

Strong returns for Danica pension customers

Highly favourable financial market conditions boosted customer pension savings and supported Danica Pension in generating a satisfactory profit. The underlying health and accident business remained adversely impacted by growing sickness absence trends in society.

Profit before tax was DKK 492 million, against a profit before tax of DKK 497 million in the same period last year. The sound profit was driven by growth in Danica Pension's investments, which produced strong returns.

CEO Mads Kaagaard:

"I am pleased to have delivered strong returns for our customers, whose total pension savings grew quite considerably in the first quarter of 2024. This provides financial security at a time generally characterised by turbulence in many parts of the world. Our profit of close to DKK 500 million is satisfactory, and we are focused on generating profitable growth going forward."

Recovering markets generated high returns

The return for Danica Pension customers with a medium risk profile and 20 years to retirement was 7.4% for the first three months of 2024. Over the past five years, this customer group has achieved a net return of 43.8%. The high returns were driven in particular by the equity markets, with Danica Pension's portfolio benefiting from the exposure to the US tech sector and the Danish pharma sector. Longer term, Danica Pension's returns have generally benefited from a broad exposure, among other things from alternative investments, which have made a very strong contribution to the overall returns.

"In the first quarter, we delivered returns among the highest in the commercial market, and seen over a period of several years, our investment strategy has proved highly competitive. It is obviously very important to our customers that we manage their funds properly and make them grow," says Mads Kaagaard.

Premium growth

Danica Pension's gross premiums rose 2% from DKK 10,336 million to DKK 10,548 million in the first quarter.

"We are strongly positioned in the market, and customers choose Danica Pension due to our overall value proposition of advisory services, net returns, responsible investments and great healthcare solutions," states Mads Kaagaard.

Health and accident business adversely impacted

The insurance service result of the health and accident business was a loss of DKK 219 million, against a loss of DKK 135 million in the year-earlier period. This adverse development was driven by a general trend in society with more and more people being reported absent due to long-term illness, which translates into a growing number of loss of earning capacity claims. In addition, the insurance service result was impaired by negative non-recurring effects related to prior-year claims of about DKK 100 million. Including the investment result, the loss was DKK 277 million, against DKK 128 million a year earlier.

"Unfortunately, the mental health in Denmark continues to deteriorate for many people, and we continue to see an increase in serious claims as a result of this trend. We have been making targeted efforts for a long time to restore balance in this area by 2025, but we still have some way to go, and we take this responsibility upon us," says Mads Kaagaard.

Danica Pension's plan for the health and accident area includes an aim of helping even more customers return from a period of illness by offering so-called Step Care treatment programmes to all customers, in addition to regular price adjustments in the area, in order to achieve an overall balance between expenses and income.

Extended family healthcare solutions are a success

The number of consultations in Danica Pension's Health Package was up 44% in the first quarter of 2024 compared with the same period of 2023, a clear signal that the offer of fast, early healthcare services is still in demand with our customers. The customer satisfaction rate with the solution is at 94%.

In 2023, the Health Package was extended to include two new options, coaching and family counselling, which have contributed to increasing the use of the Health Package. Overall, there is a great demand

among Danica Pension's customers for help to overcome family life challenges, often related to the mental well-being of a child.

“Our customers are also employees of a company, and in order for employees to thrive, their families must be in harmony. As a pension company, we increasingly take on the task of ensuring this, both in our Step Care treatment programmes and our family counselling offers. Our aim is to ensure the well-being of the whole family, and we offer broadly based assistance for parents and children,” concludes Mads Kaagaard.

	First quarter 2024	First quarter 2023
Premiums (DKK billions)	10.5	10.3
Return on customer funds - Danica Balance Mix, medium risk profile and 20 years to retirement (%)	7.4	3.3
Return on customer funds - Danica Pension Traditionel (%)	0.1	0.5
Return on customer funds - Danica Pension Traditionel after change in additional provisions (%)	0.5	0.8
Profit/loss before tax, DKK millions	492	497
Pension assets under management (DKK billions)	461	423

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Solvency ratio disclosure

March 31th 2024

Danica Pension
Livsforsikringsaktieselskab

SCR (DKKm)	18,181
Solvency rate	175%

Summary of Danica Pension'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