DANICA PENSION, LIVSFORSIKRINGSAKTIESELSKAB

(*incorporated with limited liability in the Kingdom of Denmark*)

€400,000,000 PERPETUAL CALLABLE SUBORDINATED FIXED/FLOATING RATE NOTES

Issue price: 99.877 per cent.

The €400,000,000 Perpetual Callable Subordinated Fixed/Floating Rate Notes (***Kapitalbeviser***) (the **Notes**) are issued by Danica Pension, Livsforsikringsaktieselskab (the **Issuer** or **Danica**).

Interest on the Notes will be payable annually in arrear on 6 October, from and including 6 October 2007, up to and including 6 October 2011, at a rate of 4.35 per cent. per annum and, thereafter, interest will be payable in arrear on the Interest Payment Dates falling on or nearest to 6 January, 6 April, 6 July and 6 October in each year, starting on 6 January 2012, at a rate of interest equal to 2.08 per cent. above three-month EURIBOR, as more fully described herein.

The Notes have no stated maturity. The Issuer may, subject to the prior approval of the Danish Financial Supervisory Authority (the **DFSA**), redeem the Notes at their outstanding principal amount together with accrued interest on 6 October 2011 (the **First Call Date**) or any Interest Payment Date thereafter. See "*Conditions of the Notes – Redemption and Purchase – Redemption at the Option of the Issuer*". The Issuer will also have the right to redeem the Notes, subject to the prior approval of the DFSA, upon the occurrence of certain tax events or capital events. See "*Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons*" and "*– Capital Event Redemption*".

The Issuer has the right to defer the payment of interest in certain circumstances, all as further described in "*Conditions of the Notes – Interest Deferral*". In addition, in certain circumstances, the Issuer, by a resolution to be passed at a general meeting of its shareholders, may resolve to reduce and cancel part or all of the outstanding principal amount of the Notes and any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts (each as defined in the Conditions) but excluding any interest which has been cancelled), all as further described in "*Conditions of the Notes – Reduction of Amounts of Principal and Unpaid Interest*".

Application has been made to the Irish Financial Services Regulatory Authority (the **IFSRA**) in its capacity as competent authority under the Prospectus Directive (as defined below) to approve this document as a prospectus. Application has also been made to the Irish Stock Exchange Limited (the **Irish Stock Exchange**) for the Notes to be admitted to the official list of the Irish Stock Exchange (the **Official List**) and to trading on its regulated market. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Investment Services Directive (Directive 93/22/EEC) and, after its coming into force and implementation, for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EEC).

The Notes will be rated A+ by Standard & Poor's Rating Services, a Division of The McGraw-Hill Companies, Inc. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 6 October 2006 (the **Issue Date**) with a common depositary for Euroclear Bank S.A./N.V., (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 15 November 2006 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes in bearer form in the denomination of €50,000, each with interest coupons and one talon attached, only in certain limited circumstances – see "*Summary of Provisions relating to the Notes while represented by the Global Notes*".

Joint-Lead Managers

Citigroup **Danske Bank** **UBS Investment Bank**

Co-Lead Managers

Banc of America Securities Limited **Barclays Capital** **Credit Suisse**

Goldman Sachs International **HSBC**

The date of this Prospectus is 4 October 2006

This document comprises a prospectus for the purposes of Articles 3 and 5 of Directive 2003/71/EEC (the **Prospectus Directive**) and for the purpose of giving information with regard to the Issuer and the Notes.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Managers (as defined under "*Subscription and Sale*" below). Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or the Managers to subscribe for, or purchase, any of the Notes. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or any of them as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Managers that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "*Subscription and Sale*" below.

IN CONNECTION WITH THE ISSUE OF THE NOTES, UBS LIMITED (THE *STABILISING MANAGER*) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES (PROVIDED THAT THE AGGREGATE PRINCIPAL AMOUNT OF NOTES ALLOTTED DOES NOT EXCEED 105 PER CENT. OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES) OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

All references in this document to **DKr** and **DKK** refer to Danish Kroner and all references to **euro** and **€** refer to the currency used in the Euro-zone (as defined below).

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive.

The following is a general discussion of certain risks typically associated with the Issuer and the acquisition and ownership of the Notes. In particular, the factors described below do not consider an investor's specific knowledge and/or understanding about risks typically associated with the Issuer and the acquisition and ownership of the Notes, whether obtained through experience, training or otherwise, or the lack of such specific knowledge and/or understanding, or circumstances that may apply to a particular investor. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

General Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

The Issuer faces significant competition from national insurance companies in Denmark

The Issuer faces competition from Danish insurance companies in the domestic life and pensions market. The Issuer operates in markets where the most important competitive factors for life and pensions products include significant price competition, focus on processing time towards customers and focus on the general level of advice, service and accessibility. If the Issuer is unable or is perceived to be unable to compete effectively as to one or more of these factors, its competitive position may be adversely affected in the long term which could have an adverse effect on the Issuer's business, results of operations and/or financial condition.

The entry into, or the targeting of, this market by international insurers with greater financial resources than the Issuer could affect its ability to attract and retain existing customers. The Danish life and pensions market is relatively small compared to other European countries. Currently there is little international presence in the Danish life and pensions market, due in part to the tax rules concerning policyholders' premiums and savings deductability. Potential changes in the tax rules for Danish pension savings and taxes on pension returns may increase competition from international insurers.

In recent years, life insurance companies have lost substantial amounts of money on their health and accident businesses. This is due to two things in particular: Firstly, claims have increased significantly. In particular, claims relating to psychological disorders, not least stress, have increased significantly in the past few years. Secondly, increased price competition has meant that the development in the price of insurance has not matched the rise in claims.

The legal and regulatory systems under which the Issuer operates, and potential changes thereto, could have a material adverse effect on the Issuer's business

The Issuer is subject to governmental regulation in Denmark, and the Issuer's ability to conduct its operations requires the holding and maintenance of certain licences, permissions or authorisations, as well as compliance with rules and regulations promulgated from time to time. The insurance laws and regulations applicable to the Issuer include the following: Licences to operate life and pensions business; solvency requirements; the Contribution Principle (see "*Risks Relating to the Issuer's Business – Financial risk*" below); taxes on investment returns; and tax rules concerning policyholders' premiums and savings. The loss of any such licence or amendments to such regulations could potentially have an adverse effect on the business of the Issuer and its financial condition and results.

Risks Relating to the Issuer's Business

Risks relating to the Issuer's business include financial risk, market risk and credit risk, as well as insurance risk (primarily mortality, longevity and disability) and operational risk.

Financial risk

Financial risk covers the development in assets allocated to shareholders' equity and the risk that a low return on customers' investments compared to the guaranteed benefits cannot be covered by the collective bonus potential and the bonus potential of paid-up policies.

Adherence to the Contribution Principle relating to conventional life insurance may entail a risk of fluctuating results. The Contribution Principle applies to regulations on calculations and the distribution of realised results between (i) shareholders and the insurance portfolio and (ii) between the individual policyholders. According to the Contribution Principle, the Issuer should notify the DFSA of its policy of allocating realised results between shareholders and policyholders. The policy should be fair in relation to the policyholders (vis-à-vis the shareholders), and it should be fair between the policyholders themselves. Generally, the Executive Order relating to the Contribution Principle permits the recognition of the full risk allowance only if it does not exceed the realised profit. The realised profit may briefly be defined as the difference between the annual return on investment and the technical rate of interest used to calculate the guaranteed benefits payable to policyholders. Consequently, the Contribution Principle entails a risk of fluctuating results. To the extent that the realised result does not permit the recognition of the full risk allowance, the amount outstanding is transferred to a shadow account. The amount may be booked over future years if justified, among other things, by the return on investment.

Market risk

Market risk is the risk of loss due to the market value of the Issuer's assets and liabilities varying according to changes in market conditions (e.g. changes in interest rates, stock prices, property prices or currency rates). If returns on investments are inadequate to cover the required return on customer savings, necessary strengthening of the life insurance liabilities and other obligations, the deficit is covered first by the collective bonus potential and parts of the bonus potentials of paid-up policies may be applied. If these bonus potentials are insufficient to cover the deficit, funds are allocated from the shareholders' equity. This may have an adverse effect on the Issuer's financial results and condition.

Interest rate risk

The Issuer's investment assets are measured at fair value and life insurance provisions are computed for each insurance policy on the basis of a zero-coupon yield curve. To ensure a correspondence between the return on investments and the guaranteed benefits, the financial risk is continually monitored (see "*Risk Management – Financial Risk*"). A mismatch resulting from changes in interest rates is likely to result in fluctuations in the Issuer's earnings. It is not always possible or, in certain cases, desirable, for the Issuer to match these cash flows and, as a result, such a mismatch could exist and interest rate fluctuations will therefore impact the Issuer's financial results, and such impact could be material. As a result of fluctuations in interest rates, the Issuer's results of operations could be more volatile.

Equity market risk

As at 30 June 2006, the Issuer's level of investment in equities was 22 per cent., an increase since 2005 pursuant to the Issuer's strategy of increasing its level of investment to 20-25 per cent. (see "*Investments*" below). Investments in equities are generally subject to greater risk and more volatility than fixed income securities. The Issuer's equity investment assets are marked to market on a current basis and its equity investment portfolio is therefore affected by fluctuations in equity prices. General economic conditions, stock market conditions and many other factors beyond the Issuer's control may adversely affect the equity markets. Stock markets in 2003, 2004 and 2005 were generally characterised by low volatility and average annual return over 18 per cent. In the event of future equity market declines, the Issuer can provide no assurance as to the amount or timing of future unrealised losses or impairments of its equity investments, which may, in each case, materially adversely impact the Issuer's results of operations.

Property risk

As at 30 June 2006, approximately 8 per cent. of the Issuer's investment assets were placed in property, with property investments concentrated in the Danish market. Any deterioration in the Danish property market may materially adversely impact the Issuer's results of operations.

Credit Risk

Credit risk (being the risk that a counterparty fails to meet its financial obligations to the Issuer) on the Issuer's bond portfolio is currently limited as the majority of the bonds are government bonds or mortgage bonds with an

AA or AAA rating from the international credit rating agencies. However, there is no guarantee that the Issuer's counterparties will be able to fulfil their obligations under all circumstances and, in the event that a counterparty did fail to meet its financial obligations to the Issuer, this may materially adversely impact the Issuer's results of operations.

Foreign exchange risk

The Issuer prepares its accounts in Danish Kroner. Fluctuations in exchange rates used to translate other currencies into Danish Kroner will impact the Issuer's reported financial condition. Fluctuations in exchange rates will also impact the value of the Issuer's investments and the return on its investments in Danish Kroner. However, foreign exchange risk is currently limited as Danica hedges at least 75 per cent. of currency exposure from bonds and at least 75 per cent. United States dollars and Japanese yen equity exposure.

Insurance risk

Insurance risk is linked to, among other factors, trends in mortality, disability and longevity. These risk factors are subject to ongoing actuarial assessments for the purposes of calculating insurance obligations and relevant business adjustments. A small portion of the insurance risk is covered by reinsurance arrangements.

For example, an increase in life expectancy affects the time during which pensions are payable under certain pension products while rises in the number of deaths, cases of sick leave and subsequent recoveries affect the benefits paid under insurance policies covering death and disability. The most significant risks to the Issuer are longevity and disability risk, while mortality risk is more limited.

Catastrophe risk

Catastrophes such as earthquakes, airplane crashes or other accidents could cause a large number of casualties, resulting in unusually high pay-outs by the Issuer. However, the Issuer has to a limited degree covered such risks through a reinsurance contract.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

1. have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

2. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

3. have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

4. understand thoroughly the terms of the Notes; and

5. be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of the Notes

The Notes have features which contain particular risks for potential investors. Set out below is a description of such features:

Perpetual Securities

The Issuer is under no obligation to redeem the Notes at any time and holders shall have no rights to put the Notes or to call for their redemption.

Notes subject to optional redemption by the Issuer

The optional redemption feature of the Notes is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, their market value generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer's obligations under the Notes are subordinated

The Notes are unsecured and subordinated obligations of the Issuer, subordinated in accordance with the Danish Financial Business Act (as defined in the conditions of the Notes (the **Conditions**)). Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.

Under certain conditions, interest payments under the Notes may be deferred

The Issuer may, on any Interest Payment Date (as defined in Condition 4) where the Capital Adequacy Requirement (as defined in Condition 4.8) has ceased to be met prior to such Interest Payment Date and will not be met on such Interest Payment Date, or would not be met as a result of making the payments due on such Interest Payment Date, defer the payment of interest on the Notes until (a) the date on which the Issuer next satisfies the Capital Adequacy Requirement after payment of such interest; (b) the date on which the then outstanding principal amount of the Notes becomes due and payable; or (c) the liquidation or bankruptcy of the Issuer.

The Issuer will pay all deferred interest, and interest on that deferred interest, on all Notes as soon as, after giving effect to such payments, it no longer would be required to defer interest under the terms described above.

After the Issuer has fully paid all deferred interest on the Notes and if the Notes remain outstanding, future interest payments on the Notes may be subject to further deferral as described above.

Any deferral of interest is likely to have an adverse effect on the market price of the Notes. In addition, as a result of the interest deferral provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Under certain conditions, amounts of principal and interest may be reduced

The Issuer may resolve to reduce and cancel part or all of the outstanding principal amount of the Notes and any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts (each term as defined in the Conditions) but excluding any interest which has been cancelled), upon the occurrence of the following circumstances:

1.1 the equity capital of the Issuer has been lost; and

1.2 a general meeting of the shareholders of the Issuer has effectively resolved in accordance with Danish law and the Issuer's articles of association to reduce to zero the share capital of the Issuer; and

1.3 following the resolution referred to in 1.2 above either (i) sufficient new share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction of the outstanding principal amount of the Notes and any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled), to comply with the Capital Adequacy Requirement or (ii) the Issuer discontinues its business without a loss to its non-subordinated creditors.

The amount of any such reduction and cancellation shall be subject to the prior approval of the Issuer's elected external auditors and of the DFSA and shall first be effected, *pro rata*, in respect of any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) and only when there are no such outstanding Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) will the outstanding principal amount of the Notes be reduced.

The reduction and cancellation will take effect on the date specified in the relevant resolution approving any such reduction and cancellation of the outstanding principal amount of the Notes and any Arrears of Interest thereon (and all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) and Noteholders and Couponholders (each as defined in the Conditions) will thereafter cease to have any claim in respect of any amounts so reduced and cancelled.

The Issuer will give notice of any such reduction and cancellation immediately following the passing of such resolution to the Noteholders and Couponholders in accordance with Condition 11. To the extent that part only of the outstanding principal amount of the Notes or Arrears of Interest thereon (and all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) have been so reduced, interest will continue to accrue in accordance with the terms hereof on the then outstanding principal amount of the Notes and Arrears of Interest thereon (including any Additional Interest Amounts but excluding any interest which has been cancelled), if any.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities, subject to the prior approval of the DFSA, to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EEC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to the Notes as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The Conditions are based on English and Danish law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English and/or Danish law or administrative practice after the date of this Prospectus.

Trading in the clearing systems

The Notes have a minimum denomination of €50,000 (the **Minimum Denomination**) and are tradeable in the clearing systems in the Minimum Denomination and incremental amounts of €1,000 thereafter. Should definitive

Notes be required to be issued, a holder who does not have an integral multiple of the Minimum Denomination in its account with the relevant clearing system at the relevant time may not receive all of its entitlement in the form of definitive Notes unless and until such time as its holding becomes an integral multiple of the Minimum Denomination.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

CONDITIONS OF THE NOTES

The following is the text of the conditions of the Notes (the ***Conditions****) which (subject to modification) will be endorsed on each Note in definitive form:*

The €400,000,000 Perpetual Callable Subordinated Fixed/Floating Rate Notes (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 13 and forming a single series with the Notes) of Danica Pension, Livsforsikringsaktieselskab with company registration no. 24256146 (the **Issuer**) are issued subject to and with the benefit of an Agency Agreement dated 6 October 2006 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, Citibank, N.A. as fiscal agent, principal paying agent, agent bank and calculation agent (the **Fiscal Agent**) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the **Paying Agents**).

The statements in these Conditions are subject to the detailed provisions of the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Notes (the **Noteholders**) and the holders of the interest coupons and the talons (**Talons**) for further interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** (which expressions shall in these Conditions, unless the context otherwise requires, include the holders of the Talons and the Talons) respectively) at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denomination of €50,000, each with Coupons and one Talon attached on issue.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2. STATUS AND SUBORDINATION

2.1 Status

The Notes and the Coupons relating to them (*kapitalbeviser*) constitute subordinated loan capital (*ansvarlig lånekapital*) of the Issuer within the meaning of Section 136 of the Danish Consolidated Act No. 286 of 4 April 2006 on Financial Business, as amended (the **Danish Financial Business Act**).

The Notes and the Coupons relating to them constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves.

2.2 Subordination

The Notes and the Coupons relating to them are subordinated in accordance with the Danish Financial Business Act. In the event of a liquidation or bankruptcy of the Issuer, the rights of the Noteholders to payments of the outstanding principal amount of the Notes and the Coupons relating to them shall rank *pari passu* without any preference among the Noteholders and shall rank *pari passu* with all other present and future subordinated loan capital (as defined in Section 136 of the Danish Financial Business Act) of the Issuer and other capital instruments or obligations of the Issuer expressed to rank *pari passu* with subordinated loan capital pursuant to Section 136 of the Danish Financial Business Act.

The Notes and the Coupons relating to them will at all times rank senior in priority to holders of any class of share capital of the Issuer and other capital instruments or obligations of the Issuer expressed to rank junior to the Notes and the Coupons related to them, both as regards the right to receive periodic payments and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer, and junior as regards the right of payment of any present or future claims of any unsubordinated creditors of the Issuer.

3. REDUCTION OF AMOUNTS OF PRINCIPAL AND UNPAID INTEREST

3.1 Reduction or Cancellation of Principal Amount and Unpaid Interest

Pursuant to section 136 of the Danish Financial Business Act, the Issuer, by a resolution passed at a general meeting of its shareholders duly convened in accordance with Danish law and the Issuer's Articles of Association, may resolve to reduce and cancel part or all of the outstanding principal amount of the Notes and any Arrears of Interest (as defined in Condition 4.8 below) thereon (together with all corresponding Additional Interest Amounts (as defined in Condition 4.8 below)), upon the occurrence of the circumstances set out in paragraphs (a) through (c) below:

(a) the equity capital of the Issuer has been lost;

(b) a general meeting of the shareholders of the Issuer has effectively resolved in accordance with Danish law and the Issuer's Articles of Association to reduce to zero the share capital of the Issuer; and

(c) following the resolution referred to in (b) above either (i) sufficient new share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction of the outstanding principal amount of the Notes and any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled), to comply with the Capital Adequacy Requirement or (ii) the Issuer discontinues its business without a loss to its non-subordinated creditors.

3.2 Prior Approvals

The amount of any such reduction shall be subject to the prior approval of the Issuer's elected external auditors and the Danish Financial Supervisory Authority (the **DFSA**) and shall first be effected, *pro rata*, in respect of any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) and only when there are no such outstanding Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) will the outstanding principal amount of the Notes be reduced.

3.3 Effect and Notice

The reduction and cancellation will take effect on the date specified in the relevant resolution approving any such reduction and cancellation of the outstanding principal amount of the Notes and any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) and Noteholders and Couponholders will thereafter cease to have any claim in respect of any amounts so reduced and cancelled. The Issuer will give notice of any such reduction and cancellation immediately following the passing of such resolution to the Noteholders and Couponholders in accordance with Condition 11. To the extent that part only of the outstanding principal amount of the Notes or Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) have been so reduced, interest will continue to accrue in accordance with the terms hereof on the then outstanding principal amount of the Notes and Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled), if any.

4. INTEREST

4.1 Interest Payment Dates

The Notes bear interest from and including 6 October 2006 (the **Interest Commencement Date**), payable annually in arrear on 6 October 2007, 2008, 2009, 2010 and 2011 (each a **Fixed Interest Payment Date**) and thereafter on 6 January, 6 April, 6 July and 6 October in each year (together with each Fixed Interest Payment Date, each an **Interest Payment Date**). If any Interest Payment Date (other than a Fixed Interest Payment Date) would otherwise fall on a day which is not a Business Day (as defined in Condition 4.3) it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day. The period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date is called an **Interest Period**.

Whenever it is necessary to calculate an amount of interest in respect of the Notes for a period other than an Interest Period and such period ends prior to or on (but excluding) the First Call Date (as defined in Condition 6.3), such interest shall be calculated by applying the Fixed Rate of Interest (as defined below) to the outstanding principal amount of such Note (taking into account any adjustment to such amount during such Interest Period), multiplying such sum by the Fixed Day Count Fraction and rounding the resultant figure to the nearest cent, half a cent being rounded upwards or otherwise in accordance with applicable market convention.

Fixed Day Count Fraction means (i) the actual number of days in the period from (and including) the date from which interest begins to accrue for the relevant period of calculation (the **Accrual Date**) to (but excluding) the date on which it falls due divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

Whenever it is necessary to calculate an amount of interest in respect of the Notes for a period other than an Interest Period and such period begins on or after the First Call Date (as defined in Condition 6.3), such interest shall be calculated on the basis of the actual number of days in the relevant period divided by 360 and otherwise in accordance with Condition 4.4 below.

4.2 Interest Accrual

Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the day on which all amounts due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and

(b) five days after the day on which the full amount of the moneys payable in respect of the Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 11.

4.3 Interest Rate

The interest rate for each Interest Period up to (and including) 6 October 2011 shall be 4.35 per cent. per annum (the **Fixed Rate of Interest**). Accordingly the Fixed Coupon amount will be €2,175 per Note of €50,000 specified denomination.

Thereafter, the interest rate payable (the **Floating Rate of Interest**) will be determined on the basis of the following provisions:

(a) On each Interest Determination Date (as defined below), the Fiscal Agent or its duly appointed successor (in such capacity, the **Agent Bank**) will determine the Screen Rate (as defined below) at approximately 11.00 a.m. (Brussels time) on that Interest Determination Date. If the Screen Rate is unavailable, the Agent Bank will request the principal Euro-zone (as defined below) office of each of the Reference Banks (as defined below) to provide the Agent Bank with the rate at which deposits in euro are offered by it to prime banks in the Euro-zone interbank market for three months at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question and for a Representative Amount (as defined below).

(b) The Floating Rate of Interest for the Interest Period shall be the Screen Rate plus the Margin (as defined below) or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank of such rates, plus the Margin.

(c) If fewer than two rates are provided as requested, the Floating Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by major banks in the Euro-zone, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of such Interest

Period for loans in euro to leading European banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount, plus the Margin.

(d) If the Floating Rate of Interest cannot be determined in accordance with the above provisions, the Floating Rate of Interest shall be either (i) the Floating Rate of Interest in effect for the last preceding Interest Period (other than, for the avoidance of doubt, in respect of a Fixed Rate of Interest) or (ii) as determined by the Agent Bank in its sole discretion, acting in good faith and in a commercial and reasonable manner.

(e) The Margin (the **Margin**) is 2.08 per cent. per annum.

(f) In these Conditions (except where otherwise defined), the expression:

(i) **Business Day** means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and which is a TARGET Settlement Day;

(ii) **Euro-zone** means the region comprised of the Member States of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended;

(iii) **Interest Determination Date** means the second TARGET Settlement Day before the commencement of the Interest Period for which the rate will apply;

(iv) **Reference Banks** means the principal Euro-zone office of each of five major banks engaged in the Euro-zone interbank market selected by the Agent Bank with the approval of the Issuer provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such;

(v) **Representative Amount** means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time;

(vi) **Screen Rate** means the rate for three month deposits in euro which appears on the Dow Jones Telerate page 248 (or such replacement page on that service which displays the information); and

(vii) **TARGET Settlement Day** means any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open.

4.4 Determination of Floating Rate of Interest and Interest Amount

The Agent Bank shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the third Business Day thereafter, determine the euro amount (the **Interest Amount**) payable in respect of interest on each €50,000 principal amount of Notes for the relevant Interest Period. The Interest Amount shall be determined by applying the Floating Rate of Interest to such outstanding principal amount, multiplying the sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

4.5 Publication of Floating Rate of Interest and Interest Amount

The Agent Bank shall cause the Floating Rate of Interest and the Interest Amount for each Interest Period starting on or after the First Call Date (as defined in Condition 6.3) and the relative Interest Payment Date to be notified to the Issuer, the Fiscal Agent and to the Irish Stock Exchange Limited or any other stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 11 as soon as possible after their determination, and in no event later than the second Business Day thereafter. The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period.

4.6 Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer or the Noteholders or the Couponholders shall attach to the Reference Banks (or any of them) or the Agent Bank in connection with the exercise or non-exercise by any of them of their respective powers, duties and discretions under this Condition.

4.7 Agent Bank

The Issuer shall procure that, so long as any of the Notes remains outstanding, there is at all times an Agent Bank for the purposes of the Notes. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Floating Rate of Interest and the Interest Amount for any Interest Period, the Issuer shall appoint the London office of another major bank engaged in the Euro-zone interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed. Notice of any change in the identity of the Agent Bank will be published in accordance with Condition 11.

4.8 Interest Deferral

(a) The Issuer may, on any Optional Interest Payment Date (as defined below), defer payment of the interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding that date. Any interest in respect of the Notes not paid on an Interest Payment Date, together with any other interest in respect of the Notes not paid on any other Interest Payment Date, shall, so long as the same remains unpaid, constitute **Arrears of Interest**.

(b) In addition to Arrears of Interest, interest will accrue on the amount of Arrears of Interest at the Fixed Rate of Interest or the Floating Rate of Interest from time to time applicable to the Notes, and such amount of interest (the **Additional Interest Amount**) will become due and payable pursuant to Condition 4.8(c) below and shall be calculated by the Agent Bank in accordance with the provisions contained in these Conditions. All Additional Interest Amounts accrued up to any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest Amounts accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date.

(c) Subject to Condition 3, Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) in respect of Notes for the time being outstanding shall become due in full on the earlier of:

  (i) the date on which the Issuer next satisfies the Capital Adequacy Requirement after payment of such interest; or

  (ii) the date upon which the then outstanding principal amount of the Notes becomes due and payable; or

  (iii) the liquidation or bankruptcy of the Issuer.

(d) The Issuer shall, subject as set out below, notify the Noteholders in accordance with Condition 11 as soon as practicable (and in any event within 10 Business Days after any Optional Interest Payment Date in respect of which payment is deferred):

  (i) of (subject as provided below) any Optional Interest Payment Date on which, pursuant to the provisions of Condition 4.8(a) above, the Issuer elects not to pay interest; and

  (ii) of any date upon which, pursuant to the provisions of Condition 4.8(c) above, amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable.

Any notice given by the Issuer pursuant to (i) above shall apply until the next Interest Payment Date to occur on which the Issuer satisfies the Capital Adequacy Requirement, notice of which shall be given to the Fiscal Agent and to the Noteholders in accordance with Condition 11 below. Notwithstanding the requirements to give notice pursuant to this Condition 4.8(d) failure to give such notice shall not prejudice the option of the Issuer not to pay interest pursuant to the provisions of Condition 4.8(a) above.

(e) In these Conditions:

Base Capital means the base capital available to satisfy the capital adequacy requirements of the Danish Financial Business Act;

Capital Adequacy Requirement means that the Issuer's Base Capital is at least 100 per cent. of its capital requirements under the Danish Financial Business Act;

Interest includes, where appropriate, Arrears of Interest and Additional Interest Amounts but excluding any interest which has been cancelled; and

Optional Interest Payment Date means any Interest Payment Date where the Capital Adequacy Requirement has ceased to be met prior to such Interest Payment Date and will not be met on such Interest Payment Date, or will not be met as a result of making the payments due on such Interest Payment Date.

4.9 Dividend Suspension

Until the payment in full (subject to Condition 3) of all Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) the Issuer shall not (A) declare, pay or make any dividend or other distribution on any class of its share capital (including preference share capital, if any) or any obligation of the Issuer expressed to rank junior to the Notes; or (B) redeem, purchase or otherwise acquire any of its share capital (including preference share capital, if any) or any notes or obligations ranking junior to the Notes, provided in each case that the Issuer may take such actions in connection with the satisfaction by the Issuer of its obligations under any future employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Issuer or any of its Subsidiaries (as defined in section 2 of the Danish Companies Act (Consolidated Act No. 649 of 15 June 2006)).

5. PAYMENTS AND EXCHANGES OF TALONS

5.1 Payments in respect of Notes and Coupons

Payments of principal in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note and payments of interest will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

5.3 Missing Unmatured Coupons

Each Note must be presented for payment together with all related unmatured Coupons (which expression shall, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons). Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

5.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7.

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4.2, be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8):

(a) is or falls after the relevant due date;

(b) is a Payment Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and

(c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET Settlement Day.

In this Condition, **Payment Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

5.6 Exchange of Talons

On or after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

5.7 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of the Prospectus dated 4 October 2006 relating to the issue of the Notes. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

(a) there will at all times be a Fiscal Agent;

(b) so long as the Notes are listed or admitted to trading on any stock exchange or other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of that stock exchange or other relevant authority;

(c) the Issuer undertakes that it will ensure that it maintains a Paying Agent (which may be the Fiscal Agent) in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EEC or any law implementing or complying with, or introduced in order to conform to, such Directive; and

(d) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 11.

6. REDEMPTION AND PURCHASE

6.1 No Maturity Date

The Notes are perpetual securities in respect of which there is no maturity date. Noteholders have no rights at any time to call for the redemption of the Notes.

6.2 Redemption for Taxation Reasons

6.2.1 Tax Event Redemption

If:

(a) as a result of (i) any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7), or any change in the official interpretation of the laws or regulations of such Relevant Jurisdiction, which change or amendment becomes effective on or after 4 October 2006, or (ii) any amendment to or change in the official position or the interpretation of any such laws or regulations, by any legislative body, court, governmental authority or regulatory body, which amendment or change becomes effective on or after 4 October 2006, (in the case of (i) or (ii) above) immediately prior to the giving of the notice referred to below there is more than an insubstantial risk that: (A) the Issuer is, or will be, subject to more than a *de minimis* amount of taxes, duties, assessments or other governmental charges of whatever nature or civil liabilities with respect to the Notes, or (B) the Issuer's treatment of items of expense with respect to the Notes as deductible interest expense for Danish tax purposes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

then the Issuer may at its option (subject to the Issuer having received prior consent of the DFSA), having given not less than 30 nor more than 60 days' notice to the holders in accordance with Condition 11 (which notice shall be irrevocable), redeem all the Notes, but not some only, on the next Interest Payment Date at the Make Whole Redemption Amount (if the date of redemption falls prior to the First Call Date) or at their outstanding principal amount (if the date of redemption falls on or after the First Call Date), in each case together with interest accrued to but excluding the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled). Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the eventualities referred to in (A) or (B) above will apply on the next Interest Payment Date and setting forth a statement of facts to the effect that the conditions precedent to the right of the Issuer so to redeem have occurred and cannot be avoided by the Issuer taking reasonable measures available to it.

For the purposes of this Condition 6.2:

Calculation Agent means the leading investment, merchant or commercial bank appointed as such from time to time by the Issuer pursuant to Condition 6.8;

Comparable Security means the bond selected by the Calculation Agent that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a comparable maturity to the First Call Date;

Debt Service means, in respect of a Note, all payments of and interest on such Note;

Make Whole Redemption Amount, with respect to each Note, will be equal to the sum of:

(a) the outstanding principal amount of such Note; and

(b) the excess, if any, of the present value on the Redemption Date as calculated by the Calculation Agent on the Reference Date of the future Debt Service on the Notes (assuming for this purpose that the Notes are to be redeemed at their outstanding principal amount on the First Call Date) discounted at 0.25 per cent. above the current yield on the Reference Date on the Comparable Security over the outstanding principal amount of such Note;

Redemption Date means the date fixed for redemption in accordance with this Condition 6.2; and

Reference Date means the third Business Day prior to the Redemption Date.

6.2.2 Gross-up Event Redemption

If:

(a) as a result of (i) any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7), or any change in the official interpretation of the laws or regulations of Denmark, which change or amendment becomes effective after 4 October 2006, or (ii) any amendment to or change in the official position or the interpretation of any such laws or regulations, by any legislative body, court, governmental authority or regulatory body, which amendment or change becomes effective after 4 October 2006, (in the case of (i) or (ii) above), the Issuer would be required to pay additional amounts as provided or referred to in Condition 7; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

then the Issuer may at its option (subject to the Issuer having received prior consent of the DFSA), having given not less than 30 nor more than 60 days' notice to the holders in accordance with Condition 7 (which notice shall be irrevocable), redeem all the Notes, but not some only, on the next Interest Payment Date at their outstanding principal amount, in each case together with interest accrued to but excluding the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled). Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the eventualities referred to above will apply on the next Interest Payment Date and setting forth a statement of facts to the effect that the conditions precedent to the right of the Issuer so to redeem have occurred and cannot be avoided by the Issuer taking reasonable measures available to it.

6.3 Redemption at the Option of the Issuer

The Issuer may (subject to receiving the prior consent of the DFSA), having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 11; and

(b) notice to the Fiscal Agent not less than 15 days before the giving of the notice referred to in (a),

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on the First Call Date or any Interest Payment Date thereafter at their outstanding principal amount together with interest accrued to but excluding the date of redemption and any Arrears of Interest together with all corresponding Additional Interest Amounts (but excluding any interest which has been cancelled). In these Conditions, **First Call Date** means 6 October 2011.

6.4 Capital Event Redemption

The Issuer may (subject to receiving the prior consent of the DFSA, if then required), having given:

(a) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11; and

(b) notice to the Fiscal Agent not less than 15 days before the giving of the notice referred to in (a),

(which notices shall be irrevocable and shall specify the date fixed for redemption) redeem all (but not some only) of the Notes on the next Interest Payment Date at their outstanding principal amount together with any interest accrued to but excluding the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled), if a change in applicable laws or regulations has the effect that, or the Issuer is otherwise advised by the DFSA that, the Notes no longer qualify as subordinated loan capital eligible to be included, in whole or in part, in the Base Capital of the Issuer.

6.5 Purchases

The Issuer or any of its Subsidiaries (as defined in section 2 of the Danish Companies Act (Consolidated Act No. 649 of 15 June 2006)) (subject to consent thereto having been obtained from the DFSA, if required) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in the open market or otherwise and at any price. Such Notes may be held, reissued, resold or surrendered to any Paying Agent for cancellation.

6.6 Cancellations

All Notes which are redeemed will forthwith (with the prior written consent of the DFSA) be cancelled, together with all related unmatured Coupons attached to the Notes or surrendered with the Notes. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6.5 above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Paying Agent and cannot be reissued or resold.

6.7 Notices Final

Upon the expiry of any notice as is referred to in Condition 6.2, 6.3 or 6.4 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Condition.

6.8 Calculation Agent and Determinations of Calculation Agent binding

(a) If any calculation agent is appointed by the Issuer for the purpose of determining the Make Whole Redemption Price, notice of such appointment shall be given to the Noteholders in accordance with Condition 11, by no later than the twentieth day prior to the Redemption Date. The Issuer shall use all reasonable endeavours to procure that the Calculation Agent shall determine the Make Whole Redemption Amount on the relevant date.

(b) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Calculation Agent for the purposes of Condition 6.2 shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Noteholders, the Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions.

7. TAXATION

7.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature **(Taxes)** imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

(a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon or the receipt of principal, interest or other amount in respect of such Note or Coupon; or

(b) presented for payment in the Kingdom of Denmark; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EEC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

(e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the relevant holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Presentation Date (as defined in Condition 5).

7.2 Interpretation

In these Conditions:

(a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 11; and

(b) **Relevant Jurisdiction** means the Kingdom of Denmark or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

7.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

8. PRESCRIPTION

Notes and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition or Condition 5.

9. ENFORCEMENT EVENTS

9.1 Failure to Meet Obligations

Subject to Condition 3 and Condition 4.8, if the Issuer fails to meet its obligations under the Notes and such obligations are not met within seven Copenhagen business days after the Issuer has received notice thereof, any Noteholder may at its own discretion and without further notice, institute proceedings in the Kingdom of Denmark in order to recover the amounts due from the Issuer to such Noteholder, provided that a Noteholder may not at any time file for the bankruptcy of the Issuer.

9.2 Institution of Proceedings

Any Noteholder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes or the Coupons provided that the Issuer shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except as set forth in Condition 9.3 below.

9.3 Liquidation or Bankruptcy

If an order is made or an effective resolution is passed for the liquidation or bankruptcy of the Issuer, then the Notes shall become due and payable at their then outstanding principal amount together with interest accrued to such date, any Arrears of Interest (together with but excluding any interest which has been cancelled) all corresponding Additional Interest Amounts.

10. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Issuer may decide and, so long as the Notes are listed in the Official List of the Irish Stock Exchange Limited and the rules of that exchange so require, by way of a company announcement approved and inserted in the Daily Official List of the Irish Stock Exchange Limited (the **Daily Official List**). It is expected that publication will normally be made in the *Financial Times* in London and by way of a company announcement approved and inserted in the Daily Official List. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading, as the case may be. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper or source, as applicable, on the date of the first publication in all required newspapers or sources, as applicable.

12. MEETINGS OF NOTEHOLDERS AND MODIFICATION

12.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes the modification of certain of these

Conditions the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will, subject to Condition 12.3, be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

12.2 Modification

The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any modification shall, subject to Condition 12.3, be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 11.

12.3 Approval of the DFSA

No modification of any of these Conditions shall be binding on the Noteholders and Couponholders unless the DFSA has given its prior approval for such modification.

13. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest or issue price, which may be consolidated and form a single series with the outstanding Notes.

14. GOVERNING LAW AND SUBMISSION TO JURISDICTION

14.1 Governing Law

The Agency Agreement, the Notes and the Coupons are governed by, and will be construed in accordance with, English law, except for Conditions 2, 3, 4.8, 4.9, 6.2, 6.4 and 9 which shall be governed by, and construed in accordance with, Danish law.

14.2 Jurisdiction of English Courts

The Issuer has irrevocably agreed for the benefit of the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly has submitted to the exclusive jurisdiction of the English courts. The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Notes or the Coupons respectively (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

14.3 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints Danske Bank A/S, London Branch at its registered office in England for the time being (currently at 75 King William Street, London, EC4N 7DT) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

14.4 Other Documents

The Issuer has in the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

15. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together the ***Global Notes****) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if one of the following events (each an **Exchange Event**) occurs:

(a) an Enforcement Event (as set out in Condition 9) has occurred and is continuing; or

(b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.

The Issuer will promptly give notice to Noteholders in accordance with Condition 11 if an Exchange Event occurs. The holder of the Permanent Global Note, acting on the instructions of one or more of the Accountholders (as defined below), may give notice to the Issuer and the Fiscal Agent of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may surrender the Permanent Global Note to or to the order of the Fiscal Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes in the denomination of €50,000 (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Permanent Global Note, the Issuer will procure that the Permanent Global Note is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 30 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 15 November 2006, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Fiscal Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 11. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including, but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notices to the Issuer pursuant to Condition 9) other than with respect to the payment of principal and interest on the principal amount of such Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Fiscal Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system through which interests in the Notes are held.

8. Denominations

The Notes are issued in the denomination of €50,000. However, for so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradeable in minimum nominal amounts of €50,000 and integral multiples of €1,000 thereafter. However, as specified under "Exchange" above, if definitive Notes are required to be issued they will only be printed and issued in denominations of €50,000. Accordingly, if definitive Notes are required to be issued, a Noteholder holding Notes having a nominal amount which cannot be represented by a definitive Note in the denomination of €50,000 will not be able to receive a definitive Note in respect of such Notes and will not be able to receive interest or principal in respect of such Note.

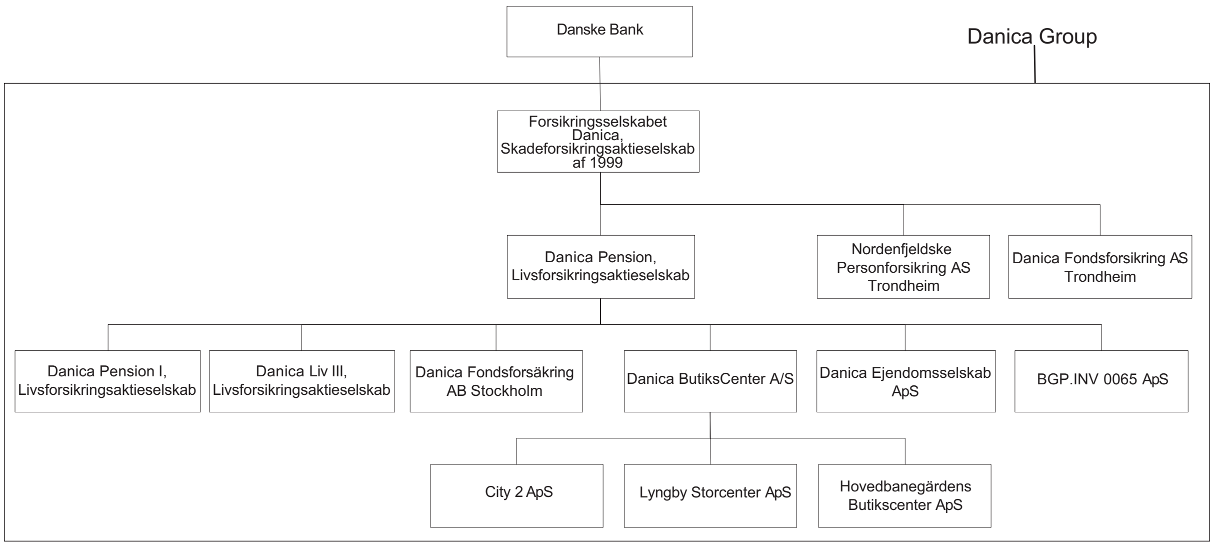
USE OF PROCEEDS

The net proceeds of the issue of the Notes, amounting to approximately €397,908,000, will be applied by the Issuer to refinance a subordinated loan from its holding company, Forsikringsselskabet Danica (as defined below), and for its general corporate purposes.

DESCRIPTION OF THE ISSUER'S BUSINESS

Introduction

Danica Pension, Livsforsikringsaktieselskab (**Danica**) is a life insurance company and parent company of nine operating subsidiaries. Danica's accounts are consolidated into the accounts of Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, København (**Forsikringsselskabet Danica**, and, together with its subsidiaries, the **Danica Group**). The Danica Group is included in the consolidated accounts of Danske Bank A/S (**Danske Bank** and, together with its subsidiaries, the **Danske Bank Group**). Consequently, no consolidated accounts are presented for Danica and its subsidiaries.



The Danica Group is one of Denmark's largest insurance companies in terms of premium income and assets (source: DFSA), and has over 150 years of experience in the life and pensions market. The Danica Group operates primarily within the life and pension markets in Denmark, and also has life and pension activities in Sweden and Norway. The Danica Group is a wholly-owned subsidiary of Danske Bank and effectively operates as the life and pensions division of the Danske Bank Group. The Danske Bank Group is one of the largest financial institutions in the Nordic region with more than three million retail customers.

The Danica Group offers life insurance, pension schemes and health and accident insurance to employers and private individuals. These include both conventional products and unit-linked schemes. Products are marketed through a range of distribution channels, including Danica's own sales force and advisers, insurance brokers and the various outlets of Danske Bank.

All new business written in the traditional business of the Danica Group is placed in Danica, while new business written in the unit-linked business is placed in Danica Pension I. Danica Liv III is a winding-up company for business written until the beginning of the 1980s. The Swedish company, Danica Fondförsäkring, is used solely for writing new business on the unit-linked market. Danica Fondförsäkring is included in the customers' investment assets in Danica and is therefore not a part of the consolidation policy in Danica. The remaining companies are different property companies which each comprise part of customers' investment assets in Danica.

Since 2001, Danica and its subsidiaries has seen annual growth in business volume of around 10 per cent. The growth has been primarily organic and mainly in the corporate market. In Danica's Danish business, two-thirds of gross premium income is derived from payments received on company pension plans. In 2005, the year-on-year increase in premium income was 15 per cent. to DKr 16.6 billion, of which the Danish market accounted for 89 per cent. In 2005, the Danica Group had a market share of 32 per cent. in terms of gross premiums in the Danish markets (source: DFSA).

In 2005, Danica posted net profits of DKr 1,440 million, an increase of 6.0 per cent. compared to 2004. With a capital base of DKr 15.6 billion, an excess capital base of DKr 8.1 billion and a collective bonus potential of DKr 11.4 billion, Danica is financially one of the strongest groups in the industry in Denmark. As of 30 June 2006, the capital base was DKr 15.3 billion and the solvency requirement was DKr 7.1 billion, which gave a solvency ratio of 215 per cent. Danica has an AA– "insurer financial strength" rating with Standard & Poor's.

The registered office of Danica is at 2-12 Holmens Kanal, DK-1092 Copenhagen and its business address is Parallelvej 17 DK-2800 Kgs, Lyngby, Denmark. Danica's general telephone number is +45 45 23 23 23.

History

Danica dates back to 1842, when the state company "Livrente- og Forsørgelses-Anstalten af 1842" was incorporated. In 1893 the company name was changed to "Statsanstalten for Livsforsikring". In 1990, the company was privatised and bought by the insurance group Baltica and the name of the company was changed to its present name. In 1995, Danica was acquired by Danske Bank and in 1999 the private non-life insurance business of Danica was sold. Thereafter Danica has been a life insurance and pension company. Danica is incorporated with limited liability and carries on business under the Danish Financial Business Act.

In 1998, Danica established a subsidiary, Danica Fondförsäkring AB, in Sweden. In 2001, the Danish life and pension company BG Pension became a part of Danica when Danske Bank merged with RealDanmark and is now an integrated part of Danica.

In 2001, Danica expanded its international activities by establishing a Norwegian branch in Oslo. In 2004 Danica, through its parent company Forsikringsselskabet Danica, expanded further into the Norwegian market by acquiring Nordenfjeldske Personforsikring AS (personal risk insurance) and Gjensidige NOR Fondsforsikring AS (unit-linked business).

Today, Danica is one of Denmark's leading life insurance companies with approximately 600,000 customers, a market share in Denmark in 2005 of approximately 32 per cent. in terms of premiums, total assets of DKr 198 billion and approximately 800 employees. In Norway, the Danica Group's market share of new business in the unit-linked market is 8 per cent. In Sweden, the corresponding market share is 5 per cent. (source: The Swedish Insurance Federation and the Norwegian Financial Services Association).

Strategy

Danica shares a set of core values with the other members of the Danske Bank Group under which the Danske Bank Group operates and does business. The five core values are: Integrity; Commitment; Accessibility; Expertise and Value Creation.

Danica aims to be the leading life and pension insurance company in Denmark in terms of premium income and financial position, which includes being the market leader with respect to advice, product development, service and quality. This is in line with Danske Bank's strategy to be a leading and well-diversified player in the financial services market in Denmark. Currently approximately one-fourth of Danica's sales are through branches of Danske Bank.

Danica co-operates closely with other members of the Danske Bank Group and there is a close managerial and operational integration within the Danske Bank Group. Danica shares many of its back-office functions, including IT, with Danske Bank, and Danica is gradually being integrated into the Danske Bank Group to maximise synergies and cross-selling opportunities. The Danica Group increasingly operates as the life and pensions division of Danske Bank. Danica aims to improve further its sales via Danske Bank branches in both Denmark and in foreign markets by selling insurance products packaged with banking products. In furtherance of this strategy Danica is currently considering the establishment of business in Ireland.

Danica's strong competitive position is based on its well-diversified distribution model, good back-office systems, and innovative product design, all of which helped the company to maintain its dominant position in the Danish life and pensions market. Danica monitors developments in the product market and continues to improve and develop its product offerings. For example, in 2005 Danica introduced a new type of unit-linked product, "Danica Balance" – a life-cycle product which combines the advantages of collective investment with the individual adjustment of investment, together with an automatic reduction in equity allocation as the policyholder approaches retirement (see "*Products – Danica Balance*" below).

Danica's Danish IT-system will be the model for further development of its international activities, a project that was initiated at the end of 2005. Danica focuses on minimising expenses, and in 2005 its expense ratio was down for the fifth consecutive year. As at 30 June 2006, its expense ratio was 6.5 per cent.

Danica aims to provide high-quality customer service based on accessibility, short processing times and professional customer care. Danica also places significant emphasis on recruiting and retaining competent and committed staff. Danica regularly conducts customer satisfaction surveys and is the only Danish company to publish its processing times on the internet.

The income and value of Danica's investments has a significant impact on its financial results and position. As of 30 June 2006, the value of Danica's investment portfolio was DKr 192 billion. As of 30 June 2006, 69 per cent. of investment assets were placed in bonds and derivatives, 22 per cent. were placed in equities and 9 per cent. in property.

Products

In the Danish market, Danica provides a comprehensive range of insurance-based pension schemes, life insurance and health and accident products to employers and private individuals. These include both conventional policies based on guaranteed return (Danica Traditionel) and savings and unit-linked schemes in which the customers select the risk profiles themselves (Danica Link), including life-cycle products (Danica Balance). In the Swedish and Norwegian markets, Danica primarily offers unit-linked pension products to employers and private individuals.

The following table shows a breakdown of Danica's gross premium portfolio (including investment contracts) for the years indicated:

DANICA GROSS PREMIUMS

(DKr bn)	**2005**	**2004**	**2003**	**2002**	**2001**
Danica Traditionel	11.5	11.0	11.7	10.2	9.4
Health and accident	0.8	0.8	0.8	0.7	0.7
Danica	12.3	11.8	12.5	10.9	10.1
Premiums in subsidiaries of Danica					
Danica Balance and Danica Link	3.2	1.8	1.8	1.8	0.5
Internal transfers	–0.6	–0.2	–0.2	–0.5	—
Unit-Linked Sweden etc.	1.6	1.0	0.6	0.8	0.5
Health and accident	0.1	0.1	—	—	—
Total gross premiums Danica and subsidiaries	**16.6**	**14.5**	**14.7**	**13.0**	**11.1**

Danica Traditionel

Danica Traditionel is Danica's conventional pension product and dates back to the company's incorporation in 1842. Danica Traditionel is based on collective investments and does not require customers to make any decisions themselves as to how money is invested.

Danica Traditionel offers guaranteed benefits calculated on the basis of interest rates (technical rate) of 4.5 per cent., 2.5 per cent. or 1.5 per cent. The guaranteed benefits apply to all future ordinary payments as well as current savings and guarantees under issued policies. The guaranteed benefits influence Danica's investment strategy, which is typically conservative.

Until 1994, the technical rate was 4.5 per cent. From 1994 to 1999, the rate was 2.5 per cent. and currently, new policies are written with a maximum rate of 1.5 per cent. In practice, Danica annually submits to policyholders a bonus interest rate on policyholders' savings. A bonus rate higher than the technical rate will typically increase the policyholders' benefits. The bonus interest rate for 2006 has been fixed at 4.5 per cent. Bonus interest rates above or below investment returns' rates will, respectively, strengthen or weaken the collective bonus potential. The collective bonus potential is thereby used as a buffer to stabilise the interest level on the policyholders' savings.

In 2005, Danica Traditionel contributed 69 per cent. of Danica and its subsidiaries' total premium portfolio.

Danica Link

Danica Link is the name given to Danica's unit-linked insurance products which give customers the opportunity to participate in decisions relating to the investment of their pension savings. This will give returns to customers which accrue as a direct result of the customers' investment choices. Customers may also choose to leave such investment decisions in the hands of Danica (**Danica Valg**). By choosing one of the Danica Valg investment choices (i.e. Low Risk, Medium Risk, High Risk, 100 per cent. Equities, 100 per cent. Bonds), the risk of investment assets related to unit-linked contracts is, to a large extent, borne by the policyholders.

In Denmark, Danica Link customers may invest their pension savings in funds, while at the same time benefiting from a guarantee from Danica, thereby insuring themselves against certain capital losses. Danica Link offers two types of guarantees: Payment Guarantee I which guarantees customers benefits equal to at least 95 per cent. of their contributions and are adjusted annually, while Payment Guarantee II guarantees an average annual return of at least 1.25 per cent.

Customers are offered internet access to their accounts (through "Din Netpension", "Danske Netbank" or "BG Netbank"), making it easier to continuously monitor their investment performances.

Danica Link is written by Danica's 100 per cent. owned subsidiary, Danica Pension I.

Danica Balance

Danica Balance was launched in May 2005 as a new life-cycle product that combines the advantages of collective investment with individual adjustment of investments. The Danica Balance customer is able to choose a larger share of equity and accordingly a smaller share of bonds depending on the customer's age (with those customers further away from retirement age benefiting from a higher equity share).

In addition, Danica Balance offers customers an optional guarantee meaning that it can be activated or rejected at any time. In the absence of any agreement to the contrary, the guarantee is automatically activated in the last ten years of the policy, thereby providing security to a customer that his or her overall return will not be negative in the years leading up to retirement.

As at 30 June 2006, approximately 61,000 customers had opted for the Danica Link and Danica Balance products in Denmark. In 2005, Danica Link and Danica Balance together contributed approximately 19 per cent. of Danica and its subsidiaries' total premium portfolio, and in the first six months of 2006, more than 50 per cent. of new premiums were written in market products.

Like Danica Link, Danica Balance products are underwritten by Danica Pension I.

International operations

In 1998, Danica established a subsidiary in Sweden, Danica Fondförsäkring AB. In the Swedish market, Danica offers unit-linked pension products to employers as well as to private individuals through Danske Bank Sweden and local brokers. In 2005, Danica and its subsidiaries' gross premium income in Sweden was DKr 1,284 million, accounting for 8 per cent. of Danica and its subsidiaries' total premium portfolio. In 2005, Danica developed a new corporate concept based on an electronic administrative process between employer and insurance company.

In 2001, Danica also commenced operations in Norway through the establishment of a branch of Danica Pension I. The Danica Group further consolidated its position in the Norwegian market through Forsikringsselskabet Danica's acquisition in 2004 of Nordenfjeldske Personforsikring AS and Gejendsidige NOR Fondsforsikring AS. Part of the Danica Group's Norwegian business is operated through subsidiaries of Forsikringsselskabet Danica and does not contribute to the gross premiums of Danica.

Distribution channels

Danica's products are marketed through a range of distribution channels. Danica acquires the majority of its business directly (approximately 65 per cent. in 2005), with the second most important channel being via Danske Bank and BG Bank branches (25 per cent. in 2005). The remainder of the business is sold through brokers.

Relationship with Danske Bank

The Danske Bank Group is one of the largest financial institutions in the Nordic region with more than three million retail customers. It holds 100 per cent. of the shares in Danica indirectly through Forsikringsselskabet Danica (see "*Introduction*" above). The Danica Group effectively operates as the life insurance and pensions division of Danske Bank. For the year ended 31 December 2005, Danica accounted for 9 per cent. of the net profit generated by Danske Bank and its consolidated subsidiaries.

All inter-group transactions are based on contractual agreements in accordance with the Executive Orders of the DFSA. The services are settled on an arm's-length basis, on market terms or on a cost-reimbursement basis.

The Board of Directors of Danica consists of nine members, five of whom are senior executives of Danske Bank (see "*Management*" below).

Consolidation policy – profit and loss

In accordance with the Executive Order on the Contribution Principle, the DFSA has been notified of Danica's consolidation policy. Generally, the Executive Order permitted the recognition in 2005 of the full risk allowance of 0.5 per cent. of the technical provisions and 30 per cent. of the company's risk, cost and health and accident results only if it did not exceed the realised profit. In brief, the realised profit may be defined as the difference between the annual return on investment and the technical rate of interest used to calculate the guaranteed benefits payable to policyholders. Consequently, the Contribution Principle entails a risk of fluctuating results. To the extent that the Executive Order does not permit the recognition of the full risk allowance, the amount outstanding is transferred to a shadow account. The amount may be booked over future years if justified, among other things, by the return on investment. The shadow account accrues interest at the rate that applies to bonds allocated to shareholders' equity.

The Contribution Principle applies to regulations on calculations and the distribution of realised results between (i) shareholders and the insurance portfolio and (ii) between the individual policyholders. According to the Contribution Principle, the Issuer should notify the DFSA of its policy of allocating realised results between shareholders and policyholders. The policy should be fair in relation to the policyholders (vis-à-vis the shareholders), and it should be fair between the policyholders themselves. The Contribution Principle is mandated by law and only applies to conventional life insurance business.

Danica's pre-tax profit in 2005 consisted of the return on assets allocated to shareholders' equity, the results of the subsidiary Danica Pension I, the risk results of Forenede Gruppeliv plus the full risk allowance. According to the rules in force, the health and accident business is not allowed to negatively affect the life insurance customers over time. Consequently, the remainder of the negative DKr 173 million health and accident result reduced the profit of Danica and consequently did not impact life insurance customers. From 2006, Danica's pre-tax profit will include a risk allowance of a maximum of 0.62 per cent. of the technical provisions and 100 per cent. of Danica's health and accident results.

Investments

As of 30 June 2006, 8 per cent. of Danica's investment portfolio was allocated to shareholders' equity and 92 per cent. was allocated to customer funds. The income and value of Danica's investments has a significant impact on its financial results and position. As of 30 June 2006, the value of Danica's investment portfolio was DKr 192 billion of which DKr 176 billion was allocated to customers' funds. In 2005, the gross return of Danica's investment portfolio allocated to customers was 12.6 per cent. and –3.7 per cent. in the first half of 2006.

As of 31 December 2005, more than 75 per cent. of investment assets were placed in bonds and derivatives while just over 16 per cent. were placed in equities and approximately 8 per cent. in property. In 2006, Danica increased the level of investment in equities to 20-25 per cent. (see "*Strategy*" above).

The following table shows the investment portfolio allocated to customers as at 31 December 2005 and 30 June 2006:

Customer Funds (in %)

Assets	**31 December 2005**	**30 June 2006**
Danish DKr nominal bonds	39	33
Equities	16	22
Index-linked DKr bonds	15	15
Foreign bonds	14	14
Property	8	9
Credit bonds	7	7
Other financial assets	1	—
Total	**100**	**100**
Total amount	**DKr 187 billion**	**DKr 176 billion**

The majority of the bonds are DKr or EUR-denominated government or mortgage bonds with high credit ratings. One-third of these bonds are index-linked bonds, contributing to a stable real return. The "credit bonds" asset class consists of corporate and government bonds with credit ratings of A and below. Approximately half of the credit bonds are investment grade, while the other half consists of high-yield bonds and emerging markets debt.

The majority of the funds invested in foreign equities are invested according to an index strategy, with a view to ensuring a return close to the market return. A more active portfolio management is pursued in selected areas. Investment in unlisted Danish and foreign equities takes place through private equity funds.

In 2005, just over 40 per cent. of Danica's trading in Danish bonds and around one-third of its trading in Danish equities took place via Danske Bank (see "*Relationship with Danske Bank*" above).

Investments in property typically contribute towards a stable and inflation-proof return. Danish shopping centres account for almost half of the property portfolio, which makes Danica the largest owner of shopping centres in Denmark. Danica also holds many commercial properties, (about 40 per cent. of the property portfolio) with property investments concentrated in Denmark.

Danica employs a number of investment managers to manage its investments. Danske Capital, a division of Danske Bank, manages 80 per cent. of Danica's investment assets, the majority of which consist of Danish and European bonds and equity. In addition, external managers are used to manage investments in listed equities and bonds. Private equity funds, which make up 1 per cent. of Danica's investments in equities, are primarily managed by Danske Private Equity, another member of the Danske Bank Group.

Return on investment

In 2005, Danica's return on investment before tax on pension returns was DKr 22,084 million, DKr 20,932 million of which was attributable to customers in Danica Traditionel, DKr 551m to health and accident business and DKr 601 million to shareholders' equity. Danica's return on assets allocated to shareholders' equity in 2005 was DKr 601 million (amounting to a 4.1 per cent. return, compared to 3.7 per cent. in 2004). The return on investment of Danica's customer funds in 2005 stood at 12.6 per cent., or DKr 21.5 billion, compared to DKr 16.3 billion in 2004. The following table shows Danica's customer funds holdings and returns as at 31 December 2004 and 2005 and 30 June 2006:

	31 December 2004		**31 December 2005**		**30 June 2006**	
	Value	*Return*	*Value*	*Return*	*Value*	*Return*
	(DKr bn)	*(%)*	*(DKr bn)*	*(%)*	*(DKr bn)*	*(%)*
Property	13.5	8.9	15.0	11.6	16.2	11.1
Danish bonds	75.7	7.9	65.6	5.3	56.2	–2.3
Index-linked bonds	27.3	11.2	28.9	11.5	26.8	–2.8
Foreign bonds	17.3	10.6	26.8	9.7	24.2	–5.2
Credit bonds	12.1	10.8	9.4	7.5	11.9	–1.5
Total bonds	**131.1**	**8.9**	**133.4**	**7.4**	**119.1**	**–3.0**
Danish equities	3.8	22.4	5.5	40.0	5.4	3.3
Foreign equities	15.2	10.7	23.5	21.5	32.1	1.4
Total equities	**19.0**	**12.9**	**29.0**	**24.8**	**37.5**	**1.6**
Other financial assets	6.1	—	9.3	—	3.6	—
Total	**169.7**	**10.3**	**186.7**	**12.6**	**176.4**	**–3.7**

Dividend policy

A judgement was passed by the Danish Supreme Court in November 1993 arising from the privatisation of Statsanstalten Livsforsikring, now Danica. The Supreme Court judgement was passed on a suit between a policyholder of Danica and the Danish Government which raised doubts about the shareholders' right to distribute dividends from Danica. As a consequence, Danica has an obligation to certain policyholders to restrict transfers to equity if the percentage by which the solvency ratio exceeds the statutory solvency requirement is higher than the percentage maintained by Statsanstalten Livsforsikring prior to the privatisation of this company in 1990. In addition, it is the intention of Danica not to distribute dividends for a period of at least 25 years from 1990. After year 2000 paid-up share capital and subsequent paid-up share capital and interest thereon may, however, be distributed. Such a distribution was made for the first time in March 2006, when Danica paid out DKr 2 billion of the paid-up share capital.

Competition

Danica is one of Denmark's largest life insurance companies, with a share of approximately 32 per cent. of the Danish life and pensions market in terms of premium income and assets. In terms of market-based products only, Danica's market share is over 50 per cent. and is by a considerable margin the largest company in this market. Danica's most important competitors in the Danish life and pensions market are currently Nordea, SEB, PFA and Topdanmark. Danica has a strong market position due to a wide supply of products and a diversified distribution system.

Price competition is and has been fierce, particularly with regard to health and accident insurance. At the same time there is a strong focus on the processing time towards customers. Accordingly, Danica has chosen to publish the processing times on an ongoing basis and to introduce daily penalties such that Danica will compensate its customers if it does not meet its obligations. For the health and accident insurance business fierce competition has resulted in a loss and this situation could continue for a longer period (see "*Risk Factors – The Issuer faces significant competition from national insurance companies in Denmark*"). The claims ratio for Danica was 97 for the first half of 2006. A claims ratio around that level can be foreseen for the next couple of years.

Intellectual Property

Danica has registered trademarks under which it operates as well as a number of business names. In Denmark, Danica has registered, among other brands, "Danica" and "Danica Pension" brands as trademarks and the logo it uses to promote the Danica brand. Danica has registered a number of its most important trade names and business names as Community trade marks (**CTM**) e.g. "Danica", "Danica Pension", "Danica Life", "Danica Link" and "Danica Balance".

Risk Management

Risk management is fundamental to Danica's operations and success. The risks currently faced by Danica are principally financial risks and insurance risks.

Financial risks

Financial risks faced by Danica are predominantly investment risks, relating to volatility in financial markets and/or macroeconomic factors which impact on the results of operations and financial condition of Danica. In particular, such risks concern the development of assets allocated to shareholders' equity and the risk that a low return on customer funds in comparison with guaranteed returns cannot be covered by the collective bonus potential or the bonus potential of paid-up policies. The income from and value of Danica's investments have a significant impact on its financial results and condition.

The most important factor is the market risk relating to the conventional life insurance products, which covers the relation between investment assets and life insurance obligations. If the return on investments for the year is insufficient to cover customer returns, including any necessary strengthening of life insurance obligations, the deficit is covered first by the collective bonus potentials and then by the bonus potential of paid-up policies. If these are insufficient to cover the deficit, funds from shareholders' equity will be allocated to cover the outstanding amount.

Market risk is managed on the following levels:

- Assets allocated to shareholders' equity (market risk will impact the Issuer's financial results).

- Assets allocated to customers' funds and life insurance obligations in conventional life insurance business. If the bonus potentials are insufficient to cover losses, market risk will impact the Issuer's financial results.

- Assets related to unit-linked contracts. Market risk is to a large extent borne by the policyholders.

In order to ensure cohesion between the return on investment of customer funds and customers' guaranteed returns, Danica closely monitors financial risk and has set limits for maximum market and interest rate risks. Stress tests of Danica's balance sheet are conducted on a regular basis on a portfolio level to ensure that Danica is able currently to withstand simultaneously a 30 per cent. drop in equity prices, a 50 per cent. drop in the current interest rate levels and a 2.5 percentage points increase in interest rates.

As of 30 June 2006, assets allocated to shareholders' equity were invested in short-term bonds with low credit risk (69 per cent.), equities (22 per cent.) and properties (9 per cent.). Risk on the bonds is managed by the treasury department of Danske Bank.

The risk of "Investment assets related to unit-linked contracts" is to a large extent borne by the policyholders. In Danica Link, the risk related to the guarantees is hedged by means of equity derivatives and by means of adjusting the investments in the five years prior to payment. The risk relating to the guarantees in Danica Balance is managed primarily through the investment strategy.

Credit risk (being the risk that a counterparty fails to meet its financial obligations to Danica) on Danica's bond portfolio is currently limited as the majority of the bonds are government bonds or mortgage bonds with an AA or AAA rating from the international credit rating agencies. Individual risks are limited, and Danica has obtained security for the value of derivative positions hedging interest rate risks.

Liquidity risk is also limited. A large part of Danica's bond portfolio is placed in highly-liquid listed bonds and easily negotiable international equities.

Insurance risks

Insurance risks relate to underwriting and pricing of insurance products, including inadequate premiums to cover claims, and reserving risk. In particular, insurance risk is affected by the development in mortality, disability and critical illness rates. For example, an increase in life expectancy affects the time during which pensions are payable under certain pension products while the development in the number of deaths, cases of sick leave and subsequent recoveries affect the benefits paid under insurance policies covering death and disability.

Life and mortality expectations etc. are based on historical data from Danica's own insurance portfolio. The sensitivity of insurance obligations to changes in these assumptions is also calculated. Regular actuarial analyses of the various risk elements are made in connection with the computation of insurance obligations and the determination of any measures to be taken. In order to reduce insurance expenses, a minor part of the risk relating to deaths and disability is covered by an individual reinsurance programme with a retention for each insured policyholder. Moreover, catastrophe risk is covered by reinsurance on a portfolio basis. Insurance risks are monitored by the actuarial department which also analyses and implements the underwriting, acceptance and reinsurance policy.

Danica bases its calculation of life insurance provisions on a rise in life expectancy of just over two years relative to the assumptions at the time the policies were written; this results in additional provisions of around DKr 5 billion. An additional 10 per cent. decline in the mortality rate, corresponding to a rise in life expectancy of about one year, would reduce the collective bonus potential by DKr 1.7 billion while shareholders' equity would not be affected.

Life insurance provisions are calculated at market value, future benefits being discounted to their present values. The low level of interest rates increases focus on bonus distribution to prevent redistribution of major amounts between the various groups of insurance. This applies for instance to insurance policies written before 1 July 1994, on which the guaranteed benefits were calculated based on a technical rate of interest of 4.5 per cent. and for insurance policies written subsequently on which the guaranteed benefits were calculated based on a technical rate of interest of 2.5 per cent. or 1.5 per cent.

Danica has introduced the "*kontostyrkelse*" concept which constitutes non-guaranteed reserves to secure the policyholders' guaranteed benefits. The *kontostyrkelse* applies to insurance benefits based on a rate of interest of 4.5 per cent. or 2.5 per cent. Revaluations may therefore be earmarked to compensate for investment returns below the guaranteed benefits. The *kontostyrkelse* reserves are added to the individual insurance account and will, under normal circumstances, be included in the transfer value if a customer wants to transfer savings to another scheme or decides to have savings disbursed before the agreed date.

The Executive Order on the Contribution Principle applies. Danica has notified the DFSA of rules to prevent significant amounts from being redistributed among the above-mentioned groups of insurance. These rules could lead to a division of the portfolio into separate portfolios with separate collective bonus potential, investment strategy and bonus distributions. In this connection, Danica has also established rules to prevent redistribution of significant amounts between groups of insurance arising in connection with the most recent merger of the life insurance companies.

Litigation

Owing to its size and business volume, Danica is continually a party to various lawsuits. Danica does not expect the outcomes of the cases pending to have any material effect on its financial position.

Management

The Board of Directors of Danica consists of nine members, five of whom who are senior executives of Danske Bank and who are elected by a general meeting of the shareholders. Three members are elected by employees in accordance with Danish law and one member is appointed by the Minister of Economic Affairs pursuant to the Act on privatisation of Statsanstalten for Livsforsikring.

The members of the Board of Directors and their positions outside of the Danica Group are as follows:

Peter Straarup, Chairman

Chairman of the Executive Board of Danske Bank A/S.

Chairman of the Board of Directors of: Northern Bank Limited; National Irish Bank Limited; DDB Invest Limited; DDB Invest AB.

Chairman of the Board of Directors of the Danish Bankers Association; Member of the assembly of representatives of the Danish Employers' Association for the Financial Sector; Director of the International Chamber of Commerce – ICC Danmark; Member of the International Monetary Conference; Member of Institut International d'Etudes Bancaires.

Sven Lystbæk, Deputy Chairman

Member of the Executive Board of Danske Bank A/S.

Chairman of the Board of Directors of: PBS Holding A/S; PBS A/S; Ejendomsselskabet Lautrupbjerg A/S; Multidata Holding A/S; Multidata A/S; Værdipapircentralen A/S.

Vice Chairman of the Board of Directors of Realkredit Danmark A/S.

Member of the Board of Directors of: Danske Bank International S.A.; Fokus Bank ASA; Northern Bank Limited; National Irish Bank Limited; DDB Invest Limited; Kreditforeningen Danmarks Pensionsafviklingskasse.

Tonny Thierry Andersen

Chief Financial Officer & Member of the Executive Board of Danske Bank A/S.

Member of the Board of Directors of: Realkredit Danmark A/S; Nordania Finans A/S; Northern Bank Limited; National Irish Bank Limited; Investeringsselskabet af 23. marts 2001 A/S; Danske Private Equity A/S; Danske Bank International S.A.; DDB Invest Limited.

Jakob Brogaard

Deputy Chairman the Executive Board of Danske Bank A/S.

Chairman of the Board of Directors of: Realkredit Danmark A/S; Kreditforeningen Danmarks Pensionsafviklingskasse.

Vice Chairman of the Board of Directors of: LR Realkredit A/S; DDB Invest AB.

Member of the Financial Business Council.

Thomas Falck

Senior Vice President of Danica.

Gitte Jensen

Clerk of Danica.

Ib Katznelson

Executive Director, European Bank for Reconstruction and Development.

Appointed by the Minister of Economic Affairs.

Jens Rasmussen

Senior Consultant of Danica.

Erik Sevaldsen

Executive Vice President, Group General Counsel, Head of Executive Board Secretariat and Legal & Compliance of Danske Bank A/S.

Member of the Board of Directors of: Nordania Finans A/S; Investeringsselskabet af 23. marts 2001 A/S.

Member of the Danish Financial Institutions' Complaints Board; Member of the Advisory Board of the Copenhagen Stock Exchange.

The present members of the Executive Board and their external positions are as follows:

Henrik Ramlau-Hansen, CEO

Chairman of the Board of Directors of Adminstrationsaktieselskabet Forenede Gruppeliv.

Member of the Board of the Danish Insurance Association.

Jørgen Klejnstrup

Chairman of the Board of Directors of Danske Banks Pensionskasse for førtidspensionister.

Member of the Board of Directors of: PBS Holding A/S; PBS A/S; Ejendomsselskabet Lautrupbjerg A/S; Multidata Holding A/S; Multidata A/S; home a/s; National Irish Bank Limited; Northern Bank Limited; DDB Invest Limited; DDB Invest AB; Bank/Pension Pensionskasse for Finansansatte; Pensionskassen for direktører i nogle med Sparekassen Bikuben fusionerede sparekasser; Pensionskassen for funktionærer ansat i Roskilde Sparekasse (Afviklingskasse).

Jesper Winkelmann

Member of the Board of Directors of Fonden Forsikringsakademiet af 26/2 2003.

After application of the relevant laws and conflict of interest policies of Danica, no potential conflicts of interest exist between the duties to Danica of the members of the Board of Directors and the Executive Board and their private interests listed above.

REGULATORY OVERVIEW

Overview of Relevant European Union Legislation

Under the Treaty of Rome promulgated in 1957, the Member States of the EU are required to implement EU legislation into domestic law and to take EU legislation into account in applying domestic law. EU legislation can take a number of forms, including regulations and directives. EU regulations have general application and are binding in their entirety and are directly applicable in all Member States. EU directives are binding on Member States but each Member State's authorities may choose the form and method of their implementation. In addition, certain "self-executing" directives are directly binding on Member States, although they still require formal implementation in national legislation.

Since 1973, the EU has adopted a series of insurance directives on life insurance and direct insurance other than life insurance. These directives have been implemented in Denmark and the other EU and EEA jurisdictions through national legislation.

The 1992 EU insurance directives on life insurance and direct insurance other than life insurance were implemented in Denmark and Norway through legislation which became effective in July 1994. These directives are founded on the "home country control" principle, which provides that the ongoing regulation of insurance companies, including their non-home insurance operations (whether cross-border or through branches), is the responsibility of the home country insurance regulatory authority. The home country insurance regulatory authority monitors compliance with applicable regulations, the solvency of the insurer and its actuarial reserves as well as the assets of the insurer that support such reserves. As a result of the implementation of these directives, an insurance company that has been licensed to conduct insurance business in one jurisdiction of the EU and EEA may do business directly or through branches in all other jurisdictions of the EU and EEA without being subject to licensing requirements under the laws of the additional jurisdiction. Selling activities of non-home insurance operations, however, are regulated by the regulatory authorities in the country in which the sale of the insurance product takes place, including consumer protection and rules of good practice.

In December 2002 the EU adopted a directive on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate. The directive was implemented into Danish law in 2004 (the **Conglomerate Rules**).

Overview of Country Legislation

The Issuer operates primarily through insurance companies domiciled in Denmark. The Issuer's insurance business is authorised by the DFSA in Denmark.

The Issuer is primarily regulated by the Danish Financial Business Act (consolidated act no. 286 of 4 April 2006, as amended, regarding *Lov om Finansiel Virksomhed*) (the **Danish Financial Business Act**) and by the Danish Companies Act (consolidated act no. 649 of 15 June 2006, regarding *Aktieselskabsloven*).

General Principles of Regulation

The basic regulatory power of the DFSA is based on the home state control principle.

Pursuant to the Danish Financial Business Act, the DFSA can grant regulatory permission to companies to provide insurance for one or more classes recognised by the EU insurance directives. An insurance company may not engage in activities other than insurance operations and related activities, unless specifically permitted to do so by the insurance regulation or authorised by the relevant FSA. Danish insurance companies are required to report their annual accounts to the DFSA. They are also required to submit detailed annual financial reports and key figures for their insurance operations to the DFSA. In addition, external and internal auditors' long-form audit reports relating to the annual accounts must be filed with the DFSA. The DFSA is also entitled to ask for any additional information from the supervisory board, group management, internal auditors and external auditors and the appointed actuary. From time to time, the DFSA will conduct a thorough on-site inspection of each insurance company. The DFSA may review other issues such as IT security, reinsurance adequacy and asset valuation at any time between the general inspections. The last general inspection of the Issuer in Denmark occurred in September 2004. See " – *Compliance with Financial Regulation*". The Danish Financial Business Act and the DFSA also regulate how an insurance company may invest funds.

Danish insurance companies are required, pursuant to the Danish Financial Business Act, to employ an appointed actuary to carry out necessary actuarial functions, including calculations and investigations. The actuary cannot also be a member of the management and/or the supervisory board. One of the key responsibilities of the actuary is to ensure that the life insurance company is in compliance with its technical basis.

Concessions

All insurance companies in the jurisdictions in which the Issuer operates must be licensed by the relevant financial services authority in order to carry out insurance operations, which in Denmark is the DFSA. The Issuer has obtained the relevant licences relating to the insurance activities conducted by the Issuer and its subsidiaries.

Management

Pursuant to DFSA regulations, new members of the supervisory board and the executive management of the Issuer prior to their appointment are required to submit a Fit & Proper reporting form to the DFSA to determine whether or not they have adequate experience and are fit and proper to be involved in running an insurance business.

The Danish Financial Business Act includes a number of specific requirements on management's operation of the insurance business that are primarily designed to prevent a conflict of interest between the company and the relevant manager.

Ownership

Acquisitions in Denmark of more than 10 per cent., 20 per cent., 33 per cent. or 50 per cent. of the shares or voting rights of an insurance company, including an insurance holding company, must each be reported to, and are subject to, pre-approval from the DFSA. DFSA approval is based on the filing of a statutory information questionnaire by the acquirer allowing the DFSA to determine whether or not such acquirer meets the criteria set out in the Danish Financial Business Act. The DFSA is required to approve an acquisition unless the acquisition endangers the proper and sound management of a financial services company or a financial holding company.

Solvency and Dividends

The Danish Financial Business Act requires that general insurance companies maintain a minimum of capital and that dividends are only paid in accordance with this capital adequacy requirement. The Danish solvency requirements follow the relevant EU directives. According to the Danish rules, the margin required is the aggregate of:

1) 4 per cent. of the risk-weighted items for life assurance provisions plus 0.3 per cent. of the risk-weighted items for the risk sum for life assurance business in insurance classes I-IV and VI where the company has an investment risk;

2) 1 per cent. of the risk-weighted items for life assurance provisions plus 0.3 per cent. of the risk-weighted items for the risk sum for life assurance business in insurance class V, and in insurance class III where the company does not have an investment risk, and where the amount intended to cover the operating costs set in the insurance contract shall be determined for a period of more than 5 years;

3) 25 per cent. of the previous year's insurance-related administration costs plus 0.3 per cent. of the risk-weighted items for the risk sum for life assurance business in insurance class III, where the company does not have an investment risk, and where the amount intended to cover the operating costs set in the insurance contract shall not be determined for a period of more than 5 years;

4) 25 per cent. of the previous accounting year's insurance-related administration costs for separate SP (Special Pension Savings Scheme) accounts; and

5) the largest amount in a non-life assurance company of:

    a) 18 per cent. of the risk-weighted items for the maximum of gross premiums and gross premium income up to EUR 50 million plus 16 per cent. of amounts exceeding this figure; and

    b) the annual average of 26 per cent. of the risk-weighted items for the gross costs of claims for amounts up to EUR 35 million and 23 per cent. of amounts exceeding this figure in the last 3 accounting years.

The Danish Parliament adopted on 18 May 2006 a number of amendments to the Danish Financial Business Act, which implement part of the amended Credit Institutions Directive, Directive 2006/48/EEC, and thus the Basle II Accord into Danish law. The majority of these amendments will enter into effect on 1 January 2007.

Policyholders' Right of Priority to Certain Assets

In order to protect policyholders, the Danish Financial Business Act requires that the value of the assets of an insurance company corresponds, at a minimum, to the value of a company's total technical provisions and prepaid insurance premiums. The insurance company shall, in accordance with the Danish Financial Business Act, keep a register of such assets. The assets in such register shall be exclusively used for the satisfaction of the policyholders and not the general creditors of the insurance company. Policyholders have a right of priority to these assets in the event of an insurance company's insolvency.

Confidentiality

The Danish Financial Business Act requires that members of the supervisory board and employees of insurance companies and other financial services companies are subject to confidentiality in relation to all information received in the course of their business. With certain exceptions, the confidentiality requirements also apply to the exchange of information regarding the policyholders between the Issuer and its subsidiaries.

The Danish data protection rules (Act no. 429 of 31 May 2000, as amended regarding *Persondataloven*) also require confidentiality in relation to the treatment and disclosure of confidential information concerning policyholders.

Good Practice

The Danish Financial Business Act includes a number of provisions that apply to all financial services companies, including insurance companies. These provisions require that financial services companies shall be operated in accordance with honest and fair business practice and "good practice" within the financial industry. Effective as of 1 January 2005, the Danish Financial Business Act authorises the DFSA to publish the name of any financial services company ordered by the DFSA to rectify a particular matter.

In Denmark, Norway and Sweden, the Issuer's policyholders can complain about the Issuer to a special insurance appeal board if they are not satisfied with the treatment they receive. The Issuer is not involved in complaints with the insurance appeal boards which can impact its business materially.

Internal Audit

Danish insurance companies of a certain size must have an internal audit function. The head of the internal audit function is to be employed by and report directly to the supervisory board. The Issuer has an internal auditor.

Amalgamation and Transfer of Insurance Portfolios

In Denmark, the amalgamation of two financial services companies is subject to prior approval by the DFSA. If an insurance company transfers all or part of its insurance portfolio in connection with an approved amalgamation, it is discharged from its insurance liabilities. If the transfer is by way of an amalgamation between insurance companies, policyholders cannot rely on the amalgamation as a basis for terminating the insurance agreement. The transfer of an insurance portfolio from one insurance company to another is also subject to approval by the DFSA.

Compliance with Financial Regulation

The Issuer is in compliance with all material rules regulating its business.

TAXATION

Kingdom of Denmark

Persons considering the purchase, ownership or disposition of the Notes should consult their tax advisers to determine the tax consequences based upon their individual situations. The following may not be representative of the tax consequences relating to the Notes for any particular person.

Under current Danish tax laws, all payments in respect of the Notes will be made without deduction of withholding tax in any form.

According to current Danish tax laws all individuals, companies, trusts and similar enterprises being tax resident and taxable in Denmark will be taxed on any capital gain and interest payment arising from the Notes, and any capital loss on the Notes will be deductible in the taxable income.

Interest due, ownership, redemption and assignment of the Notes will, according to the current Danish tax rules, be reported to the Danish tax authorities for persons resident in Denmark for tax purposes, as long as the Notes are outstanding.

EU Savings Directive

Under EC Council Directive 2003/48/EEC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, Danske Bank A/S, UBS Limited, Banc of America Securities Limited, Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, Goldman Sachs International and HSBC Bank plc (the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 4 October 2006 jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.877 per cent. of the principal amount of Notes, less a combined selling, management and underwriting commission of 0.40 per cent. of the principal amount of the Notes. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration in respect of the Notes to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Kingdom of Denmark

Each Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver any Notes directly or indirectly in the Kingdom of Denmark by way of a public offering, unless in compliance with the Danish Consolidated Act No. 479 of 1 June 2006 on Trading in Securities, as amended, and Executive Orders issued thereunder.

Each Manager has further represented and agreed that it has not advertised and will not advertise the issue of Notes to private investors in the Kingdom of Denmark other than in compliance with the rules laid down by the DFSA, in Executive order No. 1046 of 27 October 2004 on Good Business Practice for Financial Undertakings, as amended.

General

No action has been taken by the Issuer or any of the Managers that is intended to permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

1. Authorisation

The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 2 August 2006.

2. Listing

Application has been made to the IFSRA to approve this document as a prospectus. Application has also been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Investment Services Directive (Directive 93/22/EEC) and, after its coming into force and implementation, for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EEC). It is expected that the listing of the Notes will be granted on or about 6 October 2006 subject only to the issue of the Temporary Global Note. Prior to the listing of the Notes, dealings will be permitted by the Irish Stock Exchange in accordance with its rules.

The total expenses related to such admission to trading are expected to be €4,532.40.

3. Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0270164725 and the Common Code is 027016472. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1885 Luxembourg.

4. No significant or material change

Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer since 30 June 2006 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2005.

5. Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

6. Accounts

The auditors of the Issuer are KPMG C.Jespersen Statsautoriseret Revisionsinteressentskab and Grant Thornton Statsautoriseret Revisionsaktieselskab, who have each audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Denmark for each of the two financial years ended on 31 December 2005 and 31 December 2004. Both of the auditors are members of "Foreningen af Statsautoriserede Revisorer" (The Association of State Authorised Public Accountants). Neither KPMG C.Jespersen Statsautoriseret Revisionsinteressentskab nor Grant Thornton Statsautoriseret Revisionsaktieselskab has a material interest in the Issuer.

7. U.S. tax

The Notes and Coupons will contain the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

8. Documents

Copies of the following documents will be available in electronic form from the registered office of the Issuer and from the specified office of the Irish Paying Agent for the time being in Dublin so long as any of the Notes remains outstanding:

(a) the articles of association (with an English translation thereof) of the Issuer;

(b) the audited annual accounts of the Issuer in respect of the financial years ended 31 December 2005 and 31 December 2004 and the unaudited interim accounts of the Issuer as at and for the six-month period ended 30 June 2006 (in each case with an English translation thereof). The Issuer currently prepares audited non-consolidated accounts on an annual basis and unaudited non-consolidated interim accounts on a semi-annual basis. The Issuer does not currently prepare consolidated accounts; and

(c) the Agency Agreement.

9. Interests of natural and legal persons involved in the Issue

Save for the commissions described under "*Subscription and Sale*" and any fees payable to the Managers, no person involved in the issue of the Notes has an interest material to the offer.

10. Yield

The initial yield relating to the Notes is 4.378 per cent. per annum based on the issue price of the Notes.

INDEX TO FINANCIAL INFORMATION

Audited Annual Accounts as at and for the year ended 31 December 2004
Pages F-2 to F-18 are extracts from the Danica Annual Report 2004

Audited Annual Accounts as at and for the year ended 31 December 2005
Pages F-19 to F-43 are extracts from the Danica Annual Report 2005

Unaudited Interim Accounts as at and for the six-month period ended 30 June 2006 (including comparative figures as at and for the six-month period ended 30 June 2005)
Pages F-44 to F-51 are extracts from the Danica Interim Report 2006

Audit reports

Internal audit
We have audited the Annual Report of Danica Pension, Livsforsikringsaktieselskab for the financial year from January 1 to December 31, 2004, presented by the Board of Directors and the Executive Board, prepared in accordance with the Danish statutory financial reporting requirements.

Basis of opinion
We conducted our audit in accordance with the executive order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with Danish auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. In addition, the audit was conducted in accordance with the division of duties agreed with the external auditors, according to which the external auditors to the widest possible extent base their audit on the work performed by the internal auditors.

We planned and conducted our audit such that we have, during the year, assessed the business and internal control procedures, including the risk management implemented by the Board of Directors and the Executive Board, aimed at the Company's reporting processes and major business risks. The audit of the Annual Report includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. The audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Executive Board, as well as evaluating the overall presentation of financial information included in the Annual Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the business procedures and internal control procedures prepared by the Company, including the risk management implemented by the Board of Directors and the Executive Board, aimed at the Company's reporting processes and major business risks work satisfactorily.

Furthermore, we believe that the Annual Report gives a true and fair view of the Company's assets, liabilities and financial position at December 31, 2004, and of the results of the Company's operations for the financial year January 1 to December 31, 2004, in accordance with Danish statutory financial reporting requirements.

Copenhagen, January 26, 2005

Jens Peter Thomassen
Group Chief Auditor

Palle Mortensen
Senior Vice president

External audit

To the shareholders of Danica Pension, Livsforsikringsaktieselskab
We have audited the Annual Report of Danica Pension, Livsforsikringsaktieselskab for the financial year from January 1 to December 31, 2004, presented by the Board of Directors and the Executive Board, prepared in accordance with Danish statutory financial reporting requirements.

Basis of opinion
We conducted our audit in accordance with Danish auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Executive Board, as well as evaluating the overall presentation of financial information included in the Annual Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Company's assets, liabilities and financial position at December 31, 2004, and of the results of the Company's operations for the financial year January 1 to December 31, 2004, in accordance with Danish statutory financial reporting requirements.

Copenhagen, January 26, 2005

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

Per Gunslev   Arne Sivertsen
State Authorised Public Accountants

Grant Thornton
Statsautoriseret Revisionsaktieselskab

Svend Ørjan Jensen   Hans Frederik Carøe
State Authorised Public Accountants

Accounts

Accounting policies

General

The accounts are prepared in accordance with the Danish Act on Insurance Business and the Executive Order on the Accounts of Life Insurance Companies.

In pursuance with the Executive Order of the Danish Financial Supervisory Authority, Health and accident insurance is included in the accounts in compliance with the principles of the Executive Order on the Accounts of Non-Life Insurance Companies.

Changes in accounting policies, etc.

The accounting policies are unchanged from those followed in the annual report for 2003.

Principles of consolidation

Danica Pension is consolidated into the accounts of Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, København, which are included in the consolidated accounts of Danske Bank A/S as an unconsolidated subsidiary undertaking. Consequently, no consolidated accounts are presented for the Danica Pension Group.

In accordance with the Executive Order on the Contribution Principle, the Danish Financial Supervisory Authority has been notified of Danica Pension's consolidation policy. The company's pre-tax profit consists of the return on assets allocated to shareholders' equity, the result of the subsidiary Danica Pension I, the risk result of Forenede Gruppeliv plus a risk allowance of 0.5% of the technical provisions and 30% of the company's risk, cost and health and accident results. To the extent that the Executive Order on the Contribution Principle does not permit the company to include full risk allowance, the amount may be booked over the coming years if justified by the realised profit. For this purpose, a shadow account is set up. The shadow account accrues interest at the rate that applies to bonds allocated to shareholders' equity. The shadow account is disclosed in the notes.

Intra-group trading

The company is a member of the Danske Bank Group, which consists of a number of independent legal entities. Intra-group transactions and services are settled on market terms or on a cost-reimbursement basis. Except for insignificant transactions, all transactions are based on contracts between the entities.

Translation of foreign currency

Assets and liabilities in foreign currency are translated into Danish kroner, using the exchange rates applicable on the balance sheet date. Income and expenses in foreign currency are translated into Danish kroner using the exchange rates prevailing at the time of booking. The profit and loss accounts of foreign subsidiaries and branches are translated using average exchange rates.

All value adjustments and gains and losses attributable to differences in exchange rates at the time of translation into Danish kroner are recorded under the item Exchange rate adjustments.

PROFIT AND LOSS ACCOUNT

Premiums

Regular premiums and single premiums are recorded in the profit and loss account when they fall due.

Investment income
Income from subsidiary undertakings includes the company's share of the pre-tax profit of the subsidiaries and realised gains and losses on sales during the year.

Income from associated undertakings includes the company's share of the profit of the associated companies and realised gains and losses on sales during the year.

Income from land and buildings comprises the profit on operating land and buildings after deduction of property management expenses and addition of a calculated market rent on buildings used for the company's own operations.

Interest and dividends, etc. comprises yield on bonds and other securities, and interest on loans, deposits and amounts due. In addition, the item includes dividends from shares with the exception of dividends from subsidiaries and associated undertakings.

In the profit and loss account, gains and losses on investments are broken down by realised and unrealised gains and losses for all investments taken together.

Realised gains and losses derive from sale of investments with the exception of shares in subsidiaries and associated undertakings. The amount is stated net in the profit and loss account.

Unrealised gains and losses on investments
Unrealised gains and losses from investments, with the exception of shares in subsidiaries and associated undertakings, reflects adjustment of the value to the market value applicable on the balance sheet date. The amount is stated net in the profit and loss account.

Claims and benefits
Claims and benefits, net of reinsurance, comprises claims and benefits paid during the year, adjusted for the change during the year in outstanding claims provision and net of reinsurance.

Change in life insurance provisions
Change in life insurance provisions, net of reinsurance, comprises the change in gross life insurance provisions net of reinsurance.

Bonus
Change in collective bonus potential comprises the change during the year in the collective bonus potential.

Operating expenses relating to insurance
Acquisition costs cover costs related to acquiring and renewing the insurance portfolio. Administrative expenses cover the other expenses related to insurance operations accrued over the accounting year.

Investment expenses
Administrative expenses related to investment activities comprise portfolio management fees to investment managers, custody fees and the like.

Tax on pension returns
Tax on pension returns is included in the profit and loss account with the amount calculated on the basis of the tax base for the accounting year and changes in provisions for deferred tax on pension returns.

Transferred investment return

Transferred investment return consists of the return on the assets allocated to shareholders' equity and the return on health and accident insurance.

Technical result of health and accident insurance

The technical result of health and accident insurance is stated in a separate main item in the consolidated profit and loss account and is specified in a note.

Premiums, net of reinsurance, are accrued to reflect the income relating to the accounting year.

Claims, net of reinsurance, comprises claims paid for the year, adjusted for changes in outstanding claims provisions, including gains and losses on outstanding claims provisions for earlier years (run-off result). The transferred investment return is calculated as a proportion of the total return on investments, excluding the return allocated to shareholders' equity. This proportion is calculated according to the ratio of health and accident provisions to total technical provisions.

Other operating income and expenses

Comprise operating income and expenses not attributable to an insurance portfolio or investments.

Tax

Corporation tax is stated in the profit and loss account at the amount calculated on the basis of the tax base for the accounting year and changes in provisions for deferred tax.

The company and the majority of those of its Danish subsidiaries that have been wholly owned for the full year are taxed jointly with Danske Bank. The calculated Danish tax on the profit for the year is allocated to the jointly-taxed Danish companies in accordance with the full allocation method.

The tax stated in the company's profit and loss account comprises both the company's own tax and its proportionate share of the subsidiaries' tax.

ASSETS

Intangible assets

Intangible assets are stated at cost less any amortisation and write-downs. Amortisation is calculated according to the straight-line method over the expected useful life, up to a maximum of 20 years.

Land and buildings

Land and buildings are measured at market value. The market value is calculated in accordance with the guidelines of the Danish Financial Supervisory Authority based on a systematic valuation of individual properties and their expected returns.

Building work in progress is stated at expenses incurred plus interest accruing in the building period. If expenses and interest are expected to exceed the market value at the time of completion, the excess value is written down.

Holdings in subsidiary and associated undertakings

Holdings in subsidiary and associated undertakings are recognised at their proportionate shares of shareholders' equity in accordance with Danica Pension's accounting policies.

Other financial investments

Other listed financial investments are stated at their official quotation on the balance sheet date.

Unlisted financial investments, including derivatives, are recognised at their estimated market value at the balance sheet date.

Positive derivatives are recorded under “other assets”, whereas negative derivatives are recognised under “Other creditors”.

Debtors

Debtors are stated at face value less write-down to cover losses.

Other assets

Furniture, equipment, computer hardware, vehicles, etc. are included in the balance sheet at cost less depreciation.

Leasehold improvements made after January 1, 2003, are capitalised under tangible assets and depreciated according to the straight-line method over the term of the lease, up to a maximum of ten years.

LIABILITIES AND EQUITY

Technical provisions

Unearned premiums provisions

Provisions relate to health and accident insurance and are made in accordance with the premiums written for the following accounting year.

Life insurance provisions

Life insurance provisions are computed for each insurance policy on the basis of a zero-coupon yield curve. The zero-coupon yield curve is estimated on the basis of the Danish swap market without addition of credit spreads. A risk premium of 5% is deducted, which means that yields are multiplied by 0.95.

Life insurance provisions are divided into guaranteed benefits, bonus potential of future premiums and bonus potential of paid-up policies.

Guaranteed benefits include obligations to pay guaranteed benefits to policyholders. Guaranteed benefits are calculated as the present value of the current, guaranteed benefits plus the present value of expected future administrative expenses and less the present value of future premiums.

The bonus potential of future premiums includes the obligation to pay out bonus in relation to premiums agreed on but not yet due. The bonus potential of future premiums is calculated for the portfolio of policies entitled to bonus payments as the difference between the value of guaranteed benefits under paid-up policies and the value of the guaranteed benefits. Guaranteed benefits under paid-up policies include obligations to pay guaranteed benefits if the policy is converted into a paid-up policy. Guaranteed benefits under paid-up policies are calculated as the present value of the guaranteed benefits under paid-up policies plus the present value of expected future expenses for the administration of the policies.

The bonus potential of paid-up policies includes obligations to pay bonuses in relation to premiums already due, etc. The bonus potential of paid-up policies is calculated as the value of the policyholders’ savings less the guaranteed benefits, the bonus potential of future premiums and the present value of future administrative results. The bonus potential of each insurance policy cannot be negative.

Outstanding claims provisions

Outstanding claims provisions is an estimate of expected payments of benefits as a result of insurance events that have taken place but have not yet been notified at the balance sheet date and benefits due but not yet paid out. As regards claims under health and accident insurance policies where benefits are paid out successively, provisions are calculated as the present value of expected future payments. Total outstanding claims provisions are calculated net of reinsurance.

Collective bonus potential

Obligations to pay bonus in addition to the bonus amounts added to the life insurance provisions are carried under Collective bonus potential.

Provisions for bonus and premium discounts regarding health and accident insurance

Provisions for bonus and premium discounts comprise amounts payable to the policyholders as a result of a favourable trend in claims for this year or previous years.

Other technical provisions for health and accident insurance

Other technical provisions includes provisions for the increasing age of holders of health and accident insurance policies and covers the risk linked to the increasing age of policyholders which is not covered by a similar increase in premiums during the lives of the policies.

Deferred tax on pension returns

Deferred tax on pension returns is the tax payable by the life insurance companies as a result of the fact that, according to the Danish Act on tax on pension returns, realised capital gains form part of the tax base with a time lag.

Provisions for tax

Deferred tax resulting from temporary differences between the booking of income and charges for tax and for accounting purposes is posted taking into account expected due dates.

Creditors

Liabilities are stated at face value.

RATIOS

The ratios of the parent company have been prepared in accordance with the Executive Order on the Accounts of Life Insurance Companies.

The return ratios are money-weighted returns. The return for the entire period is measured against the holdings of the assets and liabilities in question at the beginning of the period adjusted for half of the net investments in these holdings. Danica prepares ratios showing both the returns before and after tax on pension returns and the return on customers' funds before tax on pension returns in Danica Pension.

Profit and loss account for the year

Note	DKr m	2004	2003
	PREMIUMS		
1	Gross premiums	10,995	11,676
	Reinsurance premiums ceded	-26	-29
	Premiums, net of reinsurance	10,969	11,647
	INVESTMENT INCOME		
	Income from subsidiary undertakings	1,224	906
	Income from associated undertakings	0	-1
	Income from land and buildings	153	135
	Interest and dividends, etc.	7,406	7,159
2	Realised gains on investments	560	-
	Total investment income	9,343	8,199
2	Unrealised gains on investments	7,783	2,830
	CLAIMS AND BENEFITS		
3	Claims and benefits paid	-10,090	-9,734
	Reinsurers' share received	79	80
	Change in outstanding claims provision	-11	-19
	Claims and benefits, net of reinsurance	-10,022	-9,673
	CHANGE IN LIFE INSURANCE PROVISIONS		
4	Change in life insurance provisions, gross	-11,943	-4,840
	Change in reinsurers' share	108	55
	Change in life insurance provisions, net of reinsurance	-11,835	-4,785
	BONUS		
	Change in collective bonus potential	-554	-2,663
	Total bonus	-554	-2,663
5	OPERATING EXPENSES RELATING TO INSURANCE		
	Acquisition costs	-235	-255
	Administrative expenses	-636	-674
	Reinsurance commissions and profit participation	-1	-2
	Total operating expenses relating to insurance, net of reinsurance	-872	-931
	INVESTMENT EXPENSES		
	Administrative expenses related to investment activities	-154	-112
	Interest expenses	-31	-57
2	Realised losses on investments	-	-252
	Total investment expenses	-185	-421
	Exchange rate adjustments	-144	-612
6	Tax on pension returns	-1,925	-1,045
	Transferred investment return	-895	-692
	TECHNICAL RESULT OF LIFE INSURANCE	1,663	1,854
7	**TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE**	-218	-15
	Transferred investment return	512	484
	Other operating income	-	16
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	1,957	2,339
8	Tax	-519	-571
	NET PROFIT FOR THE YEAR	1,438	1,768

Balance sheet at December 31

ASSETS

Note	DKr m	2004	2003
	INVESTMENTS		
9	Land and buildings	2,909	2,777
	HOLDINGS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS		
10	Shares in subsidiary undertakings	13,639	14,078
11	Shares in associated undertakings	7	6
	Total investments in subsidiary and associated undertakings	13,646	14,084
12	OTHER FINANCIAL INVESTMENTS		
13	Shares	15,584	13,656
14	Units in unit trusts	13,720	10,160
15	Bonds	132,077	124,746
	Deposits with credit institutions	146	276
	Other	3,492	2,003
	Total other financial investments	165,019	150,841
23	**Total investments**	181,574	167,702
	DEBTORS		
	DEBTORS FROM DIRECT INSURANCE OPERATIONS		
	Policyholders	429	394
	Total debtors from direct insurance operations	429	394
	Amounts due from insurance companies	960	878
	Amounts due from subsidiary undertakings	1,006	1,195
	Other debtors	178	121
	Total debtors	2,573	2,588
	OTHER ASSETS		
	Tangible assets	1	1
	Cash in hand and due from credit institutions	90	245
	Total other assets	91	246
	PREPAYMENTS AND ACCRUED INCOME		
	Accrued interest and rent	2,125	1,868
	Other prepayments and accrued income	272	305
	Total prepayments and accrued income	2,397	2,173
	TOTAL ASSETS	186,635	172,709

Balance sheet at December 31

LIABILITIES AND EQUITY

Note	DKr m	2004	2003
16	**SHAREHOLDERS' EQUITY**		
	Share capital	1,100	1,100
	Share premium account	568	568
	RESERVES		
	Contingency fund	1,499	1,499
	Total reserves	1,499	1,499
	Profit brought forward	11,960	10,522
	Total shareholders' equity	15,127	13,689
	TECHNICAL PROVISIONS		
	UNEARNED PREMIUMS PROVISION FOR HEALTH AND ACCIDENT INSURANCE, net of reinsurance		
	Gross provision	51	55
	Reinsurers' share	-1	-1
	Unearned premiums provision for health and accident insurance, net of reinsurance	50	54
4	LIFE INSURANCE PROVISIONS		
	Guaranteed benefits	129,537	114,943
	Bonus potential of future premiums	20,967	22,698
	Bonus potential of paid-up policies	8,743	9,629
	Reinsurers' share	-1,715	-1,607
	Life insurance provisions, net of reinsurance	157,532	145,663
17	OUTSTANDING CLAIMS PROVISION		
	Gross provision	3,962	3,194
	Reinsurers' share	-62	-34
	Outstanding claims provision, net of reinsurance	3,900	3,160
	Collective bonus potential	7,706	7,152
	Provisions for bonus and premium discounts on health and accident insurance	40	50
18	Other technical provisions for health and accident insurance, net of reinsurance	940	902
	Total technical provisions, net of reinsurance	170,168	156,981
	PROVISIONS FOR OTHER RISKS AND COSTS		
	Deferred tax on pension returns	212	409
8	Provisions for taxes	481	297
	Total provisions for other risks and costs	693	706
	CREDITORS		
	Creditors, direct insurance	184	144
	Creditors from reinsurance	1	-
	Amounts owed to credit institutions	44	39
	Amounts owed to subsidiary undertakings	105	854
	Tax	40	-
	Other creditors	177	185
	Total creditors	551	1,222
	Accruals and deferred income	96	111
	TOTAL LIABILITIES AND EQUITY	186,635	172,709
20	Contingent liabilities		

Notes

Note	DKr m	2004	2003
1	GROSS PREMIUMS		
	Direct insurance:		
	Regular premiums	8,337	7,847
	Single premiums	2,641	3,814
	Total direct insurance	10,978	11,661
	Indirect insurance	17	15
	Total gross premiums	10,995	11,676
	Premiums, direct insurance, broken down by insurance arrangement:		
	Insurance taken out in connection with employment	6,894	7,377
	Insurance taken out individually	2,705	2,976
	Group life insurance	1,379	1,308
		10,978	11,661
	Number of insured, direct insurance (1,000):		
	Insurance taken out in connection with employment	201	204
	Insurance taken out individually	387	386
	Group life insurance	781	766
	Premiums, direct insurance, broken down by bonus arrangement:		
	With profits insurance	10,978	11,661
		10,978	11,661
	Premiums, direct insurance, broken down by policyholders' residence:		
	Denmark	10,978	11,661
		10,978	11,661
	Profit on reinsurance	160	104
2	NET GAINS AND LOSSES ON INVESTMENTS		
	Land and buildings	170	103
	Shares	1,535	2,112
	Units in unit trusts	306	523
	Bonds	4,433	328
	Other loans	-	5
	Derivatives, etc.	1,899	-493
	Total net gains and losses on investments	8,343	2,578
3	CLAIMS AND BENEFITS PAID		
	Insurance amounts on death	-729	-661
	Insurance amounts on disablement	-210	-204
	Insurance amount on expiry	-1,222	-1,345
	Retirement benefits and annuities	-5,183	-4,939
	Surrender values	-1,983	-1,787
	Cash payments of bonus	-749	-783
	Total direct insurance	-10,076	-9,719
	Indirect insurance	-12	-12
	Expenses to minimise disablement	-2	-3
	Total claims and benefits paid	-10,090	-9,734

Notes

Note	DKr m	2004	2003
4	CHANGE IN LIFE INSURANCE PROVISIONS, GROSS		
	Provisions, beginning of year	147,270	142,359
	Accumulated value adjustment, beginning of year	-4,527	-7,165
	Retrospective provisions, beginning of year	142,743	135,194
	Changes during the period:		
	Gross premiums	10,995	11,676
	Interest added	6,368	6,278
	Claims and benefits	-10,101	-9,753
	Expense supplement after addition of expense bonus	-781	-699
	Risk gain after addition of risk bonus	-43	-24
	Total changes	6,438	7,478
	Other changes:		
	Transfer of provisions	32	38
	Change in quota share, Forenede Gruppeliv	1	33
	Total other changes	33	71
	Retrospective provisions, end of year	149,214	142,743
	Accumulated value adjustment, end of year	10,032	4,527
	Gross life insurance provisions, end of year	159,246	147,270
	Reinsurers' share of life insurance provisions, end of year	-1,715	-1,607
	Life insurance provisions, net of reinsurance, end of year	157,531	145,663
	Change in gross life insurance provisions consists of:		
	Change in retrospective provisions	6,438	7,478
	Change in accumulated value adjustment	5,505	-2,638
	Change in gross life insurance provisions	11,943	4,840
	Increase in provisions because the bonus potential of future premiums and paid-up policies must be positive for each policy		
	Bonus potential of future premiums	124	10
	Bonus potential of paid-up policies	9,908	4,517
	Gross provisions break down as follows:		
	Without guaranteed benefits	15,000	8,899
	Technical interest rate in %		
	0	1,218	1,261
	1.5	26,905	20,454
	2.5	31,851	31,822
	4.5	84,028	84,568
	8 to 20	244	266
	Provisions, end of year	159,246	147,270
	For each insurance policy, the provision exceeds any guaranteed surrender value.		
5	OPERATING EXPENSES RELATING TO INSURANCE		
	Audit fees		
	Total fees:		
	KPMG C. Jespersen	-1.3	-1.2
	Grant Thornton	-1.3	-1.2
	In addition to these fees, considerable costs were incurred for internal audit services.		
	The Company has no employees other than the Executive Board, the actuary and the company secretary, and neither they nor the Board of Directors have received any remuneration.		
	Administration is handled by other companies in the Danske Bank Group. The administrative fee covers expenses for auditors, Executive Board and Board of Directors, etc.		
6	TAX ON PENSION RETURNS		
	Exemption fraction	6.6%	7.3%

Notes

Note	DKr m	2004	2003
7	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	PREMIUMS		
	Gross premiums	835	775
	Reinsurance premiums ceded	-36	-11
	Change in unearned premiums provision, gross	4	4
	Change in unearned premiums provision, reinsurers' share	0	1
	Premiums, net of reinsurance	803	769
	Transferred investment return	262	112
	CLAIMS		
	Claims paid, gross	-476	-401
	Reinsurers' share received	8	34
	Change in outstanding claims provision, gross	-636	-352
	Change in outstanding claims provision, reinsurers' share	29	-23
	Claims, net of reinsurance	-1,075	-742
	Change in other technical provisions, net of reinsurance	-31	-47
	Bonus and premium discounts	-27	-23
	OPERATING EXPENSES RELATING TO INSURANCE		
	Acquisition costs	-41	-37
	Administrative expenses	-110	-99
	Reinsurance commissions and profit participation	1	2
	Total operating expenses relating to insurance, net of reinsurance	-150	-134
	Change in equalisation provision	-	50
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-218	-15
	Total run-off regarding prior years:		
	Gross	-249	-40
	Net of reinsurance	-249	-40
	Discount transferred to claims (deducted from transferred investment return)	-121	-96
8	TAX		
	Estimated tax charge on the profit for the year	-258	-473
	Deferred tax	-165	-117
	Adjustment of prior-year tax charge	-53	14
	Share of tax in group undertakings	-43	5
	Total tax	-519	-571
	Provisions for deferred tax mainly concern land and buildings and shares.		

Note	DKr m	2004	2003
9	LAND AND BUILDINGS		
	Cost, beginning of year	2,034	
	Acquisitions and improvements during the year	67	
	Disposals during the year	-64	
	Cost, end of year	2,037	
	Revaluations, beginning of year	768	
	Revaluations during the year	172	
	Revaluations of properties disposed of	-17	
	Reversal of revaluations	-44	
	Revaluations, end of year	879	
	Write-downs, beginning of year	-25	
	Write-downs during the year	-2	
	Reversal of write-downs	20	
	Write-downs, end of year	-7	
	Balance sheet value, end of year	2,909	
	The weighted average of the rates of return on which the market value of the individual properties is based constitutes	6.7%	6.9%
	The highest rate of return is	8.3%	8.5%
	The lowest rate of return is	4.3%	4.5%
	Value according to public land assessment on January 1	2,164	2,239
	Value of properties used for the Group's own operations	-	3
10	SHARES IN SUBSIDIARY UNDERTAKINGS		
	Cost, beginning of year	16,387	16,435
	Acquisitions during the year	27	152
	Disposals during the year	-1,350	-200
	Cost, end of year	15,064	16,387
	Revaluations, beginning of year	922	876
	Revaluations during the year	548	506
	Reversal of revaluations	-23	-460
	Transfers to other items	-800	-
	Revaluations, end of year	647	922
	Write-downs, beginning of year	-3,231	-3,146
	Write-downs during the year	-527	-1,078
	Reversal of write-downs	1,686	993
	Write-downs, end of year	-2,072	-3,231
	Balance sheet value, end of year	13,639	14,078

Shares in subsidiary undertakings consist of:

Name and domicile	Activity	Equity held by the Group	Result	Equity
Danica Pension I, Livsforsikringsaktieselskab, Copenhagen	Life insurance	100%	91	606
Danica Liv III, Livsforsikringsaktieselskab, Copenhagen	Life insurance	100%	98	1,202
Danica Fondförsäkring AB, Stockholm	Life insurance	100%	15	137
Danica ButiksCenter A/S, Copenhagen	Property company	100%	646	6,620
Danica Ejendomsselskab ApS, Copenhagen	Property company	100%	358	5,067
BGP.INV 0065 ApS, Copenhagen	Investment	100%	-27	6

Note	DKr m	2004	2003
11	SHARES IN ASSOCIATED UNDERTAKINGS		
	Cost, beginning of year	46	1
	Acquisitions during the year	-	4
	Transfers from other items	-	41
	Cost, end of year	46	46
	Write-downs, beginning of year	-40	
	Write-downs, during the year (distribution)	-	-5
	Reversal of write-downs	1	-
	Transfers from other items	-	-35
	Write-downs, end of year	-39	-40
	Balance sheet value, end of year	7	6

Shares in associated undertakings consist of:

Name and domicile	Activity	Equity held by the Group	Result	Equity
Privathospitaltet Hamlet af 1994 A/S, Frederiksberg	Hospital	28%	1	24
Majorgården A/S, Copenhagen	Treatment centre	25%	0	1

The results and equities are according to the companies' latest public annual reports.

Note	DKr m	2004	2003
12	OTHER FINANCIAL INVESTMENTS		
	Other financial investments include investments in subsidiary undertakings:		
	Shares	367	253
	Bonds	24,787	28,055
	Deposits concerning financial instruments	395	443
13	SHARES		
	Cost, beginning of year	15,980	
	Acquisitions during the year	4,354	
	Disposals during the year	-3,249	
	Cost, end of year	17,085	
	Valuation adjustment, beginning of year	-2,324	
	Valuation adjustment during the year	823	
	Valuation adjustment, end of year	-1,501	
	Balance sheet value, end of year	15,584	

Shareholdings exceeding 5%

Name and domicile	Equity held by the Group	Equity
Medicon Valley Capital Denmark K/S, Copenhagen	38%	101
Danske Private Equity Partners K/S, Copenhagen	37%	3,594
Danske Venture Partners Nordic K/S, Copenhagen	19%	954
VT Holding A/S, Odense	17%	798
P-LP 1999 A/S, Copenhagen	14%	358
P-LR 1999 A/S, Copenhagen	14%	0
P-N 2001 A/S, Copenhagen	13%	283
P-M 2000 A/S, Copenhagen	13%	229
P-N 2000 A/S, Copenhagen	13%	47
Forenede Gruppeliv A/S, Copenhagen	13%	11
CowiConsult A/S, Kgs. Lyngby	12%	390
Forsikringsakademiet A/S, Rungsted	11%	32
DKA Holding A/S	10%	-
HealthCap CoInvest KB, Stockholm	10%	219
Polaris Management A/S, Copenhagen	10%	28
RII New Zealand Properties I, Inc., British Virgin Islands	9%	0
NorgesInvestor II AS, Oslo	9%	290
A/S Forsikringens Hus, Copenhagen	7%	42
Paul Capital Partners VII. L.P., San Francisco	5%	1,816
Danske Private Equity Partners II (EUR) K/S, Copenhagen	5%	1,871
Danske Private Equity Partners II (USD) K/S, Copenhagen	5%	1,195

Notes

Note	DKr m	2004	2003
14	UNITS IN UNIT TRUSTS		
	Cost, beginning of year	9,750	
	Acquisitions during the year	3,639	
	Disposals during the year	-365	
	Cost, end of year	13,024	
	Valuation adjustment, beginning of year	410	
	Valuation adjustment during the year	286	
	Valuation adjustment, end of year	696	
	Balance sheet value, end of year	13,720	
15	BONDS		
	Cost, end of year	118,113	
16	SHAREHOLDERS' EQUITY		
	Shareholders' equity, beginning of year	13,689	11,921
	Net profit for the year	1,438	1,768
	Shareholders' equity, end of year	15,127	13,689
	Number of shares of DKr100	11,000,000	11,000,000
	Realised profit		
	Technical result of life insurance	1,664	1,854
	Transferred investment return	895	692
	Tax on pension returns	1,925	1,045
	Change in collective bonus potential	554	2,663
	Addition of bonus	1,566	1,555
	Total realised profit	6,604	7,809
	Return on investment allocated to shareholders' equity and health and accident insurance	-895	-693
	Total realised result regarding life insurance customers	5,709	7,116

The contribution principle permits the inclusion of the full risk allowance for 2004. In addition, DKr445m has been booked as income from the shadow account, which subsequently stands at DKr430m.

	2004	2003
Development in shadow account		
Shadow account, beginning of year	859	1,748
Added interest	16	65
Used/set aside	-445	-954
Shadow account, end of year	430	859

According to the articles of association, the contingency fund may be used to strengthen technical provisions or otherwise benefit the insured. The amounts in the fund were set aside before Danica Pension became liable to taxation.

Danica Pension has an obligation to certain policyholders to restrict transfers to equity if the percentage by which the solvency requirement is higher than the percentage maintained by Statsanstalten for Livsforsikring (now part of Danica Pension) prior to the privatisation of this company in 1990. In addition, it is the intention not to distribute dividends for a period of at least 25 years from 1990. Paid-up share capital may, however, be distributed, and interest thereon may be distributed after 2000.

Note	DKr m	2004	2003
17	OUTSTANDING CLAIMS PROVISION		
	Gross life insurance	194	183
	Gross health and accident insurance	3,768	3,011
	Health and accident reinsurance	-62	-34
	Outstanding claims provision, net og reinsurance	3,900	3,160
	Provisions for current benefits under health and accident policies:		
	Weighted average run-off, in years	9	8
	Rate of interest applied constitutes	2.80%	2.80%
	Rate of inflation applied constitutes	0.00%	0.00%

Note	DKr m	2004	2003
18	OTHER TECHNICAL PROVISIONS, net of reinsurance		
	Provisions for non-run risk	6	3
	Provision for risk increasing with age	934	899
	Total other technical provisions, net of reinsurance	940	902
19	SOLVENCY REQUIREMENT AND CAPITAL BASE		
	Solvency requirement	6,935	6,411
	Shareholders' equity	15,127	13,689
	Proportionate share of capital base of insurance subsidiary	1,944	1,739
	- Value of proportionate share	-1,946	-1,739
	Core capital	15,125	13,689
	- Proportionate share of capital requirement of insurance subsidiary	-520	-482
	Capital base	14,605	13,207
	Excess capital base	7,670	6,796

20 CONTINGENT LIABILITIES

Danica Pension is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S.

At the end of the year, assets were earmarked as security for policyholders' savings at a total balance sheet value of DKr184,279m.

At the end of the year, outstanding contracts for the purchase and sale of investment assets foreign currencies amounted to DKr2,629m and DKr22,826m, respectively.

The company has undertaken to participate in investment in unlisted shares with an amount of DKr1,001m.

The company is voluntarily registered for VAT on certain properties. The company's VAT adjustment liability amounts to DKr14m.

Mortgages have been issued as security for technical liabilities in the total amount of DKr2,830m.

In addition to the deferred tax provision in the balance sheet, the company has a contingent tax liability of DKr16m regarding shares in subsidiary undertakings owned for less than three years.

The company is jointly and severally liable for payment of the total tax of the companies included in the joint taxation. The company is registered jointly with subsidiary undertakings for financial services employer tax and for VAT, for which they are jointly and severally liable.

21 INTRA-GROUP TRANSACTIONS

The administration of Danica Pension is handled by the parent company, Forsikringsselskabet Danica. Administrative expenses are settled on market terms or a cost recovery basis. In 2004, Danica Pension refunded DKr1,028m to Forsikringsselskabet Danica, of which DKr220m was paid to Danske Bank for IT operations and development and DKr63m for internal auditing, HR administration, logistics, marketing and other services.

In addition, Danica Pension paid DKr104m to the Danske Bank Group for its sale of life insurance policies and for portfolio management, corresponding to 3% of gross premiums from policies written through the Danske Bank Group.

In addition, Danske Bank handles portfolio management and securities trading, which is also settled on market terms or on a cost recovery basis. In 2004, Danica Pension paid DKr124m for portfolio management, corresponding to 0.08% of the investment assets under management. In addition, the company paid sales commissions, custody fees and brokerage for trades in shares and the like, totalling DKr15m.

Note DKr m

22 DANICA PENSION , SPECIFICATION OF ASSETS AND RETURN

	Beginning of year	Market value, end of year	Invest-ment, net	Return 2004 %
Land and buildings:				
Land and buildings, owned directly	2,777	2,909	-38	12.1
Property companies	11,776	11,687	-1,094	8.6
Total land and buildings	14,553	14,596	-1,132	8.9
Other subsidiary undertakings	2,302	1,952	-529	10.2
Other shares:				
Listed Danish shares	2,110	2,660	98	25.9
Unlisted Danish shares	804	1,171	227	12.7
Listed foreign shares	11,985	14,799	1,711	10.5
Unlisted foreign shares	298	375	10	21.3
Total other shares	15,197	19,005	2,046	12.9
Bonds:				
Nominal bonds in DKr	84,291	90,541	2,515	9.2
Index-linked bonds in DKr	26,576	27,311	-1,442	11.2
Bonds in other currencies	24,507	28,014	2,613	10.2
Total bonds	135,374	145,866	3,686	9.7
Other financial investments	276	146	-130	2.1
Total investments	167,702	181,565	3,941	9.8
Other interest-bearing assets	1,440	1,096		2.1
Total investments according to section 75	169,142	182,661	3,941	9.8

The specification is made according to section 75 of the executive order on annual accounts and is therefore not directly comparable with the amounts stated in the Balance Sheet.
A specification of the company's shares is available on Danica Pension's Web site www.danicapension.dk.

23 DANICA PENSION, PERCENTAGE ALLOCATION OF SHARE PORTFOLIOS ON INDUSTRIES AND REGIONS

	Denmark	Other Europe	North America	South America	Japan	Other Asia/Pacific	Other countries	Non allocated	Total
Energy	0.0	2.6	3.2	0.1	0.0	0.3	0.3	0.0	6.3
Materials	0.3	1.8	1.5	0.0	0.4	0.2	0.5	0.0	4.7
Industrials	6.7	2.0	4.6	0.0	1.1	0.2	0.2	0.0	14.7
Consumer discretionary	1.5	2.7	4.7	0.0	1.4	0.3	0.4	0.0	10.9
Consumer staples	0.6	2.1	3.6	0.2	0.3	0.1	0.3	0.0	7.3
Health care	2.7	2.1	4.8	0.0	0.4	0.0	0.1	0.0	10.2
Financials	7.9	7.9	9.4	0.0	1.4	0.8	0.7	0.0	28.2
Information technology	0.1	0.8	6.0	0.0	1.2	0.5	0.2	0.0	8.7
Telecommunications	1.0	2.2	1.3	0.0	0.3	0.4	0.1	0.0	5.3
Utilities	0.0	1.3	1.4	0.0	0.3	0.0	0.1	0.0	3.1
Non allocated	0.3	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.5
Total	21.1	25.4	40.6	0.3	6.8	2.7	3.0	0.1	100.0

Audit reports

Internal audit
We have audited the Annual Report of Danica Pension, Livsforsikringsaktieselskab for the financial year 2005, presented by the Board of Directors and the Executive Board, prepared in accordance with the Danish Financial Business Act.

Basis of opinion
We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with Danish auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. In addition, the audit was conducted in accordance with the division of duties agreed with the external auditors, according to which the external auditors to the widest possible extent base their audit on the work performed by the internal auditors.

We planned and conducted our audit such that we have, during the year, assessed the business and internal control procedures, including the risk management implemented by the Board of Directors and the Executive Board, aimed at the Group's and the Parent Company's reporting processes and major business risks. The audit of the Annual Report includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. The audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Executive Board, as well as evaluating the overall presentation of financial information included in the Annual Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the business procedures and internal control procedures prepared, including the risk management implemented by the Board of Directors and the Executive Board, aimed at the Company's reporting processes and major business risks work satisfactorily.

Furthermore, we believe that the Annual Report gives a true and fair view of the Company's assets, liabilities and financial position at December 31, 2005, and of the results of the Company's operations for the financial year 2005 in accordance with the Danish Financial Business Act.

Copenhagen, February 3, 2006

Jens Peter Thomassen
Group Chief Auditor

Palle Mortensen
Senior Vice President

External audit

To the shareholders of Danica Pension, Livsforsikringsaktieselskab

We have audited the Annual Report of Danica Pension, Livsforsikringsaktieselskab for the financial year 2005, presented by the Board of Directors and the Executive Board, prepared in accordance with the Danish Financial Business Act.

Basis of opinion
We conducted our audit in accordance with Danish auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Executive Board, as well as evaluating the overall presentation of financial information included in the Annual Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Company's assets, liabilities and financial position at December 31, 2005, and of the results of the Company's operations for the financial year 2005 in accordance with the Danish Financial Business Act.

Copenhagen, February 3, 2006

KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

Per Gunslev
Arne Sivertsen
State Authorised Public Accountants

Grant Thornton
Statsautoriseret Revisionsaktieselskab

Svend Ørjan Jensen
Ole Fabricius
State Authorised Public Accountants

ACCOUNTS

Accounting policies

General

The annual report is prepared in compliance with the provisions of the Danish Financial Business Act and the Executive Order issued by the Danish Financial Supervisory Authority on financial reports presented by insurance companies and profession-specific pension funds.

Changes to accounting policies

In order to meet the EU's requirements as to the financial reporting of listed companies under IFRS, the Danish Financial Supervisory Authority has issued a new Executive Order on financial reports presented by insurance companies and profession-specific pension funds, effective from January 1, 2005.

The main changes are that unit-linked contracts are classified as insurance and investment contracts, respectively, that outstanding claims provisions for health and accident policies include provisions for expected future administrative expenses and that deferred tax is no longer discounted.

Insurance contracts are contracts that entail significant insurance risks or entitle policyholders to bonuses. Investment contracts are contracts that entail insignificant insurance risk. A typical example is unit-linked contracts and other market-based contracts under which the investment risk lies with the policyholder.

Proposed dividend for the financial year is now recognised in shareholders' equity, until adopted by the general meeting, whereas previously it was recognised as a liability in the accounts. This change in policy includes subsidiaries, and comparative figures for Shares in subsidiary undertakings and Amounts due from subsidiary undertakings have therefore been restated. Neither profit nor shareholders' equity is influenced by this change.

The comparative figures for 2004 have been restated, and the accumulated effect of the adjustments is recognised in shareholders' equity as at January 1, 2004. Financial highlights and ratios for 2001-2003 have not been restated.
The effects of the transition to the new Executive Order are shown in note 23.

Consolidation

Danica Pension is consolidated into the accounts of Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, København, which are included in the consolidated accounts of Danske Bank A/S. Consequently, no consolidated accounts are presented for the Danica Pension Group.

In accordance with the Executive Order on the Contribution Principle, the Danish Financial Supervisory Authority has been notified of Danica Pension's consolidation policy. The company's pre-tax profit consists of the return on assets allocated to shareholders' equity, the result of the subsidiary Danica Pension I, the risk result of Forenede Gruppeliv plus a risk allowance of 0.5% of the technical provisions and 30% of the company's risk, cost and health and accident results. To the extent that the Executive Order on the Contribution Principle does not permit the company to include full risk allowance, the amount may be booked over the coming years if justified by the realised profit. For this purpose, a shadow account is set up. The shadow account accrues interest at the rate that applies to bonds allocated to shareholders' equity. The shadow account is disclosed in the notes.

Intra-group transactions

Transactions between companies in the Danske Bank Group are conducted on arm's length terms or on a cost recovery basis and according to contractual agreement between the undertakings, unless the transactions are insignificant.

Translation of transactions in foreign currencies

The presentation currency of the consolidated accounts is Danish kroner, which is the functional currency of Danica Pension.

Transactions are translated to the functional currency at the exchange rate at the transaction date. Gains and losses on exchange differences arising between the transaction date and the settlement date are recognised in the income statement.

Monetary assets and liabilities in foreign currencies are translated at the prevailing exchange rates at the balance sheet date. Exchange rate adjustments of monetary assets and liabilities arising as a result of differences in the exchange rates applying at the transaction date and at the balance sheet date are recognised in the income statement.

Non-monetary assets and liabilities in foreign currencies that are subsequently revalued at fair value are translated at the exchange rates applying at the date of revaluation. Exchange rate adjustments are included in the revaluation of the fair value of the assets/liabilities.

Translation – non-Danish units
Assets and liabilities of non-Danish units are translated into Danish kroner at the exchange rates applying at the balance sheet date. Income and expenses are translated at the exchange rates applying at the date of transaction. Exchange rate gains and losses arising on the translation of net investments in non-Danish units are recognised directly in shareholders' equity. Exchange rate adjustments of financial instruments to hedge net investments in non-Danish units are also recognised directly in equity.

As from January 1, 2005, all translation differences are recognised directly in equity and specified in the notes.

INCOME STATEMENT

Premiums

Regular and single premiums on insurance contracts are included in the income statement on the due dates. The reinsurers' share of the premiums is deducted.

Return on investment

Income from subsidiary undertakings comprises the company's share of the subsidiaries' pre-tax profit and realised gains and losses on sales during the year.

Income from associated undertakings comprises the company's share of the associated undertakings' profit and realised gains and losses on sales during the year.

Income from investment properties comprises the profit from operating investment properties after deduction of property management expenses.

Interest income and dividends etc. comprises yield on bonds and other securities, interest on deposits and amounts due. In addition, the item comprises dividends from shares with the exception of dividends from subsidiaries and associated undertakings.

Value adjustments comprises realised and unrealised gains and losses and exchange rate adjustments on investment assets other than subsidiaries and associated undertakings.

Interest expenses comprises interest on loans and other amounts due.

Administrative expenses related to investment activities comprises portfolio management fees to investment managers, trading costs, custody fees and own expenses related to the administration of investment assets.

Tax on pension returns

Tax on pension returns is calculated on the basis of the tax base for the financial year and changes in provision for deferred tax on pension returns.

Claims and benefits

Claims and benefits, net of reinsurance, comprises the claims and benefits paid on insurance contracts for the year, adjusted for the change for the year in outstanding claims provisions and net of the reinsurers' share.

Change in life insurance provisions

Change in life insurance provisions, net of reinsurance, comprises the change in gross life insurance provisions net of the reinsurers' share. The change is specified in the notes, divided into guaranteed benefits, bonus potential of future premiums and bonus potential of paid-up policies.

Bonus

The change in collective bonus potential comprises the change for the year in collective bonus potential.

Operating expenses relating to insurance
Acquisition costs covers accrued costs related to acquiring and reviewing the insurance portfolio. Administrative expenses covers other accrued expenses related to insurance operations.

The company's contributions to defined contribution plans for the employees are recognised in the income statement when they are earned by the employees.

Employee bonuses are expensed as they are earned. Part of the bonuses for the year is paid in the form of share options with delivery and conditional shares in Danske Bank. Share options may not be exercised until three years after allotment and are conditional on continued employment. Similarly, purchase rights to conditional shares are conditional upon employment continuing for three years.

The fair value of share-based payment at the time of allotment is expensed over the period of service unconditionally entitling the employee to the payment. The intrinsic value of the allotment is expensed in the year when entitlement is earned, whereas the time value is accrued over the remaining service period. The expense is set off against shareholders' equity. Subsequent changes to the fair value are not carried in the income statement.

Transferred return on investment
Transferred return on investment consists of the return on the assets allocated to shareholders' equity and the return on health and accident insurance.

Technical result of health and accident insurance
The result of health and accident insurance is stated in a separate main item in the income statement and is specified in a note.

Premiums, net of reinsurance, are included in the income statement when they fall due. Premiums, calculated net of discounts not related to claims and the like, and insurance premiums ceded are accrued.
Technical interest, which is a calculated return on average technical provisions, net of reinsurance, is transferred from return on investment. The amount is calculated on the basis of the average yield to maturity before tax quoted by the Copenhagen Stock Exchange. The proportion of the increased claims provisions attributable to discounting is transferred from premiums/claims and set off against technical interest. However, market value adjustment is included in the item Investment Return on investment.

Claims, net of reinsurance, comprises claims paid for the year, adjusted for changes in outstanding claims provisions, including gains and losses on outstanding claims provisions for earlier years (run-off result). Furthermore, claims include expenses for assessment of claims, expenses for damage control and an estimate of the expected administration and claims handling expenses on the insurance contracts entered into by the undertaking. Total gross claims are calculated net of reinsurance.

Transferred return on investment is calculated as a proportion of the total return on investments, excluding the return allocated to shareholders' equity. This proportion is calculated according to the ratio of health and accident provisions to total technical provisions.

Other income
Comprises income which cannot be ascribed to the insurance portfolios or investment assets.

Other expenses
Comprises expenses which cannot be ascribed to the insurance portfolio or investment assets.

Tax
Calculated current and deferred tax on the profit before tax and subsequent adjustments of tax charges for previous years are recognised in the income statement. Tax on items recognised in shareholders' equity is charged directly to shareholders' equity.

BALANCE SHEET

ASSETS
Tangible Assets
Operating equipment
Operating equipment, comprising machinery, equipment, vehicles, furniture and leasehold improvements, is recognised at cost less deprecia-

tion and impairment. Depreciation is charged on a straight-line basis over the expected useful lives of the assets, which is usually three years. Leasehold improvements are depreciated over the term of the lease, with a maximum of 10 years.

Investment properties

Investment properties are properties, including properties let under operating leases, which the Group owns for the purpose of receiving rents and/or obtaining capital gains. Investment properties are properties which the Group does not use for its own administrative purposes etc., as such properties are classified as domicile properties. Properties which comprise both domicile property and investment property elements are allocated proportionally to the two categories if the elements are separately sellable. If that is not the case, such properties are classified as investment properties, unless the Group occupies at least 10% of the total floorage for its own purposes.

On acquisition, investment properties are recognised at cost, including transaction costs. Subsequently they are measured at fair value.

The fair value of investment properties is calculated by the Group's valuers on the basis of a systematic assessment of the expected return on the properties.

Shares in subsidiary undertakings

Subsidiaries are undertakings in which Danica Pension exercises control over financial and operating policy decisions. Control is said to exist if Danica Pension, directly or indirectly, holds more than half of the voting rights in a subsidiary or otherwise has power to influence financial and operating policy decisions, provided that Danica Pension assumes the majority of the risks of the subsidiary and that most of the returns of the subsidiary accrue to Danica Pension.
Subsidiaries acquired are included in the accounts at the time of acquisition. Divested subsidiaries are included in the accounts until the date of divestment.

The net assets of acquired subsidiaries, i.e. assets, including identifiable intangible assets, less liabilities and contingent liabilities are included in the accounts at their fair value at the date of acquisition using the purchase method.

If the cost of acquisition, including direct transaction costs, exceeds the fair value of the net assets of the subsidiary acquired, the excess amount is recognised as goodwill. Goodwill is recognised using the functional currency of the subsidiary acquired. If the fair value of the net assets exceeds cost (negative goodwill), the excess amount is posted in the income statement at the time of acquisition.

Subsidiary undertakings are recognised using the equity method at their proportionate shares of shareholders' equity in accordance with Forsikringsselskabet Danica's accounting policies.

Shares in associated undertakings

Associated undertakings are businesses, other than subsidiaries, in which the Group holds shares and has significant influence on but not control over decisions. Jointly controlled undertakings are consolidated on a pro-rata basis in the income statement and the balance sheet.

Shares in associated undertakings are measured using the equity method with the addition of goodwill on acquisition.

Other financial investment assets

Purchases and sales of other financial investment assets are recognised at the settlement date at their fair value, which is usually the same as cost. Changes to the value of the assets purchased or sold are recognised until the settlement date.

On recognition, financial assets are classified as financial assets designated at fair value with change in fair value through profit and loss.

If an active market exists, measurement is based on the last known market price at the balance sheet date. If an active market does not exist, generally accepted valuation techniques are used instead, including discounted cash flows analysis, reference to market prices of other instruments that are substantially the same and other valuation techniques based on market input.

If their fair value is positive, derivative financial instruments are carried under the item ”Other”, whereas they are carried under “Other creditors” if their fair value is negative.

Debtors

The reinsurers' share of insurance provisions is shown divided into unearned premiums provisions, life insurance provisions and outstanding claims provisions.

Debtors are measured at estimated fair value, corresponding to face value less a write-down to cover losses.

LIABILITIES AND EQUITY

Shareholders' equity

Translation – non-Danish units

Translation of non-Danish units covers differences that arise on the translation of the financial results of and net investments in non-Danish units from their functional currencies to Danish kroner. Furthermore, the reserve includes exchange rate adjustments of financial liabilities to hedge net investments in non-Danish units.

Items recognised directly in shareholders' equity and attributable to insurance and investment contracts with bonus entitlement are transferred to collective bonus potential.

Proposed dividends

The Board of Directors' proposal for a dividend for the year is included as a separate reserve in the shareholders' equity. Dividend is recognised as a liability when the annual general meeting has adopted the proposal.

Unearned premium provisions

Unearned premium provisions relate to health and accident insurance and are made in accordance with the premiums written for the following financial year.

Life insurance provisions

Life insurance provisions are computed for each insurance policy on the basis of a zero-coupon yield curve. The zero-coupon yield curve is estimated on the basis of a Euro swap market with the addition of the spread between Danish and German government bonds. The yield curve is reduced by a risk allowance of 5%.

The computation of life insurance provisions is based on assumptions of expected future mortality and disability rates, based on historical data derived from Danica's portfolio.

Life insurance provisions are divided into guaranteed benefits, bonus potential of future premiums and bonus potential of paid-up policy benefits.

Guaranteed benefits comprise obligations to pay guaranteed benefits to policyholders. Guaranteed benefits are calculated as the present value of the current guaranteed benefits plus the present value of expected future administrative expenses less the present value of future premiums.

The bonus potential of future premiums comprises obligations to pay a bonus over time in relation to premiums agreed but not yet due. For the portfolio of insurance policies with bonus entitlement, the bonus potential of future premiums is calculated as the difference between the value of the guaranteed paid-up policy benefits and the value of guaranteed benefits. Guaranteed paid-up policy benefits comprise obligations to pay benefits guaranteed under the insurance if the policy is converted into a paid-up policy. Guaranteed benefits under paid-up policies are calculated as the present value of the guaranteed benefits under paid-up policies plus the present value of expected future expenses for the administration of the policies.

The bonus potential of paid-up policies includes obligations to pay bonuses in relation to premiums already due, etc. The bonus potential of paid-up policies is calculated as the value of the policyholders' savings less the guaranteed benefits, the bonus potential of future premiums and the present value of future administrative results. The bonus potential of each insurance policy cannot be negative.

Sub-portfolios

In 2002, six life insurance companies merged, Danica Pension being the continuing company. At the merger, Danica Liv & Pension's bonus rate did not match those of the other companies. To ensure that the customers of the former Danica Liv & Pension were not placed at a disadvantage after the merger, the customers are divided into two sub-portfolios. Sub-portfolio I covers the portfolio of the former Danica Liv & Pension, while other customers are covered by Sub-portfolio II. In the notes, life insurance provisions are divided into these two sub-portfolios.

Outstanding claims provisions
Outstanding claims provisions are an estimate of expected payments of benefits and benefits due but not yet paid out. As regards claims under health and accident insurance policies where benefits are paid out successively, provisions are calculated at the present value of expected future payments.

Collective bonus potential
The accumulated part of the realised profit not yet allocated to individual policies is carried under Collective bonus potential.

Provision for bonus and premium discounts
Provisions for bonus and premium discounts comprise amounts payable to the policyholders as a result of a favourable trend in claims for this year or previous years.

Deferred tax on pension returns
Deferred tax on pension returns is the tax payable by life insurance companies as a result of the fact that, according to the Danish Act on tax on pension returns, realised capital gains form part of the tax base with a time lag.

Deferred tax liabilities
Deferred tax is calculated according to the balance sheet liability method on all temporary differences between the tax base of the assets and liabilities and their carrying amounts. Deferred tax is recognised in the balance sheet under “Deferred tax assets” and “Deferred tax liabilities" on the basis of current tax rates.

Tax assets arising from unused tax losses and unused tax credits are recognised to the extent that it is probable that the unused tax losses and unused tax credits can be utilised.

Tax payable is included in the item “Current tax liabilities”.

Prepaid tax is included in the item “Current tax assets”.

Ratios
The ratios of Danica Pension have been prepared in accordance with the provisions of the Executive Order on financial reports presented by insurance companies and profession-specific pension funds. The return ratios are calculated using a composite weighting procedure.

Profit and loss for the year - Danica Pension

Note	DKr m	2005	2004
1	Gross premiums	11,466	10,995
	Reinsurance premiums ceded	-27	-26
	Total premiums, net of reinsurance	11,439	10,969
	Income from subsidiary undertakings	1,434	1,195
	Income from associated undertakings	1	0
	Income from investment properties	149	153
	Interest income and dividends, etc.	7,567	7,406
2	Gains and losses on investments	13,253	8,199
	Interest expenses	-87	-31
	Administrative expenses related to investment activities	-233	-154
	Total investment return	22,084	16,768
3	Tax on pension returns	-2,744	-1,925
	Return on investment after tax on pension returns	19,340	14,843
4	Claims and benefits paid	-11,790	-10,090
	Reinsurers' share received	83	79
	Change in outstanding claims provision	-29	-11
	Total claims and benefits, net of reinsurance	-11,736	-10,022
5	Change in life insurance provisions	-11,841	-11,943
	Change in reinsurers' share	117	108
	Total change in life insurance provisions, net of reinsurance	-11,724	-11,835
	Change in collective bonus potential	-3,765	-531
	Total bonus	-3,765	-531
	Acquisition costs	-222	-235
	Administrative expenses	-576	-641
	Reinsurance commissions and profit participation	-1	-1
6	Total operating expenses relating to insurance, net of reinsurance	-799	-877
	Transferred investment return	-1,152	-875
	TECHNICAL RESULT	1,603	1,672
7	**TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE**	-247	-230
	Return on investments allocated to equity	601	493
	PROFIT BEFORE TAX	1,957	1,935
8	Tax	-517	-576
	NET PROFIT FOR THE YEAR	1,440	1,359

Balance sheet at December 31 - Danica Pension

Assets

Note	DKr m	2005	2004
9	**TANGIBLE ASSETS**	7	1
10	Investment properties	3,172	2,909
11	Shares in subsidiary undertakings	15,169	14,078
	Loans to subsidiary undertakings	450	-
12	Shares in associated undertakings	8	7
	Total investments in subsidiary and associated undertakings	15,627	14,085
	Equity shares	22,952	15,584
	Units in unit trusts	18,160	13,720
	Bonds	134,490	132,077
	Deposits with credit institutions	10	146
	Cash in hand and due from credit institutions	133	90
	Other	6,528	3,492
13	Total other financial investments	182,273	165,109
	TOTAL INVESTMENTS	201,072	182,103
	Unearned premiums provision, reinsurers' share	2	1
	Life insurance provisions, reinsurers' share	1,831	1,715
	Outstanding claims provision, reinsurers' share	64	62
	Total technical provisions, reinsurers' share	1,897	1,778
	Amounts due from policyholders	274	429
	Amounts due from insurance companies	997	960
	Amounts due from subsidiary undertakings	227	506
	Other debtors	169	178
	TOTAL DEBTORS	3,564	3,851
	Accrued interest and rent	1,997	2,125
	Other prepayments and accrued income	289	272
	TOTAL PREPAYMENTS AND ACCRUED INCOME	2,286	2,397
	TOTAL ASSETS	206,929	188,352

Balance sheet at December 31 - Danica Pension

Liabilities and equity

Note	DKr m	2005	2004
	Share capital	1,100	1,100
	Share premium account	-	568
	Contingency fund	1,499	1,499
	Total reserves	1,499	1,499
	Profit brought forward	11,633	11,625
	Proposed dividend	2,000	-
14	TOTAL SHAREHOLDERS' EQUITY	16,232	14,792
	Unearned premiums provision	1,004	991
	Guaranteed benefits	147,414	129,537
	Bonus potential of future premiums	16,505	20,967
	Bonus potential of paid-up policies	7,192	8,742
5	Total life insurance provisions	171,111	159,246
15	Outstanding claims provisions	4,953	4,019
	Collective bonus potential	11,372	7,610
	Provisions for bonuses and premium discounts	34	40
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	188,474	171,906
	Deferred tax on pension returns	-	212
8	Deferred tax	863	763
	TOTAL PROVISIONS FOR LIABILITIES	863	975
	Amounts owed, direct insurance	224	184
	Amounts owed to reinsurers	1	1
	Amounts owed to credit institutions	38	44
	Amounts owed to subsidiary undertakings	159	105
	Current tax liabilities	112	41
	Other creditors	667	208
	TOTAL CREDITORS	1,201	583
	ACCRUALS AND DEFERRED INCOME	159	96
	TOTAL LIABILITIES AND EQUITY	206,929	188,352
18	Contingent liabilities		

Notes - Danica Pension

Note	DKr m	2005	2004
1	GROSS PREMIUMS		
	Direct insurance:		
	Regular premiums	8,585	8,337
	Single premiums	2,873	2,641
	Total direct insurance	11,458	10,978
	Indirect insurance	8	17
	Total gross premiums	11,466	10,995
	Premiums, direct insurance, broken down by insurance arrangement:		
	Insurance taken out in connection with employment	7,417	6,894
	Insurance taken out individually	2,596	2,705
	Group life insurance	1,445	1,379
	Total	11,458	10,978
	Number of insured, direct insurance (1,000):		
	Insurance taken out in connection with employment	194	201
	Insurance taken out individually	384	387
	Group life insurance	798	781
	Premiums, direct insurance, broken down by bonus arrangement:		
	With profits insurance	11,458	10,978
	Total	11,458	10,978
	Premiums, direct insurance, broken down by policyholders' residence:		
	Denmark	11,458	10,978
	Total	11,458	10,978
2	GAINS AND LOSSES		
	Investment properties	273	170
	Shares	4,381	846
	Units in unit trusts	1,145	304
	Bonds	4,913	4,315
	Cash in hand and due from credit institutions	48	15
	Other	2,493	2,549
	Total, gains and losses	13,253	8,199
3	TAX ON PENSION RETURNS		
	Exemption fraction	5.8%	6.6%
4	CLAIMS AND BENEFITS PAID		
	Direct insurance:		
	Insurance amounts on death	-654	-729
	Insurance amounts on disablement	-221	-210
	Insurance amount on expiry	-1,471	-1,222
	Retirement benefits and annuities	-5,431	-5,183
	Surrender values	-3,227	-1,983
	Cash payments of bonus	-783	-749
	Total direct insurance	-11,787	-10,076
	Indirect insurance	-1	-12
	Expenses to minimise disablement	-2	-2
	Total claims and benefits paid	-11,790	-10,090

Notes - Danica Pension

Note	DKr m	2005	2004
5	CHANGE IN LIFE INSURANCE PROVISIONS, GROSS		
	Provisions, beginning of year	159,246	147,270
	Accumulated value adjustment, beginning of year	-10,032	-4,527
	Retrospective provisions, beginning of year	149,214	142,743
	Changes during the period:		
	Gross premiums	11,466	10,995
	Interest added	6,744	6,368
	Claims and benefits	-11,820	-10,101
	Expense supplement after addition of expense bonus	-780	-781
	Risk gain after addition of risk bonus	-66	-43
	Total changes	5,544	6,438
	Other changes:		
	Transfer of provisions	11	32
	Change in quota share, Forenede Gruppeliv	13	1
	Total other changes	24	33
	Retrospective provisions, end of year	154,782	149,214
	Accumulated value adjustment, end of year	16,329	10,032
	Life insurance provisions, end of year	171,111	159,246
	Change in gross life insurance provisions consists of:		
	Change in retrospective provisions	5,544	6,438
	Change in accumulated value adjustment	6,297	5,505
	Change in gross life insurance provisions	11,841	11,943
	Change in gross life insurance provisions consists of:		
	Change in guaranteed benefits	17,853	14,560
	Change in bonus potential of future premiums	-4,462	-1,730
	Change in bonus potential of paid-up policies	-1,550	-887
	Change in gross life insurance provisions	11,841	11,943
	Increase in provisions because the bonus potential of future premiums and paid-up policies must be positive for each policy		
	Bonus potential of future premiums	731	124
	Bonus potential of paid-up policies	15,598	9,908

Note DKr m

5
(cont'd)

Life insurance provisions break down as follows by sub-portfolio

2005	Without guaranteed	Original interest rate in % 0	1.5	2.5	4.5	6 - 16	Total
Portfolio I - Danica Liv & Pension:							
Guaranteed benefits	14	-	2,915	8	9,186	86	12,209
Bonus potential of future premiums	-	-	767	0	58	-	825
Bonus potential of paid-up policies	-	-	349	0	96	-	445
Total life insurance provisions	14	-	4,031	8	9,340	86	13,479
Portfolio II - Danica Pension, other:							
Guaranteed benefits	1,295	1,150	7,326	18,987	106,286	161	135,205
Bonus potential of future premiums	-	-	12,148	2,191	1,342	-	15,681
Bonus potential of paid-up policies	-	-	4,508	1,831	407	-	6,746
Total life insurance provisions	1,295	1,150	23,982	23,009	108,035	161	157,632

2004	Without guaranteed	Original interest rate in % 0	1.5	2.5	4.5	6 - 16	Total
Portfolio I - Danica Liv & Pension:							
Guaranteed benefits	15	-	1,772	8	9,325	93	11,213
Bonus potential of future premiums	-	-	768	0	79	-	847
Bonus potential of paid-up policies	-	-	316	1	99	-	416
Total life insurance provisions	15	-	2,856	9	9,503	93	12,476
Portfolio II - Danica Pension, other:							
Guaranteed benefits	1,247	1,220	-250	16,121	99,810	176	118,324
Bonus potential of future premiums	-	-	14,464	3,522	2,133	-	20,119
Bonus potential of paid-up policies	-	-	4,850	2,902	575	-	8,327
Total life insurance provisions	1,247	1,220	19,064	22,545	102,518	176	146,770

Note	DKr m			2005	2004
6	OPERATING EXPENSES RELATING TO INSURANCE				
	Commission direct insurance			-285	-
	Audit fees				
	Total fees:				
	KPMG			-1.3	-1.3
	Grant Thornton			-1.1	-1.3
	Including fees for non-audit services:				
	KPMG			-0.1	-
	In addition to these fees, considerable costs were incurred for internal audit services.				
	Average number of full-time-equivalent employees during the year			777	-
	Number of full-time-equivalent employees, end of year			775	-
	Staff costs:				
	Salaries and remuneration of Executive Board and Board of Directors			-7	-
	Salaries			-324	-
	Pensions			-62	-
	Social security and tax			-40	-
	Other			-46	-
	Total staff costs			-479	-
	Until January 1, 2005, the company's staff was employed by Forsikringsselskabet Danica.				
	Board of Directors' remuneration (DKK'000)				
	Peter Straarup			-240	-240
	Sven Lystbæk			-180	-180
	Tonny Thierry Andersen			-120	-120
	Jakob Brogaard			-120	-131
	Thomas Falck			-120	-120
	Gitte Jensen			-120	-120
	Ib Katznelson			-120	-120
	Jens Rasmussen			-120	-120
	Erik Sevaldsen			-120	-120
	Total remuneration			-1,260	-1,271
	Executive Board's remuneration and bonus				
		Salaries and pensions	Cash bonuses		
	Henrik Ramlau-Hansen	-3.4	-0.2	-3.6	-3.4
	Jesper Winkelmann	-2.4	-0.1	-2.5	-2.4
	Total	-5.8	-0.3	-6.1	-5.8

The Executive Board's share-based payments are detailed below.

The Executive Board's pension and retirement terms
Executive Board members may retire at three months' notice from the end of the month of their 62nd birthday and are to retire no later than the end of the month of their 65th birthday. The Exutive Board members have three months' notice of termination. If the employment is terminated by Danica, the Executive Board members are entitled to 8 months' notice of termnation and severance pay equivalent to 24 months' salary.

Note DKr m

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(cont'd)

Share-based payment
The Executive Board and executive employees are covered by the Danske Bank Group's incentive plan, which consists in share options and conditional shares. These are granted based on the performance of the individual employees. The granting is furthermore dependent on the financial performance of the areas and other measures of value creation.

Share options give the holder the right to purchase shares in i Danske Bank within a period of between three and seven years of being granted, provided that the employee has not resigned his position. The purchase right is determined on the basis of the average price of Danske Bank shares 20 business days following the release of the annual report plus 10%.

Conditional shares in Danske Bank, which form part of the annual bonus, are available to the employee three years after being granted, provided that the employee has not resigned his position.

The fair value of the share options at the grant date is determined based on a dividend-adjusted Black & Scholes model with these assumptions at the end of 2005: Price 221.18 (2004: 167.52). Dividend return 3.7% (2004: 3.9%) Interest rate 2.9-3.2% (2004: 2.6-3.2%). Volatility 15% (2004: 20%).

The average exercise date is after 1.13-4.25 years (2004: 1.63-4.25 years). The life of the options is seven years from the grant date, of which the vesting period is three years and the exercise period four years.

The fair value of the conditional shares at the grant date is determined as the price of the shares less the employees' payment.

Intrinsic value is recognised in the year the share options and rights to conditional shares were earned, while time value is recognised during the three-year vesting period using the straight-line method.

Danica's share risk in relation to share-based incentive plans is hedged.

Share-based incentive plan

	Number				Market price	
Share options	Executive Board	Other employees	Total	Grant price	Issue date	31.12.05
Granted in 2001, beginning of year	16,670		16,670	152.89	0.6	1.1
Granted in 2001, end of year	16,670		16,670	152.89	0.6	1.1
Granted in 2002, beginning of year	34,000		34,000	140.84	1.2	2.5
Granted in 2002, end of year	34,000		34,000	140.84	1.2	2.5
Granted in 2003, beginning of year	36,000		36,000	118.50	0.7	3.4
Granted in 2003, end of year	36,000		36,000	118.50	0.7	3.4
Granted in 2004, beginning of year	72,222		72,222	157.18	1.3	4.1
Granted in 2004, end of year	72,222		72,222	157.18	1.3	4.1
Granted in 2005	65,574		65,574	190.23	1.0	2.3
Granted in 2005, end of year	65,574		65,574	190.23	1.0	2.3
Specification of grants to Excutive Board						
Granted in 2001, end of year						
Henrik Ramlau-Hansen	16,670		16,670	152.89	0.6	1.1
Granted in 2002, end of year						
Henrik Ramlau-Hansen	20,000		20,000	140.84	0.7	1.5
Jesper Winkelmann	14,000		14,000	140.84	0.5	1.0
Granted in 2003, end of year						
Henrik Ramlau-Hansen	20,000		20,000	118.50	0.4	1.9
Jesper Winkelmann	16,000		16,000	118.50	0.3	1.5
Granted in 2004, end of year						
Henrik Ramlau-Hansen	44,444		44,444	157.18	0.8	2.5
Jesper Winkelmann	27,778		27,778	157.18	0.5	1.6
Granted in 2005, end of year						
Henrik Ramlau-Hansen	39,344		39,344	190.23	0.6	1.4
Jesper Winkelmann	26,230		26,230	190.23	0.4	0.9

Note DKr m

6
(cont'd)

Share-based incentive scheme

Purchase rights, "conditional shares"	Number: Executive Board	Number: Other employees	Number: Total	Market price: Issue date	Market price: 31.12.05
Granted in 2003, beginning of year	2,111	3,999	6,110	0.7	1.4
Granted in 2003, end of year	2,111	3,999	6,110	0.7	1.4
Granted in 2004, beginning of year	2,299	5,834	8,133	1.2	1.8
Granted in 2004, end of year	2,299	5,834	8,133	1.2	1.8
Granted in 2005	1,462	7,081	8,543	1.5	1.9
Granted in 2005, end of year	1,462	7,081	8,543	1.5	1.9
Specification of grants to Excutive Board					
Granted in 2003, end of year					
Henrik Ramlau-Hansen	1,173		1,173	0.1	0.3
Jesper Winkelmann	938		938	0.1	0.2
Granted in 2004, end of year					
Henrik Ramlau-Hansen	1,415		1,415	0.2	0.3
Jesper Winkelmann	884		884	0.1	0.2
Granted in 2005, end of year					
Henrik Ramlau-Hansen	877		877	0.2	0.2
Jesper Winkelmann	585		585	0.1	0.1

Note	DKr m	2005	2004
7	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	856	835
	Reinsurance premiums ceded	-26	-36
	Change in unearned premiums provision	41	16
	Change in unearned premiums provision, reinsurers' share	1	
	Premiums, net of reinsurance	872	815
	Technical interest	-111	-55
	Claims paid, gross	-582	-483
	Reinsurers' share received	20	8
	Change in outstanding claims provision	-712	-627
	Change in outstanding claims provision, reinsurers' share	2	28
	Claims, net of reinsurance	-1,272	-1,074
	Bonus and premium discounts	-15	-27
	Acquisition costs	-44	-41
	Administrative expenses	-106	-103
	Reinsurance commissions and profit participation	1	1
	Total operating expenses relating to insurance, net of reinsurance	-149	-143
	Return on investment	428	254
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-247	-230
	Total run-off regarding prior years:		
	Gross	-260	-249
	Net of reinsurance	-260	-249
	Calculation of technical interest and return on investment:		
	Return on investment transferred to health and accident insurance	551	382
	Technical interest rate	2.05%	2.47%
	Technical interest amount	108	108
	Outstanding claims provision, discounted amount	-176	-121
	Discounted risk increasing with age	-43	-42
	Technical interest, net of reinsurance, less discounted amount	-111	-55
	Return on investment transferred to health and accident insurance	551	382
	Gains and losses on outstanding claims provision	-15	-20
	Total return on investment incl. gains and losses	536	362
	Transferred to technical interest	-108	-108
	Return on investment	428	254
	Total claims	1,537	
	Average claim for damage occurred	0.7	
	Claims rate	0.5%	
	Gross premiums, direct insurance, broken down by policyholders' residence:		
	Denmark	897	851

Note	DKr m	2005	2004
8	TAX		
	Tax for the year can be broken down as follows:		
	Tax on the profit for the year	-517	-576
	Total	-517	-576
	Tax on the profit for the year is calculated as follows:		
	Current tax	-359	-276
	Adjustment of prior-year tax charge	-7	-41
	Change in tax due to reduced tax rate	33	-
	Other changes in deferred tax	-184	-259
	Total	-517	-576
	Effective tax rate		
	Danish tax rate	28	
	Effect of reduction of tax rate	-2	
	Non-taxable income and non-deductible expenses	-1	
	Other	1	
	Effective tax rate	26	30
	Specification of deferred tax on main items		
	Intangible assets	-	-1
	Tangible assets	-5	-8
	Investment properties	786	751
	Other financial investments	85	91
	Other	-3	-70
	Total	863	763
	In addition to the deferred tax provided for, the company has a contingent tax liability of DKr28m (2004: DKr16m) relating to shares in subsidiaries.		
9	TANGIBLE ASSETS		
	Cost, beginning of year	1	1
	Acquisitions and improvements during the year	9	-
	Disposals during the year	-2	-
	Cost, end of year	8	1
	Write-downs during the year	-2	-
	Reversals during the year of prior-year write-downs and reversal of total depreciation and write-downs on assets sold or retired during the year	1	-
	Write-downs and depreciations,end of year	-1	-
	Balance sheet value, end of year	7	1
10	INVESTMENT PROPERTIES		
	Fair value, beginning of year	2,909	2,777
	Acquisitions and improvements during the year	60	67
	Disposals during the year	-52	-81
	Fair value adjustments for the year	255	146
	Fair value, end of year	3,172	2,909
	The weighted average of the rates of return on which the market value of the individual properties is based for:		
	Shopping centres	7.5%	7.5%
	Commercial properties	7.0%	7.2%
	Residential properties	4.0%	4.6%

Notes - Danica Pension

Note	DKr m	2005	2004

11 SHARES IN SUBSIDIARY UNDERTAKINGS

Shares in subsidiary undertakings consist of:

Name and domicile	Activity	Equity held by the company	Result	Equity
Danica Pension I, Livsforsikringsaktieselskab, København	Life insurance	100%	80	850
Danica Liv III, Livsforsikringsaktieselskab, København	Life insurance	100%	-51	1,151
Danica Fondförsäkring AB, Stockholm	Life insurance	100%	8	116
Danica Butikscenter A/S, København	Property company	100%	565	7,185
Danica Ejendomsselskab ApS, København	Property company	100%	790	5,857
BGP.INV 0065 ApS, København	Investment company	100%	4	11

12 SHARES IN ASSOCIATED UNDERTAKINGS

Shares in associated undertakings consist of:

Name and domicile	Activity	Equity held by the company	Result	Equity
Majorgården A/S, København	Treatment centre	25%	0	1
Privathospitalet Hamlet af 1994 A/S, Frederiksberg	Hospital	28%	2	26

The results and equities are according to the companies' latest public annual reports.

13 OTHER FINANCIAL INVESTMENTS

Comprises the following investments in undertakings in the Danske Bank Group:

	2005	2004
Equity shares	572	367
Bonds	20,940	24,787
Cash in hand and due from credit institutions	127	90
Other	17	395

Notes - Danica Pension

Note	DKr m	2005	2004
14	SHAREHOLDERS' EQUITY		
	Shareholders' equity, beginning of period	14,792	13,689
	Net profit for the year	1,440	1,359
	Translation of the accounts of foreign units	-4	-
	Transferred to collective bonus potential	4	-
	Income or expenses for the period	0	-
	Total income to be included in shareholders' equity	1,440	1,359
	The effect of changes in accounting policies	-	-256
	Shareholders' equity end of year	16,232	14,792
	Numbers of shares of DKr100	11,000,000	11,000,000
	Realised profit		
	Technical result, life insurance	1,603	1,672
	Transferred return on investment	1,152	875
	Tax on pension returns	2,744	1,925
	Change in collective bonus potential	3,765	531
	Addition of bonus	1,650	1,567
	Total realised profit	10,914	6,570
	Return on investment allocated to shareholders' equity and health and accident insurance	-1,152	-875
	Total realised result regarding life insurance customers	9,762	5,695
	In accordance with the contribution principle full risk allowance may be booked.		
	Specification of risk allowance:		
	0.5 % of insurance provisions	856	776
	30 % of health and accident result	-74	-68
	30% of risk result	20	12
	30% of cost result	251	205
	Total risk allowance	1,053	925
	Development in shadow account		
	Shadow account, beginning of year	430	859
	Added interest	11	16
	Used/set aside	-441	-445
	Shadow account, end of year	0	430
15	OUTSTANDING CLAIMS PROVISION		
	Gross life insurance	225	194
	Gross health and accident insurance	4,728	3,825
	Outstanding claims provision	4,953	4,019
16	SOLVENCY REQUIREMENT		
	Solvency requirement, end of period	7,211	6,746
	Solvency requirement, end of period for health and accident insurance	241	189
	Total solvency requirement, end of period	7,452	6,935
17	CAPITAL BASE		
	Shareholders' equity	16,232	14,792
	Proportionate share of capital base of insurance subsidiary	2,116	1,883
	- Value of proportionate share	-2,116	-1,885
	Core capital	16,232	14,790
	- Proportionate share of capital requirement of insurance subsidiary	-632	-520
	Reduced core capital	15,600	14,270
	Capital base	15,600	14,270

Note	DKr m	2005	2004
18	CONTINGENT LIABILITIES Danica Pension is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S.		
	At the end of the year assets were earmarked as security for policyholders' security for policyholders' savings.	200,815	184,279
	At the end of the year, outstanding contracts for the purchase of investment assets and foreign currencies amounted to	7,581	2,629
	At the end of the year, outstanding contracts for the sale of investment assets and foreign currencies amounted to	37,136	22,826
	The company is voluntarily registered for VAT on certain properties. The company's VAT adjustment liability amounts to	19	14
	Mortgages have been issued as security for the technical liabilities in a total amount of	2,673	2,830
	The company has undertaken to participate in investment in unlisted shares with an amount of	1,287	1,001
	The company is jointly and severally liable for payment of tax for prior years for the companies that were taxed jointly with Danske Bank A/S before 2005. As from 2005, these companies are liable solely for their own tax. The company is registered jointly with subsidiary undertakings for financial services employer tax and for VAT for which they are jointly and severally liable.		

19 INTRA-GROUP TRANSACTIONS

Danica Pension's IT operations and development, internal audit, HR administration, logistics, marketing and the like are handled by Danske Bank. These services are settled on market terms or on a cost recovery basis. In 2005, DKr184m was paid to Danske Bank for IT operations and development and DKr58m for other administrative services.

In addition, the company paid DKr132m to the Danske Bank Group for its sale of insurance policies and for portfolio management, corresponding to 3.8% of gross premiums from policies written through the Danske Bank Group.

In addition, Danske Bank handles portfolio management and securities trading. In 2005, Danica Pension paid DKr125m for ordinary portfolio management, corresponding to 0.07% of the investment assets under management, as well as a DKr68m performance fee. In addition, the company paid custody fees and brokerage for trades in shares and the like, totalling DKr19m net.

The insurance companies in the Danica Group are managed by Danica Pension, which settles expences with the companies managed on market terms or on a cost recovery basis.

Other transactions with related parties in 2005

In 2005, Danica Ejendomsselskab ApS acquired the associated undertaking DNP Ejendomme A/S from the parent company Danske Bank A/S and co-founded the associated company Dantop Ejendomme ApS, which took over owner-occupied flats from the parent company, Danske Bank A/S.
Both investments where made with external parties.

Note DKr m

20 DANICA PENSION, SPECIFICATION OF ASSETS AND RETURN

	Carrying amount Beg. of year	Carrying amount End of year	Invest-ment, net	% return p.a. before tax on pension returns & corp. tax
Land and buildings:				
Land and buildings, owned directly	2,909	3,172	-10	15.1
Property companies	11,687	13,043	0	11.2
Total land and buildings	14,596	16,215	-10	11.6
Other subsidiary undertakings	1,891	2,126	200	4.8
Other shares:				
Listed Danish shares	2,660	4,155	449	44.4
Unlisted Danish shares	1,171	1,325	-139	29.2
Listed other shares	14,799	23,019	4,821	21.5
Unlisted other shares	375	501	65	21.9
Total other shares	19,005	29,000	5,196	24.8
Bonds:				
Government bonds (Zone A) *	45,004	51,986	4,776	-
Mortgage bonds *	59,552	53,118	-6,116	-
Foreign exchange hedging	78	0	591	-
Government bonds (Zone A) and Mortgage bonds including Foreign exchange hedging	104,634	105,104	-749	5.9
Index-linked bonds	27,311	28,880	-876	11.5
Credit bonds, investment grade	5,859	5,544	-252	5.2
Credit bonds, non investment grade and emerging markets bonds	4,881	6,525	1,735	9.2
Other bonds	218	522	279	15.1
Total bonds	142,903	146,575	137	7.0
Other financial instruments	1,242	371	-871	2.1
Derivative financial instruments to hedge net changes of assets and liabilities	2,963	6,446	-1,494	

* Rate of return before foreign exchange hedge for Government bonds (Zone A) was 9.5 % and for Mortgage bonds was 4.0 %.
At Danica's werbsite www.danicapension.dk a specifikation of the company's shares can be found.

21 DANICA PENSION, PERCENTAGE ALLOCATION OF SHARE PORTFOLIOS ON INDUSTRIES AND REGIONS

	Denmark	Rest of Europe	North America	South America	Japan	Rest of Asia/Pacific	Other countries	Total
Energy	-	3.0	3.6	0.2	0.1	0.3	0.2	7.4
Materials	0.3	1.9	1.5	0.0	0.6	0.2	0.4	4.9
Industrials	6.1	3.2	4.0	-	1.4	0.2	0.2	15.1
Consumer discretionary	0.8	2.7	4.2	-	1.3	0.3	0.5	9.8
Consumer staples	0.6	2.5	3.3	0.1	0.3	0.1	0.4	7.3
Health care	2.6	2.1	4.4	-	0.4	-	0.1	9.6
Financials	7.7	8.6	8.9	-	1.7	1.0	1.1	29.0
Information technology	0.1	0.7	5.4	-	1.2	0.8	0.1	8.3
Telecommunications	0.9	2.2	0.9	-	0.3	0.4	0.0	4.7
Utilities	-	1.8	1.3	-	0.3	-	0.1	3.5
Non allocated	0.4	-	-	-	-	-	-	0.4
Total	19.5	28.7	37.5	0.3	7.6	3.3	3.1	100.0

Note DKr m

22 SENSITIVITY RATIOS 2005

DKr bn	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum effect on bonus potenial on paid-up policies before change in used bonus potential of paid-up policies	Maximum effect on used bonus potential of paid-up policies
Interest rate increase of 0.7 of a percentage point	-0.1	-2.0	3.2	-
Interest rate decline of 0.7 of a percentage point	0.1	2.4	-3.1	-
12% fall in equity prices	-	-3.1	-	-
8% fall in property prices	-0.1	-1.0	-	-
Foreign echange risk (VaR 99.5%)	-	-0.3	-	-
8% loss on counterparties	-0.1	-1.1	-	-
10% fall in mortality rate	0.0	-1.6	-0.1	-
10% rise in mortality rate	0.0	1.4	0.1	-
10% rise in disability rate	0.0	-0.3	0.0	-

Note DKr m

23 EFFECT OF NEW POLICIES

The table below shows the effect of the new executive order on financial reports

INCOME STATEMENT DKr m	Previous practice 2004	Change	New practice 2004
Gross premiums	10,995	-	10,995
Reinsurance premiums ceded	-26	-	-26
Total premiums, net of reinsurance	10,969	-	10,969
Income from subsidiary undertakings	1,224	-29	1,195
Income from associated undertakings	0	-	0
Income from investment properties	153	-	153
Interest income and dividends, etc.	7,406	-	7,406
Gains and losses on investments	8,199	-	8,199
Interest expenses	-31	-	-31
Administrative expenses related to investment activities	-154	-	-154
Total return on investments	16,797	-29	16,768
Tax on pension returns	-1,925	-	-1,925
Return on investment after tax on pension returns	14,872	-29	14,843
Claims and benefits paid	-10,090	-	-10,090
Reinsurers' share received	79	-	79
Change in outstanding claims provision	-11	-	-11
Total claims and benefits, net of reinsurance	-10,022	-	-10,022
Change in life insurance provisions	-11,943	-	-11,943
Change in reinsurers' share	108	-	108
Total change in life insurance provisions, net of reinsurance	-11,835	-	-11,835
Change in collective bonus potential	-554	23	-531
Acquisition costs	-235	-	-235
Administrative expenses	-636	-5	-641
Reinsurers' commissions and profit particpation	-1	-	-1
Total operating expenses relating to insurance, net of reinsurance	-872	-5	-877
Transferred return on investment	-895	20	-875
TECHNICAL RESULT	1,663	9	1,672
TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-218	-12	-230
Return on equity	512	-19	493
PROFIT BEFORE TAX	1,957	-22	1,935
Tax	-519	-57	-576
NET PROFIT FOR THE YEAR	1,438	-79	1,359

Note DKr m

23
cont'd

BALANCE SHEET DKr m	Previous practice 2004	Change	New practice 2004
Operating equipment			
Investment properties	2,909	-	2,909
Total investments in subsidiary and associated undertakings	13,646	439	14,085
Total other financial investments	165,019	-	165,019
Total technical provisions, reinsurers' share	-	1,778	1,778
Total amount due under direct insurance operations	429	-	429
Amounts due from insurance companies	960	-	960
Amounts due from subsidiary undertakings	1,006	-500	506
Other debtors	178	-	178
Total other assets	91	-	91
Total prepayments and accrued income	2,397	-	2,397
TOTAL ASSETS	186,635	1,717	188,352
Total shareholders' equity	15,127	-335	14,792
Unearned premiums provision	990	1	991
Total life insurance provisions	157,532	1,714	159,246
Outstanding claims provision	3,900	119	4,019
Collective bonus potential	7,706	-96	7,610
Provisions for bonuses and premium discounts	40	-	40
Deferred tax on pension returns	212	-	212
Deferred tax	481	282	763
Total creditors	551	32	583
Accruals and deferred income	96	-	96
TOTAL LIABILITIES AND EQUITY	186,635	1,717	188,352

Accounting policies

The interim accounts for the first half of 2006 have been prepared in compliance with the provisions of the Danish Financial Business Act and the Executive Order on financial reports presented by insurance companies and profession-specific pension funds.

Apart from the below-mentioned changes, the accounting polices are consistent with those of the annual report for 2005. See the annual report for a comprehensive description of the accounting policies applied.

The accounting policy for recognition of the subsidiary Danica Pension I's provisions for unit-linked insurance contracts has changed effective as from 1 January as a result of new rules issued by the Danish Financial Supervisory Authority. According to the previous policy, the fair value of future administrative results was recognised when the contract was entered into. According to the new policy, the provision will in future at least be equal to the surrender value of the contracts. The comparative figures have been restated accordingly.

THE CHANGE CAUSED THE FOLLOWING :		
	First half	First half
(DKr m)	2006	2005
Profit/loss before tax	-98	-95
Tax	27	24
Profit/loss after tax	-71	-71
The following adjustments were made at 1 January 2006:		
Shareholders' equity	-421	
Shares in subsidiary undertakings	-496	
Collective bonus potential	-106	
Deferred tax	30	

Income statement for the six months ended June 30

Note	DKr m	2006	2005
1	Gross premiums	5,397	5,638
	Reinsurance premiums ceded	-17	-15
	Total premiums, net of reinsurance	5,380	5,623
	Income from subsidiary undertakings	977	629
	Income from associated undertakings	3	1
	Income from investment properties	78	76
	Interest income and dividends, etc.	3,901	4,531
	Gains and losses on investments	-11,633	9,628
	Interest expenses	-33	-41
	Administrative expenses related to investment activities	-94	-81
	Total investment return	-6,801	14,743
	Tax on pension returns	1,173	-1,854
	Return on investment after tax on pension returns	-5,628	12,889
	Claims and benefits paid	-7,687	-6,014
	Reinsurers' share received	50	42
	Change in outstanding claims provision	19	25
	Total claims and benefits, net of reinsurance	-7,618	-5,947
2	Change in life insurance provisions	8,372	-9,955
	Change in reinsurers' share	-164	146
	Total change in life insurance provisions, net of reinsurance	8,208	-9,809
	Change in collective bonus potential	301	-1,198
	Total bonus	301	-1,198
	Acquisition costs	-92	-104
	Administrative expenses	-261	-275
3	Total operating expenses relating to insurance, net of reinsurance	-353	-379
	Transferred investment return	41	-598
	TECHNICAL RESULT	331	581
4	**TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE**	-309	-24
	Return on investments allocated to equity	89	236
	PROFIT BEFORE TAX	111	793
	Tax	-23	-192
	NET PROFIT FOR THE YEAR	88	601

Balance sheet

Assets

Note	DKr m	30.06.2006	30.06.2005	31.12.2005
	INTANGIBLE ASSETS	2	-	-
	Operating equipment	6	3	7
	TOTAL TANGIBLE ASSETS	6	3	7
	Investment properties	3,855	2,947	3,172
	Shares in subsidiary undertakings	15,311	13,820	14,673
	Loans to subsidiary undertakings	431	-	450
	Shares in associated undertakings	11	8	8
	Total investments in subsidiary and associated undertakings	15,753	13,828	15,131
	Equity shares	33,101	18,186	22,952
	Units in unit trusts	19,084	15,305	18,160
	Bonds	116,185	139,035	134,490
	Deposits with credit institutions	1,821	4,311	10
	Cash in hand and due from credit institutions	154	118	133
	Other	1,594	6,074	6,528
	Total other financial investments	171,939	183,029	182,273
	TOTAL INVESTMENTS	191,547	199,804	200,576
	Unearned premiums provision, reinsurers' share	14	11	2
	Life insurance provisions, reinsurers' share	1,667	1,861	1,831
	Outstanding claims provision, reinsurers' share	70	66	64
	Total technical provisions, reinsurers' share	1,751	1,938	1,897
	Amounts due from policyholders	274	288	274
	Amounts due from insurance companies	1,034	955	997
	Amounts due from subsidiary undertakings	301	1,010	227
	Other debtors	1,246	133	168
	TOTAL DEBTORS	4,606	4,324	3,563
	Accrued interest and rent	1,886	2,451	1,997
	Other prepayments and accrued income	305	289	289
	TOTAL PREPAYMENTS AND ACCRUED INCOME	2,191	2,740	2,286
	TOTAL ASSETS	198,352	206,871	206,432

Balance sheet

Liabilities and equity

Note	DKr m	30.06.2006	30.06.2005	31.12.2005
	Share capital	1,100	1,100	1,100
	Contingency fund	1,499	1,499	1,499
	Profit brought forward	11,315	12,511	13,212
5	**TOTAL SHAREHOLDERS' EQUITY**	13,914	15,110	15,811
	SUBORDINATED LOAN CAPITAL	2,000	-	-
	Unearned premiums provision	1,015	1,015	1,004
	Guaranteed benefits	131,008	145,961	147,414
	Bonus potential of future premiums	19,602	17,014	16,505
	Bonus potential of paid-up policies	12,140	6,222	7,192
2	Total life insurance provisions	162,750	169,197	171,111
	Outstanding claims provision	5,148	4,451	4,953
	Collective bonus potential	10,965	8,737	11,266
	Provisions for bonuses and premium discounts	46	46	34
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	179,924	183,446	188,368
	Deferred tax on pension returns	-	106	-
	Deferred tax	920	758	893
	TOTAL PROVISIONS FOR LIABILITIES	920	864	893
	Amounts owed, direct insurance	328	246	224
	Amounts owed to reinsurers	1	0	1
	Amounts owed to credit institutions	519	4,332	38
	Amounts owed to subsidiary undertakings	48	47	159
	Current tax liabilities	30	129	112
	Other creditors	558	2,599	667
	TOTAL CREDITORS	1,484	7,353	1,201
	ACCRUALS AND DEFERRED INCOME	110	98	159
	TOTAL LIABILITIES AND EQUITY	198,352	206,871	206,432
8	Contingent liabilities			

Notes for the six months ended June 30

Note	DKr m	2006	2005
1	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	4,172	4,216
	Single premiums	1,220	1,418
	Total direct insurance	5,392	5,634
	Indirect insurance	5	4
	Total gross premiums	5,397	5,638
2	CHANGE IN LIFE INSURANCE PROVISIONS, GROSS		
	Provisions, beginning of year	171,111	159,247
	Accumulated value adjustment, beginning of year	-16,329	-10,032
	Retrospective provisions, beginning of year	154,782	149,215
	Changes during the period:		
	Gross premiums	5,397	5,638
	Interest added	3,433	3,330
	Claims and benefits	-7,668	-5,989
	Expense supplement after addition of expense bonus	-376	-390
	Risk gain after addition of risk bonus	-77	-28
	Total changes	709	2,561
	Other changes:		
	Transfer of provisions	7	-7
	Change in quota share, Forenede Gruppeliv	4	2
	Total other changes	11	-5
	Retrospective provisions, end of period	155,502	151,771
	Accumulated value adjustment, end of period	7,248	17,426
	Life insurance provisions, end of period	162,750	169,197
	Change in gross life insurance provisions consists of:		
	Change in retrospective provisions	709	2,561
	Change in accumulated value adjustment	-9,081	7,394
	Change in gross life insurance provisions	-8,372	9,955
	Change in gross life insurance provisions consists of:		
	Change in guaranteed benefits	-16,417	16,429
	Change in bonus potential of future premiums	3,097	-3,954
	Change in bonus potential of paid-up policies	4,948	-2,520
	Change in gross life insurance provisions	-8,372	9,955
	Increase in provisions because the bonus potential of future premiums and paid-up policies must be positive for each policy		
	Bonus potential of future premiums	82	708
	Bonus potential of paid-up policies	7,166	16,718
3	OPERATING EXPENSES RELATING TO INSURANCE		
	Reimbursement by subsidiary undertakings set off against acquisition costs	76	48
	Reimbursement by subsidiary undertakings set off against administrative expenses	69	53
	Average number of full-time-equivalent employees during the period	780	765
	Number of full-time-equivalent employees, end of period	786	752
	Staff costs:		
	Salaries and remuneration of Executive Board and Board of Directors	-4	-3
	Salaries	-192	-171
	Pensions	-31	-30
	Social security and tax	-23	-20
	Other	-24	-21
	Total staff costs	-274	-245

Notes for the six months ended June 30

Note	DKr m	2006	2005
4	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	489	454
	Reinsurance premiums ceded	-30	-22
	Change in unearned premiums provision	6	8
	Change in unearned premiums provision, reinsurers' share	12	10
	Premiums, net of reinsurance	477	450
	Technical interest	-44	-54
	Claims paid, gross	-340	-282
	Reinsurers' share received	6	6
	Change in outstanding claims provision	-130	-344
	Change in outstanding claims provision, reinsurers' share	6	4
	Claims, net of reinsurance	-458	-616
	Bonus and premium discounts	-12	-9
	Acquisition costs	-23	-22
	Administrative expenses	-59	-55
	Reinsurance commissions and profit participation	0	1
	Total operating expenses relating to insurance, net of reinsurance	-82	-76
	Return on investment	-190	281
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-309	-24
	Total run-off regarding prior years:		
	Gross	25	-170
	Net of reinsurance	25	-170
	Calculation of technical interest and return on investment:		
	Return on investment transferred to health and accident insurance	-130	362
	Technical interest rate	2.77%	1.97%
	Technical interest amount	80	50
	Outstanding claims provision, discounted amount	-103	-83
	Discounted risk increasing with age	-21	-21
	Technical interest, net of reinsurance, less discounted amount	-44	-54
	Return on investment transferred to health and accident insurance	-130	362
	Gains and losses on outstanding claims provision	20	-31
	Total return on investment incl. gains and losses	-110	331
	Transferred to technical interest	-80	-50
	Return on investment	-190	281
5	SHAREHOLDERS' EQUITY		
	Shareholders' equity, beginning of year	15,811	14,792
	Net profit for the period	88	601
	Translation of the accounts of foreign units	1	-5
	Transferred to collective bonus potential	-1	5
	Income recognised directly in shareholders' equity	0	0
	Total income to be included in shareholders' equity	88	601
	The effect of changes in accounting policies	-	-283
	Dividends paid	-2,000	-
	Miscellaneous	15	-
	Shareholders' equity end of period	13,914	15,110
6	SOLVENCY REQUIREMENT		
	Solvency requirement, end of period	6,875	7,136
	Solvency requirement, end of period for health and accident insurance	255	208
	Total solvency requirement, end of period	7,130	7,344

Notes for the six months ended June 30

Note	DKr m	2006	2005
7	CAPITAL BASE		
	Shareholders' equity	13,914	15,110
	Proportionate share of capital base of insurance subsidiary	1,728	1,611
	- Value of proportionate share	-1,728	-1,614
	Core capital	13,914	15,107
	- Proportionate share of capital requirement of insurance subsidiary	-597	-585
	Reduced core capital	13,317	14,522
	Subordinated loan	2,000	-
	Supplementary capital	2,000	-
	Capital base	15,317	14,522
8	CONTINGENT LIABILITIES		
	Danica Pension is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S.		
	At the end of the period assets were earmarked as security for policyholders' security for policyholders' savings	190,213	196,608
	At the end of the period, outstanding contracts for the purchase of investment assets and foreign currencies amounted to	1,013	2,778
	At the end of the period, outstanding contracts for the sale of investment assets and foreign currencies amounted to	38,585	29,973
	The company has undertaken to participate in investment in unlisted shares with an amount of	1,375	960
	The company is voluntarily registered for VAT on certain properties. The company's VAT adjustment liability amounts to	19	13
	Mortgages have been issued as security for the technical liabilities in a total amount of	2,816	2,587

The company is jointly and severally liable for payment of tax for prior years for the companies that were taxed jointly with Danske Bank A/S before 2005. As from 2005, these companies are liable solely for their own tax. The company is registered jointly with subsidiary undertakings for financial services employer tax and for VAT for which they are jointly and severally liable.

As a result of its size and volume of business, Danica Pension is continually party to various legal proceedings. The pending legal procedings are not expected to materially affect the financial position of the company.

9 INTRA-GROUP TRANSACTIONS

Danica Pension's IT operations and development, internal audit, HR administration, logistics, marketing and the like are handled by Danske Bank. These services are settled on market terms or on a cost recovery basis. In the first half of 2006, DKr65m was paid to Danske Bank for IT operations and development and DKr31m for other administrative services.

In addition, the company paid DKr60m to the Danske Bank Group for its sale of insurance policies and for portfolio management, corresponding to 3.7% of gross premiums from policies written through the Danske Bank Group.

In addition, Danske Bank handles portfolio management and securities trading. In the first half of 2006, Danica Pension paid DKr64m for ordinary portfolio management, corresponding to 0.04% of the investment assets under management. In addition, the company paid custody fees and brokerage for trades in shares and the like, totalling DKr19m net.

In addition, Danica Pension in the first half of 2006 has received DKr3m from Danske Bank in respect of portfolio management of Danske Bank's property portfolio.

The insurance companies in the Danica Group are managed by Danica Pension, which settles expences with the companies managed on market terms or on a cost recovery basis.

Notes for the six months ended June 30

Note DKr m

10 SENSITIVITY RATIOS 2006 - Danica Pension

DKr bn	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum effect on bonus potenial on paid-up policies before change in used bonus potential of paid-up policies	Maximum effect on used bonus potential of paid-up policies
Interest rate increase of 0.7 of a percentage point	0.0	-1.4	3.8	-
Interest rate decline of 0.7 of a percentage point	0.0	2.3	-3.2	-
12% fall in equity prices	-0.3	-4.3	-	-
8% fall in property prices	-0.1	-1.1	-	-
Foreign echange risk (VaR 99.5%)	0.0	-0.4	-	-
8% loss on counterparties	0.0	-1.1	-	-
10% fall in mortality rate	0.0	-1.2	-0.1	-
10% rise in mortality rate	0.0	1.1	0.2	-
10% rise in disability rate	0.0	-0.2	0.0	-

11 DANICA PENSION, SPECIFICATION OF ASSETS AND RETURN

	Carrying amount Beg. of year	End of period	Invest-ment, net	% return p.a. before tax on pen-sion returns & corp. tax
Land and buildings:				
Land and buildings, owned directly	3,172	3,855	-18	25.1
Property companies	13,043	13,653	-	7.5
Total land and buildings	16,215	17,508	-18	10.5
Other subsidiary undertakings	2,127	1,658		1.1
Other shares:				
Listed Danish shares	4,155	4,516	559	-0.9
Unlisted Danish shares	1,325	1,388	-153	18.2
Listed other shares	23,019	34,007	11,298	1.1
Unlisted other shares	501	537	-89	26.3
Total other shares	29,000	40,448	11,615	1.6
Bonds:				
Government bonds (Zone A) *	51,986	36,779	-11,703	-
Mortgage bonds *	53,118	52,335	763	-
Foreign exchange hedging	0	164	-212	-
Government bonds (Zone A) and Mortgage bonds including Foreign exchange hedging	105,104	89,278	-11,152	-3.0
Index-linked bonds	28,880	26,820	-983	-2.8
Credit bonds, investment grade	5,544	5,452	258	-1.9
Credit bonds, non investment grade and emerging markets bonds	6,525	6,427	119	-1.2
Other bonds	522	263	-210	-
Total bonds	146,575	128,240	-11,968	-2.7
Other financial instruments	371	2,276	-	2.9
Derivative financial instruments to hedge net changes of assets and liabilities	6,446	1,253	89	

* Rate of return before foreign exchange hedge for Government bonds (Zone A) was -5.1 % and for Mortgage bonds was -1.1 %.

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