Annual Report 2023

Norli Liv og Pension Livsforsikring A/S

Midtermolen 1, 2100 Copenhagen Ø

Reg.No.: 64 14 57 11

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

Chairman of the Annual General Meeting

Content

Management review

5-year highlights

DKKm	2023	2022	2021	2020	2019
Premiums	1,304	1,355	1,434	1,504	1,850
Claims and benefits	-1,946	-1,632	-1,464	-1,354	-1,034
Return on investment	249	-1,636	-173	799	1,131
Total operating expenses relating to insurance	-135	-127	-109	-107	-106
Profit/loss on business ceded	-5	-6	-7	-3	-4
Change in life insurance provisions	805	2,484	391	-702	-1,813
Change in profit margin	-133	-320	31	-26	70
Technical result	**138**	**118**	**103**	**111**	**94**
Technical result of health and accident insurance	**5**	**-19**	**23**	**23**	**11**
Investment return on equity	**23**	**-29**	**-10**	**1**	**-3**
Profit before tax	**167**	**70**	**116**	**135**	**102**
Tax	-39	-18	-24	-30	-11
Net profit for the year	**127**	**52**	**92**	**105**	**91**
Total provisions for insurance contracts	14,285	14,889	17,115	17,559	16,813
Total shareholder equity	459	612	554	795	690
Total assets	17,109	19,092	18,556	19,912	18,833
Return on equity before tax (%) *)	24.7	12.3	17.2	18.2	15.0
Return on equity after tax (%) *)	18.9	9.0	13.6	14.1	13.4
Bonus rate (%)	17.6	21.3	19	15.2	16.1
Solvency coverage ratio (%)	405	575	608	729	717

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

Norli Liv og Pension A/S 2023

Activity

Norli Liv og Pension comprises life insurance, pension savings on guaranteed products and pension insurance. In addition, or in combination, market rate products are offered through Sydbank. The average rate product provides a high degree of security for policyholders, and thanks to the Company's strong investment buffers, the product is highly competitive relative to market rate products.

Financial results

The total profit before tax amounted to DKK 167 million in 2023, against DKK 70 million in 2022. The profit for the year is overall satisfactory. The health and accident insurance contributed positively to the result, but less than expected due to a general development in Denmark with more and longer events of incapacity for work (much related to mental illness).

The expense and risk result were DKK 45 million for 2023, compared to DKK 57 million for 2022, due to good risk performance. The expense and risk result for 2023 was highly satisfactory.

The past year was affected by further increases in interest rates in the first 9 months replaced by a significant decrease in interest rates in the last quarter, due to hopes of coming interest rate cuts from central banks in USA as well as Europe.

The real estate markets have been affected by the volatile interest rate development – and the general increases from earlier low levels, resulting in lower liquidity in the real estate market which has led to a negative value adjustment of the real estate portfolio.

The financial development has reduced the buffers slightly at a level of 18% compared to 21% at the beginning of the year. Since the Company's investment buffers remain intact, Norli Liv og Pension continues to be able to offer an attractive rate on policyholders' savings. For 2024 the rate has been set to 2.5%.

Investment assets belonging to policyholders (assets under management) declined by 11.7% to DKK 14.8 billion from DKK 16.7 billion. The drop was mainly attributable to surrenders and transferrals.

Pension contributions

Total premium income for the year was DKK 1,304 million, compared to DKK 1,355 million in 2022. The decline was driven by a moderate -1.8% drop in regular premiums and a drop in single premiums of -6.4%.

The decline in contributions was attributable primarily to the competition from especially banks, which currently offers competitive short term deposit rates for pension savings.

Insurance benefits

Total insurance benefits paid amounted to DKK 1,946 million, compared to DKK 1,632 million in 2022. While benefits increased slightly more than expected in 2023, they were naturally impacted by the same factors as the top line.

The risk result, which expresses the difference between risk premiums and claims expenses, was DKK 41 million, against DKK 45 million in 2022. The risk result was highly satisfactory.

Expenses

Acquisition costs and administrative expenses totalled DKK 135 million in 2023, compared to DKK 127 million in 2022. The increase was attributable primarily to the costs associated with establishing an independent Norli Liv og Pension. Adjusted for this factor and with inflation, expenses remained stable.

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was positive at DKK 3 million in 2023, compared to DKK 12 million in 2022. The expense result for the year was highly satisfactory given the extraordinary expenses incurred to establish Norli Liv & Pension as an independent company.

Reinsurance

Reinsurance created a substantial risk reduction in 2023 with a net coverage of 33 MDKK in 2023 including health and disability insurance. This is mainly due to an increase in large claims. The result was satisfactory considering the reduction in risk and, by extension, in fluctuations of the Company's results resulting from reinsurance.

Investment return on asset allocated to equity

The return-on-investment assets allocated to equity was positive at DKK 44 million, driven by a significant higher interest rates than in the former years.

Investment return on policyholders' funds

Investment assets belonging to policyholders amounted to a total of DKK 13.4 billion on 31 December 2023 (excluding derivatives and collateral). The investment assets were placed in bonds, equities and real estate. The return-on-investment assets was positive DKK 377 million before pension return tax, for a return of 2.8%, against a return of -9.4% in 2022. Investment assets reflect the average tied-up capital, and a screening of investment funds has been carried out.

Investment return DKKm	Investment assets	Return 2023	Return 2022
Bonds	9,454	3.8%	-12.1%
Equities	1,367	3.8%	-11.9%
Real estate	2,575	-2.0%	7.1%
Total	**13,396**	**2.1%**	**-9.4%**

The above table include consolidated figures but does not include derivatives and collateral.

The return for the year was generally satisfactory. The investment return was positively affected by increases in the stock market, decreasing interest rate and spreads narrowing on credit- and emerging markets bonds. Equities and bonds both contributed to the positive result.

A general increase in the return requirement on real estate investment had a negative impact on the investment return. The real estate portfolio was revalued negatively by DKK 128 million in 2023 in accordance with standard accounting practice. The general cash flow performance in the real estate portfolio was good with higher rental income and low vacancy.

Life insurance provisions are calculated according to a market value principle, using an expected cash flow discounted by the yield curve including volatility adjustment for discounting provisions published by EIOPA. The 10-year point on the yield curve was at 2,6% on 31 December 2023, compared to 3,2% at 1 January 2023.

Life insurance provisions

Total life insurance provisions decreased by DKK 0,8 billion to DKK 12,9 billion in 2023, attributable mainly to decline in insurance assets due to surrenders and transferrals.

Profit margin

The profit margin increased by DKK 133 million in 2023 from DKK 664 million at 31 December 2022 to DKK 797 million at 31 December 2023, driven mainly by the expected increase in earnings.

Bonus rate

The total bonus rate has been reduced slightly to 17,6% at 31 December 2023 from 21.3% at 31 December 2022, partly as a result of the increased profit margin. The bonus rate was satisfactory and among the highest in the industry.

New policyholders were placed in interest rate group B, which had a bonus rate of 18,9% on 31 December 2023.

	Interest rate groups						
	Interest rate Group B	**Interest rate Group A**	**Interest rate Group 0**	**Interest rate Group 1**	**Interest rate Group 2**	**Interest rate Group 3**	**Total**
Technical rate of interest (% p.a.)	-1.0-0	0-0.5	0.5-1.5	1.5-2.5	2.5-3.5	3.5-4.5	
Investments assets (DKKbn)	8.9	2.2	0.7	0.4	0.4	0.8	13.4
Rate on policyholders' savings 2023 (% p.a.)	2.5	2.0	2.5	3.5	3.5	4.5	
Rate on policyholders' savings 2024 (% p.a.)	2.5	1.5	2.5	3.5	3.5	4.5	
Bonus rate (%)	18.9	19.1	10.6	8.4	3.4	12.4	17.6
Return (%) *)	1.6	2.0	3.3	3.6	5.1	4.6	2.1
Distribution of investment assets (%):							
Bonds	66	74	82	74	89	91	71
Equities	12	8	6	11	2	2	10
Real estate	22	18	12	15	9	7	19

*) The return % is based on time-weighted assets while return listed in annual report notes is measured as simple average

Major events

Carve-out

As a consequence of the change of ownership, Norli Liv og Pension has set up its own operating environment and established a number of independent functions and processes that were previously outsourced to the Alm. Brand Group. This work has been completed in 2023 and there is no longer any dependency to Alm. Brand Group with regards to any operational function.

As part of the carve-out Norli Liv og Pension has outsourced investment administration services to Gabler AS and It-infrastructure services to Netic A/S.

Rate on policyholders' savings for 2024

In December 2023, Norli Liv og Pension announced that the company would continue to offer one of the market's highest rates on policyholders' savings in the coming year. For 2023, the rate on policyholders' savings has been fixed at 2.5% for new policyholders.

Real estate

Due to the former years increasing interest rates, the requirements to the yield from real estates has correspondingly increased, which has led to a negative value adjustment of the real estate portfolio. The negative value adjustment for the real estate portfolio constitutes in total 128 million for 2023.

PAL Tax

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

The financial statements of Norli Liv og Pension for 2022 and previous years have therefore been misstated in terms of income and balance sheet captions. Receivable negative PAL (both institutional and individual PAL) were presented as separate PAL asset on the balance sheet, impacting the income statement caption "Pension Yield Tax" and resulting in a corresponding movement in life insurance provisions, affecting the income statement caption "Change in Life Insurance Provisions," and with a consequential impact on the income statement caption "Tax."

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

In 2023, supplementary corrective information for the Annual Report 2022 was published on 20 November 2023, reflecting corrections to the changed recognition of negative PAL (individual and institute level). The supplementary corrective information for the Annual Report 2022 has been prepared in accordance with the provisions of the Danish Financial Business Act, including the Executive Order on Financial Reporting for insurance companies and multi-employer occupational pension funds ("Regnskabsbekendtgørelsen"), and with the Danish Financial Supervisory Authority's permission dated 6 November 2023.

Events subsequent to 31 December 2023

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

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

Recognition and measurement uncertainty

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

Management believes that the level of uncertainty in the financial reporting for 2023 is acceptable. For a more detailed description of recognition and measurement uncertainties, see note 30.

Capitalisation

Norli Liv og Pension A/S' total capital for solvency coverage purposes amounted to DKK 946 million at 31 December 2023, consisting of equity and the profit margin net of the risk margin.

The capital position is marginally reduced compared to year end 2022 due to dividends which has been almost offset by an increase in anticipated future profit margins and the net result. A DKK 55 million dividend payout was made in May 2023 followed by an additional DKK 225 million dividend payout in December 2023

Norli Liv og Pension A/S utilizes the standard formula stipulated in the Solvency II legislation to determine the company's capital requirement. Consistent with the industry regulations set forth by the Danish Financial Supervisory Authority (FSA), the solvency requirement is computed employing a simulated provisioning model. The solvency capital requirement for Norli Liv og Pension A/S was DKK 233 million at 31 December 2023 (DKK 171 million at 31 December 2022), and the solvency coverage ratio is therefore 405%.

The level of the solvency capital requirement is relatively low, which is due to the high loss absorbing buffers in Norli Liv og Pension, which had a bonus rate of 17.6% at 31 December 2023.

Solvency II legislation provides the option of including the loss-absorbing effect of a potential deferred tax asset in the calculation of the capital requirement. Norli Liv og Pension has decided to make use of this option for purposes of calculating the Company's capital requirement.

Financial reporting process

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

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

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

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

Internal Control system

The internal audit function reports to the Management Board and works in accordance with the yearly audit plan. The function should report directly to the Board of Directors on own initiative or that of the board. The internal audit performs sample audits of business procedures and internal controls in critical audit areas.

The Company has employed a Compliance Officer in accordance with the legal requirements.

Risk assessment

The annual schedule of the Board of Directors ensures that the Board of Directors and the Management Board at least once a year perform an overall assessment of risks in relation to the financial reporting process. In this connection, the Board of Directors assesses the Company's organisation with respect to:

- Risk measurement and risk management
- Financial reporting and budget organisation
- Internal control
- Rules on powers of procuration
- Segregation of functions or compensatory measures
- IT organisation and IT security

As part of the risk assessment, the Board of Directors considers the risk of fraud on an annual basis. This work includes:

- A discussion of management's potential incentive/motive for committing fraudulent financial reporting or other types of fraud
- A discussion of management reporting with a view to preventing/identifying and responding to fraudulent financial reporting

The audit and risk committee supports the Board of Directors in these assessments.

The Risk Strategy of Norli Liv og Pension establishes the overall risk appetite for financial and operational risk as low. This has been challenged during 2023 due to the carve-out project and the transfer of processes between outsourcing partners.

Sensitivity analyses prepared according to financial regulation are published in "Rapport om solvens og finansiel situation" on the Company web page (www.norli.dk/om-os/risikorapportering).

Financial reporting and risks

Day-to-day risk management is handled at segment level on the basis of risk limits defined by the Management Board and approved by the Board of Directors.

The finance department is responsible for preparing full year and interim financial statements. The key financial reporting contributor is the actuarial department, which is responsible for calculating technical provisions, and the outsourced funds and finance function which delivers reconciled statuses for the Company's financial assets and liabilities.

For a more detailed review of the risks facing the Company, see note 28, Capital and risk management, and note 29, Significant accounting estimates, assumptions, and uncertainties.

Investments

Development in Financial Markets

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

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

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

The overall higher interest rates level did also increase the return requirement on both Nordic and European real estate investment with app. 50 percentage points, and the mark to market value of both real estate fonds and direct real estate investment was repriced downwards.

Despite the tightening of financial conditions, risk premiums of both high-quality bonds and risky assets, such as corporate bonds and stocks decreased. European investment-grade credit spreads decreased by app. 36 percentages, and high yield credit spreads decreased by app. 34 percentages. The value of European respectively US stocks increased by 20-25 percent. The development in risk premiums was driven by the fact that risk premiums were slightly inflated at the beginning of the year, a US economy that proved to be more resilient than expected to the tightening of financial conditions, and the expected positive impact of new innovations in the technology sector. The credit spread of AAA-rated Danish mortgage bonds also decreased somewhat.

The level of implied volatility generally decreased from the high levels at the beginning of the year despite the high realized volatility in financial markets over the year.

Overall, the development in risk premiums and the decrease in interest rates contributed positively to the returns of the Company's investment assets. On the other hand, did the real estate portfolio contribute negatively to the investment return.

Investment Policy

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

The primary aim of the Company's investment activities is to ensure that Norli Liv og Pension is to ensure an attractive return towards its policyholders while at the same time satisfying its obligations of a guaranteed return.

Investment strategy

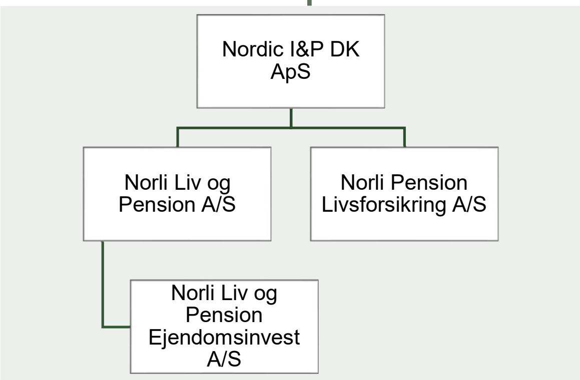
The objective of the Company's investment strategy is generally for the investment portfolio to achieve an attractive risk-adjusted return by investing in a diversified portfolio of assets while considering the available risk capacity of the Company's policyholders. Interest rate hedging is applied to ensure that life insurance provisions are hedged against interest rate fluctuations. The investment portfolio is invested in high-quality bonds with low credit risk, credit assets, stocks and properties while the interest rate risk is managed through the use of interest rate derivatives.

Organisation

Nordic I&P DK ApS is the sole owner of Norli Liv og Pension A/S.

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

Nordic I&P DK Group



Norli Liv og Pension has outsourced the internal audit function to Advisense. Activities related to data protection and whistleblower reporting are outsourced to Bech-Bruun. Furthermore, Norli Liv og Pension has outsourced the management of its portfolio of mortgage bonds to an external asset manager.

Since the acquisition in March 2022, Norli Liv og Pension share key employees with its sister company Norli Pension Livsforsikring.

Norli Liv og Pension has in in 2023 taken over all services, which since March 2022 have been delivered from from Alm. Brand Group

Management and employees

At the end of 2023, Norli Liv og Pension had 74 full time employees and 11 part time employees. Besides this, Norli Liv og Pension has 9 split employees.

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

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

Gender composition

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

The management board consists of two members of same gender. When changes to the management board are deemed necessary, the company will prefer to ensure an equal gender composition. On a side note, the two top management levels when seen together, has a gender composition of 60/40, which is deemed equal.

Gender compositions

Members of Board of Directors	2023
Members in total	3
Underrepresented gender in percentage	33%
Gender target in percentage	33%
Expected time for target realisation	Target met
Executive Management	2023
Persons in total	2
Underrepresented gender in percentage	0%
Gender target in percentage	*
Expected time for target realisation	*
Management	2023
Persons in total	8
Underrepresented gender in percentage	37.5%
Gender target in percentage	*
Expected time for target realisation	*

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

We are committed to fostering an inclusive workplace culture that champions equal opportunities for both genders. We strive to achieve more even gender balance across all levels of management, with a goal to increase the representation of the underrepresented gender. As part of our policy implementation, we will in 2024 establish guidelines to promote unbiased selection in management positions. In the reporting period the share of the underrepresented gender in management positions increased from 25% to 37.5%.

Board of Directors

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

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

Composition and organisation of the board of directors

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

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

All members of the Board of Directors are elected every year on the Annual General Meeting, and all members of the Board of Directors fulfil the legal requirements of independency.

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

The Board of Directors have considered the qualifications and skills necessary for the Board of Directors in relation to the business plan of Norli Liv og Pension, and the assessment is that the Board of Directors meets these qualifications and skills.

In 2023 the Board of Directors has held 19 board meetings. 4 of these meetings were ordinary meetings, the remaining meetings were extraordinary meetings, due to extraordinary circumstances, for example potential new investments etc. 5 meetings have been held as physical meetings, while 2 meetings were held as online meetings. 2 meetings were a mix between physical and online participation. 10 meetings were held in writing.

Audit and Risk committee

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

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

The main tasks of the Audit and Risk Committee is to report to the Board of Directors the result of the audit required by law, to supervise the financial reporting process, to supervise the internal audit reporting and the risk reporting in order to ensure the effectiveness hereof in relation to the financial reporting, to ensure and supervise the independency of the auditors elected by the general meeting and to be responsible for the procedure of electing and nominating the auditors to be elected by the general meeting.

In 2023, the Audit and Risk Committee has held meetings prior to ordinary board meetings in Q1, Q2 and Q4. The agenda of the Audit and Risk Committee meetings follow the plan adopted by the Board of Directors.

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

Corporate Social Responsibility

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

The Company has a policy for Corporate and Social Responsibility (CSR). According to the policy, Corporate and Social Responsibility is an integrated part of Norli Liv og Pension’s activities and the policy includes principles for running the business. The company complies with all relevant regulation and accommodates all legal and ethical expectations put forward by clients, stakeholders and society.

The CSR policy is a guide to make the company focus on and be aware of the well-being of the employees.

According to the CSR policy trustworthiness and propriety is a promise to the customers and thus a foundation for all customer related processes.

During the carve-out process, it has been a key concern that all customer data is well protected in accordance with the legislation in force and company policies on GDPR and data ethics. The Data Protection Officer is in particular very much aware of any data breaches made by Norli Liv og Pension or any of its business partners.

The pensions industry and the rest of the financial sector continues to have Anti Money Laundry as a top priority. In accordance with the CSR and AML policies the company is putting effort into reducing crime in society through the continued effort to improve the company’s Anti Money Laundry policies and processes. As a pension service provider, Norli Liv og Pension can be exploited by criminals intending to launder money or by criminals trying to employ money for illicit purposes. AML risk for Norli Liv og Pension (being part of the pensions industry) is considered low in accordance with the risk assessment put forward in the "National AML Risk Assessment" issued in 2022 by the Danish Financial Intelligence Unit (FIU). In accordance with regulation and company policies any suspicious activities are reported to the police without delay.

Norli Liv og Pension has a "Policy for Responsible Investments" that describes the approach approved by Norli Liv og Pension Board to consider its investment principles and processes in respect of international conventions and declarations on human rights, responsible climate action, children rights, etc.

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

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

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

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

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

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

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

In addition to the above, most investments are of a long-term nature and managed by external managers through investment management agreements entered into in the period 2018-2022. The company's credit investments mainly consist of debt issued by unlisted companies with limited public information on overall sustainability. Consequently, the company has limited abilities in way of reducing the climate footprint of the investments. The potential benefits of estimating the marginal CO2-footprint are deemed insignificant and gained with a high relative cost. The company does therefore not estimate nor disclose CO2-footprint as otherwise proposed by the standard from Insurance & Pension Denmark on climate reporting. When the financial markets matures in terms of more readily available sustainability data, the company will reconsider this approach.

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

Data Ethics policy

Due to the legal requirements stated in "Bekendtgørelse om finansielle rapporter" § 132d, the company reports its policy and procedures in relation to data ethics.

Norli Liv og Pension has a strong commitment in relation to protection of personal data. In this regard Norli Liv og Pension respects the principles covering the insurance industry as such.

Norli Liv og Pension has a clear intention of being able to service its policy holders via digital solutions in a responsible manner which protects the personal data of the policy holders while at the same time providing them with an effective case management.

Norli Liv og Pension will only collect information from the policyholders where necessary in order to provide advice on life insurance and associated products for the benefit of the policyholders in respect of their current and future insurance coverage.

Norli Liv og Pension offers group life insurance to it's customers in cooperation with Forenede Gruppeliv. A process regarding the declarations of consent has been initiated in order to make sure that the declarations give the policy holders all the necessary information prior to their signing of the declarations. In this regard, it is also important that the policy holders are aware of and know what kind of information they should expect to provide and where to find the information afterwards.

Norli Liv og Pension has strong and continuing focus on data protection, and thus Norli Liv og Pension has entered into an outsourcing agreement with Bech-Bruun Advokatpartner-selskab, stating that Bech-Bruun Advokatpartnerselskab covers the position as Data Protection Officer. By choosing this solution, the policy holders and other parties as well have the opportunity to have an independent assessment of the company's processing of personal data. Furthermore, the employees have the possibility to raise concerns regard company's processing of personal data. In addition to the Data Protection Officer, the company's inhouse legal counsel will also provide the employees with guidance and support in relation to data protection.

Outlook for 2024

The pre-tax profit is expected to amount to DKK 197 million, while regular premium payments are expected to decline slightly by 2-3%.

The financial guidance is based on the current level of interest rates.

Board of Directors

Vivian Lund

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

Nina Christensen

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

Henrik Gade Jepsen

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

Executive Management Board

Claude Emile Frigout Reffs

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

Peter Trägårdh Christensen

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

Company information

Registration		
Name:	Address:	Main phone:
Norli Liv og Pension Livsforsikring A/S	Midtermolen 1 DK-2100 København Ø	38 20 24 00
Company Registration No. (CVR):	Municipality:	e-mail:
CVR 64 14 57 11	København	service@norli.dk
		Webpage
		Norli.dk
Board of Directors		
Vivian Lund *Chairman*	Nina Christensen	Henrik Gade Jepsen
Management		
Claude Emile Frigout Reffs *Chief Executive Officer*	Peter Trägårdh Christensen *Director/CRO*	
Auditors		
EY **Godkendt Revisionspartnerselskab** Dirch Passers Allé 36 2000 Frederiksberg		
Shareholder		
Norli Liv og Pension A/S is a 100% owned subsidiary of Nordic I&P DK ApS		

Statement by the Management Board and the Board of Directors

The Board of Directors and the Management Board have today considered and approved the annual report of Norli Liv og Pension A/S for the period 1 January to 31 December 2023.

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

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

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

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

Management Board

Copenhagen, 02 April 2024

Claude Emile Frigout Reffs *Chief Executive Officer*	Peter Trägårdh Christensen *Director/CRO*

Board of Directors

Copenhagen, 02 April 2024

Vivian Lund *Chairman*	Nina Christensen	Henrik Gade Jepsen

Independent auditor's report

To the shareholders of Norli Liv og Pension Livsforsikring A/S

Opinion

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

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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

Appointment of auditor

We were initially appointed as auditor of Norli Liv og Pension Livsforsikring A/S on 20 April 2021 for the financial year 2021. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 3 years up until the financial year 2023.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2023. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Measurement of provisions for insurance and investment contracts	
The Company's provisions for insurance and investment contracts amounts to a total of DKK 14,285 million at 31 December 2023, of which DKK 12,894 million is related to life insurance provisions, DKK 548 million is related to provisions for claims and DKK 797 million is related to profit margins. The measurement of provisions for insurance and investment contracts is a key audit matter in the audit as Management exercise significant estimates and judgements in connection with: • Choice of methods, models and data • Determination of assumptions for the measurement of provisions for insurance and investment contracts requires Management to apply complex judgements about future events. Reference is made to note 19 and 20 to the financial statements for a specification of provisions for insurance and investment contracts, to note 28 and 29 for Management's description of risks, uncertainties and estimates made in respect of provisions for insurance and investment contracts as well as note 30 for a description of the accounting policies.	Our audit procedures performed in cooperation with our actuarial specialists included: ► Assessment of design and test of effectiveness of key controls in the processes over actuarial models, data and analysis, including the assumptions-setting processes. ► Comparison of methods and assumptions used with generally accepted actuarial standards, historical development and market practice, particularly regarding mortality rates, disability and reactivation assumptions. ► Test of accuracy and completeness of underlying data on a sample basis as well as review of actuarial calculations and models. ► Assessment and analyses of the development in provisions for insurance and investment contracts and changes to the models applied and assumptions used compared with prior year as well as the development in industry standards and market practice. Furthermore, we assessed whether the disclosures relating to risks and uncertainties in respect of provisions made meet the relevant accounting rules.
Measurement of unlisted investments	
The Company's unlisted investments, including real estate, amounts to DKK 3,055 million at 31 December 2023 and consists of investments measured at fair value, where significant inputs are unobservable (level 3). The measurement of unlisted investments is a key audit matter in the audit as Management exercise significant estimates and judgements in connection with: • Choice of methods, models and data • Determination of assumptions for the measurement of unlisted investments including assessment of future cash flows and required rate of return. Reference is made to note 15 to the financial statements for a specification of unlisted investments, to notes 28 and 29 for Management's description of risks, uncertainties and estimates made and to note 30 for a description of the accounting policies.	Our audit procedures performed on management's measurement of unlisted investments include: ► Assessment of the methods and models applied based on type of investment, our industry knowledge and experience. ► Test of accuracy and completeness of underlying data on a sample basis. ► Assessment of key assumptions and testing of underlying documentation on a sample basis. Furthermore, we assessed whether the disclosures relating to risks and uncertainties in respect of measurement of unlisted investments meet the relevant accounting rules.

Statement on the Management's review

Management is responsible for the Management' review.

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

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

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

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of relevant law and regulations. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

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

Copenhagen, 2 April 2024
EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Lars Rhod Søndergaard State Authorised Public Accountant mne28632	Allan Lunde Pedersen State Authorised Public Accountant mne34495

Income and comprehensive income statement

DKKt	Note	2023	2022
Income statement			
Gross premiums	1	1,303,929	1,354,550
Ceded insurance premiums		-17,693	-18,128
Total premiums, net of reinsurance		**1,286,237**	**1,336,422**
Income from group enterprises	2	-26,707	162,488
Income from investment properties		4,539	4,203
Interest income and dividends, etc.	3	198,186	157,738
Value adjustments	4	275,664	-1,952,130
Interest expenses		-17,088	-2,681
Administrative expenses related to investment activities		-84,351	-42,417
Total investment return		**350,243**	**-1,672,799**
Tax on pension returns	5	-54,300	-72,313
Claims and benefits paid	6	-1,945,876	-1,632,267
Reinsurers' share received		6,551	6,112
Total claims and benefits, net of reinsurance		**-1,939,326**	**-1,626,155**
Change in life insurance provisions		804,519	2,484,400
Change in reinsurers' share		2,301	2,306
Total change in life insurance provisions, net of reinsurance		**806,821**	**2,486,705**
Change in profit margin		**-133,334**	**-319,528**
Acquisition cost	7	-72,341	-67,063
Administrative expenses	8	-62,669	-59,477
Commissions paid and reinsurance cost		3,608	3,861
Total insurance operating expenses, net of reinsurance		**-131,403**	**-122,679**
Transferred investment return		-46,858	108,666
Technical result		**138,079**	**118,320**
Technical result of health and accident insurance	9	5,331	-19,086
Investment return on shareholders' equity		23,230	-29,406
Profit before tax	10	**166,640**	**69,828**
Tax	11	-39,234	-18,247
Net profit for the year		**127,406**	**51,581**
Comprehensive income			
Net profit for the year		127,406	51,581
Total comprehensive income		127,406	51,581
Proposed allocation of profit/loss			
Proposed dividend		0	0
Retained earnings		127,406	51,581
Total comprehensive income		**127,406**	**51,581**

Balance sheet

DKKt	Note	2023	2022
Assets			
Investment property	12	**156,220**	**155,662**
Investment in group enterprises	13	1,441,724	1,593,431
Total investments in group enterprises		**1,441,724**	**1,593,431**
Equity investments		1,863,006	1,909,303
Investment funds		9,391,605	10,482,771
Bonds		1,397,947	552,492
Share in collective investments		4,823	3,330
Other loans		174	174
Deposits with credit institutions		167,174	497,520
Other financial investment assets	14	1,956,261	3,296,464
Total other financial investment assets		**14,780,990**	**16,742,054**
Total investment assets	15	**16,378,934**	**18,491,147**
Reinsurers' share of life insurance provisions		31,565	29,264
Reinsurers' share of claims provisions	16	259,900	196,845
Reinsurers' share of insurance contracts		**291,465**	**226,109**
Receivables from policyholders		**61,785**	**46,561**
Receivables from direct insurance contracts		**61,785**	**46,561**
Receivables from insurance companies		32	0
Receivables from group enterprises		0	4,532
Other receivables		53,425	17,404
Total receivables		**406,707**	**294,606**
Cash and cash equivalents		156,714	79,983
Other assets		131,788	161,750
Total other assets		**288,502**	**241,733**
Accrued interest and rent		15,616	45,355
Other prepayments and accrued income		19,690	19,154
Total prepayments and accrued income		**35,306**	**64,509**
Total assets		**17,109,450**	**19,091,995**

Balance sheet

DKKt	Note	2023	2022
Liability and equity			
Share capital		**10,000**	**391,800**
Contingency funds		100,883	100,883
Profit carried forward / Retained earnings		348,046	118,839
Total reserves		**448,929**	**219,722**
Total shareholders equity	18	**458,929**	**611,522**
Unearned premium provisions		30,015	27,170
Profit margin on non life contracts		10,186	10,736
Life insurance provisions	19	12,894,276	13,685,914
Profit margin on life insurance and investment contracts		797,264	672,589
Provisions for claims	20	547,832	487,742
Risk margin on non-life insurance contracts		5,759	5,103
Total provisions for insurance and investment contracts		**14,285,333**	**14,889,254**
Deferred tax	21	15,123	10,555
Other liabilities		53	1,064
Total provisions for liabilities		**15,176**	**11,619**
Payables related to direct insurance		37,093	32,089
Payables related to reinsurance		26,003	31,115
Payables to credit institutions		0	803,029
Payables to group enterprises		18,840	0
Current tax liabilities	17	21,598	35,729
Other debt	22	2,245,781	2,644,138
Total debts		**2,349,315**	**3,546,100**
Accruals and deferred income		**697**	**33,500**
Total liabilities and equity		**17,109,450**	**19,091,995**

Contingent liabilities	23
Collateral security	24
Related parties	25
Derivative financial instruments	26
Financial highlights	27
Capital and risk management	28
Significant accounting estimates, assumptions and uncertainties	29
Accounting policies	30

Statement of changes in equity

DKKt

DKKt	Share capital	Contingency funds	Retained earnings	Proposed dividend	Total
Shareholders' equity at 1 January 2022	**391,800**	**100,883**	**61,783**	**0**	**554,467**
Changes in shareholders' equity 2022					
Net profit for the year			51,581		51,581
Comprehensive income			**51,581**	**0**	**51,581**
Dividend distributed			22,194		22,194
Extraordinary dividend distributed			-16,719		-16,719
Changes in shareholders' equity	**0**	**0**	**57,056**	**0**	**57,056**
Shareholders' equity at 31 December 2022	**391,800**	**100,883**	**118,839**	**0**	**611,522**
Shareholders' equity at 1 January 2023	**391,800**	**100,883**	**118,839**	**0**	**611,522**
Changes in shareholders' equity 2023:					
Net profit for the year			127,406	0	127,406
Comprehensive income			**127,406**	**0**	**127,406**
Capital reduction	-381,800		381,800	0	0
Extraordinary dividend distributed			-280,000		-280,000
Changes in shareholders' equity	**-381,800**	**0**	**229,206**	**0**	**-152,594**
Shareholders' equity at 31 December 2023	**10,000**	**100,883**	**348,045**	**0**	**458,929**

Notes

DKKt	2023	2022
Note 1 Gross premiums		
Direct insurance	1,303,929	1,354,550
Total gross premiums	1,303,929	1,354,550
Regular premiums	766,610	780,401
Single premiums	537,319	574,149
Total gross premiums	**1,303,929**	**1,354,550**
Insurance taken out individually	513,561	546,015
Insurance taken out in connection with employment	546,323	559,664
Group life insurance	244,045	248,871
Total gross premiums	1,303,929	1,354,550
Number of insured, direct insurance (1,000):		
Insurance taken out individually	43,479	46,754
Insurance taken out in connection with employment	8,095	8,483
Group life insurance	56,275	60,069

All policies in Life Insurance written include a bonus arrangement.
The company only writes direct Danish insurance.

DKKt	2023	2022
Note 2 Income from group enterprises		
Norli Liv og Pension Ejendomsinvest A/S	-26,707	162,488
Total income from group enterprises	**-26,707**	**162,488**
The results are recognised in the following items:		
Income from group enterprises	-26,707	162,488
Total income from group enterprises	-26,707	162,488
Note 3 Interest income and dividend		
Equity investments	91,793	33,326
Investment funds	47,190	91,494
Bonds	22,254	5,000
Deposits in credit institutions	32,259	2,251
Share in collective investments	186	2,147
Derivative financial instruments	0	23,515
Other investment assets	4,504	5
Total interest income and dividend	**198,186**	**157,738**
Note 4 Value adjustments		
Investment property	686	-9,839
Equity investments	34,799	-33,744
Investment funds	530,798	-2,189,827
Shares in collective investments	-182	-1,786
Bonds	40,172	134,602
Derivative financial instruments	-377,712	214,814
Other investment assets	47,103	-66,350
Total value adjustments	**275,664**	**-1,952,130**

Notes

DKKt	2023	2022
Note 5 Tax on pension returns		
Individual tax on pension investment returns	-54,300	-72,313
Total tax on pension returns	**-54,300**	**-72,313**
Note 6 Claims and benefits paid		
Insurance amounts on death	-95,255	-105,558
Insurance amounts on critical illness	-21,157	-23,713
Insurance amounts on disability	-6,922	-7,225
Insurance amounts on expiry	-170,022	-116,167
Pensions and annuity benefits	-284,762	-284,409
Surrender values	-1,192,339	-925,561
Cash bonus payments	-175,419	-169,634
Total claims and benefits paid	**-1,945,876**	**-1,632,267**
Note 7 Acquisition costs		
Acquisition commission	-11,152	-10,939
Other acquisition costs	-61,189	-56,124
Total acquisition costs	**-72,341**	**-67,063**

The company and Alm. Brand Group have signed a distribution agreement concerning the sale of pension schemes.

Note 8 Administrative expenses		
Staff expenses	-82,807	-70,129
Allocated staff expenses to acquisition/investment costs	59,996	48,416
Other administrative expenses	-39,858	-37,764
Total administrative expenses	**-62,669**	**-59,477**
Staff expenses		
Wages and salaries	-60,735	-56,295
Pensions	-8,710	-7,584
Other social security costs and payroll tax	-13,362	-6,249
Total staff expenses	-82,807	-70,129
Average number of full-time-equivalent employees during the year	72	65

Staff expenses are affected by the carve-out from Alm. Brand, where administrative functions formerly sourced by Alm. Brand now has been built up within Norli Liv & Pension

Remuneration to the Management Board and the Board of Directors		
Salary, pension and remuneration	-6,199	-3,819
Total remuneration to the Management Board and the Board of Directors	-6,199	-3,819
Remuneration to significant risk takers		
Salary, pension and remuneration - fixed part	-2,807	-4,814
Salary, pension and remuneration - variable part	0	-625
Total remuneration to significant risk takers	-2,807	-5,439

Notes

Number of members of the Management Board	2	1
Number of members of the Board of Directors	5	3
Number of members of significant risk takers	2	5

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

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

Note 9 Technical result of health and accident insurance

Gross premiums	121,634	121,672
Ceded insurance premiums	-70,645	-71,515
Change in premium provisions	-649	2,851
Change in profit and risk margin	470	-5,711
Total premiums, net of reinsurance	50,810	47,297
Claims paid	-87,969	-81,155
Claims paid, reinsurer's share	35,543	30,582
Change in provisions for claims	-33,361	-3,125
Change in risk margin	-576	206
Change in provisions for claims, reinsurer's share	63,055	25,406
Total claims, net of reinsurance	-23,308	-28,086
Acquisition cost	-15,228	-16,836
Administrative expenses	-12,412	-13,852
Commissions paid and reinsurance cost	10,766	11,315
Total insurance operating expenses, net of reinsurance	-16,873	-19,373
Technical result	10,628	-162
Total investment return	23,628	-79,260
Return on and value adjustments of technical provisions	-28,925	60,336
Total investment return after return on and value adjustment on technical provisions	-5,297	-18,924
Technical result of health and accident insurance	**5,331**	**-19,086**
Run-off result, gross	-56,905	-15,484
Run-off result, net of reinsurance	-32,110	-1,171
Gross claims ratio	100.4%	70.8%
Gross expense ratio	22.8%	25.8%
Relative run-off gains/losses	-10.7%	-0.4%
Number of claims	40	42
Claims frequency	0.6%	1.0%
Average amount of claims	794	700

Notes

DKKt	2023	2022
Note 10 Profit before tax		
Return requirements for shareholders' equity:		
Return on investments allocated to equity	23,230	-29,406
Result of portfolios without bonus entitlement	-721	-1,469
Profit before tax of the health and accident insurance	5,331	-19,086
Interest result	78,072	53,330
Expense result	3,401	11,947
Risk result	41,383	44,791
Forenede Gruppeliv / Group Life	15,944	9,721
Profit before tax	**166,640**	**69,828**

In accordance with the Executive Order on the Contribution Principle and the market discipline guidelines, the Danish FSA has been notified of Norli Liv og Pension's profit policy for 2023. Norli Liv og Pension's profit for the year comprises the investment return on assets in which shareholders' equity is invested plus the result of Forenede Gruppeliv, the health and accident result, plus a risk allowance based on technical provisions from the interest rate groups and a proportion of the risk results of the risk groups and the cost results of cost groups.

Note 11 Tax		
Estimated tax on profit/loss for the year	-34,352	-14,644
Adjustment of prior-year current tax	-314	-25,359
Adjustment of deferred tax	-4,568	21,756
Total tax	**-39,234**	**-18,247**
Tax for the year consist of:		
Tax on accounting profit/loss	-41,993	-15,362
Non-taxable income and non-deductible expenses	4,678	-2,885
Adjustment of deferred tax (increase in tax base)	-1,919	0
Total tax	-39,234	-18,247
Effective tax rate:		
Current tax rate	25.2%	22.0%
Non-taxable income and non-deductible expenses	-2.8%	4.1%
Adjustment of deferred tax (increase in tax base)	1.2%	0.0%
Effective tax rate	23.5%	26.1%

Note 12 Investment property		
Fair value, beginning of year	155,662	165,628
Fair value adjustments	558	-9,966
Fair value, end of year	**156,220**	**155,662**
Rates of return on which the fair value of the companys' individual properties are based on:		
Weighted average rates of return for corporate properties	6.50%	6.00%
Weighted average rates of return for residential properties	5.03%	4.50%
Total weighted average rates of return for investment properties	5.37%	4.86%

Notes

DKKt	2023	2022
Note 13 Investment in group enterprises		
Cost, beginning of year	893,595	893,595
Cost, end of year	893,595	893,595
Revaluation and impairment, beginning of year	699,836	537,348
Profit / loss for the year	-26,707	162,488
Dividend received	-125,000	0
Revaluation and impairment, end of year	548,129	699,836
Investment in group enterprises, end of year	**1,441,724**	**1,593,431**

Holdings in group enterprises consist of:

Name and domicile	*Activity*	*Ownership*	*Result*	*Equity*
Norli Liv og Pension Ejendomsinvest A/S, København	Property company	100%	-26,707	1,441,724

	2023	2022
Note 14 Other financial investment assets		
Derivatives	1,951,760	3,242,016
Other investment assets	4,501	54,448
Other financial investment assets, end of year	**1,956,261**	**3,296,464**

Note 15 Total investment assets

	Markedsværdi		**Afkast i % p.a før pensions-afkastskat og selskabesskat**
	Primo	**Ultimo**	
Breakdown of assets and return			
	Carrying amount		**Return % p.a. before tax**
DKKt	**1 January**	**31 December**	
1. Investment property	**1,189,280**	**1,108,671**	**-3.1%**
2.1 Equity investments	1,598,085	1,351,945	3.8%
2.2 Unlisted investments	81,121	12,111	5.9%
2. Equity investment, total	**1,679,206**	**1,364,056**	**3.8%**
3.1 Government and mortgage bonds	7,713,598	7,493,275	4.5%
3.2 Index-linked bonds	224,459	0	0.0%
3.3 Credit bonds and emerging market bonds	2,214,416	2,348,267	8.2%
3.4 Loans	79,267	499,343	7.5%
3. Bonds and loans, total	**10,231,740**	**10,340,886**	**5.5%**
4. Equity investments in group enterprises	**1,593,431**	**1,441,724**	**-1.1%**
5. Other financial investment assets	**501,024**	**171,838**	**1.9%**
6. Derivative financial instruments	**764,639**	**35,444**	**-57.5%**

Notes

DKKt	2023	2022
Fair value measurement of financial instruments		
Level 1		
Financial assets		
Equity investments	693,086	627,509
Investments funds	9,109,383	10,482,771
Bonds	1,321,376	60,905
Other assets	171,501	0
Total financial assets	**11,295,345**	**11,171,185**
Level 2		
Financial assets		
Bonds	76,571	491,587
Derivative financial instruments	1,951,760	3,242,017
Other investment assets	349	54,448
Total financial assets	**2,028,680**	**3,788,052**
Financial liabilities		
Derivative financial instruments	-1,916,317	-2,531,825
Total financial liabilities	**-1,916,317**	**-2,531,825**
Level 3		
Financial assets		
Investment property	156,220	155,662
Investment in group interprises	1,441,724	1,593,431
Equity investments	1,452,142	1,281,794
Share in collective investments	4,823	3,330
Other loans	0	174
Total financial assets	**3,054,910**	**3,034,391**

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

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

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

Notes

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

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

There were transfers between level 2 and level 3 in the amount of 54.4 million in the fair value hierarchy in 2023.
Which was a reclassification of other investments in level 2 to equity investment level 3

Bonds measured at quoted prices primarily comprise Danish mortgage bonds and, to a lesser extent, Danish government bonds and corporate bonds. These bonds are attributed to level 1 if a quoted price is identified within 1-3 trading days before the date of calculation (depending on the type of bond). Bonds which are not traded are attributed to level 2.
Equity investments mainly comprise listed shares and equity futures measured at quoted prices. For unlisted shares where no observable input is immediately available, the measurement is based on an estimate which builds on information from the companies' financial statements, experience from transactions involving shares in the companies in question as well as input from qualified third parties. The shares are included in level 3. A 10% drop in share prices would cause the value to decline by DKK 145.2 million in aggregate.

Other assets comprises interest receivable at DKK 155.3 million and positive values of derivative financial instruments at DKK 1,951.76 million. Interest rates are measured on the basis of normal principles of accrual. Interest rates are measured on the basis of normal principles of accrual.

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

Other liabilities comprises interest payable at 195.7 million and negative values of derivative financial instruments at DKK -1,916 million. Interest rates are measured on the basis of normal principles of accrual. Derivative financial instruments are valued on the basis of listed prices from an active market and using generally accepted valuation models with observable data, including yield curves, volatilities and equity indices.

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

Notes

DKKt	2023	2022
Development in level 3 financial instruments		
Loans and advances		
Carrying amount, beginning of year	174	190
Disposals during the year	0	-16
Carrying amount, end of year	174	174
Value adjustments recognised in the income statement	0	0
Share in collective investments		
Carrying amount, beginning of year	3,330	4,519
Additions during the year	0	598
Distributed dividend	-249	-2,147
Unrealised value adjustments	1,742	360
Carrying amount, end of year	4,823	3,330
Value adjustments recognised in the income statement	1,991	2,507
Equity investments		
Carrying amount, beginning of year	1,281,794	764,982
Additions during the year	267,066	528,176
Disposals during the year	0	-598
Distributed dividend	-80,620	-13,237
Realised value adjustments	0	-10,545
Unrealised value adjustments	-16,098	13,016
Carrying amount, end of year	1,452,142	1,281,794
Value adjustments recognised in the income statement	64,522	15,708
Investment in group enterprises		
Carrying amount, beginning of year	1,593,431	1,430,943
Distributed dividend	-125,000	0
Unrealised value adjustments	-26,707	162,488
Carrying amount, end of year	1,441,724	1,593,431
Value adjustments recognised in the income statement	-26,707	162,488
Investment property		
Carrying amount, beginning of year	155,662	165,628
Unrealised value adjustments	558	-9,966
Carrying amount, end of year	156,220	155,662
Value adjustments recognised in the income statement	558	-9,966

Notes

DKKt	2023	2022
Note 16 Reinsurers' share of claims provisions		
Regarding health and accident insurance	259,900	196,845
Reinsurers' share of claims provisions, end of year	**259,900**	**196,845**
Note 17 Current tax liabilities		
Current tax assets and liabilities, beginning of year	35,729	14,461
Prior year tax adjustment	314	520
Tax paid/received in respect of prior years	-39,797	9,858
Tax paid during the year	-9,000	-3,754
Estimated tax on profit/loss for the year	34,352	14,644
Current tax assets and liabilities, end of year	**21,598**	**35,729**
Note 18 Shareholders equity		
Share capital		
Share capital, beginning of year	391,800	391,800
Capital reduction during the year*	-381,800	0
Share capital, end of year	10,000	391,800

*A capital reduction that amounts to DKKt 381,800 has been decided 24.08.2023 with effective date 27 June 2023.

The share capital is made up of A-shares:
- 10,000 shares of DKKt 10

Reserves		
Contingency fund 1 (untaxed)	28,594	28,594
Contingency fund 2 (untaxed)	72,289	72,289
Contingency fund, end of year	100,883	100,883

In accordance with the company's articles of association, the contingency funds must be used for the benefit of the insured,

Profit carried forward / Retained earnings		
Profit carried forward, beginning of year	118,839	61,783
Net profit for the year	127,406	51,581
apital reduction effective date 27 June 2023	381,800	0
Group subsidy	0	22,194
Extraordinary dividend distributed	-280,000	-16,719
Profit carried forward / Retained earnings, end of year	348,045	118,839
Shareholders equity, end of year	**458,929**	**611,522**
Shareholders equity end of year	458,929	611,522
Deferred tax assets	0	0
Equity adjusted for tax assets	458,929	611,522
Adjustment between Solvency II and accounting balance sheet	486,693	386,861
Capital base, end of year	**945,621**	**998,383**

Notes

DKKt	2023	2022
Note 19 Life insurance provisions		
Provisions, beginning of year	13,685,914	16,179,225
Profit margin, beginning of year	672,589	350,625
Total provisions for insurance contracts, beginning of year	**14,358,503**	**16,529,850**
Collective bonus potential, beginning of year	-326,333	-1,797,917
Accumulated value adjustment, beginning of year	-44,232	-747,887
Retrospective provisions, beginning of year	**13,987,938**	**13,984,046**
Adjustments, beginning of year	5,509	-8,209
Gross premiums	1,303,929	1,354,550
Addition of return	306,152	397,892
Resetting of negative bonus	34,298	25,759
Claims and benefits	-1,945,876	-1,630,597
Expense supplement after addition of expense bonus	-72,764	-71,076
Risk gain after addition of risk bonus	-49,190	-54,400
Other changes	-21,304	-10,026
Retrospective provisions, end of year	**13,548,691**	**13,987,939**
Accumulated value adjustment, end of year	453,297	44,232
Collective bonus potential, end of year	136,947	326,332
Applied individual bonus potential, end of year	-5,997	0
Accumulated pension return tax adjustment, end of year	-441,398	0
Total provisions for insurance contracts, end of year	**13,691,540**	**14,358,503**
Profit margin, end of year	-797,264	-672,589
Life insurance provisions, end of year	**12,894,276**	**13,685,914**

Norli Liv og Pension A/S writes average rate products with guaranteed benefits and option of surrender. The company’s insurances are distributed on seven portfolios. Five interest contribution groups are dependent on the guaranteed benefits provided in different periods. In addition, there is a closed portfolio of old life annuities without bonus entitlement (written on basis U74 and basis L66) and a portfolio of health and personal accident insurances.

Notes

Life insurance provisions by sub-portfolio	2023 Guaranteed provisions	Individual bonus potential	Collective bonus potential	Total provisions	Return (%)	Bonus ratios (%)
Interest rate Group B	6,827,229	1,740,395	12,545	8,580,169	1.6	18.9
Interest rate Group A	1,618,245	452,938	3,369	2,074,552	2.0	19.1
Interest rate Group 0	575,331	45,112	27,463	647,906	3.3	10.6
Interest rate Group 1	377,396	1,199	29,189	407,784	3.6	8.4
Interest rate Group 2	390,546	1,211	11,576	403,333	5.1	3.4
Interest rate Group 3	707,237	2,177	52,805	762,219	4.6	12.4
Interest rate Group L66/U74	18,313	0	0	18,313	0.0	0.0
Life insurance provisions, end of year	**10,514,297**	**2,243,032**	**136,947**	**12,894,276**	**2.1**	**17.6**

Life insurance provisions by sub-portfolio	2022 Guaranteed provisions	Individual bonus potential	Collective bonus potential	Total provisions	Return (%)	Bonus ratios (%)
Interest rate Group B	5,814,103	1,543,566	136,512	7,494,181	-7.3	21.9
Interest rate Group A	2,466,666	924,557	24,520	3,415,743	-8.8	25.4
Interest rate Group 0	677,673	101,843	25,321	804,837	-14.2	15.3
Interest rate Group 1	450,474	17,098	45,271	512,843	-15.0	14.3
Interest rate Group 2	498,205	1,195	32,536	531,936	-17.5	6.8
Interest rate Group 3	841,366	1,974	62,172	905,512	-15.1	11.9
Interest rate Group L66/U74	20,862	0	0	20,862	0.0	0.0
Life insurance provisions, end of year	**10,769,349**	**2,590,233**	**326,332**	**13,685,914**	**-9.4**	**21.3**

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

DKKt	2023	2022
Expense result		
Cost contribution after addition of expense bonus	134,804	134,626
Insurance operating expenses for the year, net of reinsurance	-131,400	-122,679
Expense result, net of reinsurance	**3,404**	**11,947**
Expense result as percentage of the technical provisions	**0,0**	**0,0**
Risk result:		
Risk group death	30,398	18,237
Risk group disability	-1,252	-3,544
Risk group survive - L1	14,870	32,401
Risk group survive - L2	-2,632	-2,303
Risk result after addition of risk bonus, net of reinsurance	**41,383**	**44,791**
Risk result as a percentage of technical provisions	**0.3**	**0.3**
Return on policyholder's funds after costs before tax (%)	**-13.6**	**-10.2**

Notes

DKKt	2023	2022
Risk margin:		
Interest rate Group B	29,330	22,728
Interest rate Group A	13,843	21,692
Interest rate Group 0	3,215	4,351
Interest rate Group 1	1,055	1,332
Interest rate Group 2	1,266	1,564
Interest rate Group 3	1,944	2,350
Interest rate Group L66/U74	537	607
Total risk margin	**51,190**	**54,624**
Profit margin:		
Interest rate Group B	451,960	267,299
Interest rate Group A	236,382	293,767
Interest rate Group 0	50,453	54,457
Interest rate Group 1	14,201	14,050
Interest rate Group 2	17,728	17,300
Interest rate Group 3	26,540	25,716
Total profit margin	**797,264**	**672,589**

Note 20 Provisions for claims		
Regarding health and accident insurance		
Provisions for claims, beginning of year	487,742	536,070
Change in provisions for claims	60,090	-48,328
Provisions for claims, end of year	**547,832**	**487,742**

Note 21 Deferred tax liabilities		
Deferred tax liabilities, beginning of year	10,555	7,472
Change for the year	4,568	3,083
Deferred tax liabilities, end of year	**15,123**	**10,555**
Deferred tax on real estate	15,123	10,555

Note 22 Other debt		
Deposits prepaid rent	2,926	2,964
Tax on pension returns	49,532	67,626
Other taxes and VAT	36,078	3,557
Derivative financial instruments	2,059,443	2,531,825
Holiday pay obligation	4,186	5,520
Other liabilities	93,616	32,646
Other debt, end of year	**2,245,781**	**2,644,138**

Of the debt relating to derivative financial instruments, DKK 1,900 million are due more than five years after the balance sheet date. All other debts fall due within five years.

Notes

DKKt	2023	2022
Note 23 Contingent liabilities		
VAT adjustment liability related to investment properties	109	55
Minimum lease payments regarding company cars	4,839	5,944
Investment commitments in unlisted, alternative investments	442,813	460,411
Rental obligations	1,368	0
Contingent liabilities, end of year	**449,129**	**466,410**

Norli Liv og Pension have undertaken to participate in investing in unlisted property and credit funds in the amount of DKK 989 million.

Norli Liv og Pension Livsforsikring A/S is jointly and severally liable together with the other co-registered group companies for the total tax and VAT liability.

For Danish tax purposes, the company is taxed jointly with Nordic I&P DK ApS as an administration company. The company has unlimited, joint and several liability together with the other jointly taxed companies for corporate income tax payable effective from 1 March 2022 and for withholding taxes on dividends, interest and royalties. The net liability of the jointly taxed companies to 'Skattestyrelsen' is specified in the administration company's consolidated accounts. Any subsequent adjustments of income subject to joint taxation and withholding tax, etc. could cause the company's liability amounts to a larger amount.

Note 24 Collateral security		
Carrying amounts of assets provided as collateral security for technical provisions:		
Government bonds	4,949	0
Corporate bonds	1,158,513	344,671
Equity investments	2,128,634	2,269,520
Collective investment undertakings	10,555,710	11,758,485
Cash and deposits	91,294	873,257
Property plant and equipment	155,566	155,662
Collateral security, end of year	**14,094,666**	**15,401,595**

Notes

DKKt	2023	2022

Note 25 Related parties

Norli Liv og Pension Livsforsikring A/S is a wholly owned subsidiary of Nordic I&P DK ApS, Tuborg Boulevard 3, DK-2900 Hellerup, which exercises a controlling influence on the company, and in which the company is included as a subsidiary in the consolidated financial statements.

Related parties comprise:
(a) Nordic I&P DK ApS, Tuborg Boulevard 3, DK-2900 Hellerup
(b) Norli Pension Livsforsikring A/S, Tuborg Boulevard 3, DK-2900 Hellerup
(c) Norli Liv og Pension Ejendomsinvest A/S, Midtermolen 1, DK-2100 Copenhagen Ø
(d) Members of the Management Board and Board of Directors

Related parties also include related family members of the Management Board, Board of Directors and key employees as well as companies in which these persons have significant interests.

The Nordic Group maintains cross-cutting functions that solve joint administrative tasks for the group's companies. The consideration paid for this administrative function is fixed on an arm's length basis or, where there is no specific market, on a cost-recovery basis.

	2023	2022
Financial relations, Nordic I&P DK ApS		
Administration fee (income)	2,371	264
Administration costs	697	-
Receivables end of year	377	264
Payables end of year	17,197	-
Financial relations, Norli Pension Livsforsikring A/S		
Administration fee (income)	28	-
Administration costs	9,377	5,397
Receivables end of year	3	79
Payables end of year	2,734	-
Financial relations, Norli Liv og Pension Ejendomsinvest A/S		
Administration fee (income)	1,200	4,189
Rent	2,781	1,246
Receivables end of year	0	4,189

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

Notes

Note 26 Derivative financial instruments

Financial derivatives are applied to manage FX-, interest rate and equity risk. Cash collateral is exchanged to settle any market value exposures with derivative counterparts or central clearing counterparts. Net collateral margin posted in favour of Norli Liv amounted to DKK 213 million at 31 December 2023, and DKK 728 million at 31 December 2022.

Financial contracts are recognized at fair value.

	2023		
DKKm	Expiration	Principal	Market value
Interest rate swaps	2024-2058	59,504	-1,014
Swaptions	2024-2027	9,019	303
Forward exchange transactions	2024	1,193	6
Derivative financial instruments, end of year			-705

	2022		
DKKm	Expiration	Principal	Market value
Interest rate swaps	2023-2051	18,308	-1,045
Swaptions	2023-2026	12,653	1,741
Forward exchange transactions	2023	1,930	49
Derivative financial instruments, end of year			745

Note 27 Financial highlights

DKKm	**2023**	**2022**	**2021**	**2020**	**2019**
Premiums	1,304	1,355	1,434	1,504	1,850
Claims and benefits	-1,946	-1,632	-1,464	-1,354	-1,034
Return on investment	249	-1,636	-173	799	1,131
Total operating expenses relating to insurance	-135	-127	-109	-107	-106
Profit/loss on business ceded	-5	-6	-7	-3	-4
Change in life insurance provisions	805	2,484	391	-702	-1,813
Change in profit margin	-133	-320	31	-26	70
Technical result	**138**	**118**	**103**	**111**	**94**
Technical result of health and accident insurance	**5**	**-19**	**23**	**23**	**11**
Investment return on equity	**23**	**-29**	**-10**	**1**	**-3**
Profit before tax	**167**	**70**	**116**	**135**	**102**
Tax	-39	-18	-24	-30	-11
Net profit for the year	**127**	**52**	**92**	**105**	**91**
Total provisions for insurance contracts	14,285	14,889	17,115	17,559	16,813
Total shareholder equity	459	612	554	795	690
Total assets	17,109	19,092	18,556	19,912	18,833
Rate of return related to average interest rate products	2.8	-9.5	-0.6	5.8	9.2
Expenses as percent of provisions	0.9	0.8	0.7	0.6	0.7
Expenses per policyholder	2,280	2,016	1,667	1,593	1,543
Return on equity before tax (%) *)	24.7	12.3	17.2	18.2	15.0
Return on equity after tax (%) *)	18.9	9.0	13.6	14.1	13.4
Bonus rate (%)	17.6	21.3	19	15.2	16.1
Solvency coverage ratio (%)	405	575	608	729	717

*) Return on equity for 2019 has been calculated net of extraordinary costs totalling DKK 5 million before tax.
The key ratios are calculated in accordance with the provisions of the Danish Financial Business Act, including the Danish FSA's Executive Order No. 937 of 27 July 2015 on financial reports for insurance companies including later amendments.

Note 28 Capital and Risk Management

Objectives

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

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

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

Risk management system

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

The risk management system is a part of the group risk management framework for Norli Group.

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

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

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

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

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

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

Company risk committee's and risk function

Risk areas

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

Life insurance risks

Biometric risks consist of mortality, longevity, disability and catastrophe risk. Further insurance risks also include expense risk and policyholder behaviour risk (option risk related to the extent of surrenders and re-writing to paid-up policies). The insurance risks: longevity, mortality and disability risks, cover the situation where policyholder mortality or disability changes significantly for a period or permanently, resulting in wrong assessment of future developments in mortality and disability risks.

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

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

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

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

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

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

Financial risks

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

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

Market risks are divided into the sub-risks below.

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

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

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

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

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

Counterparty risks

Counterparty risk arises when a counterparty in a financial agreement, e.g. reinsurance contracts or financial contracts, fails to meet its obligations. Counterparty risk related to reinsurance is the uncertainty associated with the situation that one or more of the Company's reinsurers go into insolvent liquidation, resulting in a full or partial loss of receivables and in new coverage of the business having to be purchased. In order to minimise the risk related to each reinsurer, reinsurers must be rated according to a certain credit quality level. Deviations from this rating must be approved by the Board of Directors. Counterparty risk arising from derivative transactions is mitigated through the use of central clearing in London Clearing House for the larger part of the Company's transactions. Counterparty risk arising from bilateral derivative trades is mitigated by posting collateral or by depositing cash funds in a bank account. Placement limits contain restrictions as to the companies' maximum receivable from specific credit institutions. The Company limits counterparty risks in connection with derivative agreements by entering into margin agreements and netting with the counterparties.

Operational risks

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

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

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

Other risks

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

AML Risk

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

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

Note 29 Significant accounting estimates, assumptions and uncertainties

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

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

This note should be read in conjunction with note 30, which contains information about the determination of fair value.

Financial instruments

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

Valuations of financial instruments that are only to a limited extent based on observable market data are subject to estimates. This applies for example to unlisted shares and certain bonds for which an active market does not exist. For securities that are not listed on a stock exchange, or for which no price is quoted that reflects the fair value of the instrument, the fair value is determined using a model calculation.

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

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

Provisions for insurance and investment contracts

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

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

Real estate

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

Note 30 Accounting policies

General

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

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

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

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

New accounting rules for profit margin

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

General recognition and measurement policies

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

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

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

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

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

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

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

Financial assets are measured subsequent to initial recognition at amortised cost if they are held in order to collect the contractual cash flows and if the contractual cash flows are solely payments of interest and principal on the principal amount outstanding.

Financial assets are generally measured according to the time of initial recognition at fair value through other comprehensive income if the financial assets are held in a mixed business model in which some financial assets are held to collect the contractual cash flows and other financial assets are sold and if the contractual cash flows are solely payments of interest and principal on the principal amount outstanding. However, the relevant financial assets form part of a risk management system and an investment strategy based on fair values and on that basis form part of Norli's internal management reporting. Against this background, Norli assesses that the financial assets do not satisfy the criteria of a business model relating to the measurement categories amortised cost and fair value through other comprehensive income. The relevant financial assets are instead measured at fair value through profit or loss.

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

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

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

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

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

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

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

Income statement

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

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

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

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

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

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

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

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

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

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

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

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

Insurance operating expenses
The part of the insurance operation expenses that can be ascribed to acquisition and renewal of the insurance portfolio is recognised under acquisition costs. Acquisition costs are generally charged to the income statement when the insurance takes effect.

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

Insurance operating expenses are regulated for commissions from reinsurers.

Health and accident insurance
Premiums, net of reinsurance are included in the income statement as they fall due. Premiums, calculated net of

discounts not related to claims and the like and insurance premiums ceded, are accrued.

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

Total gross claims are calculated net of reinsurance.

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

Balance sheet

Assets

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

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

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

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

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

Investment assets are measured at fair value on initial and subsequent recognition. The determination of fair value and the classification of value adjustments of financial instruments in the financial statements depend on whether the fair value can be reliably measured. Generally, the company's financial instruments form part of the trading book, however, not unlisted shares and parts of the portfolio of mortgage deeds designated at fair value.

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

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

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

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

Financial assets are recognised or derecognised at the settlement date.

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

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

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

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

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

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

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

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

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

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

Liabilities and equity

Contingency funds
The contingency funds can only be used for the benefit of policyholders. Contingency fund 2 is moreover subject to the restriction that it can only be used when permission has been obtained from the Danish Financial Supervisory Authority.

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

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

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

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

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

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

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

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

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

under Solvency II. The risk margin development tracks the development in the company's solvency capital requirement.

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

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

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

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

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

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

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

Liability adequacy test
The outstanding claims provisions are calculated according to actuarial methods and with a view to avoiding runoff losses as well as run-off gains. At the calculation date, the provisions thus represent the best estimate of future claims for the current and previous claims years. The outstanding claims provisions are calculated on a monthly basis, and the level is therefore assessed to be adequate at all times.

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

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

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

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