

Annual Report *2022*

Danica Pension, Livsforsikringsaktieselskab

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This Annual Report 2022 is a translation of the original report in the Danish language (Årsrapport 2022). In case of discrepancy, the Danish version prevails

SELECTED FINANCIAL HIGHLIGHTS FOR THE DANICA GROUP

(DKK millions)	2022	2021	2020	2019	2018
PREMIUMS INCLUDING INVESTMENT CONTRACTS¹⁾	35,138	36,823	27,878	27,039	27,612
INCOME STATEMENT					
Technical result, Life ²⁾	792	2,720	2,481	2,059	1,735
Technical result, health and accident insurance	-1,032	-547	-626	-628	-635
Return on investment allocated to shareholders' equity, etc.	-300	-95	-155	291	65
Profit/loss before tax, goodwill impairment and discontinued operations	-540	2,078	1,700	1,722	1,165
Taxation	81	-424	-275	-174	-199
Goodwill impairment	-1,627	-	-	-800	-
Profit after tax from discontinued operations	412	76	76	1,523	115
Profit/loss for the year	-1,674	1,730	1,501	2,271	1,081
BALANCE SHEET					
Total assets	551,550	679,619	669,415	605,978	565,566
Technical provisions, health and accident insurance	15,423	17,598	18,130	17,606	14,637
Provisions for insurance and investment contracts	413,828	470,191	458,261	437,739	399,522
Total shareholders' equity	20,179	24,122	22,377	20,887	18,897
KEY FIGURES AND RATIOS (%)					
Return related to average rate products	-14.6	0.0	6.0	10.3	1.0
Return related to unit-linked products	-14.9	13.3	8.3	15.6	-5.5
Risk on return related to unit linked products	5.25	4.50	4.50	4.25	4.25
Net return before tax on pension returns on average-rate products ³⁾	-4.7	5.2	3.1	6.5	2.5
Expenses as per cent of provisions	0.29	0.27	0.29	0.31	0.33
Expenses per policyholder (DKK)	1,656	1,596	1,584	1,532	1,672
Return on equity after tax	-7.1	7.4	6.9	11.4	6.0
Solvency coverage ratio (Group) ⁴⁾	187	210	191	190	193
Solvency coverage ratio (Parent) ⁵⁾	188	212	204	201	261
RATIOS FOR HEALTH AND ACCIDENT INSURANCE					
Gross claims ratio ⁶⁾	96	142	145	135	137
Gross expense ratio	6	10	8	7	7

¹⁾ Excluding premiums from discontinued operations in Norway (sold in 2022) and Sweden (sold in 2019)

²⁾ Excluding goodwill impairment

³⁾ The ratios include change in accumulated value adjustment

⁴⁾ At 31 December 2022, the Group's solvency capital requirement (SCR) was DKK 16,876 million and its total capital was DKK 31,556 million.

⁵⁾ At 31 December 2022, the Parent Company's solvency capital requirement (SCR) was DKK 16,876 million and its total capital was DKK 31,656 million.

⁶⁾ The ratio has been changed for the comparative periods, see significant accounting policies (changed method of calculating discounting and value adjustment of health and accident insurance)

On 25 June 2021, Danica Pension, Livsforsikringsaktieselskab and Forsikringselskabet Danica Skadesforsikringsaktieselskab were merged, with Danica Pension, Livsforsikringsaktieselskab as the continuing company. Comparative figures for prior periods have been restated.

On 27 June 2019, Danica Pensionsforsikring A/S and Danica Administration A/S (the former SEB Pension companies) were merged with Danica Pension, Livsforsikringsaktieselskab, with Danica Pension, Livsforsikringsaktieselskab as the continuing company. The two companies were recognised in the Danica Group effective from the acquisition date, 7 June 2018. The periods presented in the financial highlights are therefore not directly comparable.

For the full list of financial ratios pursuant to the Danish FSA's Executive Order on Financial Reports for Insurance Companies and Multi-employer Occupational Pension Funds, see page 17.

Comments on selected financial highlights for the Group

Premiums including investment contracts comprise all regular and single premiums in the life business and health and accident insurance premiums.

Ratios:

Return before tax on pension returns including return related to unit-linked products comprises all the Group's companies and products and is calculated in accordance with the Danish FSA's definitions of return ratios. See the significant accounting policies note.

DANICA PENSION'S STRATEGY AND THE PERIOD AT A GLANCE

Danica Pension's strategy is based on our ambition to be our customers' financial security provider and thereby enhance customer satisfaction. Our aim is to be one step ahead in advising our customers about how to achieve financial security, both in terms of pension savings and insurance covers that will enable them to provide for themselves and their family in the event of long-term illness.

We focus on proactively helping our customers – both personal and business customers – to ensure that they have the right pension, insurance and healthcare solutions.

Global turmoil and plunging financial markets severely impacted 2022 performance

2022 was in many ways an exceptional year with Russia's invasion of and lengthy war against Ukraine, leading to global financial market turmoil, a prolonged surge in inflation and the resulting sharp interest rate increases.

These factors combined brought all asset classes under pressure. Consequently, as a pension provider we undertook the important task of communicating with our customers about how to navigate the new situation of lower returns and what to consider in relation to their risk profile and the general coverage of their pension schemes. Our message to Danica Pension customers has consistently been that it is important to stay calm and not change their basic pension strategy and that we remain confident with respect to long-term market returns.

The financial market turmoil and rising discount rate caused us to recognise a DKK 1,627 million impairment loss on goodwill from our 2018 acquisition of SEB Pension, which reduced our bottom-line results.

War in Ukraine

As the war against Ukraine became a reality, international sanctions were imposed on Russia. Danica Pension supports the sanctions, and we are committed to complying with these in our investments. At the beginning of the year, Danica Pension's investments with Russian exposure amounted to DKK 610 million. At the beginning of the invasion on 24 February, these were reduced to DKK 300 million, and they have since been further reduced to DKK 32 million.

Minor decline in premiums

After a prolonged period of strong premium growth, we recorded a minor year-on-year decline in premiums in 2022.

Danica Pension's gross premiums were down 4.6% in 2022 from DKK 36,823 million to DKK 35,138 million. However, the decline happened from a high level in 2021, when Danica Pension posted a 32% increase in premium payments and, viewed over a two-year period, gross premiums were up 26%.

We continually focus on generating profitable growth, and it is only natural that a period of strong growth is followed by a more stable period. When we have largely succeeded in maintaining our market position, it is a testament to the fact that our customers strongly approve of our overall value proposition of attractive net returns, the market's best healthcare solutions, proactive, relevant advisory services and a strong focus on sustainability in our pension products.

Investment return

The return for customers with Danica Pension Balance Mix with a medium risk profile and 20 years to retirement was a negative 14.2% for 2022. These negative returns were the result of the war in Ukraine, surging inflation and sharp interest rate increases within a very short period of time. Over the past seven years, this customer group has achieved a net return in excess of 45.4%.

Accordingly, our long-term investment strategy continues to provide strong returns for Danica Pension customers, although 2022 yielded negative returns as all asset classes were impacted by the financial market turmoil.

Improved health and accident result

Danica Pension's health and accident business produced a loss in 2022. The loss on the health and accident business amounted to DKK 1,032 million, of which the investment result accounted for a loss of DKK 953 million and the underlying business accounted for a loss of DKK 79 million.

The underlying loss on the health and accident business has been reduced, and we offer our customers more and better treatment today than three years ago. We have successfully prevented long-term absence due to illness by way of extended treatment programmes, and we expect this extra investment in the health of our customers to prove beneficial in the long term, not only to our customers' health but also to our business in general.

To ensure a high-quality healthcare offering and a better balance between income and expenditure, we have launched a number of initiatives in the health and accident business. These include a continuously improved health package providing quick and easy access to doctors, psychologists and dieticians. We continue to extend and improve the health package to offer help to our customers before their problems worsen and turn into long-term illness.

In 2022, 9,000 customers used our new healthcare solutions, and 27% of the customers who consulted a psychologist responded that they would not otherwise have sought help.

Furthermore, Danica Pension has for some years invested in creating improved and comprehensive preventive measures throughout the health and accident segment. Over the coming five years, Danica

Pension will invest a further DKK 100 million in preventive healthcare measures, including in the development of user-oriented digital services and in recruitment of additional staff.

Contact with customers with unguaranteed schemes that are being paid out

Towards the end of the year, it became clear that a number of Danica Pension customers with unguaranteed unit-linked pension schemes that are currently being paid out would in all probability experience a reduction of their benefit payments. We contacted these customers to notify them that they should prepare their personal finances for a possible reduction of benefit payments.

As part of our communication with these customers, we sent a guide explaining how such a reduction might be mitigated by a corresponding reduction of the amount of set-off against public benefits and providing advice for retirees on ways to improve their personal finances.

Changed rates of interest on policyholders' savings

Effective from 1 July 2022, Danica Pension lowered the rate of interest on policyholders' savings in interest rate group D1 from 2% to 0%. Effective from 1 November 2022, Danica Pension lowered the rate of interest on policyholders' savings in interest rate group 1 from 2% to 0%. Effective from 1 January 2023, Danica Pension lowered the rate of interest on policyholders' savings in interest rate groups 2 and 3 to 2.5% and 3.5%, respectively. These interest rate reductions are a consequence of the very negative investment returns in 2022 resulting from the financial market turbulence.

New communication universe: Get to know your future

To make customers more aware of the importance of making pension savings and to increase awareness of Danica Pension, we created a new communications platform in 2022 under a concept called "Get to know your future".

The platform was introduced through a campaign spanning television, printed material, outdoor advertising, digital media and social media influencers. By addressing our customers' future as a person, it is our goal to make the topic of pension more tangible and thus break down some barriers to understanding a complex and intangible subject.

Proactive advice is a cornerstone

A cornerstone of Danica Pension's value proposition is relevant, proactive advice that promotes financial security. Danica Pension proactively contacts customers who have given their consent, giving them relevant advice when life-changing events happen, for example if their salary changes or if they move or get married. This relieves our customers of the burden of having to keep track themselves and worrying about whether they have the right pension and insurance covers.

Strong focus on the self-employed

In 2022, we maintained our strong focus on the agreement between Danica Pension and Pension for Selvstændige entered into in 2021 and covering 36,000 self-employed members. Danica Pension has had a strong focus on the self-employed for over 30 years.

Making a difference for the self-employed is deeply embedded in Danica Pension's DNA - advising them to ensure that they have the right pension schemes and adequate insurance covers if they suffer long-term illness and providing the best healthcare solutions to reduce their sickness absence.

Close collaboration with Danske Bank for the benefit of customers

In 2022, it remained a priority for Danica Pension to raise our pension customers' awareness of the advantages of being a customer with both Danica Pension and Danske Bank. When our customers bank exclusively with the Danske Bank Group, we are able to deliver even more financial security and strengthen our relationship. It means that we can advise customers on all aspects of their finances that is their home, pension and cash funds, while also executing on Danica Pension's clear recommendations. Moreover, customers can often obtain more favourable terms because their pension savings are included in their business volume.

It is a great advantage to Danica Pension that Danske Bank holds a strong position in terms of providing customers with the best and most user-friendly digital solutions, as this also benefits our customers.

In the responsible investment area, it is also a great advantage to us that we are able to draw on Danske Bank's experience and expertise, both in terms of incorporating responsibility in all our investment processes, analyses, reporting, active ownership and in our specific investments.

Measurement of insurance provisions for solvency purposes

In January 2020, the Danish FSA ordered almost all life insurance and pension providers in Denmark - including Danica Pension - by 31 December 2022 to calculate their technical provisions for solvency purposes on the basis of expected cash flows from premiums and benefits calculated under a number of different return scenarios. In accordance with the order, Danica Pension has developed a projection model for the calculation of technical provisions for solvency purposes.

Norwegian business sold

In July 2022, the sale of the Norwegian business was completed. This has allowed us to focus even more on our Danish business and puts Danica Pension in a strong position to develop the best pension solutions for customers in Denmark. The sale generated proceeds of DKK 417 million.

Danica Pension in Norway had some 29,000 personal pension agreements and just over 60,000 personal insurance policies. It had some 14,000 business customers, 100 employees and NOK 30.4 billion under management.

Changes to the Board of Directors and Executive Board

Danica Pension saw a change in the CEO position in 2022, as Ole Krogh Petersen stepped down in February and Søren Lockwood took over. On 1 June, Dorthe Bilsgaard was appointed as Chief Commercial Officer (CCO). Danica Pension's Executive Board subsequently consists of Søren Lockwood, CEO, Thomas Dyhrberg Nielsen, CFO, Jesper Grundvad Bjerre, COO and Dorte Bilsgaard, CCO.

On 25 November 2022, Berit Irène Behring took up the position of Chairman of Danica Pension's Board of Directors, as Glenn Olof Söderholm resigned.

SOCIETAL IMPACT AND SUSTAINABILITY

Danica Pension has defined a 2025 societal impact and sustainability strategy with special focus on three themes - climate and environment, financial security and a healthy working life and senior life - that support the UN Sustainable Development Goals.

Danica Balance Responsible Choice

Danica Balance Responsible Choice offers our customers the opportunity to increase their sustainability focus and invest part or all of their pension savings in companies that in various ways endeavour to solve global climate, environmental, health and other challenges. At 31 December 2022, our customers had chosen to invest DKK 3.3 billion in this solution.

In 2022, we changed the name of this investment solution from Danica Balance Sustainable Choice to Danica Balance Responsible Choice to more accurately reflect the investments offered. Sustainable investments make up at least 75% of Danica Balance Responsible Choice. To meet customer demand, we now give our business customers the option to choose Danica Balance Responsible Choice as the standard investment solution for their employees. Also, Danske Bank began to actively distribute Danica Balance Responsible Choice to its customers in 2022.

Climate ambitions

It is our ambition to invest at least DKK 50 billion in the green transition by 2023 and DKK 100 billion by 2030. These investments include investments in companies with activities in renewable energy, alternative investments in renewable energy, certified sustainable properties and green bonds. Our investments in the green transition rose from DKK 33.5 billion at 31 December 2021 to DKK 37.7 billion at 31 December 2022. Investments were affected by declining equity and bond prices, whereas the value of certified properties and green bonds had a positive effect.

As a supplement to our statement of green investments, in February 2023 we issue our second statutory report on the proportion of Danica Pension's activities that is associated with environmentally sustainable economic activities pursuant to the EU Taxonomy Regulation. The report is available at www.danicapension.dk/regnskab. As the EU Taxonomy is extended and the data quality improves, we will revisit our targets for investment in the green transition.

To support the transition to a carbon-neutral economy, Danica Pension has joined the UN-convened Net-Zero Asset Owner Alliance. We have thus committed to making our investment portfolio carbon neutral by 2050 in accordance with the Paris Agreement and its objective to limit global warming to 1.5°C. This objective has been incorporated in Danica Pension's investment policy and policy on responsible investments.

We have furthermore set intermediate targets to reduce carbon emissions for five key sectors by 2025. The five sectors are energy, utilities, transport, cement and steel. Our ambition is to reduce carbon emissions from our investments in these five sectors by between 15% and 35% relative to the 2019 level. At 30 June 2022, we were ahead of target within utilities and cement and saw good progress in the auto and shipping sectors. In the energy, steel and aviation sectors, the transition is not progressing fast enough, however.

Biodiversity ambitions stepped up

Biodiversity is under severe pressure, which in turn aggravates the climate crisis. Restoring nature, ecosystems and wildlife is vital to delivering on the Paris Agreement, because healthy biodiversity helps regulate the climate and combat climate change. Via Danske Bank, Danica Pension has therefore signed up to the Partnership for Biodiversity Accounting Financials (PBAF), an international organisation working to enable financial institutions to assess and disclose the impact and dependencies on biodiversity of their loans and investments. Also, via Danske Bank, Danica Pension has signed the Finance for Biodiversity Pledge.

In 2022, we developed a new biodiversity strategy that focuses particularly on exercising active ownership in sectors exposed to high risk in the areas of deforestation and oceans. Our sustainable property strategy also focuses on biodiversity, which includes consulting biodiversity experts in connection with new builds.

Sustainable properties

Danica Ejendomme launched a sustainable investment strategy in January 2021. The aim is to cut carbon emissions from the Danish property portfolio by 37% by 2025 and 69% by 2030, relative to the 2019 level. Furthermore, it is Danica Ejendomme's ambition that at least 25% of the properties in its portfolio are to have sustainability certificates by 2025.

The status in December 2022 was that Danica Ejendomme had increased the number of properties with sustainability certificates from 17% in 2021 to 24.7%. Moreover, at the end of October 2022, carbon emissions from Danish properties had been cut by 36% relative to the 2019 level. This accomplishment was driven mainly by the central energy system increasingly using renewable energy sources. On top of this, Danica Ejendomme has launched a range of initiatives, such as buying more green power, better monitoring of energy consumption and converting from natural gas to district heating. In early 2023, Danica Ejendomme will review its existing targets but will, for now, maintain a carbon emissions reduction target of 69% by 2030.

**CLIMATE REPORTING
- SUSTAINABLE PROPERTIES IN DENMARK¹**

	Unit	Target	2022	2021
Sustainability of property investments²:				
Certified sustainable properties		See 3)		
- existing properties	%		11.5	8.3
- new builds	%		84.2	84.2

1. The figures cover the sustainability certificates DGNB Gold, DGNB Silver and LEED Gold in the Danish property portfolio.
2. See also Danica Pension's reporting on the EU Taxonomy Regulation at www.danicapension.dk.
3. The target is to reduce carbon emissions from the Danish property portfolio by 69% by 2030.

Climate change-related risks

Through the Danske Bank Group, Danica Pension supports the work of the Task Force on Climate-related Financial Disclosures (TCFD), which focuses on integrating climate-related risks into companies' governance, strategy and risk management.

In 2023, we have published a TCFD report, which is available at www.danicapension.dk.

In 2022, our data supplier updated the data method used in the table below, and the figures are therefore not comparable to 2021 figures.

CLIMATE REPORTING - INVESTMENTS AND CARBON EMISSIONS¹

	Unit	Target	2022	2021
Carbon emissions related to our investments				
Carbon emissions from investment assets - equities and credit bonds (scopes 1 and 2)	Tonnes	See 2)	1,078,216	1,042,597
Carbon emissions from investment assets - equities and credit bonds (scopes 1, 2 and 3)	Tonnes	See 2)	10,905,889	4,574,522
Carbon footprint - equities and credit bonds (scopes 1 and 2)	Tonnes/ DKK m	See 2)	8.53	6.73
Carbon footprint - equities and credit bonds (scopes 1, 2 and 3)	Tonnes/ DKK m	See 2)	86.24	29.51

1. Reporting principles - see Danica Pension's ESG key figures at www.danicapension.dk. The figures cover 78.4% of Danica Pension's assets under management (AuM). ISS ESG updated the data method in 2022, and the figures are therefore not comparable to 2021 figures.
2. The target is to reduce carbon emissions from the energy, utilities, transport, cement and steel sectors by between 15% and 35% relative to the 2019 level.

Reducing our own carbon emissions

We have practised climate compensation for our own carbon emissions since 2009. We have done so by sourcing certified green power and by purchasing verified carbon credits to offset any emissions that cannot be eliminated, for example from transport and from paper and heat consumption.

It is our ambition to reduce Danica Pension's own carbon emissions by at least 40% from 2019 to 2023. 2022 environmental data from Denmark indicate that while overall energy consumption was reduced relative to 2021, transport by car or aircraft rose as the COVID-19 restrictions were lifted. Moreover, carbon emissions related to employees working from home were included in our reporting for the first time, which adds to total carbon emissions, all other things being equal. As expected, our total carbon footprint consequently grew slightly from 2021 to 2022. Danica Pension's overall carbon emissions were reduced by 49% between 2019 and 2022.

CLIMATE REPORTING - DANICA PENSION'S OWN CARBON EMISSIONS¹

	Unit	Target	2022	2021
Carbon emissions - scope 1	Tonnes		3	7
Carbon emissions - scope 2	Tonnes		58	92
Carbon emissions - scope 3	Tonnes		155	77
Carbon emissions, total	Tonnes	See 2)	216	176
Renewable energy share - procured	%		36	36
Energy consumption	GJ		9,330	10,292
Paper ¹	Tonnes		5	1

1. Reporting principles - see Danica Pension's ESG key figures at www.danicapension.dk.
2. The target is to reduce Danica Pension's own carbon emissions by 40% by 2023 and 60% by 2030 relative to the 2019 level.

Increased financial security

Our aim is to increase the financial security of at least 500,000 individuals or employees of companies in the period from 2019 to 2025. The status at

30 September 2022 was that Danica Pension had increased the financial security of 307,600 individuals and employees of companies since 2019, for example via online Pension Check, Pension Start or advisory meetings.

During 2022, we highlighted financial security, among other things via media coverage. We focused on the differences between men's and women's pensions and the recent political agreement in Denmark, under which the rules on set-off against state retirement pension and anticipatory pension have been relaxed. We also focused on what effects the recommendations of the Danish Commission on Retirement and Decreasing Working Ability may have on Danish pensions.

We furthermore highlighted the fact that the percentage of customers with savings below the level recommended in Danica Pension's online Pension Check has been reduced from 46% to 36% in two years, which is a positive development. Another focus area was waiver of contribution in the event of long-term illness and the effect of rising inflation on pension savings. Finally, we launched an external marketing campaign aimed at encouraging people to actively consider their future and seek advice about their pension.

We continue to follow Insurance & Pension Denmark's data security guidance based on the three guidelines: Transparency, Personalisation and Prevention. We also take a proactive approach to data ethics, and we actively participate in debates to ensure that Danica Pension stays compliant in relation to customers. All relevant information is set out in the relevant customer flows and is easily accessible.

Healthcare and focus on prevention

We want to contribute towards a healthier society with less absenteeism. By the end of 2025, we aim to have helped at least 200,000 individuals and employees of companies achieve a healthy working life and senior life and to focus more on prevention. The status in December 2022 was that Danica Pension in Denmark had helped 194,600 individuals and businesses via treatment or financial compensation, and we were thus close to achieving our 2025 target.

2022 was marked by the war in Ukraine. Danica Pension has developed concrete advice to companies, a crisis counselling package for employees affected by the war and a slightly adjusted version of our loss of earning capacity insurance product that makes it easier to help affected employees.

To highlight our prevention efforts, in 2022 Danica Pension focused strongly on hybrid working and the return to a working week with more days at the office. In March 2022, Danica Pension and Microsoft hosted a major digital conference focusing on how technology can support a healthy hybrid working life. This included both the physical and the digital set-up and the manager's role.

In the spring of 2022, Danica Pension launched the tool Healthy Steps for business customers. By answering a few questions about the overall state of health of their employees, companies get specific recommendations and tools for preventive activities. We also launched the concept Senkarriere (*Late career*), which offers specific recommendations for business customers on conducting pre-retirement interviews with their employees. Additionally, Danica Pension launched the new online talk show Danica Lounge, which offers business customers inspiration and insights into current topics relating to pension, sustainability and health.

Furthermore, as from October 2022, we made it possible for personal customers residing in Denmark to add on a Danica Health Package via Netpension or Mobilpension if they have a pension savings product with Danica Pension and do not already have a health package attached to their compulsory company pension scheme. There is no age limit attached to the product, and customers can also purchase and keep it during payout of their pension benefits. The new health package offers customers online access to doctors, psychologists and dieticians, a second opinion, cover for the entire household and direct access to these services via their mobile phone or PC.

Responsible investments

We continually strive to lift our ambitions for responsible investments. In 2022, we particularly focused our attention on the war in Ukraine, active ownership and implementation of new EU regulation on sustainable financing.

Against the background of the war in Ukraine, Danica Pension in March 2022 decided to exclude Russian government bonds and Russian state-owned enterprises from our investment portfolios and products. We are implementing sanctions at the pace and to the extent allowed by our obligations and our ability to trade in the market.

Active ownership is a key element of our responsible investment agenda. The most recent active ownership report for Danica Pension is available at <https://danicapension.dk> and includes statements of voting activity and dialogues with the companies we invest in. The report also includes a statement of dialogues which focused particularly on the climate agenda.

The purpose of the EU Sustainable Finance Disclosure Regulation (SFDR) is to make the sustainability objectives of financial players and investment products more transparent to investors. To accommodate new, supplementary EU rules under the SFDR, Danica Pension updated the pre-contractual information in our investment conditions for the Balance, Link and Select products, among other things. Furthermore, we prepared an annex to the investment conditions for our Balance funds that provide detailed descriptions of the specific objectives and indicators of the funds' sustainable focus.

New changes to the Insurance Distribution Directive (IDD) and Solvency II became effective at 2 August 2022. On the basis of Solvency II, Danica Pension has integrated sustainability risks in a number of internal policies and in our investment decisions. We have also implemented the first initiatives to inquire about our customers' ESG preferences in accordance with the IDD, which became effective at 2 August 2022, as well. Accordingly, we adjusted Danica Pension's Investment Check in 2022, adding information for customers who wish to increase the proportion of sustainable investments. Customers with special sustainability preferences can also find help on our website (choose your sustainable focus). Lastly, our product oversight policy was updated with ESG requirements with respect to product governance, and the business procedures were made public.

Volunteering

As a response to the war in Ukraine, Danica Pension's employees were given the opportunity to spend three workdays in 2022 doing volunteer work for the benefit of the local community. Danica Pension employees supported causes such as Pride, Cycling4Cancer, World Cleanup Day and the Child Accident Prevention Foundation in 2022.

Statutory reporting on societal impact

For Danica Pension's statutory reporting on societal impact, we refer to Danske Bank's Sustainability Report 2022 and Sustainability Fact Book 2022. The Sustainability Report is available at <https://danskebank.com/da/baeredygtighed>. Danica Pension's statutory reporting under the EU Taxonomy Regulation is available at danicapension.dk-regnskaber.

FINANCIAL REVIEW

Special matters

Performance for the year affected by financial market developments

Danica Pension's financial statements were severely impacted by financial market developments in 2022. Heavy price plunges in most investment assets led to negative investment results on health and accident insurance and the life insurance products in which Danica Pension is subject to investment risk, significantly affecting the results for 2022.

Sale of Norwegian business

Danica Pension has completed the sale of the Norwegian subsidiary, Danica Pensjonsforsikring AS (Danica Norway), to Norwegian finance group Storebrand. The sale, including a gain of DKK 417 million, was recognised in the 2022 financial statements.

Additional pension returns tax on health and accident business

As previously mentioned, the Danish tax authorities have made claims against Danica Pension for additional pension returns tax on the health and accident business. The claims cover the period from 2012, during which period the tax authorities are of the opinion that negative risk and cost results in the

health and accident business are subject to pension returns tax. In Danica Pension's opinion, negative results in the health and accident business are not subject to pension returns tax.

Danica Pension has recognised a total provision of DKK 737 million, including interest, for potential additional pension returns tax for the period 2017-2022, against DKK 710 million at 31 December 2021.

In 2022, the Danish tax authorities made a further claim against Danica Pension for DKK 374 million, including interest, in additional pension returns tax for the period 2012-2016. We have not recognised this as a provision, but as a receivable, as - apart from disputing the tax authorities' decision that negative results in the health and accident business are subject to pension returns tax - Danica Pension believes the claim for the period 2012-2016 to be time-barred.

Danica Pension has appealed, or will appeal, each of the tax authorities' decisions to the National Tax Tribunal.

Goodwill impairment

During the year, Danica Pension recognised an impairment loss of DKK 1,627 million on goodwill from the acquisition of SEB Pension in 2018. The impairment test identified impairment of the recognised goodwill, primarily as a result of the financial market turmoil in 2022 and a rising discount rate.

The Danica Balance product

As announced on 9 September 2022, we found a discrepancy in our product Danica Balance with a minimum payout guarantee, as the actual gradual reduction of risk was not described correctly in the investment conditions applying to the product. The discrepancy solely relates to the description of the gradual reduction of risk in our conditions and not to how the product has worked. The product was sold in the period 2005-2014, and the error was made in 2005, when the investment conditions were drawn up.

Danica Pension has recognised an expense of DKK 150 million covering compensation to customers affected by the error, most of whom received compensation in 2022.

Changes to accounting policies

Danica Pension has changed the presentation of the part of the change in the profit margin relating to life insurance that is used to cover expected future losses on health and accident insurance, so that it is now presented in the income statement under the result of life insurance instead of, as previously, under the result of health and accident insurance. While the change had no overall impact on either profit/loss or shareholders' equity, it did, on the one hand, reduce the life insurance result for 2022 by DKK 629 million and increase the same result for

2021 by DKK 82 million and, on the other hand, increase the health and accident result for 2022 and reduce this result for 2021 by corresponding amounts. Comparative figures for prior periods have been restated.

New financial reporting standard on insurance contracts

The new international financial reporting standard on insurance contracts, IFRS 17, becomes effective at 1 January 2023. IFRS 17 replaces IFRS 4, which was a provisional financial reporting standard that did not cover the measurement of insurance contracts but was based on existing accounting practice. IFRS 17 is comprehensive in scope and addresses recognition, measurement and presentation of insurance contracts in financial statements.

Danica Pension is currently implementing the necessary changes to calculation models and source data in order to implement IFRS 17.

On transition to IFRS 17, Danica Pension expects shareholders' equity at 1 January 2022 to be reduced by DKK 1.4 billion, mainly as a result of the fact that life insurance and health and accident insurance products will no longer be accounted for as one product.

The impact on profit/loss for 2022 is estimated to be approximately DKK 0.2 - 0.5 billion. The differentiation between life insurance and health and accident insurance is estimated to have an overall impact of DKK 0.6 billion. Overall, the resulting impact on shareholders' equity at 1 January 2023 is estimated to be a reduction of approximately DKK 0.9 - 1.2 billion.

IFRS 17 will have a significant impact on the income statement and balance sheet presentation in Danica Pension's consolidated financial statements. For further information on IFRS 17, see the description at the end of note 1 to the financial statements.

Profit/loss for the year

In 2022, the Danica Pension Group realised a loss before tax, goodwill impairment and discontinued operations of DKK 540 million, against a profit of DKK 2,078 million in 2021. After tax, goodwill impairment and discontinued operations, the loss amounted to DKK 1,674 million, against a profit of DKK 1,730 million in 2021.

DANICA GROUP, PROFIT/LOSS BEFORE TAX (DKK millions)	2022	2021
Result of life insurance	792	2,720
Result of health and accident insurance	-1,032	-547
Result of insurance business	-240	2,173
Return on investment allocated to shareholders	-300	-95
Profit/loss before tax, goodwill impairment and	-540	2,078
Tax	81	-424
Goodwill impairment	-1,627	-
Discontinued operations	412	76
Profit/loss for the year	-1,674	1,730

1. Including other income and expenses

The performance for the year was materially impacted by the above-mentioned adverse financial market developments, the DKK 1,627 million goodwill impairment and the DKK 150 million expense to compensate customers. The performance was lifted by proceeds of DKK 417 million on the sale of Danica Norway.

The result of insurance business for 2022 was below the level guided in the annual report for 2021 and was also below the level guided in the interim report for the first six months of 2022. The adverse financial market developments are the principal cause.

The result of life insurance for 2022 amounted to DKK 792 million, against DKK 2,720 million in 2021. The life insurance result was affected by the year's adverse financial market developments, which in turn resulted in reduced asset management income, and by the mentioned accounting policy change, which meant a DKK 629 million reduction of the result of life insurance and a corresponding increase of the result of health and accident insurance. As has been the case in the past few years, Danica Pension was able to book the full risk allowance for the interest rate groups in 2022.

The result of health and accident insurance for 2022 was a loss of DKK 1,032 million, against a loss of DKK 547 million in 2021. The health and accident result was negatively affected by the investment result due to the financial market developments and positively affected by the above-mentioned accounting policy change. Adjusted for the 2022 investment result, the health and accident result was a loss of DKK 79 million, against a loss of 836 million in 2021, as the underlying business continued to perform better than in previous years.

The return on investment allocated to shareholders' equity, etc. for 2022 was negative at DKK 300 million, impacted by the adverse financial market developments.

Profit after tax from discontinued operations, comprising Danica Norway's profit, amounted to DKK 412 million in 2022 and DKK 76 million in 2021. The proceeds from the sale of Danica Norway were recognised in 2022.

Special allotments to policyholders from the former Statsanstalten for Livsforsikring are recognised in the annual report, but are finally calculated in the first quarter of 2023.

The Board of Directors proposes that no dividends be distributed for 2022.

Gross premiums

Gross premiums were down 4.6%, from DKK 36.8 billion in 2021 to DKK 35.1 billion in 2022.

GROSS PREMIUMS (INCLUDING INVESTMENT CONTRACTS)					
(DKK billions)	2022	2021	2020	2019	2018
Life insurance	33.6	35.3	26.4	25.5	26.1
Health and accident	1.5	1.5	1.4	1.5	1.6
Total premiums	35.1	36.8	27.8	27.0	27.7

The former SEB Pension is included in the table from the acquisition date in mid-2018.

The decline in gross premiums (including investment contracts) was mainly due to a decline in single premiums. Regular premiums increased by 6.8% in 2022.

Return on investment

The overall return on investment was negative at DKK 67.6 billion, and tax on pension returns amounted to income of DKK 10.0 billion. The return on investment was impacted by the adverse financial market developments in 2022.

Claims and benefits

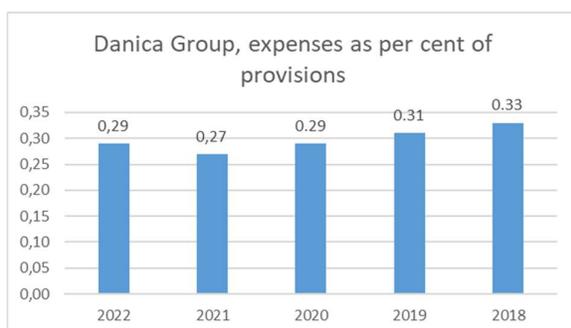
Claims and benefits amounted to DKK 26.6 billion in 2022 against DKK 26.2 billion in 2021.

Surrenders including investment contracts amounted to DKK 18.1 billion in 2022, against DKK 19.6 billion in 2021.

Expenses

In life insurance, operating expenses relating to insurance excluding goodwill impairment amounted to DKK 1,245 million in 2022, against DKK 1,186 million in 2021.

The Group's expenses amounted to 0.29% of average provisions, against 0.27% in 2021. The increase was due to a decline in provisions and a minor increase in expenses.



The average number of full-time employees was 912 in 2022, against 899 in 2021, and at the end of the year the Danica Group employed 881 employees.

The Danica Group paid DKK 497 million to Danske Bank for investment management, IT operations and development and other administrative services. In addition, Danica paid DKK 216 million to Danske Bank Group for its sale of life insurance policies (see note 31).

Income tax

Income tax amounted to income of DKK 81 million and was positively affected by a DKK 119 million adjustment of prior year tax charges and negatively affected in the amount of DKK 261 million by an increase in the tax rate for 2023.

Other comprehensive income

Other comprehensive income amounted to DKK 31 million in 2022, against DKK 15 million in 2021. Other comprehensive income comprises the effect of foreign currency translation (including hedging) of foreign entities, including any tax effect. The foreign currency translation reserve was reversed due to the sale of Danica Norway.

Comments to the balance sheet

The Group's total assets were reduced from DKK 680 billion at 31 December 2021 to DKK 552 billion at 31 December 2022. The reduction was primarily due to the adverse financial market developments in 2022 leading to a major drop in investment assets and technical provisions.

DANICA GROUP, BALANCE SHEET		
(DKK millions)	31/12/2022	31/12/2021
ASSETS:		
Intangible assets	757	2,606
Tangible assets	45	44
Investment assets ¹⁾	531,979	640,074
Debtors	13,458	1,878
Other assets	2,806	3,256
Assets relating to discontinued opera-	-	24,000
Prepayments and accrued income	2,505	7,761
TOTAL ASSETS	551,550	679,619
LIABILITIES AND EQUITY:		
Technical provisions	413,828	470,191
Other liabilities ²⁾	117,543	162,145
Liabilities relating to discontinued op-	-	23,161
Shareholders' equity	20,179	24,122
TOTAL LIABILITIES AND EQUITY	551,550	679,619

1. Including investment assets related to unit-linked products

2. Other liabilities than technical provisions

Intangible assets comprise the value of customer relationships taken over of DKK 722 million and capitalised IT development costs of DKK 35 million. No evidence of impairment of customer relationships was identified in 2022. The intangible asset relating to customer relationships is amortised over a period corresponding to the run-off of the customer relationships.

An impairment loss of DKK 1,627 million, equalling the full amount of goodwill from the acquisition of SEB Pension, was recognised in 2022. In connection with the sale of Danica Norway in 2022, related goodwill was written off.

Investment assets, including investment assets related to unit-linked products, fell from DKK 640 billion at 31 December 2021 to DKK 532 billion at 30 December 2022. The decline was primarily caused by the adverse financial market developments in

2022. The value of derivatives with positive fair values was reduced from DKK 121 billion in 2021 to DKK 94 billion in 2022, and the net value of derivatives was DKK 11 billion at 31 December 2022, against DKK 0 billion at 31 December 2021. The increased net value of derivatives was primarily driven by the rising interest rates in 2022.

In 2022, Danica Pension was able to offset positive and negative fair values of a large number of derivatives, thus reducing the carrying amounts of derivatives recognised as assets or liabilities, respectively.

Provisions for insurance and investment contracts totalled DKK 414 billion at 31 December 2022, against DKK 470 billion at 31 December 2021. The decrease was mainly driven by the adverse financial market developments, which reduced the value of customers' pension savings.

Life insurance provisions related to average-rate products were down DKK 30 billion to DKK 141 billion, primarily driven by the rising interest rates in 2022, which reduced provisions for guaranteed benefits, and the adverse financial market developments, which reduced the collective bonus potential. To this should be added the expected reduction in average rate products.

Life insurance provisions for unit-linked products were down from DKK 272 billion at the beginning of 2022 to DKK 251 billion at the end of 2022. The decline was mainly driven by the adverse financial market developments in 2022.

Other liabilities include derivatives with negative fair values. The negative value of derivatives was reduced from DKK 120 billion at 31 December 2021 to DKK 84 billion at 31 December 2022. As mentioned above, Danica Pension offset positive and negative fair values of a large number of derivatives in 2022.

Shareholders' equity stood at DKK 20.1 billion at 31 December 2022, against DKK 24.1 billion at the end of 2021.

Solvency statement and capital requirements

The Danica Group still maintained strong excess solvency at 31 December 2022. At 31 December 2022, the Danica Group's solvency coverage ratio was 187%, against 210% at 31 December 2021.

DANICA GROUP (DKK millions)	31/12/2022	31/12/2021
Total capital	31,556	27,587
Solvency capital requirement (SCR)	16,876	13,167
Excess capital base	14,680	14,420

The lower solvency coverage ratio was mainly due to the new projection model, which reduced the solvency coverage ratio by 49 percentage points at 31

December 2022, whereas a reduction of risk during 2022 had a positive effect on the ratio.

Solvency II applies a standard model for the calculation of SCR, but it gives companies the option of developing their own full or partial internal models. Danica Pension applies a partial internal model for longevity risk only.

Danica Pension publishes an annual solvency and financial condition report as a supplement to the annual report. The report, which is mandatory under Solvency II, gives a detailed account of the Company's solvency and financial condition. The report is available on Danica Pension's website.

As part of the ongoing capital management and optimisation, the Danica Group regularly reassesses capital structure and funding in consultation with our parent company, Danske Bank.

Financial markets

2022 was in every way a challenging year characterised by historically sharp interest rate increases and plunging equity markets. The catalyst was the war in Ukraine, resulting in massive supply chain constraints and soaring inflation. Leading central banks the world over reacted by tightening monetary policy through extensive rate hikes and termination of a number of asset purchase programmes designed to support liquidity.

Consequently, 2022 was a year characterised by negative market sentiment and adverse market volatility.

The year-end return on global equities was negative at approximately 18%, and a number of bond yields ended the year at a similar level. On the upside, alternatives including properties yielded positive returns, in part supported by a strengthened USD, which rose some 7% over the course of 2022.

Return on investment

Unit-linked products in Denmark generated an aggregate negative return of DKK 38.5 billion in 2022, equivalent to a negative 14.9% return before tax on pension returns.

The table below shows the returns on the unit-linked products Danica Balance Mix and Danica Balance Responsible Choice for 2022, broken down by risk profile and number of years to retirement.

2022 return before tax (%)			
Risk	30 years to retirement	20 years to retirement	5 years to retirement
Danica Balance Mix			
High risk profile	-16.4	-16.4	-13.7
Medium risk profile	-15.7	-14.2	-13.0
Low risk profile	-14.7	-13.1	-12.3
Danica Balance Responsible Choice			
High risk profile	-16.0	-16.0	-15.3
Medium risk profile	-15.8	-15.3	-15.2
Low risk profile	-15.5	-15.1	-15.1

The returns were affected by the adverse financial market developments, with declining equity prices being the main driver of the negative returns.

The return on investment of customer funds in Danica Traditionel was negative at 14.6% before tax on pension returns in 2022. Adjusted for changes in provisions, the return was negative at 4.7% before tax on pension returns.

DISTRIBUTION BY INTEREST RATE GROUP AT 31/12/2022		
(%)	Interest on policyholders' savings before tax on pension returns (p.a.)	Investment return before tax on pension returns
Interest rate group D1	0.0	-13.0
Interest rate group D2	3.0	-17.3
Interest rate group D3	4.0	-18.1
Interest rate group D4	6.0	-17.3
Interest rate group 1	0.0	-9.4
Interest rate group 2	3.5	-12.9
Interest rate group 3	4.0	-12.6
Interest rate group 4	8.0	-13.1

Effective at 1 January 2023, Danica has reduced the rate of interest on policyholders' savings in interest rate groups 2 and 3 to 2.5% and 3.5%, respectively.

Assets attributed to shareholders' equity are mainly invested in property and relatively short-term bonds. The return on assets attributed to shareholders' equity was a negative 1.4%.

Events after the balance sheet date

No events have occurred between 31 December 2022 and the date of the signing of the financial statements that, in the opinion of the management, will materially affect Danica Pension's financial position.

Outlook for 2023

In 2023, Danica Pension expects a profit on the underlying insurance business (excluding investment result and goodwill impairment) in line with the 2022 level. The financial year 2022 was affected by unusual financial market turmoil, and the investment result for 2023 is expected to improve significantly and contribute positively to profit/loss before tax for the year. The changes to accounting policies at 1 January 2023 are also expected to have a positive effect in 2023.

ORGANISATION, MANAGEMENT AND PARTNERSHIPS

Danica Pension is a wholly-owned subsidiary of Danske Bank A/S and handles the Danske Bank Group's activities within pension savings and life insurance for companies, organisations and private individuals.

Board of Directors, Audit Committee, Risk Committee and Executive Board

At 31 December 2022, Danica Pension's Board of Directors consisted of nine members: five elected by the general meeting, three elected by the employees

and one appointed by the Danish Minister for Finance. The board members elected by the general meeting are up for election every year and board members elected by the employees are elected for a period of four years, as prescribed by the applicable legislation. The Board of Directors is in charge of Danica Pension's overall management and held six ordinary meetings in 2022.

The Board of Directors has set up an audit committee to prepare the work of the Board of Directors on financial reporting and auditing matters which either the Board of Directors, the committee itself, the external auditors or the head of Internal Audit intends to review further. The committee works on the basis of clearly defined terms of reference. The committee has no independent decision-making powers but reports to the Board of Directors as a whole. In 2022, the audit committee held six ordinary meetings and reported regularly to the Board of Directors.

Danica Pension has established a risk committee. The general objective of the risk committee is to advise the Board of Directors on Danica Pension's risks and internal control system and to oversee the adequacy and effectiveness of Danica Pension's risk structure. In 2022, the risk committee held five ordinary meetings and reported regularly to the Board of Directors. Annette Olesen resigned as a member and as chairman of the risk committee on 25 November 2022. On 12 December 2022, Christoffer Kanstrup joined the risk committee and was appointed as its chairman.

The Executive Board is in charge of the day-to-day management of the company. In 2022, the following changes were made to Danica Pension's Executive Board. On 1 July 2022, Søren Lockwood was appointed CEO in place of Ole Krogh Petersen, who resigned the position on 23 February 2022. On 1 June 2022, Dorte Bilsgaard was appointed to the Executive Board as CCO. Danica Pension's Executive Board subsequently consists of Søren Lockwood, CEO, Thomas Dyhrberg Nielsen, CFO, Jesper Grundvad Bjerre, COO and Dorte Bilsgaard, CCO.

Glenn Olof Söderholm resigned as chairman and as member of the Board of Directors on 25 November 2022, and at the same date Berit Iréne Behring joined the Board of Directors and was appointed Chairman of the Board. Annette Olesen resigned from the Board of Directors on 25 November 2022. Christoffer Kanstrup joined the Board of Directors on 12 December 2022. René Karsten Jensen joined the Board of Directors as an employee representative on 22 June 2022.

The directorships of the members of the Board of Directors and the Executive Board are listed on page 82. For additional information on the organisation, see page 81.

Diversity Policy

Diversity in the competencies represented on the Board of Directors is essential to the Board's perfor-

mance. The Board of Directors has adopted a diversity policy that sets out a framework to ensure diversity and inclusion in Danica Pension. The policy defines what competences the Board should possess, and the adequacy of the Board's competences is evaluated on a regular basis. According to the diversity policy, the Board of Directors must ensure that the Company continually focuses on maintaining a balanced gender representation among Danica Pension's managers.

Danica Pension sees diversity as a resource in terms of both individual employees and the organisation in general.

Focus on gender composition is ensured through Danica Pension's internal and external recruitment processes, talent review processes, annual succession planning at senior management levels and other measures. Danica Pension's diversity policy is based on the Danske Bank Group's overall diversity policy.

41% of Danica Pension's managers are women, a minor increase relative to last year. The distribution on the various management levels at 31 December 2022¹ was as follows:

GENDER COMPOSITION OF MANAGEMENT					
Management level	Total	Women	Proportion of women	Group target 2022	Proportion of men
Board members ²	8	2	25%	38%	75%
Senior and business management	17	7	41%	35%	59%
Managers³	108	46	43%	40%	57%

1. Due to the sale of Danica Norway, the 2022 figures comprise managers in Denmark only.
 2. Excluding representative appointed by the Danish Minister of Finance
 3. The figures for Managers are determined in accordance with the principles applied by Danske Bank in relation to Diversity and Inclusion

Danica Pension failed to meet the target for female board members at 31 December 2022, but we will maintain our focus on redressing the underrepresentation of females in executive positions and will therefore continue this work in 2023 in close collaboration with Danske Bank and Danica Pension's Chief Diversity and Inclusion Officer. During the year, three new female members of Danica Pension's business management were appointed, one of whom was appointed as a member of the Executive Board.

Remuneration policy and incentive schemes

Danica Pension's remuneration policy fits in with that of the Danske Bank Group and encompasses all employees in the Danica Pension Group. The policy was adopted at the Danica Pension Group's annual general meetings and is available at www.danicapension.dk.

The Danica Pension Group's remuneration reflects our goals of having of a well-regulated governance process and of creating value for Danica Pension's

shareholders and customers both in the short and the long term.

The Executive Board and senior managers are covered by the incentive scheme offered by the Danske Bank Group, comprising cash and conditional shares. Incentive payments reflect the employees' performance/individual targets and also depend on the financial results of the Company and the business areas and other measures of value creation in a given financial year.

The remuneration structure is subject to a number of rules on remuneration of the Board of Directors, the Executive Board and other employees whose professional activities could have a material impact on the Group's risk profile (risk takers). Danica Pension follows Danske Bank's guidelines in this area.

The amount of performance-based remuneration is capped, and payment of part of such remuneration is deferred until a later date. Employees may lose part or all of their deferred remuneration, depending on future results.

Competent leadership and strong employee commitment are key to the performance of the business.

Danica Pension is committed to management development and requires all managers to motivate, inspire and develop their employees. In 2022, all managers completed a programme focusing on behaviour-based management and psychological safety tied to our financial security provider strategy. We have decided to continue on this path and provide further Danica Pension-related management development opportunities in 2023.

Skill building is key to Danica Pension's value proposition and our ability to attract and retain talented, competent employees.

As they returned to the office after having worked from home, many of our employees took part in training activities to enhance their skills for the future, and several organisational units received grants from the pool of local development funds to upgrade specific professional skills. These efforts to upgrade our employees' skills for the future will continue in 2023 with the addition of in-house training activities supplied by Danske Bank.

In 2022, we focused on the continued integration of the departments that were insourced last year and on the establishment of a robust, professional HR set-up in collaboration with Danske Bank Group HR.

The two employee surveys in 2022 showed a continued impressive improvement of our employees' well-being. They indicated that many employees are happy to have the option of working from home a few days a week in the new hybrid workplace setting. With a very impressive response rate of 93 in the latest half-yearly survey, our managers have a solid platform for future local efforts.

CLIMATE REPORTING

This table is a summary of Danica Pension's climate reporting. The table reproduces the figures in the Social impact and sustainability section of the management report in accordance with Insurance & Pension Denmark's industry recommendations for climate reporting.

	Unit	Target	2022	2021	2020	2019
Carbon footprint related to our investments¹⁾						
Carbon emissions from investment assets - equities and credit bonds (scopes 1 and 2)	Tonnes	Reduction of carbon emissions in five sectors by 2025 ²⁾	1,078,216	1,042,597	1,345,380	N/A ³⁾
Carbon emissions from investment assets - equities and credit bonds (scopes 1, 2 and 3)	Tonnes	Reduction of carbon emissions in five sectors by 2025 ²⁾	10,905,889	4,574,522	5,719,430	N/A ³⁾
Carbon footprint of investment assets - equities and credit bonds (scopes 1 and 2)	Tonnes/ DKK m	Reduction of carbon emissions in five sectors by 2025 ²⁾	8.53	6.73	8.36	N/A ³⁾
Carbon footprint of investment assets - equities and credit bonds (scopes 1, 2 and 3)	Tonnes/ DKK m	Reduction of carbon emissions in five sectors by 2025 ²⁾	86.24	29.51	35.72	N/A ³⁾
Active commitment to climate improvements						
Active ownership	See the most recent active ownership report at www.danicapension.dk					
Sustainability of property investments	See the section Sustainable properties in the management report.					
Certified sustainable properties ⁴⁾ - existing properties	%	69% reduction of carbon emissions by 2030 relative to 2019 ⁵⁾	11.5	8.3	N/A	N/A
- new builds (until commissioning)	%	69% reduction of carbon emissions by 2030 relative to 2019 ⁵⁾	84.2	84.2	N/A	N/A
Sustainable business models						
Commitment to the Paris Agreement	See the section Climate ambitions in the management report.					
Danica Pension's own carbon emissions ⁶⁾						
Carbon emissions - scope 1	Tonnes		3	7	0	0
Carbon emissions - scope 2	Tonnes		58	92	123	174
Carbon emissions - scope 3	Tonnes		155	77	150	251
Carbon emissions, total	Tonnes	40% reduction of carbon emissions by 2023 relative to 2019 ⁶⁾	216	176	273	426
Renewable energy share - procured	%		36	36	39	40
Energy consumption	GJ		9,330	10,292	11,293	12,978
Paper ⁷⁾	Tonnes		5	1	6	8

1. Reporting principles - see Danica Pension's ESG key figures at www.danicapension.dk

2. The target is to reduce carbon emissions from the energy, utilities, transport, cement and steel sectors by between 15% and 35% relative to the 2019 level

3. In 2021, we chose ISS as our new data supplier. The figures are therefore not comparable with those for 2019.

4. The figures cover the sustainability certificates DGNB Gold, DGNB Silver and LEED Gold in the Danish property portfolio. See also Danica Pension's reporting on the EU Taxonomy Regulation at www.danicapension.dk.

5. The target is to reduce carbon emissions from the Danish property portfolio by 69% by 2030 relative to 2019.

6. The target is to reduce Danica Pension's own carbon emissions by at least 40% from 2019 to 2023.

7. Paper consumption is measured as the amount of paper purchased for the year - see Danica Pension's ESG key figures at www.danicapension.dk

RISK EXPOSURE AND SENSITIVITY INFORMATION

Information on risk and risk management are set out in note 34 to the financial statements. The below table shows the effects on the Group's total capital and solvency coverage ratio of isolated changes in various risk categories, see section 126 g of the Danish Financial Business Act. A description of the stress scenarios in the various risk categories is provided in the Danish Executive Order on Sensitivity Analyses for Group 1 Insurance Companies.

Sensitivity information – Solvency Capital Requirement (SCR)

	SCR 125%			SCR 100%		
	Stress (%)	Total capital (DKK millions)	Solvency coverage ratio (%)	Stress (%)	Total capital (DKK millions)	Solvency coverage ratio (%)
Interest rate risk	-2.00	28,205	148	-2.00	28,205	148
Equity risk	95	19,389	125	100	18,723	122
Property risk	82	21,846	125	100	19,682	111
Credit spread risk:						
- Danish government bonds, etc.	22	22,627	125	31	19,026	100
- Other government bonds, etc.	66	23,481	125	92	20,225	100
- Other bonds	64	21,958	125	90	18,087	100
Currency spread risk:						
GBP	100	31,375	179	100	31,375	179
SEK	100	31,418	182	100	31,418	182
JPY	100	31,431	182	100	31,431	182
Counterparty risk	-	31,556	183	-	-	-
Longevity risk	61	30,044	125	73	29,605	100
Life insurance option risk	813	30,780	166	813	30,780	166
Non-life catastrophe risk	N/A	N/A	N/A	N/A	N/A	N/A

Sensitivity information – Minimum Capital Requirement (MCR)

	MCR 125%			MCR 100%		
	Stress (%)	Total capital (DKK millions)	Solvency coverage ratio (%)	Stress (%)	Total capital (DKK millions)	Solvency coverage ratio (%)
Interest rate risk	-2.00	26,228	348	-2.00	26,228	348
Equity risk	100	16,624	240	100	16,624	240
Property risk	100	17,646	244	100	17,646	244
Credit spread risk:						
- Danish government bonds, etc.	49	9,501	125	53	7,886	100
- Other government bonds, etc.	100	17,246	240	100	17,246	240
- Other bonds	100	14,643	200	100	14,643	200
Currency spread risk:						
GBP	100	29,258	428	100	29,258	428
SEK	100	29,296	430	100	29,296	430
JPY	100	29,308	431	100	29,308	431
Counterparty risk	-	-	-	-	-	-
Longevity risk	100	27,187	236	100	27,187	236
Life insurance option risk	813	28,653	422	813	28,653	422
Non-life catastrophe risk	N/A	N/A	N/A	N/A	N/A	N/A

The above table was prepared on the basis of total capital of DKK 31,556 million and a solvency coverage ratio of 187%. Please note that for credit spread risk, we assumed a decline without an increase in EIOPA's discount yield curve or the volatility adjustment (VA), which is a component of EIOPA's discount curve.

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Financial highlights - Danica Group

DKKm	2022	2021	2020	2019	2018
INCOME STATEMENT					
Life insurance					
Premiums	32,365	33,994	25,427	22,431	21,576
Claims and benefits	-26,620	-26,185	-25,979	-27,345	-26,334
Return on investment	-67,647	35,409	31,207	51,180	-7,387
Total operating expenses relating to insurance	-1,245	-1,186	-1,185	-1,182	-1,183
Depreciation of goodwill	-1,627	-	-	-800	-
Profit/loss on business ceded	-32	-5	-8	-7	3
Technical result, Life	-835	2,720	2,481	1,259	1,735
Health and accident insurance					
Gross premium income	1,985	1,560	1,411	1,525	1,789
Gross claims	-1,920	-2,202	-2,088	-2,080	-2,339
Total operating expenses relating to insurance	-127	-162	-110	-113	-118
Profit/loss on business ceded	-27	-14	-21	-12	-33
Return on investment	-953	289	158	31	325
Technical result of health and accident insurance	-1,032	-547	-626	-628	-635
Profit after tax from discontinued operations	412	76	76	1,523	115
Net profit for the year	-1,674	1,730	1,501	2,271	1,081
Other comprehensive income	31	15	-11	7	-36
BALANCE SHEET					
Total assets	551,550	679,619	669,415	605,978	565,566
Insurance assets, health and accident insurance	23	69	223	268	301
Technical provisions, health and accident insurance	15,423	17,598	18,130	17,606	14,637
Total shareholders' equity	20,179	24,122	22,377	20,887	18,897
Total provisions for insurance and investment contracts	413,828	470,191	458,261	437,739	399,522
RATIOS (%)					
Rate of return related to average rate products	-14.6	0.0	6.0	10.3	1.0
Rate of return related to unit-linked products	-14.9	13.3	8.3	15.6	-5.5
Risk on return related to unit-linked products	5.25	4.50	4.50	4.25	4.25
Expenses as per cent of provisions	0.3	0.3	0.3	0.3	0.3
Expenses per policyholder [DKK]	1,656	1,596	1,584	1,532	1,672
Return on equity after tax	-7.1	7.4	6.9	11.4	6.0
RATIOS FOR HEALTH AND ACCIDENT INSURANCE					
Gross claims ratio	96	142	145	135	137
Gross expense ratio	6	10	8	7	7
Combined ratio	104	154	155	143	146
Operating ratio	104	154	155	143	146
Relative run-off (%)	1.6	1.3	0.6	0.0	-0.4
Run-off, net of reinsurance [DKK millions]	229	190	89	-2	-54

The ratios are defined in accordance with the Danish FSA's Executive Order on Financial Reports for Insurance Companies and Multi-employer Occupational Pension Funds. For definition of the ratios see Significant accounting policies.

Effective 7 June 2018, Danica Pension acquired the companies Danica Pensionsforsikring A/S and Danica Administration A/S (previously SEB Pension Danmark). The acquired companies are recognised in the Group effective from this date.

Income statement & Other comprehensive income - Danica Group

Note	DKKm	2022	2021
3	Gross premiums	32,365	33,994
	Reinsurance premiums ceded	-27	-15
	Total premiums, net of reinsurance	32,338	33,979
	Income from associates	928	1,898
4	Income from investment property	737	628
5	Interest income and dividends, etc.	33,440	22,658
6	Value adjustments	-74,786	27,330
7	Interest expenses	-27,281	-16,375
	Administrative expenses related to investment activities	-685	-730
	Total return on investment	-67,647	35,409
	Tax on pension returns	9,951	-5,242
8	Claims and benefits paid	-26,620	-26,185
	Reinsurers' share received	21	11
	Total claims and benefits, net of reinsurance	-26,599	-26,174
	Change in life insurance provisions	48,385	-32,804
	Change in reinsurers' share	-26	-1
	Total change in life insurance provisions, net of reinsurance	48,359	-32,805
	Change in profit margin	2,905	-1,087
	Acquisition costs	-373	-359
	Administrative expenses	-872	-827
	Depreciation of goodwill	-1,627	-
9	Total operating expenses relating to insurance, net of reinsurance	-2,872	-1,186
	Transferred investment return	2,730	-174
	TECHNICAL RESULT OF LIFE INSURANCE	-835	2,720

Income statement & Other comprehensive income - Danica Group

Note	DKKm	2022	2021
	(cont'd)		
	HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	1,560	1,499
	Reinsurance premiums ceded	-36	-19
	Change in unearned premiums provision	385	158
	Change in profit margin and risk margin	40	-97
	Premiums, net of reinsurance	1,949	1,541
	Claims paid, gross	-2,212	-2,029
	Reinsurers' share received	67	66
	Change in outstanding claims provision	354	251
	Change in risk margin	-62	-424
	Change in outstanding claims provision, reinsurers' share	-58	-61
	Claims, net of reinsurance	-1,911	-2,197
	Bonus and premium discounts	10	-18
	Acquisition costs	-53	-48
	Administrative expenses	-74	-114
	Total operating expenses relating to insurance, net of reinsurance	-127	-162
	Return on investment	-953	289
10	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-1,032	-547
	Return on investment allocated to equity	-330	-128
11	Other income	30	33
12	PROFIT BEFORE TAX	-2,167	2,078
13	Tax	81	-424
	NET PROFIT FOR THE YEAR, BEFORE DISCONTINUED OPERATIONS	-2,086	1,654
14	Profit after tax from discontinued operations	412	76
	NET PROFIT FOR THE YEAR	-1,674	1,730
	Net profit for the year	-1,674	1,730
	Other comprehensive income (items that will be reclassified in a subsequent sale):		
	Translation of units outside Denmark	-	52
	Hedges of units outside Denmark	-	-47
	Items reclassified regarding sale of foreign entity	31	-
13	Tax relating to other comprehensive income	-	10
	Total other comprehensive income	31	15
	NET COMPREHENSIVE INCOME FOR THE YEAR	-1,643	1,745

Balance sheet - Danica Group

Assets

Note	DKKm	2022	2021
15	INTANGIBLE ASSETS	757	2,606
16	Domicile property	45	44
	TOTAL TANGIBLE ASSETS	45	44
17	Investment property	16,032	16,327
18	Holdings in associates and joint ventures	9,544	9,613
	Loans to associates and joint ventures	763	406
	Total investments in associates	10,307	10,019
19	Holdings	26,087	33,760
	Unit trust certificates	10,313	11,301
20	Bonds	121,956	158,092
	Other loans	1,010	1,080
	Deposits with credit institutions	5,780	7,341
21	Derivatives	63,300	96,960
22	Total other financial investment assets	228,446	308,534
	TOTAL INVESTMENT ASSETS	254,785	334,880
23	INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS	277,194	305,194
	Life insurance provisions, reinsurers' share	11	37
	Outstanding claims provision, reinsurers' share	12	69
	Total technical provisions, reinsurers' share	23	106
	Amounts due from policyholders	618	450
	Amounts due from insurance companies	30	59
	Other debtors	12,787	1,263
24	TOTAL DEBTORS	13,458	1,878
	Assets relating to discontinued operations		24,000
	Current tax assets	712	87
	Cash and cash equivalents	2,094	3,169
	TOTAL OTHER ASSETS	2,806	27,256
	Accrued interest and rent	2,013	7,263
	Other prepayments and accrued income	492	498
	TOTAL PREPAYMENTS AND ACCRUED INCOME	2,505	7,761
	TOTAL ASSETS	551,550	679,619

Balance sheet - Danica Group

Liabilities and equity

Note	DKKm	2022	2021
LIABILITIES			
	Unearned premiums provision	735	1,288
	Life insurance provisions, average rate products	141,481	171,722
25	Life insurance provisions, unit-linked products	251,431	272,473
	Total life insurance provisions	392,912	444,195
	Profit margin on life insurance and investment contracts	5,493	8,398
	Outstanding claims provision	13,094	14,583
	Risk margin on non-life insurance contracts	1,562	1,683
	Provisions for bonus and premium discounts	32	44
26	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	413,828	470,191
13	Deferred tax	1,694	1,420
	Other provisions	262	308
	TOTAL PROVISIONS FOR LIABILITIES	1,956	1,728
	Amounts owed, direct insurance	45	39
	Amounts owed to reinsurers	20	37
27	Amounts owed to credit institutions	22,907	21,614
28	Other creditors	86,440	127,813
	Liabilities relating to discontinued operations	-	23,161
	Accruals and deferred income	2,690	7,062
29	Subordinated debt	3,485	3,852
	TOTAL CREDITORS	531,371	655,497
SHAREHOLDERS' EQUITY			
	Share capital	1,101	1,101
	Revaluation reserve	1	1
	Contingency fund	1,882	1,882
	Retained earnings	17,195	18,838
	Proposed dividend	-	2,300
	TOTAL SHAREHOLDERS' EQUITY	20,179	24,122
	TOTAL LIABILITIES AND EQUITY	551,550	679,619

Statement of capital - Danica Group

DKK m

Changes in shareholders' equity	Share capital	Revaluation reserve	Foreign currency translation reserve *	Other reserves	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2021	1,101	1	-31	1,882	18,869	2,300	24,122
Profit for the year	-	-	-	-	-1,674	-	-1,674
Other comprehensive income:							
Translation of units outside Denmark	-	-	31	-	-	-	31
Total other comprehensive income	-	-	31	-	-	-	31
Comprehensive income for the year	-	-	31	-	-1,674	-	-1,643
Dividend paid	-	-	-	-	-	-2,300	-2,300
Shareholders' equity at 31 December 2022	1,101	1	0	1,882	17,195	0	20,179
Shareholders' equity at 31 December 2019	1,101	1	-46	1,882	19,439	-	22,377
Profit for the year	-	-	-	-	1,730	-	1,730
Other comprehensive income:							
Translation of units outside Denmark	-	-	52	-	-	-	52
Hedges of units outside Denmark	-	-	-47	-	-	-	-47
Tax on other comprehensive income	-	-	10	-	-	-	10
Total other comprehensive income	-	-	15	-	-	-	15
Comprehensive income for the year	-	-	15	-	1,730	-	1,745
Proposed dividend	-	-	-	-	-2,300	2,300	0
Shareholders' equity at 31 December 2021	1,101	1	-31	1,882	18,869	2,300	24,122

* Recognised in the balance sheet under retained earnings.

Danica Pension has an obligation to allocate part of the excess equity to certain policyholders of the former Statsanstalten for Livsforsikring (now a part of Danica Pension) if the percentage by which the equity exceeds the calculated capital requirement is higher than the percentage that had been maintained by Statsanstalten for Livsforsikring prior to the privatisation of this company in 1990. This comprises any excess either added to shareholders' equity or distributed as dividend, but it does not comprise shareholders' equity paid in after the privatisation. Special allotments to those policyholders are recognised as an expense in the income statement item "Change in life insurance provisions".

The share capital is made up of 11,010,000 shares of a nominal value of DKK 100 each. All shares carry the same rights; there is thus only one class of shares.

Statement of capital - Danica Group

DKKm	2022	2021
Capital base		
Shareholders' equity	20,179	24,122
Valuation differences between financial statements and Solvency II		
Provisions for insurance and investment contracts	9,264	4,737
Deferred tax	-615	-218
- Proposed dividend	0	-2,300
Intangible assets	-757	-2,606
Tier 2 capital	3,485	3,852
Capital base	31,556	27,587

Cash flow statement - Danica Group

DKKm	2022	2021
Cash flow from operations		
Profit before tax	-2,167	2,078
Adjustment for non-cash operating items		
Non-cash items relating to premiums and benefits	-55,407	27,995
Non-cash items relating to reinsurance	67	-12
Non-cash items relating to investment return	61,071	-32,349
Non-cash items relating to tax on pension returns	16,111	-1,674
Non-cash items relating to expenses	-22,048	3,605
Net investment, customer funds	1,592	6,088
Payments received and made, investment contracts	-2,997	-3,069
Tax paid	-278	-400
Cash flow from operations	-4,056	2,262
Cash flow from investing activities		
Sale of undertakings	1,468	-
Acquisition of bonds	-6,028	-7,196
Sale of bonds	6,988	5,702
Purchase of derivatives	-	-103
Sale of derivatives	-	2
Cash flow from investing activities	2,428	-1,595
Cash flow from financing activities		
Dividend	-2,300	-
Debt to credit institutions	1,292	882
Cash flow from financing activities	-1,008	882
Cash and cash equivalents, beginning of year	10,510	8,961
Change in cash and cash equivalents	-2,636	1,549
Cash and cash equivalents, end of year	7,874	10,510
Cash and cash equivalents, end of year		
Deposits with credit institutions	5,780	7,341
Cash in hand and demand deposits	2,094	3,169
Total	7,874	10,510

Notes – Danica Pension Group

Note

1 SIGNIFICANT ACCOUNTING POLICIES – DANICA PENSION

GENERAL

The Danica Pension Group presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) which have been adopted by the EU and with relevant interpretations issued by the IFRS Interpretations Committee. Furthermore, the consolidated financial statements comply with the Danish FSA's disclosure requirements for annual reports of issuers of listed bonds.

As of 1 January 2022, the Danica Pension Group implemented amendments to IAS 1 (classification of liabilities as current or non-current), IAS 16 (proceeds before intended use), IAS 37 (onerous contracts - cost of fulfilling a contract), IFRS 3 (reference to the conceptual framework) and Annual Improvements to IFRS Standards 2018 - 2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41).

The implementation of the changes has no impact on the Danica Pension Group's financial statements, and apart from the above, the accounting policies have remained unchanged relative to the 2021 annual report.

Change in presentation of the part of the change in the profit margin relating to life insurance that is used to cover expected future losses on health and accident insurance

Danica Group changed the presentation of the part of the change in the profit margin relating to life insurance that is used to cover expected future losses on health and accident insurance, so that it is now presented in the income statement under the result of life insurance instead of, as previously, under the result of health and accident insurance.

The change has no impact on the results for the period or on shareholders' equity, but it has, however, affected the result of life insurance in 2022 by negative DKK 629 million (2021: Positive DKK 82 million) and the result of health and accident insurance positively (2021: negatively) by the same amount.

The comparative figures for previous periods have been changed.

Impairment of goodwill

As mentioned in the management's report, Danica Pension has written down goodwill from the acquisition of the former SEB Pension to DKK 0. The impairment test showed a need for impairment of the goodwill recognized, primarily because of the development in the financial markets in 2022 and a rising discount rate.

Sale of subsidiary

In December 2021, the Group entered into an agreement to sell the Norwegian company Danica Pensjonsforsikring as to Sto-rebrand. After approval by the Norwegian authorities, the transaction was completed in 2022. The profit and loss account includes the proceeds from the sale on the line "Profit after tax on discontinued operations".

Significant accounting estimates and judgments

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

- the measurement of liabilities under insurance contracts
- the fair value measurement of financial instruments
- the fair value measurement of unlisted investments
- the fair value measurement of real property
- Intangible assets/Goodwill/Customer relationships

The war in Ukraine has not had a significant impact on the Danica Group's activities or on recognition and measurement in the financial statements.

Measurement of liabilities under insurance contracts

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

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

Notes – Danica Pension Group

Note

The calculation of life insurance provisions is based on an assumed increase in life expectancy over today's observed lifetime of 2.2 years (2021: 2.3 years) for a sixty five-year-old male and 2.2 years (2021: 2.3 years) for a sixty five-year-old female. A sixty five-year-old male is thus expected to live for approximately 23 more years (2021: 23 years) and a sixty five-year-old female for approximately 25 more years (2021: 25 years).

The probabilities used for surrenders and conversions into paid-up policies are dependent on duration, as a declining relationship has been observed between intensities and number of years since a policy was taken out. Separate intensities are used for the individual interest rate groups and the unit-linked portfolio. The probabilities of early releases of pensions and conversions into paid-up policies are estimated based on observations for the preceding five years.

The disability probability is the same for all portfolios. The probabilities used are age- and gender-dependent. The determination of disability probabilities includes probability of reactivation.

In respect of the life insurance business, the method used to calculate risk margin involves applying a safety margin to intensities.

For mortality, the risk margin consists of a margin on observed current mortality rates and longevity improvements.

For intensities of early release of pensions and conversion into paid-up policies, the risk margin applied constitutes a 10% increase in all intensities for unit-linked and interest rate group 1-3 and rate group D1 and a 10% decrease in all intensities for interest rate groups D2-D4 and rate group 4. The intensities are reassessed on an ongoing basis as experience is gained.

For disability, a 10% risk margin is also applied, which is calculated on both the disability probability and the reactivation probability.

The liabilities also depend on the discount yield, which is fixed on the basis of a zero-coupon yield curve. The zero-coupon yield curve is estimated on the basis of the euro swap market. The curve is adjusted by a currency and a credit risk deduction as well as a volatility adjustment. For maturities of more than 20 years, the rate is extrapolated based on the forward rate in year 20 and with a constant forward rate at the 60-year mark of 3.45% (Ultimate Forward Rate). Danica uses a yield curve calculated according to principles and based on data resulting in a curve as close as possible to the EIOPA yield curve.

Fair value measurement of financial instruments

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

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

Fair value measurement of real property

The fair value of investment property is determined by expert valuers on the basis of a systematic assessment based on the present value of the expected cash flows from the property. The present value is calculated based on discounting by a required rate of return determined for each property individually, in accordance with appendix 7 to the executive order on the presentation of financial reports for insurance companies and multi-employer occupational pension funds.

Intangible assets/Goodwill/Customer relationships

Goodwill is tested for impairment annually, or more frequently if there are indications of impairment. Impairment testing requires Management to estimate future cash flows. These estimates are based on earnings estimates for the budget period, followed by a terminal value. The budget period generally represents the first three years.

Goodwill in connection with the acquisition of SEB Pension in 2018 was written down in full in 2022.

Customer relationships acquired in connection with business combinations are recognised as a separate identifiable intangible asset. The fair value of the customer relationships at the acquisition date represents the net present value of expected future earnings related to the existing customer base in the former SEB Pension and is calculated based on the estimated future profit margin in the acquired companies at the acquisition date.

Consolidation

Together with the undertakings consolidated in the Danica Pension Group, the Company is included in the consolidated financial statements of Danske Bank A/S. The financial statements consolidate the Company and group undertakings in which the Group has control over financial and operating decisions. Control is said to exist if the Company is exposed to variable returns from its involvement with the undertaking and, directly or indirectly, holds more than half of the voting rights in the undertaking or otherwise has power to control management and operating decisions affecting the variable returns.

The consolidated financial statements are prepared by consolidating items of the same nature and eliminating intragroup transactions and balances.

Undertakings acquired are included in the financial statements at the time of acquisition.

Notes – Danica Pension Group

Note

The net assets of such undertakings (assets, including identifiable intangible assets, less liabilities and contingent liabilities) are measured in the financial statements at fair value at the date of acquisition according to the acquisition method.

If the cost of acquisition exceeds the fair value of the net assets acquired, the excess amount is recognised as goodwill. Goodwill is recognised in the functional currency of the undertaking acquired. If the fair value of the net assets exceeds the cost of acquisition (negative goodwill), the excess amount is recognised as income at the date of acquisition. The portion of the acquisition that is attributable to non-controlling interests does not include goodwill.

Divested undertakings are included in the financial statements until the transfer date.

Intra-group mergers are carried out in accordance with the aggregation method.

For an overview of the companies in the Group, see page 80. The Group is not subject to any restrictions on its ability to access or use the assets or settle the liabilities of the Group.

Materiality

For the purpose of clarity, the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other financial statement items.

Holdings in associates and joint ventures

Associates are entities, other than group undertakings, in which the Group has holdings and significant but not controlling influence. The Group generally classifies entities as associates if the Company, directly or indirectly, holds 20-50% of the voting rights and has power to control management decisions. If the company, together with one or more external investors, has joint control over a company, it is a joint operation.

Holdings in associates are recognised at cost at the date of acquisition and are subsequently measured according to the equity method. The proportionate shares of the shareholders' equity of the entity with the addition of goodwill on consolidation are recognised in the item Holdings in associates and the proportionate share of the net profit or loss of the individual entity is recognised in Income from associates. The proportionate share is calculated on the basis of data from financial statements with balance sheet dates no earlier than three months before the Group's balance sheet date and calculated in accordance with the Group's significant accounting policies.

Jointly controlled assets and operations

The Group is involved in joint operations with other pension companies. These joint operations are administrated by Forenede Gruppeliv. Income, expenses, assets and insurance liabilities, etc. are distributed between and recognised by the venturers according to their individual quota, which is determined based on the premiums written by the individual venturer during the year.

With respect to jointly controlled assets and operations, a proportionate share (corresponding to pro rata consolidation) is recognised in the income statement and balance sheet in accordance with the relevant IFRS standards.

Assets relating to discontinued operations

In the income statement, the profit after tax from discontinued operations is recognised in the item Profit after tax from discontinued operations, while the company's assets are recognised under debtors in the item Assets relating to discontinued operations and similarly under creditors in the item Liabilities relating to discontinued operations. The items comprise both temporarily held operations and discontinued operations.

Intragroup transactions

Transactions between companies in the Danske Bank Group are settled on an arm's-length basis and according to contractual agreement between the entities, unless the transactions are insignificant.

Translation of transactions in foreign currency

The presentation currency of the consolidated financial statements is Danish kroner, which is the functional currency of the Company. The functional currency of each of the Group's units is the currency of the country in which the unit is domiciled, as most income and expenses are settled in the local currency.

Transactions in foreign currency are translated at the exchange rate of the unit's functional currency at the transaction date. Gains and losses on exchange rate differences arising between the transaction date and the settlement date are recognised in the income statement.

Monetary assets and liabilities in foreign currency are translated at the exchange rates at the balance sheet date. Exchange rate adjustments of monetary assets and liabilities arising as a result of differences in the exchange rates at the transaction date and at the balance sheet date are recognised in the income statement.

Notes – Danica Pension Group

Note

Translation of units outside Denmark

Assets and liabilities of units outside Denmark are translated into Danish kroner at the exchange rates at the balance sheet date. Income and expenses are translated at the exchange rates at the transaction date. Exchange rate gains and losses arising on translation of net investments in units outside Denmark are recognised in other comprehensive income.

Hedge accounting

The Group uses derivatives to hedge the interest rate risk on fixed-rate liabilities measured at amortised cost. Hedged risks that meet the criteria for fair value hedge accounting are treated accordingly. The interest rate risk on the hedged liabilities is measured at fair value as a value adjustment of the hedged items through profit or loss.

Financial liabilities in foreign currency are used to hedge net investments in units outside Denmark. Exchange rate adjustments attributable to a hedge are recognised in other comprehensive income. If the hedge accounting criteria cease to be met, the exchange rate adjustments of the financial liabilities are recognised in the income statement from the date when the hedge is discontinued.

When a foreign unit is divested, the amounts previously recognised in other comprehensive income in relation to the hedge are recognised through profit or loss, including the amount recognised in connection with foreign currency translation of the unit outside Denmark.

Insurance contracts

Life insurance policies are classified as insurance or investment contracts. Insurance contracts are contracts that entail significant insurance risks or entitle policyholders to bonuses. Investment contracts are contracts that entail insignificant insurance risk, and consist of unit-linked products under which the investment risk lies with the policyholder.

Contribution

In accordance with the Executive Order on the Contribution Principle, the Danish FSA has been notified of Danica Pension's profit policy. The portfolio of Danica Traditional policies is divided into fourteen interest rate groups of which 8 of the interest groups are active. Danica Pension has ten cost groups and seven risk groups.

If the collective bonus potential for the individual group is sufficient to allow booking of the risk allowance, an amount may be booked.

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

Danica Pension has an obligation to allocate part of the excess equity to certain policyholders of the former Statsanstalten for Livsforsikring (now part of Danica Pension) if the percentage by which the equity exceeds the statutory solvency need is higher than the percentage that had been maintained by Statsanstalten for Livsforsikring prior to the privatisation of this company in 1990. This comprises any excess either consolidated in shareholders' equity or distributed as dividend, but it does not comprise shareholders' equity paid in after the privatisation. Special allotments to those policyholders are recognised as an expense in the income statement item Change in life insurance provisions.

INCOME STATEMENT

Life insurance premiums

Regular and single premiums on insurance contracts are included in the income statement at the due dates. Reinsurance premiums paid are deducted from premiums received. Premiums on investment contracts are recognised directly in the balance sheet and disclosed in the notes.

Return on investment

Income from associates comprises the company's share of the associates' profit after tax and realised gains and losses on sales during the year.

Income from investment properties comprises the profit from operating investment properties after deduction of property management expenses.

Interest income and dividends etc. comprises yield on bonds and other securities and interest on amounts due. In addition, the item comprises dividends from holdings with the exception of dividends from group undertakings and associates.

Market value adjustments comprise realised and unrealised gains and losses and exchange rate adjustments on investment assets other than associates.

Interest expenses comprise interest from subordinated loans, receivables, other securities and other debt.

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

Notes – Danica Pension Group

Note

Tax on pension returns

Tax on pension returns consists of individual tax on pension returns, calculated on the interest accrued on policyholders' savings, and non-allocated tax on pension returns, calculated on amounts allocated to the collective bonus potential, and the like. Tax on pension returns is charged at a rate of 15.3%.

Claims and benefits

Claims and benefits, net of reinsurance comprises the claims and benefits paid on insurance contracts for the year, net of the reinsurers' share. Claims and benefits on investment contracts are recognised directly in the balance sheet.

Change in life insurance provisions

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

The change in collective bonus potential is part of the change in life insurance provisions and comprises the change for the year in collective bonus potential for insurance policies with bonus entitlement.

Change in profit margin

Change in profit margin is the change for the year in the profit margin relating to life insurance.

Operating expenses relating to insurance activities

Acquisition costs cover accrued costs related to acquiring and reviewing the insurance portfolio. Administrative expenses cover other accrued expenses related to insurance operations.

The allocation of non-directly attributable expenses on acquisition costs and administrative expenses and on life insurance and health and accident insurance is made applying allocation models.

Performance-based remuneration is expensed as it is earned. Part of the performance-based remuneration for the year may be paid in the form of conditional shares in Danske Bank A/S.

Transferred return on investment

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

Health and accident insurance

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

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

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

Other income

Other income comprises fund management commissions.

Other expenses

Comprises expenses which cannot be directly attributed to insurance or investment activities.

Taxation

Calculated current and deferred tax on the profit for the year before tax and adjustments of tax charges for previous years are recognised in the income statement. Income tax for the year is recognised in the income statement in accordance with the tax laws in force in the countries in which Danica operates. Tax on items recognised in other comprehensive income is also recognised in other comprehensive income.

BALANCE SHEET ASSETS

Intangible assets Goodwill

Notes – Danica Pension Group

Note

Goodwill arises on the acquisition of an undertaking and is calculated as the difference between the cost of the undertaking and the fair value of its net assets.

Goodwill is allocated to business units constituting the smallest identifiable cash-generating units, corresponding to the internal reporting structure and the level at which management monitors its investment. Goodwill is not amortised; instead each business unit is tested for impairment at least once a year or more frequently if indications of impairment exist. Goodwill is written down to its recoverable amount in the income statement provided that the carrying amount of the net assets of the cash-generating unit exceeds the higher of the assets' fair value less costs to sell and their value in use, which equals the present value of the future cash flows expected to be derived from each unit.

Goodwill on associates is recognised in Holdings in associates. The unit tested for impairment is the total carrying amount (including goodwill) of holdings in the associate.

The impairment test of goodwill is based on dividend expectations, which are calculated on the basis of estimated future earnings and solvency need in the budget and terminal period. The budget period generally represents the first three years. If earnings are not expected to reach a normalised level within the first three years, the period of explicit earnings estimates is extended to ten years. Expected cash flows are discounted by 8% (2021: 7%) after tax, equalling 10% (2021: 9%) before tax. Goodwill in associates is tested for impairment based, among other things, on the financial statements.

The calculation of the value in use of the cash-generating subsidiary is based on the cash flows included in the most recent budgets and forecasts for the coming three financial years, approved by the Board of Directors. For financial years after the budget periods (terminal period), cash flows are extrapolated in the latest budget period adjusted for expected growth rates.

For impairment testing purposes, the business as a whole is considered as one cash-generating unit (CGU).

The important assumptions in the impairment test are growth in the terminal period of 0% and inflation 0%

The impairment test carried out showed a need for impairment of the recognized goodwill to DKK 0 DKK

Customer relationships

Customer relationships acquired in connection with business combinations are recognised as a separate identifiable intangible asset. The fair value of the customer relationships at the acquisition date represents the net present value of expected future earnings related to the existing customer base in the former SEB Pension and is calculated based on the estimated future profit margin in the acquired companies at the acquisition date. Customer relationships/contracts will be amortised over 10 years, which represents management's expectations of the period over which the majority of the future earnings on existing customer relationships/contracts will be earned. On objective evidence of impairment, the customer relationship is tested for impairment and, if impaired, written down to the estimated value of the future earnings. No evidence of impairment was identified in 2022.

Software

Acquired software is recognised at cost, including costs to prepare the asset for use. Acquired software is amortised on a straight-line basis over the expected useful life, usually three years.

Software developed in-house is capitalised if the development costs can be reliably measured and analyses indicate that the future income from the asset exceeds the development costs. These include preparation costs incurred. When the development of the software is completed, the software is amortised on a straight-line basis over the expected useful life, usually three years. Development costs primarily comprise directly attributable payroll costs and other directly attributable development costs. Costs incurred during the planning stage are expensed as incurred.

Software is tested for impairment if there is an indication of impairment.

Domicile property

Domicile property is real property occupied by Danica for administrative purposes etc. The section on investment property below explains the distinction between domicile and investment property. Domicile property is measured at fair value according to the same principles as the Group's investment property, see the section Investment property.

Positive fair value adjustments of domicile property are recognised in other comprehensive income, unless the increase counters a value reduction previously recognised in the income statement. Negative fair value adjustments are recognised in the income statement, unless the decrease counters a value increase previously recognised in other comprehensive income.

Domicile property is depreciated on a straight-line basis, based on the expected scrap value and an estimated useful life of fifty years.

Investment property

Investment property is real property, including real property let under operating leases, which the Group owns for the purpose of receiving rent and/or obtaining capital gains. Investment property is real property that the Group does not use for its own admin-

Notes – Danica Pension Group

Note

istrative purposes etc., as such property is classified as domicile property. Real property with both domicile and investment property elements is allocated proportionally to the two categories if the elements are separately sellable. If that is not the case, such real property is classified as investment property, unless the Group occupies at least 10% of the total floorage.

On acquisition, investment property is measured at cost, including transaction costs, and subsequently it is measured at fair value.

Investment property under construction is measured at fair value. Where the fair value cannot be measured reliably, fair value is based on cost. If indications of impairment exist, the property is tested for impairment and written down to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value of investment property is measured based on a discounted cash-flow model on the basis of a systematic assessment based on the present value of the expected cash flows from the property. The present value is calculated based on discounting by a required rate of return determined for each property individually. The rate of return of a property is determined on the basis of its location, type, possible uses, layout and condition as well as of the terms of lease agreements, rent adjustment and the credit quality of the lessees. External assessments of market rent and return percentages, among other things, are collected for the purpose of input for the determination of return percentages, but the company's own assessment is the basis for calculating fair value.

Financial instruments – general

The classification of financial assets and liabilities and disclosure of income recognition of interest and value adjustments, etc. are explained in note 33 financial instruments.

Purchases and sales of financial instruments are measured at fair value at the settlement date, which usually equals cost. Fair value adjustments of unsettled financial instruments are recognised from the trading date to the settlement date.

For portfolios of assets and liabilities with offsetting market risks, managed on a fair value basis, the fair value measurement is based on mid-market prices.

Financial instruments denominated in the same currency that meet the criteria for offsetting and are cleared via the same clearing broker are presented net in the balance sheet as either an asset or a liability.

Financial investment assets

On recognition, financial investment assets are classified as financial assets at fair value through profit or loss as these assets are managed on a fair value basis, among other things due to their connection to pension obligations.

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

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

The fair value of more complex financial instruments, such as swaptions and other OTC products, is measured on the basis of valuation models which are typically based on valuation techniques generally accepted within the industry. The results of the calculations made on the basis of valuation techniques are often estimates, because exact values cannot be determined from market observations. Consequently, additional parameters, such as liquidity and counterparty risk, are sometimes used to measure fair value.

Unlisted shareholdings are measured on the basis of the most recent reporting, financial statements and other information received from the individual companies. Unlisted funds are measured on the basis of reports from the fund using IPEV Valuation Guidelines as a basis, after which the underlying investments are measured at fair value on the balance sheet date.

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

Investment assets related to unit-linked products

At initial recognition, investment assets related to unit-linked products are classified as financial assets at fair value through profit or loss due to their relation to the associated liabilities.

If an active market exists, the official market price at the closing date is used. If market prices in an active market are not available, fair value is determined on the basis of generally accepted measurement techniques according to the principles described for financial investment assets.

Notes – Danica Pension Group

Note

Debtors

The reinsurers' share of technical provisions is shown divided into unearned premiums provisions, life insurance provisions and outstanding claims provisions.

Debtors are measured at amortised cost, which normally corresponds to nominal value less a write-down to cover any losses.

LIABILITIES AND EQUITY

Unearned premiums provisions

The unearned premiums provision represents the net present value of expected future payments in relation to insurance events occurring after the balance sheet date on existing agreements, plus expected administrative expenses, commission and claims processing costs and less premiums due to be received during the risk coverage period. The risk coverage period after the balance sheet date is 6 months for personal schemes and 12 months for company schemes. For company pension agreements with price guarantees, the risk coverage period is the longer of 12 months and the period of the price guarantee.

Life insurance provisions

Life insurance provisions are computed for each insurance policy on the basis of a zero-coupon yield curve. The computation of life insurance provisions is based on assumptions of expected future mortality, disability rates and administrative costs as well as assumptions of conversions into paid-up policies and surrenders. Estimates of future mortality rates are based on the Danish FSA's benchmark, while other estimates are based on historical data derived from the existing portfolio of insurance contracts, including a risk margin, which is determined using a margin on mortality intensity and intensity relating to conversions into paid-up policies and surrenders. The risk margin is the amount expected to be payable in the market to an acquirer of the policy in return for that party assuming the risk that the costs of meeting the payment obligations under the policy deviate from the present value of the best estimate of the cash flows made during the life of the policy.

Special allotments for the financial year are recognised in life insurance provisions as they arise.

Life insurance provisions are divided into guaranteed benefits including risk margin, individual bonus potentials and collective bonus potentials.

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

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

The collective bonus potential is the part of the value of the policyholders' bonus entitlement not yet allocated to the individual policyholders' savings. If the individual bonus potential is nil, any profit margin not covered by the individual bonus potential will be absorbed by the collective bonus potential.

If the technical basis for risk allowance of an interest rate group after bonuses is negative, and if this loss is not absorbed by the group's collective bonus potential, individual bonus potentials and the profit margin relating to the group's insurance policies are used to absorb the loss. Any further losses are covered by shareholders' equity.

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

Provisions for unit-linked products are measured at fair value on the basis of the share of each contract of the unit trusts in question and the guarantees entered into. For policies with guaranteed benefits, the value of the guaranteed benefits is calculated on the basis of the methods reported to the Danish FSA.

Transfers between assets allocated to customer funds and assets attributable to shareholders' equity are made at fair value. The difference between the fair value and carrying amount of transferred assets is recognised in the collective bonus potential, with set-off directly against shareholders' equity.

Profit margin on life insurance and investment contracts

Profit margin is the present value of future profit, over and above payment for the risk exposure of shareholders' equity on the contracts, which is expected to be recognised in the income statement as insurance cover and any other benefits under the contract are provided.

For contracts subject to contribution, profit margin is calculated on the basis of the notified risk allowance for the interest rate groups. This risk allowance consists of a part reflecting earnings and a part reflecting the risk exposure of shareholders' equity. The latter is determined on the basis of the Company's own assessment of the risk exposure of shareholders' equity.

Notes – Danica Pension Group

Note

For unit-linked and average-rate products where life insurance and health and accident insurance are written together, these are measured collectively. Accordingly, the profit margin on the customers' savings component is reduced by the part of any provision for losses on health and accident insurance that can be included in the profit margin before the reduction.

Outstanding claims provisions

Outstanding claims provisions are an estimate of expected payments of benefits and benefits due but not yet paid in respect of the Group's health and accident insurances. The provisions are settled by way of regular benefits and the liability is calculated as the present value of expected future payments, including costs to settle claims obligations.

Risk margin on non-life insurance contracts

To non-life insurance contracts is added a risk margin, determined using a margin on intensities relating to reactivation and reopening of claims. The risk margin is the amount expected to be payable in the market to an acquirer of the policy in return for that party assuming the risk that the costs of meeting the payment obligations under the policy deviate from the present value of the best estimate of the cash flows made during the life of the policy.

Provisions for bonus and premium discounts

Provisions for bonus and premium discounts comprise amounts payable to the policyholders as a result of a favourable claims experience for this or previous years.

Deferred tax

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

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

Creditors

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

Subordinated debt

Subordinated debt is subordinated loan capital in the form of issued bonds which, in the event of the company's voluntary or compulsory winding-up, will not be repaid until after the claims of its ordinary creditors have been met. Subordinated debt forms part of the Group's total capital.

Subordinated debt is measured at amortised cost plus the fair value of the hedged interest rate risk, see the section Hedge accounting.

Shareholders' equity

Foreign currency translation reserve

The foreign currency translation reserve covers differences arising on the translation of the financial results of and net investments in entities outside Denmark from their functional currencies to Danish kroner. The reserve also includes exchange rate adjustments of financial liabilities used to hedge net investments in such units.

Contingency fund

Danica Pension's contingency fund amount to DKK 1,882 million. In accordance with the articles of association, the contingency fund may be used to strengthen technical provisions or to otherwise benefit policyholders.

Revaluation reserve

The revaluation reserve comprises fair value adjustments of domicile property less accumulated depreciation. The portion of the revaluation attributable to insurance and investment contracts with bonus entitlement is transferred to collective bonus potential.

Proposed dividends

The Board of Directors' proposal for dividends for the year submitted to the general meeting is included as a separate reserve in shareholders' equity. The dividends are recognised as a liability after the general meeting has adopted the proposal.

Cash flow statement

The Group prepares its cash flow statement according to the indirect method. The statement is based on profit for the year before tax and shows the consolidated cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalents during the year.

Cash and cash equivalents consist of the items Cash and Deposits with credit institutions.

Key ratios

The key ratios of the Group are prepared in accordance with the provisions of the executive order on financial reports for insurance companies and multi-employer occupational pension funds. The exact formulas for the calculation of the ratios are set out in the executive order. The return ratios are calculated using a composite weighting procedure.

Notes – Danica Pension Group

Note

The five-year summary on page 17 presents the following ratios:

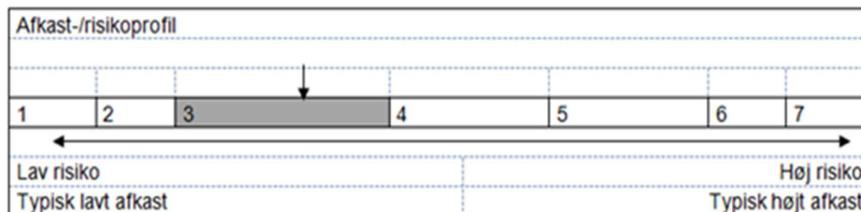
1. Rate of return related to average rate products
2. Rate of return related to unit-linked products
3. Risk on return related to unit-linked products
4. Expenses as per cent of provisions
5. Expenses per policyholder
6. Return on equity after tax

Below, the basis of calculation is described for each of the ratios:

1. The investment return in relation to average rate products relative to average life insurance provisions and the profit margin on average rate products.
2. The investment return in relation to unit-linked products relative to average life insurance provisions and the profit margin on unit-linked products. Amounts in respect of unit-linked products where policyholders pick their own assets are not included.
3. The ratio is calculated as the standard deviation (SD) of the monthly return related to unit-linked products over the past 36 months using the following scale of 1 to 7:

Risk category	%	
	SD ≥	SD <
1.000	0.00	0.50
2.000	0.50	2.00
3.250	2.00	3.00
3.500	3.00	4.00
3.750	4.00	5.00
4.250	5.00	6.70
4.500	6.70	8.34
4.750	8.34	10.00
5.250	10.00	11.67
5.500	11.67	13.33
5.750	13.33	15.00
6.000	15.00	25.00
7.000	25.00	

The standard deviation is converted into a risk category using the following scale:



4. Acquisition costs and administrative expenses for the life insurance business relative to average retrospective provisions (see below).
5. Acquisition costs and administrative expenses for the life insurance business relative to the average number of policyholders pursuant to the note on premiums. For group life insurance, the number of policyholders only has a weighting of 10%.
6. Profit after tax relative to average shareholders' equity.

Notes – Danica Pension Group

Note

Ratios for health and accident insurance:

1. **Gross claims ratio:** The ratio of claims to premium income in non-life insurance. In calculating premium income, bonus and premium discounts are deducted, and the changes for the period in profit margin and risk margin are added.
2. **Gross expense ratio:** The ratio of operating expenses relating to insurance to premium income in non-life insurance. In calculating premium income, bonus and premium discounts are deducted, and the changes for the period in profit margin and risk margin are added. Operating expenses relating to insurance are calculated as the sum of the income statement items Acquisition costs and Administrative expenses.
3. **Combined ratio:** The sum of the claims ratio and the expense percentage.
4. **Operating ratio:** Calculated as the combined ratio, but on the basis of claims ratio, expense percentage and net reinsurance ratio, where the allocated investment return, equalling the recognised amount of technical interest in the income statement, is added to premium income in the denominator.
5. **Relative run-off:** Run-off relative to the provisions at the beginning of the year to which it relates.

Retrospective provisions

Premiums received less benefits paid, expenses paid, risk adjustment and plus accrued interest, etc. on the individual insurance, in principle equalling the policyholders' custody account balances.

Additional provisions

The item additional provisions covers extra provisions made for the fact that the interest rate level is lower than the technical rates of interest used to determine benefits, as well as extra provisions for mortality, etc. The item corresponds to the term 'accumulated value adjustments' in the executive order on financial reports.

Standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has issued one new accounting standard (IFRS 17) and amendments to existing international accounting standards (IFRS 16, IAS 1, IAS 8, and IAS 12), that have not yet come into force. The Group has not early adopted any of the changes. The sections below explain the IFRS changes that are likely to affect the Group's future financial reporting (IFRS 17). For the changes not described below, no significant impact is expected.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was an interim standard that did not prescribe the measurement of insurance contracts but relied on existing accounting practices. IFRS 17 is a comprehensive standard with principles for the recognition and measurement of insurance contracts and the presentation of insurance contracts in the financial statements. IFRS 17 was endorsed by the EU in November 2021 and is effective for annual reporting periods beginning on or after 1 January 2023.

Under IFRS 17, insurance contracts are contracts under which the issuer accepts significant insurance risk from a policyholder, by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

An insurance contract with direct participation features is defined by IFRS 17 as those which, at inception:

- (i) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items,
- (ii) the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items, and
- (iii) the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

IFRS 17 requires a portfolio of insurance contracts (i.e. contracts that are subject to similar risks and are managed together) to be divided into a minimum of (i) a group of contracts that are onerous at initial recognition, if any, (ii) a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any, and (iii) a group of remaining contracts in the portfolio, if any.

Groups of insurance contracts issued are initially recognised from the earliest of the (i) the beginning of the coverage period of the group, (ii) the date when the first payment from a policyholder becomes due, or (iii) for a group of onerous contracts, when the group becomes onerous. Furthermore, each group is divided into annual cohorts so that each group only includes contracts issued no more than one year apart.

Groups of insurance contracts are measured using either the General Measurement Model (GMM, or Building Block approach), Variable Fee Approach (VFA) or Premium Allocation Approach (PAA).

Groups of insurance contracts under BAA or VFA are initially measured as the total of fulfilment cash flows (which comprise estimated future cash flows, an adjustment for time value of money and financial risks related to future cash flows, and a risk adjustment for non-financial risk) and contractual service margin (CSM; unearned profit that will be recognised as the Group provides insurance contract services). At each reporting date, the group of insurance contracts is subsequently measured as the sum of the liability for remaining coverage (comprising fulfilment cash flows relating to future service and CSM) and liability for incurred claims (comprising fulfilment cash flows relating to past service).

Notes – Danica Pension Group

Note

For insurance contracts under PAA, the liability for remaining coverage is measured on initial recognition at premiums received less any acquisition cash flows paid and any amounts arising from the derecognition of insurance acquisition cash flows asset.

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows, any previously recognised insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition are in total a net outflow. The loss from onerous insurance contracts is recognised immediately in profit or loss, and no CSM is recognised on the balance sheet on initial recognition.

The effect of the implementation of IFRS 17

Danica Pension are in process with making the required changes to models and data, and assessing the impact on the consolidated financial statements by implementing IFRS 17.

Danica Pension has divided its insurance products in terms of classification and measurement and aggregation into portfolios, and estimates using the three measurement models, including a preliminary calculation of the CSM, have been made. Under IFRS 17 Danica Pension will have four portfolios of insurance contracts: three portfolios will contain life insurance products and one will contain the health and accident insurance contracts. The three life insurance portfolios will be: an average-rate portfolio, a unit-linked portfolio and a portfolio of legacy life insurance product in run-off. The classification of insurance contracts into four portfolios is based on an assessment of similar risks and whether they are managed together.

Danica Pension will apply all three measurement approaches, with VFA applied to the majority of insurance contracts, since they meet the definition of insurance contracts with direct participation features under IFRS 17. The PAA method will be applied to health and accident insurance contracts.

IFRS 17 will not change the method of discounting future cash flows for insurance contracts, and Danica Pension will continue to apply the EIOPA yield curve. The risk adjustment for non-financial risks under IFRS 17 will correspond to the risk margin under IFRS 4.

IFRS 17 does not change the overall profitability of the insurance contracts. IFRS 17 can change the recognition pattern of profits and losses in the income statement, in particular due to the disaggregation of life insurance products and health and accident insurance products. Other than this, IFRS 17 is not expected to have a material effect on the expected profit patterns for future periods.

Danica Pension will apply the annual cohort exemption from the EU to the average-rate portfolio.

Danica Pension will apply the fair value approach for measuring insurance contracts at the transition date, as the full retrospective approach is impracticable to apply. On transition, the Group expects equity to decrease by approximately DKK 1.4 billion as at 1 January 2022, which is a consequence of life insurance products and health and accident insurance products no longer will be managed (bundled) together after the transition to IFRS 17.

The transition to IFRS 17 will also results in a profit margin being replaced by the contractual service margin (CSM), which is expected to be significantly higher than the recognised profit margin. The increase in the contractual service margin relative to the profit margin has no effect on equity.

The estimated effect on the net profit for 2022 is in the range of DKK 0.2 - 0.5 billion, and therefore the estimated effect on equity as at 1 January 2023 is decrease of DKK 0.9 - 1.2 billion.

Under IFRS 17, the presentation of the income statement and balance sheet will change in the consolidated financial statements of Danica Pension. IFRS 17's requirements for presentation of the income statement are substantially different from those set out in the current IFRS 4 and the balance sheet will in future be presented in the liquidity order.

European Single Electronic Format (ESEF)

Reporting on the ESEF Regulation

The Commission's Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) requires a special digital reporting format for annual report for publicly listed entities. The ESEF Regulation includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements key elements including Income statement, Statement of comprehensive income, Balance sheet, Statement of capital, Cash flow statement and notes.

Danica Pension, Livsforsikringsaktieselskabs iXBRL tagging is prepared in accordance with the ESEF taxonomy, which is included in the appendices of the ESEF Regulation and is developed based on the IFRS taxonomy that is published by IFRS Foundation. For the annual report for 2022, the ESEF Taxonomy 2021-0324 has been applied.

The account balances in the consolidated financial statement is XBRL tagged to the elements in the ESEF Regulation that is assessed to correspond to the content of the account balances. For account balances that are assessed not to be covered by the account balances defined in the ESEF taxonomy, the Group has incorporated entity specific extensions to the taxonomy. These extensions are – except sub-totals – embedded in the elements in the ESEF Taxonomy.

Notes – Danica Pension Group

Note

The Annual Report 2022 comprises - in accordance with the requirements of the ESEF Regulation - of a zip-file danicapension-2022-12-31-da.zip that includes an XHTML-file. The XHTML-file is the official version of the Annual Report 2022. This PDF version of the Annual Report 2022 is a copy of the XHTML-file. In case of discrepancies, the XHTML-file prevails.

ESEF data

Domicile of entity	Denmark
Description of nature of entity's principal activities	Insurance
Country of incorporation	Denmark
Principal place of business	Denmark
Legal form of entity	A/S (public limited company)
Name of reporting entity	Danica Pension Livsforsikringsaktieselskab
Name of parent	Danske Bank A/S
Name of ultimate parent of the Danica group	Danske Bank A/S
Address of entity's registered office	Holmens Kanal 2-12, 1060 København K

Notes - Danica Group

Note	DKKm	2022	2021
2	BUSINESS SEGMENTS		
	The Group consists of one business segment as shown below		
	Gross premiums from external sales	35,138	36,823
	- Gross premiums on investment contracts	-1,213	-1,330
	Gross premiums in the income statement	33,925	35,493
	Return on investment allocated to technical result	-54,966	29,993
	Claims and benefits paid	-28,832	-28,214
	Change in provisions for insurance and investment contracts	52,017	-34,021
	Total operating expenses relating to insurance	-2,999	-1,348
	Result of reinsurance	-59	-19
	Other income, net	30	33
	Technical result	-884	1,917
	Return on investment, shareholders' equity	-330	-128
	Return on investment, health and accident	-953	289
	Profit before tax, including discontinued operations	-2,167	2,078
	Other segment information:		
	Interest income	28,690	19,288
	Interest expenses	-27,281	-16,375
	Income from associated undertakings at book value	928	1,898
	Impairment, depreciation and amortisation charges	-1,761	-154

The Danica Group has no single customers generating 10% or more of the combined revenue. All premiums from external sales originates from Denmark.

Notes - Danica Group

Note	DKKm	2022	2021
3	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	17,623	16,456
	Single premiums	15,955	18,868
	Total direct insurance	33,578	35,324
	Total gross premiums	33,578	35,324
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	136	126
	Single premiums	1,077	1,204
	Total premiums	1,213	1,330
	Total gross premiums included in the income statement	32,365	33,994
	Premiums, direct insurance, broken down by insurance arrangement:		
	Insurance taken out in connection with employment	29,309	30,671
	Insurance taken out individually	1,884	2,443
	Group life insurance	2,385	2,210
	Total	33,578	35,324
	Number of insured, direct insurance (1,000):		
	Insurance taken out in connection with employment	307	295
	Insurance taken out individually	390	396
	Group life insurance	576	558
	Premiums, direct insurance, broken down by bonus arrangement:		
	With profits insurance	3,534	3,985
	Unit-linked insurance	30,044	31,339
	Total	33,578	35,324
	Premiums, direct insurance, broken down by policyholders' residence:		
	Denmark	33,114	34,917
	Other EU countries	379	319
	Other countries	85	88
	Total	33,578	35,324
4	INCOME FROM INVESTMENT PROPERTY		
	Rent	990	933
	Operating expenses	-253	-305
	Total	737	628
	Investment property leases are accounted for as operating leases. Some of the leases are non-terminable by the lessee for a number of years.		
	Breakdown of minimum lease payments on non-terminable leases by lease term:		
	Within 1 year	635	498
	1 - 5 years	1,414	880
	After 5 years	619	648
	Total	2,668	2,026
5	INTEREST INCOME AND DIVIDENDS		
	Interest income from assets at fair value	28,068	18,728
	Interest income from assets at amortised cost	622	560
	Dividends	3,501	3,070
	Indexation	1,249	300
	Total	33,440	22,658

Notes - Danica Group

Note	DKKm	2022	2021
6	VALUE ADJUSTMENTS		
	Investment property	9	70
	Holdings	-23,349	41,899
	Unit trust certificates	-3,341	1,669
	Bonds	-35,927	-6,810
	Other loans	245	159
	Deposits with credit institutions	277	71
	Derivatives	-12,759	-9,870
	Other	59	142
	Total value adjustments	-74,786	27,330
7	INTEREST EXPENSES		
	Interest expenses on assets at fair value	-26,757	-16,076
	Interest expenses on assets at amortised cost	-524	-299
	Total	-27,281	-16,375
8	CLAIMS AND BENEFITS PAID		
	Direct insurance:		
	Insurance amounts on death	-1,293	-1,103
	Insurance amounts on disablement	-297	-266
	Insurance amounts on expiry	-1,236	-832
	Retirement benefits and annuities	-7,812	-7,905
	Surrender values	-14,272	-14,455
	Cash payments of bonuses	-1,708	-1,624
	Total direct insurance	-26,618	-26,185
	Expenses to minimise disablement	-2	0
	Total claims and benefits paid	-26,620	-26,185
9	OPERATING EXPENSES RELATING TO INSURANCE		
	Commission on direct insurance	-217	-246
	Fees to the audit firm appointed by the general meeting:		
	Fees to Deloitte:		
	Statutory audit of financial statements	-4.9	-4.2
	Other assurance engagements	-0.3	-0.2
	Tax advisory services	-0.1	-0.2
	Other services	-0.3	-
	Total	-5.6	-4.6
	Fees for non-audit services provided to the Group by Deloitte Statsautoriseret Revisionspartnerselskab comprise of objective tax and accounting advice as well as submitting statements.		
	Average number of full-time-equivalent employees during the year	912	899
	Number of full-time-equivalent employees, end of year	881	960
	Staff costs:		
	Salaries	-669	-576
	Share-based payment	-1	-6
	Pensions	-114	-100
	Other social security and tax	-109	-91
	Other	-77	-42
	Total staff costs earned	-970	-815

For a more detailed description of the Group's remuneration policy and remuneration paid, see "Aflønningsrapport 2022", available at the website: www.danicapension.dk. The remuneration report 2022 is not covered by the statutory audit.

All the Group's pension plans are defined contribution plans, under which the Group makes contributions to insurance companies, principally Danica. Such payments are expensed as incurred.

Notes - Danica Group

Note	DKKm	2022	2021
	Board of Directors' remuneration (DKK'000)		
	Total remuneration	-1,134	-1,125
	Including fees for board committee membership	-250	-250

Danica's directors receive a fixed fee. In addition, directors receive a fixed fee for board committee membership.

Board of Directors' remuneration is paid only to directors in the Danske Bank Group elected by the employees.

Remuneration of other material risk takers

For 2022, 14 persons outside the Executive Board were designated as material risk takers and combined they received remuneration of DKK 36.3 million (2021 DKK 45.0 million to 29 material risk takers), with fixed remuneration amounting to DKK 31.0 million (2021 DKK 37.5 million) and variable remuneration amounting to DKK 5.3 million (2021 DKK 7.5 million).

The Group has no pension obligations towards other material risk takers, as their pensions are funded by means of defined contribution plans through a pension insurance company.

9
(cont'd)

Remuneration of the Executive Board 2022

	Contractual remuneration	Pensions	Variable cash remuneration	Variable share-based payment	
Total	-11.7	-2.2	-1.5	-1.5	-16.9
Total payment					-15.3

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

Remuneration of the Executive Board 2021

	Contractual remuneration	Pensions	Variable cash remuneration	Variable share-based payment	
Total	-10.2	-2.1	-1.7	-1.4	-15.4
Total payment					-12.9

Share based payment

Part of the variable remuneration of the Executive Board and selected senior staff and specialists was granted by way of conditional shares.

Rights to Danske Bank shares under the conditional share programme vest after up to five years provided that the employee, with the exception of retirement, has not resigned from the Group. In addition to this requirement, rights to shares earned in 2012-2022 vest only if the Group as a whole and the employee's department meet certain performance targets within the next four years.

The fair value of the conditional shares is calculated as the share price less the payment made by the employee, if any.

The intrinsic value is expensed in the year in which the rights to conditional shares vest, while the time value is accrued over the remaining service period, which is the vesting period up to four years.

Danica has hedged the share price risk.

The exact number of shares granted for 2022 will be determined at the end of February 2023.

Notes - Danica Group

Note DKKm

9
(cont'd)

Share-based payment

Conditional shares	Number			Own contribution price (DKK)	Fair value (FV)	
	Executive Board	Other employees	Total		Issue date	End of year
Granted in 2018						
1 Jan. 2021		9,195	9,612	0.0	2.3	1.0
Vested 2021	-417	-7,678	-8,095			
Forfeited 2021		-142	-142			
Other changes 2021		1,610	1,610			
31 Dec. 2021	0	2,985	2,985	0.0	0.7	0.3
31 Dec. 2022	0	2,985	2,985			
Granted in 2019						
1 Jan. 2021	1,589	18,510	20,099	0.0	2.5	2.0
Vested 2021		-552	-552			
Other changes 2021		5,037	5,037			
31 Dec. 2021	1,589	22,995	24,584	0.0	3.1	2.8
Vested 2022	-	-14,393	-14,393			
Forfeited 2022	-771	-805	-1,576		-	-
Other changes 2022	-403	403	0			
31 Dec. 2022	415	8,200	8,615	0.0	1.1	1.2
Granted in 2020						
1 Jan. 2021	6,654	31,297	37,951	0.0	3.7	3.8
Vested 2021	-844		-844	0.0	-	
Other changes 2021		7,431	7,431			
31 Dec. 2021	5,810	38,728	44,538	0.0	4.3	5.0
Vested 2022	-844	-	-844			
Forfeited 2022	-3,406	-	-3,406		-	-
Other changes 2022	-1,514	1,514	0			
31 Dec. 2022	46	40,242	40,288	0.0	3.9	5.5
Granted in 2021						
Granted 2021	15,002	32,359	47,361	0.0		
Vested 2021	-5,212	-12,494	-17,706	0.0	-	-
31 Dec. 2021	9,790	19,865	29,655	0.0	3.4	3.3
Forfeited 2022	-3,138	0	-3,138		-	-
Other changes 2022	-2,247	2,247	0			
31 Dec. 2022	4,405	22,112	26,517	0.0	3.1	3.6
Granted in 2022						
Granted 2022	9,635	39,451	49,086	0.0		
Vested 2022	-	-17,580	-17,580	0.0		
Forfeited 2022	-3,100	-	-3,100			
31 Dec. 2022	6,535	21,871	28,406	0.0	3.3	3.9

Notes - Danica Group

Note	DKKm	2022	2021
9			
(cont'd)			
Executive Board members' holdings and fair value thereof, end of 2022			
Year of grant		2019-2022	
		Number	FV
Søren Lockwood		7,263	1.0
Average market price at the vesting date for conditional shares in 2022 was 137.3			
Executive Board members' holdings and fair value thereof, end of 2021			
Year of grant		2018-2021	
		Number	FV
Ole Krogh Petersen		4,177	0.5
Søren Lockwood		2,149	0.2
Average market price at the vesting date for conditional shares in 2021 was 111.0			

Notes - Danica Group

Note	DKKm	2022	2021
10	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	Total run-off regarding prior years:		
	Gross	229	190
	Net of reinsurance	229	190
	Return on investment allocated to health and accident insurance	-2,400	301
	Provisions, discounted amount	17	60
	Value adjustment of provisions	1,430	-72
	Return on investment	-953	289
	Number of claims	54,914	45,585
	Average amount of claims DKKt	48	49
	Claims frequency	36.2%	31.7%
	Gross premiums, direct insurance, broken down by policyholders' residence:		
	Denmark	1,956	1,551
	Other EU countries	24	16
	Other countries	5	4
	Total	1,985	1,571
11	OTHER INCOME AND OTHER EXPENSES		
	Total other income	30	33
12	PROFIT BEFORE TAX		
	In accordance with the Executive Order on the Contribution Principle and the market discipline guidelines, the Danish FSA has been notified of Danica Pension's profit policy for 2022. Danica Pension's profit for the year comprises the investment return on assets in which shareholders' equity is invested plus the results of unit-linked business 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.		
	In accordance with the contribution principle, full risk allowance for 2022 was booked in all interest rate groups.		

Notes - Danica Group

Note	DKKm	2022	2021
13	TAX		
	Tax for the year can be broken down as follows:		
	Tax on the profit for the year	81	-424
	Tax on other comprehensive income:		
	Hedges of units outside Denmark	-	10
	Total	81	-414
	Tax on the profit for the year is calculated as follows:		
	Current tax	236	-313
	Adjustment of prior-year current tax	119	33
	Adjustment of prior-year deferred tax	-24	0
	Change in deferred tax due to rising tax rate	-261	-
	Other changes in deferred tax	11	-144
	Total	81	-424
	Effective tax rate:		
	Danish tax rate	22.0	22.0
	Adjustment of prior-year tax charge	4.4	-1.6
	Effect of reduction of tax rate	-12.0	-
	Non-taxable income and non-deductible expenses	-10.6	0.0
	Effective tax rate	3.8	20.4
	Deferred tax:		
	Deferred tax is recognised as follows in the balance sheet:		
	Deferred tax liabilities	1,694	1,420
	Deferred tax, net	1,694	1,420
	Deferred tax broken down on main items:		
	Intangible assets	182	188
	Tangible assets	-4	-3
	Investment property	6	1,015
	Negative tax on pension returns brought forward	1,513	160
	Other	-3	60
	Total	1,694	1,420
	Other than the deferred tax provided for, the Group has no contingent tax liability relating to shares in group undertakings.		
14	PROFIT AFTER TAX FROM DISCONTINUING OPERATIONS		
	Life insurance		
	Premiums	1,083	1,976
	Claims and benefits	-534	-1,263
	Return on investment	-2,571	2,245
	Change in insurance provisions	2,117	-2,730
	Total operating expenses relating to insurance	-115	-218
	Profit/loss on business ceded	-1	-5
	Technical result, Life	-21	5
	Health and accident insurance		
	Gross premium income	64	96
	Gross claims	-53	-69
	Total operating expenses relating to insurance	-5	-5
	Profit/loss on business ceded	16	4
	Investment income	-34	1
	Technical result of health and accident insurance	-12	27
	Return on investment allocated to equity	-1	5
	Other income	35	69
	Profit before tax	1	106
	Tax	-6	-30
	Net profit for the year	-5	76
	Profit related to sale	417	-
	Net profit for the year after profit related to sale	412	76

Notes - Danica Group

Note	DKKm				2022	2021
15	INTANGIBLE ASSETS					
		Goodwill	Customer value	Software under developmen	Fully developed software	
2022						
Cost, beginning of year	2,499	1,332	21	48	3,900	
Exchange rate adjustment	-3				-3	
Additions during the year	-	-	9	30	39	
Disposals during the year	-73		-28		-101	
Cost, end of year	2,423	1,332	2	78	3,835	
Impairment and amortisation charges, beg	-796	-477	-	-21	-1,294	
Write-downs during the year	-1,627			-24	-1,651	
Amortisation during the year		-133			-133	
Impairment and amortisation charges, end	-2,423	-610	-	-45	-3,078	
Carrying amount, end of year	0	722	2	33	757	
2021						
Cost, beginning of year	2,499	1,332				3,831
Exchange rate adjustment						-
Additions during the year			21	48		69
Cost, end of year	2,499	1,332	21	48		3,900
Impairment and amortisation charges, beg	-800	-344				-1,144
Exchange rate adjustment	4					4
Amortisation during the year		-133		-21		-154
Impairment and amortisation charges, end	-796	-477		-21		-1,294
Carrying amount, end of year	1,703	855	21	27		2,606
	Intangible assets consist of value of customers (VIF asset) regarding acquisition of the former SEB companies on 7th June 2018, as proprietary, software under development and fully developed software.					
	The customer value will be depreciated linearly over a period of 10 years starting 1st June 2018.					
	Fully developed software will be depreciated linearly over a period of 3 years.					
	In the course of 2022 goodwill on acquisition of Norwegian activities was disposed when these were sold, and the goodwill regarding acquisition of the former SEB companies was fully write-down.					
	For more details, see note 1.					
16	DOMICILE PROPERTY					
Cost, beginning of year					48	48
Cost, end of year					48	48
Depreciation charges, beginning of year					-5	-5
Depreciation charges, end of year					-5	-5
Revalued amount, beginning of year					1	-3
Revaluation for the year					1	4
Revalued amount, end of year					2	1
Carrying amount, end of year					45	44
	The year-end carrying amount is recognised as follows in the consolidated balance sheet:					
	Domicile property				45	44
	Of impairment charges for the year, DKK 0 million was recognised in other comprehensive income and transferred to the revaluation reserve in equity, and DKK 0 million was transferred to the collective bonus potential.					
	The weighted average of rates of return on which fair values of individual properties were based amounts to					
					7.3%	7.0%

Notes - Danica Group

Note	DKKm	2022	2021
17	INVESTMENT PROPERTY		
	Fair value, beginning of year	25,950	24,490
	Additions during the year, including improvements	2,901	3,822
	Disposals during the year	-1,320	-2,206
	Fair value adjustments	-159	-156
	Fair value, end of year	27,372	25,950
	The year-end value is recognised as follows in the consolidated balance sheet:		
	Investment property	16,032	16,326
	Investment assets related to unit-linked products	11,340	9,624
	The weighted average of the rates of return on which the fair value of the individual properties is based, for:		
	Shopping centres	4.98%	4.87%
	Commercial properties	4.88%	4.74%
	Residential properties	3.85%	3.78%

Valuations of investment property are based on cash flow estimates and on the required rate of return calculated for each property that reflects the price at which the property can be exchanged between knowledgeable, willing parties under current market conditions. The required rate of return ranged between 2.5-8.65% (2021: 2.5-8.0%) and averaged 4.56% (2021: 4.5%). An increase in the required rate of return of 1.0 percentage point would reduce fair value at end-2022 by DKK 4,112 million.

All investment properties fall under level 3 in the fair value hierarchy. For a description of the levels, see note 33.

Notes - Danica Group

Note	DKKm	2022	2021				
18	HOLDINGS IN ASSOCIATES AND JOINT VENTURES						
	Cost, beginning of year	10,623	9,960				
	Additions	504	1,590				
	Disposals	-630	-927				
	Cost, end of year	10,497	10,623				
	Revaluations and impairment charges, beginning of year	720	904				
	Share of profit	234	473				
	Dividends	-182	-367				
	Reversal of revaluations and impairment charges	-105	-290				
	Currency translation	-2					
	Revaluations and impairment charges, end of year	665	720				
	Carrying amount, end of year	11,162	11,343				
	The year-end carrying amount is recognised as follows in the consolidated balance sheet:						
	Holdings in associates and joint ventures	9,544	9,613				
	Investment assets related to unit-linked products	1,618	1,730				
	Holdings in associates and joint ventures consist of:						
		Owner-ship percentage	Total assets	Liabilities	Income	Result	
	Udviklingselskabet CØ P/S, København	Property company	50%	2,475	2,459	0	0
	Komplementarselskabet CØ ApS, København	Property company	50%	0	0	0	0
	K/S ERDA II, Århus	Property company	96%	277	197	13	-23
	Komplementarselskabet ERDA II Aps, Århus	Property company	96%	0	0	0	0
	Samejet Nymollevvej 59-91, København	Property company	75%	643	25	35	-16
	Danske Shoppingcentre P/S, Høje Taastrup	Property company	50%	15,290	372	976	598
	Komplementarselskabet Danske Shoppingcentre ApS, Høje Taastrup	Property company	50%	0	0	0	0
	Danske Shoppingcentre FC P/S, Høje Taastrup	Property company	50%	1,320	1	67	67
	Komplementarselskabet Magnolieholm ApS, København	Property company	75%	0	0	0	0
	Magnolieholm P/S, København	Property company	75%	1,267	67	290	239
	P/S Downtown CBD, København	Investment company	50%	386	2	7	7
	Komplementarselskabet Downtown CBD, Købe	Investment company	50%	1	0	0	0
	Capital Four - Strategic Lending Fund K/S,	Investment company	33%	800	1	92	85
	Gro Fund I K/S, København	Investment company	100%	647	1	0	-6
	Gro Fund II K/S, København	Investment company	21%	1,898	2	474	473
	Maritime Investment Fund I K/S, Hellerup	Investment company	32%	5,831	3,464	962	406
	Maritime Investment Fund II K/S, Hellerup	Administration-company	32%	2,318	1,392	335	342
	Administrationsaktieselskabet Forenede Gruppeliv, Valby	Administration-company	25%	20	11	57	2
	The information disclosed is extracted from the companies' most recent annual reports. The Group has no associates of material importance.						
19	HOLDINGS						
	Listed holdings		14,240				
	Unlisted holdings		11,847				
	Total		26,087				
20	BONDS						
	Listed bonds		121,522				
	Unlisted bonds		434				
	Total		121,956				
			157,092				
			1,000				
			158,092				

Notes - Danica Group

Note DKKm	2022	2021
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21 DERIVATIVES

The Group uses derivatives, including forwards and swaps, to manage exposure to foreign exchange, interest rate and equity market risks. Derivatives are also used to hedge guaranteed benefit obligations and other interest-bearing liabilities. For a detailed description of risk management, see note 34. Derivatives are recognised and measured at fair value.

The Group's subordinated debt carries fixed rates and is recognised at amortised cost. According to the underlying accounting regulation, the fair value of the hedged interest rate risk on fixed-rate loans is not recognised in profit or loss, whereas changes in the fair value of the hedging derivatives are recognised through profit or loss.

The Group uses fair value hedge accounting if the interest rate risk on fixed-rate financial liabilities is hedged by derivatives. See note 33.

For some derivatives, the Group has concluded collateral agreements and has received collateral in the form of liquid bonds corresponding to a fair value of DKK 8,884 million in 2022 and DKK 2,222 million in 2021.

Danica Pension offset financial instruments denominated in the same currency that are cleared through the same clearing broker at a fair value corresponding to DKK 229,825 million in 2022 (DKK 0 million in 2021). Accrued interest on these contracts was also offset in the amount of DKK 14,651 in 2022 (DKK 0 million in 2021).

2022	Notional amount	Positive fair value	Notional amount	Negative fair value
Currency contracts:				
Currency contracts	120,423	5,900	76,558	4,949
Options	184,996	2,095	94,480	1,660
Interest rate contracts:				
Interest rate contracts	221,685	40,541	265,529	28,828
Options	1,430,086	45,580	2,123,257	48,022
Equity contracts:				
Equity contracts	12	1	2,262	158
Options	1	68	0	17
Total derivatives	1,957,203	94,185	2,562,086	83,634

2021

Currency contracts:				
Currency contracts	80,242	1,209	91,126	3,175
Options	127,008	1,611	77,407	827
Interest rate contracts:				
Interest rate contracts	2,121,850	99,055	2,173,044	93,499
Options	1,248,047	18,092	2,390,113	22,357
Equity contracts:				
Equity contracts	14	0	2,202	61
Options	9	544	8	234
Total derivatives	3,577,170	120,511	4,733,900	120,153

The positive fair value at year end is recognised as follows in the consolidated balance sheet:

Derivatives	63,300	96,960
Investment assets related to unit-linked products	30,885	23,551

22 OTHER FINANCIAL INVESTMENT ASSETS

Comprises the following investments in companies in the Danske Bank Group:

Holdings	815	521
Bonds	29,376	44,426
Deposits with credit institutions	4,740	5,467
Cash in hand and demand deposits	2,092	2,406
Other	11,761	8,610

Notes - Danica Group

Note	DKKm		2022	2021
23	INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS			
	Consists of unit trusts in which the underlying assets break down as follows:			
		With guarantee	Without guarantee	
	Investment property	816	9,664	10,480
	Holdings	9,369	138,709	148,078
	Bonds	22,035	60,125	82,160
	Deposits with credit institutions	357	5,234	5,591
	Derivatives	3,062	27,823	30,885
	Total	35,639	241,555	277,194
	Investment assets related to unit-linked products break down as follows:			
	Insurance contracts			256,384
	Investment contracts			20,810
	Total			277,194
24	OTHER DEBTORS			
	The item mainly comprises receivables related to deferred tax on pension returns amounting to DKK 11,382 million at 31 December 2022.			
25	LIFE INSURANCE PROVISIONS, UNIT-LINKED PRODUCTS			
	Provisions for unit-linked contracts break down as follows:			
	Insurance contracts		231,419	252,121
	Investment contracts		20,012	20,352
	Total life insurance provisions, unit-linked products		251,431	272,473
	Provisions for unit-linked contracts without guarantee		216,713	230,888
	Provisions for unit-linked contracts with investment guarantee		34,718	41,585
	Total life insurance provisions, unit-linked products		251,431	272,473
26	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS			
	Beginning of year		470,191	458,261
	Disposal discontinued operations		-	-17,898
	Premiums		32,365	33,994
	Claims and benefits paid		-26,620	-26,186
	Added interest on policyholders' savings		-28,677	33,087
	Fair value adjustment		-21,898	-10,250
	Change in outstanding claims provisions		-354	-254
	Change in collective bonus potential		-6,917	4,855
	Other changes		-4,262	-5,418
	End of year		413,828	470,191
	For a more detailed description of calculation methods used for provisions, see note 1, Significant accounting policies.			
27	DUE TO CREDIT INSTITUTIONS			
	Repo transactions		9,288	10,571
	Other amounts due		13,619	11,043
	Total		22,907	21,614
28	OTHER CREDITORS			
	Other creditors comprise:			
	Derivatives with negative fair values		83,634	120,153
	Tax on pension returns		990	6,071
	Staff commitments		73	86

Notes - Danica Group

Note	DKKm	2022	2021																																																																						
29	SUBORDINATED DEBT Subordinated debt is debt which, in the event of the company's voluntary or compulsory winding-up, will not be repaid until the claims of ordinary creditors have been met. Subordinated debt is included in the capital base etc. in accordance with sections 36-38 of the Executive Order on calculation of capital base for insurance companies and insurance holding companies and calculation of total capital for certain investment firms.																																																																								
	<table border="1"> <thead> <tr> <th>Currency</th> <th>Borrower</th> <th>Note</th> <th>Nominal</th> <th>Interest rate</th> <th>Year of issue</th> <th>Maturity</th> <th>Re-demption price</th> <th>2022</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>EUR</td> <td>Danica Pension</td> <td>a)</td> <td>500</td> <td>4.38</td> <td>2015</td> <td>29.9.45</td> <td>100</td> <td>3,718</td> <td>3,718</td> </tr> <tr> <td colspan="8">Subordinated debt</td> <td>3,718</td> <td>3,718</td> </tr> <tr> <td colspan="8">Discount</td> <td>-9</td> <td>-13</td> </tr> <tr> <td colspan="8">Hedging of interest rate risk at fair value</td> <td>-224</td> <td>147</td> </tr> <tr> <td colspan="8">Total, corresponding to amortised cost plus the fair value of the hedged interest rate risk.</td> <td>3,485</td> <td>3,852</td> </tr> <tr> <td colspan="8">Included in the capital base</td> <td>3,485</td> <td>3,852</td> </tr> </tbody> </table>	Currency	Borrower	Note	Nominal	Interest rate	Year of issue	Maturity	Re-demption price	2022	2021	EUR	Danica Pension	a)	500	4.38	2015	29.9.45	100	3,718	3,718	Subordinated debt								3,718	3,718	Discount								-9	-13	Hedging of interest rate risk at fair value								-224	147	Total, corresponding to amortised cost plus the fair value of the hedged interest rate risk.								3,485	3,852	Included in the capital base								3,485	3,852		
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	a) The loan was raised on 29 September 2015 and is listed on the Irish Stock Exchange. The loan can be repaid from September 2025. The loan carries interest at a rate of 4.375% p.a. until 29 September 2025, at which point a step-up will occur. The interest expense amounted to DKK 131 million for 2022 (111 million for 2021). Fair value of the subordinated debt is estimated at DKK 3,562 million (2021: DKK 4,174 million)																																																																								
30	ASSETS DEPOSITED AS COLLATERAL, CONTINGENT LIABILITIES AND CONTINGENT ASSETS Assets have been deposited as collateral for policyholders' savings with a total of:	417,473	491,538																																																																						
	As collateral for derivative transactions, the Group has delivered bonds equal to a total fair value of	34,437	21,846																																																																						
	The Group has rent commitments with a remaining lease of 3 years and annual gross rent of	51	51																																																																						
	Minimum lease payments regarding cars amounts to	6	5																																																																						
	The Group has undertaken contractual obligations to purchase, construct, convert or extend investment properties or to repair, maintain or improve these at an amount of	2,209	1,725																																																																						
	The Group has undertaken to participate in alternative investments with an amount of	12,902	14,323																																																																						
	The Group is voluntarily registered for VAT on certain properties. The Group's VAT adjustment liability amounts to	1,415	1,267																																																																						
	As a participant in partnerships, the Group is liable for a total debt of	25	10																																																																						
	The Group's companies are jointly taxed with all units in the Danske Bank Group and are jointly and severally liable for their Danish income tax, withholding tax etc. The group companies are registered jointly for financial services employer tax and for VAT for which they are jointly and severally liable. Danica Pension is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S. Owing to its size and business volume, the Group is continually a party to various lawsuits and disputes. If Danica is fully or partially successful in its complaint concerning the potential payment of additional pension returns tax on health and accident insurance, see the mention in the management's review, Danica Pension will be able to recognise all or part of the provision for this liability as income. At 31 December 2022, the provision totals DKK 737 million including interest. If Danica not is fully or partially successful in its complaint concerning the potential payment of additional pension returns tax on health and accident insurance regarding 2012-2016, see the mention in the management's review Danica Pension will be able to recognise all or part of the provision for this liability as expense. At 31 December 2022, the provision totals DKK 374 million including interest.																																																																								

Notes - Danica Group

Note	DKKm	2022	2021
31	RELATED PARTIES		
	Danske Bank A/S, domiciled in Copenhagen, wholly owns the share capital of Forsikringselskabet Danica and consequently exercises control over the Danica Group. Danske Bank A/S is the ultimate parent company of the Danica Group.		
	Transactions with related parties are settled on an arm's-length basis. The Group's IT operations and development, internal audit, HR administration, logistics, marketing and the like are handled by Danske Bank. Danske Bank also handles portfolio management and securities trading.		
	The Danica Group entered into the following significant transactions and balances with other companies in the Danske Bank Group. For more information, see note 22.		
	IT operations and development	-98	-161
	Other administration	-244	-224
	Commission for insurance sales and portfolio management	-216	-242
	Ordinary portfolio management fee	-29	-15
	Total net custody fees and brokerage for trades in holdings and the like	-126	-115
	Interest income	2,236	1,988
	Interest expenses	-1,727	-1,658
	Amounts owed to credit institutions	5,997	4,705
	Derivatives with negative fair values	11,812	11,005
	Furthermore, the Danica Group manages the labour market pension schemes of the Danske Bank Group and its related parties.		
	Loans to associates and joint ventures comprises subordinated debt, issued on the same terms as the other investors.		

32 BALANCE SHEET ITEMS BROKEN DOWN BY EXPECTED DUE DATE

	2022		2021	
	< 1 year	> 1 year	< 1 year	> 1 year
Assets				
Intangible assets	133	624	149	2,457
Tangible assets	-	45	-	44
Investment assets	21,526	233,259	27,470	307,410
Investment assets related to unit-linked products	6,548	270,646	8,939	296,255
Debtors	13,458	-	1,878	-
Other assets	2,806	-	27,256	-
Prepayments and accrued income	2,505	-	7,761	-
Total assets	46,976	504,574	73,453	606,166
Liabilities				
Provisions for insurance and investment contracts	33,809	380,019	40,552	429,639
Other liabilities	31,953	85,590	183,578	1,728
Total liabilities	65,762	465,609	224,130	431,367

Notes - Danica Group

Note DKKm

33 FINANCIAL INSTRUMENTS

Financial instruments, classification and valuation method

2022	Fair value			Amortised cost		
	Held for trading	Designated	Fair value hedge	Debtors	Liabilities	Total
Holdings		26,087				26,087
Unit trust certificates		10,313				10,313
Bonds		121,956				121,956
Other loans		1,010				1,010
Deposits with credit institutions		5,780				5,780
Derivatives	63,300					63,300
Investment assets related to unit-linked		277,194				277,194
Debtors				12,787		12,787
Cash and cash equivalents				2,094		2,094
Total financial assets	63,300	442,340		14,881		520,521
Provisions for unit-linked products, investment contracts		20,012				20,012
Due to credit institutions	22,907					22,907
Derivatives	83,634					83,634
Subordinated debt			-224		3,709	3,485
Total financial liabilities	106,541	20,012	-224		3,709	130,038
2021						
Holdings		33,760				33,760
Unit trust certificates		11,301				11,301
Bonds		158,092				158,092
Other loans		1,080				1,080
Deposits with credit institutions		7,341				7,341
Derivatives	96,960					96,960
Investment assets related to unit-linked		305,194				305,194
Debtors				1,263		1,263
Cash and cash equivalents				3,169		3,169
Total financial assets	96,960	516,768		4,432		618,160
Provisions for unit-linked products, investment contracts		20,352				20,352
Due to credit institutions	21,614					21,614
Derivatives	120,153					120,153
Subordinated debt			147		3,705	3,852
Total financial liabilities	141,767	20,352	147		3,705	165,971

Recognition as income:

Exchange rate adjustment of debtors and liabilities measured at amortised cost were recognised under value adjustments at DKK 18 million in 2022 and at DKK 17 million in 2021.

The remaining part of investment return included in the income statement items interest income and dividends, etc., interest expenses and value adjustments relates to financial instruments at fair value.

Notes - Danica Group

Note DKKm

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(cont'd)

Financial instruments at fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1: Quoted prices

Fair value measurement is based on quoted prices generated in transactions in active markets.

Where an active market exists for listed equity investments, bonds, derivative financial instruments, etc., the instrument is generally measured at the closing price at the balance sheet date.

Level 2: Observable input

In the absence of a listed closing price, another publicly available price presumed to be the closest thereto, in the form of indicative prices from banks/brokers, is used. Assets in this category include hedge funds, CDOs and credit bonds. 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. Where no active market exists for a financial instrument, valuation techniques with input based on observable market data are used. 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: Non-observable input

In some cases, the valuation cannot be based on observable market data alone. Where this is the case, valuation models are used which may include estimates of future events as well as of the nature of the current market situation. This level includes unlisted equities and investment property as presented in note 18.

The measurement of unlisted investments is based on the industry, market position and earnings capacity of the company. Furthermore, the fair value is affected by macroeconomic and financial conditions.

At 31 December 2022, Danica had financial assets as set out below in the amount of DKK 505,640 million, of which 95% was attributable to insurance obligations to policyholders and 5% was attributable to shareholders' equity. Accordingly, changes in various valuation parameters would therefore have an insignificant impact on shareholders' equity, as the risk is assumed by policyholders.

	Quoted prices	Observable input	Non-observable input	Total
2022				
Holdings	13,298	942	11,847	26,087
Unit trust certificates	6,310	3,660	343	10,313
Bonds	105,218	16,304	434	121,956
Other loans			1,010	1,010
Derivatives	408	62,400	492	63,300
Investment assets related to unit-linked products	196,393	39,894	40,907	277,194
Cash and cash equivalents	5,780	-	-	5,780
Total financial assets	327,407	123,200	55,033	505,640
Due to credit institutions	22,907	-	-	22,907
Derivatives	99	81,272	2,263	83,634
Subordinated loan capital	-	-224	-	-224
Provisions for unit-linked contracts	-	20,012	-	20,012
Total financial liabilities	23,006	101,060	2,263	126,329
2021				
Holdings	20,729	1,599	11,432	33,760
Unit trust certificates	7,236	3,828	237	11,301
Bonds	136,911	20,181	1,000	158,092
Other loans			1,080	1,080
Derivatives	285	95,286	1,389	96,960
Investment assets related to unit-linked products	228,210	35,536	41,448	305,194
Cash and cash equivalents	7,341	-	-	7,341
Total financial assets	400,712	156,430	56,586	613,728
Due to credit institutions	21,614	-	-	21,614
Derivatives	376	118,919	858	120,153
Subordinated loan capital	-	147	-	147
Provisions for unit-linked contracts	-	20,352	-	20,352
Total financial liabilities	21,990	139,418	858	162,266

At 31 December 2022, financial instruments measured on the basis of non-observable input comprised unlisted shares DKK 50,587 million and illiquid bonds DKK 3,548 million.

During 2022 DKK 6,537 million was transferred from quoted prices to observable input (DKK 11,686 million in 2021).

During 2022 DKK 7,307 million was transferred from observable input to quoted prices (DKK 9,569 million in 2021).

Notes - Danica Group

Note DKKm	2022	2021
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(cont'd)

Valuation based on non-observable input

	Holdings	Bonds	Derivatives		
Fair value, beginning of year	48,581	5,605	1,542	55,728	47,601
Value adjustment recognised through profit or loss in Value adjustments	6,161	-196	-2,662	3,303	11,441
Purchase	23,009	150	9	23,168	11,984
Sale	-27,164	-2,011	-254	-29,429	-15,154
Transferred from quoted prices and observable input					121
Transferred to quoted prices and observable input					-265
Fair value, end of year	50,587	3,548	-1,365	52,770	55,728

In 2022, unrealised value adjustments were recognised at DKK -2,736 million (2021: DKK 7,284 million) on financial instruments valued based on non-observable input.

Notes - Danica Group

Note DKKm

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(cont'd)

Non-observable input in the annual report

Asset type	Fair value, end of 2022	Applied valuation method	Sensitivity of the Fair value from changes in non-observable input
Investment assets related to traditional products			
<i>Holdings:</i>			
Infrastructure	3,826	Reported fair value 1)	2) DKK 324.8m
Private Equity	5,299	Reported fair value 1)	2) DKK 635.9m
Credit	2,292	Reported fair value 1)	2) DKK 275.1m
Other loans	430	Reported fair value 1)	2) DKK 24.6m
Unlisted deposits with credit institutions	343	Reported fair value 1)	2) DKK 41.2m
<i>Bonds:</i>			
Bonds, not observable input	434	Reported fair value 1)	A Widening of the credit spread of 50 bp will reduce the value by DKK 24.8m
Other loans	311	Reported fair value 1)	A Widening of the credit spread of 50 bp will reduce the value by DKK 3.3m
Other loans	699	Accounting data, credit quality used for rating	A change in rating by 3 notches and applied multiples will reduce the value by DKK 13.1m
Derivatives	-753	Discounted cash flow, options-models and nume-risk methods	A rise in yield curve of 1bp: loss of DKK 3.5m. A rise in inflation rate of 1bp: loss of DKK 1.4m A rise in volatility of 1bp: profit of DKK 0.4m A rise in CDS curve of 1bp: loss of DKK 0.0m
Investment assets related to unit-linked products			
<i>Holdings:</i>			
Infrastructure	7,686	Reported fair value 1)	2) DKK 642.3m
Private Equity	13,844	Reported fair value 1)	2) DKK 1,639.9m
Credit	2,788	Reported fair value 1)	2) DKK 334.6m
Other loans	3,032	Reported fair value 1)	2) DKK 159.7m
Unlisted deposits with credit institutions	411	Reported fair value 1)	2) DKK 49.2m
Investment property	11,339	see note 18	see note 17
<i>Bonds:</i>			
Bonds, not observable input	334	Reported fair value 1)	A Widening of the credit spread of 50 bp will reduce the value by DKK 10.1m
Other loans	390	Reported fair value 1)	A Widening of the credit spread of 50 bp will reduce the value by DKK 4.1m
Other loans	677	Accounting data, credit quality used for rating	A change in rating by 3 notches and applied multiples will reduce the value by DKK 12.1m
Derivatives	-612	Discounted cash flow, options-modells and nume-risk methodes	A rise in yield curve of 1bp: loss of DKK 2.9m. A rise in inflation rate of 1bp: loss of DKK 1.1m A rise in volatility of 1bp: profit of DKK 0.4m A rise in CDS curve of 1bp: loss of DKK 0.0m

1) Based on received reporting from relevant companies, in which the underlying assets and liabilities are valued at fair value

2) A fall in the liquid, listed stock markets of 20% will reduce the value by

Notes – Danica Pension Group

34 RISK MANAGEMENT AND SENSITIVITY INFORMATION

RISK MANAGEMENT

The life insurance risk framework is governed by Danica Pension's Board of Directors. On a daily basis, Danica Pension's risk management function monitors both the risk and the asset-liability management (ALM) limits set by its Board of Directors, including limits set for its solvency capital requirement, for the solvency coverage ratio and for the own funds loss exposure in a risk scenario defined by Danica Pension's Board of Directors. The risk management function also follows up on investment limits and calculates key risk figures for ALM purposes.

The Group is exposed to a number of different risks.

Market risks	Insurance risks	Non-financial risks	Cross-taxonomy risk
Interest rate risk	Longevity	Model risk	Sustainability risk
Equity risk	Mortality	Operational risk	Reputational risk
Property risk	Disability	Technological risk	Conduct risk
Currency risk	Health and accident	Financial crime	
Credit spread risk	Critical illness	Regulatory compliance risk	
Inflation risk	Healthcare	Financial control and strategic risk	
Volatility risk	Surrender		
Liquidity	Expenses		
Counterparty	Concentration		
Concentration			

Market risk

Market risk involves the risk of losses because of changes in the fair value of Danica Pension's assets and liabilities, since assets and liabilities are not fully exposed to the same types of market risk. Market risk primarily covers changing market conditions, such as changes in interest rates, equity prices, property values, exchange rates and credit spreads. Market risk also includes

- volatility risk, which relates primarily to the value of assets with embedded options, including equity options and swaptions
- inflation risk, which relates mainly to the indexation of benefits for part of Danica Pension's health and accident products
- liquidity risk, which is the risk of losses because Danica Pension may be forced to sell investment assets to meet liquidity needs
- counterparty credit risk, which is the risk of losses because counterparties default on their obligations
- concentration risk, which is the risk of losses as a result of high exposure to a few asset classes, industries, issuers, etc.

Market risk may lead to financial losses for Danica Pension, and thus reduce the total value of Danica Pension's investment assets and technical provisions, thereby reducing future fee earnings.

Danica Pension has three sources of market risk:

- with-profits products (conventional, average-rate products)
- unit-linked products (to which customers may have attached an investment guarantee)
- investments relating to assets allocated to the shareholders' equity of Danica Pension and other products with direct equity exposure

The amount of market risk differs for the various products in Danica Pension's product range.

Danica Pension's most significant market risk is the market risk relating to its with-profit products.

Notes – Danica Pension Group

Market risk related to the with-profits products

The with-profit products offer guaranteed benefits based on a technical rate of interest and are called *Danica Traditionel*. The portfolio of with-profit products is closed for new business, which means that it is in run-off.

The products offer policyholders an annuity or a lump sum consisting of a guaranteed minimum amount in nominal terms. Customers are divided into homogeneous interest rate groups on basis of the technical rates, and each group has its own investment strategy and asset allocation. In each interest rate group, customers participate in a collective investment pool that covers a range of different assets (such as equities, property and bonds).

The policyholders earn interest at a rate set at the discretion of Danica Pension and subject to change at any time.

The difference between the actual (set) interest rate and the return on the policyholders' (collective) assets is allocated to collective buffer accounts owned by the customers. The balances of these buffer accounts are gradually transferred to the individual customer accounts in subsequent years by means of a bonus allocation mechanism. This means that high investment returns may lead to higher benefits than those guaranteed.

The mark-to-market value of the guaranteed benefits depends on the level of the discount curve, which is defined under Solvency II and based primarily on EUR swap rates and also takes into account yields on Danish mortgage, credit and government bonds. The level of the long end of the discount curve, for which no reliable market data is available, is determined by the European Insurance and Occupational Pensions Authority (EIOPA).

For the portfolio of with-profit products, Danica Pension will have to cover the shortfall if the value of the assets falls below the value of the liabilities. This will be the case if, for example, investment returns become sufficiently negative (reducing the asset values) or if the level of the discount curve, other things being equal, falls (increasing the value of the liabilities). Hence, the market risk on investments is borne by the customers to the extent that the negative returns can be covered by the collective buffer accounts. Once the buffer accounts have been depleted, negative investment returns on customer savings will force Danica Pension to step in with funds to ensure that it is possible to provide the benefits guaranteed to the policyholders.

Furthermore, Danica Pension can book the annual risk allowance fee income for each of the individual interest rate groups only if the collective bonus potential for the interest rate group is sufficient to cover the risk allowance.

Managing the with-profits product thus involves a combination of managing risks on behalf of the policyholders and managing Danica Pension's risk of having to cover losses.

In order to ensure that the return on customer funds matches the guaranteed benefits on policies with bonus entitlement, Danica Pension monitors market risk on an ongoing basis. As a part of the risk management activities, internal stress tests are performed to show the consequences for various ALM limits and the solvency position in case of large interest rate fluctuations, for example. Interest rate risk is hedged by means of the bond portfolio and by using derivatives.

Since the Danish bond market does not have the necessary volume and duration to hedge the interest risk on Danica Pension's liabilities, Danica Pension must also invest in non-Danish interest rate instruments. Investments sensitive to changes in interest rates thus comprise a wide range of interest rate-based assets: Danish and European government bonds, Danish mortgage bonds, Danish index-linked bonds and a well-diversified portfolio of global credit bonds. Consequently, Danica Pension is exposed to interest rate spreads between government and credit spreads.

The credit spread risk on bond holdings is limited in that a large proportion of the portfolio consists of government and mortgage bonds with high credit ratings (AA – AAA) from the international credit rating agencies or of unrated bonds issued by an issuer with a similar high credit quality. Only a minor proportion of the portfolio is invested in non-investment grade bonds.

Danica Pension reduces its counterparty credit risk by demanding collateral for financial derivatives and high credit ratings for reinsurance and derivatives counterparties. Danica Pension also uses central clearing and seeks to minimise the proportion of cash and cash equivalents for the purpose of reducing counterparty credit risk.

Danica Pension maintains a moderate level of currency risk by means of currency hedging instruments.

Danica Pension limits its liquidity risk by placing a major portion of investments in liquid listed bonds and highly marketable equities.

Danica Pension limits its concentration risk by investing with a high degree of portfolio diversification and by limiting the number of investments in a single issuer. For mortgage bonds, the issuer is not considered critical to concentration risk because the individual borrower provides collateral for issued mortgage bonds.

Notes – Danica Pension Group

Market risk related to unit-linked products

In unit-linked products, policyholders receive the actual return on the investments rather than a fixed interest rate return. However, some of the unit-linked products give the policyholders the option to have their benefits guaranteed.

The market risk associated with unit-linked products is primarily borne by the policyholders, particularly in respect of contracts without an investment guarantee.

For unit-linked products with financial guarantees, Danica Pension hedges the risk on the financial guarantees by means of financial derivatives and by adjusting the investment allocation during the period leading up to retirement. The investment allocation is adjusted according to the guarantee amount, the investment horizon etc. However, if a guarantee is attached to the individual policy, Danica Pension bears the risk in relation to the guarantee.

Danica Pension's main savings product – and the product recommended to most customers – is called *Danica Balance*. *Danica Balance* is a life-cycle product, meaning that the asset allocation between different risk categories (bonds or equities, for example) for each customer is adjusted gradually as the customer gets older and approaches retirement.

Market risk related to assets allocated to shareholders' equity and other products

The market risk associated with assets allocated to shareholders' equity and other products concerns the following:

- Assets in which the shareholders' equity of Danica Pension is invested, i.e. investment returns have a full effect on Danica Pension's profits.
- The investment results for Danica Pension's health and accident products and some life insurance products with investment guarantees. This means that Danica Pension bears the risk if the changes in the value of provisions for these products differ from the changes in the value of the corresponding assets. The provisions are the net present value of expected future pay-outs and are exposed to movements in the discount curve, which is defined under Solvency II. The corresponding assets may be exposed to changes in interest rates and also to changes in the values of equities and property.

Danica Pension has separate investment strategies for assets allocated to its equity, to health and accident products, and to life insurance products with investment guarantees.

Insurance risk

Insurance risks are linked to trends in policy surrender activity, mortality, disability, critical illness and other variables that could materialise unfavourably from Danica Pension's current assumptions and expectations. For example, an increase in longevity lengthens the period during which benefits are payable under certain pension plans and may potentially have a negative effect on Danica Pension's profits. Similarly, trends in mortality, sickness and recovery affect life insurance and disability benefits. The principal insurance risks are longevity risk and the risk of increased surrenders (i.e. the risk of customers leaving Danica Pension or ceasing to pay premiums). Most insurance risks materialise over long-time horizons during which the gradual changes in biometric conditions deviate from those assumed in contract pricing.

Insurance risk may also materialise through changes in the actuarial assumptions used for liability valuation. Unfavourable changes in assumptions resulting in an increase in liabilities will, to the extent possible, be covered by customer buffers. Once the buffer accounts have been depleted, Danica Pension will have to step in with funds to ensure that it is possible to provide the benefits guaranteed to the policyholders.

Concentration risk relating to life insurance risk comprises the risk of losses as a result of high exposure to a few customer groups and to a few individuals. Danica Pension limits concentration risk by means of risk diversification of the insurance portfolio and by means of reinsurance.

To limit losses on individual life insurance policies subject to high risk exposure, Danica Pension reinsures a small portion of the risk related to mortality and disability.

The various risk elements are subject to ongoing actuarial assessment for the purposes of calculating insurance obligations and making relevant business adjustments.

Non-financial risk

Non-financial risks relate to the risk of losses resulting from inadequate or faulty internal processes, controls, persons and systems or external events and include legal and compliance risks. Non-financial risk events are defined as events that have occurred and may have caused a financial loss, reputational damage or have caused a

Notes – Danica Pension Group

near loss. This risk category also comprises the model risk related to e.g. Danica Pension's use of a partial internal model to determine longevity risk.

Non-financial risks also comprise risks related to Danica Pension's strategy and business, including risks related to digitalisation and technological development.

Non-financial risks arise in connection with the Group's activities. The Group assumes non-financial risks whenever it accepts business from new customers, introduces new products and hires new employees.

The Group closely monitors the development on the markets where the Group operates in order to ensure the competitiveness of prices and customer service. The Group is committed to treating customers fairly and communicating openly and transparently. The Group subjects its business units to systematic assessments to reduce the risk of financial losses due to damage to its reputation.

The Group limits operational risks by establishing internal controls that are regularly updated and adjusted to the Group's current business volume and identified risks. Another measure is segregation of duties.

ESG risk

Issues relating to environmental, social and governance (ESG) criteria are factors that have gradually become more and more important to Danica Pension and Danica Pension's customers in recent years. ESG factors also have an impact on the regulation to which Danica Pension is subject.

In particular, the ESG factors have an impact on Danica Pension's:

- reputational risk - for example if customers or other stakeholders find that Danica Pension's ESG efforts are not adequate or if activities related to green investments are marketed as more sustainable than they really are
- regulatory risk - for example if Danica Pension is unable to meet the regulatory requirements for sustainable investments
- market risk - for example if future climate change - or expected future climate change - affects the valuation of investment assets to cause Danica Pension a loss. Furthermore, Danica Pension may suffer a loss if the valuation of the investments changes, for instance because the companies in which the investments are made will no longer be able to meet the criteria for sustainability
- insurance risk - for example if future climate change affects mortality and disease transmission patterns

SENSITIVITY INFORMATION

Sensitivity information is described on page 15 of the management's review and is not comprised by the audit.

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Financial highlights - Danica Pension

(DKK millions)	2022	2021	2018	2017	2016
INCOME STATEMENT					
Premiums	32,365	33,994	25,427	22,432	21,576
Claims and benefits	-26,620	-26,185	-25,980	-27,345	-26,333
Return on investment	-67,236	35,237	31,252	52,105	-8,611
Total operating expenses relating to insurance	-1,244	-1,186	-1,184	-1,185	-1,150
Depreciation of goodwill	-1,543	-	-	-800	-
Profit/loss on business ceded	-32	-5	-8	-7	5
Technical result, Life	-1,371	2,085	2,525	2,157	526
Gross premium income	1,985	1,560	1,412	1,524	1,789
Gross claims	-1,920	-2,202	-2,088	-2,080	-2,338
Total operating expenses relating to insurance	-127	-162	-110	-113	-118
Profit/loss on business ceded	-27	-14	-20	-12	-34
Return on investment less technical interest	-953	290	158	36	326
Technical result of health and accident insurance	-1,032	-546	-624	-628	-663
Net profit/loss for the year	-1,574	1,730	1,501	1,918	643
Total other comprehensive income	31	15	-11	8	-37
BALANCE SHEET					
Total assets	551,582	655,889	650,344	588,198	490,949
Insurance assets, health and accident insurance	23	69	130	185	233
Technical provisions, health and accident insurance	15,423	17,598	17,488	17,011	14,090
Total provisions for insurance and investment contracts	413,828	470,191	440,363	421,133	386,099
Total shareholders' equity	20,279	24,122	22,377	20,887	18,897
KEY FIGURES AND RATIOS (%)					
Rate of return related to average rate products	-14.6	0.0	6.0	10.3	1.0
Rate of return related to unit-linked products	-14.9	13.3	8.3	15.6	-5.5
Risk on return related to unit-linked products	5.25	4.50	4.50	4.25	4.25
Expenses as per cent of provisions	0.3	0.3	0.3	0.3	0.3
Expenses per policyholder (DKK)	1,656	1,596	1,584	1,532	1,672
Return on equity after tax	-7.1	7.4	6.9	11.4	6.0
Solvency coverage ratio (Solvency I)					
RATIOS FOR HEALTH AND ACCIDENT INSURANCE					
Gross claims ratio	96	142	145	135	137
Gross expense ratio	6	10	8	7	7
Combined ratio	104	154	155	143	146
Operating ratio	104	154	155	143	146
Relative run-off	1.6	1.3	0.6	0.0	-0.4
Run-off, net of reinsurance (DKK millions)	229	190	89	-2	-54

The ratios are defined in accordance with the Danish FSA's Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds, a description can be found in Significant accounting policies.

Danica Pension merged with Forsikringselskabet Danica 1 January 2021 with Danica Pension as the continuing company.

Danica Pension merged with Danica Pensionsforsikring and Danica Administration on 1 January 2019 with Danica Pension as the continuing company. 2018 contains figures for the merged company from 7.6.2018, when Danica Pension acquired the two companies. Key figures for 2017 and up to 7.6.2018 do not contain the two merged companies.

Income statement & Other comprehensive income - Danica Pension

Note	(DKK millions)	2022	2021
2	Gross premiums	32,365	33,994
	Reinsurance premiums ceded	-27	-15
	Total premiums, net of reinsurance	32,338	33,979
	Income from group undertakings	2,092	1,417
	Income from associated undertakings	688	1,563
	Income from investment property	15	21
	Interest income and dividends, etc.	31,370	20,117
3	Value adjustments	-73,098	29,452
	Interest expenses	-27,278	-16,363
	Administrative expenses related to investment activities	-1,025	-970
	Total return on investment	-67,236	35,237
	Tax on pension returns	9,951	-5,242
4	Claims and benefits paid	-26,620	-26,185
	Reinsurers' share received	21	11
	Total claims and benefits, net of reinsurance	-26,599	-26,174
5,6	Change in life insurance provisions	48,385	-32,804
	Change in reinsurers' share	-26	-1
	Total change in life insurance provisions, net of reinsurance	48,359	-32,805
	Change in profit margin	2,905	-1,087
	Acquisition costs	-372	-359
	Administrative expenses	-873	-830
	Reimbursement of costs from group undertakings	1	3
	Depreciation of goodwill	-1,543	-
7	Total operating expenses relating to insurance, net of reinsurance	-2,787	-1,186
	Transferred investment return	1,698	-637
	TECHNICAL RESULT	-1,371	2,085
8	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-1,032	-546
	Return on investment allocated to equity	702	335
9	Other income	30	319
9	Other expenses	-	-39
10	PROFIT BEFORE TAX	-1,671	2,154
11	Tax	97	-424
	NET PROFIT FOR THE YEAR	-1,574	1,730
	Net profit for the year	-1,574	1,730
	Other comprehensive income:		
	Translation of units outside Denmark	-	52
	Hedges of units outside Denmark	-	-47
	Items reclassified regarding sale of foreign entity	31	-
	Tax relating to other comprehensive income	-	10
	Total other comprehensive income	31	15
	NET COMPREHENSIVE INCOME FOR THE YEAR	-1,543	1,745

Balance sheet - Danica Pension

Assets

Note (DKK millions)	2022	2021
INTANGIBLE ASSETS	757	2,522
12 Investment property	353	373
Holdings in group undertakings	25,521	26,767
Holdings in associated undertakings	749	876
Total investments in group and associated undertakings	26,270	27,643
Holdings	25,158	31,483
Unit trust certificates	16,346	23,115
Bonds	116,669	148,377
Other loans	1,010	1,080
Deposits with credit institutions	5,780	7,341
Other	63,300	96,960
13 Total other financial investment assets	228,263	308,356
TOTAL INVESTMENT ASSETS	254,886	336,372
14 INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS	277,194	305,194
Life insurance provisions, reinsurers' share	11	37
Outstanding claims provision, reinsurers' share	12	69
Total technical provisions, reinsurers' share	23	106
Amounts due from policyholders	618	449
Amounts due from insurance companies	30	59
Amounts due from group undertakings	1,168	53
Other debtors	12,002	880
TOTAL DEBTORS	13,841	1,547
Current tax assets	706	81
Cash and cash equivalents	1,694	2,413
TOTAL OTHER ASSETS	2,400	2,494
Accrued interest and rent	2,012	7,263
Other prepayments and accrued income	492	497
TOTAL PREPAYMENTS AND ACCRUED INCOME	2,504	7,760
TOTAL ASSETS	551,582	655,889

Balance sheet - Danica Pension

Liabilities

Note	(DKK millions)	2022	2021
	Share capital	1,101	1,101
	Contingency fund	1,882	1,882
	Retained earnings	17,296	18,839
	Proposed dividend	-	2,300
15	TOTAL SHAREHOLDERS' EQUITY	20,279	24,122
	SUBORDINATED DEBT	3,485	3,852
	Unearned premiums provision	735	1,288
5	Life insurance provisions, average rate products	141,481	171,722
6	Life insurance provisions, unit-linked products	251,431	272,473
	Total life insurance provisions	392,912	444,195
	Profit margin on life insurance and investment contracts	5,493	8,398
	Outstanding claims provision	13,094	14,583
	Risk margin on non-life insurance contracts	1,562	1,683
	Provisions for bonus and premium discounts	32	44
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	413,828	470,191
11	Deferred tax	1,594	1,335
	Other provisions	262	308
	TOTAL PROVISIONS FOR LIABILITIES	1,856	1,643
	Amounts owed, direct insurance	45	39
	Amounts owed to reinsurers	20	37
	Amounts owed to credit institutions	22,907	21,615
	Amounts owed to group undertakings	1,132	462
16	Other creditors	85,340	126,865
	TOTAL CREDITORS	109,444	149,018
	ACCRUALS AND DEFERRED INCOME	2,690	7,063
	TOTAL LIABILITIES AND EQUITY	551,582	655,889

Statement of capital - Danica Pension

[DKK millions]

Changes in shareholders' equity

	Share capital	Revaluation reserve*	Contingency fund	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2021	1,101	-31	1,882	18,870	2,300	24,122
Profit for the year			-	-1,574	-	-1,574
Other comprehensive income:						
Translation of units outside Denmark	-	31	-	-	-	31
Total other comprehensive income	-	31	-	-	-	31
Comprehensive income for the year	-	31	-	-1,574	-	-1,543
Dividend paid	-	-	-	-	-2,300	-2,300
Shareholders' equity at 31 December 2022	1,101	0	1,882	17,296	0	20,279
Shareholders' equity at 31 December 2020	1,101	-46	1,882	19,440	-	22,377
Profit for the year			-	1,730	-	1,730
Other comprehensive income:						
Translation of units outside Denmark	-	52	-	-	-	52
Hedges of units outside Denmark	-	-47	-	-	-	-47
Tax on other comprehensive income	-	10	-	-	-	10
Total other comprehensive income	-	15	-	-	-	15
Comprehensive income for the year	-	15	-	1,730	-	1,745
Proposed dividend	-	-	-	-2,300	2,300	0
Shareholders' equity at 31 December 2021	1,101	-31	1,882	18,870	2,300	24,122

* Recognised in the balance sheet under retained earnings.

Danica Pension has an obligation to allocate part of the excess equity to certain policyholders of the former Statsanstalten for Livsforsikring (now a part of Danica Pension) if the percentage by which the equity exceeds the calculated capital requirement is higher than the percentage that had been maintained by Statsanstalten for Livsforsikring prior to the privatisation of this company in 1990. This comprises any excess either added to shareholders' equity or distributed as dividend, but it does not comprise shareholders' equity paid in after the privatisation. Special allotments to those policyholders are recognised as an expense in the income statement item "Change in life insurance provisions".

Statement of capital - Danica Pension

(DKK millions)	2022	2021
Capital base		
Shareholders' equity	20,279	24,122
Valuation differences between financial statements and Solvency II		
Provisions for insurance and investment contracts	9,264	4,682
Deferred tax	-615	-281
Holdings in group undertakings	-	35
- Proposed dividend	0	-2,300
- Intangible assets	-757	-2,522
Supplementary capital	3,485	3,852
Capital base	31,656	27,588

Notes – Danica Pension

Note

1 ACCOUNTING POLICIES – DANICA PENSION

GENERAL

The financial statements of the Parent Company, Danica Pension, are presented 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 and multi-employer occupational pension funds and Amending Executive Order No. 688 of 1 June 2016, Executive Order No. 1442 of 3 December 2018 and Executive Order No. 1592 of 9 November 2020.

The accounting policies are identical to the Group's measurement under IFRS with such differences as naturally occur between consolidated and parent company financial statements.

Holdings in group undertakings

Investments in group undertakings are measured according to the equity method, and profit after tax is recognized under "Income from group undertakings".

Notes - Danica Pension

Note	(DKK millions)	2022	2021
2	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	17,623	16,456
	Single premiums	15,955	18,868
	Total direct insurance	33,578	35,324
	Total gross premiums	33,578	35,324
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	136	126
	Single premiums	1,077	1,204
	Total premiums	1,213	1,330
	Total gross premiums included in the income statement	32,365	33,994
	Premiums, direct insurance, broken down by insurance arrangement:		
	Insurance taken out in connection with employment	29,309	30,671
	Insurance taken out individually	1,884	2,443
	Group life insurance	2,385	2,210
	Total	33,578	35,324
	Number of insured, direct insurance (1,000):		
	Insurance taken out in connection with employment	307	295
	Insurance taken out individually	390	396
	Group life insurance	576	558
	Premiums, direct insurance, broken down by bonus arrangement:		
	With profit insurance	3,534	3,985
	Unit-linked insurance	30,044	31,339
	Total	33,578	35,324
	Premiums, direct insurance, broken down by policyholders' residence:		
	Denmark	33,114	34,917
	Other EU countries	379	319
	Other countries	85	88
	Total	33,578	35,324
3	VALUE ADJUSTMENTS		
	Investment property	9	4
	Holdings	-7,574	16,992
	Unit trust certificates	-19,741	29,058
	Bonds	-33,604	-7,027
	Other loans	245	159
	Deposits with credit institutions	277	71
	Other	-12,710	-9,805
	Total value adjustments	-73,098	29,452
4	CLAIMS AND BENEFITS PAID		
	Direct insurance:		
	Insurance amounts on death	-1,293	-1,103
	Insurance amounts on disablement	-297	-266
	Insurance amounts on expiry	-1,236	-832
	Retirement benefits and annuities	-7,812	-7,905
	Surrender values	-14,272	-14,455
	Cash payments of bonuses	-1,708	-1,624
	Total direct insurance	-26,618	-26,185
	Expenses to minimise disablement	-2	-
	Total claims and benefits paid	-26,620	-26,185

Notes - Danica Pension

Note	(DKK millions)	2022	2021
5	CHANGE IN LIFE INSURANCE PROVISIONS - AVERAGE RATE		
	Provisions, beginning of year	171,722	183,976
	Profit margin, beginning of year	4,326	3,106
	Total technical provisions, beginning of year	176,048	187,082
	Collective bonus potential, beginning of year	-17,657	-12,801
	Accumulated value adjustment, beginning of year	-49,419	-59,132
	Retrospective provisions, beginning of year	108,972	115,149
	Changes during the year:		
	Gross premiums	3,534	3,985
	Interest added	3,985	3,198
	Claims and benefits	-12,463	-12,096
	Expense supplement after addition of expense bonus	-565	-597
	Risk gain after addition of risk bonus	78	53
	Other	126	42
	Total changes	-5,305	-5,415
	Other changes:		
	Transfer of provisions	-495	-911
	Change in quota share, Forenede Grupperiv	138	33
	Other		116
	Total other changes	-357	-762
	Retrospective provisions, end of year	103,310	108,972
	Accumulated value adjustment, end of year	29,249	49,419
	Collective bonus potential, end of year	10,740	17,657
	Total technical provisions, end of year	143,299	176,048
	Profit margin, end of year	-1,818	-4,326
	Life insurance provisions, end of year	141,481	171,722
	Change in gross life insurance provisions according to the income statement consists of:		
	Change in retrospective provisions	-5,305	-5,415
	Change in accumulated value adjustment	-20,170	-9,713
	Change in gross life insurance provisions	-25,475	-15,128
	Return on customer funds after deduction of expenses before tax, %	-0.3	-0.1

Notes - Danica Pension

Note (DKK millions)	2022	2021
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5
(cont'd)

Life insurance provisions break down as follows by sub-portfolio

2022	Guaranteed benefits	Riskmargin	Individual bonuspotential	Collective bonuspotential	Total life insurance prov.	Rate of return	Bonus rate
Interest rate group D1	27,257	133	2,208	98	29,696	-13.0	8.0
Interest rate group D2	11,899	61	383	596	12,939	-17.3	9.0
Interest rate group D3	9,953	58	-	825	10,836	-18.1	10.8
Interest rate group D4	37,935	380	-	2,257	40,572	-17.3	11.6
Interest rate group 1	14,495	109	2,204	814	17,622	-9.4	17.8
Interest rate group 2	3,276	7	435	489	4,207	-12.9	24.7
Interest rate group 3	2,484	4	249	544	3,281	-12.6	28.0
Interest rate group 4	9,373	48	-	3,385	12,806	-13.1	42.2
Non allocated	7,686	103	1	1,732	9,522		
Total	124,358	903	5,480	10,740	141,481		

2021	Guaranteed benefits	Riskmargin	Individual bonuspotential	Collective bonuspotential	Total life insurance prov.	Rate of return	Bonus rate
Interest rate group D1	33,284	170	78	2,219	35,751	-0.2	7.5
Interest rate group D2	14,529	106	-	1,122	15,757	-0.4	9.9
Interest rate group D3	12,180	83	-	1,004	13,267	-0.6	12.7
Interest rate group D4	47,274	547	-	3,181	51,002	0.4	15.3
Interest rate group 1	18,062	86	74	2,667	20,889	0.9	15.0
Interest rate group 2	4,005	8	7	1,039	5,059	1.7	26.7
Interest rate group 3	2,963	4	-	897	3,864	1.6	31.0
Interest rate group 4	11,242	72	-	4,006	15,320	2.3	48.8
Non allocated	9,152	139	-	1,522	10,813		
Total life insurance provisions	152,691	1,215	159	17,657	171,722		

Cost groups, total							
Collective bonus potential						287	284
Expense supplement after addition of expense bonus						496	530
Operating expenses relating to insurance						-470	-490
Cost result						26	40
Cost result, %						0.03	0.04
Risk groups, total							
Collective bonus potential						1,445	1,238
Risk gain after addition of risk bonus						281	216
Risk gain after addition of risk bonus, %						0.10	0.07

Notes - Danica Pension

Note (DKK millions)	2022	2021
6		
CHANGE IN LIFE INSURANCE PROVISIONS - UNIT-LINKED		
Life insurance provisions, beginning of year	272,473	231,589
Profit margin, beginning of year	4,072	4,206
Total technical provisions, beginning of year	276,545	235,795
Accumulated value adjustment, beginning of year	-553	-1,092
Retrospective provisions, beginning of year	275,992	234,703
Changes during the year:		
Gross premiums	28,831	30,009
Interest added	-32,645	29,948
Claims and benefits	-14,157	-14,090
Expense supplement	-1,261	-1,266
Risk gain	38	76
Other	653	200
Total changes	-18,541	44,877
Other changes:		
Payments received under investment contracts	1,213	1,329
Payments made under investment contracts	-4,210	-5,498
Transfer of provisions	480	770
Other	-83	-189
Total other changes	-2,600	-3,588
Retrospective provisions, end of year	254,851	275,992
Accumulated value adjustment, end of year	255	553
Total technical provisions, end of year	255,106	276,545
Profit margin, end of year	-3,675	-4,072
Life insurance provisions, end of year	251,431	272,473
Change in provisions for unit-linked contracts breaks down as follows:		
Change in retrospective provisions	-18,541	44,877
Change in accumulated value adjustment	-298	-539
Change in provisions for unit-linked contracts	-18,839	44,338
Provisions for unit-linked contracts break downs as follows:		
Insurance contracts	231,418	252,121
Investment contracts	20,013	20,352
Provisions for unit-linked contracts, end of year	251,431	272,473
Provisions for unit-linked contracts break downs as follows:		
Provisions for unit-linked contracts without guarantee	216,713	230,888
Provisions for unit-linked contracts with guarantee	34,718	41,585
Provisions for unit-linked contracts, end of year	251,431	272,473
Return on customer funds after deduction of expenses before tax, %	-0.1	0.3

Notes - Danica Pension

Note (DKK millions)	2022	2021
7 OPERATING EXPENSES RELATING TO INSURANCE		
Commission on direct insurance	-217	-246
Fees to Deloitte:		
Statutory audit of financial statements	-3.7	-2.8
Other assurance engagements	-0.3	-0.2
Tax advisory services	-0.1	-0.1
Other services	-0.3	-
I alt	-4.4	-3.1
Fees for non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab comprise of objective tax and accounting advice as well as submitting statements.		
Average number of full-time-equivalent employees during the year	812	773
Number of full-time-equivalent employees, end of year	827	812
Staff costs:		
Salaries	-602	-539
Share-based payment	-	-2
Pensions	-104	-94
Other social security and tax	-100	-84
Other	-75	-38
Total staff costs earned	-881	-757

For a more detailed description of the company's remuneration policy and remuneration paid, see "Remuneration Report 2022", available at the website: www.danicapension.dk. The remuneration report 2022 is not covered by the statutory audit.

For information on the Board of Directors' and Executive Board's remuneration, see Danica Group's financial statements.

All the company's pension plans are defined contribution plans under which the company makes contributions to insurance companies, principally Danica. Such payments are expensed as incurred.

Remuneration of other material risk takers

For 2022, 10 persons outside the Executive Board were designated as material risk takers and combined they received remuneration of DKK 20.4 million (2021 DKK 17.2 million to 13 material risk takers), with fixed remuneration amounting to DKK 19.1 million (2021 DKK 15.9 million) and variable remuneration amounting to DKK 1.3 million (2021 DKK 1.3 million).

The company has no pension obligations towards other material risk takers, as their pensions are funded by means of defined contribution plans through a pension insurance company.

Notes - Danica Pension

Note	(DKK millions)	2022	2021			
8	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE					
	Gross premiums	1,560	1,499			
	Reinsurance premium ceded	-36	-19			
	Change in unearned premiums provision	385	158			
	Change in profit margin and risk margin	40	-97			
	Premiums, net of reinsurance	1,949	1,541			
	Claims paid, gross	-2,212	-2,029			
	Reinsurers' share received	67	66			
	Change in outstanding claims provision	354	251			
	Change in risk margin	-62	-424			
	Change in outstanding claims provision, reinsurers' share	-58	-61			
	Claims, net of reinsurance	-1,911	-2,197			
	Bonus and premium discounts	10	-18			
	Acquisition costs	-53	-48			
	Administrative expenses	-74	-114			
	Total operating expenses relating to insurance, net of reinsurance	-127	-162			
	Return on investment	-953	290			
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-1,032	-546			
	Total run-off regarding prior years:					
	Gross	229	190			
	Net of reinsurance	229	190			
	Return on investment allocated to health and accident insurance	-2,400	302			
	Provisions, discounted amount	17	60			
	Value adjustment of outstanding claims provision	1,430	-72			
	Total return on investment, including value adjustments	-953	290			
		Health and accident insurance	Health insurance	Total		
	Gross premiums	1,260	300	1,560		
	Gross premium income	1,718	267	1,985		
	Gross claims	-1,571	-349	-1,920		
	Gross operating expenses	-111	-16	-127		
	Profit/loss on business ceded	-27	-	-27		
	Technical result	-894	-138	-1,032		
	Number of claims				54,914	45,585
	Average amount of claims DKKt				48	49
	Claims frequency				36.2%	31.7%
	Gross premiums, direct insurance, broken down by policyholders' residence:					
	Denmark				1,956	1,551
	Other EU countries				24	16
	Other countries				5	4
	Total				1,985	1,571
9	OTHER INCOME AND OTHER EXPENSES					
	Commissions from fund managers etc.	30	319			

Notes - Danica Pension

Note (DKK millions)	2022	2021
10 PROFIT BEFORE TAX		
Danica Pension's technical basis for risk allowance is to be allocated in accordance with the Executive Order on the Contribution Principle.		
In accordance with the Executive Order on the Contribution Principle and the Guidelines on Market Discipline, the Danish FSA has been notified of Danica Pension's consolidation policy for 2022. The company's profit for the year consists of the return on assets allocated to shareholders' equity, including the results of unit-linked business, and the subsidiary outside Denmark, the result of Forenede Gruppeliv, the health and accident result, a risk allowance of the technical provisions of the interest groups and a share of the risk groups' risk results as well as a share of the cost result from the cost groups.		
The calculation of technical basis for risk allowance only comprises policies under contribution, and individual items therefore cannot be reconciled to the Group's income statement.		
Technical basis for risk allowance		
Technical result, life insurance	1,189	1,613
Change in collective bonus potential	-6,917	4,988
Special allotments	58	38
Addition of bonus	1,398	1,118
Total technical basis	-4,272	7,757
Total technical basis relating to life insurance customers	-4,272	7,757
In accordance with the contribution principle, full risk allowance for 2022 was booked in all eight interest rate groups.		
Specification of risk allowance:		
% of the technical provisions	1,224	1,407
Total risk allowance	1,224	1,407
The percentage of insurance provisions was 0,80 % in D1, 0,80 % in D2, 0,90 % in D3, 1,00 % in D4, 0,45% in group 1, 0,60% in group 2, 0,75% in group 3 og 0,90 % in group 4.		
11 TAX		
Tax for the year can be broken down as follows:		
Tax on the profit for the year	97	-424
Tax on other comprehensive income:		
Hedges of units outside Denmark	-	10
Total	97	-414
Tax on the profit for the year is calculated as follows:		
Current tax	236	-313
Adjustment of prior-year current tax	119	33
Adjustment of prior-year deferred tax	-24	0
Change in deferred tax due to rising tax rate	-245	-
Other changes in deferred tax	11	-144
Total	97	-424
Effective tax rate:		
Danish tax rate	22.0	22.0
Adjustment of prior-year tax charge	5.7	-1.5
Effect of reduction of tax rate	-14.7	-
Non-taxable income and non-deductible expenses	-7.2	-0.8
Effective tax rate	5.8	19.7
Deferred tax broken down on main items:		
Intangible assets	182	188
Tangible assets	-4	-3
Investment property	6	1,015
Negative tax on pension returns brought forward	1,398	144
Other	12	-9
Total	1,594	1,335
Other than the deferred tax provided for, the Group has no contingent tax liability relating to holdings in group undertakings.		

Notes - Danica Pension

Note (DKK millions)		2022	2021	
12	INVESTMENT PROPERTY			
	Fair value, beginning of year	511	1,019	
	Acquisitions and improvements during the year		10	
	Disposals during the year	-1	-275	
	Fair value adjustments	1	-243	
	Fair value, end of year	511	511	
	The year-end fair value is recognised as follows in the balance sheet:			
	Investment property	353	373	
	Investment assets related to unit-linked products	158	138	
	The weighted average of the rates of return on which the fair value of the individual properties is based for:			
	Commercial properties	4.25%	4.19%	
	Residential properties	2.50%	2.50%	
13	OTHER FINANCIAL INVESTMENT ASSETS			
	Comprises the following investments in undertakings in the Danske Bank Group:			
	Holdings	815	153	
	Bonds	29,376	31,351	
	Deposits with credit institutions	4,740	1,079	
	Cash in hand and demand deposits	1,692	2,406	
	Other	11,761	13,772	
14	INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS			
	Consists of unit trusts in which the underlying assets break down as follows:			
		With guarantee	Without guarantee	
	Investment property	816	9,664	10,480
	Holdings	9,369	138,709	148,078
	Bonds	22,035	60,125	82,160
	Deposits with credit institutions	357	5,234	5,591
	Derivatives	3,062	27,823	30,885
	Total	35,639	241,555	277,194
15	SHAREHOLDERS' EQUITY			
	Number of shares of DKK 100	11,010,000	11,010,000	
16	OTHER CREDITORS			
	Other creditors comprise:			
	Derivatives with negative fair values	83,634	120,153	
	Tax on pension returns	990	6,071	
	Staff commitments	70	86	

Notes - Danica Pension

Note (DKK millions)	2022	2021
17 ASSETS DEPOSITED AS COLLATERAL, CONTINGENT LIABILITIES AND CONTINGENT ASSETS		
Assets have been deposited as collateral for policyholders' savings with a total of:	417,473	491,538
As collateral for derivative transactions, the company has delivered bonds equal to a total fair value of	34,437	21,846
The company has undertaken to participate in alternative investments with an amount of	12,902	14,323
The Group's companies are jointly taxed with all units in the Danske Bank Group and are jointly and severally liable for their Danish income tax, withholding tax etc.		
The company has rent commitments with a remaining lease of 3 years and annual gross rent of	51	51
Minimum lease payments regarding cars amounts to	6	5
The company is registered jointly with group undertakings for financial services employer tax and VAT, for which they are jointly and severally liable.		
The company is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S.		
Owing to its size and business volume, Danica Pension is continually a party to various lawsuits. The Company does not expect the outcomes of lawsuits and disputes to have any material effect on its financial position.		
If Danica is fully or partially successful in its complaint concerning the potential payment of additional pension returns tax on health and accident insurance, see the mention in the management's review, Danica Pension will be able to recognise all or part of the provision for this liability as income. At 31 December 2022, the provision totals DKK 737 million including interest.		
If Danica not is fully or partially successful in its complaint concerning the potential payment of additional pension returns tax on health and accident insurance regarding 2012-2016, see the mention in the management's review Danica Pension will be able to recognise all or part of the provision for this liability as expense. At 31 December 2022, the provision totals DKK 374 million including interest.		
18 RELATED PARTIES		
Danske Bank, whose registered office is in Copenhagen, Denmark, holds 100% of the share capital of Danica Pension and thus exercises control.		
Transactions with related parties are settled on an arm's-length basis.		
Danica Pension's IT operations and development, internal audit, HR administration, logistics, marketing and the like are handled by Danske Bank. Danske Bank also handles portfolio management and securities trading.		
Danica Pension entered into the following significant transactions and balances with other companies in the Danske Bank Group. For more information, see note 14.		
IT operations and development	-82	-143
Other administration	-215	-194
Commission for insurance sales and portfolio management	-203	-211
Ordinary portfolio management fee	-668	-376
Total net custody fees and brokerage for trades in holdings and the like	-126	-115
Interest income	2,236	1,987
Interest expenses	-1,727	-1,658
Amounts owed to credit institutions	5,997	4,705
Derivatives with negative fair values	11,812	11,005
Danica Pension granted a loan to its parent company, Forsikringselskabet Danica		
Furthermore, the Danica Group manages the labour market pension schemes of the Danske Bank Group and its related parties.		

Notes - Danica Pension

Note (DKK millions)

19 SPECIFICATION OF ASSETS AND RETURN 2022

TRADITIONAL PRODUCTS	Carrying amount		% return p.a. before tax
	Beg. of year	End of year	
Land and buildings	23,949	20,949	2.4
Listed holdings	22,050	13,325	-12.0
Unlisted holdings	13,579	12,102	14.8
Total holdings	35,629	25,427	-1.5
Government bonds and mortgage bonds	85,480	53,981	-15.0
Index-linked bonds	19,257	16,650	-1.8
Credit bonds and emerging market bonds	29,164	21,565	-9.4
Total bonds and loans	133,901	92,196	-11.7
Holdings in group undertakings	0	0	0.0
Other investment assets	-156	-168	0.1
Derivative financial instruments to hedge net changes of assets and liabilities	941	4,542	-135

A specification of the company's holdings is available on Danica's Danish website, www.danicapension.dk.

UNIT-LINKED PRODUCTS	Carrying amount		% return p.a. before tax
	Beg. of year	End of year	
Land and buildings	9,300	10,973	2.8
Listed holdings	148,343	119,692	-18.7
Unlisted holdings	28,694	28,327	17.5
Total holdings	177,037	148,019	-13.3
Government bonds and mortgage bonds	62,970	51,088	-20.1
Index-linked bonds	5,344	7,794	-0.7
Credit bonds and emerging market bonds	27,036	20,931	-10.8
Total bonds and loans	95,350	79,813	-16.3
Holdings in group undertakings	0	0	0.0
Other investment assets	159	173	-
Derivative financial instruments to hedge net changes of assets and liabilities	-2,317	6,253	-70

Notes - Danica Pension

Note (DKK millions) 2022 2021

20 SPECIFICATION OF RETURNS FOR UNIT-LINKED PRODUCTS

Danica Balance	Years to retirement	% of average provisions	Return (%)	Risk
High Risk:				
Mix high risk profile	30 years	0.55%	-16.4	6.00
Mix high risk profile	15 years	0.69%	-15.2	5.75
Mix high risk profile	5 years	0.22%	-13.70	5.50
Mix high risk profile	-5 years	0.01%	-12.6	4.75
Danica Balance	Non-lifecycle*	2.23%	-14.70	N/A
Medium Risk				
Mix medium risk profile	30 years	0.96%	-15.7	6.00
Mix medium risk profile	15 years	1.74%	-13.7	5.50
Mix medium risk profile	5 years	0.69%	-13	4.75
Mix medium risk profile	-5 years	0.03%	-12.1	4.50
Danica Balance	Non-lifecycle*	4.91%	-13.3	5.25
Low Risk				
Mix low risk profile	30 years	0.10%	-14.7	5.75
Mix low risk profile	15 years	0.25%	-12.7	4.75
Mix low risk profile	5 years	0.18%	-12.3	4.50
Mix low risk profile	-5 years	0.02%	-11.50	4.50
Danica Balance	Non-lifecycle*	1.16%	-12.50	N/A

* Launched on 18 January 2016

Danica Balance Responsible Choice	Years to retirement	% of average provisions	Return (%)	Risk
High Risk:				
Mix high risk profile	30 years	0.00%	-16.0	5.50
Mix high risk profile	15 years	0.03%	-15.6	4.75
Mix high risk profile	5 years	0.02%	-15.3	4.50
Mix high risk profile	-5 years	0.00%	-13.8	4.25
Markedspension	Non-lifecycle*	0.03%	-15.5	N/A
Medium Risk				
Mix medium risk profile	30 years	0.00%	-15.8	5.75
Mix medium risk profile	15 years	0.02%	-15.2	5.25
Mix medium risk profile	5 years	0.02%	-15.2	4.75
Mix medium risk profile	-5 years	0.01%	-13.7	4.50
Markedspension	Non-lifecycle*	0.00%	-15.2	5.25
Low Risk				
Mix low risk profile	30 years	0.00%	-15.5	5.75
Mix low risk profile	15 years	0.00%	-15.0	5.50
Mix low risk profile	5 years	0.00%	-15.1	5.25
Mix low risk profile	-5 years	0.00%	-13.5	4.75
Markedspension	Non-lifecycle*	0.00%	-15.1	N/A

Group overview

	Owner-ship	Currency	Profit/loss for the year	Share capital	Shareholders' equity	Employees	Directorships ¹			
	%		millions	millions	millions	No. ²	SL	TDN	JGB	DB
LIFE INSURANCE										
Danica Pension, Livsforsikringsaktieselskab, Copenhagen	100	DKK	-1.574	1,101	20,279	812	D	D	D	D
INVESTMENT MANAGEMENT										
Danica Kapitalforvaltning K/S, Copenhagen	100	DKK	619	10	629	52				
PROPERTY INVESTMENT										
Danica Ejendomme P/S	100	DKK	1,061	4,410	36,074	-		C		
Danica Komplementar ApS	100	DKK	0	0	1	-		C		
Helsingørgade Holding P/S	100	DKK	12	1	53	-		C		
Helsingørgade 15 P/S	100	DKK	12	1	53	-		C		
SD Karreen Holding P/S	100	DKK	-2	18	925	-		C		
SD Karré 1 P/S	100	DKK	0	16	819	-		C		
SD Karré 2 P/S	100	DKK	-2	2	105	-		C		
Ejendomsselskabet Project Nord P/S	100	DKK	33	1	4,718	-		C		
Ejendomsselskabet Project Sunflower P/S	100	DKK	0	1	0	-		C		
Jægergårdsgade 101A P/S	100	DKK	31	1	331	-		C		
ERDA I P/S	100	DKK	16	1	80	-		C		
K/S ERDA II	100	DKK	-23	49	80	-		C		
ERDA II Komplementarselskab ApS	100	DKK	0	0	0	-				
Ordrup Jagtvej Holding P/S	100	DKK	-14	1	104	-		C		
Ordrup Jagtvej 93-109 P/S	100	DKK	-14	1	104	-		C		
Bag Søndermarken Holding P/S	100	DKK	19	1	139	-		C		
Bag Søndermarken 1b-11 P/S	100	DKK	19	1	140	-		C		
Stockholmegade Holding P/S	100	DKK	0	1	281	-		C		
Stockholmegade 23 P/S	100	DKK	0	1	281	-		C		
Vester Søgade 10 P/S	100	DKK	0	1	589	-		C		

¹ Directorships of Søren Lockwood (SL), Thomas Dyhrberg Nielsen (TDN), Jesper Grundvad Bjerre (JGB) Dorte Bilsgaard (DB) – C stands for chairman of the board of directors, B stands for member of the board of directors and D stands for executive board member.

² Comprises average number of employees in group companies at 31 December 2022

Group overview

Companies

Danica Pension

Danica Pensjons-
Forsikring

Danica Kapitalforvalt-
ning

Property companies

Activity

Sale of the unit-linked products Danica Balance, Danica Balance Responsible Choice, Danica Link and Danica Select, for which the return on policyholders' savings equals the market return. Life insurance and loss of earning capacity cover may be attached to the policies.

The conventional life insurance and pension product (Danica Traditionel) and health and accident insurance, including loss of earning capacity cover.

Sale of Health Insurance and Critical Illness

Danica Pensjonsforsikring was sold at 30 June 2022.

Provides investment services to group companies.

Property companies investing in real property and shopping centres.

Danica Pension's group overview is available at www.danicapension.dk

Management and directorships

Under section 80(8) of the Danish Financial Business Act, financial institutions are required to at least annually publish information about the duties and positions approved by the Board of Directors for persons employed by the Board (see section 80(1) of the Act).

This page also lists directorships held by members of the Board of Directors outside the Danica Pension Group.

Board of Directors

Berit Irène Behring (Chairman)

Head of Large Corporates & Institutions, Danske Bank A/S

Born on 18 October 1966

Member of the Executive Leadership Team of: Danske Bank A/S

Director of:
Northern Bank Limited

Christoffer Møllenbach (Vice Chairman)

Head of Group Finance, Danske Bank A/S

Born on 3 November 1972

Christoffer Møllenbach is a member of the Danica Group's Audit Committee and Risk Committee

Jesper Koefoed

(State-authorized public accountant with deposited license)

Born on 18 June 1964

Member of the Executive Board of:

Koefoed Invest 2019 A/S

Director of:

Realkredit Danmark A/S (chairman of the audit committee)

Pihl Holdings A/S (chairman)

Nordic Investment Opportunities A/S (deputy chairman)

BG40-5 A/S

Danica Ejendomme P/S

Jesper Koefoed is Chairman of the Danica Group's Audit Committee

Ib Katznelson

Retired head of administration, Danish Ministry of Economic and Business Affairs Born on 30 October 1941 (appointed by the Minister for Finance)

Christoffer Kanstrup

Executive Vice President, Danske Bank A/S

Born on 10 March 1979

Director of:

Danske Private Equity A/S

Christoffer Kanstrup is Chairman of the Danica Group's Risk Committee

Claus Harder

Global Head of Markets & Transaction Banking

Born on 3 June 1975

Kenneth Stricker-Nielsen

Pension specialist and Vice Chairman of staff association

Born on 10 February 1985

Charlott Due Pihl

Chairman of staff association, Danica Pension

Member of the governing body of Forsikringsforbundet

Born on 27 March 1968

René Karsten Jensen

Tax Adviser

Born on 30 October 1957

Executive Board

Information on directorships, etc. in wholly-owned subsidiaries is provided in the group overview.

Søren Lockwood

Chief Executive Officer

Born on 23 October 1959

Director of:

Insurance and Pension Denmark

Thomas Dyhrberg Nielsen

Member of Executive Board

Born on 21 February 1971

Member of the Advisory Board of Pension Research Centre (PeRCent)

Jesper Grundvad Bjerre

Member of Executive Board

Born on 20 March 1974

Director of:

Forsikringsakademiet A/S

Dorte Bilsgaard

Member of Executive Board

Born on 27 June 1975

Statement and report

Statement by the management

The Board of Directors and the Executive Board (the management) have today considered and approved the annual report of Danica Pension for the financial year 2022.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the Parent Company financial statements have been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year ended 31 December 2022. Moreover, in our opinion, the management report includes a fair review of developments in the Group's and the Parent Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

Furthermore, in our opinion, the annual report of Danica Pension for 2022 with the file name "danicapension-2022-12-31-da.zip" has been prepared, in all material respects, in compliance with the ESEF Regulation.

The management will submit the annual report to the general meeting for approval.

Copenhagen, 2 February 2023

Executive Board

Søren Lockwood
Chief Executive Officer

Thomas Dyhrberg Nielsen
Member of Executive Board

Jesper Grundvad Bjerre
Member of Executive Board

Dorte Bilsgaard
Member of Executive Board

Board of Directors

Berit Iréne Behring
Chairman

Christoffer Møllenbach
Vice Chairman

Jesper Koefoed

Ib Katznelson

Claus Harder

Christoffer Kanstrup

Kenneth Stricker-Nielsen

Charlott Due Pihl

René Karsten Jensen

Independent auditor's report

To the shareholder of Danica Pension, Livsforsikringsaktieselskab

Opinion

We have audited the consolidated financial statements and the parent financial statements of Danica Pension, Livsforsikringsaktieselskab for the financial year 1 January to 31 December 2022, pages 16-89, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial companies with issued listed securities, and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2022, and of the results of its operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial companies with issued listed securities.

Also, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2022 and of the results of its operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Business Act.

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

Basis for opinion

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

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

We were appointed auditors of Danica Pension, Livsforsikringsaktieselskab for the first time on 10 March 2015 for the financial year 2015. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 8 years up to and including the financial year 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matters were addressed in our audit
Measurement of goodwill related to Danica Pensionsforsikring A/S (formerly SEB Pensionsforsikring)	
<p>Goodwill primarily consists of goodwill related to the acquisition of SEB Pensionsforsikring in 2018. In 2022, Management has carried out an impairment test of recognised goodwill in accordance with IAS 36. Net of impairment charges, goodwill amounts to DKK 0 million at 31 December 2022 (DKK 1,543 million at 31 December 2021).</p> <p>Assumptions involving the most significant judgements are:</p> <ul style="list-style-type: none"> • Assessment of future cash flows • Determining a discount rate. <p>Management has provided further information about goodwill in note 15 to the consolidated financial statements.</p>	<p>Based on our risk assessment, we have examined the measurement of goodwill and evaluated the methodology applied for carrying out the impairment test and the assumptions and cash flows applied in this respect.</p> <p>Our examination included the following elements:</p> <ul style="list-style-type: none"> • Testing key controls over the impairment test of goodwill, including the assumptions-setting processes, procedures for approval and changes in estimates by Management, and the operating effectiveness of such controls. • Challenging the methodology applied by using our industry knowledge and experience. • Assessing key assumptions and input underlying the impairment test of goodwill, including an assessment of future cash flows and the discount rate applied for impairment testing, against historical data and market practice.
Measurement of unlisted investments	
<p>Unlisted investments amount to DKK 54,135 million at 31 December 2022 (DKK 54,186 million at 31 December 2021).</p> <p>Unlisted investments are composed of investments in private equity funds, infrastructure funds, unlisted equities and corporate bonds. The measurement of unlisted investments is affected by management estimates and particularly for 2022 the macroeconomic uncertainties, and changes in assumptions and the methodology applied may also have a material impact on the measurement of unlisted investments.</p> <p>Assumptions involving the most significant judgements are:</p> <ul style="list-style-type: none"> • Determination of market value in illiquid markets • Definition of required rates of return • Assessment of future cash flows. <p>Management has provided further information about unlisted investments in note 33 to the consolidated financial statements.</p>	<p>Based on our risk assessment, we have examined the valuation of unlisted investments and evaluated the methodology applied and the assumptions made.</p> <p>Our examination included the following elements:</p> <ul style="list-style-type: none"> • Testing key controls over the valuation of unlisted investments, including the assumptions-setting processes, procedures for approval of valuations by Management, and the operating effectiveness of such controls. • Sample testing of data for completeness and accuracy. • Challenging the methodology applied by using our industry knowledge and experience, focusing on changes etc compared to last year. • Testing key controls for investments recognised based on prices obtained from external parties and follow-up thereon for the purpose of validating the prices used, including model and preconditions for any price adjustments due to changes in market conditions since the prices last reported by external parties.

Measurement of investment property and investments in associated property companies

Investment property and investments in associated property companies amount to DKK 36,167 million at 31 December 2022 (DKK 34,771 million at 31 December 2021).

Measurement is affected by management estimates and particularly for 2022 the macroeconomic uncertainties.

The determination of the measurement of investment property is based on the location of each property, future events, future cash flows and required rates of return. Changes in assumptions and the methodology applied may have a material impact on the measurement of investment property and profit or loss.

Assumptions involving the most significant judgments are:

- Assessment of future cash flows
- Definition of required rates of return.

Management has provided further information about investment property in note 17 to the consolidated financial statements.

Based on our risk assessment, we have examined the valuation of investment property prepared by Management and evaluated the methodology applied and the assumptions made.

Our examination included the following elements:

- Testing key controls over the valuation of investment property and investments in associated property companies, including the assumptions-setting processes, procedure for approval of valuations and changes in estimates by Management, and the operating effectiveness of such controls.
- Challenging the methodology applied by using our industry knowledge and experience, focusing on changes etc compared to last year.
- Assessing key assumptions and the effect of macroeconomic uncertainties thereon, including input underlying the valuation of investment property and investments in associated property companies, assessing, on a sample basis, future cash flows and individual required rates of return used for valuation, against historical data and market practice.

Measurement of liabilities under insurance contracts

Liabilities under insurance contracts amount to DKK 413,828 million at 31 December 2022 (DKK 470,191 million at 31 December 2021).

Measurement of liabilities under insurance contracts is deemed a key audit matter as the determination of assumptions for the measurement of liabilities under life insurance contracts requires complex judgments about future events.

Changes in assumptions and the methodology applied may have a material impact on the measurement of liabilities under insurance contracts.

Assumptions involving the most significant judgments are:

- Determining disability rates, recapitalisation, mortality rates, surrender probabilities, paid-up policy probability and provisions for expected onerous health and accident insurance policies
- Assumptions related to regulatory and reporting requirements, including risk and interest.

Management has provided further information about liabilities under insurance contracts in notes 25 and 26 to the consolidated financial statements.

Based on our risk assessment, we have examined Management's valuation of liabilities under insurance contracts and evaluated the methodology applied and the assumptions made.

Our examination included the following elements, where we also made use of our own internationally qualified actuaries:

- Testing key controls over the actuarial models, data collection and analysis, including the assumptions-setting processes and the operating effectiveness of such controls.
- Assessing methods, models and data used against market practice based on historical development and trends.
- Evaluating the disability and mortality rates and surrender probabilities used in the calculation against historical data and market practice.
- Evaluating revised principles and assumptions applied to calculate expected onerous health and accident insurance policies.
- Assessing key changes in the assumptions against regulatory and reporting requirements and industry standards.
- Analysing developments in risk, interest and cost results, by using our industry knowledge and experience.

Statement on the Management's report

Management is responsible for the Management's report.

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

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

Moreover, it is our responsibility to consider whether the Management's report provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the Management's report is in accordance with the consolidated financial statements and the parent 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 report.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies, and for the preparation of parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statement of Danica Pension, Livsforsikringsaktieselskab, we performed procedures to express an opinion on whether the annual report for the financial year 1 January to 31 December 2022, with the file name danicapension-2022-12-31-da.zip, is prepared, in all material respects, in compliance with Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of an annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

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

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

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

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the Company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements inclusive of notes;
- Evaluating the appropriateness of the Company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements to the taxonomy where no suitable element in the ESEF taxonomy has been identified;

- Evaluating the anchoring of extensions to elements in the ESEF taxonomy; and
- Reconciling the iXBRL-tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Danica Pension, Livsforsikringsaktieselskab for the financial year 1 January to 31 December 2022, with the file name danicapension-2022-12-31-da.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 2 February 2023

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Kasper Bruhn Udam

Jacques Peronard

State-Authorised Public Accountant

State-Authorised Public Accountant

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