



Interim report – first half 2023

Danica Pension, Livsforsikringsaktieselskab

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This Interim Report - First half 2023 is a translation of the original report in the Danish language (Delårsrapport - 1. halvår 2023). In case of discrepancy, the Danish version prevails.

SELECTED FINANCIAL HIGHLIGHTS FOR THE DANICA GROUP

(DKK millions)	H1 2023	H1 2022	Full year 2022
PREMIUMS INCLUDING INVESTMENT CONTRACTS	20,051	18,408	35,138
INCOME STATEMENT			
Insurance service result	435	803	1,994
Investment result	242	-1,338	-2,162
Other income and expenses	12	16	30
Profit/loss before tax	689	-519	-138
Tax	-174	43	-18
Goodwill impairment	-	-	-1,627
Profit after tax from discontinued operations	-	410	412
Profit/loss for the period	515	-66	-1,371
BALANCE SHEET			
Total assets	546,144	731,692	551,550
Total provisions for insurance and investment contracts	426,886	416,672	415,251
Total shareholders' equity	19,632	20,419	19,117
DANICA PENSION (PARENT COMPANY)¹⁾			
KEY FIGURES AND RATIOS (%)			
Return related to average rate products	0.2	-13.5	-14.6
Return related to unit-linked products	5.7	-16.2	-14.9
Risk on return related to unit-linked products	4.75	4.75	5.25
Net return before tax on pension returns on average rate products ²⁾	0.8	-5.8	-4.7
Expenses as per cent of provisions	0.16	0.15	0.29
Expenses per policyholder (DKK)	860	846	1,656
Return on equity after tax	2.2	0.5	-5.2
Return on equity after tax (Group)	2.7	-0.3	-6.5
Solvency coverage ratio ³⁾	191	184	187
RATIOS FOR HEALTH AND ACCIDENT INSURANCE			
Gross claims ratio	135	98	97
Gross expense ratio	13	11	6

¹⁾ For Danica Pension (Parent), the financial highlights are calculated in accordance with the Danish executive order on financial reports

²⁾ Includes change in accumulated value adjustment.

³⁾ At 30 June 2023, the solvency capital requirement (SCR) was DKK 16,035 million and the total capital was DKK 30,613 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 HIGHLIGHTS FOR THE PERIOD

Danica Pension's strategy is based on our ambition to be our customers' financial security provider and thereby enhance customer satisfaction. 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 in terms of 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 pension, insurance and healthcare solutions.

On 7 June 2023, Danske Bank launched its new strategy, Forward '28, in which Danica Pension plays a central role. Under the new strategy, customer relations will be strengthened, and it will become more advantageous to be a customer in both companies.

Growth and development in premiums

In the first half of 2023, Danica Pension's premiums grew, following a minor fall in premiums in 2022. Premiums were up 8.9% compared with the same period of 2022, covering increases of 7.7% in regular premiums and 10.2% in single premiums.

Stability re-established, financial markets were up

After a turbulent 2022 with the war in Ukraine and financial market instability and rising inflation, the first half of 2023 was more stable. The early months in particular were marked by a degree of global financial sector turbulence, which for a period spilled over into the global markets. After a couple of months, the sector uncertainty subsided, and overall, the general stability resulted in lower inflation and general improvement, especially in the European markets. The progress has been partially stalled by a potential looming recession in the US.

Investment return

The return for Danica Pension customers with a medium risk profile and 20 years to retirement was 6.1% for the first half of 2023. This means that the negative returns from 2022 have been almost eradicated for this customer group, seen over a 12-month period. It is worth noting that Danica Pension's investment strategy is based on a long-term perspective and that, over a five-year period, our customers have received very competitive returns that have withstood single years of decline due to unusual market conditions.

Strong focus on the self-employed

In 2023, we have continued to work with the agreement between Danica Pension and Pension for Selvstændige entered into in September 2021, which now covers 40,000 self-employed customers with total pension savings of DKK 40 billion. Danica

Pension has had a strong focus on the self-employed for over 30 years.

It is an important part of Danica Pension's mission to make a difference for the self-employed – 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.

In May 2023, Pension for Selvstændige signed an agreement with the brokerage house WTW. Going forward, WTW will offer advisory services for self-employed persons who wish to save up for their retirement or get insurance cover in case of illness or injury. In connection with our collaboration, WTW has trained a specialised team of advisers to provide impartial advisory services for the self-employed.

Award for automated processes

In April 2023, Danica Pension won an international award for our work with automated processes in the category of 'Operational Ingenuity' at the Blue Prism Awards. The award is in recognition of our long-standing work towards using programmes developed by our Robotics department to take over a number of uniform work processes. This work helps us keep the level of expenses down and employee satisfaction high, as it allows employees to focus on tasks of a more challenging nature.

Close collaboration with Danske Bank for the benefit of customers

In the presentation of Danske Bank's new Forward '28 strategy in June, it was clear that Danica Pension will continue to play a central role in creating customer benefits. The strategy also further specified how we can advise customers on all aspects of their finances, that is their home, pension and available 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.

Increase in health and accident claims

The result of the health and accident business was adversely affected by a higher number of new claims. For quite some time, Danica has witnessed a positive trend in its health and accident business, driven not least by our extensive focus on helping customers return to work by providing improved, holistic treatment and prevention solutions in all healthcare areas. However, Danica has acknowledged that the general societal developments, which in recent years have involved a significant increase in the number of Danes receiving public sickness benefits or attending a public re-employment or resource programme, are also reflected in Danica's own portfolio.

In the first half of 2023, Danica Pension posted a risk and cost loss on its health and accident business of DKK 261 million, against a loss of DKK 88 million in the first half of 2022. The performance was driven primarily by the above-mentioned development in the number of new claims.

As a result of the more positive financial market in the first half of 2023, the investment result in the health and accident business improved to a loss of DKK 60 million, against a loss of DKK 664 million in the first half of 2022.

The overall health and accident loss amounted to DKK 321 million in the first half of 2023, against a loss of DKK 752 million in the first half of 2022.

New healthcare initiatives

To ensure a high-quality healthcare offering and a sounder balance between income and expenditure, we have launched a number of initiatives in the healthcare area. We believe that ensuring that the Danish population is as healthy as possible is beneficial to companies and their employees as well as to our own bottom line and to society in general.

We are still highly successful in selling our health insurance and products to our customers. Being able to look after our customers' health throughout the process - from prevention to early action, the claims handling and in case of loss of earning capacity - places us in a far better position when it comes to reducing our customers' level of sickness absence. It also improves our ability to balance our health and accident result.

In the first half of 2023, we reached the milestone of 200,000 customers with health insurance. This equaled a robust growth rate of approximately 30% in 18 months. The demand for our Health Package remains extremely strong, and we have reached 150,000 customers with this product, representing approximately 50% growth in 18 months.

The Health Package offers our customers quick and easy access to doctors, psychologists and dieticians. We continually expand and improve this solution to offer help to our customers before their problems worsen and turn into long-term illness. In the first half of 2023, 16,908 customers used the Health Package, and 36% of the customers who consulted a psychologist responded that they would not otherwise have sought help.

We are seeing a great demand from business customers for programmes focusing on employee well-being. In the past year, we have therefore increased our focus on developing such programmes. One of our programmes focuses specifically on creating balance and mental well-being. The programme comprises a number of tools and teaching elements aimed at preventing illness and placing managers in

a position to better handle sickness absence. Several Danish companies are already using the programme.

Based on our positive experience in the area of prevention, in June 2023, we recommended to the Danish government to develop a prevention strategy setting out specific, binding prevention targets for the period 2025-2035. We proposed that the strategy should be prepared by an expert group with representatives of, among others, the general practitioners, hospitals, municipalities, the Danish Cancer Society, central professional organisations and the pension companies.

Changed rates of interest on policyholders' savings

Effective from 1 April 2023, Danica Pension raised the rate of interest on policyholders' savings in interest rate group 1 from 0% to 1%. The change was made in response to our current financial situation, our investment result and our future expectations for this interest rate group.

SOCIETAL IMPACT AND SUSTAINABILITY

Danica Pension's 2025 societal impact and sustainability strategy focuses on three main themes that support the UN Sustainable Development Goals - climate and environment, financial security and a healthy working life and senior life.

Increased investment in Danica Balance Sustainable Choice

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. Our focus for 2023 includes strengthening awareness of the solution through a national marketing and communication campaign. At 30 June 2023, our customers had invested DKK 4.2 billion in this solution.

New Science-Based Targets and increased investments in the green transition

Danica Pension is a member of 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 reduce carbon emissions for these key sectors by between 15% and 35% relative to the 2019 level.

In January 2023, we added a further dimension to our climate activities to ensure that our initiatives are based on science and the latest research. Becoming signatories to the Science Based Targets Initiative means that independent climate experts must approve Danica Pension's future temperature targets in terms of our investments to be able to comply with the Paris Agreement.

To further contribute 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. Danica Pension has scaled up investments in the green transition from DKK 38 billion at 31 December 2022 to DKK 49 billion at 30 June 2023. The increase was driven by, for example, increasing investments in green bonds and an increase in the value of equity investments in the green transition.

Increased focus on biodiversity

Biodiversity is under severe pressure, which in turn aggravates the climate crisis. Restoring nature, ecosystems and wildlife is vital to delivering on the Paris Agreement, because healthy biodiversity helps regulate the climate and combat climate change. Danica Pension has a biodiversity strategy that focuses particularly on exercising active ownership in sectors with high levels of dependence and impact on forests and oceans. In the first half of 2023, we conducted our first engagement meetings with global enterprises focusing on biodiversity. Our sustainable property strategy also focuses on biodiversity, which includes consulting biodiversity experts in connection with new builds.

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 2023 is that Danica Pension has increased the financial security of 363,700 individuals and businesses since 2019, for example via online Pension Check, Pension Start or advisory meetings.

In the first half of 2023, we further highlighted financial security, for example via media coverage. Our focus was on the recent political agreement in Denmark which includes a relaxation of the rules on set-off against state retirement pension and anticipatory pension. This will give working pensioners a significant financial boost. We further focused on men taking longer paternity leave. Over time, this may even out the differences between men's and women's pensions. Last, but not least, we focused on the problem that many policyholders lose heart when the markets decline. But in fact, over a period of years, customers with high risk have seen greater returns than those with lower risk. The explanation is that they have a larger proportion of equities in their pension scheme. Generally, we recommend that customers choose a risk profile and stick to it. Pensions are a long-term form of savings, and customers need to be comfortable with the risk profile they have chosen.

We reached our healthcare target ahead of schedule

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 at 30 June 2023 was that Danica Pension had exceeded the target for 2025 and already helped 235,700 individuals and businesses via treatment or financial compensation. Part of the reason is the general growth in the number of pension customers who add on health insurance. In addition, Danica Pension introduced the Health Package to customers with easy access to doctors, psychologists and dieticians online.

To promote focus on prevention in the first half of 2023, Danica launched the new prevention concept "Balance and mental well-being" for business customers. Danica Pension offers concrete mental health tools and workshops giving managers and employees the opportunity to focus on creating well-being in a high-performance working environment.

Responsible investments focusing on active ownership

Danica Pension continually strive to lift our responsible investment and active ownership ambitions. In the first half of 2023, Danica Pension voted at 1,188 general meetings and focused particularly on the energy sector through active ownership and opinion pieces to exert pressure on the sector to take a more long-term stance by planning a more ambitious phase-out of oil and invest their profits in renewable energy and green alternatives. For example, at energy companies' general meetings in 2023 we have voted for proposals in favour of lifting their climate ambitions. In addition, we have voted against the re-election of board members in certain energy companies, as we do not find that they are doing enough to prepare the energy companies for being relevant in a greener economy.

Corporate Sustainability Reporting Directive

The Corporate Sustainability Reporting Directive (CSRD) is a new EU directive that strengthens the rules on the sustainability information that companies have to report. The objective is to harmonise reporting and increase transparency in sustainability reporting. Danica Pension will be subject to the CSRD, and we are preparing for its implementation. Our first reporting under the directive will be in the annual report for 2024.

FINANCIAL REVIEW – DANICA GROUP

Special matters

New financial reporting standard on insurance contracts

The new international financial reporting standard on insurance contracts, IFRS 17, became effective at 1 January 2023. IFRS 17 has had a significant impact on the income statement presentation for the Danica Group, and the balance is now presented in the liquidity order. IFRS 17 has also changed the recognition pattern of profits and losses for insurance contracts in the income statement, but does not change the overall profitability of the insurance contracts.

One of the principal changes under IFRS 17 is that premiums received and benefits paid for life insurance are no longer recognised in the income statement.

As part of the implementation of IFRS 17, life insurance and health and accident insurance will be disaggregated for accounting purposes. This means the profit margin on life insurance will no longer be used to cover any expected future losses on health and accident insurance.

The overall implementation of IFRS 17 has reduced equity in the Danica Group by DKK 1.4 billion at 1 January 2022, having a positive effect of DKK 303 million on profits for 2022.

Comparative figures for 2022 have been restated.

The transition to IFRS 17 is described in detail in note 1 to the consolidated financial statements.

Additional pension returns tax on health and accident business

As previously mentioned, the Danish tax authorities have made claims against Danica Pension for additional pension returns tax on the health and accident business. The claims cover the period from 2012, during which period the tax authorities are of the opinion that negative risk and cost results in the health and accident business are subject to pension returns tax. In Danica Pension's opinion, negative results in the health and accident business are not subject to pension returns tax.

Danica Pension has recognised a total provision of DKK 773 million, including interest, for potential additional pension returns tax for the period 2017 to June 2023, of which DKK 36 million has been recognised in the 2023 financial year.

Furthermore, the Danish tax authorities have made a further claim against Danica Pension for DKK 439 million, including interest, in additional pension returns tax for the period 2012-2016. We have not recognised this as a provision, but as a receivable,

as – apart from disputing the tax authorities' decision that negative results in the health and accident business are subject to pension returns tax – Danica Pension believes the claims for the period 2012 to 2016 to be time-barred.

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

Interim financial statements of the Danica Group

Profit/loss for the period

For the first half of 2023, the Danica Group realised a profit before tax and special items of DKK 689 million, against a loss of DKK 519 million for the first half of 2022. After tax and special items, the profit for the first half of 2023 amounted to DKK 515 million, against a loss of DKK 66 million for the first half of 2022.

DANICA GROUP, INCOME STATEMENT			
(DKK mil- lions)	H1 2023	H1 2022	
Insurance service result	435	803	
Investment result	242	-1,338	
Other income and expenses	12	16	
Profit/loss before tax and special items	689	-519	
Tax	-174	43	
Profit/loss before special items	515	-476	
Profit after tax from discontinued operations	0	410	
Profit/loss for the period	515	-66	

The profit for the first half of 2023 is satisfactory and in line with the guidance provided in Annual Report 2022, although the insurance service result, seen in isolation, is below the expected level.

INSURANCE SERVICE RESULT PER PRODUCT			
(DKK millions)	H1 2023	H1 2022	
Average rate products	332	519	
Unit-linked products	325	340	
Health and accident insurance	-261	-88	
Other ¹⁾	39	32	
Total insurance service result	435	803	

¹⁾ Primarily includes holding of life insurance products in run-off, for which Danica holds the risk

The insurance service result for average rate products (conventional policies) was affected by developments in the mortgage bond and property markets in the first half of 2023, as a result of which it has not been possible to make a full risk allowance in all interest rate groups. Furthermore, the portfolio of average rate products has been reduced, resulting in a lower insurance service result for these products.

The insurance service result for unit-linked products is affected by the fact that policyholders' savings on

average were larger in the first half of 2022 than in the first half of 2023, leading to higher income in 2022.

As mentioned previously, the insurance service result for health and accident insurance was affected by an increase in reported claims in the first half of 2023, which resulted in an increase in technical provisions, among other things.

The investment result amounted to DKK 242 million in the first half of 2023, against a loss of DKK 1,338 million in the first half of 2022. The investment result primarily consists of income and expenses from the management of investment assets relating to life insurance products and equity and investment result from health and accident insurance and life insurance products for which Danica holds the risk.

INVESTMENT RESULT, SPECIFICATION		
(DKK millions)	H1 2023	H1 2022
Income from asset management	383	372
Investment result, life insurance ¹⁾	66	-412
Investment result, health and accident insurance	-60	-664
Investment result, equity	164	-258
Investment management expenses	-311	-376
Total investment result	242	-1,338

¹⁾ Primarily includes holding of life insurance products in run-off, for which Danica holds the risk

In the first half of 2022, the investment results for life insurance products and for health and accident insurance and the equity were strongly impacted by adverse financial market developments.

Income tax amounted to an expense of DKK 174 million in the first half of 2023, against an income of DKK 43 million in the first half of 2022.

In 2022, 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.

Other comprehensive income amounted to DKK 0 million in the first half of 2023, against DKK 28 million in 2022. Other comprehensive income comprises the effect of foreign currency translation (including hedging) of foreign entities, including any tax effect.

Comments on the balance sheet

The Group's total assets fell from DKK 551.6 billion at 31 December 2022 to DKK 546.1 billion at 30 June 2023.

DANICA GROUP, BALANCE SHEET		
(DKK millions)	30 June 2023	31 December 2022
ASSETS:		
Cash and cash equivalents	1,775	2,094
Investment assets	488,423	493,444
Receivables ¹⁾	12,333	14,171
Investments in associates	10,570	11,162
Investment property	26,839	27,373
Domicile property	45	45
Goodwill and intangible assets	687	757
Other assets ²⁾	5,472	2,504
TOTAL ASSETS	546,144	551,550
LIABILITIES AND EQUITY:		
Due to credit institutions	17,515	22,907
Derivatives with negative fair values	69,677	83,634
Provisions for investment contracts	20,850	20,469
Provisions for insurance contracts	406,036	394,782
Other provisions ²⁾	8,938	7,156
Subordinated debt	3,496	3,485
Shareholders' equity	19,632	19,117
TOTAL LIABILITIES AND EQUITY	546,144	551,550

¹⁾ Including current tax assets and receivables in connection with reinsurance

²⁾ Including any deferred tax assets or liabilities and payables in connection with reinsurance

The decline in investment assets was primarily driven by a reduction in derivatives with positive fair values, which is only partly offset by a generally favourable trend in the financial markets in the first half of 2023. Derivatives with negative fair values have also declined in 2023, and the net value of derivatives was DKK 4.2 billion at 30 June 2023, against DKK 10.6 billion at 31 December 2022.

In 2023, goodwill and intangible assets comprise the value of customer relationships taken over of DKK 655 million and capitalised IT development costs of DKK 32 million. No evidence of impairment of customer relationships was identified in the first half of 2023. The intangible asset relating to customer relationships is amortised over a period of ten years corresponding to the run-off of the customer relationships.

The increase in provisions for insurance contracts was primarily driven by an increase in provisions for unit-linked products because provisions related to average rate products declined during the period. The contractual service margin (CSM) forms part of the provisions for insurance contracts, amounting to DKK 14.4 billion at 30 June 2023, against DKK 13.5 billion at 31 December 2022. The increase was attributable to the inflow of new customers. The contractual service margin (CSM) expresses the expected future earnings from insurance contracts entered into.

Other accounting information

Gross premiums

Gross premiums in the first half of 2023 were up 8.9%, from DKK 18.4 billion in the first half of 2022 to DKK 20.1 billion in the first half of 2023. The increase was attributable to growth in both regular and single premiums.

PREMIUMS (INCLUDING INVESTMENT CONTRACTS) - H1					
(DKK billions)	2023	2022	2021	2020	2019
Life insurance	19.2	17.6	16.6	13.2	12.8
Health and accident	0.9	0.8	0.8	0.8	0.8
Total premiums	20.1	18.4	17.4	14.0	13.6

Claims and benefits

Claims and benefits amounted to DKK 15.7 billion in the first half of 2023, against DKK 14.5 billion in the first half of 2022. Surrenders including investment contracts amounted to DKK 11.1 billion in the first half of 2023, against DKK 10.1 billion in the first half of 2022.

Expenses

In the life business, insurance-related operating expenses in the first half of 2023 amounted to DKK 649 million, against DKK 629 million in the first half of 2022.

EXPENSES AS PERCENT OF PROVISIONS		
	H1 2023	H1 2022
Danica Pension	0.16	0.15

Expenses as percent of provisions were up 0.01 of a percentage point compared with the first half of 2022. The higher expense ratio was due to rising costs because of the recruitment of more employees in customer-facing functions.

Return on Danica Balance products

The table below shows the returns on the unit-linked products in Danica Balance and Danica Balance Responsible Choice, broken down by risk profile and number of years to retirement.

Return before tax, H1 2023 (%)			
Risk	30 years to retirement	20 years to retirement	5 years to retirement
Danica Balance			
High risk profile	8.2	8.2	5.1
Medium risk profile	7.5	6.1	3.6
Low risk profile	6.6	4.2	2.3
Danica Balance Responsible Choice			
High risk profile	7.2	7.2	4.7
Medium risk profile	6.7	5.5	3.7
Low risk profile	5.9	4.1	2.8

The positive returns were primarily attributable to gains on high-risk assets.

Return on customer funds (conventional products)

The return on investment of customer funds in conventional products amounted to 0.2% for the first half of 2023, against minus 13.5% for the first half of 2022. Adjusted for changes in provisions, the return was 0.8% for the first half of 2023, against minus 5.8% for the first half of 2022.

Special allotments

The special allotments to policyholders from the former Statsanstalten for Livsforsikring have provisionally been calculated at DKK 25 million for the first half of 2023.

Solvency statement and capital requirements

At 30 June 2023, the Danica Group's solvency coverage ratio was 191%, against 187% at 31 December 2022. The Danica Group still maintains strong excess solvency.

DANICA PENSION, SOLVENCY		
(DKK millions)	30 June 2023	31 December 2022
Total capital	30,613	31,556
Solvency capital requirement (SCR)	16,035	16,876
Excess capital base	14,578	14,680

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 for 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 the Company's solvency and financial condition. The report is available on Danica Pension's website ([Årsrapporter \(danicapension.dk\)](https://arsrapporter.danicapension.dk)).

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 2023 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 2023

For the full-year 2023, Danica Pension expects an insurance service result that is slightly lower than in 2022 (excluding goodwill impairment) due to an expected lower insurance service result for health and accident insurance and the fact that it is unlikely that it will be possible to book full risk allowance for 2023. The investment result will be impacted by developments in the financial markets in the second half of 2023 but is still expected to contribute favourably to full-year performance.

FINANCIAL REVIEW – DANICA PENSION (parent company)

Accounting policy differences between the Danica Group and Danica Pension (Parent)

The Danica Group presents its financial statements in accordance with the International Financial Reporting Standards (IFRS), while Danica Pension (Parent) presents its financial statements in accordance with the Danish executive order on financial reports.

Before IFRS 17 became effective, there were no differences in presentation and the profit/loss for the period between the consolidated financial statements and the parent company financial statements.

After IFRS 17 became effective on 1 January 2023, there are significant differences in the income statement and balance sheet presentation, including the notes, between the consolidated financial statements and the parent company financial statements of Danica Pension. There will also be differences in profit/loss for the period and equity between the consolidated financial statements and the parent company financial statements after IFRS 17 has become effective.

Because of the above-mentioned differences between the consolidated financial statements and the parent company financial statements, the management report has been supplemented by a financial review for the parent company. Significant accounting matters and the profit/loss for the period and balance sheet developments for Danica Pension (Parent) are described in this section. The financial review for Danica Pension (Parent) should be read in conjunction with the financial review for the Danica Group.

Changes to accounting policies

In connection with the implementation of IFRS 17 for the Danica Group, Danica Pension (Parent) has changed its accounting policies by disaggregating life insurance and health and accident insurance for accounting purposes. This means the profit margin on life insurance will no longer be used to cover any expected future losses on health and accident insurance.

The changes to accounting policies have reduced equity in Danica Pension (Parent) by DKK 1.4 billion at 1 January 2022, having a positive effect of DKK 471 million on profits for 2022.

The comparative figures for 2022 for Danica Pension (Parent) have been restated.

Profit/loss for the period for Danica Pension (Parent)

For the first half of 2023, Danica Pension reported a profit before tax of DKK 613 million, against DKK 125 million in the first half of 2022. Profit after tax for the first half of 2023 amounted to DKK 458 million, against DKK 107 million for the first half of 2022.

DANICA PENSION (PARENT), PROFIT/LOSS		
(DKK millions)	H1 2023	H1 2022
Technical result, Life insurance	461	390
Insurance service result, health and accident insurance	-321	-752
Result of insurance business	140	-362
Return on investment allocated to shareholders' equity, etc. ¹⁾	473	487
Profit/loss before tax	613	125
Tax	-155	-18
Profit/loss for the period	458	107

1) Including other income and other expenses

The technical result of life insurance for the first half of 2023 amounted to DKK 461 million, against DKK 390 million in the first half of 2022. The profit for the first half of 2023 was affected by improved investment results for life insurance products, in which Danica Pension is subject to investment risk. The improvement was mainly driven by positive returns on high-risk assets in the first half of 2023. Because of developments in the mortgage bond and property markets in the first half of 2023, it has not been possible to make a full risk allowance in all interest rate groups.

The technical result of health and accident insurance for the first half of 2023 was a loss of DKK 321 million, against a loss of DKK 752 million in the first half of 2022. The improvement was primarily due to a better investment result in the health and accident business, which is affected by financial market developments. The risk and cost result relating to health and accident insurance was a loss of DKK 261 million in the first half of 2023, against a loss of DKK 88 million in the first half of 2022, driven by the previously mentioned increase in reported claims in the first half of 2023.

The return on investment allocated to shareholders' equity, etc. was impacted by positive financial market developments in the first half of 2023. The gain from the sale of Danica Norway is recognised in the return on investment allocated to equity in 2022.

Comments on the balance sheet Danica Pension (Parent)

Total assets in Danica Pension (Parent) fell from DKK 551.9 billion at 31 December 2022 to DKK 545.9 billion at 30 June 2023.

DANICA PENSION (PARENT), BALANCE SHEET		
(DKK millions)	30 June 2023	31 December 2022
ASSETS:		
Intangible assets	687	757
Investment assets ¹⁾	525,450	532,080
Debtors	12,559	13,841
Other assets	1,764	2,702
Prepayments and accrued income	5,471	2,504
TOTAL ASSETS	545,931	551,884
LIABILITIES AND EQUITY:		
Technical provisions	426,738	415,024
Other liabilities ²⁾	99,350	117,475
Shareholders' equity	19,843	19,385
TOTAL LIABILITIES AND EQUITY	545,931	551,884

¹⁾ Including investment assets related to unit-linked products

²⁾ Other liabilities than technical provisions

Investment assets, including investment assets related to unit-linked products, fell from DKK 532.1 billion at 31 December 2022 to DKK 525.5 billion at 30 June 2023. The value of derivatives with positive fair values was reduced from DKK 94.2 billion at 31 December 2022 to DKK 73.9 billion at 30 June 2023. The net fair value of derivatives was DKK 4.2 billion at 30 June 2023, against DKK 10.6 billion at the end of 2022.

Provisions for insurance and investment contracts totalled DKK 426.7 billion, against DKK 415.0 billion at 31 December 2022. The development covers a fall in provisions regarding average rate products and an increase regarding unit-linked products.

Life insurance provisions for average-rate products were down DKK 6.4 billion to DKK 135.1 billion. This development was driven primarily by the expected reduction in average-rate products.

Life insurance provisions related to unit-linked products rose from DKK 252.6 billion at 31 December 2022 to DKK 269.5 billion at 30 June 2023. The increase was primarily due to the positive financial market developments in the first half of 2023.

Other liabilities include derivative financial instruments with negative fair values. Derivative financial instruments with negative fair values amounted to DKK 69.7 billion at 30 June 2023, against DKK 83.6 billion at 31 December 2022.

RISK EXPOSURE AND SENSITIVITY INFORMATION

Information on risk and risk management is set out in note 11 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 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	-2	29,164	156	-2	29,164	156
Equity risk	100	22,179	146	100	22,179	146
Property risk	80	21,934	125	100	19,163	111
Credit spread risk:						
- Danish government bonds, etc.	20	23,256	125	29	19,635	100
- Other government bonds, etc.	59	24,374	125	90	20,206	100
- Other bonds	59	22,973	125	86	18,935	100
Currency spread risk:						
USD	100	26,153	141	100	26,153	141
JPY	100	30,185	185	100	30,185	185
GBP	100	30,556	187	100	30,556	187
Counterparty risk	-	30,613	188	-	-	-
Longevity risk	54	26,264	125	65	23,820	100
Life insurance option risk	594	29,456	155	594	29,456	155
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	-2	27,152	366	-2	27,152	366
Equity risk	100	20,051	293	100	20,051	293
Property risk	100	17,111	237	100	17,111	237
Credit spread risk:						
- Danish government bonds, etc.	47	9,048	125	51	7,253	100
- Other government bonds, etc.	100	16,806	234	100	16,806	234
- Other bonds	100	14,583	201	100	14,583	201
Currency spread risk:						
USD	100	24,060	343	100	24,060	343
JPY	100	28,043	414	100	28,043	414
GBP	100	28,415	419	100	28,415	419
Counterparty risk	-	-	-	-	-	-
Longevity risk	94	13,233	125	98	12,094	100
Life insurance option risk	594	27,308	405	594	27,308	405
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 30,613 million and a solvency coverage ratio of 191%. 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.

Income statement & Other comprehensive income - Danica Group

Note	DKKm	First half 2023	First half 2022
	Insurance revenue	2,763	2,506
	Insurance service expenses	-2,298	-1,666
	Net expenses from reinsurance contracts	-30	-37
	INSURANCE SERVICE RESULT	435	803
3	Return on investment	13,026	-55,815
	Net finance expenses from insurance contracts	-12,784	54,477
	INVESTMENT RESULT	242	-1,338
	Other income and finance costs	12	16
	PROFIT BEFORE TAX	689	-519
	Tax	-174	43
	NET PROFIT FOR THE PERIOD, BEFORE DISCONTINUED OPERATIONS	515	-476
4	Profit after tax from discontinued operations	-	410
	NET PROFIT FOR THE PERIOD	515	-66
	Net profit for the period	515	-66
	Other comprehensive income:		
	Reversed on sale of foreign entity	-	28
	Total other comprehensive income	-	28
	NET COMPREHENSIVE INCOME FOR THE PERIOD	515	-38

Balance sheet - Danica Group

Assets

Note	DKKm	30. June 2023	31. December 2022	30. June 2022
	Cash and cash equivalents	1,775	2,094	1,605
5	Financial investments	488,423	493,444	668,091
	Receivables	12,067	13,436	13,547
	Current tax assets	225	712	6
	Receivables regarding reinsurance contract	41	23	99
	Holdings in associates	10,570	11,162	11,411
	Investment property	26,839	27,373	27,322
	Domicil property	45	45	46
6	Intangible assets and goodwill	687	757	2,472
	Other assets	5,472	2,504	7,093
	TOTAL ASSETS	546,144	551,550	731,692

Liabilities and equity

Note	DKKm	30. June 2023	31. December 2022	30. June 2022
	Amounts owed to credit institutions	17,515	22,907	28,235
	Derivative liabilities	69,677	83,634	251,343
	Current tax liabilities	-	-	103
	Investment contract liabilities	20,850	20,469	18,566
7	Insurance contract liabilities	406,036	394,782	398,106
	Reinsurance contract liabilities	27	20	72
	Deferred tax	1,608	1,333	1,037
	Other provisions	7,303	5,803	10,172
8	Subordinated debt	3,496	3,485	3,639
	TOTAL CREDITORS	526,512	532,433	711,273
	SHAREHOLDERS' EQUITY			
	Share capital	1,101	1,101	1,101
	Contingency fund	1,882	1,882	1,882
	Retained earnings	16,649	16,134	17,436
	TOTAL SHAREHOLDERS' EQUITY	19,632	19,117	20,419
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	546,144	551,550	731,692

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 2022	1,101	1	-	1,882	16,133	-	19,117
Profit for the period	-	-	-	-	515	-	515
Shareholders' equity at 30. June 2023	1,101	1	-	1,882	16,648	-	19,632
Shareholders' equity at 31 December 2021	1,101	1	-31	1,882	18,869	2,300	24,122
Effect of accounting policy changes 1 January 2022	-	-	-	-	-1,365	-	-1,365
Adjusted shareholders' equity at 1 January 2022	1,101	1	-31	1,882	17,504	2,300	22,757
Profit for the period	-	-	-	-	-1,371	-	-1,371
Other comprehensive income:							
Translation of units outside Denmark	-	-	31	-	-	-	31
Total other comprehensive income	-	-	31	-	-	-	31
Comprehensive income for the period	-	-	31	-	-1,371	-	-1,340
Dividend paid	-	-	-	-	-	-2,300	-2,300
Shareholders' equity, 31. December 2022	1,101	1	0	1,882	16,133	0	19,117

* 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.

Cash flow statement - Danica Group

DKKm	First half 2023	Full year 2022	First half 2022
Cash flow from operations			
Profit before tax	689	-1,347	-519
Adjustment for non-cash operating items:			
Non-cash items	2,983	727	-11,078
Cash flow from operations	3,672	-620	-11,597
Cash flow from investing activities			
Sale of undertakings	-	1,468	-
Purchase of bonds	-3,615	-6,028	-2,907
Sale of bonds	3,662	6,988	5,175
Sale of derivatives	-	-	28
Cash flow from investing activities	47	2,428	2,296
Cash flow from financing activities			
Dividend	-	-2,300	-2,300
Debt to credit institutions	-5,392	1,292	6,620
Cash flow from financing activities	-5,392	-1,008	4,320
Cash and cash equivalents at 1 January	11,310	10,510	10,510
Change in cash and cash equivalents	-1,673	800	-4,981
Cash and cash equivalents, end of period	9,637	11,310	5,529
Cash and cash equivalents, end of period			
Deposits with credit institutions	7,862	9,216	3,924
Cash in hand and demand deposits	1,775	2,094	1,605
Total	9,637	11,310	5,529

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 2022.

CHANGES IN ACCOUNTING POLICIES

IFRS 17 Insurance Contracts

Danica Pension has implemented IFRS 17, which prescribes the accounting treatment of insurance contracts from 1 January 2023 with accounting effect from 1 January 2022. IFRS 17 replaces IFRS 4, Insurance Contracts, which was an interim standard that did not prescribe the measurement of insurance contracts but relied on existing accounting practices. IFRS 17 is a comprehensive standard with principles for the recognition and measurement of insurance contracts and the presentation of insurance contracts in the financial statements.

Under IFRS 17, insurance contracts are contracts under which the issuer accepts significant insurance risk from a policyholder, by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The implementation of IFRS 17 has not changed the classification of insurance contracts or investment contracts in Danica Pension.

Danica Pension has divided all insurance products into portfolios and groups and determined the measurement methods for the individual portfolios. Under IFRS 17 Danica Pension has four portfolios of insurance contracts: three portfolios that contain life insurance products and one that contain the health and accident insurance contracts. The three life insurance portfolios is: an average-rate portfolio, a unit-linked portfolio and a portfolio of legacy life insurance product in run-off. The classification of insurance contracts into four portfolios is based on an assessment of similar risks and whether they are managed together.

Danica Pension uses all three measurement methods under IFRS 17, with the VFA measurement method being applied to the majority of insurance contracts, since they meet the definition of insurance contracts with direct participation features, while the BAA measurement method is used on legacy life insurance products in run-off. The PAA measurement method will be applied to health and accident insurance contracts.

IFRS 17 has not change the method of discounting future cash flows for insurance contracts, and Danica Pension will continue to apply the EIOPA yield curve including a volatility adjustment.

Under IFRS 17, the profit margin (IFRS 4) is replaced by the contractual service margin. In connection with the change to IFRS 17 on 1 January 2022 using the fair value method the distribution of technical provisions has been changed, which has led to an increase in the contractual service margin by approximately DKK 5 billion relative to the calculated profit margin under IFRS 4. The increase in contractual service margin relative to profit margin has no impact on shareholders' equity because it is only an internal distribution between the technical provisions.

The risk adjustment for non-financial risks under IFRS 17 corresponds to the risk margin under IFRS 4. However, changes in the risk adjustment are recognised either in the income statement or in the contractual service margin, while changes in the risk margin under IFRS 4 were recognised only in the income statement.

Danica Pension uses the annual cohort exemption from the EU on the average-rate portfolio. Danica Pension has decided not to recognise acquisition costs because the accounting effect of any recognition is considered immaterial.

Danica Pension has applied the fair value method for measuring insurance contracts at the transition to IFRS 17 because Danica Pension has not found it possible to apply the full retrospective method as this would require either an unnecessarily high resource consumption or because relevant data has not been available. The fair value method was applied on 1 January 2022 and is to a greater extent based on the accounting values on 31 December 2021.

The implementation of IFRS 17 reduced shareholders' equity by approximately DKK 1.4 billion (after tax) on 1 January 2022, because of life insurance products and health and accident insurance products no longer will be managed (bundled) together. The profit for 2022 was positively affected by DKK 303 million (after tax), which is the effect of life insurance products and health and accident insurance products no longer will be managed (bundled) together, and the effect of a difference in accrual of income and expenses under IFRS 17.

In accordance with IFRS 17, the presentation of the income statement has been changed significantly relative to previously, and the balance sheet is presented in order of liquidity.

The comparative figures for 2022 and their presentation have been restated.

Notes – Danica Group

Note

Other changes in accounting policies

In addition to the implementation of IFRS 17, the Danica Group has implemented the amendments to IAS 1, IAS 8 and IAS 12 on 1 January 2023. The implementation of the amendments had no impact on the Danica Group's financial statements.

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/customer relationships

The war in Ukraine has not had a significant impact on the Danica Group's activities or on recognition and measurement in the financial statements.

Notes - Danica Group

Note	DKKm	First half 2023	First half 2022
2	BUSINESS SEGMENTS		
	The group consists of one business segment as shown below		
	Insurance revenue	2,763	2,506
	Insurance service expenses	-2,298	-1,666
	Net expenses from reinsurance contracts	-30	-37
	Insurance service result	435	803
	Return on investment	13,026	-55,815
	Net finance expenses from insurance contracts	-12,784	54,477
	Investment result	242	-1,338
	Other income and finance costs	12	16
	Profit before tax	689	-519
	OTHER SEGMENT INFORMATION		
	Interest income	35,038	9,271
	Interest expenses	-33,010	-8,657
	Income from associated undertakings at book value	-132	673
	Impairment, depreciation and amortisation charges	-76	-67
	The Danica Group has no customers generating 10% or more of the combined revenue. All premiums from external sales originates from Denmark.		
	Life insurance (incl. Investment contracts):		
	Regular premiums	9,464	8,820
	Single premiums	9,690	8,792
	Total life insurance	19,154	17,612
	Health and accident insurance premiums	897	796
	Total gross premiums	20,051	18,408
3	INVESTMENT RETURN		
	Income from investment property	405	366
	Interest income and dividends, etc.	38,179	12,114
	Value adjustments	10,279	-69,351
	Income from associates	-132	673
	Interest expenses	-33,100	-8,657
	Administrative expenses related to investment activities	-311	-372
	Tax on pension returns	-2,294	9,412
	Total investment return	13,026	-55,815
4	PROFIT AFTER TAX FROM DISCONTINUING OPERATIONS		
	Insurance service result	-	-99
	Investment result	-	65
	Other income and finance costs	-	35
	Profit before tax	-	1
	Tax	-	-6
	Net profit for the period	-	-5
	Profit from sale	-	415
	Net profit for the period after profit from sale	-	410

Notes - Danica Group

Note	DKKm	30. June 2023	31. December 2022
5	INVESTMENT ASSETS		
	Deposits with credit institutions	6,296	9,216
	Derivatives	73,936	94,184
	Bonds	182,472	192,159
	Other loans	2,090	2,077
	Loans to associates	1,056	763
	Holdings	124,806	157,431
	Unit trust certificates	97,767	37,614
	Total investment assets	488,423	493,444

30. June 2023	Goodwill	Customer value	Software under de- velopment	Fully developed software	
Cost, beginning of year	2,423	1,332	2	78	3,835
Additions during the year	-	-	6	-	6
Cost, end of year	2,423	1,332	8	78	3,841
Impairment and amortisation charges, beginning of year	-2,423	-610	-	-45	-3,078
Amortisation during the year	-	-67	-	-9	-76
Impairment and amortisation charges, end of year	-2,423	-677	-	-54	-3,154
Carrying amount, end of period	0	655	8	24	687

31. December 2022

Cost, beginning of year	2,499	1,332	21	48	3,900
Exchange rate adjustment	-3	-	-	-	-3
Additions during the year	-	-	9	30	39
Disposals during the year	-73	-	-28	-	-101
Cost, end of year	2,423	1,332	2	78	3,835
Impairment and amortisation charges, beginning of year	-796	-477	-	-21	-1,294
Write-downs during the year	-1,627	-	-	-24	-1,651
Amortisation during the year	-	-133	-	-	-133
Impairment and amortisation charges, end of year	-2,423	-610	-	-45	-3,078
Carrying amount, end of year	0	722	2	33	757

Intangible assets consist of 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.

Notes - Danica Group

Note	DKKm				30. June 2023	31. December 2022
7	INSURANCE CONTRACT LIABILITIES					
	30. June 2023	Cashflow	Risk adjustment	CSM for existing contracts	CSM for other contracts	
	Carrying amount, beginning of year	364,881	1,007	13,194	276	379,358
	Contractual Service Margin (CSM) recognised in period	-	-	-773	-88	-861
	Change in risk adjustment for expired risk	-	-14	-	-	-14
	Experience adjustment	176	-	-	-	176
	Changes that relate to current service	176	-14	-773	-88	-699
	Contracts initially recognised	-426	0	0	426	0
	Changes in estimates that adjust the CSM	-1,376	-24	572	828	0
	Changes that relate to future services	-1,802	-24	572	1,254	0
	Changes that relate to past services	-	-	-	-	-
	Finance income and expenses from insurance	11,942	0	0	-	11,942
	Premiums	17,239	-	-	-	17,239
	Claims and benefits paid	-14,139	-	-	-	-14,139
	Expenses	-536	-	-	-	-536
	Cashflow	2,564	-	-	-	2,564
	Other	-2,354	-	-	-	-2,354
	Carrying amount, end of period	375,407	969	12,993	1,442	390,811
	31. December 2022					
	Carrying amount, beginning of year	415,827	1,426	16,318	0	433,571
	Contractual Service Margin (CSM) recognised in period	-	-	-1,670	-16	-1,686
	Change in risk adjustment for expired risk	-	1	-	-	1
	Experience adjustment	-44	-	-	-	-44
	Changes that relate to current service	-44	1	-1,670	-16	-1,729
	Contracts initially recognised	-292	0	-	292	0
	Changes in estimates that adjust the CSM	1,848	-394	-1,454	-	0
	Changes that relate to future services	1,556	-394	-1,454	292	0
	Changes that relate to past services	-	-	-	-	-
	Finance income and expenses from insurance	-53,883	-26	0	0	-53,909
	Premiums	31,193	-	-	-	31,193
	Claims and benefits paid	-28,493	-	-	-	-28,493
	Expenses	-1,078	-	-	-	-1,078
	Cashflow	1,622	0	0	0	1,622
	Other	-197	-	-	-	-197
	Carrying amount, end of year	364,881	1,007	13,194	276	379,358

Notes - Danica Group

Note DKKm			30. June 2023	31. December 2022
7				
(cont'd)				
	30. June 2023	LFRC*	LFIC*	
	Carrying amount, beginning of year	379,358	0	379,358
	Insurance revenue	-1,806	-	-1,806
	Incurred claims and other insurance service expenses	-	1,106	1,106
	Insurance service expenses	-	1,106	1,106
	Investment components	-13,568	13,568	0
	Net finance expenses from insurance contracts	11,942	-	11,942
	Premiums	17,239	-	17,239
	Claims and benefits paid	-	-14,674	-14,674
	Cashflow	17,239	-14,674	2,565
	Other	-2,354	-	-2,354
	Carrying amount, end of period	390,811	0	390,811
	31. December 2022			
	Carrying amount, beginning of year	433,571	-	433,571
	Insurance revenue	-3,349	-	-3,349
	Incurred claims and other insurance service expenses	-	1,620	1,620
	Insurance service expenses	-	1,620	1,620
	Investment components	-27,950	27,950	0
	Net finance expenses from insurance contracts	-53,909	-	-53,909
	Premiums	31,192	-	31,192
	Claims and benefits paid	-	-29,570	-29,570
	Cashflow	31,192	-29,570	1,622
	Other	-197	-	-197
	Carrying amount, end of year	379,358	0	379,358

*LFRC is Liabilities for remaining coverage

*LFIC is Liabilities for incurred claims (benefits)

Notes - Danica Group

Note	DKKm	30. June 2023	31. December 2022
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8 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	3,724	3,718
Subordinated debt								3,724	3,718
Discount								-8	-9
Hedging of interest rate risk								-220	-224
Included in the capital base								3,496	3,485

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 114 million for the first half of 2023 (DKK 131 million in 2022).

Fair value of the subordinated debt is estimated at DKK 3,598 million and of June 2023 and DKK 3,562 million end of 2022.

9 ASSETS DEPOSITED AS COLLATERAL, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Assets have been deposited as collateral for policyholders' savings with a total of:

	431,679	417,473
As collateral for derivative transactions, the Group has delivered bonds and cash equal to a total fair value of	25,952	34,437
The Group has rent commitments with a remaining lease of 3 years and annual gross rent of	54	51
Minimum lease payments regarding cars amount to	3	6
The Group has undertaken contractual obligations, incl. Duty of reversion, to purchase, construct, convert or extend investment properties or to repair, maintain or improve these at an amount of	2,145	2,209
The Group has undertaken to participate in alternative investments with an amount of	13,012	12,902
The Group is voluntarily registered for VAT on certain properties. The Group's VAT adjustment liability amounts to	1,418	1,415
As a participant in partnerships, the Group is liable for a total debt of	20	25

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 regarding 2017-2023, 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 2023, the provision totals DKK 773 million including interest.

If Danica is not fully or partially successful in its complaint concerning the potential payment of additional pension returns tax on health and accident insurance regarding 2012-2016, 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 expense. At 30 June 2023, the provision totals DKK 439 million including interest.

Notes - Danica Group

Note DKKm

10 FINANCIAL INSTRUMENTS

30. June 2023	Fair value			Amortised cost		
	Held for trading	Designated	Fair value hedge	Debtors	Liabilities	Total
Holdings	-	177,985	-	-	-	177,985
Unit trust certificates	-	38,056	-	-	-	38,056
Bonds	-	187,437	-	-	-	187,437
Other loans	-	2,090	-	-	-	2,090
Deposits with credit institutions	-	7,862	-	-	-	7,862
Derivatives	73,937	-	-	-	-	73,937
Debtors	-	-	-	12,067	-	12,067
Cash and cash equivalents	-	-	-	1,775	-	1,775
Total financial assets	73,937	413,430	-	13,842	-	501,209
Investment contract liabilities	-	20,850	-	-	-	20,850
Due to credit institutions	17,515	-	-	-	-	17,515
Derivatives	69,677	-	-	-	-	69,677
Subordinated loan capital	-	-	-220	-	3,716	3,496
Total financial liabilities	87,192	20,850	-220	-	3,716	111,538
31. December 2022						
Holdings	-	170,390	-	-	-	170,390
Unit trust certificates	-	37,614	-	-	-	37,614
Bonds	-	192,159	-	-	-	192,159
Other loans	-	2,077	-	-	-	2,077
Deposits with credit institutions	-	9,216	-	-	-	9,216
Derivatives	94,184	-	-	-	-	94,184
Debtors	-	-	-	12,787	-	12,787
Cash and cash equivalents	-	-	-	2,094	-	2,094
Total financial assets	94,184	411,456	-	14,881	-	520,521
Investment contract liabilities	-	20,469	-	-	-	20,469
Due to credit institutions	22,907	-	-	-	-	22,907
Derivatives	83,634	-	-	-	-	83,634
Subordinated debt	-	-	-224	-	3,709	3,485
Total financial liabilities	106,541	20,469	-224	-	3,709	130,495

Recognition as income:

Exchange rate adjustment of debtors and creditors measured at amortised cost were recognised under value adjustments at DKK -75 million in H1 2023 and at DKK 18 million in 2022.

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

Danica Pension offset financial instruments denominated in the same currency that are cleared through the same clearing broker at a fair value corresponding to DKK 201,870 million in 2023 [DKK 229,825 million in 2022].

Accrued interest on these contracts was also offset in the amount of DKK 27,634 in 2023 [DKK 14,651 million in 2022].

Notes - Danica Group

Note DKKm

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(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 2023, Danica had financial assets as set out below in the amount of DKK 487,367 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.

30. June 2023	Quoted prices	Observable input	Non-observable input	Total
Holdings	138,840	2,124	37,021	177,985
Unit trust certificates	30,897	6,545	613	38,055
Bonds	162,057	25,043	337	187,437
Other loans	-	-	2,090	2,090
Derivatives	369	72,783	786	73,938
Deposits with credit institutions	7,862	-	-	7,862
Total financial assets	340,025	106,495	40,847	487,367
Due to credit institutions	17,515	-	-	17,515
Derivatives	202	67,263	2,212	69,677
Subordinated loan capital	-	-220	-	-220
Investment contract liabilities	-	20,850	-	20,850
Total financial liabilities	17,717	87,893	2,212	107,822

Notes - Danica Group

Note DKKm

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(cont'd)

31. December 2022	Quoted prices	Observable input	Non-observable input	Total
Holdings	117,760	2,095	50,536	170,391
Unit trust certificates	29,714	7,146	754	37,614
Bonds	168,195	23,196	768	192,159
Other loans	-	-	2,077	2,077
Derivatives	2,522	90,763	898	94,183
Deposits with credit institutions	9,216	-	-	9,216
Total financial assets	327,407	123,200	55,033	505,640
Due to credit institutions	22,907	-	-	22,907
Derivatives	99	81,272	2,263	83,634
Subordinated loan capital	-	-224	-	-224
Investment contract liabilities	-	20,012	-	20,012
Total financial liabilities	23,006	101,060	2,263	126,329

At 30 June 2023, financial instruments measured on the basis of non-observable input comprised unlisted shares DKK 37,068 million and illiquid bonds DKK 2,993 million.

During the first half of 2023 DKK 5,739 million was transferred from quoted prices to observable input (DKK 6,537 million in 2022).
During the first half of 2023 DKK 6,194 million was transferred from observable input to quoted prices (DKK 7,307 million in 2022).

				30. June 2023	31. December 2022
Valuation based on non-observable input	Holdings	Bonds	Derivatives		
Fair value, beginning of year	50,587	3,548	-1,365	52,770	55,728
Value adjustment recognised through profit or loss in Value adjustments	-175	-121	-61	-357	3,303
Purchase	1,531	98	-	1,629	23,168
Sale	-14,875	-532	-	-15,407	-29,429
Fair value, end of period	37,068	2,993	-1,426	38,635	52,770

In the first half of 2023, unrealised market value adjustments were recognised at DKK -1,576 million (2022: DKK -2,736 million) on financial instruments valued based on non-observable input.

Notes – Danica Pension Group

11 RISK MANAGEMENT AND SENSITIVITY INFORMATION

RISK MANAGEMENT

Danica Pension's Board of Directors defines the framework for the management of Danica Pension's overall risks. On a daily basis, Danica Pension's risk management function monitors both the risk and the asset-liability management (ALM) limits set by its Board of Directors, including limits set for its solvency capital requirement, for the solvency coverage ratio and for the own funds loss exposure in a risk scenario defined by Danica Pension's Board of Directors. 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.

Market risks	Insurance risks	Non-financial risks	Other risks
Interest rate risk	Longevity	Operational risk	Sustainability risk
Equity risk	Mortality	Information Technology and Security risk	Conduct risk
Property risk	Disability	Data risk	Strategic risk
Currency risk	Health and accident	Financial crime	
Credit spread risk	Critical illness	Regulatory compliance risk	
Inflation risk	Healthcare		
Volatility risk	Surrender		
Liquidity	Expenses		
Counterparty	Concentration		
Concentration			

Market risk

Market risk involves the risk of losses because of changes in the fair value of Danica Pension's assets and liabilities, since assets and liabilities are not fully exposed to the same types of market risk. Market risk primarily covers 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 relates primarily to the value of assets with embedded options, including equity options and swaptions
- inflation risk, which relates mainly to the indexation of benefits for part of Danica Pension's health and accident products
- liquidity risk, which is the risk of losses because Danica Pension may be forced to sell investment assets to meet liquidity needs
- counterparty credit risk, which is the risk of losses because counterparties default on their obligations
- concentration risk, which is the risk of losses as a result of high exposure to a few asset classes, industries, issuers, etc.

Market risk may lead to financial losses for Danica Pension, and thus reduce the total value of Danica Pension's investment assets and technical provisions, thereby reducing future fee earnings.

Danica Pension has three sources of market risk:

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

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

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

Notes – Danica Pension Group

Market risk related to the with-profits products

The with-profit products offer guaranteed benefits based on a technical rate of interest and are called *Danica Traditionel*. The portfolio of with-profit products is closed for new business, which means that it is in run-off.

The products offer 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 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 that covers a range of different assets (such as equities, property and bonds).

The policyholders earn interest at a rate set at the discretion of Danica Pension and subject to change 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).

For the portfolio of with-profit products, 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, for example, investment returns become sufficiently negative (reducing the asset values) or if the level of the discount curve, other things being equal, 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 may 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.

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. As a part of the risk management activities, internal stress tests are performed to show the consequences for various ALM limits and the solvency position in case of large interest rate fluctuations, for example. Interest rate risk is hedged by means of the bond portfolio and by using derivatives.

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.

Notes – Danica Pension Group

Market risk related to unit-linked products

In unit-linked products, 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.

For unit-linked products with financial guarantees, Danica Pension hedges the risk on the financial guarantees 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 in relation to 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.

Market risk related to assets allocated to shareholders' equity and other products

The market risk associated with assets allocated to shareholders' equity and other products concerns the following:

- Assets in which the shareholders' equity of Danica Pension is invested, i.e. investment returns have a full effect on Danica Pension's profits.
- The investment results for Danica Pension's health and accident products and some life insurance products with investment guarantees. This means that 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 may be exposed to changes in interest rates and also to changes in the values of equities and property.

Danica Pension has separate investment strategies for assets allocated to its equity, to health and accident products, and to life insurance products with investment guarantees.

Insurance risk

Insurance risks are linked to trends in policy surrender activity, mortality, disability, critical illness and other variables that could materialise unfavourably from Danica Pension's current assumptions and expectations. For example, an increase in longevity lengthens the period during which benefits are payable under certain pension plans and may potentially have a negative effect on Danica Pension's profits. 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.

Insurance risk may also materialise through changes in the actuarial assumptions used for liability valuation. Unfavourable changes in assumptions resulting in an increase in liabilities will, to the extent possible, be covered by customer buffers. Once the buffer accounts have been depleted, Danica Pension will have to step in with funds to ensure that it is possible to provide the benefits guaranteed to the policyholders.

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

Notes – Danica Pension Group

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 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.

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.

Other 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
- market 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 11 of the management's review.

Financial highlights - Danica Pension

DKKm	First half 2023	First half 2022	Full year 2022
INCOME STATEMENT			
Premiums	18,582	16,834	32,365
Claims and benefits	-15,730	-14,465	-26,620
Return on investment	15,320	-64,818	-67,236
Total operating expenses relating to insurance	-649	-629	-1,244
Depreciation of goodwill			-1,543
Profit/loss on business ceded	-14	-22	-32
Technical result, Life	461	390	-742
Gross premium income	573	843	1,985
Gross claims	-1,012	-980	-1,920
Total operating expenses relating to insurance	-67	-88	-127
Profit/loss on business ceded	-16	-14	-27
Return on investment less technical interest	-60	-664	-953
Technical result of health and accident insurance	-321	-752	-1,032
Net profit/loss for the period	458	107	-1,103
Other comprehensive income	-	28	31
BALANCE SHEET			
Total assets	545,931	731,414	551,884
Insurance assets, health and accident insurance	25	67	12
Technical provisions, health and accident insurance	15,226	15,787	15,423
Total shareholders' equity	19,843	20,592	19,385
Provisions for insurance and investment contracts	426,738	416,437	415,024
KEY FIGURES AND RATIOS (%)			
Rate of return related to average rate products	0.2	-13.5	-14.6
Rate of return related to unit-linked products	5.7	-16.2	-14.9
Risk on returns related to unit-linked rate products	4.75	4.75	5.25
Expenses as per cent of provisions	0.16	0.15	0.29
Expenses per policyholder (DKK)	860	846	1,656
Return on equity after tax	2.2	0.5	-5.2
RATIOS FOR HEALTH AND ACCIDENT INSURANCE			
Gross claims ratio	135	98	97
Gross expense ratio	13	11	6
Combined ratio	150	111	104
Operating ratio	150	111	104
Relative run-off (%)	0.0	0.3	1.6
Run-off, net of reinsurance (DKK millions)	0	50	229

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

Income statement - Danica Pension

Note	DKKm	First half 2023	First half 2022
2	Gross premiums	18,582	16,834
	Reinsurance premiums ceded	-21	-21
	Total premiums, net of reinsurance	18,561	16,813
	Income from group undertakings	-383	1,750
	Income from associated undertakings	-21	343
	Income from investment property	13	10
	Interest income and dividends, etc.	37,204	10,858
	Value adjustments	12,133	-68,575
	Interest expenses	-33,102	-8,652
	Administrative expenses related to investment activities	-524	-552
	Total investment return	15,320	-64,818
	Tax on pension returns	-2,294	9,412
	Claims and benefits paid	-15,730	-14,465
	Reinsurers' share received	2	4
	Total claims and benefits, net of reinsurance	-15,728	-14,461
	Change in life insurance provisions	-14,228	49,844
	Change in reinsurers' share	5	-5
	Total change in life insurance provisions, net of reinsurance	-14,223	49,839
	Change in profit margin	-135	2,507
	Acquisition costs	-170	-175
	Administrative expenses	-479	-455
	Reimbursement of costs from group undertakings	-	1
	Total operating expenses relating to insurance, net of reinsurance	-649	-629
	Transferred investment return	-391	1,727
	TECHNICAL RESULT	461	390
3	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-321	-752
	Return on investments allocated to equity	460	471
	Other income	13	16
	PROFIT BEFORE TAX	613	125
	Tax	-155	-18
	NET PROFIT FOR THE PERIOD	458	107
	Net profit for the period	458	107
	Other comprehensive income:		
	Reversed on sale of foreign entity	-	28
	Total other comprehensive income	-	28
	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	458	135

Balance sheet - Danica Pension

Assets

Note DKKm	30 June 2023	31 December 2022	30 June 2022
INTANGIBLE ASSETS	687	757	2,387
Investment properties	355	353	356
Holdings in group undertakings	24,727	25,521	25,193
Holdings in associated undertakings	593	749	787
Total investments in group undertakings and associates	25,320	26,270	25,980
Holdings	22,670	25,158	29,286
Unit trust certificates	15,335	16,346	19,650
Bonds	113,263	116,669	124,904
Other loans	920	1,010	792
Deposits with credit institutions	4,634	5,780	3,924
Other (derivatives)	47,999	63,300	188,325
Total other financial investment assets	204,821	228,263	366,881
TOTAL INVESTMENT ASSETS	230,496	254,886	393,217
INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS	294,954	277,194	313,492
Unearned premiums provision, reinsurers' share	16	-	16
Life insurance provisions, reinsurers' share	16	11	32
Outstanding claims provision, reinsurers' share	9	12	51
Total technical provisions, reinsurers' share	41	23	99
Amounts due from policyholders	308	618	361
Amounts due from insurance companies	67	30	63
Amounts due from group undertakings	1,316	1,168	551
Other debtors	10,827	12,002	12,421
TOTAL DEBTORS	12,559	13,841	13,495
Current tax assets	225	1,008	273
Cash and cash equivalents	1,539	1,694	1,457
TOTAL OTHER ASSETS	1,764	2,702	1,730
Accrued interest and rent	4,977	2,012	6,599
Other prepayments and accrued income	494	492	494
TOTAL PREPAYMENTS AND ACCRUED INCOME	5,471	2,504	7,093
TOTAL ASSETS	545,931	551,884	731,414

Balance sheet - Danica Pension

Liabilities and equity

Note DKKm	30 June 2023	31 December 2022	30 June 2022
Share capital	1,101	1,101	1,101
Contingency fund	1,882	1,882	1,882
Retained earnings	16,860	16,402	17,609
TOTAL SHAREHOLDERS' EQUITY	19,843	19,385	20,592
SUBORDINATED LOAN CAPITAL	3,496	3,485	3,639
Unearned premiums provision	1,020	735	1,003
Life insurance provisions, average rate products	135,140	141,556	146,610
Life insurance provisions, unit-linked products	269,549	252,552	248,149
Total life insurance provisions	404,689	394,108	394,759
Profit margin on life insurance and investment contracts	6,823	5,493	5,891
Outstanding claims provision	12,889	13,094	13,357
Risk margin on non-life insurance contracts	1,286	1,562	1,392
Provisions for bonuses and premium discounts	31	32	35
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	426,738	415,024	416,437
Deferred tax	1,547	1,594	1,391
Other provisions	237	262	281
TOTAL PROVISIONS FOR LIABILITIES	1,784	1,856	1,672
Amounts owed, direct insurance	128	45	169
Amounts owed to reinsurers	27	20	73
Amounts owed to credit institutions	17,515	22,907	28,208
Amounts owed to group undertakings	1,411	1,132	406
Other creditors	71,150	85,340	253,032
TOTAL CREDITORS	90,231	109,444	281,888
ACCRUALS AND DEFERRED INCOME	3,839	2,690	7,186
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	545,931	551,884	731,414

Statement of capital - Danica Pension

DKKm

Changes in shareholders' equity	Share capital	Revalu-reserve*	Contingency fund	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2023	1,101	-	1,882	16,402	-	19,385
Profit for the period	-	-	-	458	-	458
Shareholders' equity at 30 June 2023	1,101	-	1,882	16,860	-	19,843
Shareholders' equity at 31 December 2021	1,101	-31	1,882	18,870	2,300	24,122
Effect of accounting policy changes 1 January 2022	-	-	-	-1,365	-	-1,365
Adjusted shareholders' equity at January 1, 2022	1,101	-31	1,882	17,505	2,300	22,757
Profit for the year	-	-	-	-1,103	-	-1,103
Other comprehensive income:						
Translation of units outside Denmark	-	31	-	-	-	31
Total other comprehensive income	-	31	-	-	-	31
Comprehensive income for the year	-	31	-	-1,103	-	-1,072
Dividend paid	-	-	-	-	-2,300	-2,300
Shareholders' equity at 31 December 2022	1,101	0	1,882	16,402	0	19,385

* 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 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.

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 Danish Financial Business Act, including the Danish FSA's Executive Order No. 460 of 2 May 2023 on financial reports for insurance companies and multi-employer occupational pension funds.

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 2022.

CHANGES IN ACCOUNTING POLICIES

Danica Pension has changed its accounting policies so that life insurance products and health and accident insurance products are no longer managed (bundled) together for accounting purposes. This means that the profit margin on life insurance is no longer set off against any expected future losses on health and accident insurance products.

The change in accounting policies reduced Danica Pension's equity by DKK 1.4 billion on 1 January 2022 and had a positive effect on the results for 2022 of DKK 471 million.

Comparative figures for 2022 for Danica Pension have been restated.

Other accounting matters

Through the Danish Insurance Association, the Danish FSA has distributed an interpretation to § 28 of the Danish Executive Order on financial reports for insurance companies and multi-employer occupational pension funds regarding the recognition of deferred pension yield tax in the income statement, which is not directly in accordance with Danica Pension's accounting policies. Danica Pension is currently analysing the interpretation, including the resulting consequences, and will assess whether accounting policies should be changed. It is not expected that any change in accounting policies in this connection will have any material impact on the company's profit or shareholders' equity.

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 2023	First half 2022
2	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	9,464	8,820
	Single premiums	9,690	8,792
	Total direct insurance	19,154	17,612
	Total gross premiums	19,154	17,612
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	67	67
	Single premiums	505	711
	Total premiums paid	572	778
	Total gross premiums included in the income statement	18,582	16,834
3	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	897	796
	Reinsurance premiums ceded	-37	-36
	Change in unearned premiums provision	-324	47
	Change in profit margin and risk margin	-58	-38
	Change in unearned premiums provision, reinsurers' share	15	16
	Premiums, net of reinsurance	493	785
	Claims paid, gross	-1,268	-1,060
	Reinsurers' share received	8	24
	Change in outstanding claims provision	256	80
	Change in risk margin	315	175
	Change in outstanding claims provision, reinsurers' share	-2	-18
	Claims, net of reinsurance	-691	-799
	Bonus and premium discounts	4	14
	Acquisition costs	-28	-23
	Administrative expenses	-39	-65
	Total operating expenses relating to insurance, net of reinsurance	-67	-88
	Return on investment	-60	-664
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-321	-752

Notes - Danica Pension

Note	DKKm	30 June 2023	31 December 2022
4	ASSETS DEPOSITED AS COLLATERAL, CONTINGENT LIABILITIES AND CONTINGENT ASSETS		
	Assets have been deposited as collateral for policyholders' savings with a total of:	431,679	417,473
	As collateral for derivative transactions, the company has delivered bonds equal to a total fair value of	25,952	34,437
	The company has undertaken to participate in alternative investments with an amount of	13,012	12,902
	The company has rent commitments with a remaining lease of 4 years and annual gross rent of	54	51
	Minimum lease payments regarding cars amount to	3	6
	The company is voluntarily registered for VAT on certain properties. The Group's VAT adjustment liability amounts to	3	3
	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 regarding 2017-2023, 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 2023, the provision totals DKK 773 million including interest.		
	If Danica not is fully or partially successful in its complaint concerning the potential payment of additional pension returns tax on health and accident insurance regarding 2012-2016, 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 expense. At 30 June 2023, the provision totals DKK 439 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 2023.

The consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the Parent Company interim financial statements have been prepared in accordance with the Danish 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 2023 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial period ended 30 June 2023. Moreover, in our opinion, the management 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, 21 July 2023

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

Berit Irène Behring
Chairman

Christoffer Møllenbach
Vice Chairman

Jesper Koefoed

Ib Katznelson

Claus Harder

Christoffer Kanstrup

Kenneth Stricker-Nielsen

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