

Annual Report

2015

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Financial and operating data etc.

Table 1 Financial and operating data

DKK mill.	2011	2012	2013	2014	2015
Income statement items					
Premiums	6,485	6,624	6,528	6,737	7,224
Investment return	3,635	12,176	7,006	12,329	8,642
Tax on yields of certain pension-scheme assets	-556	-1,853	-1,060	-1,862	-1,332
Insurance benefits	-1,994	-1,638	-4,708	-5,280	-3,943
Changes in insurance provisions	-7,360	-14,477	-7,712	-10,949	-10,371
Insurance operating costs	-131	-136	-128	-113	-37
Result of accident and sickness insurance	-259	25	30	30	39
Other items	8	-364	73	-686	-103
Comprehensive income for the year	-172	357	29	206	118
Assets					
Investment assets	19,566	23,859	21,771	23,780	22,753
Investment assets attached to unit-linked contracts	80,783	95,768	102,450	114,952	123,054
Other assets	849	3,396	4,240	3,554	3,879
Total assets	101,198	123,023	128,461	142,286	149,685
Equity and liabilities					
Equity	3,880	4,237	4,266	4,472	4,590
Provisions for insurance and investment contracts	90,015	105,234	113,283	125,215	135,551
Other liabilities	7,303	13,551	10,912	12,598	9,544
Total equity and liabilities	101,198	123,023	128,461	142,286	149,685
Capital base	6,904	7,748	7,975	8,487	8,606
Adequate capital base (individual solvency need)	1,348	1,260	1,223	1,413	1,410
Key figures					
Return before tax on yields of certain pension-scheme assets	4.2%	12.9%	6.7%	11.0%	6.7%
Ratio of bonus potential to provisions	21.0%	39.2%	37.7%	46.8%	46.2%
Costs as a percentage of premiums	2.0%	2.0%	1.9%	1.7%	0.5%
Expenses per insured party	DKK 307	DKK 311	DKK 288	DKK 261	DKK 84
Number of members carried forward	391,967	399,784	404,631	396,403	399,770

Income statement

Premium income (excluding premiums for accident and sickness insurance) increased by DKK 0.5 bn. to DKK 7.2 bn. in 2015. This included an increase of 20% in contributions and transfers, which in 2015 amounted to DKK 1.3 bn. The number of members paying contributions also rose by about 500.

The year 2015 ended with a satisfactory return on investments, although it was somewhat lower than last year. Investments in equities in particular contributed positively to the return on investments, which amounted to DKK 8.6 bn. before tax compared with DKK 12.3 bn. in 2014. This corresponds to a total return on investments of 6.7% for 2015.

Over the past ten years, investments have returned an average 8.3% p.a. The investment return is subject to tax on yields of certain pension-scheme assets, which currently amounts to 15.3%. The fall in the investment return means that tax on yields of certain pension-scheme assets also fell from DKK 1.9 bn. in 2014 to 1.3 bn. in 2015.

Total insurance benefits fell by DKK 1.4 bn. from DKK 5.3 bn. in 2014 to DKK 3.9 bn. in 2015. The benefits were influenced by extraordinary factors in the two previous years. One was an advance in entitlements to capital pensions in 2013 of DKK 2.8 bn. and in 2014 there was an increase of DKK 3.3 bn. in transfers to other pension companies.

The latter factor is because a large number of dormant members had postponed transferring their pensions while they clarified the tax implications of the transfer to the market-rate scheme in 2011.

Administration costs in connection with life assurance fell from DKK 113 mill in 2014 to DKK 37 mill. in 2015. Costs in 2015 were affected extraordinarily by receipt of a large VAT refund from previous years as a result of the ATP (Arbejdsmarkedets Tillægspension) judgement. In terms of per member, costs were DKK 84 in 2015 against DKK 261 in 2014. In addition there are costs of accident and sickness insurance of DKK 40 per member (DKK 41 in 2014). Ignoring the VAT refund, costs were similar to 2014.

Comprehensive income for the year was DKK 118 million against DKK 206 mill. in 2014. Comprehensive income is composed of the net profit for the year and other comprehensive income. The latter is the equity share of individual value adjustments etc. which, in accordance with current accounting regulations, must be posted directly to equity and disclosed as other comprehensive income in the income statement. For example, this is value adjustments on tangible non-current assets (wind turbines) in group and associated companies.

Balance sheet

Total assets increased by DKK 7.4 bn. from DKK 142.3 bn. in 2014 to DKK 149.7 bn. at the end of 2015. In the past five years, total assets have grown by DKK 55.7 bn.

With the relatively good return on investments, there has also been a significant rise in the total provisions for insurance and investment contracts, which at the end of 2015 amounted to DKK 135.6 bn. Of this amount, provisions for the market-rate scheme totalled DKK 117.3 bn. while provisions in the average rate environment, which only includes pensioned members, amounted to DKK 5.4 bn. In addition there are provisions for accident and sickness insurance as well as special and collective bonus provisions etc. In the market-rate scheme, returns are allocated to members in full in the year they are earned, while members on average rate are allocated a specific rate of interest on their savings, which in 2015 was set at 8%. When, as in 2015, the market return is lower than the rate of interest on members' savings, the collective provisions for bonus allotments in future years will go down.

Equity grew in 2015 to DKK 4.6 bn. The capital base, which in addition to equity includes the special bonus provisions, also grew to DKK 8.6 bn. Adequate capital base, which corresponds to the individual solvency need, amounted to DKK 1.4 bn. Therefore, Industriens Pension had significant solvency liquidity buffers of DKK 7.2 bn. at the end of 2015.

Net profit for the year and comprehensive income

The results for the year are detailed in table 2. The table shows that the gross profit is composed of an interest, expense and risk result as well as the changes for the year in market-value adjustments of pension provisions. Life business contributed with a profit of DKK 173 mill. while there was a gross loss on accident and sickness insurance of DKK 142 mill. This was expected and was due to a reduction in the risk premium in 2015 as a result of a surplus in 2014. The profit has been appropriated to premium rebates, which in subsequent years will be used to finance reductions in risk premiums.

After this, the comprehensive income for the year is composed of the total gross profit of DKK 31 mill. plus consumption of bonus and premium provisions saved in previous years of DKK 264 mill. and less special bonus provisions for the year of DKK 177 mill., leaving DKK 118 mill. The comprehensive income for the year has been transferred to equity.

Table 2 Comprehensive income for the year

DKK mill.	2014	2015
Interest result	1,118	38
Expense result	361	84
Risk result including result of reinsurance	-183	-26
Change in market-value adjustments	-349	77
Gross profit on life business	947	173
Gross result of accident and sickness insurance	307	-142
Total gross profit	1,254	31
Consumption of bonus for group life	126	18
Consumption of collective bonus potential	-364	64
Consumption of premium rebates, accident and sickness insurance	-277	181
Provided for special bonus provision	-533	-177
Comprehensive income for the year	206	118

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 financial statements.

Members and the pension scheme

Members

The number of active members rose by 1,087 to 204,789. The number of old-age pensioners also rose by 12% and is rapidly approaching 30,000 members.

There are now 399,770 members of Industriens Pension, an increase of 3,367 over 2014.

Table 3 Number of members at the end of the year

	2011	2012	2013	2014	2015
Members who pay via their employer	162,019	158,992	157,982	161,022	162,170
Self-paying members	12,606	12,836	11,001	9,511	9,009
Apprentices and trainees	4,216	3,542	2,699	2,195	2,047
Members exempt from making contributions	30,325	30,602	29,881	30,974	31,563
Total active members	209,166	205,972	201,563	203,702	204,789
Passive members	154,881	162,066	167,669	154,126	153,116
Old-age pensions	16,824	20,299	23,882	26,823	29,946
Disability pensions	11,096	11,447	11,517	11,752	11,919
Total	391,967	399,784	404,631	396,403	399,770

Contributions

Total contributions amounted to DKK 8,151 mill., an increase of DKK 263 mill. on 2014. The additional contributions are attributable to an increase of 20% in contributions and transfers from other pension companies.

There has also been a shift from accident and sickness insurance contributions to ordinary life assurance contributions. This is because a reduction in the premium for accident and sickness insurance was instead used to increase members' pension savings.

Table 4 Contributions

DKK mill.	2011	2012	2013	2014	2015
Contributions, life assurance	6,237	5,981	5,877	6,224	6,376
Deposits and transfers	756	1,121	1,178	1,054	1,265
Contributions, accident and sickness insurance	454	657	670	511	377
Contributions, contracts taken out individually	47	54	72	99	133
Total contributions	7,494	7,813	7,797	7,888	8,151

Table 5 Benefits paid

DKK mill.	2011	2012	2013	2014	2015
Payments for old-age pensions	514	779	958	821	917
Payments for loss of ability to work	489	519	503	571	585
Payments on death	259	266	283	325	331
Lump sum for critical illnesses	107	109	111	124	138
Transfers on change of job	747	153	294	3,591	2,230
Other payments	171	61	75	87	95
Tax correction of old-age lump sum	-	-	2,765	112	16
Total payments	2,287	1,887	4,988	5,631	4,313

Payments

Benefits paid fell in 2015 by DKK 1,318 mill., corresponding to 23%, see table 5. The drop is due to lower transfers following change of job. There were extraordinarily high transfers in 2014 because a large group of members had waited to receive compensation for an extraordinary payment of tax on yields of certain pension-scheme assets regarding the transfer from average rate to market rate in 2011.

A total of DKK 723 mill. was paid to members who had lost all or part of their ability to work or had been diagnosed with a critical illness. This is an increase of DKK 28 mill. compared with 2014.

Musculoskeletal disorders were the primary reason for insurance payments as a result of loss of ability to work, while the most frequent reason insurance payments for critical illnesses is still various types of cancer.

Table 6 Number of new recipients of pensions

	2014	2015
Payment due to certain critical illnesses	1,237	1,368
Payment due to degree of disability of between 50-67%	184	174
New disability pensions (degree of disability more than 67%)	910	869
Payments to surviving relatives after death	1,124	1,181
Old-age insurance paid out, but member not retired	552	700
Pension paid as a lump sum	1,901	1,663
New old-age pensioners	3,442	3,531

Falling administration costs

The monthly contribution to administration has been set at DKK 16 per member for 2016, corresponding to DKK 192 for the year. This is a drop of DKK 120 compared with 2015, and a total drop of DKK 240 since 2010. This makes Industriens Pension one of the very cheapest pension companies in the sector.

The reduction in the contribution for administration in 2016 follows the agreement in 2015 with the Central Customs and Tax Administration (SKAT) on repayment of VAT on administration services purchased from ATP PensionService A/S in the period 1992-2007. The repayment means that, in 2016 and in the following years, Industriens Pension can temporarily reduce members' administration contributions considerably.

More contact with members and companies

In 2015, the companies and members service (*Virksomheds- og Medlemsservice*) received 93,582 calls; 3,710 more than in 2014. The number of unique visits to our website rose from 240,000 to more than 270,000. In 2015, Industriens Pension made more than 84,457 calls to members and companies and held more than 1,000 information meetings at companies in collaboration with the local branches of trade unions.

This more extensive contact with members is a direct result of the very systematic and targeted objective at Industriens Pension to get closer to members and companies in order to spread awareness of the content of the pension agreement.

One of the newer offers for members is an analysis for elderly employees aged over 55. The analysis provides an overview of savings, assets, public benefits, equity in property, tax matters, etc. The analysis is free of charge and has received great interest from members.

Danish Insurance Complaints Board

Industriens Pension is attached to the Danish Insurance Complaints Board. In 2015, there were 14 appeals against decisions. This is the same as in 2014.

A total of 19 cases were decided, and our decisions were upheld in 17 of these. In the other two cases Industriens Pension decided to meet the members' demands before the matter was brought before the Complaints Board. Complaints about the assessment of loss of ability to work made up 40% of the cases, while 15% related to payments for critical illness. The other cases dealt with other circumstances.

Investment activities

RETURNS

The result of investment activities before tax on yields of certain pension-scheme assets and after costs was DKK 8.6 bn. in 2015. Total returns were 6.7%.

Active management of equities and bonds and the unlisted asset classes all delivered good results and secured all members considerable returns on their pension savings. Additional returns resulting from active management were more than DKK 1.7 bn., corresponding to 1.3 percentage points.

For members, the investment results meant that they received an average return in market rate of 7.4%.

2015 was very unpredictable

2015 was a very erratic year in which many economic and not least political topics increased the risk on the financial markets. Speculation on increases in interest rates in the US, falls in oil prices, the conflict in Ukraine, Greece close to bankruptcy and sluggish growth in China, combined with the considerable stock-market upturn in recent years, agitated markets once the uneasiness began to spread.

While optimism and high returns on equities dominated the first quarter, the picture changed during April and unrest prevailed for the rest of the year.

Good returns on equities

Industriens Pension has DKK 38.6 bn. invested in shares, and despite the large fluctuations during 2015, the portfolio performed very satisfactorily.

Danish shares saw yet another very good year, with a return of 33.3%; a full 2.5% better than the market in general. With an investment of DKK 11.0 bn. in Danish shares, Industriens Pension is one of the largest pension-company investors on the Danish stock market; a market that has provided very good returns for a number of years.

Foreign shares generated a return of 6.4%, representing an additional return of 3.4 percentage points compared with the market in general.

US share mandates contributed significantly to this additional return, although external managers of European shares and within emerging markets performed satisfactorily in 2015.

Unlisted investments yielded a return of 15.7%

The portfolio of unlisted investments of DKK 31.8 bn. yielded a return of 15.7% and thereby made a considerable contribution to the total positive return. The largest return was 21.9% on unlisted shares.

Industriens Pension has been active in Danish and foreign unlisted shares for a long time and there were also a number of new milestones in 2015. These included completion of the Butendiek offshore wind farm in the North Sea that will generate enough electricity to supply 370,000 households. In the property area, Industriens Pension bought Sankt Petri Passagen in Copenhagen. Within PPP (public-private partnerships), a new oncology department was opened at Næstved hospital in August, and Industriens Pension is also part of the consortium that will build a new maternity department at Slagelse hospital.

Low interest on bond markets

The continued low but slightly rising interest rates meant that bond yields were generally very modest in 2015. For example, gilt-edged bonds yielded 0.5%, although this represents an additional return of 0.2 percentage points compared with the market in general.

Table 7 Returns on assets 2015

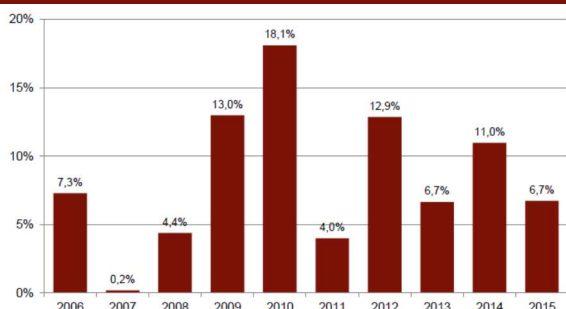
	Return	Benchmark
Gilt-edged bonds	0.5	0.3
Gilt-edged index-linked bonds	1.0	0.6
Other credit	5.8	3.0
High-yield corporate bonds	-3.9	-2.6
Bonds, emerging markets	-1.4	-2.4
Investment-grade corporate bonds	0.7	-1.1
Shares, Danish	33.3	30.8
Shares, foreign	6.4	3.0
Unlisted shares	21.9	-
Properties	12.1	-
Infrastructure	9.8	-
Other strategies	38.6	4.5
Total	6.8	5.5
Total, including hedging of liabilities	6.7	5.4

Note: Calculated as time-weighted return, after hedging for exchange-rate fluctuations.

Ten years of positive returns

With a return of 6.7% in 2015, Industriens Pension continued a series of positive returns, which over the past decade have yielded an average annual return of 8.3%. This has secured members some of the highest returns in the sector, despite very different developments in the markets with significant rises and falls.

Figure 1 Returns for the past 10 years



Note: Official return ratios (N1) up to and including 2011. For 2012 and 2015, this includes returns on total investment assets.

Investment costs

Investment costs represented 0.75% of assets in 2015; the same as in 2014. This includes all types of both internal and external costs in connection with managing investment assets. Investment costs vary considerably across classes of assets and they are highest for unlisted investments.

Table 8 Investment costs in 2015 by classes of assets

Asset type	DKK mill.	%
Gilt-edged bonds	3.4	0.02
Gilt-edged index-linked bonds	0.7	0.01
Emerging-market bonds	51.9	0.47
High-yield corporate bonds	41.0	0.33
Investment-grade corporate bonds	23.9	0.28
Danish shares	30.4	0.29
Foreign shares	134.0	0.44
Unlisted shares	376.7	1.67 *
Properties	69.7	0.94 *
Properties (core)	2.7	0.14
Infrastructure	183.6	1.19 *
Infrastructure (core)	5.3	0.35
Other strategies	2.8	2.90
Other credit	10.5	0.70
Unallocated costs	83.2	-
Total investment costs	1,019.8	0.75

* As a percentage of average investment commitments

Industriens Pension has active portfolio management with a high proportion of unlisted investments. This entails relatively higher costs than a passive strategy with passively managed listed assets. For Industriens Pension, this strategy has historically resulted in higher returns. This also applied for 2015, when the additional return was more than 1.7 bn., corresponding to 1.3 percentage points.

INVESTMENT ASSETS

Investment assets valued for accounting purposes rose from DKK 139 bn. at the end of 2014 to DKK 146 bn. at the end of 2015. If derivative financial instruments with a negative value are included, the net exposures to investment assets amounted to DKK 138 bn. at the end of 2015.

Table 9 Distribution of asset types

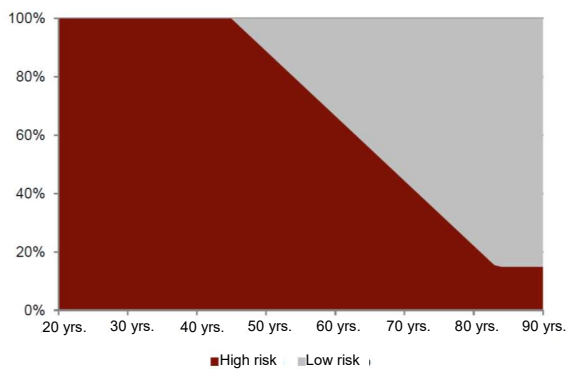
Asset type	Exposures carried forward 2014		Exposures carried forward 2015	
	DKK mill.	%	DKK mill.	%
Gilt-edged bonds	24,055	18.8	20,345	14.8
Gilt-edged index-linked bonds	9,220	7.2	9,278	6.7
Opportunistic credit	1,278	1.0	1,563	1.1
Emerging-market bonds	10,653	8.3	9,819	7.1
High-yield corporate bonds	11,878	9.3	12,447	9.0
Investment-grade corporate bonds	8,468	6.6	8,521	6.2
Danish shares	10,057	7.9	11,030	8.0
Foreign shares	25,856	20.2	27,621	20.1
Unlisted shares	10,974	8.6	13,908	10.1
Properties	5,345	4.2	6,057	4.4
Infrastructure	8,282	6.5	11,763	8.5
Other strategies	138	0.1	93	0.1
Money market	1,862	1.5	5,279	3.8
Total	128,066	100.0	137,724	100.0

INVESTMENT STRATEGY

All members who were not receiving a pension at the end of 2011 have their savings placed in a lifecycle product on market-rate terms.

The lifecycle product means that the investment risk of the individual member is reduced in line with the member's age.

Figure 2 Risk by age



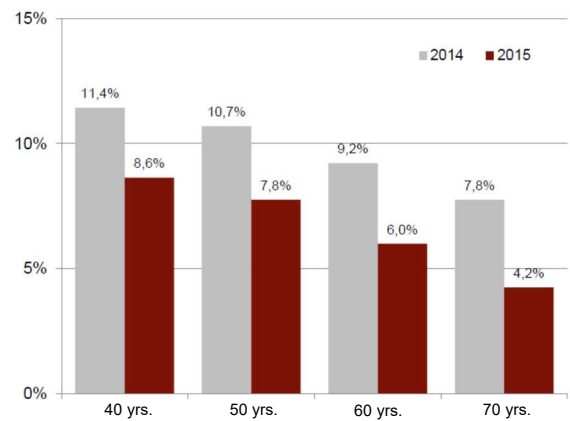
Investment assets are split into two portfolios with high and low risk, respectively and in which the percentage for the individual member depends on the age of the member. Members up to 45 have their entire savings placed in the high-risk portfolio. After this, the percentage is reduced gradually as the members becomes older.

Return for members

The total return for members in the lifecycle product was 7.4%. Members with 25 years or more until retirement obtained the highest return at 8.6%.

Given that inflation in 2015 was 0.4%, all members of Industriens Pension received considerable interest in real terms on their savings in 2015.

Figure 3 Returns by age



The return in 2015 was 2.3% for the average rate product, which is only for members who started receiving their pension before the change to market rate at the end of 2011. However, members also received an additional rate of interest on their savings of 8.0%.

Risk

Industriens Pension places high priority on risk management and regularly assesses and manages the current risks to which the company is or can be exposed.

Industriens Pension's view on risks

Industriens Pension's view on risks is to acknowledge that results desired are generated through controlled risk willingness and that risks should therefore be managed and controlled; and not necessarily eliminated.

Assessment of the significance of individual risks is made on the basis of an assessment of the consequences of a risk if it occurs, combined with the probability of this happening.

If the risk exceeds the acceptable level, initiatives are implemented in order to mitigate the risk to a lower, acceptable level. Such initiatives are implemented in policies and guidelines, as well as in establishment or expansion of internal controls.

Industriens Pension aims at promoting risk awareness among its employees and the overall view on risk is therefore integrated in the day-to-day management of the company's risk activities.

Risk identification and assessment

The most important element of Industriens Pension's risk management is to ensure that all significant risks from the current business model and activities are identified, quantified, assessed, managed and reported.

The assessment of individual risks takes into account members' circumstances, as well as the size of the capital base to cover current capital requirements.

The majority of members have a market-interest-rate product, where each person carries the main part of the risks.

A key element of the risk assessment is to ensure that individual members are not subject to an inappropriate risk.

This was carried out by introducing a lifecycle product for which the risk depends on the investment horizon of each member, determined on the basis of the age of the individual member.

For the more than 20,000 members with an average-interest-rate product, as well as the company's capital base etc., the risk assessment takes into account the impacts of individual risks on the size of the individual solvency need to be covered by capital.

Every year, the Board of Directors approves an overall risk assessment, which is subsequently submitted to the Danish Financial Supervisory Authority and communicated to all relevant employees at Industriens Pension.

Risk management in practice

In accordance with the Executive Order on Management and Control of Banks etc., the following required functions were set up in 2015; actuary, compliance and risk, as well as an internal audit function. Furthermore a person has been appointed to be responsible for each function.

The risk function plans work on risk and regularly prepares reports on the risk area, but it is crucial for Industriens Pension that the practical work on implementing management of the individual risks is rooted with the staff responsible in the individual departments. The individual heads of department are therefore responsible for identifying new risks and ensuring that these are also mitigated with suitable controls.

Errors and other inappropriate incidents are identified and assessed. These assessments are incorporated in work on risks and controls.

Most significant risks for Industriens Pension

Current risks can be divided into market risks, business risks, as well as operational and strategic risks.

Market risks

Market risks include risks on investment assets, both in relation to losses on shares, interest rates, currency and properties. Furthermore, the risk of losses as a consequence of credit and counterparty risks, as well as concentration risks, are included.

The Board of Directors establishes the frameworks for risk levels in policies and guidelines which regulate investments in great detail.

The most important financial risks for members who still have a pension scheme with average interest rate, 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 here is changes in interest rates. The interest-rate risk on liabilities is eliminated by hedging with interest-rate derivatives.

Similarly, a significant interest-rate risk is linked to the calculation of provisions for sickness and accident insurance, and fluctuations in the interest rate will therefore impact the accounting results. Such interest-rate risk is also eliminated by using interest-rate derivatives.

The risk of changes in exchange rates is mitigated by using derivatives.

The counterparty risk is generally mitigated 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 the derivatives used.

Insurance risks

Insurance risks cover the risk of losses because of changes in mortality rates, life expectancy, loss of ability to work as well as critical illness.

Operational and strategic risks

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

These risks are mitigated with regular monitoring of errors and by establishing suitable controls etc.

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

Individual solvency need

As an insurance company, Industriens Pension must regularly calculate an individual solvency need. The scope of the individual solvency need depends on the current risk profile.

The Board of Directors approves the methods used to calculate the individual solvency need.

The individual solvency need at the end of 2015 was calculated in accordance with the model, parameters and buffers laid down in the Danish Financial Supervisory Authority Executive Order on Solvency and Operating Plans.

At the end of 2015, the individual solvency need was DKK 1,410 mill.

With effect from 1 January 2016, Solvency II has now been fully implemented into Danish legislation. This entails changes in a number of the parameters involved in calculating the solvency capital requirement.

The changes have no great significance in that the capital requirement at 1 January 2016 only increased by DKK 10 mill.

Solvency II also entails a number of changes in the accounting provisions. However, it has been assessed that these will not affect the size of equity.

The amount of capital available to cover the capital requirement was DKK 8,578 mill. at the same date.

Corporate social responsibility

Industriens Pension has adopted ethical guidelines that comply with the guidelines on responsible investments from the Danish Business Authority, the principles in the UN Global Compact, and all adopted international conventions to which Denmark has acceded. Industriens Pension wants to strengthen focus on the environment, social aspects and good corporate governance throughout the investment process.

These fundamental criteria set the framework for ongoing screening of the investment portfolio, Industriens Pension's dialogue with companies as well as what companies Industriens Pension will exclude from its investment universe.

Through active ownership, Industriens Pension wants to influence the companies in which it invests so that they maintain responsible behaviour and development.

More activity in 2015

Throughout 2015, Industriens Pension has been working internally to develop policies and guidelines for corporate social responsibility on a number of points. The focus areas include responsible investments in government bonds, responsibility in connection with tax payments in relation to the OECD recommendations for multinational companies, responsible investments in relation to arms production as well as fossil fuels and climate change.

Externally, during 2014 Industriens Pension was in contact with 187 companies. The dialogues have been very different in nature and in the severity of issues. There has often been ongoing contact to understand how companies behave, and not necessarily to encourage them to change. Among others, Industriens Pension has been in dialogue with a company regarding the effects of its industrial activities on the local population. The dialogue has led to more focus on the issue from the company's side, and more cooperation with the local population.

Furthermore, there has been dialogue regarding the companies' contributions to global climate change and focus on their supply chains. Our dialogue has helped increase understanding of the challenges on the part of both the company and the investor.

Voting at general meetings

In late 2015, Industriens Pension started voting at general meetings. Industriens Pension voted at general meetings at 19 companies in 2015. In the majority of cases votes were in accordance with the recommendations from the respective boards. Votes against such recommendations were in matters pertaining to remuneration or diluting the rights of existing shareholders. Voting activity will be increased further in 2016.

In 2015, Industriens Pension enrolled in the Institutional Investor Group on Climate Change (IIGCC). The IIGCC is a forum which provides investors with a platform on which to collaborate on promoting public policies, investment practice and corporate behaviour in the climate area, and which addresses long-term risks and opportunities in connection with climate change.

Development goals in 2016

Industriens Pension will continue its focus on the environment, social conditions and corporate governance in connection with investment. This will be in the investment process itself and via active ownership. The aim is to continue having dialogue with companies and make use of voting rights in order to influence corporate responsibility.

Gender mix in management

The Board of Directors has adopted target figures and policies for the gender mix in the Board of Directors and at other managerial levels.

The current 13 members of the Board of Directors in Industriens Pension comprise three women and 10 men. This means that the share of the under-represented gender meets the target gender mix stipulated for the Board.

With regard to other management levels, executive directors, heads of department and team leaders with management responsibility, the current mix at Industriens Pension is nine women and 11 men.

Ownership, management and pay policy

OWNERSHIP

Industriens Pensionsforsikring A/S and Industriens Pension Service A/S are 100% owned by IndustriPension Holding A/S, and are part of the group, together with wholly owned subsidiary undertakings.

Industriens Pension was established by the parties behind industrial collective agreements: The Confederation of Danish Industry and the unions under the Central Organisation of Industrial Employees. Together, they own the paid up share capital of DKK 125 mill. in the parent company, IndustriPension Holding A/S.

The Confederation of Danish Industry owns 35% of the share capital.

The Central Organisation of Industrial Employees unions hold 65%, distributed as follows:

3F - United Federation of Danish Workers	40.80%
Danish Metalworkers' Union	21.96%
Danish Electrical Union	2.00%
Danish Painters' Union	0.12%
Danish Union of Plumbers and Allied Workers	0.08%
Serviceforbundet	0.04%

BOARD OF DIRECTORS

The Board of Directors is currently composed of 13 members appointed by the groups of shareholders behind the pension scheme.

The Chairman of the Board is Mads Andersen, who is also chairman of the manufacturing industries group at 3F and vice president of the Central Organisation of Industrial Employees.

The Deputy Chairman is Kim Graugaard, who is also vice CEO at the Confederation of Danish Industry.

The management responsibilities of the Board of Directors as well as remuneration are described on pages 38-42 and in note 28.

BOARD OF MANAGEMENT AND DAY-TO-DAY MANAGEMENT

Board of Management:

Laila Mortensen, CEO

The responsibilities of the Board of Management are described on page 38.

The day-to-day management comprises:

Laila Mortensen, CEO

Joan Alsing, COO

Jan Østergaard, CIO

The chief actuary is:

Rikke Sylow Francis, deputy director

Corporate governance

For more information about corporate governance, see our website: www.industrienspension.dk

Organisational links

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

PAY POLICY

The Board of Directors sets the pay policy each year to promote sound and effective risk management. In this connection, it has been decided that no bonuses or any other form of performance pay or variable pay will be paid to the Board of Management or other employees with significant influence at Industriens Pension.

The pay policy has been approved by the general meeting. More information on the pay policy can be found at www.industrienspension.dk.

Outlook for 2016

Members and contributions

In 2016, the number of members of Industriens Pension paying via their employer is expected to remain unchanged and the number of members at the end of 2016 is expected to total around 400,000.

Total contributions, including contributions to sickness and accident insurance, are expected to amount to DKK 8.3 bn. in 2016.

Costs

In 2016, Industriens Pension will continue its focus on ensuring efficient administration of the pension scheme in order to keep costs low. In 2015, each member paid DKK 312 to cover administration costs.

In 2015 Industriens Pension received a considerable VAT refund relating to previous years. This will benefit members in full with lower costs in the years to come. Therefore, in 2016 members will each pay DKK 192 for administration for the year.

Investment costs, which vary with the investment strategy selected, are expected to increase in line with the increasing scope of investments. However, the cost rate compared with the investment assets is not expected to increase.

Investment activities

The investment strategy for 2016 is structured on the basis of the principle investment framework adopted by the Board of Directors. Deviations from this fundamental framework within the agreed latitude will be made to increase returns.

For members not carrying a market interest rate, the interest-rate risk liabilities will generally continue to be hedged 100%. This hedging is to ensure that reserves are not affected inappropriately by significant fluctuations in interest rates.

Current expectations for 2016 are that the return on the company's investment assets will amount to DKK 7.9 bn. before tax on yields of certain pension-scheme assets.

Rate of interest on members' savings

The rate of interest on members' savings for those who are still in the average-interest-rate environment has initially been set for 2016 at 8% per annum after tax on yields of certain pension-scheme assets. For members with savings from PNN PENSION and PHI pension, the rate of interest on members' savings is however set at 2.5% after tax on yields of certain pension-scheme assets.

Expected result for 2016

Profit for the year depends greatly on the return achieved on the assets linked to equity. With the above assumptions regarding return, a profit of around DKK 100 to 150 mill. is expected for the financial year 2016.

Statement by management

We have today presented the annual report for Industriens Pensionsforsikring A/S for the financial year 1 January to 31 December 2015.

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 commentary 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 adopted at the General Meeting.

Copenhagen, 8 March 2016

Board of Management:

Laila Mortensen
CEO

Board of Directors:

Mads Andersen
Chairman

Kim Graugaard
Deputy Chairman

Lars Andersen

Erik Bredholt

Claus Jensen

Heidi Jensen

Nina Movin

Lars Ingemann Nielsen

Jukka Pertola

Rasmus Sejerup Rasmussen

Bo Stærmose

Berit Vinther

Ole Wehlast

The independent auditors' report

TO THE OWNERS OF THE CAPITAL OF INDUSTRIENS PENSIONSFORSIKRING A/S

Endorsement of financial statements

We have audited the financial statements for Industriens Pensionsforsikring A/S for the financial year 1 January to 31 December 2015 comprising accounting policies, income statement, comprehensive income statement, balance sheet, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that provide a fair presentation which is in accordance with the Danish Financial Statements Act. Management is also responsible for the internal control deemed necessary by management in order to prepare financial statements without material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements on the basis of our audit. We conducted our audit in accordance with the international auditing standards and further requirements stipulated by Danish auditing legislation. These standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit comprises performance of auditing procedures in order to obtain audit evidence of amounts and information in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of risks of material misstatement in the financial statements, whether due to fraud or error.

In making risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements and the financial statements. The purpose is to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements give a fair presentation of the company's assets, liabilities and financial position as at 31 December 2015 and of the results of the company's activities for the financial year 1 January to 31 December 2015, in accordance with the Danish Financial Business Act.

Statement on the management commentary

We have read through the management commentary in accordance with the Danish Financial Business Act. We have not acted further other than the audit carried out of the financial statements.

Furthermore, in our opinion, the information provided in the management commentary is in accordance with the financial statements.

Copenhagen, 8 March 2016

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR number 33 96 35 56

Anders O. Gjelstrup
state authorised public accountant

Jacques Peronard
state authorised public accountant

Income statement and comprehensive income

Note	DKK mill.	2015	2014
2	Gross premiums	7,224	6,737
	Insurance premiums ceded	-1	-1
	Total premium income net of reinsurance	7,223	6,736
11	Income from group undertakings	2,873	4,481
12	Income from associated undertakings	-2	2
	Interest income and dividends, etc.	4,716	3,437
3	Value adjustments	1,275	4,615
	Interest expenses	-2	-2
6	Administration costs in connection with investment activities	-218	-204
	Total investment returns	8,642	12,329
4	Tax on yields of certain pension-scheme assets	-1,332	-1,862
	Investment return after tax on yields of certain pension-scheme assets	7,310	10,467
5	Benefits paid	-3,860	-5,180
14	Change in claims provisions	-13	-4
	Transferred to other insurance provisions	-71	-96
	Total insurance benefits net of reinsurance	-3,943	-5,280
13	Total change in life-assurance provisions net of reinsurance	152	-229
16	Change in bonus provisions for group life scheme	18	126
15	Change in collective bonus potential	64	-364
17	Change in special bonus provisions	-1	-300
	Total bonus	82	-538
18	Change in provisions for unit-linked contracts	-10,605	-10,182
6	Administration costs	-37	-113
	Total insurance operating costs net of reinsurance	-37	-113
	Investment returns transferred	-200	-877
	TECHNICAL RESULT	-19	-15
7	TECHNICAL RESULT OF ACCIDENT AND SICKNESS INSURANCE	39	30
	Investment return on equity	135	224
	PROFIT BEFORE TAX	155	238
	Tax on yields of certain pension-scheme assets for equity capital	-35	-34
	PROFIT FOR THE YEAR	119	204
	Movements in capital (remeasurement) in group undertakings	-103	103
	Of which, allocated to insurance and investment contracts	101	-101
	Tax on yields of certain pension-scheme assets on other comprehensive income	0	0
	Other comprehensive income	-2	2
	COMPREHENSIVE INCOME FOR THE YEAR	118	206

Balance sheet, assets

Note	DKK mill.	31.12.2015	31.12.2014
8	INTANGIBLE ASSETS	3	6
9	Equipment	1	1
10	Owner-occupied property	68	63
	TOTAL TANGIBLE ASSETS	68	64
11	Equity investments in group companies	2,972	3,021
	Loans to group undertakings	267	275
12	Holdings in associated undertakings	39	46
	Loans to associated undertakings	146	102
	Total investments in group undertakings	3,424	3,444
	Equity investments	2,629	2,046
	Investment association units	145	708
	Bonds	15,593	16,770
	Other loans	18	12
	Deposits with credit institutions	297	247
	Other financial investment assets	647	553
	Total other financial investment assets	19,329	20,336
	TOTAL INVESTMENT ASSETS	22,753	23,780
18	INVESTMENT ASSETS ATTACHED TO UNIT-LINKED CONTRACTS	123,054	114,952
	Amounts receivable from policy holders	557	592
	Receivables from group undertakings	0	8
	Other receivables	174	52
	TOTAL RECEIVABLES	731	652
	Current tax assets	15	11
	Deferred tax assets	2,022	2,080
	Cash at bank and in hand	471	108
	TOTAL OTHER ASSETS	2,507	2,199
	Interest receivable	503	576
	Other prepayments	66	58
	TOTAL PREPAYMENTS	569	633
	TOTAL ASSETS	149,685	142,286

Balance sheet, equity and liabilities

Note	DKK mill.	31.12.2015	31.12.2014
	Share capital	110	110
	Reserve for tax-free retained earnings	3,949	3,832
	Retained earnings	531	531
	TOTAL EQUITY	4,590	4,472
	Premium provisions	61	70
	Guaranteed benefits	5,434	5,587
	Bonus potential on paid-up policies	4	3
13	Total life-assurance provisions	5,438	5,590
14	Claims provisions	5,926	5,685
15	Collective bonus potential	2,023	2,088
	Provisions for bonuses and premium rebates	504	685
16	Bonus provisions for group life scheme	244	262
17	Special bonus provisions	4,019	4,020
18	Provisions for unit-linked contracts	117,336	106,815
	PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	135,551	125,215
	Creditors arising out of direct insurance operations.	7	6
	Current tax liabilities	1,251	1,697
19	Other debt	8,286	10,895
	TOTAL DEBT	9,544	12,598
	TOTAL EQUITY AND LIABILITIES	149,685	142,286
20	Collateral and contingent liabilities		
21	Related parties		
22	Derivative financial instruments		
23	Five-year summary of key figures and financial ratios		
24	Specifications for assets and returns on these		
25	Equity investments broken down by sectors and regions		
26	Sensitivity information		
27	Risk disclosures		
28	Remuneration of Board of Directors		

Equity, capital base and solvency

SHAREHOLDERS' EQUITY

DKK mill.	Share capital	Retained earnings	Reserve*	Total
Equity as at 1 January 2015	110	531	3,832	4,472
Profit for the period	-	-	119	119
Other comprehensive income	-	-	-2	-2
Equity as at 31 December 2015	110	531	3,949	4,590
Equity as at 1 January 2014	110	531	3,625	4,266
Profit for the period	-	-	204	204
Other comprehensive income	-	-	2	2
Equity as at 31 December 2014	110	531	3,832	4,472

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

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

CAPITAL BASE AND SOLVENCY REQUIREMENT

DKK mill.	2015	2014
Equity	4,590	4,472
Special bonus provision type A	378	390
Special bonus provision type B	3,641	3,630
Intangible assets	-3	-6
Capital base	8,606	8,487
Solvency requirement, life assurance	795	858
Solvency requirement, accident and sickness insurance.	177	177
Total calculated solvency requirement	972	1,035
Individual solvency need	1,410	1,413

Notes

Note

1 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).

The accounting policies applied are unchanged compared with 2014.

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

Pursuant to section 134(1) of the Executive Order on Presentation of Financial Statements, no consolidated financial statements have been prepared for the company. The company and its subsidiaries, see note 11 of these financial statements, together with the affiliate Industriens Pension Service A/S, are included in the consolidated financial statements of IndustriPension Holding A/S (CVR no. 15 89 32 30).

Accounting estimates and assessments

Preparation of the annual report requires that management make a number of estimates and assessments regarding future conditions which could significantly influence the accounting treatment of assets and liabilities, and thus the result in the current and coming years. The most significant estimates and assessments concern calculation of life-assurance provisions as well as the fair value of illiquid and unlisted financial investment assets.

Life-assurance provisions

The calculation of life-assurance provisions is based on actuarial calculations, which use assumptions on e.g. mortality and disability rates. Assumptions on mortality are based on benchmarks from the Danish Financial Supervisory Authority, while other assumptions are set using best estimates. Life-assurance provisions are calculated as the present value of the future benefits. This means that the size of provisions is affected by the current interest-rate level which determines the discount rate.

Fair value of financial investment assets

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

In relation to financial instruments where there is only limited observable market data on which to base valuation, valuation will be affected by estimates. For example, this applies for unlisted equity investments as well as certain illiquid bonds for which there is no active market. For a more detailed description of valuation in this area, see the section on other financial investment assets.

Intragroup transactions

Transactions between group undertakings are made on the basis of written agreements and settlement is on a cost-recovery basis or on commercial market terms.

Principles for recognition and measurement

Revenues and costs are recognised in the income statement as they are earned or incurred. All value adjustments, both realised and unrealised, are therefore recognised in the net profit or loss for the year. However, revaluations following remeasurement to fair value of owner-occupied properties or other tangible non-current assets owned by the company or group or associated companies are recognised in other comprehensive income.

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 flow out of the company, and the value of the liability can be measured reliably.

At initial recognition, intangible and tangible assets are measured at cost, while other assets and liabilities are measured at fair value. Measurements after initial recognition take place as described for each item below.

For 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, are taken into account.

Notes (cont.)

Note

1 Accounting policies (cont.)

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the transaction date. Gains and losses that exist between the exchange rate at the transaction date and the settlement date are recognised in the income statement. On the reporting date, monetary assets and liabilities are translated into foreign currency at the exchange rate ruling on the reporting date. Similarly, currency adjustments arising between the date of the transaction and the reporting date are also recognised in the income statement under value adjustments.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Income from insurance activities

Premiums income net of reinsurance

Includes premiums and contributions due in the financial year. Premium relating to investment contracts without bonus entitlement and without a significant risk element, are recognised directly in the balance sheet. Social security contributions and reinsurance premiums are deducted in premium income.

Investment returns

Income from group and associated undertakings

Includes the company's share of the result after tax in group and associated undertakings calculated in accordance with Industriens Pension's accounting policies.

Interest income and dividends, etc.

Includes the interest earned and dividends received on financial investment assets and liquid assets for the financial year, including index adjustments for index-linked bonds and interest income on lending to group and associated undertakings.

Value adjustments

Value adjustments contain both realised and unrealised gains and losses on investment assets, including foreign currency translation adjustments except for gains and losses on group undertakings and associated undertakings.

Administration costs in connection with investment activities

Includes costs in connection with trading in securities, depositary charges, remuneration for external management, as well as own costs for administration of investment assets, including management fees from group undertakings.

Tax on yields of certain pension-scheme assets

The tax on yields of certain pension-scheme assets for the financial year is recognised in the income statement. Tax includes tax on the return ascribed individually to members' deposits as well as tax on the return ascribed to collective reserves (equity and collective bonus potential, etc.). Tax is calculated at 15.3% of the tax base, which is calculated on the basis of the annual investment return. Deferred tax on yields of certain pension-scheme assets is also provided at 15.3%.

Expenses of insurance activities

Insurance benefits paid net of reinsurance.

Insurance benefits net of reinsurance include pension scheme benefits due in the year, adjusted by the change in provisions for claims outstanding for the year and after deduction for possible reinsurance cover. Insurance benefits concerning investment contracts without bonus entitlement are recognised directly in the balance sheet.

Change in life-assurance provisions

Includes change in life-assurance provisions for the year. The change is broken down in note 13.

Change in bonus provisions for group life scheme

Profit/loss for the year on the group life scheme is appropriated to bonus and is used to reduce future premiums.

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, the collective bonus potential provided in previous years is applied for this item.

Change in special bonus provisions

Change in special bonus provisions (type A and type B) includes interest and the net amounts which members have contributed during the year.

Change in special bonus provisions (type B) also includes any risk return for the year and the previous year, and proportionate shares of the result of sickness and accident insurance as well as from the market-interest-rate scheme, etc. are added to the provisions.

Notes (cont.)

Note

1 Accounting policies (cont.)

Change in provisions for unit-linked contracts

Includes the change in provisions for unit-linked contracts (market-rate scheme), except for premiums and insurance benefits on investment contracts without bonus entitlement and a share of other comprehensive income.

Administration costs

Administration costs include all costs accrued for the year relating to life assurance activities including administration fees from group undertakings. Costs not directly attributable to either life assurance or accident and sickness insurance are allocated to the two areas on the basis of resource consumption.

Audit fees are disclosed at group level in the annual report for the parent company IndustriPension Holding A/S.

Investment returns transferred

Investment return transferred makes up the part of the investment return not included in the insurance technical result. Investment returns transferred therefore comprises investment returns regarding sickness and accident insurance, as well as the investment returns for equity.

Technical result of accident and sickness insurance net of reinsurance

The result of sickness and accident insurance has been calculated according to the accounting rules for non-life insurance. The result is detailed in the notes.

Contribution and profit

Appropriation of the realised profit is described on the basis of an agreement with the members. Therefore, Industriens Pension is not subject to the Danish Financial Supervisory Authority's Contribution Executive Order and therefore members with insurance policies entitled to a bonus are not divided into contribution classes.

The realised profit is calculated and appropriated in accordance with reported principles for appropriation of profits:

The return after tax on the part of the investment assets linked to the capital base is added to the capital base.

The capital base can also be allocated interest for providing risk capital.

Special bonus provisions type B comprise the realised profit or positive sub-elements of this. The percentage corresponds to the percentage deduction in contributions, deposits and transfers, excluding unit supplement.

Equity includes payments of bonuses to pensioners, although these are expected to cease at the end of 2015. The remaining realised profit from insurance policies with a bonus entitlement, including returns on hedging instruments linked to insurance policies with a bonus entitlement accrue to the insured.

BALANCE SHEET

Intangible assets

Intangible assets includes the development of an IT platform, etc. measured at acquisition value with deduction of accumulated amortisation and impairment. Straight-line amortisation is made over the expected life of assets.

Property, plant and equipment

Equipment

Equipment is measured at acquisition value with deduction for accumulated depreciation and impairment. Straight-line amortisation is made over the expected life of assets.

Owner-occupied property

Owner-occupied property is measured at revalued amount, which is the fair value at the date of revaluation after deduction of subsequent depreciation and impairment. The revalued amount is calculated according to a returns model based on a market rent, costs of the property and a required return for the specific type of property. Increases in the revalued amount are recognised in other comprehensive income unless the increase corresponds to a drop which has previously been recognised in the income statement. Decreases in the revalued value of an owner-occupied property are recognised in the income statement unless the decrease corresponds to an increase that was previously recognised in other comprehensive income. Owner-occupied properties are depreciated over their expected useful lives to the estimated scrap value. Depreciation is calculated on the revalued amount and recognised in the income statement.

Notes (cont.)

Note

1 Accounting policies (cont.)

Investment assets

Equity investments with group undertakings and associated undertakings

Undertakings in which Industriens Pension exercises controlling influence are recognised as group undertakings (see note 11 of these financial statements). Undertakings in which Industriens Pension holds between 20% and 50% of the voting rights and exercises significant influence are recognised as associated undertakings (see note 12 to the financial statements). In certain situations, investments with an equity interest of more than 20% are recognised as equity investments in the balance sheet. These are situations in which a specific assessment shows that Industriens Pension has neither a controlling influence nor significant influence.

Equity investments in group undertakings and associated undertakings are measured at initial recognition at cost, and subsequently according to the equity method. According to this method, equity investments are recognised as the proportionate share of the undertakings' result and equity, calculated according to the accounting policies of Industriens Pension. This means that tangible non-current assets (e.g. wind turbines) in group undertakings and associated undertakings are valued at cost in the construction phase and thereafter revalued to fair value. Increases in the revalued amount are recognised in other comprehensive income unless the increase corresponds to a drop which has previously been recognised in the income statement. Decreases in the revalued value of an owner-occupied property are recognised in the income statement unless the decrease corresponds to an increase that was previously recognised in other comprehensive income.

Loans to group and associated undertakings

Loans to group and associated undertakings are measured at amortised cost.

Other financial investment assets

Purchases and sales of financial investment assets are recognised on the trading day at fair value, which generally corresponds to cost.

Listed equity investments and units in investment associations are measured at fair value, calculated at the official closing prices on the reporting date. For equity investments and units in investment associations that are not actively traded, a calculated rate is used.

Unlisted equity investments and units in investment associations are measured at estimated fair value using recognised valuation methods, for example by comparing with similar assets for which a fair value is available or by discounting expected future cash flows etc.

Listed bonds are also measured at fair value, calculated at the official closing prices on the reporting date. For bonds that are not actively traded, a calculated rate is used. Unlisted bonds are measured at an estimated fair value by means of recognised valuation methods, see above. The fair value of called bonds is measured at present value.

Bonds that are sold and repurchased forward (genuine sale and repurchase transactions) are part of the bond portfolio. The fair value of these at the end of the financial year is shown in note 20 to the financial statements on collateral ceded.

Listed and unlisted derivative financial instruments are measured at fair value on the reporting date. Fair value is set at the mid-market prices on the reporting date. Positive fair values are recognised in the balance sheet under other financial investment assets, and negative values are recognised in the balance sheet under other debt. Value adjustments are recognised under value adjustments. Note 22 to the financial statements shows a summary of the derivative financial instruments with associated fair values.

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

Investment assets attached to unit-linked contracts

Investment assets linked to unit-linked contracts includes assets linked to the market-rate scheme, including assets linked to investment contracts without bonus entitlement. Assets are measured according to the same principles as other investment assets.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal amount. Deductions are made to account for any losses.

Notes (cont.)

Note

1 Accounting policies (cont.)

Deferred tax assets

Deferred tax on yields of certain pension-scheme assets calculated on the basis of a negative tax basis is recognised as an asset in the balance sheet for offsetting in positive tax on yields of certain pension-scheme assets in subsequent years, provided it is likely that such offset can be utilised in the years to come. The deferred tax asset has primarily arisen in connection with the distribution of collective reserves on transition to market interest rate in 2011. The part of this tax asset not utilised on offsetting in positive tax on yields of certain pension-scheme assets within the first five calendar years after distribution will be repaid to the company by the Central Customs and Tax Administration (SKAT), including interest from 1 January 2013.

Provisions for insurance and investment contracts

Premium provisions

Relates to accident and sickness insurance and covers provisions for risk on account of rising age 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 include insurance contracts entitled to bonuses. Provisions are calculated at market value by the company chief actuary based on the technical basis notified to the Danish Financial Supervisory Authority. Life-assurance provisions are calculated as the present value of the expected future insurance benefits linked to current insurance contracts, based on a discounting yield curve and assumptions on insurance risks (mortality rate and disability, etc.) and costs, fixed at best estimate. The statement of the life-assurance provisions includes an addition relating to the uncertainty of fixing best estimate on insurance risk. The yield curve defined in the Executive Order on Presentation of Financial Statements is applied as the discount rate. The Danish Financial Supervisory Authority calculates and publishes the yield curve on a daily basis.

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 attached to the pension scheme. Guaranteed benefits are calculated as the present value of the expected future benefits, as well as the present value of the expected future expenses for administration of the insurance policy, less the present value of the agreed future premiums. Guaranteed benefits are calculated taking into account conversion of contracts to paid-up policies and surrender.

Bonus potential on future premiums covers the present value of commitments to pay bonuses which, with the current discounting yield curve, are linked to agreed premiums not yet due.

The liabilities are calculated as the difference between the value of the guaranteed paid-up policy benefits and the value of the guaranteed benefits, where the guaranteed paid-up policy benefits are the benefits guaranteed on the insurance policy if the policy is converted to a paid-up policy. The value of the guaranteed paid-up policy benefits is calculated as the present value of the guaranteed paid-up policy benefits plus the present value of the expected future expenses for administration of the paid-up policies.

Bonus potential on paid-up policy benefits covers the present value of commitments to pay bonuses, which, with the current discounting yield curve, are linked to premiums etc. already due. Bonus potentials on paid-up policy benefits are calculated as the value of policy holders' savings less the guaranteed benefits, bonus potentials on future premiums, and the present value of the future administration results.

Provisions for claims outstanding

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 present value in accordance with actuarial principles as the present value of the expected future payments applying the discounting yield curve as defined in the Executive Order on Presentation of Financial Statements.

Notes (cont.)

Note

1 Accounting policies (cont.)

Collective bonus potential

Collective bonus potential covers the insurance portfolio share of realised results which are allocated collectively to future bonuses.

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 or previous years.

Bonus provisions for group life scheme

Provisions for group life scheme for death, disability and critical illness denote saved up profits from the scheme for use in reducing future premiums.

Special bonus provisions

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. Special bonus provisions are venture capital made available by members and constitute part of the insurance provisions. The provisions are recognised in the capital base, ranking equally with equity capital.

Provision for unit-linked contracts

This provision represents the market value of the assets linked to the market-rate scheme as well as investment contracts without bonus entitlement.

The provisions also contain an estimated amount to cover benefits from insured events occurring in the financial year but not reported at the end of the financial year.

Other debt

Debt on repos and other derivative financial instruments is measured at fair value. Other amounts payable are measured at amortized cost, which normally corresponds to the nominal value.

Contingent liabilities

Commitments regarding pledges on investments, guarantees and sureties etc. on non-insurance matters are disclosed in a note to the annual report (see note 20).

Notes (cont.)

Note	DKK mill.	2015	2014
2	Gross premiums		
	Current premiums	6,886	6,834
	Contributions incl. transfers	1,265	1,054
	Gross premiums before taxes	8,151	7,888
	Social security contributions	-551	-541
	Total gross premiums	7,601	7,347
	Of which, concerning accident and sickness insurance, see note 7	-377	-511
	Of which, premiums concerning investment contracts without bonus entitlement	-	-99
	Total gross premiums on insurance contracts	7,224	6,737
	Premiums broken down according to how insurance was taken out:		
	Insurance taken out as part of an employment relationship	7,468	7,248
	Insurance and investment contracts taken out individually	133	99
		7,601	7,347
	Premiums concerning insurance:		
	Insurance policies with a bonus entitlement	4	4
	Insurance and investment contracts without bonus entitlement	7,597	7,343
		7,601	7,347
	Members with collective-agreement-based schemes	399,770	396,403
	Members with group life assurance	232,977	232,530
	Members with policies taken out individually	23,262	20,735
	All insurance policies and investment contracts have been taken based on collective agreements, agreements and similar under which the insurance is a compulsory part of the conditions for employment.		
	All insurance policies pertain to direct Danish business.		
3	Value adjustments		
	Owner-occupied property	5	0
	Loans to group undertakings	1	-1
	Equity investments	6,539	5,401
	Investment association units	171	644
	Bonds	20	2,301
	Deposits with credit institutions	28	32
	Forward foreign-exchange contracts	-5,489	-3,761
	Total value adjustments	1,275	4,615

Notes (cont.)

Note	DKK mill.	2015	2014
4	Tax on yields of certain pension-scheme assets		
	Tax on yields of certain pension-scheme assets payable for the year	1,257	1,862
	Adjustment of deferred tax asset	69	17
	Adjustment for tax on yields of certain pension-scheme assets concerning previous years	-10	-2
	Tax on yields of certain pension-scheme assets concerning other comprehensive income	16	-16
	Total tax on yields of certain pension-scheme assets	1,332	1,862
5	Benefits paid		
	Regular pension benefits	679	558
	Lump sums on old age	281	300
	Insurance sums on disability	90	94
	Insurance sums on critical illness	138	124
	Insurance sums on death	331	324
	Transfers to other pension schemes	2,228	3,577
	Surrender (disbursement of small dormant accounts)	91	83
	Tax correction of old-age lump sum	16	112
	Unguaranteed supplementary pension	1	4
	Health-promotion costs	4	3
	Total benefits paid	3,860	5,180
6	Administration costs		
	The staff expenses specified below have been recognised in the items for administration costs, administration costs in connection with investment activities, as well as result of sickness and accident insurance:		
	Staff expenses		
	Staff wages and salaries	113	106
	Pension contributions	14	13
	Other expenses for social security	2	2
	Payroll tax	15	14
	Total staff expenses	144	135
	Average number of full-time employees in the year	154	146

Staff expenses include salaries and remuneration for:

Board of Management	3.9	3.7
Board of Directors	2.1	2.2
No. of employees whose activities significantly influence the risk profile (6 people)	11.8	11.9

No bonus schemes or performance-related pay agreements are linked to the employment of either the Board of Management or other employees with significant influence on the risk profile. No allowances for new employment or resignation were paid in 2015. Remuneration is not paid to members of the Board of Management for board positions in other companies in the group.

Salaries and other remuneration for individual members of the Board of Directors are disclosed in note 28.

Notes (cont.)

Note	DKK mill.	2015	2014
7	Technical profit/loss on sickness and accident insurance		
	Current premiums	377	511
	Transferred from provisions for insurance and investment contracts	71	96
	Total gross premiums	448	606
	Reinsurance premiums ceded	-1	-1
	Change in premium provisions	9	3
	Premium income net of reinsurance	456	608
	Insurance technical interest	-34	-12
	Benefits paid	-453	-440
	Change in gross claims provisions net of reinsurance	-238	-131
	Costs of claims net of reinsurance	-691	-572
	Change in bonus and premium rebates	181	-277
	Insurance operating costs net of reinsurance	-17	-17
	Technical result	-105	-270
	Investment return	182	353
	Return on insurance provisions	-38	-53
	Investment return after technical interest	144	300
	TECHNICAL RESULT OF ACCIDENT AND SICKNESS INSURANCE	39	30
	With a claims rate of 0.41% (0.45%), in 2015, 747 (830) claims were paid with an average indemnity of DKK 844,000. (DKK 793,000). The figures shown in brackets are the corresponding figures for 2014.		
8	Intangible assets		
	Accumulated cost 1 January	33	33
	Accumulated cost 31 December	33	33
	Accumulated amortisation 1 January	28	24
	Amortisation for the year	2	4
	Accumulated amortisation 31 December	30	28
	Carrying amount 31 December	3	6

Notes (cont.)

Note	DKK mill.	31.12.2015	31.12.2014
9	Equipment		
	Accumulated cost 1 January	1	1
	Acquisitions during the year	0	1
	Disposals during the year	0	-1
	Accumulated cost 31 December	1	1
	Accumulated depreciation 1 January	0	1
	Amortisation for the year	0	0
	Reversed depreciation at the end of the year	0	-1
	Accumulated depreciation 31 December	0	0
	Carrying amount 31 December	1	1
10	Owner-occupied property		
	Revalued fair value 1 January	63	63
	Depreciation for the year	0	0
	Value adjustment for the year	5	0
	Revalued fair value 31 December	68	63
	Rate of return with fair value valuation	5.00	5.50

Notes (cont.)

Note	DKK mill.	31.12.2015	31.12.2014
11	Equity investments in group undertakings		
	Carrying amount 1 January	33,033	28,424
	Additions/issues during the year	3,508	2,532
	Capital reductions/redemptions during the year	-6,576	-2,507
	Share of profit for the year	2,873	4,481
	Share of movements in capital for the year	-103	103
	Carrying amount 31 December	32,735	33,033

Equity investments are disclosed in the balance sheet items:

Equity investments in group undertakings	2,972	3,021
Investment assets attached to unit-linked contracts, see note 18	29,762	30,012

Equity investments in group undertakings consist of:

Name	Registered office	Ownership interest	Result	Equity
Industriens Pension Portfolio (capital association)	Copenhagen	100%	2,663	29,912
IP Alternative Investments Komplementar ApS	Copenhagen	100%	0	0
IP Finans 1 Aps	Copenhagen	100%	0	4
IP Butendiek Wind K/S	Copenhagen	100%	47	42
IP Gode Wind II K/S	Copenhagen	100%	-1	861
IP Komplementar ApS	Copenhagen	100%	0	0
IP Ejendomme 2013 P/S	Copenhagen	100%	163	1,798
IP Infrastruktur Komplementar ApS	Copenhagen	100%	0	0
IP Infrastruktur P/S	Copenhagen	100%	1	118
IP OPP P/S	Copenhagen	100%	0	0

Industriens Pension Portfolio invests in shares and bonds etc. while other group undertakings are involved with activities in properties, infrastructure and wind turbines.

12 Equity investments in associated undertakings

Carrying amount 1 January	155	166
Additions/issues during the year	21	153
Capital reductions/redemptions during the year	0	-167
Distributions during the year	0	0
Share of profit for the year	-2	2
Carrying amount 31 December	174	155

Equity investments are disclosed in the balance sheet items:

Equity investments in associated undertakings	39	46
Investment assets attached to unit-linked contracts, see note 18	135	109

Equity investments in associated undertakings consist of:

Name	Registered office	Ownership interest	Result	Equity
EjendomsSelskabet Norden IV K/S	Copenhagen	32.4%	10	270
EjendomsSelskabet Norden VIII K/S	Copenhagen	32.8%	-2	0
Axel Torv 2 P/S	Copenhagen	33.3%	-14	245
Axel Torv 2 Komplementar ApS	Copenhagen	33.3%	0	0
OPP Slagelse Sygehus Komplementar ApS	Copenhagen	25.0%	0	0
OPP Slagelse Sygehus P/S	Copenhagen	25.0%	0	15
Gode Wind II Joint FinCo ApS	Copenhagen	21.0%	1	4

Ejendomsselskaberne Norden IV K/S and Norden VIII K/S as well as the two companies related to Axel Torv are active within the property area. The two OPP Slagelse Sygehus companies are part of a public-private partnership project with Region Zealand, while Gode Wind II Joint FinCo ApS is a financing company.

Notes (cont.)

Note	DKK mill.	31.12.2015	31.12.2014	
13	Life-assurance provisions			
	Gross life-assurance provisions 1 January	5,590	5,361	
	Accumulated value adjustments brought forward	-1,133	-784	
	Retrospective provisions 1 January	4,457	4,577	
	Gross premiums	4	4	
	Addition of interest	299	234	
	Insurance benefits	-408	-406	
	Costs supplement after addition of costs bonus	-5	-5	
	Risk result after addition of risk bonus	-2	27	
	Transferred to/from provisions for unit-linked contracts	37	24	
	Distribution from special bonus provision	1	2	
	Retrospective provisions 31 December	4,383	4,457	
	Accumulated value adjustment carried forward	1,055	1,133	
	Gross life-assurance provisions 31 December	5,438	5,590	
<i>Break down of life-assurance provisions between the original technical interest rates carried forward 2015</i>				
		1.00%	2.50%	Total
	Guaranteed benefits	341	5,093	5,434
	Bonus potential on paid-up policy benefits	4	1	4
	Gross life-assurance provisions 31 December 2015	345	5,094	5,438
<i>Break down of life-assurance provisions between the original technical interest rates carried forward 2014</i>				
		1.00%	2.50%	Total
	Guaranteed benefits	349	5,238	5,587
	Bonus potential on paid-up policy benefits	3	0	3
	Gross life-assurance provisions 31 December 2014	352	5,238	5,590
	DKK mill.	31.12.2015	31.12.2014	
	The bonus potential on paid-up policy benefits has been raised by	964	1,038	
	Change in life-assurance provisions in income statement			
	Change in guaranteed benefits	-153	251	
	Change in bonus potential on paid-up policy benefits	1	-22	
	Total change in life-assurance provisions	-152	229	

Notes (cont.)

Note	DKK mill.	31.12.2015	31.12.2014
14	Claims provisions		
	Provisions for insurance sums on death	149	148
	Provisions for insurance sums on disability	102	111
	Provisions for insurance sums on critical illness	105	85
	Claims provisions net of reinsurance re. life-assurance activities	356	344
	Claims provisions net of reinsurance re. accident and sickness insurance	5,570	5,341
	Total provisions for claims net of reinsurance	5,926	5,685
15	Collective bonus potential		
	Collective bonus potential 1 January	2,088	1,724
	Change in collective bonus potential	-64	364
	Collective bonus potential 31 December	2,023	2,088
16	Bonus provisions for group life scheme		
	Bonus provisions for group life scheme 1 January	262	388
	Change in bonus provisions for group life scheme	-18	-126
	Bonus provisions for group life scheme 31 December	244	262
17	Special bonus provisions		
	Special bonus provisions 1 January	4,020	3,718
	Change in special bonus provisions	1	300
	Share in other comprehensive income	-1	1
	Special bonus provisions 31 December	4,019	4,020
	Breakdown of special bonus provisions		
	Special bonus provisions type A	378	390
	Special bonus provisions type B	3,641	3,630
	Special bonus provisions 31 December	4,019	4,020

Notes (cont.)

Note	DKK mill.	31.12.2015	31.12.2014
18	Provisions for unit-linked contracts		
	Provisions for unit-linked contracts 1 January	106,815	96,461
	Gross premiums	7,215	6,828
	Return after tax on yields of certain pension-scheme assets	6,734	8,514
	Insurance benefits	-3,062	-4,402
	Costs supplement	-65	-470
	Risk gain	-1	-1
	Distribution from special bonus provision	173	226
	Transferred to/from life-assurance provisions	-37	-24
	Transferred to sickness and accident insurance	-68	-91
	Transferred to group scheme	-370	-227
	Provisions for unit-linked contracts 31 December	117,336	106,815
	Change in provisions for unit-linked contracts		
	Recognised in the income statement	10,605	10,182
	Share recognised in other comprehensive income	-84	84
	Recognised directly in the balance sheet	-	88
	Change in provisions for unit-linked contracts	10,521	10,354
	Investment assets attached to unit-linked contracts		
	Equity investments in group companies	29,762	30,012
	Loans to group undertakings	342	285
	Holdings in associated undertakings	135	109
	Loans to associated undertakings	180	106
	Equity investments	51,959	40,715
	Investment association units	7,542	8,060
	Bonds	28,298	32,307
	Other loans	23	18
	Deposits with credit institutions	2,491	1,368
	Other financial investment assets	2,322	1,973
	Total investment assets attached to unit-linked contracts	123,054	114,952
	Other receivables concerning unit-linked contracts	112	40
	Receivable interest concerning unit-linked contracts	359	389
	Tax on yields of certain pension-scheme assets due concerning unit-linked contracts	-1,194	-1,507
	Other debt concerning unit-linked contracts	-4,995	-7,060
	Net assets linked to unit-linked contracts	117,336	106,815

Notes (cont.)

Note	DKK mill.	31.12.2015	31.12.2014
19	Other debt		
	Liabilities concerning sales and repurchase transactions	6,273	7,925
	Negative market value of other derivative financial instruments	1,958	2,889
	Debt concerning unsettled transactions	18	5
	Other debt	37	76
	Total other debt	8,286	10,895
20	Collateral and contingent liabilities		
	As collateral for the technical provisions, assets have been registered at a carrying amount of:		
	Equity investments	56,933	43,542
	Investment association units	37,508	39,787
	Bonds	37,595	40,286
	Deposits with credit institutions	4,260	2,348
	Total registered assets	136,296	125,964
	Bonds placed as collateral for loans after standard repurchase contracts	6,273	7,925
	Bonds issued as collateral for fair value of derivative financial instruments	30	903
	Bonds received as collateral for fair value of derivative financial instruments	1,355	804
	Leasing liabilities	1	1
	Pledges to invest in property, infrastructure and unlisted equity investments etc. incl. warranties for pledges in associated undertakings	15,011	18,242
	The company has joint VAT (moms) registration with a number of group companies. The joint registration entails joint and several liability for VAT and payroll tax.		
	The Central Customs and Tax Administration (SKAT) has questioned tax treatment by the company of conversions of old-age pensions. If SKAT's interpretations in these areas are upheld, there will be further tax due for the period 2010-2014 of a maximum of DKK 22 mill.		

Notes (cont.)

Note

21 Related parties

Industriens Pensionsforsikring A/S has a number of fully owned undertakings. IndustriPension Holding A/S, with its registered office in Copenhagen, is the parent company.

Transactions with related parties are entered into and settled on market terms or on a cost-recovery basis. In 2015, the company had the following transactions and balances with group undertakings:

- Supply of administrative services for the parent, IndustriPension Holding A/S, as well as to the fellow subsidiary, Industriens Pension Service A/S, and the fully owned subsidiaries. Assets management services are also supplied to the subsidiaries. The fees for these services are set on a cost-recovery basis.
- Loans (approx. EUR 75 mill.) and guarantees for loans (approx. EUR 83 mill.) to the associate, IP Finans 1 Aps and a guarantee for capital contributions to the group undertaking IP Gode Wind II K/S (remaining pledge EUR 19.1 mill.). Payment in the form of interest and guarantee commission is fixed on market terms.

22 Derivative financial instruments (DKK mill.)

	Principal amount	Positive value	Negative value
Interest-rate contracts, swaps			
Term 0-10 years	2,081	1,142	-1,013
Term 10-20 years	4,234	881	-130
Term >20 years	-62	312	-17
Total	6,253	2,335	-1,161
Repo business			
Term 0-10 years	-5,539	11	-40
Total	-5,539	11	-40
Futures (shares and bonds)			
Term 0-10 years	-5,961	109	-57
Total	-5,961	109	-57
Forward foreign-exchange contracts	-46,143	525	-740
Balance as at 31 December 2015	-51,390	2,981	-1,998

All interest-rate contracts are in DKK and EUR. Forward foreign-exchange contracts all have a term of less than one year. Positive fair values are included in other financial investment assets, and negative fair values are included in liabilities under other debt. However, the net value of repo transactions is recognised in liabilities regarding sale and repurchase transactions under other debt.

Notes (cont.)

Note	2011	2012	2013	2014	2015	
23	Five-year summary of key figures and financial ratios					
	Key figures (DKK mill.)					
	Premiums	6,485	6,624	6,528	6,737	7,224
	Insurance benefits	1,994	1,638	4,708	5,280	3,943
	Investment return	3,635	12,176	7,006	12,329	8,642
	Insurance operating costs	131	136	128	113	37
	Profit/loss on reinsurance	-2	-2	-1	-2	-2
	Technical result	97	45	2	-15	-19
	Technical result of sickness and accident insurance	-259	25	30	30	39
	Profit for the period	-172	357	29	204	119
	Provisions for insurance and investment contracts	90,015	105,234	113,283	125,215	135,551
	Equity	3,880	4,237	4,266	4,472	4,590
	Assets	101,198	123,023	128,461	142,286	149,685
	Financial ratios for sickness and accident insurance					
	Gross claims ratio	111.6%	88.0%	88.7%	173.8%	109.8%
	Gross expenses ratio	2.6%	3.0%	3.5%	5.3%	2.8%
	Combined ratio	114.3%	91.2%	92.3%	179.3%	112.7%
	Operating ratio	102.0%	81.9%	82.4%	154.1%	106.3%
	Relative run-off results	3.9%	2.7%	12.5%	2.2%	9.9%
	Return ratios					
	Return before tax on yields of certain pension-scheme assets (N1)	4.0%	11.6%	-0.8%	12.1%	2.6%
	Return before tax on yields of certain pension-scheme assets, market rate	4.6%	13.0%	7.8%	10.4%	7.4%
	Return before tax on yields of certain pension-scheme assets, average rate	4.6%	15.9%	-1.0%	15.0%	2.3%
	Cost ratios					
	Costs as a percentage of premiums (N3)	2.0%	2.0%	1.9%	1.7%	0.5%
	Costs as a percentage of provisions (N4)	0.2%	0.2%	0.1%	0.1%	0.0%
	Costs per insured party (N5)	DKK 307	DKK 311	DKK 288	DKK 261	DKK 84
	Expense result (N6)	0.49%	0.42%	0.39%	0.34%	0.03%
	Risk figures					
	Insurance risk result (N7)	0.13%	0.10%	0.00%	-0.02%	0.00%
	Consolidating financial ratios					
	Ratio of bonus potential to provisions (N8)	21.0%	39.2%	37.7%	46.8%	46.2%
	Ratio of members' funds to provisions (N9)	70.5%	75.2%	81.2%	90.2%	91.7%
	Ratio of equity to provisions (N10)	90.4%	89.9%	93.2%	100.3%	104.8%
	Ratio of excess solvency to provisions (N11)	136.3%	143.6%	152.3%	167.2%	174.2%
	Solvency ratio (N12)	511%	768%	793%	820%	886%
	Return on equity ratios					
	Return on equity before tax (N13)	-4.4%	10.1%	0.7%	5.5%	3.4%
	Return on equity after tax (N14)	-4.3%	8.8%	0.7%	4.7%	2.6%
	Return on insurance provisions (N15)	4.8%	17.3%	-0.9%	16.5%	2.8%
	Return on special bonus provisions type A (N18)	3.6%	2.3%	2.4%	2.1%	1.1%
	Return on special bonus provisions type B (N19)	-4.1%	10.4%	0.8%	5.7%	3.5%

The statutory financial ratios as laid down by the Danish FSA are entitled N1-N19.

Notes (cont.)

Note

24 Schedule of assets and returns on these

DKK mill.	Market value 31.12.2014	31.12.2015	Net investments	Return as % before tax on on pension returns
1.1 Land and buildings directly owned	63	68	0	7.3%
1.2 Property companies	1,369	1,638	60	10.1%
1. Total land and buildings	1,432	1,706	60	17.4%
2. Other subsidiaries	212	449	284	-7.0%
3.1 Listed Danish shares	457	500	-97	33.3%
3.2 Unlisted Danish shares	26	26	-5	21.0%
3.3 Listed foreign equity investments	1,281	1,405	-23	10.9%
3.4 Unlisted foreign equity investments	481	619	-6	26.3%
3. Total other equity investments	2,244	2,551	-131	18.2%
4.1 Government bonds (Zone A)	5,479	5,277	-516	0.7%
4.2 Mortgage-credit bonds	6,719	5,952	-1,135	0.4%
4.3 Index-linked bonds	4,315	4,067	-507	1.0%
4.4 Credit bonds, investment grade	1,358	909	-455	0.5%
4.5 Credit bonds, non-investment grade	1,010	1,008	-72	6.8%
4.6 Other bonds	58	72	10	5.4%
4. Total bonds	18,939	17,284	-2,674	1.0%
5. Loans secured by mortgages	-	-	-	-
6. Other financial investment assets	605	873	268	8.5%
7. Derivative financial instruments	98	145	-	-

*The returns on individual 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.

25 Equity investments broken down by sectors and regions

	Denmark	Rest of Europe	North America	South America	Japan	Far East	Other countries	Not allocated	Total
Energy	0.0%	0.6%	1.5%	0.1%	0.0%	0.1%	0.0%	0.2%	2.5%
Materials	0.9%	0.7%	1.2%	0.1%	0.2%	0.2%	0.0%	0.0%	3.4%
Industry	4.6%	1.1%	3.6%	0.3%	0.7%	0.3%	0.0%	0.1%	10.8%
Consumer goods	1.9%	1.8%	3.5%	0.2%	0.9%	0.5%	0.1%	0.2%	9.0%
Consumer Staples	0.7%	2.0%	2.5%	0.6%	0.3%	0.3%	0.1%	0.2%	6.7%
Healthcare	5.7%	2.5%	3.6%	0.0%	0.3%	0.1%	0.0%	0.0%	12.3%
Finance	3.4%	3.0%	4.7%	0.6%	0.9%	2.0%	0.1%	0.5%	15.2%
ICT	0.2%	1.1%	6.2%	0.3%	0.4%	1.1%	0.0%	0.2%	9.6%
Telecommunications	0.6%	0.4%	0.2%	0.0%	0.2%	0.2%	0.0%	0.0%	1.8%
Utilities	0.0%	0.2%	1.1%	0.0%	0.1%	0.1%	0.0%	0.1%	1.6%
Not allocated	2.6%	7.7%	16.5%	0.0%	0.0%	0.1%	0.0%	0.5%	27.3%
Total	20.7%	21.0%	44.7%	2.2%	4.2%	4.8%	0.4%	2.0%	100.0%

Notes (cont.)

Note

26 Sensitivity information

DKK mill.	Maximum effect on capital base	Maximum effect on collective bonus potential	Max. effect of bonus potential on paid-up policy benefits before change in applied bonus potential on paid-up policy benefits	Maximum effect on applied bonus potential on paid-up policy benefits
Event				
Interest rate rise of 0.7 percentage points	-205	-309	11	0
Interest rate drop of 0.7 percentage points	205	321	-4	0
Country spread (interest-rate increase)	12	-41	0	0
Country spread (interest-rate drop)	12	-57	0	0
Fall in share prices of 12%	-229	-151	0	0
Fall in property prices of 8%	-49	-29	0	0
Exchange-rate risk (VaR 99%)	-29	-19	0	0
Loss on counterparties of 8%	-106	-67	0	0
Mortality intensity:				
– drop of 10%	0	-174	-3	0
– increase of 10%	0	156	4	0
Disability intensity:				
– increase of 10%	0	0	0	0

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

27 Risk disclosures

See the section on risk on pages 8-9.

28 Remuneration of Board of Directors

The chairman and deputy chairman received annual remuneration of DKK 225,722 in 2015. This remuneration is for participation in committees in Industriens Pensionsforsikring A/S. Other members of the Board of Directors received remuneration in 2015 of DKK 112,861 kr. Other members of the Board of Directors who are also members of the Investment Committee or the Accounting Committee also received remuneration of DKK 61,561 in 2015, while the chairman of the Accounting Committee received remuneration of DKK 82,081.

Mads Andersen, chairman	DKK 225,722	Jukka Pertola	DKK 112,861
Kim Graugaard, deputy chairman	DKK 225,722	Rasmus Sejerup Rasmussen	DKK 112,861
Lars Andersen	DKK 256,503	Bo Stærmose	DKK 112,861
Erik Bredholt	DKK 112,861	Berit Vinther	DKK 174,422
Claus Jensen	DKK 112,861	Ole Wehlast	DKK 112,861
Heidi Jensen	DKK 112,861	Changes in 2015	
Bjarne Graven Larsen	DKK 174,422	Jens Due Olsen, resigned 30/4	DKK 58,140
Nina Movin	DKK 174,422	Lars Ingemann Nielsen, apt. 26/6	DKK 65,836

Management positions held by the Board of Management and the Board of Directors

BOARD OF MANAGEMENT

Laila Mortensen (born 1965)

CEO of IndustriPension Holding A/S and the fully owned subsidiary Industriens Pensionsforsikring A/S

Intra-group positions:

Industriens Pension Service A/S	Chief Executive
Industriens Pension Portfolio (capital association)	Vice Chairman of the Board
IP Alternative Investments Komplementar ApS	Chairman of the Board
IP Finans 1 Aps	Chairman of the Board
IP Komplementar ApS	Chairman of the Board
IP Ejendomme 2013 P/S	Chairman of the Board
IP Infrastruktur P/S	Chairman of the Board
IP Infrastruktur Komplementar ApS	Chairman of the Board
IP OPP P/S	Chairman of the Board
IP Næstved Stråleterapi P/S	Chairman of the Board
IP Næstved Stråleterapi Komplementar ApS	Chairman of the Board
IP Sankt Petri P/S	Chairman of the Board
IP Sankt Petri Komplementar ApS	Chairman of the Board

Other positions:

Forsikring & Pension	Member of the Board of Directors
Spar Nord Bank A/S	Member of the Board of Directors
Danish Society for Education and Business - DSEB	Vice Chairman of the Board

The above positions have been approved by the Board of Directors, see section 80(1) of the Danish Financial Business Act.

BOARD OF DIRECTORS

Mads Andersen, chairman (born 1969)

Group chairman of Industrigruppen 3F and deputy chairman of the Central Organisation of Industrial Employees (CO-industri)
Appointed 21 April 2010. Appointed by the Central Organisation of Industrial Employees unions.

Intra-group positions:

Industripension Holding A/S	Chairman of the Board
Industriens Pension Service A/S	Chairman of the Board
Member of the investment committee and the ethics committee of Industriens Pensionsforsikring A/S.	Chairman

Other positions:

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
Confederation of Danish Trade Unions	Member of the Board
Nordsøenheden S.O.V.	Member of the Board of Directors
United Federation of Danish Workers board	Member of the Board of Directors

Management positions held by the Board of Management and the Board of Directors (cont.)

BOARD OF DIRECTORS

Kim Graugaard, deputy chairman (born 1961)

Deputy director general of the Confederation of Danish Industry

Appointed 28 April 2005. Appointed by the Confederation of Danish Industry.

Intra-group positions:

Industripension Holding A/S

Vice Chairman of the Board

Industriens Pension Service A/S

Vice Chairman of the Board

Investment and ethics committee in Industriens Pensionsforsikring A/S

Deputy Chairman

Other positions:

Arbejdsmarkedets Tillægspension

Member of the Board of Directors
and Board of Representatives

Confederation of Danish Employers

Member of the Board of Directors

Industriens Kompetenceudviklingsfond

Member of the Board of Directors

Industriens Uddannelses- og Samarbejdsfond

Member of the Board of Directors

TekSam

Chairman of the Board

ESS, European Spallation Source

Member of the Board of Directors

Lars Andersen (born 1958)

Executive director of the Economic Council of Labour Movement

Appointed 28 April 2005. Appointed by the Central Organisation of Industrial Employees unions.

Intra-group positions:

Industripension Holding A/S

Member of the Board of Directors

Investment Committee of Industriens Pensionsforsikring A/S

Member

Accounting Committee of Industriens Pensionsforsikring A/S

Chairman

Other positions:

Arbejdernes Landsbank A/S

Member of board of directors and
chairman of audit committee

DSB

Member of the Board of Directors

IFU/IØ foundations

Vice Chairman of the Board

Erik Bredholt (born 1966)

Executive director of Livlande Holding A/S

Appointed 30 November 2009. Appointed by employers in the merged pension funds PNN PENSION and PHI pension.

Other positions:

Danish Crown A/S

Chairman of the Board

Board of the Confederation of Danish Industry

Member of the Board of Directors

Friland A/S

Member of the Board of Directors

Danish Agriculture & Food Council

Member of the Board of Directors

Leverandørselskabet Danish Crown Amba

Chairman of the Board

Livlande Holding A/S

Member of the Board of Directors

Plumrose Inc. (USA)

Member of the Board of Directors

Slagteriernes Arbejdsgiverforening

Member of the Board of Directors

Sokolow S.A. (Polen)

Member of the Board of Directors

Tulip Ltd. UK

Member of the Board of Directors

Management positions held by the Board of Management and the Board of Directors (cont.)

BOARD OF DIRECTORS

Claus Jensen (born 1964)

Union chairman of the Danish Metalworkers' Union and Chairman of the Central Organisation of Industrial Employees

Appointed 25 April 2013. Appointed by the Central Organisation of Industrial Employees unions.

Intra-group positions:

Industripension Holding A/S	Member of the Board of Directors
Industriens Pension Service A/S	Member of the Board of Directors

Other positions:

Economic Council of Labour Movement	Member of the board and council member
Arbejderbevægelsens Kooperative Finansieringsfond	Member of the Board of Directors
Arbejdernes Landsbank A/S	Member of the Board of Directors
A/S A-Pressen	Member of the Board of Directors
A/S Femern Landanlæg	Member of the Board of Directors
A/S Øresund	Member of the Board of Directors
Arbejdsmarkedets Tillægspension	Member of the Committee of Representatives
The Economic Council	Member
Femern A/S	Member of the Board of Directors
Industriens Uddannelses- og Samarbejdsfond	Chairman of the Board
Industriens Kompetenceudviklingsfond	Vice Chairman of the Board
Innovations Fonden	Member of the Board of Directors
Interforcekomiteen	Member of the Board of Directors
Confederation of Danish Trade Unions	Member of the day-to-day management and executive committee
Lindø Industripark A/S	Member of the Board of Directors
Sund & Bælt Holding A/S	Member of the Board of Directors
Udlandssekretariatet	Member of the Board of Directors
A/S Storebælt	Member of the Board of Directors

Heidi Jensen (born 1973)

Trade union representative at Struers A/S

Appointed 28 April 2011. Appointed by the Central Organisation of Industrial Employees unions.

Other positions:

United Federation of Danish Workers Greater Copenhagen	Member of the Board of Directors
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Nina Movin (born 1959)

Regional sales director at Colombia Threadneedle Investments

Appointed 25 April 2013. Appointed by the Central Organisation of Industrial Employees unions.

Intra-group positions:

Investment Committee of Industriens Pensionsforsikring A/S	Member
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Management positions held by the Board of Management and the Board of Directors (cont.)

BOARD OF DIRECTORS

Lars Ingemann Nielsen (born 1961)

Finance director at PBU Pædagogernes Pensionskasse

Appointed 26 June 2015. Appointed by the Confederation of Danish Industry.

Other positions:

Flintholm Have P/S

Member of the Board of Directors

PBU Bolig A/S

Member of the Board of Directors

Jukka Pertola (born 1960)

CEO of Siemens A/S

Appointed 22 February 2012. Appointed by the Confederation of Danish Industry.

Other positions:

Danish Academy of Technical Sciences

Member

Baltic Development Forum

Member of the Board of Directors

COWI A/S

Member of the Board of Directors

DELTA Dansk Elektronik, Lys & Akustik

Vice Chairman of the Board

Board of the Confederation of Danish Industry

Member of the Board of Directors

Industriens Arbejdsgivere i København

Member of the Board of Directors

LEO Pharma A/S

Chairman of the Board

Siemens A/S

Member of the Board of Directors

Siemens Wind Power A/S

Chairman of the Board

Rasmus Sejerup Rasmussen (born 1974)

Union representative at Babcock & Wilcox Vølund A/S

Appointed 25 April 2013. Appointed by the Central Organisation of Industrial Employees unions.

Other positions:

Babcock & Wilcox Vølund A/S

Member of the Board of Directors

Metal Vest

Member of the Board of Directors

Bo Stærmose (born 1948)

Chairman of the Board of Directors

Appointed 27 February 2006. Appointed by the Confederation of Danish Industry.

Intra-group positions:

Industripension Holding A/S

Member of the Board of Directors

Other positions:

Fionia Fond

Chairman of the Board

Juliana Holding A/S

Chairman of the Board

Juliana A/S

Chairman of the Board

Juliana Ejendomme A/S

Chairman of the Board

Otto Mønstedts Fond

Member of the Board of Directors

Otto Mønsted A/S

Member of the Board of Directors

Syddansk EU-kontor

Member of the Board of Directors

Syddansk Vækstforum

Member

Umove A/S

Member of the Board of Directors

Management positions held by the Board of Management and the Board of Directors (*cont.*)

BOARD OF DIRECTORS

Berit Vinther (born 1961) Director general of the Confederation of Danish Industry
Appointed 22 April 2009. Appointed by the Confederation of Danish Industry.

Intra-group positions:

Industripension Holding A/S	Member of the Board of Directors
Industriens Pension Service A/S	Member of the Board of Directors
Accounting Committee of Industriens Pensionsforsikring A/S	Member

Other positions:

Arbejdsmarkedets Tillægspension	Member of the Committee of Representatives
Foreningen Pension for Funktionærer	Member of the Board of Directors
Industriens Kompetenceudviklingsfond	Chairman of the Board
Industriens Uddannelses- og Samarbejdsfond	Vice Chairman of the Board
PFA Pension customer council	Member

Ole Wehlast (born 1959)

Trade Union President at Fødevareforbundet NNF

Appointed 30 November 2009. Appointed by employees in the merged pension funds PNN PENSION and PHI pension.

Other positions:

AOF Danmark	Chairman of the Board
Arbejdsmarkedets Tillægspension	Member of the Committee of Representatives
ALKA	Member of the Board of Directors
Economic Council of Labour Movement	Member of the Board of Directors
Arbejdernes Landsbank A/S	Member of the Committee of Representatives
Dansk Folkeferie Fonden	Member of the Board of Directors
Københavns Bagerafdeling's Fond	Member of the Board of Directors
Confederation of Danish Trade Unions	Member of the day-to-day management and executive committee
Udlandssekretariatet	Member of the Board of Directors
