		384	3,998	Deferred tax liability
Other provisions	364			364	Other provisions
	3,978		**384**	**4,362**	
Creditors					**Creditors**
Creditors arising out of dir.insurance	1,548	-1,548			
Creditors arising out of reinsurance	441	-441			
Derivatives	78			78	**Derivatives**
Other creditors	6,380	1,557		7,936	Other creditors
	8,447	**-433**		**8,014**	
Accruals and deferred income					
Reinsurers' share of DAC	52	-52			
Other accruals and deferred income	2,013	-9			
	2,066	**-62**		**2,004**	**Accruals and deferred income**
Total equity, provisions, liabilities change		**-16,459**	**22**		

The key measurement changes decreasing the Liability for incurred claims relate to changes in discounting effect in an amount of MSEK -2,665 relating to both changed scope and the yield curve, and as an effect of recognizing an explicit discounted risk adjustment compared with implicit prudence under current accounting policies.

The key measurement changes impacting the Liability for remaining coverage relate to changes in acquisition cash flows amounting to MSEK 735, relating to changed scope, definition and calculation method. The Liability for remaining coverage is also impacted by the recognition of a loss component for the limited number of onerous groups identified.

Transition to IFRS 9 Financial instruments

IFRS 9 Financial Instruments became effective on January 1, 2018 and superseded IAS 39 Financial Instruments: Recognition and Measurement. However, as described in Note 1 the Group has met the relevant criteria and has applied the temporary exemption from

IFRS 9 for annual periods before January 1, 2023. Consequently, the Group will apply IFRS 9 for the first time on January 1, 2023. The IFRS 9 comparative period 2022 will not be restated.

IFRS 9 changes the principles of classification and measurement of financial assets and includes a new impairment model based on expected, rather than incurred, credit losses.

Significant changes in accounting policies: Classification and measurement

Financial assets

A significant change in IFRS 9 compared with IAS 39 is how financial assets are classified into different measurement categories. Under IFRS 9, financial assets are classified as being subsequently measured either at fair value through profit or loss (FVPL), at fair value through other comprehensive income (FVOCI) or at amortized cost (AMC). The Group will not have any financial assets classified as fair value through OCI at transition to IFRS 9. The current IAS 39 categories held-to-maturity, available-for-sale and loans and receivables cease to exist under IFRS 9.

According to IFRS 9, debt instruments are classified based on a combination of the Group's business model for managing the financial assets and whether the contractual cash flow characteristics consists solely of payments of principal and interest (SPPI). The business model is assessed at a portfolio level, reflecting how the financial assets are managed together to achieve a particular business objective. Factors assessed in determining the business model include how the performance of the portfolio is evaluated and reported to management; how risks are assessed and managed and the frequency, volume, reasons, and timing of sales. When assessing the SPPI criteria, the principal is defined as the fair value at initial recognition which can subsequently change if there are repayments of principal. Interest is assessed if it is consistent with payment per a basic lending arrangement which includes time value of money, credit risk, other basic lending risks and profit margin.

Fair value through profit or loss: Debt instruments are mandatorily classified in this category 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. At transition to IFRS 9, the main part of the Group's financial assets will be classified at fair value through profit or loss instead of the previous classification as available for sale under IAS 39. Consequently, for future reporting periods, the fair value changes will be recognized in the statement of profit or loss, which is expected to increase earnings volatility.

Amortized cost: Debt instruments are classified in this category when the objective of the business model is to hold the financial asset in order to collect contractual cash flows, and the contractual cash flows meet the SPPI criteria. The carrying amount is calculated using the effective interest rate method, and adjusted for a loss allowance, which per IFRS 9 is based on expected credit losses (ECL). At transition to IFRS 9 this will generally consist of the investment assets currently classified as Loans and receivables.

Equity instruments are classified as fair value through profit or loss. IFRS 9 introduces an irrevocable option which can be made at initial recognition to classify equity instruments (not held for trading) at fair value through other comprehensive income. This option will not be applied by the Group; consequently at transition to IFRS 9 the equity instruments will be classified as fair value through profit or loss instead of the previous classification as available for sale under IAS 39.

Derivatives are, consistent with current policies, classified as fair value through profit or loss (held for trading).

Financial liabilities

The transition to IFRS 9 does not change the measurement of the Group's financial liabilities.

Significant changes in accounting policies: Impairment

IFRS 9 introduces impairment requirements based on a forward-looking 'expected credit loss (ECL)' model, which replaces the model applied under IAS 39 based on incurred losses. The new impairment model will apply to the Group's financial assets classified as amortized cost. The impairment requirements do not apply to equity instruments or other financial instruments measured at FVPL.

IFRS 9 introduces a general approach for impairment in which a loss allowance is based on a three staged model and calculated either for '12-month expected credit losses' (Stage 1) or 'lifetime expected credit losses' (Stage 2 and 3) and the changes in expected credit losses are recognized in profit or loss. In stage 1 the credit risk has not increased significantly, in stage 2 the credit risk has increased significantly since initial recognition and in stage 3 the financial asset is assessed to be credit-impaired (at default).

The general approach will be applied in the Group, with a model based on three components: probability of default (PD), loss given default (LGD) and exposure at default (EAD). The PD is determined based on each investment's individual rating and thereto related default rate tables. The LGD is the estimated portion of the total receivable that may not be recovered in the event of default.

Transition approach and transition effects

IFRS 9 will be applied retrospectively at the transition date January 1, 2023. The comparative period 2022 will not be restated.

The implementation of IFRS 9 does not have a material impact on the Group's balance sheet, as the main part of financial assets are reported at fair value under IAS 39 in the balance sheet, which is the measurement principle also stipulated under IFRS 9. Both debt and equity instruments currently classified as available for sale, will on transition to IFRS 9 be classified at fair value through profit or loss. The new classification requirements will therefore not have a material impact on the total equity; however, the existing fair value reserve will be transferred into retained earnings.

At transition to IFRS 9 only a limited amount of financial assets will be classified as amortized cost, generally those currently classified as Loans and receivables under IAS 39. The financial assets in scope for expected credit losses are consequently limited.

Refer to Note 21 for additional information regarding Classification of other financial investment assets in accordance with IFRS 9.

Note 42 – Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Notes to the Parent Company

Note 1 – Average number of employees

Average number of employees	2022	*Where of Women %*	2021	*Where of Women %*
Norway	3	*0*	3	*0*
Sweden	4	*0*	4	*0*
Total	**7**	***0***	**7**	***0***

Percentage of women in executive management	2022	2021
Board of Directors	0 %	0 %
Other senior executives	0 %	0 %

Note 2 – Salaries and other remuneration for senior executives and other employees

MSEK	2022	2021
Salaries and remuneration	108	79
Pension costs	8	17
Social fees	29	19
Total	**145**	**115**

MSEK **Of which salaries and other remuneration for senior executives [1]**	2022	2021
Fixed salaries and remuneration	22	20
Variable compensation and incentive schemes	71	57
Total	**93**	**77**

[1] Senior executives are defined as the board members, president and members of the Group Management team employed in If P&C Insurance Holding Ltd (publ).

kSEK **Salaries and other remuneration for senior executives 2022**	Basic salary/ Directors' fee	Variable compensation	Incentive schemes [1]	Other benefits	Pension-costs	Total
Chairman of the Board Torbjörn Magnusson	-	-	-	-	-	-
Other Board members	-	-	-	-	-	-
President / CEO Morten Thorsrud	7,076	4,495	16,286	32	1,150	29,039
Other members of Group Management, 5 individuals	14,631	5,644	44,489	463	6,048	71,275
Total	**21,707**	**10,139**	**60,775**	**495**	**7,198**	**100,314**

[1] For more informatoin, refer to Long-term incentive schemes below.

kSEK **Salaries and other remuneration for senior executives 2021**	Basic salary/ Derectors' fee	Variable compensation	Incentive schemes [1]	Other benefits	Pension-costs	Total
Chairman of the Board Torbjörn Magnusson	-	-	-	-	-	-
Other Board members	-	-	-	-	-	-
President / CEO Morten Thorsrud	5,787	3,648	10,866	43	1,877	22,221
Other members of Group Management, 5 individuals	13,282	5,364	37,593	465	13,367	70,071
Total	**19,069**	**9,012**	**48,459**	**508**	**15,244**	**92,292**

[1] For more informatoin, refer to Long-term incentive schemes below.

Long-term incentive schemes

Reconciliation of outstanding units	2022	2021
Outstanding at 1 January	867,900	878,900
Granted during the year	-	-
Transferred during the year	-	188,900
Forfeited during the year	-	-
Paid out during the year	-200,900	199,900
Lapsed during the year	-	-
Outstanding at 31 December	**667,000**	**867,900**

kSEK **Outstanding units and values**	**Dec 31, 2022** Number of units	 Maximum amount	 Reserved amount	**Dec 31, 2021** Number of units	 Maximum amount	 Reserved amount
President / CEO Morten Thorsrud	150,000	49,714	20,658	194,450	52,113	10,017
Other members of Group Management, 5 (5) individuals	417,000	138,156	57,512	529,000	141,361	26,802
Others covered by the incentive schemes	100,000	33,143	13,772	144,450	38,941	7,948
Total	**667,000**	**221,013**	**91,943**	**867,900**	**232,416**	**44,767**

The expensed cost of the incentive program during the year amounted to MSEK 72.5 (48,5).

Note 3 – Result from associates

MSEK	2022	2021
Dividend	-	22
Gain/loss on sale [1]	-8	-
Impairment [2]	-42	-
Total	**-50**	**22**

[1] Consists of SOS International A/S.

[2] Consists of revaluations in connection with the acquisition of outstanding shares in Boalliansen AS and Digiconsept AS.

Note 4 – Interest income and similar income items

MSEK	2022	2021
Interest income, group companies	17	14
Other interest income	40	20
Other	6	8
Total	**63**	**42**

Note 5 – Interest expense and similar expense items

MSEK	2022	2021
Interest expense, group companies	-23	0
Interest expense, other	-78	-107
Other	-9	-7
Total	**-110**	**-114**

Note 6 – Taxes

MSEK	2022	2021
Current tax	-7	-10
Deferred tax	1	3
Total tax in the income statement	**-6**	**-7**

MSEK	2022	2021
Difference between reported tax and tax based on current swedish tax rate		
Profit before taxes	8,339	5,863
Tax according to current tax rate, 20.6%	-1,718	-1,208
Non-taxable dividend from group companies, associates and other holdings	1,735	1,219
Non-taxable/non-deductible capital gain/loss and impairment loss	-10	-
Permanent differences, net	-8	-15
Non-creditable foreign taxes	-5	-4
Adjustment of prior-year taxes	0	0
Reported tax in the income statement	**-6**	**-7**

Note 7 – Shares in group companies

				Carrying amount, MSEK	
	Country	Number of shares	Holding %	2022	2021
If P&C Insurance Ltd (publ), corp. reg. no. 516401-8102	Sweden	1,044,306	100	16,515	16,515
If Livförsäkring AB, corp. reg. no. 516406-0252	Sweden	10,000	100	73	73
If Services AB, corp. reg. no. 559058-0824	Sweden	50,000	100	7	7
Nordisk Hälsoassistans AB, corp. reg. no. 556691-1094	Sweden	1,000	100	1	1
If IT Services A/S	Denmark	501	100	1	1
Vertikal Helseassistanse AS	Norway	957,731	100	342	342
Viking Assistance Group AS	Norway	820,378	100	918	918
Boalliansen AS	Norway	100,000	100	18	-
Digiconsept AS	Norway	200,000	100	5	-
If P&C Insurance AS	Estonia	6,391,165	100	442	442
Total				**18,322**	**18,299**

Note 8 – Shares in associates

				Carrying amount, MSEK	
	Country	Number of shares	Holding %	2022	2021
CAB Group AB, corp.reg.no. 556131-2223	Sweden	1,209	22.0	7	7
SOS International A/S	Denmark	-	-	-	96
Rogaland Forsikring AS	Norway	6,530	33.0	13	13
Boalliansen AS	Norway	-	-	-	7
Digiconsept AS	Norway	-	-	-	14
Total				**20**	**137**

Note 9 – Bonds and other interest-bearing securities

Classification and specification of short-term investments

	Acquisition value		Fair value		Carrying amount	
MSEK	2022	2021	2022	2021	2022	2021
Financial assets available for sale						
Shares and participations	7	7	7	7	7	7
Bonds	2,974	1,394	2,948	1,405	2,948	1,405
Total	**2,981**	**1,401**	**2,955**	**1,412**	**2,955**	**1,412**

Bonds and other interest-bearing securities

Bonds and other interest-bearing securities by type of issuer, are shown below.

MSEK	Nominal value		Fair value		Carrying amount	
Type of issuer	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Swedish municipalities	187	187	186	189	186	189
Swedish financial companies	787	274	775	277	775	277
Other Swedish companies	1,033	753	1,026	760	1,026	760
Foreign financial companies	581	20	582	20	582	20
Other foreign companies	393	159	378	159	378	159
Total	**2,981**	**1,393**	**2,948**	**1,405**	**2,948**	**1,405**

The sensitivity to changes in interest rates, calculated as the effect on the unrealized result of a 1 percentage point shift up of the interest rate, amounted to MSEK -11 (-8) as of December 31, 2022.

The duration of the portfolio was 0.33 (0.2) at year-end 2022.

Short-term investments at fair value

Within If P&C Insurance Holding, a careful process is followed and controls are performed in order to ensure correct fair values of financial assets and liabilities. For example, controls are made by several different external sources and assessments of abnormal price changes are performed when necessary.

Different valuation methods are used to determine the fair value depending on the type of financial instruments and to what extent they are traded on active markets. In order to evaluate the activity in a market with respect to frequency and volume, If P&C Insurance Holding mainly uses information compiled by Bloomberg. The valuation of bonds is also usually based on prices from Bloomberg. Quoted bonds are measured on the basis of last bid price.

The Parent Company's financial instruments, which are measured at fair value, are classified in three different hierarchy levels depending on their valuation methods as well as how active the market is. The control of the classification in hierarchy levels is done quarterly. If conditions have changed for the existing level, the holding in question is moved to the correct hierarchy level in consent with the Risk Management function.

Level 1 – Financial assets and liabilities with values based on quoted prices in active markets for identical assets or liabilities.

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. An active market is typically characterized by quoted prices that are easily and regularly available and that represent actual and regularly occurring transactions at arm's length distance.

Assets and liabilities in the category include interest-bearing assets that have quoted prices on an active market at the time of valuation.

Level 2 – Financial assets and liabilities with values based on quoted prices or valuation based on directly or indirectly observable market data.

In the level 2 hierarchy all essential inputs are observable either directly or indirectly. The large majority of the instruments in level 2 are traded in a market with daily quoted prices and regularly occurring market transactions but where the market is not considered to be active enough regarding frequency and volume and/or when the standard deviation of the prices is high.

Instruments that are measured at level 2 include interest-bearing assets where the market is not active enough.

Level 3 - Financial assets and liabilities that are traded on an illiquid market, with non-observable market data or indications of trading levels without any actual trade.

When neither quoted prices in active markets nor observable market data is available, the fair value of financial instruments is based on valuation techniques that are based on non-observable market data.

Short-term investments in fair value hierarchy

	2022				2021			
MSEK	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets available for sale								
Shares and participations	-	-	7	7	-	-	7	7
Bonds	2,313	634	-	2,948	1,184	220	-	1,405
Total	**2,313**	**634**	**7**	**2,955**	**1,184**	**220**	**7**	**1,412**

Transfers from level 1 to level 2 amounted to MSEK 334 (8) corresponding to 11% (0.6) of the outstanding balance for financial investment assets measured at fair value while transfers from level 2 to level 1 amounted to MSEK - (366) corresponding to 0% (25.9) of the outstanding balance for financial investment assets measured at fair value.

Note 10 – Subordinated debt

MSEK	Original nominal value	Maturity	Interest rate	2022 Fair value [1]	2022 Carrying amount	2021 Fair value [1]	2021 Carrying amount
Subordinated loan, issued in 2018	MSEK 1,000	perpetual	3-month STIBOR + 2.75%	1,001	1,000	992	997
Subordinated loan, issued in 2021	MSEK 1,500	30 years	3-month STIBOR + 1.30%	1,501	1,494	1,485	1,493
Total				**2,502**	**2,494**	**2,477**	**2,490**

[1] According to If's application of IAS 39, subordinated debt is carried at amortized cost. Fair value is only given for disclosure purposes. Financial instruments with fair value information are classified in three different hierarchy levels depending on their liquidity and valuation methods. The subordinated loan issued in 2018 is classified in level 1 and a quoted price in an active market is available. The subordinated loan issued in 2021 is classified in level 2 and fair value is based on quoted prices in inactive markets.

The loan of MSEK 1,000 was issued in March 2018 with variable interest rate terms. The loan includes terms stating the right of redemption after five years and at any interest payment date thereafter. If has decided to redeem the loan in March 2023. The loan is listed on the Luxembourg Stock Exchange (BdL Market).

The loan of MSEK 1,500 was issued in March 2021 with variable interest rate terms. The loan includes terms stating the right of redemption after five years, at any date for a three-month period after the first five years and thereafter at any interest payment date. The loan is listed on the Luxembourg Stock Exchange (BdL Market).

Note 11 – Deferred tax

MSEK **Changes in deferred tax 2022**	Opening balance	Recognized in income statement	Recognized in other comprehensive income	Closing balance
Deferred tax assets				
Other temporary differences	8	1	0	9
Short term investment at fair value	-	-	5	5
Total deferred tax asset	**8**	**1**	**6**	**14**
Netted deferred tax asset against deferred tax liability	**-2**			**-**
Deferred tax asset according to balance sheet	**5**			**14**
Deferred tax liability				
Short term investment at fair value	2	-	-2	-
Total deferred tax liability	**2**	**-**	**-2**	**-**
Netted deferred tax liability against deferred tax asset	**-2**			**-**
Deferred tax liability according to balance sheet	**-**			**-**
Deferred tax income according to income statement		**1**		

MSEK **Changes in deferred tax 2021**	Opening balance	Recognized in income statement	Recognized in other comprehensive income	Closing balance
Deferred tax assets				
Other temporary differences	4	3	0	8
Total deferred tax asset	**4**	**3**	**0**	**8**
Netted deferred tax asset against deferred tax liability	**-3**			**-2**
Deferred tax asset according to balance sheet	**1**			**5**
Deferred tax liability				
Short term investment at fair value	3	-	-1	2
Total deferred tax liability	**3**	**-**	**-1**	**2**
Netted deferred tax liability against deferred tax asset	**-3**			**-2**
Deferred tax liability according to balance sheet	**-**			**-**
Deferred tax income according to income statement		**3**		

Note 12 – Pledged assets

MSEK **Pledged assets and equivalent securities for liabilities and for commitments reported as provisions**	**2022**	**2021**
Shares in subsidiaries		
Collateral for loans	-	918
of which on behalf of group companies	*-*	*918*

Note 13 – Contingent liabilities and other commitments

MSEK	**2022**	**2021**
Surety and guarantee undertakings	-	-
of which on behalf of group companies	**-**	**-**

In connection with the transfer of property and casualty insurance business from the Skandia Group to the If Group as of March 1, 1999, If P&C Insurance Holding and If P&C Insurance Ltd (publ) issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ) whereby the aforementioned companies in the If Group mutually guarantee that companies in the Skandia Group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia Group within the property and casualty insurance business transferred to the If Group.

If P&C Insurance Holding and If P&C Insurance Ltd (publ) have separately entered into agreements with Försäkringsaktiebolaget Skandia (publ) and Tryg-Baltica Forsikring AS whereby Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Skandia and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (UK) Ltd (renamed Marlon Insurance Company Ltd, company dissolved in July 2017) in favor of the Institute of London Underwriters. Marlon was sold during 2007, and the purchaser issued a guarantee in favor of the aforementioned companies in the If Group for the full amount that they may be required to pay under these guarantees.

With respect to certain IT systems that If and the Sampo Group use jointly, If P&C Insurance Holding has undertaken to indemnify Sampo plc for any costs caused by If that Sampo plc may incur in relation to the owners of the IT systems.

Note 14 – Appropriation of earnings

Unrestricted funds in the company, including the Fair value reserve, that are available for appropriation by the Annual General Meeting in accordance with the balance sheet, amount to:

SEK	
Net profit for the year	8,333,099,109
Profit brought forward	7,479,009,015
Fair value reserve	-20,683,438
	15,791,424,687

The Board of Directors proposes appropriation of earnings as follows:

SEK	
Paid as dividend	0
Profit to be carried forward	15,791,424,687

From January 1, 2023, If applies IFRS 9 Financial instruments, whereby the current Fair value reserve is dissolved and a corresponding amount is instead recognized in Profit brought forward.

Signatures

We hereby certify that the consolidated financial statements have been prepared in accordance with international accounting principles as adopted by the European Union and provides a true and fair view of the Group's financial position and results. The Annual Report has been prepared in accordance with generally accepted accounting principles and provides a true and fair view of the Parent Company's financial position and results. The Board of Directors' Report for the Group and the Parent Company provides a true and fair overview of the development of the Group and Parent Company's operations, financial position and result and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, March 9, 2023

Torbjörn Magnusson
Chairman of the Board

Knut Arne Alsaker
Board member

Patrick Lapveteläinen
Board member

Ricard Wennerklint
Board member

Morten Thorsrud
President and CEO

Our audit report was issued on March 9, 2023

Deloitte AB

Henrik Nilsson
Authorized Public Accountant

Auditor’s Report

To the general meeting of the shareholders of If P&C Insurance Holding Ltd (publ), corporate identity number 556241-7559

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of If P&C Insurance Holding Ltd (publ) for the financial year 2022-01-01 - 2022-12-31 except for the corporate governance report on pages 6-7. The annual accounts and consolidated accounts of the company are included on pages 4-85 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Insurance Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company’s Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Provision for claims outstanding

The provision for claims outstanding (gross of reinsurance) amounts to 71,349 MSEK as of 31 December 2022 in the consolidated accounts.

The Group’s provision for claims outstanding represents a material balance sheet item and is based on complex actuarial calculations and assumptions about future outcomes, primarily regarding the timing and size of claims incurred. The result of management’s assessments regarding the requirement for provision for claims outstanding depends on inputs, the choice of actuarial methods and the precision of management judgment in determining actuarial assumptions. The key areas with the greatest impact on the recorded amount of the provision are assessments of settlement time, inflation, morbidity, mortality (annuity reserve), discount rate and claims settlement cost for attributable cash flows.

Note 1 and Note 2 to the Consolidated Accounts give a description of the accounting policies applied for the valuation of the Group´s claims outstanding and Note 5 deals with the Group’s exposure to and management of the insurance risks associated with the provision for claims outstanding. Note 31 further describes the methods applied by the Group in the valuation of the balance sheet item and the development of the provision for claims outstanding over time.

As the calculation of the provision for claims outstanding is significantly dependent on estimations and judgments this is an area of particular importance in our audit.

We have involved actuary specialists in our audit procedures and our audit procedures have included but were not limited to:

- Evaluated whether actuarial valuation methods and models for calculating provision for claims outstanding comply with generally accepted standards and practices.
- Evaluated the key controls deemed most relevant to the assessment of the choice of actuarial methods, assessment of assumptions and evaluation and analysis of historical claims development. We have also evaluated and examined a selection of general IT controls linked to relevant systems and applications assessed as critical to the data that forms the basis for the valuation of provision for claims outstanding.
- On a sample basis, examined input data used in the calculations of the provision for claims outstanding.
- Performed independent calculations based on actuarial methods for a substantial part of the provision for claims outstanding.
- Evaluated management’s significant estimations and judgments.
- Evaluated whether the disclosures, for example regarding methods and assumptions applied, insurance risks and claims development, linked to the provision for claims outstanding are fair and complete based on applicable accounting policies.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-3 och 86-91. The Board of Directors and the President are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the President

The Board of Directors and the President are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts

Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU and the Annual Accounts Act for Insurance Companies. The Board of Directors and the President are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the President are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the President intends to liquidate the company, to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
– Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the President.
– Conclude on the appropriateness of the Board of Directors' and the President's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
– Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
– Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the President of If P&C Insurance Holding Ltd (publ) for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The President shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the President in any material respect:

– has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
– in any other way has acted in contravention of the Companies Act, the Annual Accounts Act and the Annual Accounts Act for Insurance Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 6-7 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard Rev 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared.

Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of If P&C Insurance Holding Ltd (publ) by the general meeting of the shareholders on the 2022-04-12 and has been the company's auditor since 2021-04-06.

Stockholm March 9th 2023

Deloitte AB

Signature on Swedish original

Henrik Nilsson
Authorized Public Accountant

Group Management

Morten Thorsrud
Born 1971
President and Chief Executive Officer
Employed 2002
Resident in Nesbru

Odd Magnus Barstad
Born 1979
Head of Claims
Employed 2011
Resident in Oslo

Johan Börjesson
Born 1967
Head of Human Resources
Employed 2005
Resident in Lidingö

Måns Edsman
Born 1974
Chief Financial Officer
Employed 2002
Resident in Stockholm

Anna-Kitty Ekstam
Born 1969
Chief Risk Officer
Employed 2002
Resident in Grankulla

Ingrid Janbu Holthe
Born 1982
Head of Business Area Private
Employed 2014
Resident in Oslo

Sumit Malhotra
Born 1976
Head of Corporate Communications
Employed 2020
Resident in Stockholm

Andris Morozovs
Born 1977
Head of Business Area Baltic
Employed 1999
Resident in Ozolnieki

Dag Rehme
Born 1970
Chief Legal Counsel
Employed 2006
Resident in Stockholm

Poul Steffensen
Born 1964
Head of Business Area Industrial
Employed 1999
Resident in Birkerød

Klas Svensson
Born 1985
Head of Business Area Commercial
Employed 2012
Resident in Stockholm

Kjell Rune Tveita
Born 1963
Head of IT and Group Services
Employed 1999
Resident in Lørenskog

Glossary and definitions

Allocated investment return transferred from the non-technical account
Net return on average technical provisions, with deductions for deferred acquisition costs, the technical result before allocated interest and average outstanding balances. The allocated investment return is based on risk-free interest.

Allocated investment return transferred to the technical account
Allocated investment return transferred from the non-technical account excluding the part added to the annuity result by means of a reduction of costs for the upward adjustment of the annuity provision.

Captive
An insurance company, owned by a non-insurance company, whose principal function is to insure and reinsure part of the parent's risk, or risks of other units within the same group.

Claims frequency
The observed relationship during a specific period between the number of claims and the number of policies in a certain category of insurance (a certain insurance portfolio). Does not include major claims.

Claims ratio
Total sum of claims incurred on own account including claims-adjustment costs in relation to premiums earned, expressed as a percentage.

Combined ratio
Total sum of claims incurred and operating expenses on own account in insurance operations in relation to premiums earned on own account, expressed as a percentage.

Consolidation capital
Shareholders' equity less deferred tax assets plus untaxed reserves, subordinated debt and deferred tax liability.

Consolidation margin
Key ratio representing the relative size of consolidation capital. The consolidation margin is calculated as consolidation capital in relation to premiums written, net excluding portfolio premiums.

Cost of insurance operations
Total sum of operating expenses in insurance operations on own account and claims-adjustment costs.

Cost ratio [1)]
Total sum of operating expenses in insurance operations on own account and claims-adjustment costs in relation to premiums earned on own account, expressed as a percentage.

Direct insurance
Insurance business that relates to contracts concluded between insurers and the insured. The insurance company is directly responsible in relation to the insured.

Direct investment return
Total sum of operating surplus from land and buildings, dividends on shares and participations and interest income.

Duration
The concept of duration has different definitions within the asset management and insurance operations.

Within asset management, duration is the same as the interest-rate risk and denotes how sensitive a fixed-income portfolio is to changes in average interest-rates. Duration may be expressed as number of years, in which case it shows the weighted average maturity of the portfolio, meaning the remaining time until invested capital plus interest is returned to the investor.

Within insurance operations, duration represents the period that starts when an insurance contract becomes effective and ends when it expires.

Economic capital
If uses Economic capital in internal management. It is an internal measure describing the amount of capital required in order to bear different kinds of risk. Economic capital is defined as the amount of capital required to protect the economic solvency over a one-year time horizon with a probability of 99.5%.

Expense ratio
Operating expenses in insurance operations on own account in relation to net premiums earned, expressed as a percentage.

Gross premiums written
Total premiums received during the fiscal year or taken up as a receivable at the end of the year. In contrast to premiums earned, premiums written are not capitalized; i.e. they are unaffected by opening and closing provisions for unearned premiums.

IBNR provision
Provision for the estimated value of the company's liability for claims that have occurred but are unknown or, in view of the extent of the claim, are insufficiently known. The provision is included in Provision for claims outstanding. IBNR = incurred but not reported.

Impact of changes in exchange rates
Changes in amounts and percentages between the current year and the preceding year adjusted for the impact of changes in exchange rates, whereby amounts in foreign currency have been recalculated using the same exchange rates for the particular years.

Insurance margin [1)]
Technical result less other technical income and other operating expense in relation to premiums earned on own account, expressed as a percentage.

Investment assets
Assets that resemble a capital investment, including real estate and securities, such as shares and participations, bonds and other interest-bearing securities, loans and derivatives as well as all investments in group companies and associates.

Investment return
Net of following income and costs: interest income/expense, dividend on shares and participations, surplus/deficits from own properties, management costs, realized and unrealized changes in fair value of real estate, shares and participations and interest-bearing securities, and exchange-rate gains/losses. Return pertaining to associates is not included. If recognizes the main part of unrealized value changes on shares and participations and interest-bearing securities in other comprehensive income.

Net premiums written
Gross premiums written less ceded reinsurance premiums.

Operating expenses in insurance operations
Expenses related to the acquisition or renewal of insurance contracts plus corporate administration costs.

[1)] Refers to alternative performance measurements.

Own funds (capital base) (Solvency II)
In Solvency II, the solvency capital requirements should be covered with “own funds,” which consist of capital items and financial resources of a certain quality in terms of ability to absorb losses. An undertaking’s available own funds may consist of basic own funds and ancillary own funds. The part of the undertaking’s capital which is eligible to cover the solvency and minimum capital requirements is called eligible own funds. An insurance undertaking must have eligible own funds at least equal to the solvency capital requirement (SCR).

Premiums earned
That portion of gross premiums written that pertains to the fiscal year, meaning premiums written adjusted for changes in the provision for unearned premiums.

Prior-year claims result
Profit or loss that arises when claims originating from a prior year are either finally settled or revalued.

Property and casualty insurance
Collective term for property insurance, liability insurance and reinsurance. Property insurance involves the type of insurance that covers the economic value of one or several objects (such as movable property in a home, car, boat, horse, factory building or warehouse). Other types of property and casualty insurance mainly cover various interests (such as, business interruption insurance or liability insurance), where only a specific economic interest is covered, not the economic value of one or several objects.

Provision for unearned premiums and unexpired risks
Liability item in the balance sheet corresponding to the portion of premiums written that, in the financial accounts, pertains to forthcoming periods, and that covers anticipated claims costs and operating expenses for policies in force at the accounting date and up to their next due date.

Provision for claims outstanding
Liability item in the balance sheet consisting of the estimated value of claims incurred but not yet paid and the expected operating expenses for the settlement of the claims.

Reinsurance
A method of distributing risks whereby an insurance company purchases coverage for a part of its liability based on insurance or reinsurance contracts, so-called ceded reinsurance. Reinsurance accepted pertains to the business one insurance company accepts from other insurance companies in the form of reinsurance.

Retention
The highest insured or claims amount relating to the same risk that an insurer retains for its own account, meaning without reinsurance.

Return on equity [1)]
Result for the year, adjusted for unrealized gains and losses on investments assets recognized in other comprehensive income, less full tax in relation to average shareholders’ equity.

Risk ratio [1)]
Total sum of insurance claims on own account, excluding claims-adjustment costs, in relation to premiums earned on own account, expressed as a percentage.

Run-off business
The liquidation of an insurance company or portfolio of insurance business that has been transferred to a separate administrative unit.

Solvency Capital Requirement (SCR)
The Solvency Capital Requirement corresponds to a level of eligible own funds that enables an undertaking to absorb significant losses and that provides policyholders and beneficiaries with reasonable certainty to receive their benefits when they fall due. The Solvency Capital Requirement is calculated on the basis of all the quantifiable risks to which the insurance company is exposed. As a minimum, the Solvency Capital Requirement is to cover: insurance risk, market risk, counterparty default risk, and operational risk.

Technical provisions
Provisions for unearned premiums, unexpired risks and claims outstanding.

Technical result
Premiums earned on own account less claims costs and operating expenses on own account, plus the allocated investment return transferred to the technical accounts and other technical income.

Technical result before investment return
Item in the technical accounts comprising premiums earned on own account less claims and operating expenses on own account in the insurance operations.

Total investment return
Investment return in relation to other financial investment assets, land and buildings, cash and bank balances, accrued financial income, securities settlement claims/liabilities and derivative liabilities, expressed as a percentage. The return has been calculated using a daily time-weighted return calculation method.

Underwriting
Includes the risk assessment and pricing conducted when insurance contracts are drawn up. In accounting contexts, the term is also used more broadly to designate the operations of an insurance company that do not have the character of asset management.

[1)] Refers to alternative performance measurements.

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