

Billions of kroner in returns for Danica Pension's customers in H1

Customers with Danica Pension's main pension product, Danica Balance, received a total return of DKK 20 billion in the first half of 2024. The profit for the period was close to DKK 1 billion, and premiums grew steadily, whereas the health and accident business remained loss-making, although with tentative signs of improvement.

Danica Pension recorded a profit of DKK 949 million before tax for the first half, compared with DKK 689 million in the year-earlier period. The higher profit was mainly driven by a significant improvement of an already positive investment result. For customers with the main pension product, Danica Balance, the performance produced a return of DKK 20.1 billion.

Danica Pension CEO, Mads Kaagaard:

"I am very pleased that we have generated a strong return for our customers and help to make their daily lives more financially secure. At the same time, we produced a satisfactory profit, reflecting a sound and growing business."

Extraordinary returns in bullish markets

The return for Danica Pension customers with a medium risk profile and 20 years to retirement was 9.4% for the first half of 2024. Over the past five years, this customer group has seen a net return of 43.5%. In 2024, the strong returns have mainly been driven by equity markets, and Danica Pension's portfolio has benefited from an appropriate exposure to the key sectors. In the longer term, Danica Pension's returns have also benefited from a broad exposure to alternative investments.

"In the first half, our returns were among the highest generated by commercial providers, and our investment strategy has proven highly advantageous for our customers in the long term. In addition, we have been able to lower our investment costs, which will place our customers in an even better position going forward," says Mads Kaagaard.

More customers, increasing customer satisfaction

Premiums grew by 8% in the first half, from DKK 20,051 million to DKK 21,570 million, driven by a net inflow of 1,284 new business customers and self-employed businesses.

"We hold a strong market position, supported by top-of-market returns, a broad range of healthcare solutions and customer-friendly digital solutions. I am very happy that we are generating growth and that our existing customers express satisfaction with our overall performance," says Mads Kaagaard.

The research company Aalund regularly surveys our customer satisfaction score, and Danica Pension holds the top ranking in the personal customer and business customer with over 50 employees segments.

Health and accident business still in the red amid increasing number of claims

The insurance service result of the health and accident business was a loss of DKK 329 million compared with a loss of DKK 261 million in the year-earlier period. This negative trend was driven by a sustained increase in the number of reports of absence due to long-term illness. Danica Pension did record an improvement from the first to the second quarter of 2024, however, as the loss was reduced from DKK 219 million to DKK 111 million due to a slower rate of increase in the number of claims.

Including the investment result, the loss for the first half stood at DKK 341 million, against a loss of DKK 321 million in the same period last year.

"We play an important role in society in helping the growing number of Danes who sadly struggle with mental health problems, leading to more reports of long-term absence due to illness. There is a light at the end of the tunnel however, as we have noted that the rate of increase is slowing. Also, we continue to pursue our long-term plan to achieve a balanced result in this area by 2025," explains Mads Kaagaard.

Danica Pension's plan for the health and accident area includes a goal of helping even more customers return from a period of illness by offering broad and in-depth 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.

Strong demand for new solutions for the whole family

There is a strong demand among Danica Pension's customers for help to overcome family life challenges, often related to the mental well-being of a child. To address this, Danica Pension has introduced a number of new initiatives aimed at families in the form of the preventive solution "Familierrådgivning" (*family counselling*) and the new "Familielødsats" (*family action*) solution, which provides fast and comprehensive help for the whole family once it is beyond the stage of prevention.

"Our customers' families are the foundation of a well-functioning working life, and we increasingly see problems related to children with poor mental well-being. To address this development, we have launched new solutions designed to help the whole family," says Mads Kaagaard.

Significant increase in solvency ratio

Danica Pension's solvency coverage ratio increased from 170% at 31 December 2023 to 217% at 30 June 2024, reflecting the very strong financial foundation of the business. The higher solvency coverage ratio primarily resulted from a change to the method of determining how the loss-absorbing capacity of deferred taxes is to be recognised in the solvency capital requirement as calculated in accordance with the Solvency II rules.

	H1 2024	H1 2023
Premiums (DKK billions)	21.6	20.1
Return on customer funds - Danica Balance Mix, medium risk profile and 20 years to retirement (%)	9.4	6.1
Return on customer funds - Danica Pension Traditionel (%)	-0.3	0.2
Return on customer funds - Danica Pension Traditionel after change in additional provisions (%)	0.7	0.8
Profit/loss before tax, DKK millions	949	689
Pension assets under management (DKK billions)	467	428

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Solvency ratio disclosure

June 30th 2024

Danica Pension Livsforsikringsaktieselskab

SCR (DKKm)	15,136
Solvency rate	217%

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