



Annual Report *2014*

Danica Pension

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This Annual Report 2014 is a translation of the original report in the Danish language (Årsrapport 2014). In case of discrepancy, the Danish version prevails

SELECTED FINANCIAL HIGHLIGHTS FOR THE DANICA PENSION

(DKK MILLIONS)	2014	2013	2012	2011	2010
PREMIUMS INCLUDING INVESTMENT CONTRACTS	19,125	18,234	17,759	18,462	16,540
INCOME STATEMENT					
Technical result, Life	1,687	558	1,593	-103	1,102
Technical result of health and accident insurance	-146	-107	2	82	198
Return on investment allocated to equity, etc.	907	767	692	619	806
Profit/loss before tax	2,448	1,218	2,287	598	2,106
Tax	-549	-49	-540	-133	-443
Net profit/loss for the year	1,899	1,169	1,747	465	1,663
BALANCE SHEET					
Total assets	315,579	288,929	291,720	275,903	262,428
Technical provisions, health and accident insurance	8,873	8,176	8,291	7,865	7,597
Provisions for insurance and investment contracts	273,064	254,953	256,951	241,954	232,779
Collective bonus potential	2,450	1,125	851	375	1,740
Total shareholders' equity	20,767	19,376	18,986	19,461	19,023
KEY FIGURES AND RATIOS (%)					
Return before tax on pension returns including return on market products	11.6	2.2	9.8	4.9	7.2
Return on market products	9.4	8.6	11.5	-2.5	12.9
Net return before tax on pension returns on customer funds ¹⁾	7.2	2.2	5.9	2.1	4.5
Expenses as per cent of premiums	3.9	4.0	4.5	4.7	5.5
Expenses as per cent of provisions	0.32	0.32	0.36	0.40	0.42
Expenses per policyholder (DKK)	1,139	1,086	1,135	1,212	1,233
Bonus rate	2.0	0.8	0.6	0.2	1.1
Owners' capital ratio	16.8	14.4	12.7	12.3	13.6
Excess core capital ratio	8.3	7.8	6.2	6.6	8.6
Solvency ratio	225	232	209	225	278
Return on equity before tax	12.2	6.3	11.4	3.1	11.6
RATIOS FOR HEALTH AND ACCIDENT INSURANCE					
Gross claims ratio	136	123	119	105	87
Gross expense ratio	9	10	13	13	13

¹⁾ The key figures and ratios include a change in accumulated value adjustment

Danica Pension's financial statements are presented in accordance with the Danish FSA's Executive Order on Financial Reports of Insurance Companies and Lateral Pension Funds.

For the full list of financial ratios pursuant to the Danish FSA's Executive Order on Financial Reports of Insurance Companies and Lateral Pension Funds, see page 14.

DANICA STRATEGY EXECUTION

Danica's strategy is based on our vision of being the pension company commanding the greatest customer confidence. To reach this goal, we provide our customers with financial security.

In order to execute our strategy, we worked intensively on several initiatives to make pensions easy for our customers, to be easy to reach, to give clear recommendations and to ensure that our customers get attractive returns.

Danica slips from second to fourth place in Aalund's annual customer satisfaction survey

Aalund's customer satisfaction survey indicated an increase in customer satisfaction in 2014 compared with 2013. As Danica's improvement was below the industry average, however, we slipped from second to fourth place overall in 2014. The results varied considerably, depending on the size of company, however. For example, in the segment of companies with 100-499 employees, Danica advanced from fourth to third place, while in the segment of small companies (10-99 employees) Danica dropped from second to fourth place. Danica's image also improved marginally in 2014. In particular, our customers' perception of our returns and expenses improved. Nonetheless, Danica only advanced from sixth to fifth place overall on image in 2014.

The assessment of Danica's customer satisfaction in terms of customer contacts (MOT) also showed progress. In December 2014, our customer satisfaction rating was up to 7.9 on a scale of 1 to 9. At the end of 2013, our rating was 7.7. Improvement was seen in all points of contact, but particularly our call centre, Danicalinjen, saw significant progress.

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.

Danica Health Check

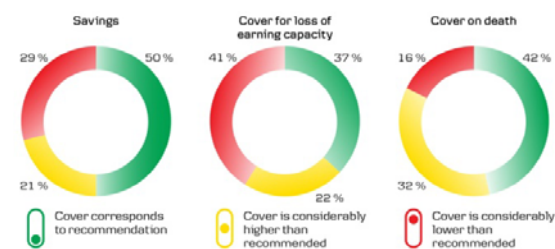
Towards the end of 2013, Danica Pension and Sundhedsdoktor launched Danica Health Check, a new electronic preventive tool for our customers. More than 12.000 customers have completed online health checks, and in collaboration with several corporate customers Danica Pension has conducted campaigns in which we provided this online health check as one of several offers to the companies' employees. Such initiatives are very well received by the companies' employees and the rate of participation is generally very high.

New digital tool makes pensions easy for new corporate customers

In the spring of 2014, Danica 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 get the right coverage 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.

Roll-out of Danica Pension Check

In 2014, we continued rolling out our user-friendly advisory tool Danica Pension Check. To date, 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 their pension contributions they pay towards their pension versus their insurance covers.



Greater accessibility with digital tools and extended business hours

Our customers find that it is easy to use our online solutions and that they can do so whenever it suits them. Some 40% of the customers who establish or change their pension scheme online or take a Pension Check do so outside of normal business hours, which 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, in the form of online meetings, which enable customers to receive advice while at home, with all data and documents being visible on their PC.

The development of digital tools also focuses on enhancing our accessibility to our customers. To this end, in 2014 Danica extended customer service opening hours so that customers can get personal advice from 8 am to 8 pm on weekdays and from 10 am to 1 pm on Saturdays.

Enhancing sales via Personal Banking through attractive customer offers

In 2013, Danske Bank and Danica Pension strengthened our collaboration in the personal customer area. The aim is to provide attractive pension offers and comprehensive solutions for personal customers. An important element in the collaboration is Danica Pension's participation in Danske Bank's Customer Programme.

The collaboration has proved a great success. In 2013, contributions through Danske Bank grew 30%, and the trend continued in 2014, where contributions grew 17%.

More than 50.000 customers converted from capital pension plans to retirement savings schemes

In 2013 and 2014, Danica Pension customers had the option of converting their capital pension schemes to retirement savings plans and receive a tax rebate provided by the Danish parliament. 51.000 Danica customers with total savings in excess of DKK 18 billion have wished to convert their capital pension schemes. The government has decided to maintain the tax rebate in the coming year, and for a period of 2015 Danica Pension will thus continue to offer customers the option of converting their capital pension schemes at a tax rebate.

New campaign of conversion to market products

At the end of 2014, Danica Pension launched a new campaign offering Danica Traditional customers compensation if they switch to Danica Balance. In the lead-up to summer 2015 some 150.000 Danica Traditional customers will receive an offer from us. This campaign is in line with an agreement entered into between the pension industry and the Minister for Business and Growth to facilitate the customers' move from guaranteed pension products to market products, which are more in keeping with the times and which are expected to offer customers higher returns over time.

Comprehensive solutions in the business market

In 2014, Danica Pension and Danske Bank set up a close collaboration targeting the large enterprise segment. The focus of this collaboration is to provide comprehensive solutions with Danske Bank Group stepping in as overall financial partner to the enterprises. As a result, Danica Pension secured several attractive pension agreements with large Danish enterprises in 2014.

In 2014, Danica Business made a structured effort to get closer to the customers. Reports on the status of the companies' level of savings, insurance covers, customer satisfaction surveys, health status, and the like have paved the way for interaction and recommendations for any ad-

justment of the pension agreement. Overviews with online reports available to the customers provide a sense of security about the choices made by the companies and their employees. This in combination with service guarantees, unique administration modules, help and feedback in case of illness meant that companies generally expressed great satisfaction with Danica Pension as a pension provider.

Finally, the companies have embraced Danica Pension's new digital solutions and played an active part in various campaigns, such as Pension Check at company level.

New focus on direct investments

In early summer, Danica Pension announced plans over the coming years to invest a double-digit billion kroner amount directly in companies with a clear strategy and management we believe in. We will focus our investments mainly in Denmark and the Nordic countries.

At year end, the first direct investments had been made, and Danica Pension had invested DKK 1 billion in a fund to invest in the Danish SME segment. The number of direct investments will increase further in 2015.

Danica Pension's direct investments are aimed at ensuring that our customers get a higher risk-adjusted return going forward. It is a challenge for the pension industry in general to generate attractive returns at the current low level of interest rates. From a return perspective, direct investments are attractive because they provide an illiquidity premium and because we have a competitive edge in this type of investment, as we are able to take advantage of our close ties to the Danish and Nordic business sectors.

Norway and Sweden

Like the Danish activities, the Norwegian and Swedish activities focus on customer satisfaction and profitability.

Overall, our business activities outside Denmark developed according to expectations. Profitability continued to improve in both countries in 2014. Due to an extraordinarily strong performance in 2013, when a few major agreements were entered into, 2014 saw an aggregate 11% reduction in pension contributions in Sweden and Norway.

FINANCIAL REVIEW

Financial results

Danica Pension realised a profit before tax of DKK 2.448 million, against DKK 1.218 million in 2013. The net profit after tax amounted to DKK 1.899 million, against DKK 1.169 million in 2013. This was in line with the profit forecast as stated in the interim report for the first half of 2014. The Board of Directors proposes to the annual general meeting that an amount of DKK 1.899 million be distributed in 2015 as dividends in respect of 2014.

DANICA PENSION, PROFIT BEFORE TAX		
(DKK millions)	2014	2013
Technical result, Traditional	1,236	1,138
Technical result, unit-linked business	429	406
Health and accident result (before investment return)	-290	-191
Total (generated by Danica)	1,375	1,353
Result, group undertakings outside Denmark*	128	126
Investment return	416	335
Transferred shadow account	610	-438
Special allotments	-81	-158
Profit before tax	2,448	1,218

* Included with result after tax

The technical result of the conventional business amounted to DKK 1.236 million, against DKK 1,138 million for 2013. Danica was able to book the full risk allowance for the four interest rate groups. Danica was also able to book DKK 650 million from the shadow account for interest rate groups 2 and 4, whereas a risk allowance in the amount of DKK 40 million in the risk group corporate was transferred to the shadow account. At 31 December 2014, the shadow account stood at DKK 556 million net of a write-off of DKK 40 million.

The technical result of unit-linked business amounted to DKK 429 million, against DKK 406 million in 2013. The improvement was due to the increased volume.

The result of health and accident insurance before investment return was a loss of DKK 290 million, against a loss of DKK 191 million in 2013. The claims ratio for the health and accident business was 136%, against 123% in 2013. This change was explained by a negative run-off on claims of DKK 175 million in 2014, against a run-off of DKK 0 million in 2013.

The result of the activities of the group undertakings outside Denmark amounted to DKK 128 million, against DKK 126 million in 2013, due to an increase in the result of the Swedish business from DKK 47 million to DKK 59 million and a decrease in the result of the Norwegian business

from DKK 78 million to DKK 69 million, in part due to a weaker exchange rate.

The return on investment, comprising the investment returns on shareholders' equity and the health and accident business, rose from DKK 335 million to DKK 416 million. The higher return was partially explained by an increased return on nominal bonds, equities and credit investments.

Special allotments, as described in the section on contribution principles in significant accounting policies, amounted to an expense of DKK 81 million. The amount will be allocated to the policyholders' accounts in March 2015.

As illustrated in the below table, results fluctuated from quarter to quarter. In particular, the performance was affected by changes in the shadow account.

DANICA PENSION, PROFIT BEFORE TAX				
(DKK millions)	Q4	Q3	Q2	Q1
Technical result, Traditional	289	311	332	304
Technical result, unit-linked business, Denmark	67	132	111	119
Technical result, health and accident business	-25	-140	-93	-32
Total (generated by Danica)	331	303	350	391
Result, group undertakings outside Denmark	26	39	37	26
Investment return	74	118	120	104
Change in shadow account	627	65	-30	-52
Special allotments	-10	-20	-27	-24
Total income from operating activities	1,048	505	450	445
Tax	-246	-114	-86	-103
Total income from operating activities after tax	802	391	364	342

Gross premiums

Gross premiums amounted to DKK 19.1 billion in 2014, which was on a par with 2013.

PREMIUMS (INCLUDING INVESTMENT CONTRACTS)					
(DKK billions)	2014	2013	2012	2011	2010
Danica Balance	13.5	12.2	12.2	9.4	7.3
Danica Link	1.8	1.9	1.9	2.3	2.5
Danica Select	0.5	0.7	0.1	-	-
Danica Traditional	4.3	5.0	6.0	7.1	7.5
Internal transfers	-1.8	-2.3	-3.3	-1.3	-1.7
Health and accident	0.8	0.7	0.9	1.0	1.1
Total premiums	19.1	18.2	17.8	18.4	16.6

Premiums for the Danish market products, Danica Balance, Danica Link and Danica Select, rose by 6%. To this should be added transfers from Danica Traditional to Danica Balance. Including such transfers, premiums rose by 12%, whereas gross premiums for Danica Traditional dropped by 14%.

Return on investment

The return on investment of customer funds was 14.0% before tax on pension returns.

Danica Balance, Danica Link and Danica Select saw a total return of DKK 8.1 billion or 9.4% before tax on pension returns.

The return on investment of customer funds in Danica Traditionel was DKK 22.9 billion or 14.0% before tax on pension returns. Following the allocation of DKK 13.1 billion from life insurance provisions, the return was 7.2%. The return was positively affected by higher equity and bond prices in 2014.

Collective bonus potential

The collective bonus potential amounted to a total of DKK 2.5 billion at year end 2014 for all contribution groups, up by DKK 1.3 billion relative to the beginning of the year. In connection with settlement of tax on capital pensions, the collective bonus potential was reduced by DKK 0.1 billion, recognised directly on the balance sheet. The draw on the bonus potential of paid-up policies, which in previous years was used to cover losses, has now stopped, and the surrender charge was cancelled for the Low interest rate group in August 2014.

COLLECTIVE BONUS POTENTIAL *

(DKK billions)	New business 2014	Total 2014	Total 2013
Return on customer funds (life)	3.5	21.6	-0.6
Change in the value of insurance obligations	-1.9	-13.4	4.8
	1.6	8.2	4.2
Tax on pension returns	-0.5	-3.0	0.5
Interest added for the period	-0.6	-2.0	-3.7
Cost and risk results	0.0	0.5	0.1
Risk allowance of provisions	-0.3	-1.3	-1.3
Transferred shadow account	-	-0.6	0.4
Used bonus potential of paid-up policies	-	-0.3	0.1
Change in collective bonus potential	0.2	1.5	0.3

* Comprises customer funds with bonus entitlement only.

The increase relative to the end of 2013 in collective bonus potential should be seen in the context of an investment return after change in additional provisions of 7.2% and an interest rate on policyholders' savings of 1.8% before tax on pension returns.

Collective bonus potential, etc. at 31 December 2014 is shown in the table below.

INTEREST RATE AND RISK GROUPS AT 31.12.2014

(%)	Rate of interest on policyholders' savings before tax on pension returns	Return on investment before tax on pension returns	Collective bonus potential (DKK billions)	Bonus rate at	
				2014	2013
Interest rate group 1 (new customers)	1.8	8.0	0.5	1.4	0.9
Interest rate group 2 (low guarantee)	1.8	17.3	0.2	0.8	0.0
Interest rate group 3 (medium guarantee)	1.8	22.1	0.9	7.9	3.7
Interest rate group 4 (high guarantee)	1.8	16.2	0.5	1.1	0.0
Expense and risk groups	-	-	0.3	-	-

At 1 January 2015 the interest rate on policyholders' savings in all groups was unchanged at 1.8% before tax on pension returns.

Annual expenses expressed in Danish kroner (ÅOK)

The customers' total annual expenses in the conventional business not only comprise the risk allowance but also the recognition of cost and risk results. Overall, the cost and risk results in 2014 reduced the charge on customer funds by DKK 261 million.

ANNUAL DIRECT AND INDIRECT EXPENSES EXPRESSED IN PERCENT, CALCULATED ON TOTAL CUSTOMER FUNDS IN DANICA TRADITIONEL*

(DKK millions)	TOTAL 2014	TOTAL 2013
Risk allowance (share of provisions)	1,179	1,158
Administrative expenses related to investment	971	669
Expenses for the period, interest rate groups	2,150	1,827
In % of provisions	1.35	1.16
Risk allowance (share of risk result)	172	103
Risk result	-157	-116
Cost result	-104	-43
Total costs for the period, excluding shadow account	2,061	1,771
In % of provisions, excluding shadow account	1.29	1.12
Transferred to/from shadow account	610	-438
Total expenses, including shadow account	2,671	1,333
In % of provisions, including shadow account	1.68	0.84

* Comprises customer funds with bonus entitlement only.

In 2014, total customer expenses excluding change in the shadow account was DKK 2,061 million, or 1.29% of provisions. During the period 2010-2014 the expenses averaged 1.06% excluding the shadow account. Also, in 2014, DKK 312 million was paid back to bonus potential of paid-up policies for the low guarantee interest rate group.

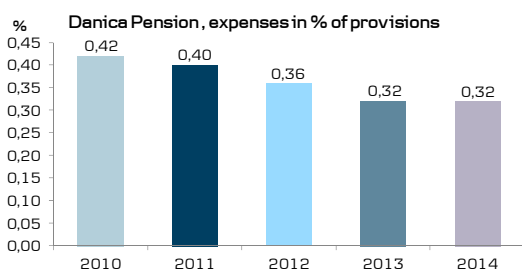
Claims and benefits

Claims and benefits amounted to DKK 23.3 billion in 2014 against DKK 21.9 billion in 2013. Surrenders including investment contracts amounted to DKK 13.9 billion in 2014 against DKK 11.6 billion in 2013. The increase was mainly due to settlement of tax on capital pensions and surrenders of market products in Denmark.

Expenses

In life insurance, operating expenses relating to insurance amounted to DKK 710 million in 2014, against DKK 701 million in 2013. The expense ratio on premiums in Danica Pension fell from 4.0% to 3.9%.

Expenses amounted to an unchanged 0.32% of average provisions.



The average number of full-time employees was 637 in 2014, against 642 in 2013, and at the end of the year Danica Pension had 627 employees. The drop in employee numbers is related to the implementation of Lean processes, continuing digitalisation efforts and self service tools. Greater focus on the Personal and Investment businesses partially offset this development.

Danica Pension paid DKK 564 million to Danske Bank for investment management, IT operations and development, internal auditing, HR administration, logistics and marketing. In addition, Danica Pension paid DKK 84 million to the Danske Bank Group for its sale of life insurance policies (see note 21).

At year end 2014, DKK 47 million had been capitalised by the Danske Bank Group in respect of systems development for the Danica Group. This amount will be charged to the Danica Group's income statement over the coming three years.

Tax

The tax charge amounted to DKK 549 million, positively affected by the reduction of the Danish corporate tax rate. The rate will be reduced from 24.5% in 2014 to 23.5% in 2015 and from 2016 will be 22.0%. The calculation of deferred tax is based on a rate of 22.0%.

Balance sheet

The company's total assets rose from DKK 289 billion at the end of 2013 to DKK 316 billion at the end of 2014.

Investment assets, including investment assets related to unit-linked contracts, rose from DKK 282 billion at year end 2013 to DKK 308 billion at year end 2014.

Investment assets adjusted for amounts owed to credit institutions and derivatives rose from DKK 272 billion to DKK 294 billion.

Provisions for insurance and investment contracts totalled DKK 273 billion, against DKK 255 billion at the end of 2013.

Life insurance provisions amounted to DKK 165 billion, an increase of DKK 3 billion relative to year end 2013. The increase was due to the lower level of interest rates which caused the additional provisions for compliance with Danica's guarantees to increase from DKK 27 billion in 2013 to DKK 41 billion in 2014.

The collective bonus potential at the end of 2014 amounted to DKK 2.5 billion. Additional provisions for compliance with Danica's guarantees amounted to DKK 41 billion.

Provisions for unit-linked contracts rose from DKK 83 billion at the end of 2013 to DKK 97 billion at the end of 2014.

At the end of 2014, shareholders' equity stood at DKK 20.8 billion, against DKK 19.4 billion at year end 2013.

Risk exposure and sensitivity ratios

Note 24 discloses the effect for Danica Pension on shareholders' equity and on collective bonus potential and bonus potential of paid-up policies of isolated changes in interest rates and other relevant financial risks as well as changes in the mortality and disability rates. The note also discloses risks and the management thereof.

A 10% decline in the mortality rate, corresponding to an increase in longevity of about one year, would increase the liability by DKK 2.0 billion, of which shareholders' equity cover DKK 1.0 billion.

The pension industry is required by the Danish FSA to adopt the Traffic light stress test of the companies' capital base. Danica Pension is financially well positioned for these stress tests, which include a 12% drop in equity prices and a change in interest rates of 0.7 percentage point. A 12% drop in equity prices would at year end 2014 reduce the collective bonus potential by DKK 1.3 billion and shareholders' equity by DKK 0.1 billion. A 0.7 percentage point interest rate increase would increase the collective bonus potential by DKK 0.1 billion and reduce share-

holders' equity by DKK 0.1 billion at year end 2014.

Throughout 2014, Danica Pension was in the green light scenario.

New solvency rules

Danica is closely monitoring the work on the coming EU solvency rules, Solvency II, which, among other things, are set to change the existing volume-based capital requirement to a capital requirement that more accurately reflects the risks involved in the operation.

The European Insurance and Occupational Pensions Authority (EIOPA) has announced that the application date is scheduled for 1 January 2016.

As a precursor to the coming Solvency II reporting, the Danish FSA introduced quarterly reporting as from the first quarter of 2014. This reporting is based on the coming Solvency II schedules, albeit in reduced form, and on the calculation of solvency need.

Financial strength and solvency requirement

As a precursor to the coming Solvency II rules, the Danish FSA in 2007 introduced a requirement for insurance companies to calculate their solvency need. The solvency need is a risk-based capital requirement, calculated according to the company's own risk assessment, to complement the solvency requirement. All Danish insurance companies are required to maintain a capital base corresponding at least to the higher of the solvency requirement and the solvency need. The Danish FSA has issued an executive order which sets out the principles guiding the calculation of solvency need effective from 1 January 2014. Danica Pension complied with this in 2014.

DANICA PENSION, SOLVENCY		
(DKK millions)	2014	1.1.2014
Capital base after cost of capital	17,903	18,090
Solvency requirement	8,243	7,977
Solvency need	10,224	10,337
Required capital base	10,224	10,337

The solvency need amounted to DKK 10.2 billion at year end 2014 against DKK 10.3 billion at the beginning of 2014.

At 1 January 2015, a new executive order on solvency and operating plans for insurance companies entered into force. Under the new executive order, the stress is changed in connection with the calculation of interest rate risk in the capital requirement calculations for the solvency need. At unchanged interest rate exposure, this change could increase Danica Pension's capital requirement by up to DKK 600-700 million. Risk exposure is adjusted on an ongoing basis in rela-

tion to the management of the size of the capital requirement.

Danica Pension's capital base after cost of capital amounted to DKK 17.9 billion at 31 December 2014. Danica Pension's total financial strength, i.e. its capital base and collective bonus potential less the required capital base, amounted to DKK 10.1 billion at year end 2014.

DANICA PENSION, FINANCIAL STRENGTH		
(DKK millions)	2014	1.1.2014
Shareholders' equity	20,767	19,376
Insurance units	-179	-154
Cost of capital, intangible assets etc.	-786	-641
Proposed dividends	-1,899	-490
Capital base after cost of capital	17,903	18,091
Required capital base	-10,224	-10,337
Excess capital base	7,679	7,754
Collective bonus potential	2,450	1,125
Financial strength	10,129	8,879

The financial strength reflects the extra security provided for customers' funds. To this should be added a bonus potential of paid-up policies of DKK 0.9 billion, part of which can be used to offset losses.

Events after the balance sheet date

No events have occurred between 31 December 2014 and the date of the signing of the financial statements that, in the opinion of the management, will materially affect Danica's financial position.

After the end of the financial year, Danica Pension has received an inquiry from the Danish FSA with regard to the calculation principles and accounting treatment of life insurance provisions for a pension scheme. Danica Pension assesses that our practice with regard to the scheme is in compliance with agreements and applicable law. See note 20 to the financial statements on assets deposited as collateral and contingent liabilities, p. 39.

Outlook for 2015

In 2015, Danica expects to maintain its position as one of the leading providers of life and pension insurance products in Denmark.

The profit for 2015 will mainly depend on the financial markets' performance, which influences the booking of a risk allowance and the potential booking of income from the shadow account.

If Danica is to book the full risk allowance in 2015, assuming an unchanged interest rate level, it will require investment returns of 2.5% for the new business interest rate group, 3.0% for the low interest rate group, 3.5% for medium and 2.5% for high.

Returns and market performance

The performance of the financial markets in 2014 largely continued the trend seen since 2009. The equity markets generated good returns and as interest rates declined further, bond returns were high. The turmoil in Ukraine and the Middle East gave some bumps in the road, but the markets soon recovered.

While the US economy continues to display signs indicating that growth has taken hold, in Europe growth appears to be grinding to a halt. Therefore, we are in the special situation that the Federal Reserve is making moves to tighten its monetary policy, while the ECB in January 2015 decided to increase liquidity in the market.

The great differences in the economic development was also reflected in the financial markets. The US equity markets performed considerably better than their European equivalents, the US dollar strengthened significantly against the Euro, also supported by the drop in oil prices, and US Treasury yields are now significantly higher than the Central European yields.

For the year as a whole, the MSCI World All Countries index produced a return of 18.4% measured in Danish kroner. The 10-year Danish government bond interest rate fell 146 bps to 0.78%, the 10-year government bond thus yielding a positive return of 16.4% in 2014, whereas high-yield corporate bonds yielded returns of between 2.0% and 2.5% and emerging market bonds yielded returns of between 2% and 7%, depending on the bonds' maturity.

Property investments in 2014 yielded a return of 5.6%, against 4.9% in 2013. The 2014 return was adversely affected by the continued high commercial property vacancy rates and positively affected by rising market prices of owner-occupied flats.

Listed equities yielded a return of 9.3%, while alternative investments, consisting of private equity, infrastructure funds, hedge funds, alternative credit and forestry and agriculture, yielded a return of 10.4%.

Danica Balance customers under the medium equity risk profile and with 30 years to retirement age in 2014 had a return of 10.9% before tax on pension returns. Danica Balance customers in 2014 had an overall return before tax on pension returns of DKK 5.7 billion or 9.2%. Over a five-year period, the average return was 7.6% p.a. before tax on pension returns.

DANICA BALANCE, RETURN BEFORE TAX				
(%)	30 years to retirement		5 years to retirement	
Risk	Return	Equities etc.	Return	Equities etc.
		(%)		(%)
Highest risk experience	11.5	100	9.1	59
High risk experience	11.5	100	8.4	48
Medium risk experience	10.9	90	7.8	38
Low risk experience	10.0	75	7.2	27
Lowest risk experience	8.4	49	6.5	16
Average return, Danica Balance was 9.2% and over five years 7.6% p.a.				

The majority of the Danica Link customers have opted for Danica Valg with medium risk, and they saw a return before tax on pension returns of 10.8% in 2014. The return before tax on pension returns for Danica Valg customers who have opted for high risk was 12.3% and for customers with a 100% equity share 14.8%. The overall return for Danica Link customers before tax on pension returns was DKK 2.4 billion or an average of 10.2%. Over a five-year period, the average return for all customers was 8.3% p.a. before tax on pension returns.

DANICA VALG PORTFOLIO, RETURN BEFORE TAX		
(%)	2014	2013
Danica Valg Guarantee	8.9	8.9
Danica Valg 100% Bonds	5.7	0.6
Danica Valg Low Risk	7.7	5.0
Danica Valg Medium Risk	10.8	10.2
Danica Valg High Risk	12.3	14.5
Danica Valg 100% Equities	14.8	19.3
Average return, Danica Link was 10.2% and over five years 8.3% p.a.		

Danica Select customers in 2014 had a return of DKK 66.7 million or 10.6%.

The overall return on Danica Balance, Danica Link and Danica Select in 2014 was DKK 8.1 billion before tax on pension returns, equal to 9.4%. Over a five-year period, the return was 7.8% p.a.

The overall return on customer funds in Danica Traditionel before tax on pension returns was 14.0%. The overall return after an increase of technical provisions was 7.2%. Over five years, the average return after changes in technical provisions was 4.4%.

DANICA PENSION, CUSTOMER FUNDS				
HOLDINGS AND RETURNS (DKK billions)	2014		2013	
	Value	Return %	Value	Return %
Property investments	21.2	5.6	20.1	4.9
Listed equities	6.5	9.3	9.7	15.6
Alternative investments	13.9	10.4	10.2	4.7
Credit investments	21.2	5.6	23.1	0.9
Global bonds	7.1	8.6	6.6	-1.7
Nominal bonds	70.5	8.9	68.1	0.9
Index-linked bonds	14.2	5.2	14.4	-4.5
Short-term bonds and cash and cash equivalents	12.1	0.9	15.5	0.6
Total bonds, etc.	103.9	7.7	104.6	-0.2
Other financial assets	9.8	-	1.2	
Total	176.5	14.0	168.9	-0.2
Return after change in additional provisions		7.2		2.2

The below table illustrates the relationship between investment return and the interest rate on policyholders' savings.

FROM INVESTMENT RETURN TO INTEREST RATE ON POLICY-HOLDERS' SAVINGS

[%]	New business	Total	Total
	2014	2014	2013
Return on customer funds before investment costs	9.1	14.8	0.3
Investment costs	-1.1	-0.8	-0.5
Return on customer funds after investment costs	8.0	14.0	-0.2
Change in the value of insurance obligations	-4.4	-6.8	2.4
Investment return including change in insurance obligations	3.6	7.2	2.2
Tax on pension returns	-1.1	-2.6	0.0
Risk premium for the year	-0.6	-0.8	-0.7
Risk premium transferred to shadow account	0.0	-0.4	0.1
Risk and cost results	0.0	0.0	0.0
Transfer from collective bonus potential	-0.4	-0.9	-0.1
Transfer from bonus potential of paid-up policies	0.0	-0.2	0.2
Other adjustments	0.0	-0.8	-0.2
Average interest rate on policyholders' savings after tax on pension returns	1.5	1.5	1.5
The share of investment assets for which investment costs are included is	100	100	100

The investment allocation of assets attributed to shareholders' equity at year end 2014 was 10.9% in real property and 89.1% in relatively short-term bonds. Shareholders' equity is furthermore exposed to equities and credit bonds through investments attributable to the health and accident business. The overall return on

assets attributed to shareholders' equity and to the health and accident business was 2.3%.

ORGANISATION, MANAGEMENT AND PARTNERSHIPS

Danica handles the Danske Bank Group's activities within pension savings and life insurance for companies, organisations and private individuals.

Audit Committee, Executive Board and Board of Directors

Danica Pension's Board of Directors consists of nine directors, five of whom are elected by the general meeting, three are elected by the employees and one is appointed by the Minister of Finance. The Board of Directors is in charge of the overall management of the company and generally holds six meetings a year.

The Board of Directors has set up an audit committee to prepare the work of the Board of Directors on financial reporting and audit matters, including related risk matters, which either the Board of Directors, the committee itself, the external auditors or the head of Internal Audit may choose to review further. The committee works on the basis of clearly defined terms of reference. The committee is not authorised to make independent decisions; instead they report exclusively to the combined Board of Directors. In 2014, the Audit Committee held six meetings.

The Executive Board is in charge of the day-to-day management of the company and made up of Per Klitgård, CEO, Jacob Aarup-Andersen and Jesper Winkelmann.

Jacob Aarup Andersen joined the Executive Board on 1 May 2014 with special responsibility for Investment, Actuarial Department and Finance.

The directorships of the members of the Board of Directors and the Executive Board are listed on page 47. For additional information on the organisation, see page 46.

Diversity policy

At the board meeting held on 8 December 2014, the Board of Directors adopted a diversity policy.

Danica Pension sees diversity as a resource with respect to individual employees as well as to the organisation as a whole.

The diversity policy is required under the regulations enacted by the Danish parliament on 14 December 2012 on the gender composition of the supreme governing body of all large companies in Denmark. According to the diversity policy, the Board of Directors must ensure that the company continually focuses on maintaining a balanced gender representation among Danica's managers.

Focus on gender composition is ensured through Danica's internal and external recruitment processes and other measures.

Danica's diversity policy is based on the Danske Bank Group's Diversity and Inclusion Policy. The targets for the proportion of women are the same as those of the Danske Bank Group, which has solely set targets for the proportion of women at each management level.

Danica's gender distribution at 31 December 2014 is set out in the table below.

Management level	In total	Women	Share women	Group target (2015/2017)	Men	Share men
Board members	8	1	13%	13% / 25%	7	88%
Directors	30	4	13%	22% / 25%	26	87%
Office/department managers	15	9	60%	27% / 29%	6	40%
Team leaders	33	19	58%	42% / 42%	14	42%
In total	86			37% / 38%		

* Employee representatives not included

As the table indicates, Danica maintains a gender composition that meets the targets set in the diversity policy for 2015 as well as 2017 at the lower management levels.

Remuneration policy and incentive schemes

Danica's remuneration policy fits in with that of the Danske Bank Group and encompasses all employees in the Danica Group.

The policy was adopted at the Danica Group's annual general meetings and is available on www.danicapension.dk.

The Executive Board and senior managers are covered by the incentive scheme offered by the Danske Bank Group, comprising cash and conditional shares. Incentive payments reflect individual performance and also depend on financial results in the business area and other measures of value creation in a given financial year.

The remuneration structure is subject to a number of rules relating to remuneration of the Board of Directors, the Executive Board and other staff members whose activities have a material effect on the Group's risk profile (risk takers). Danica follows Danske Bank's guidelines in this area.

The size of performance-based compensation is capped, and payment of part of such remuneration is deferred until a later date. Employees may lose part or all of their deferred remuneration, depending on future results.

In compliance with international and Danish guidelines, employees in control functions do not receive performance-based remuneration.

Competent leadership and high employee satisfaction are key to the performance of the business. Danica Pension gives focused attention to management development, and this work is an-

chored in the Danske Bank Group's management platform.

Skills development is another key factor in Danica Pension's value creation, and advisers and other customer-oriented functions in particular undergo structured training programmes to ensure a solid skills base. Individual employees' skills development is arranged in connection with the annual performance appraisal, as a minimum.

CORPORATE RESPONSIBILITY

Corporate Responsibility policy

Corporate responsibility (CR) remains a key element of Danica's strategy. We want our customers and other stakeholders to be absolutely confident that in operating our business we factor in environmental, social, ethical and governance considerations. We believe that responsible business conduct is a prerequisite for a company's long-term value creation.

Danica complies with Danske Bank's Corporate Responsibility policy. Along with the Annual Report 2014, the Danske Bank Group has published Corporate Responsibility 2014 on the Group's corporate responsibility. All relevant Corporate Responsibility data for the Group are available in the Corporate Responsibility Fact Book 2014, which is published along with the Corporate Responsibility report.

The UN Global Compact is the world's largest voluntary corporate responsibility network, which is based on ten universal principles in the areas of human rights, labour rights, environment and corruption. Since 2007, as a member of the Global Compact the Group has been committed to describing in annual progress reports what concrete measures it has taken to comply with the ten principles. The Group fulfils its reporting obligation to the Danish FSA by referring to the annual progress report to the UN, Communication on Progress. The progress report is available at www.unglobalcompact.org.

The Group's Corporate Responsibility reporting complies with the Global Reporting Initiative (GRI) guidelines on sustainability reporting.

A GRI index is available at www.danskebank.com/responsibility, which corresponds to the ten universal principles of the Global Compact.

Environmental considerations

In 2014, Danica continued implementing measures to reduce paper consumption. Danica continued the digitalisation so that customers can choose to receive most of Danica's letters electronically. At the end of 2014, Danica had 546.000 customers receiving electronic mail.

Danica regularly monitors heating, electricity, water consumption and mileage on the company's vehicles. Also, all of Danica's vehicles have been replaced by environmentally friendly cars. Danica is included in Danske Bank's CO2 accounts. The complete report is available at Danske Bank's website. From 2013 to 2014, Danica's overall carbon footprint was reduced by 2%.

Power, heat and water consumption trends

		2014	2013	2012	Index 14/13
Total power consumption	MWh	1,293	1,231	1,208	105
Total heat consumption	MWh	2,101	2,431	2,192	86
Total water consumption	m3	4,987	4,465	4,535	112
Mileage	Km'000	1,117	1,532	1,751	73
Paper	tonnes	76	71	94	107

Power and heat consumption includes head office and regional offices in Denmark. The consumption covers the period October 2013 to September 2014.

Danica's heat consumption was down by 14% relative to 2013 as a result of a milder winter season in 2013/14 than the previous year.

The higher water consumption is due to the cooling water system being emptied and the fact that increasing numbers of employees bathe after cycling to work.

For shopping centres managed by Steen & Strøm, an environmental and CSR programme has been established. It sets out environmental targets in terms of energy consumption, including CO2 emissions, waste. etc. Danica's centres have obtained Key2Green certification.

Socially responsible investment principles

In 2008, Danica implemented a socially responsible investment (SRI) policy in order to ensure that Danica does not invest customers' money in companies that do not comply with international human rights, environmental and employee rights, weapons and anti-corruption guidelines. Danica also adopted the UN Principles for Responsible Investment (PRI). This decision reflected the Group's ambition to comply with international standards in Danica's environmental, social and ethical guidelines. In 2014, a few companies were excluded from Danica's investment universe based on the Group's socially re-

sponsible investment guidelines, while others had made improvements and could be included again.

The list of companies not eligible for investment can be seen at www.danicapension.dk.

The requirements in respect of Danica's property portfolio include that Danica's suppliers should comply with the ethical rules of the Danish Construction Association.

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Financial highlights - Danica Pension

Mio. kr.	2014	2013	2012	2011	2010
INCOME STATEMENT					
Premiums	17,517	16,838	16,638	17,206	15,211
Return on investment after tax on pension returns	26,986	5,282	20,326	9,955	14,237
Claims and benefits	-23,326	-21,852	-18,144	-16,374	-16,519
Change in life insurance provisions and outstanding claims provisions	-4,348	12,392	-3,633	-4,207	-1,239
Change in provisions for unit-linked contracts	-12,055	-10,634	-11,465	-6,671	-9,933
Change in collective bonus potential	-1,482	-273	-476	1,403	1,035
Total operating expenses relating to insurance	-710	-701	-758	-824	-853
Profit/loss on business ceded	285	-43	175	269	141
Transferred return on investment	-1,180	-451	-1,070	-860	-978
Technical result, Life	1,687	558	1,593	-103	1,102
Gross premium income	868	847	848	964	1,007
Gross claims	-1,116	-994	-917	-916	-798
Total operating expenses relating to insurance	-76	-82	-98	-109	-120
Profit/loss on business ceded	-3	-6	-7	-18	-11
Return on investment less technical interest	321	176	309	283	199
Technical result of health and accident insurance	-146	-107	2	82	198
Return on investment allocated to equity, etc.	907	767	692	619	806
Profit/loss before tax	2,448	1,218	2,287	598	2,106
Tax	-549	-49	-540	-133	-443
Net profit/loss for the year	1,899	1,169	1,747	465	1,663
BALANCE SHEET					
Total assets	315,579	288,929	291,720	275,903	262,428
Insurance assets, health and accident insurance	51	93	120	143	167
Technical provisions, health and accident insurance	8,873	8,176	8,291	7,865	7,597
Total shareholders' equity	20,767	19,376	18,986	19,461	19,023
Provisions for insurance and investment contracts	273,064	254,953	256,951	241,954	232,779
Collective bonus potential	2,450	1,125	851	375	1,740
KEY FIGURES AND RATIOS (%)					
Return before tax on pension returns	12.7	-0.1	8.6	6.1	5.6
Return before tax on pension returns on equity funds	1.9	1.8	1.8	1.7	3.3
Return before tax on pension returns on customer funds	14.0	-0.2	9.2	6.8	5.8
Expenses as per cent of premiums	3.9	4.0	4.5	4.7	5.5
Expenses as per cent of provisions	0.3	0.3	0.4	0.4	0.4
Expenses per policyholder (DKK)	1,139	1,086	1,135	1,212	1,233
Cost result	-0.05	-0.02	-0.03	-0.02	-0.01
Insurance risk result	0.02	0.00	0.01	-0.01	0.04
Bonus rate	2.0	0.8	0.6	0.2	1.1
Owners' capital ratio	16.8	14.4	12.7	12.3	13.6
Excess core capital ratio	8.3	7.8	6.2	6.6	8.6
Solvency ratio	225	232	209	225	278
Return on equity before tax	12.2	6.3	11.4	3.1	11.6
Return on equity after tax	9.4	6.1	8.7	2.4	9.1
Return on customer funds after deduction of expenses before tax	11.7	-1.1	7.7	6.1	4.6
Return on subordinated debt before tax	-	-	-	1.7	1.4
RATIOS FOR HEALTH AND ACCIDENT INSURANCE					
Gross claims ratio	136	123	119	105	87
Gross expense ratio	9	10	13	13	13
Combined ratio	145	134	133	119	101
Operating ratio	164	135	143	124	100
Relative run-off	-2.3	0.0	0.0	0.5	1.5
Run-off, net of reinsurance (DKK millions)	-175	0	0	35	100
RATE OF INTEREST ON POLICYHOLDERS' SAVINGS (%)					
Rate of interest on policyholders' savings before tax on pension return	1.8	1.8	1.8	3.0	3.3
Rate of interest on policyholders' savings after tax on pension returns	1.5	1.5	1.5	2.5	2.8

The ratios are defined in accordance with the Danish FSA's Executive Order on Financial Reports of Insurance Companies and Lateral Pension Funds. From 2011, information on the interest rate on policyholders' savings comprises the new business group

Income statement - Danica Pension

Note	(DKK millions)	2014	2013
2	Gross premiums	17,517	16,838
	Reinsurance premiums ceded	-5	-15
	Total premiums, net of reinsurance	17,512	16,823
	Income from group undertakings	1,339	1,124
	Income from associated undertakings	-4	-
	Income from investment properties	5	5
	Interest income and dividends, etc.	5,313	6,286
3	Market value adjustments of investments	25,723	-825
	Interest expenses	-576	-302
	Administrative expenses related to investment activities	-553	-402
	Total investment return	31,247	5,886
	Tax on pension returns	-4,261	-604
	Return on investment after tax on pension returns	26,986	5,282
4	Claims and benefits paid	-23,326	-21,852
	Reinsurers' share received	96	109
	Change in outstanding claims provision	21	-5
	Total claims and benefits, net of reinsurance	-23,209	-21,748
5	Change in life insurance provisions	-4,369	12,397
	Change in reinsurers' share	194	-137
	Total change in life insurance provisions, net of reinsurance	-4,175	12,260
	Change in collective bonus potential	-1,482	-273
	Total bonus	-1,482	-273
6	Change in provisions for unit-linked contracts	-12,055	-10,634
	Total change in provisions for unit-linked contracts, net of reinsurance	-12,055	-10,634
	Acquisition costs	-100	-120
	Administrative expenses	-627	-605
	Reimbursement of costs from group undertakings	17	24
7	Total operating expenses relating to insurance, net of reinsurance	-710	-701
	Transferred investment return	-1,180	-451
	TECHNICAL RESULT	1,687	558
8	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-146	-107
	Return on investment allocated to equity	318	293
9	Other income	589	474
10	PROFIT BEFORE TAX	2,448	1,218
11	Tax	-549	-49
	NET PROFIT FOR THE YEAR	1,899	1,169
	Net profit for the year	1,899	1,169
	Other comprehensive income:		
	Translation of foreign units	-42	-67
	Foreign unit hedges	32	51
	Tax relating to other comprehensive income	-8	-13
	Total other comprehensive income	-18	-29
	NET COMPREHENSIVE INCOME FOR THE YEAR	1,881	1,140

Balance sheet - Danica Pension

Assets

Note (DKK millions)	2014	2013
INTANGIBLE ASSETS	182	196
12 Investment properties	275	275
Holdings in group undertakings	23,340	22,065
Loans to group undertakings	79	84
Total investments in group and associated undertakings	23,419	22,149
Holdings	11,118	7,409
Unit trust certificates	34,420	46,775
Bonds	115,096	108,037
Other loans	1,315	674
Deposits with credit institutions	8,159	9,306
Other	18,080	3,957
13 Total other financial investment assets	188,188	176,158
TOTAL INVESTMENT ASSETS	211,882	198,582
14 UNIT-LINKED INVESTMENTS	96,467	83,100
Unearned premiums provision, reinsurers' share	5	5
Life insurance provisions, reinsurers' share	2,116	1,922
Outstanding claims provision, reinsurers' share	46	88
Total technical provisions, reinsurers' share	2,167	2,015
Amounts due from policyholders	675	459
Amounts due from insurance companies	317	353
Amounts due from group undertakings	27	236
Other debtors	519	1,043
TOTAL DEBTORS	3,705	4,106
Current tax assets	-	18
Cash and cash equivalents	786	581
TOTAL OTHER ASSETS	786	599
Accrued interest and rent	2,142	1,932
Other prepayments and accrued income	415	414
TOTAL PREPAYMENTS AND ACCRUED INCOME	2,557	2,346
TOTAL ASSETS	315,579	288,929

Balance sheet - Danica Pension

Liabilities and equity

Note	(DKK millions)	2014	2013
	Share capital	1,100	1,100
	Contingency fund	1,499	1,499
	Retained earnings	16,269	16,287
	Proposed dividend	1,899	490
15	TOTAL SHAREHOLDERS' EQUITY	20,767	19,376
	Unearned premiums provision	476	536
	Guaranteed benefits	161,187	152,517
	Bonus potential of future premiums	2,689	5,670
	Bonus potential of paid-up policies	862	3,859
5	Total life insurance provisions	164,738	162,046
16	Outstanding claims provision	8,577	7,854
17	Collective bonus potential	2,450	1,125
	Provisions for bonuses and premium discounts	90	94
18	Provisions for unit-linked contracts	96,733	83,298
	TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	273,064	254,953
11	Deferred tax	1,463	1,544
	TOTAL PROVISIONS FOR LIABILITIES	1,463	1,544
	Amounts owed, direct insurance	317	54
	Amounts owed to credit institutions	7,153	8,682
	Amounts owed to group undertakings	82	57
	Current tax liabilities	161	-
	Other creditors	12,035	3,882
19	TOTAL CREDITORS	19,748	12,675
	ACCRUALS AND DEFERRED INCOME	537	381
	TOTAL LIABILITIES AND EQUITY	315,579	288,929

Statement of capital - Danica Pension

[DKK millions]

Changes in shareholders' equity

	Share capital	Revaluation reserve*	Other reserves	Retained earnings	Proposed dividend	Total
Shareholders' equity at 31 December 2013	1,100	-8	1,499	16,295	490	19,376
Profit for the year	-	-	-	1,899	-	1,899
Other comprehensive income	-	-	-	-	-	-
Translation of foreign units	-	-42	-	-	-	-42
Foreign unit hedges	-	32	-	-	-	32
Tax on other comprehensive income	-	-8	-	-	-	-8
Total other comprehensive income	-	-18	-	-	-	-18
Comprehensive income for the year	-	-18	-	1,899	-	1,881
Dividend paid	-	-	-	-	-490	-490
Proposed dividend **	-	-	-	-1,899	1,899	0
Shareholders' equity at 31 December 2014	1,100	-26	1,499	16,295	1,899	20,767
Shareholders' equity at 31 December 2012	1,100	8	1,499	15,629	750	18,986
Profit for the year	-	-	-	1,169	-	1,169
Other comprehensive income	-	-	-	-	-	-
Translation of foreign units	-	-67	-	-	-	-67
Foreign unit hedges	-	51	-	-	-	51
Tax on other comprehensive income	-	-	-	-13	-	-13
Total other comprehensive income	-	-16	-	-13	-	-29
Comprehensive income for the year	-	-16	-	1,156	-	1,140
Dividend paid	-	-	-	-	-750	-750
Proposed dividend **	-	-	-	-490	490	0
Shareholders' equity at 31 December 2013	1,100	-8	1,499	16,295	490	19,376

* Recognised in the balance sheet under retained earnings.

** The dividend amounts to DKK 172.67 per share (2013: DKK 44.50). The line shows the effect on shareholders' equity at year end.

Danica Pension has an obligation to allocate part of the excess equity to certain policyholders of Statsanstalten for Livsforsikring (now part of Danica Pension) if the percentage by which the equity exceeds the required capital base is higher than the percentage that had been maintained by Statsanstalten for Livsforsikring prior to the privatisation of this company in 1990. In addition, it is the intention not to distribute dividends until 2015. Paid-up capital and interest thereon may, however, be distributed currently.

Moreover, Danica Pension's ability to distribute dividends is limited by the pension companies' agreement with the Ministry of Business and Growth Denmark to limit dividends to a minimum solvency ratio of 175% relative to the greater of the solvency requirement and the solvency need. This limitation will be removed once the industry and the Ministry of Business and Growth have agreed how best to incorporate the final technical assumptions of Solvency II in the yield curve, however not later than 1 January 2016.

Statement of capital - Danica Pension

[DKK millions]	2014	2013
Solvency requirement and capital base		
Shareholders' equity	20,767	19,376
Proportionate share of capital base of insurance subsidiaries	441	411
- Value of proportionate share	-506	-449
Core capital	20,702	19,338
- Proposed dividend	-1,899	-490
- Intangible assets	-182	-196
- Proportionate share of capital requirement of insurance subsidiaries	-114	-116
Reduced core capital	18,507	18,536
Capital base	18,507	18,536
Solvency requirement for life insurance	7,948	7,681
Solvency requirement for health and accident insurance	295	295
Total solvency requirement	8,243	7,976
Excess capital base	10,264	10,560

The capital base should at any time exceed the higher of the solvency requirement, calculated in accordance with the Danish Financial Business Act, and the solvency need.

Notes – Danica Pension

Note

1 SIGNIFICANT ACCOUNTING POLICIES – Danica Pension

GENERAL

Danica Pension's financial statements are prepared in accordance with the the Danish Financial Business Act, including the Danish FSA's executive order No. 112 of 7 February 2013 on financial reports presented by insurance companies and lateral pension funds.

The accounting policies are consistent with those applied in the annual report for 2013.

Change in accounting estimates

No changes in accounting estimates have been made from the 2013 financial statements.

Danica Pension has notified the Danish FSA that, as from 1 January 2014, risk allowance will be calculated on cost groups with a positive technical basis for risk allowance. This change increased the profit for 2014 by DKK 49 million.

Accounting estimates and judgments

Management's estimates and judgments of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the consolidated financial statements. The estimates and judgments that are deemed critical to the consolidated financial statements are:

- measurement of liabilities under insurance contracts
- the fair value measurement of financial instruments
- the fair value measurement of real property

The estimates and judgments are based on premises that management finds reasonable but which are inherently uncertain and unpredictable. The premises may be incomplete and unexpected future events or situations may occur. Therefore, such estimates and judgments are difficult and will always entail uncertainty, even under stable macroeconomic conditions, when they involve mortality and disability rates. Other parties may arrive at other estimated values.

Measurement of liabilities under insurance contracts

Calculations of liabilities under insurance contracts are based on a number of actuarial computations that rely on assumptions about a number of variables, including mortality and disability rates.

Insurance liabilities are calculated by discounting the expected future benefits to their present values. For life insurance, the expected future benefits are based on expected future mortality rates and expected frequency of surrenders and conversions into paid-up policies. For health and accident insurance, the insurance obligations are calculated on the basis of expected future recoveries and re-openings of old claims. Estimates of future mortality rates are based on the Danish FSA's benchmark, while other estimates are based on empirical data from the Group's own portfolio of insurance contracts. Estimates are updated regularly.

The calculation of life insurance provisions is based on an assumed increase in life expectancy over today's observed lifetime of 1.4 year for a sixty five-year-old man and 1.7 year for a sixty five-year-old woman. A sixty five-year-old man is thus expected to live for approximately 21 more years and a sixty five-year-old woman for almost 24 more years. The update of mortality rates in 2014 resulted in an increase in provisions of DKK 372 million.

The liabilities also depend on the discount yield curve, which, for maturities of less than two years, is fixed on the basis of a zero-coupon yield curve estimated on the basis of bonds issued to fund interest-reset loans. For maturities between seven and 20 years, the zero-coupon yield curve is estimated on the basis of Euro swap market rates to which is added a country spread between Danish and German government bonds, calculated as a 12-month moving average. A mortgage yield spread is also added as stipulated by the agreement between the Danish Ministry of Business and Growth and the Danish Insurance Association on financial stability in the pension area. (Interest rate curve - agreement of 20.12.2013). Maturities between two and seven years are based on linear interpolation. For maturities of more than 20 years, the forward rate between 20 and 30 years is extrapolated, the forward rate at the 30-year mark being fixed at 4.2% (Ultimate Forward Rate).

See the sensitivity analysis in note 24 to the financial statements.

Fair value measurement of financial instruments

Critical estimates are not used for measuring the fair value of financial instruments where the value is based on prices quoted in an active market or on generally accepted models employing observable market data.

Measurements of financial instruments that are only to a limited extent based on observable market data are subject to estimates. This includes unlisted shares, certain listed shares and certain bonds for which there is no active market. See Financial investment assets below for a more detailed description.

Fair value measurement of real property

The fair value measurement of investment property is assessed by the Group's valuers on the basis of a systematic assessment of the present value of the expected cash flows from the property. The present value is calculated based on discounting by a re-

Notes – Danica Pension

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quired rate of return determined for each property individually, in accordance with appendix 7 to the executive order on the presentation of financial reports by insurance companies and lateral pension funds.

Consolidation

The company is included in the consolidated financial statements of Forsikrings-selskabet Danica, Skadeforsikringsaktieselskab af 1999 (Danica Group), the Danica Group are included in the consolidated financial statements of Danske Bank A/S, Copenhagen. In accordance with section 134(1) of the Executive Order issued by the Danish FSA on the presentation of financial reports by insurance companies and lateral pension funds, no consolidated financial statements are presented for the Danica Pension Group.

Group undertakings

Undertakings acquired are included in the financial statements at the time of acquisition.

The net assets of such undertakings (assets, including identifiable intangible assets, less liabilities and contingent liabilities) are measured in the financial statements at fair value at the date of acquisition according to the purchase method.

If the cost of acquisition exceeds the fair value of the net assets acquired, the excess amount is recognised as goodwill. Goodwill is recognised in the functional currency of the undertaking acquired. If the fair value of the net assets exceeds the cost of acquisition (negative goodwill), the excess amount is recognised as income at the date of acquisition. The portion of the acquisition that is attributable to non-controlling interests does not include goodwill.

Divested undertakings are included in the financial statements until the transfer date.

Holdings in group undertakings comprise two *life insurance companies outside Denmark* and one property company.

Jointly controlled assets

Properties that are owned jointly with other undertakings outside the Group, and where each venturer has control over its share of the future economic benefits through its share of the property, are classified as jointly controlled assets. Jointly controlled assets are consolidated on a pro rata basis in the income statement and the balance sheet.

Jointly controlled operations

The company is involved in joint operations with other pension companies. These joint operations are administrated by Forenede Gruppeliv. Income, expenses, assets and insurance liabilities, etc. are distributed between and recognised by the venturers according to their individual quota, which is determined based on the premiums written by the individual venturer during the year.

Intragroup transactions

The companies in the Danica Group are included in the Danske Bank Group, which comprises a number of independent legal entities. Intragroup transactions are settled on an arm's-length basis. Expenses incurred centrally are invoiced to the undertakings at calculated unit prices according to consumption and activity in accordance with the transfer pricing rules (cost recovery basis) or at market prices, if available.

Translation of transactions in foreign currency

The presentation currency of the consolidated financial statements is Danish kroner.

Transactions in foreign currency are translated at the exchange rate at the transaction date. Gains and losses on exchange rate differences arising between the transaction date and the settlement date are recognised in the income statement.

Monetary assets and liabilities in foreign currency are translated at the exchange rates at the balance sheet date. Exchange rate adjustments of monetary assets and liabilities arising as a result of differences in the exchange rates at the transaction date and at the balance sheet date are recognised in the income statement.

Translation of units outside Denmark

Assets and liabilities of units outside Denmark are translated into Danish kroner at the exchange rates at the balance sheet date. Income and expenses are translated at the exchange rates at the transaction date. Exchange rate gains and losses arising on translation of net investments in units outside Denmark are recognised in other comprehensive income. Net investments include the shareholders' equity and goodwill of the unit as well as holdings in the unit in the form of subordinated loan capital.

Translation of units outside Denmark

Assets and liabilities of units outside Denmark are translated into Danish kroner at the exchange rates at the balance sheet date. Income and expenses are translated at the exchange rates at the transaction date. Exchange rate gains and losses arising on translation of net investments in units outside Denmark are recognised in other comprehensive income. Net investments include the shareholders' equity and goodwill of the unit as well as holdings in the unit in the form of subordinated loan capital.

Notes – Danica Pension

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Hedge accounting

The company uses derivatives to hedge the interest rate risk on fixed-rate liabilities measured at amortised cost. Hedged risks that meet the criteria for fair value hedge accounting are treated accordingly. The interest rate risk on the hedged liabilities is measured at fair value as a value adjustment of the hedged items through profit or loss.

If the hedge accounting criteria cease to be met, the accumulated value adjustments of the hedged items are amortised and recognised in the income statement over the term to maturity.

Financial liabilities in foreign currency are used to hedge net investments in units outside Denmark. Exchange rate adjustments attributable to a hedge are recognised in other comprehensive income. If the hedge accounting criteria cease to be met, the exchange rate adjustments of the financial liabilities are recognised in the income statement from the date when the hedge is discontinued.

When a foreign unit is divested, the amounts previously recognised in other comprehensive income in relation to the hedge, including amounts recognised in connection with foreign currency translation of the unit outside Denmark, are recognised through profit or loss.

Insurance contracts

Life insurance policies are classified as insurance or investment contracts. Insurance contracts are contracts that entail significant insurance risks or entitle policyholders to bonuses. Investment contracts are contracts that entail insignificant insurance risk, and are included in the balance sheet item: Unit-linked contracts, under which the investment risk lies with the policyholder.

Contribution

In accordance with the Executive Order on the Contribution Principle, the Danish FSA has been notified of Danica Pension's profit policy. The portfolio of Danica Traditional insurances is divided into four interest rate groups, four cost groups and three risk groups.

The risk allowance can be booked only if it does not exceed the technical basis for risk allowance for the individual group and if the bonus potential of paid-up policies has not been used to absorb losses not covered by the collective bonus potential for the individual group. The technical basis for the risk allowance is essentially the annual investment return after tax on pension returns less the technical rate of interest used to calculate the guaranteed benefits payable to policyholders and the change in accumulated value adjustment of life insurance provisions. Consequently, the contribution principle entails fluctuating results. If the risk allowance cannot be booked, in whole or in part, the amount is transferred to a shadow account and may be booked at a later date if justified by the return on investment and provided no use of bonus potential of paid-up policies.

Within each interest rate group, any losses are absorbed collectively by that group's collective bonus potential and the bonus potential of paid-up policies before any shareholders' equity is required to cover such losses. Any losses on risk and cost groups not absorbed by the collective bonus potential of the individual groups are to be covered by shareholders' equity. Losses related to interest and risk groups that are covered by shareholders' equity are transferred to the shadow account and may be booked at a later date when the technical basis permits.

Danica Pension has an obligation to allocate part of the excess equity to certain policyholders of the former Statsanstalten for Livsforsikring (now part of Danica Pension) if the percentage by which the equity exceeds the required capital base is higher than the percentage that had been maintained by Statsanstalten for Livsforsikring prior to the privatisation of this company in 1990.

INCOME STATEMENT

Life insurance premiums

Regular and single premiums on insurance contracts are included in the income statement at the due dates. Reinsurance premiums paid are deducted from premiums received. Premiums on investment contracts are recognised directly in the balance sheet and disclosed in the notes.

Return on investment

Income from associates comprises the company's share of the associates' profit after tax and realised gains and losses on sales during the year.

Income from investment properties comprises the profit from operating investment properties after deduction of property management expenses.

Interest income and dividends etc. comprises yield on bonds and other securities and interest on amounts due.

In addition, the item comprises dividends from holdings with the exception of dividends from associated undertakings.

Market value adjustments comprise realised and unrealised gains and losses and exchange rate adjustments on investment assets other than associates.

Notes – Danica Pension

Note

Interest expenses comprise interest on loans and other amounts due.

Administrative expenses related to investment activities comprise portfolio management fees to investment managers, direct trading costs, custody fees and own expenses related to the administration of and advisory services on investment assets.

Tax on pension returns

Tax on pension returns consists of individual tax on pension returns, calculated on the interest accrued on policyholders' savings, and non-allocated tax on pension returns, calculated on amounts allocated to the collective bonus potential and the like. The rate of tax on pension returns is 15.3%.

Claims and benefits

Insurance benefits, net of reinsurance Claims and benefits, net of reinsurance, comprises the claims and benefits paid on insurance contracts for the year, adjusted for the change for the year in outstanding claims provisions and net of the reinsurers' share. Claims and benefits on investment contracts are recognised directly in the balance sheet.

Change in life insurance provisions

Change in life insurance provisions, net of reinsurance, comprises the change for the year in gross life insurance provisions less reinsurers' share.

Change in collective bonus potential

The change in collective bonus potential comprises the change for the year in collective bonus potential for insurance policies with bonus entitlement.

Change in provisions for unit-linked contracts

The change in provisions for unit-linked contracts comprises the change for the year in the unit-linked provisions other than premiums and benefits relating to investment contracts.

Operating expenses relating to insurance activities

Acquisition costs cover accrued costs related to acquiring and reviewing the insurance portfolio. Administrative expenses cover other accrued expenses related to insurance operations.

The allocation of non-directly attributable expenses between acquisition costs and administrative expenses and between life insurance and health and accident insurance is based on an ABC allocation model. The model uses drivers based on activity registrations.

Performance-based remuneration is expensed as it is earned. Part of the performance-based remuneration for the year may be paid in the form of equity-settled options (suspended in 2008) and conditional shares in Danske Bank. Share options may be exercised within three to seven years after the grant date and are conditional on the employee's not having resigned. Rights to shares under the conditional share programme vest up to five years after being granted provided that the employee, with the exception of retirement, has not resigned from the Group. In addition to this requirement, the vesting of rights earned from 2010 is conditional on certain targets.

The fair value of share-based payments at the grant date is expensed over the service period that unconditionally entitles the employee to the payment. The intrinsic value of the options is expensed in the year when the share-based payments are earned, whereas the time value is accrued over the remaining service period. Subsequent fair value adjustments are not carried in the income statement.

Transferred return on investment

Transferred return on investment consists of the return on the assets allocated to shareholders' equity and the return on health and accident insurance.

Health and accident insurance

Premiums, net of reinsurance, are included in the income statement as they fall due. Premiums, calculated net of discounts not related to claims and the like and insurance premiums ceded, are accrued.

Technical interest, which is a calculated return on average technical provisions, net of reinsurance, is transferred from return on investment. The amount is calculated on the basis of the maturity-dependent discount rate determined by the Danish FSA. The proportion of the increased premium and claims provisions attributable to discounting is transferred from premiums/claims and set off against technical interest. Market value adjustment is included in the item Return on investment.

Claims, net of reinsurance, comprise claims paid for the year, adjusted for changes in outstanding claims provisions, including gains and losses on prior-year provisions (run-off result). Furthermore, claims include expenses for assessment of claims, expenses for damage control and an estimate of the expected administrative and claims handling expenses on the insurance contracts written by the undertaking. Total gross claims are calculated net of reinsurance.

Notes – Danica Pension

Note

Transferred return on investment is calculated as a proportion of the total investment return, excluding hedges of interest rate risk, the return allocated to shareholders' equity and unit-linked investments. This proportion is calculated in accordance with the ratio of health and accident provisions to total technical provisions.

Other income

Comprises income which cannot be directly attributed to insurance or investment activities.

Other expenses

Comprises expenses which cannot be directly attributed to insurance or investment activities.

Tax

Calculated current tax on the profit for the year and changes in deferred tax as well as adjustments of tax charges for previous years are recognised in the income statement. Income tax for the year is recognised in the income statement in accordance with the tax laws in force in the countries in which Danica operates. Tax on items recognised in other comprehensive income is also recognised in other comprehensive income.

BALANCE SHEET

ASSETS

Intangible assets

Goodwill

Goodwill arises on the acquisition of an undertaking and is calculated as the difference between the cost of the undertaking and the fair value of its net assets. Goodwill on acquisitions made before 2002 was written off against shareholders' equity in the year of acquisition.

Goodwill is allocated to business units constituting the smallest identifiable cash-generating units, corresponding to the internal reporting structure and the level at which management monitors its investment. Goodwill is not amortised; instead each business unit is tested for impairment at least once a year or more frequently if indications of impairment exist. Goodwill is written down to its recoverable amount in the income statement provided that the carrying amount of the net assets of the cash-generating unit exceeds the higher of the assets' fair value less costs to sell and their value in use, which equals the present value of the future cash flows expected to be derived from each unit.

Goodwill on associated undertakings is recognised in Holdings in associates. The unit tested for impairment is the total carrying amount (including goodwill) of holdings in the associate.

Goodwill in subsidiaries is tested for impairment based on the cash-generating unit's estimated future cash flows for the next ten years and a residual value. The expected cash flows are discounted at a rate of 9% after tax. Goodwill in associated undertakings is tested for impairment based, among other things, on their financial statements.

Investment property

Investment property is real property, including real property let under operating leases, which the Group owns for the purpose of receiving rent and/or obtaining capital gains. Investment property is real property that Danica does not use for its own administrative purposes etc., as such property is classified as domicile property. Real property with both domicile and investment property elements is allocated proportionally to the two categories if the elements are separately sellable. If that is not the case, such real property is classified as investment property, unless the Group occupies at least 10% of the total floorage.

On acquisition, investment property is measured at cost, including transaction costs, and subsequently it is measured at fair value.

Investment property under construction is measured at cost until the date when the fair value can be measured reliably, typically at the date of completion. If indications of impairment exist, the property is tested for impairment and written down to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value of investment property is measured on the basis of a systematic assessment based on the present value of the expected cash flows from the property. The present value is calculated based on discounting by a required rate of return determined for each property individually. The rate of return of a property is determined on the basis of its location, type, possible uses, layout and condition as well as of the terms of lease agreements, rent adjustment and the credit quality of the lessees.

Financial instruments – general

Purchases and sales of financial instruments are measured at fair value at the settlement date, which usually equals cost. Fair value adjustments of unsettled financial instruments are recognised from the trading date to the settlement date.

For portfolios of assets and liabilities with offsetting market risks, managed on fair value basis, the fair value measurement is based on mid-market prices.

Financial investment assets

At initial recognition, financial investment assets are classified as financial assets at fair value through profit or loss, as these assets are managed on a fair value basis, among other things due to their relation to pension obligations. Exceptions from this

Notes – Danica Pension

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are derivatives, which by definition are classified as held for trading, and deposits with credit institutions, which are classified as debtors.

The fair value is measured on the basis of quoted market prices of financial instruments traded in active markets. The fair value of such instruments is therefore based on the most recently observed market price at the balance sheet date.

If a financial instrument is quoted in a market that is not active, the measurement is based on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. If no active market exists for standard and simple financial instruments such as interest rate and currency swaps and unlisted bonds, fair value is calculated on the basis of generally accepted valuation techniques and market-based parameters.

The fair value of more complex financial instruments, such as swaptions and other OTC products and unlisted share holdings, is measured on the basis of valuation models which are typically based on valuation techniques generally accepted within the industry. The results of the calculations made on the basis of valuation techniques are often estimates, because exact values cannot be determined from market observations. Consequently, additional parameters, such as liquidity and counterparty risk, are sometimes used to measure fair value.

Derivatives comprise derivatives with positive fair values, while derivatives with negative fair values are recognised under Other creditors.

Investment assets related to unit-linked contracts

At initial recognition, unit-linked investments are classified as financial assets at fair value through profit or loss due to their relation to the associated liabilities.

If an active market exists, the official year-end market price is used. If market prices in an active market are not available, fair value is determined on the basis of generally accepted measurement techniques according to the principles described for financial investment assets.

Debtors

The reinsurers' share of insurance provisions is shown divided into unearned premiums provisions, life insurance provisions, outstanding claims provisions and provisions for unit-linked contracts.

Debtors are measured at amortised cost, which normally corresponds to nominal value less a write-down to cover any losses.

LIABILITIES AND EQUITY

Shareholders' equity

Foreign currency translation reserve

The foreign currency translation reserve covers differences arising on the translation of the financial results of and net investments in entities outside Denmark from their functional currencies to Danish kroner. The reserve also includes exchange rate adjustments of financial liabilities used to hedge net investments in such units.

Contingency fund

In accordance with the articles of association, the contingency fund may be used to strengthen technical provisions or to otherwise benefit policyholders. Allocations to the fund were made before Danica Pension became liable to taxation.

Proposed dividends

The Board of Directors' proposal for dividends for the year submitted to the general meeting is included as a separate reserve in shareholders' equity. The dividends are recognised as a liability after the general meeting has adopted the proposal.

Unearned premiums provisions

Unearned premiums provisions relate to health and accident insurance and are made in accordance with the portion of premiums written that relates to subsequent financial years.

Life insurance provisions

Life insurance provisions are computed for each insurance policy on the basis of a zero-coupon yield curve. The computation of life insurance provisions is based on assumptions of expected future mortality and disability rates. Estimates of future mortality rates are based on the Danish FSA's benchmark, while other estimates are based on historical data derived from the existing portfolio of insurance contracts, including an allowance for risk. The risk allowance has been determined using a margin on mortality intensity.

Special allotments for the financial year are recognised in life insurance provisions as they arise.

Life insurance provisions are divided into guaranteed benefits, bonus potential of future premiums and bonus potential of paid-up policy benefits.

Notes – Danica Pension

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Guaranteed benefits comprise obligations to pay guaranteed benefits to policyholders. Guaranteed benefits are calculated as the present value of the current guaranteed benefits plus the present value of expected future administrative expenses less the present value of future premiums. The guaranteed benefits are calculated taking into account future conversion of the policies into paid-up policies and policyholders' surrenders based on empirical data for the Group.

The bonus potential of future premiums comprises obligations to pay a bonus over time in relation to premiums agreed but not yet due. For the portfolio of insurance policies with bonus entitlement, the bonus potential of future premiums is calculated as the difference between the value of the guaranteed paid-up policy benefits and the value of guaranteed benefits. Guaranteed paid-up policy benefits comprise obligations to pay benefits guaranteed under the insurance if the policy is converted into a paid-up policy. Guaranteed benefits under paid-up policies are calculated as the present value of the guaranteed benefits under paid-up policies plus the present value of expected future expenses for the administration of the policies.

The bonus potential of paid-up policies comprises obligations to pay bonuses in relation to premiums already due less claims and benefits paid, etc. The bonus potential of paid-up policies is calculated as the value of the policyholders' savings less the guaranteed benefits, the bonus potential of future premiums and the present value of future administrative results. The bonus potential of each insurance policy cannot be negative.

The bonus potential of paid-up policies can be used to absorb losses when the collective bonus potential has been used up. If bonus potential of paid-up policies is reduced to such an extent that the provision for each insurance policy is lower than the guaranteed surrender value, the guaranteed benefits for the policy are increased corresponding to the likelihood of surrenders.

Outstanding claims provisions

The outstanding claims provisions are an estimate of expected payments of benefits and benefits due but not yet paid. As regards claims under health and accident insurance policies where benefits are paid successively, the liability is calculated as the present value of expected future payments, including costs to settle claims obligations.

Collective bonus potential

Provisions for collective bonus potential comprise the policyholders' share of the technical basis for insurance policies with bonus entitlement, which has not yet been allocated to individual policyholders.

Transfers between assets allocated to customer funds and assets attributable to shareholders' equity are made at fair value. The difference between the fair value and carrying amount of transferred assets is recognised in the collective bonus potential, with set-off directly against shareholders' equity.

Provisions for bonus and premium discounts

Provisions for bonus and premium discounts comprise amounts payable to the policyholders as a result of a favourable claims experience for this or previous years.

Provisions for unit-linked contracts

Provisions for unit-linked contracts are measured at fair value on the basis of the share of each contract of the unit trusts in question and the guarantees entered into. For policies with guaranteed benefits, the value of the guaranteed benefits and paid-up benefits is calculated on the basis of the methods reported to the Danish FSA.

Deferred tax

Deferred tax is calculated in accordance with the balance sheet liability method on all temporary differences between the tax base of the assets and liabilities and their carrying amounts. Deferred tax is recognised in the balance sheet under Deferred tax assets and Deferred tax liabilities.

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to materialise as current tax.

Tax assets arising from unused tax losses and unused tax credits are recognised as deferred tax assets to the extent that it is probable that the unused tax losses and unused tax credits can be utilised.

Other provisions

Other provisions comprise liabilities of uncertain size or timing, but whose settlement will probably require an outflow of resources embodying economic benefits from the Group. Other provisions are measured at the best estimate of the costs required to settle the liability at the balance sheet date. Discounting is made where this has a material effect.

Creditors

Derivatives are measured at fair value. Derivatives with negative fair values are recognised under Other creditors. Other creditors are measured at amortised cost, which usually corresponds to the nominal value.

Key ratios

The key ratios of Danica Pension are prepared in accordance with the provisions of the executive order on financial reports presented by insurance companies and lateral pension funds. The return ratios are calculated using a composite weighting procedure.

Notes - Danica Pension

Note	[DKK millions]	2014	2013
2	GROSS PREMIUMS, incl. payments received under investment contracts		
	Direct insurance:		
	Regular premiums	10,916	11,251
	Single premiums	7,400	6,217
	Total direct insurance	18,316	17,468
	Total gross premiums	18,316	17,468
	In the above gross premiums, premiums paid on investment contracts which are not included in the income statement constitute:		
	Regular premiums	137	123
	Single premiums	662	507
	Total premiums paid	799	630
	Total gross premiums included in the income statement	17,517	16,838
	Premiums, direct insurance, broken down by insurance arrangement:		
	Insurance taken out in connection with employment	14,909	14,222
	Insurance taken out individually	1,876	1,660
	Group life insurance	1,531	1,586
	Total	18,316	17,468
	Number of insured, direct insurance (1,000):		
	Insurance taken out in connection with employment	226	228
	Insurance taken out individually	336	349
	Group life insurance	505	575
	Premiums, direct insurance, broken down by bonus arrangement:		
	With profit insurance	4,281	4,991
	Unit-linked insurance	14,035	12,477
	Total	18,316	17,468
	Premiums, direct insurance, broken down by policyholders' residence:		
	Denmark	17,947	17,075
	Other EU countries	234	257
	Other countries	135	136
	Total	18,316	17,468
3	MARKET VALUE ADJUSTMENTS		
	Investment properties	15	40
	Holdings	1,696	1,142
	Unit trust certificates	10,887	6,460
	Bonds	3,949	-3,987
	Other loans	9	-7
	Deposits with credit institutions	116	151
	Other	9,051	-4,624
	Total market value adjustments	25,723	-825

Notes - Danica Pension

Note (DKK millions)	2014	2013
4 CLAIMS AND BENEFITS PAID		
Direct insurance:		
Insurance amounts on death	-642	-680
Insurance amounts on disablement	-200	-212
Insurance amounts on expiry	-1,728	-2,364
Retirement benefits and annuities	-6,949	-6,993
Surrender values	-12,901	-10,569
Cash payments of bonuses	-905	-1,032
Total direct insurance	-23,325	-21,850
Expenses to minimise disablement	-1	-2
Total claims and benefits paid	-23,326	-21,852
Some customers converted their capital pension plan to a retirement savings plan:		
Tax on the customers' custody account included as surrenders amounted to	-2,315	
Tax on collective bonus potential regarding customers who converted	-17	
Tax on accumulated value adjustment regarding customers who converted	-139	

Notes - Danica Pension

Note	(DKK millions)	2014	2013
5	CHANGE IN LIFE INSURANCE PROVISIONS, GROSS		
	Provisions, beginning of year	162,046	182,135
	Accumulated value adjustment, beginning of year	-27,338	-32,515
	Retrospective provisions, beginning of year	134,708	149,620
	Changes during the period:		
	Gross premiums	4,281	4,991
	Interest added	2,293	4,085
	Claims and benefits	-15,438	-15,985
	Expense supplement after addition of expense bonus	-425	-459
	Risk gain after addition of risk bonus	-37	-9
	Special allotments	81	157
	Total changes	-9,245	-7,220
	Other changes:		
	Transfer of provisions	-1,604	-7,683
	Change in quota share, Forenede Gruppeliv	-73	-9
	Other	186	-
	Total other changes	-1,491	-7,692
	Retrospective provisions, end of year	123,972	134,708
	Accumulated value adjustment, end of year	40,766	27,338
	Life insurance provisions, end of year	164,738	162,046
	Change in gross life insurance provisions consists of:		
	Change in retrospective provisions	-9,245	-7,220
	Change in accumulated value adjustment	13,614	-5,177
	Change in gross life insurance provisions	4,369	-12,397
	Change in gross life insurance provisions consists of:		
	Change in guaranteed benefits	10,347	-14,448
	Change in bonus potential of future premiums	-2,982	418
	Change in bonus potential of paid-up policies	-2,996	1,633
	Change in gross life insurance provisions	4,369	-12,397
	Increase in provisions because the bonus potential of future premiums and paid-up policies must be positive for each policy:		
	Bonus potential of future premiums	425	148
	Bonus potential of paid-up policies	38,583	25,372
	Reduction of bonus potential of paid-up policies in connection with allocation of technical basis for risk allowance	312	-78
	Bonus potential of paid-up policies used on allocation of technical basis for risk allowance	0	312
	Bonus potential of paid-up policies can generally be used to cover losses. However, on certain policies it can only be used partially due to a guaranteed surrender value.		
	Total bonus potential of paid-up policies, before reduction re. technical basis for risk allowance	862	4,170
	Total bonus potential of paid-up policies available to cover losses	768	3,990
	Guaranteed benefits are calculated taking into account conversions of policies into paid-up policies and surrenders. A surrender rate of 2% p.a. is used for policies under the old surrender rules, where benefits are not being paid. Also a probability rate of 4% p.a. of conversion into paid-up policy is used, based on experience from Danica Pension's portfolio.		
	The effect on guaranteed benefits amounts to	-38	1,198

Notes - Danica Pension

Note	(DKK millions)	2014	2013				
5	(cont'd)						
	Life insurance provisions break down as follows by sub-portfolio						
		Non-allocated	Interest rate group 1	Interest rate group 2	Interest rate group 3	Interest rate group 4	
2014							
	Guaranteed benefits	4,950	39,641	21,188	15,651	79,757	161,187
	Bonus potential of future premiums		2,217	232	69	171	2,689
	Bonus potential of paid-up policies		588	130	88	56	862
	Total life insurance provisions	4,950	42,446	21,550	15,808	79,984	164,738
2013							
	Guaranteed benefits	5,217	36,373	20,058	14,006	76,863	152,517
	Bonus potential of future premiums	-	4,672	589	158	251	5,670
	Bonus potential of paid-up policies	-	3,364	307	108	80	3,859
	Total life insurance provisions	5,217	44,409	20,954	14,272	77,194	162,046
6	CHANGE IN PROVISIONS FOR UNIT-LINKED CONTRACTS						
	Provisions, beginning of year					83,298	65,369
	Accumulated value adjustment, beginning of year					-206	-201
	Retrospective provisions, beginning of year					83,092	65,168
	Changes during the year:						
	Gross premiums					13,236	11,847
	Interest added					6,909	4,928
	Claims and benefits					-7,867	-5,872
	Expense supplement					-181	-194
	Other					-54	-80
	Total changes					12,043	10,629
	Other changes:						
	Payments received under investment contracts					799	630
	Payments made under investment contracts					-1,109	-1,087
	Transfer of provisions					1,690	7,752
	Total other changes					1,380	7,295
	Retrospective provisions, end of year					96,515	83,092
	Accumulated value adjustment, end of year					218	206
	Provisions, end of year					96,733	83,298
	Change in provisions for unit-linked contracts breaks down as follows:						
	Change in retrospective provisions					12,043	10,629
	Change in accumulated value adjustment					12	5
	Change in provisions for unit-linked contracts					12,055	10,634
	Provisions for unit-linked contracts break downs as follows:						
	Insurance contracts					90,132	77,346
	Investment contracts					6,601	5,952
	Provisions for unit-linked contracts, end of year					96,733	83,298

Notes - Danica Pension

Note [DKK millions]	2014	2013
7 OPERATING EXPENSES RELATING TO INSURANCE		
Commission on direct insurance	-126	-131
Fees to the audit firms appointed by the general meeting:		
Fees to Ernst & Young:		
Statutory audit of financial statements	-0.4	-0.4
Tax advisory services	-0.1	-
Total	-0.5	-0.4
Average number of full-time-equivalent employees during the year	637	642
Number of full-time-equivalent employees, end of year	627	627
Staff costs:		
Salaries	-387	-369
Share-based payment	-2	-2
Pensions	-69	-70
Other social security and tax	-46	-52
Other	-36	-40
Total staff costs earned	-540	-533

For a more detailed description of the company's remuneration policy and remuneration paid, see "Remuneration Report 2014", available at the website: www.danicapension.dk. The remuneration report 2014 is not covered by the statutory audit.

All the company's pension plans are defined contribution plans under which the company makes contributions to insurance companies, principally Danica. Such payments are expensed as incurred.

Board of Directors' remuneration (DKK'000)		
Tony Thierry Andersen (until 11.03.2014)	0	-36
Peter Rostrup-Nielsen	-	-29
Kim Andersen	-340	-340
Lars Andreasen (udtrådt 11.03.2013)	-	-29
Thomas Falck	-150	-150
Charlott Due Pihl	-150	-150
Ib Katznelson	-150	-150
Erik Sevaldsen (until 11.03.2013)	-	-29
Peter Straarup (until 11.03.2013)	-	-48
Per Søgaard	-150	-150
Total remuneration	-940	-1,111
Including fees for board committee membership	-190	-190

Danica Pension's directors receive a fixed fee. In addition, directors receive a fixed fee for board committee membership.

For their positions as members of the boards of directors or executive boards of other companies in the Danske Bank Group in 2014, Thomas F. Borgen received DKK 16.2 million (2013 DKK 10.0 million), Henrik Ramlau-Hansen received DKK 9.3 million (2013 DKK 8.4 million) and Kim Andersen received DKK 0.3 million (2013 DKK 0.3 million) in total remuneration from such companies.

Effective from 1 April 2013, Board of Directors' remuneration will be paid only to directors in the Danske Bank Group elected by the employees, and the member appointed by the Minister of Finance.

Remuneration of other material risk takers

For 2014, 12 persons outside the Executive Board were designated as material risk takers and combined they received remuneration of DKK 20.7 million (2013 DKK 8.0 million to four material risk takers), with fixed remuneration amounting to DKK 19.8 million (2013 DKK 7.6 million) and variable remuneration amounting to DKK 0.9 million (2013 DKK 0.4 million).

The company has no pension obligations towards other material risk takers, as their pensions are funded by means of defined contribution plans through a pension insurance company.

Notes - Danica Pension

Note [DKK millions]	2014	2013
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7
(cont'd)

Remuneration of the Executive Board 2014

	Per Klitgård	Jesper Winkelmann	Jacob Aarup-Andersen*	
Contractual remuneration	-4.3	-3.0	-2.5	-9.8
Pensions	-0.4	-0.6	-	-1.0
Variable cash remuneration	-0.9	-0.4	-	-1.3
Variable share-based payment	-0.3	-0.1	-	-0.4
Total	-5.9	-4.1	-2.5	-12.5

The service contracts comply with the statutory requirements that came into force at 1 January 2011 for agreements on variable remuneration in financial enterprises.

* Jacob Aarup-Andersen joined the Executive Board on 1 May 2014

Remuneration of the Executive Board 2013

	Per Klitgård	Jesper Winkelmann	Lars Andreassen*	
Contractual remuneration	-4.4	-3.1	-2.0	-9.5
Pensions	-0.4	-0.6	-0.4	-1.4
Variable cash remuneration	-0.5	-0.4	-	-0.9
Variable share-based payment	-0.2	-0.1	-	-0.3
Total	-5.5	-4.2	-2.4	-12.1

* Lars Andreassen joined the Executive Board on 1 April 2013 and resigned at 30 November to take up a position with Danske Bank.

Per Klitgård may resign his position at six months' notice.

Danica Pension may terminate Per Klitgård's service contract at twelve months' notice. If the termination takes place before 30 September 2016, he is entitled to a severance payment equivalent to 12 months' salary. After that date, Per Klitgård is not entitled to severance payment.

Jesper Winkelmann may resign his position at three months' notice.

Danica Pension may terminate Jesper Winkelmann's service contract at eight months' notice, in which case he will receive a severance payment equivalent to 24 months' salary. The severance payment is reduced from the year when the Executive Board member attains 23 years' pension seniority until it is the equivalent of 12 months' salary. Pension contributions paid before the age of 35 are not included in the calculation of pension seniority.

Jacob Aarup-Andersen may resign his position at three months' notice.

Danica Pension may terminate Jacob Aarup-Andersen's service contract at eight months' notice. Jacob Aarup-Andersen is not entitled to separate severance payment.

Share-based payment

On entering into his service agreement, Per Klitgård received a one-off fee of DKK 2.5 million which was converted into 32,208 Danske Bank shares based on the average price at the grant date. A third of these are tied up until 1 October 2012 and the remaining two thirds are tied up until 1 October 2014.

Until 2008, the Group offered senior staff and selected other employees an incentive programme that consisted of share options and conditional shares. Incentive payments reflected individual performance and also depended on financial results in the business area and other measures of value creation in a given financial year. The options and shares were granted in the first quarter of the qualifying year.

Issued options carry a right to buy Danske Bank shares exercisable from three to seven years after they are granted provided that the employee, with the exception of retirement, has not resigned from the Group. The exercise price of the options is computed as the average price of Danske Bank shares for 20 stock exchange days after the release of the bank's annual report plus 10%.

The fair value of the share options at the grant date is calculated according to a dividend-adjusted Black & Scholes formula. Calculation of the fair value at the end of 2014 is based on the following assumptions: Share price: 167 (2013: 124). Dividend payout ratio: 2.5% (2013: 2.5%). Rate of interest: -0.03% (2013: 0.2-0.3%), equal to the swap rate. Volatility: 20% (2013: 30%). Average time of exercise: 0.25 years (2013: 0-1 years).

Effective from 2010, part of the variable remuneration of the Executive Board and selected senior staff and specialists was granted by way of conditional shares.

Rights to Danske Bank shares under the conditional share programme vest after up to five years provided that the employee, with the exception of retirement, has not resigned from the Group. In addition to this requirement, rights to shares earned in 2011-2014 vest only if the Group as a whole and the employee's department meet certain performance targets within the next four years.

The fair value of the conditional shares is calculated as the share price less the payment made by the employee, if any.

The intrinsic value is expensed in the year in which the share options and rights to conditional shares are earned, while the time value is accrued over the remaining service period, which is the vesting period up to four years.

Danica has hedged the share price risk.

Notes - Danica Pension

Note (DKK millions)

7
(cont'd)

Share-based payment

Share options

	Number			Exercise price (DKK)	Fair value (FV) Issue date	End of year
	Executive Board	Other employees	Total			
Granted in 2007-2008						
1 January 2013	42,511	46,553	89,064	181,1-269,4	2.0	0.0
Forfeited 2013	-17,938	-	-17,938	-	-	-
Other changes 2013	195	369	564	-	-	-
31 Dec. 2013	24,768	46,922	71,690	181,1-269,4		
Forfeited 2014	-9,911	-6,753	-16,664	-	-	-
Other changes 2013	-	-	0	-	-	-
31 Dec. 2014	14,857	40,169	55,026	181.10	1.2	0.1

Executive Board members' holdings, end of 2014

Year of grant

	2008	
	Number	FV
Per Klitgård	-	-
Jesper Winkelmann	14,857	0.0

No share options were granted or exercised in 2014

Executive Board members' holdings, end of 2013

Year of grant

	2007-2008	
	Number	FV
Per Klitgård	-	-
Jesper Winkelmann	24,768	0.0

No share options were granted or exercised in 2013.

The number of share options and exercise price have been adjusted to reflect the share capital increase in 2012.

Notes - Danica Pension

Note (DKK millions)

7
(cont'd)

Share-based payment

Conditional shares	Number			Own contribution price (DKK)	Fair value (FV)	
	Executive Board	Other employees	Total		Issue date	End of year
Granted in 2012						
1. Jan. 2013	4,263	7,656	11,919	0,0-0,9	1.1	1.1
Vested 2013	-657	-	-657	0.9	-	-
Forfeited 2013	-	-	0	-	-	-
Other changes 2013	20	55	75	-	-	-
31 Dec. 2013	3,626	7,711	11,337	0,0-0,9	1.0	1.4
Vested 2014	-	-	0	0.0	-	-
Forfeited 2014	-	-1,635	-1,635	-	-	-
Other changes 2014	-	-	0	-	-	-
31 Dec. 2014	3,626	6,076	9,702	0,0-0,9	0.9	1.6
Granted in 2013						
Granted 2013	4,047	9,019	13,066	0,0-1,1	1.4	1.6
Vested 2013	-	-786	-786	1.1	-	-
Forfeited 2013	-	-	0	-	-	-
Other changes 2013	-	-	0	-	-	-
31 Dec. 2013	4,047	8,233	12,280	0,0-1,1	1.3	1.5
Vested 2014	-	-	0	-	-	-
Forfeited 2014	-	-1,614	-1,614	-	-	-
31 Dec. 2014	4,047	6,619	10,666	0,0-1,1	1.1	1.8
Granted in 2014						
Granted 2014	2,051	5,518	7,569	0,0-1,4	1.0	1.3
Vested 2014	-	-619	-619	1.4	-	-
31 Dec. 2014	2,051	4,899	6,950	0,0-1,4	0.9	1.2

Executive Board members' holdings and fair value thereof, end of 2014

Year of grant	2012-2014	
	Number	FV
Per Klitgård	5,967	1.0
Jesper Winkelmann	3,757	0.6

Average market price at the vesting date for conditional shares in 2014 was 161.73

Executive Board members' holdings and fair value thereof, end of 2013

Year of grant	2012-2013	
	Number	FV
Per Klitgård	4,759	0.6
Jesper Winkelmann	2,914	0.4

Average market price at the vesting date for conditional shares in 2013 was 122.4

The number of conditional shares and employee payment price have been adjusted to reflect the capital increase in 2012.

Notes - Danica Pension

Note	[DKK millions]	2014	2013
8	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE		
	Gross premiums	809	766
	Reinsurance premiums ceded	-10	-11
	Change in unearned premiums provision	59	81
	Change in unearned premiums provision, reinsurers' share	0	1
	Premiums, net of reinsurance	858	837
	Technical interest	-95	-8
	Claims paid, gross	-982	-992
	Reinsurers' share received	44	30
	Change in outstanding claims provision	-134	-2
	Change in outstanding claims provision, reinsurers' share	-42	-27
	Claims, net of reinsurance	-1,114	-991
	Bonus and premium discounts	-45	-40
	Acquisition costs	-21	-22
	Administrative expenses	-55	-60
	Reinsurance commissions and profit sharing	5	1
	Total operating expenses relating to insurance, net of reinsurance	-71	-81
	Return on investment	321	176
	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-146	-107
	Total run-off regarding prior years:		
	Gross	-175	-
	Net of reinsurance	-175	-
	Calculation of technical interest and return on investment:		
	Return on investment transferred to health and accident insurance	862	158
	Technical interest rate	0.84%	1.90%
	Technical interest amount	71	154
	Outstanding claims provision, discounted amount	-157	-151
	Discounted risk increasing with age	-9	-11
	Technical interest, net of reinsurance, less discounted amount	-95	-8
	Return on investment transferred to health and accident insurance	862	158
	Market value adjustments of outstanding claims provision	-470	172
	Total return on investment incl. market value adjustments	392	330
	Transferred to technical interest	-71	-154
	Return on investment	321	176
	Number of claims	1,237	1,292
	Average amount of claims	0.8	0.9
	Claims frequency	0.7%	0.6%
	Gross premiums, direct insurance, broken down by policyholders' residence:		
	Denmark	853	832
	Other EU countries	11	11
	Other countries	4	4
	Total	868	847
9	OTHER INCOME		
	Commissions from fund managers	589	474

Notes - Danica Pension

Note (DKK millions)	2014	2013
10 PROFIT BEFORE TAX		
Danica Pension's technical basis for risk allowance is to be allocated in accordance with the Executive Order on the Contribution Principle.		
In accordance with the Executive Order on the Contribution Principle and the Guidelines on Market Discipline, the Danish FSA has been notified of Danica Pension's consolidation policy for 2014. The company's profit for the year consists of the return on assets allocated to shareholders' equity, including the results of unit-linked business, Denmark and the two subsidiaries outside Denmark, the result of Forenede Gruppeliv, the health and accident result and a risk allowance of the technical provisions of the four interest rate groups and a share of the risk groups' risk results.		
To the extent that the Executive Order on the Contribution Principle does not permit the company to recognise full risk allowance, the amount may be booked over the coming years if justified by the technical basis for risk allowance.		
For this purpose, a shadow account is set up. The shadow account accrues interest at the rate that applies to bonds allocated to shareholders' equity.		
The calculation of technical basis for risk allowance only comprises policies under contribution, and individual items therefore cannot be reconciled to the Group's income statement.		
Technical basis for risk allowance		
Technical result, life insurance	1,850	634
Change in collective bonus potential	1,482	273
Special allotments	81	158
Bonus potential of paid-up policies used	312	-78
Addition of bonus	91	1,655
Total technical basis for risk allowance	3,816	2,642
Total technical basis for risk allowance relating to life insurance customers	3,816	2,642
In accordance with the contribution principle, full risk allowance for 2014 was booked.		
Specification of risk allowance:		
Percentage of insurance provisions	1,179	1,158
20% of the technical basis for risk allowance in risk groups	123	103
20% of cost result	49	-
Total risk allowance	1,351	1,261
The percentage of insurance provisions was 0.60% in the New business group; 0.65% in Low; 0.80% in Medium and 0.85% in High.		
Development in shadow account		
Shadow account, beginning of year	1,204	763
Added interest	2	2
Written off	-39	-
Reduced as a result of conversions	-1	-
Used/set aside	-610	439
Shadow account, end of year	556	1,204
Shadow account distributed on contribution groups:		
Interest rate group 2	341	414
Interest rate group 4	160	735
Risk groups, total	55	55
Total	556	1,204

Notes - Danica Pension

Note [DKK millions]		2014	2013	
11	TAX			
	Tax for the year can be broken down as follows:			
	Tax on the profit for the year	-549	-49	
	Tax on other comprehensive income:			
	Hedges of units outside Denmark	-7	-12	
	Total	-556	-61	
	Tax on the profit for the year is calculated as follows:			
	Current tax	-653	31	
	Adjustment of prior-year current tax	24	4	
	Adjustment of prior-year deferred tax	-9	-1	
	Change in deferred tax due to reduced tax rate	-10	210	
	Other changes in deferred tax	99	-293	
	Total	-549	-49	
	Effective tax rate			
	Danish tax rate	24.5	25.0	
	Adjustment of prior-year tax charge	-0.4	-0.2	
	Effect of reduction of tax rate	0.3	-17.3	
	Non-taxable income and non-deductible expenses	-9.2	-3.5	
	Effective tax rate	15.2	4.0	
	Deferred tax broken down on main items:			
	Intangible assets	-3	-3	
	Tangible assets	-13	-2	
	Investment properties	1,480	1,372	
	Negative tax on pension returns brought forward	1	179	
	Other	-2	-2	
	Total	1,463	1,544	
	Other than the deferred tax provided for, Danica Pension has no contingent tax liability relating to shares in group undertakings.			
12	INVESTMENT PROPERTIES			
	Fair value, beginning of year	275	267	
	Disposals during the year	-10	-15	
	Fair value adjustments	10	23	
	Fair value, end of year	275	275	
	The weighted average of the rates of return on which the fair value of the individual properties is based for:			
	Commercial properties	4.5%	5.5%	
	Residential properties	3.5%	3.5%	
13	OTHER FINANCIAL INVESTMENT ASSETS			
	Comprises the following investments in undertakings in the Danske Bank Group:			
	Holdings	23	10	
	Bonds	17,784	17,040	
	Deposits with credit institutions	818	1,154	
	Cash in hand and demand deposits	786	581	
	Other	5,040	1,879	
14	UNIT-LINKED INVESTMENTS			
	Consists of unit trusts in which the underlying assets break down as follows:			
		With guarantee	Without guarantee	
	Investment property	-	1,117	1,117
	Holdings	6,704	46,313	53,017
	Bonds	17,406	24,617	42,023
	Deposits with credit institutions	1	309	310
	Total	24,111	72,356	96,467
				83,100

Notes - Danica Pension

Note	(DKK millions)	2014	2013
15	SHAREHOLDERS' EQUITY Number of shares of DKK 100	11,000,000	11,000,000
16	OUTSTANDING CLAIMS PROVISION Gross life insurance Gross health and accident insurance Total outstanding claims provision	270 8,307 8,577	308 7,546 7,854
17	COLLECTIVE BONUS POTENTIAL Distribution on contribution groups: Interest rate group 1 Interest rate group 2 Interest rate group 3 Interest rate group 4 Risk groups, total Cost groups, total Total Bonus rate (%): Interest rate group 1 Interest rate group 2 Interest rate group 3 Interest rate group 4	546 154 865 546 250 89 2,450 1.4 0.8 7.9 1.1	403 0 419 0 179 124 1,125 0.9 0.0 3.7 0.0
18	PROVISIONS FOR UNIT-LINKED CONTRACTS Provisions for unit-linked contracts without guarantee Provisions for unit-linked contracts with investment guarantee Total provisions for unit-linked contracts Provisions for guaranteed unit-linked contracts include: Guaranteed benefits Guaranteed paid-up policies	72,375 24,358 96,733 20,994 22,781	60,251 23,047 83,298 17,004 19,447
19	OTHER CREDITORS Other creditors comprise: Derivatives with negative fair values Tax on pension returns Staff commitments	7,759 3,668 79	2,118 1,438 75

Notes - Danica Pension

Note [DKK millions]	2014	2013
20 ASSETS DEPOSITED AS COLLATERAL AND CONTINGENT LIABILITIES		
The following assets have been deposited as collateral for policyholders' savings:		
Holdings in group undertakings	22,912	21,700
Holdings	9,513	7,409
Unit trust certificates	34,205	46,761
Bonds	106,785	98,685
Other loans	1,316	674
Deposits with credit institutions	4,688	8,782
Net other	9,999	1,727
Unit-linked investment assets	96,157	82,802
Accrued interest	2,129	1,916
Total	287,704	270,456
Mortgages have been issued as security for the technical liabilities in a total amount of	75	75
As collateral for derivative transactions, the company has delivered bonds equal to a total fair value of	261	340
The company has undertaken to participate in alternative investments with an amount of	15,185	14,563
The Group's companies are jointly taxed with all units in the Danske Bank Group and are jointly and severally liable for their Danish income tax, withholding tax etc.		
The company is registered jointly with group undertakings for financial services employer tax and VAT, for which it is jointly and severally liable.		
The company is jointly and severally liable with the other participants for the insurance obligations concerning all the policies administered by Forenede Gruppeliv A/S.		
Owing to its size and business volume, the company is continually a party to various lawsuits. The Company does not expect the outcomes of the cases pending to have any material effect on the financial position.		
After the end of the financial year, Danica Pension has received an inquiry from the Danish FSA with regard to the calculation principles and accounting treatment of life insurance provisions for a pension scheme. Danica Pension assesses that our practice with regard to the scheme is in compliance with agreements and applicable law.		
Danica Pension intends to respond to the inquiry in February 2015. In the event the Danish FSA comes to a different conclusion in the matter, it could affect Danica Pension's recognition and measurement of the life insurance provisions in question.		

Notes - Danica Pension

Note [DKK millions]	2014	2013
21 RELATED PARTIES		
Forsikringsselskabet Danica, domiciled in Copenhagen, Denmark, wholly owns the share capital of Danica Pension and thus exercises control. Danske Bank A/S domiciled in Copenhagen is the final owner.		
Transactions with related parties are settled on an arm's-length basis or on a cost-recovery basis. The Group's IT operations and development, internal audit, HR administration, logistics, marketing and the like are handled by Danske Bank. Danske Bank also handles portfolio management and securities trading.		
The Danica Group entered into the following significant transactions and balances with other companies in the Danske Bank Group. For more information, see note 13 to the financial statements.		
It operations and development	-200	-185
Other administration	-30	-31
Commission for insurance sales and portfolio management corresponding to 2.0% of the gross premiums sold through Danske Bank Group (2.7% in 2013)	-84	-95
Ordinary portfolio management fee corresponding to 0.13 of the assets under management (0.12 in 2013)	-165	-160
Performance fee for portfolio management	-134	-3
Total net custody fees and brokerage for trades in holdings and the like	-35	-44
Interest income	943	967
Interest expenses	-326	-164
The insurance companies in the Danica group are managed by Danica Pension, which settles expenses with the companies managed on an arm's-length or a cost reimbursement basis.		
Furthermore, the Danica Group manages the labour market pension schemes of the Danske Bank Group and its related parties. Under one of these schemes, Danske Bank has guaranteed Danica Pension a real return on the policy reserves allocated to the scheme of 3.5% p.a. Danske Bank will compensate Danica Pension, should the accumulated investment return be lower than this percentage. The value of this is included in the calculation of technical provisions for the scheme.		

Notes - Danica Pension

Note [DKK millions]

22 SPECIFICATION OF ASSETS AND RETURN 2014

	Carrying amount		Investment, net	% return p.a. before tax on pension returns & corp.tax
	Beg. of year	End of year		
Land and buildings:				
Land and buildings, owned directly	275	275	-14	7.3
Property companies	21,700	22,912	0	5.6
Total land and buildings	21,975	23,187	-14	5.6
Other group subsidiaries	365	428	-93	47.7
Other holdings:				
Listed Danish holdings	11	8	0	-21.3
Unlisted Danish holdings	394	546	115	10.9
Listed foreign holdings	14,934	11,063	-4,662	8.5
Unlisted foreign holdings	8,938	11,866	1,939	11.3
Total other holdings	24,277	23,483	-2,608	9.5
Bonds:				
Government bonds (Zone A) *	29,532	39,724	5,949	
Mortgage bonds *	68,311	59,755	-9,804	
Foreign exchange hedging	-13	-92	14	
Government bonds (Zone A) and mortgage bonds including foreign exchange hedging	97,830	99,387	-3,841	9.52
Index-linked bonds	14,406	14,163	-653	5.2
Credit bonds, investment grade	9,308	7,787	-1,862	8.4
Credit bonds, non-investment grade and emerging market bonds	16,074	14,935	-1,510	4.4
Other bonds	1,055	1,708	576	10.4
Total bonds	138,673	137,980	-7,290	8.3
Other financial investment assets	10,207	9,051	1,156	0.4
Derivative financial instruments to hedge net changes of assets and liabilities	1,787	10,781	-926	

* Rate of return before foreign exchange hedge for government bonds (Zone A) was 25.0% and for mortgage bonds was 3.7%.
A specification of the company's holdings is available on Danica's Danish website, www.danicapension.dk.

23 PERCENTAGE ALLOCATION OF SHARE PORTFOLIOS ON INDUSTRIES AND REGIONS 2014

	Denmark	Rest of Europe	North America	South America	Japan	Rest of Asia/Pacific	Other countries	Total
Energy	0.0	0.8	3.0	0.0	0.0	0.1	0.2	4.1
Materials	0.4	1.0	1.0	0.1	0.2	0.1	0.2	3.0
Industrials	1.5	1.5	2.3	0.0	0.8	0.1	0.1	6.3
Consumer discretionary	0.4	1.3	2.9	0.1	1.0	0.1	0.5	6.3
Consumer staples	0.3	1.3	2.2	0.1	0.2	0.1	0.3	4.5
Health care	1.3	1.4	2.9	0.0	0.3	0.0	0.2	6.1
Financials	7.8	25.9	15.4	0.3	0.6	1.2	6.7	57.9
Information technology	0.0	0.5	3.9	0.0	0.5	0.9	0.4	6.2
Telecommunications	0.1	0.4	0.5	0.0	0.2	0.2	0.1	1.5
Utilities	0.0	0.3	0.9	0.0	0.3	0.1	0.6	2.2
Non allocated	0.2	1.6	0.0	0.0	0.0	0.1	0.0	1.9
Total	12.0	36.0	35.0	0.6	4.1	3.0	9.3	100.0

Notes – Danica Pension

Note

24 RISK MANAGEMENT AND SENSITIVITY RATIOS

RISK MANAGEMENT

The Board of Directors defines the company's risk management framework, while the daily management monitors the company's risks and ensures compliance with the framework.

The company is exposed to a number of different risks.

Financial risks	Insurance risks	Operational risks	Business risks
Market	Longevity	IT	Reputation
Liquidity	Mortality	Legal	Strategic
Counterparty	Disability	Administrative	
Concentration	Concentration	Fraud	

Financial risk

Financial risks comprise market risk, liquidity risk, counterparty risk and concentration risk. Market risk is the risk of losses due to changes in the fair value of the company's assets and liabilities due to changing market conditions, such as changes in interest rates, equity prices, property values, exchange rates and credit spreads. Liquidity risk is the risk of losses as a result of a need to liquidate tied-up cash to pay liabilities within a short timeframe. Counterparty risk is the risk of losses because counterparties default on their obligations. Concentration risk is the risk of losses as a result of high exposure to a few asset classes, industries, issuers, etc.

The company has three sources of financial risk:

- Investments relating to conventional products
- Investments relating to market products with investment guarantees.
- Direct investments of shareholders' equity

The amount of financial risk differs for the various products in the company's product range. A list of the Group's companies and activities is shown on page 46.

The most significant financial risk of the company is the market risk relating to Danica Pension's conventional life insurance products.

Investments relating to conventional products

The company's conventional products are policies with guaranteed benefits and collective investments.

The market risk of conventional products consists of the relationship between investment assets and guaranteed benefits for each interest rate group.

If the investment return on customer funds for the year in the individual interest rate groups is inadequate to cover the return on customer funds and the required strengthening of life insurance obligations etc., the shortfall is covered first by the collective bonus potential and then by the bonus potential of paid-up policies of each interest rate group. If the bonus potentials are insufficient to absorb losses, the assets attributable to shareholders' equity are used.

Insurance obligations are calculated by discounting the expected cash flows using a discount yield curve defined by the Danish FSA. Effective as of 12 June 2012, the Ministry of Business and Growth and the Danish Insurance Association signed an agreement that included an adjustment of the discount curve for long-term interest rates which are now assumed to converge towards a fixed long-term level. The agreement was to expire on 31 December 2013, but has been extended. A number of technical assumptions and requirements under Solvency II that affect the determination of, among other things, the yield curve are expected to be adopted in early 2015. These mainly relate to the determination of credit and foreign exchange risk adjustment of the curve, volatility adjustment and the method used to compute the yield curve.

In order to ensure that the return on customer funds matches the guaranteed benefits on policies with bonus entitlement, the Group monitors market risk on an ongoing basis. Internal stress tests are performed to ensure that the Group is able to withstand material losses on its risk exposure as a result of major interest rate fluctuations. Interest rate risk is in part covered by the bond portfolio and in part hedged using derivatives.

Since the Danish bond market is not substantial enough and does not have the necessary duration to hedge the liabilities, Danica must invest in non-Danish interest rate instruments. The bond portfolio therefore comprises a wide range of interest rate-based assets: Danish and European government bonds; Danish mortgage bonds, Danish index-linked bonds and a well-diversified portfolio of global credit bonds. Consequently, the Group is exposed to basic risk in the form of country and credit spreads.

Notes – Danica Pension

Note

The credit spread risk on bond holdings is limited as 72% of the portfolio at the end of 2014 consists of government and mortgage bonds with high credit quality (AA – AAA) with the international credit rating agencies or in unrated bonds with a similar high credit quality. Just 10% of the portfolio is invested in non-investment grade bonds.

The counterparty risk is reduced by demanding security for derivatives and high credit ratings for reinsurance counterparties.

Foreign exchange risk is insignificant as it is limited by means of derivatives.

Liquidity risk is limited by placing a major portion of investments in liquid listed bonds and equities.

Concentration risk is limited by investing with great portfolio diversification and by limiting the number of investments in a single issuer. For mortgage bonds, the issuer is not considered critical to the concentration risk, as the individual borrower provides collateral for issued mortgage bonds.

Investments relating to market products

Policyholders assume the financial risk associated with investments under the market rate products, Danica Link, Danica Balance and Danica Select, with the exception of contracts with investment guarantees. At the end of 2014, 19% of policyholders had investment guarantees in the guaranteed period. The guarantees do not apply until the policyholder retires and is paid for by an annual fee.

Danica Pension manages the risk on financial guarantees in Danica Link with financial derivatives and by adjusting the investment allocation during the last five years before retirement. It manages the risk on guarantees in Danica Balance mainly by regularly adjusting the investment allocation for the individual policies during the last ten years before retirement. The investment allocation is adjusted to the guarantee amount, the investment horizon, etc. Because of this risk management strategy, Danica Pension considers the investment risk on guarantees in market products to be very minor.

Investment guarantees are not available under Danica Select.

Direct investments of shareholders' equity

Shareholders' equity is subject to financial risk on the investment of assets allocated to shareholders' equity and on investments relating to the health and accident business.

The Board of Directors has set separate investment strategies for assets allocated to shareholders' equity and investments relating to health and accident insurance. Assets allocated to shareholders' equity mainly comprise short-term bonds.

Insurance risk

Insurance risk is linked to trends in mortality, disability, critical illness and other variables. For example, an increase in longevity lengthens the period during which benefits are payable under certain pension plans. Similarly, trends in mortality, sickness and recoveries affect life insurance and disability benefits. Longevity is the most significant life insurance risk.

In respect of insurance risk, concentration risk comprises the risk of losses as a result of high exposure to a few customer groups and high exposure to a few individuals. Concentration risk is limited by means of portfolio diversification and by reinsurance.

To limit losses on individual life insurance policies with high risk exposure, Danica Pension uses reinsurance to cover a small portion of the risks related to mortality and disability.

The various risk elements are subjected to ongoing actuarial assessment for the purpose of calculating insurance obligations and making any necessary business adjustments.

Operational risk

Operational risk relates to the risk of losses resulting from IT system errors, legal disputes, inadequate or faulty procedures and fraud. The company limits operational risk by establishing internal controls that are regularly updated and adjusted to the company's current business volume. Another measure taken is segregation of duties.

Business risk

Business risk comprises strategic risks, reputational risks and other risks relating to external factors.

The company closely monitors the development on the markets where the company operates in order to ensure the competitiveness of prices and customer service. The company is committed to treating customers fairly and communicating openly and transparently.

The company subjects its business units to systematic assessments to reduce the risk of financial losses due to damage to its reputation.

Notes – Danica Pension

Note

SENSITIVITY INFORMATION

The below table discloses for the company the effect on shareholders' equity and on collective bonus potential and the bonus potential of paid-up policies of isolated changes in interest rates (increases and decreases) and other relevant financial risks as well as changes in the mortality and disability rates.

A 10% decline in the mortality rate, corresponding to an increase in longevity of about one year, would increase the liability by DKK 2.0 billion, of which shareholders' equity would cover by DKK 1.0 billion.

Of the two interest rate scenarios, an interest rate increase would overall be the worse for the company. In an isolated scenario with a 0.7 percentage point interest rate increase, the collective bonus potential would be increased by DKK 0.1 billion and shareholders' equity would be reduced by DKK 0.1 billion.

Except for credit spreads, the financial stress tests in the table below are defined in the Danish FSA's red traffic light scenario. A company is considered to be in the red light scenario if its capital is insufficient to cover the solvency requirement less 3% of life insurance provisions under the red light scenario. If a company is in the red light scenario, the Danish FSA will become involved in the financial management of the company.

The company has been in the green light scenario since the FSA's traffic light scenarios were introduced in 2001.

SENSITIVITY INFORMATION 31.12.2014

(DKKbn)	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum effect on bonus potential of paid-up policies before change in drawn bonus potential of paid-up policies	Maximum effect on drawn bonus potential of paid-up policies
Interest rate increase of 0.7-1.0 percentage point	-0.1	0.1	1.6	0.0
Interest rate fall of 0.7-1.0 percentage point	0.0	1.9	-0.1	0.0
Equity price fall of 12%	-0.1	-1.3	-	-0.5
Fall in property prices of 8%	-0.3	-1.3	-	0.0
Foreign exchange risk (VaR 99.0%)	0.0	-0.3	-	0.0
Loss on counterparties of 8%	-0.3	-1.3	-	-0.1
Decrease in mortality rate of 10%	-1.0	-1.0	0.0	0.0
Increase in mortality rate of 10%	0.0	1.8	0.0	0.0
Increase in disability rate of 10%	0.0	-0.1	0.0	0.0

Group overview

	Own- ership	Currency	Net profit/loss for the year	Share capital	Share- holders' equity	Staff	Directorships ²⁾		
	%		millions	millions	millions	Number ¹⁾	PKLI	JAAR	JW
LIFE INSURANCE									
Danica Pension, Livsforsikringsaktieselskab, Copenhagen	100	DKK	1,899	1,100	20,767	627	D	D	D
Danica Pension Försäkringsaktiebolag, Stockholm	100	SEK	72	100	207	59	B		
Danica Pensjonsforsikring AS, Trondheim	100	NOK	77	106	322	86	B		
PROPERTY INVESTMENT									
Danica Ejendomsselskab ApS, Copenhagen	100	DKK	1,212	2,628	22,912	-	B	B	
Nygade 1-3 ApS, Copenhagen	100	DKK	0	0	275		B	B	
PROPERTY INVESTMENT COMPANIES (pro rata consolidation)									
Samejet SlotsArkaderne, Copenhagen	90	DKK	16	-	889				
Samejet Nymøllevej, Copenhagen	75	DKK	31	-	630				
Frederiksberg Centret I/S, Copenhagen	67	DKK	44	-	1,477				
Hovedbanegårdens Forretningscenter K/S, Copenhagen ³⁾	50	DKK	25	-	255				

¹⁾ Comprises employees in group companies at 31 December 2014.

²⁾ Directorships of Per Klitgård (PKLI), Jacob Aarup-Andersen (JAAR) and Jesper Winkelmann (JW).

B stands for board member and D stands for executive board member.

³⁾ Financial year ends 30 September.

**Group overview
Companies**

Forsikringsselskabet
Danica A/S

Danica Pension A/S

Danica Pension
Försäkringsaktiebolag

Danica Pensjons-
Forsikring AS

Danica
Ejendomsselskab
ApS

Activities

Parent company. Its principal activity is non-life insurance, comprising the health care and critical illness products Sundhedssikring, Kritisk Sygdom and Sundhedsfremmer.

Sale of the market products Danica Balance, Danica Link and Danica Select in which the return on policyholders' savings equals the market return. Life insurance and disability cover may be attached to the policies. Danica Balance is a lifecycle product combining the advantages of collective investment with individual adjustment options. The customers select an investment profile. Guarantee option. In Danica Link, customers may choose their own investment among 50-55 funds or they may choose an equity share and let Danica handle the investment. Guarantee option.

In Danica Select, customers may make their own investment among 15.000 different equities and securities distributed on 17 European and US stock exchanges.

Sale of conventional life insurance and pension product (Danica Traditionel) and health and accident insurance, including disability cover. Danica Traditionel comprises policies with guaranteed benefits and collective investments, which are managed by Danica Pension. The rate of interest on savings is determined by Danica Pension.

Conventional life insurance in the form of guaranteed life-long annuities without bonus entitlement. No new policies have been written since 1982.

Sale of market products and health and accident insurance in Sweden.

Sale of market products and health and accident insurance in Norway.

Property company investing primarily in commercial property and shopping centres.

Organisation:
Danica Pension's group overview is available at www.danicapension.dk

Management and directorships

Under section 80(8) of the Danish Financial Business Act, financial institutions are required to publish information at least once a year about directorships, etc. held with the approval of the Board of Directors by persons employed by the Board according to statutory regulations (section 80(1) of the Act).

This page also lists directorships held by members of the Board of Directors outside the Forsikrings-selskabet Danica Group.

Board of Directors

Thomas F. Borgen

Chairman of the Executive Board of Danske Bank A/S

Born on 27.03.1964

Director of:

Kong Olav V's Fond

Henrik Ramlau-Hansen

Member of the Executive Board of

Danske Bank A/S

Born on 02.10.1956

Director of:

Kreditforeningen Danmarks Pensionsafviklingskas-se (Chairman)

Realkredit Danmark A/S

LR Realkredit A/S

Kim Andersen

Director

Born on 30.04.1955

Member of the Executive Boards of:

Audio Consult ApS

KA Invest af 2. maj 2003 ApS

Director of:

Realkredit Danmark A/S (and Chairman of the Audit Committee)

In addition, Kim Andersen is Chairman of the Danica Group's Audit Committee (state authorised public accountant with deposited licence).

Thomas Falck

Senior Pension Specialist, Danica Pension

Born on 09.06.1952

Thomas Mitchell

Born on 01.12.1962

Charlott Due Pihl

Chairman of Staff Association, Danica Pension

Born on 27.03.1968

Ib Katznelson

Retired Head of administration, Danish Ministry for Business and Growth

Born on 30.10.1941

(appointed by the Minister of Finance)

Peter Rostrup-Nielsen

Acting head of Group Risk Management.

Danske Bank A/S

Born on 13.10.1966

Director of:

Danske Bank Oyj

Malene Stadil

Senior Vice President of Danske Bank A/S

Born on 26.10.1962

Director of:

Danske Markets Inc. Delaware USA

Danske Corporation. Delaware USA

Danske Bank Russia

DDB Invest AB. Sweden

Per Søgaard

Senior Advisor. Danica Pension

Born on 07.02.1969

Director of:

Witt & Søn A/S

OT-Europlay A/S

Executive Board

Information on directorships, etc. in wholly-owned subsidiaries is provided in the group overview.

Per Klitgård

Chief Executive Officer

Born on 11.12.1958

Director of:

The Danish Insurance Association

Jacob Aarup-Andersen

Member of the Executive Board

Born on 06.12.1977

Jesper Winkelmann

Member of the Executive Board

Born on 14.02.1958

Statement and reports

Statement by the Management

The Board of Directors and the Executive Board (the management) have today considered and approved the annual report of Danica Pension for the financial year 2014.

The Company's financial statements have been prepared in accordance with the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities, shareholders' equity and financial position at 31 December 2014 and of the results of the Company's operations and the consolidated cash flows for the financial year 2014. Moreover, in our opinion, the management's report includes a fair review of developments in Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Company.

The management will submit the annual report to the general meeting for approval.

Copenhagen, 3 February 2015

Executive Board

Per Klitgård

Jacob Aarup-Andersen

Jesper Winkelmann

Board of Directors

Thomas F. Borgen
Chairman

Henrik Ramlau-Hansen
Deputy Chairman

Kim Andersen

Thomas Falck

Thomas Mitchell

Charlott Due Pihl

Ib Katznelson

Peter Rostrup-Nielsen

Malene Stadil

Per Søgaard

INTERNAL AUDIT'S REPORT

We have audited the financial statements of Danica Pension, Livsforsikringsaktieselskab, pp. 14-44, for the financial year 2014. The financial statements comprise financial highlights, income statement, statement of comprehensive income, balance sheet, statement of capital and notes for the Company. The financial statements have been prepared in accordance with the Danish Financial Business Act.

Basis of opinion

We conducted our audit in accordance with the Danish Financial Supervisory Authority's Executive Order on Auditing Financial Undertakings etc. as well as Financial Groups and in accordance with International Standards on Auditing. This requires that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

We planned and conducted our audit such that we have assessed the business and internal control procedures, including the risk and capital management implemented by the management, aimed at the Company's reporting processes and major business risks.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the financial statements that give a true and fair view in order to design procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2014, and of the results of the Company's operations for the financial year 2014 in accordance with the Danish Financial Business Act.

Furthermore, we believe that the business and internal control procedures, including the risk and capital management implemented by the management, aimed at the Company's reporting processes and major business risks, operate effectively.

Copenhagen. 3 February 2015

Jens Peter Thomassen
Group Chief Auditor

INDEPENDENT AUDITORS' REPORT

To the shareholders of Danica Pension, Livsforsikringsaktieselskab

Independent auditors' report on the financial statements and the Parent Company financial statements

We have audited the financial statements, pp. 14-44 of Danica Pension, Livsforsikringsaktieselskab, for the financial year 2014. The financial statements comprise financial highlights, income statement, statement of comprehensive income, balance sheet, statement of capital and notes for the Company. The financial statements have been prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and the Parent Company financial statements

Management is responsible for preparing financial statements that give a true and fair view in accordance with the Danish Financial Business Act and for such internal control that management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2014, and of the results of the Company's operations for the financial year 2014 in accordance with the Danish Financial Business Act.

Statement on the management's report

Pursuant to the Danish Financial Business Act, we have read the management's report. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information given in the management's report is consistent with the financial statements.

Copenhagen, 3 February 2015
Ernst & Young
Godkendt Revisionspartnerselskab

Ole Karstensen
State authorised public accountant

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Company Registration No.
CVR 24256146
Contact: Ole Fabricius, Head of Finance