

Annual Report 2023

Danica Pension

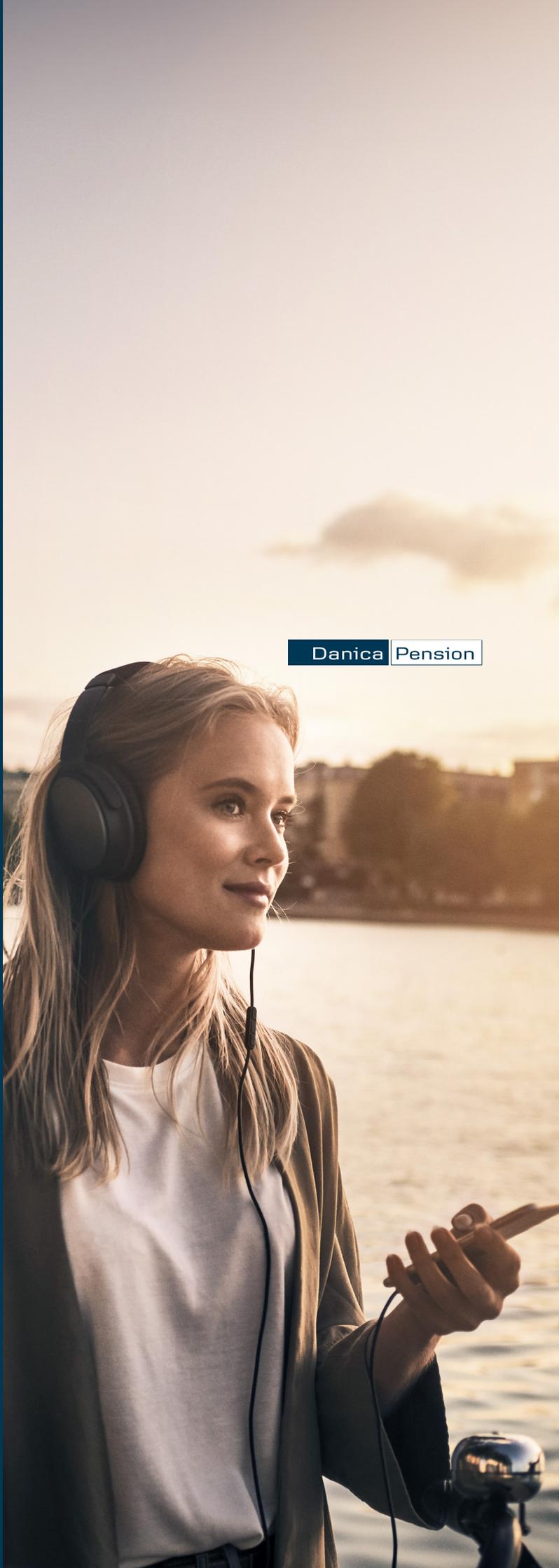


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This Annual Report 2023 is a translation of the original report in the Danish language (Årsrapport 2023). In case of discrepancy, the Danish version prevails.

SELECTED FINANCIAL HIGHLIGHTS FOR THE DANICA GROUP¹⁾

(DKK millions)	2023	2022	2021	2020	2019
PREMIUMS INCLUDING INVESTMENT CONTRACTS²⁾	38,647	35,138	36,823	27,878	27,039
INCOME STATEMENT					
Insurance service result	779	1,572	-	-	-
Investment result	615	-1,740	-	-	-
Other income and expenses	28	30	-	-	-
Profit/loss before tax, goodwill impairment and discontinued operations	1,422	-138	2,078	1,700	1,722
Tax	-225	-18	-424	-275	-174
Goodwill impairment	-	-1,627	-	-	-800
Profit after tax from discontinued operations	50	412	76	76	1,523
Profit/loss for the year	1,247	-1,371	1,730	1,501	2,271
BALANCE SHEET					
Total assets	541,667	539,554	678,900	669,407	605,953
Total provisions for insurance and investment contracts	438,527	403,255	469,472	458,253	437,714
Total shareholders' equity	20,364	19,117	24,122	22,377	20,887
DANICA PENSION (PARENT COMPANY)					
KEY FIGURES AND RATIOS (%)					
Return related to average rate products	4.6	-14.6	0.0	6.0	10.3
Return related to unit-linked products	10.5	-14.9	13.3	8.3	15.6
Risk on return related to unit linked products	4.75	5.25	4.50	4.50	4.25
Net return before tax on pension returns on average-rate products ³⁾	3.6	-4.7	5.2	3.1	6.5
Expenses as per cent of provisions	0.32	0.29	0.27	0.29	0.31
Expenses per policyholder (DKK)	1,742	1,656	1,596	1,584	1,532
Return on equity after tax	5.6	-5.2	7.4	6.9	11.4
Return on equity after tax (Group)	6.3	-6.5			
Solvency coverage ratio ⁴⁾	170	188	212	204	201
RATIOS FOR HEALTH AND ACCIDENT INSURANCE					
Gross claims ratio	167	96	142	145	135
Gross expense ratio	10	6	10	8	7

¹⁾ This statement and reported figures for 2023 and 2022 have been prepared and are presented in accordance with IFRS 17, whereas previous financial years have been prepared in accordance with IFRS 4. Where figures and disclosures for the financial years 2021 and previously are not comparable with IFRS 17, these have been omitted.

²⁾ Excluding premiums from discontinued operations in Norway (sold in 2022) and Sweden (sold in 2019)

³⁾ The ratios include change in accumulated value adjustment

⁴⁾ At 31 December 2023, Danica Pension's solvency capital requirement (SCR) was DKK 18,738 million and its total capital was DKK 31,852 million.

On 25 June 2021, Danica Pension, Livsforsikringsaktieselskab and Forsikringsselskabet 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.

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 55.

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 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 HIGHLIGHTS OF THE PERIOD

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 providing advice to our customers about how to achieve financial security, both in terms of pension savings and in terms of 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.

Continuing strong growth

Over a period of several years, Danica Pension has generated strong growth in the Danish market, and the growth continued in 2023 with a 10% increase in premiums. This is a clear indication that Danish business customers are actively choosing our overall value proposition and that Danica Pension enjoys an extremely strong position in the Danish pension market.

Stability re-established, financial markets recovered

Following an extremely turbulent time in 2022, the markets stabilised in 2023, showing resilience to the geopolitical uncertainties around the world. Particularly at the end of the year, expectations of lower interest rates and inflation drove a solid global equity market upturn, which was positively reflected in our investments and strong returns. In general, the equity markets were fuelled by the strong performance of the US market in 2023, driven mainly by tech companies with particular business potential within AI.

Investment return

The return for customers with Danica Pension Balance Mix with a medium risk profile and 20 years to retirement was 11.1% in 2023. Over the past five years, this customer group has achieved a net return of 47.2%. In other words, our long-term investment strategy continues to generate strong returns for Danica Pension customers.

Relevant advice is a cornerstone

Relevant, proactive advice that promotes financial security is a cornerstone of Danica Pension's value proposition. When an event, such as a salary change, a move or a marriage, happens to customers who have given their consent, Danica Pension therefore contacts them by email with advice and information on how the event in question may affect their pension. This relieves our customers of the burden of having to keep track themselves and worry about whether they have the right pension and insurance covers.

Danica Pension has the most satisfied customers

A recent survey by independent research company Aalund rated Danica Pension as the commercial

pension company with the most satisfied personal customers in Denmark. That we reached the number one position after having been among the top companies in the same survey for several years bears witness to our longstanding focus on providing attentive advice and excellent customer service.

Specifically, in the past year, we have increased our accessibility to our customers through meetings in person at selected companies and also to a large extent through our online meetings with customers and accessibility via our advisory centre. This has resulted in faster response times for customer enquiries and a more efficient approach to our customer meetings. The Aalund survey clearly shows a correlation between the extent of our contact with customers and their level of satisfaction with us as a pension provider. We will therefore continue to prioritise developing this aspect of our business.

Strong focus on the self-employed

Pension for *Selvstændige* is an example of an area in which we are continually working on improving our interaction with individual customers. This was also an important focus area in 2023. This work resulted in shorter response times across several parameters when Pension for *Selvstændige* members contact us about their pension scheme. To measure customer satisfaction at Pension for *Selvstændige*, we apply a so-called Net Promoter Score, which in 2023 showed a very positive trend.

We see this as a reflection of the continued focus on the agreement between Danica Pension and Pension for *Selvstændige* entered into in 2021 and covering 40,000 customers. For more than 30 years, the self-employed have been a major focus area for Danica Pension. It is an important part of Danica Pension's mission to make a difference for the self-employed - 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.

New CEO

On 1 November 2023, Mads Nicolai Kaagaard was appointed CEO of Danica Pension. His most recent role was that of interim Group CEO of PFA, and before that he held positions at Nordea, Boston Consulting Group and Accenture. Leveraging his banking sector experience, one of Mads Nicolai Kaagaard's tasks will be to ensure that Danske Bank and Danica Pension extend their strategic collaboration in the customer area.

Mads Nicolai Kaagaard took over the reins from outgoing CEO Søren Lockwood, who has retired.

New chairman

On 1 August 2023, Carsten Rasch Egeriis was appointed chairman of Danica Pension's Board of Directors.

As CEO of Danske Bank, he plays a key role in ensuring that the strategies of Danica Pension and Danske Bank are aligned and complement each other. The chairmanship moreover affirms that Danica Pension is a strategically important part of Danske Bank's business and that, collectively as a group, we are able to provide holistic advisory services covering the full scope of our customers' finances.

Carsten Rasch Egeriis takes over the chairmanship from Berit Behring, who has retired from her position with Danske Bank.

Close collaboration with Danske Bank for the benefit of customers

On 7 June 2023, Danske Bank launched the Group's new Forward '28 strategy, in which Danica Pension plays a key role. Efforts are ongoing to further develop and underline the benefits of being a customer of both Danica Pension and Danske Bank.

We have noted that those of our customers who are customers of both Danske Bank and Danica Pension are more satisfied and remain customers with us for a longer period of time. A key reason for this greater customer satisfaction is that, as a pension provider, we are better able to identify when life-changing events make it relevant to advise our customers about their pension.

New healthcare initiatives

On 1 September, Danica Pension launched two new healthcare solutions in the form of family counselling and job coaching for young people. The two new solutions are included in our Health Package, which offers customers early help by way of quick online access to a number of health experts.

Since its launch in 2021, the Health Package has become a great success, and it is today a cornerstone of our catalogue of preventive measures that enable us to stop mild symptoms from growing into serious mental or physical conditions.

In the course of 2023, Danica Pension was in contact with 37,800 customers via the Health Package.

It is a priority for us that our pension customers also have health insurance with Danica Pension, and for this reason, we are pleased to have enrolled 17,000 new customers in our Health Insurance in 2023. This enables us to reach far more customers with Danica Pension's total healthcare offering, ensuring them better and more diverse treatment.

New study shows strong effects of full healthcare offering

Danica Pension's healthcare offering consists of three elements: The Health Package, Health Insurance and insurance cover for loss of earning capacity. They are encompassed by our so-called Step Care model, which ensures cohesion in the treatment provided by the various therapists. According to the findings of a new study based on 500,000 customer cases, net of various risks, those of our

customers who receive our full offering of healthcare services are 15% less likely to experience long-term absence due to illness.

The findings, which were published in connection with the third quarter financial statements in October 2023, thus indicate that our business customers can reduce long-term absence due to illness by using Danica Pension for all their healthcare measures.

New healthcare alliance

In November, Danica Pension co-founded "Forebyggelsesalliancen For Fremtidens Sundhedsvæsen" (prevention alliance for the public health service of the future), an initiative by 29 healthcare organisations such as patient associations, NGOs and private companies. The alliance will work on preparing concrete goals for the Danish government to pursue in the period to 2035 and on compiling a full catalogue of ideas for political actions that the government may take to reach the goals.

Increase in health and accident claims

The positive results of a number of preventive measures were not sufficient to offset the general trend of increasing numbers of people falling ill, receiving sickness benefits or attending public re-employment or resource programmes in 2023. Accordingly, the result of the health and accident business was adversely affected by a higher number of new claims.

Danica Pension's health and accident business generated a loss of DKK 924 million in 2023. Of this, the investment result accounted for a loss of DKK 23 million and the underlying business for a loss of DKK 901 million, approximately half of which related to provisions for future losses on existing contracts.

It remains Danica Pension's ambition to comply with the requirement of the Danish FSA's executive order that underlying health and accident results must be in balance, and we are making a committed effort to introduce measures to this end.

Omission to advise customers on raised state pension age

In October, we sent a letter to 35,000 current and former customers to inform them that they may be affected by a case concerning an omission to provide advisory services. The matter relates to the fact that, in connection with the indexation of the state pension age since 2015, we did not adequately advise some of our customers on what impact the change would have on their pension savings.

The customers we wrote to are those who either have or previously had a pension scheme with us and who have automatically had the risk on the investment of their pension savings gradually reduced towards either what we call the 'investment expiry date' or towards the agreed date of payout of their

pension, and where this date is earlier than the earliest date at which the customer can start receiving pension benefits.

Danica Pension will pay compensation to affected customers, for which we have made a total provision of DKK 250 million.

Analyses in connection with replacement of core insurance systems

Danica Pension has initiated an analysis of options regarding a replacement of our core insurance system as part of a digital transformation process. Replacing a core system is an extensive process and requires a thorough analysis of possible suppliers, specification of requirements, etc.

The replacement of our central IT systems is to support Danica Pension's strategic and tactical manoeuvrability and to enhance the digital advantages that we have achieved by continuously focusing on this area.

Standard formula for longevity risk

Danica Pension previously used a partial internal longevity model rather than the standard model to calculate the solvency requirement.

However, we decided to revert to the standard model as from 31 December 2023. In isolation, this reduced the solvency ratio by 9 percentage points. The reason for the change is the Danish FSA's introduction of stricter requirements for the use of internal models.

SUSTAINABILITY

Danica Pension has defined a 2025 sustainability strategy with special focus on three themes that support the UN Sustainable Development Goals: climate and environment, financial security and a healthier life.

In July 2023, we made minor adjustments to the strategy, adding biodiversity as part of the climate and environment theme. We furthermore doubled our health target so that Danica Pension now aims to help 400,000 people and businesses achieve a healthier life.

Danica Balance Responsible Choice

Danica Balance Responsible Choice offers our customers the opportunity to enhance their sustainability focus and invest part or all of their pension savings in companies that endeavour to help solve global climate, environmental, health and other challenges. In Danica Balance, sustainable investments must make up at least 10%, but in Danica Balance Responsible Choice, at least 75% of investments must meet Danica Pension's and Danske Bank's internal sustainability criteria.

At 31 December 2023, our customers had chosen to establish 22,298 policies and invest DKK 4.9 billion in this solution, representing a 46% increase in

investments compared with December 2022. The increase in investments was in part attributable to the fact that, since 2022, business customers have had the option to offer Danica Balance Responsible Choice as part of the standard investment composition for new employees. Furthermore, we focused on raising awareness of the solution through a marketing campaign in 2023.

Climate ambitions – 2023 target for investments in the green transition reached

Danica Pension has signed up to the UN-convened Net-Zero Asset Owner Alliance and has thus committed to achieving a carbon neutral investment portfolio by 2050 in alignment with the Paris Agreement's goal of limiting the global rise in temperature to 1.5°C.

It was Danica Pension's ambition to invest at least DKK 50 billion in the green transition by the end of 2023. These investments include investments in companies with activities in renewable energy and alternative investments in renewable energy, certified properties and green bonds. Our investments in the green transition rose from DKK 37.7 billion at 31 December 2022 to DKK 55.4 billion at 31 December 2023, which means that Danica Pension has delivered on its 2023 ambition. Our ambition going forward is to lift investments to DKK 100 billion by 2030.

In March 2021, Danica Pension set interim targets for reduction of carbon emissions from the energy, utilities, transport, cement and steel sectors by 2025. These five sectors represent the majority of global carbon emissions, which is why they play a key role in limiting global warming and meeting the goals of the Paris Agreement. Our ambition is to reduce the carbon intensity of these five sectors by between 15% and 35% relative to the 2019 level. The current progress status regarding reaching our 2025 reduction targets is that we are ahead of schedule for the steel and cement sectors, but we are behind schedule for the energy, utilities and transport sectors (including aviation, automotive and shipping).

In 2023, we added a further dimension to our climate activities by defining new temperature targets for the period to 2030, which form an integral part of the Danske Bank Climate Action Plan. The targets are pending approval by the Science-Based Targets initiative.

Danica Ejendomme

Danica Ejendomme's most recent ESG strategy was adopted in February 2023. The strategy sets a target to reduce carbon emissions from the Danish property portfolio by 69% by 2030 relative to the 2019 level. Furthermore, Danica Ejendomme's goal is that at least 35% of the properties in its portfolio must be certified by 2025 and 50% by 2030.

The status in December 2023 was that Danica Ejendomme's share of certified properties had grown to

27% and is expected to approach 50% already during 2024. Moreover, carbon emissions from the Danish properties were cut by 34% at 30 September 2023 compared with 2019. Danica Ejendomme launched a number of initiatives, including buying more green power via energy performance certificates and a mini Power Purchase Agreement ensuring that additional renewable energy is made available to society. In addition, Danica Ejendomme optimised its energy management through improved meter data and made the operation of selected properties more energy efficient.

CLIMATE REPORTING
- SUSTAINABLE PROPERTIES IN DENMARK^{1, 2)}

	Unit	Target	2023	2022
Certified properties		See 3)		
- existing properties	%		13.5	11.5
- new builds	%		74.8	84.2

1. The figures cover the DGNB Gold, DGNB Silver and LEED Gold certifications 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% in 2030.

Biodiversity in focus

Biodiversity is under enormous pressure, which in turn aggravates the climate crisis. Danica Pension has a biodiversity strategy that focuses particularly on exercising active ownership in sectors with high levels of dependence and impact on forest land and marine waters. The aim is to have engaged with 30 global companies on the subject of biodiversity by 2025.

In July 2023, Danica Pension published an analysis of the potential impact and dependence of equity and credit bond investments on biodiversity. The analysis indicates that about two thirds of investments have a potentially high impact on various ecosystems and biodiversity through their operations. In particular, they contribute to the loss of biodiversity through their carbon emissions, pollution and over-consumption of natural resources.

Moreover, in 2023, Danske Bank and Danica Pension joined the global investor engagement initiative Nature Action 100+, in which a number of investors combine forces to put pressure on a number of companies with a potentially high adverse impact on biodiversity. Nature Action 100+ engages with companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030.

Danica Pension also focuses on biodiversity in its property investments. A biodiversity strategy is therefore being developed for Danica Ejendomme's portfolio of Danish operating properties and new development projects. For example, in 2023, Danica Ejendomme developed a method of measuring biodiversity in future construction projects and established biodiversity KPIs for selected properties, including the diversity and quality of vegetation and species.

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.

CLIMATE REPORTING - INVESTMENTS AND CARBON EMISSIONS¹

	Unit	Target	2023	2022
Carbon emissions from investment assets - equities and credit bonds (scopes 1 and 2)	Tonnes	See 2)	1,297,137	1,078,216
Carbon emissions from investment assets - equities and credit bonds (scopes 1, 2 and 3)	Tonnes	See 2)	18,134,266	10,905,889
Carbon footprint - equities and credit bonds (scopes 1 and 2)	Tonnes (DKK millions)	See 2)	4.82	8.53
Carbon footprint - equities and credit bonds (scopes 1, 2 and 3)	Tonnes (DKK millions)	See 2)	67.41	86.24

1. Reporting principles - see Danica Pension's ESG key figures at www.danicapension.dk. The figures cover 95.2% of Danica Pension's assets under management (AuM).

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.

In 2023, Danica Pension published a climate report which included targets for the carbon emissions and carbon footprint of our equity and credit bond investments (see the climate report at danicapension.dk).

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 transportation and from paper and heat consumption.

The ambition is to reduce Danica Pension's own carbon emissions by at least 40% from 2019 to 2023. 2023 environmental data indicate that energy consumption has fallen since 2022, while assignment by car and aircraft has increased as society has been opened up after the corona crisis. In particular, CO2 emissions from air travel have increased by 193 per cent since 2022. This means that, as expected, the total CO2 footprint has risen from 2022 to 2023. Overall, Danica Pension's CO2 emissions were reduced by 14% from 2019 to 2023, and Danica Pension thus did not meet its 2023 target.

CLIMATE REPORTING - DANICA PENSION DENMARK'S OWN CARBON EMISSIONS¹

	Unit	Target	2023	2022
Carbon emissions - scope 1	Tonnes		1	3
Carbon emissions - scope 2	Tonnes		61	60
Carbon emissions - scope 3	Tonnes		477	386
Total carbon emissions	Tonnes	See 2)	538	449
Renewable energy share - procured	%		41	36
Energy consumption	GJ		8,603	9,330
Paper	Tonnes		1	5

1. This year, the historical data from 2019 to 2022 have been corrected. In particular, company car emissions, which are part of the salary package, have been added to the reporting, which contributes to a significant increase in historical emissions. Reporting principles - see Danica Pension's ESG key figures at www.danicapension.dk
 2. The targets are a 40% reduction of Danica Pension's own carbon emissions by 2023 and a 60% reduction 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 businesses in the period from 2019 to 2025. The status at 30 September 2023 was that Danica Pension had increased the financial security of 406,400 individuals and businesses since 2019, for example via online Pension Check, Pension Start or advisory meetings.

In 2023, we extended and improved our customers' self-service and digitally supported advisory services options, e.g. by making it easier to switch products and change investment profiles. Also, Danica Pension's products and offerings have been incorporated in Danske Bank's platforms to give customers a more comprehensive overview of their pension scheme, insurance and healthcare covers.

We adhere to the data security guidance of Insurance & Pension Denmark (F&P) that is based on the three guidelines: Transparency, Personalisation and Prevention. We also take a proactive approach to data ethics, and we actively collaborate with F&P in the efforts to systematise data ethics across F&P. We collaborate and share data security knowledge with industry peers through our participation in F&P's cyber and information security working group. Danica Pension is compliant in relation to customers. All relevant information is set out in the relevant customer flows and is easily accessible. We refer to the Annual Report 2023 for Danske Bank for Danica Pension's statutory reporting regarding section 146(4) of the Executive Order on financial reports, which is available at [Investor Relations | Danske Bank](#).

Healthcare and focus on prevention

We want to contribute towards a healthier society with less absenteeism. Our upgraded goal is to help at least 400,000 individuals and businesses achieve a healthier life before the end of 2025 and to focus more on prevention.

The status at 31 December 2023 was that Danica Pension had helped 287,800 individuals and businesses with treatment or financial compensation. This included health insurance, cover for loss of earning capacity, cover for critical illness and the

health package. This was in part explained by the general growth in the number of pension customers who add on health insurance. In addition, Danica Pension's Health Package provides customers with easy online access to doctors, psychologists, dietitians, family counselling and coaching.

As part of the increased focus on prevention in 2023, we added online family counselling and coaching to our offering and launched a new prevention concept, "Balance and Mental Wellbeing" for business customers. We offer mental health tools and workshops giving managers and employees the opportunity to focus on promoting wellbeing in a high-performance working environment.

We also focus on family wellbeing, offering tips for parents on how to spot signs of poor mental wellbeing in their children and how best to support them. Similarly, Danica Pension has launched management tools for use in connection with onboarding of young employees to help them get the best start to their working life.

Responsible investments focusing on active ownership

We continually strive to lift our responsible investment ambitions. In 2023, we particularly focused our attention on active ownership and implementation of EU regulation on sustainable finance.

Danica Pension voted at 1,361 general meetings in 2023. Danica Pension's voting activity in 2023 for example focused on opposing so-called anti-wokeism trends in the USA. In recent years, we have seen the rise of a countermovement seeking to influence companies and the finance industry to not consider ESG factors. For example, states such as Texas, Kentucky and West Virginia have blacklisted banks that they accuse of opposing the oil industry. North Dakota, Florida and Kansas have passed legislation prohibiting the investment of state funds or employees' pension savings in a way that factors in ESG aspects. Danica Pension has raised the issue in Danish media, and we see it as a major risk if companies fail to focus on climate and social aspects or to meet society's expectations.

In 2023, Danica Pension remained committed to engaging with large global energy companies and voting at their annual general meetings. We voted in favour of proposals at the general meetings of companies such as Total, Shell, BP and Chevron favouring more ambitious climate plans, and at several companies' general meetings, we voted against the board of directors for failing to take climate action.

Implementation of EU regulation on sustainable finance

In February 2024, Danica Pension publishes its third reporting on the EU Taxonomy Regulation. The Taxonomy classifies which economic activities can be considered environmentally sustainable. In relation to this, Danica Pension is required to state how and to what extent Danica Pension's activities are

associated with such environmentally sustainable investments. Our 2023 reporting shows that the proportion of Danica Pension's Taxonomy-aligned activities at 31 December 2023 was 5.58% (revenue) and 4.71% (CapEx), respectively.

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. Under the SFDR, financial market participants and financial advisers must disclose a statement on their consideration of the principal adverse impacts of their investment decisions on sustainability factors (PAI reporting). Accordingly, Danica Pension published PAI reporting at 30 June 2023.

Danica Pension has furthermore taken initial steps to comply with the coming Corporate Sustainability Reporting Directive (CSRD). The CSRD is a new EU directive imposing stricter sustainability reporting requirements on companies. The objective is to harmonise reporting and increase transparency in sustainability reporting. Danica Pension will be subject to the CSRD, and we are preparing for its implementation. Our first reporting under the directive will be in the annual report for 2024. In 2023, our main focus was on the development of a double-materiality analysis of sustainability issues that will form the basis of our future reporting in the Annual Report 2024.

Volunteering

Danica Pension's employees were given the opportunity to spend three paid workdays in 2023 doing volunteer work for the benefit of the local community. Danica Pension employees undertook volunteer work in aid of Pride, Ren Natur, World Cleanup Day and the Child Accident Prevention Foundation, to name a few.

Statutory sustainability reporting

Danica Pension's statutory reporting on corporate social responsibility and reporting in accordance with the EU Taxonomy Regulation, see Taxonomy – report 2023 - Part of the corporate social responsibility statement, which can be obtained at: [Årsrapporter \(danicapension.dk\)](#) and which form an integral part of the management report.

We refer to the sustainability reporting in Danske Bank's Annual Report 2023 for Danica Pension's statutory sustainability reporting regarding section 144 of the Executive Order on financial reports, which can be obtained at: [Investor Relations | Danske Bank](#).

Danica Pension's statutory reporting under the Sustainable Finance Disclosure Regulation (SFDR) can be obtained at: [Vores arbejde med ansvarlige investeringer \(danicapension.dk\)](#).

FINANCIAL REVIEW – DANICA GROUP

Profit/loss for the year, etc.

Profit/loss for the year

For 2023, the Danica Group realised a profit before tax and special items of DKK 1,422 million, against a loss of DKK 138 million for 2022. After tax and special items, the profit for 2023 amounted to DKK 1,247 million, against a loss of DKK 1,371 million in 2022.

DANICA GROUP, INCOME STATEMENT		
(DKK millions)	2023	2022
Insurance service result	779	1,572
Investment result	615	-1,740
Other income and expenses	28	30
Profit/loss before tax and special items	1,422	-138
Tax	-225	-18
Goodwill impairment	-	-1,627
Discontinued operations	50	412
Profit/loss for the year	1,247	-1,371

The overall profit for 2023 was satisfactory, albeit slightly below the level expressed in the 2022 annual report, as the insurance service result was affected by a larger than expected number of reported health and accident insurance claims. On the other hand, the investment result was better than expected due to the positive financial market trends in 2023.

The profit for 2023 was furthermore affected by a DKK 250 million expense to cover possible payment of compensation to certain customers.

INSURANCE SERVICE RESULT PER PRODUCT		
(DKK millions)	2023	2022
Average rate products	773	837
Unit-linked products	843	739
Health and accident insurance	-902	-78
Other ¹⁾	65	74
Total insurance service result	779	1,572

¹⁾ Primarily includes portfolio of life insurance products in run-off, for which Danica holds the risk

The insurance service result for average rate products (conventional policies) was affected by reduced earnings as a result of a diminishing portfolio of conventional policies. It was possible to recognise the full risk allowance in all interest rate groups.

The insurance service result for unit-linked products was affected by an improved earnings potential on these products and increased savings due to the positive financial market trends.

As mentioned previously, the insurance service result for health and accident insurance was affected by an increase in reported claims in 2023 and provisions for future losses on existing contracts.

The investment result amounted to DKK 615 million in 2023, against DKK 1,740 million in 2022. The investment result primarily consists of income and expenses from the management of investment assets relating to life insurance products and shareholders' equity and the investment result of health and accident insurance and life insurance products for which Danica Pension holds the risk.

INVESTMENT RESULT, SPECIFICATION		
(DKK millions)	2023	2022
Income from asset management	751	735
Investment result, life insurance ¹⁾	112	-503
Investment result, health and accident insurance	-23	-953
Investment result attributed to shareholders' equity	476	-330
Investment management expenses	-701	-689
Total investment result	615	-1,740

¹⁾ Primarily includes portfolio of life insurance products for which Danica holds the risk

The investment results on life insurance products and on health and accident insurance and shareholders' equity were significantly affected by the positive financial market trends in 2023. Income from asset management and investment management expenses were on a par with the previous year.

Income tax amounted to an expense of DKK 225 million in 2023, against an expense of DKK 18 million in 2022.

Profit after tax from discontinued operations consisted of a correction of the proceeds from the sale of Danica Norway in 2022.

Other comprehensive income amounted to DKK 0 million in 2023, against DKK 31 million in 2022. In 2022, other comprehensive income comprised the effect of foreign currency translation (including hedging) of foreign entities, including any tax effect. After the sale of Danica Norway, Danica Pension no longer has any foreign entities.

Special allotments to former customers of Statsanstalten for Livsforsikring for 2023 were recognised at DKK 0 in the annual report.

Comments on the balance sheet

The Group's total assets rose from DKK 539.6 billion at 31 December 2022 to DKK 541.7 billion at 30 June 2023.

The increase in investment assets was explained by the positive financial market trends, although this

was offset by a DKK 30.2 billion decline in derivatives with positive fair values compared with 2022 as a result of interest rate developments in 2023.

DANICA GROUP, BALANCE SHEET		
(DKK millions)	31/12/2023	31/12/2022
ASSETS:		
Cash and cash equivalents	2,632	2,094
Investment assets	497,176	493,444
Receivables ¹⁾	1,470	2,175
Investments in associates	11,709	11,162
Investment property	22,789	27,372
Domicile property	-	45
Intangible assets	615	757
Other assets ²⁾	5,276	2,505
TOTAL ASSETS	541,667	539,554
LIABILITIES AND EQUITY:		
Due to credit institutions	14,091	22,907
Derivatives with negative fair values	57,220	83,634
Provisions for investment contracts	23,113	20,116
Provisions for insurance contracts	415,414	383,139
Other debtors ²⁾	7,865	7,156
Subordinated debt	3,600	3,485
Shareholders' equity	20,364	19,117
TOTAL LIABILITIES AND EQUITY	541,667	539,554
^{1.}	Including current tax assets and receivables in connection with reinsurance	
^{2.}	Including any deferred tax assets or liabilities and payables in connection with reinsurance	

In 2023, intangible assets comprised the value of customer relationships taken over in the amount of DKK 588 million and capitalised IT development costs amounting to DKK 27 million. No evidence of impairment of customer relationships was identified in 2023. The intangible asset relating to customer relationships is amortised over a period of ten years, corresponding to the run-off of the customer relationships.

Derivatives with negative values were reduced from DKK 83.6 billion at 31 December 2022 to DKK 57.2 billion at 31 December 2023 due to interest rate developments in 2023.

Provisions for investment contracts totalled DKK 23.1 billion at 31 December 2023, against DKK 20.1 billion at 31 December 2022. The increase was mainly driven by the positive financial market trends, which caused an increase in the value of customers' pension savings.

The increase in provisions for insurance contracts was mainly attributable to an increase in provisions for unit-linked products as a result of the positive financial market trends in 2023. Provisions for average-rate products were reduced during the year, primarily because the number of such policies was reduced, as expected.

The contractual service margin (CSM), which is a component of provisions for insurance contracts, amounted to DKK 16.7 billion at 31 December

2023, against DKK 13.5 billion at 31 December 2022. The increase was attributable to an inflow of new customers and an update of parameters underlying expected future earnings. The contractual service margin (CSM) expresses the expected future earnings from insurance contracts entered into.

Shareholders' equity stood at DKK 20.4 billion at 31 December 2023, against DKK 19.1 billion at the end of 2022.

Based on the profit for the year, the Board of Directors recommends that dividends in the amount of DKK 1.1 billion be distributed.

Special matters

Correction of error in 2022 annual report

Danica Pension's annual report for 2022 contained an error regarding the recognition of deferred tax on pension returns.

In 2023, the Danish FSA issued an interpretation to the existing section 28 of the Executive Order on financial reports concerning the recognition of deferred tax on pension returns. The Danish FSA's interpretation concerning the recognition of deferred tax on pension returns was not in accordance with Danica Pension's accounting policy on the recognition of deferred pension returns tax for financial year 2022 and previous financial years.

Following a dialogue with the Danish FSA about the interpretation, Danica Pension requested permission to correct the error in the 2022 annual report, so that changes in deferred tax on pension returns are recognised as part of changes in technical provisions and deferred tax on pension returns is included in technical provisions.

Having been granted permission by the Danish FSA, Danica Pension has changed the relevant accounting policy in the annual report for 2023 and corrected the error in the comparative figures for 2022 and previous years. The changed accounting policy affects neither profit/loss nor shareholders' equity, but reduces total assets.

The effects of the changed accounting policy and correction of the error in the annual report for 2022 are described in more detail in note 1 to the consolidated financial statements.

New financial reporting standard on insurance contracts

The new international financial reporting standard on insurance contracts, IFRS 17, became effective at 1 January 2023. IFRS 17 has had a significant impact on the income statement presentation for the Danica Group, and the balance sheet is now arranged by order of liquidity. IFRS 17 has also changed the pattern of recognition of income and expenses regarding insurance contracts in the income statement but does not change the overall profitability of the insurance contracts.

One of the principal changes under IFRS 17 is that life insurance premiums received and benefits paid are no longer recognised in the income statement.

As part of the implementation of IFRS 17, life insurance and health and accident insurance are now treated separately for accounting purposes. This means that the profit margin on life insurance will no longer be used to cover any expected future losses on health and accident insurance.

Overall, the implementation of IFRS 17 reduced shareholders' equity in the Danica Group by DKK 1.4 billion at 1 January 2022, having a positive effect of DKK 303 million on profit/loss for 2022.

Comparative figures for 2022 have been restated. The transition to IFRS 17 is described in more detail in note 1 to the consolidated 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 902 million, including interest, for potential additional pension returns tax for the period 2017-2023

The Danish tax authorities have made a further claim against Danica Pension for DKK 440 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 claims for the period 2012 to 2016 to be time-barred.

Danica Pension has appealed the tax authorities' individual decisions to the National Tax Tribunal.

Other financial information

Gross premiums

PREMIUMS (INCLUDING INVESTMENT CONTRACTS)					
(DKK billions)	2023	2022	2021	2020	2019
Life insurance	36.9	33.6	35.3	26.4	25.5
Health and accident insurance	1.7	1.5	1.5	1.4	1.5
Total premiums	38.6	35.1	36.8	27.8	27.0

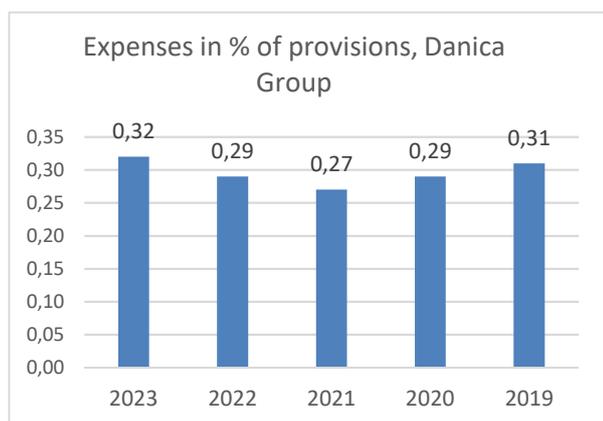
Gross premiums were up 10.0% from DKK 35.1 billion in 2022 to DKK 38.6 billion in 2023. The increase was attributable to growth in both regular and single premiums.

Insurance benefits

Insurance benefits amounted to DKK 33.3 billion in 2023, against DKK 30.8 billion in 2022. Surrenders including investment contracts amounted to DKK 19.8 billion in 2023, against DKK 18.1 billion in 2022.

Expenses

In the life business, insurance-related operating expenses amounted to DKK 1,305 million in 2023, against DKK 1,245 million in 2022.



Expenses in per cent of provisions were up 0.03 of a percentage point compared with 2022. The higher expense ratio was due to rising costs because of the recruitment of more employees in customer-facing functions.

The average number of full-time employees was 902 in 2023, against 864 in 2022 (excluding Danica Norway), and at the end of the year the Danica Group employed 912 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 170 million to Danske Bank Group for its sale of life insurance policies (see note 23).

Return on Danica Balance products

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

2023 return before tax (%)			
Risk	30 years to retirement	20 years to retirement	5 years to retirement
Danica Balance			
High risk profile	13.4	13.4	9.8
Medium risk profile	12.7	11.1	8.0
Low risk profile	11.7	8.8	6.4
Danica Balance Responsible Choice			
High risk profile	11.3	11.3	8.8
Medium risk profile	10.8	9.6	7.7
Low risk profile	10.0	8.1	6.7

The positive financial market trends in 2023 produced positive returns across risk profiles.

Return on customer funds (conventional products)

The return on investment of customer funds in conventional products amounted to 4.6% for 2023, against a negative return of 14.6% for 2022. Adjusted for changes in provisions, the return was 3.6% for 2023, against a negative return of 4.7% for 2022.

Special allotments

The special allotments to policyholders from the former Statsanstalten for Livsforsikring have provisionally been calculated at DKK 0 million for 2023.

Solvency statement and capital requirements

At 31 December 2023, the Danica Group's solvency coverage ratio was 170%, against 187% at 31 December 2022. The Danica Group still maintains robust excess solvency.

DANICA PENSION, SOLVENCY		
(DKK millions)	2023	2022
Total capital	31,852	31,556
Solvency capital requirement (SCR)	18,738	16,876
Excess capital base	13,114	14,680

The lower solvency coverage ratio in 2023 was due to Danica Pension applying the standard model for the calculation of longevity risk as well as to an increase in insurance risks.

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. Previously, Danica Pension used a partial internal longevity risk model but, as from 31 December 2023, we solely use the standard model. 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 will be available on Danica Pension's website ([Årsrapporter \(danicapension.dk\)](https://arsrapporter.danicapension.dk))

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

Central banks succeeded in increasing interest rates without slowing economies, resulting in sharply declining inflation and prospects of key rates being lowered again.

With fair-sized gains in equity prices and falling interest rates, 2023 was a good year for listed securities. Global equities generated returns of just under 20%, while bond yields ranged from 5% to 10%.

Returns on alternative investments and properties were low to negative.

Return on investment

Unit-linked products generated an aggregate return of DKK 28.2 billion in 2023, equivalent to 10.5% before tax on pension returns. The positive returns were driven by the positive financial market trends, in particular rising value adjustments of equity investments and bonds.

DISTRIBUTION BY INTEREST RATE GROUP AT 31/12/2023		
(%)	Interest on policyholders' savings before pension returns tax (p.a.)	Investment return before pension returns tax
Interest rate group D1	0.0	3.6
Interest rate group D2	3.0	4.7
Interest rate group D3	4.0	6.6
Interest rate group D4	6.0	5.1
Interest rate group 1	2.0	3.7
Interest rate group 2	2.5	5.9
Interest rate group 3	3.5	5.7
Interest rate group 4	8.0	6.3

Effective at 1 January 2024, Danica has reduced the rate of interest on policyholders' savings in interest rate groups D2 and 2 to 2%.

Assets attributed to shareholders' equity are mainly invested in property and relatively short-term bonds. The return on assets attributed to shareholders' equity was 2.4%.

Events after the balance sheet date

No events have occurred between 31 December 2023 and the date of the signing of the annual report that, in the opinion of the management, will materially affect the company's financial position.

Outlook for 2024

For the full-year 2024, Danica Pension expects an increase in the insurance service result compared with 2023, as the insurance service result of health and accident insurance is expected to improve. The investment result will be affected by financial market trends but is expected to contribute favourably to the full-year profit for 2024.

FINANCIAL REVIEW - DANICA PENSION (parent company)

Correction of error in 2022 annual report

The annual report of Danica Pension (parent company) are, like the consolidated financial statements, affected by an error in the recognition of deferred pension returns tax in the financial statements for 2022 and prior years. The matter is described in detail in the financial review of the Group, and the financial effect is described in note 1 to the financial statements of the parent company.

Accounting policy differences between the Danica Group and Danica Pension (Parent)

The Danica Group presents its financial statements in accordance with the International Financial Reporting Standards (IFRS), while Danica Pension (Parent) presents its financial statements in accordance with the Danish executive order on financial reports for insurance companies and multi-employer occupational pension funds.

Before IFRS 17 became effective, there were no material differences in presentation and profit/loss for the period between the consolidated financial statements and the parent company financial statements.

After IFRS 17 became effective on 1 January 2023, there are significant differences in the income statement and balance sheet presentation, including the notes, between the consolidated financial statements and the parent company financial statements of Danica Pension. There will also be differences in profit/loss for the period and shareholders' equity between the consolidated financial statements and the Parent Company financial statements after IFRS 17 has become effective.

Because of the above-mentioned differences between the consolidated financial statements and the parent company financial statements, a financial review for the parent company has been added to the management report. Significant accounting matters and the profit/loss for the period and balance sheet developments for Danica Pension (Parent) are described in this section. The financial review for Danica Pension (Parent) should be read in conjunction with the financial review for the Danica Group.

Changes to accounting policies

In connection with the implementation of IFRS 17 for the Danica Group, Danica Pension (Parent) has changed its accounting policies by disaggregating life insurance and health and accident insurance for accounting purposes. This means the profit margin on life insurance will no longer be used to cover any expected future losses on health and accident insurance.

The changes to the accounting policies reduced shareholders' equity in Danica Pension (Parent) by DKK 1.4 billion at 1 January 2022, having a positive effect of DKK 471 million on profit/loss for 2022.

The comparative figures for 2022 for Danica Pension (Parent) have been restated.

Profit/loss for the year for Danica Pension (Parent)

For 2023, Danica Pension reported a profit before tax of DKK 1,328 million, against a loss of DKK 1,042 million in 2022. The profit after tax for 2023 amounted to DKK 1,140 million, against a net loss of DKK 1,103 million for 2022.

The profit for 2023 is furthermore affected by a DKK 250 million provision for possible compensation to certain customers.

DANICA PENSION (PARENT), PROFIT/LOSS		
(DKK millions)	2023	2022
Insurance service result, life insurance	1,108	-742
Insurance service result, health and accident insurance	-924	-1,032
Result of insurance business	184	-1,774
Return on investment allocated to shareholders' equity, etc. ¹⁾	1,144	732
Profit/loss before tax	1,328	-1,042
Tax	-188	-61
Profit/loss for the period	1,140	-1,103

¹⁾ Including other income

The insurance service result for life insurance for 2023 amounted to DKK 1,108 million, against a loss of DKK 742 million in 2022 which included an impairment loss. The profit for 2023 was affected by improved investment results for life insurance products on which Danica Pension is subject to investment risk. The improvement was mainly driven by positive returns on high-risk assets in 2023. It was possible to recognise the full risk allowance in all interest rate groups.

The insurance service result for health and accident insurance for 2023 was a loss of DKK 924 million, against a loss of DKK 1,032 million in 2022. The improvement was primarily due to an improved investment result in the health and accident business owing to the positive financial market trends. The risk and cost results relating to health and accident insurance amounted to a loss of DKK 901 million in 2023, against a loss of DKK 79 million in 2022, driven by the above-mentioned increase in reported claims in 2023 and provisions for future losses on existing contracts.

The return on investment allocated to shareholders' equity, etc. was affected by the positive financial market trends in 2023 and 2022 included profit from the sale of Danica Norway.

Comments on the balance sheet, Danica Pension

Total assets in Danica Pension (Parent) rose from DKK 540.5 billion at 31 December 2022 to DKK 543.0 billion at 31 December 2023.

Investment assets, including investment assets related to unit-linked products, rose from DKK 532.1 billion at 31 December 2022 to DKK 533.4 billion at 31 December 2023. The value of derivatives with positive fair values fell from DKK 94.2 billion at 31 December 2022 to DKK 64.0 billion at 31 December 2023. The net fair value of derivatives was DKK 6.8 billion at 31 December 2023, against DKK 10.6 billion at 31 December 2022.

DANICA PENSION (PARENT), BALANCE SHEET		
(DKK millions)	2023	2022
ASSETS:		
Intangible assets	615	757
Investment assets ¹⁾	533,440	532,080
Debtors	1,552	2,466
Other assets	2,092	2,702
Prepayments and accrued income	5,276	2,504
TOTAL ASSETS	542,975	540,509
LIABILITIES AND EQUITY:		
Technical provisions	438,912	403,649
Other liabilities ²⁾	83,538	117,475
Shareholders' equity	20,525	19,385
TOTAL LIABILITIES AND EQUITY	542,975	540,509

²⁾ Including investment assets related to unit-linked products

³⁾ Other liabilities than technical provisions

Provisions for insurance and investment contracts totalled DKK 438.9 billion, against DKK 403.6 billion at 31 December 2022. The development covers a fall in provisions regarding average-rate products and an increase regarding unit-linked products.

Life insurance provisions regarding average-rate products were down DKK 8.5 billion to DKK 127.8 billion. This development was driven primarily by the reduction in the number of average-rate products, as expected.

Life insurance provisions related to unit-linked products rose from DKK 246.2 billion at 31 December 2022 to DKK 277.8 billion at 31 December 2023. The increase was primarily due to the positive financial market trends in 2023.

Other liabilities include derivative financial instruments with negative fair values. Derivative financial instruments with negative fair values amounted to DKK 57.2 billion at 31 December 2023, against DKK 83.6 billion at 31 December 2022.

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 2023, 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 and three extraordinary meetings in 2023.

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 2023, the audit committee held five meetings and reported regularly to the Board of Directors.

The Board of Directors has also set up 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 2023, the risk committee held eight meetings and reports regularly to the Board of Directors.

The Executive Board is in charge of the day-to-day management of the company. In 2023, the following changes were made to Danica Pension's Executive Board: On 1 November 2023, Mads Nicolai Kaagaard was appointed CEO. He took over the reins from outgoing CEO Søren Lockwood, who retired. Danica Pension's Executive Board subsequently consists of Mads Nicolai Kaagaard, CEO, Thomas Dyhrberg Nielsen, CFO, Jesper Grundvad Bjerre, COO, and Dorte Bilsgaard, CCO.

Berit Irène Behring resigned as chairman and as a member of the Board of Directors on 1 August 2023, and at the same date, Carsten Rasch Egeriis joined the Board of Directors and was appointed Chairman of the Board.

The directorships of the members of the Board of Directors and the Executive Board are listed on page 84. For additional information on the organisation, see page 83.

Diversity Policy (statutory reporting)

Diversity in the competences represented on the Board of Directors is essential to the Board's performance. 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 our individual employees and the organisation as a whole.

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.

The share of women in leadership roles was 46%, representing a solid increase relative to last year. The distribution on the various management levels at 31 December 2023 was as follows:

MANAGEMENT'S GENDER COMPOSITION

Management level	Total Women	Proportion of women	Group target 2023	Proportion of men
Board members ¹	5	0%	33%	100%
Senior management/business management	16	44%	40%	56%
Managers ²	108	46%	40%	54%

1. Excluding representative appointed by the Danish Minister of Finance and members elected by the employees

2. 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 2023, due in part to the change in chairmanship during the year and in part to the fact that employee representatives are no longer included in the calculation. However, we will maintain our focus on redressing the underrepresentation of women in executive positions and will continue this work in 2024 in close collaboration with Danske Bank and Danica Pension's Chief Diversity and Inclusion Officer.

Danica Pension is focused on promoting diversity and inclusion, as these are important factors for our company as well as for society. We are committed to increasing the proportion of the under-represented gender (e.g. women) at all levels of management. We seek to achieve this by strengthening diversity and inclusion in our HR processes, for example by making gender composition a central element of our recruitment and selection processes, of performance assessments and of ongoing succession planning with the aim of achieving the best possible balance.

DEVELOPMENT IN GENDER COMPOSITION¹

	2023	2022	2021	2020	2019
Management level	% W/M				
Board members	0/100	25/75	38/62	50/50	40/60
Senior management/business management	44/56	41/59	32/68	33/67	43/57
Managers	46/54	43/57	43/57	49/51	45/55

1. Presented according to the calculation method applied for the individual years

In recent years, Danica Pension has maintained an even gender distribution at the two management levels below the Board of Directors.

We are committed to achieving an even gender distribution at all levels of management, and we expect to achieve this by 2028. To this end, we have incorporated in our policy target figures for the gender composition of the Board of Directors and the two other management levels.

GENDER COMPOSITION TARGET FIGURES [%]	
Management level	2028
Board members	40/60
Senior management/business management	40/60
Managers	40/60

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.

Management and wellbeing

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.

During the year, all Danica Pensions managers attended a Danske Bank-supported management programme focused on personal leadership. This year's management conference specifically focused on psychological safety.

Skill building and employee satisfaction are key to Danica Pension's value proposition and our ability to attract and retain talented, skilled employees. The two employee surveys conducted during the year showed a very high level of wellbeing and employee satisfaction among our employees. The surveys indicated that many employees enjoy having the option of working from home one to two days a week in the new flexible workplace. The very impressive response rate of 96 to both of the year's surveys gives management a strong basis for the continued work on local initiatives.

CLIMATE REPORTING

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

	Unit	Target	2023	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⁾	1,297,137	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⁾	18,134,266	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⁾	4.82	8.53	6.70	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⁾	67.41	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⁾	13.5	11.5	8.3	N/A	N/A
- new builds (until commissioning)	%	69% reduction of carbon emissions by 2030 relative to 2019 ⁵⁾	74.8	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		1	3	7	0	0
Carbon emissions - scope 2	Tonnes		61	60	92	125	176
Carbon emissions - scope 3	Tonnes		477	386	282	365	446
Carbon emissions, total	Tonnes	40% reduction of carbon emissions by 2023 relative to 2019 ⁶⁾	538	449	381	490	622
Renewable energy share - procured	%		41	36	36	39	40
Energy consumption	GJ		8,603	9,330	10,292	11,293	12,979
Paper ⁷⁾	Tonnes		1	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. ISS ESG regularly updates data and collection methods, which may lead to fluctuations from previous periods. The figures for 2023 cover 95.2% of Danica Pension's Assets under Management (AuM).

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. Scope 2 figures have been corrected relative to previous reports due to an adjustment of the heating emission factor. Scope 3 and the number of kilometres driven have been corrected in relation to previous reports because emissions and mileage from company cars which are part of the salary package are now included. Emissions from working from home have now been included in the figures for 2019 to 2021.

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 is set out in note 26 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	30,352	151	-2	30,352	151
Equity risk	73	21,678	125	100	17,156	102
Property risk	63	25,285	125	100	20,805	102
Credit spread risk:						
- Danish government bonds, etc.	15	26,178	125	24	22,198	100
- Other government bonds, etc.	42	27,300	125	75	22,992	100
- Other bonds	43	25,973	125	71	21,821	100
Currency spread risk:						
USD	100	27,352	128	100	27,352	128
JPY	100	31,474	167	100	31,474	167
SEK	100	31,659	169	100	31,659	169
Counterparty risk	-	30,504	120	-	-	-
Longevity risk	51	28,330	125	64	25,789	100
Life insurance option risk	622	30,428	135	622	30,428	135
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	28,211	387	-2	28,211	387
Equity risk	100	14,989	209	100	14,989	209
Property risk	100	18,623	263	100	18,623	263
Credit spread risk:						
- Danish government bonds, etc.	47	8,907	125	50	7,140	100
- Other government bonds, etc.	100	17,143	242	100	17,143	242
- Other bonds	100	14,720	207	100	14,720	207
Currency spread risk:						
USD	100	25,119	368	100	25,119	368
JPY	100	29,204	439	100	29,204	439
SEK	100	29,388	476	100	29,388	476
Counterparty risk	-	-	-	-	-	-
Longevity risk	91	15,237	125	94	14,280	100
Life insurance option risk	622	28,155	424	622	28,155	424
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 31,852 million and a solvency coverage ratio of 170%. Please note that for credit spread risk, we assumed a decline in bonds 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	2023	2022	2021*	2020*	2019*
PREMIUMS INCLUDING INVESTMENT CONTRACTS	38,647	35,138	36,823	27,878	27,039
INCOME STATEMENT					
Insurance service result	779	1,572			
Investment result	615	-1,740			
Other income and expenses	28	30			
Profit/loss before tax	1,422	-138	2,078	1,700	1,722
Tax	-225	-18	-424	-275	-174
Goodwill impairment	-	-1,627	-	-	-800
Profit after tax from discontinued operations	50	412	76	76	1,523
Net profit for the year	1,247	-1,371	1,730	1,501	2,271
BALANCE SHEET					
Total assets	541,667	539,554	678,900	669,407	605,953
Total provisions for insurance and investment contracts	438,527	403,255	469,472	458,253	437,714
Total shareholders' equity	20,364	19,117	24,122	22,377	20,887
RATIOS (%)					
Return on equity after tax	6.3	-6.5	7.4	6.9	11.4

*Comparative figures for 2019-2021 are measured in accordance with IFRS 4

Income statement & Other comprehensive income - Danica Group

Note	DKKm	2023	2022
3	Insurance revenue	5,735	5,048
4	Insurance service expenses	-5,094	-3,417
	Net result from reinsurance contracts	138	-59
	Insurance service result	779	1,572
5	Return on investment	35,228	-68,352
	Net finance expenses from insurance contracts	-32,444	65,844
	Net change in investment contracts liabilities	-2,169	768
6	Investment result	615	-1,740
7	Other income and expenses	28	-1,597
	PROFIT BEFORE TAX	1,422	-1,765
8	Tax	-225	-18
	NET PROFIT FOR THE YEAR, BEFORE DISCONTINUED OPERATIONS	1,197	-1,783
9	Profit after tax from discontinued operations	50	412
	NET PROFIT FOR THE YEAR	1,247	-1,371
	Net profit for the year	1,247	-1,371
	Other comprehensive income (items that will be reclassified in a subsequent sale):		
	Items reclassified regarding sale of foreign entity	-	31
	Total other comprehensive income	-	31
	NET COMPREHENSIVE INCOME FOR THE YEAR	1,247	-1,340

Balance sheet - Danica Group

Assets

Note	DKKm	31. dec 2023	31. dec 2022	1. jan 2022
	Cash and cash equivalents	2,632	2,094	3,169
11	Investment assets	493,444	497,176	602,783
	Receivables	1,257	1,440	1,053
	Current tax assets	-	712	87
	Reinsurance contract assets	213	23	106
12	Holdings in associates and joint ventures	11,709	11,162	11,343
13	Investment property	22,789	27,372	25,948
14	Domicil property	-	45	44
	Assets relating to discontinued operations	-	-	24,000
15	Intangible assets	615	757	2,606
16	Other assets	5,276	2,505	7,761
	TOTAL ASSETS	541,667	539,554	678,900

Liabilities and equity

Note	DKKm	31. dec 2023	31. dec 2022	1. jan 2022
	LIABILITIES			
17	Amounts owed to credit institutions	14,091	22,907	21,614
	Derivative liabilities	57,220	83,634	120,153
	Current tax liabilities	768	-	-
18	Investment contract liabilities	23,113	20,116	20,884
19	Insurance contract liabilities	415,414	383,139	450,413
	Reinsurance contract liabilities	28	20	37
	Deferred tax	277	1,636	960
20	Other provisions	6,792	5,500	15,069
	Liabilities relating to discontinued operations	-	-	23,161
21	Subordinated debt	3,600	3,485	3,852
	TOTAL CREDITORS	521,303	520,437	656,143
	SHAREHOLDERS' EQUITY			
	Share capital	1,101	1,101	1,101
	Revaluation reserve	1	1	1
	Contingency fund	1,882	1,882	1,882
	Retained earnings	16,239	16,133	17,473
	Proposed dividend	1,141	-	2,300
	TOTAL SHAREHOLDERS' EQUITY	20,364	19,117	22,757
	TOTAL LIABILITIES AND EQUITY	541,667	539,554	678,900

Statement of capital - Danica Group

DKKm

Changes in shareholders' equity	Share capital	Revaluation reserve	Foreign currency translation reserve *	Other reserves	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2022	1,101	1	0	1,882	16,133	0	19,117
Profit for the year	-	-	-	-	1,247	-	1,247
Total other comprehensive income	-	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	1,247	-	1,247
Proposed dividend	-	-	-	-	-1,141	1,141	0
Shareholders' equity at 31 December 2023	1,101	1	0	1,882	16,239	1,141	20,364
Shareholders' equity at 31 December 2019	1,101	1	-31	1,882	18,869	2,300	24,122
Effect of accounting policy changes 1 January 2021	-	-	-	-	-1,365	-	-1,365
Adjusted shareholders' equity at 1 January 2021	1,101	1	-31	1,882	17,504	2,300	22,757
Profit for the year	-	-	-	-	-1,371	-	-1,371
Other comprehensive income:							
Translation of units outside Denmark	-	-	31	-	-	-	31
Total other comprehensive income	-	-	31	-	-	-	31
Comprehensive income for the year	-	-	31	-	-1,371	-	-1,340
Dividend paid	-	-	-	-	-	-2,300	-2,300
Shareholders' equity at 31 December 2021	1,101	1	0	1,882	16,133	0	19,117

* 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.

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.

Cash flow statement - Danica Group

DKKm	2023	2022
Cash flow from operations		
Profit before tax	1,422	-1,347
Adjustment for non-cash operating items		
Non-cash items	6,126	1,005
Tax paid	-293	-278
Cash flow from operations	7,255	-620
Cash flow from investing activities		
Sale of undertakings	-	1,468
Acquisition of bonds	-10,544	-6,028
Sale of bonds	10,680	6,988
Cash flow from investing activities	136	2,428
Cash flow from financing activities		
Dividend	-	-2,300
Amount owed to credit institutions	-8,816	1,292
Cash flow from financing activities	-8,816	-1,008
Cash and cash equivalents, beginning of year	11,310	10,510
Change in cash and cash equivalents	-1,425	800
Cash and cash equivalents, end of year	9,885	11,310
Cash and cash equivalents, end of year		
Deposits with credit institutions	7,253	9,216
Cash in hand and demand deposits	2,632	2,094
Total	9,885	11,310

Notes – Danica Group

Note

1 MATERIAL ACCOUNTING POLICY INFORMATION

The Danica Group presents its consolidated financial statements in accordance with the IFRS Accounting Standards 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.

CHANGES IN ACCOUNTING POLICIES

Apart from the changes to accounting policies described in this section, accounting policies have not changed from last year.

Implementation of IFRS 17

Danica Pension has implemented IFRS 17, which prescribes the accounting treatment of insurance contracts from 1 January 2023 with accounting effect from 1 January 2022. 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.

Danica Pension has applied the fair value method for measuring insurance contracts at the transition to IFRS 17 because Danica Pension has not found it possible to apply the full retrospective method as this would require either an unnecessarily high resource consumption or because relevant data has not been available. The fair value method was applied on 1 January 2022 and is to a greater extent based on the accounting values on 31 December 2021.

The implementation of IFRS 17 reduced shareholders' equity by approximately DKK 1.4 billion (after tax) on 1 January 2022, because of life insurance products and health and accident insurance products no longer will be managed (bundled) together. The profit for 2022 was positively affected by DKK 303 million (after tax), which is the effect of life insurance products and health and accident insurance products no longer will be managed (bundled) together, and the effect of a difference in accrual of income and expenses under IFRS 17.

Under IFRS 17, the profit margin (IFRS 4) is replaced by the contractual service margin. In connection with the change to IFRS 17 on 1 January 2022 using the fair value method the distribution of technical provisions has been changed, which has led to an increase in the contractual service margin by approximately DKK 6 billion relative to the calculated profit margin under IFRS 4. The increase in contractual service margin relative to profit margin has no impact on shareholders' equity because it is only an internal distribution between the technical provisions.

In accordance with IFRS 17, the presentation of the income statement has been changed significantly relative to previously, and the balance sheet is presented in order of liquidity. The comparative figures for 2022 and their presentation have been re-stated.

Correction of error in 2022 annual report

Danica Pension's annual report for 2022 contained an error regarding the recognition of deferred tax on pension returns.

Following a dialogue with the Danish FSA about an interpretation made in 2023 to section 28 of the Executive Order on financial reports Danica Pension applied for permission to correct the error in the annual report for 2022 in the annual report for 2023, so that changes in deferred pension return tax are recognised as part of changes in technical provisions. and deferred pension returns tax is included as part of technical provisions.

Having been granted permission by the Danish FSA, Danica Pension has changed the relevant accounting policy in the annual report for 2023 and corrected the error in the comparative figures for 2022 and previous years.

As a result of the change in accounting policies, an amount of DKK -4.6 billion (2022: DKK 10.7 billion) has been reclassified from the financial statement item "Return on investments" to the financial statement item "Net finance expenses from insurance contracts" in the income statement, and DKK 6.8 billion (2022: DKK 11.4 billion) has been reclassified from the financial statement item "Receivables" respectively to the financial statement items "Insurance contracts liabilities" by DKK 6.8 billion (2022: DKK 11.0 billion) and the financial statement item "Investment contract liabilities" by DKK 0.0 billion (2022: DKK 0.4 billion).

The changed accounting policy affects neither profit/loss nor shareholders' equity. Comparative figures for previous periods have been adjusted.

Other changes in accounting policies

In addition to the implementation of IFRS 17, the Danica Group has implemented the amendments to IAS 1, IAS 8 and IAS 12 on 1 January 2023. The implementation of the amendments had no material impact on the Danica Group's financial statements.

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.

Notes – Danica Group

Note

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 estimates and judgements for the areas above are further described in the following sections for the areas in question.

IN GENERAL

Consolidation

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. If the cost of acquisition exceeds the fair value of the net assets acquired, the excess amount is recognised as 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 82. 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.

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.

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.

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.

INTANGIBLE ASSETS

Goodwill

Goodwill is tested for impairment at least once a year or more frequently if indications of impairment exist. 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. 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

Notes – Danica Group

Note

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.

The principal assumptions applied in impairment testing for the financial year 2022 were 0% negative growth in terminal period and 0% inflation, and the discount rate after tax was 8%, or 10% before tax.

Goodwill on acquisition of SEB Pension in 2018 was written down in full in 2022, after which time no goodwill is recognised in the consolidated financial statements.

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 2023.

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.

FINANCIAL INSTRUMENTS

In general

At initial recognition, financial instruments are classified as financial assets or liabilities at fair value through profit or loss, as these are managed on a fair value basis, among other things due to their relation to the insurance obligations.

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.

Fair value of financial instruments

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. A valuation model is used to adjust valuations relative to the most recent reporting in the event of major fluctuations in the financial markets.

Notes – Danica Group

Note

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.

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 administrative 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.

INSURANCE CONTRACTS

In general

Insurance contracts are contracts that contains significant insurance risks.

Danica Pension has divided all insurance products into portfolios and groups and determined the measurement methods for the individual portfolios. Danica Pension has four portfolios of insurance contracts: three portfolios that contain life insurance products and one that contain the health and accident insurance contracts. The three life insurance portfolios are: 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 uses all three measurement methods under IFRS 17, with the VFA measurement method being applied to the majority of insurance contracts, since they meet the definition of insurance contracts with direct participation features, while the BAA measurement method is used on legacy life insurance products in run-off. The PAA measurement method being applied to health and accident insurance contracts which includes only one-year insurance contract, although these contracts can have a price guarantee beyond one-year.

Danica Pension uses the annual cohort exemption from the EU on the average-rate portfolio. Danica Pension has decided not to recognise acquisition costs because the accounting effect of any recognition is considered immaterial.

Notes – Danica Group

Note

Insurance revenue consists of run-off of the contractual service margin (CSM) and the risk adjustment, as well as the expected run-off on risks and expenses, that were recognized in the insurance contract liabilities at the beginning of the year. For insurance contracts measured in accordance with the PAA measurement method the insurance revenue consists of premiums for the period.

Insurance service expenses consist of incurred claims and expenses as well as change in provisions for claims and the change in loss components.

Insurance contracts measured in accordance with the VFA or GMM measurement methods (life insurance)

The calculation of liabilities under life insurance contracts is based on several actuarial computations.

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. 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.

The calculation of life insurance provisions is based on an assumed increase in life expectancy over today's observed lifetime of 2.1 years (2022: 2.2 years) for a sixty five-year-old male and 1.9 years (2022: 2.2 years) for a sixty five-year-old female. A sixty five-year-old male is thus expected to live for approximately 22 more years (2022: 23 years) and a sixty five-year-old female for approximately 24 more years (2022: 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.

Risk adjustment

For life insurance contracts the method used to calculate risk margin involves applying a safety margin to intensities.

For mortality, the risk adjustment 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.

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

Contractual service margin (CSM)

For life insurance contracts measured according to the VFA method, the contractual service charge (CSM) is calculated on the basis of stochastic models, whereas for life insurance contracts measured according to the GMM method, a deterministic model is used.

The contractual service margin (CSM) is recognised as income on the basis of the expected run-off for the individual groups of insurance contracts.

Insurance contracts measured in accordance with the PAA measurement method (health and accident insurance)

The calculation of liabilities under insurance contracts is based on several actuarial computations.

The liabilities are calculated as an estimate of expected benefits and benefits payable but not yet disbursed. The provisions are settled as regular payments, and the liability is calculated as the present value of the expected future payments based on expected mortality rates, reactivation, resumption of payments and claims incurred but not yet reported, including costs for the repayment of the claims obligations and future adjustments of benefits. Assumptions are based on experience from the existing portfolio of insurance policies and are updated regularly.

In connection with the updating of actuarial assumptions for health and accident insurance in 2023 the assumptions related to the level of reactivation and expected retirement age were updated, which, seen in isolation, reduced the liabilities and contributed positively to the run-off result for the year.

Loss component

The loss component represents the net present value of expected future payments based on expectations for future mortality, reactivations, resumption and surrenders in relations to insurance events occurring after the balance sheet date on existing agreements, plus expected administrative expenses and claims handling costs and less premiums due to be received during the risk coverage period. The loss component includes a risk adjustment. 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.

Notes – Danica Group

Note

Risk adjustment

For health and accident insurance contracts the method used to calculate risk margin involves applying a safety margin to intensities.

The risk adjustment is calculated as the effect of a 10% drop in expectations of reactivation, mortality and surrenders, and a 10% increase in expectations of resumption, costs and the number of new claims.

Discount rate

The discount rate 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 Pension 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.

Confidence level for risk adjustments

The confidence level for risk adjustments is at least 85% (2022: at least 85%)

Transition to IFRS 17

Danica Pension has applied the fair value method for measuring insurance contracts at the transition to IFRS 17 because Danica Pension has not found it possible to apply the full retrospective method as this would require either an unnecessarily high resource consumption or because relevant data has not been available. The fair value method was applied on 1 January 2022 and is to a greater extent based on the accounting values on 31 December 2021.

INVESTMENT CONTRACTS

Investment contracts are contracts that contains an insignificant insurance risk. Investment contracts are recognized as a liability and are measured at the fair value of the underlying investment assets. Investment assets under investment contracts are recognized and measured at fair value on the balance sheet together with other investment assets.

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

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%. Deferred pension returns tax is recognised as a part of provisions for investment contracts and insurance contracts, respectively.

TAX AND DEFERRED TAX

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.

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. 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.

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.

Notes – Danica Group

Note

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.

STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

The International Accounting Standards Board (IASB) has issued amendments to existing international accounting standards (IAS 1, IAS 7, IAS 21, IFRS 7 and IFRS 16), that have not yet come into force. None of the changes are expected to materially affect the Group's financial reporting.

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 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 2023, the ESEF Taxonomy 2022-0324 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 subtotals - embedded in the elements in the ESEF Taxonomy.

The Annual Report 2023 comprises - in accordance with the requirements of the ESEF Regulation - of a zip-file danicapension-2023-12-31-da.zip that includes an XHTML-file. The XHTML-file is the official version of the Annual Report 2023. This PDF version of the Annual Report 2023 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	2023	2022
2	BUSINESS SEGMENTS		
	The Group consists of one business segment as shown below		
	Insurance revenue	5,735	5,048
	Insurance service expenses	-5,094	-3,417
	Net expenses from reinsurance contracts	138	-59
	Insurance service result	779	1,572
	Investment return	35,228	-68,352
	Net finance expenses from insurance contracts	-32,444	65,844
	Net change in investment contracts liabilities	-2,169	768
	Investment result	615	-1,740
	Other income and expenses	28	-1,597
	Profit before tax	1,422	-1,765
	Other segment information:		
	Interest income	77,906	28,690
	Interest expenses	-74,171	-27,281
	Income from associated undertakings at book value	-609	928
	Impairment, depreciation and amortisation charges	-152	-1,761
	The Danica Group has no single customers generating 10% or more of the combined revenue. All premiums from external sales originates from Denmark.		
	GROSS PREMIUMS, incl. payments received under investment contracts		
	Life insurance (incl. Investment contracts):		
	Regular premiums	18,555	17,623
	Single premiums	18,340	15,955
	Total life insurance	36,895	33,578
	Health and accident insurance premiums	1,752	1,560
	Total gross premiums	38,647	35,138
3	INSURANCE REVENUE		
	Amount relating to changes in liabilities for remaining coverage:		
	Contractual service margin released in the year	1,591	1,686
	Change in risk adjustment for risk expired	28	275
	Expected incurred claims and expenses	2,366	1,430
	Insurance revenue - contracts not measured under premium allocation approach	3,985	3,391
	Insurance revenue from premium allocation approach	1,750	1,657
	Total insurance revenue	5,735	5,048
4	INSURANCE SERVICE EXPENSES		
	Amount relating to changes in liabilities for remaining coverage:		
	Incurred claims and other insurance service expenses	-2,319	-1,787
	Insurance service expenses - contracts not measured under premium allocation approach	-2,319	-1,787
	Insurance service expenses from premium allocation approach	-2,775	-1,630
	Total insurance service expenses	-5,094	-3,417

Notes - Danica Group

Note	DKKm	2023	2022
5	INVESTMENT RETURN		
	Income from investment property	766	737
	Interest income and dividends, etc.	83,066	33,440
	Value adjustments	27,606	-74,786
	Income from associates	-609	928
	Interest expenses	-74,171	-27,281
	Administrative expenses related to investment activities	-701	-685
	Tax on pension returns	-729	-705
	Total	35,228	-68,352
	Specifications:		
	Income from investment property:		
	Rent	1,070	990
	Operating expenses	-304	-253
	Total	766	737
	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	644	635
	1 - 5 years	1,006	1,414
	After 5 years	586	619
	Total	2,236	2,668
	Interest income and dividends:		
	Interest income from assets at fair value	76,363	28,068
	Interest income from assets at amortised cost	1,543	622
	Dividends	3,762	3,501
	Indexation	1,398	1,249
	Total	83,066	33,440
	Value adjustments:		
	Investment property	-1,302	9
	Holdings	9,983	-23,349
	Unit trust certificates	12,948	-3,341
	Bonds	4,546	-35,927
	Other loans	-91	245
	Deposits with credit institutions	-157	277
	Derivatives	1,684	-12,759
	Other	-5	59
	Total value adjustments	27,606	-74,786
	Interest expenses:		
	Interest expenses on assets at fair value	-73,820	-26,757
	Interest expenses on assets at amortised cost	-351	-524
	Total	-74,171	-27,281

Notes - Danica Group

Note	DKKm			2023	2022
6	INVESTMENT RESULT				
		Life Insurance	Health and accident insurance	Other	
	2023				
	Total investment return	32,027	459	2,742	35,228
	Net finance expenses from insurance contracts	-31,963	-481		-32,444
	Net change in investment contracts liabilities			-2,169	-2,169
	Investment result	64	-22	573	615
	2022				
	Total investment return	-65,479	-2,566	-307	-68,352
	Net finance expenses from insurance contracts	64,424	1,613	-193	65,844
	Net change in investment contracts liabilities			768	768
	Investment result	-1,055	-953	268	-1,740
7	OTHER INCOME AND EXPENSES				
	Other income			28	30
	Goodwill impairment			-	-1,627
	Total other income			28	-1,597
8	TAX				
	Tax for the year can be broken down as follows:				
	Tax on the profit for the year			-225	-18
	Tax on changes in shareholders' equity			301	0
	Total			76	-18
	Tax on the profit for the year is calculated as follows:				
	Current tax			-1,416	236
	Adjustment of prior-year current tax			-168	119
	Adjustment of prior-year deferred tax			211	-24
	Change in deferred tax due to change in tax rate			35	-259
	Other changes in deferred tax			1,113	-90
	Total			-225	-18
	Effective tax rate:				
	Danish tax rate			25.2	22.0
	Adjustment of prior-year tax charge			-3.0	5.4
	Effect of change in tax rate			-2.5	-14.7
	Non-taxable income and non-deductible expenses			-3.8	-13.7
	Effective tax rate			15.9	-1.0
	Deferred tax:				
	Deferred tax is recognised as follows in the balance sheet:				
	Deferred tax liabilities			277	1,636
	Deferred tax, net			277	1,636
	Deferred tax broken down on main items:				
	Intangible assets			153	182
	Tangible assets			-18	-4
	Investment property			188	6
	Provision for obligations			-37	-58
	Negative tax on pension returns brought forward			0	1,513
	Other			-9	-3
	Total			277	1,636

Other than the deferred tax provided for, the Group has no contingent tax liability relating to shares in group undertakings.

Notes - Danica Group

Note	DKKm	2023	2022
9	PROFIT AFTER TAX FROM DISCONTINUING OPERATIONS		
	Insurance service result	-	-94
	Investment result	-	60
	Other income and finance costs	-	35
	Profit before tax	-	1
	Tax	-	-6
	Profit for the year	-	-5
	Profit related to sale	50	417
	Net profit for the year after profit related to sale	50	412

10 STAFF COST AND AUDIT FEES

Fees to the audit firm appointed by the general meeting:

Fees to Deloitte:

Statutory audit of financial statements	-4.9	-4.9
Other assurance engagements	-1.4	-0.3
Tax advisory services	0.0	-0.1
Other services	-0.2	-0.3
Total	-6.5	-5.6

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	902	912
Number of full-time-equivalent employees, end of year	912	881

Staff costs:

Salaries	-754	-669
Share-based payment	-3	-1
Pensions	-127	-114
Other social security and tax	-135	-109
Other	-90	-77
Total staff costs earned	-1,109	-970

For a more detailed description of the Group's remuneration policy and remuneration paid, see "Aflønningsrapport 2023", available at the website: www.danicapension.dk. The remuneration report 2023 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.

Board of Directors' remuneration (DKK'000)

Total remuneration	-1,225	-1,134
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 2023, 12 persons outside the Executive Board were designated as material risk takers and combined they received remuneration of DKK 30.0 million (2022 DKK 36.3 million to 14 material risk takers), with fixed remuneration amounting to DKK 24.4 million (2022 DKK 31.0 million) and variable remuneration amounting to DKK 5.6 million (2022 DKK 5.3 million).

The Group has no pension obligations towards other material risk takers, as their pensions are funded by means of defined

Notes - Danica Group

Note	DKKm	2023	2022
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10
(cont'd)

Remuneration of the Executive Board 2023

	Contractual remuneration	Pensions	Variable cash remuneration	Variable share-based payment	
Total	-13.0	-2.4	-3.8	-3.7	-22.9

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 2022

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

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 2012-2023 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 2023 will be determined at the end of February 2024.

Executive Board members' holdings and fair value thereof, end of 2023

Year of grant	2019-2023	
	Number	FV
Søren Lockwood	7,874	1.4
Dorte Bilsgaard	865	0.2
Jesper Grundvad Bjerre	1,267	0.2
Thomas Dyhrberg Nielsen	2,612	0.5

Average market price at the vesting date for conditional shares in 2023 was 180.4.

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

Notes - Danica Group

Note DKKm

10
(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 2019						
1 Jan. 2022	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
Vested 2023	-415	-7,648	-8,063			
31 Dec. 2023	0	552	552	0.0	0.1	0.1
Granted in 2020						
1 Jan. 2022	7,498	37,040	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	1,734	38,554	40,288	0.0	3.9	5.5
Vested 2023	-1,039	-36,001	-37,040			
Other changes 2023	1,039	-1,039	0			
31 Dec. 2023	1,734	1,514	3,248	0.0	0.3	0.6
Granted in 2021						
1 Jan. 2022	9,790	19,865	29,655	0.0	3.4	3.3
Forfeited 2022	-3,138	-	-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
Forfeited 2023	-657	-	-657			
31 Dec. 2023	3,748	22,112	25,860	0.0	3.0	4.7
Granted in 2022						
Granted 2022	9,635	39,451	49,086	0.0	5.6	6.7
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
Vested 2023	-1,099	-6,365	-7,464			
31 Dec. 2023	5,436	15,506	20,942	0.0	2.4	3.8
Granted in 2023						
Granted 2023	7,907	5,307	13,214	0.0	1.5	2.4
Vested 2023	-4,059	-2,751	-6,810	0.0		
31 Dec. 2023	3,848	2,556	6,404	0.0	0.7	1.2

Notes - Danica Group

Note	DKKm		2023	2022
11	INVESTMENT IN FINANCIAL ASSETS			
		Investerings aktiver*	Other financial assets	
2023				
Unlisted holdings		33,411	3,443	36,854
Listed holdings		145,066	10,474	155,540
Unlisted bonds		767	87	854
Listed bonds		169,951	29,558	199,509
Loans		1,558	1,336	2,894
Unit trust certificates		15,884	14,422	30,306
Deposit with credit institutions		6,844	409	7,253
Derivatives		53,344	10,622	63,966
Total		426,825	70,351	497,176
2022				
Unlisted holdings		33,927	3,727	37,654
Listed holdings		102,776	17,001	119,777
Unlisted bonds		1,312	160	1,472
Listed bonds		148,803	41,884	190,687
Loans		1,795	1,045	2,840
Unit trust certificates		27,127	10,487	37,614
Deposit with credit institutions		8,966	250	9,216
Derivatives		72,752	21,432	94,184
Total		397,458	95,986	493,444

*This column includes investment assets related to life insurance products measured according to the VFA method.

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 26. 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 25.

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 5,512 million in 2023 and DKK 8,894 million in 2022.

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 157,668 million in 2023 (DKK 229,825 million in 2022). Accrued interest on these contracts was also offset in the amount of DKK 29,400 in 2023 (DKK 14,651 million in 2022).

	Notional amount	Positive fair value	Notional amount	Negative fair value
2023				
Currency contracts:				
Currency contracts	164,639	5,688	109,840	3,998
Options	129,736	2,030	96,937	1,215
Interest rate contracts:				
Interest rate contracts	4,382,478	26,641	894,600	23,000
Options	1,830,819	29,258	2,182,579	29,007
Equity contracts:				
Equity contracts	2,322	0	0	0
Options	1	349	0	0
Total derivatives	6,509,995	63,966	3,283,956	57,220
2022				
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

Notes - Danica Group

Note	DKKm	2023	2022
11	OTHER FINANCIAL INVESTMENT ASSETS (cont'd)		
	In investments assets are the following investments in companies in the Danske Bank Group:		
	Holdings	1,100	815
	Bonds	33,778	29,376
	Deposits with credit institutions	4,864	4,740
	Cash in hand and demand deposits	2,071	2,092
	Other	8,502	11,761
12	HOLDINGS IN ASSOCIATES AND JOINT VENTURES		
	Cost, beginning of year	10,497	10,623
	Additions	2,242	504
	Disposals	-1,071	-630
	Currency translation	-3	-
	Cost, end of year	11,665	10,497
	Revaluations and impairment charges, beginning of year	665	720
	Share of profit	-280	234
	Dividends	-212	-182
	Reversal of revaluations and impairment charges	-129	-105
	Currency translation		-2
	Revaluations and impairment charges, end of year	44	665
	Carrying amount, end of year	11,709	11,162

Holdings in associates and joint ventures consist of:

Name and domicile	Activity	Owner- ship percentage	Total assets	Liabilities	Income	Result
Udviklingsselskabet CØ P/S, København	Property company	50%	1,980	1,766	974	197
Komplementarselskabet CØ ApS, København	Property company	50%	0	0	0	0
Ejendomsselskabet Sunflower P/S	Property company	50%	3,648	54	61	-117
Sunflower Komplementar ApS	Property company	50%	0	0	0	0
Samejet Nymøllevvej 59-91, København	Property company	75%	572	11	46	41
Danske Shoppingcentre P/S, Høje Taastrup	Property company	50%	14,500	588	1,029	-798
Komplementarselskabet Danske Shoppingcentre ApS, Høje Taastrup	Property company	50%	0	0	0	0
Danske Shoppingcentre FC P/S, Høje Taastrup	Property company	50%	1,186	23	0	-81
Komplementarselskabet Magnolieholm ApS, København	Property company	75%	0	0	0	0
Magnolieholm P/S, København	Property company	75%	1	0	0	0
P/S Downtown CBD, København	Investment company	50%	395	3	8	8
Komplementarselskabet Downtown CBD, København	Investment company	50%	0	0	0	0
Capital Four - Strategic Lending Fund K/S,	Investment company	33%	401	1	0	0
Gro Fund I K/S, København	Investment company	100%	298	1	59	53
Gro Fund II K/S, København	Investment company	21%	2,197	0	-39	-71
Maritime Investment Fund I K/S, Hellerup	Investment company	32%	4,273	2,388	991	863
Maritime Investment Fund II K/S, Hellerup	Investment company	24%	2,749	1,789	308	206
Administrationsaktieselskabet Forenede Gruppeliv, Valby	Administration- company	25%	21	12	58	1

The information disclosed is extracted from the companies' most recent annual reports.
The Group has no associates of material importance.

Notes - Danica Group

Note	DKKm	2023	2022
13	INVESTMENT PROPERTY		
	Fair value, beginning of year	27,372	25,950
	Additions during the year, including improvements	1,057	2,901
	Disposals during the year	-3,681	-1,320
	Fair value adjustments	-1,903	-159
	Other changes	-56	-
	Fair value, end of year	22,789	27,372
	The weighted average of the rates of return on which the fair value of the individual properties is based, for:		
	Shopping centres	5.56%	4.98%
	Commercial properties	4.82%	4.88%
	Residential properties	3.96%	3.85%
	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 2.5-7.0% (2022: 2.5-8.75%) and averaged 4.78% (2022: 4.57%). An increase in the required rate of return of 1.0 percentage point would reduce fair value at end-2023 by DKK 3,937 million.		
	All investment properties fall under level 3 in the fair value hierarchy. For a description of the levels, see note 25.		
14	DOMICILE PROPERTY		
	Cost, beginning of year	48	48
	Disposals during the year	-48	-
	Cost, end of year	-	48
	Depreciation charges, beginning of year	-5	-5
	Reversed depreciation	5	-
	Depreciation charges, end of year	-	-5
	Revalued amount, beginning of year	2	1
	Revaluation for the year	-	1
	Reversed revalued amount	-2	-
	Revalued amount, end of year	-	2
	Carrying amount, end of year	-	45
	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%

Notes - Danica Group

Note	DKKm	2023	2022				
15	INTANGIBLE ASSETS						
		Goodwill	Customer value	Software under developmen	Fully developed software		
	2023						
	Cost, beginning of year	2,423	1,332	2	78	3,835	
	Additions during the year	-	-	10	-	10	
	Cost, end of year	2,423	1,332	12	78	3,845	
	Impairment and amortisation charges, begi	-2,423	-610	-	-45	-3,078	
	Amortisation during the year	-	-134	-	-18	-152	
	Impairment and amortisation charges, end	-2,423	-744	-	-63	-3,230	
	Carrying amount, end of year	0	588	12	15	615	
	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, begi	-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	
	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	OTHER ASSETS						
	Accrued interest and rent					4,760	2,013
	Other prepayments and accrued income					516	492
	Total					5,276	2,505
17	AMOUNT OWED TO CREDIT INSTITUTIONS						
	Repo transactions					6,456	9,288
	Other amounts due					7,635	13,619
	Total					14,091	22,907
18	INVESTMENT CONTRACT LIABILITIES						
	Balance at beginning of year					20,116	20,884
	Contributions received					1,141	1,213
	Benefits paid					-4,654	-4,210
	Investment return from underlying assets					1,675	-2,438
	Other					4,835	4,667
	Balance at end of year					23,113	20,116

Notes - Danica Group

Note	DKKm				2023	2022
19	Health and accident insurance (cont'd)					
		LFRC* excl. Loss component	Loss component	LFIC* - cashflows	LFIC* - Risk adjustment	
	2023					
	Carrying amount, beginning of year	62	1,196	13,215	1,072	15,545
	Insurance revenue	-1,750	-	-	-	-1,750
	Incurred claims and other insurance service expenses	-	-887	2,979	436	2,528
	Changes that relate to past services	-	-	-375	-682	-1,057
	Changes that relate to future services	-	1,303	-	-	1,303
	Insurance service expenses	-	416	2,604	-246	2,774
	Investment components	-	-57	553	-15	481
	Premiums	1,752	-	-	-	1,752
	Claims, benefits and expenses paid	-	-	-2,710	-	-2,710
	Changes in amounts due from policyholders	-	-	-3	-	-3
	Cash flow	1,752	-	-2,713	-	-961
	Other	-1	-4	-	-	-5
	Carrying amount, end of year	63	1,551	13,659	811	16,084
	2022					
	Carrying amount, beginning of year	81	1,825	14,899	1,109	17,914
	Insurance revenue	-1,579	-	-	-	-1,579
	Incurred claims and other insurance service expenses	-	-1,402	2,214	554	1,366
	Changes that relate to past services	-	-	-229	-493	-722
	Changes that relate to future services	-	986	-	-	986
	Insurance service expenses	-	-416	1,985	61	1,630
	Investment components	-	-213	-1,302	-98	-1,613
	Premiums	1,560	-	-	-	1,560
	Claims, benefits and expenses paid	-	-	-2,339	-	-2,339
	Changes in amounts due from policyholders	-	-	-28	-	-28
	Cash flow	1,560	-	-2,367	-	-807
	Carrying amount, end of year	62	1,196	13,215	1,072	15,545
	*LFRC is Liabilities for remaining coverage					
	*LFIC is Liabilities for incurred claims (benefits)					
	Impact of life insurance contracts recognised in the year					
	Estimates of present value of cash outflow				24,365	26,014
	Estimates of present value of cash inflow				-25,249	-26,306
	Risk adjustment				0	0
	CSM				884	292
	Increase in insurance contract liabilities from onerous contracts recognised in the year				0	0
	Expected recognition of CSM					
	2023	<1 year	1-5 years	5-10 years	>10 years	
	Expected recognition of the remaining CSM on insurance contracts issued	1,513	6,061	3,948	5,181	16,703
	2022					
	Expected recognition of the remaining CSM on insurance contracts issued	1,196	4,796	3,175	4,302	13,469

Notes - Danica Group

Note	DKKm						2023	2022
19	Transition to IFRS 17 (cont'd)							
	Insurance contracts measured under the fair value approach at transition							
	Insurance revenue						3,690	2,736
	CSM at beginning of year						13,194	16,318
	CSM recognised in profit or loss for the services provided						-1,506	-1,670
	Changes in estimates that adjust the CSM						3,060	-1,454
	Finance expenses from insurance contracts issued						0	0
	CSM at end of year						14,748	13,194
	Maturity analysis							
	2023	1 year	2 years	3 years	4 years	5 years	>5 years	
	Insurance contract liabilities	40,866	35,284	32,920	30,546	28,125	247,673	415,414
	2022							
	Insurance contract liabilities	37,628	32,124	29,938	27,796	25,621	230,032	383,139
20	OTHER LIABILITIES							
	Tax on pension returns						677	990
	Staff commitments						81	73
	Other						6,034	4,437
	Total						6,792	5,500

Notes - Danica Group

Note	DKKm	2023	2022
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21 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.

Currency	Borrower	Note	Nominal	Interest rate	Year of issue	Maturity	Re-demption price		
EUR	Danica Pension	a)	500	4.38	2015	29.9.45	100	3,727	3,718
Subordinated debt								3,727	3,718
Discount								-6	-9
Hedging of interest rate risk at fair value								-121	-224
Total, corresponding to amortised cost plus the fair value of the hedged interest rate risk.								3,600	3,485
Included in the capital base								3,600	3,485

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 252 million for 2023 (131 million for 2022).

Fair value of the subordinated debt is estimated at DKK 3,672 million (2022: DKK 3,562 million)

22 ASSETS DEPOSITED AS COLLATERAL, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Assets have been deposited as collateral for policyholders' savings with a total of:	443,187	417,473
As collateral for derivative transactions, the Group has delivered bonds equal to a total fair value of	28,353	34,437
The Group has rent commitments with a remaining lease of 2 years and annual gross rent of	55	51
Minimum lease payments regarding cars amounts to	6	6
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	1,993	2,209
The Group has undertaken to participate in alternative investments with an amount of	14,668	12,902
The Group has undertaken to participate in co-investment with an amount of	60	-
The Group is voluntarily registered for VAT on certain properties. The Group's VAT adjustment liability amounts to	583	1,415
As a participant in partnerships, the Group is liable for a total debt of	29	25

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 regarding 2017-2023, see the mention in the management's review, C will be able to recognise all or part of the provision for this liability as income. At 31 December 2023, the provision totals DKK 902 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 2023, the provision totals DKK 440 million including interest.

Notes - Danica Group

Note	DKKm	2023	2022
23	RELATED PARTIES		
	Danske Bank A/S, domiciled in Copenhagen, wholly owns the share capital of Forsikringsselskabet 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 11.		
	IT operations and development	-119	-98
	Other administration	-218	-244
	Commission for insurance sales and portfolio management	-170	-216
	Ordinary portfolio management fee	-19	-29
	Total net custody fees and brokerage for trades in holdings and the like	-141	-126
	Interest income	4,244	2,236
	Interest expenses	-4,531	-1,727
	Amounts owed to credit institutions	2,308	5,997
	Derivatives with negative fair values	6,921	11,812
	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.		
24	BALANCE SHEET ITEMS BROKEN DOWN BY EXPECTED DUE DATE		
		2023	2022
		< 1 year	> 1 year
		< 1 year	> 1 year
	Assets		
	Cash and cash equivalents	2,632	-
	Investment in financial assets	24,502	472,674
	Receivables	1,257	-
	Current tax assets	-	712
	Reinsurance contract assets	213	23
	Holdings in associates and joint ventures	-	11,709
	Investment property	-	22,789
	Domicile property	-	-
	Intangible assets and goodwill	133	482
	Other assets	5,276	-
	Total assets	34,013	507,654
	Liabilities		
	Amount owed to credit institutions	14,091	-
	Derivatives liabilities	6,114	51,106
	Current tax liabilities	768	-
	Investment contract liabilities	5,090	18,023
	Insurance contract liabilities	30,089	385,325
	Reinsurance contract liabilities	28	20
	Deferred tax liabilities	-	277
	Other liabilities	-	6,792
	Subordinated debt	-	3,600
	Total liabilities	56,180	465,123
		34,981	504,573

Notes - Danica Group

Note DKKm

25 FINANCIAL INSTRUMENTS

Financial instruments, classification and valuation method

2023	Fair value			Amortised cost		
	Held for trading	Designated	Fair value hedge	Debtors	Liabilities	Total
Unlisted holdings		36,651				36,651
Listed holdings		155,743				155,743
Unlisted bonds		2,556				2,556
Listed bonds		197,807				197,807
Udlån		2,894				2,894
Investeringsforeningsandele		30,306				30,306
Deposit with credit institutions		7,253				7,253
Derivatives	63,966					63,966
Debtors				1,257		1,257
Cash and cash equivalents				2,632		2,632
Total financial assets	63,966	433,210		3,889		501,065
Investment contract liabilities		23,113				23,113
Due to credit institutions	14,091					14,091
Derivatives	57,220					57,220
Subordinated debt			-121		3,721	3,600
Total financial liabilities	71,311	23,113	-121		3,721	98,024
2022						
Unlisted holdings		37,654				37,654
Listed holdings		119,777				119,777
Unlisted bonds		1,472				1,472
Listed bonds		190,687				190,687
Udlån		2,840				2,840
Investeringsforeningsandele		37,614				37,614
Deposit with credit institutions		9,216				9,216
Derivatives	94,184					94,184
Debtors				1,440		1,440
Cash and cash equivalents				2,094		2,094
Total financial assets	94,184	399,260		3,534		496,978
Investment contract liabilities		20,116				20,116
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	20,116	-224		3,709	130,142

Recognition as income:

Exchange rate adjustment of debtors and liabilities measured at amortised cost were recognised under value adjustments (note 5) at DKK -164 million in 2023 and at DKK 18 million in 2022.

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

25
(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 13.

Furthermore, the fair value is affected by macroeconomic and financial conditions.

At 31 December 2023, Danica had financial assets as set out below in the amount of DKK 497,176 million, of which 95 pct. was attributable to insurance obligations to policyholders and 5 pct. was attributable to shareholders' equity. Accordingly, changes in various valuation parameters would therefore have an insignificant impact on shareholders' equity because the risk is held by policyholders.

	Quoted prices	Observable input	Non-observable input	Total
2023				
Holdings	153,380	2,197	36,817	192,394
Unit trust certificates	22,882	6,877	547	30,306
Bonds	179,559	20,461	343	200,363
Other loans	1,192	-	1,702	2,894
Derivatives	437	62,584	945	63,966
Cash and cash equivalents	7,253	-	-	7,253
Total financial assets	364,703	92,119	40,354	497,176
Due to credit institutions	14,091	-	-	14,091
Derivatives	45	55,972	1,203	57,220
Subordinated loan capital	-	-121	-	-121
Provisions	-	23,113	-	23,113
Total financial liabilities	14,136	78,964	1,203	94,303
2022				
Holdings	117,682	2,095	37,654	157,431
Unit trust certificates	29,714	7,146	754	37,614
Bonds	168,195	23,196	768	192,159
Other loans	763	-	2,077	2,840
Derivatives	2,522	90,764	898	94,184
Cash and cash equivalents	9,216	-	-	9,216
Total financial assets	328,092	123,201	42,151	493,444
Due to credit institutions	22,907	-	-	22,907
Derivatives	99	81,272	2,263	83,634
Subordinated loan capital	-	-224	-	-224
Provisions	-	20,884	-	20,884
Total financial liabilities	23,006	101,932	2,263	127,201

At 31 December 2023, financial instruments measured on the basis of non-observable input comprised unlisted shares DKK 39,854 million and illiquid bonds DKK 2,556 million.

During 2023 DKK 5,783 million was transferred from quoted prices to observable input (DKK 6,537 million in 2022).

During 2023 DKK 10,052 million was transferred from observable input to quoted prices (DKK 7,307 million in 2022).

Notes - Danica Group

Note	DKKm	2023	2022
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25
(cont'd)

Valuation based on non-observable input

	Holdings	Bonds	Derivatives		
Fair value, beginning of year	37,705	3,548	-1,365	39,888	44,763
Value adjustment recognised through profit or loss in					
Value adjustments	117	-162	1,107	1,062	2,441
Purchase	3,093	165	-	3,258	20,615
Sale	-4,061	-995	-	-5,056	-27,931
Fair value, end of year	36,854	2,556	-258	39,152	39,888

In 2023, unrealised value adjustments were recognised at DKK 466 million (2022: DKK -3,069 million) on financial instruments valued based on non-observable input.

Non-observable input in the annual report

Asset type	Fair value, end of 2023	Applied valuation method	Sensitivity of the Fair value from changes in non-observable input
<i>Holdings:</i>			
Infrastructure	12,013	Reported fair value 1)	2) DKK 979,3 m
Private Equity	18,281	Reported fair value 1)	2) DKK 2.179,5 m
Credit	4,617	Reported fair value 1)	2) DKK 379,0 m
Other loans	1,907	Reported fair value 1)	2) DKK 54,0 m
Unlisted deposits with credit institutions	547	Reported fair value 1)	2) DKK 50,1 m
<i>Bonds:</i>			
Bonds, not observable input	343	Reported fair value 1)	A Widening of the credit spread of 50 bp will reduce the value by DKK 26,4 m
Other loans	178	Reported fair value 1)	A Widening of the credit spread of 50 bp will reduce the value by DKK 1,7 m
Other loans	1,524	Accounting data, credit quality used for rating	A change in rating by 3 notches and applied multiples will reduce the value by DKK 28,0 m
Derivatives	-258	Discounted cash flow, options-models and nume-risk methods	A rise in yield curve of 1bp: loss of DKK 3,2 m. A rise in inflation rate of 1bp: loss of DKK 2,6 m A rise in volatility of 1bp: profit of DKK 6,8 m A rise in CDS curve of 1bp: loss of DKK 0 m

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

3) Based on a significant number of relevant credit indices of junior and senior debt of 15 and 10%, respectively

Notes – Danica Group

Note

26 RISK MANAGEMENT AND SENSITIVITY INFORMATION

RISK MANAGEMENT

Danica Pension's Board of Directors (BoD) defines the framework for the management of Danica Pension's overall risks. On a daily basis, Danica Pension's risk management function monitors both the risk and the asset-liability management (ALM) limits set by its BoD, 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 BoD. The risk management function also follows up on investment limits and calculates key risk figures for ALM purposes.

Danica Pension is exposed to a number of different risks.

Market risks	Insurance risks	Non-financial risks	Other risks
Interest rate risk	Longevity	Operational risk	Sustainability risk
Equity risk	Mortality	Information Technology and Security risk	Conduct risk
Property risk	Disability	Data risk	Strategic Risk
Currency risk	Health and accident	Financial crime	
Credit spread risk	Critical illness	Regulatory compliance risk	
Inflation risk	Healthcare		
Volatility risk	Surrender		
Liquidity	Expenses		
Counterparty	Concentration		
Concentration			

Market risks

Market risk is the risk of losses following changes in the value of Danica Pension's assets and liabilities. 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 primarily relates to the value of options such as equity options or swaptions, but also assets with build-in options like Danish callable mortgage bonds,
- inflation risk, which primarily relates to indexation of benefits for the health and accident products,
- liquidity risk, which is the risk of losses due to forced sale of investment assets to meet liquidity needs,
- counterparty risk, which is the risk of losses due to counterparties default on their obligations,
- concentration risk, which is the risk of losses because of high exposure to single issuers.

Market risk may lead to financial losses for Danica Pension, either as losses of investment assets or as the technical provisions increases.

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)
- investment assets allocated to the shareholders' equity and other products with direct equity exposure

The amount of market risk differs for the various products in Danica Pension's product range, but the most significant market risk is the market risk relating to its with-profit products.

Market risks 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 on EUR swap rates. The yields on Danish mortgage, credit and government bonds is also taken into account. 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).

Notes – Danica Group

Note

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 enough 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.

Investments sensitive to changes in interest rates comprise of 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 limits its counterparty credit risk by demanding high credit ratings for reinsurance and derivatives counterparties and by demanding collateral for financial derivatives. For collateral Danica Pension 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 the majority 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.

Market risks 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 guaranteed amount, the investment horizon etc. If a guarantee is attached to the individual policy, Danica Pension bears the risk in relation to the guarantee.

Danica Pension's main saving 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

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,
- Assets for 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.

Notes – Danica Group

Note

Insurance risks

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 respectively. 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 risks

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 near loss. This risk category also comprises of model risk, which is losses due to wrongful design, use or interpretation of models or model results in Danica Pension. Non-financial risks also comprise of 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 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.

Other risks

Other risks relate to risks associated with sustainability, conduct and strategy. These risks are typically transversal risks that either arise in connection with or tie various other types of risk together. A transversal risk is an additional source of risk and must be handled as an integrated part of other risks. For example, sustainability risk such as climate risk will be a source of risk within both market risk and insurance risk.

Issues relating to sustainability and ESG (environment, social and governance) have become increasingly important in recent years for Danica Pension, Danica Pension's customers, media, NGOs and authorities. Therefore, there has also been a greater focus on the derived risks.

Danica Pension has a sustainability strategy and has a particular focus on three themes that support the UN's Sustainable Development Goals, namely climate and environment, financial security and a healthier life. The work with sustainability and ESG has influence on Danica Pension's reputational risk and regulatory risk. The reputational risk is caused by the fact that it may affect Danica Pension's ability to retain and attract both customers and employees if Danica Pension's efforts in relation to sustainability and ESG are not sufficient, or if Danica Pension is not acting with the professionalism that is expected of a large life insurance company.

Notes – Danica Group

Note

Sustainability risks can for example be:

- reputational risk - for example if customers or other stakeholders find that Danica Pension's ESG efforts are not adequate or if activities related to sustainable 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.

Conduct risk is the risk of loss because of Danica Pension's way of conducting its business both internally and towards customers, e.g., in connection with products or advisory. Danica Pension aims for proper treatment of customers and stakeholders as well as openness and transparency in its communication. The risk is mitigated via a general high standard when handling conduct risks. Danica Pension has policies and business procedures which determine concrete requirements for business operations, and which are analysed and define Danica Pension's handling of customers, employees and other stakeholders.

Strategic risk is the risk of loss because of Danica Pension not achieving its strategic goals, regardless of it being due to internal or external conditions. This can for example be incorrect identification of risks in connection with the strategy, inadequate execution of the strategy or lack of capital to support the strategy.

Danica Pension's strategic risk can, for example, be influenced by:

- the development of the Danish pension market in general, including development due to changed regulation,
- Danica Pension's market position and competitiveness, which for instance will depend on prices and value proposition,
- Danica Pension's focus on social responsibility and sustainability, including various stakeholders' assessment of whether Danica Pension's efforts are sufficient, and whether the efforts - e.g., in relation to the classification of sustainable investments - meets the authorities' requirements.

SENSITIVITY INFORMATION

Sensitivity information in accordance with IFRS 17.129 is described on page 17 of the management's review. The management's review is not comprised by the audit.

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Financial highlights - Danica Pension

(DKK millions)	2023	2022	2021	2020	2019
INCOME STATEMENT					
Premiums	35,754	32,365	33,994	25,427	22,432
Claims and benefits	-28,679	-26,620	-26,185	-25,980	-27,345
Return on investment	35,955	-67,236	35,237	31,252	52,105
Tax on pension returns	-729	-705	-5,954	-4,342	-5,561
Total operating expenses relating to insurance	-1,305	-1,244	-1,186	-1,184	-1,185
Depreciation of goodwill	-	-1,543	-	-	-800
Profit/loss on business ceded	14	-32	-5	-8	-7
Technical result, Life	1,108	-742	2,085	2,525	2,157
Gross premium income	1,337	1,985	1,560	1,412	1,524
Gross claims	-2,221	-1,920	-2,202	-2,088	-2,080
Total operating expenses relating to insurance	-137	-127	-162	-110	-113
Profit/loss on business ceded	124	-27	-14	-20	-12
Return on investment less technical interest	-23	-953	290	158	36
Technical result of health and accident insurance	-924	-1,032	-546	-624	-628
Net profit/loss for the year	1,140	-1,103	1,730	1,501	1,918
Total other comprehensive income	-	31	15	-11	8
BALANCE SHEET					
Total assets	542,975	540,509	655,170	650,336	588,173
Insurance assets, health and accident insurance	164	12	69	130	185
Technical provisions, health and accident insurance	16,117	15,572	17,914	17,488	17,011
Total provisions for insurance and investment contracts	438,912	403,649	469,472	440,355	421,108
Total shareholders' equity	20,525	19,385	24,122	22,377	20,887
KEY FIGURES AND RATIOS (%)					
Rate of return related to average rate products	4.6	-14.6	0.0	6.0	10.3
Rate of return related to unit-linked products	10.5	-14.9	13.3	8.3	15.6
Risk on return related to unit-linked products	4.75	5.25	4.50	4.50	4.25
Expenses as per cent of provisions	0.3	0.3	0.3	0.3	0.3
Expenses per policyholder (DKK)	1,742	1,656	1,596	1,584	1,532
Return on equity after tax	5.6	-7.1	7.4	6.9	11.4
Solvency coverage ratio (Solvency I)					
RATIOS FOR HEALTH AND ACCIDENT INSURANCE					
Gross claims ratio	167	96	142	145	135
Gross expense ratio	10	6	10	8	7
Combined ratio	168	104	154	155	143
Operating ratio	168	104	154	155	143
Relative run-off	4.0	1.6	1.3	0.6	0.0
Run-off, net of reinsurance (DKK millions)	526	229	190	89	-2

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.

Income statement & Other comprehensive income - Danica Pension

Note	(DKK millions)	2023	2022
2	Gross premiums	35,754	32,365
	Reinsurance premiums ceded	-27	-27
	Total premiums, net of reinsurance	35,727	32,338
	Income from group undertakings	-744	2,092
	Income from associated undertakings	165	688
	Income from investment property	21	15
	Interest income and dividends, etc.	81,201	31,370
3	Value adjustments	30,561	-73,098
	Interest expenses	-74,202	-27,278
	Administrative expenses related to investment activities	-1,047	-1,025
	Total return on investment	35,955	-67,236
	Tax on pension returns	-729	-705
4	Claims and benefits paid	-28,679	-26,620
	Reinsurers' share received	4	21
	Total claims and benefits, net of reinsurance	-28,675	-26,599
5,6	Change in life insurance provisions	-27,872	58,874
	Change in reinsurers' share	37	-26
	Total change in life insurance provisions, net of reinsurance	-27,835	58,848
	Change in profit margin	-10,505	3,534
	Acquisition costs	-345	-372
	Administrative expenses	-960	-873
	Reimbursement of costs from group undertakings	-	1
	Depreciation of goodwill	-	-1,543
7	Total operating expenses relating to insurance, net of reinsurance	-1,305	-2,787
	Transferred investment return	-1,525	1,865
	TECHNICAL RESULT	1,108	-742
8	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-924	-1,032
	Return on investment allocated to equity	1,066	702
9	Other income	78	30
10	PROFIT BEFORE TAX	1,328	-1,042
11	Tax	-188	-61
	NET PROFIT FOR THE YEAR	1,140	-1,103
	Net profit for the year	1,140	-1,103
	Other comprehensive income:		
	Items reclassified regarding sale of foreign entity	-	31
	Total other comprehensive income	-	31
	NET COMPREHENSIVE INCOME FOR THE YEAR	1,140	-1,072

Balance sheet - Danica Pension

Assets

Note	(DKK millions)	2023	2022
	INTANGIBLE ASSETS	615	757
12	Investment property	354	353
	Holdings in group undertakings	24,569	25,521
	Holdings in associated undertakings	521	749
	Total investments in group and associated undertakings	25,090	26,270
	Holdings	20,751	25,158
	Unit trust certificates	16,265	16,346
	Bonds	115,993	116,669
	Other loans	753	1,010
	Deposits with credit institutions	3,274	5,780
	Other	39,185	63,300
13	Total other financial investment assets	196,221	228,263
	TOTAL INVESTMENT ASSETS	221,665	254,886
14	INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS	311,775	277,194
	Life insurance provisions, reinsurers' share	49	11
	Outstanding claims provision, reinsurers' share	164	12
	Total technical provisions, reinsurers' share	213	23
	Amounts due from policyholders	466	618
	Amounts due from insurance companies	228	30
	Amounts due from group undertakings	61	1,168
	Other debtors	584	627
	TOTAL DEBTORS	1,552	2,466
	Current tax assets	-	1,008
	Cash and cash equivalents	2,092	1,694
	TOTAL OTHER ASSETS	2,092	2,702
	Accrued interest and rent	4,760	2,012
	Other prepayments and accrued income	516	492
	TOTAL PREPAYMENTS AND ACCRUED INCOME	5,276	2,504
	TOTAL ASSETS	542,975	540,509

Balance sheet - Danica Pension

Liabilities

Note	(DKK millions)	2023	2022
	Share capital	1,101	1,101
	Contingency fund	1,882	1,882
	Retained earnings	16,401	16,402
	Proposed dividend	1,141	-
15	TOTAL SHAREHOLDERS' EQUITY	20,525	19,385
	SUBORDINATED DEBT	3,600	3,485
	Unearned premiums provision	978	735
5	Life insurance provisions, average rate products	127,812	136,338
6	Life insurance provisions, unit-linked products	277,790	246,246
	Total life insurance provisions	405,602	382,584
	Profit margin on life insurance and investment contracts, average rate products	3,780	1,818
	Profit margin on life insurance and investment contracts, unit-linked products	13,413	3,675
	Total profit margin on life insurance and investment contracts	17,193	5,493
	Outstanding claims provision	13,690	13,243
	Risk margin on non-life insurance contracts	1,413	1,562
	Provisions for bonus and premium discounts	36	32
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	438,912	403,649
11	Deferred tax	198	1,594
	Other provisions	253	262
	TOTAL PROVISIONS FOR LIABILITIES	451	1,856
	Amounts owed, direct insurance	174	45
	Amounts owed to reinsurers	28	20
	Amounts owed to credit institutions	14,091	22,907
	Amounts owed to group undertakings	1,746	1,132
	Current tax liabilities	767	-
16	Other creditors	58,353	85,340
	TOTAL CREDITORS	75,159	109,444
	ACCRUALS AND DEFERRED INCOME	4,328	2,690
	TOTAL LIABILITIES	542,975	540,509

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 2022	1,101	-	1,882	16,402	-	19,385
Profit for the year			-	1,140	-	1,140
Proposed dividend	-	-	-	-1,141	1,141	0
Shareholders' equity at 31 December 2023	1,101	-	1,882	16,401	1,141	20,525
Shareholders' equity at 31 December 2021	1,101	-31	1,882	18,870	2,300	24,122
Effect of accounting policy changes 1 January 2022	-	-	-	-1,365	-	-1,365
Adjusted shareholders' equity at January 1, 2022	1,101	-31	1,882	17,505	2,300	22,757
Profit for the year			-	-1,103		-1,103
Other comprehensive income:						
Translation of units outside Denmark	-	31	-	-	-	31
Total other comprehensive income	-	31	-	-	-	31
Comprehensive income for the year	-	31	-	-1,103	-	-1,072
Dividend paid	-	-	-	-	-2,300	-2,300
Shareholders' equity at 31 December 2022	1,101	0	1,882	16,402	0	19,385

* 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)	2023	2022
Capital base		
Shareholders' equity	20,525	19,385
Valuation differences between financial statements and Solvency II		
Provisions for insurance and investment contracts	12,941	9,264
Tax effects	-3,458	-615
Proposed dividend	-1,141	-
Intangible assets	-615	-757
Supplementary capital	3,600	3,485
Capital base	31,852	30,762

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 Danish Financial Business Act, including the Danish FSA's Executive Order No. 460 of 2 May 2023 on financial reports for insurance companies and multi-employer occupational pension funds.

CHANGES IN ACCOUNTING POLICIES

Danica Pension has changed its accounting policies so that life insurance products and health and accident insurance products are no longer managed (bundled) together for accounting purposes. This means that the profit margin on life insurance is no longer set off against any expected future losses on health and accident insurance products.

The change in accounting policies reduced Danica Pension's equity by DKK 1.4 billion on 1 January 2022 and had a positive effect on the results for 2022 of DKK 471 million.

Comparative figures for 2022 for Danica Pension have been restated.

Correction of error in 2022 annual report

Danica Pension's annual report for 2022 contained an error regarding the recognition of deferred tax on pension returns.

Following a dialogue with the Danish FSA about an interpretation made in 2023 to section 28 of the Executive Order on financial reports Danica Pension applied for permission to correct the error in the annual report for 2022 in the annual report for 2023, so that changes in deferred pension return tax are recognized as part of changes in technical provisions. and deferred pension returns tax is included as part of technical provisions.

Having been granted permission by the Danish FSA, Danica Pension has changed the relevant accounting policy in the annual report for 2023 and corrected the error in the comparative figures for 2022 and previous years.

As a result of the change in accounting policies, an amount of DKK -4.6 billion (2022: DKK 10.7 billion) has been reclassified from the financial statement item "Tax on pension returns" respectively to the financial statement item "Change in life insurance provisions" in the income statement, by DKK 4.4 billion (2022: DKK 10.5 billion) and the financial statement item "Transferred investment return" with 0.2 billion (2022: DKK 0.2 billion) In the balance sheet an amount of 6.8 billion (2022: 11.4 billion) has been reclassified from the financial statement item "Other debtors" to the financial statement item "Life insurance provision, average rate products" by DKK 4.9 billion (2022: DKK 5,2 billion) "Life insurance provisions, unit-linked products" with 2.3 billion (2022: 6.3 billion) and "Outstanding claims provisions" with -0.4 billion (2022: -0.2 billion).

The changed accounting policy affects neither profit/loss nor shareholders' equity. Comparative figures for previous periods have been adjusted.

Apart from the changes to accounting policies described in this section, accounting policies have not changed from last year.

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/Customer relationships

For the accounting year 2023 a stochastic model have been used in the calculation of profit margin on life insurance contracts, which substantially have increased the profit margin from 5.5 billion end of year 2022 to 17.2 billion end of year 2023. The changed estimate for the profit margin has no effect on result or shareholder's equity.

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

Notes – Danica Pension

Note

other estimates are based on empirical data from the Group's own portfolio of insurance contracts. Estimates are updated regularly.

The calculation of life insurance provisions is based on an assumed increase in life expectancy over today's observed lifetime of 2.1 years (2022: 2.2 years) for a sixty five-year-old male and 1.9 years (2022: 2.2 years) for a sixty five-year-old female. A sixty five-year-old male is thus expected to live for approximately 22 more years (2021: 23 years) and a sixty five-year-old female for approximately 24 more years (2022: 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/ Customer relationships/ Software

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.

Software consists of fully developed software and software under development

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.

Notes – Danica Pension

Note

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

Danica Pension is involved in joint operations with other pension companies. These joint operations are administrated by Forenedet 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.

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.

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.

Hedge accounting

Danica Pension 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.

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.

Notes – Danica Pension

Note

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.

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%. Deferred pension returns tax is a part of insurance provisions.

Claims and benefits

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

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.

Notes – Danica Pension

Note

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.

BALANCE SHEET

ASSETS

Intangible assets

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 2023.

Software

Acquired software is recognized 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. No indication of impairment has been identified in 2023.

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 administrative 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

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.

Notes – Danica Pension

Note

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 "Other" 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.

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.

BALANCE SHEET

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.

Notes – Danica Pension

Note

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 groups' 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.

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.

In connection with the update of actuarial parameters for health and accident insurance in 2023, the estimated level of reactivation and expected retirement age was updated, which, seen in isolation, reduced the provisions and contributed positively to this year's run-off profit.

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.

Notes – Danica Pension

Note

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 Danica Pension'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.

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.

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.

The five-year summary on page 54 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:

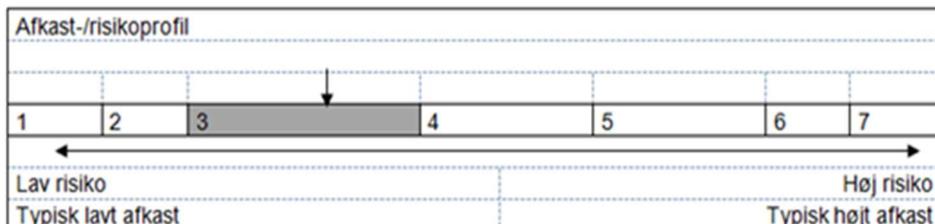
1. The investment return in relation to average rate products relative to average life insurance provisions and the profit margin on average rate products.
2. The investment return in relation to unit-linked products relative to average life insurance provisions and the profit margin on unit-linked products. 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	

Notes – Danica Pension

Note

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.

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.

Notes - Danica Pension

Note	(DKK millions)	2023	2022
2	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	18,555	17,623
	Single premiums	18,340	15,955
	Total direct insurance	36,895	33,578
	Total gross premiums	36,895	33,578
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	133	136
	Single premiums	1,008	1,077
	Total premiums	1,141	1,213
	Total gross premiums included in the income statement	35,754	32,365
	Premiums, direct insurance, broken down by insurance arrangement:		
	Insurance taken out in connection with employment	32,428	29,309
	Insurance taken out individually	2,260	1,884
	Group life insurance	2,207	2,385
	Total	36,895	33,578
	Number of insured, direct insurance (1,000):		
	Insurance taken out in connection with employment	312	307
	Insurance taken out individually	381	390
	Group life insurance	509	576
	Premiums, direct insurance, broken down by bonus arrangement:		
	With profit insurance	3,190	3,534
	Unit-linked insurance	33,705	30,044
	Total	36,895	33,578
	Premiums, direct insurance, broken down by policyholders' residence:		
	Denmark	36,418	33,114
	Other EU countries	370	379
	Other countries	107	85
	Total	36,895	33,578
3	VALUE ADJUSTMENTS		
	Investment property	0	9
	Holdings	10,000	-7,574
	Unit trust certificates	14,583	-19,741
	Bonds	4,547	-33,604
	Other loans	-91	245
	Deposits with credit institutions	-157	277
	Other	1,679	-12,710
	Total value adjustments	30,561	-73,098
4	CLAIMS AND BENEFITS PAID		
	Direct insurance:		
	Insurance amounts on death	-1,285	-1,293
	Insurance amounts on disablement	-254	-297
	Insurance amounts on expiry	-2,267	-1,236
	Retirement benefits and annuities	-7,734	-7,812
	Surrender values	-15,564	-14,272
	Cash payments of bonuses	-1,574	-1,708
	Total direct insurance	-28,678	-26,618
	Expenses to minimise disablement	-1	-2
	Total claims and benefits paid	-28,679	-26,620

Notes - Danica Pension

Note	(DKK millions)	2023	2022
5	CHANGE IN LIFE INSURANCE PROVISIONS - AVERAGE RATE		
	Provisions, beginning of year	136,338	171,049
	Profit margin, beginning of year	1,818	4,326
	Total technical provisions, beginning of year	138,156	175,375
	Collective bonus potential, beginning of year	-10,740	-17,657
	Accumulated value adjustment, beginning of year	-29,249	-49,420
	Retrospective provisions, beginning of year	98,167	108,298
	Changes during the year:		
	Gross premiums	3,159	3,534
	Interest added	3,984	-559
	Claims and benefits	-13,540	-12,463
	Expense supplement after addition of expense bonus	-538	-565
	Risk gain after addition of risk bonus	204	78
	Other	-18	201
	Total changes	-6,749	-9,774
	Other changes:		
	Transfer of provisions	-667	-495
	Change in quota share, Forenede Gruppeliv	-97	138
	Total other changes	-764	-357
	Retrospective provisions, end of year	90,654	98,167
	Accumulated value adjustment, end of year	30,638	29,249
	Collective bonus potential, end of year	10,300	10,740
	Total technical provisions, end of year	131,592	138,156
	Profit margin, end of year	-3,780	-1,818
	Life insurance provisions, end of year	127,812	136,338
	Change in gross life insurance provisions according to the income statement consists of:		
	Change in retrospective provisions	-6,749	-9,774
	Change in accumulated value adjustment	1,389	-20,171
	Change in gross life insurance provisions	-5,360	-29,945
	Return on customer funds after deduction of expenses before tax, %	0.1	-0.3

Notes - Danica Pension

Note (DKK millions)			2023			2022			
5 (cont'd)	Life insurance provisions break down as follows by sub-portfolio								
2023	Guaranteed benefits	Riskmargin	Individual bonuspotential	Collective bonuspotential	Total life insurance prov.	Rate of return	Bonus rate	Profit margin	
Interest rate group D1	24,975	125	912	279	26,291	3.6	4.7	582	
Interest rate group D2	11,176	59	189	430	11,854	4.7	6.2	103	
Interest rate group D3	9,346	54	-	780	10,180	6.6	11.4	325	
Interest rate group D4	34,767	344	-	1,838	36,949	5.1	11.4	696	
Interest rate group 1	12,500	89	1,290	1,070	14,949	3.7	16.3	825	
Interest rate group 2	3,051	6	227	563	3,847	5.9	23.3	228	
Interest rate group 3	2,341	3	115	570	3,029	5.7	26.3	195	
Interest rate group 4	8,588	42	-	3,017	11,647	6.3	41.4	826	
Non allocated	7,223	90	-	1,753	9,066			0	
Total	113,967	812	2,733	10,300	127,812			3,780	
2022	Guaranteed benefits	Riskmargin	Individual bonuspotential	Collective bonuspotential	Total life insurance prov.	Rate of return	Bonus rate	Profit margin	
Interest rate group D1	26,357	133	2,208	98	28,796	-13.0	8.0	-	
Interest rate group D2	11,348	61	383	596	12,388	-17.3	9.0	-	
Interest rate group D3	9,447	58	-	825	10,330	-18.1	10.8	322	
Interest rate group D4	35,958	380	-	2,257	38,595	-17.3	11.6	377	
Interest rate group 1	14,201	109	2,204	814	17,328	-9.4	17.8	352	
Interest rate group 2	3,132	7	435	489	4,063	-12.9	24.7	129	
Interest rate group 3	2,370	4	249	544	3,167	-12.6	28.0	128	
Interest rate group 4	8,876	48	-	3,385	12,309	-13.1	42.2	510	
Non allocated	7,526	103	1	1,732	9,362				
Total life insurance provisions	119,215	903	5,480	10,740	136,338			1,818	
Cost groups, total									
Collective bonus potential								240	287
Expense supplement after addition of expense bonus								474	496
Operating expenses relating to insurance								-510	-470
Cost result								-36	26
Cost result, %								-0.04	0.03
Risk groups, total									
Collective bonus potential								1,513	1,445
Risk gain after addition of risk bonus								111	281
Risk gain after addition of risk bonus, %								0.04	0.10

Notes - Danica Pension

Note	(DKK millions)	2023	2022
6	CHANGE IN LIFE INSURANCE PROVISIONS - UNIT-LINKED		
	Life insurance provisions, beginning of year	246,246	272,111
	Profit margin, beginning of year	3,675	4,072
	Total technical provisions, beginning of year	249,921	276,183
	Accumulated value adjustment, beginning of year	-255	-553
	Retrospective provisions, beginning of year	249,666	275,630
	Changes during the year:		
	Gross premiums	32,595	28,831
	Interest added	27,906	-38,589
	Claims and benefits	-15,139	-14,157
	Expense supplement	-1,283	-1,261
	Risk gain	40	38
	Other	67	1,773
	Total changes	44,186	-23,365
	Other changes:		
	Payments received under investment contracts	1,141	1,213
	Payments made under investment contracts	-4,655	-4,210
	Transfer of provisions	533	481
	Other	86	-83
	Total other changes	-2,895	-2,599
	Retrospective provisions, end of year	290,957	249,666
	Accumulated value adjustment, end of year	246	255
	Total technical provisions, end of year	291,203	249,921
	Profit margin, end of year	-13,413	-3,675
	Life insurance provisions, end of year	277,790	246,246
	Change in provisions for unit-linked contracts breaks down as follows:		
	Change in retrospective provisions	44,186	-23,365
	Change in accumulated value adjustment	-9	-298
	Change in provisions for unit-linked contracts	44,177	-23,663
	Provisions for unit-linked contracts break downs as follows:		
	Insurance contracts	254,677	226,130
	Investment contracts	23,113	20,116
	Provisions for unit-linked contracts, end of year	277,790	246,246
	Provisions for unit-linked contracts break downs as follows:		
	Provisions for unit-linked contracts without guarantee	245,357	211,528
	Provisions for unit-linked contracts with guarantee	32,433	34,718
	Provisions for unit-linked contracts, end of year	277,790	246,246
	Return on customer funds after deduction of expenses before tax, %	0.2	-0.1

Notes - Danica Pension

Note (DKK millions)	2023	2022
7 OPERATING EXPENSES RELATING TO INSURANCE		
Commission on direct insurance	-182	-217
Fees to Deloitte:		
Statutory audit of financial statements	-3.7	-3.7
Other assurance engagements	-1.3	-0.3
Tax advisory services	0.0	-0.1
Other services	0.0	-0.3
I alt	-5.0	-4.4
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	844	812
Number of full-time-equivalent employees, end of year	852	827
Staff costs:		
Salaries	-679	-602
Pensions	-115	-104
Other social security and tax	-123	-100
Other	-88	-75
Total staff costs earned	-1,005	-881

For a more detailed description of the company's remuneration policy and remuneration paid, see "Remuneration Report 2023", available at the website: www.danicapension.dk. The remuneration report 2023 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 2023, 8 persons outside the Executive Board were designated as material risk takers and combined they received remuneration of DKK 13.6 million (2022 DKK 20.4 million to 10 material risk takers), with fixed remuneration amounting to DKK 12.1 million (2022 DKK 19.1 million) and variable remuneration amounting to DKK 1.5 million (2022 DKK 1.3 million).

The company has no pension obligations towards other material risk takers.

Notes - Danica Pension

Note	(DKK millions)	2023	2022			
8	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE					
	Gross premiums	1,752	1,560			
	Reinsurance premium ceded	-37	-36			
	Change in unearned premiums provision	-292	385			
	Change in profit margin and risk margin	-123	40			
	Premiums, net of reinsurance	1,300	1,949			
	Claims paid, gross *	-2,573	-2,212			
	Reinsurers' share received	8	67			
	Change in outstanding claims provision	106	354			
	Change in risk margin	246	-62			
	Change in outstanding claims provision, reinsurers' share	153	-58			
	Claims, net of reinsurance	-2,060	-1,911			
	Bonus and premium discounts	-4	10			
	Acquisition costs	-58	-53			
	Administrative expenses	-79	-74			
	Total operating expenses relating to insurance, net of reinsurance	-137	-127			
	Return on investment	-23	-953			
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-924	-1,032			
	* including damage limitation costs on existing contracts	-60	-35			
	Total run-off regarding prior years:					
	Gross	375	229			
	Net of reinsurance	526	229			
	Return on investment allocated to health and accident insurance	459	-2,567			
	Provisions, discounted amount	-433	184			
	Value adjustment of outstanding claims provision	-49	1,430			
	Total return on investment, including value adjustments	-23	-953			
		Health and accident insurance	Health insurance	Total		
	Gross premiums	1,410	342	1,752		
	Gross premium income	995	342	1,337		
	Gross claims	-1,699	-522	-2,221		
	- of which damage limitation costs	-45	-15	-60		
	Gross operating expenses	-120	-17	-137		
	Profit/loss on business ceded	161	-	161		
	Technical result	-727	-197	-924		
	Number of claims				66,770	54,914
	Average amount of claims DKKt				39	48
	Claims frequency				41.3%	36.2%
	Gross premiums, direct insurance, broken down by policyholders' residence:					
	Denmark				1,315	1,956
	Other EU countries				18	24
	Other countries				4	5
	Total				1,337	1,985
9	OTHER INCOME					
	Commissions from fund managers etc.				28	30
	Overdragelse af filial i Norge				50	-
	Total other income				78	30

Notes - Danica Pension

Note	(DKK millions)	2023	2022
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 2023. The company's profit for the year consists of the return on assets allocated to shareholders' equity, including the results of unit-linked business, 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	1,085	1,189
	Change in collective bonus potential	-440	-6,917
	Special allotments	-9	58
	Addition of bonus	1,424	1,398
	Total technical basis	2,060	-4,272
	Total technical basis relating to life insurance customers	2,060	-4,272
	In accordance with the contribution principle, full risk allowance for 2023 was booked in all eight interest rate groups.		
	Specification of risk allowance: % of the technical provisions	1,022	1,224
	Total risk allowance	1,022	1,224
	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	-188	-61
	Tax on changes in shareholders' equity	301	0
	Total	113	-61
	Tax on the profit for the year is calculated as follows:		
	Current tax	-1,415	236
	Adjustment of prior-year current tax	-168	119
	Adjustment of prior-year deferred tax	211	-24
	Change in deferred tax due to change in tax rate	36	-245
	Other changes in deferred tax	1,148	-147
	Total	-188	-61
	Effective tax rate:		
	Danish tax rate	25,2	22,0
	Adjustment of prior-year tax charge	-3,2	9,1
	Effect of change in tax rate	-2,7	-23,5
	Non-taxable income and non-deductible expenses	-5,1	-13,5
	Effective tax rate	14,2	-5,9
	Deferred tax broken down on main items:		
	Intangible assets	153	182
	Tangible assets	-18	-4
	Investment property	188	6
	Provisions for obligations	-116	0
	Negative tax on pension returns brought forward	0	1,398
	Other	-9	12
	Total	198	1,594

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)	2023	2022		
12	INVESTMENT PROPERTY				
	Fair value, beginning of year	511	511		
	Acquisitions and improvements during the year	1	-		
	Disposals during the year	0	-1		
	Fair value adjustments	1	1		
	Fair value, end of year	513	511		
	The year-end fair value is recognised as follows in the balance sheet:				
	Investment property	354	353		
	Investment assets related to unit-linked products	159	158		
	The weighted average of the rates of return on which the fair value of the individual properties is based for:				
	Commercial properties	4.28%	4.25%		
	Residential properties	2.50%	2.50%		
13	OTHER FINANCIAL INVESTMENT ASSETS				
	Comprises the following investments in undertakings in the Danske Bank Group:				
	Holdings	1,100	815		
	Bonds	33,778	29,376		
	Deposits with credit institutions	4,864	4,740		
	Cash in hand and demand deposits	2,071	1,692		
	Other	8,502	11,761		
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	780	10,150	10,930	10,480
	Holdings	11,172	171,911	183,083	148,078
	Bonds	20,461	70,434	90,895	82,160
	Deposits with credit institutions	263	3,317	3,580	5,591
	Derivatives	2,454	20,833	23,287	30,885
	Total	35,130	276,645	311,775	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	57,216	83,634		
	Tax on pension returns	677	990		
	Staff commitments	76	70		

Notes - Danica Pension

Note	(DKK millions)	2023	2022
17	ASSETS DEPOSITED AS COLLATERAL, CONTINGENT LIABILITIES AND CONTINGENT ASSETS		
	Assets have been deposited as collateral for policyholders' savings with a total of:	443,187	417,473
	As collateral for derivative transactions, the company has delivered bonds equal to a total fair value of	28,353	34,437
	The company has undertaken to participate in alternative investments with an amount of	14,668	12,902
	The company has undertaken to participate in co-investment with an amount of	447	-
	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 2 years and annual gross rent of	55	51
	Minimum lease payments regarding cars amounts to	6	6
	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 regarding 2017-2023, see the mention in the management's review, will be able to recognise all or part of the provision for this liability as income. At 31 December 2023, the provision totals DKK 902 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 2023, the provision totals DKK 440 million including interest.		

Notes - Danica Pension

Note (DKK millions)	2023	2022
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 13.		
IT operations and development	-109	-82
Other administration	-197	-215
Commission for insurance sales and portfolio management	-170	-203
Ordinary portfolio management fee	-685	-668
Total net custody fees and brokerage for trades in holdings and the like	-141	-126
Interest income	4,244	2,236
Interest expenses	-4,531	-1,727
Amounts owed to credit institutions	2,308	5,997
Derivatives with negative fair values	6,921	11,812

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 2023

TRADITIONAL PRODUCTS	Carrying amount		% return p.a. before tax
	Beg. of year	End of year	
Land and buildings	20,949	20,278	-3.3
Listed holdings	13,325	11,332	14.0
Unlisted holdings	12,102	10,475	1.1
Total holdings	25,427	21,807	7.6
Government bonds and mortgage bonds	53,981	61,063	2.0
Index-linked bonds	16,650	15,578	1.8
Credit bonds and emerging market bonds	21,565	20,653	9.4
Total bonds and loans	92,196	97,294	3.6
Holdings in group undertakings	0	0	0.0
Other investment assets	-168	-210	1.6
Derivative financial instruments to hedge net changes of assets and liabilities	4,542	-273	248

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	10,973	10,624	-3.3
Listed holdings	119,692	154,129	17.9
Unlisted holdings	28,327	28,698	1.1
Total holdings	148,019	182,827	14.8
Government bonds and mortgage bonds	51,088	57,208	5.0
Index-linked bonds	7,794	6,778	1.8
Credit bonds and emerging market bonds	20,931	20,949	9.9
Total bonds and loans	79,813	84,935	5.9
Holdings in group undertakings	0	0	0.0
Other investment assets	173	293	3.1
Derivative financial instruments to hedge net changes of assets and liabilities	6,253	5,992	14.0

Notes - Danica Pension

Note (DKK millions)

20 SPECIFICATION OF RETURNS FOR UNIT-LINKED PRODUCTS 2023

Danica Balance	Years to retirement	% of average provisions	Return (%)	Risk
High Risk:				
Mix high risk profile	30 years	0.42%	13.4	5.50
Mix high risk profile	15 years	0.65%	12.1	5.25
Mix high risk profile	5 years	0.31%	9.80	4.75
Mix high risk profile	-5 years	0.03%	8.1	4.50
Danica Balance	Non-lifecycle*	2.64%	11.70	N/A
Medium Risk				
Mix medium risk profile	30 years	0.70%	12.7	5.50
Mix medium risk profile	15 years	1.70%	10	4.75
Mix medium risk profile	5 years	1.02%	8	4.50
Mix medium risk profile	-5 years	0.24%	6.9	4.50
Danica Balance	Non-lifecycle*	4.69%	9.4	4.75
Low Risk				
Mix low risk profile	30 years	0.05%	11.7	5.25
Mix low risk profile	15 years	0.19%	8	4.50
Mix low risk profile	5 years	0.21%	6.4	4.50
Mix low risk profile	-5 years	0.06%	5.60	4.25
Danica Balance	Non-lifecycle*	1.00%	6.40	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	0.03%	11.3	5.25
Mix high risk profile	15 years	0.02%	10.4	4.75
Mix high risk profile	5 years	0.00%	8.8	4.50
Mix high risk profile	-5 years	0.00%	7.5	4.25
Markedspension	Non-lifecycle*	0.05%	10	N/A
Medium Risk				
Mix medium risk profile	30 years	0.02%	10.8	5.50
Mix medium risk profile	15 years	0.03%	8.9	4.75
Mix medium risk profile	5 years	0.01%	7.7	4.75
Mix medium risk profile	-5 years	0.00%	6.8	4.50
Markedspension	Non-lifecycle*	0.04%	8.5	4.75
Low Risk				
Mix low risk profile	30 years	0.00%	10	5.50
Mix low risk profile	15 years	0.00%	7.6	5.50
Mix low risk profile	5 years	0.00%	6.7	4.75
Mix low risk profile	-5 years	0.00%	5.9	4.50
Markedspension	Non-lifecycle*	0.01%	6.8	N/A

Group overview

	Owner-ship	Currency	Profit/loss for the year	Share capital	Shareholders' equity	Employees	Directorships ¹			
	%		DKK mil-lions	DKK mil-lions	DKK mil-lions	No. ²	MNK	TDN	JGB	DB
LIFE INSURANCE										
Danica Pension, Livsforsikringsaktieselskab, Copenhagen		DKK	1,140	1,101	20,525	844	D	D	D	D
INVESTMENT MANAGEMENT										
Danica Kapitalforvaltning K/S, Copenhagen	100	DKK	590	10	600	58				
PROPERTY INVESTMENT										
Danica Ejendomme P/S	100	DKK	-1,336	4,410	34,738	-		C		
Danica Komplementar ApS	100	DKK	0	0	1	-		C		
SD Karreen Holding P/S	100	DKK	1	18	926	-		C		
SD Karré 1 P/S	100	DKK	7	16	827	-		C		
SD Karré 2 P/S	100	DKK	-6	2	99	-		C		
Ejendomsselskabet Project Nord P/S	100	DKK	-518	1	4,200	-		C		
ERDA I P/S	100	DKK	-26	1	357	-		C		
Ordrup Jagtvej Holding P/S	100	DKK	-16	1	88	-		C		
Ordrup Jagtvej 93-109 P/S	100	DKK	-16	1	88	-		C		
Bag Søndermarken Holding P/S	100	DKK	0	1	134	-		C		
Bag Søndermarken 1b-11 P/S	100	DKK	0	1	134	-		C		
Stockholmsgade Holding P/S	100	DKK	-59	1	222	-		C		
Stockholmsgade 23 P/S	100	DKK	-59	1	222	-		C		
Vester Søgade 10 P/S	100	DKK	0	1	593	-		C		

¹ Directorships of Mads Nicolai Kaagaard (MNK), 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 2023

Group overview

Companies

Danica Pension

Danica Pensjonsforsikring

Danica Kapitalforvaltning

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 publish information at least annually about the duties and positions approved by the Board of Directors for persons employed by the Board (see section 80(1) of the Act).

The following overview lists directorships outside the Danica Pension Group.

Board of Directors

Carsten Rasch Egeriis (Chairman)
Chief Executive Officer, Danske Bank A/S
Born on 18 June 1976
CEO of:
Danske Bank A/S
Director of:
Climate Partnership on Finance (chairman)
Finans Danmark (Second Vice-Chairman)
FR I af 16. september 2015 A/S (Chairman)

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)
LM | Pihl A/S (Chairman)
Autobudgets ApS (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
Director of:
Bankgirocentralen BGC AB (Bankgirot)

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.

Mads Nicolai Kaagaard

Chief Executive Officer
Born on 24 September 1971
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 2023.

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU, and disclosure requirements for Danish listed companies. The Parent Company's financial statements are prepared in accordance with statutory requirements, including the Danish Financial Business Act and the Executive Order on financial reports. Furthermore, the financial statements are prepared in accordance with disclosure requirements for Danish listed companies.

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 2023 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 2023. 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 2023 with the file name "danicapension-2023-12-31.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 2024

Executive Board

Mads Nicolai Kaagaard
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

Carsten Rasch Egeriis
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 2023, pages 18-85, 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 IFRS International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Danish listed financial companies, 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 2023, and of the results of the Group's and the Parent's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Danish listed financial companies.

Also, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2023 and of the results of its operations for the financial year 1 January to 31 December 2023 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 9 years up to and including the financial year 2023.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January to 31 December 2023. 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
Implementation of IFRS 17	
<p>Effective from the financial year 2023, the Danica Group has implemented IFRS 17 “Insurance Contracts”.</p> <p>Combined, the changes have resulted in a DKK 1.4 billion reduction in equity at 1 January 2022, which includes the effect of the disaggregation of life insurance and health and accident insurance, and tax.</p> <p>IFRS 17 is a complex accounting standard that requires significant accounting choices, interpretations and assumptions during implementation.</p> <p>Therefore, we consider the implementation of IFRS 17 a Key Audit Matter, particularly with respect to interpretations and assumptions made in connection with the adjustment of line items and notes and the method for calculating the contractual service margin (CSM).</p> <p>We refer to the summary of significant accounting policies, note 1, for a more detailed description and calculation of the monetary effect.</p>	<p>Based on our risk assessment, we have examined the interpretations and assumptions adopted by Management in adjusting line items, changing comparative figures and the method for calculating the contractual service margin.</p> <p>Our audit procedures, in which we involved our own national and international IFRS specialists and qualified actuaries, included the following elements:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of Management’s significant accounting choices, interpretations and assumptions made in implementing IFRS 17. • Sample testing of data for completeness and accuracy. • Assessing the calculations and adjustments used in determining the effect on equity at 1 January 2022 and subsequent measurement of the contractual service margin (CSM). • Determining whether the adjustment of line items and notes in the consolidated financial statements is consistent with the Standard.
Measurement of unlisted investments	
<p>Unlisted investments amount to DKK 39,410 million at 31 December 2023 (DKK 41,253 million at 31 December 2022).</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 judgments and particularly for 2023 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 judgments are:</p> <ul style="list-style-type: none"> • Determination of market value in illiquid markets, including group adjustment model • Definition of required rates of return • Assessment of future cash flows. <p>Management has provided further information about unlisted investments in note 25 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 32,724 million at 31 December 2023 (DKK 36,167 million at 31 December 2022).

Measurement is affected by management judgements and particularly for 2023 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 judgements are:

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

Management has provided further information about investment property in note 12 and 13 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 and checking, 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 438,527 million at 31 December 2023 (DKK 403,255 million at 31 December 2022).

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 judgements 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 judgements 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 18 and 19 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 and Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852).

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 and Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852). 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 IFRS International Financial Reporting Standards as adopted by the EU and additional disclosure requirements for Danish 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 2023, with the file name danicapension-2023-12-31.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 inclusive of 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 2023, with the file name danicapension-2023-12-31.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 2 February 2024

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Statsautoriseret Revisionspartnerselskab
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