

## Satisfactory half-year earnings in a challenging market

*Danica Pension recorded a pre-tax profit of DKK 660 million in the first half of 2018. The reporting period was affected by continuing equity market volatility, which had a negative spillover effect on investment results, including in the health and accident business, relative to the year-earlier period. Overall, the technical result was satisfactory and in line with expectations.*

*The result of insurance business was impacted by costs relating to changed regulatory requirements for longevity assumptions and integration costs related to the acquisition of SEB Pension Danmark, and the full-year result is therefore expected to be slightly lower than in 2017. The result for 2018 will also depend on financial market developments.*

**Per Klitgård, CEO, commented on the Danica Group's interim financial statements for the first half:**

*"Danica Pension delivered satisfactory financial results in a challenging first half-year. The technical result of DKK 807 million was influenced by factors such as costs for changed assumptions for longevity improvements and the integration of SEB Pension Danmark. Furthermore, the continuing financial market volatility had a particularly negative impact on our investment result, including on the health and accident business, and we recorded a return below last year's level. These factors produced a total profit before tax of DKK 660 million, down from DKK 1,027 million in the same period of last year."*

The result includes the impact of the acquisition of SEB Pension Danmark since the official takeover on 7 June 2018. The preliminary accounting consequences of the acquisition, which are shown in Danica Pension's interim financial statements for the first half of 2018, are in line with expectations, including a calculated and recognised added value of the acquired business of approximately DKK 3.6 billion.

### Efforts to integrate SEB Pension fully underway

The acquisition of SEB Pension Danmark became a reality on 7 June 2018 after the Danish competition authorities had approved the transaction on 30 May 2018. The integration of the acquired business activities in the Danica Group is now well underway and proceeding according to plan.

*"We are well underway with the important task of welcoming 200,000 new customers and our colleagues from SEB Pension to Danica Pension. The efforts are progressing according to plan and will include proactively reaching out to our many new customers over the next few months. Once we have completed the integration during 2019, Danica Pension will capitalise on the combined strengths of the two companies and be even better prepared to help our customers to be one step ahead and give them peace of mind and a good overview of their pension and insurance solutions", said Per Klitgård.*

### Continued increase in premiums

In the first half of 2018, total premiums amounted to DKK 22.9 billion, an increase of DKK 2.5 billion, or 12%, relative to the same period of 2017. From June 2018, these numbers also include premium payments from SEB Pension Danmark, which has generally experienced solid growth in premiums in 2018 to date. Regular premiums in Denmark remained at the same high level as in 2017, growing 2%. In Norway, premiums were down 10%, whereas in Sweden they were up 36%.

“Once again, the Group experienced significant growth in premiums, driven in particular by strong growth in Sweden. We are working to similarly strengthen collaboration with Danske Bank Group in Norway and expect that the acquisition of SEB Pension will contribute to a continued satisfactory overall premium performance for the Group”, said Per Klitgård.

### Political uncertainty weighing on the financial markets

In the second quarter of 2018, Danica Pension customers with Danica Balance saw positive returns of between 2.1% and 0.5% on their pension savings. Relative to the first quarter, which was marked by plunging equity prices, equity markets stabilised somewhat during the second quarter. Mounting risk of a global trade war continued to cause financial market volatility.

Customers with Danica Balance, medium risk and with 20 years to retirement saw a return of 1.4% for the second quarter. For the full reporting period, these customers saw a negative return of 1.8%, while the accumulated return for the past three years is 15.3%.

“Our goal is to deliver a competitive return to our customers over time, and therefore the risk-adjusted long-term return is the key performance measure. Despite the growing uncertainties, we believe that the continuing strong growth in the global economy will provide our customers with a positive – albeit smaller – positive return for 2018 as a whole,” said Per Klitgård.

One of several initiatives to improve the return to 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 3.8% in the first half of 2018.

“Combining the investment teams and portfolios of Danica Pension and SEB Pension Danmark will give us greater investment leverage and more investment opportunities to the benefit of our customers. In addition to scale benefits, we apply and combine the best components of the two investment environments, and we believe this will help secure an even better long-term strategy and better long-term risk-adjusted returns at the high end of the market,” said Per Klitgård.

### Financial highlights for the Danica Group

(DKK billions)	H1 2018	H1 2017
Premiums	22.9	20.4
Premiums in Denmark	12.9	12.6
Return on customer funds - Unit-linked [%]*	0,3	4.4
Return on customer funds - Traditional [%]*	0,6	-0.2
Return on customer funds after change in additional provisions, [%]*	0.4	0.8
Expenses as a percentage of net assets in Denmark*	0.3	0.3
Technical result (DKK m)	807	936
Profit before tax (DKK m)	660	1,027
Total pension savings (total assets (DKK bn))	561	413

\*As Danica Pensionsforsikring (previously SEB Pension) only contributes a little less than one month of operations to the consolidated interim financial statements, these figures are not included in the financial highlights.

For more information, please contact Kenni Leth, Head of Press Relations, at tel. +45 45 14 14 00

Solvency ratio disclosure			
30 June 2018	Danica Pension Livsforsikringsaktieselskab	Danica Pension Group	Danica Group
SCR (DKKm)	12.041	14.235	13.580
Solvency rate	225%	191%	179%

#### 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