

Annual Report 2021



sampension
mere værd

The photos in the report are from current investments in Valby Retirement Home, the energy company NRGi and PH Park in Hørsholm.

PHOTO

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DESIGN

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The English version of the Annual Report is a translation of the original document in Danish for information purposes only. In case of any discrepancies of legal disputes, the Danish original will prevail.

“The overall return across all investment environments ended at DKK 19.7 billion, corresponding to 9.0% in 2021 against 4.9% in 2020”



A year characterised by strong returns despite the pandemic

2021 was unfortunately yet another year under the shadow of the coronavirus but fortunately also a fantastic investment year, generating strong returns for Sampension Liv's customers. For example, 50-year-old customers with unit-linked pension schemes and moderate risk saw a return of 21.1%, which was the highest return in the market according to a large comparison of pension returns. 50-year-old customers with high-risk profiles had an impressive return of 23.4% on their savings in 2021.

Seen over a five-year period, Sampension Liv's customers with unit-linked pension schemes aged up to and including 42 had returns of more than 61.5% with a moderate risk profile, while 55-year-old customers in the same group saw returns of 43.4%.

The overall return across all investment environments ended at DKK 19.7 billion, corresponding to 9.0% in 2021 against 4.9% in 2020.

Listed equities were the largest contributor to the return, including in particular US listed equities, while unlisted equities contributed with the highest percentage return of more than 50%.

Despite coronavirus restrictions, resource-rich economies powered ahead in 2021, and the financial markets generally performed well with strong returns on most of the higher-risk asset classes. Lenient fiscal and monetary policies also contributed to the impressive return for the year.

Premiums amounted to DKK 11.1 billion in 2021, of which transfers and single premiums represented a total of DKK 1.9 billion.

During the year, Sampension Liv welcomed some 21,000 new customers who, among other things, entered into agreements on company pension schemes with CP Kelko, Novenco Marine and Cardlay. Towards the end of 2021, Sparekassen Kronjylland extended its collaboration with Sampension Liv by another three years.

Administrative and investment expenses are still kept at a minimum and with an annual percentage rate (APR) of 0.5%, Sampension Liv's expenses are still very low by pension industry standards. Administrative expenses were kept at the same level and amounted to DKK 387 per customer per year in 2021.

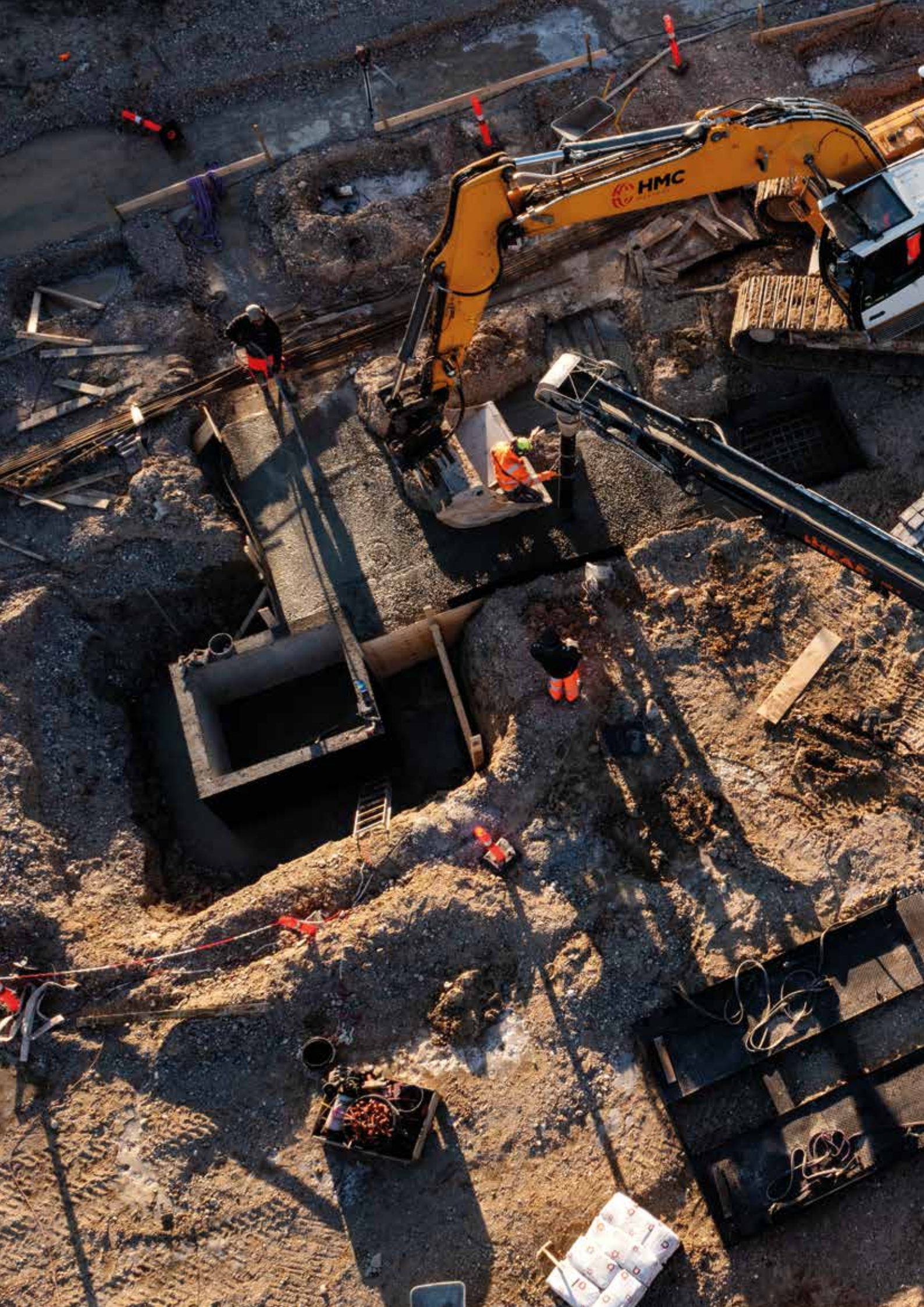
Sampension Liv's 299,000 customers still keep up to date on our website. For example, news and information for the 50,000 state employees who received a healthcare scheme under their pension agreement with Sampension Liv during the summer generated quite some traffic on our website, which saw over 706,000 visits in 2021. Our customers logged on to our website about 285,000 times in 2021. The app was downloaded almost 12,000 times during the year, and our customers logged on some 112,000 times and completed more than 19,000 pension checks.

When it comes to responsible investments, the Sampension community experienced in 2021 that the companies we invest in have generally made progress and recognise their responsibility more and more. This is a positive development.

In 2021, Sampension Liv concluded 13 dialogues on improvement with companies during which we recorded progress. Eight of these dialogues concerned climate issues, where a number of the companies we engaged with ended up defining ambitious targets. At the end of 2021, the Sampension community's exclusion list comprised 257 companies, which are primarily excluded due to climate-related issues.



Hasse Jørgensen
CEO



An aerial photograph of a construction site. In the top left, a yellow excavator is partially visible. In the bottom right, a concrete mixer truck with a red and black striped drum is parked. The ground is muddy with visible tire tracks. A large blue rectangle is overlaid on the right side of the image, containing the title and table of contents.

Management's review

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Management's review

Five-year key figures for the parent company DKKm	2021	2020	2019	2018	2017
Premiums	11,083	11,672	10,129	9,251	8,784
Benefits paid	-10,597	-12,169	-9,416	-9,107	-8,646
Investment return	19,724	10,305	20,102	-249	10,382
Total insurance operating expenses	-183	-179	-175	-172	-170
Technical result	8	-29	-58	-88	-110
Profit/loss for the year, parent company's share	55	32	86	-45	41
Total provisions for insurance and investment contracts	238,119	220,347	211,727	194,507	194,530
Excess capital	4,032	4,086	4,256	4,311	4,465
Equity attributable to parent company	3,744	3,689	3,657	3,571	3,616
Total assets	305,415	294,828	293,330	262,283	266,023

Five-year financial ratios	2021	2020	2019	2018	2017
Return ratios					
Rate of return related to average-rate products	3.4%	5.1%	9.8%	1.1%	4.0%
Rate of return related to unit-linked products	15.2%	4.8%	10.7%	-1.7%	7.5%
Risk on return related to unit-linked products	4.50	4.50	3.75	3.75	4.25
Expense ratios					
Expenses as a percentage of provisions	0.08%	0.09%	0.09%	0.09%	0.09%
Expenses per policyholder (DKK)	387	384	388	389	387
Other return ratios					
Return on equity after tax	1.5%	0.9%	2.4%	-1.3%	1.2%
Return on excess capital	3.8%	3.0%	3.5%	1.1%	4.5%
Capital structure ratios					
Solvency coverage ratio	298%	275%	293%	444%	601%

Reference is made to "Definitions of financial ratios" on page 78.

Customers and products

Sampension Livsforsikring A/S (Sampension Liv) is a customer-owned pension company offering labour market and company pensions on commercial terms. Our key responsibility is to offer our customers the best pensions possible. Accordingly, our main focus is on what adds value to pension schemes – low expenses, solid returns, flexible products and competent advice and customer service.

Sampension Liv is part of the Sampension joint management company (the Sampension community). In addition to Sampension Liv, the Sampension community comprises the Architects' Pension Fund (AP), the Pension Fund for Agricultural Academics and Veterinary Surgeons (PJD) and the Pension Fund for Technicians and Bachelors of Engineering (ISP). The group of owners of Sampension Administrationsselskab A/S comprises: Sampension Liv (88%), AP (3%), PJD (3%) and ISP (6%).

Sampension Liv has 299,000 customers and is Denmark's third-largest pension provider in terms of total assets. Most of the people insured are employed in the municipal sector or with the state or regional authorities. Sampension Liv also provides pension schemes for private enterprises and acts as a reinsurer to most of Denmark's municipal and regional authorities in respect of some 17,000 civil servants.

A pension scheme contains both savings and insurance components covering loss of earning capacity, death, certain critical illnesses and in some cases health insurance. Sampension Liv provides the following savings products:

Product types	Investments and allocation of returns
Unit-linked 3 i 1 Livspension lifecycle product Linkpension, a unit-linked product	Actual returns are allocated to customers each month Sampension Liv's core product. Savings are invested in generation pools according to the customer's age and choice of investment profile Customers determine which investment funds they wish to invest their savings in
Average rate Non-guaranteed benefit reinsurance Conventional average rate	Rate of interest on policyholders' savings allocated to customers reflects the average return achieved over time This product provides reinsurance for employers' future pension obligations in respect of civil servants and hedges inflation risk Comprises pension schemes with declarations of intent, guaranteed direct insurance and guaranteed reinsurance

Premiums and benefits

Premium income

DKK **11.1** billion

Premium income

Premiums amounted to DKK 11.1 billion, against DKK 11.7 billion in 2020.

Transfers and single premiums ended at DKK 1.9 billion in 2021, against DKK 2.8 billion in 2020. It should be mentioned, however, that transfers and single premiums were extraordinarily high in 2020 due to the conclusion of a new pension agreement comprising about 11,000 members of the Army Constables and Corporals Association (HKKF) in the beginning of 2020. Excluding this agreement, premiums rose by 1.7%.

Premiums on indirect insurance policies were up by 35%, driven by some employers' decision to make large single premium payments in 2021.

Premium income DKKm	2021	2020	Change (%)
Regular premiums	4,972	4,887	1.7
Group life premiums	2,918	3,031	-3.7
Total regular premiums	7,891	7,918	-0.3
Transfers and single premiums	1,926	2,813	-31.6
Premiums, direct insurance	9,816	10,731	-8.5
Premiums, indirect insurance	1,267	940	34.7
Total gross premiums	11,083	11,672	-5.0

There was a net increase in the number of directly insured customers of 6,000 in 2021, corresponding to 2.0%.

Number of customers	2021	2020	Change (%)
Premium payers	113,088	113,213	-0.1
Paid-up policies etc.	118,901	114,953	3.4
Pensioners	66,698	64,521	3.4
Total directly insured	298,687	292,687	2.0
Indirectly insured	17,416	17,508	-0.5
Group life insured, including share of Forenede Gruppeliv	741,559	776,360	-4.5

299 thousand
insured costumers

Benefit payments

Total benefits paid amounted to DKK 10.6 billion in 2021, against DKK 12.2 billion in 2020. The decline was primarily due to surrenders. It should be mentioned that the amount was extraordinarily high in 2020 due to the loss of a large pension scheme.

Expenses

For several years, Sampension Liv has made targeted efforts to reduce its expenses, which are among the lowest in the industry. The lower the expenses, the greater the proportion of premiums and returns will be allocated to savings. Together with the parties of the Sampension community, Sampension Liv's focus is on ensuring low investment and administration expenses.

Efficient investment management

Internal and external management efficiency is very important to the Sampension community. For that purpose, we invest the pension savings of all our customers in the same investment assets, for example. The combination of such assets may vary considerably from customer to customer depending on their specific savings product and risk profile.

The Sampension community uses cost-benefit analyses to assess whether the various portfolios should be managed internally or externally. Virtually all of our equity investments are outsourced to external asset managers, while most investment in bonds and other fixed-income instruments is managed in-house. Property investments in markets where the Sampension community has long-standing investment experience are also managed internally. A number of investments in higher-risk credit bonds are made through external managers, and most alternative investments in, e.g., forestry, wind turbines, hedge funds and unlisted equities are managed by external managers.

Investment expenses of 0.46%

Investment expenses include expenses incurred by Sampension Liv, which are disclosed directly in the financial statements, and indirect expenses incurred when investing in external funds, investment associations, etc. Investment expenses as a percentage of customer savings for 2021 and 2020 are shown in the table below:

Investment expenses as a percentage of customer savings	2021	2020
3 i 1 Livspension, selected generation pools (moderate risk):		
25 years	0.50	0.52
55 years	0.47	0.49
65 years	0.41	0.44
3 i 1 Livspension total (average)	0.46	0.49
Conventional average rate	0.27	0.25

Total investment expenses amounted to 0.46% of 3 i 1 Livspension customer savings against 0.49% in 2020. The drop was attributable to the customers' savings rising more than expenses due to the strong returns for the year, for example. These are very competitive rates.

Investment expenses for conventional average-rate products amounted to 0.27% of customer savings in 2021 compared with 0.25% in 2020.

Return ratios are calculated after deduction of direct and indirect investment expenses. The return after investment expenses is the all-important ratio to consider when assessing the performance of customers' pension savings.

Administrative expenses of

DKK **387**

Administrative expenses per customer of DKK 387

Financial ratios for insurance-related administrative expenses were practically unchanged relative to 2020:

- Expenses per customer amounted to DKK 387 in 2021 against DKK 384 in 2020. The ratio was thus kept at a low level
- Expenses expressed as a percentage of customers' savings fell to 0.08% compared with 0.09% in 2020.

APR of 0.5%

Information on annual expenses expressed in Danish kroner and as a percentage (APR) is available in **Description of method – annual expenses expressed in Danish kroner and as a percentage 2021** (in Danish only). APR includes an annual administration fee of DKK 420 per customer and investment expenses, see above. APR depends on customers' savings. For a 55-year-old customer with savings of DKK 1 million, the APR for 2021 was at 0.5% for 3 i 1 Livspension Moderate Risk. APR for conventional average-rate products was at 0.3%.

Investments and returns

The global economy and financial markets

Despite the coronavirus pandemic, the resource-rich economies did not fall into a deep recession in 2021. Rollout of vaccines and experience from spring 2020 were two key factors in preventing this. After a start to the year where many countries locked down society to contain the coronavirus from spreading, the rollout of

vaccination programmes made it possible to reopen society and return to the workplace during the spring months. With this, the relatively limited negative growth seen during the first quarter was more than recovered during the rest of the year.

During lockdown, many countries chose to introduce large fiscal and monetary relief packages, and when the economy was once again up and running, consumers were ready to spend some of the money they had saved up. The increased demand boosted economies massively, and qualified labour, goods and materials quickly fell short. The latter was especially due to supply chain difficulties. Many countries faced the highest inflation rate in nearly 30 years. As a result, central banks announced – and in most cases also initiated – a rollback of their very expansive monetary policies. In late autumn, the Omicron variant of the coronavirus emerged and led to a new, but less severe lockdown. At the same time, people were offered a third vaccine dose. 2021 thus ended with most countries experiencing strong growth, a significant demand pressure on the labour market and a high and increasing inflation rate.

Equity markets began 2021 on an upward trend driven by the very expansive fiscal and monetary policies and by the news of effective vaccines being ready for rollout. As a result, economies quickly picked up. In late summer, inflation rates began to strongly increase in many countries, and concerns that central banks would roll back their expansive policies started to spread. This affected equity markets and, towards the end of 2021, the Omicron variant put a further dampener on the markets.

The global equity market index was up by some 21% in 2021. The US equity market was the best performer with an impressive 28% increase. The Danish equity market rose by 24%, European equities by 23% and the UK equity market by 18%. With increases of 6% and 2%, respectively, Asia and the emerging markets lagged significantly behind¹.

Interest rates also took some roller coaster rides in 2021 with an upward trend driven by speculations about what direction central banks will take in the future.

Investment return of DKK 19.7 billion or 9.0%

The overall return across all investment environments in 2021 was DKK 19.7 billion, relative to a return of DKK 10.3 billion in 2020. The overall investment return was at 9.0% before tax on pension returns in 2021, compared with 4.9% in 2020.

The overall return includes return on the hedge portfolio in the conventional average-rate environment. In a year like 2021 with rising interest rates, Sampension Liv's investment strategy of hedging the interest rate risk on pension obligations in the conventional average-rate environment will produce a loss, which, after tax on pension returns, is largely offset by the drop in the market value of pension obligations in the conventional average-rate environment.

Investment returns by environment DKKm	2021	2020
3 i 1 Livspension	15,651	4,594
Linkpension	25	10
Non-guaranteed benefit reinsurance	5,277	514
Conventional average rate	-1,228	5,186
Total return	19,724	10,305

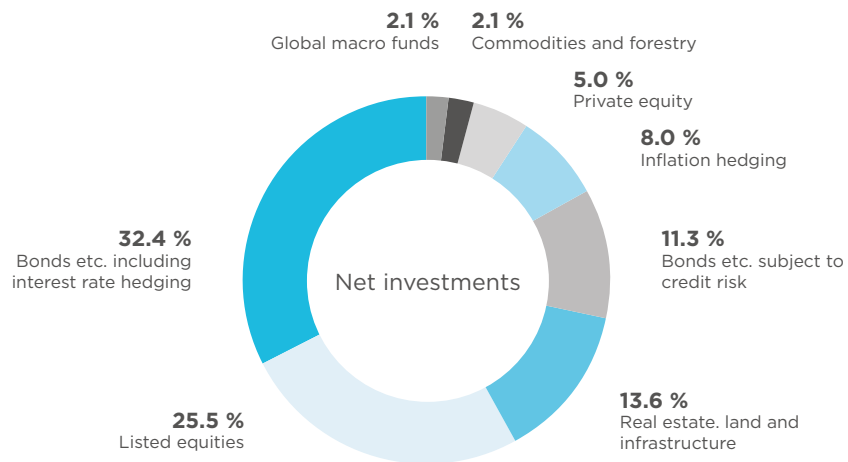
Investment return of

DKK **19.7** billion

¹Return rates are stated before translation into Danish kroner and reflect benchmark indices for the respective markets.

Breakdown of net investments

Almost a third of Sampension Liv's total net investment assets were placed in low-risk bonds (such as Danish government and mortgage bonds), while about 25% were placed in listed equities.



Investment strategies in Sampension Liv's various investment environments

Our investment strategy aims to maximise the long-term return in a responsible manner and within the given risk framework. The unit-linked and average-rate environments generally participate in the same investments, only at different weightings and volumes. The 3 i 1 Livspension and non-guaranteed benefit reinsurance products have a relatively larger share of investments in high-risk assets than the conventional average-rate environment.

We are currently in the process of building our portfolio of direct investments in debt, unlisted equities and real estate, and these efforts continued in 2021. Despite the coronavirus pandemic, the portfolio of direct investments in debt, unlisted equities and real estate continued to expand throughout 2021. In 2021, the Sampension community thus, for example, invested in 49% of the Aarhus-based energy company NRGi's sustainable energy division and established a partnership with European Energy and Novo Holdings on purchasing and developing agricultural land for wind turbine and solar panel farms. In terms of real estate, we invested in an independent nursing home in Valby, senior housing in Frederikssund and an office property in Holte with residential development potential. We also co-invested in a housing complex in Dallas. The private equity portfolio was also expanded in 2021 with two co-investments in software and healthcare as well as in European and US funds focusing on small and medium-sized companies as well as on venture capital. As for our forestry portfolio, the Sampension community and the manager Ressource Management Systems have committed to investing in the world's biggest forest area in southern USA. In the infrastructure portfolio, a co-investment in Molslinjen was made in collaboration with EQT Infrastructure.

Unit-linked environment investments

The 3 i 1 Livspension product investments are placed in different generation pools, each with a specific composition of investment assets, to reflect the customer's age. Customers have three investment profiles to choose from: low risk, moderate risk and high risk.

Positive returns for all generation pools in 3 i 1 Livspension

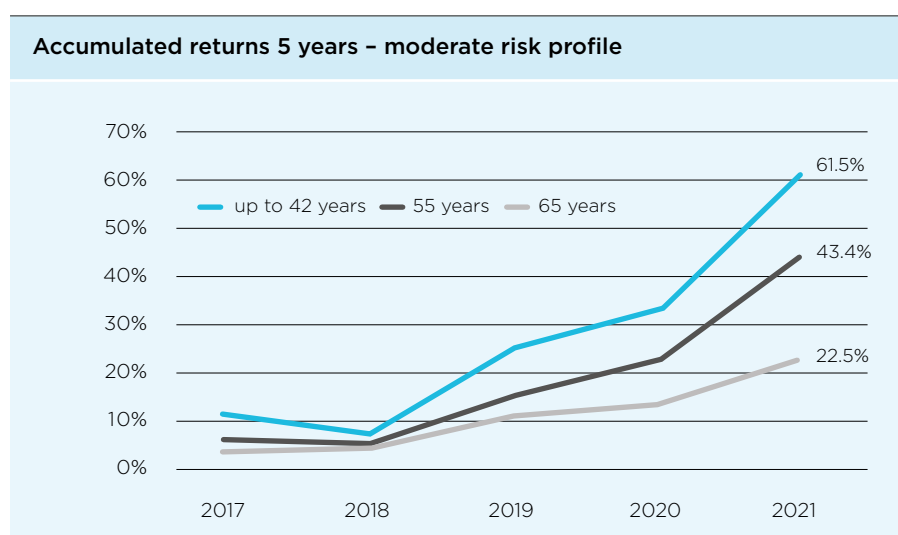
The lifecycle product reported positive returns for all generation pools across risk profiles in 2021. As shown in the table below, the youngest age groups, which have relatively large shares of equities, but also of alternative investments, had the highest returns. The majority of the customers have chosen the moderate risk investment profile.

Generation pools 3 i 1 Livspension, selected	Investment profile		
	Low	Moderate	High
Return (%)			
25 years	15.3	21.1	23.4
55 years	11.9	16.6	19.2
65 years	5.3	8.1	11.1

For a more detailed specification of holdings and returns in 3 i 1 Livspension, see notes 24 and 25 to the financial statements.

Youngest age groups receive five-year returns of 61.5% in 3 i 1 Livspension

Customers with Sampension Liv's lifecycle product have obtained high investment returns over the past five years. All customers with a moderate risk profile aged up to and including 42 have had returns of over 61%.



Return of up to

61.5 %

Non-guaranteed benefit reinsurance return of 13.8%

Non-guaranteed benefit reinsurance covers risks relating to civil servant pensions. Indexation of these is based on salary trends, which is a significant risk factor in a municipal or regional authority's pension obligations. Asset allocation is determined on the basis of the expected future net payment obligations on civil servant pension schemes.

Investments relating to non-guaranteed benefit reinsurance of civil servant pension obligations produced a large positive return of 13.8% in 2021, which we consider to be highly satisfactory in light of the relatively very low rate of inflation in Denmark, which has risen lately, however. For a specification of holdings and returns in the non-guaranteed benefit reinsurance segment, see note 24 to the financial statements.

Negative return of 1.4% in the conventional average-rate environment

The conventional average-rate environment consists of guaranteed and non-guaranteed pension schemes. Provisions for pensions are stated at market value, which means that the value will depend on interest rate levels, among other things.

Return in conventional
Average-rate of

-1.4 %

To limit the interest rate risk for both Sampension Liv and its customers, we have set up a hedge portfolio, as mentioned above, which together with a part of the interest rate risk of the investment portfolio are designed to obtain a high degree of security that Sampension Liv can meet the guarantees and declarations of intent issued to customers.

The overall distribution of investments in the average-rate environment at 31 December 2021 and the return contributions for the year are set out in the table below.

Conventional average-rate	Market Value 31.12.2021 DKKm	Distribution %	Return contribution as a percentage time-weighted
Total investment portfolio	63,788	80.7	2.9
Total portfolio of interest rate hedges	15,208	19.3	-4.4
Total investment assets	78,996	100.0	-1.4

Some 65% of Sampension Liv's total net investment assets in the DKK 79 billion conventional average-rate environment was placed in bonds, etc., while 5% was invested in listed equities, some 19% in the portfolio of interest rate hedges and almost 11% in alternative investments.

The overall return for 2021 was negative at 1.4% before tax on pension returns and inclusive of the hedge portfolio. Exclusive of the hedge portfolio, the return was 2.9%.

For a more detailed specification of holdings and returns in the conventional average-rate segment, see note 24 to the financial statements.

Corporate social responsibility

In addition to contributing to the individual customer's financial situation in retirement, being a part of the collective agreements, Sampension Liv contributes to the sustainable development of the Danish economy and to maintaining a healthy balance between public sector benefits and labour market benefits. Labour market pensions, which constitute a significant pillar of the Danish model, have contributed to the steady development of a secure and responsible labour market since the 1980s.

Sampension Liv is responsible for managing its pension schemes in a way that serves the best interests of our customers. We fulfil that responsibility by staying focused on what is important, i.e. growing the value of the pension schemes through:

- high returns
- low expenses
- flexible pension products
- personalised customer service
- comprehensive advisory tools.

Sampension Liv thus performs a broad task for society. Our policy on corporate social responsibility is business-driven, which means that we seek to achieve corporate social responsibility through actions taken in our business areas. Our fundamental objective is to provide attractive pension schemes to our customers, which is reflected by the fact that profit is allocated to customers' pension savings.

Responsible investments

Sampension Liv's investments are arranged so that they are socially responsible. Our responsible investment policy has three areas of focus:

- Environmental and climate impact of investments
- Social impact of investments
- Corporate governance.

Our approach to corporate social responsibility is governed by our ambition to comply with and implement international standards and guidelines, including the ten principles of the UN Global Compact in the areas of human rights, labour rights, the environment and anti-corruption, the OECD Guidance for Responsible Business Conduct for Institutional Investors, the climate targets of the Paris Agreement and the G20 Task Force on Climate-related Financial Disclosures (TCFD).

The responsible investment policy applies to all four parties of the Sampension community. The boards of directors have set up a cross-functional committee which is charged with considering the social, environmental and governance aspects of investment decisions made by the four pension providers with a view to agreeing on the principles to be included in the pension providers' policy on responsible investment.

Every two years, the Sampension community conducts customer and member surveys in the responsible investment area to ensure that the policy pursued is reflected in the values and beliefs of the customers and members. A new survey conducted in November 2021 showed that customers and members find responsible investments to be very important to their level of satisfaction with their pension fund, and some 90% of the customers and members of the Sampension community are very satisfied/satisfied with our responsible investment efforts.

Continued reduction of the carbon footprint of our investments

In 2021, the carbon footprint of Sampension Liv's listed equity portfolio was reduced by some 27%. In absolute levels (absolute emissions), our carbon emissions dropped from 0.56 million tonnes in 2020 to 0.47 million tonnes in 2021, corresponding to almost 17%.

In 2021, it was possible to include directly owned corporate bonds in the calculation of the carbon footprint. The carbon footprint (absolute emissions) of the directly owned corporate bonds was reduced by 51%, while the level of financed emissions remained unchanged².

Climate-neutral by 2050

The companies in which the Sampension community has invested continue their energy efficiency procedures and their transition away from fossil energy sources. The Sampension community has defined a target for the carbon footprint of its overall investment portfolio to be reduced by 45% relative to the 2020-level by 2030 and to net zero by 2050. This reduction target will apply to all assets in the portfolio. The carbon footprint is thus reduced most significantly within the first 10 years with the remaining 55% over the subsequent 20 years. To support this, the Sampension community will define continuous sub-targets for the period, both for the overall portfolio and for the various sectors in which we invest with the purpose of providing full transparency on our efforts towards climate neutrality.

²Going forward, the company will calculate the carbon footprint of the portfolio based on the companies' total financing, i.e. both share capital and debt, the so-called Enterprise Value Including Cash (EVIC) method. The change is made, among other things, based on the fact that this calculation method must be applied in connection with reporting under the Disclosure Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

3 initiatives

**to increase focus
on climate**

**Reduction in carbon
footprint by**

27 %

Companies of the equity portfolio which are operating within the most heavily emitting sectors are regularly screened for their ability and willingness to transition to a low-carbon economy, and this consideration forms part of our exclusion criteria. In 2021, we excluded five companies based on our criterion of unacceptable environmental practices. The equity portfolio's total adaptability score is measured annually and has significantly increased since 2019.

Moreover, we do not invest in companies generating a predominant share of their revenue from coal or tar sand activities – including the use of coal in utility companies' energy mix.

The Sampension community not only requires changes in the companies in which we directly invest and where we manage the investments ourselves. The requirements also apply to externally managed investments, for example in funds. In addition, the Sampension community works continually on sustainability in its property portfolio. The requirements for transition towards climate neutrality by 2050 therefore apply to all of our investments.

Green investments

The Sampension community increased its green investments by DKK 3 billion in 2021 and now has green investments of a total of DKK 19 billion. During the year, we made new green direct investments, for example, in NRGi Renewables, which develops and installs wind turbine and solar panel farms but also aims to explore the opportunities to participate in the development of other types of renewable energy. We also invested in a forest in North America and made an investment in a purchase of agricultural land for the purpose of installing a solar panel farm in collaboration with European Energy and Novo Holdings.

Active ownership

The Sampension community takes a proactive approach to companies that are found not to act responsibly in an ESG context, e.g. by engaging in dialogue with the company's management and other stakeholders. Through this, we regularly raise the bar for responsibility.

Screening and critical dialogue

Listed companies are continuously monitored by a professional and independent screening provider, and the screening is based on the UN Global Compact and the OECD Guidelines for Multinational Enterprises. If a company's conduct is found to be significantly in conflict with the policy and guidelines for responsible investments, it will be assessed whether the company has acted unacceptably or acceptably, or whether it must be placed on a surveillance list pending further investigation, or whether to engage in dialogue with the company. Shares in unacceptable companies are added to the exclusion list and sold off.

Through the critical dialogue engagement programme, the Sampension community engaged in 29 dialogues which were initiated in 2021 on labour rights, human rights, climate and the environment and corporate governance. Two dialogues were concluded with a positive outcome, while 27 are still ongoing or monitored.

In this context, we screened the companies' coal and tar sand activities as well as their adaptability, etc. At the end of 2021, 257 companies were on the Sampension community exclusion list. The majority of these – 190 – are climate-related exclusions.

257

Excluded companies

Dialogue on improvement

To support the UN Sustainable Development Goals, we engage in proactive dialogues on improvement with selected portfolio companies if they are considered to not adequately support the UN Sustainable Development Goals. We particularly focus on companies that are considered to underperform their peers.

Through the programme for dialogue on improvement, we engaged with 44 companies in 2021; 12 on climate adaptation, 13 on fiscal transparency, 8 on responsible water management and 11 on responsible governance. The figures only include listed companies in which the Sampension community has invested. In addition, the Sampension community engages in a large number of dialogues with companies in which the Sampension community is not currently invested but has either previously invested in or could potentially invest in, including 76 dialogues initiated in 2021.

The Sampension community is also part of Climate Action 100+ (CA100+), which is the world's largest investor initiative consisting of 615 investors with combined assets of DKK 390,000 billion. CA100+ engages in dialogue with 167 climate-damaging companies within oil and gas, mining and metals, utilities, transport, consumer products and the industrial sector.

Voting

The Sampension community votes at the general meetings of Danish OMX C25 companies and at the general meetings of listed Danish and international companies in which we represent more than 3% of the voting rights.

For other listed companies, the Sampension community works towards maximising its influence in companies together with other institutional investors through networks. We always vote at general meetings of companies with which we are in an ongoing critical dialogue.

The statutory report on corporate social responsibility 2021 (in Danish only) provides additional information on our responsible investment approach, see sampension.dk/aarsrapport.

Key ESG indicators provide comparability and transparency

The Sampension community has decided to support the pension industry's request for a common standard by publishing an overview of its ESG ratios calculated according to the guidelines published by FSR – Danish Auditors, Nasdaq and the Danish Finance Society in June 2019, most recent version in December 2020. In addition, ratios have been added in accordance with Insurance & Pension Denmark's industry recommendations on climate reporting. A description of calculation methods is provided. The statutory report on corporate social responsibility 2021 (in Danish only) provides additional information on our responsible investment approach, see sampension.dk/aarsrapport.

Sampension Liv Group	Unit	2021	2020	2019	2018
E – Environmental data					
The company's carbon emissions					
CO2 scope 1	Tonnes	65	50	73	68
CO2 scope 2	Tonnes	183	225	213	291
Renewable energy intensity	%	72	67	64	62
- Purchased externally	%	94	-	-	-
- Generated internally	%	6	-	-	-
Energy consumption	Gigajoules	8,284	6,409	7,315	7,433
Water consumption	m ³	2,467	2,568	3,290	2,977

Sampension Liv Group	Unit	2021	2020	2019	2018
Carbon footprint of investments					
Carbon emissions by the listed equity portfolio¹					
Absolute emissions	Tonnes/CO ₂ e	468,296	561,425	-	-
Financed emissions (carbon footprint)	Tonnes CO ₂ e/DKKm	7.7	10.7	-	-
Carbon intensity	Tonnes CO ₂ e/DKKm	21.1	22.1	-	-
Weighted average carbon intensity	Tonnes CO ₂ e/DKKm	20.7	20.6	-	-
Carbon emissions by directly owned corporate bonds					
Absolute emissions	Tonnes CO ₂ e	525	1,077	-	-
Financed emissions (carbon footprint)	Tonnes CO ₂ e/DKKm	<1	<1	-	-
Carbon intensity	Tonnes CO ₂ e/DKKm	<1	1.3	-	-
Weighted average carbon intensity	Tonnes CO ₂ e/DKKm	<1	<1	-	-
Carbon displacement from directly owned wind turbines					
Absolute emissions	Tonnes	68,527	102,571	-	-
Active ownership, number of dialogues					
Number of dialogues on climate change	No.	12	-	-	-
Number of dialogues in total	No.	73	-	-	-
S - Social data					
Full-time equivalent employees	FTE	340	317	297	285
Gender diversity, all	%	46	48	49	49
Gender diversity, managers	%	38	44	40	36
Remuneration gap men/women, all	Times	1.3	1.3	1.3	1.3
Remuneration gap men/women, managers	Times	1.2	1.3	1.4	1.3
Employee turnover	%	12.8	12.6	14.2	15.2
Absenteeism	Days/FTE	6.6	3.7	4.7	4.7
Employees with no sickness absence	Number	137	156	120	103
Taxes paid	DKKm	3,230	5,578	2,594	2,816
G - Governance data					
Gender diversity, Board of Directors	%	36	36	36	36
Board meeting attendance	%	90	91	93	83
Remuneration gap between CEO and employees	Times	7.8	8.0	8.3	8.4

¹ Due to a change in the calculation method, it has not been possible to calculate comparative figures for 2019 and 2018.

For more information on ratios and definitions, see The statutory report on corporate social responsibility (in Danish only) on sampension.dk/aarsrapport.

Development in the investments' ESG ratios is addressed in the section on corporate social responsibility above the table.

The company's ESG ratios show, among other things:

- The company's carbon emissions (carbon scope 1) increased relative to 2020, which was low due to the coronavirus pandemic and the resulting lower level of activity. Water consumption continues to decline.
- The social data show a high degree of gender equality within the organisation, although a small decline was seen in 2021. Statements show that Sampension Administrationsselskab A/S offers equal remuneration for comparable positions. Absenteeism was low in 2019 and 2020 but rose significantly in 2021 due to the coronavirus pandemic.
- Governance data show that the Board of Directors of Sampension Liv represents an equal gender distribution as defined in the Danish Business Authority's guidelines. Board meeting attendance remains high.
- The item Taxes paid includes tax on pension returns which depends on the realised investment return for the preceding year. The drop in Taxes paid is primarily attributable to the tax on pension returns being significantly high in 2020 due to a very high investment return in 2019.

Data ethics

Sampension Liv has chosen not to define a data ethics policy for 2021, as the company does not process data or apply algorithms for data analysis in excess of what is expected and normal in relation to operating a pension company. This could be information about the employer, employment and state of health. Sampension Liv's performance of its core task requires access to and processing of extensive amounts of data about customers, companies and employees. When Sampension Liv processes data, the individual person's data is respected as much as possible honouring Sampension Liv's pension obligations.

Data processing in the form of e.g. detecting customer patterns is also not an integral part of Sampension Liv's current business activities. The customer's historical data are naturally considered – after a specific needs assessment – when providing advice.

Data processing at Sampension Liv must never involve any form of discrimination or partial results. Regardless of how Sampension Liv collects data, this will always be in accordance with the data protection legislation applicable. Sampension Liv recognises that the strategic focus on digitalisation and new technologies may result in a need for a data ethics policy in the future.

Sampension Liv never sells data.

For more information on how Sampension Liv processes data, see Processing of personal data and digital communications on sampension.dk.

Profit, solvency capital requirement and total capital

Profit of DKK 55 million

Sampension Liv realised a profit of DKK 55 million after tax for 2021 against a profit of DKK 32 million for 2020. The profit or loss for the year consists mainly of the share of the investment portfolio return for the year allocated to equity and the risk premium for the year. The profit for 2021 was in line with expectations.

Equity of

DKK **3.7** billion

The Board of Directors proposes that the profit for the year be transferred to "Retained earnings" under equity. After this, parent company equity was unchanged at DKK 3.7 billion. Consolidated equity at 31 December 2021 was DKK 22.2 billion. The difference between parent company equity and consolidated equity was attributable to the investments in, for example, Sampension Invest made by AP, PJD and ISP and others. Investors that are not part of the Sampension Liv Group are stated as non-controlling shareholders under equity in the consolidated financial statements.

Solvency requirements and total capital

Overall, the calculated solvency capital requirement is considered to be adequate relative to the company's risks. Sampension Liv calculates solvency requirements in accordance with the standard model specified in the Solvency II rules.

Solvency requirement

298 %

Solvency capital requirements and total capital DKKm	31.12.2021	31.12.2020
Total capital	7,628	7,594
Solvency capital requirement (SCR)	2,563	2,760
Minimum capital requirement (MCR)	641	690
Excess capital	5,065	4,834
Solvency coverage ratio relative to SCR	298%	275%
Solvency coverage ratio relative to MCR	1190%	1100%

The solvency coverage ratio – i.e. total capital relative to the solvency capital requirement – was 298% at 31 December 2021. The increase relative to 31 December 2020 reflects, among other things, the higher level of loss absorption through provisions related to an increase in the discount curve including volatility adjustment (VA). In addition, the solvency coverage ratio was also affected by business adjustments made in 2021. The solvency coverage ratio is at a very robust level.

Further information is available in the report Solvency and financial condition 2021 on sampension.dk. This report also provides information on risk sensitivities in accordance with section 126 of the Danish Executive Order on Financial Reports.

Increasing provisions for insurance contracts

Life insurance provisions for conventional average-rate policies are computed at market value based on assumptions of costs, longevity, disability risk, retirement age and probability of policy surrenders and conversions into paid-up policies. Market values are calculated using the Solvency II discount curve with VA. Furthermore, the Danish FSA's benchmark for expected future increases in longevity are also applied in the calculation of provisions.

Market value strengthening, which is part of provisions, fell by DKK 6.3 billion in 2021. The decline was primarily driven by an increase in discount rates.

Provisions for average-rate products amounted to DKK 119.7 billion at end-2021, against DKK 118.6 billion at the end of 2020. Collective bonus potentials concerning interest rate groups included in provisions for average-rate products increased by DKK 3.6 billion to stand at DKK 7.5 billion at 31 December 2021. This was mainly due to the positive contributions from the investment and hedging results as well as an increase in VA.

Collective bonus potentials for non-guaranteed average rate schemes increased by DKK 4.3 billion to stand at DKK 9.4 billion at 31 December 2021. The increase corresponds to the difference between the high investment return of 13.8% and the rate of interest on policyholders' savings of 3.0%.

The bonus ratio reflects individual and collective bonus potentials in relation to customer savings. The bonus ratio for interest rate group F, interest rate group G and non-guaranteed benefit reinsurance rose in 2021, primarily due to an increase in collective bonus potentials.

Bonus potential and bonus ratios		31.12.2021		31.12.2020	
Interest rate group	Average technical rate	DKKm Bonus potentials	% Bonus ratios	DKKm Bonus potentials	% Bonus ratio
F	Non-guaranteed	101	8.6	86	7.7
G	0%	7,377	14.8	3,767	7.5
Conventional average rate, interest rate groups, total		7,478	-	3,853	-
Non-guaranteed benefit reinsurance		9,422	27.5	5,143	15.2
Total bonus potentials		16,899	-	8,996	-

Provisions for unit-linked policies increased by DKK 16.7 billion to stand at DKK 118.4 billion at 31 December 2021. The increase was driven in particular by the investment return and the premium income for the year, as about 92% of Sampension Liv's premium-paying customers had 3 i 1 Livspension, and all new customers get this product.

Effective at 1 January 2022, Sampension Liv has divided average-rate products in interest rate group G into two independent contribution groups: A guaranteed and a declaration-of-intent group. On division, collective bonus potential was allocated based on the customers' savings as allocation key. The division into two separate groups does not affect the customers, as it neither affects their products, the management of products or the investment strategy. Going forward, these are placed in separate risk communities, however.

The division entails a slight reduction in Sampension Liv's solvency capital requirement.

Outlook for 2022

Sampension Liv expects moderate growth in premium income and customer flow in 2022 relative to 2021. Pensioners are expected to continue to account for a growing proportion of customers. Total insurance administration expenses are expected to remain at the 2021 level.

Sampension Liv maintained the rate of interest on policyholders' savings for average-rate policies with declaration-of-intent benefits at 3.5% at 1 January 2022. The rate of interest on policyholders' savings for non-guaranteed benefit reinsurance policies was increased from 3.0% in 2021 to 5.0% as of 1 January 2022. For unit-linked schemes, realised returns are allocated to the customers' savings on a continual basis.

The return on equity depends on developments in the financial markets. Based on an unchanged level of interest rates, Sampension Liv expects a return on equity after tax for 2022 of about DKK 50-100 million.

Other matters

Uncertainty in recognition and measurement

In preparing the annual report, management makes a number of estimates and judgments of future events. Such estimates and judgments may influence the carrying amount of assets and liabilities. Management's estimates and judgments have the most material effect on provisions for insurance contracts and on the calculation of fair values of illiquid assets such as unlisted financial instruments and real estate. See the note on accounting policies for further details on estimates and judgments. The Audit and Risk Management Committee and the company's Board of Directors review the estimates and valuation methods applied in Sampension Liv's financial statements on an annual basis.

Events after the balance sheet date

After the balance sheet date, war has broken out in Ukraine following the Russian invasion. In April 2021, the Sampension community excluded Russian government bonds and government-controlled companies, and Sampension Liv's direct exposure to Russia and Ukraine is therefore very limited. Although it is still too early to assess the effects thereof, the management expects that the war will have a very limited direct impact on the results of the coming financial year. However, we must expect to see knock-on effects on the energy supply in Europe, for example, but it is still too early to assess the consequences thereof.



Company details

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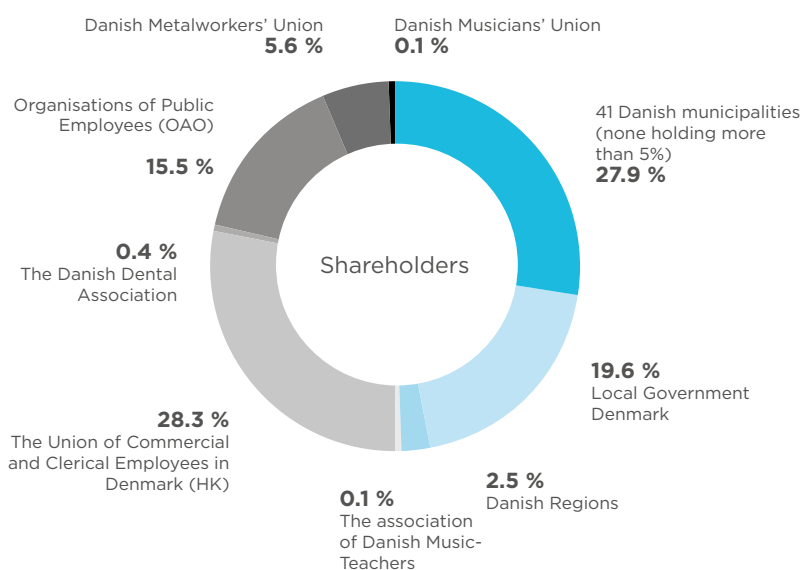
Valby Friplejehjem

Management structure

Shareholders

Sampension Liv is owned by the parties to the collective agreements for which Sampension Liv is a pension provider. Sampension Liv's share capital of DKK 800,000 is held equally by employee organisations on the one hand and by employers and employer organisations on the other.

The share capital consists of 800 shares with a nominal value of DKK 1,000 each. According to Sampension Liv's Articles of Association, dividends to shareholders may amount to up to 5%, but not exceeding DKK 40,000. No dividends have been distributed since 2011 due to a wish among the shareholders that the company's profit should benefit the customers.



Board of Directors

Sampension Liv's Board of Directors consists of shareholder representatives, two Board members recommended by the Board of Directors and representatives of the Group's employees.

Information about other directorships held by the members of the Board of Directors and the Executive Board is provided on pages 30-33.

The Board of Directors held five meetings, one seminar and one feature day in 2021.

Audit and Risk Management Committee

Pursuant to the provisions of the EU and of Danish legislation on audit committees in public-interest entities, the Board of Directors of Sampension Liv has established a separate Audit and Risk Management Committee.

The Audit and Risk Management Committee is chaired by Torben Nielsen, former governor of the Danish central bank. By virtue of his professional career and educational background, Torben Nielsen meets the qualification requirements set out in the rules on audit committees. He also complies with the requirements of independence.

The three other members appointed by the Board of Directors to serve on the Audit and Risk Management Committee in 2021 were: Jørn Pedersen (Chairman

of the Board), Kim Simonsen (Deputy Chairman of the Board) and Anne Mette Barfod (Board member).

The Audit and Risk Management Committee held four meetings in 2021.

The framework for the Audit and Risk Management Committee's work is defined in a terms of reference. Its principal duties are:

- to oversee the financial reporting process
- to prepare the Board of Directors' reviews and resolutions involving risk documents regarding the company's capital, solvency and operational matters
- to oversee the effectiveness of risk management systems, internal control systems and the internal audit function
- to oversee the statutory audit of the financial statements
- to oversee and verify the independence of the auditors.

A whistleblowing scheme has been set up to give the employees of Sampension a dedicated and independent channel for reporting any violation of relevant regulations by the company, including bribery and corruption, competition law, fraud and financial crime, harassment and discrimination as well as protection of personal data. The whistleblowing scheme is in compliance with new legislation on whistleblowing schemes, which took effect on 1 January 2022.

Reporting to the whistleblowing scheme is made via a whistleblowing IT platform and screened by the Danish law firm Kromann Reumert, which manages the whistleblowing scheme. Subsequently, Kromann Reumert informs the chairman of the Audit and Risk Management Committee and the person in charge of the compliance function via the IT platform. No reports were filed in 2021.

Committee for Responsible Investment

The responsible investment policy applies to all four parties of the Sampension community. The boards of directors have set up a cross-functional committee to make proposals for ESG-related decisions. The Committee is charged with considering the environmental, social and governance aspects of investment decisions made by the four pension providers with a view to agreeing on the principles to be included in the pension providers' policy on responsible investment.

Kim Simonsen (Chairman of the Committee, Deputy Chairman of the Board), Hans Christen Østerby (Board member) and Anne Mette Barfod (Board member) represented Sampension Liv on the committee in 2021. The Committee held three meetings in 2021.

Organisation and management

The Executive Board is in charge of the overall day-to-day management of Sampension Administrationsselskab A/S. The organisation also consists of five main divisions, which are in charge of day-to-day operations and development, and three staff functions (Executive Secretariat, Communications and HR). A detailed presentation of the organisation can be found at sampension.dk/organisation.

Sampension Liv's risk management, compliance, actuary and internal audit functions contribute to ensuring efficient management. The heads of the respective departments have been designated as key persons performing controlled functions in respect of the work of the Sampension community.

Remuneration

The boards of directors of the financial enterprises managed by Sampension Administrationsselskab A/S have drawn up a remuneration policy that is compliant with the provisions of the EU and of Danish legislation. The purpose of the

remuneration principles is to ensure that the management and the employees are remunerated in a manner that best supports the business and long-term strategic goals of the organisation.

The terms of remuneration reflect and support Sampension Administrationselskab A/S's consistent ability to recruit and retain a competent and responsible management that promotes healthy and efficient risk management and that does not motivate excessive risk-taking. Furthermore, the remuneration principles are to prevent conflicts of interest for the benefit of our customers.

See note 5 to the financial statements or, for more information (in Danish only), go to sampension.dk/bestyrelse.

Gender diversity in management

The current composition of the Board of Directors represents an equal gender distribution with five of the members, corresponding to 35.7%, being women and nine members, corresponding to 64.3%, being men. This distribution is consistent with the Danish Business Authority's guidelines on an equal gender composition of the board of directors.

The Board aims to have equal gender distribution at other management levels, including the Executive Board, and has defined a target for the underrepresented gender in Sampension Administrationselskab A/S to make up at least 40% of managers with HR responsibility. The proportion of female managers fell from 44% in 2020 to 38% in 2021. The target is subject to an annual review.

We have accounted for targets, etc. in the statutory report on corporate social responsibility 2021.

Group structure and organisation chart

Group structure and organisation chart

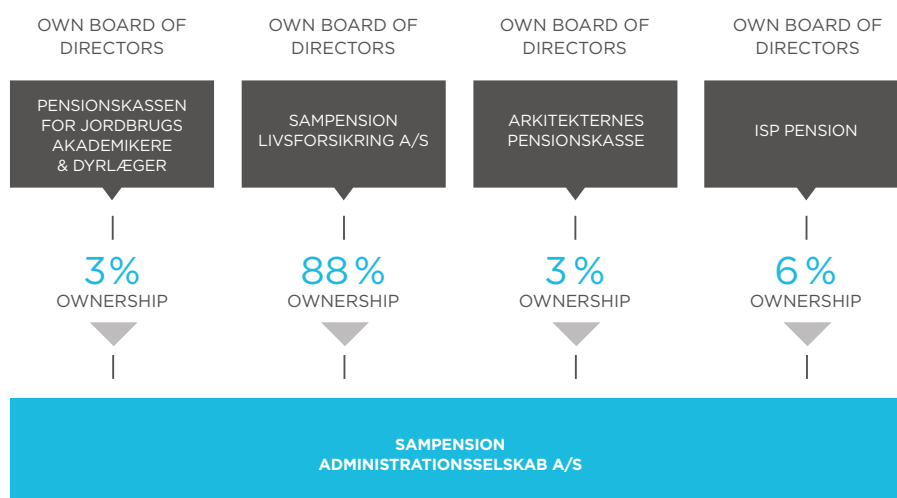
The Sampension Group comprises the parent company, Sampension Livsforsikring A/S, the subsidiary Sampension Administrationselskab A/S and a number of other subsidiaries and associates. Between them, they operate the Group's business areas.

Sampension Administrationselskab A/S

The objective of Sampension Administrationselskab A/S is to provide administrative services to life insurance companies, pension funds and pension companies as well as general asset management services and other related business.

The Sampension community currently manages companies of the Sampension Group as well as the Architects' Pension Fund, the Pension Fund for Agricultural Academics and Veterinary Surgeons and the Pension Fund for Technicians and Bachelors of Engineering. The group of owners of Sampension Administrationselskab A/S comprises: Sampension Livsforsikring A/S (88%), the Architects' Pension Fund (3%), the Pension Fund for Agricultural Academics and Veterinary Surgeons (3%) and the Pension Fund for Technicians and Bachelors of Engineering (6%).

The Sampension community

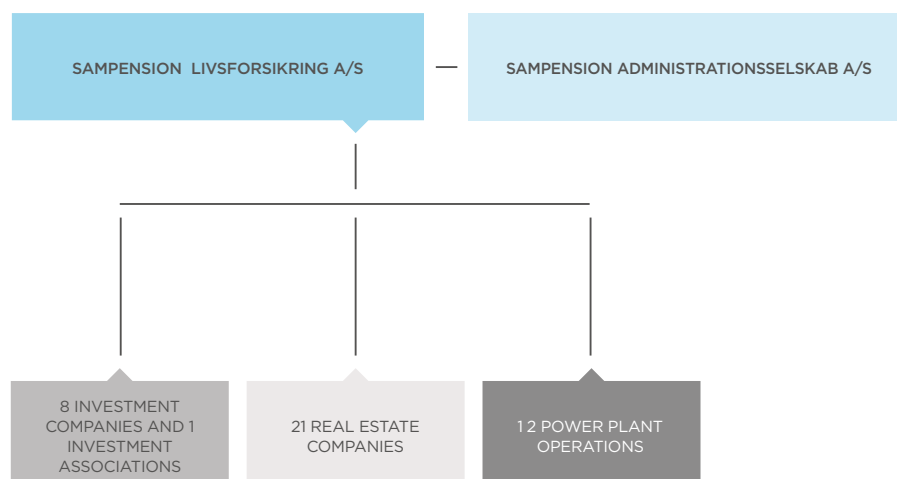


▼ Ownership and administrative agreements with equal conditions

Other companies

In addition to Sampension Administrationselskab A/S, the Group consists of several real estate companies and a number of investment companies and one capital association, which specifically manages alternative investments and equities for all pension providers being managed by the Sampension community.

Group structure at 31 December 2021



For further information on group enterprises, see note 29 on Equity Investments to the financial statements.

Management and other directorships

Board of Directors

Members representing local authorities, regions and jointly-controlled local authority institutions

Jørn Pedersen, former mayor of Kolding Municipality (Chairman)

Martin Damm, Mayor of Kalundborg Municipality

Hans Christen Østerby, Mayor of Holstebro Municipality

Members representing negotiating organisations of the customers

Kim Simonsen (Deputy Chairman), former chairman of HK/Denmark

Rita Bundgaard, deputy chairman of HK/Government Authorities

Lene Roed Poulsen, deputy chairman of HK/Municipal Authorities

René Nielsen, deputy chairman of the Danish Metalworkers' Union

Members recommended by the Board of Directors

Anne Mette Barfod, CFO of the Danish Refugee Council

Torben Henning Nielsen, former governor of the Danish central bank

Members elected by the employees

John Helle, pension adviser

Morten Lundsgaard, digital communications adviser

Majbritt Pedersen, enterprise architect

Annett Schultz, pension adviser

Søren Sperling, scrum master

Executive Board

Hasse Jørgensen, Chief Executive Officer

Mads Smith Hansen, Chief Operating Officer

Management team

Hasse Jørgensen, Chief Executive Officer

Mads Smith Hansen, Chief Operating Officer

Michael Carlsen, Chief Communications Officer

Henrik Olejasz Larsen, Chief Investment Officer

Pernille Henriette Vastrup, Chief Financial Officer

Ole B. Tønnesen, Customer Director

Anne Louise Baltzer Engelund, Product Director

Morten Lund Madsen, Chief IT Officer

Christian Due, Head of Secretariat

Chief actuary

Peter Fledelius

Internal audit

Gert Stubkjær, Group Chief Internal Auditor

Independent auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

Denmark

Annual General Meeting

The Annual General Meeting will be held on 20 April 2022.

Other directorships

The following sets out the directorships in other companies held by the members of the Board of Directors and the Executive Board of Sampension Livsforsikring A/S. The list does not include directorships in Sampension's wholly-owned subsidiaries.

Board of Directors

Jørn Pedersen, Former Mayor, Chairman, born 18 April 1968

Chairman of the board of directors of Sampension Administrationsselskab A/S
Chairman of the board of directors of IBA, International Business Academy
Chairman of the board of directors of CCTV Nordic A/S
Deputy chairman of the board of directors of Erhvervsklubben Kolding
Member of the board of directors of Slotssøbadets Fond
Owner of Verbo/fully liable participant

Kim Simonsen, Former Chairman of HK/Denmark,

Deputy Chairman, born 23 April 1961

Chairman of the board of directors of Refshaleøen Holding A/S
Chairman of the board of directors of Refshaleøens Ejendomsselskab A/S
Chairman of the board of directors of AKF Holding A/S
Chairman of the board of directors of AKF Invest CPH A/S
Chairman of Funktionærernes Solidaritetsfond
Chairman of the joint committee for responsible investment of Sampension Livsforsikring A/S, the Architects' Pension Fund, the Pension Fund for Agricultural Academics and Veterinary Surgeons and the Pension Fund for Technicians and Bachelors of Engineering
Deputy chairman of the board of directors of Sampension Administrationsselskab A/S
Deputy chairman of the executive committee of the Danish Refugee Council
Member of the board of directors of Aktieselskabet Arbejdernes Landsbank

Anne Mette Barfod, CFO, Danish Refugee Council, born 15 January 1970

Member of the board of directors of Sampension Administrationsselskab A/S
Member of the joint committee for responsible investment of Sampension Livsforsikring A/S, the Architects' Pension Fund, the Pension Fund for Agricultural Academics and Veterinary Surgeons and the Pension Fund for Technicians and Bachelors of Engineering

Rita Bundgaard, Deputy Chairman of HK/Government Authorities, born 3 November 1960

Member of the board of directors of Sampension Administrationsselskab A/S
Member of the board of directors of Administrationsaktieselskabet Forenede Gruppeliv
Member of the board of representatives of Forbrugsforeningen af 1886

Martin Damm, Mayor, born 17 February 1963

Chairman of the board of directors of Kombit A/S
Member of the board of directors of Sampension Administrationsselskab A/S

René Nielsen, Deputy Chairman, Danish Metalworkers' Union, born 11 January 1968

Chairman of the board of directors of AOF
Deputy chairman of the Danish Metalworkers' Union
Member of the board of directors of Sampension Administrationsselskab A/S
Member of the board of directors of the unemployment fund of the Danish Metalworkers' Union
Member of the executive committee of the Central Organisation of Industrial Employees in Denmark
Member of the general council of Fagbevægelsens Hovedorganisation

Torben Henning Nielsen, Former Governor of the Danish Central Bank, born 2 November 1947

Chairman of the board of directors of Investeringsforeningen Sparinvest
Chairman of the board of directors of Tryg Invest A/S
Chairman of the board of directors of Kapitalforeningen Tryg Invest Funds
Chairman of the board of directors of Ny Holmegaard Fonden
Chairman of the board of directors of Vordingborg Borg Fond
Chairman of the board of directors of Museum Sydøstdanmark
Deputy chairman of the board of directors of Tryg A/S
Deputy chairman of the board of directors, chairman of the audit and risk management committees and member of the nomination and remuneration committees of Tryg forsikring A/S
Member of the board of directors of Sampension Administrationsselskab A/S

Lene Roed Poulsen, Deputy Chairman of HK/Municipal Authorities, born 4 October 1963

Member of the board of directors of Sampension Administrationsselskab A/S
Member of the board of directors of PKA A/S
Member of the board of directors of Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale (including one subsidiary)
Member of the board of directors of Forbrugsforeningen af 1886
Member of the board of directors of Kommanditselskabet Christiansminde
Member of the board of directors of A/S Knudemosen

Hans Christen Østerby, Mayor, born 20 December 1955

Chairman of the board of directors of Sport Event Denmark
Chairman of Destination Nordvestjylland
Deputy chairman of the board of directors of Holstebro-Struer Havn
Member of the board of directors of Midtjyllands Airport a.m.b.a.
Member of the board of directors of Holstebro Udvikling P/S
Member of the board of directors of Holstebro Udvikling Komplementar ApS
Member of the board of directors of Sampension Administrationsselskab A/S
Member of the board of directors of Den Erhvervsdrivende Fond Nupark
Member of the board of directors of Den Erhvervsdrivende Fond Nr. Vosborg
Member of the board of directors of Nupark Innovation A/S
Member of the joint committee for responsible investment of Sampension Livsforsikring A/S, the Architects' Pension Fund, the Pension Fund for Agricultural Academics and Veterinary Surgeons and the Pension Fund for Technicians and Bachelors of Engineering

John Helle, Pension adviser, born 28 July 1964

Member of the board of directors of Sampension Administrationsselskab A/S

Morten Lundsgaard, Digital communications adviser, born 10 April 1968

Member of the board of directors of Sampension Administrationsselskab A/S

Majbritt Pedersen, enterprise architect, born 4 April 1962

Member of the board of directors of Sampension Administrationsselskab A/S

annett schultz, pension adviser, born 11 February 1963

Member of the board of directors of Sampension Administrationsselskab A/S

søren sperling, scrum master, born 19 February 1967

Member of the board of directors of Sampension Administrationsselskab A/S

Executive Board

Hasse Jørgensen, CEO, born 23 July 1962

CEO of Sampension Administrationsselskab A/S

CEO of the Pension Fund for Technicians and Bachelors of Engineering

Director of Komplementarselskabet Sorte Hest ApS

Member of the board of directors of Refshaleøen Holding A/S
(including one subsidiary)

Member of the board of directors of Insurance & Pension Denmark

Mads Smith Hansen, Chief Operating Officer, born 6 January 1969

Chief Operating Officer of Sampension Administrationsselskab A/S

CEO of the Architects' Pension Fund

CEO of the Pension Fund for Agricultural Academics and Veterinary Surgeons



Financial statements

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Group and Parent Company Financial Statements

Note	INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME DKKm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
2	Gross premiums	11,083	11,672	11,083	11,672
	Ceded insurance premiums	0	0	0	0
	Total premiums, net of reinsurance	11,083	11,671	11,083	11,671
	Income from group enterprises	0	0	18,523	8,169
	Income from associates	768	-83	615	106
	Income from investment property and other tangible investment assets	475	215	0	0
3	Interest income, dividends etc.	4,938	3,680	3,660	2,381
4	Market value adjustments	13,620	13,982	-6,680	4,648
	Interest expenses	-86	-85	-19	-21
5	Investment management expenses	-918	-685	-422	-329
	Total investment return	18,797	17,024	15,677	14,955
	Tax on pension returns	-1,709	-1,944	-1,709	-1,944
6	Benefits paid	-10,597	-12,169	-10,597	-12,169
	Total insurance benefits, net of reinsurance	-10,597	-12,169	-10,597	-12,169
15,16	Total change in provisions, net of reinsurance	-14,270	-12,471	-14,270	-12,471
14	Change in surplus capital	53	171	53	171
5	Administrative expenses	-183	-179	-183	-179
	Total net operating expenses, net of reinsurance	-183	-179	-183	-179
	Transferred return on investments	-3,168	-2,132	-48	-63
	TECHNICAL RESULT	8	-29	8	-29
	Investment return on equity	121	118	48	63
	Minority interests of investment return	3,047	2,015	0	0
	Other income	72	71	0	0
	Other expenses	-89	-80	0	0
	PROFIT BEFORE TAX	3,160	2,093	56	34
7	Tax	-111	-40	-22	20
	PROFIT FOR THE YEAR	3,049	2,053	34	54
	Other comprehensive income				
	Domicile property revaluation	33	16	0	0
	Translation of units outside Denmark	4,047	-4,650	4,047	-4,650
	Translation of units outside Denmark - minority interests share	1,153	-1,364	0	0
	Tax on pension returns	-520	591	-520	591
	Change in collective bonus potential	-3,505	4,037	-3,505	4,037
7	Tax	0	0	0	0
	TOTAL OTHER COMPREHENSIVE INCOME	1,208	-1,370	21	-22
	NET PROFIT FOR THE YEAR	4,257	683	56	32
	Minority interests share	-4,201	-651	0	0
	PARENT COMPANY'S SHARE OF PROFIT FOR THE YEAR	55	32	55	32

Group and Parent Company Financial Statements (Continued)

Note	BALANCE SHEET DKKm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
	ASSETS				
	INTANGIBLE ASSETS	148	181	0	0
8	Equipment	8	9	0	0
9	Domicile property	527	482	0	0
	TOTAL PROPERTY, PLANT AND EQUIPMENT	535	492	0	0
10	Investment property and other tangible investment assets	6,202	5,331	0	0
	Investments in group enterprises	0	0	26,153	24,695
11	Loans to group enterprises	0	0	1,100	1,216
	Investments in associates	1,171	934	455	392
11	Loans to associates	68	78	68	78
	Total investments in group enterprises and associates	1,239	1,012	27,776	26,381
	Investments	41,375	38,503	5,486	4,425
	Units in mutual funds	734	613	616	504
	Bonds	91,763	93,366	91,276	92,851
	Loans secured by mortgage	336	154	336	154
12	Derivative financial instruments	37,965	51,709	37,691	51,704
	Deposits with credit institutions	4,666	2,905	4,656	2,658
	Total other financial investment assets	176,840	187,250	140,060	152,296
	TOTAL INVESTMENT ASSETS	184,281	193,594	167,837	178,677
13	INVESTMENT ASSETS RELATED TO UNIT-LINKED CONTRACTS	130,734	108,893	128,208	105,956
	Total receivables arising from direct and indirect insurance contracts	261	248	261	248
	Receivables from group enterprises	0	0	910	1,285
	Other receivables	480	414	76	82
	TOTAL RECEIVABLES	739	663	1,247	1,615
	Current tax assets	39	7	23	0
7	Deferred tax assets	42	57	0	0
	Cash and cash equivalents	1,862	2,116	1,705	2,365
	Other	2,695	2,401	2,696	2,401
	TOTAL OTHER ASSETS	4,638	4,581	4,423	4,766
	Interest and rent receivable	3,502	3,625	3,451	3,569
	Other prepayments	325	432	249	245
	TOTAL PREPAYMENTS	3,827	4,057	3,700	3,814
	TOTAL ASSETS	324,902	312,460	305,415	294,828

Note	BALANCE SHEET DKKm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
	EQUITY AND LIABILITIES				
	Share capital	1	1	1	1
	Other reserves	297	243	99	77
	Total reserves	297	243	99	77
	Retained earnings	3,426	3,425	3,645	3,611
	Minority interests	18,503	15,999	0	0
	TOTAL EQUITY	22,228	19,668	3,744	3,689
14	Surplus capital	4,032	4,086	4,032	4,086
	TOTAL SUBORDINATED LOAN CAPITAL	4,032	4,086	4,032	4,086
15	Provisions for average-rate products	119,685	118,582	119,685	118,582
16	Provisions for unit-linked contracts	118,434	101,766	118,434	101,766
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	238,119	220,347	238,119	220,347
7	Deferred tax liabilities	130	122	0	0
	Other provisions	101	74	0	0
	TOTAL PROVISIONS FOR LIABILITIES	231	196	0	0
	Payables arising from reinsurance operations	70	80	70	80
17	Payables to credit institutions	27,094	24,844	24,545	22,669
	Payables to group enterprises	0	0	2,651	1,372
	Current tax liabilities	31	40	0	0
18	Other debt	32,918	42,907	32,148	42,385
	TOTAL DEBT	60,093	67,871	59,414	66,507
	TOTAL DEFERRED INCOME	179	291	106	199
	TOTAL EQUITY AND LIABILITIES	324,902	312,460	305,415	294,828
1	ACCOUNTING POLICIES				
19	CONTINGENT ASSETS AND LIABILITIES				
20	CHARGES				
21	INTRA GROUP TRANSACTIONS				
22	REALISED RESULT FOR INTEREST GROUPS, COST AND RISK GROUPS				
23	FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE				
24	OVERVIEW OF ASSETS AND RETURNS				
25	UNIT-LINKED PRODUCT, RETURN ETC. BY INVESTMENT PROFILES				
26	SUPPLEMENTARY PRODUCT RATIOS				
27	FIVE-YEAR FINANCIAL HIGHLIGHTS AND RATIOS, GROUP AND PARENT COMPANY				
28	RISK MANAGEMENT				
29	OVERVIEW OF GROUP EQUITY INVESTMENTS				

Statement of changes in equity

DKKkm.	Share capital	Currency translation adjustment	Domicile	Retained earnings	Minority interest	Total
PARENT COMPANY						
Equity at 1 January 2020	1	99	0	3,557	0	3,657
Profit for the year	-	-	-	54	-	54
Other comprehensive income	-	-22	-	-	-	-22
Equity at 31 December 2020	1	77	0	3,611	0	3,689
Profit for the year	-	-	-	34	-	34
Other comprehensive income	-	21	-	-	-	21
Equity at 31 December 2021	1	99	0	3,645	0	3,744
GROUP						
Equity at 1 January 2020	1	99	150	3,386	16,756	20,393
Profit for the year	-	-	-	38	2,015	2,053
Other comprehensive income	-	-22	16	-	-1,364	-1,370
Minority interests shares - disposals	-	-	-	-	-1,407	-1,407
Equity at 1 January 2020	1	76	166	3,425	15,999	19,668
Profit for the year	-	-	-	1	3,047	3,049
Other comprehensive income	-	21	33	-	1,153	1,208
Minority interests shares - disposals	-	-	-	-	-1,696	-1,696
Equity at 31 December 2021	1	98	199	3,426	18,503	22,228
Capital base					31.12.2021	31.12.2020
Equity					3,744	3,689
Surplus capital					4,032	4,086
Intangible assets in group enterprises					-148	-181
Total					7,628	7,594

Notes to the financial statements

1 Accounting policies

GENERAL INFORMATION

The Annual Report of the Group and the parent company has been prepared in accordance with the Danish Financial Business Act and the executive order issued by the Danish FSA on financial reports for insurance companies and multi-employer occupational pension funds (the Executive Order on Financial Reports).

The accounting policies and estimates are consistent with those applied last year.

Distribution of realised result (contribution principle)

The following rules on the calculation and distribution of results between equity, bonus capital and policyholders have been reported to the Danish FSA:

A proportionate share of the return for the year on the investment portfolio is allocated to equity and excess capital (total capital) less the proportion deriving from the interest rate hedge portfolio. In addition, the profit or loss from Sampension Liv's business in Forenede Gruppeliv is allocated to total capital.

For guaranteed benefit average-rate contracts, an amount (risk premium) representing 0.24% of the proportion of pension savings is allocated to total capital. No amount is allocated to total capital for non-guaranteed contracts or for expense and risk groups. The rest is allocated to the policyholders, equalling the realised results for the year, calculated in accordance with the Executive Order on the Contribution Principle, less the calculated amount allocated to total capital.

Recognition and measurement

In the income statement, all income is recognised as earned, and all expenses are recognised as incurred. All gains

and losses, value adjustments, amortisation, depreciation, impairment losses as well as reversals of amounts previously recognised in the income statement are recognised in the income statement. Foreign exchange adjustments as a result of translation from functional currency to presentation currency are recognised in other comprehensive income. Unrealised revaluations of domicile properties are also recognised in other comprehensive income. Amounts recognised in other comprehensive income are adjusted for the tax effect.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the company and the value of the asset can be reliably measured. Liabilities are recognised in the balance sheet when an outflow of economic benefits from the Group and the company is probable and the value of the liability can be reliably measured.

Financial instruments and derivative financial instruments are recognised at the trading date.

Sampension Liv does not offset financial assets and financial liabilities with the same counterparty despite being allowed to do so as the disposal of the asset and the settlement of the liability do not happen concurrently.

On initial recognition, assets and liabilities are measured at cost, which is equal to fair value. Subsequently, assets and liabilities are primarily measured at fair value. Further details are provided under the individual items.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report which confirm or invalidate affairs and conditions existing at the balance sheet date.

The measurement currency is Danish kroner. All other currencies are foreign currencies.

Accounting estimates

In preparing the consolidated and the parent company financial statements, management makes a number of estimates and judgments of future circumstances which could influence the carrying amount of assets and liabilities.

The estimates and judgments are based on assumptions that management finds reasonable but which are inherently uncertain and unpredictable. The assumptions may be incomplete, and unforeseen future events or circumstances may arise.

The areas in which management's estimates and judgments have the most material effect on the consolidated and the parent company financial statements are:

- provisions for insurance and investment contracts
- investment assets measured using alternative valuation methods, which are at level 3 in the fair value hierarchy, i.e. fair value measurement is based on unobservable inputs.

The measurement of provisions for average-rate contracts is subject to particular uncertainty in respect of the applied discount curve and the recognised expected future life expectancy trend, determined on the basis of the Danish FSA's model. In addition, the assumptions applied in the measurement are mainly longevity, disability rates, probability of surrenders and conversion into paid-up policies as well as retirement age.

Due to their illiquidity, the measurement of level 3 investment assets is subject to greater uncertainty than level 1 and level 2 assets, whose fair values are measured

Notes to the financial statements (Continued)

on the basis of quoted prices in an active market or on the basis of observable inputs. As a result, the measurement of level 3 investment assets typically has the highest uncertainty margin, as the measurement is often based on unobservable inputs, meaning that deviations may occur in relation to another company's measurement of the same asset. In addition to the uncertainty related to fair value, as explained in the section on risk management, there is a risk that large volumes of illiquid assets cannot be sold over a short period of time at the same prices as smaller volumes can. In practice, however, Sampension Liv is not subject to any notable risk of having to sell illiquid assets on unfavourable terms. The value of the most liquid assets at level 1 in the fair value hierarchy exceeds the annual payment obligations by a substantial margin.

The most significant level 3 investment assets – listed according to item size, see note 23 – are:

- unlisted equity investments, including private equity, real estate and forestry funds
- unlisted bonds, including credit bonds and structured bonds, and
- tangible investment assets, primarily comprising properties, wind turbines and forestry.

Corporate information and consolidation policies

Group enterprises are included in the consolidation. The consolidated financial statements are prepared on the basis of the financial statements or other reporting of all consolidated enterprises, restated to the accounting policies applied by the Group.

Consolidation was made by adding items of a uniform nature line by line and by eliminating intra-group balances as well as intra-group income and expenses.

Investments in group enterprises are set off against the parent company's share of the equity value of each group enterprise at the year-end date.

Newly acquired or divested group enterprises are recognised in the consolidated financial statements from the date of acquisition or until the date of divestment, respectively.

Non-controlling interests

Investments in group enterprises that are not wholly owned are recognised in full in the consolidated financial statements. Non-controlling interests are presented in separate lines in connection with the income statements and as part of equity.

Intra-group transactions

Intra-group transactions are made in writing and settled on market terms.

INCOME STATEMENT

Technical result

Premiums, net of reinsurance

Premium income relates to insurance and investment contracts with bonus entitlement made as part of an employment contract as well as reinsurance contracts relating to municipal or regional authorities' obligations to civil servants. Premium income covers premiums and contributions for the year. Premium income is stated net of social security contributions and reinsurance premiums.

Forenede Gruppeliv

The most significant part of Sampension Liv's group life insurance is managed by Forenede Gruppeliv (FG). FG's annual report is included in the relevant items of the annual report on a pro-rata basis.

The item Premiums, net of reinsurance comprises Sampension Liv's share of gross premiums. The item Insurance

benefits, net of reinsurance comprises Sampension Liv's share of benefits paid and group life bonuses paid to the owner companies. Group life bonuses are the risk surplus after payment of costs such as administrative expenses and catastrophe risk costs.

Investment return

Income from investments in group enterprises and associates

Income from investments in group enterprises and associates covers the Group's and the company's proportionate share of total profit after tax, restated to the accounting policies applied by the Group.

Group enterprises are fully recognised in the consolidated financial statements, and non-controlling interests are presented in separate lines in connection with the income statements and as part of equity.

Income from investment property and other tangible investment assets

The item covers income from management of investment property and other tangible investment assets net of management costs, but before deduction of mortgage interest. The item also includes fair value adjustment of wind turbines.

Interest income and dividends, etc.

The item covers interest for the year from financial investment assets and cash and cash equivalents, indexation of index-linked bonds and dividends on equity investments, including equities and investment funds. Interest income from loans to group enterprises is also included.

Market value adjustments

The item covers realised and unrealised net gains/losses on investment assets, including foreign exchange adjustments except for gains and losses relating to group enterprises and associates.

Foreign exchange adjustments comprise value adjustments related to exchange differences arising on translation of foreign currencies into Danish kroner.

Foreign currency assets and liabilities, including assets and liabilities in foreign group enterprises, are translated into Danish kroner at the closing exchange rates at the balance sheet date. Transactions during the year are translated using the exchange rates at the date of transaction, and realised and unrealised foreign exchange gains and losses are recognised in the income statement. Profits/losses from group enterprises are translated at average exchange rates. Foreign exchange adjustments as a result of translation from functional currency to presentation currency are recognised in other comprehensive income.

Interest expenses

The item Interest expenses mainly covers interest expenses relating to investment activity and mortgage interest for the financial year, as well as the interest element in connection with leases.

Investment management charges

The item comprises management fees, part of direct administrative expenses incurred, deposit fees, front-end fees and performance fees in relation to funds as well as securities trading costs.

Costs relating to funds etc. are recognised to the extent that information thereon has been received.

Tax on pension returns

Tax on pension returns consists of both individual and non-allocated tax on pension returns.

Individual tax on pension returns is computed on the basis of the return allocated to customers' savings, with due consideration for any exempt values.

The non-allocated tax on pension returns is computed on the basis of the

difference between customers' share of the investment return for the year and returns allocated to customer pension accounts, with due consideration for any exempt values.

The part of tax on pension returns attributable to profit or loss for the year plus any adjustments to prior-year tax on pension returns is recognised in the income statement and the part attributable to other comprehensive income is recognised in the statement of other comprehensive income.

Insurance benefits, net of reinsurance

The item insurance benefits, net of reinsurance comprises benefits paid in respect of direct or indirect insurance less reinsurance cover received. Insurance benefits also include cash group life bonuses.

Change in provisions, net of reinsurance

The item comprises the change for the year in provisions relating to average-rate products as well as unit-linked products.

Change in excess capital

The item comprises the reserve for the year on transfer from equity to individual special bonus provisions (bonus capital), bonus capital paid out to customers and the share of investment return and a payment attributable to the bonus capital in accordance with the contribution principle, less tax on pension returns.

Operating expenses, net of reinsurance

Operating expenses for the parent company comprise an administrative fee in accordance with the management contract with the subsidiary Sampension Administrationselskab A/S and direct expenses incurred. Administrative expenses are divided into insurance business and investment business. The Group's administrative expenses comprise depreciation and amortisation for the financial year on property, plant and equipment and intangible assets.

Transferred return on investment

The technical result is stated net of transferred return on investments, which constitutes the investment return attributable to equity and to non-controlling interests.

Other income

Other income comprises income from administrative services for other enterprises and other income not attributable to insurance business.

Other expenses

Other expenses comprise expenses related to administrative services for other enterprises and other expenses not attributable to insurance business.

Tax

Sampension Livsforsikring A/S acts as a management company in relation to income tax payments to the tax authorities.

The company is taxed jointly with the Danish subsidiaries of which it has exercised control during the financial year. Income tax is fully absorbed within the Group. Accordingly, the company is charged for utilising any negative taxable income from jointly taxed companies and is reimbursed for any tax losses in the company utilised by jointly taxed companies. The charge or reimbursement, as the case may be, corresponds to the value of the utilised tax loss. The taxable income of wholly-owned real estate subsidiaries is considered part of Sampension Livsforsikring A/S' taxable income. The total income tax payable on the Danish subsidiaries' tax base is recognised and paid by Sampension Livsforsikring A/S.

Income tax regarding entities not included in the Danish joint taxation is calculated on the basis of the tax rules in the respective countries.

Tax on the profit for the year comprises tax calculated on the taxable income for

Notes to the financial statements (Continued)

the year and adjustment of deferred tax. Current tax is calculated on the profit for the year before tax, adjusted for non-taxable income and non-deductible expenses. The part of the tax for the year attributable to profit or loss for the year is recognised in the income statement, and the part attributable to other comprehensive income is recognised in the statement of other comprehensive income.

The jointly taxed companies are taxed under the Danish tax prepayment scheme. In its capacity as management company, Sampension Livsforsikring A/S is jointly and severally liable with the jointly-taxed companies for any part of income tax, tax paid on account and residual tax plus any surcharges or interest relating to individual companies.

OTHER COMPREHENSIVE INCOME

Other comprehensive income is set out separately below the income statement. Other comprehensive income comprises items recognised directly in equity through Other comprehensive income.

Non-controlling interests

Non-controlling shareholders' proportionate share of the total profit or loss is stated below the income statement and other comprehensive income.

BALANCE SHEET

Intangible assets

IT development projects which are clearly defined and identifiable, where the level of technical utilisation, sufficient resources and a potential future business opportunity for the company can be demonstrated and where the intention is to use the results of the project, are recognised as intangible assets where there is sufficient certainty that the value in use of future earnings covers not only administrative expenses but also actual development costs.

On recognition, IT development projects are measured at cost. Cost comprises costs directly associated with the acquisition up until the time when the asset is ready for use. Cost comprises costs of materials, components, subcontractors, direct payroll costs with the addition of fixed functional costs.

Development costs that do not meet the criteria for recognition in the balance sheet are expensed in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation and impairment losses and the recoverable amount.

On completion, capitalised development costs are amortised on a straight-line basis over the period in which it is expected to generate economic benefits, not exceeding five years, however.

Property, plant and equipment

Equipment

Operating equipment is measured at cost less accumulated depreciation and impairment.

Cost comprises the acquisition price and costs directly associated with the acquisition up until the time when the asset is ready for use.

Equipment, IT systems and cars are depreciated on a straight-line basis over 2-5 years. Any residual value is determined based on an estimated selling price at the expected date of disposal or replacement.

Leases are recognised in the balance sheet at the lower of the asset's fair value and the present value of the lease payments, calculated using the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Leased assets are depreciated and written down for impairment in accordance with the accounting policy for the Group's other operating equipment.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is charged to the income statement over the term of the lease.

Domicile property

The domicile property is the office building occupied by Sampension Administrationsselskab A/S. The domicile property is measured at a revalued amount less accumulated depreciation. The revalued amount is calculated according to the Discounted Cash Flow (DCF) method on the basis of the estimated cash flows from income and expenses on the property for a 10-year budget period and a discount curve corresponding to the planning period. A market rent for the property is applied as income. Determination of the revalued amount of the property is supported by a valuation from an external expert.

Any increases in revalued amounts are recognised in other comprehensive income, unless the increase offsets a decrease in value previously recognised in the income statement. Any decreases in revalued amounts are recognised in the income statement, unless the decrease offsets an increase in value previously recognised in other comprehensive income. Depreciation is recognised in the income statement.

The domicile property is depreciated on a straight-line basis over 40 years, assuming a residual value of 75% of fair value.

Investment assets

Investment property

Investment properties are measured at fair value.

For residential properties abroad, fair values are determined based on published prices from regular trading in similar properties.

For other investment properties, fair values are determined according to either

the capitalised returns method or the DCF method. Fair values determined according to the capitalised returns method are based on the expected operating return and related required rate of return on individual properties, adjusted for any atypical conditions relating to the property. Fair values determined according to the DCF method are based on the expected cash flow from income and expenses on individual properties for a relevant planning period, the terminal value at the end of the planning period and a discount curve corresponding to the planning period.

Properties that the company plans to sell at the balance sheet date are measured at fair value, corresponding to the expected selling price less any costs in connection with the sale.

Investment in other tangible investment assets

Investments in other tangible investment assets consist of wind turbines and forestry, where fair values are determined for individual assets according to the DCF method on the basis of cash flows from expected income and expenses within a relevant investment horizon and a discount curve corresponding to the investment horizon.

In connection with acquisitions or disposals of other tangible investment assets, the additions or disposals are recognised at the date of the agreement.

Investments in group enterprises

Enterprises in which Sampension Livsforsikring A/S exercises control are recognised as group enterprises. Enterprises in which the Group holds more than 50% of the voting rights are generally classified as group enterprises. However, the determining factor is whether the ownership interest provides real influence, as measured individually for each enterprise by the ability to influence activities, management structures, financial decisions and risk factors.

Investments in group enterprises are measured at the proportionate share of the equity value in accordance with the most recent annual reports or other reporting of the enterprises, restated to the Group's accounting policies.

Investments in group enterprises that are not wholly owned by Sampension Livsforsikring A/S are recognised in full in the consolidated financial statements. Non-controlling interests are presented in separate lines in connection with the income statements and as part of equity.

Loans to group enterprises

Intra-group loans are made in writing and on an arm's length basis. Intra-group loans are measured at an estimated fair value at the balance sheet date.

Investments in associates

Enterprises in which the Sampension Group exercises significant influence but not control are recognised as associates. Enterprises in which the Group holds between 20% and 50% of the voting rights are generally classified as associates. However, the determining factor is whether the ownership interest provides real influence, as measured individually for each enterprise by the ability to influence activities, management structures, financial decisions and risk factors.

Investments in associates are measured at the proportionate share of the equity values in accordance with the most recent annual or interim reports of the enterprises. Investments are also adjusted for subsequent capital increases, capital reductions or dividends up to the reporting date. Furthermore, the value of investments is adjusted on a discretionary basis where the adjusted equity value is not deemed to reflect fair value.

Loans to associates

Loans to associates are made in writing and on an arm's length basis. Loans are measured at an estimated fair value at the balance sheet date. Value adjustments are made through profit or loss under Market value adjustments.

Investments and unit in mutual funds

Investments and units in mutual funds
Listed investments and units in mutual funds are measured at fair value at the balance sheet date, usually equal to the investments' quoted prices in an active market (closing price).

Unlisted investments and units in mutual funds are measured at an estimated fair value. At year end, this is normally based on fund managers' third-quarter reporting, adjusted for subsequent capital increases, capital reductions or dividends up to the reporting date. Furthermore, the value of individual investments is adjusted on a discretionary basis where the adjusted equity value is not deemed to reflect fair value.

Bonds

Listed bonds are measured at fair value at the balance sheet date, usually equal to the bonds' quoted prices in an active market (closing price). The measurement of bonds for which no quoted price in an active market exists is based on one of the following:

- quoted prices of similar bonds, adjusted for any differences,
- indicative prices from investment banks,
- a DCF model based on estimates of, e.g. discount curve, risk premiums, prepayments and the amount of default losses and dividends on underlying loans.

The fair value of drawn bonds is measured at present value.

Loans secured by mortgage

Loans secured by mortgage are measured at fair value at the balance sheet date. Value adjustments are made through profit or loss under Market value adjustments.

Derivative financial instruments

Derivative financial instruments are measured at fair value at the balance sheet date. For listed instruments, fair value is based on the closing price,

Notes to the financial statements (Continued)

whereas for OTC instruments it is determined according to generally accepted methods based on observable inputs.

Value adjustments are made through profit or loss under Market value adjustments.

Deposits with credit institutions

Deposits with credit institutions consist of fixed-term deposits and are measured at fair value.

Investment assets related to unit-linked products

Investment assets related to unit-linked products are measured according to the accounting policy described above for the company's investment assets and are specified in a note to this balance sheet item.

Receivables

Receivables are measured at nominal value less provision for bad debts. Provision for bad debts is made according to an individual assessment of each receivable.

Other assets

Current tax assets

Current tax assets relate to tax paid on account and is measured at nominal value.

Deferred tax assets

Deferred tax is recognised based on temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax assets, including the tax base of tax loss carry-forwards, are measured in accordance with the tax rules in force and at the tax rate expected to apply when the deferred tax is expected to be used, either as a set-off against tax on future income or as a set-off against deferred tax liabilities. Deferred tax assets arising from unused tax losses are recognised to the extent that it is probable that such losses can be offset against taxable income in the following financial year.

Cash and cash equivalents

Cash and cash equivalents consist of deposits with credit institutions. Cash and cash equivalents are measured at fair value.

Other

The item Other includes bonus adjustment accounts regarding group life schemes, among other things.

Prepayments

Prepayments comprise interest and rent receivable and costs incurred relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to nominal value.

Equity

Other reserves

Other reserves comprise reserves for foreign exchange adjustments as a result of translation from functional currency to presentation currency and for unrealised revaluations of the domicile property. Adjustment is made for changes in reserves, tax on pension returns and income tax.

Non-controlling interests

The item comprises the share of equity attributable to non-controlling interests.

Subordinated loan capital

Excess capital

Excess capital comprises individual special bonus provisions (bonus capital). Excess capital accrues interest at the same rate as equity and is included in total capital to cover the solvency capital requirement.

Provisions for insurance and investment contracts

Provisions for average-rate products

Average-rate products comprise insurance contracts, investment contracts with bonus entitlement and reinsurance contracts. Insurance contracts and investment contracts with bonus entitlement

are classified as direct insurance, while reinsurance contracts are classified as indirect insurance.

The provisions are measured at market value according to the principles reported to the Danish FSA. The provisions are computed applying the risk-free yield curve including volatility adjustment published by EIOPA in accordance with the Solvency II Directive or a yield curve as close as possible thereto. The computation furthermore applies assumptions of mortality, disability, conversions into paid-up policies, surrenders and retirement age determined from the company's past experience and an estimate of future improvements in life expectancy defined on the basis of the Danish FSA's benchmark model.

Guaranteed benefit policies

– direct and indirect insurance.

Guaranteed benefits comprise obligations to pay benefits on the part of the portfolio with guaranteed benefits. Guaranteed benefits are calculated as the present value of the benefits guaranteed by the insurance policy plus the present value of the expected future insurance administration costs and less the present value of the agreed future premiums.

Non-guaranteed benefit policies

– direct insurance.

The bonus potential of non-guaranteed benefits comprises the company's direct policies with average-rate products without guaranteed benefits and is calculated as the value of agreed benefits. The value is determined using the same method as is applied for guaranteed benefits.

Individual bonus potentials

Individual bonus potential comprises obligations to pay bonuses. Individual bonus potential is calculated as the value of policyholders' savings less the guaranteed benefits or the bonus potential of non-guaranteed benefits. The policyholders' share of a decline in the value of the assets is recognised mainly

by reducing the collective bonus potential, see below. If the collective bonus potential is insufficient to absorb such decline in the value of the assets, the individual bonus potential is reduced in accordance with the company's reported profit allocation rules.

Collective bonus potentials

The collective bonus potential comprises the policyholders' share of the realised results not yet allocated to individual policyholders according to the contribution principle.

Group life insurance

Provisions relating to group life insurance comprise Sampension Liv's share of provisions in Forenede Gruppeliv. The value is determined using the same method as is applied for other average-rate products.

Profit margin

The profit margin is the net present value of expected future profit in the remaining contract periods of the insurance contracts entered into by the company. The profit margin on life insurance contracts is nil, as all profit is allocated to customers.

Risk margin

A risk margin is added to the provisions for the portfolio of guaranteed benefit policies and non-guaranteed direct insurance. The risk margin is the amount expected to be payable to another insurance company to assume the risk of the cost of settling the portfolio of insurance and investment contracts deviating from the calculated net present value of expected future cash flows. The risk margin is calculated according to the Cost of Capital method.

Non-guaranteed benefit policies – indirect insurance

Provisions for indirect policies without guaranteed benefits are calculated as the sum of the pension accounts relating to employers having chosen this reinsurance model. If undistributed funds relating to these policies are negative,

the provisions are reduced by a corresponding amount.

Provisions for unit-linked products

Provisions for unit-linked products are calculated as the market value of the corresponding assets.

Provisions

Provisions are recognised when, as a consequence of an event occurring before or at the balance sheet date, the company has a legal or constructive obligation, and it is probable that economic benefits will flow from the company to meet the obligation.

Deferred tax liabilities

Deferred tax is recognised based on temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax liabilities are measured using applicable tax rules and the tax rate expected to apply when the temporary differences are expected to crystallise as current tax.

Other provisions

Statutory provisions pursuant to the Danish Lease and Housing Regulation Act are made in the balance sheet and expensed in the income statement.

Actual costs incurred during the financial year are recognised directly in the provision accounts recognised in the balance sheet, and any additional expenditure is recognised in the income statement.

Liabilities

Payables to credit institutions

Payables to credit institutions include debt relating to repo transactions. Repo transactions, i.e. securities sold with a simultaneous repurchase agreement, are recognised in the balance sheet as if the securities remained part of the portfolio. The consideration received is recognised as payables to credit institutions and measured at fair value.

Payables to credit institutions regarding investment property and other tangible

investment assets are initially recognised at the proceeds received net of transaction costs incurred. Subsequently, the financial liabilities are measured at fair value. The value adjustment is recognised in the income statement.

Other payables

Other payables, which include debt related to direct insurance, deposits received, current tax liabilities and payables to group enterprises and associates, are measured at amortised cost, which usually corresponds to the nominal value.

Other debt

Other debt, comprising debt related to purchases of bonds as a result of trades with long value dates and derivative financial instruments, is measured at fair value.

The item also comprises lease liabilities, holiday allowance obligations and other provisions for employee benefits. The obligations are measured at amortised cost, which usually corresponds to nominal value. If the expected term is more than 12 months after the balance sheet date, the provisions are discounted to present value.

Deferred income

Deferred income comprises payments received relating to income in subsequent financial years. Deferred income is measured at amortised cost, which usually corresponds to nominal value.

FINANCIAL HIGHLIGHTS

The company's financial highlights are prepared in accordance with the provisions of the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds. For additional information, see Definitions of financial ratios on page 76. Financial highlights are not prepared for the Group as it comprises one life insurance company only.

Notes to the financial statements (Continued)

Note	DKKkm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
2	Gross premiums				
	Regular premiums	4,972	4,887	4,972	4,887
	Group life contracts	2,918	3,031	2,918	3,031
	Single premiums	1,926	2,813	1,926	2,813
	Premiums, direct insurance	9,816	10,731	9,816	10,731
	Premiums, indirect insurance	1,267	940	1,267	940
	Total gross premiums	11,083	11,672	11,083	11,672
	Premiums, direct insurance, broken down by insurance arrangement:				
	Insurance contracts written in connection with employment	6,898	7,701	6,898	7,701
	Group life contracts	2,918	3,031	2,918	3,031
	Total	9,816	10,731	9,816	10,731
	Premiums with profits insurance	3,417	3,602	3,417	3,602
	Unit-linked contracts	6,400	7,129	6,400	7,129
	Total	9,816	10,731	9,816	10,731
	Premium by policyholder's address				
	Denmark	9,782	10,702	9,782	10,702
	Other EU-countries	32	27	32	27
	Other countries	1	2	1	2
	Total	9,816	10,731	9,816	10,731
	Number of policyholders with insurance and investment contracts written as part of their employment (thousands)	299	293	299	293
	Of this number of unit-linked contracts (thousands)	211	209	211	209
	Number of group life insurances (thousands)	739	776	739	776
3	Interest income and dividends etc.				
	Dividends from investments	1,381	1,431	130	142
	Dividends from units in mutual funds	7	11	6	8
	Interest from bonds	1,915	1,907	1,860	1,877
	Interest on loans secured by mortgage	11	6	11	6
	Interest from group enterprises	0	0	34	37
	Other interest income	5	18	2	4
	Indexation	972	-96	972	-96
	Interest rate hedging instruments	645	404	645	404
	Total interest income, dividends, etc.	4,938	3,680	3,660	2,381
4	Market value adjustments				
	Investment property and other tangible investment assets	2,331	197	0	0
	Investments	19,784	9,600	2,068	499
	Units in mutual funds	193	-5	183	-5
	Bonds	-3,167	1,309	-3,307	1,366
	Loans secured by mortgage	10	-13	10	-13
	Derivative financial instruments	-5,595	2,839	-5,701	2,847
	Cash and demand deposit	44	-13	31	3
	Other	20	69	36	-49
	Total value adjustments	13,620	13,982	-6,680	4,648

Note	DKKm.	GROUP		GROUP	
		2021	2020	2021	2020
5	Administrative expenses				
	All staff are employed with and paid by Sampension Administrationsselskab A/S, which is the joint management company for four pension providers, including the parent company Sampension Livsforsikring A/S. Furthermore, the CEO, the chief actuary and control function staff are employed with the parent company. Administrative expenses re. Insurance and investment activities include the following staff costs for the joint management company:				
	Staff salaries		-278		-253
	Staff pensions		-48		-44
	Other social security costs		-1		-1
	Payroll tax etc.		-49		-43
	Total staff costs		-376		-340
	Average number of full-time employees		340		317
	Remuneration to the Executive Board, the Board of Directors and to material risk takers Remuneration to the Executive Board and employees whose activities have a material impact on the company's risk profile is distributed on the basis of ownership interests to the units that form a part of and are owners of the joint management company Sampension Administrationsselskab A/S. Sampension Livsforsikring A/S has a 88% ownership interest in Sampension Administrationsselskab A/S.				
	Executive Board				
	Hasse Jørgensen:				
	Ordinary remuneration, etc.		-6.34		-6.08
	Extraordinary holiday allowance due to new Danish Holiday Act		-0.20		-0.49
			-6.54		-6.57
	Mads Smith Hansen:				
	Ordinary remuneration, etc.		-4.00		-2.68
	Extraordinary holiday allowance due to new Danish Holiday Act		-0.05		-0.14
			-4.05		-2.82
	Total remuneration to the Executive Board		-10.60		-9.39
	Sampension Livs' share of the Executive Board's remuneration is		-9.95		-8.73
	Number of individuals		2		2
	Board remuneration				
	Jørn Pedersen		-0.33		-0.33
	Kim Simonsen		-0.29		-0.28
	Anne Mette Barfod		-0.20		-0.20
	Rita Bundgaard		-0.13		-0.13
	Martin Damm		-0.13		-0.13
	René Nielsen		-0.13		-0.13
	Torben Henning Nielsen		-0.24		-0.23
	Bodil Marie Otto (resigned 13.02.2020)		-		-0.02
	Lene Roed Poulsen (joined 13.02.2020)		-0.13		-0.11
	Hans Christen Østerby		-0.13		-0.13
	John Helle		-0.13		-0.13
	Morten Lundsgaard		-0.13		-0.13
	Majbritt Pedersen		-0.13		-0.13
	Annett Schultz		-0.13		-0.13
	Søren Sperling		-0.13		-0.13
			-2.37		-2.33
	Number of individuals		14		14
	Fixed salary, including pension, of employees whose activities have a material impact on the company's risk profile *)		-11.17		-11.21
	Number of individuals		7		7

note 5 continued on next page.

Notes to the financial statements (Continued)

Note 5 continued

Note	DKKkm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
*) Information about variable salaries, including information about the breakdown of variable salaries on granted, paid out and deferred amounts and on the breakdown on cash and subordinated debt has been left out, as it would otherwise reveal salary information pertaining to specific individuals.					
No special incentive programmes have been set up for management, nor has variable remuneration been paid. No pension commitments other than regular pension contributions are included in the above-mentioned costs.					
No sign-on bonuses or severance payments have been made to members of the Executive Board, Board of Directors or to employees whose activities have a material impact on the company's risk profile.					
In accordance with the Danish executive order on remuneration policy and public disclosure of salaries in financial institutions and financial holding companies, the company has disclosed certain information regarding its remuneration policy etc. Such information is provided on sompension.dk/bestyrelse					
Remuneration for auditors elected by the Annual General Meeting					
PwC, Statsautoriseret Revisionspartnerselskab					
Statutory audit		-3.94	-3.64	-0.68	-0.65
Assurance engagements		-0.07	-0.05	-0.04	-0.05
Tax advice		-0.41	-0.84	-0.09	-0.09
Other services		-0.17	-0.20	0.00	0.00
		-4.58	-4.73	-0.81	-0.79

In addition to the above fees, costs have been incurred for the Group's internal audit.

The stated amounts are inclusive of foreign network companies. All amounts and rates are stated including VAT.

In addition to the statutory audit of the consolidated and parent company financial statements and other statutory assurance engagements, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab has issued an industry-specific report on annual expenses expressed as a percentage and as an amount, provided assistance in the digital filing of annual reports of certain group enterprises, provided tax and VAT advisory services and provided assistance on an IT security assessment.

6	Benefits paid				
	Insurance sums payable in the event of death	-307	-353	-307	-353
	Insurance sums payable in the event of critical illness	-286	-299	-286	-299
	Insurance sums payable in the event of disability	-68	-75	-68	-75
	Insurance sums payable in the event of maturity	-70	-81	-70	-81
	Retirement and annuity benefits	-3,570	-3,396	-3,570	-3,396
	Payment at surrender etc.	-2,040	-3,816	-2,040	-3,816
	Bonuses paid in cash	-2,187	-2,137	-2,187	-2,137
	Benefits paid, direct insurance	-8,530	-10,158	-8,530	-10,158
	Benefits paid, indirect insurance	-2,067	-2,011	-2,067	-2,011
	Total benefits paid	-10,597	-12,169	-10,597	-12,169
7	Tax				
	Current corporation tax	-70	-33	-25	0
	Change in deferred tax, ordinary	22	14	-7	0
	Adjustment relating to previous years, current tax	4	6	4	4
	Adjustment relating to previous years, deferred tax	67	0	42	0
	Other taxes paid etc.	-74	5	0	48
	Write-down of deferred tax asset	-60	-32	-35	-32
	Total tax income statement	-111	-40	-22	20
	Tax, other comprehensive income	0	0	0	0

note 7 continued on next page.

Note 7 continued

Note	DKKm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
	Tax reconciliation				
	Profit before tax	3,160	2,093	56	34
	Other comprehensive income before tax	1,208	-1,366	21	-22
	Calculated tax, 22,0 %	-961	-160	-17	-3
	Non-taxable income and non-deductible expenses	913	137	-15	3
	Other	-74	5	0	48
	Prior-year adjustment	71	6	46	4
	Write-down of deferred tax asset	-60	-32	-35	-32
		-111	-45	-22	20
	Tax provisions				
	Land and buildings	-223	-195	-79	-70
	Energy plants	0	0	0	0
	Taxation of tax on pension returns	-344	-430	-344	-430
	IT assets	53	57	0	0
	Other assets	3	28	0	24
	Tax loss carry-forward	1,323	1,340	1,323	1,340
	Write-down of deferred tax asset	-900	-865	-900	-865
	Total tax provisions	-88	-64	0	0
	Deferred tax asset	53	57	0	0
	Deferred tax liability	-141	-122	0	0
8	Equipment				
	Cost at 1 January	24	26	0	0
	Additions during the year, including improvements	7	2	0	0
	Disposals during the year	-7	-4	0	0
	Cost at 31 December	24	24	0	0
	Write downs and depreciation at 1 January	-15	-13	0	0
	Depreciation for the year	-8	-4	0	0
	Reversal of previous depreciation	6	2	0	0
	Write downs and depreciation at 31 December	-16	-15	0	0
	Carrying value at 31 December	8	9	0	0
9	Domicile property				
	Revaluation at 1 January	482	457	0	0
	Additions during the year	0	3	0	0
	Revaluation for the year recognised in other comprehensive income	48	25	0	0
	Depreciation for the year	-3	-3	0	0
	Revaluated value at 31 December	527	482	0	0
	Fair value included in the item Domicile property	527	482	0	0
	In 2020, Sampension obtained valuation reports from external experts.				
	Rates of return applied to assess the market value of the property	3.75	3.88	-	-

Notes to the financial statements (Continued)

Note	DKKkm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
10	Investment property and other tangible investment assets				
	Investment properties				
	Fair value, beginning of year	12,784	13,102	0	0
	Correction previous years	291	-14	0	0
	Additions during the year	1,470	724	0	0
	Disposals during the year	-465	-800	0	0
	Fair value adjustment for the year	2,132	-228	0	0
	Fair value, end of year	16,212	12,784	0	0
	Other tangible investment assets, fair value	2,330	2,220	0	0
	Investment property and other tangible investment assets, total fair value	18,542	15,004	0	0
	Fair value included in the item Investment property and other tangible investment assets	6,202	5,331	0	0
	Fair value included in the item Investment assets related to unit-linked contracts. See Note 13.	12,340	9,674	0	0
	Valuation reports from external experts have been obtained for most properties.				
	Average rates of return applied to assess the market value each type of properties:				
	Residential property	2.94	2.70	-	-
	Residential property for the elderly	-	2.77	-	-
	Commercial property	5.09	5.23	-	-
	Youth housing	3.06	3.33	-	-
	Mixed property	-	5.35	-	-
	Foreign commercial property	5.87	5.23	-	-
	Weighted average of rates of return	4.53	4.28	-	-
11	Loans to group enterprises and associates				
	Group enterprises				
	Fallcorner BV, Holland	-	-	190	189
	KP CE s.a., Frankrig	-	-	165	164
	Sampension KP International A/S, Danmark	-	-	683	640
	Sampension KP Danmark, Danmark	-	-	0	434
	Sampension Renewables P/S, Danmark	-	-	188	194
	Total loans to group enterprises	-	-	1,225	1,621
	Included in the item loans to group enterprises	-	-	1,100	1,216
	Included in the item Investment assets related to unit-linked contracts, see note 13	-	-	125	405
	Associates				
	OPP Slagelse Sygehus P/S, Danmark	78	83	78	83
	OPP Retten i Svendborg P/S, Danmark	16	17	16	17
	OPP Vejle P/S, Danmark	94	104	94	104
	OPP HoldCo ApS	17	17	17	17
	Total loans to associates	204	221	204	221
	Included in the item loans to associates	68	78	68	78
	Included in the item Investment assets related to unit-linked contracts, see note 13	136	142	136	142

In addition, group enterprises have provided loans to their subsidiaries at no risk for the parent company.

Note	DKKm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
12	Derivative financial instruments				
	2021	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	Interest rate hedging instruments etc.:				
	Interest swaps	37,643	26,758	37,643	26,758
	Caps/floors	39	87	39	87
	Swaptions	411	514	411	514
	CDS's	264	29	264	29
	Option on futures	36	29	36	29
	Total interest rate hedging instruments	38,392	27,418	38,392	27,418
	Currency-based derivative financial instruments	1,441	1,460	739	1,460
	TRS Equity	3	0	3	0
	Total derivative financial instruments	39,837	28,878	39,135	28,878
	Fair value included in the item Derivative financial instruments	37,965		37,691	
	Fair value included in the item Investment assets related to unit-linked contracts, see note 13	1,872		1,444	
	Fair value included in the item other debt see note 18		28,878		28,878
	Net carrying value (asset)	10,959		10,257	
	DKKm.	2021	2020	2021	2020
	Agreements have been concluded to post collateral for derivative financial instruments				
	The Group has received collateral in the form of liquid bonds equal to a fair value of (asset)	19,757	26,290	19,757	26,290
	The Group has provided collateral in the form of liquid bonds equal to a fair value of (liability)	-6,147	-7,075	-6,147	-7,075
	Net collateral	13,610	19,215	13,610	19,215

In addition, equity futures used for effective portfolio management purposes had a total exposure of DKK -4.522 million (2020: -1.627 million) in the unit-linked environment and a total exposure of DKK -1.363 million (2020: -740 million) in the average-rate environment. Bond futures used for hedging interest-rate risk on the bond portfolio had a total exposure of DKK -2.138 million (2020: -922 million) in the unit-linked environment and a total exposure of DKK -3.045 million (2020: -2.790 million) in the average-rate environment. As gains/losses are settled on current basis, the fair value is nil.

note 12 continued on next page.

Notes to the financial statements (Continued)

Note 12 continued

Note	DKKkm.	GROUP		PARENT COMPANY	
		Positive fair value	Negative fair value	Positive fair value	Negative fair value
2020					
Interest rate hedging instruments etc.:					
Interest swaps		52,618	39,186	52,617	39,186
Caps/floors		88	147	88	147
Swaptions		422	491	422	491
CDS'er		178	0	178	0
Option on futures		5	0	5	0
Total interest rate hedging instruments		53,310	39,825	53,309	39,825
Currency-based derivative financial instruments		1,880	226	1,868	226
TRS Equity		-147	-151	-147	-151
Total derivative financial instruments		55,043	39,900	55,030	39,900
Fair value included in the item Derivative financial instruments		51,709		51,704	
Fair value included in the item Investment assets related to unit-linked contracts, see note 13		3,334		3,326	
Fair value included in the item other debt see note 18			39,900		39,900
Net carrying value (asset)		15,143		15,130	
DKKkm.		2021	2020	2021	2020
13 Investment assets related to unit-linked contracts					
3 i 1 Livspension					
Investment property and other tangible investment assets		12,340	9,674	0	0
Investments in group enterprises		0	0	73,747	59,882
Loans to group enterprises		0	0	125	405
Investments in associates		2,329	1,698	902	711
Loans to associates		136	142	136	142
Investments		71,360	57,892	11,634	7,938
Units in mutual funds		1,107	819	1,130	819
Bonds		36,623	32,030	35,727	31,221
Loans secured by mortgage		430	118	430	118
Other		0	2	0	0
Deposits with credit institutions		4,349	3,030	2,743	1,241
Derivative financial instruments see note 12		1,872	3,334	1,444	3,326
Total investment assets		130,544	108,739	128,016	105,804
Linkpension					
Investments in group enterprises		0	0	66	75
Investments		57	40	16	7
Units in mutual funds		132	110	110	70
Deposits with credit institutions		0	1	0	0
Bonds		1	3	0	0
Total investment assets		190	154	191	152
Total investment assets related to unit-linked contracts		130,734	108,893	128,208	105,956

Note	DKKm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
14	Surplus capital				
	Surplus capital beginning of year	4,086	4,256	4,086	4,256
	Paid out to customers	-200	-267	-200	-267
	Return for the year	146	109	146	109
	Transferred from equity	0	-12	0	-12
	Total surplus capital	4,032	4,086	4,032	4,086
15	Provisions for average-rate products				
	Insurance provisions is specified as follows				
	Life insurance provisions, beginning of year	118,582	116,002	118,582	116,002
	Collective bonus potential, beginning of year	-10,281	-11,529	-10,281	-11,529
	Risk margin covered by collective bonus potential at beginning of year	-352	-39	-352	-39
	Accumulated value adjustment, beginning of year	-19,364	-17,008	-19,364	-17,008
	Retrospective provisions, beginning of year	88,585	87,426	88,585	87,426
	Gross premiums	4,667	4,542	4,667	4,542
	Addition of interest after tax on pension returns	2,739	3,786	2,739	3,786
	Tax on pension returns	-252	-264	-252	-264
	Contributions to savings on interest rate group conversion	0	-24	0	-24
	Tax on pension returns	0	20	0	20
	Transfer between classes I and III	-275	-4	-275	-4
	Insurance benefits	-6,971	-6,990	-6,978	-6,990
	Cost addition after addition of cost bonus	-176	-182	-176	-182
	Risk gain after addition of risk bonus	49	-8	49	-8
	Change in quota Forenede Gruppeliv	-69	120	-69	120
	Other	30	163	30	163
	Retrospective provisions, end of year	88,327	88,585	88,320	88,585
	Accumulated value adjustment, end of year	13,077	19,364	13,077	19,364
	Collective bonus potential, end of year	18,201	10,281	18,201	10,281
	Risk margin covered by collective bonus potential at end of year	87	352	87	352
	Life insurance provisions, end of year	119,692	118,582	119,685	118,582
	Life insurance provisions are specified as follows				
	Interest rate group F (special non-guaranteed)				
	Bonus potential - non-guaranteed benefits	1,187	1,118	1,187	1,118
	Collective bonus potential	101	86	101	86
	Total interest rate group F	1,288	1,204	1,288	1,204
	Interest rate group G (average basic rate of interest 0.00 %)				
	Guaranteed benefits	5,946	6,590	5,946	6,590
	Bonus potential - non-guaranteed benefits	56,880	63,335	56,880	63,335
	Collective bonus potential	7,377	3,767	7,377	3,767
	Total interest rate group G	70,203	73,692	70,203	73,692
	Total interest rate groups	71,491	74,896	71,491	74,896
	Expense groups				
	Collective bonus potential	171	157	171	157
	Total expense groups	171	157	171	157
	Risk groups				
	Collective bonus potential	1,013	1,054	1,013	1,054
	Total risk groups	1,013	1,054	1,013	1,054

note 15 continued on next page.

Notes to the financial statements (Continued)

Note 15 continued

Note	DKKm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
	Group life insurance				
	Bonus potential - non-guaranteed benefits	835	906	835	906
	Individual bonus potential	1,943	2,008	1,943	2,008
	Collective bonus potential FG	117	75	117	75
	Total Group life insurance	2,896	2,989	2,896	2,989
	Risk margin				
	Average-rate product	312	392	312	392
	Group life insurance	67	72	67	72
	Total risk margin	379	464	379	464
	Non-guaranteed indirect insurance				
	Bonus potential - non-guaranteed benefits	34,313	33,879	34,313	33,879
	Collective bonus potential	9,422	5,143	9,422	5,143
	Total non-guaranteed indirect insurance	43,735	39,022	43,735	39,022
	Total provisions for average-rate products	119,685	118,582	119,685	118,582
	Total				
	Guaranteed benefits	5,946	6,590	5,946	6,590
	Bonus potential - non-guaranteed benefits	58,067	64,453	58,067	64,453
	Collective bonus potential	8,662	5,064	8,662	5,064
	Group life contracts	2,896	2,989	2,896	2,989
	Risk margin	379	464	379	464
	Non-guaranteed indirect insurance	43,735	39,022	43,735	39,022
	Total provisions for average-rate products	119,685	118,582	119,685	118,582
16	Provisions for unit-linked contracts				
	Change in provisions for 3 i 1 Livspension contracts are specified as follows				
	Provision for 3 i 1 Livspensions contracts, beginning of year	101,585	95,554	101,585	95,554
	Gross premiums	6,349	7,104	6,349	7,104
	Addition of interest after tax on pension returns	15,651	4,588	15,651	4,588
	Transfer between classes I and III	275	4	275	4
	Subsidy from transfer	207	5	207	5
	Tax on pension returns and on subsidy from transfer	-2,424	-709	-2,424	-709
	Insurance benefits	-3,283	-4,830	-3,283	-4,830
	Cost addition after addition of cost bonus	-95	-93	-95	-93
	Risk gain after addition of risk bonus	-42	-56	-42	-56
	Adjustment of differences in tax on pension returns due to switches, etc.	0	20	0	20
	Other	-1	0	-1	0
	Provisions for 3 i 1 Livspension, end of year	118,221	101,585	118,221	101,585
	Change in provisions for Linkpension contracts are specified as follows				
	Provision for Linkpension contracts, beginning of year	180	172	180	172
	Gross premiums	39	25	39	25
	Addition of interest before tax on pension returns	25	10	25	10
	Tax on pension returns	-4	-2	-4	-2
	Insurance benefits	-27	-22	-27	-22
	Other	0	-2	0	-2
	Provisions for Linkpension, end of year	213	180	213	180
	Total provisions for unit-linked contracts	118,434	101,766	118,434	101,766

The profit margin on life insurance contracts is nil.

note 16 continued on next page.

Note 16 continued

Note	DKK m.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
	Change in provisions are specified as follows				
	Change in provisions for average-rate products	-1,110	-2,580	-1,103	-2,580
	Change in provisions for unit-linked products	-16,669	-6,040	-16,669	-6,040
	Bonus paid to policyholder accounts	67	65	67	65
	Change in quota Forenede Gruppeliv	-69	120	-69	120
	Change in provisions, Other comprehensive income	3,505	-4,037	3,505	-4,037
	Other	-3	1	-3	1
	Change in provisions, Income statement	-14,278	-12,471	-14,270	-12,471
	The profit margin on life insurance contracts is nil.				
17	Payables to credit institutions				
	Repos	24,303	22,669	24,303	22,669
	Bank loans	767	1,975	242	0
	Mortgage debt	2,024	201	0	0
	Total payables to credit institutions	27,094	24,844	24,545	22,669
	From the bank loans and the mortgage loans (indexlinked loans) the following fall due in the coming year	25,070	24,644	24,545	22,669
	After five years the outstanding balance (index-linked) will be:	2,024	201	0	0
18	Other debt				
	Derivative financial instruments, according to note 12	28,878	39,900	28,878	39,900
	Payables relating to bond purchase	510	318	510	318
	Debt relating to settlement of repos	0	673	0	673
	Sundry financial liabilities	2	39	0	37
	Holiday allowance obligation	20	42	0	0
	Provision for tax on pension returns payable etc.	3,507	1,934	2,759	1,456
	Total other debt	32,918	42,907	32,148	42,385

Notes to the financial statements (Continued)

Note	DKKkm.	GROUP		PARENT COMPANY	
		2021	2020	2021	2020
19	Contingent liabilities				
	The Company has committed itself at a later date to invest in funds etc. amounting to	15,639	11,679	11,228	6,692
	Capital increases in group enterprises not yet paid in, which the parent company has committed to paying, amounting to	0	0	17,871	15,246
	Legal proceedings against the company Tribune, which was divested in 2007 and has since gone into bankruptcy.	3	3	3	3
	The jointly taxed companies are taxed under the Danish tax on-account tax scheme. As a management company, Sampension KP Livsforsikring A/S is jointly and severally liable with the jointly-taxed companies for any part of tax plus any surcharges or interest relating to each individual company.				
	VAT adjustment liability relating to properties	2	3	0	0
	Sampension is jointly and severally liable with the other owner companies for insurance liabilities relating to all policies managed by Forenede Gruppeliv A/S.				
	Sampension KP Denmark A/S are jointly and severally liable for total debt and liabilities in Scandinavian Center I/S, Århus.				
	According to the Annual Report the total debt and liabilities amount to	33	32	0	0
	Total contingent liabilities	15,677	11,718	29,102	21,941
20	Charges				
	Sampension KP Livsforsikring A/S has provided security for Sampension KP International A/S group	14	20	14	20
	Margin deposits relating to futures	986	529	986	529
	Bonds sold as part of repo debt	18,243	19,839	18,243	19,839
	Net assets registered in cover of 'Total provisions for insurance and investment contracts' amount to	244,391	226,197	244,391	226,197
	The amount related to the following items:				
	Total investments in group enterprises			97,832	81,494
	Loans to group enterprises			1,225	2,824
	Kapitalandele			7,056	10,764
	Units in mutual funds			20,820	13,870
	Bonds			104,235	99,013
	Currency-based derivative financial instruments			13,223	18,232
	Total assets earmarked as security for policyholders' savings			244,391	226,197
	Off which concerning unit-linked contracts			118,421	101,766

Note DKKm.		PARENT COMPANY	
		2021	2020
21	Intra group transactions		
<p>Sampension's overall administration is handled in accordance with the management agreement with Sampension Administrationselskab which undertakes all administrative functions. Administration covers both insurance and investments activities.</p> <p>Sampension pays an administrative fee, distributed on insurance operating expenses and investment management expenses with DKK 176 million (2020: 172 million) and DKK 347 million (2020: 341 million) respectively.</p> <p>Current intra group transactions:</p>			
Management contracts		521	507
Fixed-term deposits and lending (maximum monthly balance)		5,354	3,190
Interest etc.		25	22
<p>In addition, the purchase and sale of securities between Sampension Liv and the three other partners of the Sampension community amounted to a total of DKK 123 million in 2021.</p> <p>These services are settled on market terms.</p> <p>As regards group enterprises and associates, reference is made to note 11, which provides a specification of intra group loans, and to the specification of investments in note 26.</p>			
22	Realised result for interest rate, expense and risk groups		
Total interest rate groups			
Investment return before tax on pension returns		-1,213	5,109
Change in market value adjustment		6,287	-2,356
Basic rate of interest added		-46	-46
Other		-37	-68
Realised interest rate result pursuant to the Executive Order on the Contribution Principle		4,990	2,639
Tax on pension returns		218	-620
Available for allocation after tax on pension returns		5,208	2,019
Bonus added		-1,439	-2,176
Contributions to savings on interest rate group conversion		0	5
Transferred to collective bonus potential, interest rate groups		-3,570	217
Investment return and risk premium allocated to equity		199	65
Expense cost groups			
Expense contribution		473	447
Actual administrative expenses		-180	-175
Realised expense result pursuant to the Executive Order on the Contribution Principle		293	272
Bonus added		-279	-253
Transferred to collective bonus potential, cost groups		-15	-20
Expense result recognised in equity		-1	-1
Expense result as a percentage of technical provisions		0.01%	0.01%
Total risk groups			
Realised risk result pursuant to the Executive Order on the Contribution Principle		-31	6
Bonus added		-11	6
Transferred to collective bonus potential, risk groups		41	-13
Risk result recognised in capital base		0	0
Risk result as a percentage of technical provisions		0.01%	0.01%

Notes to the financial statements (Continued)

Note

23 Financial instruments recognised at fair value

Investment assets and financial liabilities are recognised at fair value or amortised cost. See Note 1. Fair value is the price obtainable in a sale of an asset or payable on transfer of a liability in an arm's length transaction between independent parties at the time of measurement. Fair value is determined on the basis of the following hierarchy:

Level 1 – quoted market prices

Quoted prices are used where an active market exists for the individual assets. Generally, the price used is the closing price at the balance sheet date.

Level 2 – observable inputs

Where the closing price of listed securities does not reflect their fair value, fair value is determined using quoted prices of similar assets or liabilities or using other valuation methodology based on observable market inputs, e.g. inputs from banks etc. For derivative financial instruments, valuation techniques based on observable market inputs such as yield curves, exchange rates, etc. are used.

Level 3 – non-observable inputs

For a significant part of investments, their valuation cannot be based on observable market data alone. For such assets, valuation models are used which may include estimates of current market conditions and future developments thereof. The valuation methodologies applied are described in Note 1, Accounting policies.

DKKkm.	GROUP 2021				GROUP 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Domicile property	0	0	527	527	0	0	482	482
Investment property	0	852	15,360	16,212	0	561	12,223	12,785
Other tangible investment assets	0	0	2,330	2,330	0	0	2,220	2,220
Investments in associates	0	0	3,500	3,500	0	0	2,632	2,632
Loans to associates	0	0	204	204	0	0	221	221
Investments	80,843	0	31,984	112,827	70,596	0	25,840	96,436
Units in mutual funds	1,974	0	0	1,974	1,542	0	0	1,542
Bonds	100,011	2,410	25,965	128,386	92,322	9,337	23,740	125,399
Loans secured by mortgage	0	0	766	766	0	0	272	272
Derivative financial instruments	0	39,837	0	39,837	0	55,045	0	55,045
Deposits with credit institutions	7,427	0	0	7,427	4,469	0	0	4,469
Cash and cash equivalents	3,450	0	0	3,450	3,582	0	0	3,582
Total financial assets	193,704	43,098	80,635	317,438	172,511	64,944	67,630	305,084
Financial liabilities								
Repos	24,303	0	0	24,303	22,669	0	0	22,669
Payables to credit institutions	2,791	0	0	2,791	2,176	0	0	2,176
Derivative financial instruments	0	28,878	0	28,878	0	39,900	0	39,900
Payables relating to bond purchase and settlement of repos	513	0	0	513	1,031	0	0	1,031
Total financial liabilities	27,606	28,878	0	56,485	25,875	39,900	0	65,775
Total net assets	166,098	14,220	80,635	260,953	146,636	25,044	67,630	239,309
Of which concerning:								
Average-rate products, Total capital and Minority interests share	91,589	13,284	32,613	137,486	84,629	20,863	30,790	136,281
Unit-linked products	74,509	936	48,023	123,468	62,007	4,181	36,840	103,028
Total	166,098	14,220	80,635	260,953	146,636	25,044	67,630	239,309

note 16 continued on next page.

Note

Specification of valuation based on Level 3

DKKkm.	Value at 1 January 2021	Value adjustments	Purchase/ sale/ settlement	Transfers Between Levels	Value at 31 December 2021
Domicile property	482	45	-1	0	527
Investment property	12,223	2,132	1,005	0	15,360
Other tangible investment assets	2,220	126	-16	0	2,330
Investments in associates	2,632	355	513	0	3,500
Loans to associates	221	0	-17	0	204
Investments	25,840	9,171	-3,027	0	31,984
Bonds	23,740	691	557	977	25,965
Loans secured by mortgage	272	10	484	0	766
Total	67,630	12,529	-500	977	80,635

Value adjustments are distributed on these items:

Other comprehensive income	33
Income from investment property and other tangible investment assets	126
Marked value adjustments	12,370

12,529

DKKkm.	Value at 1 January 2020	Value adjustments	Purchase/ sale/ settlement	Transfers Between Levels	Value at 31 December 2021
Domicile property	457	25	0	0	482
Investment property	12,670	960	-1,406	0	12,223
Other tangible investment assets	1,880	-174	514	0	2,220
Investments in associates	2,398	35	198	0	2,632
Loans to associates	242	0	-21	0	221
Investments	23,804	2,756	-720	0	25,840
Bonds	26,780	-191	-2,849	0	23,740
Loans secured by mortgage	288	-13	-3	0	272
Total	68,519	3,398	-4,287	0	67,630

Value adjustments are distributed on these items:

Other comprehensive income	16
Income from investment property and other tangible investment assets	-185
Kursreguleringer	3,567

3,398

For further details on valuation techniques and inputs, see Note 1 Accounting Policies, Note 9 Domicile property and Note 10 Investment property and other tangible investment assets

Notes to the financial statements (Continued)

Note		PARENT COMPANY 2021		
24	Overview of assets and returns, parent company			
Assets and return DKKm.		Market value		Return 2021 % p.a.
		Beg. of year	End of year	
Average-rate				
Traditional average-rate product				
Land and buildings		4,547	5,436	23.2%
Listed investments		4,402	4,337	22.2%
Unlisted investments		4,471	3,509	27.6%
Total Investments		8,874	7,846	24.8%
Government- and mortgage bonds		35,786	37,142	-2.3%
Index-linked bonds		1,404	1,413	5.8%
Credit bonds, investment grade and non-investment grade		13,253	11,714	2.2%
Loans etc.		457	519	5.6%
Total bonds and loans etc.		50,900	50,789	-1.1%
Group Enterprises		0	0	0.0%
Other investment assets		174	17	-71.7%
Derivative financial instruments to hedge the net change in assets and liabilities		18,078	14,402	-22.6%
Total		82,573	78,490	-1.4%
Non-guaranteed reinsurance				
Land and buildings		3,829	5,078	23.8%
Listed investments		11,172	11,917	28.9%
Unlisted investments		2,654	3,240	37.1%
Total Investments		13,826	15,157	30.4%
Government- and mortgage bonds		2,349	2,838	0.2%
Index-linked bonds		13,277	15,504	6.1%
Credit bonds, investment grade and non-investment grade		4,239	4,407	5.4%
Loans etc.		0	0	0.0%
Total bonds and loans etc.		19,865	22,749	5.3%
Other investment assets		692	47	15.1%
Derivative financial instruments to hedge the net change in assets and liabilities		273	-169	-
Total		38,485	42,862	13.8%

The specifications have been prepared in accordance with the requirements in section 96 of the Danish Financial Supervisory Authority's executive order on financial reports of insurance companies and therefore cannot be reconciled with the figures in the financial statements. The annual return has been calculated as a time-weighted return.

note 24 continued on next page.

Note 24 continued

		PARENT COMPANY	
Note		2021	
Assets and return DKKmn.	Market value		Return 2021 % p.a.
	Beg. of year	End of year	
Unit-linked products			
Land and buildings	15,046	21,030	23.8%
Listed investments	39,250	46,148	25.3%
Unlisted investments	11,307	14,934	39.0%
Total Investments	50,556	61,082	28.3%
Government- and mortgage bonds	14,932	19,326	-1.9%
Index-linked bonds	726	649	5.3%
Credit bonds, investment grade and non-investment grade	17,669	19,625	5.2%
Loans etc.	0	0	0.0%
Total bonds and loans etc.	33,327	39,600	1.8%
Other investment assets	2,123	-438	-
Derivative financial instruments to hedge the net change in assets and liabilities	1,175	-741	-
Total	102,227	120,533	15.0%

The specifications have been prepared in accordance with the requirements in section 96 of the Danish Financial Supervisory Authority's executive order on financial reports of insurance companies and therefore cannot be reconciled with the figures in the financial statements. The annual return has been calculated as a time-weighted return.

Notes to the financial statements (Continued)

PARENT COMPANY						
Note						
25	Unit-linked product, return etc. by investment profiles					
	2021			2020		
	% of average provisions	Return % p.a.	Risk	% of average provisions	Return % p.a.	Risk
Investment profile with high risk						
Investment profile with high risk						
Years to retirement						
30 years	0.06	23.4	5.50	0.05	7.7	5.75
15 years	0.14	23.4	5.50	0.09	7.7	5.75
5 years	0.08	15.0	4.50	0.06	4.9	4.50
5 years after	0.01	11.1	4.25	0.02	3.4	4.25
Investment profile with moderate risk						
Years to retirement						
30 years	0.70	21.1	5.25	0.71	6.6	5.25
15 years	2.87	21.1	5.25	2.61	6.6	5.25
5 years	3.43	12.3	4.25	3.57	3.8	4.25
5 years after	1.59	8.1	3.75	1.57	2.2	3.75
Years to retirement						
Years to retirement						
30 years	0.00	15.3	4.50	0.00	4.9	4.75
15 years	0.02	15.3	4.50	0.01	4.9	4.75
5 years	0.02	8.6	4.25	0.03	3.0	4.25
5 years after	0.01	5.3	3.50	0.00	1.9	3.50
A retirement age of 65 is assumed.						
26	Supplementary product ratios					
	2021		2020			
	Return in % p.a.	Bonus rate in % p.a.	Return in % p.a.	Bonus rate in % p.a.		
Traditional average-rate product						
Interest rate group F (special non-guaranteed)	2.5%	8.6%	1.3%	7.7%		
Interest rate group G (average basic rate of interest 0.00 %)	-2.0%	14.8%	7.3%	7.5%		
Non-guaranteed indirect insurance	13.6%	27.5%	1.3%	15.2%		
Return on policyholder savings after expenses before tax						
Including return on surplus capital	I alt i pct.		I alt i pct.			
Avarage-rate product	-1.9%				7.0%	
Non-guaranteed indirect insurance	13.3%				1.3%	
Unit-linked contracts (3 i 1 Livspension)	14.9%				4.7%	
Group life insurance is not included in the calculations as the above information is not relevant for this product.						

Note

27 Five-year financial highlights and ratios for the group and parent company

DKKm.	2021	2020	2019	2018	2017
Five-year financial highlights for the group					
Gross premiums	11,083	11,672	10,129	9,251	8,784
Benefits	-10,597	-12,169	-9,416	-9,107	-8,646
Investment return	25,395	11,030	23,426	-800	12,599
Total net operating expenses	-183	-179	-175	-172	-170
Technical result	8	-29	-58	-88	-110
Parent company's share of profit for the year	55	32	86	-45	41
Minority interest's share of the net profit for the year	4,201	651	3,249	-599	2,185
Total provisions for insurance and investment contracts	238,119	220,347	211,727	194,507	194,530
Surplus capital	4,032	4,086	4,256	4,311	4,465
Total equity, parent company interests	3,744	3,689	3,657	3,571	3,616
Total equity, minority interests	18,503	15,999	16,735	10,426	11,568
Total assets	324,902	312,460	313,106	274,886	277,704

Five-year financial highlights for the parent company

Gross premiums	11,083	11,672	10,129	9,251	8,784
Benefits	-10,597	-12,169	-9,416	-9,107	-8,646
Investment return	19,724	10,305	20,102	-249	10,382
Total net operating expenses	-183	-179	-175	-172	-170
Technical result	8	-29	-58	-88	-110
Parent company's share of profit for the year	55	32	86	-45	41
Total provisions for insurance and investment contracts	238,119	220,347	211,727	194,507	194,530
Overskudskapital	4,032	4,086	4,256	4,311	4,465
Total equity, parent company interests	3,744	3,689	3,657	3,571	3,616
Total assets	305,415	294,828	293,330	262,283	266,023

Reference is made to the section on accounting policies. Numbers include amounts recognised in other comprehensive income.

Five-year financial ratios for the parent company

Return ratios

Rate of return related to average-rate products	3.4%	5.1%	9.8%	1.1%	4.0%
Rate of return related to unit-linked products	15.2%	4.8%	10.7%	-1.7%	7.5%
Risk on return related to unit-linked products	4.50	4.50	3.75	3.75	4.25

Expense ratios

Expense ratio for provisions	0.08%	0.09%	0.09%	0.09%	0.09%
Expenses in DKK. per policyholder	387	384	388	389	387

Return ratios

Return on equity after tax	1.5%	0.9%	2.4%	-1.3%	1.2%
Return on surplus capital	3.8%	3.0%	3.5%	1.1%	4.5%

Reference is made to Definitions of financial ratios on page 78.

Notes to the financial statements (Continued)

Note

28 Risk management

Sampension Liv's risks may be divided into two general categories:

1. Risks that are largely within the company's control and that the company's risk management system regularly identifies, measures, monitors and reports on. These risks comprise investment, insurance and operational risks.
2. Risks that are beyond the company's control and are largely framework conditions, to which the company's activities must be adjusted in case of changes. External risks comprise regulatory risk, reputational risk and a number of other external and strategic risks. These risks are monitored by the organisation and are reflected in the company's strategy.

The general objective of the management of investment assets and life insurance provisions is to maximise the return and provide the best insurance covers to customers with due consideration for risk. The objective of managing short-term risks is, among other things, for the investment policy and risk management to work together to ensure that Sampension Liv has sufficient reserves to have comfortable excess solvency coverage and to limit the risk of a reduction in benefits.

The Board of Directors has defined the appetite for the principal risks in policies and guidelines and thereby determined an overall level for risk exposure or hedging. Regular reporting is provided on compliance with the defined guidelines, and the Board of Directors reviews the risk profile as part of its assessment of the company's own risk and solvency.

The approach to managing the principal quantifiable risk factors is set out below.

Unit-linked products and non-guaranteed benefit reinsurance

The financial risks relating to the unit-linked products 3 i 1 Livspension and Linkpension and to non-guaranteed benefit reinsurance lie with the policyholders as well as with municipalities and regions, respectively. Hence, they have no effect on Sampension Liv's total capital (equity and surplus capital).

Generally, the age-specific allocation in 3 i 1 Livspension is determined by the generation pools' mix of investment in base funds. Three base funds are used for 3 i 1 Livspension: bonds, equities and alternative investments. Customers with 3 i 1 Livspension have three investment profiles to choose from: low risk, moderate risk and high risk.

In respect of 3 i 1 Livspension, the objective is to maximise the return to the effect that the younger generations achieve a return that is close to that of the equity market, only with less risk through a certain diversification of risk. The older generations are exposed to a risk close to that of the bond market, but with a higher expected return through a certain diversification of risk. Allocation between the base funds for each generation pool is determined by the Board of Directors.

For non-guaranteed benefit reinsurance, asset allocation is determined on the basis of the expected future pension benefits to be paid by the municipalities and the regions. As indexation of civil servant pension assets is based on salary trends, pension benefits due to be paid within the near future are mainly invested in low-risk assets that also hedge the risk of rising inflation. Benefits payable longer term are invested mostly in listed equities and to some extent in alternative asset classes. Investments are placed in the three base funds also used by 3 i 1 Livspension and in an inflation base fund.

The Board of Directors has determined a framework for the types of investment allowed in the base funds and has also set up a market-risk framework for the base funds.

Conventional average-rate product and total capital

The market risk of the conventional average-rate product depends on the correlation between investment assets, life insurance obligations and total capital. If the investment return is insufficient to sustain the bonus potential level, the deficit is covered first by the collective bonus potential and then by the individual bonus potential. If these bonus potentials are insufficient to fully cover a deficit, the benefits of the non-guaranteed policies may be reduced, whereas total capital is used to cover the guaranteed policies.

The Board of Directors has determined the framework governing the overall investment policy and the financial risks. The overall risk is maintained at a relatively low level, partly by ensuring appropriate diversification of risk on overall asset classes, partly by establishing a framework for the overall Value-at-Risk (VaR), which is monitored through a proprietary VaR model.

Sampension Liv applies the Solvency II discount curve including volatility adjustment (VA) for the computation of life insurance provisions. The discount curve is based on market rates up until the 20-year mark, after which the curve converges towards an ultimate forward rate determined by the authorities equal to long-term inflation and real growth forecasts. The VA is intended to mitigate exposure to market volatility and thereby curb procyclical behaviour.

Investment assets relating to the company's total capital are invested together with investment assets relating to the conventional average-rate environment but excluding the hedge portfolio. In addition, the total capital includes a small portfolio of strategic investments, of which Sampension Administrations-selskab A/S is the most important.

FINANCIAL RISK

Financial risks arise mainly from guaranteed policies in the conventional average-rate environment and from total capital.

Sampension Liv is sensitive to changes to the VA, which has counter-cyclical qualities, and which has thus also played a major role during the coronavirus pandemic.

Significant financial risks arise as a result of an intentional risk exposure. Credit spread risk is a major factor, and the risk relates to losses resulting from a widening of the credit spread or from default leading to losses on bonds, loans, etc. Exposures to listed and unlisted equities, real estate and infrastructure are also significant risk factors.

Sampension Liv strives to hedge the interest rate-based changes in the discount curve to the greatest extent possible to ensure stable reserves in the short term. It does so mainly by way of derivative financial instruments such as interest rate swaps, swaptions and government bonds. The interest rate risk is mitigated by the high hedge ratio.

Currency risk is a less significant risk factor as the risk is hedged in accordance with the guidelines of the Board of Directors when assets held in an individual currency represent more than 2% of the total investment assets. For currencies other than DKK and EUR, between 50% and 100% of the currency exposure is hedged, depending on the asset.

Sampension Liv invests in illiquid assets, for which valuation and risk measurement are subject to greater uncertainty than listed equities, for example. Illiquidity involves a risk that large selling transactions over a short period of time result in a loss, and the Board of Directors has therefore defined a framework for investing in illiquid asset classes that reflects these considerations. Currently, the value of illiquid assets exceeds the annual payment obligations by a substantial margin. As a result, the likelihood of Sampension Liv having to sell on unfavourable terms is very low. The risk management system comprising, among other things, a valuation committee was set up with a view to ensuring ongoing market valuation and management of illiquid assets.

Sampension Liv also has counterparty risk exposure. This is the risk of suffering losses because a counterparty to a financial contract is unable to meet its obligations. Counterparty risk is managed through the provision of collateral and limits for net outstanding balances with the relevant financial institutions. Limits have also been defined for the amount of single investments and major concentration risk.

Responsible investments

Investing responsibly is a prerequisite for being able to generate high long-term returns. Climate targets, fiscal transparency and active ownership are defining characteristics of responsible investments from Sampension Liv's point of view. With a view to ensuring that Sampension Liv invests responsibly, the Board of Directors has defined a number of requirements and conditions in policies and guidelines.

Objective of maximising the probability for avoiding a reduction in benefits

Sampension Liv has discontinued most of its defined benefit guarantees. Sampension Liv continues to arrange investments in the conventional average-rate environment with a view to achieving maximum probability of not having to reduce policy-defined benefits. Achieving this objective requires both short-term and long-term planning.

Notes to the financial statements (Continued)

Note 28 continued

In the short term, the emphasis is on limiting the risk of a negative change in the value of assets relative to the value of liabilities calculated on the assumption that policy benefits are not reduced. The longer term projections include the fact that a higher expected current return will reduce the risk of policy benefits being reduced.

Overall, this is a conservative investment profile for conventional average-rate savings with maximum emphasis on mitigating the short-term risk of a reduction in benefits. For that purpose, investment funds are placed mostly in relatively low-risk bonds. Sampension Liv also invests, albeit to a limited extent, in assets with a higher expected return and thus subject to higher risk. This also achieves a risk diversification gain for the benefit of the conventional average-rate environment. However, the risk limits in this respect are restrictive, which curtails the potential for achieving returns over and above the announced benefits.

INSURANCE RISK

For the conventional average-rate environment, insurance risk includes the risk of increased longevity, changes in disability rates, conversions into paid-up policies, surrenders and retirement age. The various risk elements are analysed on an ongoing basis.

An increase in longevity means regular pension benefits will be paid over a longer period. Sampension Liv calculates provisions for average-rate products using the Danish FSA's model for longevity assumptions based partially on the company's own past experience and partially on the Danish FSA's benchmark for expected future longevity improvements.

All sums insured are covered for own account. No reinsurance contracts have been concluded for life insurance. The sum insured is the difference between accumulated reserves and reserves to be provided to meet future pension and insurance benefits in the event of a customer's disability or death.

OPERATIONAL RISK

The company's operational risks comprise the risk of direct or indirect losses resulting from inappropriate or inadequate internal processes, human or system error or losses resulting from external events, including legal and cyber risk.

In order to reduce operational risk, Sampension Liv has set up procedures to monitor and minimise risk in relation to the life insurance business and the investment business. In addition, insurance cover has been taken out for certain asset classes. Sampension Liv records operational incidents on an ongoing basis and follows up and reports to the Audit and Risk Management Committee and, in exceptional circumstances, directly to the chairmanship of the Board of Directors.

OUTSOURCING

Sampension Liv has outsourced tasks in critical or significant areas of activity with a view to reducing costs and gaining access to specialist competencies. The Board of Directors has set out guidelines for outsourcing of critical or significant areas of activity in order to ensure adequate management of the risks associated with outsourcing, including that outsourcing agreements and activities are handled in accordance with the Board of Directors' guidelines and applicable outsourcing legislation.

The ongoing monitoring of outsourced activities is controlled via business procedures that ensure reporting to relevant management bodies and to the Board of Directors on the supplier's performance of the task, for example in the form of regular operational reports, meetings, random checks, reports by auditors, etc.

SOLVENCY AND FINANCIAL CONDITION REPORT

The company's risk management processes are described in detail in its Solvency and Financial Condition Report (SFCR). The SFCR is available to the public at Solvency and financial condition 2021.

Note							
29 Overview of Group equity investments							
DKKm.	Ownership interest (%)		Profit in annual report		Equity in annual report		Included in annual report
	2021	2020	2021	2020	2021	2020	
Group enterprises							
Management							
Sampension Administrationsselskab A/S, Gentofte	88.0	88.0	-10	12	596	569	525
Ejendomsvirksomhed og energianlæg							
Sampension KP Danmark A/S, Gentofte	100.0	100.0	1,381	359	8,661	7,319	8,661
Frederiksholms Kanal 6 P/S, Gentofte	100.0	100.0	11	-5	229	68	-
K/S Strømmen, Ålborg	95.0	95.0	36	25	180	152	-
Ejendomsselskabet Vodroffsvej 26 P/S, Gentofte	100.0	100.0	-1	-3	31	32	-
K/S Søndre Ringvej 15, Roskilde	90.0	90.0	101	-4	361	260	-
K/S Kristensen Partners V, Ålborg ¹⁾	95.0	95.0	30	97	334	304	-
K/S Kristensen Partners VII, Ålborg ¹⁾	57.0	0.0	7	0	104	0	-
Blåkløkken ApS, Køge	100.0	0.0	77	0	180	0	-
PH Park 1+3 K/S, Ålborg	60.0	60.0	0	0	0	0	-
Lærkebolig ApS, Frederikssund	60.0	0.0	3	0	109	0	-
Skovlytoften, Holte	100.0	0.0	0	0	102	0	-
Værkstedvej ApS, Valby	60.0	0.0	2	0	254	0	-
Sampension KP International A/S, Gentofte	100.0	100.0	25	62	1,276	1,194	1,276
Fallcorner BV, Holland ³⁾	90.0	90.0	-17	41	230	248	-
KP CE s.a., Frankrig	100.0	100.0	-3	-5	382	387	-
Sampension Renewables P/S, Gladsaxe ¹⁾	100.0	100.0	48	5	547	523	547
Sampension Renewables GP ApS, Gladsaxe	100.0	100.0	0	0	0	0	0
Ulvemosen Wind Park ApS, Gladsaxe	100.0	100.0	77	-54	286	218	286
SAMEJI K/S, Hellerup	80.0	0.0	-2	0	626	0	486
Investeringsvirksomhed							
Sampension Forestry K/S, Gentofte ²⁾	100.0	100.0	267	-211	2,583	3,116	2,583
Sampension Global Real Estate K/S, Gentofte ²⁾	100.0	100.0	2,547	-187	11,738	8,219	11,738
Sampension US Real Estate I. L.P., USA ³⁾	98.9	98.8	47	-57	661	574	-
Sampension US Real Estate II. L.P., USA ³⁾	75.7	83.6	925	-115	1,882	1,214	-
Mermaid Homes L.P., USA ³⁾	89.8	89.7	162	48	529	352	-
Sampension American Timberland I, L.P., USA ³⁾	83.6	84.5	105	77	1,146	1,019	957
Sampension Private Equity K/S, Gentofte ²⁾	100.0	100.0	4,549	1,253	12,035	10,110	12,035
Sampension Structured Credit K/S, Gentofte ²⁾	100.0	100.0	185	-34	1,446	1,261	1,446
SP HoldCo af 13.12.2018 AB, Sverige	100.0	100.0	80	3	365	293	365
EIP IV Danske Holding Inc., USA	82.2	82.2	11	-6	95	28	78
Komplementarselskabet Alternative Investments ApS, Gentofte	100.0	100.0	1	0	5	4	5
Kapitalforeningen SAMPENSION INVEST, København V:							
GEM II	80.9	81.4	283	232	4,164	4,194	3,366
Obligationer	100.0	100.0	-5	5	166	172	157
Danske aktier II	100.0	100.0	665	1,034	3,864	3,556	3,862
Aktieindeks Enhanced	73.4	77.2	5,145	1,368	27,640	20,624	20,277
Aktieindeks	79.3	74.3	6,300	4,294	30,637	29,185	24,283
GEM Enhanced	79.5	79.4	-150	965	6,945	6,956	5,524
Danske aktier I	52.2	41.2	402	427	2,887	1,754	1,506
Total group enterprises							99,965
Included in the item Investments in group enterprises							26,153
Included in the item Investment assets related to unit-linked contracts. See Note 13.							73,813

See definitions next page.

Note 29 continued

Note 25 continued

DKKm.	Ownership interest (%)		Profit in annual report		Equity in annual report		Included in annual report
	2021	2020	2021	2020	2021	2020	
Associates							
Refshaleøen Holding A/S, København ³⁾	39.0	39.0	0	0	0	1,779	920
Interessentskabet af 23, december 1991, Danmark	42.5	42.5	69	10	1,240	1,172	506
K/S Kristensen Partners I , Danmark ³⁾	36.3	36.3	-5	-2	242	300	88
Kristensen Partners I ApS, Danmark ³⁾	36.3	36.3	0	0	0	0	0
Britannia Invest A/S, Danmark ³⁾	21.9	21.9	0	81	0	1,692	423
DEAS Invest I Holding A/S, Danmark ³⁾	33.3	33.3	125	18	1,034	871	345
Komplementarselskabet Industri Udvikling II A/S, Danmark ³⁾	20.0	20.0	-	-	0	0	0
Panda Power Annex, USA ³⁾	39.6	39.6	-2	0	1	0	0
PMM Global III, Danmark ³⁾	20.5	20.5	881	-49	23	974	179
OPP Vejle P/S, Danmark	33.3	33.3	23	23	115	92	38
Komplementarselskabet OPP Vejle ApS, Danmark	33.3	33.3	0	0	0	0	0
OPP Retten i Svendborg P/S, Danmark	33.3	33.3	4	4	25	21	8
Komplementarselskabet OPP Retten i Svendborg ApS, Danmark	33.3	33.3	0	0	0	0	0
OPP Slagelse Sygehus P/S, Danmark	25.0	25.0	16	17	80	63	20
Komplementarselskabet Slagelse Sygehus ApS, Danmark ³⁾	25.0	25.0	0	0	0	0	0
OPP HoldCo ApS, Danmark ³⁾	50.0	50.0	2	0	21	0	9
HoldCo P/S, Danmark	47.6	47.6	0	0	0	0	359
Forenede Gruppeliv adm, selskab, A Aktier	20.0	20.0	2	0	8	0	2
Greystar UK Multifamily Unit Trust, England ³⁾	45.0	45.0	0	-13	0	155	103
NRGI Renewables A/S, Danmark ³⁾	39.2	0.0	0	0	0	0	484
Renewables Energy Partnership I K/S, Danmark ³⁾	29.3	0.0	0	0	0	0	14
Renewables Energy Partnership ICIV K/S, Danmark ³⁾	21.3	0.0	0	0	0	0	0
Total associates							3,500
Included in the item Investments in group enterprises							1,171
Included in the item Investment assets related to unit-linked contracts. See Note 13.							2,329

1) Included group enterprises

2) Group enterprises that are wholly-owned limited partnerships will not publish independent annual reports, in accordance with the Danish Financial Statements Act.

3) Profit/loss recognised based on reporting received.

A list of Sampension's total equity portfolio is available on the company's website at sampension.dk/om-sampension/finansiel-information/aktiver

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Sampension Livsforsikring A/S for the financial year 1 January – 31 December 2021.

The Annual Report has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and the parent company's operations for the financial year ended 31 December 2021.

In our opinion, the Management's review includes a fair review of developments in the Group's and the parent company's activities and financial position together with a description of the principal risks and uncertainties that they face.

We recommend the Annual Report for adoption at the annual general meeting.

Hellerup, 1 March 2022

Direktionen

Hasse Jørgensen
Chief Executive Officer

Mads Smith Hansen
Chief Operating Officer

/ Pernille Henriette Vastrup
Chief Financial Officer

Bestyrelsen

Jørn Pedersen
(Chairman)

Kim Simonsen
(Deputy Chairman)

Anne Mette Barfod

Rita Bundgaard

Martin Damm

René Nielsen

Torben Henning Nielsen

Lene Roed Poulsen

Hans Christen Østerby

John Helle (ME)

Morten Lundsgaard (ME)

Majbritt Pedersen (ME)

Annett Schultz (ME)

Søren Sperling (ME)

(ME): Employee representative

Internal auditor's report

Opinion

In our opinion, the consolidated and parent company financial statements of Sampension Livsforsikring A/S give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and the parent company's operations for the financial year ended 31 December 2021 in accordance with the Danish Financial Business Act in respect of the consolidated and the parent company financial statements.

Our opinion is consistent with our long-form audit report to the Audit and Risk Management Committee and the Board of Directors.

Basis of opinion

We have audited the consolidated and parent company financial statements of Sampension Livsforsikring A/S for the financial year ended 31 December 2021. The consolidated and parent company financial statements are prepared in accordance with the Danish Financial Business Act.

We conducted our audit on the basis of the Executive Order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with international standards on auditing with respect to the planning and performance of the audit procedures.

We planned and performed the audit so as to obtain reasonable assurance that the consolidated financial statements and the parent company financial statements are free from material misstatement. We participated in the audit of all critical audit areas.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We have not identified any material misstatement of the Management's review.

Hellerup, 1 March 2021

Gert Stubkjær
Group Chief Auditor

Independent Auditor's Report

To the Shareholders of Sampension Livsforsikring A/S

Opinion

In our opinion, the Group Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit and Risk Committee and the Board of Directors.

What we have audited

The Group Financial Statements and the Parent Company Financial Statements of Sampension Livsforsikring A/S for the financial year 1 January – 31 December 2021 comprise income statement and statement of other comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including accounting policies, for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Sampension Livsforsikring A/S on 30 May 2000 for the financial year 2000. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 22 years including the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters matters	How our audit addressed the key audit matter
<p>Measurement of provisions for insurance and investment contracts</p> <p>The Group's provisions for insurance and investment contracts total DKK 238,119 million, which constitutes 73 percent of the Group's balance sheet total.</p> <p>The provisions primarily consist of provisions for average-rate products and unit-linked contracts.</p> <p>The provisions are based on actuarial principles and involves significant accounting estimates, which are linked to the actuarial assumptions concerning the timing and amounts of future payments to the policyholders.</p> <p>Significant actuarial assumptions include yield curve used for discounting, life span, mortality, disability, probability of repurchase and paid-up policies as well as costs. We focused on the measurement of provisions for insurance and investment contracts, because accounting estimates are complex by nature and influenced by subjectivity and thus associated with a high degree of discretionary uncertainty.</p> <p>Reference is made to the mention of "Accounting estimates" in note 1 and note 15, "Provisions for average-rate products", and note 16, "Provisions for unit-linked contracts", to the Group Financial Statements and the Parent Company Financial Statements.</p>	<p>We performed risk assessment procedures in order to gain an understanding of IT systems, business procedures and relevant internal controls regarding the calculation of provisions for insurance and investment contracts. For the controls, we assessed whether they were designed and implemented to effectively address the risk of material misstatement. For selected controls that we planned to base the audit on, we tested whether they were performed on a consistent basis.</p> <p>We used our own actuaries to assess the actuarial methods and models used by the Group, as well as the assumptions used and calculations made.</p> <p>We assessed and challenged the methods used, models and significant assumptions in the form of yield curves used for discounting, life span, mortality, disability, probability of repurchase and free policy probability and costs based on our industry knowledge to assess whether these are in accordance with regulatory and accounting requirements. This included an assessment of the continuity of the basis for the calculation of provisions.</p> <p>We tested the calculation of the calculated life insurance provisions on a sample basis.</p> <p>We assessed whether the information regarding the provisions was appropriate.</p>
<p>Measurement of unlisted investment assets</p> <p>Unlisted investment assets comprise investments in equity funds, infrastructure funds, unlisted shares, investment properties and corporate bonds, etc and are included in the financial line items:</p> <ul style="list-style-type: none"> • Investment property and other tangible investment assets • Investments • Bonds • Investment assets related to unit-linked contracts <p>Unlisted investment assets are measured at an estimated fair value. The fair value accounting estimate is based on valuation models, data and significant assumptions that are not directly observable to third parties. Changes in the significant assumptions that are included in the accounting estimate can have a significant impact on the financial statements.</p> <p>We focused on the measurement of unlisted investments because the accounting estimates are complex in nature and influenced by subjectivity and thus associated with a high degree of estimation uncertainty.</p> <p>We refer to the mention of "accounting estimates" in note 1 and note 23, "Financial instruments recognised at fair value", to the Group Financial Statements and the Parent Company Financial Statements.</p>	<p>We performed risk assessment procedures in order to gain an understanding of IT systems, business procedures and relevant internal controls for measuring unlisted investments.</p> <p>For the controls, we assessed whether they were designed and implemented to effectively address the risk of material misstatement. For selected controls that we planned to base the audit on, we tested whether they were performed on a consistent basis.</p> <p>We assessed and tested the valuation models used by Management.</p> <p>We tested on a sample basis the consistency between the assumptions used, data and the calculation of fair values.</p> <p>We tested on a sample basis the applied fair values against relevant reporting from external fund managers.</p> <p>We challenged the accounting estimates forming the basis of the calculation of the fair values based on our knowledge of the portfolio and the market development.</p> <p>We assessed whether the information on the unlisted investments was appropriate.</p>

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Group Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Group financial statements and Parent Company financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

-
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
 - We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 - We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 1 March 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Per Rolf Larssen
State Authorised Public Accountant
mne24822

Definitions of financial ratios

Danish FSA financial ratios

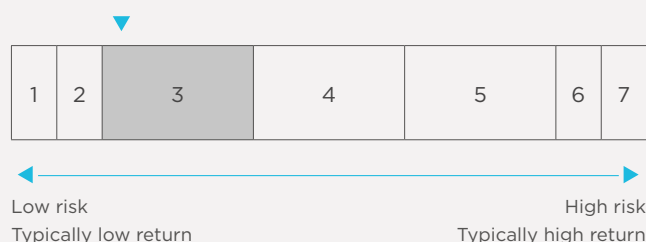
Financial ratios have been calculated in accordance with the Danish FSA's Executive Order on financial reporting for insurance companies and multi-employer occupational pension funds.

Rate of return	=	$\frac{\text{Investment return on average rate and unit-linked products} \times 100}{\text{Pension provisions at beginning of year} + \text{weighted average contributions and benefits paid in respect of average-rate and market-rate products}}$ <p>The financial ratio is calculated on a money-weighted basis. The target return can be divided into two categories: a money-weighted and a time-weighted return:</p> <p>The money-weighted return reflects the actual return – or the relative value appreciation – achieved for the portfolio during the reporting period including returns on net contributions for the period. In other words, the money-weighted return expresses the actual return for the period.</p> <p>The time-weighted return reflects the return that would have been achieved if no payments had been made to or from the portfolio during the period. The time-weighted return expresses performance and can be used to measure against a benchmark or returns achieved by other investors within the same asset class.</p>
Risk on return related to unit-linked products	=	<p>Calculated as the standard deviation (SD) of the monthly return related to market-rate products over the past 36 months using the following scale of 1 to -7:</p>

Riskclass	%	
	SD≥	SD<
1.00	0.00	0.50
2.00	0.50	2.00
3.25	2.00	3.00
3.50	3.00	4.00
3.75	4.00	5.00
4.25	5.00	6.70
4.50	6.70	8.34
4.75	8.34	10.00
5.25	10.00	11.67
5.50	11.67	13.33
5.75	13.33	15.00
6.00	15.00	25.00
7.00	25.00	

Note that the standard deviation is measured as an average across risk profiles and generation pools. The standard deviation is converted into a risk category using the following scale:

Return/Risk profile



Expenses as a percentage of provisions	=	$\frac{\text{Operating expenses re. insurance activities for the year} \times 100}{\text{Pension provisions at beginning of year} + \text{weighted average contributions and benefits paid in respect of average-rate and market-rate products}}$
Expenses per policyholder (DKK)	=	$\frac{\text{Operating expenses re. insurance activities for the year}}{\text{Average number of policyholders related to direct insurance} + \text{average number of policyholders with group life contracts} \times 0.1}$
Return on equity after tax	=	$\frac{\text{Profit after tax} \times 100}{\text{Weighted average equity}}$
Return on surplus capital, allocated same rate as equity	=	$\frac{\text{Return on surplus capital before tax} \times 100}{\text{Weighted average surplus capital}}$
Solvency coverage ratio	=	$\frac{\text{Solvency capital requirement} \times 100}{\text{Total capital at year end}}$

Supplementary financial ratios

The rates of return of each individual interest rate group are calculated using the above formula.

Bonus rate (%)	=	$\frac{\text{Individual and collective bonus potentials of the interest rate group at year end} \times 100}{\text{Total custody accounts for interest rate group at year end}}$
Return on customer funds after deduction of expenses and before tax, per product type	=	$\frac{(\text{Weighted average provisions} + \text{Weighted average surplus capital} + \text{tax on pension returns}) \times 100}{\text{Technical provisions at beginning of year plus surplus capital at beginning of year} + \text{weighted average cash flows}}$ <p>The financial ratio expresses policyholders' total return less expenses and risk premium</p>

