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# INTERIM REPORT – FIRST HALF 2010

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This Interim Report - first half 2010 is a translation of the original report in the Danish language (Delårsrapport – 1. halvår 2010). In case of discrepancy, the Danish version prevails.

## Financial highlights for the Danica Pension group

(DKr m)	First half 2010	First half 2009	Full year 2009
<b>INCOME STATEMENT</b>			
<b>Life insurance</b>			
Premiums	8,107	7,730	15,729
Return on investment after tax on pension returns	9,966	5,847	19,519
Claims and benefits	-8,977	-7,698	-15,125
Change in life insurance provisions and outstanding claims provisions	-3,970	1,273	-442
Change in collective bonus potential	800	13	-1,286
Change in provisions for unit-linked contracts	-4,699	-5,863	-14,216
Total operating expenses relating to insurance	-567	-561	-1,138
Result of reinsurance	151	-37	33
Transferred return on investment	-619	-780	-1,608
Technical result	192	-76	1,466
<b>Health and accident insurance</b>			
Gross premium income	547	549	1,104
Gross claims	-466	-440	-1,004
Total operating expenses relating to insurance	-68	-76	-145
Profit/loss on business ceded	-26	-2	8
Return on investments less technical interest	168	150	309
Technical result of health and accident insurance	118	135	305
Return on investment allocated to equity, etc.	401	610	1,178
Profit before tax	711	669	2,949
Tax	-140	-154	-710
Net profit for the period	571	515	2,239
<b>BALANCE SHEET</b>			
Total assets	283,991	250,171	261,582
Technical provisions, health and accident insurance	7,827	7,526	7,675
Provisions for insurance and investment contracts	248,230	223,233	236,817
Collective bonus potential	2,043	1,542	2,846
Total shareholders' equity	17,927	15,613	17,348
<b>KEY FIGURES AND RATIOS (%)</b>			
Return before tax on pension returns	5.0	1.7	6.8
Return before tax on pension returns on assets attributable to shareholders' equity in Danica Pension	1.8	3.6	6.9
Return before tax on pension returns on customer funds in Danica Pension	5.4	1.6	7.1
Return after tax on pension returns	4.4	1.5	5.8
Expenses as per cent of premiums	5.0	6.3	6.0
Expenses as per cent of provisions	0.3	0.3	0.6
Expenses per policyholder (DKr)	678	644	1,313
Cost result	-0.04	-0.06	-0.10
Insurance risk result	0.04	0.04	0.08
Bonus rate – bonus-paying companies	1.3	0.9	1.8
Owners' capital ratio	12.9	11.2	12.4
Excess core capital ratio	7.7	6.2	7.5
Solvency ratio	256	229	260
Return on equity before tax	4.0	4.4	18.2
Return on equity after tax	3.2	3.4	13.8
Return on customer funds after deduction of expenses before tax	5.1	1.2	5.5
Return on subordinated loan capital before tax	0.6	1.4	2.2
<b>RATIOS FOR HEALTH AND ACCIDENT INSURANCE</b>			
Gross claims ratio	91	88	98
Gross expense ratio	13	15	14
Combined ratio, net of reinsurance	110	103	111
Operating ratio	112	95	100
Relative run-off	0.4	0.7	0.2
Run-off, net of reinsurance (DKr m)	3	45	11

## Overview

- Premiums up by 26% to Dkr11.9bn in the first half of 2010.
- Premiums in the Danish business up by 2%.
- Premiums in the international business up by 147%.
- Expenses as per cent of provisions down by 6% to 0.26%.
- Expenses as per cent of premiums down from 6.3% to 5.0%.
- Total return of 3.7% or Dkr1.2bn for Danica Balance and Danica Link.
- Performance improvement of Dkr42m for the Danica Pension group to a profit before tax of Dkr711m.

## Pension market characterised by increasing requirement for financial strength

The economic downturn, financial turmoil and uncertainty as to the final outcome with respect to the special tax all had an impact on the pension market during the first half of 2010. The market also felt the effects of increased competition and the pension market began to show signs of saturation.

Despite these factors, customers have continued to display significant interest in pension savings, and total premiums in the Danish market rose by 2% relative to the first half of 2009.

Notwithstanding the considerable uncertainty in the financial markets, 61% of total Danish life premiums were in the market products. Policyholders still expect the market products to yield the greatest long-term returns. The Danish market products Danica Balance and Danica Link have produced a total year-to-date return of 3.7% or Dkr1.2bn.

With the 2012 implementation of the international solvency rules, Solvency II, coming up, the demand for financial strength is a priority. The rules are being introduced to enhance customer security and capital requirements will generally be increased. With a solid financial strength of Dkr14.6bn, Danica Pension maintains its guaranteed benefits to ensure that Danica Pension remains the secure choice for customers.

The issue of the special tax having been settled, the need for long-term savings is once again in focus. With combinations of instalment pension plans, capital pension plans and life annuities with guarantees to surviving relatives, total pension premiums can be tailored to the policyholders' individual needs.

As from January 1, Danica introduced improved annual statements, combining plain language with full openness about expenses. Now all expenses – direct as well as indirect – are shown in the statement. Danica is very committed to promoting

openness, which supports Danica's wish to be the secure choice of customers. The annual statement was well received by policyholders.

Effective processes also form part of the secure choice. Danica measures all key processes, and for the first half, the Company met all service targets set out.

## Merger

At 1 January 2010, Danica Pension merged with Danica Pension I and Danica Liv III, with Danica Pension as the continuing company.

The purpose of the merger was to enhance administrative efficiency.

## Strong international premium growth, high returns on investment and improved performance

Premiums, including health and accident premiums and premiums on investment contracts, rose by Dkr2.4bn to Dkr11.9bn. The 26% increase mainly related to the international business, with premiums rising by 162% in Sweden and by 107% in Norway.

Total premiums in the Danish business rose by 2% relative to the first half of 2009. Premiums on the market products Danica Balance and Danica Link rose by 48% in Denmark. At the end of the first half of 2010, 140,000 customers in the Danish business had opted for market products against 127,000 at the end of the first half of 2009.

Premiums in the international entities amounted to Dkr3.8bn in the first half of 2010, against Dkr1.5bn in the first half of 2009, equalling an increase of 147%. Of total premiums, the international business accounted for 32% compared with 16% in the first half of 2009.

In Sweden, premiums amounted to Dkr3,224m, against Dkr1,233m in the year-earlier period, equalling a 162% increase. The higher premiums are primarily explained by the continued success of Depotforsikringer.

In Norway, premiums amounted to Dkr543m, against Dkr262m in the year-earlier period, equalling a 107% increase. The increase was mainly attributable to the corporate market. Also, in the first half, the Company signed an agreement with if... in Norway to transfer IF's life insurance policies to Danica. The agreement will have a positive impact on premiums in the second half.

In Ireland, premiums totalled Dkr35m. Ireland has been one of the countries hardest hit by the financial crisis. Premiums were therefore below expectations.

PREMIUMS (INCLUDING INVESTMENT CONTRACTS) (DKr bn)	First half 2010	First half 2009
Danica Balance	3.4	1.9
Danica Link	1.3	1.3
Danica Traditionel	3.9	4.4
Health and accident	0.4	0.5
International	3.8	1.5
Internal transfers	-0.9	-0.1
Total premiums	11.9	9.5

The Danica Pension group realised a profit before tax of DKr711m in the first half of 2010, against a profit of DKr669m in the first half of 2009, constituting a year-on-year improvement of DKr42m.

DANICA GROUP, PROFIT BEFORE TAX (DKr m)	First half 2010	First half 2009
Technical result, traditional business	572	554
Technical result, unit-linked business in Denmark	107	40
Health and accident result in Denmark before return on investment	-56	-4
Technical result, international	36	18
Return on investment	429	615
Risk allowance transferred to shadow account	-177	-538
Special allotments	-200	-
Profit before tax	711	669

For the traditional business, the technical result amounted to DKr572m. The risk allowance amounted to DKr555m for the first half of 2010. The so-called technical basis for risk allowance was DKr640m, but due to the size of the collective bonus potential, only DKr378m of this amount could be booked as risk allowance for the period, while the remaining DKr177m was transferred to the shadow account. At June 30, 2010, the shadow account totalled DKr758m.

The technical result of unit-linked business in Denmark amounted to DKr107m, against DKr40m in the year-earlier period. The improved performance reflected the fact that the unit-linked business has now reached such a volume that income from existing customers exceeds current expenses.

The Danish health and accident business before return on investment posted a loss of DKr56m. For the Danica Pension group, the claims ratio rose from 88% in the first half of 2009 to 91% in the first half of 2010. The claims ratio was positively affected by an improved claims experience.

The investment return was DKr429m, against DKr615m in the first half of 2009. The decline was

mainly due to lower bond yields related to short-term assets attributed to shareholders' equity.

The technical result of international activities before tax was a profit of DKr36m, against DKr18m in the first half of 2009. To this should be added a return on investment of DKr4m. In Sweden, the profit before tax for the period was DKr22m against DKr12m in the first half of 2009. Norway posted a profit before tax of DKr31m, against DKr30m in the first half of 2009, and in Ireland, the result after tax was a loss of DKr13m.

Special allotments are recognised by the amount of DKr200m in the first half. The final expenditure for 2010 will depend on how Danica's earnings and business volume progress.

The investment return for the first half of 2010 was affected by significant financial market volatility. Volatility was particularly high in the second quarter on the back of the crisis in Greece. The western economies have amassed huge private and public debts, and these debts must be reduced without the financial markets losing confidence in borrowers.

Equity prices rose at the beginning of the year, but in the second quarter fell back, with the result that the overall equity return for the first half was negative for the international markets but remained positive for the Danish market.

Interest rates continued falling in the first half, resulting in relatively high returns on bonds.

The overall return for Danica Balance and Danica Link customers for the first half was DKr1.2bn, corresponding to a return of 3.7%.

#### DANICA BALANCE, RETURN BEFORE TAX FIRST HALF 2010

(%)	30 years to maturity	5 years to maturity
Risk	Return	Equity share
Aggressive	-1.2	100
High	-1.2	100
Medium	-0.5	90
Low	0.5	75
Conservative	2.2	49

Average return, Danica Balance 1.9%

The overall return for Danica Link customers for the first half was DKr1.0bn, corresponding to a return of 5.1%. The average annual investment return over a five-year period was 5.5%.

DANICA LINK VALG PORTFOLIO'S RETURN BEFORE TAX (%)	First half 2010	First half 2009
Danica Valg Guarantee	3.4	4.8
Danica Valg 100% Bonds	4.2	5.9
Danica Valg Low Risk	4.2	7.6
Danica Valg Medium Risk	5.3	11.2
Danica Valg High Risk	5.3	12.0
Danica Valg 100% Equities	5.8	11.3
Average return, Danica Link	5.1	

Danica Traditionel customer funds carried a return on investment of Dkr10.0bn or 5.4% for the first half of 2010. After a Dkr6.6bn increase in additional provisions, the return amounted to 1.9%. In the first half, an interest before tax on pension returns of Dkr2.8bn was accrued to policyholders' saved-up funds.

Equities generated an overall return of 0.6%, whilst bonds generated a return of 5.6%. Interest rate hedging instruments contributed favourably to the overall performance. The return on properties was 2.0%, against 2.5% for the first half of 2009.

DANICA TRADITIONEL, CUSTOMER FUNDS HOLDINGS AND RETURNS (DKr bn)	First half 2010 Value	First half 2010 Return %	First half 2009 Value	First half 2009 Return %
Property	18.4	2.0	17.8	2.5
Danish bonds	80.9	5.5	82.2	2.9
Index-linked bonds	26.6	6.2	25.9	5.1
International bonds	19.9	7.3	18.1	1.7
Credit bonds	26.2	4.0	17.5	13.8
Total bonds*	153.6	5.6	143.7	4.3
Danish equities	2.4	17.8	2.7	12.8
International equities	15.6	-1.8	11.0	2.9
Total equities	18.0	0.6	13.7	4.6
Other financial assets	2.3	-	1.3	-
Total return on investment assets	192.3	5.4	176.5	1.6
Return after change in additional provisions	-	1.9	-	2.6

\* In connection with the merger of Danica Pension, Danica Pension I and Danica Liv III at January 1, 2010, bonds in the amount of Dkr7bn were transferred to customer funds from the former Danica Liv III and Danica Pension I.

In life insurance, operating expenses relating to insurance for the first half of 2010 amounted to Dkr567m, against Dkr561m for the year-earlier period. Expenses were reduced by Dkr35m relating to the reimbursement of payroll tax for prior periods, but increased by Dkr36m relating to growing expenses in the international business as a result of increased business volume. In the Danica

group, the expense ratio was down from 6.3% in the first half of 2009 to 5.0% in the first half of 2010, and for Danica's Danish activities, the expense ratio dropped from 6.2% in the first half of 2009 to 5.6% in the first half of 2010. Measured relative to provisions, the group's expenses dropped from 0.28% to 0.26%.

EXPENSE RATIO	First half 2010	First half 2009
Danica group	5.0	6.3
Danish activities	5.6	6.2

The cost result of Danica Pension's traditional business was Dkr4m, and the Company's expenses and the supplements charged were thus in balance. This is important for policyholders, as it means that they will not be burdened by indirect costs as a result of an expense deficit.

### Continued significant financial strength

At the end of June 2010, the group's balance sheet total stood at Dkr284bn with total investment assets including unit-linked assets amounting to Dkr277bn, a 14% increase over the year-earlier period.

Customer funds at Danica Traditionel totalled Dkr192bn at the end of June 2010, consisting of 9% equities; 14% credit bonds; 10% property and 67% other bonds including derivatives.

Provisions for unit-linked contracts rose to Dkr55bn at the end of June 2010 from Dkr48bn at the end of 2009.

The collective bonus potential amounted to Dkr2.0bn, corresponding to a bonus rate of 1.3%. This constituted an increase of Dkr0.5bn compared to the year-earlier period. In addition, Dkr0.6bn of the bonus potential on paid-up policies had been used at 30 June 2009.

CHANGE IN COLLECTIVE BONUS POTENTIAL (DKr bn)	First half 2010	First half 2009
Return on customer funds before investment costs (life)	9.9	2.6
Investment costs <sup>1)</sup>	-0.2	-0.1
Change in the value of insurance obligations	-6.6	1.6
Tax on pension returns	3.1	4.1
Interest added for the period after tax on pension returns	-1.3	-0.5
Cost and risk results, etc.	-2.4	-1.5
Risk allowance of provisions	0.2	0.1
Transferred to shadow account	-0.6	-0.5
Added bonus potential of paid-up policies	0.2	0.5
Change in collective bonus potential	-	-2.2
	-0.8	0.0

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

Combined with an annual 3.25% rate of interest on policyholders' savings before tax on pension returns, the investment return after tax caused DKr 0.8bn of the collective bonus potential to be used.

The charge on customer funds was a negative 0.34% for the first half of 2010, against a negative 0.04% for the first half of 2009. Unlike the first half of 2009, the charge for the first half of 2010 was affected by the fact that the risk allowance could be booked in part. At June 30, 2010, the shadow account stood at DKr758m.

#### CHARGE ON CUSTOMER FUNDS IN DANICA

TRADITIONEL (DKr m)	First half 2010	First half 2009
Risk allowance	-555	-538
Cost result	4	-6
Risk result	7	55
Administrative expenses related to investment activities <sup>1)</sup>	-240	-110
Subordinated loan capital	-10	-8
Charge for the period	-794	-607
Charge for the period in % of provisions	-0.44%	-0.35%
Transferred to/from shadow account	177	538
Total charge including shadow account	-617	-69
Total charge including shadow account in % of provisions	-0.34%	-0.04%

1) Including estimated indirect costs

The group's shareholders' equity amounted to DKr17.9bn at June 30, 2010. The capital base, consisting of shareholders' equity and supplementary capital, stood at DKr20.7bn, compared with a solvency requirement of DKr8.1bn.

The group's financial strength, which consists of its capital base and collective bonus potential less solvency requirement, was DKr14.6bn at the end of June 2010. To this should be added a bonus potential of paid-up policies of DKr9.2bn, part of which can be used for offsetting capital losses.

Danica's sturdy financial strength is a contributing factor in the Company maintaining a relatively high rating of A with Standard & Poor's.

Throughout the first half of 2010, the Danica Pension group maintained a green light in terms of the Danish FSA's risk scenarios.

#### Events after the balance sheet date

No events have occurred between June 30, 2010, and the date of the signing of the financial statements that, in the opinion of the management, will materially affect the financial position of the company.

#### Outlook for 2010

The profit for the full year, including the booking of any risk allowance, will, among other things, depend on developments in the financial markets.

For the Danish business, Danica expects premiums in line with 2009, whereas a major increase is expected for the international business.

## Income statement - Danica Pension Group

Note	DKr m	First half 2010	First half 2009
	LIFE INSURANCE		
3	Gross premiums	8,107	7,730
	Reinsurance premiums ceded	-24	-25
	<b>Total premiums, net of reinsurance</b>	<b>8,083</b>	<b>7,705</b>
	Income from associated undertakings	1	-46
	Income from investment properties	484	520
	Interest income and dividends, etc.	4,258	5,014
	Gains and losses on investments	7,014	1,455
	Interest expenses	-135	-172
	Administrative expenses related to investment activities	-223	-88
	<b>Total investment return</b>	<b>11,399</b>	<b>6,683</b>
	Tax on pension returns	-1,433	-836
	<b>Return on investment after tax on pension returns</b>	<b>9,966</b>	<b>5,847</b>
	Claims and benefits paid	-8,977	-7,698
	Reinsurers' share received	55	46
	Change in outstanding claims provision	62	3
	Change in outstanding claims provision, reinsurers' share	-4	-1
	<b>Total claims and benefits, net of reinsurance</b>	<b>-8,864</b>	<b>-7,650</b>
	Change in life insurance provisions	-4,032	1,270
	Change in reinsurers' share	116	-65
	<b>Total change in life insurance provisions, net of reinsurance</b>	<b>-3,916</b>	<b>1,205</b>
	Change in collective bonus potential	800	13
	<b>Total bonus</b>	<b>800</b>	<b>13</b>
	Change in provisions for unit-linked contracts	-4,699	-5,863
	Change in reinsurers' share	0	0
	<b>Change in provisions for unit-linked contracts, net of reinsurance</b>	<b>-4,699</b>	<b>-5,863</b>
	Acquisition costs	-170	-182
	Administrative expenses	-423	-409
	Reimbursement of costs from group undertakings	26	30
	Reinsurance commissions and profit participation	8	8
	<b>Total operating expenses relating to insurance, net of reinsurance</b>	<b>-559</b>	<b>-553</b>
	Transferred investment return	-619	-780
	<b>TECHNICAL RESULT</b>	<b>192</b>	<b>-76</b>

## Income statement - Danica Pension Group

Note	DKr m	First half 2010	First half 2009
	Brought forward	192	-76
	<b>HEALTH AND ACCIDENT INSURANCE</b>		
	Gross premiums	538	544
	Reinsurance premiums ceded	-72	-61
	Change in unearned premiums provision	9	5
	Change in unearned premiums provision, reinsurers' share	27	23
	Premiums, net of reinsurance	502	511
	Technical interest	-11	43
	Claims paid, gross	-429	-417
	Reinsurers' share received	-4	17
	Change in outstanding claims provision	-37	-23
	Change in outstanding claims provision, reinsurers' share	16	14
	Claims, net of reinsurance	-454	-409
	Bonus and premium discounts	-37	-46
	Acquisition costs	-22	-26
	Administrative expenses	-46	-49
	Reinsurance commissions and profit participation	7	5
	Total operating expenses relating to insurance, net of reinsurance	-61	-70
	Return on investment	179	106
	<b>TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE</b>	118	135
	Return on investments allocated to equity	298	542
	Other income	103	68
	<b>PROFIT BEFORE TAX</b>	711	669
	Tax	-140	-154
	<b>NET PROFIT FOR THE PERIOD</b>	571	515
	Net profit/loss for the period	571	515
	Other comprehensive income:		
	Translation of foreign units	19	27
	Foreign unit hedges	-14	-18
	Tax on entries on shareholders' equity	3	4
	Total other comprehensive income	8	13
	<b>NET COMPREHENSIVE INCOME FOR THE PERIOD</b>	579	528

## Balance sheet - Danica Pension Group

### Assets

Note	DKr m	June 30, 2010	Dec. 31, 2009	June 30, 2009
	<b>INTANGIBLE ASSETS</b>	221	217	206
	Operating equipment	3	4	6
	Domicile properties	58	60	54
	<b>TOTAL TANGIBLE ASSETS</b>	61	64	60
	Investment properties	20,429	19,552	19,477
	Shares in associated undertakings	1,017	1,036	1,033
	Loans to associated undertakings	171	170	170
	Total investments in associated undertakings	1,188	1,206	1,203
	Equity shares	16,387	15,953	12,643
	Units in unit trusts	28,004	24,958	18,173
	Bonds	142,949	142,152	148,225
	Other loans	67	-	-
	Deposits with credit institutions	9,466	1,521	4,676
	Derivatives	3,516	2,090	2,362
	Other	-	1	-
	Total financial investment assets	200,389	186,675	186,079
	<b>TOTAL INVESTMENT ASSETS</b>	222,006	207,433	206,759
	<b>UNIT-LINKED INVESTMENTS</b>	54,771	46,437	35,855
	Unearned premiums provision, reinsurers' share	30	3	26
	Life insurance provisions, reinsurers' share	1,867	1,750	1,710
	Outstanding claims provision, reinsurers' share	219	195	155
	Total technical provisions, reinsurers' share	2,116	1,948	1,891
	Amounts due from policyholders	580	546	446
	Amounts due from insurance companies	836	971	840
	Amounts due from group enterprises	47	21	71
	Other debtors	503	583	1,083
	<b>TOTAL DEBTORS</b>	4,082	4,069	4,331
	Current tax assets	-	15	13
	Cash and cash equivalents	319	501	215
	Other	5	1	4
	<b>TOTAL OTHER ASSETS</b>	324	517	232
	Accrued interest and rent	2,103	2,411	2,318
	Other prepayments and accrued income	423	434	410
	<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	2,526	2,845	2,728
	<b>TOTAL ASSETS</b>	283,991	261,582	250,171

# Balance sheet - Danica Pension Group

## Liabilities and equity

Note	DKr m	June 30, 2010	Dec. 31, 2009	June 30, 2009
<b>LIABILITIES</b>				
	Unearned premium provisions	922	835	883
	Guaranteed benefits	162,674	148,495	143,982
	Bonus potential of future premiums	10,998	15,665	17,384
	Bonus potential of paid-up policies	9,199	14,160	15,189
	<b>Total life insurance provisions</b>	<b>182,871</b>	<b>178,320</b>	<b>176,555</b>
	Outstanding claims provisions	7,114	7,088	6,820
	Collective bonus potential	2,043	2,846	1,542
	Provisions for bonuses and premium discounts	73	105	149
	Provisions for unit-linked contracts	55,207	47,623	37,284
	<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>	<b>248,230</b>	<b>236,817</b>	<b>223,233</b>
	Pensions and similar liabilities	1	1	1
	Deferred tax	1,107	1,152	693
	Amounts owed, direct insurance	327	148	320
	Amounts owed to reinsurers	37	42	33
	Amounts owed to credit institutions	9,220	670	4,701
	Amounts owed to group enterprises	211	168	167
	Current tax liabilities	205	243	100
	Other creditors	3,324	1,562	1,829
	Other prepayments and accrued income	324	346	385
	Subordinated loan capital	3,078	3,085	3,096
	<b>TOTAL CREDITORS</b>	<b>266,064</b>	<b>244,234</b>	<b>234,558</b>
<b>SHAREHOLDERS' EQUITY</b>				
	Share capital	1,100	1,100	1,100
	Revaluation reserve	1	1	1
	Contingency fund	1,499	1,499	1,499
	Retained earnings	15,327	14,748	13,013
	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>17,927</b>	<b>17,348</b>	<b>15,613</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>283,991</b>	<b>261,582</b>	<b>250,171</b>

## Capital - Danica Pension Group

DKr m

Change in shareholders' equity

	Share capital	Revaluation reserve	Contingency fund	Retained earnings	Total
Shareholders' equity at January 1, 2010	1,100	1	1,499	14,748	17,348
Comprehensive income for the period	-	-	-	579	579
Shareholders' equity at June 30, 2010	1,100	1	1,499	15,327	17,927
Shareholders' equity at January 1, 2009	1,100	1	1,499	12,485	15,085
Comprehensive income for the period	-	-	-	528	528
Shareholders' equity at June 30, 2009	1,100	1	1,499	13,013	15,613

Danica Pension has an obligation to allocate part of the excess equity to certain policyholders of Statsanstalten for Livsforsikring (now part of Danica Pension) if the percentage by which the equity exceeds the required capital base is higher than the percentage that had been maintained by Statsanstalten for Livsforsikring prior to the privatisation of this company in 1990. In addition, it is the intention not to distribute dividends for a period of at least 25 years from 1990. Paid-up capital and interest accrued thereon may, however, be distributed.

The share capital is made up of 1,000,000 shares of a nominal value of DKr1,000 each. All shares carry the same rights; there is thus only one class of shares.

## Capital - Danica Pension Group

DKr m	June 30, 2010	Dec. 31, 2009	June 30, 2009
Solvency requirement and capital base			
Shareholders' equity	17,927	17,348	15,613
Core capital	17,927	17,348	15,613
- Intangible assets	-221	-217	-206
- Tax assets			0
Reduced core capital	17,706	17,131	15,407
Supplementary capital	3,079	3,085	3,096
- Limitations to supplementary capital	-115	-124	-133
Reduced supplementary capital	2,964	2,961	2,963
Capital base	20,670	20,092	18,370
Solvency requirement for life insurance	7,782	7,423	7,698
Solvency requirement for health and accident insurance	296	295	323
Total solvency requirement	8,078	7,718	8,021
Excess capital base	12,592	12,374	10,349

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

## Cash flow statement - Danica Pension Group

DKr m	June 30, 2010	Dec. 31, 2009	June 30, 2009
<b>Cash flow from operations</b>			
Profit/loss before tax	711	2,949	669
Adjustment for non-cash items in the income statement			
Non-cash items relating to premiums and benefits	8,130	16,699	5,151
Non-cash items relating to reinsurance	-160	-34	8
Non-cash items relating to investment return	-7,315	-13,925	-1,814
Non-cash items relating to tax on pension returns	899	1,312	-836
Non-cash items relating to expenses	995	154	2,305
Net investment, customer funds	-3,851	-8,538	-6,722
Payments received and made, investment contracts	2,647	2,216	822
Taxes paid	-177	-54	-
Cash flow from operations	1,879	779	-417
<b>Cash flow from investing activities</b>			
Sale of shares	-	600	600
Purchase of bonds	-2,878	-11,766	-1,625
Sale of bonds	208	10,806	698
Purchase of derivatives	0	-10	-
Sale of derivatives	4	14	4
Cash flow from investing activities	-2,666	-356	-323
<b>Cash flow from financing activities</b>			
Debt to credit institutions	8,550	6	4,038
Cash flow from financing activities	8,550	6	4,038
Cash and cash equivalents, beginning of period	2,022	1,593	1,593
Change in cash and cash equivalents	7,763	429	3,298
Cash and cash equivalents, end of period	9,785	2,022	4,891
Cash and cash equivalents, end of period			
Deposits with credit institutions	9,466	1,521	4,676
Cash in hand and demand deposits	319	501	215
Total	9,785	2,022	4,891

# Notes – Danica Pension Group

## Note

### 1 Significant accounting policies

The group's interim report for 2010 has been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the EU and in accordance with the Danish Statutory Order on Adoption of IFRS for financial enterprises.

The accounting policies are consistent with those of the Annual Report for 2009, which gives a comprehensive description of the accounting policies applied.

#### Audit

The interim report has been neither reviewed nor audited.

#### Accounting estimates and assessments

The preparation of the financial statements is based on the management's estimates and assessments of future events that will significantly affect the carrying amounts of assets and liabilities. The amounts most influenced by critical estimates and assessments are the same as at the end of 2009:

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

For a more detailed description of these and for a description of the most significant risks and external factors that may affect the group, we refer to the Annual Report for 2009.

#### Standards and interpretations not yet in force

In November 2009, IFRS 9 *Financial Instruments* was issued. The standard comprises phase 1 of a process to replace the rules of IAS 39 before the end of 2010. Phase 1 solely addresses the classification and measurement of financial assets, while subsequent phases will address the measurement and recognition of financial liabilities, impairment rules, hedge accounting rules and derecognition.

The EU has decided to postpone adoption of IFRS 9 until the details of the remaining phases are known.

The standard is scheduled for implementation on 1 January 2013 at the latest.

Management does not expect IFRS 9 to materially affect the measurement of its financial assets. Meaningful classification and measurement of financial assets is not possible without information about the future phases of IFRS 9 to clarify the overall accounting treatment of the standard, including the timing of its implementation.

In addition, the International Accounting Standards Board (IASB) has issued a number of international financial reporting standards and the International Financial Reporting Interpretations Committee (IFRIC) has issued a number of interpretations that have not yet come into force.

None of these are expected to materially affect the future financial reporting of the group.

### Significant accounting policies of the Parent Company

The financial statements of the Parent Company, Danica Pension, are presented in accordance with the provisions of the Danish Financial Business Act, including the Danish FSA's Executive Order on financial reports presented by insurance companies and lateral pension funds. The rules are consistent with the group's valuation principles under IFRS, whereas the classification in the parent company's financial statements deviates from the group's classification under IFRS.

#### Merger

At 1 January 2010, Danica Pension merged with Danica Pension I and Danica Liv III, with Danica Pension as the continuing company.

All comparative figures have been restated as a result of the merger. Pursuant to section 143(3) of the Danish FSA's Executive Order on financial reports presented by insurance companies and lateral pension funds, the financial statements are presented in such a way that comparative figures for the first half of 2009 comprise Danica Pension I and Danica Liv III, despite the fact that the merger did not take effect until 1 January 2010. The merger has caused changes to the allocation of assets and, consequently, the investment return on assets allocated to shareholders' equity, and these changes have not been incorporated retrospectively in the comparative figures. As a result, following the merger, additional funds corresponding to the value of the equity in Danica Pension I have been contributed. Prior to the merger, the profit from Danica Pension I was recognised as an allocated asset.

#### Related parties

Related parties comprise the same items as those stated in the Annual Report for 2009, and expenses are generally in line with prior periods. However, relative to 2009, the amount provided for performance fee for Danske Capital has been increased as a result of the first-half performance realised.

## Notes - Danica Pension Group

Note DKr m

## 2 BUSINESS SEGMENTS

The group's business segments are based on differences in products. The segment Traditionel covers traditional life insurance and pension plans with guaranteed benefits and Forenede Gruppeliv, while the Unit-linked segment covers market return pension plans. The Health and accident segment covers health and accident insurance.

BUSINESS SEGMENTS FIRST HALF	Traditionel	Unit-link	Health and accident insurance	Total	Reclassification	Group
Gross premiums	3,932	8,426	538	12,896	-960	11,936
- Gross premiums from inter-segment sales	-	-960	-	-960	960	0
Gross premiums from external sales	3,932	7,466	538	11,936	0	11,936
- Gross premiums on investment contracts	-	-3,291	-	-3,291	-	-3,291
Gross premiums in the income statement	3,932	4,175	538	8,645	0	8,645
Return on investment allocated to technical result	8,473	852	-	9,325	190	9,515
Claims and benefits paid	-8,034	-943	-429	-9,406	-	-9,406
Change in provisions for insurance and investment contracts	-3,656	-3,836	-65	-7,557	-377	-7,934
Total operating expenses relating to insurance	-297	-270	-68	-635	-	-635
Result of reinsurance	154	-3	-26	125	-	125
Other income , net	-	162	-	162	-59	103
Technical result	572	137	-50	659	-246	413
Change in shadow account	-177	-	-	-177	177	0
Special allotments	-200	-	-	-200	200	0
Return on investments, shareholders' equity	261	-	-	261	37	298
Return on investments, health and accident	-	-	168	168	-168	0
Profit before tax	456	137	118	711	0	711
Other segment information						
Interest income	3,002	56	2	3,060		
Interest expenses	-133	-2	0	-135		
Income from associated undertakings at book value	1	0	0	1		
Impairment, depreciation and amorisation charges	-1	-6	0	-7		
Other non-cash operating items	5,160	-3,822	14	1,352		
BUSINESS SEGMENTS FIRST HALF						
Gross premiums	4,454	4,657	544	9,655	-157	9,498
- Gross premiums from inter-segment sales	-16	-141	-	-157	157	0
Gross premiums from external sales	4,438	4,516	544	9,498	0	9,498
- Gross premiums on investment contracts	-	-1,224	-	-1,224	-	-1,224
Gross premiums in the income statement	4,438	3,292	544	8,274	0	8,274
Return on investment allocated to technical result	2,150	2,922	-	5,072	144	5,216
Claims and benefits paid	-7,414	-284	-417	-8,115	-	-8,115
Change in provisions for insurance and investment contracts	1,733	-5,729	-64	-4,060	-581	-4,641
Total operating expenses relating to insurance	-321	-240	-75	-636	-	-636
Result of reinsurance	-32	-5	-2	-39	-	-39
Other income , net	-	97	-	97	-29	68
Technical result	554	53	-14	593	-466	127
Change in shadow account	-538	-	-	-538	538	0
Return on investments, shareholders' equity	400	65	-	465	77	542
Return on investments, health and accident	-	-	149	149	-149	0
Profit before tax	416	118	135	669	0	669
Other segment information						
Interest income	3,296	44	137	3,477		
Interest expenses	-163	-4	-4	-171		
Income from associated undertakings at book value	-46	-	-	-46		
Impairment, depreciation and amorisation charges	-	-5	-	-5		
Other non-cash operating items	1,677	-2,776	18	-1,081		

## Notes - Danica Pension Group

Note	DKr m	First half 2010	First half 2009
3	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	6,528	6,632
	Single premiums	4,869	2,322
	Total direct insurance	11,397	8,954
	Total gross premiums	11,397	8,954
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	282	278
	Single premiums	3,008	946
	Total premiums paid	3,290	1,224
	Total gross premiums included in the income statement	8,107	7,730

## Noter - Danica Pension Group

Note	DKr m	June 30, 2010	Dec. 31, 2009	June 30, 2009
4	ASSETS DEPOSITED AS SECURITY AND CONTINGENT LIABILITIES			
	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.			
	At the end of the period assets were earmarked as security for policyholders' savings.	262,440	250,414	228,915
	At the end of the period, outstanding contracts for the purchase of investment assets and foreign currencies amounted to	4,876	1,504	1,548
	At the end of the period, outstanding contracts for the sale of investment assets and foreign currencies amounted to	33,592	36,665	34,718
	In certain cases, Danica Pension is liable to pay compensation to policyholders who have transferred their pension plan to Danica Pension. The total amount of compensation cannot exceed	45	45	45
	The group has undertaken contractual obligations to purchase, construct, convert or extend investment properties or to repair, maintain or improve these at an amount of	269	936	1,219
	The group has undertaken to participate in investment in unlisted shares with an amount of	2,818	2,782	2,834
	The group is voluntarily registered for VAT on certain properties. The group's VAT adjustment liability amounts to	570	576	500
	Mortgages have been issued as security for the technical liabilities in a total amount of	75	1,519	1,530
	As a participant in partnerships, the group is liable for a total debt of	84	94	82
	Amount of this included in the group's balance sheet	63	70	62
	The group's Danish companies are registered jointly for financial services employer tax and for VAT for which they are jointly and severally liable.			
	Owing to its size and business volume, the Danica Pension group is continually a party to various lawsuits. The Danica Pension group does not expect the outcomes of the cases pending, to have any material effect on its financial position.			

## Income statement - Danica Pension

Note	DKrm	First half 2010	First half 2009
1	Gross premiums		7,243
	Reinsurance premiums ceded	-12	-13
	<b>Total premiums, net of reinsurance</b>	<b>-12</b>	<b>7,230</b>
	Income from subsidiary undertakings	421	466
	Income from associated undertakings	-6	-8
	Income from investment properties	3	46
	Interest income and dividends, etc.	3,907	4,586
	Gains and losses on investments	7,569	744
	Interest expenses	-126	-164
	Administrative expenses related to investment activities	-190	-73
	<b>Total investment return</b>	<b>11,578</b>	<b>5,597</b>
	Tax on pension returns	-1,433	-836
	<b>Return on investment after tax on pension returns</b>	<b>10,145</b>	<b>4,761</b>
	Claims and benefits paid	-8,852	-7,626
	Reinsurers' share received	50	45
	Change in outstanding claims provision	53	3
	<b>Total claims and benefits, net of reinsurance</b>	<b>-8,749</b>	<b>-7,578</b>
1	Change in life insurance provisions	-4,082	1,275
	Change in reinsurers' share	117	-68
	<b>Total change in life insurance provisions, net of reinsurance</b>	<b>-3,965</b>	<b>1,207</b>
	Change in collective bonus potential	800	13
	<b>Total bonus</b>	<b>800</b>	<b>13</b>
1	Change in provisions for unit-linked contracts	-4,405	-4,484
	<b>Total change in provisions for unit-linked contracts, net of reinsurance</b>	<b>-4,405</b>	<b>-4,484</b>
	Acquisition costs	-108	-143
	Administrative expenses	-349	-348
	Reimbursement of costs from group undertakings	26	30
	<b>Total operating expenses relating to insurance, net of reinsurance</b>	<b>-431</b>	<b>-461</b>
	Transferred investment return	-608	-769
	<b>TECHNICAL RESULT</b>	<b>-7,225</b>	<b>-81</b>
	<b>TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE</b>	<b>111</b>	<b>130</b>
	Return on investments allocated to equity	289	532
	Other income	128	78
	<b>PROFIT/LOSS BEFORE TAX</b>	<b>-6,697</b>	<b>659</b>
	Tax	-131	-144
	<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-6,828</b>	<b>515</b>

## Balance sheet - Danica Pension

### Assets

Note DKrm	June 30, 2010	Dec. 31, 2009	June 30, 2009
<b>INTANGIBLE ASSETS</b>	207	198	183
<b>TANGIBLE ASSETS</b>	1	2	4
Investment properties	304	1,848	1,865
Shares in subsidiary undertakings	20,397	18,503	18,176
Loans to subsidiary undertakings	78	72	69
Shares in associated undertakings	62	69	82
<b>Total investments in subsidiary and associated undertakings</b>	<b>20,537</b>	<b>18,644</b>	<b>18,327</b>
Equity shares	16,302	15,045	11,839
Units in unit trusts	28,344	26,139	19,156
Bonds	141,984	141,188	147,382
Deposits with credit institutions	9,301	1,413	4,573
Other	3,516	2,090	2,361
<b>Total other financial investments</b>	<b>199,513</b>	<b>185,875</b>	<b>185,311</b>
<b>TOTAL INVESTMENTS</b>	<b>220,354</b>	<b>206,367</b>	<b>205,503</b>
<b>UNIT-LINKED INVESTMENTS</b>	<b>37,593</b>	<b>32,970</b>	<b>26,233</b>
Unearned premiums provision, reinsurers' share	28	2	25
Life insurance provisions, reinsurers' share	1,850	1,733	1,697
Outstanding claims provision, reinsurers' share	140	120	103
<b>Total technical provisions, reinsurers' share</b>	<b>2,018</b>	<b>1,855</b>	<b>1,825</b>
Amounts due from policyholders	555	528	430
Amounts due from insurance companies	836	971	841
Amounts due from group enterprises	988	568	705
Other debtors	338	402	899
<b>TOTAL DEBTORS</b>	<b>4,735</b>	<b>4,324</b>	<b>4,700</b>
Current tax assets	-	15	12
Cash in hand and demand deposits	81	258	22
<b>TOTAL OTHER ASSETS</b>	<b>81</b>	<b>273</b>	<b>34</b>
Accrued interest and rent	2,084	2,393	2,298
Other prepayments and accrued income	393	412	395
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	<b>2,477</b>	<b>2,805</b>	<b>2,693</b>
<b>TOTAL ASSETS</b>	<b>265,448</b>	<b>246,939</b>	<b>239,350</b>

# Balance sheet - Danica Pension

## Liabilities and equity

Note DKrm	June 30, 2010	Dec. 31, 2009	June 30, 2009
Share capital	1,100	1,100	1,100
Contingency fund	1,499	1,499	1,499
Profit brought forward	15,328	14,749	13,014
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>17,927</b>	<b>17,348</b>	<b>15,613</b>
<b>SUBORDINATED LOAN CAPITAL</b>	<b>3,079</b>	<b>3,085</b>	<b>3,096</b>
Unearned premiums provision	787	822	871
Guaranteed benefits	162,460	148,288	143,800
Bonus potential of future premiums	10,998	15,665	17,384
Bonus potential of paid-up policies	9,198	14,160	15,189
Total life insurance provisions	182,656	178,113	176,373
Outstanding claims provision	7,042	6,923	6,696
Collective bonus potential	2,043	2,846	1,542
Provisions for bonuses and premium discounts	73	105	149
Provisions for unit-linked contracts	37,998	34,112	27,618
<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>	<b>230,599</b>	<b>222,921</b>	<b>213,249</b>
Deferred tax	1,112	1,156	694
<b>TOTAL PROVISIONS FOR LIABILITIES</b>	<b>1,112</b>	<b>1,156</b>	<b>694</b>
Amounts owed, direct insurance	318	140	314
Amounts owed to reinsurers	0	7	4
Amounts owed to credit institutions	9,211	670	4,702
Amounts owed to group enterprises	46	35	11
Current tax liabilities	198	222	89
Other creditors	2,639	1,017	1,197
<b>TOTAL CREDITORS</b>	<b>12,412</b>	<b>2,091</b>	<b>6,317</b>
<b>ACCRUALS AND DEFERRED INCOME</b>	<b>319</b>	<b>338</b>	<b>381</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>265,448</b>	<b>246,939</b>	<b>239,350</b>

## Capital - Danica Pension

DKrm	June 30, 2010	Dec. 31, 2009	June 30, 2009
Solvency requirement and capital base			
Shareholders' equity	17,927	17,348	15,613
Proportionate share of capital base of insurance subsidiaries	634	599	572
- Value of proportionate share	-655	-636	-602
Core capital	17,906	17,311	15,583
- Intangible assets	-207	-198	-183
- Proportionate share of capital requirement of insurance subsidiaries	-118	-120	-71
Reduced core capital	17,581	16,993	15,329
Supplementary capital	3,079	3,085	3,096
- Limitations to supplementary capital	-115	-124	-133
Reduced supplementary capital	2,964	2,961	2,963
Capital base	20,545	19,954	18,292
Solvency requirement for life insurance	7,664	7,304	7,627
Solvency requirement for health and accident insurance	295	295	322
Total solvency requirement	7,959	7,599	7,949
Excess capital base	12,586	12,355	10,343

## Notes - Danica Pension

Note	DKr m	First half 2010	First half 2009		
1	GROSS PREMIUMS, incl. payments received under investment contracts				
	Direct insurance:				
	Regular premiums	5,811	6,082		
	Single premiums	1,839	1,368		
	Total direct insurance	7,650	7,450		
	Total gross premiums	7,650	7,450		
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:				
	Regular premiums	71	151		
	Single premiums	180	56		
	Total premiums paid	251	207		
2	CONTINGENT LIABILITIES				
	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.				
	At the end of the period, assets earmarked as security for policyholders' savings amounted to	248,716	228,515		
	At the end of the period, outstanding contracts for the purchase of investment assets and foreign currencies amounted to	4,876	1,549		
	At the end of the period, outstanding contracts for the sale of investment assets and foreign currencies amounted to	33,592	34,718		
	The company has undertaken to participate in investment in unlisted shares with an amount of	2,818	2,834		
	The company is voluntarily registered for VAT on certain properties. The company's VAT adjustment liability amounts to	-	32		
	Mortgages have been issued as security for the technical liabilities in a total amount of	75	1,530		
	In certain circumstances, Danica Pension has an obligation to compensate policyholders who have transferred their pension plan to Danica Pension. The total amount of compensation cannot exceed	45	45		
	The company has undertaken contractual obligations to purchase, construct, convert or extend investment properties or to repair, maintain or improve these at an amount of	-	17		
	The companies of the Danske Bank Group are registered jointly for financial services employer tax and for VAT for which they are jointly and severally liable.				
	Owing to its size and business volume, Danica Pension is continually a party to various lawsuits. The Company does not expect the outcomes of the cases pending to have any material effect on the financial position.				
3	SENSITIVITY RATIOS 30 JUNE 2010				
		Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum effect on bonus potential of paid-up policies before change in used bonus potential of paid-up policies	Maximum effect on used bonus potential of paid-up policies
	DKr bn				
	Interest rate increase of 0.7 of a percentage point	-0.2	0.1	4.1	-
	Interest rate decline of 0.7 of a percentage point	0.2	1.0	-5.8	-
	12% fall in equity prices	-0.2	-0.1	-	1.6
	8% fall in property prices	-0.1	-0.1	-	1.1
	Foreign exchange risk (VaR 99.5%)	0.0	0.0	-	0.2
	8% loss on counterparties	-0.1	-0.2	-	2.0
	10% fall in mortality rate	0.0	-0.1	-0.1	1.6
	10% rise in mortality rate	0.0	1.6	0.1	0.0
	10% rise in disability rate	0.0	0.0	0.0	0.1

## Statement by the management

The Board of Directors and the Executive Board (the management) have considered and approved the interim report of Danica Pension, Livsforsikringsaktieselskab for the period starting on January 1, 2010, and ending on June 30, 2010.

The consolidated interim financial statements are presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU, while the interim financial statements of the parent company are presented 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, equity and financial position at June 30, 2010, and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the period starting on January 1, 2009, and ending on June 30, 2010. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's and the Parent Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

Copenhagen, August 10, 2010

### Executive Board

Henrik Ramlau-Hansen  
CEO

Jørgen Klejnstrup

Jesper Winkelmann

### Board of Directors

Peter Straarup  
Chairman

Sven Lystbæk  
Vice Chairman

Tonny Thierry Andersen

Jakob Brogaard

Thomas Falck

Gitte Jensen

Ib Katznelson

Per Søggaard

Erik Sevaldsen

## Address

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