

## Continuing strong growth in Danica Pension – results affected by turbulent markets

*Danica Pension continues to record a strong increase in premium payments, while the unfortunate war in Ukraine, rising inflation and slowing markets were reflected in the profit before tax in Danica Pension's first-quarter financial statements. The underlying health and accident business continued to improve despite a larger overall loss, which was exclusively due to a much lower investment result.*

In the first quarter of 2022, Danica Pension reported premium growth in Denmark of 18.9% relative to the year-earlier period, which comes on top of full-year 2021 premium growth of 32%. Continuing operations generated a loss before tax of DKK 11 million, against a profit before tax of DKK 468 million in the same period of last year. The lower first-quarter earnings before tax were exclusively due to a negative investment result because of a slowdown in financial markets the world over.

Søren Lockwood, acting CEO:

"I'm very pleased that we have been able to continue to generate strong and profitable growth, which clearly demonstrates that our overall value proposition is attractive to customers, who increasingly are choosing our company. However, it is also evident that – like the rest of our society – Danica Pension experienced a first quarter marked by the unfortunate war in Ukraine. Combined with rising inflation, this resulted in negative investment returns for Danish pension savers and, by extension, for our customers. The plummeting markets are also the reason for our lower earnings before tax, but it is worth mentioning that our underlying operations remain in fine form."

### **Strong premium growth**

Danica Pension's gross premiums in Denmark rose by 18.9% from DKK 8,335 million to DKK 9,912 million. The increase comes on top of a full-year 2021 when Danica Pension posted a 32% increase in premium payments.

"Customers choose Danica Pension because of our overall value proposition, which encompasses advisory services providing financial security, attractive long-term net returns, responsible investments and great healthcare solutions. We hold a strong market position and have kicked off 2022 with continued profitable growth from an already very high level in 2021. We are very pleased with that," says Søren Lockwood.

### **Negative returns for the first quarter**

The return for Danica Pension customers with a medium risk profile and 20 years to retirement was minus 5.3% for the first three months of 2022. Over the past three calendar years, these customers have achieved a net return of 54.2%.

"Remember that investment of pension savings is a long-term discipline, and while it is of course regrettable that pension savers have had negative returns for the first three months, the trend follows a three-year period in which customers have achieved very high net returns. We encourage our customers to stay calm, and we believe markets will recover over the course of the year. We maintain the investment strategy that has yielded our customers the absolute highest net returns in the market during the past three calendar years, and it is our ambition to achieve the same performance in the coming years," says Søren Lockwood.

### **Loss in health and accident business**

The combined loss in the health and accident business amounted to DKK 396 million, against a loss of DKK 297 million in the year-earlier period. The greater loss was driven by a negative investment result in the first quarter of 2022 of DKK 379 million, which was DKK 221 million higher than the loss in the same period of last year. Setting aside the negative investment return, there was a significantly improved underlying health and accident result.

"The loss in our health and accident business remains unsatisfactory, but we note that, setting aside the notably worse investment result, the business area continues to improve and we have successfully reduced the number of claims reported by our customers. We will continue the extensive work we are currently undertaking in the health and accident business, and we are fully confident that we will gradually achieve break-even results in the coming years," says Søren Lockwood.

### **Popular healthcare solutions preventing serious injuries**

The number of consultations in Danica Pension's Health Package reached 20,000 in the first quarter, clearly illustrating that customers have welcomed the solution. The Health Package was launched at the beginning of 2021 as an extra, preventive, measure for the purpose of making customers consult with doctors, psychologists and dieticians online before their problems escalate and potentially develop into serious injuries.

Furthermore, Danica Pension has for some years invested in creating improved and comprehensive preventive measures throughout the healthcare segment. As a result of these measures, the number of new claims from loss of earning capacity customers has fallen by 25% over the past three years.

"During the past three years, we have invested heavily in providing our customers with earlier and more comprehensive healthcare solutions. We can see that these possibilities have been extremely well received by our customers and that our preventive measures work. The most clear example of this is that we have recorded a sharp drop in the number of new loss of earning capacity claims," says Søren Lockwood.

	First quarter 2022	First quarter 2021
Premiums, continuing operations, DKK billions	9.9	8.3
Return on customer funds – Danica Balance Mix, medium risk profile and 20 years to retirement (%)	-5.3	4.1
Return on customer funds – Danica Pension Traditionel (%)	-6.0	-2.2
Return on customer funds – Danica Pension Traditionel after change in additional provisions, (%)	-1.2	-1.1
Profit/loss before tax, continuing operations, DKK millions	-11	468
Pension assets under management, continuing operations, DKK billions	444	445

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Solvency ratio disclosure		
March 31th 2022	Danica Pension Livsforsikringsaktieselskab	Danica Group
SCR (DKKm)	13,270	13,505
Solvency rate	205%	202%

#### Summary of Danica's subordinated loan capital

Issuer	Danica Pension Livsforsikringsaktieselskab
Securities code (ISIN)	XS1117286580
Amount	EUR 500 m
Coupon	4.375 % p.a
Issued	29 September 2015
Matures	29 September 2045
First call date	29 September 2025
Rate of interest will reset on	29 September 2025