Annual Report 2023

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Comments by the President and CEO

Morten Thorsrud

We deliver stability in an unpredictable world

2023 was yet another year for the history books. Ancient Greek philosopher Heraclitus once said that change is the only constant. Rarely has it felt as true as now.

For us in If, 2023 will go down as a record year when it comes to helping our customers a lot. The elevated claims inflation continued, claims frequencies returned to normal levels after Covid, and a number of weather events took place during the course of the summer in the Nordics and in Europe in general. All of this was then topped by the storm “Hans” and the following torrential rain in the fall. During the year, we handled around 2 million claims and paid out over SEK 36 billion in claims payments. We truly continued to be by our customers’ side, and I am impressed by the efforts that the Claims organization put in and the way they worked to help our customers through the biggest storms we’ve ever faced – literally.

The UN’s climate panel IPCC confirms that effects of climate change are already seen in the Nordic region with heatwaves and floods. Naturally, sustainability continues to be a top priority for us. As one of the first Nordic insurers, we set climate targets last year that were approved by SBTi – the Science Based Targets initiative. In addition to the targets linked to our investment portfolio of about SEK 120 billion, which represents the majority of our greenhouse gas emissions, we also chose to take our commitment one step further. We voluntarily added our claims operations, although there is no requirement to do so. We committed to ensuring that more than 30% of our suppliers, by spend in terms of purchased goods and services, will have science-based targets by 2028. Our ambition of being one of the frontrunners in the transition towards a sustainable insurance sector is stronger than ever, and we believe that the business sector’s engagement in the climate battle is crucial for both future generations and for the companies’ own long-term success.

Despite a challenging year with high claims volumes, If’s financial solidity stands firm. We were early to adjust our prices in line with inflation and our underlying business performance improved further. We continued our strong growth, with high customer retention. Consequently, If benefited from very strong top-line growth and was able to show strong performance on the insurance service result, despite the elevated claims levels. On top of this comes a benign situation in the capital market which again resulted in a strong investment return. In total, this enabled If to deliver a very solid financial result for the year 2023.

We also continued to improve our customer offerings further. In our digital development, we took great steps in improving customer journeys. In business area Private and Commercial, digital sales increased by 8% respectively. In business area Commercial we are in the midst of the launch of exciting new webshop solutions for the sale of product packages for small and medium-sized businesses, the growth in digital sales was almost 10%. Constantly improving our customer journeys and offerings remains at the core of our strategy and our significant investments in digital development continues.

Stability has always been an important part of our strategy and continues to be so even if the world around us at times feels unpredictable. But our purpose remains unchanged: “We give people confidence today to shape their tomorrow”. Our resilience enables us to help our customers both today and tomorrow – come rain or shine. We are well prepared for whatever the future might hold. We deliver stability in an unpredictable world.

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 2023 fiscal year.

Organization

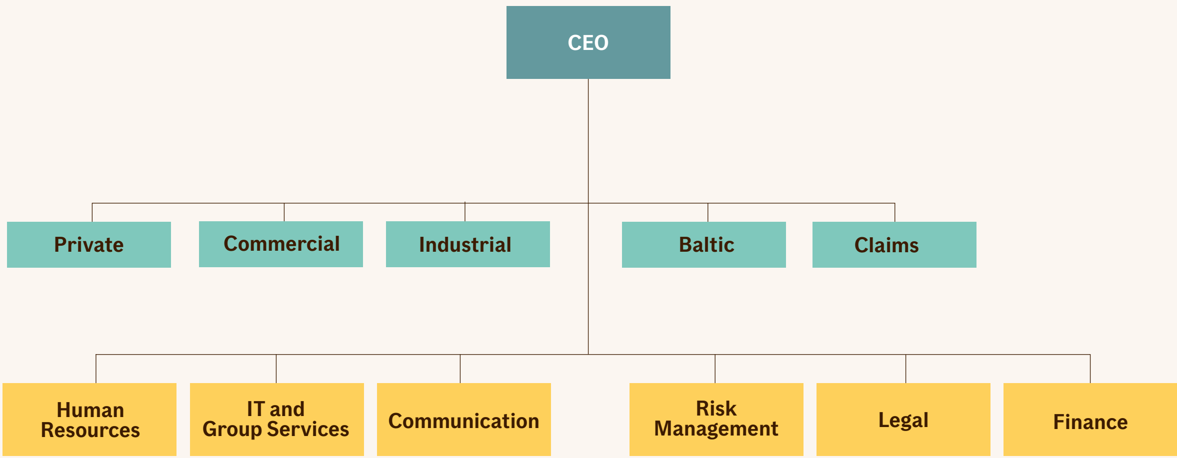
If is a Nordic Group that also conducts insurance operations in the Baltic countries. The Group's headquarters are located in Solna, Sweden.

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.

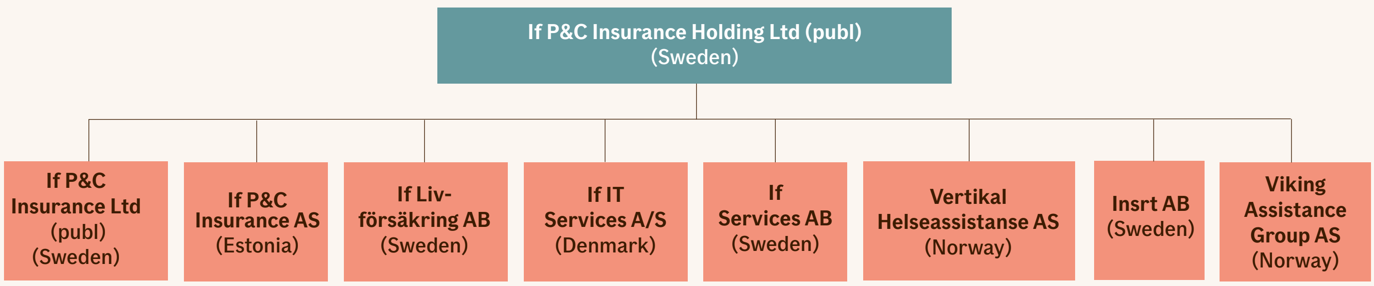
The main role of If P&C Insurance Holding Ltd (publ) is to manage shares in wholly owned property and casualty insurance operations as well as other significant holdings. The holding company owns the Swedish companies If P&C Insurance Ltd (publ), If Livförsäkring AB If Services AB and Insrt AB, the Danish 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, Latvia and Lithuania, 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 struktur



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

The year 2023 was marked by geopolitical uncertainty and a challenging macroeconomic environment with historically high inflation and interest rates. Nordic claims frequencies returned to closer to pre-pandemic levels and If was also affected by more severe weather-related claims than normal. This included floodings caused by the storm Hans, as well as harsher winter seasons than usual.

Given the limited impact, as well as the increasing difficulty in reliably estimating associated effects of Covid-19, there are no quantitative Covid-19 effects disclosed in the financial report.

If's insurance exposures in Russia and Ukraine are limited to certain Nordic industrial line clients, with coverage subject to war exclusions. On the asset side, If has no direct investments in Russia or Ukraine.

Changes in accounting policies

The accounting standards IFRS 17 Insurance contracts and IFRS 9 Financial instruments have been applied since January 1, 2023, which has represented a significant change for the Group. The 2022 comparatives have been restated for IFRS 17, applying a full retrospective approach, while the comparatives for IFRS 9 have not been restated. Refer to Note 1 for the accounting policies applied and Note 33 for the transition effects.

Earnings and financial position

Results

The insurance service result increased to MSEK 9,664 (7,152) and the combined ratio improved to 83.1% (86.6). The net financial result was MSEK 6,133 (9,415). Profit before tax for the year amounted to MSEK 15,582 (16,479).

Premiums

Insurance revenue amounted to MSEK 61,158 (56,570), of which gross written premiums amounted to MSEK 62,743 (57,732). Gross written premium growth was 6.7%, driven mainly by premium increases and a strong renewal rate. All business areas showed good growth.

Claims

Insurance service expense, claims incurred and reinsurers' share of claims incurred increased to a net of MSEK 38,746 (37,731). The change was primarily attributable to an increased number of large claims and severe weather. The risk ratio was 61.9% (65.0), including a 5.3 percentage points (negative 0.6) positive impact of prior years' development.

On December 31, the liability for incurred claims amounted to MSEK 68,938 (64,702). Adjusted for currency effects, the liability for incurred claims increased by MSEK 5,317 compared with the end of 2022. The reinsurance asset for incurred claims amounted to MSEK 5,848 (2,621). Adjusted for currency effects, the increase during the period was MSEK 3,290.

Expenses

Insurance service expense, operating expenses amounted to MSEK 8,916 (8,512) and claims handling expenses (within claims incurred) amounted to MSEK 3,253 (3,002). Adjusted for currency effects, the increase in these expenses was 4.2%. The cost ratio improved to 21.2 % (21.6).

Net financial result

The net financial result was MSEK 6,133 (9,415), consisting of Investment result and Insurance finance income or expenses, net.

Investment result was MSEK 9,934 (2,927; however, total return, which includes fair value changes in other comprehensive income, was MSEK -5,439). This corresponded to a total investment return of 8.3% (negative 4.4), driven by strong positive results both for the equity portfolio and the fixed income portfolio. The allocation of the investment assets has remained stable, fixed income comprises 89% (89) and equities 11% (11) of the total investment assets. The duration of the fixed income assets at the end of the period was 2.4 (1.9).

Insurance finance income or expenses, Net was negative MSEK 3,801 (positive 6,488) and included the effect of changes in discount rates of negative MSEK 1,562 (positive 7,585) and interest expense (unwinding) of negative MSEK 2,063 (negative 650).

Consolidated results per quarter and full-year

MSEK	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2023 Jan-Dec	2022 Jan-Dec
Insurance revenue	15,535	15,885	15,047	14,691	61,158	56,570
Reinsurance premium expenses	-1,019	-1,020	-937	-856	-3,832	-3,174
Insurance service expenses, claims incurred	-10,610	-12,625	-10,402	-9,543	-43,180	-38,978
of which, claims handling expenses	*-858*	*-820*	*-799*	*-777*	*-3,253*	*-3,002*
Insurance service expenses, operating expenses	-2,359	-2,251	-2,183	-2,123	-8,916	-8,512
Reinsurers' share of claims incurred	908	2,379	888	259	4,434	1,247
Insurance service result	**2,455**	**2,368**	**2,412**	**2,428**	**9,664**	**7,152**
Result from other services	**-88**	**-6**	**2**	**-26**	**-118**	**-100**
Investment result	5,073	1,046	1,147	2,669	9,934	2,927
Insurance finance income or expenses, net	-3,186	524	129	-1,269	-3,801	6,488
Net financial result	**1,887**	**1,570**	**1,276**	**1,400**	**6,133**	**9,415**
Interest expenses, financing	-26	-25	-22	-32	-106	-81
Interest expense on net pension asset/liability	2	2	2	2	8	-4
Income from associates	0	1	0	0	1	97
Result before income taxes	**4,229**	**3,909**	**3,671**	**3,773**	**15,582**	**16,479**
Claims ratio	66.8%	68.9%	67.4%	67.1%	67.6%	70.7%
Expense ratio	16.3%	15.1%	15.5%	15.3%	15.6%	15.9%
Combined ratio	83.1%	84.1%	82.9%	82.4%	83.1%	86.6%
Risk ratio [1)]	60.9%	63.4%	61.8%	61.5%	61.9%	65.0%
Cost ratio [1)]	22.2%	20.7%	21.1%	21.0%	21.2%	21.6%
Insurance margin [1)]	16.9%	15.9%	17.1%	17.6%	16.9%	13.4%

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

Tax expense and net profit

The effective tax rate for the year was 21.01% (20.97). Out of the total tax expenses, current tax expense accounted for MSEK 2,642 (2,684) and deferred tax expense for MSEK 631 (772).

Net profit for the year was MSEK 12,309 (13,023).

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 subject to 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 47,943 (44,739).

Cash flow from operating activities, including net investments in financial investment assets, amounted to MSEK 8,153 (4,613). During the year, a dividend of MSEK 8,000 (6,900) was paid and one subordinated loan was repaid of net MSEK 1,000 (0).

Personnel

The numbers of employees increased during the year and amounted to 7,948 (7,630) at year-end. The average number of employees during the year was 7,857 (7,496), of whom 53% (53) were women.

During the year, If recruited approximately 1,200 employees (1,400) 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 10.

Outlook

The macroeconomic environment remains uncertain. 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.

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 2023 fiscal year the accounting standards IFRS 17 Insurance contracts and IFRS 9 Financial instruments have been applied for the first time, which has had a significant impact on the Group's financial reports.

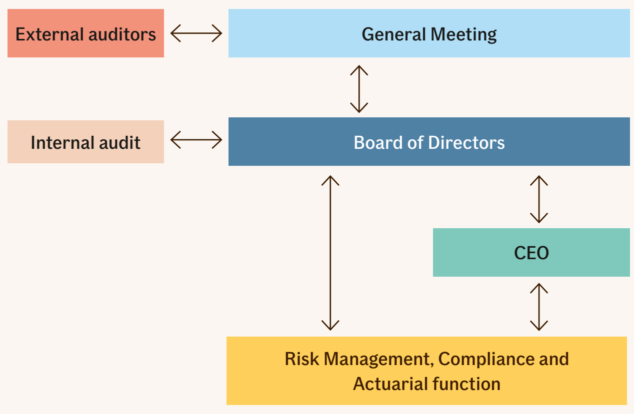
Objectives and policies for financial risk management

The core of insurance operations is the transfer of risk from the insured clients to the insurer. The objectives of the Risk Management System are to create value for stakeholders by securing long-term solvency, minimizing the risk of unexpected financial loss and providing input to business decisions by taking into account the effect on risk and capital.

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 a subordinated loan 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 include the Corporate Governance Statement as 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. Work involving 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 competences 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 example 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 the 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 insurance liabilities 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 to and improve the organization's operations. The internal audit helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving 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 that 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 2023. 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 were employed by the Parent Company until June 30, 2023 and the subsidiary If P&C Insurance Ltd (publ) has been invoiced for management services performed during the first six months of the year.

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 was stable and amounted to MSEK 8,272 (8,333), mainly consisting of dividends from subsidiaries.

The Parent Company's consolidation capital at year end amounted to MSEK 20,679 (21,397) and its total assets to MSEK 21,563 (22,826).

Appropriation of earnings

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

SEK	
Net profit for the year	8,271,877,125
Profit brought forward	7,791,291,354
	16,063,168,478

The Board of Directors proposes appropriation of earnings as follows:

SEK	
Paid as dividend	8,000,000,000
Profit to be carried forward	8,063,168,478
	16,063,168,478

Group Five-year summary

MSEK	2023	2022	2021	2020	2019
Condensed income statement (2022-2023) [1,2]					
Insurance revenue	61,158	56,570			
Reinsurance premium expense	-3,832	-3,174			
Insurance service expense, claims incurred	-43,180	-38,978			
of which, claims handling expenses	*-3,253*	*-3,002*			
Insurance service expense, operating expenses	-8,916	-8,512			
Reinsurers' share of claims incurred	4,434	1,247			
Insurance service result	**9,664**	**7,152**			
Result from other services	**-118**	**-100**			
Investment result	9,934	2,927			
Insurance finance income or expenses, net	-3,801	6,488			
Net financial result	**6,133**	**9,415**			
Interest expense, financing	-106	-81			
Interest expense, net pension liability	8	-4			
Result from associates	1	97			
Result before income tax	**15,582**	**16,479**			
Income taxes	-3,273	-3,456			
Net profit for the year	**12,309**	**13,023**			
Condensed income statement (2019-2021) [1,2]					
Premiums written, net of reinsurance			49,262	48,126	47,372
Premiums earned, net of reinsurance			48,418	47,028	46,451
Allocated investment return transferred from the non-technical account			145	173	167
Other technical income			1,232	1,079	332
Claims incurred, net of reinsurance			-31,717	-31,204	-31,756
of which, claims handling expenses			*-2,701*	*-2,672*	*-2,635*
Operating expenses for insurance operations, net of reinsurance			-7,662	-7,416	-7,472
Other operating expenses			-1,260	-1,159	-472
Technical result from property and casualty insurance			**9,155**	**8,502**	**7,250**
Investment result			2,371	1,529	2,707
Allocated investment return transferred to the technical account			-361	-404	-470
Interest expense, net pension liability			-13	-16	-11
Interest expense, financing			-163	-160	-149
Result from associates			-67	-1	6
Result before income taxes			**10,923**	**9,451**	**9,333**
Taxes			-2,304	-2,046	-2,032
Net profit for the year			**8,618**	**7,405**	**7,301**

Group Five-year summary, *continued*

MSEK	2023	2022	2021	2020	2019
Balance sheet, December 31 [1,2]					
Assets					
Intangible assets	2,119	2,233	2,137	2,256	1,380
Investment assets	120,312	116,288	113,839	108,535	112,394
Reinsurance assets/Reinsurers' share of technical provisions	6,251	2,934	3,299	2,844	2,194
Deferred tax assets	40	98	45	217	203
Debtors	3,530	2,711	17,129	15,969	15,983
Other assets, prepaid expenses and accrued income	6,750	7,082	9,423	8,267	7,297
Total assets	**139,001**	**131,345**	**145,872**	**138,089**	**139,452**
Shareholders' equity, provisions and liabilities					
Shareholders' equity	42,587	38,937	36,292	30,868	29,697
Subordinated debt	1,496	2,494	2,490	4,095	4,134
Deferred tax liability	3,900	3,405	3,614	2,822	2,931
Insurance liabilities/Technical provisions	79,162	74,433	92,599	88,629	91,704
Creditors	9,166	9,332	8,447	8,506	7,818
Provisions, accrued expenses and prepaid income	2,690	2,744	2,430	3,168	3,168
Total shareholders' equity, provisions and liabilities	**139,001**	**131,345**	**145,872**	**138,089**	**139,452**
Key data, property and casualty operations [1]					
Claims ratio	67.6%	70.7%	65.5%	66.4%	68.4%
Expense ratio	15.6%	15.9%	15.8%	15.8%	16.1%
Combined ratio	83.1%	86.6%	81.3%	82.1%	84.5%
Risk ratio [3]	61.9%	65.0%	59.9%	60.7%	62.7%
Cost ratio [3]	21.2%	21.6%	21.4%	21.5%	21.8%
Insurance margin [3]	16.9%	13.4%	19.0%	18.2%	15.9%
Gross written premium [3]	62,743	57,732	52,089	50,582	49,484
Ceded written premium	-4,029	-3,260	-2,827	-2,455	-2,112
Key data, asset management [2]					
Total investment return [4]	8.3%	-4.4%	4.3%	2.3%	5.0%
Total return [1,2,5]	9,934	-5,439	4,999	2,548	5,740
Other key data [1,2]					
Consolidation capital	47,943	44,739	42,352	37,568	36,559
of which, deferred tax	*3,860*	*3,307*	3,569	*2,605*	*2,728*
Consolidation margin	81.7%	82.1%	86.0%	78.1%	77.2%
Return on equity [3]	27.7%	15.4%	29.2%	27.6%	29.7%

[1] Since January 1, 2023 If applies the new standard IFRS 17 Insurance contracts whereby all figures for 2022 have been recalculated in accordance with these policies. The figures presented for 2019-2021 are unchanged, which means that they are presented in accordance with the previously applied accounting policies.

[2] Since January 1, 2023 If applies the new standard IFRS 9 Financial instruments, where the comparative year 2022 has not been recalculated in accordance with these policies. The figures presented for 2019-2022 are unchanged, which means that they are presented in accordance with the previously applied accounting policies.

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

[4] The calculations are based on the policies used internally by If Group for the valuation of investment operations. Refer to Note 12.

[5] The total return for 2023 consists of the Investment result. For 2022 and earlier, this consists of the Investment result and effects presented in Other comprehensive income (Remeasurement of financial assets available for sale and Value changes on financial assets available for sale reclassified to the income statement).

Consolidated income statement

MSEK	Note	2023	2022[1]
Insurance revenue		61,158	56,570
Reinsurance premium expenses		-3,832	-3,174
Insurance service expenses			
Claims incurred	7	-43,180	-38,978
Operating expenses	8, 10, 11	-8,916	-8,512
		-52,096	-47,490
Reinsurers' share of claims incurred	7	4,434	1,247
Insurance service result		**9,664**	**7,152**
Other income		1,647	1,470
Other expenses		-1,765	-1,570
Result from other services		**-118**	**-100**
Investment result			
Direct investment income		4,982	3,082
Changes in value		5,248	147
Management costs		-296	-302
	12	9,934	2,927
Insurance finance income or expenses, net			
Insurance contracts		-3,898	6,579
Reinsurance contracts held		97	-91
		-3,801	6,488
Net financial result		**6,133**	**9,415**
Interest expenses, financing	13	-106	-81
Interest expense on net pension asset/liability		8	-4
Income from associates	14	1	97
Result before income taxes		**15,582**	**16,479**
Taxes	15	-3,273	-3,456
Net profit for the year		**12,309**	**13,023**
Of which, attributable to owners of the parent		*12,309*	*13,023*

[1] 2022 is restated due to the application of IFRS 17 Insurance contracts. Refer to Note 33.

Consolidated statement of comprehensive income

MSEK	Note	2023	2022[1]
Net profit for the year		**12,309**	**13,023**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net pension asset/liability		-70	344
Taxes related to items which will not be reclassified	15	14	-72
		-56	**273**
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Effects of changes in exchange rates, foreign operations		-663	1,724
Effects of changes in exchange rates, foreign associates		-	0
Remeasurements of financial assets available for sale		-	-8,159
Value changes on financial assets available for sale reclassified to the income statement		-	-208
Taxes related to items which will be reclassified when specific conditions are met	15	64	1,456
		-599	**-5,186**
Total comprehensive income		**11,654**	**8,110**
Of which attributable to owners of the parent		*11,654*	*8,110*

[1] 2022 is restated due to the application of IFRS 17 Insurance contracts. Refer to Note 33.

Consolidated balance sheet

Assets, December 31

MSEK	Note	2023	2022 [1]	January 1, 2022 [1]
Intangible assets				
Goodwill		1,858	1,940	1,903
Other intangible assets		261	294	234
	16	**2,119**	**2,233**	**2,137**
Investment assets				
Land and buildings		5	9	9
Investments in associates	17	49	48	170
Loan to associates		-	-	2
Other financial investment assets	18, 19	120,251	116,223	113,651
Deposits with ceding undertakings		7	7	7
		120,312	**116,288**	**113,839**
Reinsurance assets				
Asset for remaining coverage		403	312	233
Asset for incurred claims		5,848	2,621	2,592
	24	**6,251**	**2,934**	**2,826**
Deferred tax assets	25	**40**	**98**	**54**
Debtors	20	**3,530**	**2,711**	**2,317**
Other assets				
Tangible assets	21	1,967	2,115	2,013
Cash and bank balances		2,182	3,295	5,342
Collaterals and security settlement claims		537	86	94
Net pension assets	26	355	382	-
		5,041	**5,878**	**7,448**
Prepaid expenses and accrued income				
Accrued interest and rental income		1,083	702	355
Other prepaid expenses and accrued income	22	627	502	458
		1,709	**1,204**	**813**
Total assets		**139,001**	**131,345**	**129,435**

[1] Opening and closing balance for 2022 are restated due to the application of IFRS 17 Insurance contracts. Refer to Note 33 for more information.

Shareholders' equity, provisions and liabilities, December 31

MSEK	Note	2023	2022 [1]	January 1, 2022 [1]
Shareholders' equity				
Share capital		2,726	2,726	2,726
Statutory reserve		400	400	400
Fair value reserve		-	1,083	7,699
Profit brought forward		27,152	21,706	26,903
Net profit for the period		12,309	13,023	-
		42,587	**38,937**	**37,727**
Subordinated debt	23	**1,496**	**2,494**	**2,490**
Insurance liabilities				
Liability for remaining coverage and acquisition cash flow asset		10,224	9,731	9,206
Liability for incurred claims		68,938	64,702	65,631
	24	**79,162**	**74,433**	**74,837**
Provisions for other risks and charges				
Deferred tax liability	25	3,900	3,405	3,998
Other provisions	26, 27	301	345	364
		4,201	**3,750**	**4,362**
Creditors				
Derivatives	18, 19	643	74	78
Other creditors	28	8,523	9,258	7,936
		9,166	**9,332**	**8,014**
Accrued expenses and prepaid income	29	**2,390**	**2,399**	**2,004**
Total shareholders' equity, provisions and liabilities		**139,001**	**131,345**	**129,435**

[1] Opening and closing balances for 2022 are restated due to the application of IFRS 17 Insurance contracts. Refer to Note 33 for more information.

Consolidated cash flow statement

MSEK	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Cash flow from insurance operations			
Premium flows, direct insurance		61,569	56,550
Claims payments, direct insurance		-42,036	-36,308
Reinsurance flows		-3,110	-2,129
Costs of operations		-8,503	-7,807
		7,920	**10,305**
Cash flow from asset management			
Interest received		4,114	1,878
Interest paid		-49	-159
Dividends received, shares		441	455
Cash flows from properties		-2	-1
Net investments in financial investment assets		-2,297	-5,929
		2,208	**-3,756**
Interest paid, financing	32	-102	-73
Realized foreign exchange transactions		1,098	924
Paid income tax		-2,977	-2,788
		8,147	**4,613**
CASH FLOW FROM INVESTING ACTIVITIES			
Sale of subsidiaries, net of cash delivered		7	-
Acquisition of subsidiaries, net of cash acquired		-	-38
Dividends received and sale of shares, associates		-	218
		7	**180**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		-8,000	-6,900
Repayments of lease liabilities	32	-274	-247
Repayments of loans	32	-1,000	-
		-9,274	**-7,147**
Cash flow for the year		**-1,120**	**-2,354**
Cash and bank balances			
Cash and bank balances on January 1		3,295	5,342
Effect of exchange rate changes		8	307
Cash flow for the year		-1,120	-2,354
Cash and bank balances on December 31		**2,182**	**3,295**

Income statement

MSEK	Not	2023	2022
Other operating income		30	162
Other operating expenses	2	-29	-155
Operating result		**1**	**7**
Result from financial investments			
Dividends from group companies		8,211	8,424
Result from associates	3	-	-50
Interest income and similar income items	4	226	63
Interest expense and similar expense items	5	-224	-110
Result after financial items		**8,214**	**8,335**
Group contributions, net		76	4
Result before income taxes		**8,290**	**8,339**
Taxes	6	-18	-6
Net profit for the year		**8,272**	**8,333**

Statement of comprehensive income

MSEK	Not	2023	2022
Net profit for the year		**8,272**	**8,333**
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
Value changes on financial assets available for sale reclassified to the income statement		-	0
Taxes related to items which will be reclassified when specific conditions are met		0	8
		0	**-29**
Total comprehensive income		**8,272**	**8,304**

Balance sheet, December 31

MSEK Assets	Note	2023	2022
Tangible assets		**-**	**1**
Financial fixed assets			
Shares in group companies	7	18,309	18,322
Shares in associates	8	20	20
		18,329	**18,342**
Deferred tax asset	11	**6**	**14**
Debtors			
Debtors, group companies		200	141
Other debtors		0	-
Accrued interest income		14	17
		214	**158**
Short-term investments	9	**1,965**	**2,956**
Cash and bank balances		**1,049**	**1,354**
Total assets		**21,563**	**22,826**
Shareholders' equity, provisions and liabilities			
Shareholders' equity			
Share capital		2,726	2,726
Statutory reserve		400	400
Fair value reserve		-	-21
Profit brought forward		7,791	7,479
Net profit for the year		8,272	8,333
		19,189	**18,917**
Subordinated debt	10	**1,496**	**2,494**
Provisions			
Other provisions		9	39
		9	**39**
Current creditors			
Creditors, group companies		848	1,214
Provision for taxes		10	6
Accounts payable		-	0
Other creditors		7	18
Other accrued expenses and prepaid income		4	139
		869	**1,377**
Total shareholders' equity, provisions and liabilities		**21,563**	**22,826**

Cash flow statement

MSEK	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Operating result	1	7
Non-cash flow items	26	-18
Interest received	208	46
Interest paid	-205	-96
Dividends received, shares	8,211	8,424
Paid income tax	-7	-1
Change in current debtors	-58	-32
Change in current creditors	-516	-1,136
Net investments in short-term investments	1,030	-1,567
	8,689	**5,627**
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in subsidiaries	-10	-
Sale of subsidiaries	15	-
Acquisition of subsidiaries	-	-44
Dividends received and sale, associates	-	89
	5	**45**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-8,000	-6,900
Repayment of subordinated debt	-1,000	-
	-9,000	**-6,900**
Cash flow for the year	**-306**	**-1,228**
Cash and bank balances		
Cash and bank balances on January 1	1,354	2,582
Effect of exchange rate changes	0	1
Cash flow for the year	-306	-1,228
Cash and bank balances on December 31	**1,049**	**1,354**

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 2022	**2,726**	**400**	**7,699**	**25,467**	**-**	**36,292**
Effect of changes in accounting policies (IFRS 17)	-	-	-	1,435	-	1,435
Adjusted equity at beginning of 2022	**2,726**	**400**	**7,699**	**26,903**	**-**	**37,727**
Total comprehensive income	-	-	-6,617	1,703	13,023	8,110
Dividend paid [1]	-	-	-	-6,900	-	-6,900
Equity at end of 2022	**2,726**	**400**	**1,083**	**21,706**	**13,023**	**38,937**
Equity at beginning of 2023	**2,726**	**400**	**1,083**	**34,729**	**-**	**38,937**
Effect of changes in accounting policies (IFRS 9)	-	-	-1,083	1,078	-	-5
Adjusted equity at beginning of 2023	**2,726**	**400**	**-**	**35,807**	**-**	**38,933**
Total comprehensive income	-	-	-	-655	12,309	11,654
Dividend paid [2]	-	-	-	-8,000	-	-8,000
Equity at end of 2023	**2,726**	**400**	**-**	**27,152**	**12,309**	**42,587**

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 2022	**2,726**	**400**	**9**	**14,379**	**-**	**17,513**
Total comprehensive income	-	-	-29	0	8,333	8,304
Dividend paid [1]	-	-	-	-6,900	-	-6,900
Equity at end of 2022	**2,726**	**400**	**-21**	**7,479**	**8,333**	**18,917**
Equity at beginning of 2023	**2,726**	**400**	**-21**	**15,812**	**-**	**18,917**
Effect of changes in accounting policies (IFRS 9)	-	-	21	-21	-	0
Adjusted equity at beginning of 2023	**2,726**	**400**	**-**	**15,791**	**-**	**18,917**
Total comprehensive income	-	-	-	0	8,272	8,272
Dividend paid [2]	-	-	-	-8,000	-	-8,000
Equity at end of 2023	**2,726**	**400**	**-**	**7,791**	**8,272**	**19,189**

[1] 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.

[2] During 2023, dividends paid totaled approximately SEK 58.67 per share, of which dividends resolved by the Extraordinary General Meeting accounted for about SEK 58.67 per share.

[3] The fair value reserve prior to the change in accounting policies (IFRS 9) corresponded in full to value changes in financial assets available for sale less 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 1,501 (1,943).

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 11, 2024 and will be presented to the 2024 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 are currently assessed as not likely to have any significant impact on the Group's financial statements when first applied.

Changes in accounting policies
The accounting standards IFRS 17 Insurance contracts and IFRS 9 Financial instruments have been applied since January 1, 2023.

IFRS 17 Insurance Contracts has replaced IFRS 4 Insurance Contracts where IFRS 17 contains a complete framework for the measurement and presentation of insurance contracts. If has assessed that the premium allocation approach can be applied to all insurance business. A full retrospective approach has been applied to the transition of the new standard with restated financial statements for the comparative year 2022. The implementation of IFRS 17 has had a major impact on the presentation, with new line items in the income statement and, for the balance sheet, both assets and liabilities have decreased due to reclassification of premium receivables and deferred acquisition costs from assets to insurance liabilities. Insurance finance income or expenses, as defined by the standard, is presented fully in the income statement, and thus, the allowed OCI option is not applied.

IFRS 9 Financial Instruments has superseded IAS 39 Financial Instruments: Recognition and Measurement, where IFRS 9 has changed the policies for classification and measurement of financial assets and introduced a new impairment model based on expected, rather than incurred, credit losses. The implementation of IFRS 9 has not had a material impact on the Group's balance sheet, since the main part of the financial assets was already previously measured at fair value. At transition to IFRS 9 the main part of the debt instruments was classified at fair value through profit or loss (mandatorily) based on the business model assessment. Equity instruments have also been classified at fair value through profit or loss, since the option to irrevocably classify these at fair value through OCI is not applied. Consequently, and in contrast to previous accounting policies, the changes in fair value under IFRS 9 are recognized in the income statement. If only has a limited amount of financial assets measured at amortized cost and the amount of expected credit losses at transition was insignificant. There has been no change in the recognition or measurement of financial liabilities. The 2022 comparatives are not restated, and for information regarding accounting policies for the comparatives refer to Note 33.

Refer also to Note 33 for further details regarding the transition to IFRS 17 and IFRS 9.

Other changes to international accounting standards that are effective from 2023 are assessed to not have any, or very limited, impact on If's financial statements.

Basis 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 acquisition 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 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 relating to the measurement of insurance and reinsurance contracts, as well as the presentation of related income statement and balance sheet items.

Outside Sweden, any equalization or catastrophe reserves governed by tax or business laws are treated in the 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 the 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 2023 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 net in the income statement as changes in value under Investment result. Currency forward contracts used to economically hedge currency exposure in the balance sheet are measured at fair value and these effects are also 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:

	2023	2022
Danish kroner	1.49	1.50
Euro	11.10	11.12
Norwegian kroner	0.99	1.06
US dollars	10.04	10.43

Policies applied 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 become 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 the asset's 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 an indefinite useful life and are not subject to amortization, but instead 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 by 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 14 and 17.

Other financial investment assets

A financial asset or a financial liability is recognized in the balance sheet when the Group 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 asset whereby the Group no longer retains significant risks and rewards from the asset, and it loses control over it. A financial liability is derecognized from the balance sheet when the obligation in the agreement has been fulfilled, cancelled, or otherwise terminated. Furthermore, a contract is derecognized if a significant modification has been made to the contract terms of a financial asset or liability.

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. Between the transaction date and payment date, the collateral for the counterparty's liability/receivable is reported at the gross amount under the item Collaterals and security settlement claims or Other creditors.

Equity instruments are classified as measured at fair value through profit or loss.

Debt instruments (Bonds and other interest-bearing securities and Other loans) are classified as measured at either fair value through profit or loss (mandatorily) or at amortized cost, based on the business model for managing the assets and the asset's contractual terms. The business model reflects how the Group manages a portfolio of financial assets to achieve business objectives and to generate cash flows. The factors considered when determining a portfolio's business model include how the financial assets' performance is evaluated and reported to management, how risks are assessed and managed, past experience of how the cash flows have been collected and how compensation is linked to performance.

Debt instruments are classified as measured at fair value through profit or loss (mandatorily) when the business model reflects the assets being managed and evaluated on a fair value basis or being held for trading, alternatively if the contractual cash flows do not consist of solely payments of principal and interest, i.e. not consistent with a basic lending arrangement.

Debt instruments are classified as measured at amortized cost if part of a portfolio where the business model is to collect contractual cash flows, and if the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, i.e. consistent with a basic lending arrangement.

Other financial investment assets consist of Shares and participations, Bonds and other interest-bearing securities, Other loans and Derivatives. In addition to the description below for measurement of each type of asset, refer to Note 18 for further details regarding fair value measurement and the method for expected credit losses.

Shares and participations

Shares and participations are classified as measured at fair value through profit or loss. For shares listed on a regulated 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.

Bonds and other interest-bearing securities

Bonds and other interest-bearing securities are classified as measured at fair value through profit or loss (mandatorily) since the portfolio is managed and evaluated on a fair value basis. The instruments are initially recognized and subsequently measured at fair value. Transaction costs that are directly attributable to the acquisition of the assets are recognized as expenses in profit or loss.

The return on bonds and interest-bearing securities is divided into interest income and changes in value. The change in value is calculated as the difference between the fair value (market value) of the instruments and their amortized cost.

Other loans

Other loans are primarily classified as measured at amortized cost since the portfolio's business model is hold to collect, and the contractual cash flows consist of solely payments of principal and interest. Other loans, including directly attributable transaction costs for the acquisition, are initially recognized at fair value. In subsequent reporting periods, other loans are measured at amortized cost, calculated using the effective interest rate method and adjusted for a loss allowance based on expected credit losses (ECL).

In case the contractual cash flows of individual instruments are inconsistent with a basic lending arrangement, these loans are reported at fair value through profit or loss (mandatorily). These loans are presented in the disclosures together with bonds and other interest-bearing securities.

Derivatives

Derivatives are classified as fair value through profit or loss (mandatorily) since all derivatives meet the definition of being held for trading. All derivative instruments are individually measured at fair value both at initial recognition and in subsequent periods. 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 item Derivatives.

Debtors

Receivables are reported in the amounts expected to be received.

Tangible assets

Tangible assets consist of machinery and equipment and are initially measured at acquisition value. The 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 values 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 within the 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 that 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 balances

Cash and bank consists mainly of bank balances in the insurance operations and funds transferred to asset management that have not been invested in investment assets. No expected credit losses have been recognized since cash and bank balances have very short durations or are payable on demand, and are invested in institutes with investment grade rating. Any loss amount would thus be insignificant.

Subordinated debt and Loans from credit institutes

Issued subordinated debt and loans from credit institutes are initially measured at fair value, including external transaction costs directly attributable to the acquisition or issue of the borrowing. Subsequent measurement is at amortized cost, using the effective interest rate method, whereby premiums/discounts and capitalized, borrowing expenses are distributed over the term of the borrowing; however, no later than at the interest-adjustment date in the case of loans with floating interest rates. Interest expenses and gains or losses on derecognition are recognized in the income statement. Loans from credit institutes are included in the balance sheet line item Other creditors.

Insurance liabilities and reinsurance assets

Insurance liabilities for insurance contracts issued consist of Liability for remaining coverage and acquisition cash flow asset, and also Liability for incurred claims. Correspondingly, the item Reinsurance assets for reinsurance contracts held consists of Asset for remaining coverage and Asset for incurred claims.

The liability for remaining coverage relates to the obligation to investigate and pay valid claims that have not yet occurred. The liability consists of the part of premium payments received relating to insurance services that are to be provided after the closing date (i.e. relating to the unexpired portion of the insurance coverage), adjusted for acquisition cash flows.

The liability for incurred claims relates to the obligation to investigate and pay valid claims that have occurred. The liability is designed to cover anticipated future payments for all claims incurred, including claims not yet reported to If, referred to as IBNR. See also Note 24 for further details regarding measurement methods and assumptions.

Measurement model

The premium allocation approach (PAA) is applied to all insurance business in If, since the coverage period for the main part of the insurance and reinsurance contracts is one year or less, and longer-term contracts fulfil the eligibility criteria.

Level of aggregation

Portfolios of insurance contracts comprise contracts subject to similar risks and managed together. If has determined the portfolios based on a combination of business area, country and product. The portfolios are then divided into two groups: onerous contracts or all remaining contracts (profitable contracts). Since the premium allocation approach is applied, it is assumed that the groups of contracts are not onerous unless facts and circumstances indicate otherwise. Internal management information regarding the insurance service result per the plan process has been used to identify any onerous groups of contracts.

The carrying amount of the portfolios of insurance and reinsurance contracts determines if they are presented as assets or as liabilities on the balance sheet.

Liability for remaining coverage and acquisition cash flow asset

On initial recognition of a group of insurance contracts, the carrying amount of the liability for remaining coverage (LRC) is measured at premiums received less insurance acquisition cash flows paid. Subsequent of initial recognition, the carrying amount is decreased by the value of the insurance revenue for services provided in the period. For most products this is based on the passage of time; i.e. calculated on a pro rata temporis basis. Consequently, any premium receipts pertaining to insurance services to be provided after the closing date remains in this liability. The carrying amount is also increased subsequent of initial recognition for any additional premiums received less insurance acquisition cash flows paid.

The insurance acquisition cash flows reducing the carrying amount of LRC relate to commission expenses as well as personnel expenses for internal sales units. The acquisition cash flows are deferred over the coverage period of the contracts, generally one year. The option to recognize these cash flows as an expense when they are incurred is applied to portfolios relating to Business Area Private. Any acquisition cash flows paid relating to a group of insurance contracts not yet recognized are presented as a separate acquisition cash flow asset included in the portfolio's total carrying amount within the insurance liabilities.

For groups of onerous contracts, a loss component is part of the liability for remaining coverage, where the loss component is calculated as the difference in the liability measured with the general measurement model compared with the premium allocation approach.

The carrying amount of the liability for remaining coverage is not discounted since the time between providing services and the related premium due date generally is not more than a year.

Liability for incurred claims

The liability for incurred claims (LIC) is intended to cover the estimated future payments of all claims incurred, including claims not yet reported to If (IBNR) and all claims handling expenses. The estimated future cash flows (best estimate) in direct property and casualty insurance and reinsurance are calculated by means of statistical methods or through assessments of individual claims. Often a combination of the two methods is used, meaning that large claims are assessed individually while small claims and claims incurred but not reported (IBNR) are calculated using statistical methods.

In addition to the best estimate, the liability for incurred claims includes an explicit risk adjustment for non-financial risk (risk adjustment), which reflects the uncertainty in the amount and timing of cash flows arising from non-financial risk.

Both the best estimate and risk adjustment are discounted to present value using standard actuarial methods, and applying market-based yield curves, which are constructed based on a risk-free rate and an illiquidity premium for each of the main currencies.

Reinsurance assets
The corresponding accounting policies as for measuring the insurance contracts issued are applied when measuring the reinsurance contracts held. The asset for incurred claims also takes into consideration the effect of the risk of non-performance by the issuer of the reinsurance contract (the reinsurer).

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 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 insurance service result while the interest expense is recognized separately in the income statement. The insurance service result also includes past service income and expense, 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 profit for the year as a personnel cost.

Lease liabilities
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 lease contracts, adjusted for any optional extension or termination periods that If is reasonably certain to exercise.

Policies applied to items in the consolidated income statement
The income statement is split between a result from the insurance operations – the Insurance service result – and the Net financial result, which is attributable to asset management and changes in discounting effects relating to insurance contracts issued and reinsurance contracts held.

Items included in the insurance service result pertain to the Group's operations as an insurer; that is, the transfer of insurance risk pursuant to the definition in IFRS 17, Insurance Contracts. Income or expenses from reinsurance contracts held are presented separately from income or expenses from the insurance contracts issued.

Contracts that do not transfer a significant insurance risk are attributable to other operations and are reported in accordance with IFRS 15 Revenue from Contracts with Customers within Result from other services. This also includes any distinct non-insurance services separated from the insurance contract.

Insurance revenue
Insurance revenue reflects the compensation that If receives from the policyholder in return for assuming the transfer of insurance risk (insurance contract services) on an earned basis. The insurance revenue recognized in the period is based on premium receipts and expected premium receipts allocated linearly over the underlying terms of the insurance contracts, i.e. based on the passage of time. The liability for remaining coverage is reduced by an amount corresponding to what has been reported as insurance revenue.

Reinsurance premium expenses
Reinsurance premium expenses relating to reinsurance contracts held are recognized similarly to insurance revenue and reflect the premium payments by If that are attributable to the reporting period for the reinsurance contract services received. Any commissions received reduce the reinsurance premium expenses.

Insurance service expenses
The insurance service expenses comprise both claims incurred and operating expenses.

Claims incurred in the reporting period include claims payments during the period and changes in the liability for incurred claims. The change in liability for incurred claim includes the changes in undiscounted best estimate, discounted risk adjustment and the change in discounting effect due to changes in underlying best estimate or changes in payment patterns. The claims incurred also include claims handling expenses and changes in the loss component.

Operating expenses reported in the insurance service result relate to administration expenses arising from the handling of insurance contracts as well as acquisition cash flows and other expenses allocated to the sales function. Acquisition cash flows relating to Business Area Private are recognized in operating expenses when incurred, while acquisition cash flows relating to the other business areas are deferred via the liability for remaining coverage and recognized in the income statement over the coverage period of the contracts.

Total operating expenses refer to all direct and indirect costs which, in addition to the operating expenses in the insurance service result, are also allocated to the income statement line items Claims incurred, Other expenses and Investment result.

Reinsurers' share of claims incurred

The reinsurers' share of claims incurred is reported in the same manner as Insurance service expenses, claims incurred and also includes changes in the risk of non-performance. Additional premiums for reinstatement of the reinsurance cover are also reported as reinsurers' share of claims incurred, since these payments are contingent on claims.

Other income

Other income consists of revenue from services provided that does not involve transfer of significant insurance risk. Such revenue 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. Revenue from these services is recognized when roadside assistance has been provided. Viking also has prepaid assistance agreements towards various 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.

Investment result

The investment result comprises Direct investment income, Changes in value and Management costs. Direct investment income primarily includes dividends on shareholdings and interest income from bonds and other interest-bearing securities as well as other loans. The interest income also includes the premiums/discounts resulting from acquisitions that are distributed across the remaining contractual term. Changes in value mainly include unrealized and realized value changes on investment assets, but also changes in the credit loss allowance. The Group's currency result is included in Changes in value.

The administrative expenses relating to asset management are reported as management costs.

Insurance finance income or expenses

Insurance/Reinsurance finance income or expenses comprise changes in the liability/asset for incurred claims relating to the change in discounting effect due to changes in interest rates and interest expense/income (unwinding). The decomposition of the change in discounting effect is calculated relative to the quarterly opening balance and interest rates at the start of each quarter. The entire change in the discounting effect relating to risk adjustment is presented in insurance service expense.

Since the future indexation of annuities is tied to a statutory index such as CPI, the effect of changes in indexation is also regarded as a financial risk and presented within insurance finance income or expenses. The option to present changes in discounting effect in other comprehensive income is not applied.

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.

Insofar as 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 the Danish P&C insurance branch, the tax rate was 25.2%, in Finland 20% and in the Norwegian P&C insurance branch 25%. For the Danish P&C insurance branch, the tax rate will increase to 26% in 2024. This has been taken into account when calculating deferred tax assets and liabilities as of December 31, 2023.

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.

If has applied a temporary mandatory relief from deferred tax accounting for any potential impacts of Pillar Two income taxes and accounts for it as a current tax should it occur.

Policies applied 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, insurance revenue is earned over the contractual period. A liability for incurred claims is continuously generated using statistical models for anticipated claims, and the actual case reserves or annuities are accounted for when the claims occur. The claim is finally settled through payment to the policyholder. The cash flows arising from an insurance contract and a claim thus differs considerably from how the result is accounted for. The link between the income statement and cash flow is recognized in the Group's balance sheet, where accrual items are recognized primarily in the insurance liabilities and reinsurance assets. 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. It has its foundation in the income statement items that are directly connected with external payment flows. These items are adjusted to reflect changes in the balance sheet during the period that are directly linked to the income statement items in question. The balance sheet items reported in the Group comprise significant assets and 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 sheet 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 financial situation and to provide additional useful information to the users of its financial statements. In order to facilitate increased comparability, certain changes in amounts and percentages between the current year and the preceding year are 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

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

Accounting for 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 cost with deductions for any impairments. In certain cases, the acquisition value includes 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 initially recognized at fair value and subsequently measured at fair value with changes in value recognized in interest income and similar income items or alternatively in interest expense and similar expense items. Transaction costs that are directly attributable to the acquisition of the assets are recognized as expenses in profit or loss. Refer also to the 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 that the operating profit is adjusted for non-cash transactions such as depreciation and impairment losses.

Note 2 – Significant estimates 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 estimates.

Judgments made by the Board and executive management that have a significant effect on the financial statements for 2023 and estimates 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 performed. Additional comments on the parameters used, conducted assessments and so forth are made in Note 16.

Investment assets

Classification and related business model assessment for investment assets is considered a significant judgment. Almost all investment assets are classified as measured at fair value through profit or loss. Refer to Note 1 for judgments made in relation to the classification of investment assets. Since the valuation of the assets is essentially based on observable market data, this accounting method is assessed to offer a good presentation of the company's holdings of investment assets. The measurement criteria are presented in Note 18.

Insurance liabilities

The liability for incurred claims relates to the obligation to investigate and pay valid claims that have occurred. The liability is designed to cover anticipated future payments for all claims incurred, including claims not yet reported to If, referred to as IBNR. The liability is measured by means of statistical methods or individual assessments of claims. These liabilities 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.

The liability for remaining coverage relates to the obligation to investigate and pay valid claims that have not yet occurred. If applies the simplified measurement model, premium allocation approach, where the use of judgement is limited. A loss component is to be reported for any groups of onerous contracts. The assessment of which groups are onerous and calculation of the loss component includes estimates of such factors as future claims expenses.

Additional comments on reserve risk are provided in Note 5. See Note 24 for further details regarding measurement methods and assumptions, as well as an account of the company's prior-year claims results in recent years.

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 also presented in Note 26.

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. The Currency Policy sets limits for currency exposure.

MSEK **Exchange-rate effects in the insurance service result**	**2023**	**2022**	**Change**	***Of which exchange-rate effect***
Insurance revenue	61,158	56,570	4,588	*-685*
Reinsurance premium expenses	-3,832	-3,174	-658	*48*
Insurance service expenses, claims incurred	-43,180	-38,978	-4,202	*472*
Insurance service expenses, operating expenses	-8,916	-8,512	-403	*121*
Reinsurers' share of claims incurred	4,434	1,247	3,187	*-25*
Insurance service result	**9,664**	**7,152**	**2,511**	***-70***

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 insurance service result.

Insurance service result, distributed by currency 2023	**Insurance revenue, net of reinsurance premium expenses**	**Total expenses**	***Of which claims incurred, net***	***Of which operating expenses***
SEK	28%	27%	*22%*	*5%*
NOK	32%	35%	*29%*	*6%*
DKK	9%	10%	*8%*	*2%*
EUR	27%	26%	*20%*	*5%*
USD	2%	1%	*1%*	*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 managed 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 2023, a net currency result of positive MSEK 5 (negative 93) 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 currency result may be divided into:

MSEK **Currency result**	**2023**	**2022**
Conversion of items in the income statement and balance sheet	-166	-1,405
Realized effects of currency derivatives	1,098	924
Unrealized effects of currency derivatives	-927	388
Total	**5**	**-93**

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.

Relations with Sampo

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

On October 1, 2023, Sampo plc completed a partial demerger of Mandatum Holding Ltd and its direct and indirect subsidiaries. As of this date Mandatum Holding Ltd and its direct and indirect subsidiaries are no longer part of Sampo Group. Due to the partial demerger of Sampo, Mandatum and If Livförsäkring AB have concluded an agreement on the transfer of parts of Mandatum's life portfolio to If Livförsäkring AB. To facilitate this, If Livförsäkring AB has established a new branch in Finland. The portfolio transfer is expected to be realized in the end of 2024.

Until October 1, 2023, If had a distribution agreement with a Sampo subsidiary regarding the marketing of the counterparty's products in If's network primarily in Finland. If received 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.

Until October 1, 2023, If and a subsidiary to Sampo had an asset management agreement according to which some investment decisions, within the framework of the Investment Policy, were outsourced to that Sampo subsidiary. If paid a fixed percentage commission calculated on the market value of the managed investment assets. As of October 1, 2023, there is an asset management agreement with Sampo plc. If P&C Insurance also has an agreement with Sampo plc under which If P&C Insurance is allowed access to certain IT applications used by the investment department.

In Finland, Sampo purchases internal audit services, HR services, as well as, other office services and investigation services from If. Sampo pays a fee for the services. Sampo subsidiaries purchased corresponding services up until October 1, 2023. 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 liability. If P&C Insurance Ltd (publ) holds subordinated loans issued by a subsidiary of Topdanmark A/S. As of May, 2023, Topdanmark purchases roadside assistance from Viking.

Until October 1, 2023, If Services AB mediated insurances on behalf of Sampo subsidiaries in Finland.

Transactions with related companies

	Income [1]		Expenses [2]		Assets		Liabilities	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Associates	0	-	-28	-98	-	-	-	-
Owner								
Sampo plc	17	22	0	0	1	0	0	-4
Other related parties								
Subsidiaries of Sampo plc	193	81	-14	-13	1,412	1,425	-10	-5
Nordea Bank Abp [3]	-	18	-	-17	-	-	-	-
Other associates, Sampo plc	-	9	-	-	-	130	-	-

[1] Including interest income.

[2] Including interest expense.

[3] Refers to Sampo's holding of Nordea, which was divested in April 2022.

Note 5 – Risks and risk management

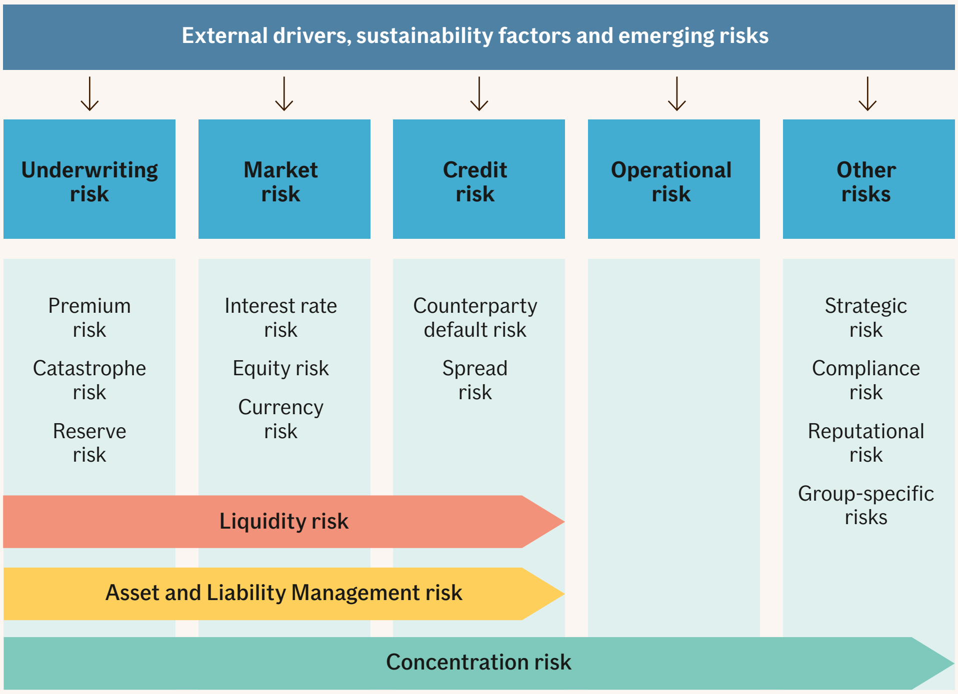
Risk Management System

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 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 providing input to business decisions by considering 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, 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 risk, are not assessed and reported as a stand-alone risk category. Instead, the risks are assessed as an integrated part of the assessments per the defined risk categories.

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.

Figure 1 – Risks encompassed in the Risk Management System



Risk strategy

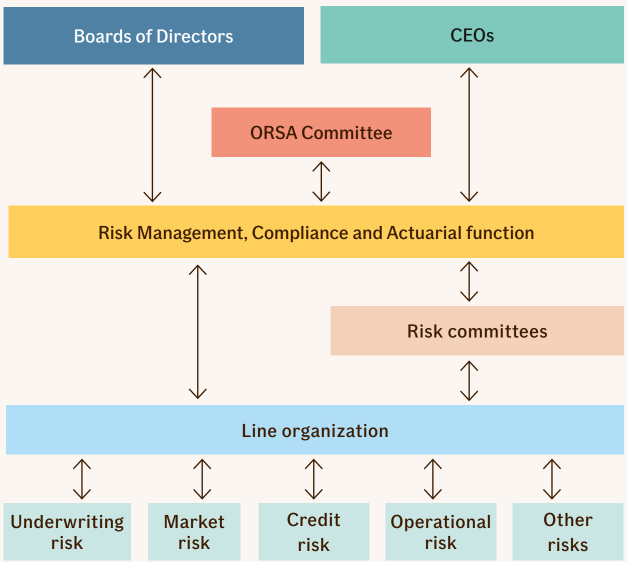
The Risk Management Policy defines the overall strategy and risk appetite for the main risks. The risk management strategies are to:
- ensure a strong governance structure;
- ensure a sound internal control and risk culture;
- ensure the adequacy of capital in relation to risks and risk appetite;
- limit 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, mitigated, 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 of and ensure that customers and other stakeholders have confidence in If.

Risk management process

The overall risk management process includes five main steps: identification, assessment/measuring, monitoring, mitigation and reporting. Sustainability aspects are also considered when identifying and assessing risks.

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

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 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 Chief Risk Officer (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 ensures that it has the resources and tools in place to do so. On behalf of the Heads of the business areas and 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 function of material risks.

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) 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 are 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 operations and asset management, 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 less 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, internal economic and rating agency measures. If considers these measures on both 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 2023.

As a subsidiary of Sampo plc, If P&C Insurance Holding Ltd (publ), as a holding company, is 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) 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 valuation 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 in pricing and valuation assumptions related to extreme or exceptional events.

Risk exposure

Given the inherent uncertainty in insurance operations, there is a risk of losses due to unexpectedly high claims expenses. Examples of what could lead to high claims expenses include large fires, 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 distribution of gross written premium per business area and geographical area is shown in Figure 3.

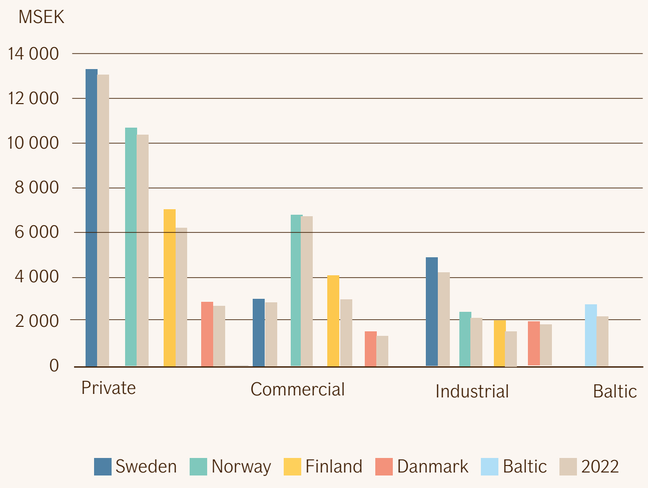
Risk management and control

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 program is evaluated by comparing the expected cost with 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 in-house financial and qualitative pre-defined analyses.

A group-wide reinsurance program has been in place in If since 2003. In 2023, retention levels were between MSEK 100 and MSEK 300 per risk and MSEK 300 per event.

Figure 3 – Gross written premium per business area and geographical area



An analysis of how changes in the combined ratio, insurance revenue (net of reinsurance premium expense) and claims incurred affect the result before tax is presented in Table 1.

Table 1 – Sensitivity analysis, premium risk

MSEK Parameter	Level, 2023 (gross)	Level, 2023 (net)	Change	Effect on result before tax (gross) 2023	2022	Effect on result before tax (net) 2023	2022
Combined ratio, Business Area Private	83.5%	83.1%	+/- 1 percentage point	+/- 329	+/- 314	+/- 326	+/- 311
Combined ratio, Business Area Commercial	82.1%	81.9%	+/- 1 percentage point	+/- 152	+/- 142	+/- 150	+/- 140
Combined ratio, Business Area Industrial	96.5%	87.3%	+/- 1 percentage point	+/- 105	+/- 90	+/- 72	+/- 63
Combined ratio, Business Area Baltic	85.6%	85.9%	+/- 1 percentage point	+/- 26	+/- 20	+/- 25	+/- 20
Insurance revenue (net of reinsurance premium expenses)	61,158	57,325	+/- 1%	+/- 612	+/- 566	+/- 573	+/- 534
Claims incurred	43,180	38,746	+/- 1%	+/- 432	+/- 390	+/- 387	+/- 377

Reserve risk

Reserve risk is the risk of loss, or of adverse change, in the value of the net liability for incurred claims, 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 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. Valuation of the liability for incurred claims always includes a degree of uncertainty since it is based on estimates of the size and the frequency of future claims payments. The uncertainty in the valuation 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.

The value of the net liability for incurred claims is, in addition to risk factors relating to reserve risk, also impacted by changes in discount rates and exchange rates. These market risks are described in the sections for interest rate risk and currency risk. The reserve risk differs from interest rate risk since it relates to the size of future cash flows, while the interest rate risk only impacts the present value of future cash flows.

Risk exposure

The net liability for incurred claims as per December 31, 2023 amounted to MSEK 63,091 (62,080) and the exposure specified by product and geographical area is shown in Table 2.

A large part of the exposure relates to the lines of business MTPL and Workers' Compensation, where a part of the liability for these lines includes annuities. In 2023, the proportion of liability for incurred claims related to MTPL and Workers' Compensation was 52% (54).

The net liability for incurred claims is sensitive to changes in inflation and discount rates. In addition, the liability relating to annuities is sensitive to changes in retirement age and mortality assumptions.

Risk management and control

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

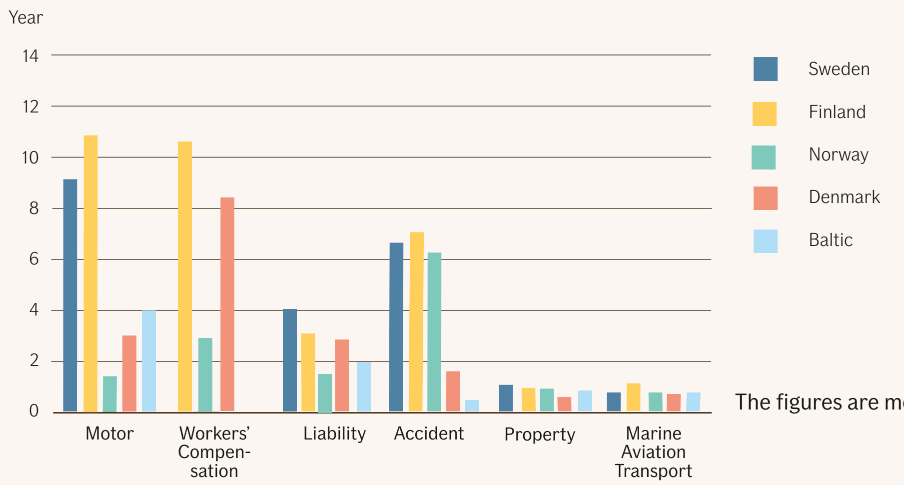
The actuarial estimates are based on historical claims data and exposures that are available at the closing date. Factors that are considered include loss development trends, the level of unpaid claims, changes in legislation, case law and economic conditions. When estimating the liability, established actuarial methods are generally used, combined with projections of the number of claims and average claims costs. See Note 24 for further details regarding measurement methods and assumptions.

Table 2 – Net liability for incurred claims per product and geographical area

	Sweden		Finland		Norway		Denmark		Baltic		Total	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Motor	9,628	9,396	7,422	7,145	2,513	3,005	1,137	1,183	1,185	1,041	21,886	21,770
of which, Motor Third Party Liability	*8,586*	*8,458*	*7,177*	*6,911*	*1,766*	*2,324*	*985*	*1,044*	*1,036*	*911*	*19,551*	*19,648*
Workers' Compensation	-	-	8,928	9,404	1,287	1,559	3,324	3,097	-	-	13,538	14,060
Liability	2,763	2,723	1,302	1,206	1,333	1,256	816	778	224	231	6,439	6,193
Accident	3,142	3,240	1,804	1,623	3,535	3,442	882	913	30	26	9,393	9,244
Property	3,664	2,897	1,945	1,792	4,042	3,961	1,117	1,092	289	288	11,056	10,030
Marine, Aviation, Transport	189	174	97	105	181	189	284	293	29	20	779	782
Total	**19,386**	**18,430**	**21,499**	**21,276**	**12,890**	**13,412**	**7,559**	**7,356**	**1,757**	**1,606**	**63,091**	**62,080**

The duration of the net liability for incurred claims for various products is shown in Figure 4. The duration has increased by 0.2 years compared to previous year, mainly due to decreased discount rates.

Figure 4 – Duration 2023: Net liability for incurred claims



The figures are modified durations and the total was 6.2 years (6.0).

A sensitivity analysis of the reserve risk is presented in Table 3 as well as the interest rate risk relating to insurance contracts. The effects represent the immediate impact on the liability's values as a result of changes in the different risk factors as per December 31 each year.

The sensitivity analysis is calculated before tax. Change in the liability for incurred claims, net will result in a corresponding change in result before income taxes, with the effect presented in either insurance service result or net financial result.

Table 3 – Sensitivity analysis, reserve risk

MSEK **Insurance liabilities item**	**Risk factor**	**Change in risk parameter**	**Country**	**Effect on result before tax (gross)** **2023**	 **2022**	**Effect on result before tax (net)** **2023**	 **2022**
Discounted estimated future cash flows	Inflation increase	Increase by 1 percentage point	Sweden	1,382	1,278	1,332	1,247
			Finland	283	307	280	305
			Norway	239	226	224	221
			Denmark	373	340	366	333
Discounted liability for incurred claims	Decrease in discount rate	Decrease by 1 percentage point to liquid part of the yield curve	Sweden	965	879	917	850
			Finland	1,904	1,922	1,901	1,920
			Norway	348	322	334	318
			Denmark	372	332	365	325
Annuities and related IBNR	Decrease in mortality	Life expectancy increase by 1 year	Sweden	168	143	168	143
			Finland	546	516	546	516
			Denmark	11	9	11	9

Financial assets and liabilities

The measurement and reporting of financial assets and liabilities depends on their classification.

Table 4 –Categories of financial assets and financial liabilities

MSEK	**2023**
Financial assets at fair value through profit or loss (mandatorily)	118,268
Financial assets at amortized cost [1]	7,075
Total financial assets	**125,343**
Financial liabilities, at fair value through profit or loss (mandatorily)	643
Financial liabilities at amortized cost [2]	7,104
Total financial liabilities	**7,747**

[1] Financial assets at amortized cost consist of the following balance sheet items: other loans, deposits with ceding undertakings, debtors (financial), cash and bank, collaterals and security settlement claims and accrued income.

[2] Financial liabilities at amortized cost consist of the following balance sheet items: subordinated debt, lease liabilities, security settlement liabilities, other creditors (financial) and accrued expenses.

MSEK	**2022**
Financial assets, mandatory at fair value through profit or loss (trading)	608
Financial assets, available for sale	113,284
Loans and receivables [1]	7,813
Total financial assets	**121,705**
Financial liabilities, mandatory at fair value through profit or loss (trading)	74
Financial liabilities measured at amortized cost or at the amount expected to be settled [2]	8,690
Total financial liabilities	**8,764**

[1] Loans and receivables consist of the following balance sheet items: loans, deposits with ceding undertakings, debtors (financial), cash and bank, collaterals and security settlement claims and 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, lease liabilities, security settlement liabilities, other creditors (financial) and accrued expenses.

Table 5 – Investment assets categorized from an asset management perspective [1]

	Investment assets and derivative liabilities		Assets under active management		Assets under active management categorized from an asset management perspective					
					Fixed income		Equity		Properties	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Land and buildings	**5**	**9**	**5**	**9**					**5**	**9**
Investments in associated companies	**49**	**48**								
Financial assets at fair value through profit or loss (mandatorily)										
Derivatives [2]	231		231		17		-			
Shares and participations	13,804		13,804				13,804			
Bonds and other interest-bearing securities	104,233		104,233		104,233					
Financial assets at amortized cost										
Other loans	1,983		1,983		1,983					
Financial assets mandatory at fair value through profit or loss (trading)										
Derivatives [2]		608		608		47		-		
Financial assets available for sale										
Shares and participations		12,983		12,983				12,983		
Bonds and other interest-bearing securities		100,301		100,301		100,301				
Loans										
Other loans		2,331		2,331		2,331				
Total other financial investment assets	**120,251**	**116,223**								
Deposits with ceding undertakings	**7**	**7**								
Total Investment assets	**120,312**	**116,288**								
Other assets										
Cash and bank			2,182	3,295	2,182	3,295				
Collaterals and security settlement claims			537	86	487	25	50	62		
Accrued income			1,083	702	1,083	702				
Assets under active management			**124,058**	**120,316**	**109,985**	**106,701**	**13,854**	**13,045**	**5**	**9**
Financial liabilities mandatory at fair value through profit or loss										
Derivatives [3]	643	74	643	74	-	-	-	-		
Total Derivative liabilities	**643**	**74**	**643**	**74**						
Other liabilities										
Collaterals and security settlement liabilities			59	537	59	537				
Liabilities under active management			**702**	**611**	**59**	**537**				
Assets under active management net			**123,356**	**119,705**	**109,926**	**106,164**	**13,854**	**13,045**	**5**	**9**

[1] Comparative figures are not restated and follow the classification based on IAS 39.

[2] Only fixed income and equity derivatives are included in the assets categorized from an asset management perspective. Excluded currency derivatives amounted to MSEK 213 (561).

[3] Only fixed income and equity derivatives are included in the liabilities categorized from an asset management perspective. Excluded currency derivatives amounted to MSEK 643 (74).

Market risk

Market risk is the risk of loss, or of adverse change, in the financial position resulting, directly or indirectly, from fluctuations in the level or in the volatility of market prices and underlying market variables that impact the measurement of assets and liabilities.

Risk exposure

The exposure mainly relates to financial instruments and insurance contracts, where the insurance contracts are also analyzed in the Reserve risk section. Assets under active management as per December 31 amounted to MSEK 123,356 (119,705), 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 allocation of investment assets has remained stable, and the proportion of equity investments was 11% (11). The proportion of fixed income investments was 89% (89). Other investment assets amounted to 0% (0).

Table 6 shows the sensitivity analysis of the fair values of the financial investment assets and liabilities under active management 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 asset management.

The structure and nature of the insurance liabilities and reinsurance assets, the overall risk appetite, risk tolerance, regulatory requirements and rating targets are taken into account when deciding limits and setting return and liquidity targets. The Boards of Directors decide 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.

Table 6 – Sensitivity analysis of the fair values of financial investment assets and liabilities under active management

	2023				2022			
	Interest rate [1]		Equities	Properties	Interest rate [1]		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		
Long-term fixed income	2,916	-2,779			2,196	-2,110		
Shares and participations			-2,771				-2,609	
Derivatives, net	-2	2	-		-12	12		
Land and buildings				-1				-2
Liabilities								
Derivatives, net	-	-	-		-	-	-	
Total change in fair value	**2,914**	**-2,777**	**-2,771**	**-1**	**2,184**	**-2,099**	**-2,609**	**-2**
Effect recognized in result before income taxes	**2,914**	**-2,777**	**-2,771**	**-1**	**-12**	**12**	**0**	**-2**
Effect recognized in equity	**2,914**	**-2,777**	**-2,771**	**-1**	**2,184**	**-2,099**	**-2,609**	**-2**

[1] Insurance liabilities, net are also exposed to interest rate risk, the sensitivity analysis is presented in Table 3. The effect of a 1 percentage point downward shift impacts the value of the insurance liabilities, net by a total of MSEK 3,608 (3,499). The net impact on total comprehensive income from investment assets and liabilities as well as insurance liabilities amounts to MSEK -694 (-1,315).

Interest rate risk

Interest rate risk refers to the sensitivity of the values of assets and liabilities to changes in the level or in the volatility of interest rates.

Risk exposure

If's exposure to interest rate risk from insurance contracts issued and reinsurance contracts held arises from the net liability for incurred claims, where future claim payments are discounted to a present value and therefore impacted by changes in discount rates. The duration and sensitivity to changes in interest rates in the net liability for incurred claims are analyzed in Figure 4 and Table 3, in the Reserve risk section.

If's exposure to interest rate risk from financial instruments arises primarily from fixed income investments. The duration of fixed income investments at year-end 2023 was 2.4 (1.9) years. The duration of fixed income investments is shown in Table 7.

Risk management and control

Interest rate risk relating to insurance liabilities is, in accordance with the Investment Policy, taken into account in the composition of investment assets. The overall interest rate risk is managed by sensitivity limits for financial instruments sensitive to interest rate changes.

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

MSEK Instrument type [1]	2023 Carrying amount	%	Duration	2022 Carrying amount	%	Duration
Short-term fixed income	2,662	2.4	0.0	3,025	2.8	0.0
Scandinavia, long-term government and corporate securities	78,378	71.3	2.0	79,781	75.1	1.6
Scandinavia, index-linked bonds	4,666	4.2	3.9	4,489	4.2	5.0
Europe, long-term government and corporate securities	17,293	15.7	3.0	13,902	13.1	2.3
USA, long-term government and corporate securities	4,346	4.0	3.9	2,731	2.6	3.4
Global, long-term government and corporate securities	2,582	2.3	4.5	2,237	2.1	2.1
Total	**109,926**	**100**	**2.4**	**106,164**	**100**	**1.9**

[1] Fixed income derivatives are included in the table.

Equity risk

Equity risk refers to the sensitivity of the value of investment assets 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 13,854 (13,045) and the proportion of equities in the investment portfolio was 11.2% (10.9).

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 15% 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	2023 Carrying amount	%	2022 Carrying amount	%
Industrials	5,858	64.8	4,765	56.8
Consumer Discretionary	1,695	18.8	2,277	27.1
Materials	773	8.6	769	9.2
Telecommunication services	416	4.6	431	5.1
Energy	205	2.3	51	0.6
Consumer staples	50	0.6	55	0.7
Information technology	23	0.3	16	0.2
Health care	16	0.2	26	0.3
Finance and Real estate	4	0.0	4	0.0
Total	**9,040**	**100**	**8,393**	**100**

The sector allocation of equity excludes investments made through ETF's, mutual and private equity funds of MSEK 4,814 (4,652).

Table 9 – Breakdown of equity investments by geographical areas

MSEK	2023 Carrying amount	%	2022 Carrying amount	%
Sweden	6,860	49.6	5,875	45.1
Europe	2,776	20.1	2,944	22.6
Asia	1,555	11.2	1,698	13.0
North America	1,311	9.5	1,084	8.3
Norway	1,117	8.1	1,147	8.8
Latin America	217	1.6	272	2.1
Denmark	2	0.0	3	0.0
Total	**13,838**	**100**	**13,023**	**100**

The geographical allocation of equity excludes investments made through private equity funds of MSEK 16 (23).

Currency risk
Currency risk refers to the sensitivity of the values of assets and liabilities 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, relating to transaction risk, are shown in Table 10. If is also exposed to translation risk, which is described in more detail in the group-specific risks section.

Risk management and control
Currency risk is reduced by matching insurance liabilities with investment assets in corresponding currencies or by using currency derivatives. The currency exposure in the insurance operations is hedged to the functional currency on a regular basis. The currency exposure in investment assets is monitored weekly and is hedged when the exposure reaches a specified level, which is set with respect to cost efficiency and minimum transaction size.

Table 10 – Currency risk (transaction risk)

MSEK **Currency 2023**	**EUR**	**NOK**	**DKK**	**GBP**	**USD**	**JPY**	**Other**
Investments	34,303	20,742	2,073	262	3,535	1	5
Derivatives	1,297	3,888	10,165	243	-1,367	54	240
Insurance operations	-35,961	-24,634	-12,314	-681	-2,000	-3	-323
Open position (SEK)	-360	-5	-76	-176	169	52	-78
10% depreciation of foreign currency against SEK	36	0	8	18	-17	-5	8
Effect recognized in result before income taxes	**36**	**0**	**8**	**18**	**-17**	**-5**	**8**

Excluding currency positions in Business Area Baltic.

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	-41,558	-25,992	-11,452	-385	-2,054	-4	-308
Open position (SEK)	-703	-416	-74	-93	-9	143	-91
10% depreciation of foreign currency against SEK	70	42	7	9	1	-14	9
Effect recognized in profit/loss	**70**	**42**	**7**	**9**	**1**	**-14**	**9**

Excluding currency positions in Business Area Baltic.

Credit risk
Credit risk is the risk of loss, or of adverse change, in the financial position, resulting from fluctuations in the credit standing of issuers of securities, and other counterparties to which the Group is 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 and liabilities to changes in the level or in the volatility of credit spreads over the risk-free interest rate.

Counterparty default risk is the risk of loss due to default, or deterioration in the credit standing of counterparties. 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 asset management
Credit risk in asset management 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. The asset therefore has a lower market value, even in the case of no default. Accordingly, the spread is essentially the market price of credit risk. For financial assets measured at amortized cost and where market prices do not exist, credit risk is measured using models for expected credit losses (ECL).

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 asset management 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. 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 both a company and group level, and reported to the Investment Control Committee. Credit exposures are reported by industry sector, instrument type and credit rating. Additional disclosures about management of credit risk relating to expected credit losses, and the expected credit loss reserve can be found in Note 1 Accounting policies, Note 18 Other financial investment assets and derivative liabilities, and Note 20 Other debtors.

Table 11 – Exposures by sectors, asset classes and rating category 2023

	Fixed income											
MSEK	**AAA**	**AA+ - AA-**	**A+ - A-**	**BBB+ - BBB-**	**BB+ - C**	**Not rated**	**Total [1)]**	**Equities**	**Proper-ties**	**Deriva-tives**	**Totalt[2)]**	**Change compared with Dec 31, 2022**
Basic Industry	-	-	399	1,638	345	390	**2,772**	439	-	-	**3,211**	528
Capital Goods	-	-	999	1,509	383	1,555	**4,445**	5,773	-	-	**10,218**	1,551
Consumer Products	-	11	1,183	3,702	179	867	**5,942**	2,119	-	-	**8,061**	585
Energy	-	-	205	-	-	695	**901**	205	-	-	**1,106**	-202
Financial Institutions	371	7,770	16,772	7,452	563	451	**33,379**	-	-	56	**33,435**	1,507
Governments	4,860	509	-	-	-	-	**5,369**	-	-	-	**5,369**	674
Government Guaranteed	-	276	-	-	-	-	**276**	-	-	-	**276**	10
Health Care	-	11	170	1,384	95	512	**2,172**	16	-	-	**2,188**	939
Insurance	-	-	358	1,173	76	1,454	**3,061**	4	-	-	**3,065**	-520
Media	-	-	-	-	-	167	**167**	-	-	-	**167**	-111
Packaging	-	-	-	-	275	-	**275**	-	-	-	**275**	49
Public Sector, Other	5,597	205	-	-	-	-	**5,801**	-	-	-	**5,801**	-343
Real Estate	-	645	1,401	2,166	227	1,908	**6,348**	-	5	-	**6,353**	-604
Services	-	-	455	2,030	1,200	287	**3,973**	-	-	-	**3,973**	1,993
Technology and Electronics	-	130	300	499	-	637	**1,566**	10	-	-	**1,576**	534
Telecommunications	-	-	21	2,039	-	265	**2,325**	416	-	-	**2,741**	851
Transportation	-	402	664	-	-	892	**1,958**	-	-	-	**1,958**	-548
Utilities	-	-	502	1,927	669	580	**3,678**	-	-	-	**3,678**	57
Covered Bonds	24,195	-	-	-	-	-	**24,195**	-	-	-	**24,195**	-3,666
Funds	-	-	-	118	-	-	**118**	4,814	-	-	**4,932**	173
Other	-	-	175	187	-	345	**707**	58	-	-	**766**	171
Clearing House	-	-	-	-	-		**-**		-	18	**18**	-29
Total	**35,023**	**9,958**	**23,605**	**25,825**	**4,014**	**11,004**	**109,429**	**13,854**	**5**	**75**	**123,363**	**3,602**
of which, Other loans [3)]	*-*	*-*	*1,044*	*235*	*699*	*23*	*2,001*	*-*	*-*	*-*	*-*	
Change compared with Dec 31, 2022	-3,622	907	730	6,030	-672	-595	**2,779**	809	-4	18	**3,602**	

[1)] Total fixed income exposure differs by MSEK 498 from the corresponding financial assets and liabilities in Table 5 because other derivatives and collaterals are excluded.

[2)] Total exposure differs by MSEK 7 from the corresponding financial assets and liabilities in Table 5 because the counterparty risk for OTC derivatives is taken into account in the table.

[3)] Other loans are not externally rated. The information presents the distribution based on internal credit ratings for other loans as information to the allowance for expexted credit losses in Note 18.

Credit risk in reinsurance operations

In addition to credit risk associated with investment assets, credit risk also arises from the insurance operations, mainly through ceded reinsurance. Credit risk related to reinsurers arises through reinsurance recoverables, consisting of the reinsurance assets relating to incurred claims and any reinsurance receivables within the balance sheet line-item Debtors. Credit risk exposure towards policyholders of insurance contracts issued is very limited, since non-payment of premiums generally results in the cancellation of insurance policies.

Risk exposure

The distribution of reinsurance recoverables is presented in Table 12. In the table, MSEK 2,282 (1,679) is excluded, which mainly relates to captives and statutory pool solutions.

Table 12 – Reinsurance recoverables

MSEK Rating	2023	%	2022	%
AA	2,526	50.6	713	47.6
A	2,467	49.4	780	52.1
BBB	-	-	0	0.0
Not rated	0	0.0	4	0.3
Total	**4,993**	**100**	**1,497**	**100**

Risk management and control

To limit and manage the 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 written premiums for treaty and facultative reinsurance per rating category is presented in Table 13.

Table 13 – Ceded written premium for treaty and facultative reinsurance per rating category

MSEK Rating	2023	%	2022	%
AA	567	55.3	403	46.3
A	459	44.7	467	53.7
Total	**1 026**	**100**	**870**	**100**

Asset and Liability Management risk

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

Risk exposure

If's exposure to ALM risk arises mainly from interest rate, inflation and currency risks. The risk exposure is further described for each risk under section Market risk and is shown in Figure 4, Table 7 and Table 10.

Risk management and control

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

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

Liquidity risk

Liquidity risk is the risk of not having the possibility to realize investments and other assets in order to settle financial obligations when they fall due.

Risk exposure

The maturities of cash flows from financial instruments and insurance contracts 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 future cash flows relating to the liability and asset for incurred claims, which are inherently associated with a degree of uncertainty.

Risk management and control

In property and casualty insurance, 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 insurance liabilities are analyzed regularly, taking both normal market conditions and stressed conditions into consideration. Liquidity risk is reduced by investing in assets that are traded 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 instruments and insurance contracts

				Cash flows						
2023 MSEK	Carrying amount	*of which without maturity*	*of which with contractual maturity*	2024	2025	2026	2027	2028	2029-2038	2039-
Financial assets	125,343	*16,473*	*108,870*	17,812	20,362	23,765	28,413	15,532	16,496	-
Asset for incurred claims	5,848	-	*5,848*	3,636	1,200	483	209	117	196	7
Derivative liabilities	-643	-	*-643*	-647	-	-	-	-	-	-
Other financial liabilities	-5,457	-	*-5,457*	-3,814	-346	-1,524	-	-	-	-
Lease liabilities	-1,647	-	*-1,647*	-301	-286	-257	-218	-159	-524	-
Liability for incurred claims and other insurance related payables [1]	-71,495	-	*-71,495*	-27,550	-8,806	-5,221	-3,756	-2,911	-14,434	-8,817

[1] Other insurance and reinsurance related payables are included in the line item Other creditors and amounted to MSEK 2,557.

				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	121,705	*16,286*	*105,419*	18,320	24,228	20,140	22,497	25,197	9,591	-
Asset for incurred claims	2,621	-	*2,621*	1,408	539	263	148	90	167	8
Derivative liabilities	-74	-	*-74*	-69	-	-	-	-	-	-
Other financial liabilities	-6,907	*-534*	*-6,373*	-4,775	-88	-393	-1,533	-	-	-
Lease liabilities	-1,783	-	*-1,783*	-285	-259	-252	-242	-203	-652	-
Liability for incurred claims and other insurance related payables [1]	-66,885	-	*-66,885*	-24,640	-8,166	-5,212	-3,712	-3,009	-13,884	-8,263

[1] Other insurance and reinsurance related payables are included in the line item Other creditors and amouned to MSEK 2,184.

Concentration risk

Concentration risk is all risk concentrations towards a single counterparty, industry sector or geographical region.

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.

Reinsurance assets for incurred claims for the ten largest reinsurer counterparties amounted to MSEK 3,015 (1,599), representing 52% (61) of the total reinsurance assets for incurred claims. Out of the ten largest reinsurer counterparties, 59% (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 groups of related issuers and per rating class. Risk concentrations are actively monitored and controlled by the respective committee.

Table 15 – Concentration of market and credit risks in individual counterparties and asset classes 2023

MSEK Fair value	Equities	Covered bonds	Other long-term fixed income	Short-term fixed income	Positive fair values of derivatives [1]	Total
Nordea Bank Oyj	-	5,427	2,028	1,273	27	**8,755**
Swedbank AB (publ)	-	6,538	1,377	4	-	**7,919**
Svenska Handelsbanken AB (publ)	-	6,904	920	0	-	**7,825**
Konungariket Sverige	-	-	6,125	-	-	**6,125**
Konungariket Norge	-	-	4,343	-	-	**4,343**
AB Volvo	1,992	-	748	-	-	**2,740**
DnB ASA	-	730	1,847	4	-	**2,581**
Skandinaviska Enskilda Banken AB (publ)	-	240	1,822	50	19	**2,131**
Danske Bank A/S	-	267	1,691	39	11	**2,008**
Kommunalbanken AS	-	-	1,547	-	-	**1,547**
Total top ten exposures	**1,992**	**20,105**	**22,449**	**1,370**	**56**	**45,972**

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

The ten largest exposures amount to MSEK 45,972 (45,454), representing 37% (38) of the investment assets under active management.

Operational risk

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

Operational risks occur in all parts of the organization and are a natural part of doing business. A continuous assessment of the risks is performed to balance the level of risk mitigation, since it is not cost-effective to eliminate all operational risks. Line organization managers are risk owners and responsible for continuously managing significant risks within their operations.

Risk exposure

If's main operational risk is the risk of a fully executed cyber-attack. It represents the potential of If being directly or indirectly exposed to a cyber-attack. An additional risk is the complexity in If's IT environment with multiple core systems, including several legacy systems that are challenging to maintain and replace.

Risk management and control

If has issued several steering documents that 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. 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 evaluated from a likelihood and impact perspective. 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. There is also 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.

To manage the main operational risks, work on the development of a scenario-based IT recovery plan continues. Active monitoring of the threat landscape and a review to improve and develop existing security controls is ongoing; for example a program for digital resilience. Additionally, a transformation program to replace some of If P&C Insurance's legacy systems is ongoing.

There are also 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 annually.

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 are a number of steering documents that are relevant for the management of compliance risks; for example the Compliance Policy, the Personal Data Policy, the Conflicts of Interest Policy, the Risk Management Policy, the Ethics Policy and the AML/CTF Policy.

Internal training in 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 among 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.

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 risks are managed by the organization and in some cases by the Communication Department.

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. If continously monitors what is written in media about If.

Emerging risks

Emerging risks are newly developing or changing risks that 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, Artificial Intelligence (AI) and PFAS (per- and polyfluoroalkyl substances).

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. Since 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 people 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 reporting 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 do 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 and 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 with a pan-Nordic business model.

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.

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 roadside assistance, travel assistance, the effect from changes in net insurance liabilities presented in Insurance finance income and expenses, run-off operations and other group-wide operations.

Business area consolidation is implemented 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]	2023 Total	2022 Total
Insurance revenue	32,880	15,232	10,486	2,561		-		61,158	56,570
Reinsurance premium expenses	-315	-196	-3,295	-26		-		-3,832	-3,174
Insurance service expenses, claims incurred	-22,765	-9,937	-9,014	-1,598		5	129	-43,180	-38,978
Insurance service expenses, operating expenses	-4,696	-2,562	-1,103	-594		82	-42	-8,916	-8,512
Reinsurers' share of claims incurred	398	180	3,843	13		-	-	4,434	1,247
Insurance service result	**5,501**	**2,716**	**917**	**356**	**-**	**87**	**86**	**9,664**	**7,152**
Other income	267	74	33	1		1,689	-416	1,647	1,470
Other expense	-325	-112	-30	-		-1,623	324	-1,765	-1,570
Result from other services	**-58**	**-38**	**2**	**1**	**-**	**66**	**-92**	**-118**	**-100**
Investment result					9,934			9,934	2,927
Insurance finance income or expenses, net						-3,801		-3,801	6,488
Net financial result					**9,934**	**-3,801**		**6,133**	**9,415**
Interest expenses, financing						-106		-106	-81
Interest expense on net pension asset/liability						8		8	-4
Income from associates						1		1	97
Result before income taxes	**5,443**	**2,678**	**919**	**357**	**9,934**	**-3,744**	**-6**	**15,582**	**16,479**
Assets on December 31									
Intangible assets	-	259	-	-	-	1,860		2,119	2,233
Investment assets	-	-	-	-	120,312	-		120,312	116,288
Reinsurance assets	396	264	5,542	49	-	-		6,251	2,934
Deferred tax assets	-	-	3	-	-	36		40	98
Other assets [3]	-	-	-	-	2,288	7,992		10,280	9,793
Total assets	**396**	**523**	**5,545**	**49**	**122,600**	**9,889**		**139,001**	**131,345**
Shareholders' equity, provisions and liabilities on December 31									
Shareholders' equity	-	-	-	-	-	42,587		42,587	38,937
Subordinated debt	-	-	-	-	-	1,496		1,496	2,494
Insurance liabilities	34,360	21,498	20,985	2,318	-	-		79,162	74,433
Provisions for other risk and changes	14	2	15	303	-	3,867		4,201	3,750
Other liabilities [3]	-	-	-	-	709	10,847		11,556	11,730
Total shareholders' equity, provisions and liabilities	**34,374**	**21,500**	**21,000**	**2,622**	**709**	**58,797**		**139,001**	**131,345**

1) Including insurance finance income or expenses, road assistance, run-off and other operations not allocated to the business areas.

2) Relating to elimination of transactions between business areas.

3) Other assets and liabilities are not divided on the basis of business areas except for those related to asset management.

Operations per geographical area and product

Insurance revenue by geographical area is distributed among the countries in which If has companies or branches and corresponds in all material respects to the customers' geographical 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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Insurance revenue	20,666	19,559	18,974	18,390	6,060	5,500	12,898	11,114	2,561	2,008	61,158	56,570
Non-current assets [1]	720	767	2,098	2,308	61	38	1,180	1,210	81	81	4,140	4,404

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

Insurance revenue divided by product is shown in the table below.

MSEK **Insurance revenue per product**	**2023**	**2022**
Motor	22,598	21,751
of which MTPL	*5,956*	*5,843*
Workers' Compensation	2,173	1,981
Liability	4,236	3,814
Accident	8,652	7,800
Property	21,969	19,777
Marine, Aviation, Transport	1,529	1,447
Total	**61,158**	**56,570**

Business Area Private

Development during the year

The insurance service result increased during the year and amounted to MSEK 5,501 (4,750), corresponding to a combined ratio of 83.1% (84.7).

Gross written premium growth was 5.0% with positive development in all countries. Growth was mainly driven by rate increases in line with claims inflation and strong retention at 89%. Primarily personal and property insurances contributed to the increased growth. Motor also contributed to growth but was adversely affected by new car sales, which remained at a historically low level during the year.

The claims incurred, excluding claims handling expenses, increased compared with the preceding year, claims frequencies returned to pre-pandemic levels and weather-related claims increased. The cost of insurance operations increased by 1.9% excluding currency effects.

Development in online services and digital engagement in business area Private remained good in 2023, following consistent investments in this area over many years. In 2023, online sales increased by 8% compared to last year, and the digital share of incoming sales was 55%.

MSEK **Insurance service result, Other services and insurance-related balance sheet items**	**2023**	**2022**
Insurance revenue	32,880	31,386
Reinsurance premium expenses	-315	-284
Insurance service expenses, claims incurred	-22,765	-21,798
Insurance service expenses, operating expenses	-4,696	-4,607
Reinsurers' share of claims incurred	398	54
Insurance service result	**5,501**	**4,750**
Other income	267	259
Other expenses	-325	-321
Result from other services	**-58**	**-62**
Intangible assets	-	-
Insurance liabilities	34,360	33,553
Reinsurance assets	396	28
Insurance liabilities, net	**33,965**	**33,525**
Combined ratio	83.1%	84.7%
Risk ratio	62.1%	63.4%
Cost ratio	21.0%	21.4%

Business Area Commercial

Development during the year

The insurance service result increased during the year and amounted to MSEK 2,716 (1,859), corresponding to a combined ratio of 81.9% (86.8).

Gross written premium growth was 5.6%. All countries contributed to growth with the Swedish business being particularly strong. The gross written premiums increase was supported by rate actions during the year and high retention.

The current year claims incurred, excluding claims handling expenses, increased compared with the preceding year. The outcome was affected by a worse large claims outcome compared with the preceding year, and severe weather events. The cost of insurance operations increased by 5.5% excluding currency effects.

Strong momentum in online sales and accelerated expansion of the digital offering with increased usage of self-service solutions also contributed to the positive development. In 2023 online sales in Commercial increased by more than 8 percent year-on-year and 30 percent of new SME clients now start their customer journey online.

MSEK **Insurance service result, Other services and insurance-related balance sheet items**	**2023**	**2022**
Insurance revenue	15,232	14,212
Reinsurance premium expenses	-196	-180
Insurance service expenses, claims incurred	-9,937	-9,733
Insurance service expenses, operating expenses	-2,562	-2,451
Reinsurers' share of claims incurred	180	11
Insurance service result	**2,716**	**1,859**
Other income	74	85
Other expenses	-112	-107
Result from other services	**-38**	**-22**
Intangible assets	259	293
Insurance liabilities	21,498	21,254
Reinsurance assets	264	64
Insurance liabilities, net	**21,234**	**21,190**
Combined ratio	81.9%	86.8%
Risk ratio	60.0%	64.6%
Cost ratio	21.9%	22.2%

Business Area Industrial

Development during the year

The insurance service result increased during the year and amounted to MSEK 917 (172), corresponding to a combined ratio of 87.3% (97.3).

Gross written premium growth was 11.8%. Growth was primarily driven by strong renewals and inflation driven rate increases. Geographically, Industrial saw increased gross written premiums in all countries except Denmark which was affected by a small number of large policies not being renewed.

The claims incurred, excluding claims handling expenses, increased during the year, with the outcome affected by a worse large claims outcome compared with the preceding year and severe weather events. The cost of insurance operations increased by 6.0% excluding currency effects.

During the year digital engagement and self-service increased among Industrial customers. Approximately 65% of clients now have access to If Login and more than 95% of those were active users during the year.

MSEK **Insurance service result, Other services and insurance-related balance sheet items**	**2023**	**2022**
Insurance revenue	10,486	8,964
Reinsurance premium expenses	-3,295	-2,688
Insurance service expenses, claims incurred	-9,014	-6,263
Insurance service expenses, operating expenses	-1,103	-1,012
Reinsurers' share of claims incurred	3,843	1,170
Insurance service result	**917**	**172**
Other income	33	24
Other expenses	-30	-23
Result from other services	**2**	**1**
Intangible assets	-	-
Insurance liabilities	20,985	17,523
Reinsurance assets	5,542	2,802
Insurance liabilities, net	**15,443**	**14,721**
Combined ratio	87.3%	97.3%
Risk ratio	68.3%	77.4%
Cost ratio	18.9%	19.9%

Business Area Baltic

Development during the year

The insurance service result increased during the year and amounted to MSEK 356 (208), corresponding to a combined ratio of 85.9% (89.5).

Gross written premium growth was 15.7% excluding currency effects. Growth was strong in all Baltic countries: Estonia, Latvia and Lithuania. The gross written premiums were positively affected by continued rate increases because of elevated inflation and a growing customer base compared to the preceding year.

The claims incurred, excluding claims handling expenses, increased compared with the preceding year and the cost of insurance operations increased by 14.1% excluding currency effects.

MSEK **Insurance service result, Other services and insurance-related balance sheet items**	**2023**	**2022**
Insurance revenue	2,561	2,008
Reinsurance premium expenses	-26	-21
Insurance service expenses, claims incurred	1,598	-1,310
Insurance service expenses, operating expenses	-594	-482
Reinsurers' share of claims incurred	13	12
Insurance service result	**356**	**208**
Other income	0	1
Other expenses	-	-
Result from other services	**1**	**1**
Intangible assets	-	-
Insurance liabilities	2,318	2,103
Reinsurance assets	49	40
Insurance liabilities, net	**2,269**	**2,063**
Combined ratio	85.9%	89.5%
Risk ratio	59.8%	62.4%
Cost ratio	26.2%	27.1%

Asset management

The investment result was MSEK 9,934 (2,927, but total return, which includes fair value changes in other comprehensive income, was MSEK -5,439). This corresponded to a total investment return of 8.3% (negative 4.4). The increase in the result compared with the preceding year was mainly due to strong positive results for both the fixed-income portfolio and the equity portfolio.

Fixed income assets generated a total return of 7.0% (negative 1.7). Proceeds from matured bonds have gradually been reinvested at higher rates with longer-dated maturities, with the result benefitting from interest-rate declines during the fourth quarter.

All interest-bearing assets generated positive results and corporate bonds in particular generated a high return.

Total return on equities was 20.6% (negative 20.4). Stock markets where If has investments increased in value during the year and the strongest contributors to the equity portfolio's positive result were the Scandinavian large cap companies.

The asset allocation remained fairly stable. Fixed income assets comprises 89% (89) and equities 11%(11) of the total investment assets. The duration of the fixed income assets was 2.4 (1.9) at the end of the year.

Return on investment assets under active management [1]	Fair value Dec 31, 2023 MSEK	%	Fair value Dec 31, 2022 MSEK	%	Return 2023 MSEK	%	Return 2022 MSEK	%
Interest-bearing securities	109,926	89	106,164	89	7,651	7.0	-1,742	-1.7
Shares	13,854	11	13,045	11	2,543	20.6	-3,402	-20.4
Currency (active positions)	14	-	24	-	6	-	36	-
Currency (other) [2]	-444	-	463	-	0	-	-129	-
Properties	5	-	9	-	-6	-	-12	-
Other	-	-	-	-	-259	-	-190	-
Investment assets under active management[1]	**123,356**	**100**	**119,705**	**100**	**9,934**	**8.3**	**-5,439**	**-4.4**

[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] The market value of currency derivatives (excluding active positions) is presented in the asset category Currency (other). 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 roadside assistance and travel assistance in all Nordic countries.

The Nordic market for roadside assistance was affected by harsh winter conditions in all Nordic countries during the start of the year, increasing interest rates, continued inflated energy prices and declining new cars sales. Viking experienced increasing assistance volumes and revenue compared with preceding year, with contribution made by all geographical areas and within new service areas. The revenue during the year increased to MSEK 1,582 (1,334) and operating profit was MSEK 62 (49).

The effect of changes in net insurance liabilities presented in Insurance finance income and expenses, net is also included within Other operations, and amounted to MSEK -3,801 (6,488). This includes the effect of changes in discount rates of negative MSEK 1,562 (positive 7,585) and interest expense (unwinding) of negative MSEK 2,063 (negative 650).

Other operations also comprise group-wide operations that If has chosen not to allocate to the Group's established business areas and include certain parent company expenses, adjustments due to reporting of defined-benefit pension plans, interest expenses for the Group's subordinated debt and run-off operations. The insurance service result and result from other services for these parts of the operations amounted to MSEK 91 (97).

Note 7 – Claims incurred

MSEK	Gross	2023 Ceded	Net	Gross	2022 Ceded	Net
Paid insurance claims						
Claims paid	-36,966	1,242	-35,725	-32,501	1,373	-31,128
Annuities paid	-1,412	-	-1,412	-1,311	-	-1,311
Claims handling expenses	-3,253	-	-3,253	-3,002	-	-3,002
Operating expenses for claims paid	-19	-	-19	-5	-	-5
	-41,651	**1,242**	**-40,409**	**-36,820**	**1,373**	**-35,447**
Change in liability/asset for incurred claims						
Present value of estimated future cash flows						
Incurred and reported losses	-3,995	2,981	-1,014	-1,089	-119	-1,208
Incurred but not reported losses (IBNR)	1,745	133	1,878	-2,035	12	-2,024
Annuities	984	0	984	1,047	-11	1,036
Claims handling	13	-	13	-297	-	-297
Risk of non-performance by reinsurer	-	1	1	-	1	1
Risk adjustment (discounted)	-166	78	-88	40	-8	32
	-1,419	**3,193**	**1,774**	**-2,334**	**-126**	**-2,460**
Change in loss component	**-110**	**-**	**-110**	**176**	**-**	**176**
Total claims incurred	**-43,180**	**4,434**	**-38,746**	**-38,978**	**1,247**	**-37,731**

MSEK	Gross	2023 Ceded	Net	Gross	2022 Ceded	Net
Claims expenses attributable to current-year operations						
Paid insurance claims [1]	-24,689	-157	-24,846	-22,110	193	-21,916
Change in liability/asset for incurred claims						
Present value of estimated future cash flows	-20,331	4,039	-16,292	-15,830	699	-15,131
Risk adjustment (discounted)	-664	111	-552	-551	30	-521
Change in loss component	-110	-	-110	176	-	176
	-45,794	**3,993**	**-41,801**	**-38,315**	**923**	**-37,392**
Claims expenses attributable to prior-year operations						
Paid insurance claims	-16,961	1,399	-15,563	-14,710	1,179	-13,531
Change in liability/asset for incurred claims						
Present value of estimated future cash flows	19,078	-924	18,154	13,455	-817	12,638
Risk adjustment (discounted)	498	-33	464	592	-38	553
	2,614	**441**	**3,055**	**-663**	**324**	**-339**
Total claims incurred	**-43,180**	**4,434**	**-38,746**	**-38,978**	**1,247**	**-37,731**

[1] Additional premiums for reinstatement of the reinsurance cover are reported as ceded paid claims in the income statement, since these payments are contingent on claims. As a consequence of this, the net paid insurance claims attributable to current year operations in 2023 exceeds the gross paid insurance claims.

Note 8 – Operating expenses

MSEK	2023	2022
Specification of income statement item Insurance service expenses, operating expenses		
Acquisition cash flow expenses deferred via the liability for remaining coverage and acquisition cash flow asset		
External and internal acquisition cash flows	-1,257	-1,109
Changes from deferral and amortization	108	24
	-1,149	**-1,084**
Administrative expenses and other sales function expenses	-7,767	-7,428
Total	**-8,916**	**-8,512**

MSEK	2023	2022
Summary of total operating expenses (by nature)		
Salaries and remuneration	-5,702	-5,306
Social fees	-1,215	-1,148
Pension costs	-721	-689
Other personnel costs	-336	-328
Total personnel costs	**-7,975**	**-7,471**
Premises costs	-215	-218
Depreciation, amortization and impairments	-450	-400
Roadside assistance	-1,060	-935
External acquisition cash flows	-1,695	-1,696
Other administrative expenses	-2,868	-2,628
Total expenses split by nature	**-14,263**	**-13,347**
Change from deferral and amortization of external and internal acquisition cash flows (not divided by nature)	108	24
Total	**-14,154**	**-13,323**

MSEK	2023	2022
Allocation of total operating expenses in the income statement (by function)		
Insurance service expenses, operating expenses	-8,916	-8,512
Claims handling expenses, included in Claims incurred	-3,253	-3,002
Claims expenses, included in Claims incurred	-19	-5
Administrative expenses pertaining to other operations, included in Other Expenses	-1,765	-1,570
Asset management expenses, included in Investment result	-201	-232
Total	**-14,154**	**-13,323**

Note 9 – Average number of employees

Average number of employees	2023 Average number of employees	2023 Of whom, Women %	2022 Average number of employees	2022 Of whom, Women %
Denmark	596	*46*	590	*46*
Estonia	441	*80*	400	*79*
Finland	1,888	*60*	1,793	*61*
France	7	*30*	6	*33*
Latvia	512	*43*	462	*43*
Lithuania	171	*73*	156	*75*
Netherlands	5	*49*	5	*59*
Norway	1,613	*46*	1,580	*47*
Spain	174	*48*	116	*49*
United Kingdom	6	*33*	6	*39*
Sweden [1]	2,438	*51*	2,375	*51*
Germany	6	*22*	6	*22*
Total	**7,857**	***53***	**7,496**	***53***

[1] Agents are not included. If has 0 (8) spare-time agents in Sweden.

Percentage of women in executive management	2023	2022
Boards of Directors	28%	27%
Other senior executives	24%	23%

Note 10 – Salaries and other remuneration for senior executives and other employees

MSEK	2023	2022
Salaries and remuneration	-5,702	-5,306
Pension costs	-721	-689
Social fees	-1,215	-1,148
Total	**-7,638**	**-7,143**

MSEK Of which salaries and other remuneration for senior executives [1]	2023	2022
Fixed salaries and remuneration	-56	-54
Variable compensation and incentive schemes	-50	-122
Total	**-106**	**-176**

[1] Senior executives are defined as the Group Management team, the board members and presidents in the Parent Company and subsidiaries.

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 2023**	**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	6,824	4,638	4,656	35	2,356	18,509
Other members of Group Management, 11 individuals	32,523	12,793	23,595	1,037	11,542	81,490
Total	**39,347**	**17,431**	**28,251**	**1,072**	**13,898**	**99,999**

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

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.

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 26.

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 the 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 is entitled to compensation during a 12-month period of notice and severance pay amounting to 12 months' fixed salary.

If employment is terminated 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. Approximately 77 (80) persons were included in the schemes at the end of year 2023. In 2023, the last installment of an incentive scheme issued in 2017 was paid and the scheme was thereby terminated.

The amount of the incentive reward is based on the performance of the Sampo A share, If Group's insurance margin 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 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 of 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	2020:1	2020:1/2	2020:1/3
Approvement date	Aug 5, 2020	Aug 5, 2020	Aug 5, 2020
Initial number of granted units	2,106,500	170,000	128,000
End of performance period I 30%	Q2 2023	Q2 2024	Q2 2025
End of performance period II 35%	Q2 2024	Q2 2025	Q2 2026
End of performance period III 35%	Q2 2025	Q2 2026	Q2 2027
Payment I 30%	Sept 2023	Sept 2024	Sept 2025
Payment II 35%	Sept 2024	Sept 2025	Sept 2026
Payment III 35%	Sept 2025	Sept 2026	Sept 2027
Starting price [1] EUR	32.94	43.49	44.74
Maximum price EUR	56.94	67.49	68.74
Dividend-adjusted starting price on December 31, 2023 EUR	24.54	36.79	42.14
Sampo A closing price on December 29, 2023 EUR 39.61			

[1] 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	2023	2022
Outstanding on January 1	**2,342,450**	**2,823,475**
Granted during the year	-	128,000
Forfeited during the year	-75,000	-15,250
Paid out during the year	-624,300	-593,775
Outstanding on December 31	**1,643,150**	**2,342,450**

kSEK Outstanding units and values December 31	2023 Number of units	 Maximum amount	 Reserved amount	2022 Number of units	 Maximum amount	 Reserved amount
President/CEO Morten Thorsrud	105,000	37,836	16,820	150,000	49,714	20,658
Other members of Group Management, 11 (11) individuals	601,000	214,867	87,116	827,000	272,340	105,658
Others covered by the incentive schemes	937,150	327,148	127,599	1,365,450	436,248	164,469
Total	**1,643,150**	**579,851**	**231,535**	**2,342,450**	**758,303**	**290,786**

The expense of the incentive program during the year amounted to MSEK 53.5 (228.0).

Note 11 – Auditors’ fees

MSEK	2023	2022
Deloitte		
Audit fees	-25	-22
Audit fees outside the audit assignment	0	0
Tax consultancy fees	-	0
Other consultancy fees	0	-2
Total fees to Deloitte	**-25**	**-25**

Note 12 – Investment result

	2023			2022 [1]		
MSEK	Direct income	Value change	Total	Direct income	Value change	Total
Financial assets and liabilities at fair value through profit or loss (mandatorily)						
Derivatives	-13	-27	-40	-121	46	-74
Interest-bearing securities						
Interest income	4,128		4,128			
Realized and unrealized result		3,175	3,175			
Shares						
Dividends	435		435			
Realized and unrealized result		2,111	2,111			
Financial assets, available for sale						
Interest-bearing securities						
Interest income				2,511		2,511
Realized gains and losses					92	92
Impairment losses					27	27
Shares						
Dividends				450		450
Realized gains and losses					291	291
Impairment losses					-204	-204
Total from financial assets at fair value	**4,550**	**5,260**	**9,810**	**2,840**	**252**	**3,092**
Financial assets at amortised cost [2]						
Interest income	146		146	116		116
Realized gains and losses		-	-		-	-
Expected credit losses		-12	-12		-	-
Total from Other financial investment assets	**4,697**	**5,248**	**9,945**	**2,956**	**252**	**3,208**
Properties and Other assets						
Result from properties	-2	-5	-6	-1	-12	-12
Interest income	287		287	126		126
Currency result		5	5		-93	-93
Total from Properties and Other assets	**286**	**1**	**286**	**126**	**-105**	**21**
Total Investment income	**4,982**	**5,248**	**10,231**	**3,082**	**147**	**3,229**
Investment costs						
Allocated operating expenses			-201			-232
Interest expense on lease liabilities			-19			-16
Other financial expenses			-76			-53
Investment result			**9,934**			**2,927**

[1] Comparative figures are not restated and follow the classification per IAS 39, except the comparative figure for currency result, which is restated due to IFRS 17.

[2] Comparative figures are classified as Loans and receivables in accordance with IAS 39.

MSEK **Reconciliation of accumulated value changes of financial assets available for sale**	**2023**	**2022**
Opening balance	**1,424**	**9,751**
Effect of changes in accounting policies (IFRS 9)	-1,424	-
Adjusted opening balance	**-**	**9,751**
Unrealized change in value of financial assets available for sale	-	8,159
Changes in value recognised in income statement	-	208
Translation difference	-	39
Closing balance	**-**	**1,424**
Net value change, financial assets available for sale	-	8,366

Note 13 – Interest expenses, financing

MSEK	Interest rate	2023	2022
Subordinated loan, issued in 2018	3-month STIBOR + 2.75%	-12	-37
Subordinated loan, issued in 2021	3-month STIBOR + 1.30%	-74	-31
Loan, issued in 2020	3-month NIBOR + 1.90%	-19	-12
Total		**-106**	**-81**

Note 14 – Income from associates

MSEK	2023	2022
Share of result	1	30
Gain/loss on sale and revaluations in connection with additional acquisitions [1)]	-	67
Total	**1**	**97**

[1)] Of which sales during 2022 of SOS International A/S and Viking Veihjelp A/S amounted to MSEK 100. Revaluations in connection with the acquisition of outstanding shares in Boalliansen AS, Digiconsept AS and Viking Assistance AS during 2022 amounted to MSEK -33 net.

Note 15 – Taxes

MSEK	2023	2022
Current tax	-2,642	-2,684
Deferred tax	-631	-772
Total tax in the income statement	**-3,273**	**-3,456**
Current tax		
Swedish entities	-907	-758
Non-Swedish entities	-1,752	-1,926
Current tax pertaining to prior years	17	1
Total current tax	**-2,642**	**-2,684**

For a specification of deferred tax, see Note 25.

MSEK	2023	2022
Tax related to Other comprehensive income		
Related to remeasurements of net pension liability	14	-72
Related to financial assets, available-for-sale	-	1,716
Other	64	-260
Total current and deferred tax	**79**	**1,384**

MSEK	2023	2022
Difference between reported tax and tax based on current Swedish tax rate		
Profit before taxes	15,582	16,479
Tax according to current tax rate, 20.6%	-3,210	-3,395
Currency related tax effects	2	-11
Other permanent differences, net	-60	-40
Share of associates' result	0	6
Capital gains, capital losses and impairment loss, associates and subsidiaries	0	2
Adjustment of prior-year taxes	19	2
Reassessments of deferred tax assets/liabilities	4	0
Different tax rates in foreign units	12	4
Non-creditable foreign taxes	0	-5
Changes in tax rates	-40	-19
Reported tax in the income statement	**-3,273**	**-3,456**

Pillar Two income taxes

As stated in the Board of Directors' Report, If is a Nordic Group with a Finnish parent company Sampo plc, a Finnish listed company. If also operates in the Baltics. In addition, If P&C Insurance Ltd (publ) has branch offices in France, the Netherlands, the UK and Germany. The Viking Group has, in addition to the locations where If P&C Insurance Ltd (publ) operates, a subsidiary in Spain.

If will, as of fiscal year 2024, be subject to Pillar Two top-up tax legislation either at the ultimate parent entity level, by Sampo plc in Finland, or domestic top-up tax in the countries where such rules are enacted.

If operates in the countries listed below and will be subject to the corresponding statutory tax rates regarding its P&C insurance operations.

Country	Tax rate, %
Sweden	20.6
Norway	25.0
Finland	20.0
Denmark	26.0
Estonia [1]	14.0/20.0
Latvia [1]	20.0
Lithuania	15.0
France	25.0
Netherlands	19.0
United Kingdom	25.0
Germany	27.9

[1] Based on amount of dividend paid before taxes.

If is in the process of assessing its exposure to the global minimum top-up tax rules for when it comes into effect. The assessment does not indicate any material additional tax to be levied as a consequence of the top-up tax rules. Due to the complexities in applying the legislation and calculating GloBE income, there still may be top-up tax effects.

Note 16 – Intangible assets

	2023					2022				
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	**1,940**	**120**	**159**	**283**	**2,501**	**1,903**	**67**	**154**	**261**	**2,385**
Additions	-	-	-	44	44	-	-	-	19	19
Acquisitions through business combinations	-	-	-	-	-	-	50	-	15	66
Disposals	-	-8	-	-27	-34	-	-	-	-21	-21
Translation differences	-82	-8	-11	-18	-118	37	3	5	9	53
Closing balance	**1,858**	**105**	**148**	**282**	**2,393**	**1,940**	**120**	**159**	**283**	**2,501**
Accumulated amortization and impairment										
Opening balance	**-**	**-59**	**-**	**-209**	**-268**	**-**	**-37**	**-**	**-210**	**-248**
Amortization and impairments during the year	-	-23	-	-26	-49	-	-21	-	-6	-26
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-6	-6
Disposals	-	-	-	26	26	-	-	-	21	21
Translation differences	-	4	-	13	17	-	-1	-	-7	-9
Closing balance	**-**	**-78**	**-**	**-196**	**-274**	**-**	**-59**	**-**	**-209**	**-268**
Carrying amount, closing balance	**1,858**	**27**	**148**	**86**	**2,119**	**1,940**	**61**	**159**	**74**	**2,233**

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, 2023, the items amount to MSEK 715, MSEK 259 and MSEK 884, 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 2023. 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 2024-2026, 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 85% (89). Valuations are based on long-term premium growth of 2.0% (2.0), return on investment assets of 3.25% (2.4) and weighted average cost of capital in the interval of 8.1-9.1% (7.4-9.4).

The future cash flows for Viking are based on the financial plans for the years 2024-2026, 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 8-10% 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 8.7% (8.2).

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

Note 17 – Investments in associates

MSEK	Country	Number of shares	Holding %[1]	Carrying amount 2023	Carrying amount 2022
CAB Group AB	Sweden	1,209	22.0	35	34
Rogaland Forsikring AS	Norway	6,530	33.0	14	14
Total				**49**	**48**

[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	2023	2022
Opening balance	**48**	**170**
Share of associates' result	1	30
Effects of exchange rates, foreign associates	-	0
Sales and transfers in connection with additional acquisitions [1]	-	-152
Closing balance	**49**	**48**

[1] Consists of the sale of SOS International A/S and Viking Veihjelp A/S during 2022 and transfers of carrying amounts when Boalliansen AS, Digiconsept AS and Viking Assistance AS during 2022 became wholly owned companies in If Group.

Note 18 – Other financial investment assets and derivative liabilities

Classification of other financial investment assets and derivative liabilities

The measurement and reporting of financial assets and liabilities depends on their classification. The classification of assets and liabilities categorized in accordance with IFRS 9 is shown below. Comparative figures are not restated and follow the classification based on IAS 39, as If has chosen to use the voluntary exemption from retrospective application at transition to IFRS 9.

MSEK	Acquisition value 2023	Fair value 2023	Carrying amount 2023
Financial assets at fair value through profit or loss (mandatorily)			
Shares and participations	8,835	13,804	13,804
Bonds and other interest-bearing securities	104,848	104,233	104,233
Derivatives	13	231	231
Total financial assets, at fair value through profit or loss	**113,695**	**118,268**	**118,268**
Financial assets measured at amortized cost [1)]			
Other loans	2,000	1,983	1,983
Total other financial investment assets	**115,695**	**120,251**	**120,251**
Financial liabilities at fair value through profit or loss (mandatorily)			
Derivatives	15	643	643
Total financial liabilities at fair value through profit or loss	**15**	**643**	**643**

1) In accordance with If's application of IFRS 9, Other loans are reported 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 Other loans are classified in level 3 and the fair value of these loans is based on cash-flow valuations.

MSEK	Acquisition value 2022	Fair value 2022	Carrying amount 2022
Financial assets, mandatory at fair value through profit or loss (trading)			
Derivatives	13	608	608
Financial assets available for sale			
Shares and participations	9,399	12,983	12,983
Bonds and other interest-bearing securities	104,024	100,301	100,301
Total financial assets, at fair value	**113,423**	**113,892**	**113,982**
Loans [1)]			
Other loans	2,331	2,331	2,331
Total other financial investment assets	**115,755**	**116,223**	**116,223**
Financial liabilities, mandatory at fair value through profit or loss (trading)			
Derivatives	6	74	74
Total financial liabilities, at fair value	**6**	**74**	**74**

1) In accordance with If's application of IAS 39, Other loans are reported 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 other loans are classified in level 3 and the fair value of these loans is based on cash-flow valuations.

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, 2023 are shown below.

MSEK	2023				2022			
Type of issuer	**Nominal amount**	**%**	**Carrying amount**	**%**	**Nominal amount**	**%**	**Carrying amount**	**%**
Swedish government	3,749	4	4,662	4	3,749	4	4,485	4
Swedish public sector, other	1,433	1	1,450	1	2,043	2	2,037	2
Swedish mortgage companies	6,079	6	5,767	6	5,840	6	5,293	5
Swedish financial companies	22,560	21	21,846	21	22,232	21	20,687	21
Other Swedish companies	17,758	17	17,271	17	16,973	16	16,019	16
Foreign governments	988	1	968	1	501	0	469	0
Foreign public sector, other	4,550	4	4,576	4	4,400	4	4,362	4
Foreign financial companies	27,118	26	26,967	26	30,804	29	29,865	30
Other foreign companies	21,073	20	20,726	20	18,134	17	17,083	17
Total	**105,309**	**100**	**104,233**	**100**	**104,675**	**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 %, 2023	11	16	20	24	14	6	4	2	0	2	**100**
Fair value %, 2022	13	20	17	18	22	5	2	1	-	0	**100**

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

Derivatives

	2023			2022		
MSEK **Derivative assets**	**Fair value**	**Carrying amount**	**Nominal amount**	**Fair value**	**Carrying amount**	**Nominal amount**
Total fixed income derivatives	**17**	**17**	**1,000**	**47**	**47**	**1,000**
Currency derivatives						
Options	14	14	294	40	40	188
Futures	199	199	16,295	520	520	25,790
Total	**213**	**213**	**16,588**	**560**	**560**	**25,978**
Total derivative assets	**231**	**231**	**17,588**	**608**	**608**	**26,978**
of which, cleared by clearing house	*17*	*17*	*1,000*	-	-	-
Derivative liabilities						
Fixed income derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Currency derivatives						
Options	7	7	294	19	19	155
Futures	636	636	17,129	55	55	24,934
Total	**643**	**643**	**17,423**	**74**	**74**	**25,089**
Total derivative liabilities	**643**	**643**	**17,423**	**74**	**74**	**25,089**
of which, cleared by clearing house	-	-	-	-	-	-

Financial investment assets and derivative liabilities measured at fair value

Within If, a thorough process is followed and controls are performed in order to determine fair values of financial assets and liabilities in accordance with applicable regulations. For example, controls are made against 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 prices on stock markets and are obtained from Bloomberg. The valuation of bonds is also usually based on prices from Bloomberg, where the last bid prices are used for quoted bonds. 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 categorized in three different hierarchy levels depending on their valuation methods as well as how active the market is and available observable or unobservable inputs. The classification in hierarchy levels is reviewed quarterly. If conditions have changed for the existing level, the holding in question is moved to the correct hierarchy level.

Level 1 – Financial assets and liabilities with valuation 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 available and that represent actual and regularly occurring transactions at arm's length.

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 valuation 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 is 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 are normally 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 with valuation based on unobservable inputs for the asset or liability.

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.

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 investments 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 and 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.

Financial investment assets and derivative liabilities in fair value hierarchy

MSEK	2023 Level 1	Level 2	Level 3	Total fair value
Financial assets at fair value through profit or loss (mandatorily)				
Shares and participations [1]	13,740	17	47	13,804
Bonds and other interest-bearing securities	74,167	29,903	163	104,233
Derivatives				
Fixed income derivatives	-	17	-	17
Foreign exchange derivatives	-	213	-	213
Total financial investment assets, at fair value	**87,907**	**30,151**	**210**	**118,267**
Financial liabilities at fair value through profit or loss (mandatorily)				
Derivatives				
Foreign exchange derivatives	**-**	**643**	**-**	**643**
Total derivative liabilities, at fair value	**-**	**643**	**-**	**643**

[1] Mutual equity funds recognized in the above balances totaled MSEK 4,810, of which MSEK 4.794 was allocated to level 1 and MSEK 16 was allocated to level 3.

Financial investment assets and derivative liabilities in fair value hierarchy

MSEK	2022 Level 1	Level 2	Level 3	Total fair value
Financial assets, mandatory at fair value through profit or loss (trading)				
Derivatives				
Fixed income derivatives	-	47	-	47
Foreign exchange derivatives	-	561	-	561
Financial assets, available for sale				
Shares and participations [1]	12,913	23	47	12,983
Bonds and other interest-bearing securities	70,062	30,208	30	100,301
Total financial investment assets, at fair value	**82,975**	**30,839**	**78**	**113,892**
Financial liabilities, mandatory at fair value through profit or loss (trading)				
Derivatives				
Foreign exchange derivatives	-	74	-	74
Total derivative liabilities, at fair value	**-**	**74**	**-**	**74**

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

Transfers from level 1 to level 2 amounted to MSEK 3,709 (4,607) corresponding to 3.1% (4.0) of the outstanding balance for financial investment assets measured at fair value. Transfers from level 2 to level 1 amounted to MSEK 4,196 (7,033) corresponding to 3.5% (6.2) of the outstanding balance for financial investment assets measured at fair value.

Financial investment assets in level 3

All financial assets in level 3 are categorized as financial assets at fair value through profit or loss (mandatorily). At December 31 the assets presented in level 3 amounted to MSEK 210 (78).

MSEK 2023	Carrying amount Jan 1	Net gains/losses recorded in income statement	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 at fair value through profit or loss (mandatorily)								
Shares and participations	47	-18	29	-9	-	-1	48	-18
Bonds and other interest-bearing securities	30	10	125	-	-	-2	163	38
Total	**78**	**-8**	**153**	**-9**	**-**	**-3**	**210**	**20**

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**

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.

MSEK	2023 Carrying amount	2023 Effect of reasonably possible alternative assumptions	2022 Carrying amount	2022 Effect of reasonably possible alternative assumptions
Financial assets, at fair value through profit or loss (mandatorily)				
Shares and participations [1]	48	-10		
Bonds and other interest-bearing securities	163	-1		
Financial assets, available for sale				
Shares and participations [1]			47	-9
Bonds and other interest-bearing securities			30	-
Total	**210**	**-10**	**78**	**-9**

[1] Includes holding in equity funds.

Impairment

The financial assets subject to impairment are those measured at amortized cost, which includes Other loans and related accrued interest. The impairment provision is calculated with a forward-looking expected credit loss model (ECL).

The expected credit losses are calculated as the present value of expected future losses based on a function of 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.

The ECL model has a three-stage approach based on changes in credit risk. A 12-month ECL (Stage 1) applies to all items, unless there is a significant increase in credit risk since initial recognition. For items where there is a significant increase in credit risk (Stage 2), or in default (Stage 3), lifetime ECL applies.

Loans are classified as Stage 1 at initial recognition and thereafter assessed if the credit risk has increased significantly, using both historic and forward-looking information in the assessment. For financial assets that have low credit risk (defined as investment grade) the assumption is that the credit risk has not increased significantly since initial recognition. A loan is considered to have a significant increase in credit risk and is transitioned to Stage 2 when a payment is more than 30 days past due. A loan is transitioned to Stage 3 when it is in default, which is when a payment is more than 90 days past due. All financial assets in Stage 3 are credit-impaired.

The table below shows the movement in the loss allowance for expected credit losses for the financial assets in scope of impairment. The gross exposure to expected credit losses for Other loans per stage amounts to MSEK 1,985 for stage 1 and MSEK 33 for stage 3. Refer to Note 5, table 11 for exposure by internal credit rating.

	2023			
MSEK **Movement in the allowance for expected credit losses for Other loans**	**12-month ECL** **Stage 1**	**Lifetime ECL - not credit-impaired** **Stage 2**	**Lifetime ECL-credit-impaired** **Stage 3**	**Total**
Opening balance	**6**	**-**	**-**	**6**
Net remeasurement of loss allowance	4	-	8	12
Transfer to lifetime ECL - not credit-impaired	-	-	-	-
Transfer to lifetime ECL - credit-impaired	-1	-	1	0
Financial assets repaid	-1	-	-	-1
New financial assets acquired	-	-	-	-
Closing balance	**7**	**-**	**10**	**17**

Note 19 – Financial instruments set off in the balance sheet or subject to netting agreements

MSEK **Assets**	**2023**	**2022**
Derivatives		
Gross amount of recognized assets	231	608
Gross amounts of recognized liabilities offset against assets	-	-
Net amount presented in the balance sheet	**231**	**608**
Amounts not set off but subject to master netting agreements and similar agreements [1]		
Financial instruments	-213	-72
Cash collateral received	-	-534
Net amount	**17**	**3**

MSEK **Liabilities**	**2023**	**2022**
Derivatives		
Gross amount of recognized liabilities	643	74
Gross amounts of recognized assets offset against liabilities	-	-
Net amount presented in the balance sheet	**643**	**74**
Amounts not set off but subject to master netting agreements and similar agreements [1]		
Financial instruments	-213	-72
Cash collateral pledged	-479	-
Net amount	**-50**	**2**

[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 20 – Other debtors

MSEK	2023	2022
Receivables from policyholders, premium tax and other fees	1,177	1,124
Receivables patient-insurance pool for the public sector	703	757
Other insurance and reinsurance related receivables	1,470	570
Other debtors	215	278
Expected credit losses [1]	-36	-19
Total [2]	**3,530**	**2,711**

[1] Any expected credit losses are calculated according to the simplified approach. Expected credit losses attributable to Viking Assistance Group AS's external accounts receivables, MSEK 36 (19). Since Viking Assistance Group AS has applied IFRS 9 since 2018, the comparative figure is also shown. The amount is not significant for the If Group.

[2] Of which, MSEK 682 (723) is expected to be received later than 12 months after the closing date.

Note 21 – Tangible assets

MSEK	2023 Right-of-Use: Buildings	2023 Right-of-Use: Vehicles	2023 Other Tangible assets	2022 Right-of-Use: Buildings	2022 Right-of-Use: Vehicles	2022 Other Tangible assets
Accumulated acquisition value						
Opening balance	**2,551**	**50**	**887**	**2,241**	**47**	**795**
Additions	157	28	136	253	10	143
Acquisitions through business combinations	-	-	0	-	-	3
Disposals	-1	-7	-87	-26	-8	-87
Translation differences	-61	-4	-17	83	1	34
Closing balance	**2,646**	**67**	**918**	**2,551**	**50**	**887**
Accumulated depreciation and impairment						
Opening balance	**-803**	**-21**	**-549**	**-561**	**-19**	**-490**
Depreciation and impairments during the year	-265	-10	-122	-238	-10	-115
Acquisitions through business combinations	-	-	1	-	-	-2
Disposals	1	5	70	21	8	80
Translation differences	19	1	9	-26	-1	-23
Closing balance	**-1,048**	**-25**	**-591**	**-803**	**-21**	**-549**
Carrying amount, closing balance	**1,598**	**42**	**326**	**1,748**	**29**	**338**

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 and the expected lease term varies from 1 to 11 years for premises and 2 to 6 years for vehicles. Most contracts include an option to extend the contract at the term end and 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 47 (51) and the total cash outflow for leases amounts to MSEK 341 (311).

For more information on leases, please refer to Note 1 Accounting policies, Note 12 Investment result and Note 28 Other creditors.

Note 22 – Other prepaid expenses and accrued income

MSEK	2023	2022
Accrued income	402	374
Prepaid expenses	225	127
Total	**627**	**502**

Note 23 – Subordinated debt

MSEK	Original nominal value	Maturity	Interest rate	2023 Fair value [1]	2023 Carrying amount	2022 Fair value [1]	2022 Carrying amount
Subordinated loan, issued in 2018	MSEK 1,000	perpetual	3-month STIBOR + 2.75%	-	-	1,001	1,000
Subordinated loan, issued in 2021	MSEK 1,500	30 years	3-month STIBOR + 1.30%	1,548	1,496	1,501	1,494
Total				**1,548**	**1,496**	**2,502**	**2,494**

[1] According to If's application of IFRS 9 (IAS 39 for comparative year), the subordinated debt is carried at amortised cost. Fair value is only presented 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 2021 is classified in level 2 and the fair value is based on quoted prices in inactive markets.

The loan of MSEK 1,000 was issued in March 2018 with floating interest rate terms. The loan included terms stating the right of redemption after five years and at any interest payment date thereafter. If redeemed the loan in March 2023.

The loan of MSEK 1,500 was issued in March 2021 with floating 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 24 – Insurance liablities and reinsurance assets

Insurance liabilities, net

	2023			2022		
MSEK	Gross	Ceded	Net	Gross	Ceded	Net
Liability/asset for remaining coverage						
Premiums received/paid	10,595	403	10,191	10,100	312	9,788
Acquisition cash flows	-490	-	-490	-451	-	-451
Loss component	192	-	192	82	-	82
	10,297	**403**	**9,893**	**9,731**	**312**	**9,419**
Acquisition cash flow asset	**-73**	**-**	**-73**	**-**	**-**	**-**
	10,224	**403**	**9,820**	**9,731**	**312**	**9,419**
Liability/asset for incurred claims						
Present value of estimated future cash flows						
Incurred and reported claims	23,728	5,038	18,690	19,316	2,032	17,284
Incurred but not reported claims (IBNR)	22,003	635	21,368	22,902	491	22,411
Annuities	18,805	2	18,804	18,267	2	18,265
Claims handling expenses	2,457	-	2,457	2,410	-	2,410
Risk of non-performance by reinsurer	-	-14	14	-	-15	15
Risk adjustment (discounted)	1,945	186	1,759	1,807	112	1,695
	68,938	**5,848**	**63,091**	**64,702**	**2,621**	**62,080**
Total	**79,162**	**6,251**	**72,911**	**74,433**	**2,934**	**71,499**

Valuation of insurance liabilities

The insurance liabilities reflect the liability If has for its insurance undertakings, meaning the insurance contracts underwritten. The liability consists of two parts, the liability for remaining coverage and acquisition cash flow assets as well as the liability for incurred claims.

The liability for remaining coverage relates to the obligation to investigate and pay valid claims that have not yet occurred. The liability consists of the part of premium payments received relating to insurance services that are to be provided after the closing date (i.e. relating to the unexpired portion of the insurance coverage), adjusted for acquisition cash flows.

The liability for incurred claims relates to the obligation to investigate and pay valid claims that have occurred. The liability is designed to cover anticipated future payments for all claims incurred, including claims not yet reported to If, referred to as IBNR.

Liability for remaining coverage and acquisition cash flow asset

Premiums received net of acquisition cash flows

The liability for remaining coverage is measured using the Premium Allocation Approach (PAA) for all portfolios. For groups of insurance contracts with a significant share of multi-year policies, an assessment is performed to ascertain that the resulting value of the liability does not differ materially from the value had the General Measurement Model (GMM) been applied.

When applying the PAA, the liability for remaining coverage is measured on initial recognition based on premiums received less insurance acquisition cash flows paid. The premiums received are determined by using an indirect method whereby the unearned premium reserve, corresponding to the portion of total gross written premiums that relates to the remaining part of the coverage period, is offset by any outstanding premium receivables at the closing date.

Loss component

A loss component is to be reported for any groups of onerous contracts. Since the premium allocation approach is applied, the groups of contracts are assumed to not be onerous unless facts and circumstances indicate otherwise. Internal management information regarding the insurance service result per the financial planning process has been used to identify any onerous groups of contracts.

If performs a comprehensive check on a yearly basis to identify any onerous groups of contracts. A group that is onerous or has a significant risk of becoming onerous is then monitored during the year and a loss component is reported in the liability for remaining coverage if necessary. The loss component is calculated as the difference in the liability measured using the general measurement model compared with the premium allocation approach. A very limited number of onerous groups of contracts have been identified.

Acquisition cash flow asset

Any acquisition cash flows paid relating to a group of insurance contracts not yet recognized are presented as a separate acquisition cash flow asset included in the portfolio's total carrying amount of the insurance liability.

Liability for incurred claims

The liability for incurred claims (claims reserve) is intended to cover the estimated future payments of all claims incurred, including claims not yet reported to If (IBNR) and all claims handling expenses. The estimated future cash flows (best estimate) in direct property and casualty insurance and reinsurance are calculated with the aid of statistical methods or through assessments of individual claims. Often a combination of the two methods is used, meaning large claims are assessed individually while small claims that occur more frequently (frequency claims) and claims incurred but not reported (IBNR) are calculated using statistical methods. The best estimate of incurred claims is divided into reported claims incurred (case reserves and annuities) and unreported claims incurred (IBNR) as well as a liability for claims handling expenses.

In addition to the best estimate, the liability for incurred claims includes an explicit risk adjustment for non-financial risk (risk adjustment), which reflects the uncertainty in the amount and timing of cash flows arising from non-financial risk. Both the best estimate and risk adjustment are discounted to present value.

The corresponding methods as for measuring the insurance contracts issued are applied when measuring the reinsurance contracts held. The asset for incurred claims also takes into consideration the effect of the risk of non-performance by the reinsurer (credit risk adjustment).

Description of methods

Estimated future cash flows (Best estimate)

If uses a number of statistical methods to determine the final claims expense that If is obliged to pay. Reported claims (case reserves) are either individually assessed or determined by statistical methods depending on claims size.

The most common methods for estimating IBNR amounts are Chain-ladder and Bornhuetter-Ferguson. The Chain-ladder method may be based on various types of data such as outgoing payments, claims expense 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 is subsequently applied to the known expense to date for claims for each accident year (which are not yet fully developed) that is to be estimated. This provides an estimate of the anticipated claims expenses for each accident 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, e.g. for new insurance products or portfolios with a long lag in claims reporting. For these 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 accident years while, for more recent years, the known exposure is weighted to a greater degree towards experience from similar portfolios and product areas.

The liability relating to claims handling expenses is estimated based on allocated claims handling expenses for each portfolio in relation to the best estimate incurred claims (case reserves, annuities and IBNR).

The best estimate relating to annuities is determined by life insurance techniques, using the Lee-Miller mortality model based on population data in each country in order to model longevity trends.

For liability amounts, other than annuities, the estimated future cash flows are derived from the undiscounted best estimate incurred claims by using standard actuarial methods, i.e. applying development patterns from reserve modelling. For amounts relating to annuities, cash flows follow from the use of life insurance techniques.

Risk adjustment for non-financial risk

The risk adjustment reflects the uncertainty in the amount and timing of cash flows arising from non-financial risk. The risk adjustment is 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% at entity level. The risk adjustment at group level is the sum of the contributions from each legal entity. Diversification between legal entities is immaterial and therefore the confidence level for If Group is also 85%.

The risks considered in estimating the risk adjustment are reserve risk, longevity risk for annuities and inflation risk. The reserve risk is determined by triangular techniques, while the longevity risk for annuities is determined from the Lee Miller model. The inflation risk is determined using inflation scenarios. Since the effect of changes in indexation of annuities is considered to be a financial risk, it is excluded when measuring the risk adjustment for inflation risk.

Discounting

The discount rates are market-based yield curves, constructed by deriving a risk-free rate from swap rates and an illiquidity premium that is added to the risk-free rate. Discount rates are constructed separately for the main currencies.

In the income statement, the change in discounting effect is divided into the effect presented in insurance service result and insurance finance income or expenses. The change in discounting effect due to changes in underlying best estimate or changes in payment patterns is presented in the insurance service result. The change in discounting effect due to changes in interest rates and interest expense/income (unwinding) is presented in insurance finance income or expenses. The decomposition is calculated relative to the quarterly opening balance and interest rates at the start of each quarter. The method for decomposition in the income statement was updated during 2023, whereby the reference point for opening balance and interest rates was changed from beginning of the year to beginning of each quarter.

Risk of non-performance by reinsurer

The risk of non-performance is a credit risk adjustment to the asset for incurred claims based on the loss given default as a function of the rating of each reinsurer. Given the structure of If's reinsurance and the composition of the reinsurance panel, this is a minor adjustment.

Assumptions and sensitivity

The assumptions and parameters used in measuring the liability for incurred claims are adjusted each quarter, except for the discount rates which are determined monthly.

If is exposed to personal claims arising primarily from obligatory Motor Third Party Liability and Workers' Compensation policies. Of the liability for incurred claims, more than half 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 liabilities 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 estimated future cash flows but is primarily important in claims settled over a long period of time. For long-tailed 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. For example, compensation costs can rise due to new or amended legislation or practices. Various national rules mean that the sensitivity implications of the assumptions underlying inflation differ quite substantially between countries.

A large share of the claims expense in mandatory 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 annuities and future 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 annuities over a long period and the liabilities 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 the duration in this case is relatively short, the inflation risk is reduced. Refer to Note 5, Risks and risk management, for a sensitivity analysis of inflation.

Discount rate

Market-based yield curves are constructed based on 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 from the spread between bond yields after credit risk premium adjustment and risk-free rates. An illiquidity premium is added to the risk-free rate up to the last liquid point and thereafter extrapolated with the same assumptions as the risk-free rate.

The table below shows the present value of the estimated future cash flows and the weighted average discount rates for the significant currencies in the group. Refer to Note 5, Risks and risk management, for a sensitivity analysis of the discount interest rate.

Discount rate

	SEK		EUR		NOK		DKK		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net liability for incurred claims (MSEK)	16,717	15,957	23,796	23,826	13,102	12,838	7,117	6,808	2,360	2,651	63,091	62,080
Discount rate, weighted average (%)	3.1%	3.9%	2.7%	3.0%	4.0%	4.0%	2.5%	3.0%	-	-	-	-

Mortality

The reserve risk for mortality is related to annuities, since actual mortality may be lower than the mortality assumptions made when assessing the liability. If employs a Lee-Miller mortality model with parameters based on population data in each country. These models are If-specific with the exception of Finland where If has applied the K2021 reference mortality model (also based on Lee-Miller). The main advantage of using more modern mortality models like Lee-Miller is that they allow for modelling of trends in population mortality rather than being static. The assumptions for mortality are generally differentiated in terms of age, gender and year of birth. Refer to Note 5, Risks and risk management, for a sensitivity analysis of mortality.

Effects of legislative amendments and court practices

When determining the liability, it is virtually impossible to take into account amendments to legislation and practices that affect future expenses. However, there are methods for managing this uncertainty. Firstly, as described above, 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 liabilities for similar claims are adjusted.

Changes in 2023

During the year, the reported increase in gross liabilities for incurred claims amounted to MSEK 4,237. Effects of exchange rate changes amounted to a decrease of MSEK 1,081, consequently the real changes in the liability for incurred claims adjusted for currency effects amounted to an increase of MSEK 5,317. The best estimate increased by MSEK 3,609 and MSEK 1,542 of the reserve increase is due to a lower discounting of the best estimate due to lower discount rates for all major currencies except NOK. In addition, the discounted risk adjustment increased the claims reserve by MSEK 166. By geographical area, the major changes in gross undiscounted best estimate were as follows:

- Undiscounted best estimate in the Swedish operation, including branches of Business Area Industrial, increased by MSEK 2,436. The largest change was seen in Property insurance with an increase of almost MSEK 2,900, of which the majority was due to a single claim. Reserves for Motor Third Party Liability insurance decreased by nearly MSEK 400. Other lines showed only limited changes.
- Undiscounted best estimate in the Norwegian operation increased by MSEK 1,727. Reserves for property Insurance increased by more than MSEK 1,500, mostly due to a single claim and over MSEK 500 due to the floods caused by the storm Hans. Reserves for Accident insurance increased by more than MSEK 500, to a large degree due to higher annuity reserves while reserves for Motor Third Party Liability insurance decreased by MSEK 400.
- Undiscounted best estimate in the Danish operation increased by MSEK 168. Reserves for Workers' Compensation insurance increased by over MSEK 200, to a large degree due to higher indexation assumptions for annuities.
- Undiscounted best estimate in the Finnish operation decreased by MSEK 871, with a decrease of over MSEK 1,200 in reserves for Workers' Compensation mostly due to a decrease in the annuity reserve. Reserves for Motor Third Party Liability insurance also decreased by nearly MSEK 200 mostly due to annuities, while reserves for Accident insurance and Liability Insurance both increased by around MSEK 200.
- Undiscounted best estimate in the Baltic operations increased by MSEK 150, including an increase of more than MSEK 100 in reserves for Motor Third Party Liability insurance mostly in Lithuania.

The asset for incurred claims (reinsurers' share of liability for incurred claims) increased by MSEK 3,226. Effects of changes in exchange rates amounted to a decrease of MSEK 64, consequently the real change adjusted for currency effects was an increase of MSEK 3,290. The best estimate of asset for incurred claims increased by MSEK 3,304 of which MSEK 3,200 was due to ceded reserves in Property insurance. The increase in ceded property reserves is attributable to two very large claims in Norway and Sweden and claims related to the flood event caused by the storm Hans. The change in discounting effect of ceded best estimate amounted to a decrease of MSEK 93 while the discounted ceded risk adjustment increased by MSEK 78.

Movements in insurance liabilities and reinsurance assets

The following reconciliations from opening to closing balances show how the carrying amounts of the liability for remaining coverage and the liability for incurred claims changed during the year as a result of amounts recognized in the statement of total comprehensive income and cash flows.

Changes in insurance liabilities, Group

	2023					2022				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
MSEK	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening balance	**9,649**	**82**	**62,894**	**1,807**	**74,433**	**8,948**	**258**	**63,864**	**1,767**	**74,837**
Changes in Total comprehensive income										
Insurance revenue	-61,158				**-61,158**	-56,570				**-56,570**
Insurance service expenses										
Incurred claims, current year			45,020	664	**45,684**			37,940	551	**38,491**
Acquisition cash flow expenses	1,149				**1,149**	1,086				**1,086**
Change in liability for incurred claims, prior year (past services)			-2,116	-498	**-2,614**			1,255	-592	**663**
Change in loss component (future services)		110			**110**		-176			**-176**
Insurance finance income or expenses, insurance contracts			3,898		**3,898**			-6,579		**-6,579**
Translation differences	-159	-	-1,052	-28	**-1,240**	530	0	3,235	81	**3,846**
Total changes in Total comprehensive income	**-60,168**	**110**	**45,750**	**138**	**-14,170**	**-54,953**	**-176**	**35,851**	**40**	**-19,239**
Cash flows during the period										
Received premiums [1]	61,825				**61,825**	56,743				**56,743**
Paid insurance claims [1]			-41,651		**-41,651**			-36,820		**-36,820**
Paid acquisition cash flows	-1,202				**-1,202**	-1,089				**-1,089**
Total cash flows during the period	**60,623**	**-**	**-41,651**	**-**	**18,972**	**55,655**	**-**	**-36,820**	**-**	**18,835**
Closing balance	**10,104**	**192**	**66,993**	**1,945**	**79,235**	**9,649**	**82**	**62,894**	**1,807**	**74,433**

[1] Not fully aligned with the cash flow statement which also includes effects of assets or liabilities reported within Debtors and Other creditors which are not part of the insurance liabilities e.g. premium tax receivables, prepaid premiums, claim recourse receivables and settlement accounts.

Changes in insurance liabilities, Business Area Private

	2023					2022				
	Liability for remaining coverage		**Liability for incurred claims**		**Total**	**Liability for remaining coverage**		**Liability for incurred claims**		**Total**
MSEK	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening balance	**5,115**	**82**	**27,616**	**739**	**33,553**	**5,236**	**256**	**28,656**	**792**	**34,941**
Changes in Total comprehensive income										
Insurance revenue	-32,880				**-32,880**	-31,386				**-31,386**
Insurance service expenses										
Incurred claims, current year			23,864	228	**24,093**			21,998	206	**22,204**
Acquisition cash flow expenses	-				**-**	-				-
Change in liability for incurred claims, prior year (past services)			-1,261	-177	**-1,438**			49	-281	**-232**
Change in loss component (future services)		110			**110**		-174			**-174**
Insurance finance income or expenses, insurance contracts			1,861		**1,861**			-3,127		**-3,127**
Translation differences	-86	-	-473	-8	**-567**	118	-	973	22	**1,114**
Total changes in Total comprehensive income	**-32,966**	**110**	**23,992**	**43**	**-8,820**	**-31,267**	**-174**	**19,893**	**-53**	**-11,600**
Cash flows during the period										
Received premiums	32,937				**32,937**	31,146				**31,146**
Paid insurance claims			-23,309		**-23,309**			-20,933		**-20,933**
Paid acquisition cash flows	-				**-**	-				**-**
Total cash flows during the period	**32,937**	**-**	**-23,309**	**-**	**9,628**	**31,146**	**-**	**-20,933**	**-**	**10,213**
Closing balance	**5,087**	**192**	**28,298**	**782**	**34,360**	**5,115**	**82**	**27,616**	**739**	**33,553**

Changes in insurance liabilities, Business Area Commercial

MSEK	2023 Liability for remaining coverage: Excluding loss component	2023 Liability for remaining coverage: Loss component	2023 Liability for incurred claims: Present value of future cash flows	2023 Liability for incurred claims: Risk adjustment	2023 Total	2022 Liability for remaining coverage: Excluding loss component	2022 Liability for remaining coverage: Loss component	2022 Liability for incurred claims: Present value of future cash flows	2022 Liability for incurred claims: Risk adjustment	2022 Total
Opening balance	**1,868**	**-**	**18,959**	**426**	**21,254**	**1,689**	**-**	**19,668**	**427**	**21,784**
Changes in Total comprehensive income										
Insurance revenue	-15,232				**-15,232**	-14,212				**-14,212**
Insurance service expenses										
Incurred claims, current year			10,722	142	**10,864**			9,415	132	**9,547**
Acquisition cash flow expenses	682				**682**	684				**684**
Change in liability for incurred claims, prior year (past services)			-808	-119	**-927**			339	-153	**186**
Change in loss component (future services)		-			**-**		-			**-**
Insurance finance income or expenses, insurance contracts		-	1,100		**1,100**			-2,175		**-2,175**
Translation differences	-59	-	-367	-9	**-435**	135	-	1,034	19	**1,188**
Total changes in Total comprehensive income	**-14,609**	**-**	**10,647**	**14**	**-3,947**	**-13,393**	-	**8,612**	**-1**	**-4,782**
Cash flows during the period										
Received premiums	15,251				**15,251**	14,248				**14,248**
Paid insurance claims			-10,279		**-10,279**			-9,321		**-9,321**
Paid acquisition cash flows	-708				**-708**	-676				**-676**
Total cash flows during the period	**14,543**	**-**	**-10,279**	**-**	**4,264**	**13,572**	**-**	**-9,321**	**-**	**4,251**
Closing balance	**1,803**	**-**	**19,328**	**441**	**21,571**	**1,868**	**-**	**18,959**	**426**	**21,254**

Changes in insurance liabilities, Business Area Industrial

	2023					2022				
	Liability for remaining coverage		**Liability for incurred claims**		**Total**	**Liability for remaining coverage**		**Liability for incurred claims**		**Total**
MSEK	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening balance	**2,206**	**-**	**14,766**	**551**	**17,523**	**1,672**	**-**	**14,166**	**467**	**16,305**
Changes in Total comprehensive income										
Insurance revenue	-10,486				**-10,486**	-8,964				**-8,964**
Insurance service expenses										
Incurred claims, current year			8,875	261	**9,136**			5,210	183	**5,393**
Acquisition cash flow expenses	282				**282**	254				**254**
Change in liability for incurred claims, prior year (past services)			57	-179	**-122**			1,001	-131	**870**
Change in loss component (future services)		-			**-**		-			**-**
Insurance finance income or expenses, insurance contracts		-	882		**882**			-1,225		**-1,225**
Translation differences	-11	-	-205	-10	**-227**	242	-	1,110	32	**1,384**
Total changes in Total comprehensive income	**-10,215**	**-**	**9,608**	**72**	**-534**	**-8,468**	**-**	**6,096**	**84**	**-2,288**
Cash flows during the period										
Received premiums	11,007				**11,007**	9,257				**9,257**
Paid insurance claims			-6,714		**-6,714**			-5,496		**-5,496**
Paid acquisition cash flows	-296				**-296**	-255				**-255**
Total cash flows during the period	**10,711**	**-**	**-6,714**	**-**	**3,997**	**9,002**	**-**	**-5,496**	**-**	**3,506**
Closing balance	**2,702**	**-**	**17,660**	**623**	**20,985**	**2,206**	**-**	**14,766**	**551**	**17,523**

Changes in insurance liabilities, Business Area Baltic

	2023					2022				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
MSEK	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening balance	**459**	**-**	**1,553**	**91**	**2,103**	**351**	**2**	**1,373**	**80**	**1,807**
Changes in Total comprehensive income										
Insurance revenue	-2,561				**-2,561**	-2,008				**-2,008**
Insurance service expenses										
Incurred claims, current year			1,693	32	**1,725**			1,442	30	**1,472**
Acquisition cash flow expenses	185				**185**	148				**148**
Change in liability for incurred claims, prior year (past services)			-105	-23	**-127**			-133	-27	**-160**
Change in loss component (future services)		-			**-**		-2			**-2**
Insurance finance income or expenses, insurance contracts		-	55		**55**			-53		**-53**
Translation differences	-3	-	-8	0	**-11**	35	0	118	7	**160**
Total changes in Total comprehensive income	**-2,379**	**-**	**1,636**	**9**	**-734**	**-1,826**	**-2**	**1,374**	**10**	**-444**
Cash flows during the period										
Received premiums	2,629				**2,629**	2,092				**2,092**
Paid insurance claims			-1,482		**-1,482**			-1,194		**-1,194**
Paid insurance acquisition cash flows	-198				**-198**	-158				**-158**
Total cash flows during the period	**2,431**	**-**	**-1,482**	**-**	**949**	**1,934**	**-**	**-1,194**	**-**	**740**
Closing balance	**512**	**-**	**1,708**	**99**	**2,318**	**459**	**-**	**1,553**	**91**	**2,103**

The following reconciliations from opening to closing balances show how the carrying amounts of the asset for remaining coverage and the asset for incurred claims changed during the year as a result of amounts recognized in the statement of total comprehensive income and cash flows.

Changes in reinsurance assets

	2023				2022			
	Asset for remaining coverage	Asset for incurred claims		Total	Asset for remaining coverage	Asset for incurred claims		Total
MSEK		Present value of future cash flows	Risk adjustment			Present value of future cash flows	Risk adjustment	
Opening balance	**312**	**2,510**	**112**	**2,934**	**233**	**2,480**	**112**	**2,826**
Changes in Total comprehensive income								
Reinsurance premium expenses	-3,832			**-3,832**	-3,174			**-3,174**
Reinsurers' share of claims incurred								
Incurred claims, current year		3,887	111	**3,998**		893	30	**924**
Change in asset for incurred claims, prior year (past service)		469	-33	**435**		361	-38	**323**
Change in risk of non-performance by reinsurer		1		**1**		1		**1**
Insurance finance income or expenses, reinsurance contracts held		97		**97**		-91		**-91**
Translation differences	-8	-60	-4	**-71**	21	238	8	**267**
Total changes in Total comprehensive income	**-3,840**	**4,393**	**74**	**628**	**-3,153**	**1,402**	**0**	**-1,751**
Cash flows during the period								
Paid premiums	3,931			**3,931**	3,232			**3,232**
Received insurance claims		-1,242		**-1,242**		-1,373		**-1,373**
Total cash flows during the period	**3,931**	**-1,242**	**-**	**2,689**	**3,232**	**-1,373**	**-**	**1,859**
Closing balance	**403**	**5,661**	**186**	**6,251**	**312**	**2,510**	**112**	**2,934**

The following reconciliation from opening to closing balance shows how the carrying amount of the acquisition cash flow asset changed during the year.

Changes in acquisition cash flow asset

MSEK	2023	2022
Opening balance	**-**	**-**
Cash flows recognized as an asset	73	-
Amounts transferred to liability for remaining coverage	-	-
Impairment losses	-	-
Reversal of impairment losses	-	-
Translation differences	0	-
Closing balance	**73**	**-**

The following table shows the expected timing of when the acquisition cash flow asset will be derecognized and instead included in the liability for remaining coverage of the group of insurance contracts to which they are allocated.

MSEK	Expected timing of derecognition			
2023	**2024**	**2025-2026**	**2027-2028**	**Totalt**
Acquisition cash flow asset	4	41	27	**73**

MSEK	Expected timing of derecognition			
2022	**2023**	**2024-2025**	**2026-2028**	**Totalt**
Acquisition cash flow asset	-	-	-	-

Claims development

In addition to the sensitivity analysis, the development of prior-year estimates of the claims expense for individual accident years also represents a measure of If's ability to forecast final claims expenses. The tables below show the expense development for the accident years 2014-2023, before and after reinsurance.

The upper part of the table shows how the estimate of the total claims expense per accident year has developed annually in terms of the undiscounted fulfilment cash flows (i.e. consisting of both best estimate and risk adjustment). The lower section shows how large a share of this is presented in the balance sheet. All claim years are excluding the discounting effects to the extent possible.

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, 2023. Consequently, the table is not directly comparable with the corresponding tables reported in previous years, since all accident years include translated information and closing rates are used throughout. The table is also not directly comparable with the income statement where average rates throughout the year are applied, and since the effect is partially presented in claims incurred and partially within insurance finance income or expenses when relating to changes in indexation of annuities.

Additional premiums for reinstatement of the reinsurance cover are reported as ceded paid claims in the income statement, since these payments are contingent on claims. Consequently, the net paid amount exceeds gross paid amounts for accident year 2023 in the table.

MSEK **Claims costs, gross** **Accident year**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Estimated claims expense											
at the close of the accident year	28,624	28,662	28,115	28,940	30,441	31,833	33,345	33,192	36,540	43,777	
one year later	28,493	28,819	28,466	29,346	31,469	32,308	33,763	34,706	37,539		
two years later	28,549	28,642	28,400	29,193	31,784	32,462	34,206	34,381			
three years later	28,686	28,349	27,905	29,230	31,967	32,943	33,821				
four years later	28,713	27,999	27,759	28,908	32,150	32,835					
five years later	28,321	27,929	27,865	28,994	31,792						
six years later	27,982	27,755	27,908	28,708							
seven years later	27,860	27,855	27,562								
eight years later	27,830	27,632									
nine years later	27,611										
Current estimate of total claims expense	27,611	27,632	27,562	28,708	31,792	32,835	33,821	34,381	37,539	43,777	
Total disbursed	26,016	25,854	25,586	26,598	28,858	29,502	29,754	28,748	28,590	21,138	
Liability (gross) reported in the balance sheet	1,595	1,777	1,976	2,110	2,933	3,333	4,068	5,633	8,949	22,639	55,014
of which annuities	*769*	*795*	*695*	*657*	*1,082*	*775*	*638*	*577*	*439*	*81*	*6,507*
Liability (gross) relating to 2013 and prior years											27,456
of which annuities											*20,907*
Liability for claims handling expenses											2,793
Discounting effect, gross											-16,325
Total liability for incurred claims											**68,938**

MSEK **Claims cost, net of reinsurance** **Accident year**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Estimated claims expense											
at the close of the accident year	28,224	28,206	27,526	28,324	29,876	31,175	31,395	31,824	35,564	39,620	
one year later	28,064	28,329	27,642	28,778	30,716	31,536	31,605	32,983	36,281		
two years later	27,966	28,120	27,559	28,580	31,023	31,652	32,061	32,464			
three years later	28,095	27,919	27,156	28,612	31,226	32,153	31,705				
four years later	28,077	27,546	27,009	28,299	31,367	32,073					
five years later	27,656	27,471	27,060	28,509	31,019						
six years later	27,321	27,304	27,112	28,219							
seven years later	27,192	27,415	26,764								
eight years later	27,171	27,195									
nine years later	26,948										
Current estimate of total claims expense	26,948	27,195	26,764	28,219	31,019	32,073	31,705	32,464	36,281	39,620	
Total disbursed	25,380	25,452	25,003	26,184	28,148	28,844	27,754	27,217	28,036	21,259	
Liability (net) reported in the balance sheet	1,568	1,743	1,761	2,034	2,871	3,229	3,951	5,248	8,245	18,362	49,012
of which annuities	*769*	*795*	*695*	*657*	*1,082*	*775*	*638*	*577*	*439*	*81*	*6,507*
Liability (net) relating to 2013 and prior years											27,299
of which annuities											*20,905*
Liability for claims handling expenses											2,793
Risk of non-performance by reinsurer											16
Discounting effect, net											-16,030
Total net liability for incurred claims											**63,091**

Comments

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

Liabilities for annuities and related payments are included in the distribution by claims year above. Of the total liability relating to annuities of MSEK 27,412, MSEK 20,905 applies to 2013 and previous years.

Note 25 – Deferred tax

MSEK **Changes in deferred tax 2023**	**Opening balance**	**IFRS 9 transition effect**	**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	80	-	-6	0	-4	-	70
Goodwill[1]	86	-	-	0	-	-	86
Valuation of investment assets at fair value	59	-	-59	5	-	-	4
Tax losses carried forward	5	-	4	0	-	-	9
Asset for remaining coverage	1	-	4	0	-	-	5
Asset for incurred claims	23	-	23	19	0	-	64
Liability for remaining coverage and acquisition cash flow asset	215	-	7	-6	-	-	216
Liability for incurred claims	3	-	-3	0	-	-	-
Leasing liabilities	347	-	-27	0	-6	-	313
Other temporary differences	9	-	-2	0	1	-	7
Total deferred tax asset	**827**	**-**	**-59**	**17**	**-10**	**-**	**775**
Deferred tax asset netted against deferred tax liability	**-729**						**-735**
Deferred tax asset according to balance sheet	**98**						**40**
Deferred tax liability							
Equalization reserve and other similar provisions	1,756	-	-9	-46	-	-	1,702
Valuation of investment assets at fair value	164	-1	850	0	-	-	1,012
Trademark and customer relationships	40	-	-6	-3	-	-2	30
Net pension assets	79	-	9	-	-15	-	73
Asset for remaining coverage	0	-	0	0	-	-	-
Asset for incurred claims	1	-	-1	0	-	-	-
Liability for remaining coverage and acquisition cash flow asset	5	-	24	-28	-1	-	0
Liability for incurred claims	1,415	-	-236	29	0	-	1,209
Leasing assets	338	-	-27	-	-6	-	304
Other temporary differences	337	-	-33	1	-	0	306
Total deferred tax liability	**4,134**	**-1**	**572**	**-46**	**-22**	**-2**	**4,635**
Deferred tax liability netted against deferred tax asset	**-729**						**-735**
Deferred tax liability according to balance sheet	**3,405**						**3,900**
Deferred tax expense according to income statement			**-631**				

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

MSEK **Tax losses carried forward 2023**	**Country**	**Tax losses carried forward in local currency**	**Tax losses carried forward**	***Of which no deferred tax asset has been recognized***	***Of which deferred tax asset has been recognized***	**Recognized deferred tax asset**
If P&C Insurance Holding Ltd (publ)	Norway	MNOK 83	82	*82*	-	-
If P&C Insurance Ltd (publ)	Germany	MEUR 2	17	*17*	-	-
If P&C Insurance Ltd (publ)	France	MEUR 16	177	*177*	-	-
If P&C Insurance Ltd (publ)	UK	MGBP 20	254	*254*	-	-
If P&C Insurance AS	Latvia	-	-	-	-	-
Insrt AB	Sweden	MSEK 6	6	*6*	-	-
Viking Sverige AB	Sweden	MSEK 42	42	-	*42*	9
Viking Assistance A/S	Denmark	MDKK 33	50	*50*	-	-
Viking Nordic Assistance S.L	Spain	-	-	-	-	-
Total						**9**

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	17	-12	1	-	0	5
Asset for remaining coverage	-	1	0	-	-	1
Asset for incurred claims	3	20	0	-	-	23
Liability for remaining coverage and acquisition cash flow asset	209	0	6	-	-	215
Liability for incurred claims	16	-13	1	-	-	3
Leasing liabilities	338	5	-	4	-	347
Other temporary differences	11	-1	0	-1	0	9
Total deferred tax asset	**762**	**-13**	**9**	**68**	**0**	**827**
Deferred tax asset netted against deferred tax liability	**-708**					**-729**
Deferred tax asset according to balance sheet	**54**					**98**
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
Asset for remaining coverage	-	0	0	-	-	0
Asset for incurred claims	5	-4	0	-	-	1
Liability for remaining coverage and acquisition cash flow asset	4	1	0	-	-	5
Liability for incurred claims	593	773	49	-	-	1,415
Leasing assets	330	4	-	4	-	338
Other temporary differences	332	-21	26	-	0	337
Total deferred tax liability	**4,706**	**759**	**114**	**-1,457**	**12**	**4,134**
Deferred tax liability netted against deferred tax asset	**-708**					**-729**
Deferred tax liability according to balance sheet	**3,998**					**3,405**
Deferred tax expense according to income statement		**-772**				

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

MSEK **Tax losses carried forward 2022**	**Country**	**Tax losses carried forward in local currency**	**Tax losses carried forward**	***Of which no deferred tax asset has been recongized***	***Of which deferred tax asset has been recongized***	**Recognized deferred tax asset**
If P&C Insurance Holding Ltd (publ)	Norway	-	-	-	-	-
If P&C Insurance Ltd (publ)	Germany	MEUR 5	53	*53*	-	-
If P&C Insurance Ltd (publ)	France	MEUR 24	268	*268*	-	-
If P&C Insurance Ltd (publ)	UK	MGBP 25	311	*311*	-	-
If P&C Insurance AS	Latvia	MEUR 3	38	*38*	-	-
Insrt AB	Sweden	MSEK 6	6	*6*	-	-
Viking Sverige AB	Sweden	MSEK 22	22	-	*22*	5
Viking Assistance A/S	Denmark	MDKK 33	50	*48*	*2*	0
Viking Nordic Assistance S.L	Spain	MEUR 0	1	*0*	*1*	0
Total						**5**

Note 26 – Provision for pensions and similar obligations

MSEK	2023	2022
Defined benefit pension obligations, including social costs etc.	2,315	2,341
Fair value of plan assets	2,437	2,446
Net liability (asset) recognized in balance sheet	**-122**	**-105**
of which, recognized as Net pension assets	*355*	*382*
of which, included in the item Other provisions	*232*	*276*

If applies IAS 19 Employee Benefits and recognizes defined-benefit pension plans in Sweden and Norway. Other pension plans existing in the Group have been classified either as defined-contribution plans or 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 Swedish defined-benefit pension plan, FTP2, is a multiemployer plan and is closed to new employees born in 1972 or later. In Norway, there are a few smaller pension plans, mainly unfunded pension plans for which If is responsible for ongoing payments. These include an early retirement plan, covering all employees born in 1957 or earlier and who were employed by If in 2013, as well as a small number of pension obligations on salary above 12 G (G = National Insurance basic amount) or individual pension agreements.

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.

The pensions in Sweden are primarily funded through insurance whereby the insurer establishes 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 insurer 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 insurer's high consolidation ratio, the risk that If will be forced to take any such action is low.

To cover the insured pension benefits in Sweden, as well as for a small plan in Norway, 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 optimizing 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%).

During 2022, the main defined benefit plan in Norway was closed for accounting purposes, as only a few individuals remain in the plan, as well as two small plans in Sweden. This has been reported as a settlement under IAS 19 as of December 31, 2022.

MSEK Distribution by country	2023 Sweden	 Norway	 Total	2022 Sweden	 Norway	 Total
Income statement and other comprehensive income						
Current service cost	29	1	31	44	3	48
Past service cost and settlements	-	-	-	3	5	8
Total cost, defined benefit pensions in insurance service result	**29**	**1**	**31**	**47**	**9**	**56**
Interest expense (income) on net pension liability	-14	7	-8	-1	5	4
Remeasurements of the net pension liability in other comprehensive income	73	-2	70	-327	-17	-344
Net cost (income), defined benefit pensions in comprehensive income	**88**	**6**	**93**	**-281**	**-3**	**-285**
In addition, defined contribution pension cost excl. social costs			**690**			**635**
Balance sheet						
Defined benefit pension obligations, including social costs etc.	2,063	251	2,315	2,045	296	2,341
Fair value of plan assets	2,418	19	2,437	2,427	19	2,446
Net liability (net asset) recognized in balance sheet	**-355**	**232**	**-122**	**-382**	**276**	**-105**
Distribution by asset class[1]						
Bonds	42%	-		42%	-	
Equities	20%	-		20%	-	
Properties	10%	-		10%	-	
Other	28%	-		28%	-	
Significant actuarial assumptions, etc. [1]						
Discount rate	3.50%	3.75%		3.50%	3.25%	
Future salary increases	3.00%	3.25%		2.75%	3.00%	
Price inflation	2.00%	2.25%		2.00%	2.00%	
Mortality table	DUS23	K2013		DUS21	K2013	
Average duration of pension liabilities	17år	11 år		18 år	10 år	
Expected contributions to the defined benefit plans during 2024 and 2023	64	-		62	-	
Sensitivity analysis[1]						
Discount rate, +0.50%	-162	-10	-171	-166	-11	-177
Discount rate, -0.50%	180	11	190	188	12	200
Future salary increases, +0.25%	39	1	39	40	1	41
Future salary increases, -0.25%	-37	-1	-37	-37	-1	-38
Expected longevity, +1 year	64	6	70	68	6	74

[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 5 (7).

MSEK Distribution of obligations on funded and unfunded plans	Funded plans 2023	 2022	Unfunded plans 2023	 2022
Defined benefit pension obligations, including social costs	2,087	2,071	227	269
Fair value of plan assets	2,437	2,446	-	-
Net liability (net asset) recognized in balance sheet	**-349**	**-375**	**227**	**269**

MSEK **Specification of change in pension obligations**	**2023**	**2022**
Defined benefit pension obligations on Jan 1, excl. social security costs etc.	2,270	2,947
Current service cost	30	47
Past service cost	-	-
Interest expense	77	52
Actuarial gains (-)/losses (+) on financial assumptions	0	-699
Actuarial gains (-)/losses (+) on demographic assumptions	-2	-69
Actuarial gains (-)/losses (+), experience adjustments	-35	262
Translation differences on foreign plans	-14	14
Benefits paid	-79	-215
Settlements	-	-70
Defined benefit pension obligations on Dec 31, excl. social security costs etc.	**2,247**	**2,270**
Social security costs etc.	68	71
Defined benefit pension obligations on Dec 31, incl. social security costs etc.	**2,315**	**2,341**

MSEK **Specification of change in plan assets**	**2023**	**2022**
Fair value of plan assets on Jan 1	2,446	2,745
Interest income	86	49
Difference between actual return and calculated interest income [1]	-108	-164
Contributions paid	63	102
Translation differences on foreign plans	-1	6
Benefits paid	-48	-215
Settlements	-	-77
Fair value of plan assets on Dec 31	**2,437**	**2,446**

[1] For year 2023 the amount includes an effect of MSEK -125 from a change in estimate for the part of the management portfolio that is related to the defined benefit pension plan.

Note 27 – Other provisions

MSEK **Change in other provisions**	**2023**	**2022**
Opening balance	**69**	**97**
Provisions utilized during the fiscal year	-29	-39
Unutilized provisions reversed during the fiscal year	-8	-17
Provisions added during the fiscal year	37	24
Translation difference	-1	4
Closing balance [1]	**68**	**69**

[1] Of which MSEK 45 (47) is expected to be settled later than 12 months after the closing date.

Other provisions consist of funds amounting to MSEK 29 (30) reserved for future expenses attributable to previously implemented or planned future organizational changes. The development of more efficient administrative and claims-handling 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 39 (38) reserved for commitments attributable to endowment policies.

Note 28 – Other creditors

MSEK	2023	2022
Taxes		
Premium tax	1,820	1.954
Current tax liabilities	465	899
Employee withholding taxes	148	141
Other tax	161	123
Total taxes	**2,594**	**3,116**
Other insurance and reinsurance related payables	2,557	2,184
Lease liabilities	1,647	1,783
Liability patient-insurance pool for public sector	706	742
Collaterals and security settlement liabilities	59	537
Loan from credit institutions	295	315
Accounts payable	143	150
Other creditors	522	430
Total [1)]	**8,523**	**9,258**

[1)] Of which MSEK 2,256 (2,558) is due for payment later than 12 months after the closing date.

For more information on leases, please refer to Note 1 Accounting policies, Note 12 Investment result and Note 21 Tangible assets.

Note 29 – Accrued expenses and prepaid income

MSEK	2023	2022
Accrued interest expenses, financing	8	7
Other accrued expenses	2,228	2,231
Prepaid income	154	160
Total	**2,390**	**2,399**

Other accrued expenses 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.

Other disclosures

Note 30 – Pledged assets

MSEK **Pledged assets and equivalent securities for own liabilities and for commitments reported as provisions**	**2023**	**2022**
Other financial investment assets		
Collateral for insurance undertakings	4,427	3,938
Collateral for derivatives trading	95	91
Total	**4,522**	**4,029**
Shares in subsidiaries		
Collateral for loans	1,005	1,045
Cash and bank balances		
Collateral for derivatives trading	28	-
Other collateral	4	3
Total	**32**	**3**
Total	**5,560**	**5,077**

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	2023	2022
Assets covered by policyholders' beneficiary rights	111,338	107,257
Technical provisions, net [1]	-68,469	-67,646
Surplus of registered securities	**42,869**	**39,611**

[1] Measured in accordance with the Solvency II-regulation.

Note 31 – Contingent liabilities and other commitments

MSEK	2023	2022
Surety and guarantee undertakings	20	21
Other commitments	56	56
Total	**76**	**77**

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 totaling 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 32 – Specifications to Cash Flow Statements

	Subordinated debt [1]		**Loans from credit institutions [1]**		**Lease liabilities**	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Opening balance	**2,497**	**2,491**	**319**	**307**	**1,783**	**1,710**
Cash flows - Repayment	-1,000	-	-	-	-274	-243
Cash flows - Interest expenses	-85	-63	-17	-10	-19	-16
Non-cash changes - Translation difference	0	-0	-21	9	-41	60
Non-cash changes - New leases and reassessments	-	-	-	-	180	256
Non-cash changes - Interest expense	87	69	19	12	19	16
Closing balance	**1,499**	**2,497**	**300**	**319**	**1,647**	**1,783**

[1] Accrued interest, which is reported in Other accrued expenses and prepaid income, is included in opening and closing balances.

Note 33 – Transition effects of changed accounting policies applied from 2023 (IFRS 17 and IFRS 9)

The accounting standards IFRS 17 Insurance contracts and IFRS 9 Financial instruments have been applied since January 1, 2023. IFRS 17 Insurance Contracts has replaced IFRS 4 Insurance Contracts, where IFRS 17 contains a complete framework for the recognition, measurement and presentation of insurance contracts. IFRS 9 Financial Instruments has superseded IAS 39 Financial Instruments: Recognition and Measurement, where IFRS 9 has changed the policies of classification and measurement of financial assets and introduces a new impairment model based on expected, rather than incurred, credit losses. Refer to Note 1 for the new accounting policies applied.

Transition to IFRS 9 Financial instruments

For financial instruments, the 2022 comparatives have not been restated on transition to IFRS 9. The financial assets that If classified as available for sale under IAS 39 have at transition to IFRS 9 been classified as measured at fair value through profit or loss, consequently the fair value reserve recognized as of December 31, 2022 has been transferred to retained earnings. The transition effect for the Group per January 1, 2023 with regards to changed measurement categories and impact on equity is presented below.

Accounting policies for financial investment assets according to IAS 39 applied until December 31, 2022

Financial investment assets were categorized and measured at fair value whereby - as a main principle - changes in value were recognized in other comprehensive income until being realized. Impairment losses that were deemed necessary as a result of unrealized changes in value were recognized in the income statement. Financial investment assets in foreign currency were translated using the exchange rate on the closing date. Any translation differences were recognized as exchange-rate gains/losses in the income statement.

MSEK	Classification under IAS 39	Classification under IAS 9	Carrying amount Dec 31, 2022	Reclassifications	Remeasurements [1]	Carrying amount Dec 31, 2023
Derivatives	Fair value through profit or loss (trading)	Fair value through profit or loss (mandatorily)	608	-	-	608
Shares and participations	Available for sale	Fair value through profit or loss (mandatorily)	12,983			12,983
Bonds and other interest-bearing securities	Available for sale	Fair value through profit or loss (mandatorily)	100,301	-	-	100,301
Other loans	Loans and receivables	Amortized cost	2,331	-	-6	2,325
Other Financial investment assets			**116,223**	-	**-6**	**116,217**

[1] The remeasurement relates to expected credit losses. The amount affecting equity on January 1, 2023 was MSEK -5, including a deferred tax asset of MSEK 1.

Transition to IFRS 17 Insurance contracts

For insurance contracts, a full retrospective approach to the transition of the new standard (IFRS 17) has been applied with restated financial statements for the 2022 comparatives, including the third balance sheet as per January 1, 2022. The transition effect for the Group as per January 1, 2022, and changes in the restated comparative period December 31, 2022 are presented below.

The transition to IFRS 17 has had a major impact on the presentation, with new line items in the income statement and for the balance sheet; both assets and liabilities have decreased due to reclassification of premium receivables and deferred acquisition costs from assets to insurance liabilities.

At the transition as per January 1, 2022, the key measurement changes that decreased the Liability for incurred claims related to changes in discounting effect in an amount of MSEK -2,665, relating to both changed scope and the yield curve, and an effect of recognizing an explicit discounted risk adjustment compared with implicit prudence under previous accounting policies. The key measurement changes that impacted the Liability for remaining coverage related to changes in acquisition cash flows amounting to MSEK 735. The Liability for remaining coverage was also impacted by the recognition of a loss component for the limited number of onerous groups identified.

MSEK Consolidated income statement according to IFRS 4	IFRS 4 2022	Change	IFRS 17 2022	Consolidated income statement according to IFRS 17
TECHNICAL ACCOUNT INSURANCE OPERATIONS				
Premiums written, gross	57,732			
Change in provision for unearned premiums and unexpired risks	-1,162			
	56,570		56,570	Insurance revenue
Premiums ceded	-3,497	0		
Reinsurers' share of change in provision for unearned premiums and unexpired risks	91			
Commissions and profit participations in ceded reinsurance	232			
	-3,173	0	-3,174	Reinsurance premium expenses
Claims paid, gross	-36,820			
Change in provision for claims outstanding, gross	1,062	-3,220		
	-35,758	-3,220	-38,978	Insurance service expenses, claims incurred
Operating expenses in insurance operations, Gross	-8,429	-83	-8,512	Insurance service expenses, operating expenses
Claims paid, reinsurers' share	1,372	0		
Change in provision for claims outstanding, reinsurers' share	-108	-18		
	1,264	-17	1,247	Reinsurers' share of claims incurred
	10,473	**-3,320**	**7,152**	**Insurance service result**
Other technical income	1,470		1,470	Other income
Other operating expenses	-1,570		-1,570	Other expenses
	-100		**-100**	**Result from other services**
Allocated investment return transferred from the non-technical account	115	-115		
Technical result from property and casualty insurance	**10,488**			
NON-TECHNICAL ACCOUNT				
Investment result	2,902	25	2,927	Investment result
		6,579	6,579	Insurance contracts
		-91	-91	Reinsurance contracts held
		6,488	6,488	Insurance finance income or expenses, net
Allocated investment return transferred to the technical account	-471	471		
			9,415	**Net financial result**
Interest expense, financing	-81		-81	Interest expenses, financing
Interest expense on net pension liability	-4		-4	Interest expense on net pension asset/liability
Income from associates	97		97	Income from associates
Result before income taxes	**12,931**	**3,548**	**16,479**	**Result before income taxes**
Taxes	-2,693	-762	-3,456	Taxes
Net profit for the year	**10,237**	**2,786**	**13,023**	**Net profit for the year**
Effects of changes in exchange rates, foreign operations	1,503	221	1,724	Effects of changes in exchange rates, foreign operations
Other items in Other comprehensive income	-6,638		-6,638	Other items in Other comprehensive income
Total comprehensive income	**5,103**	**3,007**	**8,110**	**Total comprehensive income**

MSEK Consolidated balance sheet according to IFRS 4	IFRS 4 Dec 31, 2021	Reclass- ifications	Remeasu- rements	IIFRS 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 direct 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					**Prepaid expenses 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 prepaid expenses and accrued income
	1,975	**-1,162**	0	**813**	
Total asset change		**-16,459**	**22**		
Shareholders' equity					**Shareholders' equity**
Retained earnings including Net income for 2021	25,467		1,435	26,903	Retained earnings including 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 and acquisition cash flow asset
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 direct insurance	1,548				
Creditors arising out of reinsurance	441	-433			
Derivatives	78			78	Derivatives
Other creditors	6,380			7,936	Other creditors
	8,447	**-433**		**8,014**	
Accruals and deferred income					
Reinsurers' share of deferred acquisition costs	52	-52			
Other accruals and deferred income	2,013	-9			
	2,066	**-62**		**2,004**	**Accrued expenses and prepaid income**
Total equity, provisions, liabilities change		**-18,301**	**-100**		

MSEK Consolidated balance sheet	IFRS 4 Dec 31, 2022	Reclass- ifications	Remeasu- rements	IFRS 17 Dec 31, 2022	MSEK Consolidated balance sheet
Reinsurers’ share of technical provisions					**Reinsurance assets**
Provisions for unearned premiums and unexpired risks	899	-587		312	Asset for remaining coverage
Provisions for claims outstanding	2,723		-102	2,621	Asset for incurred claims
	3,622	**-587**	**-102**	**2,934**	
Deferred tax asset	**95**		**2**	**98**	**Deferred tax asset**
Debtors					
Debtors arising out of direct insurance	16,982	-15,53			
Debtors arising out of reinsurance	1,107	-864			
Other debtors	1,016				
	19,105	**-16,394**		**2,711**	**Debtors**
Prepayments and accrued income					**Prepaid expenses and accrued income**
Accrued interest and rental income	702			702	Accrued interest and rental income
Deferred acquisition costs	1,321	-1,321			
Other prepayments and accrued income	502			502	Other prepaid expenses and accrued income
	2,525	**-1,321**		**1,204**	
Total asset change		**-18,301**	**-100**		
Shareholders' equity					**Shareholders' equity**
Retained earnings including Net income for 2022	30,287		4,442	34,729	Retained earnings including Net income for 2022
Other items in equity	4,208			4,208	Other items in equity
	34,495		**4,442**	**38,937**	
Technical provisions (gross)					**Insurance liabilities**
Provisions for unearned premiums and unexpired risks	26,504	-17,696	923	9,731	Liability for remaining coverage and acquisition cash flow asset
Provisions for claims outstanding	71,349		-6,647	64,702	Liability for incurred claims
	97,853	**-17,696**	**-5,724**	**74,433**	
Provision for other risks & charges					**Provision for other risks & charges**
Deferred tax liability	2,223		1,182	3,405	Deferred tax liability
Other provisions	345			345	Other provisions
	2,568		**1,182**	**3,75**	
Creditors					**Creditors**
Creditors arising out of direct insurance	2,174				
Creditors arising out of reinsurance	528	-519			
Derivatives	74			74	Derivatives
Other creditors	7,074			9,258	Other creditors
	9,85	**-519**		**9,332**	
Accruals and deferred income					
Reinsurers' share of of deferred acquisition costs	64	-64			
Other accruals and deferred income	2,421	-23			
	2,486	**-87**		**2,399**	**Accrued expenses and prepaid income**
Total equity, provisions, liabilities change		**-18,301**	**-100**		

Note 34 – 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	2023	*Whereof Women %*		*Whereof Women %*
Norway	2	*0*	3	*0*
Sweden	2	*0*	4	*0*
Total	**4**	***0***	**7**	***0***

Percentage of women in executive management	2023	2022
Board of Directors	0%	0%
Other senior executives	0%	0%

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

MSEK	2023	2022
Salaries and remuneration	-16	-108
Pension costs	-5	-8
Social fees	-4	-29
Total	**-25**	**-145**

MSEK **Of which salaries and other remuneration for senior executives** [1]	2023	2022
Fixed salaries and remuneration	-10	-22
Variable compensation and incentive schemes	-6	-71
Total	**-16**	**-93**

[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 2023**	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 [2]	3,281	2,510	-	11	496	6,298
Other members of Group Management, 5 individuals [3]	6,949	3,131	-	283	4,544	14,907
Total	**10,230**	**5,641**	**-**	**294**	**5,040**	**21,205**

[1] For more information, refer to Long-term incentive schemes in Note 10 for the Group.

[2] The employment for the President/CEO was transferred on July 1, 2023 from If P&C Holding Ltd (publ) to If P&C Insurance Ltd (publ).

[3] The employment for other members of Group Management was transferred on July 1, 2023 from If P&C Holding Ltd (publ) to If P&C Insurance Ltd (publ).

kSEK **Salaries and other remuneration for senior executives 2022**	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	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 information, refer to Long-term incentive schemes in Note 10 for the Group.

Long-term incentive schemes

Reconciliation of outstanding units	2023	2022
Outstanding on January 1	667,000	867,900
Transferred during the year	-667,000	-
Paid out during the year	-	-200,900
Outstanding on December 31	-	**667,000**

	2023			2022		
kSEK **Outstanding units and values, December 31**	**Number of units**	**Maximum amount**	**Reserved amount**	**Number of units**	**Maximum amount**	**Reserved amount**
President/CEO Morten Thorsrud	-	-	-	150,000	49,714	20,658
Other members of Group Management, - (5) individuals	-	-	-	417,000	138,156	57,512
Others covered by the incentive schemes	-	-	-	100,000	33,143	13,772
Total	**-**	**-**	**-**	**667,000**	**221,013**	**91,943**

The expensed cost of the incentive program during the year amounted to MSEK - (72,5).

Note 3 – Result from associates

MSEK	2023	2022
Gain/loss on sale [1]	-	-8
Impairment [2]	-	-42
Total	**-**	**-50**

[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	2023	2022
Interest income, group companies	34	17
Other interest income [1]	184	46
Realized and unrealized gains [2]	9	0
Total	**226**	**63**

[1] Of which MSEK 78 (29) interest income from financial assets measured at fair value through profit or loss.

[2] Of which MSEK 9 (-) net gains on financial instruments measured at fair value through profit or loss.

Note 5 – Interest expenses and similar expense items

MSEK	2023	2022
Interest expenses, group companies	-118	-23
Other interest expenses [1]	-87	-78
Realized and unrealized losses [2]	-8	0
Other	-11	-9
Total	**-224**	**-110**

[1] Of which MSEK 1 (-) interest expenses from financial assets measured at fair value through profit or loss.

[2] Of which MSEK 8 (-) net losses on financial instruments measured at fair value through profit or loss.

Note 6 – Taxes

MSEK	2023	2022
Current tax	-11	-7
Deferred tax	-7	1
Total tax in the income statement	**-18**	**-6**

MSEK	2023	2022
Difference between reported tax and tax based on current Swedish tax rate		
Profit before taxes	8,290	8,339
Tax according to current tax rate, 20.6%	-1,708	-1,718
Non-taxable dividend from group companies, associates and other holdings	1,691	1,735
Non-taxable/non-deductible capital gain/loss and impairment loss	-2	-10
Permanent differences, net	0	-8
Non-creditable foreign taxes	0	-5
Adjustment of prior-year taxes	0	0
Reported tax in the income statement	**-18**	**-6**

Note 7 – Shares in group companies

	Country	Number of shares	Holding %	Carrying amount, MSEK 2023	2022
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
Insrt AB, org.nr 556691-1094 [1]	Sweden	1,000	100	11	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	-	-	-	18
Digiconsept AS	Norway	-	-	-	5
If P&C Insurance AS	Estonia	6,391,165	100	442	442
Total				**18,309**	**18,322**

[1] Previously known as Nordisk Hälsoassistans AB.

Note 8 – Shares in associates

	Country	Number of shares	Holding %	Carrying amount, MSEK 2023	2022
CAB Group AB, corp.reg.no. 556131-2223	Sweden	1,209	22.0	7	7
Rogaland Forsikring AS	Norway	6,530	33.0	13	13
Total				**20**	**20**

Note 9 – Short-term investments

Classification of short-term investments

The measurement and reporting of financial assets and liabilities depends on their classification. The classification of assets categorized in accordance with IFRS 9 is shown below. Comparative figures are not restated and follow the classification based on IAS 39 as If P&C Insurance Holding has chosen to use the voluntary exemption from retrospective application at transition to IFRS 9.

	Acquisition value		Fair value		Carrying amount	
MSEK	2023	2022	2023	2022	2023	2022
Financial assets at fair value through profit or loss (mandatorily)						
Derivatives	–	–	1	2	1	2
Shares and participations	23		23		23	
Bonds	1,962		1,941		1,941	
Financial assets available for sale						
Shares and participations		7		7		7
Bonds		2,974		2,948		2,948
Total financial assets at fair value	**1,985**	**2.981**	**1,965**	**2,957**	**1,965**	**2,957**
Financial liabilities at fair value through profit or loss (mandatorily)						
Derivatives	-	-	5	-	5	-
Total financial liabilities at fair value	**-**	**-**	**5**	**-**	**5**	**-**

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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Swedish municipalities	-	187	-	186	-	186
Swedish financial companies	235	787	230	775	230	775
Other Swedish companies	703	1,033	706	1,026	706	1,026
Foreign financial companies	350	581	349	582	349	582
Other foreign companies	714	393	656	378	656	378
Total	**2,002**	**2,974**	**1,941**	**2,948**	**1,941**	**2,948**

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 -8 (-11) as of December 31, 2023. The duration of the portfolio was 0.25 (0.33) at year-end 2023.

Short-term investments measured at fair value

Within If P&C Insurance Holding, a thorough process is followed and controls are performed in order to determine fair values of financial assets and liabilities in accordance with applicable regulations. For example, controls are made against 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, where the last bid prices are used for quoted bonds.

The Parent Company's financial instruments, which are measured at fair value, are categorized in three different hierarchy levels depending on their valuation methods as well as how active the market for the instrument is and available observable or unobservable inputs. The classification in hierarchy levels is reviewed 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 valuation 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.

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

Level 2 – Financial assets and liabilities with valuation 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 with valuation based on unobservable inputs for the asset or liability.

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.

Instruments that are measured at level 3 include unlisted shares.

Short-term investments in fair value hierarchy

	2023				2022			
MSEK	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Financial assets at fair value through profit or loss (mandatorily)								
Derivatives	-	1	-	1	-	2	-	2
Shares and participations	-	-	23	23				
Bonds and other interest-bearing securities	1,689	252	-	1,941				
Financial assets available for sale								
Shares and participations					-	-	7	7
Bonds and other interest-bearing securities					2,313	634	-	2,948
Total financial assets at fair value	**1,689**	**253**	**23**	**1,965**	**2,313**	**636**	**7**	**2,957**
Financial liabilities at fair value through profit or loss (mandatorily)								
Derivatives	-	5	-	5	-	-	-	-
Total financial liabilities at fair value	**-**	**5**	**-**	**5**	**-**	**-**	**-**	**-**

Transfers from level 1 to level 2 amounted to MSEK - (334) corresponding to 0% (11) of the outstanding balance for financial investment assets measured at fair value. Transfers from level 2 to level 1 amounted to MSEK 294 (-) corresponding to 15% (0) of the outstanding balance for financial investment assets measured at fair value.

Note 10 – Subordinated debt

MSEK	Original nominal value	Maturity	Interest rate	2023 Fair value [1)]	2023 Carrying amount	2022 Fair value [1)]	2022 Carrying amount
Subordinated loan, issued in 2018	MSEK 1,000	perpetual	3-month STIBOR + 2.75%	-	-	1,001	1,000
Subordinated loan, issued in 2021	MSEK 1,500	30 years	3-month STIBOR + 1.30%	1,548	1,496	1,501	1,494
Total				**1,548**	**1,496**	**2,502**	**2,494**

1) According to If's application of IFRS 9 (IAS 39 for the comparative year), subordinated debt is carried at amortised cost. Fair value is only presented 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 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 floating interest rate terms. The loan included terms stating the right of redemption after five years and at any interest payment date thereafter. If redeemed the loan in March 2023.

The loan of MSEK 1,500 was issued in March 2021 with floating 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 2023**	Opening balance	Recognized in income statement	Recognized in other comprehensive income	Closing balance
Deferred tax assets				
Other temporary differences	9	-6	0	2
Short term investment at fair value	5	-1	-	4
Total deferred tax asset [1]	**14**	**-7**	**0**	**6**
Deferred tax asset netted against deferred tax liability	**-**			**-**
Deferred tax asset according to balance sheet	**14**			**6**
Deferred tax liability				
Short-term investment at fair value	-	-	-	-
Total deferred tax liability	**-**			**-**
Deferred tax liability netted against deferred tax asset	**-**			**-**
Deferred tax liability according to balance sheet	**-**			**-**
Deferred tax expense according to income statement		**-7**		

1) At the end of 2023, the company's Norwegian branch had tax loss carryforwards of MSEK 82 (MNOK 83). No deferred tax asset has been recognized relating to the tax loss.

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**
Deferred tax asset netted 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**	**-**
Deferred tax liability netted against deferred tax asset	**-2**			**-**
Deferred tax liability according to balance sheet	**-**			**-**
Deferred tax income according to income statement		**1**		

Note 12 – Contingent liabilities and other commitments

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 13 – Appropriation of earnings

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

SEK	
Net profit for the year	8,271,877,125
Profit brought forward	7,791,291,354
	16,063,168,478

The Board of Directors proposes appropriation of earnings as follows:

SEK	
Paid as dividend	8,000,000,000
Profit to be carried forward	8,063,168,478
	16,063,168,478

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 11, 2024

Torbjörn Magnusson
Chairman of the Board

Knut Arne Alsaker
Board member

Ville Talasmäki
Board member

Ricard Wennerklint
Board member

Morten Thorsrud
President and CEO

Our audit report was issued on March 11, 2024

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 2023-01-01 - 2023-12-31 except for the corporate governance report on pages 6-7. The annual accounts and consolidated accounts of the company are included on pages 4-93 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 December 31, 2023 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 December 31, 2023 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.

Liability for incurred claims

The liability for incurred claims (gross of reinsurance) amounts to MSEK 68,938 as of December 31, 2023 in the consolidated accounts.

The Group's liability for incurred claims 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 calculation of the liability for incurred claims 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 claims frequencies and severity, where severity is impacted by settlement time, inflation and discount rate.

Note 1 and Note 2 to the Consolidated Accounts give a description of the accounting policies applied and significant estimations and judgments affecting the valuation of the Group´s Liability for incurred claims and Note 5 deals with the Group's exposure to and management of the insurance risks associated with the Liability for incurred claims. Note 24 further describes the methods applied by the Group in the valuation of the balance sheet item and the development of the liability for incurred claims over time.

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

We have involved actuary specialists and IT specialists together with IFRS 17 subject matter experts in our audit procedures which included but were not limited to:

- Evaluated whether actuarial valuation methods and models for calculating liability for incurred claims 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 calculation of the liability for incurred claims.
- On a sample basis, examined input data used in the calculations of the liability for incurred claims.
- Performed independent calculations based on actuarial methods for a substantial part of the liability for incurred claims.
- Evaluated management's significant estimations and judgments.
- Evaluated management's interpretation of the new accounting standard IFRS 17 and its application to the relevant insurance contracts and business events.
- Assessed the changes introduced in the primary financial statements and related disclosures following the adoption of IFRS 17.
- Evaluated whether the disclosures, for example regarding methods and assumptions applied, insurance risks and claims development, linked to the liability for incurred claims 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 2-3.

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 2023-01-01 - 2023-12-31 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 April 12, 2023 and has been the company's auditor since April 6, 2021.

Stockholm March 11, 2024

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 Frederiksberg

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

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

Glossary and definitions

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.

Ceded written premium
Total premiums, net of commissions, for reinsurance contracts held entered into during the fiscal year.

Claims frequency
The observed relationship during a specific period between the number of claims and the insurance exposure in a certain category of insurance (a certain insurance portfolio). The number of claims excludes large claims.

Claims handling expenses
Expenses related to the processing and administration of insurance claims.

Claims ratio
Total sum of insurance service expenses, claims incurred including claims handling expenses and reinsurers' share of incurred claims in relation to the sum of insurance revenue and reinsurance premium expenses, expressed as a percentage.

Combined ratio
Total sum of insurance service expenses (claims incurred and operating expenses) and reinsurers' share of claims incurred in relation to the sum of insurance revenue and reinsurance premium expenses, 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 of reinsurance, excluding portfolio premiums.

Cost of insurance operations
Total sum of insurance service expenses, operating expenses and claims handling expenses.

Cost ratio [1)]
Total sum of insurance service expenses, operating expenses and claims handling expenses in relation to the sum of insurance revenue and reinsurance premium expenses, expressed as a percentage.

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

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

Duration
For both asset management and insurance operations modified duration is applied. Modified duration is a sensitivity measure telling how much the present value of investment assets or insurance liabilities changes from a small change in the underlying rate(s). In the disclosures, modified duration has however been expressed as number of years instead of a percentage change in the present value.

Economic capital
If uses Economic capital in the 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
Insurance service expenses, operating expenses in relation to the sum of insurance revenue and reinsurance premium expenses, expressed as a percentage.

Gross written premium [1)]
Gross written premium refers to the compensation that If receives from the policyholder in return for the transfer of risk. Gross written premium is the contractually determined premium (for the entire coverage period) for insurance contracts where risk coverage began during the period, subsequently adjusted for any expected losses and write-offs.

Gross written premium growth [1)]
Change in gross written premium adjusted for currency effects and excluding any adjustments for the expected losses and write-offs, expressed as a percentage.

IBNR (Incurred But Not Reported)
Included in the liability for incurred claims and represents the estimated value of the liability for claims that have occurred but are unknown or where the extent of the claim is insufficiently known.

Insurance finance income or expenses, net
Changes in the liability/asset for incurred claims relating to changes in discounting effect due to changed interest rates and interest expense/income (unwinding).

Insurance liabilities
The total of the liability for remaining coverage and acquisition cash flow asset and the liability for incurred claims.

Insurance margin [1)]
Insurance service result in relation to the sum of insurance revenue and reinsurance premium expenses, expressed as a percentage.

Insurance revenue
The compensation received from policyholders, for the transfer of insurance risk and to provide insurance services, which has been earned during the fiscal year.

Insurance service expenses, claims incurred
The sum of claims payments during the period and changes in the liability for incurred claims, including claims handling expenses.

Insurance service expenses, operating expenses
Expenses related to the acquisition or renewal of insurance contracts plus administration expenses.

Insurance service result
The sum of insurance revenue, reinsurance premium expenses, insurance service expenses (claims incurred and operating expenses) and reinsurers' share of claims incurred.

Investment assets
Assets that resemble a capital investment. This includes 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.

[1)] Refers to alternative performance measurements.

Investment result
Result from asset management activities recognized in profit or loss, which includes direct investment income, changes in value and management costs.

Liability for incurred claims
Liability item in the balance sheet consisting of the net present value of future payments of claims incurred and the expected claims handling expenses as well as a risk adjustment that reflects uncertainty in amount and timing of the payments.

Liability for remaining coverage and acquisition cash flow asset
Liability item in the balance sheet corresponding to the net of premiums received and acquisition cash flows paid that, in the financial accounts, pertains to forthcoming periods. It also includes a loss component for onerous groups of insurance contracts.

Net financial result
The sum of investment result and insurance finance income or expenses, net.

Own funds (capital base) (Solvency II)
Solvency II stipulates that the solvency capital requirements should be covered by “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 that 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 written, net of reinsurance
Gross written premium less ceded written premium.

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.

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. Assumed reinsurance pertains to the business one insurance company accepts from other insurance companies in the form of reinsurance.

Reinsurance assets
The total of the reinsurance asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage corresponds to premiums, net of commissions, paid to reinsurers pertaining to forthcoming periods and asset for incurred claims consists of the reinsurers’ share of claims incurred that has not yet been received.

Reinsurance premium expenses
Premiums, net of commissions, to reinsurers that are attributable to the reporting period for reinsurance contract services received.

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)]
Net profit for the year in relation to average shareholders’ equity.

Risk ratio [1)]
Total sum of insurance service expenses, claims incurred excluding claims handling expenses and reinsurers’ share of incurred claims, in relation to the sum of insurance revenue and reinsurance premium expenses, 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.

Total investment return
Total 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.

Total return
Net of the following income and expenses: 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 currency gains/losses. Return pertaining to associates is not included.

[1)] Refers to alternative performance measurements.

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