

Annual Report

2010

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Introduction

Industriens Pension saw a very satisfactory investment result in 2010.

The return on actively managed investment assets represented 11.8% before tax and funding for future pension liabilities. Investments in Danish listed shares, shares in emerging markets, as well as unlisted shares, contributed particularly to the high return.

The good investment result has meant significant increases in reserves. Accordingly, Industriens Pension has room to manoeuvre with investment risks, whilst also being able to provide its members with Denmark's most competitive rate of interest on policyholders' savings of 5.25% before tax at the beginning of 2011.

Best labour-market pension company in Europe

In 2010, for the second consecutive year, Industriens Pension was elected as the best labour-market pension company in Europe. Industriens Pension was honoured at the annual investment conference of European pension companies, which is hosted by Investment & Pension Europe (IPE).

When presenting the award, the IPE emphasised the high return of Industriens Pension, and the company's successful merger with the pension funds of the food industry. Industriens Pension also received an award for being Denmark's leading pension company.

High return and large reserves

Industriens Pension uses financial instruments to hedge interest-rate risk connected with liabilities. This is to avoid erosion of the reserves on account of decreases in interest rates, and to prevent the company from being forced to sell its shares and other risky assets.

Interest-rate-risk hedging means the huge falls in interest-rates for the year did not erode reserves.

At the end of 2010, total reserves had increased by DKK 18.6 bn. to DKK 23.1 bn. This means that Industriens Pension is generally a strong financial player and well solidified for the introduction of future solvency requirements with accompanying greater demands for the levels of reserves.

In 2010 the return after hedging of future liabilities was 18.9% before tax. Hedging generated a positive return due to the fall in interest rates.

Conversely, interest-rate increases affect the return negatively. This was the consequence in 2009 when the return of Industriens Pension before hedging was 22.4% and 13.0% after hedging.

The official return ratios for comparing pension companies, are the return after hedging.

Number of members remains low

Many members of Industriens Pension lost their jobs in 2008 and 2009 and consequently stopped paying contributions to their pension scheme

This downturn did not continue in 2010, but unfortunately the workplaces lost in industry have not re-emerged.

New improvements in the pension scheme

In 2010, developments in the pension scheme continued with the aim of meeting the needs of members, and to ensure that they obtain the full reward from this very important welfare benefit.

In the beginning of the year, Industriens Pension launched new opportunities for members to adapt their insurance cover to their specific needs. So far relatively few members have taken advantage of the new possibilities.

A new health scheme focusing on prevention was also launched. To start with, the scheme will only apply to a small number of members, but more members are expected to embrace this new offer, which means members will be able to receive easy and quick treatment of

minor injuries and complaints before these evolve into more serious problems.

In 2010 members who became critically ill were informed about their insurance and encouraged to contact Industriens Pension. For more than three years, Industriens Pension has strived to be able to provide people with critical illness with this information. This new solution is already making a difference and preventing critically ill members from missing out on money to which they are entitled.

Børge Frederiksen
Chairman

Kim Graugaard
Deputy Chairman

Key figures

<i>DKK mill.</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Income statement items					
Premiums	5,856	6,248	6,748	5,963	6,206
Investment return	3,096	212	1,144	8,075	13,254
Insurance benefits	-1,235	-1,346	-1,703	-2,227	-2,151
Total change in life-assurance provisions	-6,856	-5000	-5,666	-9,820	-14,473
Tax on yields of certain pension scheme assets	-445	3	-176	-1,197	-1,948
Insurance operating costs	-146	-134	-162	-162	-138
Result from sickness and accident insurance	133	131	24	62	13
Other items	-127	-7	-89	-318	-374
Net profit or loss for the year	279	103	117	376	389
Assets					
Investment assets	47,871	53,485	66,402	74,034	92,667
Investment assets linked to market interest-rate contracts	0	0	17	53	92
Other assets	1,025	1,385	1,483	1,365	1,215
Total assets	48,894	54,871	67,902	75,452	93,973
Liabilities					
Total equity	3,067	3,170	3,287	3,662	4,051
Total provisions for insurance and investment contracts	45,526	50,631	56,934	67,487	82,285
Other liabilities	301	1,070	7,681	4,303	7,638
Total liabilities	48,894	54,871	67,902	75,452	93,973
Calculated solvency requirement of the company	1,722	1,500	1,801	1,826	2,143
Capital base	4,203	5,025	5,385	6,179	6,966
Key ratios					
Return before tax on yields of certain pension-scheme assets	7.1%	0.4%	2.0%	13.0%	18.1%
Ratio of bonus and excess solvency to provisions	29.7%	22.1%	17.0%	23.8%	25.0%
Cost rate of premiums	2.5%	2.1%	2.4%	2.7%	2.2%
Costs per member	DKK 375	DKK 329	DKK 379	DKK 369	DKK 316
Number of members carried forward	375,522	391,862	406,067	403,496	396,374

For information about ownership, management and managerial positions, please refer to pages 53-58 of the Annual Report.

Insurance and pension-related activities

Fewer contribution-paying members

At the end of 2010, Industriens Pension had a total of 396,374 members. The number of members has fallen by 7,122.

In 2010, a total of 9,100 enterprises was paying pension contributions to Industriens Pension.

The number of members paying contributions to their own pension scheme rose by more than 50% in 2010, but the group of self-pay members is still quite small.

Pensioned members still make up a small percentage, but their number is rising.

Table 1 Number of members

	2006	2007	2008	2009	2010
Contribution-paying members	201,318	198,155	193,400	165,143	155,706
Self-paying members	6,076	6,812	5,959	7,552	11,714
Members exempt from contributions	43,845	48,601	53,041	51,119	34,668
Total active members	251,239	253,568	252,400	223,814	202,088
'Dormant' members	112,553	124,087	136,326	158,954	170,034
Pensioned members	11,73	14,207	17,341	20,728	24,252
Total	375,522	391,862	406,067	403,496	396,374

Adjustments have been made for dual memberships of PNN PENSION, PHI pension and Industriens Pension for 2006-2009. For 2006-2007, dual memberships are decided based on estimates.

Pension contributions

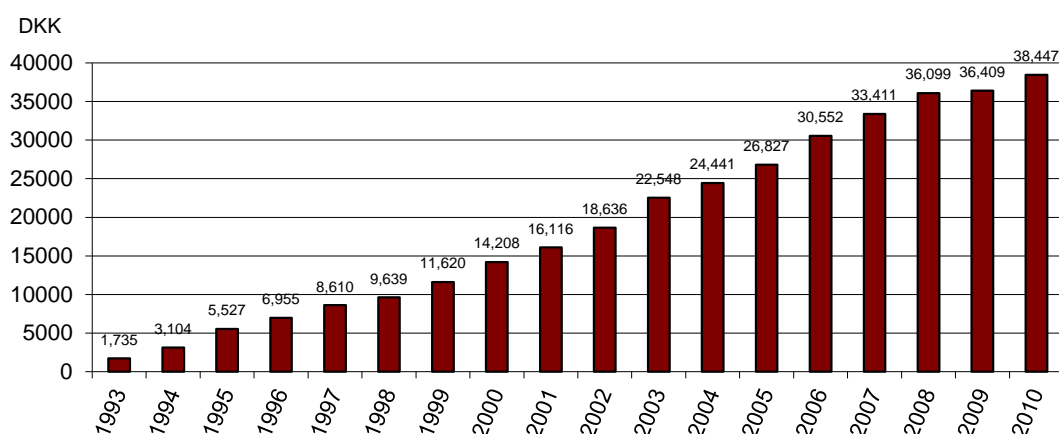
The decline in the number of contribution-paying members has meant a drop of DKK 89 mill. in total contributions before social security contributions from DKK 7,049 mill. in 2009 to DKK 6,960 mill. in 2010.

Contributions for sickness and accident insurance before social security contributions have been recognised in the total contributions by the amount of DKK 212 mill. in 2010 and DKK 556 mill. in 2009. Less contributions for sickness and accident insurance were made

on account of fewer bonuses and premium rebates being awarded.

Voluntary contributions for the supplementary savings product Ekstrapension (unit-linked contracts) have been recognised in the total contributions by the amount of DKK 40 mill. in 2010 against DKK 36 mill. in 2009.

The average contributions from a member were DKK 3,204 per month in 2010.

Figure 1 Average annual contributions 1993-2010

The average annual pension contributions are calculated before deduction of social security contributions.

The calculation for 1993-2008 is based on figures from Industriens Pension and not the merged company.

However, the development is assessed to be in good conformity with the processes in PNN PENSION and PHI PENSION.

Payments to members

In 2010, Industriens Pension paid a total of DKK 2,364 mill. to its members. Payments rose by nearly DKK 134 mill.

This was mainly the result of an increasing number of pensioners.

In addition, there was an increase in contributions for certain critical illnesses. This can be attributed to an increase in the benefits as of 1 July 2009 from DKK 50,000 to DKK 100,000.

Tabel 2 Contributions

Benefits	DKK mill.
Old-age pensions	413
Loss of ability to work	390
Lump sum on death	266
Lump sum for certain critical illnesses	104
Transfers on change of jobs	1,151
Other payments	39
Total	2,364

Danish Insurance Complaints Board

Industriens Pension is attached to the Danish Insurance Complaints Board. In 2010, there were 14 complaints against our decisions, which is less than in 2009. Thus the number of new complaints was the lowest in six years.

In particular members disagreeing with our assessment of the scope of their loss of ability to work decided to approach the independent appeals body of the insurance sector.

The Complaints Board settled 22 of Industriens Pension's cases in 2010. Industriens Pension won 18 of the cases and chose to satisfy claims in three cases. Industriens Pension lost one case.

Bonuses and rebates on insurance

The entire profit must go back to our members. This is why Industriens Pension gives bonuses and rebates on insurance to members in years that are better than expected.

Part of this profit is used to accumulate reserves to provide protection against years in which the return on investments is low, thereby ensuring members the highest pensions possible.

In 2010, members received DKK 3,274 mill. of the profit by way of bonuses or rebates on insurance. This was achieved particularly by granting pension savings an annual interest

rate after tax of 6.0% per annum in 2010. Furthermore, member disability pension contributions were reduced by 65%, contributions for lump sum disability benefit were reduced by 60%, and contributions for lump sum on death were reduced by 40%. Contributions for lump sum for certain critical illnesses were not reduced in 2010.

The bonus and price reduction means increased savings for the old-age pensions of individual members.

Furthermore, part of the profit on the group-life scheme was used to pay for the lump sum on death, on disability, and for certain critical illnesses for members with cover for a period where they are exempt from contributions. This is due to the collective and joint scheme applying for periods when no pension contribution is paid by a member. The reason may be unemployment or illness. Contributions by the collective members of the group-life premium for these members ensure that these members are still covered for certain critical illnesses, loss of ability to work, or death. In 2010, DKK 63 mill. was allocated for this purpose.

Administration costs

The cost rate fell to 2.2% from 2.7% in 2009 (official key ratios). The decrease was primarily due to a fall in administration costs relating to life assurance in 2010 of DKK 24 mill., corresponding to 15%.

Table 3 Costs

	2006	2007	2008	2009	2010
Cost rate	2.5%	2.1%	2.3%	2.7%	2.2%
Costs per member	DKK 367	DKK 318	DKK 365	DKK 369	DKK 315

Industriens Pension still has one of the lowest cost rates in the sector.

Administration costs per member amounted to DKK 316 on average (official key ratios). The official key ratios do not include costs pertaining to sickness and accident insurance. In 2010, these costs amounted to DKK 46 per member on average.

Members paid a total of DKK 186 mill. in costs in 2010, including sickness and accident insurance, to cover administration costs totalling DKK 158 million.

In addition, members have paid a deduction in their contributions, which is to ensure the required build-up of capital.

In 2010, an amount of DKK 285 mill. was transferred to the members in the form of a special bonus provision.

Financial position

The base capital, consisting of equity capital and special bonus provision, is to cover the company's capital requirement.

A capital requirement of DKK 2,143 mill. and capital base of DKK 6,966 mill. thus leaves a solvency ratio of 325%.

In 2010, Industriens Pension was given a "green light" in relation to Danish FSA risk scenarios.

Table 4 Financial position

	<i>DKK mill.</i>
Equity	4,051
Special bonus provision	2,915
Capital base	6,966
Capital requirement	2,143
Individual solvency need	1,838
Adequate capital base	2,143
Solvency ratio	325%
Surplus ratio	8%
Bonus ratio	25%

Investment activities

RETURN

The result of investment activities before tax on yields of certain pension-scheme assets was DKK 13,254 mill. in 2010, compared to DKK 8,075 mill. in 2009.

In 2010, active management of investment assets yielded a return before tax on yields of certain pension scheme assets of 11.8%. Investments, including strategic hedging of the interest-rate risk on liabilities, yielded a return of 18.1% before tax on yields of certain pension scheme assets. Seen in isolation, the strategic cover of the interest-rate risk on liabilities yielded a positive return in 2010. This is due to the decreasing long-term interest-rates in Europe, but the interest-rate decrease also led to corresponding increases in provisions, meaning that, all else being equal, total reserves were not affected by this drop.

The positive return on investment assets was especially affected by the return on Danish listed and unlisted shares of 37.3% and 31.8%, respectively. Foreign listed shares were also above average with a return of 16.8%.

Also credit bonds yielded an attractive and positive return. Corporate bonds with low credit rating (High Yield) gave a return of 10.1%, whereas corporate bonds with high creditworthiness (Investment Grade) yielded a return of 7.5%.

Government bonds in emerging markets yielded a return of 11.6% whilst the holdings of gilt-edged bonds (government bonds, index-linked bonds and mortgage-credit bonds) generated a return of 5.5%.

Active investment strategy

The Industriens Pension investment strategy aims at achieving a maximum return after costs and tax on yields of certain pension-scheme assets, while also taking account of the investment risk.

The investment assets are managed on the basis of an active strategy where the goal is to produce a return that is better than the general market developments. The strategy is associated with higher costs than a passive strategy orchestrated merely to achieve the market return. Historically, Industriens Pension has achieved a substantial additional return by active asset management, after deduction of all costs.

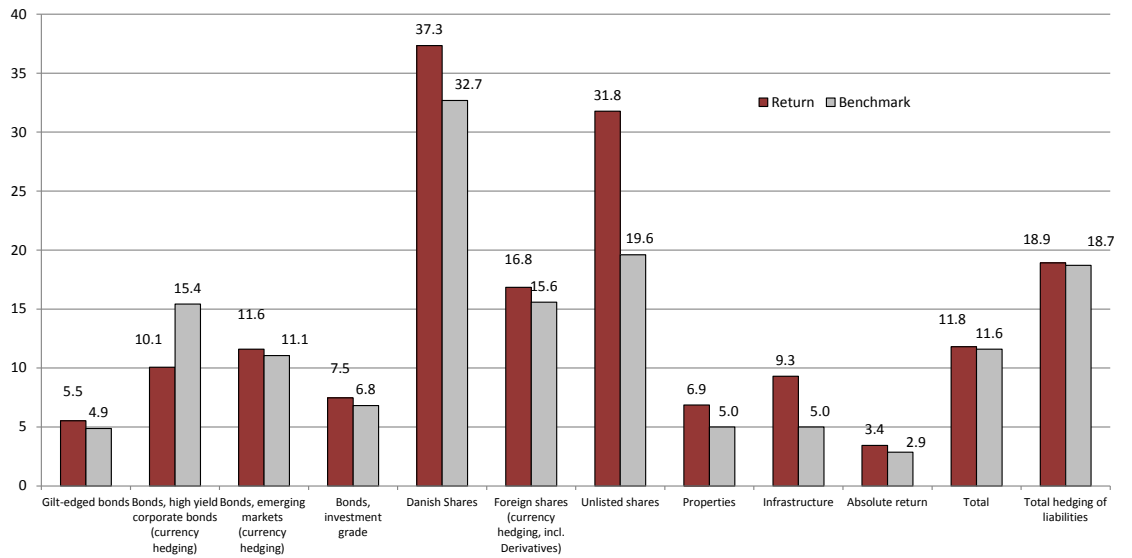
In 2010, this active investment strategy meant that Industriens Pension achieved a significant additional return compared with the market return for the individual classes of assets. The total additional return in relation to the benchmark reached 0.2% in 2010.

Primarily management of gilt-edged bonds and Danish listed and unlisted shares ensured a positive additional return in 2010.

Over the past five years, the investment strategy of Industriens Pension has yielded an average return after cover of future pension liabilities of 8.7% before tax on yields of certain pension scheme assets and 7.4% after tax on yields of certain pension scheme assets.

Compared to other Danish life-assurance and pension-insurance companies, the Industriens Pension return over a number of years has been among the highest.

Figure 2 Return on asset classes and their benchmarking 2010



Investment costs represented 0.77% of assets in 2010. All types of costs are included in connection with management of the investment assets in the form of fees for the portfolio managers, costs for depository banks, commissions, remuneration of staff etc.

Table 5 shows a great variation in investment costs across classes of assets.

The level for investment costs generally reflects the investment strategy selected. Low investment costs are thus not a goal in itself. An active strategy with a high percentage of shares and unlisted investments is associated with relatively high costs, but should also result in a higher return than a passive strategy primarily focusing on bonds.

Table 5 Investment costs in 2010 by asset classes

	<i>DKK mill.</i>	%
Gilt-edged bonds	2.9	0.01
Investment grade corporate bonds	19.6	0.35
High yield corporate bonds	30.6	0.71
Emerging markets bonds	32.9	0.64
Danish shares	20.2	0.28
Foreign shares	96.8	0.53
Unlisted shares	245.4	2.08 ^{*)}
Property	29.4	0.96 ^{*)}
Infrastructure	57.3	1.57 ^{*)}
Absolute return	28.9	3.14
Unallocated costs	67.8	-
Total investment costs	631.9	0.77

^{*)} Shown in % of average commitments

INVESTMENT ASSETS

Actively managed assets rose from DKK 69.2 bn. at the end of 2009 to DKK 89.4 bn. at the end of 2010. This increase is due to rises in market value, net influx through pension contributions, as well as liquidity influx through realisation of gains on the hedging portfolio.

Based on expectations for an increasing upswing in the world economy, at the start of 2010 Industriens Pension mostly held shares and credit bonds in its portfolio. During spring and summer, the proportion of shares in the portfolio was reduced. This was triggered by the European debt crisis and continuing signs of globally falling growth. During autumn, it became clearer that there was once again increasing growth in the world economy.

Therefore, Industriens Pension increased the amount of shares again.

An overweight of risky shares and underweight of gilt-edged bonds and the duration on the hedging portfolio at the start of 2010 reflect expectations that the global upturn will further regain its footing in 2011. There are also more signs of improvements on the labour market in Europe as well as in the US.

Industriens Pension assesses that the high level of debt in a number of industrial countries together with increasing inflation in emerging markets and the political uncertainty in Europe and the Middle East represent some of the greatest risks on the portfolio in 2011.

Table 6 Breakdown of asset classes	End 2009	End 2010
	%	%
Gilt-edged bonds	34.2	39.3
Emerging markets bonds	6.4	6.9
High yield bonds	5.2	6.3
Investment grade bonds	7.6	6.3
Danish shares	8.6	9.2
Foreign shares	24.7	20.0
Unlisted shares	5.1	6.0
Property	1.1	1.3
Infrastructure	1.4	2.0
Absolute return	1.2	1.1
Money market	4.6	1.7
Total (%)	100	100
Actively managed assets	69,173	89,422

Anm.: Percentages are calculated including positions in financial instruments.

Money market includes fixed-term deposits carried forward for 2009 in banks financed through repurchase transactions.

INVESTMENT FRAMEWORK FOR 2011

Industriens Pension investment activities are of a dual nature; partly, active management of the investment assets, and partly hedging of the interest-rate risk on liabilities.

The investment strategy for the actively managed investment assets is based on an overall fundamental allocation between asset types but with a certain latitude within which the asset types may be overweighted or underweighted. Within this latitude, the asset types may be overweighted or underweighted.

The main investment framework for 2011 incorporates some changes relative to the main framework for 2010.

The amount of unlisted shares has been reduced, whilst the amount of emerging

markets bonds and index-linked bonds has increased.

The aim of these changes has been to improve the return/risk relationship of the portfolio in relation to long-term expectations about the return and risk of the individual asset types and the mutual co-variation. Finally, the expected development of and thus increased portfolio risk from unlisted investments have been taken into account.

The main framework is assessed to be optimal under the existing market conditions and with the continued high reserve level of Industriens Pension.

Table 7 Investment framework and latitude for 2010 and 2011

<i>Asset type/manager</i>	<i>Fundamental investment framework 2010</i>	<i>Latitude 2010</i>	<i>Fundamental investment framework 2011</i>	<i>Latitude 2011</i>
%				
Gilt-edged bonds	40.0	15-65	37.5	12.5-62.5
Gilt-edged bonds, index	-	-	7.5	0 - 25
Bonds, foreign, investment grade corporate bonds	5.0	0 - 10	5.0	0 - 10
Bonds, foreign, high-yield corporate bonds	5.0	0 - 10	5.0	0 - 10
Bonds, foreign, emerging markets bonds	5.0	0 - 10	7.5	0-12.5
Danish shares	10.0	5-15	7.5	2.5-12.5
Foreign shares	20.0	10-30	15.0	5-25
Commodities	0.0	-2.5-2.5	0.0	-2.5-2.5
Unlisted shares	7.5	5-10	7.5	5-10
Property	2.5	0-5	2.5	0-5
Infrastructure	2.2	0-5	2.5	0-5
Absolute return investments	2.5	0-5	2.5	0-5
Opportunistic credit	-	-	0.0	0-5
Cash	0.0	0-5	0.0	0-5
Counter-value of financial instruments	-	-	-	-
Total	100	-	100	-

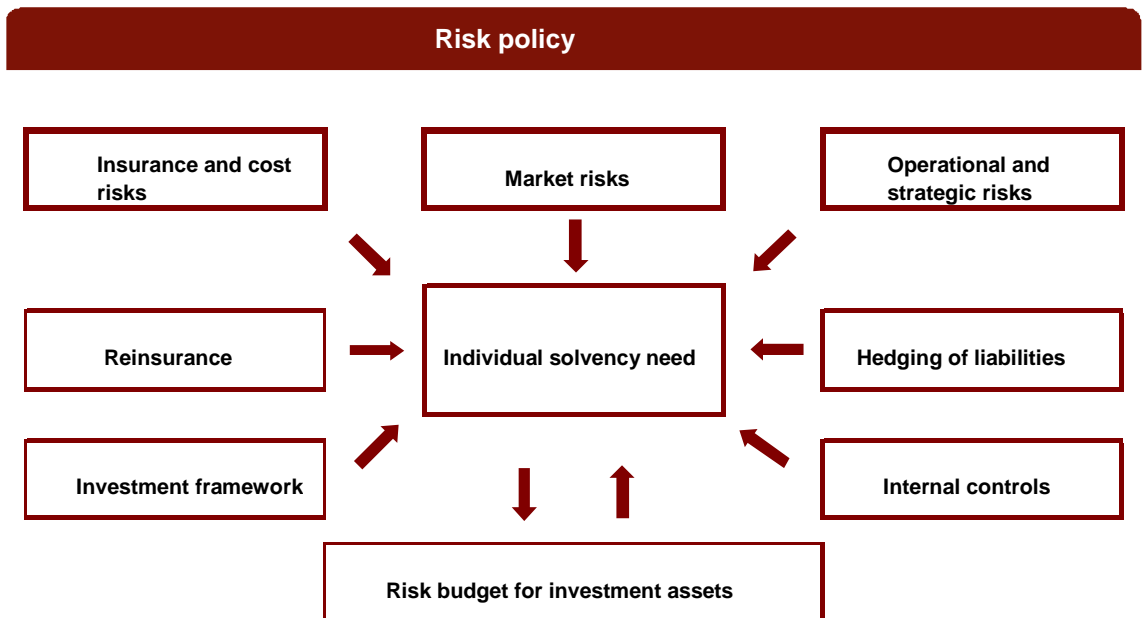
Risk

The Board of Directors determines the risk policy and overall frameworks for the Group's risk management. The most important element of the risk policy is to ensure that all significant risks from the company's activities are identified and managed, to ensure constant high security behind Industriens Pension's obligations to its members.

Through risk management a culture is created, where the Board of Directors and Board of Management are able to make well-considered decisions that maximise the relationship between return and risk.

The overall risk is dependent on different exposures. Industriens Pension carries out tight control of overall risks, and accordingly, individual exposures are calculated as often as it is deemed necessary. In relation to particularly sensitive exposures or during especially turbulent times, calculations are made every day.

The practical work on risk management is rooted in the individual departments of the company, whereas the overall coordination of risk is carried out by a special Risk and Finances committee, which is also responsible for preparing regular reports to the Board of Management.



Insurance and cost risks

Insurance and cost risks comprise the risk of losses because of changes in death rates, loss of ability to work, critical illness and losses incurred from unexpected costs.

Catastrophe risks are also included, as a major catastrophe may cause considerable increases in benefits in the event of death and/or benefits in cases of loss of ability to

work. Catastrophe risks are reduced through reinsurance.

As at 31 December 2010, Industriens Pension has reduced death rates on the technical basis starting on 1 July 1999, and the new rates will be used for new policies. Furthermore, on the same basis, the guaranteed interest rate has been reduced from 1.5% to 1.0% due to the amendment to the Danish executive order on maximum guaranteed interest rates. The changes mean that pension commitments on the above basis have been recalculated and consequently, expected pensions have been reduced. Pension savings transferred from PNN PENSION and PHI pension, respectively, as well as all old-age pensioners before 1 January 2011 will, however, continue with unchanged death rates and guaranteed interest rate, and the other technical basis has not been adjusted either.

Market risk

Market risks include risks on investment assets both in relation to losses on interest, share prices, currency and property prices. The risk of losses as a consequence of credit and counterparty risks, as well as concentration risks, are also included.

The frameworks for the risk level are laid down in a risk budget for investment assets. This risk budget allows us to assess the overall risk and to compare risk levels across asset classes. The risk budget is determined on the basis of the total reserves of Industriens Pension, less the total loss potential emerging when calculating the individual solvency need.

The most important financial risks are linked to the interaction between investment assets and current insurance obligations. The risk relates to whether the return on investment assets is sufficient to cover liabilities on insurance

contracts. The most important risk is changes in the interest rate.

The interest-rate risk of liabilities is eliminated by hedging interest-rate derivatives. The currency risk is limited by using derivatives.

The counterparty risk is generally limited by applying the "delivery versus payment" principle in connection with securities trading and by demanding collateralisation for positive fair values, over a certain level, on derivatives.

Operational and strategic risks

Operational risks comprise the risk of losses attributable to internal errors and errors in IT systems, incorrect procedures, incomplete internal controls, fraud, etc.

Strategic risks comprise reputation risks and other risks related to external events and factors.

Industriens Pension applies a risk-management model for overall management of operational and strategic risks. Using the risk-management model, a joint IT tool ensures ongoing identification and assessment of the most important operational and strategic risks.

Individual solvency need

As an insurance company, Industriens Pension must regularly calculate an individual solvency need as a supplement to the solvency regulations. The scope of the individual solvency need depends on the actual risk profile.

The Board of Directors approves the methods used to calculate the individual solvency need, as well as the extent of the solvency need.

Table 8 Individual solvency need

<i>DKK mill.</i>	Losses 31. dec. 2010	Covered by bonus potentials 31. dec. 2010	Individual solvency need 31. dec. 2010
Longevity risk (risk of long operational life)	3,814	3,814	0
Catastrophe risk	205	80	125
Other insurance and cost risks	903	645	258
Total insurance and cost risks	4,922	4,539	383
Interest-rate risk on liabilities	-10,539	-10,266	-274
Interest-rate risk on assets	11,275	10,926	349
Share-price risk	10,181	8,790	1,390
Other market risks, credit and counterparty risks	4,333	3,740	593
Total market risks	15,249	13,191	2,059
Operational risks	194	150	44
Strategic risks	188	118	70
Total operational and strategic risks	382	268	114
Total loss potential	20,553	17,997	2,556
Diversification effect	-6,552	-5,834	-718
Total loss potential	14,001	12,163	1,838

The internal auditors of the company perform an independent assessment of the calculation and report the result of this assessment to the Board of Directors. The individual solvency need is reported to the Danish Financial Supervisory Authority.

At the end of 2010, the individual solvency need of Industriens Pension totalled DKK 1,838 mill. Table 8 shows the extent to which the individual risks contribute to the overall individual solvency need.

Solvency II

At the end of 2010 the new joint European solvency regulations (Solvency II) entered into force. These regulations aim at improving risk management in the sector and at ensuring stronger cohesion between actual risks and the capital requirements to be met.

Through an internal Risk and Finances Committee, Industriens Pension is closely following developments in the rules and the requirements for company capital as well as organisation. The transition to new solvency regulations is not expected to pose any great difficulty.

Industriens Pension has participated in the test calculations carried out by the EU.

The result of the most recent calculation (QIS5) showed that, with the new regulations, the capital requirement for Industriens Pension amounted to DKK 2,731 mill. The company's current capital base of DKK 6,966 mill. is assessed to adequately fulfil the future solvency regulations once the bonus potential on future premiums is included.

Corporate social responsibility

Background

With the establishment of Industriens Pension the social partners assumed a great social responsibility.

The pension scheme ensures hourly industrial workers a supplement to payments from the public sector, when they retire or if they lose their ability to work. In addition, the pension scheme ensures members payment in the event of critical illnesses, and the surviving relatives are ensured payment in the event of the death of a member.

Labour-market-pension schemes help create a well-functioning, three-pillar Danish pension system:

1. Public benefits
2. Labour-market pension
3. Private pensions savings

The increase in pension schemes on the labour market eases the pressure on public benefits. The ongoing tax on returns ensures the Danish state significant revenues, and payments create the basis for additional consumption which not only benefits the individual pensioner but also society as a whole.

The increase in pension schemes on the labour market means that Danish economy is not under as much pressure financially from the growing population of elderly people as other countries.

The pension scheme at Industriens Pension is compulsory. At the end of 2010, under their collective agreements, 9,100 enterprises had a right and duty to contribute to the pension scheme. Moreover, under their collective agreements, members have a right and duty

to take part in the pension scheme and pay part of their salary to Industriens Pension.

At the end of 2010, 396,374 current and former employees in industry were participating in the pension scheme.

Compulsory membership means that Industriens Pension has a special responsibility to manage the pension scheme responsibly and appropriately.

The pension scheme must cover members' needs

Generally, responsible management means that Industriens Pension supplies pension and insurance products that cover the needs of members and ensure members the largest possible pensions.

The establishment of the pension scheme began in 1993, and the pension contribution has since been raised gradually so that at the end of 2010 it amounted to 12% of the salary.

Generally, members must be ensured good savings for their old-age; however, as the pension scheme develops, there is also more room to ensure members insurance cover in the event of loss of ability to work, critical illness and death.

The establishment of the pension scheme means that the scheme will have great importance to elderly people in future years. Young members who are now joining the pension scheme will receive more from Industriens Pension when they become pensioners than they will receive from the public sector, unless the real value of public-sector benefits is considerably raised.

1. All members should have good cover and the benefits to which they are entitled

Most people find the pension area not that easily accessible and even boring, and only few people have an overview of their own pension and the contents of their pension scheme. Therefore, Industriens Pension makes a point of offering a simple pension scheme which automatically ensures members good cover without having to make any active decisions. Only members, who wish to change their cover or want to save extra money have to make an active choice.

In the light of the low knowledge about their pension schemes, Industriens Pension aims at notifying members automatically whether they are entitled to receive payments, in order to ensure that everyone receives the benefits to which they are entitled.

Activities in 2010

Automatic notification in the event of critical illness

Surviving relatives will be automatically notified about payment in the event of death, and throughout recent years, Industriens Pension has focused on creating a political basis for introducing a model to ensure that critically ill people are automatically informed about their insurance policy. As a consequence, insured members of Industriens Pension affected by critical illness from September 2010 and onwards have been automatically notified about their insurance policy.

Targeted information about insurance cover

The letters sent out to members from whose employer we no longer receive contributions have been changed.

Members are now urged to contact us if they stop working due to partial loss of ability to work.

In this way, we wish to ensure that members obtain the full benefits of their pension scheme.

Case officers in the municipalities are informed about insurance cover

We have been in contact with Local Government Denmark to ensure that case officers in the municipalities are familiar with the insurance cover under the labour-market-pension schemes in the event of critical illness and loss of ability to work. This means that, in the next edition of the sickness-benefits instructions used by municipal case officers, information will be included that case officers are to check the website: pensionsinfo.dk, to clarify whether citizens may be entitled to payments from pension companies. The National Labour Market Authority publishes these instructions. The next edition will be published in early 2011.

Better pension scheme overview

We have developed a new and simplified overview which will be sent out to members in spring 2011. The overview gives an account of the most important information about their pension scheme, including insurance cover, annual contributions, the size of the expected pension, annual return and costs for administration and investments.

2. Minimising environmental impacts

Compared with other enterprises, the environmental impacts of Industriens Pension are relatively modest. However, of course we still have a responsibility for the global climate challenges and therefore we wish to minimise our impact on climate and the environment.

We maintain our responsibility towards climate and the environment while also taking into account that we must create the highest pensions possible.

Management of our responsibility towards climate and the environment must be sound for members, enterprises contributing to the pension scheme, as well as society as a whole.

Taking into account that we must create the highest pensions possible, we will manage our responsibility in this area by taking the environment and climate into consideration in

- our administration
- our investment strategy
- our choice of suppliers

Activities in 2010

In 2010, we have focused on adapting our administration with a view to reducing environmental and climate impacts.

Minimising letters sent by post

For several years, Industriens Pension has carried out targeted efforts to reduce the number of letters sent by post. This has been to minimise costs and prevent members and enterprises from receiving information which they find irrelevant, but also to reduce environmental and climate impacts.

Accordingly, as a general rule, we offer all information digitally through our website. This applies to personal information through login as well as general information and material which can be downloaded from the website.

The number of letters sent by post has been reduced from 1,035,950 in 2009 to 784,973 in 2010. In addition, the shipping weight has been reduced as publications are only rarely sent by post. Instead a reference is made to the website.

Whereas the number of letters sent by post has fallen, the website is increasingly being used. The number of unique visitors on the website is unchanged at 110,000, after huge progress in the previous years. The overall number of visits has increased from 202,000 in 2009 to 218,000 in 2010. The number of forms, pamphlets and other printed papers downloaded from the website has increased from 37,000 in 2009 to 44,000 in 2010.

Reduction in electricity consumption

Electricity consumption in the offices of Industriens Pension has been reduced from 665,000 kWh in 2009 to 641,000 kWh in 2010.

The reduction in total electricity consumption was obtained despite a large new building which requires a lot of electricity.

We succeeded in reducing electricity consumption because of the LED lighting, changing computers and printers as well as increased focus on the electricity consumption of newly purchased electrical appliances.

3. Social responsibility in the investment strategy

Industriens Pension is rightly committed to exercising social responsibility in their investment strategy to ensure that members, companies that pay contributions into the pension scheme, and society as a whole, feel secure about the way in which pension funds are being invested. Social responsibility may mean that companies are excluded from the investment universe, even though the return may be attractive.

Industriens Pension practises full openness on all investments. Current holdings of all investments are stated on our website: www.industrienspension.dk, enabling members and others to regularly monitor in which enterprise investments are made.

"Industriens Pension believes that any particular company invested in by Industriens Pension should show its capacity for adapting to developments in attitudes to the environment and ethics on the markets in which the company is operating, this being critical to the success of the company, and thus to the returns earned by Industriens Pension on investing in the company.

Consequently, adaptation by the company to local ethical and environmental standards will form part of investment decisions. It follows that the requirement by Industriens Pension to realize maximum return on investments will, in the long-term, coincide with making ethically and environmentally appropriate investments.

Industriens Pension may exclude shares and bonds in companies wilfully breaking rules laid down by national authorities in their countries of operation, or rules set by international organizations of which Denmark is a member.

When assessing ethical and environmental conditions, Industriens Pension cooperates with external consultants.

Active ownership

Active ownership focuses on the relationship between owners (shareholders), board of directors (representatives of the owners) as well as board of management (day-to-day management) of a company.

Industriens Pension exercises active ownership at several levels. This may be by

- communicating with management and the board of directors of companies
- voting at general meetings of companies
- excluding companies from the investment universe of Industriens Pension.

As a general rule, the board of directors is assumed to manage its shareholders' interest as best as possible, believing that the goal of the company is to increase the long-term return to investors. Therefore, Industriens Pension supports proposals by the board of directors in companies in which Industriens Pension invests.

Industriens Pension votes at general meetings, if deemed relevant. The overall guidelines for voting have been approved by the Board of Directors.

Industriens Pension may engage in dialogue with a company in order to influence the company to take a certain point of view.

In situations where dialogue with the company and/or voting have had no effect or are assessed to be unlikely to have the desired effect, the company may be excluded from the investment universe of Industriens Pension.

In exercising active ownership, Industriens Pension cooperates with external consultants and cooperates and coordinates with other investors.

Activities in 2010

Active ownership

Industriens Pension has engaged in a dialogue with a number of companies in 2010. The aim has been to clarify the social responsibility of these companies and to gain perspective of the initiatives companies take to meet the ethical and environmental requirements that are a prerequisite for being included in the investment universe of Industriens Pension.

Exclusion of companies

Industriens Pension has excluded an additional two companies from the investment universe. No companies were included in the investment universe during the year as a consequence of changes in their activities.

Development goals

High return, low costs and pension and insurance products that cover the needs of members, are the basis for

Industriens Pension to ensure members the best possible financial security. Therefore, these areas will continue to be emphasised. Industriens Pension will continue to contribute to easing the pressure on public benefits and increasing savings for the benefit of the individual and the Danish economy.

In 2011, Industriens Pension will continue its work on ensuring members a pension scheme that best covers their needs and ensures the largest pensions possible.

Industriens Pension will continue its efforts to reduce impacts on the environment and climate. Focus will be on further reducing the number of letters sent by post. Industriens Pension will thus assess the effect of offering post via E-boks.

In accordance with the accession to the UN Principles for Responsible Investment (UN PRI), Industriens Pension will be strengthening its focus on the environment, social conditions and corporate governance in connection with investment. This will partly be done in the investment process itself, and partly through active ownership.

Result for the year

Table 9 Net profit or loss for the year

	<i>DKK mill.</i>
Return on equity	446
Percentage of return on risk for the year	0
Percentage of result of sickness and accident insurance	9
Percentage of change in capital requirement in relation to group life	0
Profit or loss before pension investment return	455
Percentage of equity of tax on yields of certain pension scheme assets	-66
Net profit or loss for the year	389

The result for the year shows a profit of DKK 389 mill. against a profit of DKK 376 mill. in 2009. The result for the year has been transferred to equity capital which then totalled DKK 4,051 mill.

The rules Industriens Pension has laid down for distribution of profit mean that the equity bears interest at a rate corresponding to the return on the investment assets in equity before tax on yields of certain pension scheme assets.

Subsequently, an adjustment is made for the equity share of tax on yields of certain pension-scheme assets. Further, a share of the result of sickness and accident insurance and a share of the change in the capital requirement on group life are recognised in the net profit or loss for the year.

For 2010, the risk return (entrepreneurial supplement) was fixed at 0%.

The realised result is the funds which are to be appropriated between equity and special bonus provision on the one hand, and members on the other hand.

Calculation of the realised result is before crediting bonuses to members and before payment of tax on yields of certain pension-scheme assets.

Table 10 Realised result concerning life assurance

	<i>DKK mill.</i>
Insurance-technical result of life assurance	-5
Percentage excluded from the result (group life)	0
Tax on yields of certain pension scheme assets	1,947
Transferred from investment return on life	381
Bonus allocated	2,389
Change in special bonus provisions	398
Interest on special bonus provisions type A	-18
Change in collective bonus potential	6,618
Change in applied bonus potential on paid-up policy benefits	0
Distribution of special bonus provision	131
Realised result	11,842

The result realised for 2010 was DKK 11,842 mill.

Due to amendments to the Danish Executive Order on the Contribution Principle as of 1 January 2011, the principles of profit in Industriens Pension no longer meet the provisions of the Executive Order. This is in accordance with legislation, provided that the contractual basis with members states that another form of calculation and distribution of the realised result has been agreed. Therefore the principles for distribution of profit for

Industriens Pension will remain unchanged. The distribution of profit will continue to take place appropriately, and Industriens Pension will ensure a fair distribution even though the company is no longer in conformity with the Executive Order on the Contribution Principle.

Events after the end of the financial year

From the reporting date and up to today's date, no matters have occurred which affect the view given in the annual financial statements.

Outlook for 2011

Members and contributions

The number of members of Industriens Pension is expected to remain unchanged in 2011 at about 400,000, and the number of member companies is also expected to be unchanged at about 9,000.

Total contributions, including contributions to sickness and accident insurance, are expected to amount to DKK 6.5 bn. in 2011. Out of this, DKK 0.5 bn. is expected to be paid to the government by way of social security contributions.

In 2011, Industriens Pension will continue to focus on the amount of costs. In 2011 members will be paying a total of DKK 420 to cover administration costs.

Investment costs, which vary with the chosen investment strategy, are expected to increase. However, the cost rate in relation to investment assets is not expected to change significantly.

Investment activities

The investment strategy for 2011 is organised on the basis of the agreed fundamental investment framework. Deviations from the

fundamental framework in the adopted latitude will be made to increase returns.

As a general rule, the interest-rate risk on liabilities will continue to be fully hedged. This hedging is to ensure that reserves are not affected unintentionally by significant fluctuations in interest rates.

The return on our company investment assets in 2011 is expected to be DKK 3.7 bn. before tax on yields of certain pension-scheme assets. This has been budgeted on an assumption of largely unchanged Danish and foreign bond yields and a return on listed shares of about three percentage points above the bond yield.

The tax on yields of certain pension-scheme assets for 2011 is expected to be approx. DKK 0.6 bn. The total return, including the effect of the hedging of the interest-rate risk on liabilities, will be affected by developments in interest rates. For instance, as a general rule, a large increase in long-term interest-rates will affect the total return negatively.

Expected result for 2011

For the financial year 2011, a result of DKK 100-150 mill. is expected.

Statement by Management

We have today presented the annual report for Industriens Pensionsforsikring A/S for the financial year 1 January to 31 December 2010.

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

In our opinion, the annual financial statements give a fair presentation of the company's assets and liabilities, and financial position as well as its result.

Furthermore, in our opinion, the management's review provides a true review of the development of the activities and financial situation of the company as well as a description of the most significant risks and uncertainty factors that may influence the company.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 22 March 2011

Board of Management:

Laila Mortensen
CEO

Board of Directors:

Børge Frederiksen
Chairman

Kim Graugaard
Deputy Chairman

Lars Andersen

Mads Andersen

Erik Bredholt

Lars Hansen

Thorkild E. Jensen

Johannes Madsen-Mygdal

Jens Due Olsen

Bo Stærmose

Bjarne Uldall

Berit Vinther

Ole Wehlast

Carl Chr. Ægidius

Independent Auditor's Report

TO THE SHAREHOLDERS OF INDUSTRIENS PENSIONSFORSIKRING A/S

Endorsement of financial statements

We have audited the annual financial statements for Industriens Pensionsforsikring A/S for the financial year 2010 comprising accounting policies, income statement, balance sheet, statement of changes in equity and notes. The annual financial statements have been prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the annual financial statements

The management is responsible for preparing and presenting annual financial statements providing a fair presentation in accordance with the Financial Business Act. This responsibility includes preparing, implementing and maintaining internal control relevant to providing a fair presentation of the annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and the audit performed

Our responsibility is to express an opinion on the the annual financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In the risk assessment, the auditor considers the internal controls which are relevant to the preparation and presentation of

annual financial statements providing a fair presentation, with a view to preparing auditing procedures appropriate in the circumstances, though not for the purpose of expressing a conclusion about the effectiveness of the internal controls of the company. An audit further includes determining whether the accounting estimates made by the management are reasonable, as well as an assessment of the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Conclusion

In our opinion, the annual financial statements provide a fair presentation of the company's assets, liabilities, and financial position as at 31 December 2010, as well as of the result of the company activities for the financial year 2010 in accordance with the Financial Business Act.

Statement on the management's review

Management is responsible for the preparation and fair presentation of a management's review that provide a fair review in accordance with the Danish Financial Business Act.

Our audit did not include the management's review but in accordance with the Danish Financial Business Act, we have read through the management's review. We have not acted further other than the audit carried out of the annual financial statements.

In our opinion, the information in the management's review is in accordance with the annual financial statements.

Copenhagen, 22 March 2011

Deloitte

Statsautoriseret Revisionsaktieselskab

Anders O. Gjelstrup

State-Authorised Public Accountant

Kasper Bruhn Udam

State-Authorised Public Accountant

Accounting Policies

GENERAL

This annual report has been prepared in accordance with the regulations of the Financial Business Act, as well as the Executive Order from the Danish Financial Supervisory Authority on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds (Executive Order on the Presentation of Financial Statements).

Pursuant to section 147 of the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds, Industriens Pension is following part of the Executive Order applicable from 15 January 2011, and therefore we do not provide information about the significance of using adjusted interest-rate curves versus unadjusted interest-rate curves.

All amounts shown in the financial statements are presented in whole million DKK. Each figure is rounded separately so there may be differences between the totals stated and the total of the underlying figures.

No consolidated financial statements are presented for the company. The company and its subsidiaries Industriens Pension IT A/S and Industriens Pension Professionel Forening f.m.b.a. are, together with the affiliate Industriens Pension Service A/S, included in the consolidated financial statements of IndustriPension Holding A/S.

The accounting policies used are unchanged from those of previous years.

Changes in accounting estimates

As at 31 December 2010, Industriens Pension has reduced death rates on the technical basis starting on 1 July 1999. Furthermore, on the

same basis, the guaranteed interest rate has been reduced from 1.5% to 1% due to the amendment to the executive order on maximum guaranteed interest rates. The changes mean that pension commitments on the above basis have been recalculated and consequently, expected pensions have fallen. Pension savings transferred from PNN PENSION and PHI pension, respectively, as well as all old-age pensioners before 1 January 2011 will, however, continue with unchanged death rates and guaranteed interest rate, and the other technical basis has not been adjusted either.

At the same time, death rates on the market-value basis for use in accounting provisions have been changed correspondingly.

The changes as at 31 December 2010 have meant an increase in provisions for life assurance of DKK 0.6 bn. and the collective bonus potential has similarly been reduced by DKK 0.6 bn. Bonus potentials on paid-up policy benefits have also increased by DKK 1.9 bn. due to lower pension commitments. Overall, the changes have increased the company buffers by DKK 1.3 bn.

At the end of 2010, the Danish FSA requested all pension companies, before 1 July 2011, to account for whether expected death rates are included in the calculation of accounting provisions for life assurance, whether they deviate from a benchmark for death rates set by the Danish FSA, as well as future life-time improvements. Any derived financial effects have not yet been calculated, as the analysis will not be carried out until the first half of 2011.

On the basis of this analysis, Industriens Pension will assess whether further changes concerning death rates should be made in relation to the changes already implemented as at 31 December 2010. If there is a need for further reduction of death rates, further reduction of pensions may be relevant.

Accounting estimates and assessments

Preparation of the financial statements requires that management make a number of estimates and assessments regarding future conditions which could significantly influence the benchmark treatment of assets and liabilities, and thus the result in the current and coming years.

The areas where these estimates and assessments have the most important effect on the financial statements are:

- . insurance contract liabilities
- . fair value of financial instruments.

Insurance contract liabilities

The calculation of insurance contract liabilities is based on a number of actuarial calculations, which use assumptions of e.g. death and disability rates and which are determined on the basis of the best estimate. In addition, liabilities are affected by the actual interest-rate level.

Fair value of financial instruments

There are no significant estimates connected with the valuation of financial instruments with listed prices on an active market, or where valuations are based on accepted valuation models with observable market data.

In relation to instruments where valuation is based on observable market data to a lesser extent, valuation will be affected by estimates. This applies to e.g. unlisted equity investments and certain bonds where there is no active market.

Intragroup transactions

The company has concluded agreements on the supply of administration services to the parent company, IndustriPension Holding A/S, as well as to the subsidiary, Industriens Pension IT A/S, and the affiliate Industriens Pension Service A/S. Fees for these services are fixed on a cost-recovery basis.

Furthermore, an agreement has been made with the subsidiary Industriens Pension IT A/S on the procurement of IT operating and development services, as well as on the supply of administration services to Industriens Pension Professionel Forening f.m.b.a. Fees for these services are fixed on market terms.

The company has also set a credit line available to the subsidiary, Industriens Pension IT A/S, of DKK 65 mill. At the end of the year the subsidiary had drawn DKK 25 mill. from this credit. The credit carries interest on market terms.

Beyond this, there were no material intra-group transactions.

General principle for recognition and measurement

The income statement recognises all income and expenses as they are earned and incurred.

An asset is recognised in the balance sheet when it is probable that future financial benefits will flow to the company and the value of the asset can be measured reliably.

A liability is recognised in the balance sheet when it is probable that future financial benefits will not accrue to the company, and the value of the liability can be measured reliably.

At initial recognition assets are measured at cost. Measurements after initial recognition take place as described for each item below.

At recognition and measurement, unpredictable risks and losses that arise before the annual report is presented, and which confirm or disconfirm conditions that existed on the reporting date, must be taken into account.

INCOME STATEMENT

Income from insurance activities

Premium income net of reinsurance

Premium income net of reinsurance covers reported premiums until and including 20 January 2011 that pertain to 2010. Premiums reported after 20 January 2011 will be recognised as revenue in 2011. Premiums recognised as revenue, not paid as at 31 December 2010, were included as receivables.

Premium contributions concerning investment contracts with no right to bonus, are recognised directly in the balance sheet.

Social security contributions are deducted from premium income according to the guidelines issued by the Danish Financial Supervisory Authority. Gross premiums are adjusted for reinsurance premiums ceded.

Income from investment assets

Income from group companies

Income from associated undertakings includes Industriens Pension's share of the result in subsidiaries.

Interest income and dividends, etc.

Interest income and dividends etc. includes the interest earned and dividends received on securities and liquid assets for the financial year. Furthermore, index adjustments on index-linked bonds are included.

Value adjustments

This item covers realized as well as unrealized gains and losses as well as exchange rate adjustments on investment assets.

Administration costs in connection with investment activities

Administration expenses in connection with investment activities include fees for external portfolio managers, trading and depositary charges, as well as own costs for administration of investment assets.

Tax on yields of certain pension-scheme assets

The annual tax on yields of certain pension scheme assets covers the tax on yields of certain pension scheme assets for the year as well as a change in deferred tax on yields of certain pension scheme assets, and it is recognised as an expense in the income statement.

Expenses of insurance activities

Insurance benefits paid net of reinsurance.

Insurance benefits net of reinsurance include pension scheme benefits paid in the year, adjusted by the change in claims provisions for the year and after deduction for the reinsurance cover. Insurance benefits concerning investment contracts are recognised directly in the balance sheet.

Change in life-assurance provisions

The change in life assurance provisions is the difference between start and end value of the provisions for life assurance.

Change in collective bonus potential

Change in collective bonus potential is the part of the realised result accruing to the insurance portfolio beyond the bonus already allocated.

In years with a negative realised result on the insurance portfolio after deduction of bonus already allocated, this item will use the collective bonus potential provided in previous years.

Change in bonus provisions for group life scheme

The result for the year on the group life scheme is appropriated to bonus and is used to reduce future premiums.

Change in special bonus provisions

Change in special bonus provisions (type A and type B) includes a return on the previous year's provision, including any risk return for the year and previous years, as well as the net amount contributed by the members during the year.

The change in the special bonus provision (type B) also includes any risk return for the year and previous years, and provisions are added a proportionate share of the result of sickness and accident insurance, as well as any change in the capital requirement of the group life scheme.

Change in provisions for unit-linked contracts

Change in provisions for unit-linked contracts includes investment return after tax on yields of certain pension scheme assets and after investment costs that pertain to unit-linked contracts.

Administration costs

Administration costs include costs related to life assurance activities.

Investment return transferred

Investment return transferred makes up the part of the investment return not included in the insurance technical result.

Investment return transferred covers the investment return on provisions for sickness and accident insurance and investment return on equity.

Insurance technical profit or loss of sickness and accident insurance net of reinsurance

The result of sickness and accident insurance has been calculated according to the rules of sickness and accident insurance. The result of sickness and accident insurance is specified in the notes.

BALANCE SHEET

Tangible Assets

Equipment

Technical equipment etc. is measured at cost less accumulated depreciation. Straight-line depreciation is made over the expected life of assets.

Registered office property

The registered office property is measured at revalued amount, which is the fair value at the date of revaluation after deduction of accumulated depreciation. Revaluations are recognised directly as part of equity capital, unless the revaluations are a reversal of previous write-downs. Write-downs are recognised in the income statement, unless the write-down is a reversal of previous revaluations.

Investment assets

Holdings in group companies

Holdings are recognised at the proportionate share of the equity capital of the companies. Amounts payable are measured at amortised cost.

Financial investment assets

Purchases and sales of financial investment assets are recognised on the settlement date at fair value.

Danish and foreign listed shares and units in investment associations are measured at official closing prices on the reporting date. A calculated rate is used for equity investments and units in investment associations that are not actively traded.

Unlisted shares and unlisted units in investment associations are measured at fair value using recognised methods.

Bonds are measured at official closing prices on the reporting date. A calculated rate is used for bonds that are not actively traded. Bonds that are sold and repurchased forward (genuine sale and repurchase transactions) are part of the bond portfolio.

Listed derivatives are measured at official closing prices on the reporting date. Futures, purchase and sales options, as well as other derivative financial instruments, are recognised at their current value measured at mid-market prices on the reporting date.

The contract value of traded but not yet settled, financial instruments is recognised in the balance sheet as an addition or deduction in the value of corresponding financial instruments.

Information on prices etc. appearing after the closing date of the financial statements will only be recognised if these are material to the assessment of the annual financial statements.

Investments linked to unit-linked contracts

Investments linked to unit-linked contracts include assets for investment contracts at market value, calculated in accordance with the same principles as corresponding investment assets.

Provisions for insurance and investment contracts

Premium provisions

These cover provisions for increasing risk on account of rising age for sickness and accident insurance policies deemed necessary to cover claims and costs in subsequent financial periods for insurance policies in effect on the balance sheet date.

Life-assurance provisions

Life-assurance provisions are calculated as the capital value of the total commitments on expected future insurance benefits based on a yield curve and assumptions on insurance risk and costs, fixed at best estimate relative to death and disability rates, etc. The statement of the life-assurance provisions recognises a premium relating to the uncertainty of fixing best estimate on insurance risk. For discounting, the adjusted yield stipulated in the agreement between the pension sector and the Danish Ministry of Economic and Business Affairs is used, less tax on yields of certain pension-scheme assets. Life-assurance provisions are made by the company chief actuary based on the technical basis notified to the Danish FSA. Life-assurance provisions are divided between guaranteed benefits, bonus potential on future premiums, and bonus potential on paid-up policy benefits.

Guaranteed benefits include commitments to pay benefits guaranteed on the insurance policy. Guaranteed benefits are calculated as the net present value of the benefits guaranteed on the insurance policy, as well as the net present value of the expected future expenses for administration of the insurance policy less the net present value of the agreed future premiums. Guaranteed benefits are calculated taking into account rewriting of contracts to paid-up policy and surrender.

Guaranteed benefits contain an estimated amount to cover future benefits originating from insured events occurring in the financial year but not registered at the end of the financial year.

Bonus potential on future premiums covers the net present value of commitments to pay bonuses on agreed premiums not yet due. Bonus potentials on future premiums are made up for the portfolio of the bonus-entitled insurance policies as the difference between the value of the guaranteed paid-up policy benefits and the value of guaranteed benefits.

Guaranteed paid-up policy benefits are the benefits guaranteed on the insurance policy if the policy is converted into a paid-up policy. The value of the guaranteed paid-up policy benefits is calculated as the net present value of the guaranteed paid-up policy benefits plus the net present value of the expected future expenses for administration of the paid-up policies.

Bonus potential on paid-up policy benefits covers the net present value of commitments to pay bonuses on premiums already due etc. Bonus potentials on paid-up policy benefits are calculated as the value of policy holder savings less the guaranteed benefits, bonus potentials on future premiums, and the net present value of the future administration results.

Claims provisions

These include insurance benefits due but not yet paid, including bonuses as well as other unpaid insurance benefits pertaining to events occurring in the financial year, or earlier.

Claims provisions on sickness and accident insurance include amounts to cover claims

arising before the end of the year but not yet paid.

Claims provisions on sickness and accident insurance settled by regular payments have been calculated at their net present value in accordance with actuarial principles by discounting the expected future payments applying the adjusted yield curve stipulated in the agreement between the pension sector and the Danish Ministry of Economic and Business Affairs, less tax on yields of certain pension scheme assets.

Collective bonus potential

Collective bonus potential covers the insurance portfolio share of realized results allocated collectively for equalization of bonus allocation.

Provisions for bonus and premium rebates

Provisions for bonus and premium rebates are amounts in sickness and accident insurance accruing to policy holders owing to a favourable result in the financial year.

Bonus provisions for group life scheme

Pertaining to amounts to be used for reduction of future premiums in the group life scheme for death, disability, and critical illness.

Special bonus provision

Special bonus provisions cover both type A and type B. The breakdown into the two types is shown in a note to the annual financial statements.

The special bonus provision is venture capital made available by policy holders and constitutes part of the insurance provisions. The provisions are recognised in the base capital ranking equally with equity capital.

Provision for unit-linked contracts

The provision is the market value of the assets linked to the investment contracts.

Amounts payable

Amounts payable are measured at amortized cost.

Contingencies

Commitments regarding guarantees and sureties etc. on non-insurance matters are disclosed in a note to the annual report.

Income statement

Note		2010 DKK mill.	2009 DKK mill.
1	Gross premiums	6,206	5,963
2	Outward reinsurance premiums	-1	-1
	Total premium income net of reinsurance	6,205	5,961
	Income from group undertakings	391	48
3	Interest income and dividends, etc.	2,339	2,011
4	Value adjustments	10,742	6,199
	Interest expenses	-9	-8
7	Administrative costs for investment activities	-209	-174
	Total investment return	13,254	8,075
5	Tax on yields of certain pension-scheme assets	-1,948	-1,197
	Investment return after tax on yields of certain pension-scheme assets	11,306	6,878
6	Benefits paid	-2,104	-2,024
	Reinsurance cover received	0	0
	Change in claims provisions	9	-37
	Transferred to other technical insurance provisions	-56	-165
	Total insurance benefits net of reinsurance	-2,151	-2,227
13	Change in life-assurance provisions	-7,271	-5,684
	Change in reinsurers' share	0	0
	Total change in life-assurance provisions net of reinsurance	-7,271	-5,684
16	Change in bonus provisions for group life scheme	-182	-77
15	Change in collective bonus potential	-6,618	-3,634
17	Change in special bonus provision	-398	-421
	Total bonus	-7,198	-4,131
18	Change in provisions for unit-linked contracts	-5	-5

Income Statement (cont.)

Note		2010 DKK mill.	2009 DKK mill.
7	Administration costs	-138	-162
	Investment return transferred	-753	-652
	INSURANCE TECHNICAL PROFIT OR LOSS	-4	-21
8	INSURANCE TECHNICAL PROFIT OR LOSS ON SICKNESS AND ACCIDENT INSURANCE	13	62
	Investment return on equity	446	393
	Other income	0	-
	Other costs	0	-
	PROFIT OR LOSS BEFORE TAX	455	434
	Tax on yields of certain pension-scheme assets for equity capital	-66	-58
	NET PROFIT OR LOSS FOR THE YEAR	389	376

Balance Sheet

Note	31 Dec. 2009 DKK mill.	31 Dec. 2009 DKK mill.	
9	Equipment	1	1
10	Owner-occupied property	61	68
	TOTAL TANGIBLE ASSETS	62	69
11	Equity investments in in group companies	6,966	2,541
	Loans to group enterprises	25	50
	Total investments in group enterprises	6,991	2,591
	Equity investments	35,365	24,263
	Investment units	8,976	9,579
	Bonds	39,782	29,348
	Deposits with credit institutions	1,554	7,652
12	Other financial investment assets	0	601
	Total other financial investment assets	85,676	71,444
	Total investment assets	92,667	74,034
18	Investment assets linked to unit-linked contracts	92	53
	Receivables from policy holders	543	509
	Receivables from group enterprises	2	1
	Other receivables	32	47
	TOTAL RECEIVABLES	578	558
	Current tax assets	8	329
	Cash at bank and in hand	0	13
	Total other assets	8	342
	Interest receivable	566	395
	TOTAL PREPAYMENTS AND DEFERRED INCOME	566	395
	TOTAL ASSETS	93,973	75,451

Balance Sheet (cont.)

Note	31 Dec. 2009 DKK mill.	31 Dec. 2009 DKK mill.	
	Share capital	110	110
	Reserve for tax-free retained earnings	3,411	3,022
	Retained earnings	531	531
	TOTAL EQUITY	4,051	3,662
	Premium provisions	86	90
	Guaranteed benefits	16,756	7,804
	Bonus potential on future premiums	27,366	29,044
	Bonus potential on paid-up policies	15,426	15,428
13	Total life-assurance provisions	59,548	52,277
14	Provisions for claims outstanding	3,980	3,396
15	Collective bonus potential	14,656	8,038
	Provisions for bonus and premium rebates	285	575
16	Provisions for group life scheme	723	541
17	Special bonus provisions	2,915	2,517
18	Provisions for unit-linked contracts	91	52
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	82,285	67,487
	Amounts payable in connection with direct insurance	6	5
	Amounts payable to group enterprises	24	22
	Current tax liabilities	1,947	0
19	Other amounts payable	5,660	4,274
	TOTAL AMOUNTS PAYABLE	7,637	4,302
	TOTAL LIABILITIES	93,973	75,451
20	Collateral		
21	Contingent liabilities		
22	Transactions with closely related parties		
23	Accounting policies		
24	Five-year summary and key ratios		
25-26	Specifications for investment assets		
27	Sensitivity information and risks		

Statement of changes in equity

	Share capital	Retained earnings	Reserve*	Total
Equity brought forward for 2010	110	531	3,022	3,662
Net profit for the year			389	389
Equity carried forward for 2010	110	531	3,411	4,051

	Share capital	Retained earnings	Reserve*	Total
Equity brought forward for 2009	110	531	2,646	3,287
Net profit for the year			376	376
Equity carried forward for 2009	110	531	3,022	3,662

The reserve for tax-free retained earnings is subject to special limitations, cf. section 307 of the Danish Financial Business Act, § on labour-market-related life assurance companies.

The company share capital of DKK 110 mill. is issued in shares each of DKK 1,000, or multiples of same.

Capital base and solvency requirement

	31 Dec. 2009 DKK mill.	31 Dec. 2009 DKK mill.
Equity	4,052	3,662
Special bonus provision type A	434	455
Special bonus provision type B	2,481	2,062
Capital base	6,966	6,179
Calculated solvency margin, life assurance	2,000	1,704
Calculated solvency margin, sickness and accident insurance	143	122
Total calculated solvency margin	2,143	1,826
Excess capital base	4,824	4,353

Notes

Note	01.01.-31.12. 2010 DKK mill.	01.01.-31.12. 2009 DKK mill.
1	Gross premiums	
	6,363	6,197
	386	296
	-506	-498
	6,242	5,995
	-36	-32
	6,206	5,963
	Members with collective-agreement-based schemes carried forward for the period	
	396,374	403,496
	Members with group life assurance carried forward for the period	
	234,240	231,662
	Members with investment contracts carried forward for the period	
	15,082	12,588
	All insurance contracts have been taken out with bonus right based on collective agreements, agreements, and similar under which the insurance is a compulsory part of the conditions for employment.	
	All insurances pertain to direct Danish business.	
2	Profit or loss on reinsurance	
	-1	-1
	-1	-2
	0	0
	0	0
	-3	-3
3	Interest income and dividends, etc.	
	1,231	1,561
	0	44
	1,107	406
	2,339	2,011

Notes (cont.)

Note	01.01.-31.12. 2010 DKK mill.	01.01.-31.12. 2009 DKK mill.
4 Value adjustments		
Owner-occupied property	-19	-
Danish listed shares	2,484	1,385
Foreign listed shares	3,120	2,749
Unlisted shares	1,031	-84
Investment units	810	1,793
Nominal bonds	534	281
Foreign bonds	268	-438
Index-linked bonds	82	808
Deposits with credit institutions	36	-11
Derivative financial instruments	3,820	-505
Forward exchange contracts	-1,425	221
Total value adjustments	10,742	6,199
5 Tax on yields of certain pension-scheme assets		
Tax on yields of certain pension scheme assets	-1,954	-1,201
Tax on yields of certain pension scheme assets concerning last year	6	4
Total tax on yields of certain pension-scheme assets	-1,948	-1,197
Exemption fraction, cf. sections 7, 15, and 16 of the Products Liability Act	0.0	0.0
Reduction for group life assurance recognised in the exemption fraction above.		
6 Benefits paid		
Insurance sums on death	175	200
Insurance sums on disability	104	106
Insurance sums on critical illness	104	73
Pension and interest benefits	530	449
Instalment insurance	11	7
Surrender (disbursement of small dormant accounts)	24	14
Transfers to other labour-market pension schemes	1,147	1,146
Bonus amounts paid in cash (pensioner bonus)	10	10
Insurance premium for external group life scheme	0	19
Total benefits paid	2,104	2,024

Notes (cont.)

Note	01.01.-31.12. 2010 DKK mill.	01.01.-31.12. 2009 DKK mill.
7 Administration costs		
The items administration costs, costs in connection with investment activities, as well as profit or loss of sickness and accident insurance, the expenses specified below have been recognised:		
Staff expenses		
Staff wages and salaries	86	89
Pension contributions	12	12
Other social security expenses	1	2
Payroll tax	9	7
Total staff expenses	108	110
Auditor's fee for external auditor elected by the general meeting		
Statutory audit	1	1
Other benefits	2	0
Total fee for audit	2	2
Management and board emoluments		
Board of Management	3	8
Board of Directors	2	2
Total management and board emoluments	5	10
Average number of full-time employees in the financial period	138	142

No bonus schemes or performance-related pay agreements are linked to employment in the Board of Management. No managerial remuneration is paid for appointments to the Board of Directors and the Board of Management in the other companies of the group.

Notes (cont.)

Note	01.01.-31.12. 2010 DKK mill.	01.01.-31.12. 2009 DKK mill.
8 Insurance technical profit or loss on accident and sickness insurance		
<i>Premium income</i>		
Current premiums	212	556
Social security contributions	-17	-44
Transferred from life assurance provisions	56	165
Total gross premiums	252	677
Outward reinsurance premiums	-1	-2
Change in premium provisions	4	7
Premium income net of reinsurance	255	682
Insurance technical interest	36	49
<i>Costs of claims net of reinsurance</i>		
Benefits paid	-290	-255
Change in gross claims provisions	-429	-365
Costs of claims net of reinsurance	-719	-620
Change in bonus and premium rebates	290	-280
Insurance operating costs net of reinsurance	-20	-20
Insurance technical profit or loss	-158	-190
Investment return	269	346
Return on insurance provisions	-98	-95
Investment return after insurance technical interest	171	251
Total insurance technical profit or loss from sickness and accident insurance	13	62

With a claims rate of 0.42% (0.46), 867 (989) claims have been paid with an average indemnity of DKK 745 thousand (DKK 695 thousand) in 2010.

The figures shown in brackets are the corresponding figures for 2009.

Notes (cont.)

Note	31 Dec. 2009 DKK mill.	31 Dec. 2009 DKK mill.
9 Equipment		
Accumulated cost brought forward	3	3
Acquisitions for the period	0	1
Disposals at cost for the period	-1	-1
Accumulated cost carried forward	<u>2</u>	<u>3</u>
<i>Depreciation/amortisation</i>		
Accumulated depreciation/amortisation brought forward	2	2
Depreciation/amortisation for the period	0	0
Reversed depreciation/amortisation on assets sold	-1	-1
Accumulated depreciation/amortisation carried forward	<u>1</u>	<u>2</u>
Carrying amount carried forward	<u>1</u>	<u>1</u>
10 Owner-occupied property		
Revalued amount brought forward	68	68
Acquisitions	12	0
Depreciation	0	0
Value adjustments recognized in income statement	-19	0
Revalued amount carried forward	<u>61</u>	<u>68</u>
External experts have not been involved in measuring the owner-occupied property.		
Rate of return	<u>5.5</u>	<u>5.5</u>

Notes (cont.)

Note	31 Dec. 2009 DKK mill.	31 Dec. 2009 DKK mill.
11 Equity investments in group enterprises		
Accumulated cost brought forward	2,666	516
Acquisitions for the period	4,073	2,150
Accumulated cost carried forward	6,739	2,666
Accumulated value adjustments brought forward	-73	-121
Value adjustments for the period	391	48
Accumulated value adjustments carried forward	318	-73
Carrying amount carried forward	7,057	2,593
Holdings as in the items of the balance sheet		
Equity investments in in group companies	6,966	2,541
Investment assets linked to unit-linked contracts	91	53
The item holdings in group undertakings consists of:		
Industriens Pension IT A/S. The chief activity of this company is that of running all IT operations in the group IndustriPension		
Equity capital according to financial statements 2010	78	77
Result for the year	2	2
Industriens Pension Professionel f.m.b.a. Global shares		
Equity capital according to financial statements 2010	252	208
Result for the year	27	44
Industriens Pension Professionel f.m.b.a. Global bonds		
Equity capital according to financial statements 2010	172	164
Result for the year	7	8
Industriens Pension Professionel f.m.b.a. Global Investment Grade I		
Equity capital according to financial statements 2010	2,353	2,144
Result for the year	213	-6
Industriens Pension Professionel f.m.b.a. Global High Yield I		
Equity capital according to financial statements 2010	1,514	0
Profit or loss for 26 February to 31 December 2010	82	0
Industriens Pension Professionel f.m.b.a. Global High Yield II		
Equity capital according to financial statements 2010	1,523	0
Profit or loss for 25 June to 31 December 2010	59	0
Industriens Pension Professionel f.m.b.a. Global Investment Grade II		
Equity capital according to financial statements 2010	1,163	0
Profit or loss for 9 December to 31 December 2010	1	0

The object of the investment associations is to make investments according to the guidelines laid down by Industriens Pension.

All companies are domiciled in Copenhagen and fully owned.

Notes (cont.)

Note	31 Dec. 2009 DKK mill.	31 Dec. 2009 DKK mill.
12 Other financial investment assets		
Forward exchange contracts	0	7
Swaps	0	491
Options and futures	0	103
Total other financial investment assets	0	601
13 Life-assurance provisions		
Gross life-assurance provisions brought forward	52,277	47,598
Accumulated value adjustment brought forward	-213	-92
Change as a result of transition to yield curve	0	-13
Retrospective provisions brought forward	52,064	47,493
Gross premiums	6,205	5,963
Products Liability Act compensation	0	-2
Premiums for group life scheme	-420	-419
Addition of interest	2,936	1,204
Insurance benefits	-1,722	-1,652
Costs supplement after addition of costs bonus	-450	-444
Repurchase deduction	0	-6
Risk gain after addition of risk bonus	-23	-54
Transferred to other technical insurance provisions	-77	-164
Distribution of special bonus provisions	130	82
Change in strengthening PNN/PHI	0	63
Retrospective provisions carried forward	58,643	52,064
Accumulated value adjustment carried forward	904	213
Gross life-assurance provisions carried forward	59,548	52,277
Change in gross life-assurance provisions	7,271	5,684
The bonus potential on future premiums has been raised by	2	2
The bonus potential on paid-up policy benefits has been raised by	803	141

The life-assurance provisions have been calculated on the basis of a number of parameters for insurance risk, costs, and discount rates, set using best estimates.

The uncertainty relating to identifying best estimates is determined on the basis of the uncertainty of the parameters chosen. This uncertainty is assumed to relate to the death risk only.

The risk premiums are calculated as the difference between the life-assurance provisions calculated by applying these alternative parameters for the death risk and the life-assurance provisions calculated on the basis of best estimate for the death risk.

Notes (cont.)

Note	31 Dec. 2009 DKK mill.	31 Dec. 2009 DKK mill.	
13	<i>Distribution of life assurance provisions on initial guaranteed interest rates carried forward for</i>		
cont.	<i>2010</i>		
	1.00%	2.50%	Total
Guaranteed benefits	-5,838	22,595	16,756
Bonus potential on future premiums	16,674	10,692	27,366
Bonus potential on paid-up policy benefits	7,246	8,180	15,426
Life-assurance provisions	18,081	41,467	59,548
	<i>Distribution of life assurance provisions on initial guaranteed interest rates carried forward for</i>		
	<i>2009</i>		
	1.50%	2.50%	Total
Guaranteed benefits	-8,754	16,559	7,804
Bonus potential on future premiums	18,047	10,997	29,044
Bonus potential on paid-up policy benefits	6,325	9,104	15,428
Life-assurance provisions	15,618	36,660	52,277
14	Provisions for claims outstanding		
Provisions for insurance sums on death	49	76	
Provisions for insurance sums on disability	113	127	
Provisions for insurance sums on critical illness	62	45	
Provisions for PNN/PHI group life scheme taken over on 31 Dec. 2009	3	11	
Provisions for group life scheme	170	148	
Claims provisions net of reinsurance concerning			
total life-assurance activities	397	406	
Claims provisions net of reinsurance concerning			
sickness and accident insurance	3,584	2,990	
Claims provisions net of reinsurance	3,980	3,396	
15	Collective bonus potential		
Collective bonus potential brought forward	8,038	4,405	
Change in collective bonus potential	6,618	3,634	
Collective bonus potential carried forward	14,656	8,038	
16	Bonus provisions for group life scheme		
Bonus provisions for group life scheme brought forward	541	464	
Change in bonus provisions for group life scheme	182	77	
Bonus provisions for group life scheme carried forward	723	541	

Notes (cont.)

Note	31 Dec. 2009 DKK mill.	31 Dec. 2009 DKK mill.
17 Special bonus provisions		
Special bonus provisions brought forward	2,517	2,096
Change in provision for the year	398	421
Special bonus provisions carried forward	2,915	2,517
Special bonus provision type A	434	455
Special bonus provisions type B	2,481	2,062
Special bonus provisions carried forward	2,915	2,517
18 Provisions for unit-linked contracts		
Provisions for unit-linked contracts brought forward	52	17
Accumulated value adjustment brought forward	0	0
Retrospective provisions brought forward	52	17
Gross premiums	36	32
Addition of interest	5	5
Insurance benefits	-1	-1
Costs supplement after addition of costs bonus	-1	-1
Risk gain after addition of risk bonus	0	0
Retrospective provisions carried forward	91	52
Provisions for unit-linked contracts carried forward	91	52
Change in provisions for unit-linked contracts	5	5
Shares	43	25
Bonds	48	28
Total investment assets in unit-linked contracts	92	53
PAL payable, unit-linked contracts	1	1

Notes (cont.)

Note	31 Dec. 2009 DKK mill.	31 Dec. 2009 DKK mill.
19 Other amounts payable		
Obligation in connection with sale and repurchase transactions	2,430	3,899
Negative market value of financial instruments	3,120	232
Other amounts payable	110	145
Total other debt	5,660	4,275
20 Collateral		
For collateral for technical insurance provisions, shares have been registered at a carrying amount of	83,642	68,850
Bonds for collateral for loans after standard repurchase contracts at market value	2,468	4,115
Bonds for collateral for market value of derivative financial instruments at market value	3,947	184
Bonds received as collateral for market value of derivative financial instruments at market value	274	1,416
21 Contingent liabilities		
There are no mortgages, warranties, guarantees or similar commitments beyond what appears from the annual financial statements.		
At the end of 2010 the company has a leasing obligation of DKK 1.6 mill.		
At the end of 2010, bonds had been acquired for DKK 2.6 mill. net, for settlement in the first quarter of 2011.		
At the end of 2010, assets had been sold for DKK 15.9 mill. net, for settlement in the first quarter of 2011.		
At the end of 2010, a commitment has been made for investments of DKK 8.9 bn. in properties, unlisted shares and holdings.		

Notes (cont.)

Note

22 Transactions with closely related parties

The company has concluded agreements on the supply of administration services to the parent company, IndustriPension Holding A/S, as well as to the subsidiary, Industriens Pension IT A/S, and the affiliate, Industriens Pension Service A/S.

Fees for these services are fixed on a cost-recovery basis.

Furthermore, an agreement has been made on the procurement of IT operating and development services with the subsidiary.

Fees for these services are fixed on market terms.

The company has also set a credit line available to the subsidiary, Industriens Pension IT A/S, of DKK 65 mill. At the end of the year the subsidiary had drawn DKK 25 mill. from this credit.

The credit carries interest on market terms.

23 Accounting policies

See the accounting policies on pages 26-32.

Notes (cont.)

Note	2006	2007	2008	2009	2010
24 Five-Year Financial Summary					
<i>DKK mill.</i>					
Financial and operating data					
Premiums	5,856	6,248	6,748	5,963	6,206
Insurance benefits	1,235	1,346	1,703	2,227	2,151
Investment return	3,096	212	1,144	8,075	13,254
Insurance operating costs	146	134	162	162	138
Profit or loss of reinsurance	-3	-2	-2	-3	-3
Insurance technical profit or loss	-29	-38	-9	-21	-5
Insurance technical profit or loss of sickness and ac	133	131	24	62	13
Result for the year	279	103	117	376	389
Provisions for insurance and investment contracts	45,524	50,631	56,934	67,487	82,285
Equity	3,067	3,170	3,287	3,662	4,051
Assets	48,894	54,871	67,901	75,452	93,974
Key ratios for sickness and accident insurance					
Gross claims ratio	126.2%	86.8%	98.0%	156.2%	132.7%
Gross cost ratio	5.1%	3.8%	4.8%	5.2%	3.7%
Combined ratio	131.7%	90.9%	103.2%	161.7%	136.6%
Operation ratio	90.7%	77.5%	83.4%	129.9%	115.4%
Relative run-off profit/loss	7.6%	19.7%	14.0%	11.3%	5.3%
Return key figures and ratios					
Total return before tax on yields of certain pension-ε	7.1%	0.4%	2.0%	13.0%	18.1%
Total return after tax on yields of certain pension-scl	6.1%	0.4%	1.7%	11.0%	15.4%
Return before tax on yields of certain pension-scheme assets , members				13.1%	19.0%
Return after tax on yields of certain pension-scheme assets, members				11.1%	16.2%
Return before tax on yields of certain pension-scheme assets, equity capital				12.0%	12.2%
Return after tax on yields of certain pension-scheme assets, equity capital				10.2%	10.4%
Costs key figures and ratios					
Cost rate of premiums	2.5%	2.1%	2.4%	2.7%	2.2%
Cost rate of provisions	0.5%	0.4%	0.4%	0.3%	0.2%
Costs per member	375 kr	329 kr	379 kr	369 kr	316 kr
Profit or loss on costs	0.83%	0.85%	0.71%	0.57%	0.56%
Risk figures					
Profit or loss on insurance risk	0.20%	0.19%	0.14%	0.11%	0.04%
Consolidating key figures and ratios					
Bonus ratio	21.2%	13.4%	9.4%	15.4%	25.0%
Ratio of customers' funds to provisions	4.5%	4.5%	4.4%	4.8%	5.0%
Ratio of owners' funds to provisions	9.1%	7.8%	7.0%	7.0%	6.9%
Surplus ratio	8.5%	8.7%	7.6%	8.4%	8.2%
Solvency ratio	266%	342%	299%	338%	325%
Return key figures and ratios					
Return on equity before tax	10.5%	3.3%	4.1%	12.5%	11.8%
Return on equity after tax	9.5%	3.3%	3.6%	10.8%	10.1%
Return on insurance provisions	5.8%	-0.3%	3.8%	10.9%	16.9%
Return on special bonus provisions type A	3.2%	3.2%	2.6%	3.4%	4.0%
Return on special bonus provisions type B	10.0%	3.1%	4.9%	13.2%	12.4%

Notes (cont.)

Note

25 Specification of assets and returns on these

<i>DKK mill.</i>		Market value		Net	Return as
		31 Dec. 2009	31 Dec. 2009	investments	before PAL
1.1	Land and buildings directly owned	69	61	12	5.5%
1.2	Property companies	1,695	2,925	1,038	8.4%
1	Total land and buildings	1,763	2,987	1,051	8.2%
2.	Other subsidiaries	76	78	0	-
3.1	Danish listed shares	5,950	8,220	20	37.3%
3.2	Unlisted Danish shares	805	1,207	-307	85.3%
3.3	Listed foreign equity holdings	13,247	19,081	2,949	16.9%
3.4	Unlisted foreign equity holdings	2,748	4,142	807	18.1%
3.	Total other equity holdings	22,750	32,649	3,469	23.8%
4.1	Government bonds (Zone A)	3,977	4,892	870	2.7%
4.2	Mortgage-credit bonds	19,660	30,231	9,423	7.2%
4.3	Index-linked bonds	0	0	0	0.0%
4.4	Investment grade credit bonds	5,234	5,622	-4	7.5%
4.5	Credit bonds non-investment grade	7,963	11,790	2,857	11.2%
4.6	Other bonds	0	0	0	0.0%
4.	Total bonds	36,835	52,534	13,147	7.0%
5.	Loans secured by mortgages	0	0	0	-
6.	Other financial investment assets	8,149	1,287	-7,044	-
7.	Derivative financial instruments	399	-2,357	-6,858	-

**The calculated returns on the particular investment assets as well as total investment assets have been calculated using the time-weighted method, i.e. daily return calculations are made throughout the year. This method is recommended in the worldwide guide for calculation of returns - GIPS (Global Investment Performance Standards), introduced in 1999.*

Notes (cont.)

Note

26 Specification of holdings in %

	Denmark	Other Europe	Northern America	Southern America	Japan	Other Far East	Other countries	Not analysed	Total
Energy	0.0%	1.5%	2.5%	0.4%	0.1%	0.5%	0.1%	0.0%	5.2%
Materials	0.9%	1.4%	0.9%	0.5%	0.3%	0.3%	0.6%	0.0%	4.9%
Industry	7.6%	1.8%	2.7%	0.3%	0.8%	0.2%	0.3%	0.0%	13.7%
Consumer goods	0.7%	1.3%	2.5%	0.5%	0.8%	0.5%	0.4%	0.0%	6.7%
Goods for consumption	2.1%	1.8%	1.8%	0.4%	0.2%	0.5%	0.4%	0.0%	7.2%
Health care	8.1%	1.0%	2.7%	0.1%	0.2%	0.1%	0.1%	0.0%	12.3%
Finance	3.0%	3.4%	3.6%	0.8%	0.9%	2.2%	1.0%	0.0%	14.9%
IT	0.1%	0.5%	4.3%	0.1%	0.6%	1.2%	0.0%	0.0%	6.7%
Telecommunications	0.7%	0.8%	0.5%	0.1%	0.2%	0.3%	0.0%	0.0%	2.6%
Utilities	0.0%	0.6%	0.9%	0.1%	0.2%	0.0%	0.0%	0.0%	1.9%
Not analysed	3.7%	9.8%	9.7%	0.0%	0.0%	0.1%	0.0%	0.6%	24.0%
Total	26.8%	23.9%	32.1%	3.3%	4.2%	6.2%	3.0%	0.6%	100.0%

For more information, please refer to the website: www.industrienspension.dk

Notes (cont.)

Note

27 Sensitivity information and risks

<i>DKK mill.</i>	Maximum effect on capital base	Maximum effect on collective bonus potential	Maximum effect on bonus potential of paid- up policies, before change in applied bonus potential on paid- up policies	Maximum effect on applied bonus potential of paid-up policies
Incident				
Interest rate rise of 0.7 percent	-215	-5,808	4,999	0
Interest rate drop of 0.7 percent	203	6,204	-5,539	0
Fall in share prices of 12%	-489	-3,012	0	0
Fall in property prices of 8%	-11	-68	0	0
Exchange-rate risk (VaR 99.5%)	-118	-728	0	0
Loss on counterparties of 8%	-193	-1,191	0	0
Mortality rate intensity:				
- drop of 10%	0	-810	-3,004	0
- increase of 10%	0	197	1,078	0
Disability intensity:				
- increase of 10%	0	-17	-78	0

Note: Positive figures mean that the company benefits from the mentioned risk process whereas negative figures means the company's reserves are eaten into.

For more information about the individual risks, cf. sections 91B and 92B of the Danish Executive Order on the Presentation of Financial Statements, please refer to the risk paragraph of the management's review.

Ownership, management and managerial positions

OWNERSHIP

Industriens Pensionsforsikring A/S and the company Industriens Pension Service A/S are wholly owned by IndustriPension Holding A/S and are part of the Industriens Pension group together with the wholly owned subsidiaries Industriens Pension IT A/S and Industriens Pension Professionel Forening f.m.b.a. in the group Industriens Pension.

Industriens Pension was established by the parties behind the industrial collective agreement: the Confederation of Danish Industries (DI) and the CO-industry unions. Together, they paid up the share capital of DKK 125 mill. in the parent company, IndustriPension Holding A/S. The Confederation of Danish Industries (DI) owns 35% of the share capital.

The CO-industry unions hold 65%, distributed as follows:

United Federation of Danish Workers (<i>3F - Fagligt Fælles Forbund</i>) ^{*)}	37.00%
Danish Metalworker's Union (<i>Dansk Metal</i>)	21.96%
Danish Timber Trade Federation (<i>Forbundet Træ-Industri-By i Danmark</i>) ^{*)}	3.80%
The Danish Electrical Union (<i>Dansk El-Forbund</i>)	2.00%
The Painters' Union in Denmark (<i>Malerforbundet i Danmark</i>)	0.12%
The Plumber and Pipeline Union in Denmark (<i>Blik- og Rørarbejderforbundet</i>)	0.08%
<i>Serviceforbundet</i>	0.04%

^{*) Merged as at 1 January 2011.}

COMPANY INFORMATION

Industriens Pensionsforsikring A/S
Nørre Farimagsgade 3
1364 Copenhagen K

CVR no. 16 61 41 30

kundeservice@industrienspension.dk
www.industrienspension.dk

Tel: +45 33 66 80 80
Fax: +45 33 66 80 90

BOARD OF MANAGEMENT

Laila Mortensen (born 1965)
CEO of IndustriPension Holding A/S,
and the fully owned subsidiary Industriens
Pensionsforsikring A/S.

Total managerial emoluments including pension amounted to DKK 3.3 mill. No bonus schemes or performance-related pay agreements are linked to employment in the Board of Management. The Board of Management has a car at their disposal. No remuneration is paid to the Board of Management for taking positions in the board of directors or board of management of the Group's other companies.

Other board of directors and board of management positions:

- . Chairman of the board of directors of Industriens Pension IT A/S.
- . Chief Executive of Industriens Pension Service A/S.
- . Member of board of directors in Forsikring og Pension.
- . Member of the board of directors in Pensionsinfo.
- . Expert representative in insurance matters in Vinnukærunevndini on the Faroe Islands.

Duties and positions held by management approved by the board of directors, cf. section 80(1) of the Financial Business Act.

SENIOR MANAGEMENT

The management includes:

Laila Mortensen, CEO
Joan Alsing, Insurance director
Jan Østergaard, Investment director

The chief actuary is:

Rikke Sylow Francis, Deputy director

Good corporate governance

For more information on good corporate governance, please refer to our website: www.industrienspension.dk

Organisational links

Industriens Pension is a member of the trade association the Danish Insurance Association, the Danish Employers' Association for the Financial Sector, the Danish Insurance Complaints Board and Pensionsinfo.

BOARD OF DIRECTORS

The board of directors of Industriens Pensionsforsikring A/S has 14 members: Seven employee members and seven employer members. Employee members will always take the chair, employer members will always put up the deputy chairman.

Emolument of the Board of Directors

The chairman and the deputy chairman receive annual remuneration of DKK 180,000 for their board work.

This emolument also cover participation in any committees in Industriens Pensionsforsikring A/S.

Other members of the Board of Directors receive annual remuneration of DKK 90,000, and other members of the Board of Directors who are also members of the investment committee in Industriens Pensionsforsikring A/S receive annual remuneration of DKK 35,000 in addition to the ordinary remuneration for the Board of Directors.

The Board of Directors includes:

Børge Frederiksen (born 1949)
Former group chairman of Industrigruppen, 3F.
Former deputy chairman in the Central Organisation of Industrial Employees.

Chairman of the Board of Directors of Industriens Pensionsforsikring A/S.
Member of the investment committee and the ethics committee of Industriens Pensionsforsikring A/S.

Date of taking office: 27 November 2001.
Appointed by the CO-industry unions.

Other board of directors and board of management positions:

- . IndustriPension Holding A/S, chairman of the board of directors
- . Industriens Pension Service A/S, chairman of the board of directors

Kim Graugaard (born 1961)

CEO of the Confederation of Danish Industries

- organisation for businesses

Deputy chairman of Industriens

Pensionsforsikring A/S

Member of the investment committee and ethics committee of Industriens

Pensionsforsikring A/S.

Date of taking office: 28 April 2005.

Appointed by the Confederation of Danish Industries.

Other board of directors and board of management positions:

- . IndustriPension Holding A/S, deputy chairman
- . Industriens Pension Service A/S, deputy chairman
- . ATP, member of the board of directors and Board of Representatives
- . Confederation of Danish Employers (DA), member of the board of directors
- . Industriens Kompetenceudviklingsfond, member of the Board of Directors
- . Industriens Uddannelses- og Samarbejdsfond, member of the Board of Directors
- . Statistics Denmark, board member

Lars Andersen (born 1958)

Executive director of Arbejderbevægelsens Erhvervsråd.

Member of the board of directors of Industriens Pensionsforsikring A/S.

Member of the investment committee of Industriens Pensionsforsikring A/S

Date of taking office: 28 April 2005.

Appointed by the CO-industry unions.

Other board of directors and board of management positions:

- . IndustriPension Holding A/S, member of the board of directors
- . Aktieselskabet Arbejdernes Landsbank, member of the board of directors
- . DSB, member of the board of directors
- . IUF/IØ/IFV-fondene, member of the Board of Directors

Mads Andersen (born 1969)

Group chairman of Industrigruppen, 3F.

Deputy chairman of CO-industry.

Member of the board of directors of Industriens Pensionsforsikring A/S.

Date of taking office: 21 April 2010.

Appointed by the CO-industry unions.

Other board of directors and board of management positions:

- . IndustriPension Holding A/S, member of the board of directors
- . Industriens Kompetenceudviklingsfond, member of the Board of Directors
- . Industriens Uddannelses- og Samarbejdsfond, member of the Board of Directors
- . Laugesens Have, Kursuscenter A/S, member of the board of directors
- . Executive committee of the Confederation of Danish Trade Unions
- . Executive committee of 3F, member of the board of directors

Erik Bredholt (born 1966)

CEO.

Member of the board of directors of Industriens Pensionsforsikring A/S.

Date of taking office: 30 November 2009.

Appointed by employers in the merged pension funds PHI pension and PNN PENSION.

Other board of directors and board of management positions:

- . DANISH CROWN amba, deputy chairman
- . DANISH CROWN a/s, deputy chairman
- . Executive committee of the Confederation of Danish Industries
- . Friland A/S, member of board of directors
- . Landbrug & Fødevarer, member of board of directors
- . Livlande Holding a/s, member of board of directors
- . Plumrose USA inc., member of board of directors
- . Tulip UK Ltd., member of board of directors

Lars Hansen (born 1955)

Department chairman Metal Odense
Member of the board of directors of Industriens Pensionsforsikring A/S.

Date of taking office: 28 May 2003.
Appointed by the CO-industry unions.

Other board of directors and board of management positions:

- . Syddansk Erhvervsskole, member of board of directors

Thorkild E. Jensen (born 1950)

Union chairman of the Danish Metalworkers' Union and Chairman of CO-industri

Member of the board of directors of Industriens Pensionsforsikring A/S.

Date of taking office: 28 April 2004.
Appointed by the CO-industry unions.

Other board of directors and board of management positions:

- . IndustriPension Holding A/S, member of the board of directors
- . Industriens Pension Service A/S, member of the board of directors
- . Aktieselskabet A-Pressen – Fagbevægelsens Presse, member of the board of directors
- . Aktieselskabet Arbejdernes Landsbank, member of the board of directors
- . The Economic Council of Labour Movement, Board of directors and council
- . Arbejdsmarkedets Tillægspension, member of committee of representatives
- . Fagbevægelsens Erhvervsinvestering A/S, chairman
- . Industrianställda i Norden, board member
- . Industriens Kompetenceudviklingsfond, chairman
- . Industriens Uddannelses- og Samarbejdsfond, deputy chairman
- . The Danish Confederation of Trade Unions, member of executive committee and day-to-day management
- . The Employees' Capital Pension Fund, member of the Board of Directors
- . LO/FTF Council, member of the board of directors

Johannes Madsen-Mygdal (born 1951)

CEO of InterMail A/S.

Member of the board of directors of Industriens Pensionsforsikring A/S.

Date of taking office: 31 May 2001.
Appointed by the Confederation of Danish Industries.

Other board of directors and board of management positions:

- . EmballageIndustrien, member of the board of directors
- . InterMail A/S, deputy chairman
- . Monberg Sørensen A/S, chairman

Jens Due Olsen (born 1963)
CEO.

Member of the board of directors of Industriens Pensionsforsikring A/S.
Member of the investment committee of Industriens Pensionsforsikring A/S

Date of taking office: 28 May 2002.
Appointed by the Confederation of Danish Industries.

Other board of directors and board of management positions:

- . AtchikRealtime A/S, chairman
- . Cryptomatic A/S, member of the board of directors
- . EG A/S, member of board of directors and chairman of the Audit Committee
- . LD Equity, member of the investment committee in IK2
- . NKT Holding A/S, member of the board of directors and chairman for the Audit Committee
- . Pierre.dk A/S, chairman
- . Royal Unibrew A/S, member of board of directors

Bo Stærmose (born 1948)
CEO, Juliana Drivhuse A/S.
Deputy chairman of the Confederation of Danish Industries.
Member of the board of directors of Industriens Pensionsforsikring A/S.

Date of taking office: 27 February 2006.
Appointed by the Confederation of Danish Industries.

Other board of directors and board of management positions:

- . IndustriPension Holding A/S, member of the board of directors
- . Argentum A/S, chairman
- . Fionia fond, chairman
- . Fionia Holding A/S, chairman
- . International Chamber of Commerce, member of the board of directors
- . Juliana Holding A/S, chairman
- . Juliana A/S, chairman
- . Juliana Ejendomme A/S, chairman
- . Otto Mønstedts Fond, member of board of directors
- . Provinsindustriens Arbejdsgiverforening, chairman

Bjarne Uldall (born 1948)
Senior shop steward at AarhusKarlshamn Denmark A/S.
Member of the board of directors of Industriens Pensionsforsikring A/S.

Date of taking office: 28 May 2002.
Appointed by the CO-industry unions.

Berit Vinther (born 1961)
Deputy director general of the Confederation of Danish Industries.
Member of the board of directors of Industriens Pensionsforsikring A/S.

Date of taking office: 22 April 2009.
Appointed by the Confederation of Danish Industries.

Other board of directors and board of management positions:

- . IndustriPension Holding A/S, member of the board of directors
- . Industriens Pension Service A/S, member of the board of directors
- . Arbejdsmarkedets Tillægspension, member of committee of representatives
- . FunktionærPension, member of the Board of Directors
- . Industriens Kompetenceudviklingsfond, deputy chairman
- . Industriens Uddannelses- og samarbejdsfond, chairman
- . PFA's kunderåd

Ole Wehlast (born 1959)

Trade Union President of Fødevareforbundet NNF.

Member of the board of directors of Industriens Pensionsforsikring A/S.

Date of taking office: 30 September 2009.

Appointed by employees in the merged pension funds PHI pension and PNN PENSION.

Other board of directors and board of management positions:

- . Aktieselskabet Arbejdernes Landsbank, member of the board of directors
- . Arbejdsmarkedets Tillægspension, member of committee of representatives
- . Esbjerg Højskole, chairman of the board of directors
- . The Employees' Capital Pension Fund, member of the Board of Directors

Carl Chr. Ægidius (born 1944)

CEO.

Member of the board of directors of Industriens Pensionsforsikring A/S.

Date of taking office: 28 April 2004.

Appointed by the Confederation of Danish Industries.

Other board of directors and board of management positions:

- . Simcorp A/S, deputy chairman