

An aerial night photograph of a modern building with a prominent wooden facade. The building's name, 'sampension', is visible in the top left. Below the building is a paved plaza with several trees and people. A canal runs horizontally across the middle of the image, with two white boats docked at a pier. The water is dark, and the sky is a deep blue. The overall scene is illuminated by warm lights from the building and plaza, contrasting with the cool blue tones of the water and sky.

sampension

# Annual Report 2020

**sampension**  
mere værd

**PHOTO**

Jakob Dall  
Christoffer Regild

**DESIGN**

Zoulmade.com

Sampension Livsforsikring a/s  
Tuborg Havnevej 14 • 2900 Hellerup  
Tlf. 77 33 18 77 • [www.sampension.dk](http://www.sampension.dk)  
Cvr.nr. 55 83 49 11

# Contents

	Letter from the CEO .....	5
<b>1</b>	<b>Management's review .....</b>	<b>8-21</b>
	Five-year key figures and financial ratios .....	8
	Customers and products .....	9
	Premiums and benefits .....	9
	Expenses .....	10
	Investments and returns .....	11
	Corporate social responsibility .....	15
	Financial results, solvency capital requirement and total capital .....	19
	Outlook for 2021 .....	21
	Other matters .....	21
<b>2</b>	<b>Company details .....</b>	<b>24-31</b>
	Management structure .....	24
	Group structure and organisation chart .....	26
	Management and other directorships .....	28
<b>3</b>	<b>Financial statements .....</b>	<b>35-75</b>
	Consolidated and Parent Company financial statements ..	35
	Statement of changes in equity .....	38
	Notes to the financial statements .....	39
	Overview of Group equity investments .....	67
	Statement by Management .....	69
	Internal auditor's report .....	70
	Independent auditor's report .....	71
	Definitions of financial ratios .....	75

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.

“When it comes to providing pension advice, Sampension Liv has some of the most satisfied customers in the industry”



# Record growth in a quite unusual year

2020 was a year in which the world was in many ways put under pressure. COVID-19 resulted in a health crisis and triggered major investment market fluctuations.

However, Sampension Liv had a record year in which premiums grew by 15%, while single premiums and transfers to our customers' pension schemes rose by as much as 59%, corresponding to slightly more than DKK 1 billion relative to 2019.

The uncertainty in the financial markets had many check their pension, and Sampension Liv experienced a 19% increase in telephone enquiries in 2020. We had almost 800,000 visits to our website, and our customers logged on to check their personal pension information 427,000 times. This was also a record and an increase of 34% relative to 2019.

Our customers consulted us for advisory services 112,000 times last year. When it comes to providing pension advice, Sampension Liv has some of the most satisfied customers in the industry. This has been reflected in external surveys over three consecutive years and thus also in 2020, when our website was furthermore ranked as the best.

A new pension app was added to the Sampension joint management's digital solution. Since its launch, about 26,000 customers have downloaded the app and 20,000 pension checks have been completed in the app, which is ranked the best of its kind.

In 2020, we welcomed more than 12,000 new customers from 11 different employers, including HKKF funds, If Skadeforsikring and Dustin. They will benefit from Sampension Liv's continuously improved product and service offerings, while administrative and investment expenses are kept at a minimum. Sampension Liv's annual percentage rate (APR) of 0.6% is still very low by pension industry standards.

Despite turbulent markets and losses in the spring, we succeeded in achieving quite decent investment results. In 2020, we generated a total return of more than DKK 10 billion and, depending on age and risk profile, each Sampension Liv customer achieved a return of up to 7.7%. Over a 10-year period, Sampension's customers have received good returns, which have typically been above market average.

The increased focus on responsible investments led to a range of specific results in 2020. One of Sampension's targets is for the carbon footprint of our equity investments to fall each year and to always be less than would be the case if the investments were made passively according to the investment guidelines defined by the Board of Directors. Our carbon footprint fell by 23% in 2020. Sampension's listed equity portfolio had total absolute CO<sub>2</sub> emissions of 1.1 million tonnes in 2020, against 1.4 million tonnes in 2019.

During the year, unacceptable environmental practices led to 38 exclusions from our Sampension joint management investment universe. Another major group of 170 companies have been excluded due to their coal and tar sand activities. The Sampension joint management exclusion list comprises a total of 276 companies.



**Hasse Jørgensen**  
CEO





# Management's review

## 1

Five-year key figures and financial ratios. . . . .	8
Customers and products. . . . .	9
Premiums and benefits . . . . .	9
Expenses . . . . .	10
Investments and returns . . . . .	11
Corporate social responsibility . . . . .	15
Financial results, solvency capital requirement and total capital . . . . .	19
Outlook for 2021 . . . . .	21
Other matters . . . . .	21

## Five-year key figures and financial ratios

<b>Five-year key figures for the parent company DKKm</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Premiums	11,672	10,129	9,251	8,784	9,017
Benefits paid	-12,169	-9,416	-9,107	-8,646	-8,100
Investment return	10,305	20,102	-249	10,382	14,188
Total insurance operating expenses	-179	-175	-172	-170	-171
Technical result	-29	-58	-88	-110	-285
Profit/loss for the year, parent company's share	32	86	-45	41	-147
Total provisions for insurance and investment contracts	220,347	211,727	194,507	194,530	185,330
Excess capital	4,086	4,256	4,311	4,465	4,458
Equity attributable to parent company	3,689	3,657	3,571	3,616	3,575
Total assets	294,828	293,330	262,283	266,023	267,658

<b>Five-year financial ratios</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Return ratios</b>					
Rate of return related to average-rate products	5.1%	9.8%	1.1%	4.0%	8.7%
Rate of return related to unit-linked products	4.8%	10.7%	-1.7%	7.5%	7.2%
Risk on return related to unit-linked products	4.50	3.75	3.75	4.25	4.25
<b>Expense ratios</b>					
Expenses as a percentage of provisions	0.09%	0.09%	0.09%	0.09%	0.10%
Expenses per policyholder (DKK)	384	388	389	387	397
<b>Other return ratios</b>					
Return on equity after tax	0.9%	2.4%	-1.3%	1.2%	-4.0%
Return on excess capital	3.0%	3.5%	1.1%	4.5%	4.3%
<b>Capital structure ratios</b>					
Solvency coverage ratio	275%	293%	444%	601%	427%

Reference is made to "Definitions of financial ratios" on page 75.

## 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 (Sampension). In addition to Sampension Liv, the joint management company 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 Administrationselskab A/S comprises: Sampension Liv (88%), AP (3%), PJD (3%) and ISP (6%).

Sampension Liv has 293,000 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 just under 18,000 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
<b>Unit-linked</b>  3 i 1 Livspension lifecycle product  Linkpension, a unit-linked product	<b>Actual returns are allocated to customers each month</b>  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
<b>Average rate</b>  Non-guaranteed benefit reinsurance  Conventional average rate	<b>Rate of investment return allocated to customers reflects the average return achieved over time</b>  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 **11.7** billion

### Premium income

Premium income amounted to DKK 11.7 billion, against DKK 10.1 billion in 2019. The increase was mainly due to more customers choosing to transfer their pension savings to Sampension Liv from other providers, taking transfers and single premiums to just under DKK 3 billion, an increase of 59% compared with 2019. In 2020, we made it possible for our customers to transfer their pension savings via our pension app, which also added to the increased number of transfers.

Regular premiums including group life premiums also increased due to new pension schemes during the year and were up by some 4%.

Premium income DKKm	2020	2019	Change (%)
Regular premiums	4,887	4,782	2.2
Group life premiums	3,031	2,801	8.2
Total regular premiums	7,918	7,583	4.4
Transfers and single premiums	2,813	1,769	59.0
Premiums, direct insurance	10,731	9,352	14.7
Premiums, indirect insurance	940	777	21.1
<b>Total gross premiums</b>	<b>11,672</b>	<b>10,129</b>	<b>15.2</b>

Sampension Liv wrote insurance for 12,000 new customers in 2020. There was a net increase in the number of directly insured customers of 9,000 in 2020, corresponding to 3%.

Number of customers	2020	2019	Change (%)
Premium payers	113,213	113,570	-0.3
Paid-up policies etc.	114,953	107,803	6.6
Pensioners	64,521	62,396	3.4
<b>Total directly insured</b>	<b>292,687</b>	<b>283,769</b>	<b>3.1</b>
<b>Indirectly insured</b>	<b>17,508</b>	<b>17,752</b>	<b>-1.4</b>
<b>Group life insured</b>	<b>776,360</b>	<b>757,544</b>	<b>2.5</b>

293<sup>thousand</sup>  
insured costumers

### Benefit payments

Total benefits paid amounted to DKK 12.2 billion in 2020, against DKK 9.4 billion in 2019. The increase was primarily attributable to surrenders in connection with the loss of a large pension scheme.

## Expenses

For several years, for example through the creation of the joint management company, 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 contributions and returns will be allocated to savings. Together with the partners in the joint management company, Sampension Liv's focus is on ensuring low investment and administration expenses.

### Efficient investment management

Internal and external management efficiency is very important to Sampension. For that purpose, we invest the pension savings of all our customers in the same investment assets, although the combination of such investment assets may vary considerably from customer to customer depending on their specific savings product and risk profile. We use 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 bonds and other fixed-income instruments are managed in-house. Real estate investments in markets where Sampension 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 0.57%

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 2020 and 2019 are shown in the table below:

Investment expenses as a percentage of customer savings	2020	2019
3 i 1 Livspension, selected generation pools (moderate risk):		
25 years	0.62	0.62
45 years	0.58	0.48
65 years	0.50	0.38
<b>3 i 1 Livspension total (average)</b>	<b>0.57</b>	<b>0.50</b>
<b>Conventional average rate</b>	<b>0.28</b>	<b>0.29</b>

Total investment expenses amounted to 0.57% of 3 i 1 Livspension customer savings against 0.50% in 2019. The increase was mainly driven by higher expenses in connection with investments in alternatives. These are still very competitive rates.

Investment expenses for conventional average-rate products amounted to 0.28% of customer savings in 2020 compared with 0.29% in 2019.

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 **384**

### Administrative expenses per customer of DKK 384

The ratios for insurance-related administrative expenses were practically unchanged relative to 2019:

- Expenses per customer amounted to DKK 384 in 2020 against DKK 388 in 2019. The ratio was thus kept at a low level
- Expenses expressed as a percentage of customers' savings was 0.09%, unchanged compared with 2019.

### Total APR of 0.6%

Our website, sampension.dk, provides information to customers on annual expenses expressed in Danish kroner and as a percentage (APR). 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 2020 was at 0.6% for 3 i 1 Livspension Moderate Risk. APR for conventional average-rate products were unchanged at 0.3%.

## Investments and returns

### The global economy and financial markets

At the beginning of 2020, we expected that the upswing lasting since the end of the financial crisis in 2010 would continue for another year, although particularly the trade dispute between the USA and China as well as Brexit would slightly weaken the upswing. Instead, 2020 was dominated by a high degree of uncertainty as an unknown virus broke out in China in the beginning of the year and subsequently spread to the rest of the world, causing the global economy to plunge into its deepest recession since World War II. The coronavirus pandemic led to a sudden lockdown of major parts of society, resulting in economic collapses.

The recession was severe, but relatively short-lived, as historical fiscal and monetary relief packages supported the economy. The spring brought along increasing economic activity and the loss of jobs and growth was less severe than initially expected. As the winter season set in, a new wave of coronavirus hit. It was once again necessary to drastically lock down most economies and offer even more fiscal and monetary relief packages to keep economies afloat. The global growth is expected to have dropped some 4% in 2020, while it only decreased by 0.1% in 2009 during the financial crisis. The service sector has been, and still is, particularly hard hit, while industrial production appears to have gotten through 2020 relatively unscathed. The lockdowns have led to an accumulated spending and investment need which may kick growth into gear once we emerge from the coronavirus pandemic.

The financial markets were heavily affected by the lockdown in the beginning of 2020. The world equity index fell by more than 33% during February and March, while interest rates drastically dropped. In 2020, the financial markets were generally dominated by major interest rate declines, resulting from the central banks' very lenient monetary policy with interest rate cuts and major liquidity injections. In addition, equity markets surged, particularly at the end of 2020, driven by the outcome of the US presidential election and the news about the new vaccines that were about to be rolled out. The global equity market index was up by 14% in 2020. The Danish equity market was the best performer with an impressive 31% increase, followed with a clear gap to other equity market increases, with emerging markets at 19%, the US at 18% and the Asian at 15%. European equities just barely kept their value, while the UK equity market dropped by 12%. Return rates are stated before translation into Danish kroner and reflect benchmark indices for the respective markets.

### Investment return of DKK 10.3 billion or 4.9%

The overall return across all investment environments in 2020 was a return of DKK 10.3 billion, relative to a return of DKK 20.1 billion in 2019. The overall return was at 4.9% before tax on pension returns, compared to 10% in 2019.

The overall return includes return on the hedge portfolio in the conventional average-rate environment. In years of falling interest rates, Sampension Liv's investment strategy of hedging the interest rate risk on pension obligations in the conventional average-rate environment produces a gain. After tax on pension returns, this gain is largely offset by the increase in the market value of pension obligations in the conventional average-rate environment. Just like in 2019, which also saw falling interest rates, the hedge portfolio produced large positive returns in 2020, but in the past year, the pension obligations in the conventional average-rate environment also increased.

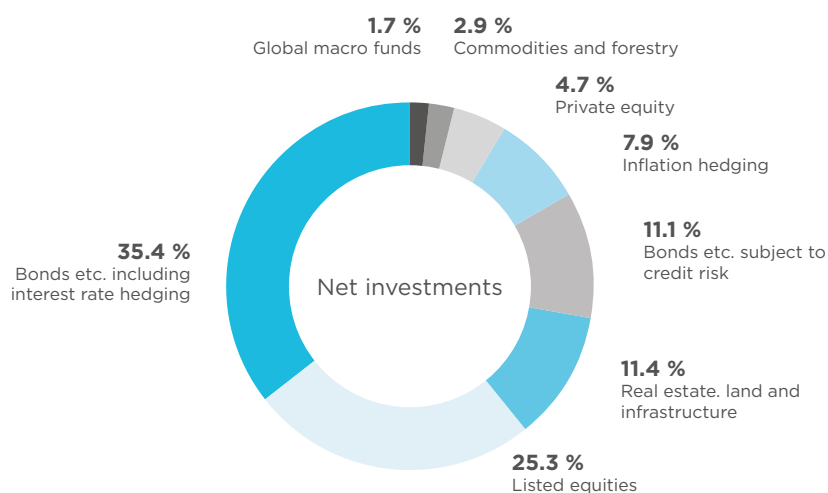
Investment returns by environment DKKm	2020	2019
3 i 1 Livspension	4,594	9,222
Linkpension	10	31
Non-guaranteed benefit reinsurance	514	3,240
Conventional average rate:		
- Investment portfolio	699	1,673
- Hedge portfolio	4,487	5,935
<b>Total return</b>	<b>10,305</b>	<b>20,102</b>

Investment return of

DKK **10.3** billion

### Breakdown of net investments

More than a third of Sampension's total net investment assets were placed in low-risk 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 2020. Despite the coronavirus pandemic, the portfolio of direct investments in debt, unlisted equities and real estate continued to expand throughout 2020. The Sampension joint management thus invested in, for example, a major housing project at the old hospital site in Hørsholm, Denmark and co-invested in a range of projects, including a large portfolio of logistics centres in France and Germany as well as in a European manufacturer of specialised packaging for the pharmaceutical industry. The private equity portfolio was also expanded with three funds focusing on software companies and small Nordic companies, for example. As for our forestry portfolio, the Oregon investment was expanded with a major purchase in the same area, and the four pension providers made commitments to the Danish manager Copenhagen Infrastructure Partners, which invests in the construction of new green energy plants in OECD countries.

### 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

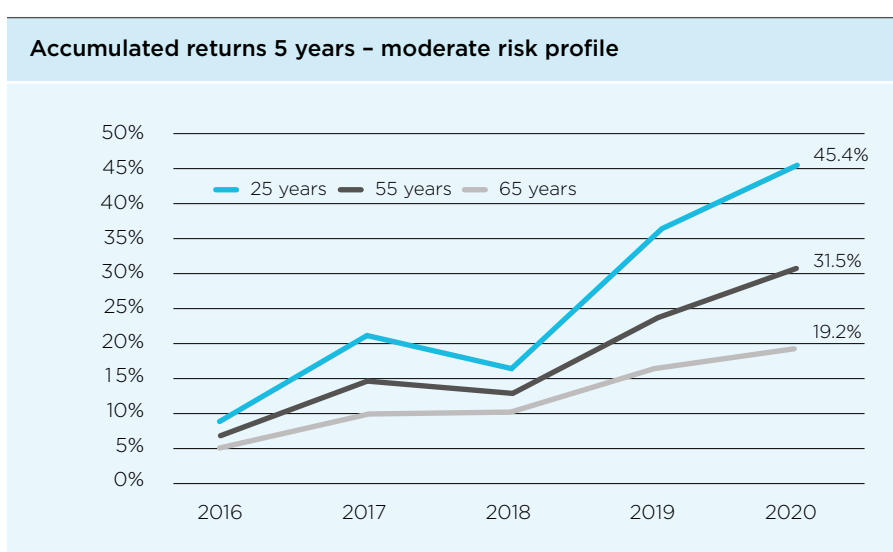
The lifecycle product reported positive returns for all generation pools across risk profiles in 2020. As illustrated by the returns of selected pools shown in the table below, the youngest age groups, which have relatively large shares of equities, but also of alternative investments, had the highest 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	4.9	6.6	7.7
55 years	4.0	5.3	6.4
65 years	1.9	2.2	3.4

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 45.4% 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 41 have had returns of over 45%.



Return of up to

**45.4** %

### Non-guaranteed benefit reinsurance return of 1.6%

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 minor positive return of 1.6% in 2020, which we consider to be satisfactory in light of the still very low rate of inflation in Denmark. For a specification of holdings and returns in the non-guaranteed benefit reinsurance segment, see note 24 to the financial statements.

Return in conventional  
Average-rate of

**6.5** %

### Return of 6.5% 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. In order to mitigate the interest rate risk, both for Sampension Liv and the customers, we have set up the above-mentioned independent hedge portfolio. The aim of this hedge portfolio is to obtain assurance that Sampension Liv will be able to honour the guarantees and declarations of intent issued to customers.

The overall distribution of investments in the average-rate environment at 31 December 2020 and the return contributions for the year are set out in the table below.

Conventional average-rate	Market Value 31.12.2020 DKKm	Distribution %	Return contribution as a percentage time-weighted
Total investment portfolio	53,182	64.6	1.3
Total portfolio of interest rate hedges	29,202	35.4	5.2
<b>Total investment assets</b>	<b>82,384</b>	<b>100.0</b>	<b>6.5</b>

Almost 53% of Sampension Liv's DKK 82 billion total net investment assets in the conventional average-rate environment was placed in bonds, etc., while 4% was invested in listed equities, some 35% in the portfolio of interest rate hedges and 8% in alternative investments.

The overall return for 2020 was 6.5% before tax on pension returns and inclusive of the hedge portfolio. Exclusive of the hedge portfolio, the return was 1.3%.

The hedge portfolio produced a return of DKK 4.5 billion before tax on pension returns, equal to a return contribution of 5.2%. The increase in pension obligations as a result of lower discount rates is estimated at just under DKK 5 billion. Combined, the investment portfolio and the hedge portfolio after tax on pension returns and changes in provisions contributed negatively with about DKK 0.5 billion in 2020.

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

### 3 initiatives

to increase focus  
on climate

In addition to safeguarding our customers financially, being a part of the Danish labour market pension system, 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 interest of our customers. We fulfil that responsibility by staying focused on what is important, i.e. growing the value of the pension schemes through:

- low expenses
- high returns
- a flexible pension product
- 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 and environmentally responsible. Our focus on the environmental, climate, social and governance impact of investments serves to reduce risks and is supportive of long-term competitive returns. Our responsible investment policy has three areas of focus:

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

Our approach to corporate social responsibility is governed by our ambition to comply with and implement international United Nations conventions, including the ten principles of the UN Global Compact, 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). Among other things, Sampension Liv applies the TCFD's recommended method for measuring the climate-related risks of investments.

The responsible investment policy applies to all four partners of the joint management company. 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.

### Significant reduction in equity portfolio's carbon footprint

In 2020, the carbon footprint of Sampension's listed equity portfolio was significantly reduced by 23%. The carbon footprint is measured by reference to the weighted average carbon intensity, as recommended by TCFD when assessing a portfolio's emissions and climate risk exposure. In 2020, our listed equity portfolio's total CO2 emissions were at 1.1 million tonnes relative to 1.4 million tonnes in 2019.

The companies in which the Sampension joint management has invested continue their energy efficiency procedures and their transition away from fossil energy sources. The Sampension joint management has defined a target for the carbon footprint of its equity investments. CO2 emissions must fall over time and be less than the CO2 volume that would be emitted if the investments were made passively according to the general investment guidelines defined by the Board of Directors. We met both targets in 2020.

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 2020, we excluded 38 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. In 2020, our limit for revenue generated from coal or tar sand activities was at 30%, and we have now reduced this limit even further to 25%. This exclusion criterion led to 170 new exclusions in 2020.

### Green investments in the Sampension joint management

Sampension Liv and the pension funds of the joint management company increased their green investments by some DKK 4 billion to DKK 16.5 billion in 2020. Almost two-thirds are placed in equities and forestry. Today, green investments are not clearly defined, but the EU is currently defining a common set of terminology. Here, investments are valued based on the data reported to Insurance & Pension Denmark within the framework of climate partnerships and forestry investments.

### Active ownership

The Sampension joint management 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.

---

Reduction in carbon footprint by

23 %

---

# 276

Excluded companies

## 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.

In 2020, we initiated a total of 32 critical dialogues, of which eight have been concluded following a positive dialogue after which the companies complied with Sampension's required solution to the subject of the dialogue. In this context, we screened the companies' coal and tar sand activities as well as their adaptability. At the end of 2020, 276 companies were on Sampension's exclusion list. The majority of these – 208 – are climate-related exclusions. The remaining 68 exclusions are related partly to the companies' environmental, social or governance (ESG) aspects, while a few companies are excluded due to international sanctions or Sampension's country exclusion criteria. The exclusion list is published regularly on our website.

## Dialogue on improvement

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

The purpose of the programme for dialogue on improvement is to support companies' participation in sustainable development. The dialogue is based on themes supporting one or more specific Sustainable Development Goals. Companies are selected for dialogue if they contribute negatively to the Sustainable Development Goals, or if they are not sufficiently supporting the goals relative to the potential of their business model.

Through the programme for a dialogue on improvement, we initiated dialogues with 24 companies in 2020.

## Voting

The Sampension joint management 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 3% or more of the votes.

For other listed companies, the Sampension joint management 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.

Unlisted equities are subject to the same guidelines as listed equities. Our responsible investment policy is applied during the due diligence process and implemented by way of the necessary agreements with asset managers. Directly owned portfolio properties are not let to companies that have been placed on the exclusion list. Nor does Sampension invest in internally managed bond or debt portfolios in companies appearing from the exclusion list.

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

## Key ESG indicators provide comparability and transparency

The Sampension joint management 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.

Sampension Liv Group	Unit	2020	2019	2018
<b>E – Environmental data</b>				
<b>The company's CO2 emissions</b>				
CO2 scope 1	Tonnes	50	73	68
CO2 scope 2	Tonnes	225	213	291
Energy consumption	Gigajoules	6,409	7,315	7,433
Renewable energy intensity	%	67	64	62
Water consumption	m <sup>3</sup>	2,568	3,290	2,977
<b>The listed equity portfolio's CO2 emissions</b>				
Total emissions	Tonnes/CO2e	1,113,075	1,374,951	-
Financed emissions	Tonnes/EURm	159	225	-
Carbon intensity	Tonnes/EURm	192	242	-
Weighted average carbon intensity	Tonnes/EURm	156	203	-
<b>S – Social data</b>				
Full-time equivalent employees	FTE	317	297	285
Gender diversity, all	%	48	49	49
Gender diversity, managers	%	44	40	36
Remuneration gap men/women, all	Times	1.2	1.3	1.3
Remuneration gap men/women, managers	Times	1.2	1.4	1.3
Employee turnover	%	12.6	14.2	15.2
Absenteeism	Days/FTE	3.7	4.7	4.7
Employees with no sickness absence	Number	156	120	103
Taxes paid	DKKm	2,585	6,346	1,951
<b>G – Governance data</b>				
Gender diversity, Board of Directors	%	36	36	36
Board meeting attendance	%	91	93	83
Remuneration gap between CEO and employees	Times	8.0	8.3	8.4

For more information and definitions, see our statutory report on corporate social responsibility.

The key ESG indicators show, among other things:

- The decrease in the company's environmental data and CO2 emissions was primarily related to the coronavirus pandemic and the resulting lower level of activity, but it was also due to other factors.
- The carbon footprint of the equity portfolio plunged. The weighted average carbon intensity, which is recommended by TCFD for the assessment of a portfolio's CO2 emissions, dropped by 23% from 2019 to 2020. Our listed equity portfolio's total CO2 emissions were at 1.1 million tonnes in 2020, relative to 1.4 million tonnes in 2019.

- The social data show a high degree of gender equality within the organisation, including an increase in the share of female managers to 44%, which is considered an equal gender distribution. The remuneration gap between men and women of 1.2 times denotes an unequal gender distribution in specialist positions, where the remuneration is typically higher. Statements show that Sampension Administrationsselskab A/S offers equal remuneration for comparable positions.
- Sampension is a good workplace with low absenteeism, which has been below five days on average since 2016. Absenteeism dropped further in 2020 due to a change in behaviour during the coronavirus pandemic. A total of 156 persons had no sick days in 2020.
- Governance data show that the Board of Directors of Sampension Liv A/S represents an equal gender distribution as defined in the Danish Business Authority's guidelines.
- The item Taxes paid includes tax on pension returns, which depends on the realised investment return for the year. This is the key explanation of the fluctuations. In addition, we paid a relatively lower amount of tax deducted at source in 2020, as payment of three months' tax deducted at source has been deferred to 2021 due to the Danish government's coronavirus relief packages.

## Profit, solvency capital requirement and total capital

### Profit of DKK 54 million

Sampension Liv realised a profit of DKK 54 million after tax for 2020 against a profit of DKK 80 million for 2019. 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 2020 was in line with expectations.

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 2020 was DKK 19.7 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.

Equity of

DKK **3.7** billion

Solvency requirement

**275** %

Solvency capital requirement and total capital DKKm	31.12.2020	31.12.2019
Total capital	7,594	7,731
Solvency capital requirement (SCR)	2,760	2,635
Minimum capital requirement (MCR)	690	659
Excess capital	4,834	5,095
<b>Solvency coverage ratio relative to SCR</b>	<b>275%</b>	<b>293%</b>
Solvency coverage ratio relative to MCR	1,100%	1,173%

The solvency coverage ratio – i.e. total capital relative to the solvency capital requirement – was 275% at 31 December 2020. The decline relative to 31 December 2019 was partly due to the decrease in the total capital resulting from payment of customers' bonus capital, and partly due to the increase in solvency capital requirement resulting from a decline in loss absorption through provisions. The solvency coverage ratio is still at a very robust level.

For more information, see 'Rapport om solvens og finansiell situation 2020', which is available (in Danish only) at [sampension.dk/aarsrapport](http://sampension.dk/aarsrapport). 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, increased by DKK 2.4 billion in 2020. The increase was primarily driven by a drop in discount rates.

Provisions for average-rate products amounted to DKK 118.6 billion at end-2020, against DKK 116.0 billion at the end of 2019. Collective bonus potentials concerning interest rate groups included in provisions for average-rate products fell by DKK 0.5 billion to stand at DKK 3.9 billion at 31 December 2020. This was mainly due to the fact that the hedge portfolio does not fully hedge the interest rate adjustments' impact on market value strengthening.

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 decreased in 2020, primarily due to a decline in collective bonus potentials and an increase in pension savings.

Bonus potential and bonus ratios		31.12.2020		31.12.2019	
		DKKm Bonus potentials	% Bonus ratios	DKKm Bonus potentials	% Bonus ratios
Interest rate group	Average technical rate				
F	Non-guaranteed	86	7.7	106	10.1
G	0%	3,767	7.5	4,281	8.5
Conventional average-rate, interest rate groups, total		3,853	-	4,387	-
Non-guaranteed benefit reinsurance		5,143	15.2	5,924	17.7
<b>Total bonus potentials</b>		<b>8,996</b>	<b>-</b>	<b>10,312</b>	<b>-</b>

Provisions for unit-linked policies increased by DKK 6.0 billion to stand at DKK 101.8 billion at 31 December 2020. The increase was driven in particular by the investment return and the premium income for the year, as 91% of Sampension Liv's premium-paying customers had 3 i 1 Livspension, and all new customers get this product.

## Outlook for 2021

Sampension Liv expects moderate growth in premium income and customer flow in 2021 compared with 2020's very high growth. Pensioners are expected to continue to account for a growing proportion of customers. Total insurance administration expenses are expected to remain at the 2020 level.

Effective 1 January 2021, Sampension Liv adjusted its rates of interest on average-rate policies with declaration-of-intent benefits to 3.5%, against 5.0% in 2020. The rate of interest on policyholders' savings in non-guaranteed benefit reinsurance was changed from 4.0% in 2020 to 3.0% as of 1 January 2021. For unit-linked schemes, realised returns are allocated to customer accounts 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 2021 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 non-marketable assets such as unlisted financial instruments and real estate. See the note on accounting policies for further details on estimates and judgments. The Audit & 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

No events have occurred in the period from the balance sheet date until the date of this document which may change the assessment of the Annual Report.





# Company details

## 2

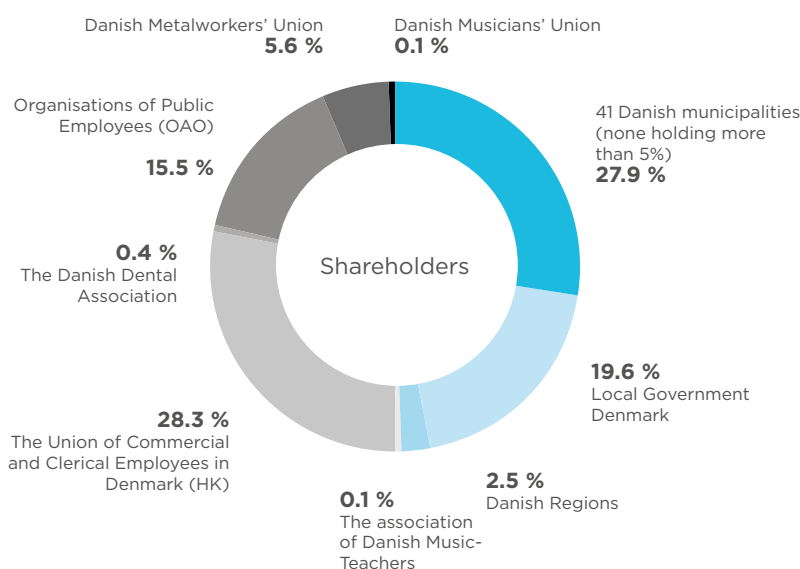
Management structure .....	24
Group structure and organisation chart.....	26
Management and other directorships .....	28

# 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 28-31.

The Board of Directors held five meetings, one seminar and one feature day in 2020.

## 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 & 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 & Risk Management Committee in 2020 were: Jørn Pedersen (Chairman

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

The Audit & Risk Management Committee held four meetings in 2020.

The framework for The Audit & 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; and
- 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 taking 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 & Risk Management Committee and the person in charge of the compliance function via the IT platform. No reports were filed in 2020.

### **Committee for responsible investment**

The responsible investment policy applies to all four parties of the joint management company. 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), H.C. Østerby (Board member) and Anne Mette Barfoed (Board member) represented Sampension Liv on the committee in 2020. The Audit Committee held three meetings in 2020.

### **Organisation and management**

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

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

### **Remuneration**

The boards of directors of the financial enterprises managed by Sampension 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'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](https://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 increased from 40% in 2019 to 44% in 2020. As a result, the target continued to be met. The target is subject to an annual review.

We have accounted for targets, etc. in the statutory report on corporate social responsibility available at [sampension.dk/aarsrapport](https://sampension.dk/aarsrapport).

## **Group structure and organisation chart**

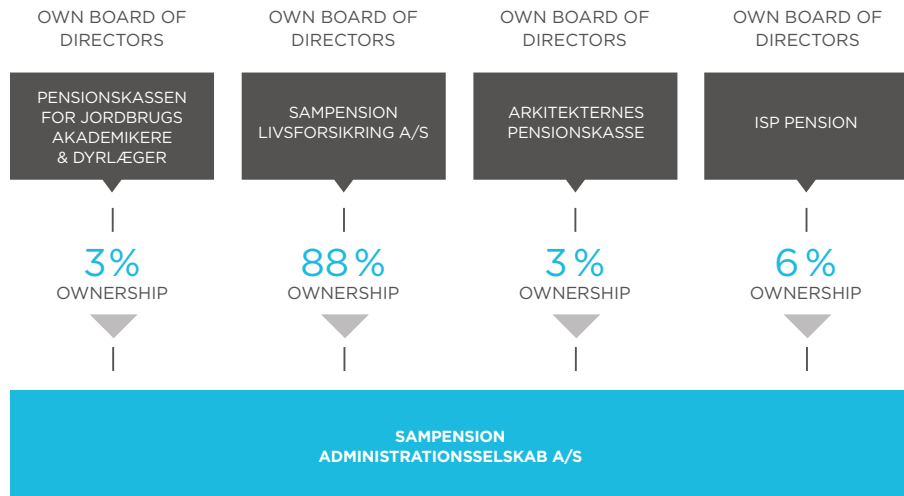
The Sampension Group comprises the parent company, Sampension Livsforsikring A/S, the subsidiary Sampension Administrationselskab A/S and a number of other subsidiaries and associates. Between them, they operate the Group's business areas.

### **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 joint management company 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%).

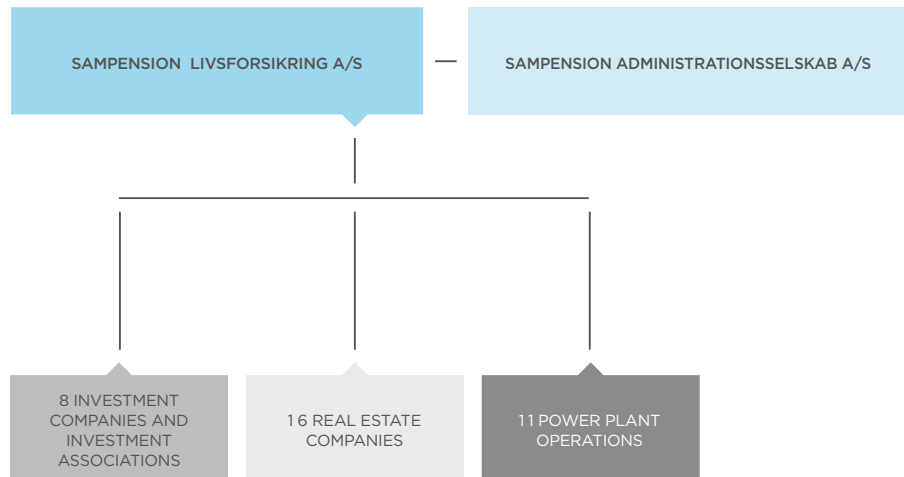
### The joint management company:



▼ 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 Sampension's joint management company.



### Group structure at 31 December 2020

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, 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), 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  
Søren P. Espersen, Communications and HR Director  
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

PwC  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup  
Denmark

## Annual General Meeting

The Annual General Meeting will be held on 23 March 2021.

## 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, Mayor, Chairman, born 1968**

Chairman of the board of directors of Sampension Administrationselskab A/S  
Chairman of the board of directors of IBA, International Business Academy  
Deputy chairman of the board of directors of Erhvervsklubben Kolding  
Member of the board of directors of Billund Airport A/S  
Member of the board of directors of Koldinghallerne A/S  
Member of the board of directors of Slotssøbadets Fond  
Member of the board of directors of Foreningen Business Kolding  
Member of the advisory board of the board of directors of Fonden Business Kolding

### **Kim Simonsen, Chairman of HK/Denmark, Deputy Chairman, born 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 the board of directors and CEO of ASX7 ApS  
Chairman of the board of directors of HK-Huset A/S  
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 Administrationselskab A/S  
Deputy chairman of the board of directors of HK/Danmark A-kasse  
Deputy chairman of the executive committee of the Danish Refugee Council  
Member of the supervisory board and the board of representatives of Arbejdsmarkedets Tillægspension (ATP)  
Member of the board directors of Aktieselskabet Arbejdernes Landsbank  
Member of the board of directors of A-Pressen A/S  
Member of the board of directors of Copenhagen Business Academy  
Member of the board of directors of Fonden for Entreprenørskab - Junior Achievement  
Member of the board of directors of Uddannelser i Nordsjælland (UNORD)  
Member of the general council and the executive committee of Fagbevægelsens Hovedorganisation

### **Anne Mette Barfod, CFO, Danish Refugee Council, born 1970**

Chairman of the board of directors of Investeringsforeningen Alm. Brand Invest  
Member of the board of directors of Sampension Administrationselskab 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 1960**

Member of the board of directors of Sampension Administrationselskab 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 1963**

Chairman of the board of directors of Kombit A/S

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

Member of the board of directors of Kalundborg Forsyning Holding A/S

**René Nielsen, Deputy Chairman, Danish Metalworkers' Union, born 1968**

Chairman of the board of directors of AOF

Deputy chairman of the Danish Metalworkers' Union

Member of the board of directors of Sampension Administrationssselskab 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 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

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 Administrationssselskab A/S

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

Member of the board of directors of Sampension Administrationssselskab 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

**Hans Christen Østerby, Mayor, born 1955**

Chairman of the board of directors of Midtjyllands Airport a.m.b.a.

Chairman of the board of directors of Sport Event Denmark

Deputy chairman of the board of directors of Holstebro-Struer Havn

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 Administrationssselskab 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 1964**

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

**Morten Lundsgaard, Digital communications adviser, born 1968**

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

**Majbritt Pedersen, enterprise architect, born 1962**

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

**Annett Schultz, Pension Adviser, born 1963**

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

**Søren Sperling, Project Worker, born 1967**

Member of the board of directors of Sampension Administrationssselskab A/S  
Executive Board

**Executive Board**

**Hasse Jørgensen, CEO, born 1962**

CEO of Sampension Administrationssselskab 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, COO, born 1969**

Chief Operating Officer of Sampension Administrationssselskab A/S

CEO of the Architects' Pension Fund

CEO of the Pension Fund for Agricultural Academics and Veterinary Surgeons



**LA FRANÇAISE**  
REAL ESTATE PARTNERS INTERNATIONAL  
LP Real Estate Partners International UK LP

Customer Department  
4th Floor  
15 Broad Street  
London  
EC2R 2EJ  
Tel: 020 7000 7421  
www.lfi.co.uk

2018\_018

INVOICE

QUARTERLY FEE

£4,100.00

Invoice for the quarter ended 31st March 2018 @ EUR 4,100.00 per quarter

Quarterly Fee  
Self-Admin Tax Costs  
Stamp Duty

£4,100.00

£0.00

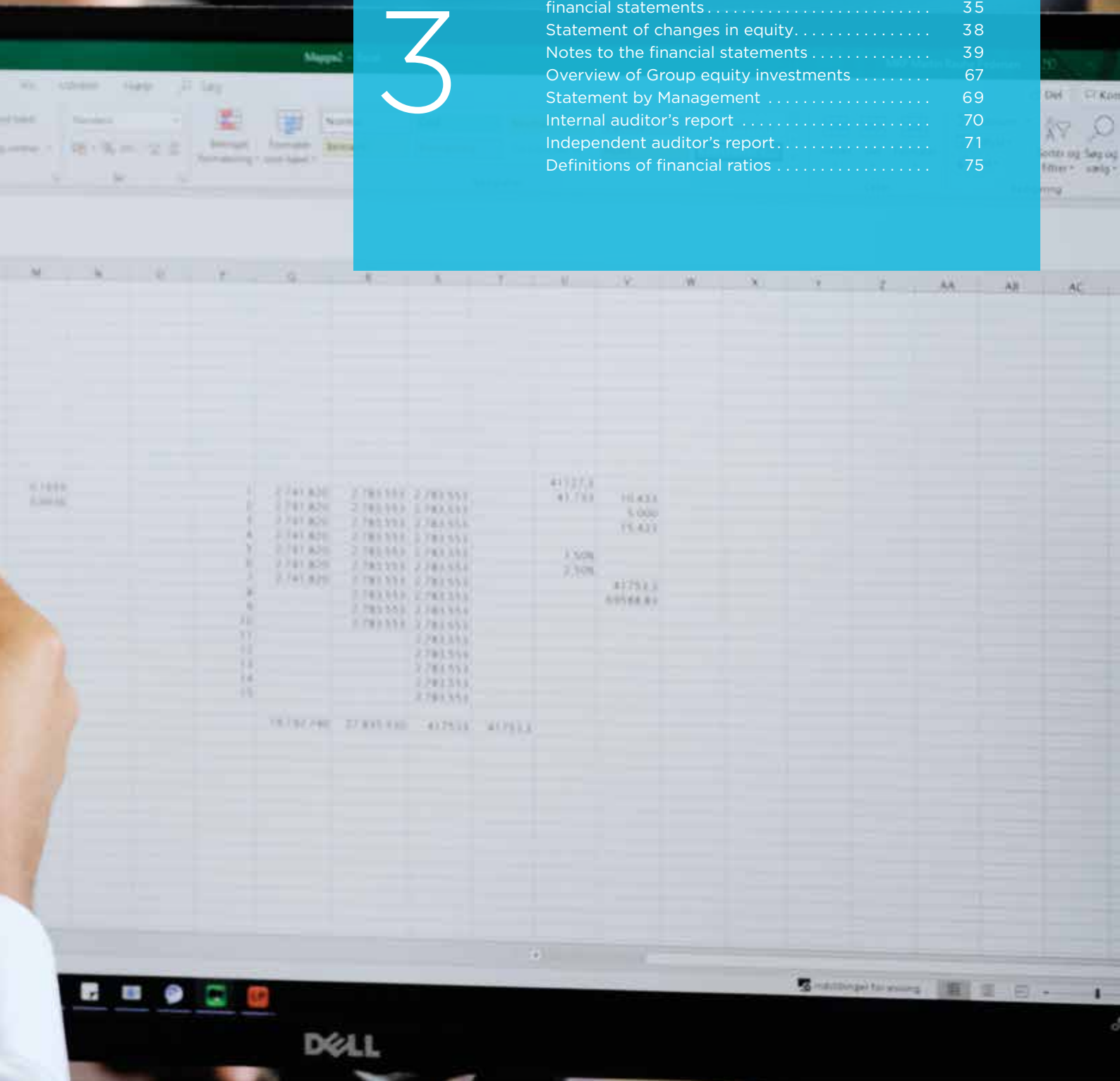
£4,100.00

LA FRANÇAISE REAL ESTATE PARTNERS INTERNATIONAL LP  
4th Floor, 15 Broad Street, London EC2R 2EJ  
Tel: 020 7000 7421  
www.lfi.co.uk

# Financial statements

## 3

Consolidated and Parent Company financial statements . . . . .	35
Statement of changes in equity . . . . .	38
Notes to the financial statements . . . . .	39
Overview of Group equity investments . . . . .	67
Statement by Management . . . . .	69
Internal auditor's report . . . . .	70
Independent auditor's report . . . . .	71
Definitions of financial ratios . . . . .	75





# Group and Parent Company Financial Statements

Note	INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
2	Gross premiums	11,672	10,129	11,672	10,129
	Ceded insurance premiums	0	0	0	0
	<b>Total premiums, net of reinsurance</b>	<b>11,671</b>	<b>10,129</b>	<b>11,671</b>	<b>10,129</b>
	Income from group enterprises	0	0	8,169	11,617
	Income from associates	-83	154	106	69
	Income from investment property and other tangible investment assets	215	309	0	0
3	Interest income, dividends etc.	3,680	5,130	2,381	3,688
4	Market value adjustments	13,982	16,858	4,648	3,727
	Interest expenses	-85	-215	-21	-54
5	Investment management expenses	-685	-713	-329	-300
	<b>Total investment return</b>	<b>17,024</b>	<b>21,524</b>	<b>14,955</b>	<b>18,747</b>
	<b>Tax on pension returns</b>	<b>-1,944</b>	<b>-3,487</b>	<b>-1,944</b>	<b>-3,487</b>
6	Benefits paid	-12,169	-9,416	-12,169	-9,416
	<b>Total insurance benefits, net of reinsurance</b>	<b>-12,169</b>	<b>-9,416</b>	<b>-12,169</b>	<b>-9,416</b>
15,16	<b>Total change in provisions, net of reinsurance</b>	<b>-12,471</b>	<b>-15,805</b>	<b>-12,471</b>	<b>-15,805</b>
14	<b>Change in surplus capital</b>	<b>171</b>	<b>55</b>	<b>171</b>	<b>55</b>
5	Administrative expenses	-179	-175	-179	-175
	<b>Total net operating expenses, net of reinsurance</b>	<b>-179</b>	<b>-175</b>	<b>-179</b>	<b>-175</b>
	<b>Transferred return on investments</b>	<b>-2,132</b>	<b>-2,884</b>	<b>-63</b>	<b>-106</b>
	<b>TECHNICAL RESULT</b>	<b>-29</b>	<b>-58</b>	<b>-29</b>	<b>-58</b>
	<b>Investment return on equity</b>	<b>118</b>	<b>96</b>	<b>63</b>	<b>106</b>
	<b>Minority interests of investment return</b>	<b>2,015</b>	<b>2,791</b>	<b>0</b>	<b>0</b>
	<b>Other income</b>	<b>71</b>	<b>55</b>	<b>0</b>	<b>0</b>
	<b>Other expenses</b>	<b>-80</b>	<b>-56</b>	<b>0</b>	<b>0</b>
	<b>PROFIT BEFORE TAX</b>	<b>2,093</b>	<b>2,828</b>	<b>34</b>	<b>48</b>
7	<b>Tax</b>	<b>-40</b>	<b>-26</b>	<b>20</b>	<b>32</b>
	<b>PROFIT FOR THE YEAR</b>	<b>2,053</b>	<b>2,802</b>	<b>54</b>	<b>80</b>
	<b>Other comprehensive income</b>				
	Domicile property revaluation	21	88	0	0
	Translation of units outside Denmark	-4,650	1,355	-4,650	1,355
	Translation of units outside Denmark - minority interests share	-1,364	459	0	0
	Tax on pension returns	591	-163	591	-163
	Change in collective bonus potential	4,037	-1,186	4,037	-1,186
7	Tax	-5	-19	0	0
	<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-1,370</b>	<b>533</b>	<b>-22</b>	<b>6</b>
	<b>NET PROFIT FOR THE YEAR</b>	<b>683</b>	<b>3,335</b>	<b>32</b>	<b>86</b>
	<b>Minority interests share</b>	<b>-651</b>	<b>-3,249</b>	<b>0</b>	<b>0</b>
	<b>PARENT COMPANY'S SHARE OF PROFIT FOR THE YEAR</b>	<b>32</b>	<b>86</b>	<b>32</b>	<b>86</b>

# Group and Parent Company Financial Statements (Continued)

Note	BALANCE SHEET DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
	<b>ASSETS</b>				
	<b>INTANGIBLE ASSETS</b>	<b>181</b>	<b>183</b>	<b>0</b>	<b>0</b>
8	Equipment	9	13	0	0
9	Domicile property	482	171	0	0
	<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>492</b>	<b>185</b>	<b>0</b>	<b>0</b>
10	<b>Investment property and other tangible investment assets</b>	<b>5,331</b>	<b>5,621</b>	<b>0</b>	<b>0</b>
	Investments in group enterprises	0	0	24,695	25,840
11	Loans to group enterprises	0	0	1,216	1,272
	Investments in associates	934	900	392	245
11	Loans to associates	78	91	78	91
	<b>Total investments in group enterprises and associates</b>	<b>1,012</b>	<b>990</b>	<b>26,381</b>	<b>27,447</b>
	Investments	38,503	39,718	4,425	4,234
	Units in mutual funds	613	597	504	468
	Bonds	93,366	96,602	92,851	95,885
	Loans secured by mortgage	154	126	154	126
12	Derivative financial instruments	51,709	45,930	51,704	45,929
	Deposits with credit institutions	2,905	8,814	2,658	8,314
	<b>Total other financial investment assets</b>	<b>187,250</b>	<b>191,788</b>	<b>152,296</b>	<b>154,957</b>
	<b>TOTAL INVESTMENT ASSETS</b>	<b>193,594</b>	<b>198,399</b>	<b>178,677</b>	<b>182,404</b>
13	<b>INVESTMENT ASSETS RELATED TO UNIT-LINKED CONTRACTS</b>	<b>108,893</b>	<b>104,150</b>	<b>105,956</b>	<b>100,193</b>
	<b>Total receivables arising from direct and indirect insurance contracts</b>	<b>248</b>	<b>340</b>	<b>248</b>	<b>340</b>
	<b>Receivables from group enterprises</b>	<b>0</b>	<b>0</b>	<b>1,285</b>	<b>1,019</b>
	<b>Other receivables</b>	<b>414</b>	<b>411</b>	<b>82</b>	<b>115</b>
	<b>TOTAL RECEIVABLES</b>	<b>663</b>	<b>752</b>	<b>1,615</b>	<b>1,474</b>
	Current tax assets	7	14	0	8
7	Deferred tax assets	57	48	0	0
	Cash and cash equivalents	2,116	1,519	2,365	1,516
	Other	2,401	3,658	2,401	3,658
	<b>TOTAL OTHER ASSETS</b>	<b>4,581</b>	<b>5,239</b>	<b>4,766</b>	<b>5,182</b>
	Interest and rent receivable	3,625	3,890	3,569	3,829
	Other prepayments	432	308	245	248
	<b>TOTAL PREPAYMENTS</b>	<b>4,057</b>	<b>4,198</b>	<b>3,814</b>	<b>4,077</b>
	<b>TOTAL ASSETS</b>	<b>312,460</b>	<b>313,106</b>	<b>294,828</b>	<b>293,330</b>

Note	BALANCE SHEET DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
	<b>EQUITY AND LIABILITIES</b>				
	<b>Share capital</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	Other reserves	243	254	77	99
	<b>Total reserves</b>	<b>243</b>	<b>254</b>	<b>77</b>	<b>99</b>
	<b>Retained earnings</b>	<b>3,425</b>	<b>3,402</b>	<b>3,611</b>	<b>3,557</b>
	<b>Minority interests</b>	<b>15,999</b>	<b>16,735</b>	<b>0</b>	<b>0</b>
	<b>TOTAL EQUITY</b>	<b>19,668</b>	<b>20,393</b>	<b>3,689</b>	<b>3,657</b>
14	<b>Surplus capital</b>	<b>4,086</b>	<b>4,256</b>	<b>4,086</b>	<b>4,256</b>
	<b>TOTAL SUBORDINATED LOAN CAPITAL</b>	<b>4,086</b>	<b>4,256</b>	<b>4,086</b>	<b>4,256</b>
15	<b>Provisions for average-rate products</b>	<b>118,582</b>	<b>116,002</b>	<b>118,582</b>	<b>116,002</b>
16	<b>Provisions for unit-linked contracts</b>	<b>101,766</b>	<b>95,726</b>	<b>101,766</b>	<b>95,726</b>
	<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>	<b>220,347</b>	<b>211,727</b>	<b>220,347</b>	<b>211,727</b>
7	Deferred tax liabilities	122	122	0	0
	Other provisions	74	47	0	0
	<b>TOTAL PROVISIONS FOR LIABILITIES</b>	<b>196</b>	<b>168</b>	<b>0</b>	<b>0</b>
	Payables arising from reinsurance operations	80	72	80	72
17	Payables to credit institutions	24,844	23,359	22,669	20,994
	Payables to group enterprises	0	0	1,372	35
	Current tax liabilities	40	42	0	0
18	Other debt	42,907	52,864	42,385	52,425
	<b>TOTAL DEBT</b>	<b>67,871</b>	<b>76,337</b>	<b>66,507</b>	<b>73,527</b>
	<b>TOTAL DEFERRED INCOME</b>	<b>291</b>	<b>225</b>	<b>199</b>	<b>162</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>312,460</b>	<b>313,106</b>	<b>294,828</b>	<b>293,330</b>

1	<b>ACCOUNTING POLICIES</b>
19	<b>CONTINGENT ASSETS AND LIABILITIES</b>
20	<b>CHARGES</b>
21	<b>INTRA GROUP TRANSACTIONS</b>
22	<b>REALISED RESULT FOR INTEREST GROUPS, COST AND RISK GROUPS</b>
23	<b>FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE</b>
24	<b>OVERVIEW OF ASSETS AND RETURNS</b>
25	<b>UNIT-LINKED PRODUCT, RETURN ETC. BY INVESTMENT PROFILES</b>
26	<b>SUPPLEMENTARY PRODUCT RATIOS</b>
27	<b>FIVE-YEAR FINANCIAL HIGHLIGHTS AND RATIOS, GROUP AND PARENT COMPANY</b>
28	<b>RISK MANAGEMENT</b>
29	<b>OVERVIEW OF GROUP EQUITY INVESTMENTS</b>

# Statement of changes in equity

DKKm.	Share capital	Currency translation adjustment	Domicile	Retained earnings	Minority interest	Total
<b>PARENT COMPANY</b>						
<b>Equity at 1 January 2019</b>	<b>1</b>	<b>93</b>	<b>0</b>	<b>3,477</b>	<b>0</b>	<b>3,571</b>
Profit for the year	-	-	-	80	-	80
Other comprehensive income	-	6	-	-	-	6
<b>Equity at 31 December 2019</b>	<b>1</b>	<b>99</b>	<b>0</b>	<b>3,557</b>	<b>0</b>	<b>3,657</b>
Profit for the year	-	-	-	54	-	54
Other comprehensive income	-	-22	-	-	-	-22
<b>Equity at 31 December 2020</b>	<b>1</b>	<b>77</b>	<b>0</b>	<b>3,611</b>	<b>0</b>	<b>3,689</b>
<b>GROUP</b>						
<b>Equity at 1 January 2019</b>	<b>1</b>	<b>92</b>	<b>87</b>	<b>3,391</b>	<b>10,426</b>	<b>13,998</b>
Profit for the year	-	-	-	11	2,791	2,801
Other comprehensive income	-	6	69	-	459	533
Minority interests shares - disposals	-	-	-	-	3,060	3,060
Equity at 31 December 2019	1	99	155	3,402	16,735	20,393
Correction previous years	-	-	-5	-15	20	0
<b>Equity at 1 January 2020</b>	<b>1</b>	<b>99</b>	<b>150</b>	<b>3,386</b>	<b>16,756</b>	<b>20,393</b>
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
<b>Equity at 31 December 2020</b>	<b>1</b>	<b>76</b>	<b>166</b>	<b>3,425</b>	<b>15,999</b>	<b>19,668</b>
<b>Capital base</b>					<b>31.12.2020</b>	<b>31.12.2019</b>
Equity					3,689	3,657
Surplus capital					4,086	4,256
Intangible assets in group enterprises					-181	-183
<b>Total</b>					<b>7,594</b>	<b>7,731</b>

# 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).

#### Changes to the accounting policies and estimates

As of 1 January 2020, the value of leases is recognised in the balance sheet as an asset and a corresponding liability. The recognition increases the Group's total assets by DKK 1 million. Total comprehensive income and equity are not significantly affected by the recognition. Comparative figures for previous years have not been restated.

Other than as set out above, 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 valuation of provisions for insurance and investment contracts is subject to particular uncertainty in respect of the recognised expected future life expectancy trend, determined as the Danish FSA's benchmark.

Due to their non-marketability, the pricing of level 3 investment assets is subject to greater uncertainty than level 1 and level 2 assets, whose fair values are measured on the basis of quoted prices in an active market or on the basis of observable inputs. 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 non-marketable 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 non-marketable assets on unfavourable terms. The value of the most marketable 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 are:

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

## 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

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. Trans-

actions 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' pension accounts, 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 attrib-

utable to other comprehensive income is recognised in the statement of other comprehensive income.

#### **Insurance benefits, net of reinsurance**

Insurance benefits, net of reinsurance, comprise 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 Administrationssselskab 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.

#### **Andre omkostninger**

Andre omkostninger omfatter omkostninger i forbindelse med administration af andre virksomheder samt andre omkostninger, der ikke kan henføres til forsikringsvirksomheden.

#### **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 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

## Notes to the financial statements (continued)

---

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 Administrationselskab 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 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 valuation 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, 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.

## Notes to the financial statements (continued)

---

### **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 compu-

tation 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 as the Danish FSA's benchmark.

#### **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 potential**

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 potential**

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 schemes 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 75. Financial highlights are not prepared for the Group as it comprises one life insurance company only.

## Notes to the financial statements (continued)

Note	DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
<b>2</b>	<b>Gross premiums</b>				
	Regular premiums	4,887	4,782	4,887	4,782
	Group life contracts	3,031	2,801	3,031	2,801
	Single premiums	2,813	1,769	2,813	1,769
	<b>Premiums, direct insurance</b>	<b>10,731</b>	<b>9,352</b>	<b>10,731</b>	<b>9,352</b>
	<b>Premiums, indirect insurance</b>	<b>940</b>	<b>777</b>	<b>940</b>	<b>777</b>
	<b>Total gross premiums</b>	<b>11,672</b>	<b>10,129</b>	<b>11,672</b>	<b>10,129</b>
	<b>Premiums, direct insurance, broken down by insurance arrangement</b>				
	Insurance contracts written in connection with employment	7,701	6,551	7,701	6,551
	Group life contracts	3,031	2,801	3,031	2,801
	<b>Total</b>	<b>10,731</b>	<b>9,352</b>	<b>10,731</b>	<b>9,352</b>
	Premiums with profits insurance	3,602	3,457	3,602	3,457
	Unit-linked contracts	7,129	5,895	7,129	5,895
	<b>Total</b>	<b>10,731</b>	<b>9,352</b>	<b>10,731</b>	<b>9,352</b>
	<b>Premium by policyholder's address</b>				
	Denmark	10,702	9,326	10,702	9,326
	Other EU-countries	27	24	27	24
	Other countries	2	2	2	2
	<b>Total</b>	<b>10,731</b>	<b>9,352</b>	<b>10,731</b>	<b>9,352</b>
	Number of policyholders with insurance and investment contracts written as part of their employment (thousands)	293	284	293	284
	Of this number of unit-linked contracts (thousands)	209	198	209	198
	Number of group life insurances (thousands)	776	758	776	758
<b>3</b>	<b>Interest income and dividends etc.</b>				
	Dividends from investments	1,431	1,657	142	285
	Dividends from units in mutual funds	11	4	8	4
	Interest from bonds	1,907	2,134	1,877	2,084
	Interest on loans secured by mortgage	6	13	6	13
	Interest from group enterprises	0	0	37	41
	Other interest income	18	162	4	100
	Indexation	-96	12	-96	12
	Interest rate hedging instruments	404	1,148	404	1,148
	<b>Total interest income, dividends, etc.</b>	<b>3,680</b>	<b>5,130</b>	<b>2,381</b>	<b>3,688</b>
<b>4</b>	<b>Market value adjustments</b>				
	Investment property and other tangible investment assets	197	795	0	0
	Investments	9,600	13,528	499	1,301
	Units in mutual funds	-5	150	-5	129
	Bonds	1,309	2,916	1,366	2,880
	Loans secured by mortgage	-13	15	-13	15
	Derivative financial instruments	2,839	-570	2,847	-653
	Cash and demand deposit	-13	16	3	8
	Other	69	7	-49	48
	<b>Total value adjustments</b>	<b>13,982</b>	<b>16,858</b>	<b>4,648</b>	<b>3,727</b>

Note	DKKm.	GROUP 2020	PARENT COMPANY 2019
<b>5</b>	<b>Administrative expenses</b>		
	All staff are employed with and paid by Sampension Administrationssselskab 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	-253	-229
	Staff pensions	-44	-40
	Other social security costs	-1	-1
	Payroll tax etc.	-43	-40
	<b>Total staff costs</b>	<b>-340</b>	<b>-310</b>
	Average number of full-time employees	317	297
	<b>Remuneration to the Executive Board, the Board of Directors and to material risk takers</b>		
	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 Administrationssselskab A/S. Sampension Livsforsikring A/S has a 88% ownership interest in Sampension Administrationssselskab A/S.		
	<b>Direktion</b>		
	Hasse Jørgensen:		
	Ordinary remuneration, etc.	-6.08	-6.09
	Extraordinary holiday allowance due to new Danish Holiday Act	-0.49	-
		-6.57	-6.09
	Mads Smith Hansen (joined 01.04.2020):		
	Ordinary remuneration, etc.	-2.68	-
	Extraordinary holiday allowance due to new Danish Holiday Act	-0.14	-
		-2.82	-
	Total remuneration to the Executive Board	-9.39	-6.09
	<b>Sampension Livs' share of the Executive Board's remuneration is</b>	<b>-8.73</b>	<b>-5.54</b>
	Number of individuals	2	1
	<b>Board remuneration</b>		
	Jørn Pedersen	-0.33	-0.32
	Kim Simonsen	-0.28	-0.28
	Anne Mette Barfod	-0.20	-0.19
	Rita Bundgaard	-0.13	-0.13
	Martin Damm	-0.13	-0.13
	René Nielsen	-0.13	-0.13
	Torben Henning Nielsen	-0.23	-0.23
	Bodil Marie Otto (resigned 13.02.2020)	-0.02	-0.13
	Lene Roed Poulsen (joined 13.02.2020)	-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
		-2.33	-2.28
	Number of individuals	14	14
	<b>Fixed salary, including pension, of employees whose activities have a material impact on the company's risk profile*)</b>	<b>-11.21</b>	<b>-14.25</b>
	Number of individuals	7	8

Note 5 continued on next page.

# Notes to the financial statements (continued)

Note 5 continued

Note	DKKkm.	GROUP		PARENT COMPANY		
		2020	2019	2020	2019	
		<p>*) 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 special incentive programmes. 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.</p> <p>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.</p> <p>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 <a href="http://sampension.dk/bestyrelse">sampension.dk/bestyrelse</a></p>				
		<p><b>Remuneration for auditors elected by the Annual General Meeting</b></p> <p>PwC. Statsautoriseret Revisionspartnerselskab</p>				
		Statutory audit	-3.64	-2.93	-0.65	-0.64
		Assurance engagements	-0.05	-0.05	-0.05	-0.05
		Tax advice	-0.84	-1.24	-0.09	-0.92
		Other services	-0.20	-2.54	0.00	0.00
			<b>-4.73</b>	<b>-6.75</b>	<b>-0.79</b>	<b>-1.60</b>

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.

The calculation method was changed in 2020. Comparative figures were restated according to the same calculation method.

In addition to the statutory audit of the consolidated and parent company financial statements and other statutory assurance engagements, PwC Statsautoriseret Revisionspartnerselskab has provided assistance by way of custodian services for group enterprises, assistance in the digital filing of annual reports of certain group enterprises, general accounting advice and tax opinions in connection with investments. PwC Statsautoriseret Revisionspartnerselskab has also issued a report on annual expenses expressed as a percentage and as an amount, provided tax and VAT advisory services and performed a tax review of statements of income.

<b>6 Benefits paid</b>						
		Insurance sums payable in the event of death	-353	-337	-353	-337
		Insurance sums payable in the event of critical illness	-299	-284	-299	-284
		Insurance sums payable in the event of disability	-75	-54	-75	-54
		Insurance sums payable in the event of maturity	-81	-77	-81	-77
		Retirement and annuity benefits	-3,396	-3,190	-3,396	-3,190
		Payment at surrender etc.	-3,816	-1,625	-3,816	-1,625
		Bonuses paid in cash	-2,137	-1,920	-2,137	-1,920
		<b>Benefits paid, direct insurance</b>	<b>-10,158</b>	<b>-7,486</b>	<b>-10,158</b>	<b>-7,486</b>
		<b>Benefits paid, indirect insurance</b>	<b>-2,011</b>	<b>-1,930</b>	<b>-2,011</b>	<b>-1,930</b>
		<b>Total benefits paid</b>	<b>-12,169</b>	<b>-9,416</b>	<b>-12,169</b>	<b>-9,416</b>
<b>7 Tax</b>						
		Current corporation tax	-33	-40	0	0
		Change in deferred tax, ordinary	14	16	0	0
		Adjustment relating to previous years, current tax	6	63	4	31
		Adjustment relating to previous years, deferred tax	0	-22	0	0
		Other taxes paid etc.	5	-43	48	1
		Write-down of deferred tax asset	-32	0	-32	0
		<b>Total tax income statement</b>	<b>-40</b>	<b>-26</b>	<b>20</b>	<b>32</b>
		<b>Tax, other comprehensive income</b>	<b>-5</b>	<b>-19</b>	<b>0</b>	<b>0</b>

Note 7 continued on next page

Note 7 continued

Note	DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
<b>Tax reconciliation</b>					
	Profit before tax	2,093	2,828	34	48
	Other comprehensive income before tax	-1,366	553	-22	6
	Calculated tax, 22,0 %	-160	-744	-3	-12
	Non-taxable income and non-deductible expenses	137	700	3	2
	Other	5	-43	48	9
	Prior-year adjustment	6	41	4	31
	Write-down of deferred tax asset	-32	0	-32	0
		<b>-45</b>	<b>-46</b>	<b>20</b>	<b>31</b>
<b>Tax provisions</b>					
	Land and buildings	-195	-47	-70	-46
	Energy plants	0	-118	0	0
	Taxation of tax on pension returns	-430	-437	-430	-437
	IT assets	57	42	0	0
	Other assets	28	3	24	0
	Tax loss carry-forward	1,340	1,621	1,340	1,621
	Write-down of deferred tax asset	-865	-1,138	-865	-1,138
	<b>Total tax provisions</b>	<b>-64</b>	<b>-74</b>	<b>0</b>	<b>0</b>
	<b>Deferred tax asset</b>	<b>57</b>	<b>48</b>	<b>0</b>	<b>0</b>
	<b>Deferred tax liability</b>	<b>-122</b>	<b>-122</b>	<b>0</b>	<b>0</b>
<b>8</b>	<b>Equipment</b>				
	Cost at 1 January	26	22	0	0
	Additions during the year, including improvements	2	4	0	0
	Disposals during the year	-4	0	0	0
	<b>Cost at 31 December</b>	<b>24</b>	<b>26</b>	<b>0</b>	<b>0</b>
	Write downs and depreciation at 1 January	-13	-9	0	0
	Depreciation for the year	-4	-4	0	0
	Reversal of previous depreciation	2	0	0	0
	<b>Write downs and depreciation at 31 December</b>	<b>-15</b>	<b>-13</b>	<b>0</b>	<b>0</b>
	<b>Carrying value at 31 December</b>	<b>9</b>	<b>13</b>	<b>0</b>	<b>0</b>
<b>9</b>	<b>Domicile property</b>				
	Revaluation at 1 January	457	371	0	0
	Additions during the year	3	0	0	0
	Revaluation for the year recognised in other comprehensive income	25	88	0	0
	Depreciation for the year	-3	-2	0	0
	<b>Revaluated value at 31 December</b>	<b>482</b>	<b>457</b>	<b>0</b>	<b>0</b>
	Fair value included in the item Domicile property	<b>482</b>	<b>171</b>	<b>0</b>	<b>0</b>
	Fair value included in the item Investment assets related to unit-linked contracts, see note 13	<b>0</b>	<b>286</b>	<b>0</b>	<b>0</b>
	Valuation reports from external experts have been obtained.				
	Rates of return applied to assess the market value of the property	3.88	3.56	-	-

## Notes to the financial statements (continued)

Note	DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
<b>10</b>	<b>Investment property and other tangible investment assets</b>				
	<b>Investment properties</b>				
	Fair value, beginning of year	13,102	11,945	0	0
	Correction previous years	-14	-8	0	0
	Additions during the year	724	929	0	0
	Disposals during the year	-800	-500	0	0
	Fair value adjustment for the year	-228	735	0	0
	<b>Fair value, end of year</b>	<b>12,784</b>	<b>13,102</b>	<b>0</b>	<b>0</b>
	<b>Other tangible investment assets, fair value</b>	<b>2,220</b>	<b>1,880</b>	<b>0</b>	<b>0</b>
	<b>Investeringsejendomme og andre materielle investeringsaktiver, dagsværdi i alt</b>	<b>15,004</b>	<b>14,982</b>	<b>0</b>	<b>0</b>
	<b>Investment property and other tangible investment assets, total fair value</b>	<b>5,331</b>	<b>5,621</b>	<b>0</b>	<b>0</b>
	<b>Fair value included in the item Investment property and other tangible investment assets</b>	<b>9,674</b>	<b>9,362</b>	<b>0</b>	<b>0</b>
	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	2.70	2.87	-	-
	Residential property for the elderly	2.77	3.35	-	-
	Commercial property	5.23	5.97	-	-
	Youth housing	3.33	3.65	-	-
	Mixed property	5.35	5.41	-	-
	Foreign commercial property	5.23	5.41	-	-
	<b>Weighted average of rates of return</b>	<b>4.28</b>	<b>4.32</b>	<b>-</b>	<b>-</b>
<b>11</b>	<b>Loans to group enterprises and associates</b>				
	<b>Group enterprises</b>				
	Fallcorner BV, Holland	-	-	189	211
	KP CE s.a., Frankrig	-	-	164	167
	Sampension KP International A/S, Danmark	-	-	640	688
	Sampension KP Danmark, Danmark	-	-	434	434
	Sampension Renewables P/S, Danmark	-	-	194	144
	<b>Total loans to group enterprises</b>	<b>-</b>	<b>-</b>	<b>1,621</b>	<b>1,645</b>
	<b>Included in the item loans to group enterprises</b>	<b>-</b>	<b>-</b>	<b>1,216</b>	<b>1,272</b>
	<b>Included in the item Investment assets related to unit-linked contracts, see note 13</b>	<b>-</b>	<b>-</b>	<b>405</b>	<b>373</b>
	<b>Associates</b>				
	OPP Slagelse Sygehus P/S, Danmark	83	91	83	91
	OPP Retten i Svendborg P/S, Danmark	17	19	17	19
	OPP Vejle P/S, Danmark	104	116	104	116
	OPP HoldCo ApS	17	17	17	17
	<b>Total loans to associates</b>	<b>221</b>	<b>242</b>	<b>221</b>	<b>242</b>
	<b>Included in the item loans to associates</b>	<b>78</b>	<b>91</b>	<b>78</b>	<b>91</b>
	<b>Included in the item Investment assets related to unit-linked contracts, see note 13</b>	<b>142</b>	<b>151</b>	<b>142</b>	<b>151</b>

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

Note	DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
<b>12</b>	<b>Derivative financial instruments</b>				
	2020	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	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's	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
	<b>Total derivative financial instruments</b>	<b>55,043</b>	<b>39,900</b>	<b>55,030</b>	<b>39,900</b>
	<b>Fair value included in the item Derivative financial instruments</b>	<b>51,709</b>		<b>51,704</b>	
	<b>Fair value included in the item Investment assets related to unit-linked contracts, see note 13</b>	<b>3,334</b>		<b>3,326</b>	
	<b>Fair value included in the item other debt see note 18</b>		<b>39,900</b>		<b>39,900</b>
	<b>Net carrying value (asset)</b>	<b>15,143</b>		<b>15,130</b>	
	DKKm.	2020	2019	2020	2019
	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	26,290	22,552	26,290	22,552
	The Group has provided collateral in the form of liquid bonds equal to a fair value of	-7,075	-7,964	-7,075	-7,964
	<b>Net collateral (asset)</b>	<b>19,215</b>	<b>14,588</b>	<b>19,215</b>	<b>14,588</b>

In addition, equity futures used for effective portfolio management purposes had a total exposure of DKK -1.627 million (2019: -1.497 million) in the unit-linked environment and a total exposure of DKK -740 million (2019: -575 million) in the average-rate environment. Bond futures used for hedging interest-rate risk on the bond portfolio had a total exposure of DKK -922 million (2019: -3.107 million) in the unitlinked environment and a total exposure of DKK -2.790 million (2019: -7.597 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	DKKm.	GROUP		PARENT COMPANY	
		Positive fair value	Negative fair value	Positive fair value	Negative fair value
2019					
Interest rate hedging instruments etc.:					
Interest swaps		46,803	35,506	46,802	35,506
TRS		5	0	5	0
Caps/floors		168	226	168	226
Swaptions		415	461	415	461
CDS's		152	0	152	0
Option on futures		2	37	2	37
Total interest rate hedging instruments		47,545	36,230	47,544	36,230
Currency-based derivative financial instruments		598	1,003	598	999
TRS Equity		21	0	21	0
<b>Total derivative financial instruments</b>		<b>48,164</b>	<b>37,234</b>	<b>48,163</b>	<b>37,229</b>
<b>Fair value included in the item Derivative financial instruments</b>		<b>45,930</b>		<b>45,929</b>	
<b>Fair value included in the item Investment assets related to unit-linked contracts, see note 13</b>		<b>2,234</b>		<b>2,234</b>	
<b>Fair value included in the item other debt see note 18</b>			<b>37,234</b>		<b>37,229</b>
<b>Net carrying value (asset)</b>		<b>10,930</b>		<b>10,933</b>	
DKKm.		2020	2019	2020	2019
<b>13 Investment assets related to unit-linked contracts</b>					
<b>3 i 1 Livpension</b>					
Domicile properties		0	286	0	0
Investment property and other tangible investment assets		9,674	9,362	0	0
Investments in group enterprises		0	0	59,882	51,293
Loans to group enterprises		0	0	405	373
Investments in associates		1,698	1,498	711	406
Loans to associates		142	151	142	151
Investments		57,892	48,686	7,938	6,500
Units in mutual funds		819	644	819	644
Bonds		32,030	38,131	31,221	37,397
Loans secured by mortgage		118	162	118	162
Other		2	3	0	0
Deposits with credit institutions		3,030	2,843	1,241	883
Derivative financial instruments see note 12		3,334	2,234	3,326	2,234
<b>Total investment assets</b>		<b>108,739</b>	<b>104,000</b>	<b>105,804</b>	<b>100,044</b>
<b>Linkpension</b>					
Investments in group enterprises		0	0	75	52
Investments		40	29	7	2
Units in mutual funds		110	118	70	95
Deposits with credit institutions		1	1	0	0
Bonds		3	2	0	0
<b>Total investment assets</b>		<b>154</b>	<b>150</b>	<b>152</b>	<b>149</b>
<b>Total investment assets related to unit-linked contracts</b>		<b>108,893</b>	<b>104,150</b>	<b>105,956</b>	<b>100,193</b>

Note	DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
<b>14</b>	<b>Surplus capital</b>				
	Surplus capital beginning of year	4,256	4,311	4,256	4,311
	Paid out to customers	-267	-187	-267	-187
	Return for the year	109	132	109	132
	Transferred from equity	-12	1	-12	1
	<b>Total surplus capital</b>	<b>4,086</b>	<b>4,256</b>	<b>4,086</b>	<b>4,256</b>
<b>15</b>	<b>Provisions for average-rate products</b>				
	<b>Insurance provisions is specified as follows</b>				
	Life insurance provisions, beginning of year	116,002	109,785	116,002	109,785
	Collective bonus potential, beginning of year	-11,529	-14,139	-11,529	-14,139
	Risk margin covered by collective bonus potential at beginning of year	-39	-215	-39	-215
	Accumulated value adjustment, beginning of year	-17,008	-24,283	-17,008	-24,283
	<b>Retrospective provisions, beginning of year</b>	<b>87,426</b>	<b>71,148</b>	<b>87,426</b>	<b>71,148</b>
	Gross premiums	4,542	4,234	4,542	4,234
	Addition of interest after tax on pension returns	3,786	3,497	3,786	3,497
	Tax on pension returns	-264	-358	-264	-358
	Contributions to savings on interest rate group conversion	-24	18,096	-24	18,096
	Tax on pension returns	20	-2,686	20	-2,686
	Transfer between classes I and III	-4	-10	-4	-10
	Insurance benefits	-6,990	-6,481	-6,990	-6,481
	Cost addition after addition of cost bonus	-182	-173	-182	-173
	Risk gain after addition of risk bonus	-8	-107	-8	-107
	Change in quota Forenede Gruppeliv	120	163	120	163
	Other	163	104	163	104
	<b>Retrospective provisions, end of year</b>	<b>88,585</b>	<b>87,426</b>	<b>88,585</b>	<b>87,426</b>
	Accumulated value adjustment, end of year	19,364	17,008	19,364	17,008
	Collective bonus potential, end of year	10,281	11,529	10,281	11,529
	Risk margin covered by collective bonus potential at end of year	352	39	352	39
	<b>Life insurance provisions, end of year</b>	<b>118,582</b>	<b>116,002</b>	<b>118,582</b>	<b>116,002</b>
	<b>Life insurance provisions are specified as follows</b>				
	Interest rate group F (special non-guaranteed)				
	Bonus potential - non-guaranteed benefits	1,118	1,057	1,118	1,057
	Collective bonus potential	86	106	86	106
	<b>Total interest rate group F</b>	<b>1,204</b>	<b>1,164</b>	<b>1,204</b>	<b>1,164</b>
	Interest rate group G (average basic rate of interest 0.00 %)				
	Guaranteed benefits	6,590	6,335	6,590	6,335
	Bonus potential - non-guaranteed benefits	63,335	60,513	63,335	60,513
	Collective bonus potential	3,767	4,281	3,767	4,281
	<b>Total interest rate group G</b>	<b>73,692</b>	<b>71,128</b>	<b>73,692</b>	<b>71,128</b>
	<b>Total interest rate groups</b>	<b>74,896</b>	<b>72,292</b>	<b>74,896</b>	<b>72,292</b>
	<b>Expense groups</b>				
	Collective bonus potential	157	137	157	137
	<b>Total expense groups</b>	<b>157</b>	<b>137</b>	<b>157</b>	<b>137</b>
	<b>Risk groups</b>				
	Collective bonus potential	1,054	1,041	1,054	1,041
	<b>Total risk groups</b>	<b>1,054</b>	<b>1,041</b>	<b>1,054</b>	<b>1,041</b>

note 15 continued on next page

# Notes to the financial statements (continued)

Note 15 continued

Note	DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
	<b>Group life insurance</b>				
	Bonus potential - non-garanteed benefits	906	886	906	886
	Individual bonus potential	2,008	1,864	2,008	1,864
	Collective bonus potential FG	75	39	75	39
	<b>Total Group life insurance</b>	<b>2,989</b>	<b>2,788</b>	<b>2,989</b>	<b>2,788</b>
	<b>Risk margin</b>				
	Average-rate product	392	330	392	330
	Group life insurance	72	67	72	67
	<b>Total risk margin</b>	<b>464</b>	<b>396</b>	<b>464</b>	<b>396</b>
	<b>Non-guaranteed indirect insurance</b>				
	Bonus potential - non-guaranteed benefits	33,879	33,423	33,879	33,423
	Collective bonus potential	5,143	5,924	5,143	5,924
	<b>Total non-guaranteed indirect insurance</b>	<b>39,022</b>	<b>39,347</b>	<b>39,022</b>	<b>39,347</b>
	<b>Total provisions for average-rate products</b>	<b>118,582</b>	<b>116,002</b>	<b>118,582</b>	<b>116,002</b>
	<b>Total</b>				
	Guaranteed benefits	6,590	6,335	6,590	6,335
	Bonus potential - non-guaranteed benefits	64,453	61,570	64,453	61,570
	Collective bonus potential	5,064	5,565	5,064	5,565
	Group life contracts	2,989	2,788	2,989	2,788
	Risk margin	464	396	464	396
	Non-guaranteed indirect insurance	39,022	39,347	39,022	39,347
	<b>Total provisions for average-rate products</b>	<b>118,582</b>	<b>116,002</b>	<b>118,582</b>	<b>116,002</b>
<b>16</b>	<b>Provisions for unit-linked contracts</b>				
	<b>Change in provisions for 3 i 1 Livspension contracts are specified as follows</b>				
	Provision for 3 i 1 Livspensions contracts, beginning of year	95,554	84,578	95,554	84,578
	Gross premiums	7,104	5,878	7,104	5,878
	Addition of interest after tax on pension returns	4,588	9,215	4,588	9,215
	Transfer between classes I and III	4	10	4	10
	Subsidy from transfer	5	11	5	11
	Tax on pension returns and on subsidy from transfer	-709	-1,408	-709	-1,408
	Insurance benefits	-4,830	-2,636	-4,830	-2,636
	Cost addition after addition of cost bonus	-93	-83	-93	-83
	Risk gain after addition of risk bonus	-56	-13	-56	-13
	Adjustment of differences in tax on pension returns due to switches, etc.	20	0	20	0
	Other	0	1	0	1
	<b>Provisions for 3 i 1 Livspension, end of year</b>	<b>101,585</b>	<b>95,554</b>	<b>101,585</b>	<b>95,554</b>
	<b>Change in provisions for Linkpension contracts are specified as follows</b>				
	Provision for Linkpension contracts, beginning of year	172	144	172	144
	Gross premiums	25	18	25	18
	Addition of interest before tax on pension returns	10	31	10	31
	Tax on pension returns	-2	-4	-2	-4
	Insurance benefits	-22	-17	-22	-17
	Other	-2	0	-2	0
	<b>Provisions for Linkpension, end of year</b>	<b>180</b>	<b>172</b>	<b>180</b>	<b>172</b>
	<b>Total provisions for unit-linked contracts</b>	<b>101,766</b>	<b>95,726</b>	<b>101,766</b>	<b>95,726</b>

The profit margin on life insurance contracts is nil.

Note 16 continued

Note	DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
<b>Change in provisions are specified as follows</b>					
	Change in provisions for average-rate products	-2,580	-6,217	-2,580	-6,217
	Change in provisions for unit-linked products	-6,040	-11,004	-6,040	-11,004
	Bonus paid to policyholder accounts	65	63	65	63
	Change in quota Forenede Gruppeliv	120	163	120	163
	Change in provisions, Other comprehensive income	-4,037	1,186	-4,037	1,186
	Other	1	4	1	4
<b>Change in provisions, Income statement</b>		<b>-12,471</b>	<b>-15,805</b>	<b>-12,471</b>	<b>-15,805</b>

The profit margin on life insurance contracts is nil.

<b>17 Payables to credit institutions</b>					
	Repos	22,669	20,994	22,669	20,994
	Bank loans	1,975	2,364	0	0
	Mortgage debt	201	0	0	0
<b>Total payables to credit institutions</b>		<b>24,844</b>	<b>23,359</b>	<b>22,669</b>	<b>20,994</b>
From the bank loans and the mortgage loans (indexlinked loans) the following fall due in the coming year					
		24,644	23,359	22,669	20,994
After five years the outstanding balance (index-linked) will be:					
		201	0	0	0
<b>18 Other debt</b>					
	Derivative financial instruments, according to note 12	39,900	37,234	39,900	37,229
	Payables relating to bond purchase	318	900	318	900
	Debt relating to settlement of repos	673	9,041	673	9,041
	Sundry financial liabilities	39	61	37	59
	Holiday allowance obligation	42	52	0	0
	Provision for tax on pension returns payable etc.	1,934	5,576	1,456	5,196
<b>Total other debt</b>		<b>42,907</b>	<b>52,864</b>	<b>42,385</b>	<b>52,425</b>

## Notes to the financial statements (continued)

Note	DKKkm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
<b>19</b>	<b>Eventualforpligtelser</b>				
	The Company has committed itself at a later date to invest in funds etc. amounting to	11,679	13,301	6,692	6,645
	Capital increases in group enterprises not yet paid in, which the parent company has committed to paying, amounting to	0	0	15,246	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	3	6	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	32	31	0	0
	Commitments regarding concluded lease agreements amount to Recognised in the balance sheet as from 2020.	-	3	-	0
	<b>Eventualforpligtelser, i alt</b>	<b>11,718</b>	<b>13,344</b>	<b>21,941</b>	<b>21,894</b>
<b>20</b>	<b>Charges</b>				
	Sampension KP Livsforsikring A/S has provided security for Sampension KP International A/S group	20	25	20	25
	Margin deposits relating to futures	529	499	529	499
	Bonds sold as part of repo debt	19,839	15,329	19,839	15,329
	Net assets registered in cover of 'Total provisions for insurance and investment contracts' amount to	226,197	219,043	226,197	219,043
	The amount related to the following items:				
	Total investments in group enterprises			81,494	74,575
	Loans to group enterprises			2,824	2,838
	Investments			10,764	7,954
	Units in mutual funds			13,870	12,260
	Bonds			99,013	107,249
	Currency-based derivative financial instruments			18,232	14,167
	Total assets earmarked as security for policyholders' savings			226,197	219,043
	Off which concerning unit-linked contracts			101,766	95,726

Note	DKKm.	GROUP		PARENT COMPANY	
		2020	2019	2020	2019
<b>21</b>	<b>Intra group transactions</b>				
	Sampension's overall administration is handled in accordance with the management agreement with Sampension Ad-administrationssselskab which undertakes all administrative functions. Administration covers both insurance and investments activities.				
	Sampension pays an administrative fee, distributed on insurance operating expenses and investment management expenses with DKK 172 million (2019: 166 million) and DKK 341 million (2019: 307 million) respectively.				
	Current intra group transactions:				
	Management contracts			507	468
	Fixed-term deposits and lending (maximum monthly balance)			3,190	10,704
	Interest etc.			22	52
	These services are settled on market terms.				
	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.				
<b>22</b>	<b>Realised result for interest rate, expense and risk groups</b>				
	<b>Total interest rate groups</b>				
	Investment return before tax on pension returns			5,109	7,537
	Change in market value adjustment			-2,356	7,275
	Basic rate of interest added			-46	-1,170
	Other			-68	-23
	<b>Realised interest rate result pursuant to the Executive Order on the Contribution Principle</b>			<b>2,639</b>	<b>13,619</b>
	Tax on pension returns			-620	-2,222
	<b>Available for allocation after tax on pension returns</b>			<b>2,019</b>	<b>11,397</b>
	Bonus added			-2,176	-982
	Contributions to savings on interest rate group conversion			5	-15,410
	Transferred to collective bonus potential, interest rate groups			217	5,170
	<b>Investment return and risk premium allocated to equity</b>			<b>65</b>	<b>175</b>
	<b>Expense cost groups</b>				
	Expense contribution			447	414
	Actual administrative expenses			-175	-170
	<b>Realised expense result pursuant to the Executive Order on the Contribution Principle</b>			<b>272</b>	<b>244</b>
	Bonus added			-253	-235
	Transferred to collective bonus potential, cost groups			-20	-10
	<b>Expense result recognised in equity</b>			<b>-1</b>	<b>-1</b>
	<b>Expense result as a percentage of technical provisions</b>			<b>0.01%</b>	<b>0.00%</b>
	<b>Total risk groups</b>				
	<b>Realised risk result pursuant to the Executive Order on the Contribution Principle</b>			<b>6</b>	<b>-238</b>
	Bonus added			6	387
	Transferred to collective bonus potential, risk groups			-13	-150
	<b>Risk result recognised in capital base</b>			<b>0</b>	<b>-1</b>
	<b>Risk result as a percentage of technical provisions</b>			<b>0.01%</b>	<b>0.08%</b>

# Notes to the financial statements (continued)

GROUP

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.	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Domicile property	0	0	482	0	0	457
Investment property	0	561	12,223	0	433	12,670
Other tangible investment assets	0	0	2,220	0	0	1,880
Investments in associates	0	0	2,632	0	0	2,398
Loans to associates	0	0	221	0	0	242
Investments	70,596	0	25,840	64,629	0	23,804
Units in mutual funds	1,542	0	0	1,359	0	0
Bonds	92,322	9,337	23,740	93,952	14,003	26,780
Loans secured by mortgage	0	0	272	0	0	288
Derivative financial instruments	0	55,045	0	0	48,167	0
Deposits with credit institutions	4,469	0	0	10,207	0	0
Cash and cash equivalents	3,582	0	0	2,970	0	0
<b>Total financial assets</b>	<b>172,511</b>	<b>64,944</b>	<b>67,630</b>	<b>173,118</b>	<b>62,604</b>	<b>68,519</b>
<b>Financial liabilities</b>						
Repos	22,669	0	0	20,994	0	0
Payables to credit institutions	2,176	0	0	2,364	0	0
Derivative financial instruments	0	39,900	0	0	37,234	0
Payables relating to bond purchase and settlement of repos	1,031	0	0	10,003	0	0
<b>Total financial liabilities</b>	<b>25,875</b>	<b>39,900</b>	<b>0</b>	<b>33,361</b>	<b>37,234</b>	<b>0</b>
<b>Total net assets</b>	<b>146,636</b>	<b>25,044</b>	<b>67,630</b>	<b>139,756</b>	<b>25,370</b>	<b>68,519</b>
Of which concerning:						
Average-rate products, Total capital and Minority interests share	84,629	20,863	30,790	81,498	21,215	32,954
Unit-linked products	62,007	4,181	36,840	58,258	4,155	35,565
<b>Total</b>	<b>146,636</b>	<b>25,044</b>	<b>67,630</b>	<b>139,756</b>	<b>25,370</b>	<b>68,519</b>

Note

**Specification of valuation based on Level 3**

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

Value adjustments are distributed on these items:

Other comprehensive income	21
Income from investment property and other tangible investment assets	-185
Marked value adjustments	3,562

**3,398**

DKKm.	Value at 1 January 2019	Value adjustments	Purchase/sale settlement	Value at 31 Dec. 2019
Domicile property	371	86	0	457
Investment property	11,650	1,041	-21	12,670
Other tangible investment assets	1,501	-109	489	1,880
Investments in associates	2,448	-50	0	2,398
Loans to associates	308	0	-67	242
Investments	20,661	2,636	507	23,804
Bonds	22,130	444	4,206	26,780
Loans secured by mortgage	624	15	-351	288
<b>Total</b>	<b>59,692</b>	<b>4,063</b>	<b>4,763</b>	<b>68,519</b>

Value adjustments are distributed on these items:

Other comprehensive income	88
Income from investment property and other tangible investment assets	-104
Marked value adjustments	4,079

**4,063**

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		
	2020		
<b>24 Overview of assets and returns, parent company</b>			
Assets and return	Market value		
DKKm.	Beg. of year	End of year	Return 2020 % p.a.
<b>Average-rate product</b>			
<b>Traditional average-rate product</b>			
<b>Land and buildings</b>	<b>4,355</b>	<b>4,547</b>	<b>-1.0%</b>
Listed investments	3,849	4,341	3.1%
Unlisted investments	4,481	4,380	6.3%
<b>Total Investments</b>	<b>8,330</b>	<b>8,721</b>	<b>5.3%</b>
Government- and mortgage bonds	43,003	34,386	1.4%
Index-linked bonds	1,657	1,404	-0.2%
Credit bonds, investment grade and non-investment grade	14,216	15,145	4.1%
Loans etc.	735	1,454	0.5%
<b>Total bonds and loans etc.</b>	<b>59,610</b>	<b>52,388</b>	<b>2.1%</b>
<b>Group Enterprises</b>	<b>474</b>	<b>0</b>	<b>0.0%</b>
<b>Other investment assets</b>	<b>-15,850</b>	<b>-12,966</b>	<b>0.5%</b>
<b>Derivative financial instruments to hedge the net change in assets and liabilities</b>	<b>24,856</b>	<b>29,582</b>	<b>14.7%</b>
<b>Total</b>	<b>81,776</b>	<b>82,272</b>	<b>6.5%</b>
<b>Non-guaranteed reinsurance</b>			
<b>Land and buildings</b>	<b>4,347</b>	<b>3,829</b>	<b>-1.1%</b>
Listed investments	12,361	11,173	-0.7%
Unlisted investments	2,894	2,654	8.0%
<b>Total Investments</b>	<b>15,256</b>	<b>13,826</b>	<b>1.0%</b>
Government- and mortgage bonds	2,866	2,349	-3.1%
Index-linked bonds	13,017	13,277	-0.1%
Credit bonds, investment grade and non-investment grade	3,888	4,239	1.8%
Loans etc.	0	0	0.0%
<b>Total bonds and loans etc.</b>	<b>19,770</b>	<b>19,864</b>	<b>-0.1%</b>
<b>Other investment assets</b>	<b>-43</b>	<b>692</b>	<b>-0.6%</b>
<b>Derivative financial instruments to hedge the net change in assets and liabilities</b>	<b>-199</b>	<b>273</b>	<b>-</b>
<b>Total</b>	<b>39,132</b>	<b>38,485</b>	<b>1.6%</b>

Note 24 (continued)

		PARENT COMPANY		
Note		2020		
Assets and return DKKm.	Market value		Return 2020 % p.a.	
	Beg. of year	End of year		
<b>Unit-linked product</b>				
<b>Unit-linked contracts</b>				
<b>Land and buildings</b>	<b>14,738</b>	<b>15,046</b>	<b>-1.1%</b>	
Listed investments	33,410	39,252	4.6%	
Unlisted investments	9,863	11,307	8.7%	
<b>Total Investments</b>	<b>43,273</b>	<b>50,559</b>	<b>5.3%</b>	
Government- and mortgage bonds	22,267	14,932	-0.1%	
Index-linked bonds	1,015	726	-1.1%	
Credit bonds, investment grade and non-investment grade	16,526	17,669	1.0%	
Loans etc.	0	0	0.0%	
<b>Total bonds and loans etc.</b>	<b>39,809</b>	<b>33,327</b>	<b>0.5%</b>	
<b>Other investment assets</b>	<b>417</b>	<b>2,122</b>	<b>-</b>	
<b>Derivative financial instruments to hedge the net change in assets and liabilities</b>	<b>-640</b>	<b>1,175</b>	<b>-</b>	
<b>Total</b>	<b>96,762</b>	<b>102,229</b>	<b>4.7%</b>	

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)

25 Unit-linked product, return etc. by investment profiles						
	2020			2019		
	% of average provisions	Return % p.a.	Risk	% of average provisions	Return % p.a.	Risk
<b>Lifecycle product 3 i 1 Livspension</b>						
<b>Investment profile with high risk</b>						
Years to retirement						
30 years	0.05%	7.7%	5.75	0.04%	20.5%	4.50
15 years	0.09%	7.7%	5.75	0.10%	16.1%	4.25
5 years	0.06%	4.9%	4.50	0.04%	11.3%	3.75
5 years after	0.02%	3.4%	4.25	0.02%	9.0%	3.50
<b>Investment profile with moderate risk</b>						
Years to retirement						
30 years	0.71%	6.6%	5.25	0.67%	17.0%	4.25
15 years	2.61%	6.6%	5.25	2.72%	12.9%	3.75
5 years	3.57%	3.8%	4.25	3.70%	8.5%	3.50
5 years after	1.57%	2.2%	3.75	1.30%	5.8%	3.25
<b>Investment profile with low risk</b>						
Years to retirement						
30 years	0.00%	4.9%	4.75	0.00%	12.8%	3.75
15 years	0.01%	4.9%	4.75	0.02%	9.9%	3.50
5 years	0.03%	3.0%	4.25	0.02%	6.6%	3.25
5 years after	0.00%	1.9%	3.50	0.00%	4.4%	2.00

A retirement age of 65 is assumed.

26 Supplementary product ratios				
	2020		2019	
	Return in % p.a.	Bonus rate in % p.a.	Return in % p.a.	Bonus rate in % p.a.
<b>Traditional average-rate product</b>				
Interest rate group A (average basic rate of interest 3.5 % - 4.5 %)	-	-	9.4%	-
Interest rate group B (average basic rate of interest 2.5 % - 3.5 %)	-	-	10.5%	-
Interest rate group C (average basic rate of interest 1.5 % - 2.5 %)	-	-	11.8%	-
Interest rate group D (average basic rate of interest 0.5 % - 1.5 %)	-	-	11.8%	-
Interest rate group E (average basic rate of interest below 0.5 %)	-	-	11.8%	-
Interest rate group F (special non-guaranteed)	1.3%	7.7%	2.0%	10.1%
Interest rate group G (average basic rate of interest 0.00 %)	7.3%	7.5%	-	8.5%
<b>Non-guaranteed indirect insurance</b>	<b>1.3%</b>	<b>15.2%</b>	<b>8.9%</b>	<b>17.7%</b>
<b>Return on policyholder savings after expenses before tax</b>				
Including return on surplus capital		<b>I alt i pct.</b>		<b>I alt i pct.</b>
Average-rate product		7.0%		10.1%
Non-guaranteed indirect insurance		1.3%		8.6%
Unit-linked contracts (3 i 1 Livspension)		4.7%		10.5%

Group life insurance is not included in the calculations as the above information is not relevant for this product. Conversion from interest rate groups A-E to interest rate group G was effected at 31 December 2019.

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

<b>DKKm.</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Five-year financial highlights for the group</b>					
Gross premiums	11,672	10,129	9,251	8,784	9,017
Benefits	-12,169	-9,416	-9,107	-8,646	-8,100
Investment return	11,030	23,426	-800	12,599	14,371
Total net operating expenses	-179	-175	-172	-170	-171
Technical result	-29	-58	-88	-110	-191
Parent company's share of profit for the year	32	86	-45	41	-147
Minority interest's share of the net profit for the year	651	3,249	-599	2,185	79
Total provisions for insurance and investment contracts	220,347	211,727	194,507	194,530	185,330
Surplus capital	4,086	4,256	4,311	4,465	4,458
Total equity, parent company interests	3,689	3,657	3,571	3,616	3,575
Total equity, minority interests	15,999	16,735	10,426	11,568	985
Total assets	312,460	313,106	274,886	277,704	268,154

**Five-year financial highlights for the parent company**

Gross premiums	11,672	10,129	9,251	8,784	9,017
Benefits	-12,169	-9,416	-9,107	-8,646	-8,100
Investment return	10,305	20,102	-249	10,382	14,188
Total net operating expenses	-179	-175	-172	-170	-171
Technical result	-29	-58	-88	-110	-285
Parent company's share of profit for the year	32	86	-45	41	-147
Total provisions for insurance and investment contracts	220,347	211,727	194,507	194,530	185,330
Surplus capital	4,086	4,256	4,311	4,465	4,458
Total equity, parent company interests	3,689	3,657	3,571	3,616	3,575
Total assets	294,828	293,330	262,283	266,023	267,658

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	5.1%	9.8%	1.1%	4.0%	8.7%
Rate of return related to unit-linked products	4.8%	10.7%	-1.7%	7.5%	7.2%
Risk on return related to unit-linked products	4.50	3.75	3.75	4.25	4.25

**Expense ratios**

Expense ratio for provisions	0.09%	0.09%	0.09%	0.09%	0.10%
Expenses in DKK. per policyholder	384	388	389	387	397

**Return ratios**

Return on equity after tax	0.9%	2.4%	-1.3%	1.2%	-4.0%
Return on surplus capital	3.0%	3.5%	1.1%	4.5%	4.3%

Reference is made to Definitions of financial ratios on page 75.

# Notes to the financial statements (continued)

## 28 Risk management

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

Risks that are largely within the company's control and that the pension fund's risk management system regularly identifies, measures, monitors and reports on. These risks comprise investment, insurance and operational risks.

Risks that are beyond the company's control and are largely framework conditions, to which the pension fund'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 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 pension fund'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'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, effective 1 January 2020, the total capital includes a small portfolio of strategic investments, of which Sampension Administrationselskab 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 discount curve as well as 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 each 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 marketable 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.

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

# Notes to the financial statements (continued)

---

Note 28 (continued)

## 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 risk amounts are covered for own account. No reinsurance contracts have been concluded for life insurance. The risk sum 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 cyber risk.

In order to reduce operational risk, Sampension 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 records operational incidents on an ongoing basis and follows up and reports to The Audit & 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 and can be downloaded (in Danish only) at [www.sampension.dk/aarsrapport](http://www.sampension.dk/aarsrapport).

## 29 Overview of Group equity investments

DKKm.	Ownership interest (%)		Profit in annual report		Equity in annual report		included in annual report
	2020	2019	2020	2019	2020	2019	
<b>Group enterprises</b>							
<b>Management</b>							
Sampension Administrationselskab A/S, Gentofte	88.0	88,0	12	15	569	539	501
<b>Ejendomsvirksomhed og energianlæg</b>							
Sampension KP Danmark A/S, Gentofte	100.0	100.0	359	694	7,319	6,960	7,319
Frederiksholms Kanal 6 P/S, Gentofte	100.0	100.0	-5	-4	68	73	-
K/S Strømmen, Ålborg	95.0	95.0	25	12	152	94	-
Ejendomsselskabet Vodroffsvej 26 P/S, Gentofte	100.0	100.0	-3	-5	32	35	-
K/S Søndre Ringvej 15, Roskilde	90.0	90.0	-4	19	260	264	-
K/S Kristensen Partners V, Ålborg <sup>1)</sup>	95.0	95.0	97	39	304	208	-
PH Park 1+3 K/S, Ålborg	60.0	0.0	0	0	0	0	-
Sampension KP International A/S, Gentofte	100.0	100.0	62	129	1,194	1,193	1,194
Fallcorner BV, Holland <sup>3)</sup>	90.0	90.0	41	59	248	207	-
KP CE s.a., Frankrig	100.0	100.0	-5	15	387	393	-
Sampension Renewables P/S, Gladsaxe <sup>1)</sup>	100.0	100.0	5	20	523	614	523
Sampension Renewables GP ApS, Gladsaxe	100.0	100.0	0	0	0	0	0
Ulvemosen Wind Park ApS, Gladsaxe	100.0	100.0	-54	5	218	288	218
<b>Investment company</b>							
Sampension Forestry K/S, Gentofte <sup>2)</sup>	100.0	100.0	-211	77	3,116	3,327	3,116
Sampension Global Real Estate K/S, Gentofte <sup>2)</sup>	100.0	100.0	-187	729	8,219	8,586	8,219
Sampension US Real Estate I, L.P., USA <sup>3)</sup>	98.8	88.0	-57	102	574	1,133	-
Sampension US Real Estate II, L.P., USA <sup>3)</sup>	83.6	84.0	-115	48	1,214	980	-
Mermaid Homes L.P., USA <sup>3)</sup>	89.7	90.0	48	21	352	345	-
Sampension American Timberland I, L.P., USA <sup>3)</sup>	84.5	81.3	77	62	1,019	631	861
Sampension Private Equity K/S, Gentofte <sup>2)</sup>	100.0	100.0	1,253	1,301	10,110	8,858	10,110
Sampension Structured Credit K/S, Gentofte <sup>2)</sup>	100.0	100.0	-34	66	1,261	1,295	1,261
SP HoldCo af 13.12.2018 AB, Sverige	100.0	100.0	3	81	293	280	293
EIP IV Danske Holding Inc., USA	82.2	0.0	-6	0	28	0	23
Komplementarselskabet Alternative Investments ApS, Gentofte	100.0	100.0	0	0	4	4	4
Kapitalforeningen SAMPENSION INVEST, København V:							
GEM II	81.4	87.1	232	292	4,194	4,322	3,412
Obligationer	100.0	100.0	5	4	172	167	172
Danske aktier II	100.0	100.0	1,034	780	3,556	2,974	3,556
Aktieindeks Enhanced	77.2	71.9	1,368	4,317	20,624	23,308	15,927
Aktieindeks	74.3	73.9	4,294	5,440	29,185	25,285	21,695
GEM Enhanced	79.4	53.6	965	382	6,956	2,977	5,525
Danske aktier I	41.2	47.6	427	426	1,754	2,027	723
<b>Total group enterprises</b>							<b>84,652</b>
Of which unit-linked contracts							59,957
Of which average-rate products							24,695

See definitions next page.

Note 29 continued

DKKm.	Ownership interest (%)		Profit in annual report		Equity in annual report		included in annual report
	2020	2019	2020	2019	2020	2019	
<b>Associates</b>							
<b>Associates</b>							
Refshaleøen Holding A/S, København <sup>3)</sup>	39.0	39.0	0	0	1,779	1,550	693
Interessentskabet af 23, december 1991, Danmark	42.5	42.5	10	277	1,172	1,162	498
K/S Kristensen Partners I , Danmark <sup>3)</sup>	36.3	36.3	-2	2	300	243	109
Kristensen Partners I ApS, Danmark <sup>3)</sup>	36.3	36.3	0	0	0	0	0
Britannia Invest A/S, Danmark <sup>3)</sup>	21.9	21.9	81	110	1,692	1,615	371
DEAS Invest I Holding A/S, Danmark <sup>3)</sup>	33.3	33.3	18	133	871	852	290
Komplementarselskabet Industri Udvikling II A/S, Danmark <sup>3)</sup>	20.0	20.0	-	-	0	0	0
Panda Power Annex, USA <sup>3)</sup>	39.6	39.6	0	-28	0	618	0
PMM Global III, Danmark <sup>3)</sup>	20.5	20.5	-49	30	974	1,279	185
OPP Vejle P/S, Danmark	33.3	33.3	23	18	92	45	31
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	21	12	7
Komplementarselskabet OPP Retten i Svendborg ApS, Danmark	33.3	33.3	-3	0	0	0	0
OPP Slagelse Sygehus P/S, Danmark	25.0	25.0	17	13	63	15	16
Komplementarselskabet Slagelse Sygehus ApS, Danmark <sup>3)</sup>	25.0	25.0	0	0	0	0	0
OPP HoldCo ApS, Danmark <sup>3)</sup>	50.0	50.0	0	0	0	17	8
HoldCo P/S, Danmark	47.6	45.6	0	0	0	0	347
Forenede Gruppeliv adm, selskab, A Aktier	20.0	20.0	0	2	0	8	1
Greystar UK Multifamily Unit Trust, England <sup>3)</sup>	45.0	45.0	-13	17	155	183	75
<b>Total associates</b>							<b>2,632</b>
Of which unit-linked contracts							1,698
Of which average-rate products							934

1) Included group enterprises

2) As from 2016, in pursuance of the provisions of the Danish Financial Statements Act, group enterprises that are wholly-owned limited partnerships will not publish independent annual reports.

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](http://sampension.dk/om-sampension/finansiel-information/aktiver).  
 Convertment from Interest rate group A-E to Interest rate group G happened on the 31st of December 2019

# 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 2020.

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 2020 and of the results of the Group's and the parent company's operations for the financial year ended 31 December 2020.

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 2021

---

## Executive Board

Hasse Jørgensen  
Chief Executive Officer

Mads Smith Hansen  
Chief Operating Officer

/ Pernille Henriette Vastrup  
Chief Financial Officer

## Board of Directors

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 2020 and of the results of the Group's and the parent company's operations for the financial year ended 31 December 2020 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 & 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 2020. 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 2020 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2020 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 2020 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with 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 21 years including the financial year 2020.

## 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 2020. 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	How our audit addressed the key audit matter
<p><b>Measurement of provisions for insurance and investment contracts</b></p> <p>The Group's provisions for insurance and investment contracts total DKK 220,347 million, which constitutes 71 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 material accounting estimates associated with the actuarial assumptions concerning the timing and amounts of future payments to the policyholders.</p> <p>The actuarial assumptions comprise mainly yield curve used for discounting, life span, mortality, disability, probability of buy backs and paid-up policies as well as costs.</p> <p>We focused on the measurement of provisions for insurance and investment contracts as the statement of the provisions is complex and subjective and thus largely based on accounting estimates.</p> <p>We refer 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 assessed and tested procedures and relevant internal controls established to ensure that provisions for insurance and investment contracts are measured correctly.</p> <p>During our audit, we had our own actuaries assess the actuarial models and assumptions applied by the Group as well as the calculations made, including the present value of future cash flows.</p> <p>We assessed and challenged the most material actuarial assumptions such as yield curve used for discounting, life span, mortality, disability, probability of buy backs and conversion to paid-up policies and costs based on our experience and knowledge of the sector with a view to assessing whether these assumptions are in accordance with regulatory and accounting requirements. This comprised an assessment of the continuity of the basis for the statement of the provisions.</p>
<p><b>Measurement of unlisted investment assets</b></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"> <li>• Investment property and other tangible investment • assets</li> <li>• Investments</li> <li>• Bonds</li> <li>• Investment assets related to unit-linked contracts</li> </ul> <p>Unlisted investment assets are measured at an estimated fair value based on valuation models and assumptions, including accounting estimates, which are not observable by any third party and which have a material effect on the Financial Statements.</p> <p>We focused on the measurement of unlisted investments as the statement is complex and subjective and thus largely based on accounting estimates.</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 examined, assessed and tested procedures and relevant internal controls for the measurement of unlisted investments.</p> <p>We assessed and tested the valuation models applied by Management.</p> <p>We tested on a sample basis the consistency between the assumptions applied 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. We moreover examined and tested relevant internal controls with respect to existence, valuation, accuracy, etc. in the internal process for verification of valuations.</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>

---

## Statement of management 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, related safeguards.

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 2021  
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** = 
$$\frac{\text{Investment return on average rate and unit-linked products} \times 100}{\text{Pension provisions at beginning of year} + \text{weighted average contributions and benefits paid in respect of average-rate and market-rate products}}$$

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:

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.

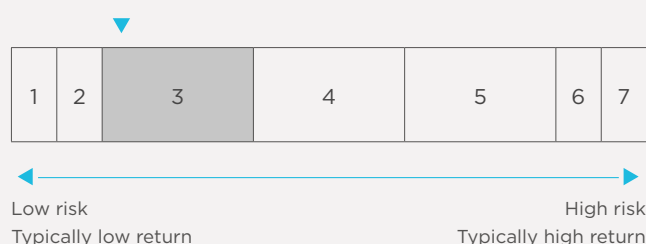
The time-weighted return reflects the return that would have been achieved if no payments had been made to or from the portfolio during the period. The time-weighted return expresses performance and can be used to measure against a benchmark or returns achieved by other investors within the same asset class.

**Risk on return related to unit-linked products** = 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:

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** = 
$$\frac{(\text{Weighted average provisions} + \text{Weighted average surplus capital} + \text{tax on pension returns}) \times 100}{\text{Technical provisions at beginning of year plus surplus capital at beginning of year} + \text{weighted average cash flows}}$$

The financial ratio expresses policyholders' total return less expenses and risk premium

