

Satisfactory start to the year for Danica Pension

Danica Pension's profit before tax for the first quarter was substantially improved compared with the same period last year, when the onset of the corona crisis hit the financial markets hard. The first quarter also saw good premium growth.

For the first quarter of 2021, Danica Pension posted a profit before tax of DKK 494 million, against DKK 22 million in the same period of 2020. The improvement was primarily due to the fact that the first quarter of 2020 was affected by the onset of the coronavirus pandemic and the resulting uncertainty. Furthermore, the three months to 31 March 2021 produced positive investment results, which also benefitted our customers.

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

"Although the Danish society, our customers and, by extension, Danica Pension are still dealing with the corona crisis, the quarter was relatively normal from a financial perspective, and we delivered good returns for our customers and a substantially improved profit relative to the same period last year. The first quarter profit and our customers' returns are satisfactory."

Positive returns for our customers

Danica Pension's customers saw strong positive net returns in the first quarter. For customers with Danica Balance Mix, medium risk profile and 20 years to retirement, the return net of expenses was 4.1%.

"Our customers have now had overall positive returns for an extended period of time, which of course is a good thing, as it helps generate financial security. It is important to note that we cannot expect the financial markets to perform as strongly in the coming years, however, and we are naturally composing our portfolio accordingly", Ole Krogh Petersen explains.

New, ambitious 2025 objectives for carbon emissions related to investments

It is Danica Pension's ambition that our investments are to be carbon neutral by 2050, and we have now introduced a number of ambitious objectives for the carbon footprint of our investments by 2025. The 2025 objective is focused on the key sectors of energy, utilities, transport, steel and cement, and our ambition is to cut carbon emissions in these sectors by 15-35% relative to the 2019 level.

"It is good to set long-term ambitions, but it is even more important to take timely action. We want to contribute to the green transition, and if we are to contribute to solving the climate change challenge, we believe that it is also necessary to support the transition in the sectors that are key to driving the change," says Ole Krogh Petersen.

Good premium growth

Danica Pension Denmark's premiums in the first quarter of 2021 totalled DKK 8,335 million, compared with DKK 7,876 million in the year-earlier period - a 5.8% increase. For Danica Pension as a whole, total premiums grew 8.3% from DKK 8,543 million to DKK 9,248 million in the first quarter.

"We are happy to note that the premium growth we saw in 2020 has continued in 2021 with good, profitable growth. It is essential to us that our growth is profitable, as it means that our business is sound and that we can provide financial security for our customers. We hold a strong position in a highly competitive market, winning agreements by offering good, proactive advisory services, competitive long-term net returns and strong healthcare solutions," says Ole Krogh Petersen.

Negative health and accident result

The first quarter produced a loss on Danica Pension's health and accident business on a par with the same period last year. The loss for the first quarter amounted to DKK 290 million, against DKK 274 million in the year-earlier period. The slightly increased loss was entirely due to a lower investment result.

"The loss on our health and accident business remains unsatisfactory, but we are on the right track, as we are seeing the effects of the initiatives we have launched over the past couple of years, particularly healthcare and prevention measures, which have resulted in fewer claims. We still face uncertainty with respect to the coronavirus pandemic and postponed surgery in the public healthcare system, and we are unable to predict what effects this will have on our customers and, consequently, on our business. We are certain that we are doing the right thing in terms of prevention and early action to reduce absence due to illness among our customers," explains Ole Krogh Petersen.

In healthcare, Danica Pension introduced a number of new solutions in the first quarter aimed at reducing our customers' absence due to illness. This year, we have also given customers with a Danica Pension health package the option to consult a psychologist, a doctor or a dietician without a referral from either Danica Pension or their own doctor. This new solution has been very well received by our customers, and Danica Pension expects the improved health package to provide security, reduce absence due to illness among our customers and thus also improve the performance of the health and accident business.

DKK billions	Q1 2021	Q1 2020
Premiums, continuing operations	9.2	8.5
Premiums in Denmark	8.3	7.9
Return on customer funds - Danica Balance Mix, medium risk profile and 20 years to retirement (%)	4.1	-15.4
Return on customer funds - Danica Pension Traditionel (%)	-2.2	-2.0
Return on customer funds - Danica Pension Traditionel after change in additional provisions, (%)	-1,1	-2.9
Profit before tax (DKKm)	494	22
Total pension assets	466	403

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

Solvency ratio disclosure			
March 31th 2021	Danica Pension Livsforsikringsaktieselskab	Danica Pension Group	Danica Group
SCR (DKKm)	13,613	13,723	13,680
Solvency rate	215%	213%	202%

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