

Profit of nearly DKK 500 million for Danica Pension as financial markets recover

As financial market sentiment picked up, Danica Pension posted a profit before tax and noted premium income growth. The underlying health and accident result continues to improve, driven by a strong inflow of new customers and a resulting increase in customers' use of our healthcare offering.

In the first quarter of 2023, Danica Pension reported 4% year-on-year premium growth in Denmark. Continuing operations generated a profit before tax of DKK 497 million, against a loss before tax of DKK 142 million in the same period last year. This performance was driven by financial market developments in early 2023, which meant that Danica Pension's investments once again yielded positive returns, and by the continued improvement of the underlying business.

Søren Lockwood, CEO:

"Following a difficult 2022, I am pleased to note that financial markets in the early part of 2023 regained some stability and that we are again able to post a sound profit. We remain focused on the parts of our business that we are able to improve on a day-to-day basis, and in this context, I am pleased that the underlying health and accident result continues to improve, we are recording premium growth and our customers' savings are once again growing."

Premium growth

Danica Pension's gross premiums rose 4% from DKK 9,912 million to DKK 10,336 million in the first quarter.

"We have a strong market position and have kicked off 2023 with great momentum. Over a period of several years, we see a clear trend of customers choosing Danica Pension due to our overall value proposition of advisory services, net returns, responsible investments and great healthcare solutions," states Søren Lockwood.

Recovering markets provide positive returns

The return for Danica Pension customers with a medium risk profile and 20 years to retirement was 3.3% for the first three months of 2023. Over the past three years, this customer group has achieved a net return of 34.3%.

"Pension is a long-term discipline, and I am glad that we are once again generating good returns for our customers. This is an indication that we have charted the right course with our investment strategy, and viewed over a three to five-year period, we are well positioned compared with other commercial providers," says Søren Lockwood.

Health and accident business close to balancing

The overall loss on the health and accident business amounted to DKK 128 million, against a loss of DKK 396 million in the year-earlier period. While the improvement was primarily driven by a stronger investment result, the underlying health and accident result is also continually improving, among other things due to the Danish FSA's requirement that income and expenses on new business must be balanced. The improvement of the results is furthermore due to a persistent long-term focus over the past four years on providing improved, holistic treatment and prevention solutions in all healthcare areas. Additionally, Danica Pension has successfully won new customers in the healthcare area:

"Healthcare is an important focus area for us, as Danish companies are increasingly demanding a healthcare partner that can help their employees stay healthy and active. And as more of our customers get health insurance, we are able to provide better treatment for them - and more healthy employees are an advantage to the individual employee, to the employer, to us and to society," explains Søren Lockwood.

New healthcare solutions are popular and widely used

The number of consultations in Danica Pension's Health Package was up 35% in the first quarter of 2023 compared with the same period of 2022, a clear signal that the offer of fast, early healthcare services is still in demand with our customers. The Health Package was launched at the beginning of 2021 as an extra preventive measure designed to make customers consult doctors, psychologists and dieticians online before their problems escalate and potentially develop into serious injuries. The customer satisfaction rate with the solution is at 94%.

"With our health package, we are able to provide early treatment of our customers, and one of the most positive aspects is that we can see that we actually reach customers who would not otherwise have sought treatment. With our health package, we have created an additional layer in our healthcare offering, be it access to a doctor, a psychologist or a dietician, which our customers highly appreciate," says Søren Lockwood.

	First quarter 2023	First quarter 2022
Premiums, continuing operations, DKK billions	10.3	9.9
Return on customer funds - Danica Balance Mix, medium risk profile and 20 years to retirement (%)	3.3	-5.3
Return on customer funds - Danica Pension Traditionel (%)	0.5	-6.0
Return on customer funds - Danica Pension Traditionel after change in additional provisions, (%)	0.8	-1.2
Profit/loss before tax, continuing operations, DKK millions	497	-142
Pension assets under management, continuing operations, DKK billions	423	444

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Solvency ratio disclosure		
March 31th 2023	Danica Pension Livsforsikringsaktieselskab	Danica Group
SCR (DKKm)	17,054	17,054
Solvency rate	181%	180%

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
