

Press release

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2021 has been a year of records for ATP

A diversified risk strategy and strict risk management meant that ATP again in 2021 created record results. The return on investment of almost DKK 50 billion has never been seen higher, and after the high returns of the last three years, there was room to increase pensions by DKK 30.4 billion, which is also the largest increase of pensions ever.

The investment return of 35 per cent relating to the bonus potential, calculated on a daily basis, was primarily driven by listed as well as unlisted shares, just as investments in inflation-related instruments contributed very positively and offset the negative returns on government and mortgage bonds.

Throughout 2021, ATP's investment results were so strong that in autumn ATP's Board of Directors decided to increase pensions. The record-breaking return made it possible to increase pensions by 4 per cent from January 1, 2022, which is the largest increase ever and amounts to DKK 30.4 billion. The higher pensions apply to all ATP members, both current and future pensioners, for the rest of their lives. For an average 66-year-old pensioner the increase means that the ATP pension grows by just over DKK 14,300 in total for the remaining part of the member's expected life.

ATP's processing business has also in 2021 contributed to keeping the wheels in motion in the Danish welfare system, where ATP is responsible for payments of welfare and security benefits for DKK 300 billion per year. 2021 has been another busy year after the introduction of two new pension schemes, "Seniorpension" (senior pension) and "Tidlig pension" (early pension), under the auspices of ATP and the work to ensure equal distribution of the payment of child and youth benefits to more than 1 million parents.

"2021 was a year of records, in which ATP simply performed the best ever in several respects. We earned almost DKK 50 billion in return on our investments, we increased the members' pensions by DKK 30.4 billion, and we put into words our high climate ambitions, which will make us the largest green investor in Denmark both in the short and long term. I am very pleased, on behalf of our members, that in these years we have been able to surpass ourselves financially because there is in fact a direct connection between how much money ATP is able to earn on the investments and the pensions that we can pay out to our members. In 2021, our financial reserves became so strong that we were able to increase pensions by the largest billion ever. And despite the cut of DKK 30 billion, ATP is still strongly equipped with a bonus ratio of 20.3 per cent and assets of just under DKK 950 billion. At the same time, throughout 2021, we have delivered on many urgent tasks triggered by the Covid-19 pandemic. We have ensured safe and stable operations in our processing business, which paid out DKK 300 billion in Danish welfare and security benefits, which proves that ATP is extremely strong. 2021 is truly a year that all employees can be proud of," says Bo Foged, CEO of ATP.

The ATP Group is Denmark's largest pension company and processing business. We solve tasks for almost all Danish citizens and companies. ATP Livslang Pension (Lifelong Pension) is a collective scheme with 5.4 million members and pension assets of DKK 947 billion. Our task is to ensure good and stable pensions and to provide a higher financial security for the Danes when they retire. Moreover, we ensure payment of welfare and social security benefits which amounts to a total of DKK 300 billion a year to 2.4 million citizens on behalf of the state, municipalities and the social partners. Two out of three Danish kroner (DKK) paid in welfare benefits in Denmark come from the ATP Group.

Uncertainty and fluctuations are expected to continue to affect the markets in 2022, and despite the strong result ATP expects lower returns in the years ahead. Over the last five years, ATP has generated a return of a total of DKK 141.7 billion in the investment portfolio - an average of 24 per cent per year relating to the bonus potential.

In 2021, the ATP Group achieved a profit of DKK 43.9 billion before bonus accrual and DKK 13.5 billion after bonus accrual.

Guarantees intact throughout the Covid-19 crisis

ATP protects the pension guarantees for the members by hedging the interest rate risk. Hedging allows ATP to ensure that members receive the pensions promised, regardless of whether the interest rate rises or falls. As a consequence of rising interest rates, the guaranteed pensions were adjusted downwards by DKK 48.6 billion, and the hedging portfolio gave a corresponding negative return of 47.6 billion, so that the result of the hedging before the so-called yield curve break amounted to DKK 1.0 billion. The hedging worked as intended, and ATP's members can confidently count on their pension guarantees in ATP regardless of pandemics, rising inflation, and higher interest rates.

Overall, the result landed at DKK -4.5 billion, corresponding to -0.6 per cent of the guaranteed pensions. This is a consequence of ATP determining the interest on the discount curve after year 40 at 3 per cent, and this does not affect ATP's aggregate assets. At the end of 2021, the members' aggregate assets amounted to DKK 947.3 billion.

Total annual costs remained low

ATP continues to have a strong focus on keeping costs low because they directly affect the size of pensions. We continuously balance the desire for low costs with a view to creating the best possible return for the members. In 2021, ATP's total annual costs in per cent ended at 0.54 per cent relative to assets - and this is still low in both a Danish and an international context.

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