

Annual Report 2018



pensionskassen
Jordbrugsakademikere & Dyrnlæger

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“Members contributed more to their pensions in 2018 in total DKK 411 million of which DKK 49 million came from single premiums and transfers.”



Letter from the Chairman

The extremely volatile nature of the financial markets became very clear in 2018. The year turned out to be the worst investment year for pension companies since the financial crisis. The Pension Fund for Agricultural Academics and Veterinary Surgeons (PJD) was affected as well, but less so than many others. Overall, our investments generated a return of DKK -325 million, or -2.3%.

All of our members received the same rate of interest, 3.5%, on their savings in 2018, but as of 1 January 2019, we have lowered the rate to 2.6% due to the poor investment returns for 2018 and subdued expectations for investment returns in the years ahead. Still, over the past five years, our members have received aggregate interest on their savings of 25.2% – quite a competitive rate.

We continue to derive economies of scale from our administration alliance with Sampension Liv and the Architects' Pension Fund in the form of, for example, low administrative expenses, which we were able to keep almost unchanged compared with 2017. Our members paid the same low fee for administration, advice and other services as in 2017.

Single premiums can be transferred to PJD free of charge, and 500 members chose to make additional contributions to their savings in 2018. Single premiums grew by 55%, taking total premiums to some DKK 25 million, an increase of 6.5% compared with 2017.

Agricultural academics and veterinary surgeons tend to retire later than most other employee groups, bolstering their pension savings. Because we live longer, our savings need to go farther. The increasing life expectancies and updated return assumptions are clearly reflected in the pension industry's revised forecasts, which point to lower benefits in the years ahead. In that context, I would recommend all of our members to visit pjdension.dk to check whether their insurance cover matches their requirements: Have you designated the right persons as beneficiaries? Are you saving up enough? Are your insurance covers adequate? And so on and so forth. Last year, we had some 38,000 visits to our website and almost 21,000 member log-ins. While this indicates a good deal of interest in pension matters, we would welcome even more visits

Together with our partners in the joint management company, we increased our focus on climate change and, among other things, stepped up our efforts to increase transparency of our investments in relation to climate change risks.

Accordingly, we decided to support the international Task Force on Climate-related Financial Disclosures (TCFD) to gain new insights and learn new methods in relation to the climate change area. One of the steps we have taken is to measure the carbon footprint of our equity investments. We do this based on the recommendations and principles of the TCFD, which aim to make investors better able to invest in climate-sustainable business models and businesses.

You can read much more about this in our ESG report for the Sampension community, which is released together with this annual report.



Erik Bisgaard Madsen
Chairman





Management's review

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Five-year key figures and financial ratios

Fem års hovedtal Mio. kr.	2018	2017	2016	2015	2014
Premiums	411.3	386.1	374.8	368.6	364.4
Benefits paid	-289.2	-282.4	-268.7	-258.6	-240.7
Investment return	-325.1	1,048.0	959.2	544.5	1,116.3
Total pension operating expenses	-5.8	-5.6	-10.7	-13.0	-9.6
Technical result	-10.0	2.4	68.9	-2.2	316.2
Technical result of health and accident insurance	-0.1	1.7	-0.6	-0.1	0.5
Profit/loss for the year	-82.7	236.4	279.2	114.3	541.5
Total pension provisions	9,513.9	9,587.7	8,883.7	8,302.7	7,877.1
Excess capital	728.9	735.9	685.9	632.9	610.5
Equity	3,472.5	3,615.2	3,417.7	3,185.8	3,107.1
Total assets	14,458.2	14,688.0	13,230.9	12,317.0	12,443.8
Total consolidated assets	14,459.3	14,689.1	15,453.0	14,083.1	14,691.9

Five-year financial ratios	2018	2017	2016	2015	2014
Return ratios					
Return, average-rate products	-2.3%	8.1%	7.9%	4.7%	10.5%
Expense ratios					
Expenses as a percentage of provisions	0.06%	0.06%	0.13%	0.16%	0.13%
Expenses per policyholder (DKK)	560	552	1,065	1,319	997
Other return ratios					
Return on equity after tax	-2.3%	6.7%	8.5%	3.6%	19.0%
Return on excess capital	-2.3%	8.3%	7.9%	4.7%	10.5%
Capital structure ratios					
Solvency coverage	283%	360%	451%	520%	236%
Health and accident insurance					
Gross claims ratio	95.2%	22.2%	147.6%	111.9%	88.5%
Gross expense ratio	5.9%	6.9%	6.0%	6.0%	6.0%
Combined ratio	101.2%	29.1%	153.6%	117.9%	94.5%
Operating ratio	101.2%	29.1%	153.6%	117.9%	94.5%

Reference is made to "Definitions of financial ratios" on page 50.

Policyholders and pension schemes

The Pension Fund for Agricultural Academics and Veterinary Surgeons (PJD) is a member-owned pension fund established in 1983. PJD has just over 10,000 members, most of whom are graduates of the Faculty of Life Sciences at the University of Copenhagen (formerly the Royal Veterinary and Agricultural University) or have similar educational backgrounds. The pension fund also admits employees of enterprises or associations affiliated with the profession.

On 1 January 2017, PJD joined the Sampension joint management company, which also handles the management of the Sampension Livsforsikring Group and the Architects' Pension Fund. The group of owners of Sampension Administrations-selskab A/S comprises: Sampension Livsforsikring A/S (94%), the Architects' Pension Fund (3%) and the Pension Fund for Agricultural Academics and Veterinary Surgeons (3%).

Pension schemes with PJD consist of pension savings and for most premium-paying and inactive members also insurance components covering certain critical illnesses, loss of earning capacity, and death. Pension savings earn interest according to an average-rate principle, which means that the rate of interest on policyholders' savings reflects the average return achieved over time. The rate of interest on policyholders' savings is fixed by the pension fund according to collective principles.

Premiums and benefits

Premium income

Premiums grew by 6.5% to DKK 411.3 million in 2018 from DKK 386.1 million in 2017. Regular premiums grew by DKK 7.8 million, while single premiums and transfers increased by DKK 17.3 million.

Premium income of DKK

411,3 million

Premium income DKKm	2018	2017	Change (%)
Regular premiums	362.1	354.3	2.2
Single premiums etc.	49.1	31.8	54.7
Total premiums	411.3	386.1	6.5

The number of policyholders at 31 December 2018 was 10,394 against 10,188 at 31 December 2017, an increase of 2.0%.

Number of policyholders	31.12.2018	31.12.2017	Change (%)
Premium-paying policyholders in active employment	5,352	5,306	0.9
Paid-up policies etc.	2,731	2,659	2.7
Pensioners	2,311	2,223	4.0
Total number of policyholders	10,394	10,188	2.0

Benefit payments

Total benefits paid amounted to DKK 349.1 million in 2018 against DKK 321.3 million in 2017, including supplementary pensions financed by equity. The increase was primarily attributable to regular pension benefits.

Expenses

Both investment expenses and administrative expenses have dropped significantly after PJD joined the joint management company. The lower the expenses, the greater the proportion of contributions and returns will be allocated to savings.

Efficient investment management

Internal and external management efficiency is very important to the joint management company. Cost-benefit analysis is used to assess whether the various portfolios should be managed internally or externally.

Virtually all of our equity investments are outsourced to external asset managers, while most bonds and other fixed-income instruments are managed in-house. A number of investments in higher-risk credit bonds are made through external managers, and most alternative investments in, e.g., forestry, hedge funds and unlisted equities are managed by external managers.

Investment expenses

Investment expenses include expenses incurred by PJD, which are disclosed directly in the financial statements, and indirect expenses incurred when investing in external funds, investment associations, etc. Investment expenses as a percentage of policyholder savings was 0.51% in 2018 compared with 0.50% in 2017.

Return ratios are calculated after deduction of direct and indirect investment expenses. The return after investment expenses is the all-important ratio to consider when assessing the performance of policyholders' pension savings.

Administrative expenses per policyholder of DKK 560

Pension administrative expenses amounted to DKK 5.8 million in 2018 against DKK 5.6 million in 2017.

- Expenses per policyholder amounted to DKK 560 in 2018 against DKK 552 in 2017. The ratio was thus kept at a low level.
- Expenses expressed as a percentage of provisions was 0.06%, unchanged compared with 2017.

Total APR of 0.6%

Our website, pjdension.dk, provides information to policyholders on annual expenses expressed in Danish kroner and as a percentage (APR). The total APR for 2018 was 0.6% against 0.8% in 2017, calculated for a member with savings of DKK 1 million and annual contributions of DKK 50,000. APR includes an annual administration fee of DKK 480 per policyholder, 0.25% of policyholders' regular premiums, investment expenses as set out above and a risk premium of 0.25%. The risk premium for 2018 was nil due to the negative investment return. As a result, the APR for 2018 was lower than the 2017 APR, which included a risk premium..

**Administrative
expenses of DKK**

560

Investments and returns

The global economy and financial markets

Most leading economies opened 2018 with growth rates similar to those reported towards the end of 2017. However, this scenario was followed by great uncertainty caused by trade disputes, mainly between the USA and China, and the confusing Brexit process. Except in the US, where growth continued on the back of the Trump administration's expansive fiscal policy, growth faltered in almost all other economies. Mounting concerns about trade restrictions affected most countries, including the Chinese and European economies. Europe was also impacted by turmoil within the EU, relating primarily to Brexit, Italy's budget troubles and the populist tendencies witnessed in several elections among EU member states.

The financial markets were highly volatile and produced negative returns in 2018. While bond yields trended lower in Europe, including in Denmark, yields edged upwards in the US. This is consistent with the US Federal Reserve's ongoing efforts, unlike the approach of the European central bank (ECB), to tighten monetary policy in an attempt to prevent the US economy from overheating. While European interest rate hikes are not imminent, the ECB cut its bond-buying programme by 50% in October 2018 and discontinued it altogether at the end of the year. Equity markets all over the world reported major sell-offs and took a particularly severe drubbing in the last quarter of the year. The US equity market was the best performer with a moderate 4.4% loss, while the UK equity market (down 8.7%) trailed behind together with most other markets, including emerging markets (down 10.2%), Europe (down 10.2%), Denmark (down 10.9%) and Asia (down 12.6%). Return rates are stated before translation into Danish kroner and reflect benchmark indices for the respective markets.

The US dollar appreciated, especially against EUR and, by extension, DKK. The USD appreciated by 5.0% against DKK in 2018.

Investment return of

-2,3%

Investment return of DKK -325.1 million or -2.3 %

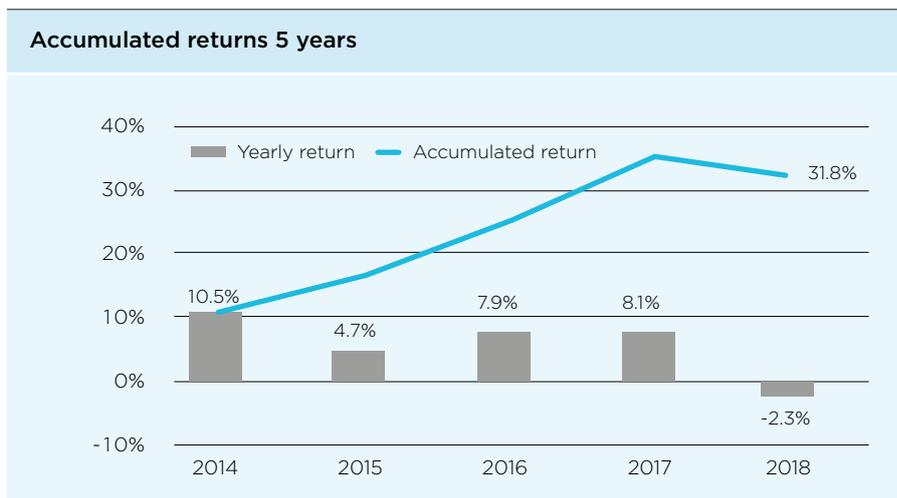
Our investment strategy aims to maximise the long-term return in a responsible manner within the given risk framework. PJD's total return was -2.3 % in 2018. With a return of -5.7% in DKK terms, listed equities were the main detractor from performance, see the table below. Hedging of the currency risk on foreign investments detracted from performance as well. Severely impacted by plunging equity markets towards the end of the year, the commodities and forestry portfolio generated a return of -22.2%. Due to its small size, the portfolio had a relatively limited impact on the overall return, though. At the opposite end of the scale, private equity and low-risk bonds generated positive returns. The remaining asset classes also generated positive returns, but the total impact was limited due to moderate holdings.

Investment return by asset class	Distribution (%) at 31.12.2018	Return (%)
Bonds etc. subject to low credit risk	44.5	1.3
Bonds etc. subject to high credit risk	6.3	1.2
Listed equities	31.3	-5.7
Private equity	7.6	11.4
Real estate, land and infrastructure	7.4	5.2
Commodities and forestry	1.5	-22.2
Global macro hedge funds	1.3	6.3
Total excluding currency hedging etc.	100.0	-0.6
Currency hedging etc.		-1.7
Net return after currency hedging etc.		-2.3

At DKK -325.1 million before tax on pension returns, the total investment return for 2018 was down by DKK 1,373.0 million relative to 2017. For a more detailed specification of holdings and returns, see note 20 to the financial statements.

Five-year returns

Over the past five years, DKK 100 worth of savings has grown to DKK 132.



Five-year return of

31,8 %

Corporate social responsibility

Our approach to corporate social responsibility is governed by our ambition to comply with and implement international United Nations conventions, including the ten principles of the UN Global Compact, the OECD Guidance for Responsible Business Conduct for Institutional Investors and the climate targets of the Paris Agreement. The responsible investment policy applies to all three parties of the joint management company. The boards of directors have set up a cross-functional committee to make proposals for decisions in the ESG area. The committee is charged with considering the social, environmental and governance aspects of investment decisions made by the three pension providers with a view to agreeing on the principles to be included in the pension companies' policy on responsible investment.

We believe that a strong focus on climate and the environment, social issues and corporate governance contributes to a company's ability to generate returns for its investors. As an investor, PJD aims to exert its influence through a stewardship approach, and we work continually to promote responsible conduct by the companies we are invested in.

Our separate ESG report provides additional information on the responsible investment approach pursued by the parties of the joint management company. Reference is also made to the review of objectives and the efforts made in general governance, investing and company operations discussed in the statutory report on corporate responsibility available (in Danish only) at pjpgension.dk/samfundsansvar2018.

Financial results, solvency requirements and total capital

Loss of DKK

- 82,7 million

Loss of DKK 82.7 million

PJD reported a loss of DKK 82.7 million for 2018 compared with a profit of DKK 236.4 million in 2017. The profit or loss for the year consists mainly of the share of the investment return for the year allocated to equity, the risk premium and the result of health and accident insurance for the year. Due to the negative investment return, no risk premium was allocated in 2018.

The Board of Directors proposes that the loss for the year be covered by equity. Equity stood at DKK 3,473 million at 31 December 2018 compared with DKK 3,615 million at 31 December 2017. A total of DKK 60 million was distributed as supplementary pension benefits in 2018.

Solvency requirements and total capital

Overall, the calculated solvency capital requirement is considered to be adequate relative to the pension fund's risks. PJD calculates solvency requirements in accordance with the standard model specified in the Solvency II rules.

Solvency requirements and total capital DKKm	31.12.2018	31.12.2017
Total capital	4,201	4,351
Solvency capital requirement (SCR)	1,486	1,210
Minimum capital requirement (MCR)	372	302
Excess capital	2,715	3,141
Solvency coverage ratio relative to SCR	283%	360%
Solvency coverage ratio relative to MCR	1131%	1438%

The solvency coverage ratio - i.e. total capital relative to the solvency capital requirement - was 283% at 31 December 2018. The decline relative to 31 December 2017 was mainly due to the negative investment return for the year. The solvency coverage ratio is still at a very robust level.

For more information, see 'Rapport om solvens og finansiel situation 2018', which is available (in Danish only) at pjdension.dk/rapporter. This report also provides information on risk sensitivities in accordance with section 126 of the Danish Executive Order on Financial Reports.

Provisions for pension contracts

Pension provisions are computed at market value based on assumptions of mortality and disability and probability of policy surrenders and conversions into paid-up policies. Market values are calculated using the Solvency II discount curve. Provisions are also determined using the Danish FSA's benchmark for expected future increases in longevity.

Pension provisions stood at DKK 9,514 million at 31 December 2018 compared with DKK 9,588 million at 31 December 2017. Effective from 2018, the Danish FSA applies a rolling 20-year data period rather than the previous 30-year period for estimating expected future longevity improvements. Due to this change, pension provisions increased by about DKK 8 million in 2018, while individual bonus potentials decreased by some DKK 150 million.

The total bonus potential included in pension provisions fell by DKK 517 million in 2018 to DKK 2,926 million. The collective bonus potential was reduced to nil as a result of the negative investment return. The individual bonus potential declined as a result of the above-mentioned longevity change. The failure of the collective bonus potential to cover the year's negative investment return reduced the individual bonus potential by an additional DKK 57 million. Conversely, other updates of market value assumptions reduced the decline in the individual bonus potential to a net DKK 91 million.

Bonus potential and bonus ratio	31.12.2018		31.12.2017	
	DKKm	%	DKKm	%
	Bonus potential	Bonus ratio	Bonus potential	Bonus ratio
Kollektivt bonuspotentiale	0	-	426	-
Individuelle bonuspotentiale	2,926	-	3,017	-
Samlede bonuspotentiale	2,926	31.0	3,443	38.0

The bonus ratio, reflecting the bonus potential in relation to policyholder accounts, was 31.0% at 31 December 2018.

Outlook for 2019

Interest rate of

2,6%

PJD anticipates moderate growth in the number of policyholders and premiums in 2019.

Expenses per policyholder are expected to be at the same low level as in 2018. At 1 January 2019, the interest rate on policyholders' savings was fixed at 2.6% before tax on pension returns for conditional-guarantee pensions.

The return on equity depends on developments in the financial markets. Based on an investment return scenario in which listed equities outperform bonds by 3.5 percentage points, the return on equity after tax on pension returns is expected to be about DKK 70 million for 2019.

Other matters

Uncertainty in recognition and measurement

In preparing the annual report, management makes a number of estimates and judgments of future events. Such estimates and judgments may influence the carrying amount of assets and liabilities. Management's estimates and judgments have the most material effect on pension provisions and on the calculation of fair values of non-marketable assets such as unlisted financial instruments and real estate. See the note on accounting policies for further details on estimates and judgments. The Audit and Risk Management Committee and the company's Board of Directors review the estimates and valuation methods applied in PJD's financial statements.

Events after the balance sheet date

No events have occurred in the period from the balance sheet date until the date of this document which may change the assessment of the Annual Report.





About the pension fund

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Management structure

PJD is a multi-employer occupational pension fund owned by its members. The supreme authority of the pension fund is the general meeting.

Board of Directors

The Board of Directors consists of nine members. Five are elected by and among the members, one is appointed by the Association of Agricultural Academics, one is appointed by the Trade Union for Employed Veterinarians and two are elected at the general meeting following nomination by the Board of Directors. One of the last-mentioned two board members must have the qualifications required to be an expert member of the Audit and Risk Management Committee. The other must have experience from the pension industry or the financial sector.

At the general meeting held on 9 April 2018, Anders Larsen was elected as a new member of the Board of Directors, while Henning Otte Hansen resigned. By an ensuing ballot, Ilse Ankjær Rasmussen and Henning Otte Hansen were elected to the Board, while Lars Bloch and Frank Bøgh Nielsen resigned.

The Board of Directors held five ordinary meetings and one seminar in 2018. An overview of other directorships held by the members of the Board of Directors and the Executive Board is provided on page 21.

Audit and Risk Management Committee

Pursuant to the provisions of the EU and of Danish legislation on audit committees in public-interest entities, the Board of Directors of PJD has established an Audit and Risk Management Committee.

The Audit and Risk Management Committee is chaired by Søren Kaare-Andersen, MSc (Econ.). By virtue of his professional career and educational background, Søren Kaare-Andersen meets the qualification requirements set out in the rules on audit committees. He also complies with the requirements of independence.

The two other members appointed by the Board of Directors to serve on the Audit and Risk Management Committee in 2018 were: Johannes Elbæk (Deputy Chairman), Anders Larsen from 9 April 2018 (Board member) and Henning Otte Hansen (Board member until 9 April 2018).

The Audit and Risk Management Committee held four meetings in 2018.

The framework for the Audit and Risk Management Committee's work is defined in a terms of reference. Its principal duties are:

- to monitor the financial reporting process;
- to prepare the Board of Directors' reviews and resolutions involving risk documents regarding the pension fund's capital, solvency and operational matters;
- to monitor the efficiency of risk management systems, internal control systems and the internal audit function;
- to monitor the statutory audit of the financial statements; and
- to monitor and verify the independence of the auditors.

A financial whistleblower hotline has been set up to give the employees of the joint management company a dedicated and independent channel for reporting any violation of financial regulations by the company. Reports to the whistleblower hotline are directed to the chairman of the Audit and Risk Management Committee and to the compliance function. No reports were filed in 2018 or in previous years.

Committee for responsible investment

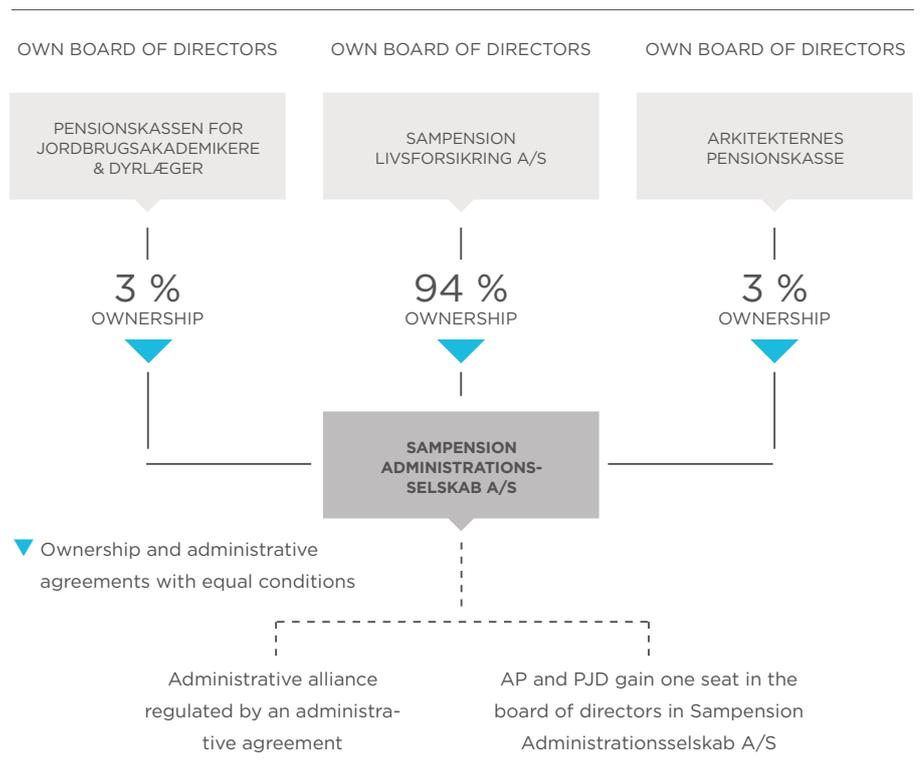
The responsible investment policy applies to all three parties of the joint management company. The boards of directors have set up a cross-functional committee

to make proposals for decisions in the ESG area. The committee is charged with considering the social, environmental and governance aspects of investment decisions made by the three pension providers with a view to agreeing on the principles to be included in the pension companies' policy on responsible investment.

Organisation and management

As of 1 January 2017, PJD is a member of the Sampension joint administration alliance. In addition to PJD, the joint management company comprises the Sampension Livsforsikring Group and the Architects' Pension Fund. The group of owners of Sampension Administrationselskab A/S comprises: Sampension Livsforsikring A/S (94%), the Architects' Pension Fund (3%) and the Pension Fund for Agricultural Academics and Veterinary Surgeons (3%).

The joint management company:



The Executive Board is in charge of the overall day-to-day management of Sampension. The organisation also consists of five executive divisions, which are in charge of day-to-day operations and development, and an executive secretariat. A detailed presentation of the organisation can be found at sampension.dk/organisation.

Risk management, compliance, actuary and internal audit functions have been set up to ensure efficient management of the joint management company. The heads of the respective departments have been designated as key persons performing controlled functions in respect of the work of the joint management company.

Remuneration

The boards of directors of the three financial enterprises managed by Sampension have drawn up a joint remuneration policy that is compliant with the provisions of the EU and of Danish legislation. The purpose of the remuneration principles is to ensure that the management and the employees are remunerated in a manner that best supports the business and long-term strategic goals of the organisation.

The terms of remuneration reflect and support Sampension's consistent ability to recruit and retain a competent and responsible management that promotes healthy and efficient risk management and that does not motivate excessive risk-taking.

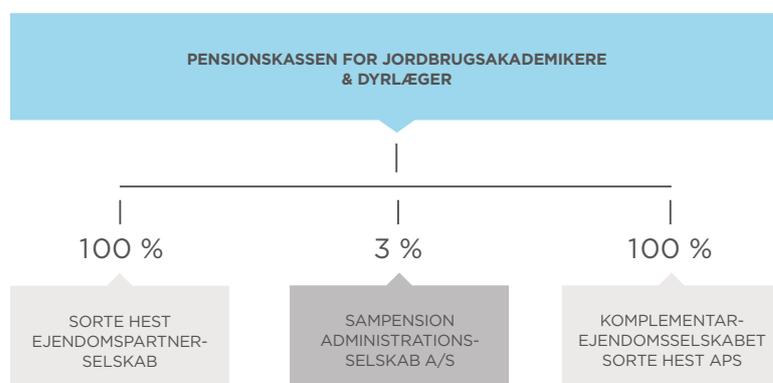
See note 5 to the financial statements or, for more information, go to pjdension.dk/loenpolitik.

Gender composition of the Board of Directors

The current composition of the Board of Directors represents an equal gender distribution with three of the members, corresponding to 33.33%, being women and six members, corresponding to 66.67%, being men. This distribution is consistent with the Danish Business Authority's guidelines on an equal gender composition of the board of directors.

We have accounted for the gender composition at other management layers in the statutory report on corporate responsibility available (in Danish only) at pjdension.dk/samfundsansvar2018.

Group structure



Management and other directorships

Executive Board

Hasse Jørgensen, CEO

Chief actuary

Steen Ragn

Internal audit

Gert Stubkjær, Group Chief Internal Auditor

Independent auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

Annual General Meeting

The Annual General Meeting will be held on 8 April 2019 at the pension fund's address.

Other directorships

Other directorships held by the members of the Board of Directors and the Executive Board are shown below. The list does not include directorships in wholly-owned subsidiaries of the Pension Fund for Agricultural Academics and Veterinary Surgeons.

Name and basic data	Education and employment	Years on the Board	Term/appointment	Member of PJD	Other directorships and fiduciary positions
Erik Bisgaard Madsen, born 1955, chairman	MSc in Veterinary Medicine, Ph.D., Associate Dean Politics & Communication, Faculty of Life Sciences, University of Copenhagen	2e years	April 2016 to April 2019, elected by the members	Yes	Chairman of the University of Copenhagen Housing Foundation, Member of the board of directors of Sampension Administrationselskab A/S, Member of the boards of FoodNexus, Member of the board of directors of Biorefining Alliance, Member of the board of directors of Danish Food Cluster, Member of the board of directors of the Danish Dairy Research Foundation, Member of board of directors of Hallegård Slagtehus ApS
Johannes Elbæk, born 1961, deputy chairman	MSc (Agriculture), HD graduate diploma, Director of Agricultural Centre, Vestjysk Bank	18 years	April 2016 to April 2019, elected by the members	Yes	Member of the Audit and Risk Management Committee of the Pension Fund for Agricultural Academics and Veterinary Surgeons, Director of Agricultural Centre, Vestjysk Bank, owner of J. Elbæk Consulting
Louise Bundgaard, born 1979	MSc (Veterinary Medicine), Ph.D., Postdoc at the Department of Clinical Veterinary Medicine at the University of Copenhagen	2 years	April 2017 to April 2020, Appointed by the trade union for employed Veterinarians	Yes	Member of the executive committee of the Danish Veterinary Association (DVA), member of the board of the Biomedicine Profession, DVA, member of the board of directors of European Tissue Repair Society, member of the Animal Experiments Inspectorate, member of the joint committee for responsible investment of Sampension Livsforsikring A/S, the Architects' Pension Fund and the Pension Fund for Agricultural Academics and Veterinary Surgeons
Henning Otte Hansen, born 1959	MSc (Agriculture) and MSc (Economics and business administration), HD, Ph.D., Senior Adviser, Department of Food and Resource Economics (IFRO) at the University of Copenhagen	1 year *)	May 2018 to April 2021, elected by the members	Yes	Chairman of the board of directors of Disposal CC Holding IVS, member of the executive committee of Statsautoriseret revisor Oluf Christian Olsen og hustru Julie Rasmine Olsens mindefond

*) Henning Otte Hansen was elected to the Board of Directors on 22 May 2018. Henning Otte Hansen also served on the Board from 10 November 2009 to 9 April 2018

Name and basic data	Education and employment	Years on the Board	Term/appointment	Member of PJD	Other directorships and fiduciary positions
Hans-Henrik Bramaholm Jørgensen, born 1955	MSc (Agriculture) Chief consultant, Danish Agriculture & Food Council	16 years	April 2017 to April 2020, Reappointed by the Association of Agricultural Academics (JA)	Yes	Chairman of the board of directors of the Association of Agricultural Academics (JA)
Søren Kaare-Andersen, born 1958	MSc (Econ.), CEO of the Bikuben Foundation and Kollegiefonden Bikuben	3.5 years	April 2015 to April 2018, elected at the general meeting following nomination by the Board of Directors	No	Chairman of the audit and risk management committee of the Pension Fund for Agricultural Academics and Veterinary Surgeons, Chairman of the Audit and Risk Management Committee of the Architects' Pension Fund, Chairman of the advisory committee of Nasdaq OMX Cph, chairman of the board of directors of Høbbet A/S, chairman of the board of directors of Bifi A/S, deputy chairman of the board of directors of the Hjem til Alle alliance, deputy chairman of the board of directors of Enkotec A/S, deputy chairman of the board of directors of Roskilde Kulturservice A/S, member of the board of directors of the Architects' Pension Fund, member of the board of the Museum Council of the National Museum of Denmark, member of the board of the Foundation for Social Responsibility, member of the board of NunaFonden, member of the board of KAB, member of the board of H. P. Lorentzens Stiftelse, CEO of the Bikuben Foundation, CEO of Kollegiefonden Bikuben
Anders Larsen, born 1967	Msc (Econ.), Partner i White-croft Capital Management	1 year	April 2018 to April 2022, elected at the general meeting following nomination by the Board of Directors	No	Member of the Audit and Risk Management Committee of the Pension Fund for Agricultural Academics and Veterinary Surgeons

Name and basic data	Education and employment	Years on the Board	Term/appointment	Member of PJD	Other directorships and fiduciary positions
Ilse Ankjær Rasmussen, born 1956	MSc (Agriculture), member of the academic staff of the International Centre for Research in Organic Food Systems (Aarhus Universitet)	1 year	April 2018 to April 2021, elected by the members	Yes	
Kirsten Holst Sørensen, born 1963	MSc (Agriculture) HD (Organisation and Management), department head, Organic Farming/ Innovation, SEGES	7 years	April 2017 til april 2020, elected by the members	Yes	Member of the board of directors of ICROFS, member of the board of Økologi Inspiration til Jordbrugeren, member of the management team of SEGES (L&F), special adviser to the Ecological Council
Hasse Jørgensen, born 1962, direktør	-	-	-	-	CEO of Sampension Livsforsikring A/S, CEO of Sampension Administrations-, selskab A/S, CEO of the Architects' Pension Fund, chairman of the board of directors of Komplementarselskabet Alternative Investments ApS, member of the board of directors of Sampension KP Danmark A/S, member of the board of directors of Sampension KP International A/S, member of the board of directors of Refshaleøen Holding A/S (including one subsidiary), member of the board of directors of the Danish Insurance Association, member of the board of directors of the Danish Finance Society





Financial statements

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Group and Parent Company Financial Statements

Note	INCOME STATEMENT DKKt.	GROUP		PENSION FUND	
		2018	2017	2018	2017
2	Premiums	411,271	386,110	411,271	386,110
	Premiums	411,271	386,110	411,271	386,110
9	Income from group enterprises	-	-	1,437	2,332
	Income from investment properties	1,453	2,138	0	-2
3	Interest income, dividends etc,	138,083	145,801	138,092	145,816
4	Market value adjustments	-441,096	919,318	-441,113	919,086
	Interest expenses	-1,061	-784	-1,034	-761
	Investment management expenses	-22,457	-18,487	-22,460	-18,484
	Total investment return	-325,078	1,047,987	-325,078	1,047,987
	Tax on pension returns	45,683	-154,437	45,683	-154,437
6	Benefits paid	-289,159	-282,437	-289,159	-282,437
	Total insurance benefits	-289,159	-282,437	-289,159	-282,437
13	Total change in provisions	73,336	-706,463	73,336	-706,463
12	Change in excess capital	7,027	-50,035	7,027	-50,035
5	Administrative expenses	-5,758	-5,571	-5,758	-5,571
	Total net operating expenses	-5,758	-5,571	-5,758	-5,571
	Transferred return on investments	72,723	-232,785	72,723	-232,785
	TECHNICAL RESULT	-9,955	2,370	-9,955	2,370
7	TECHNICAL RESULT OF HEALTH AND ACCIDENT INSURANCE	-120	1,697	-120	1,697
	Investment return on equity	-84,894	277,559	-84,894	277,559
	PROFIT BEFORE TAX	-94,969	281,625	-94,969	281,625
	Tax on pension returns for equity	12,267	-45,244	12,267	-45,244
	PROFIT FOR THE YEAR	-82,702	236,381	-82,702	236,381
	TOTAL OTHER COMPREHENSIVE INCOME	0	0	0	0
	NET PROFIT FOR THE YEAR	-82,702	236,381	-82,702	236,381

Koncern- og moderselskabsregnskab (fortsat)

BALANCE SHEET		GROUP		PENSION FUND	
Note	DKKt.	2018	2017	2018	2017
ASSETS					
8	Investment properties	9,428	16,453	0	0
9	Investments in group enterprises	-	-	16,851	15,414
10	Loans to group enterprises	-	-	0	923
Total investments in group enterprises		-	-	16,851	16,337
	Investments	2,260,629	2,114,862	2,260,629	2,114,862
	Units in mutual funds	4,849,701	5,537,917	4,849,701	5,537,917
	Bonds	6,863,184	6,364,770	6,863,184	6,364,770
	Loans secured by mortgage	79,774	44,453	79,774	44,453
11	Derivative financial instruments	94,229	181,713	94,229	181,713
	Deposits with credit institutions	30,551	209,573	30,551	209,573
Total other financial investment assets		14,178,068	14,453,287	14,178,068	14,453,287
TOTAL INVESTMENT ASSETS		14,187,496	14,469,740	14,194,919	14,469,624
Total receivables arising from direct insurance contracts		12,816	11,986	12,816	11,986
Other receivables		16,409	19,320	16,348	19,303
TOTAL RECEIVABLES		29,225	31,306	29,164	31,289
	Cash and cash equivalents	76,713	136,700	68,262	135,700
	Other	110,351	95	110,351	95
TOTAL OTHER ASSETS		187,064	136,795	178,613	135,795
	Interest receivable	39,897	36,188	39,897	36,188
	Other prepayments	15,627	15,106	15,627	15,106
TOTAL PREPAYMENTS		55,524	51,294	55,524	51,294
TOTAL ASSETS		14,459,309	14,689,134	14,458,220	14,688,002

BALANCE SHEET		GROUP		PENSION FUND	
Note	DKKt.	2018	2017	2018	2017
EQUITY AND LIABILITIES					
	Retained earnings	3,472,542	3,615,221	3,472,542	3,615,221
	TOTAL EQUITY	3,472,542	3,615,221	3,472,542	3,615,221
12	Surplus capital	728,910	735,937	728,910	735,937
	TOTAL SUBORDINATED LOAN CAPITAL	728,910	735,937	728,910	735,937
13	Pension provisions	9,509,774	9,583,110	9,509,774	9,583,110
7	Provision for claims outstanding	4,155	4,559	4,155	4,559
	TOTAL PENSION PROVISIONS	9,513,929	9,587,669	9,513,929	9,587,669
14	Payables to credit institutions	247,342	356,655	247,342	356,655
15	Other payables	496,586	393,296	495,498	392,164
	TOTAL DEBT	743,928	749,951	742,839	748,819
	TOTAL DEFERRED INCOME	0	357	0	357
	TOTAL EQUITY AND LIABILITIES	14,459,309	14,689,134	14,458,220	14,688,002
1	ACCOUNTING POLICIES				
16	CONTINGENT ASSETS AND LIABILITIES				
17	CHARGES				
18	INTRA GROUP TRANSACTIONS				
19	REALISED RESULT AND DISTRIBUTION OF REALISED RESULT				
20	OVERVIEW OF ASSETS AND RETURNS				
21	FIVE-YEAR FINANCIAL HIGHLIGHTS AND RATIOS, GROUP AND PENSION FUND				
22	RISK MANAGEMENT				

Statement of changes in Equity

DKKt.	GROUP		PENSION FUND	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Equity at 1 January	3,615,221	3,417,680	3,615,221	3,417,680
Profit for the year	-82,702	236,381	-82,702	236,381
Supplementary pensions	-59,976	-38,840	-59,976	-38,840
Equity at 31 December	3,472,542	3,615,221	3,472,542	3,615,221
Total capital				
Equity			3,472,542	3,615,221
Surplus capital			728,910	735,937
Total			4,201,452	4,351,157

Notes to the financial statements

1 Accounting policies

GENERAL INFORMATION

The Annual Report of the Group and the pension fund has been prepared in accordance with the Danish Financial Business Act and the executive order issued by the Danish FSA on financial reports for insurance companies and multi-employer occupational pension funds (the Executive Order on Financial Reports).

In 2019, a number of amendments to the Executive Order on Financial Reports will take effect that may be implemented early in full or in part in 2018. Accordingly, the solvency coverage ratio will no longer be disclosed in note 21 to the financial statements, but only in the Management's review. Moreover, sensitivity information will be disclosed in the Management's review in accordance with section 126 of the Executive Order on Financial Reports.

Other than as set out above, the accounting policies and estimates are consistent with those applied last year.

Distribution of realised result

The following rules on the calculation and distribution of results between equity, excess capital and policyholders have been reported to the Danish FSA:

A proportionate share of the return for the year on the investment portfolio is allocated to equity and excess capital (total capital).

An amount (risk premium) representing 0.5% of custody accounts is allocated to pension agreements with unconditional commitments and 0.25% of custody accounts is allocated to pension agreements with conditional commitments. The remainder, corresponding to the realised result for the year less the calculated amount allocated to total capital, is allocated to members.

The technical result of health and accident insurance is allocated to total capital.

Recognition and measurement

In the income statement, all income is recognised as earned, and all expenses are recognised as incurred. All gains and losses, value adjustments, amortisation, depreciation, impairment losses as well as reversals of amounts previously recognised in the income statement are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the pension fund and the value of the asset can be reliably measured. Liabilities are recognised in the balance sheet when an outflow of economic benefits from the pension fund is probable and the value of the liability can be reliably measured.

Financial instruments and derivative financial instruments are recognised at the trading date.

The pension fund does not offset financial assets and financial liabilities with the same counterparty despite being allowed to do so, as the disposal of the asset and the settlement of the liability do not happen concurrently.

On initial recognition, assets and liabilities are measured at cost, which is equal to fair value. Subsequently, assets and liabilities are generally measured at fair value. Further details are provided under the individual items.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report which confirm or invalidate affairs and conditions existing at the balance sheet date.

The measurement currency is Danish kroner. All other currencies are foreign currencies.

Uncertainty in recognition and measurement

In preparing the consolidated and the parent company financial statements, management makes a number of estimates and judgments of future circumstances which could influence the carrying amount of assets and liabilities. The areas in which management's estimates and judgments have the most material effect on the consolidated financial statements and the pension fund's financial statements are pension provisions and the fair value of non-marketable assets, such as unlisted financial instruments, real estate, etc.

The measurement of pension provisions is subject to particular uncertainty in respect of the recognised expected future life expectancy trend, determined as the Danish FSA's benchmark.

The pricing of non-marketable assets is subject to more uncertainty than the pricing of marketable assets. In addition to the uncertainty related to fair value, as explained in the section on risk management, there is a risk that large volumes of non-marketable assets cannot be sold over a short period of time at the same prices as smaller volumes can. However, in practice, the pension fund is not subject to any notable risk of having to sell non-marketable assets on unfavourable terms. The value of marketable assets exceeds the annual payment obligations by a substantial margin.

The valuation of investments at the end of the year is based on information from relevant companies, funds and managers available at the preparation of the financial statements. This information mainly pertains to underlying valuations made before the end of the year. Any fair value changes in the period from the date of the received unaudited information to the preparation of this annual report are a source of uncertainty.

The estimates and judgments are based on assumptions that management finds reasonable but which are inherently uncertain and unpredictable. The assumptions may be incomplete, and unexpected future events or circumstances may arise.

Corporate information and consolidation policies

Group enterprises are included in the consolidation. The consolidated financial statements are prepared on the basis of the financial statements or other reporting of all consolidated enterprises, restated to the accounting policies applied by the Group.

Consolidation was made by adding items of a uniform nature line by line and by eliminating intra-group balances as well as intra-group income and expenses.

Investments in group enterprises are set off against the pension fund's share of the equity value of each group enterprise at the year-end date.

Newly acquired or divested group enterprises are recognised in the consolidated financial statements from the date of acquisition or until the date of divestment, respectively.

Intra-group transactions

Intra-group transactions are made in writing and settled on market terms..

INCOME STATEMENT

Technical result

Premiums

Premiums comprise premiums due for the year and single premiums relating to the financial year. Premium income is stated net of labour market contributions.

Return on investments

Income from investments in group enterprises

Income from investments in group enterprises covers the pension fund's proportionate share of total profit after tax, restated to the accounting policies applied by the Group.

Income from investment property

The item covers income from management of investment property net of management costs, but before deduction of mortgage interest.

Interest income and dividends, etc.

The item covers interest for the year from financial investment assets and cash and cash equivalents, indexation of index-linked bonds and dividends on equity investments, including equities and investment funds. Interest income from loans to group enterprises is also included.

Market value adjustments

The item covers realised and unrealised net gains/losses on investment assets, including foreign exchange adjustments except for gains and losses relating to group enterprises.

Foreign exchange adjustments comprise value adjustments related to exchange differences arising on translation of foreign currencies into Danish kroner.

Foreign currency assets and liabilities are translated into Danish kroner at the closing exchange rates at the balance sheet date. Transactions during the year are translated using the exchange rates at the date of transaction, and realised and unrealised foreign exchange gains and losses are recognised in the income statement.

Interest expenses

The item Interest expenses mainly covers interest expenses relating to investment activity and mortgage interest for the financial year.

Investment management charges

Investment management charges comprise management fees, deposit fees, front-end fees and performance fees in relation to funds and securities trading costs.

Costs relating to funds etc. are recognised to the extent that information thereon has been received.

Tax on pension returns

The tax on pension returns computed for the financial year is recognised as an expense in the income statement. The tax charge comprises tax on the return allocated to individual policyholder accounts as well as tax on the return allocated to the collective bonus potential, equity and excess capital. Tax is calculated at 15.3% of the tax base, which is determined on the basis of the investment return for the year, with due consideration for any exempt values.

The share of the tax on pension returns allocated to equity and excess capital is computed on the basis of the share of the realised result.

Benefits paid

Benefits paid comprise the pension benefits paid in the year. However, the share of pension benefits paid allocated to equity is recognised directly in equity.

Change in pension provisions

The item comprises the change in pension provisions, including the change in collective bonus potential.

Change in excess capital

The item comprises the year's change in excess capital, which consists of individual special bonus provisions.

Pension operating expenses

Pension operating expenses comprise an administrative fee in accordance with the management contract with Sampension Administrationssselskab A/S and direct expenses incurred. Administrative expenses are divided into pension business and investment business.

Notes to the financial statements (continued)

Technical result of health and accident insurance

The technical result of health and accident insurance is calculated in accordance with the rules governing non-life insurance.

Premium income consists of premiums falling due during the year.

Claims expenses represent claims paid during the year and adjusted for changes in outstanding claims provisions. The investment return includes the share of the overall investment return attributable to health and accident insurance and is calculated in accordance with the rules governing life insurance. The technical result of health and accident insurance is recognised in a single line of the income statement and is specified in a note.

Tax on pension returns allocated to equity

The item comprises the share of the total tax on pension returns allocated to equity.

OTHER COMPREHENSIVE INCOME

Other comprehensive income is set out separately below the income statement. Other comprehensive income comprises items recognised directly in equity through Other comprehensive income.

BALANCE SHEET

Investment assets

Investment property

Investment properties are measured at a calculated fair value in accordance with the Danish FSA's Executive Order. The fair value is determined according to the Discounted Cash Flow (DCF) method on the basis of the expected income and expenses on the individual property for a 10-year budget period.

In connection with acquisitions or disposals of property, the additions or disposals are recognised at the date of the agreement.

Investments in group enterprises

Enterprises in which the pension fund exercises control are recognised as group enterprises. Enterprises in which the Group holds more than 50% of the voting rights are generally classified as group enterprises. However, the determining factor is whether the ownership interest provides real influence, as measured individually for each enterprise by the ability to influence activities, management structures, financial decisions and risk factors.

Investments in group enterprises are measured at the proportionate share of the equity value in accordance with the most recent annual reports or other reporting of the enterprises, restated to the Group's accounting policies.

Loans to group enterprises

Intra-group loans are made in writing and on an arm's length basis. Intra-group loans are measured at an estimated fair value at the balance sheet date.

Investments and units in mutual funds

Listed investments and units in mutual funds are measured at fair value at the balance sheet date (closing price). Unlisted investments and units in mutual funds are measured at an estimated fair value.

Bonds

Listed bonds are measured at fair value at the balance sheet date (closing price), or, in the absence of a closing price, another public price deemed to be most similar thereto. In respect of listed bonds which have not been traded for a period of time, specific prices are sourced from banks or are determined at a fair value calculated using generally accepted valuation methods based on estimates of relevant market conditions and risk of losses. Unlisted bonds are measured at

an estimated fair value using generally accepted valuation methods. The fair value of drawn bonds is measured at present value.

Loans secured by mortgage

Loans secured by mortgage are measured at fair value at the balance sheet date. Value adjustments are made through profit or loss under Market value adjustments.

Derivative financial instruments

Derivative financial instruments are measured at fair value at the balance sheet date. Value adjustments are made through profit or loss under Market value adjustments.

Deposits with credit institutions

Deposits with credit institutions consist of fixed-term deposits and are measured at fair value.

Receivables

Receivables are measured at nominal value less provision for bad debts. Provision for bad debts is made according to an individual assessment of each receivable.

Other assets

Cash and cash equivalents

Cash and cash equivalents consist of deposits with credit institutions. Cash and cash equivalents are measured at fair value.

Other

The item Other includes tax on pension returns receivable, among other things.

Prepayments

Prepayments comprise interest receivable and costs incurred relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to nominal value.

Subordinated loan capital

Excess capital

Excess capital comprises individual special bonus provisions. Excess capital accrues interest at the same rate as equity and is included in total capital to cover the solvency capital requirement.

Excess capital is accumulated as 5% of premiums.

Pension provisions

Pension provisions

The provisions are measured at market value according to the principles reported to the Danish FSA. The provisions are computed applying the yield curve published by EIOPA in accordance with the Solvency II Directive or a yield curve as close as possible thereto. The computation furthermore applies assumptions of mortality, disability, conversions into paid-up policies, surrender charges and an estimate of future increases in life expectancy defined as the Danish FSA's benchmark.

The pension fund has a single contribution group.

Guaranteed benefits

Guaranteed benefits comprise obligations to pay benefits. Guaranteed benefits are calculated as the present value of the benefits guaranteed by the insurance policy (conditional or unconditional) plus the present value of the expected future administration costs and less the present value of the agreed future contributions.

Individual bonus potential

Individual bonus potential comprises obligations to pay bonuses. Individual bonus potential is calculated as the value of members' savings less guaranteed benefits. Members' share of a decline in the value of the assets is recognised mainly by reducing the collective bonus potential, see below. If the collective bonus potential is insufficient to absorb such decline in the value of the assets,

the individual bonus potential is reduced in accordance with the pension fund's reported profit allocation rules.

Collective bonus potential

The collective bonus potential comprises the members' share of the realised results not yet allocated to the individual policy.

Profit margin

The profit margin is the net present value of expected future profit in the remaining periods of pension agreements entered into by the pension fund. The profit margin on the pension fund's pension agreements is nil, as all profit is allocated to the members.

Risk margin

A risk margin is added to pension provisions. The risk margin is the amount expected to be payable to another pension company to assume the risk of the cost of settling the portfolio of pension agreements deviating from the calculated net present value of expected future cash flows. The risk margin is calculated according to the Cost of Capital method.

Outstanding claims provisions

Outstanding claims provisions relating to health and accident insurance consist of amounts in cover of claims incurred but not yet paid at year-end. Outstanding claims provisions relating to health and accident insurance are calculated on the basis of information on the size of claims plus an amount estimated on the basis of past claims experience in cover of incurred but not reported claims (IBNR provisions). Outstanding claims provisions relating to health and accident insurance run off by way of regular benefits are calculated at their present value using actuarial principles by discounting expected future payments. Discounting is calculated by applying the yield curve published by EIOPA in accordance with the Solvency II Directive or a yield curve as close as possible thereto.

Liabilities

Payables to credit institutions

Payables to credit institutions include debt relating to repo transactions. Repo transactions, i.e. securities sold with a simultaneous repurchase agreement, are recognised in the balance sheet as if the securities remained part of the portfolio. The consideration received is recognised as payables to credit institutions and measured at fair value.

Other debt

Other debt, comprising debt related to purchases of bonds as a result of trades with long value dates and derivative financial instruments, is measured at fair value. The item also includes payable tax on pension returns.

Deferred income

Deferred income comprises payments received relating to income in subsequent financial years. Deferred income is measured at amortised cost, which usually corresponds to nominal value.

FINANCIAL HIGHLIGHTS

The pension fund's financial highlights are prepared in accordance with the provisions of the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds. For additional information, see Definitions of financial ratios on page 46. The consolidated financial highlights are the same as those for the pension fund with the exception of Total assets. Financial highlights are not prepared for the Group, as it comprises one pension fund only.

Notes to the financial statements (continued)

Note	DKKt.	GROUP		PENSION FUND	
		2018	2017	2018	2017
2	Premiums				
	Regular premiums	362,125	354,342	362,125	354,342
	Single premiums	49,146	31,768	49,146	31,768
	Total premiums	411,271	386,110	411,271	386,110
	Premiums by policyholders address				
	Denmark	358,366	350,350	358,366	350,350
	Other EU-countries	2,366	2,356	2,366	2,356
	Other countries	1,393	1,637	1,393	1,637
	Total	362,125	354,342	362,125	354,342
	Number of policyholders	10,394	10,188	10,394	10,188
3	Interest income and dividends etc.				
	Dividends from investments	16,300	12,171	16,309	12,178
	Dividends from units in mutual funds	3,301	22,117	3,301	22,117
	Interest from bonds	97,212	96,933	97,212	96,933
	Interest on loans secured by mortgage	1,728	845	1,728	845
	Interest from group enterprises	1	0	1	7
	Other interest income	915	488	915	488
	Indexation	5,631	5,927	5,631	5,927
	Interest swap instruments	12,995	7,321	12,995	7,321
	Total interest income, dividends, etc.	138,083	145,801	138,092	145,816
4	Market value adjustments				
	Investment properties	30	793	0	150
	Investments	115,905	-5,276	115,919	-4,865
	Units in mutual funds	-247,624	433,597	-247,624	433,597
	Bonds	-23,265	-3,214	-23,265	-3,197
	Loans secured by mortgage	-562	-49	-562	-49
	Derivative financial instruments	-289,001	503,911	-289,001	503,911
	Cash and demand deposit	4,614	-10,524	4,614	-10,524
	Other	-1,193	81	-1,193	64
	Total value adjustments	-441,096	919,318	-441,113	919,086

Note	DKKt.	GROUP		PENSION FUND	
		2018	2017	2018	2017

5 Administrative expenses

The PJD pension fund has signed a management agreement with Sampension Administrationssselskab A/S and forms part of this joint management company effective from 1 January 2017. All employees are employed with and paid by Sampension Administrationssselskab A/S. The pension fund's share of these payroll costs are settled through the management fee. Remuneration payable to the Board of Directors is paid directly by the pension fund. The CEO and control function staff are also employed with the pension fund. Administrative expenses relating to pension and investment activities include the following staff costs:

Remuneration to the Board of Directors	-1,160	-1,150	-1,160	-1,150
Total staff costs	-1,160	-1,150	-1,160	-1,150

Remuneration to the Executive Board, the Board of Directors and material risk takers

"Remuneration to the Executive Board and employees whose activities have a material impact on the company's risk profile is distributed on the basis of ownership interests to the units that form a part of and are owners of the joint management company Sampension Administrationssselskab A/S. PJD has a 3% ownership interest in Sampension Administrationssselskab A/S.

	Pension fund 2018		Pension fund 2017	
	No. of people	Salary including pension	No. of people	Salary including pension
Executive Board	1		1	
Hasse Jørgensen		-177		-167
Board of Directors	9		9	
Erik Bisgaard Madsen		-240		-240
Johannes Elbæk		-182		-182
Lars Bloch (resigned 22.05.2018)		-39		-94
Louise Bundgaard (joined 01.03.2017)		-90		-77
Jens Munck Ebbesen (resigned 28.02.2017)		-		-13
Henning Otte Hansen (resigned 09.04.2018 and joined 22.05.2018)		-89		-110
Hans-Henrik Bramaholm Jørgensen		-90		-90
Søren Kaare-Andersen		-140		-140
Anders Larsen (joined 09.04.2018)		-90		-
Frank Bøgh Nielsen (resigned 22.05.2018)		-43		-102
Ilse Ankjær Rasmussen (resigned 22.05.2018)		-55		-
Kirsten Holst Sørensen		-102		-102
Employees whose activities have a material impact on the company's risk profile *)	8	-436	7	-411
Remuneration to chief actuary.				
The fee is paid by the joint management company and settled through the management fee.		-107		-179

*) Information about variable salaries, including information about the breakdown of variable salaries on granted, paid out and deferred amounts and on the breakdown on cash and subordinated debt has been left out, as it would otherwise reveal salary information pertaining to specific individuals.

No special incentive programmes have been set up for management, nor has variable remuneration been paid. No pension commitments other than regular pension contributions are included in the above-mentioned costs.

No sign-on bonuses or severance payments have been made to members of the Executive Board, Board of Directors or to employees whose activities have a material impact on the company's risk profile.

In accordance with the Danish executive order on remuneration policy and public disclosure of salaries in financial institutions and financial holding companies, the company has disclosed certain information regarding its remuneration policy etc. Such information is provided on the company's website pjdension.dk/pjd/Om-pensionskassen/Hvem-er-vi/Loenpolitik

Note 5 continued on next page.

Notes to the financial statements (continued)

Note 5 fortsat

Note	DKKt.	GROUP		PENSION FUND	
		2018	2017	2018	2017
Remuneration for auditors elected by the Annual General Meeting					
PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab					
	Statutory audit	-156	-156	-156	-156
	Assurance engagements	-44	-44	-44	-44
	Tax advice	-19	-19	-19	-19
	Other services	0	-188	0	-188
		-219	-406	-219	-406

The pension fund's share of costs of internal and independent auditors is included in the management fee paid to Sampension Administrationselskab A/S. The pension fund's share of the audit fee to the independent auditor is shown above.

6	Benefits paid				
	Retirement and annuity benefits	-283,504	-264,763	-283,504	-264,763
	Payment at surrender etc,	-52,577	-47,930	-52,577	-47,930
	Premium relating to group life schemes	-13,054	-8,584	-13,054	-8,584
	Total pension benefits paid	-349,136	-321,277	-349,136	-321,277
	Recognised in the income statement	-289,159	-282,437	-289,159	-282,437
	Distributed from equity	-59,976	-38,840	-59,976	-38,840
	Total benefits paid	-349,136	-321,277	-349,136	-321,277
7	Technical result of health and accident insurance				
	Result for the year of disablement insurance:				
	Premiums for the year	2,020	1,731	2,020	1,731
	Claims paid	-2,328	-2,865	-2,328	-2,865
	Claims provisions	404	2,481	404	2,481
	Expense allowance	-120	-120	-120	-120
	Return on investments	-97	470	-97	470
	Technical interest	0	0	0	0
	Total result for the year of disablement insurance	-120	1,697	-120	1,697
	Provision for claims outstanding 31, December	4,155	4,559	4,155	4,559

Note	DKKt.	GROUP		PENSION FUND	
		2018	2017	2018	2017
8	Investment properties				
	Cost at 1 January	32,150	32,798	0	648
	Disposals during the year	-16,150	-648	0	-648
	Cost at 31 December	16,000	32,150	0	0
	Write-downs at 1 January	-15,698	-16,914	0	-573
	Write-downs during the year	-743	0	0	0
	Write-downs due to sales	9,869	0	0	0
	Reversed write-downs	0	1,216	0	573
	Write-downs at 31 December	-6,572	-15,698	0	0
	Fair value at 31 December	9,428	16,453	0	0
	Average rates of return applied to assess the market value at each type of properties:				
	Commercial property	16.82	9.16	-	-
	Weighted average of rates of return	16.82	9.16	-	-
9	Investments in group enterprises				
	Sorte Hest Ejendomspartnerselskab, Gentofte:				
	Ownership			100%	100%
	Profit			1,427	2,718
	Equity			16,654	15,241
	Komplementarejendomsselskabet Sorte Hest ApS, Gentofte:				
	Ownership			100%	100%
	Profit			24	26
	Equity			197	173
				Included in annual report	
	Total equity			16,851	15,414
	Total investments in group enterprises			16,851	15,414
10	Loans to group enterprises				
	Sorte Hest Ejendomspartnerselskab, Gentofte	-	-	0	923
	Total loans to group enterprises	-	-	0	923

Notes to the financial statements (continued)

Note	DKKt.	GROUP		PENSION FUND	
11	Derivative financial instruments				
	2018	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	Interest rate hedging instruments etc.:				
	Interest swaps	39,746	59,570	39,746	59,570
	CAP's	1,538	978	1,538	978
	Swaptions	19,912	18,107	19,912	18,107
	CDS's	17,552	616	17,552	616
	Total interest rate hedging instruments	78,748	79,270	78,748	79,270
	Currency-based derivative financial instruments	15,481	123,568	15,481	123,568
	Total derivative financial instruments	94,229	202,838	94,229	202,838
	Fair value included in the item Derivative financial instruments	94,229		94,229	
	Fair value included in the item other debt see note 15		202,838		202,838
	Net carrying value (liability)		108,609		108,609
	DKKt.	2018	2017	2018	2017
	Agreements have been concluded to post collateral for derivative financial instruments.				
	The Pension fund has received collateral in the form of liquid bonds equal to a fair value of	23,165	131,310	23,165	131,310
	The Pension fund has provided collateral in the form of liquid bonds equal to a fair value of (liability)	-142,876	0	-142,876	0
	Net collateral	-119,711	131,310	-119,711	131,310
	In addition, equity futures used for effective portfolio management purposes had a total exposure of DKK 259 million (2017: DKK 3 mill.)				
	Bond futures used for hedging interest-rate risk on the bond portfolio had a total exposure of DKK -1,366 million (2017: Dkk -994 million).				
	As gains/losses are settled on current basis, the fair value is nil.				
	2017	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	Interest rate hedging instruments etc.:				
	Interest swaps	18,765	19,607	18,765	19,607
	Swaptions	13,114	15,674	13,114	15,674
	CDS's	55,862	0	55,862	0
	Total interest rate hedging instruments	87,741	35,282	87,741	35,282
	Currency-based derivative financial instruments	93,972	9,089	93,972	9,089
	Investment futures	0	27	0	27
	Total derivative financial instruments	181,713	44,398	181,713	44,398
	Fair value included in the item Derivative financial instruments	181,713		181,713	
	Fair value included in the item other debt see note 15		44,398		44,398
	Net carrying value (asset)	137,315		137,315	

Note	DKKt.	GROUP		PENSION FUND	
		2018	2017	2018	2017
12	Surplus capital				
	Surplus capital beginning of year	735,937	685,901	735,937	685,901
	Transferred to equity, adjustment	7,199	0	7,199	0
	Transferred from pension provisions	20,906	18,196	20,906	18,196
	Paid out to customers	-20,567	-18,425	-20,567	-18,425
	Return for the year	-14,565	50,264	-14,565	50,264
	Total surplus capital	728,910	735,937	728,910	735,937
13	Pensions Provisions				
	Change in gross pension provisions is specified as follows				
	Pension provisions, beginning of year	9,583,110	8,876,647	9,583,110	8,876,647
	Collective bonus potential, beginning of year	-426,013	-162,159	-426,013	-162,159
	Accumulated value adjustment, beginning of year	-85,319	-44,524	-85,319	-44,524
	Retrospective provisions, beginning of year	9,071,779	8,669,963	9,071,779	8,669,963
	Premiums	411,271	386,110	411,271	386,110
	Addition of interest after tax on pension returns	255,208	307,480	255,208	307,480
	Insurance benefits	-255,538	-255,427	-255,538	-255,427
	Cost addition after addition of cost bonus	-5,847	-5,663	-5,847	-5,663
	Risk gain/loss after addition of risk bonus	-10,593	-14,973	-10,593	-14,973
	Members' group life premiums	-10,298	-9,541	-10,298	-9,541
	Transferred to excess capital	-20,906	-18,196	-20,906	-18,196
	Other	9,800	12,026	9,800	12,026
	Retrospective provisions, end of year	9,444,875	9,071,779	9,444,875	9,071,779
	Accumulated value adjustment, end of year	121,410	85,319	121,410	85,319
	Collective bonus potential, end of year	0	426,013	0	426,013
	Individual bonus used to cover losses	-56,511	0	-56,511	0
	Pension provisions, end of year	9,509,774	9,583,110	9,509,774	9,583,110
	Pension provisions are specified as follows				
	Guaranteed benefits	6,509,907	6,069,066	6,509,907	6,069,066
	Individual bonus potential	2,925,828	3,016,851	2,925,828	3,016,851
	Collective bonus potential	0	426,013	0	426,013
	Risk margin	74,039	71,180	74,039	71,180
	Total pension provisions	9,509,774	9,583,110	9,509,774	9,583,110
	Profit margin on pension agreements is nil, as all profit is allocated to members				
	Change in provisions are specified as follows				
	Change in provisions for pension provisions	73,336	-706,463	73,336	-706,463
	Change in provisions, Income statement	73,336	-706,463	73,336	-706,463
	Pension provisions categorised by technical rate of interest				
	The pension fund has a single contribution group, but it categorises provisions on the basis of the nature of the guarantees				
	Unconditional guarantees (technical rate of interest 1.5% – 4.25%)	121,097	118,428	121,097	118,428
	Conditional guarantees (technical rate of interest 0%)	9,445,187	9,038,669	9,445,187	9,038,669
	Pension provisions categorised by technical rate of interest	9,566,285	9,157,097	9,566,285	9,157,097
	Collective bonus potential	0	426,013	0	426,013
	Individual bonus used to cover losses	-56,511	0	-56,511	0
	Total Pension provisions	9,509,774	9,583,110	9,509,774	9,583,110
	Supplementary ratios relating to pension provisions				
	Bonus rate	31.0%	38.0%	31.0%	38.0%
	Return on customer funds after costs but before tax	-2.3%	7.9%	-2.3%	7.9%

Notes to the financial statements (continued)

Note	DKKt.	GROUP		PENSION FUND	
		2018	2017	2018	2017
14	Payables to credit institutions				
	Repos	247,342	356,655	247,342	356,655
	Total payables to credit institutions	247,342	356,655	247,342	356,655
	From the bank loans the following fall due in the coming year	247,342	356,655	247,342	356,655
	After five years the outstanding balance will be	0	0	0	0
15	Other debt				
	Derivative financial instruments, according to note 11	202,838	44,398	202,838	44,398
	Payables relating to bond purchase	0	13,312	0	13,312
	Debt relating to settlement of repos	221,802	180,963	221,802	180,963
	Other debt	4,005	65	4,005	65
	Provision for tax on pension returns payable and other	67,940	154,558	66,852	153,426
	Total other payables	496,586	393,296	495,498	392,164
16	Contingent liabilities				
	The Company has committed itself at a later date to invest in funds etc, amounting to	1,498,131	1,230,664	1,498,131	1,230,664
	Total contingent liabilities	1,498,131	1,230,664	1,498,131	1,230,664
17	Charges				
	Bonds sold as part of repo debt	247,333	344,436	247,333	344,436
	Net assets registered in cover of 'Total provisions for insurance and investment contracts' amounting to	9,840,284	9,923,237	9,840,284	9,923,237
	Investments and units in mutual funds			4,232,226	4,587,998
	Bonds			5,608,058	5,335,239
	Total assets earmarked as security for policyholders' savings			9,840,284	9,923,237
18	Intra group transactions				
	Current intra-group transactions:				
	Loan to group enterprises - loan settlement	0	11,198	0	11,198
	Interest etc,	1	7	1	7

As regards group enterprises reference is made to note 9.

Note	DKKt.	PENSION FUND		
		2018	2017	
19	Realised result and distribution of realised result			
	Investment return before tax on pension returns	-325,078	1,047,987	
	Change in market value adjustment	-36,091	-40,795	
	Basic rate of interest added	-2,435	-2,417	
	Expense result	89	92	
	Risk result	10,593	14,973	
	Other	-9,800	4,088	
	Realised result	-362,722	1,023,928	
	Tax on pension returns	45,683	-154,437	
	Available for allocation after tax on pension returns	-317,039	869,492	
	Allocated to pension savers:			
	Bonus added	-252,773	-305,063	
	Transferred to collective bonus potential	426,013	-263,853	
	Individual bonus used to cover losses	56,511	0	
	Investment return and risk premium allocated to base capital	-87,288	300,576	
	Cost result in DKK	89	92	
	Expense result as a percentage of technical provisions	0.001%	0.001%	
	Risk result in DKK	10,593	14,973	
	Risk result as a percentage of technical provisions	0.11%	0.18%	
20	Oversigt over beholdninger og afkast i pensionskasse			
	Assets and return	Market value		
	DKKm.	Beg. of year	End of year	
			Return 2018 % p.a.	
	Land and buildings	891	1.038	5,2%
	Listed investments	5,199	4,615	-5.5%
	Unlisted investments	1,239	1,236	7.3%
	Land and buildings	6,438	5,851	-3.2%
	Government- and mortgage bonds	5,093	5,114	1.5%
	Index-linked bonds	434	435	0.1%
	Credit bonds, investment grade and non-investment grade	1,104	1,478	1.0%
	Loans etc,	45	80	0.1%
	Total bonds and loans etc,	6,676	7,107	1.3%
	Other investment assets	-56	-276	-
	Derivative financial instruments to hedge the net change in assets and liabilities	85	-103	-
	Total	14,034	13,617	-2.3%

The specifications have been prepared in accordance with the requirements in section 96 of the Danish Financial Supervisory Authority's executive order on financial reports of insurance companies and therefore cannot be reconciled with the figures in the financial statements. The annual return has been calculated as a time-weighted return.

The combined equity portfolio of the Pension Fund for Agricultural Academics and Veterinary Surgeons can be found on the company website: pjdension.dk/pjd/Om-pensionskassen/Finansiel-information/Investeringsaktiver

Notes to the financial statements (continued)

21 Five-year key figures and financial ratios

Five-year financial highlights

Mio. kr.	2018	2017	2016	2015	2014
Premiums	411.3	386.1	374.8	368.6	364.4
Benefits	-289.2	-282.4	-268.7	-258.6	-240.7
Investment return	-325.1	1,048.0	959.2	544.5	1,116.3
Total net operating expenses	-5.8	-5.6	-10.7	-13.0	-9.6
Technical result	-10.0	2.4	68.9	-2.2	316.2
Result of health and accident insurance	-0.1	1.7	-0.6	-0.1	0.5
Profit for the year	-82.7	236.4	279.2	114.3	541.5
Total provisions for insurance contracts	9,513.9	9,587.7	8,883.7	8,302.7	7,877.1
Excess capital	728.9	735.9	685.9	632.9	610.5
Total equity	3,472.5	3,615.2	3,417.7	3,185.8	3,107.1
Total assets	14,458.2	14,688.0	13,230.9	12,317.0	12,443.8
Total assets. group	14,459.3	14,689.1	15,453.0	14,083.1	14,691.9

Five-year financial ratios

	2018	2017	2016	2015	2014
Return ratios					
Rate of return related to average-rate products	-2.3%	8.1%	7.9%	4.7%	10.5%
Expense ratios					
Expense ratio for provisions	0.06%	0.06%	0.13%	0.16%	0.13%
Expenses in DKK. per policyholder	560	552	1,065	1,319	997
Return ratios					
Return on equity after tax	-2.3%	6.7%	8.5%	3.6%	19.0%
Return on excess capital. same rate as equity	-2.3%	8.3%	7.9%	4.7%	10.5%
Health and accident insurance					
Gross claims ratio	95.2%	22.2%	147.6%	111.9%	88.5%
Gross expense ratio	5.9%	6.9%	6.0%	6.0%	6.0%
Combined ratio	101.2%	29.1%	153.6%	117.9%	94.5%
Operating ratio	101.2%	29.1%	153.6%	117.9%	94.5%

Reference is made to "Definitions of financial ratios" on page 50

22 Risk management

The general objective of the management of investment assets and pension provisions is to maximise the return to members with due consideration for risk. The objective of managing short-term risks is, among other things, for the investment policy and risk management to work together to ensure that sufficient reserves are available for comfortable excess solvency coverage.

The pension fund's Board of Directors has defined the appetite for the principal risks in policies and guidelines and thereby determined an overall level for assuming or hedging risk. Regular reporting is provided on compliance with the defined guidelines, and the Board of Directors reviews the risk profile and compliance with risk appetite as part of its assessment of the pension fund's own risk and solvency.

The approach to managing the principal risk factors is set out below.

FINANCIAL RISK

Pension schemes and total capital

The pension fund has one common investment portfolio for its pension provisions and total capital, i.e. equity and excess capital. Members generally bear the financial risks via the conditionally guaranteed business.

The Board of Directors has determined the framework governing the overall investment policy and the financial risks. The general risk budget is based on pension fund benefits, member age composition and the pension fund's solvency ratio. Management of the assets is arranged with a view to providing maximum purchasing power and stability for members' pensions, i.e. the maximum long-term returns after expenses, tax and inflation that is obtainable in compliance with the defined risk limits.

The pension fund invests in non-marketable assets, for which valuation and risk measurement are subject to greater uncertainty than listed equities, for example. Non-marketability involves a risk that large selling transactions over a short period of time result in a loss. The Board of Directors has defined a framework for investing in non-marketable asset classes that reflects these considerations. Currently, the value of marketable assets exceeds the annual payment obligations by a substantial margin. As a result, the likelihood of PJD having to sell on unfavourable terms is quite low.

Financial risk management

Due to the pension fund's large individual bonus potentials, there is no current need to hedge the interest rate risk on the pension provisions.

The pension fund hedges the currency risk on investments denominated in foreign currency, provided the assets held in each currency represent more than 2% of the total investment assets. For currencies other than DKK and EUR, currency exposure is hedged by between 50% and 100%, depending on the asset.

The pension fund also has counterparty risk exposure. This is the risk of suffering losses because a counterparty to a financial contract is unable to meet its obligations. Counterparty risk is managed through the provision of collateral and limits for net outstanding balances with the relevant financial institutions. Limits have also been defined for the amount of single investments and major concentration risk. For example, limits have been defined for the overall exposure to a state, a regional authority, a company or a group of companies.

INSURANCE RISK

Insurance risk includes the risk of increased longevity, changes in disability rates, conversions into paid-up policies and surrenders. The various risk elements are analysed on an ongoing basis. Members generally bear the insurance risks via the conditionally guaranteed business.

The pension fund calculates pension provisions using the Danish FSA's model for longevity assumptions based partially on the pension fund's own past experience and partially on the Danish FSA's benchmark for expected future longevity improvements.

All risk amounts are covered for own account. No reinsurance contracts have been concluded for pension insurance. The risk sum is the difference between accumulated reserves and reserves to be provided to meet future payments in the event of disability or death.

OPERATIONAL RISK

The pension fund's operational risks comprise the risk of direct or indirect losses resulting from inappropriate or inadequate internal processes, human or system error or losses resulting from external events, including legal risks.

Management believes that the pension fund has no significant operational risks.

In order to reduce operational risk, PJD has set up procedures to monitor and minimise risk in relation to the pension business and the investment business. We record operational incidents on an ongoing basis and follow up and report to the Audit and Risk Management Committee and, in exceptional circumstances, directly to the chairmanship of the Board of Directors.

OUTSOURCING

The pension fund has outsourced tasks in critical or significant areas of activity with a view to reducing costs, gaining access to investment management competences, etc. The Board of Directors has set out guidelines for outsourcing of critical or significant areas of activity in order to ensure adequate management of the risks associated with outsourcing, including that outsourcing agreements and activities are handled in accordance with the Board of Directors' guidelines and applicable outsourcing legislation.

The guidelines ensure that the Board of Directors is involved in all decisions regarding outsourcing, that requirements as to supplier capabilities and capacity are met, that a number of issues and requirements of the supplier are considered when entering into contracts and that the Danish FSA is informed of the outsourcing agreement. For the outsourced activities, necessary procedures have been established to ensure regular monitoring of the supplier's performance in terms of time, quality and quantity in accordance with the relevant outsourcing agreement and applicable rules.

The ongoing monitoring of outsourced activities is controlled via business procedures that ensure reporting to relevant management bodies and to the Board of Directors on the supplier's performance of the task, for example in the form of regular operational reports, meetings, random checks, reports by auditors, etc.

SOLVENCY AND FINANCIAL CONDITION REPORT

The pension fund's risk management is described in detail in its Solvency and Financial Condition Report (SFCR). The SFCR is available to the public and can be downloaded (in Danish only) at pjdension.dk/rappporter.

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the Annual Report of the Pension Fund for Agricultural Academics and Veterinary Surgeons for the financial year ended 31 December 2018.

The Annual Report has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated and parent company financial statements give a true and fair view of the Group's and the pension fund's assets, liabilities and financial position at 31 December 2018 and of the results of the Group's and the pension fund's operations for the financial year ended 31 December 2018.

In our opinion, the Management's review includes a fair review of developments in the Group's and the pension fund's activities and financial position together with a description of the principal risks and uncertainties that they face.

Hellerup, 7 March 2019

Executive Board

Hasse Jørgensen
Chief Executive Officer

/ Morten Lund Madsen
Chief Financial Officer

Board of Directors

Erik Bisgaard Madsen
(Chairman)

Johannes Elbæk
(Deputy Chairman)

Louise Bundgaard

Henning Otte Hansen

Hans-Henrik Bramaholm Jørgensen

Søren Kaare-Andersen

Anders Larsen

Ilse Ankjær Rasmussen

Kirsten Holst Sørensen

Internal auditor's report

Opinion

In our opinion, the consolidated and parent company financial statements of the Pension Fund for Agricultural Academics and Veterinary Surgeons give a true and fair view of the Group's and the pension fund's assets, liabilities and financial position at 31 December 2018, and of the results of the Group's and the pension fund's operations for the financial year ended 31 December 2018 in accordance with the Danish Financial Business Act in respect of the consolidated and the parent company financial statements.

Our opinion is consistent with our long-form audit report to the Audit and Risk Management Committee and the Board of Directors.

Basis of opinion

We have audited the consolidated and parent company financial statements of the Pension Fund for Agricultural Academics and Veterinary Surgeons for the financial year ended 31 December 2018. The consolidated and parent company financial statements are prepared in accordance with the Danish Financial Business Act.

We conducted our audit on the basis of the Executive Order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with international standards on auditing with respect to the planning and performance of the audit procedures.

We planned and performed the audit so as to obtain reasonable assurance that the consolidated financial statements and the parent company financial statements are free from material misstatement. We participated in the audit of all critical audit areas.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We have not identified any material misstatement of the Management's review.

Hellerup, 7 March 2019

Gert Stubkjær
Group Chief Auditor

Independent Auditor's Report

To the members of Pensionskassen for Jordbrugsakademikere & Dyrlæger

Opinion

In our opinion, the Group Financial Statements and the Parent Financial Statements give a true and fair view of the financial position of the Group and the Pension Fund at 31 December 2018 and of the results of the Group's and Pension Fund's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit and Risk Committee and the Board of Directors.

What we have audited

The Group Financial Statements and the Parent Financial Statements of Pensionskassen for Jordbrugsakademikere & Dyrlæger for the financial year 1 January - 31 December 2018 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies, for the Group as well as for the Pension Fund. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our Report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IEASBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Pensionskassen for Jordbrugsakademikere & Dyrlæger on 3 April 2017 for the financial year 2017. We have been reappointed annually by the general assembly for a total period of uninterrupted engagement of 2 years including the financial year 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2018. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
<p>Measurement of provisions for insurance contracts</p> <p>The Group's provisions for insurance contracts total DKK 9,514 million (2017: DKK 9,588 million), which constitutes 66 percent (2017: 65 percent) of the Group's balance sheet total.</p> <p>The provisions primarily consist of traditional life insurance provisions, compensation provisions for health and accident insurance as well as profit margin.</p> <p>The statement is based on actuarial principles and involves material management estimates associated with the actuarial assumptions concerning the timing and amounts of future payments to the policyholders.</p> <p>The actuarial assumptions comprise mainly yield curve used for discounting, life span, mortality, disability, probability of buy backs and paid-up policies as well as costs. We focused on measurement of provisions for insurance contracts as the statement of the provisions is complex and involves a considerable element of management estimate.</p> <p>We refer to the mention of "Uncertainty in recognition and measurement" in note 1 and note 13, "Pension provisions", and note 7, "Provisions for claims outstanding", to the Group Financial Statements and the Parent Financial Statements.</p>	<p>We examined, assessed and tested procedures and relevant internal controls established to ensure that provisions for insurance contracts are complete and correctly measured.</p> <p>During our audit, we had our own actuaries assess the actuarial models and assumptions applied by the Group as well as the calculations made.</p> <p>We assessed and challenged the most material actuarial assumptions such as yield curve used for discounting, life span, mortality, disability, probability of buy backs, probability of conversion to paid-up policies and costs based on our experience and knowledge of the sector with a view to assessing whether these assumptions are in accordance with regulatory and accounting requirements. This comprised an assessment of the continuity of the basis for the statement of the provisions.</p>
<p>Measurement of unlisted investment assets</p> <p>Unlisted investment assets comprise investments in equity funds, infrastructure funds, unlisted shares and corporate bonds, etc as well as derivative financial instruments and are included in the items:</p> <ul style="list-style-type: none"> • Investments • Bonds • Derivative financial instruments <p>The negative value of derivative financial instruments is moreover included in the item "Other debt".</p> <p>Unlisted investment assets are measured at estimated fair value based on valuation models and assumptions, including Management's estimates, which are not observable by any third party and which have a material effect on the Financial Statements.</p> <p>We focused on the measurement of unlisted investments as the statement is complex and involves a considerable element of estimation by Management.</p> <p>We refer to the mention of "Uncertainty in recognition and measurement" in note 1 and note 11, "Derivative financial instruments", to the Group Financial Statements and the Parent Financial Statements.</p>	<p>We examined, assessed and tested procedures and relevant internal controls for the measurement of unlisted investments.</p> <p>We assessed and tested the valuation models applied by Management.</p> <p>We tested on a sample basis the consistency between the assumptions applied and the calculation of fair values.</p> <p>We tested on a sample basis the applied fair values against relevant reporting from external fund managers. We moreover examined and tested relevant internal controls with respect to existence, valuation, accuracy, etc. in the internal process for verification of valuations and recalculated on a sample basis the valuation of derivative financial instruments.</p> <p>We challenged Management's estimates forming the basis of the calculation of the fair values based on our knowledge of the portfolio and the market development.</p>

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Group Financial Statements and the Parent Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Pension Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Pension Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Group's and the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Pension Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 7 March 2019

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Statsautoriseret Revisionspartnerselskab
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Definitions of financial ratios

Danish FSA financial ratios

Financial ratios have been calculated in accordance with the Danish FSA's Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

Pension

$$\text{Rate of return} = \frac{\text{Investment return on average rate products} \times 100}{\text{Pension provisions at beginning of year} + \text{weighted average contributions and benefits paid in respect of average-rate products}}$$

The financial ratio is calculated on a money-weighted basis.

$$\text{Expenses as a percentage of provisions} = \frac{\text{Operating expenses relating to pension activities for the year} \times 100}{\text{Average pension provisions}}$$

$$\text{Expenses per policyholder (DKK)} = \frac{\text{Operating expenses relating to pension activities for the year}}{\text{Average no. of members}}$$

$$\text{Return on equity after tax} = \frac{\text{Profit after tax} \times 100}{\text{Weighted average equity}}$$

$$\text{Return on surplus capital, allocated at same rate as equity} = \frac{\text{Return on surplus capital before tax} \times 100}{\text{Weighted average surplus capital}}$$

$$\text{Solvency coverage ratio} = \frac{\text{Solvency capital requirement} \times 100}{\text{Total capital at 31 December 2017}}$$

Supplementary financial ratios

$$\text{Bonus rate (\%)} = \frac{\text{Individual and collective bonus potentials at year end} \times 100}{\text{Total custody accounts at year end}}$$

$$\text{Return on customer funds after deduction of expenses and before tax} = \frac{(\text{Weighted average provisions} + \text{Weighted average surplus capital} + \text{tax on pension returns}) \times 100}{\text{Pension provisions at beginning of year plus surplus capital at beginning of year} + \text{weighted average cash flows}}$$

The financial ratio expresses policyholders' total return less expenses and risk premium

Health and accident insurance

$$\text{Gross claims ratio} = \frac{\text{Gross claims expenses} \times 100}{\text{Gross premium income}}$$

$$\text{Gross expense ratio} = \frac{\text{Operating expenses relating to insurance activities} \times 100}{\text{Gross premium income}}$$

$$\text{Combined ratio} = \frac{\text{Gross claims expenses} + \text{Operating expenses relating to insurance activities} \times 100}{\text{Gross premium income}}$$

$$\text{Operating ratio} = \frac{\text{Gross claims expenses} + \text{Operating expenses relating to insurance activities} \times 100}{\text{Gross premium income} + \text{Technical interest}}$$

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