

Highlights

Result and expenses

DKK (11.6)bn

investment return before tax and expenses

0.09 per cent

expenses for the half-year period (APR)

DKK (11.6)bn

net profit for the first half of the year

Ratios – returns and yield

(9.9) per cent¹

investment return (before tax) from investment relative to bonus potential¹

8.6 per cent

average annual return for the past 10 years (N1)

1.7 per cent

yield on guarantees (avg.) for the first half of the year

Net assets and pension benefits

DKK 918bn

ATP member assets

DKK 25,200

full annual ATP pension for a person aged 66

DKK 16,400

average annual ATP pension for a person aged 65 1/2²

Accumulated net result - 5-year rolling period

DKK 50.4bn

result before life expectancy update and pension increases

DKK (36.0)bn

life expectancy update and pension increases

DKK 14.4bn

net result

¹ Definition: ATP Group investment return before tax (excluding minority interests) relative to bonus potential (avg.) The investment portfolio follows a risk-based investment approach, the focus of which is on risk rather than on the amount of DKK invested. The investment portfolio, as a general rule, consists of funds from the bonus potential. Funds not tied up in the hedging portfolio as a result of the use of derivative financial instruments are available for investment in the investment portfolio on market terms. In practice, this means that the investment portfolio can operate with greater funds than the bonus potential. The market value at the end of the first half of 2020 was DKK 348bn. The market value of the investment portfolio also includes financial derivatives of which the market value will typically be low, zero or negative.

² Due to the extension of the state pension age to 66, there has not been anyone retiring at the retirement age in H1 2020, and this is why the average pension has not been updated.

Group financial highlights

DKKm	H1 2020	H1 2019	Year 2019
Investments			
Investment return	(11,578)	29,596	40,705
Expenses	(439)	(477)	(937)
Tax on pension savings returns and corporate income tax	1,876	(4,286)	(5,723)
Investment activity results	(10,141)	24,833	34,045
Hedging activities			
Change in guaranteed pensions due to discount rate and maturity reduction	(46,106)	(73,284)	(72,337)
Return on the hedging portfolio	54,149	87,668	86,710
Tax on pension savings returns	(8,285)	(13,413)	(13,267)
Result of hedging of guaranteed pensions	(2,429)	971	1,106
Change in guaranteed benefits due to yield curve break	(3,237)	(2,091)	(5,248)
Hedging activity results	(3,479)	(1,121)	(4,142)
Investment and hedging activity results	(13,620)	23,712	29,903
Pension			
Contributions	5,215	4,960	10,061
Pension benefits	(8,605)	(8,549)	(17,054)
Change in guaranteed pensions due to contributions and payouts	4,350	4,223	8,099
Administration activity expenses	(107)	(93)	(201)
Other items	3	2	7
Pension activity results before life expectancy update	856	543	912
Business processing, external parties			
Income	1,136	1,255	2,436
Expenses	(1,111)	(1,252)	(2,435)
Corporate income tax	0	0	0
Business processing result, external parties	25	2	1
Result before life expectancy update	(12,739)	24,257	30,816
Life expectancy update	1,130	3,231	3,231
Bonus accrued	0	0	0
Net profit for the period	(11,609)	27,489	34,047
Guaranteed pensions	803,490	761,294	759,628
Bonus potential	114,446	119,513	125,980
Net assets	917,936	880,807	885,608

	H1 2020	H1 2019	Year 2019
Return ratios			
Return on investment before tax relative to the bonus potential (avg.) in per cent	(9.9)	27.5	39.7
Risk-adjusted return	(0.7)	1.8	1.2
Danish FSA ratios N1 in per cent	4.8	14.9	16.2
Yield on guarantees (avg.) in per cent	1.7	1.7	3.4
Bonus rate in per cent	14.2	15.7	16.6
APR per cent	0.09	0.17	0.32

¹ Before effect of yield curve break

² Yield curve break' is the point on the yield curve at 40 years where pension liabilities shift from being discounted by a fixed rate to being discounted by a market rate.

Report

HIGHLIGHTS OF THE YEAR

H1 2020 has been characterised by violent financial disruptions due to the corona epidemic.

Despite a challenged market in H1, the members' pension guarantees remain intact, and ATP's objective of delivering basic financial security has proven to be robust.

ATP is paid out as a life-long benefit and thus supplements the state pension for the whole pension period.

The market developments after the corona pandemic outbreak were characterised by heavy losses - particularly in the equity markets - combined with declines in interest rates, but in particular during Q2, stock market increases have once again made positive contributions. Despite the turbulent situation in H1, a multi-year work with ATP's investment portfolio and our access to risk management has allowed ATP to preserve its ability to take on market risks so that ATP can also in the long run create satisfactory results.

Throughout H1, ATP's emergency plans allowed it to quickly adapt the organisation and create a work from home setup. After Q2, the work is once again being done in the physical offices while taking due considerations to comply with the corona guidelines.

In H1, ATP also finished the comprehensive implementation of all Udbetaling Danmark's - Public Benefits Administration's IT systems and the Mandatory Pension Scheme was launched around the new year.

PROFIT/LOSS FOR THE PERIOD AND NET ASSETS - HIGHLIGHTS

In H1 2020, the ATP Group realised a negative result of DKK (11.6)bn. The result was due to losses in the investment portfolio in Q1, which were partially recovered in Q2. After the end of H1, the negative return in the investment portfolio was fully recovered as of the start of August.

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

Hedging protects the guaranteed pensions Accumulated 2015 - H1 2020



In H1, the investment portfolio generated a returns before expenses and taxes of DKK (11.6)bn, amounting to (9.9) per cent of the average bonus potential for the period. When looking at H1 as a whole, the largest positive contribution came from the returns on investments in government and mortgage bonds, while the investments in listed international equities generated the largest negative return.

The total returns should be viewed in the context of ATP since 2010 having generated returns of DKK 153bn - see the figure below.

Historical return in the investment portfolio before tax Accumulated 2010 - H1 2020



The scope of returns has fluctuated between quarters, but, as a long-term investor, ATP does not specifically focus on quarterly results.

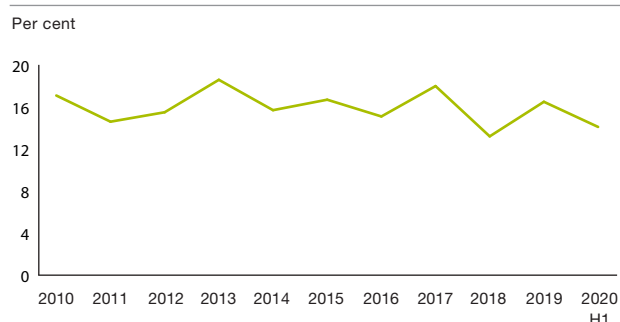
Over the past 10 years, ATP has on average achieved annual returns of 15.7 per cent, and the negative return in the investment portfolio in 2020 has been recovered after the end of H1.

ATP has made minor adjustments to its long-term forecasts for developments in life expectancy. The adjustment results in a transfer of DKK 1.1bn from guaranteed benefits to the bonus potential. 66-year-old members are currently expected to live to an average of 87 years.

Even though the financial markets in H1 generally had negative developments, for this period ATP has made provisions for a total of DKK 6.4bn in pension yield taxes, which can be attributed to a positive return from the hedging portfolio.

ATP's reserves – the bonus potential – stood at DKK 114.4bn at the end of H1 2020, and guaranteed pensions totalled DKK 803.5bn. Net assets thus totalled DKK 917.9bn, an increase of DKK 32bn since the start of the year. The bonus rate ended at 14.2 per cent.

Development in the bonus rate 2010 - H1 2020



INVESTMENT AND HEDGING

ATP's overall objective is to create basic financial security and to provide the best possible pensions in the form of a guaranteed lifelong pension, so that ATP, together with the state pension, can provide Danes with a basic pension as the first pillar of the pension system.

ATP has two value creation sources at its disposal: A hedging portfolio and an investment portfolio. The principal objective of the hedging portfolio is to safeguard guaranteed returns and thus ensure ATP's ability to always deliver on the guarantees issued to members.

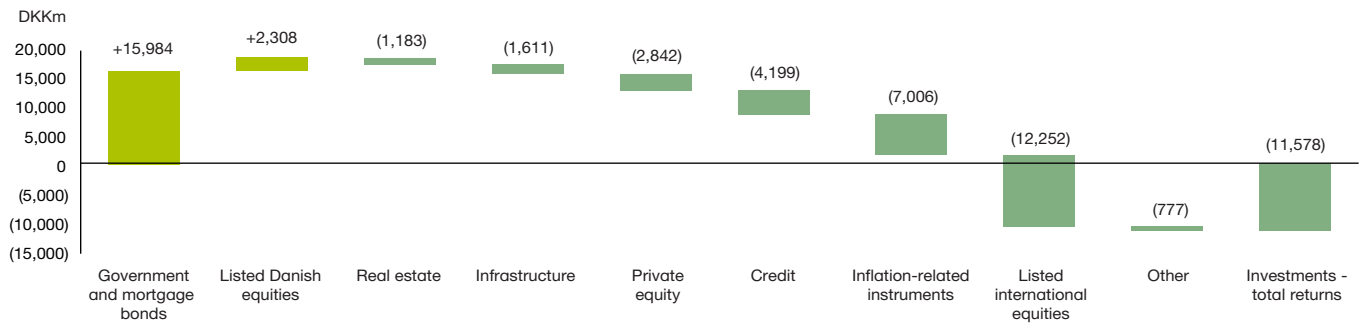
The principal objective of the investment portfolio is to generate a return that will allow, in part, the building of reserves for, e.g., financing increased life expectancy, such that ATP secures pensions for a whole lifetime, and to increase the guaranteed pensions, thereby safeguarding the real value for pensioners.

Investment

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

ATP's Supervisory Board has specified a strategic risk level in terms of market risk with the investment portfolio that is estimated to in the long run allow for real value to be ensured in the pensions.

Composition of investment return in H1 2020



The strategic level of risk is a long-term level that does not specifically take into account the expectations for the developments on the financial markets. The market risk of the investment portfolio in H1 has by a significant margin been below the Supervisory Board's risk level based on an ongoing assessment of the development in the financial markets. The lower level of risk in H1 has resulted in a higher return in the investment portfolio compared to if the level of risk had been maintained at the strategic level throughout H1. The main reason for this is that the lower risk level heading into the corona crisis has resulted in less losses on financial assets.

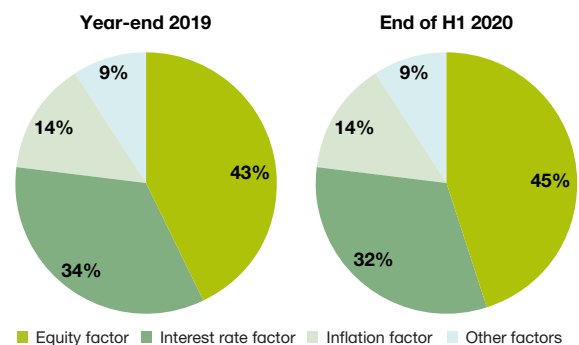
To maintain a robust investment portfolio with a stable return and the greatest possible independence from cyclical variations, investment decisions are informed by a strategy of risk diversification. ATP allocates the risk associated with each investment on the basis of four different risk factors, depending on the types of risk to which the investment is exposed. The four risk factors are: 'Equity factor', 'Interest rate factor', 'Inflation factor', and 'Other factors'. Dividing the risk into risk factors provides the framework for the composition of investments.

ATP's Supervisory Board determines a guideline for the long-term composition of the four risk factors of the investment portfolio. This guideline should be seen as a long-term 'anchor' for risk allocation. ATP's long-term guideline allocates greater risk to the two major factors 'Equity factor' (35 per cent) and 'Interest rate factor' (35 per cent), while the 'Inflation factor' and 'Other factors' are less significant (15 per cent each). The actual portfolio allocation may deviate from the guideline at any given time due to market conditions and active investment decisions.

In H1, there was a minor increase in the relative risk allocation for the 'Equity factor', while the relative risk allocation

to the 'Interest rate factor' dropped a little. At the end of H1, risk in the 'Equity factor' was especially higher than the long-term guideline, but the risk in 'Other factors' especially was below the guideline. The higher risk allocation to 'Equity factor' was primarily due to the fact that the illiquid element of the investment portfolio includes investments with a higher content of 'Equity factor' than the guideline. The lower risk related to 'Other factors' is due to the fact that the portfolio of alternative risk premium strategies included in 'Other factors' is under development.

Risk allocation in the investment portfolio



Investment activity results

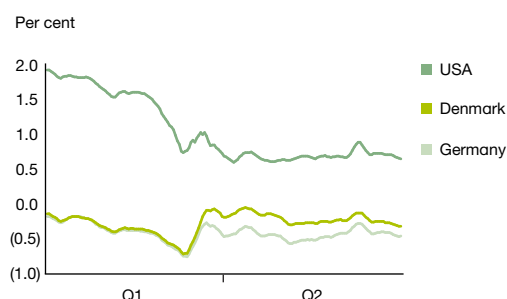
In H1, the investment portfolio generated a returns before expenses and taxes of DKK (11.6)bn, amounting to (9.9) per cent return of the average bonus potential for the period. In H1, ATP's investment activity result after expenses and tax totalled DKK (10.1)bn.

The negative result is mainly due to the large losses on the financial markets in Q1, where namely major capital losses on global equity markets due to the corona crisis was a negative factor. In Q2, there was a more positive development on the financial markets and particularly increases in the equity markets made a positive contribution in Q2.

When looking at H1 as a whole, the largest positive contribution came from the returns on investments in government and mortgage bonds, while the investments in listed international equities generated the largest negative return. The portfolio of illiquid assets, which, among other things, consists of investments in private equity, real estate and infrastructure, also had a negative contribution to the return due to the drop in prices as a result of the corona crisis.

Government and mortgage bonds generated returns of DKK 16.0bn, mainly due to the positive contribution of United States and European bonds as a result of decreasing interest rates in the United States and Europe.

Yield development for 10-year government bonds



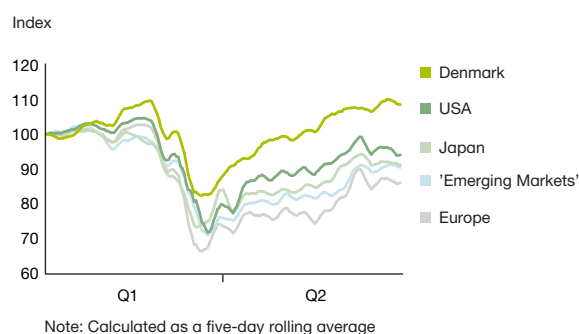
Note: Calculated as a five-day rolling average.

The overall equity portfolio, consisting of listed Danish and international equities and private equity, generated a return of DKK (12.8)bn.

Listed Danish equities generated returns of DKK 2.3bn. In particular, the stakes in Ambu A/S and Genmab A/S made a positive contribution to the returns, while it was namely the shares of A.P. Møller - Mærsk A/S that made a negative contribution.

Listed international equities generated returns of DKK (12.3) bn. Listed American equities generated the largest negative contribution, but listed equities in other economies also had a negative contribution.

Equity price developments



Note: Calculated as a five-day rolling average

The portfolio of private equity consists of, among other things, ATP Private Equity Partners, which mainly invests in capital funds and abroad and in other types of private equity. The portfolio of private equities generated a negative return of DKK (2.8)bn.

Real estate investments generated returns of DKK (1.2)bn. The direct return (excluding value adjustments) amounted to DKK 1.0bn. The investments are made via direct ownership of properties via joint ventures or indirectly via investments in private real estate funds. Both the direct investments and the indirect investments are made in both Denmark and internationally.

Valuation of illiquid investments

Each quarter, ATP makes a thorough review of the valuation of the investments in illiquid assets. As we are dealing with many different kinds of investments, the valuation is made based on a review of each individual investment. In H1, illiquid assets have been widely impacted by negative value adjustments due to the corona crisis, and specific sectors, including the travel, hotel and restaurant sectors, have been particularly hard hit. Note 4 on page 21 contains an overview of the principles of valuation.

The infrastructure investments portfolio generated returns of DKK (1.6)bn. It was particularly ATP's investments in airports, including Københavns Lufthavne (the company operating Copenhagen Airport) that contributed negatively to the returns in H1. The infrastructure investments port-

folio includes, among other things, investments in forestry in North America and Australia and investments in renewable energy.

The *credit* investments generated returns of DKK (4.2)bn. These investments consists of bonds issued by companies with low credit ratings or developing nations, of financial instruments and also loans to credit institutions and banks. Bonds issued by companies with low credit ratings or by emerging markets and financial instruments generated a return of DKK (3.2)bn. Lending to credit banks and funds, which invest in bank loans and company loans, generated a return of DKK (1.0)bn.

Inflation-related instruments, consisting of commodities-related financial contracts, index-linked bonds and inflation swaps generated a total return of DKK (7.0)bn. Investments in commodity-related financial contracts generated returns of DKK (3.2)bn, mainly due to falling commodity prices in H1. Inflation swaps generated returns of DKK (3.8) bn, due to lower expectations for inflation in Europe and the United States.

Other items generated returns of DKK (0.8)bn. This category mainly consists of managed portfolios and interest payments to the hedging portfolio

Hedging of guarantees

ATP Livslang Pension (Lifelong Pension) is a guaranteed product, and hedging is intended to ensure that ATP is always capable of meeting its guarantees. Hedging is undertaken to ensure that the market value of the hedging portfolio after tax can be expected to fluctuate in line with the guaranteed pensions when interest rates change.

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

Hedging portfolio interest rate swaps do not tie up liquidity to the same extent that bonds do. The funds which are not invested in the hedging portfolio can be lent out for investments in the investment portfolio. A market rate is paid to hedging activities on the funds borrowed by the investment portfolio.

Hedging activity results

Hedging generated total returns of DKK (3.5)bn, equivalent to 0.4 per cent of the guaranteed pensions.

Hedging activity results for H1 2020	
DKKm	
Change in guaranteed pensions due to discount rate and maturity reduction ¹	(46,106)
Return on the hedging portfolio	54,149
Tax on pension savings returns	(8,285)
Result of hedging of guaranteed pensions	(242)
Change in guaranteed pensions due to yield curve break ²	(3,237)
Hedging activity results	(3,479)
¹ Before effect of yield curve break	
² Yield curve break' is the point on the yield curve at 40 years where the guaranteed pensions shift from being discounted by a fixed rate to being discounted by a market rate	

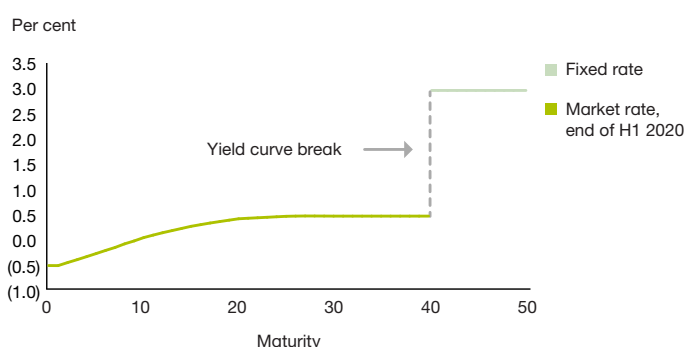
The value of the guaranteed pensions increased by DKK 46.1bn, mainly as a result of decreasing interest rates in H1. However, the hedging portfolio realised positive returns after tax of DKK 45.9bn. The value of the hedging portfolio therefore increased in step with the pension guarantees, and the hedging once more worked as intended, namely, as a protection for the guarantees.

The overall negative hedging activity results in H1 were due to the break in the yield curve around the 40-year mark, as the market rate was significantly below 3 per cent during H1.

The break in the yield curve at 40 years means that guarantees which change during the year from being valued at a fixed interest rate of 3 per cent to a market rate, will result in a hedging loss or gain, depending on whether the market rate is higher or lower than 3 per cent. In H1, the market-

based segment of the yield curve was significantly below 3 per cent. As a result, hedging activities incurred a loss of DKK 3.2bn. The loss means that there will be transferred funds from the bonus potential to the guaranteed pensions, but it does not impact ATP's net assets. In case of unchanged market interest rates, the break in the yield curve at 40 years will also result in future hedging activity losses. The losses will, however, decrease, as over time ATP will have fewer guarantees with a 40 year maturity.

ATP's yield curve, end of H1 2020



PENSION

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

Pension activity result

Pension activity result before the life expectancy update realised a profit of DKK 0.9bn in H1, driven primarily by

the share of contribution payments transferred to the bonus potential.

In H1, contribution payments totalled DKK 5.2bn. Contribution payments are divided into guarantee contributions and bonus contributions. The guarantee contribution, accounting for 80 per cent, is earmarked for the acquisition of a pension. The bonus contribution, accounting for 20 per cent, is allocated to the bonus potential to be used for potential future increases and extensions of pensions. The mandatory pension scheme entered into force at the start of the year, and the contributions to this are part of the total contributions.

At the end of H1 2020, 1,044,000 pensioners were receiving ATP Livslang Pension (Lifelong Pension), and pension payouts totalled DKK 8.6bn. Payments are at the same level compared with the same period of last year.

The contribution payments for the period increase ATP's guaranteed pensions, while pension payouts reduce the guaranteed pensions. This is reflected in the item Change in guaranteed pensions due to contributions and pension benefits in ATP, which totalled DKK 4.4bn.

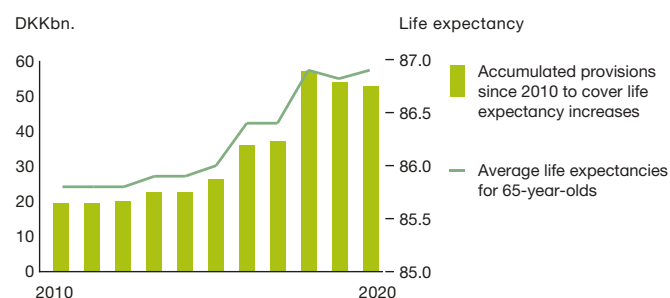
This year's life expectancy update resulted in a transfer from the guaranteed pensions to the bonus potential of DKK 1.1bn, equivalent to 0.1 per cent of the value of the guaranteed pensions. The transfer is an expression of a minor adjustment of life expectancies and consists partly of a "smoothing out" of the model and partly of updated data.

Pension activity results for H1 2020

DKKm

Contributions	5,215
Pension benefits	(8,605)
Change in guaranteed pensions due to ATP contributions and pension benefits etc.	4,350
Expenses	(107)
Other items	3
Pension activity results before life expectancy update	856
Life expectancy update	1,130

Additional provisions due to increases in life expectancy



The measurement of pension liabilities remains safely within the limits

ATP's yield curve consists of both a market-based segment and a fixed-rate segment. A characteristic of the market-based segment is that it can be hedged. ATP's yield curve for the valuation of pension liabilities results in higher guaranteed pensions than the yield curve published by the European Insurance and Occupational Pensions Authority (EIOPA). Had ATP used the EIOPA's yield curve, the guaranteed pensions at the end of H1 would have been DKK 59.6bn lower than the current level of DKK 803.5bn. The bonus potential would have been correspondingly higher.

ATP's life expectancy model projects higher increases in life expectancy than those envisaged by the Danish Financial Supervisory Authority's model¹. The Financial Supervisory Authority's life expectancy model is different from ATP's, among other things, because the Financial Supervisory Authority's model consists of people who are covered by insurance. Had ATP used the Financial Supervisory Authority's life expectancy model, the guaranteed pensions at the end of H1 would have been DKK 14.6bn lower than the current level. The bonus potential would have been correspondingly higher.

Overall, the guaranteed pensions would have been DKK 73.5bn lower and the bonus potential would have been correspondingly higher if the Financial Supervisory Authority's life expectancy model and EIOPA'S yield curve were both used.

Low expenses

Low expenses contribute to good pensions, and in a world where the expectations for returns are still growing more modest, expenses begin to matter more when it comes to creating good pensions.

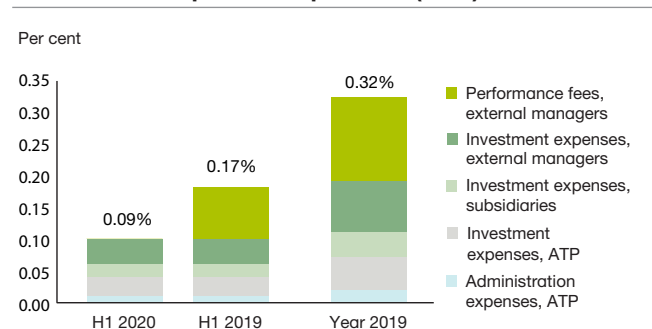
ATP is once again able to keep its administration activity expenses low, as ATP Livslang Pension (Lifelong Pension) is a collective scheme and a relatively simple product.

¹ See Note 5 on page 27 for a comparison with the Danish Financial Supervisory Authority model.

In H1 2020, ATP's administration expenses totalled DKKm 107, equivalent to 0.01 per cent of aggregate assets, or DKK 20 per member. This is a minor increase compared to the same period of last year. Over a number of years, the expenses have been at a very low level, and at the current level, it includes investments to maintain a stable data foundation and a contemporary IT platform. In addition, Obligatorisk Pensionsordning (Mandatory Pension Scheme) has been implemented as of 1 January 2020, and ATP participates in several joint public sector digitalisation strategies.

ATP's total investment expenses amounted to DKKm 758, the equivalent of 0.08 per cent of the net assets that ATP managed in H1 2020, or DKK 144 per member. This is a significant decrease compared to the same period last year, which is mainly attributed to lower expenses for performance fees due to the corona crisis.

Total annual expenses in per cent (APR)



Note: Expenses have been calculated in accordance with the industry standard.

SOCIAL RESPONSIBILITY

In H1 2020, ATP has continued developing the ESG work in a number of areas.

In H1, ATP has increased its holdings of green bonds, which now at the end of H1 amount to DKK 26.5bn. ATP is also working on developing metrics that can benchmark sovereign state's green bonds.

Among other things, there has been worked on putting more focus on involving new themes in the ESG area, for example, by increasing the focus on the integration of human capital

in the work with ESG issues. In 2020, ATP has assumed the chairmanship of the European part of the investor partnership SASB (Sustainable Accounting Standards Board), and ATP has also chosen to be active in SASB's Human Capital Management Research Project which, among other things, is tasked with studying how well human capital is covered by SASB's existing standards and if they are found to be lacking.

The dialogue with Danish companies has also been strengthened.

ATP has focused on having dialogues about taxation issues with Danish companies and their work with ESG issues.

For the large Danish companies, the dialogue is based on benchmarking with global companies, while for the smaller companies, the dialogue is more about professional sparring about the challenges and solutions involved in using ESG in the companies' operations.

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

BUSINESS PROCESSING, EXTERNAL PARTIES

Business processing results were DKKm 25.

In addition to the administration of ATP Livslang Pension (Lifelong Pension), the ATP Group performs administration tasks on behalf of the social partners, the Danish government and local authorities. These tasks are assigned to ATP on a cost-recovery basis – i.e. without profit to ATP and without any risk of expense. In H1, there were expenses of DKK 1.1bn for business processing, external parties and this is offset by equivalent revenues. Business processing, external parties is subject to ambitious requirements for streamlining, as agreed with contracting authorities and

boards of directors. For example, the Tendering Programme under Udbetaling Danmark (Public Benefits Administration) which ended in 2020 with the launch of the IT system for paying state pensions and disability pensions and which had an objective of saving 25 per cent and realised IT savings of 30 per cent.

The administration's ongoing efficient operations have also absorbed increased expenses for, among other things, compliance, IT security, operational risk management, etc. This has been achieved in parallel with the development activities having been at a high level in recent years, as ATP has continually received large and complex tasks such as, for example, the Senior Premium Scheme, Temporary Child Allowance and Lønmodtagernes Feriemidler (Wage Earners' Holiday Funds), etc. In H1 2020, ATP has prepared to assume management of Senior Pension, which is to be managed by ATP from 2021. Due to the corona crisis, the Danish Government has also passed a number of initiatives that have impacted the development activities at ATP. Among other things, the initiatives impact the calculation and payment of holiday funds and a tripartite agreement concerning the Employers' Reimbursement System.

EVENTS AFTER THE REPORTING DATE

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

OUTLOOK FOR 2020

Performance target

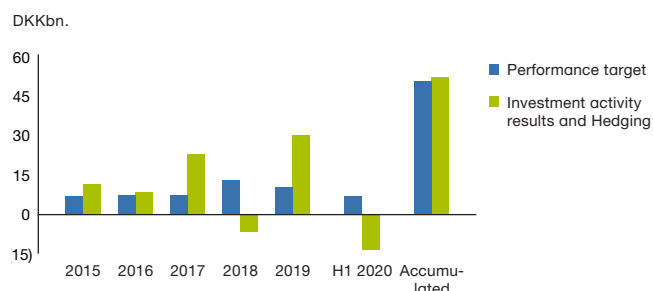
ATP's investment strategy is to ensure that ATP generates the best possible returns, while always being able to meet the guarantees issued to members.

Based on an ambition of hedging the real value of pensions as best as possible, the Supervisory Board has set a long-term performance objective for investment and hedging activities after tax. This is an absolute objective which must be attained in the long term. The objective is based on the principles that members' interests must be a central consi-

deration, that it is the aim to secure the real value of life-long pensions in the long term, and that the objective must be an ambitious one. It has also been designed to be realistic given the size of the bonus potential and the risk budget, as well as the long-term risk-adjusted return expectations.

The result target which does not necessarily have to be met each year is for 2020 set at DKK 13.9bn. For H1, the results generated by Investment and Hedging amounted to DKK (13.6)bn. In the figure below, where the target is compared to the results since 2015, it can be seen that the target has been met for this period.

Historical fulfilment of the result targets



The negative return in the investment portfolio after H1 has been fully recovered as of the start of August.

In the remaining part of the year, it is expected that the financial markets will continue to be characterised by uncertainty due to the corona pandemic, and ATP will maintain its disciplined approach to risk management in order to create the best possible returns while also ensuring that ATP is at all times capable of meeting its guarantees to its members.

Business Model

Together with the state pension, ATP is charged with ensuring basic financial security, and this responsibility also has an impact on the amount of overall risk that ATP can assume over time.

Throughout the years, ATP has made a number of changes to its business model and the business model is continually being optimised inside the frameworks that have been specified, among others, by the ATP Act.

In light of continued low interest rates, which present a challenge in general for generating high pensions, it is still relevant to continuously assess various adjustments to the pension product, the hedging and investment strategy, etc. It is the highest priority of the Supervisory Board to ensure that the business model is up-to-date relative to ATP's objectives. The Supervisory Board's targeted work will continue in 2020, during which some conclusions can hopefully be shared with the public.

Administration of initiatives resulting from the corona crisis

A broad majority in the Danish Parliament is in the process of creating a state aid fund of up to DKK 10bn, which is to help large and societally critical companies that have been impacted by the corona crisis. The proposal states that ATP has been designated as the administrator of this fund. The fund will be organised as an independent subsidiary.

The Danish Parliament has decided to pay up to three weeks of the frozen holiday funds that wage earners have accrued up to and including 1 September 2020, and it is ATP which will calculate and pay out the amounts. In addition, ATP will be administering the payment of DKK 1,000 tax free to those on transfer income.

ATP is also to implement the tripartite agreement concerning the Employers Reimbursement System, which is aimed at ensuring extra financial assistance to trainees and apprentices.

Further information

For further information on the interim report for H1, please visit www.atp.dk/en.

Hillerød, 31 August 2020

Torben M. Andersen
Chairman of the Supervisory Board

Bo Foged
Chief Executive Officer

Statement by the Supervisory and Executive Boards

The Supervisory and Executive Boards have today considered and adopted the interim report of the ATP Group for the period 1 January to 30 June 2020. The interim report has not been subject to review or audit.

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

The accounting policies applied in this interim report are consistent with those applied in the annual report for 2019.

We consider the accounting policies applied to be appropriate and the overall presentation of this interim report to be adequate.

Moreover, in our opinion, the interim report provides a true and fair view of the Group's and ATP's assets, liabilities and financial position as of 30 June 2020 and of the Group's and ATP's financial performance, as well as the Group's cash flows for the period 1 January to 30 June 2020. In our opinion, the management's review also provides a true and fair description of the matters covered by the review.

Copenhagen, 31 August 2020

Executive Board:

Bo Foged
Chief Executive Officer

Supervisory Board:

Torben M. Andersen
Chairman of the Supervisory Board

Jacob Holbraad
Member of the
Supervisory Board

Lars Sandahl Sørensen
Member of the
Supervisory Board

Lizette Risgaard
Member of the
Supervisory Board

Arne Grevsen
Member of the
Supervisory Board

Brian Mikkelsen
Member of the
Supervisory Board

Anne Broeng
Member of the
Supervisory Board

Bente Sorgenfrey
Member of the
Supervisory Board

Kim Simonsen
Member of the
Supervisory Board

Vacant
Member of the
Supervisory Board

Peter Rahbæk Juel
Member of the
Supervisory Board

Lars Qvistgaard
Member of the
Supervisory Board

Jan Walther Andersen
Member of the
Supervisory Board

The ATP Group – Income statement

DKKm	H1 2020	H1 2019	Q2 2020	Q2 2019
Investments				
Income from associates and joint ventures	(3,662)	860	(1,520)	557
Income from investment properties	571	496	294	235
Interest income and dividends etc. related to investment activities	2,448	3,060	1,114	1,375
Consulting fees and fee income	392	663	158	344
Market value adjustments related to investment activities	(10,344)	25,860	17,643	7,821
Interest expenses related to investment activities	(985)	(1,344)	(288)	(701)
Investment activity expenses	(439)	(477)	(212)	(239)
Tax on pension savings returns in respect of investment activities	1,890	(4,270)	(2,575)	(1,338)
Corporate income tax	(14)	(16)	(7)	(11)
Investment activity results	(10,141)	24,833	14,608	8,043
Hedging activities				
Interest income related to hedging activities	6,854	7,689	3,386	3,797
Market value adjustments related to hedging activities	47,392	80,090	14,947	39,964
Interest expenses related to hedging activities	(97)	(111)	(19)	(39)
Tax on pension savings returns in respect of hedging activities	(8,285)	(13,413)	(2,802)	(6,689)
Change in guaranteed benefits due to change in discount rate	(48,652)	(72,426)	(15,341)	(36,876)
Change in guaranteed benefits due to maturity reduction	(690)	(2,949)	(281)	(1,316)
Hedging activity results	(3,479)	(1,120)	(111)	(1,161)
Investment and hedging activity results	(13,620)	23,713	14,497	6,882
Pension				
Contributions	5,215	4,960	2,692	2,504
Benefit payouts	(8,605)	(8,549)	(4,272)	(4,224)
Change in guaranteed benefits due to contributions and pension benefits	4,350	4,223	2,189	2,041
Interest income related to pension activities	5	5	3	2
Interest expenses related to pension activities	(1)	(2)	0	(1)
Pension activity expenses	(107)	(93)	(51)	(46)
Tax on pension savings returns in respect of pension activities	(1)	(1)	(1)	(1)
Pension activity results before change in life expectancy	856	543	560	275
Change in guaranteed benefits due to life expectancy update	1,130	3,231	1,130	3,231
Pension activity result	1,987	3,774	1,690	3,506
Administration				
Other income	1,136	1,255	505	650
Other expenses	(1,111)	(1,252)	(537)	(674)
Income tax in respect of administration activities	0	0	0	0
Administration activity result	25	2	(32)	(24)
Result before bonus	(11,609)	27,489	16,155	10,364
Bonus addition for the period	0	0	0	0
Net profit for the period	(11,609)	27,489	16,155	10,364

The ATP Group – Statement of comprehensive income

DKKm	H1 2020	H1 2019	Q2 2020	Q2 2019
Net profit for the period	(11,609)	27,489	16,155	10,364
Items that may not be reclassified to the result:				
Revaluation of owner-occupied properties	4	0	2	0
Tax on pension savings returns regarding value adjustments for owner-occupied properties	(1)	0	(1)	0
Total	3	0	1	0
Other comprehensive income	3	0	1	0
Comprehensive income for the period	(11,606)	27,489	16,156	10,364
Minority interests' share of total comprehensive income for the period	(72)	62	(4)	38
The ATP Group's share of total comprehensive income for the period	(11,534)	27,427	16,160	10,326
Allocated comprehensive income	(11,606)	27,489	16,156	10,364

The ATP Group – Statement of financial position

DKKm	H1 2020	The year 2019
ASSETS		
Cash and demand deposits	8,941	7,020
Bonds	656,239	630,329
Equity investments	139,697	139,346
Financial derivatives	161,680	111,856
Loans	8,572	8,867
Investments in associates and joint ventures	46,749	51,445
Intangible assets	1,261	1,196
Investment properties	24,136	24,069
Owner-occupied properties	920	923
Operating equipment	10	12
Tax receivable on pension savings returns and income tax	306	307
Contributions receivable	2,785	2,718
Receivables from credit institutions	25,345	33,417
Other receivables	21,816	14,094
Other prepayments	979	938
Total assets	1,099,436	1,026,539
EQUITY AND LIABILITIES		
Financial derivatives	103,879	82,322
Tax payable on pension savings returns and income tax payable	6,396	19,115
Deferred tax on pension savings returns and income tax	271	261
Payables to credit institutions	48,720	27,333
Other payables	21,746	11,288
Total payables	181,012	140,319
Guaranteed benefits	803,490	759,628
Bonus potential	114,446	125,980
Total pension provisions	917,936	885,608
Minority interests	487	611
Total liabilities	1,099,436	1,026,539

The ATP Group – Cash flow statement, summary

DKKm	H1 2020	H1 2019
Cash flows from operating activities		
Cash flows from pension activities	(3,282)	(3,169)
Cash flows from investment and hedging activities	8,738	6,255
Cash flows from administration activities	154	(59)
Income tax paid and tax paid on pension savings returns	(19,117)	(4,210)
Total	(13,507)	(1,183)
Net cash flow from investment activities		
Purchase and sale of investment assets	15,583	(188)
Intangible assets, property, plant and equipment and owner-occupied properties	(56)	(54)
Total	15,527	(242)
Cash flow from financing activities		
Loan, capital increase and dividend from/to minority shareholders	19	(4)
Total	19	(4)
Change in cash and cash equivalents	2,039	(1,429)
Foreign currency translation adjustments	(118)	(41)
Cash and cash equivalents, beginning of period	7,020	8,201
Cash and cash equivalents, end of period	8,941	6,731

The ATP Group – Note 1: Accounting policies

Accounting policies

The interim report of the ATP Group and ATP for the period 1 January 2020 to 30 June 2020 has been prepared in accordance with IAS 34 'Interim Financial Reporting' and in accordance with additional Danish disclosure requirements as set out in 'Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Scheme'(Bekendtgørelse om finansielle rapporter for Arbejdsmarkedets Tillægspension).

Apart from the changes listed below, the accounting policies are consistent with those applied in the annual report for 2019. Significant risks faced by the Group and ATP and significant accounting estimates made by the Supervisory and Executive Boards which may affect the Group and ATP are described in detail in the annual report for 2019.

Changes in accounting policies

Effective from 1 January 2020, the ATP Group and ATP have implemented the following new or revised standards and interpretations:

- Amendments to IAS 1 and IAS 8, Definition of materiality level
- Amendments to IFRS 3, Business combinations
- Amendments to IFRS 9 and IFRS 7, Reform of reference centre (IBOR reform)
- Amendments to IFRS' conceptual framework

All standards and interpretation contributions have been implemented without having an impact on the interim report for H1 for the ATP Group and ATP. The interim report has not been subject to review or audit.

Presentation of notes and cash flow statement

The cash flow statement (summary) is presented only for the ATP Group.

Notes 2-4 are presented only for the ATP Group.

Notes 5-7 are presented only for the ATP parent company.

The ATP Group – Note 2: Contingent liabilities

DKKm	H1 2020	The year 2019
Investment and loan commitments		
Investment commitments, equity investments	14,304	15,346
Investment commitments, property funds	1,170	1,293
Investment commitments, Danish properties	36	60
Investment commitments, infrastructure	5,673	6,254
Investment commitments, credit funds	3,617	4,288
Loan commitments, businesses	9,313	15,702
Loan commitments, credit funds	4,074	4,947
Other contingent liabilities		
Rental/leasing liabilities and contractual liabilities related to the acquisition of intangible assets	488	488
Potential deferred tax related to property ¹	268	268
'Letters of credit' to businesses	820	986
Other contingent liabilities	-	52

¹ Under certain conditions, the ATP Group is not subject to income tax on the activities of its subsidiary ATP Ejendomme A/S as of and including 2001. If the conditions for tax exemption are not met, provisions are made for both current and deferred tax in the company. In H1 2020, ATP Ejendomme A/S met the conditions for tax exemption.

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

The ATP Group – Note 3: Pension provisions

DKKm	H1 2020	H1 2019
Guaranteed benefits		
Fair value, beginning of period	759,628	693,373
<i>Change in provisions for the period:</i>		
Contributions	5,215	4,960
– of which transferred to bonus potential	(1,043)	(992)
Pension benefits	(8,605)	(8,549)
Change due to life expectancy update	(1,130)	(3,231)
Change due to change in discount rate	48,652	72,426
Change due to maturity reduction	690	2,949
Bonus addition for the period	-	-
Other changes	83	358
Total change in provisions for the period	43,862	67,921
Fair value, end of period	803,490	761,294
Bonus potential		
Bonus potential:		
Balance, beginning of period	125,952	92,054
Changes during the period	(11,538)	27,427
Balance, end of period	114,414	119,481
Revaluation reserve:		
Balance, beginning of period	28	32
Changes during the period	4	0
Balance, end of period	32	32
Total bonus potential	114,446	119,513
Total pension provisions	917,936	880,807

The ATP Group – Note 4: Fair value measurement of financial instruments

Below the fair value determination of various assets and liabilities is described. Disclosure requirements for the ATP Group in relation to assets and liabilities recognised at fair value, levels 2 and 3, are listed below. See the following page for a definition of levels. Most of the Group's financial assets and liabilities are measured at fair value. All fair value measurements disclosed are recurring value measurements.

Group	Fair value 30/06/2020	Fair value 31/12/2019	Fair value hierarchy	Valuation method used	Applied observable/unobservable inputs	Fair value sensitivity to changes in unobservable inputs
	DKKm	DKKm				
Bonds, listed	633,981	600,224	1	Listed price or price quote.	-	-
Bonds, observable	4,673	13,109	2	Discounting to net present value using a relevant yield curve with the addition of a spread.	Rentekurver, spreads.	-
Inputs	4,673	13,109	2	Discounting to net present value using a relevant yield curve with the addition of a spread.	Yield curves, spreads.	-
Bonds, unobservable inputs	17,585	16,996	3	Discounting of expected future cash flows to net present value using relevant yield curves and investment-specific credit spread premiums.	Investment-specific credit spread premiums used on yield curves	If investment-specific credit spread premiums increase by 1 percentage point, the fair value is altered by DKKm (365).
Equity investments, listed	81,410	77,327	1	Listed price.	-	-
Equity investments, unlisted	0	78	2	Purchase price for recent transactions.	-	-
Equity investments, unlisted	51,747	55,342	3	Reported fair value. ¹	-	-
Equity investments, unlisted	4,170	3,820	3	Discounting of expected future cash flows to net present value.	Applied discount factor	If the discount factor changes +/- 0.5 per cent, the fair value will change by DKKm (157)/+165.
Equity investments, unlisted	2,370	2,779	3	Multiple analysis.	Valuation multiples used	If the valuation multiples used are reduced by (10) per cent, the fair value is altered by DKKm (341).
Financial derivatives, listed (net)	2,091	736	1	Listed price ² .	-	-
Financial derivatives, unlisted (net)	55,710	28,798	2	Linear financial instruments (e.g. interest rate swaps) are valued using inputs of relevant curves, indices, spreads for calculating future payments and discounting using the relevant yield curve. For non-linear financial instruments, volatilities and methods reflecting applicable market practice for the valuation of these instruments are also used. ²	Yield curves, spreads.	-
Loans	8,497	8,793	3	Discounting of expected future cash flows to net present value using relevant yield curves and investment-specific credit spread premiums.	Investment-specific credit spread premiums used on yield curves	If investment-specific credit spread premiums increase by 1 percentage point, the market value is altered by DKKm (82).
Investments in associates and joint ventures	31,036	34,194	3	Reported fair value. ¹	-	-
Investments in associates and joint ventures	273	328	3	'Sum-of-the-parts' valuation.	Haircuts applied to underlying assets	If the haircut applied to underlying assets increases by 5 per cent, the market value is altered by DKKm (12).
Investments in associates and joint ventures	15,279	16,340	3	Discounting of expected future cash flows to net present value.	Applied discount factor	If the discount factor changes +/- 0.5 per cent, the fair value will change by DKKm (1,737)/2,171.
Investments in associates and joint ventures	161	583	3	Multiple analysis.	Valuation multiples used	If the valuation multiples used are reduced by (10) per cent, the fair value is altered by DKKm (20).
Investment properties	24,136	24,069	3	Return-based model.	Return requirement – 4.25 per cent to 8.50 per cent (avg. 5.00 per cent).	If the average return requirement of 5.00 per cent is increased by 0.25 per cent (25 bp.), the fair value of the Group's investment properties changes by DKKm (1,019).
Receivables from credit institutions	25,345	33,417	2	Discounting to net present value using relevant yield curve.	Yield curves.	-
Payables to credit institutions	48,720	27,333	2	Discounting to net present value using relevant yield curve.	Yield curve	-

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

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

The ATP Group – Note 4: Fair value measurement of financial instruments, continued

In the determination of fair value, the ATP Group uses a predefined hierarchy in IFRS 13, consisting of three levels of inputs.

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

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

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

H1 2020				
DKKm	Quoted prices	Observable inputs	Non-observable inputs	Total
	Level 1	Level 2	Level 3	
Assets				
Bonds	633,981	4,673	17,585	656,239
Equity investments	81,410	0	58,287	139,697
Financial derivatives	2,139	159,541	0	161,680
Loans	0	75	8,497	8,572
Investments in associates and joint ventures	0	0	46,749	46,749
Investment properties	0	0	24,136	24,136
Receivables from credit institutions	0	25,345	0	25,345
Total	717,530	189,634	155,254	1,062,418
Liabilities				
Financial derivatives	48	103,831	0	103,879
Payables to credit institutions	0	48,720	0	48,720
Total	48	152,551	0	152,599

For financial instruments measured at fair value using unobservable data (level 3), the movements for the year are as follows:

Assets	Statement of financial position as of 01.01.20	Realised/unrealised gains or losses for the period, recognised	Purchase	Sale	Reclassifications	Transfer in/out of level 3	Statement of financial position as of 30.06.20	Losses/gains on assets held
	Bonds	16,996	114	862	(387)	0	0	17,585
Equity investments	61,941	(3,026)	11,623	(12,329)	0	78	58,287	(2,517)
Loans	8,793	(796)	12,876	(12,376)	0	0	8,497	(809)
Investments in associates and joint ventures	51,445	(3,723)	215	(1,188)	0	0	46,749	(3,599)
Investment properties	24,069	(327)	400	(6)	0	0	24,136	(327)
Total	163,244	(7,758)	25,976	(26,286)	0	78	155,254	(7,401)

Transfer into level 3 in 2020 consists of equity investments in associates which were at the end of 2019 valued at "purchase price for recent transactions" (level 2), and which in 2020 will be valued using a valuation method using unobservable inputs.

The ATP Group – Note 4: Fair value measurement of financial instruments, continued

31.12.2019

DKKm	Level 1	Level 2	Level 3	Total
Assets				
Bonds	600,224	13,109	16,996	630,329
Equity investments	77,327	78	61,941	139,346
Financial derivatives	1,041	110,815	-	111,856
Loans	0	74	8,793	8,867
Investments in associates and joint ventures	0	0	51,445	51,445
Investment properties	0	0	24,069	24,069
Receivables from credit institutions	0	33,417	0	33,417
Total	678,592	157,493	163,244	999,329
Liabilities				
Financial derivatives	-	27,333	-	27,333
Payables to credit institutions	305	82,017	-	82,322
Total	305	109,350	-	109,655

For financial instruments measured at fair value using unobservable data (level 3), the movements for the year are as follows:

Assets	Statement of financial position as of 01.01.19	Realised/urealised gains or losses for the period, recognised	Purchase/contribution	Sale/distribution	Reclassifications	Transfer in/out of level 3	Loss/profit of financial position 31.12.19	Loss/profit of equities as of holdings
Bonds	10,703	594	7,674	(1,975)	-	-	16,996	135
Equity investments	55,367	7,676	13,894	(16,937)	(1,532)	3,473	61,941	7,133
Loans	7,666	592	13,448	(12,913)	-	-	8,793	341
Investments in associates and joint ventures	42,407	2,260	4,840	(1,227)	1,532	1,633	51,445	2,250
Investment properties	22,950	334	1,107	(322)	0	0	24,069	290
Total	139,093	11,456	40,963	(33,374)	0	5,106	163,244	10,153

Transfer into level 3 in 2019 consists of equity investments and equity investments in associates which were at the end of 2018 valued at "purchase price for recent transactions" (level 2), and which in 2019 will be valued using a valuation method using unobservable inputs.

Losses and gains related to level 3 are recognised in the income statement in the items 'Market value adjustments related to investment activities' and 'Market value adjustments related to hedging activities'.

ATP – Income statement

DKKm	H1 2020	H1 2019	Q2 2020	Q2 2019
Investments				
Income from group subsidiaries	(2,046)	4,292	1,184	1,870
Income from associates and joint ventures	(3,798)	628	(1,853)	336
Income from investment properties	25	13	19	7
Interest income and dividends etc. related to investment activities	2,134	2,430	957	1,125
Consulting fees and fee income	392	578	158	290
Market value adjustments related to investment activities	(7,418)	22,668	17,141	6,524
Interest expenses related to investment activities	(980)	(1,345)	(285)	(701)
Investment activity expenses	(267)	(225)	(132)	(110)
Tax on pension savings returns in respect of investment activities	1,890	(4,270)	(2,575)	(1,338)
Investment activity results	(10,070)	24,770	14,611	8,003
Hedging activities				
Interest income related to hedging activities	6,854	7,689	3,386	3,797
Market value adjustments related to hedging activities	47,392	80,090	14,947	39,964
Interest expenses related to hedging activities	(97)	(111)	(19)	(39)
Tax on pension savings returns in respect of hedging activities	(8,285)	(13,413)	(2,802)	(6,689)
Change in guaranteed benefits due to change in discount rate	(48,652)	(72,426)	(15,341)	(36,876)
Change in guaranteed benefits due to maturity reduction	(690)	(2,949)	(281)	(1,316)
Hedging activity results	(3,479)	(1,121)	(111)	(1,161)
Investment and hedging activity results	(13,549)	23,649	14,500	6,842
Pension				
Contributions	5,215	4,960	2,692	2,504
Benefit payouts	(8,605)	(8,549)	(4,272)	(4,224)
Change in guaranteed benefits due to contributions and pension benefits	4,350	4,223	2,189	2,041
Interest income related to pension activities	5	5	3	2
Interest expenses related to pension activities	(1)	(2)	0	(1)
Pension activity expenses	(107)	(93)	(51)	(46)
Tax on pension savings returns in respect of pension activities	(1)	(1)	(1)	(1)
Pension activity results before change in life expectancy	856	543	560	275
Change in guaranteed benefits due to change in life expectancy	1,130	3,231	1,130	3,231
Pension activity result	1,987	3,775	1,691	3,507
Administration				
Other income	1,140	1,264	506	654
Other expenses	(1,115)	(1,261)	(538)	(677)
Administration activity result	25	3	(32)	(23)
Result before bonus	(11,537)	27,427	16,159	10,326
Bonus addition for the period	0	0	0	0
Net profit for the period	(11,537)	27,427	16,159	10,326
Danish FSA ratios (per cent)				
Return before tax on pension savings returns – N1	4.8	14.9	4.0	6.3
Return after tax on pension savings returns	4.1	12.6	3.4	5.4
Members (number in thousands)	5,297	5,217	5,297	5,217
Expenses				
Pension activity expenses per member (DKK)	20	18	9	9

ATP – Statement of comprehensive income

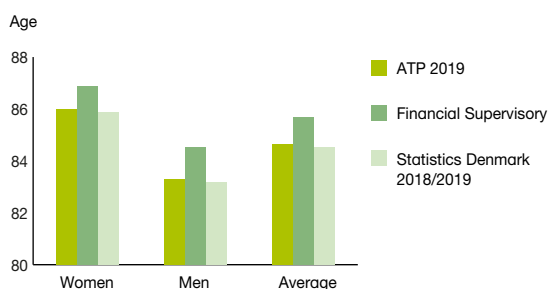
DKKm	H1 2020	H1 2019	Q2 2020	Q2 2019
Net profit for the period	(11,537)	27,427	16,159	10,326
Items that may not be reclassified to the result:				
Revaluation of owner-occupied properties	4	0	2	0
Tax on pension savings returns regarding value adjustments for owner-occupied properties	(1)	0	(1)	0
Total	3	0	1	0
Other comprehensive income	3	0	1	0
Comprehensive income for the period	(11,534)	27,427	16,160	10,326

ATP – Statement of financial position

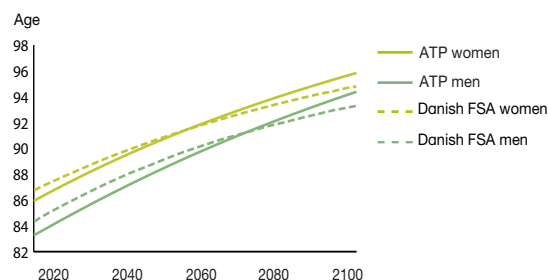
DKKm	H1 2020	The year 2019
ASSETS		
Cash and demand deposits	6,799	5,021
Bonds	647,461	619,257
Equity investments	107,252	105,370
Financial derivatives	161,340	111,567
Loans	4,130	4,200
Loans to subsidiaries	3,458	3,416
Receivables from subsidiaries	2	2
Investments in subsidiaries	75,047	79,013
Investments in associates and joint ventures	39,686	43,615
Intangible assets	1,214	1,151
Owner-occupied properties	871	873
Operating equipment	6	8
Contributions receivable	2,785	2,718
Receivables from credit institutions	24,586	33,238
Tax receivable on pension savings returns and income tax	306	306
Other receivables	21,173	13,782
Other prepayments	938	935
Total assets	1,097,055	1,024,472
EQUITY AND LIABILITIES		
Financial derivatives	104,242	82,178
Tax payable on pension savings returns	6,397	19,115
Payables to credit institutions	47,860	27,246
Other payables	20,620	10,325
Total payables	179,119	138,864
Guaranteed benefits	803,490	759,628
Bonus potential	114,446	125,980
Total pension provisions	917,936	885,608
Total liabilities	1,097,055	1,024,472

ATP – Note 5: Impact of the Danish FSA’s life expectancy model (benchmark) on the determination of ATP’s provisions

Life expectancies for 65-year-olds



Expected future increases in life expectancy



Note: Projected life expectancy (65-year-olds) in ATP’s life expectancy model and FSA benchmark.

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

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

Observed current life expectancy

The Danish FSA’s benchmark for observed current life expectancy is based on data from a number of Danish life insurance companies and industry-wide pension funds with a total membership of 2.8 million clients. The observed current life expectancy applied by ATP is based on data relating to ATP’s approximately 5 million members.

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

Expected future increases in life expectancy

The Financial Supervisory Authority’s benchmark for ex-

pected future increases in life expectancy is based on the life expectancy developments in Denmark over the past 20 years. ATP’s model for expected future increases in life expectancy is based on comparable data for the period 1970-2016 from 18 OECD countries. The model is based on data on ATP members and about approx. 330 million inhabitants of the 18 OECD countries.

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

ATP’s guaranteed benefits

In addition to the value of ATP’s pension liabilities in the financial statements, ATP also calculates guaranteed benefits based on the current life expectancy of the ATP population in combination with the Danish FSA’s benchmark for expected future increases in life expectancy. Using the Danish FSA’s model, the value of the guaranteed benefits would be DKK 788.9bn at the end of H1, whereas it was DKK 803.5bn using ATP’s life expectancy model. In other words, ATP’s bonus potential would have been DKK 14.6bn higher if ATP had used the Danish FSA’s model.

ATP – Note 6: ATP’s value creation from guarantees and bonus potential (after tax)

Per cent	H1 2020	H1 2019	The year 2019	The year 2018	The year 2017	The year 2016	The year 2015
Value creation from guarantees (after tax)	1.7	1.7	3.4	3.5	3.7	3.7	3.8
Value creation from bonus potential (after tax)	(10.9)	25.3	30.3	(7.0)	22.5	7.3	10.9
Total value creation (after tax)	(1.0)	5.7	8.0	1.5	7.3	4.4	5.2

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

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

Value creation from the bonus potential illustrates the return on the bonus potential. This ratio is driven primarily by investment returns, but is for example also impacted by hedging activity results and administration expenses.

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

For more information about the definition of ATP’s value creation ratios, see ‘Further Information’ at: www.atp.dk/en/results-and-reports/results-and-reports-atp-group

ATP – Note 7: Market value of ATP’s investment portfolio

Market value of ATP’s investment portfolio at end-H1 2020

DKKbn	Total
Listed Danish equities	31.0
Listed international equities	51.5
Private equity	30.6
Government and mortgage bonds	99.5
Credit	37.9
Infrastructure	43.4
Real estate	48.3
Inflation-related instruments	(4.1)
Other	10.3
Total market value	348.3

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