

## Health and accident business continued to improve, whereas overall performance was impacted by impairment and global downturn

*Danica Pension's underlying business remains strong, and the insurance part of the health and accident business is showing marked improvement. However, global market downturns and an impairment loss on goodwill weighed on the results for 2022.*

Danica Pension posted a loss before tax, goodwill impairment and discontinued operations of DKK 540 million in 2022. Impairment of goodwill amounted to DKK 1,627 million, while discontinued operations represented income of DKK 412 million. The loss before goodwill impairment and discontinued operations was driven by adverse financial market developments and resulted in a 13% reduction of pension assets under management to DKK 416 billion.

Our underlying business remains strong, however, and the insurance part of the health and accident business improved significantly.

Danica Pension saw a 4.6% year-on-year decline in premiums in 2022, which followed 32% premium growth in 2021. Driven by a drop in single premiums, the decline followed a long period of strong growth and, viewed over a two-year period, Danica Pension's premiums have grown by 26%.

Søren Lockwood, CEO:

"2022 was an extraordinarily difficult year for the pension industry, and Danica Pension's loss was principally driven by the financial market turmoil and our resulting impairment loss on goodwill. However, I want to point to the fact that we continue to improve our underlying business, which is sound and strong, and that we are getting closer to reaching break-even in our health and accident business."

### Negative returns for the year

The return for Danica Pension customers with a medium risk profile and 20 years to retirement was negative at 14.2% for 2022. Over the past seven years, this customer group has achieved a net return of 45.4%. The negative returns in 2022 were caused by the war in Ukraine, surging inflation and sharp interest rate increases.

"Unfortunately, the sharp global market downturn resulted in negative returns for our customers. But it is worth keeping in mind that our investment strategy places our customers in a strong position once the markets hopefully recover in the future. Pension is a long-term discipline, and our investment strategy has generated strong net returns for our customers over a long period of time," says Søren Lockwood.

### Health and accident result showing marked improvement

The underlying health and accident result improved significantly in 2022 compared with 2021 and is now closer to the break-even point. The loss in 2022 was DKK 79 million, against a loss of DKK 836 million in 2021.

The improvement has been achieved mainly through intensified measures in the healthcare area. As an important factor, we have successfully provided health insurance to an additional 30,000 customers and thus ensured that far more people benefit from Danica Pension's overall healthcare offering and, consequently, get better and more diverse treatment. In 2022, we furthermore referred our customers for 60% more treatments per reported claim compared with 2019 in order to prevent long-term illness. Among the results of our intensified measures, we succeeded in helping even more customers return to work than we did in 2021, to the great satisfaction of our customers. In addition, the number of reported long-term absences due to illness remains below the expected level, which has a beneficial effect on the result.

"Four years ago, we changed certain basic assumptions in our healthcare strategy. As a result, our customers today receive more and better treatment. We have thus succeeded in helping more Danes return to good health and return to work, and this makes a huge difference to our customers' lives. It also strengthens our position in a market where companies are increasingly demanding quality and diversity in healthcare solutions," says Søren Lockwood.

The financial market downturn caused the investment result in the health and accident segment to decline by DKK 1,242 million from a profit of DKK 289 million in 2021 to a loss of DKK 953 million in 2022. The overall health and accident loss amounted to DKK 1,032, compared with a loss of DKK 547 million in 2021.

### Great customer satisfaction with new healthcare solutions

Danica Pension's 'Health Package' launched in 2021 contributes significantly to our preventive healthcare offering, as it offers our customers early treatment by a wide range of providers. In 2022, the option of consulting a health expert online was used over 24,000 times - a 69% increase compared with 2021.

The Health Package was established as an extra preventive measure designed to make customers consult doctors, psychologists and dieticians online before their problems escalate and develop into serious injuries. The solution received a very high satisfaction score of 96% by our customers in 2022, and a large number of customers indicated that they would not have sought treatment without the Health Package.

In 2022, Danica Pension also announced plans to invest an additional DKK 100 million over the coming five years in improved and comprehensive preventive measures throughout the health and accident segment. The funds are to be spent on strengthening our treatment efforts, developing customer-oriented digital services and recruiting additional health staff, among other things.

“We will continue to build on our success in creating better preventive measures. More than anything, solutions are created by people, so the DKK 100 million will be spent, in part, on attracting the best employees in the field who are dedicated to developing healthcare solutions for the future,” says Søren Lockwood.

#### 13% increase in investments in the green transition

In 2022, Danica Pension's investments in the green transition grew by 13% from DKK 33.5 billion to DKK 37.7 billion. This is almost four times as much as the DKK 10 billion we invested in 2019.

Our original target of investing DKK 30 billion in the green transition by 2023 was already raised in 2021 to a target of DKK 50 billion invested in the green transition by the end of 2023.

Søren Lockwood explains:

“I am satisfied that we have succeeded in investing an additional DKK 4.2 billion in the green transition despite the global financial market downturn. But we have to do so, because it is our responsibility as a pension provider to push the climate agenda in the right direction.”

#### Decline in premiums

Total premiums in Danica Pension amounted to DKK 35,138 million in 2022, against DKK 36,823 million in 2021 – a 4.6% decrease.

Viewed over a two-year period, however, Danica Pension's premiums have grown by 26%, which is an indication of our continued strong market position.

“I am very satisfied that we have achieved strong and, not least, profitable growth over the past two years, as our customers have shown their appreciation for our overall value proposition. Our focus on offering a comprehensive package of advisory services providing financial security, attractive long-term net returns, focus on responsible investments and the market's best healthcare solutions will continue to drive our growth in the future,” says Søren Lockwood.

#### Robust solvency coverage ratio

Danica Pension's solvency coverage ratio stands at 187%, and the Group thus still has strong excess solvency.

“As part of the strong Danske Bank group, we hold a robust market position, and I am pleased that we are able to offer our customers this extra security during a time when the general resilience of the pension industry is in focus,” states Søren Lockwood.

(DKK billions)	2022	2021
Premiums, continuing operations	35.1	36.8
Return on customer funds – Danica Balance Mix, medium risk profile and 20 years to retirement (%)	-14.2	17.8
Return on customer funds – Danica Pension Traditionel (%)	-14.6	0.0
Return on customer funds – Danica Pension Traditionel after change in additional provisions, (%)	-4.7	5.2
Profit/loss before tax, goodwill impairment and discontinued operations (DKK millions)	-540	2,078
Pension assets under management	416	480

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Solvency ratio disclosure		
December 31th 2022	Danica Pension Livsforsikringsaktieselskab	Danica Group
SCR (DKKm)	16,876	16,876
Solvency rate	188%	187%

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#### 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

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