



**The ATP Group
Interim report 2021**

ATP in brief

ATP LIVSLANG PENSION (LIFELONG PENSION)



The ATP pension is a **lifelong, guaranteed benefit** which is paid for the entire pension period

17.9%

returns for H1 compared to the bonus potential 22.6% annual average in the last five years

DKK 172bn

the largest **reserves** ever
- excess cover of 22 per cent



In May, the Danish Parliament adopted an **amendment to the ATP Act** which is critical in order to create **a more sustainable business model**

Expense ratio

0.29%



With a focus on sustainability, ATP has launched **ATP Langsigtet Dansk Capital (ATP Long-term Danish Capital)**, invested in **electric batteries, the treatment of heart patients** and established a partnership that will bid on the coming **energy island**

BUSINESS PROCESSING, EXTERNAL PARTIES – PAYMENT OF WELFARE BENEFITS

Ensures **uniform case handling**, correct and timely payments, and **cost-effective** administration within **specified risk tolerances**

There has been **paid out**

DKK 150bn

in the period

The first step towards a new **IT support system** has been taken for Labour Market Insurance which is to ensure efficient case processing



ATP solves critical societal COVID-19 tasks

ATP recruited a total of

700 employees

in record time to staff a new infection tracking unit in a virtual call centre



Senior pension

was launched on 1 January 2021

Early pension

has been made ready to process cases from August

Group financial highlights

DKKbn

	H1 2021	H1 2020	FY 2020
Investments			
Investment return	26,891	(11,578)	29,901
Expenses	(443)	(439)	(886)
Tax on pension savings returns and income tax	(4,097)	1,876	(4,378)
Investment activity results	22,350	(10,141)	24,637
Hedging activities			
Change in guaranteed pensions due to discount rate and maturity reduction	54,106	(46,106)	(56,807)
Return in hedging portfolio	(63,801)	54,149	66,484
Tax on pension savings returns	9,762	(8,285)	(10,172)
Result of hedging of guaranteed pensions	67	(242)	(495)
Change in guaranteed pensions due to yield curve break	(2,820)	(3,237)	(6,523)
Hedging activity results	(2,754)	(3,479)	(7,018)
Results from Investment and Hedging	19,597	(13,620)	17,619
Pension			
Contributions	5,696	5,215	10,744
Pension benefits	(8,643)	(8,605)	(17,180)
Changes to guaranteed pensions resulting from contributions and payments	4,259	4,350	8,239
Administration activity expenses	(106)	(107)	(210)
Other items	3	3	6
Pension activity results before life expectancy update	1,209	856	1,599
Business processing, external parties			
Income	1,310	1,136	2,297
Expenses	(1,261)	(1,111)	(2,297)
Corporate income tax	0	0	0
Business processing, external parties result	49	25	(1)
Results before bonus allowances and life expectancy update	20,855	(12,739)	19,217
Life expectancy update	4,796	1,130	1,130
Bonus addition for the period	-	-	-
The result for the period	25,651	(11,609)	20,347
Guaranteed pensions	753,248	803,490	813,589
Bonus potential	171,717	114,446	146,221
Net assets	924,966	917,936	959,810

In Q2, ATP achieved the best quarterly return ever

27.6
DKKbn.

The bonus potential of DKK 172bn represents an excess cover relative to the guaranteed pensions of

22.8
per cent

Ratios

DKKbn

	H1 2021	H1 2020	FY 2020
Bonus rate	22.8	14.2	18.0
Expense ratios in per cent			
Administration activity expenses relative to net assets	0.01	0.01	0.02
Total investment expenses ex performance fees relative to net assets	0.08	0.08	0.16
Performance fees relative to net assets	0.20	0.00	0.12
Total expenses relative to assets (APR)	0.29	0.09	0.30

Return ratios

	H1 2021	1-year	3-year	5-year
Return on investment before tax relative to Bonus potential, per cent ¹	17.9	61.4	24.3	22.6
Risk-adjusted return	1.1	1.6	0.8	0.8
Danish FSA ratios (N1), in per cent	(3.9)	1.7	7.6	4.4
Value growth for members, in per cent ²	4.4	11.4	5.9	5.7

¹ Return on investment is calculated as a daily time weighted return on the bonus potential.

² Please refer to description of ATP's value creation key figures in specification 2 on page 39.



= Report

- Highlights of the year
 - Result and net assets, highlights
 - Investment and hedging
 - Pension
 - Low expenses
 - Business processing, external parties
 - Responsibility
 - Events after the reporting date
 - Outlook for 2021 and onwards
-

Report

Highlights of the year

As the common pension fund of all of Denmark and due to managing one of Europe's largest pension funds and administrating a large part of the public benefits in Denmark, ATP has a major responsibility. ATP provides basic financial security and considers sustainability a critical factor in its decision-making processes. Sustainability is the precondition for us contributing to ensuring a simple and efficient welfare state that is trusted by the world around us and it is also what makes us an attractive investor both now and in the long run.

Political support for a new ATP Act

In May, the Danish Parliament adopted an **amendment to the ATP Act after ATP's Supervisory Board suggested a change to ATP's business model**. No political parties voted against the amended act. The amendment gives ATP more freedom to invest with a more long-term view and with expected higher returns to our more than 5.3 million members. In a low-interest rate environment, the amendment is critical in order to create a more sustainable business model that improves ATP's ability to live up to its ambition of having the members' pensions track inflation and not lose value. The new business model is expected to be implemented between now and 2023.

ATP as a responsible investor

Sustainability is a core issue for ATP as an investor. We want to use responsible investments and good, stable returns to contribute to Danes' basic financial security as pensioners and promote the green transition. We see ourselves as an active part of the 'financial food chain' in Denmark, and we are constantly working to secure capital, growth and jobs for all stages of the Danish business community, from the early start-up phases to the major listed companies.

In the spring of 2021, ATP launched a new investment mandate: **ATP Langsigtet Dansk Kapital (ATP Long-term Danish Capital)**. There will be allocated DKK 6bn to this over a 3-year period targeted at companies in sectors such as IT, medtech, pharma and renewable energy for situations where ATP can step in as a long-term minority shareholder owning 20-49 per cent of the companies. The investments are to contribute to scaling

up and transforming established companies, ensure and/or improve Danish companies' strengths and potentially create the winning companies of the future which will create Danish jobs and create economic growth.

An important aspect of supporting the Danish business community is providing companies with the capital they need. In H1 2021, ATP has contributed to the listing of the Danish hydrogen company **Green Hydrogen Systems** and has raised significant capital for **Medtrace**, a Danish company specialising in treating heart disease patients.

The largest direct investment we have made this year was in **Northvolt**, a leading Swedish producer of sustainable electric batteries for the European car industry. The ambition is to use hydropower for the very energy-intensive production processes and to make the world's most sustainable car batteries. With its latest investment, ATP has now invested DKK 1.5bn in this green battery producer. We believe that the auto industry is facing a massive global transformation as it will move away from diesel and petrol engines. Northvolt considers sustainability issues throughout its entire value chain, and this is a good fit with ATP's ambition of contributing to the green transition and at the same time generate good returns.

The desire to contribute to the green transition and take responsibility for a sustainable Denmark is also the driving factor behind the decision to create a partnership with the energy company, Ørsted, which is to result in a common bid in the coming auction for the future **energy island in the North Sea**. The establishment of the energy island in the North Sea will be a cornerstone in the utilisation of the Danish offshore wind resources, which will make a significant contribution to both Denmark's and Europe's green transition, secure competitive advantages and presumably create thousands of jobs in Denmark.

The first half of the year has been impacted by the COVID-19 pandemic

In a short time, we have once again solved a number of critical societal tasks aimed at creating a safety net under the Danish economy, including for **contact tracing**, as during a societal crisis, ATP was asked to assist the Danish Patient Safety Association with coronavirus contact tracing. In just under three weeks, we recruited 700 staff

and set up and powered a virtual call centre using home offices across the country. The new staff were to make calls in a coordinated fashion and guide residents of Denmark in what practical steps to take if they were either infected with COVID-19 or were "close contacts" to those infected. The task, which ended on 15 June, was extended twice due to the infection numbers.

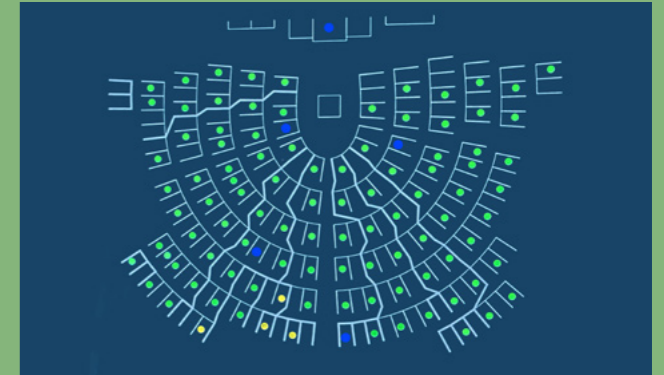
Another major task managed by ATP was the **payment of frozen holiday pay** which we completed in April 2021. The holiday pay was released as part of a political initiative to support private consumption and the Danish business community during the COVID-19 pandemic. 2.3 million residents of Denmark used ATP's very swiftly developed solution and received holiday pay amounting to around DKK 88bn before the deadline for applying expired at the end of April 2021.

Who is entitled to an early pension?

On 1 January 2021, the new rules concerning who is entitled to an **early pension** came into effect. The so-called "Arne pension" (a man named Arne was using during the last Danish election by the social democrats as an example of a blue-collar worker who deserved to retire early) is aimed at those who started working while very young. ATP and Udbetaling Danmark - Public Benefits Administration will be administering the new scheme and make decisions about applications for early pension payments, and during the first half of the year the digital infrastructure has set up and is ready to be used once people can apply for an early pension from 1 August 2021.

Labour Market Insurance gets a new IT system

The Labour Market Insurance scheme, which is administered by ATP, has put into operation the first part of a new IT system called **ANS** which is used to process some of the occupational injury claims. This is an important step towards future-proofing the necessary IT support when working with the processing of more than 50,000 claims each year involving Danes who have an occupational injury or disease due to the work. Since the Labour Market Insurance scheme was set up in 2016, a new and modern IT system has been a critical factor in allowing Labour Market Insurance to ensure a more cohesive process for those who are injured, companies and professional parties.



In May, the Danish Parliament adopted an amendment to the ATP Act - with no one voting against it.



In the spring of 2021, ATP launched a new investment mandate: ATP Langsigtet Dansk Kapital (ATP Long-term Danish Capital).



The largest investment we have made this year was in Northvolt which is a leading Swedish producer of electric batteries for cars.



In February, we recruited 700 new staff in record time and trained them to work with contact tracing for COVID-19 infections while working from home.

Result and net assets, highlights

In H1 2021, the ATP Group generated a positive result of DKK 25.7bn. The result was mainly driven by very nice returns in the investment portfolio, particularly in Q2, which amounted to the highest returns ever.

ATP's pension product is a guaranteed product that ensures its members basic financial security. The hedging of the guarantees for the period has ensured that ATP can keep its promises to its members. The figure below illustrates how the hedging has historically ensured that the guarantees given to members remain intact, regardless of developments on the financial markets.

In H1, the investment portfolio generated returns (before expenses and tax) of DKK 26.9bn, and after expenses this is equivalent to 17.9 per cent of the bonus potential. When considering H1 as a whole, the largest positive contributions were from returns from equity investments, both Danish and international and listed and unlisted, plus from inflation-related instruments. The investments in government and mortgage bonds generated the highest negative returns.

Since 2010, ATP has generated returns of DKK 196bn, cf. the figure below. The majority of the returns have varied from quarter to quarter, but as a long-term investor, ATP is not focused on individual quarterly results.

Pensions also generated a positive result. The lifetime expectancy increases in 2020 were less than expected, so ATP has adjusted its long-term forecasts for life expectancy. The adjustment means that DKK 4.8bn will be returned from the guaranteed benefits to the bonus potential. Today, a 66-year-old member is expected to reach the age of 87 on average.

ATP's reserves - the bonus potential - at the start of H1 2021 amounted to a whole DKK 171.7bn, the highest ever, and the guaranteed pensions amounted to DKK 753.2bn. The net assets were therefore at DKK 925.0bn, and the bonus rate ended up being 22.8 per cent.

Investment and hedging

The objective of the investment portfolio is to generate a return that will allow, in part, the building of reserves for, e.g., financing increased life expectancy, so that ATP secures pensions for a whole lifetime and to increase the guaranteed pensions, thereby safeguarding the real value for pensioners. The objective of the hedging portfolio is to safeguard guaranteed returns and thus ensure ATP's ability to always deliver on the guarantees issued to members.

Investments

The primary aim for the management of ATP investments is the investment risk, which, first and foremost, includes market risk. At ATP, the investment portfolio market risk is calibrated such that the expected long-term returns are sufficient to real value secure the guaranteed pensions via bonus accrual at the same time as ATP's risks are at all times contained within the risk profile determined by ATP's Supervisory Board. A central element of the ATP investment strategy is that the investment portfolio market risk is adjusted on an ongoing basis in line with the size of the bonus potential, such that ATP's risks are always contained within the risk appetite. In H1, the investment portfolio's market risk was adjusted on an ongoing basis, and throughout the period, ATP's risks have been within the risk limits while also maintaining enough reserves to take controlled market risks.

To maintain a robust investment portfolio with a stable return and the greatest possible independence from cyclical variations, the investment portfolio is managed on the basis of risk diversification. ATP allocates the risk associated with each investment on the basis of different risk factors, depending on the types of risk to which the investment is exposed, and the investments are composed to achieve the desired level of risk diversification.

Investment activity results

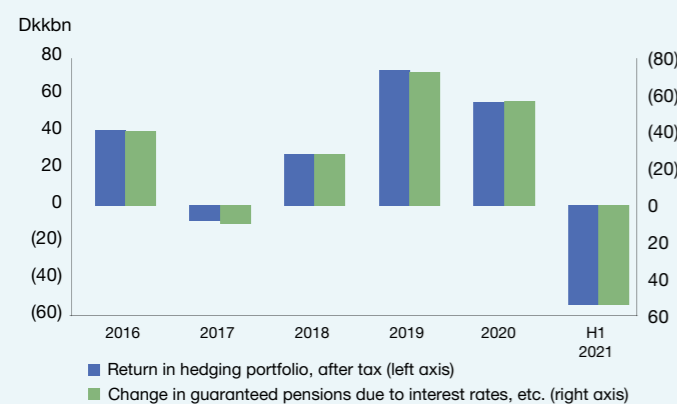
In H1, the investment portfolio generated a very decent return before tax and expenses of DKK 26.9bn, equivalent to a rate of return of 17.9 per cent relative to the bonus potential. In H1, ATP's investment activity result after expenses and tax totalled DKK 22.4bn.

This large positive result should be seen in the light of the continuing gradual reopening of the global economy due to the vaccine rollout programme and the support from significant monetary and fiscal initiatives. Considering H1 as a whole, the largest positive contributions were from the returns of the equity investments. Investments in inflation-related instruments also contributed with positive returns that almost cancelled out the negative returns from government and mortgage bonds.

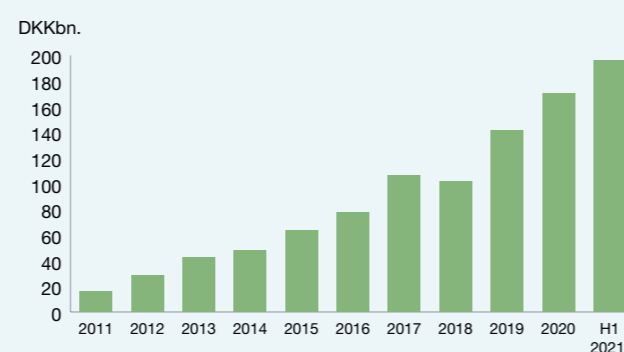
Listed international equities produced a return of DKK 11.7bn. Listed American equities produced the largest positive contribution, but listed equities in other economies also realised positive contributions.

Listed Danish equities produced a return of DKK 5.2bn, and it was particularly the equity investments in A.P. Møller Mærsk A/S and DSV A/S that contributed positively to the returns - conversely, the equity investments in Ørsted A/S and Vestas Wind Systems A/S generated a negative contribution.

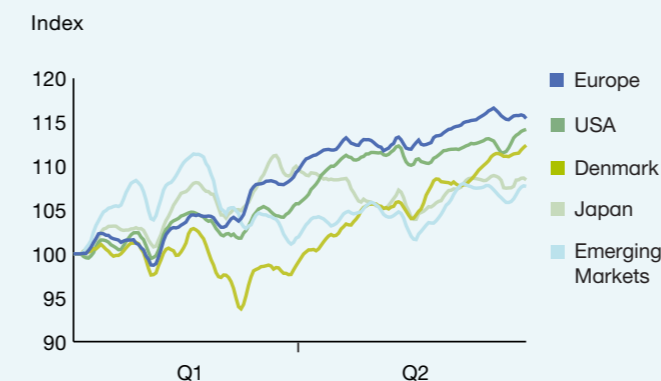
Hedging protects guaranteed pensions, 2016-H1 2021



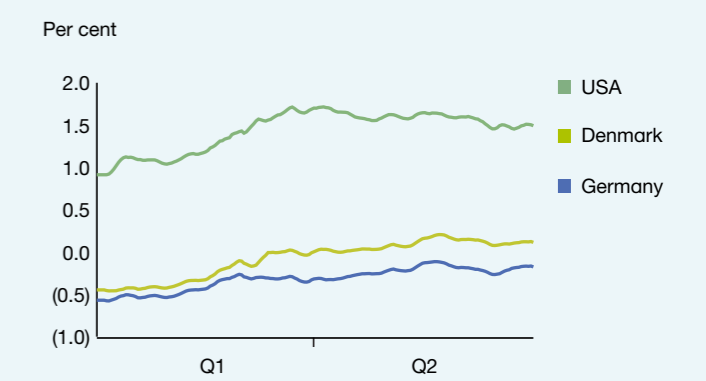
Historical accumulated returns on the investment portfolio before tax - 2011-H1 2021



Equity price developments



Yield development for 10-year government bonds



The *private equities* portfolio includes ATP Private Equity Partners, which primarily invests in international capital funds, and of other private equity investments. The total portfolio of private equity investments generated returns of DKK 9.4bn, widely spread throughout the portfolio. In particular, however, ATP’s investment in the Swedish electric car battery producer, Northvolt, contributed with high returns, among other things due to good progress being made on the construction of the company’s factory in Sweden and due to new agreements being signed with major auto companies.

Inflation-related instruments, consisting of commodities-related financial contracts, index-linked bonds and inflation swaps generated a total return of DKK 11.2bn. Investments in commodity-related financial contracts generated returns of DKK 6.2bn, mainly due to rising commodity prices in H1. Inflation swaps generated returns of DKK 5.0 billion, due to higher expectations for inflation.

Investments in *credit* generated a return of DKK 1.7bn. These investments consist partly of bonds issued by companies with low credit ratings or developing nations and partly of financial derivatives, and these generated a return of DKK 0.8bn. Also included are loans to credit institutions and funds that invest, among other things, in bank loans and corporate loans, which generated a return of DKK 1.0bn.

Real estate investments generated a return of DKK 1.1bn. These investments are made through direct ownership of real estate, via joint ventures, or indirectly through investments in unlisted real estate funds. Direct as well as indirect investments are made both in Denmark and abroad.

The portfolio of *infrastructure* investments generated returns of DKK 0.6bn. ATP’s investment in the British company, ESP, which supplies gas and electricity distribution in the United Kingdom generated the highest positive returns in the portfolio. The infrastructure investments portfolio also includes investments in forestry in North America and Australia as well as sustainable energy investments.

Government and mortgage bonds generated negative returns of DKK (14.4)bn, mainly due to the negative contribution of United States and European bonds as a result of increasing interest rates in the United States and Europe.

Other items generated returns of DKK 0.3bn. This portfolio mainly consists of externally managed portfolios. The portfolio also includes interest payments to the hedging portfolio.

Hedging of guarantees

ATP Livslang Pension (Lifelong Pension) is a guaranteed product, and the hedging is intended to ensure that ATP is always capable of meeting its guarantees. Hedging is undertaken to ensure that the market value of the hedging

portfolio after tax can be expected to fluctuate in line with the guaranteed pensions when interest rates change.

The hedging portfolio consists of bonds and interest rate swaps to hedge the interest rate risk on guaranteed benefits up to 40 years, and an internal loan to the investment portfolio equivalent to the value of the guaranteed benefits over 40 years. For this loan, the hedging portfolio receives interest of 3 per cent which is also the fixed rate of interest used for discounting pension liabilities beyond 40 years.

Hedging portfolio interest rate swaps do not tie up liquidity to the same extent that bonds do. Funds not tied up in the hedging portfolio can be allocated to loans for investing in the investment portfolio. A market rate is paid to the hedging portfolio on the funds borrowed by the investment portfolio.

Hedging is planned to ensure that the market value of the hedging portfolio after tax is expected to fluctuate in line with the guaranteed pensions when interest rates change.

Hedging activity results

Changes to the calculation rate of interest, yield curve break, and maturity reduction reduced the guaranteed benefits, generating a result of DKK 51.3bn, while the hedging portfolio decreased in value and generated a negative return after tax of (DKK 54.0)bn. These movements were primarily due to the rise in interest rates.

Hedging generated total returns of DKK (2.8)bn, equivalent to (0.4) per cent of the guaranteed benefits. The loss was primarily due to the break in the yield curve at 40 years, as the market rate has been significantly below 3 per cent. The yield curve break at 40 years means that the guarantees that during the year were valued at a fixed rate of 3 per cent and then valued at market rates will impact the hedging with a profit or loss depending on whether the market rate is above or below 3 per cent. In 2021, the market-based part of the yield curve was significantly below 3 per cent.

The loss means that funds are transferred from the bonus potential to the guaranteed pensions, but this does not affect ATP’s aggregate assets.

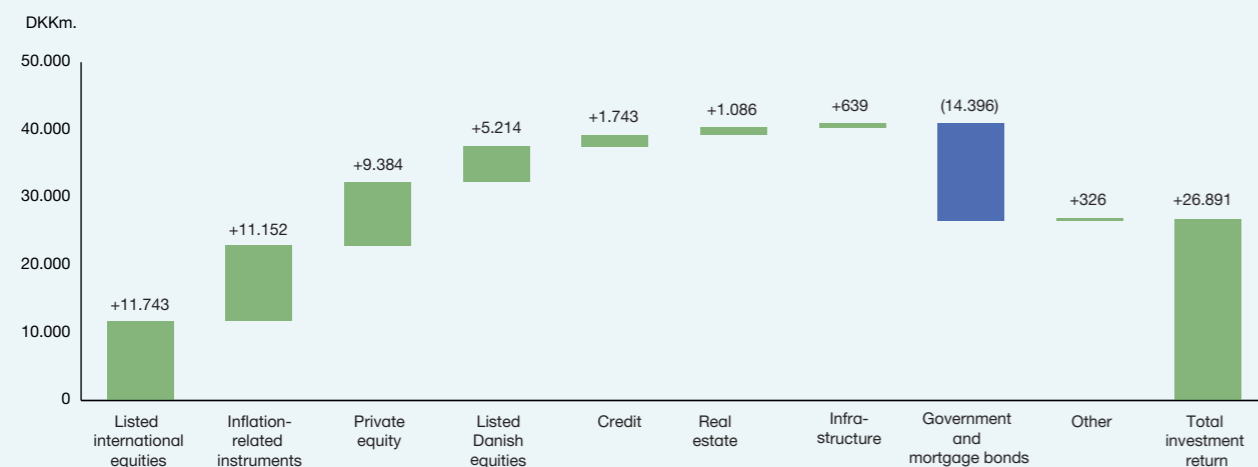
Pension

ATP’s members accrue guaranteed lifelong pension rights by contributing to the scheme. There is a clear link between the individual contributions paid and the pension rights accrued by the individual member.

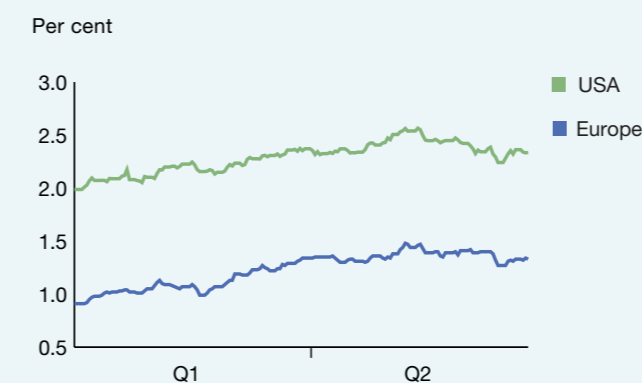
Pension activity result

Pension activity result before the life expectancy update realised a profit of DKK 1.2bn in H1, driven primarily by the share of contribution payments transferred to the bonus potential.

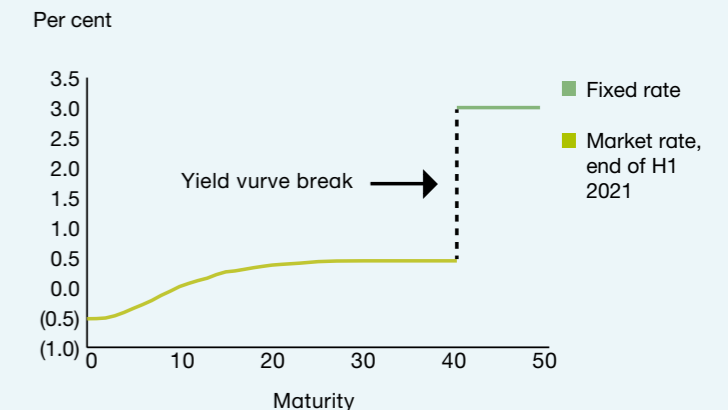
Composition of investment returns in H1 2021



Expected inflation



ATP’s yield curve, end of H1 2021



In H1, contribution payments totalled DKK 5.7bn. Contribution payments are divided into guarantee contributions and bonus contributions. The guarantee contribution, accounting for 80 per cent, is earmarked for the acquisition of a pension. The bonus contribution, accounting for 20 per cent, is allocated to the bonus potential to be used for potential future increases and extensions of pensions.

At the end of H1 2021, 1,036,000 pensioners were receiving ATP Livslang Pension (Lifelong Pension), and pension payouts totalled DKK 8.6bn. Payments are at the same level as during this period last year.

The contribution payments for the period increase ATP's guaranteed pensions, while pension payouts reduce the guaranteed pensions. This is reflected in the item Change in guaranteed pensions due to contributions and pension benefits in ATP, which totalled DKK 4.3bn.

This year's life expectancy update resulted in a transfer from the guaranteed pensions to the bonus potential of DKK 4.8bn, equivalent to 0.6 per cent of the value of the guaranteed pensions. The transfer is an expression of an adjustment of life expectancy changes due to updated data.

Continued reassuring measurement of pension liabilities

ATP's yield curve consists of both a market-based segment and a fixed-rate segment. A characteristic of the market-based segment is that it can be hedged. The ATP yield curve for valuing pension liabilities results in higher guaranteed pensions than the yield curve published by European Insurance and Occupational Pensions Authority (EIOPA). Had ATP used the EIOPA's yield curve, the guaranteed pensions at the end of H1 would have been DKK 63.5bn lower than the current level of DKK 753.2bn. The bonus potential would have been correspondingly higher.

ATP's life expectancy model projects higher increases in life expectancy than those envisaged by the Danish Financial Supervisory Authority's (FSA) model¹. The Financial Supervisory Authority's life expectancy model is different from ATP's, among other things, because the Financial Supervisory Authority's model consists of people who are covered by insurance. Had ATP used the Financial Supervisory Authority's life expectancy model, the guaranteed pensions at the end of H1 would have been DKK 9.1bn lower than the current level. The bonus potential would have been correspondingly higher.

¹ See specification 1 on page 38 for a comparison with the Danish Financial Supervisory Authority model.

Overall, the guaranteed pensions would have been DKK 72.1bn lower and the bonus potential would have been correspondingly higher if the Financial Supervisory Authority's life expectancy model and EIOPA'S yield curve were both used.

Low expenses

In order to create a sustainable balance between quality, risk and expenses, ATP works with a balanced approach to cost efficiency. The level of expenses directly affects future pensions. Even small differences can over the course of a long savings process grow to result in significant differences. In H1 2021, ATP's administration activity expenses totalled DKK 106 million, equivalent to 0.01 per cent of aggregate assets, or DKK 20 per member. This is in the same range as last year.

ATP's total investment expenses amounted to DKK 2,561 million, the equivalent of 0.28 per cent of the aggregate assets that ATP managed in H1 2021, or DKK 698 per member. This is a significant increase compared to the same period of last year, and is mainly due to the high returns on investments that also have relatively high performance fees.

Business processing, external parties

Business processing results were DKK 49 million.

In addition to the administration of ATP Livslang Pension (Lifelong Pension), the ATP Group performs administration tasks on behalf of the social partners, the Danish government and local authorities. These tasks are assigned to ATP on a cost-recovery basis – i.e. without profit to ATP and without any risk of expense. In H1, there were expenses of DKK 1.3bn for business processing, external parties and this is offset by equivalent revenues. Business processing, external parties is subject to ambitious requirements for streamlining, as agreed with managers and boards of directors.

The development activities have been strong in H1, as ATP has solved large complex tasks such as contact tracing, the payment of frozen holiday pay and preparing to administer early pension, etc.

Responsibility

In H1 2021, ATP has continued developing the ESG work in a number of areas.

During H1, ATP has increased its holdings of green bonds and at the end of H1 they amounted to DKK 36bn. ATP continues working with setting high requirements for the issuers of green bonds, including monitoring the work involved with creating international standards.

There has previously been worked with involving new themes in the ESG area, and in H1 ATP worked with product safety, biodiversity and business ethics. In addition, ATP has also worked with human capital.

The dialogue with Danish companies continues. For the large Danish companies, the dialogue is based on benchmarking with global companies, while for the smaller companies, the dialogue is more about professional sparring about the challenges and solutions involved in using ESG in the companies' operations. In our international portfolio, ATP has strengthened its work with voting intentions and has increased its expectations for how companies work with ESG issues.

In addition, ATP has remained focused on strengthening the use of data in the work with ESG, in particular by focusing on improving the quality of data for unlisted investments that are not comparable to listed investments.

Significant risks and uncertainty factors

The most significant risks for ATP are related to investments, pensions, the regulatory framework and operational

ATP is once again able to keep its administration activity expenses low, as ATP Livslang Pension (Lifelong Pension) is a collective scheme and a relatively simple product.



risks. There are no significant changes to risks relative to those described on page 50 of ATP's annual report.

Events after the reporting date

From the balance-sheet date until the date of the presentation of this interim report, no events have occurred that would materially affect the assessment of the report.

Outlook for 2021 and onwards

Performance target

ATP's investment strategy is to ensure that ATP generates the best possible returns, while always being able to meet the guarantees issued to members.

Based on this ambition, the Supervisory Board has also for 2021 maintained the long-term result target for Investment and Hedging Activities after tax. This is an absolute return objective, which does not necessarily have to be achieved every year, which in isolation is set for 2021 at DKK 14.6bn after expenses and tax. Just for H1 alone, the results of

investments and hedging amounted to DKK 19.6bn, and thus the objective for the year has already been reached.

In the remaining part of the year, it is expected that the financial markets will continue to be impacted by uncertainty related to how the corona pandemic develops, and it cannot be expected that the financial markets will continue growing and provide the same high returns seen in H1. ATP maintains its disciplined approach towards risk management, ensuring that there is generated the highest possible returns while also ensuring that ATP is at all times capable of meeting the guarantees to its members.

The objective is based on the principles that members' interests must be a central consideration, that it is the aim to secure the real value of life-long pensions in the long term, and that the objective is an ambitious one. It has also been designed to be realistic given the size of the bonus potential and the risk budget, as well as the long-term risk-adjusted return expectations.

ATP's business model

After the Danish Parliament adopted an amendment to the ATP Act in May, ATP has now have better opportunities to invest with a higher expected return for members. ATP expects to implement the new sustainable business model between now and 2023.

Results of Investment
and Hedging in
H1 2021 amounted to

19.6 DKKbn.

Performance target
for all of 2021

14.6 DKKbn.

Further information

For further information on the interim report for H1, please visit atp.dk:
www.atp.dk/en/results-and-reports/annual-and-interim-reports-atp-group/further-information-half-year-2021

Further information

- Listed Danish equities
- Listed international equities
- Unlisted Danish equities
- Unlisted international equities
- Corporate bonds
- Exposure to equity indices in financial derivatives
- Pension provisions



= Financial statements

→ Statement by the Supervisory and Executive Boards

→ The ATP Group

Income statement

Statement of comprehensive income

Statement of financial position

Cash flow statement

Notes

→ ATP

Income statement and statement of comprehensive income

Statement of financial position

Statement by the Supervisory and Executive Boards

The Supervisory and Executive Boards have today considered and adopted the interim report of the ATP Group for the period 1 January to 30 June 2021. The interim report has not been subject to review or audit.

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the EU and in accordance with additional Danish disclosure requirements as set out in 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme' (Bekendtgørelse om finansielle rapporter for Arbejdsmarkedets Tillægspension – available in Danish only).

The accounting policies applied in this interim report are consistent with those applied in the annual report for 2020. We consider the accounting policies applied to be appropriate and the overall presentation of this interim report to be adequate.

In addition, it is our perception that the management's report provides an accurate account of the development in the Group's and ATP's activities and financial matters and a description of the most significant risks and uncertainty factors that may impact the Group and ATP.

Copenhagen, 30 August 2021

CEO and CFO:

Bo Foged
Chief Executive Officer

Martin Præstegaard
Deputy CEO and CFO

Supervisory Board:

Torben M. Andersen
Chairman of
the Supervisory Board

Jacob Holbraad
Member of
the Supervisory Board

Anne Broeng
Member of
the Supervisory Board

Lizette Risgaard
Member of
the Supervisory Board

Jan Walther Andersen
Member of
the Supervisory Board

Lars Sandahl Sørensen
Member of
the Supervisory Board

Vibeke Krag
Member of
the Supervisory Board

Bente Sorgenfrey
Member of
the Supervisory Board

Kim Simonsen
Member of
the Supervisory Board

Brian Mikkelsen
Member of
the Supervisory Board

Peter Rahbæk Juel
Member of
the Supervisory Board

Vacant
Member of
the Supervisory Board

Lars Qvistgaard
Member of
the Supervisory Board

The ATP Group – Income statement

DKKm	H1 2021	H1 2020	Q2 2021	Q2 2020
Investments				
Returns on investment activities	26,891	(11,578)	27,863	17,401
Investment activity expenses	(443)	(439)	(218)	(212)
Tax on pension savings returns concerning investment activities	(4,080)	1,890	(4,204)	(2,575)
Income tax concerning investment activities	(17)	(14)	(8)	(7)
Investment activity results	22,350	(10,141)	23,431	14,608
Hedging activities				
Returns concerning hedging activities	(63,801)	54,149	(4,109)	18,314
Tax on pension savings returns concerning hedging activities	9,762	(8,285)	629	(2,802)
Change in guaranteed benefits due to change in discount rate and maturity reduction	54,106	(46,105)	3,555	(13,967)
Results of hedging of guaranteed benefits	67	(242)	75	1,545
Change in guaranteed benefits due to yield curve break	(2,820)	(3,237)	(1,253)	(1,655)
Hedging activity results	(2,754)	(3,479)	(1,179)	(111)
Results from Investment and Hedging	19,597	(13,620)	22,253	14,497
Pension				
Contributions	5,696	5,215	2,846	2,692
Pension benefits	(8,643)	(8,605)	(4,272)	(4,272)
Change in guaranteed benefits due to contributions and pension benefits	4,259	4,350	2,039	2,189
Pension activity expenses	(106)	(107)	(53)	(51)
Other items	3	3	1	2
Pension activity results before change in life expectancy	1,209	856	561	560
Change in guaranteed benefits due to life expectancy update	4,796	1,130	4,796	1,130
Pension activity result	6,005	1,987	5,357	1,691
Administration				
Other income	1,310	1,136	636	505
Other expenses	(1,261)	(1,111)	(653)	(537)
Administration activity result	49	25	(17)	(32)
Result before bonus	25,651	(11,609)	27,593	16,156
Bonus addition for the period	-	-	-	-
The result for the period	25,651	(11,609)	27,593	16,156
Minority interests' share of net results for the period	154	(72)	91	(4)
The ATP Group's share of results for the period	25,497	(11,537)	27,502	16,159
Allocated profit	25,651	(11,609)	27,593	16,156

The ATP Group – Statement of comprehensive income

DKKm	H1 2021	H1 2020	Q2 2021	Q2 2020
The result for the period	25,651	(11,609)	27,593	16,156
Other comprehensive income				
Items that may not be reclassified to the result:				
Value adjustments of owner-occupied properties	0	4	0	2
Tax on pension savings returns regarding value adjustments for owner-occupied properties	0	(1)	0	(1)
Total	0	3	0	1
Total other comprehensive income	0	3	0	1
Comprehensive income for the period	25,651	(11,606)	27,593	16,157
Minority interests' share of total comprehensive income for the period	154	(72)	91	(4)
The ATP Group's share of total income for the period	25,497	(11,534)	27,502	16,160
Allocated comprehensive income	25,651	(11,606)	27,593	16,157

The ATP Group – Statement of financial position

DKKm	H1 2021	FY 2020
ASSETS		
Cash and on-demand deposits	10,856	11,451
Bonds	615,688	657,960
Equity investments	204,035	187,352
Financial derivatives	99,902	151,680
Loans	6,131	7,288
Investments in associates and joint ventures	47,988	45,369
Intangible assets	1,195	1,178
Investment properties	24,533	25,906
Owner-occupied properties	877	886
Operating equipment	8	9
Tax receivable on pension savings returns and income tax	210	288
Deferred tax on pension savings returns and income tax	5,681	-
Contributions receivable	2,969	2,887
Receivables from credit institutions	46,902	37,165
Other receivables	8,176	11,532
Other prepayments and accrued income	920	1,003
Total assets	1,076,070	1,141,955
EQUITY AND LIABILITIES		
Financial derivatives	85,012	97,338
Tax payable on pension savings returns and income tax payable	49	14,493
Deferred tax on pension savings returns and income tax	299	289
Payables to credit institutions	57,470	45,930
Other debts	7,514	23,451
Total liabilities	150,343	181,501
Guaranteed benefits	753,248	813,589
Bonus potential	171,717	146,221
Total pension provisions	924,966	959,810
Minority interests	761	645
Total equity and liabilities	1,076,070	1,141,955

The ATP Group - cash flow statement, summary

DKK m	H1 2021	H1 2020
Cash flows from operating activities		
Cash flows from pension activities	(2,860)	(3,282)
Cash flows from investment and hedging activities	9,680	8,738
Cash flows from business processing activities	103	154
Income tax paid and tax paid on pension savings returns	(14,375)	(19,117)
Cash flows from operating activities	(7,452)	(13,507)
Cash flows from investing activities		
Purchase and sale of investment assets	6,874	15,583
Intangible assets, property, plant and equipment and owner-occupied properties	(94)	(56)
Cash flows from investing activities	6,780	15,527
Cash flows from financing activities		
Loans, capital increase and dividend from/to minority shareholder	(39)	19
Cash flows from financing activities	(39)	19
Change in cash and cash equivalents	(711)	2,039
Foreign currency translation adjustments	116	(118)
Cash and cash equivalents, 1 January	11,451	7,020
Cash and cash equivalents as of 30 June	10,856	8,941

The ATP Group – Note 1: Accounting policies

The interim report of the ATP Group and ATP for the period 1 January 2021 to 30 June 2021 has been prepared in accordance with IAS 34 'Interim Financial Reporting' and in accordance with additional Danish disclosure requirements as set out in 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme' (Bekendtgørelse om finansielle rapporter for Arbejdsmarkedets Tillægspension).

The accounting policies are consistent with those applied in the annual report for 2020. Significant risks faced by the Group and ATP and significant accounting estimates made by the Supervisory and Executive Boards which may affect the Group and ATP are described in detail in the annual report for 2020.

In relation to the discount rate described in note 10 in the annual report regarding the provisions for pensions, two adjustments have been made. In part, EONIA has been replaced with ESTR, and the long 30-year Danish government bonds have also been included in the estimation of the discount curve. In total, the two adjustments have only a negligible impact of DKK 94 million.

Implementation of new accounting standards

Effective from 1 January 2021, the ATP Group and ATP have implemented the following new or revised standards and interpretations:

- Changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Reform of reference rates (IBOR reform)
- Changes to IFRS 16, Leasing due to COVID-19's impact on leasing agreements

All standards have been implemented without having an impact on the interim report for the ATP Group and ATP.

The interim report has not been subject to review or audit.

Presentation of notes and cash flow statement

The cash flow statement (summary) is presented only for the ATP Group. Notes 2-4 are presented only for the ATP Group.

The ATP Group – Note 2: Contingent liabilities

DKKm

	H1 2021	FY 2020
Investment and loan commitments		
Investment commitments, equity investments	15,185	13,837
Investment commitments, property funds	133	1,081
Investment commitments, Danish properties	113	138
Investment commitments, infrastructure	4,177	4,442
Investment commitments, credit funds	2,975	2,937
Loan commitments, businesses	6,570	9,335
Loan commitments, credit funds	1,786	2,159
Other contingent liabilities		
Rental/leasing liabilities and contractual liabilities related to the acquisition of intangible assets	411	411
Potential deferred tax related to properties ¹	481	531
'Letters of credit' to businesses	502	629

ATP has joint VAT registration with a number of subsidiaries. These subsidiaries are jointly and severally liable for the payment of VAT and payroll tax included in the joint registration for VAT.

¹ As of 2001 and under certain conditions, the ATP Group is not subject to income tax on the activities of its subsidiary ATP Ejendomme A/S. If the conditions for tax exemption are not met, provisions are made for both current and deferred tax in the company. In H1 2021, ATP Ejendomme A/S met the conditions for tax exemption.

Owing to its size and business volume, the ATP Group is continually a party to various lawsuits and disputes. Cases are assessed on an ongoing basis, and pending lawsuits and disputes are not believed to have any significant impact on the financial position of the ATP Group.

The ATP Group – Note 3: Pension provisions

Pension provisions consist of the sum of guaranteed benefits and the bonus potential. The guaranteed benefits are the pensions which have been promised to ATP's members, while the bonus potential is the reserve that can be used to cover unforeseen lifetime expectancy improvements and bonus allocation.

Guaranteed benefits

DKKm

	H1 2021	FY 2020
Fair value, start of period	813,589	759,628
Change in provisions for the year:		
Contributions	5,696	10,744
– of which transferred to bonus potential	(1,139)	(2,149)
Pension benefits	(8,643)	(17,180)
Change due to life expectancy update	(4,796)	(1,130)
Change due to change in discount rate ¹	(52,652)	62,354
Bonus addition for the year	-	-
Change due to maturity reduction	1,366	976
Other changes	(173)	346
Total change in provisions for the year	(60,341)	53,961
Fair value, end of period	753,248	813,589
¹ Including yield curve break		
Bonus potential		
Bonus potential, start of period	146,201	125,952
Changes during the period	25,497	20,249
Balance, end of period	171,698	146,201
Revaluation reserve		
Revaluation reserve, start of period	20	28
Changes during the period	0	(8)
Balance, end of period	20	20
Total bonus potential, end of period	171,717	146,221
Total pension provisions	924,966	959,810

The ATP Group's guaranteed benefits, calculated using the discount rates applied by ATP and EIOPA at the end of H1 2021 are available at ATP's website: www.atp.dk/results-and-reports

The ATP Group – Note 4: Fair value

Financial instruments are recognised at fair value or amortised cost in the statement of financial position. In the determination of fair value, the ATP Group uses a predefined hierarchy in IFRS 13, consisting of three levels.

DKKm	Quoted prices Level 1		Observable inputs Level 2		Unobservable inputs Level 3		Total	
	H1 2021	The year 2020	H1 2021	The year 2020	H1 2021	The year 2020	H1 2021	The year 2020
	Assets							
Bonds	594,220	625,671	5,277	14,370	16,191	17,919	615,688	657,960
Equity investments	134,000	127,509	3,934	1,264	66,101	58,579	204,035	187,352
Financial derivatives	1,774	2,245	98,128	149,435	-	-	99,902	151,680
Loans	-	-	34	67	6,097	7,222	6,131	7,288
Investments in associates and joint ventures	-	-	173	-	47,815	45,369	47,988	45,369
Investment properties	-	-	-	-	24,533	25,906	24,533	25,906
Receivables from credit institutions	-	-	46,902	37,165	-	-	46,902	37,165
Total	729,994	755,425	154,448	202,301	160,737	154,995	1,045,179	1,112,721
Liabilities								
Payables to credit institutions	-	-	57,470	45,930	-	-	57,470	45,930
Financial derivatives	246	66	84,766	97,272	-	-	85,012	97,338
Total	246	66	142,236	143,202	-	-	142,482	143,269

Level 1 - quoted prices: The market price of the financial instrument is used where an active market exists. The market price may be in the form of a quoted price or price quotation.

Level 2 - observable inputs: If a financial instrument is listed on a non-active market, the valuation is based on the most recent transaction price. Adjustments are made for subsequent changes in market conditions. For some financial assets and liabilities, no actual market exists. The valuation of these assets and liabilities is made using an estimated value based on recent transactions in similar instruments. For financial derivatives, valuation techniques based on market conditions, e.g. yield curves and exchange rates, are widely used.

Level 3 - Unobservable inputs: The valuation of certain financial assets and liabilities is based substantially on unobservable inputs. For a significant portion of the Group's equity investments and a small portion of the Group's bond portfolio, the valuation is based on unobservable inputs.

There were no significant transfers between levels 1 and 2 in H1 2021.

The ATP Group – Note 4: Fair value, continued

For assets and liabilities measured at fair value using unobservable input data (level 3), the movements for the year are as follows:

	Bonds		Equity invest- ments		Loans		Investments in associates		Investment properties		Total	
	H1 2021	The year 2020	H1 2021	The year 2020	H1 2021	The year 2020	H1 2021	The year 2020	H1 2021	The year 2020	H1 2021	The year 2020
	Statement of financial position, start of period	17,919	16,996	58,579	61,941	7,222	8,793	45,369	51,445	25,906	24,069	154,995
Realised/unrealised gains or losses for the period, recognised in results	382	160	9,528	174	358	(713)	1,699	(3,485)	(1)	1,139	11,966	(2,725)
Purchase/deposit	374	2,806	7,382	21,448	5,464	17,911	1,111	862	280	763	14,611	43,790
Sale/distribution	(2,484)	(2,043)	(9,036)	(24,971)	(6,947)	(18,769)	(716)	(3,453)	(1,652)	(65)	(20,835)	(49,301)
Reclassification	-	-	(352)	0	-	-	352	0	-	-	-	-
Transfer into level 3	-	-	-	0	-	-	-	0	-	-	-	0
Transfer out of level 3	-	-	-	(14)	-	-	-	-	-	-	-	(14)
Statement of financial position, end of period	16,191	17,919	66,101	58,579	6,097	7,222	47,815	45,369	24,533	25,906	160,737	154,995
Losses/gains on assets held	109	(322)	10,779	250	181	(448)	1,671	(3,624)	(1)	1,140	12,739	(3,004)

Transfer out of level 3 in 2020 consists of equity investments which became listed during 2020.

The ATP Group – Note 4: Fair value, continued

	Fair value 30/06/2021	Fair value 31/12/2020	Fair value hierarchy	Valuation method used	Applied observable/ unobservable inputs	Fair value sensitivity to changes in unobservable inputs
	DKKm	DKKm				
Bonds, listed	594,220	625,671	1	Listed price or price quote.	-	-
Bonds unobservable inputs	5,277	14,370	2	Discounting to net present value using a relevant yield curve with the addition of a spread.	Yield curves, spreads	-
Bonds, observable inputs	16,191	17,919	3	Discounting of expected future cash flows using relevant yield curves and investment-specific credit spread premiums	Applied investment-specific credit spread premiums used on yield curves	If investment-specific credit spread premiums increase by 1 percentage point, the market value is altered by DKK (233) million.
Equity investments, listed	134,000	127,509	1	Listed price or price quote.	-	-
Equity investments, unlisted	3,934	1,264	2	Purchase price for recent transactions	-	-
Equity investments, unlisted	59,877	52,342	3	Reported fair value ¹	-	-
Equity investments, unlisted	2,811	2,258	3	Multiple analysis	Valuation multiples used	If the valuation multiples used are altered by (10) per cent, the fair value is altered by DKK (355) million.
Equity investments, unlisted	3,413	3,979	3	Discounting of expected future cash flows to net present value	Applied discount factor	If the discount factor changes +0.5 per cent, the fair value will change by DKK (120) million.
Financial derivatives, listed (net) ²	1,528	2,179	1	Listed price or price quote.	-	-
Financial derivatives, unlisted (net)	13,362	52,163	2	Linear financial instruments (e.g. interest rate swaps) are valued using inputs of relevant curves, indices, spreads for calculating future payments and discounting using the relevant yield curve. For non-linear financial instruments, volatilities and methods reflecting applicable market practices for the valuation of these instruments are also used.	-	-
Loans unobservable inputs	34	67	2	Discounting to net present value using a relevant yield curve with the addition of a spread.	Yield curves, spreads	-
Loans unobservable inputs	6,097	7,222	3	Discounting of expected future cash flows using relevant yield curves and investment-specific credit spread premiums	Applied investment-specific credit spread premiums used on yield curves	If investment-specific credit spread premiums increase by 1 percentage point, the market value is altered by DKK (28) million.
Equity investments in AV and JV	33,533	30,745	3	Reported fair value ¹	-	-
Equity investments in AV and JV	137	259	3	'Sum-of-the-parts' valuation	Haircuts applied to underlying assets	If the haircut applied to underlying assets increases by 5 per cent, the market value is altered by DKK (1) million.
Equity investments in AV and JV	14,145	14,365	3	Discounting of expected future cash flows to net present value	Applied discount factor	If the discount factor changes +0.5 per cent, the fair value will change by DKK (2,234) million.
Investment properties	24,533	25,906	3	Return-based model.	Return requirement – 3.75 per cent to 8.0 per cent (avg. 4.5 per cent)	If the average return requirement of 4.5 per cent is increased by 0.25 percentage points (25 bp), the fair value of the Group's investment properties changed by DKK (1,167) million.
Receivables from credit institutions	46,902	37,165	2	Discounting to net present value using relevant yield curve	Yield curves	-
Payables to credit institutions	57,470	45,930	2	Discounting to net present value using relevant yield curve	Yield curves	-

¹ Reported fair value based on reporting by relevant companies in which underlying assets and liabilities are valued at fair value. If the reporting date is different from the Group's statement of financial position date, adjustment is made for significant changes in the market's observable inputs and the quoted prices of underlying assets.

² Financial derivatives are presented net (asset less liability), since disclosures are identical for assets and liabilities apart from amounts.

The calculation above shows sensitivities in case of changes to significant input parameters for the Group. The parent company ATP has invested in equity in group subsidiaries which consists primarily of investment entities that measure all material assets and liabilities at fair value using the methods described above. Since all material assets and liabilities in the group subsidiaries are recognised at fair value, the fair value of group subsidiaries is equivalent to ATP's share of the reported Net Asset Value ¹.

ATP - Income statement

DKKm	H1 2021	H1 2020	Q2 2021	Q2 2020
Investments				
Returns on investment activities	26,571	(11,692)	27,688	17,321
Investment activity expenses	(295)	(267)	(144)	(132)
Tax on pension savings returns concerning investment activities	(4,080)	1,890	(4,204)	(2,575)
Investment activity results	22,196	(10,070)	23,340	14,611
Hedging activities				
Returns concerning hedging activities	(63,801)	54,149	(4,109)	18,314
Tax on pension savings returns concerning hedging activities	9,762	(8,285)	629	(2,802)
Change in guaranteed benefits due to change in discount rate and maturity reduction	54,106	(46,105)	3,555	(13,967)
Results of hedging of guaranteed benefits	67	(241)	75	1,545
Change in guaranteed benefits due to yield curve break	(2,820)	(3,237)	(1,253)	(1,655)
Hedging activity results	(2,754)	(3,479)	1,179	(111)
Results from Investment and Hedging	19,442	(13,549)	22,161	14,500
Pension				
Contributions	5,696	5,215	2,846	2,692
Benefit benefits	(8,643)	(8,605)	(4,272)	(4,272)
Change in guaranteed benefits due to contributions and pension benefits	4,259	4,350	2,039	2,189
Pension activity expenses	(106)	(107)	(53)	(51)
Other items	3	3	(1)	2
Pension activity results before change in life expectancy	1,209	856	561	560
Change in guaranteed benefits due to life expectancy update	4,796	1,130	4,796	1,130
Pension activity result	6,005	1,987	5,357	1,691
Administration				
Other income	1,307	1,140	635	506
Other expenses	(1,258)	(1,115)	(653)	(538)
Administration activity result	49	25	(17)	(32)
Result before bonus	25,497	(11,537)	27,502	16,159
Bonus addition for the period	0	0	0	0
The result for the period	25,497	(11,537)	27,502	16,159
Danish FSA ratios (per cent)				
Return before tax on pension savings returns – N1	(3.9)	4.8	2.6	4.0
Return after tax on pension savings returns	(3.3)	4.1	2.2	3.4
Members (in thousands)	5,364	5,297	5,364	5,297
Expenses				
Pension activity expenses per member (DKK)	20	20	10	9
Investment activity expenses per member (DKK)	55	51	27	25

ATP – Statement of comprehensive income

DKKm	H1 2021	H1 2020	Q2 2021	Q2 2020
The result for the period	25,497	(11,537)	27,502	16,159
Other comprehensive income				
Items that may not be reclassified to the result:				
Value adjustments of owner-occupied properties	0	4	0	2
Tax on pension savings returns regarding value adjustments for owner-occupied properties	0	(1)	0	(1)
Total	0	3	0	1
Total other comprehensive income	0	3	0	1
Comprehensive income for the period	25,497	(11,534)	27,502	16,160

ATP – Statement of financial position

DKKm	H1 2021	FY 2020
ASSETS		
Cash and on-demand deposits	8,755	9,717
Bonds	607,100	649,779
Equity investments	165,199	153,441
Financial derivatives	99,806	151,313
Loans	1,776	2,416
Loans to group subsidiaries	3,515	3,166
Receivables from group subsidiaries	2	1
Investments in group subsidiaries	79,110	77,545
Investments in associates and joint ventures	41,613	38,436
Intangible assets	1,190	1,174
Owner-occupied properties	825	834
Operating funds	4	6
Tax receivable on pension savings returns and income tax	210	288
Deferred tax on pension savings returns and income tax	5,681	0
Contributions receivable	2,969	2,887
Receivables from credit institutions	46,902	37,165
Other receivables	7,948	11,223
Other prepayments and accrued income	912	954
Total assets	1,073,517	1,140,345
EQUITY AND LIABILITIES		
Financial derivatives	84,592	97,859
Tax payable on pension savings returns and income tax payable	46	14,492
Payables to credit institutions	57,297	45,728
Other debts	6,616	22,456
Total liabilities	148,551	180,535
Guaranteed benefits	753,248	813,589
Bonus potential	171,717	146,221
Total pension provisions	924,966	959,810
Total equity and liabilities	1,073,517	1,140,345



= Specifications

- Specification 1: The impact of the Danish Financial Supervisory Authority's life expectancy model on the measurement of ATP's provisions
 - Specification 2: ATP's value creation from guarantees and bonus potential
 - Specification 3: Market value of ATP's investment portfolio
-

Specification 1: The impact of the Danish Financial Supervisory Authority's life expectancy model (benchmark) on the measurement of ATP's provisions

The Danish Financial Supervisory Authority's life expectancy model – to be used for supervision of life insurance companies and pension funds – consists of two elements: a benchmark for observed current life expectancy and a benchmark for expected future increases in life expectancy.

The observed current life expectancy of the ATP population is lower than the FSA's benchmark for observed current life expectancy. However, ATP expects higher future increases in life expectancy than the Danish FSA's benchmark.

Observed current life expectancy

The Danish FSA's benchmark for observed current life expectancy is based on data from a number of Danish life insurance companies and industry-wide pension funds with a total membership of 2.9 million clients. The observed current life expectancy applied by ATP is based on data relating to ATP's approximately 5 million members.

The current life expectancy of pension company clients is higher than the current life expectancy of ATP's members. This is in line with international analyses, showing that the life expectancy of insured persons is higher than that of non-insured persons. The difference is shown in the chart above, illustrating life expectancies for 65-year-olds based on the Danish FSA's life expectancy model, the ATP pension population and data from Statistics Denmark.

Expected future increases in life expectancy

The Danish FSA's benchmark for expected future increases in life expectancy is based on life expectancy developments in Denmark over the past 20 years. ATP's model for expected future increases in life expectancy is based on comparable data for the period 1970-2017 from 18 OECD countries. The model is based on data on ATP members and about approx. 330 million inhabitants of the 18 OECD countries.

Expected future increases in life expectancy are higher according to ATP's model than according to the Danish FSA's benchmark. This difference is particularly attributable to the current shorter life expectancy in Denmark relative to the average of the 18 OECD countries. ATP's model assumes that Danish life expectancy will eventually approximate the average of the 18 countries.

ATP's guaranteed benefits

In addition to the value of ATP's pension liabilities in the financial statements, ATP also calculates guaranteed benefits based on the current life expectancy of the ATP population in combination with the Danish FSA's benchmark for expected future increases in life expectancy. Using the Danish FSA's model, the value of the guaranteed benefits would be DKK 744.2bn at the end of H1, whereas it was DKK 753.2bn using ATP's life expectancy model. In other words, ATP's bonus potential would have been DKK 9.1bn higher if ATP had used the Danish FSA's model.

Specification 2: ATP's value creation from guarantees and bonus potential (after tax)

Per cent	H1 2021	H1 2020	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Value creation from guarantees (after tax)	1.7	1.7	3.4	3.4	3.5	3.7	3.7
Value creation from bonus potential (after tax)	13.3	(10,9)	13.3	30.3	(7.0)	22.5	7.3
Total value creation (after tax)	4.4	(1.0)	5.5	8.0	1.5	7.3	4.4

The financial statements reflect the annual results of ATP's business, including how profit for the year affects bonus potential. Hedging guarantees is also described in the financial statements, but the return implied by the guarantees is not directly accounted for. In order to improve the description of ATP's overall value creation, ATP calculates three ratios.

Value creation from the guarantees illustrates the average return on the promises ATP has issued to members over time, across age groups. This ratio is calculated based on historical contributions and the associated guarantees.

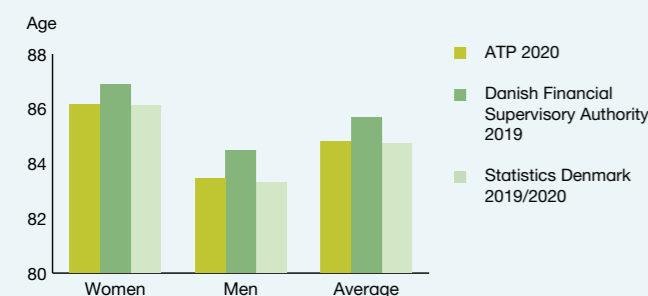
Value creation from the bonus potential illustrates the return on the bonus potential. This ratio is driven

primarily by investment returns, but is for example also impacted by hedging activity results and administration expenses.

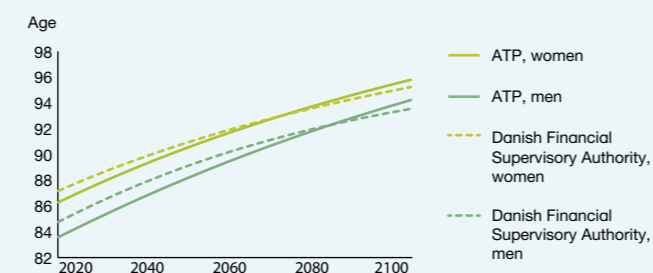
Total value creation shows ATP's ability to generate overall value creation. This ratio is the weighted average of the two ratios above.

For more information about the definition of ATP's value creation ratios, see the supplemental information at www.atp.dk/en/results-and-reports-atp-group

Life expectancies for 65-year-olds

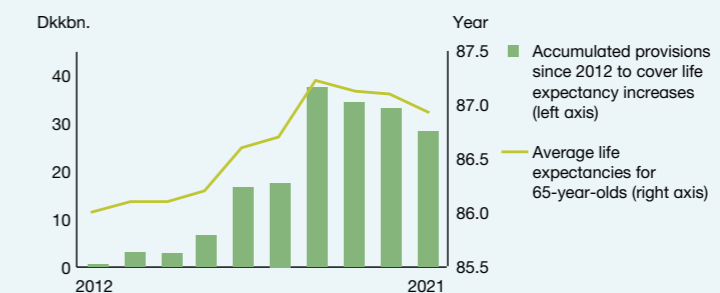


Expected future increases in life expectancy



Note: Projected life expectancy (65-year-olds) in ATP's life expectancy model and the Danish Financial Supervisory Authority benchmark.

Additional provisions due to increases in life expectancy



Specification 3: Market value of ATP's investment portfolio

Market value of ATP's investment portfolio, end of H1 2021

Listed Danish equities	42.5
Listed international equities	90.0
Private equity	45.5
Credit	32.7
Government and mortgage bonds	109.6
Inflation-related instruments	6.1
Infrastructure	41.3
Real estate	48.6
Other	7.0
Total market value	423.2

Note: Market value is an expression of the funds tied into investments. The investment portfolio market value also includes financial derivatives such as futures, swaps and options. The market value of futures is equal to zero due to daily settlement of losses/gains. For other financial derivatives, the market value may be negative.