

## Financial Statements: Profit improvement and premium growth in Denmark

Per Klitgård, CEO, comments on the consolidated financial statements:

*“Danica Pension emerged from 2014 as a stronger business. We report a profit before tax of DKK 2,477 million. We also experienced premium growth in Denmark, mainly as a result of a higher level of activity in relation to the collaboration between Danske Bank and Danica Pension in the personal customer area.”*

*“In 2014, we took further steps to implement our strategy, focusing on making pensions easy for our customers, on accessibility and on giving our customers clear recommendations. The roll-out of our digital pension check, our other self-service solutions and our extended opening hours are all initiatives pointing in the right direction.”*

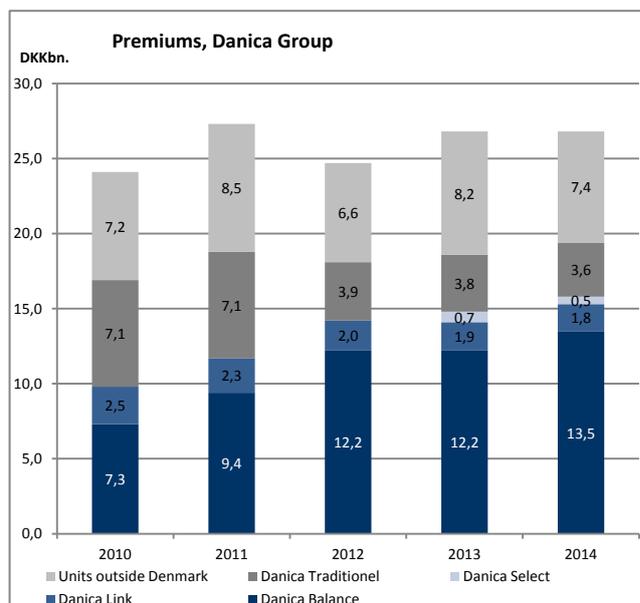
### Annual report highlights:

- Profit before tax of DKK 2,477 million, against DKK 1,261 million in 2013. The improved performance was due, in part, to the booking of the full risk allowance in all four interest rate groups and the booking of DKK 650 million from the shadow account. The technical result amounted to DKK 1,507 million, in line with 2013.
- Total premiums amounted to DKK 26.8 billion, in line with 2013. In Denmark, total premiums rose to DKK 19.4 billion.
- In 2014, Danica Pension's customers saw a total return of DKK 35 billion before tax on pension returns. Market rate products provided policyholders with an average return of 9.4%. The return on the conventional pension product was 14.0% before changes in additional provisions and 7.2% after changes in additional provisions.
- Operations outside Denmark showed strong performance. For Sweden and Norway, the profit was DKK 156 million. Danica Pension is stepping up activities outside Denmark with a collaboration with Allianz Global Benefits.

### Growing activities in Denmark

In 2014, Danica Pension experienced growing activities in Denmark. Premiums were up 5% relative to 2013. The main contributor to the growth is the increasing collaboration with Danske Bank in the personal customer area. In this area, premiums grew to DKK 4.2 billion, up 17%.

We strengthened our offering for business customers in 2014. For example, we established our international department in Stockholm, Sweden, which has the greatest concentration of large and medium-sized international enterprises in the Nordic region. We also entered into a collaboration agreement with Allianz Global Benefits, which is part of Allianz, the largest insurance company in Europe.



*“With this agreement, we can provide our customers an even greater and more flexible offering in the form of cross-border pension agreements. We also expect the agreement to further expand our international business volume,”* says Per Klitgård.

### New digital solutions ensure a better overview and clearer recommendations for our customers

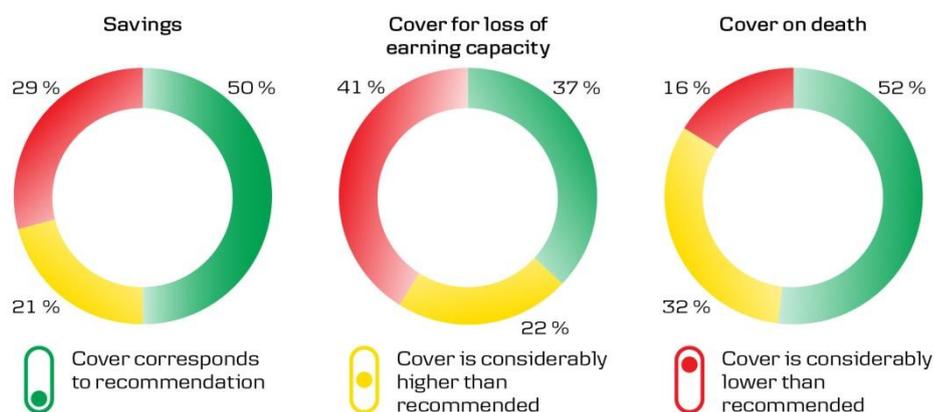
Digital advisory tools are becoming an increasingly important point of contact with our customers. Increasingly, our customers are demanding qualitative online advisory tools, and the proportion of customers opting to use our online tools is growing rapidly.

*“Our customers find that it is easy to use our online solutions and that they can do so at their leisure. Almost half of the customers who establish or change their pension scheme online or complete a pension check do so outside of normal business hours. This is a clear indication of the value of a strong online platform. We have also used our strong digital platform to further improve our accessibility, for instance by way of online meetings, which enable customers to receive advice while at home, with all data and documents being visible on their pc,”* says Per Klitgård.

### Roll-out of Danica Pension Check

In 2014, we continued rolling out our user-friendly digital advisory tool Danica Pension Check, and more than 25,000 customers have completed the pension check. Almost half of the customers completing a pension check turn out not to have the recommended pension or insurance cover. They either do not save up enough or save up too much, or they are either overinsured or underinsured. Two-thirds of these customers subsequently choose to follow our recommendations and adjust their pension scheme to fit their needs. Most do not necessarily increase their contributions, but merely choose to adjust the proportion of the pension contributions they pay towards their pension versus their insurance covers.

### Results from Danica Pension Check



### Danica Health Check

Towards the end of 2013, Danica Pension and Sundhedsdoktor launched Danica Health Check, an electronic preventive tool for our customers. At the end of 2014, more than 12,000 customers had completed a Danica Health Check. In 2014, in collaboration with corporate customers we conducted campaigns in which we provided Danica Health Check as one of several offers to the companies' employees. The experience from this type of initiative is that the companies' employees show great commitment and a high rate of participation.

### New digital tool makes pensions easy for new corporate customers

In the spring of 2014, Danica Pension launched a new online tool for new corporate customers. By answering a few questions, customers can use this tool to activate their insurance and pension savings and obtain the right cover from the start. Naturally, we contact customers if they require special adaptation of their pension scheme. Customers are free to choose how they wish to communicate with us - by phone, online meeting or by meeting an advisor face to face.

### More than 50,000 customers converted to retirement savings schemes

In 2013 and 2014, Danica Pension customers had the option of converting their capital pension schemes to retirement savings schemes and receive a tax rebate provided by the Danish parliament. 51,000 Danica Pension customers with

total savings in excess of DKK 18 billion have chosen to convert their capital pension scheme. The Danish government has decided to maintain the tax rebate in 2015, and until 30 June 2015 Danica Pension will thus continue to offer customers the option of converting their capital pension schemes at a tax rebate.

#### Policyholders' return totals DKK 35 billion

2014 was a year of high returns. A large drop in interest rates resulted in gains on bond prices, and equity prices also performed well, particularly in the first half of 2014. This predominantly positive trend resulted in an average return of 9.4% for customers with the unit-linked products Danica Balance and Danica Link. The return on the conventional pension product was 14.0% before adjustment of additional provisions. This was largely due to the lower interest rates. Despite the high return in the conventional pension product, we still see a need for caution. In the foreseeable future, interest rates are expected to rise and bond prices thus expected to fall, which will have a negative impact on future returns. Overall, the return before tax on pension returns was DKK 35 billion in 2014.

Danica today recommends the lifecycle product Danica Balance as our standard product. Leading up to the summer of 2015, we will launch a campaign offering customers to switch from the conventional pension product to Danica Balance and paying compensation to customers for forfeiting their existing guarantees. Some 150,000 customers will receive this offer in the lead-up to summer 2015.

#### New investment strategy

In 2014, Danica Pension strengthened its investment activities, hiring additional experts, reorganising work processes and approving a new investment strategy, which is being implemented. The key elements in the investment strategy are investing directly in well-managed companies, mainly focusing on Denmark and the Nordic region, increased focus on investing in the right asset classes through a new allocation model and further focus on selecting the best investment partners.

We currently have direct investments in the logistics company Unifeeder A/S and the cleantech company Aquaporin A/S. Over the coming period, we expect to enter into more agreements to invest directly in solid, well-managed enterprises. Danica Pension has also raised DKK 1 billion in a new fund for investing in the Danish medium-sized enterprise segment. The fund focuses on minority investments in medium-sized enterprises and fulfils the increasing need for growth capital for investment and acquisition purposes in this type of company.

### Good performance in Norway and Sweden

Our Swedish and Norwegian businesses reported their best results ever in 2014, contributing a combined profit of DKK 156 million.

*"Our foreign operations have developed favourably and have steadily increased their contributions to the Danica Group. We expect the solid trend in both benefits and profits to continue in the coming years. We are also expanding our collaboration with Danske Bank in Norway and Sweden, capitalising on the synergies available to us as a Nordic group,"* says Per Klitgård.

#### Strong performance by the Swedish and Norwegian businesses

	2010	2011	2012	2013	2014	Avg. growth p.a.
Profit before tax (DKKm)	99	73	106	154	156	11.9%

## Financial highlights for the Danica Group

DKKbn	2014	2013
Total premiums	26.8	26.8
Hereof premiums in Denmark	19.4	18.6
Return on customer funds (%)*	14.0	-0.2
Return on customer funds after change in additional provisions, (%)*	7.2	2.2
Expenses as percent of premiums, Danica Group	4.2	4.2
Expenses as percent of premiums in Denmark	3.9	4.0
Expense ratio relative to provisions, Denmark	0.32	0.32
Technical result, (DKKm)	1,507	1,509
Profit before tax (DKKm)	2,477	1,261
Financial strength	10.3	9.0
Total pension savings (total assets)	358	327
Bonus rate	2.0	0.8
Common reserves (collective bonus potential)*	2.4	1.1
Additional provisions*	40.8	27.3
Shareholders' equity	20.8	19.4

\* Applies to Danica Traditional customers only.

## Further information:

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The Annual Report describes the entire Danica Group, including business activities in Denmark, Sweden and Norway. Danica Pension is one of the leading providers of pension plans, life insurance and health care insurance in the Nordic countries. We have more than 13,000 business customers and 850,000 personal customers. The Danica Group's financial statements are incorporated in the financial statements of the Danske Bank Group.