



**Annual Announcement of
Financial Statements 2023**

ATP in brief

ATP Livslang Pension (Lifelong Pension)



The ATP pension is a **lifelong guaranteed retirement benefit** which is paid out throughout retirement – it helps to ensure financial security, especially for those without pension income other than public pensions and ATP

0.30 per cent

Low annual **cost percentage** (the total investment and administration costs)

17.1 per cent

in continued **stable bonus capacity after bonus attribution**

DKK **5.7** bn

return in the investment portfolio corresponding to 5.5 per cent in relation to the bonus potential. **Over the past 10 years, ATP has generated average annual returns of DKK 12bn.**



In 2023, ATP implemented **the optimised business model** with a view to creating **higher pensions**

Low administration activity expenses per member of

DKK **38**

Value creation in the guarantees

3.1 per cent



Pensions are increased for pensioners by

Kr. **3** per cent

PAYMENT OF WELFARE BENEFITS

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of the welfare spending in Denmark is paid out by ATP, for example, as state pensions and child and youth benefits

ATP has **digitalised and streamlined** the payment of welfare benefits. This year, there has been paid out

DKK **320** bn.



ATP is a **technology and digitalisation company**, and in 2023 it has invested in IT development for

DKK **600** million.

Summary of key figures for the ATP Group

DKK million	2023	2022	2021	2020	2019
Investment					
Return in the investment portfolio	5,718	(64,511)	49,370	29,797	40,545
Tax on pension savings returns and corporate income tax	(1,078)	9,406	(7,282)	(4,374)	(5,718)
Investment activity results	4,640	(55,104)	42,087	25,423	34,827
Hedging					
Interest hedging					
Change due to interest and maturity reduction	(33,348)	212,298	43,124	(63,330)	(77,585)
Return in hedging portfolio	42,066	(244,827)	(56,187)	66,484	86,710
Tax on pension savings returns	(6,421)	37,459	8,597	(10,172)	(13,267)
Result from interest hedging	2,298	4,930	(4,466)	(7,018)	(4,142)
Supplementary hedging portfolio					
Return on supplementary hedging portfolio	736	-	-	-	-
Tax on pension savings returns	(110)	-	-	-	-
Return on long-term supplementary provision	(625)	-	-	-	-
Result of supplementary hedging portfolio	0	-	-	-	-
Life annuity with market exposure					
Return on market return portfolio	249	(87)	-	-	-
Tax on pension savings returns	(43)	13	-	-	-
Interest on life annuity with market exposure	(206)	73	-	-	-
Result of life annuity with market exposure	0	0	-	-	-
Hedging activity results	2,298	4,930	(4,466)	(7,018)	(4,142)
Insurance income	19,498	19,227	18,423	18,275	18,191
Paid out pensions	(18,408)	(17,957)	(17,260)	(17,180)	(17,054)
Investment activity expenses and hedging	(703)	(822)	(950)	(885)	(936)
Administration activity expenses	(214)	(215)	(213)	(210)	(201)
Change to risk adjustment	(53)	(49)	-	-	-
Other changes	(120)	(184)	-	-	-
Result of insurance service	0	0	0	0	0
Result for ATP Livslang Pension (Lifelong Pension)	6,938	(50,175)	37,621	18,404	30,686
Other income/expenses	(37)	156	240	99	154
Business processing, external parties					
Income	2,484	2,568	2,498	2,297	2,436
Expenses	(2,485)	(2,569)	(2,497)	(2,297)	(2,435)
Result from business processing, external parties	0	0	0	(1)	1
Result before interest on bonus potential	6,901	(50,019)	37,862	18,502	30,840
Interest not added to the bonus potential	(6,938)	50,175	(37,621)	(18,404)	(30,686)
Minority interests' share of the result	37	(156)	(240)	(99)	(154)
Net profit for the year	0	0	0	0	0
Guaranteed pensions	564,966	538,634	787,809	813,589	759,628
Life annuity with market exposure	3,198	1,382	-	-	-
Risk adjustment	835	954	-	-	-
Pension liabilities, total	568,999	540,970	787,809	813,589	759,628
Long-term supplementary provision	39,193	37,265	-	-	-
Bonus potential	104,030	99,572	159,537	146,221	125,980
Total undistributed funds	143,224	136,837	159,537	146,221	125,980
Net assets	712,222	677,806	947,346	959,810	885,608

¹Note: The change in the summary of key figures is primarily due to the implementation of IFRS17. Comparison figures have been prepared in accordance with the same principles as 2023. For more information, see 'Accounting policies'

New accounting regulations

Implementation of the new accounting standard IFRS17 entails a uniform method for recognising and presenting the pension obligations. IFRS17 introduces a number of mandatory accounting items that result in a significant change to how the income statement is presented.

As a consequence of the new accounting regulation ATP has a 0 result, as ATP makes no profit by providing services.

- At ATP, all funds are owned by ATP's members and are paid out to ATP's members. The return is added directly to the bonus potential, which means that the income statement for ATP will always show a 0 result.
- Under insurance service, the contribution revenue is only recognised in the income statement when the insurance is used, i.e. as pensions are paid out and expenses are incurred. Without a profit, the result is 0.

Changes to provisions due to life expectancy updates or the allocation of bonuses will impact future payments, and these will therefore not appear in the income statement but will rather be transfers between the bonus potential and the pension liabilities.

Overview of main figures

As the new standard means that all returns and financial income and expenses are shown under one item and there is no opportunity to present the individual business areas, ATP has instead in the overview of main figures reported the result divided by business areas, thereby illustrating the individual returns and correlation for the transfers to the members' assets.

The correlation between the financial statement's statement of comprehensive income and the overview of main figures is shown in ATP's annual report.

Ratios

	2023	2022	2021	2020	2019
Return ratios					
Return on investment before tax relative to the bonus potential in per cent ¹	5.5	(40.9)	35.0	23.3	44.2
Return on market return portfolio, before tax in per cent ²	9.1	(15.7)	-	-	-
Value creation ratios					
Value creation from pensions in per cent	3.1	3.1	3.3	3.4	3.4
Value creation from undistributed funds in per cent	4.7	(38.7)	24.5	13.3	30.3
Total value creation in per cent	3.4	(7.2)	8.5	5.5	8.0
Expense ratios in per cent					
Administration activity expenses relative to assets	0.03	0.03	0.02	0.02	0.02
Investment expenses relative to assets	0.18	0.20	0.16	0.16	0.17
Performance fees, external managers relative to assets	0.09	0.12	0.36	0.12	0.13
Total expenses relative to assets (APR)	0.30	0.35	0.54	0.30	0.32
Administration activity expenses in DKK per member	38	39	40	40	38
Other ratios					
Bonus capacity	17.1	17.2	20.3	18.0	16.6
Members (in thousands)	5,600	5,521	5,424	5,347	5,264
Contribution revenues in million DKK	12,624	11,951	11,497	10,744	10,061
Life expectancy updates in DKK million	1,881	3,887	4,796	1,130	3,231
Bonus additions in DKK million	(5,811)	-	(30,391)	-	-

¹Return on Investment is calculated as a daily time-weighted return on the bonus potential.

²Return on the market portfolio is calculated as a daily time-weighted average.

The ATP community provides financial security for the individual

With almost all Danes as members, ATP plays a unique role in the Danish welfare society. ATP helps ensure financial security by virtue of the lifelong and guaranteed pension we pay out to almost all Danes receiving a state pension. At the same time, ATP is a central cog in a machinery that pays out welfare benefits worth DKK 320bn to Danes every single year. In this way, ATP must help to maintain, develop and, along the way, preferably streamline the payment of welfare benefits.

The cornerstone of our business is ATP Livslang Pension (Lifelong Pension). Today, the ATP pension covers almost the entire Danish labour market because all wage earners and almost everyone on transfer income pay compulsory contributions into the scheme until retirement. ATP's ongoing investment of the funds creates a return which ultimately helps to ensure that the members' total ATP pension that is paid out can be several times greater than the money they have paid in themselves. In the guaranteed pension, an interest on the payments is included in advance so that everyone can also expect that their payment will exceed the amount they themselves have contributed.

In 2023, the average ATP pension amounted to DKK 16,600. For approximately 400,000 pensioners in Denmark – around 35 per cent – the ATP pension is a noticeable financial supplement to their daily finances because the payment from ATP is their only pension income other than their public pensions.

Together, the state pension and the ATP pension accounted for three out of four pension kroner received by Danes in 2023, and this number will only slowly decrease over the next several decades. This emphasises that the basic pension, which consists of the state pension and ATP, is important both now and in the future to ensure the original ambition for

the introduction of the ATP contributions: that no Danish pensioners should be poor.

ATP differs from other pension savings by being a collective guaranteed scheme with one product. We promise all members a fixed pension, regardless of how long they live. As part of a collective, you as an individual do not have to worry about whether the pension is enough, because in ATP the pension is guaranteed and all risks are covered by the community.

The past two years have been turbulent for global markets. In particular, ATP's returns were periodically challenged by large, rapid interest rate movements in 2023 – as also happened in 2022 – which resulted in a historically poor investment result for ATP. 2023 ended with a return of DKK 5.7 billion in the investment portfolio.

As an investor, ATP aims to deliver as strong returns as possible. We fully understand that questions arise when our results do not live up to our ambitions. However, all investors experience good and bad years, and as a long-term investor it is important to consider the long-term perspective. Over the past ten years, ATP has generated a return of DKK 122,3bn.

ATP's business model includes built-in interest hedging which protects in the long term against fluctuations in the financial markets. This business model works, and we can therefore always pay out the pensions we have promised to members.

This stability and protection against interest rate fluctuations can also be seen in ATP's bonus capacity. The bonus capacity shows how many additional funds ATP has in relation to our obligations to members. Although the market value of ATP's pension obligations has fluctuated significantly in recent years, our bonus capacity has been stable.

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In ATP, the community ensures that we all have a little more to live for on the day we retire. The many contributions together provide a strong foundation that ensures collectively stable lifelong pensions.

In 2023, this once again benefited Danish pensioners, as ATP had the resilience to raise pensions again, this time by 3 per cent, despite large fluctuations in the financial markets. It takes effect from 2024 and includes all pensioners in ATP's membership, currently over 1 million seniors in Denmark.

ATP's second primary function is to act as a payment processor for DKK 320bn in welfare benefits. For example, in 2023 ATP paid out state pensions of DKK 154bn, rent subsidies of DKK 17bn and maternity/paternity benefits of DKK 12bn. Our ambition is to simplify and streamline payment of these large amounts of money and, as a processing business, ensure correct and equal access to welfare services as well as on-time payment of the correct amounts with excellent customer service.

This is where digitalisation plays an important role. Denmark is a trailblazer in digitalisation, and with the ongoing digital transformation comes more complex sharing data requirements, considerations regarding use of artificial intelligence, and higher expectations from the outside world for digital solutions.

ATP must carry out a socially critical task of providing administrative solutions that affect the everyday lives and finances of millions of people in Denmark. For this reason, we are not only committed to keeping up with digital developments, but also aim to be one of the leading technology and digitalisation companies – because this benefits the people of Denmark. Intelligent



use of data and technology means that we can both save public money and make it easy to contact ATP. We test, develop and use new technology. In this way, we can also assist political decision-makers with knowledge so that the best framework for the use of technology in Denmark can be created, in a safe and responsible manner.

Sustainability also features strongly in ATP's approach to business. ATP is focused on delivering real sustainable development in the breadth of roles that ATP plays. We aim to strengthen the way in which sustainability is incorporated and coordinated across the group.

As a workplace, ATP works continuously to develop in a more sustainable direction – financially, socially and environmentally. The desire is to create an employee culture that can endure for a long time and an everyday working life where employees thrive in the long term. At the same time, we have an ambition to strongly reduce the carbon footprint from ATP's energy and resource consumption – a continuous commitment that results in new initiatives every year. As an investor, we use active ownership to push companies in a more sustainable direction. In this context, ATP takes an active approach to how companies develop, seeks knowledge and insight and exerts its influence with the aim of creating real change in a sustainable direction.

Martin Præstegaard,
CEO of ATP

Statement of comprehensive income

DKK million	Group			
	2023	2022	H2 2023	H2 2022
Insurance income	19,498	19,227	9,818	9,527
Expenses for insurance service	(19,498)	(19,227)	(9,818)	(9,527)
Result of insurance service	0	0	0	0
Financial returns	48,769	(309,425)	37,808	(60,992)
Financial insurance income or expenses	(41,117)	262,547	(31,896)	51,402
Financial items, net	7,652	(46,878)	5,912	(9,590)
Tax on pension savings returns and corporate income tax	(7,652)	46,878	(5,925)	9,590
Result of insurance and investment activities	0	0	(14)	0
Other income/expenses				
Other financial returns	(36)	171	(63)	27
Expenses related to other financial returns	(1)	(1)	0	0
Tax related to other financial returns	0	(14)	0	0
Other income/expenses, total	(37)	156	(63)	26
Administration				
Other income	2,484	2,568	1,226	1,348
Other expenses	(2,485)	(2,569)	(1,226)	(1,349)
Administration activity result	0	0	0	0
Result for the period	(37)	156	(78)	26
Other comprehensive income				
Items that may not be reclassified to the result:				
Value adjustments of owner-occupied properties	0	0	16	0
Tax on pension savings returns regarding value adjustments for owner-occupied properties	0	0	(2)	0
Other comprehensive income	0	0	14	0
Comprehensive income for the period	(37)	156	(63)	26
Minority interests' share of total comprehensive income for the year	(37)	156	(63)	26
ATP's share of total comprehensive income for the year	0	0	0	0
Allocated comprehensive income	(37)	156	(63)	26

Statement of financial position

DKK million	Group	
	2023	2022
ASSETS		
Cash and on-demand deposits	7,288	6,792
Receivables from reverse transactions	38,613	25,669
Bonds	488,630	483,354
Listed equities	53,125	50,855
Unlisted equity investments	110,548	114,430
Financial derivatives	76,925	82,270
Loans	3,552	4,328
Investment properties	24,268	24,858
Investment assets associated with life annuity with market exposure	3,321	2,452
Owner-occupied properties	904	909
Operating funds	8	4
Intangible assets	839	1,004
Receivables on pension savings returns and income tax	624	859
Deferred tax on pension savings returns and income tax	41,276	48,534
Collateral regarding financial derivatives	6,267	13,380
Receivables contributions	3,310	3,150
Other receivables	6,823	4,763
Other prepayments and accrued income	1,029	1,006
Total assets	867,347	868,617
EQUITY AND LIABILITIES		
Debt from reverse transactions	1,099	10,709
Financial derivatives	136,926	172,840
Tax payable on pension savings returns and income tax payable	2	2
Deferred tax on pension savings returns and income tax	14	85
Other debts	16,533	6,521
Total liabilities	154,574	190,158
Guaranteed benefits	564,966	538,634
Life annuity with market exposure	3,198	1,382
Risk adjustment	835	954
Pension liabilities, total	568,999	540,970
Long-term supplementary provision	39,193	37,265
Bonus potential	104,030	99,572
Total pension provisions	712,222	677,806
Minority interests	551	653
Total equity and liabilities	867,347	868,617