

## Danica Pension: Q1 performance marked by major negative effects of Corona crisis

*Danica Pension's financial performance for the first quarter impacted by negative investment results due to the Corona crisis. The first quarter also saw premiums growth in Denmark and Norway.*

For the first quarter of 2020, Danica Pension posted a profit before tax of DKK 22 million, against DKK 381 million in the same period of 2019. The decline was mainly caused by significant negative investment results in March caused by the Corona crisis.

Ole Krogh Petersen, CEO, commented on Danica Pension's interim financial statements:

"We saw a satisfactory performance in January and February with solid returns, but in March we were hit hard by the Corona crisis, just like the rest of society. The negative market trends throughout the financial sector have impacted us as well as our customers. We maintain our strategy of being our customers' financial security provider, because at this time it is more important than ever that we as a pension provider make our customers feel secure. We are therefore focusing on how we can help our customers, companies and society through this crisis," states Ole Krogh Petersen.

### **Negative returns for the first quarter**

Danica Pension's customers saw negative returns on their pension savings for the first three months of the year. For customers with Danica Balance Mix, medium risk profile and 20 years to retirement, the return after expenses was a negative 15.0%.

"Naturally, it is frustrating for us that our policyholders get negative returns, but it is important to remember that pensions are a long-term investment and cannot be measured on a quarter-by-quarter basis. If we look at a period including just last year and this year to date, most Danica Pension customers have positive returns after expenses. We have a solid and robust investment strategy, which we are sticking to and which we believe will see our customers' savings safely through to the other side of the Corona crisis", states Ole Krogh Petersen.

Despite the negative financial market developments, the Danica Group maintained a solvency rate of 189%, which was on par with 31 December 2019.

### **Growth in premiums**

Total premiums in Danica Pension Denmark amounted to DKK 7,876 million in the first quarter of 2020, compared with DKK 7,210 million in the year-earlier period - a 9% increase.

In Danica Pension Norway, total premiums amounted to DKK 667 million, against DKK 578 million in the same period of last year - a 15% increase.

"In 2019, we focused mainly on welcoming our 200,000 new customers from SEB Pension in Denmark to Danica Pension. While we are still working on further enhancing the customer experience for all our customers, we are now increasingly returning our focus to attracting new customers. We are naturally pleased to see good premium growth both in Denmark and Norway for the first quarter," says Ole Krogh Petersen.

### **Ready to help during a difficult time**

In keeping with our aim to be our customers' financial security provider, we have focused a great deal on how best to promote security in the severe and extraordinary circumstances brought on by the Corona crisis. Among other

measures, Danica Pension has given self-employed persons and companies the option of deferring payment of their schemes without affecting their insurance covers.

“It is important that we take responsibility in an uncertain and insecure situation like this. We have therefore sought to help out in every way we can. In the area of health and accident, for example, we have introduced a number of new initiatives to reduce absence due to illness. We have extended a helping hand to our many self-employed customers, and we have given our healthcare employees the opportunity to help the public authorities while upholding their full salary from Danica Pension. Furthermore, we have been in contact with a number of commercial tenants, whom we have helped by offering a deferment of payments,” explains Ole Krogh Petersen. He adds:

“We do not yet know the full extent of the impact of the Corona crisis on our society, but we will continue to focus on what we can do to help our customers, companies and society get through this situation as well as possible.”

DKK billions	Q1 2020	Q1 2019
Premiums, continuing operations	8.5	7.8
Premiums in Denmark	7.9	7.2
Return on customer funds - Danica Balance Mix, medium risk profile and 20 years to retirement (%)	-15.4	9.9
Return on customer funds - Danica Pension Traditionel (%)	-2.0	4.6
Return on customer funds - Danica Pension Traditionel after change in additional provisions, (%)	-2.9	1.6
Profit before tax (DKKm), continuing operations	22	381
Total pension assets, continuing operations	403	424

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Solvency ratio disclosure			
March 31th 2020	Danica Pension Livsforsikringsaktieselskab	Danica Pension Group	Danica Group
SCR (DKKm)	13.421	13.567	13.546
Solvency rate	205%	203%	189%

#### 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