

# *Interim report – first half 2018*

Danica Pension, Livsforsikringsaktieselskab



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This Interim Report - First half 2018 is a translation of the original report in the Danish language (Delårsrapport - 1. halvår 2018). In case of discrepancy, the Danish version prevails.

## SELECTED FINANCIAL HIGHLIGHTS FOR THE DANICA PENSION GROUP

(DKK millions)	H1 2018	H1 2017	Year 2017
PREMIUMS INCLUDING INVESTMENT CONTRACTS	22,660	20,187	39,357
INCOME STATEMENT			
Technical result, Life	498	515	1,225
Technical result of health and accident insurance	-226	-33	-150
Return on investment allocated to equity, etc.	86	313	350
Profit before tax	358	795	1,425
Tax	-120	-171	-200
Profit for the period	238	624	1,225
BALANCE SHEET			
Total assets	561,692	413,851	427,521
Provisions for insurance and investment contracts	470,528	351,156	363,462
Total shareholders' equity	20,879	17,368	17,947
KEY FIGURES AND RATIOS (%)			
Return related to average rate products*	0.6	-0.2	2.5
Return related to unit-linked products*	0.3	4.4	7.8
Risk on return related to unit-linked products	3.75	4.25	4.25
Expenses as per cent of provisions	0.2	0.2	0.3
Expenses per policyholder (DKK)	577	624	1,231
Return on equity after tax	1.2	3.4	6.6
Solvency coverage ratio	191	207	228
RATIOS FOR HEALTH AND ACCIDENT INSURANCE			
Gross claims ratio	113	108	115
Gross expense ratio	8	9	9

Effective 7 June 2018, Danica Pension acquired the companies Danica Pensionsforsikring A/S and Danica Administration A/S (previously SEB Pension Danmark). The acquired companies are recognised in the Danica Pension Group effective from this date.

\*As Danica Pensionsforsikring A/S and Danica Administration A/S only contribute a little less than one month of operations to the consolidated interim financial statements, these figures are not included in the financial highlights.

The accounting figures for the first half of 2018 are also affected by accounting policy changes. See note 1. The changes did not have any material impact on the financial highlights. Comparative figures have not been restated, as this is not practically possible.

## DANICA STRATEGY

### Introduction to Danica Pension's strategy

Danica Pension's strategy is based on our vision of being the best among our peers at providing financial security for customers, and thus being the most trusted pension provider.

In the first half of 2018, Danica Pension continued to focus on our proactive efforts to ensure that both personal and business customers have pension and insurance solutions that are suited to their current life situation. Danica Pension contacts customers whenever they encounter life changes that may affect their pension scheme or insurance covers.

By giving clear recommendations of how to achieve the best possible cover, we enable customers to concentrate on their business, work and life in general instead of worrying about whether their pension and insurance provide the right covers.

### One step ahead

With our "One step ahead" strategy, Danica Pension aims to give our customers peace of mind by providing clear recommendations and answers – before they are aware of needing them.

When our customers experience life changes that affect their pension or insurance, we give them clear recommendations of any adjustments they should make to their Danica Pension scheme. We also encourage customers to take a Pension Check. We proactively contact customers when they change their home address or have a change in salary, for example.

It is our goal by the end of 2018 to have contacted a total of 300,000 customers with relevant advice in 2017 and 2018. As of 30 June 2018, the number of customers contacted by Danica with relevant advice had reached nearly 190,000.

We have seen a significant increase in customers who have taken a Pension Check with Danica Pension and gained an overview of their pension. As a result, far more customers now follow Danica Pension's pension and insurance recommendations.

### Improved cover for loss of earning capacity

As from 2018, Danica Pension has decided to provide even better cover in the event of long-term loss of earning capacity. Danica Pension recommends that customers should be able to maintain their current standard of living and be financially secure in the event of long-term illness.

### Continued close collaboration with Danske Bank

In 2018, Danica Pension continued to focus on making pension customers aware of the advantages of being a customer of both Danica Pension and Danske Bank. The past year has seen a massive increase in the number of Danske Bank customers choosing Dan-

ica Pension as their pension provider. When customers exclusively use the Danske Bank Group as their banking and pension provider, we are able to provide even better financial security as our relationship with the customer is strengthened.

Our collaboration also benefited Danica financially, as gross premiums written through Danske Bank increased 3% compared with the previous year.

In 2017, the investment units of Danske Bank Asset Management and Danica Pension were merged into a single investment unit, resulting in economies of scale and access to more investment opportunities than previously, which will benefit our customers.

### Acquisition of SEB Pension Danmark

Having been approved by the competition authorities, Danica Pension's acquisition of SEB Pensionsforsikring A/S and SEB Administration A/S was finalised on 7 June 2018, after which date the two companies are subsidiaries of Danica Pension.

With the acquisition of SEB Pension Danmark, Danica Pension welcomes 200,000 new pension customers. The benefits of scale from the acquisition will make Danica Pension Group more competitive and strengthen our innovation capacity, giving us an even better foundation for developing new and relevant pension and insurance solutions for our customers.

Total consideration paid by Danica for the two companies amounts to DKK 5.0 billion. Of this amount, DKK 1.3 billion represents the value of the existing customer portfolio (VIF asset), which is subject to a deferred tax liability of DKK 0.3 billion. Goodwill amounts to DKK 2.5 billion.

### Danica Pension has entered into a partnership with ATP

In November 2017, ATP and Danica entered into a partnership on the part of Danica's property portfolio that concerns 16 of the largest shopping centres in Denmark. The sale was finalised in early 2018, and after the agreement was signed, ATP has taken over half of Danica's portfolio of shopping centres at a total value of DKK 13.7 billion. The partnership will increase the probability of the centres continuing to meet the expectations of shoppers, and thus of being a good investment for Danica's customers. The sale will also enable Danica to achieve greater diversity in its property investments.

Property investments are among the Group's alternative investments and contribute to generating stable returns.

## FINANCIAL REVIEW

### Profit for the period

For the first half of 2018, the Danica Pension Group realised a profit before tax of DKK 358 million, against DKK 795 million in the first half of 2017. The net profit after tax amounted to DKK 238 million, against DKK 624 million in the first half of 2017.

The profit for the period includes the loss incurred in the acquired SEB Pension Danmark business for the period 7 June - 30 June 2018 of DKK -19 million before tax.

DANICA PENSION GROUP, PROFIT BEFORE TAX		
	H1 2018	H1 2017
Technical result, Danica Traditionel	465	459
Technical result, unit-linked products	157	295
Health and accident result (before investment return)	-125	-54
Result of insurance business	497	700
Investment return	-89	185
Special allotments	-50	-90
Profit before tax	358	795

The technical result of the conventional business amounted to DKK 465 million, against DKK 459 million for the first half of 2017. The rising income in the conventional business was due to factors such as the acquisition of SEB Pension Danmark, with the technical result of the conventional business amounting to DKK 44 million. The result for the first half of 2018 was furthermore reduced by DKK 54 million as a result of the Danish FSA's decision to change the basis on which longevity is calculated from the past 30 years to the past 20 years.

The technical result of unit-linked products was DKK 157 million. The financial performance was affected by higher provisions for return guarantees and integration costs incurred in connection with the SEB Danmark acquisition.

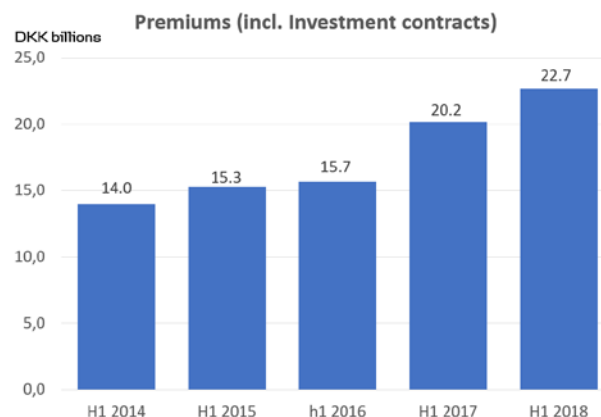
The result of health and accident insurance before investment return was a loss of DKK 125 million, against a loss of DKK 54 million in the first half of 2017. The claims ratio for the health and accident business was 113%, against 108% in the first half of 2017.

The return on investment relating to the risk exposure of shareholders' equity fell from DKK 185 million in the first half of 2017 to DKK -89 million. The decline was mainly due to a lower investment return concerning equity and the health and accident business due to falling share prices in the period.

Special allotments were, with due consideration to financial performance, calculated at a negative of DKK 50 million in the first half of 2018, against a negative of DKK 90 million in the first half of 2017. The amount for full year 2018 will depend on developments in Danica's earnings and business volume and dividend payments.

#### Gross premiums

Premiums amounted to DKK 22.7 billion, against DKK 20.2 billion in the first half of 2017, corresponding to an increase of 12.3%.



Total premiums in the Danish business amounted to DKK 12.7 billion in the first half of 2018, compared with DKK 12.4 billion in the year-earlier period. Excluding internal product switches, premiums on unit-linked products in the Danish business amounted to DKK 10.4 billion.

Premiums in the non-Danish business increased by 28.4%, from DKK 7.8 billion in the first half of 2017 to DKK 10.0 billion in the first half of 2018. The positive trend in premiums in the non-Danish business was mainly attributable to the Swedish business, in which Danica received notably more single premiums in the first half of 2018.

PREMIUMS (INCLUDING INVESTMENT CONTRACTS)		
(DKK billions)	H1 2018	H1 2017
Balance	10.0	9.9
Link	0.1	0.2
Select	0.3	0.3
Traditionel	1.7	2.1
Health and accident (Denmark)	0.6	0.5
Internal product switches	-0.9	-0.6
Premiums, Danica	11.8	12.4
Unit-Link	0.6	-
Traditionel	0.2	-
Tidspension	0.1	-
Premiums, Danica Pensionsforsikring	0.9	-
Premiums, non-Danish business	10.0	7.8
Total premiums	22.7	20.4

#### INVESTMENT RETURN IN DANICA, EXCL. SEB PENSION DANMARK

The return on investment of customer funds in Danica Pension was 0.6% before tax on pension returns. Unit-linked products in Danica Pension generated an aggregate negative return of DKK -1.8 billion in the first half of 2018, equivalent to a negative 1.2% before tax on pension returns. Danica Balance produced an overall negative return of 1.3%.

Danica Balance medium risk profile with 20 years to retirement yielded a negative return of 1.8%.

BALANCE MIX, RETURN BEFORE TAX			
H1 2018			
(%)			
Risk	30 years to retirement	15 years to Pension	5 years to retirement
High risk profile	-2.4	-2.0	-1.4
Medium risk profile	-2.2	-1.5	-0.9
Low risk profile	-1.9	-0.9	-0.5

The return for Danica Balance customers for the first half of 2018 was a negative DKK 1.8 million, or an average of minus 1.3%. The average annual return over the past three years is 4.0%.

The return on investment of customer funds in Danica Traditio[n]el for the first half of 2018 was DKK 0.9 billion or 0.6% before tax on pension returns. After recognition of a negative DKK -0.5 billion from lower life insurance provisions, the return was 0.4%.

DISTRIBUTION BY INTEREST RATE GROUP AT 30 JUNE 2018		
(%)	Rate of interest on policyholders' savings before tax on pension returns (p.a.)	Investment return before tax on pension returns
Interest rate group 1 (new customers)	1.8	0.1
Interest rate group 2 (low guarantee)	1.8	0.9
Interest rate group 3 (medium guarantee)	1.8	0.9
Interest rate group 4 (medium guarantee)	1.8	1.0

Equities produced an overall return of 2.2%, while bonds including credit investments produced a return of 0.3%. Alternative investments generated a return of 5.6%. The return on properties was 1.9%.

## DEVELOPMENT IN EXPENSES

In life insurance, insurance-related operating expenses continued to develop relatively favourably in the first half of 2018, amounting to DKK 624 million.

EXPENSES AS PER CENT OF PROVISIONS		
	H1 2018	H1 2017
Danica Pension Group	0.16	0.18
Danica Pension	0.13	0.13

The Group's expenses as per cent of provisions fell to 0.16 for the first half of 2018.

## DEVELOPMENT IN BALANCE SHEET ITEMS

### Balance sheet 30 June 2018

The Group's total assets increased from DKK 428 billion at 31 December 2017 to DKK 562 billion at 30 June 2018. The increase in total assets was primarily attributable to business growth from acquisitions, which led to a DKK 129 billion increase in total assets at 30 June 2018.

Investment assets, including investment assets related to unit-linked products, rose from DKK 418 billion at 31 December 2017 to DKK 545 billion at 30 June 2018 due to increased business volume, including acquisitions, which led to a DKK 126 billion increase in investments assets at 30 June 2018.

Investment assets after set-off of amounts owed to credit institutions and derivatives rose from DKK 383 billion at 31 December 2017 to DKK 486 billion at 30 June 2018.

Provisions for insurance and investment contracts totalled DKK 471 billion, against DKK 363 billion at the end of 2017. The increase was attributable to growth in unit-linked products and acquired business, which caused a DKK 103 billion increase in provisions at 30 June 2018.

Life insurance provisions relating to average-rate products were up DKK 44 billion to DKK 186 billion, and life insurance provisions for unit-linked products rose from DKK 205 billion at 1 January 2018 to DKK 263 billion at 30 June 2018. The increase in life insurance provisions was due to acquisitions, which resulted in a DKK 98 billion increase in life insurance provisions at 30 June 2018.

Equity increased by DKK 3.0 billion to DKK 20.9 billion.

For acquisition financing purposes, at 7 June Forsikringsselskabet Danica increased Danica Pension's capital by DKK 4.0 billion by subscription of DKK 1 million shares at a price of 400.000. Danica Pension furthermore has increased Danica Pensionforsikring's capital at 29 June 2018 by DKK 500 million by subscription of DKK 1 million shares at a price of 50.000.

## SOLVENCY STATEMENT AND CAPITAL REQUIREMENT

Solvency II is based on a standard model to calculate risk exposure in the calculation of the SCR, but it gives companies the option of developing their own full or partial models. Danica Pension applies a partial internal model to determine longevity risk only.

DANICA PENSION GROUP, SOLVENCY		
(DKK millions)	30.06.2018	31.12.2017
Total capital	27,121	24,888
Solvency capital requirement (SCR)	14,235	10,935
Excess capital base	12,886	13,953

Including the SEB companies, the Group's solvency coverage ratio was 191% at 30 June 2018, against a solvency coverage ratio for the Danica Pension Group of 228% at 31 December 2017. The solvency coverage ratio is affected by developments in the financial markets and recognition of acquisitions, incl. purchase price adjustments. The Danica Pension Group maintained strong excess solvency at 30 June 2018.

In accordance with the European Solvency II regulation, the Danica Pension Group in the first half of 2018 published a report on the Group's solvency and financial condition for 2017. The report contains information on the company's activities and results, management system, risk profile for purposes of solvency and capital management.

## **RISKS AND UNCERTAINTY FACTORS**

Note 8 to the consolidated financial statements contains a description of the Group's risk management and the most significant risks and uncertainty factors that may affect the Group and the Parent Company.

## **MANAGEMENT**

On 2 May 2018, Jacob Aarup-Andersen was appointed chairman of the Board of Directors and Kim Andersen was appointed deputy chairman. At the same date, Tonny Thierry Andersen stepped down from the Board.

The Executive Board was changed during the first half of 2018 and subsequently consists of the four following persons:

- Per Klitgård, CEO
- Jesper Mølskov Høybye, CFO
- Ole Krogh Petersen, COO
- Søren Lockwood, CCO

## **EVENTS AFTER THE BALANCE SHEET DATE**

No events have occurred between 30 June 2018 and the date of the signing of the interim financial statements that, in the opinion of the management, will materially affect the company's financial position.

## **OUTLOOK FOR 2018**

As a result of the Danish FSA's changed assumptions for life expectancy rates, Danica expects a profit for 2018 of its insurance business which is about DKK 100 million lower than in 2017.

The financial performance in the second half of 2018 will also be affected by the integration of the acquired companies Danica Pensionsforsikring and Danica Administration.

The full-year profit for 2018 will also depend on financial market developments and on EIOPA, which is reviewing the volatility adjustment (VA) of the Danish yield curve. A proposal is expected to be announced in the second half of 2018.

The Danica Group regularly reassesses its capital structure and funding in consultation with its parent company, Danske Bank, as part of continuous capital management and optimisation.

# Financial highlights - Danica Pension Group

DKKm	First half 2018	First half 2017	Full year 2017
<b>INCOME STATEMENT</b>			
Life insurance			
Premiums	12,207	12,820	24,692
Claims and benefits	-12,242	-11,090	-21,309
Return on investment	1,755	7,707	19,776
Total operating expenses relating to insurance	-624	-595	-1,193
Profit/loss on business ceded	-3	-8	-26
Technical result, Life	498	565	1,225
Health and accident insurance			
Gross premium income	584	484	990
Gross claims	-643	-527	-1,110
Total operating expenses relating to insurance	-48	-45	-86
Profit/loss on business ceded	-21	-6	-9
Return on investment less technical interest	-21	96	211
Technical result of health and accident insurance	-226	-33	-150
Net profit for the period	238	624	1,225
Other comprehensive income	-30	-11	-33
<b>BALANCE SHEET</b>			
Total assets	561,692	413,851	427,521
Insurance assets, health and accident insurance	88	83	79
Technical provisions, health and accident insurance	9,998	9,803	9,928
Total shareholders' equity	20,879	17,368	17,947
Total provisions for insurance and investment contracts	470,528	351,156	363,462
<b>KEY FIGURES AND RATIOS (%)</b>			
Rate of return related to average rate products *	0.6	-0.2	2.5
Rate of return related to unit-linked products *	0.3	4.4	7.8
Risk on returns related to unit-linked products	3.75	4.25	4.25
Expenses as per cent of provisions	0.2	0.2	0.3
Expenses per policyholder (DKK)	577	624	1,231
Return on equity after tax	1.2	3.4	6.6
Solvency coverage ratio	191	207	228
<b>RATIOS FOR HEALTH AND ACCIDENT INSURANCE</b>			
Gross claims ratio	113	108	115
Gross expense ratio	8	9	9
Combined ratio	125	118	125
Operating ratio	140	129	144
Relative run-off (%)	0.0	0.0	0.2
Run-off, net of reinsurance (DKK millions)	2	0	19

The ratios are defined in accordance with the Danish FSA's Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

Effective 7 June 2018, Danica Pension acquired the companies Danica Pensionsforsikring A/S and Danica Administration A/S (previously SEB Pension Danmark). The acquired companies are recognised in the Group effective from this date

\*As Danica Pensionsforsikring A/S and Danica Administration A/S only contribute a little less than one month of operations to the consolidated interim financial statements, these figures are not included in the financial highlights.

The accounting figures for the first half of 2018 are also affected by accounting policy changes. See note 1. The changes did not have any material impact on the financial highlights. Comparative figures have not been restated, as this is not practically possible.



## Income statement & Other comprehensive income - Danica Pension Group

Note	DKKm	First half 2018	First half 2017
3	Gross premiums	12,207	12,820
	Reinsurance premiums ceded	-28	-18
	Total premiums, net of reinsurance	12,179	12,802
	Income from associates	160	177
	Income from investment property	176	442
	Interest income and dividends, etc.	5,932	4,047
	Value adjustments	-2,176	6,099
	Interest expenses	-1,938	-1,818
	Administrative expenses related to investment activities	-646	-569
	Total investment return	1,508	8,378
	Tax on pension returns	247	-671
	Claims and benefits paid	-12,242	-11,090
	Reinsurers' share received	3	7
	Total claims and benefits, net of reinsurance	-12,239	-11,083
	Change in life insurance provisions	-269	-7,512
	Change in reinsurers' share	19	-3
	Total change in life insurance provisions, net of reinsurance	-250	-7,515
	Change in profit margin	-303	-529
	Acquisition costs	-245	-193
	Administrative expenses	-387	-409
	Reimbursement of costs from group undertakings	8	7
	Reinsurance commissions and profit sharing	3	6
	Total operating expenses relating to insurance, net of reinsurance	-621	-589
	Transferred investment return	-23	-228
	<b>TECHNICAL RESULT OF LIFE INSURANCE</b>	<b>498</b>	<b>565</b>

# Income statement & Other comprehensive income - Danica Pension Group

Note DKKm	First half 2018	First half 2017
(cont'd)		
<b>HEALTH AND ACCIDENT INSURANCE</b>		
Gross premiums	605	531
Reinsurance premiums ceded	-45	-34
Change in unearned premiums provision	-21	-47
Change in profit margin and risk margin	-3	-1
Change in unearned premiums provision, reinsurers' share	-17	-3
<b>Premiums, net of reinsurance</b>	<b>519</b>	<b>446</b>
Technical interest	-63	-42
Claims paid, gross	-634	-597
Reinsurers' share received	34	31
Change in outstanding claims provision	-9	70
Change in risk margin	1	8
Change in outstanding claims provision, reinsurers' share	6	-2
<b>Claims, net of reinsurance</b>	<b>-602</b>	<b>-490</b>
Bonus and premium discounts	-12	0
Acquisition costs	-16	-14
Administrative expenses	-32	-31
Reinsurance commissions and profit sharing	1	2
<b>Total operating expenses relating to insurance, net of reinsurance</b>	<b>-47</b>	<b>-43</b>
Return on investment	-21	96
<b>TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE</b>	<b>-226</b>	<b>-33</b>
Return on investment allocated to equity	-2	133
Other income	89	130
Other expenses	-1	-
<b>PROFIT BEFORE TAX</b>	<b>358</b>	<b>795</b>
Tax	-120	-171
<b>NET PROFIT FOR THE PERIOD</b>	<b>238</b>	<b>624</b>
Net profit for the period	238	624
Other comprehensive income (items that will be reclassified in a subsequent sale):		
Translation of units outside Denmark	0	-28
Hedging of units outside Denmark	3	22
Hedge of acquisition	-41	-
Tax relating to other comprehensive income	8	-5
<b>Total other comprehensive income</b>	<b>-30</b>	<b>-11</b>
<b>NET COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>208</b>	<b>613</b>

# Balance sheet - Danica Pension Group

## Assets

Note	DKKm	30 June 2018	31 December 2017	30 June 2017
4	<b>INTANGIBLE ASSETS</b>	4,034	168	172
	Domicile property	41	42	40
	<b>TOTAL TANGIBLE ASSETS</b>	41	42	40
	Investment property	14,675	20,304	21,806
	Holdings in associates	8,610	3,512	3,059
	Loans to associates	460	305	229
	Total investments in associates	9,070	3,817	3,288
	Holdings	22,434	15,831	15,537
	Unit trust certificates	12,825	7,242	6,666
	Bonds	173,964	134,207	136,611
	Other loans	1,674	2,133	3,011
	Deposits with credit institutions	2,265	7,614	4,370
	Derivatives	39,615	15,214	16,774
	Total other financial investment assets	252,777	182,241	182,969
	<b>TOTAL INVESTMENT ASSETS</b>	276,522	206,362	208,063
	<b>INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS</b>	268,932	211,868	197,803
	Unearned premiums provision, reinsurers' share	44	1	5
	Life insurance provisions, reinsurers' share	109	40	53
	Outstanding claims provision, reinsurers' share	360	79	78
	Total technical provisions, reinsurers' share	513	120	136
	Amounts due from policyholders	522	910	628
	Amounts due from insurance companies	68	63	75
	Amounts due from group undertakings	1,401	1,327	1,204
	Other debtors	1,723	1,055	1,020
	<b>TOTAL DEBTORS</b>	4,227	3,475	3,063
	Current tax assets	555	166	261
	Cash and cash equivalents	3,503	2,294	1,264
	Other	230	-	1
	<b>TOTAL OTHER ASSETS</b>	4,288	2,460	1,526
	Accrued interest and rent	3,172	2,683	2,716
	Other prepayments and accrued income	476	463	468
	<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	3,648	3,146	3,184
	<b>TOTAL ASSETS</b>	561,692	427,521	413,851

# Balance sheet - Danica Pension Group

## Liabilities and equity

Note	DKKm	30 June 2018	31 December 2017	30 June 2017
<b>LIABILITIES</b>				
	Unearned premiums provision	1,025	668	686
	Life insurance provisions, average rate products	185,805	142,085	143,758
	Life insurance provisions, unit-linked products	262,521	205,004	190,629
	<b>Total life insurance provisions</b>	<b>448,326</b>	<b>347,089</b>	<b>334,387</b>
	Profit margin on life insurance and investment contracts	8,058	6,446	6,966
	Outstanding claims provision	12,651	8,880	8,763
	Risk margin on non-life insurance contracts	425	312	322
	Provisions for bonuses and premium discounts	43	67	32
	<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>	<b>470,528</b>	<b>363,462</b>	<b>351,156</b>
	Deferred tax	2,151	1,666	1,666
	Other provisions	175	-	-
	<b>TOTAL PROVISIONS FOR LIABILITIES</b>	<b>2,326</b>	<b>1,666</b>	<b>1,666</b>
	Amounts owed, direct insurance	120	358	399
	Amounts owed to reinsurers	331	30	18
	Amounts owed to credit institutions	12,505	18,033	16,326
	Amounts owed to group undertakings	813	135	252
	Current tax liabilities	26	22	8
	Other creditors	48,221	20,141	21,068
	Other accruals and deferred income	2,124	1,925	1,825
5	Subordinated debt	3,819	3,802	3,765
	<b>TOTAL CREDITORS</b>	<b>540,813</b>	<b>409,574</b>	<b>396,483</b>
<b>EQUITY</b>				
	Share capital	1,101	1,100	1,100
	Contingency fund	1,499	1,499	1,499
	Retained earnings	18,279	14,123	14,769
	Proposed dividend	-	1,225	-
	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>20,879</b>	<b>17,947</b>	<b>17,368</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>561,692</b>	<b>427,521</b>	<b>413,851</b>

## Statement of capital - Danica Pension Group

DKKm

Changes in shareholders' equity	Share capital	Revaluation reserve	Foreign currency translation reserve *	Other reserves	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2017	1,100	0	-57	1,499	14,180	1,225	17,947
Effect of accounting policy changes 1 January 2018	-	-	-	-	33	-	33
Adjusted shareholders' equity at 1 January 2018	1,100	0	-57	1,499	14,213	1,225	17,980
Profit for the period	-	-	-	-	238	-	238
Other comprehensive income:							
Translation of units outside Denmark	-	-	0	-	-	-	0
Hedge of acquisition	-	-	-	-	-41	-	-41
Hedges of units outside Denmark	-	-	3	-	-	-	3
Tax on other comprehensive income	-	-	-5	-	13	-	8
Total other comprehensive income	-	-	-2	-	-28	-	-30
Comprehensive income for the period	-	-	-2	-	210	-	208
Capital injection	1	-	-	-	3,999	-	4,000
Deferred tax regarding contingency fund	-	-	-	-	-84	-	-84
Dividend paid	-	-	-	-	-	-1,225	-1,225
Shareholders' equity at 30 June 2018	1,101	0	-59	1,499	18,338	0	20,879
Shareholders' equity at 31 December 2016	1,100	0	-42	1,499	14,198	1,512	18,267
Profit for the period	-	-	-	-	1,225	-	1,225
Other comprehensive income:							
Translation of units outside Denmark	-	-	-48	-	-	-	-48
Hedges of units outside Denmark	-	-	41	-	-	-	41
Hedge af virksomhedskøb	-	-	-	-	-22	-	-22
Tax on other comprehensive income	-	-	-8	-	4	-	-4
Total other comprehensive income	-	-	-15	-	-18	-	-33
Comprehensive income for the period	-	-	-15	-	1,207	-	1,192
Dividend paid	-	-	-	-	-	-1,512	-1,512
Proposed dividend **	-	-	-	-	-1,225	1,225	0
Egenkapital, 31 December 2017	1,100	0	-57	1,499	14,180	1,225	17,947

\* Recognised in the balance sheet under retained earnings.

Danica Pension has an obligation to allocate part of the excess equity to certain policyholders of the former Statsanstalten for Livsforsikring (now a part of Danica Pension) if the percentage by which the equity exceeds the calculated capital requirement is higher than the percentage that had been maintained by Statsanstalten for Livsforsikring prior to the privatisation of this company in 1990. This comprises any excess either added to shareholders' equity or distributed as dividend, but it does not comprise shareholders' equity paid in after the privatisation. Special allotments to those policyholders are recognised as an expense in the income statement item "Change in life insurance provisions".

The share capital is made up of 11,010,000 shares of a nominal value of DKK 100 each. All shares carry the same rights; there is thus only one class of shares.

## Statement of capital - Danica Pension Group

DKKm	30 June 2018	31 December 2017
Total capital		
Shareholders' equity	20,879	17,947
Valuation differences between financial statements and Solvency II		
Provisions for insurance and investment contracts	7,171	4,824
Deferred tax	-476	-292
- Proposed dividend	-238	-1,225
- Intangible assets	-4,034	-168
Supplementary capital	3,819	3,802
Total capital	27,121	24,888

## Cash flow statement - Danica Pension Group

DKKm	First half 2018	Full year 2017	First half 2017
<b>Cash flow from operations</b>			
Profit before tax	358	1,961	795
Adjustment for non-cash operating items:			
Non-cash items relating to premiums and benefits	-7,423	16,339	7,756
Non-cash items relating to reinsurance	294	26	-1
Non-cash items relating to investment return	5	-15,835	-6,415
Non-cash items relating to tax on pension returns	1,822	186	1,194
Non-cash items relating to expenses	273	-440	-2,014
Net investment, customer funds	1,533	-3,412	-2,944
Payments received and made, investment contracts	5,777	6,970	3,751
Tax paid	239	-313	265
<b>Cash flow from operations</b>	<b>2,878</b>	<b>5,482</b>	<b>2,387</b>
<b>Cash flow from investing activities</b>			
Sale of investment property	289	428	-
Purchase of holdings	-5,000		
Dividend from investment property	-	218	-
Purchase of bonds	-4,073	-8,496	-4,003
Sale of bonds	4,481	8,485	4,561
Purchase of derivatives	-2	-70	-
Sale of derivatives	40	2	-
<b>Cash flow from investing activities</b>	<b>-4,265</b>	<b>567</b>	<b>558</b>
<b>Cash flow from financing activities</b>			
Capital injection	4,000	-	-
Dividend	-1,225	-1,512	-1,512
Debt to credit institutions	-5,528	2,462	756
<b>Cash flow from financing activities</b>	<b>-2,753</b>	<b>950</b>	<b>-756</b>
Cash and cash equivalents at 1 January	9,908	3,445	3,445
Change in cash and cash equivalents	-4,140	6,463	2,189
<b>Cash and cash equivalents, end of period</b>	<b>5,768</b>	<b>9,908</b>	<b>5,634</b>
Cash and cash equivalents, end of period			
Deposits with credit institutions	2,265	7,614	4,370
Cash in hand and demand deposits	3,503	2,294	1,264
<b>Total</b>	<b>5,768</b>	<b>9,908</b>	<b>5,634</b>

# Notes – Danica Pension Group

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Note

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## 1 SIGNIFICANT ACCOUNTING POLICIES – DANICA PENSION

### GENERAL

The Danica Pension Group presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU and with relevant interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC). Furthermore, the consolidated financial statements comply with the Danish FSA's disclosure requirements for annual reports of issuers of listed bonds.

The interim report has not been reviewed or audited.

The accounting policies have been changed compared with the annual report for 2017 due to the implementation of IFRS 9, Financial Instruments and in respect of the recognition of profit margin for unit-linked and average-rate products.

### Changes in accounting policies

#### *IFRS 9, Financial Instruments*

The Group has decided to implement IFRS 9 at 1 January 2018. Implementation of the classification and measurement provisions of IFRS 9 has resulted in reclassification of financial assets of DKK 12,389 million and of liabilities of DKK 18,033 million from amortised cost to fair value because the business model concerning the management of the relevant assets and liabilities falls under "other business models" in IFRS 9. Overall, the reclassification did only cause insignificant changes to recognised values, and shareholders' equity at 1 January 2018 is thus not affected by the implementation of IFRS 9.

#### *Profit margin for unit-linked and average-rate products*

For unit-linked and average-rate products where life insurance and health and accident insurance is written together, these are measured collectively as from 1 January 2018. Accordingly, the profit margin on the customers' savings component is reduced by an amount similar to provision for losses on health and accident insurance that can be included in the profit margin before the reduction. Previously, these were recognised independently in the profit and loss. Management assesses that this new accounting policy will result in a more fair presentation of future earnings, as contracts with customers on their savings component and health and accident insurance are entered into as a single agreement and should therefore not be recognised separately. Due to the new accounting policy, the profit margin is reduced by DKK 33 million at 1 January 2018

The change in accounting policy has not had any material impact on the profit for the period.

Comparative figures for 2017 have not been restated, as this is not practically possible.

Other than as set out above, the accounting policies are consistent with those applied in the annual report for 2017.

### Acquisition of subsidiary undertakings

In December 2017, the Group entered into an agreement to purchase all shares of the Danish companies SEB Pensionsforsikring A/S (including the property subsidiaries: SEB Ejendomme I A/S and SEB Ejendomme II A/S) and SEB Administration A/S (below the acquired companies are referred to as SEB Pension). Regulatory approvals were received on 30 May 2018, and the transaction was finalised on 7 June 2018. The financial statements of SEB Pension were consolidated in the financial statements of Danske Bank Group with effect from 7 June 2018. The companies subsequently has been renamed Danica Pensionsforsikring A/S and Danica Administration A/S.

SEB Pensionsforsikring is a major player in the Danish pension and commercial market. The principal activity of SEB Administration is to provide administrative and agency services to the companies of the SEB Pension group and other supportive services.

Through the acquisition of SEB Pension, the Group will increase its presence in the Danish pension market, strengthen its innovation capacity and be able to offer its customers even better pension and insurance solutions.

The fair value of net assets acquired and recognised in the balance sheet of Danica Group at the time of acquisition is shown in the table below. Due to the short time since the acquisition, it has not yet been possible to complete the initial accounting for the acquisition of SEB Pension. Hence, the amounts are provisional and can be adjusted in subsequent periods within one year, including the value of the acquired goodwill, to reflect information obtained about facts and circumstances that existed on 7 June 2018. This includes a potential reallocation of between goodwill and customer relations or to other identifiable intangible assets.



## Notes – Danica Pension Group

Note

### Recognised amounts of identifiable assets acquired and liabilities assumed

(DKK millions)	Danica Pen- sionsforsikring A/S	Danica Administration A/S	Fair value at 7 June 2018
Assets under unit-linked products	51,190		51,190
Assets under insurance contract	77,199		77,199
Customer relationships	1,332		1,332
Tax assets	36		36
Other assets	2,763	340	3,103
<b>Total assets</b>	<b>132,520</b>	<b>340</b>	<b>132,860</b>
Deposits under unit-linked products	50,018		50,018
Liabilities under insurance contracts	47,916		47,916
Unearned premiums provisions	367		367
Profit margin on insurance and investment contracts	1,414		1,414
Outstanding claims provisions	3,610		3,610
Risk margin on non-life insurance contracts	119		119
Tax liabilities	575	9	584
Other liabilities	26,111	260	26,371
<b>Total liabilities</b>	<b>130,130</b>	<b>269</b>	<b>130,399</b>
Total identifiable net assets	2,390	71	2,461
Goodwill	2,274	265	2,539
<b>Consideration paid in cash</b>	<b>4,664</b>	<b>336</b>	<b>5,000</b>

There were no material contingent liabilities at the acquisition date.

The fair value of liabilities under insurance contracts is calculated according to principles used similar to the Group's measurement of other liabilities under insurance contracts and based on actuarial computations that rely on assumptions about a number of variable, including mortality and disability, and on the discount rate at 7 June 2018.

Customer relationships acquired in connection with the business combination is recognised as a separate identifiable intangible asset. The fair value of the customer relationships at the acquisition date represents the net present value of expected future earnings related to the existing customer base in SEB Pension and is calculated based on the estimated future profit margin in the acquired companies at the acquisition date. Customer relationships/contracts will be amortised over 10 years, which represents management's expectations of the period over which the majority of the future earnings on existing customer relations/contracts will be earned. If indications of objective evidence of impairment exists, the customer relationship is tested for impairment and written down to the estimated value of the future earnings if the value is impaired.

Goodwill represents the value of the expected profit of SEB Pension which cannot be attributed reliably to individually identifiable assets, including the value of staff, know-how and innovation capacity as well as expected synergies, such as expense savings and ancillary business from the integration into Danica Pension Group. Goodwill will be tested for impairment before the end of 2018 based on earnings estimates for the coming five financial years, approved by the Board of Directors. For financial years thereafter, cash flows are extrapolated and adjusted for expected growth rates. A number of factors affect the net present value of such cash flows, including discount rates, changes in the economic outlook, customer behaviour and competition and actuarial assumptions.

Goodwill on SEB Pension will be tested for impairment based on earnings estimates for the budget period, followed by a terminal value. The budget period generally represents the first five years. Expected cash flows are discounted by 9% post-tax, equalling 12% before tax and the principal assumption applied in the cash flow terminal period is a growth rate of 0%.

The consolidation of SEB Pension has resulted in an increase in income (premiums) of DKK 947 million and DKK 19 million reduction of the profit for the period. If the Group had acquired SEB Pension effective 1 January 2018, the estimated increase in income and profit would have been DKK 5.9 billion and DKK 250 million, respectively.

## Notes – Danica Pension Group

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Note

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### **Change in accounting estimates**

Accounting estimates in relation to the determination of longevity are based on the Danish FSA's future mortality benchmark. In 2018, the Danish FSA has changed the basis on which longevity is calculated from the past 30 years to the past 20 years. This has negatively affected the profit for the first half by DKK 54 million and reduced the buffers by DKK 500 million.

# Notes - Danica Pension Group

Note DKKm

## 2 BUSINESS SEGMENTS

The group's business segments are based on differences in products. The segment Traditional covers conventional life insurance and pension plans offering guaranteed benefits and Forenede Gruppeliv, while the Unit-linked contract segment covers pension plans offering market returns. The Health and accident segment covers non-life insurance in Life.

BUSINESS SEGMENTS First half 2018	Traditional	Unit-linked contracts	Health and accident insurance	Total	Reclassification	Group
Gross premiums	1,911	21,030	605	23,546	-886	22,660
- Gross premiums from inter-segment sales	-	-839	-	-839	839	0
Gross premiums from external sales	1,911	20,191	605	22,707	-47	22,660
- Gross premiums on investment contracts	-	-9,848	-	-9,848	-	-9,848
Gross premiums in the income statement	1,911	10,343	605	12,859	-47	12,812
Return on investment allocated to technical result	787	620	-	1,407	242	1,649
Claims and benefits paid	-5,882	-6,407	-635	-12,924	47	-12,877
Change in provisions for insurance and investment contracts	3,830	-4,352	-44	-566	-50	-616
Total operating expenses relating to insurance	-171	-453	-48	-672	-	-672
Result of reinsurance	13	-16	-21	-24	-	-24
Other income, net	31	422	2	455	-367	88
Technical result	519	157	-141	535	-175	360
Change in shadow account	-	-	-	-	-	-
Special allotments	-50	-	-	-50	50	0
Return on investment, shareholders' equity	-40	-3	-	-43	41	-2
Return on investment, health and accident	-	-	-84	-84	84	0
Profit before tax	429	154	-225	358	0	358
Other segment information						
Interest income	3,817	263	-	4,080	-	-
Interest expenses	-1,844	-89	-	-1,933	-	-
Income from associated undertakings at book value	160	-	-	160	-	-
Impairment, depreciation and amortisation charges	-11	-	-	-11	-	-

The Danica Pension Group has no single customers generating 10% or more of the combined revenue.

### BUSINESS SEGMENTS First half 2017

Gross premiums	2,080	17,720	531	20,331	-144	20,187
Gross premiums from external sales	2,080	17,720	531	20,331	-144	20,187
- Gross premiums on investment contracts	-	-6,836	-	-6,836	-	-6,836
Gross premiums in the income statement	2,080	10,884	531	13,495	-144	13,351
Return on investment allocated to technical result	-201	7,438	-	7,237	548	7,785
Claims and benefits paid	-6,143	-5,091	-597	-11,831	144	-11,687
Changes in provisions for insurance and investment contracts	4,971	-12,922	30	-7,921	-90	-8,011
Total operating expenses relating to insurance	-194	-401	-45	-640	-	-640
Result of reinsurance	-1	-7	-5	-13	-	-13
Other income, net	51	393	3	447	-570	-123
Technical result	563	294	-83	774	-112	662
Change in shadow account	-	-	-	-	-	-
Special allotments	-90	-	-	-90	90	0
Return on investment, shareholders' equity	58	-1	-	57	76	133
Return on investment, health and accident	-	-	54	54	-54	0
Profit before tax	531	293	-29	795	0	795
Other segment information						
Interest income	3,277	129	2	3,408	-	-
Interest expenses	-1,785	-20	-14	-1,819	-	-
Income from associated undertakings at book value	177	-	-	177	-	-

The Danica Pension Group has no single customers generating 10% or more of the combined revenue.

# Notes - Danica Pension Group

Note	DKKm	First half 2018	First half 2017
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(cont'd)

## GEOGRAPHICAL SEGMENTS

Premium income from external customers are allocated to the country in which the contract was sold. Assets comprise only intangible assets, tangible assets, investment property and holdings in associated undertakings in accordance with IFRS and do not provide a useful description of the Group's assets for management purposes. Goodwill is allocated to the country in which activities are performed, whereas other assets are allocated on the basis of their location.

	Premiums, external customers		Assets	
	First half 2018	First half 2017	First half 2018	First half 2017
Denmark	12,611	12,364	27,275	24,994
Sweden	8,878	6,530	-	-
Norway	1,170	1,293	84	84
Total	22,659	20,187	27,359	25,078

3	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	7,911	7,018
	Single premiums	14,144	8,118
	Total direct insurance	22,055	15,136
	Total gross premiums	22,055	15,136
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	1,053	1,179
	Single premiums	8,795	4,556
	Total premiums paid	9,848	5,735
	Total gross premiums included in the income statement	12,207	9,401

# Notes - Danica Pension Group

Note	DKKm	30 June 2018	31 December 2017
4	INTANGIBLE ASSETS		
	Cost, beginning of year	167	181
	Exchange rate adjustment	7	-14
	Addition regarding Danica Pensionsforsikring and Danica Administration	3,871	-
	Depreciation during the period	-11	-
	Carrying amount, end of period	4,034	167

Intangible assets consist of goodwill on acquisition of Norwegian activities in 2007 as well as goodwill and value of customers (VIF asset) regarding acquisition of the former SEB companies on 7. June 2018. The customer value will be depreciated linearly over a period of 10 years starting 1st June 2018.

For more details see note 1.

- 5 SUBORDINATED DEBT  
Subordinated debt is debt which, in the event of the company's voluntary or compulsory winding-up, will not be repaid until the claims of ordinary creditors have been met. Subordinated loan capital is included in total capital etc. in accordance with sections 36-38 of the executive order on calculation of total capital for insurance companies and insurance holding companies and calculation of total capital for certain investment firms.

Currency	Borrower	Note	Nominal	Interest rate	Year of issue	Maturity	Re- demption price		
EUR	Danica Pension	a)	500	4.38	2015	29.9.45	100	3,726	3,723
Subordinated debt								3,726	3,723
Discount								-25	-27
Hedging of interest rate risk at fair value								118	106
Total, corresponding to fair value								3,819	3,802
Establishment and redemption costs Included in the total capital								-	-
								3,819	3,802

a) The loan was raised on 29 September 2015 and is listed on the Irish Stock Exchange. The loan can be repaid from September 2025.

The loan carries interest at a rate of 4.375% p.a. until 29 September 2025, at which point a step-up will occur. The interest expense amounted to DKK 59 million for the first half of 2018.

The subordinated debt is stated at amortised cost plus the fair value of the hedged interest rate risk.

# Notes - Danica Pension Group

Note	DKKm	30 June 2018	31 December 2017
6	ASSETS DEPOSITED AS COLLATERAL AND CONTINGENT LIABILITIES		
	The following assets have been deposited as collateral for policyholders' savings:		
	Domicile property	41	44
	Investment property	24,174	21,938
	Holdings in associates	1,164	1,146
	Holdings	23,725	15,515
	Unit trust certificates	33,425	16,756
	Bonds	155,386	106,208
	Other loans	13,646	2,133
	Deposits with credit institutions	7,518	8,130
	Net other	12,571	-2,166
	Unit-linked investment assets	249,808	192,934
	Accrued interest	2,896	2,637
	<b>Total</b>	<b>524,354</b>	<b>365,275</b>
	Mortgages have been issued as collateral for the technical liabilities in a total amount of	76	75
	As collateral for derivative transactions, the Group has delivered bonds equal to a total fair value of	12,314	7,341
	Minimum lease payments regarding cars amount to	5	6
	The Group has undertaken contractual obligations to purchase, construct, convert or extend investment properties or to repair, maintain or improve these at an amount of	3,095	2,492
	The Group has undertaken to participate in alternative investments with an amount of	12,281	11,505
	The Group is voluntarily registered for VAT on certain properties. The Group's VAT adjustment liability amounts to	479	743
	As a participant in partnerships, the Group is liable for a total debt of	11	10
	The Group's companies are jointly taxed with all units in the Danske Bank Group and are jointly and severally liable for their Danish income tax, withholding tax etc.		
	The Danish group companies are registered jointly for financial services employer tax and for VAT for which they are jointly and severally liable.		
	Danica Pension is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S.		
	Owing to its size and business volume, the Group is continually a party to various lawsuits and disputes.		
	The Group does not expect the outcomes of lawsuits and disputes to have any material effect on its financial position.		

# Notes - Danica Pension Group

Note DKKm

## 7 FINANCIAL INSTRUMENTS

Financial instruments, classification and valuation method

	Fair value			Amortised cost		
	Held for trading	Designated	Fair value hedge	Debtors	Liabilities	Total
<b>30 June 2018</b>						
Holdings		22,434				22,434
Unit trust certificates		12,825				12,825
Bonds		173,964				173,964
Other loans		1,674				1,674
Deposits with credit institutions		2,265				2,265
Derivatives	39,615					39,615
Unit-linked investments		268,932				268,932
Debtors				1,723		1,723
Cash and cash equivalents				3,503		3,503
<b>Total financial assets</b>	<b>39,615</b>	<b>482,094</b>		<b>5,226</b>		<b>526,935</b>
<b>Provisions for unit-linked products, investment contracts</b>						
Due to credit institutions	12,505	97,810				12,505
Derivatives	21,919					21,919
Subordinated loan capital			118		3,701	3,819
<b>Total financial liabilities</b>	<b>34,424</b>	<b>97,810</b>	<b>118</b>		<b>3,701</b>	<b>136,053</b>
<b>31 December 2017</b>						
Holdings		15,831				15,831
Unit trust certificates		7,242				7,242
Bonds		134,207				134,207
Other loans		2,133				2,133
Deposits with credit institutions				7,614		7,614
Derivatives	15,214					15,214
Unit-linked investments		208,217		3,651		211,868
Debtors				1,055		1,055
Cash and cash equivalents				2,294		2,294
<b>Total financial assets</b>	<b>15,214</b>	<b>367,630</b>		<b>14,614</b>		<b>397,458</b>
<b>Provisions for unit-linked products, investment contracts</b>						
Due to credit institutions		60,312			18,033	18,033
Derivatives	17,046					17,046
Subordinated debt			106		3,696	3,802
<b>Total financial liabilities</b>	<b>17,046</b>	<b>60,312</b>	<b>106</b>		<b>21,729</b>	<b>99,193</b>

### Recognition as income:

Interest income from debtors measured at amortised cost is recognised in the amount of DKK 10 million in H1 2018 and DKK 56 million in 2017.

Interest expenses on liabilities measured at amortised cost totalled DKK 101 million in H1 2018 and DKK 203 million in 2017.

Exchange rate adjustment of debtors and creditors measured at amortised cost were recognised under value adjustments at DKK -8 million in H1 2018 and at DKK 57 million in 2017.

The remaining part of investment return included in the income statement items interest income and dividends, etc., interest expenses and value adjustments relates to financial instruments at fair value.

# Notes - Danica Pension Group

Note DKKm

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The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1: Quoted prices

Fair value measurement is based on quoted prices generated in transactions in active markets.

Where an active market exists for listed equity investments, bonds, derivative financial instruments, etc., the instrument is generally measured at the closing price at the balance sheet date.

Level 2: Observable input

In the absence of a listed closing price, another publicly available price presumed to be the closest thereto, in the form of indicative prices from banks/brokers, is used. Assets in this category include hedge funds, CDOs and credit bonds. In the case of listed securities for which the closing price does not represent fair value, valuation techniques or other observable data are used to determine fair value. Where no active market exists for a financial instrument, valuation techniques with input based on observable market data are used. Depending on the nature of the asset or liability, these may be calculations based on underlying parameters such as yields, exchange rates and volatility or with reference to transaction prices for similar instruments.

Level 3: Non-observable input

In some cases, the valuation cannot be based on observable market data alone. Where this is the case, valuation models are used which may include estimates of future events as well as of the nature of the current market situation. This level includes unlisted equities.

At 30 June 2018, Danica had financial assets as set out below in the amount of DKK 521,709 million, of which 96% was attributable to insurance obligations to policyholders and 4% was attributable to shareholders' equity. Accordingly, changes in various valuation parameters would therefore have an insignificant impact on shareholders' equity, as the risk is assumed by policyholders.

	Quoted prices	Observable input	Non-observable input	Total
<b>30 June 2018</b>				
Holdings	9,897	2,094	10,443	22,434
Unit trust certificates	11,248	515	1,062	12,825
Bonds	156,449	16,717	798	173,964
Other loans	-	-	1,674	1,674
Derivatives	109	36,990	2,516	39,615
Unit-linked investments	233,192	11,757	23,983	268,932
Deposits with credit institutions	2,265	-	-	2,265
<b>Total financial assets</b>	<b>413,160</b>	<b>68,073</b>	<b>40,476</b>	<b>521,709</b>
Due to credit institutions	12,505	-	-	12,505
Derivatives	1,741	38,080	1,563	41,384
Subordinated debt	-	118	-	118
Provisions for unit-linked contracts	97,810	-	-	97,810
<b>Total financial liabilities</b>	<b>112,056</b>	<b>38,198</b>	<b>1,563</b>	<b>151,817</b>
<b>31 December 2017</b>				
Holdings	11,348	-	15,160	26,508
Unit trust certificates	10,108	-	980	11,088
Bonds	113,588	3,435	335	117,358
Other loans	-	-	2,835	2,835
Derivatives	431	13,481	-	13,912
Unit-linked investments	159,874	-	-	159,874
<b>Total financial assets</b>	<b>295,349</b>	<b>16,916</b>	<b>19,310</b>	<b>331,575</b>
Derivatives	342	9,385	287	10,014
<b>Total financial liabilities</b>	<b>342</b>	<b>9,385</b>	<b>287</b>	<b>10,014</b>

At 30 June 2018, financial instruments measured on the basis of non-observable input comprised unlisted shares DKK 29,612 million and illiquid bonds DKK 5,597 million.



# Notes - Danica Pension Group

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Note DKKm

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(cont'd)

Valuation based on non-observable input	30 June 2018	31 December 2017
Fair value, beginning of year	39,206	24,029
Fair value through profit or loss	1,203	1,334
Purchase	3,937	5,222
Sale	-5,433	-7,889
Fair value, end of period	38,913	22,696

In the first half of 2018, unrealised market value adjustments were recognised at DKK 703 million (2017: DKK -308 million) on financial instruments valued based on non-observable input.

Assuming a widening of the credit spread by 50 bps for bonds and other loans, the fair value would be reduced by DKK 216 million. A narrowing of the credit spread by 50 bps would cause the fair value to be increased by DKK 216 million.

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# Notes – Danica Pension Group

Note

## 8 RISK MANAGEMENT AND SENSITIVITY INFORMATION

### RISK MANAGEMENT

The Board of Directors defines the Group's risk management framework, while the daily management monitors the Group's risks and ensures compliance with the framework.

The Group is exposed to a number of different risks.

Finansielle risici	Forsikringsmæssige risici	Operationelle risici	Forretningsmæssige risici
Marked	Levetid	IT	Omdømme
Likviditet	Dødelighed	Juridisk	Strategi
Modparter	Invaliditet	Administrative	Regulatoriske
Koncentration	Koncentration	Bedrageri	
	Syge- og ulykke		
	Kritisk sygdom		
	Genkøb		
	Omkostninger		

#### Financial risk

Financial risks comprise market risk, liquidity risk, counterparty risk and concentration risk. Market risk is the risk of losses due to changes in the fair value of the Group's assets and liabilities due to changing market conditions, such as changes in interest rates, equity prices, property values, exchange rates and credit spreads. Liquidity risk is the risk of losses as a result of a need to release tied-up cash to pay liabilities within a short timeframe. Counterparty risk is the risk of losses because counterparties default on their obligations. Concentration risk is the risk of losses as a result of high exposure to a few asset classes, industries, issuers, etc.

The Group has three sources of financial risk:

- Investments relating to conventional products
- Investments relating to unit-linked products with investment guarantees attached
- Direct investments of shareholders' equity

The amount of financial risk differs for the various products in the Group's product range. A list of the Group's companies and activities is shown on page 75 of the annual report for 2017.

The most significant financial risk of the Group is the market risk relating to Danica Pension's conventional life insurance products.

#### Investments relating to conventional products

The Group's conventional products are policies with guaranteed benefits and collective investments.

The market risk of conventional products consists of the relationship between investment assets and guaranteed benefits for each interest rate group.

If the return on investment of customer funds for the year for an individual interest rate group is inadequate to cover the return on customer funds and the required strengthening of life insurance obligations etc., the shortfall is covered first by the collective bonus potential and then by the individual bonus potential of paid-up policies of that interest rate group. If the bonus potentials are insufficient to absorb losses, the assets attributable to shareholders' equity are used.

Insurance obligations are calculated by discounting the expected cash flows using a discount yield curve defined by EIOPA as part of the Solvency II rules.

In order to ensure that the return on customer funds matches the guaranteed benefits on policies with bonus entitlement, the company monitors market risk on an ongoing basis. Internal stress tests are performed to ensure that the company is able to withstand major interest rate fluctuations as well as material losses on its risk exposure. Interest rate risk is in part covered by the bond portfolio and in part hedged using derivatives.

Since the Danish bond market is not substantial enough and does not have the necessary duration to hedge the liabilities, Danica must also invest in non-Danish interest rate instruments. The investments are sensitive to changes in interest rates. They comprise a wide range of interest rate-based assets: Danish and European government bonds; Danish mortgage bonds, Danish index-linked bonds and a well-diversified portfolio of global credit bonds. Consequently, the company is exposed to basic risk from government and credit spreads.

# Notes – Danica Pension Group

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Note

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The counterparty risk is reduced by demanding security for derivatives and high credit ratings for reinsurance counterparties.

Currency risk is insignificant as it is hedged by means of currency hedging instruments.

Liquidity risk is limited by placing a major portion of investments in liquid listed bonds and equities.

Concentration risk is limited by investing with great portfolio diversification and by limiting the number of investments in a single issuer. For mortgage bonds, the issuer is not considered critical to the concentration risk, as the individual borrower provides collateral for issued mortgage bonds.

### ***Investments relating to unit-linked products***

Policyholders assume the financial risk associated with investments under the unit-linked products, Danica Balance, Danica Link, Danica Select and Tidspension, with the exception of contracts with investment guarantees attached.

It manages the risk on guarantees in Danica Balance mainly by regularly adjusting the investment allocation for the individual policies during the last ten years before retirement. The investment allocation is adjusted to the guarantee amount, the investment horizon, etc. Danica Pension manages the risk on financial guarantees in Danica Link and Tidspension with financial derivatives and by adjusting the investment allocation.

Investment guarantees are not available under Danica Select.

### ***Direct investments of shareholders' equity***

Shareholders' equity is exposed to financial risk on assets in which shareholders' equity is invested, on investments relating to the health and accident business and on a portfolio of life annuities without bonus entitlement ("Egen Gruppe").

The Board of Directors has set separate investment strategies for assets allocated to shareholders' equity and investments relating to health and accident insurance and Egen Gruppe. Assets allocated to shareholders' equity mainly comprise short-term bonds.

### ***Life insurance risk***

Life insurance risks are linked to trends in mortality, disability, critical illness and other variables. For example, an increase in longevity lengthens the period during which benefits are payable under certain pension plans. Similarly, trends in mortality, sickness and recoveries affect life insurance and disability benefits. Longevity is the most significant life insurance risk.

Concentration risk relating to life insurance risk comprises the risk of losses as a result of high exposure to a few customer groups and high exposure to a few individuals. Concentration risk is limited by means of risk diversification of the insurance portfolio and by reinsurance.

To limit losses on individual life insurance policies with high risk exposure, Danica Pension reinsures a small portion of the risks related to mortality and disability.

The various risk elements are subject to ongoing actuarial assessment for the purpose of calculating insurance obligations and making relevant business adjustments.

### ***Operational risk***

Operational risk relates to risks of losses resulting from IT system errors, legal disputes, inadequate or faulty procedures and fraud. The Group limits operational risks by establishing internal controls that are regularly updated and adjusted to the Group's current business volume. Another measure is segregation of duties.

### ***Business risk***

Business risk comprises strategic risks, reputational risks and other external risk factors.

The Group closely monitors the development on the markets where the Group operates in order to ensure the competitiveness of prices and customer service. The Group is committed to treating customers fairly and communicating openly and transparently.

The Group subjects its business units to systematic assessments to reduce the risk of financial losses due to damage to its reputation.

## **SENSITIVITY INFORMATION**

The below table shows the effects of separate changes in interest rates (increases and decreases) and other relevant financial risks on shareholders' equity.

Of the two interest rate scenarios, an interest rate increase is most severe for the Group. A separate 1.0 percentage point increase in interest rates would reduce shareholders' equity by DKK 0.2 billion.

# Notes – Danica Pension Group

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Note

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## SENSITIVITY INFORMATION 30/06/2018

(DKK billions)	Effect on share- holders' equity
0.7-1.0 percentage point increase in interest rates	-0.2
0.7-1.0 percentage point decrease in interest rates	-0.1
12% decline in equity prices	-0.1
8% decline in property prices	-0.3
Foreign exchange risk (VaR 99.0%)	0.0
8% loss on counterparties	-0.2

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# Financial highlights - Danica Pension

DKKm	First half 2018	First half 2017	Full year 2017
<b>INCOME STATEMENT</b>			
Premiums	10,451	11,228	21,815
Claims and benefits	-11,355	-10,699	-20,578
Return on investment	-861	5,108	14,307
Total operating expenses relating to insurance	-371	-361	-736
Profit/loss on business ceded	13	-1	-18
Technical result, Life	183	343	775
Gross premium income	529	435	887
Gross claims	-548	-477	-1,026
Total operating expenses relating to insurance	-35	-36	-67
Profit/loss on business ceded	-4	3	4
Return on investment less technical interest	-16	93	207
Technical result of health and accident insurance	-151	-26	-155
Net profit/loss for the period	238	624	1,225
Other comprehensive income	-30	-11	-33
<b>BALANCE SHEET</b>			
Total assets	358,661	348,792	358,217
Insurance assets, health and accident insurance	2	4	-
Technical provisions, health and accident insurance	9,411	9,244	9,370
Total shareholders' equity	20,963	17,368	17,947
Provisions for insurance and investment contracts	293,182	287,061	295,155
<b>KEY FIGURES AND RATIOS [%]</b>			
Rate of return related to average rate products	0.6	-0.2	2.5
Rate of return related to unit-linked products	-1.2	4.2	8.1
Risk on returns related to unit-linked rate products	4.25	4.25	4.25
Expenses as per cent of provisions	0.1	0.1	0.3
Expenses per policyholder [DKK]	635	614	1,261
Return on equity after tax	1.3	3.5	6.8
Solvency coverage ratio	225	223	247
<b>RATIOS FOR HEALTH AND ACCIDENT INSURANCE</b>			
Gross claims ratio	106	110	120
Gross expense ratio	7	8	8
Combined ratio	114	117	128
Operating ratio	130	131	150
Relative run-off [%]	0.0	0.0	0.1
Run-off, net of reinsurance [DKK millions]	2	0	12
<b>INTEREST RATE ON POLICYHOLDERS' SAVINGS in %</b>			
Interest rate on policyholders' savings before tax on pension returns *	1.8	1.8	1.8
Interest rate on policyholders' savings after tax on pension returns *	1.5	1.5	1.5

The ratios are defined in accordance with the Danish FSA's Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

Effective 7 June 2018, Danica Pension acquired the companies Danica Pensjonsforsikring A/S and Danica Administration A/S (previously SEB Pension Danmark). The acquired companies are recognised in Danica Pension effective from this date

The accounting figures for the first half of 2018 are also affected by accounting policy changes. See note 1 for the group. The changes did not have any material impact on the financial highlights. Comparative figures have not been restated, as this is not practically possible.

\*Information on interest rate on policyholders' savings comprises the new business group

## Income statement - Danica Pension

Note	DKKm	First half 2018	First half 2017
2	Gross premiums	10,451	11,228
	Reinsurance premiums ceded	-5	-2
	<b>Total premiums, net of reinsurance</b>	<b>10,446</b>	<b>11,226</b>
	Income from group undertakings	479	631
	Income from associated undertakings	-36	105
	Income from investment property	2	-10
	Interest income and dividends, etc.	4,121	4,093
	Value adjustments	-3,071	2,498
	Interest expenses	-1,927	-1,814
	Administrative expenses related to investment activities	-429	-395
	<b>Total investment return</b>	<b>-861</b>	<b>5,108</b>
	Tax on pension returns	212	-671
	Claims and benefits paid	-11,355	-10,699
	Reinsurers' share received	.	4
	<b>Total claims and benefits, net of reinsurance</b>	<b>-11,355</b>	<b>-10,695</b>
	Change in life insurance provisions	2,189	-3,627
	Change in reinsurers' share	18	-3
	<b>Total change in life insurance provisions, net of reinsurance</b>	<b>2,207</b>	<b>-3,630</b>
	Change in profit margin	-74	-423
	Acquisition costs	-88	-63
	Administrative expenses	-290	-305
	Reimbursement of costs from group undertakings	7	7
	<b>Total operating expenses relating to insurance, net of reinsurance</b>	<b>-371</b>	<b>-361</b>
	Transferred investment return	-21	-211
	<b>TECHNICAL RESULT</b>	<b>183</b>	<b>343</b>
3	<b>TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE</b>	<b>-151</b>	<b>-26</b>
	Return on investments allocated to equity	-2	121
	Other income	329	344
	<b>PROFIT BEFORE TAX</b>	<b>359</b>	<b>782</b>
	Tax	-121	-158
	<b>NET PROFIT FOR THE PERIOD</b>	<b>238</b>	<b>624</b>
	Net profit for the period	238	624
	Other comprehensive income:		
	Translation of units outside Denmark	0	-28
	Hedging of units outside Denmark	3	22
	Hedge of acquisition	-41	.
	Tax relating to other comprehensive income	8	-5
	<b>Total other comprehensive income</b>	<b>-30</b>	<b>-11</b>
	<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>208</b>	<b>613</b>

# Balance sheet - Danica Pension

## Assets

Note DKKm	30 June 2018	31 December 2017	30 June 2017
<b>INTANGIBLE ASSETS</b>	4,034	168	172
Investment properties	213	209	351
Holdings in group undertakings	19,475	22,633	23,543
Loans to group undertakings	71	76	77
Holdings in associated undertakings	1,164	1,146	837
<b>Total investments in group undertakings and associates</b>	<b>20,710</b>	<b>23,855</b>	<b>24,457</b>
Holdings	14,944	15,515	15,143
Unit trust certificates	19,192	18,048	16,818
Bonds	123,648	122,793	125,933
Other loans	1,674	2,133	3,011
Deposits with credit institutions	1,641	7,611	4,135
Other (derivatives)	16,907	15,213	16,774
<b>Total other financial investment assets</b>	<b>178,006</b>	<b>181,313</b>	<b>181,814</b>
<b>TOTAL INVESTMENT ASSETS</b>	<b>198,929</b>	<b>205,377</b>	<b>206,622</b>
<b>UNIT-LINKED INVESTMENTS</b>	<b>146,525</b>	<b>144,418</b>	<b>134,587</b>
Unearned premiums provision, reinsurers' share	2	-	4
Life insurance provisions, reinsurers' share	16	-	14
Outstanding claims provision, reinsurers' share	-	-	1
<b>Total technical provisions, reinsurers' share</b>	<b>18</b>	<b>-</b>	<b>19</b>
Amounts due from policyholders	368	841	582
Amounts due from insurance companies	64	60	70
Amounts due from group undertakings	2,232	1,836	1,694
Other debtors	908	614	758
<b>TOTAL DEBTORS</b>	<b>3,590</b>	<b>3,351</b>	<b>3,123</b>
Current tax assets	501	154	261
Cash and cash equivalents	1,700	1,657	898
<b>TOTAL OTHER ASSETS</b>	<b>2,201</b>	<b>1,811</b>	<b>1,159</b>
Accrued interest and rent	2,948	2,679	2,711
Other prepayments and accrued income	434	413	418
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	<b>3,382</b>	<b>3,092</b>	<b>3,129</b>
<b>TOTAL ASSETS</b>	<b>358,661</b>	<b>358,217</b>	<b>348,792</b>

# Balance sheet - Danica Pension

## Liabilities and equity

Note	DKKm	30 June 2018	31 December 2017	30 June 2017
	Share capital	1,101	1,100	1,100
	Contingency fund	1,499	1,499	1,499
	Retained earnings	18,363	14,123	14,769
	Proposed dividend	-	1,225	-
5	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>20,963</b>	<b>17,947</b>	<b>17,368</b>
	<b>SUBORDINATED LOAN CAPITAL</b>	<b>3,819</b>	<b>3,802</b>	<b>3,765</b>
	Unearned premiums provision	335	353	374
	Life insurance provisions, average rate products	137,804	141,869	143,547
	Life insurance provisions, unit-linked products	140,792	138,770	128,480
	Total life insurance provisions	278,596	280,639	272,027
	Profit margin on life insurance and investment contracts	5,175	5,146	5,790
	Outstanding claims provision	8,763	8,681	8,564
	Risk margin on non-life insurance contracts	269	269	275
	Provisions for bonuses and premium discounts	44	67	31
	<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>	<b>293,182</b>	<b>295,155</b>	<b>287,061</b>
	Deferred tax	2,004	1,663	1,663
	<b>TOTAL PROVISIONS FOR LIABILITIES</b>	<b>2,004</b>	<b>1,663</b>	<b>1,663</b>
	Amounts owed, direct insurance	88	320	377
	Amounts owed to credit institutions	12,503	18,030	16,323
	Amounts owed to group undertakings	996	175	252
	Other creditors	23,026	19,218	20,169
	<b>TOTAL CREDITORS</b>	<b>36,613</b>	<b>37,743</b>	<b>37,121</b>
	<b>ACCRUALS AND DEFERRED INCOME</b>	<b>2,080</b>	<b>1,907</b>	<b>1,814</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>358,661</b>	<b>358,217</b>	<b>348,792</b>



# Notes - Danica Pension

Note	DKKm	First half 2018	First half 2017																																																
1	<p><b>SIGNIFICANT ACCOUNTING POLICIES</b></p> <p>The financial statements of the Parent Company, Danica Pension, are presented in accordance with the provisions of the Danish Financial Business Act, including the Danish FSA's Executive Order No. 937 of 27 July 2015 on financial reports for insurance companies and multi-employer occupational pension funds and Amending Executive Order No. 688 of 1 June 2016, in force from 1 July 2016.</p> <p>The accounting policies are identical to the Group's measurement under IFRS with such differences as naturally occur between consolidated and parent company financial statements. See the description of significant accounting policies in note 1 to the consolidated financial statements, including the policy changes made for the period that did not have any material impact on the parent company's profit for the period.</p> <p><b>Holdings in group undertakings</b></p> <p>Holdings in group undertakings are measured in accordance with the equity method, and the profit/loss after tax in subsidiaries is recognised in the item Income from group undertakings. During the reporting period, Danica acquired Danicas Pensionsforsikring A/S and Danica Administration A/S [previously SEB Pension Danmark] for DKK 5 billion. At 30 June 2018, the capital of Danica Pensionsforsikring was increased by DKK 0.5 billion.</p> <p><b>Key ratios</b></p> <p>The key ratios of the Group are prepared in accordance with the provisions of the executive order on financial reports presented by insurance companies and lateral pension funds. The return ratios are calculated using a composite weighting procedure.</p>																																																		
2	<p><b>GROSS PREMIUMS, incl. payments received under investment contracts</b></p> <p>Direct insurance:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Regular premiums</td> <td style="text-align: right;">5,726</td> <td style="text-align: right;">5,621</td> </tr> <tr> <td>Single premiums</td> <td style="text-align: right;">5,428</td> <td style="text-align: right;">6,283</td> </tr> <tr> <td style="border-top: 1px solid black;">Total direct insurance</td> <td style="text-align: right; border-top: 1px solid black;">11,154</td> <td style="text-align: right; border-top: 1px solid black;">11,904</td> </tr> <tr> <td style="border-top: 1px solid black;">Total gross premiums</td> <td style="text-align: right; border-top: 1px solid black;">11,154</td> <td style="text-align: right; border-top: 1px solid black;">11,904</td> </tr> </table> <p>In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Regular premiums</td> <td style="text-align: right;">29</td> <td style="text-align: right;">26</td> </tr> <tr> <td>Single premiums</td> <td style="text-align: right;">674</td> <td style="text-align: right;">650</td> </tr> <tr> <td style="border-top: 1px solid black;">Total premiums paid</td> <td style="text-align: right; border-top: 1px solid black;">703</td> <td style="text-align: right; border-top: 1px solid black;">676</td> </tr> <tr> <td style="border-top: 1px solid black;">Total gross premiums included in the income statement</td> <td style="text-align: right; border-top: 1px solid black;">10,451</td> <td style="text-align: right; border-top: 1px solid black;">11,228</td> </tr> </table>	Regular premiums	5,726	5,621	Single premiums	5,428	6,283	Total direct insurance	11,154	11,904	Total gross premiums	11,154	11,904	Regular premiums	29	26	Single premiums	674	650	Total premiums paid	703	676	Total gross premiums included in the income statement	10,451	11,228																										
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# Notes - Danica Pension

Note	DKKm	30 June 2018	31 December 2017
4	INTANGIBLE ASSETS		
	Cost, beginning of year	168	181
	Exchange rate adjustment	6	-13
	Addition regarding Danica Pensjonsforsikring	3,606	-
	Addition regarding Danica Administration	265	-
	Depreciation during the period	-11	-
	Carrying amount, end of period	4,034	168

Intangible assets consist of goodwill on acquisition of Norwegian activities in 2007 as well as goodwill and value of customer relations (VIF asset) regarding acquisition of the former SEB companies on 7. June 2018. The value of customer relations will be depreciated linearly over a period of 10 years starting 1st June 2018.

For more details see note 1 of the consolidated financial statements.

- 5 SHAREHOLDERS' EQUITY  
Due to acquisitions, the shareholders' equity was increased by DKK 4 billion on 7 June 2018.  
See page 12 of the consolidated financial statements.

6 ASSETS DEPOSITED AS COLLATERAL AND CONTINGENT LIABILITIES

The following assets have been deposited as collateral for policyholders' savings:

Holdings in group undertakings	19,942	23,128
Holdings	11,505	15,515
Unit trust certificates	21,203	16,756
Bonds	112,179	106,208
Other loans	1,674	2,133
Deposits with credit institutions	2,065	8,130
Net other	-5,399	-2,166
Unit-linked investment assets	142,373	139,745
Accrued interest	2,895	2,637
<b>Total</b>	<b>308,437</b>	<b>312,086</b>

Mortgages have been issued as security for the technical liabilities in a total amount of 75 75

As collateral for derivative transactions, the company has delivered bonds equal to a total fair value of 12,311 7,341

The company has undertaken to participate in alternative investments with an amount of 11,190 11,505

The company is jointly taxed with all units in the Danske Bank Group and is jointly and severally liable for their Danish income tax, withholding tax etc.

The company is registered jointly with group undertakings for financial services employer tax and VAT, for which it is jointly and severally liable.

Danica Pension is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S.

Owing to its size and business volume, Danica Pension is continually a party to various lawsuits.

The Company does not expect the outcomes of lawsuits and disputes to have any material effect on its financial position.

## Statement by the Management

The Board of Directors and the Executive Board (the management) have today considered and approved the interim financial statements of Danica Pension, Livforsikringsaktieselskab for the six months ended 30 June 2018.

The consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the interim financial statements of the Parent Company are prepared in accordance with the Financial Business Act.

In our opinion, the interim financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at 30 June 2018 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the period 1 January - 30 June 2018. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's and the Parent Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

Copenhagen, 18 July 2018

### Executive Board

Per Klitgård

Jesper Mølskov Høybye

Ole Krogh Petersen

Søren Lockwood

### Board of Directors

Jacob Aarup-Andersen  
Chairman

Kim Andersen  
Deputy Chairman

Thomas Mitchell

Jeanette Fangel Løgstrup

Christoffer Møllenbach

Ib Katznelson

Kenneth Stricker-Nielsen

Henrik Nielsen

Charlott Due Pihl

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## Address

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Company Registration No.

CVR 24256146

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