

## Financial statements: Danica Group sees rise in premiums

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

*“Despite financial market turbulence in the second half, Danica Pension delivered a strong performance with a profit of DKK 1,955 million. Total premiums rose 10%, primarily as a result of higher levels of activity in Sweden and Norway, where the collaboration with Danske Bank is increasingly paying off.”*

*“95% of our business customers have accepted the offer of our new health package, which we launched on 1 January 2016. This is a clear indication of the companies' great interest in initiatives to promote their employees' health and assist them if they fall ill. Also, more than half of our customers now use our digital solutions annually. For example, 50,000 customers have used Pension Start and Pension Check to ensure that they have the right cover.”*

### Annual report highlights:

- Technical result of DKK 1,719 million, against DKK 1,623 million in 2014
- Profit before tax of DKK 1,955 million, against DKK 2,611 million in 2014
- For the Danica Group, premiums amounted to DKK 29.6 billion, against DKK 26.8 billion in 2014
- New health package with improved loss of earning capacity cover
- Development of digital self-service solutions continued, and more than half of our customers now use these solutions annually.

### Satisfactory performance

The technical result amounted to DKK 1,719 million, an improvement of almost DKK 100 million over 2014. The profit before tax amounted to DKK 1,955 million, against DKK 2,611 million in 2014. The performance was favourably affected by improvement in the health and accident business, but adversely affected by the financial market turbulence in the last few months of 2015. The improvement also reflects an extraordinary booking of DKK 610 million from the shadow account in 2015, against DKK 221 million in 2015. In the conventional pension product, it was possible to book the risk allowance for all four interest rate groups in 2015.

The net profit for the year equals a 15.8% return on allocated capital.

### Rise in premiums for the Danica Group

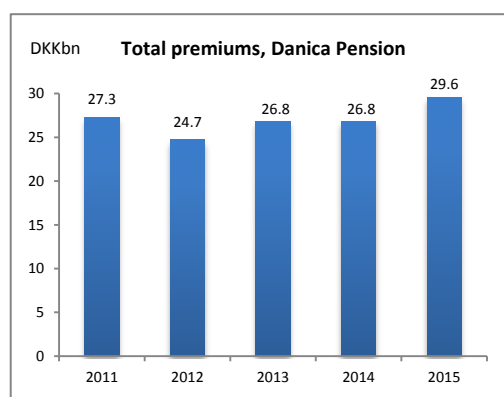
Total premiums rose 10% from DKK 26.8 billion to DKK 29.6 billion.

In Sweden, premiums were up 41% on 2014. This was not least a result of an intensified collaboration with Danske Bank, although we also saw a positive trend in the collaboration with brokers and labour market pensions.

In Norway, Danica Pension's premiums rose 14%. This result was due to significant improvement in the corporate pension market

towards the end of the year. The increase in premiums was also a result of the collaboration with Danske Bank.

In Denmark, premiums were up 1%, which covered an increase in the corporate customer market and a slight reduction in the personal customer market. In the corporate customer market, a strengthened collaboration with Danske Bank's Business Banking unit doubled the joint activities relative to 2014. On the other hand, we saw a slight decline of 3% in premiums through Danske Bank in the personal customer market.



## Continued implementation of new investment strategy

In 2014, Danica Pension adopted a new investment strategy. An important element in the strategy is to invest directly in sound companies in Denmark and the Nordics. So far, Danica Pension has invested more than DKK 4 billion, and these investments are expected to reach DKK 15 billion over the coming years. Danica Pension also strengthened its investment team and focused more on selecting the best business partners in the investment area. We also developed a new, improved Danica Balance, which was introduced to new customers in January 2016.

These measures allow us to be more flexible and agile in our investments, based on the financial market trends. In the second half of 2015, Danica Pension's return ranked in the top three on the lifecycle product market. The full-year return for Danica Pension customers with the unit-linked products Danica Balance and Danica Link was typically between 3.1% and 10.3%, depending on the number of years to retirement.

The return on Danica Traditionel was 1.0% before adjustment of additional provisions and 5.1% after adjustment.

## New health offering for Danica Pension customers

Effective from 1 January 2016, Danica Pension launched a new health package giving policyholders access to:

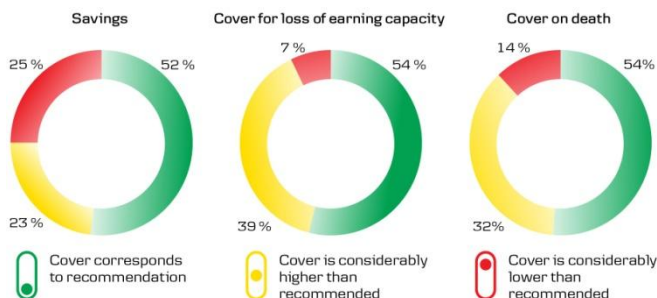
- A second opinion from some of the world's best doctors through Best Doctors® - an option available in Denmark only to Danica Pension customers and their families.
- A stress hotline offering personal guidance by certified psychologists
- Help to navigate the public healthcare system if our customers or one of their family members falls ill
- Danica Health Check, giving customers an opportunity to get information on their general state of health and inspiration for a healthier lifestyle.

*"95% of our business customers have accepted the offer of our new health package. This is a clear indication of the great interest in initiatives to promote employees' health and assist them if they fall ill," says Per Klitgård.*

## Improved loss of earning capacity cover provides financial security for our customers

As from 1 January 2016, Danica Pension has improved our loss of earning capacity cover. New legislation in the area means increased offsetting of loss of earning capacity benefits against public benefits. Consequently, Danica Pension customers were no longer adequately covered if they fell ill and entered a public re-employment or resource programme. With the improved loss of earning capacity cover, the Danica Pension policyholders' insurance benefits are increased in case of offsetting, so that they are able to maintain their standard of living. The improvement applies to all Danica Pension customers.

### Results from Danica Pension Check



*"With our new loss of earning capacity cover, our customers are covered much better than before. Previously, Danica Pension Check indicated that 47% of our customers were not able to maintain their financial standard of living in case of long-term illness. After the adjustment, this figure has dropped to 7%. In the course of 2016, we will contact these customers to ensure that they, too, get adequate cover," says Per Klitgård.*

We have also improved Danica Pension's cover for certain critical illnesses.

## Roll-out and development of digital solutions for Danica Pension customers continued

In 2015, Danica Pension launched several new digital tools, including Pension Start, a self-service tool that makes it easy for customers to set up their pension scheme online and get advice. Danica Pension also developed a tablet app, with which customers can, for example, take a Pension Check to adjust their pension scheme. Finally, Danica Pension presented the app "others like you" which allows customers to compare their pension savings and insurance covers with those of their peers.

More and more Danica Pension customers embrace our digital offers:

- 340,000 customers used Netpension in 2015, against 320,000 customers in 2014
- 50,000 customers used Pension Check and Pension Start, against 30,000 in 2014
- 25,000 customers used Mobilpension over 300,000 times in 2015, against 245,000 in 2014.
- In addition to this, Danica Pension was in direct contact with more than 135,000 customers via telephone, meetings or letter/e-mail, offering advice on how to adjust their pension schemes.

*"Our digital solutions are easy for our customers to use. As they are available around the clock, they fit easily into our customers' daily schedule, and we find that 50% of customers who establish or change their pension scheme online or complete a pension check do so outside normal business hours,"* says Per Klitgård.

An important element in our overall strategy is a high degree of accessibility and personal follow-up on customers who need this. Therefore, Danica Pension customers have access to personal advice from 8 a.m. to 8 p.m. on weekdays and from 10 a.m. to 1 p.m. on Saturdays.

With its continual focus on digital solutions, Danica Pension has set up an innovation team in Stockholm, Sweden. The team will develop future digital solutions for our customers. The aim is to strengthen Danica Pension's customer offering even further as technology evolves.

## More than 55,000 customers have converted their capital pensions to retirement savings

In the period 2013-2015, Danica Pension customers had the opportunity to convert their capital pension scheme to a retirement savings scheme. More than 55,000 Danica Pension customers chose to convert their pension schemes. In total, Danica Pension has converted savings in excess of DKK 19 billion. In connection with the conversions, Danica Pension settled over DKK 7 billion in tax with the Danish tax authorities.

## Danica Pension included in Wealth Management under Danske Bank

In November 2015, it was announced that Danica Pension has become part of Wealth Management under Danske Bank, as a separate business unit. With the establishment of Wealth Management, all of the Danske Bank Group's pension, capital and wealth management capabilities are combined. The new structure gives Danica Pension the optimal environment in which to develop products and services and thereby further expand our customer offering, in the form of both further digital solutions and continued expansion of the holistic financial advice we offer our customers.

**Financial highlights for the Danica Group**

(DKK billions)	2015	2014
Premiums	29.6	26.8
Premiums in Denmark	19.6	19.4
Net return on customer funds (%)*	1.0	14.0
Return on customer funds after change in additional provisions, (%)*	5.1	7.2
Expenses as percent of premiums, Danica Group	4.2	4.2
Expenses as percent of premiums in Denmark	4.0	3.9
Expenses as percent of provisions in Denmark	0.34	0.32
Technical result, (DKKm)	1,719	1,623
Profit before tax (DKKm)	1,955	2,611
Financial strength	11.0	9.5
Total pension savings (total assets)	368	358
Bonus rate	3.3	2.0
Common reserves (collective bonus potential)*	3.6	2.4
Additional provisions*	36.8	40.8
Shareholders' equity	19.6	20.0

\* Applies to Danica Traditional customers.

**For additional information, please contact:**

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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 insurance in the Nordics. 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.

## Supplementary information for debt investors as of 31 December 2015

Solvency ratio disclosure			
31 December 2015	Danica Pension Livsforsikringsaktieselskab	Danica Pension Group	Danica Group
Solvency I ratio	250%	248%	231%
Solvency need ratio	184%	184%	172%
Solvency II ratio as at 1 January 2016	184%	176%	174%

## 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

Further information:

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