

Quarterly announcement

30 April 2015

ATP records profit of DKK 5.7bn

In Q1 2015, the ATP Group achieved a return in the investment portfolio of DKK 5.8bn – one of the best quarterly returns in the past five years, driven, in particular, by record returns on Danish equities. Pension guarantees were protected despite a massive decline in interest rates.

"It has been an unusual quarter, especially in the European financial markets, with interest rates reaching almost unthinkable levels, currency turmoil and surging equity prices. ATP performed well in these market conditions," says ATP CEO Carsten Stendevad.

One of the best returns in the investment portfolio in 5 years

In Q1 2015, ATP's investment portfolio generated a return of DKK 5.8bn, equivalent to a rate of return of 6.0 per cent before tax and expenses.

"ATP's investments produced one of the best quarterly returns in 5 years, driven, in particular, by our Danish equity portfolio, which posted a record return in Q1. Our return in the investment portfolio, totaling almost DKK 6bn, will be added to the bonus potential, which will, over time, be used to increase pensions. That's good news for our members," Carsten Stendevad says.

Equity investments were the top performers, yielding a positive return of DKK 6.1bn, with listed Danish equities accounting for DKK 4.7bn. The portfolio of private equities, consisting primarily of international equities, and the portfolio of listed international equities generated positive returns of DKK 0.9bn and DKK 0.5bn, respectively. Moreover, illiquid investments in properties and infrastructure made positive contributions of DKK 0.9bn to the return. The long-term hedging strategy against rising inflation was the largest detractor from returns.

Pension guarantees protected by hedging

ATP's hedging portfolio yielded a return of DKK 76.8bn before tax, or DKK 65bn after tax. ATP made provisions of DKK 64.4bn for members' pension guarantees. Hedging aims to ensure that members receive the ATP pensions promised, regardless of whether interest rates rise or fall. Thus, the Supervisory Board's objective of always being able to meet the pension guarantees issued was met.

"Despite all-time low interest rates, ATP is able to deliver good future pensions we promised to our members. The reason is that ATP's hedging portfolio protects our pension guarantees from interest rate fluctuations," Carsten Stendevad says.

Increased bonus potential

The profit for the period boosted ATP's bonus potential by DKK 5.7bn to DKK 101.5bn at the end of Q1, equivalent to a bonus rate of 15.1 per cent. Pension liabilities increased by DKK 62.8bn, to a total of DKK 671.1bn at end-Q1. At the end of Q1, ATP's total assets amounted to DKK 772.6bn.

ATP's tax on pension savings returns for Q1 was DKK 12.5bn. Tax on pension savings returns for the past five years totals DKK 61.1bn.

Udbetaling Danmark achieved its target

In 2012 and 2013, *Udbetaling Danmark* assumed responsibility for the administration of a number of welfare benefits, including state-funded old-age pension. *Udbetaling Danmark* was tasked with delivering efficiency improvements of 33 per cent, equivalent to annual cost savings of DKK 300m. On 1 March 2015, this target was achieved on time and on budget.

Facts about ATP

At the end of Q1, 950,000 pensioners were receiving ATP Pension. ATP paid out DKK 3.6bn in pension benefits. For 50 per cent of all Danish old-age pensioners, ATP Pension is their only source of pension income other than their state pension. The full ATP Pension for a 65-year-old pensioner is DKK 23,900, equivalent to 33 per cent of the basic amount of the state pension.

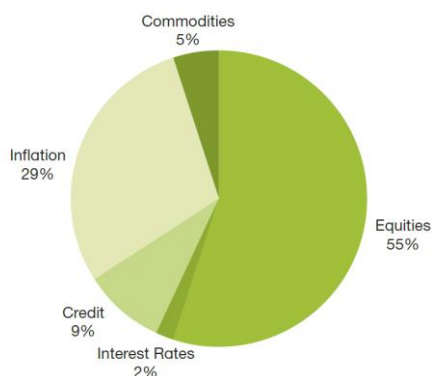
Financial highlights and ratios for the ATP Group

| DKKm | Q1 2015 | 2014 |
|--|----------------|----------------|
| Investment | | |
| Return in the investment portfolio | 5,778 | 6,078 |
| Expenses | (185) | (720) |
| Tax on pension savings returns and income tax | (709) | (579) |
| Investment activity results | 4,884 | 4,779 |
| Hedging | | |
| Change in guaranteed benefits due to discount rate and maturity reduction | (64,396) | (112,743) |
| Return in hedging portfolio etc. | 76,779 | 132,221 |
| Tax on pension savings returns | (11,747) | (20,230) |
| Hedging activity results | 636 | (752) |
| Investment and hedging activity results | 5,520 | 4,027 |
| Pension | | |
| Contributions | 2,260 | 9,049 |
| Pension benefits | (3,634) | (13,661) |
| Change in guaranteed benefits due to contributions, payouts, life expectancy etc. | 1,590 | 6,149 |
| Administration activity expenses, ATP Pension | (77) | (300) |
| Other items | 2 | 0 |
| Pension activity results | 141 | 1,237 |
| Administration, external parties | | |
| Administration activity income, external parties | 310 | 1,469 |
| Administration activity expenses, external parties | (285) | (1,426) |
| Income tax | 0 | 8 |
| Administration activity results, external parties | 25 | 51 |
| Results before bonus | 5,686 | 5,315 |
| Pension increase added | 0 | (2,772) |
| Net results for the period | 5,686 | 2,543 |
| Guaranteed benefits | 671,115 | 608,309 |
| Bonus potential | 101,515 | 95,831 |
| Net assets | 772,630 | 704,140 |
| Return ratios | | |
| Return in the investment portfolio relative to bonus potential (before expenses and tax), per cent | 6.0 | 6.5 |
| Return in the investment portfolio relative to bonus potential (after expenses and tax), per cent | 5.1 | 5.1 |

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Risk allocation (avg.) in the investment portfolio, Q1 2015



Return in the investment portfolio broken down by risk type

In Q1 2015, ATP's investment portfolio generated a return of DKK 5.8bn, equivalent to a rate of return of 6.0 per cent before tax and expenses.

| Return in the investment portfolio DKK 5.8bn ¹ | | | | | |
|---|----------------|-----------|-----------|-------------|-------------|
| | Interest Rates | Credit | Equities | Inflation | Commodities |
| Return | DKK (0.5)bn | DKK 0.6bn | DKK 6.1bn | DKK (0.1)bn | DKK (0.4)bn |

¹ The sum of the return for the five risk classes is DKK 5.7bn, deviating from the total return in the investment portfolio of DKK 5.8bn. The difference mainly comprises interest payments on loans of excess liquidity from the hedging portfolio and differences in the treatment of transaction costs etc.

Equity investments were the top performers, yielding a positive return of DKK 6.1bn, with listed Danish equities accounting for DKK 4.7bn. The portfolio of private equities, consisting primarily of international equities, and the portfolio of listed international equities generated positive returns of DKK 0.9bn and DKK 0.5bn, respectively.

Credit-related investments, consisting primarily of investments in high-yield bonds etc. and loans to credit institutions and funds, yielded a positive return of DKK 0.6bn.

In the Inflation risk class, illiquid investments in properties and infrastructure made positive contributions to the return of DKK 0.5bn and DKK 0.4bn, respectively. The long-term hedging strategy against rising inflation was the largest detractor from returns, recording a loss of DKK 1.2bn in response to falling interest rates and falling inflation.

In the Commodities risk class, oil investments posted a negative return of DKK 0.4bn, reflecting the decline in oil prices. The Interest Rates risk class yielded a negative return of DKK 0.5bn, related to the portfolio of Danish mortgage bonds.