



*Interim report  
– first half 2015*

Danica Pension, Livsforsikringsaktieselskab



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This Interim Report - First half 2015 is a translation of the original report in the Danish language (Delårsrapport - 1. halvår 2015). In case of discrepancy, the Danish version prevails

## SELECTED FINANCIAL HIGHLIGHTS FOR DANICA PENSION

(DKK millions)	H1 2015	H1 <sup>2)</sup> 2014	Fy <sup>2)</sup> 2014
PREMIUMS INCLUDING INVESTMENT CONTRACTS	9,626	10,134	19,125
INCOME STATEMENT			
Technical result, Life	491	565	1,803
Technical result of health and accident insurance	107	-24	-146
Return on investment allocated to equity, etc.	490	440	925
Profit before tax	1,088	981	2,582
Tax	-266	-209	-508
Profit for the period	822	772	2,002
BALANCE SHEET			
Total assets	316,303	302,276	315,846
Technical provisions, health and accident insurance	8,738	8,530	8,873
Provisions for insurance and investment contracts	275,231	267,243	274,101
Collective bonus potential	4,227	2,032	2,450
Total shareholders' equity	18,961	18,818	20,031
KEY FIGURES AND RATIOS (%)			
Return before tax on pension returns including return on unit-linked products	1.6	5.8	11.6
Return on unit-linked products in Denmark	5.3	5.2	9.4
Net return before tax on pension returns on customer funds in Danica Pension <sup>1)</sup>	3.0	3.5	7.2
Expenses as per cent of premiums	3.8	3.6	3.9
Expenses as per cent of provisions	0.16	0.16	0.32
Expenses per policyholder (DKK)	571	551	1,139
Bonus rate - bonus-paying companies	3.6	1.6	2.0
Owners' capital ratio	16.1	14.6	16.2
Excess core capital ratio	9.1	7.9	7.7
Solvency coverage ratio	234	226	215
Return on equity before tax	5.4	5.2	13.4
RATIOS FOR HEALTH AND ACCIDENT INSURANCE			
Gross claims ratio	115	132	136
Gross expense ratio	11	9	9

1) The key figures and ratios include a change in accumulated value adjustment

2) Key figures and ratios for the first half of 2014 and full year 2014 have been changed. For details, see accounting policies.

## FINANCIAL RESULTS

- Profit before tax of DKK 1,088 million for Danica Pension, against DKK 981 million in the first half of 2014.
- Premiums of DKK 9.6 billion in the first half of 2015, down by 5.0%.
- The return on unit-linked products was 5.3%, against 5.2% in the first half of 2014, and the net return for Danica Traditionel was 3.0%, compared with 3.5% in 2014.

DANICA PENSION, PROFIT BEFORE TAX (DKK millions)	H1 2015	H1 2014
Technical result, Traditionel	700	752
Technical result, unit-linked business	218	230
Health and accident result before investment return	-103	-166
Total (generated by Danica)	815	816
Investment return	316	298
Transferred to shadow account	-	-82
Special allotments	-43	-51
Profit before tax	1,088	981

Danica Traditionel reported a technical result of DKK 700 million, a decrease of 7% relative to the first half of 2014.

The investment return on customer funds in Danica Traditionel allowed for the booking of risk allowance for all four interest rate groups. At 30 June 2015, the shadow account stood at DKK 557 million.

The Danish unit-linked business reported a technical result of DKK 218 million, against DKK 230 million in the first half of 2014, a decrease of 5%. The decrease was due to higher expenses and lower expense supplements.

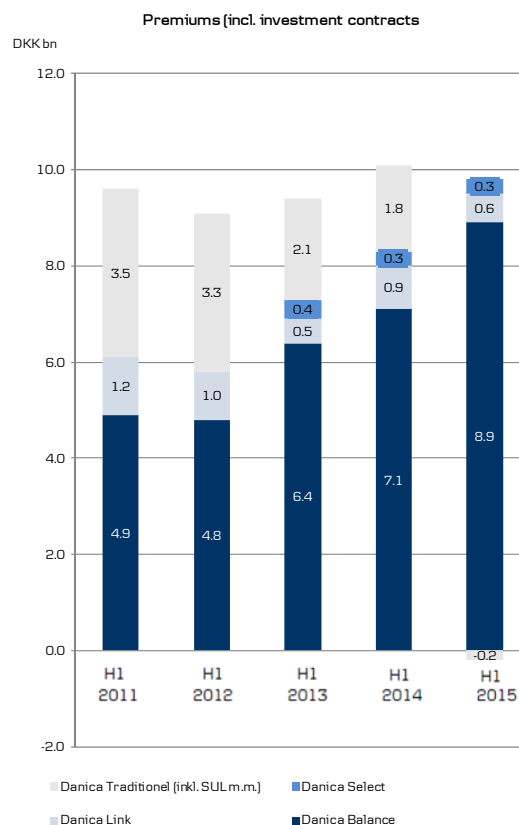
The result of health and accident insurance before investment return was a loss of DKK 103 million. The DKK 63 million improvement year on year was due to an increase in the number of people returning to work after suffering a loss of earning capacity.

The investment return allocated to shareholders' equity was DKK 316 million, against DKK 298 million in the year-earlier period. The increase was mainly attributable to a higher return on the health and accident business.

A loss on special allotments of DKK 43 million was recognised in the first half of 2015. The amount for full year 2015 will depend on developments in Danica's earnings and business volume.

The profit for the first half of 2015 was DKK 1,088 million. Tax amounted to DKK 266 million.

Premiums amounted to DKK 9.6 billion, against DKK 10.1 billion in the first half of 2014, corresponding to a decrease of 5.0%.



Total premiums amounted to DKK 9.6 billion in the first half of 2015, compared with DKK 10.1 billion in the year-earlier period. Excluding internal product switches, premiums on unit-linked products amounted to DKK 7.2 billion.

PREMIUMS (INCLUDING INVESTMENT CONTRACTS) (DKK billions)	H1 2015	H1 2014
Balance	8.9	7.1
Link	0.6	0.9
Select	0.3	0.3
Danica Traditionel	2.0	2.4
Health and accident	0.4	0.4
Internal product switches	-2.6	-1.0
Total premiums	9.6	10.1

## DANICA'S STRATEGY

Danica Pension's overall objective is to ensure that our personal customers and our business customers alike have the right pension solutions. To achieve this, we continuously identify and follow up on our personal customers' needs and give clear recommendations that the customers can act on. We have an ambition to offer our customers the best products and the most simple and value-adding digital tools and to be accessible to our cus-

tomers, whether they wish to receive online or telephone advice or prefer to meet with us in person.

In the business market as well, we want to make a continuous effort to get closer to our customers by providing them with an overview and clear recommendations for how they can improve their employees' pension schemes. This will allow both management and employees to concentrate on performing their primary tasks in the company's operations.

#### **Dedicated focus on continuous customer satisfaction improvement**

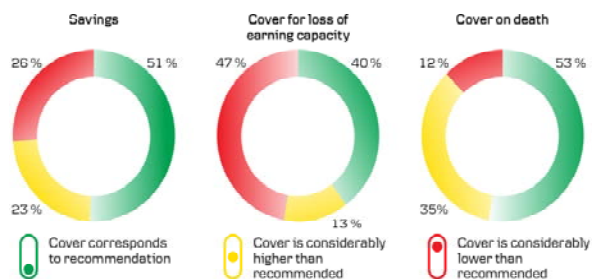
According to surveys performed by Danish market research company Aalund, customer satisfaction in Danica Pension has generally improved in recent years. However, improving customer satisfaction will remain a focus area over the coming years to ensure that Danica Pension becomes the pension company that pension customers are the most satisfied with.

#### **Overview and clear recommendations with Danica Pension's digital solutions**

Our digital advisory tools are becoming ever more important in our contact with customers, and more and more customers use our digital solutions, whether solutions aimed at the personal customer market or at our business customers. It is essential for us at Danica Pension that our solutions add value for our customers. When we develop digital tools for our customers, they are based on our pension recommendations, and we also include other pension schemes via Pensionsinfo and other types of assets in our solutions to ensure that our customers receive the best-qualified advisory services.

Danica Pension's digital solutions are easy to use. The award-winning Danica Pension Check for personal customers is an example of complex advice made easy and accessible in the form of a digital advisory tool.

More than 35,000 customers have taken a Pension Check to date, and more than 40% of these customers do not have a cover that matches our recommendations. Based on the Pension Check and subsequent follow-up, two-thirds of these customers choose to follow our recommendations and adjust their pension scheme to fit their needs. Almost 80% get better cover without having to make any additional contributions to their pension scheme.



The digital solutions are accessible 24 hours a day, and more than 40% of the customers who establish or change their pension scheme online or complete a Pension Check do so outside normal business hours. An important element of the overall strategy for Danica Pension's digital solutions is to ensure great accessibility and follow-up for customers in need thereof. To ensure greater accessibility, Danica has extended customer service opening hours so that customers can get personal advice from 8 am to 8 pm on weekdays and from 10 am to 1 pm on Saturdays.

#### **Closer collaboration with Danske Bank**

Danica Pension has initiated a more close collaboration with Danske Bank to ensure attractive pension offers and comprehensive solutions for both personal and business customers. In the personal customer area, we intensified our collaboration already in 2013, and the total business volume has since grown 22%.

Danica Pension focuses on providing comprehensive solutions for our business customers, with Danske Bank stepping in as an overall financial partner to the enterprises. To strengthen this offering, Danica Pension completed an organisational restructuring in the business customer area at the beginning of 2015 to bring the structure more in line with the structure of Business Banking in Danske Bank.

Danica Pension is included in Danske Bank's customer programme, which gives customers access to a wide range of benefits throughout the Danske Bank Group. This strengthens Danica Pension's overall offering for our customers.

#### **Norway and Sweden**

Particularly Sweden, but also Norway, are reporting higher premiums, and in both countries Danica continues to improve profitability. The collaboration between Danica and Danske Bank is continuously strengthened with a view to ensuring attractive pension offers and comprehensive solutions for personal and business customers alike. The collaboration is being considerably intensified in Sweden and Norway as well. Total contributions made through Danske Bank have increased by 128% in Sweden and by 22% in Norway.

## Danica Pension strengthening international solutions

At Danica Pension, we are focusing increasingly on our international activities, which account for an increasing share of the Group's overall activities. Danica Pension has entered into a new, comprehensive Nordic collaboration with Allianz Global Benefits, which covers 83 million customers in 70 countries. The partnership agreement with Danica Pension strengthens Allianz's position in Denmark, Norway and Sweden, where Danica already has in-depth local market knowledge. Danica Pension expects the collaboration to trigger a substantial increase in total premiums over the next couple of years.

## Roll-out of new investment strategy

In autumn 2014, Danica Pension adopted a new investment strategy aimed at generating long-term returns for our customers at the top end of the market. In 2015, we are focusing on implementing the new investment strategy, a component of which is increased activity in direct investments, including an increasing number of alternative investments. Moreover, we have intensified our focus on our future asset allocation.

In the first half of 2015, we continued to invest directly in well-run major companies in Denmark and the other Nordic countries, and we invested DKK 1 billion directly in GRO Fund, which is focused on investing in Danish SMEs, and in a loan fund in collaboration with Danske Bank, among others. In aggregate, Danica Pension has currently invested more than DKK 3.5 billion in Danish and Nordic businesses.

Danica Pension is one of Denmark's largest property investors, and we continue to expand our property portfolio. We have, in the first half invested in Denmark's largest private-sector property development project on the "Post Danmark site" located in Copenhagen across from the Copenhagen Central Station. Danica Pension will be one of two investors behind a development project with a total value of about DKK 5 billion. Such investments contribute to securing a higher return for our customers going forward.

## THE FINANCIAL MARKETS

The first half of 2015 was characterised by extensive bond yield volatility and a positive European equity market. In mid-April, the 10-year German government bond yield dropped to 0.1% but subsequently increased to 0.7% over the course of about four weeks. The yield hike was driven by a combination of changed expectations of ECB bond purchases, slightly increasing inflation forecasts and a European recovery that finally seems to be consolidating. To date, the Greek sovereign debt crisis has not had any adverse impact on Europe's economic recovery, which is being supported by low oil prices and the significant appreciation of the US dollar in the first half of the year, driven by expectations that the Federal Reserve will start hik-

ing rates later in the year as a result of significant labour market improvements.

In the initial months of 2015, the Danish bond market was particularly affected by a "Danish krone crisis" as the Danish central bank's currency reserve grew to a record high. In an effort to defend the DKK peg to EUR, the Danish central bank took several steps to ease monetary policy. Since then, pressure on the Danish krone has gradually subsided.

For the first half as a whole, the MSCI World All Countries index produced a return of 11.7% measured in Danish kroner. The 10-year Danish government bond coupon rose by 14 basis points to 0.97%, the 10-year Danish government bond thus producing a negative return of 1.8% in the first half of 2015. High-yield corporate bonds produced a return of about 2%, and emerging market bonds produced a return of approximately 1%.

## RETURN ON INVESTMENT

Danica Balance, Danica Link and Danica Select generated an aggregate return of DKK 5.1 billion in the first half of 2015, equivalent to 5.4% before tax on pension returns.

The return for customers with Danica Balance was DKK 3.1 billion in the first half of 2015, equivalent to 4.5%. The annual return over the past three years has been 7.2% on average.

DANICA BALANCE, RETURN BEFORE TAX H1 2015				
Risk	30 years to retirement		5 years to retirement	
	Return	Equities etc. [%]	Return	Equities etc. [%]
Highest risk experience	9.3	100	5.4	59
High risk experience	9.3	100	4.3	48
Medium risk experience	8.4	90	3.3	38
Low risk experience	6.9	75	2.3	27
Lowest risk experience	4.4	49	1.3	16
Average return, Danica Balance 4.5%				

The return for customers with Danica Link was DKK 1.8 billion in the first half of 2015, equivalent to an average of 7.5%. The annual return over the past three years has been 9.2% on average.

DANICA LINK - VALG PORTFOLIOS BEFORE TAX		
[%]	H1 2015	H1 2014
Danica Valg Guarantee	3.0	5.5
Danica Valg 100% Bonds	-0.3	4.4
Danica Valg Low Risk	4.3	5.8
Danica Valg Medium Risk	7.4	6.0
Danica Valg High Risk	9.3	6.7
Danica Valg 100% Equities	12.3	6.6
Average return, Danica Link 7.5%		

The average return for customers with Danica Select was 15.8% in the first half of 2015.

The return on investment of customer funds in Danica Traditional in the first half of 2015 was DKK negative at 0.3 billion or a negative 0.3% before tax on pension returns. Following the recognition of DKK 4.4 billion from lower life insurance provisions, the return was 3.0%. Interest in the amount of DKK 1.1 billion after tax on pension returns was added to policyholders' savings in the first half.

Listed equities produced an overall return of 9.5%, while bonds (including credit investments) produced a negative return of 0.4%. Interest rate hedging instruments detracted from the overall return. The return on properties was 2.4%, against 1.6% in the first half of 2014. The property valuations are based on market-based return requirements of 5.8% on average for office and residential properties and 5.7% for shopping centres. The return requirements were stable relative to 2014.

#### DANICA TRADITIONEL, CUSTOMER FUNDS, PORTFOLIO AND RETURN

	H1 2015		H1 2014	
	Value	Return	Value	Return
(DKK billions)		%		%
Property investments	18.4	2.4	20.4	1.6
Listed equities	8.6	9.5	10.2	5.0
Alternative investments	17.2	7.1	12.5	5.1
Credit bonds	21.9	2.2	23.6	4.5
Global bonds	0	2.9	7.0	5.8
Nominal bonds	71.9	-2.5	67.9	5.0
Index-linked bonds	14.4	5.4	14.2	1.8
Short-term bonds and cash and cash equivalents	9.5	0.5	12.2	0.7
Total bonds, etc.	95.8	-0.4	101.3	4.2
Other financial assets	7.3	-	5.4	-
Total	169.2	-0.3	173.4	6.7
Return after change in additional provisions		3.0	-	3.5

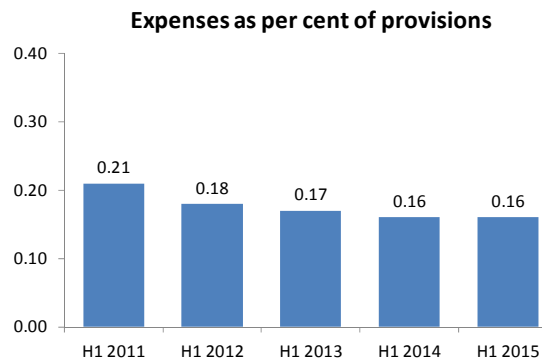
At 30 June 2015, the assets of the new business interest rate group were composed of 22.9% equities and alternative investments, 6.9% properties, 21.1% credit bonds and 49.1% other bonds.

#### DEVELOPMENT IN COSTS

In life insurance, operating expenses relating to insurance continued to develop relatively favourably in the first half of 2015, amounting to DKK 356 million.

The expense ratio increased from 3.6 in the first half of 2014 to 3.8 in the first half of 2015.

The ratio of expenses to provisions remained at 0.16%. As an average over the past five years, the expense ratio has declined 11% per year.



#### DEVELOPMENT IN BALANCE SHEET ITEMS

##### Change to the annual report for 2014

In the annual report for 2014, on page 8 of the management's report, Danica Pension stated that after the end of the financial year the company had received an inquiry from the Danish FSA with regard to the calculation principles and accounting treatment of life insurance provisions for a pension scheme.

Furthermore, in the annual report 2014 Danica Pension stated that in the event the Danish FSA came to a different conclusion in the matter, it could affect Danica Pension's recognition and measurement of the life insurance provisions in question.

In the first half of 2015, Danica Pension responded to the Danish FSA's request for a report and has subsequently extensively discussed with the FSA the interpretation of the agreements underlying the pension scheme and the resulting accounting treatment.

These discussions with the FSA have caused Danica Pension to reassess its recognition and measurement and presentation and, as a result, change its previous accounting policy for the pension scheme in question retrospectively for the annual report for 2014.

For further information, see Report and supplementary/corrective information on the annual report for 2014 of 22 July 2015 and information on the change of accounting policy in note 1 to the interim financial statements on accounting policies.

The changed accounting policy has reduced shareholders' equity at 31 December 2014 by DKK 736 million, net after tax (DKK 774 million at 30 June 2014) and increased the profit after tax by DKK 103 million (DKK 65 million for the first half of 2014).

The change in accounting policy is not related to contribution and does not affect the collective bonus potential.

### Balance sheet 30 June 2015

Total assets amounted to DKK 316 billion at 30 June 2015, of which total investment assets, including unit-linked assets, net and offsetting of amounts owed to credit institutions, amounted to DKK 302 billion, equivalent to an increase of 5% relative to the first half of 2014.

Total additional provisions to cover the low interest rate level and the increase in longevity amounted to DKK 37.2 billion. Additional provisions fell by DKK 3.5 billion in the first half of 2015.

Provisions for unit-linked contracts increased from DKK 92 billion at 30 June 2014 to DKK 107 billion at 30 June 2015 and should be seen in the context of the greater business volume and higher equity and bond prices.

The combination of the investment return after tax for Danica Traditional customer funds and an interest rate on policyholders' savings of 1.8% p.a. before tax on pension returns served to increase the collective bonus potential by DKK 1.9 billion in the first half of 2015.

CHANGE IN COLLECTIVE BONUS POTENTIAL		
(DKK billions)	H1 2015	H1 2014
Return on customer funds before investment costs (life)	0.0	10.7
Investment costs <sup>(1)</sup>	-0.3	-0.2
Change in the value of insurance obligations	3.9	-6.3
	3.6	4.2
Tax on pension returns	0.2	-1.5
Interest added for the period	-1.2	-1.1
Cost and risk results etc.	0.0	0.2
Risk allowance of provisions after transfer to shadow account	-0.7	-0.6
Used bonus potential of paid-up policies	-	-0.3
Change in collective bonus potential	1.9	0.9

<sup>(1)</sup>Including estimated indirect costs

The collective bonus potential is distributed among four interest rate groups as illustrated in the table below. In addition, there is a collective bonus potential of DKK 0.3 billion for the risk groups and DKK 0.1 billion for the cost groups.

INTEREST RATE AND RISK GROUPS AT 30.06.2015				
(%)	Rate of interest on policyholders' savings before tax on pension returns (p.a.)	Return on investment before tax on pension returns	Collective bonus potential (DKK billions)	Bonus rate
Interest rate group 1 (new customers)	1.8	2.2	2.0	4.9
Interest rate group 2 (low guarantee)	1.8	-1.7	0.3	1.5
Interest rate group 3 (medium guarantee)	1.8	-1.1	0.7	6.1
Interest rate group 4 (high guarantee)	1.8	-1.5	0.9	2.0

At the end of June 2015, shareholders' equity stood at DKK 19.0 billion. The capital base amounted to DKK 18.0 billion and the individual solvency need amounted to DKK 10.8 billion, which made for a financial strength of DKK 11.4 billion after addition of DKK 4.2 billion in collective bonus potential.

The financial strength illustrates the amount by which the capital base and the collective bonus potential exceeds the statutory solvency requirement.

In addition to the financial strength, a part of the bonus potential of paid-up policies of DKK 1.2 billion may be used to cover capital losses.

Danica is closely monitoring the work on the coming EU solvency rules, Solvency II, which, among other things, are set to change the existing volume-based capital requirement to a capital requirement that more accurately reflects the risks involved in the operation.

The European Insurance and Occupational Pensions Authority (EIOPA) has announced that the application date is scheduled for 1 January 2016.

Danica Pension has worked intensively in order to be ready to meet all the new requirements as from 1 January 2016, and detailed plans are in place to ensure that Danica is able to meet all deadlines.

## RISKS AND UNCERTAINTY FACTORS

Note 5 to the consolidated financial statements contains a description of the company's risk management and the most significant risks and uncertainty factors potentially affecting the company.

## MANAGEMENT

To further strengthen Danica's investment activities and focus on asset allocation, the Executive Board was expanded to include Anders Hjelmsø Svennesen, CIO, effective from 1 May 2015.



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

No events have occurred between 30 June 2015 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 2015**

Danica Pension expects the satisfactory development in technical results to continue. However, the profit for 2015 will depend greatly on developments in the financial markets, which have an impact on the ability to book the risk allowance for the year and part of the shadow account balance to income.

If Danica is to book the full risk allowance in 2015, it will require investment returns for the remainder of the year of at least a negative 2.5% for the new business interest rate group, 1% for the low interest rate group, about 1.5% for the medium interest rate group and about 0.5% for the high interest rate group.

Accordingly, the return requirements for the second half of 2015 are slightly lower than the return requirements set out in the outlook section of the 2014 Annual Report.

# Financial highlights - Danica Pension

DKKm	First half 2015	First half 2014	Full year 2014
<b>INCOME STATEMENT</b>			
Premiums	8,922	9,323	17,517
Return on investment after tax on pension returns	4,269	13,673	27,204
Claims and benefits	-10,349	-10,430	-23,326
Change in life insurance provisions and outstanding claims provisions	7,828	-2,703	-4,432
Change in provisions for unit-linked contracts	-7,594	-7,554	-12,055
Change in collective bonus potential	-1,853	-908	-1,482
Total operating expenses relating to insurance	-347	-348	-710
Profit/loss on business ceded	-90	133	285
Transferred return on investment	-295	-621	-1,198
Technical result, Life	491	565	1,803
Gross premium income	432	433	868
Gross claims	-453	-565	-1,116
Total operating expenses relating to insurance	-42	-40	-76
Profit/loss on business ceded	-2	10	-3
Return on investment less technical interest	244	174	321
Technical result of health and accident insurance	107	-24	-146
Return on investment allocated to equity, etc.	490	440	925
Profit/loss before tax	1,088	981	2,582
Tax	-266	-209	-580
Net profit/loss for the period	822	772	2,002
<b>BALANCE SHEET</b>			
Total assets	316,303	302,276	315,846
Insurance assets, health and accident insurance	18	87	51
Technical provisions, health and accident insurance	8,738	8,530	8,873
Total shareholders' equity	18,961	18,818	20,031
Provisions for insurance and investment contracts	275,231	267,243	274,101
Collective bonus potential	4,227	2,032	2,450
<b>KEY FIGURES AND RATIOS (%)</b>			
Return before tax on pension returns	-0.4	6.0	12.7
Return before tax on pension returns, share attributable to equity	0.9	0.9	2.0
Return before tax on pension returns on customer funds	-0.3	6.7	14.0
Expenses as per cent of premiums	3.8	3.6	3.9
Expenses as per cent of provisions	0.2	0.2	0.3
Expenses per policyholder (DKK)	571	551	1,139
Cost result	-0.03	-0.02	-0.05
Insurance risk result	0.00	0.03	0.02
Bonus rate	3.6	1.6	2.0
Owners' capital ratio	16.1	14.6	16.2
Excess tier 1 capital ratio	9.1	7.9	7.7
Solvency coverage ratio	234	226	215
Return on equity before tax	5.4	5.2	13.4
Return on equity after tax	4.1	4.1	10.4
Return on customer funds after deduction of expenses before tax	-0.5	6.1	11.7
<b>RATIOS FOR HEALTH AND ACCIDENT INSURANCE</b>			
Gross claims ratio	115	132	136
Gross expense ratio	11	9	9
Combined ratio	126	139	145
Operating ratio	138	150	164
Relative run-off	0.0	-1.0	-2.3
Run-off, net of reinsurance (DKK millions)	0	-75	-175
<b>INTEREST RATE ON POLICY HOLDERS' SAVINGS IN %</b>			
Interest rate on policyholders' savings before tax on pension return	1.8	1.8	1.8
Interest rate on policyholders' savings after tax on pension return	1.5	1.5	1.5

The ratios are defined in accordance with the Danish FSA's Executive Order on Financial Reports of Insurance Companies and Lateral Pension Funds.

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

## Income statement - Danica Pension

Note	DKKm	First half 2015	First half 2014
2	Gross premiums	8,922	9,323
	Reinsurance premiums ceded	-1	1
	Total premiums, net of reinsurance	8,921	9,324
	Income from group undertakings	698	391
	Income from associates	-7	-
	Income from investment properties	3	3
	Interest income and dividends, etc.	3,142	3,050
	Market value adjustments of investments	1,835	12,857
	Interest expenses	-501	-201
	Administrative expenses related to investment activities	-294	-249
	Total investment return	4,876	15,851
	Tax on pension returns	-607	-2,178
	Return on investment after tax on pension returns	4,269	13,673
	Claims and benefits paid	-10,349	-10,430
	Reinsurers' share received	-	39
	Change in outstanding claims provision	-7	-2
	Total claims and benefits, net of reinsurance	-10,356	-10,393
	Change in life insurance provisions	7,835	-2,701
	Change in reinsurers' share	-89	93
	Total change in life insurance provisions, net of reinsurance	7,746	-2,608
	Change in collective bonus potential	-1,853	-908
	Total bonus	-1,853	-908
	Change in provisions for unit-linked contracts	-7,594	-7,554
	Total change in provisions for unit-linked contracts, net of reinsurance	-7,594	-7,554
	Acquisition costs	-55	-49
	Administrative expenses	-301	-306
	Reimbursement of costs from group undertakings	9	7
	Total operating expenses relating to insurance, net of reinsurance	-347	-348
	Transferred investment return	-295	-621
	<b>TECHNICAL RESULT</b>	491	565
	<b>TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE</b>	107	-24
	Return on investments allocated to equity	152	156
	Other income	338	284
	<b>PROFIT BEFORE TAX</b>	1,088	981
	Tax	-266	-209
	<b>NET PROFIT FOR THE PERIOD</b>	822	772
	Net profit for the year	822	772
	Other comprehensive income:		
	Translation of units outside Denmark	22	-3
	Hedges of units outside Denmark	-19	3
	Tax relating to other comprehensive income	4	-1
	Total other comprehensive income	7	-1
	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	829	771

# Balance sheet - Danica Pension

## Assets

Note DKKm	30 June 2015	31 Dec. 2014	30 June 2014
<b>INTANGIBLE ASSETS</b>	188	182	196
Investment properties	286	275	287
Holdings in group undertakings	23,982	23,340	22,418
Loans to group undertakings	81	79	81
Shares in associated undertakings	465	-	-
<b>Total investments in group undertakings and associates</b>	<b>24,528</b>	<b>23,419</b>	<b>22,499</b>
Holdings	13,307	11,118	9,111
Units in unit trusts	34,249	34,420	46,364
Bonds	106,605	115,096	107,452
Other loans	2,267	1,315	1,400
Deposits with credit institutions	3,905	8,159	9,255
Other (derivatives)	18,131	18,280	8,075
<b>Total other financial investment assets</b>	<b>178,464</b>	<b>188,388</b>	<b>181,657</b>
<b>TOTAL INVESTMENT ASSETS</b>	<b>203,278</b>	<b>212,082</b>	<b>204,443</b>
<b>UNIT-LINKED INVESTMENTS ASSETS</b>	<b>105,919</b>	<b>96,467</b>	<b>91,238</b>
Unearned premiums provision, reinsurers' share	3	5	3
Life insurance provisions, reinsurers' share	13	2,116	2,015
Outstanding claims provision, reinsurers' share	14	46	84
<b>Total technical provisions, reinsurers' share</b>	<b>30</b>	<b>2,167</b>	<b>2,102</b>
Amounts due from policyholders	681	675	580
Amounts due from insurance companies	105	317	185
Amounts due from group undertakings	1,841	27	3
Other debtors	633	519	470
<b>TOTAL DEBTORS</b>	<b>3,290</b>	<b>3,705</b>	<b>3,340</b>
Current tax assets	297	67	238
Cash and cash equivalents	843	786	747
<b>TOTAL OTHER ASSETS</b>	<b>1,140</b>	<b>853</b>	<b>985</b>
Accrued interest and rent	2,095	2,142	1,661
Other prepayments and accrued income	393	415	413
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	<b>2,488</b>	<b>2,557</b>	<b>2,074</b>
<b>TOTAL ASSETS</b>	<b>316,303</b>	<b>315,846</b>	<b>302,276</b>



# Balance sheet - Danica Pension

## Liabilities and equity

Note DKKm	30 June 2015	31 Dec. 2014	30 June 2014
Share capital	1,100	1,100	1,100
Contingency fund	1,499	1,499	1,499
Retained earnings	16,362	15,533	16,219
Proposed dividend	-	1,899	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>18,961</b>	<b>20,031</b>	<b>18,818</b>
Unearned premiums provision	459	476	516
Guaranteed benefits	151,563	162,224	158,709
Bonus potential of future premiums	2,635	2,689	4,241
Bonus potential of paid-up policies	1,225	862	1,788
Total life insurance provisions	155,423	165,775	164,738
Outstanding claims provision	8,470	8,577	8,251
Collective bonus potential	4,227	2,450	2,032
Provisions for bonuses and premium discounts	78	90	55
Provisions for unit-linked contracts	106,574	96,733	91,651
<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>	<b>275,231</b>	<b>274,101</b>	<b>267,243</b>
Deferred tax	1,466	1,463	1,552
<b>TOTAL PROVISIONS FOR LIABILITIES</b>	<b>1,466</b>	<b>1,463</b>	<b>1,552</b>
Amounts owed, direct insurance	420	317	511
Amounts owed to credit institutions	7,469	7,153	9,314
Amounts owed to group undertakings	75	82	100
Other creditors	11,873	12,162	4,500
<b>TOTAL CREDITORS</b>	<b>19,837</b>	<b>19,714</b>	<b>14,425</b>
<b>ACCRUALS AND DEFERRED INCOME</b>	<b>808</b>	<b>537</b>	<b>238</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>316,303</b>	<b>315,846</b>	<b>302,276</b>

# Statement of capital - Danica Pension

DKKm

Change in shareholders' equity	Share capital	Foreign currency translation reserve*	Contingency fund	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2014	1,100	-26	1,499	15,559	1,899	20,031
Net profit for the year				822		822
Other comprehensive income:						
Translation of foreign units	-	22	-	-	-	22
Foreign unit hedges	-	-19	-	-	-	-19
Tax on entries on shareholders' equity	-	-	-	4	-	4
Total other comprehensive income	-	3	-	4	-	7
Comprehensive income for the period	-	3	-	826	-	829
Dividends paid	-	-	-	-	-1,899	-1,899
Shareholders' equity at 30 June 2015	1,100	-23	1,499	16,385	0	18,961
Shareholders' equity at 31 December 2013	1,100	-8	1,499	15,456	490	18,537
Net profit for the year				772		772
Other comprehensive income:						
Translation of foreign units	-	-3	-	-	-	-3
Hedges of units outside Denmark	-	3	-	-	-	3
Tax on other comprehensive income	-	-	-	-1	-	-1
Total other comprehensive income	-	0	-	-1	-	-1
Comprehensive income for the period	-	0	-	771	-	771
Dividends paid	-	-	-	-	-490	-490
Shareholders' equity at 30 June 2014	1,100	-8	1,499	16,227	0	18,818

\* Recognised in the balance sheet under retained earnings.

Danica Pension has an obligation to allocate part of the excess equity to certain policyholders of Statsanstalten for Livsforsikring (now part of Danica Pension) if the percentage by which the equity exceeds the required capital base 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. Special allotments and/or dividend compensation to those policyholders are recognised as an expense in the income statement item "Change in life insurance provisions".

Moreover, Danica Pension's ability to distribute dividends is limited by the pension companies' agreement with the Ministry of Business and Growth Denmark to limit dividends to a minimum solvency ratio of 175% relative to the greater of the solvency requirement and the solvency need. This limitation will be removed once the industry and the Ministry of Business and Growth have agreed how best to incorporate the final technical assumptions of Solvency II in the yield curve, however not later than 1 January 2016.

The possibility of paying dividend will be assessed during the second half of 2015.

The share capital is made up of 11,000,000 shares of a nominal value of Dkr100 each. All shares carry the same rights; there is thus only one class of shares.

In the first half of 2015, no transfer was made to the shadow account. At 30 June 2015 the shadow account totalled DKK 557 million.

## Statement of capital - Danica Pension

DKKm	30 June 2015	31 Dec. 2014	30 June 2014
Solvency requirement and capital base			
Shareholders' equity	18,961	20,031	18,818
Proportionate share of capital base of insurance subsidiaries	519	441	468
- Value of proportionate share	-520	-506	-470
Tier 1 capital	18,960	19,966	18,816
- Proposed dividend	-	-1,899	-
- Expected dividend	-	-	-200
- Intangible assets	-188	-182	-196
- Proportionate share of capital requirement of insurance subsidiary	-124	-114	-119
Reduced tier 1 capital	18,648	17,771	18,301
Capital base	18,648	17,771	18,301
Solvency requirement for life insurance	7,700	7,989	7,886
Solvency requirement for health and accident insurance	295	295	295
Total solvency requirement	7,995	8,284	8,181
Excess capital base	10,653	9,487	10,120

The capital base should at any time exceed the higher of the solvency requirement, calculated in accordance with the Danish Financial Business Act, and the solvency need.

# Notes – Danica Pension

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Note

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## 1 SIGNIFICANT ACCOUNTING POLICIES

Danica Pension's financial statements are prepared in accordance with the Danish Financial Business Act, including the Danish FSA's executive order of 7 February 2013 on financial reports presented by insurance companies and lateral pension funds.

The accounting policies are consistent with those applied in the annual report for 2014, except for the following matter:

### **Report and supplementary/corrective information on Danica Pension's annual report for 2014**

As mentioned in the financial review, p. 6, during the first half of the year, Danica Pension responded to the Danish FSA's request for a report on the accounting treatment of one specific pension scheme – a company pension scheme for current and former Danske Bank employees and has subsequently extensively discussed with the FSA the interpretation of the agreements underlying the pension scheme and the resulting accounting treatment.

These discussions with the FSA have caused Danica Pension to reassess its recognition and measurement and presentation and, as a result, change its previous accounting policy for the pension scheme in question retrospectively for the annual report for 2014.

Danica Pension's correction of the accounting method used to measure and present life insurance provisions for the pension scheme are described in more detail in Report and supplementary/corrective information on the annual report for 2014.

As a result of the discussions with the Danish FSA and the resulting correction of the financial statements, Danica Pension has increased the life insurance provisions relating to the scheme to reflect the full benefit promise, without consideration to the fact that the benefit promises are conditional and that the scheme has a return guarantee provided by Danske Bank. Also, the return guarantee provided by the employer in relation to the pension scheme has been recognised and measured as a separate asset in the balance sheet (under Other financial investment assets).

Accordingly, Danske Bank's return guarantee is recognised as a separate asset in the balance sheet at 31 December 2014 at an estimated fair value of DKK 200 million. Moreover, the life insurance provisions at 31 December 2014 have been increased by DKK 1,037 million.

The changed accounting policy for this specific pension scheme reduces shareholders' equity at 31 December 2014 by DKK 736 million net after tax (DKK 774 million at 30 June 2014) as the increased life insurance provisions at 31 December 2014 result in the recognition in the balance sheet of a tax receivable of DKK 228 million and a liability regarding tax on pension returns of DKK 127 million. As a result of the changed measurement of the pension scheme, profit for the year after tax for 2014 is increased by DKK 103 million (DKK 65 million for the first half of 2014). The comparative figures for 2014 have been restated accordingly. For further information, see Report and supplementary/corrective information on the annual report for 2014.

The change in accounting policy is not related to contribution and therefore does not affect the bonus potential.

### **Accounting estimates and judgments**

Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the financial statements. As was the case at year end 2014, the estimates and assumptions that are deemed critical to the financial statements are:

- Liabilities under insurance contracts
- Fair value measurement of financial instruments
- Fair value measurement of real property

For a more detailed description of this and for a description of significant risks and external factors that may affect the company, see the annual report for 2014.

### **Audit**

The interim report has been reviewed.



## Notes - Danica Pension

Note	DKKm	First half 2015	First half 2014
2	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	5,459	5,565
	Single premiums	3,758	4,161
	Total direct insurance	9,217	9,726
	Total gross premiums	9,217	9,726
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	47	40
	Single premiums	248	363
	Total premiums paid	295	403
	Total gross premiums included in the income statement	8,922	9,323
3	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	409	408
	Reinsurance premiums ceded	-3	-3
	Change in unearned premiums provision	23	25
	Change in unearned premiums provision, reinsurers' share	-2	-2
	Premiums, net of reinsurance	427	428
	Technical interest	-34	-32
	Claims paid, gross	-487	-471
	Reinsurers' share received	33	14
	Change in outstanding claims provision	33	-95
	Change in outstanding claims provision, reinsurers' share	-31	-4
	Claims, net of reinsurance	-452	-556
	Bonus and premium discounts	-38	-3
	Acquisition costs	-11	-11
	Administrative expenses	-30	-29
	Reinsurance commissions and profit sharing	1	5
	Total operating expenses relating to insurance, net of reinsurance	-40	-35
	Return on investment	244	174
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	107	-24

## Notes - Danica Pension

Note	DKKm	30 June 2015	31 Dec. 2014	30 June 2014
4	CONTINGENT LIABILITIES			
	The following assets have been deposited as collateral for policyholders' savings:			
	Shares in subsidiary undertakings	23,542	22,912	22,029
	Investment properties	465	-	-
	Holdings	11,064	9,513	8,196
	Unit trust certificates	30,417	34,205	46,350
	Bonds	97,971	106,785	97,480
	Other loans	2,268	1,316	1,400
	Deposits with credit institutions	2,849	4,688	9,189
	Net other	7,478	9,999	5,742
	Unit-linked investment assets	105,569	96,157	90,912
	Accrued interest	2,089	2,129	1,647
	<b>Total</b>	<b>283,712</b>	<b>287,704</b>	<b>282,945</b>
	Mortgages have been issued as security for the technical liabilities in a total amount of	75	75	75
	As collateral for derivative transactions, the group has delivered bonds equal to a total fair value of	418	261	26
	The company has undertaken to participate in investment in unlisted shares with an amount of	15,864	15,185	12,874
	The company is 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 company is registered jointly with group undertakings for financial services employer tax and VAT, for which it is jointly and severally liable.			
	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 the cases pending to have any material effect on the financial position.			

# Notes – Danica Pension

Note

## 5 RISK MANAGEMENT AND SENSITIVITY RATIOS RISK MANAGEMENT

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

The company is exposed to a number of different risks.

Financial risks	Insurance risks	Operational risks	Business risks
Market	Longevity	IT	Reputation
Liquidity	Mortality	Legal	Strategic
Counterparty	Disability	Administrative	
Concentration	Concentration	Fraud	

### **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 company'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 liquidate 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 company has three sources of financial risk:

- Investments relating to conventional products
- Investments relating to market products with investment guarantees.
- Direct investments of shareholders' equity

The amount of financial risk differs for the various products in the company's product range.

The most significant financial risk of the company is the market risk relating to conventional life insurance products.

### **Investments relating to conventional products**

The company'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 investment return on customer funds for the year in the individual interest rate groups 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 bonus potential of paid-up policies of each 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 the Danish FSA. Effective as of 12 June 2012, the Ministry of Business and Growth and the Danish Insurance Association signed an agreement that included an adjustment of the discount curve for long-term interest rates, which are now assumed to converge towards the Ultimate Forward Rate (UFR). The agreement was to expire on 31 December 2013, but was extended. A number of technical assumptions and requirements of the discount curve must be complied with under Solvency II, which enters into force on 1 January 2016. The discount curve under Solvency II has now been determined and announced. The principal changes relative to the current discount curve are as follows:

- Deduction to allow for credit risk in euro swap rates on which the curve is based
- Adjustment for EUR/DKK currency risk fixed at 1 bp
- Former OAS premium replaced by volatility adjustment
- Convergence to the UFR changed from 30 years to 60 years.

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 material losses on its risk exposure as a result of major interest rate fluctuations. 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, the company must invest in non-Danish interest rate instruments. The bond portfolio therefore comprises 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 in the form of country and credit spreads.

The credit spread risk on bond holdings is limited as 71% of the portfolio at 30 June 2015 consists of government and mortgage bonds with high credit quality (AA – AAA) with the international credit rating agencies or in unrated bonds with a similar high credit quality. Just 10% of the portfolio is invested in non-investment grade bonds.

# Notes – Danica Pension

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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.

Foreign exchange risk is insignificant as it is limited by means of derivatives.

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 market products***

Policyholders assume the financial risk associated with investments under the market rate products, Danica Link, Danica Balance and Danica Select, with the exception of contracts with investment guarantees. At 30 June 2015, 18% of policyholders had investment guarantees in the guaranteed period. The guarantees do not apply until the policyholder retires and is paid for by an annual fee.

Danica Pension manages the risk on financial guarantees in Danica Link with financial derivatives and by adjusting the investment allocation during the last five years before retirement. 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.

Investment guarantees are not available under Danica Select.

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

Shareholders' equity is subject to financial risk on the investment of assets allocated to shareholders' equity and on investments relating to the health and accident business.

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

### ***Insurance risk***

Insurance risk is 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.

In respect of insurance risk, concentration 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 portfolio diversification and by reinsurance.

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

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

### ***Operational risk***

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

### ***Business risk***

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

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

The company 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 discloses for the company the effect on shareholders' equity and on collective bonus potential and the bonus potential of paid-up policies of isolated changes in interest rates (increases and decreases) and other relevant financial risks as well as changes in the mortality and disability rates.

A 10% decline in the mortality rate, corresponding to an increase in longevity of about one year, would increase the liabilities by DKK 1.3 billion, of which shareholders' equity would cover DKK 0.5 billion.



# Notes – Danica Pension

Note

Of the two interest rate scenarios, an interest rate fall would overall be the worse for the company. In an isolated scenario with a 0.7 percentage point interest rate fall, the collective bonus potential would be reduced by 0.6 billion and shareholders' equity would remain unchanged.

Except for credit spreads, the financial stress tests in the table below are defined in the Danish FSA's red traffic light scenario. A company is considered to be in the red light scenario if its capital is insufficient to cover the solvency requirement less 3% of life insurance provisions under the red light scenario. If a company is in the red light scenario, the Danish FSA will become involved in the financial management of the company.

Danica Pension has been in the green light scenario since the FSA's traffic light scenarios were introduced in 2001.

## SENSITIVITY INFORMATION 30 JUNE 2015

(DKK billions)	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum effect on bonus potential of paid-up policies before change in drawn bonus potential of paid-up policies	Maximum effect on drawn bonus potential of paid-up policies
Interest rate increase of 0.7-1.0 percentage point	0.0	-1.0	1.8	0.0
Interest rate fall of 0.7-1.0 percentage point	0.0	-0.6	-0.7	0.0
Equity price fall of 12%	-0.2	-2.1	-	0.0
Fall in property prices of 8%	-0.2	-1.3	-	0.0
Foreign exchange risk (VaR 99.0%)	0.0	-0.3	-	0.0
Loss on counterparties of 8%	-0.2	-1.6	-	0.0
Decrease in mortality rate of 10%	-0.5	-1.3	0.0	0.0
Increase in mortality rate of 10%	0.0	1.7	0.0	0.0
Increase in disability rate of 10%	0.0	-0.1	0.0	0.0

## Statement by the management

The Board of Directors and the Executive Board (the management) have today considered and approved the interim report of Danica Pension, Livsforsikringsaktieselskab for the six months ended 30 June 2015.

The consolidated interim financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the interim financial reporting requirements of the executive order on financial reports presented by insurance companies and lateral pension funds.

In our opinion, the interim financial statements give a true and fair view of the assets, liabilities, shareholders' equity and financial position at 30 June 2015 and of the results of the company's operations for the six months ended 30 June 2015. Moreover, in our opinion, the management's report includes a fair review of developments in the company's operations and financial position and describes the significant risks and uncertainty factors that may affect the company.

Copenhagen, 22 July 2015

### Executive Board

Per Klitgård  
CEO

Jacob Aarup-Andersen

Jesper Winkelmann

Anders Hjelmsø Svennesen

### Board of Directors

Thomas F. Borgen  
Chairman

Henrik Ramlau-Hansen  
Deputy Chairman

Kim Andersen

Thomas Falck

Ib Katznelson

Thomas Mitchell

Charlott Due Pihl

Peter Rostrup-Nielsen

Malene Stadil

Per Søgaard

# INDEPENDENT AUDITOR'S STATEMENT ON THE REVIEW OF THE INTERIM FINANCIAL STATEMENTS

## To the shareholder of Danica Pension, Livforsikringsaktieselskab

We have reviewed the interim financial statements of Danica Pension, Livforsikringsaktieselskab for the six months ended 30 June 2015. The interim financial statements comprise significant accounting policies, income statement, statement of comprehensive income and selected notes to the financial statements of the company. The interim financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the interim financial reporting requirements of the executive order on financial reports presented by insurance companies and lateral pension funds.

### Management's responsibility for the interim financial statements

Management is responsible for the preparation of the interim financial statements that give a true and fair view in accordance with the Danish Financial Business Act, including the interim financial reporting requirements of the executive order on financial reports presented by insurance companies and lateral pension funds. Management is also responsible for the internal control that it considers necessary for preparing interim financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express a conclusion on the interim financial statements. We conducted our review in accordance with the International Standard on Review Engagements "Review of interim financial information performed by the independent auditors of the entity" and additional requirements under Danish audit regulation. We are required to express a conclusion whether anything has come to our attention that causes us to believe that the interim financial statements as a whole have not been prepared, in all material respects, in accordance with the applicable financial reporting framework. We are also required to comply with ethical requirements.

A review of interim financial statements conducted in accordance with International Standard on Review Engagements "Review of interim financial information performed by the independent auditors of the entity" is a limited assurance engagement. The auditors perform procedures that consist mainly of making inquiries of management and, where appropriate, of other employees of the company, and applying analytical procedures and an assessment of the evidence obtained.

The scope of a review of interim financial information is substantially less than the scope of an audit conducted in accordance with International Standards on Auditing, and, accordingly, we do not express an opinion regarding the interim financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements do not give a true and fair view of the financial position at 30.06.2015 and of the results of operations for the period 01.01.2015 – 30.06.2015 in accordance with the provisions of the Danish Financial Business Act, including the interim financial reporting requirements of the executive order on financial reports presented by insurance companies and lateral pension funds.

Copenhagen, 22. juli 2015

### Deloitte

Statsautoriseret Revisionspartnerselskab

Erik Holst Jørgensen  
State-authorised public accountant

Lone Møller Olsen  
State-authorised public accountant

## Address

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CVR 24256146

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