



Interim report – first half 2022

Danica Pension, Livsforsikringsaktieselskab

Danica Pension

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This Interim Report – First Half 2022 is a translation of the original report in the Danish language (Delårsrapport – 1. halvår 2022). In case of discrepancy, the Danish version prevails.

SELECTED FINANCIAL HIGHLIGHTS FOR THE DANICA GROUP

	Full year		
(DKK millions)	H1 2022	H1 2021	2021
PREMIUMS INCLUDING INVESTMENT CONTRACTS	18,408	17,382	36,823
INCOME STATEMENT			
Technical result, Life	377	1,296	2,638
Technical result, Health and accident insurance	-752	-355	-465
Return on investment allocated to shareholders' equity, etc.	-242	30	-95
Profit/loss before tax	-617	971	2,078
Taxation	66	-214	-424
Profit after tax from discontinued operations	410	33	76
Profit/loss for the period	-141	790	1,730
BALANCE SHEET			
Total assets	731,692	650,696	679,619
Technical provisions, health and accident insurance	15,787	17,198	17,598
Total provisions for insurance and investment contracts	414,944	452,020	470,191
Total shareholders' equity	21,709	23,178	24,122
KEY FIGURES AND RATIOS (%)			
Return related to average rate products	-13.5	-1.3	0.0
Return related to unit-linked products	-16.2	7.4	13.3
Risk on return related to unit-linked products	4.75	4.50	4.50
Net return before tax on pension returns on average-rate products ¹⁾	-5.8	3.1	5.2
Expenses as per cent of provisions	0.15	0.14	0.27
Expenses per policyholder (DKK)	846	829	1,596
Return on equity after tax	-0.6	3.5	7.4
Solvency coverage ratio (Group) ²⁾	184	215	210
Solvency coverage ratio (Parent) ³⁾	184	218	212
RATIOS FOR HEALTH AND ACCIDENT INSURANCE			
Gross claims ratio	98	154	143
Gross expense ratio	11	9	10

¹⁾ Includes change in accumulated value adjustment.

²⁾ At 30 June 2022, the Group's solvency capital requirement (SCR) was DKK 14,039 million and its total capital was DKK 25,859 million.

³⁾ At 30 June 2022, the Parent Company's solvency capital requirement (SCR) was DKK 14,043 million and its total capital was DKK 25,859 million.

Comments on selected financial highlights for the Group

Premiums including investment contracts comprise all regular and single premiums in the life business and health and accident insurance premiums.

DANICA PENSION'S STRATEGY AND THE PERIOD AT A GLANCE

Danica Pension's strategy is based on our ambition to be our customers' financial security provider and thereby ensure that they are satisfied with our services. Our aim is to be one step ahead in advising our customers about how to achieve financial security, both in terms of pension savings and insurance covers that will enable them to provide for themselves and their family in the event of long-term illness.

We focus on proactively helping our customers – both personal and business customers – to ensure that they have the right and best pension, insurance and healthcare solutions.

First half performance was strongly impacted by worldwide turmoil and plunging financial markets

The first six months of 2022 brought extraordinary financial market turbulence. The combined factors of the atrocious war in Ukraine, rising inflation, supply shortages and soaring interest rates resulted in negative returns across all markets and all asset classes. Of course, this also had a major impact on us and our customers. Customers with unit-linked pension schemes saw negative returns on their pension savings, and the negative financial markets also caused Danica Pension to post a loss before tax for the first half, despite the strong underlying business.

For pension customers, it is important to keep in mind that the poor returns for the first half were preceded by three years of very good returns.

War in Ukraine

The war in Ukraine is obviously heartbreaking for the Ukrainian population. Danica Pension has done what we can to take appropriate action in this new situation. Immediately after Russia invaded Ukraine, Danica Pension started selling off all Russian investments, totalling some DKK 300 million. We also decided to improve the cover for loss of earning capacity for customers with compulsory company pension schemes who travel to or are staying in Ukraine (excepting persons actively engaged in the war). This improved cover will remain in place until 31 December 2022, and we will regularly assess whether it needs to be extended.

Additionally, Danica Pension's employees have been given the opportunity to do volunteer work during working hours (up to three full days in 2022) in relation to the Ukraine war, for example to help Ukrainian refugees.

Growth and development in premiums

Danica Pension's premium payments grew in the first half of 2022, continuing the significant growth of 2021. Premiums were up 5.9% compared with the same period of 2021, covering increases of 8.8% in regular premiums and 3.0% in single

premiums.

The strong growth in 2021 and 2022 was partially driven by a net addition of new business customers, as particularly several large companies selected Danica Pension as their new provider. Our overall value proposition comprising attractive net returns, the market's best healthcare solutions, proactive, relevant advisory services and strong focus on sustainability is the driving force behind our current strong market position, which we intend to maintain and further develop going forward.

Financial markets

With double-digit percentage losses on equities combined with a 2 percentage point increase in interest rates, pension savings took a beating in the first half of 2022.

The global economy was affected by central banks tightening their monetary policy in order to curb inflation, which has been rising since the beginning of the year due to the war in Ukraine, and the derivative effects on energy and food prices. In Europe, key lending rates are now expected to exceed 2% by the end of 2022, and in the US, they are expected to exceed 3% by year end.

The tight financial conditions are expected to restrain global economic growth, and COVID-19 remains a factor in, among other places, China, where severe restrictions were imposed in several areas. With the spread of new, more contagious strains, the risk of further lockdowns – in China and elsewhere – remains high. The West is on the brink of recession, but Danica Pension does not expect the situation to deteriorate quite to that point.

The financial markets are still volatile, but we expect conditions to normalise during the second half of 2022, and on the upside, the current interest rate environment opens up the prospect of improved business conditions following several years of low or negative interest rates. Consequently, Danica Pension maintains the long-term investment strategy that has continued to produce good returns, both in absolute and relative terms, in the past three years.

Negative investment returns

The first half of 2022 was marked by strong financial market headwinds throughout the world, typically resulting in negative net returns of between 16.5 and 11.3% for Danica Pension customers with unit-linked products. For customers with a medium risk profile and 20 years to retirement, the net return was a negative 14.3%. Since 1 January 2019, customers with a medium risk profile and 20 years to retirement have seen a total net return of 32.3%, which is among the highest among commercial pension providers.

Danica Pension has delivered returns at the top of the market ever since the launch of a new

investment strategy in early 2016. It remains our clear ambition to generate long-term returns among the highest in the pension market for our customers, thereby contributing to their financial security.

Strong focus on the self-employed

In September 2021, Danica Pension and Pension for Selvstændige signed a new five-year agreement, which means that 36,000 self-employed customers with total pension savings of DKK 36 billion will continue as Danica Pension customers. For more than 30 years, we have had a strong focus on the self-employed.

Making a difference for the self-employed is deeply embedded in Danica Pension's DNA – advising them to ensure that they have the right pension schemes and adequate insurance covers if they suffer long-term illness and providing the best healthcare solutions to reduce their sickness absence. The collaboration with Pension for Selvstændige continues, and Danica Pension thus helps to provide security for one of the most important pillars of society. It is our ambition that this collaboration benefits the self-employed as well as the Danish society, Pension for Selvstændige and Danica Pension.

Proactive advice is a cornerstone

A cornerstone of Danica Pension's value proposition is relevant, proactive advice that promotes financial security. Danica Pension proactively contacts customers who have given their consent, giving them relevant advice when life-changing events happen, such as if their salary changes or if they move or get married. This relieves our customers of the burden of having to keep track themselves and worrying about whether they have the right pension and insurance covers.

Close collaboration with Danske Bank for the benefit of customers

It remains a priority for us to make pension customers aware of the advantages of being a customer of both Danica Pension and Danske Bank. When our customers bank exclusively with the Danske Bank Group, we are able to deliver even more financial security and strengthen our relationship. It means that we can advise customers on all aspects of their finances (home, pension and investment of cash funds) while also executing on Danica Pension's clear recommendations. Moreover, customers can often obtain more favourable terms because their pension savings are included in their business volume.

It is a great advantage to Danica Pension that Danske Bank holds a strong position in terms of providing customers with the best and most user-friendly digital solutions, as this also benefits our customers.

In the responsible investment area, it is also a great advantage to us that we are able to draw on Danske

Bank's experience and expertise, both in terms of incorporating responsibility in all our investment processes, analyses, reporting, active ownership and in our specific investments.

Reduced loss on health and accident business

Danica Pension's health and accident business produced a loss in the first half of 2022. The loss on the health and accident business amounted to DKK 752 million, of which the investment result accounted for a loss of DKK 664 million and the underlying health and accident result accounted for a loss of DKK 88 million.

The underlying loss on the health and accident business has been reduced, and we are very pleased that the number of customers experiencing long-term absence due to illness has been lowered by 25% in the past three years, and that, among customers on long-term absence, 10% more have been able to return to work in the past year. This means that the initiatives and investments we have launched over the past few years, particularly in the healthcare and prevention areas, are proving effective.

In order to ensure a high-quality healthcare offering and a sounder balance between income and expenditure, we have already launched a number of initiatives in the health and accident business. One such initiative is an improved health package providing quick and easy access to doctors, psychologists and dieticians with the aim of helping customers before the difficulties grow and lead to long-term absence due to illness. The new health package has been a great success, and Danica Pension's customers are using the services more and more frequently. As a result, more customers are getting help and fewer suffer long-term illness.

As a result, Danica Pension complies with the requirement of the Danish FSA's new executive order that underlying health and accident results must be in balance. Our primary measures to achieve this are better healthcare solutions and claims processing leading to fewer instances of long-term absence due to illness and reactivation of more customers.

Changed rate of interest on policyholders' savings

Effective from 1 July 2022, Danica Pension has lowered the rate of interest on policyholders' savings from 2% to 0% in the one of the interest rate group (interest group D1). The interest rate reduction is a consequence of a significant negative investment return for the first half of 2022 that was caused by the financial market turbulence.

Measurement of insurance provisions for solvency purposes

In January 2020, the Danish FSA ordered almost all life insurance and pension providers in Denmark – including Danica Pension – by 31 December 2022 to calculate their technical provisions for solvency

purposes on the basis of expected cash flows from premiums and benefits calculated under a number of different return scenarios.

In response to the order, Danica Pension decided to develop its own projection model for the calculation of provisions for solvency purposes. This work is progressing according to plan, but it is too early to predict whether the projection model will result in an increase or a reduction of Danica Pension's solvency capital requirement.

Norwegian business sold

In December 2021, it was announced that Danica Pension's Norwegian activities had been sold to Norwegian finance group Storebrand. After approval by the Norwegian authorities, the transaction has now been finalized.

With the sale, we are sharpening the focus of our business and are now even better equipped to develop the best pension solutions for our customers in Denmark.

The reason for the sale is that Danica in Norway was at the end of a successful strategy period with great ambitions for the future journey, which would require major investments and focus. This made us reassess our presence in Norway and whether Danica Pension was the right owner for the next step of the journey. It was decided that the best solution for our customers in Denmark and in Norway and for Danica Pension would be for us to hand over the reins to a new owner.

Danica Pension is very pleased with the growth and performance that has been achieved in the Norwegian market for pension products, which is also reflected in the satisfactory selling price of approximately NOK 2 billion.

Changes to the Executive Board

Danica Pension saw a change in the CEO position in the first half of 2022, as Ole Krogh Petersen stepped down in February and Søren Lockwood took over. On 1 May, Dorthe Bilsgaard was appointed as Chief Commercial Officer (CCO). Danica Pension's Executive Board subsequently consists of Søren Lockwood, CEO, Thomas Dyhrberg Nielsen, CFO, Jesper Bjerre, COO and Dorte Bilsgaard, CCO.

SOCIETAL IMPACT AND SUSTAINABILITY

Societal impact and sustainability are key elements of Danica Pension's business strategy. Our 2025 strategy focuses on three main themes – climate and environment, financial security and a healthy working life and senior life – that support the UN Sustainable Development Goals.

Offering customers Danica Balance Sustainable Choice as the standard solution

With Danica Balance Sustainable Choice, Danica Pension customers have the option to invest in companies that are committed to making a

difference within the scope of the UN Sustainable Development Goals. At 1 July 2022, driven by customer demand, Danica Pension decided to offer business customers the option of making Danica Balance Sustainable Choice their standard company pension scheme. Business customers may decide that 25% of their new employees' pension savings are to be invested in Danica Balance Sustainable Choice, for example. At 30 June 2022, our customers had chosen to invest DKK 2.9 billion in this solution.

Climate ambitions

Danica Pension has joined the UN-convened Net-Zero Asset Owner Alliance and has committed to achieving carbon neutral investment portfolios by 2050. We have defined carbon emissions targets for 2025 in five key sectors: energy, utilities, transport, cement and steel. Our ambition is to help reduce carbon emissions for these key sectors by between 15% and 35% relative to the 2019 level. In the first six months of 2022, one of our primary focus areas was dialogue with the energy sector to further promote the green transition.

To contribute further to the transition towards a climate-friendly society, it is Danica Pension's ambition to invest DKK 50 billion in the green transition by the end of 2023. At 30 June 2022, Danica Pension had invested DKK 33.5 billion in, among other things, green infrastructure, green bonds, sustainable properties and equity and bond investments in the green transition.

The growing pressure on biodiversity aggravates the climate crisis. Nature, ecosystems and animal life are important factors in achieving the goals of the Paris Agreement, as they absorb a large portion of carbon emissions. Therefore, Danica Pension has via Danske Bank signed up to PBAF (Partnership for Biodiversity Accounting Financials), an international organisation working to enable financial institutions to assess and disclose the impact and dependencies on biodiversity of their loans and investments. Danica Pension furthermore discusses biodiversity issues with the companies we invest in so as to influence them to protect nature and restore ecosystems. We furthermore exclude a number of companies that pollute water, clear forests or harm animal habitats.

Increased financial security

Our aim is to increase the financial security of at least 500,000 individuals or businesses in the period from 2019 to 2025. The status at 30 June 2022 is that Danica Pension in Denmark has increased the financial security of 267,900 individuals and businesses since 2019, for example via online Pension Check, Pension Start or advisory meetings.

During the first half of 2022, we further highlighted financial security via media coverage, among other things. We focused on the differences between men's and women's pensions and the recent political agreement in Denmark, which sets out less

stringent rules on set-off against state retirement pension and anticipatory pension. We furthermore focused on the potential effects on Danish pensions of the recommendations of the Danish Commission on Retirement and Decreasing Working Ability.

Focus on health and prevention

We also want to drive the development towards a healthier society with less absenteeism. Our goal is to help at least 200,000 individuals and businesses achieve a healthy working life and senior life before the end of 2025 and to focus more on prevention. The status in June 2022 was that Danica Pension in Denmark had helped 152,600 individuals and businesses with treatment or financial compensation. This included health insurance, cover for loss of earning capacity, cover for critical illness and the health package.

The first half of 2022 was marked by the war in Ukraine. Danica Pension has developed concrete advice to companies, a crisis counselling package for employees affected by the war and a slightly adjusted version of our loss of earning capacity insurance product that makes it easier to help affected employees.

To highlight our prevention efforts, in the first half of 2022 Danica Pension focused strongly on hybrid working and the return to a working week with more days at the office. In March 2022, Danica Pension and Microsoft hosted a major digital conference focusing on how technology can support a healthy hybrid working life. This included both the physical and the digital set-up and the manager's role.

In April 2022, Danica Pension launched the tool Healthy Steps for business customers. By answering a few questions about the overall state of health of their employees, companies get concrete recommendations and tools for preventive activities. Also, in May 2022, Danica Pension launched the new online talk show Danica Lounge, which offers business customers inspiration and insights into current topics relating to pension, sustainability and health.

Responsible investments focusing on dialogue

Lastly, we continually strive to lift our ambitions in the area of responsible investments and active ownership. Danica Pension engaged in dialogue with 362 companies in 2021, representing an increase of close to 80% compared with 2019. In spring 2022, Danica Pension increased the pressure on US banks to contribute to the green transition, for example. At the banks' general meetings, Danica Pension supported proposals aimed at making the banks stop funding new gas, coal or oil projects in accordance with the Paris Agreement.

FINANCIAL REVIEW

Special matters

Performance for the period affected by financial market developments

The financial market developments in the first half of 2022 severely impacted Danica Pension's interim report. Heavy price plunges in most investment assets led to negative investment results on health and accident insurance and the life insurance products in which Danica Pension is subject to investment risk, significantly affecting the results for the period.

The loss for the period amounted to DKK 141 million, which included a profit of DKK 415 million from the sale of Danica Norway, against a profit of DKK 790 million for the first half of 2021.

Norwegian business sold

At the end of the first half, Danica Pension completed the sale of the Norwegian subsidiary, Danica Pensjonsforsikring AS, to Norwegian finance group Storebrand. The sale, which generated a profit of DKK 415 million, was recognised in the interim report.

Additional pension returns tax on health and accident business

As stated in the annual report for 2021, towards the end of 2021, the Danish tax authorities made a claim against Danica Pension for additional pension returns tax on the health and accident business. The tax authorities contend that negative risk and cost results in the health and accident business are subject to tax on pension returns. In Danica Pension's opinion, negative results in the health and accident business are not subject to tax on pension returns.

Danica Pension has appealed the tax authorities' decision to the National Tax Tribunal.

At 30 June 2022, Danica Pension had recognised a total provision of DKK 765 million, including interest, for potential additional pension returns tax, against DKK 710 million at 31 December 2021.

Changes in accounting policies

Danica Pension has changed the presentation of the part of the change in the profit margin relating to life insurance that is used to cover expected future losses on health and accident insurance, so that it is now presented in the income statement under the result of life insurance instead of, as previously, under the result of health and accident insurance.

The change affects neither profit/loss nor shareholders' equity. The change did, however, reduce the result of life insurance at 30 June by DKK 332 million and increase the result of health and accident insurance correspondingly.

Comparative figures for prior periods have been restated.

New financial reporting standard on insurance contracts

The new international financial reporting standard on insurance contracts (IFRS 17) becomes effective at 1 January 2023. While the new standard is not expected to affect Danica Pension's equity or future profit/loss to any significant degree, it will materially change the presentation of the Group's income statement and balance sheet.

Profit/loss for the period

For the first half of 2022, the Danica Pension Group realised a loss before tax and discontinued operations of DKK 617 million, against a profit of DKK 971 million for the first half of 2021. After tax and discontinued operations, the loss for the first half of 2022 amounted to DKK 141 million, against a profit of DKK 790 million for the first half of 2021.

DANICA GROUP		
(DKK millions)	H1 2022	H1 2021
Technical result, Life insurance	377	1,296
Technical result, Health and accident insurance	-752	-355
Result of insurance business	-375	941
Return on investment allocated to shareholders' equity, etc. ¹⁾	-242	30
Profit/loss before tax	-617	971
Taxation	66	-214
Profit/loss for the period, continuing operations	-551	757
Profit after tax from discontinued operations	410	33
Profit/loss for the period	-141	790

1) Including other income and other expenses

The result of insurance business for the first half of 2022 was severely impacted by the financial market downturn during the first half of the year and thus fell short of the outlook in the annual report for 2021. Disregarding the financial market impact, the result of the underlying business was in line with expectations.

The technical result of life insurance for the first half of 2022 amounted to DKK 377 million, against DKK 1,296 million in the first half of 2021. As has been the case in the past few years, Danica Pension was able to book the full risk allowance for all interest rate groups in the first half of 2022. The result was adversely affected by negative investment results on the life insurance products in which Danica Pension is subject to investment risk and by the change in accounting policies.

The technical result of health and accident insurance for the first half of 2022 was a loss of DKK 752 million, against a loss of DKK 355 million in the first half of 2021. The development was exclusively due to a lower investment result in the health and accident business that was affected by

the financial market developments. The risk and cost results relating to health and accident insurance improved significantly to a loss of DKK 88 million for the first half of 2022, against a loss of DKK 464 million in the first half of 2021.

The return on investment allocated to shareholders' equity, etc. was impacted by the financial market downturn.

Profit after tax from discontinued operations consisted of the operating loss for the period in Danica Norway and the DKK 415 million profit from the sale of Danica Norway.

The allocation of special allotments to policyholders from the former Statsanstalten for Life Insurance was preliminary calculated at DKK 29 million in the first half of 2022, against DKK 25 million in the first half of 2021.

Gross premiums

Gross premiums were up 5.9%, from DKK 17.4 billion in the first half of 2021 to DKK 18.4 billion in the first half of 2022. The increase was primarily due to regular premium growth.

PREMIUMS (INCLUDING INVESTMENT CONTRACTS) - H1					
(DKK billions)	2022	2021	2020	2019	2018
Life insurance	17.6	16.6	13.2	12.8	12.0
Health and accident	0.8	0.8	0.8	0.8	0.8
Total premiums	18.4	17.4	14.0	13.6	12.8

Investment return

Unit-linked products generated an aggregate negative return before tax on pension returns of DKK 38,153 million in the first half of 2022, equivalent to a negative 16.2% before tax on pension returns.

The table below shows returns on the unit-linked product Balance Mix and Balance Sustainable Choice Mix, broken down by risk profile and number of years to retirement:

RETURN BEFORE TAX, H1 2022 (%)			
Risk	30 years to retirement	20 years to retirement	5 years to retirement
Danica Balance Mix			
High risk profile	-16.5	-16.5	-13.5
Medium risk profile	-15.8	-14.3	-12.3
Low risk profile	-14.8	-12.7	-11.3
Danica Balance Sustainable Choice Mix			
High risk profile	-16.3	-16.3	-13.9
Medium risk profile	-15.8	-14.6	-13.0
Low risk profile	-15.0	-13.3	-12.1

The negative returns were mainly attributable to losses on high-risk assets and sharp interest rate increases.

For the first half of 2022, the return on investment

of customer funds before tax on pension returns for conventional products was a negative DKK 26,605 million or 13.5%. Adjusted for a change in life insurance provisions, the net return was a negative 5.8% before tax on pension returns.

Claims and benefits

Claims and benefits amounted to DKK 14.5 billion in the first half of 2022, against DKK 13.4 billion in the first half of 2021. Surrenders including investment contracts amounted to DKK 10.1 billion in the first half of 2022, against DKK 9.2 billion in the first half of 2021.

Expenses

In the life business, insurance-related operating expenses in the first half of 2022 amounted to DKK 629 million, against DKK 613 million in the first half of 2021.

EXPENSES AS PER CENT OF PROVISIONS

	H1 2022	H1 2021
Danica Group	0.15	0.14

The Group's expenses as per cent of provisions were up 0.01 of a percentage point compared with the first half of 2021. The increased expense ratio was due to a decline in insurance provisions.

Tax

The tax charge amounted to DKK 66 million, adversely affected by a DKK 70 million adjustment regarding prior years.

Other comprehensive income

Other comprehensive income amounted to DKK 28 million in the first half of 2022, against DKK 11 million in 2021. Other comprehensive income comprises the effect of foreign currency translation (including hedging) of foreign entities, including any tax effect.

Balance sheet

DANICA GROUP, BALANCE SHEET		
(DKK millions)	30/06/2022	31/12/2021
ASSETS:		
Intangible assets	2,472	2,606
Tangible assets	46	40
Investment assets ¹⁾	706,824	640,074
Debtors	13,646	1,882
Other assets	1,611	3,256
Assets (discontinued operations)	-	24,000
Prepayments and accrued income	7,093	7,761
TOTAL ASSETS	731,692	679,619
LIABILITIES AND EQUITY:		
Technical provisions	414,944	470,191
Other liabilities ²⁾	295,039	162,145
Liabilities (discontinued operations)	-	23,161
Shareholders' equity	21,709	24,122
TOTAL LIABILITIES AND EQUITY	731,692	679,619

¹⁾ Including investment assets related to unit-linked products

²⁾ Other liabilities than technical provisions

The Group's total assets increased from DKK 680 billion at 31 December 2021 to DKK 732 billion at 30 June 2022. The increase was mainly caused by increased values of derivative financial instruments recognised as assets and liabilities, respectively.

Intangible assets amounted to DKK 2.5 billion, comprising goodwill and the value of customer relationships taken over. Intangible assets also comprised IT development costs in the amount of DKK 57 million. No evidence of impairment of goodwill or customer relationships was identified in the first half of 2022. The intangible asset relating to customer relationships is amortised over a period of 10 years corresponding to the run-off of the customer relationship.

Investment assets, including investment assets related to unit-linked products, rose from DKK 640 billion at 31 December 2021 to DKK 707 billion at 30 June 2022. Adjusted for derivative financial instruments with negative values, total investment assets fell from DKK 520 billion at 31 December 2021 to DKK 455 billion at 30 June 2022. Derivative financial instruments with positive fair values amounted to DKK 255 billion at 30 June 2022, of which DKK 64 billion is recognized in the balance sheet item "investment assets related to unit-linked products" and the net value of derivative financial instruments at 30 June 2022 was DKK 4 billion.

Provisions for insurance and investment contracts totalled DKK 415 billion, against DKK 470 billion at 31 December 2021. The change represented reduced provisions for both unit-linked and average rate products.

Life insurance provisions for average-rate products were down DKK 25 billion to DKK 146 billion, mainly due to the expected reduction in average-rate policies, but also affected by a reduction in collective bonus potentials due to the financial market downturn.

Life insurance provisions related to unit-linked products fell from DKK 272 billion at 31 December 2021 to DKK 247 billion at 30 June 2022. The decrease was mainly attributable to negative returns in the first half of 2022 reducing customers' pension savings.

Other provisions include derivative financial instruments with negative fair values. Derivative financial instruments with negative values rose from DKK 120 billion at 31 December 2021 to DKK 251 billion at 30 June 2022.

Equity was reduced by DKK 2.4 billion to DKK 21.7 billion. In the first half of 2022, DKK 2.3 billion was distributed in ordinary dividend for 2021.

Solvency statement and capital requirements

At 30 June 2022, the Danica Group's solvency coverage ratio was 184%, against 210% at 31 December 2021. The Danica Group still maintains strong excess solvency.

DANICA GROUP, SOLVENCY		
(DKK millions)	30/06/2022	31/12/2021
Total capital	25,859	27,587
Solvency capital requirement (SCR)	14,039	13,167
Excess capital base	11,820	14,420

Solvency II applies a standard model for the calculation of SCR, but it gives companies the option of developing their own full or partial internal models. Danica Pension applies a partial internal model to determine longevity risk only. Danica Pension publishes an annual solvency and financial condition report as a supplement to the annual report. The report, which is mandatory under Solvency II, gives a detailed account of Danica's solvency and financial condition. The report is available on Danica Pension's website.

As part of the ongoing capital management and optimisation, the Danica Group regularly reassesses capital structure and funding in consultation with our parent company, Danske Bank.

Events after the balance sheet date

No events have occurred between 30 June 2022 and the date of the signing of the interim report that, in the opinion of the management, will materially affect the company's financial position.

Outlook for 2022

Danica Pension expects a profit before tax for 2022 overall at a significantly lower level than 2021. It is especially the impact from the negative investment return in the first half of 2022 that will affect profit before tax. Danica Pension expects financial markets to be normalized in the second half of 2022.

RISK EXPOSURE AND SENSITIVITY INFORMATION

Information on risk and risk management are set out in note 9 to the financial statements. The below table shows the effects on the Group's total capital and solvency coverage ratio of isolated changes in various risk categories, see section 126 g(2) and section 373(4) of the Danish Financial Business Act. For each sensitivity stress, we indicate the degree of stress it would require for the solvency [coverage] ratio to drop to 125% and 100%, respectively, however limited to the maximum stress levels set out in the Danish Executive Order on Sensitivity Analyses for Group 1 Insurance Companies. A further description of the stress scenarios in the various risk categories is provided in the Danish Executive Order on Sensitivity Analyses for Group 1 Insurance Companies.

Sensitivity information – Solvency capital requirement (SCR)

	SCR 125%			SCR 100%		
	Stress (%)	Total capital (DKK millions)	Solvency coverage ratio (%)	Stress (%)	Total capital (DKK millions)	Solvency coverage ratio (%)
Interest rate risk	-200	25,483	145	-200	25,483	145
Equity risk	53	21,185	125	77	17,123	100
Property risk	49	22,870	125	75	19,356	100
Credit spread risk:						
- Danish government bonds, etc.	12	23,275	125	19	20,144	100
- Other government bonds, etc.	30	24,383	125	52	21,079	100
- Other bonds	38	23,067	125	61	19,593	100
Currency spread risk:						
NOK	100	24,774	177	100	24,774	177
GBP	100	25,727	181	100	25,727	181
JPY	100	25,810	181	100	25,810	181
Counterparty risk	-	25,859	184	-	25,859	184
Longevity risk	53	23,064	125	62	21,333	100
Life insurance option risk	873	21,845	135	873	21,845	135
Non-life catastrophe risk	N/A	N/A	N/A	N/A	N/A	N/A

Sensitivity information – Minimum capital requirement (MCR)

	MCR 125%			MCR 100%		
	Stress (%)	Total capital (DKK millions)	Solvency coverage ratio (%)	Stress (%)	Total capital (DKK millions)	Solvency coverage ratio (%)
Interest rate risk	-200	23,417	298	-200	23,417	298
Equity risk	100	10,701	142	100	10,701	142
Property risk	100	13,454	183	100	13,454	183
Credit spread risk:						
- Danish government bonds, etc.	36	9,211	125	39	7,388	100
- Other government bonds, etc.	100	9,508	128	100	9,508	128
- Other bonds	100	10,359	140	100	10,359	140
Currency spread risk:						
NOK	100	22,398	355	100	22,398	355
GBP	100	23,370	365	100	23,370	365
JPY	100	23,452	366	100	23,452	366
Counterparty risk	-	25,859	184	-	25,859	184
Longevity risk	87	11,649	125	92	10,195	100
Life insurance option risk	873	19,581	285	873	19,581	285
Non-life catastrophe risk	N/A	N/A	N/A	N/A	N/A	N/A

The above table was prepared on the basis of total capital of DKK 25,859 million and a solvency coverage ratio of 184%. Please note that for credit spread risk, a decline in bonds without an increase in EIOPA's discount yield curve is assumed. Accordingly, the results are based on the assumption that the volatility adjustment (VA), which is a component of EIOPA's discount curve, is unchanged.

Financial highlights - Danica Group

DKKm	First half 2022	First half 2021	Full year 2021
INCOME STATEMENT			
Life insurance			
Premiums	16,834	15,905	33,994
Claims and benefits	-14,465	-13,416	-26,185
Return on investment	-55,815	12,760	35,409
Total operating expenses relating to insurance	-629	-613	-1,186
Profit/loss on business ceded	-22	-4	-5
Technical result, Life	377	1,296	2,720
Health and accident insurance			
Gross premium income	843	736	1,560
Gross claims	-980	-1,076	-2,202
Total operating expenses relating to insurance	-88	-63	-162
Profit/loss on business ceded	-14	-11	-14
Return on investment less technical interest	-664	109	289
Technical result of health and accident insurance	-752	-355	-547
Profit after tax from discontinued operations	410	33	76
Net profit for the period	-141	790	1,730
Other comprehensive income	28	11	15
BALANCE SHEET			
Total assets	731,692	650,696	679,619
Insurance assets, health and accident insurance	67	142	69
Technical provisions, health and accident insurance	15,787	17,198	17,598
Total shareholders' equity	21,709	23,178	24,122
Total provisions for insurance and investment contracts	414,944	452,020	470,191
KEY FIGURES AND RATIOS [%]			
Rate of return related to average rate products	-13.5	-1.3	0.0
Rate of return related to unit-linked products	-16.2	7.4	13.3
Risk on returns related to unit-linked products	4.75	4.50	4.50
Expenses as per cent of provisions	0.15	0.14	0.27
Expenses per policyholder (DKK)	846	829	1,596
Return on equity after tax	-0.6	3.5	7.4
RATIOS FOR HEALTH AND ACCIDENT INSURANCE			
Gross claims ratio	98	154	143
Gross expense ratio	11	9	10
Combined ratio	111	164	154
Operating ratio	111	164	154
Relative run-off [%]	0.3	0.0	1.3
Run-off, net of reinsurance (DKK millions)	50	0	190

The ratios are defined in accordance with the Danish FSA's Executive Order on financial reports

Income statement & Other comprehensive income - Danica Group

Note	DKKm	First half 2022	First half 2021
3	Gross premiums	16,834	15,905
	Reinsurance premiums ceded	-21	-13
	Total premiums, net of reinsurance	16,813	15,892
	Income from associates	673	1,217
	Income from investment property	366	304
	Interest income and dividends, etc.	12,114	11,165
	Value adjustments	-69,351	10,819
	Interest expenses	-8,657	-7,849
	Administrative expenses related to investment activities	-372	-394
	Total investment return	-65,227	15,262
	Tax on pension returns	9,412	-2,502
	Claims and benefits paid	-14,465	-13,416
	Reinsurers' share received	4	1
	Total claims and benefits, net of reinsurance	-14,461	-13,415
	Change in life insurance provisions	49,512	-13,511
	Change in reinsurers' share	-5	8
	Total change in life insurance provisions, net of reinsurance	49,507	-13,503
	Change in profit margin	2,507	-102
	Acquisition costs	-175	-77
	Administrative expenses	-454	-536
	Total operating expenses relating to insurance, net of reinsurance	-629	-613
	Transferred investment return	2,455	277
	TECHNICAL RESULT OF LIFE INSURANCE	377	1,296

Income statement & Other comprehensive income - Danica Group

Note	DKKm	First half 2022	First half 2021
	(cont'd)		
	HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	796	763
	Reinsurance premiums ceded	-36	-25
	Change in unearned premiums provision	47	-27
	Change in profit margin and risk margin	-38	0
	Change in unearned premiums provision, reinsurers' share	16	11
	Premiums, net of reinsurance	785	722
	Claims paid, gross	-1,060	-1,025
	Reinsurers' share received	24	3
	Change in outstanding claims provision	80	-51
	Change in risk margin	175	-33
	Change in outstanding claims provision, reinsurers' share	-18	0
	Claims, net of reinsurance	-799	-1,106
	Bonus and premium discounts	14	-17
	Acquisition costs	-23	-19
	Administrative expenses	-65	-44
	Total operating expenses relating to insurance, net of reinsurance	-88	-63
	Return on investment	-664	109
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-752	-355
	Return on investment allocated to equity	-258	16
	Other income	16	14
	PROFIT BEFORE TAX	-617	971
	Tax	66	-214
	NET PROFIT FOR THE PERIOD, BEFORE DISCONTINUED OPERATIONS	-551	757
4	Profit after tax from discontinued operations	410	33
	NET PROFIT FOR THE PERIOD	-141	790
	Net profit for the period	-141	790
	Other comprehensive income:		
	Translation of units outside Denmark	-	34
	Hedging of units outside Denmark	-	-29
	Reversed on sale of foreign entity	28	-
	Tax relating to other comprehensive income	-	6
	Total other comprehensive income	28	11
	NET COMPREHENSIVE INCOME FOR THE PERIOD	-113	801

Balance sheet - Danica Group

Assets

Note	DKKm	30 June 2022	31 December 2021	30 June 2021
5	INTANGIBLE ASSETS	2,472	2,606	2,623
	Domicile property	46	40	36
	TOTAL TANGIBLE ASSETS	46	40	36
	Investment property	15,992	16,327	17,588
	Holdings in associates	9,763	9,613	9,588
	Loans to associates	517	406	632
	Total investments in associates	10,280	10,019	10,220
	Holdings	30,312	33,760	31,024
	Unit trust certificates	11,048	11,301	11,241
	Bonds	132,659	158,092	154,880
	Other loans	792	1,080	1,614
	Deposits with credit institutions	3,924	7,341	7,817
	Derivatives	188,325	96,960	87,362
	Total other financial investment assets	367,060	308,534	293,938
	TOTAL INVESTMENT ASSETS	393,332	334,880	321,746
	INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS	313,492	305,194	293,346
	Unearned premiums provision, reinsurers' share	16	-	11
	Life insurance provisions, reinsurers' share	32	37	46
	Outstanding claims provision, reinsurers' share	51	69	131
	Total technical provisions, reinsurers' share	99	106	188
	Amounts due from policyholders	360	450	375
	Amounts due from insurance brokers	-	59	-
	Total amounts due from direct insurance operations	360	509	375
	Amounts due from insurance companies	63	-	-
	Other debtors	13,124	1,267	2,349
	TOTAL DEBTORS	13,646	1,882	2,912
	Assets relating to discontinued operations	-	24,000	21,917
	Current tax assets	6	87	6
	Cash and cash equivalents	1,605	3,169	1,480
	TOTAL OTHER ASSETS	1,611	27,256	23,403
	Accrued interest and rent	6,599	7,263	6,143
	Other prepayments and accrued income	494	498	487
	TOTAL PREPAYMENTS AND ACCRUED INCOME	7,093	7,761	6,630
	TOTAL ASSETS	731,692	679,619	650,696

Balance sheet - Danica Group

Liabilities and equity

Note	DKKm	30 June 2022	31 December 2021	30 June 2021
LIABILITIES				
	Unearned premiums provision	1,003	1,288	1,406
	Life insurance provisions, average rate products	146,495	171,722	176,026
	Life insurance provisions, unit-linked products	246,771	272,473	251,356
	Total life insurance provisions	393,266	444,195	427,382
	Profit margin on life insurance and investment contracts	5,891	8,398	7,440
	Outstanding claims provision	13,357	14,583	14,592
	Risk margin on non-life insurance contracts	1,392	1,683	1,152
	Provisions for bonuses and premium discounts	35	44	48
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	414,944	470,191	452,020
	Deferred tax	1,475	1,420	1,268
	Other provisions	282	308	274
	TOTAL PROVISIONS FOR LIABILITIES	1,757	1,728	1,542
	Amounts owed, direct insurance	169	39	332
	Amounts owed to reinsurers	73	37	113
	Amounts owed to credit institutions	28,235	21,614	17,123
	Current tax liabilities	103	0	482
	Other creditors	253,877	127,813	125,155
	Liabilities relating to discontinued operations	-	23,161	20,776
	Other accruals and deferred income	7,186	7,062	6,067
6	Subordinated debt	3,639	3,852	3,908
	TOTAL CREDITORS	709,983	655,497	627,518
EQUITY				
	Share capital	1,101	1,101	1,101
	Revaluation reserve	1	1	1
	Contingency fund	1,882	1,882	1,882
	Retained earnings	18,725	18,838	20,194
	Proposed dividend	-	2,300	-
	TOTAL SHAREHOLDERS' EQUITY	21,709	24,122	23,178
	TOTAL LIABILITIES AND EQUITY	731,692	679,619	650,696

Statement of capital - Danica Group

DKK m

Changes in shareholders' equity	Share capital	Revaluation reserve	Foreign currency translation reserve *	Contingency funds	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2021	1,101	1	-31	1,882	18,869	2,300	24,122
Profit for the period	-	-	-	-	-141	-	-141
Reversed on sale of foreign entity	-	-	31	-	-	-	31
Tax on other comprehensive income	-	-	-3	-	-	-	-3
Comprehensive income for the period	-	-	28	-	-141	-	-113
Dividend paid	-	-	-	-	-	-2,300	-2,300
Shareholders' equity at 30 June 2022	1,101	1	-3	1,882	18,728	0	21,709
Shareholders' equity at 31 December 2020	1,101	1	-46	1,882	19,439	-	22,377
Profit for the period	-	-	-	-	1,730	-	1,730
Other comprehensive income:							
Translation of units outside Denmark	-	-	52	-	-	-	52
Hedges of units outside Denmark	-	-	-47	-	-	-	-47
Tax on other comprehensive income	-	-	10	-	-	-	10
Total other comprehensive income	-	-	15	-	-	-	15
Comprehensive income for the period	-	-	15	-	1,730	-	1,745
Proposed dividend	-	-	-	-	-2,300	2,300	0
Shareholder's equity, 31 December 2021	1,101	1	-31	1,882	18,869	2,300	24,122

* Recognised in the balance sheet under other 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 1,101,000 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 Group

DKKmn	30 June 2022	31 December 2021
Total capital		
Shareholders' equity	21,709	24,122
Valuation differences between financial statements and Solvency II		
Provisions for insurance and investment contracts	2,959	4,737
Deferred tax	24	-218
- Proposed dividend	-	-2,300
- Intangible assets	-2,472	-2,606
Supplementary capital	3,639	3,852
Total capital	25,859	27,587

Cash flow statement - Danica Group

DKK m	First half 2022	Full year 2021	First half 2021
Cash flow from operations			
Profit before tax	-617	2,078	971
Adjustment for non-cash operating items:			
Non-cash items relating to premiums and benefits	-40,745	27,995	13,939
Non-cash items relating to reinsurance	40	-12	-28
Non-cash items relating to investment return	67,307	-32,349	-14,136
Non-cash items relating to tax on pension returns	14,972	-1,674	-1,355
Non-cash items relating to expenses	-32,328	3,605	-660
Net investment, customer funds	-18,811	6,088	8,171
Payments received and made, investment contracts	-1,415	-3,069	-1,237
Tax paid	-	-400	-87
Cash flow from operations	-11,597	2,262	5,578
Cash flow from investing activities			
Purchase of bonds	-2,907	-7,196	-4,092
Sale of bonds	5,175	5,702	2,529
Purchase of derivatives	-	-103	-1,215
Sale of derivatives	28	2	1,147
Cash flow from investing activities	2,296	-1,595	-1,631
Cash flow from financing activities			
Dividend	-2,300	-	-
Debt to credit institutions	6,620	882	-3,611
Cash flow from financing activities	4,320	882	-3,611
Cash and cash equivalents at 1 January	10,510	8,961	8,961
Change in cash and cash equivalents	-4,981	1,549	336
Cash and cash equivalents, end of period	5,529	10,510	9,297
Cash and cash equivalents, end of period			
Deposits with credit institutions	3,924	7,341	7,817
Cash in hand and demand deposits	1,605	3,169	1,480
Total	5,529	10,510	9,297

Notes – Danica Group

Note

1 ACCOUNTING POLICIES – DANICA GROUP

GENERAL

The consolidated financial statements are prepared 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 interim reports of issuers of listed bonds.

The interim report has not been reviewed or audited. The interim report is condensed and should be read in conjunction with the annual report for 2021.

Change in applied accounting policies

On 1 January 2022, the Danica Group implemented amendments to IAS 1 (classification of liabilities as current or non-current), IAS 16 (proceeds before intended use), IAS 37 (onerous contracts - cost of fulfilling a contract), IFRS 3 (reference to the conceptual framework) and Annual Improvements to IFRS Standards 2018 – 2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41).

The implementation of the amendments had no impact on the Danica Group's financial statements. Except for these changes, the Group has not changed its significant accounting policies from those applied in the Annual Report 2021. Annual Report 2021 provides a full description of the significant accounting policies.

Change in presentation of the part of the change in the profit margin relating to life insurance that is used to cover expected future losses on health and accident insurance

Danica Group changed the presentation of the part of the change in the profit margin relating to life insurance that is used to cover expected future losses on health and accident insurance, so that it is now presented in the income statement under the result of life insurance instead of, as previously, under the result of health and accident insurance.

The change has no impact on the results for the period or on shareholders' equity, but it has, however, affected the result of life insurance in the first half of 2022 by a negative DKK 332 million (half-year 2021: Negative DKK 28 million) and the result of health and accident insurance positively by the same amount.

The comparative figures for previous periods have been changed.

Significant accounting estimates and judgments

The preparation of the consolidated financial statements requires the use of judgements and estimates by management concerning future events that will significantly affect the carrying amounts of assets and liabilities.

The estimates and judgements that are deemed to be most critical to the consolidated financial statements are:

- the measurement of liabilities under insurance contracts
- the fair value measurement of derivative financial instruments
- the fair value measurement of properties
- the fair value measurement of unlisted investments
- the measurement of intangible assets/goodwill

Notes - Danica Group

Note	DKKm	First half 2022	First half 2021
2	BUSINESS SEGMENTS		
	The group consists of one business segment as shown below		
	Gross premiums from external sales	18,408	17,383
	- Gross premiums on investment contracts	-778	-715
	Gross premiums in the income statement	17,630	16,668
	Return on investment allocated to technical result	-53,360	13,037
	Claims and benefits paid	-15,525	-14,441
	Change in provisions for insurance and investment contracts	52,297	-13,741
	Total operating expenses relating to insurance	-717	-676
	Result of reinsurance	-36	-15
	Other income, net	16	14
	Technical result	305	846
	Return on investment, shareholders' equity	-258	16
	Return on investment, health and accident	-664	109
	Profit before tax	-617	971
	Other segment information		
	Interest income	9,271	9,415
	Interest expenses	-8,657	-7,849
	Income from associated undertakings at book value	673	1,217
	Impairment, depreciation and amortisation charges	-67	-67
	The Danica Group has no customers generating 10% or more of the combined revenue. All premiums from external sales originates from Denmark.		
3	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	8,820	8,080
	Single premiums	8,792	8,540
	Total direct insurance	17,612	16,620
	Total gross premiums	17,612	16,620
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	67	60
	Single premiums	711	655
	Total premiums paid	778	715
	Total gross premiums included in the income statement	16,834	15,905
4	PROFIT AFTER TAX FROM DISCONTINUING OPERATIONS		
	Life insurance		
	Premiums	1,083	1,089
	Claims and benefits	-534	-771
	Return on investment	-2,571	1,367
	Change in insurance provisions	2,117	-1,579
	Total operating expenses relating to insurance	-115	-116
	Profit/loss on business ceded	-1	-1
	Technical result, Life	-21	-11
	Health and accident insurance		
	Gross premium income	64	54
	Gross claims	-53	-30
	Total operating expenses relating to insurance	-5	-4
	Profit/loss on business ceded	16	-2
	Investment income	-34	1
	Technical result of health and accident insurance	-12	19
	Return on investment allocated to equity	-1	5
	Other income	35	34
	Profit before tax	1	47
	Tax	-6	-14
	Net profit for the period	-5	33
	Profit from sale	415	-
	Net profit for the period after profit from sale	410	33

Notes - Danica Group

Note	DKKm	30 June 2022	31 December 2021
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5 INTANGIBLE ASSETS

30 June 2022	Goodwill	Customer value	Software under de- velopment	Fully developed software	
Cost, beginning of year	2,499	1,332	21	48	3,900
Additions during the year	-	-	6	12	18
Disposals during the year	-72				-72
Cost, end of year	2,427	1,332	27	60	3,846
Impairment and amortisation charges, beginning of year	-796	-477		-21	-1,294
Amortisation during the year	-	-67	-	-9	-76
Reversals of prior-year write-downs	-4				-4
Impairment and amortisation charges, end of year	-800	-544	-	-30	-1,374
Carrying amount, end of year	1,627	788	27	30	2,472

31 December 2021

Cost, beginning of year	2,499	1,332			3,831
Additions during the year			21	48	69
Cost, end of year	2,499	1,332	21	48	3,900
Impairment and amortisation charges, beginning of year	-800	-344			-1,144
Exchange rate adjustment	4				4
Amortisation during the year	-	-133		-21	-154
Impairment and amortisation charges, end of year	-796	-477		-21	-1,294
Carrying amount, end of year	1,703	855	21	27	2,606

Intangible assets consist of goodwill and value of customers (VIF asset) regarding acquisition of the former SEB SEB companies on 7th June 2018, as well as proprietary software and software under development. In connection to the sale of the Norwegian activities in 2022 the associated goodwill was disposed. The customer value will be depreciated linearly over a period of 10 years starting 1st June 2018. Fully developed software will be depreciated linearly over a period of 3 years.

6 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	3,719	3,718
Subordinated debt								3,719	3,718
Discount								-11	-13
Hedging of interest rate risk								-69	147
Included in the capital base								3,639	3,852

a) The loan was issued 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 55 million for the first half of 2022 (DKK 111 million in 2021).

Fair value of the subordinated debt is estimated at DKK 3,656 million and of June 2022 and DKK 4,174 million end of 2021.

Notes - Danica Group

Note	DKKm	30 June 2022	31 December 2021
7	ASSETS DEPOSITED AS COLLATERAL, CONTINGENT LIABILITIES AND CONTINGENT ASSETS		
	Assets have been deposited as collateral for policyholders' savings with a total of:	419,333	491,358
	As collateral for derivative transactions, the Group has delivered bonds and cash equal to a total fair value of	33,986	21,846
	The Group has rent commitments with a remaining lease of 4 years and annual gross rent of	52	51
	Minimum lease payments regarding cars amount to	3	5
	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	1,842	1,725
	The Group has undertaken to participate in alternative investments with an amount of	13,626	14,323
	The Group is voluntarily registered for VAT on certain properties. The Group's VAT adjustment liability amounts to	1,382	1,267
	As a participant in partnerships, the Group is liable for a total debt of	9	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.		
	If Danica is fully or partially successful in its complaint concerning the potential payment of additional pension returns tax on health and accident insurance, see the mention in the management's review, Danica Pension will be able to recognise all or part of the provision for this liability as income. At 30 June 2022, the provision totals DKK 765 million including interest.		

Notes - Danica Group

Note DKKm

8 FINANCIAL INSTRUMENTS

30 June 2022	Fair value			Amortised cost		
	Held for trading	Designated	Fair value hedge	Debtors	Liabilities	Total
Holdings		30,312				30,312
Unit trust certificates		11,048				11,048
Bonds		132,659				132,659
Other loans		792				792
Deposits with credit institutions		3,924				3,924
Derivatives	188,325					188,325
Unit-linked investments		313,492				313,492
Debtors				13,124		13,124
Cash and cash equivalents				1,605		1,605
Total financial assets	188,325	492,227		14,729		695,281
Due to credit institutions	28,235					28,235
Derivatives	251,343					251,343
Subordinated loan capital			-69		3,708	3,639
Total financial liabilities	279,578		-69		3,708	283,217
31 December 2021						
Holdings		33,760				33,760
Unit trust certificates		11,301				11,301
Bonds		158,092				158,092
Other loans		1,080				1,080
Deposits with credit institutions		7,341				7,341
Derivatives	96,960					96,960
Unit-linked investments		305,194				305,194
Debtors				1,267		1,267
Cash and cash equivalents				3,169		3,169
Total financial assets	96,960	516,768		4,436		618,164
Provisions for unit-linked products, investment contracts		20,352				20,352
Due to credit institutions	21,614					21,614
Derivatives	120,153					120,153
Subordinated debt			147		3,705	3,852
Total financial liabilities	141,767	20,352	147		3,705	165,971

Recognition as income:

Exchange rate adjustment of debtors and creditors measured at amortised cost were recognised under value adjustments at DKK 25 million in H1 2022 and at DKK 17 million in 2021.

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 Group

Note DKKm

8
(cont'd)

Financial instruments at fair value

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 and investment property.

The measurement of unlisted investments is based on the industry, market position and earnings capacity of the company. Furthermore, the fair value is affected by macroeconomic and financial conditions.

At 30 June 2022, Danica had financial assets as set out below in the amount of DKK 680,552 million, of which 97% was attributable to insurance obligations to policyholders and 3% 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.

30 June 2022	Quoted prices	Observable input	Non-observable input	Total
Holdings	17,511	1,549	11,252	30,312
Unit trust certificates	6,984	3,827	237	11,048
Bonds	116,086	16,218	355	132,659
Other loans	-	-	792	792
Derivatives	86	187,451	788	188,325
Unit-linked investments	194,601	77,603	41,288	313,492
Deposits with credit institutions	3,924	-	-	3,924
Total financial assets	339,192	286,648	54,712	680,552
Due to credit institutions	28,235	-	-	28,235
Derivatives	705	248,943	1,695	251,343
Subordinated loan capital	-	-69	-	-69
Provisions for unit-linked contracts	-	0	-	0
Total financial liabilities	28,940	248,874	1,695	279,509

Notes - Danica Group

Note DKKm

8
(cont'd)

31 December 2021	Quoted prices	Observable input	Non- observable input	Total
Holdings	20,729	1,599	11,432	33,760
Unit trust certificates	7,236	3,828	237	11,301
Bonds	136,911	20,181	1,000	158,092
Other loans	-	-	1,080	1,080
Derivatives	285	95,286	1,389	96,960
Unit-linked investments	228,210	35,536	41,448	305,194
Deposits with credit institutions	7,341	-	-	7,341
Total financial assets	400,712	156,430	56,586	613,728
Due to credit institutions	21,614	-	-	21,614
Derivatives	376	118,919	858	120,153
Subordinated loan capital	-	147	-	147
Provisions for unit-linked contracts	-	20,352	-	20,352
Total financial liabilities	21,990	139,418	858	162,266

At 30 June 2022, financial instruments measured on the basis of non-observable input comprised unlisted shares DKK 49,562 million and illiquid bonds DKK 3,708 million.

During the first half of 2022 DKK 12,838 million was transferred from quoted prices to observable input (DKK 11,686 million in 2021).
During the first half of 2022 DKK 8,178 million was transferred from observable input to quoted prices (DKK 9,569 million in 2021).

Valuation based on non-observable input				30 June 2022	31 December 2021
	Holdings	Bonds	Derivatives		
Fair value, beginning of year	48,581	5,605	1,542	55,728	47,601
Value adjustment recognised through profit or loss in Value adjustments	3,434	-99	-1,879	1,456	11,441
Purchase	3,768	71	247	4,086	11,984
Sale	-6,221	-1,869	-163	-8,253	-15,154
Transferred from quoted prices and observable input					121
Transferred to quoted prices and observable input					-265
Fair value, end of period	49,562	3,708	-253	53,017	55,728

In the first half of 2022, unrealised market value adjustments were recognised at DKK -1,466 million (2021: DKK 7,284 million) on financial instruments valued based on non-observable input.

Notes – Danica Group

9 RISK MANAGEMENT AND SENSITIVITY INFORMATION

RISK MANAGEMENT

The insurance and pension risk framework is governed by Danica Pension's Board of Directors. On a daily basis, Danica Pension's Risk Management function monitors both the risk and asset liability management (ALM) limits set by its Board of Directors and its solvency capital requirement. The Risk Management function also follows up on investment limits and calculates key risk figures for ALM purposes.

The Group is exposed to a number of different risks.

Financial risks	Insurance risks	Non-financial risks	Cross-taxonomy risk
Interest rate risk	Longevity	Model risk	Sustainability risk
Equity risk	Mortality	Operational risk	Reputational risk
Property risk	Disability	Technological risk	Conduct risk
Currency risk	Health and accident	Financial crime	
Credit spread risk	Critical illness	Regulatory compliance risk	
Inflation risk	Healthcare	Financial control and strategic risk	
Volatility risk	Surrender		
Liquidity	Expenses		
Counterparty	Concentration		
Concentration			

Financial risk

Financial risks comprise market risk, liquidity risk, counterparty credit risk and concentration risk. Market risk involves the risk of losses because of changes in the fair value of Danica Pension's assets and liabilities due to changing market conditions, such as changes in interest rates, equity prices, property values, exchange rates and credit spreads. Market risk also includes volatility risk, which primarily relates to the value of assets with embedded options, including equity options and swaptions. Inflation risk relates to the adjustment of benefits for part of Danica Pension's health and accident products. 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 credit 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.

Danica Pension has three sources of financial risk:

- Investments relating to with-profits products (conventional, average-rate products)
- Investments relating to unit-linked products (to which customers may have attached an investment guarantee)
- Investments relating to assets allocated to shareholders' equity and other products with direct equity exposure

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

Danica Pension's most significant financial risk is the market risk relating to its with-profit products.

Financial risk related to the Danish with-profits product

The main source of risk at Danica Pension is the market risk related to the Danish with-profits pension product. This product offers guaranteed benefits based on a technical rate of interest and is called *Danica Traditionel*. It is closed for new business, which means that the portfolio is in run-off.

The with-profits product offers policyholders an annuity or a lump sum consisting of a guaranteed minimum amount in nominal terms. Customers are divided into homogeneous interest rate groups on the basis of the technical rates, and each group has its own investment strategy and asset allocation. In each interest rate group, customers participate in a collective investment pool.

The policyholders earn interest at a rate set at the discretion of Danica Pension, and the rate can be changed at any time.

The difference between the actual (set) interest rate and the return on the policyholders' (collective) assets is allocated to collective buffer accounts owned by the customers. The balances of these buffer accounts are gradually transferred to the individual customer accounts in subsequent years by means of a bonus allocation mechanism. This means that high investment returns may lead to higher benefits than those guaranteed.

The mark-to-market value of the guaranteed benefits depends on the level of the discount curve, which is defined under Solvency II and based primarily on EUR swap rates and also takes into account yields on Danish mortgage, credit and government bonds. The level of the long end of the discount curve, for which no reliable market data is available, is determined by the European Insurance and Occupational Pensions Authority (EIOPA).

Danica Pension will have to cover the shortfall if the value of the assets falls below the value of the liabilities. This will be the case if investment returns become negative (reducing the asset values) or if the discount curve falls (increasing the value of the liabilities). Hence, the market risk on investments is borne by the customers to the extent that the negative returns can be covered by the collective buffer accounts. Once the buffer accounts have been depleted, negative investment returns on customer savings will force Danica Pension to step in with funds to ensure that it is possible to provide the benefits guaranteed to the policyholders.

Furthermore, Danica Pension can book the annual risk allowance fee income for each of the individual interest rate groups only if the collective bonus potential for the interest rate group is sufficient to cover the risk allowance.

Managing the with-profits product thus involves a combination of managing risks on behalf of the policyholders and managing Danica Pension's risk of having to cover losses.

Notes – Danica Group

In order to ensure that the return on customer funds matches the guaranteed benefits on policies with bonus entitlement, Danica Pension monitors market risk on an ongoing basis. Internal stress tests are performed to ensure that Danica Pension is able to withstand material losses on its risk exposure as a result of large interest rate fluctuations, for example. Interest rate risk is hedged by means of the bond portfolio and by using derivatives.

Since the Danish bond market does not have the necessary volume and duration to hedge the interest risk on Danica Pension's liabilities, Danica Pension must also invest in non-Danish interest rate instruments. Investments sensitive to changes in interest rates thus 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, Danica Pension is exposed to interest rate spreads between government and credit spreads.

The credit spread risk on bond holdings is limited in that a large proportion of the portfolio consists of government and mortgage bonds with high credit ratings (AA – AAA) from the international credit rating agencies or of unrated bonds issued by an issuer with a similar high credit quality. Only a minor proportion of the portfolio is invested in non-investment grade bonds.

Danica Pension reduces its counterparty credit risk by demanding collateral for financial derivatives and high credit ratings for reinsurance and derivatives counterparties. Danica Pension also uses central clearing and seeks to minimise the proportion of cash and cash equivalents for the purpose of reducing counterparty credit risk.

Danica Pension maintains a moderate level of currency risk by means of currency hedging instruments.

Danica Pension limits its liquidity risk by placing a major portion of investments in liquid listed bonds and highly marketable equities.

Danica Pension limits its concentration risk by investing with a high degree of portfolio diversification and by limiting the number of investments in a single issuer. For mortgage bonds, the issuer is not considered critical to concentration risk because the individual borrower provides collateral for issued mortgage bonds.

Financial risk related to unit-linked products

In unit-linked policies, policyholders receive the actual return on the investments rather than a fixed interest rate return. However, some of the unit-linked products give the policyholders the option to have their benefits guaranteed.

The market risk associated with unit-linked products is primarily borne by the policyholders, particularly in respect of contracts without an investment guarantee.

Danica Pension hedges the risk on financial guarantees in unit-linked products by means of financial derivatives and by adjusting the investment allocation during the period leading up to retirement. The investment allocation is adjusted according to the guarantee amount, the investment horizon etc. However, if a guarantee is attached to the individual policy, Danica Pension bears the risk for the guarantee.

Danica Pension's main savings product – and the product recommended to most customers – is called *Danica Balance*. *Danica Balance* is a life-cycle product, meaning that the asset allocation between different risk categories (bonds or equities, for example) for each customer is adjusted gradually as the customer gets older and approaches retirement.

Financial risk related to assets allocated to shareholders' equity

Shareholders' equity in Danica Pension is exposed to financial risk on assets in which the shareholders' equity is invested, i.e. investment returns have full effect on profits in Danica Pension.

Further, Danica Pension's equity is exposed to financial risk related to Danica Pension's Health & Accident products and to other life insurance products with investment guarantees. Danica Pension bears the risk if the changes in the value of provisions for these products differ from the changes in the value of the corresponding assets. The provisions are the net present value of expected future pay-outs and are exposed to movements in the discount curve, which is defined under Solvency II. The corresponding assets can be exposed to changes in interest rates and to changes in the values of equities and property.

Danica Pension has separate investment strategies for assets allocated to the equity, to Health & Accident and to the life insurance products with investment guarantees.

Insurance risk

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 recovery affect life insurance and disability benefits. The principal insurance risks are longevity risk and the risk of increased surrenders (i.e. the risk of customers leaving Danica Pension or ceasing to pay premiums). Most insurance risks materialise over long time horizons during which the gradual changes in biometric conditions deviate from those assumed in contract pricing.

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

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

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

Non-financial risk

Non-financial risks relate to the risk of losses resulting from inadequate or faulty internal processes, controls, persons and systems or external events and include legal and compliance risks. Non-financial risk events are defined as events that have occurred and may have caused a financial loss, reputational damage or have caused a near loss. This risk category also comprises the model risk related to e.g. Danica Pension's use of a partial internal model to determine longevity risk.

Non-financial risks also comprise risks related to Danica Pension's strategy and business, including risks related to digitalisation and technological development.

Non-financial risks arise in connection with the Group's activities. The Group assumes non-financial risks whenever it accepts business from new customers, introduces new products and hires new employees.

Notes – Danica Group

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.

The Group limits operational risks by establishing internal controls that are regularly updated and adjusted to the Group's current business volume and identified risks. Another measure is segregation of duties.

ESG risk

Issues relating to environmental, social and governance (ESG) criteria are factors that have gradually become more and more important to Danica Pension and Danica Pension's customers in recent years. ESG factors also have an impact on the regulation to which Danica Pension is subject.

In particular, the ESG factors have an impact on Danica Pension's:

- reputational risk – for example if customers or other stakeholders find that Danica Pension's ESG efforts are not adequate or if activities related to green investments are marketed as more sustainable than they really are
- regulatory risk – for example if Danica Pension is unable to meet the regulatory requirements for sustainable investments
- financial risk – for example if future climate change – or expected future climate change – affects the valuation of investment assets to cause Danica Pension a loss. Furthermore, Danica Pension may suffer a loss if the valuation of the investments changes, for instance because the companies in which the investments are made will no longer be able to meet the criteria for sustainability
- insurance risk – for example if future climate change affects mortality and disease transmission patterns

SENSITIVITY INFORMATION

Sensitivity information is described on page 10 of the management's review and is not comprised by the audit.

Financial highlights - Danica Pension

DKKm	First half 2022	First half 2021	Full year 2021
INCOME STATEMENT			
Premiums	16,834	15,905	33,994
Claims and benefits	-14,465	-13,416	-26,185
Return on investment	-64,818	15,047	35,237
Total operating expenses relating to insurance	-629	-613	-1,186
Profit/loss on business ceded	-22	-4	-5
Technical result, Life	58	1,091	2,003
Gross premium income	843	736	1,571
Gross claims	-980	-1,076	-2,202
Total operating expenses relating to insurance	-88	-63	-162
Profit/loss on business ceded	-14	-11	-14
Return on investment less technical interest	-664	109	361
Technical result of health and accident insurance	-752	-355	-464
Net profit/loss for the period	-141	790	1,730
Other comprehensive income	28	11	15
BALANCE SHEET			
Total assets	731,141	628,358	655,889
Insurance assets, health and accident insurance	67	142	69
Technical provisions, health and accident insurance	15,787	17,198	17,598
Total shareholders' equity	21,709	23,178	24,122
Provisions for insurance and investment contracts	414,944	452,020	470,191
KEY FIGURES AND RATIOS (%)			
Rate of return related to average rate products	-13.5	-1.3	0.0
Rate of return related to unit-linked products	-16.2	7.4	13.3
Risk on returns related to unit-linked rate products	4.75	4.50	4.50
Expenses as per cent of provisions	0.15	0.14	0.27
Expenses per policyholder (DKK)	846	829	1,596
Return on equity after tax	-0.6	3.5	7.4
RATIOS FOR HEALTH AND ACCIDENT INSURANCE			
Gross claims ratio	98	154	143
Gross expense ratio	11	9	10
Combined ratio	111	164	154
Operating ratio	111	164	154
Relative run-off (%)	0.3	0.0	1.3
Run-off, net of reinsurance (DKK millions)	50	0	190

The ratios are defined in accordance with the Danish FSA's Executive Order on financial reports

Income statement - Danica Pension

Note	DKKm	First half 2022	First half 2021
2	Gross premiums	16,834	15,905
	Reinsurance premiums ceded	-21	-13
	Total premiums, net of reinsurance	16,813	15,892
	Income from group undertakings	1,750	529
	Income from associated undertakings	343	1,075
	Income from investment property	10	9
	Interest income and dividends, etc.	10,858	9,862
	Value adjustments	-68,575	11,925
	Interest expenses	-8,652	-7,847
	Administrative expenses related to investment activities	-552	-506
	Total investment return	-64,818	15,047
	Tax on pension returns	9,412	-2,502
	Claims and benefits paid	-14,465	-13,416
	Reinsurers' share received	4	1
	Total claims and benefits, net of reinsurance	-14,461	-13,415
	Change in life insurance provisions	49,512	-13,511
	Change in reinsurers' share	-5	8
	Total change in life insurance provisions, net of reinsurance	49,507	-13,503
	Change in profit margin	2,507	-102
	Acquisition costs	-175	-76
	Administrative expenses	-455	-537
	Reimbursement of costs from group undertakings	1	-
	Total operating expenses relating to insurance, net of reinsurance	-629	-613
	Transferred investment return	1,727	287
	TECHNICAL RESULT	58	1,091
3	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-752	-355
	Return on investments allocated to equity	471	6
	Other income	16	301
	Other expenses	-	-39
	PROFIT BEFORE TAX	-207	1,004
	Tax	66	-214
	NET PROFIT FOR THE PERIOD	-141	790
	Net profit for the period	-141	790
	Other comprehensive income:		
	Translation of units outside Denmark	-	34
	Hedging of units outside Denmark	-	-29
	Reversed on sale of foreign entity	28	-
	Tax relating to other comprehensive income	-	6
	Total other comprehensive income	28	11
	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-113	801

Balance sheet - Danica Pension

Assets

Note DKKm	30 June 2022	31 December 2021	30 June 2021
INTANGIBLE ASSETS	2,387	2,522	2,539
Investment properties	356	373	372
Holdings in group undertakings	25,193	26,767	19,511
Loans to group undertakings	-	-	2,565
Holdings in associated undertakings	787	876	886
Total investments in group undertakings and associates	25,980	27,643	22,962
Holdings	29,286	31,483	29,269
Unit trust certificates	19,650	23,115	21,369
Bonds	124,904	148,377	146,331
Other loans	792	1,080	1,614
Deposits with credit institutions	3,924	7,341	7,817
Other (derivatives)	188,325	96,960	87,362
Total other financial investment assets	366,881	308,356	293,762
TOTAL INVESTMENT ASSETS	393,217	336,372	317,096
INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS	313,492	305,194	293,345
Unearned premiums provision, reinsurers' share	16	-	11
Life insurance provisions, reinsurers' share	32	37	46
Outstanding claims provision, reinsurers' share	51	69	131
Total technical provisions, reinsurers' share	99	106	188
Amounts due from policyholders	361	449	376
Amounts due from insurance companies	63	59	-
Amounts due from group undertakings	551	53	5,358
Other debtors	12,421	880	1,123
TOTAL DEBTORS	13,495	1,547	7,045
Assets in temporary possession	-	81	362
Cash and cash equivalents	1,457	2,413	1,341
TOTAL OTHER ASSETS	1,457	2,494	1,703
Accrued interest and rent	6,599	7,263	6,143
Other prepayments and accrued income	494	497	487
TOTAL PREPAYMENTS AND ACCRUED INCOME	7,093	7,760	6,630
TOTAL ASSETS	731,141	655,889	628,358

Balance sheet - Danica Pension

Liabilities and equity

Note DKKm	30 June 2022	31 December 2021	30 June 2021
Share capital	1,101	1,101	1,101
Contingency fund	1,882	1,882	1,882
Retained earnings	18,726	18,839	20,195
Proposed dividend	-	2,300	-
TOTAL SHAREHOLDERS' EQUITY	21,709	24,122	23,178
SUBORDINATED LOAN CAPITAL	3,639	3,852	3,908
Unearned premiums provision	1,003	1,288	1,406
Life insurance provisions, average rate products	146,495	171,722	176,026
Life insurance provisions, unit-linked products	246,771	272,473	251,356
Total life insurance provisions	393,266	444,195	427,382
Profit margin on life insurance and investment contracts	5,891	8,398	7,440
Outstanding claims provision	13,357	14,583	14,592
Risk margin on non-life insurance contracts	1,392	1,683	1,152
Provisions for bonuses and premium discounts	35	44	48
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	414,944	470,191	452,020
Deferred tax	1,391	1,335	1,177
Other provisions	281	308	274
TOTAL PROVISIONS FOR LIABILITIES	1,672	1,643	1,451
Amounts owed, direct insurance	169	39	332
Amounts owed to reinsurers	73	37	113
Amounts owed to credit institutions	28,208	21,615	17,031
Amounts owed to group undertakings	406	462	120
Current tax liabilities	103	-	482
Other creditors	253,032	126,865	123,656
TOTAL CREDITORS	281,991	149,018	141,734
ACCRUALS AND DEFERRED INCOME	7,186	7,063	6,067
TOTAL LIABILITIES AND EQUITY	731,141	655,889	628,358

Notes – Danica Pension

Note

1 ACCOUNTING POLICIES – DANICA PENSION

GENERAL

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. As well as the Executive Order of amendment, A688 of 1 June, effective from 1 July 2016 and BK No. 1442 of 3 December 2018 and BK No. 1592 of 9 November 2020.

The accounting policies are identical to the Group's measurement according to IFRS, with the differences that naturally arise between a consolidated financial statements and parent company financial statements.

Holdings in group undertakings

Investments in group undertakings are measured according to the equity method, and profit after tax is recognized under "Income from group undertakings".

Notes - Danica Pension

Note	DKKm	First half 2022	First half 2021
2	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	8,820	8,080
	Single premiums	8,792	8,540
	Total direct insurance	17,612	16,620
	Total gross premiums	17,612	16,620
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	67	60
	Single premiums	711	655
	Total premiums paid	778	715
	Total gross premiums included in the income statement	16,834	15,905
3	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	796	763
	Reinsurance premiums ceded	-36	-25
	Change in unearned premiums provision	47	-27
	Change in profit margin and risk margin	-38	0
	Change in unearned premiums provision, reinsurers' share	16	11
	Premiums, net of reinsurance	785	722
	Claims paid, gross	-1,060	-1,025
	Reinsurers' share received	24	3
	Change in outstanding claims provision	80	-51
	Change in risk margin	175	-33
	Change in outstanding claims provision, reinsurers' share	-18	0
	Claims, net of reinsurance	-799	-1,106
	Bonus and premium discounts	14	-17
	Acquisition costs	-23	-19
	Administrative expenses	-65	-44
	Total operating expenses relating to insurance, net of reinsurance	-88	-63
	Return on investment	-664	109
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-752	-355

Notes - Danica Pension

Note	DKKm	30 June 2022	31 December 2021
4	ASSETS DEPOSITED AS COLLATERAL, CONTINGENT LIABILITIES AND CONTINGENT ASSETS Assets have been deposited as collateral for policyholders' savings with a total of:	419,333	491,538
	As collateral for derivative transactions, the company has delivered bonds equal to a total fair value of	33,986	21,846
	The company has undertaken to participate in alternative investments with an amount of	13,626	14,323
	The company is voluntarily registered for VAT on certain properties, and a residual VAT regulation obligation rests on	4	2
	The company has rent commitments with a remaining lease of 4 years and annual gross rent of	52	51
	Minimum lease payments regarding cars amount to	3	5
	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.		
	Danica Pension is in dialogue with the Danish tax authorities concerning the taxation of the health and accident business and may be met with an additional tax demand in this respect.		
	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.		
	If Danica is fully or partially successful in its complaint concerning the potential payment of additional pension returns tax on health and accident insurance, see the mention in the management's review, Danica Pension will be able to recognise all or part of the provision for this liability as income. At 30 June 2022, the provision totals DKK 765 million including interest.		

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, Livsforsikringsaktieselskab for the six months ended 30 June 2022.

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 2022 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 2022. 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, 22 July 2022

Executive Board

Søren Lockwood
Chief Executive Officer

Thomas Dyhrberg Nielsen
Member of Executive Board

Jesper Grundvad Bjerre
Member of Executive Board

Dorte Bilsgaard
Member of Executive Board

Board of Directors

Glenn Olof Söderholm
Chairman

Christoffer Møllenbach
Vice Chairman

Jesper Koefoed

Ib Katznelson

Claus Harder

Annette Olesen

Kenneth Stricker-Nielsen

Charlott Due Pihl

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