

Annual Report 2023

Norli Pension Livsforsikring A/S

Tuborg Boulevard 3, 2900 Hellerup

Reg.No.: 29 63 78 73

Reviewed and approved at the Annual General Meeting, April 25 2024

Chairman of the Annual General Meeting

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Management review

5-year highlights

TDKK	2023	2022	2021	2020	2019	
Life insurance premiums	14,347	16,078	18,236	22,059	25,730	
Claims and benefits	-256,542	-285,470	-315,721	-355,409	-421,831	
Return on investment	158,315	-455,543	-114,753	160,315	181,679	
Total operating expenses relating to insurance	-19,298	-19,453	-20,651	-21,230	-20,055	
Profit on ceded business	-16	-1,289	-52	3,553	3,846	
Technical result	3,602	62,970	64,191	-3,449	-42,557	
Net profit/(loss) for the year	18,835	-39,608	13,467	17,083	-8,524	
Total provisions for insurance and investment contracts	1,924,895	2,053,560	2,752,585	3,205,496	3,420,974	
Total equity	312,379	368,543	558,151	544,684	527,602	
Total assets	2,912,184	3,317,176	3,922,889	4,457,672	4,719,313	
Key figures						
Rate of return related to average interest rate products	%	8.5	-16.9	-3.4	5.6	6.3
Expense ratio on provisions	%	1.0	0.8	0.7	0.6	0.6
Expenses per insured	dkk.	1,872	1,748	1,699	1,612	1,397
Return on equity after tax	%	11.0	-9.6	2.4	3.2	-1.6
Solvency coverage ratio	%	291	264	323	229	229

The key ratios are calculated in accordance with the provisions of the Danish Financial Business Act, including the Danish FSA's Executive Order No. 937 of 27 July 2015 on financial reports for insurance companies including later amendments.

Norli Pension Livsforsikring A/S 2023

The business model of Norli Pension Livsforsikring A/S ("Norli Pension" or "the Company") is to acquire portfolios of guaranteed pension policies in run-off or to take over the risk associated with these portfolios through alternative risk transfer arrangements. The Company does not accept new individual customers.

During 2023, global inflation drifted back towards the major central banks' 2% target, and consequently, both interest rates and risk premia decreased over the year. Overall, the development in both risk premia and interest rate contributed positively to the returns of the Company's investment assets. Part of the return was offset by an increase in the market value of the guaranteed benefits due to the decrease in rates used to discount liabilities. Hence, the company realised a result in 2023 of DKK 19 million after tax. The Company managed to maintain a high and stable solvency ratio throughout the year. This even though the company paid out a dividend of DKK 75 million in 2023. The overall financial performance has been neutral with a negative profit and loss but enhanced profit margin and increased individual buffers.

Financial performance for the year

Norli Pension's pre-tax result amounts to DKK 25 million for 2023 compared to DKK -49 million for 2022. Net result stands at DKK 19 million for 2023 compared to DKK -40 million for 2022.

According to the Danish contribution principles the net result can be split as follows:

DKK'm	2023	2022
Interest rate result	37	-40
Insurance result	-17	9
Other income / expenses	-3	0
Shareholders' investment result	8	-18
Income tax	-6	9
Profit/loss for the year after tax	19	-40

Insurance result is comprised by risk and expense result.

As can be seen from the table above the company realised a large positive interest rate result for 2023 while the insurance result was negative.

The insurance result consists of a negative risk result of DKK -7 million, and a negative cost result of DKK -10 million.

Comments on the income statement and balance sheet

The investment return for 2023 net of related expenses amounted to DKK 162 million before pension investment return tax.

The return reflects the impact of decreasing risk premia as well as changes in interest rates during the year.

Expenses directly attributable to shareholders are displayed in other income / expenses.

In 2023, gross premiums amounted to DKK 14 million against DKK 16 million in 2022. Gross premiums decreased by 11%, which is expected for a portfolio in run-off.

Benefits paid amounted to DKK 257 million in 2023, down 10% compared to 2022.

Insurance operating expenses for 2023 amounted to DKK 19 million, which is at the same level as 2022.

The balance sheet decreased from DKK 3,317 million at year-end 2022 to DKK 2,912 million for the reporting year. Provisions for insurance and investment contracts totalled DKK 1,925 million at year-end 2023 against DKK 2,054 million in 2022. The decrease is as expected for the current portfolio in run-off.

Shareholders' equity amounted to DKK 312 million at year-end 2023 compared to DKK 369 million in 2022. The decrease is due to a payment of dividends of DKK 75 million during 2023 and the positive result for the year.

Major events

Norwegian activity

In 2023 the Company has obtained approval from the Norwegian Financial Supervisory Authority to establish a Norwegian life insurance subsidiary in order to allow for establishment in the Norwegian market, where an interest to divest pension portfolios has been observed.

PAL Tax

The Danish Financial Supervisory Authority's has in a response to a pension company as disclosed by F&P in LP-information 9/23 clarified that only paid PAL (Pension Yield Tax) should be included in the income statement caption "Pension Yield Tax," while receivable negative PAL should be recognized in life insurance provisions affecting the income statement caption "Change in Life Insurance Provisions."

The financial statements of Norli Pension for 2022 and previous years have therefore been misstated in terms of income and balance sheet captions. Receivable negative PAL (both institutional and individual PAL) were presented as

separate PAL asset on the balance sheet, impacting the income statement caption "Pension Yield Tax" and resulting in a corresponding movement in life insurance provisions, affecting the income statement caption "Change in Life Insurance Provisions," and with a consequential impact on the income statement caption "Tax."

The misstatement is considered significant, and with the approval from the Danish Financial Supervisory Authority, supplementary corrective information has been prepared for the benefit of Norli Pension's financial statement users.

In 2023, supplementary corrective information for the Annual Report 2022 was published on 20 November 2023, reflecting corrections to the changed recognition of negative PAL (individual and institute level). The supplementary corrective information for the Annual Report 2022 has been prepared in accordance with the provisions of the Danish Financial Business Act, including the Executive Order on Financial Reporting for insurance companies and multi-employer occupational pension funds ("Regnskabsbekendtgørelsen"), and with the Danish Financial Supervisory Authority's permission dated 13 October 2023.

Events subsequent to 31 December 2023

The Board of Directors has approved a plan to merge the portfolio's from Norli Pension into Norli Liv with the intention to realize administrative synergies. An execution of this plan will lead to extraordinary administration costs within 2024 but are expected to release cost synergies from 2025 and going forward.

No further events have occurred between 31 December 2023 and the date of the signing of this financial statement that, in the opinion of the management, will materially affect Norli Liv og Pension's financial position.

Recognition and measurement uncertainty

The most significant estimates are related to the calculation of fair values of unlisted financial instruments and the measurement of liabilities under insurance contracts.

Management believes that the level of uncertainty in the financial reporting for 2023 is acceptable.

Solvency statement and capital requirement

As of 31 December 2023, the solvency ratio was 291%, which is an increase from 264% on 31 December 2022. The main reason for this is the drop in the solvency capital requirement due to a decrease in interest rate risk and a reduced position of funds without look through. The latter has reduced the type 2 equity risk.

Relative to the capital requirement the Company continues to have substantial excess capital. The Company will continuously seek to optimize the capital level and capital structure of the Company. In 2023 the company reduced the shareholder equity through a dividend payout of DKK 75 million.

The Company calculates the solvency requirement and solvency ratio in accordance with the Solvency II principles.

Norli Pension		
	31.12.2023	31.12.2022
Solvency according to the Solvency II rules		
Own funds	328	389
Solvency requirement	113	147
Excess capital base relative to solvency requirement	215	242

To determine its risk exposure, the Company uses the

Solvency II standard formula.

		2023	2022	2021	2020	2019
Solvency ratio	%	291	264	323	229	229

Financial and insurance related risks

Sensitivity analysis prepared according to financial regulation is published in "Rapport om solvens og finansiel situation" on the Company web page (<https://norlipension.dk/om-os/regnskaber/>).

Risk management

Risk management is an integrated part of Norli Pensions business. To ensure the best possible risk management system, roles and responsibilities are clearly defined. The Board of Directors determines the appropriate level of risk exposure on an aggregated level. The risk profile is described in the risk strategy and quantified in policies and guidelines approved by the Board of Directors. The CEO of Norli Pension manages risks in every aspect under the guidelines and other instructions given by the Board. This responsibility includes the management of risks as well as the implementation and management of an effective internal system of control. The CEO has established a risk management function and has appointed a fit and proper key person in charge of the function. The risk management function develops and maintains the risk management system and ensures that all risks are identified, reported and managed.

To ensure a solid foundation for risk management, control and overall compliance, the Company maintains two central committees: a Risk and Compliance Committee (RCK) and a Financial Risk Committee (FRK). The first committee, RCK, meets four times a year and identifies and assess risks within the Company business areas. The assessment is performed by the person responsible for the business area together with the risk and compliance functions and in full cooperation with the internal audit function. The committee assesses changes in regulation, incidents, and appropriateness of the internal system of control. The second committee, FRK, monitors financial risks and risks with a substantial financial impact. The committee also oversees reporting done by a subcommittee, the Credit Risk and Valuation Committee. The FRK reports regularly to the Board of Directors of its assessments.

Financial Risks

The financial risks of Norli Pension are mainly related to uncertainty in the asset-liability matching, i.e. the uncertainty in the development of the value of the Company's investment assets relative to the development of the value of its liabilities. The Company hedges the financial risks of its liabilities using financial instruments.

Monitoring and management of financial risks were a continued focus area in 2023. Special focus has been on the management of ALM risks, and hereby on the management of the impact of changes in the level of interest rates and the level of volatility adjustment.

The market risk of the investment portfolio was moderately reduced due to a reduction in a non-look through investment fund.

Risks regarding benefits and expenses

Norli Pension is exposed to the risk associated with the uncertainty of the future benefits and administration expenses. Examples of the risks associated with the future benefits includes an increase in the number of claims related to disability and a change in lapsation. For the administration expenses the risk stems from the situation where the realized administration expenses turn out to be higher than expected.

Norli Pension's expectations to future benefits and expenses are embedded in the provisions. The provisions are based on biometric assumptions, as well as policyholder behaviour and expense assumptions. An analysis of the assumptions is performed at least once a year.

Norli Pension has a reinsurance program that protects the Company against large single claims as well as multiple claims due to a single event.

Norli Pension is subject to Danish rules regarding contribution under which the Company makes sure, that no systemic redistribution of funds among policyholders occurs. The policyholders in Norli Pension are divided into interest groups. Within each group the average technical interest rate per policy can differ by no more than one percentage point. Furthermore, the policies are segmented in groups regarding insurance risk as well as expenses.

Investments

Development in Financial Markets

The main drivers of the development in the financial markets in 2023 were the high, albeit decreasing, level of inflation, and high realized interest rate volatility due to market participants changing their expectations towards central bank's monetary policy steering rates settings during the year. Despite the higher interest rate levels and tightening credit conditions, risk premiums decreased somewhat because of a resilient US economy, strong global labor markets and continued rapid innovations in the technology sector.

At the end of 2022, inflation had peaked, but was still well above central banks targets in many countries. The major central banks around the world therefore continued the fight against inflation and hiked monetary policy rates during the first two quarters of 2023. In addition, communication from ECB and the Fed suggested that policy rates would remain "higher for longer". This led to a repricing of the term structure as long interest rates increased during the first three quarters. However, global inflation data decreased steadily throughout the year and in the third quarter the major central banks stopped increasing monetary policy rates and started to signal that interest rates had topped for now given the current available economic data. This caused medium- and long-term interest rates to fall, especially in the last two months on the year, as the yield curve started to price in lower future policy rates. By year-end the medium-term and long-term swap rates in Denmark and Eurozone had decreased with approximately 0.5 and 0.3 percentage points compared to start of year.

The overall higher interest rate level and tightening global financial conditions caused a slowdown of economic growth in the Eurozone while growth in the US was above trend. The difference may be explained by consumer demand due to variations in the level of excess household savings and by differences in the monetary transmission mechanism. Eurozone economic growth was most likely also negatively affected by continued geopolitical uncertainty.

Despite the tightening of financial conditions, risk premiums of both high-quality bonds and risky assets, such as corporate bonds and stocks decreased. European investment-grade credit spreads decreased by app. 35 percentages, and high yield credit spreads decreased by app. 33 percentages. The value of European respectively US stocks increased by 20-25 percent. The development in risk premiums was driven by the

fact that risk premiums were slightly inflated at the beginning of the year, a US economy that proved to be more resilient than expected to the tightening of financial conditions, and the expected positive impact of new innovations in the technology sector. The credit spread of AAA-rated Danish mortgage bonds also decreased somewhat.

Overall, the development in risk premiums and the decrease in interest rates contributed positively to the returns of the Company's investment assets.

Investment Policy

The management of the investment portfolio and the overall asset allocation of Norli Pension are governed by policies issued by the Board of Directors. In addition, the Board of Directors of Norli Pension has issued a policy for responsible investments to ensure that the Company takes environmental, social and governance aspects into account in connection with its investment activities and complies with current legislation.

Investment strategy and return

The objective of the Company's investment strategy is generally for the investment portfolio to achieve a return that is consistent with the development in its obligations towards its policyholders. Interest rate hedging is applied to ensure that life insurance provisions are hedged against interest rate fluctuations. The investment portfolio is primarily invested in high-quality bonds with low credit risk and other credit assets while the interest rate risk is managed with interest rate derivatives.

In 2023, Norli Pension's total investment return including the effect of hedging activities was 7,41% respectively -6,72% (gross respectively net of investment-related expenses and pension investment returns tax).

The contribution to the return of bonds and credit assets was 4,83% while the contribution of the hedging of interest rate risk of the Company's liabilities (high-quality bonds and interest rate derivatives) was 1,74%.

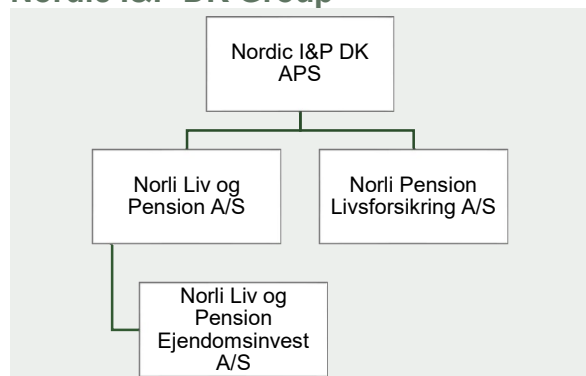
Norli Pension intends to continue to use financial instruments to hedge financial risks.

The table below shows the interrelationship between the investment return and the interest rate on policyholders' savings. It illustrates how the deposit interest rate arises from the investment return and the accompanying adjustments, payments and transfers:

Investment return compared to customers savings	Interest rate on customers' savings
Investment return before pension investment return tax and before investment expenses, relative to policyholders' savings	8,8%
Investment expenses	-0.6%
Pension return tax	-0,7%
Equalization of negative individual bonus accounts	-3,6%
Adjustment of provision excluding retrospective provisions	-2,0%
Transfers to/from shareholders	-1,9%
Deposit interest rate after guaranteed payment	0%

Organisation

Nordic I&P DK Group



Nordic I&P DK ApS owns Norli Pension.

Norli Pension outsources all operational insurance activities, the actuarial function and the risk management function to its outsourcing partner, Forca A/S. In 2022 Norli Pension outsourced the internal audit function to Advisense.

Furthermore, Norli Pension has outsourced the management of its portfolio of mortgage bonds to an external asset manager.

Management and employees

At the end of 2023, Norli Pension had 11 fulltime employees. Most of the full-time employees also hold positions in other group companies.

Norli Pension has approved a bonus program and a remuneration policy. The bonus program applies to certain key persons and the management. The bonus program is compliant with market standards.

The remuneration policy is established by the Board of Directors and afterwards approved by the Annual Meeting. The remuneration policy applies to the Board of Directors, the management and to employees, if the activity performed by the employees have a significant influence on the risk profile of Norli Pension, i.e. significant risk takers, including employees in control functions. For the management applies that the variable pay may constitute up to 50% of the basic pay including pension contribution. For significant risk takers the variable pay may constitute up to 100% of the basic pay including pension contribution. It also applies that as a minimum 50% of the variable pay must consist of subordinated debt. For the management the payment of 40% of variable pay must be postponed for a four-year period, for significant risk takers the duration of the postponement of the 40% is three years. However, if the variable pay to a significant risk taker exceeds a certain amount, 60% of the variable pay must be postponed for a three-year period.

Gender composition of the Board of Directors and management

The gender composition of the Board of Directors causes a representation of 33% of the underrepresented gender. Given the number of board members (3), the representation cannot become more equal and they are therefore also in line with company policy, which have been approved by the Board of Directors in December 2023.

The management consists of only one member, and therefore Norli Pension cannot obtain a gender diversity on the management level. On a side note, the two top management levels when seen together, has a gender composition of 50/50.

Gender compositions

Members of Board of Directors	2023
Members in total	3
Underrepresented gender in percentage	33%
Gender target in percentage	33%
Expected time for target realisation	Target met
Executive Management	2023
Persons in total	1
Underrepresented gender in percentage	0%
Gender target in percentage	*
Expected time for target realisation	*
Management	2023
Persons in total	4
Underrepresented gender in percentage	25%
Gender target in percentage	*
Expected time for target realisation	*

* On 31 December 2023 no gender targets were approved. However, prior to the Board of Directors' approval of the Annual Report 2023, gender targets have been approved.

We are committed to fostering an inclusive workplace culture that champions equal opportunities for both genders. We strive to achieve more even gender balance across all levels of management, with a goal to increase the representation of the underrepresented gender. As part of our policy implementation, we will in 2024 establish guidelines to promote unbiased selection in management positions. In the reporting period the share of the underrepresented gender in management positions was unchanged at 25%.

Board of Directors

In compliance with Danish legislation, Norli Pension A/S has a two-tier management system with a Board of Directors and a management board. The responsibilities and duties of the Board of Directors and the Management Board are defined in the rules of procedure of the Board of Directors.

The Board of Directors makes an overall assessment of qualifications and work procedures once a year. The evaluation is presided over by the Chairman of the Board of Directors.

Composition and organisation of the board of directors

Until the ordinary general meeting, the Board of Directors has consisted of Mads G. Jakobsen, Marianne Philip and Nina Christensen. Marianne Philip was replaced by Vivian Lund at the ordinary general meeting, and on May 26, 2023, Vivian Lund was appointed chairman of the Board of Directors. Mads G. Jakobsen left the Board of Directors at the extraordinary general meeting held on December 1, 2023, and he was replaced by Henrik Gade Jepsen.

As of the ordinary general meeting no deputy chairman has been appointed.

All members of the Board of Directors are elected every year on the ordinary annual meeting, and all current members of the Board of Directors are independent.

Presentation of the members of the Board of Directors and the Management is provided in the section listing directorships below.

The Board of Directors have considered the qualifications and skills necessary for the Board of Directors in relation to the business plan of Norli Pension, and the assessment is that the Board of Directors meets these qualifications and skills. During 2023 the Board of Directors has held 15 board meetings. Four of these meetings were ordinary meetings, the remaining meetings were extraordinary meetings.

Audit and Risk Committee

The Audit and Risk Committee consist of all members of the Board of Directors. During entire 2023 Nina Christensen has been chairman of the Audit and Risk Committee.

In accordance with the legislation, at least one member of the audit committee must be independent of the company and must have skills within the area of accounting or auditing. The Board of Directors has appointed Nina Christensen, who is independent of the Norli Pension. Nina Christensen has held several positions with connection to life insurance business in numerous companies. In addition, she is also engaged in several start-ups. Nina Christensen has through these positions obtained qualifications which qualifies her to submit accounts in financial companies.

The main tasks of the Audit and Risk Committee is to report to the Board of Directors on the result of the statutory audit, to

supervise the financial reporting process, to supervise the internal audit reporting and the risk reporting in order to ensure the effectiveness hereof in relation to the financial reporting, to ensure and supervise the independence of the statutory auditors and to be responsible for the procedure of electing and nominating the statutory auditors.

Meetings are held in the Audit and Risk Committee prior to ordinary board meetings in Q1, Q2 and Q4. The agenda of the Audit and Risk Committee meetings follows the plan adopted by the Board of Directors.

During 2023 a majority of members of the Audit and Risk Committee have attended all meetings.

Corporate social responsibility

Due to the legal requirements stated in Executive order of financial reporting by insurance companies paragraph 132, the company reports its policy and procedures in relation to CSR and climate.

The company has a Policy for Corporate Responsibility (CR-Policy) which can be found on the company website at: <https://www.norlipension.dk/om-os/sadan-arbejder-vi-ii/cr/>

According to policy, Corporate Responsibility is an integrated part of Norli Pension's activities and the policy includes principles for running the business. The company complies with all relevant regulation and accommodates all legal and ethical expectations put forward by clients, stakeholders and society.

The pensions industry and the rest of the financial sector continues to have Anti Money Laundry as a top priority. In accordance with the CR and AML policies the company is putting effort into reducing crime in society through the continued effort to improve the company's Anti Money Laundry policies and processes. As a pension service provider, Norli Pension can be exploited by criminals intending to launder money or by criminals trying to employ money for illicit purposes. However, AML risk is considered low due to fact that no new insurance policies can be established in Norli Pension. The biggest concern is therefore the pay-outs, and thus Norli Pension only makes pay-outs to its customers' Nem-konto, unless the customer in questions has provided Norli Pension with sufficient evidence of why payments should be made to a different account.

The CR and AML policies require Norli Pension to consider AML when making investments, and Norli Pension does comply with all AML- requirements provided by counterparties, for instance banks and investment managers. By meeting all these requirements, Norli Pension supports the on-going work of the authorities to prevent AML and CTF. In accordance with regulation and company policies any suspicious activities are reported to the police without delay.

Norli Pension has a "Policy for Responsible Investments" that describes the approach approved by Norli Pension Board to consider its investment principles and processes in respect of

international conventions and declarations on human rights, responsible climate action, children rights, etc.

Norli Pension will observe fundamental human rights such as United Nation's Universal Declaration on Human Rights, which Denmark has undertaken to comply with, in all aspects of business administration, product management, client relationships and investment processes. Furthermore, Norli Pension will observe the principles in UN Global Compact, The OECD Guidelines for Multinational Enterprises, the United Nations Convention on the Rights of the Child and the United Nations Framework Convention on Climate Change (Paris Agreement).

These conventions and guidelines are the foundation for the Policy on Responsible Investments, which lays out principles and guidelines for the day-to-day management of the company investment assets.

In the current financial period, there has not been identified any human rights violations, as a result of the company's activities.

Norli Pension is actively screening all of its investment assets against a list of specific industries and types of activity that the Company wants to limit its exposure to. The "Policy for Responsible Investments" is available to the public on the corporate website, where the company declares itself according to SFDR 2019/2088 art 4.1.b).

Norli Pension has a comprehensive risk assessment and risk management system which in addition to the quantitative risks captured in the Solvency Capital Requirement (SCR) using the Standard Formula, identifies and includes other emerging risks and risks otherwise excluded from the SCR. In this respect there has been a growing risk of future losses from the effects of climate changes.

Norli Pension is actively investigating the potential impacts on the company. Given the business model, climate risk is presently assessed as being non-material during the strategic planning period.

The Company assesses at least annually the degree of exposure to sustainability risk, including the impact of climate changes. The assessment is focusing on the investment assets and specifically the investment categories of Equities, Government and Mortgage Bonds, Corporate Credit, Credit to Infrastructure, Real Estate Financing and Real Estate. The assessments are based primarily on the maturity of the investments and diversification of collateral, which for all categories is considered to contribute to a low overall risk of material adverse impact on investment performance. In addition to this, the company is considering the potential impact of climate changes to the assumptions underlying the liabilities.

In addition to the above, most investments are of a long-term nature and managed by external managers through investment management agreements entered into in the period 2018-2022. The company's credit investments mainly

consist of debt issued by unlisted companies with limited public information on overall sustainability. Consequently, the company has limited abilities in way of reducing the climate footprint of the investments. The potential benefits of estimating the marginal CO₂-footprint are deemed insignificant and gained with a high relative cost. The company does therefore not estimate nor disclose CO₂-footprint as otherwise proposed by the standard from Insurance & Pension Denmark on climate reporting. When the financial markets mature in terms of more readily available sustainability data, the company will reconsider this approach.

A positive result of the approach settled in the Policy on Responsible Investments is that the Investment portfolio has become less exposed to negative climate risk during the reporting period. It is the company assessment that this risk reduction has been achieved without any reduction in expected future investment return.

Data Ethics

Due to the legal requirements stated in Executive order of financial reporting by insurance companies paragraph 132d, the company reports its policy and procedures in relation to data ethics.

Further, the Audit and Risk Committee has had a continued and strong focus on data and the protections thereof and it has been a topic for numerous discussions.

The Data and Data Ethics Policy establishes the framework for working with data, which includes the management and the administration of the collected data.

Overall, all data must be treated legally, with fairness and in accordance with transparency. This means the collected data are not used for purposes other than mentioned in connection with the collection. Furthermore, only required data are collected to fulfil the requirements in relation to data minimizing. The collected data must further be correct and always up to date and must not be kept for longer than the purposes require. Finally, the collected data must be managed with integrity and confidentiality.

It is the responsibility of management to make sure that all employees of Norli Pension follow the requirements. Furthermore, as Forca is taking care of the greatest part of the management of the data (all customer related data), the management is also responsible to ensure that Forca follows the requirements of Norli Pension.

Forca has appointed a coordinator responsible for questions in relation to data ethics. Forca has furthermore established an assessment form according to which all new projects as well an alteration to existing projects must be assessed in relation to data ethics prior to commencement. By establishing the assessment form, it is the intention that working with data ethics shall become an integral part of every-day work.

For Norli Pension it is important to emphasise that data are to be seen as a valuable asset for the company, whether the data

concern policyholders or employees. Therefore, it is important that both policyholders and employees trust that Norli Pension manage the data in accordance with best data management practice, a practice which evolves from time to time. This includes among others the right to insight, the right to have data corrected, the right to data portability and the duty of Norli Pension to make sure that data are deleted in accordance with the regulation for deleting data.

Norli Pension will continue the work with data ethics, and Norli Pension will make sure that data ethics are included in the decision process when taking decisions in relation to policyholders and employees.

Outlook for 2024

The Board of Directors has approved a plan to merge the portfolio's from Norli Pension into Norli Liv with the intention to realize administrative synergies. An execution of this plan will lead to extraordinary administration costs within 2024 but are expected to release cost synergies from 2025 and forward. The company structure within the Norli Group will be considered in order to allow both expanding its business in Norway and also for a merger of the Norli Pension portfolio into Norli Liv.

Norli Pension's insurance portfolio is in run-off, so the premiums and provisions related to the current insurance portfolio are expected to decrease.

On the investment side the Company expects to retain the current credit exposure which is expected to contribute positively to the interest rate result.

The Company expects the result for 2024 around DKK 18 million profit before tax given unchanged financial conditions.

Directorships and executive positions

Board of Directors

Vivian Lund

	Directorships within Nordic I&P DK Group	Directorships outside Nordic I&P DK Group
Chairman	Nordic I&P DK ApS Norli Liv og Pension Livsforsikring A/S	

Nina Christensen

	Directorships within Nordic I&P DK Group	Directorships outside Nordic I&P DK Group
Board Member	Nordic I&P DK ApS Norli Liv og Pension Livsforsikring A/S	
CEO		Utilis Consult

Henrik Gade Jepsen

	Directorships within Nordic I&P DK Group	Directorships outside Nordic I&P DK Group
Board Member	Nordic I&P DK ApS Norli Liv og Pension Livsforsikring A/S	

Executive Management Board**Claude Emile Frigout Reffs**

	Directorships within Nordic I&P DK Group	Directorships outside Nordic I&P DK Group
Chairman	Norli Pensjon AS	
Board member	Norli Liv og Pension Ejendomsinvest A/S	Administrationsaktieselskabet Forenede Gruppeliv
CEO	Nordic I&P DK ApS Norli Liv og Pension Livsforsikring A/S Norli Liv og Pension Ejendomsinvest A/S	

Peter Trägårdh Christensen

	Directorships within Nordic I&P DK Group	Directorships outside Nordic I&P DK Group
Director/CRO	Nordic I&P DK ApS Norli Pension Livsforsikring A/S	

Company information

Registration		
Name	Address	Main phone
Norli Pension Livsforsikring A/S	Tuborg Boulevard 3 DK - 2900 Hellerup	+45 70 12 12 24
Company reg. no (CVR)	Municipality	e-mail
29 63 78 73	Gentofte	norlipension@norlipension.dk
		Webpage
		www.norlipension.dk
Board of Directors		
Vivian Lund <i>Chairman</i>	Nina Christensen	Henrik Gade Jepsen
Management		
Claude Emile Frigout Reffs <i>Chief Executive Officer</i>	Peter Trägårdh Christensen <i>Director/CRO</i>	
Auditors		
EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg		
Shareholder		
Norli Pension Livsforsikring A/S is a 100% owned subsidiary of Nordic I&P DK ApS		

Statement by the Management Board and the Board of Directors

The Board of Directors and the management have today considered and approved the financial report for the financial year 1 January – 31 December 2023 regarding Norli Pension Livsforsikring A/S.

The annual report has been prepared in accordance with the requirements of relevant law and regulations, including the Danish Financial Business Act.

It is the opinion of the Board of Directors and the management, that the financial statements give a true and fair view of the financial position of Norli Pension at 31 December 2023 and

of its financial performance for the financial year 1 January – 31 December 2023. It is also the opinion of the Board of Directors and the management, that the management's review gives a true and fair view of the development in Norli Pension's activities and financial position and describes the major risks and uncertainties which Norli Pension is facing.

The financial report is presented for the annual general meeting for adoption.

Management Board

Copenhagen, 02 April 2024

Claude Reffs
Chief Executive Officer

Peter Trägårdh Christensen
Director/CRO

Board of Directors

Copenhagen, 02 April 2024

Vivian Lund
Chairman

Nina Christensen

Henrik Gade Jepsen

Independent auditor's report

To the shareholders of Norli Pension Livsforsikring A/S

Opinion

We have audited the financial statements of Norli Pension Livsforsikring A/S for the financial year 1 January – 31 December 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act.

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of Norli Pension Livsforsikring A/S on 28 April 2022 for the financial year 2022. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 2 years up until 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 the financial year 2023. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements as a whole.

Key audit matters

Measurement of provisions for insurance and investment contracts

The Company's provisions for insurance and investment contracts amounts to a total of DKK 1,925 million at 31 December 2023.

The measurement of provisions for insurance and investment contracts is a key audit matter in the audit as Management exercise significant estimates and judgements in connection with:

- ▶ Choice of methods, models and data
- ▶ Determination of assumptions for the measurement of provisions for insurance and investment contracts requires Management to apply complex judgements about future events.

Reference is made to note 7 to the financial statements for a specification of provisions for insurance and investment contracts and to note 26 for Management's description of risks, uncertainties and estimates made in respect of provisions for insurance and investment contracts as well as note 1 for a description of the accounting policies.

Measurement of unlisted investments

The Company's unlisted investments, including real estate, amounts to DKK 633m at 31 December 2023 and consists of investments measured at fair value, where significant inputs are unobservable (level 3).

The measurement of unlisted investments is a key audit matter in the audit as Management exercise significant estimates and judgements in connection with:

- ▶ Choice of methods, models and data
- ▶ Determination of assumptions for the measurement of unlisted investments including assessment of future cash flows and required rate of return.

Reference is made to note 23 to the financial statements for a specification of unlisted investments, to note 26 or Management's description of risks, uncertainties and estimates made and to note 1 for a description of the accounting policies.

How our audit addressed the key audit matter

Our audit procedures performed in cooperation with our actuarial specialists included:

- ▶ Assessment of design and test of effectiveness of key controls in the processes over actuarial models, data and analysis, including the assumptions-setting processes.
- ▶ Comparison of methods and assumptions used with generally accepted actuarial standards, historical development and market practice, particularly regarding mortality rates, disability and reactivation assumptions.
- ▶ Test of accuracy and completeness of underlying data on a sample basis as well as review of actuarial calculations and models.
- ▶ Assessment and analyses of the development in provisions for insurance and investment contracts and changes to the models applied and assumptions used compared with prior year as well as the development in industry standards and market practice.

Furthermore, we assessed whether the disclosures relating to risks and uncertainties in respect of provisions made meet the relevant accounting rules.

Our audit procedures performed on management's measurement of unlisted investments include:

- ▶ Assessment of the methods and models applied based on type of investment, our industry knowledge and experience.
- ▶ Test of accuracy and completeness of underlying data on a sample basis.
- ▶ Assessment of key assumptions and testing of underlying documentation on a sample basis.

Furthermore, we assessed whether the disclosures relating to risks and uncertainties in respect of measurement of unlisted investments meet the relevant accounting rules.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant law and regulations.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of relevant law and regulations. We did not identify any material misstatement of the 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 contents of the financial statements, including the note 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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats and 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 key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Copenhagen, 02 April 2024
 EY Godkendt Revisionspartnerselskab
 CVR no. 30 70 02 28

Lars Rhod Søndergaard
 State Authorised
 Public Accountant
 mne28632

Allan Lunde Pedersen
 State Authorised
 Public Accountant
 mne34495

Income statement & Other comprehensive income

Note	TDKK	2023	2022
2	Gross premiums	14,347	16,078
3	Ceded insurance premiums	-1,065	-1,631
	Total premiums, net of reinsurance	13,281	14,447
	Income from group enterprises	-10	-3
4	Interest income and dividends, etc.	49,176	55,687
5	Value adjustments	128,565	-486,934
	Interest expenses	-3,324	-1,506
	Administrative expenses related to investment activities	-12,003	-10,873
	Total investment return	162,403	-443,629
	Tax on pension returns	-4,088	-11,914
6	Claims and benefits paid	-256,542	-285,470
3	Reinsurers' share received	336	3,524
	Total claims and benefits, net of reinsurance	-256,207	-281,946
7	Change in life insurance provisions	128,675	699,020
3,8	Change in reinsurers' share	713	-3,182
	Total change in life insurance provisions, net of reinsurance	129,389	695,838
	Change in profit margin	0	0
	Administrative expenses	-19,298	-19,453
9	Total insurance operating expenses, net of reinsurance	-19,298	-19,453
	Transferred investment return	-21,878	38,642
	TECHNICAL RESULTAT	3,602	-8,015
10	Technical result of health and accident insurance	4	-33
	Investment return on equity	21,867	-38,618
11	Other expenses	-283	-2,003
	PROFIT BEFORE TAX	25,189	-48,669
12	Tax	-6,354	9,061
	NET PROFIT FOR THE YEAR	18,835	-39,608
	NET PROFIT FOR THE YEAR	18,835	-39,608
	NET COMPREHENSIVE INCOME FOR THE YEAR	18,835	-39,608
	PROPOSED ALLOCATION OF PROFIT TO RETAINED EARNINGS	18,835	-39,608

Balance sheet

Assets

Note	TDKK	2023	2022
	Investments in group enterprises	17	27
	Total investments in group enterprises	17	27
	Investment funds	0	90,335
	Bonds	1,504,950	1,642,855
	Equity investments	600,148	602,766
	Deposits with credit institutions	323,258	358,029
	Derivative financial instruments	347,905	513,345
	Total other financial investment assets	2,776,261	3,207,330
	TOTAL INVESTMENT ASSETS	2,776,277	3,207,357
8	Life insurance provisions, reinsurers' share	7,995	7,281
	Total technical provisions, reinsurer' share	7,995	7,281
	Receivables from policyholders	102	15
	Receivables from insurance companies	3,639	7,975
	Receivables from group companies	3,961	397
	Other receivables	9,890	12,736
	TOTAL RECEIVABLES	17,593	21,123
	Current tax assets on pensions returns	7,645	0
	Cash and cash equivalents	32,549	30,479
13	Deferred tax assets	163	9,061
	TOTAL OTHER ASSETS	40,357	39,540
	Accrued interest and rent	63,189	34,494
	Other prepayments and accrued income	6,774	7,382
	TOTAL PREPAYMENTS AND ACCRUED INCOME	69,963	41,876
	TOTAL ASSETS	2,912,184	3,317,176

Liabilities and equity

Note	TDKK	2023	2022
14	Share capital	10,000	90,008
15	Profit carried forward	302,379	278,535
16	TOTAL SHAREHOLDERS EQUITY	312,379	368,543
7	Life insurance provisions	1,924,753	2,053,428
	Provisions for claims	117	122
	Risk margin on non-life insurance contracts	25	10
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	1,924,895	2,053,560
	Amounts owed direct insurance	471	449
	Amounts owed to credit institutions	60,534	86,414
	Derivative financial instruments	533,620	766,422
	Current tax liabilities	5,000	3,355
	Other debt	30,632	26,613
17	TOTAL DEBTS	630,258	883,255
	ACCRUALS AND DEFERRED INCOME	44,653	11,818
	TOTAL LIABILITIES AND EQUITY	2,912,184	3,317,176
18	Contractual obligations, collateral and contingent liabilities		
19	Information in accordance with the provisions of the Danish Financial Business Act § 78		
20	Related parties		
21	Financial highlights		
22	Breakdown of assets and returns		
23	Financial instruments at fair value		
24	Fair value hierarchy for financial instruments		
25	Risk management		

Statement of Capital

TDKK	Share capital	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2021	90,008	468,143	0	558,151
Dividend paid	0	-150,000	0	-150,000
Other comprehensive income	0	-39,608	0	-39,608
Shareholders' equity at 31 December 2022	90,008	278,535	0	368,543
Restruct capital	-80,008	80,008	0	0
Extraordinary dividend paid	0	-75,000	0	-75,000
Other comprehensive income	0	18,836	0	18,836
Shareholders' equity at 31 December 2023	10,000	302,379	0	312,379

Capital base	31-12-2023	31-12-2022
Shareholders' equity end of year	312,379	368,543
Adjustment between Solvency II and accounting balance sheet	15,895	20,137
Capital base, end of year	328,274	388,680

Notes

Note 1 Significant accounting policies

General

The financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the Executive Order on Financial Reporting for insurance companies and multi-employer occupational pension funds.

The accounting policies used in the preparation of the financial statement are consistent with the accounting policies used for the financial statements of Norli Pension Livsforsikring A/S 2022 and the supplementary corrective information to the annual report 2022.

Norli Pension is a 100% owned subsidiary of Nordic I&P DK ApS and is included in the consolidated financial statements for Nordic I&P DK ApS. Group accounts are therefore not prepared for Norli Pension.

The annual financial statements are presented in Danish kroner (DKK), which is the primary currency of the company's activities and the functional currency. All other currencies are deemed to be foreign currencies. Assets and liabilities denominated in foreign currency are recognised at the rates of exchange prevailing at the balance sheet date. Income and expenses denominated in foreign currency are recognised at the rates of exchange prevailing at the transaction date. Exchange gains and losses are recognised in the income statement.

New accounting rules for profit margin

Due to a change in the Executive Order on Financial Reporting for insurance companies (no. 460 of 2 May 2023) effective from 1 January 2023 profit margin on insurance contracts that includes both health and accident insurance (SUL) and life insurance shall be calculated and recognised separately for SUL and life insurance and profit margin for different life insurance classes shall be calculated independently. The change did not affect the financial statements for Norli Pension Livsforsikring A/S.

Significant accounting estimates and judgments

Managements estimates and judgments of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the financial statements. The estimates and judgments that are deemed to be most critical to the consolidated financial statements are:

- the measurement of liabilities under insurance contracts
- the fair value measurement of unlisted financial instruments

Measurement of liabilities under insurance contracts

Liabilities under insurance contracts are measured in accordance with the rules of the Danish executive order on financial reports presented by insurance companies. Calculations of liabilities under insurance contracts are based on a number of actuarial computations that rely on assumptions about a number of variables, including mortality and disability rates.

Insurance liabilities are calculated by discounting the expected future benefits to their present values. For life insurance, the expected future benefits are based on expected future mortality rates and frequency of early release of pensions and conversions into paid-up policies. For health and accident insurance, the insurance obligations are calculated on the basis of expected future recoveries and re-openings of old claims. Estimates of future mortality rates are based on the Danish FSA's benchmark.

Fair value measurement of unlisted financial instruments

Unlisted investments are valued on the basis of reporting and other information from the individual company and observable market data of companies with a similar risk profile. Unlisted funds are valued on the basis of valuations received from the fund manager, other reporting received from the fund manager, information from other sources and/or observable market data of assets with a similar risk profile.

Unlisted instruments are measured at fair value on the balance sheet date.

Fair value measurement of financial instruments

Critical estimates are not used for measuring the fair value of financial instruments where the value is based on prices quoted in an active market or on generally accepted models employing observable market data.

Measurements of financial instruments that are only to a limited extent based on observable market data are subject to estimates. This includes the measurement of certain listed shareholdings and certain bonds for which there is no active market. See Financial investment assets below for a more detailed description.

General principles of recognition and measurement

Assets are recognised in the statement of financial position when it is probable that future economic benefits will flow to the Company, and the value of such assets can be measured reliably.

Liabilities are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of such liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost, with the exception of financial assets, which are recognised at fair value. Measurement after initial recognition is affected as described below for each item. Anticipated risks

and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the statement

of financial position date are considered at recognition and measurement.

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement unless otherwise described below.

Currency

The presentation currency of the financial statements is Danish kroner, which is the functional currency of Norli Pension.

Transactions in foreign currency are translated at the exchange rate of the unit's functional currency at the transaction date. Monetary assets and liabilities in foreign currency are translated at the exchange rates at the balance sheet date.

Gains and losses on exchange rate differences arising between the transaction date and the settlement date are recognised in the income statement.

Contribution

In accordance with the Executive Order on the Contribution Principle, the Danish FSA has been notified of Norli Pensions profit policy. The portfolio of Norli is divided into 15 interest rate groups, two risk groups and to cost groups.

In addition, the portfolio also includes a group of policyholders without the right to bonus, which is excluded from contribution.

Within each interest rate group, any losses are absorbed collectively by that group's collective bonus potential, individual bonus potentials and the profit margin, before any shareholders' equity is required to cover such losses. Any losses on risk and cost groups not absorbed by the collective bonus potential of the individual groups are to be covered by shareholders' equity.

INCOME STATEMENT

Life insurance premiums

Regular and single premiums on insurance contracts are included in the income statement at the due dates. Reinsurance premiums paid are deducted from premiums received.

Return on investment

Interest income and dividends etc. comprises yield on bonds and other securities and interest on amounts due.

Market value adjustments comprise realised and unrealised gains and losses and exchange rate adjustments on investment assets and hedging instruments. The amount is stated net in the income statement.

Interest expenses comprise interest on loans and other amounts due.

Administrative expenses related to investment activities comprise portfolio management fees to investment managers, direct trading costs, custody fees and own expenses related to the administration of and advisory services on investment assets.

Tax on investment returns

Tax on pension investment returns includes paid PAL (pension yield tax). Receivable negative PAL are recognised in life insurance provisions affecting the change in life insurance provisions.

Claims and benefits

Claims and benefits, net of reinsurance comprises the claims and benefits paid on insurance contracts for the year, net of the reinsurers share.

Change in life insurance provisions

Change in life insurance provisions, net of reinsurance comprises the change for the year in gross life insurance provisions less the reinsurers' share, excluding premiums and benefits regarding investment contracts.

Operating expenses relating to insurance activities

Administrative expenses cover accrued expenses related to insurance operations.

The allocation of administration expenses on life insurance and health and accident insurance is made applying activity-based allocation models.

The Company's insurance administration is handled by Forca A/S.

Transferred return on investment

Transferred return on investment consists of the return on the assets allocated to shareholders' equity and the return on health and accident insurance.

Health and accident insurance

Premiums, net of reinsurance are included in the income statement as they fall due. Premiums, calculated net of discounts not related to claims and the like and insurance premiums ceded, are accrued.

Claims, net of reinsurance comprise claims paid for the year, adjusted for changes in outstanding claims provisions including gains and losses on prior-year provisions (run-off result) and change in risk margin. Furthermore, claims include expenses for assessment of claims, expenses for damage control and an estimate of the expected administrative and claims handling expenses on the insurance contracts written by the undertaking. Adjustment is also made for change in risk margin.

Total gross claims are calculated net of reinsurance.

For the health and accident business, the profit margin is determined independently of the life insurance business and on the basis of the contract periods of the health and accident

business. For the health and accident business, there is no expectation of future earnings in the contract periods, and the profit margin is therefore nil. If the contracts are deemed to become loss-making within the guaranteed contract periods, provision is made for such losses.

Other expenses

Encompasses of expenses regarding acquisition of new Norwegian portfolios.

Taxation

All companies in the Nordic I&P group are jointly taxed.

Calculated current and deferred tax on the profit for the year before tax and adjustments of tax charges for previous years are recognised in the income statement. Income tax for the year is recognised in the income statement in accordance with the tax laws in force in the countries in which Norli Pension operates.

BALANCE SHEET

Financial investment assets

Purchases and sales of financial instruments are recognised and measured at fair value at the settlement date, which usually equals cost. Fair value adjustments of unsettled financial instruments are recognised from the trading date to the settlement date. On recognition, financial investment assets are classified as financial assets at fair value through profit or loss.

The fair value is measured on the basis of quoted market prices of financial instruments traded in active markets. The fair value of such instruments is therefore based on the most recently observed market price at the balance sheet date.

If a financial instrument is quoted in a market that is not active, the measurement is based on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. If no active market exists for standard and simple financial instruments such as interest rate and currency swaps and unlisted bonds, fair value is calculated on the basis of generally accepted valuation techniques and market-based parameters.

The item "Other" comprises derivatives with positive fair values, while derivatives with negative fair values are recognised in the item "Other debt".

Unsettled trades on the balance sheet date are recognised in the item "Other debt" or "Other receivables".

Receivables

Receivables is measured at fair value, which usually corresponds to the nominal value less any write-down to provide for losses.

Accruals and deferred income

Receivable interest relates to accrued bond yields and derivative financial instruments. Other prepayments and

accrued income include expenses incurred relating to subsequent financial years.

Provisions for insurance and investment contracts

The life insurance provisions consist of the elements Guaranteed benefits, Individual bonus potential, Collective bonus potential and Risk margin.

Guaranteed benefits comprise obligations to pay guaranteed benefits to policyholders. Guaranteed benefits are calculated as the present value of the current guaranteed benefits plus the present value of expected future administrative expenses.

The market value is calculated by discounting the individual payments at an interest rate calculated by the European Supervisory Authority EIOPA with a volatility adjustment reduced by the pension return tax. Guaranteed benefits contain an estimated amount to cover future insurance benefits, which arise from insurance events that occurred in the financial year, but which had not yet been reported on the balance sheet date.

Individual bonus potentials comprise obligations to pay bonuses over time. Individual bonus potential is calculated for the portfolio of insurance policies with bonus entitlement as the difference between the value of the policyholder's savings and the present value of guaranteed benefits under the policy. The profit margin is also deducted. The bonus potential cannot be negative.

Provisions for collective bonus potential comprise the policyholders' share of the technical basis for risk allowance for insurance policies with bonus entitlement which has not yet been allocated to individual policyholders.

The risk margin is the amount expected to be payable in the market to an acquirer of the policy in return for that party assuming the risk that the costs of meeting the payment obligations under the policy deviate from the present value of the best estimate of the cash flows made during the life time of the policy. The risk margin is obtained as far as possible from the insurance's individual or collective bonus potential - or alternatively the capital base.

Pension return tax

Outstanding pension return tax (PAL) are recognised in the life insurance provisions.

Profit margin

Profit margin amounts to the calculated present value of the expected future profit in the remaining term of contract for the life insurance and investment contracts concluded.

Deferred tax

Deferred tax is calculated in accordance with the balance sheet liability method on all temporary differences between the tax base of the assets and liabilities and their carrying amounts. Deferred tax is recognised in the balance sheet under Deferred tax assets and Deferred tax liabilities on the basis of current tax rates.

Tax assets arising from unused tax losses and unused tax credits are recognised as deferred tax assets to the extent that it is probable that the unused tax losses and unused tax credits can be utilised.

Debt

Derivatives are measured at fair value. Derivatives with negative fair values are recognised under Derivative financial instruments. Other debt are measured at amortised cost, which usually corresponds to the nominal value.

Key ratios

The key ratios are prepared in accordance with the provisions of the executive order on financial reports for life insurance companies.

Other

The amounts in the report are disclosed in whole numbers of TDKK, unless otherwise stated. The amounts have been rounded and consequently the sum of the rounded amounts and totals may differ slightly.

Note	TDKK	2023	2022
2	Gross premiums		
	Regular premiums	14,347	16,078
	Total directs insurance	14,347	16,078
	Insurance taken out individually	12,728	14,105
	Insurance taken out in connection with employment	1,619	1,973
	Total	14,347	16,078
	<i>Premiums, direct insurance, broken down by bonus arrangement</i>		
	With profit insurance	14,347	16,078
	Premiums, direct insurance, broken down by policyholders' residence:		
	Denmark	14,268	15,988
	Other EU countries	74	73
	Other countries	5	18
	Total	14,347	16,078
	<i>Number of insured, direct insurance (1,000):</i>		
	Insurance taken out individually	8,405	9,076
	Insurance taken out in connection with employment	1,505	1,633
	Total	9,910	10,709
3	Result of reinsurance		
	Ceded reinsurance premiums	-1,065	-1,631
	Reinsurance cover received	336	3,524
	Change in reinsurance share of life insurance provisions	713	-3,182
	Total	-16	-1,289
4	Interest and dividends		
	Interest income and dividends, etc.	49,176	55,687
	Total	49,176	55,687
5	Value adjustments		
	Bonds	32,090	-149,165
	Investment funds	14,777	-10,195
	Equity investments	18,218	14,952
	Other	63,480	-342,526
	Total	128,565	-486,934

Note	TDKK	2023	2022
6	Claims and benefits paid		
	Insurance amounts on death	-8,566	-10,859
	Insurance amounts on expiry	-59,713	-51,180
	Retirement benefits and annuities	-139,378	-144,218
	Surrender values	-48,885	-79,213
	Total	-256,542	-285,470
7	Life insurance provisions		
	Life insurance provisions, beginning of year	2,053,428	2,752,449
	Collective bonus potential, beginning of year	-1,960	-10,545
	Loss absorption in individual bonus potential, beginning of year	44,513	0
	Value adjustment, beginning of year	-123,396	-534,389
	Retrospective provisions, beginning of year	1,972,586	2,207,514
	Gross premiums	14,347	16,078
	Interests	69,606	66,423
	Insurance benefits	-254,225	-287,299
	Expenses	-6,939	-7,164
	Risk result	220	-32,395
	Changes in negative bonus	-20,946	9,430
	Retrospective provisions, end of year	1,774,648	1,972,586
	Accumulated value adjustment, end of year	170,346	123,396
	Loss absorption in individual bonus potential, end of year	-20,979	-44,513
	Profit margin, end of year	0	0
	Collective bonus potential, end of year	738	1,960
	Life insurance provisions, end of year	1,924,753	2,053,428
	Change in life insurance provisions	128,675	699,020
	Guaranteed benefits	1,904,147	2,029,404
	Individual bonus potential	1,269	777
	Collective bonus potential	738	1,960
	Risk margin	18,598	21,288
	Life insurance provisions, end of year	1,924,753	2,053,428

Note	TDKK	2023	2022
7	Life insurance provisions (continued)		
	Distribution of technical provisions by interest groups for the insurance portfolio covered by the Executive Order on the Contribution Principle		
	Interest rate group 0		
	Guaranteed benefits	24,183	25,120
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	284	256
	Interest rate group 1		
	Guaranteed benefits	123,987	128,733
	Individual bonus potential	0	777
	Collective bonus potential	0	0
	Risk margin	1,624	1,746
	Interest rate group 2		
	Guaranteed benefits	203,611	220,122
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	2,024	2,141
	Interest rate group 3		
	Guaranteed benefits	250,825	271,400
	Individual bonus potential	1,269	0
	Collective bonus potential	0	0
	Risk margin	1,590	2,088
	Interest rate group 4		
	Guaranteed benefits	452,590	501,321
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	5,256	6,210
	Interest rate group 5		
	Guaranteed benefits	4,186	7,525
	Individual bonus potential	0	0
	Collective bonus potential	598	0
	Risk margin	228	503
	Interest rate group 6		
	Guaranteed benefits	98	168
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	6	16

Note	TDKK	2023	2022
7	Life insurance provisions (continued)		
	Interest rate group 7		
	Guaranteed benefits	252	324
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	15	34
	Interest rate group 8		
	Guaranteed benefits	1,593	1,671
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	80	57
	Interest rate group 9		
	Guaranteed benefits	124	640
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	7	69
	Interest rate group 10		
	Guaranteed benefits	92	82
	Individual bonus potential	0	0
	Collective bonus potential	17	17
	Risk margin	5	0
	Interest rate group 12		
	Guaranteed benefits	-14	-21
	Individual bonus potential	0	0
	Collective bonus potential	5	4
	Risk margin	0	0
	Interest rate group 13		
	Guaranteed benefits	6	7
	Individual bonus potential	0	0
	Collective bonus potential	118	118
	Risk margin	0	0
	Interest rate group 14		
	Guaranteed benefits	7	-2
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	0	1

Note	TDKK	2023	2022
7	Life insurance provisions (continued)		
	Interest rate group 1B		
	Guaranteed benefits	829,018	856,672
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	6,515	6,981
	Distribution of technical provisions by interest groups for the insurance portfolio not covered by the Executive Order on the Contribution Principle		
	Life annuities without bonus		
	Guaranteed benefits	13,591	15,640
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	964	1,187
	Distribution of technical provisions not in interest groups		
	Risk group A		
	Guaranteed benefits	0	0
	Individual bonus potential	0	0
	Collective bonus potential	0	1,820
	Risk margin	0	0
	Rate of return in interest rate groups is 8,5%		
	Bonus ratios in interest rate groups are 0%		
8	Life insurance provisions, reinsurers' share		
	Life insurance provisions, reinsurers' share, beginning of year	7,281	10,462
	Change in reinsurers' share	713	-3,182
	Life insurance provisions, reinsurers' share end of year	7,994	7,281

Note	TDKK	2023	2022
9	Insurance operating expenses, net of reinsurance		
	<i>Staff costs</i>		
	Salaries	-15,315	-12,157
	Pensions	-2,529	-1,984
	Other social security and tax	-2,739	-2,180
	Transferred administrative costs	10,549	6,407
	Total staff expenses	-10,033	-9,914
	Average number of full-time-equivalent employees during the year	10	9
	The company's administration is handled by Forca A/S.		
	Remuneration to the Management Board, the Board of Directors and the significant risk takers:		
	Salary, pension and remuneration for the Management Board and the Board of Directors – fixed part	4,614	5,293
	Salary, pension and remuneration for the Management Board and the Board of Directors – variable part	522	0
	Number of members of Management Board and Board of Directors	6	5
	Salary, pension and remuneration for the significant risk takers – fixed part	8,379	3,347
	Salary, pension and remuneration for the significant risk takers – variable part	0	375
	Number of material risk takers during the year	4	4

The employment contracts comply with the statutory requirements that came into force at 1. January 2011 for agreements on variable remuneration in financial enterprises.

A more detailed description of the remuneration policy and remuneration for the financial year is available at the website: www.norlipension.dk.

To the extent that a member of the Board of Directors is remunerated, this is done with a fixed fee. Remuneration with variable salary components is not used.

In accordance with legislation the company has appointed a number of employees as significant risk takers (in addition to the Management Board) whose activities have a significant impact on the company's risk profile.

Information on salaries and remuneration for the Management Board, the Board of Directors and significant risk takers can be found on the company's website (www.norlipension.dk).

Note	TDKK	2023	2022
10			
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	293	298
	Total	293	298
	Technical interest	0	0
	Claims paid	-132	-122
	Change in claims provisions	5	4
	Change in risk margin	-14	0
	Total	-142	-118
	Administrative expenses	-159	-189
	Insurance operating costs, net of reinsurance	-159	-189
	Technical result	-8	-9
	Return on investment	12	-24
	Technical result of health and accident insurance	4	-33
	Claims paid		
	Number of policies	124	131
	Number of claims	1	1
	Average amount of claims DKK	132,081	121,879
	Claims frequency	1%	1%
	Run-off previous years, net of reinsurance	125	125
	Financial highlights		
	Gross premiums	293	298
	Claims paid	-142	-118
	Insurance operating costs, net of reinsurance	-159	-189
	Technical result	-8	-9
	Total return on investment after insurance technical interest	12	-24
	Run-off previous years, net of reinsurance	125	125
	Total provisions for insurance contracts	142	132
	Key ratios		
	Gross claims ratio	48	40
	Gross expense ratio	54	64
	Combined ratio	103	103
	Operating ratio	103	103
	Relative run-off gains/losses	100%	100%
11	Other expenses		
	Other expenses encompasses of expenses regarding acquisition of new Norwegian portfolio.	-283	-2,003

Note	TDKK	2023	2022
12	Tax		
	Current tax	-1,738	0
	Adjustment of prior-year deferred tax	0	-317
	Change of provision for deferred tax	-4,616	9,378
	Total	-6,354	9,061
	Effective tax rate		
	Tax on accounting profit/loss	25.2	22.0
	Adjustment of non-taxable income and costs	0.0	0.0
	Change in valuation of tax assets	0.0	0.0
	Total	25.2	22.0
	Taxes paid during the financial year	0	0
13	Deferred tax		
	Deferred tax broken down on main items:		
	Value of tax losses carried forward	163	9,061
	Total	163	9,061
14	Share capital		
	Share capital beginning of the year	90,008	90,008
	Capital injection	-80,008	0
	Share capital, end of year	10,000	90,008
	The share capital is made up of		
	10.000 shares of 1.000 kr.	10,000	90,008
	Total	10,000	90,008
	All shares carry the same rights; there is thus only one class of shares		
15	Profit carried forward		
	Profit carried forward beginning of the year	278,535	468,576
	Extraordinary dividend	-75,000	-150,000
	Restruct capital	80,008	0
	Profit/(loss) for the year	18,836	-40,041
	Total	302,379	278,535

Note	TDKK	2023	2022
16	Shareholders equity		
	Shareholders equity, beginning of year	368,543	558,151
	Return of capital	-75,000	-150,000
	Profit/(loss) for the year	18,836	-39,608
	Shareholders equity, end of year	312,379	368,543
	Capital base	312,379	368,543
	Technical basis		
	Interest rate groups total	112,282	-133,295
	Risk groups	-9,017	20,989
	Cost groups	-8,844	-9,000
	Total realised results	94,421	-121,305
	Distribution to customers		
	Interest rate groups total	73,461	-89,998
	Risk groups	-1,820	1,820
	Cost groups	1,312	1,270
	Total distribution to customers	72,953	-86,908
	Distribution to equity via the income statement		
	Interest rate groups total	38,857	-43,297
	Risk groups	-7,196	19,169
	Cost groups	-10,156	-10,270
	Equity's share of the realised results	21,505	-34,398
Below is shown the development of the accumulated shadow accounts steaming from financial result, risk result and cost result			
The lack of income on the return on equity has arrised from the calculation made on the basis of the contribution methods reported to the Danish FSA.			
Outlay account (Loss coverage from 2016 and forward)			
	Beginning of year	217,634	193,016
	From negative realized results	-7,828	33,252
	Writedowns due to surrender	-5,546	-8,634
	Total	204,260	217,634

Note	TDKK	2023	2022
16	Shareholders equity (continued)		
The main reason behind the expectation of paying 0 TDKK of on the shadow account, is due to no expectation of future earnings as reported to the Danish FSA as part of the risk return.			
Outlay account divided into contribution groups			
	Interest rate group 0	25,066	19,858
	Interest rate group 1	21,525	25,736
	Interest rate group 2	5,509	10,166
	Interest rate group 3	18,896	26,292
	Interest rate group 4	4,017	18,083
	Interest rate group 5	0	1,340
	Interest rate group 6	37	76
	Interest rate group 7	84	145
	Interest rate group 8	17	87
	Interest rate group 9	66	270
	Interest rate group 14	86	86
	Interest rate group 1B	25,483	26,404
	Risk group A	6,401	0
	Risk group B	873	287
	Cost groups A	84,545	76,938
	Cost groups B	11,655	11,865
	Total	204,260	217,634
Collective bonus potential split among the contribution groups			
	Interest rate group 5	598	0
	Interest rate group 10	16	17
	Interest rate group 12	4	4
	Interest rate group 13	118	118
	Risk group A	0	1,820
	Total	737	1,960
17	Debt		
	Due 1 year or less	118,956	117,499
	Due 1-5 years	87,321	154,252
	Due more than 5 years	423,981	611,503
	Total	630,258	883,254

Note	TDKK	2023	2022
18	Contractual obligations, collateral and contingent liabilities		
	The company has a contingent liability related to post-payment of VAT for the years 2018-2020 calculated according to the most restrictive interpretation of SKAT's previous announcements in the area. The amount is calculated without interest.	3,000	2,600
	Norli Pension Livsforsikringsselskab A/S has registered the following assets as having been held as security for the life insurance provisions.		
	Investment funds	0	90,335
	Bonds	1,392,359	1,626,310
	Equity investments	528,339	492,344
	Deposits with credit institutions	32,549	16,933
	Cash and cash equivalents	19,231	29,519
	Interest and rent receivable	11,991	5,880
	Reinsurance contracts	0	7,281
	Total	1,984,468	2,268,604

The Company has total investment commitments 600.1m of DKK of which DKK 551.6m have been drawn

19 Information in accordance with the provisions of the Danish Financial Business Act § 78

In accordance with the provisions of the Danish Financial Business Act § 78, It is stated that the company has no commitments with or collateral for the Executive Board and the Board of Directors in addition to ordinary insurance agreements.

Note	TDKK	2023	2022
20	Related parties		
	Norli Pension Livsforsikring A/S is a wholly owned subsidiary of Nordic I&P DK ApS, Tuborg Boulevard 3, 2900 Hellerup, which exercises a controlling influence on the company, and in which the company is included as a subsidiary in the consolidated financial statements.		
	Related parties comprise:		
	(a) Nordic I&P DK ApS, Tuborg Boulevard 3, DK-2900 Hellerup		
	(b) Norli Liv og Pension Livsforsikring A/S, Midtermolen 1, DK-2100 Copenhagen Ø		
	(c) Norli Liv og Pension Ejendomsinvest A/S, Midtermolen 1, DK-2100 Copenhagen Ø		
	The Nordic Group maintains cross-cutting functions that solve joint administrative tasks for the group's companies. The consideration paid for this administrative function is fixed on an arm's length basis or, where there is no specific market, on a cost-recovery basis.		
	Financial relations, Nordic I&P ApS		
	Administration fee	1,512	1,098
	Interest expenses	-300	-371
	Receivables	379	0
	Payables	0	371
	Financial relations, Norli Liv og Pension Livsforsikring A/S		
	Administration fee	9,054	5,309
	Administration expenses	-17	0
	Receivables	3,586	768
	Payables	3	0
21	Financial highlights		
	Please refer to page 2		

Note

22 Breakdown of assets and returns

TDKK

		Carrying amount		Return % p.a. before
		beginning of year	end of year	tax
1.	Investment property	0	0	0.00%
2.1	Equity investment	0	0	0.00%
2.2	Unlisted investments	27	17	-37.1%
2.	Total	27	17	-37.07%
3.1	Government and mortgage bonds	1,538,757	1,472,454	4.5%
3.2	Index-linked bonds	0	0	-
3.3	Credit bonds and emerging market bonds	200,302	45,377	13.9%
3.4	Loans	602,766	600,148	6.5%
3.	Total	2,341,825	2,117,979	5.62%
4.	Equity investments in associates	0	0	0.00%
5.	Other	409,630	373,399	0.00%
6.	Derivatives	-236,158	-179,972	-

The note has been prepared on the basis of a review of the company's assets, which is why there is no immediate connection to the amounts in the balance sheet.

Note

23 Financial instruments at fair value

Norli Pension Livsforsikring A/S uses financial instruments to manage interest rate risks. In addition, interest rate derivatives are used to hedge benefit guarantees.

Collateral agreements have been made regarding financial instruments. In this connection, collateral in the form of cash and bonds of DKKM 82.7 has been received. And given collateral amounts to DKKM 255.4 in form of cash.

TDKK		2023	
	Expiry	Principal	Carrying amount
Swaps	2024	2,750,001	-16,404
Swaps	2024-2029	5,441,482	39,421
Swaps	2029-2034	2,508,769	-136,698
Swaps	2035-	2,190,874	-71,934
CDS	2024-2029	69,576	-2,836
CDS	2024-2029	69,576	2,836
Forward exchange contracts	2024	656,005	-99
Total		13,686,283	-185,715

TDKK		2022	
	Expiry	Principal	Carrying amount
Swaps	2023	951,312	14,219
Swaps	2023-2028	5,822,944	32,939
Swaps	2028-2033	2,383,352	-210,489
Swaps	2034-	2,329,422	-90,075
CDS	2023-2028	70,398	-2,023
CDS	2023-2028	70,398	2,023
Forward exchange contracts	2023	572,604	329
Total		12,200,431	-253,078

Note

24 Fair value hierarchy for financial instruments

	Quoted market prices		Observable input		Non-observable Input		Total	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022	31-12-2023	31-12-2022
Assets								
Investment funds		-		90,335	-	-	-	90,335
Bonds	1,355,829	1,276,224	118,623	337,191	30,498	29,440	1,504,950	1,642,855
Equity investments		-		-	600,165	602,793	600,165	602,793
Deposits with credit institutions	323,258	358,029		-	-	-	323,258	358,029
Derivative financial instruments		-	345,069	511,321	2,836	2,023	347,905	513,345
Total	1,679,087	1,634,253	463,692	938,847	633,499	634,256	2,776,278	3,207,357
Debt								
Amounts owed to credit institutions	-60,534	-86,414	-	-	-	-	-60,534	-86,414
Derivative financial instruments	-	-	530,784	764,399	2,836	2,023	-533,620	-766,422
Total	-60,534	-86,414	530,784	764,399	2,836	2,023	-594,154	-852,837

Financial instruments measured at fair value in the statement of financial position on the basis of non-observable input:

	Equity invest-ments	Bonds
Carrying amount at 1 January	602,793	29,440
Value adjustments	38,824	2,239
Purchases / Sales net	-41,451	-1,181
End of year	600,165	30,498

Note 25 Capital and Risk Management

Objectives

The objective of risk management in Norli Pension is to ensure that the risks assumed at any given time are identified, measured, reported, and managed and that they are in accordance with the written policies and guidelines and accordingly within the boundaries for the risk profile as defined in the overall risk strategy.

The Company will seek to obtain the investment return required to meet its obligations, while at the same time reduce market risks for both shareholders and policyholders. Policyholders will assume some risk where possible – in particular investment risks - shareholders will bear the residual risk.

The risk profile is managed with a specific target to maintain comfortable buffers relative to regulatory and economic minimum requirements throughout the strategic planning period.

Risk management system

The risk management framework of the company complies with the rules set forth in EU Solvency II regulation (EU directive and delegated regulation) as well as Danish prudential regulation.

The risk management system is a part of the group risk management framework for Norli Group. The Board have approved a range of policies and guidelines that govern the risk management practices and risk exposure for all of the areas of risk in the company. The most relevant policies under the umbrella of the overall Risk Management Policy covers the following areas: investments, asset valuations, insurance risks and valuation, outsourcing, ORSA, operational risk, credit risk and non-financial credit. The policies covering the System of Control in the company are: Internal Controls, Internal Audit and Compliance. Based on the business model and risk strategy of the company the Board have determined business and financial targets for underwriting, solvency, insurance and investment risks for the planning period.

In accordance with prudential regulation the Board have appointed an Audit and Risk subcommittee that oversee accounting practices, risk identification, internal controls, effectiveness of risk management systems, Own Risk and Solvency Assessment (ORSA) processes, capital planning, annual audit, auditor's independence, related party transactions etc. in accordance with the yearly planning.

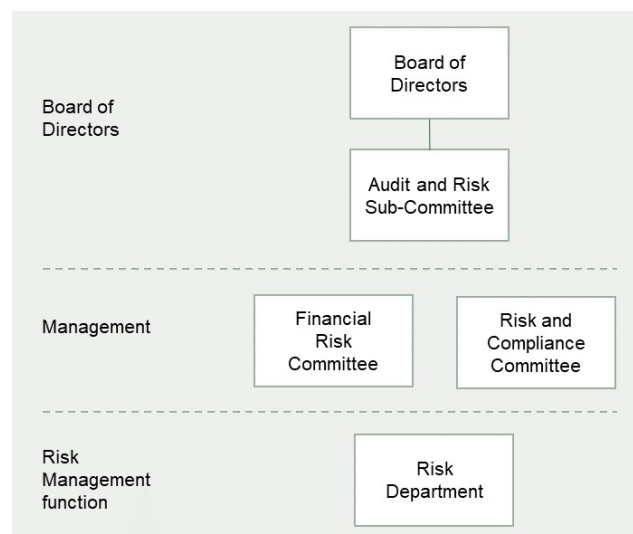
At the management level the Company has set up two further risk management committee's - Financial Risk Committee (FRK) and Risk and Compliance Committee (RCK) that will

report to the Audit and Risk Sub-Committee. The FRK will monitor the Company's capital resources, assets, insurance liabilities, liquidity and solvency. Based on current financial markets FRK will make investment proposals in accordance with the investment strategy and policy and hedge any unwanted financial risks. FRK will monitor the performance of all financial assets with a particular focus on the performance and valuation of assets that are not traded in public markets such as properties and loans.

The RCK will monitor operational risks, incidents, IT risk, legal risks, reputational risks, all outsourced processes, and execution of the internal audit plan and will coordinate the work between key personal.

The risk management system is built to comply with legislation, industry standards, corporate best practice, and sound business practices such as separation of functions, four-eyes principle, and valuation at arms-length principle. Finally, the risk management model is built on proportionality and effectiveness in line with the principles set out in the policy for internal controls.

Company risk committee's and risk function



Risk areas

The Company is exposed to various types of risk in support of the long-term business model and objectives. The content and size of risks encountered in the various business areas differ considerably.

Life insurance risks

Biometric risks consist of mortality, longevity, disability and catastrophe risk. Further insurance risks also include expense risk and policyholder behaviour risk (option risk related to the extent of surrenders and re-writing to paid-up policies). The insurance risks: longevity, mortality and disability risks, cover

the situation where policyholder mortality or disability changes significantly for a period or permanently, resulting in wrong assessment of future developments in mortality and disability risks.

Option risks arise when surrender and premium cessation assumptions in provisions at market value deviate from actual developments and must be adjusted, or in situations where the company experiences mass surrenders in a short period of time.

Expense risk is the risk that provisions related to future expenses differ from actual expenses and must be revised. Expenses are related to variations in the costs related to honouring insurance or reinsurance contracts.

Revision risk is the risk that disability benefits awarded are revised resulting in higher pay out than anticipated.

Health insurance risks

Health and accident insurance is affected by legislative amendments and changes in legal practice as well as by social inflation. Social inflation means that claims expenses increase due to developments in social and socio-economic factors. Such factors arise due to trends in society and will tend to increase up the number of insurance-covered claims and average claims expenses.

Reinsurance

An insurance company can protect itself against losses by taking out reinsurance, often with major international reinsurers that have a high credit rating. Reinsurance cover can be designed in different ways, depending on which losses the insurance company wishes to cover.

The purpose of Norli Pension's reinsurance programme is to ensure that a single loss event or a random accumulation of large claims does not lead to unacceptable loss of capital and to reduce fluctuations in technical results. The reinsurance programme provides extensive and broad coverage and reduces the overall risks.

Financial risks

Market risks

Market risk is defined as the probability of impairments to the value of a portfolio of financial assets due to fluctuations in prices in financial markets. The risks arise both for assets and liabilities and for derivative financial instruments (derivatives), for which only the positive or negative market value of the derivative appears in the balance sheet.

The management of market risk is intended to ensure an acceptable return without putting the total capital of the company at risk of significant impairment due to financial market developments or financial difficulties of individual issuers.

Market risks are divided into the sub-risks below.

Interest rate risks

Interest rate risk is the risk of incurring a loss on an interest rate exposure because of an increase or decline in interest rates. The investment assets are predominantly invested in interest-bearing assets, most of which are Danish mortgage bonds with a high credit rating, while a smaller part is placed in credit bonds and emerging market government bonds. The insurance liability cash flows are discounted using a yield curve provided by the EU insurance regulator EIOPA. The interest rate risk on assets and liabilities is monitored and adjusted on an ongoing basis, and derivatives are used to adjust the overall interest rate risk on assets. A mismatch of duration between liability cashflows and investment cashflows will lead to a net interest rate risk.

Currency risks

Currency exchange risk primarily arises from the portfolio of investment assets. The Company pursues a hedging strategy for non-euro currency exposures in major international currencies.

Spread risks

The Company is exposed to the volatility of credit spreads and the subsequent risk of impairments to the market value of credit spread related investments like mortgage bonds or government bonds. The Company has imposed limits on the allowed exposure to credit spread risks.

Concentration risks

Concentration risk is the risk arising when the company's exposures are concentrated, for instance, on few lines or on few large individual exposures. Norli has determined procedures for the monitoring and mitigation of concentration risks.

Liquidity risks

Liquidity risk arises due to differences in the timing of incoming and outgoing payments. Such differences may arise as a result of unexpected events or may be a deliberate strategy. The objective of liquidity risk management is to ensure that liquidity always is sufficient to support operations and comply with regulatory requirements. Should the Company's liquidity come under substantial pressure, liquidity may be procured within a short period of time by selling assets. In addition the Company has a liquidity facility that will support the liquidity position in periods of market stress.

Counterparty risks

Counterparty risk arises when a counterparty in a financial agreement, e.g. reinsurance contracts or financial contracts, fails to meet its obligations. Counterparty risk related to reinsurance is the uncertainty associated with the situation that one or more of the Company's reinsurers go into insolvent liquidation, resulting in a full or partial loss of receivables and in new coverage of the business having to be purchased. In order to minimise the risk related to each reinsurer, reinsurers must be rated according to a certain credit quality level.

Deviations from this rating must be approved by the Board of Directors. Most of the counterparty risk arising from derivative transactions is mitigated by posting collateral or by depositing cash funds in a bank account while a small part of the derivative transactions are cleared and settled through London Clearing House. Placement limits contain restrictions as to the companies' maximum receivable from specific credit institutions. The Company limits counterparty risks in connection with derivative agreements by entering into margin agreements and netting agreements with the counterparties.

Operational risks

Operational risk is the risk of incurring a financial loss due to inexpedient or faulty internal procedures, human or system errors or as a result of external events, including legal risks.

Procedures

The Company has a number of control procedures in the form of work routines, business procedures and reconciliation processes, performed locally and centrally throughout the organisation. Most of these activities are carried out by the Company's outsourcing/TSA-partners. The scope of control measures is assessed against the expenses they involve. Security measures are assessed relative to potential threats and their assessed probability of occurrence as well as the potential business consequences, should such threats materialise.

With a view to reducing risks relative to the GDPR rules, the Company has a number of common procedures to accommodate requests for access to and erasure of data etc. and to handle and report personal data breaches to the Danish Data Protection Agency. The Company has appointed a data protection officer overseeing GDPR compliance.

Other risks

Compliance risks

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, loss of customers or reputational damage to which the company is exposed due to non-compliance with applicable legislation, market standards or internal rules (policies, business procedures etc.). The Company has determined methods and procedures to identify, assess and mitigate the compliance risks.

AML risks

Anti Money Laundry and Counter Terrorist Finance (AML/CTF) is an important risk. AML risk is assessed as being low for the life insurance and labour market pensions industry. The Company has extensive risk assessment and procedures to mitigate the risk. The Company also has a whistle-blower program operated by an independent external legal partner.

Strategic risks

Strategic risks arise due to inexpedient business decisions, insufficient implementation of business initiatives or slow response to the challenges facing the Company.