The ATP Group
Annual Report 2022

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Further information

The Management's Review, as defined in the Statutory Order on Financial Reporting for The Danish Labour Market Supplementary Pension Fund (ATP), Chapter 5, can be found on pages 1-67.

ATP in brief

ATP LIVSLANG PENSION (LIFELONG PENSION)

The ATP pension is a **lifelong, guaranteed benefit** which is paid for the entire pension period – as of 1 January 2022, this was increased by 4 per cent due to bonuses being paid to all members

DKK (64bn)

in investment returns in a **very unusual** year. Over the past 5 years, ATP has generated average annual returns of DKK 10bn, which corresponds to a return on the bonus potential of 6 per cent.

17.8%

in continued **stable bonus capacity**

Low administration expenses DKK

39 **per member**

ATP continues to focus on green investments and has invested in **geothermal heating** and in **green batteries for electric vehicles** and **solar panels**

Low annual **expense ratio**

0.35%

Optimised business model

To contribute to a higher pension over time, a life annuity with market exposure has been implemented in 2022. In 2023, there will be implemented a change to the **hedging strategy**

PAYMENT OF WELFARE BENEFITS

2/3

of welfare spending in Denmark is paid out by ATP

Udbetaling Danmark – Public Benefits Administration also implemented an equal sharing of the **child and youth benefits** with a self-service solution in January **earmarked maternity/paternity leave** in August

In 2022, **Udbetaling Danmark** – Public Benefits Administration celebrated its **10-year anniversary**. In total, the establishment of Udbetaling Danmark – Public Benefits Administration now creates **DKK 700 million in annual savings for the Danish population**

In 2022, **47,400 applications for an early retirement pension** were processed and of these, **71 per cent were granted** an early retirement pension

Five-year summary for the ATP Group

DKKm	2022	2021	2020	2019	2018
Investment					
Investment return	(64,364)	49,620	29,901	40,705	(3,714)
Expenses	(823)	(952)	(886)	(937)	(953)
Tax on pension savings returns and corporate income tax	9,396	(7,291)	(4,378)	(5,723)	949
Investment activity results	**(55,790)**	**41,378**	**24,637**	**34,045**	**(3,718)**
Hedging activities					
Guaranteed benefits (GB)					
Change in GB due to interest rates and shorter duration	201,741	48,632	(56,807)	(72,337)	(27,866)
Return in hedging portfolio	(244,827)	(56,187)	66,484	86,710	32,932
Tax on pension savings returns	37,459	8,597	(10,172)	(13,267)	(5,039)
Result of hedging of guaranteed pensions	**(5,628)**	**1,042**	**(495)**	**1,106**	**27**
Life annuity with market exposure (LAWMA)					
Change in LAWMA due to returns	74	-	-	-	-
Return on market return portfolio	(87)	-	-	-	-
Other items	13	-	-	-	-
Result of life annuity with market exposure	**0**	**-**	**-**	**-**	**-**
Change in guaranteed benefits due to yield curve break	(2,652)	(5,508)	(6,523)	(5,248)	(3,106)
Hedging activity results	**(8,280)**	**(4,466)**	**(7,018)**	**(4,142)**	**(3,079)**
Results from Investment and Hedging	**(64,071)**	**36,912**	**17,619**	**29,903**	**(6,797)**
Pension					
Contributions	11,951	11,497	10,744	10,061	9,871
Pension benefits	(17,957)	(17,260)	(17,180)	(17,054)	(16,878)
Changes to guaranteed pensions resulting from contributions and payments	9,679	8,200	8,239	8,099	8,505
Administration activity expense	(215)	(213)	(210)	(201)	(197)
Other items	10	7	6	7	9
Pension activity results before life expectancy update	**3,467**	**2,231**	**1,599**	**912**	**1,310**
Business processing, external parties					
Income	2,568	2,498	2,297	2,436	2,458
Expenses	(2,569)	(2,497)	(2,297)	(2,435)	(2,450)
Corporate income tax	0	0	0	0	(1)
Result from business processing, external parties	**0**	**0**	**(1)**	**1**	**7**
Result before bonus allowances and life expectancy update	**(60,604)**	**39,143**	**19,217**	**30,816**	**(5,480)**
Life expectancy update	3,805	4,796	1,130	3,231	(20,025)
Bonus addition for the year	-	(30,391)	-	-	-
Net profit for the year	**(56,799)**	**13,548**	**20,347**	**34,047**	**(25,505)**
Assets					
Guaranteed pensions	573,832	787,809	813,589	759,628	693,373
Life annuity with market exposure	1,382	-	-	-	-
Pension liabilities, total	**575,214**	**787,809**	**813,589**	**759,628**	**693,373**
Bonus potential	102,593	159,537	146,221	125,980	92,086
Net assets	**677,806**	**947,346**	**959,810**	**885,608**	**785,459**

Key points of the past five years

DKK 48 bn in investment returns before tax

6 per cent on average in annual investment return in relation to the bonus potential

DKK 7 bn for increased life expectancy

DKK 30 bn allocated to increasing pensions

3.1 per cent average value growth for members

0.37 per cent average APR

Ratios for ATP

	2022	2021	2020	2019	2018
Return ratios					
Return on investment before tax relative to the bonus potential in per cent[1]	(40.9)	35.0	23.3	44.2	(5.6)
Return per average risk krone [2]	(1.5)	0.8	0.7	1.0	(0.1)
Return on market return portfolio, before tax in per cent [3]	(15.7)	-	-	-	-
The Danish Financial Supervisory Authority's ratios related to pension liabilities and bonus potential (N1), in per cent	(32.9)	(0.8)	10.8	16.2	3.7
The Danish Financial Supervisory Authority's ratios related to life annuity with market exposure (N2), in per cent	(12.4)	-	-	-	-
Bonus capacity	**17.8**	**20.3**	**18.0**	**16.6**	**13.3**
Value creation from guarantees in per cent	3.1	3.3	3.4	3.4	3.5
Value creation from bonus potential in per cent	(38.7)	24.5	13.3	30.3	(7.0)
Total value creation in per cent	**(7.2)**	**8.5**	**5.5**	**8.0**	**1.5**
Expense ratios in per cent					
Administration activity expenses relative to assets	0.03	0.02	0.02	0.02	0.03
Investment expenses relative to assets	0.20	0.16	0.16	0.17	0.18
Performance fees, external managers relative to assets	0.12	0.36	0.12	0.13	0.13
Total expenses relative to assets (APR)	**0.35**	**0.54**	**0.30**	**0.32**	**0.34**

[1] Return on Investments is calculated as a daily time weighted return on the bonus potential. The investment portfolio follows a risk-based investment approach, the focus of which is on risk rather than on the amount of DKK invested. The investment portfolio, as a general rule, consists of funds from the bonus potential. Funds not tied up in the hedging portfolio as a result of the use of derivative financial instruments are available for investment in the investment portfolio on market terms. In practice, this means that the investment portfolio can operate with more funds than the bonus potential. The market value at the end of 2022 was DKK 310.5bn. The market value of the investment portfolio also includes financial derivatives of which the market value will typically be low, zero or negative.

[2] Return per average risk krone is calculated as the annualised accumulated return for the period compared to the average risk for the same period. The risk result is the Expected Shortfall.

[3] Return on the market return portfolio is calculated as a daily time-weighted return.

Management's review 2022

2022 was a difficult year, also for ATP

> **ATP's most important task is to pay the pensions that we have promised to our members. And we are keeping that promise. Regardless of the major decreases in share prices and the major interest rate hikes of 2022, the hedging strategy for our business model ensures that we are always able to pay what we have guaranteed.**
>
> **Martin Præstegaard, CEO of ATP**

An energy crisis, inflation, share price decreases, very high interest rate hikes and war in Europe were all seen this year and it had a negative impact on ATP's result.

ATP's pension product provides basic financial security to the Danish population in the form of a lifelong guaranteed pension product. This guarantee is completely firm even after a 2022 with major declines in the financial markets. This is a reflection of the hedging portfolio, where ATP invests the majority of its assets, having moved at the same pace as ATP's liabilities - as it should. Conversely, the results in the investment portfolio, where ATP invests its reserves, has shown a great loss which reflects the negative trend in the markets. Overall, ATP's business model has shown itself to be robust. ATP's bonus capacity, i.e. its ability to pay bonuses to its members, amounts to approximately 18 per cent of the pension liabilities at the end of 2022, whereas this figure was 20 per cent at the end of 2021.

As all of Denmark's pension fund with 5.5 million members that get a guaranteed and lifelong pension from us, we are providers of basic financial security. We are also striving to achieve the best returns over time in our investment portfolio so that we can increase the pensions. We were unable to deliver on those returns in 2022. In fact, the year was characterised by losses for nearly all types of assets. The result for the year was DKK (57)bn, of which the investment return amounted to DKK (64)bn.

When it comes to investing, there will be both good years and bad news. It turns out that 2022 was a very bad year for investing - but this should be viewed in the context of a number of prior years with large positive returns. As an investor, we are not satisfied with the return generated in 2022. The losses have generally been seen by financial actors such as ourselves throughout the world after a very unusual year. All investors, both large and small, have had to really take a hard look at their strategy in order to assess whether it is durable in a time where there is so much uncertainty and no signs of the economy improving in the near future. Our business model is designed to do that - and it is not possible to have an investment strategy that only ever generates large profits.

At ATP, we have adjusted our risk on an ongoing basis. Our business model is also designed to be able to withstand what happens when, not least, interest rates rise quickly. We have a general investment strategy that has over the past 10 years (including 2022) generated DKK 126bn in returns, and we will stick with this strategy even after a year like 2022. We believe that the investment strategy's integrated risk adjustment and the risk appetite of our newly adjusted business model is what will bring ATP, and thus its members, the best possible long-term returns. As a long-term investor, we have charted our course - and this also involves daring to stick to that course during periods where it is hard to generate returns and thereby grow our members' pensions.

The guarantees are iron clad

ATP's most important task is to pay the pensions that we have promised to our members. And we are keeping that promise. Regardless of the major decreases in share prices and the major interest rate hikes of 2022, the hedging strategy for our business model ensures that we are always able to pay what we have guaranteed. Our members know what they will be paid, and that guarantee is an important characteristic of the ATP pension.

The guaranteed pensions are firm despite the financial turbulence of 2022. So is our green ambition to have DKK 100bn allocated to green investments in 2025. With rising interest rates and falling valuations, it has not become easier to meet our ambitions, but we are making progress. During the year, ATP has allocated a total of DKK 27bn to green investments and our total portfolio of green investments was at DKK 66bn at the end of the year.

The success of Udbetaling Danmark - Public Benefits Administration

Besides the role of being a pension fund for virtually all of Denmark, ATP has another significant task as the payer of most of Danish welfare benefits. Via the self-governing institution Udbetaling Danmark - Public Benefits Administration (which is part of the ATP Group), there was for example paid out state pensions amounting to DKK 145bn, maternity/paternity leave benefits of DKK 12bn and rent subsidies of DKK 16bn just in 2022. Almost half of the residents of Denmark across all age groups are currently benefitting from the benefits paid out from Udbetaling Danmark - Public Benefits Administration which, due to efficient operations, frees up money in the Danish state and municipalities that can be spent on other welfare programmes.

2022 included the 10-year anniversary of Udbetaling Danmark - Public Benefits Administration as a new core authority in the Danish welfare state. It was created to streamline the administration, ensure uniform case processing and support the legal rights of Danish citizens. The ambition was originally that Udbetaling Danmark -

Public Benefits Administration would ensure savings of DKK 300 million after three years (compared to what it cost when the tasks were handled by municipalities). In addition, Udbetaling Danmark - Public Benefits Administration was to generate savings of at least 25 per cent on IT expenses through a competitive IT system environment - and the financial gains were to be allocated to the municipalities.

The goal of reducing the annual operating expenses by DKK 300 million was reached on schedule in 2015, and subsequently, the ongoing streamlining of operations via more automation and digitalisation has resulted in continually falling operating expenses. In addition, the ambition to expose IT systems to a competitive environment was achieved with annual savings in IT expenses of approximately DKK 260 million, or 30 per cent. The total savings amounted to DKK 700 million.

With a political desire to take advantage of Udbetaling Danmark - Public Benefits Administration's potential in the welfare state, more municipal and state payment and service tasks were allocated over time. The political focus on the opportunity to retire from the labour market early has in the past few years grown ATP's portfolio of tasks, particularly in terms of the Senior Pension and Early Retirement Pension.

Digitalisation is to provide more welfare

So what are the primary ingredients of the welfare administration that ATP practices? The answer is data and digitalisation. ATP has an enormous amount of data at its disposal, and that data is used constructively to develop digital systems that streamline and improve the welfare system. For example, working with customer advisory services in a systematic manner has meant that ATP saves thousands of hours that would otherwise be spent on this. The time that is freed up can then instead be used on solving more tasks and having more contact with the citizens of Denmark. This has also allowed ATP to shorten the case processing times significantly for those applying for welfare benefits.

However, it is also important that digitalisation takes place in ways that accommodate everyone. A large group of Danish citizens do not have experience with technology and digital equipment - and for them, digitalisation becomes a difficult hindrance. ATP is also focusing on this group of people, and we view it is an additional challenge that we need to address when designing our customer service.

Overall, however, there are many gains from digitalisation, and in 2022 ATP increased its focus on this area by moving the strategic digitalisation work to the group management team. A new Chief Information and Technology Officer will now focus on strengthening the digital development across the entire business and to equip ATP - both as a pension provider and administrator of welfare services - to face an even more digital future. Together with a new group management team, I look forward to getting to work in 2023.

Martin Præstegaard
CEO, ATP

Strategic focus areas

With Strategy 2023 "A sustainable ATP", the Supervisory Board has defined six strategic focus areas aimed at ensuring that ATP creates value in terms of welfare, sustainability and digitalisation:

Strong customer and stakeholder focus

As a monopoly we must never forget our customers, and the role that ATP plays in society makes it crucial that we enjoy the support and trust of our stakeholders – members, citizens, politicians and clients.

Long-term sustainable business model

Long-term sustainable business models must in the short and longer term ensure that ATP stays relevant as a sustainable supplier of basic financial security.

Responsibility

Through all parts of the group, ATP makes its mark on the society that we are a part of. This makes it essential that we consider responsibility across the ATP value chain.

Balanced cost efficiency

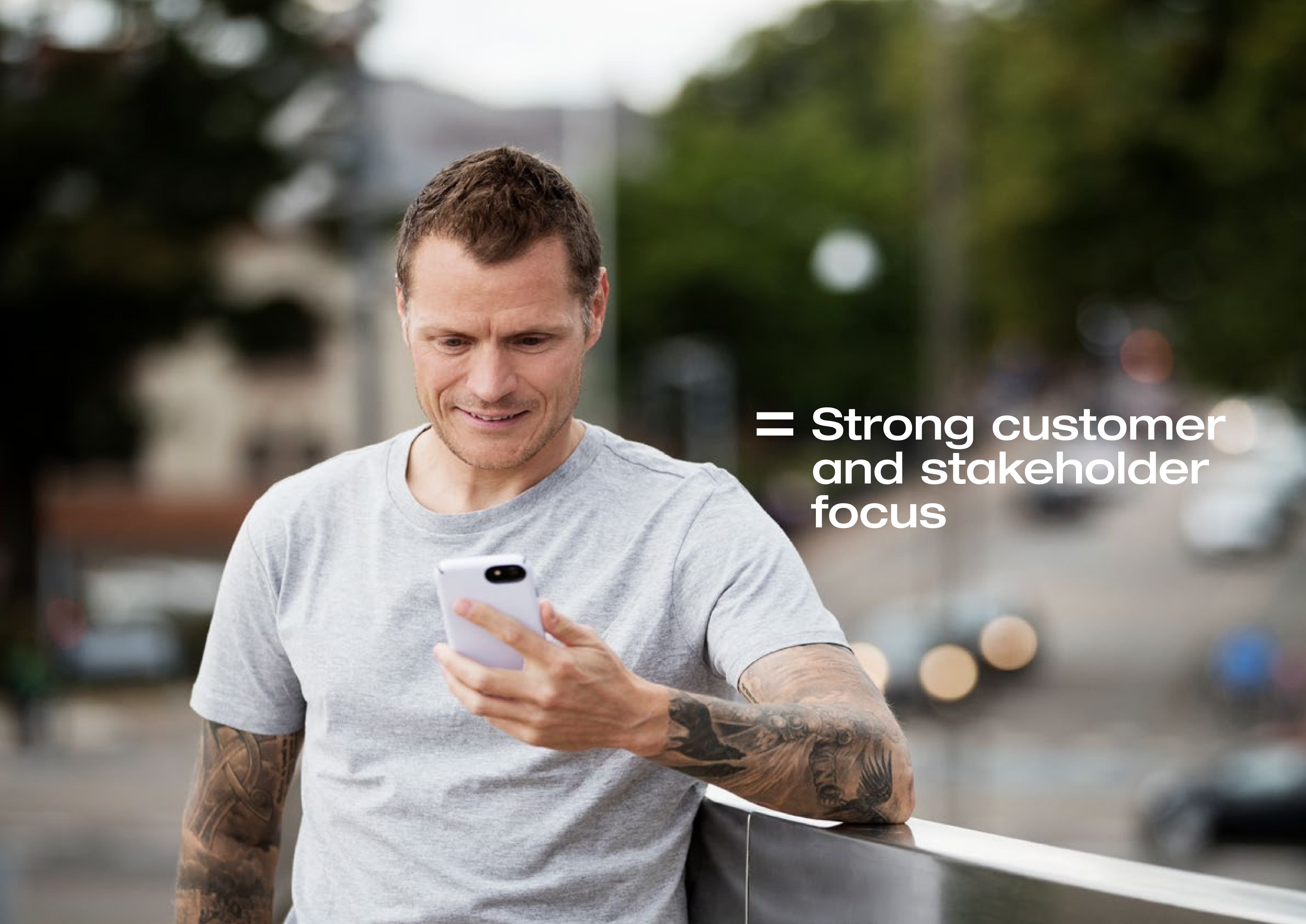
Quality, risk and cost efficiency are all components which it is essential to balance for ATP's business model.

Governance and risk management

The preconditions for being able to provide basic financial security and being a trusted company is having sufficient levels of risk management and governance in everything that we do.

An attractive place to work

Competent and motivated employees with a high level of professionalism is a precondition for ATP to be able to realise their business targets.



= Strong customer and stakeholder focus

Strong customer and stakeholder focus
As a monopoly we must never forget our customers, and the role that ATP plays in society makes it crucial that ATP has the support and trust of our stakeholders – members, citizens, politicians and clients.

Pensioners can count on the payments from ATP

ATP Livslang Pension (Lifelong Pension) is a guaranteed product that contributes to creating basic security for all members. In Denmark, 5.5 million people are ATP members. For approximately 40 per cent of all current pensioners in Denmark, ATP Livslang Pension (Lifelong Pension) is their only pension payment beyond the state pension. For these members, the ATP benefit and its in-built guarantee is particularly important. In 2022, ATP paid out DKK 18b to its members or their dependants and the average annual payment for a 67-year-old was DKK 19,000.

ATP's most important task is to – regardless of market developments – be able to pay the pensions that we have promised our members. And we are keeping that promise, ATP makes every effort to provide stable pensions and returns that over time can contribute to ensuring the real value of the lifelong pensions and create basic financial security together with the state pension. At the start of 2022, ATP Livslang Pension (Lifelong Pension) was increased by 4 per cent for all members after a number of years with record-high investment results. As an ATP member, you are guaranteed to have the ATP Livslang Pension (Lifelong Pension) paid out from the time you reach the state retirement age to when you die. This life expectancy guarantee, which enters into force already from the first contribution, is an essential part of the product, also when many people in Denmark are living longer and longer.

The importance of the guarantees grows in a year with large negative investment returns

Despite the large negative investment result in 2022, there is no doubt about ATP's ability to make the future payments to its members. The investment result, which is closely correlated with significantly higher inflation and rising interest rates, does not affect this guarantee. This is because we use interest hedging to ensure that we can always pay our members what we have promised them. The relationship between the guaranteed pensions and the interest rate hedging ensures that ATP has the funds to honour our guarantees.

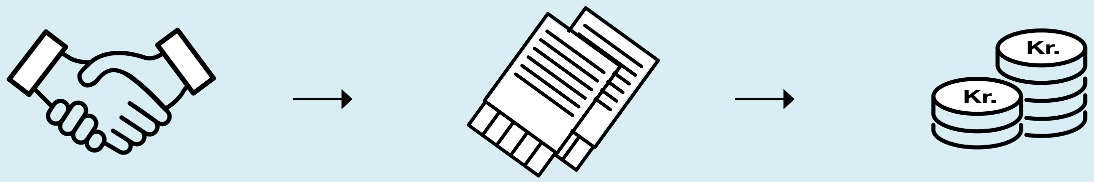
In 2022, there have been steep rises in interest rates and thus the present value of the guaranteed pensions have decreased by DKK 214bn. This development can be seen in ATP's assets. For members, however, the critical factor is not whether ATP's assets are growing, decreasing or remaining stable. The critical factor is that our investment strategy ensures that we always have enough funds to pay what we have guaranteed our members, regardless of which direction interest rates move in. And that is precisely what we ensure is possible by hedging our risks so that fluctuations in interest rate do not impact our members' pensions either now or in the future.

The guarantees include an integrated value creation This value creation from the guarantees illustrates the average return on the promises ATP has issued to members over time, across age groups. In 2022, this return was 3.1 per cent. The total value creation is a weighting of the returns on the guarantees and the value creation in the bonus potential. With how interest rates are developing on the financial markets, in 2023 it will be possible to ensure that members have better guarantees as the pension entitlements are signed at higher interest rates than in previous years.

Measurement of value creation, per cent	1-year	3-year	5-year
Value creation from guarantees	3.1	3.3	3.4
Value creation from bonus potential	(38.7)	(2.6)	2.2
Value creation, total	(7.2)	2.1	3.1

- ATP's business model ensures basic financial security - also after a year with losses
- The interest-hedged pension guarantees remain
- ATP increased all of its members' pensions by 4 per cent in 2022.

From member guarantee to pension payout



Guarantee
ATP guarantees its members a pension in a kroner and øre amount.

Interest hedging
ATP buys bonds and other assets that correspond to the guarantees. The price goes up and down, but ends at par.

Payment
ATP pays out the guaranteed lifelong pensions to members regardless of market developments.

It needs to be easy to interact with ATP

ATP plays a crucial role in the Danish welfare system. With payments of over DKK 300bn made directly to the Danish citizens, for many, ATP is the face they see when they think of the welfare state. Therefore, it needs to be both easy and accessible to interact with ATP, and this requires a dialogue with citizens, companies, organisations and authorities.

ATP solves tasks on behalf of the state, municipalities and social partners. Part of these tasks are assigned to self-governing institutions or funds with their own Supervisory Board that ATP administers in practice. This includes, for example, Udbetaling Danmark – Public Benefits Administration, AES, AUB and Lønmodtagernes Feriemidler.

Clear communication to families with children

In January 2022, **Udbetaling Danmark – Public Benefits Administration** paid out child and youth benefit to both parents for the first time due to a change to the law that the Danish Parliament adopted in 2021. And on 1 August 2022, Udbetaling Danmark – Public Benefits Administration was ready to administer a comprehensive legal change that (based on an EU Directive) was to ensure equal amounts of maternity/paternity leave to both parents.

This has required a comprehensive IT development work and preparing the legal basis for case processing and customer service. We have also worked to ensure that the families with children who would be impacted were ready and understood what was going to happen. In the context of maternity/paternity leave, employers were also in the target group. Udbetaling Danmark – Public Benefits Administration has therefore involved organisations for people in various life situations and labour market organisations so that we can work together to ensure that we make the best solutions. We have also helped organisations provide the correct advice to their members.

Award-winning self-service for rent subsidies

The engagement of the Danish citizens has been the foundation of the work involved with Udbetaling Danmark – Public Benefits Administration's new self-service solution that can be used to apply for rent subsidies. The solution was launched on borger.dk in 2021 and has resulted in noticeable gains for both residents of Denmark and Udbetaling Danmark – Public Benefits Administration. For example, 20 per cent fewer are calling to get assistance and then number of errors in applications has been reduced by 39 per cent. The customer satisfaction surveys in 2022 show that 90 per cent were satisfied or very satisfied with the self-service solution which, all in all, supports a better user journey for the more than 200,000 households who apply for rent subsidies each year.

Udbetaling Danmark – Public Benefits Administration and the supplier, Pentia, won a silver award at the Danish Digital Awards in 2022. The jury said:

"(...) The solution succeeds in including residents of Denmark who may be digitally weak and performs well in terms of ensuring the payment of rent subsidies to those who are entitled to them and it contributes to reducing social inequality.

(This) has made an extremely complex legal area simple and accessible to all. The jury hopes that the solution can inspire other public institutions to rethink their use of digital forms."

= Long-term sustainable business model

Long-term sustainable business model
Long-term sustainable business models must in the short and longer term ensure that ATP stays relevant as a sustainable supplier of basic financial security.

Members must have the best possible pensions

Since it was established in 1964, ATP has been part of the basic financial security for the Danish citizens in their retirement together with the state pension. This role has a major impact on how we design ATP Livslang Pension (Lifelong Pension) and manage our investments. ATP's role was most recently highlighted in connection with the Danish Parliament's processing of the ATP Act in May 2021. In this context, a broad majority of the Danish Parliament agreed to cement ATP's position in the Danish pension system as part of the basic security of the so-called 1st pillar together with the state pension. The change gave ATP the opportunity to optimise our business model for the benefit of our 5.5 million members.

The business model is therefore designed for the purpose of providing basic financial security via lifelong guaranteed pensions that aim to preserve their real value over time. This separates the business model from those of other pension suppliers, which are typically aimed at replacing a work income during retirement.

All of ATP's assets belong to our members, and therefore we have no equity of our own. ATP's assets can thus fundamentally be divided into funds to cover the lifelong guaranteed pensions and undistributed funds that have not yet been divided among the members.

The mandatory payment is divided into a guarantee contribution and a bonus contribution where the guarantee contribution is 80 per cent of the contribution and the bonus contribution is 20 per cent. The guarantee contribution is used to ensure that the individual members have a lifelong and guaranteed pension from the time they reach the retirement age and the bonus contribution, which is undistributed, is to contribute to ensuring the real value of the lifelong pensions over time and to cover unforeseen events that might impact ATP such as, for example, longer life expectancies among members. The funds that are allocated to the guarantee contribution and the bonus contribution are thus invested taking into account their respective roles. The guarantee contribution is invested with a low risk profile in bonds and interest swaps so that ATP can be sure that it is able to pay the guaranteed lifelong pensions to members from the time they reach the state retirement age. The undistributed funds are invested with higher risk profiles so that the returns can over time ensure that the real value of the pensions are preserved. All in all, this means that ATP is taking a balanced amount of risk in relation to our objective.

For ATP's Supervisory Board and management, the top priority is to continually ensure that the business model is contemporary in terms of the objective of ensuring that our members get the best possible lifelong pensions. Therefore, in recent years ATP has worked on optimising the pension product and business model. This has been done while taking into account that ATP must continue to have a very strong ability to honour the guaranteed pensions. But for ATP - and not least ATP's members - it is also important to ensure the real value (adjusted for inflation) of the pensions over time. Therefore, the business model has been optimised in two areas: life annuity with market exposure and a change to the hedging strategy.

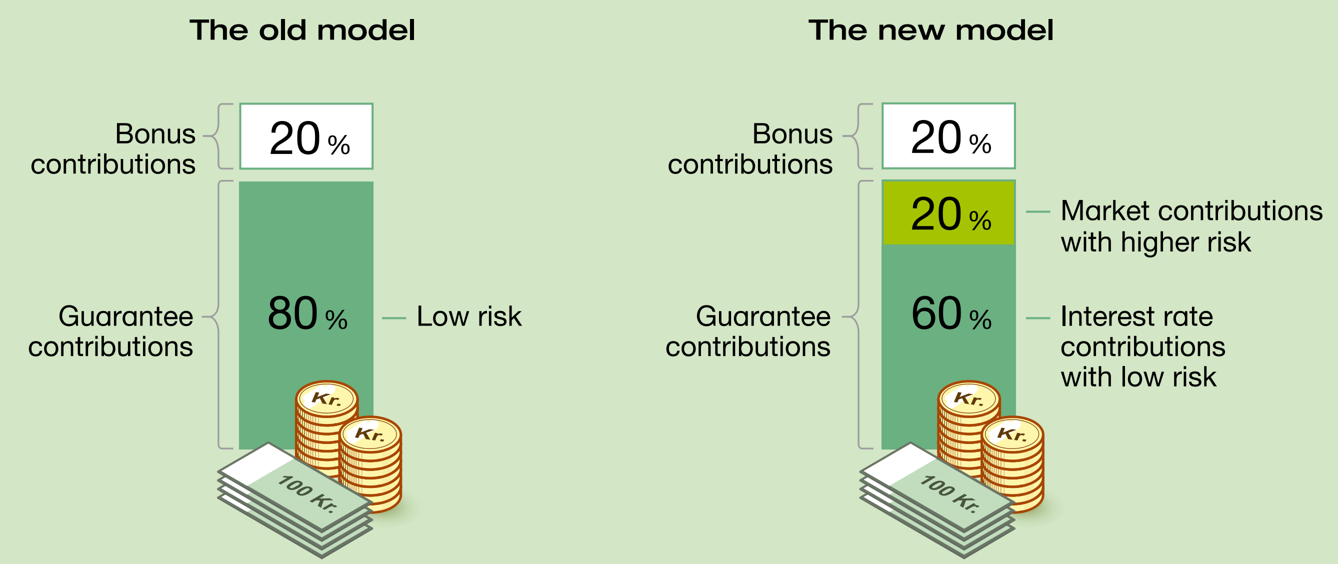
The first optimisation:
Life annuity with market exposure

The overall principles of ATP's business model have been preserved so that the guarantee contribution (80 per cent of the members' ATP contributions) is still set aside for the accrual of pensions and is still guaranteed in terms of life expectancy. From and including 2022, the guarantee contribution of 80 per cent is divided into two parts for the members who have more than 15 years to go until they reach the retirement age and thus achieve what is expected to be a higher guaranteed pension over time.

- 60 per cent is invested with a low risk profile = the interest contribution
- 20 per cent is invested with a higher risk profile = the market contribution

We call the pension that is accrued from the market contribution 'life annuity with market exposure'. It is based on the returns that are generated from investing with a higher risk profile. By investing the market contribution with a higher risk profile, it is expected that higher returns will be generated over time and thus result in higher pensions. When we invest with a higher risk profile, there is also the risk of us sometimes losing on our investments, and the accrued pensions from these contributions fluctuate up and down depending on the generated returns.

A loss does not necessarily have a major impact if ATP can succeed in recovering the losses before a member starts his or her retirement. This is precisely why life



88 per cent of people in Denmark between the age of 25 and 60 pay contributions to ATP.

In 2022, we paid out DKK 18bn in pensions.

As a 67-year-old in 2022, the average annual payment from ATP Livslang Pension (Lifelong Pension) is: DKK 19,000.

annuity with market exposure is only for the members who have more than 15 years to go until retirement. In order to avoid a serious reduction of a pension shortly before retiring, the pension that has been accrued via market contributions is gradually invested with a low risk profile as from the time when there is 15 years to go until retirement. Thus both the pensions that are accrued via interest contributions and market contributions will be guaranteed and cannot be lowered from the state retirement age - but it will still be able to be increased via bonuses.

Optimisation number 2:
Changed hedging strategy

With the adjustment of the Danish ATP Act from 2021, it became possible for ATP to change its hedging strategy for the purpose of increasing the total investment returns while at the same time continuing to guarantee the lifelong pensions with a very high degree of certainty. The changed hedging strategy is based on the special ATP characteristic of members being unable to withdraw their funds from ATP but instead they receive them as a lifelong benefit which is guaranteed from the time a member reaches the state retirement age. Therefore ATP can act as a true long-term investor.

The changed hedging strategy is therefore intended to allow ATP as a pension fund to get the best of two worlds - provide higher returns and also preserve the underlying guarantees.

The change increases ATP's overall investment risk as the change to the hedging strategy involves that in addition to the existing interest hedging on the guaranteed pensions there is also added a number of assets with higher risk profiles and higher expected returns from the hedging. This increases the total expected returns from the hedging portfolio so that the expected extra returns can over time contribute to an increase of the bonus potential and thus the bonus allocations. After the adjustment, the overall risk profile of ATP Livslang Pension (Lifelong Pension) will still be less than the typical market product, which is a natural result of ATP providing a lifelong guaranteed pension.

In 2022, ATP has prepared the business for implementing a changed hedging strategy during 2023.

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From 2023, we will be establishing a supplementary hedging portfolio as part of the overall hedging strategy. Over time, the returns from the supplementary hedging portfolio is expected to be able to be transferred to the bonus potential and thus contribute to ensuring the real value of the lifelong pensions.

Kim Kehlet Johansen, CRO (Chief Risk Officer), ATP

Central cog in the welfare state machine

Most residents in Denmark will at some point receive payments from ATP, either as welfare benefits or from one of the pension and insurance schemes that ATP is responsible for. In 2022, ATP paid out over DKK 300bn in welfare and insurance benefits.

What all of the tasks that ATP solves on the welfare area have in common is that they concern many residents of Denmark and/or companies and therefore also involve the use of a lot of data. There is also legislation involved which is often complex and changing.

Important money on the account
The majority of the benefits that ATP's Processing Business sends to the bank accounts of the Danish citizens are either to cover basic needs or a significant contribution to covering basic needs. This also applies to the state pension.

Out of the 1.1 million people in Denmark who are receiving a state pension, approximately 40 per cent have no other retirement savings. The state pension and ATP Livslang Pension (Lifelong pension) therefore often form the basis for covering the basic needs for the pensioners that ATP pays money to.

The political focus on the opportunity to retire from the labour market early has in the past few years grown ATP's portfolio of tasks, particularly in terms of the two schemes: Senior Pension and Early Retirement Pension.

The rent subsidies which are also paid out by ATP make a significant contribution to the household finances of many people in Denmark. The benefit is paid out to 615,000 Danish households each month. This corresponds to approximately every second household living in a rental home and thus a broad proportion of people in Denmark, ranging from young students to families with children and senior citizens.

The benefits for children with families are also large tasks in ATP's portfolio of welfare tasks. We pay out maternity/paternity leave benefits, child and alimony payments, child and youth benefits and, not least, the child cheque.

Financial security in the labour market
ATP also solves a number of tasks on behalf of the state and the social partners that contribute to ensuring a balanced labour market. Many of the tasks involve both contributions from employers and payments to employees.

The self-governing institution Labour Market Insurance (AES) processes about 50,000 cases per year. AES determines whether a personal injury or illness can be classified as an industrial injury. AES also assesses whether a resident of Denmark is entitled to compensation and, if so, how much.

Through Lønmodtagernes Garantifund (LG), (The Employees' Guarantee Fund) employees are ensured that they will receive salary payments if the company goes bankrupt and via Feriekonto, ATP pays out approximately DKK 10bn in holiday pay each year. Arbejdsgivernes Uddannelsesbidrag (AUB), (Employer's Training Contributions) is intended to ensure that there is created more apprenticeship roles in vocational training programmes and via Arbejdsmarkedets Fond for Udstationerede (AFU),(The Danish Labour Market Fund for Posted Workers) it is ensured that posted employees within the EU are paid for work in Denmark if their company goes bankrupt.

DKK 300bn

How much ATP paid out in welfare and insurance benefits in 2022

The majority of the benefits that ATP's Processing Business sends to the bank accounts of their citizens are either to cover basic needs or a significant contribution to this.

Extra money to citizens of Denmark

Just as ATP solved a number of urgent tasks for the state during the corona crisis in 2021, 2022 was also a year wherein the state asked ATP for help with the payment of one-off benefits to citizens who were particularly hard hit by rising heating costs and inflation.

In September, the Danish Parliament adopted a law about two payments of additional financial support to the 275,000 pensioners who receive the "elderly cheque" and how are viewed as having the most difficulty in paying the high energy bills. ATP paid out the first DKK 2,500 in September and paid out the second DKK 2,500 at the start of 2023.

The same law specified that ATP was to pay out a lump sum of DKK 2,000 to the citizens who receive the SU disability supplement and SU as single parents. These amounts were paid out in October. Based on the adopted law, at the start of 2023 ATP will also pay out a lump sum of DKK 2,000 to people in Denmark receiving withdrawal from the labour market benefits.

= Responsibility

Responsibility
Through all parts of the Group, ATP makes its mark on the society that we are a part of. This makes it essential that we consider responsibility across the ATP value chain.

How do we impact the world around us?

ATP's responsibility is about what we ourselves do - and the mark we leave on the world around us. We believe that it is important that we lead by example and take responsibility. This responsibility is both to the environment and climate, and it applies to our employees and the way we operate ATP as a workplace and business. As active owners, we engage in constructive dialogues with the companies we invest in to influence them towards taking positive steps and we exercise our voting rights at annual general meetings.

The carbon footprint needs to be reduced
ATP has an ambition of reducing its carbon footprint from its in-house energy consumption and travel activities by 30 per cent in 2025 and 70 per cent in 2030 and to become carbon neutral in 2050 (compared to 2018). In 2022, ATP's calculated carbon footprint has been reduced by 48 per cent and we have thus fulfilled our 2025 ambition. The reduction in CO2 emissions is driven by changes to consumption patterns after the corona pandemic lockdowns. Another factor is the energy optimisation of our buildings and improved emission factors that reflect a higher proportion of renewable energy in our energy supply.

At ATP, we are working in a focused manner on changing behaviour in our everyday lives so that we can contribute to reducing energy consumption and our impact on the climate. Among other things, this is expressed via ongoing initiatives to reduce waste by lowering temperatures in all of our buildings and by integrating climate considerations into our canteen operations.

Focus on indirect environmental impacts and robust data
A significant portion of ATP's emissions of greenhouse gases are indirect and from ATP's value chain via the so-called scope 3 emissions (see the figure on the next page). In 2022, ATP has been focused on expanding the measurement of scope 3 emissions to include employee commutes, canteen purchases, external IT operations and waste management. The activities are estimated to emit 4,739 tonnes of CO2, which are significantly higher than our emissions from electricity and heating in our buildings and our travel activities. The majority of these emissions are from employee commutes.

However, scope 3 emissions are difficult to measure as they are rarely directly measurable in the same way as the consumption of electricity and heating is. Despite the challenges with data, ATP is focused on ensuring that our scope 3 statements are based on credible and high-quality data.

The work on estimating scope 3 emissions is an ongoing process. In the coming years, ATP will also be working on improving the data available for our scope 3 statements by not just focusing on our own data but also specifying requirements for the data from our suppliers.

For a detailed report on environmental matters, please see ATP's statutory report on responsibility: www.atp.dk/dokument/rapport-om-samfundsansvar-2022

= green energy provides power to ATP

In 2022, the Flex platform was launched as a collaboration between ATP, IBM and Andel. The project contributes to creating a green balance between the supply and demand of energy. The platform reduces power consumption when there is a peak load on the green sources of energy.

= Sorting waste benefits the environment

Since 2019, ATP's CO2 emissions from waste have been reduced by 44 per cent and the recycling rate has increased from 25 per cent to 36 per cent.

= Green procurements

In 2022, ATP had new green procurement guidelines when it joined the 'Partnership for Green Public Sector Purchases' ('Partnerskab for offentlige grønne indkøb') and also became a member of the 'Network for Purchases with Environmental Labels' ('Netværk for Miljømærket indkøb').

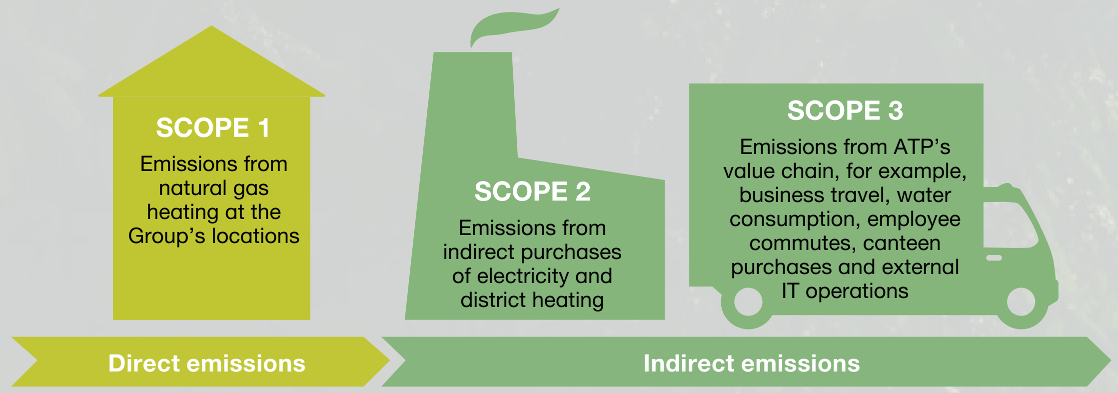
= Biodiversity is prioritised

The first steps were taken on ATP's biodiversity initiatives, where large parts of built-up areas in the main headquarters in Hillerød are converted to insect-friendly areas.

CO2 emissions for ATP as a workplace

	2022	2021	2020	2019	2018
CO2e emissions, tonne*					
Direct emissions - natural gas (scope 1)	79	66	75	115	135
Indirect emissions - electricity and district heating (scope 2)	685	727	646	1,000	1,314
Indirect emissions - energy, air travel and driving (scope 3)	696	509	681	1,343	1,368
Total CO2e emissions (2018 baseline)	**1,460**	**1,302**	**1,403**	**2,458**	**2,817**
CO2e reduction compared to 2018 baseline	**48 per cent**	**54 per cent**	**50 per cent**	**13 per cent**	-
*Other indirect emissions - commuting, canteen purchases, IT operations, waste management (scope 3)***	*4,739*	-	-	-	-

*Greenhouse gas emissions are stated in CO2 equivalents and divided into scope pursuant to the GHG protocol
**The emissions for activities are only estimated for 2022, as data for previous years was not available The activities are thus not included in ATP's climate ambition.



A difficult year also poses challenges for the green ambitions

ATP is very keen on being a responsible investor and also sees good business opportunities in supporting the green transition.

On this basis, ATP has specified a number of climate ambitions that are to act as a guideline for our investments and work with companies in our portfolio in the years ahead.

During the year, ATP has made green investments totalling DKK 27bn, primarily in green bonds. In the same period, ATP has sold off green investments worth DKK 12bn, primarily listen equities and real estate. The fact that green investments only increased by DKK 4bn this year is due to the negative price developments in the bond and equity markets. At the end of 2022, ATP had green investments in excess of DKK 66bn.

One of ATP's climate ambitions is that the companies that ATP invests in should report on their CO2 emissions no later than by the end of 2025. This is to ensure that we have the best possible overview of climate risks in our portfolio. And then as an investor, we also want to know which companies have done the most - and which have done the least - to mitigate climate change. We are monitoring this work via a points system where we rate companies on the basis of the quality of their CO2 reporting.

In 2022, there has been positive developments, mainly among the listed companies. In that group, more companies have begun reporting on CO2 emissions and we are also seeing more companies improving the quality of the CO2 reporting. Where we lack data is mainly among companies that ATP is a co-owner of via funds and listed companies in countries with a limited focus on the climate. On the basis of the developments of 2022, ATP is preparing an action plan for its dialogues with companies in 2023.

2025
DKK 100bn in green investments
Companies report on CO_2

→

2030
DKK 200bn in green investments
(70) per cent CO_2

→

2050
Net-Zero CO_2

ATP's climate ambitions are specified using a number of assumptions, including expectations for the market situation between now and 2030 and market-related, company-specific and political events. The work on fulfilling the climate ambitions takes place within the framework of the prudent person principle and the requirement that ATP must invest its assets in a way that best serves the interests of its members.

A major investment in Danish solar power

In the middle of a European energy crisis and a global climate crisis, this year ATP has directly invested in the company called Better Energy, which is a leading Danish developer and owner of solar parks.

Better Energy is one of the fastest-growing suppliers of solar energy in Northern Europe with a pipeline of over 10 GW large-scale solar parks. The solar parks are to supply green energy to companies, cities and countries thus reducing CO2 emissions, taking into consideration biodiversity and also at the same time being cheaper than coal, oil and gas.

ATP's investment is a lever for Better Energy's continued efforts to scale up as the company's portfolio of solar parks owned directly by the company grows as well.

ATP believes that the necessary green transition and the European desire to free itself from reliance on Russian natural gas require a significant expansion of renewable energy sources. The demand for renewable energy is growing significantly. Therefore, investing in Better Energy provides opportunities for attractive returns for ATP and it will also contribute to the green transition.

For ATP, Better Energy's approach with an early involvement of local communities and local value creation – for example, protecting groundwater, initiatives to restore nature and promote biodiversity and establishing recreational areas – has contributed to the decision to invest a large, triple-digit DKK million amount in Better Energy.

Number one in solar energy in Northern Europe

- Better Energy is a Danish renewable energy company that develops, builds, operates and sells electricity from solar parks. Denmark, Poland, Sweden and Finland are the company's current key markets.
- In a partnership with Industriens Pension, Better Energy owns more than 1 GW of green energy production in the form of 21 solar parks (16 in Denmark and 5 in Poland) with a total acquisition cost of DKK 5bn.
- Better Energy is working in a targeted manner and has made a great deal of progress in the ongoing development of existing markets outside of Denmark, and its presence in Poland, Sweden and Finland will be strengthened in the coming years.
- The company's revenue was over DKK 1bn in 2021 and it has a 10 GW pipeline of planned solar park projects. The ambition is to grow the project pipeline to 20 GW between now and 2025.

ATP invests in a large Danish geothermal heating plant

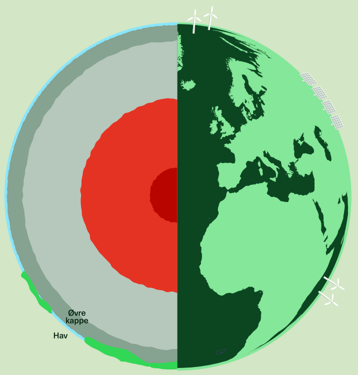
Hot water from deep inside the core of the Earth may provide renewable energy to households and workplaces. The geothermal energy is found as hot water in porous sandstone layers below ground (geothermal reservoirs) from which the water can be pumped up and returned again once the heat has been used. This is a stable source of energy that does not depend on the weather, as wind and solar energy does.

In 2022, ATP invested in the company called Innargi, which is working on exploiting one of the world's sources of renewable energy in Denmark. Innargi will build and operate geothermal plants that extract warm water from depths of 2-3 kilometers. The first plant, which will be the largest in the EU, will be placed in Aarhus. It is expected that already from 2025 the plant will begin providing heating to the residents of Aarhus and it is expected to be fully operational at 110 MW in 2030. This is enough to provide geothermal heating to every fifth resident of Aarhus.

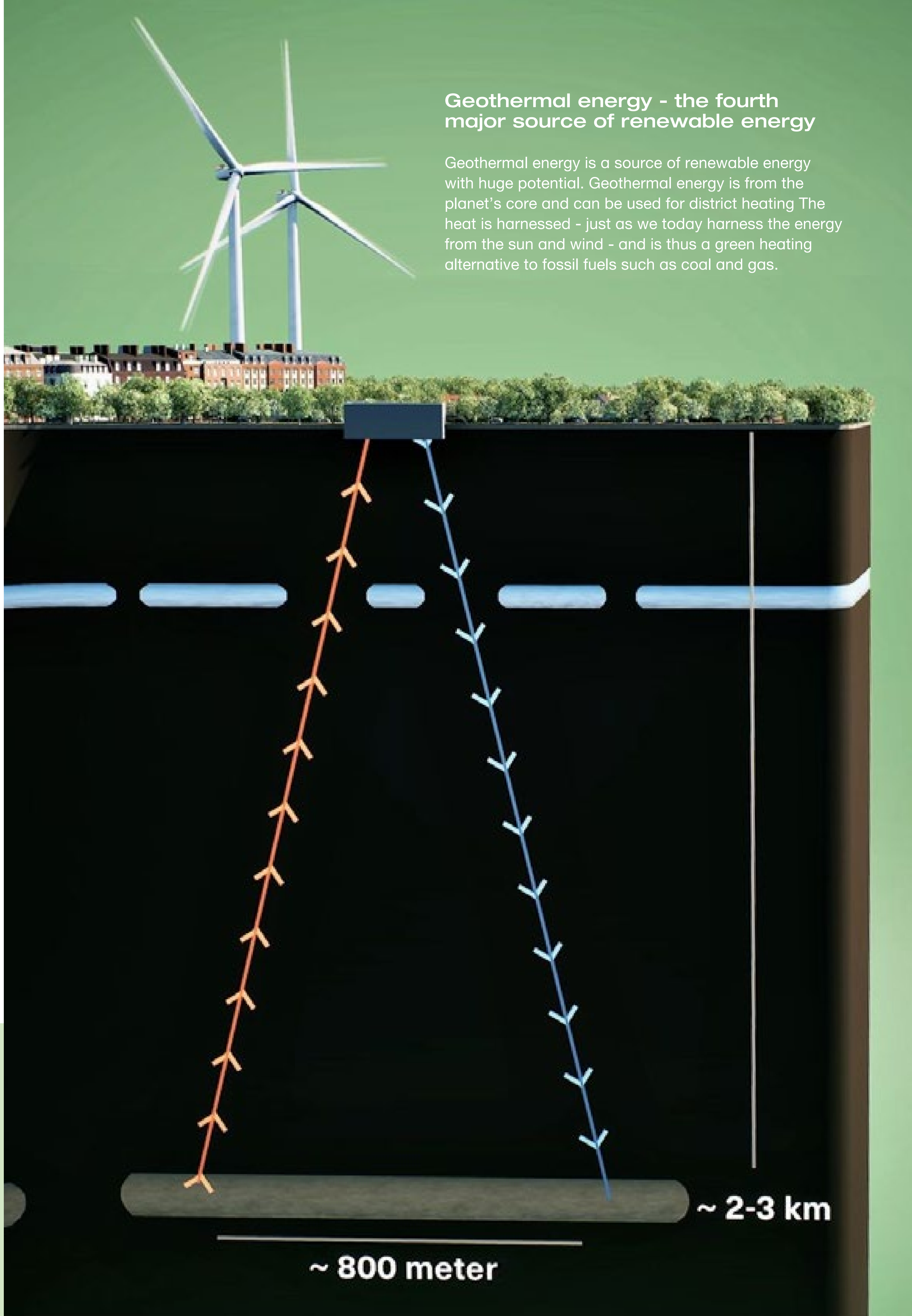
Geothermal energy requires a large scale to be competitive under the current rules. Therefore, it is obvious for Aarhus (and perhaps also Copenhagen) to take the lead in rolling out geothermal power in Denmark. This opens up for surrounding district heating networks to also utilise the geothermal energy even if their heating needs by themselves are not of a large enough scale for geothermal energy to make sense.

Geothermal energy is the fourth large source of renewable energy on Earth - next to wind, solar and hydro. However, it is the only renewable energy source that delivers 24/7/365, as geothermal energy uses the heat radiating out from the Earth's core. This means that geothermal energy can provide base heating to the district heating system and, for example, replace imported wood pellets, coal and gas.

ATP is a co-owner together with NRGi and A.P. Møller Holding - the latter founded the company.



Large-scale geothermal energy has the potential to provide for approximately 30 per cent of Denmark's district heating needs. This is the equivalent of the heating consumption of approximately 600,000 households.



Geothermal energy - the fourth major source of renewable energy

Geothermal energy is a source of renewable energy with huge potential. Geothermal energy is from the planet's core and can be used for district heating The heat is harnessed - just as we today harness the energy from the sun and wind - and is thus a green heating alternative to fossil fuels such as coal and gas.

The energy island in the North Sea: More than just an island

The Danish Parliament's decision to create an energy island in the North Sea opens a new era in the green transition, and if the island is designed correctly, it may become an important contribution to the green transition in both Denmark and Europe.

ATP has joined together with Ørsted to develop a groundbreaking and sustainable concept for the coming tender for the energy island in the Danish section of the North Sea. The island will be the largest construction project in Danish history and a critical factor in meeting the Danish and EU objectives of becoming carbon neutral in 2050.

If ATP and Ørsted win the tender (which is expected to begin in spring of 2023), the energy island will consist of a small dammed-in island that can be expanded with flexible modules that can be added on an ongoing basis and replaced as needed.

Danish marine territories are among the best suited for wind energy

The North Sea is particularly well-suited for offshore wind parks as the oceans are not too deep and the wind conditions are exceptionally good. The North Sea is the key to a greener Europe that does not depend on coal, oil or gas. Denmark has the best preconditions for driving the green transition forwards with our well-suited marine territories and leading industry and research capacities for wind power.

In order for the building up of wind parks in the North Sea to be done in the most cost-efficient manner, there must be created connections between the offshore wind parks and our European neighbours with the North Sea Energy Island ('Energiø') as the focal point.

ATP is investing massively in the car industry

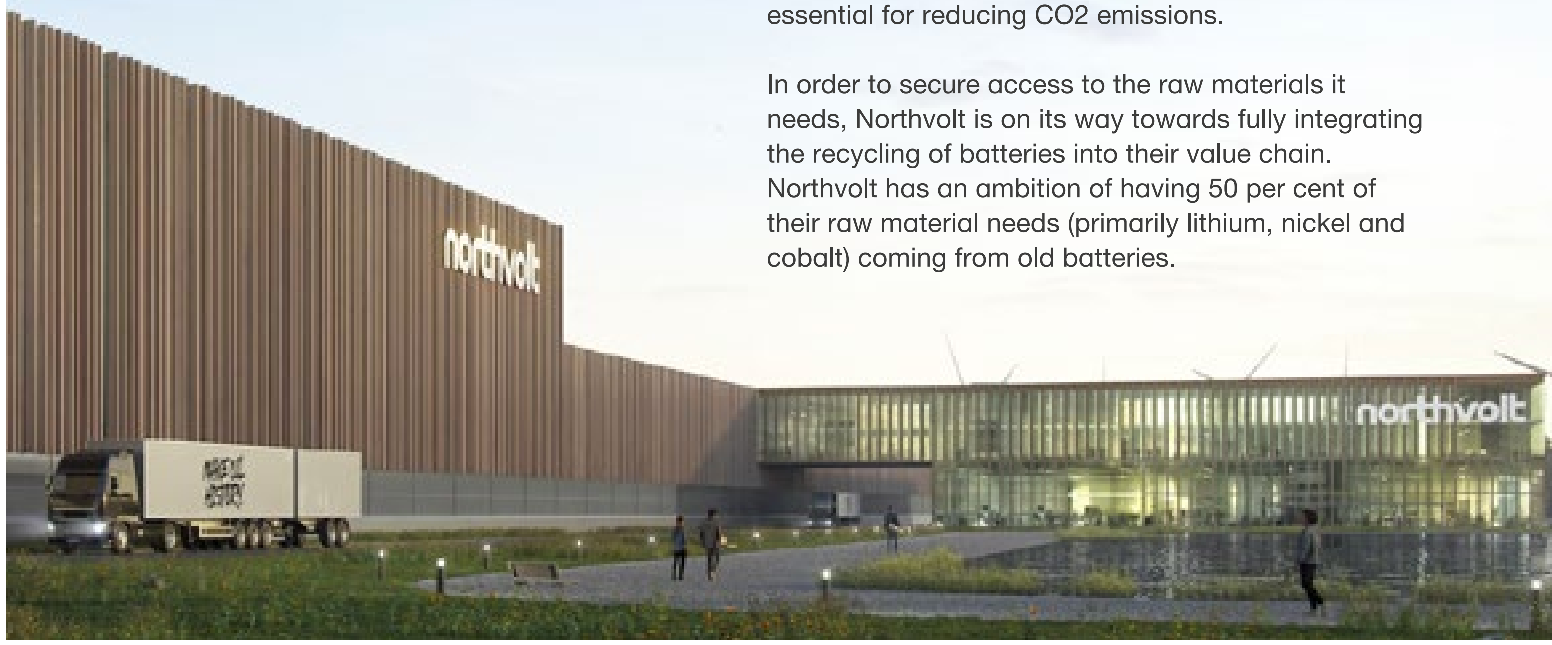
In 2022, ATP made its third investment in the Swedish company called Northvolt, which develops and produces the greenest car batteries in the world.

There is strong demand for the green electric car batteries developed by Northvolt. Customers such as BMW, Volvo and Volkswagen, have already placed orders for more than DKK 350bn (USD 55bn).

At length, Northvolt intends to produce batteries with only 10 per cent of the carbon footprint of traditional battery production processes. This is mainly to be achieved by placing the factories close to green sources of energy such as hydropower.

Northvolt's value chain is vertically integrated as the company produces its own active materials that are used to make batteries, while other producers usually buy these materials from external suppliers. The production of the active materials is a very energy-intensive process - and it is particularly here that the access to a nearby source of renewable energy is essential for reducing CO2 emissions.

In order to secure access to the raw materials it needs, Northvolt is on its way towards fully integrating the recycling of batteries into their value chain. Northvolt has an ambition of having 50 per cent of their raw material needs (primarily lithium, nickel and cobalt) coming from old batteries.



Taking the lead in the collection of ESG data

At ATP, we want our ESG initiatives to be effective, and we have a clear ambition about being active owners and using our influence. The goal is to create long-term value creation. In this work, ESG data is an important precondition for knowing where to focus our efforts and where we can best wield our influence. In recent years, the area of listed investments has a relatively good ESG data coverage, but the unlisted investments are still not as good at providing ESG data.

Therefore, in 2020 ATP took the initiative to develop our own ESG questionnaire which we ask our portfolio companies to respond to each year. Our primary aim was to design a relatively simple questionnaire that focused on topics and metrics that we believe ought to be a part of any company's ESG-related efforts.

The ambition is to set a standard for reporting on ESG matters in illiquid companies that other investors can also use. This reduces the reporting burden on companies and investors and thereby lowers costs for everyone.

In 2022, we have seen a lot of support for our ESG questionnaire from other pension companies after we chose to invite external investors to take part. Industriens Pension, PenSam, Akademikerpension and Danske Bank Asset Management are now all involved with the questionnaire and with more investors on board that can share information, we will be able to more rapidly expand the database and be able to make analyses of a higher quality. This also allows us to be part of creating a more common standard for how ESG reporting is done.

The feedback shows that the companies are finding the questionnaire very useful. Several companies have told us that the questionnaire has helped to accelerate their development, for example, in terms of developing policies and processes and identifying specific savings opportunities. We are also seeing that more companies want to have their own follow-up dialogues and inputs for various specific initiatives.


= Balanced cost
efficiency

Balanced cost efficiency
Quality, risk and cost efficiency are all components which it is essential to balance for ATP's business model.

Every penny counts

It is absolutely crucial for ATP to be cost-effective, which makes it important to have some of the very lowest expenses in the industry. The collective scheme is intended to ensure basic financial security, but at the same it forces us at ATP to be able to justify our expenses. We have been entrusted with the role as the pension company and we administer many public welfare benefits, and our members have to be able to trust that we manage that trust in the best way possible, such as by keeping a constant focus on expenses.

In order to create a sustainable balance between quality, risk and expenses, ATP works with a balanced approach to cost efficiency. We are ambitious in this area and are constantly weighing the costs against quality and risk so that we can continually ensure that decisions are sustainable in the long run. It is relatively simple to reduce expenses in the short term, but significantly more difficult to do in a manner that is also viable far into the future.

In a world where the returns are low, expenses matter more when it comes to being able to create good pensions. The level of expenses directly affects future pensions. Even small differences in expenses can, over longer savings periods, result in significant differences in pension payments.

We are working on a balanced expense efficiency, both on the processing side with keeping expenses per member low and on the investment side by having a focus on where an expense can create returns.

ATP is able to keep its administration costs down because we have a single product on our shelves.

ATP Livslang Pension (Lifelong Pension) is a mandatory pension scheme which allows for economies of scale that benefit members in the form of low administration activity expenses. A large proportion of communication with ATP's members is also now digitalised, payment processes in and out are automated and the IT platform is stable. This all contributes to keeping the expense level down.

ATP participates in joint public sector digitalisation initiatives which we will also prioritise in the future, and all other things being equal, this will possibly increase expenses during the investment phases. However, we believe that our process business has the volume needed in order for digitalisation to pay off in the long run, and there are some advantages with the future solutions that can partly outweigh the investment expenses. At length, we expect to be able to keep ATP's total administration activity expense per member stable.

ATP's administration activity expenses in 2022 were DKK 215 million, equal to DKK 39 per member. As in previous years, this is very low both in a Danish and international context.

ATP's investment expenses before performance fees amounted to DKK 252 per member, which is lower than it was in 2021. The reduction is driven by fewer expenses for external managers as more activities are being handled directly by ATP. It is typically more expensive to place mandates with an external party, which is why it must constantly be checked whether an additional return is created which justifies the extra expense. When ATP assesses the most appropriate placing of funds, we consider factors such as risk-adjusted returns, cost efficiency, specialist knowledge and ESG issues, etc.

The strong focus on expenses also means that there is continually made assessment of performance in relation to expenses across the entire portfolio. **The objective is clear: We need to be the cheapest in the sector.**

ATP's annual expenses in perfect (APR)

APR is the pension industry's standard method of collating and measuring all expenses related to a pension product with the purpose of providing members with the greatest possible degree of transparency. The standard rates do not take into account performance fees. Therefore, actual expenses will be significantly higher than the standard rates in years with very high returns.

The rising interest rates throughout 2022 have meant that the present value of the guaranteed pensions have fallen - and thus also ATP's total assets, which the costs are seen in relation to in the APR statement. This has, seen separately, resulted in an APR that is 10 basis points higher than if the calculation were made based on the assets at the end of 2021.

ATP's investment and administration activity expenses for 2022 ended up totaling DKK 2,394 million or 0.35 per cent of assets (APR).

Statement of annual expenses in 2022	DKKm	DKK per member	APR
Administration activity expenses ATP	215	39	0.03 per cent
Investment expenses ATP	598	109	0.09 per cent
Investment expenses subsidiaries	225	41	0.03 per cent
Investment expenses, external managers	555	101	0.08 per cent
Total investment expenses ex performance fees	1,379	252	0.20 per cent
Performance fees, external managers	801	146	0.12 per cent
Total annual expenses	**2,394**	**438**	**0.35 per cent**

Prepared for a digital transformation

Digitalisation is the basis for ATP being able to ensure good customer experiences and to deliver on efficiency improvements that release funds for core welfare services. We are therefore constantly focused on modernising IT systems so that people in Denmark and companies can also in the future see their contacts with ATP's schemes as easy and accessible.

Future-proofed professional systems
Over a number of years, ATP has replaced virtually all of the IT systems that ensure the payment of welfare benefits in Denmark. A large part of the IT development projects are due to legal changes or political agreements. The systems also handle large sums of money and data and must be designed to work optimally at the best price.

In 2022, ATP has also replaced the professional system used for case processing related to industrial injuries in Labour Market Insurance (AES). This has been an extraordinary task since ATP and the supplier had to build a modern and future-proof system from the bottom up. The system is a digital turning point for AES and offers a number of advantages in the form of user friendliness, including shorter training times for employees, and far better options for taking advantage of data, implementing new legislation and to further develop and integrate new technologies. AES' new case processing system (called 'ANS') has in 2022 been going through the final steps of a long-term phasing in process. It is expected that the noticeable efficiency gains from the new system will appear over a long period of time.

The next steps
With the replacement of the largest professional systems, the foundation has been created for taking the next steps in the digitalisation process. As a large data-driven processing business, ATP has good preconditions for using advanced technologies. Besides the modern and future-proofed systems, we also use technologies such as robotics and language technology to streamline the workflows of our employees and to simplify the dialogue processes with citizens and companies. In 2022, ATP's Supervisory Board decided to initiate a multi-year programme that is to contribute to preparing ATP for a digital future. At the same time, there has also been a strengthening of ATP's Group management team to reflect that IT and digitalisation are critical for ATP's continuing success.

Joint public sector responsibility
ATP is an active participant in the collaboration with the rest of the public sector to develop a simple public sector administration where citizens and companies can have processes that all tie in together. ATP is also focusing on the citizens who are not comfortable with the digital space or who have other challenges that make it difficult for them to handle things themselves. The ambition is that everyone, regardless of what their lives look like, should feel comfortable.

In 2022, ATP invested
DKK 800
million in IT & digitalisation projects

"

ATP provides basic financial security - but we can also be viewed as an IT company where the foundation for delivering an effective administration of welfare benefits rests upon skilled IT workers and well-functioning systems. We have both at ATP, and therefore we are well prepared to improve our digitalisation further and use innovation and efficiency improvements to generate even more welfare for the same funds.

Haktan Bulut, CITO, ATP

Udbetaling Danmark – Public Benefits Administration creates more welfare for the same amount of money

On 1 October 2012, Udbetaling Danmark – Public Benefits Administration started its operations as an authority where ATP is providing the underlying administration. 10 years later, Udbetaling Danmark – Public Benefits Administration has developed into a key actor in the Danish welfare state and created well-documented results. The political ambition of gathering a number of municipal and state tasks under one central authority at ATP is today providing annual savings of around DKK 700 million. The foundation for the efficiency improvements is a uniform case processing supported by good digital solutions.

Savings via economies of scale and IT tenders
Udbetaling Danmark – Public Benefits Administration was created in 2012 with an objective of realising efficiency gains from economies of scale of DKK 300 million. At the same time, the KMD monopoly systems that the municipalities used were to be put up for competitive tenders.

The goal of reducing annual operating expenses of DKK 300 million were achieved on target in 2015. Udbetaling Danmark – Public Benefits Administration has subsequently continued to make efficiency improvements through more automation and digitalisation, which has resulted in operating expenses that continue to fall. In addition, exposing KMD's monopoly systems to competition was completed in 2020 with total annual IT expense savings of approximately DKK 260 million which was 30 per cent. The total savings amounted to DKK 700 million.

The agreed upon business cases have thus been more than accomplished, and there has been released funds for other welfare activities among the state and municipalities.

Ongoing automation and digitalisation
Digitalisation and automation have in many ways been the driving forces behind the development of Udbetaling Danmark – Public Benefits Administration's processing work. When the criteria for granting a benefit are objective, automated case processing systems can make the case processing both cheaper and faster while also making the decisions more uniform - and this also strengthens the legal rights of citizens.

Udbetaling Danmark – Public Benefits Administration continues to focus on ongoing efficiency improvements in its operations, among other things, through more automation and digitalisation, best practice operational management, targeted communication and the use of digital assistants. This has resulted in expenses continuing to decrease up until 2021 - even as Udbetaling Danmark – Public Benefits Administration has continually been charged with new tasks from the state and municipalities.

DKK 7 

Udbetaling Danmark – Public Benefits Administration saves DKK 700 million per year which can be used for other services in the Danish welfare state.

DKK 16bn

paid out in rent subsidies

DKK 15bn

paid out in child and youth benefits

2022

DKK 145bn

paid out in state pensions

DKK 12bn

paid out in maternity/paternity benefits

Governance & Risk Management

Governance and risk management
The preconditions for being able to provide basic financial security and being a trusted company is having sufficient levels of risk management and governance in everything that we do.

Investment risks

2022 was characterised by great turmoil in the financial markets. Rising interest rates, falling equity prices and high inflation have dominated developments and the war in Ukraine has also had a strong impact on energy prices. All together, this has resulted in very negative investment markets, and like other investors, this has also had a strong impact on ATP's returns and resulted in major losses.

ATP Livslang Pension (Lifelong Pension) is a supplement to the state pension and today it covers virtually everyone living in Denmark. As a statutory scheme, ATP is, together with the state pension, regarded as a fundamental part of ensuring basic financial security in the Danish pension system, and this has a fundamental impact on how ATP invests its members' contributions. Members must be able to count on their lifelong ATP pensions.

ATP's investment approach is therefore prepared with the basic objective of us being able to pay out the pensions we have promised no matter how the market develops. The turmoil on the financial markets in 2022 has not impacted the members' guaranteed and lifelong ATP pension, and this provides a sense of comfort at a time where many are feeling uncertain about their finances.

The overall risk exposure must be appropriate

The basic principle of ATP's investment approach is that members need to have a very high degree of security in the lifelong pensions while we simultaneously strive to ensure the real value of the pensions over time. The ATP Act does not require that members' pensions should preserve their real value but it states that it is to be strived for. The guaranteed pensions already include interest accrual via the nominal bond interest rates - and therefore an expected inflation - at the time the contribution is made. There are no investment strategies that can guarantee that the pensions will always rise with the actual inflation rate. This means that ATP is investing a large proportion of its total funds in assets that are very secure and guaranteed in relation to the future pension payouts. This portfolio is called the interest hedging portfolio, and it consists of bonds and interest rate swaps. The interest hedging portfolio ensures that ATP is able to provide the nominal guaranteed pensions to its members.

Therefore, ATP's undistributed funds in the bonus potential can be invested in a portfolio with a higher risk profile - the investment portfolio - as the risk in the overall pension product is still low.

The investment portfolio

Bonus contributions are allocated to the bonus potential, which is ATP's primary undistributed funds. The bonus potential is thus ATP's risk capital and the returns from this over time are to cover unforeseen expenses such as, for example, unexpected increases in life expectancy, and to partially contribute to preserving the real value of the lifelong pensions. It is with funds from the bonus potential that ATP's Supervisory Board decides to assign bonuses to the members' pensions - and thus increase the payments. Therefore, ATP wants the funds that belong to the bonus potential to be invested in a way that ensures an appropriate balance between the opportunity to be able to pay out bonuses and also ensure a limited risk of the bonus potential being lost due to negative returns. This weighing of expected returns against the risk of losses is a key factor in ATP's business model, particularly when the bonus potential - the 20 per cent of contributions - are invested to take into account the opportunity to assign bonuses to the lifelong pensions from the guarantee contribution of 80 per cent.

"A balanced portfolio like ATP has is not an insurance against negative returns in individual years. However, ATP's approach does mean that the portfolio in the short and long run is both more robust to fluctuations in the investment environment.

Mikkel Svenstrup, CIO of ATP

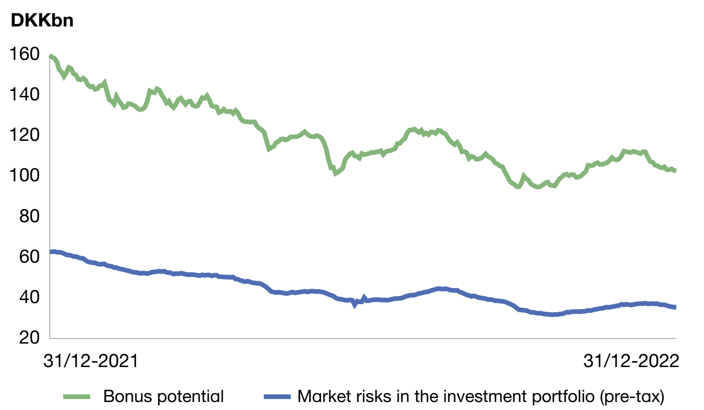
In order to ensure an appropriate balance between long-term returns and risk, the bonus potential has an internal loan from the hedging portfolio. This means that in reality there are more funds to invest than what is found in the bonus potential itself. The internal loan is possible because a large part of the interest hedging as mentioned consists of interest rate swaps that do not tie down liquidity.

The internal loan and the bonus potential's own funds are gathered in the investment portfolio that is diversified both in terms of asset types, risk factors and liquid and illiquid assets. The risk is high when measured against the bonus potential itself, but it is significantly lower when measured against the members' total assets with ATP. The strategy has been selected to ensure an appropriate balance between the opportunity to assign bonuses and the risk of the bonus potential being lost.

Dynamic risk level adjustment
ATP manages the invested capital with a risk focus. The primary limitation to the investment portfolio is the amount of risk. Are we taking appropriate levels of risk? Could there be a shortage of capital? These matters are subject to comprehensive measuring, management, control and reporting in ATP with a view to safe-guarding ATP against events which could jeopardise pensions.

In line with the overall principle of ATP's risk management, the risk level of the investment portfolio is dynamically and incrementally adjusted. When ATP's reserves - the bonus potential - grow, we increase the overall level of risk. Conversely, when the financial reserves dwindle, we reduce the absolute level of investment risk. This means that the risk in relation to the bonus potential (the relative risk) is maintained. The adjustment of risk levels is mainly done via financial derivatives, which are key to the risk management of the investment portfolio. These instruments are to a great extent very liquid and thus cheap to trade.

Due to the decrease in the bonus potential in 2022, ATP has reduced risk on an ongoing basis over the year as shown in the figure.



Viewed in the light of increased uncertainty on the financial markets during the year, ATP also decided in 2022 to gradually reduce the market risk in the investment portfolio to below the strategic risk level specified at the start of the year. Beyond the financial derivatives, ATP has also sold off some of the portfolio of listed equities in 2022 to reduce risk.

Risk diversification
All investors are familiar with the basic principle of risk management: Do not put all of your eggs in the same basket. This also applies to ATP. In order to have a robust investment portfolio with a high rate of expected return, the investment portfolio is managed bask on a strategy of risk diversification.

ATP believes that the best returns are achieved by building up and maintaining a portfolio that is balanced in relation to different types of risks, markets and geographical locations. ATP splits the risk of each individual investment into four risk factors which can be combined in appropriate ways to achieve an portfolio with the desired risk profile. It is our assessment that the possibility of being able to predict the market movements and their time frames and effectively execute major changes in the overall portfolio are limited and not appropriate to attempt for a long-term investor like ATP.

A balanced portfolio is not insurance against negative returns in an individual year, and 2022 is a clear example of this. There will be good years and bad years, but ATP's approach means that the portfolio will both in the short and long run be more robust against variations in the investment environment.

It is ATP's Supervisory Board that decides on the overall frameworks for the investment strategy and risk management, for example, via the risk budget that operates with the overall risk that ATP assumes regarding both investment risks and life expectancy risks, operational risks and counterparty risks not being allowed to exceed 50 per cent of the bonus potential. In other words, risk must be managed so that there is only a very small risk of ATP losing more than half of its free reserves (the bonus potential) measured as the average loss with a 99 per cent probability over three months (ES99% 3M). With a bonus potential that is typically up to 20 per cent of the value of the guaranteed pensions, this is a risk in relation to the members' total assets of 10 per cent. The overall risk ATP assumes on behalf of its members' assets will typically be at around 10-12 per cent of assets depending on the size of the bonus capacity. This is a lower level of risk compared to a typical market rate product with a medium level of risk and 20 years to go until retirement, though such a comparison is made difficult by the fact that ATP's products are different from market rate products. This is correlated with ATP's business model and purpose: to provide basic financial security in the form of guaranteed lifelong pensions that strive to ensure their real value over time and assessed based on the fact that ATP's liabilities are known with a high degree of certainty many years ahead.

Most significant risks at ATP

Operational risks

Operational risks link to the risk of financial, reputational, compliance and personal data effects as the result of inappropriate or insufficient internal procedures, human error, system error or as a result of ATP's collaboration with external business partners and suppliers. Operational risks include, for example, the risk of errors or delays in mass payments or cyber attacks. ATP aims for ambitious, cost-based, balanced, and sustainable risk management.

Investment risks

Investment risks are primarily market risks assumed by ATP in relation to investment and hedging activities for the members' contributions. Market risks are risks related to market value changes of assets or liabilities as a result of changes in capital markets.

Read more about risk and the financial situation:
→ www.atp.dk/resultater-og-rapporter-atp-koncernen

Regulatory risks

ATP's operations extensively relate to schemes and tasks established and governed by statute. Activities may be set up, changed or discontinued by political decision – sometimes at relatively short notice. In the same way, ATP's operations or parts thereof are affected when significant regulatory conditions change and new, tighter financial, administrative or other requirements are imposed on ATP.

Pension-related risks

ATP disburses a monthly pension for as long as the members are alive. This makes life expectancy trends the greatest single risk for ATP. In addition to including the observed life expectancy development in calculations, ATP also considers expected future life expectancy improvements when measuring the pension liability relative to members. ATP's method and model for this are based on information about its over 5.5 million members supplemented by data regarding some 330 million inhabitants in 18 OECD countries.

Read more about ATP's work on life expectancy predictions:
→ www.atp.dk/dokument/atps-levetidsmodel-2022

An attractive place to work

An attractive place to work
Competent and motivated employees with a high level of professionalism is a precondition for ATP to be able to realise the business targets.

The employees are ATP

ATP is a Group that is very keen on strengthening the focus on digitalisation and digital innovation. In 2022, improved digitalisation has in many ways been the focal point for development in the entire Group. Among other things, our first “Digital Genius Academy” was established, which is an initiative to develop competencies that are to make employees

better able to develop their digital imaginations, increase their digital literacy and create a greater understanding of what they - and ATP - can achieve with new technology, artificial intelligence and digital transformation. The focus is on expanding the perspectives of the partic- ipants in terms of what new technology can offer in terms of advantages to those who interact with ATP. ATP is currently working on cases that can, for example, contribute to reducing case processing times, create simpler digital solutions, automate and simplify workflows and offer support to ATP’s many customer advisors in their daily work.

Another focus area has been diversity and inclusion. In 2022, ATP sent a clear signal that we are a workplace with room for everyone. We offered training to all employees on LGBQ+ inclusion at the workplace and started an employee-driven LGBQ+ network. The Pride week was also celebrated and, among other things, the rainbow flag was raised at all ATP locations.

We view continual employee development as a critical factor. Both to generate results and also to continually ensure improvements and our ability to retain committed employees. Therefore, we have a number of ongoing initiatives whose aim is to ensure a constant and effective development of our managers and employees. Our primary focus is to ensure on-the-job learning via challenging tasks. Experience and research show that the most effective way of learning is to take on specific challenges where one tests something or acquires new knowledge. Challenging tasks for everyone are thus a “motor” that can both make individuals learn and drive results for an organisation.

With around 3,000 employees, ATP is a good size in terms of developing individuals. On one hand, we are not so many - so it is expected that everyone takes responsibility from day one on the job and contributes to solving challenges. And with that kind of responsibility comes personal growth. However, no one is in this alone - because on the other hand, we are enough employees to ensure that no matter what tasks you get assigned, there are colleagues to support you, exchange ideas with and have fun with. At ATP, we therefore have the best of both worlds. We are large enough to ensure that multiple people are working on the same things, meaning that there is a professional community for everyone. But we are small enough to ensure that individual employees have responsibility, influence and expectations specified for them.

We have also developed a number of initiatives to ensure a systematic development of competencies, for example, our talent programme. In 2022, 23 colleagues across the Group have completed the joint talent programme and all participants were designated to take part in the process by their immediate manager or management team on the basis of their skills and potential for further personal development - but also because they had demonstrated an ability or desire to develop others. The focal point for the talent programme is personal development and how one brings oneself into play to both change oneself and ATP as an organisation.

Diversity & inclusion

At ATP, we see the potential of diversity and having a broad range of perspectives and competencies among our employees. Therefore, we want to ensure diversity, equal opportunities and inclusion for all of our current and future colleagues.

= a helping hand

Fase+ is a department of ATP in which employees need a helping hand to enter the labour market. The name “Fase+” refers to the employment period being from around two months to two years. The employees are typically people with non-Western backgrounds, at-risk youth or people with mental health issues. From its beginning in 2010 and up to 2022, around 300 employees have been hired via Fase+ and in recent years 76 per cent of them have found a job or begun a study programme afterwards, either inside or outside of ATP.

= Less bias in recruitment processes

In 2022, we focused on minimising bias in the recruitment process. We removed the option of stating either age or gender and we asked applicants not to use photos on their applications. We also began a training programme for key employees in diverse recruitment practices and onboarding.

= Gender balance is the way forward

We are satisfied with the fact that ATP has a gender balance across the entire organisation from the top management tiers and talent teams, graduate teams and ambassador corps to employee committees. Across all of ATP, 53 per cent of all managers are women. This year, ATP’s CEO signed “The Gender Diversity Pledge” and their 16 principles for promoting gender diversity. ATP also became a partner of Womenomics in 2022, and almost 200 employees participated in McKinsey & Company’s study called “Danish Gender Equality Paradox in Leadership roles”. The study contributed with greater insights into how employees view diversity and inclusion at ATP.

= LGBT+ and Pride

In 2022, ATP sent a clear signal that we are a workplace with room for everyone. We offered training to all employees on LGBQ+ inclusion at the workplace and started an employee-driven LGBQ+ network. The Pride week was also celebrated and, among other things, the rainbow flag was raised at all ATP locations.

= Working environment certification

ATP views the working environment as an important focus area that contributes to ATP’s objective of being an attractive workplace. As the only financial company in Denmark, ATP is working environment certified based on the international ISO 45001 working environment standard, and on this basis, it has gained the ‘crown smiley’ from Work Environment in Denmark as a certificate of us doing an extraordinary effort to ensure a good working environment.

= Lifelong experience

We see great potential in employees with a long and varied experience, and we would like to retain our skilled employees for many years. Therefore, ATP is offering five senior days off paid for by the company. In 2022, approximately 400 employees made use of this scheme.

= young professionals & graduates

In 2022, 29 recent graduates started on ATP’s 10th graduate team. This year’s team comes from seven different universities with students ranging from specialisations in engineering and IT to social science, communication, management, financing and investing. Several internal networks are part of ensuring a professional and social community for younger employees such as the Young Professionals network for employees under the age of 35 and the newly created Network for Recent Graduates. More than 40 young employees are actively participating in these networks.

= Young people in a job

It is important to keep an eye out for young talent and to take responsibility for their training and development. One of the entry points to ATP is the traineeship. In 2022, ATP employed 27 trainees. Another entry point is to spend your sabbatical year at ATP as part of a special service team in our customer service department. The team consists of employees who have completed their youth study programme and who want some work experience before they move onwards in the education system. In 2022, around 200 young people were employed in the service team for short or long periods.

Result and outlook

The result for the year and expectations for 2023

The 2022 investment return of DKK (64.4)bn consists of

+

Inflation-related instruments
DKK +11.8bn

Private equities
DKK +2.0bn

Infrastructure
DKK +2.0bn

Real estate
DKK +1.4bn

Other items
DKK +0.4bn

÷

Listed international equities
DKK (11.9)bn

Government and mortgage bonds
DKK (60.6)bn

Listed Danish equities
DKK (8.8)bn

Credit
DKK (0.7)bn

2022 was a challenging year, also for ATP. The result for the year was DKK (56.8)bn, and this was mainly driven by the investment result.

In the investment portfolio, the year was characterised by interest rate hikes, falling equity prices and high inflation. The developments in the financial markets and the war in Ukraine have shaken all of Europe. All together, this has resulted in very negative investment markets that have impacted ATP's returns. The investment portfolio generated negative returns of DKK (64.4)bn which, before tax, amounts to (40.9) per cent in relation to the bonus potential. The largest negative returns were mainly from investments in government and mortgage bonds and secondly from listed equities, while the largest positive contribution was from the holdings of inflation-related instruments.

As a long-term investor, ATP is focused on creating the best possible returns over time, and over the past many years, this strategy has paid off. Despite the negative market developments, in the last five years (including 2022) ATP has generated average annual returns of DKK 10bn or an annual time-weighted return in relation to the bonus potential of 6 per cent. The time-weighted return has decreased significantly in 2022, but it is important to emphasise that positive returns are realised on an ongoing basis, most recently in 2021, where ATP raised the guaranteed pensions by DKK 30bn.

The hedging portfolio is intended to ensure that ATP is always able to live up to its guarantees. The value of the guaranteed benefits fell by DKK 201.7bn due to significantly higher interest rates. Correspondingly, the hedging portfolio generated negative returns (after tax) of DKK 207.3bn. The value of the hedging portfolio thus fell as the value of the pension guarantees fell, and the hedging worked as intended by following the guarantees. The result of the interest hedging of the guaranteed pensions was DKK (5.6)bn which, among other things, is due to the fact that the hedging cannot be completely precise. The total result from Hedging was DKK (8.3)bn or (1.4) per cent of the value of the guaranteed pensions that at the end of the year amounted to DKK 573.8bn.

Based on the ambition of ensuring the real time of pensions as best as possible in the long run, the Supervisory Board has specified a long-term results objective for the after tax investment and hedging portfolio corresponding to an interest on the bonus potential of 11 per cent. This is a long-term objective, and it does not need to be fulfilled every year - and seen separately, it was not fulfilled in 2022. 2022 was a very bad year for investing, and as an investor we are not satisfied with the returns. However, this should be viewed in the context of a number of years with very large positive returns.

The life expectancy update in 2022 resulted in a transfer of pension liabilities to the bonus potential of DKK 3.8bn, or 0.7 per cent of the value of the pension liabilities. The transfer is an expression of the adjustment to life expectancy due to the actual changes in the past year.

The result from the Processing business is 0, which is an expression of the fact that ATP's processing activities are on a cost-recovery basis and without risk.

In light of the negative investment return for the year and the continuing uncertainty on the financial markets and also to preserve an investment capacity to be able to ensure the real value of pensions in the future, the Supervisory Board has decided not to increase pensions in 2022.

The reserves (the bonus potential) were at DKK 102.6bn at the start of 2022 and the pension liabilities amounted to DKK 575.2bn. The total assets where thus DKK 677.8.

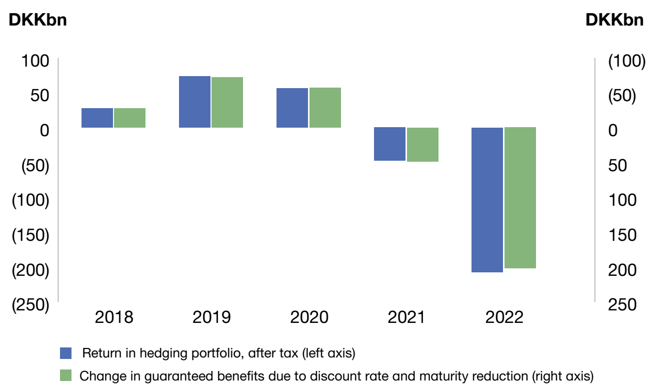
ATP's finances are robust. Our business model ensures that we can tolerate losses and our investment strategy means that up to 2022 we have generated significant returns that triggered additional pensions for members totalling DKK 30bn effective as of 2022. The robustness can also be seen in our bonus capacity. The bonus capacity shows the relationship between the bonus potential - ATP's financial reserves - and the value of the pension liabilities. After a challenging year, the bonus capacity at the end of 2022 was at 17.8 per cent and thus similar to the average of the past 10 years. Bonds are heavily weighted in ATP's balanced investment portfolio, and therefore ATP was extra hard hit by the powerful interest rate hikes. An advantage of this strategy is that it stabilises the bonus capacity.

Net profit for the year

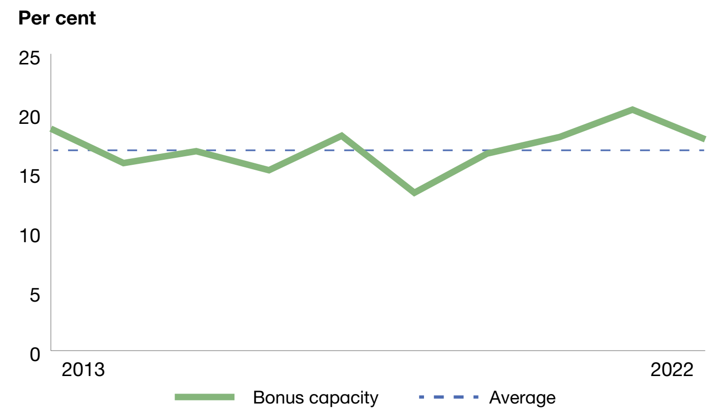
DKKm

	2022
Investment activity results	(55,790)
Hedging activity results	(8,280)
Results from Investment and Hedging	**(64,071)**
Pension activity results before life expectancy update	**3,467**
Result from business processing, external parties	**0**
Result before bonus allowances and life expectancy update	**(60,604)**
Life expectancy update	3,805
Bonus addition for the year	0
Net profit for the year	**(56,799)**

Interest hedging worked as intended



ATP's bonus capacity over time



Group management

Bo Foged stepped down as CEO (Chief Executive Officer) on 30 June and Martin Præstegaard assumed the role of CEO on 1 July coming from a role as ATP's

88 years

The age that a 67-year-old **woman** can expect to reach

86 years

The age that a 67-year-old **man** can expect to reach

CFO and deputy CEO. Pernille Vastrup assumed the role of new CFO on 1 April 2023. The Group Management was also changed by Carsten Bodal being replaced by Kristine Stenhuus, who on 15 November became the new Executive Vice President for Udbetaling Danmark - Public Benefits Administration. In order to strengthen the focus on digitalisation and IT in the organisation, the Group management team was supplemented with a Chief Information and Technology Officer (CITO) named Haktan Bulut who stepped in to the role on 1 October. With the new Group management team and a minor adjustment to the organisation, ATP is ensuring that it has a focused and well-run organisation.

Events after the reporting date

From the reporting date until the date of the presentation of this annual report, no events have occurred that would materially affect the assessment of the annual report.

Outlook for 2023

ATP's investment strategy is to ensure that ATP generates the best possible returns, while always being able to meet the guarantees issued to members. The Supervisory Board has a long-term results objective which for 2023 seen in isolation is calculated to be 11 per cent of the bonus potential. There are good and bad years for investments, and the objective does not necessarily need to be fulfilled every year. There is still a lot of uncertainty in the financial markets and about which direction the world economy is heading in. Therefore, it cannot be excluded that developments will result in a reduction of the bonus capacity and that losses will also be realised in 2023. The objective is based on the principles that members' interests must be a central consideration, that it is the aim to secure the real value of life-long pensions in the long term and that the objective is an ambitious one. The results objective can be viewed as a guideline for how ATP expects to perform in an average year and is calculated based on expectations for returns relative to the risk profile that has been chosen. The ATP Act does not require that members' pensions should preserve their real value but it does state that this should be a goal, and there are no investment strategies that can guarantee that pensions always keep up with inflation.

As mentioned, the interest hedging of the guarantees is a built-in interest component. With how interest rates are developing on the financial markets, it will be possible to ensure that members have better guarantees as the pension entitlements for 2023 are signed at higher interest rates than in previous years.

In 2023, it is expected that there will still be some work involved in the implementation of ATP's updated life expectancy model. ATP is also implementing a new accounting standard for insurance contracts (IFRS17) which applies from 1 January 2023 and which will involve significant changes to how the financial statements are measured and reported on.

Corporate governance, responsibility, etc. at atp.dk

ATP's corporate governance framework is set out in the Danish ATP Act. For further information about ATP's corporate governance, including ATP's overall management, pay policy, remuneration report and how ATP complies with the recommendations for good corporate governance, please see the supplementary information specified on page 144 and www.atp.dk/supplerende-oplysninger-2022.

Particularly here:
→ www.atp.dk/dokument/anbefalinger-god-selskabsledelse-2022
→ www.atp.dk/dokument/vederlagsrapport-2022

For ATP's statutory reporting on responsibility and the gender composition of the management and ATP's sustainability-related information pursuant to the Disclosure Regulation, please see:
→ www.atp.dk/dokument/rapport-om-samfundsansvar-2022

For ATP's report on data ethics, please see:
→ www.atp.dk/dokument/redegørelse for ATP's politik for-dataetik

ATP's management

Board of Representatives

Chairman:
Chairman of the
Supervisory Board
Torben M Andersen

Employer representatives:

Appointed by the Confederation of Danish Employers (DA):
CEO (Chief Executive Officer Jacob Holbraad
CEO (Chief Executive Officer Lars Sandahl Sørensen
CEO Brian Mikkelsen
Professional Board Member Anne Broeng
CEO (Chief Executive Officer) Fini Belin
Charlotte Vester, Deputy Director
General Manager Steen Nielsen
Deputy Director Pernille Knudsen
Deputy Director Camilla Khokhar
General Manager Steen Müntzberg

Appointed by the Danish Minister for Finance
Professional Board Member Vibeke Krag

Appointed by Danish Regions:
Regional Council Member Mogens Nørgård

Appointed by Local Government Denmark (LGDK):
Mayor Ole Vive
City Council member, Arne Boelt

Appointed by the Danish Employers' Association for the Financial Sector (FA):
CEO Nicole Offendal

Employee representatives:

Appointed by Danish Trade Union Confederation, FH:
Chairman Lizette Risgaard
Deputy Chairman Bente Sorgenfrey
Chief Economist Jonas Schytz Juul
CEO Jan Walther Andersen
Trade Union President Anja C. Jensen
Trade Union President Ole Wehlast
Trade Union President Elisa Rimpler
Trade Union President Claus Jensen
Trade Union President Henning Overgaard
Trade Union President Jørgen Juul Rasmussen
Trade Union President Benny Andersen
Trade Union President Grete Christensen
Chairman Gordon Ørskov Madsen

Appointed by the Danish Association of Managers and Executives (LH):
CEO Bodil Nordestgaard Ismiris

Appointed by the Danish Confederation of Professional Associations (Akademikerne):
Chairman Lisbeth Lintz

Supervisory Board

Chairman:

Chairman off the Supervisory Board
Torben M. Andersen

Employer representatives:

CEO
Jacob Holbraad

CEO (Chief Executive Officer)
Lars Sandahl Sørensen

CEO
Brian Mikkelsen

Professional Board Member
Anne Broeng

Professional Board Member
Vibeke Krag

Danish Regional Council Member,
Mogens Nørgård

Employee representatives:

Chairman
Lizette Risgaard

Former Deputy Chairman
Bente Sorgenfrey

Chief Economist
Jonas Schytz Juul

CEO
Jan Walther Andersen

Trade Union President
Anja C. Jensen

Chairman
Lisbeth Lintz

Executive Committee
Torben M. Andersen (Chairman)
Jacob Holbraad
Lizette Risgaard

Audit Committee
Jan Walther Andersen (Chairman)
Torben M. Andersen
Jacob Holbraad
Lizette Risgaard

Risk Committee
Torben M. Andersen (Chairman)
Anne Broeng
Jan Walther Andersen
Vibeke Krag

The Group management team

Martin Præstegaard,
CEO (Chief Executive Officer) and CFO (Chief Financial Officer)

Group management (left to right)
Kristine Stenhuus, Executive Vice President, Udbetaling Danmark – Public Benefits Administration
Kim Kehlet Johansen, Group CEO for Pension, Risk Management and Compliance, Chief Risk Officer
Martin Præstegaard, CEO (Chief Executive Officer) and CFO (Chief Financial Officer)
Mikkel Svenstrup, Chief Investment Officer
Anne Kristine Axelsson, Executive Vice President for Pension and Occupational Insurance
Haktan Bulut, Executive Vice President for Information, Data & Technology, Chief Information and Technology Officer

Chief Actuary
Camilla Fredsgaard Larsen

Chief Auditor, Internal Audit
Per Graabæk Ventzel

Consolidated financial statements

Statement by the Supervisory and Executive Boards

The Supervisory and Executive Boards have today considered and adopted the annual report of ATP for the financial year 1 January to 31 December 2022.

The consolidated financial statements and the parent company financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with additional Danish disclosure requirements as set out in the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme' (Bekendtgørelse om finansielle rapporter for Arbejdsmarkedets Tillægspension).

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and ATP's assets, liabilities and financial position as of 31 December 2022 and of the financial performance and cash flows of the Group and ATP for the financial year 1 January to 31 December 2022.

In our opinion, the management's statement also provides a true and fair description of the development in the Group's and the Parent Company's operations and financial conditions, and a description of the most significant risks and uncertainties that may affect the Group and the Parent Company.

We recommend that the annual report be adopted by the Board of Representatives.

Hillerød, 8 February 2023

Martin Præstegaard
CEO (Chief Executive Officer)

Torben M. Andersen
Chairman of the Supervisory Board

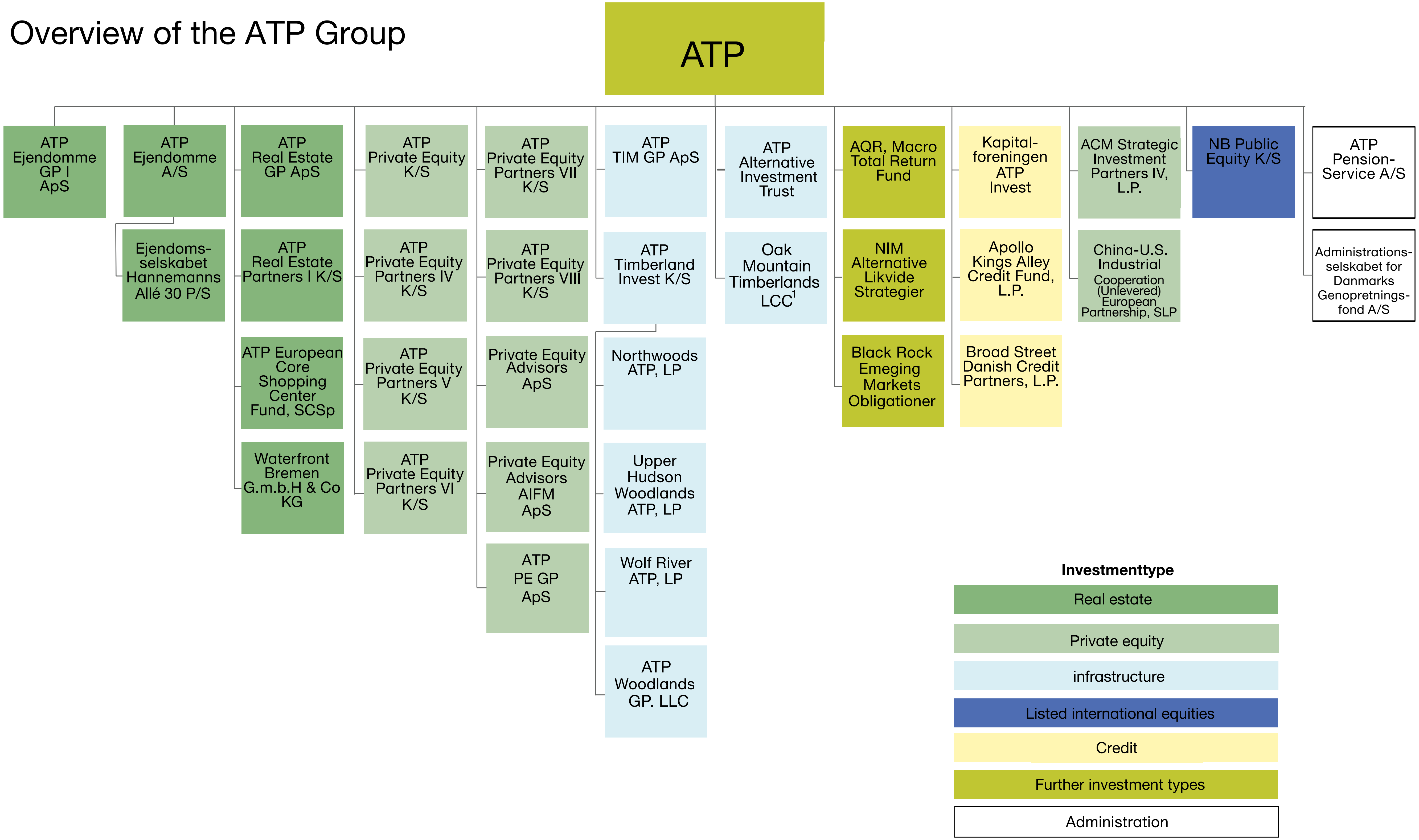
Jacob Holbraad **Member of the Supervisory Board**	**Lars Sandahl Sørensen** **Member of the Supervisory Board**	**Brian Mikkelsen** **Member of the Supervisory Board**	**Anne Broeng** **Member of the Supervisory Board**
Vibeke Krag **Member of the Supervisory Board**	**Mogens Nørgård** **Member of the Supervisory Board**	**Lizette Risgaard** **Member of the Supervisory Board**	**Bente Sorgenfrey** **Member of the Supervisory Board**
Jonas Schytz Juul **Member of the Supervisory Board**	**Jan Walther Andersen** **Member of the Supervisory Board**	**Anja C. Jensen** **Member of the Supervisory Board**	**Lisbeth Lintz** **Member of the Supervisory Board**

Adopted by the Board of Representatives.

Hillerød, 8 February 2023

Torben M. Andersen
Chairman of the Board of Representatives

Overview of the ATP Group



[1] Oak Mountain Timberlands LCC is the parent company of ten subsidiaries.

Income statement

DKKm		Group		ATP	
Note		2022	2021	2022	2021
	Investment				
1	Investment return	(64,364)	49,888	(65.209)	49.159
3	Expenses	(823)	(952)	(620)	(653)
4	Tax on pension savings returns	9,541	(7,473)	9,883	(7,360)
	Corporate income tax	(145)	(86)	-	-
	Investment activity results	**(55,790)**	**41,378**	**(55,946)**	**41,146**
	Hedging activities				
	Guaranteed benefits (GB)				
13	Change in GB due to change in discount rate and maturity reduction	201,741	48,632	201,741	48,632
	Return in hedging portfolio	(244,827)	(56,187)	(244,827)	(56,187)
4	Tax on pension savings returns	37,459	8,597	37,459	8,597
	Results of hedging of guaranteed benefits	**(5,628)**	**1,042**	**(5,628)**	**1,042**
	Life annuity with market exposure (LAWMA)				
	Change in LAWMA due to returns	74	-	74	-
	Return on market return portfolio	(87)	-	(87)	-
3	Expenses	(1)	-	(1)	-
	Tax on pension savings returns	13	-	13	-
	Result of life annuity with market exposure	**0**	**-**	**0**	**-**
13	Change in guaranteed benefits due to yield curve break	(2,652)	(5,508)	(2,652)	(5,508)
2	**Hedging activity results**	**(8,280)**	**(4,466)**	**(8,280)**	**(4,466)**
	Results from Investment and Hedging	**(64,071)**	**36,912**	**(64,226)**	**36,680**
	Pensions				
	Contributions	11,951	11,497	11,951	11,497
18	Benefits paid out	(17,957)	(17,260)	(17,957)	(17,260)
13	Changes resulting from contributions and pension benefits	9,679	8,200	9,679	8,200
3	Pension activity expenses	(215)	(213)	(215)	(213)
	Other items	10	7	10	7
	Pension activity results before change in life expectancy	**3,467**	**2,231**	**3,467**	**2,231**
13	Change due to life expectancy update	3,805	4,796	3,805	4,796
	Pension activity result	**7,272**	**7,027**	**7,272**	**7,027**
	Administration				
	Other income	2,568	2,498	2,575	2,498
3	Other costs	(2,569)	(2,497)	(2,576)	(2,498)
	Administration activity result	**0**	**0**	**0**	**0**
	Result before bonus	**(56,799)**	**43,939**	**(56,954)**	**43,708**
	Bonus addition for the year	0	(30,391)	0	(30,391)
	Net profit for the year	**(56,799)**	**13,548**	**(56,954)**	**13,316**
	Minority interests' share of net profit for the year	156	240	-	-
	The ATP Group's share of net profit for the year	(56,955)	13,308	(56,954)	13,316
	Allocated profit	**(56,799)**	**13,548**	**(56,954)**	**13,316**

Statement of comprehensive income

DKKm		ATP		ATP	
Note		2022	2021	2022	2021
	Net profit for the year	**(56,799)**	**13,548**	**(56,954)**	**13,316**
	Other comprehensive income				
	Items that may not be reclassified to the result:				
	Value adjustments of owner-occupied properties	13	8	12	0
	Tax on pension savings returns regarding value adjustments for owner-occupied properties	(2)	0	(2)	0
	Total	**11**	**8**	**10**	**0**
	Total other comprehensive income	**11**	**8**	**10**	**0**
	Comprehensive income for the year	**(56,788)**	**13.556**	**(56,944)**	**13,316**
	Minority interests' share of total comprehensive income for the year	156	240	**-**	**-**
	ATP's share of total comprehensive income for the year	(56,944)	13,316	(56,944)	13,316
	Allocated comprehensive income	**(56,788)**	**13,556**	**(56,944)**	**13,316**

Balance

Note	DKKm	Group 2022	Group 2021	ATP 2022	ATP 2021
	ASSETS				
	Cash and on-demand deposits	6,792	10,364	5.033	8,320
	Receivables from reverse transactions	25,669	49,249	25,669	49,249
8	Bonds	483,354	651,574	480,380	646,227
6	Listed equities	50,855	117,647	48,592	115,116
7	Unlisted equity investments	114,430	119,886	76.386	79,931
11	Derived financial instruments	82,270	91,523	81,841	91,559
8	Loans	4,328	5,327	168	1,340
	Loans to group subsidiaries	-	-	2,140	3,290
	Investments in group subsidiaries	-	-	71,056	77,246
9	Investment properties	24,858	30,076	-	-
10	Investment assets associated with life annuity with market exposure	2,452	-	2,452	-
	Owner-occupied properties	909	891	849	831
	Operating funds	4	5	3	3
	Intangible assets	1,004	1,163	997	1,159
	Receivables on pension savings returns and income tax	859	303	839	379
	Deferred tax on pension savings returns and income tax	48,534	1,267	48,534	1,267
	Collateral regarding financial derivatives	13,380	5,814	13,380	5,814
	Receivables contributions	3,150	3,057	3,150	3,057
	Other receivables	4,763	2,229	4,602	1,666
	Other prepayments and accrued income	1,006	1,039	986	985
	Total assets	**868,617**	**1,091,414**	**867,058**	**1,087,438**
	EQUITY AND LIABILITIES				
	Debt from reverse transactions	10,709	51,452	10,709	51,250
11	Derived financial instruments	172,840	81,831	173,982	81,501
	Tax payable on pension savings returns and income tax payable	2	20	-	15
	Deferred corporation tax	85	373	-	-
	Other debts	6,521	9,597	4,560	7,326
	Total liabilities	**190,158**	**143,272**	**189,251**	**140,093**
	Guaranteed benefits	573,832	787,809	573,832	787,809
	Life annuity with market exposure	1,382	-	1,382	-
	Bonus potential	102,593	159,537	102,593	159,537
13	**Total pension provisions**	**677,806**	**947,346**	**677,806**	**947,346**
	Minority interests	653	796	-	-
	Total equity and liabilities	**868,617**	**1,091,414**	**867,058**	**1,087,438**

Cash flow statement

DKKm	Group 2022	Group 2021	ATP 2022	ATP 2021
Cash flows from operating activities				
Contributions and fees received	11,891	11,254	11,891	11,254
Paid pension benefits	(17,960)	(17,300)	(17,960)	(17,300)
Pension activity expenses paid	(201)	(219)	(201)	(219)
Interest income received in respect of pension activities	15	12	15	12
Interest expenses paid in respect of pension activities	(3)	(4)	(3)	(4)
Tax paid on pension savings returns in respect of pension activities	0	(1)	0	(1)
Cash flow from pension activities	**(6,258)**	**(6,259)**	**(6,258)**	**(6,259)**
Interest income etc. received in respect of investment and hedging	21,153	21,683	19,677	19,825
Interest expenses etc. paid in respect of investment and hedging	(4,684)	(1,727)	(4,360)	(1,486)
Total income from investment properties	877	988	42	46
Investment activity expenses paid	(771)	(900)	(682)	(671)
Tax paid on pension savings returns in respect of investment and hedging activities	(656)	(14,474)	(334)	(14,397)
Cash flow from investment and hedging activities	**15,919**	**5,569**	**14,343**	**3,317**
Income received in respect of business processing	2,541	2,474	2,547	2,475
Business processing expenses paid	(2,351)	(2,347)	(2,298)	(2,356)
Cash flow from administration activities	**190**	**127**	**249**	**118**
Income tax paid	(11)	(8)	-	-
Cash flow from operating activities	**9,840**	**(571)**	**8,334**	**(2,824)**
Cash flow from investment activities				
Sales and withdrawals of bonds	135,243	184,956	128,798	178,267
Purchase of bonds	(136,200)	(211,511)	(131,675)	(207,771)
Sale of equity investments	160,753	231,741	167,439	244,531
Purchase of equity investments	(102,727)	(196,203)	(105,614)	(202,341)
Financial derivatives, net	(56,816)	(4,423)	(53,021)	(3,624)
Sale of investment properties	6,960	1,957	-	-
Purchase of investment properties	(1,721)	(478)	-	-
Sale and purchase, net of intangible assets, property, plant and equipment and own-er-occupied properties	(279)	(216)	(276)	(214)
Lending, repo and reverse transactions with financial institutions	(18,582)	(6,401)	(17,610)	(7,633)
Cash flow from investment activities	**(13,369)**	**(578)**	**(11,959)**	**1,215**
Cash flow from financing activities				
Loans, capital increase and dividend from/to minority shareholder	(540)	(99)	-	-
Cash flows from financing activities	**(540)**	**(99)**	**-**	**-**
Change in cash and cash equivalents	**(4,069)**	**(1,248)**	**(3,625)**	**(1,609)**
Foreign currency translation adjustments	559	161	399	212
Liquid stocks as of 1st of January	**10,364**	**11,451**	**8,320**	**9,717**
Liquid stocks as of 31th December	**6,854**	**10,364**	**5,094**	**8,320**
Of which placed under investment assets associated with life annuity with market ex-posure in the financial statement.	61	-	61	-

The cash flow figures cannot be deduced directly from the figures of the consolidated financial statements.

Cash flow from financing activities includes a loan from a minority shareholder, which was realized in 2022 in connection with the sale of the subsidiary Galaxy Properties SA.

Significant financial statement notes

This section includes the financial statement notes considered by the management to be important to provide an insight into ATP and the ATP Group.

The notes include, among other things, investment returns and hedging activity results as well as information regarding expenses and tax, etc.

The section also includes information regarding investment assets and risk management.

Note 1: Returns on investment activities

In 2022, the investment portfolio returned DKK (64.4) bn before tax and expenses. The total ATP Group investment activity result after expenses and tax was DKK (55.8)bn.

2022 was characterised by great turmoil in the financial markets. Rising interest rates, falling equity prices and high inflation have dominated developments and the war in Ukraine has also had a strong impact on energy prices. All together, this has resulted in very negative investment markets, and like other investors, this has also had a strong impact on ATP's returns and resulted in major losses.

Viewed over the year as a whole, it was particularly the holdings of government and mortgage bonds and the holding of listed equities that generated large negative returns while investments in inflation-related instruments contributed with a large positive return. The returns from illiquid investments, including private equity, real estate, credit and infrastructure were generally negatively impacted by value adjustments due to market developments in the listed markets during the year while the divestment of assets made a generally contribution result to the returns.

The government and mortgage bonds portfolio, which also includes exposure via financial derivatives,generated returns of DKK (60.6)bn, primarily due to negative contributions from United States and European bonds as a result of rising interest rates in the United States and Europe.

The overall equity portfolio, consisting of listed Danish and international equities and private equity, generated a return of DKK (18.7)bn.

Listed Danish equities generated returns of DKK (8.8)bn. The largest positive contribution to the returns came from the holdings of Novo Nordisk A/S shares while the largest negative contribution came from DSV A/S shares.

Listed international equities generated returns of DKK (11.9)bn and listed American and European equities made the largest positive contributions to the returns.

The private equities portfolio includes ATP Private Equity Partners, which primarily invests in international capital funds, and of other private equity investments. The total portfolio of private equity generated returns of DKK 2.0bn. The returns were in particular positively impacted by a gradual inclusion of a sales agreement on a direct investment which resulted in a significant write-up and the write-up of a direct investment due to solid organic growth, value-creating acquisition activities and optimisation of operations.

Investments in credit generated returns of DKK (0.7)bn. These investments partly consist of bonds issued by companies with a low credit rating or developing countries and financial instruments. This part of the portfolio generated returns of DKK (1.7) bn. Additionally, loans to credit institutions and funds that, among other things, invest in bank loans and corporate loans generated returns of DKK 1.0bn.

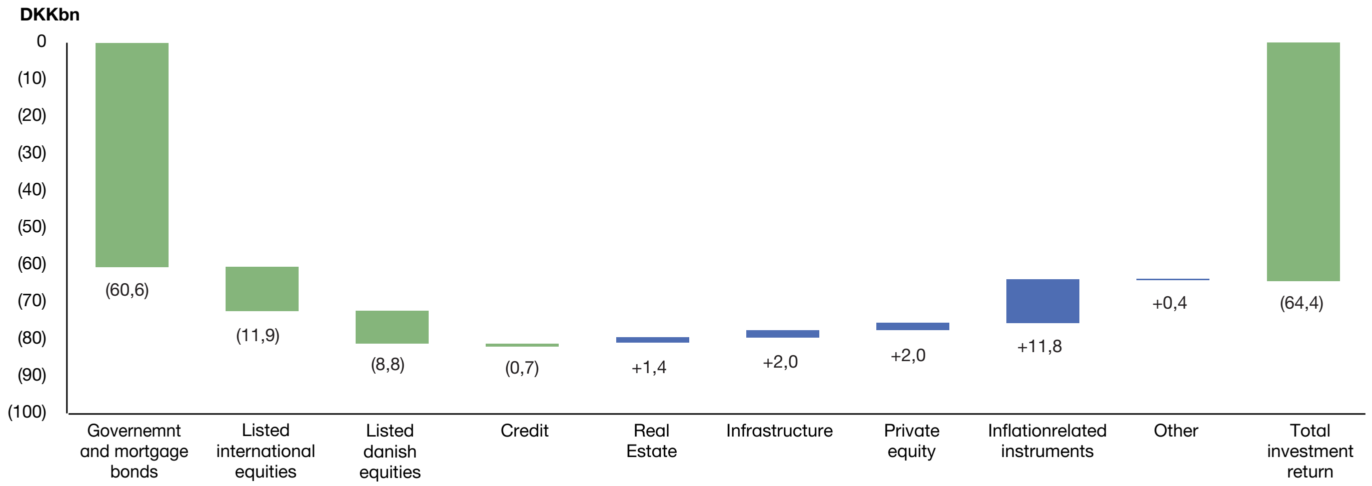
Real estate investments generated a return of DKK 1.4bn. These investments are made through direct ownership of real estate, via joint ventures, or indirectly through investments in unlisted real estate funds. Direct as well as indirect investments are made both in Denmark and abroad. It was particularly investments in commercial real estate, including the sale of the office building North Galaxy in Brussels and properties in the hotel and service industry that contributed positively to the returns.

The portfolio of infrastructure investments generated a return of DKK 2.0bn. It includes forestry investments in North America and Australia as well as investments in renewable energy. The returns were particularly positively impacted by a number of divestments that resulted in write-ups.

Inflation-related instruments, consisting of commodities-related financial contracts, index-linked bonds and inflation swaps generated a return of DKK 11.8bn. Investments in commodity-related financial contracts generated returns of DKK 4.4bn. Index-linked bonds and inflation swaps generated returns of DKK 7.4bn.

Other items generated returns of DKK 0.4bn. This portfolio mainly consists of externally managed portfolios. The portfolio also includes interest payments to the hedging portfolio.

Investment return 2022



ATP and the ATP Group recognise and measure all investment assets at fair value with value adjustment in the income statement. Foreign currency investment assets will typically be hedged and the return presented in the individual categories is the net return. ATP manages on the basis of asset properties rather than the legal structure of the asset. A division of the investment return based on accounts category and measuring method can be seen in Note 15.

Investment assets consist of funds from the bonus potential. In addition, funds not tied up in the hedging portfolio as a result of the use of derivative financial instruments are available for investment in the investment portfolio on market terms. In practice, this means that the investment portfolio can operate with more funds than the bonus potential.

Note 2: Hedging activity results

ATP's pension products are a lifelong guaranteed product and hedging is intended to ensure that ATP is always capable of meeting its guarantees. From 2022, the contributions from members with more than 15 years to go until they reach the retirement age will be split in two so that 60 per cent are allocated to the guaranteed benefits and 20 per cent are allocated to life annuity with market exposure. The final 20 per cent are allocated to the bonus potential.

Hedging of guaranteed benefits

Hedging is planned to ensure that the market value of the interest hedging portfolio after tax fluctuates in line with the guaranteed benefits when interest rates change.

The interest hedging portfolio consists of bonds and interest rate swaps to hedge the interest rate on the guaranteed benefits. The interest rate swaps in the interest hedging portfolio do not tie down liquidity to the same extent that bods do, and the funds that are not tied down in the interest hedging portfolio can be lent for investments in the investment portfolio.

The value of the guaranteed benefits in 2022 decreased by DKK 201.7bn mainly due to significantly higher interest rates. Correspondingly, the interest hedging portfolio generated negative returns (after tax) of DKK 207.4bn. The value of the interest hedging portfolio thus fell as the value of the pension guarantees fell, and the hedging worked as intended. Hedging generated total returns of DKK (8.3)bn, equivalent to 1.4 per cent of the value of the guaranteed benefits. Among other things, the negative result is due to the fact that the hedging of the guaranteed benefits cannot be completely precise which in 2022 has been impacted by the rising interest rates and the uncertainties - especially about the long-term interest rates. In addition, part of the loss is due to the break in the yield curve at 40 years, cf. the interest curve box, as the market rate has been below 3 per cent. The yield curve break at 40 years means that the guarantees that during the year were valued at a fixed rate of 3 per cent and then valued at market rates will impact the hedging with a profit or loss depending on whether the market rate is above or below 3 per cent. In 2022, the market-based part of the yield curve was below 3 per cent.

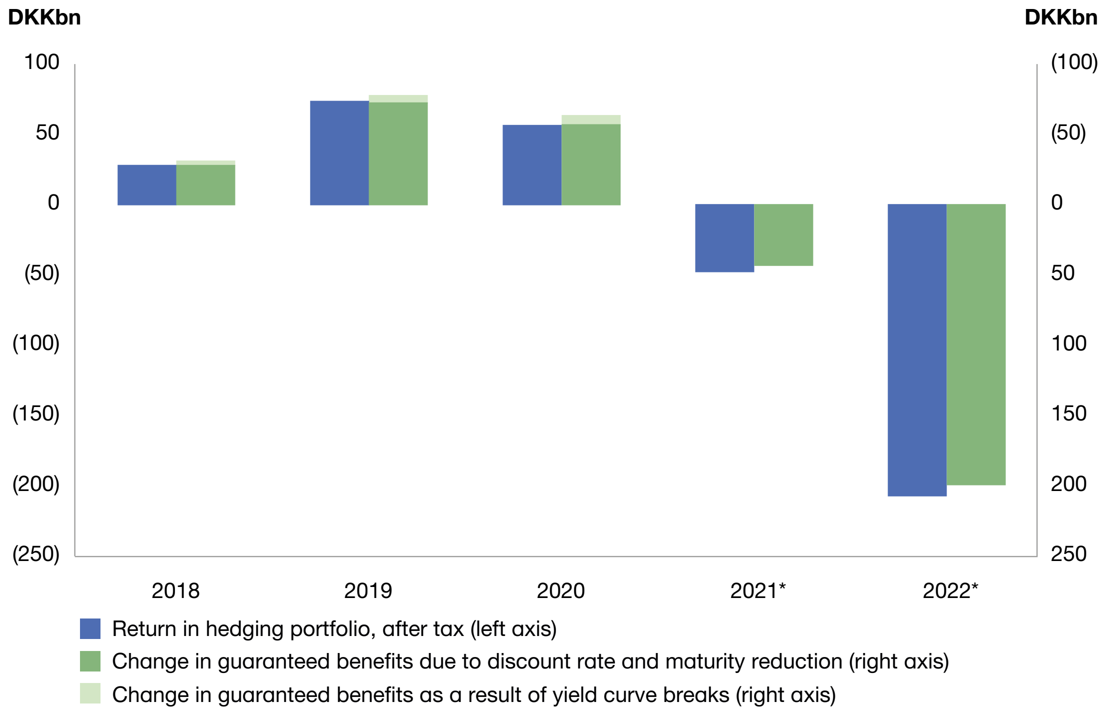
ATP's yield curve for the valuation of the guaranteed benefits

ATP's yield curve for the valuation of the guaranteed benefits in 2022 consisted in part of a market-based segment and in part of a fixed interest segment. The market-based segment is characterised by it having an interest rate risk that can be hedged. The fixed rate segment for the valuation of guarantees 40 years or more into the future reflected the expected long-term returns. Guarantees between 0 and 40 years were valued on the basis of a market yield curve consisting of yields on Danish and German government bonds and interest rate swaps denominated in Danish kroner and euros. The interest rate after 30 years is kept at the level for 30-year market rates. After 40 years, the interest was fixed at 3 per cent. Thus, in 2022 there was a break in the yield curve's 40-year point where the curve shifts from the market interest level to a fix interest of 3 per cent.

Life annuity with market exposure

Contributions to life annuity with market exposure are invested in a special market return portfolio. By investing this part of the portfolio called the market contribution with a higher risk profile, it is expected that higher returns will be generated over time and thus result in higher pensions. In 2022, the portfolio generated negative returns of DKK 0.1bn due to the general market developments. At the end of the year, provisions for life annuity with market exposure amounted to DKK 1.4bn.

Hedging activity results and change to guaranteed benefits, 2018-2022



*Change in the guaranteed pensions as a result of interest etc. is in 2021 and 2022 shown incl. yield curve break

(1.4) per cent

Results of hedging of guaranteed benefits

Guaranteed benefits are calculated at fair value and the proportion of the year's fair value hedging which can be attributed to changes in the calculation interest rate and maturity reduction are recognised under 'Hedging activity results'. Other changes to guaranteed benefits are recognised in 'Pension activity results'.

Financial assets in the hedging portfolio are also recognised and measured at fair value and value adjustments are recognised under 'Hedging activity results'.

Note 3: Expenses

Expenses in the ATP Group are distributed among the business areas Investments, life annuity with market exposure, Pension, and Business Processing, external parties.

Distribution of expenses between the different areas is based on time registration and expense allocation based on the Activity Based Costing model. Distribution of expenses is intended to ensure that there is no cross-subsidisation between the different areas.

The investment expenses for the Group are at DKK 823 million. This is a decrease compared to last year of DKK 129 million, corresponding to 14 per cent. The decrease is mainly due to falling trading costs as a direct consequence of a significant decrease in the investment portfolio. To this is added the indirect investment expenses and indirect performance fees which are deducted from ATP's investment return in private equity investments. The statement of annual expenses in per cent stated in the chapter 'Balanced cost efficiency' in the management's review includes the indirect investment expenses and performance fees.

Expenses related to Pension, which include administration activity expenses for the management of ATP Livslang Pension (Lifelong Pension), was DKK 215 million in 2022, which is at the same level as 2021. Expenses related to Pensions represent 0.03 per cent relative to aggregate assets. The ability to keep pension expenses low is due to a high degree of automation and digitalisation when contacting members and a stable IT support system. In the future, just as in 2022, ATP will be participating in joint public digitalisation initiatives and this is expected to have a marginal impact on costs during the investment phase.

The Group's processing tasks are tasks performed on behalf of the social partners, the Danish state and municipalities and are from the following clients:

	2022	2021
Udbetaling Danmark – Public Benefits Administration	1,621	1,640
Pension and Occupational Insurance	890	816
Senior pension	57	43

These tasks are assigned to ATP on a cost-recovery basis – i.e. without profit to ATP or without any risk of expense. In 2022, expenses of DKK 2.6bn were paid in relation to business processing for external parties, and these are off-set by similar income.

The increase in administration activity expenses from 2021 to 2022 is a reflection of the general price and salary adjustments and, among other things, higher operating expenses and write-offs related to AES' new case processing system which was launched in 2022. Beyond that the cost developments are impacted by more new tasks under Udbetaling Danmark - Public Benefits Administration, including the administration and implementation of the rules on earmarked maternity/paternity leave and the phasing in of Senior Pension where parts of the applications received in 2021 were only processed during 2022.

Despite the increase in the total expenses, there has been realised significant underlying efficiency improvements in many administrated schemes, including via automation and the use of new technology.

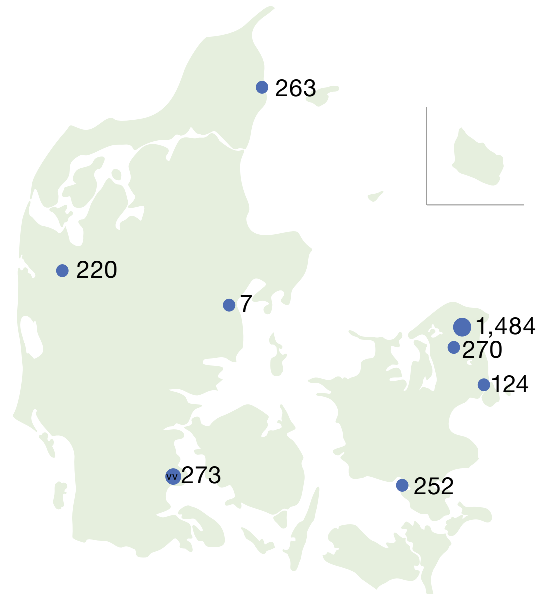
ATP is once again able to keep its administration activity expenses low, as ATP Livslang Pension (Lifelong Pension) is a collective scheme and a relatively simple product.

	Group		ATP	
DKKm	2022	2021	2022	2021
Investment activity expenses	823	952	620	653
Costs relating to annuities with market exposure	1	-	1	-
Pension activity expenses	215	213	215	213
Administration activity expenses	2,569	2,497	2,576	2,498
Total costs	**3,608**	**3,663**	**3,411**	**3,364**
The aforementioned costs include staff costs totalling				
Remuneration	1,611	1,611	1,504	1,506
Pension contributions	271	270	253	252
Other social security expenses	25	27	24	26
Total staff costs	**1,907**	**1,908**	**1,781**	**1,785**
Average number of full-time staff	**2,901**	**3,045**	**2,769**	**2,914**

Management remuneration details can be seen in Note 21.

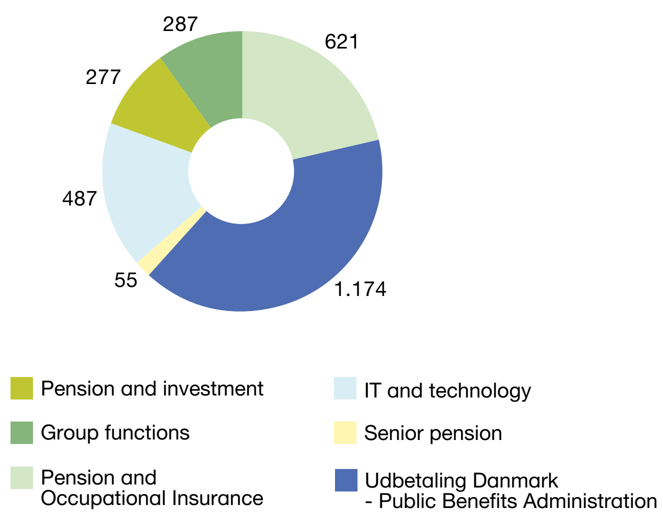
In 2022, ATP and the ATP Group's employees in Denmark were distributed across locations in Vordingborg, Holstebro, Haderslev, Allerød, Frederikshavn, Aarhus, Copenhagen and the head office in Hillerød. In addition, 7 employees were posted in Greenland.

Full-time staff distributed across Denmark



Note: Average number of full-time employees in 2022 in Denmark.

Employees by area



For further information regarding ATP employees, see ATP's responsibility report, available at:

→ www.atp.dk/samfundsansvar/rapporter

ATP's responsibility report is not an audit subject.

Note 4: Tax

ATP pays Danish tax on pension savings investment returns, no matter where in the world the returns are generated. The Danish tax on pension savings return was DKK (47)bn in 2022. The negative tax on pension savings return in 2022 is mainly the result of Hedging, where rising interest rates have resulted in negative price adjustments on the holdings of bonds. The tax-related loss will be carried forward and offset in positive tax on pension savings returns in the years ahead.

ATP is taxed in Denmark pursuant to the regulations of the Danish Pension Savings Returns Tax Act. The tax on pension savings returns is calculated on the basis of ATP's total return on assets. The tax rate is 15.3 per cent. The taxation basis is calculated on the accrual basis, and therefore includes both realised and non-realised returns, but exclusive of deductible interest and asset management costs.

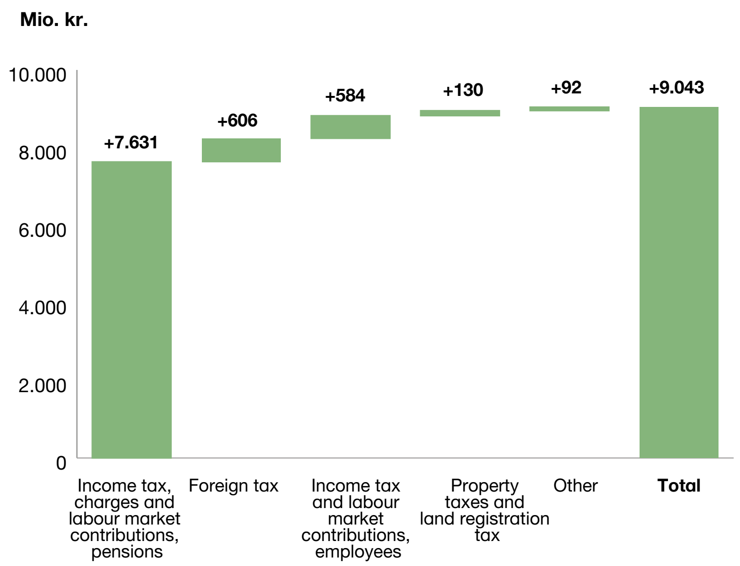
The calculated tax on pension savings returns is partially reduced by an amount equal to ATP's international tax payments such that double taxation of ATP's returns is minimised. International tax consists primarily of pay-as-you-earn taxes on dividends and interest and tax on American commercial income and is generated by ATP's investments in international listed equities and unlisted investments in, among other things, properties, infrastructure and capital funds.

ATP is tax exempt relative to the Danish Income Tax Act, but has subsidiaries which are independently liable for tax and which submit returns pursuant to the Corporation Tax Act. As a consequence of its investment activities, ATP also has tax return obligations in Germany, Canada and the USA.

In addition to tax on pension savings returns, payments to the Danish state also include corporation tax, VAT and labour market contributions paid on behalf of members of their ATP contribution payments and personal taxes withheld and paid on behalf of own employees. As a global investor, ATP also pays taxes in several places abroad.

In 2022, ATP's tax contribution amounted to DKK 9.0bn. On top of this, there is the tax on pension savings return which in 2022 ended up being an income of DKK 47.0bn. The tax on pension savings return is included as a tax receivable and can be offset from positive returns in future financial statements.

Tax contribution - incurred and withheld taxes



The overview above only includes tax on ATP's and the ATP Group's own activities and investments. Tax paid locally by Danish and international companies in which ATP and the ATP Group has invested is therefore not included.

Read about ATP's tax policy and the work performed by ATP to implement its tax policy in investments and in establishing national and international collaboration in the tax area.

⟶ www.atp.dk/skattepolitik

ATP's tax policy is not an audit subject.

	Group		ATP	
DKKm	**2022**	**2021**	**2022**	**2021**
Investment activity results before tax on pension savings returns	**(65,186)**	48,936	**(65,829)**	48,506
Hedging activity results before tax on pension savings returns and change in guaranteed benefits	(244,827)	(56,187)	(244,827)	(56,187)
Result of life annuity with market exposure before tax on pension savings returns and interest allocated to life annuity with market exposure	(87)	0	(87)	0
Interest income and interest expenses, pension activities	11	8	11	8
Value adjustments of owner-occupied properties	13	8	12	0
Total returns subject to pension yield taxes	**(310,077)**	**(7,235)**	**(310,720)**	**(7,673)**
Of which 15.3 per cent	(47,442)	(1,107)	(47,540)	(1,174)
Tax effect of different methods of calculating accounting and tax returns on transparent entities etc.	153	1	(89)	(45)
Tax effect of reduction under section 10 of the Danish Pension Savings Returns Tax Act (reduction regarding life and pension insurance policies, year-end 1982)	402	8	402	8
Tax on pension savings returns for the year	(46,887)	(1,098)	(47,228)	(1,211)
Prior year adjustments	(123)	(25)	(123)	(25)
Total tax on pension savings returns	**(47,010)**	**(1,122)**	**(47,351)**	**(1,236)**
Tax on pension savings returns is recognised in the following items:				
Tax on pension savings returns in respect of investment activities	(9,541)	7,473	(9,883)	7,360
Tax on pension savings returns in respect of hedging activities	(37,459)	(8,597)	(37,459)	(8,597)
Tax on pension savings returns for life annuity with market exposure	(13)	0	(13)	0
Tax on pension savings returns in respect of pension activities	2	1	2	1
Tax on pension savings returns, Other comprehensive income	2	0	2	0
Total tax on pension savings returns	**(47,010)**	**(1,122)**	**(47,351)**	**(1,236)**

Note 5: Market value of ATP's investment portfolio

Market value of ATP's investment portfolio DKKm	**2022**	**Per cent of investment portfolio**	**2021**	**Per cent of the investment portfolio**
Listed Danish equities	22,005	7 per cent	42,224	10 per cent
Listed international equities, including currency hedging	29,952	10 per cent	73,986	18 per cent
Private equity	54,033	17 per cent	47,690	12 per cent
Credit investments	7,315	2 per cent	7,425	2 per cent
Government and mortgage bonds	69,625	22 per cent	105,229	25 per cent
Inflation-related instruments	14,298	5 per cent	10,551	3 per cent
Infrastructure investments	37,872	12 per cent	42,278	10 per cent
Real estate	42,889	14 per cent	50,156	12 per cent
Loans	27,789	9 per cent	27,841	7 per cent
Other	4,704	2 per cent	6,948	2 per cent
Total market value	**310,482**	**100 per cent**	**414,328**	**100 per cent**

Note: Market value is an expression of the funds tied into investments. The investment portfolio market value also includes financial derivatives such as futures, swaps and options. The market value of futures is equal to zero due to daily settlement of losses/gains. For other financial derivatives, the market value may be negative.

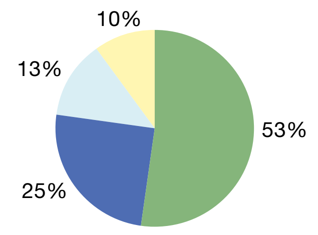
The investment portfolio follows a risk-based investment approach, the focus of which is on risk rather than on the amount of DKK invested. This means, for example, that for the same risk a larger post of bonds can be purchased than equities which are traditionally risker assets. The investment portfolio, as a general rule, consists of funds from the bonus potential. Funds not tied up in the interest hedging portfolio as a result of the use of financial derivatives are available for investment in the investment portfolio on market terms. In practice, this means that the investment portfolio can operate with more funds than the bonus potential.

The market value of ATP's investment portfolio is distributed based on the type of investment across the entire investment portfolio rather than by the legal structure. For example, in the "Real Estate" category there may be included both physical properties and also capital shares in real estate companies or real estate funds plus derivatives that are used to hedge these investments.

Factor approach

To maintain a robust investment portfolio with a stable return and the greatest possible independence from cyclical variations, investment decisions are informed by a strategy of risk diversification. ATP splits the risk of each individual investment into four risk factors which can be combined in various ways to achieve an investment portfolio with the desired risk profile. The four risk factors are: 'Equity factor', 'Interest rate factor', 'Inflation factor' and 'Other factors'.

Risk allocation in the investment portfolio, year-end 2022



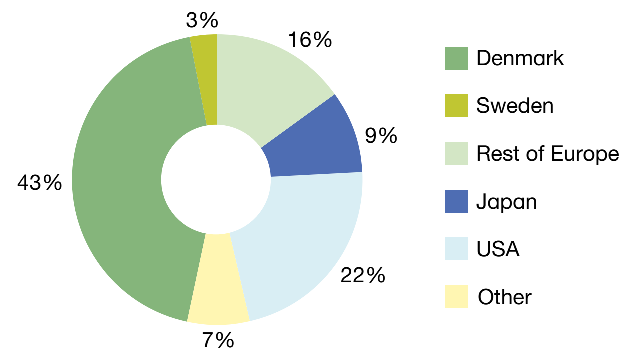
Note 6: Listed equities

The ATP Group	**Danish listed equities**		**International listed equities**		**Listed equities, total**	
DKKm	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Fair value as of 1 January	42,224	39,258	75,424	88,251	117,648	127,509
Additions during the year	13,145	20,006	73,936	158,975	87,081	178,981
Disposals during the year	(24,983)	(24,502)	(113,677)	(189,683)	(138,660)	(214,185)
Fair value adjustment for the year	(8,381)	7,462	(6,668)	17,880	(15,049)	25,342
Fair value as of 31 December	**22,005**	**42,224**	**(29,015)**	**75,423**	**51.020**	**117,647**
Of which placed under investment assets associated with life annuity with market exposure in the statement of financial position					165	0

The listed equity investment holding has decreased by DKK 66.6bn, primarily due to a net decrease of DKK 51.6bn, while the fair value adjustment for the year amounts to DKK (15.0)bn. The net decrease is in both Danish and international equities.

The figure below shows the geographical distribution of the ATP Group's listed equities portfolio as of 31 December 2022.

Distribution by country of listed equities



The five largest holdings of, respectively, Danish and international listed equities amount to:

Danish listed equities	**Market value (DKK million)**	**Number of Danish equities**
Bavarian Nordic A/S	1,527	6.9 per cent
Ringkjøbing Landbobank A/S	1,364	6.2 per cent
Novo Nordisk	1,356	6.2 per cent
Genmab A/S	1,332	6.1 per cent
Danske Bank A/S	1,319	6.0 per cent

International listed equities	**Market value (DKK million)**	**Proportion of international equities**
Össur HF (Iceland)	727	2.5 per cent
UCB SA (Belgium)	385	1.3 per cent
Boozt AB (Sweden)	309	1.1 per cent
Almirall S.A. (Spain)	228	0.8 per cent
Volvo AB (Sweden)	149	0.5 per cent

Note 7: Unlisted equity investments

The ATP Group	Unlisted equity investments, total	
DKKm	2022	2021
Fair value as of 1 January	119,886	105,212
Transfer	0	(3,191)
Additions during the year	15,207	16,737
Disposals during the year	(29,557)	(21,637)
Fair value adjustment for the year	9,508	22,765
Fair value as of 31 December	**115,044**	**119,886**
Of this, investments that can be classified as associated companies or joint ventures	47,278	48,751
Of this, investments that can be classified as equity investments	67,766	71,135
Fair value as of 31 December	**115,044**	**119,886**
Of which placed under investment assets associated with life annuity with market exposure in the statement of financial position	614	0

The private equities portfolio primarily consists of infrastructure investments, property investments, and private equity in the form of capital funds which are primarily invested via ATP Private Equity Partners.

In 2022, there has been a net disposal of DKK 14.4bn while the year's value adjustments amount to DKK 9.5bn. The year's value adjustment is impacted by the rising dollar exchange rate and approximately DKK 2.5bn can be attributed to this. ATP hedges its foreign currency exposure, so in the income statement there is recognised an equivalent loss on derivative financial instruments.

The year's value adjustments were also positively impacted by value adjustments from sales and signed sales agreements on infrastructure and private equity investments.

ATP Long Term Danish Equity, which must invest with a long-time horizon in Danish growth companies, has in 2022 made its first two investments in the companies called Veo Technologies and Ferrosan Medical Devices.

Group	Fair value 31/12/2022	Fair value 31.12.2021	Fair value hierarchy	Valuation input	Fair value sensitivity to changes in unobservable inputs
	DKKm	DKKm			
Unlisted equity investments					-
Trading price for new transactions					
Private Equity	7,051	4,421	2	Trading prices	-
Infrastructure	155	-	2	Trading prices	-
Reported fair value[1]					
Infrastructure	15,462	19,083	3	Reporting	-
Credit	6,052	5,124	3	Reporting	-
Private Equity	41,832	41,655	3	Reporting	-
Forestry	1,563	1,368	3	Reporting	-
Property	11,703	12,414	3	Reporting	-
Other	1,487	2,292	3	Reporting	-
Multiple analysis					
Private Equity	3,607	2,822	3	Valuation multiples used	If the valuation multiples used are altered by (10) per cent, the fair value is altered by DKK (361) million.
Discounting of expected future cash flow					
Infrastructure	15,053	17,481	3	Applied discount factor	If the discount factor changes (0.5) per cent, the fair value will change by DKK (1,804) million.
Return-based model.					
Property	11,080	13,142	3	Applied return rates	The average return requirement is at 4.92 per cent and when there is a change of 25 bp, the market value is changed by DKK (494) million.
Sum of the parts					
Private Equity	-	85	3	Haircuts applied to underlying assets	-

[1] Reported fair value based on reporting by relevant companies in which underlying assets and liabilities are valued at fair value. If the reporting date is different from the Group's statement of financial position date, adjustment is made for significant changes in the market's observable inputs and the quoted prices of underlying assets.

The calculation above shows sensitivities in case of changes to significant input parameters for the Group. The parent company ATP has invested in equity in group subsidiaries which consists primarily of investment entities that measure all material assets and liabilities at fair value using the methods described in notes 6-9 and note 11. Since all material assets and liabilities in the group subsidiaries are recognised at fair value, the fair value of group subsidiaries is equivalent to ATP's share of the reported Net Asset Value.

Equity investments, equity investments in associates and joint ventures, and equity investments in subsidiaries are recognised and measured at fair value with value adjustment via the income statement. Investments in associates and joint ventures are often structured as a combination of share equity investment and loans. Where all investors hold proportionally identical shares of both loans and equity investment and where the company has no significant debt financing, the risk of the loan is considered to be identical to the risk of the equity investment. Such loans are presented as an integral part of the investment in the associate or joint venture – both in internal management reporting and in external reporting. Loans that are an integral part of the investment in the associate or joint venture are recognised and measured at fair value. A combined overview of ATP's equity investments can be found at:

⟶ www.atp.dk/dokument/specifikation-af-kapitalandele-2022

Significant accounting estimates

Significant accounting estimates are associated primarily with the measurement of private equity investments when the valuation is based on unobservable inputs.

Estimates are applied when selecting the valuation model and assessment of the most important unobservable input parameters, including multiples and discounting factors.

The majority of the Group's private equity investments have been valued on the basis of reported fair value. In case of reported fair value, the management assesses whether the valuation methods and inputs applied by the external managers are relevant, but also whether adjustments are to be made to the reported fair value due to events after the reporting period.

Note 8: Bonds and loans

The ATP Group

DKKm	Bonds 2022	Bonds 2021	Loans 2022	Loans 2021
Fair value as of 1 January	651,574	657,960	5,327	7,288
Additions during the year	136,201	211,475	3,194	9,559
Disposals during the year	(138,036)	(181,681)	(4,687)	(11,923)
Fair value adjustment for the year	(165,835)	(36,180)	535	403
Fair value as of 31 December	**483,903**	**651,574**	**4,369**	**5,327**
Of which placed under investment assets associated with life annuity with market exposure in the statement of financial position	549	-	41	-

Bond holdings decreased by DKK 167.7bn in 2022, which is due to negative value adjustments of DKK 165.8bn, while the net addition amounts to DKK 1.8bn.

The negative value adjustments are due to the increasing interest rates which have characterised 2022.

Of the bond holdings that are part of the hedging business, Danish and German government bonds amount to DKK 329.2bn.

The bond holdings also include Danish mortgage bonds and credit bonds that are part of the investment portfolio.

At year-end 2022, the portfolio of “Green bonds” amounts to DKK 51.8bn. Green bonds are characterised by the issuer of the bond using the loan to finance climate-friendly investments. A climate-friendly investment might be an investment in e.g. increased energy efficiency, hydropower and wind turbines.

Loans consist of loans to credit institutions and funds which invest in bank loans, property related loans and corporate loans, and are included in the investment portfolio.

The loans issued at the end of 2022 decreased by DKK 1.0bn compared to the start of the year. The decrease is mainly from corporate lending activities.

Green bonds

ATP has ESG requirements for green bonds, and we have therefore developed our own standards and requirements for issuers which exceed the ‘Green Bond Principles’ recommendations. ATP requires transparency related to the projects that the bonds help to finance and we also have requirements for the quality of the reporting.

Group	Fair value 31/12/2022	Fair value 31/12/2021	Fair value hierarchy	Valuation method used	Applied observable/ unobservable inputs	Fair value sensitivity to changes in unobservable inputs
	DKKm	DKKm				
Bonds, listed	461,315	624,931	1	Listed price or price quote.	-	-
Bonds, observable inputs	6,723	9,381	2	Discounting to net present value using a relevant yield curve with the addition of a spread	Yield curves, spreads	-
Bonds, unobservable inputs	15,865	17,263	3	Discounting of expected future cash flows to net present value using relevant yield curves and investment-specific credit spread premiums	Investment-specific credit spread premiums used on yield curves	If investment-specific credit spread premiums increase by 1 percentage point, the fair value is altered by DKK (336) million.
Loans, unobservable inputs - reported value	4,187	3,987	3	Discounting of expected future cash flows to net present value using relevant yield curves and investment-specific credit spread premiums	Applied investment-specific credit spread premiums of between 6.3 - 20.1 per cent (avg. 11,9 per cent)	-
Loans, unobservable inputs	182	1,340	3	Discounting of expected future cash flows to net present value using relevant yield curves and investment-specific credit spread premiums	Applied investment-specific credit spread premiums used on yield curves	If investment-specific credit spread premiums increase by 1 percentage point, the market value is altered by DKK (1) million.

Significant accounting estimates
Significant accounting estimates are associated primarily with the measurement of bonds and loans where the valuation is based on unobservable inputs.

Bonds for which the valuation is based on observable inputs include bonds for which there have been no updated external prices within the previous two trading days prior to the balance sheet date. A theoretical price is calculated for such bonds.

Loans are valued by discounting the future cash flows from the loans. The future cash flows are adjusted for changes in credit risk. The determination of the discount rate and the credit risk involves a degree of estimation, which affects the determination of the fair value.

Supplementary information about the Group’s holdings of government bonds and credit bonds can be found at:
→ www.atp.dk/supplerende-oplysninger-2022

The supplementary information about holdings of government bonds and credit bonds are not subject to an audit.

Note 9: Investment properties

The Group's investment properties consist of real estate investments in the form of offices, homes and hotels plus forestry investments. Both are aimed at generating returns via ongoing incomes and value adjustments, so they are presented as one item on the statement of financial position.

DKKm	Forestry investment properties		Real estate investments		Investment properties	
The ATP Group	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Fair value as of 1 January	5,460	912	24,616	24,995	30,076	25.907
Additions during the year	24	4,463	1,685	478	1,709	4,941
Disposals during the year	(152)	(288)	(7,248)	(1,669)	(7,400)	(1,957)
Fair value adjustment for the year	379	374	239	811	618	1,185
Fair value as of 31 December	**5,711**	**5,460**	**19,292**	**24,616**	**25,002**	**30,076**
Of which placed under investment assets associated with life annuity with market exposure in the statement of financial position					144	0

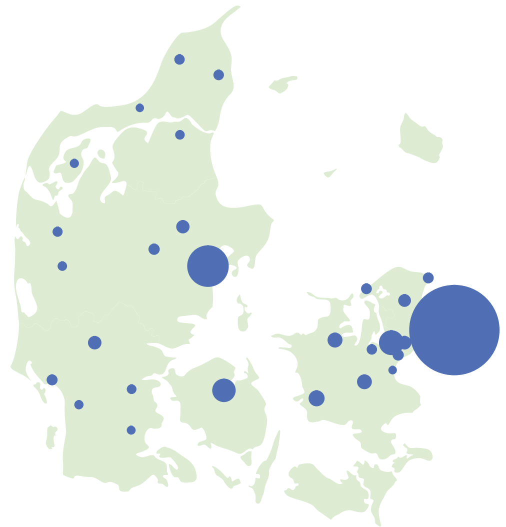
Real estate investments

Real estate investments in the ATP Group are managed by the subsidiary ATP Ejendomme. Real estate investments consist of 100 per cent owned real estate. Danish investment properties represent DKK 17.8bn and primarily consist of prime location office buildings in Copenhagen and Aarhus.

In 2022, the Group has sold several large properties such as Ørsted's domicile in Gentofte and the North Galaxy property in Brussels.

Foreign investment properties amount to DKK 1.5bn.

Location of properties in Denmark based on market value



DKKm	Group	
	2022	**2021**
Rental income from investment properties	1,021	1,378
Annual value adjustments for investment properties	239	811
Operating costs in relation to investment properties	(282)	(267)
Maintenance expenses in relation to investment properties	(11)	(9)
Total income from investment properties	**967**	**1,913**
At the statement of financial position date, the Group had entered into leases under which future rental income is expected to be distributed as follows:		
Within 1 year	744	919
Between 1 and 5 years	1,634	2,335
After 5 years	2,194	2,306
Total rental income	**4,572**	**5,560**

Fair value is determined based on the following general rates of return:

	Group	
	2022	**2021**
Weighted average rate of return	4.7 per cent	4.4 per cent
Highest rate of return	8.1 per cent	8.0 per cent
Lowest rate of return	3.6 per cent	3.6 per cent

Changes in the required rate of return have the most significant impact on the fair value of the Group's investment properties. The table below shows the details of the most significant breakdown of properties.

2022								
Country	**Location**	**Type**	**Number of properties**	**Number of '000 sq.m.**	**Market value DKKbn**	**Weighted avg. rate of return**	**Sensitivity to change of 25 bps (DKK million)**	**Market value per sq.m. (DKK/ sq.m.)**
Denmark	Greater Copenhagen Area and Aarhus	Offices	46	**432.5**	12.7	4.4 per cent	689	29,370
Denmark	Major Danish towns and cities	Retail properties	38	71.1	1.6	5.9 per cent	65	22,717
Outside Denmark	Major cities	-	-	89.0	1.5	5.3 per cent	62	15,414
Denmark	Greater Copenhagen area	Development projects	4	-	0.6	-	-	-
Denmark	Greater Copenhagen area	Other[1]	9	118.4	3.0	5.0 per cent	144	25,414

[1] 'Other' consists of 4 hotel properties, 4 car park buildings and 1 residential property.

Overall, for all types of properties, a 0.25 per cent (25 bps) increase in the required rate of return will result in the fair value of the Group's investment properties being reduced by DKK 980 million as at 31.12.2022.

2021								
Country	**Location**	**Type**	**Number of properties**	**Number of '000 sq.m.**	**Market value DKKbn**	**Weighted avg. rate of return**	**Sensitivity to change of 25 bps (DKK million)**	**Market value per sq.m. (DKK/ sq.m.)**
Denmark	Greater Copenhagen Area and Aarhus	Offices	43	505.9	14.0	4.2 per cent	786	27,673
Denmark	Major Danish towns and cities	Retail properties	38	71.1	1.5	5.8 per cent	63	21,097
Outside Denmark	Major cities	-	-	216.6	5.7	4.3 per cent	315	26,316
Denmark	Greater Copenhagen area	Development projects	6	-	0.6	-	-	-
Denmark	Greater Copenhagen area	Other[1]	8	122.6	2.8	4.7 per cent	143	22,838

[1] 'Other' consists of 3 hotel properties, 4 car park buildings and 1 residential property.

Overall, for all types of properties, a 0.25 per cent (25 bps) increase in the required rate of return will result in the fair value of the Group's investment properties being reduced by DKK 1,297 million as at 31.12.2021.

Significant accounting estimates

The fair value of the Group's investment properties is influenced by several factors, one of the most significant ones being the predefined required rate of return for the individual properties. The ATP Group uses external estate agents and their valuation of the market level to determine the required rate of return and the market rent. The determination of operating income is affected by estimates to a lesser extent, the determination of vacancy rent being the most significant one.

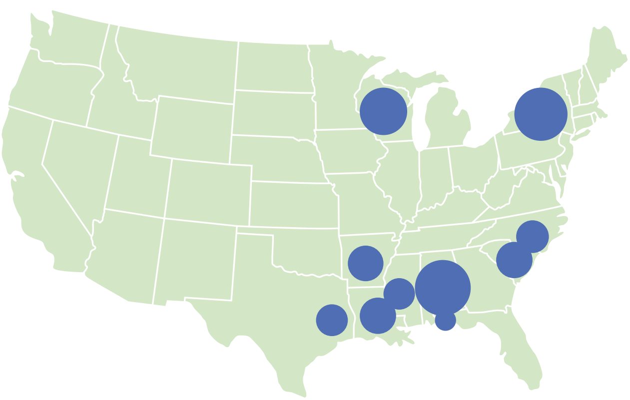
Note 9: Investment properties, continued

Forestry investment properties

The Group's forestry investment properties consist of forested areas in the eastern United States covering approximately 207,000 hectares. Together with the investments in forests, which are classified as shares in unlisted companies, cf. note 7, ATP has invested in forest areas totalling 266 thousand hectares - which is the size of almost 40 per cent of Denmark's total forested areas.

The forestry operations are handled by external managers specialising in forestry and the returns mainly consist of value adjustments due to growth and to a lesser extent income from harvesting lumber. In some forest areas, ATP has certified CO_2 quotas that are sold off on an ongoing basis. At the end of 2022, the remaining CO_2 quotas were included with a market value of DKK 37 million.

Location of forests in the United States



DKKm	Group	
	2022	**2021**
Income from forestry investment properties	414	57
Annual value adjustments for forestry investment properties	379	374
Operating expenses concerning forestry investment properties	(326)	(52)
Total income from forestry investment properties	**467**	**379**

The group's forestry investment properties are valued mainly on the basis of discounting future cash flow. The most important parameters in the valuation model are the discount factor and assumptions about the price development.

	Market value with a +0.25 per cent change	Market value as of 31/12 2022 December	Market value with (0.25) per cent change
Discount factor	5,631	5,711	5,808
Preconditions for price developments	5,745t	5,711	5,682

Significant accounting estimates
The Group's forestry investments are valued by external experts that typically use a number of different valuation models, for example, discounting of future cash flows, comparable sales or the cost method. The most commonly used method is the discounting of future cash flows, where future earnings are estimated on the basis of expectations for sales prices, expenses and value growth.

Note 10: Assets associated with life annuity with market exposure

For members who have more than 15 years until retirement, 20 per cent is paid. of the ATP contribution to an annuity with market exposure. The contributions allocated to life annuity with market exposure are invested with a higher risk profile than the interest contribution and the pension that is accrued depends on the returns that can be achieved. When there are less than 15 years to go until retirement, the savings are converted to a fully guaranteed lifelong pension.

Assets and liabilities associated with life annuity with market exposure are placed in a separate market portfolio. The investment assets in the market return portfolio are presented as one on the statement of financial position while other items are not separated. The investment assets associated with life annuity with market exposure are invested and managed based on the same principles as all other assets in the ATP Group.

DKK million	The ATP Group		ATP	
	2022	**2021**	**2022**	**2021**
Investment assets				
Cash and on-demand deposits	61	-	61	-
Bonds	549	-	538	-
Listed equities	165	-	153	-
Unlisted equity investments	614	-	424	-
Financial derivatives	878	-	861	-
Loans	41	-	14	-
Investments in group subsidiaries	-	-	401	-
Investment properties	144	-	-	-
Investment assets associated with life annuity with market exposure	**2,452**	-	**2,452**	-
Other items				
Other assets	115	-	115	-
Deferred tax on pension savings returns	13	-	13	
Financial derivatives	(687)	-	(687)	-
Other debts	(511)	-	(511)	-
Provisions for life annuity with market exposure	**1,382**	-	**1,382**	-

Note 11: Financial derivatives

The ATP Group

2022	Market value, net			Market value, gross		
DKKm	Up to and including 1 year	1 year up to and including 5 years	Over 5 years.	Positive market value	Negative market value	Net market value
Interest rate contracts						
Swaps	(201)	(4,830)	(101,605)	61,645	(168,282)	(106,636)
Swaptions	(1,041)	459	584	1,390	(1,390)	1
Futures and cross-currency swaps	34	10	0	54	(10)	44
Equity contracts						
Index futures, options	788	439	0	1,252	(25)	1,227
Inflation contracts						0
Swaps	651	1,313	9,772	13,261	(1,525)	11,737
Commodity contracts						
Futures	(16)	0	0	24	(40)	(16)
Credit contracts						
Credit default swaps	4	(194)	0	103	(293)	(190)
Foreign exchange contracts						
Non-deliverable forward	(15)	0	0	45	(60)	(15)
Total forward contracts:	4,157	0	0	5,372	(1,216)	4,157
Total financial derivatives	**4,360**	**(2,802)**	**(91,250)**	**83,148**	**(172,840)**	**(89,692)**
Of which placed under investment assets associated with life annuity with market exposure in the financial statement.				878		

The ATP Group uses various financial derivatives such as interest rate swaps, stock index futures, inflation swaps and forward exchange contracts as part of its risk management and hedging and investment strategy. Using financial derivatives makes it possible to increase or reduce the exposure to market risks, currency and interest risks.

The most commonly used financial derivatives are interest rate swaps in Danish kroner and euro, which are primarily used to hedge interest rate sensitivity related to guaranteed benefits, while forward contracts are used to hedge currency risks related to foreign currency investments. The investment portfolio uses stock index futures and equity-indexed options to achieve exposure to various stock indices, while sold Credit Default Swaps (CDS) are used to obtain credit exposure.

A characteristic of financial derivatives is that their value depends on developments in the value of an underlying instrument, index or the like. As the values change, security is provided to or from the counterparties. An increasing proportion of interest rate swaps and CDS' are settled via central clearing houses such as the London Clearing House.

Interest rate swaps help to hedge pension liabilities.

The ATP Group

2021	Market value, net			Market value, gross		
DKKm	Up to and including 1 year	1 year up to and including 5 years	Over 5 years	Positive market value	Negative market value	Net market value
Interest rate contracts						
Swaps	(34)	(928)	7,827	75,274	(68,408)	6,866
Swaptions	(465)	(995)	(4,913)	828	(7,201)	(6,373)
Futures and cross-currency swaps	75	19	0	99	(5)	94
Equity contracts						
Index futures, options	414	458	0	955	(83)	872
Inflation contracts						
Swaps	308	258	7,823	9,204	(815)	8,389
Commodity contracts						
Futures	1,284	0	0	1,296	(11)	1,284
Credit contracts						
Credit default swaps	30	1,540	0	2,175	(606)	1,570
Foreign exchange contracts						
Non-deliverable forward	0	0	0	49	(49)	0
Total forward contracts:	(3,010)	0	0	1,643	(4,653)	(3,010)
Total financial derivatives	**(1,398)**	**353**	**10,738**	**91,523**	**(81,831)**	**9,692**

Significant accounting estimates
Significant accounting estimates in connection with the valuation of derivatives concern the selection of method, including whether an adjustment should be made to the observable inputs that are typically in the form of interest rate curves.

The current benchmark reform, where existing IBOR interest rates are replaced with new risk-free reference rates result in accounting estimates, as there is uncertainty about timing and methods for transitioning to the alternative risk-free interest rates.

Group	Fair value 31/12/2022	Fair value 31.12.2021	Fair value hierarchy	Valuation method used
	DKKm	DKKm		
Listed financial derivatives in the form of commodity futures and index futures (net)[2]	1,208	2,155	1	Listed price or price quote
Unlisted derivative financial instruments in the form of interest and currency swaps, forward contracts, non-deliverable forwards, options, swaptions and credit default swaps (Net)[2]	(90,939)	7,537	2	Linear financial instruments (e.g. interest rate swaps) are valued using inputs of relevant curves, indices, spreads for calculating future payments and discounting using the relevant yield curve. For non-linear financial instruments, volatilities and methods reflecting applicable market practices for the valuation of these instruments are also used.
Unlisted financial derivatives in the form of forward contracts regarding fixed price agreements for ongoing construction projects	39	-	3	The different between the current return requirements and the contract-based return requirement is used to specify the value of the forward contract.

[2] Financial derivatives are presented net (asset less liability), since disclosures are identical for assets and liabilities apart from amounts.

Note 12: Fair value

Financial instruments are recognised at fair value or amortised cost in the statement of financial position. In the determination of fair value, the ATP Group uses a predefined hierarchy in IFRS 13, consisting of three levels.

The ATP Group

DKKm	Quoted prices Level 1		Observable input Level 2		Unobservable inputs Level 3		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Assets								
Receivables from reverse transactions	-	-	25,669	49,249	-	-	25,669	49,249
Bonds	461,315	624,931	6,723	9,381	15,865	17,263	483,903	651,574
Listed equities	51,020	117,647	-	-	-	-	51,020	117,647
Unlisted equity investments	-	-	7,206	4,421	107,838	115,465	115,044	119,886
Financial derivatives	1,279	2,256	81,830	89,267	39	-	83,148	91,523
Loans	-	-	-	-	4,369	5,327	4,369	5,327
Investment properties	-	-	-	2,475	25,002	27,601	25,002	30,076
Total	**513,614**	**744,834**	**121,427**	**154,793**	**153,113**	**165,656**	**788,155**	**1,065,282**
Liabilities								
Debt from reverse transactions	-	-	10,709	51,452	-	-	10,709	51,452
Financial derivatives	71	101	172,769	81,730	-	-	172,840	81,831
Total	**71**	**101**	**183,478**	**133,182**	**-**	**-**	**183,549**	**133,283**

ATP

DKKm	Quoted prices Level 1		Observable input Level 2		Unobservable inputs Level 3		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Assets								
Receivables from reverse transactions	-	-	25,669	49,249	-	-	25,669	49,249
Bonds	458,377	620,814	6,723	8,163	15,818	17,249	480,918	646,226
Listed equities	48,745	115,116	-	-	-	-	48,745	115,116
Unlisted equity investments	-	-	7,206	4,406	69,604	75,524	76,810	79,931
Financial derivatives	1,219	2,190	81,484	89,369	-	-	82,702	91,559
Loans, including loans to group subsidiaries	-	-	-	-	2,322	4,630	2,322	4,630
Investments in group subsidiaries	-	-	-	-	71,457	77,246	71,457	77,246
Total	**508,340**	**738,120**	**121,081**	**151,187**	**159,202**	**174,649**	**788,624**	**1,063,957**
Liabilities								
Debt from reverse transactions	-	-	10,709	51,250	-	-	10,709	51,250
Financial derivatives	54	49	173,927	81,452	-	-	173,982	81,501
Total	**54**	**49**	**184,636**	**132,702**	**-**	**-**	**184,691**	**132,751**

Level 1 - quoted prices: The market price of the financial instrument is used where an active market exists. The market price may be in the form of a quoted price or price quotation.

Level 2 - observable inputs: If a financial instrument is listed on a non-active market, the valuation is based on the most recent transaction price. Adjustments are made for subsequent changes in market conditions. For some financial assets and liabilities, no actual market exists. The valuation of these assets and liabilities is made using an estimated value based on recent transactions in similar instruments. For financial derivatives, valuation techniques based on market conditions, e.g. yield curves and exchange rates, are widely used.

Level 3 - Unobservable inputs: The valuation of certain financial assets and liabilities is based substantially on unobservable inputs.

For assets and liabilities measured at fair value using unobservable input data (level 3), the movements for the year are as follows:

The ATP Group

DKKm	Bonds		Unlisted Equity investments		Derived financial instruments		Loans		Investment properties		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Statement of financial position as of 1 January	17,263	17,919	115,465	103,948	-	-	5,327	7,222	27,601	25,906	165,656	154,995
Realised/unrealised gains or losses for the period, recognised in results	669	671	9,284	20,695	39	-	535	403	618	1,185	11,145	22,954
Purchase/deposit	34	1,351	12,279	15,650	-	-	3,194	9,559	1,712	478	17,219	27,038
Sale/distribution	(2,100)	(2,678)	(29,544)	(21,637)	-	-	(4,687)	(11,856)	(4,928)	(1,957)	(41,259)	(38,128)
Reclassification	-	-	-	(3,191)	-	-	-	-	-	4,463	-	1,272
Transfer into level 3	-	-	353	-	-	-	-	-	-	-	353	-
Transfer out of level 3	-	-	-	-	-	-	-	-	-	(2,475)	-	(2,475)
Statement of financial position as of 31 December	**15,865**	**17,263**	**107,838**	**115,465**	**39**	**-**	**4,369**	**5,327**	**25,002**	**27,601**	**153,113**	**165,656**
Losses/gains on assets held	96	214	5,841	18,722	39	-	146	259	4	1,105	6,087	20,300

ATP

DKKm	Bonds		Unlisted equity investments		Loans, including loans to group subsidiaries		Investments in group subsidiaries		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Statement of financial position as of 1 January	17,249	17,824	75,524	66,118	4,630	5,582	77,246	77,545	174,649	167,069
Realised/unrealised gains or losses for the period, recognised in results	669	717	5,461	8,700	137	159	2,396	12,909	8,663	22,485
Purchase/deposit	-	1,299	2,423	9,038	5,239	10,490	11,562	9,868	19,223	30,695
Sale/distribution	(2,099)	(2,591)	(14,157)	(5,141)	(7,684)	(11,601)	(19,747)	(26,266)	(43,688)	(45,599)
Reclassification	-	-	-	(3,191)	-	-	-	3,191	-	-
Transfer into level 3	-	-	353	-	-	-	-	-	353	-
Transfer out of level 3	-	-	-	-	-	-	-	-	-	-
Statement of financial position as of 31 December	**15,818**	**17,249**	**69,604**	**75,524**	**2,322**	**4,630**	**71,457**	**77,246**	**159,202**	**174,649**
Losses/gains on assets held	95	284	2,246	6,745	(56)	8	3,743	12,545	6,028	19,582

For a significant portion of the Group's equity investments and a small portion of the Group's bond portfolio, the valuation is based on unobservable inputs. Note 24 describes the individual valuation methods used to determine the fair value of these financial assets.

There were no significant transfers between levels 1 and 2 in 2022 and 2021.

In 2021, an investment property on Nesa Allé 1 moved out of level 3 as a purchase agreement was signed.

Losses and gains related to level 3 are recognised in the income statement in the items 'Investment return'.

Note 13: Pension provisions

Pension provisions consist of the sum of guaranteed benefits, life annuity with market exposure and the bonus potential. The guaranteed benefits are the pensions that have been promised to ATP's members while the life annuity with market exposure is the pension that is invested with a higher risk profile and which is adjusted by the achieved returns. The bonus potential is the reserve that can be used to cover improvements in life expectancy and for allocating bonuses.

Guaranteed benefits	Group	
DKKm	**2022**	**2021**
Fair value as of 1 January	787,809	813,589
Change in provisions for the year:		
Contributions	10,182	11,497
– of which transferred to bonus potential	(2,036)	(2,299)
Pension benefits	(17,957)	(17,260)
Change due to life expectancy update	(3,800)	(4,796)
Change due to change in calculation rate (including yield curve break)	(207,653)	(45,777)
Bonus addition for the year	0	30,391
Change due to maturity reduction	8,565	2,653
Other changes	(1,277)	(188)
Total change in provisions for the year	**(213,977)**	**(25,780)**
Fair value as of 31 December	**573,832**	**787,809**
Life annuity with market exposure		
Fair value as of 01.01	-	-
Change in provisions for the year:		
Contributions	1,769	-
– of which transferred to bonus potential	(354)	-
Change due to life expectancy update	(5)	-
Bonus addition for the year	0	-
Change due to return	(74)	-
Other changes	46	-
Total change in provisions for the year	**1,382**	**-**
Fair value as of 31 December	**1,382**	**-**

Change in guaranteed benefits and life annuity with market exposure for the year, broken down by the Group's and ATP's business areas:

Hedging activities:		
Change in guaranteed benefits due to change in calculation rate and maturity reduction (excluding yield curve break)	(201,741)	(48,632)
Change due to yield curve break	2,652	5,508
Change due to return	(74)	-
Total	**(199,163)**	**(43,124)**
Pension activities:		
Contributions	11,951	11,497
– of which transferred to bonus potential	(2,390)	(2,299)
Pension benefits	(17,957)	(17,260)
Other changes	(1,232)	(188)
Change in guaranteed benefits due to contributions and pension benefits	(9,628)	(8,250)
Change due to life expectancy update	(3,805)	(4,796)
Total	**(13,433)**	**(13,046)**
Other results:		
Bonus addition for the year	-	30,391
Total	**(212,595)**	**(25,779)**
Sensitivity disclosures:		
Change in provisions at the following changes:		
Interest rate increase of 1 percentage point	(63,921)	(101,649)
Interest rate fall of 1 percentage point	(77,552)	125,500
Mortality rate increase of 10 per cent	(17,766)	(25,562)
Mortality rate fall of 10 per cent*	19,652	28,258

* In 2022, a 10 per cent fall in the mortality rate was equivalent to a 0.8-year increase in life expectancy (2021: 0.8 years).

Note 13: Pension provisions, continued

Discount rate

	2022	2021
Interest rate swaps denominated in Danish kroner	15 per cent	15 per cent
Interest rate swaps denominated in Euros	35 per cent	35 per cent
Danish government bonds	25 per cent	25 per cent
German government bonds	25 per cent	25 per cent

Yield curve points	**2022**	**2021**
1 year	2.84 percent	(0.56) per cent
5 years	2.87 per cent	(0.18) per cent
10 years	2.87 per cent	0.11 per cent
15 years	2.86 per cent	0.25 per cent
20 years	2.71 per cent	0.32 per cent
30 years	2.41 per cent	0.36 per cent
Inflation	9.6 per cent	3.4 per cent

Guaranteed benefits are calculated at the fair value of the Group's pension liabilities, i.e. the capital value of guaranteed benefits and rights (the pension commitment) assessed as a function of the current discount rate on the date of the financial statement. Guaranteed benefits include unpaid pension benefits due in respect of events having occurred during the financial year or earlier (provisions for claims outstanding).

The discount rate is calculated in accordance with the provision basis reported to the Danish Financial Supervisory Authority, based on the zero coupon yield curve at the statement of financial position date, reflecting the term of the guaranteed benefits. The rate thus calculated has been reduced by the tax rate under the Danish Pension Savings Returns Act (Pensionsafkastbeskatningsloven), currently accounting for 15.3 per cent.

The provisions for life annuity with market exposure are measured at the capital value of ATP's pension liabilities for life annuity with market exposure. The capital value is calculated with an interest rate of 0 per cent as the pension entitlements are written up or down with the realised returns up to the balance sheet date.

Contribution to life annuity with market exposure, called the market contribution, amounts to 20 per cent of members' contributions up until they have 15 years to go until retirement. After that, the accrued pension entitlements in life annuity with market exposure will gradually be converted to an ordinary life annuity and be part of ATP's guaranteed benefits.

Bonus potential

2022 Group

DKKm	Revaluation reserve	Retained earnings	Total
Bonus potential as of 1 January	25	159,511	159,536
Net profit for the year	-	(56,954)	(56,954)
Other overall income:			
Value adjustments of owner-occupied properties	13	-	13
Tax on pension savings returns regarding value adjustments for owner-occupied properties	(2)	-	(2)
Total other comprehensive income	**11**	**0**	**11**
Comprehensive income for the year	**11**	**(56,954)**	**(56,943)**
Bonus potential as of 31 December	**36**	**102,557**	**102,593**

Under ATP's bonus allocation principles, the bonus potential may be divided into one portion that may be used to increase the guaranteed benefits and one portion that must be retained as an unallocated bonus. The principles for distributing bonuses are based on ATP's bonus ability. The size of the bonus capacity at the end of 2022 makes it possible, according to the principles, to distribute a payout bonus corresponding to inflation. The note is thus calculated with a high realised inflation of 9.6 per cent. in 2022 according to the principles. ATP's board of directors that, with a long-term perspective, decides on the award of bonuses as an overall assessment of a number of conditions. Thus, ATP's board has assessed that the entire bonus potential should be withheld in 2022.

Bonus potential that could be used to increase guaranteed benefits and life annuity with market exposure	18,648
Bonus potential that must be retained as unallocated bonus	83,945
Total	**102,593**

2021 Group

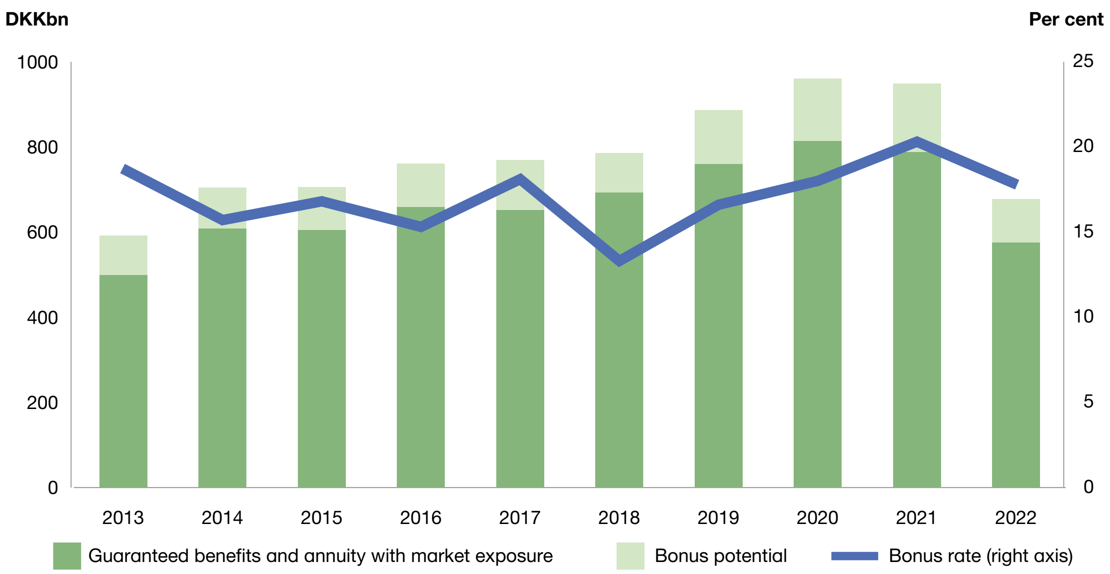
DKKm	Revaluation reserve	Retained earnings	Total
Bonus potential as of 1 January	17	146,203	146,221
Net profit for the year	0	13,308	13,308
Other overall income:			
Value adjustments of owner-occupied properties	8	0	8
Tax on pension savings returns regarding value adjustments for owner-occupied properties	0	0	0
Total other comprehensive income	**8**	**0**	**8**
Comprehensive income for the year	**8**	**13,308**	**13,316**
Bonus potential as of 31 December	**25**	**159,511**	**159,537**

Bonus potential that could be used to increase guaranteed benefits	0
Bonus potential that must be retained as unallocated bonus	159,537
Total	**159,537**

Note 13: Pension provisions, continued

The bonus potential as a share of ATP's guaranteed benefits is called the bonus capacity. Developing and maintaining the bonus capacity is very important for ATP's future ability to generate returns and thereby delivering future bonus. The bonus potential has been increased by DKK 18.4bn in the last 10 years, amounting to an increase of 22 per cent. In the same period, the bonus capacity has only grown from 15.6 per cent to 17.8 per cent, which is due to the falling interest rates over the period that have increased the value of the guaranteed benefits by just over DKK 36bn.

Developments from 2013-2022



ATP's and the Group's bonus potential are reserves that are not distributed to ATP's members. The bonus potential is equivalent to the carrying amount of total assets related to ATP less guaranteed benefits, life annuity with market exposure and the sum of the carrying amount of ATP's other liabilities. The reserves can be distributed as bonuses and the added bonuses are transferred to the guaranteed benefits and life annuity with market exposure via the result.

Bonus policy

The framework for ATP's bonus policy is defined in section 18(3) of the Danish Executive Order on Supplemental Labour Market Pension (*Bekendtgørelse af lov om Arbejdsmarkedets Tillægspension*), stipulating that the aim is to pursue a long-term bonus policy to ensure that the real value of pensions is preserved. In 2017, ATP changed its bonus policy to the effect that the annual bonus decision is made on the basis of an overall assessment of a number of aspects based on the bonus capacity. The bonus capacity is defined as the bonus potential in relation to the sum of the guaranteed benefits and life annuity with market exposure.

In light of the negative investment return for the year and the continuing uncertainty on the financial markets and also to preserve an investment capacity to be able to ensure the real value of pensions in the future, the Supervisory Board has decided not to increase pensions in 2022.

Read more about ATP's pension product:
www.atp.dk/supplerende-oplysninger-2022

(see the section 'Facts about ATP Livslang Pension (Lifelong Pension)

Facts about ATP Livslang Pension (Lifelong Pension) is not subject to an audit

Note 14: Risk management

ATP's risk profile

ATP's risk profile is in line with the purpose of providing a lifelong guaranteed pension with a goal of ensuring the real value of the pension over time. This means that safe investments are prioritised in order to be able to provide the promised lifelong guarantees while also weighing the opportunities to generate suitable returns against the risk of losing ATP's assets. The overall principle is therefore that the total risk must be appropriate in terms of ATP's reserves, the bonus potential. The risk profile for ATP is generally expressed based on a measure of the total risk with an ATP-developed risk model supplemented by a number of risk calculations and analyses. The purpose of these risk calculations is to provide a varied and detailed overview of the specific risks to which ATP is exposed. ATP's financial robustness is assessed by comparing the calculated risks with the bonus potential.

In order to protect ATP's bonus potential and financial capacity to take action, ATP's Supervisory Board has specified a risk budget that is an upper limit of how large the total risk consumption, which is ATP's quantitative target, is permitted to be. The risk budget reflects the Supervisory Board's overall risk tolerance and is set at 50 per cent of the bonus potential. Hence, the risk budget changes dynamically in line with the bonus potential.

At the end of 2022, ATP's bonus potential amounted to DKK 102.6bn and thus the risk budget amounted to DKK 51.3bn. ATP calculates the risk consumption on a daily basis. The risk consumption is measured by an ATP-developed risk model that calculates a total risk consumption based on the risks that are associated with ATP's business model.

The risk target for risk consumption is expected shortfall (ES) with a confidence level of 99 per cent and a three-month time horizon. Risk consumption is a here-and-now stress without risk adjustment and expresses the average of the 1 per cent biggest loss of bonus potential on a three-month time horizon.

Pension-related risks

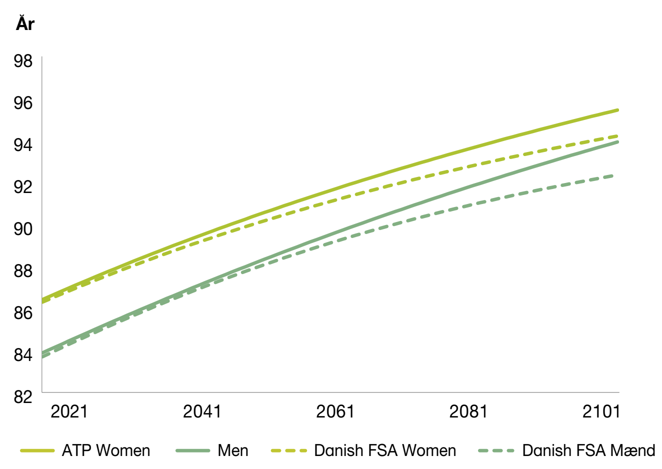
ATP disburses a monthly pension for as long as the members are alive. Accordingly, increasing life expectancy (longevity risk) is the greatest pension risk facing ATP.

When life expectancy increases more than predicted, the bonus potential is reduced, since ATP has to reserve a greater amount to cover the pension liabilities, as pensions have to be paid out for longer. ATP has elected not to hedge its longevity risk, and must therefore cover losses in case of increased life expectancy. ATP follows life expectancy statistics closely, based on an in-house developed life expectancy model.

Provisions for longer than projected life expectancies reduce the bonus potential, but in contrary to for instance investment loss it has not reduced the total asset value of the members. On the contrary, additional provisions as a result of longer life expectancy, reflect that ATP's members are expected to live longer and provisions will therefore benefit ATP's members.

Other Danish pension companies apply a model based on life expectancy preconditions developed by the Danish FSA for the use of those insured via the life and pension companies. The figure below shows life expectancy for 67-year-old men and women using ATP's and the Danish FSA's model, respectively, for life expectancy presumptions, with the latter adjusted to the life expectancies observed by ATP. It can be seen that ATP's life expectancy model projects higher increases in life expectancy than those envisaged by the Danish Financial Supervisory Authority's (FSA) model.

Expected future increases in life expectancy



Note 14: Risk management, continued

The Danish FSA's life expectancy preconditions are a benchmark for current observed life expectancy, based on information from a number of Danish life insurance companies and broad-spectrum pension funds with a total of 3.0 million customers, as well as a benchmark for life expectancy improvements based on population data from all of Denmark. ATP's model is based partly on information about its 5.5 million members and partly on information about approx. 330 million inhabitants in 18 OECD countries. This means that different data are used when modelling life expectancy preconditions, just as the models themselves differ

The model developed by ATP builds on the supposition that life expectancy in Denmark follows the same pattern as the 18 selected OECD nations and that the lag in Denmark relative to the selective countries will be caught up over time. Data across the last 100 years show that those countries, generally speaking, have undergone the same life expectancy development, although there are differences between the countries on when and how swiftly those life expectancy improvements take place. APT includes international data in order to provide a stable prognosis for future life expectancy improvements.

Market risks

Market risk exposures with the purpose of generating a return are managed in the investment portfolio based on a given risk budget and risk diversification limits. Market risks associated with the guaranteed benefits are managed in the interest hedging portfolio to ensure that the interest rate risk associated with the guaranteed benefits is hedged to the greatest possible extent. ATP follows a well-defined strategy and works on the basis of a risk framework with detailed risk limits and close risk monitoring.

Market risks in the hedging portfolio and the guaranteed benefits consist mainly of interest rate risks. The hedging portfolio generally has the same interest rate sensitivity as the guaranteed benefits. A general interest rate change has a large impact on ATP's total asset value, while the bonus potential will be virtually unaffected, as changes in the hedging portfolio and the value of the guaranteed benefits will largely offset each other. The market risk associated with Hedging is therefore limited.

ATP's market risk primarily consists of market risks associated with the investment portfolio. The principal objective of the investment portfolio is to generate a return that will allow, in part, the building of reserves for, e.g., financing increased life expectancy, such that ATP secures pensions for a whole lifetime, and to increase the guaranteed pensions, thereby safeguarding the real value for of the lifelong pensions. In order to have a robust investment portfolio with a high rate of expected return, the investment portfolio is managed based on a strategy of risk diversification. ATP splits the risk of each individual investment into four fundamental risk factors which can be combined in various ways to achieve a portfolio with the desired risk profile. The four fundamental factors are: The Equity factor, Interest rate factor, Inflation factor, and Other factors. The risk associated with each investment is allocated to the four factors based on the types of risk to which the investment is exposed. In order to ensure an appropriate spread of risk, ATP's board of directors has set benchmarks and lower and upper limits for the individual factors' share of the risk in the liquid and illiquid part of the investment portfolio.

Counterparty risks

Counterparty risks are risks associated with financial counterparties' potential breach of agreements entered into in connection with contracts on derivatives, repo reverse transactions and bank deposits.

The use of derivatives, especially for interest rate hedging, represents a particular risk for ATP. Changes in the value of these instruments will generate a liability or a receivable between ATP and its counterparties. ATP may therefore incur a loss if – for example because of a bankruptcy or liquidation – a counterparty is in breach of a concluded agreement. In order to reduce counterparty risk, both ATP and its counterparties require that collateral is provided for mutual receivables. Collateral is typically provided so that the market value of the collateral exceeds the market value of the related contract by a certain margin.

Liquidity risks

Liquidity risks are risks associated with potential non-payment of payment demands or securities. ATP has developed a liquidity risk management model intended to ensure that ATP at all times remains able to comply with its contractual obligations regarding providing either liquidity or security. This must be done by ensuring that sufficient liquidity can be obtained to meet liquidity requirements in the short term and the long term.

Currency risks

ATP's investments are, as a rule of thumb, hedged against currency fluctuations in Danish kroner and Euros. Thus, the exposure to currencies other than Danish kroner and Euros is limited. Exchange rate risk vis-a-vis euro is considered to be a significant risk for ATP. However, ATP considers it unlikely that the fixed exchange rate policy is abandoned and this stress is therefore considered to be a very rare event.

Operational risks

The operational risks associated with the management of ATP Livslang Pension (Lifelong Pension) cover all potential financial, reputational or compliance-related impacts associated with, in particular, trading activities, risk measurements, contributions and payments to ATP's members and the operation of systems and information security. The operational risks most often manifest as financial losses and are part of the measurement of risk consumption. The Supervisory Board has specified detailed principles for the management of operational risks to ensure that the impact of such operational risks are limited both in terms of financial, reputational and compliance-related impacts.

Note 14a: Market risks and currency risks

Market risks associated with the investment portfolio

ATP's market risk primarily consists of market risks associated with the investment portfolio. In order to have a robust investment portfolio with a high rate of expected return, the investment portfolio is managed based on a strategy of risk diversification based on four fundamental factors: The Equity factor, Interest rate factor, Inflation factor, and Other factors. The risk associated with each investment is allocated to the four factors based on the types of risk to which the investment is exposed.

Investment portfolio risk broken down by factors

	Expected Shortfall in DKKm		Relative risk allocation (per cent)	
	As of 31.12.2022	As of 31.12.2021	As of 31.12.2022	As of 31.12.2021
Equity factor	31,429	53,094	53.1	46,8
Interest rate factor	14,672	36,482	24.8	32.2
Inflation factor	7,476	15,691	12.6	13.8
Other factors	5,635	8,091	9.5	7.1

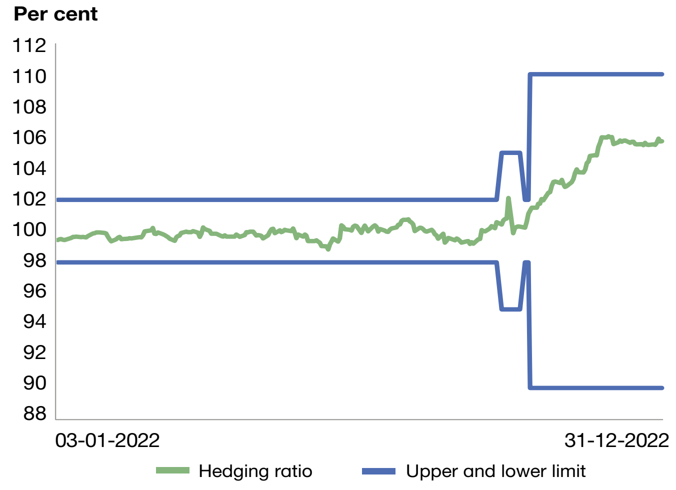
Market risks associated with the hedging portfolio and the guaranteed benefits

Market risks in the hedging portfolio and the guaranteed benefits consist mainly of interest rate risks. The hedging ratio[1] indicates the ability of the hedging portfolio to hedge the interest rate sensitivity of the guaranteed benefits. ATP aims to ensure that the hedging ratio, measured by DKK duration after tax, remains in a narrow range of about 100 per cent. Accordingly, market risks associated with the hedging portfolio are limited.

DKK duration and hedging ratio, end of 2022

	As of 31.12.2022	As of 31.12.2021
Guaranteed benefits' DKK duration after tax, DKKm	(71,313)	(113,748)
Hedging portfolio's DKK duration after tax, DKKm	75,398	113,202
Hedging ratio in per cent	105.7	99.5

Note: The DKK duration indicates the market value impact of a marginal change in interest rates, scaled to take into account a 1 per cent decline in interest rates.



The hedging ratio is calculated to be 105.7 per cent at the end of 2022. As the figure above shows, the hedging ratio was close to 100 per cent for the majority of the year. The hedging ratio was increased to address ATP's higher interest rate risk in connection with the implementation of a new yield curve and the hedging framework was temporarily expanded to address this.

[1] The hedging ratio is calculated as the after-tax duration of the interest rate hedge portfolio in relation to the duration of the guaranteed benefits.

Currency risks

ATP's currency risks are, as a general rule, hedged in DKK and euros. However, a limit applies for the currency exposure to other currencies, as it may be inexpedient to hedge some currencies. As a general rule, emerging market currency exposure is not hedged.

Currency risks

ATP's currency exposure as of 31.12.2022	Currency exposure in DKKbn	Currency hedging in DKKbn	Currency exposure including currency hedging	Percent of financial instruments measured at fair value
Currency				
EUR	159.5	(92.2)	67.3	10.8
USD	57.7	(59.6)	(1.9)	(0.3)
Total other currencies	43.3	(41.7)	1.6	0.3

ATP's currency exposure as of 31 December 2021	Currency exposure in DKKbn	Currency hedging in DKKbn	Currency exposure including currency hedging	Per cent of financial instruments measured at fair value
Currency				
EUR	281.9	(46.3)	235.6	25.1
USD	79.5	(70.0)	9.5	1.0
Total other currencies	88.3	(95.0)	(6.7)	(0.7)

Note 14b: Credit risks

Credit and counterparty risks

As a part of ATP's investment strategy, ATP actively assumes credit risks in the investment portfolio. The Group's credit risks relate primarily to actual credit investments. Credit investments comprise investments in corporate bonds, emerging market government bonds, credit funds, loans, etc.
In addition, the Group has a number of business-related credit risks (counterparty risks), including receivables, cash and cash equivalents and unlisted financial derivatives with a positive fair value.

Collateral

The ATP Group provides and receives assets as collateral from clearing centres and other counterparties when entering into financial transactions. The ATP Group is entitled to sell or relend assets received. ATP's counterparties are also entitled to sell or relend the assets received when the ATP Group provides assets as collateral. Bonds and loans provided as collateral continue to be recognised in the Group's statement of financial position.

Collateral	Group		ATP	
DKKm	2022	2021	2022	2021
Assets provided as collateral:				
Bonds	113,472	75,693	113,472	75,693
Loans	95	392	95	392
Liquid assets	412	1,212	412	1,212
Total assets provided as collateral	**113,979**	**77,297**	**113,979**	**77,297**
Assets received as collateral:				
Bonds	33,010	66,277	33,010	66,277
Liquid assets	28	45	-	-
Total assets received as collateral	**33,037**	**66,322**	**33,010**	**66,277**

Finally, ATP's other portfolios of bonds involve a credit risk. As regards government bonds, excluding emerging markets, the credit risk is assessed as being close to zero, as 99 per cent of this portfolio consisted of German and Danish government bonds at year-end 2022. As regards mortgage bonds, bonds issued by international organisations (supranationals) and bonds issued by publicly guaranteed authorities (agencies), the credit risk is assessed as being moderate.

Market value as of 31 December		
DKKbn	2022	2021
Credit investments	34	38
Mortgage bonds	86	125
Government bonds excluding emerging markets	335	460
Bonds issued by supranationals or agencies	38	39
Unlisted financial derivatives, net (before provision of collateral)	(83)	(1)
Unlisted financial derivatives, net (after provision of collateral)	10	0
Cash	7	10
Other receivables, receivable contributions and margin collateral	21	11

Note: The market value of credit investments includes CDS' with a market value at year-end 2022 of DKK (0.2)bn (2021: DKK 1.6bn) and a principal amount at year-end 2022 of DKK 16bn (2021: DKK 66bn). In addition, at year-end 2022 ATP had issued guarantees of DKK 0.0bn (2021: DKK 0,3 bn).

Other receivables mainly consist of unsettled transactions, ATP contributions receivable and rent receivable. Provisions are made for expected losses on ATP contributions receivable and rent receivable based on a simplified provision matrix using a fixed provisions percentage depending on how many days the receivable remains overdue. The provision rate is based on historical data.

Note 14c: Liquidity risks

Liquidity risks are risks associated with potential non-payment of payment demands or securities. ATP has developed a liquidity risk management model intended to ensure that ATP at all times remains able to comply with its contractual obligations regarding providing either liquidity or security.

This is done by ensuring that liquidity and liquidity requirements both in the short term (5 banking days) and the longer term (1 year) are mutually aligned. Liquidity can be obtained via the sale of assets, but also via the repo market. The net liquidity effect on contribution payments and pension benefits over the year is stable.

Maturity analysis

In the table below, the Group's financial liabilities are broken down by contractual maturity including interest.

The ATP Group, 2022						
DKKm	0-1 year	1-5 years	6-15 years	16-20 years	Over 20 years	Total
Financial derivatives						
Gross-settled financial derivatives, payments made	28,454	72,651	135,712	30,103	16,648	283,567
Gross-settled financial derivatives, payments received	(19,888)	(29,687)	(52,367)	(14,657)	(12,448)	(129,047)
Financial derivatives, settled net	2,165	284	349	0	0	2,799
Total derivative financial liabilities	**10,731**	**43,247**	**83,694**	**15,446**	**4,199**	**157,318**
Other financial liabilities						
Guaranteed benefits and annuity with market exposure	18,621	99,917	215.409	107,855	426,061	867,863
Payables to credit institutions	10,709	0	0	0	0	10,709
Income tax and tax on pension savings returns payable	2	0	0	0	0	2
Other debts	4,434	774	1,304	9	0	6,521
Total other financial liabilities	**33,767**	**100,691**	**216,713**	**107,864**	**426,061**	**885,096**
Total	**44,498**	**143,939**	**300,407**	**123,310**	**430,260**	**1,042,414**

2021 ATP Group						
DKKm	0-1 year	1-5 years	6-15 years	16-20 years	Over 20 years	Total
Financial derivatives						
Gross-settled financial derivatives, payments made	17,790	27,299	41,609	12,973	4,249	103,921
Gross-settled financial derivatives, payments received	(13,819)	(13,746)	(13,390)	(4,379)	(1,661)	(46,995)
Financial derivatives, settled net	6,130	1,876	5,309	21	43	13,379
Total derivative financial liabilities	**10,101**	**15,429**	**33,528**	**8,614**	**2,632**	**70,305**
Other financial liabilities						
Guaranteed benefits	18,191	97,448	214,444	107,858	444,100	882,041
Debt to credit institutions	51,544	0	0	0	0	51,544
Income tax and tax on pension savings returns payable	20	0	0	0	0	20
Other debts	7,097	943	1,552	5	0	9,597
Total other financial liabilities	**76,852**	**98,391**	**215,996**	**107,863**	**444,100**	**943,202**
Total	**86,953**	**113,820**	**249,524**	**116,478**	**446,732**	**1,013,507**

In addition to the financial liabilities stated, the ATP Group have made a number of investment and loan commitments, see Note 17 'Contingent liabilities'. It is not possible to determine the expected contractual maturity of these contingent liabilities, and it is uncertain whether contingent liabilities will result in a drain on the liquidity of the Group.

Other financial statement notes

This section contains Other financial statement notes It includes notes and information that the management believes are less significant in understanding ATP and the ATP Group

Note 15: Financial assets and liabilities and returns

The ATP Group DKKm	2022			2021		
Investment	**Interest and fee income**	**Interest expenses**	**Price adjust-ments and other returns**	**Interest and fee income**	**Interest expenses**	**Price adjust-ments and other returns**
Return from listed equities[1]	-	-	(15,049)	-	-	25,343
Returns from unlisted equity investments[1]	-	-	9,508	-	-	23,033
Bonds	1,972	-	(18,911)	1,978	-	(3,981)
Loans	378	-	492	420	-	360
Loans from hedging activities	-	(1.638)	-	28	-	-
Derived financial instruments	4,190	(6,304)	(40,867)	6,939	(4.981)	(1,666)
Receivables and debt from repo/reverse transactions	7	(6)	-	1	0	0
Financial assets and liabilities recognised at fair value in the financial statement	**6,546**	**(7,948)**	**(64,826)**	**9,366**	**(4.981)**	**43,089**
Cash and on-demand deposits	7	(44)	468	4	(29)	148
Financial assets and liabilities at amortised cost	**7**	**(44)**	**468**	**4**	**(29)**	**148**
Return on investment properties	-	-	**1,433**	-	-	2,292
Total	**6,553**	**(7,992)**	**(62,925)**	**9,370**	**(5,010)**	**45,529**
Hedging activities	**Interest income**	**Interest expenses**	**Market value adjustments**	**Interest income**	**Interest expenses**	**Market value adjustments**
Bonds	6,087	-	(147,011)	6,854	-	(32,200)
Loans for investment activities	1,638	-	-	0	(28)	-
Receivables and debt from repo/reverse transactions	350	(190)	0	346	(218)	(27)
Financial derivatives	6,241	(4,111)	(107,929)	9,337	(5,317)	(34,970)
Financial assets and liabilities recognised at fair value in the financial statement	**14,315**	**(4,300)**	**(254,939)**	**16,537**	**(5,563)**	**(67,197)**
Cash and on-demand deposits	10	-	0	1	0	36
Financial assets and liabilities at amortised cost	**10**	**-**	**0**	**1**	**0**	**36**
Total	**14,326**	**(4,300)**	**(254,940)**	**16,538**	**(5,563)**	**(67,162)**
Pensions	**Interest income**	**Interest expenses**	**Market value adjustments**	**Interest income**	**Interest expenses**	**Market value adjustments**
Other	15	(3)	-	12	(4)	-
Financial assets and liabilities at amortised cost	**15**	**(3)**	**-**	12	(4)	-
Total	**15**	**(3)**	**-**	**12**	**(4)**	-

Calculation of financial assets and liabilities and return distributed across accounts categories are only shown for the Group. ATP associates are measured at fair value in the income statement.

[1] Returns on equities include dividends plus unrealised and realised price adjustments. Unlisted equity investments include investments in companies where the ATP Group has ownership stakes of up to 50 per cent.

The ATP Group DKKm	2022	2021
Financial assets:		
Receivables from reverse transactions	25,669	49,249
Bonds	483,903	651,574
Listed equities	51,020	117,647
Unlisted equity investments	115,044	119,886
Financial derivatives	83,148	91,523
Loans	4,369	5,327
Financial assets measured at fair value over the income statement	**763,152**	**1,035,206**
Receivables contributions	3,150	3,057
Collateral regarding financial derivatives	13,380	5,814
Other receivables	4,763	2,229
Financial assets measured at amortised cost	**21,294**	**11,100**
Financial liabilities:		
Derived financial instruments	172,840	81,831
Financial liabilities measured at fair value over the income statement	**172,840**	**81,831**
Debt from reverse transactions	10,709	51,452
Financial liabilities measured at fair value over the income statement (chosen)	**10,709**	**51,452**
Other debts	6,521	9,597
Financial liabilities measured at amortised cost:	**6,521**	**9,597**

Significant accounting estimates

Significant accounting estimates are associated primarily with the measurement of financial assets and liabilities at fair value where the valuation is based on unobservable inputs.

The accounting methods include discounting to net present value of future cash flows and assessment of underlying market conditions. Assumptions of interest rates, risk premiums, volatility, default and prepayments and other information are included in the use of these methods. The fair value of financial assets and liabilities, including financial derivatives for which no quoted market prices exist, is based on the best information available under the circumstances.

Financial assets where the valuation is based on unobservable inputs include parts of the Group's bonds, unlisted equity investments, derivatives, investment properties and loans.

Breakdown of the Group's financial assets measured under level 3 in the fair value hierarchy.

	2022		2021	
	DKKm	Per cent	DKKm	Per cent
Bonds	15,865	10	17,263	10
Unlisted equity investments	107,838	70	115,465	70
Derived financial instruments	39	0	0	0
Loans	4,369	3	5,327	3
Investment properties	25,002	16	27,601	17
Total	**153,113**	**100**	**165,656**	**100**

Note 16: Interests in other companies

The ATP Group continuously invests in unlisted equity investments. Where the Group has a significant, but not controlling, interest, the companies are classified as associates/joint ventures. På www.atp.dk/dokument/specifikation-af-kapitalandele-2022 there is a complete list of companies which the ATP Group has classified as associates and joint ventures, respectively.

To follow are accounts information for the most significant associates/joint ventures, defined as companies in which the ATP Group's share of the fair value is more than DKK 1bn. Also provided is summary information for non-significant associates/joint ventures. Information provided is as per the most recently published annual report.

2022

Financial information for significant associates and joint ventures

DKKm	Current assets	Non-current assets	Current payables	Non-current payables	Revenue	Results after tax	Other total income	Consolidated total income	Dividends received/ distributed
ATPFA K/S	80	5,888	4	20	245	263	-	263	88
Danske Shoppingcentre P/S	153	14,983	157	197	882	517	-	517	32
Harbour P/S	14	2,848	1	0	97	256	-	256	37
Kastrup Airports Parent ApS	648	6,884	526	5,422	0	(526)	-	(526)	-
Redexis Gas S.A.	949	15,742	1,045	11,418	1,784	283	-	283	60
Hancock Queensland Plantations Pty Ltd.	669	6,048	100	4,883	579	(24)	-	(24)	60
3i Managed Infrastructure Acquisitions LP	13	9,126	300	0	0	799	-	799	53
Basilisk Holdings Inc.[1]	-	-	-	-	-	-	-	-	-
Colombo Topco Limited	6	3,203	53	-	-	250	-	250	153
Casper TopCo SAS	1,926	25,222	2,468	17,580	3.715	(705)	7	(698)	-

[1]Basilisk Holdings Inc. does not publish an annual report.

Financial information for non-significant associates and joint ventures

	Results from continuing operations	Results after tax from discontinued operations	Other comprehensive income	Total comprehensive income
Associated companies	1,051	-	-	1,051
Joint ventures	468	-	-	468

2021

Financial information for significant associates and joint ventures

DKKm	Current assets	Non-current assets	Current payables	Non-current payables	Revenue	Results after tax	Other total income	Consolidated total income	Dividends received/ distributed
ATPFA K/S	112	5,839	41	19	241	(104)	-	(104)	105
Danske Shoppingcentre P/S	328	13,398	196	205	721	(869)	-	(869)	-
Harbour P/S	12	2,679	6	0	96	377	-	377	37
Kastrup Airports Parent ApS	906	6,684	835	7,846	0	(618)	-	(618)	-
Redexis Gas S.A.	4,882	15,749	4,824	11,412	1,632	(51)	-	(51)	60
Queenspoint S.L.	48	1,063	7	455	21	(291)	-	(291)	50
Hancock Queensland Plantations Pty Ltd.	706	5,405	114	4,885	503	(171)	-	(171)	65
3i Managed Infrastructure Acquisitions LP	14	8,356	2	211	0	1,749	-	1,749	85
Basilisk Holdings Inc.[1]	-	-	-	-	-	-	-	-	-
Colombo Topco Limited	10	3,110	0	-	-	35	-	35	-
Casper TopCo SAS	823	23,823	2,087	15,549	4,631	(1,247)	5	(1,242)	-

[1]Basilisk Holdings Inc. does not publish an annual report.

Financial information for non-significant associates and joint ventures

	Results from continuing operations	Results after tax from discontinued operations	Other comprehensive income	Total comprehensive income
Associates	(2,079)	-	-	(2,079)
Joint ventures	(659)	-	-	(659)

Note 17: Contingent liabilities

DKKm	Group		ATP	
	2022	2021	2022	2021
Investment and loan commitments				
Investment commitments, capital shares	11,279	14,496	604	445
Investment commitments, property funds	19	95	14	57
Investment commitments, Danish properties	33	118	33	0
Investment commitments, infrastructure	5,247	4,674	5,247	4,674
Investment commitments, credit funds	539	1,858	539	1,858
Loan commitments, businesses	629	4,746	489	4,746
Loan commitments, credit funds	1,230	1,230	1,230	1,230
Investment commitments, affiliated companies	-	-	19,535	20,189
Loan commitments, group subsidiaries	-	-	1,860	870
Other contingent liabilities				
Rental/leasing liabilities and contractual liabilities related to the acquisition of intangible and tangible assets	929	534	922	533
Potential deferred tax related to properties[1]	481	529	-	-
'Letters of credit' to businesses	36	299	36	299

ATP has joint VAT registration with a number of subsidiaries. These subsidiaries are jointly and severally liable for the payment of VAT and payroll tax included in the joint registration for VAT.

Owing to its size and business volume, the ATP Group is continually a party to various lawsuits and disputes. Cases are assessed on an ongoing basis, and pending lawsuits and disputes are not believed to have any significant impact on the financial position of the ATP Group.

[1] As of 2001 and under certain conditions, the ATP Group is not subject to income tax on the activities of its subsidiary ATP Ejendomme A/S. If the conditions for tax exemption are not met, provisions are made for both current and deferred tax in the company. In 2022, ATP Ejendomme A/S met the conditions for tax exemption.

The accounting treatment of contingent assets and liabilities is based on an assessment of the expected outcome of the applicable contingency. If it is almost certain that a future economic benefit will flow to the ATP Group, the asset and the related income are recognised. If, on the other hand, it is probable that a future economic benefit will flow from the ATP Group when discharging the liability, the contingency is recognised as a liability.

Where it is not possible to estimate an amount with sufficient certainty, or it is not possible to estimate the outcome of a given matter, information to this effect will be provided. Decisions relating to such matters may generate realised profits or losses in future accounting periods that exceed the amounts recognised in the financial statements.

Note 18: Paid benefits

DKKm	Group		ATP	
	2022	2021	2022	2021
Personal pension (current)	16,765	16,105	16,765	16,105
Spouse pension (current)	4	6	4	6
Personal pension (lump sum)	69	81	69	81
Spouse pension (lump sum)	956	909	956	909
Child benefit (lump sum)	123	122	123	122
Payments to estates of deceased persons (lump sum)	40	37	40	37
Total benefit paid	**17,957**	**17,260**	**17,957**	**17,260**

Benefit payouts comprise paid out personal pensions, spouse pensions and lump sum payments in the form of capitalised benefits for the year. Benefits prepaid are accrued on the statement of financial position and presented under the item 'Other prepayments'.

Note 19: Disclosures about offsetting

The ATP Group uses a limited degree of offsetting in connection with the settlement of financial assets and liabilities. The ATP Group extensively uses collateral provided to and from counterparties when entering into financial contracts. Net amounts thus indicate the exposure after provision of collateral. There is no information provided on the ATP Parent Company, as this information is in all material respects identical to that provided for the Group.

2022 Group				**Related amounts not offset in the financial statement**		
Financial assets						
DKKm	**Recognised assets, gross**	**Financial liabilities offset in the statement of financial position**	**Net amounts of financial assets presented in the statement of financial position**	**Financial instruments**	**Financial collateral**	**Net amounts**
Derived financial instruments	83,621	(473)	83,148	(80,707)	(1,597)	844
Receivables from credit institutions	25,669	-	25,669	(2,146)	(23,522)	0
Total	**109,290**	**(473)**	**108,817**	**(82,853)**	**(25,120)**	**844**

Financial liabilities				**Related amounts not offset in the financial statement**		
	Liabilities recognised, gross	**Assets offset in the statement of financial position**	**Net amounts of financial liabilities presented in the statement of financial position**	**Financial instruments**	**Financial collateral**	**Net amounts**
Derived financial instruments	173,313	(473)	172,840	(80,707)	(90,382)	1,751
Payables to credit institutions	10,709	-	10,709	(2,146)	(8,456)	107
Total	**184,022**	**(473)**	**183,549**	**(82,853)**	**(98,838)**	**1,858**

2021 Group				**Related amounts not offset in the financial statement**		
Financial assets						
DKKm	**Recognised assets, gross**	**Financial liabilities offset in the statement of financial position**	**Net amounts of financial assets presented in the statement of financial position**	**Financial instruments**	**Financial collateral**	**Net amounts**
Financial derivatives	91,720	(197)	91,523	(70,413)	(20,700)	410
Receivables from credit institutions	49,249	-	49,249	(36,060)	(13,189)	0
Total	**140,969**	**(197)**	**140,772**	**(106,473)**	**(33,889)**	**410**

Financial liabilities				**Related amounts not offset in the financial statement**		
	Liabilities recognised, gross	**Assets offset in the statement of financial position**	**Net amounts of Net amounts of financial liabilities presented in the financial statement**	**Financial instruments**	**Financial collateral**	**Net amounts**
Financial derivatives	82,028	(197)	81,831	(70,413)	(11,180)	237
Debt to credit institutions	51,452	-	51,452	(36,261)	(14,900)	290
Total	**133,479**	**(197)**	**133,282**	**(106,675)**	**(26,080)**	**527**

Note 20: Related party transactions

ATP and the ATP Group

Related parties of the ATP Group are associates and joint ventures and independent schemes managed by ATP.

Members of the ATP Supervisory and Executive Boards and their close family members are also regarded as related parties. Enterprises in which these persons have a controlling or significant interest are also regarded as related parties. No one is considered to have a controlling or significant interest in the Group.

ATP and the ATP Group have entered into the following related party transactions:

2022								
DKKm	**Sale**	**Purchase**	**Forward contracts, net, and interest on loans**	**Contributions**	**Distributions**	**Debt [1]**	**Receivables/ loans**	**Contingent liabilities**
Group subsidiaries (ATP)	7	28	(3,266)	12,605	18,134	1,395	2,163	21,395
Associates and joint ventures (ATP)	-	-	-	166	1,299	-	-	-
Associates and joint ventures (Group)	11	-	-	166	1,372	-	-	5
Independent schemes managed (ATP and Group)	2,568	-	-	-	-	933	322	-

2021								
DKKm	**Sale**	**Purchase**	**Forward contracts, net, and interest on loans**	**Contributions**	**Distributions**	**Debt [1]**	**Receivables/ loans [1]**	**Contingent liabilities**
Group subsidiaries (ATP)	10	27	740	17,719	27,884	37	3,665	21,059
Associates and joint ventures (ATP)	-	-	-	1,243	1,213	-	-	1,249
Associates and joint ventures (Group)	11	-	-	1,243	1,544	-	-	1,254
Independent schemes managed (ATP and Group)	2,489	-	-	-	-	1,081	296	-

In addition to the above transactions that were made as part of the ordinary operations, in 2021 there have also been the following transactions made between closely related parties:
-ATP has acquired equity investments in associated companies from two subsidiaries worth a total of DKK 5bn
-ATP has sold its ownership stakes in the subsidiaries ATP Private Equity Partners I, II and III to ATP Private Equity Partners K/S for a total of DKK 3bn
-The ATP Group has sold a property for DKK 1.4bn to an associated company

The above transactions were all made on market terms.

[1] Payables and receivables include positive/negative market values of intercompany forward transactions.

Sales to associates, joint ventures, group subsidiaries and schemes comprise a number of administration functions, including accounting functions, IT operations and development and staff administration etc.

Net forward contracts, include net payments in respect of intercompany forward currency transactions made by ATP on behalf of group subsidiaries. Also included is interest on loans to group subsidiaries totalling DKK 29 million. (2021: DKK 70 million) Loans are unsecured and no write-downs have occurred.

Contributions include contributions of capital in group subsidiaries, associates and joint ventures, while distributions include distributions, including dividends. Contingent liabilities to associates, joint ventures and group subsidiaries consist of investment and loan commitments.

Related party transactions are settled on an arm's length basis (market terms) or, in the case of group subsidiaries and schemes, on a cost-recovery basis.

Management remuneration appears in note 21 and in the remuneration report, which can be found at www.atp.dk/dokument/vederlagsrapport-2022.

Note 21: Remuneration for management and auditor fees

DKKm	Group[1,2,3] 2022		Group[2] 2021	
Remuneration paid to CEOs:	**Total remuneration**	**Of which pension contribution**	**Total remuneration**	**Of which pension contribution**
CEO (Chief Executive Officers)				
Martin Præstegaard	3.5	0.5	-	-
Bo Foged	4.7	0.5	7.3	0.9
Remuneration paid to CEOs, total:	**8.2**	**1.0**	**7.3**	**0.9**

[1] Martin Præstegaard assumed the role of CEO on 1 July 2022.

[2] The CEO remuneration consists of fixed remuneration, pension contributions and a range of work-related perks, including company car.

[3] Remuneration for Bo Foged in 3 includes payments for holidays not taken.

Remuneration paid to ATP's Supervisory Board and Board of Representatives

DKKm	**2022**	**2021**
Total remuneration for the ATP Supervisory Board	2.2	2.1
Total remuneration for ATP's Board of Representatives	0.3	0.3
Total remuneration for ATP's Executive Committee	0.3	0.3
Total remuneration for the ATP Audit Committee	0.3	0.3
Total remuneration for to the ATP Risk Committee	0.3	0.3
Annual remuneration in DKK thousands paid to:		
Chairman of the Supervisory Board (total remuneration)	825	802
Member of the Executive Committee	92	90
Member of the Supervisory Board (including remuneration for the Board of Representatives)	138	135
Member of the Board of Representatives	15	15
Chairman of the Audit Committee	90	88
Member of the Audit Committee	69	67
Member of the Risk Committee	69	67

Additional information is available in the remuneration report. For information on pay policy and practice for the Board of Representatives, the Supervisory Board, the Executive Board and other significant risk takers as required under the executive order on pay policy please visit this page: www.atp.dk/dokument/vederlagsrapport-2022.

Audit fees:	**Group**		**ATP**	
Total fees paid to auditors can be broken down as follows:	**2022**	**2021**	**2022**	**2021**
Statutory audit	4.2	3.4	3.3	2.1
Other declaration tasks with security	0.1	0.4	0.1	0.1
Tax and VAT services	0.0	0.1	0.0	0.0
Other services	0.9	0.8	0.7	0.5
Total auditing fees	**5.2**	**4.7**	**4.2**	**2,7**

Fees for non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab to the group in 2022 amount to DKK 1 million and relate to the submission of declarations and assessment reports, tax and VAT advice and other accounting advice.

Note 22: Five-year summary for ATP

DKKm	2022	2021	2020	2019	2018
Contributions	11,951	11,497	10,744	10,061	9,871
Pension benefits	17,957	17,260	17,180	17,054	16,878
Investment return	(310,732)	(7,828)	80,849	107,340	24,108
Total pension-related operating expenses	215	213	210	201	197
Pension-related profit	(56,954)	13,316	20,252	33,891	(25,589)
Net profit for the year	(56,954)	13,316	20,251	33,893	(25,585)
Bonus potential	102,593	159,537	146,221	125,980	92,086
Total pension provisions	677,806	947,346	959,810	885,608	785,459
Total assets	867,058	1,087,438	1,140,345	1,024,472	906,735
Members (in thousands)	5.521	5,424	5,347	5,264	5,193
Pensioners (in thousands)	1,031	1,044	1,051	1,057	1,060
Ratios					
Return ratios					
Return percentage related to guaranteed benefits and bonus potential (N1)	(32.9)	(0.8)	10.8	16.2	3.7
Return percentage related to life annuity with market exposure (N2)	(12.4)	-	-	-	-
Costs ratios					
Cost ratio percentages for provisions [1]	0.03	0.02	0.02	0.02	0.03
Expenses per member (DKK)	39	40	40	38	38
Other ratios					
Bonus capacity (in per cent)	17.8	20.3	18.0	16.6	13.3

[1] The definition of the ratio is in ATP's most recent executive order on accounting changed from "pension-related operating expenses in relation to guaranteed benefits" to "pension-related operating expenses in relation to pension provisions." Beyond the guaranteed benefits, pension provisions consist of provisions for life annuity with market exposure and the bonus potential. Comparative figures have been adjusted.

The five-year summary for ATP has been prepared in accordance with the format requirements of the Danish Financial Supervisory Authority in line with the methods of accounting used by other pension providers in Denmark. Consequently, the return on investment and the return ratios etc. deviate from ATP's format, which is IFRS-compliant.

Please refer to the description of ratios in Appendix 3 of ATP's executive order on accounting issued by the Danish FSA (Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Fund (ATP), Executive Order no. 771 of 31 May 2022.

ATP does not apply the Danish FSA's return ratio. The return ratio tends to over-reflect market value changes in ATP's hedging portfolio, which will not notably affect the pensions promised. As the ratio does not allow for variance in the value creation of the guaranteed products, the ratio does not provide a complete picture of the value creation for ATP's members for the individual year. However, in the very long term, the ratio better reflects the value creation.

Note 23: Breakdown of ATP's assets and their returns at market value

	Carrying amount as of 2022		Return p.a. before tax on pension savings returns
	DKKm		per cent
	Beginning of year	End of year	
Land and buildings	**45,802**	**41,009**	**3.5**
Listed equity investments	116,368	48,873	(13.9)
Unlisted equity investments	104,851	102,752	7.2
Total capital shares	**221,219**	**151,625**	**(3.9)**
Government and mortgage bonds	628,618	464,090	(24.7)
Index-linked bonds	650	1,125	(6.9)
Credit bonds and emerging market bonds	22,615	19,976	3.8
Loans, etc.	5,142	2,654	(2.2)
Total bonds and loans	**657,025**	**487,845**	**(23.6)**
Other investment assets	**4,135**	**24,294**	N/A[1]
Financial derivatives entered into for the purpose of hedging the net change of assets and liabilities	**13,670**	**(81,414)**	N/A[1]
Total investment assets	**941,851**	**623,359**	**(33.1)**

The measurement includes assets associated with guaranteed benefits, the bonus potential and life annuity with market exposure.

[1] The two asset classes "Other investment assets" and "Financial derivatives entered into for the purpose of hedging the net change of assets and liabilities" only contain derivatives and their primary purpose is to hedge investment currency risk and guaranteed benefits interest risk respectively. It therefore does not make sense to state separate returns figures for these asset classes.

Please refer to the description of ratios in Appendix 2 of ATP's executive order on accounting issued by the Danish FSA (Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Fund (ATP), Executive Order no. 771 of 31 May 2022.

Accounting policies and significant estimates and assessments

This section includes the overall description of accounting policies and significant accounting estimates and assessments.

Note 24: Accounting policies

The consolidated financial statements and the annual report of ATP for 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with additional Danish disclosure requirements as set out in the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme' (Bekendtgørelse om finansielle rapporter for Arbejdsmarkedets Tillægspension).

When preparing the consolidated financial statements and the parent company financial statements, Management assumes a number of estimates and preconditions which affect the accounting value of assets and liabilities as well as income and expenses. Note 25 details the accounting assessments performed by Management in connection with the application of accounting policies and estimates which are considered material for the preparation of the group financial statements and the parent company financial statements. Accounting estimates for specific items are set out in the individual notes.

With the exception of the implementation of new and revised accounting standards as described in note 26, the accounting policies are unchanged from 2021.

All figures are stated in DKK millions. The totals stated are calculated on the basis of actual figures and the rounding off to nearest DKK million may result in minor differences between the sum of individual figures and totals stated.

Materiality in presentation

When preparing the consolidated financial statements and the parent company financial statements, Management performs an assessment about their presentation. In this context, it is taken into account that the content of the Group and parent company financial statements is significant to the reader. In the presentation of the Group's and ATP's assets, liabilities, financial position and performance, it is assessed whether it would be beneficial to aggregate less significant amounts.

The assessment of materiality and relevance in the presentation has resulted in changes to the presentation of some notes relative to the annual report for 2021.

Consolidation

The consolidated financial statements comprise the financial statements of ATP, the Parent Company, and entities controlled by ATP. ATP controls an entity when ATP is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated financial statements are based on the financial statements of the parent company and the individual subsidiaries, prepared in accordance with the Group's accounting policies. Upon consolidation, items of a uniform nature are added together and the following items are eliminated: intercompany income and expenses, equity holdings, intercompany balances and dividends, as well as realised and unrealised gains and losses on transactions between consolidated companies.

A group overview is available on page 70.

Foreign currency translation: Functional currency and presentation currency

The consolidated financial statements are presented in Danish kroner (DKK), the functional currency and presentation currency of the Parent Company. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. A functional currency is determined for each of the Group's reporting entities. All of the Group's entities use Danish kroner (DKK) as their functional currency.

Conversion of transactions and amounts

Transactions in currencies other than the functional currency are foreign currency transactions. Foreign currency transactions are converted into the functional currency at the exchange rate prevailing at the transaction date. Investment assets, receivables and payables in foreign currencies are converted into the functional currency at the exchange rate prevailing at the statement of financial position date. Realised and unrealised foreign exchange gains and losses are included in the income statement under 'Investment return' and 'Return from hedging activities'.

Income statement

Returns on investment and hedging activities

Returns on investment and hedging activities include interest income, interest expenses, dividends and price adjustments on financial assets and liabilities included in the investment portfolio and the hedging portfolio, respectively. Returns on investment also include income from investment properties.

Income from investment properties

Income from investment properties is comprised of the rental income from investment properties for the year and sale of timber from forestry properties less property management and operating expenses for forestry properties.

Expenses

Expenses are allocated between the individual business units either as direct expenses or as an expense allocation based on ATP's internal model for allocation of other expenses.

Investment activity expenses comprise expenses incurred to achieve the investment return for the year. These expenses include direct and indirect expenses related, for example, to pay and remuneration, custody expenses and transaction costs related to the purchase and sale of investment assets. Expenses incurred in investment subsidiaries are also included in these expenses for the Group.

Pension activity expenses comprise expenses incurred in connection with the administration of the ATP pension scheme, including SUPP (Supplementary Labour Market Pension Scheme for Disability Pensioners). These expenses include direct and indirect expenses related, for example, to pay and remuneration, IT operations, amortisation of internal development projects and depreciation on property, plant and equipment.

Administration activity expenses comprise expenses incurred in connection with the management of a number of large schemes. These expenses include direct and indirect expenses related, for example, to wages and remuneration, IT operations and amortisation of internal development projects.

Contributions

Contribution income is recognised as reporting is received.

Contributions include the reported and claimed ATP contributions less labour market contribution and the year's adjustment of amortisation on contributions receivable.

Benefits paid out

Benefit benefits comprise personal pensions paid, spouse pensions and capitalised benefits for the year. Benefits prepaid are accrued on the statement of financial position and presented under the item 'Other prepayments'.

Other income

Other income includes income for the year from the sale of administration services to external clients as well as related parties. Also included is other customary income for the year that cannot be attributed to pension and investment activities.

Other costs

Other expenses include expenses incurred for the sale of administration services. Also included are other customary expenses for the year that cannot be attributed to Pensions & Investments under the item 'Other expenses'.

Tax on pension savings returns

Tax on pension savings returns comprises current tax on pension savings returns for the year, changes in deferred tax on pension savings returns, and prior year adjustments, if any. Tax on pension savings returns is allocated between investment, hedging and pension activities based on the return allocated to investment, hedging and pension activities, respectively.

Current tax liabilities in respect of pension savings returns and current tax receivable in respect of pension savings returns are recognised in the statement of financial position as calculated tax on pension savings returns adjusted for interim payment of tax on pension savings returns.

Deferred tax assets in respect of pension savings returns, including the tax value of tax loss carryforwards, are included at the value at which the asset is expected to be realisable – either by elimination in pension savings returns tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax on pension savings returns is measured in accordance with current tax rules and at the tax rates that are expected to apply in the periods in which the temporary differences reverse.

Corporate income tax

Tax on results for the year, comprising current tax for the year, changes in deferred tax and prior-year adjustments, if any, is recognised in the income statement. Tax payable and deferred tax are recognised under payables, while tax receivable and deferred tax assets are recognised under assets.

Statement of financial position

Financial assets and liabilities

The buying and selling of financial assets and liabilities are recognised on the transaction date if the conditions for an ordinary purchase or sale have been met. If the conditions are not met, the financial assets and liabilities are recognised on the settlement date. A change in the fair value between the trading date and the settlement date is recognised in the income statement for financial assets measured as the fair value above the income statement.

Financial assets and liabilities are measured at the fair value at the first recognition and subsequently measured at either fair value or amortised cost.

Financial assets

The following financial assets are measured after the initial recognition at fair value as a result of ATP's business model:

Note 24: Accounting policies, continued

- Bonds
- Loans, including loans to group subsidiaries
- Receivables from reverse transactions

The assets and liabilities specified above are managed and assessed based on fair value in accordance with the Group's risk management strategy, and are therefore measured at fair value with value adjustment via the income statement.

The financial assets below are not based on cash-flows consisting of payment of principal and interest, and are therefore measured at fair value after initial recognition:

- Listed equity investments and unlisted capital shares, including investments in subsidiaries and associates and joint ventures
- Financial derivatives

Other financial assets are measured after initial recognition at amortised cost price.

Financial liabilities

Financial derivatives with a negative market value must be recognised at fair value, while it has been decided to recognise payables resulting from repo transactions at fair value with value adjustment through the income statement as they are managed and assessed based on fair value in accordance with the Group's risk management strategy.

Other financial liabilities are subsequently measured at amortised cost.

Adjustment of the fair value of financial assets and liabilities is recognised in the income statement under 'Investment returns' and 'Returns from hedging activities' on an ongoing basis. With regard to debt from repo transactions, the portion of the fair value changes that is attributable to changes in ATP's own credit risk is recognised in 'Other comprehensive income.' Due to ATP's strong financial position and the short maturity of the repo transactions, the impact of ATP's credit risk is assessed as being insignificant.

Determination of fair value

For financial assets and liabilities that are traded in a market, the official market price is used. Measuring listed equities and financial assets and liabilities is based on closing prices from relevant stock exchanges while bid prices are used for listed bonds. If, in respect of bonds, there have been no updated external prices within the previous two trading days prior to the balance sheet date, a theoretical price is calculated and the bonds are registered as 'observable input' in the fair value hierarchy.

For other financial assets and liabilities, the fair value determination represents ATP's most objective estimate of the current fair value of financial assets and liabilities, based on the most unambiguous and uniform guidelines possible and, to some extent, supported by management estimates. When determining these estimates, the following methods are applied:

Bonds, interest-based investment assets and liabilities
For investments in bonds for which no active market exists, yield curves with the addition of yield spreads and investment-specific premiums are used.

Unlisted equity investments, including investments in subsidiaries and associates and joint ventures
Private equity investments consist of investments in portfolio funds, direct equity investments, direct equity investments in portfolio companies and real estate funds.

Portfolio funds
For a significant portion of the investments in portfolio funds, the valuation is based on reporting received from portfolio funds. Equity investments in portfolio funds are generally measured using the IPEV Valuation Guidelines under which equity investments are measured at fair value on the reporting date. Listed equity investments in portfolio funds are measured at the closing rate of the relevant stock exchange. For unlisted equity investments for which no quoted price exists, the equity investments are measured on the basis of the latest market price – either in connection with a round of capital increases resulting in a change in ownership or in connection with a partial sale, based on the value of comparable companies.

Direct equity investments
Direct private equity investments are measured using one of the following methods: a) multiple analysis where the ratio of the value of comparable listed companies to relevant key figures for these companies is used in the valuation of the company in question; b) if sufficient comparable companies cannot be found, a 'sum-of-the-parts' valuation is performed where each business unit of the company in question is measured separately; c) for new investments, the acquisition cost is used.

Direct equity investments in portfolio companies
Direct equity investments in portfolio companies consist of co-investments together with portfolio funds and are valued using traditional valuation methods and as described above for portfolio funds. The following factors are included in the determination of fair value:

- Valuation and other significant conditions related to the latest round of financing
- Significant events related to the company's business, product launches, new clients, changes to the management team
- Compliance or non-compliance with significant predefined milestones and other conditions assessed to be capable of impacting the fair value, including general changes in market and competition conditions and new technology.

Real estate funds
Private equity investments in real estate funds are measured primarily on the basis of the valuations performed by the real estate funds. The measurement is based on a valuation model that measures the fair value of the equity where the fair value of the underlying properties is reflected on an ongoing basis. The fair value of the real estate is usually determined on the basis of valuations performed by external estate agents and market assessors. In addition, the managers of the funds regularly perform an internal valuation based on changes in market conditions, which is typically reflected in an adjustment of the required rate of return. Other factors such as the stability of the real estate cash flow, market rent level, location and tenant quality are included in the valuation.

Loans
Valuation of loans is based on discounting of expected future cash flows to net present value using relevant yield curves and investment-specific credit spread premiums.

Receivables and debt from repo/reverse transactions
Includes repo and reverse transactions, i.e. the purchase/sale of securities where, as part of the agreement, an agreement is concluded regarding selling back/buying back at a later time. In reverse transactions, the securities purchased are not included in the statement of financial position, and the amount paid is recognised as a receivable. In repo transactions, securities sold are still included in the statement of financial position and the amount received is recognised as a liability. On initial recognition, receivables from and debts from repo and reverse transactions are recognised at fair value and subsequently measured at fair value. Interest received and paid is recognised across the duration of contracts. Valuation of repo activities is based on discounting of expected future cash flows using relevant yield curves.

Financial assets and liabilities at amortised cost

Other receivables
Other receivables, which primarily comprise incomplete transactions, contributions receivable and rent receivable, are measured at amortised cost. Amortised cost is usually equivalent to nominal value.

Provisions are made for expected losses on ATP contributions receivable and rent receivable based on a simplified provision matrix using a fixed provisions percentage depending on how many days the receivable remains overdue. The provision rate is based on historical data.

Provisions for expected losses are deducted directly from the asset items to which the provisions relate, while period changes are recognised in the income statement.

Other liabilities
Includes 'Payables to group subsidiaries' and 'Other payables', measured at amortised cost, essentially equivalent to nominal value.

Derived financial instruments

On initial recognition, i.e. the trade date, financial derivatives are recognised at fair value. Subsequent to initial recognition, financial derivatives are also measured at fair value. For financial derivatives that are traded in a market, the official market price is used. For financial derivatives that are not traded in a market, various generally accepted valuation methods are used, depending on the type of instrument involved. For interest rate instruments, valuation is based on the market rate expressed as the zero coupon yield curve at the statement of financial position date.

Changes in the fair value of financial derivatives are recognised in the income statement as they occur. Financial derivatives with a positive fair value are recognised in the statement of financial position as assets, while financial derivatives with a negative fair value are recognised in the statement of financial position as liabilities. Listed futures for which the margin is calculated on a daily basis are considered to be settled for which reason the market value is recognised at DKK 0.

Other cash and cash equivalents received as part of a margin settlement are recognised in the statement of financial position, given that ATP has the right of disposal of margin account balances. Securities which, as part of collateral security, have only been formally assigned to ATP's ownership are not recognised in the statement of financial position, given that ATP neither bears the risk nor benefits from the return on these securities. Similarly, securities which ATP only has assigned formally to counter-

Note 24: Accounting policies, continued

parties as part of collateral security are still recognised in ATP's statement of financial position. ATP enters into foreign exchange contracts with external counterparties on behalf of several of the Group's subsidiaries.

Investments in group subsidiaries
Equity investments in group subsidiaries are managed and assessed based on fair value in accordance with ATP's risk management and investment strategies. Reporting to the ATP Group Management is also based on this, for which reason ATP has selected the option in IAS 27 to recognise and measure equity investments in group subsidiaries in accordance with the regulations of IFRS 9. Cash-flows from equity investments in group subsidiaries do not consist of payment of principal and interest, meaning that equity investments in group subsidiaries are recognised and measured at fair value with value adjustment via the income statement.

No minority interests are deemed to own a significant share of the group subsidiaries.

Investments in associates and joint ventures
Associates are entities in which the Group has a significant but not controlling interest. Significant interest is typically achieved through direct or indirect ownership or disposal of more than 20 per cent of the voting rights, but less than 50 per cent. In the assessment of whether the Group has a significant interest, potential voting rights that may be exercised at the statement of financial position date are taken into account. Joint ventures include entities whose activities are jointly controlled by the Group, which is generally the case if the Group holds 50 per cent of the voting rights.

In accordance with IAS 28, ATP and the ATP Group have decided to recognise and measure investments in associates and joint ventures under the provisions of IFRS 9. Cash-flows from equity capital shares in associates and joint ventures do not consist of payment of principal and interest, and investments in associates and joint ventures are therefore recognised and measured at fair value with value adjustment through the income statement.

Investments in associates and joint ventures are often structured as a combination of share equity investment and loans. Where all investors hold proportionally identical shares of both loans and equity investment and where the company has no significant debt financing, the risk of the loan is considered to be identical to the risk of the equity investment. Such loans are presented as an integral part of the investment in the associate or joint venture – both in internal management reporting and in external reporting. Loans that are an integral part of the investment in the associate or joint venture are recognised and measured at fair value.

Equity investments in associated companies and joint ventures are presented under the "Unlisted equity investments" item in the financial statements.

Investment properties
Investment properties are properties held by the ATP Group to earn rental income and/or capital gains. Investment properties are properties which the ATP Group does not use for administration etc. as such properties are classified as owner-occupied properties. Properties with elements of owner-occupied properties and investment properties are allocated proportionately between the two asset types.

On initial recognition, investment properties are recognised at cost including transaction expenses. Subsequent to initial recognition, investment properties are measured at fair value. A return-based model is used to determine the fair value of the Danish properties. These valuations are segmented in terms of the locations and qualities of the properties. The valuation of the Group's international properties is made by external valuers, since local knowledge abroad requires external input. Determining the return in the return-based model for individual properties is based on the expected rental income at full occupancy of the properties. Expected operating, administration and maintenance costs are deducted. The value subsequently calculated is adjusted for recognised vacancy rent loss for a suitable period and expected expenses related to major maintenance work; deposits and prepaid rent are also added. An external assessment has been obtained for the valuation of market rent, and required rates of return are determined based on external estate agents' assessment of the market level.

The accrual of rental discounts in the form of rent-free periods, gradual phasing in of market rate rents and other incentive agreements are an integral part of the value of investment properties. The accrual is adjusted each year via rental incomes with an amount equivalent to the difference between

the year's invoiced rental income and the calculated accrued rental income.

Expenses incurred in the form of new or improved qualities which result in an increase in the fair value determined immediately prior to the incurrence of the expenses, are added to the acquisition price as improvements.

Forestry investment properties
Forestry investment properties include land planted with woodlands that are held for the purpose of generating income from the sale of timber and capital gains.

On initial recognition, investment properties are recognised at cost including transaction expenses, and subsequently at fair value. The measuring of forestry investment property fairly is based on a weighted average of fair values of a variety of models. The most commonly applied models include recent sales of comparable forestry investment properties adjusted for size, location and types of timber and DCF models discounting expected future income from the sales of timber and land.

The fair value is determined by external valuing experts specialising in forestry investment properties.

Owner-occupied properties
Owner-occupied properties are properties used by the Group for administration purposes. Properties with elements of both owner-occupied properties and investment properties are allocated proportionately between the two asset types by square metre.

Owner-occupied properties are recognised at cost and subsequently measured at fair value using a revaluation model. Revaluation is performed at the end of each quarter. The fair value of owner-occupied properties is assessed using the principles applied to the Group's investment properties.

Depreciation of owner-occupied properties is provided on a straight-line basis over the estimated useful economic lives of the assets. The depreciation periods have been determined at 50 years. No depreciation is provided for land.

Revaluation of a property from cost to fair value is recognised under 'Other comprehensive income' and is tied to a special provision under the bonus potential, unless the revaluation is offset by a corresponding decrease in value previously recognised in the income statement. A decrease in the fair value of a property is recognised in the income statement, unless the decrease is offset by a corresponding increase in value previously recognised in the item 'Other comprehensive income'. In that case, the decrease in value is recognised under 'Other comprehensive income'.

In case of sale of an owner-occupied property, previous years' revaluations are not recirculated to the income statement. Instead, there is a transfer from 'Revaluation provisions' to 'Transferred profits' under the bonus potential.

On initial recognition, leasing assets are measured at cost, corresponding to the discounted value of the expected rent payments. The leasing period, which forms the basis for calculating the rent liability, corresponds to the period for which ATP, as the lessee, is entitled and expects to make use of the underlying assets.

Subsequently, the leasing asset is measured at cost less accumulated amortisation and depreciation. The leasing asset is amortised across the shorter period of the leasing period and the working life of the leasing asset and amortisations are calculated as straight-line in the income statement.

On initial recognition, leasing liabilities are measured at amortised cost and a calculated interest cost is recognised in the income statement.

Operating funds
Operating equipment is measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price as well as expenses directly related to the acquisition until such a time as the asset is ready for use. Expenses incurred for repair and maintenance are taken directly to the income statement.

Depreciation of operating equipment is provided on a straight-line basis over the estimated useful economic lives of the assets. The depreciation periods have been determined at two to six years.

Losses or gains on the sale or other disposal of property, plant and equipment are measured as the difference between the selling price and the carrying amount.

The residual value and useful economic lives of the assets are reviewed and adjusted, if appropriate, at each statement of financial position date. If the residual value of the asset exceeds the carrying amount, depreciation is discontinued. In case of changes in the depreciation period or the residual value, the prospective effect of depreciation is recognised as a change in accounting estimate.

Intangible assets
Internal development projects
Clearly defined and identifiable development projects, for which the technical rate of utilisation, sufficient resources and a potential future market or application in the company can be demonstrated, and where the intention is to produce, market or use the project, are recognised as intangible assets, provided that the cost of these assets can be measured reliably and there is a sufficient degree of certainty of the future value in use. Other development costs are recognised in the income statement as incurred.

Note 24: Accounting policies, continued

Development costs include expenses, remuneration and amortisation attributable to the Group's development activities.

Internal development projects are measured at cost less accumulated amortisation and impairment losses. Amortisation is provided on a straight-line basis over the estimated useful economic lives of the assets, typically from three to ten years. The useful economic lives of the assets are reviewed and adjusted, if appropriate, at each statement of financial position date.

Write-down test
Intangible assets are evaluated yearly for indications of value impairment.

In case of indications of depreciation, impairment test is performed for each asset or group of assets. A write-down is then made to the recoverable amount if this is lower than the accounting value. The recoverable value is the highest value of the capital value and the sale value minus expected sale costs. The capital value is measured as the current value of expected net cashflows from the use of the asset or group of assets and expected net cashflows from the sale of the asset or group of assets after use.

Guaranteed benefits

Guaranteed benefits are calculated at the fair value of the Group's pension liabilities, i.e. the capital value of guaranteed benefits and rights (the pension commitment) assessed as a function of the current discount rate at the statement of financial position date. Guaranteed benefits include unpaid pension benefits due in respect of events having occurred during the financial year or earlier (provisions for claims outstanding).

The discount rate is calculated in accordance with the provision basis reported to the Danish Financial Supervisory Authority, based on the zero-coupon yield curve at the statement of financial position date, reflecting the term of the guaranteed benefits. The rate thus calculated has been reduced by the tax rate under the Danish Pension Savings Returns Act (Pensionsafkastbeskatningsloven), currently accounting for 15.3 per cent.

Changes related to changes in the market rate and changes in maturity reduction are recognised in hedging activities. Changes related to contribution payments for the year and pension benefit payouts for the year are recognised in pension activities. Other minor changes are also recognised in pension activities. In addition, changes due to life expectancy update are also recognised in pension activities. The life expectancy update comprises observed and expected future increases in life expectancy. Bonus is not allocated to the Group's business units.

Life annuity with market exposure

The provisions for life annuity with market exposure are measured at the capital value of ATP's pension liabilities for life annuity with market exposure. The capital value is calculated with an interest rate of 0 per cent as the pension entitlements are written up or down with the realised returns up to the balance sheet date.

Bonus potential

ATP's and the Group's bonus potential are reserves that are not distributed to ATP's members. The bonus potential is equivalent to the carrying amount of total assets related to ATP less guaranteed benefits and life annuity with market exposure and the sum of the carrying amount of ATP's other liabilities.

The reserves can be distributed as bonus. Bonus additions are transferred to guaranteed benefits and life annuity with market exposure via the result and comprehensive income. Comprehensive income for the year is transferred to the bonus potential. Revaluations and reversal of revaluations of owner-occupied properties are recognised directly in the bonus potential over other comprehensive income. The bonus potential thus rises and falls with the size of the net results for the year and other comprehensive income.

Cash flow statement

The Group's cash flow statement shows the cash flows for the year, broken down by operating, investment and financing activities; changes for the year in cash and cash equivalents; and the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are presented directly and measured as pension contributions received less pension benefit benefits. Also included are management fees received, payments related to administration activities, payments to suppliers and staff, and direct and indirect taxes.

Cash flows from investment activities include purchases and sales for the financial year of bonds, equity investments, financial derivatives, loans, repo and reverse transactions, investment properties, as well as intangible assets and operating equipment.

Cash flows from financing activities include minority interest transactions for the financial year.

Cash and cash equivalents include cash and demand deposits, as well as time deposits with an original term to maturity of less than three months.

Note 25: Significant accounting estimates and assessments

In the preparation of the consolidated financial statements and parent company financial statements, the Management make estimates, set assumptions and make assessments that affect the reported accounting elements.

Accounting assessments

Management has conducted a range of assessments in connection with the application of the Group's accounting policies. The primary accounting assessments relate to the following areas:

Measurement of forestry investment properties
Forestry investment properties consist of biological assets (trees), land and CO_2 quotas. ATP considers forestry investment properties as an aggregate and integrated investment asset, due to the fact that realisation of forestry investment properties usually happens via the sale of the total property including land and CO_2 quotas and only to a small degree takes the form of harvesting and selling of the biological assets. Forestry investment properties are therefore considered an aggregate unit which is recognised at fair value with value adjustments via the income statement and is presented as a part of 'Investment properties'.

DKK is the functional currency of all subsidiaries
The ATP Group makes investments across the globe and therefore also holds foreign subsidiaries. It is a characteristic of foreign subsidiaries that they act as investment companies with no independent operating activities, since the purpose of these investments, and other Group investments generally, is to invest the members' contributions and to obtain a return that will safeguard stable pension benefits to the members in DKK. It is the assessment of the Management that the relevant currency for measuring and valuing these investments should also be DKK.

ATP's business model
ATP's business model is to manage and value assets and liabilities based on changes to the fair value in keeping with ATP's risk management strategy. For this reason, guaranteed benefits and associated investment assets are measured at fair value with recognising of value adjustment via the income statement, regardless of the fact that some investment assets in essence satisfy the conditions for measuring at amortised cost price, including bonds, loans and receivables from banks.

Capital assets held for sale
The ATP Group makes continuous adjustments to the invested capital, in which connection management decisions are continuously made regarding the sale of assets. This also includes illiquid assets with a longer sale process. The Management may decide, for example, to sell one property rather than investing in other properties which are at a different developmental stage or in another location. ATP considers this to be continuous portfolio management and does not consider the assets as 'assets held for sale' in accordance with IFRS 5.

Measuring associated companies, joint ventures and group subsidiaries at fair value
Associated companies and joint ventures are measured in the consolidated financial statements and the parent company financial statements at fair value in accordance with IFRS 9 with reference to the special provisions of IAS 28, associated companies, applicable to certain investment companies, including pension companies. Equity investments in group subsidiaries are also measured at fair value in ATP's annual accounts. The Management justifies this policy by these investments being considered equal to other investments in ATP's business model in which assets and liabilities are managed and assessed on the basis of changes to the fair value in accordance with ATP's risk management strategy in accordance with the above description of ATP's business model.

Activation of tax-related losses for deferral
ATP's taxable income can be strongly impacted by changes to interest rates where interest rates will lead to price declines on the holdings of bonds and swaps. This mainly originates from the hedging activities, where fluctuations have no impact on the ability to generate future profits.

ATP is taxed on the notional gains of price changes, which is why price gains in one year can result in a large taxable income while subsequent price declines can result in tax-related losses for deferral. The tax value of a loss for deferral is activated as the management deems that the losses will be used at a future date. ATP has - when disregarding the impact of interest rate changes - an underlying positive taxable income consisting of interest income from bonds, loans and swaps and income from investment properties and forest investments that can be offset in the taxable losses for deferral.

Presentation of loans forming an integral part of investments in equities
Investments in associated companies and joint ventures and equity investments in other companies are often structured as a combination of equity investment and loans to the companies in question. In such instances where all investors hold proportionally identical shares of both loans and equity investment and where there is no significant external financing in the company generally, the risk of

Note 25: Significant accounting estimates and assessments, continued

the loan is considered to be identical with the risk of the equity investment. ATP considers such loans as an integral part of the equity investment and therefore presents both the loan and the equity investment as equity investments which are both measured at fair value with value adjustments via the income statement.

The bonus potential

ATP and the ATP Group is a self-governing institution, settled by a legislative act, and therefore has no owners in the traditional sense of the word such as a public limited company with shareholders. ATP and the ATP Group therefore do not have equity as such, but non-distributed bonus potential is considered equity by nature as this item is included in the Group capital base and satisfies the definition of equity in accordance with the regulations according to which the ATP Group files its financial statements.

For the assessment of accounting regulations (IAS 32, Financial instruments: Presentation) the basis used is that the bonus potential does not constitute a contractual obligation, and that it is ATP's Board which, within the framework of the ATP Act, assesses and determines the transfer of bonus to members' guaranteed benefits or life annuity with market exposure.

The comprehensive income for the year is transferred to ATP's and the Group's bonus potential. The comprehensive income for the year includes net results for the year plus revaluation or impairment losses for owner-occupied properties for the year.

The bonus potential is used to increase the future guaranteed benefits and life annuity with market exposure on an ongoing basis. If ATP's Supervisory Board elects to assign bonuses and increase members' pensions, the bonus assignation will be presented as an expense in the income statement.

Accounting estimates

Measuring the accounting value of certain assets and liabilities requires estimations and assumptions regarding future events. The Management base their estimates on historical experience and on various other factors that are believed to be reasonable and relevant under the circumstances. ATP's Management considers the following estimations to be central to the preparation of the consolidated financial statement:

- Estimates related to determining fair value of equity investments, bonds and loans are described in notes 7 and 8.
- Estimates related to the valuation of the Group's investment properties are described in note 9.
- Estimates related to the valuation of the Group's derivatives are described in note 11.
- Estimates related to valuing guaranteed benefits are primarily concerned with discounting factor and future life expectancy for ATP's members. For life annuity with market exposure, the estimates only concern expectations about future life expectancies. Note 13 states the primary assumptions applied in connection with valuing guaranteed benefits.

Note 26: New accounting regulations

Implementation of changes to the "Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme"

The "Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme" was effective as of 1 January 2022 changed and updated in a number of areas. The most significant change impacting the annual report is that provisions for Life annuity with market exposure must be presented in a separate liability item in the statement of financial position and that investment activities associated with Life annuity with market exposure are to be presented in a single item on the statement of financial position regardless of what kind of investment it is.

Changes to the "Executive Order on Financial Reports for the Danish Labour Market Supplementary Pension Scheme" have been implemented without it having an impact on the result, asset sum or the bonus potential.

Implementation of new or changed international accounting standards

Effective from 1 January 2022, the ATP Group and ATP have implemented the following new or revised standards and interpretations:

• Revised IFRS 16, Covid-19 related lease concessions - extended for concessions up to and including 30/6/2022

• Revised IFRS 3, References to framework

• Revised IAS 16, Income from fixed assets being constructed

• Revised IAS 37, Loss-generating contracts - costs for the fulfilment of the contract

• Annual improvements to IFRS's 2018-2020 Cycle

All standards and interpretation contributions have been implemented without having an impact on the annual report for the ATP Group and ATP.

Standards and interpretations that have not yet taken effect

IFRS 17, Insurance contracts

IFRS 17, "Insurance contracts" has been approved for use in the EU and applies to the fiscal year commencing 1 January 2023 and will be implemented in 2023.

The implementation of IFRS 17 will have a significant impact on ATP and the ATP Group on its recognition and measurement and how this is presented.

The most significant areas are reviewed below:

Method for measuring pension liabilities

IFRS 17 introduces a uniform method for recognising, measuring and presenting pension liabilities. The value of pension liabilities is measured as the sum of the fulfilment cash flows with the addition of the profit margin. Fulfilment cash flows consist of the expected future cash flows, discounting effect and a risk adjustment to take into account non-financial risks.

The pension liabilities must be measured by the general method, the variable margin method or the premium allocation method. ATP expects to be able to use the variable margin method as ATP's contracts are characterised by being contracts with elements of direct participation.

ATP does not sign contracts with members as the "contract" between ATP and its members is defined in legislation. The contracts must be divided into annual cohorts and grouped based on whether they are "loss making", "potentially loss making" or "other". All of ATP's contracts are grouped in the "other" category, as at the time of contribution they are neither loss making or potentially loss making. ATP has chosen to group contracts into annual cohorts on the basis of the tariff year to which the ATP contributions concern.

Expected future cash flows

When measuring the expected future cash flows, cash flows in the collective reserves consisting of the bonus potential and the long-term supplementary provisions are included, cf. below, regardless of whether these are expected to be paid out to current or future members.

All funds are paid to ATP's members, and ATP has no profit in delivering the services, which is why ATP's profit margin will always be zero.

Discounting

The discounting factors that are used to measure the value of the guaranteed benefits are calculated based on an underlying interest curve. From now on, the interest curve will be adjusted by taking into account the illiquidity of the liabilities and by an adjustment of how the interest curve is specified in the long run.

The adjustment of the interest curve results in liabilities with a 30-year term using a forward interest rate of 3 per cent to calculate the risk-free interest curve. The risk-free interest curve is supplemented with an illiquidity range that reflects the illiquidity of the liabilities. The adjustment of the interest curve only has an impact on the book value of ATP's guaranteed benefits and therefore has no impact on the pensions for ATP's members.

All in all, the adjusted interest curve means that the book value of the guaranteed benefits as of 1 January 2023 are reduced by DKK 35.2bn, of which DKK 3.0bn impact the bonus potential while DKK 37.3bn are included in a separate reserve called 'Langsigtet Supplerende Hensættelse (LSH)" ('Long-term Supplementary Provisions) and DKK 1.0bn is a risk adjustment for non-financial risks.

The LSH will initially be calculated as the difference between guaranteed benefits calculated excluding illiquidity ranges and guaranteed benefits calculated including illiquidity ranges. The risk adjustment is also deducted from the LSH.

Risk adjustment

IFRS 17 introduces a risk adjustment that amounts to a reservation that ATP makes to take into account the uncertainty associated with non-financial risks in the measurement of the future cash flows. The risk adjustment is expected to amount to DKK 1.0bn as at 1/1 2023.

Changed presentation

IFRS17 introduces a number of mandatory accounting items that result in a significant change to how the income statement is presented.

Insurance-related turnover consists of the expected discharge of pension benefits and the expected discharge of expenses that were part of the pension provisions at the start of the accounting period.

Insurance-related expenses consist of payments of pension benefits and administration and investment expenses.

Insurance-related financial income or expenses consist of shorter maturity periods and interest changes ad will also include the interest on the long-term supplementary provisions and the bonus potential, cf. below.

Result of investment and insurance activities

Under IFRS 4, the bonus potential is presented and treated as a kind of equity that the result for the year is transferred to. Under IFRS 17, the bonus potential is part of the pension provisions which is why the bonus potential accrues interest matching the returns that have not been allocated to the guaranteed benefits, life annuity with market exposure and long-term supplementary provisions. The interest accrued to the bonus potential means that the income statement for ATP will show a result of zero.

From now on, the contribution incomes are not included in the income statement but rather increase the provisions on the balance sheet. Changes to provisions due to life expectancy updates or the allocation of bonuses do not impact expected or actual payments within the accounting year. These changes are therefore not included in the income statement but are instead made as reclassifications within the pension provisions.

Implementation

ATP expects to use the retrospective method and measure the pension provisions as if IFRS 17 had always been applied. The profit margin has always been zero DKK

The pension provisions as of 1 January 2023 are expected to be adjusted to the measurement method below:

Financial statement item (DKK bn)	**IFRS4**	**IFRS17**
Guaranteed benefits	573.8	538.6
Life annuity with market exposure	1.4	1.4
Risk adjustment	-	1.0
Long-term supplementary provisions	-	37.3
Bonus potential	102.6	99.6
Total pension provisions	**677.8**	**677.8**

Other accounting standards

In addition to IFRS 17, there has also been issued a number of changed standards that are expected to be implemented in 2023 and 2024. None of these are expected to have a significant impact on the submission of the financial statements.

Internal audit statement

To the Board of Representatives

Opinion

We have audited the consolidated financial statements and parent company financial statements of the Danish Labour Market Supplementary Pension Fund (ATP) for the financial year 1 January to 31 December 2022, comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement and notes, including the accounting policies for the Group as well as the parent company. The consolidated financial statements and parent company financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with additional Danish disclosure requirements as set out in the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme' (available in Danish only).

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position as of 31 December 2022 and of the financial performance and cash flows of the Group and the parent company for the financial year 1 January to 31 December 2022 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with additional Danish disclosure requirements as set out in the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme' (Bekendtgørelse om finansielle rapporter for Arbejdsmarkedets Tillægspension – available in Danish only).

Basis of opinion

We have conducted our audit in accordance with the Financial Supervisory Authority's executive order on auditing of the Danish Labour Market Supplementary Pension Scheme, AES - the Labour Market Occupational Diseases Fund, LD - the Employees' Capital Pension Fund and in accordance with international auditing standards and any additional requirements applicable in Denmark. This requires that we comply with ethical requirements and plan and perform our audit with a view to obtaining reasonable assurance that the consolidated financial statements and parent company financial statements are free from material misstatement.
The audit is planned and executed in such a way that we have assessed the business processes and internal control procedures, including the risk management planned by the management that is directed towards the rendering of accounts and essential business risks.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in consolidated financial statements and parent company financial statements. The audit procedures selected depend on the auditors' judgement, including an assessment of the risks of material misstatement in the consolidated financial statements and parent company financial statements, whether due to fraud or errors. In making these risk assessments, the auditors consider internal controls relevant to the Danish Labour Market Supplementary Pension Fund's preparation of consolidated financial statements and parent company financial statements that give a true and fair view. The aim is to develop auditing actions that are appropriate for the circumstances. An audit also includes evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and parent company financial statements. Our audit has covered the significant aspects and areas of risk, and we believe that the auditory evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

The Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not include the Management's review, and we do not express any kind of opinion on the Management's review.

In connection with our audit of the consolidated financial statements and the parent company financial statements, it is our responsibility to read the Management's review and in this connection consider whether it is significantly inconsistent with the consolidated financial statements, the parent company's financial statements or the knowledge we gained during the audit or if there is otherwise found to be significant misinformation.

It is furthermore our responsibility to consider whether the Management's review contains the information required pursuant to the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Fund (ATP)'.

Based on the work performed, we believe that the Management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Fund (ATP)'. We have not found any material misstatement in the Management's review.

Hillerød, 8 February 2023

Per Graabæk Ventzel
Chief Auditor

Independent auditors' report

To the Board of Representatives

Opinion

We have audited the consolidated financial statements and parent company financial statements of the Danish Labour Market Supplementary Pension Fund (ATP) for the financial year 1 January to 31 December 2022, comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement and notes, including the accounting policies for the Group as well as the parent company. The consolidated financial statements and parent company financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with additional Danish disclosure requirements as set out in the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme' (available in Danish only).

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position as of 31 December 2022 and of the financial performance and cash flows of the Group and the parent company for the financial year 1 January to 31 December 2022 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with additional Danish disclosure requirements as set out in the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme' (Bekendtgørelse om finansielle rapporter for Arbejdsmarkedets Tillægspension – available in Danish only).

Our opinion is consistent with our audit statement to the Audit Committee and the Supervisory Board.

Basis for opinion

We conducted our audit in accordance with international auditing standards and the additional requirements applicable in Denmark. Our responsibility according to these standards and requirements is described in detail in the section 'Auditors' responsibility for the audit of the consolidated financial statements and parent company financial statements' in the auditors' report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountant's international guidelines for accountant ethics (IESBA Code) and the additional ethical requirements that apply in Denmark, and we have also fulfilled our other ethical obligations pursuant to these requirements and the IESBA Code. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the best of our knowledge, no prohibited auditing services have been provided pursuant to Article 5(1) of EU Directive 537/2014.

We were initially selected as auditors for the Danish Labour Market Supplementary Pension Fund on 4 February 2009, and have been re-elected annually by representative vote for a total period of 14 years up to and including fiscal year 2022. We were re-elected on 9 February 2019 following a tender procedure.

Key audit elements

Key audit elements are those elements which, in our professional opinion, were most important to our audit of the consolidated financial statements and parent company financial statements for the fiscal year 1 January - 31 December 2022. These elements were processed as a part of our audit of the consolidated statements and parent company financial statements as a whole and the preparing of our opinion regarding this. We do not provide any separate opinion about these elements.

Measuring unlisted investments	
Central relationship	Unlisted investments account for DKK 153.1bn as of 31 December 2022 (2021: DKK 165.7bn) for the Group. Unlisted investments consist of investment in real estate, capital funds, infrastructure funds, private equity and credit portfolios. Measuring unlisted investments is considered a key element for the audit, as such measurement is affected by management estimates and assumptions regarding future events and particularly for 2022, the macro-economic uncertainties. It is our assessment that the primary risks relate to changes to assumptions and the methods and models applied. Changes to assumptions and the methods and models applied can significantly affect the measuring of unlisted investments. Assumptions with the greatest degree of management estimation include: • Assessment of future cash-flows • Determination of return requirement • Determination of valuation multiples • Determination of yield curve and credit spread supplement Management has provided details of measurement of unlisted investments in Note 15, Financial assets and liabilities and returns and in Note 12, Fair value disclosure.
Auditing the key element	Based on our risk assessment, we have reviewed the valuation of unlisted investment undertaken by the management and assessed the determined assumptions and the methods and models applied. Our review included the following elements: • Assessment of controls for valuation of unlisted investments, including procedures for determining assumptions. • Assessment of the preconditions with the most management estimates, including the macro-economic uncertainties and their impact on these. • Assessment of the applied methods and models by applying our industry insight and experience focusing on such issues as changes compared with the previous year.

Independent auditors' report, continued

Measuring guaranteed benefits	
Key element	For the Group, guaranteed benefits represent DKK 573.8bn as of 31 December 2022 (2021: DKK 787.8bn). Measuring guaranteed benefits is considered a key element of the audit, as the calculation of guaranteed benefits is a complex issue which is to a large extent subject to accounting estimations based on management assessments and assumptions regarding future events. It is our assessment that the primary risks relate to changes to assumptions and applied methods and models. Changes to assumptions and applied methods and models can have significant impact on the measurement of guaranteed benefits. Areas involving the greatest degree of management estimates include: • Models for valuing guaranteed benefits • Calculating future life expectancy (the life expectancy model SAINT). • Determining the discount rate. The Management has provided a description of the measuring of guaranteed benefits in Note 13, pension provisions.
Auditing the key element	Based on our risk assessment, we have reviewed the valuation of guaranteed benefits performed by Management and assessed the model applied and the determined assumptions. Our auditing activities, in which we have included our own, internationally qualified actuaries, have included the following elements: • Assessment of controls in actuary models, data collection and analysis and procedures for determining assumptions. • Independent actuary assessment of applied data, methods, models and assumptions relative to accepted actuarial standards, the historic development and trends. • Assessment of changes to applied assumptions and applied methods and models relative to last year and developments in industry standards and practices. • Independent recalculation of Guaranteed Benefits in an in-house developed model based on ATP's data.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that provide a true and fair representation in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and with Danish disclosure requirements as set out in the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme (Bekendtgørelse om finansielle rapporter for Arbejdsmarkedets Tillægspension). Management is also responsible for the internal controls considered necessary by Management to prepare consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the consolidated financial statements and parent company financial statements, Management is responsible for assessing the Group's and the parent company's ability to continue their operations; for providing information on matters relating to the continued operations, where relevant; and for preparing consolidated financial statements and parent company financial statements based on the going concern basis of accounting, unless Management intends to either liquidate the Group or the parent company or cease operations or has no other realistic alternative than doing this.

Auditors' responsibility for the audit of the consolidated financial statements and parent company financial statements
Our goal is to obtain a high degree of assurance that the consolidated financial statements and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report with an opinion. A high degree of assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with international auditing standards and in accordance with additional Danish requirements will always identify material misstatement where such exists. Misstatements may arise as a result of fraud or error and may be deemed to be material if it could reasonably be expected that they, separately or collectively, affect the financial decisions made by the users on the basis of the consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with international auditing standards and the additional requirements applicable in Denmark, we make professional judgements and maintain professional scepticism during our audit. Moreover:

- We identify and assess the risk of material misstatement in the consolidated financial statements and parent company financial statements, whether due to fraud or error, we design and perform audit procedures in response to these risks and we obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not identifying material misstatement resulting from fraud is higher than in connection with material misstatement resulting from error as fraud may comprise conspiracy, forgery, deliberate omission, misrepresentation or override of internal controls.
- We obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the company's internal control.
- We determine whether the accounting policies applied by Management are appropriate and whether the accounting estimates and related information prepared by Management are reasonable.
- We express an opinion on whether Management's preparation of the consolidated financial statements and parent company financial statements based on the going concern basis of accounting is appropriate and on whether, based on the audit evidence obtained, material uncertainty is attached to events or conditions that may give rise to significant doubt about the Group's and the company's ability to continue their operations. If we express the opinion that there is material uncertainty, we must in our auditors' report draw attention to information thereon in the consolidated financial statements and parent company financial statements or, if such information is insufficient, we must modify our opinion. Our opinions are based on the audit evidence obtained until the date of our auditors' report. Future events or conditions may, however, result in the Group and the company becoming unable to continue operations.
- We consider the overall presentation, structure and content of the consolidated financial statements and parent company financial statements, including disclosures in the notes, and whether the consolidated financial statements and parent company financial statements reflect the underlying transactions and events in such a way that they provide a true and fair view thereof.
- We obtain sufficient and appropriate audit evidence about the financial information regarding the entities or business activities in the Group for use for the purpose of expressing an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the consolidated financial statements audit. We are solely responsible for our audit opinion.

We communicate with the senior management on, among other things, the planned scope and timing of the audit as well as significant audit observations, including any significant deficiencies in internal controls that we identify during our audit.

We also submit a statement to the senior management to the effect that we have complied with relevant ethical requirements regarding independence and notify it of all relationships and other circumstances which can be reasonably considered to affect our independence and, where relevant, any applied security measures or action taken to eliminate threats.

On the basis of the conditions communicated to the senior Management, we determine which were the most significant conditions in the auditing of the consolidated financial statements and the parent company financial statements for the relevant period of time and which are therefore key auditing conditions. We describe these conditions in our auditor's statement except where legislation or other regulation prohibits the publishing of the matter or in the very rare instance where we determine that the matter should not be included in our auditor's statements because the negative consequences of this can be reasonably expected to be of greater significance than the public interest benefits of such a communication.

Statement on the Management's review
The Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not include the management's review, and we do not express any kind of opinion on the Management's review.

In connection with our audit of the consolidated financial statements and parent company financial statements, it is our responsibility to read the management's review and in this connection consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or the knowledge obtained during our audit or in any other way appears to contain material misstatement.

It is furthermore our responsibility to consider whether the Management's review contains the information required pursuant to the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Fund (ATP)'.

Based on the work performed, we believe that the management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Fund (ATP)'. We have not found any material misstatement in the Management's review.

Hillerød, 8 February 2023

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration (CVR) No. 33 96 35 56

Further information

→ www.atp.dk/supplerende-oplysninger-2022

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- Exposure to equity indices in financial derivatives
- Pension provisions, calculated using the discount rates applied by ATP and EIOPA, year-end 2022*
- Specification for "Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme" Section 11*

Financial calendar
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Value creation
- Value creation at ATP Livslang Pension (Lifelong Pension)
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Facts about ATP Livslang Pension (Lifelong Pension)
- Breakdown of Danish Financial Supervisory Authority's return ratios (N1)
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- Mandatory Pension Scheme (Obligatorisk Pensionsordning – OP)
- Pension scheme for disability pensioners (SUPP)
- ATP's life expectancy model and work with life expectancy prediction

Supplementary information marked with an * is audited while other supplementary information is not audited.