

Quarterly report for Q1 2025

29 April 2025

The guarantees stand after a turbulent first quarter

Despite a turbulent first quarter in the global markets, ATP's bonus capacity remains at 18 per cent. The bonus capacity is an expression of the ratio between ATP's free funds and the guaranteed pensions, and the people of Denmark can therefore count on the guaranteed and lifelong pension from ATP both now and in the future.

A decline in interest rates on the US bond markets and rising interest rates in Europe along with falling Danish share prices characterised the first quarter of the year on the financial markets. ATP's guaranteed pensions are unaffected by this development.

With the guaranteed and lifelong pension from ATP, members benefit from an average annual return of currently around 3 per cent which is built into the guaranteed pensions. This return is one of the most important sources of value creation in ATP's pension product and thus accrues to members even if the financial markets experience declines in a certain year.

ATP's interest rate hedging worked as intended to protect the guaranteed pensions. The value of the hedging portfolio fell at the same rate as the value of the guaranteed pensions, which fell by DKK 26.7bn. The portfolio generated a negative return after tax of DKK 26.4bn. The hedging worked as intended, with a total result from interest rate hedging of DKK 0.3bn, corresponding to less than 0.1 per cent of the guaranteed pensions.

The turmoil in the financial markets resulted in a return of DKK -0.7bn before tax for the first quarter of the year for the investment portfolio, corresponding to -0.8 per cent relative to the bonus potential (which constitutes ATP's reserves). Despite the turmoil in the global financial markets, listed foreign equities produced a positive result while investments in Danish listed equities and Danish and global bonds contributed negatively during the period. Over the past 10 years, the overall return on investment has totalled DKK 10.4bn on an annual basis.

"As is known, the financial markets have been characterised by turmoil for a long time and this is also reflected in the return for the quarter. However, ongoing fluctuations in markets and returns do not change the fact that the guarantees for a lifelong and fixed pension we have given Danes remain in force, and it is certainly not unimportant that Danes will get the pension they expect at a time when so much else is unpredictable," says Martin Præstegaard, CEO of ATP.

Bonus capacity

In ATP, all funds are owned by the 5.7 million members. The return from the investment portfolio is attributed to the bonus potential, which is ATP's free funds. ATP's bonus potential at the end of the first quarter was DKK

105bn.

ATP's other liabilities consist of total pension liabilities of DKK 549bn and long-term supplementary provisions of DKK 35bn. After the first quarter, ATP members assets totalled DKK 689bn. This is still a solid financial overfunding (bonus capacity), as ATP's bonus potential at the end of the third quarter was 18.0 per cent of ATP's liabilities. The bonus capability is at the same level as at the end of 2024.