

---

## Nordea Pension, Livsforsikringsselskab A/S

### Annual Report 2023

Business reg. (CVR) no. 19625087  
Grønjordsvej 10  
DK-2300 Copenhagen S

Godkendt på selskabets  
ordinære generalforsamling,  
den 24. april 2024.

Dirigent:  
Lene Harkes

---

## Contents

### Management's review

Five-year financial highlights	3
Management's review	4
Management and directorships	13

### Statement and report

Statement by the Board of Directors and the Executive Management	14
Independent Auditor's Report	15

### Financial statements

Income statement	19
Statement of comprehensive income	19
Assets	20
Liabilities and equity	21
Statement of changes in equity	22
Notes to the financial statements	23
- Material accounting policies	37

Nordea Pension, Livsforsikringsselskab A/S  
Grønjordsvej 10  
DK-2300 Copenhagen S  
Tel. +45 70 33 13 13

Email: [nordeapension@nordeapension.dk](mailto:nordeapension@nordeapension.dk)  
Internet: [www.nordeapension.dk](http://www.nordeapension.dk)

## FIVE-YEAR FINANCIAL HIGHLIGHTS

DKKm	2019	2020	2021	2022	2023
Premiums	11,106	10,981	10,360	9,962	12,806
Investment return	8,601	5,344	10,971	-11,503	10,834
Tax on pension returns	-1,094	-617	-1,521	-33	-503
Insurance benefits	-4,133	-6,393	-8,955	-8,481	-10,228
Change in life insurance provisions and profit margin	-13,820	-8,877	-10,269	9,945	-12,282
Total insurance operating expenses	-492	-564	-585	-575	-602
Profit/loss on ceded business	-1	-2	1	0	0
Transferred investment return	-245	-52	-181	450	-236
Technical result	-77	-181	-179	-236	-210
Technical result, health and accident insurance	-244	-45	-187	-182	-135
Return on investment allocated to equity	171	15	286	88	98
Other income	222	274	375	357	364
Other expense	0	0	0	0	-68
Tax	-16	-15	-55	53	-46
<b>PROFIT FOR THE YEAR</b>	<b>55</b>	<b>47</b>	<b>241</b>	<b>80</b>	<b>4</b>
Total provisions for insurance and investment contracts	73,370	82,230	92,717	83,184	96,168
Total equity	3,655	3,707	2,962	2,044	2,048
Total assets	79,314	89,071	101,083	89,277	100,105

## Financial ratios

Rate of return related to with-profit products	7.2	4.9	4.0	-14.6	5.3
Rate of return related to unit-linked products	16.3	7.5	15.4	-11.0	13.7
Risk on return related to unit-linked products	4.50	5.25	4.75	5.25	4.50
Expenses as a percentage of provisions	0.8	0.8	0.7	0.7	0.7
Expenses per policyholder (DKK)	3,064	3,418	3,352	3,222	3,320
Return on equity after tax (%)	1.5	1.3	6.6	2.7	0.2

## MANAGEMENT'S REVIEW

### ORGANISATION

Nordea Pension, Livsforsikringsselskab A/S (Nordea Pension) manages the life insurance activities of Nordea Pension Group Denmark.

Sales of life insurance, pension schemes and illness and accident insurance are undertaken by Nordea Bank, Topdanmark Forsikring, other business partners, insurance brokers and through Nordea Pension's own sales force.

### 2023 HIGHLIGHTS

- Total gross premiums, including investment contracts and premiums from the illness and accident business, increased by 18.8% to DKK 14,198m in 2023 compared with 2022.
- Gross premiums in the life insurance business (excluding investment contracts) went up by 28.5% to DKK 12,806m.
- The total investment return before tax on pension returns was positive at DKK 10,834m in 2023, compared to a negative return of DKK 11,503m in 2022.
- Profit for the year was DKK 4m after tax in 2023, against DKK 80m in 2022.

### LIFE INSURANCE AND PENSION MARKET 2023

#### Competitive situation and customer focus

In 2023, we experienced a decline in both inflation and interest rates. At the same time, we also saw an increase in salaries and purchasing power. The year was characterised by record-high employment and frequent job changes, which positively influenced gross premiums. Despite this positive aspect, it was also the year with the highest number of bankruptcies among small and medium-sized businesses, also leading to frequent job changes. All these factors significantly impacted both society, the market and our customers.

#### The customer in focus

The strategic focus is on strengthening customer relations in Nordea Pension's core segments. Our long-term goals are to ensure that Nordea Pension's customers need not to worry about their pensions. We aim

to provide them with suitable coverage, ensuring they receive value for their investment and fostering enduring customer loyalty. Our aspiration is for customers to perceive Nordea Pension as a professional and proactive company.

For our customers, it was a year with good investment returns. Nordea Pension generated highly competitive investment returns and succeeded in recovering losses from the previous year in several investment areas. Nordea Pension generated one of the highest investment returns on the market in 2023.

#### Market trends

The early months of 2023 were affected by price regulations in the illness and accident business area, driven by regulatory attention to establish financially sustainable business. Based on the illness and accident regulations, Nordea Pension had a continuous strong focus on balancing price and risk as effectively as possible. The significant competition in the market continued, and illness and accident insurance prices remained one of the primary drivers behind changes of insurance providers.

Another way of balancing the financials in the illness and accident business area was to minimise claims through better treatment and injury prevention. Nordea Pension continued its strong focus on preventive measures and helped employees return to the workforce after illness. At Nordea Pension, we collaborate with numerous companies to conduct screenings of their employees, allowing us to provide support through preventive initiatives. The role of the life and pension industry within healthcare is increasingly important and was a main topic in the sector and the political field in 2023.

There is still a trend that pension brokers, advisers and companies are expanding their focus from large business customers to small businesses, the self-employed and private individuals. This trend means that competition in Nordea Pension's core segment has intensified over the last couple of years, including in 2023.

#### Closer to the bank

Following our integration into Nordea, we have focused on establishing a close collaboration with Nordea Bank. Our focus has been on creating synergies to the benefit of our customers, and Nordea Pension is already making good progress. As a result of these efforts, we have introduced products dedicated to sales and advisory services for Nordea Bank's retail custom-

ers. Simultaneously, a referral agreement has been established with Nordea Business Banking, enabling us to extend our offering to both individual customers and business customers of Nordea Bank in regard to their pension requirements going forward. This is aligned with Nordea's aspiration to help customers in need of a broad range of financial services.

### Investment returns

2023 was a good year for almost all common asset classes that generated positive returns last year. As the year went on, the challenges proved to be many. Despite this, the economic setback did not occur, and inflation seems under control. Therefore, the global economy fared much better in 2023 than expected at the beginning of year.

### Risk products and prevention

Also during 2023, there was a strong focus in the Danish life insurance and pension industry on losses on the illness and accident business, and following the issue of an executive order by the Danish Financial Supervisory Authority (Danish FSA), the focus grew. Nordea Pension regularly reviews the prices of its insurance products for individual customers in order to ensure that our business is viable.

Furthermore, Nordea Pension also focused actively on claims prevention and early action in the event of illness in close collaboration with our customers, who reacted very favourably to the many initiatives we launched to reduce both short and long-term sickness absence among their employees.

### Focus on health

Healthcare is an important societal issue, and the role of the life and pension industry within healthcare is increasingly important. During 2023, the focus on health and prevention in the industry was intensified.

The challenges our society is facing in the healthcare sector and especially within the psychiatric area have heightened the focus on healthcare amongst politicians and in the media. The government has proclaimed a reform of the healthcare system with emphasis on increased privatisation. Several politically appointed commissions have been established and asked to give recommendations for the model for the future healthcare system.

Like the rest of the life and pension industry, Nordea Pension monitors the political direction closely and invests in solutions that can be a supplement to the public services offered. In 2023, Nordea Pension launched an online medical assistance service for customers

with a health insurance policy. The service provides access to a general practitioner as a supplement to the publicly appointed general practitioners. The service is available during the daytime, in evenings, at weekends and on trips abroad. The service was very well received by customers.

At Nordea Pension, we consider it important to help our customers in the healthcare area to the benefit of society, employers and employees alike. We believe in prevention rather than treatment, and when treatment is needed, we believe in early and professional intervention.

For several years, Nordea Pension has been focusing intensively on helping business customers with health screenings and introduction of health prevention initiatives in the work place. Nordea Pension also prioritises fast and efficient claims handling, and aftercare is a priority in order to prevent relapses following treatment of an illness. In 2023, we offered our health screening to even more of our customers, and based on the individual results, we implemented a number of preventive measures (in both mental and physical healthcare). These improved the general state of health at a number of businesses and among their employees.

In 2024, Nordea Pension expects to further increase the number of customers accepting our health screening and to implement more preventive measures among our business customers.

## FINANCIAL PERFORMANCE

Overall profit before tax for 2023 amounted to DKK 50m, while profit after tax was DKK 4m. Tax is an expense that amounted to DKK 46m. The tax expense was affected by two special items, an income of DKK 26m related to a net tax effect between a deferred tax change in the accounting for 2023 due to a correction of the financial statements for 2022 and an extra tax on investment properties amounting to DKK 66m. In 2022, profit after tax was DKK 80m.

The return on investment allocated to equity amounted to DKK 88m in 2023, compared to DKK 128m in 2022.

The result was affected by changes in the investment risk profile due to equity as well the fact that the return on the equity portfolio was lower than in 2022.

<b>Profit for the year</b>		
DKKm	2022	2023
Investment return	128	88
Sales and administration	4	-63
Insurance risk	4	22
Risk return on shareholders' equity	73	137
Life insurance	209	184
Illness and accident	-182	-135
<b>Profit before tax</b>	27	50
Tax	53	-46
<b>Profit for the year</b>	<b>80</b>	<b>4</b>

The sales and administration result a loss of DKK 63m, compared to an income of DKK 4m in 2022. The decrease was mainly driven by costs allocated to integration and rebranding, which are not passed on to our customers.

At DKK 22m in 2023, the insurance risk result was largely changed from DKK 4m in 2022. The insurance risk result may fluctuate significantly from one year to the next as a consequence of fluctuations in the number of new disability claims and reactivations.

In 2023, the realised result pursuant to the executive order on the contribution principle was DKK 593m (before appropriation of profit) for the with-profit portfolio – compared to a realised result in 2022 of minus DKK 2,094m. In 2023, it was possible to charge full risk return from all interest rate groups.

A loss of DKK 135m was seen for the illness and accident business, compared to a loss of DKK 182m in 2022.

The result was affected by higher premiums and lower claims and a negative risk result of DKK 94m (2022: negative at DKK 177m). The risk result was affected by a run-off gain of DKK 7m for 2023, compared to a run-off loss of DKK 6m in 2022.

The result was also affected by an investment loss of DKK 41m (2022: loss of DKK 5m).

The Board of Directors proposes distribution of a dividend of DKK 200m for 2023.

The overall profit was significantly lower than the DKK 200-250m profit guidance expressed in Annual Report 2022. Mainly due to the negative sales and administration results, the result of the illness and accident business was lower than expected, which explains the negative tax.

## Development in gross premiums

In a highly competitive market, with an increase in both salaries and, consequently, purchasing power, record-high employment and frequent job changes, we managed to generate a significant increase in gross premiums (including illness and accident insurance and investment contracts), mainly driven by single premiums.

The development in premiums and retention was driven by the following factors:

- Nordea Pension became part of Nordea in December 2022. As of January 2023, we started distributing a life annuity product for Personal banking customers.
- Nordea Pension has focused on creating a strategy to grow through the bank. This has resulted in acquiring more customers, leading to higher gross premiums.
- We continued to develop Nordea Pension's digital solutions, including the core system. To the customers of both Nordea Pension and Nordea Bank, this meant new products and more robust operating performance – among the best in the industry.

In life insurance, total gross premiums increased by 28.5% to DKK 12,806m in 2023, compared to DKK 9,962m in 2022.

Regular premiums decreased by 1.2% to DKK 3,523m in 2023 from DKK 3,567m in 2022. Single premiums increased by 45.2% to DKK 9,284m in 2023 from DKK 6,396m in 2022.

<b>Gross premiums</b>		
DKKm	2022	2023
<b>Life insurance:</b>		
With-profit products	301	267
Unit-linked products	3,007	3,006
Group life	259	249
Regular premiums	3,567	3,523
With-profit products	7	10
Unit-linked products	6,389	9,273
Single premiums	6,396	9,284
	<b>9,962</b>	<b>12,806</b>
<b>Investment contracts:</b>		
Regular premiums	13	7
Single premiums	1,289	669
	<b>1,302</b>	<b>676</b>
<b>Illness and accident:</b>		
Gross premium earned	704	729
Bonuses and rebates	-13	-13
	<b>691</b>	<b>715</b>
<b>TOTAL</b>	<b>11,956</b>	<b>14,198</b>

In 2022, single premiums on investment contracts were extraordinarily high. In 2023, the investment contracts returned to the 2021-level. Payments for these contracts are not included in premium income but recognised directly in the balance sheet.

Gross premium earned in the illness and accident business increased by 3.5% from DKK 691m in 2022 to DKK 715m in 2023 after bonus allocation, in an attempt to create a sustainable business model.

### Investment activities

High inflation, declining growth and fears of a hard landing were the main themes for the global economy going into 2023. As the year went on, challenges also proved to be many: The ongoing war in Ukraine, bank failures in both the USA and Europe, US debt ceiling turmoil, a Chinese real estate sector crisis, the outbreak of yet another war in the Middle East and not least the ongoing tightening of monetary policy all had the potential to cause great damage in the financial markets, giving rise to high negative returns. On the other hand, labour markets remained remarkably strong across Western countries, inflation more than halved since its peak at the end of 2022, private consumption was solid, the feared wage-price spirals are yet to be seen and practically all common asset classes yielded positive returns last year. Hence, the global economy performed much better than we dared hope at the beginning of 2023.

Fixed income markets experienced more stability in yields and spreads overall in 2023 compared with 2022. Apart from the very short end of the interest rate curve (below or equal to one year), rates fell in 2023, but not below the guaranteed benefits for several interest rate groups. The relatively high interest rate levels resulted in losses on hedging activity reducing the total assets of the interest rate groups at year-end.

### Interest rate group RE9

Interest rate group RE9 comprises schemes with a technical interest rate of 0.5%. Interest rate group RE9 had an asset allocation to equities of about 17% at the beginning of the year, which was reduced throughout the year, standing at 12% at year-end. Equities were supplemented by alternatives and real estate investments, which accounted for some 28% of total assets at year-end.

### Interest rate group RE1

Interest rate group RE1 comprises schemes with a technical interest rate of between 1.5% and 2.5%. Interest rate group RE1 had an asset allocation to equities of about 11% at the beginning of the year, which was reduced throughout the year, standing at 8% at year-end. Equities were supplemented by alternatives and real estate investments, which accounted for a total of about 25% of RE1 at year-end.

### Interest rate groups RE3, RE4, RE7, RE10 and RE11

Interest rate groups RE3, RE4, RE7, RE10 and RE11 comprise schemes with a technical interest rate of between 1.5% and 4.5%. To this should be added schemes with postponed benefit payment with a minimum payout guarantee of 0.5% and new schemes written on the basis of a minimum payout guarantee of -0.5%. At the beginning of the year, the interest rate groups had an asset allocation to equities of about 8%, which had increased to about 9% at year-end due to rising share prices and a reduced balance during the year. Equities were supplemented by alternatives and real estate investments, which accounted for just over 22% of total assets at year-end.

### Interest rate group RE2

Interest rate group RE2 comprises schemes with a technical interest rate of between 1.5% and 2.5%. They were written during the period from 1 July 1994 to 30 June 1997. At the end of 2023, the allocation to equities was slightly below 9%, compared to just over 14% at the beginning of the year. Equities were supplemented by alternatives and real estate investments,

which accounted for just over 29% of total assets at year-end.

### Interest rate groups RE5 and RE6

Interest rate groups RE5 and RE6 comprise schemes originally established with a technical interest rate of 4.5%. The investment profiles are based on generating returns equal to the schemes' technical interest rates. The investment portfolio includes a large proportion of long-term fixed-rate debt instruments, supplemented by financial instruments, together hedging the technical interest rate.

As mentioned above, supplementary hedging of the interest rate risk on technical interest rates has been established by way of derivative financial instruments. The value of the hedges is sensitive to interest rate fluctuations. At the current level of interest rates, a significant part of any change in value resulting from a given change in interest rates on the strengthening of provisions on schemes with high technical interest rates would be offset by a corresponding opposite change in the value of the hedge.

### Unit-linked products – Profilpension, Formålspension (life cycle products) and Unit Link

Customers' savings in unit-linked products are primarily placed in Nordea Pension's mixed portfolio pools or in life cycle products, by far the most important of which is Profilpension. These products are based on the fund-of-funds principle and are entirely managed in-house.

As products are managed in-house management expenses can be kept at a very competitive level to the benefit of our customers. The same basic structures are thus applied across the dominant unit-linked products. However, Unit Link customers select their own investment composition through *Vælger* pools and any other pools of their choice, whereas the life-cycle products have built-in risk profiles aligned with the individual policyholder's date of retirement and risk appetite.

Nordea Pension's most recent new product is Formålspension – an extended ESG-screened life-cycle product allowing the customer to select a focus area for their investment, e.g. green transition or technology innovation. Formålspension, which is based on the Company's long experience with Profilpension, gives customers a number of additional choices. Accordingly, customers get a pension scheme that can be customised to better suit their individual needs and wishes. Also, because the product is managed in-

house, Formålspension management expenses are at the low end of the market.

Formålspension has become a firm favourite with our customers due to its strong ESG profile and top-end investment returns. Advisory services proved to be more or less at the same level as for Profilpension, which is why it was possible to keep management expenses on a par with those of Profilpension.

### Interest rate on policyholders' savings in 2023 and 2024

At the beginning of 2023, the interest rates on policyholders' savings for the interest rate groups were between 0% and 6% before tax on pension returns. However, the financial market performance in 2023 meant that the collective bonus potential improved slightly for certain interest rate groups, but the interest rates on policyholders' savings in these groups were kept at 0.0% during the year.

Entering 2024 the interest rates on policyholders' savings for the interest rate groups have been determined to 0% to 6% before tax on pension returns. For most groups the interest rate has been increased compared to 2023-rates.

Current interest rates on policyholders' savings are shown on Nordea Pension's website: [Pension med gennemsnitsrente | Spar op uden risiko \(nordeapension.dk\)](https://www.nordeapension.dk/gennemsnitsrente)

## RISK FACTORS

### Investment policy

The investment policy is defined separately for life insurance provisions divided into individual interest rate groups, for customers with unit-linked products, for equity and for provisions for illness and accident insurance. This provides a greater degree of precision in terms of the goals for the ultimate owners of the funds – customers on the one hand and equity on the other.

Some of the most significant differences between the portfolios are that only pension customers are exposed to equities, equity-related investments and instruments earmarked as hedges of interest rate risk on technical interest rates. Accordingly, the return on pension customers' savings may differ considerably from the return on the remaining funds managed by Nordea Pension.

Nordea Pension seeks to avoid a significant concentration of credit risk in investments other than investments



in Danish mortgage bonds, which play a special role for life insurance and pension companies applying the Danish volatility-adjusted discount curve when calculating provisions.

Real estate investments are placed with Nordea Pension Ejendomme, a subsidiary of Nordea Pension. Properties are valued in accordance with the Danish FSA's guidelines. With a few exceptions, properties are located in the Copenhagen area and in Aarhus.

Equity would be affected by losses on equities and other securities only to the extent that their value is not covered by the collective and individual bonus potentials in the with-profit portfolio.

## Insurance risk

Nordea Pension's most significant insurance risk areas are longevity, disability and pandemics. Any additional expenses resulting from increases in longevity or a permanent change in disability frequencies will be partially covered by the collective and individual bonus potentials. Expenses resulting from pandemics may be partially covered by collective bonus potentials. The remaining part will be taken to profit/loss and, consequently, equity. Losses on disability covers taken out as illness and accident insurance will be taken to profit/loss and, consequently, equity. Current disability benefits are index-linked, and changes in inflation may therefore affect the technical result.

## Limited loss-absorbing buffers

The collective and individual bonus potentials in life insurance constitute the loss-absorbing buffers for any losses on customers' investing activities. In an environment with low interest rates, the market value of the guarantees is high, and the related individual bonus potentials are low.

A fall in collective bonus potentials is most commonly due to the investment result being lower than the interest accrued on policyholders' savings and/or a fall in interest rates. A fall in collective bonus potentials may also occur in an environment with high interest rates.

The lower the combined bonus potentials are, the greater is the risk that any losses will be charged in full or in part to equity. If interest rates are high, the same losses can to some extent be absorbed by the bonus potentials.

To protect equity, it may be relevant to reduce market risk in an environment with low interest rates. All policies are divided into interest rate groups according to the attached guarantees. In the individual interest rate

groups, the investment policy is prepared so as to ensure that the guarantees can be fulfilled, and market risk is adjusted in accordance with the risk capacity of the interest rate groups.

## Market risk allocated to equity

Both equity and customers participate in Nordea Pension's investment pools.

Disregarding equity's risk relating to issued technical interest rates, the interest rate sensitivity after tax amounted to minus DKK 5.0m at 31 December 2023. The currency risk net of income tax was DKK 0.9m, calculated according to the value-at-risk method as the potential loss amount that, with a 97.5% probability, will not be exceeded.

## SOLVENCY

Solvency capital requirement and own funds are calculated in accordance with Solvency II, and the solvency capital requirement is calculated using the standard formula.

SCR					
DKKm	2019	2020	2021	2022	2023
Solvency requirement	1,933	2,232	1,522	1,863	1,612
Own funds	3,879	3,810	4,029	3,119	3,473
Solvency coverage ratio	201	171	265	167	215

From year-end 2022, solvency provisions relating to the with-profit portfolio are calculated using stochastic modelling.

## DIVERSITY AND CSR

The Board of Directors' position on its composition and qualifications is set out in "Policy on diversity on the Board of Directors".

The members of the Board of Directors are elected by the shareholders in general meeting and by Nordea Pension's employees. The Board of Directors has six members, of which four were elected by the shareholders in general meeting and two by the employees in accordance with the applicable provisions of the Danish Companies Act. Three of the six board members are women. Of these, one was elected by the shareholders in general meeting and two by the employees. Accordingly, Nordea Pension meets its target of having

at least two members of each gender and also complies with the legal definition of an equal gender distribution.

In addition to this, the total number of managers at Nordea Pension's other management levels is 35, and the percentage of the underrepresented gender is 46%. Nordea Pension meets its target of having a gender distribution of 40/60. The gender distribution target is in focus in the recruitment process etc.

The statutory report on corporate social responsibility and target figures for the underrepresented gender pursuant to sections 142, 143 and 144 of the Danish Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds can be found in [Nordea Bank Abp Annual Report 2022](#).

## OUTLOOK FOR 2024

### Growth and integration with Nordea

Nordea Pension will continue its efforts to be integrated into Nordea throughout 2024. The integration process includes the consolidation of systems, processes, people, products and services. During the first half of 2024, the workforce will be relocated to the Metro building, Nordea's main Copenhagen headquarter. This transition is anticipated to facilitate a common culture over time.

During 2023, Nordea Pension succeeded in growing through the bank. This was, for instance, achieved through the development of new products across platforms. In 2024, Nordea Pension must demonstrate that it is possible to achieve additional growth, in both the private and corporate segments.

### Illness and accident business balancing

We expect a continued focus on balancing the illness and accident business area, accelerated by the Danish FSA. And we hope for more clarity on the rules and regulations in this regard to pave the way for healthy competition and fair handling of customers in the industry. We will continue to be competitive in the health area.

### Welfare debate

The welfare debate is expected to be the main focus of attention in the industry and among politicians and the media in 2024, continuing from 2023 and hopefully with a tangible outcome. Nordea Pension aims to be a part of the solution that is needed to create a healthy future society with welfare as the focal point.

### Financial guidance for 2024

We expect an increasing portfolio in 2024 due to the strong historical investment returns, competitive APRs (annual percentage rates) and the collaboration with Nordea Bank.

Nordea Pension's profit generation is expected to be unchanged compared to the expectations set for 2023. Profits in 2024 are expected to be generated through:

- Investment return on assets allocated to equity
- Risk return from each contribution group in the with-profit portfolio
- Result of the illness and accident business
- Result of insurance policies outside contribution and unit-linked products
- Profit/loss of Nordea Pension EDB Danmark II ApS
- Profit/loss of Nordea Pension Kapitalforvaltning Danmark A/S.

The financial performance for 2024 will be impacted by the financial market performance. For the life insurance business, we expect to be able to recognise the full risk return as income.

Due to an increased focus on sustainable business models in both the life insurance business and the illness and accident business, we expect to improve our results of the illness and accident business in 2024.

Under the assumptions listed above, we expect profit before tax for 2024 to be in the range of DKK 75-125m.

No events other than those mentioned in the management's review have occurred between the balance sheet date and today's date that materially affect the financial statements.

## AUDIT COMMITTEE

The Board of Directors of Nordea Pension has set up an audit committee. As members of the audit committee, the Board of Directors has elected board members Katja Bergqvist, Hans Erik Hugo Preutz and Brian Rothemejer Jacobsen (chairman).

In the opinion of the Board of Directors, all three members of the audit committee possess, as a result of their many years of work in the management of financial companies the necessary accounting competences to handle the audit committee profession.

It is therefore the Board of Directors' clear assessment that all three members of the audit committee possess qualifications and experience that enable them to make an independent assessment of whether Nordea Pension's financial reporting, internal controls, risk management and statutory audit have been organised and carried out in an appropriate manner in relation to its size and complexity.

The audit committee works on the basis of clearly defined terms of reference and holds four ordinary meetings a year. The audit committee reports regularly to the Board of Directors.

### REMUNERATION

#### Remuneration policy

The Board of Directors of Nordea Pension has agreed on a remuneration policy. The remuneration policy is in accordance with the corresponding policy agreed on at the Nordea Group. The Company's remuneration principles are aimed at ensuring that management and the employees are remunerated in a manner that best supports the Company's business and long-term strategic goals. The terms of remuneration are designed to ensure Nordea Pension's ability to recruit and retain a skilled and responsible management that promotes efficient risk management and does not encourage excessive risk-taking. Furthermore, the remuneration principles are aimed at preventing conflicts of interest.

Variable remuneration is used to a limited extent. No employees are entitled to pension schemes that are comparable to variable remuneration.

### DATA ETHICS

#### Data ethics policy

The Nordea Group Board of Directors has approved the Group Board Directive on Code of Conduct, the Group Board Directive on Data Governance and the Group Board Directive on Data Privacy. These Group directives include the Nordea Group's policy for data ethics. The Group policies have been adopted by the Board of Directors of Nordea Pension. Finally, Nordea Pension has adopted guidelines issued by Forsikring & Pension on data ethics.

Processing of data at Nordea Pension is a part of the core business. Nordea Pension complies with applicable law and strives to process, treat and analyse all

data in a fair and transparent manner and with a strong ethical mindset. We respect customers' privacy:

- We collect and process personal and customer data fairly, lawfully and transparently for legitimate business purposes.
- We respect individuals' right to be in control of what data they share with us and for what purposes with the limitations that legal requirements set on us.
- We only disclose personal and customer data to those authorised to receive it internally at Nordea and externally, for example third parties we collaborate with.
- Our commitment to privacy remains also after relationships with stakeholders end.

The policy for data ethics covers the processing of data through its journey across Nordea Pension. Essential data, automated data processing and modelling are subject to governance and measured continuously to ensure a high level of data security and ensure compliance with the ethical guidelines.

The daily activities concerning data ethics are carried out in the local Nordea Pension business areas. The reporting on data ethics is the responsibility of a number of functions at Nordea Pension, including Compliance and Data Management.

### SFDR

#### ESG and implementation of EU regulations on sustainable financial products and investments

The EU aims at promoting sustainable development and economy and has therefore adopted regulations to this end. The Sustainable Finance Disclosure Regulation (the SFDR) and the EU Taxonomy Regulation are examples of this. The regulations lay down the framework for how financial undertakings are to classify, document and advise on the sustainability aspects of their financial products.

The implementation of investment policy must take into consideration the transition of the energy supply system that follows from the UN Global Compact. The transition will involve a comprehensive politically supported process in which non-fossil and fossil-light solutions will be promoted rather than fossil-intensive solutions. Nordea Pension is committed to social considerations and has, for instance, endorsed the UN Global Compact, which builds on 10 principles in regard to human rights, labour, environment and anti-corruption.

Consideration for the 10 principles is an integral part of our investment policy. Accordingly, we perform what is known as norms screening before making an investment in shares, the purpose being to ensure that the businesses in which we invest follow the principles.

Nordea Pension's daily investment activities include both risks and opportunities related to environment, climate, social aspects and governance (ESG factors). ESG is about the behaviour of businesses. Businesses that do not display a healthy ESG behaviour are exposed to a higher degree to negative effects on their operations, earnings and reputation.

Nordea Pension's systematic ESG activities and active ownership mean that a great deal of Nordea Pension's investment products will focus on sustainability and will

be classified as partially sustainable (light green) funds. For instance, this applies to *Formåls pension*, which allows the customer to make a more active choice and invest with a specific aim, such as green transition, technological development, Danish or global investments. The selected businesses and projects are screened on the basis of extended requirements for responsibility, sustainability, environment and social aspects (ESG).

Additional information about Nordea Pension's responsible investment activities is available on Nordea Pension's website at [www.nordeapension.dk/pension/opsparing/ansvarlighed-i-investeringer-og-radgivning/](http://www.nordeapension.dk/pension/opsparing/ansvarlighed-i-investeringer-og-radgivning/)

Finally, reference is made to the Nordea Group's website: [Latest annual report | Nordea](#)

## MANAGEMENT AND DIRECTORSHIPS

### Executive Board:

**Vivian Weis Byrholt**

#### On the Executive Board for:

Nordea Pension Holding Danmark A/S  
Nordea Pension, Livsforsikringsselskab A/S

#### Member of the board of directors of:

Nordea Pension Kapitalforvaltning Danmark A/S  
Nordea Pension Ejendom Danmark A/S  
NPE 201 ApS  
Rådhuskontorerne ApS  
PERANKI HOLDING A/S  
Gerstenberg & Agger A/S

#### Member of the executive committee at:

InterForce

### Board of Directors:

**Katja Bergqvist**

#### On the Executive Board for:

CEO of Nordea Life Holding AB in Sweden

#### Member of the board of directors of (Chairman):

Nordea Pension Holding Danmark A/S  
Nordea Pension, Livsforsikringsselskab A/S  
Nordea Livsförsäkring Sverige AB  
Nordea Life Assurance Finland Ltd  
Livsforsikringsselskapet Nordea Liv Norge AS

**Hans Erik Hugo Preutz**

#### On the Executive Board for:

Deputy CEO of Nordea Life Holding AB in Sweden

#### Member of the board of directors of (Chairman):

Nordea Pension Ejendom Danmark A/S  
Nordea Pension Kapitalforvaltning Danmark A/S  
Nordea Pension EDB Danmark II ApS  
NPE.201 ApS  
Rådhuskontorerne ApS  
Nordea Baltic AB

#### Member of the board of directors of:

Nordea Pension Holding Danmark A/S  
Nordea Pension, Livsforsikringsselskab A/S  
Enento Group PLC i Finland

**Mads Skovlund Pedersen**

#### On the Executive Board for:

Personal Banking, Nordea Danmark

#### Member of the board of directors of (Chairman):

Nordea Kredit Realkreditatieselskab

#### Member of the board of directors of (Deputy Chairman):

Finans Danmark  
FR I af 16. september 2015 A/S (FR1)

#### Member of the board of directors of:

Nordea Pension Holding Danmark A/S  
Nordea Pension, Livsforsikringsselskab A/S

**Helene Bløcher**

#### On the Executive Board for:

Business Banking, Nordea Danmark

#### Member of the board of directors of:

Nordea Finans Danmark A/S  
Nordea Kredit Realkreditatieselskab

**Brian Rothemejer Jacobsen**

#### Member of the board of directors of:

ACTUO A/S  
ITEG A/S  
Nordea Pension, Livsforsikringsselskab A/S

**Heidi Maria Lovmand Jensen**

Employee-elected member of the board of directors  
of Nordea Pension, Livsforsikringsselskab A/S

**Linda Heldgaard Simonsen**

Employee-elected member of the board of directors  
of Nordea Pension, Livsforsikringsselskab A/S

The above includes the positions in other business enterprises for which the management has given permission in accordance with section 80 of the Danish Financial Business Act.

### STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

The Board of Directors and Executive Management have today considered and approved the Annual Report 2023 of Nordea Pension, Livsforsikringsselskab A/S.

The annual report has been prepared in accordance with statutory requirements, including – but not exclusively – the specific accounting rules in the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year ended 31 December 2023.

In our opinion, the Management's review includes a fair review of developments in the Company's activities and financial position together with a description of the principal risks and uncertainties that the Company faces.

We recommend that the annual report be adopted at the annual general meeting.

Copenhagen, 11 March 2024

#### Executive Management

Vivian Weis Byrholt  
CEO

#### Board of Directors

Katja Bergquist  
Chairman

Brian Rothemejer Jacobsen

Mads Skovlund Pedersen

Hans Erik Hugo Preutz

Helene Bløcher

Heidi Maria Lovmand Jensen

Linda Heldgaard Simonsen

## INDEPENDENT AUDITOR'S REPORT

To the shareholder of Nordea Pension, Livsforsikringsselskab A/S

### Our opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

### What we have audited

The Financial Statements of Nordea Pension, Livsforsikringsselskab A/S for the financial year 1 January to 31 December 2023 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, and notes, including material accounting policy information ("Financial Statements").

### 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

### Appointment

We were first appointed auditors of Nordea Pension, Livsforsikringsselskab A/S on 1 December 2022 for the financial year 2022. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of two years including the financial year 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Measurement of investment properties in group enterprises and associated companies</b>  The company holds investment properties that are owned through investments in group enterprises and investments in associates.  Investments in group enterprises and investments in associates, which primarily consist of property companies, amounts to a total of DKK 8,183 million.  The company recognizes and measures the investments group enterprises and investments in associates applying the equity-method.	 We performed risk assessment procedures to obtain an understanding of business processes and relevant internal controls for measuring investment properties. For the controls, we assessed whether they were designed and implemented to effectively address the risk of material misstatement.  We assessed and tested the valuation methods used by management. We assessed the development in the value and composition of the investment property portfolio.  Based on the development in the overall portfolio of

<p>Investment properties in group enterprises and associates are measured at fair value based on the return-based model, where the value is calculated by a systematic assessment of the individual properties based on the properties' market-determined net earnings and a market return requirement attached to the individual properties.</p> <p>The method contains assumptions that are not observable to third parties and which involve significant estimates regarding the determination of return requirements and net earnings on the individual properties.</p> <p>We focused on the measurement of investment properties because the accounting estimate is by its nature complex and influenced by subjectivity and thus associated with a high degree of estimation uncertainty.</p> <p>Reference is made to the financial statements' mention in "Accounting estimates and judgments" in the section "material accounting policies" in note 34 as well as "Investments in group enterprises" and "Investments in associates" in notes 11 and 12.</p>	<p>investment properties, we selected a sample in which we</p> <ul style="list-style-type: none"> <li>assessed the most important assumptions in the valuation models based on our knowledge of the individual property and market data</li> <li>tested whether the calculation was carried out correctly</li> <li>tested the accounting of value adjustments and</li> <li>assessed broker valuations obtained by the company.</li> </ul> <p>We challenged the significant assumptions that are included in the accounting estimate that is the basis for calculating fair values based on our knowledge of the portfolio and market development.</p> <p>We assessed whether the disclosures on investment properties in group enterprises and associates were appropriate.</p>
<p><b>Measurement of provisions for insurance and investment contracts</b></p> <p>The Company's provisions for insurance and investment contracts total DKK 96,168 million, which constitutes 96% of the balance sheet total.</p> <p>The provisions primarily comprise life insurance provisions for market-rate contracts DKK 73,897 million and with-profit contracts DKK 17,226 million as well as provisions for claims relating to health and accident insurance DKK 3,006 million.</p> <p>The provisions for market-rate contracts are based on the fair value of the assets allocated and for the remainder of provisions actuarial principles are applied, which involve significant accounting estimates associated with the actuarial assumptions concerning the timing and extent of future payments to the members.</p> <p>The significant actuarial assumptions comprise yield curve used for discounting, longevity, mortality, disability, probability of buy-backs and lapses as well as costs.</p> <p>We focused on the measurement of provisions for insurance and investment contracts, as the accounting estimate by nature is complex and influenced by subjectivity and thus to a large extent associated with estimation uncertainty.</p> <p>Reference is made to the financial statements' mention in "Accounting estimates and judgments" in the section "material accounting policies" in note 34 and "Provisions for insurance and investment contracts" in Note 17 to 19.</p> <p>Furthermore, reference is made to specific risks and sensitivity regarding estimates of provisions for insurance and investment contracts described in note 26 "Risk factors".</p>	<p>We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, procedures and relevant controls relating to provisioning of insurance and investment contracts. In respect of controls, we assessed whether these were designed and implemented effectively to address the risk of material misstatement. For selected controls, on which we planned to rely on, we tested whether these controls had been performed on a consistent basis.</p> <p>We used our own actuaries in the evaluation of the actuarial methods and models applied by the Company as well as assumptions applied, and calculations made.</p> <p>We assessed and challenged the methods and models and significant assumptions applied comprising yield curve used for discounting, longevity, mortality, disability, probability of surrenders and lapses as well as costs based on our experience and knowledge of the sector with a view to assess, whether these assumptions are in accordance with regulatory and accounting requirements. This comprised an assessment of the continuity of the basis for the calculation of provisions.</p> <p>We tested the calculation of provisions for insurance and investment contracts on a sample basis.</p> <p>We assessed whether the disclosures on the provisions were adequate</p>



## Statement on Management's Review

Management is responsible for Management's Review.

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

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act and other relevant legislation.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Business Act and other relevant legislation. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the Financial Statements

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

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

## Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with ISAs and 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Nordea Pension, Livsforsikringsselskab A/S • Annual Report 2023

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Hellerup, 11 March 2024

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR no 3377 1231

Per Rolf Larssen  
State Authorised Public Accountant  
mne24822

## INCOME STATEMENT

DKK'000	Note	2022	2023
Gross premiums	1	9,962,155	12,806,408
Ceded insurance premiums		-775	-1,183
<b>Total premiums, net of reinsurance</b>		9,961,380	12,805,225
Income from group enterprises	2	153,159	274,168
Income from associates	12	20,932	-11,029
Interest income and dividends etc.		2,394,208	2,508,409
Value adjustments	3	-13,453,408	8,650,134
Interest expenses		-129,056	-124,512
Administrative expenses related to investment activities		-488,540	-462,879
<b>Total investment return</b>		-11,502,705	10,834,291
<b>Tax on pension return</b>		-32,982	-502,530
Claims and benefits paid	4	-8,481,391	-10,227,895
Reinsurance cover received		1,093	969
<b>Total claims and benefits paid, net of reinsurance</b>		-8,480,298	-10,226,926
Change in life insurance provisions	5	9,926,756	-11,884,708
Change in reinsurers' share		-976	-228
<b>Total change in life insurance provisions, net of reinsurance</b>		9,925,780	-11,884,936
<b>Change in profit margin</b>		18,031	-396,888
Acquisition costs		-237,490	-242,231
Administrative expenses		-337,923	-375,789
Reimbursement of costs from group enterprises		0	15,588
Commissions and profit shares from reinsurance companies		321	0
<b>Total insurance operating expenses, net of reinsurance</b>	6	-575,092	-602,432
Transferred investment return		450,281	-235,954
<b>TECHNICAL RESULT OF LIFE INSURANCE</b>		-235,605	-210,150
<b>TECHNICAL RESULT OF ILLNESS AND ACCIDENT</b>	7	-181,690	-134,574
Return on investment allocated to equity		87,840	98,302
Other income	8	356,841	364,438
Other expenses		0	-68,224
<b>PROFIT BEFORE TAX</b>		27,386	49,792
Tax	9	52,582	-45,873
<b>PROFIT FOR THE YEAR</b>		79,968	3,919
Proposed appropriation of profit for the year:			
Proposed dividend		0	200,000
Extraordinary dividend		1,000,000	0
Transferred to retained earnings		-920,032	-196,081
		79,968	3,919

## STATEMENT OF COMPREHENSIVE INCOME

Profit for the year	79,968	3,919
Other comprehensive income	0	0
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	79,968	3,919

## ASSETS

DKK'000	Note	2022	2023
<b>INTANGIBLE ASSETS</b>	10	56,925	54,323
Equipment		323	199
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>		323	199
Investments in group enterprises	11	3,095,582	2,856,456
Investments in associates	12	808,470	797,441
Total investments in group enterprises and associates		3,904,052	3,653,897
Equity investments	13	2,836,701	2,071,197
Mutual fund investments		21,851	7,521,663
Bonds		15,887,254	8,927,221
Deposits with credit institutions		1,411,023	1,365,754
Derivative financial instruments		803,453	300,227
Total other financial investment assets		20,960,282	20,186,062
<b>TOTAL INVESTMENT ASSETS</b>		24,864,334	23,839,959
<b>INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS</b>	14	62,310,166	74,546,657
Reinsurers' share of life insurance provisions		852	624
Reinsurers' share of claims provisions	7	35,811	46,354
Total reinsurers' share of provisions for insurance contracts		36,663	46,978
Receivables from policyholders		75,316	47,756
Total receivables arising from direct insurance contracts		75,316	47,756
Receivables from insurance enterprises		1,686	3,329
Receivables from group enterprises		823,822	974,573
Other receivables		246,827	177,904
<b>TOTAL RECEIVABLES</b>		1,184,314	1,250,540
Current tax assets		24,243	0
Deferred tax assets	20	266,529	0
Cash and cash equivalents		75,625	63,488
Other		24,671	9,560
<b>TOTAL OTHER ASSETS</b>		391,068	73,048
Accrued interest and rent		407,743	239,331
Other prepayments		61,923	100,571
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>		469,666	339,902
<b>TOTAL ASSETS</b>		89,276,796	100,104,628

## LIABILITIES AND EQUITY

DKK'000	Note	2022	2023
Share capital	15	12,100	12,100
Proposed dividend		0	200,000
Retained earnings		2,031,734	1,835,653
<b>TOTAL EQUITY</b>		<b>2,043,834</b>	<b>2,047,753</b>
<b>OTHER SUBORDINATED LOAN CAPITAL</b>	16	<b>480,000</b>	<b>480,000</b>
Unearned premium provisions	7	69,696	83,066
With-profit products	17	17,754,230	17,225,598
Unit-linked products	18	61,075,781	73,897,490
Total life insurance provisions		78,830,011	91,123,088
Profit margin on life insurance and investment contracts	19	1,506,572	1,903,460
Claims provisions	7	2,728,985	3,005,955
Risk margin on non-life insurance contracts	7	38,900	40,588
Provisions for bonuses and rebates	7	9,500	12,000
<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>		<b>83,183,664</b>	<b>96,168,157</b>
Pensions and similar obligations		3,106	3,106
Deferred tax liabilities	20	0	16,623
<b>TOTAL PROVISIONS</b>		<b>3,106</b>	<b>19,729</b>
Debt relating to direct insurance		200,784	269,756
Debt relating to reinsurance		3,205	0
Amounts owed to credit institutions		996,889	382,219
Payables to group enterprises		110,140	146,449
Current tax liabilities		0	10
Derivative financial instruments		558,149	87,922
Other debt		1,687,282	466,219
<b>TOTAL DEBT</b>		<b>3,556,449</b>	<b>1,352,575</b>
<b>DEFERRED INCOME</b>		<b>9,743</b>	<b>36,414</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>89,276,796</b>	<b>100,104,628</b>
Own funds	21		
Staff costs	22		
Related parties	23		
Collateral	24		
Contingent liabilities	25		
Risk factors	26		
Realised result and shadow account	27		
Specification of assets and return on assets	28		
Assets at fair value	29		
Return and risk – unit-linked products	30		
Group enterprises	31		
Consolidated financial statements and parent-subsidiary relations	32		
Other note disclosures	33		
Accounting policies	34		

Notes 1-34 form part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY

DKK'000

	Share capital	Retained earnings	Proposed dividend	Total
<b>2022</b>				
Equity, end of previous year	12,100	2,943,823	0	2,955,923
Profit for the year		79,968		79,968
Other comprehensive income		0		0
Comprehensive income for the year		79,968		79,968
Dividend paid		-1,000,000		-1,000,000
Other capital movements in subsidiaries		2,091		2,091
Contributions from Group (employee shares etc.)		5,872		5,872
Tax		-20		-20
Other transactions		-992,057		-992,057
<b>Equity at 31 December 2022</b>	<b>12,100</b>	<b>2,031,734</b>	<b>0</b>	<b>2,043,834</b>
<b>2023</b>				
Equity, end of previous year	12,100	2,031,734	0	2,043,834
Profit for the year		-196,081	200,000	3,919
Other comprehensive income		0		0
Comprehensive income for the year		-196,081	200,000	3,919
<b>Equity at 31 December 2023</b>	<b>12,100</b>	<b>1,835,653</b>	<b>200,000</b>	<b>2,047,753</b>

## NOTES

DKK'000	2022	2023
<b>Note 1 Gross premiums</b>		
Individual policies	295,392	287,018
Policies which are part of a tenure	3,012,480	2,986,667
Group life	258,689	248,949
<b>Regular premiums</b>	<b>3,566,561</b>	<b>3,522,634</b>
Individual policies	2,841,731	5,216,946
Policies which are part of a tenure	3,553,863	4,066,828
<b>Single premiums</b>	<b>6,395,594</b>	<b>9,283,774</b>
<b>Gross premiums</b>	<b>9,962,155</b>	<b>12,806,408</b>
Unit-linked products without bonus entitlement	9,395,543	12,279,745
With-profit products	566,612	526,663
	9,962,155	12,806,408
In unit-linked products, the policyholder bears the investment risk.		
Gross premiums, direct insurance, broken down by policyholder's residence:		
Denmark	9,893,996	12,748,306
Other EU countries	55,461	53,936
Other countries	12,698	4,166
	9,962,155	12,806,408
Investment contracts (not recognised in profit/loss):		
Regular premiums	12,968	6,952
Single premiums	1,289,444	668,771
	1,302,412	675,723
Number of persons insured at 31 December:		
Insurance contracts		
Individual policies	102,644	107,095
Policies which are part of a tenure	58,701	56,838
Group life	78,462	74,705
Number of customers with investment contracts:		
Individual policies	10,486	10,145
Policies which are part of a tenure	1,007	689
Investment contracts are written without guarantees.		
<b>Note 2 Income from group enterprises</b>		
Nordea Pension Ejendom Danmark A/S	92,711	197,845
Nordea Pension Kapitalforvaltning Danmark A/S	62,477	76,244
Heap A/S (until 30 September 2022)	-2,112	0
Nordea Pension EDB Danmark II ApS	83	79
<b>Income from group enterprises</b>	<b>153,159</b>	<b>274,168</b>
<b>Note 3 Value adjustments</b>		
Equity investments	-4,112,983	5,218,798
Mutual fund investments	-144,812	468,023
Bonds	-3,984,050	661,467
Deposits with credit institutions	-87	559
Derivative financial instruments	-5,199,991	2,293,512
Cash and cash equivalents	-11,602	7,380
Other	117	395
<b>Value adjustments</b>	<b>-13,453,408</b>	<b>8,650,134</b>

## NOTES

DKK'000	2022	2023
<b>Note 4 Claims and benefits paid</b>		
Claims payable on death	224,451	209,369
Claims payable on invalidity	882	700
Claims payable on maturity	235,302	335,059
Retirement and annuity benefits	596,156	598,993
Surrenders	7,277,841	8,943,026
Bonuses paid in cash	146,759	140,748
<b>Claims and benefits paid</b>	<b>8,481,391</b>	<b>10,227,895</b>
<b>Note 5 Change in life insurance provisions</b>		
With-profit products	4,564,611	613,390
Unit-linked products	5,362,145	-12,498,098
<b>Change in life insurance provisions</b>	<b>9,926,756</b>	<b>-11,884,708</b>
Change in life insurance provisions, direct on balance sheet due tax on pension return	0	-123,762
Change in life insurance provisions, direct on balance sheet due return not distributed	0	-287,395
<b>Note 6 Insurance operating expenses</b>		
Commissions for direct insurance	40,538	24,747
Information on the total fee for the year paid to the audit firm in charge of the statutory audit has been omitted.		
See the consolidated financial statements of Nordea Bank Abp, Finland.		
<b>Note 7 Technical result of illness and accident</b>		
Gross premiums	667,102	726,447
Ceded insurance premiums	-4,713	-5,598
Change in unearned premium provisions	37,076	2,893
Change in profit margin and risk margin	-59	-700
<b>Total premiums, net of reinsurance</b>	<b>699,406</b>	<b>723,042</b>
Claims paid	-565,405	-625,559
Reinsurance cover received	11,841	7,039
Change in claims provisions	-161,006	-94,821
Change in risk margin	-3,809	834
Change in reinsurers' share of claims provisions	3,043	9,700
<b>Total claims expenses, net of reinsurance</b>	<b>-715,336</b>	<b>-702,807</b>
<b>Bonus and premium discounts</b>	<b>-13,010</b>	<b>-13,193</b>
Acquisition costs	-41,703	-43,505
Administrative expenses	-49,287	-57,243
Commissions and profit shares from reinsurance companies	2,481	0
<b>Total insurance operating expenses, net of reinsurance</b>	<b>-88,509</b>	<b>-100,748</b>
<b>Total investment return</b>	<b>-64,241</b>	<b>-40,868</b>
<b>Technical result of illness and accident</b>	<b>-181,690</b>	<b>-134,574</b>
Gross premium income:		
Direct insurance	704,119	728,640
Gross premium income	704,119	728,640
Gross premium income, direct insurance by location of risk:		
Denmark	699,137	723,024
Other EU countries	4,495	4,968
Other countries	487	648
	704,119	728,640
Commissions for direct insurance	1,432	1,875



## NOTES

DKK'000	2022	2023
<b>Note 7 Technical result of illness and accident (continued)</b>		
Run-off result:		
Gross	-16,720	7,297
Net of reinsurance	-5,977	6,506
Investment return:		
Calculated investment return	-538,120	137,651
Unwinding of provisions	-52,893	-78,454
Value adjustment of provisions	526,772	-100,065
Investment return	-64,241	-40,868
<b>2022</b>	Illness and accident	Health  Total
Gross premiums	440,647	226,455 667,102
Gross premium income	468,726	235,393 704,119
Gross claims expenses	-520,470	-209,750 -730,220
Bonuses and rebates	-13,010	0 -13,010
Gross operating expenses	-62,153	-28,837 -90,990
Profit/loss on ceded business	12,652	0 12,652
Technical result	-114,255	-3,194 -117,449
Total investment return		-64,241
<b>Technical result of illness and accident</b>		-181,690
Number of claims paid	4,895	33,988 38,883
Amount of average claims paid	118	6 20
Claims frequency (per mille)	34	346 161
Average settlement period of provisions		11 years
<b>2023</b>		
Gross premiums	483,896	242,551 726,447
Gross premium income	484,990	243,650 728,640
Gross claims expenses	-526,855	-192,691 -719,546
Bonuses and rebates	-13,181	-12 -13,193
Gross operating expenses	-67,915	-32,833 -100,748
Profit/loss on ceded business	11,141	0 11,141
Technical result	-111,820	18,114 -93,706
Total investment return		-40,868
<b>Technical result of illness and accident</b>		-134,574
Number of claims paid	5,053	36,770 41,823
Amount of average claims paid	105	5 17
Claims frequency (per mille)	37	370 177
Average settlement period of provisions		11 years
Costs to limit claims as a percentage of claims expenses:		
2022	2.3%	0.0% 1.7%
2023	2.7%	0.3% 2.0%

## NOTES

DKK'000

### Note 7 Technical result of illness and accident (continued)

Five-year key figures	2019	2020	2021	2022	2023
Gross premium income	512,697	637,766	629,618	704,119	728,640
Gross claims expenses	-604,033	-547,758	-818,874	-789,626	-719,546
Bonus and premium discounts	-5,002	-23,000	-8,238	-13,010	-13,193
Total insurance operating expenses	-40,615	-49,091	-49,430	-90,990	-100,748
Profit/loss on ceded business	-7,756	14,782	9,033	12,652	11,141
Technical result	-144,709	32,699	-237,891	-176,855	-93,706
Total investment return	-99,310	-77,965	51,161	-4,835	-40,868
<b>Technical result of illness and accident</b>	<b>-244,019</b>	<b>-45,266</b>	<b>-186,730</b>	<b>-181,690</b>	<b>-134,574</b>
Run-off result, net of reinsurance	55,562	169,206	-49,678	-5,977	6,506
Total technical provisions	2,767,432	2,895,130	3,124,333	2,847,081	3,141,609
Total insurance assets	61,067	45,872	36,064	35,811	46,354
Gross claims ratio	119.0	89.1	131.8	114.3	100.6
Net reinsurance ratio	1.5	-2.4	-1.5	-1.8	-1.6
Claims experience	120.5	86.7	130.3	112.4	99.0
Gross expense ratio	8.0	8.0	8.0	13.2	14.1
Combined ratio (operating ratio)	128.5	94.7	138.3	125.6	113.1
Combined ratio excluding run-off	139.4	122.2	130.3	124.7	114.0
Relative run-off result	2.5	6.8	-1.9	-0.2	0.2

### Note 8 Other income

	2022	2023
Brokerage commission	356,841	364,438
<b>Other income</b>	<b>356,841</b>	<b>364,438</b>

### Note 9 Tax

Current tax	-158,833	-377,792
Prior-year adjustments	428,183	140,513
Change in deferred tax	-321,912	283,152
Total tax for the year	-52,562	45,873
Of which recognised in equity	-20	0
<b>Tax</b>	<b>-52,582</b>	<b>45,873</b>
Profit before tax	27,386	49,792
Income from group enterprises	-147,207	-77,504
	-119,821	-27,712
Tax on profit for the year (22%)	-26,361	-6,097
Non-deductible expenses and non-taxable income	-39,361	-23
Non-taxable return on investment assets	7,442	77,933
Prior-year adjustments	5,698	-25,940
<b>Tax</b>	<b>-52,582</b>	<b>45,873</b>
Effective tax rate	43.9	-165.5

## NOTES

DKK'000

### Note 10 Intangible assets

	Development project under construction		Completed development projects	
	2022	2023	2022	2023
Cost at 1 January	31,676	56,925	-	-
Additions	25,249	0	-	2,541
Transferred	0	-56,925	-	56,925
Cost at 31 December	56,925	0	-	59,466
Depreciation and impairment at 1 January	0	-	-	-
Depreciation for the year	0	-	-	-5,143
Depreciation and impairment at 31 December	0	-	-	-5,143
<b>Intangible assets</b>	<b>56,925</b>	<b>-</b>	<b>-</b>	<b>54,323</b>

Intangible assets include development projects related to reporting systems.

The recognized amounts mainly consist of cost to external consultants.

The management has not found indication of the need of write-downs in relation to the carrying amount of intangible assets based on the impairment test performed in 2023. It is estimated that the recoverable amount is higher than the carrying amount.

The recoverable amount is calculated based on expected net cashflows during the expected useful lifetime and a discount factor before tax of 9.6%.

### Note 11 Investments in group enterprises

	2022	2023
Nordea Pension Ejendom Danmark A/S	7,088,942	7,286,787
Share related to unit-linked products	-4,078,540	-4,529,334
Nordea Pension Kapitalforvaltning Danmark A/S	76,809	90,553
Nordea Pension EDB Danmark II ApS	8,371	8,450
<b>Investments in group enterprises</b>	<b>3,095,582</b>	<b>2,856,456</b>

### Note 12 Investments in associates

Carlsberg Byen P/S, Copenhagen, real estate development	Ownership (%)	Equity	Profit
Annual Report 2022	23	2,909,643	904,848
Annual Report 2023	23	2,924,580	14,937

### Note 13 Equity investments

	2022	2023
The Company has entered into an agreement to lend equities against collateral (including equity investments re. unit-linked products).		
Carrying amount, securities lending of equities	1,307,562	1,048,110
Fair value of bonds received as collateral	1,555,201	1,132,741
A list of the Company's equity investments is available on request.		

### Note 14 Investment assets related to unit-linked products

Equity investments	29,845,267	37,806,871
Mutual fund investments	493,413	10,303,129
Bonds	27,892,946	21,901,273
Deposits with credit institutions	0	6,050
Investments in group enterprises	4,078,540	4,529,334
<b>Investment assets related to unit-linked products</b>	<b>62,310,166</b>	<b>74,546,657</b>

The Company has entered into an agreement to lend equities against collateral, see note 13.

## NOTES

DKK'000 2022 2023

### Note 15 Share capital

The share capital consists of shares with a nominal value of DKK 100,000 each.

### Note 16 Other subordinated loan capital

The Company has issued two subordinated loans to Nordea Pension Holding Danmark A/S. The loans have no fixed expiry date, but may be terminated by the debtor subject to approval by the Danish FSA.

The loans carry interest at a floating rate determined as Euro CMS 20 + 525 bp.

Loan of DKK 300m carrying interest at currently 7,949% p.a. (2022: 7,567% p.a.)

Loan of DKK 180m carrying interest at currently 8,298% p.a. (2022: 7,612% p.a.)

The loans are recognised in full in own funds.

Interest expense for the year	28,651	37,387
-------------------------------	--------	--------

### Note 17 Life insurance provisions, with-profit products

Life insurance provisions, direct insurance at 1 January	22,318,841	17,754,230
Profit margin at 1 January	77,293	191,996
Total technical provisions at 1 January	22,396,134	17,946,226
Pension yield tax receivable at 1 January	-	534,265
Collective bonus potential at 1 January	-3,074,634	-1,424,491
Accumulated value adjustments at 1 January	-1,884,403	-501,163
Retrospective provisions at 1 January	17,437,097	16,554,837
Gross premiums	566,612	526,663
Addition of return	245,677	197,840
Insurance benefits	-1,548,226	-1,684,492
Expense loading after addition of cost bonus	-70,601	-70,959
Risk profit after addition of risk bonus	-28,226	-14,485
Other	9,172	2,932
Internal transfers	-56,668	-35,230
Retrospective provisions at 31 December	16,554,837	15,477,106
Accumulated value adjustment at 31 December	501,163	607,331
Collective bonus potential at 31 December	1,424,491	1,766,851
Tax on pension return, receivable at 31 December	-534,265	-449,505
Total technical provisions, direct insurance at 31 December	17,946,226	17,401,783
Profit margin at 31 December	-191,996	-176,185
<b>Life insurance provisions, with-profit products</b>	<b>17,754,230</b>	<b>17,225,598</b>

### Breakdown by technical rates of interest

	Tehchnical interest rate	Guaran- teed benefits	Individual bonus potential	Collective bonus potential	Tax on pen- sion return receivable	Life insurance provisions
<b>2022</b>						
Interest rate group 11	-0.5%	478,634	57,898	36,573	-6,578	566,527
Interest rate group 9	1%	1,623,706	408,715	0	-44,531	1,987,890
Interest rate group 10	1%	451,643	25,908	47,194	-3,806	520,939
Interest rate group 1	[1%-2%]	5,591,808	917,872	0	-184,919	6,324,761
Interest rate group 3	[1%-2%]	684,764	55,115	131,741	-11,077	860,543
Interest rate group 2	[2%-3%]	1,736,390	129,890	0	-92,230	1,774,050
Interest rate group 4	[2%-3%]	783,589	44,305	207,404	-12,721	1,022,577
Interest rate group 5	[3%-4%]	1,608,897	29,476	268,267	-84,566	1,822,074
Interest rate group 6	[4%-5%]	1,702,041	0	345,493	-88,727	1,958,807
Interest rate group 7	5%	24,025	122	53,246	-850	76,543
Risk groups		0	0	334,573	175	334,748
Total contribution		14,685,497	1,669,301	1,424,491	-529,830	17,249,459
Group life						188,450
U74 life annuities						64,263
Other					-4,435	252,058
<b>2022 Total</b>		<b>14,685,497</b>	<b>1,669,301</b>	<b>1,424,491</b>	<b>-534,265</b>	<b>17,754,230</b>

## NOTES

DKK'000

### Note 17 Life insurance provisions, with-profit products (continued)

#### Breakdown by technical rates of interest

	Technical interest rate	Guaranteed benefits	Individual bonus potential	Collective bonus potential	Tax on pension return receivable	Life insurance provisions
<b>2023</b>						
Interest rate group 11	-0.5%	847,912	81,645	161,415	-1,677	1,089,295
Interest rate group 9	1%	1,669,841	361,831	62,272	-33,185	2,060,759
Interest rate group 10	1%	386,200	22,481	75,780	-3,292	481,169
Interest rate group 1	]1%-2%]	5,234,981	676,606	91,205	-160,562	5,842,230
Interest rate group 3	]1%-2%]	595,470	38,816	163,681	-6,916	791,051
Interest rate group 2	]2%-3%]	1,621,471	58,097	13,796	-84,809	1,608,555
Interest rate group 4	]2%-3%]	699,443	23,184	187,711	-9,487	900,851
Interest rate group 5	]3%-4%]	1,428,053	0	251,358	-71,983	1,607,428
Interest rate group 6	]4%-5%]	1,620,010	0	358,220	-73,775	1,904,455
Interest rate group 7	5%	20,224	941	55,656	-2,122	74,699
Risk groups		0	0	345,757	1,427	347,184
Total contribution		14,123,605	1,263,601	1,766,851	-446,381	16,707,676
Group life insurance						207,308
U74 life annuities						51,246
Other					-3,123	259,368
<b>2023 Total</b>		14,123,605	1,263,601	1,766,851	-449,504	17,225,598

	Technical interest rate	2022	2023
<b>Risk margin (share of guaranteed benefits)</b>			
Interest rate group 11	-0.5%	829	1,687
Interest rate group 9	1%	9,479	8,133
Interest rate group 10	1%	149	290
Interest rate group 1	]1%-2%]	18,170	20,342
Interest rate group 3	]1%-2%]	852	1,772
Interest rate group 2	]2%-3%]	6,279	6,138
Interest rate group 4	]2%-3%]	2,077	3,192
Interest rate group 5	]3%-4%]	9,456	10,623
Interest rate group 6	]4%-5%]	17,189	17,797
Interest rate group 7	5%	264	255
Total contribution		64,744	70,229
U74 life annuities		1,027	863
Other		1,360	1,151
<b>Total risk margin</b>		67,131	72,243

	Technical interest rate	Bonus rate (%)	Return (%)
<b>Bonus rate and return (%)</b>		2022	2023
Interest rate group 11	-0.5%	17.6	26.2
Interest rate group 9	1%	19.8	20.7
Interest rate group 10	1%	15.3	24.0
Interest rate group 1	]1%-2%]	14.0	13.0
Interest rate group 3	]1%-2%]	25.2	31.8
Interest rate group 2	]2%-3%]	7.0	4.4
Interest rate group 4	]2%-3%]	30.6	29.6
Interest rate group 5	]3%-4%]	19.2	19.1
Interest rate group 6	]4%-5%]	23.9	26.9
Interest rate group 7	5%	250.6	283.6

#### Risk groups

Risk result after addition of risk bonus	39,998	22,624
Risk result after addition of risk bonus (%)	0.2	0.1

#### Cost groups

Cost contribution after addition of expense bonus	49,587	51,020
Insurance operating expenses	-154,994	-155,544
Expense result	-105,407	-104,524
Expense result (%)	-0.5	-0.6
Return on customer funds after deduction of expenses and before tax (%)	-17.6	4.3

## NOTES

DKK'000

### Note 18 Life insurance provisions, unit-linked products

	Insurance contracts	Investment contracts	Total
<b>2022</b>			
Gross provisions at 1 January	60,827,796	4,921,675	65,749,471
Profit margin at 1 January	1,369,415	77,895	1,447,310
Retrospective provisions at 1 January	62,197,211	4,999,570	67,196,781
Gross premiums	9,395,543	1,302,412	10,697,955
Addition of return	-7,244,802	-594,899	-7,839,701
Insurance benefits	-6,933,165	-613,957	-7,547,122
Expense loading after addition of cost bonus	-107,547	-9,111	-116,658
Risk profit after addition of risk bonus	-19,755	363	-19,392
Other	-8,285	9,113	828
Internal transfers	56,668	0	56,668
Retrospective provisions at 31 December	57,335,868	5,093,491	62,429,359
Tax on pension return, receivable at 31 December	-39,002	0	-39,002
Profit margin at 31 December	-1,242,781	-71,795	-1,314,576
<b>Gross provisions at 31 December 2022</b>	<b>56,054,085</b>	<b>5,021,696</b>	<b>61,075,781</b>
<b>2023</b>			
Gross provisions at 1 January	56,054,085	5,021,696	61,075,781
Tax on pension return, receivable at 1 January	39,002	0	39,002
Profit margin at 1 January	1,242,781	71,795	1,314,576
Retrospective provisions at 1 January	57,335,868	5,093,491	62,429,359
Gross premiums	12,279,745	675,723	12,955,468
Addition of return	8,477,087	824,578	9,301,665
Insurance benefits	-8,543,403	-678,509	-9,221,912
Expense loading after addition of cost bonus	-128,814	-9,320	-138,134
Risk profit after addition of risk bonus	-26,084	275	-25,809
Other	1,344	159	1,503
Internal transfers	35,230	0	35,230
Retrospective provisions at 31 December	69,430,973	5,906,397	75,337,370
Return not distributed	287,395	0	287,395
Profit margin at 31 December	-1,638,831	-88,444	-1,727,275
<b>Gross provisions at 31 December 2023</b>	<b>68,079,537</b>	<b>5,817,953</b>	<b>73,897,490</b>
		2022	2023
Return on customer funds after deduction of expenses and before tax (%)		-11.5	15.0

### Note 19 Profit margin on life insurance and investment contracts

With-profit products	191,996	176,185
Unit-linked products	1,314,576	1,727,275
<b>Profit margin on life insurance and investment contracts</b>	<b>1,506,572</b>	<b>1,903,460</b>

### Note 20 Deferred tax assets and liabilities

Equipment	159	3,247
Properties	0	-427,466
Equity investments	-1,091	0
Tax on pension return	-164,495	0
Provisions	807	807
Tax deductibility limitation	429,529	405,666
Other	1,620	1,123
<b>Deferred tax assets (minus = tax liability)</b>	<b>266,529</b>	<b>-16,623</b>

## NOTES

DKK'000	2022	2023
<b>Note 21 Own funds</b>		
Equity	2,043,834	2,047,753
Proposed dividend	0	-200,000
Profit margin	1,503,758	2,222,850
Intangible assets	-556,158	-485,067
Risk margin difference	-152,265	-167,056
Correction for tax	-200,424	-425,619
Subordinated loan capital	480,000	480,000
<b>Own funds</b>	<b>3,118,745</b>	<b>3,472,861</b>
<b>Note 22 Staff costs</b>		
Salaries	159,351	221,809
Pensions	26,009	35,478
Social security costs	4,000	5,109
Payroll tax	28,482	39,351
Employee shares	5,176	7,300
Share options	636	0
	223,654	309,047
Average number of full-time employees	238	290
<b>Note 23 Related parties</b>		
<b>Board of directors</b>		
Of the six board members, an external member and the two employee representatives received board fees.		
Katja Bergqvist (elected at 1 December 2022)		
Mads Skovlund Pedersen (elected at 1 December 2022)		
Hans Erik Hugo Preutz (elected at 1 December 2022)		
Brian Rothemejer Jacobsen (elected at 1 December 2022)		
Heidi Maria Lovmand Jensen		
Linda Heldgaard Sørensen (elected at 26 April 2023)		
Annette Sauffaus Nebel Møller (resigned at 26 April 2023)		
Peter Hermann (resigned at 30 November 2022)		
Lars Kufall Beck (resigned at 30 November 2022)		
Anne Christina Skjønnemand (resigned at 30 November 2022)		
Total board fees	242	532
For 2022 the remuneration of Peter Herman and Lars Kufall Beck as members of Topdanmark's Group Executive Management team is disclosed at <a href="https://www.topdanmark.com/binaries/content/assets/corporate/investor-rapporter-og-praesentationer/vederlagsrapporter/vederlagsrapport-2022.pdf/">https://www.topdanmark.com/binaries/content/assets/corporate/investor-rapporter-og-praesentationer/vederlagsrapporter/vederlagsrapport-2022.pdf/</a>		
<b>Executive Management</b>		
Vivian Weis Byrholt		
Information on remuneration etc. is available on request from the Company at <a href="https://www.nordeapension.dk/rapporter/">https://www.nordeapension.dk/rapporter/</a>		
The remuneration is paid by several companies of the group.		
The Company has no unfunded pension obligations.		
<b>Material risk takers</b>		
In addition to the Executive Management, 10 (2022: 17) employees of Nordea Pension have a material impact on the Company's risk profile (DKKm):		
Fixed remuneration	35.8	16.8
Variable remuneration	6.1	0.8
	41.9	17.6

## NOTES

DKK'000 2022 2023

### Note 23 Related parties – continued

#### Intra-group transactions with related parties

Commissions*	32,369	0
IT*	275,689	179,178
Group costs*	80,517	6,788
Asset management	482,829	455,373
Interest expenses*	30,512	28,301
Brokerage commissions (other income)	185,407	362,262
Interest income*	9,306	19,231

\*From 2022, transactions with the Topdanmark Group are included until 30 November 2022

### Note 24 Collateral

The following assets have been registered as collateral for the technical provisions:

Investments in group enterprises	3,010,402	2,757,453
Investments in associates	808,469	797,441
Equity investments	2,145,316	2,071,197
Mutual fund investments	21,851	7,521,661
Bonds	15,466,158	8,475,495
Deposits with credit institutions	690,000	1,280,000
Investment assets related to unit-linked products	62,310,166	74,546,657
Receivables from group enterprises	334,437	571,385
Interest receivable	393,012	226,279
	85,179,811	98,247,568

### Note 25 Contingent liabilities

Capital commitments made to loan funds and private equity funds etc.	246,049	194,421
Annual rent re. multi-year rent commitments:		
Lease, Borupvang 4, DK-2750 Ballerup (until 31 May 2024)	10,866	4,939
Lease liabilities, cars under five years	1,248	1,729

The Company is jointly and severally liable for VAT, payroll tax, income tax and other tax liabilities of the jointly registered companies of the Nordea Pension Group.

Nordea Pension, Livsforsikringsselskab A/S is jointly taxed with the Danish companies and branches of Nordea Bank. The companies and branches included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends and interest. At 31 December 2023, the net taxes receivable from the Danish Tax Agency by the companies and branches included in the joint taxation amounted to DKK 232m (net taxes receivable DKK 170m). Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends etc may entail that the companies' assets/liabilities will increase. The Danish Nordea entities as a whole are not liable to others.



## NOTES

DKK'000 2022 2023

### Note 26 Risk factors

The Company's risk is illustrated in the below table of the principal risk factors stated as their effect on profit and equity after tax on pension returns and income tax.

The stated assumptions do not reflect the Company's expectations, but are merely examples for the purpose of assessing the Company's sensitivity to the stated risks.

#### Life insurance

Disability intensity – 35% increase*	-3,613	-8,200
Mortality intensity – 20% decrease	-101,751	-108,583

#### Health and accident insurance

Underwriting risk – combined ratio increasing by 1pp	-5,391	-5,352
Provision risk – provisions net of reinsurance increasing by 1%	-21,470	-22,138

#### Market risk

Interest-bearing debts	Effective interest rate increasing	-153,751	-165,146
Claims provisions etc.	1pp	147,835	170,154
Equities	10% decrease	4,341	-589
Properties	10% decrease	-8,721	-7,649
Annual value loss with up to 2.5% probability (VaR)		-1,063	-918

\*35% increase in the first year, then 25%, concurrent with a 20% drop in reactivation rates

### Note 27 Realised result and shadow account

Realised result allocated to customers	-2.182.306	494.499
Realised result allocated to equity	87.840	98.302
Realised result	-2.094.466	592.801

The allocation of realised result to policyholders follows the principles set out in the Executive Order on the contribution principle.

Shadow account at 1 January	144.074	178.611
Addition	34.537	40.522
Shadow account at 31 December	178.611	219.133

### Note 28 Specification of assets and return on assets

Assets related to average-rate products	Carrying amount at 1 January	31 December	Return (%)*
Land and buildings	2.815.056	2.593.066	2,8
Listed equity investments	3.998.038	10.876.553	12,8
Unlisted equity investments	689.155	620.102	5,8
Total equity investments	4.687.193	11.496.655	11,7
Government and mortgage bonds	11.989.247	6.986.580	4,9
Index-linked bonds	810.807	782.280	3,0
Credit bonds and emerging market bonds	1.179.659	633.262	13,2
Total bonds	13.979.713	8.402.122	5,3
Associates	606.352	598.081	-1,4
Other investment assets	-3.747.293	-5.424.869	2,9
Derivative financial instruments to hedge the net change in assets and liabilities	427.475	-40.543	

\* Return p.a. before tax on pension return and income tax.

## NOTES

DKK'000

### Note 28 Specification of assets and return on assets – continued

Assets related to unit-linked products	Carrying amount at		Return (%)*
	1 January	31 December	
Land and buildings	3,755,732	4,553,453	2.6
Listed equity investments	18,005,392	30,106,332	15.3
Total equity investments	18,005,392	30,106,332	15.3
Government and mortgage bonds	10,189,682	3,459,733	3.4
Credit bonds and emerging market bonds	7,630,525	8,758,600	17.8
Total bonds	17,820,207	12,218,333	10.8
Other investment assets	0	2,007	2.9
		2022	2023

The exposure to listed equity investments, adjusted via derivative financial instruments, amounts to (DKKm):

26,722 50,323

Cash arising from the use of derivative financial instruments which is not tied up is mainly invested in government bonds and mortgage bonds and amounts to (DKKm):

6,526 12,461

Assets are calculated on a consolidated basis and thus include assets owned by subsidiaries.

Assets related to unit-linked products do not include assets picked by the policyholders themselves.

In the calculation of rates of return, returns on derivative financial instruments is calculated in proportion to the exposure in the underlying asset.

### Note 29 Assets at fair value

	Listed prices level 1	Observable input level 2	Non-observable input level 3
<b>2022</b>			
Investments in group enterprises			3,010,402
Investments in associates			808,470
Equity investments	2,145,316	691,385	
Mutual fund investments	21,851		
Bonds	8,087,770	7,638,248	161,236
Deposits with credit institutions		1,411,023	
Derivative financial instruments	3,612	799,841	
Investment assets related to unit-linked products:			
Equity investments	29,845,267		
Mutual fund investments	493,413		
Bonds	12,067,134	15,824,986	826
Investments in group enterprises			4,078,540
Total investment assets related to unit-linked products	42,405,814	15,824,986	4,079,366
<b>Assets at fair value, total</b>	<b>52,664,363</b>	<b>26,365,483</b>	<b>8,059,474</b>
<b>2023</b>			
Investments in group enterprises			2,757,453
Investments in associates			797,441
Equity investments	1,448,929		622,268
Mutual fund investments	7,521,663		
Bonds	1,261,825	6,874,993	790,403
Deposits with credit institutions		1,365,754	
Derivative financial instruments		300,227	
Investment assets related to unit-linked products:			
Equity investments	37,806,871		
Mutual fund investments	10,303,129		
Bonds	3,137,096	18,329,022	435,155
Deposits with credit institutions		6,050	
Investments in group enterprises			4,529,334
Total investment assets related to unit-linked products	51,247,096	18,335,072	4,964,489
<b>Assets at fair value, total</b>	<b>61,479,513</b>	<b>26,876,046</b>	<b>9,932,054</b>

## NOTES

DKK'000

### Note 29 Assets at fair value – continued

Investments in group enterprises comprise the carrying amount of subsidiaries whose principal activity is investment in properties, either directly or via investments in group enterprises and associates. Properties are measured at fair value using the return-based model as the calculated value in use of expected cash flows from each property.

The calculation of the value in use is based on a return requirement determined for each property according to the prevailing market conditions for the property type in question, the location, tenant creditworthiness, etc., to the effect that the return requirement is deemed to reflect the current market return requirement for similar properties.

For directly owned properties, the average return requirement is 4.8% (2022: 4.5%). The highest return requirement for a single property is 7.0% (2022: 7.0%) and the lowest is 4.0% (2022: 3.5%). An increase in the return requirement of an average 0.5 pp would reduce the total fair value of directly owned properties by DKK 563m (2022: DKK 606m).

The total market value adjustment including gains and losses on disposal is a negative DKK 50m (2022: DKK -133m).

The transfers from level 2 are due to the adoption of the Nordea processes on classification of financial instruments in 2023.

DKKm	2022	2023
Financial assets measured at fair value based on non-observable inputs (level 3): (excluding investments in group enterprises)		
At 1 January	45	43
Purchases	0	0
Unrealised value adjustment of assets transferred to level 2	0	0
Transferred from level 2	0	1,820
Transferred to level 2	0	0
Repayment	-5	-2
Market value adjustments	3	-6
	43	1,854

At 31 December 2023, the portfolio consists of unlisted funds and Danish mortgage bonds.

### Note 30 Return and risk – unit-linked products

Selected ages based on retirement age		Percentage of average provisions	Return (%) before tax on pension return	Risk
2022	Years to retirement			
Lifecycle:	30 years	0.9	-12.6	5.75
	15 years	2.8	-10.8	5.25
	5 years	1.6	-9.1	4.50
	5 years after	0.0	-9.0	4.25
	Non-lifecycle	32.7	-13.0	6.00
2023				
Lifecycle:	30 years	0.9	14.8	4.75
	15 years	2.5	12.9	4.50
	5 years	1.6	10.8	4.25
	5 years after	0.0	9.8	3.75
	Non-lifecycle	36.8	16.8	5.25

## NOTES

DKK'000

### Note 31 Group enterprises

2022		Activity Profit for the year	Equity
Nordea Pension Ejendom Danmark A/S	Real estate	92,711	7,088,942
Nordea Pension Kapitalforvaltning Danmark A/S	Asset management	62,477	76,809
Nordea Pension EDB Danmark II ApS	IT services	83	8,371
2023			
Nordea Pension Ejendom Danmark A/S	Real estate	197,845	7,286,787
Nordea Pension Kapitalforvaltning Danmark A/S	Asset management	76,244	90,553
Nordea Pension EDB Danmark II ApS	IT services	79	8,450

All companies are wholly owned and have registered offices in Copenhagen.

### Note 32 Consolidated financial statements and parent-subsidiary relations

In accordance with section 134(1) of the Executive Order on Financial Reports for insurance companies and multi-employer occupational pension funds, the Company does not prepare consolidated financial statements.

The financial statements of Nordea Pension, Livsforsikringsselskab A/S are included in the consolidated financial statements of Nordea Bank Abp, Business ID 2858394-9, Hamnbanegatan 5, 00020 Helsinki, Finland. The consolidated financial statements are available from the Company on request.

The Company is wholly owned by Nordea Pension Holding Danmark A/S, Copenhagen S.

### Note 33 Other note disclosures

The five-year financial highlights (section 91a) are shown in the Management's review on page 3, and risk information (section 91b) is set out in the 'Risk factors' section of the Management's review.

## NOTES

### Note 34 Material accounting policies

---

The annual report of Nordea Pension, Livsforsikringsselskab A/S has been prepared in accordance with the provisions of the Danish Financial Business Act, including the Danish FSA's Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds.

The accounting policies are consistent with those applied in 2022.

#### Supplementary corrective information to the Annual Report 2022

On 9 November 2023 Nordea Pension, Livsforsikringsselskab A/S published a supplementary corrective information to the Annual Report 2022. Comparative figures in the Annual Report 2023 are aligned with the corrections in the supplementary corrective information to the Annual Report 2022.

### GENERAL ACCOUNTING POLICIES

#### Accounting estimates and judgments

In preparing the financial statements, Management has applied estimates and judgments that affect the carrying amounts of assets and liabilities.

Significant estimates and judgments are made in connection with the calculation of life insurance provisions and investment property.

#### Life insurance provisions

Uncertainty with respect to the value of life insurance provisions mainly relates to best estimates of disability, longevity, etc. and the frequencies of surrender and premium paid up policies, which may have a significant effect on the size of life insurance provisions.

#### Investment property

In measuring the fair value of investment property, the Company applies a return model based on market-determined net earnings and a return requirement based on a number of parameters, including location, vacancy rates, tenant creditworthiness, etc.

#### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be reliably measured.

Recognition and measurement take into account predictable losses and risks occurring prior to the presentation of the annual report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income is recognised in the income statement as earned. Also recognised in the income statement are all costs relating to the financial year, including depreciation, amortisation and impairment losses. Value adjustments of financial assets and liabilities are recognised in profit or loss, unless otherwise stated below.

Financial instruments are recognised at the settlement date at fair value, equalling cost. Changes in value occurring between the transaction date and the settlement date are recognised in the balance sheet under derivative financial instruments.

Genuine sale and repurchase agreements and genuine purchase and resale agreements (repo and reverse repo agreements) are accounted for as secured loans.

#### Insurance contracts and investment contracts – classification

An insurance contract is a contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Insurance risk is considered significant when the contract comprises disability cover, including waiver of premium.

Insurance risk in relation to illness and accident insurance is always considered significant.

Classification is made on a contract-by-contract basis. Contracts comprising group waiver of premium or a group product are considered in their entirety to be one insurance contract.

Contracts issued with bonus entitlement are classified as insurance contracts.

Premiums and benefits for all insurance contracts are recognised in the income statement.

An investment contract is a contract which does not involve sufficient risk to be classified as an insurance contract.

Premiums and benefits for investment contracts are recognised directly in the balance sheet.

### Generation of earnings

The generation of earnings in life insurance is governed by the Danish Financial Business Act. The principles for the calculation of profit/loss for the year have been proclaimed to the Danish FSA.

Profit/loss relating to life insurance is made up of unconditional and conditional elements of earnings.

Unconditional elements of earnings include returns on assets allocated to equity, the sales expense result and the result of insurance policies outside contribution.

Conditional elements of earnings comprise risk premiums calculated for each contribution group. The risk return for individual contribution groups (cost groups, risk groups and interest rate groups) is determined based on the degree of risk the group is assessed to impose on equity.

The risk return is allocated to equity to the extent that it can be recovered in the collective bonus potentials before the calculation of profit margin.

Equity must contribute to the funding of any negative results of individual contribution groups if the loss cannot be covered by the collective bonus potential or individual bonus potentials. Any loss not covered by the bonus potentials is referred to the group's outlay account and may be reversed at a future date when the bonus potentials are sufficient to cover the loss.

### Intragroup transactions

Intragroup services are settled on a cost recovery basis or on market terms. The companies of Nordea Pension Danmark Group have agreed to settle intragroup balances on market terms.

Intragroup trading in securities and other assets is settled at market prices.

### Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. At 31 December, receivables, payables and other monetary items are translated at the exchange rates at the balance sheet date.

All exchange gains and losses are recognised in the income statement under market value adjustments.

### Share options

The Executive Management and senior employees of Nordea Pension were included in the Topdanmark Group's share option programme until 30 November 2022.

On subscription, the options were acquired from Topdanmark A/S. The fair value at the time of grant is recognised in staff costs.

The fair value is determined according to the Black-Scholes model.

### Employee shares

Until 30 November 2022, the employees of Nordea Pension were comprised by an employee share scheme established by Topdanmark under which employees receive Topdanmark shares against a reduction in salary. The value of the shares is recognised as staff costs in the income statement on an ongoing basis. The shares are delivered free of charge by Topdanmark A/S. The value is recognised in equity as capital contribution.

## INCOME STATEMENT

### Premiums net of reinsurance

Premiums net of reinsurance comprise regular and single premiums due during the year on directly and indirectly written insurance policies less reinsurer's share.

### Investment return

Income from group enterprises comprise the Company's share of the profit/loss of subsidiaries. The enterprises apply the same accounting policies as the parent company for similar items.

Income from associates comprises a share of the profit/loss of associates calculated according to the Company's accounting policies.

Interest and dividends, etc. comprise interest and dividends earned during the year, index adjustment of index-linked bonds etc.

Realised and unrealised gains and losses on investment assets and foreign exchange adjustments, etc. are recognised in market value adjustments.

Administrative expenses related to investment activities comprise all asset management and transaction costs.

### **Tax on pension returns**

Tax on pension returns consists of individual tax on pension returns, calculated on the basis of the interest accrued on policyholders' savings, and institution-level tax on pension returns, calculated on the basis of changes to provisions for collective bonus potential, accumulated value adjustments, etc. Only payable tax on pension returns is to be included in the profit/loss, whereas deferred tax on pension returns is to be included in the technical provisions.

The tax rate is 15.3%.

**Insurance benefits net of reinsurance** comprises payments in connection with the occurrence of an insurance event, payments in connection with surrender and cash bonus payments. They also include insurance benefits related to indirect business. Reinsurance amounts received are deducted.

### **Insurance operating expenses net of reinsurance**

Insurance operating expenses comprise expenses related to the acquisition and administration of the Company's insurance portfolio, including staff costs, commissions, marketing costs and rent.

The part of the insurance operating expenses that can be ascribed to acquisition and renewal of the insurance portfolio is recognised under acquisition costs.

Administration fees from group enterprises are calculated on a cost recovery basis or on market terms.

### **Return on investment allocated to equity**

Return on investment allocated to equity is calculated as the part of the investment return allocated to equity in accordance with the principles of generation of earnings reported to the Danish FSA.

**Other income** comprises brokerage commissions.

**Other expenses** comprise cost not related to policyholder administration or investment management.

**Technical result of illness and accident insurance net of reinsurance** is calculated according to the rules applying to non-life insurance companies.

### **Income tax**

Tax for the year comprises current tax for the year and changes in deferred tax for the year. The current tax charge for the year is calculated based on the tax rates and tax rules applicable at the balance sheet date.

The Company is jointly taxed with Nordea's Danish companies and branches for which Nordea Danmark, branch of Nordea Bank Abp, Finland settles all corporate tax payments to the tax authorities, being the management company for the joint taxation scheme.

The current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income through joint taxation contributions. Companies with negative taxable income receive joint taxation contributions from companies that have been able to utilise such tax losses to reduce their own taxable income.

Deferred tax is measured using the balance sheet liability method on temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax is not calculated on investments in subsidiaries and associates, where the Group controls the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated based on the planned use of the individual asset and settlement of the individual liability at the tax rates expected to apply when the deferred tax is expected to crystallise as current tax.

## **BALANCE SHEET**

### **Intangible assets**

Intangible assets are measured at cost less amortisation over an expected useful life of no more than 10 years. Where the recoverable amount is lower than cost, the assets are written down to such lower amount.

### **Equipment**

Equipment is measured at cost less straight-line depreciation over an expected useful life of five years.

**Investments in group enterprises** are measured at equity value. The enterprises apply the same accounting policies as the parent company.

## Investments in associates

Associates are enterprises which are not subsidiaries and over which the Company exercises significant influence through major shareholdings and representation on the enterprises' boards of directors.

Investments in associates are measured at equity value calculated in accordance with the Company's accounting policies.

## Other financial investment assets and investment assets related to unit-linked products

Other financial investment assets and investment assets related to unit-linked products are measured at fair value.

## Fair value measurement

Fair value measurement is divided into three levels:

### Level 1

Where possible, fair value measurement must always be based on quoted prices generated in transactions in active markets. If no quoted price is available, another publicly available price is used instead if it is presumed to be comparable. Where turnover in open, free markets is limited or where no price can be determined in the closing auction, prices from banks/brokers may be used, if these are determined on the basis of fully updated market data and are presumed to be in accordance with the price that would have been set at a closing auction.

### Level 2

Where turnover in open, free markets is limited or where no quoted prices are set in such markets, indicative prices may be obtained from banks/brokers stating prices in an orderly sale. If this is not possible, valuation techniques with input based on observable market data are applied instead.

### Level 3

Where the valuation of an investment asset cannot be based on observable market data alone, valuation models are applied, which may include estimates of future events as well as of the nature of the current market situation.

## Reinsurers' share of technical provisions

Reinsurers' share of technical provisions is calculated as the amounts expected to be received from reinsurance companies under the applicable reinsurance contracts. Expected future payments are discounted by a yield curve. The reinsurers' share is tested regularly for

impairment and written down to a lower recoverable amount, if relevant.

## Receivables

Receivables from insurance companies and group enterprises are measured at amortised cost. The receivables are tested regularly for impairment and are written down to a lower recoverable amount, if relevant.

**Other subordinated loan capital** is initially measured at fair value less transaction costs and subsequently measured at amortised cost.

## Technical provisions

### Unearned premium provisions

Unearned premium provisions relate to illness and accident insurance and are calculated at the present value of the best estimate of expected payouts for future insurance events covered by the insurance policies entered into. At Nordea Pension, insurance policies are generally written for periods of one year.

Premiums on insurance policies entered into comprise premiums due and premiums not yet due on insurance policies by which the Group is bound at the balance sheet date, which mainly comprise renewals/new business for the coming month.

The premium provisions are determined based on the latest combined ratio forecast for the coming 12 months. The forecast is prepared quarterly on the basis of analyses of premium, claims and cost trends.

The expected payouts are calculated at net present value discounted by the volatility-adjusted yield curve.

The best estimate of premium payments not yet due on insurance policies entered into is deducted from the premium provision, taking into account expected cessation.

Changes to provisions as a result of changes to the applied yield curve and unwinding up to the expected payout date are transferred to the items Calculated investment return and Value adjustment of non-life insurance provisions.

The adequacy of provisions is regularly reviewed on the basis of current expectations as to future cash flows.

## Life insurance provisions

Life insurance provisions for with-profit products are measured at fair value. Accordingly, the liabilities are



calculated on the basis of market value independently of the original underwriting basis. The fair value of life insurance provisions is determined on the basis of realistic expectations of future premium and benefit payments and administrative expenses for concluded contracts.

Future premium payments and benefits are determined based on assumptions with regard to mortality, disability, reactivation, surrender and premium cessation rates. The mortality rate used is based on the Danish FSA's population mortality rate and Nordea Pension's own observed mortality rate. The Danish FSA's expected future longevity improvements are also applied. Other parameters mentioned are determined on the basis of the Company's own observations.

The following longevitys are expected for a 60-year-old man and a 60-year-old woman:

Remaining Life expectancy	60 year old	
	man	woman
Nordea Pension Livsforsikringsselskab	26.4	29.1
Danish FSA's benchmark	25.7	28.4

The provisions include amounts required to cover expected future expenses for the administration of concluded insurance contracts. The calculation of the expenses includes indexation.

The net present value of expected future cash flows is calculated using a yield curve laid down in Solvency II (EIOPA yield curve). The yield curve is volatility-adjusted, and for insurance policies subject to tax on pension returns, the individual rates of the term structure of interest rates are reduced by the tax rate of 15.3%.

The provisions include a risk margin reflecting what an independent acquirer of the Company's life insurance portfolio would demand in return for assuming the risk of fluctuations in expected payments. The risk margin is calculated as the increase in guaranteed benefits arising in a stress test of biometric risk.

The life insurance provisions are calculated as the sum of a best estimate of guaranteed benefits, a best estimate of non-guaranteed benefits and the risk margin. The best estimate of guaranteed benefits is measured as the net present value of the agreed guaranteed benefits plus future administrative expenses and less the net present value of agreed premiums. Guaranteed benefits have been calculated taking into account any conversions into paid-up policies and surrender.

The best estimate of non-guaranteed benefits is calculated for each contribution group as the group's collective bonus potential adjusted for the risk margin and positive values of the difference between savings under each insurance policy (retrospective provision) on the one hand and the best estimates of guaranteed benefits on these policies on the other.

The collective bonus potential is used to equalise bonus distributions from one year to the next. In years when the investment and insurance results exceed the agreed bonuses, the excess will be added to the collective bonus potential, whereas in years when the results are insufficient to finance the agreed bonuses, funds will be drawn from the collective bonus potential.

The asset on deferred tax on investment return is accounted under the life insurance provisions when a loss on investment return occurs and tax on investment is not payable.

Life insurance provisions for unit-linked products are calculated at fair value, reflecting the value of the assets attached to the insurance policies less the profit margin.

## Profit margin on life insurance and investment contracts

The profit margin represents the Company's expected future earnings from contracts concluded. To the extent possible, it is financed by the individual bonus potentials, while any shortfall is financed by the collective bonus potentials. The value is determined as an interest margin in accordance with the going concern principle.

## Claims provisions

Claims provisions are provisions for regular benefits relating to illness and accident insurance.

The provisions are determined according to an internal model based on the correlation between the possibility of reactivation and the time span since the claim occurred.

The benefits are adjusted once a year according to the net consumer price index. The calculation of the provisions takes into account the expected inflation rate.

Claims provisions include provisions for claims incurred but not reported (IBNR). The IBNR provisions are calculated according to internal models.

The Company has derivative financial instruments partially hedging the effects of future consumer price index changes on provisions for regular illness and accident insurance benefits, assuming stable growth in the real value of claims paid. Value adjustment is included in claims expenses.

Claims provisions also include amounts expected to be required to cover direct and indirect costs in settling liabilities.

The net present value of expected future cash flows is calculated on the basis of the term structure of interest rates. The adequacy of provisions is regularly reviewed on the basis of current expectations as to future cash flows.

### **Risk margin on non-life insurance contracts**

The risk margin is calculated as the amount expected to be payable by the Company to an acquirer of the insurance portfolio in return for that party assuming the risk of the actual cost of settling the technical provisions deviating from the best estimate.

### **Provisions for bonus and premium discounts**

Provisions for bonus and premium discounts relate to illness and accident insurance and comprise amounts payable to the policyholders as a result of a favourable claims experience.

### **Pensions and similar obligations**

Provisions for anniversary bonuses and pension compensation are accumulated over the service period. The liability is calculated taking into account expected resignations based on the Company's past experience. The liability is measured at net present value discounted by expected future payments using the term structure of interest rates.

### **Deposits with ceding companies**

Deposits with ceding companies comprise amounts received from reinsurers held as deposits to cover the reinsurers' liabilities towards the Company.

### **Debt**

Debt to credit institutions and derivative financial instruments are measured at fair value. The fair value of debt to credit institutions generally equals nominal value. The fair value of derivative financial instruments is calculated according to the same policy as financial assets.

Other payables are measured at amortised cost.

### **Deferred income**

Deferred income is income received before the balance sheet date but which relates to subsequent years.

### **Financial ratios**

The calculation of return ratios is based on the assumption that regular net premiums received are distributed evenly over the year.