

## Danica Pension: Nine-month results affected by challenging market conditions

*Danica Pension's performance for the first nine months of 2018 were affected by challenging financial markets and costs related to integrating the former SEB Pension Denmark.*

Danica Pension reported a profit before tax of DKK 1,207 million for the first three quarters, down 19% compared with the DKK 1,488 million profit for the year-earlier period. The decline was mainly due to equity market volatility and costs associated with the ongoing integration of Danica Pensionsforsikring (the former SEB Pension in Denmark).

Premiums were lifted by increased premium payments from Danica Pensionsforsikring, although this was not enough to counter the adverse effects of, among other things, a lower profit from the health and accident business due to lower investment returns caused by the challenging financial market conditions. The performance was also negatively affected by new assumptions used in longevity calculation and an increase in operating expenses. This increase related to the acquisition and operation of the former SEB Pension Denmark.

**Ole Krogh Petersen, CEO, commented on the Danica Group's interim financial statements for the first nine months:**

"Despite a continued positive development in premiums, including strong growth in Sweden, the period was marked by a number of circumstances that in combination resulted in a lower year-on-year profit. The challenging market conditions regrettably meant a lower return for our customers, but in addition to this the return on investments in our health and accident business was also impacted."

The full-year performance will depend on financial market developments, and the guidance for 2018 is a profit slightly down on 2017.

### **Continued increase in premiums**

The Danica Group's total premiums amounted to DKK 33.7 billion, against DKK 29.3 billion for the year-earlier period. The increase was mainly driven by premiums of DKK 3.3 billion resulting from the acquisition of Danica Pensionsforsikring and a positive development in Sweden.

### **Returns hit by the financial market situation**

Danica Pension customers with Danica Balance Mix saw returns on their investments of between 0.7% and 1.4%. The return for customers with Danica Balance Mix, medium risk profile and 20 years to retirement was 1.2%.

Customers with Markedspension (Danica Pensionsforsikring) saw returns on their investments of between a negative 0.1% and a positive 3.2%. The return for customers with Markedspension and a medium risk profile with 20 years to retirement was 2.2%.

The challenging financial market conditions were mainly driven by the risk of a global trade war.

"We aim to deliver competitive returns for our customers over time, and we continually adjust our portfolios to ensure that our customers get attractive returns in the long term. The long-term risk-adjusted returns are what is important," says Ole Krogh Petersen.

One of several initiatives to improve the return for Danica Pension's customers is to focus on alternative investments, which account for a growing share of Danica Pension's investment portfolio. Alternative investments thus contributed a decent return of 8.7% in the first three quarters of 2018.

**Integration of Danica Pensionsforsikring proceeding to plan**

Danica Pension's acquisition of the former SEB Pension Denmark was approved by the authorities earlier this year. The integration of the company is progressing as planned.

"We are currently in the process of welcoming our 200,000 new customers to Danica Pension. We have also welcomed a number of new colleagues from the former SEB Pension Denmark, and the integration process has gone smoothly. We will now use our combined strengths to become even better at helping our customers stay one step ahead and offering them the security of good pension solutions," says Ole Krogh Petersen.

<b>Danica Pension</b>		
<b>(DKK billions)</b>	<b>9M 2018</b>	<b>9M 2017</b>
Premiums*	33.7	29.3
Premiums in Denmark*	20.3	18.1
Return on customer funds – Danica Balance Mix, medium risk and 20 years to retirement (%)	1.2	
Return on customer funds – Danica Pensionsforsikring Markedspension, medium risk and 20 years to retirement (%)	2.2	
Return on customer funds – Danica Pension Traditionel (%)	1.1	1.3
Return on customer funds – Danica Pensionsforsikring Traditionel (%)	1.4	
Return on customer funds – Danica Pension Traditionel after change in additional provisions, (%)	1.3	1.7
Return on customer funds – Danica Pension Traditionel after change in additional provisions, (%)	1.7	
Technical result (DKKm)*	1,267	1,364
Profit before tax (DKKm)*	1,207	1,488
Total pension savings (total assets)	568	421

Comprising Danica Pensionsforsikring as from takeover on 7 June 2018.

For more information, please contact Danske Bank's press team, tel. +45 45 14 14 00 / kban@danskebank.dk.

Solvency ratio disclosure			
30 September 2018	Danica Pension Livsforsikringsaktieselskab	Danica Pension Group	Danica Group
SCR (DKKm)	12.526	14.898	14.246
Solvency rate	218%	183%	173%

Summary of Danica's subordinated loan capital	
Issuer	Danica Pension Livsforsikringsaktieselskab
Securities code (ISIN)	XS1117286580
Amount	EUR 500 m
Coupon	4.375 % p.a
Issued	29 September 2015
Matures	29 September 2045
First call date	29 September 2025
Rate of interest will reset on	29 September 2025