



# Annual Report 2023



# Topdanmark's equity story

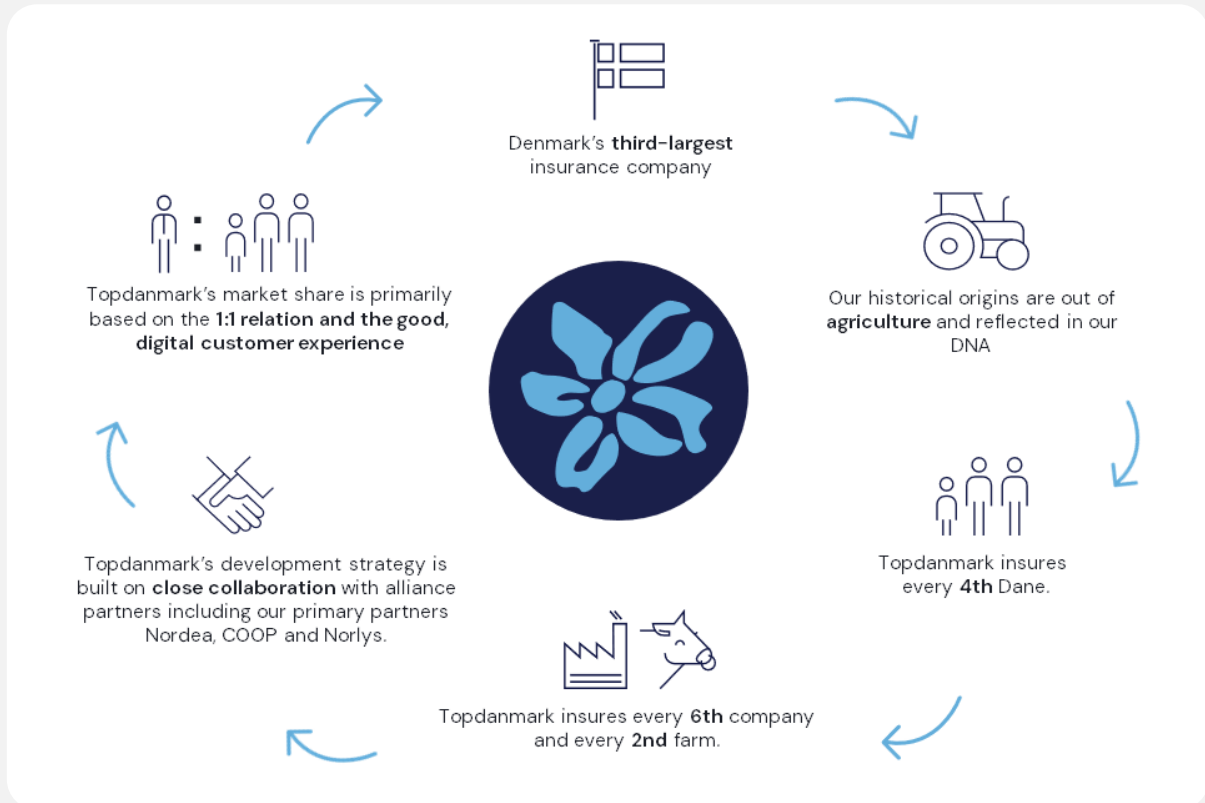
## Profitable growth - in that order

### Focused strategy

- The Topdanmark share is a value case with ambitions to grow profitably
- Danish player
- Focused P&C insurance company
- Stable insurance risks
- Limited financial risk
- Efficient capital management
- High return on own funds
- No protection against takeover in the Articles of Association.

See the presentation of Topdanmark's equity story at [www.topdanmark.com](http://www.topdanmark.com) → Investors → [Share profile](#)

Read about value creation in Topdanmark at [www.topdanmark.com](http://www.topdanmark.com) → Investors → Investment case → [Value creation](#)



# Purpose and ambition

Topdanmark wants to make a difference to our customers, employees and society, and to play an active role in solving the challenges of our society.

The purpose of Topdanmark is to help our customers before, during and after a claim. We are proactive and assist with prevention, so damage and injuries do not occur, and we want to promote well-being and good health. When the damage has occurred or the customer has fallen ill, we help limit the consequences in the best possible way, and we pay out compensation. This also means that we want to deliver more than just insurance products.

We want to be the market leader in terms of the delivery and development of claims solutions and additional services which create value for customers, partners and society. Satisfied customers are our livelihood, and we always endeavour to deliver good customer experiences making it easy to be a Topdanmark customer. The essence of our ambitions can be summed up in our promise to our customers:

**“We are here to help.”**

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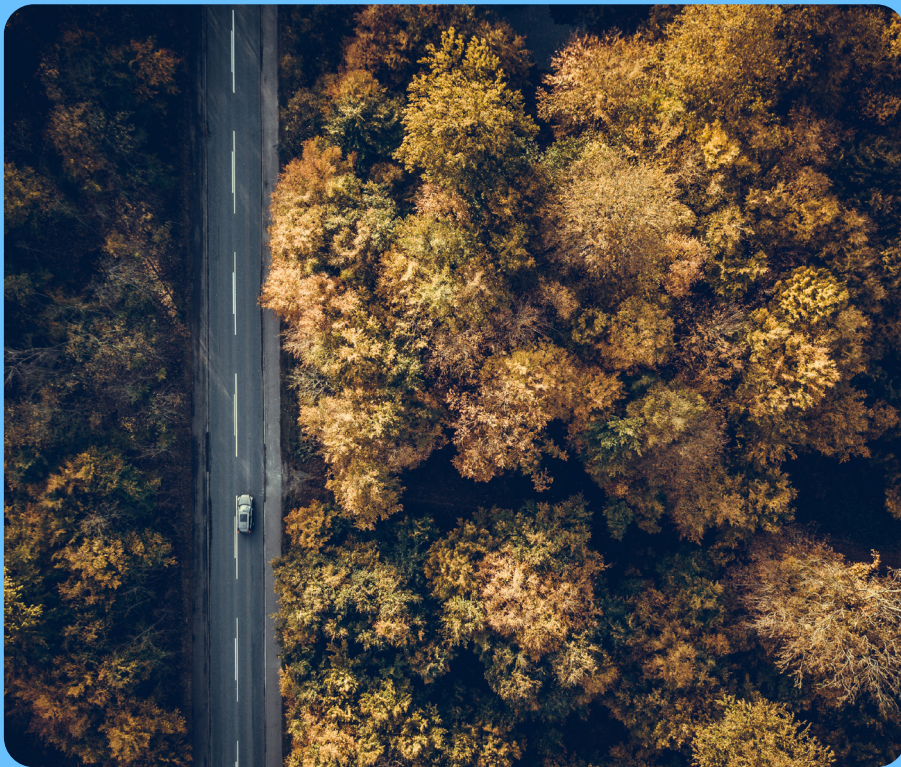
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# Management's review

# Shaping a full-service P&C insurance company with market-leading profitability

## A letter to our shareholders from the Chairman of the Board and the Group CEO

2023 was another eventful year for Topdanmark. In March, we announced the acquisition of Oona Health A/S, including the market-leading Danish health insurance provider Dansk Sundhedssikring. The timing of the acquisition was favourable, as we had completed the divestment of our life insurance operations just a few months earlier. After the divestment, Topdanmark had no market share or significant capabilities within health insurance and solutions – all of which Oona Health has in abundance. We see a strong strategic fit between Topdanmark and Oona Health as we see personal health solutions as a strategic focus area for any insurance company for many years to come, not least in terms of customer loyalty and market growth. Oona Health will continue to operate as a standalone company to best allow it to continue the innovative and high-growth journey that has characterised the company for many years. However, we will seek to reap all possible synergies between the two companies, including selling Oona Health's products to Topdanmark's existing customers and vice versa.

From a macroeconomic perspective, 2023 also turned out to be quite eventful. Geopolitical

2023 was another eventful year for Topdanmark. In March, we announced the acquisition of Oona Health A/S.

tensions remain elevated with continued Russian aggressions in Ukraine and the war between Israel and Hamas. In addition, rising inflation has been followed by rising wage growth, supporting higher interest rates which seem to remain for a prolonged period. However, interest rates fell sharply during the last months of the year. All of this has affected individuals, enterprises, and equity markets on a global scale. This macroeconomic uncertainty also

affects Topdanmark, and consequently we have decided to de-risk our investment portfolio further through reducing our equity exposure by more than 40% during the year in addition to reducing our CLO exposure to zero.

In addition to this, 2023 was marked by a high level of weather-related and large-scale claims as well as a rising claims frequency within motor insurance. Further, reinsurance markets were hard, affecting both 2023 and future years. As a result, we reported a net profit of DKK 1,051m or DKK 898m before run-off, below our original expectation of DKK 1,050–1,310m before run-off at the beginning of 2023, fully explained by the higher amount of weather-related claims. Consequently, the Board of Directors will propose a dividend payment of DKK 11.5 per share for 2023. The combined ratio was 87.6 before run-off, above our original expectation of 83–86 before run-off. The adverse developments during the year call for actions across our entire organisation, and we will continue our efforts to improve profitability e.g. by way of efficiencies, procurement initiatives, and pricing actions. This way, we seek to consolidate our market-leading profitability within Danish P&C insurance.

As a fundamental part of our strategy, we seek to create long-term shareholder value through committed and motivated employees, who ensure first-class customer experiences, which in turn create satisfaction and loyalty to the benefit of our shareholders. Therefore, we are very pleased that we maintain our historically high employee satisfaction level of 81. Likewise, we continue to see a stable, high transactional net promoter score (tNPS). We actively work to strengthen our customer offerings in close collaboration with partners, and we have recently launched embedded cyber insurance with internet provided by Norlys.

Insurance companies have long played an important role in supporting the Danish



Peter Hermann, Group CEO (Left) and Ricard Wennerklint, Chairman of the Board (Right)

labour market, and Topdanmark continues to strengthen its position as one of the leading companies within this field. Prevention of injuries and illnesses is an important element of our business, and we continue to invest in the concept Topdanmark Recovery and Work Rehabilitation ensuring SME customers that they can retain their employees after an injury. A good example is the investment in exoskeletons as a part of the concept. In the past year, we have seen a 5% increase of severe injuries in workers' compensation. To address and counteract the negative development, we have been working with exoskeletons more intensively during 2023, as they are helpful for both customers having suffered an injury, and an effective means of prevention, as it can lessen the physical load on the body.

Topdanmark also continues to support the unique mobility in the Danish labour market. We are the first company to develop and launch insurance providing security for those who change jobs. This is an excellent example of a product that creates security for the employee while at the same time making it easier for an employer to attract candidates.

Climate change and increasingly extreme weather continued to affect our private, agricultural and commercial customers. In fact, 2023 became the wettest year ever in Denmark, and we have helped 94% more customers who have been affected by damage related to precipitation and cloudbursts compared to the average over the past five years. In this light, we continue to invest in and popularise several preventive measures to the benefit of our customers, society and us as a company. For example, we sent out warnings and advice specifically targeted at customers living in

high-risk areas giving them the opportunity to prepare for the events.

2023 was yet another year of progress with our strategic agenda by preparing our new core IT system, Guidewire. The first implementation wave – agricultural customers – is now finalised, and we have already gone live with the first private customers as part of the second wave. Our overarching ambition is still to be able to solve 80% of all customer inquiries within 20 seconds. But our investments are also starting to affect the customer-facing processes as we launched our new app in December and are redesigning digital interfaces to provide even simpler and seamless customer experiences.

We have also seen continued good traction on our efficiency programme, which aims to improve our profitability by leveraging automation and digitalisation across the value chain, a best-in-class procurement setup, and a stringent focus on risk and pricing. In 2023, we delivered gross savings of DKK 430m in line with expectations, and we remain on track to reach DKK 650m of gross savings by 2025.

Lastly, the Board of Directors and the Group Executive Management would like to express their gratitude to all employees for their outstanding contributions throughout the year. In a year marked by our acquisition of Oona Health as well as continued efforts to hand over the life insurance company to Nordea, we sincerely appreciate your unwavering commitment to providing best-in-class experiences for our customers.

Peter Hermann  
Group CEO

Ricard Wennerklint  
Chairman of the Board

# Highlights

## 2023

Profit after tax, continuing operations, of

# DKK 1,051m

(2022: DKK 1,078m)

- EPS, continuing operations was DKK 11.9 (2022: DKK 12.2)
- Combined ratio: 85.6 (2022: 82.4)
- Combined ratio excluding run-off: 87.6 (2022: 83.9)
- Insurance revenue increased by 2.7% including Oona Health (2.1% excluding Oona)
- Net investment result was DKK 97m (2022: DKK -244m).

## Q4 2023

Profit after tax, continuing operations, of

# DKK 157m

(Q4 2022: DKK 497m)

- EPS, continuing operations was DKK 1.8 (Q4 2022: DKK 5.6)
- Combined ratio: 91.8 (Q4 2022: 81.2)
- Combined ratio excluding run-off: 93.9 (Q4 2022: 84.0)
- Insurance revenue increased by 5.1% including Oona Health (2.5% excluding Oona)
- Net investment result was DKK 110m (Q4 2022: DKK 193m).

## Dividend distribution for 2023

- The Board of Directors will recommend to the AGM the distribution of a dividend of DKK 1,035m, representing DKK 11.5 per share, a pay-out ratio of 98.4 and a dividend yield of 3.6.
- Subject to the approval from the AGM, the distribution of dividend will take place immediately after the AGM on 23 April 2024.

## Profit forecast model for 2024

- Organic growth in insurance revenue is assumed to be above 4.5%. Reported growth in insurance revenue will be above 11.5% due to the acquisition of Oona Health as of 1 December 2023.
- Combined ratio is assumed in the range of 82–85 including run-off. Please note that this represents a change in practice compared to previous years, where the profit forecast excluded run-off. The rapid decline in interest rates observed in December 2023 impacts our forecast negatively by approx. 70bps compared to the level at Q3 2023. As expected, the expense ratio will increase and reach its peak in 2024. Compared to 2023, the expense ratio is also negatively impacted by approx. 20bps from the inclusion of Oona Health. Apart from the above, the assumptions are unchanged compared to the beginning of 2023 despite the observed headwinds from reinsurance (Catastrophe and Fire programmes) and higher loss frequencies. For these reasons, the profit forecast for 2024 amounts to DKK 1,150–1,425m after tax and including run-off.

## Acquisition of Oona Health A/S

- On 27 October 2023, we received the final regulatory approval from the Danish Competition and Consumer Authority, and the acquisition was completed on 1 December 2023.
- As a result, Oona Health is included in Group results from 1 December 2023. The Q4 2023 result includes one-off costs of DKK 35m related to the transaction and booked on the new line item "special costs".



2023

# Combined ratio: 82.7

Adjusted to normalised weather-related and large-scale claims.

## Efficiency programme

- In 2023, we continued the sound progress in our efforts to become more efficient.
- We realised gross efficiency gains of DKK 430m in 2023, in line with the expectations at the start of the year.
- The programme continues to target gross efficiency gains of DKK 650m in 2025, of which DKK 540m in 2024.

## Annual General Meeting

The Annual General Meeting (AGM) will take place on 23 April 2024 at 13:00 (CET), and it will be held as a fully virtual AGM.

The agenda for the Annual General Meeting will be published in the period from 18 March to 27 March 2024.

2023

# Oona Health A/S

The acquisition was completed on 1 December 2023.

2024

# Profit forecast

Profit forecast for 2024 of DKK 1,150–1,425m incl. run-off with CR of 82–85 incl. run-off and organic growth above 4.5%. (Please refer to page 20 for more details)

## Financial highlights

(DKKm)						Q4	Q4
	2023	2022	2021	2020	2019	2023	2022
Insurance revenue	10,168	9,898	9,607	9,096	8,938	2,612	2,485
Claims incurred	-6,762	-6,296	-6,246	-6,034	-5,517	-1,879	-1,498
Expenses	-1,671	-1,555	-1,466	-1,471	-1,411	-455	-426
Reinsurance result	-228	-272	-100	-272	-226	-50	-86
<b>Insurance service result</b>	<b>1,507</b>	<b>1,774</b>	<b>1,795</b>	<b>1,319</b>	<b>1,785</b>	<b>227</b>	<b>476</b>
Net investment result	97	-244	599	30	198	110	193
Other items	-106	-90	-52	-46	-35	-70	-10
<b>Profit on insurance</b>	<b>1,498</b>	<b>1,441</b>	<b>2,342</b>	<b>1,303</b>	<b>1,948</b>	<b>267</b>	<b>658</b>
Special costs	-39	0	0	0	0	-39	0
Parent company etc.	-35	-59	-35	34	60	-15	-10
<b>Profit before tax, continuing operations</b>	<b>1,424</b>	<b>1,382</b>	<b>2,307</b>	<b>1,336</b>	<b>2,007</b>	<b>213</b>	<b>648</b>
Tax, continuing operations	-372	-305	-511	-301	-444	-56	-151
<b>Profit after tax, continuing operations</b>	<b>1,051</b>	<b>1,078</b>	<b>1,796</b>	<b>1,035</b>	<b>1,563</b>	<b>157</b>	<b>497</b>
Profit after tax, discontinued operations	0	1,102	248	54	64	0	879
<b>Profit</b>	<b>1,051</b>	<b>2,179</b>	<b>2,045</b>	<b>1,089</b>	<b>1,627</b>	<b>157</b>	<b>1,376</b>
Run-off profits, net of reinsurance	204	152	43	-26	431	56	71
Investment assets	15,414	19,269	114,314	103,608	93,497		
Reinsurance asset	587	591	692	553	665		
Provisions for insurance contracts	13,939	13,235	101,872	91,567	82,683		
Provisions for investment contracts	0	0	5,000	4,299	4,157		
Shareholders' equity	4,722	6,349	7,119	6,705	6,258		
Total balance	21,826	22,603	119,940	108,935	98,088		
<b>Financial ratios</b>							
Return on shareholders' equity after tax (annualised)	20.6	36.3	31.5	17.2	28.3	13.4	97.3
EPS continuing operations after tax (DKK)	11.9	12.2	20.4	11.9	18.0	1.8	5.6
EPS after tax (DKK)	11.9	24.7	23.3	12.5	18.7	1.8	15.6
Dividend per share issued, proposed (DKK)	11.5	31.0	34.5	20.0	8.5		
Net asset value per share, diluted (DKK)	52.9	71.4	80.9	76.5	71.6		
Listed share price end of period	322.4	365.4	367.0	264.2	328.4		
Number of shares end of period ('000)	88,751	88,518	87,978	87,491	87,067		
Average number of shares ('000)	88,686	88,206	87,703	87,266	86,824	88,773	88,401
<b>Insurance ratios</b>							
Gross claims ratio	66.7	63.7	65.1	66.5	61.9	72.1	60.3
Net reinsurance ratio	2.2	2.8	1.0	3.0	2.5	1.9	3.5
Claims ratio, net of reinsurance	68.9	66.5	66.2	69.5	64.4	74.0	63.8
Gross expense ratio	16.7	15.9	15.5	16.5	16.1	17.8	17.4
Combined ratio	85.6	82.4	81.6	85.9	80.4	91.8	81.2
Combined ratio excl. run-off profits	87.6	83.9	82.1	85.6	85.3	93.9	84.0

Comparatives for continued operations have been restated to new accounting policies.

For discontinued operations, comparatives for 2022 have been restated.

## Results for 2023

Topdanmark's profit on continuing operations for 2023 was DKK 1,051m (2022: DKK 1,078m).

The insurance service result decreased by DKK 267m to DKK 1,507m. 2023 was impacted by a high frequency of weather-related events including storms, cloudbursts, heavy rainfall, and a hail event in Northern Italy. In fact, 2023 became the wettest year in Denmark, and thus weather-related claims exceeded budget by a clear margin. For context, weather-related claims have not exceeded budgeted levels since 2015. Underlying, claims frequencies in 2023 were higher due to a normalisation after COVID-19, and higher motor claims frequencies in general as well as stochastic claims especially in Q2 and Q4 2023. Offsetting this, we delivered continued progress on our efforts to become more efficient, including pricing initiatives.

The net investment result increased by DKK 341m to DKK 97m. This development should be seen in the light of the volatility in the financial markets during 2022 caused in part by the war in Ukraine. 2023 was impacted by rising equity markets, and a higher running yield on short-term liquidity offset by a loss on the "matching" portfolio due to wage indexation of workers' compensation provisions. Wage expectations are set out by the Danish central bank and the Danish Economic Councils, and they are updated twice a year, after which our provisions are updated accordingly. It is important to note that normally there is a time lag between changes in inflation and wage expectations, and overall, we believe that we have an appropriate hedge in place.

Other items, which includes education and development costs, rose by DKK 16m to DKK 106m. In Q1 2022, other items included a DKK 25m provision for a potential extraordinary contribution to the Danish Guarantee Fund for Non-life Insurers related to the bankruptcy of Gefion Insurance A/S, and in Q4 2023, this provision was increased by a further DKK 25m. In addition, the line includes one-off costs related to redundancies carried out in Q4 2023.

The P&L line "special costs" covers costs related to the acquisition of Oona Health,

including amortisation of customer relations and brand rights as well as one-off costs related to the transaction and integration. In Q4 2023, special costs amounted to DKK 39m.

The net profit of DKK 1,051m is lower than assumed in the latest profit forecast model published in the interim report for Q1-Q3 2023, showing a post-tax profit of DKK 1,100-1,210m. In continuation of our company announcement no. 15, one-off costs of DKK 35m related to the acquisition of Oona Health were booked in Q4. Moreover, further DKK 25m related to the bankruptcy of Gefion Insurance A/S as well as one-off costs related to redundancies were included in the Q4 result. In addition to these one-offs, the result included more weather-related and large-scale claims than assumed, offset by a higher investment return and run-off profits.

## Results for Q4 2023

The profit on continuing operations for Q4 2023 was DKK 157m (Q4 2022: DKK 497m).

The insurance service result decreased by DKK 249m to DKK 227m. The main driver of the lower insurance service result was a significantly higher level of weather-related claims in Q4 2023 compared with much more benign weather conditions in Q4 2022. In addition, large-scale claims and motor claims frequencies were higher.

The net investment result decreased by DKK 83m to DKK 110m, significantly above expectations. The decrease should be seen in light of the very strong result in Q4 2022 due to positive market developments. Q4 2023 saw positive contributions from equities, positive running yields and falling inflation expectations.

## Insurance service result for 2023

### Insurance revenue

Insurance revenue increased by 2.7% to DKK 10,168m, corresponding to organic growth of 2.1% when adjusting for the acquisition of Oona Health. The private segment accounted for a 3.6% increase with the inclusion of Oona Health (and 2.2% excluding Oona), and the SME segment accounted for a 1.9% increase. Growth

was slightly lower than last year, but this was as expected and primarily caused by lower indexation on workers' compensation, and the loss of a distribution agreement for credit card-based travel insurance. In addition, competition remains at a high level in Denmark.

### Claims ratio

Underlying claims ratio (2022 restated)			Q4	Q4
	2023	2022	2023	2022
Claims ratio, net of reinsurance	68.9	66.5	74.0	63.8
Run-off	2.0	1.5	2.1	2.8
Weather-related claims	-5.1	-2.8	-9.5	-1.1
Large-scale claims	-1.8	-1.0	-2.5	-0.9
Discounting	2.7	2.0	2.3	2.8
Other	0.1	0.3	0.6	-0.2
<b>Underlying (undiscounted) claims ratio, net of reinsurance</b>	<b>66.8</b>	<b>66.6</b>	<b>67.1</b>	<b>67.3</b>

The gross claims ratio rose to 66.7 from 63.7 in 2022. The claims ratio, net of reinsurance, rose to 68.9 from 66.5 in 2022.

The run-off profit, net of reinsurance, was DKK 204m (2022: DKK 152m), largely in line with the level observed in recent years.

Weather-related claims amounted to DKK 517m (2022: DKK 276m), representing a 2.3pp deterioration of the claims ratio. Thus, the level of weather-related claims was DKK 217m above the normalised modelled level of DKK 300m. This was a result of a very eventful year with multiple storms and cloudbursts, severe rainfall throughout the year and a hail event in Northern Italy during the summer. By comparison, frequencies were materially lower in 2022 when adjusting for the two storms Malik and Nora in Q1 2022. For context, please note that 2023 was the first year since 2015 to experience weather-related claims above the normalised level. Furthermore, the specific nature of the weather-related claims experienced in 2023 implied that, despite total claims significantly exceeding the normalised level, only a very small proportion was reclaimable through our reinsurance programme.

Large-scale claims (claims exceeding DKK 5m by event after refund of reinsurance) amounted to DKK 179m, significantly higher than the

level in 2022 (DKK 96m) and the normalised modelled level of DKK 100m. 2023 saw a high frequency of large fire-related claims as well as a single claim related to hail.

The claims ratio was positively impacted by the higher interest rates despite the sharp decline in interest rates experienced in Q4 2023. The discounting effect was 0.7pp higher compared with 2022.

The underlying claims ratio increased by 0.2pp to 66.8. As expected, 2023 saw, a higher claims frequency within motor after several years with pandemic and post-pandemic frequency reductions. Frequencies in 2023 were further fuelled by snow-related claims in both March and December, and such claims are not included in our weather-related claims. Combined ratio on the motor product amounted to approx. 87 in 2023. In addition, especially Q2 and Q4 saw higher frequencies within private house insurance (fires) and agriculture (fires and drought). In comparison, 2022 was impacted by lower claims frequencies due to COVID-19 lockdowns at the beginning of the year, while frequencies normalised during the year. In addition, inflated energy and petrol prices caused lower mobility in society especially in Q2-Q3 2022. Partly offsetting these negative effects, our efforts to become more efficient and pricing initiatives continue to yield positive results.

**Expense ratio**

The expense ratio was 16.7, up from 15.9 in 2022. The increase in the expense ratio was largely as expected and caused by dissynergies related to the sale of Topdanmark Liv Holding A/S.

**Combined ratio**

The combined ratio was 85.6 (2022: 82.4). Excluding run-off, the combined ratio was 87.6 (2022: 83.9).

**Insurance service result for Q4 2023**

Insurance revenue increased by 5.1% to DKK 2,612m, corresponding to an organic growth of 2.5% when adjusting for the acquisition of Oona Health. The private segment accounted for a 9.4% increase with the inclusion of Oona Health (and 3.9% excluding Oona), and the SME segment accounted for a 1.2% increase.

The gross claims ratio increased to 72.1 (Q4 2022: 60.3). The claims ratio, net of reinsurance, increased to 74.0 from 63.8 in Q4 2022.

The quarter was marked by a very high frequency of weather-related claims including cloudbursts, storm surges, heavy precipitation, and the storm Pia. By comparison, weather conditions in Q4 2022 were significantly more benign. As a result, weather-related claims amounted to DKK 249m, significantly above the Q4 2022 level (DKK 27m) and the normalised modelled level of DKK 75m.

Large-scale claims amounted to DKK 64m, significantly higher than the level last year (DKK 23m) and the normalised modelled level of DKK 25m. Q4 2023 was affected by a few large fire-related claims in the commercial segment.

The discounting effect decreased by 0.5pp compared with Q4 2022 due to sharply falling interest rates during Q4 2023.

The run-off profit, net of reinsurance, was DKK 56m (Q4 2022: DKK 71m), representing a 0.7pp negative effect on the claims ratio. Run-off in Q4 2022 should be seen in conjunction with the other quarters of the year because of the transition from IFRS 4 to IFRS 17 notably affecting the treatment of workers' compensation.

The underlying claims ratio improved by 0.2pp to 67.1. Our pricing and efficiency measures continue to yield results, but these were largely offset by continued higher motor claims frequencies further fuelled by the winter weather experienced in December. In addition, Q4 2023 saw a higher frequency of fire-related claims after the very low level witnessed in Q3 2023. It is important to note that although the underlying claims ratio is, among other things, adjusted for large-scale claims and weather-related claims, the underlying claims ratio will by nature continue to be impacted by the inherent volatility of an insurance portfolio.

The expense ratio was 17.8 (Q4 2022: 17.4), in line with expectations. The increase compared to last year is a result of the sale of Topdanmark Liv Holding A/S, as expected, while expenses are seasonally high in Q4.

The combined ratio was 91.8 (Q4 2022: 81.2). Excluding run-off, the combined ratio was 93.9 (Q4 2022: 84.0).

## Segment reporting

### Private

Private (DKK m) (2022 restated)			Q4	Q4
	2023	2022	2023	2022
Insurance revenue	4,926	4,756	1,297	1,186
Claims incurred	-3,203	-3,086	-880	-786
Expenses	-813	-754	-228	-213
Net reinsurance	-54	-49	-9	-14
<b>Insurance service result</b>	<b>856</b>	<b>868</b>	<b>180</b>	<b>173</b>
Run-off profits, net of reinsurance	94	57	15	-8
Gross claims ratio	65.0	64.9	67.8	66.3
Net reinsurance ratio	1.1	1.0	0.7	1.2
Claims ratio, net of reinsurance	66.1	65.9	68.5	67.5
Gross expense ratio	16.5	15.9	17.6	17.9
Combined ratio	82.6	81.8	86.1	85.4
Combined ratio excl. run-off profits	84.5	83.0	87.3	84.8

The private segment services individual households in Denmark. As from now, the private segment also includes Oona Health.

Insurance revenue increased by 3.6% to DKK 4,926m in 2023 with the inclusion of Oona Health. Excluding Oona, insurance revenue grew by 2.2%.

The insurance service result was DKK 856m, a decrease of DKK 12m compared with 2022.

The claims ratio, net of reinsurance, rose by 0.2pp to 66.1. Weather-related claims amounted to DKK 260m (2022: DKK 133m), representing a 2.5pp deterioration of the claims ratio. 2023 was marked by a high frequency of weather-related events, and in particular, Q4 saw many events including cloudbursts, storm surges, storms, and heavy precipitation. Run-off was a profit of DKK 94m, DKK 37m

above the 2022 level corresponding to a 0.7pp improvement of the claims ratio. The claims frequency in motor further increased in Q4 2023, fuelled by the winter weather, and we expect frequencies to remain at the level experienced throughout the year.

The expense ratio increased to 16.5 from 15.9 in 2022, mainly due to dissynergies related to the sale of Topdanmark Liv Holding A/S.

The combined ratio was 82.6 (2022: 81.8). Excluding run-off, the combined ratio was 84.5 (2022: 83.0).

## Segment reporting

### SME

SME (DKK m) (2022 restated)			Q4	Q4
	2023	2022	2023	2022
Insurance revenue	5,252	5,153	1,317	1,302
Claims incurred	-3,582	-3,229	-1,006	-716
Expenses	-892	-822	-237	-220
Net reinsurance	-174	-224	-40	-71
<b>Insurance service result</b>	<b>604</b>	<b>878</b>	<b>34</b>	<b>295</b>
Run-off profits, net of reinsurance	110	95	40	78
Gross claims ratio	68.2	62.7	76.3	55.0
Net reinsurance ratio	3.3	4.3	3.1	5.5
Claims ratio, net of reinsurance	71.5	67.0	79.4	60.5
Gross expense ratio	17.0	16.0	18.0	16.9
Combined ratio	88.5	83.0	97.4	77.4
Combined ratio excl. run-off profits	90.6	84.8	100.5	83.4

The SME segment services Danish-based SMEs and agricultural businesses.

Insurance revenue increased by 1.9% to DKK 5,252m in 2023. Growth was lower than last year, primarily due to lower indexation on workers' compensation, and the loss of a distribution agreement for credit card-based travel insurance. In addition, competition remains at a high level.

The insurance service result decreased by DKK 274m to DKK 604m.

The gross claims ratio rose by 5.5pp, while the claims ratio, net of reinsurance, rose by 4.5pp to 71.5.

Run-off profits were DKK 15m higher than the level last year, representing a 0.3pp improvement of the claims ratio.

Weather-related claims amounted to DKK 257m (2022: DKK 143m), causing a 2.1pp higher

claims ratio than last year. Heavy precipitation, storms, and claims on crop insurances affected the claims trend in 2023.

Large-scale claims were 1.8pp above the level last year. Fire-related claims on both agricultural and SME properties as well as a single claim related to hail affected the claims ratio negatively.

In addition, the claims frequency in motor increased, including a few large claims.

The expense ratio increased to 17.0 from 16.0 in 2022, mainly due to dissynergies related to the sale of Topdanmark Liv Holding A/S.

The combined ratio increased to 88.5 (2022: 83.0). Excluding run-off, the combined ratio rose to 90.6 (2022: 84.8).

## Investment result

Investment result (2022 restated)	Portfolio 31 Dec		Return 2023				Return 2022			
	2023	2022	Return 2023		Return 2022		Return Q4 2023		Return Q4 2022	
	(DKKbn)		(DKKm)	%	(DKKm)	%	(DKKm)	%	(DKKm)	%
Danish equities	0.1	0.2	15	12.4	-25	-12.2	8	7.0	26	16.9
Foreign equities	0.5	0.6	111	24.7	-168	-19.9	40	9.0	45	7.2
Unlisted equities and hedge funds*	0.3	0.3	14	5.2	14	3.9	-16	-6.0	11	2.9
Government and mortgage bonds	13.0	12.8	682	4.1	-1,069	-8.9	482	2.9	158	1.5
Credit bonds	0.3	0.2	28	11.2	-1	0.0	17	6.7	-1	0.0
Index linked bonds	0.7	0.7	20	3.1	14	2.6	20	3.1	38	7.2
CLOs	0.0	0.2	16	15.8	-115	-14.1	-2	-1.9	-1	-0.2
Properties	0.7	0.8	24	3.2	-16	-1.8	14	1.9	-36	4.1
Inflation swaps	0.0	0.1	-122	-	317	-	-95	-	120	-
Expenses, money markets etc.	0.6	3.8	38	1.3	8	0.2	28	1.0	-3	-0.1
Subordinated loan capital	-1.1	-1.1	-65	-5.9	-36	-1.9	-18	-1.7	-13	-0.7
<b>Investment return</b>	<b>15.0</b>	<b>18.7</b>	<b>760</b>	<b>3.6</b>	<b>-1,076</b>	<b>-5.5</b>	<b>479</b>	<b>2.3</b>	<b>344</b>	<b>1.9</b>
Insurance finance income and expenses			-591		853		-353		-145	
<b>Net investment result</b>			<b>169</b>		<b>-223</b>		<b>126</b>		<b>199</b>	

The investment result for 2023 includes income from insurance (DKK 97m), income from the parent company (DKK 25m, presented in the line "Parent company etc." in financial highlights), and profit on owner-occupied properties (DKK 47m, eliminated in the Group accounts and in financial highlights). Refer to Segment information in the accounts for further specification.

\*For Q4 there has been a reclassification of assets from 'Unlisted equities and hedge funds' to 'Expenses, money markets etc.' compared to Q3.

In 2023, the net investment result amounted to DKK 169m (2022: DKK -223m). The net investment result was DKK 126m in Q4 2023 (Q4 2022: DKK 199 m).

The net investment result in Q4 was supported by positive contributions from equities, positive running yields and falling inflation expectations. The DKK-EUR yield spread contributed negatively to the investment result during the quarter.

The predominant investment theme in the fourth quarter revolved around a significant fall in interest rates propelled by decreasing inflation expectations, coupled with explicit signals indicating central banks aiming to ease monetary policies in 2024. This, along with still very resilient economies, has fostered an environment where risk assets, including equities and credit, are performing well. Moreover, declining interest rates resulted in a fragmented Danish mortgage bond market, with low coupon callable bonds exhibiting positive performance in spread terms, while the opposite was the case with higher coupon bonds.

The "free" portfolio, which consists of the remaining assets after matching liabilities,

contributed positively to the overall investment return. The portfolio has been affected by several factors during the quarter. The equity part of the portfolio was the dominant return driver while credit and fixed income assets contributed to a lesser extent to the investment return.

The equity return is primarily driven by the US market and to a lesser extent Europe and Denmark. At the sector level, Information Technology delivered the highest return contribution as falling interest rates supported the sector in Q4 2023.

The portfolio is exposed to different markets, sectors, and specific companies through equity ETFs.

Additionally, the property portfolio, consisting solely of owner-occupied properties, contributed positively to the overall investment return.

The overall asset allocation was approximately unchanged during the quarter. We terminated the remaining CLO exposure, and the asset class has now been removed from our overall asset allocation. The CLO portfolio delivered a positive result in 2023. Upon closing of the



acquisition of Oona Health, the investment portfolio size has been reduced by an amount similar to the purchase price.

The "matching" portfolio contributed positively to the overall investment return.

On the asset side of the "matching" portfolio, running yields and spread tightening – especially evident on our low-coupon mortgage bonds – outweighed the negative impact from widening of the DKK-EUR yield spread, resulting in a positive contribution to the investment return. 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 on the investment result was negligible.

On the liability side, the decline in inflation expectations led to a decrease in the wage curve, impacting workers' compensation provisions downward, partly through the capitalisation factor. The effect from the wage curve on non-capitalised provisions was mitigated by inflation instruments and worked as intended throughout the quarter.

The lower wage curve can be predominately attributed to lower market-based inflation expectations, as realised inflation continued its downward trajectory throughout the quarter.

"Expenses, money markets, etc." contributed positively primarily through running yields on deposits and money market operations.

## Solvency calculation and capital requirements

Solvency cover (DKKm)	30 Sep		2022	2021	2020	2019
	2023	2023				
Shareholders' equity	4,722	4,583	6,498	7,399	6,879	6,397
Proposed dividend	-1,035	0	-4,815	-3,105	-1,800	-1,530
Deferred tax on security funds	362	362	362	306	306	306
Profit margin	1,594	1,116	1,300	2,761	1,442	1,138
Intangible assets	-4,078	-1,540	-1,314	-1,641	-1,529	-1,291
Other	207	177	-10	-189	-169	-64
Tax effects	-44	-85	-105	-302	-41	-49
Subordinated loan tier 1	400	400	400	400	400	400
Subordinated loans tier 2	700	700	700	1,500	1,350	1,353
<b>Own funds</b>	<b>2,828</b>	<b>5,714</b>	<b>3,016</b>	<b>7,129</b>	<b>6,839</b>	<b>6,660</b>
<b>Solvency requirement</b>	<b>1,468</b>	<b>1,411</b>	<b>1,518</b>	<b>3,495</b>	<b>4,016</b>	<b>3,773</b>
<b>Solvency cover (%)</b>	<b>193</b>	<b>405</b>	<b>199</b>	<b>204</b>	<b>170</b>	<b>177</b>

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.

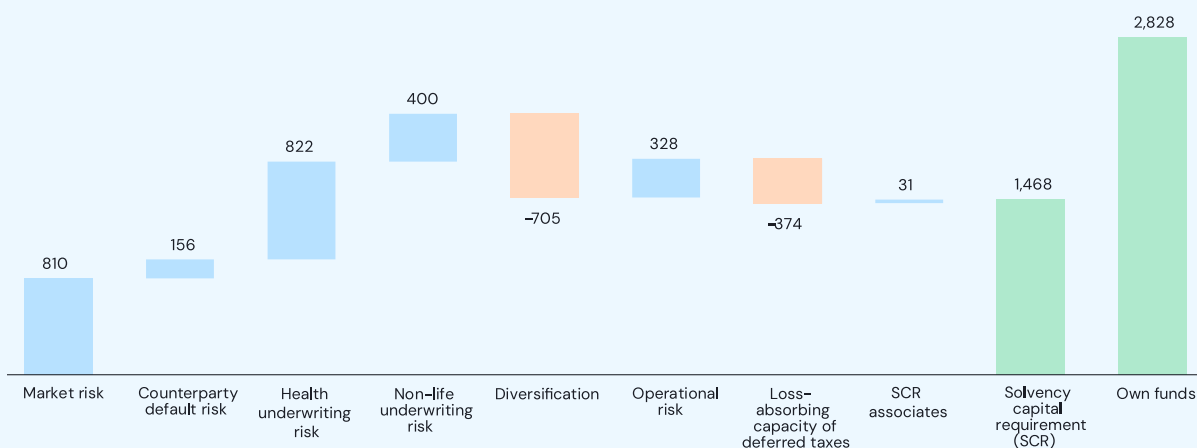
This model, approved by the Danish FSA, provides the basis for including insurance risks in our solvency calculations.

The solvency cover for the Group normalised and decreased to 193% at the end of Q4 2023 from 405% at the end of Q3 2023, mainly due to higher intangible assets on closing of the acquisition of Oona Health and deduction from own funds of the full proposed dividend for 2023. Underlying, own funds were positively affected by earnings in the quarter and the seasonally high profit margin in Q4. The solvency capital requirement was slightly

higher due to the inclusion of Oona Health and the higher symmetrical adjustment to equity exposures, partly offset by the final CLO exposure reduction.

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 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.

Solvency capital requirement (SCR) and own funds for the Topdanmark Group (DKKm) 31 December 2023



### Parent company etc.

The parent company, Topdanmark, does not perform any independent activities. The result of the parent company etc. includes, among other things, Group costs. The result of the parent company increased by DKK 24m to DKK -35m. A net interest expense of DKK 8m on a subordinated loan in 2022 has been replaced by a DKK 23m net interest income on intracompany receivables from Topdanmark Forsikring A/S in 2023 as part of the Oona Health transaction.

### Taxation

The tax charge on continuing operations was DKK 372m of the pre-tax profit of DKK 1,424m, corresponding to an effective tax rate of 26.1% (2022: 22.1%). As at 1 January 2023, the statutory tax rate for Topdanmark Forsikring A/S increased to 25.2% (2022: 22%). The effective tax rate was higher than the statutory tax rate primarily due to a non-deductible negative value adjustment of the property portfolio and permanent non-taxable items such as costs associated with the employee shares scheme.

### Efficiency programme

The main focus areas of the efficiency programme are:

- Automation, digitalisation and fraud
- Risk and pricing
- Procurement and cost efficiency

We made solid headway with the programme during 2023, and our efforts to become more efficient are progressing according to plan.

Within automation, digitalisation, and fraud detection, we delivered good progress. As in previous years, our fraud detection capabilities continue to increase substantially, for example by way of leveraging machine learning to pinpoint actionable leads. As a result, withheld claims reached index 168 compared with 2020.

Within risk and pricing, we continued to roll out our newest and improved products to the

benefit of our customers e.g. within contents and motor insurance. This continues to provide a small pricing tailwind. We will continue our efforts to improve our products and optimise tariffs across the entire portfolio.

Within procurement and cost efficiency, our solid progress continued. We have carried out more than 200 different sourcing projects within claims, IT and indirect spend as part of the efficiency programme with measurable impacts. Furthermore, costs were reduced through focused efforts to reduce consultancy spend as well as organisational adjustments including redundancies. Cost efficiencies mainly stem from IT, staff, and back-office functions.

As a result of the above, we delivered DKK 430m gross efficiency gains in 2023, in line with our target. At the end of 2023, we have thus obtained 66% of the targeted gross efficiency gains. In 2024, we will continue our efforts to become more efficient, and gross efficiency gains are expected to reach DKK 540m. The efficiency programme continues to target DKK 650m in gross efficiency gains by 2025.

### New IT systems

The process of implementing the new IT system made significant progress during 2023, and we have finalised Wave 1 of the implementation plan (agricultural customers). Furthermore, Wave 2 (private customers) is well under way with the first products already live. In 2024, we expect to make significant progress in Wave 2 and to take the first steps in initiating Wave 3 (commercial customers).

The implementation of the new IT system is progressing according to the implementation plan.

## Profit forecast model for 2024

Profit forecast model 2024 (DKKm)	Forecast 2024 31 December 2023			Results 2023
Insurance service result	1,760	–	2,090	1,507
Net investment result	35	–	60	97
Other items	-75	–	-70	-106
Profit on insurance	1,720	–	2,080	1,498
Special costs	-85	–	-80	-39
Parent company etc.	-60	–	-50	-35
Profit before tax	1,575	–	1,950	1,424
Tax	-425	–	-525	-372
<b>Profit</b>	<b>1,150</b>	<b>–</b>	<b>1,425</b>	<b>1,051</b>

Traditionally, we do not publish actual profit forecasts, but instead, the expected level of results provided that a number of assumptions about the return in the financial markets are met. The return on financial assets changes on a daily basis, and consequently our profit forecast model will already deviate from actual expectations by the time it is published.

Therefore, as set out at [www.topdanmark.com](http://www.topdanmark.com) → Investors → [Risk management](#), we provide additional information on how changes in the assumptions underlying the profit forecast model will affect the results.

As can be seen, the investment return forecast model is not based on a specific estimate of the expected investment return for the rest of the year, but solely on a long-term standard assumption regarding the return.

### Insurance

The profit forecast model is based upon the following assumptions among others:

- The automatic premium indexing in 2024, excluding any additional or extraordinary price increases, will be 3.4–3.6% in both the private segment and the SME segment. Approx. 70% of our insurance revenue is subject to this automatic premium indexing. Thus, the revenue effect of the automatic premium indexing on the insurance revenue is approx. 2.5%.
- Automatic premium indexing of workers' compensation insurance will be 4.5%.
- Solid organic growth in Oona Health including effects of automatic premium indexation.
- Continued positive underlying improvements, including effects from our inflation-related pricing initiatives as well as the efficiency programme.
- Weather related claims of DKK 315m.

- Large-scale claims (large-scale claims of a gross value exceeding DKK 5m) of DKK 110m, which is an increase compared to last year due to a harder reinsurance market.
- An expense ratio of around 17.5. As previously communicated, the expense ratio is expected to peak in 2024. The forecasted expense ratio is negatively impacted by amortisations related to changing and migrating core IT systems as outlined in the above implementation plan. Furthermore, the inclusion of Oona Health impacts our expense ratio for 2024 negatively by approx. 20bps as the expense ratio for Oona Health is significantly above the level of the existing Topdanmark portfolio. Finally, the expense ratio continues to be impacted by dissynergies related to the divestment of Topdanmark Liv Holding A/S. Our ongoing efficiency programme is progressing as planned with the clear target of bringing our expense ratio back to the level experienced before the sale of Topdanmark Liv Holding A/S, during 2025 and 2026.
- A level of interest rates corresponding to the interest rate curve on 31 December 2023. It should be noted that the rapid decline in interest rates observed in December 2023 impacts our combined ratio forecast negatively by approx. 70bps compared to the level at Q3 2023.

As a result, the assumed organic insurance revenue growth is above 4.5%, while the reported insurance revenue growth will be above 11.5% due to the acquisition of Oona Health. The assumed combined ratio is 82–85 including run-off. Please note that this represents a change in practice compared to previous years, where the profit forecast excluded run-off.

The overall assumed pre-tax profit on insurance is DKK 1,720–2,080m including run-off.

#### **Special costs**

This line item covers costs related to the acquisition of Oona Health, including amortisation of customer relations and brand rights as well as one-off costs related to the transaction and integration.

The intangible asset "customer relations" amounts to DKK 535m and will be amortised over 15 years, while the intangible asset "brand rights" amounts to DKK 50m and will be amortised over 10 years. Therefore, a total amortisation of approx. DKK 41m will be expensed per annum. Please note that this is a non-cash item, and thus not affecting the solvency position.

In addition, DKK 40m out of the guided total one-off transaction and integration costs of DKK 100m are expected to be incurred during 2024 (DKK 35m was expensed in Q4 2023).

#### **Parent company**

The profit forecast model for the parent company assumes a normalised pre-tax loss of DKK 50–60m.

#### **Taxation**

Due to non-deductible expenses, the effective tax rate will be higher than the statutory tax rate. Assuming an effective tax rate of approx. 27% in 2024 in accordance with the increased corporate tax rate for financial sector companies, the tax charge on continuing operations is expected to be DKK 425–525m.

#### **Total Group profit**

Topdanmark's overall post-tax profit according to the profit forecast model for 2024 is DKK 1,150–1,425m representing an operational EPS of DKK 13.6–16.7. The assumed profit includes run-off. The result of the profit forecast model corresponds to 78–96% of the current Group solvency requirement.

The profit forecast model for the insurance service result assumes an unchanged interest rate curve as at 31 December 2023. For the liability matching part of the investment portfolio, the model assumes that the return on interest-bearing assets that hedge the discounted provisions exactly suffices to cover discounting and value adjustments of the provisions. For the "free" investment portfolio, the profit forecast model is based on the common return expectations for investments with a 1–5-year horizon as set out by the Council for Return Expectations.



# Shareholder information

**Capital policy**

Topdanmark pursues a policy of maintaining efficient capitalisation using a mix of shareholders’ equity, subordinated loan capital and profit margin to fulfil its solvency requirement. Any excess capital will be distributed to shareholders in the form of dividends. Topdanmark’s dividend policy is to pay out at least 70% of the net profit for the period, while the actual pay-out ratio has been close to or above 100% in recent years.

Topdanmark does not have a formal solvency cover target. However, we believe that a solvency cover in the range of 170-190% is sufficiently conservative to support the underlying business. In 2024 and 2025, Topdanmark will further build intangible assets due to investments into the new core IT system. As a result, the solvency cover is currently retained towards the higher end of the above range.

Using a solvency cover of 190% as an example of a conservative baseline, Topdanmark retained excess capital of DKK 38m at the end of 2023 after deduction of the proposed dividend for 2023.

**Capital structure and ownership**

Topdanmark’s Board of Directors has an authorisation granted in the Articles of Association to increase the Company’s

share capital, to raise convertible loans and/or issue warrants. The issues may be with or without pre-emptive rights for the Company’s shareholders. The authorisations are limited to a total of 2,500,000 shares. They expire on 26 April 2028.

In addition, the Board of Directors has an authorisation to acquire own shares in order to ensure sufficient own shares to cover share-based salary components at Topdanmark. The total holding of own shares cannot exceed 2.5% of the share capital.

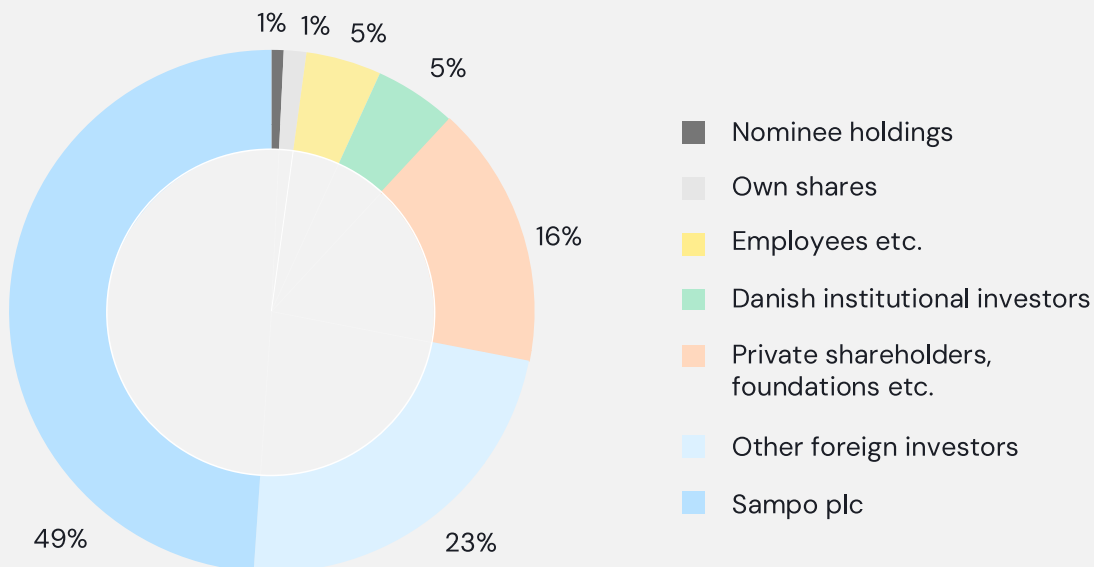
At the end of 2023, Topdanmark’s share capital totalled DKK 90,000,000 divided into shares of DKK 1 each, corresponding to 90,000,000 voting rights. As at 23 January 2024, Topdanmark held 1,248,705 shares representing 1.4% of the share capital.

The following shareholders own more than 5% of the share capital:

Sampo plc  
 Fabianinkatu 27  
 FL-00100 Helsinki  
 Finland

Mawer Investment Management  
 600, 517-10th Ave  
 SW, Calgary, Alberta,  
 Canada

**Shareholder structure – 23 January 2024**



## Distribution of dividend for 2023

Given Topdanmark's solid capital position, the Board of Directors will recommend to the AGM a distribution of an ordinary dividend of DKK 1,035m, representing DKK 11.5 per share, a pay-out ratio of 98.4 and a dividend yield of 3.6.

Subject to the approval from the AGM, the distribution of dividend will take place immediately after the AGM on 23 April 2024.

## Financial calendar

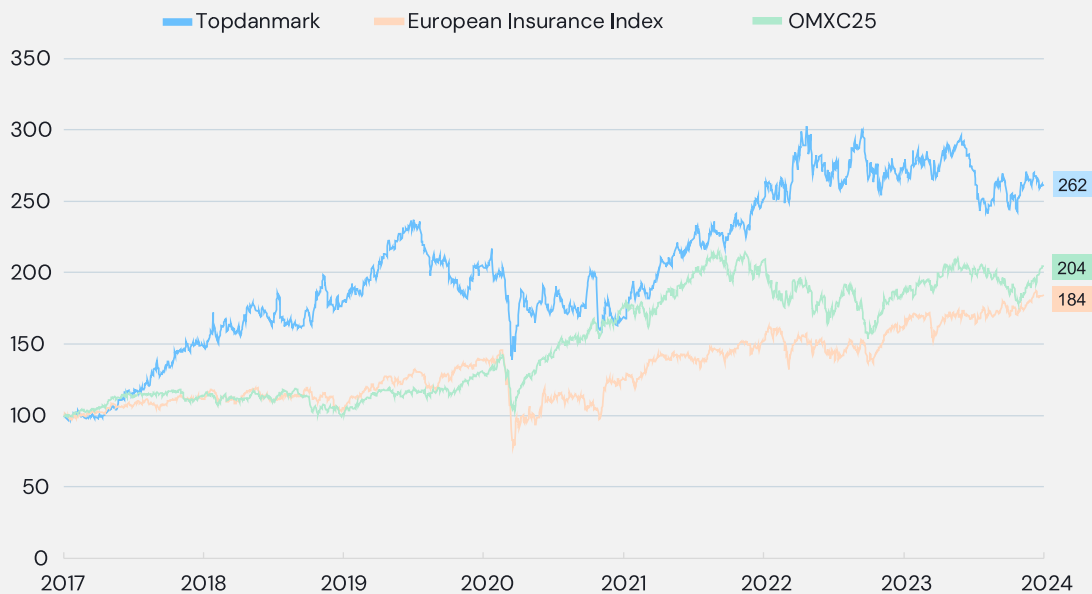
<b>Deadline for submitting items for the AGM agenda</b>	11 Mar 2024
<b>Q1 2024 Interim Report</b>	16 Apr 2024
<b>AGM</b>	23 Apr 2024
<b>2024 Half-year Report</b>	12 July 2024
<b>Q1-Q3 2024 Interim Report</b>	11 Oct 2024

## Annual general meeting

The Annual General Meeting (AGM) will take place 23 April 2024 at 13:00 (CET), and it will be held as a fully virtual AGM.

The agenda for the Annual General Meeting will be published in the period from 18 March to 27 March 2024.

## Share-price development



Source: Bloomberg as at 31-12-2023. Return includes dividend. 01-01-2017 = index 100.



# Company announcements

Topdanmark submits announcements to Nasdaq Copenhagen A/S with information on material and relevant events in the Group which may affect the price of Topdanmark's shares. The announcements are also sent to the press, share analysts, investors and stakeholders.

The announcements are available at [www.topdanmark.com](http://www.topdanmark.com) → Investors → [Company announcements](#).

## 2024

23 Jan 02/2024 Topdanmark Annual Results 2023  
02 Jan 01/2024 Issue of options

## 2023

22 Nov 19/2023 Topdanmark A/S: Weekly reporting on share buyback programme – Transactions during 14 November 2023 – 21 November 2023  
14 Nov 18/2023 Topdanmark A/S: Weekly reporting on share buyback programme – Transactions during 7 November 2023 – 13 November 2023  
07 Nov 17/2023 Topdanmark A/S: Weekly reporting on share buyback programme – Transactions during 31 October 2023 – 6 November 2023  
06 Nov 16/2023 Correction: Topdanmark A/S: Weekly reporting on share buyback programme – Transactions during 24 October 2023 – 30 October 2023  
31 Oct 16/2023 Topdanmark A/S: Weekly reporting on share buyback programme – Transactions during 24 October 2023 – 30 October 2023  
27 Oct 15/2023 The Danish Competition and Consumer Authority approves Topdanmark A/S' acquisition of Oona Health A/S  
24 Oct 14/2023 Topdanmark A/S – Financial calendar for 2024  
24 Oct 13/2023 Topdanmark A/S has decided to repurchase own shares  
24 Oct 12/2023 Topdanmark's interim report for Q1–Q3 2023  
14 Sep 11/2023 Topdanmark has decided to allocate employee shares  
14 Jul 10/2023 Topdanmark's half-year report for 2023  
10 Jul 09/2023 Topdanmark adjusts the modelled profit forecast for 2023 to DKK 1,050–1,200m after tax and excluding run-off in H2 2023  
26 Apr 08/2023 Annual General Meeting of Topdanmark 26 April 2023  
25 Apr 07/2023 Topdanmark interim report for Q1 2023  
03 Apr 06/2023 Notice convening the Annual General Meeting 26 April 2023  
17 Mar 05/2023 Employee election to the Board of Directors of Topdanmark A/S  
16 Mar 04/2023 Topdanmark Forsikring A/S acquires Oona Health A/S  
23 Feb 03/2023 Topdanmark's Annual Report for 2022  
24 Jan 02/2023 Topdanmark announcement of 2022 annual results  
02 Jan 01/2023 Issue of options



# Sustainability

## Sustainability is embedded in our business strategy

At Topdanmark, we want to support a sustainable development of society and to create value for our stakeholders in a responsible manner. Our purpose as a company is: We are here to help. This includes customers and the society we are part of. Sustainability is embedded in our business strategy and in all business processes, such as innovation, underwriting, claims handling, sourcing and investment. Sustainability is also integrated into our remuneration programme as part of our short-term incentive programme.

Our sustainability programme addresses three themes: Green Transformation (E), Everyday well-being (S) and Responsible Foundation (G) and six strategic targets which have been identified based on a materiality assessment carried out in 2021 – see an overview in the [Sustainability Report 2023](#). These six targets are the ones we monitor and report on in our Sustainability Report.

## Enablers to support our sustainability programme:

### Culture

At Topdanmark, our work is based on shared principles of responsible and sustainable management which guide our employees in how we run our business in trusting collaboration with our stakeholders.

### Innovation

Through innovation and responsible use of technology, we want to help solve the challenges of the future for the benefit of people and nature. We set the framework for doing things differently from the way we do them today.

### Partnerships

We team up with relevant partners and organisations with whom we can make a greater difference together than we can individually.

### Policies and governance

To support our sustainability programme, we have ESG policies approved by the Board of Directors or by the Sustainability Forum. Each policy outlines our approach, objectives, and targets, how we will achieve our targets, governance structure, and how we report on the topic.



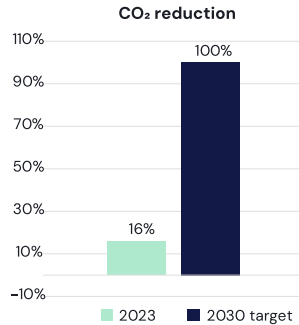
ESG policies – an overview	
Policies approved by the Board of Directors	Latest version (reviewed annually)
Code of Conduct – internal	January 2024
Sustainability policy	January 2024
Anti-corruption policy	January 2024
Human Rights policy	January 2024
Diversity policy for executive management	October 2023
Diversity policy for the Board of Directors	October 2023
Climate and Environment policy	January 2024
Responsible investment policy	October 2023
Policy on active ownership	Phased out. The content has been integrated into the Responsible investment policy
Policies approved by Sustainability Forum	Latest version
Code of Conduct for suppliers	August 2021 (first version)

To drive and ensure progress in our sustainability programme and related targets, we have structured our governance with a clear distribution of roles and responsibilities to support alignment across the business.

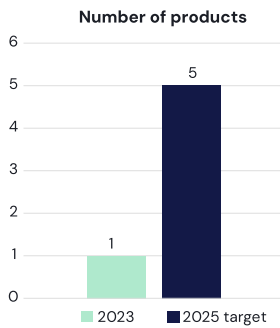
ESG responsibilities – an overview	
Organisational level	Roles and responsibilities
Board of Directors	Approves the overall ambition level and sustainability programme, policies including Code of Conduct and sustainability reports.
Group Executive Management/CFO	C-level responsibility for sustainability in Topdanmark.
Sustainability Forum (Consists of three executives from the Group Executive Management, and three general managers from staff functions, chaired by the head of group management support and sustainability.) Four meetings annually.	Advisory board for the Group Executive Management, prepares, reviews and evaluates the sustainability programme including targets and results, responsible for action plans, reviews policies and reporting.
Group sustainability team	Initiates and coordinates the implementation of new projects, manages ESG ratings, prepares policies, sustainability reporting and other communication, conducts analyses and assessments.
Business divisions Group functions	Integrate sustainability into division strategies and roadmaps, integrate sustainability into processes, decision-making, procurement, underwriting, recruitment, develop and execute action plans to achieve targets and for compliance with policies.
Corporate Legal	Ensures alignment with legal framework and sustainable finance regulation.

## Strategic targets, actions, and progress in 2023

### Green transformation

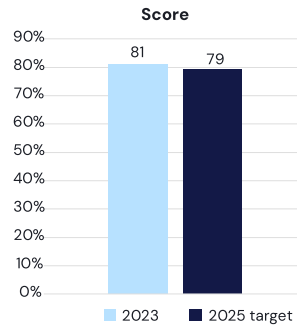


CO<sub>2</sub> neutral (scope 1 & 2 and some scope 3) in 2030

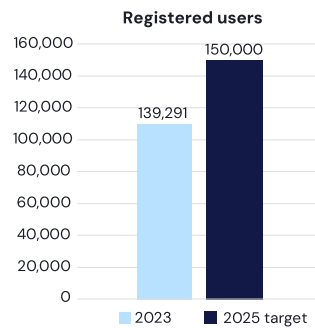


Five new products and services that help customers with CO<sub>2</sub> reduction and sustainable choices

### Everyday wellbeing

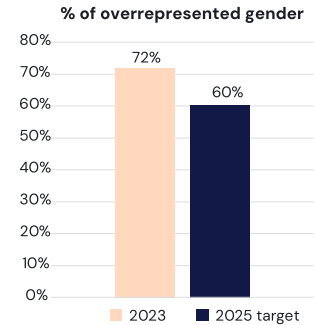


Employee engagement score

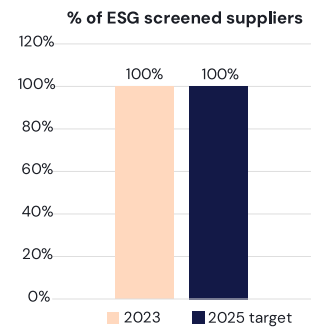


Number of registered users in Sundhedshjælp

### Responsible foundation



Max 60% of one gender in management level 1 and 2



Suppliers in ESG focus group screened for ESG risks, compliance and sustainability in tender process

#### Green transformation – E

At Topdanmark, we want to contribute to solutions that benefit both our customers and society. We support the Paris Agreement’s target of a maximum temperature rise of no more than 1.5 degrees by 2050. We are committed to the Science Based Targets initiative with a focus on going net-zero by 2050. No later than at the end of May 2024, we will upload short term targets (i.e. targets not exceeding 10 years from baseline) on scope 1, scope 2 and scope 3 (investments and claims handling) for validation. For us as an insurance company, this means that we integrate climate considerations into the way we do business.

In our current sustainability programme, we already have a strategic target for GHG emissions: 70% absolute CO<sub>2</sub>e reduction in 2030 (scope 1, scope 2 and some scope 3 categories). In 2023, we optimised our building operations, and increased the number of electrical company cars. In 2023, the result was 5,539 tonnes CO<sub>2</sub>e compared to 6,616 tonnes in 2019 (baseline) equal to a reduction of 16.3%. The reductions in 2022 and 2023 have been minimal and to ensure satisfactory progress in 2024 we will establish a more precise roadmap to reach our target.

### Climate accounts 2023

Emissions category	2023 tonnes CO <sub>2</sub> e	Percentage of total
<b>SCOPE 1</b>		
Natural gas	546.3	9.9
Company cars	206.5	3.7
<b>Scope 1 - total</b>	<b>752.8</b>	<b>13.6</b>
<b>SCOPE 2</b>		
District heating	4.2	0.1
Electricity (market-based)	2,293.3	41.4
<b>Scope 2 - total</b>	<b>2,297.5</b>	<b>41.5</b>
<b>SCOPE 3</b>		
Business travel in privately owned cars	1,313.9	23.7
Air travel	346.3	6.3
Water	4.5	0.1
Waste	43.5	0.8
Fuel and energy- related activities	781	14.1
<b>Scope 3 - total</b>	<b>2,488.9</b>	<b>44.9</b>
<b>Scopes 1, 2 and 3 CO<sub>2</sub>e emissions - total</b>	<b>5,539.2</b>	<b>100</b>

Further information on location-based electricity and additional categories within scope 3 emissions (including category 15 on investments) can be found in the [Sustainability Report 2023](#).

The second strategic target in relation to Green transformation is "Five new products or services that support customers in CO<sub>2</sub> reduction, climate adaption and other sustainable choices". These products and services need to comply with internally defined criteria for green products. One new product was developed in 2021 (the product was described in the Sustainability Report 2022), but no new products that completely fulfil the requirement 'green product' was developed in 2023, due to the migration of all products to a new standard core system.

#### Health and well-being – S

At Topdanmark, we want to support general wellbeing for our employees. To ensure ongoing

dialogue between employees and managers on wellbeing and job satisfaction, we conduct an engagement survey every six months and follow up with team talks in all respective teams. We have a strategic target of reaching 79 points in our engagement survey in 2025. The engagement survey in 2023 showed a continued high score of 81 points, which tells us that our employees thrive at the workplace both socially and professionally.

We want to help all our customers with health-related issues, regardless of where they are. Therefore, we offer free access to quick and easy digital medical assistance for customers who have two or more insurance policies with us. We call this concept Sundhedshjælp. Sundhedshjælp includes two services provided through an app from an external supplier. We have a strategic target of reaching 150,000 registered users and 30,000 consultations through Sundhedshjælp by 2025. In 2023, Sundhedshjælp was offered to 469,771 private

customers, 55,267 agricultural customers, and to all our employees. Moreover, we have seen a rise of 45% in new registrations, as well as an increase of 36% in consultations, thus we had 139,291 registered users and 17,719 consultations in 2023. This underlines the need for an easy and accessible supplement to the public healthcare system

### Responsible foundation – G

At Topdanmark, we want the Executive Management to be represented by the best qualified candidates and a balanced gender distribution to facilitate the positive effects of diversity. We have a strategic target of maximum 60% of one gender in management levels 1 and 2. This target is based on a non-binary approach to gender and also applies to gender distribution at all management levels and on the succession list. Back in 2021, we introduced the people review concept, and in 2023, we expanded the people review process to now include all management levels at Topdanmark. In 2023, the result was 28% female and 72% male at management levels 1 and 2, which means a decrease of 3pp of female managers on level 1 and 2 compared to 2022. When looking at the gender distribution across all management levels, we have 39% female managers and 61% male managers, which is an increase in female managers of 3pp compared to last year.

Social, climate and environmental conditions in the supply chain are important elements in our joint efforts for a more sustainable Topdanmark. We take the UN Global Compact principles into consideration when selecting and evaluating suppliers. The strategic target is that all suppliers in the ESG focus group with whom Topdanmark signs a contract have been screened for ESG risks, compliance, and sustainability during the tender process. In 2023, we strengthened our ESG capabilities in Procurement, and we carried out ESG screenings in 27 tender processes with suppliers in our ESG focus group. This equals 100% of all suppliers in scope for ESG screenings.

### 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. The Board of Directors of Insurance & Pension Denmark (IPD), of which Topdanmark 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 approved by the Board of Directors in 2023. These principles also apply to our work and initiatives related to protection of data privacy, since data privacy and use of AI inevitably are connected.

### Reporting on the EU taxonomy

Insurance companies are required to report key performance indicators (KPIs) on sustainable underwriting activities (the proportion of the non-life gross written premiums (GWP) – in relation to total non-life GWP – corresponding to insurance activities identified as environmentally sustainable in the EU Taxonomy) and sustainable investments (the proportion of the insurer's or reinsurer's investments that are directed at or associated with funding economic activities qualifying as environmentally sustainable).

### Reporting on Oona Health 2023

For December 2023, Oona Health is consolidated into Topdanmark's underwriting activities. Topdanmark has assessed that the numbers for investment activities from Oona Health are insignificant compared to the overall reporting. Therefore, Oona Health is not a part of the reporting on the EU Taxonomy on investment, however, it will be considered for the 2024 reporting.

### Result of analysis of eligibility and alignment on underwriting

For the financial year 2023 the methodology to calculate the eligibility changed compared to 2021 and 2022 as *The Draft Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets* was published on 21 December 2023. The notice states that only the share of an insurance premium that pertain to the coverage of climate-related perils can be used in the calculations of eligibility.

For 2023, Topdanmark has been unable to calculate the eligible GWP according to the Draft Commission because eligible coverage is part of multi-risk insurance contracts, and thus it has not been possible to make the breakdown of information on the needed detail level on such short notice. Therefore, we must report that 0% of Topdanmark's total GWP were Taxonomy eligible in 2023. However, it would be proper to mention that the actual percentage of Topdanmark's eligible premium is larger than zero. Topdanmark will work on systems to ensure a true and fair eligibility assessment for 2024 which will be in line with the Draft Commission Notice cited above.

The eligibility scores in 2021 and 2022 were 92.4% and 92.5% respectively. To compare 2023 with previous years, the eligibility score has also been calculated according to the previous methodology, not taking the Draft Commission Notice cited above into consideration, thus giving an eligibility score of 92.3%.

Based on the methodology to analyse the alignment described in the Sustainability Report 2023, 0% of the total GWP were Taxonomy aligned in 2023.

#### **Result of analysis of eligibility and alignment on investment**

According to the taxonomy analysis, the Taxonomy eligibility of Topdanmark covered assets was 5.1%, and the revenue-based

and capital expenditures-based Taxonomy alignment of Topdanmark covered assets was 0.17% and 0.20%, respectively as at 31 December 2023. As expected, the reported numbers are low, as most of the underlying companies are not subject to mandatory taxonomy reporting, and reported taxonomy eligibility and alignment are low in general. In addition, Topdanmark's underlying investments in derivatives were DKK 127,263,312. As required by the Taxonomy Regulation, sovereign exposures, such as exposures to central governments, central banks, or supranational issuers, are excluded from the calculation. Sovereign exposures made up 0.5% of Topdanmark's assets as at 31 December 2023.

For a detailed description of methodology to analyse taxonomy eligibility and alignment, comments on both underwriting and investment KPIs, as well as future ambition levels looking forward, see the [Sustainability Report 2023](#).



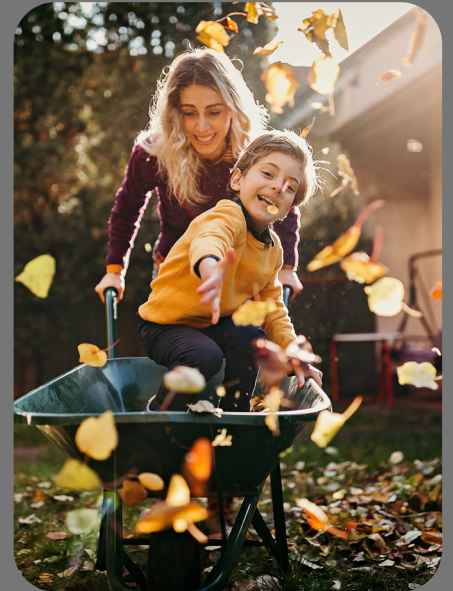
## Preparing for the first CSRD statement in 2024

In 2023, Topdanmark has been preparing for the non-financial reporting in 2024 as required by the EU Corporate Sustainability Reporting Directive (CSRD). We have, among other things, conducted a Double Materiality Assessment (DMA): 1) an assessment of financial materiality, i.e. financial effects on Topdanmark from sustainability-related risks and opportunities, 2) an assessment of impact materiality, i.e. actual or potential, positive or negative impacts caused by or contributed to by Topdanmark on society, people or the environment. The result of the DMA shows that Topdanmark must report on seven EU Sustainability Reporting Standards (ESRS): ESRS 2 (mandatory, general disclosure), ESRS E1 (Climate change), ESRS E5 (Recourse use & circular economy), ESRS S1 (Own workforce), ESRS S4 (Consumers & end users), ESRS S2 (Workers in the value chain) and ESRS G1 (Business Conduct).

In 2023, all data points in the seven relevant ESRS standards, qualitative as well as quantitative, have been assessed individually to determine our current readiness in terms of policies, actions, targets, and metrics. The overall picture shows that we are well on our way in the sense that we are fully compliant with 27% of the requirements in the relevant standards and partly compliant with 46%. With this insight in hand, we are progressing with the implementation of identified gaps.

## Statutory reporting

Topdanmark's statutory report including the full scope of targets and progress on sustainability, gender diversity and data ethics, see sections 132, 132a and 132d of the Danish Executive Order on Financial Reports for Insurance Companies and Multi-employer Occupational Pension Funds, is available at [www.topdanmark.com](http://www.topdanmark.com) → Investors → Reports and presentations → [Sustainability reports](#). Moreover, Topdanmark publishes an ESG Fact Book with all ESG performance data as well as historic data and accounting principles. The ESG Fact Book is available at [www.topdanmark.com](http://www.topdanmark.com) → Sustainability → Reports → [ESG Fact Books](#).



# Risk management

## Risk management

Topdanmark's risks follow from the decided business model and the selected products. Topdanmark's risks and risk profile are clarified and managed through the established strategies, policies, etc., including risk tolerance limits.

Topdanmark's policy is to hedge against risks arising from the company's activities or to limit such risks to a level that allows Topdanmark 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 has identified and reduced or eliminated the risks which could potentially cause losses exceeding what Topdanmark 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's business model, business strategy, risk profile and risk tolerance limits. The purpose of ORSA is, among other things, that Topdanmark 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's risk management system, which supports Topdanmark identifying, measuring, managing, monitoring and reporting risks that Topdanmark 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 2023. After the authorities' approval of the acquisition of Oona Health A/S, the risk management function has performed an extraordinary ORSA. The board has processed and approved the extraordinary ORSA at the board meeting in February 2024.

Topdanmark'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's ORSA, and Topdanmark'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'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'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 meets this set of rules.

Please refer to note 34 "Risk management" for further information.



# Corporate Governance

## Corporate Governance

Topdanmark defines Corporate Governance as: Rules governing the framework for Management’s incentives as well as how to act in the shareholders’ and other stakeholders’ best interests.

It is a key feature of Topdanmark’s philosophy to maintain and build up those factors that unite the most important stakeholders: Customers, employees and shareholders, forming an unbreakable trinity. This is done by, among other things, incorporating and maintaining a responsible company culture with good management throughout the organisation

### General meetings

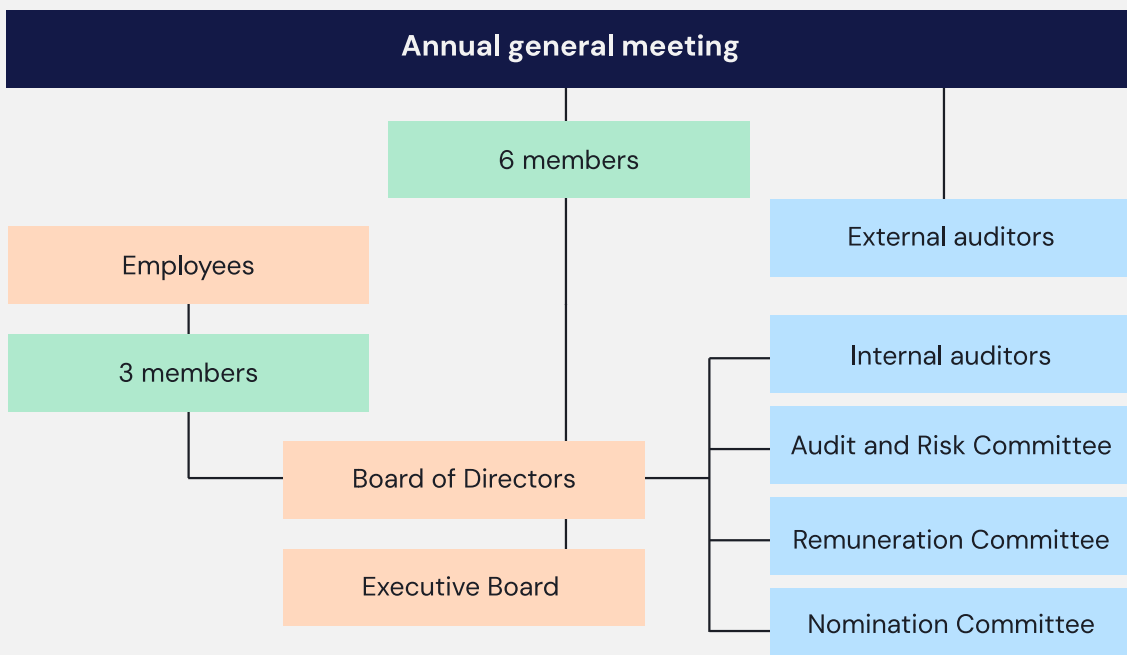
The general meeting is Topdanmark’s ultimate decision-making vehicle. The Annual General Meeting is convened in accordance with the provisions of The Danish Companies Act with notice of between three and five weeks. Immediately thereafter and if requested, a written invitation to attend the meeting is sent by electronic post to the shareholders registered by name. All shareholders registered by name are entitled to attend and vote at general meetings. Shareholders who are not able to attend general meetings, can vote by proxy or postal vote for or against each item of the agenda.

Topdanmark has only one class of shares and each share entitles the holder to one vote.

Decisions at general meetings are made by a simple majority of votes unless a special majority or representation is required by the Danish Companies Act or the Articles of Association. The Articles of Association provide that decisions on the amendment of the Articles of Association are only valid if adopted by the affirmative vote of not less than two thirds of the votes cast as well as of the capital represented at the general meeting. The Articles of Association provide no restrictions on voting rights.

### Corporate Governance Report 2023

In accordance with Section 131 of the Executive Order no. 937 of 27 July 2015 as amended on Financial Reports for Insurance Companies and Multi-employer Occupational Pension Funds (“Executive Order on Financial Reports”), Topdanmark is liable, when publishing its annual report, to publish a report on its approach to the Committee on Corporate Governance’s Recommendations, and Topdanmark’s “Statutory Corporate Governance Report, see section 131 of the Executive Order on Financial Reports, is available at [www.topdanmark.com](http://www.topdanmark.com) → Investors → Reports and presentations → [Statutory corporate governance reports](#).



## Board of Directors and Articles of Association

### Appointment and replacement of members of the Company's Board of Directors

The Board of Directors, which is elected at the Annual General Meeting and by the employees of the Topdanmark Group, is the Company's top level management formulating the Company's objectives, goals and strategies, and making decisions on matters of significant importance or unusual in nature to the Company.

Topdanmark's Board of Directors comprises 9 members, 6 of them elected by the Annual General Meeting and 3 by Topdanmark's employees in accordance with the Danish Companies Act.

In accordance with this Act, the number of Board members elected by employees must be at least half the number of those elected by the shareholders at the Annual General Meeting. The rights, duties and responsibilities of the Board members elected by employees are the same as those of the Board members elected by shareholders at the Annual General Meeting.

The term of office for members elected by shareholders at the general meeting is one year, while according to legislation, it is four years for members elected by employees.

Board members are elected individually.

The Board of Directors has addressed its composition and qualifications in the "Policy for diversity in the Board of Directors". The Company believes that, by imposing in advance very specific requirements on the Board members, it may prevent the election of an evidently qualified Board candidate, if they do not fully meet the requirements. Topdanmark wants to make an individual decision on each Board candidate based on an overall consideration of the candidate's qualifications as compared with the Company's business model and associated risks, present needs and the composition of the rest of the Board of Directors. Topdanmark believes that in a company as Topdanmark, its Board members should possess combined skills within organisation, strategic management, insurance operations, reinsurance, long-tail business, financial and insurance reporting, general statistics, risk management and

risk assessment, sales to the private and commercial markets, marketing and branding, outsourcing, finance, own funds, solvency and minimum capital requirements, rules for internal models, audit, financing and investment, regulatory environment, compliance, IT and IT security, digitalisation, recruitment and human resources as well as strategic sustainability. Information on the defined competencies possessed by each of the Board members elected by shareholders at the Annual General Meeting is provided in the section on the Board of Directors in the Annual Report. Taking the latest evaluation of the Board into account, it is assessed that Topdanmark's Board of Directors with its current composition possesses the above skills and qualifications.

### Diversity

Topdanmark has signed the UN Global Compact intended to ensure, among other things, the prevention of discrimination in our business operations. Topdanmark works to maintain and develop openness in the company culture to counter any form of discrimination due to age, ethnic background, gender, sexual orientation, disability (visible or invisible), health, educational background, life-situation, geographical affiliation, religion, or race. Topdanmark strives to be a workplace where diversity is seen as a strength, and we continuously work to maintain and develop an open and embracing culture, and to counter any form of discrimination. We have thus set targets on gender diversity for the Board of Directors and the Executive Management.

Topdanmark's Board of Directors has implemented two policies on diversity:

- Policy for diversity in the Board of Directors.
- Policy on diversity and the under-represented gender in executive functions.

All policies have been published on Topdanmark's [website](#).

### Diversity in Board of Directors

Topdanmark's current Board of Directors reflects diversity in many areas, including professional background and education, nationality, and gender. Its members have experience from the financial and industrial sectors, nationally and internationally. The Board of Directors believes that this composition enables it to consider a given problem from many different angles which is confirmed by experience from the day-to-day Board duties. Read more about each Board member's background, competencies, and rate of attendance at [www.topdanmark.com](http://www.topdanmark.com) → About Topdanmark → Organisation → Group Executive Management and Board of Directors, and under Board of Directors and Executive Board in this Annual Report.

Topdanmark's Board of Directors consists of 9 members in total, and we have a target of at least 2 members of each gender elected to the Board of Directors at the AGM. In 2023, 4 board members were female (2 of whom were elected at the AGM), and 5 board members were male (4 of whom were elected at the AGM). This means

that our Board of Directors meets both the legislative requirements for gender diversity as well as our own target.

### Evaluation of the Board of Directors

On a regular basis, the Board of Directors evaluates the Board duties, the full Board and the contributions and results made by the individual members, cooperation with the Executive Board, the Chairman's management of the Board of Directors, the Board composition, the work in the Committees and the set-up of the Committees, the organisation of the work and the quality of the material for the Board of Directors. The Board of Directors carries out the self-assessment once a year. Normally the Board of Directors evaluates itself annually based on anonymous questionnaires regarding the work in the Board and the cooperation with the Executive Board, anonymous evaluations of the individual members of the Board of Directors and the

Executive Board, and/or the possibility of individual interviews between the Chairman and each Board member and a questionnaire on each Board member's competencies. The Chairman of the Board is in charge of the evaluation without the participation of the Executive Board. The evaluation is included in the rules of procedure and the work plan of the Board of Directors. The Board of Directors considers if external assistance is required and/or relevant in the specific situations. It is the opinion of the Board of Directors that the external assistance should solely be included if it is considered to add extra value to the work of the Board, which cannot be obtained by the Board's evaluation without external assistance. For 2021/2022 the evaluation was conducted with assistance from an external consultancy bureau.

Any additional directorships undertaken by the Board members including the significance and extent of each duty form part of the evaluation of Topdanmark's Board of Directors. The evaluation of overboarding is based on the guidelines prepared by ISS and additionally, a subjective evaluation is made. None of Topdanmark's Board members is considered to be overboarded.

### Amendments to the Company's Articles of Association

The Annual General Meeting is Topdanmark's ultimate decision-making body. Resolutions at Annual General Meetings are passed by a simple majority of votes, unless a special majority or representation is required by the Danish Companies Act or the Articles of Association. The Articles of Association provide that resolutions amending the Articles of Association are only valid if adopted by an affirmative vote of not less than two thirds of the votes cast as well as of the capital represented at the general meeting. The Articles of Association provide no restrictions on voting rights.

More information on diversity and inclusion as well as gender distribution in management is available in the [Sustainability report 2023](#) and the [ESG Fact Book 2023](#).

## Severance pay

In order to ensure full loyalty, focus and performance for the Topdanmark Group during the period until a potential takeover is finalised, Topdanmark has agreed with a few grade A and grade B+ managers, that under certain circumstances, they will receive compensation in the form of an extended period of notice and increased severance pay, if they resign or are dismissed, or if their position is made redundant because Topdanmark and/or the company of the Topdanmark Group where the member is employed is taken over by or merges with a company outside the Group, or if one or more owners take control of Topdanmark and/or the company of the Topdanmark Group where the member is employed. The maximum amount of compensation will represent two years' remuneration.

In accordance with the rules in force from time to time, Topdanmark Group can sign agreements on severance pay with directors, other grade A and grade B+ managers as well as other material risk takers. For executive service agreements signed after November 2017, the total value of remuneration for the period of termination, including severance pay, cannot exceed two years' salary including all remuneration shares. For executive service agreements signed before November 2017, severance pay cannot exceed the value of the remuneration for the past two years.

For a previous member of the Executive Board and a Grade B+ manager, it was agreed that, in continuation of Sampo Group's takeover of de facto control of Topdanmark in 2013, they would earn remuneration equivalent to six months' salary per vesting year over a period of three years. The vesting period is over and fully recognised as a liability in the accounts. The remuneration is regulated annually in accordance with the current salary level, and it will be paid when employment ends. For the previous member of the Executive Board, the remuneration was paid when employment ended in 2023.

## Remuneration structure

Topdanmark's remuneration policy must contribute to optimisation of long-term value creation at group level and support Topdanmark business strategy. At the same time, Topdanmark's remuneration policy

must strengthen the attraction, retention and motivation of qualified members of Topdanmark's management, as well as ensure consistency between the interests of management, the company and the shareholders. The Annual General Meeting has adopted the "Remuneration policy for the Topdanmark Group."

The remuneration policy covers the Board of Directors, the Executive Board and other material risk takers and, as provided by legislation, employees involved in control functions and audit. The remuneration policy, as adopted by the Annual General Meeting, is available at [www.topdanmark.com](http://www.topdanmark.com) → About Topdanmark → Corporate governance → [Remuneration structure](#).

The overall objective of Topdanmark's remuneration policy is to ensure transparency and shareholder influence on Topdanmark's remuneration. The share price reflects the anticipated value creation at group level. This is one of the reasons why Topdanmark believes that share-based incentive pay, including revolving share options, ensures that management is exposed to the development in share prices and thus encourages individual managers to make decisions which support value creation as much as possible from a holistic perspective.

The decision of the application of short-term and long-term incentive remuneration has been made for the purpose of ensuring a balance between short-term and long-term results. In addition to a policy on salaries, the remuneration policy also includes the pension policy and the guidelines for granting variable salary components, severance pay and identification of other employees whose activities have material impact on Topdanmark's risk profile.

The remuneration paid to the Executive Board, other grade A and grade B+ managers as well as other material risk takers should be competitive with remuneration at comparable companies and can be made up of the following remuneration components: fixed basic remuneration, including pension and company car, additional remuneration, other benefits,



employee shares, option-based long-term incentive programme (“LTI programme”), cash-based and share-based short-term incentive programme (“STI programme”) and extraordinary variable remuneration.

The fixed basic remuneration paid to the Executive Board, other grade A and grade B+ managers as well as other material risk takers is, in general, determined as a gross salary in which the employee bears the cost of pension and company car, and it is based on a specific assessment of each employee. i.a. based on the position, individual characteristics, and performance of the individual. The fixed basic remuneration for the Executive Board and other Grade A and Grade B+ managers is reassessed annually and is determined by individual negotiations with each individual on the basis of a framework set by the Board of Directors.

Topdanmark’s LTI programme for the Executive Board and other grade A and grade B+ managers is a revolving share option scheme which entails that a fixed proportion equivalent to 10% of (the cash salary + pension + company car value) are paid in the form of share options according to a revolving option programme.

Furthermore, the Board of Directors can decide to include managers who are not grade A or grade B+ managers in the revolving part of the LTI programme, thus a fixed proportion of the employees’ remuneration equivalent to 10% of (the cash salary + pension + company car value) are paid in the form of share options.

In addition to options paid to the Executive Board, other grade A and B+ managers, and certain other managers in accordance with the revolving share option scheme, the CEO can grant up to a total of 200,000 options to employees, including other material risk takers, who have made special efforts or in other ways contributed extraordinarily to the value creation.

Topdanmark’s STI programme is a cash- and share-based incentive programme which is tied up with the completion of a number of predefined goals for each member of the programme. STI bonus cannot exceed 40% of the employee’s fixed basic salary including pension.

The variable remuneration for a director cannot exceed 50% of the director’s fixed basic remuneration including pension. The variable remuneration for other material risk takers, including other grade A and grade B+ managers, cannot exceed 100% of the employee’s fixed basic remuneration including pension. For directors, the share options and other derivatives cannot exceed 12.5% of the fixed basic remuneration including pension at the time of calculation.

Members of the Executive Board appointed before August 2021 are not covered by requirements for mandatory pension schemes. The gross salary takes this into account. Consequently, Topdanmark does not have any pension-related obligations to the members of the Executive Board, and there will be no payment of pension on retirement.

Members of the Executive Board appointed after August 2021 are covered by a requirement for mandatory pension schemes to which a mandatory pension contribution of minimum 5% of the cash gross salary is made. The amount is paid to the pension supplier and consequently, all pension obligations are fully covered by the pension supplier.

Other grade A and grade B+ managers as well as other material risk takers, who are not covered by collective agreements, are covered under the requirement for mandatory pension schemes to which a mandatory pension contribution of minimum 5% of the cash gross salary is made. The amount is paid to the pension supplier and consequently, all pension obligations are fully covered by the pension supplier. Other Material Risk Takers, who are covered by collective agreements, are covered by the pension requirements in the collective agreement in force at any given time for the person concerned, and thus all pension obligations are fully covered by the pension supplier.

Reference is also made to the Topdanmark Group’s [Remuneration Report 2023](#).

## Share options

Share options granted	Executive Board	Senior Executives	Total
2020	57,557	188,984	246,541
Market value of those options granted (DKKm)	2	8	10
2021	77,684	228,279	305,963
Market value of those options granted (DKKm)	2	7	10
2022	38,441	179,820	218,261
Market value of those options granted (DKKm)	2	8	10
2023	24,815	100,789	125,604
Market value of those options granted (DKKm)	1	6	7
2024	32,894	125,660	158,554
Market value of those options granted (DKKm)	1	6	7

For 2024, Topdanmark has granted 32,894 share options to its Executive Board and 75,660 share options to senior management. The strike price of DKK 354 was fixed at 110% of the market price of Topdanmark’s shares on 29 December 2023 (average of all trades).

Besides the revolving scheme referred to above, further 50,000 share options have been granted for 2024 to a number of other executives who have made a special effort or otherwise contributed extraordinarily to value creation in the Company.

The options granted for 2024 are not to be exercised any earlier than after the publication of the 2026 annual results in 2027, and any later than subsequent to the publication of the 2028 annual results in 2029. In the intervening period, the options can only be exercised up to three banking days after Topdanmark’s publication of its annual, half year and interim reports.

The value of issuing the options amounts to DKK 7m, using the Black and Scholes model assuming a share price of DKK 322.448, an interest rate equivalent to the zero coupon rate based on the swap curve on 29 December 2023, future annual volatility of 22%, a pattern of exercise similar to Topdanmark’s previous granting of share options and otherwise in accordance with IFRS 2 on share-based payments.

Including the granted options for 2024, the exposure of the options held by the Executive Board represented 0.1% of the number of outstanding shares.

Topdanmark’s Remuneration Report for 2023 provides additional information on remuneration in Topdanmark and Topdanmark’s option scheme. Detailed information is available at [www.topdanmark.com](http://www.topdanmark.com) → Investors → Reports and presentations → [Remuneration reports.](#)

# Board of Directors



## Ricard Wennerklint

Chairman of the Board of Directors  
Elected at the AGM

### Current position held

Group Executive Vice President, Chief of Strategy, Sampo plc

### Date of birth

2 september 1969

### Nationality

Swedish

### Joined Topdanmark's Board of Directors

2017

### Rate of attendance 2023

100%

### Previous positions held

- 1994 – 1997 Financial Controller, Project Manager, Head of Financial Control, Trygg-Hansa
- 1997 – 1999 Head of Control, Skandia P&C
- 1999 – 2001 Senior Vice President, Head of Business and Financial Control, If P&C Insurance Ltd
- 2002 – 2008 CFO, If P&C Insurance Ltd
- 2006 – 2019 Managing Director, If P&C Insurance Ltd
- 2008 – 2019 Deputy CEO, If P&C Insurance Holding Ltd
- 2019 – 2019 Executive Director, If P&C Insurance Holding Ltd.

### Education

Business Administration and Finance, Stockholm School of Economics

### Offices held

Member of the Board of Directors of:  
If P&C Insurance Holding Ltd  
Noba Group AB (publ.) (Sweden)  
Hastings Group Holdings Ltd, UK (Chairman)

### Member of

The Audit Committee, Remuneration Committee and Nomination Committee of Topdanmark.

### Expertise and qualifications

The Board has defined the required competencies and qualifications for board members of Topdanmark.

Among these, Ricard Wennerklint possesses knowledge and experience of the following: Management experience from other financial businesses, board assignments in financial businesses, organisation, strategic management, insurance operations, reinsurance, long-tail business (premiums, provisions, run-off), financial and insurance reporting, general statistics, risk management and risk assessment, sales to the private market, sales to the professional market, marketing and branding, outsourcing, finance, own funds, solvency and minimum capital requirements, rules for internal models, auditing, financing and investments, regulatory environment, compliance, IT and IT security, digitalisation, recruitment and human resources and strategic sustainability.

### Independence

As Ricard Wennerklint represents a controlling shareholder's interests, he does not meet the definition of independence set out by the Committee on Corporate Governance.



**Jens Aaløse**

Deputy Chairman  
Elected at the AGM

**Current position held:**  
Managing Partner, Maj Invest Equity

**Date of birth**  
26 September 1966

**Nationality**  
Danish

**Joined Topdanmark’s Board of Directors**  
2016

**Rate of attendance 2023**  
100%

**Previous positions held**  
1990 – 2002 Various executive positions, SAS Scandinavian Airlines A/S  
2002 – 2006 Vice President, SAS Scandinavian Airlines A/S  
2006 – 2010 CEO, Nordic Media Link AB and Dansk Reklame Film A/S  
2010 – 2013 CEO, Danske Licens Spil A/S  
2013 – 2021 Senior Executive Vice President, TDC A/S.

**Education**  
B.Sc. Business Administration, Copenhagen Business School, Denmark

**Offices held**

Member of the Board of Directors of:  
Dansk Erhverv (the Danish Chamber of Commerce)  
FDM Travel A/S  
Sticks N Sushi (Chairman)  
Blue Ocean Robotics (Chairman)  
Toms Group Foundation (Gerda and Victor B Strand’s Foundation)  
Good Food Group A/S.

**Member of**  
The Remuneration Committee and Nomination Committee of Topdanmark.

**Expertise and qualifications**  
The Board has defined the required competencies and qualifications for board members of Topdanmark. Among these, Jens Aaløse possesses knowledge and experience of the following: Board assignments in financial businesses, organisation, strategic management, insurance operations, reinsurance, long-tail business (premiums, provisions, run-off), financial and insurance reporting, general statistics, risk management and risk assessment, sales to the private market, sales to the professional market, marketing and branding, outsourcing, finance, own funds, solvency and minimum capital requirements, rules for internal models, auditing, financing and investments, regulatory environment, compliance, IT and IT security, digitalisation, recruitment and human resources and strategic sustainability.

**Independence**  
Jens Aaløse meets the definition of independence set out by the Committee on Corporate Governance.



## **Elise Bundgaard**

Elected by employees

### **Current position held:**

Chair of De Overordnedes Forening

### **Date of birth**

14 January 1968

### **Nationality**

Danish

### **Joined Topdanmark's Board of Directors**

2019

### **Rate of attendance 2023**

100%

### **Offices held**

Member of the Board of Directors of:  
Bjatola A/S.



**Maria Hjorth**

Elected at the AGM

**Current position held:**  
Professional Board Member

**Date of birth**  
26 October 1972

**Nationality**  
Danish

**Joined Topdanmark’s Board of Directors**  
2022

**Rate of attendance 2023**  
100%

**Previous positions held**  
2000 – 2002 Associate, Corporate Finance (M&A), Carnegie Bank A/S  
2002 – 2003 Project manager, Securities, Carnegie London Ltd  
2005 – 2014 Vice President Danske Bank A/S  
2014 – 2019 CEO & Partner, Mercer Danmark A/S and Mercer Pensionsrådgivning A/S  
2019 – 2021 Deputy CEO/CEO, VP Securities A/S.

**Education**  
MSc in Economics, University of Copenhagen  
MSc Business Psychology, University of Westminster, London

**Offices held**

Member of the Board of Directors of:  
Adform A/S  
Asetek A/S  
Maj Invest Holding, Fondsmæglerselskabet Maj Invest A/S and Maj Invest Equity A/S  
Thylander Gruppen A/S (Chair)  
Trifork Holding AG.

**Member of**

The Audit Committee of Asetek A/S (Chair)  
The Audit Committee of Trifork Holding AG (Chair)  
The Audit Committee of Adform A/S (Chair)  
The Audit Committee of Topdanmark.

**Expertise and qualifications**

The Board has defined the required competencies and qualifications for board members of Topdanmark. Among these, Maria Hjorth possesses knowledge and experience of the following: Management experience from other financial businesses, board assignments in financial businesses, organisation, strategic management, insurance operations, reinsurance, long-tail business (premiums, provisions, run-off), financial and insurance reporting, general statistics, risk management and risk assessment, sales to the private market, sales to the professional market, marketing and branding, outsourcing, finance, own funds, solvency and minimum capital requirements, rules for internal models, auditing, financing and investments, regulatory environment, compliance, IT and IT security, digitalisation, recruitment and human resources and strategic sustainability.

**Independence**

Maria Hjorth meets the definition of independence set out by the Committee on Corporate Governance.

**Mette  
Jensen**

Elected by employees

**Current position held**

Chair of Forsikringsforbundet  
(the Staff Association) of Topdanmark

**Date of birth**

20 June 1976

**Nationality**

Danish

**Joined Topdanmark's Board of Directors**

2015

**Rate of attendance 2023**

100%

**Member of**

The Remuneration Committee of Topdanmark.



**Cristina Lage**

Elected at the AGM

**Current position held:**  
Professional Board Member

**Date of birth**  
13 November 1954

**Nationality**  
Danish

**Joined Topdanmark’s Board of Directors**  
2019

**Rate of attendance 2023**  
100%

- Previous positions held**
- 1987 – 1996 Deputy Director and Group Treasurer, ISS International Service System A/S
  - 1992 – 1994 CFO, Kulturby 1996, Copenhagen
  - 1994 – 1996 CFO, ISS Scandinavia A/S
  - 1996 – 2000 CFO and CEO, Louisiana Museum of Modern Art
  - 2000 – 2003 CEO, TV2/Danmark A/S
  - 2003 – 2004 Head of secretariat, Det Radikale Venstre
  - 2004 – 2008 CEO, Nordea Liv og Pension A/S
  - 2008 – 2011 CEO, Nordea Invest A/S
  - 2011 – 2016 CEO, Unipension A/S.

**Education**  
M.Sc. (Economics and Business Administration), Copenhagen Business School, Copenhagen

**Offices held**  
Member of the Board of Directors of:  
Arbejdsmiljørådet (Chair)  
LEO Fondet  
C.L. Davids Fond  
Det Obelske Familiefond  
OK-Fonden (Deputy Chair)  
C.W. Obel A/S.

**Member of**  
The Investment Committee of LEO Fondet (Chair)  
The Audit Committee of Topdanmark.

**Expertise and qualifications**  
The Board has defined the required competencies and qualifications for board members of Topdanmark. Among these, Cristina Lage possesses knowledge and experience of the following: Management experience from other financial businesses, board assignments in financial businesses, organisation, strategic management, insurance operations, reinsurance, long-tail business (premiums, provisions, run-off), financial and insurance reporting, general statistics, risk management and risk assessment, sales to the private market, sales to the professional market, marketing and branding, outsourcing, finance, own funds, solvency and minimum capital requirements, rules for internal models, auditing, financing and investments, regulatory environment, compliance, IT and IT security, digitalisation, recruitment and human resources and strategic sustainability.

**Independence**  
Cristina Lage meets the definition of independence set out by the Committee on Corporate Governance.





## Michael Noer

Elected by employees

### **Current position held:**

Chairman of Assurandørforeningen of  
Topdanmark

### **Date of birth**

24 April 1973

### **Nationality**

Danish

### **Joined Topdanmark's Board of Directors**

2022

### **Rate of attendance 2023**

100%



**Morten Thorsrud**

Elected at the AGM

**Current position held:**

President and CEO, If P&C Insurance Ltd (publ.)

**Date of birth**

23 December 1971

**Nationality**

Norwegian

**Joined Topdanmark’s Board of Directors**

2019

**Rate of attendance 2023**

100%

**Previous positions held**

- 1996 – 2002 Various positions including Associate Partner, McKinsey & Company, Inc., Norway/Europe
- 2002 – 2004 Head of Corporate Strategy, If P&C Insurance Ltd (publ)
- 2004 – 2005 Head of Industrial Underwriting and Claims, If P&C Insurance Ltd (publ)
- 2005 – 2013 Head of BA Industrial, If P&C Insurance Ltd (publ)
- 2013 – 2019 Group Executive Vice President, Head of BA Private, If P&C Insurance Ltd (publ).

**Education**

Master of Business and Economics., Norwegian School of Management

**Offices held**

Member of the Board of Directors of:  
 Finans Norge  
 Euronext N.V.  
 Hastings Group Holdings Ltd.

**Member of**

The Group Executive Committee of Sampo  
 The Audit Committee of Euronext N.V.

**Expertise and qualifications**

The Board has defined the required competencies and qualifications for board members of Topdanmark. Among these, Morten Thorsrud possesses knowledge and experience of the following: Management experience from other financial businesses, board assignments in financial businesses, organisation, strategic management, insurance operations, reinsurance, long-tail business (premiums, provisions, run-off), financial and insurance reporting, general statistics, risk management and risk assessment, sales to the private market, sales to the professional market, marketing and branding, outsourcing, finance, own funds, solvency and minimum capital requirements, rules for internal models, auditing, financing and investments, regulatory environment, compliance, IT and IT security, digitalisation, recruitment and human resources and strategic sustainability.

**Independence**

As Morten Thorsrud represents a controlling shareholder’s interests, he does not meet the definition of independence set out by the Committee on Corporate Governance.



**Kjell Rune Tveita**

Elected at the AGM

**Current position held:**

IF P&C Insurance Holding Ltd.  
Group Executive Vice President, CIO and  
Head of Group Services

**Date of birth**

8 April 1963

**Nationality**

Norwegian

**Joined Topdanmark’s Board of Directors**

2023

**Rate of attendance 2023**

100%

**Previous positions held**

1986 – 1987 Support Engineer, Saven Newtech  
1987 – 1998 Business Unit Manager/  
Consultant, Cap Gemini  
1999 – 2000 Project Manager, Merger Process  
IT, IF P&C Insurance Ltd.

**Education**

Telemark Distriktshøgskole Institutes of  
Economy and Computing  
International Business School Cap Gemini  
Group

**Offices held**

Member of the Board of Directors of:  
If IT Services A/S (chairman)  
If P&C Insurance AS Estonia  
If Life Insurance.

**Expertise and qualifications**

The Board has defined the required competencies and qualifications for board members of Topdanmark. Among these, Kjell Rune Tveita possesses knowledge and experience of the following: Management experience from other financial businesses, board assignments in financial businesses, organisation, strategic management, insurance operations, reinsurance, long-tail business (premiums, provisions, run-off), financial and insurance reporting, general statistics, risk management and risk assessment, sales to the private market, sales to the professional market, marketing and branding, outsourcing, finance, own funds, solvency and minimum capital requirements, rules for internal models, auditing, financing and investments, regulatory environment, compliance, IT and IT security, digitalisation, recruitment and human resources and strategic sustainability.

**Independence**

As Kjell Rune Tveita represents a controlling shareholder’s interests, he does not meet the definition of independence set out by the Committee on Corporate Governance.

# Executive Board



## Peter Hermann

CEO of Topdanmark A/S.

Born 1973, joined Topdanmark in 2016, joined the Executive Board on 5 February 2018.

### Education

- M.Sc. Actuarial mathematics
- Graduate Diploma in Business Administration (Organisation & Leadership).

### Managerial responsibilities

- Strategy & Execution
- Finance & Risk
- Private Division
- Agriculture & Commercial Division
- Claims & Customer Excellence
- Price & Product
- Marketing
- IT
- HR & Communication.

### Member of the Board of Directors of

- Forsikring & Pension
- KBC Insurance NV.



## Lars Kufall Beck

CFO of Topdanmark A/S.

Born 1974, joined Topdanmark and the Executive Board on 10 August 2021.

### Education

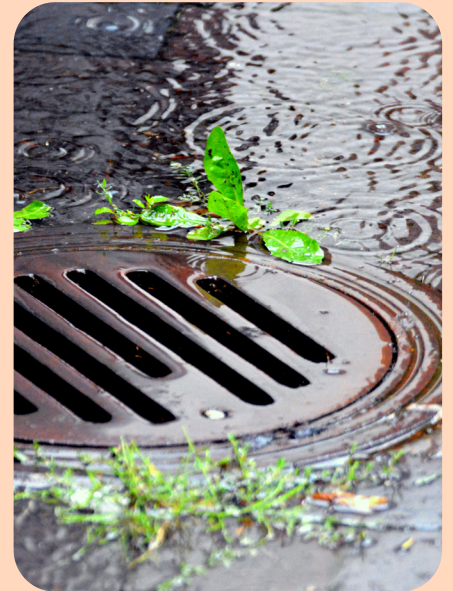
M.Sc. Actuarial mathematics  
Graduate Diploma in Business Administration  
(Finance).

### Managerial responsibilities

#### Finance and Risk

- Investor Relations
- Financial Planning & Management
- Data & Insight
- Statistical Services & Risk Management
- Investments
- Reinsurance
- Financial Operations
- Group Secretariat, Corporate Legal Matters
- Management Support & Sustainability.

Information on the Executive Board's duties outside the Group as approved by the Board of Directors, and as required by Section 121 of the Danish Insurance Business Act, is shown in the Annual Report for Topdanmark Forsikring A/S.



# Annual Financial Statements

## – Group

## Five-year summary • Group

(DKK m)	2023	2022	2021	2020	2019
Insurance revenue	10,197	9,898	9,607	9,096	8,938
Claims incurred	-6,791	-6,296	-6,246	-6,034	-5,517
Operating expenses	-1,671	-1,555	-1,466	-1,471	-1,411
Net reinsurance	-228	-272	-100	-272	-226
<b>Insurance service result</b>	<b>1,507</b>	<b>1,774</b>	<b>1,795</b>	<b>1,319</b>	<b>1,785</b>
<b>Net investment result</b>	<b>122</b>	<b>-252</b>	<b>589</b>	<b>109</b>	<b>299</b>
Other income and expenses	-206	-140	-77	-92	-77
<b>Profit before tax, continuing operations</b>	<b>1,424</b>	<b>1,382</b>	<b>2,307</b>	<b>1,336</b>	<b>2,007</b>
Tax, continuing operations	-372	-305	-511	-301	-444
<b>Profit after tax, continuing operations</b>	<b>1,051</b>	<b>1,078</b>	<b>1,796</b>	<b>1,035</b>	<b>1,563</b>
Profit after tax, discontinued operations	0	1,102	248	54	64
<b>Profit</b>	<b>1,051</b>	<b>2,179</b>	<b>2,045</b>	<b>1,089</b>	<b>1,627</b>
Run-off profits, net of reinsurance	204	152	43	-26	431
Investment assets	15,414	19,269	114,314	103,608	93,497
Reinsurance asset	587	591	692	553	665
Provisions for insurance contracts	13,939	13,235	101,872	91,567	82,683
Provisions for investment contracts	0	0	5,000	4,299	4,157
Shareholders' equity	4,722	6,349	7,119	6,705	6,258
Total balance	21,826	22,603	119,940	108,935	98,088
<b>Insurance ratios</b>					
Gross claims ratio	66.7	63.7	65.1	66.5	61.9
Net reinsurance ratio	2.2	2.8	1.0	3.0	2.5
Claims ratio, net of reinsurance	68.9	66.5	66.2	69.5	64.4
Gross expense ratio	16.7	15.9	15.5	16.5	16.1
Combined ratio	85.6	82.4	81.6	85.9	80.4
Combined ratio excl. run-off profits	87.6	83.9	82.1	85.6	85.3
Relative run-off profits, net of reinsurance (%)	2.0	1.4	0.4	-0.2	4.0
Return on shareholders' equity after tax (%)	20.6	36.3	31.5	17.2	28.3

Comparatives for continued operations have been restated to new accounting policies.

For discontinued operations, comparatives for 2022 have been restated.

## Income statement • Group

(DKKm) (2022 restated)	Note	2023	2022
Insurance revenue	2	10,197	9,898
Insurance service expenses	3	-8,462	-7,851
Reinsurance result		-228	-272
<b>Insurance service result</b>	4	<b>1,507</b>	<b>1,774</b>
Interest income and dividends etc.		475	321
Value adjustments	5	379	-1,320
Interest expenses		-88	-43
Expenses on investment activities		-53	-63
<b>Total investment return</b>		<b>713</b>	<b>-1,105</b>
Insurance finance income insurance contracts	6	-606	869
Insurance finance expenses reinsurance contracts	6	15	-16
<b>Net investment result</b>		<b>122</b>	<b>-252</b>
Other income	7	15	8
Other expenses	8	-220	-148
<b>Profit before tax, continuing operations</b>		<b>1,424</b>	<b>1,382</b>
Tax, continuing operations	9	-372	-305
<b>Profit after tax, continuing operations</b>		<b>1,051</b>	<b>1,078</b>
Profit after tax, discontinued operations	10	0	1,102
<b>Profit</b>		<b>1,051</b>	<b>2,179</b>
EPS continuing operations (DKK)	11	11.9	12.2
EPS continuing operations, diluted (DKK)	11	11.8	12.2
EPS (DKK)	11	11.9	24.7
EPS, diluted (DKK)	11	11.8	24.6

## Statement of comprehensive income • Group

<b>Profit</b>	<b>1,051</b>	<b>2,179</b>
Items which cannot subsequently be reclassified as profit or loss:		
Deferred tax on security fund (change in the tax percentage)	0	-56
<b>Other comprehensive income</b>	<b>0</b>	<b>-56</b>
<b>Total comprehensive income</b>	<b>1,051</b>	<b>2,124</b>



## Assets • Group

(DKK m) (2022 restated)	Note	31 Dec 2023	31 Dec 2022	1 Jan 2022
<b>Intangible assets</b>	12	<b>4,078</b>	<b>1,314</b>	<b>1,641</b>
Operating equipment		120	67	91
Owner-occupied properties		754	765	810
<b>Total tangible assets</b>	13	<b>874</b>	<b>832</b>	<b>902</b>
<b>Investment properties</b>		<b>0</b>	<b>0</b>	<b>2,927</b>
Equity investments in associates and joint ventures	14	60	53	2,324
<b>Total investments in associates and joint ventures</b>		<b>60</b>	<b>53</b>	<b>2,324</b>
Equity investments		771	1,006	5,085
Unit trusts		0	0	16
Bonds		14,156	13,989	32,995
Loans guaranteed by mortgages		5	5	5
Deposits with credit institutions		295	4,044	2,620
Derivatives		127	171	193
<b>Total other financial investment assets</b>		<b>15,354</b>	<b>19,215</b>	<b>40,914</b>
<b>Total investment assets</b>		<b>15,414</b>	<b>19,269</b>	<b>46,165</b>
<b>Investment assets related to unit-linked products</b>		<b>0</b>	<b>0</b>	<b>68,149</b>
Reinsurance asset	15	587	591	692
Receivables from associates and joint ventures		0	0	227
Other receivables		146	185	311
<b>Total receivables</b>		<b>732</b>	<b>776</b>	<b>1,230</b>
Current tax assets		86	0	0
Deferred tax assets	16	27	49	62
Liquid funds		181	61	1,136
Other		20	16	14
<b>Total other assets</b>		<b>314</b>	<b>126</b>	<b>1,212</b>
Accrued interest and rent		120	99	423
Other prepayments and accrued income		293	188	218
<b>Total prepayments and accrued income</b>		<b>413</b>	<b>287</b>	<b>641</b>
<b>Total assets</b>		<b>21,826</b>	<b>22,603</b>	<b>119,940</b>

## Shareholders' equity and liabilities • Group

(DKKm) (2022 restated)	Note	31 Dec 2023	31 Dec 2022	1 Jan 2022
Share capital		90	90	90
Revaluation reserve		0	0	2
Security fund		1,090	1,090	1,146
Other reserves		53	46	83
<b>Total reserves</b>		<b>1,144</b>	<b>1,137</b>	<b>1,229</b>
Profit carried forward		2,453	308	2,693
Proposed dividend		1,035	4,815	3,105
<b>Total shareholders' equity</b>		<b>4,722</b>	<b>6,349</b>	<b>7,119</b>
<b>Other subordinated loan capital</b>	17	<b>1,100</b>	<b>1,100</b>	<b>1,900</b>
<b>Provisions for insurance contracts</b>	18	<b>13,939</b>	<b>13,235</b>	<b>101,872</b>
<b>Provisions for investment contracts</b>		<b>0</b>	<b>0</b>	<b>5,000</b>
Pensions and similar commitments		20	20	28
Deferred tax liabilities	16	519	275	297
Other liabilities	19	215	361	0
<b>Total provisions</b>		<b>753</b>	<b>656</b>	<b>325</b>
<b>Deposits received from reinsurers</b>		<b>0</b>	<b>0</b>	<b>11</b>
Amounts due to credit institutions		70	171	451
Current tax liabilities		20	108	84
Derivatives		272	236	605
Other debt		881	698	2,468
<b>Total debt</b>		<b>1,242</b>	<b>1,213</b>	<b>3,607</b>
<b>Accruals and deferred income</b>		<b>70</b>	<b>49</b>	<b>108</b>
<b>Total shareholders' equity and liabilities</b>		<b>21,826</b>	<b>22,603</b>	<b>119,940</b>

## Cash flow statement • Group

(DKKm) (2022 restated)	2023	2022
<b>Cash flow from operations</b>		
Insurance revenue	9,965	9,830
Insurance service expenses	-8,115	-7,457
Reinsurance result	-209	-227
Cash flow from non-life insurance	1,641	2,146
Interest income etc.	421	233
Dividends	28	54
Interest expenses etc.	-141	-106
Corporation tax	-460	-176
Other items	-137	-137
<b>Cash flow from operations, continuing operations</b>	<b>1,351</b>	<b>2,014</b>
Cash flow from operations, discontinued operations	-168	2,448
<b>Cash flow from operations</b>	<b>1,183</b>	<b>4,463</b>
<b>Cash flow from investments</b>		
Intangible assets, operating equipment	-507	-337
Properties	-6	438
Sale of subsidiaries	0	3,860
Equity investments in subsidiaries	-1,916	0
Dividends from associates	0	19
Equity investments	387	-31
Bonds	448	-2,086
Derivatives	6	-127
<b>Cash flow from investments, continuing operations</b>	<b>-1,588</b>	<b>1,737</b>
Cash flow from investments, discontinued operations	0	-2,847
<b>Cash flow from investments</b>	<b>-1,588</b>	<b>-1,111</b>
<b>Cash flow from financing</b>		
Dividend paid	-2,748	-3,040
Shares bought back	-50	0
Exercise of share options	62	67
Redemption of subordinated loan capital	0	-1,200
Issue of subordinated loan capital	0	400
Amounts due to credit institutions	-549	-99
<b>Cash flow from financing, continuing operations</b>	<b>-3,285</b>	<b>-3,873</b>
Cash flow from financing, discontinued operations	0	2,591
<b>Cash flow from financing</b>	<b>-3,285</b>	<b>-1,282</b>
<b>Change in cash and cash equivalents, continuing operations</b>	<b>-3,522</b>	<b>-122</b>
<b>Change in cash and cash equivalents, discontinued operations</b>	<b>-168</b>	<b>2,192</b>
Cash and cash equivalents at beginning of period	4,105	3,756
Value adjustment of cash and cash equivalents	1	-5
Cash and cash equivalents in purchased subsidiary	59	0
Cash and cash equivalents, discontinued operations	0	-1,716
<b>Cash and cash equivalents at end of period</b>	<b>476</b>	<b>4,105</b>
Cash and cash equivalents comprise:		
Liquid funds	181	61
Deposits with credit institutions	295	4,044
<b>Cash and cash equivalents</b>	<b>476</b>	<b>4,105</b>

## Statement of changes in equity • Group

(DKK m) (2022 restated)	Share capital	Revalu- ation reserve	Security fund	Other reserves	Profit carried forward	Proposed dividend	Total
<b>2023</b>							
Equity at beginning of period, previously stated	90	0	1,090	46	457	4,815	6,498
Effect of change in accounting policies					-149		-149
Equity at beginning of period, restated	90	0	1,090	46	308	4,815	6,349
Reduction of proposed dividend prior year					2,025	-2,025	0
Profit					7	9	1,051
Other comprehensive income							0
Total comprehensive income					7	9	1,051
Dividend paid						-2,790	-2,790
Dividend, own shares					42		42
Share buy-back					-50		-50
Share-based payments					68		68
Exercise of share options					55		55
Taxation on share-based payments					-4		-4
Transactions with owners					111	-2,790	-2,679
<b>Shareholders' equity at end of period</b>	<b>90</b>	<b>0</b>	<b>1,090</b>	<b>53</b>	<b>2,453</b>	<b>1,035</b>	<b>4,722</b>
<b>2022</b>							
Equity at beginning of period, previously stated	90	2	1,146	83	2,973	3,105	7,399
Effect of change in accounting policies					-280		-280
Equity at beginning of period, restated	90	2	1,146	83	2,693	3,105	7,119
Profit		-2		-37	-2,597	4,815	2,179
Other comprehensive income			-56				-56
Total comprehensive income		-2	-56	-37	-2,597	4,815	2,124
Dividend paid						-3,105	-3,105
Dividend, own shares					65		65
Share-based payments					78		78
Exercise of share options					67		67
Taxation on share-based payments					2		2
Transactions with owners					211	-3,105	-2,894
<b>Shareholders' equity at end of period, restated</b>	<b>90</b>	<b>0</b>	<b>1,090</b>	<b>46</b>	<b>308</b>	<b>4,815</b>	<b>6,349</b>

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## Notes to the financial statements • Group

(DKKm)  
(2022 restated)

## Note 1. Segment information income statement

	Private	SME	Ei- min- ated	Result from insurance	Parent etc.	Ei- min- ated	Group Financial highlights	Reclas- sification	Group Income statement
<b>2023</b>									
Insurance revenue	4,926	5,252	-10	10,168			10,168	28	10,197
Gross claims	-3,203	-3,582	7	-6,778		16	-6,762	-28	-6,791
Operating costs	-813	-892	3	-1,703		32	-1,671		-1,671
Reinsurance result	-54	-174	0	-228			-228		-228
<b>Insurance service result</b>	<b>856</b>	<b>604</b>	<b>0</b>	<b>1,460</b>		<b>47</b>	<b>1,507</b>	<b>0</b>	<b>1,507</b>
Total investment return				735	25	-47	713		713
Insurance finance income and expenses				-591			-591		-591
Other items				-106	-99		-206		-206
<b>Profit before tax</b>				<b>1,498</b>	<b>-74</b>	<b>0</b>	<b>1,424</b>		<b>1,424</b>
Tax									-372
<b>Profit</b>							<b>1,424</b>		<b>1,051</b>
Run-off result:									
Gross business	91	109		200			200		
Reinsurance ceded	3	1		4			4		
<b>Run-off result, net of reinsurance</b>	<b>94</b>	<b>110</b>		<b>204</b>			<b>204</b>		
<b>2022</b>									
Insurance revenue	4,756	5,153	-12	9,898			9,898		
Gross claims	-3,086	-3,229	10	-6,305		9	-6,296		
Operating costs	-754	-822	2	-1,575		20	-1,555		
Reinsurance result	-49	-224	0	-272			-272		
<b>Insurance service result</b>	<b>868</b>	<b>878</b>	<b>0</b>	<b>1,745</b>		<b>29</b>	<b>1,774</b>		
Total investment return				-1,068	-8	-29	-1,105		
Insurance finance income and expenses				853			853		
Other items				-90	-50		-140		
<b>Profit before tax, continuing operations</b>				<b>1,441</b>	<b>-59</b>	<b>0</b>	<b>1,382</b>		
Tax, continuing operations									-305
<b>Profit after tax, continuing operations</b>							<b>1,078</b>		
Profit after tax, discontinued operations									1,102
<b>Profit</b>									<b>2,179</b>
Run-off result:									
Gross business	51	136		188			188		
Reinsurance ceded	6	-41		-36			-36		
<b>Run-off result, net of reinsurance</b>	<b>57</b>	<b>95</b>		<b>152</b>			<b>152</b>		
Amortisations and depreciations:									
2023	58	54		112	0		112		
2022	53	58		111	0		111		
Results from associates:									
2023				7			7		
2022				-4			-4		

## Notes to the financial statements • Group

(DKKm) (2022 restated)	2023	2022
<b>Note 2. Insurance revenue</b>		
Contracts measured under the PAA method	10,197	9,898
Insurance revenue, direct business, by location of the risk:		
Denmark	10,191	9,895
Other EU countries	5	2
Other countries	1	1
	<b>10,197</b>	<b>9,898</b>

**Note 3. Insurance service expenses**

Claims incurred and claims handling costs	6,719	6,238
Bonuses and rebates	78	92
Losses on and reversals of onerous insurance contracts (net)	3	0
Change in risk adjustment	-9	-33
Claims incurred	6,791	6,296
Other operating costs	1,671	1,555
<b>Insurance service expenses</b>	<b>8,462</b>	<b>7,851</b>

Expenses for loss-prevention included in claims incurred amount to 0.3% (2022: 0.2%), split between Fire and property, Private, 0.1% (2022: 0.0) and Illness and accident 0.2% (2022: 0.2%).

<b>Note 4. Insurance service result</b>	2023	2022	2023	2022	2023	2022
	Illness and accident		Workers' compensation		Motor third-party liability	
Gross premiums written	1,143	1,095	880	881	449	457
Insurance revenue	1,162	1,110	888	903	458	446
Claims incurred	-674	-740	-513	-505	-554	-574
Operating expenses	-197	-193	-125	-110	-103	-92
<b>Insurance service expenses</b>	<b>-871</b>	<b>-933</b>	<b>-638</b>	<b>-614</b>	<b>-657</b>	<b>-665</b>
Net reinsurance	-4	-4	-2	-2	-2	-3
<b>Insurance service result</b>	<b>287</b>	<b>173</b>	<b>248</b>	<b>286</b>	<b>-201</b>	<b>-222</b>
Gross claims ratio	58.0	66.7	57.7	55.9	120.9	128.6
Combined ratio	75.3	84.4	72.0	68.3	143.8	149.8
Run-off result, net of reinsurance	37	17	139	116	-21	-25
Liability for incurred claims, net of reinsurance	1,332	1,290	6,060	5,749	992	991
Number of claims incurred ('000)	33	31	7	7	22	21
Average value of claim (DKK '000)	22	25	95	90	24	26
Frequency of claims (per thousand value)	31	29	128	127	38	37
	Motor own damage		Fire and property Private		Fire and property SME	
Gross premiums written	1,880	1,918	1,992	1,914	2,310	2,173
Insurance revenue	1,949	1,976	2,034	1,963	2,277	2,170
Claims incurred	-1,156	-1,055	-1,379	-1,215	-1,555	-1,301
Operating expenses	-280	-259	-321	-302	-426	-414
<b>Insurance service expenses</b>	<b>-1,435</b>	<b>-1,313</b>	<b>-1,700</b>	<b>-1,517</b>	<b>-1,982</b>	<b>-1,715</b>
Net reinsurance	-4	-3	-48	-55	-157	-179
<b>Insurance service result</b>	<b>510</b>	<b>660</b>	<b>285</b>	<b>392</b>	<b>139</b>	<b>276</b>
Gross claims ratio	59.3	53.4	67.8	61.9	68.3	59.9
Combined ratio	73.8	66.6	86.0	80.0	93.9	87.3
Run-off result, net of reinsurance	4	-20	47	93	-18	3
Liability for incurred claims, net of reinsurance	195	169	764	687	757	530
Number of claims incurred ('000)	109	107	94	87	26	26
Average value of claim (DKK '000)	11	10	15	15	59	52
Frequency of claims (per thousand value)	207	207	149	137	136	131

## Notes to the financial statements • Group

(DKKm)  
(2022 restated)

Note 4. Insurance service result - continued	2023	2022	2023	2022	2023	2022
			Liability	Tourist assistance	Other insurance	
Gross premiums written	580	551	205	234	542	507
Insurance revenue	574	546	211	235	644	549
Claims incurred	-369	-391	-134	-161	-457	-355
Operating expenses	-104	-95	-27	-28	-87	-63
<b>Insurance service expenses</b>	<b>-473</b>	<b>-486</b>	<b>-162</b>	<b>-189</b>	<b>-544</b>	<b>-418</b>
Net reinsurance	-8	-27	0	0	-3	0
<b>Insurance service result</b>	<b>93</b>	<b>34</b>	<b>49</b>	<b>46</b>	<b>97</b>	<b>130</b>
Gross claims ratio	64.3	71.6	63.7	68.5	71.3	64.5
Combined ratio	83.8	93.9	76.7	80.4	85.0	76.2
Run-off result, net of reinsurance	15	-34	3	-5	-4	7
Liability for incurred claims, net of reinsurance	727	692	29	32	347	235
Number of claims incurred ('000)	6	9	15	17	122	98
Average value of claim (DKK '000)	68	43	9	9	4	4
Frequency of claims (per thousand value)	57	78	74	87	232	210
					Total	
Gross premiums written					9,980	9,730
Insurance revenue					10,197	9,898
Claims incurred					-6,791	-6,296
Operating expenses					-1,671	-1,555
<b>Insurance service expenses</b>					<b>-8,462</b>	<b>-7,851</b>
Net reinsurance					-228	-272
<b>Insurance service result</b>					<b>1,507</b>	<b>1,774</b>
Gross claims ratio					66.7	63.7
Combined ratio					85.6	82.4
Run-off result, net of reinsurance					204	152
Liability for incurred claims, net of reinsurance					11,202	10,376
Number of claims incurred ('000)					433	402
Average value of claim (DKK '000)					16	16
Frequency of claims (per thousand value)					111	105

Claims ratio and combined ratio have been calculated including internal rent in accordance with the Executive Order on Financial Reports for insurance companies.

Note 5. Value adjustments	2023	2022
Equity investments	152	-193
Bonds	323	-1,104
Derivatives	-72	17
<b>Fair value through profit or loss</b>	<b>403</b>	<b>-1,279</b>
Other:		
Properties	-25	-46
Liquid funds	1	-1
Other	0	5
<b>Value adjustments</b>	<b>379</b>	<b>-1,320</b>



## Notes to the financial statements • Group

(DKKm) (2022 restated)	2023	2022
<b>Note 6. Insurance finance income and expenses</b>		
<b>Insurance contracts</b>		
Unwinding	-294	-137
Effect of changes in interest rates	-144	1,323
Effect of changes in other financial assumptions (wage indexation, workers compensation)	-168	-316
<b>Insurance finance income insurance contracts</b>	<b>-606</b>	<b>869</b>
<b>Reinsurance contracts</b>		
Unwinding	12	6
Effect of changes in interest rates	4	-22
<b>Insurance finance expenses reinsurance contracts</b>	<b>15</b>	<b>-16</b>
<b>Note 7. Other income</b>		
Other income relates to contracts not covered by IFRS 17.		
<b>Note 8. Other expenses</b>		
Holding expenses	60	50
Education and development costs	49	55
Transaction costs and amortisation related to acquisition of Oona Health A/S	39	-
Danish guarantee Fund for Non-life Insurers, the bankruptcy of Gefion Insurance A/S	25	25
Other	47	18
<b>Other expenses</b>	<b>220</b>	<b>148</b>
<b>Note 9. Tax, continuing operations</b>		
Current tax	356	333
Change in deferred tax (acquired DKK 168m)	98	-30
Prior year adjustment	-78	1
<b>Tax for the year</b>	<b>376</b>	<b>303</b>
Of which tax in shareholders' equity	-4	2
<b>Tax, continuing operations</b>	<b>372</b>	<b>305</b>
Calculated tax on profit for the year, 22% (2022: 22%)	313	304
Adjusted for the tax effect of:		
Financial tax	48	-51
Returns on shares etc. not liable to tax	1	-6
Non-deductible expenses/non taxable income	11	57
Prior year adjustment	-2	1
	<b>372</b>	<b>305</b>
<b>Global minimum top-up tax</b>		
Topdanmark is in scope of the OECD global tax regime introducing a global minimum tax rate of 15% from 2024. The activities of the Group are Danish based and the effective tax rates well above the 15% minimum. Topdanmark expects no impact on future tax payments from the top-up tax.		

## Notes to the financial statements • Group

(DKK)m	11 months 2022	
<b>Note 10. Profit after tax, discontinued operations</b>		
<b>Income statement</b>	<b>IFRS 4</b>	<b>IFRS 17</b>
Insurance revenue	9,646	1,815
Insurance service expenses	-9,954	-1,444
Reinsurance result	12	12
<b>Insurance service result</b>	<b>-295</b>	<b>384</b>
Total investment return	-8,900	-8,292
Insurance finance income and expenses	9,300	8,226
<b>Net investment result</b>	<b>399</b>	<b>-66</b>
Other income	2	19
Other expenses	-2	-95
<b>Profit before tax Topdanmark Liv Holding Group</b>	<b>104</b>	<b>241</b>
Net gain on sale before tax	957	872
Tax	27	-11
<b>Profit after tax, discontinued operations</b>	<b>1,089</b>	<b>1,102</b>
EPS discontinued operations (DKK)	12.3	12.5
EPS discontinued operations, diluted (DKK)	12.3	12.4
Topdanmark Forsikring A/S has divested Topdanmark Liv Holding A/S and all subsidiaries thereof to Nordea Life Holding AB.		
Consequently, according to IFRS 5, the result from the life insurance group has been presented as discontinued operations in the income statement. Comparatives have been restated.		
Tax, discontinued operations relates to		
Profit from discontinued operations	5	-34
Net gain on sale	23	23
<b>Tax, discontinued operations</b>	<b>27</b>	<b>-11</b>

**Life insurance, discontinued operations**

The discontinued operations in life insurance consists of life and savings contracts which by nature are long-term contracts, and a portfolio of short-term illness and accident contracts.

The life operation has been divested as at 30 November 2022.

Products sold have been classified as insurance contracts when Topdanmark has accepted significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Savings contracts without insurance risks are measured using IFRS 9.

In addition to compensation for losses from insured risk, Life has issued insurance pensions savings contracts that allow policyholders to participate in investment returns with Life. Participating contracts meet the definition of insurance contracts with direct participating features if the following three criteria are met:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items
- The Life Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns from the underlying items
- A substantial proportion of the cash flows that the Life Group expects to pay to the policyholder is expected to vary with the change in the fair value of the underlying items.

The contracts represent the majority of contracts issued and are measured using the variable fee approach (VFA).

The Life group has issued life and pensions contracts without the above-described features with long-term coverage. These are measured using the general measurement model.

Contracts with a coverage of 12 months or less has been measured using the simplified model, PAA.

The insurance contracts are recognised at the earliest of the beginning of coverage period, or the first payment are due, or when a group becomes onerous.

At initial recognition, contracts are segregated based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of subsequently becoming onerous
- Any remaining contracts.

## Notes to the financial statements • Group

(DKKm)  
(2022 restated)

### Note 10. Profit after tax, discontinued operations - continued

A group of contracts are measured on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary, and the contractual service margin representing the unearned profit on the contracts relating to services that will be provided under the contracts.

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss or contractual service margin at the end of each reporting period.

Expected future cash flows that vary based on the returns on any financial underlying items are discounted at rates that reflect this variability. Discounting has been applied using EIOPA interest rate with a volatility adjustment.

Insurance acquisition cash flows are included in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs.

An asset is recognised in respect of costs to secure a portfolio or group of insurance contracts, such as costs of selling and underwriting, when these costs are incurred before the recognition of the group of insurance contracts to which these costs relate.

#### Presentation

Insurance revenue consists of provided insurance services for a group of insurance contracts issued.

For groups of insurance contracts measured under the General Model and VFA, insurance revenue includes change in contractual service margin and risk adjustment for non-financial risks, and insurance service expenses incurred in the period and measured at beginning of the period.

Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

#### Transition approach applied

For the discontinued operations full, the retrospective approach has been applied when practicable. When not practicable, a modified retrospective approach or fair value has been applied.

Note 11. Earnings per share	2023	2022
Profit for the year	1,051	2,179
Average number of shares ('000)	88,686	88,206
Diluting impact of options ('000)	207	299
<b>Average number of shares, diluted ('000)</b>	<b>88,893</b>	<b>88,505</b>
EPS continuing operations (DKK)	11.9	12.2
EPS continuing operations, diluted (DKK)	11.8	12.2
EPS (DKK)	11.9	24.7
EPS, diluted (DKK)	11.8	24.6

### Note 12. Intangible assets

2023	Goodwill	Software	Completed developm't projects	Developm't projects under construction	Customer relations and Brand rights	Total
Cost at 1 January	441	230	1,274	322	0	2,267
Additions	0	0	3	426	0	429
Additions related to acquisitions	1,770	0	63	0	589	2,422
Transferred	0	0	114	-114	0	0
Disposals	0	-6	0	0	0	-6
<b>Cost at 31 December</b>	<b>2,211</b>	<b>224</b>	<b>1,454</b>	<b>634</b>	<b>589</b>	<b>5,113</b>
Impairment and amortisation at 1 January	0	-229	-725	0	0	-954
Amortisation for the year	0	-1	-82	0	-3	-87
Disposals	0	6	0	0	0	6
<b>Impairment and amortisation at 31 December</b>	<b>0</b>	<b>-224</b>	<b>-807</b>	<b>0</b>	<b>-3</b>	<b>-1,035</b>
<b>Intangible assets 2023</b>	<b>2,211</b>	<b>0</b>	<b>647</b>	<b>634</b>	<b>585</b>	<b>4,078</b>

## Notes to the financial statements • Group

(DKKm)  
(2022 restated)

## Note 12. Intangible assets - continued

2022	Goodwill	Software	Completed developm't projects	Developm't projects under construction	Total
Cost at 1 January	441	230	1,867	157	2,694
Additions	0	0	24	330	354
Transferred	0	0	123	-123	0
Reclassification due to sale of life	0	0	-727	-41	-769
Disposals	0	0	-12	0	-12
<b>Cost at 31 December</b>	<b>441</b>	<b>230</b>	<b>1,274</b>	<b>322</b>	<b>2,267</b>
Impairment and amortisation at 1 January	0	-225	-828	0	-1,053
Reclassification due to sale of life	0	0	181	0	181
Amortisation for the year	0	-4	-84	0	-88
Disposals	0	0	6	0	6
<b>Impairment and amortisation at 31 December</b>	<b>0</b>	<b>-229</b>	<b>-725</b>	<b>0</b>	<b>-954</b>
<b>Intangible assets 2022</b>	<b>441</b>	<b>1</b>	<b>549</b>	<b>322</b>	<b>1,314</b>

## Impairment test

## Goodwill

Topdanmark applies the value in use method when testing goodwill for impairment.

Primary assumptions:

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

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.

*Goodwill Topdanmark Forsikring, DKK 441m*

Goodwill in Topdanmark Forsikring relates to the acquisition of two non-life insurance companies acquired in 1999 from Danske Bank. The companies were merged into Topdanmark Forsikring and the portfolios included in the Private division, now being the cash generating unit for the impairment test.

Future cash flows are based on three years' expected insurance service result and a terminal value.

Assumed premium growth rate 2% (2022: 2%) and combined ratio 84 (2022: 84).

The pre-tax discount rate is 11.5% (2022: 11.5%), and the post-tax rate 9.0% (2022: 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.

*Goodwill Oona Health, DKK 1,770m*

On 1 December 2023 Topdanmark acquired the shares of Oona Health A/S, which owns Dansk Sundhedssikring A/S (DSS), PrimaCare A/S and DSS Hälsa AB.

DSS is an insurance company which offers health insurance to companies and their employees as well as private individuals in the Danish market. PrimaCare A/S is a network health care company providing physiotherapy, chiropractic and psychological help to insurance companies, including DSS, in the Danish market. DSS Hälsa AB is an insurance agency in Sweden providing health insurance products and administration in connection with the insurance policies.

Calculation of value in use is based on 10 years expected cash flows approved by management.

The pre-tax discount rate is 13.8%, and the post-tax rate 10.2%.

## Notes to the financial statements • Group

(DKKm)  
(2022 restated)

**Note 12. Intangible assets - continued**

## Assumptions:

Earned premiums CAGR 0-10 years	8.9%
Earned premiums CAGR >10 years (terminal growth)	3.0%
Long-term combined ratio	84.2%

## Sensitivities - impact on equity value (DKKm):

Earned premiums CAGR >10 years (terminal growth) -1pp	-185
Long-term combined ratio +1pp	-76
Post-tax discount rate +1pp	-306

*Development projects, DKK 1,281m*

Topdanmark's new customer and core system is implemented in waves 1-3.

Wave 1 (agricultural customers) is operating with a few elements still under construction. Wave 2 (private customers) is under construction, and development of Wave 3, (commercial customers) is expected to start in 2024.

Costs include internal and external staff costs. Operating systems are amortised straight-line over 10 years.

Amortisation in the income statement is included in insurance service expenses.

The carrying value of operating systems is assessed on a yearly basis. At any indication of impairment, the value is being tested.

Development projects under construction are tested for impairment annually.

The tests are based on 10 years technical results, assuming 2% growth.

*Customer relations and brand rights, DKK 585m*

Management has performed an assessment of the carrying amounts of customer relations and brand rights as an integral part of the goodwill impairment test for Oona Health A/S.

**Note 13. Tangible assets**

	Owner occupied properties	Operating equip- ment	Total
<b>2023</b>			
Cost at 1 January	765	364	1,129
Additions, improvements	8	76	84
Additions, acquisitions	8	1	9
Disposals	0	-7	-7
Value adjustment taken to income statement	-26	0	-26
<b>Cost at 31 December</b>	<b>755</b>	<b>435</b>	<b>1,189</b>
Impairment and depreciation at 1 January	0	-297	-297
Depreciation for the year	-2	-24	-25
Transferred on value adjustment	1	0	1
Reversal of total impairment and depreciation of assets sold or withdrawn from operations during the year	0	6	6
<b>Impairment and depreciation at 31 December</b>	<b>0</b>	<b>-315</b>	<b>-315</b>
<b>Tangible assets 2023</b>	<b>754</b>	<b>120</b>	<b>874</b>
<b>2022</b>			
Cost at 1 January	810	384	1,194
Reclassification due to sale of life	0	-34	-34
Additions, improvements	0	18	18
Disposals	0	-5	-5
Value adjustment taken to income statement	-45	0	-45
<b>Cost at 31 December</b>	<b>765</b>	<b>364</b>	<b>1,129</b>
Impairment and depreciation at 1 January	0	-293	-293
Reclassification due to sale of life	0	16	16
Depreciation for the year	0	-24	-24
Reversal of total impairment and depreciation of assets sold or withdrawn from operations during the year	0	3	3
<b>Impairment and depreciation at 31 December</b>	<b>0</b>	<b>-297</b>	<b>-297</b>
<b>Tangible assets 2022</b>	<b>765</b>	<b>67</b>	<b>832</b>

## Notes to the financial statements • Group

(DKKm)		
(2022 restated)	2023	2022

### Note 13. Tangible assets (continued)

Owner-occupied properties are measured at a revalued amount corresponding to fair value (level 3).

The weighted average of the rates of return on which fair value of individual properties was based	5.5%	5.3%
An increase in the required rate of return of 0.5pp will reduce the total fair value by	62	66
Carrying amount if the properties had been valued at cost less depreciation	713	714

### Note 14. Equity investments in associates

Investments in associates consists of a 27% (2022: 27%) holding in Bornholms Brandforsikring A/S.

Investment	60	53
Share of result	7	-4

### Note 15. Reinsurance asset

	Assets for		Assets for incurred claims		Total
	remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
<b>2023</b>					
<b>Opening assets</b>	<b>-15</b>	<b>595</b>	<b>10</b>		<b>591</b>
<i>Changes in the income statement</i>					
Allocation of reinsurance premiums paid	-597				-597
Amounts recoverable from reinsurers:					
Recoveries of incurred claims and other reinsurance service expenses		364	8		372
Adjustment to assets for incurred claims		4	-7		-4
<b>Net expenses from reinsurance contracts</b>	<b>-597</b>	<b>368</b>	<b>0</b>		<b>-228</b>
Insurance finance expenses from reinsurance contracts		15	0		15
<b>Total changes in the income statement</b>	<b>-597</b>	<b>383</b>	<b>0</b>		<b>-213</b>
<i>Cash flows</i>					
Premium paid	608				608
Amounts received		-399			-399
<b>Total cash flows</b>	<b>608</b>	<b>-399</b>			<b>209</b>
<b>Closing assets</b>	<b>-4</b>	<b>580</b>	<b>11</b>		<b>587</b>
<b>2022</b>					
<b>Opening assets</b>	<b>24</b>	<b>616</b>	<b>12</b>		<b>652</b>
<i>Changes in the income statement</i>					
Allocation of reinsurance premiums paid	-559				-559
Amounts recoverable from reinsurers:					
Recoveries of incurred claims and other reinsurance service expenses		324	8		332
Adjustment to assets for incurred claims		-36	-9		-45
<b>Net expenses from reinsurance contracts</b>	<b>-559</b>	<b>289</b>	<b>-2</b>		<b>-272</b>
Insurance finance expenses from reinsurance contracts		-16	0		-16
<b>Total changes in the income statement</b>	<b>-559</b>	<b>272</b>	<b>-2</b>		<b>-288</b>
<i>Cash flows</i>					
Premium paid	520				520
Amounts received		-293			-293
<b>Total cash flows</b>	<b>520</b>	<b>-293</b>	<b>0</b>		<b>227</b>
<b>Closing assets</b>	<b>-15</b>	<b>595</b>	<b>10</b>		<b>591</b>

## Notes to the financial statements • Group

(DKK m) (2022 restated)	2023	2022
<b>Note 16. Deferred tax</b>		
Security funds	362	362
Tangibles and intangibles	144	-54
Provisions for insurance contracts	10	-50
Liabilities provided	-5	-9
Other	-18	-22
<b>Deferred tax</b>	<b>492</b>	<b>226</b>
Recognised as:		
Deferred tax assets	-27	-49
Deferred tax liabilities	519	275
	<b>492</b>	<b>226</b>

**Note 17. Other subordinated loan capital**

	Hybrid core capital (redeemed 2022)	Subordinated loan capital (redeemed 2022)	Subordinated loan capital (partially redeemed 2022)	Restricted Tier 1 capital note
Borrower	Topdanmark A/S	Topdanmark Forsikring A/S	Topdanmark Forsikring A/S	Topdanmark Forsikring A/S
Principal	400	500	700	400
Carrying value				
2023	-	-	700	400
2022	-	-	700	400
Fair value (level 2)				
2023	-	-	700	400
2022	-	-	700	400
Date of issue	November 2017	December 2020	December 2021	December 2022
Maturity	Bullet	30 December 2030	16 December 2031	Perpetual
If permitted by the Danish FSA, the borrower can give notice of termination from	23 November 2022	30 December 2025	16 December 2026	22 December 2027
Interest rate	Cibor 3 months +275bp	Cibor 3 months +160bp	Cibor 3 months +125bp	Cibor 3 months +475bp
			<b>2023</b>	<b>2022</b>
Interest charges			65	35
Costs of raising the loan capital			-	1
Costs of redeeming loan capital			-	5

The market valuation of subordinated loans is based on a mark-to-model method. Future cashflows are discounted by the risk free rate and an appropriate credit spread. The Solvency II interest rate curve is used for approximation for risk free rates.

Subordinated loan capital is fully included in the Group's own funds (Capital for solvency purposes).





## Notes to the financial statements • Group

(DKKm)		
(2022 restated)	<b>2023</b>	<b>2022</b>

### Note 18. Insurance provisions - continued

Provisions net of reinsurance for business lines being settled in whole or in part as annuities:

Workers' compensation insurance, liability for incurred claims	6,060	5,749
Average period of settlement	7 years	7 years

### Discontinued operations, Life

Topdanmark Liv Holding Group was divested 30 November 2022. The divestment was announced on 18 March 2022 from which date assets and liabilities in the Life Holding Group were transferred to assets held for sale and liabilities related to assets held for sale.

Insurance contract balances	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	CSM	total
<b>Opening liabilities 2022</b>	<b>84,751</b>	<b>36</b>	<b>3,030</b>	<b>87,817</b>
Transferred to liabilities related to assets held for sale	-84,751	-36	-3,030	-87,817
<b>Closing liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Notes to the financial statements • Group

(DKK m)		
(2022 restated)	<b>2023</b>	<b>2022</b>

### Note 19. Other liabilities

Other liabilities at 1 January	361	0
Provisions made during the year	29	361
Provisions used during the year	-176	0
<b>Other liabilities</b>	<b>215</b>	<b>361</b>

Provisions for expected unwinding costs and other contractual obligations related to the divestment of Topdanmark Liv Holding Group amount to DKK 169m.

A provision of DKK 42m is related to the bankruptcy of Gefion Insurance A/S.

### Note 20. Costs

Staff costs	1,985	2,194
Other costs related to staff	55	79
Executive Board and Board of Directors	22	29
Commissions, external	95	94
Amortisation and depreciation	112	135
Premises costs	71	143
IT costs	285	443
Marketing	56	62
Other expenses	254	249
<b>Total costs</b>	<b>2,936</b>	<b>3,428</b>

2022 costs include discontinued operations.

### Note 21. Auditors' fee

	Deloitte*	KPMG	
	2023	2023	2022
Fee to the auditors elected at the Annual General Meeting.			
Fee for statutory audit of the annual accounts	1.0	5.7	4.2
Fee for other assurance engagements**	0.7	0.3	0.5
Fee for tax advice	0.1	0.0	0.1
Fee for services, other than audit work	0.0	0.0	1.8
	<b>1.8</b>	<b>6.0</b>	<b>6.5</b>

\*Fees for Deloitte covers Oona Health Group for the full year 2023.  
Topdanmark acquired Oona Health Group 1 December 2023.

\*\*Fee for other assurance engagements includes fee for issuance of reports to the Danish Tax Authority and other public authorities. Fee for services, other than audit work, includes accounting advisory mainly related to IFRS 17.

### Note 22. Staff costs

Salaries	1,450	1,591
Pensions	245	260
Social security costs	39	43
Payroll tax	263	284
Employee shares	52	61
Share options	6	9
STI-Bonuses	2	4
	<b>2,056</b>	<b>2,252</b>

2022 costs include discontinued operations.

Average number of full-time employees	2,178	2,378
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#### Employee shares

For the period November 2022 to October 2023, Topdanmark has allotted 172,700 shares at a value of DKK 54m for a salary cut.

For the period November 2021 to October 2022, Topdanmark has allotted 188,553 shares at a value of DKK 65m for a salary cut.

## Notes to the financial statements • Group

(DKKm)  
(2022 restated)

### Note 22. Staff costs - continued

#### Share options programme (LTI)

Topdanmark's long-term option-based LTI-programme comprises the Executive Board and senior executives. The strike price has been fixed at 110% of the market price on the last trading date, the year before (avg. of all trades). The options may be exercised 3-5 years subsequent to the granting. The scheme is settled by shares (equity instruments).

There are no other earnings conditions to the option scheme than employment in the full year of allocation. Options are allocated at the beginning of the year and in connection with resignation in the year of allocation a proportional deduction in the number of allocated options is made.

Total number of options ('000) (categorised by the option holders' standing end of year)	Strike price	Executive Board	Senior executives	Resigned	Total	
<b>2022</b>						
Outstanding at 1 January	270	108	765	249	1,121	
Granted	404	38	180	0	218	
Transferred		-53	-414	467	0	
Exercised	208	-8	-105	-239	-352	
Forfeited	273	0	0	-7	-7	
<b>Outstanding at 31 December 2022</b>	<b>280</b>	<b>85</b>	<b>425</b>	<b>470</b>	<b>981</b>	
Fair value at 31 December 2022		8	42	52	101	
Fair value of granting 2022		2	8	0	10	
Average current price on date of exercise 2022	370					
<b>2023</b>						
Outstanding at 1 January	280	85	425	470	981	
Granted	403	25	101	0	126	
Transferred		0	-56	56	0	
Exercised	223	-12	-73	-131	-216	
Forfeited	341	0	0	-16	-16	
<b>Outstanding at 31 December 2023</b>		<b>98</b>	<b>396</b>	<b>379</b>	<b>874</b>	
Fair value at 31 December 2023		6	26	30	62	
Fair value of granting 2023		1	6	0	7	
Average current price on date of exercise 2023	352					
Per granting:	Exercise period					
2019	January 2022 - January 2024	224	6	31	72	108
2020	January 2023 - January 2025	268	17	72	103	192
2021	January 2024 - January 2026	206	23	100	122	245
2022	January 2025 - January 2027	339	27	104	75	206
2023	January 2026 - January 2028	372	25	90	7	122

The fair value of the granting for the year has been calculated using the Black and Scholes model assuming a price of DKK 366.60 (2022: DKK 367.42) per share, an interest rate corresponding to the zero coupon rate based on the swap curve end of December the previous year, future volatility of 22% (2022: 22%) p.a. and a pattern of exercise similar to Topdanmark's previous granting of share options, resulting in an average life of the options of approximately 4 years. The volatility has been calculated on the basis of previous years' volatility, which continues to be Management's best estimate of future volatility. The stated strike prices for outstanding options are reduced by dividend distributions.

	2023	2022
Number of options which could be exercised on 31 December ('000)	300	290

#### Bonus programme (STI)

Topdanmark's short-term cash and share based STI-programme comprises the Executive Board and senior executives. The programme is tied up with the completion of a number of predefined goals for each member of the programme. Bonuses are mainly paid with 50% cash and 50% shares in Topdanmark A/S.

## Notes to the financial statements • Group

(DKKm)  
(2022 restated)

### Note 23. Related parties

Possessing an ownership interest of 49.61% of the shares outstanding, Sampo plc, Fabianinkatu 27, Helsinki, Finland has a controlling interest in Topdanmark AS.

Related parties of Topdanmark Group include Sampo plc, subsidiaries and associates. In addition, related parties include, as mentioned below key management personnel and their related parties. The Group's subsidiaries are listed in note 32 and associates in note 14.

All intra-group transactions and balances are eliminated upon consolidation. The related party transactions disclosed in the note include transactions with related parties that are not eliminated in the preparation of consolidated financial statements.

Transactions with related parties are on an arm's length basis.

### Key management personnel and their related parties

#### Remuneration

2023	Number of persons	Share-based		Total
		Base Salary	variable re-muneration	
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
	<b>30</b>	<b>61.7</b>	<b>10.6</b>	<b>72.2</b>

#### Retired

Executive board, severance pay	2	4.0	16.2	20.2
	<b>2</b>	<b>4.0</b>	<b>16.2</b>	<b>20.2</b>

#### 2022

Board of Directors	11	6.5	0.0	6.5
Executive board	3	17.6	5.0	22.6
Material risk-takers	28	53.3	13.1	66.4
	<b>42</b>	<b>77.4</b>	<b>18.1</b>	<b>95.5</b>

#### Retired

Executive board, severance pay	3	13.6	11.8	25.4
	<b>3</b>	<b>13.6</b>	<b>11.8</b>	<b>25.4</b>

	2023		2022	
	Premiums	Claims	Premiums	Claims
Board of Directors	0.2	0.3	0.4	0.5
Executive board	0.1	0.1	0.1	0.0

#### Number of shares held by the Board of Directors and the Executive Board

	2023	2022
Notified on 31 December		
Board of Directors	11,503	10,046
Executive Board	25,693	21,425

## Notes to the financial statements • Group

(DKKm) (2022 restated)	2023	2022
<b>Note 23. Related parties - continued</b>		
<b>Dividends</b>		
In 2023, Q2, Topdanmark A/S paid dividend of DKK 1,354m (Q1 2022: DKK 1,501m) to Sampo plc. and received dividend of DKK 3,000m (Q1 2022: DKK 3,100m) from Topdanmark Forsikring A/S.		
<b>Subordinated loans</b>		
Q4 2022 redemption of subordinated notes DKK 800m held by If P&C Insurance Ltd.		
Q4 2022 redemption of subordinated notes DKK 133m held by If P&C Insurance Ltd.		
Q4 2022 issue of subordinated notes DKK 250m subscribed by If P&C Insurance Ltd.		
If P&C Insurance Ltd. holds subordinated notes in Topdanmark Forsikring A/S	950	950
Interest expenses	53	30
<b>Other</b>		
Viking Assistance A/S, road assistance services	51	-

### Note 24. Acquisition of Oona Health A/S

On 1 December 2023, Topdanmark acquired Oona Health A/S, which owns Dansk Sundhedsikring A/S (DSS), PrimaCare A/S and DSS Hälsa AB.

DSS is an insurance company which offers health insurance to companies and their employees as well as private individuals in the Danish market. PrimaCare A/S is a network health care company providing physiotherapy, chiropractic and psychological help to insurance companies, including DSS, in the Danish market. DSS Hälsa AB is an insurance agency in Sweden providing health insurance products and administration in connection with the insurance policies.

The purchase price includes goodwill of DKK 1,770m which relates to the unique business model and operational setup of DSS. The goodwill will not be deductible for income tax purposes.

The following table summarises the consideration paid for Oona Health and the assets acquired and liabilities assumed at the acquisition date.

	1 Dec 2023
Cash	1,916
Contingent consideration*	87
<b>Total purchase price</b>	<b>2,003</b>
Acquisition-related costs (included in other costs in Topdanmark A/S' income statement for 2023)	35
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Investment assets	292
Cash and cash equivalents	59
Intangible assets	651
Other assets	83
<b>Total assets</b>	<b>1,085</b>
Provisions for insurance contracts	136
Other liabilities	716
<b>Total liabilities</b>	<b>852</b>
<b>Total identifiable net assets</b>	<b>233</b>
Goodwill	1,770
<b>Purchase price</b>	<b>2,003</b>

\*In accordance with the purchase agreement Topdanmark A/S took over 97.5% of the shares of Oona Health A/S at closing and will acquire the remaining 2.5% at a purchase price which is variable and dependent on profit after tax in 2026. Purchase price is unlimited. Expected range: DKK 77m-97m.

Intangible assets include customer relations (DKK 535m) and brand rights (DKK 50m).

The revenue included in the consolidated statement of comprehensive income since 1 December 2023 contributed by Oona Health A/S was DKK 93m including a DKK 28m adjustment according to IFRS 3.

Oona Health A/S contributed with profit of DKK 14m in 2023.

If acquired 1 January 2023, Group revenue would have been DKK 10,885m and profit after tax DKK 1,027m. Calculations are based on same fair value assumptions as used at the time of acquisition 1 December 2023.

Note that the provided figures are affected by a large number of one-off effects related to the acquisition and a theoretical amortisation effect related to intangible assets.

## Notes to the financial statements • Group

(DKK m) (2022 restated)	2023	2022
<b>Note 25. Financial assets</b>		
<b>Financial assets at fair value through profit and loss</b>		
Equity investments	771	1,006
Bonds	14,156	13,989
Loans guaranteed by mortgages and other loans	5	5
Deposits with credit institutions	295	4,044
Derivatives	127	171
<b>Total financial assets at fair value through profit and loss</b>	<b>15,354</b>	<b>19,215</b>
<b>Loans and receivables at amortised cost</b>		
Other receivables	146	185
Liquid funds	181	61
Other	20	16
<b>Total loans and receivables at amortised cost</b>	<b>347</b>	<b>262</b>
Accrued interest and rent	120	99
<b>Total financial assets</b>	<b>15,821</b>	<b>19,576</b>

	Quoted prices Level 1	Observable inputs Level 2	Non- observable inputs Level 3	Total
<b>Financial assets at fair value</b>				
<b>2023</b>				
Equity investments	604	167		771
Bonds	13,424	696	36	14,156
Loans guaranteed by mortgages and other loans		5		5
Deposits with credit institutions		295		295
Derivatives		127		127
<b>Total financial assets at fair value</b>	<b>14,028</b>	<b>1,290</b>	<b>36</b>	<b>15,354</b>
<b>2022</b>				
Equity investments	828	178		1,006
Bonds	12,773	1,179	37	13,989
Loans guaranteed by mortgages and other loans		5		5
Deposits with credit institutions		4,044		4,044
Derivatives		171		171
<b>Total financial assets at fair value</b>	<b>13,601</b>	<b>5,577</b>	<b>37</b>	<b>19,215</b>

In 2022, Danish mortgage bonds of DKK 86m were transferred from level 2 to level 1. Rising interest rates improved liquidity for several older series with higher coupon rates. In 2023 no material transfers were made.

	2023	2022
Financial assets at fair value based on non-observable input (level 3):		
1 January	37	80
Reclassification due to sale of life	0	-46
Value adjustments (unrealised)	-1	0
Value adjustments (realised)	0	3
	<b>36</b>	<b>37</b>

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.

Outline of equity investments can be obtained on application.

## Notes to the financial statements • Group

(DKKm) (2022 restated)	2023	2022
<b>Note 26. Financial liabilities</b>		
<b>Financial liabilities at fair value through profit and loss</b>		
Derivatives	272	236
Amounts due to credit institutions	70	171
<b>Total financial liabilities at fair value (observable inputs level 2)</b>	<b>341</b>	<b>408</b>
<b>Financial liabilities at amortised cost</b>		
Other subordinated loan capital	1,100	1,100
Other debt	881	698
<b>Total financial liabilities at amortised cost</b>	<b>1,981</b>	<b>1,798</b>
<b>Total financial liabilities</b>	<b>2,323</b>	<b>2,205</b>

<b>Liabilities concerning financing activities</b>	Other subordinated loan capital	Amounts due to credit institutions
Beginning 2022	1,900	451
<i>Cash flow from financing</i>		
Redemption/net change	-1,200	-99
Issue	400	0
<i>Other changes</i>		
Reclassification due to sale of life	0	-180
<b>End 2022</b>	<b>1,100</b>	<b>171</b>
<i>Cash flow from financing</i>		
Acquisitions	0	447
Redemption/net change	0	-549
<b>End 2023</b>	<b>1,100</b>	<b>70</b>

**Note 27. Collateral relating to financial assets and liabilities**

<b>Derivatives</b>	Gross position	Offsetting	Carrying value	Collateral Cash	Net position
<b>2023</b>					
Assets	127	0	127	-68	60
Liabilities	-272	0	-272	295	23
<b>2022</b>					
Assets	171	0	171	-168	3
Liabilities	-236	0	-236	304	68



## Notes to the financial statements • Group

(DKKm)  
(2022 restated)

### Note 28. Cash flow statement

At 1 December 2023, Topdanmark acquired Oona Health A/S and all subsidiaries.

#### Assets and liabilities

Tangible and Intangible assets	2,431
Investment assets	292
Other assets	73
Cash and cash equivalents	59
<b>Total assets</b>	<b>2,855</b>
Insurance liabilities	136
Other liabilities	803
<b>Total liabilities</b>	<b>939</b>
<b>Total consideration paid in cash</b>	<b>1,916</b>

At 1 December 2022, Topdanmark divested of Topdanmark Liv Holding A/S and all subsidiaries.

#### Assets and liabilities

Investment assets	88,504
Other assets	2,593
Cash and cash equivalents	1,716
<b>Total assets</b>	<b>92,813</b>
Insurance provisions	85,934
Other liabilities	4,302
<b>Total liabilities</b>	<b>90,236</b>
Total consideration received in cash	3,974
Unwinding costs paid	-114
<b>Cash from sale of subsidiary</b>	<b>3,860</b>

### Note 29. Number of shares

	2023	2022
Reconciliation of the number of shares ('000)		
Shares issued at 1 January	90,000	90,000
Own shares at 1 January	-1,482	-2,022
<b>Number of shares at 1 January</b>	<b>88,518</b>	<b>87,978</b>
Shares bought back	-156	0
Shares sold	389	541
Shares issued at 31 December	90,000	90,000
Own shares at 31 December	-1,249	-1,482
<b>Number of shares at 31 December</b>	<b>88,751</b>	<b>88,518</b>

### Note 30. Own shares

	Number of shares '000	Nominal value DKK '000	Percentage of share capital	Cash payments DKKm
Held at 1 January 2022	2,022	2,022	2.2	
Sold in 2022	-541	-541	-0.6	-132
<b>Held at 31 December 2022</b>	<b>1,482</b>	<b>1,482</b>	<b>1.6</b>	
Acquired in 2023	156	156	0.2	50
Sold in 2023	-389	-389	-0.4	-116
<b>Held at 31 December 2023</b>	<b>1,249</b>	<b>1,249</b>	<b>1.4</b>	

Number of shares held to cover the granting of options and STI-bonuses: 917 thousand (2022: 1,006 thousand).

Own shares are held by the parent company.

## Notes to the financial statements • Group

(DKKm)

(2022 restated)

2023

2022

### Note 31. Contingent liabilities

Capital commitments made to loan funds and private equity funds etc.	86	102
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All companies in the Topdanmark Group and other 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.

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

### Note 32. Group companies

Name	Ownership	Domicile	Activity
Topdanmark A/S		Ballerup	Holding
Topdanmark Forsikring A/S	100%	Ballerup	Insurance
TDP.0007 A/S	100%	Ballerup	Property
Topdanmark EDB A/S	100%	Ballerup	IT services
Topdanmark EDB IV ApS	100%	Ballerup	IT services
E. & G. Business Holding A/S	100%	Ballerup	Holding
Topdanmark Invest A/S	100%	Ballerup	Investment
Topdanmark BidCo A/S	98%	Ballerup	Holding
Oona Health A/S	98%	Herlev	Holding
Forsikringsselskabet Dansk Sundhedssikring A/S	98%	Herlev	Insurance
PrimaCare A/S	98%	Herlev	Healthcare Services
DSS Hälsa AB	98%	Stockholm	Insurance agency
Daytona Midco Ltd	98%	Herlev	Holding
Daytona Acquisitions Ltd	98%	Herlev	Holding

### Note 33. Other disclosures

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 for the Group.

There have been no events in the period from 31 December 2023 until the presentation of the consolidated financial statements which could change the assessment of the Annual Report.

## Notes to the financial statements • Group

### Note 34. Risk management

Topdanmark'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 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'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's ORSA, and Topdanmark'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

The group'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's expected risks but are shown only as examples which could be used as a basis for assessing Topdanmark's exposure to the risks mentioned.

Risk scenarios			2023	2022
(DKKm) after corporate tax				
<b>Insurance risk</b>				
<i>Underwriting risk</i>				
Combined ratio – 1pp increase				
Gross of reinsurance			-81	-74
Net of reinsurance			-76	-70
<i>Reserving risk</i>				
1% error in claims assesment				
Gross of reinsurance			-87	-82
Net of reinsurance			-82	-78
Storm claims up to DKK 5,100m (Plus reinstatement premium etc.)			-111	-75
<b>Market risk</b>				
Effective interest rate			-41	-8
Interest-bearing assets	1pp increase		-325	-254
Liability for	in effective			
incurred claims	interest rate		284	247
1% increase in inflation				
Workers' comp*			-159	-
Index-linked bonds				
	5% loss		-24	-25
Equities				
	10% loss		-63	-69
High yield bonds /				
	10% loss		-21	-33
CLOs < AA				
	10% loss		-75	-75
Properties				
Annual currency loss with an up to 2.5% probability (VaR)			-2	-2

\*Inflation on workers' compensation include wage indexation, effect on the capitalisation rate and mitigating inflation swaps, included in the net investment result.

In 2022 these elements were included in claims incurred and reflected in the insurance risk scenarios.

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

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

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

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

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

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

<b>Compliance</b>		
<b>Most important risks</b>	<b>Risk preferences</b>	<b>Risk reducing activities</b>
<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 Group's divisions, service departments and other staff functions observe relevant legislation and internal rules.</p> <p>Activities initiated through Topdanmark'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>

<b>Climate</b>		
<b>Most important risks</b>	<b>Risk preferences</b>	<b>Risk reducing activities</b>
<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 follows the UN Global Compact</p> <p>Focus on measuring and reporting ESG factors.</p>

<b>Strategic risks</b>		
<b>Most important risks</b>	<b>Risk preferences</b>	<b>Risk reducing activities</b>
In generally, 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'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's business model.

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

## Underwriting risk

### Acceptance policy

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

Topdanmark'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 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 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's overall provisions for outstanding claims:

Liability for incurred claims net of reinsurance (2022 restated)	2023			2022		
	DKKbn	%	Duration	DKKbn	%	Duration
Short-tail	2.3	20	1	1.8	18	1
Annuity provisions in workers' compensation	2.6	23	11	2.6	25	10
Other claims provisions in workers' compensation	3.4	30	3	3.1	30	2
Accident	1.3	12	3	1.3	13	3
Motor personal liability	0.9	8	3	0.9	8	2
Commercial liability	0.7	7	2	0.7	7	2
	<b>11.2</b>			<b>10.4</b>		

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'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'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's insurance business.

### Catastrophe risks

Topdanmark 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 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 retention of DKK 150m. In the event of a third and fourth storm, there is cover of up to DKK 670m with 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 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'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 Group's assets, liabilities, and off-balance items as a result of changes in market conditions. Market risk includes interest rate, equity, property, credit spread, concentration, currency, inflation, and liquidity risk.

The limits for these financial risks are set by Topdanmark's Board of Directors. In practice, Topdanmark'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.

<b>Market risks</b>	<b>Risk reducing activities</b>
<p><b>Interest rate risk</b> Topdanmark is exposed to an interest rate risk due to provisions for outstanding claims in P&amp;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><b>Equity risk</b> Topdanmark 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><b>Property risk</b> Topdanmark is exposed to a property risk due to owner-occupied properties.</p>	<p>The risk on the property portfolio is limited by the fact that Topdanmark is only exposed through the ownership of well-situated owner-occupied properties around Copenhagen and Aarhus.</p>
<p><b>Credit spread risk</b> Topdanmark 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><b>Concentration risk</b> 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><b>Currency risk</b> Topdanmark's currency risk relates in practice only to investments.</p>	<p>The currency risk is mitigated by derivatives.</p>
<p><b>Inflation risk</b> Future inflation is implicitly included in a number of the models Topdanmark 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 uses index-linked bonds and derivatives hedging a significant proportion of the expected cash flows.</p>
<p><b>Liquidity risk</b> In insurance companies the liquidity risk is very limited as premiums are paid prior to the beginning of the risk period. Topdanmark's liquidity risk is therefore primarily related to the parent company.</p>	<p>Topdanmark performs ongoing monitoring of the liquidity risk based on scenario-based stress reporting.</p>



## Liquidity risk

Expected cash flows (DKKm)	Carrying amount	Cash flows						
		2024	2025	2026	2027	2028	2029-38	2039-
<b>2023</b>								
<b>Assets</b>								
Financial assets (non-derivatives)	13,855	3,130	3,163	2,392	1,268	1,235	3,753	841
Derivatives	127	-1	0	57	2	1	45	71
Reinsurer's share of incurred claims	590	433	67	33	20	13	30	0
<b>Liabilities</b>								
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	11,792	4,576	1,856	1,363	878	647	2,258	1,374
Other debt	951	951	0	0	0	0	0	0
<b>2022 (Restated)</b>								
<b>Assets</b>								
Financial assets (non-derivatives)	17,229	7,841	4,576	1,791	728	440	3,050	341
Derivatives	171	2	0	0	84	0	59	104
Reinsurer's share of incurred claims	605	453	66	32	19	13	30	0
<b>Liabilities</b>								
Financial liabilities (non-derivatives)	1,100	65	67	63	763	432	0	0
Derivatives	237	13	23	19	18	18	206	3
Liability for incurred claims	10,981	4,157	1,730	1,196	891	623	2,237	1,348
Other debt	869	869	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 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 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 (refer to note 15 Reinsurance asset).

### Investment

Topdanmark may suffer losses due to its counterparties' inability to meet their obligations on financial contracts. The majority of Topdanmark's interest bearing assets comprise of Danish mortgage bonds. In order to minimise the risk to a single debtor, Topdanmark 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	2023		2022	
	%	DKKbn	%	DKKbn
Bonds				
>A+	89	12.9	66	11.8
A+, A, A-	2	0.2	5	0.9
<BBB-	7	1.0	8	1.4
Money market deposits A and AA	2	0.3	21	3.7

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	2023		2022	
	Nom.	Fair value	Nom.	Fair value
Interest derivatives	1,200	-170	151	-208
Exchange rate derivatives	145	2	169	0
Inflation derivatives	1,574	24	2,036	142
<b>Total derivatives</b>	<b>2,918</b>	<b>-144</b>	<b>2,356</b>	<b>-66</b>
Due after less than one year	145	2	169	0
Due within 1 to 5 years	500	51	500	74
Due after more than 5 years	2,274	-198	1,687	-140

## 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 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 has an information security policy and an information security management system (ISMS), both of which are based on the ISO 27001 standard. Topdanmark'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'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's Compliance and Risk Management departments.

Topdanmark'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 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 also conducts ongoing vulnerability assessments, and tests new systems for weaknesses before they are put into production.

Outsourcing is used in Topdanmark. Consequently, Topdanmark investigates and evaluates the information security with new cooperation and service partners.

Topdanmark 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 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 has a comprehensive contingency plan that ensures that the business can be re-established as quickly as possible. Topdanmark also requires external data processors to implement sufficient security measures. This requirement also applies to other external business partners.

## Digitalisation/automation

Topdanmark 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 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 continues its plan to secure its competitiveness by accelerating the digital transformation to the next level. The company must, to a much greater 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 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's well-documented routines, procedures and efficient control environment minimise these risks. We have made contingency plans for the most significant areas.

#### **Internal Audit**

The routines and procedures in all critical areas are regularly audited by Topdanmark'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 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 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 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 will operate with an effective contingency plan. The contingency plan concerns both Topdanmark internally and the changed risk factors for insurance and market risks.

### **Compliance risk**

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

Compliance risk is the risk that Topdanmark 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 and Topdanmark'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'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.

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

Topdanmark's compliance function exercises control and provides advice to ensure that the Group's divisions and service departments comply with relevant legislation and internal rules. The compliance function's work is part of Topdanmark'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 Group'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's incident register.

#### **General Data Protection Regulation (GDPR)**

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

Topdanmark'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 to have a clear handling and allocation of responsibilities that everyone knows about. This means that Topdanmark 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 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 has the necessary focus on climate conditions.

## Note 35. Changes in accounting policies

Topdanmark Group has from 1 January 2023 applied IFRS 17 Insurance contracts and IFRS 9 Financial instruments, including any consequential amendments to other standards.

Topdanmark Group's management has assessed that the risk free interest rate from EIOPA will fulfil the requirements under IFRS 17 for P&C insurance. As a consequence, the volatility adjustment (VA) to the EIOPA interest rate is omitted.

As a result, Topdanmark has restated comparative amounts and presented a third statement of financial position as at 1 January 2022.

The nature and effects of the key changes in Topdanmark's accounting policies resulting from these adoptions are summarized below.

### IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance contracts and establishes principles for the recognition, measurement, presentation, and disclosures of insurance contracts issued, reinsurance contracts issued and held and investment contracts with discretionary participation features issued.

Topdanmark's operations are P&C insurance with mainly one-year contracts, and Topdanmark applies the Premium Allocation Approach (PAA), an IFRS 17 simplified model for insurance contracts with a coverage period of one year or less.

Following the PAA, recognition and measurement are for most parts in line with current accounting policies.

Topdanmark measures the liability for incurred claims (LIC) for the group of insurance contracts at the amount

of fulfilment cash flows relating to incurred claims.

Fulfilment cashflows consist of three components: Expected cash flows, discounting and a risk adjustment. Cash flows are basically unchanged from IFRS 4 to IFRS 17.

Accounting policy for discounting of the provisions are unchanged with all cash flows being discounted. The effect of omitting the volatility adjustment (VA) from the interest rate curve is substantial on the result for 2022 due to a declining level of the adjustment through 2022. The effect on the liability for incurred claims end of 2022, however, is of minor significance. See table below on the effect of transition on 2022.

The risk adjustment is derived through a confidence level technique based on Cost of Capital as the mathematical argumentation for the chosen confidence level. The IFRS 17 risk adjustment replaces a SII risk margin resulting in an increased level of the risk adjustment.

### IFRS 9 Financial Instruments

IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement.

The classification of financial assets into the categories is based on Topdanmark's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Most of Topdanmark's financial assets are reclassified at fair value through profit or loss, and a limited amount of financial assets is measured at amortised cost.

The application has had no financial impact, as Topdanmark traditionally has measured the main part of financial assets at fair value through profit or loss.

## Net result

Application of IFRS 17 and IFRS 9 has had no significant impact on the net result of the Group. Omission of the VA component affected the result for 2022 by DKK 131m due to a declining effect on the claims provisions over the year.

## Shareholders' equity

Mainly due to an IFRS 17 Risk adjustment replacing the SII Risk margin and omission of the VA component on the interest rate curve for measuring the claims provisions, shareholders' equity is affected by DKK -280m in the opening balance 1 January 2022 and DKK -149m 31 December 2022.

Effect of new accounting policies (DKKm)	Shareholders' equity		Result 2022
	1/1 2022	31/12 2022	
<b>2022 accounting policies</b>	<b>7,399</b>	<b>6,498</b>	<b>2,049</b>
P&C IFRS 17 / IFRS 9	-91	-104	-13
P&C VA component	-176	-45	131
Life IFRS 17 / IFRS 9	-13	0	13
Net effect after tax	-280	-149	130
<b>2023 accounting policies</b>	<b>7,119</b>	<b>6,349</b>	<b>2,179</b>

## Life insurance

As at 1 December 2022, Topdanmark Liv Holding A/S and all subsidiaries were divested, and the activity was reclassified to discontinued operations in the 2022 accounts. IFRS 17 had no significant effect on the result or Shareholders' equity in 2022.

## Transition approach applied.

On transition to IFRS 17, a full retrospective approach and restatement of previous year's comparatives are required if not impracticable.

As a consequence, Topdanmark therefore applies a full retrospective approach for the P&C business. Though, it has been considered impracticable to restate Topdanmark Liv Holding to IFRS 17 for years before 2022.

## Insurance ratios

The transition to IFRS 17 has affected the insurance ratios as follows:

2022 Insurance ratios	2022 policies	2023 policies
Gross claims ratio	62.6	63.7
Net reinsurance ratio	2.8	2.8
Claims ratio, net of reinsurance	65.4	66.5
Gross expense ratio	16.4	15.9
Combined ratio	81.8	82.4
Combined ratio excl. run-off profits	83.3	83.9

## Financial ratios

Besides the effects related to the transition to IFRS 17, calculation of financial ratios has been changed from a parent company calculation to a Group perspective.

2022 Financial ratios	2022 policies	2023 policies
Return on shareholders' equity after tax	31.4	36.3
EPS continuing operations after tax	10.9	12.2
EPS after tax	23.2	24.7
Net asset value per share	77.1	71.4

Further info on the impact on the 2022 comparative income statement and balance sheet, refer to the 2022 Annual Report.

## Note 36. Accounting policies

### Basis of preparation

Topdanmark Group's 2023 Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional Danish disclosure requirements of the Danish Financial Business Act on annual reports prepared by listed financial services companies.

### Accounting policies requiring management judgement and key sources of estimation uncertainties

Preparation of the financial statements in accordance with the IFRS requires management estimates and assumptions that affect the revenue, expenses, assets, liabilities and contingent liabilities presented in the financial statements. Judgement is needed also in the application of accounting policies. The estimates made are based on the best information available as at the balance sheet date. The estimation is based on historical experiences and the most probable assumptions concerning the future as at the balance sheet date. The actual outcome may deviate from results based on estimates and assumptions. Any changes in the estimates will be recognized in the financial year during which the estimate is reviewed and in all subsequent periods.

Topdanmark's main assumptions concerning the future and the key uncertainties related to balance sheet estimates are related to measurement of insurance liabilities, including assumptions used in actuarial calculations, and the measurement of intangible assets acquired, development projects, and owner-occupied properties, requiring Management's estimates and assumptions on future cash flows.

From Topdanmark's perspective, accounting policies concerning these areas require the most significant use of estimates and assumptions.

#### Insurance contracts

Topdanmark Group management applies judgement regarding the determination of discount rates and risk adjustment.

As noted above, Topdanmark Group's management has judged that the risk-free interest rate from EIOPA will fulfil the requirements under IFS 17 for P&C insurance.

Risk adjustment is determined separately for the subsidiaries Topdanmark Forsikring and Dansk Sundhedssikring and aggregated at Group level. Management considers this to reflect the compensation

that different entities would require for bearing non-financial risk and their degree of risk aversion. As noted above, a confidence level approach is applied in the companies. The confidence level applied in calculating the risk adjustment is set at the level 75 percent.

#### Actuarial assumptions

Evaluation of insurance liabilities always involves uncertainty, as technical provisions are based on estimates and assumptions concerning future claims costs. The estimates are based on statistics on historical claims available to the Group on the balance sheet date. The uncertainty related to the estimates is generally greater when estimating new insurance portfolios or portfolios where the clarification of a loss takes a long time because complete claims statistics are not yet available. In addition to the historical data, estimates of insurance liabilities take into consideration other matters such as claims development, unpaid claims, legislative changes, court rulings and the general economic situation.

The reserving risk is significant, particularly in lines with a long period of claims settlement such as worker's 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 compensation adopted by, for example, the Danish Labour Market Insurance.

#### Intangible assets and Impairment tests

Goodwill and intangible assets under construction are tested for impairment annually and more often if there is any indication of impairment.

The carrying value of goodwill is measured against a calculated value in use of the smallest group of assets generating cash inflows from continuing use (CGU).

The calculation requires management's expectations on future cash flows based on budgets and business plans, general economic growth, inflation and a required discount rate. Please refer to note 12 intangible assets for details.

#### Owner-occupied properties

Fair value measurement of properties involves Management's estimates on expected cash flows and required return rates.

#### Basis of consolidation Subsidiaries

The consolidated financial statements combine the financial statements of Topdanmark A/S and all its subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases.

The acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at fair value of the date of the acquisition. Acquisition-related costs are recognised through profit or loss.

### Transactions eliminated on consolidation

Intra-group income and expenses, shareholdings, balances and dividends as well as gains and losses on intra-group transactions have all been eliminated.

### Currency

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

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

### Segment reporting

Topdanmark performs its business through the following two business segments:

**Private** offers insurance policies to individual households in Denmark. This segment includes Oona Health.

**SME** offers insurance policies to Danish-based agricultural and SME businesses.

Topdanmark conducts insurance business only in Denmark and, therefore, no specific geographical segmental information is provided.

## Insurance and reinsurance contracts – accounting treatment

### Classification

Contracts under which Topdanmark accepts significant insurance risk are classified as insurance contracts.

Contracts held by Topdanmark under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

Insurance and reinsurance contracts also expose Topdanmark to financial risk.

Other contracts under which Topdanmark accepts providing services for a fixed fee are classified as insurance contracts under IFRS 17.

Topdanmark does not issue insurance contracts containing distinct investment or goods or services components.

For contracts with no significant insurance risk IFRS 15 is applied.

### Level of aggregation

Insurance contracts are aggregated into portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Portfolios are divided into annual cohorts i.e., contracts which are not issued more than one year apart. Portfolios of insurance contracts are divided into:

- Groups of insurance contracts that are onerous on initial recognition
- Groups of insurance contracts that, on initial recognition, do not have significant possibility of becoming onerous subsequently
- Any remaining insurance contracts.

### Contract boundary

The initial measurement of groups of insurance contracts includes all the future cash flows arising within the contract boundary. The contract boundary separates the expected cash flows that relate to existing insurance contracts from future insurance contracts. In determining which cash flows fall within the contract boundary, substantive rights and obligations arising from the terms of the contract, and from applicable laws and regulations, are considered.

In Topdanmark, most contracts have a one-year contract boundary (until renewal date), i. e. a contract has a one-year period of cover, and there are substantive rights and obligations during that period.

### Recognition

A group of insurance contracts is recognized from the earliest of the following:

- The beginning of the coverage period
- The date when the first payment from a policyholder in the group becomes due; and
- For a group of onerous contracts, when the group becomes onerous.

### Measurement

When certain eligibility criterias are met, insurers may apply a simplified approach, premium allocation approach (PAA), for the measurement of insurance contracts. PAA

is eligible for insurance contracts with a period of cover of one year or less, or for contracts where the measurement based on this approach (PAA) would not differ materially from the measurement achieved under the general measurement model, which is mostly used for contracts within life insurance. Under PAA, the measurement of liability for remaining coverage is based on premiums expected to be received for the coverage period, which represents a simplification of the general measurement model.

In Topdanmark, PAA is applied to all insurance contracts and reinsurance contracts held.

### Insurance acquisition cashflows

Topdanmark expenses insurance acquisition cash flows when incurred for all one-year contracts. For multi-year contracts, the acquisition cash flows are deferred over the expected lifetime of the contracts.

### Acquired portfolios

Contracts acquired are classified on the basis of contractual terms and other factors at the date of acquisition. Claims provisions will be presented as insurance revenue based on the expected cash flows as of the acquisition date.

### Reinsurance contracts

#### *Recognition*

Reinsurance contracts providing proportionate coverage are recognized when the underlying insurance contracts are initially recognized. Excess of loss and stop loss reinsurance contracts are recognized at the beginning of the coverage period.

#### *Measurement*

Topdanmark applies the same accounting policies to measure a group of reinsurance contracts as for insurance contracts.

### Transition approach applied

IFRS 17 is applied retrospectively unless this is impracticable. On transition to IFRS 17, a full retrospective approach and restatement of previous year's comparatives are required. However, if the application of a full retrospective approach is impracticable, then a modified retrospective approach or a fair value approach may be applied.

Topdanmark P&C insurance applies a full retrospective approach.

## Income statement

### Insurance revenue

The insurance revenue for each period is the amount of expected premium receipts for providing services in the period. Topdanmark generally allocates the expected

premium receipts to each period on the passage of time, for Change of ownership, however, the expected timing of incurred insurance service expenses.

### Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following:

- **Claims incurred**

Claims incurred comprise claims relating to the year as well as any adjustments to the claims provided for the year before.

Direct and indirect expenses on claims handling

Change in risk adjustment

Bonuses and rebates

Losses and reversal of losses on onerous contracts.

- **Operating expenses**

Insurance acquisition cashflows are generally expensed as they incur. For the multi-year contracts Change of ownership and Building defects, the acquisition cash flows are deferred and expensed over the contracts' period of cover.

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

### Incentive programme

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

#### *Share options programme*

The fair value, on the date the options are granted, is included as staff costs in the income statement, with a set-off in shareholders' equity. The fair value is calculated using the Black & Scholes model.

#### *Cash and share bonus programme*

Bonuses are recognised as staff costs in the income statement when earned, the share part with a set-off in shareholders' equity.

### Employee shares

Topdanmark has established an employee share scheme implying a pay cut. The value of the shares is included as staff costs in the income statement with a set-off on shareholders' equity.

### Reinsurance result

The reinsurance result comprises an allocation of reinsurance premiums paid less amounts recovered from reinsurers.



Topdanmark recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts.

### Investment return

Interest income and dividends etc. comprise earned interest income and dividends received etc.

Value adjustments comprise net gains and losses on investment assets and liabilities.

Interest expenses comprise interest expenses on debt including subordinated loans.

Expenses on investment activities comprise the cost of asset management including transaction costs.

### Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, including changes to expected wage indexation of the provisions for annuities (workers' compensation).

### Other income and expenses

Other income comprises income from contracts which are not classified as insurance contracts.

Other expenses include holding expenses and other costs not attributable to the insurance portfolios including amortisation of intangible assets and transaction costs related to acquisitions.

### Income tax

Tax in the income statement comprises current tax and deferred tax. Tax expenses are recognised through the income statement, except for items recognised directly in other comprehensive income or shareholders' equity. Current tax is calculated using the tax rates and rules applicable on the financial position date.

Topdanmark A/S is jointly taxed with all the Danish companies of the Topdanmark Group and all Danish companies and affiliates in the Sampo Group.

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.

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 disposed of, or the company ceases to conduct insurance business.

### Discontinued operations

Profit after tax, discontinued operations, include the result from Topdanmark Liv Holding Group for 2022 until closing 1 December 2022 including the net gain from the divestment, including unwinding costs.

Intangible and tangible assets held for sale are measured at the lowest carrying value and fair value when reclassified as assets held for sale. Investment assets and insurance liabilities have continuously been measured at fair value. Refer to note no. 10 for accounting policies for life insurance.

## Assets

### Intangible assets

Goodwill is recognised in business acquisitions as the purchase price less acquired identifiable assets measured at fair value.

Customer relationships and brand rights acquired by Topdanmark are measured at cost less accumulated amortisation. These assets include access to distribution networks and customer lists, and renewal rights for acquired portfolios of insurance contracts.

Development projects which are clearly defined and definable are recognised and measured at cost less accumulated amortisation.

Acquired software licences are measured at cost less accumulated amortisation.

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives and is recognised in the income statement using the straight-line method. Expected useful lives:

- Customer relationships 15 years
- Brand rights 10 years
- Development projects up to 10 years
- Software 3 years.

## Impairment tests

Topdanmark continuously reviews the carrying amounts of its intangible assets to determine whether there is any indication of impairment. If any such indication exists, then the carrying value is tested for impairment.

Goodwill and development projects under construction are tested annually.

## Tangible assets

### Operating equipment

Operating equipment is measured at cost less a straight line depreciation over the expected useful life. Impairment is assessed on a yearly basis.

IT equipment, other equipment and cars as well as improvements of properties are depreciated over their expected useful life of up to five years. Solar cell plants are depreciated over their expected useful life of 25 years.

### Owner-occupied properties

Owner-occupied properties are those properties used for the Group's own operations. The properties are measured at a revalued amount being the fair value on the date of revaluation. The buildings are depreciated on a straight-line basis, given an expected life of 50 years and an annually re-assessed residual value. Land is not depreciated. The fair value of owner-occupied properties is assessed continuously. Any revaluation surplus is included in other comprehensive income unless the revaluation is a reversal of a previous impairment. Impairments are included in the income statement unless the impairment is a reversal of previous revaluation included in other comprehensive income.

Owner-occupied properties include right of use assets for leased properties.

## Associates

Associates are companies over which the Group has substantial influence through a significant shareholding and representation on the board of the company.

Equity investments in associates are measured according to the equity method in accordance with the Group's accounting policies.

## Financial assets

### Initial recognition

Financial instruments are initially recognised on the trade date measured at their fair value.

Topdanmark classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms in the following:

- Fair Value Through Profit or Loss
- Amortised cost.

### Fair value through profit or loss

Financial assets in this category are those that are managed in a fair value business model.

### Amortised cost

Debt instruments are held at amortised cost if the instruments are held with the objective of holding the instrument to collect the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

### Subsequent measurement

#### Financial assets at fair value through profit or loss

All financial investment assets are held at fair value through profit or loss:

- equity investments
- bonds
- deposits with credit institutions, other loans and
- derivatives.

Financial assets at FVTPL are measured at fair value, and changes in fair value are recorded in profit or loss. Interest earned are recorded using contractual interest rate. Dividend income from equity instruments is recorded in profit or loss when the right to the payment has been established.

### Derivatives

Positive fair values of derivatives are recognised as assets. Negative fair values are recognised as derivatives under liabilities. Positive and negative values are only offset when Topdanmark is entitled to and intends to net settlement.

### Debt instruments at amortised cost

Liquid funds and other receivables are measured at amortised cost. Estimated credit losses are recognised in the income statement when the investments are impaired.

### 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.

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.

**Reinsurance asset**

The reinsurance asset is the reinsurers' share of the provisions for insurance contracts including reinsurers' share of risk adjustment.

Reinsurer's share of liability for remaining coverage represents the proportion of reinsurance premiums paid, which based on passage of time, relate to the period after the end of the financial year.

Reinsurer's share of the liability for incurred claims represents the fulfilment cash flows related to reinsurers share of claims, that is expected cash flows, discounting and a risk adjustment.

**Shareholders' equity****Share capital**

Shares issued are classified as share capital.

**Security fund**

The security funds are special funds under shareholder's equity. Prior to 1989, security funds were transferred to shareholder's 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.

**Other reserves**

Other reserves comprise a reserve at net asset value relating to associates.

**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.

**Profit carried forward**

Capital other than share capital and the above listed reserves, are included in profit carried forward.

**Own shares**

Own shares are measured at nil. Amounts from purchase and sale of own shares are taken directly to profit carried forward. Own shares are bought back and held for the purpose of the employee share scheme and the incentive programmes.

**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  
Liability for remaining coverage**

Following the Premium Allocation Approach, LRC is measured at premiums received less the amount recognised as insurance revenue for services provided. The carrying amount of LRC is not discounted or adjusted with the effect of financial risk as it is expected that the time between providing services and the related premium due date is not more than a year. The revenue is recognised based on the expected premium receipts allocated to the period. For majority of the insurance contracts revenue recognition is based on the passage of time i. e. allocated straight line.

**Multiyear contracts**

For building defects (5 years) and change of ownership (5 and 10 years), it is assessed, that LRC following PAA does not differ materially from the measurement achieved under the general measurement model. Hence PAA is used for multiyear contracts. The assessment is tested yearly. LRC for multiyear contracts amounts to DKK 0.2bn end of year.

For change of ownership revenue recognition reflects the expected timing of incurred insurance service expenses.

Insurance acquisition cash flows are recognised in the balance sheet and included in the measurement of the liability for remaining liability at initial recognition of the insurance contracts written.

#### Loss components

Applying PAA, onerous groups of insurance contracts are identified on the basis of facts and circumstances. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur.

#### Business combinations.

Consideration received or paid in a business combination for insurance contracts are considered a proxy for premiums received. As a consequence, a liability for incurred claims in the opening balance of an acquired business will be recognized as a liability for remaining coverage and included in insurance service income as the expected cash flows are paid out and included in the insurance service expenses.

#### Liability for incurred claims (LIC)

Liability for incurred claims is measured at fulfilment cash flows comprising:

- Estimates of future cash flows
- Discounting (Adjustment to reflect the time value of money)
- A risk adjustment for non-financial risk.

#### Estimates of future cash flows

In estimating future cash flows, Topdanmark incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

Estimated cash flows 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.

The estimates of future cash flows reflect Topdanmarks view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, Topdanmark takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Workers' compensation insurance comprises 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'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, 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. 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.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which Topdanmark has discretion over the amount or timing. These include payments to (or on behalf of) policyholders and other costs that are incurred in fulfilling contracts.

Other costs that are incurred in fulfilling the contracts include:

- Claims handling and administration costs
- Recurring commissions payable on instalment premiums receivable within the contract boundary
- Bonuses and rebates payable due to a favourable claims trend.

### Discounting

Topdanmark applies the EIOPA yield curve for discounting the insurance provisions.

EIOPA yield curve DKK	2023	2022
1 year	3.34%	3.16%
2 years	2.68%	3.29%
3 years	2.43%	3.17%
4 years	2.34%	3.13%
5 years	2.31%	3.12%
10 years	2.38%	3.09%
15 years	2.46%	3.00%
20 years	2.41%	2.75%
30 years	2.55%	2.72%

### Risk adjustment

Risk adjustment for non-financial risks is determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk.

The risk adjustment is determined using a confidence level technique with Cost of Capital as the mathematical argument for the chosen confidence level.

The risk adjustment corresponds to a confidence level of 75% (2022: 75%).

### Other liabilities

Provisions for other liabilities mostly cover a provision in connection with the divestment of the Topdanmark Liv Holding Group to cover unwinding costs and other obligations according to the contract.

### 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 for financial assets.

Current tax liabilities and tax receivables, 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.

Other debts are measured at amortised cost.

## Ratios and Alternative Performance Measures

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 Pensions Funds.

### Financial ratios

<b>Return on shareholders' equity after tax(%)</b> <u>Profit for the year * 100</u> Shareholders' equity (average)	<b>Dividend per share issued, proposed (DKK)</b> <u>Proposed dividend</u> Number of shares issued end of year
<b>EPS continuing operations after tax(DKK)</b> <u>Profit for the year, continuing operations</u> Number of shares (average)	<b>Net asset value per share, diluted (DKK)</b> <u>Shareholders' equity end of year</u> Number of shares, diluted
<b>EPS after tax (DKK)</b> <u>Profit for the year</u> Number of shares (average)	

The average shareholders' equity of the Group is calculated as a time-weighted average. Number of shares is the number of issued shares less the number of own shares. Number of shares, diluted, is adjusted for the effect of potentially diluting share options.

### Insurance ratios

<b>Gross claims ratio</b> <u>Gross claims incurred * 100</u> Insurance service income	<b>Combined ratio</b> Gross claims ratio + net reinsurance ratio + gross expense ratio
<b>Net reinsurance ratio</b> <u>Reinsurance result * 100</u> Insurance service income	<b>Relative run-off, net of reinsurance (%)</b> <u>Run-off result net of reinsurance * 100</u> Liability for incurred claims net of reinsurance 1 January
<b>Gross expense ratio</b> <u>Gross operating expenses * 100</u> Insurance service income	

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.

## Alternative Performance Measures

The following financial measures are not defined under IFRS or in accordance with the executive order issued by the Danish FSA on the financial reports for insurance companies, but defined by Management:

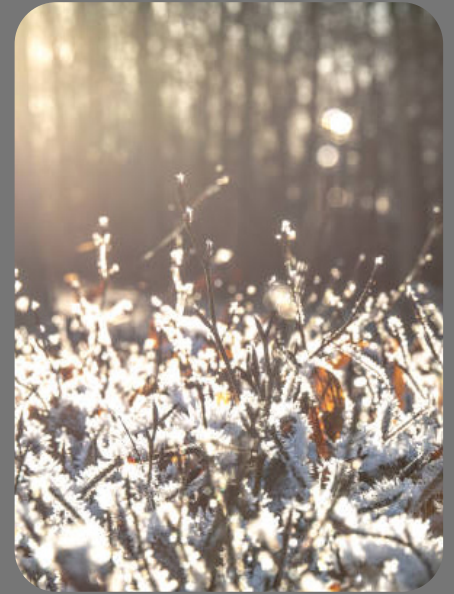
### Underlying claims ratio (presented in management's review)

The following amounts, net of reinsurance, calculated as a percentage of Insurance Service Income:

Run-off	Run-off result
Weather-related claims	Directly weather-related claims regardless of size
Large-scale claims	Claims exceeding DKK 5m by event
Discounting	Effect of discounting current year's claims expenses
Other	Change in Risk Adjustment.

### Special costs (presented in Financial Highlights)

Transaction costs, costs related to the integration of Oona Health A/S, realisation of synergies as well as amortisation of intangible assets.



# Annual Financial Statements

– Parent company

## Income statement • Parent company

(DKKm) (2022 restated)	Note	2023	2022
Income from subsidiaries	1	1,096	2,217
Interest income and dividends etc.		29	3
Value adjustments	2	0	-1
Interest charges		-5	-11
<b>Total investment return</b>		<b>1,120</b>	<b>2,208</b>
Other expenses	3	-95	-50
<b>Profit before tax</b>		<b>1,025</b>	<b>2,158</b>
Tax	4	9	10
<b>Profit</b>		<b>1,033</b>	<b>2,168</b>
Proposed appropriation of profit:			
Dividend		1,035	4,815
Transfer to net revaluation reserve at net asset value		-58	-410
Transfer from profit carried forward		56	-2,237
		<b>1,033</b>	<b>2,168</b>

## Statement of comprehensive income • Parent company

<b>Profit</b>	<b>1,033</b>	<b>2,168</b>
Other comprehensive income from subsidiaries	0	0
Other comprehensive income	0	0
<b>Total comprehensive income</b>	<b>1,033</b>	<b>2,168</b>



## Balance sheet • Parent company

(DKKm) (2022 restated)	Note	2023	2022
<b>Assets</b>			
<b>Intangible assets</b>		39	0
Operating equipment	5	3	3
<b>total tangible assets</b>		<b>3</b>	<b>3</b>
Equity investments in subsidiaries	6	6,195	6,077
Loans to subsidiaries		450	0
<b>Total investment in subsidiaries</b>		<b>6,645</b>	<b>6,077</b>
Equity investments		0	1
<b>Total other financial investment assets</b>		<b>0</b>	<b>1</b>
<b>Total investment assets</b>		<b>6,645</b>	<b>6,077</b>
Receivables from subsidiaries		57	833
Other receivables		0	4
<b>Total receivables</b>		<b>57</b>	<b>837</b>
Current tax assets		82	0
Liquid funds		0	20
<b>Total other assets</b>		<b>82</b>	<b>20</b>
<b>Total assets</b>		<b>6,826</b>	<b>6,936</b>

## Shareholders' equity and liabilities

Share capital	7	90	90
Profit carried forward		3,931	1,796
Proposed dividend		1,035	4,815
<b>Total shareholders' equity</b>		<b>5,056</b>	<b>6,701</b>
Amounts due to subsidiaries		1,595	49
Current tax liabilities		0	108
Other debt		175	78
<b>Total debt</b>		<b>1,770</b>	<b>235</b>
<b>Total shareholders' equity and liabilities</b>		<b>6,826</b>	<b>6,936</b>
Other subordinated loan capital	8		
Related parties	9		
Own shares	10		
Contingent liabilities	11		
Other disclosures	12		
Accounting policies	13		
Five-year summary	14		

## Statement of changes in equity • Parent company

(DKKm) (2022 restated)	Share capital	Other reserves	Profit carried forward	Proposed dividend	Total
<b>2023</b>					
Equity at beginning of period, previously stated	90	0	1,955	4,815	6,860
Effect of change in accounting policies			-159		-159
Equity at beginning of period, restated	90	0	1,796	4,815	6,701
Reduction of proposed dividend prior year			2,025	-2,025	0
Profit		-58	56	1,035	1,033
Other comprehensive income in subsidiaries			0		0
Total comprehensive income		-58	56	1,035	1,033
Dividend paid				-2,790	-2,790
Dividend, own shares			42		42
Other movements in capital of subsidiaries		58	0		58
Share buy-back			-50		-50
Share-based payments			7		7
Exercise of share options			55		55
Transactions with owners		58	54	-2,790	-2,679
<b>Shareholders' equity at end of period</b>	<b>90</b>	<b>0</b>	<b>3,931</b>	<b>1,035</b>	<b>5,056</b>
<b>2022</b>					
Equity at beginning of period, previously stated	90	3,440	1,069	3,105	7,705
Effect of change in accounting policies			-278		-278
Equity at beginning of period, restated	90	3,440	791	3,105	7,427
Profit		-410	-2,237	4,815	2,168
Other comprehensive income in subsidiaries		0			0
Total comprehensive income		-410	-2,237	4,815	2,168
Dividend paid				-3,105	-3,105
Dividend, own shares			65		65
Dividends received from subsidiaries		-3,100	3,100		0
Other movements in capital of subsidiaries		69	0		69
Share-based payments			10		10
Exercise of share options			67		67
Transactions with owners		-3,031	3,242	-3,105	-2,894
<b>Shareholders' equity at end of period, restated</b>	<b>90</b>	<b>0</b>	<b>1,796</b>	<b>4,815</b>	<b>6,701</b>

## Notes to the financial statements • Parent company

(DKKm) (2022 restated)	2023	2022
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### Note 1. Income from subsidiaries

Topdanmark Forsikring A/S	1,085	2,217
Topdanmark BidCo A/S	11	0
Topdanmark Invest A/S	1	0
<b>Income from subsidiaries</b>	<b>1,096</b>	<b>2,217</b>

### Note 2. Value adjustments

Equity investments	0	-1
<b>Value adjustments</b>	<b>0</b>	<b>-1</b>

### Note 3. Other expenses

Holding expenses	59	50
Transaction costs related to the acquisition of Oona Health A/S	36	0
<b>Other expenses</b>	<b>95</b>	<b>50</b>

### Note 4. Taxation

Current tax	8	10
Prior year adjustment	1	0
<b>Taxation (income)</b>	<b>9</b>	<b>10</b>
Pre-tax profit excl. income from subsidiaries	-71	-59
Calculated tax on profit for the year, 22%	16	13
Adjusted for the tax effect of:		
Non-deductible expenses / income not liable to tax	-8	-2
Prior year adjustment	1	0
	<b>9</b>	<b>10</b>

### Note 5. Operating equipment

Cost	3	3
<b>Operating equipment</b>	<b>3</b>	<b>3</b>

### Note 6. Equity investments in subsidiaries

Topdanmark Forsikring A/S	4,165	6,022
Topdanmark BidCo A/S	1,975	0
Topdanmark Invest A/S	55	54
<b>Equity investments in subsidiaries</b>	<b>6,195</b>	<b>6,077</b>

For detailed information please see note 32 to the financial statements of the Group.

### Note 7. Share capital

Each of Topdanmark's 90,000,000 shares has a nominal value of DKK 1 and carries one vote. No share enjoys any special rights. The shares are freely negotiable. All shares are fully paid.

## Notes to the financial statements • Parent company

(DKKm)

(2022 restated)

### Note 8. Other subordinated loan capital

Topdanmark redeemed the subordinated loan capital in 2022.

Principal	DKK 400m
Date of issue	November 2017
Maturity	Bullet
If permitted by the Danish FSA, the debtor can give notice of termination from	23 November 2022
Interest rate	Cibor 3 months +275bp
Interest charges 2022	10

### Note 9. Related parties

2023

2022

Possessing an ownership interest of 49.61% of the shares outstanding, Sampo plc, Fabianinkatu 27, Helsinki, Finland has a controlling interest in Topdanmark A/S.

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

Remuneration and shareholdings in Topdanmark appear from note 23 to the financial statements of the Group.

Expenses charged from subsidiaries	46	36
Dividends received from subsidiaries	3,000	3,100

*Oona Health acquisition:*

Loan from Topdanmark A/S to Topdanmark BidCo A/S, DKK 450m.

Non-cash contribution of shares in Daytona Midco Ltd from Topdanmark A/S to Topdanmark BidCo A/S, DKK 1,916m.

Average effective interest rate on Group internal balances is 3.04% (2022: 0.37%).

### Note 10. Own shares

The number of own shares held by the parent company appear from note 30 to the financial statements of the Group.

### Note 11. Contingent liabilities

All companies in the Topdanmark Group and other Danish companies and affiliates 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.

### Note 12. Other disclosures

There have been no events in the period from 31 December 2023 until the presentation of the financial statements which could change the assessment of the Annual Report.

## Notes to the financial statements • Parent company

(DKK<sub>m</sub>)  
(2022 restated)

### Note 13. Accounting policies

The annual financial statements of the parent company Topdanmark 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.

As from 2023, Topdanmark Group has adopted IFRS 17 Insurance contracts, IFRS 9 Financial instruments, and the VA component has been omitted from the EIOPA interest rate curve.

The parent company, Topdanmark A/S, has adopted those changes to accounting policies applied by the Group, being compatible with the executive order on financial reports for insurance companies.

All changes relate to the subsidiary Topdanmark Forsikring A/S and that company's subsidiaries.

Effect of changed accounting policies	Shareholders' equity		Result
	1/1 2022	31/12 2022	Year 2022
2022 accounting policies	7,705	6,860	2,049
Changes in subsidiaries	-278	-159	119
<b>2023 accounting policies</b>	<b>7,427</b>	<b>6,701</b>	<b>2,168</b>

The parent company's accounting policies for recognition and measurement are in accordance with the Group's accounting policies with a few exceptions as presented in the table below.

The following reconciles Shareholders' equity and results between Topdanmark A/S (Danish FSA's executive order) and Topdanmark Group (IFRS).

Danish FSA's executive order / IFRS	Shareholders' equity		Result
	31/12 2022	31/12 2023	Year 2023
Topdanmark A/S, DFSA's executive order	6,701	5,056	1,033
IAS 12 Deferred tax security funds	-362	-362	0
IFRS 17 / IFRS 9	10	28	18
<b>Total</b>	<b>-352</b>	<b>-334</b>	<b>18</b>
<b>Topdanmark Group IFRS</b>	<b>6,349</b>	<b>4,722</b>	<b>1,051</b>

Note 14. Five-year summary	2023	2022	2021	2020	2019
Total Investment result	1,120	2,208	2,080	1,122	1,657
Other expenses	-95	-50	-52	-46	-41
Taxation	9	10	11	12	11
<b>Profit for the year</b>	<b>1,033</b>	<b>2,168</b>	<b>2,039</b>	<b>1,089</b>	<b>1,627</b>
Shareholders' equity	5,056	6,701	7,427	7,006	6,559
Total assets	6,826	6,936	7,955	7,606	7,130
Return on shareholders' equity (%)	19.0	34.4	30.0	16.5	26.7

Generally, all the amounts in the report are disclosed in whole numbers of DKK<sub>m</sub>. The amounts have been rounded, and consequently the sum of the rounded amounts and totals may differ slightly.

# Disclaimer

This annual report includes statements relating to the future. Such statements are uncertain and involve both general and specific risks.

Many factors may cause significant deviation from the forecasts and assumptions set out in the annual report. Such factors could be, for example, cyclical movements, changes in the financial markets, the financial effect of unexpected events such as acts of terrorism or exceptional weather conditions, changes in Danish and EU rules, competitive factors in the insurance industry, and trends in the reinsurance market. See also:

[www.topdanmark.com](http://www.topdanmark.com) → Investors → [Risk management](#).

The above description of risk factors is not exhaustive. Investors and others, who may base decisions relating to Topdanmark on statements in relation to the future, should give their own careful consideration to these and other factors of uncertainty.

Topdanmark's statements relating to the future are based solely on information known at the time of the preparation of this annual report.

# 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 A/S for 2023.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU, and the annual financial statements for the parent company are presented in accordance with the Danish Financial Business Act. Further, the Annual Report is presented in accordance with additional Danish disclosure requirements for listed financial services companies.

In our opinion, the consolidated financial statements and annual financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2023 as well as of the Group's and the parent company's activities and the Group's cash flow for the financial year

1 January to 31 December 2023.

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

In our opinion, the annual report of Topdanmark A/S for the financial year 1 January to 31 December 2023 with the file name 549300PP3ULLFOSQRK46-2023-12-31-en is prepared, in all material respects, in compliance with the ESEF Regulation.

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

Ballerup, 26 February 2024

## Executive Board:

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Peter Hermann  
(CEO)

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Lars Kufall Beck

## Board of Directors:

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Ricard Wennerklint  
(Chairman)

---

Jens Aaløse  
(Deputy Chairman)

---

Elise Bundgaard

---

Maria Hjorth

---

Mette Jensen

---

Cristina Lage

---

Michael Noer

---

Morten Thorsrud

---

Kjell Rune Tveita

# Independent auditor's report

## To the shareholders of Topdanmark A/S

### Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

#### Opinion

In our opinion, the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the financial year 1 January – 31 December 2023. The Consolidated Financial Statements are prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial institutions and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Business Act.

Our opinion is consistent with our long-form audit report to the Board or Directors and the Audit Committee.

#### Audited financial statements

Topdanmark A/S' Consolidated Financial Statements and Parent Company Financial Statements for the financial year 1 January – 31 December 2023 comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows for the Group and notes, including summary of material accounting policy information, for the Group as well as for the Parent Company (the financial statements). The Consolidated Financial Statements are prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial institutions and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Business Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report.

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

#### Independence

We are independent of the Group 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 declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were appointed auditors of Topdanmark A/S for the first time on 25 March 2021 for the financial year 2021. We have been re-appointed at the annual general meeting on 26 April 2023 for the financial year ending 31 December 2023.

#### 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 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in the forming of our opinion thereon. We do not provide a separate opinion on these matters.



## Key audit matter

### Measurement of Provisions for insurance and investment contracts

#### Subjective measurement and inherent uncertainty

Provisions for insurance contracts represent the largest liability for the Group.

Total provisions for insurance contracts amount to DKK 13,939 million at 31 December 2023 (2022: DKK 13,235 million).

The measurement of the provisions for insurance contracts are highly judgmental because it requires a number of Management estimates to be made and are associated with a high level of estimation uncertainty related to the expected future cash flows.

The expected future cash flows include, among other things, the following significant assumptions:

- Future inflation and wage rate development (workers' compensation).
- Expected future payments for claims that occurred before the balance sheet date and expected closing settlement of claims, especially related to workers' compensation, accident and liability.
- Expected future cash flows in relation to insurance events after the balance sheet date, including direct and indirect costs related to these contracts which were entered into before the balance sheet date.

The selection of the methods and models is also significant for the estimation output and is based on Management's assessment of best suitability on the individual lines of businesses.

The yield curve applied in measuring the provisions for insurance contracts also have a significant impact on the measurement of the liabilities.

The selection and application of the methods, models and performance of the calculations are also complex.

Based on the above, we consider the audit of the following parts of the provisions for insurance contracts to be a key audit matter:

- Liability for incurred claims (excluding claims handling provision)
- Liability for remaining coverage.

## How our audit addressed the key audit matter

With the assistance of our actuarial specialists, our procedures included:

#### Assessment of control environment

We have obtained an understanding of the insurance provisioning processes, including the governance hereof. Our understanding has included, among other things, the evaluation of the qualifications and experience of those responsible for reviewing the provisions and examining the output of the reviews and assessing the scope and depth of these reviews.

Our evaluation of the methods and models and key assumptions for the most significant and subjective provisions has also supported our assessment of the quality of the Group's provisioning processes.

#### Test of controls

We have evaluated the design and implementation and tested the operating effectiveness of key controls that ensure the accuracy and completeness of the data used in the actuarial provisioning process including both current and prior years' data used.

#### Substantive audit procedures

We have developed independent re-projections of the gross claims provisions covering the lines of business with the most material risks.

The independent re-projections are performed by calculating the level of the provisions using KPMG's own parameters and assumptions.

We have tested individual liabilities for incurred claims on a sample basis to appropriate documentation, in order to assess the valuation of individual claims provisions.

We have recalculated the liability for remaining coverage on a sample basis.

We have assessed the consistency of the methods and models applied as well as challenged the methods and models and significant assumptions applied.

### Key audit matter

Information on provisions for insurance contracts is disclosed in note 18.

In addition, specified risks, assumptions, etc., related to the estimates of the insurance contract provisions are described in the section "Reserving risk" in note 34, Risk Management, and in the section "Accounting policies requiring managements judgement and key sources of estimation uncertainties" in note 36, Accounting policies.

### Completeness and accuracy of data

The measurement of the insurance contract provisions depends on complete and accurate data covering the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims provisions. If the data used in calculating insurance liabilities or for forming judgements of key assumptions is not complete and accurate, then material misstatements to the valuation of insurance liabilities may arise.

Owner-occupied properties amount to DKK 754 million at 31 December 2023 (2022: DKK 765 million).

Measurement of owner-occupied properties involves Management estimates which materially affect the carrying amount. We consider the audit of owner-occupied properties to be a key audit matter, due to the high degree of estimation uncertainty associated with the measurement.

Information on owner-occupied properties is disclosed in note 13.

In addition, specified judgements, assumptions, etc., related to the measurement of the owner-occupied properties are described in "Accounting policies requiring management's judgement and key sources of estimation uncertainties" in note 36, Accounting policies.

### How our audit addressed the key audit matter

We have audited the overall impact of the IFRS 17 adoption on the measurement of provisions for insurance contracts. Furthermore, we have audited the bridge between IFRS 4 and IFRS 17 and the presentation hereof in the annual report. Our audit has included the assessment of changes to the design and implementation of controls related hereto and an overall review of Management's key assumptions following the Premium Allocation Approach.

### Sector experience and benchmarking

Using our sector knowledge and experience, we assessed the Group's applied provisioning methods and assumptions by comparing with the Group's historical experience and market practice. Our assessment focused on the development in industry standards and the largest changes compared to last year including the run-off results.

### Test of completeness and accuracy of data

We have reconciled the claims data recorded in the insurance systems and tested the data used in the actuarial provision calculations on a sample basis to ensure completeness and accuracy of data used.

With the assistance of our valuation specialists, our procedures included:

### Test of controls

We have tested the design and implementation of key controls in the measurement process for owner-occupied properties. This has included testing controls related to recording and monitoring market information and valuation reports obtained from external parties.

### Substantive audit procedures

Our audit has included assessing and testing models, methods, assumptions and data applied by Management in connection with the measurement of the fair value of the owner-occupied properties. We have tested the input data in selected samples by vouching against supporting documentation and challenged management's assumptions by comparing with benchmark market data on capitalisation rate, market rent and future market expectations. We have performed stress- and sensitivity-tests on data used.

## IT – general system, data and operational security

### Completeness and accuracy of financial data

Preparation of financial information is highly dependent on financial IT applications. Design and implementation of general IT controls (change management and access controls) and application controls are essential for creating an adequate control environment, and the operational effectiveness of these controls is important for generating reliable financial data.

Due to the complexity of the entity's IT infrastructure and systems and the continued IT transformation activities during 2023, we consider the audit of the general IT controls a key audit matter.

With the assistance of our IT audit specialists, our procedures included testing of the design and implementation and the operating effectiveness of general IT controls on system access, change management and computer operations within specific applications pertinent to the financial statements by assessing if appropriate policies and controls are in place and adhered to and by inspecting supporting evidence and performing additional procedures like data analyses.

## Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required by the Danish Financial Business Act and Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

Based on the work we have performed, we conclude that the Management's review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with requirements of the Danish Financial Business Act and Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation). We did not identify any material misstatement of the Management's review.

## Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS Accounting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and for such internal control that 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends

to liquidate the Group or the Parent 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 as to 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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may 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 conducted in accordance with ISAs and the 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 Group's and the Parent 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 preparing 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated to 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 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 determined 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.

## Report on compliance with the ESEF Regulation

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of Topdanmark A/S we performed procedures to express an opinion on whether the annual report of Topdanmark A/S for the financial year 1 January – 31 December 2023 with the file name 54930OPP3ULLFOSQRK46–2023–12–31–en is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- testing whether the annual report is prepared in XHTML format;
- obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Topdanmark A/S for the financial year 1 January – 31 December 2023 with the file name 54930OPP3ULLFOSQRK46–2023–12–31–en is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 26 February 2024

### KPMG

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

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