

Interim report – first half 2019

Danica Pension, Livsforsikringsaktieselskab

Danica Pension

Contents

MANAGEMENT REPORT	
SELECTED FINANCIAL HIGHLIGHTS	2
DANICA STRATEGY	3
FINANCIAL REVIEW	5
FINANCIAL STATEMENTS	
CONSOLIDATED FINANCIAL STATEMENTS	8
PARENT COMPANY FINANCIAL STATEMENTS	27
STATEMENT BY THE MANAGEMENT	34

SELECTED FINANCIAL HIGHLIGHTS FOR THE DANICA PENSION GROUP

(DKK millions)	Half-year 2019	Half-year 2018	Full year 2018
PREMIUMS INCLUDING INVESTMENT CONTRACTS¹⁾	14,760	13,782	29,518
INCOME STATEMENT			
Technical result, Life	840	530	1,155
Technical result, health and accident insurance	-478	-224	-652
Return on investment allocated to shareholders' equity, etc.	151	15	150
Profit before tax	513	321	653
Tax	-113	-121	-88
Profit from discontinued operations	1,353	38	77
Profit for the period	1,753	238	642
BALANCE SHEET			
Total assets	599,121	561,692	566,022
Technical provisions, health and accident insurance	16,399	14,125	14,362
Total provisions for insurance and investment contracts	427,930	410,801	399,247
Total shareholders' equity	22,873	20,879	21,366
KEY FIGURES AND RATIOS (%)			
Return related to average rate products	8.0	0.6	1.0
Return related to unit-linked products	10.4	-1.2	-5.5
Risk on return related to unit-linked products	4.25	3.75	4.25
Expenses as per cent of provisions	0.2	0.1	0.4
Expenses per policyholder (DKK)	702	531	1,325
Return on equity after tax	1.1	1.3	3.2
Solvency coverage ratio (Group) ²⁾	186	191	203
Solvency coverage ratio (Parent) ³⁾	188	225	261
RATIOS FOR HEALTH AND ACCIDENT INSURANCE			
Gross claims ratio	125	113	124
Gross expense ratio	10	8	9

¹⁾ Excluding premiums from discontinued operations

²⁾ At 30 June 2019, the Group's solvency capital requirement (SCR) was DKK 14,698 million and its total capital was DKK 27,362 million.

³⁾ At 30 June 2019, the Parent Company's solvency capital requirement (SCR) was DKK 14,592 million and its total capital was DKK 27,362 million.

Effective at 7 June 2018, Danica Pension acquired the companies Danica Pensionsforsikring A/S and Danica Administration A/S (previously SEB Pension Denmark). The acquired companies are consolidated in the financial statements of the Danica Group effective from that date, and the periods presented in the financial highlights are therefore not directly comparable. On 27 June 2019, Danica Pensionsforsikring A/S and Danica Administration A/S were merged with Danica Pension, Danica Pension being the continuing company.

Effective at 2 May 2019, Danica Pension sold the Swedish subsidiary, Danica Pension Försäkringsaktiebolag. The company is recognised under discontinued operations.

The reported figures for the first half of 2019 are also affected by accounting policy changes. See note 1. The changes did not have any material impact on the financial highlights. Comparative figures have not been restated, as this is not possible for practical purposes.

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 STRATEGY

Introduction to Danica Pension's strategy

Danica Pension's strategy is based on our vision of making our customers feel financially secure. Our aim is to enhance customer satisfaction by being one step ahead when it comes to advising our customers on financial security.

It is a focus area for Danica Pension to proactively help to ensure that our customers – both personal and business customers – have the right pension solutions.

A larger, more focused Danica Pension

In the year since Danica Pension's acquisition of the former SEB Pension Denmark (Danica Pensionsforsikring and Danica Administration) received regulatory approval on 7 June 2018, the task of migrating more than 200,000 customers to Danica's systems has been completed, and in June 2019 the merger of Danica Pensionsforsikring, Danica Administration and Danica Pension was effected. The integration followed an ambitious plan of transferring the policies of Danica's new customers to Danica's systems as soon as possible to give them reassurance about their schemes continuing and access to Danica's advisory services, pension and healthcare services.

Towards the end of 2018, Danica Pension entered into an agreement to sell the Swedish subsidiary, Danica Pension Försäkringsaktiebolag. After receiving regulatory approval, the sale was finalised in May 2019 and the company taken over by the new owners. The selling price of the company was approximately SEK 2.6 billion, of which SEK 2.35 billion was paid in cash and the remainder in the form of an instrument of debt. It has been agreed that Danske Bank and Danica Pension Sweden will continue their business partnership on the distribution of pension products in Sweden.

After the acquisition of the former SEB Pension Denmark and the sale of Danica Sweden, Danica emerges as a larger, stronger and more focused company. The integration process is based on the mantra of combining the best of the old Danica Pension and the former SEB Pension Denmark for the benefit of customers. Our efforts are therefore now focused on leveraging benefits of scale and synergies to strengthen Danica Pension's competitive and innovative strengths and services going forward. The sale of Danica Sweden also means that Danica Pension is able to focus on customers in Denmark and Norway, where the business models are more aligned. With our direct customer contact in these countries, Danica Pension is best able to deliver on our vision of making our customers feel financially secure.

Danica has entered into a partnership with Tryg

In June 2019, Tryg and Danica Pension announced a new partnership in which Tryg is to provide Danica

Pension's pension solutions. Tryg will provide pension products and life insurance, critical illness and loss of earnings capacity covers.

Tryg is one of the strongest financial brands in the Nordic region and a frontrunner in the insurance industry in terms of developing new, innovative insurance products and digital solutions for customers – making Tryg an obvious match for Danica Pension, which is also committed to using technology as leverage to be one step ahead on advisory services.

Danica Pension shares Tryg's vision of enhancing our customers' security, and we see the new partnership as an opportunity for both companies to become even better at realising this ambition for the benefit of our customers.

The partnership initially comprises Tryg's customers in Denmark, and Danica Pension also expects to be able to include Danica Pensjon in Norway in the collaboration.

As a consequence of the new partnership with Tryg, the collaboration between TopDanmark and Danica Pension on cross-selling pension and non-life insurance products was terminated at 30 June 2019.

One step ahead is to provide security for customers

The "One step ahead" strategy is central to Danica Pension's vision of providing security for our customers through advisory services.

We do this by giving our individual customers clear recommendations on adjustments they should make to their pension contributions and insurance covers when major life-changing events happen. We proactively contact customers when they move or have a change in salary, for example – often before they themselves are aware that they might benefit from taking a Pension Check.

Since the strategy was launched, we have contacted several hundred thousands of unique customers with proactive, individual and relevant communications about their Danica Pension scheme. We remain focused on optimising our ongoing communication with advice for our customers, and we continue to launch new messages.

The number of customers who have taken a Pension Check with Danica Pension for a better overview of their pension is increasing steadily. In the future, the more than 200,000 new customers from the former SEB Pension Denmark will also get the benefit of clear recommendations through One step ahead. As a result, far more customers now follow Danica Pension's pension and insurance recommendations.

Save More Tomorrow

In the area of pension advice, Danica Pension in the first half of 2019 was the first provider to introduce the concept Save More Tomorrow.

This is a simple and easy solution to help customers

who are not currently saving up enough for their pension to do so in the future. The concept is based on behavioural studies and is a great success in the USA.

With Save More Tomorrow, customers can enter into an agreement with Danica for their contributions to be gradually increased over a period of years – ensuring that they save up enough, but with the least possible financial impact here and now. The solution also provides the right insurance cover from day one, and customers can feel secure in the knowledge that they have the right pension scheme and can look forward to their retirement without any worries.

New prevention initiatives

Security for Danica's customers is about their pension as well as their health. Experience shows that about one in three women and one in five men need to use their loss of earning capacity insurance at some point during their working life. Therefore, it is a key priority for Danica Pension to provide our customers with good healthcare options.

We are committed to ensuring a high quality level in our products, and we are also very focused on proactively taking responsibility for preventing and treating conditions such as stress, which affects far too many Danes and which many corporate leaders would like to tackle, but are not equipped to.

Via our collaboration with consultants from AS3, we actively help customers who are absent due to illness return to the labour market. Last year, we also launched a new concept, "Stress Help" with the aim of making it easier for managers and employees to prevent and handle stress. In the first half of 2019, we launched the concept "Balance your screen time" in collaboration with the University of Copenhagen. Our aim with "Balance your screen time" is to give our customers and the Danish population at large tips and advice on how to deal with smartphone addiction. Also, in our collaboration with the University of Copenhagen we support research into the correlation between smartphone addiction and stress.

Health and accident business affected by integration process

In the first half of 2019, Danica Pension's loss in this business increased compared with the same period of 2018. This was explained in large part by the fact that, mirroring the situation in the rest of the industry, the health and accident business taken over from the former SEB Pension Denmark was loss-making, thus compounding Danica Pension's loss.

In order to ensure a high quality in our healthcare offering and less imbalance between income and expenses, Danica Pension has already taken a number of initiatives in the health and accident business. In addition to focusing strongly on prevention and reactivation as described above, we also raised prices at 1 January 2018.

Premium payments rising due to the former SEB customers

For the first half of 2019, premium payments to the Danica Group's continuing operations (excluding Danica Sweden) amounted to DKK 15.0 billion, against DKK 14.0 billion in the year-earlier period.

The increase was driven primarily by premiums from the former SEB Pension customers, while a decline in single premiums pulled in the opposite direction.

The decline in single premiums was mainly caused by the fact that our focus on capturing new customers took a backseat while the large task of ensuring a swift integration for the benefit of the new customers from the former SEB Pension Denmark was underway. During the period, we therefore primarily focused on retaining and servicing Danica Pension's existing customers.

Robust investment returns

The first half of 2019 yielded a robust investment return for Danica Pension's customers.

Danica Pension customers with Danica Balance Mix saw returns on their investments of between 6.7% for low risk and 0 years to retirement and 15.2% for high risk and 30 years to retirement. The return for customers with Danica Balance Mix, medium risk profile and 20 years to retirement was 12.1%.

Pension investment is a long game, and it is key for us to continually strive to construct the best, most robust portfolios in order to produce attractive long-term returns.

Danica Pension aims to enhance customer satisfaction

A key focus area for Danica Pension is enhancing customer satisfaction. It is essential to us that our customers feel that we understand them and accommodate their needs.

The former SEB Pension Denmark has long had a high customer satisfaction score, and with its acquisition Danica Pension will be able to benefit from the experience that has produced such excellent historical results.

To boost Danica's customer satisfaction will require efforts across the board – from stronger focus on our dialogue with individual customers to an analysis of the general feedback we get from our customers, for example.

For example, we will further develop and roll out "One step ahead" for our business customers and use our successful experience from the personal customer segment to become more proactive and relevant to our business customers.

Sustainability is a key priority for Danica Pension

Danica Pension strives to ensure responsibility and sustainability in the companies we invest in. This

contributes to creating strong, stable returns for our customers and is beneficial to the companies in question and society in general. To support the long-term value creation and positive performance of the companies, we engage with their managements and use our voting right at general meetings.

In 2018, we imposed investment restrictions in relation to tar sand and thermal coal. We will not invest in companies if 30% or more of their earnings are generated from tar sand or thermal coal extraction or from energy production based on such fuel sources. Moreover, we want to support companies whose strategic ambition is to switch to more sustainable energy sources and which can demonstrate to us that they are able to achieve this goal.

Danica Pension's property portfolio is also focused on sustainability. At Postgrunden in Copenhagen, Danica Pension is developing a new urban district with, among other things, a new domicile for Danske Bank, a multi-user building as well as residential and hotel towers, all of which will be certified for sustainability according to international standards. The properties will have LEED gold and DGNB gold and silver certification, respectively. This implies that the properties will meet a number of strict climate, environmental and social requirements and will feature low energy and water consumption, healthy indoor environmental quality, recycling of materials and attractive urban spaces.

Close collaboration with Danske Bank for the benefit of customers

In 2019, it remains a priority for Danica Pension to make pension customers aware of the advantages of being a customer of both Danica Pension and Danske Bank. The past few years have seen an increase in the number of Danske Bank customers choosing Danica Pension as their pension provider.

When our customers are exclusively customers of Danske Bank Group, we are able to deliver even more financial security while also strengthening our relationship with customers. It means that we can advise customers on all aspects of their finances (home, pension and cash funds) while also executing on Danica Pension's clear recommendations. Moreover, customers can often obtain more favourable terms under Danske Bank's customer programme because their pension savings are included in their business volume.

Danica Norway

In the first half, Danica Pension's Norwegian subsidiary, Danica Pensjon focused on executing a new strategy under the new CEO, Steinar Nielsen, who took up office in 2018. In the remaining part of 2019 and the years ahead, Danica Pensjon will focus on both top and bottom line growth in Norway.

FINANCIAL REVIEW

Profit for the period

For the first half of 2019, the Danica Group realised a profit before tax and discontinued operations of DKK 513 million, against DKK 321 million for the first half of 2018. Profit after tax and discontinued operations for the first half of 2019 amounted to DKK 1,753 million, against DKK 238 million in the first half of 2018.

DANICA GROUP, PROFIT BEFORE TAX		
	Half-year 2019	Half-year 2018
Technical result, Conventional products	413	408
Technical result, Unit-linked products	488	56
Result of insurance business	901	464
Investment return	-334	-93
Special allotments	-54	-50
Profit before tax and discontinued operations	513	321

The profit includes the results of Danica Pensionsforsikring A/S and Danica Administration A/S (formerly SEB Pensionsforsikring A/S and SEB Administration A/S) as from the acquisition date, 7 June 2018. On 27 June 2019, the merger of Danica Pension, Danica Pensionsforsikring and Danica Administration received regulatory approval, with Danica Pension as the continuing company. The accounting treatment of the merger is described in the significant accounting policies section.

Danica Pension's Swedish subsidiary, Danica Pension Försäkringsaktiebolag (Danica Sweden) was sold effective from 2 May 2019 and is recognised under discontinued operations until that date.

The result of insurance business for the first half of 2019 was in line with the guidance in the 2018 annual report. The result was favourably affected by the financial market improvement and adversely affected by the development in health and accident insurance, which is an integral part of the technical results of Conventional products and Unit-linked products. Net profit for the period was moreover affected by a change in the VA, as described in the Significant accounting policies section, reducing the profit for the period by DKK 140 million at the date of the change. The current reduction of VA in 2019 also had an adverse impact.

Profit after tax from discontinued operations amounting to DKK 1,353 million consisted of Danica Sweden's profit for the period and proceeds of DKK 1.3 billion from the sale of the undertaking.

The technical result of the conventional business amounted to DKK 413 million, against DKK 408 million for the first half of 2018. The result was favourably affected by the addition of SEB Pension Denmark and adversely affected by the development in health and accident insurance as well as by the ex-

pected decline in income from the conventional business, which is explained by the fact that new business is principally written in unit-linked products and by the general run-off profile of the portfolio.

The technical result of unit-linked products was DKK 488 million. The result was favourably affected by the addition of SEB Pension Denmark and the financial market improvement, but adversely affected by the development in health and accident insurance connected to unit-linked products.

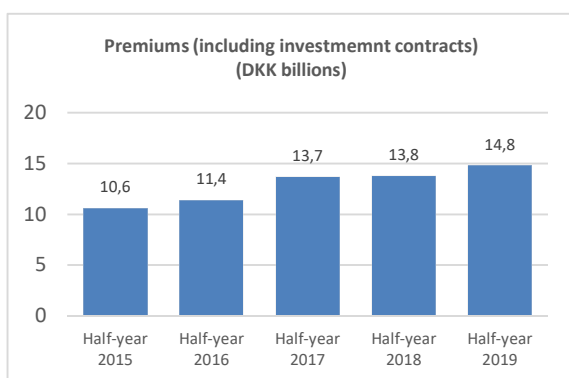
Health and accident insurance is considered an integral part of the insurance schemes, but is presented separately in the income statement. The overall result of the health and accident business was a loss of DKK 478 million, against a loss of DKK 224 million in the first half of 2018. As the result for the first half of 2018 only included the results of Danica Pensionsforsikring for one month, a higher loss was expected compared to 2018. The result for the first half was also affected by increased technical provisions.

The return on investment relating to the risk exposure of shareholders' equity fell from a negative DKK 93 million in the first half of 2018 to a negative DKK 334 million in the first half of 2019. The investment return was impacted by the above-mentioned change in VA and the change in interest rates.

In view of the financial performance, special allotments were calculated at a negative DKK 54 million in the first half of 2019, against a negative DKK 50 million in the first half of 2018. The amount for full year 2019 will depend on developments in Danica's earnings and business volume and on dividend payments.

Gross premiums

Gross premiums from continuing operations (excluding Danica Sweden) amounted to DKK 14.8 billion, against DKK 13.8 billion in the first half of 2018, corresponding to an increase of 7.2%.



Total premiums in the Danish business amounted to DKK 13.4 billion in the first half of 2019, compared with DKK 12.6 billion in the year-earlier period.

Premiums in the Norwegian business increased by 16.3%, from DKK 1.1 billion in the first half of 2018 to DKK 1.4 billion in the first half of 2019.

PREMIUMS (INCLUDING INVESTMENT CONTRACTS)		
(DKK billions)	Half-year 2019	Half-year 2018
Denmark		
Conventional products	2.8	1.9
Unit-linked products	10.6	11.1
Internal product switches	-0.6	-0.9
Health and accident	0.6	0.6
Units outside Denmark		
Norway	1.4	1.1
Total premiums	14,8	13,8

INVESTMENT RETURN

Unit-linked products generated an aggregate return before tax on pension returns of DKK 20.0 billion in the first half of 2019, equivalent to 11.1% before tax on pension returns.

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

RETURN BEFORE TAX, HALF-YEAR 2019 (%)			
Risk	30 years to retirement	15 years to retirement	5 years to retirement
Balance Mix			
High risk profile	15.2	13.5	10.7
Medium risk profile	14.2	10.9	8.8
Low risk profile	12.8	8.7	7.1

Returns were lifted by the higher equity prices in the early part of 2019, which set off the equity price drops towards the end of 2018.

The return before tax on pension returns on investment of customer funds in the conventional products for the first half of 2019 was DKK 13.9 billion or 8.0%. After recognition of an increase in life insurance provisions of DKK 12.6 billion, the return was 1.2%.

DEVELOPMENT IN EXPENSES

In the life business, insurance-related operating expenses in the first half of 2019 amounted to DKK 744 million.

EXPENSES AS PER CENT OF PROVISIONS		
	Half-year 2019	Half-year 2018
Danica Group	0.19	0.16

The Group's expenses as per cent of provisions were up 0.3 percentage points compared with the first half of 2018. The increase was primarily due to integration costs related to the integration of the former SEB Pension Denmark.

DEVELOPMENT IN BALANCE SHEET ITEMS

Balance sheet 30 June 2019

The Group's total assets increased from DKK 566.0 billion at 31 December 2018 to DKK 599.1 billion at 30 June 2019. The increase was mainly attributable to an increase in the value of investment assets, adjusted for the sale of Danica Sweden, which reduced total assets.

Investment assets, including investment assets related to unit-linked products, rose from DKK 487.3 billion at 31 December 2018 to DKK 574.0 billion at 30 June 2019 due to the financial market improvements seen so far in 2019.

Provisions for insurance and investment contracts totalled DKK 427.9 billion, against DKK 399.2 billion at 31 December 2018. The increase was primarily attributable to the financial market trends.

Life insurance provisions relating to average-rate products rose by DKK 7.5 billion to DKK 188.6 billion, and life insurance provisions for unit-linked products rose from DKK 197.2 billion at the beginning of the year to DKK 216.4 billion at 30 June 2019.

Equity grew by DKK 1.5 billion to DKK 22.9 billion.

MANAGEMENT

Change to the Board of Directors

Per Klitgård Poulsen and Christoffer Møllenbach resigned from Danica's Board of Directors, and Lisbet Kragelund joined the Board and the Audit Committee.

SOLVENCY AND CAPITAL REQUIREMENTS

At 30 June 2019, the Danica Group's solvency coverage ratio was 186%, against 191% at 31 December 2018. The Danica Group maintained strong excess solvency coverage at 30 June 2019.

DANICA PENSION GROUP, SOLVENCY (DKK millions)	30.06.2019	31.12.2018
Total capital	27,362	27,121
Solvency capital requirement (SCR)	14,698	14,235
Excess capital base	12,664	12,886

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

In spring 2019, Danica published a new solvency and financial condition report as a supplement to the

annual report. The report, which is part of the new Solvency II requirements, gives a detailed account of Danica's solvency and financial condition.

RISKS AND UNCERTAINTY FACTORS

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

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred between 30 June 2019 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 2019

After the merger with the former SEB Pension Denmark, Danica Pension will continue the progress of the integration of the former SEB Pension Denmark in Danica Pension from the first half of 2019.

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

Seen in isolation, the result of Danica's insurance business for the second half of 2019 is expected to be on a par with the result for the first half, but it will be affected by financial market developments and the continued integration of the former SEB Pension Denmark, which is expected to be completed towards the end of 2019.

Financial highlights - Danica Pension Group

DKKm	First half 2019	First half 2018	Full year 2018
INCOME STATEMENT			
Life insurance			
Premiums	11,568	11,756	23,435
Claims and benefits	-14,163	-12,191	-27,159
Return on investment	31,841	-766	-8,670
Total operating expenses relating to insurance	-744	-502	-1,392
Profit/loss on business ceded	-29	-3	2
Technical result, Life	840	530	1,155
Health and accident insurance			
Gross premium income	560	580	1,478
Gross claims	-723	-637	-1,733
Total operating expenses relating to insurance	-62	-45	-114
Profit/loss on business ceded	-11	-24	-44
Return on investment less technical interest	-260	-21	26
Technical result of health and accident insurance	-478	-224	-652
Profit after tax from discontinued operations	1,353	38	77
Net profit for the period	1,753	238	642
Other comprehensive income	12	-30	-36
BALANCE SHEET			
Total assets	599,121	561,692	566,022
Insurance assets, health and accident insurance	320	389	301
Technical provisions, health and accident insurance	16,399	14,125	14,362
Total shareholders' equity	22,873	20,879	21,366
Total provisions for insurance and investment contracts	427,930	410,801	399,247
KEY FIGURES AND RATIOS (%)			
Rate of return related to average rate products *	8.0	0.6	1.0
Rate of return related to unit-linked products *	10.4	-1.2	-5.5
Risk on returns related to unit-linked products	4.25	3.75	4.25
Expenses as per cent of provisions	0.2	0.1	0.4
Expenses per policyholder (DKK)	702	531	1,325
Return on equity after tax	1.1	1.3	3.2
RATIOS FOR HEALTH AND ACCIDENT INSURANCE			
Gross claims ratio	125	113	124
Gross expense ratio	10	8	9
Combined ratio	137	125	136
Operating ratio	172	140	158
Relative run-off (%)	0.0	0.0	-0.4
Run-off, net of reinsurance (DKK millions)	0	2	-49
The ratios are defined in accordance with the Danish FSA's Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.			
Effective 7 June 2018, Danica Pension acquired the companies Danica Pensionsforsikring A/S and Danica Administration A/S (previously SEB Pension Danmark). The acquired companies are recognised in the Group effective from this date			
*As Danica Pensionsforsikring A/S and Danica Administration A/S only contribute a little less than one month of operations to the consolidated interim financial statements, these figures are not included in the financial highlights for First half 2018.			
The accounting figures for the first half of 2019 are also affected by accounting policy changes. See note 1. Comparative figures have not been restated, as this is not practically possible.			

Income statement & Other comprehensive income - Danica Pension Group

Note	DKKm	First half 2019	First half 2018
3	Gross premiums	11,568	11,756
	Reinsurance premiums ceded	-29	-22
	Total premiums, net of reinsurance	11,539	11,734
	Income from associates	238	160
	Income from investment property	289	176
	Interest income and dividends, etc.	11,008	6,112
	Value adjustments	32,430	-4,883
	Interest expenses	-6,667	-1,936
	Administrative expenses related to investment activities	-756	-642
	Total investment return	36,542	-1,013
	Tax on pension returns	-4,701	247
	Claims and benefits paid	-14,163	-12,191
	Reinsurers' share received	-1	1
	Total claims and benefits, net of reinsurance	-14,164	-12,190
	Change in life insurance provisions	-26,428	2,354
	Change in reinsurers' share	-1	16
	Total change in life insurance provisions, net of reinsurance	-26,429	2,370
	Change in profit margin	-376	-90
	Acquisition costs	-219	-169
	Administrative expenses	-538	-341
	Reimbursement of costs from group undertakings	13	8
	Reinsurance commissions and profit sharing	2	2
	Total operating expenses relating to insurance, net of reinsurance	-742	-500
	Transferred investment return	-829	-28
	TECHNICAL RESULT OF LIFE INSURANCE	840	530

Income statement & Other comprehensive income - Danica Pension Group

Note DKKm	First half 2019	First half 2018
(cont'd)		
HEALTH AND ACCIDENT INSURANCE		
Gross premiums	663	601
Reinsurance premiums ceded	-50	-41
Change in unearned premiums provision	-103	-21
Change in profit margin and risk margin	-44	-3
Change in unearned premiums provision, reinsurers' share	5	-17
Premiums, net of reinsurance	471	519
Technical interest	-	-63
Claims paid, gross	-803	-633
Reinsurers' share received	23	33
Change in outstanding claims provision	80	-4
Change in risk margin	9	1
Change in outstanding claims provision, reinsurers' share	10	0
Claims, net of reinsurance	-681	-603
Bonus and premium discounts	53	-12
Acquisition costs	-22	-15
Administrative expenses	-40	-30
Reinsurance commissions and profit sharing	1	1
Total operating expenses relating to insurance, net of reinsurance	-61	-44
Return on investment	-260	-21
TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-478	-224
Return on investment allocated to equity	8	3
Other income	143	13
Other expenses	-1	-1
PROFIT BEFORE TAX	513	321
Tax	-113	-121
NET PROFIT FOR THE PERIOD, BEFORE DISCONTINUED OPERATIONS	400	200
Profit after tax from discontinued operations	1,353	38
NET PROFIT FOR THE PERIOD	1,753	238
Net profit for the period	1,753	238
Other comprehensive income:		
Translation of units outside Denmark	4	0
Hedging of units outside Denmark	4	3
Hedge of acquisition		-41
Reversed on sale of foreign entity	5	-
Tax relating to other comprehensive income	-1	8
Total other comprehensive income	12	-30
NET COMPREHENSIVE INCOME FOR THE PERIOD	1,765	208

Balance sheet - Danica Pension Group

Assets

Note	DKKm	30 June 2019	31 December 2018	30 June 2018
4	INTANGIBLE ASSETS	3,785	3,847	4,034
	Domicile property	41	42	41
	TOTAL TANGIBLE ASSETS	41	42	41
	Investment property	16,063	15,341	14,675
	Holdings in associates	10,045	9,819	8,610
	Loans to associates	460	546	460
	Total investments in associates	10,505	10,365	9,070
	Holdings	22,741	23,541	22,434
	Unit trust certificates	20,231	16,364	12,796
	Bonds	165,730	162,477	173,964
	Other loans	1,829	1,625	1,674
	Deposits with credit institutions	2,953	1,345	2,265
	Derivatives	87,307	38,788	39,615
	Total other financial investment assets	300,791	244,140	252,748
	TOTAL INVESTMENT ASSETS	327,359	269,846	276,493
	INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS	246,626	217,496	209,314
	Unearned premiums provision, reinsurers' share	6	1	44
	Life insurance provisions, reinsurers' share	93	92	92
	Outstanding claims provision, reinsurers' share	314	300	345
	Total technical provisions, reinsurers' share	413	393	481
	Amounts due from policyholders	594	593	522
	Amounts due from insurance companies	92	119	68
	Amounts due from group undertakings	1,200	1,284	1,401
	Other debtors	4,126	3,022	1,699
	TOTAL DEBTORS	6,425	5,411	4,171
	Assets relating to discontinued operations	-	58,905	60,274
	Current tax assets	588	645	555
	Cash and cash equivalents	7,304	3,408	2,974
	Other	336	336	230
	TOTAL OTHER ASSETS	8,228	63,294	64,033
	Accrued interest and rent	6,138	5,595	3,172
	Other prepayments and accrued income	519	491	434
	TOTAL PREPAYMENTS AND ACCRUED INCOME	6,657	6,086	3,606
	TOTAL ASSETS	599,121	566,022	561,692

Balance sheet - Danica Pension Group

Liabilities and equity

Note	DKKm	30 June 2019	31 December 2018	30 June 2018
LIABILITIES				
	Unearned premiums provision	1,535	780	1,025
	Profit margin on health and accident insurance	34	-	-
	Life insurance provisions, average rate products	188,597	181,081	185,781
	Life insurance provisions, unit-linked products	216,433	197,165	204,087
	Total life insurance provisions	405,030	378,246	389,868
	Profit margin on life insurance and investment contracts	6,501	6,639	6,807
	Outstanding claims provision	14,138	13,044	12,633
	Risk margin on non-life insurance contracts	642	427	425
	Provisions for bonuses and premium discounts	50	111	43
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	427,930	399,247	410,801
	Deferred tax	1,646	1,649	2,155
	Other provisions	189	183	175
	TOTAL PROVISIONS FOR LIABILITIES	1,835	1,832	2,330
	Amounts owed, direct insurance	958	50	115
	Amounts owed to reinsurers	211	200	323
	Amounts owed to credit institutions	19,976	17,365	12,505
	Amounts owed to group undertakings	180	-	813
	Current tax liabilities	94	89	26
	Other creditors	118,027	61,148	48,091
	Liabilities relating to discontinued operations	-	58,462	59,879
	Other accruals and deferred income	3,056	2,413	2,111
5	Subordinated debt	3,981	3,850	3,819
	TOTAL CREDITORS	576,248	544,656	540,813
EQUITY				
	Share capital	1,101	1,101	1,101
	Revaluation reserve	1	1	-
	Contingency fund	1,882	1,882	1,882
	Retained earnings	19,889	18,382	17,896
	TOTAL SHAREHOLDERS' EQUITY	22,873	21,366	20,879
	TOTAL LIABILITIES AND EQUITY	599,121	566,022	561,692

Statement of capital - Danica Pension Group

DKKm

Changes in shareholders' equity	Share capital	Revaluation reserve	Foreign currency translation reserve *	Other reserves	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2018	1,101	1	-67	1,882	18,449	-	21,366
Effect of accounting policy changes 1 January 2019	-	-	-	-	-258	-	-258
Adjusted shareholders' equity at 1 January 2019	1,101	1	-67	1,882	18,191	-	21,108
Profit for the period	-	-	-	-	1,753	-	1,753
Other comprehensive income:							
Reversed on sale of foreign entity	-	-	5	-	-	-	5
Translation of units outside Denmark	-	-	4	-	-	-	4
Hedges of units outside Denmark	-	-	4	-	-	-	4
Tax on other comprehensive income	-	-	-1	-	-	-	-1
Total other comprehensive income	-	-	12	-	-	-	12
Comprehensive income for the period	-	-	12	-	1,753	-	1,765
Shareholders' equity at 30 June 2019	1,101	1	-55	1,882	19,944	-	22,873
Shareholders' equity at 31 December 2017	1,100	0	-57	1,499	14,180	1,225	17,947
Correction of errors and new executive order	-	-	-	-	38	-	38
Adjusted shareholders' equity at 1 January 2018	1,100	0	-57	1,499	14,218	1,225	17,985
Profit for the period	-	-	-	-	642	-	642
Other comprehensive income:							
Translation of units outside Denmark	-	-	-20	-	-	-	-20
Hedges of units outside Denmark	-	-	19	-	-	-	19
Hedge of acquisition	-	-	-	-	-41	-	-41
Tax on other comprehensive income	-	-	-9	-	14	-	5
Total other comprehensive income	-	-	-10	-	-27	-	-37
Comprehensive income for the period	-	-	-10	-	615	-	605
Adjustment, domicile property	-	1	-	-	-	-	1
Reclassified because of acquisition	-	-	-	383	-383	-	0
Capital injection	1	-	-	-	3,999	-	4,000
Dividend paid	-	-	-	-	-	-1,225	-1,225
Shareholder's equity, 31 December 2018	1,101	1	-67	1,882	18,449	0	21,366

* Recognised in the balance sheet under retained earnings.

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

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

Statement of capital - Danica Pension Group

DKKm	30 June 2019	31 December 2018
Total capital		
Shareholders' equity	22,873	21,366
Valuation differences between financial statements and Solvency II		
Provisions for insurance and investment contracts	4,032	6,552
Deferred tax	261	276
- Intangible assets	-3,785	-3,847
Supplementary capital	3,981	3,850
Total capital	27,362	28,197

Cash flow statement - Danica Pension Group

DKKm	First half 2019	Full year 2018	First half 2018
Cash flow from operations			
Profit before tax	513	1,961	321
Adjustment for non-cash operating items:			
Non-cash items relating to premiums and benefits	38,001	-21,157	-7,915
Non-cash items relating to reinsurance	-19	-50	294
Non-cash items relating to investment return	-42,927	10,302	5
Non-cash items relating to tax on pension returns	1,822	1,503	1,822
Non-cash items relating to expenses	3,036	3,386	273
Net investment, customer funds	2,644	451	1,533
Payments received and made, investment contracts	1,241	1,036	5,777
Tax paid	-	-611	239
Cash flow from operations	4,311	-3,179	2,349
Cash flow from investing activities			
Sale of investment property	-	289	289
Purchase of holdings	-	-5,000	-5,000
Sale of holdings	1,668	-	-
Purchase of bonds	-9,660	-7,071	-4,073
Sale of bonds	6,569	7,631	4,481
Purchase of derivatives	-	-78	-2
Sale of derivatives	5	87	40
Cash flow from investing activities	-1,418	-4,142	-4,265
Cash flow from financing activities			
Capital injection	-	4,000	4,000
Dividend	-	-1,225	-1,225
Debt to credit institutions	2,611	-667	-5,528
Cash flow from financing activities	2,611	2,108	-2,753
Cash and cash equivalents at 1 January	4,753	9,908	9,908
Netto- og afgang af koncernselskaber	-	1,366	-
Change in cash and cash equivalents	5,504	-6,521	-4,669
Cash and cash equivalents, end of period	10,257	4,753	5,239
Cash and cash equivalents, end of period			
Deposits with credit institutions	2,953	1,345	2,265
Cash in hand and demand deposits	7,304	3,408	2,974
Total	10,257	4,753	5,239

Notes – Danica Pension Group

Note

1 ACCOUNTING POLICIES – DANICA PENSION 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 2018.

The accounting policies have been changed compared with the annual report for 2018 due to a change in the calculation of unearned premiums provisions for health and accident insurance, a change in segment reporting and the implementation of IFRS 16.

Merger of companies

At 1 January 2019, the Danica Pension Group merged the companies Danica Pension, livsforsikringsaktieselskab, Danica Pensionsforsikring A/S and Danica Administration A/S, with Danica Pension as the continuing company. The merger, effected using the pooling of interests method, has not affected the comparative figures of the Group. The former subsidiaries Danica Pensionsforsikring and Danica Administration were consolidated as of the acquisition date, 7 June 2018 (see the annual report for 2018).

Changes in accounting policies

Unearned premiums provision

The Danica Pension Group has changed the accounting policy on calculating the unearned premiums provision for health and accident insurance with a risk coverage period of up to one year. From 1 January 2019, the unearned premiums provision represents the net present value of expected future payments in relation to insurance events occurring after the balance sheet date on existing agreements, plus expected administrative expenses, commission and claims processing costs and less premiums due to be received during the risk coverage period. The risk coverage period after the balance sheet date is 6 months for personal schemes and 12 months for company schemes. For company pension agreements with price guarantees, the risk coverage period is the longer of 12 months and the period of the price guarantee. Under the previous accounting policy, the unearned premiums provision solely represented prepaid premiums received. The changed accounting policy for calculating the unearned premiums provision is considered to result in a more relevant and reliable representation of the liabilities relating to the risk coverage period after the balance sheet date.

At 1 January 2019, the change had the effect of increasing the provision for the Group by DKK 973 million. The increase in the unearned premiums provision is partially covered by a DKK 642 million reduction of the Group's profit margin on the customers' savings component, and the remainder of the effect is recognised as a reduction in shareholders' equity of DKK 331 million before tax or DKK 258 million after tax.

Due to declining interest rates, the policy change has decreased profit before tax for H1 2019 by DKK 53 million.

Comparative figures for 2018 have not been restated as retroactive application is impracticable without the use of hindsight and due to lack of data.

Leases (IFRS 16)

The Danica Pension Group implemented IFRS 16, Leases on 1 January 2019. The Danica Pension Group has a limited number of leased assets. The implementation has led to the recognition of right-of-use assets and corresponding lease liabilities of DKK 3 million. The implementation has no impact on shareholders' equity at 1 January 2019 and no significant impact on the income statement for H1 2019. The Danica Pension Group has chosen to use the modified method of implementing IFRS 16 and, accordingly, has not restated comparative figures. Lease liabilities are recognised in Other liabilities. Lease assets are recognised in the same item as similar owned assets, except assets that are part of a subleasing arrangement. These are recognised under Other receivables.

As from 2019, leases with the Danica Pension Group as lessee are recognised in the balance sheet, except for leases of low-value assets and leases with a term of 12 months or less. On initial recognition of a lease, the Group recognises a lease liability at the present value of future lease payments using the Group's borrowing rate and a right-of-use asset. Subsequently, the lease liability is adjusted for accrued interest and lease payments and corrected to reflect any modifications and remeasurement. The right-of-use asset is measured at cost less accumulated depreciation and any impairment losses and is depreciated on a straight-line basis over the lease term. In the case of subleases classified as finance leases, however, the right-of-use asset is reduced by regular interest and lease payments.

Notes – Danica Pension Group

Note

Other than as set out above, the accounting policies are consistent with the accounting policies applied in the annual report for 2018, to which we refer.

Change in segment reporting

Subsequent to the annual report for 2018, the Danica Pension Group has combined the business segments Traditional and Unit-linked. The reason for the combination is that the two segments have similar financial characteristics and the fact that Management considers the business as a whole without allocating Danica's resources to specific products. After this change, Danica Pension Group has a single segment. To facilitate the customers' ability to follow the products and due to the categorisation of conventional and unit-linked products in the Danish FSA's Executive Order on Financial Reports for Insurance Companies and Multi-employer Occupational Pension Funds, this categorisation is maintained in the management's report.

Significant accounting estimates and judgments

Management's estimates and judgements of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the consolidated financial statements. 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 financial instruments
- the fair value measurement of real property
- Intangible assets / Goodwill

For more details on goodwill, see note 4 to the financial statements.

Change in accounting estimates

Life insurance provisions are computed for each insurance policy on the basis of a zero-coupon yield curve, based on EIOPA's discount curve. At 1 January 2019, EIOPA changed its method of calculating the Danish volatility adjustment (VA) of the discount curve. As a result of the changed methodology and update of underlying parameters, the VA was reduced by 12 basis points. The financial effect of the changed discount curve was a DKK 1.5 billion reduction of the buffers and a reduction of the profit before tax for H1 2019 of DKK 140 million before tax, or DKK 109 million after tax.

Notes - Danica Pension Group

Note	DKKm	First half 2019	First half 2018
2	BUSINESS SEGMENTS		
	The group consists of one business segment as shown below		
	Gross premiums from external sales	14,759	13,782
	- Gross premiums on investment contracts	-2,528	-1,425
	Gross premiums in the income statement	12,231	12,357
	Return on investment allocated to technical result	30,752	-878
	Claims and benefits paid	-14,966	-12,824
	Change in provisions for insurance and investment contracts	-26,809	2,225
	Total operating expenses relating to insurance	-806	-547
	Result of reinsurance	-40	-27
	Other income, net	143	12
	Technical result	505	318
	Return on investment, shareholders' equity	8	-10
	Profit before tax	513	308
	Interest income	8,934	4,078
	Interest expenses	-6,668	-1,931
	Income from associated undertakings at book value	238	160
	Impairment, depreciation and amortisation charges	-67	-11

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

GEOGRAPHICAL SEGMENTS

Premium income from external customers are allocated to the country in which the contract was sold.

Assets comprise only intangible assets, tangible assets, investment property and holdings in associated undertakings in accordance with IFRS and do not provide a useful description of the Group's assets for management purposes.

Goodwill is allocated to the country in which activities are performed, whereas other assets are allocated on the basis of their location.

	Premiums, external customers		Assets	
	First half 2019	First half 2018	First half 2019	First half 2018
Denmark	13,361	12,612	29,851	27,275
Norway	1,398	1,170	84	84
Total	14,759	13,782	29,935	27,359

3	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	8,612	6,849
	Single premiums	5,484	6,332
	Total direct insurance	14,096	13,181
	Total gross premiums	14,096	13,181
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	1,371	320
	Single premiums	1,157	1,105
	Total premiums paid	2,528	1,425
	Total gross premiums included in the income statement	11,568	11,756

Notes - Danica Pension Group

Note	DKKm	30 June 2019	31 December 2018
4	INTANGIBLE ASSETS		
	Cost, beginning of year	3,925	167
	Exchange rate adjustment	5	-1
	Addition regarding Danica Pensionsforsikring and Danica Administration	-	3,759
	Cost, end of period	3,930	3,925
	Impairment and amortisation, beginning of year	-78	-
	Amortisation during the period	-67	-78
	Impairment and amortisation, end of period	-145	-78
	Carrying amount, end of period	3,785	3,847

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

Goodwill on acquisition of Danica Pensionsforsikring A/S and Danica Administration A/S of DKK 2,427million was tested for impairment in December 2018 based on earnings estimates for the budget period, followed by a terminal value. The budget period generally represents the first five years.

As a result of the integration process and merger of Danica Pension, livsforsikringsaktieselskab, Danica Pensionsforsikring A/S and Danica Administration A/S, the combined Danish activities of the Danica Group now constitute a single cash-generating unit for goodwill impairment testing purposes. The impairment test for 2018 was performed on the basis that the acquired undertaking initially constituted a separate cash-generating unit. To account for the fact that on initial recognition certain risks could not be quantified in the expected future cash flows of the acquired undertakings, these risks were instead reflected in the 2018 discount rate of 9%. As these risks will be incorporated in expected future cash flows, using a discount rate of 8% going forward is considered to provide a more fair presentation. At 30 June 2019, there is no evidence of impairment.

5 SUBORDINATED DEBT

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

Currency	Borrower	Note	Nominal	Interest rate	Year of issue	Maturity	Re-emption price		
EUR	Danica Pension	a)	500	4.38	2015	29.9.45	100	3,981	3,850
Subordinated debt								3,981	3,850
Discount								-22	-24
Hedging of interest rate risk at fair value								271	140
Total, corresponding to fair value								4,230	3,966
Establishment and redemption costs								-	
Included in the total capital								4,230	3,966

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

The loan carries interest at a rate of 4.375% p.a. until 29 September 2025, at which point a step-up will occur. The interest expense amounted to DKK 60 million for the first half of 2019.

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

Notes - Danica Pension Group

Note	DKKm	30 June 2019	31 December 2018
6			
	ASSETS DEPOSITED AS COLLATERAL AND CONTINGENT LIABILITIES		
	Assets have been deposited as collateral for policyholders' savings with a total of:	450,247	409,732
	As collateral for derivative transactions, the Group has delivered bonds and cash equal to a total fair value of	28,827	12,186
	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	509	566
	The Group has undertaken to participate in alternative investments with an amount of	23,738	22,218
	The Group is voluntarily registered for VAT on certain properties. The Group's VAT adjustment liability amounts to	776	278
	As a participant in partnerships, the Group is liable for a total debt of	12	12
	The Group's companies are jointly taxed with all units in the Danske Bank Group and are jointly and severally liable for their Danish income tax, withholding tax etc.		
	The Danish group companies are registered jointly for financial services employer tax and for VAT for which they are jointly and severally liable.		
	Danica Pension is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S.		
	Owing to its size and business volume, the Group is continually a party to various lawsuits and disputes.		
	The Group does not expect the outcomes of lawsuits and disputes to have any material effect on its financial position.		

Notes - Danica Pension Group

Note DKKm

7 FINANCIAL INSTRUMENTS

Financial instruments, classification and valuation method

30 June 2019	Fair value			Amortised cost		
	Held for trading	Designated	Fair value hedge	Debtors	Liabilities	Total
Holdings		22,741				22,741
Unit trust certificates		20,231				20,231
Bonds		165,730				165,730
Other loans		1,829				1,829
Deposits with credit institutions		2,953				2,953
Derivatives	87,307					87,307
Unit-linked investments		246,626				246,626
Debtors				4,126		4,126
Cash and cash equivalents				7,304		7,304
Total financial assets	87,307	460,110		11,430		558,847
Provisions for unit-linked products, investment contracts		46,364				46,364
Due to credit institutions	19,976					19,976
Derivatives	103,629					103,629
Subordinated loan capital			271		3,710	3,981
Total financial liabilities	123,605	46,364	271		3,710	173,950
31 December 2018						
Holdings		23,541				23,541
Unit trust certificates		16,364				16,364
Bonds		162,477				162,477
Other loans		1,625				1,625
Deposits with credit institutions		1,345				1,345
Derivatives	38,788					38,788
Unit-linked investments		217,496				217,496
Debtors				3,022		3,022
Cash and cash equivalents				3,408		3,408
Total financial assets	38,788	422,848		6,430		468,066
Provisions for unit-linked products, investment contracts		46,999				46,999
Due to credit institutions	17,365					17,365
Derivatives	53,647					53,647
Subordinated debt			140		3,662	3,802
Total financial liabilities	71,012	46,999	140		3,662	121,813

Recognition as income:

Exchange rate adjustment of debtors and creditors measured at amortised cost were recognised under value adjustments at DKK -8 million in H1 2019 and at DKK -13 million in 2018.

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

Notes - Danica Pension Group

Note DKKm

7
(cont'd)

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 2019, Danica had financial assets as set out below in the amount of DKK 547,417 million, of which 96% was attributable to insurance obligations to policyholders and 4% was attributable to shareholders' equity. Accordingly, changes in various valuation parameters would therefore have an insignificant impact on shareholders' equity, as the risk is assumed by policyholders.

	Quoted prices	Observable input	Non-observable input	Total
30 June 2019				
Holdings	8,058	1,243	13,440	22,741
Unit trust certificates	17,718	1,486	1,027	20,231
Bonds	147,272	14,881	3,577	165,730
Other loans	0	74	1,755	1,829
Derivatives	5,008	80,425	1,874	87,307
Unit-linked investments	180,819	34,872	30,935	246,626
Deposits with credit institutions	2,953	0	0	2,953
Total financial assets	361,828	132,981	52,608	547,417
Due to credit institutions	19,976	-	-	19,976
Derivatives	5,171	96,340	2,118	103,629
Subordinated debt	-	271	-	271
Provisions for unit-linked contracts	46,364	-	-	46,364
Total financial liabilities	71,511	96,611	2,118	170,240
31 December 2018				
Holdings	7,955	1,822	13,764	23,541
Unit trust certificates	16,129	219	16	16,364
Bonds	141,771	20,030	676	162,477
Other loans	-	50	1,575	1,625
Derivatives	88	36,827	1,873	38,788
Unit-linked investments	158,928	28,446	30,122	217,496
Deposits with credit institutions	1,345	-	-	1,345
Total financial assets	326,216	87,394	48,026	461,636
Due to credit institutions	17,365	-	-	17,365
Derivatives	118	51,291	2,238	53,647
Subordinated debt	-	140	-	140
Provisions for unit-linked contracts	46,999	-	-	46,999
Total financial liabilities	64,482	51,431	2,238	118,151

At 30 June 2019, financial instruments measured on the basis of non-observable input comprised unlisted shares DKK 39,617 million and illiquid bonds DKK 9,249 million.

Notes - Danica Pension Group

Note DKKm

7
(cont'd)

Valuation based on non-observable input	30 June 2019	31 December 2018
Fair value, beginning of year	48,026	22,696
Fair value through profit or loss	3,022	1,775
Addition regarding acquisition	-	16,509
Purchase	36,675	11,104
Sale	-37,234	-10,558
Transferred from quoted prices and observable input		6,500
Fair value, end of period	50,489	48,026

In the first half of 2019, unrealised market value adjustments were recognised at DKK 1,393 million (2018: DKK 3,402 million) on financial instruments valued based on non-observable input.

Assuming a widening of the credit spread by 50 bps for bonds and other loans, the fair value would be reduced by DKK 135 million. A narrowing of the credit spread by 50 bps would cause the fair value to be increased by DKK 135 million.

8 RISK MANAGEMENT AND SENSITIVITY INFORMATION

RISK MANAGEMENT

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

The Group is exposed to a number of different risks.

<u>Financial risks:</u>	<u>Insurance risks:</u>	<u>Operational risks:</u>	<u>Business risks:</u>
Market	Longevity	Internal fraud	Reputation
Liquidity	Mortality	External fraud	Strategic
Counterparty	Disability	Employment situation	Regulatory
Concentration	Health and accident	Customers, products and business practices	Digitalisation
	Critical illness	Transactions and processes	
	Surrender	Physical assets	
	Expenses	Systems and data errors	
	Concentration	IT	
		Model risk	

Financial risk

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

The Group has three sources of financial risk:

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

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

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

Investments relating to conventional products

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

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

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

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

In order to ensure that the return on customer funds matches the guaranteed benefits on policies with bonus entitlement, Danica monitors market risk on an ongoing basis. Internal stress tests are performed to ensure that Danica is able to withstand material losses on its risk exposure as a result of, e.g., 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, Danica 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 is exposed to basic risk from government and credit spreads.

Credit spread risk on bond holdings is limited as 80% of the portfolio at the end of 2018 consists of government and mortgage bonds with high credit ratings (AA - AAA) with the international credit rating agencies or in unrated bonds issued by an issuer with a similar high credit quality. Just 9% of the portfolio is invested in non-investment grade bonds.

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

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

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

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

Investments relating to unit-linked products

The financial risk associated with investments under unit-linked products is primarily borne by policyholders, particularly on contracts with investment guarantees. At the end of 2018, 18% of policyholders had investment guarantees in the guarantee period. The guarantees do not apply until the policyholder retires and are paid for by way of an annual fee.

Danica Pension hedges the risk on financial guarantees in unit-linked products with 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.

The Group's risk exposure on unit-linked products relates to its income from managing customers' savings and insurance contracts. The profit margin is the present value of expected future income/expenses on insurance contracts expected to be recognised in the income statement concurrently with the provision of insurance cover and any other benefits under the contract. In the event of adverse financial market developments, such as an equity market decline, the profit margin on the policyholders' savings will be reduced and the Company's profit margin will be lower, resulting in a reduction of the Group's total capital to cover the solvency capital requirement.

Direct investments of shareholders' equity

Shareholders' equity is exposed to financial risk on assets in which the shareholders' equity is invested and on investments relating to the health and accident business and relating to the group Egen Gruppe, which also falls under the risk exposure of shareholders' equity.

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

Insurance risks

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

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

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

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

Operational risk

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

Business risk

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

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

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

SENSITIVITY INFORMATION

The below table shows the effects 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. A 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 - SCR

	SCR 125%			SCR 100%		
	Stress (%)	Total capital (DKKm)	Solvency coverage ratio (%)	Stress (%)	Total capital (DKKm)	Solvency coverage ratio (%)
Interest rate risk	-200	26,035	148	-200	26,035	148
Equity risk	51	22,464	125	71	18,438	100
Property risk	54	23,841	125	82	20,010	100
Credit spread risks:						
- Danish government bonds, etc.	11	24,492	125	18	20,953	100
- Other government bonds, etc.	26	24,510	125	41	20,850	100
- Other bonds	31	24,543	125	48	20,920	100
Currency spread risks						
- USD	100	27,356	183	100	27,356	183
- NOK	100	27,340	183	100	27,340	183
- SEK	100	27,331	183	100	27,331	183
Counterparty risk		27,362	179		27,362	179
Longevity risk	44	25,641	125	58	23,818	100
Life insurance option risk	250	25,608	144	250	25,608	144
Non-life catastrophe risk	N/A	N/A	N/A	N/A	N/A	N/A

Sensitivity information - MCR

	MCR 125%			MCR 100%		
	Stress (%)	Total capital (DKKm)	Solvency coverage ratio (%)	Stress (%)	Total capital (DKKm)	Solvency coverage ratio (%)
Interest rate risk	-200	26,035	296	-200	26,035	296
Equity risk	97	12,960	125	100	12,279	116
Property risk	100	17,698	180	100	17,698	180
Credit spread risks:						
- Danish government bonds, etc.	32	13,050	125	35	10,917	100
- Other government bonds, etc.	72	12,970	125	81	10,846	100
- Other bonds	82	13,097	125	92	10,944	100
Currency spread risks						
- USD	100	27,356	362	100	27,356	362
- NOK	100	27,340	363	100	27,340	363
- SEK	100	27,331	363	100	27,331	363
Counterparty risk		24,776	355		24,776	355
Longevity risk	100	18,081	174	100	18,081	174
Life insurance option risk	250	25,608	287	250	25,608	287
Non-life catastrophe risk	N/A	N/A	N/A	N/A	N/A	N/A

The above table is prepared on the basis of total capital of DKK 27,362 million and a solvency coverage ratio of 186%. Please note that for credit spread risk, a decline in bonds without an increase in EIOPA's discount yield curve is assumed.

Financial highlights - Danica Pension

DKKm	First half 2019	First half 2018	Full year 2018
INCOME STATEMENT			
Premiums	10,422	10,815	21,576
Claims and benefits	-13,841	-11,768	-26,333
Return on investment	36,842	-1,240	-8,601
Total operating expenses relating to insurance	-638	-394	-1,150
Profit/loss on business ceded	-6	10	5
Technical result, Life	2,221	234	588
Gross premium income	475	526	1,380
Gross claims	-683	-595	-1,661
Total operating expenses relating to insurance	-56	-38	-100
Profit/loss on business ceded	-8	-14	-34
Return on investment less technical interest	-269	-20	24
Technical result of health and accident insurance	-505	-221	-681
Net profit/loss for the period	1,753	238	643
Other comprehensive income	12	-30	-37
BALANCE SHEET			
Total assets	584,095	485,672	491,405
Insurance assets, health and accident insurance	242	319	233
Technical provisions, health and accident insurance	15,827	13,557	13,792
Total shareholders' equity	22,873	20,963	21,366
Provisions for insurance and investment contracts	412,363	396,451	385,801
KEY FIGURES AND RATIOS (%)			
Rate of return related to average rate products	8.0	0.6	1.0
Rate of return related to unit-linked products	11.1	-1.2	-5.6
Risk on returns related to unit-linked rate products	4.25	4.25	4.25
Expenses as per cent of provisions	0.2	0.1	0.4
Expenses per policyholder (DKK)	811	635	1,672
Return on equity after tax	1.1	1.3	3.2
Solvency coverage ratio			
RATIOS FOR HEALTH AND ACCIDENT INSURANCE			
Gross claims ratio	133	116	128
Gross expense ratio	11	7	8
Combined ratio	146	127	138
Operating ratio	209	145	165
Relative run-off (%)	0.0	0.0	-0.5
Run-off, net of reinsurance (DKK millions)	0	2	-49

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

Income statement - Danica Pension

Note	DKKm	First half 2019	First half 2018
2	Gross premiums	10,422	10,815
	Reinsurance premiums ceded	-9	-6
	Total premiums, net of reinsurance	10,413	10,809
	Income from group undertakings	2,073	514
	Income from associated undertakings	53	-36
	Income from investment property	14	4
	Interest income and dividends, etc.	9,311	4,224
	Value adjustments	32,656	-3,568
	Interest expenses	-6,647	-1,928
	Administrative expenses related to investment activities	-618	-450
	Total investment return	36,842	-1,240
	Tax on pension returns	-4,701	247
	Claims and benefits paid	-13,841	-11,768
	Total claims and benefits, net of reinsurance	-13,841	-11,768
	Change in life insurance provisions	-24,527	2,618
	Change in reinsurers' share	3	16
	Total change in life insurance provisions, net of reinsurance	-24,524	2,634
	Change in profit margin	-495	-33
	Acquisition costs	-157	-105
	Administrative expenses	-494	-297
	Reimbursement of costs from group undertakings	13	8
	Total operating expenses relating to insurance, net of reinsurance	-638	-394
	Transferred investment return	-835	-21
	TECHNICAL RESULT	2,221	234
3	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-505	-221
	Return on investments allocated to equity	25	-2
	Other income	115	345
	Other expenses	-	-1
	PROFIT BEFORE TAX	1,856	355
	Tax	-103	-117
	NET PROFIT FOR THE PERIOD	1,753	238
	Net profit for the period	1,753	238
	Other comprehensive income:		
	Translation of units outside Denmark	4	0
	Hedging of units outside Denmark	4	3
	Hedge of acquisition		-41
	Reversed on sale of foreign entity	5	-
	Tax relating to other comprehensive income	-1	8
	Total other comprehensive income	12	-30
	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,765	208

Balance sheet - Danica Pension

Assets

Note DKKm	30 June 2019	31 December 2018	30 June 2018
INTANGIBLE ASSETS	3,701	3,763	4,034
Investment properties	808	757	706
Holdings in group undertakings	19,085	18,617	17,962
Loans to group undertakings	3,518		2,055
Holdings in associated undertakings	1,343	4,256	1,166
Loans to associated undertakings			23
Total investments in group undertakings and associates	23,946	22,873	21,206
Holdings	21,780	22,748	21,579
Unit trust certificates	31,228	26,864	24,915
Bonds	154,439	151,629	161,541
Other loans	1,829	1,575	1,674
Deposits with credit institutions	2,950	1,342	2,262
Other (derivatives)	87,307	38,789	39,616
Total other financial investment assets	299,533	242,947	251,587
TOTAL INVESTMENT ASSETS	324,287	266,577	273,499
UNIT-LINKED INVESTMENTS	232,281	204,889	195,966
Unearned premiums provision, reinsurers' share	5	-	43
Life insurance provisions, reinsurers' share	54	50	66
Outstanding claims provision, reinsurers' share	236	233	276
Total technical provisions, reinsurers' share	295	283	385
Amounts due from policyholders	499	569	455
Amounts due from insurance companies	87	114	64
Amounts due from group undertakings	5,529	3,358	2,884
Other debtors	3,128	1,666	1,046
TOTAL DEBTORS	9,538	5,990	4,834
Assets in temporary possession	-	442	395
Current tax assets	588	600	555
Deferred tax assets	-	1	0
Cash and cash equivalents	6,714	2,735	2,557
Other	336	336	230
TOTAL OTHER ASSETS	7,638	4,114	3,737
Accrued interest and rent	6,131	5,582	3,168
Other prepayments and accrued income	519	490	434
TOTAL PREPAYMENTS AND ACCRUED INCOME	6,650	6,072	3,602
TOTAL ASSETS	584,095	491,405	485,672

Balance sheet - Danica Pension

Liabilities and equity

Note DKKm	30 June 2019	31 December 2018	30 June 2018
Share capital	1,101	1,101	1,101
Contingency fund	1,882	1,882	1,882
Retained earnings	19,890	18,383	17,980
TOTAL SHAREHOLDERS' EQUITY	22,873	21,366	20,963
SUBORDINATED LOAN CAPITAL	3,981	3,850	3,819
Unearned premiums provision	1,219	430	693
Life insurance provisions, average rate products	188,328	180,826	185,556
Life insurance provisions, unit-linked products	201,820	184,769	190,789
Total life insurance provisions	390,148	365,595	376,345
Profit margin on life insurance and investment contracts	6,388	6,414	6,549
Outstanding claims provision	13,945	12,827	12,441
Risk margin on non-life insurance contracts	613	424	380
Provisions for bonuses and premium discounts	50	111	43
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	412,363	385,801	396,451
Deferred tax	1,552	1,566	2,065
Other provisions	189	183	175
TOTAL PROVISIONS FOR LIABILITIES	1,741	1,749	2,240
Amounts owed, direct insurance	934	31	88
Amounts owed to reinsurers	190	191	314
Amounts owed to credit institutions	19,975	15,361	12,503
Amounts owed to group undertakings	1,408	-	1,020
Current tax liabilities	31	-	12
Other creditors	117,557	60,642	46,165
TOTAL CREDITORS	140,095	76,225	60,102
ACCRUALS AND DEFERRED INCOME	3,042	2,414	2,097
TOTAL LIABILITIES AND EQUITY	584,095	491,405	485,672

4 Assets deposited as collateral and contingent liabilities

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 on financial reports for insurance companies and multi-employer occupational pension funds and Amending Executive Order No. 688 of 1 June 2016, in force from 1 July 2016 and executive order No. 1442 of 1 January 2019. § 62 concerning lease has been pre adopted from 1 January 2019.

The accounting policies are identical to the Group's measurement under IFRS with such differences as naturally occur between consolidated and parent company financial statements. See the description of significant accounting policies in note 1 to the consolidated financial statements, including the for the period made practice changes which not have had a significant influence on the parent company's profit for the period.

Merger of companies

At 1 January 2019, the Danica Pension Group merged the companies Danica Pension, livsforsikringsaktieselskab, Danica Pensionsforsikring A/S and Danica Administration A/S, with Danica Pension as the continuing company. The merger, effected using the pooling of interests method, has affected the comparative figures for 2018 which has been adjusted in accordance hereby. The former subsidiaries Danica Pensionsforsikring and Danica Administration were consolidated as of the acquisition date, 7 June 2018 (see the annual report for 2018).

Changes in accounting policies

Unearned premiums provision

Danica Pension has changed the accounting policy on calculating the unearned premiums provision for health and accident insurance with a risk coverage period of up to one year. From 1 January 2019, the unearned premiums provision represents the net present value of expected future payments in relation to insurance events occurring after the balance sheet date on existing agreements, plus expected administrative expenses, commission and claims processing costs and less premiums due to be received during the risk coverage period. The risk coverage period after the balance sheet date is 6 months for personal schemes and 12 months for company schemes. For company pension agreements with price guarantees, the risk coverage period is the longer of 12 months and the period of the price guarantee. Under the previous accounting policy, the unearned premiums provision solely represented prepaid premiums received. The changed accounting policy for calculating the unearned premiums provision is considered to result in a more relevant and reliable representation of the liabilities relating to the risk coverage period after the balance sheet date.

At 1 January 2019, the change had the effect of increasing the provision for Danica Pension by DKK 1,011 million. The increase in the unearned premiums provision is partially covered by a DKK 642 million reduction of the Danica Pension's profit margin on the customers' savings component, and the remainder of the effect is recognised as a reduction in shareholders' equity of DKK 369 million before tax or DKK 288 million after tax.

Due to declining interest rates, the policy change has decreased profit before tax for H1 2019 by DKK 53 million.

Comparative figures for 2018 have not been restated as retroactive application is impracticable without the use of hindsight and due to lack of data.

Significant accounting estimates and judgments

Management's estimates and judgements of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the consolidated financial statements. 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 financial instruments
- the fair value measurement of real property
- Intangible assets / Goodwill

At 30 June 2019, there was no evidence of impairment. For more details, see note 4 to the financial statements for the Group.

Change in accounting estimates

Life insurance provisions are computed for each insurance policy on the basis of a zero-coupon yield curve, based on EIOPA's discount curve. At 1 January 2019, EIOPA changed its method of calculating the Danish volatility adjustment (VA) of the discount curve. As a result of the changed methodology and update of underlying parameters, the VA was reduced by 12 basis points. The financial effect of the changed discount curve was a DKK 1.5 billion reduction of the buffers and a reduction of the profit before tax for H1 2019 of DKK 140 million before tax, or DKK 109 million after tax.

Notes - Danica Pension

Note	DKKm	First half 2019	First half 2018
2	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	7,827	5,883
	Single premiums	4,948	5,963
	Total direct insurance	12,775	11,846
	Total gross premiums	12,775	11,846
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	1,285	
	Single premiums	1,068	1,031
	Total premiums paid	2,353	1,031
	Total gross premiums included in the income statement	10,422	10,815
3	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	587	530
	Reinsurance premiums ceded	-19	-12
	Change in unearned premiums provision	-112	-4
	Change in profit margin and risk margin	-10	-3
	Change in unearned premiums provision, reinsurers' share	5	-17
	Premiums, net of reinsurance	451	494
	Technical interest	-	-65
	Claims paid, gross	-769	-602
	Reinsurers' share received	5	13
	Change in outstanding claims provision	86	7
	Change in risk margin	-7	0
	Change in outstanding claims provision, reinsurers' share	1	2
	Claims, net of reinsurance	-684	-580
	Bonus and premium discounts	53	-12
	Acquisition costs	-20	-12
	Administrative expenses	-36	-26
	Total operating expenses relating to insurance, net of reinsurance	-56	-38
	Return on investment	-269	-20
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-505	-221

Notes - Danica Pension

Note	DKKm	30 June 2019	31 December 2018
4	ASSETS DEPOSITED AS COLLATERAL AND CONTINGENT LIABILITIES		
	Assets have been deposited as collateral for policyholders' savings with a total of:	434,680	396,285
	Mortgages have been issued as security for the technical liabilities in a total amount of		
	As collateral for derivative transactions, the company has delivered bonds equal to a total fair value of	28,827	12,186
	The company has undertaken to participate in alternative investments with an amount of	23,738	22,218
	The company is voluntarily registered for VAT on certain properties, and a residual VAT regulation obligation rests on	1	4
	The company is jointly taxed with all units in the Danske Bank Group and is jointly and severally liable for their Danish income tax, withholding tax etc.		
	The company is registered jointly with group undertakings for financial services employer tax and VAT, for which it is jointly and severally liable.		
	Danica Pension is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S.		
	Owing to its size and business volume, Danica Pension is continually a party to various lawsuits. The Company does not expect the outcomes of lawsuits and disputes to have any material effect on its financial position.		

Statement by the Management

The Board of Directors and the Executive Board (the management) have today considered and approved the interim financial statements of Danica Pension for the six months ended 30 June 2019.

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 2019 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 2019. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's and the Parent Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

Copenhagen, 18 July 2019

Executive Board

Ole Krogh Petersen
Chief Executive Officer

Jesper Mølskov Høybye

Søren Lockwood

Board of Directors

Jacob Aarup-Andersen
Chairman

Kim Andersen
Vice Chairman

Christian Boris Baltzer

Lisbet Kragelund

Ib Katznelson

Thomas Mitchell

Jeanette Løgstrup

Kenneth Stricker-Nielsen

Charlott Due Pihl

Henrik Nielsen

Address

Danica Pension,
Livsforsikringsaktieselskab
Parallelvej 17
DK-2800 Kgs. Lyngby, Denmark

Telephone: +45 70 11 25 25

Fax: (+45) 45 14 96 16

www.danicapension.dk

Company Registration No.

CVR 24256146

Contact: Jesper Mølskov Høybye, Head of Finance