

Annual report

2011

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Introduction

In 2011 we decided to change the pension scheme and go from average interest rate to market interest rate. We came to this decision because it makes for a greater degree of fairness for members changing to a job outside industry, and who therefore want to roll their savings over into another pension scheme.

This change means Industriens Pension members will receive a windfall payment from the company's collective savings pool, because these funds will no longer be necessary to ensure members a stable interest rate. Members who have already retired, however, will continue on the average interest rate, and therefore will not be part of this distribution.

The pool of undistributed reserves totalled DKK 13.3 billion as at 1 December 2011, when the change was implemented. This is equivalent to 23% of total savings that members will now realise as additional savings.

In 2011 members were also given an annual account interest rate of 4.5% until the transfer to market interest rate on 1 December, as well as another 2.1% in market yield for December. Members' total interest rate thereby reached almost 30% in 2011.

The change to the pension scheme has had an impact on investment activities. We have made it a priority to keep reserves intact in order to ensure members a significant transfer. We therefore opted to discontinue hedging of interest rate risk of the liabilities immediately, and over the last part of the year we have followed a highly conservative investment strategy. On this basis we are very pleased to have succeeded in achieving a positive yield of 4.2%.

Once the transfer of mutual reserves takes place in 2012, Industriens Pension will continue the active investment strategy that over the years has ensured members a significant additional return. Over the last 10 years, Industriens Pension has achieved an average annual yield of 8.1%. This ranks Industriens Pension among the top pension fund investment companies.

In 2011 we were able to reduce costs even further. This was made possible through a greater degree of digitisation and optimisation of administrative procedures. The official key figures for expenses fell from DKK 316 to DKK 307, and cost percentage fell from 2.2% to 2.0%. Industriens Pension has thereby strengthened its position as one of the country's least expensive and most cost-effective pension firms.

Customer satisfaction with Industriens Pension is high when compared to other companies. This has been shown by a survey covering the majority of the country's labour market pension firms. 61% of members will recommend Industriens Pension to others, and 15% might recommend us to others, according to the survey.

Another survey published in early 2012 confirms this positive image. Compared with Denmark's other large-scale and collective agreement pension schemes, Industriens Pension is the company where customers feel they get the most for their money.

In light of the fact that the collective agreement obligates companies and employees to make contributions to the pension scheme, it is especially satisfying to know that Industriens Pension can compare with other companies, both in terms of results and customer satisfaction.

Key figures

DKK millions	2007	2008	2009	2010	2011
Income statement items					
Premiums	6,248	6,748	5,963	6,206	6,485
Investment yield	212	1,144	8,075	13,254	3,635
Investment benefits	-1,346	-1,703	-2,227	-2,151	-1,994
Total change in life-assurance provisions	-5,000	-5,666	-9,820	-14,473	-7,360
Tax on yield from pension scheme assets	3	-176	-1,197	-1,948	-556
Insurance operating costs	-134	-162	-162	-138	-131
Results from sickness and accident insurance	131	24	62	13	-259
Other items	-7	-89	-318	-374	8
Net profit/loss for the year	103	117	376	389	-172
Assets					
Investment assets	53,485	66,402	74,034	92,584	19,566
Investment assets linked to market interest-rate contracts	0	17	53	92	80,783
Other assets	1,385	1,483	1,365	1,297	849
Total assets	54,871	67,902	75,452	93,973	101,198
Liabilities					
Total equity	3,170	3,287	3,662	4,051	3,880
Total provisions for insurance and investment contracts	50,631	56,934	67,487	82,285	90,015
Other liabilities	1,070	7,681	4,303	7,638	7,303
Total liabilities	54,871	67,902	75,452	93,973	101,198
Adequate capital base for the company	1,500	1,801	1,826	2,143	1,348
Capital base	5,025	5,385	6,179	6,966	6,904
Key ratios					
Return before tax on yields from pension scheme assets	0.4%	2.0%	13.0%	18.1%	4.0%
Bonus ratio and degree of coverage	22.1%	17.0%	23.8%	25.0%	21.0%
Cost percentage of premiums	2.1%	2.4%	2.7%	2.2%	2.0%
Costs per member	329 kr.	379 kr.	369 kr.	316 kr.	307 kr.
Number of members carried forward	391,862	406,067	403,496	396,374	387,751

* From 2011 onwards, distribution of investment assets reflects the fact that the majority of members were transferred from average interest rate to market interest rate.

Information on ownership, management, directorship and salary policy is provided on pages 71-76 of the annual report.

Members and companies

Members and companies

After several years of contraction, the number of members and companies paying into the pension scheme increased in 2011.

From 2008 to 2010, employment in the industrial sector fell sharply. This meant that the number of contributing members fell by nearly 20%. This contraction ended in 2011. Growth over the past year has, however, been modest in comparison to the setbacks of the years before.

In light of the falling membership figures over the past few years and uncertainty as to whether employment in industry will pick up going forward, Industriens Pension has over the last few years adapted the organisation and processes for the purpose of reducing expenses and thereby avoiding an increase in the expense percentage, even if contributions fall.

Table 1 Number of members

	2007	2008	2009	2010	0	2011
Contributing members	198,155	193,400	165,143	155,706	0	162,019
Self-pay members	6,812	5,959	7,552	11,714	0	12,606
Contribution -exempt members with coverage	48,601	53,041	51,119	34,668	0	30,325
Total active members	253,568	252,400	223,814	202,088	0	204,950
Dormant members	124,087	136,326	158,954	170,034	0	154,881
Retired members	14,207	17,341	20,728	24,252	0	27,920
Total	391,862	406,067	403,496	396,374	0	387,751

Correction made for double memberships in PNN PENSION, PHI pension and Industriens Pension for 2007-2009. For 2007 the number of double memberships has been estimated.

Members

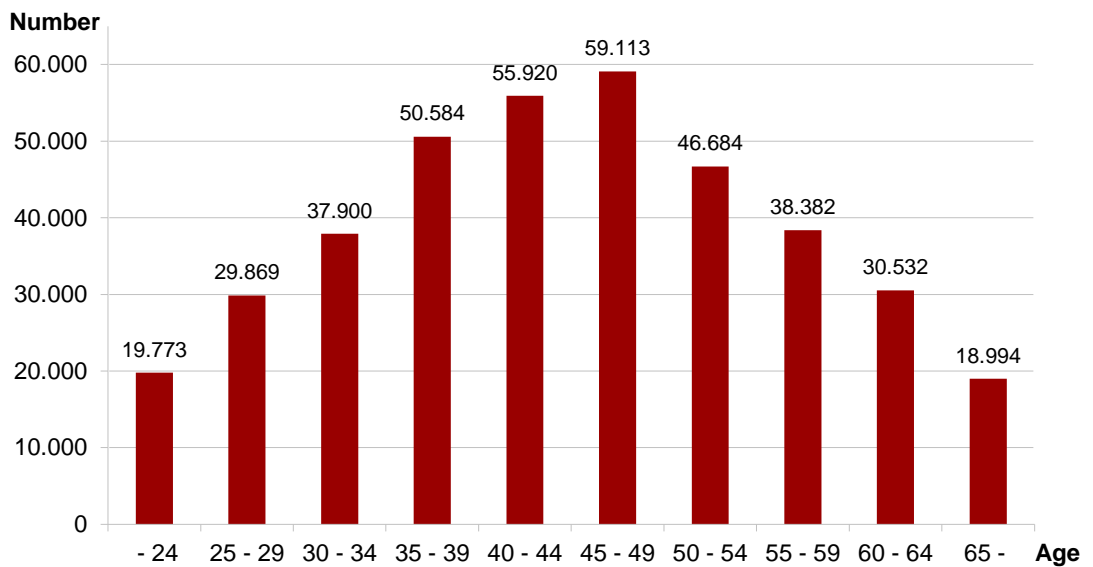
At the end of 2011, Industriens Pension had 387,751 members. Of these, 174,625 made pension contributions. The number of members making contributions thereby increased by 7,205 over the course of the year.

This progress is due primarily to the fact that more industrial employees became covered by a pension scheme through agreement, but this growth also coincides with the fact that many employees who have lost their jobs or who have been hired to jobs without a pension scheme have chosen to continue

making payment contributions to Industriens Pension. This way they can maintain their insurance cover and, where relevant, continue making their pension contributions.

Since 2007 the number of self-pay members has nearly doubled. The main reason for this growth is development on the labour market, but the progress should also be seen on the basis of the fact that Industriens Pension has made a targeted effort to inform members of self-pay options. However, the number of self-pay members still constitutes a small share of the members.

Figure 1 Age breakdown



Members in Industriens Pension

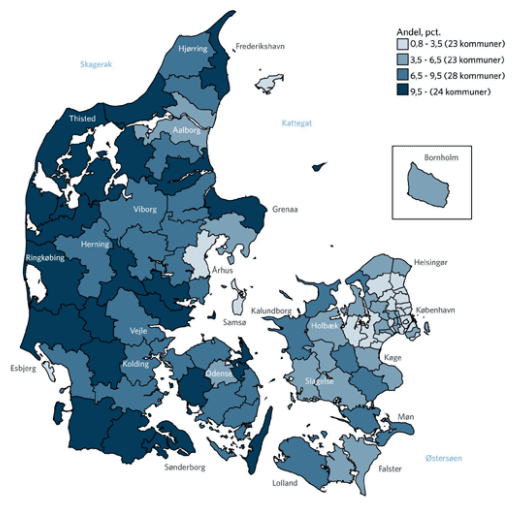
Sex, education and family status:

- Contributing members are comprised of 78% men and 22% women.
- Age distribution among contributing members is largely the same as the age distribution among other employees.
- Immigrants from non-western countries constitute 6% of contributing members, while the fraction of other employees is 4%.
- Among contributing members, 23% are single men. The corresponding percentage for other employees is 13%.
- 87,000 of contributing members have a vocational training background. This is equivalent to 57%. Among other employees, 38% have skilled training as their highest level of completed education.
- Among members with skilled training, 45,000 have training in iron- and metal work, 13,000 have training in building and construction, while 12,000 members have skilled training in trade and office work.



“Morning, afternoon, evening and night. Over the course of 10 days we held 19 meetings, where all hourly workers got to hear about their pensions. Then the pension scheme and insurance plans suddenly clicked into focus”, says Michael Møller Pedersen, senior shop steward for the 1,300 hourly workers at Lego in Billund.

The meetings were held by Industriens Pension in the spring of 2011. The hourly employees at Lego have their pension scheme with Industriens Pension.



The map shows how great a portion of salaried employees in the various municipalities were members in Industriens Pension as at 1 October 2011.

Companies

In 2011 there were 8,112 companies that made pension contributions.

The size of the pension contributions is established in the agreement as a percentage of salary. The vast majority of companies pay in 12% of the salary.

Contributions

Total contributions for 2011 amounted to DKK 7.5 billion. This is an increase of 7.7% from 2010.

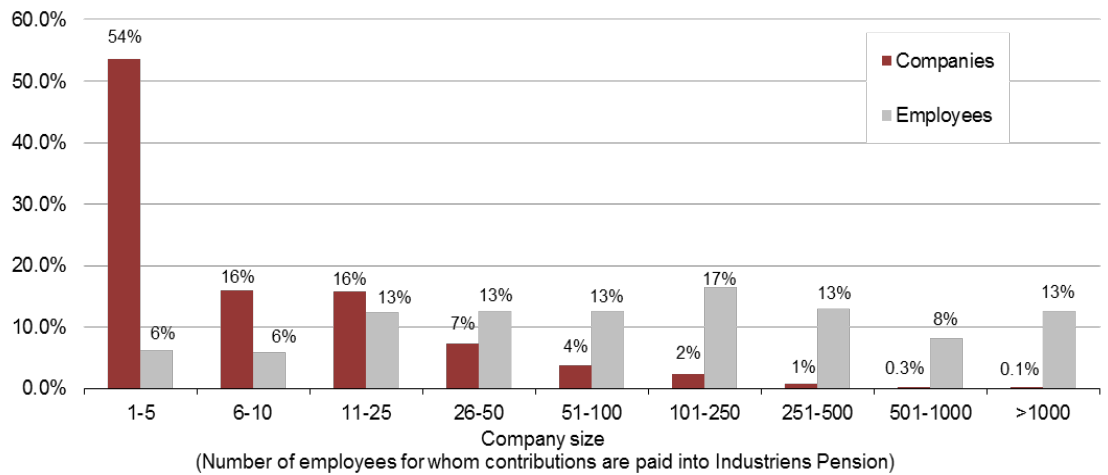
This increase is due partly to the fact that the number of contributing members has grown, but the growth is also the result of the fact that

a growing number of contributing members have chosen to transfer savings to Industriens Pension from pension schemes they are no longer paying into.

Transfers from other pension companies grew to DKK 0.8 billion. This is an increase of 116%. Industriens Pension has redoubled its efforts to keep members informed in this area,

calling new members to explain the advantages of consolidating their pension scheme with Industriens Pension, where the administrative costs are low, and yields have historically been high in comparison with other pension companies.

Figure 2 Members and companies broken down by company size



“The pension scheme gives employees a sense of security. It allows them to go on with their day-to-day life, either in the event that something happens to them or when they retire”, says Birgitte Høgh Frederiksen, HR Manager, Tican in Thisted.

The hourly employees at the Tican pork slaughterhouse joined Industriens Pension in 2010, when the parties to the agreement in the foodstuffs sector decided to merge their pension funds with Industriens Pension. This merger meant that Industriens Pension was able to welcome 50,000 new members into the pension scheme.



Voluntary contributions to the supplemental savings product pension annuity (unit-linked

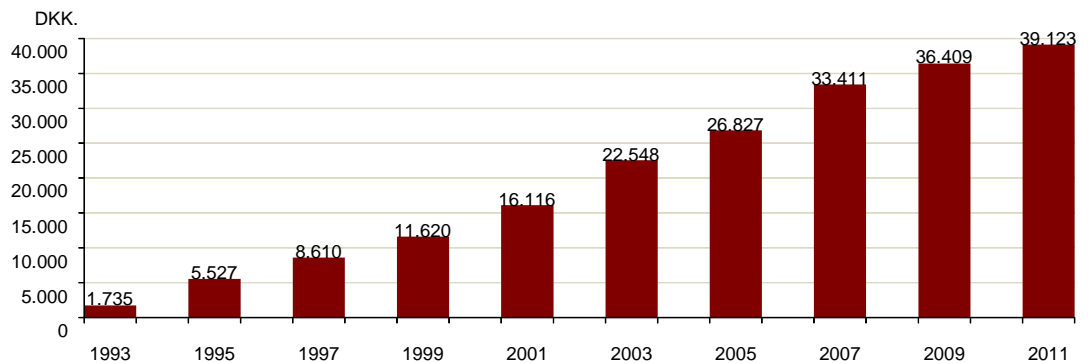
contracts) totalled DKK 47 million in 2011, compared with DKK 36 million in 2010.

The average annual contributions to general savings in Industriens Pension totalled DKK 39,123 per member in 2011.

This is an increase of 1.8% from the previous year.

Contribution payments have grown every year since 1993. This is primarily due to the fact that the pension contribution gradually increased from 0.9% in 1993 to 12% in 2010. This growth should also be seen in conjunction with salary developments on the labour market.

Figure 3 Average annual contributions 1993 - 2011



The average annual pension contributions are calculated before deduction of social security contributions. Transfers and deposits are not included. The calculation for 1993-2008 is based on figures from Industriens Pension and not the merged company. However, the development is assessed to be in good conformity with the processes in PNN PENSION and PHI PENSION.

The pension scheme

Transition to market interest rate

In 2011, the pension scheme offered by Industriens Pension changed from an arrangement based on average interest rate to a pension scheme based on market interest rates. This was done primarily because it makes for a greater degree of fairness for members changing to a job outside industry, and who therefore want to roll their savings over into another pension scheme.

Over the past year years many pension schemes have changed over from average interest rate to market interest rate, where there are no mutual reserves in the form of collective bonus potential. Many members changing jobs and transitioning into a new sector will thereby end up with pension schemes based on market interest rates. They would thereby lose the significant mutual reserves in Industriens Pension without being able to benefit from any new mutual reserves.

Another motivating factor for changing the scheme over to market interest rates was that this made it possible to discontinue the strategic interest rate hedging and thereby lock in the large gains that Industriens Pension realised over the drop in interest rates over the last few years. These gains are incorporated into the collective bonus potential, which is distributed to members.

At the time of the transition to market interest rates on 1 December 2011, the collective bonus potential distributed totalled DKK 13.3 billion. As a result of this distribution, the individual member realised a 23% increase in pension savings. This distribution shall be carried out by 1 June 2012.

The change to market interest rate means that:

- The collective bonus potential is distributed to the members who have changed over to market interest rate terms.

- Transfers to Industriens Pension made after the board's decision of 24 August 2011 on the change to a product based on market interest rate will not be included in the distribution of the collective bonus potential, as this would otherwise open up the possibility of speculating through the transfer.
- Transfers out of Industriens Pension and repurchase transactions exercised before distribution of the collective bonus potential is implemented on 1 June 2012 will not be included in the collective bonus potential. Notification has naturally been given- and continues to be given –to members requesting a transfer prior to 1 June 2012.

Savings from PNN PENSION and PHI pension

The foodstuffs sector's previous pension schemes PNN PENSION and PHI pension have, as at 1 January 2010, been part of Industriens Pension. The previous PNN and PHI members' pension scheme has therefore also been changed to market interest rates, but only savings paid into Industriens Pension after 1 January 2010 will be included in the distribution of the joint savings.

Through the merger between Industriens Pension and PNN PENSION and PHI pension, a deduction arrangement was established, so the schemes from PNN PENSION and PHI pension would be able to pay off old liabilities over a number of years. This meant that the interest rate on the old monies from PNN PENSION and PHI pension were locked in at a very low rate for many years into the future.

As a result of the transition to market interest rate, members with savings from PNN PENSION will have their part of their savings written down by 4%, because there are old liabilities to repay. Members with savings from PHI pension settled their liabilities in 2011,

and as a result of the transition to market interest rate, will have their share of their savings increased by 2%.

Savings that members from the foodstuffs sector have saved since 1 January 2010 in Industriens Pension will, as mentioned, also be raised by 23%.

New lifecycle product

Changing the scheme over to market interest rates means that when distribution of the collective bonus potential is carried out by 1 June 2012, investment risk profiles will be introduced that have been determined according to member age (lifecycle product).

Young members can bear a high degree of risk, because there is time for them to make up for any losses incurred. This will provide them a high anticipated yield. For older members approaching retirement, it is more important to ensure stable savings, and they should therefore have less risk – but not unnecessarily low, as this will deliver them unnecessarily low anticipated yields at the time when savings are at their greatest level.

Industriens Pensions life cycle products will therefore have a high degree of risk for young members and a gradual stepping down of risk, ensuring that the member's market risk is appropriately low at the time of retirement. Seen over an entire lifetime, Industriens Pension's market interest rate product will be able to offer members anticipated yields at least as high as the previous average interest rate product. This means that the market interest rate product, seen over an entire lifetime, will have at least the same risk as Industriens Pension's previous average interest rate product.

Equalisation mechanism

The drawback of a market interest rate environment is that as a pensioner one does not have the security of knowing that payment disbursements cannot fall from year to year, as they are continuously coupled to yields realised. This drawback is mitigated in

Industriens Pension through the introduction of a payment profile with an equalisation mechanism for future pensioners, ensuring an equalisation of yields and lifetime risk, so that pensioners avoid future losses in their pensions to the greatest extent possible.

The equalisation mechanism should satisfy both member needs for stable pension performance (without recourse to guarantees) and the desire for a high anticipated yield. Overall, the goal is for annual performance to increase approximately in keeping with the rate of inflation, so that the pension's buying power is maintained. When determining performance, it is necessary to account for the fact that future adjustments will take place, and that fluctuations in yield and any lifetime improvements will be equalised, so that the pensioner will be able to avoid seeing a drop in performance to the greatest extent possible. The equalising mechanism can be seen as a way of getting a market interest rate product to resemble an average interest rate product over the lifetime of the pensioner without using collective buffers.

The extent of performance is determined so that the probability for pronounced losses is sufficiently limited, without having to start performance at an unnecessarily low level. The goal for members preferably to realise a stable period with evenly increasing benefits means, however, that these benefits will start at a lower level than otherwise.

Industriens Pension strives for members to experience at minimum that benefits from pension annuities and deferred annuities increase with inflation (i.e. the purchasing power of the benefits is maintained), while naturally hoping to be able to generate yields that can will provide members with greater growth. If the yield of the previous years has been high, then the rate of increase will naturally climb. If, on the other hand, yields have been very poor, then it is possible that members will see flat growth or a slight drop in performance.

Older members maintain average interest rate

Members who are just about to retire or who have already taken out their old-age pension will not be moved over to market interest rates. This is because these members are either finished paying into the pension scheme, or only have a short time left to pay in. The members therefore would not have the means to insulate themselves against any potential loss in benefits following the transition to market interest rates.

Members who are close to retirement will remain in the average interest rate environment upon retiring in a transition period up to 1 June 2012. Industriens Pension considers a member with, for example, one year left until retirement, to have the same advantages by receiving market interest rates as other members receiving market interest rates.

Low level of awareness

Pensions seem uninteresting and extremely inaccessible for most people, and few people have an idea of where their pension stands and what is involved in their pension scheme. Industriens Pension therefore strives to provide a simple pension scheme, which through employment ensures members good

coverage without having to release health-related information or make active decisions.

Only members requesting a change in their coverage or extra savings will have to make active choices.

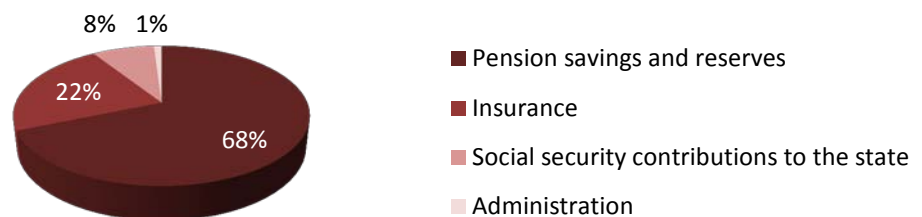
In light of the low level of awareness concerning pension schemes, a major effort has been made to increase this awareness, among other things by prioritising personal contact wherever sensible. At the same time, the pension scheme is intended to provide members with automatic notification to the greatest extent possible when they are entitled to a payment disbursement. The aim here is to help ensure that everyone receives the benefits they are entitled to.

Contributions

Members paid an average of around DKK 3,000 a month in pension contributions in 2011 after deduction of social security contributions.

Payment for insurance coverage after bonus totalled an average of around DKK 400 a month for active members. Administrative fees of DKK 35 were charged.

Figure 4 Use of pension contributions



The figure shows how the monthly pension contribution was used for a 30 year-old member with a monthly salary of DKK 25,000 paying 12% of this salary into the pension.

Table 2 Pension scheme contents

Old-age pension	Critical illness	Loss of ability to work	Death	Wellness and prevention*
Age total (capital pension)	Insurance total of DKK 100,000. Members can choose to reduce or increase this insurance amount.	Insurance total of DKK 100,000. Members can choose to increase this insurance amount.	Insurance total of DKK 300,000. Members can choose to reduce or increase this insurance amount.	Treatment of pain and other problems in joints, muscles and tendons.
Pension annuity		Monthly disability pension	Savings for old-age total	Telephone counselling with psychologist, substance abuse counsellor, and nurse.
Lifetime pension		Contribution exemption that ensures that pension savings continue	Annuity assurance	
Extra pension annuity for members hoping to increase savings				

* Companies can join the wellness plan. This is only a mandatory part of the pension scheme for individual agreements.

Coverage without contributions

Members leaving their job in a company that has paid in pension contributions will automatically maintain their insurance for up to one year after payments have stopped. After this period, members will be considered dormant. This means that insurance coverage in the event of death, loss of the ability to work or critical illness is discontinued.

Members can maintain the insurance if they make their own payments. This is what an increasing number of members have chosen to do.

Starting on 1 June 2012, Industriens Pension will also be offering members the option of extending contribution-exempt coverage. Members can extend this period up to a total of 36 months. This way, members will have the option of maintaining their insurance coverage without having to pay into the pension scheme. On the other hand, their savings for the old-age pension are reduced.

Reduced seniority requirement

As part of the collective agreement, the seniority requirement was reduced from nine months to two months, effective starting on 1 March 2011. This improvement means that

once they have reached the age of twenty, members will be entered into the pension scheme after only two months of employment under one of the industry's agreements. This was previously done after nine months.

Industriens Pension's estimates show that over the course of a lifetime this will mean that members can look forward to DKK 2,500 more in their pension every year and receive a slightly larger lump sum on the day they retire.

The requirement that one must be employed for two months before being included in a pension scheme applies only for the first time one enters a collective agreement. If one later changes to another job in industry, the employer shall begin paying in pension contributions immediately.

Insurance for apprentices and students

As part of a collective agreement in 2010, apprentices and students were entitled to

insurance as at 1 March 2011. This agreement is significant for apprentices and students who do not have- or have not had a pension scheme as part of their employment arrangement.

The insurance means that apprentices can receive:

- DKK 100,000 (tax-exempt) if they develop certain critical illnesses
- DKK 60,000 a year (pre-tax) in disability pension until age 67
- DKK 100,000 (tax-exempt) in disability payment
- DKK 300,000 for survivors (death benefit)

Heating, water & sanitation apprentices and students in training programmes within the electrical- and heating, water & sanitation fields receive a wellness plan instead of a disability pension.



"Now I have money to move out, or if something else happens", says Søren Qvistgaard, an apprentice insured under Industriens Pension.

Søren Qvistgaard received a tax-exempt payment of DKK 100,000 from Industriens Pension because as a 19 year-old he developed a blood clot in the back of his head.

As part of the collective agreement, apprentices and students received insurance coverage from Industriens Pension in 2011. Today there are about 4,200 apprentices and students insured against critical illness, loss of the ability to work and death. The insurance is paid for by the employer.

In 2011 two apprentices were paid insurance benefits upon critical illness, and the surviving relatives of two apprentices were paid insurance death benefits.

Payments to members

In 2011 Industriens Pension paid a total of DKK 2,287 million to its members.

This thereby represented a drop of DKK 77 million. The principal reason for this drop is that transfers upon job changes have fallen significantly since August 2011, when members were informed that the pension scheme was being changed over to market interest rates, and that funds from the savings pool would be distributed to members in 2012.

Table 3 Expenses

DKK millions	2010	2011
Payouts upon old-age pension	413	514
Payouts upon loss of ability to work	390	489
Payouts upon death	266	259
Total in certain critical illnesses	104	107
Transfers upon job change	1,151	747
Other payouts	39	171
Total	2,364	2,287

Old-age pension

5,506 members took out their old-age pensions in 2011, as compared with 5,444 the year before. 3,292 of these members will therefore have their pension paid out by Industriens Pension every month in the future for the rest of their lives. The average annual old-age pension for new retirees was DKK 21,095 in 2011, compared with DKK 18,031 in 2010.

The remaining 2,214 members were paid their savings as a lump sum, because the estimated on-going pension was less than DKK 9,700 a year.

Younger members now entering the pension scheme will as pensioners be paid more from Industriens Pension than they will be paid from their state benefits, unless the actual value of the state benefits dramatically increases.

Table 4 Number of awards

	2010	2011
Paid out old-age pensions as lump sum	2,257	2,214
New old-age pensioners	3,187	3,292
Total	5,444	5,506



"I was in my mid 40's when the pension became part of the agreement. It was good that I got started, but I would have liked to have begun earlier on so I could have more time to save", says Erik Rostell Gregersen, who retired in 2010. He has been a member of Industriens Pension since 1993.

In 2011, 5,506 members retired. Members' on-going pensions were on average DKK 21,000 a year.

Critical illness

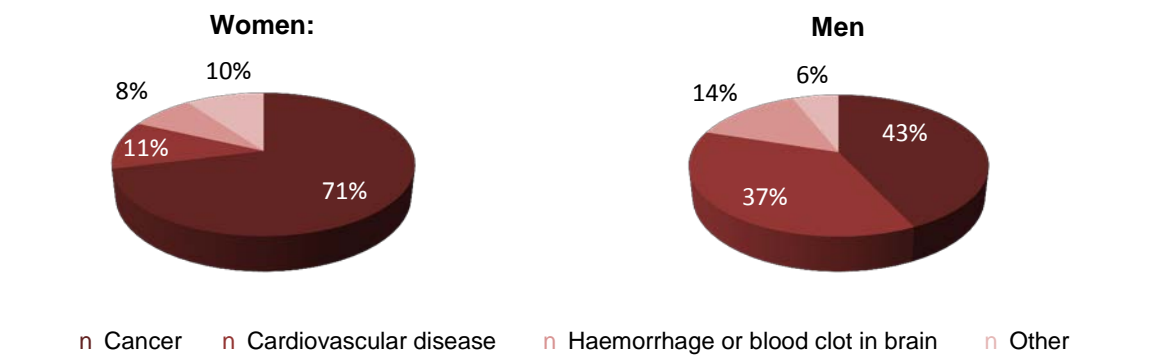
1,095 members were affected by a critical illness covered by the insurance plan, and they therefore received the insurance benefit. In 2010, 1,077 members were paid out the insurance benefit.

A few years ago Industriens Pension took the initiative enabling pension companies to consolidate their member registers with National Patient Register of the Danish Health and Medicines Authority in order to ensure that members affected by a critical illness are informed of their insurance coverage. This coordination is a good service that can help ensure that members do not lose out on money to which they are entitled.

This consolidation has meanwhile not resulted in any major increase in the number of payouts from Industriens Pension. This can be attributed to the fact that Industriens Pension carried out a comprehensive information campaign to increase awareness of insurance in the event of certain critical illnesses before beginning the collaboration with the Danish Health and Medicines Authority.

This effort led to an increase in the number of payouts, and over the last few years member awareness of insurance has increased somewhat dramatically.

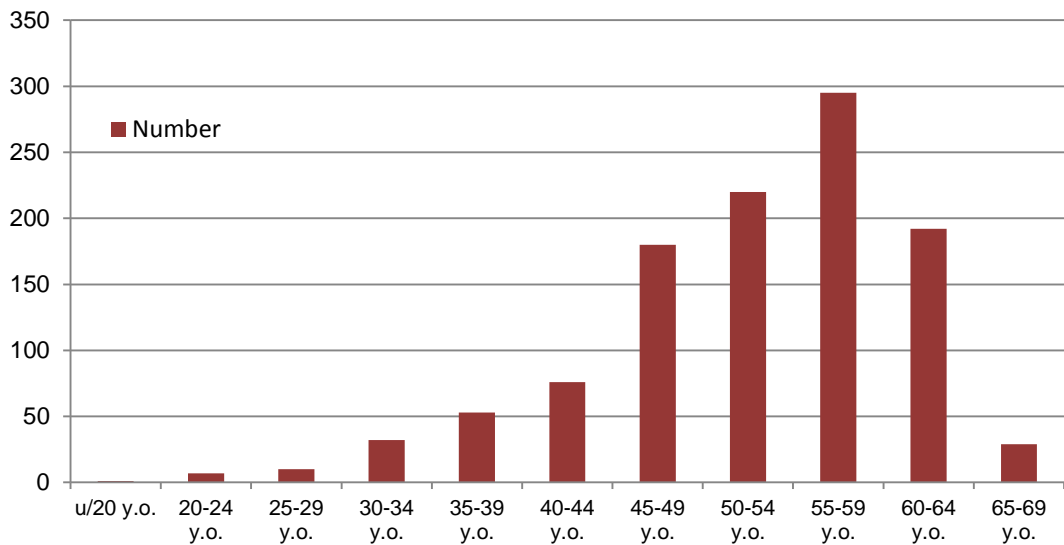
Figure 5 Reasons for payout of insurance benefit in certain critical illnesses



Cancer and cardiovascular disease were the cause for 78% of insurance payouts for critical illness.

For women, cancer is the most frequent diagnosis, while among men cardiovascular disease is the leading reason for payouts.

Figure 6 Age distribution with payment of insurance sum for critical illness



Loss of ability to work

1,663 members lost half their capacity to work and were paid an insurance benefit. 1,243 members lost 2/3 of their capacity to work, and were also awarded a monthly disability

pension and exemption from contributions, so that they were able to maintain the pension- and insurance rights they had at the time their working capacity was reduced.

“The funds from Industriens Pension are my saving grace. It’s something extra we can use as a family”, says Linda Karina Sommer, who is on a disability pension and a member of Industriens Pension.

Linda Karina Sommer is 44 and mother of three. When she was 32 she became disabled as a result of a prolapsed disc, and therefore receives a monthly disability benefit from Industriens Pension.



In 2011, 1,663 members had their working capacity reduced by more than half.

Most women lose working capacity because of skeletomuscular problems. Circulatory problems are the leading cause among men for loss of working capacity.

Figure 7 Causes for loss of ability to work

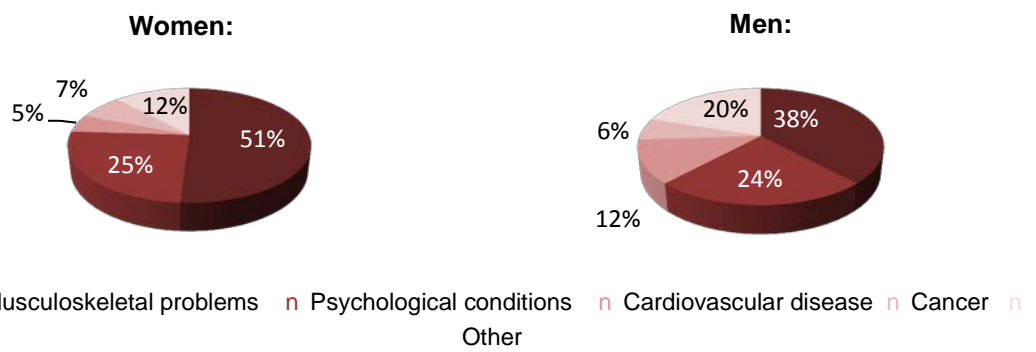
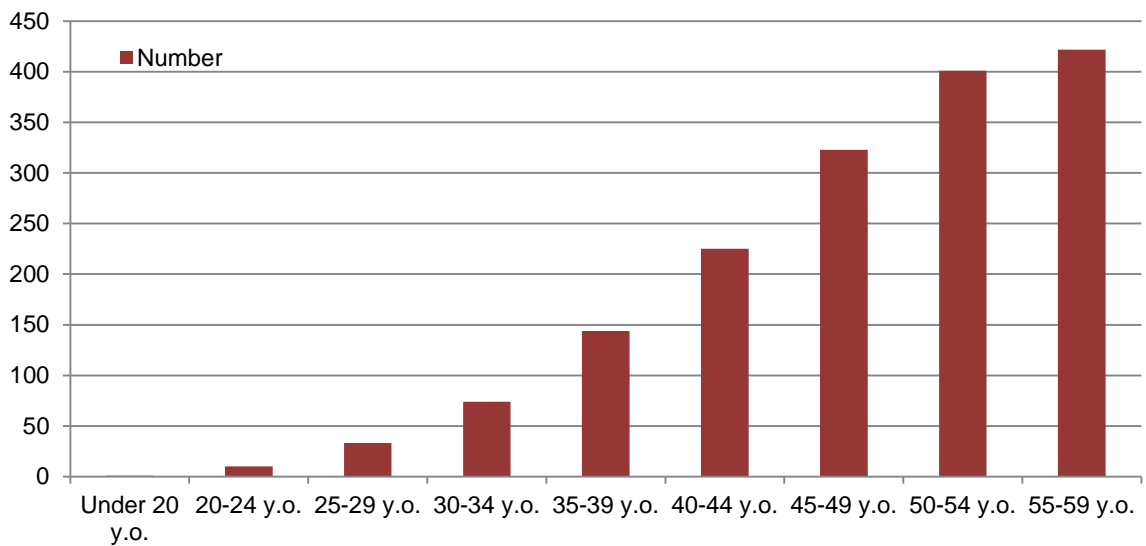


Figure 8 Age distribution with payment of insurance sum for loss of occupational capacity

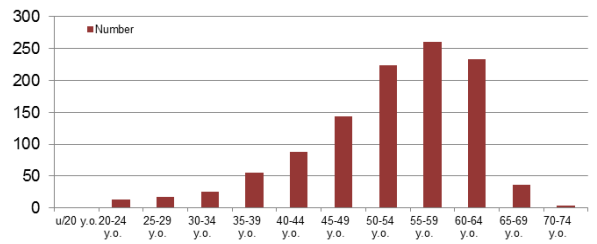


Injury to the skeletomuscular system is the cause for 41% of insurance payouts upon loss of ability to work. Psychological conditions account for 24% of disbursements.

Death

1,097 members died before retirement. Their surviving relatives have therefore been awarded a death benefit from Industriens Pension.

Figure 9 Deaths



Service and information

The goal is to offer members and companies easy accessibility, competent guidance, short processing times and clear, comprehensible communications.

A single employee will handle the case from start to finish to the greatest extent possible in order to avoid unnecessary transfers and risk of information loss.

Industriens Pension does not ask for unnecessary information or forms. Things should be as simple as possible.

Industriens Pension strives to communicate simply, clearly, and comprehensibly, even though this can become challenging in some situations. There are form letters associated with all processes in order to underpin this effort, along with rules and objectives for good telephone service.

Table 5 Goal fulfilment in percentage points in relation to service goals

Case type	100% handled within	December
Old-age pension	Day to day	94.4
Change to pension scheme*	Day to day	99.1
Health insurance	Day to day	100.0
Deaths	14 days**	94.9
Health-related services	7 days**	93.5
Critical illness	2 days**	98.0

* Includes average of self-pay, extra pension and choice of insurance cover.

** After receipt of necessary documentation.

Old-age pension from day to day

In 2011 it became possible for members to start payout of their old-age pension immediately. Members who call Industriens Pension and state their account number can begin payout immediately.

Self-pay agreement by telephone

Many members prefer verbal communication when they have to manage something with their pension scheme. In 2011 members were given a new option to set up a self-pay agreement by telephone.

Industriens Pension calls new members

In 2011 Industriens Pension called the majority of new members to welcome them to the pension scheme.

This allows the chance to provide members with, among other things, a brief orientation of the content of the pension scheme, and they are informed of the advantages of consolidating their pension savings. Members have been favourably impressed by this service. This concept was therefore expanded in 2012, so that all new members are called and welcomed into the pension scheme.

The members are thereby given easy access to answers to their questions, while also getting a brief orientation of the following:

- The content and coverage of the pension scheme
- The advantages of consolidating their savings in Industriens Pension
- The possibilities of making extra contributions to their pension scheme
- The possibilities of adapting their insurance coverage to their own personal needs

- The importance of assigning the right people as beneficiaries of death benefits
- Introduction to “Min side/My page” on the website and e-mail.

The welcome call is also supplemented through an e-mail to members, summarising the main points of the talk and giving relevant links.



“I am a craftsman and not so accustomed to using computers. I am therefore glad that Industriens Pension called me to help me consolidate my pensions”, says Jørgen Yttung, a carpenter who has been a member of Industriens Pension since 1 December 2010.

Industriens Pension calls new members in the pension scheme and gives them a brief introduction.

At the same time, members get help consolidating savings from other pension schemes into Industriens Pension.

Automation of reminder procedure

As part of servicing the collective agreement, an automatic delivery process has been instituted for companies that have not reported and paid for pensions after receiving a payment reminder.

This automation shall ensure that parties to the agreement will rapidly and smoothly receive all necessary information.

Website

The website is an ever more important channel for communication with members and companies.

The website is part of the stratified communication on the levels where a member needs to obtain in-depth information on the content of the pension scheme, personal information or legal basis of the pension scheme. The website has in this way made it

possible to streamline the annual pension overview to a few basic key figures on the individual's pension scheme, while more

detailed information available is available on the member's personal account page.

"All I could think of was getting healthy, and I didn't realise that I was eligible for compensation. The letter from the National Board of Health got me to call. I authorised Industriens Pension to collect information on my condition and received the money quickly- it was my Christmas present", says Kjeld Ib Mortensen, Frederiksværk.

Kjeld Ib Mortensen received a tax-exempt payment of DKK 100,000 after a PCI procedure.



In 2011, 1,095 members were paid an insurance benefit for certain critical illnesses. Members who do not take it upon themselves to contact Industriens Pension will receive a letter from the National Board of Health, notifying them of the insurance and instructing them to contact Industriens Pension. This solution was developed in 2010 through an initiative on the part of Industriens Pension to ensure that all individuals with a critical illness receive the money to which they are entitled. The solution has since been expanded throughout the entire sector.

Members can log into their personal page with NemID [EasyID] anytime to find updated information on their pension, expenses, insurance coverage and contributions. They can find historical data and letters in the digital communications archive and track progress, if they have a pending case regarding payout as a result of a critical illness or loss of the ability to work.

The website also provides access to a number of self-service functions. Members can, for example, change the extent of their insurance

cover or set up and administer extra payments into their pension savings.

In 2011 members were given the option of transferring any previous pension scheme to Industriens Pension through the website, along with the possibility of registering for a notification service, so they would receive an e-mail when there is a new letter waiting for them on Min side/My page.

There is currently focus on expanding the website's self-service function still further, so all common types of case management

functions can be handled through online self-service.

Companies can log on to their own page, where they have the ability to handle all of their administrative tasks for the pension scheme, insurance policy for apprentices, and wellness plans.

Companies and associations can also use the website to obtain materials on the pension scheme for use in their own media and subscribe to the electronic newsletter from Industriens Pension.

The website is also an important tool in the effort to ensure openness and transparency in the pension scheme. In 2011 members were provided a detailed overview of expenses, insurance prices and the total annual costs (expressed in both DKK and percentage) of savings (annual expenses in Kroner/AEK and annual expenses in percentage/AEP). On the website's general section, cost calculators were also added, where anyone can calculate expenses based on a number of parameters such as age, salary and pension contributions.

Meetings with members and companies

Meeting activity increased by 18% in 2011. Industriens Pension went out to the majority of the largest companies and reviewed the

pension scheme with management and trade union representatives. Informative meetings were also held for the companies' hourly workers. 63,000 members of Industriens Pension are employed at the companies that were visited. This is the equivalent of 39% of contributing members.

Industriens Pension also visited all local departments in members associations at least once over the course of the year.

Industriens Pension also participated in the training of new trade union representatives in United Federation of Danish Workers, Dansk Metal and Food Workers' Union NNF.

Expenses

Industriens Pension strives to be one of the country's least expensive and most cost-effective pension firms. The goal is to maintain the current expense level and thereby sustain a low cost percentage, even if contribution payments to the pension scheme do not increase. Fulfilment of this goal demands stringent cost management and continual optimisation of administrative procedures.

In 2011, total costs for administration fell from DKK 158 million to DKK 150 million.

Table 6 Expenses

Costs for life assurance, in DKK millions	134	162	162	138	131
Costs in conjunction with sickness- and accident insurance, in DKK millions	20	20	20	20	19
Cost percentage	2.1%	2.4%	2.7%	2.2%	2.0%
Costs per member (life assurance)	329 kr.	379 kr.	369 kr.	316 kr.	307 kr.
Costs per member (sickness- accident insurance)	55 kr.	53 kr.	46 kr.	46 kr.	45 kr.
Total costs per member	384 kr.	432 kr.	415 kr.	362 kr.	352 kr.

All costs for administration and investments are presented on the Industriens Pension website.

In 2011 members were charged DKK 420 to cover administrative costs. In 2012 this charge fell to DKK 384 per member.

The official key figures for administrative costs totalled DKK 307 per member. The official key figure does not, however, include costs for sickness- and accident insurance. These costs totalled an average of DKK 45 per member in 2011.

Cost percentage (expenses compared to paid-in premiums) was 2.0% in 2011, compared to 2.2% in 2010.

Investment costs are discussed in greater detail in the annual report's section on investments.

In 2006 the industry organisation Insurance & Pensions launched an 18-point plan for openness and transparency. The plan included a number of initiatives that pension firms were to implement over a five-year period.

Members are satisfied with the pension scheme.

A member survey carried out in 2011 together with a number of other labour market pension firms shows that 56% of members are satisfied or very satisfied with Industriens Pension. Only 3% are unsatisfied. 41% are neither satisfied nor unsatisfied.

A high savings growth rate and clear, comprehensible communication were the most significant factors behind member satisfaction. Less significant is the fact that members can receive advising on their pensions; that they are able to continually adjust insurance coverage level was also of minor significance.

Among members who had direct contact with Industriens Pension, the advising and service they received had the greatest significance for how satisfied they are with their pension scheme. The analysis shows that members have generally been very satisfied with the service.

Among the most recent initiatives is the introduction of the new key figures relating to cost, APC (annual percentage cost) and ACK (annual cost in kroner). APC and ACK do not include only costs for administration, but also costs associated with investment activity.

Industriens Pension has throughout the years been ahead of the industry's action plan and informed members of their APC and ACK as early as 2010. In accordance with the action plan, Industriens Pension released a cost calculator on the website in 2011. The calculator makes it possible for new members to estimate how much they can expect to pay in administration and insurance costs over the coming years.

Danish Insurance Complaints Board

Industriens Pension is attached to the Danish Insurance Complaints Board. In 2011 there were 29 complaints against our decisions, which is higher than normal. However, this should be seen against the fact that in 2010 Industriens Pension had the lowest number of complaints in many years.

The Complaints Board settled 17 of Industriens Pension's cases in 2010. Settlement was in favour of Industriens Pension in 9 of these cases, and it was decided to satisfy the claims presented in 7 cases. Finally, Industriens Pension lost only one single case.

The 7 cases in which the complainant's claims were settled were overwhelmingly cases concerning lack of payout for critical illness from previous members of PNN and PHI pension, who unfortunately were not provided correct information concerning coverage in conjunction with the merger with Industriens Pension.

Investment activities

RETURN

The result of investment activities before tax and before administration costs was DKK 3,820 million in 2011, compared with DKK 13,463 million in 2010.

This is equivalent to a total return of 4.2% for 2011.

The positive return was secured partly through strategic hedging of liabilities' interest risk until the end of August and through a positive return from bonds and unlisted assets. Listed equities, on the other hand, produced a significant negative return.

Due to the off setting effects from the equity- and bond markets, the return on the investment portfolio was a modest 0.4%.

Equity markets were dominated by significant price declines in the 3rd quarter, and even though equities rebounded somewhat in the 4th quarter, there were major capital losses on most equity markets in 2011. Especially the Danish and European equity markets were affected by the national debt problems in a number of southern European countries. On this basis, foreign equities posted a negative return of 3.6%, while Danish equities posted a negative return of 15.3% in 2011.

Bond portfolios, on the other hand, produced positive returns in 2011. Portfolios of gilt-edged Danish- and European nominal government bonds and mortgage credit bonds returned 5.9%, while European index bonds returned a slightly higher return of 7.7%.

PPP investments

At the end of 2011, Industriens Pension had invested DKK 2.5 billion in infrastructure assets. This is the equivalent to approximately 2.7% of total investments. The objective is to bring this up to 5% over the course of a few years.

A number of the investments in infrastructure are public-private partnerships (PPP). PPP investments constitute approximately DKK 420 million.

Large public investments have many of the characteristics that Industriens Pension is looking for: security, size and long-term horizon. Industriens Pension is therefore interested in more participation in public-private partnerships, when projects have the right risk characteristics, and when there is prospect of achieving a reasonable return on investment.

PPP investments in other countries include, among other things:

- Schools
- Hospitals
- Bus terminals
- Retirement homes
- Dormitories
- Accommodations for civil servants



Industriens Pension is a joint owner of the Danish National Archives in Copenhagen through one of the investment funds. So far this is the only PPP investment in Denmark.

One of Europe's leading pension funds

In 2011, Industriens Pension was singled out as Europe's leading pension funds when it comes to investing in unlisted assets. This honour took place at the annual investment conference of European pension funds, held by Investment & Pension Europe. The organisation works to strengthen professional cooperation regarding investment- and pension arrangements on the European level, and also releases a trade magazine on investments and pensions.

Over the last five years, unlisted equities have provided Industriens Pension a total return of 43.7% after expenses. Had this money alternatively been invested in a global portfolio of listed equities, the return would have been -11.2%.

Over the years, Industriens Pension has been highlighted multiple times as one of Europe's best pension funds. In 2009 and 2010, Industriens Pension was named Europe's best labour market pension fund.



Corporate bonds with high creditworthiness posted a return of 2.7%, while corporate bonds with low creditworthiness posted a return of 2.5%. Government bonds in emerging markets posted a modest return of 0.1%.

Unlisted assets posted a total return of 5.2%. The main contributors were real estate and infrastructures investments which returned 9.9% and 8.1% respectively. Unlisted equities posted a return of 3.8%.

Active investment strategy

The objective of Industriens Pension's investment strategy is to achieve maximum return after costs and tax, while also taking investment risk into account.

The investment assets are managed on an active strategy where the objective is to produce a return that is better than general market development. The strategy is associated with higher costs than a passive strategy (structured solely to match market return). Historically, Industriens Pension has achieved a substantial excess return through active management, after deduction of all costs.

In 2011, unfortunately, it was not possible to create excess returns. The total return was 1.9 percentage points lower than the benchmark, and this is primarily due to the fact that the portfolio was not positioned for the significant drop in interest rates over the course of the year.

Over the past few years, Industriens Pension has increased its investments in infrastructure.

One of these investments was made through the Dutch infrastructure fund DIF II.

This investment fund has worked in close cooperation with the French supermarket chain Casino to invest in and install large solar collection arrays on the roofs of a number of Casino's largest supermarkets in southern France. In some locations the solar collectors are built in parking facilities so that the cars can also park in the shade below the solar collectors.

This untraditional cooperation ensures Casino environmentally friendly power, and results in positive returns for members of Industriens Pension.



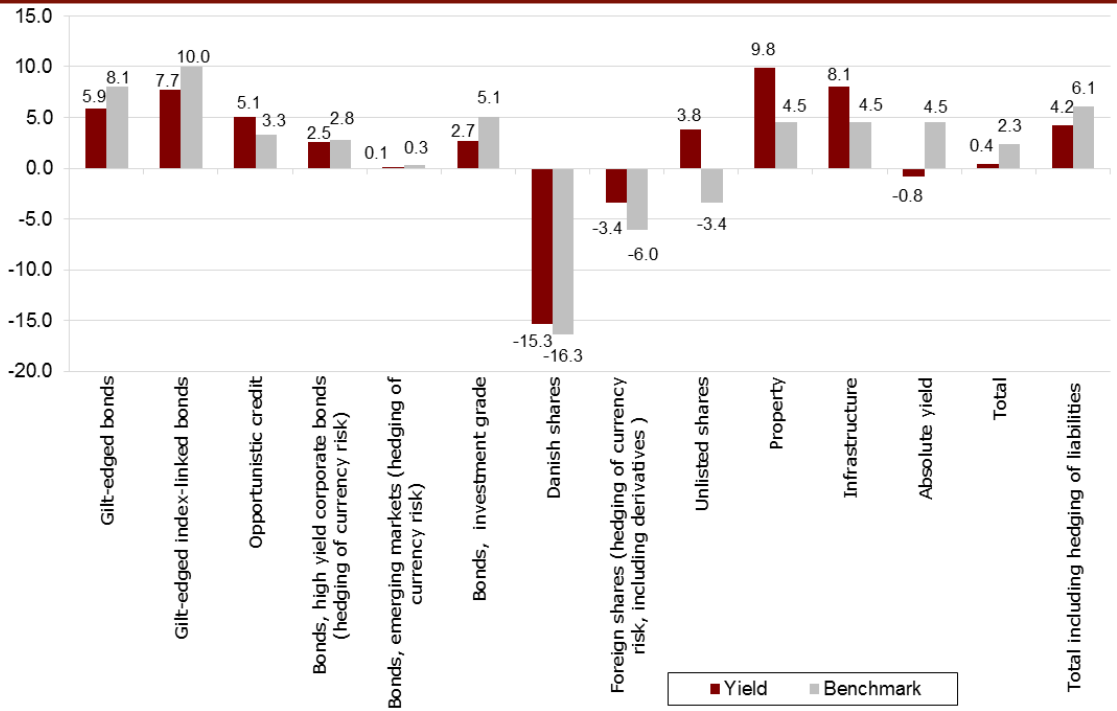
This positioning should also be seen in light of the fact that during the transition between the average rate environment and the market rate environment, major efforts were made on reducing the risk of a negative absolute return. This was done to protect the reserves that members were allocated in the transition to a market rate environment. For the same reason, the strategic, equity-related risk in the portfolio was partially hedged. This strategic hedging will gradually be eliminated from 1 December 2011 to 1 June 2012, at which point the market rate environment will be fully implemented.

Returns from the strategic hedging of equity-related risk are not included in the total return on the investment portfolio of 0.4%, but they are included in the official key figures for return for members, equity capital, and overall.

Industriens Pension's investment strategy has, over the last ten years, produced an average return (after covering future pension obligations) of 8.1% before tax and 6.9% after tax.

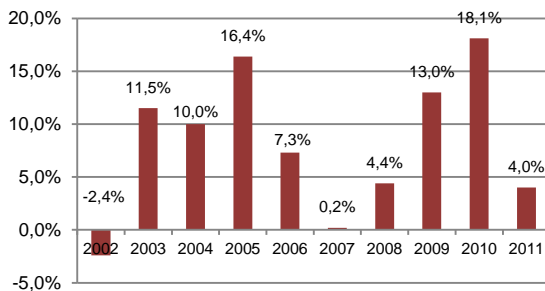
Compared with other Danish life- and pension insurance companies, Industriens Pension's returns over a number of years have been among the highest.

Figure 10 Return on asset types and their benchmarks 2011



Note: Configured as time-weighted returns

Table 7 Return in the past 10 years



Note: Official key figure for yields (N1).

Investment costs constituted 0.76% of assets in 2011. This includes all forms of costs in conjunction with administration of the investment portfolio in the form of fees to

asset managers, depository bank expenses, commissions, personnel salary, etc. As shown in table 8, investment expenses vary highly across asset classes.

The level of investment expenses will generally reflect the selected investment strategy. Low investment expenses are therefore not a goal in itself. An active strategy, such as the one exercised by Industriens Pension, with a decent allocation to unlisted investments, will be associated with a relatively high level of expenses, but should also result in a higher return than a passive strategy with only gilt-edged bonds and listed equities. The return of 5.2% on unlisted assets after expenses in 2011 was an example demonstrating that such a strategy can help produce additional returns.

Table 8 Investment costs for 2011 divided by asset class

	DKK millions	%
Gilt-edged bonds	3.0	0.01
Gilt-edged index-linked bonds	0.5	0.01
Emerging Market bonds	46.6	0.66
High Yield corporate bonds	35.8	0.62
Investment Grade corporate bonds	22.8	0.40
Danish equity	15.3	0.24
Foreign equity	85.8	0.47
Unlisted equity	284.5	2.12 *
Real estate	26.9	0.84 *
Infrastructure	67.5	1.55 *
Absolute return- investment	27.5	3.26
Unallocated costs	62.3	-
Total investment costs	678.4	0.76

* Shown in terms of % of average commitments

INVESTMENT ACTIVITIES

The size of the actively managed investment portfolio rose from DKK 89.4 billion at the end of 2010 to DKK 93.5 billion at the end of 2011.

This growth was due to increases in market value, net inflow of pension contributions and increased cash balances through realisation of gains on the hedging portfolio, which were significantly reduced in the 3rd quarter of 2011

in conjunction with the transition to market rate environment.

At the close of 2011, credit bonds were tactically overweighted in the portfolio, while gilt-edged bonds were underweighted on the basis of the historically low interest rate.

Table 9 Distribution of asset types

Asset type	Exposure at close of 2010		Exposure at close of 2011	
	DKK millions	%	DKK millions	%
Gilt-edged bonds	32,032	35.8	29,287	31.3
Gilt-edged index-linked bonds	3,091	3.5	9,069	9.7
Opportunistic credit	0	0.0	0	0.0
Emerging Markets bonds	6,133	6.9	7,183	7.7
High Yield bonds	5,656	6.3	5,796	6.2
Investment Grade bonds	5,622	6.3	5,771	6.2
Danish equity*	8,220	9.2	5,708	6.1
Foreign equity*	17,883	20.0	14,131	15.1
Unlisted equity*	5,349	6.0	6,198	6.6
Real estate	1,164	1.3	1,794	1.9
Infrastructure	1,761	2.0	2,524	2.7
Absolute return- investment	980	1.1	844	0.9
Money market**	1,531	1.7	5,202	5.6
Total	89,422	100.0	93,505	100.0

*Total of Danish and foreign equity and unlisted equity comprise 27.8%. Total range is 20-50%

** Calculated as cash balance + equivalent of financial instruments + market value of financial instruments.

INVESTMENT FRAMEWORK FOR 2012

The investment strategy for the actively managed investment portfolio is based on an overall strategic allocation between asset classes but with some room to manoeuvre for each asset class; within this allocation range the asset types may be overweighted or underweighted.

The strategic investment framework for 2012 is largely unchanged in relation to 2011.

As part of the implementation of the market rate environment, a lifecycle product will be introduced in June 2012. The lifecycle product fundamentally entails that when each member reaches a certain age, the proportion of risky assets in the portfolio are reduced in line with the member's age increases.

The proportion of risky assets in the average portfolio is not expected to be significantly changed in relation to the average interest rate environment that has existed until the present.

Table 10 Investment framework and allocation range for 2011 and 2012

Asset type	Strategic investment framework	Allocation range	Strategic investment framework	Allocation range
	2011	2011	2012	2012
	%	%	%	%
Gilt-edged bonds	37.5	12.5-62.5	37.5	12.5-62.5
Gilt-edged index-linked bonds	7.5	0-25	7.5	0-25
Foreign investment grade corporate bonds	5.0	0-10	5.0	0-10
Foreign high-yield corporate bonds	5.0	0-10	5.0	0-10
Foreign emerging market bonds	7.5	0-12.5	7.5	0-12,5
Danish equity	7.5	2.5-12.5	7.5	2.5-12.5
Foreign equity	15.0	5-25	15.0	5-25
Commodities	0.0	-2.5-2.5	0.0	-2.5-2.5
Unlisted equity	7.5	5-10	7.5	5-10
Real estate	2.5	0-5	2.5	0-5
Infrastructure	2.5	0-5	2.5	0-5
Absolute return- investment	2.5	0-5	2.5	0-5
Opportunistic credit	0.0	0-5	0.0	0-5
Cash	0.0	0-5	0.0	0-5
Equivalent of financial instruments	0.0	-	0.0	-
Total	100.0	-	100.0	-

Risk

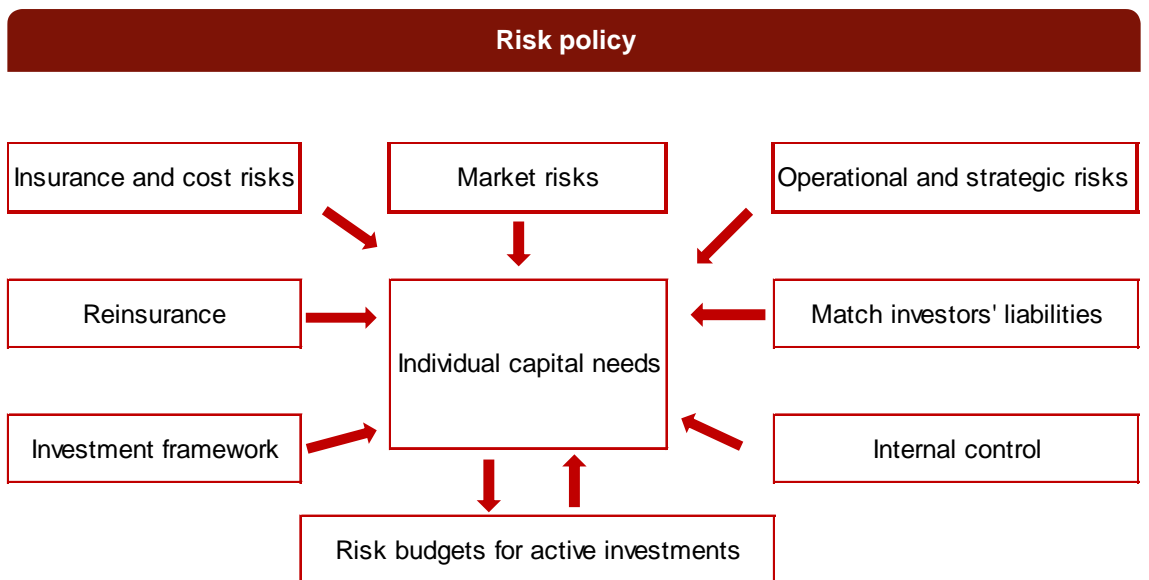
The Board of Directors determines the risk policy and overall frameworks for the Group's risk management. The key element of the risk policy is to ensure that all significant risks from the company's activities are identified and managed so that there is always a high level of security behind Industriens Pension's obligations to its members.

Risk management establishes an environment in which the Board of Directors and Board of Management are able to make well-deliberated decisions for the purpose of maximising risk/return ratio.

Total risk depends on a number of different

exposures. Industriens Pension carries out tight control of overall risk, and individual exposures are assessed as often as through necessary in order to ensure this. These calculations are made on a daily basis for particularly sensitive exposures or during especially volatile periods.

The practical work of risk management is anchored in the individual departments of the company, while the overall coordination of risk is carried out by a special Risk & Finance committee, which is also responsible for preparing regular reports to the Board of Management.



Transition to market interest rate

Transition to market interest rate on 1 December 2011 will not change the risks that are relevant for Industriens Pension, but the contribution of each individual risk factor to overall risk will be different.

Industriens Pension's risk management is therefore adaptive, and supplemented with risk management for the individual member, as the individual member is no longer covered by collective reserves.

Insurance- and cost risks

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

Catastrophe risks are also included, as a major catastrophe may cause a considerable increase in death benefits and/or benefits in case of loss of ability to work. Catastrophe risks are reduced through reinsurance.

Market risk

Market risks include risks on investment assets both in relation to losses on interest, share prices, currency and property prices. This also includes risk of losses as result of credit- and counterparty risk, as well as concentration risk.

The frameworks for risk level are established in a risk budget for investment assets. The risk budget makes it possible both to assess overall risk and compare risk levels across asset categories.

On that part of the portfolio that is not based on market interest rate, the most significant financial risks are associated with the interplay between investment assets and the relevant insurance obligations. Risk consists of whether the yield from investment assets is sufficient to cover the obligations that exist in the insurance contracts. The most significant risk is comprised of changes to interest rate.

This interest risk on obligations is eliminated through hedging with interest derivatives.

Currency risk is limited through use of derivatives.

Counterparty risk is generally limited by employing the “delivery versus payment” principle in conjunction with trade in securities and by demanding a provision of security for positive fair market values above a certain level for the derivatives employed.

Operational and strategic risk

Operational risk includes risk of loss that can be attributed to internal errors in IT systems, incorrect procedure, incomplete internal controls, fraud, etc.

Strategic risk includes, among other things, reputation risk and other risks related to external circumstances and factors.

Industriens Pension uses a risk management model for the overall management of operational and strategic risks. Using the risk management model, a joint IT tool provides on-going identification and assessment of the most significant operational and strategic risks. Assessment of individual risks is carried out on the basis of the consequences that would arise and an assessment of the probability of this happening.

This model is supplemented with continual logging of operational events that either result in losses or may have resulted in losses. These events are then included in on-going assessment of individual risk.

Individual solvency need

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

The board identifies the most significant risks, individual solvency need and size thereof, and approves on an over-arching level the methods used to establish

Table 11 Individual solvency need

DKK millions	Loss	Covered by bonus potential	Individual solvency need
	31-Dec-11	31-Dec-11	31-Dec-11
Longevity risk (risk of extended lifetime)	386	386	0
Catastrophe risk	206	74	132
Other insurance and expense risks	367	10	358
Total insurance and expense risks	959	470	490
Interest risk on liabilities	-672	-399	-274
Interest risk on assets	649	478	171
Share price risk	1,229	404	824
Other market risks, credit and counterparty risks	931	306	624
Total market risk	2,137	790	1,344
Operational risk	59	5	54
Strategic risk	181	112	69
Total operational and strategic risk	240	117	123
Total loss potential	3,337	1,377	1,957
Diversification effect	-1,111	-501	-609
Total loss potential	2,226	876	1,348

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

At the close of 2011, the individual solvency need for Industriens Pension totalled DKK 1,348 million, as compared with DKK 1,838 million for 2010. Table 12 shows the extent to which individual risks factor into the total individual solvency need.

Solvency II

The latest assessment is that the new joint European solvency guidelines (solvency II) will enter into effect in 2014. These guidelines are intended to improve the industry's risk management and ensure improved cohesion between the relevant risk and the capital requirements that must be fulfilled.

Industriens Pension has drawn up a plan for implementation of Solvency II.

This work is monitored by the Risk & Finance committee, which shall ensure the necessary progress and ensure that the new requirements on both company capital and organisation are implemented. It is not expected that a transition to the new solvency

rules will be associated with any major difficulties.

Industriens Pension has participated in EU test calculations on the upcoming solvency needs, and these calculations shall be performed at the end of every quarter going forward.

The result of the latest calculation at the end of 2012 shows that capital requirements, with the new rules, will be marginally higher than the capital requirements calculated according to the individual solvency need, primarily because of market risk support in the upcoming requirements under Solvency II. The company's current capital base at the end of the year of DKK 6,904 million is, however, judged to be completely sufficient to meet upcoming solvency needs.

Corporate social responsibility

Industriens Pension believes it is right to demonstrate social responsibility in its investment strategy and thereby ensure that both members and companies paying into the pension scheme (and society as a whole) can feel more secure in the way that pension funds are invested.

Industriens Pension operates with full transparency in all investments. Current portfolios of all investments are presented on the website, so that all interested parties can monitor how pension funds are invested.

Industriens Pension believes that the individual companies in which Industriens Pension invests must demonstrate the ability to adapt to continual environmental and ethical developments in the markets in which they operate, as this is a determining factor for company success and in turn a factor for Industriens Pension's yields from investing in the company.

A given company's compliance with local ethical- and environmental standards is therefore incorporated into investment decisions, and Industriens Pension's aim to achieve the highest possible returns on investment over the long term is therefore synonymous with making ethical and environmentally defensible investments.

Industriens Pension can exclude stocks and bonds in companies that knowingly violate rules established by national authorities in the countries where the company operates or through international organisations in which Denmark is represented.

When evaluating ethical and environmental matters, Industriens Pension works together with external advisors.

Active ownership

Active ownership focuses on the relationship between owners (shareholders), Board of Directors (representatives of the owners) as well as Board of Management (general management) of a company.

Industriens Pension exercises active ownership on several levels. This may be through:

- Dialogue with management and board members
- Voting at general meetings of companies
- Exclusion of companies from Industriens Pension's investment sphere.

As a general rule, the Board of Directors is assumed to manage its shareholders' interest as well as possible, since the goal of the company is to increase the long-term yields to investors. Industriens Pension therefore, as a general rule, supports proposals advanced by the boards of companies in which pension funds are invested.

Industriens Pension votes at general meetings when this is deemed relevant. The overall guidelines for such voting are approved by the board.

Industriens Pension can conduct a dialogue with a company for the purpose of influencing the company in a particular direction.

In situations where dialogue and voting have not had- or are not considered able to have – the desired effect, companies may be excluded from Industriens Pension's investment sphere.

By practising active ownership, Industriens Pension works together with external advisors and collaborates and coordinates with other investors.

Activities in 2011

Active ownership

Industriens Pension is of the position that the greatest effect is achieved by selectively entering a dialogue with a limited number of companies, rather than entering a more superficial dialogue with a large number of companies. In a similar way, Industriens Pension abstains from automatically voting at all general meetings in which Industriens Pension is a shareholder, but rather votes only when and where it has a significant effect.

In 2011 Industriens Pension evaluated a number of companies that potentially may have been involved in violations of international norms for environmental protection, human rights, employee rights or corruption and bribery.

Industriens Pension's dialogue with these companies focused on environmental matters.

By the close of 2011, Industriens Pension had been in discussions with 20 companies. The purpose of these was to obtain insight into what initiatives the companies are taking to live up to the ethical- and environmental requirements that are a precondition for their inclusion in Industriens Pension's investment sphere.

Exclusion of companies

Industriens Pension has not excluded any more companies from its investment sphere in 2011. One company was included in the investment sphere over the course of the year following changes in its operations.

Development goals

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

Results for the year

Table 12 Results of the year	2011	2010
DKK millions		
Return on equity	-11	446
Portion of risk return	0	0
Portion of results from sickness- and accident insurance	-161	9
Portion of results from unit link	1	0
Portion of result from wellness plan	0	0
Portion of change in capital requirements for group life scheme	0	0
Payment of non-guaranteed pensioner bonus	-2	0
Results before tax on yields from pension scheme assets	-173	455
Equity capital portion of tax on pension yields	2	-66
Results for the year	-172	389

Results for 2011 were a loss of DKK 172 million, compared with a profit of DKK 389 million in 2010. The year's losses were covered by equity capital, which now totals DKK 3,880 million.

For 2011, a surplus in the range of DKK 100-150 million had been anticipated. The reasons for the difference between anticipated and actual results were attributed primarily to the following conditions:

Medical- and accident insurance resulted in a loss of DKK 259 million, against anticipated results of DKK 0 million. The reasons for this loss are partly that the investment yield was lower than expected, and that there was a drop in interest rates through 2011. The interest rate drop resulted in lower discount rate, and thereby a reinforcement of the claims provisions for sickness and accident insurance. In addition, risk results were also poorer than expected.

The portion of equity capital in this loss on sickness- and accident insurance totals DKK 161 million.

The guidelines Industriens Pension has set for for distribution of profit mean that the equity capital bears interest at a rate corresponding to the yield on the investment assets in equity capital before tax pension yields.

This yield has been negative by 0.3% against an expected positive yield of 3.8%, thereby also contributing to the total loss for 2011.

For 2011 the risk return (entrepreneurial supplement) was set at 0%.

Realised results for 2011 totalled DKK 1,675 million. Breakdown of the realised results is presented in table 13. The realised result is the funds which are to be appropriated between equity and special bonus provision on the one hand, and members on the other hand. Calculation of the realised result is made before crediting bonuses to members and before payment of tax on yields of pension scheme assets.

Of the awarded bonus totalling DKK 14.8 billion, distribution of the collective bonus potential in conjunction with the transition to market interest rate was DKK 13.3 billion for

the part of the portfolio that as at 1 December 2011 changed over from average interest rate. Similarly, this amount was factored into the year's change in collective bonus potential.

Table 13 Realised results on life assurance	2011	2010
DKK millions		
Insurance technical results of life insurance	97	-5
Portion held out of results (group life scheme, unit linked, etc.)	-2	0
Tax on pension yields	328	1,947
Transferred from investment yields from life	-10	381
Awarded bonus	14,807	2,389
Change in special bonus provision	109	398
Interest from special bonus provision type A	-15	-18
Change in collective bonus potential	-13,754	6,618
Change in used bonus potential on paid-in policies	0	0
Allocation of special bonus provision	114	131
Realised results	1,675	11,842

Interim financial statement as at 30 November

Distribution of the collective bonus potential in conjunction with the transition to market interest rate is calculated on the basis of an interim financial statement on 30 November 2011, which is drawn up for the purpose of determining the size of the bonus that can be distributed in conjunction with the transition to market interest rate. The interim financial statement is reviewed by Industriens Pension's external auditors.

Capital base

The capital base, consisting of equity capital and special bonus provisions, totals DKK 6.9 billion as at the end of 2011. The sufficient capital base, which is determined by the individual solvency need, totals DKK 1.3 billion. As such, at the end of 2011 there is an excess solvency of DKK 5.6 billion, equivalent to 511%.

Events after the end of the financial year

From the reporting date to present, no events have taken place that would affect evaluation of the annual financial statement.

Outlook for 2012

Members and contributions

The number of members in Industriens Pension is expected to drop by approximately 10,000 in 2012, so that the collective membership is expected to be approximately 380,000. The number of member companies is expected to remain unchanged at some 8,000.

Total contributions, including contributions to sickness and accident insurance are expected to total DKK 7.3 billion in 2012. Of this, DKK 0.5 billion is expected to be paid into the state in the form of social security contributions.

In 2012 Industriens Pension will continue to focus on total expenses. In 2012 members will pay a total of DKK 384 for coverage of administrative costs. This is a drop compared to DKK 36 in 2011.

Investment costs, which vary depending on selected investment strategy, are expected to increase. However, the goal is that cost percentage in relation to investment assets will not change significantly.

Investment activities

Investment strategy for 2012 is organised on the basis of the basic investment framework that has been adopted. Deviations from this basic framework will be made within the adopted latitude to increase returns.

For that part of the portfolio that is not based on market interest rate, interest-rate risk on liabilities will initially continue to be fully hedged. Hedging will ensure that reserves are not unintentionally affected by significant fluctuations in interest rates.

Yield on the company's investment assets in 2012 is expected to be DKK 3.1 billion before tax on yields of pension scheme assets. This was budgeted on the basis of, among other things, the assumption of a largely unchanged level of Danish and foreign bond interest and a yield on listed shares of around 3 percentage points above bond interest.

The tax on pension yields for 2012 is expected to total DKK 0.5 billion.

Expected results for 2012

For financial year 2012, results on the order of DKK 100 million are expected.

Statement by the Management

We have today presented the annual report for Industriens Pensionsforsikring A/S for the financial year 1 January to 31 December 2011.

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

It is our belief that the annual financial statement provides an accurate image of the company's assets and

liabilities, financial position, and results.

It is, at the same time, our belief that the management report contains an accurate representation of developments in the company's activities and financial condition, along with a description of significant risk and uncertainty factors faced by the company.

The annual report has been submitted for approval of the general meeting.

Copenhagen, 23 March 2012.

Management:

Laila Mortensen
CEO

Board of Directors:

Mads Andersen
Chairman

Kim Graugaard
Deputy chairman

Lars Andersen

Erik Bredholt

Lars Hansen

Heidi Jensen

Thorkild E. Jensen

Johannes Madsen-Mygdal

Jens Due Olsen

Jukka Pertola

Bo Stærmose

Bjarne Uldall

Berit Vinther

Ole Wehlast

Independent auditor's report

TO THE SHAREHOLDERS OF INDUSTRIENS PENSIONSFORSIKRING A/S

Endorsement of the financial statement

We have reviewed the annual financial statement for Industriens Pensionforsikring A/S for financial year 1 January – 31 December 2011, which includes accounting practice applied, profit & loss statement, statement of total gains and losses, balance sheet, statement of changes in equity and notes. The annual financial statement has been prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the annual financial statement

Management is responsible for preparing and presenting an annual financial statement that provides an accurate presentation in accordance with the Financial Business Act. Management is also responsible for the internal control that management deems necessary to prepare an annual financial statement material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion regarding the annual financial statement on the basis of our audit. We have carried out the audit in accordance with international auditing standards and additional requirements according to Danish auditing standards. This demands that we maintain ethical requirements and plan- and carry out the audit to achieve a high degree of certainty as to whether the annual financial report is free of material misstatement.

An audit includes performance of auditing procedures to obtain audit evidence for amounts and information in the annual financial statement. The auditing procedures selected depend on auditor evaluation, including evaluation of risk for material misstatement in the annual financial statement, regardless of whether this is the

result of fraud or error. In its risk assessment, the auditor shall consider an internal control relevant to the company's preparation of the annual financial statement that provides an accurate picture. The purpose of this is to develop auditing documents suitable to circumstances, but not to express a conclusion on the efficacy of the company's internal controls. An audit also includes further assessment of whether management choice of accounting practice is suitable, whether management's accounting estimates are reasonable, as well as an assessment of the overall presentation of the annual financial statements.

It is our belief that the auditing evidence obtained is sufficient and adequate as a basis for our conclusion.

The audit has not given rise to any reservations.

Conclusion

It is our position that the annual financial statement provides an accurate image of the company's assets, liabilities and financial standing as at 31 December 2011 and of the results of the company's activities for the financial year 1 January – 31 December 2011 in accordance with the Danish Financial Business Act.

Statement on the management report

We have read through the manager's report in accordance with the Danish Financial Business Act. We have not taken any further measures beyond the completed review of the annual financial statement.

On this basis it is our position that the information in the management report is in accordance with the annual financial statement.

Copenhagen, 23 March 2012

Deloitte

Statsautoriseret Revisionspartnerselskab

Anders O. Gjelstrup
Chartered Accountant

Kasper Bruhn Udam
Chartered Accountant

Accounting policies applied

GENERAL

The annual report was drawn up according to the guidelines of the Financial Business Act, as well as the executive order from the Danish Financial Supervisory Authority on financial reports for insurance companies and lateral pension funds.

All amounts in the financial statement are expressed in whole millions of DKK. Every figure is rounded off separately, so small differences may occur between the stated totals and the sum of the underlying figures.

No group-wide financial statement has been submitted for the company. The company and its subsidiaries Industriens Pension IT A/S and Industriens Pension Professional Forening f.m.b.a. are jointly included, with the affiliate Pension Service A/S, in the group financial statement for IndustriPension Holding A/S.

Transition to market interest rate

Starting on 1 December 2011, the majority of members will be changed over from average interest rate to market interest rate, and in conjunction with this, DKK 13.3 billion have been distributed from the collective bonus potential.

Transfers between the individual financial posts are presented in the notes to the annual financial statement.

The accounting principle applied is unchanged from last year, though individual reclassifications have, however, been made in comparative figures. These reclassifications have no significance for results and equity in 2010.

Accounting estimates and evaluations

Preparation of the financial statement requires management to undertake a series of estimations and evaluations concerning future conditions having significant influence on accounting-related handling of assets and liabilities and thereby also the results for the present and coming years.

Areas where these estimates and evaluations have the most significant effect on the financial statement are the following:

- Insurance contract liabilities
- Fair market value of financial instruments.

Insurance contract liabilities

The calculation of insurance contract liabilities is based on a number of actuarial calculations, using assumptions of (among other things) death and disability rates, which are determined on the basis of the best estimate. Liabilities are also affected by the current interest level.

At the close of 2011, death rate was changed to make it dependent on birth cohort. Death rate is also adapted to the benchmark for death rate and future lifetime improvements published by the Danish Financial Supervisory Authority in December 2010.

This means that Industriens Pension has, following the methods of the Danish Financial Supervisory Authority and on the basis of the published benchmark, estimated the portfolio's model death rate and added a benchmark for future life time improvements. Change of the death rate has increased life insurance provisions by approximately DKK 40 million.

Fair market value of financial instruments

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

For instruments where the valuation is built on observable market data only to a limited extent, the valuation is affected by estimate. This applies, for example, for unlisted capital shares as well as certain liabilities, where there is no active market.

Intragroup transactions

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

The company has entered an agreement on purchase of IT operating- and development services with the subsidiary Industriens Pension IT A/S; similarly, an agreement has also been entered for the supply of services to Industriens Pension Professional Forening f.m.b.a. Fees for these services are set on market-based terms.

The company has also made a credit line of DKK 65 million available to the subsidiary

Industriens Pension IT A/S. The subsidiary did not draw on this credit in 2011. This credit is charged interest on market terms. Nor were there any significant intragroup transactions.

General principles for recognition and measurement

The income statement recognises all revenue and expenses as these are earned or incurred.

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

Liabilities are recognised in the balance sheet when it is probable that the company will not gain any future benefits, and the value of the liability can be reliably measured.

Assets are measured at cost price upon first recognition. Measurement after first recognition takes place as described for each individual accounting posting below.

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

RESULTS AND STATEMENT OF TOTAL GAINS AND LOSSES

Income from insurance activities

Premiums on own account

Includes reported premiums through 20 January 2012 for 2011. Premiums reported after 20 January 2012 are recognised as revenue in 2012. Premiums booked as revenue that have not been paid as at 31 December 2011 are included as receivables.

Premium contributions concerning investment contracts with no bonus eligibility and without any significant risk element are recognised directly in the balance sheet.

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

Income from investment assets

Income from associated companies

Includes Industriens Pension's share of results in subsidiaries.

Interest income and dividends, etc.

Includes interest and dividends on securities and liquid assets received in the financial year. Index adjustments on index-linked bonds are also included.

Value adjustments

Market value adjustments include realised- and unrealised profits and losses as well as currency exchange rate adjustments on investment assets.

Administrative costs stemming from investment activities

Administration expenses arising from investment activities include fees for external portfolio managers, trading- and depositary

charges, as well as internal costs for administration of investment assets.

Tax on pension yields

Tax on pension yields for the year (consisting of the year's applicable pension yield tax as well as any change in the deferred pension yield tax) is entered as an expense in the income statement.

Expenses from insurance activities

Insurance benefits paid on own account

Insurance benefits on own account include the year's paid out benefits in the pension scheme, adjusted by the year's change in claims provisions for the year and after deduction of the reinsurance cover. Insurance benefits concerning investment contracts without bonus eligibility are included directly in the balance sheet.

Change in life-assurance provisions

The change in life assurance provisions is the difference between opening and closing value of the provisions for life assurance. In 2011 this accounting entry includes transfer of the portfolio from average interest rate to market interest rate.

Change in collective bonus potential

Change in collective bonus potential is the part of the realised result that falls to the insurance portfolio beyond the bonus allocated in advance. In years with a negative realised result on the insurance portfolio after deduction of bonus allocated in advance, this accounting entry will use the collective bonus potential provided in previous years.

In conjunction with the transition to market interest rate in 2011, a total of DKK 13.3 billion of the collective bonus potential was distributed to member savings.

Change in bonus provisions for group life scheme

The year's result on the group life scheme is appropriated to bonus, which is used to reduce future premiums.

Change in special bonus provisions

Change in special bonus provisions (type A and type B) includes a return on the previous year's provision and the net amount contributed by the members over the course of the year.

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

Change in provisions for unit-linked contracts

Change in provisions for unit-linked contracts includes investment yield after tax on yields of pension scheme assets and after investment costs pertaining to unit-linked contracts. To this are added premiums concerning investment contracts without bonus eligibility

and without a significant risk element, which are entered directly on the balance sheet.

The change in 2011 also includes transfer to a part of the portfolio from average interest rate to market interest rate.

Administrative expenses

Administrative expenses include the costs that relate to life insurance operations.

Transferred investment yields

Transferred investment yields comprise the part of the investment yield that is not included in the insurance technical results. Transferred investment yields as such include investment yields on provisions for sickness and accident insurance and investment return on equity capital.

Insurance technical results from sickness- and accident insurance on own account

The result of sickness- and accident insurance is calculated according to the rules for non-life insurance. The results of sickness and accident insurance are specified in the notes.

BALANCE SHEET

Tangible Assets

Operating equipment

Operating equipment is measured at acquisition value with deductions for accumulated depreciation. Linear depreciation is carried out over the expected service lifetime of the assets.

Registered office property

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

Investment assets

Holdings in group companies

Capital shares are included at the proportionate share of the equity capital of the companies. Lending is measured at amortised cost price.

Financial investment assets

Purchase and sale of financial investment assets are recognised at fair market value on settlement date.

Danish- and foreign stock-listed capital shares and investment association shares are measured at official closing rates on the reporting date. For capital shares and investment association shares that are not actively traded, an estimated rate is used.

Unlisted capital shares and unlisted investment association shares are measured

at fair market value based on recognised methods.

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

Exchange-listed derivatives are measured at official closing rates on the reporting date. Forward transactions, purchase and sales options and other derivative financial instruments are recognised at fair market value measured at mid-market rates on the reporting date.

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

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

Investments linked to unit-linked contracts

Investments associated with unit-linked contracts include assets connected to market interest rate and the product pension annuity calculated by the same principles as equivalent investment assets.

Provisions for insurance- and investment contracts

Premium provisions

Includes provisions for risk resulting from increasing age with respect to sickness- and accident insurance, considered necessary to cover claims and compensation costs in subsequent accounting periods for insurance policies in effect at the time the balance sheet is drawn up.

Life insurance provisions

Life insurance provisions are calculated as the capital value of the total commitments on expected future insurance benefits based on a yield curve and assumptions on insurance risk and costs, established on the basis of the best estimate with respect to death and disability, etc. The statement of life insurance provisions incorporates a surcharge associated with the uncertainty of establishing the best estimate of insurance risk. For discounting, the adjusted yield curve set in the agreement between the pension sector and the Danish Ministry of Economic and Business Affairs is used, after deducting tax on yields from pension scheme assets. Life insurance provisions are calculated by the company's head actuary based on the technical basis reported to the Danish Financial Supervisory Authority. Life insurance provisions are divided between guaranteed benefits, bonus potential on future premiums and bonus potential on paid-up policy benefits.

Guaranteed benefits include obligations to pay benefits associated with the pension scheme. Guaranteed benefits are counted as the current value of the anticipated future benefits, as well as the current value of the anticipated future expenses for administration of the insurance with deduction of the current value

of the agreed future premiums. Guaranteed benefits are calculated without accounting for the revaluation of contracts for paid-up policy and surrender. Guaranteed benefits include an estimated amount for coverage of future benefits, originating from insured events occurring in the financial year but not reported at the end of the financial year.

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

Bonus potential for paid-up policy benefits includes the current value of commitments to pay bonuses premiums already due. Bonus potentials on paid-up policy benefits are calculated as the value of the policyholder's savings after deducting the guaranteed benefits, bonus potentials on future premiums and current value of the future administration results.

Claims provisions

Includes insurance benefits due but not yet paid, including bonuses and other unpaid insurance benefits for events having occurred in the financial year or earlier.

Claims provisions concerning sickness- and accident insurance include amounts for coverage of claims having occurred over the course of the year but not yet paid.

Claims provisions for sickness- and accident insurance settled by on-going payments are calculated at their current value in accordance with actuarial principles by

discounting the expected future payments using the adjusted yield curve set in the agreement between the pension sector and the Danish Ministry of Economic and Business Affairs, after deduction of tax on pension yields.

Collective bonus potential

Collective bonus potential includes the insurance portfolio's share of realised results, which are collectively allocated for equalisation of bonus allocation.

Provisions for bonus and premium rebates

Provisions for bonus and premium rebates are amounts in the sickness- and accident insurance that fall to policyholders as a result of favourable results in the financial year.

Bonus provisions for group life scheme

Pertains to amounts that, as part of the group life scheme for death, disability and critical illness will be used for reduction of future premiums.

Special bonus provision

Special bonus provisions cover both type A and type B. Division into these two types is explained in a note to the annual financial statement. The special bonus provision is risk capital made available by the policyholders and constitutes part of the insurance-related provisions. These provisions are included in the capital basis on equal footing with equity capital.

Provision for unit-linked contracts

This provision comprises market value of the assets associated with market interest and the extra pension annuity product.

Debt

Debt obligations are measured at amortised cost price.

Contingencies

Commitments regarding issued guarantees and sureties etc. outside insurance matters are stated in a note to the annual report.

Statement of total gains and losses

Note	2011 DKK millions	2010 DKK millions	
2	Gross premiums	6,485	6,206
3	Outward reinsurance premiums	-1	-1
	Premiums on own account, total	6,483	6,205
	Revenue from connected companies	257	391
	Revenue from associated companies	-2	0
4	Interest income and yields, etc.	2,128	2,339
5	Rate adjustments	1,438	10,742
	Interest expenses	-2	-9
8	Administrative costs resulting from internal activities	-185	-209
	Investment yields, total	3,635	13,254
6	Tax on pension yields	-556	-1,948
	Investment yields after tax on pension asset yields	3,079	11,306
7	Paid out benefits	-1,967	-2,104
	Received reinsurance coverage	0	0
	Change in compensation provisions	72	9
	Transferred to other insurance provisions	-99	-56
	Insurance benefits on own account, total	-1,994	-2,151
14	Change in life insurance provisions	54,304	-7,271
	Change in reinsurer's share	0	0
	Change in life insurance provisions on own account, total	54,304	-7,271
17	Change in bonus provisions for group plan	74	-182
16	Change in collective bonus potential	13,754	-6,618
18	Change in special bonus provisions	-109	-398
	Bonus total	13,718	-7,198
19	Change in provisions for unit-linked contracts	-75,382	-5

Statement of total gains and losses, continued

Note	2011 DKK millions	2010 DKK millions	
8	Administrative costs	-131	-138
	Transferred investment yields	19	-753
	INSURANCE TECHNICAL RESULTS	97	-4
9	INSURANCE TECHNICAL RESULTS OF ILLNESS- AND ACCIDENT INSURANCE	-259	13
	Investment yields on equity capital	-11	446
	RESULTS BEFORE TAXES	-173	455
	Pension yield tax on equity capital	2	-66
	RESULTS FOR THE YEARS	-172	389
	TOTAL INCOME STATEMENT		
	Results for the year	-172	389
	OTHER TOTAL INCOME, TOTAL	0	0
	TOTAL INCOME FOR YEAR	-172	389

Balance sheet

	ASSETS	31.12.2011 DKK millions	31.12.2010 DKK millions
Note			
10	Operating equipment	0	1
11	Domicile property	61	61
	TANGIBLE ASSETS, TOTAL	62	62
12	Capital shares in connected companies	1,467	6,966
	Loans to connected companies	0	25
13	Capital shares in associated companies	19	0
	Investment in connected companies, total	1,486	6,991
	Capital shares	6,668	35,365
	Investment association shares	1,907	8,976
	Bonds	8,962	39,782
	Deposits in credit institutions	542	1,470
	Other financial investment assets, total	18,080	85,593
	Investment assets, total	19,566	92,584
19	Investment assets connected to Unit-linked contracts	80,783	92
	Receivables from policyholders	571	543
	Receivables in connected companies	0	2
	Other receivables	0	0
	TOTAL RECEIVABLES	571	546
	Current tax assets	5	8
	Liquid holdings	64	84
	Other assets, total	69	92
	Accrued interest and accrued rent	108	566
	Other accrued income and deferred expenses	39	32
	TOTAL PREPAYMENTS AND ACCRUED INCOME	147	598
	TOTAL ASSETS	101,198	93,973

Balance sheet, *continued*

Note	LIABILITIES	31.12.2011 DKK millions	31.12.2010 DKK millions
	Share capital	110	110
	Reserve for tax-exempt saved surplus	3,239	3,411
	Transferred surplus	531	531
	EQUITY CAPITAL, TOTAL	3,880	4,051
	Premium provisions	78	86
	Guaranteed benefits	5,134	16,756
	Bonus potential on future premiums	0	27,366
	Bonus potential on paid-up policy	110	15,426
14	Total life insurance provisions	5,244	59,548
15	Compensation provisions	4,537	3,980
16	Collective bonus potential	902	14,656
	Provisions for bonus and premium rebates	61	285
17	Bonus provisions for group plan	650	723
18	Special bonus provisions	3,024	2,915
19	Provisions for Unit-linked contracts	75,518	91
	PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS, TOTAL	90,015	82,285
	Debt in conjunction with direct insurance	7	6
	Debt to connected companies	0	24
	Current tax obligations	538	1,947
20	Other debt	6,758	5,660
	TOTAL DEBT	7,303	7,637
	TOTAL LIABILITIES	101,198	93,973
21	Deposits		
22	Contingent liabilities		
23	Related party transactions		
24	5-year overview and key figures		
25-26	Specifications on investment assets		
27	Sensitivity information and risk		

Statement of changes in equity

	Share capital	Transferred surplus	Reserves*	Total
Equity capital primo 2011	110	531	3,411	4,051
Results 1 January - 31 December 2011			-172	-172
Other total income			0	0
Equity capital 31 December 2011	110	531	3,239	3,880

	Share capital	Transferred surplus	Reserves*	Total
Equity capital primo 2010	110	531	3,022	3,662
Results for the period			389	389
Other total income			0	0
Equity capital ultimo 2010	110	531	3,411	4,051

*The reserve for tax-exempt saved surplus is subject to special limitations, cf. FIL § 307 on labour-market related life insurance companies.

The company's share capital of DKK 110 million issued in shares of DKK 1,000 or multiples thereof.

Capital base and solvency requirements

	31.12.2011 DKK millions	31.12.2010 DKK millions
Equity capital	3,880	4,051
Special bonus provision type A	432	434
Special bonus provision type B	2,593	2,481
Capital base	6,904	6,966
Estimated solvency margin, life insurance	880	2,000
Estimated solvency margin, illness- and accident insurance	174	143
Estimated total solvency margin	1,054	2,143

Notes

Note	2011 DKK millions	2010 DKK millions
1 Accounting practice applied		
The annual account is prepared according to the rules in the Financial Business Act, lateral pension funds as well as the executive order from the Danish Financial Supervisory Authority on financial reports for insurance companies. See section on accounting practice applied.		
2 Gross premiums		
Annual premiums	6,285	6,363
Deposits including transfers	755	386
Social security contributions	-508	-506
Gross premiums, total	6,532	6,242
Of which premiums related to investment contracts not entitled to bonus	-48	-36
Gross premiums on insurance contracts, total	6,485	6,206
Premiums divided by subscription conditions:		
Insurance policies subscribed as part of employment agreement	6,485	6,206
Individually subscribed investment contracts	48	36
	6,532	6,242
Premiums related to insurance:		
Insurance entitled to bonus	5,814	6,206
Insurance not entitled to bonus	670	0
Investment contracts not entitled to bonus	48	36
	6,532	6,242
Members with agreement-based schemes at close of year	387,751	396,374
Members with group life insurance at close of year	237,561	234,240
Members with individually subscribed contracts, end of year	16,934	15,082
All insurance contracts are established on the basis of collective agreements and similar where the insurance cover is a mandatory part of employment.		
All insurance policies concern direct Danish business.		

Notes, continued

Note	2011 DKK millions	2010 DKK millions
3 Results of reinsurance		
Reinsurance premiums handed off to other companies - life	-1	-1
Reinsurance premiums handed off to other companies - sickness and :	-1	-1
Received reinsurance coverage	0	0
Change in reinsurance reserves	0	0
Total results of business handed off	-2	-3
4 Interest income and dividends etc.		
Interest from securities and deposits	1,176	1,231
Dividends from capital shares	952	1,107
Total interest income and dividends etc.	2,128	2,339
5 Rate adjustments		
Domicile property	0	-19
Danish listed assets	-1,132	2,484
Foreign listed assets	-1,326	3,120
Unlisted assets	248	1,031
Investment association shares	-140	810
Fixed-rate bonds	830	534
Foreign bonds	368	268
Index-linked bonds	457	82
Deposits in credit institutions	-31	36
Derivative financial instruments	2,614	3,820
Foreign exchange forward transactions	-450	-1,425
Total rate adjustments	1,438	10,742

Notes, continued

Note	2011 DKK millions	2010 DKK millions
6 Taxes on pension yields		
Taxes on pension yields	-541	-1,954
Tax on pension yields for last year	-15	6
Taxes on pension yields, total	-556	-1,948
Exemption fraction, cf. Danish Pension Investment Return Tax Act §§ 7,	0.0	0.0
Reduction for group life insurance is factored into the above exemption factor		
7 Paid out benefits		
Insurance totals upon death	149	175
Insurance totals upon disability	135	104
Insurance totals upon critical illness	107	104
Other benefits on death	109	97
Disability benefits	40	39
Totals upon expiration	235	205
Pension and interest benefits	276	209
Transfers to other labour market pension schemes	744	1,147
Surrender (pay-out of small dormant accounts)	168	24
Unguaranteed retirement bonus	2	0
Wellness promotion costs	1	0
Paid out benefits, total	1,967	2,104

Notes, continued

Note	2011 DKK millions	2010 DKK millions
8 Administrative costs		
The following expenses are included in accounting entries administrative costs, costs related to investment activity and results of sickness- and accident insurance:		
Personnel costs		
Employer salary	87	86
Pension contributions	11	12
Other social security contributions	1	1
Payroll fees	10	9
Personnel costs, total	109	108
Fees for auditors selected at general meeting		
Legally mandated audit of annual accounts	0.7	0.6
Other assurance engagements	0.2	0.2
Tax advising	0.1	0.1
Other services	0.2	1.5
Total auditors' fees	1.1	2.4
Compensation to management and board of directors		
Management, 1 person	3.3	3.3
Board of directors, 14 people	1.5	1.5
Employees with considerable influence on risk profile, 4 people	6.8	6.3
Total compensation to management and board etc	11.5	11.1
Average number of full-time employees during accounting period	134	138

There are no bonus arrangements or results-based salary payments for employees of management or other employees with significant influence on risk profile. In 2011 no hiring bonuses or severances were paid.

No compensation is paid out to members of management for positions in management or the board of directors in the other companies within the group

Notes, continued

Note	2011 DKK millions	2010 DKK millions
9 Insurance technical results of illness- and accident insurance		
<i>Premium income</i>		
Annual premiums	454	212
Social security contributions	-35	-17
Transferred from life insurance provisions	99	56
Gross premiums, total	518	252
Outward reinsurance premiums	-1	-1
Change in premium provisions	8	4
Premiums earned on own account	524	255
Insurance technical interest	36	36
<i>Claims incurred on own account</i>		
Paid out benefits	-350	-290
Change in gross compensation provisions	-477	-429
Claims incurred on own account	-828	-719
Change in bonus and premium rebates	224	290
Insurance-related operating costs on own accounts	-19	-20
Insurance technical results	-63	-158
Investment yields	-110	269
Return on insurance-related provisions	-87	-98
Insurance yields after insurance technical interest	-196	171
Insurance technical results of illness- and accident insurance, total	-259	13

With a compensation rate of 0.54% (0.42%) 1 total of 1,134 (867) compensation claims were paid out in 2011 with an average compensation amount of DKK 748 thousand (DKK 745 thousand). Figures in parentheses are equivalent figures for 2010.

Notes, continued

Note	31.12.2011 DKK millions	31.12.2010 DKK millions
10 Operating equipment		
Accumulated cost price, start of year	2	3
Additions for the year	0	0
Disposals for the year at cost price	0	-1
Accumulated cost price, close of year	<u>2</u>	<u>2</u>
<i>Depreciations</i>		
Accumulated depreciations, start of year	1	2
Depreciations for the year	0	0
Reversed depreciations on sold assets	0	-1
Accumulated depreciations, close of year	<u>2</u>	<u>1</u>
Book value, close of year	<u>0</u>	<u>1</u>
11 Headquarters property		
Assessed value start of year	61	68
Additions	0	12
Depreciations	0	0
Value adjustments factored into the profit & loss statement	0	-19
Assess value close of year	<u>61</u>	<u>61</u>
External experts have not been involved in the appraisal of headquarters property		
Yield percentage	<u>5.5</u>	<u>5.5</u>

Notes, continued

Note	31.12.2011 DKK millions	31.12.2010 DKK millions
12 Capital shares in connected companies		
Accumulated cost price, start of year	6,739	2,666
Additions for the period	2	4,073
Accumulated cost price, close of year	6,741	6,739
Accumulated value adjustment, start of year	318	-73
Value adjustments for the year	257	391
Accumulated value adjustments, close of year	576	318
Book value, close of year	7,317	7,057
Capital shares are stated on the entries of the balance sheet:		
Capital shares in connected companies	1,467	6,966
Investment assets connected to Unit-linked contracts	5,849	90
the entry capital shares in connected companies consists of:		
Industriens Pension IT A/S. The company's main activity is to manage IT operations in the companies in the IndustriPension Holding A/S group.		
Share capital according to financial statement for 2011	80	78
Results for the year	1	2
Industriens Pension Professionel f.m.b.a. Global shares		
Share capital according to financial statement for 2011	240	252
Results for the year	-11	27
Industriens Pension Professionel f.m.b.a. Global bonds		
Share capital according to financial statement for 2011	185	172
Results for the year	14	7
Industriens Pension Professionel f.m.b.a. Global Investment Grade I		
Share capital according to financial statement for 2011	2,484	2,353
Results for the year	127	213
Industriens Pension Professionel f.m.b.a. Global High Yield I		
Share capital according to financial statement for 2011	1,566	1,514
Results for the year	51	82
Industriens Pension Professionel f.m.b.a. Global High Yield II		
Share capital according to financial statement for 2011	1,571	1,523
Results for the year	48	59
Industriens Pension Professionel f.m.b.a. Global Investment Grade II		
Share capital according to financial statement for 2011	1,191	1,163
Results for the year	27	1

The purpose of the investment associations is to make investments according to the guidelines of Industriens Pension.

All companies fully owned and based in Copenhagen.

Notes, continued

	31.12.2011 DKK millions	31.12.2010 DKK millions
13 Capital shares in associated companies		
Accumulated cost price, start of year	0	-
Additions for the year	99	-
Accumulated cost price, close of year	99	-
Accumulated value adjustment, start of year	-2	-
Value adjustments for the year	0	-
Accumulated value adjustment, close of year	-2	-
Book value, close of year	97	-
Capital shares are stated in the entries of the balance sheet:		
Capital shares in connected companies	19	-
Investment assets connected to Unit-linked contracts	78	-
The entry capital shares in associated companies consists of:		
EjendomsSelskabet Norden IV K/S. Equity interest 32.4%.		
The primary purpose of the company is to buy, sell and let properties.		
Share capital according to financial statement for 2011	299	-
Results for the year	-7	-

Notes, continued

Note	31.12.2011 DKK millions	31.12.2010 DKK millions
14 Life insurance provisions		
Gross life insurance provisions start of year	59,548	52,277
Accumulated value adjustment start of year	-904	-213
Retrospective provisions start of year	58,643	52,064
Gross premiums	5,822	6,205
Premiums for group scheme	-226	-420
Addition of interest	15,619	2,936
Insurance benefits	-1,558	-1,722
Cost supplement after accrual of cost bonus	-426	-450
Risk premiums after accrual of risk bonus	-89	-23
Transferred to other insurance-related provisions	-104	-77
Transferred to provisions for Unit-Linked contracts	-73,503	-
Dividends from special bonus provision	111	130
Retrospective provisions close of year	4,291	58,643
Accumulated value adjustment close of year	953	904
Gross life insurance provisions prior to use of bonus potential	5,244	59,548
Bonus potential used on paid-up policy benefits	0	0
Gross life insurance provisions, close of year	5,244	59,548
Change in gross life insurance provisions	-54,304	7,271
Bonus potential on future premiums increased by	0	2
Bonus potential on paid-up policy benefits increased by	924	803

The life insurance provisions are calculated based on a series of parameters for insurance risk, estimate" is established on costs and discount rates, determined by best estimate. The uncertainty associated with determining factors by "best estimate" is established on the basis of the uncertainty of the selected parameters. Uncertainty is only assumed to affect risk of death. Risk premium is calculated as the difference between the life insurance provisions calculated by best estimate of death risk, calculated by using these alternative parameters for death risk, and life insurance provisions are calculated by best estimate of death risk.

Notes, continued

Note	31.12.2011 DKK millions	31.12.2010 DKK millions	
14 Breakdown of life insurance provisions on the original base interest rates at close of 2011			
cont'd			
	1.00%	2.50%	Total
Guaranteed benefits	313	4,821	5,134
Bonus potential on future premiums	0	0	0
Bonus potential on paid-up policy benefits	104	6	110
Life insurance provisions	417	4,827	5,244
Breakdown of life insurance provisions on the original base interest rates at close of 2010			
	1.00%	2.50%	Total
Guaranteed benefits	-5,838	22,595	16,756
Bonus potential on future premiums	16,674	10,692	27,366
Bonus potential on paid-up policy benefits	7,246	8,180	15,426
Life insurance provisions	18,081	41,467	59,548
15 Compensation provisions			
Provisions for insurance sums upon death		33	49
Provisions for insurance sums upon disability		125	113
Provisions for insurance sums upon critical illness		33	62
Provisions for PNN/PHI group life scheme assumed as at 31.12.2009		2	3
Provisions for group scheme		131	170
Compensation provisions on own account regarding life insurance activity in total		325	397
Total compensation provisions on own account regarding illness and accident insurance		4,212	3,584
Total compensation provisions on own account		4,537	3,980
16 Collective bonus potential			
Collective bonus potential at start of year		14,656	8,038
Transferred to life insurance provisions		-13,275	-
Change in collective bonus potential		-479	6,618
Collective bonus potential close of year		902	14,656
17 Bonus provisions for group life scheme			
Bonus provisions for group scheme start of year		723	541
Change in bonus provisions for group scheme		-74	182
Bonus provisions for group life scheme close of year		650	723

Notes, continued

Note	31.12.2011 DKK millions	31.12.2010 DKK millions
18 Special bonus provisions		
Provisions at start of year	2,915	2,517
Change in special bonus provisions	109	398
Special bonus provisions, close of year	3,024	2,915
Special bonus provisions type A	432	434
Special bonus provisions type B	2,593	2,481
Special bonus provisions, close of year	3,024	2,915
19 Provisions for Unit-linked contracts		
Provisions for Unit-linked contracts, start of year	91	52
Gross premiums	709	36
Premiums for group coverage	-18	-
Accrued interest	1,292	5
Insurance benefits	-18	-1
Cost surcharge after accrual of cost bonus	-43	-1
Risk premiums after accrual of risk bonus	1	0
Dividend from special bonus provision	1	-
Transferred from life insurance provisions	73,503	-
Provisions for Unit-linked contracts, close of year	75,518	91
Change in provisions for Unit-linked contracts	75,427	40
Of which factored directly into balance sheet	45	35
Entered into profit and loss statement	75,382	5
Capital shares in connected companies	5,712	-
Capital shares in associated companies	78	-
Shares	27,500	43
Investment fund shares	7,849	-
Bonds	36,966	48
Cash	2,232	0
Receivable interest on Unit-linked contracts	445	-
Investment assets in Unit-linked contracts, total	80,783	92
taxes due on yields from pension assets, Unit-linked kontrakter	228	1
Other debt concerning Unit-linked contracts	5,037	-
Investment assets in Unit-linked contracts, net	75,518	91

Notes, continued

Note	31.12.2011 DKK millions	31.12.2010 DKK millions
20 Other debt		
Obligations regarding sales- and buy-back transactions	5,211	2,430
Negative market value on financial instruments	1,469	3,120
Other debt	78	110
Total other debt	6,758	5,660
21 Security/collateral		
Assets are registered at book value as a security for insurance-related provisions		
Capital shares	31,694	35,566
Investment association shares	16,993	11,834
Bonds	39,112	33,651
Deposits to credit institutions	3,017	2,590
Total registered assets	90,817	83,642
Bonds posted as a security on loans after standard repo- contract at market value	5,179	2,468
Bonds placed up for security for market value on derivative financial instruments at market value	1,801	3,947
Bonds received as security for market value on derivative financial instruments at market value	249	274
22 Contingent liabilities		
There are no pledges, deposits, guarantees, or similar obligations beyond what is stated in the profit and loss statement		
As at 31 December 2011, there is a leasing obligation of DKK 1.7 million		
As at 31 December 2011, there were net purchased bonds totalling DKK 21.2 million for settlement in Q1 2012		
As at 31 December 2011, there were net sold shares totalling DKK 0.4 million for settlement in Q1 2012		
As at 31 December 2012, authorisation was granted to make investments in property, unlisted shares and capital shares totalling DKK 9.1 billion.		

Notes, continued

Note

23 Related party transactions

The company has entered agreements for the delivery of administrative services to both the mother company IndustriPension Holding A/S and the subsidiary Industriens Pension IT A/S and the affiliate Industriens Pension Service A/S. Associated fees are determined on a cost-coverage basis.

In addition, an agreement has been entered for the purpose of IT operation- and development services with the subsidiary. The associated fees are determined on market-based terms.

Notes, continued

Note	2007	2008	2009	2010	2011
24 Five-year overview of main- and key figures (in millions DKK)					
Main financial data					
Premiums	6,248	6,748	5,963	6,206	6,485
Insurance benefits	1,346	1,703	2,227	2,151	1,994
Investment yields	212	1,144	8,075	13,254	3,635
Insurance operating costs	134	162	162	138	131
Profit or loss of reinsurance	-2	-2	-3	-3	-2
Insurance technical profit or loss	-38	-9	-21	-5	97
Insurance technical profit or loss on sickness- a	131	24	62	13	-259
Results for the year	103	117	376	389	-172
Provisions for insurance and investment contracts	50,631	56,934	67,487	82,285	90,015
Equity	3,170	3,287	3,662	4,051	3,880
Assets	54,871	67,902	75,452	93,973	101,198
Key figures for sickness- and accident insurance					
Gross claims ratio	86.8%	98.0%	156.2%	132.7%	111.6%
Gross cost percentate	3.8%	4.8%	5.2%	3.7%	2.6%
Combined ratio	90.9%	103.2%	161.7%	136.6%	114.3%
Operation ratio	77.5%	83.4%	129.9%	115.4%	102.0%
Relative run-off profit/loss	19.7%	14.0%	11.3%	5.3%	3.9%
Key yield figures					
Total yield before tax on pension yields	0.4%	2.0%	13.0%	18.1%	4.0%
Total yield after tax on pension yields	0.4%	1.7%	11.0%	15.4%	3.4%
Yield before tax on pension yields, members			13.1%	19.0%	4.6%
Yield after tax on pension yields, members			11.1%	16.2%	3.9%
Yield before tax on pension yields, equity			12.0%	12.2%	-0.3%
Yield after tax on pension yields, equity			10.2%	10.4%	-0.3%
Key expense figures					
Cost percentage of premiums	2.1%	2.4%	2.7%	2.2%	2.0%
Cost percentage of provisions	0.4%	0.4%	0.3%	0.2%	0.2%
Costs per member	329 kr	379 kr	369 kr	316 kr	307 kr
Profit/loss on costs	0.85%	0.71%	0.57%	0.56%	0.49%
Risk figures					
Profit/loss on insurance risk	0.19%	0.14%	0.11%	0.04%	0.13%
Key consolidation figures					
Bonus ratio	13.4%	9.4%	15.4%	25.0%	21.0%
Ratio of customer funds to provisions	4.5%	4.4%	4.8%	5.0%	70.5%
Equity ratio	7.8%	7.0%	7.0%	6.9%	90.4%
Degree of coverage	8.7%	7.6%	8.4%	8.2%	136.3%
Solvency ratio	342%	299%	338%	325%	511%
Key figures for returns					
Return on equity before tax	3.3%	4.1%	12.5%	11.8%	-4.4%
Return on equity after tax	3.3%	3.6%	10.8%	10.1%	-4.3%
Return on insurance provisions	-0.3%	3.8%	10.9%	16.9%	4.8%
Return on special bonus provisions type A	3.2%	2.6%	3.4%	4.0%	3.6%
Return on special bonus provisions type B	3.1%	4.9%	13.2%	12.4%	-4.1%

Development in consolidation key figures from 2010 to 2011 reflects the transition from average interest rate to market interest rate.

Notes, continued

Note

25	Specification of assets and their yields	Market value		Net investments	Yield in % before tax on pension asset	
		DKK millions	31.12.2010			31.12.2011
1.1	Property and buildings directly owned		61	61	0	5.5%
1.2	Real-estate companies		2,925	4,318	993	10.8%
1.	Property and buildings total		2,987	4,379	993	10.6%
2.	Other subsidiaries		78	80	0	1.8%
3.1	Listed Danish shares		8,220	5,708	-1,468	-15.3%
3.2	Unlisted Danish shares		1,207	790	-48	-32.3%
3.3	Listed foreign capital shares		19,081	18,171	197	-6.0%
3.4	Unlisted foreign capital shares		4,142	5,408	687	13.5%
3.	Other capital shares total		32,649	30,077	-632	-6.4%
4.1	Government bonds (Zone A)		4,892	4,946	-445	10.2%
4.2	Mortgage credit bonds		30,231	24,191	-7,370	4.4%
4.3	Index-linked bonds		0	9,069	8,495	7.7%
4.4	Corporate bonds investment grade		5,622	5,771	0	2.7%
4.5	Corporate bonds non investment grade		11,790	12,979	990	1.7%
4.6	Other bonds		0	0	0	0.0%
4.	Total bonds		52,534	56,955	1,670	4.8%
5.	Mortgage-backed loans		0	0	0	-
6.	Other financial investment assets		1,203	2,950	842	-
7.	Derivative financial instruments		-2,357	-771	-59	-

The estimated yield of the individual investment assets, as well as total investment assets, is calculated according to the so-called time-weighted method; in other words, daily yield calculations are made throughout the year. This method is recommended in GIPS (Global Investment Performance Standards), which were introduced in 1999.

Notes, continued

Note

26 Specification of capital shares stated in percentage

	Denmark	Rest of Europe	North America	South America	Japan	Rest of Eastern Asia	Other countries	Not distributed	Total
Energy	0,0%	1.7%	2.4%	0.4%	0.1%	0.6%	0.1%	0.0%	5.3%
Materials	1.1%	0.9%	0.8%	0.3%	0.3%	0.3%	0.4%	0.0%	4.1%
Industry	4.2%	1.5%	3.1%	0.3%	0.8%	0.2%	0.2%	0.0%	10.2%
Consumables	0.1%	1.1%	2.7%	0.3%	0.7%	0.7%	0.2%	0.0%	5.8%
Consumer products	1.3%	2.3%	1.8%	0.5%	0.2%	0.4%	0.3%	0.0%	6.8%
Healthcare	6.9%	1.4%	3.1%	0.0%	0.2%	0.2%	0.1%	0.0%	11.9%
Finance	2.2%	2.6%	3.7%	0.7%	0.6%	2.1%	0.9%	0.0%	12.9%
IT	0.0%	0.5%	4.7%	0.1%	0.5%	1.1%	0.0%	0.0%	7.1%
Telecom	0.8%	1.0%	0.4%	0.0%	0.2%	0.4%	0.1%	0.0%	2.9%
Supply	0.0%	0.5%	1.1%	0.0%	0.1%	0.0%	0.0%	0.0%	1.9%
Not distributed	2.8%	12.7%	15.0%	0.0%	0.0%	0.1%	0.0%	0.5%	31.2%
Total	19.4%	26.2%	38.9%	2.9%	3.7%	6.0%	2.3%	0.5%	100.0%

Notes, continued

Note					
27	Sensitivity information and risk				
	Event				
<i>DKK million</i>	Maximum effect of base capital	Maximum effect of collective bonus potential	Maximum effect of bonus potential on paid-up policy benefits prior to change in used bonus potential on paid-up policy benefits	Maximum effect of used bonus potential on paid-up policy benefits	
Interest rate increase of 0.7%	-154	-85	23	0	
Interest rate drop of 0.7%-point	124	58	-8	0	
Share price drop of 12%	-257	-122	0	0	
Property value drop of 8%	-17	-8	0	0	
Currency rate risk (VaR 99,5%)	-138	-65	0	0	
Loss in counterparts of 8%	-199	-94	0	0	
Death rate:					
- drop of 10%	0	-228	-4	0	
- increase of 10%	0	125	5	0	
Disability rate:					
- increase of 10%	0	0	0	0	

Note: Positive figures indicate that the company benefits from the said risk conditions, while a negative figure indicates that this condition erodes company reserves.

Ownership, management, directorship and salary policy

OWNERSHIP

Industriens Pensionsforsikring A/S and Industriens Pension Service A/S is fully owned by IndustriPension Holding A/S and along with Industriens Pensionsforsikring A/S' fully-owned subsidiaries Industriens Pension IT A/S and Industriens Pension Professionel Forening f.m.b.a. is part of the Industriens Pension group of companies.

Industriens Pension was established by the parties behind the industrial agreement: the Confederation of Danish Industry and CO-industri. They have collectively paid in share

capital totalling DKK 125 million into the parent company IndustriPension Holding A/S. DI owns 35% of the share capital.

The associations in CO-Industri own 65% with the following breakdown:

3F – Fagligt Fælles Forbund	40.80%
Dansk Metal	21.96%
Dansk EI-Forbund	2.00%
Malerforbundet i Danmark	0.12%
Blik- og Rørarbejderforbundet	0.08%
Serviceforbundet	0.04%

COMPANY DETAILS

Industriens Pensionsforsikring A/S
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1364 Copenhagen

Telephone 33 66 80 80
Fax 33 66 80 90

kundeservice@industrienspension.dk
www.industrienspension.dk

Central Business Registration Number:
16 61 41 30

SALARY POLICY

As at 1 January 2010, the Board of Directors has established a salary policy for Industriens Pension A/S which was then approved at the ordinary general meeting. The salary policy must promote sound and effective risk

management. The salary policy is characterised by the fact that Industriens Pension uses a salary structure by which assumption of significant risk is not rewarded by variable salary.

BOARD OF MANAGEMENT

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

Total salary of management totalled DKK 3.3 million. There are no bonus arrangements or performance-based salary agreements associated with managerial positions. Management is not paid for board and/or management positions in the other companies within the group.

Other Board- and management positions:

- . Chairman of the Board in Industriens Pension IT A/S.
- . Managing director for Industriens Pension Service A/S.
- . Board member in Forsikring og Pension.
- . Board member in PensionsInfo
- . Expert advisor in insurance matters in Vinnukærunevndini on the Faroe Islands.

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

SENIOR MANAGEMENT

Management is comprised of:

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

The chief actuary is:

Rikke Sylow Francis, Deputy director

Good corporate governance

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

Organisational associations

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

BOARD OF DIRECTORS

The Board of Directors in Industriens Pensionsforsikring A/S has 14 members: 7 employee-appointed members and 7 employer-appointed members. Employee-appointed members will always fill the position of chairman, while employer-appointed members will always fill the position of deputy chairman.

Salary of the Board

The chairman and the deputy chairman receive annual remuneration of DKK 180,000 for their work pertaining to the Board. This fee also covers participation in any committees in Industriens Pensionsforsikring A/S.

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

The Board is comprised of:

Mads Andersen (born 1969)
Group chairman of Industrigruppen, 3F.
Deputy chairman in the Central Organisation of Industrial Employees.
Chairman of the Board of Industriens Pensionsforsikring A/S.
Chairman of the investment committee and the ethics committee of Industriens Pensionsforsikring A/S.

Start date: 21. April 2010.
Appointed by the unions in CO-industri.

Other board- and managerial positions:

- . IndustriPension Holding A/S, Chairman of the Board
- . Industriens Pension Service A/S, Chairman of the Board
- . Industriens Kompetenceudviklingsfond, Chairman of the Board
- . Industriens Uddannelses- og Samarbejdsfond, board member
- . Laugesens Have, kursuscenter A/S, board member
- . LO's executive committee, board member
- . 3F's executive committee, board member

Kim Graugaard (born 1961)
Deputy CEO in DI- professional organisation.
Deputy Chairman of Industriens Pensionsforsikring A/S.

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

Start date: 28. April 2005.
Appointed by DI.

Other board- and managerial positions:

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

Lars Andersen (born 1958)
Executive director of Arbejderbevægelsens Erhvervsråd .
Board member in Industriens Pensionsforsikring A/S.
Member of the investment committee of Industriens Pensionsforsikring A/S.

Start date: 28. April 2005.
Appointed by the unions in CO-industri.

Other board- and managerial positions:

- . IndustriPension Holding A/S, board member
- . Aktieselskabet Arbejdernes Landsbank, board member
- . DSB, board member
- . IUF/IØ/IFV-funds, board member

Erik Bredholt (born 1966)
CEO
Board member in Industriens Pensionsforsikring A/S.

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

Other board- and managerial positions:

- . DANISH CROWN amba, chairman of the board
- . DANISH CROWN a/s, chairman of the board
- . DI's executive committee
- . Friland A/S, board member
- . Landbrug & Fødevarer, board member
- . Livlande Holding a/s, board member
- . Plumrose USA inc., board member
- . Tulip UK Ltd., board member

Heidi Jensen (born 1973)
Union representative in Struers A/S.
Board member in Industriens Pensionsforsikring A/S.

Start date: 28. April 2011.
Appointed by the unions in CO-industri.

Other board- and managerial positions:

- . 3F Storkøbenhavn, board member

Lars Hansen (born 1955)
Department chairman Metal Odense.
Board member in Industriens Pensionsforsikring A/S.

Start date: 28. May 2003.
Appointed by the unions in CO-industri.

Other board- and managerial positions:

- . Syddansk Erhvervsskole, board member

Thorkild E. Jensen (born 1950)
Union chairman for Dansk Metal.
Chairman for CO-industri.

Board member in Industriens Pensionsforsikring A/S.

Start date: 28. April 2004.
Appointed by the unions in CO-industri.

Other board- and managerial positions:

- . IndustriPension Holding A/S, board member
- . Industriens Pension Service A/S, board member
- . Aktieselskabet A-Pressen – Fagbevægelsens Presse, board member
- . Aktieselskabet Arbejdernes Landsbank, board member
- . Arbejderbevægelsens Erhvervsråd, board and council
- . ATP, member of committee of representatives
- . Dansk Erhvervsinvestering, chairman
- . Fagbevægelsens Erhvervsinvestering A/S, board member
- . Industrianstålda i Norden, board member
- . Industriens Kompetenceudviklingsfond, deputy chairman
- . Industriens Uddannelses- og samarbejdsfond, chairman
- . LO, member of executive committee and management
- . Lønmodtagernes Dyrtidsfond, board member
- . Teknologisk Institut, board member
- . Foreign secretariat, board member

Johannes Madsen-Mygdal (born 1951)
CEO of InterMail A/S.
Board member in Industriens Pensionsforsikring A/S.

Start date: 31. May 2001.
Appointed by DI.

Other board- and managerial positions:

- . InterMail A/S, deputy chairman
- . Monberg Sørensen A/S, chairman

Jens Due Olsen (born 1963)

CEO

Board member in Industriens

Pensionsforsikring A/S.

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

Start date: 28. May 2002.

Appointed by DI.

Other board- and managerial positions:

- . AtchikRealtime A/S, chairman
- . Auriga Industries A/S, deputy chairman and member of the auditing committee
- . Cryptomatic A/S, board member
- . EG A/S, board member and chairman of the auditing committee
- . Kompan A/S, chairman and chairman of the auditing committee
- . LD Invest 2, member of the investment committee
- . NKT Holding A/S, deputy chairman and chairman of the auditing committee
- . Pierre.dk A/S, chairman
- . Royal Unibrew A/S, board member

Jukka Pertola (born 1960)

CEO for Siemens A/S.

Board member in Industriens

Pensionsforsikring A/S.

Start date: 22. February 2012.

Appointed by DI.

Other board- and managerial positions:

- . Danish Academy of Technical Sciences, member
- . Copenhagen Capacity, board member
- . Copenhagen Cleantech Cluster, board member
- . Dansk-Tysk Handelskammer, chairman
- . DELTA Dansk Elektronik, Lys & Akustik, deputy chairman

. DI ITEK, board member

. Højteknologifonden, board member

. Karl Pedersen og Hustrus Industrifond, board member

. LEO Pharma A/S, board member

. Osram A/S, board member

. Siemens A/S, board member

. Siemens Høreapparater A/S, board member

. Siemens Wind Power, chairman of the board

Bo Stærmose (born 1948)

CEO for Juliana A/S.

Board member in Industriens

Pensionsforsikring A/S.

Start date: 27. February 2006.

Appointed by DI.

Other board- and managerial positions:

- . IndustriPension Holding A/S, board member
- . Argentum A/S, chairman
- . DI's executive committee, member
- . Fionia Fond, chairman
- . International Chamber of Commerce, board member
- . Juliana Holding A/S, chairman
- . Juliana A/S, board member
- . Juliana Ejendomme A/S, chairman
- . Otto Mønsted's Fond, board member
- . Otto Mønsted A/S, board member
- . Provinsindustriens Arbejdsgiverforenings bestyrelse, chairman

Bjarne Uldall (born 1948)

Senior shop steward for AarhusKarlshamn Denmark A/S.

Board member in Industriens

Pensionsforsikring A/S.

Start date: 28. May 2002.

Appointed by the unions in CO-industri.

Berit Vinther (born 1961)

Director of DI.

Board member in Industriens

Pensionsforsikring A/S.

Start date: 22. April 2009.

Appointed by DI.

Other board- and managerial positions:

- . IndustriPension Holding A/S, board member
- . Industriens Pension Service A/S, board member
- . ATP, member of committee of representatives

- . FunktionærPension, board member
- . Industriens Kompetenceudviklingsfond, chairman
- . Industriens Uddannelses- og samarbejdsfond, deputy chairman
- . PFA's customer advisory council

Ole Wehlast (born 1959)

Trade Union President for Fødevareforbundet NNF.

Board member in Industriens

Pensionsforsikring A/S.

Start date: 30. September 2009.

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

Other board- and managerial positions:

- . Aktieselskabet Arbejdernes Landsbank, board member
- . AOF Danmark, chairman of the board
- . ATP, member of committee of representatives
- . Lønmodtagernes Dyrtidsfond, board member