

Satisfactory interim results with positive returns for customers

After a turbulent start to the year due to the corona crisis and the resulting financial market uncertainty, Danica Pension presents a satisfactory profit for the first three quarters of 2020 on a par with the same period last year. Returns are once again positive for the majority of customers.

For the first three quarters of 2020, Danica Pension posted a profit before tax of DKK 1,388 million, against DKK 1,387 million in the same period of 2019. Profit before tax for the first quarter of 2020 was DKK 22 million, but at the end of the third quarter the profit had been lifted to a satisfactory level, supported by strong financial markets.

"2020 has been a most unusual year so far, and we are pleased to present a profit in line with last year's performance as well as attractive and competitive net returns for our customers. In addition, we have introduced new solutions designed, among other things, to reduce sickness absence as well as Danica Balance Sustainable Choice, which offers customers the option of investing their savings with even more focus on sustainability," says Danica Pension's CEO, Ole Krogh Petersen.

Positive returns for the majority of customers

Most of Danica Pension's customers saw positive returns on their pension savings for the first three quarters of 2020. Customers with Danica Balance Mix, medium risk profile and 20 years to retirement saw a return of 0.4% net of expenses, as compared with a negative return of 15.0% after the first quarter. Danica Pension's returns for 2020 net of expenses are among the best in the industry.

"In view of the market collapse in March and the uncertainty following in its wake, we are pleased that most of our customers get positive returns on their pension savings at the end of the third quarter. All along, we have advised our customers to keep their cool and stay put. That is what we have done, and this approach has proven to be the right one. It is important to keep in mind that pension is a long game, and that this year's modest returns were preceded by double-digit returns in 2019," explains Ole Krogh Petersen.

Investments in the green transition more than doubled

In the first three quarters of 2020, Danica Pension continued to focus on investing in the green transition. Investments in the green transition rose from DKK 10.3 billion to DKK 23.8 billion – a 131% increase for the nine months. This means that we are well under way to meeting the ambitious target we set in autumn 2019 of investing DKK 30 billion in the green transition by 2023, DKK 50 billion by 2025 and DKK 100 billion by 2030.

"It is key to us that investing in the green transition goes hand in hand with attractive returns for our customers, and we are confident that this is the case, as there is strong demand for green solutions in Denmark and the rest of the world, on top of which the corona crisis has brought about a heightened focus on sustainability and a green restart of the economy. That is why we have more than doubled our investments in the green transition in the first three quarters alone, without compromising our customers' returns," states Ole Krogh Petersen.

Premiums growth

Total premiums in Danica Pension Denmark amounted to DKK 20,352 million in the first three quarters of 2020, compared with DKK 19,847 million in the year-earlier period – a 2.5% increase. For Danica Pension as a whole, total premiums grew 1.5% from DKK 21,836 million to DKK 22,167 million in the first three quarters.

"We are satisfied to see a slight profitable growth in our premiums. It is essential to us that our business is sound, so that we can provide financial security for our customers as well as profits for Danica Pension," says Ole Krogh Petersen.

New sustainable investment solution

Towards the end of the third quarter, we launched our new investment solution, Danica Balance Sustainable Choice, giving some 800,000 Danica Pension customers the option of investing their pension savings with a special sustainability focus. Danica Balance Sustainable Choice was well received by our customers, who have already invested DKK 262 million in the new solution.

"In our rapid progress towards investing more sustainably, it is a natural step for us to offer our customers the option of investing their savings with even more focus on sustainability. Our customers' DKK 450 billion savings with us is an enormously powerful tool when it comes to influencing society in a more sustainable direction," says Ole Krogh Petersen, pointing out that, as well as having carbon emissions substantially below benchmark, Danica Balance Sustainable Choice investments also support the UN's 17 Sustainable Development Goals.

In healthcare, Danica Pension has introduced a number of new solutions aimed at reducing our customers' absence due to illness. They include Danica Pension Step Care, which is a unique treatment method offering individual customers a personalised course of treatment, and Healthy Performance, which helps customers improve their focus, take mental breaks and prioritise their tasks.

"We want to be our customers' financial security provider, and the need is greater than ever. We therefore focus on our core services, which are good financial advisory services, providing competitive returns net of expenses and offering the best solutions in healthcare and prevention and treatment of long-term illness, in addition to which our solutions make it simple, easy and more secure to be a customer of Danica Pension," states Ole Krogh Petersen.

| DKK billions | 9M 2020 | 9M 2019 |
|---------------------------------------------------------------------------------------------------|---------|---------|
| Premiums, continuing operations | 22.2 | 21.8 |
| Premiums in Denmark* | 20.4 | 19.8 |
| Return on customer funds - Danica Balance Mix, medium risk profile and 20 years to retirement (%) | 0.4 | 15.0 |
| Return on customer funds - Danica Pension Traditionel (%) | 3.7 | 11.8 |
| Return on customer funds - Danica Pension Traditionel after change in additional provisions, (%) | 1.4 | 3.4 |
| Profit before tax (DKKm), continuing operations | 1,388 | 1,387 |
| Total pension assets | 441 | 442 |

For more information, please contact *Tim Smidemann, Head of Press Relations*, on +45 2348 2651 or at *tism@danicapension.dk*.

| Solvency ratio disclosure | | | |
|---------------------------|--------------------------------------------|----------------------|--------------|
| September 30th 2020 | Danica Pension Livsforsikringsaktieselskab | Danica Pension Group | Danica Group |
| SCR (DKKm) | 14.336 | 14.385 | 14.357 |
| Solvency rate | 197% | 196% | 184% |

| 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 |