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Nordic I&P DK Annual Report 2022

Nordic I&P DK ApS
C/O Norli Pension Livsforsikring
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Content

Management review	2
Financial highlights	2
Nordic I&P DK ApS.....	3
Investments	4
Organisation	5
Board of Directors.....	5
Outlook for 2023	6
Directorships and executive positions	7
Company information	9
Statement by the Management Board and the Board of Directors	10
Independent auditor's report.....	11
Financial statements	13
Income and comprehensive income statement.....	13
Balance sheet	14
Statement of changes in equity.....	16
Notes	17

Management review

Financial highlights (consolidated)

DKKm	2022 ¹⁾
Premiums	1,049
Claims and benefits	-1,618
Return on investment	-977
Total operating expenses relating to insurance	-168
Profit/loss on business ceded	-7
Change in life insurance provisions	2,079
Change in profit margin	-329
Technical result	29
Technical result of health and accident insurance	-18
Investment return on equity	-60
Other income / expenses	48
Profit before tax	-1
Tax	-14
Net profit for the year	-15
Total provisions for insurance contracts	17,499
Total shareholder equity	1,489
Total assets	23,668
Rate of return related to average interest rate products	-
Expenses as percent of provisions	-
Expenses per policyholder	-
Return on equity before tax (%)	-
Return on equity after tax (%)	-

¹⁾ 15-07-2021 - 31-12-2022

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.

Nordic I&P DK ApS

Activity

Nordic I&P DK ApS (Nordic I&P or the Company) is a holding company investing in life insurance companies with a focus on guaranteed pension products in the Nordic region.

Nordic I&P was established 15 July 2021. The company's first financial statements covers an extended period from 15 July 2021 – 31 December 2022.

Currently Nordic I&P has two subsidiaries; Norli Pension Livsforsikring A/S (Norli Pension) and Norli Liv og Pension Livsforsikring A/S (Norli Liv og Pension).

Norli Pension was taken over 2 December 2021 and Norli Liv og Pension (formerly Forsikringsselskabet Alm Brand Liv og Pension A/S) was acquired from Alm Brand Forsikring on 1 March 2022.

The activities in Nordic I&P are limited as the life insurance activities are carried out in the subsidiaries.

Nordic I&P and subsidiaries are focused on guaranteed products and associated health related insurance products. Currently Norli Liv og Pension is open to new customers, whereas the portfolio in Norli Pension is in run-off.

As part of the Nordic strategy, Norli Pension has applied to 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. Norli Pension is awaiting regulatory approval for the establishment.

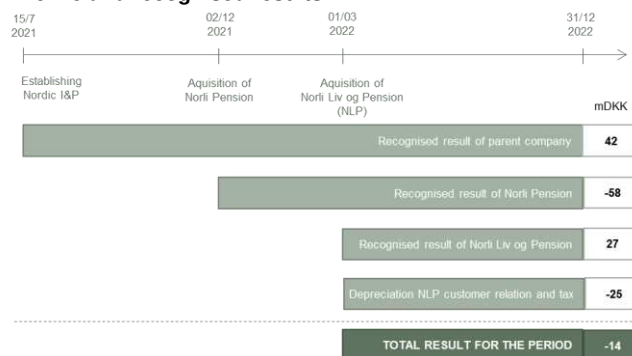
The solvency capital requirement as well as own funds in both the subsidiaries and the group is calculated by use of stochastic modelling. The model allows the subsidiaries to fulfil an enforcement order issued by the Danish Supervisory Authority in 2020 to almost all life and pension companies in Denmark.

Financial results

Since all life insurance activities are carried out in the subsidiaries the result for Nordic I&P is mainly driven by the result of the subsidiaries. Thus, the results have been negatively affected by the development in 2022 in the financial markets.

The result of Nordic I&P amount to DKK -14 million after tax. This consists of a post-tax result for Norli Liv og Pension of DKK 27 million and a post-tax result for Norli Pension of DKK -58 million as well as DKK 42 million from other income and operating expenses related to a gain on recognition of badwill together with DKK -25 million from the depreciation of customer relations and tax.

Timeline and recognised results



Result of Norli Pension is recognised from 2 December 2021 while result of Norli Liv og Pension is recognised from 1 March 2022

The overall result is not satisfactory; however, it should be observed in context with adverse development of the financial markets and the large observed decrease of the volatility adjustment.

The company has maintained a high solvency ratio throughout the reporting period.

Pension contributions

Total premium income for the period was DKK 1,032 million. Norli Liv og Pension is the main contributor with DKK 1,016 million.

Insurance benefits

Total insurance benefits paid amounted to DKK 1,618 million. Approximately 80% is generated from Norli Liv og Pension while the remaining 20% is generated from Norli Pension.

Expenses

Acquisition costs and administrative expenses totalled DKK 168 million for the period.

All acquisition costs originate from Norli Liv og Pension.

Administrative expenses are influenced by depreciation of customer relations in the level of DKK 32 million. The remaining DKK 79 million are divided with 9% from the parent company, 27% from Norli Pension and 64% from Norli Liv og Pension.

The level of expenses for the period was satisfactory given the extraordinary expenses incurred to establish Norli Liv og Pension as an independent company.

Investment return on asset allocation to equity

The return on investment assets allocated to equity was negative by DKK 60 million with DKK 39 million from Norli Pension and DKK 21 million from Norli Liv og Pension.

Life insurance provisions

Total life insurance provisions amounted to DKK 16.3 billion on 31 December 2022. Norli Liv og Pension is the main contributor with DKK 14.1 billion.

Major events

Ownership of Norli Pension

The change of ownership of Norli Pension to Nordic I&P was completed on 2 December 2021. No changes to operational management were carried out at the time of the take-over.

Ownership of Norli Liv og Pension

The change of ownership from Alm. Brand Forsikring to Nordic I&P was approved by the Danish Financial Supervisory Authority at the beginning of 2022, and the transaction was completed on 1 March 2022. As part of the agreement, Alm. Brand and Nordic I&P have signed a distribution agreement concerning the sale of life insurance products. No changes to operational management were carried out at the time of the take-over.

In order to accommodate the take-over of Norli Liv og Pension, a dividend of DKK 150 million was paid out from Norli Pension to Nordic I&P.

Carve-out in Norli Liv og Pension

As a part of the change of ownership from Alm. Brand Forsikring A/S to Nordic I&P, Norli Liv og Pension is in the process of setting up its own operating environment and establishing several independent functions and processes that were previously outsourced to Alm. Brand Forsikring. This work is progressing according to schedule and is expected to be completed during the first half of 2023.

Events subsequent to 31 December 2022

No events have occurred between 31 December 2022 and the date of the signing of this financial statement that, in the opinion of the management, will materially affect Nordic I&P'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 2022 is acceptable. For a more detailed description of recognition and measurement uncertainties, see note 30.

Capitalisation

Nordic I&P's total capital for solvency coverage purposes amounted to DKK 1.373 million, consisting of equity and profit margins in life subsidiaries net of risk margins.

The Company as well as subsidiaries applies the standard formula provided in the Solvency II legislation for the calculation of the capital requirements. In accordance with the Danish FSA's industry requirements, the solvency requirement in subsidiaries has been calculated using a simulated provisioning model. This resulted in a total solvency capital requirement for Nordic I&P of DKK 255 million, and thereby a solvency coverage ratio of 538%.

Nordic I&P is including the loss-absorbing effect of potential deferred asset in calculation of the Company's capital requirement in accordance with the Solvency II regulation.

Financial reporting process

The primary responsibility for Nordic I&P's risk management and control organisation in relation to the financial reporting process rests with the Board of Directors and the Management Board, including compliance with applicable legislation and other financial reporting regulations.

The Board of Directors annual schedule ensures that the Board of Directors reviews, at least once a year, the Company's:

- Policies and guidelines
- Organisation
- Plans and budgets
- Governance and compliance

The Board of Directors are responsible for establishing and approving strategies, general policies and guidelines and thereby the main procedures and controls related to the financial reporting process. The Management Board are responsible for the management of the Company according to the given policies and guidelines.

Financial reporting

The preparation of consolidated full period and interim financial statements together with the preparation of yearly budgets are handled by the finance department.

Investments

Development in Financial Markets

The main driver of the development in the financial markets in 2022 was the tightening of global financial conditions due to the increase in inflation and the Russian invasion of Ukraine which together caused an increase in risk premia and volatility in financial markets.

Because of the combined expansionary monetary and fiscal policy during the Covid-19 pandemic, inflation in the Eurozone, the US and many other countries was already significantly above target at the end of 2021. In the beginning of 2022, the major central banks started preparing financial markets for a withdrawal of the previous years' expansionary monetary policy and subsequently hiked monetary policy rates at an unprecedented speed and scale. In anticipation of this, market interest rates increased from the beginning of the year. Long-term swap interest rates in Denmark and the Eurozone increased by around 2.90 percentage points while US swap rates increased by around 2.20 percentage points.

The tightening of the global financial conditions caused significant decreases in the values of both high-quality bonds and risky assets such as corporate bonds and stocks. The level of European investment grade credit spreads increased by 0.25-0.50 percentage points and high yield credit spreads increased by 1.50-2.00 percentage points. The value of

Management review

European respectively US stocks decreased 10-15 percent respectively 20 percent. In addition, the tightening of financial conditions caused a significant increase in realised and implied volatility in financial markets during the year.

The credit spread of AAA-rated Danish mortgage bonds also increased significantly due to market volatility. However, due to the effects of changing borrower preferences on the rebalancing of the relevant mortgage bond index, the level of the Danish volatility adjustment decreased significantly from 0.47 percentage points at the beginning of the year to 0.15 percentage points at the end of the year.

Overall, the development in financial markets contributed negatively to the returns of the subsidiaries of the Company.

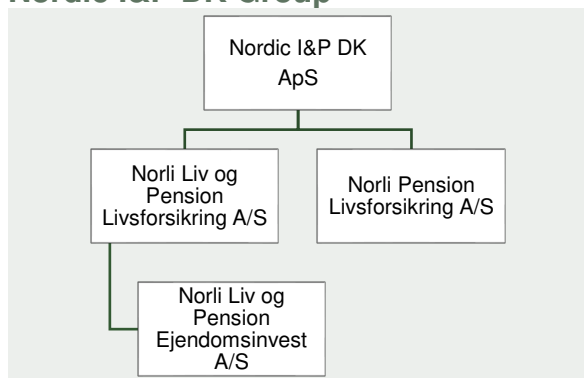
Organisation

Nordic I&P is the sole owner of Norli Pension and of Norli Liv og Pension. The shareholder ownership of Nordic I&P are held by the ultimate beneficial owners that include Thomas Vinge Hansen (65.77%), Alfred Ganther (11.41%), Marcel Erni (11.41%) and Urs Wietlisbach (11.41%).

Norli Liv og Pension Ejendomsinvest A/S is a 100% owned subsidiary of Norli Liv og Pension and deals with investment in and management of rental properties.

Furthermore, Norli Pension holds 100% of the Norwegian subsidiary, Norli Pensjon AS, which have applied for permission to carry out life insurance business in Norway. Currently there is no activity in Norli Pensjon AS.

Nordic I&P DK Group



Norli Liv og Pension has outsourced the internal audit function to Financial Compliance Group. During 2022 and the previous period, the internal audit function was outsourced to KPMG for Norli Pension.

Since December 2021 when Nordic I&P became the sole owner of Norli Pension, Nordic I&P and Norli Pension have shared a few key employees, including the CEO. When Nordic I&P on 1 March 2022 became the sole owner of Norli Liv og Pension, the CEO of Norli Liv og Pension was split employed in Nordic I&P as well.

Management and employees

At end of 2022, Nordic I&P DK ApS, had 7 part time employees. Several of these held key positions in Norli Pension and/or Norli Liv og Pension at the same time.

Nordic I&P DK ApS 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 General 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 Nordic, i.e. significant risk takers, including employees in control functions. For the management 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 at least 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 is three years. However, if the variable pay of a significant risk exceeds a certain amount, 60% of the variable pay must be deferred for a four-year period.

Gender composition

The gender composition of the Board of Directors causes a representation of 40% of the underrepresented gender. Nordic I&P has no intentions of changing this composition.

Since the management board consists of the CEO's of Norli Pension and Norli Liv og Pension, Nordic I&P does not have gender diversity for management.

Board of Directors

In compliance with Danish legislation, Nordic I&P has a two-tier management system with a Board of Directors and a management board.

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

From 15 July 2021 until 3 December 2021, the management consisted of Thomas Vinge Hansen. From 3 December 2021 until 8 December 2021, the management consisted of Mads G. Jakobsen. From 8 December 2021 the Board of Directors consisted of Mads G. Jakobsen as chairman, Marianne Philip and Nina Christensen. On the extraordinary general meeting held on 18 November 2022 Thomas Vinge Hansen and Jakob Sønderby were elected to the Board of Directors as well.

The management has since 8 December 2021 consisted of Mikkel Dahl, and as of 1 March 2022 of Claude Reffs as well.

All members of the Board of Directors will be elected yearly on the Annual General Meeting, and most of the members of the Board of Directors fulfil the legal requirements of independence.

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 Nordic I&P and the assessment is that the Board of Directors meets these qualifications and skills.

Since December 2021 the Board of Directors has held 10 board meetings. 4 of these meetings were ordinary meetings, the remaining meetings were extraordinary meetings, due to extraordinary circumstances mainly regarding the purchase of Alm. Brand Liv og Pension (now Norli Liv og Pension). 5 meetings have been held as physical meetings, while 1 meeting was held as online meeting. 4 meetings were held in writing.

CSR, Climate Reporting and Data Ethics

Nordic I&P DK does not have policies for CSR, Climate Reporting or Data Ethics. Reporting on this can be found in the separate annual reports for the subsidiaries.

Outlook for 2023

Nordic pre-tax profit is expected to amount to DKK 110 million. The positive result is driven by positive expected results in Norli Liv og Pension respectively Norli Pension of DKK 130 million respectively DKK 10 million and a negative effect of DKK 30 million from the amortisation of customer relations and operational expenses in Nordic I&P.

The regular premiums in Norli Liv og Pension are expected to grow by 1-2% whereas premiums for Norli Pension is expected to decrease as the insurance portfolio is in run-off. The financial guidance is based on the current level of interest rates.

Directorships and executive positions

Board of Directors

Mads Guttorm Jakobsen

	Directorships within Nordic I&P DK Group	Directorships outside Nordic I&P DK Group
Chairman	Norli Liv og Pension A/S Norli Pension Livsforsikring A/S	Fondsmæglerselskabet SRV Capital A/S Risika A/S PP Capital A/S and PP Capital Holding A/S Commute ApS
Board member		Hotel Ride ApS

Marianne Philip

	Directorships within Nordic I&P DK Group	Directorships outside Nordic I&P DK Group
Chairman		Gerda og Victor B. Strands Fond BioInnovation Institute Fonden and BII Holding A/S Nordea Invest Nordea Invest Engros Nordea Invest Kommune Nordea Invest Bolig Copenhagen Capacity, Fonden til markedsføring og erhvervsfremme i Region Hovedstaden Bestyrelsesforeningens Center for Cyberkompetencer A/S Komitéen for god Fondsledelse
Deputy chairman	Norli Liv og Pension A/S Norli Liv og Pension Livsforsikring A/S	Bitten og Mads Clausens Fond LIFE Fonden and LIFE A/S Nordea Funds OY
Board member		Brenntag Nordic A/S, Aktieselskabet af 1. januar 1987 Kirsten og Peter Bangs Fond Axcelfuture
Partner		Kromann Reumert and Adj. Professor

Nina Christensen

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

Directorships and executive positions

Thomas Vinge Hansen

	Directorships within Nordic I&P DK Group	Directorships outside Nordic I&P DK Group
Board member		Gabler AS Gabler Danmark A/S Nordic Insurance and Pensions AS
CEO	Nordic I&P Holding ApS Nordic I&P DK Finans ApS	Cetra Life ApS Tvinge Holding ApS

Jan Jakob Wileniec Sønderby

	Directorships within Nordic I&P DK Group	Directorships outside Nordic I&P DK Group
-		

Management Board

Mikkel Hindkær Dahl

	Directorships within Nordic I&P DK Group	Directorships outside Nordic I&P DK Group
Chairman	Norli Pensjon AS	
CEO	Norli Pension Livsforsikring A/S	

Claude Emile Frigout Reffs

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

Company information

Registration		
Name	Address	Main phone
Nordic I&P DK ApS	C/O Norli Pension Livsforsikring A/S Tuborg Boulevard 3 DK-2900 Hellerup	+45 70 12 12 24
Company reg. no (CVR)	Municipality	
42 54 67 47	Gentofte	
Board of Directors		
Mads Guttorm Jakobsen Chairman	Marianne Philip	Nina Christensen
Thomas Vinge Hansen	Jan Jakob Wileniec Sønderby	
Management		
Mikkel Hindkær Dahl <i>Chief Executive Officer</i>	Claude Emili Frigout Reffs <i>Chief Executive Officer</i>	
Auditors		
EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg		
Shareholder		
Nordic I&P DK ApS is owned by 100% by Nordic I&P DK Finans ApS		

Statement by the Management Board and the Board of Directors

The Board of Directors and the Management Board have today considered and approved the annual report of Nordic I&P DK ApS for the period 15 July 2021 to 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position on 31 December 2022 and of the results of

the group's and the parent company's operations for the prolonged financial year ended 31 December 2022.

In our opinion, the management's review contains a fair review of developments in the company's activities and financial position and describes the principal risks and uncertainties that may affect the group and the parent company.

We recommend the annual report for adoption at the annual general meeting.

Management Board

Copenhagen, 12 April 2023

Mikkel Dahl
Chief Executive Officer

Claude Emile Frigout Reffs
Chief Executive Officer

Board of Directors

Copenhagen, 12 April 2023

Mads Guttorm Jakobsen
Chairman

Marianne Philip
Deputy chairman

Nina Christensen

Thomas Vinge Hansen

Jan Jakob Wileniec Sønderby

Independent auditor's report

To the shareholders of Nordic I&P DK ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Nordic I&P DK ApS for the financial year 15 July 2021 – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations for the financial year 15 July 2021 – 31 December 2022 in accordance with the Danish Financial Business Act.

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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists,

Independent auditor's report

we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 under the Danish Financial Business Act.

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

København, 12 April 2023
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 and comprehensive income statement

DKKt	Note	15-07-2021 - 31-12-2022	
		Parent	Group
Gross premiums	1	0	1,049,274
Ceded insurance premiums		0	-16,799
Total premiums, net of reinsurance		0	1,032,475
Income from group enterprises	2	-31,260	0
Income from investment properties		0	61,395
Interest income and dividends, etc.	3	378	122,309
Value adjustments	4	0	-1,414,338
Interest expenses		-15	-4,832
Administrative expenses related to investment activities		-3,150	-58,833
Total investment return		-34,047	-1,294,299
Tax on pension returns	5	0	198,376
Claims and benefits paid	6	0	-1,617,832
Reinsurers' share received		0	8,573
Total claims and benefits, net of reinsurance		0	-1,609,259
Change in life insurance provisions		0	2,078,872
Change in reinsurers' share		0	-2,084
Total change in life insurance provisions, net of reinsurance		0	2,076,788
Change in profit margin		0	-328,841
Acquisition cost	7	0	-57,371
Administrative expenses	8	-38,692	-110,510
Commissions paid and reinsurance cost		0	3,402
Total insurance operating expenses, net of reinsurance		-38,692	-164,479
Transferred investment return		0	118,679
Technical result		-72,739	29,440
Technical result of health and accident insurance	9	0	-18,249
Investment return on equity		0	-59,853
Other income		49,879	49,879
Other expenses		0	-1,836
Profit before tax	10	-22,860	-619
Tax	11	8,433	-13,808
Net profit for the period		-14,427	-14,427
Comprehensive income			
Net profit for the period		-14,427	-14,427
Total comprehensive income		-14,427	-14,427
Proposed allocation of profit/loss			
Proposed dividend		0	0
Retained earnings		-14,427	-14,427
Total comprehensive income		-14,427	-14,427

Balance sheet

DKKt	Note	31-12-2022	
		Parent	Group
Assets			
Intangible Assets	12	583,886	583,886
Investment property	13	0	1,661,645
Investment in group enterprises	14	971,024	0
Total investments in group enterprises		971,024	0
Equity investments		0	2,512,095
Investment funds		0	10,705,731
Bonds		0	2,195,347
Share in collective investments		0	3,330
Other loans		0	174
Deposits with credit institutions		0	855,549
Other financial investment assets	15	0	3,809,809
Total other financial investment assets		0	20,082,035
Total investment assets	16	971,024	21,743,680
Reinsurers' share of life insurance provisions		0	36,545
Reinsurers' share of claims provisions	17	0	196,845
Reinsurers' share of insurance contracts		0	233,390
Receivables from policyholders		0	46,575
Receivables from direct insurance contracts		0	46,575
Receivables from insurance companies		0	7,975
Receivables from group enterprises		371	0
Other receivables		0	32,307
Total receivables		371	40,282
Current tax assets	18	1,426	65,657
Deferred tax assets		0	569,947
Cash and cash equivalents		3,388	115,949
Other assets		0	161,750
Total other assets		4,814	913,303
Accrued interest and rent		0	79,849
Other prepayments and accrued income		140	26,676
Total prepayments and accrued income		140	106,525
Total assets		1,560,235	23,667,641

Balance sheet

DKKt	Note	31-12-2022	
		Parent	Group
Liability and equity			
Share capital		25,299	25,299
Contingency funds		0	100,883
Profit carried forward / Retained earnings		1,464,097	1,363,214
Proposed dividend		0	0
Total shareholders equity	19	1,489,396	1,489,396
Premium provisions		0	27,170
Profit margin on non life contracts		0	10,736
Life insurance provisions	20	0	16,295,227
Profit margin on life insurance and investment contracts		0	672,589
Provisions for claims	21	0	487,863
Risk margin on non-life insurance contracts		0	5,114
Total provisions for insurance and investment contracts		0	17,498,699
Deferred tax	22	68,672	196,588
Other liabilities		662	1,726
Total provisions for liabilities		69,334	198,314
Payables related to direct insurance		0	32,929
Payables related to reinsurance		0	31,115
Payables to credit institutions		0	888,472
Payables to group enterprises		264	0
Other debt	23	1,241	3,483,399
Total debts		1,505	4,435,915
Accruals and deferred income		0	45,317
Total liabilities and equity		1,560,235	23,667,641
Contingent liabilities	24		
Collateral security	25		
Related parties	26		
Derivative financial instruments	27		
Financial highlights	28		
Capital and risk management	29		
Significant accounting estimates, assumptions and uncertainties	30		
Accounting policies	31		

Statement of changes in equity

DKKt	Share capital	Contingency funds	Retained earnings	Proposed dividend	Group
Shareholders' equity					
Changes in shareholders' equity 2021:					
Foundation 15-07-2021	90				90
Capital increase 29-11-2021	18				18
Non-cash consideration 2-12-2021	8,893		526,403		535,296
Net profit for the period 15-07-2021 - 31-12-2021			23,264		23,264
	9,001	0	549,667	0	558,668
Changes in shareholders' equity 2022:					
Non-cash consideration 1-3-2022	16,298	100,883	851,238		968,419
Net profit for the period 1-1-2022 - 31-12-2022			-37,691		-37,691
	16,298	100,883	813,547	0	930,728
Comprehensive income	25,299	100,883	1,363,214	0	1,489,396
Proposed dividend			0	0	0
Changes in shareholders' equity	25,299	100,883	1,363,214	0	1,489,396
Shareholders' equity at 31 December 2022	25,299	100,883	1,363,214	0	1,489,396

DKKt	Share capital	Contingency funds	Retained earnings	Proposed dividend	Parent
Shareholders' equity					
Changes in shareholders' equity 2021:					
Foundation 15-07-2021	90				90
Capital increase 29-11-2021	18				18
Non-cash consideration 2-12-2021	8,893		526,403		535,296
Net profit for the period 15-07-2021 - 31-12-2021			23,264		23,264
	9,001	-	549,667	0	558,668
Changes in shareholders' equity 2022:					
Non-cash consideration 1-3-2022	16,298	-	952,121		968,419
Net profit for the period 1-1-2022 - 31-12-2022			-37,691		-37,691
	16,298	-	914,430	0	930,728
Comprehensive income	25,299	-	1,464,097	0	1,489,396
Proposed dividend			0	0	0
Changes in shareholders' equity	25,299	-	1,464,097	0	1,489,396
Shareholders' equity at 31 December 2022	25,299	-	1,464,097	0	1,489,396

Notes

DKKt	15-07-2021 - 31-12-2022	
	Parent	Group
Note 1 Gross premiums		
Direct insurance	-	1,049,274
Total gross premiums	-	1,049,274
Regular premiums	-	462,265
Single premiums	-	587,009
Total gross premiums	-	1,049,274
Insurance taken out individually	-	901,130
Insurance taken out in connection with employment	-	2,269
Group life insurance	-	145,875
Total gross premiums	-	1,049,274
Number of insured, direct insurance (1,000):		
Insurance taken out individually	-	55,830
Insurance taken out in connection with employment	-	10,116
Group life insurance	-	60,069
All policies in Life Insurance written include a bonus arrangement. The Group only writes direct Danish insurance.		
Note 2 Income from group enterprises		
Norli Pension Livsforsikring A/S	-58,274	-
Norli Liv og Pension Livsforsikring A/S	27,014	-
Total income from group enterprises	-31,260	-
The results are recognised in the following items:		
Income from group enterprises	-31,260	-
Total income from group enterprises	-31,260	-
Note 3 Interest income and dividend		
Equity investments	-	31,548
Investment funds	-	6,727
Bonds	-	6,377
Deposits with credit institutions	-	2,076
Share in collective investments	-	1,409
Derivative financial instruments	-	18,368
Other	378	55,804
Total interest income and dividend	378	122,309

Notes

DKKt	15-07-2021 - 31-12-2022	
	Parent	Group
Note 4 Value adjustments		
Investment property	-	106,154
Equity investments	-	36,800
Investment funds	-	-1,439,730
Shares in collective investments	-	-1,270
Bonds	-	-4,001
Derivative financial instruments	-	321,017
Other	-	-433,308
Total value adjustments	-	-1,414,338
Note 5 Tax on pension investment returns		
Individual tax on pension investment returns	-	-56,790
Institute tax on pension investment returns	-	255,166
Total tax on pension investment returns	-	198,376
Note 6 Claims and benefits paid		
Insurance amounts on death	-	-89,219
Insurance amounts on critical illness	-	-23,713
Insurance amounts on disability	-	-7,225
Insurance amounts on expiry	-	-154,473
Pensions and annuity benefits	-	-395,003
Surrenders	-	-888,910
Cash bonus payments	-	-59,289
Total claims and benefits paid	-	-1,617,832
Note 7 Acquisition costs		
Acquisition commission	-	-11,224
Other acquisition costs	-	-46,147
Total acquisition costs	-	-57,371

Norli Liv og Pension Livsforsikring A/S and Alm. Brand Group have signed a distribution agreement concerning the sale of pension schemes.

Notes

DKKt	15-07-2021 - 31-12-2022	
	Parent	Group
Note 8 Administrative expenses		
Staff expenses	-	-82,630
Amortisation of customer relations	-31,852	-31,852
Other administrative expenses	-6,840	3,972
Total administrative expenses	-38,692	-110,510
<i>Staff expenses</i>		
Wages and salaries	-	-62,275
Pensions	-	-9,056
Other social security costs and payroll tax	-	-11,299
Total staff expenses	-	-82,630
Average number of full-time-equivalent employees during the period	-	74
<i>Remuneration to the Management Board</i>		
Salary, pension and remuneration - fixed part	-773	-6,373
Salary, pension and remuneration - variable part	0	-453
Total remuneration to the Management Board	-773	-6,826
<i>Remuneration to the Board of Directors</i>		
Remuneration	-	-2,641
Total remuneration to the Board of Directors	-	-2,641
<i>Remuneration to significant risk takers</i>		
Salary, pension and remuneration - fixed part	-410	-8,770
Salary, pension and remuneration - variable part	-	-1,084
Total remuneration to significant risk takers	-410	-9,854
Number of members of the Management Board	2	2
Number of members of the Board of Directors	5	5
Number of members of significant risk takers	3	6
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).		
<i>Fees to the audit firm appointed by the general meeting</i>		
EY - Statutory audit of financial statements	-63	-1,044
EY - Other assurance engagements	-	-213
EY - Other services	-190	-424
Total audit fees	-253	-1,681

Notes

DKKt	15-07-2021 - 31-12-2022	
	Parent	Group
Note 9 Technical result of health and accident insurance		
Gross Premiums	-	101,124
Ceded insurance premiums	-	-59,251
Change in premium provisions	-	1,052
Change in profit and risk margin	-	-3,850
Total premiums, net of reinsurance	-	39,075
Claims paid	-	-67,107
Claims paid, reinsurer's share	-	24,266
Change in provisions for claims	-	1,547
Change in risk margin	-	377
Change in provisions for claims, reinsurer's share	-	17,249
Total claims, net of reinsurance	-	-23,668
Acquisition cost	-	-14,776
Administrative expenses	-	-11,904
Commissions paid and reinsurance cost	-	9,539
Total insurance operating expenses, net of reinsurance	-	-17,141
Technical result	-	-1,734
Total investment return	-	-58,827
Return on and value adjustments of technical provisions	-	42,312
Total investment return after return on and value adjustment on technical provisions	-	-16,515
Technical result of health and accident insurance	-	-18,249
Gross claims ratio		70.8%
Gross expense ratio		25.8%
Net reinsurance ratio		-0.4%
Combined ratio		96.3%
Operating ratio		96.3%
Relative run-off gains/losses		3.5%
Number of claims		43
Claims frequency		1.0%
Average amount of claims		700

Notes

DKKt	15-07-2021 - 31-12-2022	
	Parent	Group
Note 10 Return requirements for shareholders' equity		
Return on investments allocated to equity	-	-41,082
Result of portfolios without bonus entitlement	-	-2,175
Profit before tax of the health and accident insurance	-	-18,242
Interest result	-	-13,649
Expense result	-	-720
Risk result	-	51,763
Forenede Gruppeliv / Group Life	-	7,462
Profit before tax	-	-16,643

In accordance with the Executive Order on the Contribution Principle and the market discipline guidelines, the Danish FSA has been notified of the Groups' profit policy for 2022. The Groups' profit for the period comprises the investment return on assets in which shareholders' equity is invested plus the result of Forenede Gruppeliv, the health and accident result, plus a risk allowance based on technical provisions from the interest rate groups and a proportion of the risk results of the risk groups and the cost results of cost groups.

Note 11 Tax

Estimated tax on profit/loss for the period	8,433	75,916
Adjustment of prior-year current tax	-	-317
Adjustment of deferred tax	-	-89,407
Total tax	8,433	-13,808

Tax for the period consist of:

Tax on accounting profit/loss (current tax rate 22%)	5,029	136
Non-taxable income and non-deductible expenses	3,404	-223
Adjustment of deferred tax (increase in tax base)	-	-13,721
Total tax	8,433	-13,808

Notes

DKKt	31-12-2022		
	Parent and Group		
Note 12 Intangible Assets			
	Goodwill	Customer relations	
Cost, beginning of the period	-	-	-
Acquisitions during the period	271,738	344,000	615,738
Cost, end of year	271,738	344,000	615,738
Impairment and amortisation charges, beginning of the period	-	-	-
Amortisation during the period	-	-31,852	-31,852
Impairment and amortisation charges, end of year	-	-31,852	-31,852
Intangible assets, end of year	271,738	312,148	583,886

Goodwill

Nordic I&P DK acquired Norli Liv og Pension Livsforsikring A/S on 1 March 2022. Management have prepared an impairment test of the carrying value of goodwill as of 31 December 2022. The goodwill is related to the cash generating unit (CGU) Norli Liv og Pension Livsforsikring A/S. The model is based on budgets approved by management. The significant assumptions are capital and capital requirement, expected growth and WACC. The impairment test did not result in any impairment.

Customer Relations

As of 31 December 2022 management have tested the valuation of customer relations as part of the impairment test of goodwill. The impairment test did not result in any impairment.

DKKt	31-12-2022	
	Parent	Group
Note 13 Investment property		
Fair value, beginning of the period	-	-
Acquisitions and improvements during the period	-	1,555,901
	-	1,555,901
Fair value adjustments	-	105,744
Fair value, end of year	-	1,661,645

Rates of return on which the fair value of the individual properties are based on:

Weighted average rates of return for corporate properties	-	6.00%
Weighted average rates of return for residential properties	-	4.50%
Total weighted average rates of return for investment properties	-	4.86%

Notes

DKKt	31-12-2022	
	Parent	Group
Note 14 Investment in group enterprises		
Cost, beginning of the period	-	-
Additions during the period	1,152,284	-
Cost, end of year	1,152,284	-
Revaluation and impairment, beginning of the period	-	-
Profit / loss for the period	-31,260	-
Dividend received	-150,000	-
Revaluation and impairment, end of year	-181,260	-
Investment in group enterprises, end of year	971,024	-

Holdings in group enterprises consist of:

<i>Name and domicile</i>	<i>Activity</i>	<i>Ownership</i>	<i>Result</i>	<i>Equity</i>
Norli Pension Livsforsikring A/S, Hellerup	Life Insurance	100%	-58,273	376,901
Norli Liv og Pension Livsforsikring A/S, København	Life Insurance	100%	27,014	594,123

DKKt	31-12-2022	
	Parent	Group
Note 15 Other financial investment assets		
Derivatives	-	3,755,361
Other investment assets	-	54,448
Other financial investment assets, end of year	-	3,809,809

Notes

DKKt

Note 16 Total investment assets

Breakdown of assets and return

DKKt	Carrying amount		Return % p.a. before tax
	15 July 21	31 Dec. 22	
1. Investment property	-	2,782,711	n/a
2.1 Equity investments	-	1,598,085	n/a
2.2 Unlisted investments	-	81,148	n/a
2. Equity investment, total	-	1,679,233	n/a
3.1 Government and mortgage bonds	-	9,252,355	n/a
3.2 Index-linked bonds	-	224,459	n/a
3.3 Credit bonds and emerging market bonds	-	2,414,718	n/a
3.4 Loans	-	682,033	n/a
3. Bonds and loans, total	-	12,573,565	n/a
4. Equity investments in group enterprises	-	0	n/a
5. Other financial investment assets	-	910,654	n/a
6. Derivative financial instruments	-	528,481	n/a

31-12-2022

DKKt

Group

Level 1

Financial assets

Equity investments	628
Investment funds	11,759
Bonds	61
Total financial assets	12,448

Level 2

Financial assets

Investment funds	90
Bonds	829
Derivative financial instruments	3,753
Other investment assets	54
Total financial assets	4,726

Financial liabilities

Derivatives	3,296
Total financial liabilities	3,296

Notes

DKKt	31-12-2022
	Group
Level 3	
<u>Financial assets</u>	
Investment property	1,749,093
Equity investments	1,281,794
Investment funds	602,793
Bonds	29,440
Share in collective investments	3,330
Other loans	174
Derivative financial instruments	2,023
Total financial assets	3,668,647
<u>Financial liabilities</u>	
Derivative financial instruments	2,023
Total financial liabilities	2,023

The fair value is the price obtained in a sale of an asset or paid for transferring a liability in an arm's length transaction at the time of measurement. The fair value may be identical to the net asset value if the net asset value is calculated on the basis of underlying assets and liabilities measured at fair value. There are three levels of fair value measurement:

Level 1 is based on quoted (unadjusted) prices in active markets.

Level 2 is used where no quoted price is available but where the use of another official price is deemed to best reflect the fair value. In the case of listed securities for which the closing price does not represent fair value, valuation techniques or other observable data are used to determine fair value. Depending on the nature of the asset or liability, these may be calculations based on underlying parameters such as yields, exchange rates and volatility or with reference to transaction prices for similar instruments.

Level 3 is used for financial assets and liabilities the valuation of which cannot be based on observable data due to such data not being available or not being deemed to be usable for the determination of fair value. Instead recognised techniques, including discounted cash flows, and internal models and assumptions are used for the determination of fair value.

Transfer between the categories of the fair value hierarchy is only effected in case of changes to available data for use in measurement.

There were no transfers between categories in the fair value hierarchy in the period.

Bonds measured at quoted prices primarily comprise Danish mortgage bonds and, to a lesser extent, Danish government bonds and corporate bonds. These bonds are attributed to level 1 if a quoted price is identified within 1-3 trading days before the date of calculation (depending on the type of bond). Bonds which are not traded are attributed to level 2. Equity investments mainly comprise listed shares and equity futures measured at quoted prices. For unlisted shares where no observable input is immediately available, the measurement is based on an estimate which builds on information from the companies' financial statements, experience from transactions involving shares in the companies in question as well as input from qualified third parties. The shares are included in level 3. A 10% drop in share prices would cause the value to decline by DKK 128 million in aggregate.

Notes

31-12-2022

DKKt

Group

Other assets comprises interest receivable at DKK 54 million and positive values of derivative financial instruments at DKK 3,755 million. Interest rates are measured on the basis of normal principles of accrual. Interest rates are measured on the basis of normal principles of accrual.

Derivative financial instruments mainly comprise interest rate swaps, which are measured by way of calculation of the net present value of expected future cash flows discounted on the basis of obtainable interest rate points, interpolation between interest rate points and exchange rates. Listed futures and options are measured on the basis of obtainable prices. Unlisted options are measured on the basis of obtainable volatilities, prices of underlying assets and exercise prices using Black-Scholes. Forward exchange transactions are measured on the basis of obtainable forward premiums and exchange rates.

Other liabilities comprises interest payable at 185 million and negative values of derivative financial instruments at DKK 3,298 million. Interest rates are measured on the basis of normal principles of accrual. Derivative financial instruments are valued on the basis of listed prices from an active market and using generally accepted valuation models with observable data, including yield curves, volatilities and equity indices.

The fair value of investment properties is calculated according to the yield method on the basis of the operating return on the individual property and a return requirement linked to the individual property which reflects the transactions taking place in the property market in the period up to the date of valuation. The resulting fair value is adjusted for deposits, rent above/below market rent, rent on vacant premises and deferred maintenance works and necessary refurbishment expenses.

Development in level 3 financial instruments

Investment property

Carrying amount, beginning of the period	-
Additions during the period	1,596,571
Disposals during the period	-
Realised value adjustments	-
Unrealised value adjustments	152,522
Carrying amount, end of year	1,749,093
Value adjustments recognised in the income statement	152,522

Equity investments

Carrying amount, beginning of the period	-
Additions during the period	1,293,158
Disposals during the period	-598
Distributed dividend	-13,237
Realised value adjustments	-10,545
Unrealised value adjustments	13,016
Carrying amount, end of year	1,281,794
Value adjustments recognised in the income statement	15,708

Notes

DKKt	31-12-2022	
	Group	
<i>Investment funds</i>		
Carrying amount, beginning of the period	-	
Additions during the period	590,844	
Unrealised value adjustments	11,949	
Carrying amount, end of year	602,793	
Value adjustments recognised in the income statement	11,949	
<i>Bonds</i>		
Carrying amount, beginning of the period	-	
Additions during the period	31,609	
Unrealised value adjustments	-2,169	
Carrying amount, end of year	29,440	
Value adjustments recognised in the income statement	-2,169	
<i>Share in collective investments</i>		
Carrying amount, beginning of the period	-	
Additions during the period	5,117	
Distributed dividend	-2,147	
Unrealised value adjustments	360	
Carrying amount, end of year	3,330	
Value adjustments recognised in the income statement	2,507	
<i>Other loans</i>		
Carrying amount, beginning of the period	-	
Additions during the period	190	
Disposals during the period	-16	
Carrying amount, end of year	174	
Value adjustments recognised in the income statement	-	

DKKt	31-12-2022	
	Parent	Group
Note 17 Reinsurers' share of claims provisions		
Regarding health and accident insurance	-	196,845
Reinsurers' share of claims provisions, end of year	-	196,845

Notes

DKKt	31-12-2022	
	Parent	Group
Note 18 Current tax assets and liabilities		
Current tax assets and liabilities, beginning of period	-	-
Prior year tax adjustment	-	-317
Tax paid/received in respect of prior years	-	-9,858
Tax paid during the period	-	5,498
Estimated tax on profit/loss for the period	8,433	75,916
Current tax assets and liabilities, end of year	8,433	71,239
	7,007	5,582
Note 19 Shareholders equity		
Share capital		
Share capital 15-07-2021	90	90
Capital increase 29-11-2021	18	18
Non-cash consideration 2-12-2021	8,893	8,893
Non-cash consideration 1-3-2022	16,298	16,298
Share capital, end of year	25,299	25,299
<p>The share capital is made up of 1 A-share of DKK 0.01 and 2,529,873,446 B-shares of DKK 0.01 each. Each A-share of DKK 0.01 carries one vote, whereas the B-shares carry no voting rights. The A- and B-shares carry equal economic rights</p>		
Contingency fund		
Contingency fund, beginning of the period	-	-
Contingency fund, addition in the period	-	100,883
Contingency fund, end of year	-	100,883
Profit carried forward		
Profit carried forward, beginning of the period	-	-
Non-cash consideration 2-12-2021	526,403	526,403
Non-cash consideration 1-3-2022	952,121	851,238
Net profit for the period	-14,427	-14,427
Profit carried forward / Retained earnings, end of year	1,464,097	1,363,214
Shareholders equity, end of year	1,489,396	1,489,396
Capital base		
Shareholders equity, end of year	-	1,489,396
Intangible assets	-	-583,886
Tax related to intangible assets	-	0
Equity adjusted for intangible assets and tax	-	905,510
Proposed dividend	-	0
Adjustment between Solvency II and accounting balance sheet	-	398,642
Capital base	-	1,304,152

Notes

DKKt	31-12-2022	
	Parent	Group
Note 20 Life insurance provisions		
Provisions, beginning of the period ¹⁾	-	18,384,995
Profit margin, beginning of the period ¹⁾	-	343,748
Total provisions for insurance contracts, beginning of the period ¹⁾	-	18,728,743
Collective bonus potential, beginning of the period ¹⁾	-	-1,179,035
Accumulated value adjustment, beginning of the period ¹⁾	-	-1,257,861
Retrospective provisions, beginning of the period ¹⁾	-	16,291,847
Adjustments, beginning of the period ¹⁾	-	0
Gross premiums	-	1,049,273
Addition of return	-	382,707
Resetting of negative bonus	-	29,634
Claims and benefits	-	-1,618,470
Expense supplement after addition of expense bonus	-	-66,888
Risk gain after addition of risk bonus	-	-74,528
Other changes	-	-33,052
Retrospective provisions, end of year	-	15,960,523
Accumulated value adjustment, end of year	-	666,780
Loss absorption in individual bonus potential, end of year	-	-44,513
Collective bonus potential, end of year	-	385,026
Total provisions for insurance contracts, end of year	-	16,967,816
Profit margin, end of year	-	-672,589
Life insurance provisions, end of year	-	16,295,227

¹⁾ Norli Pension Livsforsikring A/S at 2 December 2021 and Norliv Liv og Pension Livsforsikring A/S at 1 March 2022.

Nordic I&P DK Group writes average rate products with guaranteed benefits and option of surrender.

Group 31-12-2022

Life insurance provisions by subsidiaries	Individual		Collective		Total provisions	Return (%)	Bonus ratios (%)
	Guaranteed provisions	bonus potential	bonus potential				
Norli Pension	2,152,208	777	1,964	2,154,949	-16.5	0.0	
Norli Liv og Pension	11,166,984	2,590,233	383,061	14,140,278	-10.9	21.3	
Life insurance provisions, end of year	13,319,192	2,591,010	385,025	16,295,227			

No collective bonus potential has been accessed for the cost groups.

Notes

DKKt	31-12-2022	
	Parent	Group
Expense result		
Cost contribution after addition of expense bonus	-	142,636
Insurance operating expenses for the period, net of reinsurance	-	-164,479
Expense result, net of reinsurance	-	-21,843
Expense result as percentage of the technical provisions	-	-0.1
Risk result:		
Norli Pension	-	30,370
Norli Liv og Pension	-	44,791
Risk result after addition of risk bonus, net of reinsurance	-	75,161
Risk result as a percentage of technical provisions	-	0.5
Return on policyholder's funds after costs before tax (%)	-	-11.0
Risk margin:		
Norli Pension	-	21,288
Norli Liv og Pension	-	54,624
Total risk margin	-	75,912
Profit margin:		
Norli Pension	-	0
Norli Liv og Pension	-	672,589
Total profit margin	-	672,589
Note 21 Provisions for claims		
<i>Regarding health and accident insurance</i>		
Provisions for claims, addition in the period	-	526,707
Change in provisions for claims	-	-38,844
Provisions for claims, end of year	-	487,863
Note 22 Deferred tax assets and liabilities		
Deferred tax liabilities, beginning of the period	-	-
Change for the period	68,672	196,588
Deferred tax liabilities, end of year	68,672	196,588
Deferred tax on real estate	-	127,915

Notes

DKKt	31-12-2022	
	Parent	Group
Note 23 Other debt		
Deposits prepaid rent	-	2,964
Tax on pension returns	-	67,626
Other taxes and VAT	-	4
Derivative financial instruments	-	3,298,247
Other liabilities	1,241	114,558
Other debt, end of year	1,241	3,483,399

Of the debt relating to derivative financial instruments, DKKt 3,185 are due more than five years after the balance sheet date. All other debts fall due within five years

Note 24 Contingent liabilities

VAT adjustment liability related to investment properties	-	55
VAT post-payment for the years 2020-2022	-	2,600
Minimum lease payments regarding company cars	-	5,944
Investment commitments in unlisted, alternative investments	-	460,411
Contingent liabilities, end of year	-	469,010

Norli Liv og Pension Livsforsikring A/S have undertaken to participate in investing in unlisted property and credit funds in the amount of DKK 2,566 million.

Nordic I&P DK ApS is jointly and severally liable together with the other co-registered group companies for the total tax and VAT liability.

For Danish tax purposes, Nordic I&P DK ApS is the administration company.

The company has unlimited, joint and several liability together with the other jointly taxed companies for corporate income tax payable from and including the 2022 financial year and for withholding taxes on dividends, interest and royalties from and including 1 March 2022.

The net liability of the jointly taxed companies to 'Skattestyrelsen' is specified in the administration company's consolidated accounts. Any subsequent adjustments of income subject to joint taxation and withholding tax, etc. could cause the company's liability amounts to a larger amount.

Note 25 Collateral security

Carrying amounts of assets provided as collateral security for technical provisions:

Government bonds	-	-
Corporate bonds	-	1,971
Equity investments	-	2,762
Collective investment undertakings	-	11,849
Cash and deposits	-	903
Loan, including mortgage loans	-	17
Property plant and equipment	-	156
Other	-	13
Collateral security, year end	-	17,671

Notes

DKKt	31-12-2022	
	Parent	Group
Note 26 Related parties		
<p>Nordic I&P DK ApS is a wholly owned subsidiary of Nordic I&P Finans ApS, Svanemøllevej 41A, DK-2900 Hellerup, which exercises a controlling influence on the company, and in which the company is included as a subsidiary in the financial statements.</p> <p>Related parties comprise:</p> <p>(a) Nordic I&P Finans ApS, Svanemøllevej 41A, DK-2900 Hellerup</p> <p>(b) Norli Pension Livsforsikring A/S, Tuborg Boulevard 3, DK-2900 Hellerup</p> <p>(c) Norli Liv og Pension Livsforsikring A/S, Midtermolen 1, DK-2100 Copenhagen Ø</p> <p>(d) Norli Liv og Pension Ejendomsinvest A/S, Midtermolen 1, DK-2100 Copenhagen Ø</p> <p>(e) Members of the Management Bord and Board of Directors</p> <p>Related parties also include related family members of the Management Board, Board of Directors and key employees as well as companies in which these persons have significant interests.</p> <p>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.</p>		
Financial relations, Norli Pension Livsforsikring A/S		
Administration fee	-1,616	-
Interest expenses	371	-
Receivables	371	-
Financial relations, Norli Liv og Pension Livsforsikring A/S		
Administration expenses	-264	-
Payables	264	-

In addition, no significant intra-group transactions have been carried out.

Notes

DKKt

Note 27 Derivative financial instruments

Financial derivatives are applied to manage FX-, interest rate and equity risk. Cash collateral is exchanged to settle any market value exposures with derivative counterparts or central clearing counterparts. Net collateral margin posted in favour of the group amounted to DKK 1,068 million at 31 December 2022.

Financial contracts are recognized at fair value.

DKKm	Group 31-12-2022		
	Expiration	Principal	Market value
Interest rate swaps	2023-2051	29,795	-1,298
CDS	2023-2028	70	-2
CDS	2023-2028	70	2
Swaptions	2023-2026	12,653	1,741
Forward exchange transactions	2023	2,503	49
Derivative financial instruments, end of year			492

Note 28 Financial highlights

DKKm	2022 ¹⁾	
	Parent	Group
Premiums	-	1,049
Claims and benefits	-	-1,618
Return on investment	-34	-977
Total operating expenses relating to insurance	-39	-168
Profit/loss on business ceded	-	-7
Change in life insurance provisions	-	2,079
Change in profit margin	-	-329
Technical result	-73	29
Technical result of health and accident insurance	-	-18
Investment return on equity	-	-60
Other income / expenses	50	48
Profit before tax	-23	-1
Tax	8	-14
Net profit for the year	-15	-15
Total provisions for insurance contracts	-	17,499
Total shareholder equity	1,489	1,489
Total assets	1,560	23,668
Rate of return related to average interest rate products	-	-
Expenses as percent of provisions	-	-
Expenses per policyholder	-	-
Return on equity before tax (%)	-	-
Return on equity after tax (%)	-	-

¹⁾ 15-07-2021 - 31-12-2022

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.

Note 29 Capital and Risk Management

Objectives

The objective of risk management in Nordic I&P DK Group (Nordic Group) 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 thereby within the boundaries for the risk profile as defined in the overall risk strategy.

The Nordic Group will seek to maximize the risk adjusted returns for both shareholders and policyholders while policyholders will assume most risks where possible – in particular investment risks - and shareholders will bear 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.

The business activities of the Nordic Group are carried out in the life insurance subsidiaries and the description of the risk management framework for the Nordic Group below comprises Nordic, Norli Liv og Pension and Norli Pension.

Risk management system

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

The Boards of the Group 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 Group. 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 Group are: Internal Controls, Internal Audit and Compliance. Based on the business model and risk strategy of the group the Boards have determined business and financial targets for underwriting, solvency, insurance and investment risks for the planning period.

In accordance with prudential regulation the Board of each of the two life insurance subsidiaries 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 Group has set up two further risk management committees in the life insurance subsidiaries: Financial Risk Committee (FRK) and Risk and Compliance Committee (RCK) that will report to the Audit and Risk Sub-Committee.

The FRK will monitor 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.

It is important that the risk function is objective and independent of all significant risk takers at any time. Furthermore, the risk management function should not be submitted to any pressure by Board or Executive management that can jeopardise the independence of the function.

Group risk committee's and risk function



Risk areas

The Group 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 Group 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 changed 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 drive 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 manage.

The purpose of Group 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 a high return without putting the total capital of the Group 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 as a result of an interest rate increase or decline. The investment assets are predominantly placed 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 Group pursues a hedging strategy for non-euro currency exposures in major international currencies.

Spread risks

The group 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 Group has set limits on the allowed exposure to credit spread risks.

Concentration risks

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

Liquidity risks

Liquidity risk arises due to differences in the timing of ingoing 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 at all times is sufficient to support operations and comply with regulatory requirements. Should the Group's liquidity come under substantial pressure, liquidity may be procured within a short period of time by selling assets.

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 Group'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. Counterparty risk arising from derivative transactions is mitigated through the use of central clearing in

Financial statements

London Clearing House for the larger part of the Group's transactions. Counterparty risk arising from bilateral derivative trades is mitigated by posting collateral or by depositing cash funds in a bank account. Placement limits contain restrictions as to the companies' maximum receivable from specific credit institutions. The Group limits counterparty risks in connection with derivative agreements by entering into margin agreements and netting 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 Group 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 Group'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 Group 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 Group has appointed data protection officers with a specific role to oversee 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 Group is exposed due to non-compliance with applicable legislation, market standards or internal rules (policies, business procedures etc.). The Group has determined methods and procedures to identify, assess and mitigate the compliance 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 Group has extensive risk assessment and procedures to mitigate the risk. The Group also has a whistleblower 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 Group.

Note 30 Significant accounting estimates, assumptions and uncertainties

The preparation of the financial statements involves the use of accounting estimates. Such estimates are made by the company's management in accordance with the accounting policies and on the basis of historical experience and assumptions, which management considers prudent and realistic, but which are inherently uncertain and unpredictable. The financial statements have been prepared using the going concern basis of accounting and in accordance with applicable rules.

The most significant estimates are applied in the valuation of mortgage deeds and provisions for insurance and investment contracts. In addition, significant estimates made by management are related to the calculation of fair values of properties and unlisted financial instruments.

This note should be read in conjunction with note 31, which contains information about the determination of fair value.

Business acquisitions

In connections with the business acquisitions, significant estimates were made in relation to the calculation of the fair value of assets acquired and liabilities assumed and in connection with the identification of customer relations and goodwill.

Financial instruments

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

Valuations of financial instruments that are only to a limited extent based on observable market data are subject to estimates. This applies for example to unlisted shares and certain bonds for which an active market does not exist. For

securities that are not listed on a stock exchange, or for which no price is quoted that reflects the fair value of the instrument, the fair value is determined using a model calculation.

The valuation models include the discounting of the instrument cash flow using an appropriate market rate.

The valuation of unlisted shares is based on information from the companies' financial statements, experience from transactions involving shares in the companies in question as well as input from qualified third parties.

Provisions for insurance and investment contracts

Provisions for insurance and investment contracts are measured based on a number of actuarial calculations, applying, among other things, assumptions about a number of variables. The liabilities are furthermore affected by the discount rate.

Nordic I&P is focused on hedging the guaranteed benefits provided, applying derivative financial instruments to ensure that interest rate exposures on assets and liabilities are more or less aligned. Changes in the value of investment assets resulting from changes in interest rates are therefore partly offset by corresponding changes in the value of the technical provisions and the individual and collective bonus potentials. If, over time, the return generated is lower than the discount rate applied, the bonus potentials will be affected initially, and shareholders' equity may be affected subsequently.

Real estate

In connection with the valuation of properties, a fair value is calculated on the basis of market-based rental income and operating expenses relative to the required rate of return of the individual properties. The valuation takes into account the type, location, state of repair, vacancy rate, etc. of the property.

Note 31 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 annual financial statements are presented in Danish kroner (DKK), which is considered the primary currency of the group'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.

Business combinations

Newly acquired businesses are recognised in the consolidated financial statements from the acquisition date. On acquisitions in which Nordic I&P DK have control over the acquired business, the acquisition method of accounting is applied. The identifiable assets and liabilities, contingent assets and liabilities are measured at their fair values at the acquisition date. Identifiable intangible assets are recognised and presented separately in the balance sheet. Deferred tax is recognised on the basis of the revaluations made.

The acquisition date which Nordic I&P DK assumes control for Norli Pension Livsforsikring A/S was 2 December 2021. The acquisition date for Norli Liv og Pension Livsforsikring A/S was 1 March 2022.

Consolidation

The consolidated financial statements comprise the parent company and subsidiaries in which the parent company holds the majority of the voting rights or otherwise holds a controlling interest. Companies in which the group holds between 20% and 50% of the voting rights or otherwise exercises a significant but not a controlling influence are considered associates.

The consolidated financial statements have been prepared by consolidating items of a uniform nature in the income statements and balance sheets of each company. Intercompany income, expenses, intra-group accounts, shareholdings and gains and losses on transactions between the consolidated enterprises are eliminated.

The financial statements of subsidiary undertakings that present annual reports under other jurisdictions have been restated to the accounting policies applied by the group.

In the preparation of the consolidated financial statements, accounting items of subsidiaries are fully recognised, regardless of the percentage of ownership. The proportionate shares of the results and equity of subsidiary undertakings

attributable to minority interests are recognised as separate items in the income statement and the balance sheet. Intra-group services are settled on market terms or on a cost recovery basis. Intra-group financial statements carry interest on market terms. Intra-group transactions in securities and other assets are settled at market prices.

General recognition and measurement policies

Income is recognised in the income statement as earned in the financial year and costs are recognised by the amounts attributable to the financial year. Value adjustments of financial assets and liabilities are recognised in the income statement unless otherwise described in the accounting policies. Amounts recognised in other comprehensive income are adjusted for the tax effect.

Assets are recognised in the balance sheet when, due to a previous event, it is probable that future economic benefits will flow to the group and the value of the asset can be reliably measured. Liabilities are recognised in the balance sheet when, due to a previous event, it is probable that future economic benefits will flow from the group and the value of the liability can be reliably measured.

Otherwise, assets and liabilities are recognised and measured as described for each individual item below.

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

Financial instruments are measured at fair value on initial recognition at the settlement date. Changes to the value of the asset acquired or sold during the period from the transaction date to the settlement date are included as derivative financial instruments. If the acquired item is measured at cost or amortised cost after initial recognition, any value changes during the period from the transaction date to the settlement date are not recognised.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus the accumulated amortisation of any difference between cost and the nominal amount. This method allocates capital gains and losses over the term to maturity.

Financial assets and liabilities are classified on the basis of the business model and the contractual cash flows related to the financial assets and liabilities.

Financial assets are generally measured according to the time of initial recognition at fair value through other comprehensive income if the financial assets are held in a mixed business model in which some financial assets are held to collect the contractual cash flows and other financial assets are sold and if the contractual cash flows are solely payments of interest and principal on the principal amount outstanding. However, the relevant financial assets form part of a risk management

system and an investment strategy based on fair values and on that basis form part of Nordic's internal management reporting. Against this background, Nordic assesses that the financial assets do not satisfy the criteria of a business model relating to the measurement categories amortised cost and fair value through other comprehensive income. The relevant financial assets are instead measured at fair value through profit or loss.

If financial assets do not satisfy the above-mentioned business model criteria or if the contractual cash flows are not solely payments of interest and principal on the principal amount outstanding, the financial assets will subsequent to initial recognition be measured at fair value through profit or loss.

Below is a description of the accounting policies applied to financial assets and liabilities as well as other items.

Tax

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

Tax includes tax for the year, comprising income tax payable for the year, movements in deferred tax and prior-year adjustments. Changes in deferred tax resulting from changes in tax rates are also recognised in this item.

Current tax assets and liabilities are recognised in the balance sheet at the amount that can be calculated on the basis of the expected taxable income for the year adjusted for prior years' tax losses carried forward.

Deferred tax is recognised according to the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax regulations and tax rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax. Deferred tax assets, including the tax base of tax losses carried forward, are measured at the amount at which they are expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities. At each balance sheet date, it is reassessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

Income statement

General

In accordance with the accrual basis of accounting, income and expenses concerning the financial year are recognised in the income statement irrespective of the time of payment. The accrual basis of accounting also forms the basis of recognition of technical results. In accounts broken down by line of business and on claims processing costs, insurance operating expenses (acquisition costs and administrative expenses) and administrative expenses related to investment activities, the allocation of non-directly attributable expenses is based on estimated time spent or estimated cost charge.

Premium income

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. Premiums on investment contracts are recognised directly in the balance sheet and disclosed in the notes.

Claims expenses

Claims and benefits comprise benefits due during the year, amounts paid for repurchases and bonus amounts paid in cash, including deduction of reinsurance share.

Investment return

Investments in group enterprises are measured according to the equity method.

The item Income from investment property includes the operating profit on investment property net of related administrative expenses.

Interest income and dividends, etc. includes dividends received and interest earned during the financial year. The item also includes interest-like fees and commissions that are an integral part of the effective rate of interest on financial assets measured at amortised cost.

Value adjustments comprise all realised and unrealised gains and losses on investment assets, including loans secured by mortgages, except for value adjustment of group enterprises. Brokerage and commission relating to the purchase and sale of securities are recognised under market value adjustments.

Interest expenses comprises interest and interest-like expenses concerning debt and liabilities.

In connection with investment activities, the item administrative expenses comprises amounts associated with the management of investment assets.

Tax on pension investment returns

Tax on pension investment returns includes the tax levied on returns relating to the life insurance activities, regardless of whether the tax is payable now or at a later date.

Profit/loss from business ceded

For reinsurance contracts containing a combination of financial terms and traditional terms with transfer of risk, the risk premium is recognised on an accruals basis under premium income. The accrual is based on the value of the contracts at the end of the year. Realised losses relating to these contracts are included in claims after adjustment for movements in financial deposits.

Reinsurance premiums ceded and reinsurers' share received are accrued and recognised in the income statement according to the same principles as those applied for the corresponding items under the gross business.

Insurance operating expenses

The part of the insurance operation expenses that can be ascribed to acquisition and renewal of the insurance portfolio

Financial statements

is recognised under acquisition costs. Acquisition costs are generally charged to the income statement when the insurance takes effect.

Administrative expenses comprise expenses related to managing the group's activities. Administrative expenses are accrued to match the financial year.

Insurance operating expenses are regulated for commissions from reinsurers.

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.

Balance sheet

Assets

Intangible assets

Intangible assets are measured at the lower of cost less accumulated amortisation and impairment and the recoverable amount. Intangible assets are amortised on a straight-line basis over an expected useful life not exceeding five years.

In determining cost, all costs that are directly attributable to development and that will probably generate economic benefits for the group are recognised. All other costs are expensed as incurred. Amortisation and impairment are recognised as administrative expenses.

Goodwill

Goodwill arises on the acquisition of a business and is the difference between the cost of the acquired business and the fair value of the net assets acquired. Goodwill is allocated to business units constituting the smallest identifiable cash generating unit.

Goodwill is not amortised but is tested for impairment at least once a year or more if indications of impairment exist.

Goodwill is written down to its recoverable amount in the income statement if the carrying amount of the net assets of the cash-generating unit exceeds the highest of the net selling price or value in use.

Negative goodwill arises on the acquisition of a business where the cost of the acquired business is lower than the fair value of the net assets acquired. Negative goodwill is recognised in the income statement at the acquisition date.

Customer relations

Customer relations acquired in connection with business combinations are recognised as separate identifiable assets. The fair value of customer relations are calculated based on expected earnings and the useful life of customer relations and expected future earnings. Customer relations are amortised over a period of 9 years, reflecting the expected useful life.

Investment properties

Investment properties are measured at a fair value calculated in accordance with the guidelines issued by the Danish Financial Supervisory Authority. The fair value is calculated on the basis of the yield method, which involves a valuation of each individual property on the basis of an expected normal operating budget and a rate of return. The calculated value is adjusted for short-term circumstances which change the earnings of the property. The adjusted calculated value corresponds to the fair value.

Adjustments of the value of investment properties are recognised in the income statement in the financial year when the change occurred.

Yield method

The operating budget recognises rental income from full letting, as any rent for vacant premises or other lack of rental income is offset against the estimated value. Accordingly, the operating budget recognises normal maintenance of the property. Any major anticipated renovation work, restoration work or repair is offset against the estimated value.

The rate of return is determined based on current market conditions for the type of property taking into account the state of repair, location, use, leases, etc.

Investment assets

Investment assets comprise financial assets measured at fair value. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this at every reporting date.

Investment assets are measured at fair value on initial and subsequent recognition. The determination of fair value and the classification of value adjustments of financial instruments in the financial statements depend on whether the fair value can be reliably measured. Generally, the group's financial

instruments form part of the trading book, however, not unlisted shares and parts of the portfolio of mortgage deeds designated at fair value.

Listed financial assets are measured at fair value based on the closing price at the balance sheet date, or, in the absence of a closing price, another public price deemed to be most similar thereto.

Bonds at amortised cost comprise listed bonds intended to be held to maturity and to generate the contractual payments over the period. Bonds at amortised cost are measured at fair value plus transaction costs on initial recognition.

For the majority of the unlisted shares, it is assessed that the fair values can be measured sufficiently reliably using recognised valuation methods. These assets are on this basis measured at fair value, and value adjustments are taken to the income statement. For unlisted assets that are managed by external fund managers, these calculate an estimated market value based on the estimated present value of expected future cash flows.

The measurement of financial instruments at fair value is consistent with the group's internal risk management, which is based on market exposure of assets and liabilities subject to risk.

Financial assets are recognised or derecognised at the settlement date.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets are recognised in the income statement in the period in which they arise.

Securities sold under agreements to repurchase at a later date (repo transactions) remain in the balance sheet. Amounts received are included as amounts owed to the purchaser and are subject to interest at the agreed rate. Measurement of securities is unchanged, and both value adjustments and interest etc. are recognised in the income statement. Securities purchased under agreements to resell at a later date (reverse transactions) are not recognised in the balance sheet. Amounts paid are recognised as a receivable and are subject to interest at the agreed rate.

Derivative financial instruments

Derivatives are measured at fair value on initial recognition. Subsequently, derivatives are measured at fair value at the balance sheet date. Changes in fair value are recognised in the income statement as financial income or expenses.

Positive and negative fair values of derivatives are recognised as "Other financial investment assets" or "Other liabilities" respectively.

Reinsurers' share from insurance contracts

The reinsurers' share of the technical provisions is calculated as the amounts expected to be received from reinsurance companies under the applicable reinsurance contracts.

The group regularly assesses its reinsurance assets for impairment. If there is a clear indication of impairment, the carrying amount of the asset is written down.

Other loans, advances and receivables

Other loans and advances and other receivables are measured at amortised cost. On initial recognition, the portfolio is measured at fair value plus transaction costs less fees and commissions received that are directly related to the acquisition or issue of the financial instrument. On subsequent recognition, such loans, advances and other receivables will be adjusted to amortised cost on a current basis.

An ongoing evaluation takes place to detect any objective evidence of impairment of the group's loans, advances and other receivables determined at amortised cost. If there is any objective evidence of impairment, the need to write down the loan, advance or receivable is assessed.

Cash in hand and balances at call

Cash in hand and balances at call are measured at fair value on initial recognition and subsequently at amortised cost, which largely corresponds to nominal value.

Prepayments

Interest and rent receivable comprise interest and rent accrued during the year which become payable in the following financial year. Prepayments comprises expenses incurred prior to the balance sheet date but which relate to a subsequent accounting period.

Liabilities and equity

Dividend

Dividends are recognised as a liability in the financial statements at the time of adoption by the shareholders at the annual general meeting. Proposed dividends in respect of the financial year are stated as a separate line item in the notes relating to shareholders' equity.

Provisions for insurance contracts

All provisions are measured at their discounted value using a maturity-dependent discount rate including volatility adjustment for the duration in question. Nordic uses the yield curve published by EIOPA.

Unearned premium provisions

Unearned premium provisions relating to health and personal accident insurance are made up according to market value principles. They are calculated as the difference between the present value of the group's liabilities in respect of health and personal accident policies and the present value of the premiums to be paid by policyholders in the future using a best estimate of insurance risk and costs incurred in managing insurance and claims processing. The market value expectations include a risk margin in accordance with the Solvency II principles. The insurance period for health and personal accident insurances is calculated until the next renewal date of the insurance. Unearned premium provisions

Financial statements

will, however, as a minimum correspond to an accrual of the premiums collected.

The provisions are calculated based on an assumption of a lower mortality and disability than in the group's calculation basis for new contracts. The reduction is estimated based on the group's historical claims ratios on mortality and disability, respectively, and costs relative to the assumptions in the calculation basis for new contracts. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the group's portfolio.

Profit margin

Profit margin is the expected future earnings for the insurance contracts which the group has entered into at the end of the year. The profit margin is measured as the present value of the accrued profit on profit-making contracts.

Measurement of the profit margin comprises all insurance contracts entered into. Both newly written insurance contracts and renewed insurance contracts in the Health and Personal Accident Insurance portfolio are recognised as from the beginning of the risk period.

Risk margin

The risk margin comprises the amount which the group is expected to have to pay to a third party to take over the risk that the realised future costs deviate from the estimated level stated under unearned premium and claims provisions at the end of the accounting period.

The risk margin is measured as the present value of the future cost of capital related to maintaining the solvency capital required for settlement of the group's current liabilities and risks.

The measurement is based on the group's solvency capital requirement where the provisions are calculated according to § 67 in the Danish accounting regulation. The future solvency capital requirements are approximated by the current solvency capital requirement written down proportionally by the remaining share of the expected cash flow for the unearned premium and claims provisions. The calculation of the cost of capital is based on the Cost-of-Capital rate of 6% under Solvency II. The risk margin development tracks the development in the group's solvency capital requirement.

Life insurance provisions

Life insurance provisions are measured at market value based on an expected cash flow discounted the yield curve including volatility adjustment published by EIOPA. The market value expectations include a risk margin. The risk margin comprises the amount which the group is expected to have to pay to a third party to take over the risk. A profit margin is also calculated, which represents the value of the future profit which the group is expected to be able to recognise as income from its life insurance and pension business. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the group's portfolio.

The expected future insurance benefits are estimated based on projections of mortality, surrender of insurance policies and cessation of premiums (paid-up policies). These are estimated based on the group's historical claims ratios on mortality and disability, respectively, and actual costs relative to the assumptions in the calculation basis for new contracts and actual surrenders and premium cessations.

Life insurance provisions are divided into provisions for guaranteed benefits, individual bonus potential and collective bonus potential. Life insurance provisions are calculated at market value, based on individual calculations for each policy. Also, bonuses earned but not yet added to the individual policies are added to the provisions. For amounts exempt from tax on pension returns, a discount rate without deduction of tax on pension returns is used.

Provisions for the guaranteed benefits comprise obligations to pay benefits guaranteed to the policyholder. Provisions for guaranteed benefits are calculated as the difference between the present value of the benefits guaranteed by the insurance policy and the present value of the expected future insurance administration costs less the present value of the agreed future premiums. The provision includes an estimated amount in cover of future benefits resulting from already incurred claims and an estimated amount for claims incurred but not reported.

The individual bonus potential comprises obligations to pay a bonus in relation to both expected not yet due premiums and premiums already due. The bonus potential is calculated as the value of policyholders' savings less provisions for guaranteed benefits, including expectations in relation to surrenders and paid-up policies. Whether the bonus potential is to be strengthened is determined individually for each policy.

Outstanding claims provisions

Provisions for claims relating to health and personal accident insurance are calculated at the present value of expected future payments. The outstanding claims provisions regarding health and personal accident insurance also include amounts to cover direct and indirect costs which are reasonably considered to be adequate in relation to settling the claims obligations. For reported claims, an individual assessment is made of the date of payment. The costs are estimated on the basis of the average duration of established claims payments and an assessment of the annual costs incurred in processing claims. The provisions for current disablement benefits are determined individually, and an assessment of the duration of the benefits is made for each policy. The provision calculated is increased by a risk margin.

Liability adequacy test

The outstanding claims provisions are calculated according to actuarial methods and with a view to avoiding runoff losses as well as run-off gains. At the calculation date, the provisions thus represent the best estimate of future claims for the current and previous claims years. The outstanding claims

Financial statements

provisions are calculated on a monthly basis, and the level is therefore assessed to be adequate at all times.

The provision will be discounted if such discounting has a material impact on the size of the liability.

Provisions

Provisions for pensions and similar obligations comprise jubilee benefits etc. to employees, notwithstanding that the future benefit is subject to the individual being employed by the group at the time of payment of the benefit. The value of the future benefits is recognised as the present value of the benefits expected to be paid based on a best estimate.

Payables to credit institutions and central banks

Payables to credit institutions and central banks are measured at amortised cost and comprise, among other things, obligations in connection with genuine sale and repurchase transactions with counterparties which are credit institutions or central banks and receivable margins in connection with futures and option transactions if the customer is a credit institution.

Other creditors

On initial recognition, other financial liabilities are measured at fair value less transaction costs. The liabilities are subsequently measured at amortised cost.

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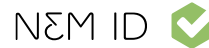
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