

Press release

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Progress for ATP in 2023 – and more money for pensioners

Despite a challenging start to 2023, ATP ended the year with a profit with a total return of just under DKK 6bn in the investment portfolio. Thanks to a strong bonus capacity throughout the year, ATP was able to increase the lifelong pension again – this time for the more than 1 million pensioners among ATP's members.

ATP's task is to ensure that we can pay the lifelong and guaranteed pensions to our 5.6 million members at all times. This is done by hedging the interest rate risk on the pensions – a hedging that also worked as intended through 2023. With the positive result of the investment portfolio and an update of the life expectancy, the year ended with a healthy development in the bonus capacity.

“ATP is in a good place. Our investment portfolio produced a solid result in 2023 after large fluctuations in both positive and negative directions in the previous years. We are true to our investment strategy and think long-term as an investor. Over time, we believe that our investment approach will ensure the members get what we were created to provide: As high a pension as possible while also at the same time ensuring that the pension is predictable, guaranteed and lifelong,” says Martin Præstegaard, CEO of ATP.

Regardless of the positive result in both the investment and hedging portfolio in 2023, the ATP Group had a result of zero in 2023. This is because last year ATP implemented and now follows a new accounting standard (IFRS 17) which has a significant impact on ATP's recognition, measurement and presentation of its pension liabilities. ATP's assets and returns belong to its members, so therefore ATP has no equity. In accordance with IFRS 17, ATP's result after transfers to the bonus potential is therefore DKK 0, which according to IFRS 17 it will always be.

Positive results on both bonds and equities

In 2023, the investment portfolio generated returns (before expenses and tax) of DKK 5.7bn, and after expenses, this is equivalent to 5.5 per cent in relation to the bonus potential. Viewed over the year as a whole, the largest positive contributions came from investments in government and mortgage bonds with a return of DKK 4.9bn and in listed equities with a return of DKK 4.5bn, while negative contributions came from the portfolio of inflation-related instruments with a return of DKK -2.3bn and real estate with a return of DKK -2.2bn.

“As all of Denmark's pension fund with 5.6 million members, many of whom receive their only guaranteed and lifelong pension from us, ATP is a supplier of financial security. It is important to a great many people

that ATP has robust finances – because with robust finances, we can increase the pensions we pay out to the people in Denmark. We were able to do that once again after 2023, meaning that from 2024, over 1 million pensioners will receive a 3 per cent higher pension from ATP,” says Martin Præstegaard.

10-year development in ATP pension payments to pensioners

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Bonus in per cent for pensioners	1.5	1.5	0	1	0	0	0	4	0	3

The guarantees remain

ATP must ensure the payment of lifelong and guaranteed pensions to all our members. That is why we are hedging the interest risk on our pensions and this worked as intended in 2023 once again. At the same time, the investment portfolio, which invests approximately 20 per cent of the assets, generated a positive return and together with things such as the updating of the members’ life expectancies, this resulted in a slightly increased bonus capacity which is similar to the average of the past 10 years.

The bonus capacity gives a good indication of how healthy ATP is – it shows the relationship between ATP’s bonus potential (free funds) on the one hand and the obligations towards the members on the other. It is the bonus capacity and thus ATP’s financial cushioning that occasionally allows us to increase the pensions. ATP’s bonus capacity has been stable at between 15-20 per cent over the past 10 years, regardless of the size of the investment result and the movement of interest rates.

Total annual expenses remain very low

ATP is still strongly focused on keeping expenses low, as expenses directly impact the size of the pensions. We continuously balance the desire for low expenses with the need to create the best possible returns for members. ATP’s administration activity expenses amounted to DKK 38 per member in 2023, or 0.03 per cent of the total assets. The total APR for 2023 ended at 0.30%, which is low in both a Danish and international context.

Updating of life expectancy and developments in assets

This year’s life expectancy update resulted in a transfer of pension liabilities to the bonus potential of DKK 1.9bn, or 0.3 per cent of the value of the pension liabilities. The transfer is an expression of the adjustment to life expectancy due to the actual changes in the past year.

After the year’s bonus allocation, the bonus capacity stood at 17.1 per cent at the end of the year, and this demonstrates that ATP’s finances are robust. At the end of 2023, the bonus potential amounted to DKK 104bn and together with the pension liabilities of DKK 569bn as well as the supplementary provision of DKK 39bn, the members’ assets totalled DKK 712bn.

For further information, please contact Head of Press Søren Springborg, tel.: +45 20 19 41 70, email: sosp@atp.dk or Gerd Buchhave, tel.: +45 24 99 09 11, email: geb@atp.dk