
Topdanmark Forsikring A/S

Annual Report 2024

CVR no. 78416114
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2750 Ballerup
Denmark

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Results for 2024

Topdanmark Forsikring's post-tax profit for 2024 was DKK 837m (2023: DKK 1,085m). 2024 includes other items of DKK -818m primarily related to carve-out of Topdanmark Liv Holding and restructuring costs related to the merger with If P&C Insurance Ltd.

The technical result DKK 1,753m was better than expected in the Annual Report 2023, impacted by higher premium growth and a lower frequency of weather-related events. Furthermore, we delivered continued progress on our efforts to become more efficient.

The net investment result amounted to DKK 249m and was positively affected by the sale of Topdanmark's minority stake in Bornholms Brandforsikring A/S.

Financial highlights (DKKm)	2024	2023
Gross premiums earned	10,901	10,221
Claims incurred	-6,963	-6,986
Expenses	-1,850	-1,761
Net reinsurance	-335	-243
Technical result	1,753	1,231
Investment return after return and value adjustments of non-life provisions	249	259
Other items	-818	-47
Profit before tax	1,185	1,443
Taxation	-347	-358
Profit for the year	837	1,085
Run-off profits, net of reinsurance	276	-84
Gross claims ratio	63.9	68.4
Net reinsurance ratio	3.1	2.4
Claims ratio, net of reinsurance	66.9	70.7
Gross expense ratio	17.0	17.2
Combined ratio	83.9	88.0
Combined ratio excl. run-off	86.4	87.1

The Board of Directors proposes that a dividend of DKK 837m will be distributed for 2024.

Premiums earned

Premiums earned increased by 6.7% to DKK 10,901m. Growth was higher than last year and better than the forecast. The increase is primarily caused by higher indexation, growth in the number of customers, and pricing initiatives to adjust for higher claims costs.

2024 saw the implementation of a new regulation regarding workers' compensation with improvements and increased cover for our customers. We adjusted the premiums accordingly and expect to see the full effect in premiums earned in the coming years.

Claims ratio

The gross claims ratio improved from 68.4 in 2023 to 63.9 in 2024. The claims ratio, net of reinsurance, improved from 70.7 in 2023 to 66.9 in 2024.

The run-off result, net of reinsurance, was a gain of DKK 276m (2023: DKK -84m).

Weather-related claims amounted to DKK 353m (2023: DKK 517m), representing a 1.5pp improvement of the claims ratio. The level of weather-related claims was around DKK 40m above the normalised modelled level of DKK 315m driven by an adverse development in Q1.

Large-scale claims (claims exceeding DKK 5m by event after refund of reinsurance) amounted to DKK 90m, significantly lower than the level in 2023 of DKK 179m.

The claims ratio was negatively impacted by lower interest rates. The discounting effect was 0.2pp lower compared with 2023.

After years of increasing claims frequencies within motor 2024 saw a stabilisation, although on a higher level than the pre-pandemic level. Motor is still negatively affected by higher average claims costs and claims inflation bringing the underlying claims ratio up.

We continue our efforts to become more efficient and pricing initiatives continue to yield positive results.

Expense ratio

The expense ratio was 17.0, down from 17.2 in 2023. The decrease in the expense ratio was as expected.

Combined ratio

The combined ratio was 83.9 (2023: 88.0). Exclusive run-off, combined ratio was 86.4 (2023 87.1).

Investment activities

In 2024, the net investment result amounted to DKK 249m (2023: DKK 259m). The net investment result comprises of both the return from the investments assets and value-adjustment of the technical provisions.

The net investment result during the year was supported by positive contributions from equities, running yields, and lower provisions due to changes in the non-hedged capitalisation factor.

The main investment theme throughout the year was the resilience of equity markets, despite a volatile macroeconomic environment and heightened geopolitical risks. The first half of the year was largely shaped by the belief that central banks had completed their fight against inflation and could therefore begin lowering interest rates. However, in the second half of the year, this perception shifted as inflation proved more persistent, particularly driving an increase in long-term interest rates.

The “free” portfolio, which consists of the remaining assets after matching liabilities and liquidity reservations, made a positive contribution to the overall investment return, primarily due to the equity exposure. Within the equity exposure, the allocation to US equities made the most significant contribution.

The equity holdings span globally with all regions contributing positively to the return. However, the most significant geographic contributions to returns originated from Japan and the US.

The “matching” portfolio also contributed positively to the overall investment return.

On the asset side of the “matching” portfolio, the macroenvironment, characterised by relatively limited yield volatility, bolstered the bond-portfolio. Specifically, favourable running yields, spread-performance on income securities and tightening of the DKK-EUR yield-spread (EUR rates increasing more than DKK rates) all played significant roles in driving the positive net investment outcome.

The duration matching part, in which interest rate risk of insurance provisions are hedged using fixed-income assets, primarily Danish mortgage bonds and derivatives, has worked as intended. The net-effect from duration was negligible.

On the liability side, the main contributing factor to the net investment result was a decrease in the wage-curve that impacts the capitalisation factor for workers’ compensation schemes. This effect impacted the insurance provisions downward leading to a positive contribution to the net investment result.

“Expenses, money markets, etc.” comprises, in addition to money market deposits and currency positions, other returns, and expenses not included in specified asset classes.

The investment return in 2024 on the most significant asset classes is shown in the table below:

Investment return	Portfolio 31 Dec		Return 2024		Return 2023	
	2024	2023	(DKKm)	%	(DKKm)	%
	(DKKbn)					
Danish equities	0.1	0.1	3	3.2	15	12.6
Foreign equities	0.4	0.5	78	19.6	111	24.7
Unlisted equities and hedge funds	0.2	0.2	30	14.8	11	5.6
Government and mortgage bonds	15.8	12.7	579	4.3	678	4.1
Credit bonds	0.3	0.3	18	6.5	28	11.2
Index linked bonds	0.6	0.7	14	2.1	20	3.1
CLOs	0.0	0.0	0	0.0	16	15.8
Associates and affiliates	0.0	1.1	40	4.1	29	2.6
Expenses, money markets etc.	2.4	2.7	83	2.5	28	0.7
Subordinated loan capital	-1.1	-1.1	-69	-6.3	-65	-5.9
Investment return	18.6	17.2	776	4.3	872	3.9
Return and value adjustments of non-life insurance provisions			-527		-613	
Investment return after return on non-life insurance provisions			249		259	

Profit forecast model

Topdanmark Forsikring’s overall post-tax profit according to the profit forecast model for 2025 is DKK 1,100-1,350m.

Risk management

Topdanmark Forsikring’s risks and risk profile are clarified and managed through the established strategies, policies, etc., including risk tolerance limits.

Topdanmark Forsikring’s policy is to hedge against risks arising from the company’s activities or to limit such risks

to a level that allows Topdanmark Forsikring to maintain normal operations and implement its planned measures even in the case of highly unfavourable events in the outside world.

As a consequence of this policy, for a number of years Topdanmark Forsikring has identified and reduced or eliminated the risks which could potentially cause losses exceeding what Topdanmark Forsikring considers to be acceptable. As part of the overall and strategic management, the Board of Directors must conduct an ORSA (Own Risk and Solvency Assessment) at least once a year. The Board of Directors is responsible for the

ORSA and sets the overall framework for this. This is done, among other things, through the ORSA Policy and Guidelines for ORSA. The starting point is Topdanmark Forsikring's business model, business strategy, risk profile, and risk tolerance limits. The purpose of ORSA is, among other things, that Topdanmark Forsikring has a sufficient overview and insight into its risks.

In connection with ORSA, an ORSA report is prepared, which serves as the board's basis for decision-making for ORSA. The ORSA report includes information from general operations, such as solvency statements, and further analyses are also carried out.

The ORSA process is continuous and does not only occur in connection with the Board of Directors' annual assessment. ORSA is integrated into Topdanmark Forsikring's risk management system, which supports Topdanmark Forsikring identifying, measuring, managing, monitoring, and reporting risks that Topdanmark Forsikring is or may be exposed to. Significant changes to risk, the risk profile, or the development of new risks must be escalated to appropriate levels. ORSA is also supported by the control system and key functions. ORSA is an integral part of the business strategy, and results and knowledge from the ORSA process are considered at relevant points in the business.

An ORSA report has been prepared, processed, and approved at a board meeting in the autumn of 2024.

Topdanmark Forsikring's risk management function identifies, measures, manages, monitors, and reports risks. It reports to the Risk Committee, which provides assessment and counselling on the risk policies, risk limits, solvency calculation, capital plans, Topdanmark Forsikring's ORSA, and Topdanmark Forsikring's partial, internal model for insurance risks. The members of the Risk Committee comprise the Group CFO, the head of the compliance function, the head of investment risk and solvency, the head of the risk management function, the DPO, the head of group security, and the head of statistical services.

The Risk Committee reports and provides suggestions and recommendations to the Board of Directors via the Executive Board. The Model Committee refers to the Risk Committee. The Model Committee is responsible for developing and operating Topdanmark Forsikring's internal model for calculation of results, probabilities, and risks of the insurance portfolio based on random simulation. The model is used for, among other things, optimising the reinsurance programme, calculation of cost of capital, forecast balancing, and calculating capital requirements.

The internal model has been used in solvency calculations since 2014 in accordance with the Danish Solvency rules, and from 2016 it has been amended to meet the EU Solvency II rules in force. The Danish FSA has approved the use of Topdanmark Forsikring's internal model when calculating solvency capital requirements.

On an ongoing basis, the risk management function addresses the rules for solvency calculation and reporting etc. of the Solvency II Directive to ensure that Topdanmark Forsikring meets this set of rules.

Please refer to note 29 "Risk management".

Solvency calculation and capital requirements

Solvency II provides insurance companies with the opportunity to develop their own fully or partially internal risk model for solvency calculations. We use such a partially internal model developed in-house to calculate the insurance risk.

This model, approved by the Danish FSA, provides the basis for including insurance risks in our solvency calculations. Topdanmark Forsikring A/S has an outstanding subordinated tier 1 loan (restricted tier 1 capital notes) of DKK 400m. This loan is perpetual, but includes an option enabling Topdanmark Forsikring A/S to redeem the loan as at 22 December 2027. Further, Topdanmark Forsikring A/S has an outstanding subordinated tier 2 note of DKK 700m with maturity in 2031 and first call date in 2026.

The solvency cover is on par with last year at 293% compared with 298% by the end of 2023.

Solvency cover					
(DKKm)	2024	2023	2022	2021	2020
Own funds	3,944	4,167	4,153	5,892	5,694
Solvency requirement	1,346	1,397	1,541	2,497	2,235
Solvency cover (%)	293	298	270	236	255

Sustainability statement

Please refer to Sampo plc, Fabianinkatu 27, 00100 Helsinki, Finland Financial Statements and Board of Directors' Report, including Sustainability Statement, which is available [here](#). Topdanmark Forsikring A/S is exempted from the provisions of section 144a subsection 2-7 of the Danish Executive Order on Financial Reports for Insurance Companies and Multi-employer Occupational Pension Funds.

Target gender figures reporting

Gender Diversity	Unit	2024	2023	2022	2021	2020	Target (timeframe)
Gender distribution in the Board of Directors elected at the General Meeting	Number of w/m elected at the General Meeting	AGM: 2/4 EGM 24 October: 1/5	2/4	2/4	2/4	2/4	Minimum two people of each gender elected to the Board of Directors at the General Meeting (2025)
Gender distribution in the Board of Directors elected at the General Meeting	% women elected at the General Meeting	AGM: 33% EGM 24 October: 17%	33%	33%	33%	33%	Minimum 33% ¹ of the underrepresented gender (2025)
Gender distribution in the Board of Directors – total	% women including employee representatives	AGM: 44% EGM 24 October: 33%	44%	44%	44%	44%	
Gender distribution in the Group Executive Management (level 1)	Number of w/m	2/5	2/5	2/5	3/6	-	
	% women in the Group Executive Management	29%	29%	29%	33%	-	
Gender distribution at management levels 1 & 2	Number of w/m	16/35	13/34	15/33	4/15	5/19	Max. 60% of one gender, i.e. minimum 40% of the underrepresented gender (2025)
	% women in management level 1 & 2	31%	28%	31%	21%	21%	
Gender distribution at all management levels	Number of w/m	74/116	74/118	69/122	87/128	85/121	Max. 60% of one gender, i.e. minimum 40% of the underrepresented gender (2025)
	% women in all management levels	39%	39%	36%	40%	41%	

¹ With 6 AGM-elected Board members 2 members equal 33%, which corresponds to an equal gender distribution of 40%.

Diversity in the Board of Directors and in management

The Board of Directors of Topdanmark Forsikring A/S consists of six members elected by the General Meeting and three employee-elected members. The Board of Directors has determined that the Board shall consist of the best qualified candidates and has set a target of at least two people of each gender elected at the General Meeting and minimum 33%, which equals 40% of the underrepresented gender (either male or female) at the end of the reporting period 2025. In 2024 until the Extraordinary General Meeting 24 October 2024, four board members were female (two of whom were elected at the Annual General Meeting), and five board members were male (four of whom were elected at the Annual General Meeting). At the Extraordinary General Meeting 24 October 2024, the Board of Directors was changed as the three external board members and one internal board member resigned and four new board members joined the Board of Directors. Then three board members were female (one of whom was elected at the Extraordinary General Meeting), and six board members were male (three of whom were elected at the Extraordinary General Meeting and two of whom were elected at the Annual General Meeting). This means that the Board of Directors do not meet the legislative requirements for gender diversity, or the Board of Directors own target at the end of the reporting period.

Topdanmark Forsikring A/S is expected to be merged with If P&C Insurance Ltd. (publ.) 1 July 2025 with If P&C Insurance Ltd. (publ.) as the surviving company and Topdanmark Forsikring A/S as the dissolving company. As a result, no significant actions have been taken to meet the target gender figures.

In Topdanmark Forsikring A/S the Executive Management shall be represented by the best qualified candidates and a balanced gender distribution should facilitate the positive effects of diversity. Topdanmark Forsikring A/S has two targets for diversity at management levels 1 & 2 in Topdanmark Forsikring A/S. The original target is based on a non-binary approach to gender and is: "maximum 60% of one gender in management levels 1 & 2". However, to comply with Danish law (which is based on a binary understanding of gender) a target for the underrepresented gender in management levels 1 & 2 has been set. This target is "minimum 40% of the underrepresented gender (either male or female) at management levels 1 & 2 at the end of the reporting period 2025". For 2024, the result was 31% female and 69% male at management level 1 & 2 at Topdanmark Forsikring A/S, which means an increase of 3 pp compared to 2023.

When looking at the gender distribution across all management levels, Topdanmark Forsikring A/S has 39%

female managers and 61% male managers, which is an increase in female managers of 0.4pp compared to 2023.

Statement on data ethics

As a non-life insurance company, we use data to assess our customers' concrete insurance risks. With digitalisation, the possibilities for the application of data are nearly endless. Insurance & Pension Denmark (IPD), of which Topdanmark Forsikring is a member, has established a set of joint data ethical principles on transparency, personalisation and prevention, and data security. We support these data ethical principles, and to ensure compliance and commitment we have defined our own more refined data ethical principles incorporated in our Policy for Data approved by the Board of Directors in 2024. These principles strengthen the work and initiatives related to protection of data privacy, where data privacy and use of AI are connected.

Subsequent events

There have been no events in the period from 31 December 2024 until the presentation of the financial statements which could change the assessment of the Annual Report.

The duties of the Executive Board

Peter Hermann

On the Executive Board for:

Topdanmark A/S
Topdanmark Forsikring A/S

Deputy CEO for:

If P&C Insurance Holding Ltd. (publ.)

Member of the Board of Directors of:

Topdanmark Invest A/S
Topdanmark BidCo A/S (Chairman)
Oona Health A/S (Chairman)
Forsikringsselskabet Dansk Sundhedssikring A/S
(Chairman)

KBC Insurance NV

Branch Manager for:

If Skadeforsikring Holding Danmark, a branch of If
Skadeförsäkring Holding AB (publ.), Sweden

Lars Kufall Beck

On the Executive Board for:

Topdanmark A/S
Topdanmark Forsikring A/S

Member of the Board of Directors of:

TDP.0007 A/S (Chairman)
Topdanmark EDB A/S (Chairman)
Topdanmark EDB IV ApS (Chairman)
Topdanmark EDB V ApS (Chairman)
E&G Business Holding A/S (Chairman)
Topdanmark Invest A/S (Chairman)
Topdanmark BidCo A/S
Oona Health A/S
Forsikringsselskabet Dansk Sundhedssikring A/S

In the above, the duties outside the Group, which have been authorised by the Board of Directors in accordance with Article 121 of the Danish Insurance Business Act, are included.

The duties of the Board of Directors

Ricard Wennerklint

Member of the Board of Directors of:

Topdanmark Forsikring A/S (Chairman)
Topdanmark A/S (Chairman)
If P&C Insurance Holding Ltd. (publ.)
Noba Bank Group AB (publ.) (Sweden)
Hastings Group Holdings Ltd., UK (Chairman)

Member of:

The Group Executive Committee of Sampo, Chief of Strategy
The Audit and Risk Committee, Remuneration Committee and Nomination Committee of Topdanmark (Chairman)

Morten Thorsrud

On the Executive Board for:

If P&C Insurance Holding Ltd. (publ.)

Member of the Board of Directors of:

Topdanmark Forsikring A/S (Vice chairman)
Topdanmark A/S (Vice chairman)
Finans Norge
Euronext N.V.
Hastings Group Holdings Ltd.

Member of:

The Group Executive Committee of Sampo
The Audit Committee of Euronext N.V.
The Remuneration Committee and Nomination Committee of Topdanmark

Knut Arne Alsaker

Member of the Board of Directors of:

Topdanmark Forsikring A/S
Topdanmark A/S
If P&C Insurance Holding Ltd. (publ.)
Hastings Group Holdings Ltd.

Member of:

The Group Executive Committee of Sampo
The Audit and Risk Committee of Topdanmark
The Audit and Risk Committee of Hastings Group Holdings Ltd. (Chairman)

Ville Talasmäki

Member of the Board of Directors of:

Topdanmark Forsikring A/S
Topdanmark A/S
If P&C Insurance Holding Ltd. (publ.)
If P&C Insurance Ltd. (publ.)
Finance Finland
Varma Mutual Pension Insurance Company (deputy board member)

Member of:

The Group Executive Committee of Sampo

Kai Sotamaa

Member of the Board of Directors of:

Topdanmark Forsikring A/S
Topdanmark A/S
Hastings Group Holdings Ltd.

Member of:

The Audit and Risk Committee of Topdanmark
The Audit and Risk Committee of Hastings Group Holdings Ltd.

Anne Teitto

Member of the Board of Directors of:

Topdanmark Forsikring A/S
Topdanmark A/S

Mette Jensen

Member of the Board of Directors of:

Topdanmark Forsikring A/S
Topdanmark A/S

Member of:

The Remuneration Committee of Topdanmark

Elise Bundgaard

Member of the Board of Directors of:

Topdanmark Forsikring A/S
Topdanmark A/S
Bjatola A/S

Michael Noer

Member of the Board of Directors of:

Topdanmark Forsikring A/S
Topdanmark A/S

Five-year summary

(DKKm)	2024	2023	2022	2021	2020
Gross premiums earned *	10,918	10,298	9,977	9,636	9,132
Claims incurred	-6,963	-6,986	-6,214	-6,025	-6,057
Bonuses and rebates	-18	-78	-92	-78	-8
Insurance operating expenses	-1,850	-1,761	-1,630	-1,547	-1,542
Net reinsurance	-335	-243	-278	-99	-272
TECHNICAL RESULT	1,753	1,231	1,765	1,886	1,254
Profit on investment activities after transfer to technical result	249	259	775	677	90
Other items	-818	-47	-33	2	-2
PRE-TAX PROFIT	1,185	1,443	2,507	2,565	1,342
Taxation	-347	-358	-290	-494	-279
PROFIT FOR THE YEAR	837	1,085	2,217	2,071	1,063
Run-off profits, net of reinsurance	276	-84	152	255	-5
Provisions for insurance contracts	14,178	14,109	13,502	14,366	13,810
Total insurance assets	497	567	537	655	504
Total shareholders' equity	4,003	4,165	6,022	6,836	6,493
Total assets	22,393	20,807	23,117	25,070	24,726
Gross claims ratio	63.9	68.4	62.9	63.0	66.4
Net reinsurance ratio	3.1	2.4	2.8	1.0	3.0
Claims ratio, net of reinsurance	66.9	70.7	65.7	64.1	69.4
Gross expense ratio	17.0	17.2	16.5	16.2	16.9
Combined ratio (operating ratio)	83.9	88.0	82.1	80.3	86.3
Combined ratio excl. run-off	86.4	87.1	83.7	82.9	86.2
Relative run-off, net of reinsurance (%)	2.5	-0.8	1.4	2.5	-0.1
Return on shareholders' equity (%)	21.4	23.8	39.6	33.5	17.4

* Before bonuses and rebates.

Income statement

(DKKm)	Note	2024	2023
Gross premiums written	1	10,675	9,956
Ceded reinsurance premiums		-746	-691
Change in the provisions for unearned premiums	1	242	645
Change in profit margin and risk margin	1	2	-303
Change in the reinsurers' share of the provisions for unearned premiums		-25	-14
Premiums earned, net of reinsurance		10,148	9,593
Claims paid		-7,098	-6,578
Reinsurance cover received		415	360
Change in the provisions for claims		143	-412
Change in risk margin		-8	4
Change in reinsurers' share of the provisions for claims		-73	13
Claims incurred, net of reinsurance	2	-6,621	-6,613
Bonuses and rebates		-18	-78
Acquisition costs	3	-1,155	-1,120
Administrative expenses		-751	-690
Intra-group reimbursements		57	49
Reinsurance commission and share of profits		93	90
Insurance operating expenses, net of reinsurance		-1,756	-1,671
TECHNICAL RESULT	4	1,753	1,231
Income from affiliates	5	-7	22
Income from associates		47	7
Interest income and dividends etc.		531	490
Value adjustments	6	362	519
Interest charges		-107	-115
Expenses on investment activities		-49	-52
Total investment return		776	872
Return and value adjustments of non-life insurance provisions	7	-527	-613
INVESTMENT RETURN AFTER RETURN AND VALUE ADJUSTMENTS OF TECHNICAL PROVISIONS		249	259
Other income		17	6
Other expenses	8	-835	-53
PRE-TAX PROFIT		1,185	1,443
Taxation	9	-347	-358
PROFIT		837	1,085
Proposed appropriation of profit for the year:			
Dividend		837	1,000
Transfer to net revaluation reserve at net asset value		4	29
Transfer from profit carried forward		-4	55
		837	1,085

Statement of comprehensive income

Profit	837	1,085
Other comprehensive income from affiliates	0	0
Other comprehensive income	0	0
TOTAL COMPREHENSIVE INCOME	837	1,085

Assets

(DKKm)	Note	2024	2023
INTANGIBLE ASSETS	10	769	704
Operating equipment		3	4
Owner-occupied properties		701	0
TOTAL TANGIBLE ASSETS	11	704	4
Equity investments in affiliates	12	0	1,080
Equity investments in associates	13	0	60
Total investment in affiliates and associates		0	1,140
Equity investments		562	771
Bonds		16,988	13,862
Deposits with credit institutions		606	295
Derivatives		15	11
Total other financial investment assets	14	18,171	14,938
TOTAL INVESTMENT ASSETS		18,171	16,078
Reinsurers' share of the provisions for unearned premiums	15	91	100
Reinsurers' share of the provisions for claims	16	406	467
Total reinsurers' share of provisions		497	567
Receivables from policyholders		195	241
Receivables from insurance companies		240	214
Receivables from affiliates		1,073	2,414
Other receivables		153	118
TOTAL RECEIVABLES		2,159	3,553
Deferred tax assets	17	112	23
Liquid funds		47	41
Other		146	162
TOTAL OTHER ASSETS		305	226
Accrued interest and rent		142	117
Other prepayments and accrued income		144	125
TOTAL PREPAYMENTS AND ACCRUED INCOME		286	242
TOTAL ASSETS		22,393	20,807

Shareholders' equity and liabilities

(DKKm)	Note	2024	2023
Share capital	18	101	101
Revaluation reserve		0	844
Security fund		1,452	1,452
Total reserves		1,452	1,452
Profit carried forward		1,613	768
Proposed dividend		837	1,000
TOTAL SHAREHOLDERS' EQUITY		4,003	4,165
OTHER SUBORDINATED LOAN CAPITAL	19	1,100	1,100
Provisions for unearned premiums	20	460	511
Profit margin, non-life insurance contracts	20	1,625	1,643
Provisions for claims	21	11,514	11,379
Risk margin, non-life insurance contracts		417	379
Provisions for bonuses and rebates		162	197
TOTAL PROVISIONS FOR INSURANCE CONTRACTS		14,178	14,109
Pensions and similar commitments		20	20
Other liabilities	22	668	211
TOTAL PROVISIONS		689	230
Debt relating to direct insurance operations		15	8
Debt relating to reinsurance operations		109	122
Amounts due to credit institutions		19	70
Amounts due to affiliates		170	130
Derivatives		321	272
Other debt	23	1,744	551
TOTAL DEBT		2,378	1,152
ACCRUALS AND DEFERRED INCOME		45	51
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		22,393	20,807

Statement of changes in equity

(DKKm)

	Share capital	Revaluation reserve	Security fund	Profit carried forward	Proposed dividend	Total
2024						
Equity at beginning of period	101	844	1,452	768	1,000	4,165
Profit		4		-4	837	837
Other comprehensive income from affiliates						0
Total comprehensive income		4		-4	837	837
Dividend paid					-1,000	-1,000
Capital contribution from Topdanmark A/S				6		6
Taxation on share-based payments				-5		-5
Released due to sale of subsidiaries		-848		848		0
Transactions with owners		-848		849	-1,000	-999
Shareholders' equity at end of period	101	0	1,452	1,613	837	4,003
2023						
Equity at beginning of period, previously stated	101	814	1,452	814	3,000	6,182
Effect of change in accounting policies				-159		-159
Equity at beginning of period, restated	101	814	1,452	655	3,000	6,023
Profit		29		55	1,000	1,085
Other comprehensive income from affiliates						0
Total comprehensive income		29		55	1,000	1,085
Dividend paid					-3,000	-3,000
Capital contribution from Topdanmark A/S (employee shares)				61		61
Taxation on share-based payments				-4		-4
Transactions with owners		0		58	-3,000	-2,942
Shareholders' equity at end of period	101	844	1,452	768	1,000	4,165

Notes to the financial statements

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Notes to the financial statements

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Note 1. Gross premiums earned

Gross premiums written	10,675	9,956
Change in provisions for unearned premiums	242	645
Change in profit margin and risk margin	2	-303
Gross premiums earned	10,918	10,298
Gross premiums earned, direct business, by location of the risk:		
Denmark	10,914	10,295
Other EU-countries	3	3
Other countries	1	1
	10,918	10,298

Note 2. Claims incurred, net of reinsurance

Run-off result:		
Gross business	262	-87
Reinsurance ceded	14	4
Run-off profit, net of reinsurance	276	-84
Specification of run-off result on lines in note 4.		
Claims incurred include value adjustment of derivatives hedging the inflation risk in workers' compensation	-69	-122
Expenses for loss-prevention included in claims incurred amount to 0.3% (2023: 0.3%), split between Fire and property, Private, 0.1% (2023: 0.1) and Illness and accident 0.2% (2023: 0.2%).		

Note 3. Acquisition costs

Commissions for directly written insurance policies	232	232
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Note 4. Technical result

	2024	2023	2024	2023
			Workers'	
			Illness and accident	compensation
Gross premiums written	1,278	1,143	916	880
Gross premiums earned	1,293	1,184	942	906
Claims incurred	-790	-673	-562	-817
Bonuses and rebates	-4	-4	-1	-7
Gross operating expenses	-221	-210	-138	-133
Net reinsurance	-3	-4	-2	-2
Technical result	276	293	239	-52
Gross claims ratio	61.3	57.0	59.7	90.8
Run-off result, net of reinsurance	4	37	169	-148
Claims provisions, net of reinsurance	1,397	1,311	6,026	5,979
Number of claims incurred ('000)	41	33	8	7
Average value of claim (DKK '000)	20	21	93	98
Frequency of claims (per thousand value)	37	31	151	128

Notes to the financial statements

(DKKm)

Note 4. Technical result - continued	2024		2023		2024		2023	
	Motor third-party liability		Motor own damage		Fire and property Private			
Gross premiums written	542	449	2,006	1,880	2,156		1,992	
Gross premiums earned	548	468	2,056	1,989	2,202		2,075	
Claims incurred	-631	-555	-1,292	-1,154	-1,335		-1,377	
Bonuses and rebates	-1	-2	-8	-7	-5		-7	
Gross operating expenses	-113	-108	-309	-298	-363		-341	
Net reinsurance	-3	-2	-4	-4	-84		-50	
Technical result	-200	-199	442	526	415		300	
Gross claims ratio	115.3	119.0	63.1	58.2	60.8		66.6	
Run-off result, net of reinsurance	-37	-21	-30	4	64		47	
Claims provisions, net of reinsurance	1,028	964	210	192	698		764	
Number of claims incurred ('000)	22	22	116	109	90		94	
Average value of claim (DKK '000)	27	24	11	11	16		15	
Frequency of claims (per thousand value)	37	38	215	207	139		149	
	Fire and property SME		Liability		Tourist assistance			
Gross premiums written	2,416	2,310	579	580	235		205	
Gross premiums earned	2,446	2,320	595	586	238		215	
Claims incurred	-1,360	-1,535	-385	-352	-154		-134	
Bonuses and rebates	-38	-28	-3	-19	0		-1	
Gross operating expenses	-468	-452	-111	-110	-32		-30	
Net reinsurance	-239	-165	-7	-9	0		0	
Technical result	341	141	90	96	52		50	
Gross claims ratio	56.5	67.0	64.9	62.0	64.7		62.7	
Run-off profits, net of reinsurance	90	-18	-3	15	3		3	
Claims provisions, net of reinsurance	756	795	794	728	29		28	
Number of claims incurred ('000)	24	26	5	6	17		15	
Average value of claim (DKK '000)	60	58	66	64	9		9	
Frequency of claims (per thousand value)	127	136	58	57	79		74	
			Other insurance		Total			
Gross premiums written			548	517	10,675		9,956	
Gross premiums earned			598	556	10,918		10,298	
Claims incurred			-454	-391	-6,963		-6,986	
Bonuses and rebates			42	-4	-18		-78	
Gross operating expenses			-95	-79	-1,850		-1,761	
Net reinsurance			7	-6	-335		-243	
Technical result			98	76	1,753		1,231	
Gross claims ratio			70.9	70.8	63.9		68.4	
Run-off profits, net of reinsurance			16	-4	276		-84	
Claims provisions, net of reinsurance			170	153	11,109		10,913	
Number of claims incurred ('000)			103	107	426		419	
Average value of claim (DKK '000)			4	4	17		16	
Frequency of claims (per thousand value)			204	221	108		109	

Notes to the financial statements

(DKK m) 2024 2023

Note 5. Income from affiliates

TDP.0007 A/S	2	14
Topdanmark EDB A/S	5	8
Topdanmark EDB V ApS	-13	0
Income from affiliates	-7	22

All affiliates were sold to If Skadeförsäkring Holding AB (publ.) end November 2024.

Note 6. Value adjustments

Equity investments	59	152
Bonds	302	320
Derivatives	1	45
Other	0	1
Value adjustments	362	519

Note 7. Return and value adjustments of non-life insurance provisions

Amortisation

Provisions for unearned premiums and profit margin	-187	-205
Reinsurers' share of provisions for unearned premiums	14	15
Provisions for claims	-247	-286
Risk margin	-7	-9
Reinsurers' share of the provisions for claims	9	12
	-418	-473

Value adjustments

Provisions for unearned premiums and profit margin	-7	0
Provisions for claims	-100	-140
Risk margin	-3	-4
Reinsurers' share of the provisions for claims	2	4
	-108	-140

Return and value adjustments of non-life insurance provisions **-527 -613**

Note 8. Other expenses

Other expenses include incurred restructuring costs associated with the upcoming merger with If Skadeförsäkring AB (publ.) and costs related to the divestment of Topdanmark Liv Holding A/S (now Nordea Pension Holding Danmark A/S) to Nordea. Restructuring costs primarily relate to contractual obligations, decommissioning of IT systems, and other merger-related expenses.

Note 9. Taxation

Current tax	431	344
Change in deferred tax	-89	69
Prior year adjustment	10	-52
Tax for the year	352	362
Of which tax in shareholders' equity	-5	-4
Tax	347	358
Pre-tax profit excl. income from affiliates	1,192	1,420
Calculated tax on profit for the year, 22%	262	312
Financial tax	66	44
Non-deductible expenses/non taxable income	20	2
Prior year adjustment	-1	0
	347	358

Notes to the financial statements

(DKKm)

Note 10. Intangible assets

	Goodwill	Completed developm't projects	Developm't project under con- struction	Total
2024				
Cost at 1 January	441	181	113	736
Additions	0	0	83	83
Transferred	0	0	0	0
Cost at 31 December	441	181	197	819
Impairment and amortisation at 1 January	0	-32	0	-32
Amortisation for the year	0	-18	0	-18
Impairment and amortisation at 31 December	0	-50	0	-50
Intangible assets 2024	441	131	197	769
2023				
Cost at 1 January	441	157	61	659
Additions	0	0	76	76
Transferred	0	24	-24	0
Cost at 31 December	441	181	113	736
Impairment and amortisation at 1 January	0	-14	0	-14
Amortisation for the year	0	-17	0	-17
Impairment and amortisation at 31 December	0	-32	0	-32
Intangible assets 2023	441	149	113	704

Goodwill and development projects under construction are subjected to an impairment test at the end of the year.

Goodwill:

Goodwill relates primarily to the purchase of non-life insurance companies in 1999.

The future cash flows are based on three years' expected technical result and a terminal value of the private segment to which goodwill relates.

The expected technical results are calculated as part of an ongoing, quarterly forecast process.

Primary assumptions:

The calculation of premiums earned is based on the insurance portfolio adjusted to reflect the expected effect of business decisions and market development. The portfolio is indexed by the wage and salary index. Claims incurred are based on the current levels adjusted to reflect the normalised level of weather-related and large-scale claims. Furthermore, in general, the expected development in the level of claims and the effect of loss prevention activities are included. The levels of claims are adjusted to reflect the expected inflation. Expenses are calculated by projecting the expenditure base by the expected changes in activities and pay increases obtained through collective agreements, changes in taxes and duties etc. The reinsurance result is calculated in accordance with the current reinsurance programme and adjusted to reflect known and expected changes in prices and the amount of cover. Assumed premium growth rate 3% (2023: 2%) and combined ratio 82 (2023 84).

The pre-tax discount rate is 10.7% (2023: 11.5%), and the post-tax rate 7.9% (2023: 9.0%).

It is believed that there are no scenarios in which a probable change in the assumptions of the expected technical result or the discount rate will result in a situation in which the carrying amount of goodwill exceeds its recoverable amount for the private segment.

Development projects:

Development projects consists of the new customer and core system, of which the first elements were completed in 2021. The asset includes internal staff costs, while external costs, mainly consultancy costs, are recognised in Topdanmark EDB IV ApS. The expected life-time of the system is 10 years.

Development projects under construction were tested for impairment including the asset in Topdanmark EDB IV ApS. The impairment test was based on 10 years technical results, assuming 3% growth. The impairment test did not show any need for write-downs.

Amortisation of intangible assets is primarily included in claims incurred and operating expenses.

Notes to the financial statements

(DKKm)

Note 11. Tangible assets

2024	Owner-occupied properties	Operating equipment	Total
Cost at 1 January	0	25	25
Additions	705	1	707
Disposals	0	-3	-3
Cost at 31 December	705	22	728
Impairment and amortisation at 1 January	0	-21	-21
Depreciation for the year	-4	-1	-5
Reversal of total impairment and depreciation of assets sold or withdrawn from operations during the year		2	2
Impairment and depreciation at 31 December	-4	-20	-24
Tangible assets	701	3	704

Owner-occupied properties consist of right of use assets related to the domicile properties.

2023	Operating equipment	Total
Cost at 1 January	28	28
Additions	0	0
Disposals	-4	-4
Cost at 31 December	25	25
Impairment and amortisation at 1 January	-22	-22
Depreciation for the year	-2	-2
Reversal of total impairment and depreciation of assets sold or withdrawn from operations during the year	3	3
Impairment and depreciation at 31 December	-21	-21
Tangible assets	4	4

Note 12. Equity investments in affiliates

TDP.0007 A/S	0	759
Topdanmark EDB A/S	0	300
Topdanmark EDB IV ApS	0	20
Equity investments in affiliates	0	1,080

All equity investments in subsidiaries were sold in 2024 to If Skadeförsäkring Holding AB (publ.).

Note 13. Equity investments in associates

In 2024, the 27% shareholding in Bornholms Brandforsikring was sold to the company with a gain of DKK 37m.

Note 14. Assets at fair values

2024	Quoted prices Level 1	Observable inputs Level 2	Non-observable inputs Level 3
Equity investments	420	142	0
Bonds	15,648	1,302	38
Deposits with credit institutions	0	606	0
Derivatives	0	15	0
	16,068	2,064	38

Notes to the financial statements

(DKKm)

Note 14. Assets at fair values - continued

2023	Quoted prices Level 1	Observable inputs Level 2	Non-observable inputs Level 3
Subsidiaries	0	0	759
Equity investments	604	167	0
Bonds	13,130	696	36
Deposits with credit institutions	0	295	0
Derivatives	0	11	0
	13,733	1,168	796

All equity investments in subsidiaries were sold in 2024 to If Skadeförsäkring Holding AB (publ.), including the real estate company TDP.0007 AS, which holds the domicile properties of Topdanmark Forsikring AS.

End 2023, a rate of return of 5.5% was used for valuation of these properties.

An increase in the required rate of return of 0.5pp would reduce the fair value end 2023 by DKK 62m.

Value adjustment in 2023 amounted to DKK -26m.

	2024	2023
Financial assets at fair value based on non-observable input (level 3):		
1 January	36	37
Value adjustments (unrealised)	2	-1
	38	36

The portfolio consists of bonds for which current return depends on payment on life annuity contracts. The fair value is generally equivalent to the cost price in the transaction currency.

Note 15. Reinsurers' share of the provisions for unearned premiums

1 January	100	99
Ceded reinsurance premiums	746	691
Earned reinsurance premiums	-770	-705
Amortisation	14	15
Reinsurers' share of the provisions for unearned premiums at 31 December	91	100
Net present value of expected future cashflows	-61	-42
Profit margin	152	142

Note 16. Reinsurers' share of the provisions for claims

1 January	467	438
Reimbursement of claims relating to prior years	-274	-232
Change in expected income relating to prior years (run-off)	15	4
Reimbursement of claims relating to current year	-141	-129
Expected income relating to current year	328	369
Amortisation	9	12
Value adjustment	2	4
Reinsurers' share of the provisions for claims at 31 December	406	467

Notes to the financial statements

(DKKm) 2024 2023

Note 17. Deferred tax assets

Operating equipment	-5	0
Liabilities provided	109	5
Other	8	18
Deferred tax assets	112	23

Note 18. Share capital

Share denomination is distributed in shares of DKK 100,000 or multiple hereof.

Note 19. Other subordinated loan capital

	Subordinated loan capital (partially redeemed 2022)	Restricted Tier 1 capital note
Principal	700	400
Carrying value		
2024	700	400
2023	700	400
Fair value (level 2)		
2024	700	400
2023	700	400
Date of issue	December 2021	December 2022
Maturity	16 December 2031	Perpetual
If permitted by the Danish FSA, the borrower can give notice of termination from	16 December 2026	22 December 2027
Interest rate	Cibor 3 months +125bp	Cibor 3 months +475bp
		2024 2023
Interest charges		69 65
Of the subordinated loan capital, DKK 1,100m (2023: DKK 1,100m) was included in the company's own funds (capital for solvency purposes).		

Note 20. Provisions for unearned premiums and profit margin

Provisions for unearned premiums at 1 January	511	983
Profit margin at 1 January	1,643	1,296
	2,154	2,279
Gross premiums written	10,675	9,956
Gross premiums earned	-10,918	-10,298
Change in risk margin	-20	12
Amortisation and interest accreted	187	205
Value adjustment	7	0
Provisions for unearned premiums at 31 December	460	511
Profit margin at 31 December	1,625	1,643
Provisions for unearned premiums and profit margin at 31 December	2,085	2,154

Notes to the financial statements

(DKKm)	2024	2023
Note 21. Provisions for claims		
Gross		
Provisions at 1 January	11,379	10,663
Claims paid relating to prior years	-3,176	-2,991
Change in expected claims payments relating to prior years (run-off)	-262	87
Claims paid relating to current year	-3,923	-3,588
Expected claims payments relating to current year	7,217	6,904
Inflation hedging	-69	-122
Amortisation	247	286
Value adjustment	100	140
Provisions for claims	11,514	11,379
Net of reinsurance		
Provisions at 1 January	10,913	10,226
Claims paid relating to prior years	-2,902	-2,759
Change in expected claims payments relating to prior years (run-off)	-276	84
Claims paid relating to current year	-3,782	-3,459
Expected claims payments relating to current year	6,889	6,534
Inflation hedging	-69	-122
Amortisation	238	274
Value adjustment	99	137
Provisions for claims, net of reinsurance	11,109	10,913
Workers' compensation insurance	6,026	5,979
Average period of settlement	7 years	7 years

Notes to the financial statements

(DKKm)

Note 21. Provisions for claims - continued

Claims liabilities analysed by claims year

Gross	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	alt
End of year	6,174	5,995	5,443	5,885	5,906	6,124	6,318	6,608	7,177	7,483	62,550
1 year later	6,247	5,987	5,566	5,990	6,074	5,950	6,252	6,563	7,134		
2 years later	6,136	5,886	5,511	6,064	6,084	5,845	6,308	6,474			
3 years later	6,124	5,807	5,580	6,099	6,067	5,886	6,303				
4 years later	6,086	5,682	5,538	6,075	6,068	5,850					
5 years later	5,946	5,708	5,524	6,103	6,067						
6 years later	5,909	5,695	5,566	6,097							
7 years later	5,926	5,688	5,547								
8 years later	5,909	5,703									
9 years later	5,893										
Less paid incl. inflation hedging	5,628	5,437	5,212	5,620	5,482	5,201	5,406	5,286	5,297	3,923	52,491
Provisions before discounting at 31 December	265	266	335	477	584	649	897	1,187	1,838	3,560	10,059
Discounting	-26	-23	-29	-47	-64	-74	-95	-102	-136	-193	-789
	240	243	306	430	521	575	802	1,085	1,702	3,366	9,270
Provisions relating to previous years at 31 December											2,245
Gross provisions at 31 December 2024											11,514
Net of reinsurance											
End of year	5,799	5,561	5,261	5,501	5,660	5,843	5,887	6,267	6,799	7,148	59,163
1 year later	5,857	5,583	5,361	5,600	5,809	5,670	5,822	6,223	6,766		
2 years later	5,758	5,480	5,308	5,673	5,818	5,580	5,868	6,142			
3 years later	5,742	5,400	5,380	5,704	5,803	5,622	5,860				
4 years later	5,663	5,271	5,341	5,676	5,798	5,588					
5 years later	5,598	5,270	5,325	5,705	5,783						
6 years later	5,568	5,269	5,367	5,698							
7 years later	5,592	5,271	5,348								
8 years later	5,575	5,282									
9 years later	5,548										
Less paid incl. inflation hedging	5,293	5,020	5,013	5,229	5,219	4,950	4,992	4,990	5,017	3,782	49,505
Provisions before discounting at 31 December	255	262	335	469	564	638	868	1,152	1,749	3,367	9,658
Discounting	-25	-23	-29	-46	-63	-73	-93	-101	-133	-190	-777
	230	239	306	422	501	565	775	1,051	1,615	3,176	8,881
Provisions relating to previous years at 31 December											2,239
Other											11
Provisions, net of reinsurance, at 31 December 2024											11,109

Notes to the financial statements

(DKKm)	2024	2023
Note 22. Other liabilities		
Other liabilities at 1 January	211	361
Provisions made during the year	544	25
Provisions used during the year	-87	-176
Other liabilities	668	211
Other liabilities have increased by DKK 458m during the year to incurred restructuring costs associated with the upcoming merger with If Skadeförsäkring AB (publ.) and costs related to the divestment of Topdanmark Liv Holding A/S (now Nordea Pension Holding Danmark A/S) to Nordea. Restructuring costs primarily relate to contractual obligations, decommissioning of IT systems, and other merger-related expenses.		
Note 23. Other debt		
Maturity of undiscounted lease liabilities		
Due 1 year or less	55	-
Due 2-5 years	222	-
Due more than 5 years	610	-
Total undiscounted lease liabilities 31 December	887	-
Lease liabilities included in the statement of financial position	702	-
Amounts recognised in the income statement		
Interest on lease liabilities	2	-
Note 24. Staff costs		
Salaries	1,553	1,437
Pensions	251	244
Social security costs	40	39
Payroll tax	294	262
Employee shares	0	52
Share options	6	6
STI-bonus	6	2
	2,149	2,041
Average number of full-time employees	2,148	2,158

Option- and/or phantom share units based long-term incentive programme (LTI programme)

Topdanmark's LTI programme for the Executive Board and other grade A and B+ managers is a revolving option- and/or phantom share units based long-term incentive programme which entail that a fixed proportion equivalent to 10% of (the cash salary + pension + company car value) is paid in the form of share options according to a revolving option programme and/or as phantom share units based on the development in the share price of Sampo plc ("Sampo")'s A shares.

Upon completion of Sampo's compulsory acquisition of the remaining Topdanmark shares in October 2024 ("Compulsory Acquisition Date") the outstanding rights to Topdanmark shares under the LTI programme have been converted. Instead of options with the right to receive Topdanmark shares upon exercising of options, the LTI participants have received phantom share units tied to the development in the share price of Sampo's listed A share which will be settled in cash when the phantom share units are exercised. When converting LTI options under the LTI programme to phantom share units, the market value of the LTI option was determined per the completion in accordance with the Black-Scholes formula. Based on the calculated market value, the LTI participant has been granted a number of phantom share units in Sampo per the Compulsory Acquisition Date. The LTI participants are compensated for any negative tax effect in consequence of the conversion into phantom share units.

Notes to the financial statements

(DKKm)

Note 24. Staff costs - continued

The options and/or phantom share units are issued at the beginning of a financial year and may not be exercised any earlier than subsequent to the publication of the first interim results announced by Sampo three years after the options and/or phantom share units were acquired. For phantom share units resulting from the conversion of options under the LTI programme, the calculation is made from the original time of granting of options. The options and/or phantom share units can, except for cases where insider rules prevent an option holder/holder of phantom share units from exercising his/her options and/or phantom share units at the end of the period of exercise - in which case the exercise may be postponed to the next exercise window, when insider rules no longer prevent the holder from exercising his/her options and/or phantom share units - the options and/or phantom share units may not be exercised any later than three banking days after the publication of Sampo's Annual Report for the previous year, five years after the options and/or phantom share units were acquired. In the intervening period, the options and/or phantom share units may be exercised up until three banking days following Sampo's publication of its annual, half-year and interim reports.

Cash and share- and/or phantom share based short-term incentive programme (STI programme):

Topdanmark's STI programme is a cash and share- and/or phantom share based short-term incentive programme which is tied up with the completion of a number of predefined targets for each member of the programme.

For the financial year 2024, individual STI participant agreements have been entered with every member of the Executive Board, other grade A managers as well as a group of other Material Risk Takers.

STI bonus cannot exceed 40% of the employee's fixed basic salary including pension.

As per the Compulsory Acquisition Date, the STI participants outstanding rights to Topdanmark shares under the STI programme have been replaced by the rights to phantom shares tied to the development in the share price of Sampo's listed A share which will be settled in cash when the deferral and retention period expires.

The market value of the right to Topdanmark shares under the STI programme is determined in accordance with the exchange ratio in connection with the share exchange offer, thus the right to receive a Topdanmark share is replaced by the right to receive 1.25 phantom shares based on the development in share price of Sampo shares. The STI participants are compensated for any negative tax effect in consequence of the conversion into phantom shares.

Payment of STI bonus is 50% cash payment at the time of allocation and 50% shares and/or phantom shares based on the development in share price of Sampo's A share. For larger amounts (generally, more than DKK 750,000), 40% is paid as a cash amount at the time of allocation, and 60% as shares and/or phantom shares. The number of shares and/or phantom shares is calculated based on the average trade price of Sampo's listed A share four banking days after the announcement of Sampo's annual results. Transfer of the shares and/or phantom shares is deferred for three (as of 1 January 2024 four) years (for the Executive Board, it is four (as of 1 January 2024 five) years) from the time of allocation. When the deferral period expires, the STI participant receives cost-free shares and/or phantom shares equivalent to the number of allocated shares and/or phantom shares at the time of allocation, unless the number has been downgraded or removed as a result of backtesting. The transferred shares and/or phantom shares can be exercised/paid out to the STI participant six months after the time of transfer at the earliest.

Note 25. Related parties

Topdanmark Forsikring A/S is 100% owned by If Skadeförsäkring Holding AB (publ.), Stockholm, Sweden. The financial statement for Topdanmark Forsikring A/S is included in full consolidation in the Group accounts for If Skadeförsäkring Holding AB (publ.).

Possessing an ownership interest of 100% of the shares outstanding, If Skadeförsäkring Holding AB (publ.), Stockholm, Sweden has a controlling interest in Topdanmark Forsikring A/S.

Related parties with material influence comprise the Board of Directors, the Executive Board and their related parties.

Notes to the financial statements

(DKKm)

Note 25. Related parties - continued

Key management personnel and their related parties

Remuneration

Directors' fees adopted by the AGM were DKK 6,171 m (2023: DKK 6,458 m).

Of the total fee, DKK 291 thousand (2023: DKK 318 thousand) concern Topdanmark Forsikring A/S.

The board comprises nine members.

	Number of persons	Share-based		Total	
		Base Salary	variable re-muneration		
2024					
Board of Directors	13	6.2	0.0	6.2	
Executive board	2	16.7	7.5	24.2	
Material risk-takers	18	42.2	15.0	57.2	
	33	65.1	22.4	87.5	
2023					
Board of Directors	10	6.5	0.0	6.5	
Executive board	2	14.0	2.4	16.4	
Material risk-takers	18	41.2	8.2	49.4	
	30	61.7	10.6	72.2	
Retired					
Executive board, severance pay	2	4.0	16.2	20.2	
	2	4.0	16.2	20.2	
		2024		2023	
		Premiums	Claims	Premiums	Claims
Board of Directors		0.2	0.1	0.2	0.3
Executive board		0.1	0.0	0.1	0.1
Number of Topdanmark shares held by the Board of Directors and the Executive Board				2024	2023
Notified on 31 December					
Board of Directors				0	11,503
Executive Board				0	25,693

Notes to the financial statements

(DKKm) 2024 2023

Note 25. Related parties - continued

Affiliates

Paid to Group companies:

IT	552	453
Rent	59	59
Share-based payments	7	7
Other costs	9	0
Reimbursements from Group companies	69	49
Dividend paid	1,000	3,000
Interest income	80	25
Interest expenses	59	83

Average effective interest rate on balances is 3.25% (2023: 3.04%).

Capital injection in subsidiaries	22	0
Proceeds from sale of subsidiaries and other equity investments	1,114	0

Other

Viking Assistance A/S, road assistance services	75	51
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Note 26. Own funds

Shareholders' equity	4,003	4,165
Profit margin	1,473	1,501
Intangible assets	-1,869	-1,657
Proposed dividend	-837	-1,000
Risk adjustment, change	208	240
Tax effects	-106	-180
Usable share, subordinated notes	1,073	1,099
Own funds	3,944	4,167

Note 27. Contingent liabilities

Capital commitments made to loan funds and private equity funds etc.	58	86
Rental commitments, yearly rent:		
Sister company	-	55
External lessors	-	4
Minimum rental payments to sister company:		
not later than one year	-	55
later than one year and not later than five years	-	217
later than five years	-	658

Due to the sale of subsidiary TDP.0007 A/S during 2024, the future rent payments previously disclosed as a contingent liability are now recognised as a lease liability corresponding the Right-of-use assets (Owner-occupied properties in the balance sheet). Please refer to note 23. Other debt regarding the maturity of these payments.

In connection with the implementation of a new customer and core system, Topdanmark Forsikring A/S has undertaken to give support towards specific suppliers to fulfil Topdanmark EDB IV ApS' obligations in accordance with the contracts.

All Danish companies and branches in the Sampo Group are jointly taxed with Topdanmark A/S being the management company. Pursuant to the specific rules on corporation taxes etc. in the Danish Companies Act, the companies are liable for the jointly taxed companies and for any obligations to withhold tax on interest, royalties and dividend for companies concerned.

The Nordea group has reserved the right to raise claims against Topdanmark Forsikring A/S for certain potential losses relating to the purchase of Topdanmark Liv Holding A/S, today Nordea Pension Holding Danmark A/S. Topdanmark Forsikring A/S may have to compensate the Nordea group as a result of these claims.

Note 28. Other disclosures

The financial statement for Topdanmark Forsikring A/S is included in full consolidation in the financial statement of If Skadeförsäkring Holding AB (publ.), Stockholm, Sweden as the lowest company and in the financial statement of Sampo plc, Fabianinkatu 27, Helsinki, Finland, as the highest company.

The five-year summary, in accordance with Section 91(a) of the Danish Executive Order on Financial Reports for Insurance Companies is presented as first page in the annual financial statements.

Note 29. Risk management

Topdanmark Forsikring's policy is to hedge against risks arising from the Company's activities or to limit such risks to a level that allows the Company to maintain normal operations and implement its planned measures even in the case of highly unfavourable events in the operating environment. Because of this policy, for several years, the Company has identified and reduced or eliminated the risks which could potentially cause losses exceeding what Topdanmark Forsikring considers to be acceptable. The Board of Directors determines the overall risk policies and limits. The internal auditors report to the Board of Directors and report on, among other things, the observance of these risk policies and limits.

The responsibility to identify, evaluate, control, and manage risks lies within the line organisation.

Topdanmark Forsikring's Risk Management Function consolidates the risk picture, manages the ORSA and produces Solvency Capital Requirement and capital plans. It reports to the Risk Management Committee, which provides assessment and counseling on the risk policies, risk limits, solvency calculation, capital plans, Topdanmark Forsikring's ORSA, and Topdanmark Forsikring's partial, internal model for insurance risks. The members of the Risk Management Committee are the CFO of the Group, the head of the Compliance Function, the head of the Risk Management Function and representatives of the primary risk areas, which are: Asset Management and Statistical Services. Furthermore, the DPO and the head of Group Security (CISO) participates. The Risk Management Committee reports and recommends to the Board of Directors via the Executive Board.

Risk scenarios

Topdanmark Forsikring's risk factors are illustrated in the following table of the most significant risk factors calculated as the post-tax impact on profit and shareholders' equity. The given assumptions do not reflect Topdanmark Forsikring's expected risks but are shown only as examples which could be used as a basis for assessing its exposure to the risks mentioned.

Risk scenarios		2024	2023
(DKKm) after corporate tax			
Insurance risk			
<i>Underwriting risk</i>			
Combined ratio – 1pp increase			
Gross of reinsurance		-81	-76
Net of reinsurance		-76	-72
<i>Reserving risk</i>			
1% error in claims assessment			
Gross of reinsurance		-85	-84
Net of reinsurance		-82	-81
Storm claims up to DKK 5,100m (Plus reinstatement premium etc.)		-111	-111
Market risk			
Effective interest rate		-34	-35
Interest-bearing assets	1pp increase	-356	-319
Liability for incurred claims	in effective interest rate	322	284
Index-linked bonds	5% loss	-23	-24
Equities	10% loss	-43	-63
High yield bonds / CLOs < AA	10% loss	-22	-21
Properties	10% loss	0	-75
Annual currency loss with an up to 2.5% probability (VaR)		-2	-2

Below the different types of risk inside Topdanmark Forsikring's risk model and how they are handled.

P&C insurance Personal, liability and property insurance for the private, SME, and agricultural markets.		
Most important risks	Risk preferences	Risk reducing activities
<p>Underwriting risk</p> <ul style="list-style-type: none"> • Acceptance policy • Follow-up policy. <p>Reserving risk:</p> <ul style="list-style-type: none"> • Provisions for outstanding claims • Provisions for unearned premiums. <p>Catastrophe risks:</p> <ul style="list-style-type: none"> • Storm and cloudburst • Fire • Terrorism • Personal accident / Workers' compensation. <p>Cumulative risk.</p>	<p>Profit on both product and customer level.</p> <p>Spread of risk on different types of insurance/customer groups.</p> <p>Limited effect on results from individual claims events by means of reinsurance.</p>	<p>Advanced risk-based price models.</p> <p>Clear rules for new business.</p> <p>Risk equalisation through extensive reinsurance programme.</p> <p>Systematic follow-up on profitability.</p> <p>High data quality.</p> <p>Use of statistical models for calculation of provisions.</p>

Market		
Most important risks	Risk preferences	Risk reducing activities
<p>Interest rate risk</p> <p>Equity risk</p> <p>Credit spread risk</p> <p>Concentration risk</p> <p>Currency risk</p> <p>Inflation risk</p> <p>Liquidity risk.</p>	<p>Topdanmark Forsikring's policy is to accept a certain level of market risk to profit from the company's strong liquid position and its high, stable earnings from insurance operations.</p> <p>To improve the average investment return and limit the overall market risk, Topdanmark Forsikring invests in a range of asset categories.</p> <p>The equity exposure and strategy are towards ETFs (Exchange Traded Funds).</p>	<p>Topdanmark Forsikring's Board of Directors has set limits on the acceptance of market risks in the form of risk limits.</p> <p>Compliance with these limits is checked regularly.</p> <p>In order to reduce the risk of inflation within workers' compensation, Topdanmark Forsikring uses index-linked bonds and derivatives hedging a significant proportion of the expected cash flows.</p>

Counterparty		
Most important risks	Risk preferences	Risk reducing activities
<p>Reinsurance</p> <p>Investment.</p>	<p>To obtain efficient and secure reinsurance cover, which is price competitive, a certain level of counterparty concentration is required.</p> <p>A certain level of counterparty risk is accepted as an element of generation of return.</p>	<p>Counterparty risk is mainly limited by buying hedging from reinsurance companies which, as a minimum, have a rating of A-.</p> <p>Counterparty risk is limited by diversification both geographically and in terms of type of debtor.</p> <p>Counterparty risk on financial contracts is limited by the required security when overall risk on any given counterparty reaches a relatively low threshold value.</p>

Operational risks		
Most important risks	Risk preferences	Risk reducing activities
<p>ICT and Cyber Risk</p> <p>Errors in internal processes, human errors, insurance fraud and deceit.</p>	<p>Generally, operational risks must be reduced to an acceptable level.</p>	<p>IT Security function.</p> <p>Risk assessment, information security policy, prioritisation of risks, guidelines, controls and IT contingency plans based on ISO27001.</p> <p>IT Security Committee/Cyber Security Board.</p> <p>Policy for procedures, system and process descriptions, controls and segregation of duties.</p> <p>Special department for insurance fraud and deceit.</p>

Pandemic		Incident register. Digitalisation/automation. Contingency plan in the event of a pandemic escalating. The contingency plan concerns both Topdanmark Forsikring internally and in relation to changed risk factors for insurance and market risk.
Model risk.		Established processes and procedures when using models.

Compliance		
Most important risks	Risk preferences	Risk reducing activities
<p>Insufficient knowledge of current or future legislation and rules</p> <p>Violation of legislation and rules</p> <p>Violation of the rules in personal data legislation.</p>	Generally, the area of compliance risks is to be reduced to an acceptable level.	<p>The compliance function issues rules for identification, management and control of compliance risks.</p> <p>The compliance function exercises control and provides counselling to ensure that the company's divisions, service departments and other staff functions observe relevant legislation and internal rules.</p> <p>Activities initiated through Topdanmark Forsikring's DPO.</p> <p>Business procedures regarding personal data.</p> <p>Implementation of new governance for GDPR with the establishment of 'Center of GDPR'.</p>

Climate		
Most important risks	Risk preferences	Risk reducing activities
<p>Storm and cloudburst</p> <p>Investments in companies that emit a negative climate footprint.</p>	Generally, the area of climate risk is to be reduced to an acceptable level.	<p>Risk equalisation through an extensive reinsurance programme.</p> <p>Opting out of investments with a disproportionately large negative climate impact.</p> <p>Topdanmark Forsikring follows the UN Global Compact</p> <p>Focus on measuring and reporting ESG factors.</p>

Strategic risks		
Most important risks	Risk preferences	Risk reducing activities
In general, strategic risks are related to the Company's business model, political conditions, reputation, collaboration partners' and competitors' conduct as well as macroeconomic conditions.	Low strategic risk due to strong business model.	Topdanmark Forsikring's business model stands strong against strategic risks. The results of the Company will, to a very high degree of probability, be positive even in the event of another collapse in the financial markets as in 2008. The Company's result will also be positive if it is hit by a storm like the 1999-hurricane, which was the largest storm event in the Company's history. The COVID-19 pandemic that occurred in 2020 has also shown the robustness of Topdanmark Forsikring's business model.

The following description of risks in the Topdanmark Forsikring elaborates on the above matrix.

Underwriting risk

Acceptance policy

Topdanmark Forsikring's acceptance policy is based on a strategy to make a profit from both products and customers. Topdanmark Forsikring varies the pricing of its products depending on the relevant risk criteria, the competitive situation and the costs of administering those products.

Topdanmark Forsikring's pricing has been aligned with the individual markets and types of customers. In the private and commercial markets, prices are mostly based on standardised rates, while major commercial customers are offered more individualised charges.

Danish insurance companies do not cover damage arising from floods or the cost of replanting forests following storms, industrial diseases, war or warlike acts, earthquakes or other natural disasters, and with certain exceptions damage due to nuclear energy or radioactivity.

Follow-up policy

In order to ensure that both products and customers are profitable, Topdanmark Forsikring systematically acts upon changes in its customer portfolios.

Customer scoring is used in the private market. The customers are divided into groups according to the expected level of profitability. The customer scoring helps ensure the balance between each customer's price and risk. This intends to ensure that no customer pays too much to cover losses on customers who pay too little.

The historical profitability of major SME customers with individual insurance schemes is monitored using customer assessment systems.

General insurance rates are re-calculated on a regular basis.

Provisions are generally calculated on a monthly basis across all lines of business. The claims trend is assessed monthly and followed up by any necessary price changes.

Topdanmark Forsikring continues to improve its administration systems to achieve more finely meshed data capture, which in turn enables it to identify the claims trends at an earlier point in time and compile information on the constituent parts of the various types of claims.

Reserving risk

Liability for incurred claims

Traditionally, the insurance classes are divided into short-tail i.e. those lines where the period from notification until settlement is short and long-tail, i.e. those lines where the period from notification until settlement is long.

Examples of short-tail lines are buildings, personal property, comprehensive motor insurance and medical expense. Long-tail lines relate to personal injury and liability such as workers' compensation, accident, motor third-party insurance and commercial liability.

Composition of Topdanmark Forsikring's overall provisions for outstanding claims:

Liability for incurred claims net of reinsurance	2024			2023		
	DKKbn	%	Duration	DKKbn	%	Duration
Short-tail	2.0	18	1	2.0	20	1
Annuity provisions in workers' compensation	2.5	23	11	2.6	23	11
Other claims provisions in workers' compensation	3.5	32	4	3.4	30	3
Accident	1.4	13	2	1.3	12	3
Motor personal liability	0.9	8	3	0.9	8	3
Commercial liability	0.8	7	2	0.7	7	2
	11.1			10.9		

The much higher reserving risk in long-tail lines compared with short-tail lines is due to the longer period of claims settlement. It is not unusual that claims in long-tail lines are settled three to five years after notification and in rare cases up to 10-15 years.

During such a long period of settlement, the levels of compensation could be significantly affected by changes in legislation, case law or practice in the award of compensation adopted by, for example, the Danish

Labour Market Insurance which awards compensation for injury

and loss of earnings capacity in all cases of serious industrial injuries. The exposure to industrial injuries has been reduced substantially over the past 10 years. The practice adopted by the Danish Labour Market Insurance also has some impact on the levels of compensation for accident and personal injury within motor, liability and commercial liability insurance.

The reserving risk represents mostly the ordinary uncertainty of calculation and claims inflation, i.e. an increase in the level of compensation due to the annual increase in compensation per policy being higher than the level of general indexation or due to a change in judicial practice/legislation.

The sufficiency of the provisions is tested in key lines by calculating the provisions using alternative models as well, and then comparing the compensation with information from external sources, primarily statistical material from the Danish Labour Market Insurance and the Danish Road Sector/Road Directorate.

The actuarial team is continuously in dialogue with the claims departments on any changes in the practices stemming from new legislation, case law or compensation awards as well as the impact of such changes on the procedures used to calculate individual provisions.

The provision risk is described mathematically in Topdanmark Forsikring's internal model and is quantified in the calculation module in the internal model. From this is known the probability of loss / gain of a given amount, including Topdanmark Forsikring's 200-year provision risk, i.e. a negative run-off that is so large that it will only occur in one of 200 financial years. The 200-year provision risk is included in the calculation of the capital requirement for operating Topdanmark Forsikring's insurance business.

Catastrophe risks

Topdanmark Forsikring limits its insurance risk on significant events through a comprehensive reinsurance programme.

Storm and cloudburst

Reinsurance covers storm claims of up to DKK 5.1bn with a retention of DKK 150m. Snow load, snow thawing and cloudbursts are also covered. Reinstatement for the proportion of the cover used is activated by payment of a reinstatement premium. In the event of another storm within the same year, there is cover of a further DKK 5.1bn with a retention of DKK 150m. In the event of a third and fourth storm, there is cover of up to DKK 670m with a retention of DKK 20m if the events occur within the same calendar year. To this should be added the cover not already affected twice by the first two storms. The cover of a third or fourth storm is dependent on the storm programme not having been hit previously by two individual storms each exceeding DKK 2.9bn. The storm programme is renewed on 1 July.

Specific reinsurance cover of DKK 100m for cloudbursts takes effect if accumulated annual cloudburst claims exceed DKK 50m. For a claim to be accumulated, the

single event must exceed DKK 10m. The maximum retention in the event of an extreme cloudburst is DKK 125m plus reinstatement premiums.

Fire

Topdanmark Forsikring has a proportional reinsurance programme structure for fire with a maximum retention of DKK 30m per claim on any one business.

Terrorism

With certain restrictions, terrorism is covered by the reinsurance contracts.

The NBCR terrorism risks are covered by a public organisation financed by fees on insurance covers if a claims event take place. This is according to an act on NBCR terror in force as at 1 July 2019.

Workers' compensation

In workers' compensation, up to DKK 1bn is covered with a retention of DKK 50m.

Cumulative risk

Known cumulative risk is where it has been recognised prior to the event that several policyholders could be affected by the same event. In personal lines, Topdanmark Forsikring's retention is DKK 15m for the first claim, DKK 5m for the subsequent claims up to a total aggregated amount of DKK 50m. DKK 15m for further claims after exhausting of the aggregate cover of DKK 50m. The retention is a maximum of DKK 30m in the SME line. Unknown cumulative risk is where several policyholders could be affected by the same individual event (conflagration damage) without the common risk being recognised prior to the event occurring. The retention is a maximum of DKK 50m.

Market

Market risk represents the risk of losses due to changes in the fair value of the company's assets, liabilities, and off-balance items as a result of changes in market conditions. Market risk includes interest rate, equity, credit spread, concentration, currency, inflation, and liquidity risk.

The limits for these financial risks are set by Topdanmark Forsikring's Board of Directors. In practice, Topdanmark Forsikring's investment department handles the investment, finance and risk alignment processes. Compliance with the limits set by the Board of Directors is regularly controlled. The result of this is reported to the Board of Directors.

Market risks	Risk reducing activities
<p>Interest rate risk Topdanmark Forsikring is exposed to an interest rate risk due to provisions for outstanding claims in P&C insurance.</p>	<p>Generally, the interest rate risk is limited and hedged by investing in interest-bearing assets in order to reduce the overall interest rate exposure of the assets and liabilities to the desired level.</p> <p>With regard to cover of interest-bearing assets, supplementary hedging by interest rate swaps will be bought as required.</p>
<p>Equity risk Topdanmark Forsikring is exposed to an equity risk from direct investments as well as investments made via derivatives.</p>	<p>The equity risk is mitigated by trade in the market and by derivatives.</p>
<p>Credit spread risk Topdanmark Forsikring is exposed to a credit spread risk from bonds and other investments where prices depend on counterparty creditworthiness.</p>	<p>The credit spread risk is mitigated by focusing predominantly on bonds etc. with very high creditworthiness and by proper diversification on counterparties.</p>
<p>Concentration risk Concentration risk is a risk that increases when investments are consolidated with individual issuers, whereby dependence on these issuers' solvency grows.</p>	<p>The concentration risk is limited by ensuring that investment size reconciles with counterparty creditworthiness.</p>
<p>Currency risk Topdanmark Forsikring's currency risk relates in practice only to investments.</p>	<p>The currency risk is mitigated by derivatives.</p>
<p>Inflation risk Future inflation is implicitly included in a number of the models Topdanmark Forsikring uses to calculate its provisions.</p> <p>Workers' compensation differ from the general principles regarding the inclusion of an allowance for inflation. The provisions in workers' compensation insurance are calculated on the basis of the expected future indexation of wages and salaries.</p>	<p>An expected higher future inflation rate would generally be included in the provisions with a certain time delay, while at the same time, the result would be impacted by higher future indexation of premiums.</p> <p>In order to reduce the risk of inflation within workers' compensation, Topdanmark Forsikring uses index-linked bonds and derivatives hedging a significant proportion of the expected cash flows.</p>
<p>Liquidity risk In insurance companies the liquidity risk is very limited as premiums are paid prior to the beginning of the risk period.</p>	<p>Topdanmark Forsikring performs ongoing monitoring of the liquidity risk based on scenario-based stress reporting.</p>

Liquidity risk

Expected cash flows (DKKmn)	Carrying amount	Cash flows						
		2025	2026	2027	2028	2029	2030-39	2040-
2024								
Assets								
Financial assets (non-derivatives)	16,975	4,979	3,613	2,587	2,343	1,573	2,780	1,060
Derivatives	15	1	3	3	2	2	6	1
Reinsurer's share of incurred claims	406	248	66	33	20	13	26	0
Receivables	2,159	2,159	0	0	0	0	0	0
Liabilities								
Financial liabilities (non-derivatives)	1,100	53	751	428	0	0	0	0
Derivatives	321	14	23	22	18	18	234	61
Liability for incurred claims	11,514	4,359	1,921	1,284	912	668	2,279	1,259
Other debt	2,378	1,732	55	55	56	56	508	101
2023								
Assets								
Financial assets (non-derivatives)	13,561	3,000	3,142	2,392	1,268	1,072	3,736	841
Derivatives	11	-1	0	2	2	1	7	2
Reinsurer's share of incurred claims	467	309	67	33	20	13	30	0
Receivables	3,553	3,553	0	0	0	0	0	0
Liabilities								
Financial liabilities (non-derivatives)	1,100	66	53	752	428	0	0	0
Derivatives	272	7	21	15	14	15	239	26
Liability for incurred claims	11,379	4,505	1,810	1,330	858	647	2,258	1,374
Other debt	1,152	1,152	0	0	0	0	0	0

The expected cash flows of the financial assets are calculated based on option adjusted durations that are used to measure the duration of the bond portfolio. The option adjustment relates primarily to Danish mortgage bonds and reflects the expected duration capturing the shortening effect of the borrower's option to cause the bond to be redeemed through the mortgage institution at any point in time.

Counterparty risk

Counterparty risk, also known as credit risk, is the risk of losses caused by one or more counterparties' full or partial breach of their payment obligations. Topdanmark Forsikring is exposed to credit risks in both its insurance and investment business.

Reinsurance

Within insurance the reinsurance companies' ability to pay is the most important risk factor. Topdanmark Forsikring minimises this risk by spreading and primarily buying reinsurance cover from reinsurance companies with a minimum rating of A-. Accordingly, almost 100% of its storm cover has been placed with such reinsurance companies.

Investment

Topdanmark Forsikring may suffer losses due to its counterparties' inability to meet their obligations on financial contracts. The majority of Topdanmark Forsikring's interest bearing assets comprise of Danish mortgage bonds. In order to minimise the risk to a single debtor, Topdanmark Forsikring strives to always have a well-diversified portfolio of bonds not only in regard to a debtor but also geographically.

Interest-bearing assets by rating	2024		2023	
	%	DKKbn	%	DKKbn
Bonds				
>A+	87	15.1	89	12.6
A+, A, A-	5	0.8	2	0.2
<BBB-	6	1.1	7	1.0
Money market deposits A and AA	2	0.3	2	0.3

To limit the counterparty risk of financial contracts, the choice of counterparties is restrictive, and security is required when the value of the financial contracts exceeds the predetermined limits. The size of the limits depends on the counterparty's credit rating and the term of the contract.

Derivatives serve as instruments for risk management.

Derivatives (DKKmn)	2024		2023	
	Nom.	Fair value	Nom.	Fair value
Interest derivatives	2,766	-169	1,200	-170
Exchange rate derivatives	92	0	145	2
Inflation derivatives	1,574	-40	1,574	24
Total derivatives	4,433	-209	2,918	-144
Due after less than one year	92	0	145	2
Due within 1 to 5 years	1,720	34	500	51
Due after more than 5 years	2,620	-243	2,274	-198

Operational risk

Operational risk includes the risk of losses incurred due to errors and deficiencies in internal processes, human errors, fraud, system errors, breakdowns of IT systems and the risk of losses incurred due to external events.

Topdanmark Forsikring regularly develops and improves IT systems, routines, and procedures. The responsible business units are also responsible for the risk management of this development.

Projects are to carry out a risk assessment with a description of the risks, possible consequences and measures to limit these risks.

New IT systems will not be put into production until completion of an extensive test procedure.

Information Security/Cyber Risks

To ensure effective information and cyber security preparedness, Topdanmark Forsikring has an information security policy and an information security management system (ISMS), both of which are based on the ISO 27001 standard. Topdanmark Forsikring's information security policy is part of the overall risk management system, and it applies to both the company's employees and external business partners. Every year, Topdanmark Forsikring's board approves the information security policy and an IT preparedness strategy based on an updated IT risk assessment.

A risk assessment of significant or critical operational IT risks, including cyber risks, is carried out regularly, and in addition to the board, these risks and the planned initiatives initiated to reduce these risks are reported to the Executive Board, the Risk Committee and Topdanmark Forsikring's Compliance and Risk Management departments.

Topdanmark Forsikring's Cyber Security Board regularly assesses the risk of cybercrime and the measures necessary to achieve the legal security level. The risk is managed and reduced, for example, by collaborating with external specialists in the field.

Risks associated with IT are limited by efficient processes for development, testing and operation. Topdanmark Forsikring uses several levels of security systems in order to counter cyber security threats. For example, the company has invested in technologies for early warning and incident handling. Topdanmark Forsikring also conducts ongoing vulnerability assessments, and tests new systems for weaknesses before they are put into production.

Outsourcing is used in Topdanmark Forsikring. Consequently, Topdanmark Forsikring investigates and evaluates the information security with new cooperation and service partners. Topdanmark Forsikring also monitors the information security with existing partners to prevent cybercrime.

Within the first month of employment, new employees must complete e-learning courses in e.g. information security and GDPR, and all employees and consultants in Topdanmark Forsikring must undergo an e-learning course on information security annually.

IT contingency plan

To counter business disruptions caused by cybercrime or problems with information security, Topdanmark Forsikring has a comprehensive contingency plan that ensures that the business can be re-established as quickly as possible. Topdanmark Forsikring also requires external data processors to implement sufficient security measures. This requirement also applies to other external business partners.

Digitalisation/automation

Topdanmark Forsikring is working continuously on digitalisation and automation to ensure efficient business and a good customer experience. Focus is on automation of a number of processes, which will help reduce the risk of human errors. In addition to implementing robots Topdanmark Forsikring also needs to focus on the future, and what it requires to navigate in an increasingly and rapidly changing technological development going forward. Therefore, Topdanmark Forsikring continues its plan to secure its competitiveness by accelerating the digital transformation to the next level. The company must, to a much higher extent deliver individualised, digital customer experiences on the basis of customer insights, simplified insurance and services as well as automated processes.

In order to control the operational risk connected to processes based on algorithms, machine learning and artificial intelligence, robots are tested regularly in order to prevent and eliminate possible programming and system errors. Tests are always carried through prior to new releases and in case of breakdowns of operation.

The robot handling weather-related claims is tested regularly to ensure that it works properly in case of major events.

The robots are working according to the specified rules. In case that the correct parameters have not been implemented in the robot enabling it to find and register

the required information, the task is channeled to the relevant employee. Subsequently, the employee will ensure that the parameters are updated.

Thus, Topdanmark Forsikring has been assessed to have the proper rules of procedure and competencies to detect and handle technology related risks.

Errors in internal processes, human errors, insurance fraud and deceit

Topdanmark Forsikring's well-documented routines, procedures and efficient control environment minimise these risks. The company has made contingency plans for the most significant areas.

Internal Audit

The routines and procedures in all critical areas are regularly audited by Topdanmark Forsikring's Internal Audit Function to assess the risk and the controls implemented to mitigate the risks.

Central Claims

Central Claims is a department solely dealing with cases where fraud is suspected. Topdanmark Forsikring believes that honest customers should not have to pay for the relatively few dishonest customers. Therefore, we owe it to our customers to examine any suspicion of insurance fraud.

Incident register

Topdanmark Forsikring monitors and reports on operational risks so the organisation will learn from its mistakes. Consequently, a process has been established including a tool to register incidents, which are then collected centrally in an incident log and communicated onwards in the management system.

Pandemic risk

Topdanmark Forsikring has a robust business model with a high degree of diversification between the business activities, a very low liquidity risk and a solid capital base. In case of a pandemic such as COVID-19 escalating, Topdanmark Forsikring will operate with an effective contingency plan. The contingency plan concerns both Topdanmark Forsikring internally and the changed risk factors for insurance and market risks.

Compliance risk

At Topdanmark Forsikring, compliance comprises compliance with all statutory and managerial requirements for Topdanmark Forsikring's corporate governance.

Compliance risk is the risk that Topdanmark Forsikring does not have sufficient knowledge of current or future rules. Additionally, compliance risk is the risk of contravening rules and the losses this might cause Topdanmark Forsikring and Topdanmark Forsikring's customers. Such losses can be direct financial losses or indirect losses in the form of sanctions or bad publicity as a consequence of not acting in compliance with the rules.

Rules comprise all rules, internal rules of Topdanmark Forsikring's policies and the relevant guidelines as well as all relevant legislation and its sub-rules. Furthermore, rules comprise fixed business practices for the performance of activity in Topdanmark Forsikring.

Accordingly, compliance comprises compliance with the rules which are necessary and required to ensure that Topdanmark Forsikring's business is conducted in an appropriate and, in terms of business, proper way. Documentation of compliance for Topdanmark Forsikring's stakeholders is part of compliance.

The compliance function's work

The compliance function is intended to:

- issue rules for identification, management and control of compliance risks
- exercise control and advise the company on compliance with legislation and internal rules.

Topdanmark Forsikring's compliance function exercises control and provides advice to ensure that the company's divisions and service departments comply with relevant legislation and internal rules. The compliance function's work is part of Topdanmark Forsikring's overall control environment, which covers the procedures, control and organisation ensuring observance of rules.

The compliance function's work comprises the following principal tasks:

- Control of compliance
- Annual status with all of the company's divisions and service departments
- Reporting on compliance risks to the Executive Board and the Board of Directors
- Administration and updating of the compliance function's procedures and tools.

Incident register

The compliance function administers Topdanmark Forsikring's incident register.

General Data Protection Regulation (GDPR)

The GDPR contains a large number of requirements for Topdanmark Forsikring's handling and documentation of the processing of personal data.

Topdanmark Forsikring's business is built on a foundation of trust from customers, partners and the outside world. That trust is, among other things, depending on secure data processing. At the same time, the General Data Protection Regulation takes up more and more space in our environment, and therefore it is also necessary for Topdanmark Forsikring to have a clear handling and allocation of responsibilities that everyone knows about. This means that Topdanmark Forsikring has a central governing function 'Center of GDPR', a strengthened network, a process and a number of basic principles that everyone must know.

'Center of GDPR' must, among other things, support important GDPR tasks placed in the organisation and make sure to prepare, update and maintain e.g. policies, guidelines and procedures for personal data protection.

Climate risk

Risks due to climate change include both insurance and investment risks. Insurance risks related to climate in Topdanmark Forsikring are especially relating to storm and cloudburst. The company includes these risks in underwriting and hedges the assumed risk in the reinsurance programme. Stress tests show that a storm

event on the company's current insurance portfolio will only, in one out of 900 storm events, exceed the reinsurance coverage of DKK 5.1 billion.

Stress tests regarding cloudburst events cause significantly less damage, i.a. as a result of the local authorities' efforts against floods. Overall, the company has hedged the climate risks satisfactorily. The investment policies include an exclusion list which i.a. includes companies with activities within the production of fuel from tar sands and thermal coal. Investment in equities take place through ETFs (investment associations), where, among other things, ESG screening is carried out.

Overall, Topdanmark Forsikring has the necessary focus on climate condition.

Strategic risk

For Topdanmark Forsikring, strategic risks are related to the company's business model, political conditions, reputation, the behavior of business partners and competitors as well as macroeconomic conditions, and it is assessed as low due to a strong business model.

Note 30. Accounting policies

The annual financial statements of Topdanmark Forsikring A/S have been prepared in accordance with the Danish Financial Business Act, including the executive order issued by the Danish FSA on financial reports for insurance companies and multi-employer occupational pension funds.

Accounting estimates and judgements

Preparation the financial statements, estimates and judgements have been made which affect the size of assets and liabilities and consequently the results and shareholders' equity in this and subsequent financial years.

The most significant estimates and judgements are made in the calculation of insurance provisions.

Significant management's judgements include:

- Determination of methods and models valuation
- Determination of yields assumption
- Future cash flows expectations
- Assessment of data and information obtained from external parties as well as Management's determination of specific risks affects the fair value.

Provisions for claims

Provisions for claims incurred, but not yet paid, have been calculated as the best estimate at the end of any given year. As all necessary information is not available, there will be deviations between the actual claims paid and the provisions made in the form of either run-off losses (provisions too low) or run-off profits (provisions too high).

The reserving risk is significant, particularly in lines with a long period of claims settlement such as workers' compensation, accident, commercial and motor liability. The levels of compensation could be significantly affected by any changes in legislation, case-law or the practice in the award of damages adopted by, for example, the Danish Labour Market Insurance.

Provisions for unearned premiums

Premium provisions are measured based on an estimate of future payments for incidents in the remaining period of cover. A significant uncertain and estimated assessment is involved in the determination thereof.

Profit margin

Generally, provisions for unearned premiums must be seen in connection with the profit margin, as an increase in the estimated cashflow will result in an increase in the

provisions for unearned premiums, and a corresponding reduction of the profit margin.

For business lines where premiums are insufficient for covering expected payments and a risk margin, the profit margin will be zero, and the expected loss will be provisioned for in the provisions for unearned premiums.

Risk margin for non-life insurance contracts

Risk margin is calculated as the amount which would be demanded by a purchaser of the company's insurance portfolio for taking on the risk that actual expenses deviate from best estimate relating to settlement of the insurance provisions.

Measurement of fair value

Fair value is the price which would be achieved on the sale of an asset or paid for the transfer of a liability in a normal transaction between the market players at the time of measurement.

The IFRS defines a hierarchy of three levels for measurement of fair value:

Level 1

The calculation of fair value should always be based on the listed prices of transactions in active markets whenever possible. If there is no listed price, another public price is used, which is believed to be the most appropriate. If the transaction on the open market is limited or if there is no closing price, prices from banks/brokers can be used if these are calculated based on fully updated market data and are deemed to be in accordance with the closing price.

Level 2

If the transaction on the open market is limited or if listed prices are not set on the market, indicative prices from banks/brokers specifying the non-forced sale value can be used. If this is not possible, valuation methods in which input is based on publicly available information are used.

Level 3

If the valuation of the investment asset cannot be based on publicly available market information alone, valuation models that could imply the use of estimates of both the future and the nature of the current market situation are used.

Insurance contracts – classification

Topdanmark Forsikring writes contracts which transfer insurance risk.

An insurance contract is a contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate if a specified

uncertain future event adversely affects the policyholder. Insurance risk is always considered to be significant.

Currency

As the predominant rule, DKK is the Company's functional currency and the presentation currency of the Annual Report.

The initial recognition of transactions in currencies other than DKK is made at the exchange rates prevailing at the date of the transactions. Debts and receivables, and other monetary items which have not been settled on the financial position date, are translated at the closing exchange rates. Translation differences are recognised in Value adjustments in the Income Statement.

Expenses

Expenses are recognised in the income statement classified by function. The allocation of expenses, which do not directly relate to a function, is based on an assessment.

Incentive programme

The Topdanmark incentive programme for the Executive Board and Senior Executives includes a long-term share option- and /or phantom share units based programme and a short-term cash and share- and/or phantom share based bonus programme.

LTI

The fair value, on the granting day, is included as staff costs in the income statement. The fair value is calculated using the Black & Scholes model.

STI

Bonuses are recognised as staff costs in the income statement when earned.

Please refer to the note Staff costs for further details on the incentive programmes.

Income statement

Premiums earned

Gross premiums comprise those premiums which are due within the financial year.

Premiums earned net of reinsurance are recognised in line with the distribution of risk over the period of cover. For onerous insurance contracts, the expected loss is included when the contracts are underwritten or when the contracts become onerous.

As premium provisions and profit margin are calculated at a discounted basis, an element of interest is included in premiums earned.

Claims incurred

Claims incurred comprise claims relating to the year as well as any adjustments to the claims provided for the year before. Furthermore, claims incurred comprise direct and indirect expenses on claims handling. The effect on change in provisions for outstanding claims due to amortisation and revaluation is transferred to Return and value adjustments non-life insurance provisions. Value adjustment of derivatives partially hedging the provisions for workers' compensation and annuities in illness and accident insurance against changes in future wage and price indexation is included in claims incurred.

Bonuses and rebates

Bonuses and rebates include those premiums that have been or will be paid back to policyholders where the amount is calculated based on the claims trend using criteria determined prior to the beginning of the financial year, or when the insurance contracts were written.

Operating expenses

Technical operating expenses which relate, either directly or indirectly, to the acquisition and renewal of the portfolios are included in acquisition costs. Sales commission is generally recognised in the income statement from start of cover of the insurance contract.

Administrative expenses, which comprise other costs incurred in the administration of the portfolios are accounted for on accruals basis.

Commission received from reinsurers has been accounted for on accruals basis over the reinsurance contracts' period of cover.

Investment return

Equity investments in subsidiaries are recognised and measured according to the equity method and any gains/losses on disposal of the subsidiaries. If the net asset value exceeds the recoverable amount, the investment is written down to this lower amount. The share of the post-tax results of affiliates is included in the income statement under income from affiliates less any write-downs. Where investments in subsidiaries are revalued to net asset value, the net revaluation reserve is included in shareholders' equity. The share of the changes in other comprehensive income items and equity of affiliated companies is included directly in other comprehensive income items and shareholders' equity respectively.

Income from associates comprises a share of the post-tax results of the associates calculated in accordance with the Group's accounting policies and any gains/losses on disposal. Interest and dividends etc. comprise all earned interest income and dividends received in the year.

Realised and unrealised gains and losses on investment assets and exchange rate adjustments, are included in Value adjustments. Administrative expenses on investment activities comprise the cost of asset management including transaction costs.

Return and value adjustments of non-life insurance provisions

Return and value adjustments of non-life insurance provisions includes amortisation and revaluation of premium provisions, claims provisions, profit margin and risk margin, net of reinsurance.

Other income and expenses

Income and expenses that do not relate to the administration of insurance portfolios or investment assets are included in other income and expenses.

Taxation

The tax charge for the year comprises the current corporation tax for the year and any changes in deferred tax. The tax charge related to profit for the year is included in the income statement, and the share related to other comprehensive income and shareholders' equity are taken to other comprehensive income and shareholders' equity respectively. The current tax for the year is calculated using the tax rates and rules applicable on the financial position date.

The company Topdanmark A/S is jointly taxed with all the Danish companies and affiliates in the Sampo Group. As the management company of the joint taxation, Topdanmark A/S settles all corporation tax payments with the tax authorities.

The joint tax contributions are distributed to the jointly taxed companies on a proportionate basis relative to their taxable income. Furthermore, those companies with tax losses receive joint tax contributions from those companies which have been able to use this loss to reduce their own taxable income.

Topdanmark Forsikring does not provide for deferred tax on security funds, unless it is probable that a situation creating such a tax liability will arise within the foreseeable future.

Assets

Intangible assets

Goodwill relates to the acquisition of companies prior to 2004 and is recognised at the carrying amount on the date of transition to IFRS. Goodwill is not amortised but subjected to an impairment test at the end of the financial year and written down to a lower recoverable amount.

Development projects under construction are subjected to an impairment test end of year. The carrying amount is written down to a lower recoverable amount.

Tangible assets

Operating equipment

Operating equipment, mostly cars, is measured at cost less depreciation on a straight-line basis over the expected useful life with respect of the residual value, which is annually revalued. Impairment is assessed end of year, and the carrying amount is written down to a lower recoverable amount. IT equipment, other equipment and cars are depreciated over their expected useful life of up to five years.

Leasing (Owner occupied properties)

Topdanmark Forsikring has recognised a right-of-use asset and a corresponding lease liability for lease agreements on domicile properties. Assets and liabilities are recognized at the lease commencement date.

An asset is initially measured at cost, which comprises the initial amount of the lease liability. The asset is depreciated over the expected useful lifetime, however maximally the term of the lease.

The lease liability is initially measured at the present value of the future lease payments discounted by using the rate implicit in the lease. Subsequently the lease liability is measured at amortized cost. The liability is presented as other debt.

Affiliates (Subsidiaries)

Equity investments in subsidiaries are recognised and measured according to the equity method. If the net asset value exceeds the recoverable amount, the investment is written down to this lower amount.

Associates

Equity investments in associates are recognised and measured according to the equity method. If the net asset value exceeds the recoverable amount, the investment is written down to this lower amount.

Financial assets

Financial assets are classified at the time of their initial recognition as:

- Financial assets measured at fair value with any value adjustment through profit and loss or,
- Loans and receivables measured at amortised cost.

Financial assets at fair value with any value adjustment through profit and loss are financial assets which are either included in a trading portfolio, are derivatives or at their first recognition are designated in this classification, because the assets are managed and measured on a fair

value basis, or because this eliminates or significantly reduces accounting inconsistency.

Financial assets are recognised at the trade date.

All financial assets included in "Other financial investments assets" are measured at fair value with any value adjustment through profit and loss.

Receivables at amortised cost

On initial recognition receivables are measured at fair value, and subsequently at amortised cost. The receivables are regularly assessed for impairment and written down to a lower recoverable amount. Such impairments are generally made collectively on the basis of a due date analysis. When an individual receivable is considered irrevocable, the impaired amount is transferred from the account for collective allowances.

Reinsurers' share of insurance provisions

Reinsurers' share of the provisions for unearned premiums represents the proportion of reinsurance premiums paid, net of commission received, which based on the spread of risk during the period of cover, relate to the period after the end of the financial year.

Reinsurers' share of the provisions for claims represents the amounts expected to be received from reinsurance companies according to the reinsurance contracts concluded. Expected future payments are discounted using an interest rate structure. The reinsurers' share is regularly assessed for impairment and written down to a lower recoverable amount.

Shareholders' equity

Revaluation reserve

Revaluation reserve comprises a reserve at net asset value relating to subsidiaries and associates.

Security fund reserves

Prior to 1989, security funds reserves were transferred to shareholders' equity for capital adequacy and were tax-deductible.

The security funds can only be used for strengthening the technical provisions or otherwise for the benefit of policyholders and only if permitted by the Danish FSA.

Proposed dividend

Dividend forms part of shareholders' equity until the adoption at the annual general meeting. From the time of adoption, the dividend is recognised as a liability.

Liabilities

Other subordinated loan capital

The initial recognition of other subordinated loan capital is made at fair value less transaction costs and, subsequently, measured at amortised cost. Any difference between the proceeds (less transaction costs) and the nominal value is recognised in the income statement over the loan period based on an effective interest rate.

Provisions for insurance contracts

Provisions for unearned premiums

Premium provisions are calculated as the best estimate of expected payments of future insurance events covered by insurance contracts concluded.

Premiums for insurance contracts concluded comprise premiums due and those not yet due for insurance contracts for which the Group is committed on the reporting day.

Topdanmark Forsikring's insurance contracts are mostly written for a 1-year period, and the provisions are calculated based on the prognosis for a combined ratio for the next 12 months. The prognosis is based on analyses of the trend in premiums, claims and expenses and for change of ownership also statistical analyses of trend in claims notification on underwriting year.

Expected payments are calculated at present value discounted by the interest rate curve.

Best estimate of undue premiums for insurance contracts concluded is deducted, considering expected customer defection.

Changes in provisions due to a change in the interest rate curve used and amortisation are transferred to "Return and value adjustments of non-life insurance provisions".

Profit margin on non-life insurance contracts

Profit margin is the expected profit during the remaining part of the period of cover for insurance contracts concluded.

Profit margin is calculated as the difference between expected premiums for future periods of cover for insurance policies concluded and the expected payments included in premium provisions.

Changes in the value due to changes in the interest rate curve used and amortisation are transferred to "Return and value adjustments non-life insurance provisions".

The share of the risk margin related to settlement of premium provisions is deducted from the profit margin.

Profit margin for a portfolio of insurance contracts with similar risks cannot be lower than zero.

Provisions for claims

Claims provisions must cover future payments of claims incurred and their administration.

Claims provisions are assessed for each line of business, either on a claim-by-claim basis (individual provisions), or by using statistical methods (collective as well as incurred but not reported (IBNR) and incurred but not enough reported (IBNER) provisions). Claims exceeding a fixed amount, dependent on the line of business, are assessed individually, and provisions for smaller claims are assessed collectively. IBNR provisions cover expenses on post-notified large claims. IBNER provisions cover extra expenses on claims already reported for which the individually assessed provisions are not sufficient due to, for example, inadequate information at the time of assessment. The collective provisions are calculated using de Vylder's credibility model adjusted for each line of business. The IBNR and IBNER provisions are calculated using models developed in-house. In agricultural and commercial lines, claims are assessed individually. IBNR and IBNER provisions are also included in the total provision. In personal lines, claims not exceeding DKK 100,000 are assessed collectively while larger claims and all claims on change of ownership policies are assessed individually. IBNR and IBNER provisions are also included in the total provision. In motor and accident lines, total provisions comprise the sum of the collective and individual provisions. Individual provisions are the result of an assessment where the claims handler has assessed the total claim payment to exceed DKK 1.5m, and the case is estimated to exceed the amount paid out. Large claims and claims relating to previous years are individually assessed within personal liability in motor insurance.

Inflation is taken into account when calculating the value of the provisions as future inflation is implicitly included in a number of the statistical models used. Therefore, an expected higher future inflation rate would generally be included in the provisions with a specific time delay.

Provisions for claims in workers' compensation insurance comprise provisions for annuities and other provisions for claims and benefits. The assessment of the future annuities is based on the annuities in force including the expected wage and salary indexation, and a rate of mortality corresponding to G82 with monthly age write-downs on annuities based on the act on accidents and an adjusted G82 rate of mortality on annuities on the act on workers' compensation amended to comply with Topdanmark Forsikring's experience base within death

intensity for annuitants. Workers' compensation claims are often paid as the capitalised value of an annuity. The capitalisation rate at the time of capitalisation is to be calculated as a moving average of the most recent five years' interest rate on leading mortgage bonds less tax. The capitalisation rate is calculated as the forward swap rates plus 0.85% p.a. and less a deduction for tax corresponding to the base tax rate.

The assessment of other provisions for claims relating to injuries, loss of provider and expenses is based on conventional actuarial triangulation models. Due to the special conditions surrounding payments on disability claims, it is not possible to use conventional actuarial triangulation models for this type of provision. Topdanmark Forsikring, therefore, uses a model developed in-house, which, among other things, takes into account the stage each claim has reached. The calculation includes an allowance for the expected wage and salary indexation.

Topdanmark Forsikring has purchased derivatives partially hedging the provisions for workers' compensation against changes in future wage and price indexation. The revaluation of these derivatives is included in claims incurred.

The provisions for claims include the amounts that are expected to be included to cover direct and indirect expenses on settlement of the liabilities.

All provisions have been measured at present value by discounting the expected future payments using an interest rate curve determined in Solvency II (EIOPA interest rate curve).

Risk margin for non-life insurance contracts

Risk margin is calculated as the amount which would be demanded by a purchaser of the company's insurance portfolio for taking on the risk that actual expenses deviate from best estimate relating to settlement of the insurance provisions.

The risk margin is calculated through a confidence level technique based on Cost of Capital as the mathematical argumentation for the chosen confidence level at 75%.

Provisions for bonuses and rebates

Provisions for bonuses and rebates are the amounts payable to policyholders as the result of a favourable claims trend.

Other liabilities

Provisions for pensions and similar commitments

Provisions for anniversary bonuses and retirement benefits are built up on an on-going basis over the period

of employment. The liability calculation includes the expected staff turn-over based on own experiences. The liability is measured at present value by discounting the expected future payments using the interest rate structure.

Corporation tax and deferred tax

Current tax liabilities and tax receivable, including joint tax contributions, are included in the balance sheet as calculated tax on taxable income for the year adjusted for tax on previous years' taxable income and prepaid tax on account. Deferred tax on temporary differences between the accounting, and tax value of assets and liabilities is charged in accordance with the balance sheet liability method. Deferred tax on investments in subsidiaries and associates is not included where the Group controls the timing of the reversal of the temporary difference, and where it is probable that the temporary difference will not be reversed within the foreseeable future. The calculation of deferred tax is based on the planned use of each asset and the settlement of each liability, using the tax rates expected to be in force when the deferred tax is expected to crystallise as current tax, based on the tax rates and rules in force on the financial position date.

Deferred tax on security funds comprises deferred tax on untaxed amounts transferred to the security funds under shareholders' equity. The security funds will be taxed in the proportion of 10% for every 10pp decline in technical provisions net of reinsurance from the level at 31 December 1994. A decline of 10% from the 1994 level is considered improbable as long as Topdanmark Forsikring, in which the transfers were made, continues its current operations. Therefore, the security funds will only be taxed if the insurance portfolio is transferred or the company ceases to conduct insurance business.

Other liabilities

A provision has been recognized for unwinding costs in connection with the divestment of the Topdanmark Liv Holding Group to cover obligations according to the contract.

Other liabilities include a provision to anticipated restructuring costs associated with the upcoming merger with If Skadeforsikring.

Debt

Amounts due to credit institutions and derivatives are measured at fair value. The fair value of amounts due to credit institutions usually corresponds to their nominal value. The fair value of derivatives is calculated on the same basis as financial assets.

Other loans are measured at amortised cost.

Ratios

Ratios in Financial highlights and Five-year summary have been calculated in accordance with the Danish FSA's Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension.

Ratios

Gross claims ratio

$\frac{\text{Gross claims incurred} * 100}{\text{Gross premiums earned}}$

Net reinsurance ratio

$\frac{\text{Reinsurance result} * 100}{\text{Gross premiums earned}}$

Gross expense ratio

$\frac{\text{Gross operating expenses} * 100}{\text{Gross premiums earned}}$

Combined ratio

Gross loss ratio + net reinsurance ratio + gross expense ratio

Relative run-off, net of reinsurance (%)

$\frac{\text{Run-off on own account} * 100}{\text{Claims provisions on own account 1 January}}$

Return on shareholders' equity (%)

$\frac{\text{Profit for the year} * 100}{\text{Shareholders' equity (average)}}$

Gross premiums earned comprise the line items "Gross premiums written", "Change in the provisions for unearned premiums", "Change in profit margin and risk margin" and "Bonuses and rebates". Gross claims incurred comprise the line items "Gross claims paid", "Change in the provisions for claims" and "Change in risk margin". Gross operating expenses comprise "Administrative expenses", "Acquisition costs" and "Intra Group reimbursements". Reinsurance result comprise reinsurer's share of the abovementioned line items.

The run-off result is due to claims provisions at the beginning of the year being settled or reassessed through

the current year at amounts other than expected and provided for in last year's accounts. The run-off result, gross, is included in claims incurred regardless of income or expense. Run-off result on own account is net of reinsurance.

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Topdanmark Forsikring A/S for 2024.

The Annual Report is presented in accordance with the Danish Insurance Business Act.

In our opinion, the annual financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2024 as well as the result of the company's activities for the financial year 1 January to 31 December 2024.

We believe that the management review contains a fair review of the development of the company's activities and financial position, together with a description of the most material risks and uncertainties by which the company can be affected.

We recommend the Annual Report for adoption at the Annual General Meeting.

Ballerup, 9 April 2025

Executive Board:

Peter Hermann
(CEO)

Lars Kufall Beck

Board of Directors:

Ricard Wennerklint
(Chairman)

Morten Thorsrud
(Deputy Chairman)

Elise Bundgaard

Mette Jensen

Michael Noer

Knut Arne Alsaker

Kai Sotamaa

Ville Talasmäki

Anne Teitto

Independent auditor's report

To the shareholders of Topdanmark Forsikring A/S

Opinion

We have audited the financial statements of Topdanmark Forsikring A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with The Danish Insurance Business Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2024 and of its financial performance for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish the Danish Insurance Business Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Topdanmark Forsikring A/S for the first time on 03.04.2024 for the financial year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 01.01.2024 - 31.12.2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provisions for claims

Total provisions for claims amount to DKK 11,514 million as of 31 December 2024 (DKK 11,379 million as of 31 December 2023)

The calculation of provisions for claims is complex and is significantly influenced by management's estimates based on assessments and assumptions. We have assessed that the most significant risks can be attributed to changes in assumptions, as well as the methods and models used, which can have a significant impact on the measurement of provisions for incurred claims and the technical insurance result. Consequently, there is a risk that provisions for claims are not measured using appropriate models and realistic assumptions.

The following elements are particularly complex and/or significantly influenced by management's estimates, assessments, and methods, where even minor changes can have a significant impact:

- Changes in methods and models
- Best estimate of future payments for incurred claims and their maturity dates, especially for larger portfolios with longer settlement periods.

Management has described the principles and assumptions for calculating provisions for claims in the note on accounting policies.

How the matter was addressed in our audit

Based on our risk assessment, we have audited the measurement of provisions for claims performed by management.

Our audit procedures have included the following:

- Assessment and testing of the design, implementation, and operational effectiveness of relevant controls related to the calculation of provisions for claims.
- We have tested the accuracy and the completeness of the data that are included in the actuarial estimates of the provisions for claims.
- In cooperation with our own internationally qualified actuaries and based on our knowledge of the industry, experience and historical observations, we have assessed the statistical models applied to estimate the claims provisions and we have tested significant estimates and assumptions focusing on consistency and possible changes.
- Independent re-projections of provisions for claims for selected lines of business using the company's claims data and own assumptions.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Insurance Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in the preparation of the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark 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 financial statements.


As part of an audit in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 opinion. 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 internal control relevant to the 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 Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in the preparation of the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because



the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by the Danish Insurance Business Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Insurance Business Act. We did not identify any material misstatement of the management commentary.

Ballerup, 09.04.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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