

# The ATP Group - Annual Announcement of Financial Statements 2018

## Results

**DKK (5.5)bn**

net results for the year before life expectancy update and increase in pensions

**DKK (20.0)bn**

life expectancy update

**DKK (25.5)bn**

results for the year

## Return and expenses

**(3.2) per cent**

investment return (before tax and expenses) relative to bonus potential<sup>1</sup>

**8.0 per cent**

average annual return for the past 20 years (N1)

**0.34 per cent**

annual expenses in per cent

## Net assets and pension benefits

**DKK 92bn**

bonus potential

**DKK 785bn**

ATP member assets

**DKK 23,600**

full annual lifelong ATP pension for a 65-year-old in 2018

## Accumulated results 2014-2018

**DKK 46.0bn**

results before life expectancy update and increase in pensions

**DKK (46.8)bn**

life expectancy update and increase in pensions

**DKK (0.8)bn**

results

<sup>1</sup> Definition: The ATP Group's investment return (excluding minority interests) relative to the bonus potential at the beginning of the year. The investment portfolio pursues a factor (risk-based) investing approach, the focus of which is on risk rather than on the amount invested. The investment portfolio generally consists of funds from the free reserves – the bonus potential. Funds not tied up in the hedging portfolio as a result of the use of financial derivatives are available for the investment portfolio on market terms. In practice, this means that the investment portfolio can operate with a higher statement of financial position (market value at year-end 2018 of DKK 307.5bn) than the bonus potential, but within the same risk budget.

# Five-year summary for the ATP Group

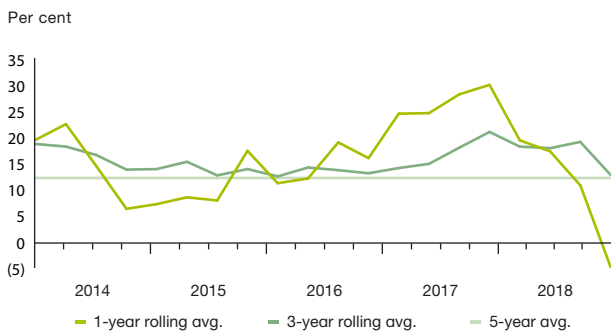
DKKm	2018	2017	2016	2015	2014
<b>Investment</b>					
Investment return	(3,714)	29,737	15,340	16,548	6,097
Expenses	(953)	(858)	(823)	(837)	(720)
Tax on pension savings returns and income tax	949	(4,399)	(1,989)	(2,259)	(579)
<b>Investment activity results</b>	<b>(3,718)</b>	<b>24,480</b>	<b>12,528</b>	<b>13,452</b>	<b>4,798</b>
<b>Hedging</b>					
Change in guaranteed pensions due to discount rate and maturity reduction <sup>1</sup>	(27,866)	10,032	(47,816)	7,628	(111,601)
Return in hedging portfolio	32,932	(10,089)	56,371	(7,992)	132,221
Tax on pension savings returns	(5,039)	1,544	(8,625)	1,223	(20,230)
<b>Results of hedging of guaranteed pensions<sup>1</sup></b>	<b>27</b>	<b>1,487</b>	<b>(70)</b>	<b>859</b>	<b>390</b>
Change in guaranteed pensions due to yield curve break <sup>2</sup>	(3,106)	(2,993)	(4,064)	(3,130)	(1,142)
<b>Hedging activity results</b>	<b>(3,079)</b>	<b>(1,506)</b>	<b>(4,134)</b>	<b>(2,271)</b>	<b>(752)</b>
<b>Investment and hedging activity results</b>	<b>(6,797)</b>	<b>22,974</b>	<b>8,394</b>	<b>11,181</b>	<b>4,046</b>
<b>Pension</b>					
Contributions	9,871	9,703	9,572	9,055	9,049
Pension benefits	(16,878)	(16,075)	(15,454)	(14,566)	(13,661)
Change in guaranteed pensions due to contributions and payouts	8,505	8,289	6,956	6,688	6,043
Administration expenses	(197)	(191)	(239)	(283)	(300)
Other items	9	8	8	155	10
<b>Pension activity results before life expectancy update</b>	<b>1,310</b>	<b>1,734</b>	<b>843</b>	<b>1,049</b>	<b>1,141</b>
<b>Business processing, external parties</b>					
Income	2,458	2,042	1,545	1,251	1,450
Expenses	(2,450)	(2,033)	(1,529)	(1,229)	(1,426)
Income tax	(1)	0	(1)	(1)	8
<b>Business processing results, external parties</b>	<b>7</b>	<b>9</b>	<b>15</b>	<b>21</b>	<b>32</b>
<b>Results before bonus allowance and life expectancy update</b>	<b>(5,480)</b>	<b>24,717</b>	<b>9,252</b>	<b>12,251</b>	<b>5,219</b>
Life expectancy update	(20,025)	(1,006)	(9,901)	(3,723)	96
Bonus allowance for the year	-	(6,406)	-	(3,017)	(2,772)
<b>Net results for the year</b>	<b>(25,505)</b>	<b>17,305</b>	<b>(649)</b>	<b>5,511</b>	<b>2,543</b>
Guaranteed pensions	693,373	650,881	658,797	603,972	608,592
Bonus potential	92,086	117,695	100,454	101,242	95,831
<b>Net assets</b>	<b>785,459</b>	<b>768,576</b>	<b>759,251</b>	<b>705,214</b>	<b>704,423</b>
<b>All figures in per cent</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Administration expenses relative to net assets	0.03	0.02	0.03	0.04	0.04
Direct and indirect investment expenses relative to net assets	0.31	0.31	0.28	0.38	0.35
<b>Overall annual expenses in per cent relative to net assets</b>	<b>0.34</b>	<b>0.33</b>	<b>0.31</b>	<b>0.42</b>	<b>0.39</b>
<b>Bonus rate</b>	<b>13.3</b>	<b>18.1</b>	<b>15.2</b>	<b>16.8</b>	<b>15.8</b>
<b>Return ratios</b>					
Investment return (before expenses and tax) relative to bonus potential	(3.2)	29.5	15.0	17.3	6.5
Investment return (after expenses and tax) relative to bonus potential	(3.2)	24.3	12.2	14.0	5.1
Results before life expectancy update and bonus relative to guaranteed pensions	(0.8)	3.8	1.4	2.0	0.9

<sup>1</sup> Before effect of yield curve break

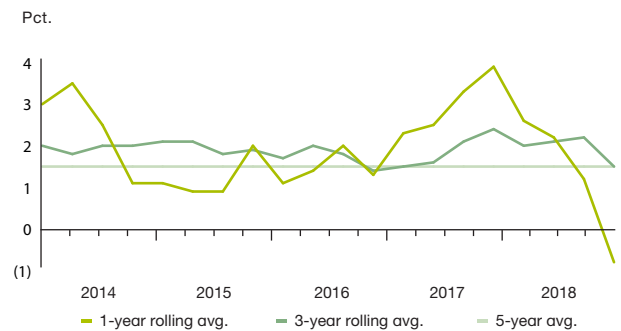
<sup>2</sup> 'Yield curve break' is the point on the yield curve at 40 years where the guaranteed pensions shift from being discounted by a fixed rate to being discounted by a market rate.

# Return and results over time

**Rolling annual returns in the investment portfolio before expenses and tax relative to the bonus potential**



**Rolling results before life expectancy update and bonus allowance relative to guaranteed pensions**



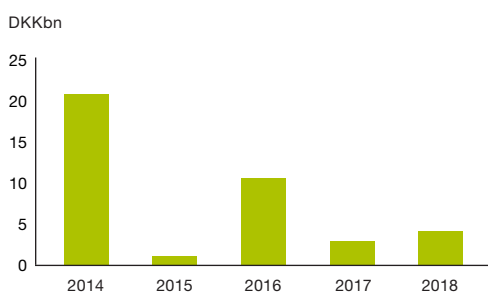
**Risk-adjusted returns in the investment portfolio**



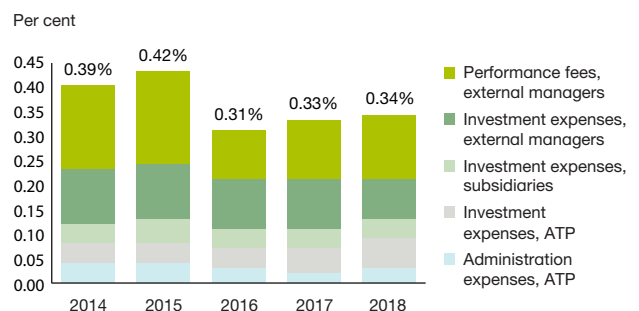
**Use of past five years' results before life expectancy and bonus**



**Tax on pension savings returns and income tax**



**Overall annual expenses in per cent (annual expenses in per cent)**



Note: Expenses have been calculated in accordance with the industry standard.

# Management's review

## HIGHLIGHTS OF THE YEAR

In 2018, the ATP Group recorded negative results of DKK 5.5bn before the life expectancy update. The financial markets faced growing uncertainty, especially in Q4, reflected in a difficult year for risky assets.

ATP recorded a negative return in the investment portfolio of 3.2 per cent of the bonus potential, which is not satisfactory. A high degree of risk diversification in the investment portfolio helped to reduce the negative return, and illiquid investments, in particular, made a positive contribution to returns in 2018. Moreover, ATP purchased options at mid-year to hedge the portfolio of international equities against large negative returns, which helped to reduce the loss on listed international equities.

The life expectancy of ATP's members is increasing faster than previously predicted, resulting in the transfer of DKK 20bn to the guaranteed pensions.

Having made an overall assessment of the investment activity results, inflation and increased life expectancy, the Supervisory Board has decided not to raise pensions this year.

ATP's net results for the year were negative by DKK 25.5bn after the life expectancy update.

ATP's free reserves – its bonus potential – stood at DKK 92.1bn at year-end 2018, equivalent to a bonus rate of 13.3 per cent. At year-end 2018, the value of the guaranteed pensions totalled DKK 693.4bn, taking net assets to DKK 785.5bn.

In 2018, ATP allocated DKK 4.1bn for tax on pension savings returns and income tax.

## INVESTMENT AND HEDGING

ATP's overall objective is to provide the best possible pensions in the form of a lifelong pension, so that ATP, in combination with the state-funded pension system, provides the basic pension coverage for the Danish population. ATP, in combination with the state-funded pension system, constitutes pillar 1 of the Danish pension system. ATP has two value creation sources at its disposal: a hedging portfolio and

an investment portfolio.

The principal objective of the hedging portfolio is to safeguard the guaranteed return and thus ensure ATP's ability, at all times, to deliver on the promises issued to members. Hedging is planned to ensure that the market value of the hedging portfolio after tax fluctuates in line with the guaranteed pensions when interest rates change. This objective was met once again in 2018.

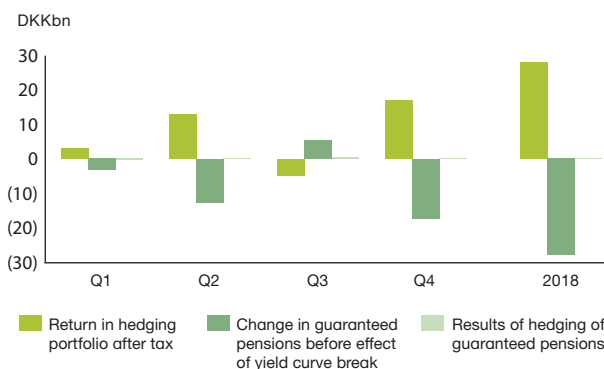
The principal objective of the investment portfolio is to generate a return that will allow ATP both to build reserves for unforeseen events such as increased life expectancy to ensure that ATP members receive lifelong pensions and to raise the guaranteed pensions, thereby preserving the real value of pensions.

Based on an ambition of preserving the real value of pensions as best as possible, the Supervisory Board has set a long-term performance target for investment and hedging activities after tax and expenses of 11 per cent of the bonus potential at the beginning of the year. For 2018, this is equivalent to DKK 12.9bn, and with investment and hedging activity results of a negative DKK 6.8bn, the performance target was not achieved.

## Hedging

Overall, hedging activity results were negative by DKK 3.1bn.

### Hedging safeguards the guaranteed pensions



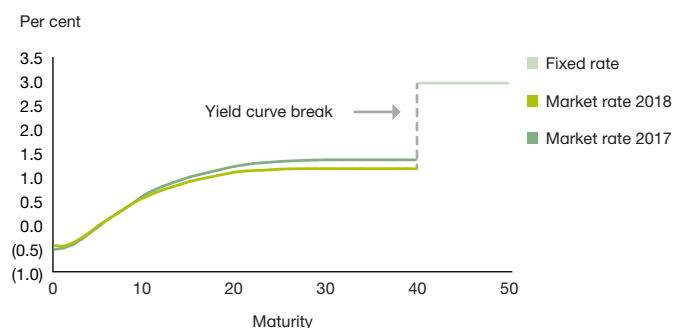
The value of the guaranteed pensions increased due to the decline in European interest rates in 2018. The hedg-

ing portfolio is designed to protect pensions against interest rate fluctuations, and the hedges once again served their purpose in 2018. Hedging activity results before the effect of the yield curve break amounted to DKK 27m, or less than 0.005 per cent of the guaranteed pensions.

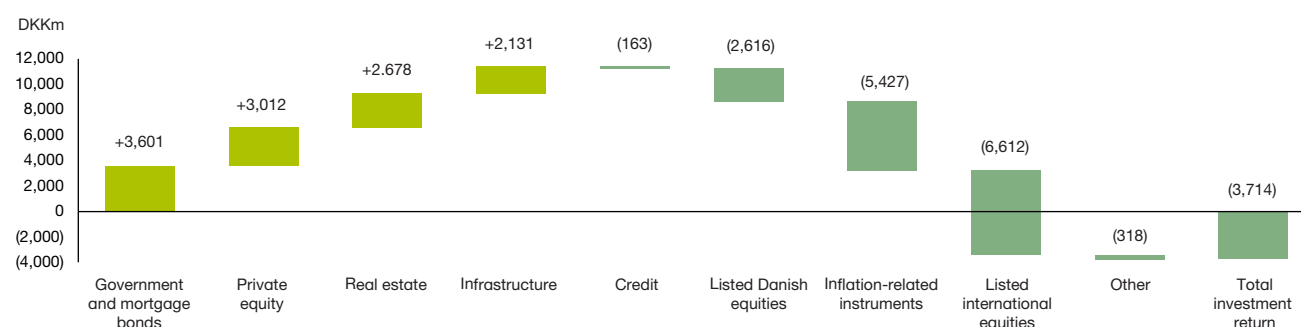
For guarantees up to 40 years, hedging of the guaranteed pensions can be effected at a market rate equivalent to the rate used for the valuation of the guaranteed pensions. This means that hedging can be effective. Guarantees extending beyond 40 years are valued at a fixed rate of 3 per cent.

Guaranteed pensions that change during the year from extending beyond 40 years to being below 40 years will change from being valued at a fixed rate of 3 per cent to a market rate. When the market rate is lower than the fixed rate of 3 per cent, a loss will be sustained, while a market rate higher than 3 per cent will generate a gain. This is referred to by ATP as a 'yield curve break'. In 2018, the market rate was below 3 per cent, resulting in a loss of DKK 3.1bn on hedging

### ATP yield curve at year-end



### Composition of investment return



activities. Due to this loss, funds will be transferred from the bonus potential to the guaranteed pensions. Consequently, this does not affect ATP's net assets.

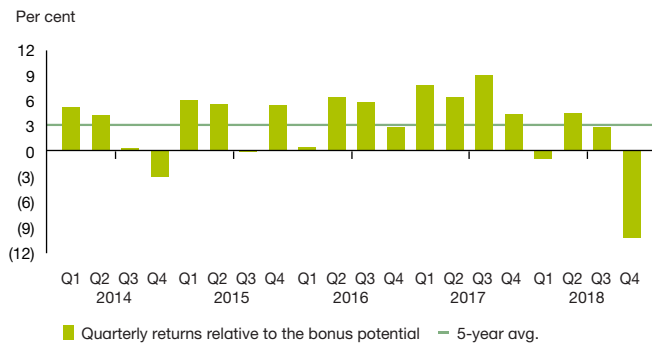
### Investment

The investment return before expenses and tax was negative by DKK 3.7bn, equivalent to a negative 3.2 per cent relative to the bonus potential. After expenses and tax, the return was also a negative DKK 3.7bn in 2018.

In a well-diversified portfolio with a high degree of risk diversification, some investment types will outperform others. In 2018, investments in government and mortgage bonds, private equity, real estate and infrastructure made positive contributions to performance. The largest positive return, DKK 3.6bn, came from the portfolio of government and mortgage bonds, while investments in private equity, real estate and infrastructure delivered returns of DKK 3.0bn, DKK 2.7bn and DKK 2.1bn, respectively. The main detractors were listed international equities, inflation-related instruments and listed Danish equities, producing negative returns of DKK 6.6bn, DKK 5.4bn and DKK 2.6bn, respectively.

ATP has been generating high returns in recent years, but has expected returns to moderate going forward. ATP will continue to assume investment risk within its risk budget to generate returns in the face of market uncertainty. That way, ATP expects to achieve satisfactory long-term results despite continued pressure on the return environment. Over the past five years, ATP has delivered an average annual return of 12.3 per cent in the investment portfolio and achieved positive returns in 16 out of the last 20 quarters.

### Historical quarterly returns in the investment portfolio before expenses and tax relative to the bonus potential



The investment portfolio pursues a factor (risk-based) investing approach, the focus of which is on risk rather than on the amount of DKK invested. Consequently, with the same risk, it is possible to purchase a larger portfolio of bonds than of equities, which are traditionally more risky. The investment portfolio generally consists of funds from the free reserves – the bonus potential. Funds not tied up in the hedging portfolio as a result of the use of financial instruments are, moreover, available for investment in the investment portfolio on market terms. In practice, this means that the investment portfolio can operate with a higher statement of financial position than the bonus potential, but within the same risk budget. The market value of the investment portfolio stood at DKK 307.5bn at year-end 2018.

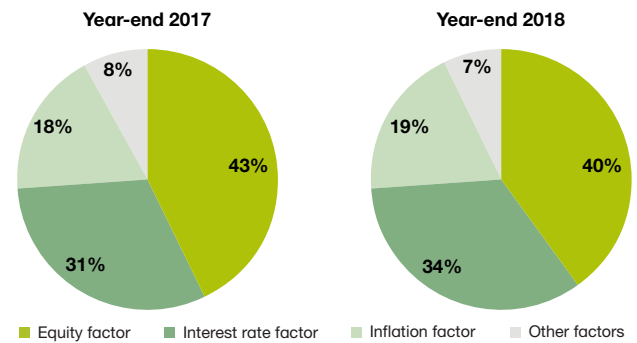
In 2018, the risk-adjusted return was a negative 0.11, and over the past five years it was 0.51.

Risk-adjusted return is a Sharpe ratio-based return target, expressing the ratio of realised return to the expected market risk in the portfolio.

To maintain a robust investment portfolio with a stable return and the greatest possible independence from cyclical variations, investment decisions are informed by a strategy of risk diversification. ATP allocates the risk associated with each investment on the basis of four different risk factors, depending on the types of risk to which the invest-

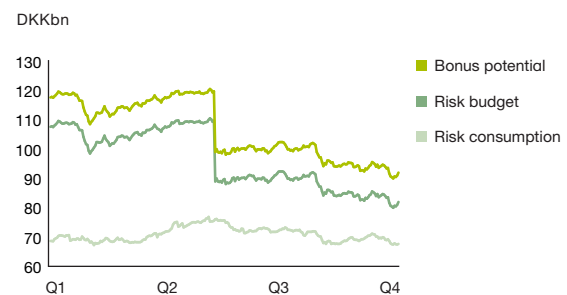
ment is exposed. Moreover, the investments are composed to achieve the desired level of risk diversification. The four risk factors are: 'Equity factor', 'Interest rate factor', 'Inflation factor' and 'Other factors'. Other than a 3 per cent shift from the Equity to the Interest rate factor, the relative risk in the four risk factors was relatively unchanged over the year.

### Risk allocation in the investment portfolio



As part of the efforts to achieve a high expected long-term return, the market risk in the investment portfolio was increased by approx. DKK 20bn in 2017 and 2018. Furthermore, the increase in life expectancy resulted in the transfer of DKK 20bn from the bonus potential at the end of H1. As a result, the risk budget fell, and, consequently, utilisation of the risk budget increased substantially in 2018.

### Risk consumption in 2018



As ATP's investments are generally hedged against currency fluctuations in Danish kroner and euros, the global currency fluctuations had no appreciable impact on the return.

## PENSION

Pension activity results before the life expectancy update were a profit of DKK 1.3bn.

Pension payouts totalled DKK 16.9bn. At the end of 2018, 1,060,200 pensioners were receiving ATP Lifelong Pension, and for about 40 per cent of Danish old-age pensioners, ATP Pension is their only pension income besides the state-funded old-age pension. The full annual ATP Lifelong Pension for a 65-year-old pensioner is DKK 23,600, equivalent to 32 per cent of the basic amount of the state-funded old-age pension.

Contribution payments for the year totalled DKK 9.9bn. Contribution payments are divided into guarantee contributions and bonus contributions. The guarantee contribution, accounting for 80 per cent of ATP contributions, is earmarked for the acquisition of pension. The bonus contribution, accounting for 20 per cent, is transferred to the bonus potential to be used for unforeseen events such as increased life expectancy and for increases in pensions. The ATP contribution is fixed in Danish kroner (DKK) and has not been adjusted since 2016.

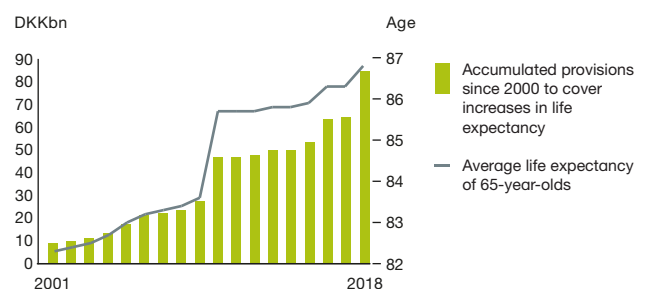
### ATP's life expectancy model

The ATP pension is lifelong and guaranteed. Therefore, the life expectancy of its members is key to ATP. In 2018, ATP conducted a major review of its life expectancy model, resulting in an upward adjustment of life expectancy assumptions. Thus, a baby girl born today is expected to live to age 95, while a baby boy is expected to live to age 92.

In 2018, ATP conducted a thorough review of its life expectancy model. ATP's life expectancy model is based on the assumption that Danish life expectancy increases track international increases. In 2018, ATP has been working to achieve a better understanding of life expectancy patterns in individual countries. One result is that the USA has been eliminated from the data material, given that causes of death among Americans deviate significantly from those observed among Danes and other Europeans. As the USA historically accounted for approx. 40 per cent of the data

material, this has a notable impact on the predictions of life expectancies. Following the elimination of the USA, among others, a change can be observed in the pace of life expectancy increases from around 1970. Therefore, the start of the data period has been adjusted from 1950 to 1970. Moreover, it has become clear that life expectancy for men is slowly catching up to that for women, which is now reflected in the model. Overall, these changes have resulted in a transfer of DKK 20bn from the bonus potential to the guaranteed pensions.

### Additional provisions due to increases in life expectancy



Note: In 2010, ATP switched to the SAINT life expectancy model for measurement of all ATP's pension liabilities.

Since 2000, ATP has provided DKK 84.3bn for increased life expectancy.

## LOW EXPENSES

Low expenses provide a contribution to higher pensions, and ATP focuses on minimising expenses, while at the same time capturing any return which may be generated through an increase in expenses.

### Investment expenses

ATP focuses on ensuring that investments are made in the most expedient manner in which factors such as cost effectiveness, tax issues, responsibility, ownership and risk are weighted against each other.

ATP's direct and indirect investment expenses amounted to DKK 2.5bn in 2018, representing a 6 per cent increase on 2017. Investment expenses account for 0.31 per cent of the aggregate assets managed by ATP at year-end 2018. In 2018, the expense level was positively impacted by a higher degree of internal processing and negatively affected by i)



increased risk consumption and increased investment portfolio diversification with a view to preserving the real value of pensions; ii) portfolio restructuring to allow for ESG issues, both to strengthen the strategy of increased execution of active ownership activities within investment and to enhance the transparency of investments; and iii) positive private equity returns.

### Administration expenses

In 2018, administration expenses for ATP were DKK 197m, a 3 per cent increase on 2017. Administration expenses account for 0.03 per cent of aggregate assets.

Over the past five years, administration expenses have been reduced significantly due primarily to declining depreciation and amortisation and to ATP benefiting from up-to-date and stable IT support. As indicated in previous years, administration expenses are expected to show a marginal increase in the coming years. One reason is the expected need to reinvest in the IT platform, another is investment in IT security and operational risk management.

### BUSINESS PROCESSING, EXTERNAL PARTIES

In addition to the administration of ATP Lifelong Pension, the ATP Group performs business processing tasks on behalf of the social partners, the Danish government and local authorities. These tasks are performed by ATP on a cost-recovery basis – i.e. without profit to ATP and without any risk of expense – and operating expenses are managed based on ambitious objectives of efficient and competitive operations. In 2018, business processing expenses, external parties, of DKK 2.5bn were incurred. Efficient operations have absorbed higher expenses; at the same time, development activities with the addition of new business processing tasks have been high in recent years. In 2018, a new specialist rent subsidy system was implemented in Udbetaling Danmark – Public Benefits Administration, among other initiatives.

### RISKS

ATP is committed to identifying and managing the most significant risks relating to ATP Lifelong Pension, the Group and the activities of the schemes managed.

ATP disburses a monthly lifelong pension to its members. Accordingly, increasing life expectancy is the greatest pension risk facing ATP. ATP relies on a custom life expectancy model, based on data from 18 comparable OECD countries, for managing the longevity risk. In addition to factoring in already observed increases in life expectancy, the model allows for expected future increases.

Investment risks are primarily market risks assumed by ATP in relation to investment and hedging activities. These market risks are closely aligned with the investment principles, consisting of four main components: Hedging of the interest rate risk of pension liabilities, appropriate risk levels, risk diversification and focus on strong investment processes.

ATP is not subject to the Solvency II Directive, but the Danish ATP Act (*ATP-loven*) includes elements of Solvency II. ATP uses a proprietary model for the measurement of risk across all risk areas in its overall risk management.

Operational risks at ATP are the risk of loss arising from the operational performance of tasks. One implication could be negative reputation, which could affect ATP's potential

### Tax policy

Tax is a key parameter in investment, especially in investment across countries with different tax laws. For all new unlisted direct investments, ATP has engaged in dialogue on the tax structure to be used and has managed to impact several structures to bring them in line with ATP's tax policy.

For instance, in spring 2018, ATP invested in TDC through a consortium with two other Danish pension providers (PFA and PKA) and MIRA (Macquarie Infrastructure and Real Assets). The TDC consortium has entered into an agreement under which all dividend and interest rate payments to the owners must, de facto, be approved by the three Danish pension providers. When dividends are paid to the owners, the consortium's holding company withholds the full amount of Danish withholding tax, unless MIRA obtains a binding pre-approval from SKAT (the Danish Customs and Tax Administration), confirming that MIRA is entitled to reduced tax payments.



earnings. To address such risks, ATP has policies in place, e.g. for management of critical errors, a policy of responsibility and a tax policy etc.

## RESPONSIBILITY

Through the integration of responsibility into investments, ATP acts as a responsible investor within the framework of the Supervisory Board's Policy on Responsibility in Investments, Engagement Policy and tax policy. The aim of these policies is to ensure that ATP's work on responsibility in investments is business-driven, based on stringent criteria and promotes long-term, sustainable value creation.

ATP is established by statute, and its aim is to provide stable pensions and basic financial security for its members by investing its pension assets sensibly and responsibly.

### ESG

ESG is short for Environmental, Social and Governance issues.

ESG integration and dialogue play a key role in ATP's approach to responsibility. ATP's experience has shown that better investment decisions are made by integrating responsibility information with knowledge of other business aspects into the decision-making basis.

By entering into constructive and patient dialogue with the companies invested in, an understanding of the challenges facing the companies can be gained, which, in turn, can be used to make better and more informed investment decisions. Through dialogue, the companies can be encouraged to change where appropriate, thereby minimising risks and promoting their long-term value creation.

This has, for instance, been the case in the Danske Bank money laundering case, where ATP has exercised active ownership by putting pressure on the company and by seeking solutions in partnership with other investors. Faced with the choice between dialogue and exclusion, ATP prefers dialogue, as long as a potential for improvement is believed to exist.

In 2018, ATP took steps to increase its transparency, for example by publishing its holdings of corporate bonds, names of companies with which ATP conducts 'thematic engagements' and a list of specific projects co-financed by ATP through the purchase of green bonds. ATP continues to work with the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations for investors and in 2018 initiated work to understand how climate scenario analyses can provide inputs and new insights for investment processes. ATP has also established a voting site, posting its voting data at the AGMs of listed companies in which ATP holds equities.

Through its active ownership activities, ATP has engaged in dialogue about sustainability and green transformation with electricity producers that rely on coal for more than 50 per cent of their electricity generation. Based on this dialogue, ATP divested its investments in a number of companies with no realistic plans for phasing out coal in the long term.

ATP supports a wide range of national and international initiatives. For instance, ATP complies with the Committee on Corporate Governance Stewardship Code, and ATP has adopted the UN-backed Principles for Responsible Investment (PRI), is a member of the UN Global Compact and observes the OECD Guidelines for Multinational Companies.

### Report on the ATP Group – Responsibility Report 2018

For further information about ATP's responsibility work, please see the ATP Group's Responsibility Report 2018 at [www.atp.dk](http://www.atp.dk) ([www.atp.dk/en/responsibility/responsibility-reports/2018](http://www.atp.dk/en/responsibility/responsibility-reports/2018)), which constitutes both the statutory report and ATP's Communication on Progress to the UN Global Compact.

## CORPORATE GOVERNANCE

ATP's corporate governance framework is laid down in the Danish ATP Act. For further information on ATP's corporate governance, including ATP's compliance with the Recommendations on Corporate Governance, pay policy and remuneration report, see pages 131-142 and Further Information at [www.atp.dk/en](http://www.atp.dk/en).

Torben M. Andersen took office as Chairman of ATP's Supervisory Board in February 2018.

Christian Hyldahl resigned as CEO at the end of November, and at an extraordinary Supervisory Board meeting held on 26 November, the Supervisory Board appointed Bo Foged to serve as acting CEO while the search began for Hyldahl's replacement.

#### **EVENTS AFTER THE REPORTING DATE**

From the reporting date until the date of the presentation of this annual report for 2018, no events have occurred that would materially affect the assessment of the report.

#### **OUTLOOK FOR 2019**

ATP's investment strategy is to ensure that ATP generates the best possible returns, while, at all times, being able to meet the guarantees issued to members.

Based on an ambition of preserving the real value of lifelong pensions as best as possible, the Supervisory Board

has set a long-term performance target for investment and hedging activities after tax and expenses. The performance target has been set at 11 per cent of the bonus potential at the beginning of the year, equivalent to DKK 10.1bn for 2019. The performance target is an absolute return objective which is to be achieved in the long term, but which is not necessarily achieved each year.

The performance target is based on the principles underlying the target of safeguarding members' interests, aiming to preserve the real value of lifelong pensions in the long term and providing an ambitious target. The objective has also been designed to be realistic given the size of the bonus potential and the risk budget, as well as the long-term risk-adjusted return expectations.

The Danish Finance Act for 2019, adopted in December 2018, contemplates the establishment of Mandatory pension scheme, under which contributions are paid into ATP Lifelong Pension and managed by ATP. The legal process work will be ongoing in 2019.

Torben M. Andersen  
Chairman of the Supervisory Board

Bo Foged  
acting CEO

# The ATP Group

## Income statement

DKK m	2018	2017	Q4 2018	Q4 2017
<b>Investment</b>				
Income from associates and joint ventures	2,197	1,699	873	1,024
Income from investment properties	1,019	1,077	223	252
Interest income and dividends etc. related to investment activities	6,272	5,019	1,839	1,385
Consulting fee and fee income	1,422	1,157	328	297
Market value adjustments related to investment activities	(10,833)	23,493	(12,615)	3,118
Interest expenses related to investment activities	(3,791)	(2,708)	(1,296)	(942)
Investment activity expenses	(953)	(858)	(275)	(237)
<b>Investment activity results before tax on pension savings returns and income tax</b>	<b>(4,667)</b>	<b>28,879</b>	<b>(10,923)</b>	<b>4,897</b>
Tax on pension savings returns in respect of investment activities	983	(4,344)	1,874	(726)
Income tax in respect of investment activities	(34)	(55)	(11)	(14)
<b>Investment activity results</b>	<b>(3,718)</b>	<b>24,480</b>	<b>(9,060)</b>	<b>4,157</b>
<b>Hedging</b>				
Interest income related to hedging activities	15,492	16,466	3,883	4,107
Market value adjustments related to hedging activities	17,735	(26,196)	16,329	5,370
Interest expenses related to hedging activities	(295)	(359)	(44)	(179)
Tax on pension savings returns in respect of hedging activities	(5,039)	1,544	(3,086)	(1,422)
Change in guaranteed benefits due to change in discount rate	(23,064)	15,021	(16,194)	(6,390)
Change in guaranteed benefits due to maturity reduction	(7,908)	(7,982)	(1,942)	(2,034)
<b>Hedging activity results</b>	<b>(3,079)</b>	<b>(1,506)</b>	<b>(1,054)</b>	<b>(548)</b>
<b>Investment and hedging activity results</b>	<b>(6,797)</b>	<b>22,974</b>	<b>(10,114)</b>	<b>3,609</b>
<b>Pension</b>				
Contributions	9,871	9,703	2,531	2,514
Benefit payouts	(16,878)	(16,075)	(4,251)	(4,059)
Change in guaranteed benefits due to contributions and pension benefits	8,505	8,289	1,996	1,910
Interest income related to pension activities	12	12	3	3
Interest expenses related to pension activities	(2)	(2)	0	(1)
Pension activity expenses	(197)	(191)	(50)	(47)
Tax on pension savings returns in respect of pension activities	(1)	(2)	-	(1)
<b>Pension activity results before change in life expectancy</b>	<b>1,310</b>	<b>1,734</b>	<b>229</b>	<b>319</b>
Change in guaranteed benefits due to life expectancy update	(20,025)	(1,006)	-	-
<b>Pension activity results</b>	<b>(18,715)</b>	<b>728</b>	<b>229</b>	<b>319</b>
<b>Processing Business</b>				
Other income	2,458	2,042	603	560
Other expenses	(2,450)	(2,033)	(589)	(556)
Income tax in respect of business processing	(1)	-	(1)	-
<b>Processing Business results</b>	<b>7</b>	<b>9</b>	<b>13</b>	<b>4</b>
<b>Results before bonus</b>	<b>(25,505)</b>	<b>23,711</b>	<b>(9,872)</b>	<b>3,932</b>
Bonus allowance for the year	-	(6,406)	-	(6,406)
<b>Net results for the year</b>	<b>(25,505)</b>	<b>17,305</b>	<b>(9,872)</b>	<b>(2,474)</b>

# The ATP Group Statement of comprehensive income

DKKm	2018	2017	Q4 2018	Q4 2017
Net results for the year	(25,505)	17,305	(9,872)	(2,474)
<b>Items that may not be reclassified to results:</b>				
Revaluation of owner-occupied properties	(26)	2	(30)	1
Tax on pension savings returns in respect of revaluation of owner-occupied properties	4	0	4	0
<b>Total</b>	<b>(22)</b>	<b>2</b>	<b>(26)</b>	<b>1</b>
<b>Other comprehensive income</b>	<b>(22)</b>	<b>2</b>	<b>(26)</b>	<b>1</b>
<b>Comprehensive income for the period</b>	<b>(25,527)</b>	<b>17,307</b>	<b>(9,898)</b>	<b>(2,473)</b>
Minority interests' share of total comprehensive income for the period	82	66	0	23
The ATP Group's share of total comprehensive income for the period	(25,609)	17,241	(9,898)	(2,496)
<b>Allocated comprehensive income</b>	<b>(25,527)</b>	<b>17,307</b>	<b>(9,898)</b>	<b>(2,473)</b>

# The ATP Group

## Statement of financial position

DKKm	FY 2018	FY 2017
<b>ASSETS</b>		
Cash and demand deposits	8,201	8,492
Bonds	563,457	552,927
Equity investments	125,907	111,814
Financial derivatives	76,537	71,412
Loans	7,666	8,662
Investments in associates and joint ventures	44,040	38,413
Intangible assets	1,055	885
Investment properties	22,950	21,617
Owner-occupied properties	860	870
Operating equipment	18	24
Tax receivable on pension savings returns and income tax	172	-
Interest receivable	3,185	3,156
Contributions receivable	2,647	2,594
Receivables from credit institutions	37,994	62,859
Other receivables and other loans	13,383	10,606
Other prepayments	970	938
<b>Total assets</b>	<b>909,042</b>	<b>895,269</b>
<b>EQUITY AND LIABILITIES</b>		
Financial derivatives	62,249	57,206
Tax payable on pension savings returns and income tax	4,241	2,822
Deferred tax on pension savings returns and income tax	224	201
Payables to credit institutions	47,907	53,775
Other payables	8,479	12,263
<b>Total payables</b>	<b>123,100</b>	<b>126,267</b>
Guaranteed benefits	693,373	650,881
Bonus potential	92,086	117,695
<b>Total pension provisions</b>	<b>785,459</b>	<b>768,576</b>
Minority interests	483	426
<b>Total equity and liabilities</b>	<b>909,042</b>	<b>895,269</b>