

Report

DKK 5.6bn

Net results for the period before life expectancy increase

DKK 9.9bn

Provisions for increased life expectancy

DKK (4.3)bn

Net results for the period

6.7 per cent

Investment return

DKK 97bn

Bonus potential

DKK 800bn

Net assets



ATP's investments performed well in H1, generating a return of 6.7 per cent. ATP's projections of life expectancy in Denmark have also increased, and we have transferred DKK 9.9bn from the free reserves (bonus potential) to the guaranteed benefits," says ATP CEO Carsten Stendevad.

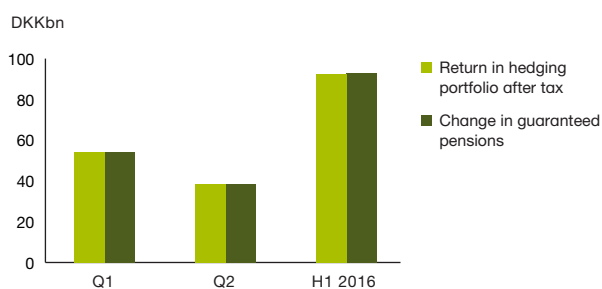
Group financial highlights

DKKm	H1 2016	H1 2015	FY 2015
Investment			
Investment return	6,854	11,468	16,548
Expenses	(408)	(380)	(837)
Tax on pension savings returns	(739)	(1,686)	(2,259)
Investment activity results	5,707	9,402	13,452
Hedging			
Change in guaranteed benefits due to discount rate and maturity reduction	(92,966)	18,641	4,498
Return in hedging portfolio etc.	108,951	(23,629)	(7,992)
Tax on pension savings returns	(16,670)	3,615	1,223
Hedging activity results	(685)	(1,373)	(2,271)
Investment and hedging activity results	5,022	8,029	11,181
Pension			
Contributions	4,767	4,515	9,055
Pension benefits	(7,698)	(7,241)	(14,566)
Change in guaranteed benefits due to contributions and payments	3,622	3,238	6,694
Administration expenses, ATP Pension	(126)	(148)	(283)
Other items	0	6	149
Results before life expectancy update	565	370	1,049
Life expectancy update	(9,901)	(3,723)	(3,723)
Pension activity results	(9,336)	(3,353)	(2,674)
Business processing, external parties			
Business processing income, external parties	644	628	1,251
Business processing expenses, external parties	(622)	(591)	(1,229)
Income tax	0	(1)	(1)
Business processing results, external parties	22	36	21
Results before bonus	(4,292)	4,712	8,528
Pension increase added	0	0	(3,017)
Net results for the period	(4,292)	4,712	5,511
Guaranteed benefits	703,217	590,270	603,972
Bonus potential	96,909	100,537	101,242
Net assets	800,126	690,807	705,214

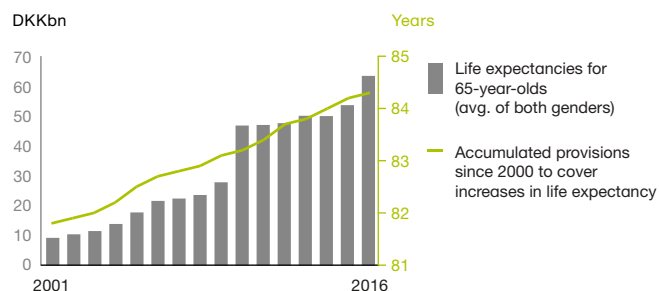
Return ratios

Investment return relative to bonus potential (before expenses and tax), per cent	6.7	12.0	17.2
Investment return relative to bonus potential (after expenses and tax), per cent	5.6	9.8	13.9

Hedging of guaranteed pensions safeguards reserves



Additional provisions due to increases in life expectancy



PROFIT FOR THE PERIOD – HIGHLIGHTS

In H1 2016, the ATP Group achieved a profit of DKK 5.6bn before the life expectancy update. The positive results were primarily driven by positive bond yields and private equity returns, while ATP's long-term hedging strategies against inflation increases recorded the largest negative return.

Following the rapid growth in life expectancy in recent years, both in Denmark and internationally, ATP has adjusted its long-term forecast of life expectancy, providing a further DKK 9.9bn for improved life expectancy. This means that DKK 9.9bn is transferred from the bonus potential to the guaranteed benefits.

ATP subsequently posted a loss of DKK 4.3bn for H1.

ATP's reserves – its bonus potential – stood at DKK 96.9bn, equivalent to a bonus rate of 13.8 per cent, at the end of H1 2016. The value of the pension liabilities was DKK 703.2bn at the end of H1. Hence, aggregated assets were DKK 800.1bn.

ATP has provided DKK 17.4bn for tax on pension savings returns in H1 2016.

INVESTMENT AND HEDGING

ATP's overall objective is to provide the best possible pen-

sions in the form of a lifelong guarantee which is to enable ATP, along with the state-funded old-age pension system, to provide the basic pension coverage for the Danish population. ATP has two value creation sources at its disposal: a hedging portfolio and an investment portfolio.

The objective of hedging is to safeguard the guaranteed return and thus ensure ATP's ability, at all times, to deliver on the guarantees issued.

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

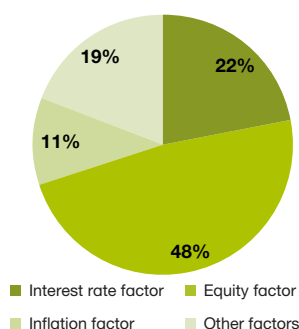
The objective of the investment portfolio is to generate a return that is sufficient to build reserves for, for example, life expectancy updates and to raise the guaranteed pensions and thus aim to preserve the long-term purchasing power of the benefits.

Total investment and hedging activity results were a profit of DKK 5.0bn in H1. The Supervisory Board has set a performance target at DKK 7.1bn for the full year 2016.

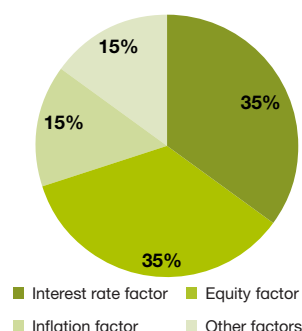
Investment

To maintain a robust investment portfolio with a stable return and the greatest possible independence from cyclical variations, investment decisions are managed through a

Average risk allocation of the investment portfolio¹ in H1 2016



Long-term guideline for the risk allocation of the investment portfolio¹



¹The average risk allocation for H1 2016 and the Supervisory Board's long-term guideline are exclusive of the Supervisory Board's long-term strategies against inflation increases

strategy of risk diversification.

All investments consist of a number of basic building blocks – risk factors – which can be combined in various ways to achieve a portfolio with an appropriate level of risk diversification. ATP determines the risk associated with each investment on the basis of up to four different risk factors, depending on the types of risk to which the investment is exposed, and the investments are composed to achieve an appropriate level of risk diversification. The aim is to produce a stable return with the greatest possible independence from cyclical variations.

Therefore, ATP's new investment strategy focuses on the underlying risks of an investment rather than its asset class.

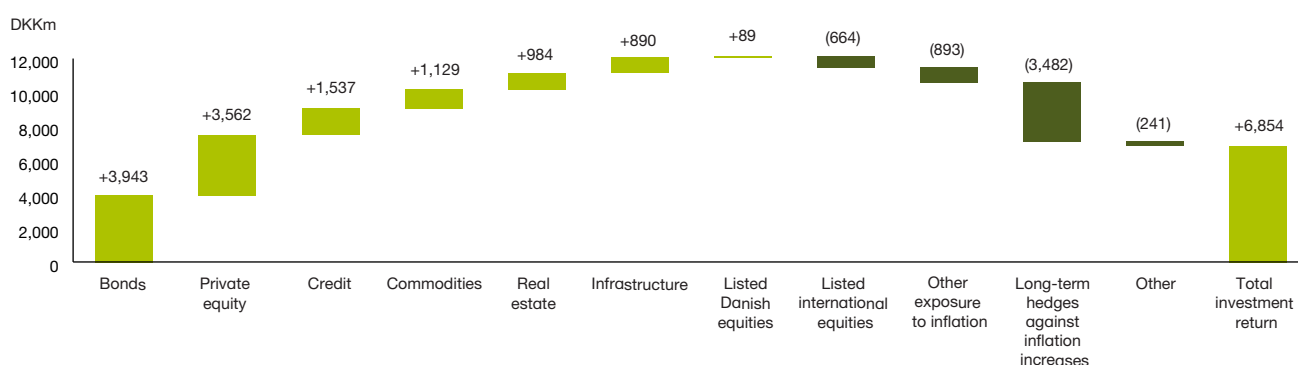
The four risk factors are: 'Equity factor', 'Interest rate factor', 'Inflation factor' and 'Other factors'.

The factor investing approach informs investment decisions and this approach allows analysis and comparison of investments without reference to asset type. The factor investing approach is primarily an internal risk management tool, and ATP will continue to refer to the traditional asset classes in its return reporting. For more information, reference is made to the ATP Group's Annual Report 2015.

ATP's Supervisory Board has issued a guideline for the long-term allocation of investment risks between the four risk factors. This guideline should be seen as a long-term 'anchor' for risk allocation. Thus, the actual portfolio may deviate from the guideline at any time due to market conditions, among other factors.

In H1, like in 2015, ATP had a lower risk in the Interest rate factor, in particular, than the Supervisory Board's long-term guideline, while the risk in the Equity factor, in particular, was higher than the long-term guideline. This should be seen in the context of the highly accommodative monetary policy stance maintained by the central banks, which, again in H1 2016, kept yields on safe-haven government bonds pinned at very low levels. This means that both the current return and potential capital gains from bond investments are expected to be highly limited, and it is uncertain whether safe-haven government bonds, especially European government bonds, can contribute to efficient diversification of risk. Consequently, ATP has not retained its long-term strategic portfolio of nominal bonds in the Interest rate factor, and at the end of H1 illiquid investments accounted for close to half of the risk in the Interest rate factor. The relatively high risk in the Equity factor could be maintained without significantly increasing the risk of high losses because, in overall terms, ATP's investment risk was low compared to the possible risk exposure defined by the Supervisory Board.

Composition of investment return for H1 2016



Note: The item 'Other' primarily consists of interest payments to the hedging portfolio and expenses in subsidiaries.

Investment activity results

ATP's investment activity results after expenses and tax totalled DKK 5.7bn.

In H1, the investment portfolio generated a return before tax and expenses of DKK 6.9bn, equivalent to a rate of return of 6.7 per cent relative to the bonus potential at the beginning of the year.

The positive return was primarily driven by positive bond yields and private equity returns, while ATP's long-term hedging strategies against inflation increases produced the largest negative contribution.

Bonds, consisting of global bonds and Danish mortgage bonds, generated a return of DKK 3.9bn. The portfolio of global bonds, consisting primarily of US government bonds with a term to maturity of approx. 10 years, posted a return of DKK 4.0bn. The positive return was driven mostly by interest rate developments, given that yields on US government bonds with a 10-year term to maturity ended H1 lower than they started.

The overall equity portfolio, consisting of listed Danish and international equities and private equity, generated a return of DKK 3.0bn.

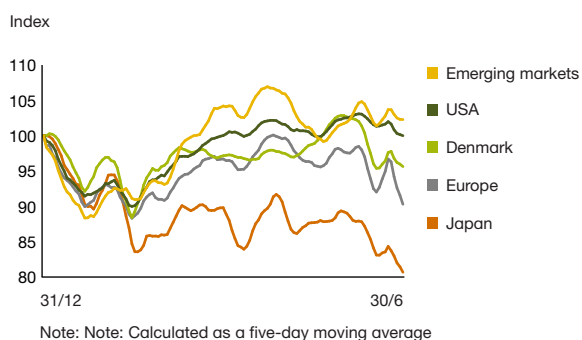
Listed Danish equities produced a return of DKK 0.1bn. Holdings in Genmab A/S in particular contributed positively to performance, while holdings in Bavarian Nordic A/S detracted from the return.

Listed international equities, consisting primarily of US, European and Japanese equities, recorded a negative return of DKK 0.7bn. US equities, in particular, made a positive contribution to performance, while Japanese equities were the main detractors.

The portfolio of *private equity* consists mainly of ATP Private Equity Partners, investing in international private equity funds. Also included in the portfolio are venture investments such as NOW:Pensions and direct equity investments in, for instance, FIH and – until the IPO in early June – DONG Energy. The overall portfolio of private equity generated a return of DKK 3.6bn. The return in ATP Private Equity Partners accounted for DKK 0.7bn, which was achieved broadly across most of the portfolio. The investment in DONG Energy, made in 2014, generated an aggregate return in the order of DKK 4.0bn, DKK 2.9bn of which relates to 2016.

Credit, consisting of high-yield bonds and loans to credit institutions and funds, produced a return of DKK 1.5bn. High-yield bonds, consisting primarily of bonds issued by companies with low credit ratings or by emerging markets,

Equity price developments in H1 2016



Investment return relative to the bonus potential (before expenses and tax)

6.7 per cent for the first half of 2016

14.3 per cent on average for the last 3 years

49.5 per cent cumulative for the past 3 years

generated a return of DKK 1.0bn. The positive return was mainly attributable to a decline in yields on emerging market bonds. Loans to credit institutions and funds that invest, among other things, in bank loans, real estate-related loans and corporate loans, produced a positive return of DKK 0.5bn, derived primarily from current interest income on corporate loans. Most of ATP's investment in Nets is included in the portfolio of credit.

Commodities, consisting of commodity-related financial contracts, recorded a return of DKK 1.1bn, achieved widely across the portfolio, and investments in industrial metals, gold and oil all contributed positively to performance.

Real estate investments posted a return of DKK 1.0bn, primarily attributable to current rental income.

The portfolio of *infrastructure investments*, which includes forestry investments in North America and Australia as well as investments in alternative energy sources.

The portfolio of *long-term hedging strategies against inflation increases* consists of swaptions to hedge against inflation increases on a relatively simple and effective basis. A sudden spike in inflation, diluting the purchasing power of pensions, constitutes a significant risk for ATP's pensioners. To address this risk, ATP has been buying long-term hedges against inflation increases since 2009. ATP's hed-

ging against inflation increases is a long-term strategy, with some of the hedges running for up to 20 years.

The value of these hedges are expected to increase when inflation rises and decline when inflation falls. The negative return of DKK 3.5bn in H1 was due to long-dated European swap rates, which ended H1 lower than they started.

Other inflation exposure produced a negative return of DKK 0.9bn. This portfolio consists of inflation swaps, swaptions, index-linked bonds and an externally managed portfolio invested in a large number of different assets. The portfolio of swaptions was the largest detractor from performance, while the portfolio of inflation swaps was the largest positive contributor.

Hedging of guarantees

Hedging aims to safeguard the guarantees and ensure that ATP is able to deliver on the pension commitments made, including providing optimal hedging of the interest rate risk of ATP's pension liabilities. In other words, hedging ensures that members receive the ATP pensions promised, regardless of whether interest rates rise or fall. Hedging is planned to ensure that the market value of the hedging portfolio fluctuates in line with pension liabilities when interest rates change.

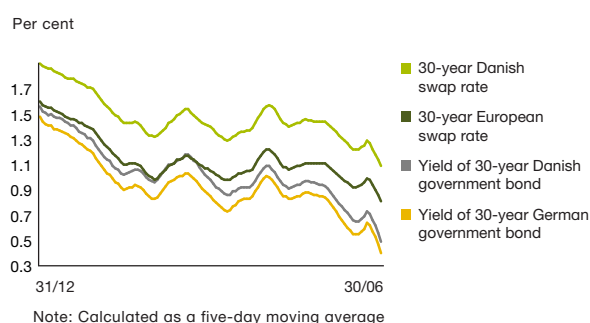
The hedging portfolio consists of bonds and interest rate

Hedging activity results for H1 2016

DKKm

Change in guaranteed pensions due to change in the discount rate	(89,556)
Change in guaranteed pensions due to maturity reduction	(3,410)
Change in guaranteed pensions	(92,966)
Return in hedging portfolio etc.	108,951
Tax on pension savings returns	(16,670)
Return in hedging portfolio after tax	92,281
Hedging activity results	(685)

Interest rate developments in H1 2016



swaps to hedge the interest rate risk on guarantees up to 40 years and a fixed return of 3 per cent on the value of guarantees beyond 40 years. Funds not tied up in the hedging portfolio as a result of the use of financial instruments are available for investment in the investment portfolio within a pre-defined risk budget. A market rate on the funds used by the investment portfolio is paid to hedging activities.

Hedging activity results

Hedging activity results were negative by DKK 0.7bn.

These results reflect large gross movements, mainly as a result of the decline in interest rates in H1 and the significant interest rate sensitivity of both the guaranteed benefits and the hedging portfolio.

The guaranteed benefits reflect the value of ATP's lifelong pension commitments to its members. Lower interest rates at the end of H1 than at the beginning of the year resulted in an increase in the value of the guaranteed benefits of DKK 89.6bn. At the same time, guaranteed benefits increased by DKK 3.4bn, because the benefits guaranteed to members at the beginning of the year are six months closer to payout. Similarly, the market return in the hedging portfolio was a positive DKK 109.0bn, driven primarily by yields on both government bonds and interest-rate swaps, which ended H1 lower than they started. The positive return resulted in tax on pension savings returns of DKK 16.7bn.

The negative hedging activity results of DKK 0.7bn correspond to less than 0.1 per cent of the guaranteed benefits of DKK 703.2bn, which is considered to be satisfactory.

PENSION

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

Pension activity results

Pension activities before the life expectancy update generated a profit of DKK 0.6bn in H1. This is primarily equivalent to the share of the contributions transferred to the bonus potential.

This year's life expectancy update resulted in an increase in guaranteed benefits of DKK 9.9bn, equivalent to 1.4 per cent of the guaranteed benefits. The additional provision reflects that, following the rapid increases in life expectancy in recent years, both in Denmark and internationally, ATP has adjusted its long-term forecast of life expectancy. This means that DKK 9.9bn is transferred from the bonus potential to the guaranteed benefits. After the life expectancy update, pension activities recorded a loss of DKK 9.3bn.

Contribution payments for H1 totalled DKK 4.8bn. Contributions are divided into guarantee contributions and bonus

Pension activity results for H1 2016

DKKm

Contributions	4,767
Pension benefits	(7,698)
Change in guaranteed benefits due to contributions and payments	3,622
Administration expenses, ATP Pension	(126)
Other items	0
Results before life expectancy update	565
Change in guaranteed benefits due to life expectancy update	(9,901)
Pension activity results	(9,336)

“An increase in life expectancy of close to 1 month for women and 0.5 months for men has been observed for ATP’s members in 2016.”

contributions. The guarantee contribution, accounting for 80 per cent of ATP contributions, is earmarked for the acquisition of new pension rights. The bonus contribution accounts for 20 per cent of ATP contributions. The bonus contribution is allocated to the bonus potential to be used for future increases in pensions.

At the end of H1 2016, 990,000 pensioners were receiving ATP Lifelong Pension, and pension payouts totalled DKK 7.7bn. Total payouts have risen relative to the same period last year, reflecting mainly an increase in the number of pensioners by 30,000.

Contribution payments increase pension liabilities, while pension payouts reduce pension liabilities. This is reflected in the item ‘Change in guaranteed benefits due to contributions and payments’, which totalled DKK 3.6bn.

Continued conservative determination of pension liabilities

ATP’s yield curve for valuation of pension liabilities is more conservative than that of the Danish Financial Supervisory Authority (FSA). Had ATP used the Danish FSA’s yield curve, ATP’s pension liabilities at the end of H1 would have been DKK 95.6bn lower than the current level of DKK 703.2bn and 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 FSA’s model. Had ATP used the Danish FSA’s life expectancy model, ATP’s pension liabilities at the end of H1 would have been DKK 11.5bn lower than the current level. And the bonus potential would have been correspondingly higher.¹

Overall, ATP’s pension liabilities would have been DKK 105.4bn lower and its bonus potential would have been correspondingly higher if the Danish FSA’s life expectancy model and its yield curve were used.

Value creation

In H1 2016, the overall value creation for ATP’s members was 2.4 per cent, reflecting the value creation stemming from the guarantees and ATP’s profit in H1. Value creation from the guarantees promised to ATP’s members was 1.9 per cent in H1, and it accumulates steadily over the year. The value creation from ATP’s bonus potential, which will enable an increase in pensions in the long term, was 4.5 per cent. This ratio was driven primarily by the investment return, but the ratio was affected also by matters relating to hedging and pension. For more information about these ratios, see note 6.

Low expenses

Low expenses contribute significantly to good pensions.

¹ For an illustration of the impact of the Danish FSA’s life expectancy model on the determination of ATP’s provisions, see note 5.

Business processing results in H1 2016

DKKm

Business processing income, external parties	644
Business processing expenses, external parties	(622)
Business processing results	22

In H1 2016, administration expenses for ATP Pension were DKK 126m – equivalent to DKK 25 per member for H1. In H1 2015, the administration expense ratio was DKK 30 per member. Expenses have been reduced thanks mainly to an efficient IT platform with low maintenance expenses.

ATP's overall direct and indirect investment expenses amounted to DKK 593m, equivalent to 0.08 per cent of the average assets managed by ATP in H1 2016, or DKK 119 per member.

BUSINESS PROCESSING, EXTERNAL PARTIES

Business processing results were DKK 22m.

In addition to the administration of ATP Lifelong Pension, the ATP Group performs business processing 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. Operating expenses are managed based on ambitious objectives of ensuring efficient and competitive operations. Digitisation and automation once again ensured low operating expenses in H1 2016.

In H1, the Processing Business incurred expenses of DKK 622m, which were re-invoiced primarily on a cost-recovery basis. These tasks contribute to economies of scale for the benefit of all of the schemes managed.

Government outsources tasks to ATP

On 26 April 2016, the Danish Parliament decided to transfer

regulatory responsibility from the Danish National Board of Industrial Injuries to Labour Market Insurance, which is to be managed by ATP. The transfer of regulatory responsibility on 1 July and the establishment of Labour Market Insurance are part of the Danish government's plan to relocate government jobs.

In the run-up to 1 July, the main focus has been on getting governance, supervisory board, legislation and IT systems in place. On 1 October 2016, ATP will also assume regulatory responsibility for a number of Danish Public Administration tasks.

EVENTS AFTER THE REPORTING DATE

From the reporting date until the date of the presentation of this report for H1 2016, no events have occurred that would materially affect the assessment of the report.

OUTLOOK FOR 2016

ATP's investment strategy is to ensure that ATP obtains a fair share of the continued gains in the financial markets, while, at all times, being able to meet the guarantees issued to members.

Based on an ambition of preserving the purchasing power of pensions as best as possible, the Supervisory Board has set a performance target for investment and hedging activities after tax and expenses. The performance target has been set at 7 per cent of the bonus potential at the beginning

of the year, equivalent to DKK 7.1bn for the full year 2016. This is an absolute return objective which is to be achieved in the long term, but which is not necessarily achieved each year. The objective is based on the principles underlying the target of safeguarding members' interests, preserving the purchasing power of pensions and providing an ambitious target. The objective 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.

Against this backdrop, investment and hedging activity results, a profit of DKK 5.0bn in H1 2016, are considered satisfactory.

With the cost savings realised in H1, an expense ratio for administration expenses of DKK 52 per member is expected for 2016 overall. In 2015, the expense ratio was DKK 57 per member, down from DKK 68 per member in 2012.

Hillerød, 24 August 2016



Jørgen Søndergaard
Chairman of the Supervisory
Board



Carsten Stendevad
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 2016. The interim report for H1 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 2015. 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 at 30 June 2016 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 2016. In our opinion, the management's review also provides a true and fair description of the development in the Group's and ATP's operations and financial position as well as a description of the most significant risks and uncertainties facing the Group and ATP.

Copenhagen, 24 August 2016

Executive

Board:

Carsten Stendevad
Chief Executive Officer

/Bo Foged
Chief Financial Officer

Supervisory

Board:

Jørgen Søndergaard
Chairman of the Supervisory
Board

Torben Dalby Larsen
Member of the Supervisory
Board

Kim Graugaard
Member of the Supervisory
Board

Lizette Risgaard
Member of the Supervisory
Board

Arne Grevsen
Member of the Supervisory
Board

Jacob Holbraad
Member of the Supervisory
Board

Anne Broeng
Member of the Supervisory
Board

Jan Walther Andersen
Member of the Supervisory
Board

Kim Simonsen
Member of the Supervisory
Board

Anne Jæger
Member of the Supervisory
Board

Bent Hansen
Member of the Supervisory
Board

Bente Sorgenfrey
Member of the Supervisory
Board

Lars Qvistgaard
Member of the Supervisory
Board

The ATP Group – Income statement

DKKm	H1 2016	H1 2015	Q2 2016	Q2 2015
Investment				
Income from associates	273	443	142	348
Income from investment properties	547	501	272	247
Consulting fee and fee income	8	86	4	15
Interest income and dividends etc.	2,469	3,431	1,286	2,143
Fee income	105	0	50	0
Market value adjustments	4,734	7,827	5,281	3,365
Interest expenses	(1,282)	(958)	(599)	(566)
Transferred to unit-linked contracts	0	138	0	138
Investment activity expenses	(408)	(380)	(214)	(195)
Investment activity results before tax on pension savings returns	6,446	11,088	6,222	5,495
Tax on pension savings returns	(725)	(1,679)	(836)	(976)
Income tax	(14)	(7)	(7)	(1)
Investment activity results	5,707	9,402	5,379	4,518
Hedging				
Interest income and dividends etc.	8,646	8,949	4,272	4,418
Market value adjustments	100,371	(32,290)	40,955	(104,724)
Interest expenses	(66)	(288)	(16)	(102)
Tax on pension savings returns	(16,670)	3,615	(6,918)	15,362
Change in guaranteed benefits due to change in discount rate	(89,556)	22,023	(37,075)	84,796
Change in guaranteed benefits due to maturity reduction	(3,410)	(3,382)	(1,579)	(1,759)
Hedging activity results	(685)	(1,373)	(361)	(2,009)
Pension				
Contributions	4,767	4,515	2,436	2,255
Fees	0	2	0	2
Benefit payouts	(7,698)	(7,241)	(3,842)	(3,607)
Change in guaranteed benefits due to contributions and pension benefits	3,622	3,238	1,796	1,648
Interest income related to pension activities	6	6	3	3
Interest expenses related to pension activities	(6)	(1)	(3)	(1)
Administration expenses, ATP	(126)	(148)	(64)	(71)
Tax on pension savings returns in respect of pension activities	0	(1)	0	0
Results before change in life expectancy	565	370	326	229
Life expectancy update	(9,901)	(3,723)	(9,901)	(3,723)
Pension activity results	(9,336)	(3,353)	(9,575)	(3,494)
Business processing				
Business processing income, external parties	644	628	335	318
Business processing expenses, external parties	(622)	(591)	(333)	(306)
Income tax in respect of business processing	0	(1)	0	(1)
Business processing results	22	36	2	11
Results before bonus	(4,292)	4,712	(4,555)	(974)
Bonus allowance for the period	0	0	0	0
Net results for the period	(4,292)	4,712	(4,555)	(974)

The ATP Group – Statement of comprehensive income

DKKm	H1 2016	H1 2015	Q2 2016	Q2 2015
Net results for the period	(4,292)	4,712	(4,555)	(974)
Items that may be reclassified to results:				
Translation adjustment of foreign subsidiaries	0	0	0	0
Total	0	0	0	0
Items that may not be reclassified to results:				
Revaluation of owner-occupied properties	2	4	2	2
Other	0	0	0	0
Total	2	4	2	2
Other comprehensive income	2	4	2	2
Comprehensive income for the period	(4,290)	4,716	(4,553)	(972)
Minority interests' share of net results for the period	43	10	35	6
The ATP Group's share of net results for the period	(4,333)	4,706	(4,588)	(978)
Allocated comprehensive income	(4,290)	4,716	(4,553)	(972)

The ATP Group – Statement of financial position

DKKm	H1 2016	FY 2015
ASSETS		
Cash and demand deposits	5,314	5,491
Bonds	581,536	520,244
Equity investments	82,183	81,279
Mutual fund units	4,944	5,535
Financial derivatives	138,172	81,932
Loans to portfolio companies	11,892	10,049
Investments in associates	14,218	13,018
Intangible assets	669	582
Investment properties	20,836	20,360
Owner-occupied properties	847	847
Operating equipment	24	23
Tax receivable on pension savings returns and income tax	1	0
Deferred tax on pension savings returns and income tax	1	8
Interest receivable and accrued rent	8,034	4,273
Contributions receivable	2,556	2,435
Receivables from credit institutions	47,032	35,428
Other receivables and other loans	6,963	2,144
Other prepayments	797	814
Total assets	926,019	784,462
EQUITY AND LIABILITIES		
Financial derivatives	76,309	57,782
Tax payable on pension savings returns and income tax payable	17,338	976
Deferred tax on pension savings returns and income tax	126	116
Payables to credit institutions	23,054	16,070
Other payables	8,696	3,965
Total payables	125,523	78,909
Guaranteed benefits	703,217	603,972
Bonus potential	96,909	101,242
Total pension provisions	800,126	705,214
Total minority interests	370	339
Total equity and liabilities	926,019	784,462

The ATP Group – Cash flow statement, summary

DKKm	H1 2016	H1 2015
Cash flows from operating activities		
Cash flows from pension activities	(2,615)	(2,458)
Cash flows from investment and hedging activities	6,096	7,698
Cash flows from business processing	103	119
Income tax paid and tax paid on pension savings returns	(1,031)	(15,462)
Total	2,553	(10,103)
Net cash flow from investment activities		
Purchase and sale of investment assets	(9,609)	10,982
Intangible assets, property, plant and equipment and owner-occupied properties	(121)	(38)
Total	(9,730)	10,944
Cash flow from financing activities		
Loans from credit institutions etc.	6,985	(1,742)
Total	6,985	(1,742)
Change in cash and cash equivalents	(192)	(901)
Foreign currency translation adjustments	15	38
Cash and cash equivalents, beginning of period	5,491	5,234
Cash and cash equivalents, end of period	5,314	4,371

The ATP Group – Note 1: Accounting policies

Accounting policies

The interim report of the ATP Group and ATP for the period 1 January 2016 to 30 June 2016 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) (available in Danish only).

Apart from the changes listed below, the accounting policies are consistent with those applied in the annual report for 2015. 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 2015.

Changes in accounting policies

Effective from 1 January 2016, the ATP Group and ATP have implemented the following new or revised standards and interpretations:

- Amendments to IAS 16 and IAS 38 on Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11 on Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 41 on Bearer Plants
- Amendments to IAS 1 as a result of the Disclosure Initiative
- Amendments to IAS 27 on the Equity Method in Separate Financial Statements
- Annual improvements to IFRSs 2012-2014

The standards have been implemented without an impact on the interim report of the ATP Group and ATP for H1.

None of the new standards have affected recognition and measurement.

The interim report for H1 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. Apart from the amounts, these disclosures are identical to those of the ATP parent company.

Notes 5-7 are presented only for the ATP parent company. These disclosures are identical to those of the Group.

The ATP Group – Note 2: Contingent liabilities

DKKm	H1 2016	FY 2015
Collateral		
Collateral in respect of financial derivatives and repo transactions	35,580	26,661
Investment and loan commitments		
Investment commitments, equity investments	13,755	13,871
Investment commitments, real estate funds	2,257	2,063
Investment commitments, Danish properties	95	388
Investment commitments, infrastructure funds	3,702	3,728
Investment commitments, credit funds	3,188	1,960
Investment commitments, biotech companies	878	878
Loan commitments, credit institutions	9,040	9,054
Other contingent liabilities		
Rental/lease obligations	314	355
Potential deferred tax related to properties ¹	192	151

¹ Under certain conditions, the ATP Group is not subject to income tax on the activities of its subsidiaries ATP Ejendomme A/S and Ejendomsselskabet Vangede 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 2016, ATP Ejendomme A/S and Ejendomsselskabet Vangede A/S met the conditions for tax exemption.

² 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 2016	H1 2015
Guaranteed benefits		
Market value, beginning of period	603,972	608,418
<i>Change in provisions for the year:</i>		
Current contributions	4,767	4,515
– of which transferred to bonus potential	(953)	(903)
Pension benefits	(7,698)	(7,241)
Change due to life expectancy update	9,901	3,723
Change due to change in discount rate	89,556	(22,023)
Change due to maturity reduction	3,410	3,382
Bonus allowance for the period	0	0
Other changes	262	391
<i>Total change in provisions for the year</i>	99,245	(18,156)
Market value, end of period	703,217	590,262
Bonus potential		
Bonus potential:		
Balance, beginning of period	101,191	95,790
Changes during the year	(4,335)	4,702
Balance, end of period	96,856	100,492
Revaluation reserve:		
Balance, beginning of period	51	41
Changes during the year	2	4
Balance, end of period	53	45
Total bonus potential	96,909	100,537
Provisions for unit-linked contracts		
Balance, beginning of period	0	174
Changes during the year	0	(166)
Balance, end of period	0	8
Total pension provisions	800,126	690,807

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.

	Fair value as at 30 June 2016	Fair value hierarchy	Valuation method used	Unobservable inputs/ranges used	Fair value sensitivity to changes in unobservable inputs
H1 2016 Group	DKKm				
Bonds, listed	573,704	1	Closing rates of relevant stock exchange.	-	-
Bonds, observable inputs	5,767	2	Discounting to net present value using a relevant yield curve with the addition of a spread.	Yields curves, spreads.	-
Bonds, unobservable inputs	2,065	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 reduced by DKK 82m.
Equity investments, listed	29,764	1	Closing rates of relevant stock exchange.	-	-
Equity investments, unlisted	50,407	3	Reported fair value. ¹	-	-
Equity investments, unlisted	2,012	3	Multiple analysis / for new investments traded by purchase, acquisition cost is used	Valuation multiples used	If the valuation multiples used are reduced by -10 per cent, the fair value is reduced by DKK 265m.
Mutual fund units	4,944	3	Reported fair value. ¹	-	-
Financial derivatives, listed (net)	(6,267)	1	Closing rates of relevant stock exchange.	-	-
Financial derivatives, unlisted (net)	68,130	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	Yields curves, spreads.	-
Loans to portfolio companies	11,892	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 reduced by DKK 158m.
Investments in associates	11,292	3	Reported fair value. ¹	-	-
Investments in associates	2,387	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 reduced by DKK 155m.
Investments in associates	539	3	Multiple analysis / for new investments traded by purchase, acquisition cost is used	Valuation multiples used	Decreasing expected value of underlying assets results in a lower fair value.
Investment properties	20,836	3	Return-based model.	Required rates of return – 5.0 per cent to 5.5 per cent.	If the required rate of return of 5.5 per cent is increased by 0.25 per cent (25 bps), the fair value of the Group's investment properties is reduced by DKK 876m.
Receivables from and payables to credit institutions (net)	23,978	2	Discounting to net present value using relevant yield curve. ²	Yield curves.	-

¹The fair value is 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.

²Financial derivatives and payables to/receivables from credit institutions 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 7, consisting of three levels of inputs.

Level 1: Quoted prices in an active market for the same type of instrument (e.g. listed equities).

Level 2: Quoted prices in an active market for similar assets or liabilities or other valuation methods in which all significant inputs are based on observable market data.

Level 3: Valuation methods in which significant inputs are not based on observable market data.

H1 2016				
DKKm	Quoted prices	Observable inputs	Un-observable inputs	Total
	Level 1	Level 2	Level 3	
Assets				
Bonds	573,704	5,767	2,065	581,536
Equity investments	29,764	0	52,419	82,183
Mutual fund units	0	0	4,944	4,944
Financial derivatives	3,694	134,478	0	138,172
Loans to portfolio companies	0	0	11,892	11,892
Investments in associates	0	0	14,218	14,218
Investment properties	0	0	20,836	20,836
Receivables from credit institutions	0	47,032	0	47,032
Total	607,162	187,277	106,374	900,813
Liabilities				
Financial derivatives	9,961	66,348	0	76,309
Payables to credit institutions	0	23,054	0	23,054
Total	9,961	89,402	0	99,363

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 at 1 January 2016	Realised/unrealised/gains or losses for the period, recognised	Purchase	Sale	Transfer into level 3	Transfer out of level 3.	Statement of financial position as at 30 June 2016	Losses/gains on assets held
Bonds	1,698	(29)	396	0	0	0	2,065	(29)
Equity investments	55,403	(400)	3,699	(4,008)	0	(2,275)	52,419	1,860
Mutual fund units	5,535	(88)	10	(513)	0	0	4,944	(87)
Loans to portfolio companies	10,049	270	2,165	(592)	0	0	11,892	248
Investments in associates	13,018	(11)	1,343	(132)	0	0	14,218	(24)
Investment properties	20,360	280	307	(111)	0	0	20,836	303
Total	106,063	22	7,920	(5,356)	0	(2,275)	106,374	2,271

The transfer for the period of equity investments out of level 3 to level 1 related to the IPO of DONG Energy A/S.

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

31.12.2015

DKKm	Level 1	Level 2	Level 3	Total
Assets				
Bonds	517,816	730	1,698	520,244
Equity investments	25,876	0	55,403	81,279
Mutual fund units	0	0	5,535	5,535
Financial derivatives	477	81,455	0	81,932
Loans to portfolio companies	0	0	10,049	10,049
Investments in associates	0	0	13,018	13,018
Investment properties	0	0	20,360	20,360
Receivables from credit institutions	0	35,428	0	35,428
Total	544,169	117,613	106,063	767,845
Liabilities				
Financial derivatives	1,323	56,459	0	57,782
Payables to credit institutions	0	16,070	0	16,070
Total	1,323	72,529	0	73,852

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 at 1 January 2015	Realised/ unrealised gains or losses for the period, recognised	Purchase	Sale	Transfer into level 3	Transfer out of level 3.	Statement of financial position as at 31 December 2015	Losses/ gains on assets held
Bonds	0	32	907	(14)	773	0	1,698	66
Equity investments	52,241	3,987	8,158	(8,983)	0	0	55,403	9,213
Mutual fund units	6,603	1,643	0	(2,711)	0	0	5,535	1,177
Loans to portfolio companies	5,142	781	6,221	(2,095)	0	0	10,049	1009
Investments in associates	10,208	926	3,080	(1,196)	0	0	13,018	1244
Investment properties	17,871	688	1,829	(28)	0	0	20,360	580
Total	92,065	8,057	20,195	(15,027)	773	0	106,063	13,289

ATP – Income statement

DKKm	H1 2016	H1 2015	Q2 2016	Q2 2015
Pensions & Investments				
Investment				
Income from subsidiaries	3,398	4,806	3,013	279
Income from associates	276	212	172	169
Income from investment properties	212	215	104	106
Interest income and dividends etc.	1,678	2,082	830	1,384
Fee income	103	74	49	8
Market value adjustments	2,059	4,588	2,649	4,018
Interest expenses	(1,175)	(869)	(557)	(523)
Transferred to unit-linked contracts	0	138	0	138
Investment activity expenses	(161)	(162)	(79)	(85)
Investment activity results before tax on pension savings returns and income tax	6,390	11,084	6,181	5,494
Tax on pension savings returns in respect of investment activities	(725)	(1,679)	(836)	(976)
Investment activity results after tax on pension savings returns and income tax	5,665	9,405	5,345	4,518
Hedging				
Interest income and dividends etc.	8,646	8,949	4,273	4,418
Market value adjustments	100,371	(32,290)	40,954	(104,724)
Interest expenses	(66)	(288)	(16)	(102)
Tax on pension savings returns in respect of hedging activities	(16,670)	3,615	(6,918)	15,362
Change in guaranteed benefits due to change in discount rate	(89,556)	22,023	(37,075)	84,796
Change in guaranteed benefits due to maturity reduction	(3,410)	(3,382)	(1,579)	(1,759)
Hedging activity results	(685)	(1,373)	(361)	(2,009)
Pension				
Contributions	4,767	4,515	2,436	2,255
Fees	0	2	0	2
Benefit payouts	(7,698)	(7,241)	(3,842)	(3,607)
Change in guaranteed benefits due to contributions and pension benefits ¹	3,622	3,238	1,796	1,648
Interest income related to pension activities	6	6	3	3
Interest expenses related to pension activities	(6)	(1)	(3)	(1)
Pension activity expenses	(126)	(148)	(64)	(71)
Tax on pension savings returns in respect of pension activities	0	(1)	0	0
Pension activity results before change in life expectancy	565	370	326	229
Change in guaranteed benefits due to change in life expectancy	(9,901)	(3,723)	(9,901)	(3,723)
Pension activity results	(9,336)	(3,353)	(9,575)	(3,494)
Total pension and investment activity results	(4,356)	4,679	(4,591)	(985)
Processing Business				
Other income	656	627	340	318
Other expenses	(635)	(604)	(339)	(313)
Processing Business results	21	23	1	5
Results before bonus	(4,335)	4,702	(4,590)	(980)
Bonus allowance for the period	0	0	0	0
Net results for the period	(4,335)	4,702	(4,590)	(980)
Danish FSA ratios (per cent)				
Return before tax on pension savings returns – N1	16.4	(1.8)	6.8	(12.3)
Return after tax on pension savings returns	13.9	(1.5)	5.8	(10.4)
Members (number in thousands)	4,995	4,860	4,995	4,922
Expenses				
Pension activity expenses per member (DKK)	25	30	13	14
Investment activity expenses per member (DKK)	32	33	16	17

ATP – Statement of comprehensive income

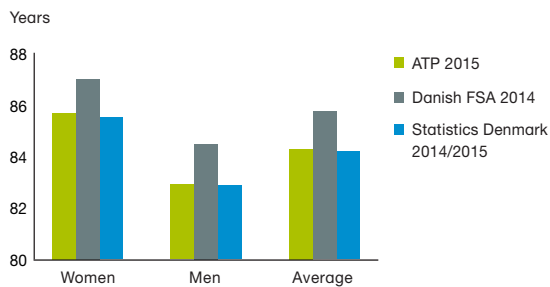
DKKm	H1 2016	H1 2015	Q2 2016	Q2 2015
Net results for the period	(4,335)	4,702	(4,590)	(980)
Items that may not be reclassified to results:				
Revaluation of owner-occupied properties	2	4	2	2
Other	0	0	0	0
Total	2	4	2	2
Other comprehensive income	2	4	2	2
Comprehensive income for the period	(4,333)	4,706	(4,588)	(978)

ATP – Statement of financial position

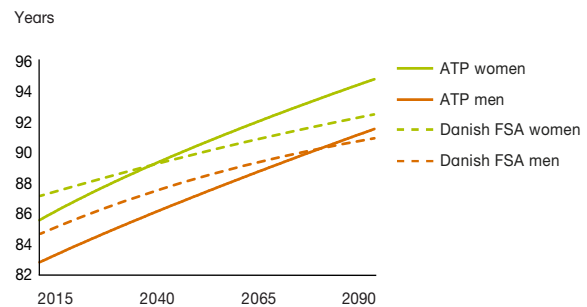
DKKm	H1 2016	FY 2015
ASSETS		
Cash and demand deposits	3,257	2,397
Bonds	557,944	494,443
Equity investments	46,952	43,759
Financial derivatives	137,275	81,930
Loans to portfolio companies	10,439	9,435
Loans to subsidiaries	2,825	2,695
Receivables from subsidiaries	374	526
Investments in subsidiaries	86,264	85,460
Investments in associates	8,571	7,910
Intangible assets	624	537
Investment properties	8,026	7,749
Owner-occupied properties	802	802
Operating equipment	20	19
Interest receivable and accrued rent	7,713	3,887
Contributions receivable	2,556	2,435
Receivables from credit institutions	45,751	35,428
Other receivables	2,125	1,010
Other prepayments	783	806
Total assets	922,301	781,228
EQUITY AND LIABILITIES		
Payables to subsidiaries	90	167
Financial derivatives	76,248	56,811
Tax payable on pension savings returns	17,338	976
Payables to credit institutions	23,054	16,070
Other payables	5,445	1,990
Total payables	122,175	76,014
Guaranteed benefits	703,217	603,972
Bonus potential	96,909	101,242
Total pension provisions	800,126	705,214
Total equity and liabilities	922,301	781,228

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 the Danish FSA’s benchmark.

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

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

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 2.4 million customers. The observed current life expectancy applied by ATP is based on data relating to ATP’s close to 5 million members.

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

Expected future increases in life expectancy

The Danish FSA’s benchmark for expected future increases in life expectancy is based on life expectancy developments in Denmark over the past 30 years. ATP’s model for expected future increases in life expectancy is based on comparable data for the period 1950-2012 from 18 OECD countries. The model is based partly on information about ATP’s members and partly on information about approx. 500 million inhabitants in 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 attributable, in particular, to the current shorter life expectancy of Danes relative to the average of the 18 OECD countries. ATP’s model assumes that Danish life expectancy will eventually correspond to the average of the 18 countries. After this period, increases in Danish life expectancy are expected to track international developments.

ATP’s guaranteed benefits

In addition to ATP’s guaranteed benefits 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 guaranteed benefits would be DKK 691.7bn at the end of H1, whereas they would be DKK 703.2bn using ATP’s life expectancy model. In other words, ATP’s bonus potential would have been DKK 11.5bn 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 2016	H1 2015
Value creation from guarantees	1.9	1.9
Value creation from bonus potential	4.5	7.9
Total value creation	2.4	3.1

The financial statements reflect the results of ATP's business and describe how the profit for the year is transferred to the bonus potential. Hedging of the guarantees is also described in the financial statements, but the return implied by the guarantees is not directly accounted for¹. The return is a crucial element of the value creation from the perspective of the individual member.

In order to improve the description of ATP's overall value creation, ATP has been calculating a further three ratios since 2013. These three ratios give a more complete picture of ATP's value creation from its members' point of view than the Danish FSA's ratios ('N1'), especially in relation to the guarantees.

The three ATP ratios

ATP's guaranteed pension product is a promise of certain lifelong benefits – an income stream. Quite literally, the pension is made up of the sum of the promises acquired year by year during a wage earner's working life.

The contributions to ATP are divided in two. The members' pension accounts for 80 per cent, while the remaining 20 per cent is transferred to the bonus potential – ATP's unallocated reserves. This means that the total value creation for ATP's members comes from both sources: the guarantees and the bonus potential.

Value creation from guarantees illustrates the average return on the promises acquired over time – across age groups. The ratio is calculated based on the historical contributions and the associated guarantees. In H1 2016, the value creation from guarantees was 1.9 per cent, which is in line with the same period last year. The ratio accumulates steadily over the year. In a declining interest rate environment, this ratio will fall as new guarantees are more expensive to issue. Conversely, in a rising interest rate environment, the ratio will increase, as ATP will be able to issue better new guarantees.

Value creation from the bonus potential illustrates the return on the bonus potential. In H1 2016, this value creation was 4.5 per cent. This ratio is driven primarily by the investment return, but the ratio was affected also by matters relating to hedging and pension.

Total value creation shows ATP's overall ability to create value. This ratio is the weighted average of the two ratios above. For H1 2016, this ratio was 2.4 per cent, down from 3.1 per cent in the same period last year. Total value creation on average for the last 3 years have been 5.1 per cent.

For more information about the definition of ATP's value creation ratios, see 'Further Information' at www.atp.dk.

¹ The return on the guarantees for the year is expressed by the item 'Change in guaranteed benefits due to maturity reduction'.

ATP – Note 7: ATP's yield curve

Yield curve for valuation of pension liabilities and actual hedging at end-H1 2016

	<u>Yield curve</u> per cent	<u>Hedging</u> per cent
• Interest rate swaps denominated in Danish kroner	15	15
• Interest rate swaps denominated in euros	35	34
• Danish government bonds	25	25
• German government bonds	25	26

The curve is extrapolated after the 30-year mark and has been fixed at 3 per cent after the 40-year mark.

ATP - Note 8: ATP's returns ratios by different approaches

Return ratios for H1 2016, on average for the last 3 years and cumulative for the past 3 years.

per cent	H1 2016	Average for the last 3 years	Cumulative for the past 3 years
Investment return relative to the bonus potential (before expenses and tax)	6.7	14.3	49.5
Danish FSA ratio	16.4	12.7	43.3
Total value creation ¹	2.4	5.1	16.0

¹ For further description of total value creation, see note 6