

# Conditions of CustomerCapital – Average interest rate – 1 January 2019

**As from 1 January 2019, these conditions of CustomerCapital will apply in "PFA Pension's insurance conditions", main section H "Conditions of CustomerCapital". The conditions will apply to pension plans in the average interest rate environment.**

## § 1. CustomerCapital

An insurance plan is covered by CustomerCapital if it appears from the policy, policy statements or appendices to the policy. CustomerCapital consists of Individual CustomerCapital and Collective CustomerCapital. Individual CustomerCapital is the part of CustomerCapital which belongs to the policyholder's insurance. Collective CustomerCapital is an amount that PFA Pension has transferred from the shareholders' equity to CustomerCapital.

(2) CustomerCapital is included on equal terms with shareholders' equity in the capital base, which is the capital to cover any losses that PFA Pension sustains. Among other factors, CustomerCapital may therefore be reduced by covering losses on the insurance operations.

## § 2. Transfer to Individual CustomerCapital

PFA Pension accumulates Individual CustomerCapital by transferring a part of the insurance policies' share of the distributed realised results or positive part elements of the insurance policies' share of the realised results. The size of the accumulation corresponds to a share of the payments to the insurance after deduction of labour market contribution and the price of group cover – including solidarity cover, PFA Critical Illness, PFA Health Insurance and group term life insurance. Individual CustomerCapital is only accumulated in connection with payments, and not in connection with transfer from another pension supplier or another insurance plan with PFA Pension.

(2) The rate applicable to transfers to Individual CustomerCapital applied by PFA Pension at any time is stated in the technical basis. By notifying the Danish Financial Supervisory Authority, PFA Pension is entitled to change the rate without notice, including reducing it to zero.

## § 3. Return on Individual CustomerCapital

During a calendar year, Individual CustomerCapital will carry a preliminary return that is fixed monthly in advance. The final return before tax on Individual CustomerCapital is calculated annually and corresponds as a minimum to the annual pre-tax return on the shareholders' equity in PFA Pension. The return on shareholders' equity may be positive or negative. If the preliminary return on Individual CustomerCapital is positive, it will be added to the deposit. If the preliminary return on Individual CustomerCapital is negative, it will be deducted from Individual CustomerCapital.

(2) The final return on Individual CustomerCapital will be added as an extra return relative to the preliminary return when the annual return on the shareholders' equity has been fixed in the following year. If the extra return is positive, meaning that the final return is greater than the preliminary return, the extra return will be added to the deposit. If the extra return is negative, meaning that the final return is lower than the preliminary return, the extra return will be deducted from Individual CustomerCapital. On payout or transfer of Individual CustomerCapital and/or deposit before the final return has been added, the final return will not be added to the amount that was paid out or transferred.

## § 4. Collective CustomerCapital

PFA Pension has transferred an amount from the shareholders' equity to Collective CustomerCapital. Collective CustomerCapital inclusive of return and any new transfers from the shareholders' equity is distributed over a number of years among the insurance plans comprised by Individual CustomerCapital. This is largely effected by:

- ensuring that Individual CustomerCapital carries a minimum interest rate to be added to the deposit of the insurance
- covering any losses incurred on Individual CustomerCapital.

PFA Pension is free to decide on a final distribution of Collective CustomerCapital.

## § 5. Transfer of Individual CustomerCapital

At the latest, PFA Pension transfers amounts from Individual CustomerCapital to the insurance deposit at the same time as payouts from the insurance are made, and will continue to follow "Regulations of calculation and distribution of the realised results" in force at any time. In the event of surrender etc., special rules apply – read more about this below.

## § 6. Surrender etc.

In the event of surrender, Individual CustomerCapital will be paid out by PFA Pension together with the insurance deposit. Special rules apply for partial surrender or if the insurance is cancelled without PFA Pension paying out the insurance benefits or surrender value.

(2) Individual CustomerCapital cannot be separately disposed of.

## § 7. The conditions of CustomerCapital may be subject to change

PFA Pension is entitled to change the conditions as described through Clauses 1-7 at any time. The rules in detail are described in the "Regulations of calculation and distribution of the realised results" in force at any time which PFA Pension has notified to the Danish Financial Supervisory Authority. CustomerCapital must at any time meet the requirements for special bonus provisions (type B) under the Danish Financial Business Act and related executive orders.