

Attractive returns, premium growth and improved health and accident result

In the first three quarters of 2021, we generated some of the highest net returns in the market for our customers. Premiums grew by 39% and our health and accident result was improved by DKK 357 million, in part due to fewer claims. This resulted in a profit before tax of DKK 1,635 million and pension assets under management of DKK 483 billion – a DKK 42 billion improvement.

For the first three quarters of 2021, Danica Pension posted a profit before tax of DKK 1,635 million, against DKK 1,388 million in the same period of 2020. That is an increase of 17.8%, or DKK 247 million. The improved bottom line was primarily driven by the improved health and accident result, a good investment performance, which also meant solid returns for our customers, and a sound underlying business seeing strong growth. The profit was net of an extraordinary provision of DKK 264 million for possible future payment of pension returns tax in the health and accident business. In addition to bottom-line growth, the first three quarters of 2021 also saw significant top-line growth in the form of a 39% year-on-year increase in premiums.

Danica Pension's Chief Executive Officer, Ole Krogh Petersen comments:

"Our performance for the first three quarters was good for our customers as well as for Danica Pension. I am especially pleased that our customers have received one of the highest net returns in the market, that we are experiencing strong growth by virtue of our strong overall value proposition and that we have succeeded in reducing the number of injuries among our customers, and thus claims. In all, this has resulted in strong and profitable growth, as reflected in the profit, total pension assets under management and premium income."

Strong premium growth

In the Danish business, Danica Pension's premium income totalled DKK 26,570 million in the first three quarters of 2021, compared with DKK 20,352 million in the same period of 2020 – a 30.6% increase. For Danica Pension as a whole, total premiums grew by 39% from DKK 22,167 million to DKK 30,828 million in the first three quarters.

"That so many customers are choosing us is a huge vote of confidence, and we are looking forward to living up to it. At Danica Pension, we offer our customers a strong combined value proposition of proactive advisory services providing financial security, attractive net returns, strong focus on sustainability in our investments and great healthcare solutions. Our success is not just based on competitive prices, but also on the quality we are able to deliver to our customers," says Ole Krogh Petersen and continues:

"We are very happy with this growth – particularly because it is profitable, which is essential to us, as we are not interested in growing just for the sake of it," says Ole Krogh Petersen.

Danica Pension's pension assets under management (AUM) have grown by DKK 42 billion in the past year.

Customers' returns among the highest in the market

Danica Pension's customers received some of the highest returns in the market in the first three quarters. The net return for customers with Danica Balance Mix, medium risk profile and 20 years to retirement in the first three quarters was 11.6%.

"We have generated significant positive returns for our customers for the past several years, and this is very positive because it helps provide financial security for our customers in their retirement," says Ole Krogh Petersen.

For Danica Pension customers with medium risk profile and 20 years to retirement, the annual return over the past three years is 10.4%, which is the best return among commercial pension providers in Denmark.

As pension savings and investment is a long game, I am pleased that we have delivered attractive net returns for several years now," says Ole Krogh Petersen and adds that the favourable financial market conditions are not expected to continue in the coming years, and Danica Pension's portfolio composition has been adjusted to account for this.

Significantly improved health and accident result

The loss on Danica Pension's health and accident business for the first three quarters was DKK 202 million, compared with a loss of DKK 559 million for the same period last year. This constitutes a DKK 357 million improvement, despite a provision of DKK 264 million in Q1-Q3 2021 – DKK 132 million more than in the year-earlier period – for possible future payment of pension returns tax in the health and accident business. The improved health and accident result was due to a combination of an improved investment result and an improved performance in the business area with fewer claims in the first three quarters than in the same period of last year.

"More than anything, we are pleased that our large investments in our healthcare solutions and the health and accident business have meant that we have successfully contributed to preventing long-term illness and ensuring that more of our customers return to work more quickly. This is of great benefit to the individual, to companies, to society, as well as to our bottom line," says Ole Krogh Petersen. He continues:

"The corona crisis and its after-effects – particularly its mental effects – remain an unknown factor, however, and we are not yet able to predict how it will impact our customers. We are certain that in this respect, too, it is the right decision for us to focus on prevention and early action to reduce absence due to illness among our customers," explains Ole Krogh Petersen.

New 2023 target for investment in the green transition

Until now, Danica Pension's target has been to invest DKK 50 billion in the green transition by 2025. We are moving this target forward to 2023, as we have already reached the target of investing DKK 30 billion in the green transition by 2023.

“Action is needed here and now if we are to slow down climate change before it is too late. As a major pension company, we have a responsibility in this respect, and we are certain that we will be able to contribute to ramping up the green transition even more in the coming years, while also delivering attractive returns for our customers,” says Ole Krogh Petersen, pointing out that Danica Pension has more than tripled its investments in the green transition from about DKK 10 billion in 2020 to DKK 32.9 billion today and at the same time generated attractive returns for our customers.

DKK billions	9M 2021	9M 2020
Premiums, continuing operations	30.8	22.2
Premiums in Denmark	26.6	20.4
Return on customer funds – Danica Balance Mix, medium risk profile and 20 years to retirement (%)	11.6	0.4
Return on customer funds – Danica Pension Traditionel (%)	-0.9	3.7
Return on customer funds – Danica Pension Traditionel after change in additional provisions, (%)	4.3	1.4
Profit before tax (DKKm)	1.635	1,388
Pension assets under management	483	441

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Solvency ratio disclosure		
September 30th 2021	Danica Pension Livsforsikringsaktieselskab	Danica Group
SCR (DKKm)	12,877	13,005
Solvency rate	224%	222%

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
