

NORLI

Annual Report 2021

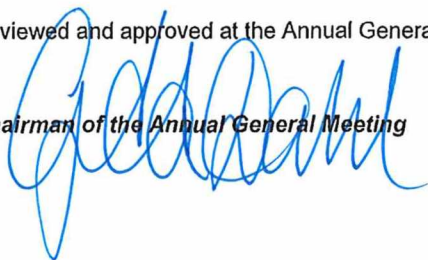
Norli Pension Livsforsikring A/S

Tuborg Boulevard 3, 2900 Hellerup

Reg.No.: 29 63 78 73

Reviewed and approved at the Annual General Meeting, April 28, 2022

Chairman of the Annual General Meeting

A handwritten signature in blue ink, appearing to be 'J. Andersen', written over the printed text 'Chairman of the Annual General Meeting'.



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Management review

Financial highlights

TDKK	2021	2020	2019	2018	2017	
Life insurance premiums	18,236	22,059	25,730	26,226	28,406	
Claims and benefits	-315,721	-355,409	-421,831	-425,731	-231,148	
Return on investment	-84,916	160,315	181,679	51,459	-4,390	
Total operating expenses relating to insurance	-20,651	-21,230	-20,055	-26,302	-21,894	
Profit/(loss) on ceded business	-52	3,553	3,846	-3,734	9,186	
Technical result	34,909	-3,449	-42,557	13,909	-21,766	
Net profit/(loss) for the year	13,900	17,083	-8,524	126,858	-34,737	
Total provisions for insurance and investment contracts	2,796,744	3,220,373	3,435,851	3,656,143	2,348,753	
Total equity	558,584	544,684	527,602	536,126	319,268	
Total assets	3,967,481	4,472,549	4,734,190	4,266,287	2,703,644	
Key figures						
Rate of return related to average interest rate products	%	-3.3	5.5	6.2	1.6	0.2
Expense ratio on provisions	%	0.7	0.6	0.6	0.9	0.9
Expenses per insured	dkk.	1,699	1,612	1,397	2,133	2,170
Return on equity after tax	%	2.5	3.2	-1.6	27.9	-11.2
Solvency coverage ratio	%	323	229	229	236	214

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

The acquisition of the portfolio Norli B affects the key figures from 2018 and onwards.

Norli Pension Livsforsikring A/S 2021

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

The Company is establishing a Norwegian life insurance company in order to facilitate a previously agreed take-over of two Norwegian pension portfolios from a Norwegian Sponsor Company. The Company are awaiting regulatory approval for the establishment and the take-over of agreed portfolios.

In order to comply with new regulations Norli Pension is part of the joint Forca project to enhance the calculation methods for the provisions under the solvency regime. The project is set for year-end 2022.

The main driver of the development in the financial markets in 2021 was the continued Covid-19 pandemic and its direct consequences. Due to the Company's prudent investment strategy, aiming to ensure the funding of its obligations, the Company managed to maintain a high and stable solvency ratio throughout the year.

Performance in brief:

- The Company's total interest rate result is positive by DKK 48m compared to DKK 53m last year. This return is due to a positive effect of DKK 135m from the decrease in the Company's liabilities due to changes in the interest rate and the roll down effect and a negative effect of DKK -87m from the realised investment return net of investment-related expenses, and pension investment return tax c.
- The insurance result is negatively influenced by an update of the market value parameters amounting to an increase in guaranteed benefits of DKK 37m. Combined with a negative administration result and other losses the total risk result was still negative after adjustments for loss absorptions.
- As expected, total premiums earned suffered a decrease in 2021 by 17% compared to 2020.
- The Company realised a profit of DKK 14m after tax. Tax on profit for the year amounted to DKK -4m. The result is considered satisfying in a year without addition of new portfolios.

Financial performance for the year

Norli Pension's pre-tax profit amounts to DKK 18m for 2021 compared to DKK 22m for 2020. Net profit stands at DKK 14m for 2021 compared to DKK 17m for 2020. The net result is shown in the table below:

DKK'm	2021	2020
Interest rate result	48	53
Insurance result	-28	-29
Other income / expenses	-3	-2
Income tax	-4	-5
Profit/loss for the year after tax	14	17

Interest rate result: Difference between the return on assets and the amount allocated to customers by way of the deposit interest rate as well as changes in market value adjustment regarding the interest rate element.

Insurance result: Risk and expense result including changes in the market value adjustment regarding these elements.

As can be seen from the table above the realised a positive interest rate result for the financial year 2021 while the insurance result was negative.

The main contributors to the positive interest rate result were the increase in volatility adjustment and the return on the investment portfolio as described below.

The insurance result was negatively influenced by a risk result of DKK -7m, which primarily was driven by a decrease in surrenders and an administration result regarding the existing portfolio of DKK -4m. Furthermore, changes in market value parameters (mainly surrenders and expenses)

influenced the insurance result by DKK -37m. Parts of the negative result was covered by buffers stemming from an increase in volatility adjustment resulting in an insurance result of DKK -28m.

Expenses related to M&A activities amounted to DKK 3m, which directly affects the equity.

The result is considered to be satisfying.

Comments on the income statement

Gross premiums

In 2021, gross premiums amounted to DKK 18m against DKK 22m in 2020. Gross premiums went down by 17%, which was expected since the portfolio is in run-off.

Investment return

The investment return for 2021 net of related expenses amounted to DKK -87m after pension investment return tax and including the result of hedging activities.

The negative return primarily reflects the impact of increasing interest rates during the year as the Company fully hedges the interest rate risk of its liabilities. The Company achieved a positive result on its credit assets and a positive interest rate result.

Insurance benefits

Benefits paid amounted to DKK 316m in 2021, 11% down compared to 2020.

Life insurance provisions

Life insurance provisions at year-end is DKK 2,797m, which is a drop of 13% compared to 2020.

Insurance operating expenses

Insurance operating expenses for 2021 amounted to DKK 20.6m, down 3% compared to DKK 21.2m in 2020.

Comments on the balance sheet

The balance sheet decreased from DKK 4,473m at year-end 2020 to DKK 3,970m for the reporting year. Provisions for insurance and investment contracts totalled DKK 2,797m at year-end 2021 against DKK 3,220m in 2020. The decreases are in line with the expected development for a portfolio in run-off.

Equity amounted to DKK 559m at year-end 2021 compared to DKK 545m in 2020. The increase is due to the end-year profit.

Solvency statement and capital requirement

As of 31 December 2021, the solvency ratio was 323%, which is an increase from 229% from 31 December 2020.

Compared to the capital requirement the Company continues to have a solid excess capital.

The Company calculates the solvency ratio in accordance with the Solvency II rules. To determine its risk exposure, the Company uses the Solvency II standard formula.

Norli Pension, solvency according to the Solvency II rules

DKK'm	31.12.2021	31.12.2020
Capital base	559	544
Solvency requirement	173	238
Excess capital base relative to solvency requirement	386	306

Five-year summary of solvency ratios

		2021	2020	2019	2018	2017
Solvency ratio	%	323	229	229	236	214

Financial and insurance related risks

Risk management

Risk management is an integrated part of Norli Pensions business. To ensure the best possible risk management system, roles and responsibilities are clearly defined. The Board of Directors considers downside risks in all strategic or other decisions made by the Board. The CEO of Norli Pension manage risks in every aspect under the guidelines and responsibility given by the Board. This responsibility includes the overall management of risks as well as ensuring the implementation and management of an effective and prudent internal system of control. The CEO have established a risk management function and have appointed a fit and proper key person in charge of the function. The risk management function develops and maintains the risk management system and ensures that all risks are identified, reported, and managed.

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

Financial Risks

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

Monitoring and management of financial risks were a continued focus area in 2021. On the asset side, the focus was on monitoring and management of the impact of the continued Covid-19 pandemic and its consequences on the investment assets. On the liability side, the focus was among other things on monitoring and management of the impact of changes in the level of interest rates and the volatility adjustment.

The credit risk of the investment portfolio was moderately reduced due to redemptions of credit assets that were not fully re-invested during the year.

Risks Regarding benefits and expenses

Norli Pension is exposed to the risk associated with the uncertainty of the future benefits and administration expenses. Examples of the risks associated with the future benefits include an increase in the number of claims in relation to disability and a decrease in the policyholders utilizing their surrender option. For the administration expenses the risk stems from the situation where the realized administration expenses turn out to be higher than expected.

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

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

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

Investments

Development in Financial Markets

The main driver of the development in the financial markets in 2021 was once again the continued Covid-19 pandemic and its consequences.

The year started out with widespread lockdowns in many countries to limit transmission of the Corona virus. In the spring vaccinations started to be administered widely in the developed world and together with seasonal effects allowed societies in the Western hemisphere to re-open. Following the re-opening, expansionary fiscal and monetary policy supported economic growth in many economies around the world and together with global supply chain disruptions and pent-up demand sowed the seeds for increasing inflationary pressures. During the year a number of new and more transmissible variants of the Corona virus appeared causing shorter periods of volatility in the financial markets. This was especially the case when the Omicron variant first appeared in November 2021.

During 2021 the value of stocks and other risky assets continued the increase from the lows in March 2020 on the back of the improved growth outlook. Interest rates also increased significantly as concerns about increasing inflation started to take hold and the major central banks repeatedly argued that that that the increasing inflation was mainly transitory.

Long-term swap interest rates in Denmark and the Eurozone increased by around 0.55 percentage points. The level of European investment grade credit spreads decreased by around 0.15 percentage points while high yield credit spreads were largely unchanged.

Due to increasing interest rates and imbalances in the callable segment of the Danish mortgage bond market the credit spread of these bonds increased significantly. The increasing spreads also spilled over to the level of the Danish volatility adjustment which increased significantly to a level more than twice the level at the beginning of the year.

Overall, the development in financial markets contributed positively to the returns of the Company's credit assets while the consequence of increasing interest rates was a negative return on interest rate derivatives and high-quality bonds which was offset by decreases in the market value of its pension liabilities.

Investment Policy

The management of the investment portfolio and the overall asset allocation of Norli Pension is governed by policies issued by the Board of Directors of Norli Pension. In addition, the Board of Directors 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 Pension is able to satisfy its obligations of a guaranteed return towards its policyholders.

Investment strategy and return

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

In 2021, Norli Pension's total investment return including the effect of hedging activities was -2.34% respectively -2.31% (gross respectively net of investment-related expenses and pension investment returns tax).

The contribution to the return of bonds and credit assets was 0.67% while the contribution of the hedging of interest rate risk of the Company's liabilities (high-quality bonds and interest rate derivatives) was -2.98%.

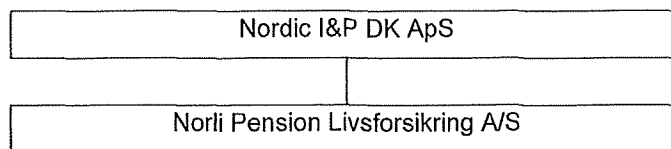
Norli Pension intends to continue to use financial instruments to hedge financial risks.

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

	2021
Investment return before pension investment returns tax and before investment expenses relative to policyholders' savings	-3.9%
Investment expenses	-0.5%
Investment return on equity	-0.2%
Pension investment returns tax	0.7%
Payment to shareholders	-0.4%
Risk and administration expense result	-0.3%
Transfer to/from collective bonus potential	-0.4%
Transfer to/from outlay account	-0.4%
Adjustment of additional provisions	8.2%
Equalization of negative individual bonus accounts	-2.8%
Deposit interest rate before guaranteed payment	0.0%
Guaranteed payment	0.0%
Deposit interest rate after guaranteed payment	0.0%

Organization

Overview of the companies within the group



Nordic I&P DK ApS possess Norli Pension. The voting rights in Nordic I&P DK ApS are held by Thomas Vinge Hansen. The financial rights of Nordic I&P DK ApS are held by the ultimate beneficial owners Thomas Vinge Hansen (73.74%), Alfred Ganther (8.75%), Urs Wietlisbach (8.75%) and Marcel Erni (8.75%)

Norli Pension outsources all operational insurance activities, the actuarial function and the risk management function to its outsourcing partner, Forca A/S. Norli Pension outsources the internal audit function to KPMG. Please note, that Norli Pension does not outsource the ultimate responsibility, as all key persons are employed by Norli Pension.

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

Management and employees

At the end of 2021, Norli Pension had 6 full time employees and 3 part time employees.

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

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

Gender composition of the Board of Directors and management

For the time being, the gender composition of Board of Directors causes a representation of 40% of the underrepresented gender. It is the intention of Norli Pension to maintain this composition.

The management consists of only one member, and therefore Norli Pension cannot obtain a gender diversity on the management level.

Board of Directors

During 2021 the Board of Directors has consisted of Mads G. Jakobsen, Marianne Philip, Tore B. Ellingsen, Nina Christensen and Henrik Bernhardt. Mads G: Jakobsen is appointed chairman of the Board of Directors, while Marianne Philip is appointed deputy chairman.

All members of the Board of Directors are elected every year on the ordinary annual meeting, and the majority of the members of the Board of Directors fulfil the legal requirements of independency.

During 2021 the Board of Directors has held 14 board meetings. Four of these meetings were ordinary meetings, the remaining meetings were extraordinary meetings, due to either possible

acquisitions of portfolios or possible new investments. Four meetings have been held as physical meetings, while 8 meetings were held as online meetings. Two meetings were held in writing.

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

Audit and Risk Committee

During 2021 the Audit and Risk Committee has consisted of Tore B. Ellingsen, Nina Christensen and Henrik Bernhardt. Tore B. Ellingsen is appointed chairman of the Audit and Risk Committee. Nina Christensen is appointed deputy 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 Tore B. Ellingsen, who is independent of the Norli Pension. Tore B. Ellingsen has held positions as managing director in numerous different financial companies. In addition, he has also been a part the management of an insurance and reinsurance company. Tore B. Ellingsen has through these positions obtained qualifications which qualifies him 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.

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

During 2021 all members of the Audit and Risk Committee have attended all meetings. The meeting in Q1 was held online due to Covid-19 pandemic, while the remaining two meetings were held at Norli Pensions residence.

Corporate social responsibility

Corporate social responsibility is an integrated part of Norli Pension's day-to-day business. Norli Pension has prepared corporate social responsibility principles, which are documented at the webpage: <https://www.norlipension.dk/om-os/sadan-arbejder-vi-ii/cr/>

As it has also been the case during the last years, Norli Pension has had focus on the employees during 2021, especially during the lockdowns due to the Covid-19 pandemic. As the rest of the financial sector, all Norli Pension employees have worked from home during long periods of 2021. Due to the assignments of Norli Pension, almost every employee has participated in daily online meetings. Following the return from the lockdowns, the management completed the yearly workplace assessment. No serious issues were uncovered by this assessment.

It is important for Norli Pension that the employees have a work/life balance, and therefore it is possible for the employees to work from home from time to time when this is necessary for employees either if they need the peace and quietness to fulfill a work-related assignment or if family matters do so require. It is the opinion of the management that the focus on work/life balance will prevent the employees from having stress related sickness.

Norli Pension as such do not produce goods. Norli Pension is a service provider. However, the environment is still a concern for Norli Pension. Norli Pension is therefore happy that that its landlord has been able to reduce CO2 emissions by establishing sun screens which during the years to come will contribute to a reduction of the energy consumption which will end up in a reduction of CO2, coinciding to 21.500 kg. Furthermore, the landlord provides that food served to the employees mainly consists of organic food, and that the canteen is also aware of preventing food waste.



As a pension service provider, Norli Pension could be seen as target for bribery and corruption. Therefore, Norli Pension has established procedures, which enable the employees to act in proper manner, should a situation like this occur. To prevent AML and CTF, Norli Pension has instructed Forca to establish procedures to prevent the misuse of Norli Pension.

Data Ethics

During 2020, the Board of Directors approved a policy regarding Data and Data Ethics.

The policy establishes the frameworks for working with data, which includes the management and the administration of the collected data.

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

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

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

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

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

Climate reporting

Norli Pension has a comprehensive risk assessment and risk management system which besides from the quantitative risk captured in the Solvency Capital Requirement (SCR) using the Standard Formula, identifies and includes other emerging risks or risks otherwise excluded from the SCR. In this respect there is a growing risk of future losses from the effects of climate changes. Norli Pension are actively investigating the potential impacts on the company. Given the company's business model, the risk is presently assessed as being non-material during the company's 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 Government and Mortgage Bonds, Credit to Enterprises, Credit to Infrastructure and Real Estate Financing. 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 the company has no equity investments and most investments are of a long-term nature and managed by external managers through investment management agreements entered into in the period 2018-2021. Furthermore, the 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 ecological footprint of the investments. Since



the company does not accept new policies and is in run-off with limited expense coverage, 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.

Events subsequent to 31 December 2021

In February 2022 the Company has paid an extraordinary dividend of DKK 150m. This has affected the solvency ratio of the company reducing it from 323% to an estimated 236%, if the dividend was paid out end year 2021.

No other events have occurred between 31 December 2021 and the date of the signing of this financial statement that, in the opinion of the management, will materially affect Norli Pensions financial position.

Outlook for 2022

Norli Pension's insurance portfolio is in run-off, so the premiums and provisions related to the current insurance portfolio are expected to decrease. In addition to the current portfolio Norli Pension has an agreement on a Norwegian portfolio take-over. The company awaits regulatory approval for the establishment of the Norwegian Life Insurance Company and subsequently for the take-over.

The Company expects to gradually increase the credit exposure which is expected to contribute positively to the interest rate result.

Due to the high level of the volatility adjustment and the reduced risk capacity, as a result of the extraordinary dividend, the Company expects the result for 2022 to balance around 0.

Directorships and executive positions

Management

Mikkel Dahl

Chairman of the Board in Norli Pensjon AS
CEO of Nordic I&P DK ApS

Board of Directors

Mads Jakobsen

Chairman of the Board in Fondsmæglerselskabet SRV Capital A/S
Chairman of the Board in Risika A/S
Chairman of the Board in PP Capital A/S and PP Capital Holding A/S
Chairman of the Board in Commute ApS
Chairman of the Board in Nordic I&P DK ApS
Chairman of the Board in Forsikringselskabet Alm. Brand Liv og Pension A/S

Marianne Phillip

Chairman of the Board in Gerda og Victor B. Strands Fond
Chairman of the Board in Gerda og Victor B. Strand Holding A/S
Deputy Chairman of the Board in Bitten og Mads Clausens Fond
Chairman of the Board in Nordea Invest
Chairman of the Board in Nordea Invest Engros
Chairman of the Board in Nordea Invest Kommune
Chairman of the Board in Nordea Invest Bollig
Deputy Chairman of the Board in BioInnovation Institute Fonden og BII Holding A/S



Deputy Chairman of the Board in LIFE Fonden og LIFE A/S
Deputy Chairman of the Board in Nordea Funds OY
Deputy Chairman of the Board in Novo Nordisk Fonden
Chairman of the Board in Copenhagen Capacity, Fonden til markedsføring og erhvervsfremme i Region Hovedstaden
Board member in Brenntag Nordic A/S, Aktieselskabet af 1. januar 1987
Board member in Codan A/S, Codan Forsikring A/S, including chairman of the Nomination & Remuneration Committee and member of the Audit & Risk Committee
Board member in Kirsten og Peter Bangs Fond
Board member in Nordic I&P DK ApS
Board member in Chopin Forsikring A/S
Board member in Scandi JV Co A/S
Board member in Forsikringselskabet Alm. Brand Liv og Pension A/S
Chairman of the Board in Bestyrelsesforeningens Center for Cyberkompetencer A/S
Board member in Axcelfuture
Chairman of the Komitéen for god Fondsledelse
Partner in Kromann Reumert and Adj. Professor

Tore Ellingsen

Managing Partner in inea GmbH
Chairman of the Board i Gabler AS

Nina Christensen

Board member in FPension A/S
Board member in Nordic I&P DK ApS
Board member in Forsikringselskabet Alm. Brand Liv og Pension
CEO in Utilis Consult

Henrik Bernhardt

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Information of the Company

Information of the Company	
Name	Norli Pension Livsforsikring A/S
Address	Tuborg Boulevard 3 DK – 2900 Hellerup
Main phone	+45 70 12 12 24
Reg.No.	29 63 78 73
Webpage	www.norlipension.dk
e-mail	norlipension@norlipension.dk
Accounting period	1/1 – 31/12
Municipality	Gentofte
Board of Directors	
	Mads Guttorm Jakobsen
	Marianne Philip
	Henrik Bernhardt
	Tore Birger Ellingsen
	Nina Christensen
Management	
	Mikkel Hindkær Dahl
Auditors elected by the general meeting	
	Deloitte
	Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 DK - 2300 København S
Shareholder	
	100% Nordic I&P DK ApS

Statement by the management on the annual report

Management statement

The Board of Directors and the management have today considered and approved the financial report for the financial year 1 January – 31 December 2021 regarding Norli Pension Livsforsikring A/S.

The financial report is presented in accordance with the Danish Financial Business Act.

It is the opinion of the Board of Directors and the management, that the financial statements give a true and fair view of the financial position of Norli Pension at 31 December 2021 and of its financial performance for the financial year 1 January – 31 December 2021. It is also the opinion of the Board of Directors and the management, that the management's review gives a true and fair view of the development in Norli Pension's activities and financial position and describes the major risks and uncertainties which Norli Pension is facing.

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

Copenhagen, 4. april 2022

Management

Mikkel Hindkær Dahl

CEO

Board of Directors

Mads Guttorm Jakobsen
(Chairman)

Henrik Bernhardt

Marianne Philip
(Deputy Chairman)

Tore Birger Ellingsen

Nina Christensen



Independent auditor's report

To the shareholder of Norli Pension Livsforsikring A/S

Opinion

We have audited the financial statements of Norli Pension Livsforsikring A/S for the financial year 01.01.2021 to 31.12.2021, which comprise the 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 Company's financial position at 31.12.2021 and of its financial performance for the financial year 01.01.2021 to 31.12.2021 in accordance with the Danish Financial Business Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We were appointed auditors of Norli Pension Livsforsikring A/S for the first time on 12.04.2012 for the financial year 2012. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 10 years up to and including the financial year 2021

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 01.01.2021 to 31.12.2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of provisions for insurance and investment contracts	
Key Audit Matter	<p>Provisions for insurance and investment contracts amount to DKK 2,796,744 at 31.12.2021. We have estimated that the measurement of provisions for insurance and investment contracts is a key audit matter of the audit, as this measurement is characterised by management estimates and great complexity, including assumptions about future events, methods and models. Changes in management estimates and methods and models used may have a significant impact on the measurement of provisions for insurance and investment contracts.</p> <p>Key management estimates and assumptions include:</p> <ul style="list-style-type: none"> • Determination of risk and profit margin • Determination of life expectancy • Determination of frequencies of invalidity and reactivation • Determination of expectations for repurchase probabilities • Determination of expectations for future costs and income. <p>Management has described in detail the principles and assumptions underlying the calculation of provisions for insurance and investment contracts in the summary of significant accounting policies and in note 7 "Life insurance provisions".</p>
How the matters were addressed in our audit	<p>Based on our risk assessment, we have audited Management's measurement of provisions for insurance and investment contracts.</p> <p>Our audit procedures included the following elements, where we also made use of our internationally qualified actuaries:</p> <ul style="list-style-type: none"> • Assessment and testing of key controls regarding Management's determination of assumptions, including whether key controls have been designed and implemented appropriately and whether they have been effective during the financial year. • Assessment of the invalidity and mortality intensities used and the probabilities for reactivation in relation to historical data and market practice. • Assessment of assumptions used, methods and models in relation to generally accepted actuarial standards, historical developments and trends. • Sample testing of the accuracy and completeness of the underlying data and a sample review of actuarial calculations and models. • Based on the company's analyses, we have assessed the development of provisions for insurance and investment contracts, including the development in the run-off result.

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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in the preparation of 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 about 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 these financial statements.

As part of an audit 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 the preparation of 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, safeguards put in place and measures taken to eliminate threats.

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 the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Business Act.

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

Copenhagen 4. april 2022

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56



Kasper Bruhn Udam
State-Authorised Public Accountant
MNE No. 29421



Michael Thorø Larsen
State-Authorised Public Accountant
MNE No. 35823

Financial statement

Income statement & Other comprehensive income

Note	TDKK	2021	2020
2	Gross premiums	18,236	22,059
3	Ceded insurance premiums	-1,152	-1,677
	Total premiums, net of reinsurance	17,084	20,381
	Income from group enterprises	-15	0
4	Interest income and dividends, etc.	61,785	65,581
5	Value adjustments	-147,620	129,298
	Interest expenses	-2,237	-1,537
	Administrative expenses related to investment activities	-14,015	-13,274
	Total investment return	-102,102	180,067
	Tax on pension returns	17,185	-19,752
6	Claims and benefits paid	-315,721	-355,409
3	Reinsurers' share received	12,004	3,509
	Total claims and benefits, net of reinsurance	-303,717	-351,900
7	Change in life insurance provisions	423,623	215,469
3,8	Change in reinsurers' share	-10,904	1,721
	Total change in life insurance provisions, net of reinsurance	412,719	217,190
	Administrative expenses	-20,651	-21,230
9	Total insurance operating expenses, net of reinsurance	-20,651	-21,230
	Transferred investment return	14,391	-28,206
	TECHNICAL RESULT	34,909	-3,449
10	Technical result of health and accident insurance	-191	-913
	Investment return on equity	-14,387	28,200
11	Other expenses	-2,510	-1,935
	PROFIT BEFORE TAX	17,822	21,903
12	Tax	-3,922	-4,820
	NET PROFIT FOR THE YEAR	13,900	17,083
	NET PROFIT FOR THE YEAR	13,900	17,083
	NET COMPREHENSIVE INCOME FOR THE YEAR	13,900	17,083

Balance sheet

Assets

Note	TDKK	2021	2020
13	Intangible assets	0	716
	Investments in group enterprises	30	0
	Total investments in group enterprises	30	0
	Investment funds	100,530	0
	Bonds	2,705,097	3,143,358
	Equity investments	376,712	261,934
	Deposits with credit institutions	63,319	52,262
	Other loans	0	271,381
	Derivative financial instruments	277,083	459,005
	Total other financial investment assets	3,522,740	4,187,939
	TOTAL INVESTMENT ASSETS	3,522,770	4,187,939
8	Life insurance provisions, reinsurers' share	10,463	21,367
	Total technical provisions, reinsurer' share	10,463	21,367
	Receivables from policyholders	7	8
	Receivables from insurance companies	7,389	9,574
	Other receivables	304,570	150,620
	TOTAL RECEIVABLES	311,966	160,202
	Current tax assets	6,130	4,742
	Current tax assets on pensions returns	44,714	14,877
	Cash and cash equivalents	32,794	36,069
14	Deffered tax assets	0	1,800
	TOTAL OTHER ASSETS	83,638	57,489
	Accrued interest and rent	32,563	36,211
	Other prepayments and accrued income	8,203	8,625
	TOTAL PREPAYMENTS AND ACCRUED INCOME	40,766	44,837
	TOTAL ASSETS	3,969,602	4,472,549

Balance sheet

Liabilities and equity

Note	TDKK	2021	2020
15	Sharecapital	90,008	90,008
16	Share premium account	421,992	421,992
17	Profit carried forward	46,584	32,684
18	TOTAL SHAREHOLDERS EQUITY	558,584	544,684
7	Life insurance provisions	2,796,608	3,220,231
	Provisions for claims	125	131
	Risk margin on non-life insurance contracts	11	11
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	2,796,744	3,220,373
14	Deferred tax liabilities	2,121	0
	TOTAL PROVISIONS FOR LIABILITIES	2,121	0
	Amounts owed to credit institutions	176,274	295,507
	Amounts owed direct insurance	258	348
	Derivative financial instruments	113,363	160,131
	Current tax liabilities	1,430	1,440
	Other debt	320,735	250,000
19	TOTAL DEBTS	612,060	707,427
	ACCRUALS AND DEFERRED INCOME	93	64
	TOTAL LIABILITIES AND EQUITY	3,969,602	4,472,549

20 Contractual obligations, collateral and contingent liabilities

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

22 Group financial statement

23 Financial highlights

24 Risk management

25 Breakdown of assets and returns

26 Financial instruments at fair value

27 Fair value hierarchy for financial instruments

28 Managerial posts

Statement of capital

TDKK	Share capital	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2019	90,008	437,594	0	527,602
Capital injection	0	0		0
Net comprehensive income		17,083	0	17,083
Shareholders' equity at 31 December 2020	90,008	454,676	0	544,684
Capital injection				0
Net comprehensive income		13,900	0	13,900
Shareholders' equity at 31 December 2021	90,008	468,576	0	558,584

Capital base	31.12.2021	31.12.2020
Shareholders' equity	558,584	544,684
Intangible assets	0	-716
Capital base	558,584	543,969

Notes

Note 1

Significant accounting policies

General

The financial statements of Norli Pension Livsforsikring A/S are presented in accordance with the provisions of the Danish Financial Business Act, including the Danish FSA's Executive Order No. 937 of 27 July 2015 on financial reports for insurance companies and multi-employer occupational pension funds and Amending Executive Order No. 688 of 1 June 2016, in force from 1 July 2016, executive order No. 1442 of 3 December 2018, and executive order No. 1592 of 9 November 2020.

Summary of significant accounting policies is unchanged compared to the 2020 annual report.

Change in accounting estimates

For the calculation of life insurance provisions for 2021, the Danish Financial Supervisory Authority's updated longevity benchmark has been used, where both the observed present mortality rate and the expected improvements in longevity were updated in relation to the 2020 assumptions. The benchmark update for the year has resulted in a drop in life expectancy which has resulted in a decrease in guaranteed benefits of approximately DKK 0.7m.

Further updates of market value assumptions have contributed to an increase in guaranteed benefits of approximately DKK 37m. The primary drivers of the change are changes in surrender and expense assumptions.

Significant accounting estimates and judgments

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

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

Measurement of liabilities under insurance contracts

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

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

Fair value measurement of financial instruments

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

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

Fair value measurement of unlisted instruments

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

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

Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incidental to acquiring and bringing to use the specific software. The costs are amortised based on an estimated economic lifetime, usually 3-5 years. The amortisation basis is reduced by any impairment and write-downs.

General principles of recognition and measurement

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

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

On initial recognition, assets and liabilities are measured at cost, with the exception of financial assets, which are recognised at fair value. Measurement after initial recognition is affected as described below for each item. Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the statement of financial position date are considered at recognition and measurement.

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

Currency

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

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

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



Contribution

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

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

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

INCOME STATEMENT

Life insurance premiums

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

Return on investment

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

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

Interest expenses comprise interest on loans and other amounts due.

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

Tax on investment returns ("PAL")

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

Claims and benefits

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

Change in life insurance provisions

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

Operating expenses relating to insurance activities

Administrative expenses cover accrued expenses related to insurance operations.

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

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

Transferred return on investment

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

Health and accident insurance

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

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

Total gross claims are calculated net of reinsurance.

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

Other expenses

Encompasses of expenses regarding acquisition of new Norwegian portfolios.

Taxation

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

Balance

Intangible assets

Intangible assets are recognised in the balance sheet at cost after the deduction of accumulated amortisation and accumulated impairment losses. Amortisation is made in accordance with the straight-line method over the expected useful life, which is between 3 and 5 years. The costs attributable to maintaining intangible assets are recognized as an expense in the year that they are incurred.

Financial investment assets

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

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

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

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

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

Receivables

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

Accruals and deferred income

Receivable interest relates to accrued bond yields and derivative financial instruments. Other prepayments and accrued income include expenses incurred relating to subsequent financial years.

Provisions for insurance and investment contracts

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

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

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

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

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

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

Profit margin

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

The profit margin has been calculated to 0 TDKK, as the Company does not expect that individual or collective bonus potential will arise to such a significant degree, which could include a profit margin.

Deferred tax

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

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

Debt

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



Key ratios

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

Other

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

Note	TDKK	2021	2020
2	Gross premiums		
	Regular premiums	18,236	22,059
	Total directs insurance	18,236	22,059
	Insurance taken out individually	15,934	19,124
	Insurance taken out in connection with employment	2,301	2,935
	Total	18,236	22,059
	<i>Premiums, direct insurance, broken down by bonus arrangement</i>		
	With profit insurance	18,236	22,059
	<i>Premiums, direct insurance, broken down by policyholders' residence:</i>		
	Denmark	18,110	21,914
	Other EU countries	96	111
	Other countries	30	34
	Total	18,236	22,059
	<i>Number of insured, direct insurance (1,000):</i>		
	Insurance taken out individually	9,806	10,754
	Insurance taken out in connection with employment	1,748	1,855
	Total	11,554	12,609
3	Result of reinsurance		
	Outward reinsurance premiums	-1,152	-1,677
	Reinsurance cover received	12,004	3,509
	Change in reinsurance share of life insurance provisions	-10,904	1,721
	Total	-52	3,553
4	Interest and dividends		
	Interest income and dividends, etc.	61,785	65,581
	Total	61,785	65,581
5	Value adjustments		
	Bonds	-32,843	6,035
	Investment funds	1,195	0
	Equity investments	5,321	6,610
	Other	-121,294	116,653
	Total	-147,620	129,298

Note	TDKK	2021	2020
6	Claims and benefits paid		
	Insurance amounts on death	-9,556	-16,160
	Insurance amounts on expiry	-49,798	-58,163
	Insurance amounts on disablement	-437	0
	Retirement benefits and annuities	-157,268	-169,613
	Surrender values	-98,662	-111,472
	Total	-315,721	-355,409
7	Life insurance provisions		
	Life insurance provisions, beginning of year	3,220,231	3,435,699
	Change in Individual bonus potential beginning of the year	0	67
	Collective bonus potential at 1 January	-140	-129
	Value adjustment beginning of year	-769,901	-705,898
	Retrospective provisions, beginning of year	2,450,190	2,729,740
	Gross premiums	18,236	22,059
	Interests	65,504	66,559
	Insurance benefits	-316,192	-356,469
	Expense loading	-7,648	-10,575
	Payment of guarantees	0	1
	Risk result	-15,257	-2,362
	Elimination of negative bonus losses	12,681	1,238
	Retrospective provisions, end of year	2,207,514	2,450,190
	Value adjustment end of year	578,548	769,901
	Collective bonus potential end year	10,546	140
	Life insurance provisions, end of year	2,796,608	3,220,231
	Change in life insurance provisions	423,623	215,469
	Guaranteed benefits	2,751,880	3,160,571
	Individual bonus potential	0	0
	Collective bonus potential	10,546	140
	Risk margin	34,182	59,519
	Life insurance provisions, end of year	2,796,608	3,220,231

Note	TDKK	2021	2020
7	Life insurance provisions (continued)		
	Distribution of technical provisions by interest groups for the insurance portfolio covered by the Executive Order on the Contribution Principle		
	Interest rate group 0		
	Guaranteed benefits	19,987	17,999
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	300	291
	Interest rate group 1		
	Guaranteed benefits	163,791	174,295
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	2,789	3,915
	Interest rate group 2		
	Guaranteed benefits	310,586	357,615
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	2,897	4,076
	Interest rate group 3		
	Guaranteed benefits	365,229	415,895
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	3,503	5,698
	Interest rate group 4		
	Guaranteed benefits	713,894	841,209
	Individual bonus potential	0	0
	Collective bonus potential	10,403	0
	Risk margin	3,574	12,331
	Interest rate group 5		
	Guaranteed benefits	11,413	13,873
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	765	1,020
	Interest rate group 6		
	Guaranteed benefits	263	450
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	23	41

Note	TDKK	2021	2020
7	Life insurance provisions (continued)		
	Interest rate group 7		
	Guaranteed benefits	542	749
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	45	68
	Interest rate group 8		
	Guaranteed benefits	2,258	2,514
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	91	116
	Interest rate group 9		
	Guaranteed benefits	1,136	1,256
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	92	109
	Interest rate group 10		
	Guaranteed benefits	141	151
	Individual bonus potential	0	0
	Collective bonus potential	18	21
	Risk margin	1	0
	Interest rate group 12		
	Guaranteed benefits	14	66
	Individual bonus potential	0	0
	Collective bonus potential	5	0
	Risk margin	0	7
	Interest rate group 13		
	Guaranteed benefits	6	6
	Individual bonus potential	0	0
	Collective bonus potential	120	120
	Risk margin	0	0
	Interest rate group 14		
	Guaranteed benefits	6	6
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	1	1

Note	TDKK	2021	2020
7	Life insurance provisions (continued)		
	Interest rate group 1B		
	Guaranteed benefits	1,139,980	1,306,841
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	18,391	29,594
	Distribution of technical provisions by interest groups for the insurance portfolio covered by the Executive Order on the Contribution Principle		
	Life annuities without bonus		
	Guaranteed benefits	22,633	27,645
	Individual bonus potential	0	0
	Collective bonus potential	0	0
	Risk margin	1,709	2,254
	Rate of return in interest rate groups is 5,5%		
	Bonus ratios in interest rate groups are 0%		
8	Life insurance provisions, reinsurers' share		
	Life insurance provisions, reinsurers' share, beginning of year	21,367	19,645
	Change in reinsurers' share	-10,904	1,721
	Life insurance provisions, reinsurers' share end of year	10,462	21,367
9	Insurance operating expenses, net of reinsurance		
	<i>Fees to the audit firm appointed by the general meeting</i>		
	Fees to Deloitte		
	Statutory audit of financial statements	-314	-299
	Other assurance engagements	-73	0
	Tax advisory services	-138	-103
	Other services	-48	-223
	Total	-572	-624
	Fees for other services provided by Deloitte Statsautoriseret Revisionspartnerselskab amounts to TDKK 48		
	The fee includes and consists of various declaration tasks as well as general accounting and consulting services.		
	<i>Staff costs</i>		
	Salaries	-9,334	-8,317
	Pensions	-1,515	-1,478
	Other social security and tax	-1,723	-1,545
	Total staff expenses	-12,572	-11,339
	Average number of full-time-equivalent employees during the year	7	7
	The company's administration is handled by Forca A/S.		
	A more detailed description of the remuneration policy is available at the website: www.norlipension.dk .		

Note	TDKK	2021	2020
9	Administrative expenses (continued)		
	To the extent that a member of the Board of Directors is remunerated, this is done with a fixed fee. Remuneration with variable salary components is not used.		
	All the companys pension plans are defined contribution plans. Such payments are expensed as incurred.		
	Board of Directors' remuneration		
	Mads Jakobsen	-700	-700
	Marianne Philip	-309	-250
	Henrik Bernhardt	-197	-194
	Tore B. Ellingsen	-197	-194
	Nina Christensen	-197	-194
	Total remuneration	-1,601	-1,531
	Remuneration of other material risk takers		
	In accordance with legislation, Norli Pension Livsforsikring A/S has appointed a number of employees significant risk takers (in addition to the Executive Board), whose activities have a significant impact on the company's risk profile. Remuneration conditions for these employees are adapted to the statutory requirements for variable pay		
	Number of other material risk takers during the year	3	3
	Remuneration fixed part	-4,570	-4,492
	Remuneration variable part	-1,013	-1,081
	Norli Pension Livsforsikring A/S has no pension obligations towards other material risk takers, as their pensions are funded by means of defined contribution plans through a pension insurance company.		
	Remuneration of the Executive Board		
	Mikkel Dahl (from 1.4.2020)		
	Contractual remuneration	-2,388	-1,767
	Pensions	-476	-352
	Variable cash remuneration	-441	0
	Total	-3,304	-2,120
	Total Payment	-3,128	-2,120
	Mads Smith Hansen (until 31.3.2020)		
	Contractual remuneration	-	-625
	Pensions	-	-113
	Total	-	-737
	Total Payment	-	-737

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

Note	TDKK	2021	2020
10			
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	308	327
	Total	308	327
	Technical interest	0	0
	Claims paid	-153	-944
	Change in claims provisions	6	8
	Change in risk margin	1	1
	Total	-146	-935
	Administrative expenses	-349	-311
	Insurance operating costs, net of reinsurance	-349	-311
	Technical result	-187	-919
	Return on investment	-4	7
	Technical result of health and accident insurance	-191	-913
	Claims paid		
	Number of policies	141	154
	Number of claims	1	5
	Average amount of claims DKK	152,577	188,724
	Claims frequency	1%	3%
	Run-off previous years, net of reinsurance	131	140
	Financial highlights		
	Gross premiums	308	327
	Claims paid	-146	-935
	Insurance operating costs, net of reinsurance	-349	-311
	Technical result	-187	-919
	Total return on investment after insurance technical interest	-4	7
	Run-off previous years, net of reinsurance	131	140
	Total provisions for insurance contracts	136	143
	Key ratios		
	Gross claims ratio	47	286
	Gross expense ratio	113	95
	Combined ratio	161	382
	Operating ratio	161	382
	Relative run-off gains/losses	100%	100%
11	Other expenses		
	Other expenses encompasses of expenses regarding acquisition of new Norwegian portfolio.	-2,510	-1,935

Note	TDKK	2021	2020
12	TAX		
	Current tax	0	-1,258
	Change of provision for deferred tax	-3,922	-3,563
	Total	-3,922	-4,820
	Effective tax rate		
	Tax on accounting profit/loss	22.0	22.0
	Adjustment of non-taxable income and costs	0.0	0.1
	Total	22.0	22.1
	Current tax for the year	0	-1,258
	Taxes paid during the financial year	-6,130	-6,000
13	INTANGIBLE ASSETS		
	Cost, beginning of year	4,771	4,771
	Additions during the year	0	0
	Disposals for the year	0	0
	Cost, end of year	4,771	4,771
	Impairment and amortisation charges, beginning of year	-4,055	-3,101
	Amortisation during the year	-716	-954
	Impairment and amortisation charges, end of year	-4,771	-4,055
	Carrying amount, end of year	0	716
14	Deferred tax		
	Deferred tax broken down on main items:		
	Intangible assets	-	-157
	Current tax assets on pensions returns	-6,564	-
	Value of tax losses carried forward	4,433	1,958
	Total	-2,121	1,800
15	Share capital		
	Share capital beginning of the year	90,008	90,008
	Share capital, end of year	90,008	90,008
	The share capital is made up of		
	90.008 shares of 1.000 kr.	90,008	90,008
	Total	90,008	90,008
	All shares carry the same rights; there is thus only one class of shares		
16	Share premium account		
	Premium on issue	421,992	421,992
	Total	421,992	421,992
17	Profit carried forward		
	Profit carried forward beginning of the year	32,685	15,602
	Profit/(loss) for the year	13,900	17,083
	Total	46,585	32,685

Note	TDKK	2021	2020
18	Shareholders equity		
	Shareholders equity, beginning of the year	544,685	527,602
	Profit/(loss) for the year	13,900	17,083
	Shareholders equity, end of year	558,585	544,685
	Intangible assets	0	-716
	Capital base	558,585	543,969
	Technical basis		
	Interest rate groups total	41,110	78,974
	Risk groups	4,298	-5,651
	Cost groups	-12,842	-10,492
	Total realised results	32,567	62,830
	Distribution to customers		
	Interest rate groups total	11,893	39,020
	Risk groups	0	0
	Cost groups	1,803	1,793
	Total distribution to customers	13,696	40,813
	Distribution to equity via the income statement		
	Interest rate groups total	29,218	39,954
	Risk groups	4,298	-5,651
	Cost groups	-14,645	-12,285
	Equity's share of the realised results	18,871	22,018

Norli Pensions reported contribution principle states, that the equity is assigned its part of the realized result and a risk payment, that for the year 2021 amounts to 1.84 percent

For the year 2021 the realized result prior to bonus amounts to TDKK 32,567 of which TDKK 3,060 is assigned to the policy holders and payment of Danish pension tax and TDKK of 18,871 is transferred to the equity. The target for payment to the equity was TDKK 14,970

As a result of sufficient realized results in the majority of interest groups, the outlay account regarding the financial result is reduced by TDKK 16,469.

Outlay account regarding risk is reduced by TDKK 3,338 following at positive result, whereas outlay account regarding cost has increased by TDKK 14,645 following a negative result.

Note	TDKK	2021	2020
18	Shareholders equity (continued)		
	Below is shown the development of the accumulated shadow accounts steaming from financial result, risk result and cost result. As previously mentioned, this account ceases to exist at the end of 2020 due to a change in legislation.		
	Maximum shadow account (lack of contribution from the company's establishment until the end of 2015)		
	Shadow account		
	Beginning of year	-	485,643
	Writedowns due to surrender	-	-13,014
	Return of contribution	-	0
	Positive share of the technical basis	-	-40,971
	Linear write-down	-	-431,658
	Shadow account end of year	-	0
	The lack of income on the return on equity has arisen from the calculation made on the basis of the contribution methods reported to the Danish FSA.		
	Outlay account (Loss coverage from 2016 and forward)		
	Beginning of year	205,264	179,953
	From negative realized results	-5,162	32,947
	Writedowns due to surrender	-7,630	-7,637
	Total	192,472	205,264

Note TDKK

2021

2020

18 Shareholders equity (continued)

The main reason behind the expectation of paying 0 TDKK of on the shadow account, is due to no expectation of future earnings as reported to the Danish FSA as part of the risk return.

Outlay account from 2016 divided into Contribution groups

Interest rate group 0	16,499	15,058
Interest rate group 1	28,085	32,517
Interest rate group 2	6,266	6,085
Interest rate group 3	23,121	24,418
Interest rate group 4	0	4,115
Interest rate group 5	1,152	2,036
Interest rate group 6	58	117
Interest rate group 7	124	200
Interest rate group 8	97	154
Interest rate group 9	168	162
Interest rate group 12	0	21
Interest rate group 14	85	85
Interest rate group 1B	18,622	30,297
Risk group A	10,975	15,119
Risk group B	5,293	5,056
Cost groups A	69,628	60,455
Cost groups B	12,301	9,368
Total	192,472	205,264

Collective bonus potential split among the Contribution groups

Interest rate group 4	10,403	0
Interest rate group 10	18	21
Interest rate group 12	5	0
Interest rate group 13	120	120
Total	10,546	140

19 Debt

Due 1 year or less	499,553	547,296
Due 1-5 years	19,442	41,864
Due more than 5 years	93,065	118,267
Total	612,060	707,427

Note	TDKK	2021	2020
20	Contractual obligations, collateral and contingent liabilities		
	The company has a contingent liability related to post-payment of VAT for the years 2019-2021 calculated according to the most restrictive interpretation of SKAT's previous announcements in the area. The amount is calculated without interest.	2,500	3,000
	Norli Pension Livsforsikringselskab A/S has registered the following assets as having been held as security for the life insurance provisions.		
	Investment funds	100,530	0
	Bonds	2,690,209	3,042,941
	Equity investments	70,703	0
	Deposits with credit institutions	11	11
	Derivative financial instruments	0	248,690
	Interest and rent receivable	10,956	8,652
	Reinsurance contracts	10,463	21,367
	Total	2,882,872	3,321,661

The Company has made total investment commitments of DKK 664m of which DKK 361m have been drawn

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

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

22 Group financial statement

Norli Pension is not included in a consolidated financial statements, as the parent Nordic I&P DK ApS does not prepare Group financial statements for 2021.

23 Financial highlights

Please refer to page 2

24 Risk management

Please refer to page 5

Note

25 Breakdown of assets and returns

TDKK

	Carrying amount		Return % p.a. before tax
	beginning of year	end of year	
1. Investment property	0	0	0.00%
2.1 Equity investment	0	0	0.00%
2.2 Unlisted investments	0	30	0.00%
2. Total	0	30	0,00%
3.1 Government and mortgage bonds	2,863,280	2,689,835	-0.7%
3.2 Index-linked bonds	0	0	-
3.3 Credit bonds and emerging market bonds	288,746	126,910	1.6%
3.4 Loans	538,220	376,712	4.3%
3. Total	3,690,245	3,193,456	0.06%
4. Equity investments in associates	0	0	0.00%
5. Other	248,535	408,079	0.00%
6. Derivatives	310,278	175,524	-

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

Note

26 Financial Instruments at fair value

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

Collateral agreements have been made regarding financial instruments. In this connection, collateral in the form of cash and bonds of DKKM 196.2 has been received. And given collateral amounts to DKKM 23.6 in form of cash.

TDKK	Expiry	Principal	2021
			Carrying amount
Swaptions	2022	2,603,159	7,960
Swaptions	2022	371,880	-770
Swaps	2022	706,572	352
Swaps	2022-2027	4,734,691	27,523
Swaps	2027-2032	2,063,867	6,130
Swaps	2020	2,294,822	122,554
CDS	2022-2027	70,409	-6,927
CDS	2022-2027	70,409	6,927
Forward exchange contracts	2022	453,693	-30
Total		13,369,502	163,720

TDKK	Expiry	Principal	2020
			Carrying amount
Swaptions	2021	3,945,056	548
Swaptions	2021	1,786,441	0
Swaps	2021	1,348,018	655
Swaps	2021-2031	7,253,226	99,669
Swaps	2032-	2,114,964	196,375
Forward exchange contracts	2021	688,487	1,627
Total		17,136,192	298,874

Note

27 Fair value hierarchy for financial instruments

	Quoted market prices		Observable input		Non-observable Input		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Assets								
Investment funds	-	-	100,530	-	-	-	100,530	-
Bonds	2,567,167	2,769,341	111,605	348,071	26,325	25,946	2,705,097	3,143,358
Equity investments	-	-	-	-	376,741	261,934	376,741	261,934
Deposits with credit institutions	63,319	52,262	-	-	-	-	63,319	52,262
Other lendings	-	-	-	-	-	271,381	-	271,381
Derivative financial instruments	-	-	270,155	451,487	6,927	7,518	277,083	459,005
Total	2,630,486	2,821,602	482,291	799,558	409,994	566,779	3,522,770	4,187,939
Debt								
Amounts owed to credit institutions	-176,274	-295,507	-	-	-	-	-176,274	-295,507
Derivative financial instruments	-	-	-106,436	-152,613	-6,927	-7,518	-113,363	-160,131
Total	-176,274	-295,507	-106,436	-152,613	-6,927	-7,518	-289,638	-455,639

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

	Equity investments	Bonds	Other lendings	Derivative financial instruments
Carrying amount at 1. January	261,934	25,946	271,381	-
Value adjustments	5,306	908	-	0
Additions	-	-	-	-
Purchases / Sales net	109,501	-529	-271,381	0
End of year	376,741	26,325	-	0