



# Interim Report

January – June 2020

The Folksam Group

2020

Q1 Q2 Q3 Q4

**Folksam**

# Overview: The Folksam Group

The Folksam Group as a whole	Jan – Jun 2020	Jan – Jun 2019	2019	2018
<b>Folksam Customer Index (FCI), %<sup>⑦</sup></b>	<b>76</b>	<b>74</b>	<b>75</b>	<b>75</b>
Premiums, SEK million <sup>⑨</sup>	35,457	34,940	55,543	53,812
Assets under management, at period-end, SEK million <sup>②③④</sup>	461,561	441,124	454,536	404,059
Unit-linked insurance assets, at period-end, SEK million <sup>③④⑤</sup>	171,319	163,580	175,826	137,076
Number of full-time employees <sup>⑥</sup>	3,539	3,650	3,633	3,771

<sup>⑨</sup> Premiums comprise premiums earned in non-life insurance, premiums written in life insurance, and receipts and fees from unit-linked insurance investors in the insurance companies included in the Folksam Group.  
<sup>②</sup> Konsumentkooperationens Pensionsstiftelse is not included.  
<sup>③</sup> At the end of the period.

<sup>④</sup> Assets according to the total return table less strategic holdings, which principally relate to the value of subsidiaries.  
<sup>⑤</sup> Investment assets for which the policyholders bear the risk.  
<sup>⑥</sup> Based on paid time during the period.  
<sup>⑦</sup> The FCI measurement includes private and individual markets, not partners and companies.

## Folksam Group's managed assets, 30 June 2020



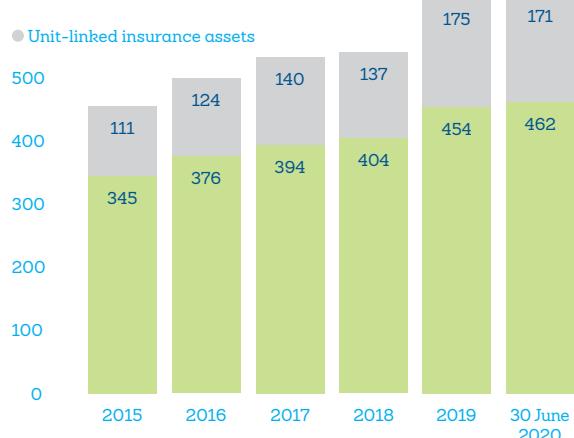
## Managed assets and unit-linked insurance assets

As at 30 June 2020, the Folksam Group managed SEK 461,561 (441,124) million. Unit-linked insurance assets amounted to SEK 171,319 (163,580) million. As a result of the coronavirus crisis, the Folksam Life Group's various companies exhibited a reduced return during the first six months of the year compared with the previous year. Folksam Life's rate of return was -0.4 (6.8) per cent and KPA Pensionsförsäkring's rate of return was -0.6 (7.7) per cent.

## Total premium volume, SEK million



## Folksam Group's managed assets and unit-linked insurance assets, SEK billion



# Stable financial position despite turmoil on the global market

Coronavirus has caused a pandemic that continues to affect the entire global economy. The stock markets have recovered since the end of March, but we have not yet seen the final consequences of the pandemic in the longer term.

Folksam remains financially strong and stable, despite a turbulent six months. Folksam Life's solvency ratio improved to 162 per cent in the second quarter of 2020, from 155 per cent in the first quarter, thanks to favourable developments on the financial markets. Folksam General's funding ratio improved to 172 per cent in the second quarter of 2020, compared with 165 per cent in the first quarter.

Folksam's vision is for customers to feel secure in a sustainable world. To this end, we invested a further SEK 2.7 billion in sustainable bonds during the second quarter of the year and a total of SEK 2.3 billion in bonds designed to mitigate the negative impact of the pandemic.

## Folksam's insurance business continues to grow

The Folksam Group's total premium volume amounted to SEK 35.5 billion, compared with 34.9 billion for the same period of the previous year. Premiums earned within the General companies grew by four per cent and within the Life companies by one per cent, where an increase at those companies with preferred status compensated for a reduction in premiums within the individual occupational pension and savings business.

Folksam's life insurance business has been adversely affected by the coronavirus pandemic, however, with reduced sales across all channels. Low interest rate levels have had a negative impact on long-term occupational pension business, while savings within other life business suffered from greater surrender than normal during the period. Overall, this has contributed to a negative underwriting result for the Folksam Life parent company for the first half of the year.

Folksam's non-life insurance business has benefited from increased union membership, bringing with it a larger number of new customers within group insurance, while the uncertainty on the labour market has resulted in stronger demand for income insurance among our customers. At the same time, Folksam General had low claims expenses during the quarter, primarily within travel insurance, but also within motor insurance. The positive underwriting result at the Folksam General parent company is due to increased premiums and lower claims expenses.

The Folksam Group's assets under management totalled SEK 462 billion, an increase of over SEK 20 billion compared with the same period of the previous year. This also represents an



increase compared with the full year 2019, when the assets under management totalled SEK 455 billion. The increase in assets under management is mainly the result of the rise in the stock market during the second quarter. The total return ratio during the period at Folksam Life was -0.4 per cent and at KPA Pensionsförsäkring was -0.6 per cent.

Work to reduce operating expenses within the Folksam Group continues, but the operating expenses for the period have been burdened by higher pension costs. The total cost ratio at Folksam General was 93.9 per cent, an improvement of 6 percentage points compared with the same period of the previous year. The low total cost ratio at Folksam General is mainly the result of low claims outcomes within travel and motor claims during the second quarter.

## Folksam part of the Restart Commission

On the initiative of the Stockholm Chamber of Commerce, a restart commission for Sweden has been established to draw up reforms that will restart and strengthen Sweden's long-term competitiveness following the coronavirus crisis. The aim is to develop a comprehensive agenda of reforms across a number of areas, designed to secure the sustainability and long-term competitiveness of Sweden. Folksam is part of the restart commission, which consists of Sweden's eleven foremost experts within a number of important strategic reform areas. The final conclusions and recommendations of the restart commission are expected in August.

**Ylva Wessén**  
President and CEO

# Significant events

## During the quarter (Apr–Jun)

### **The Folksam Group provided further investment to mitigate the social and economic impact of coronavirus**

The Folksam Group invested SEK 900 million in a bond issued by the Nordic Investment Bank. The bond will finance projects in the Nordic countries and the Baltic States with the primary aim of promoting effective healthcare systems and providing financial support to reduce the disruption that has been caused to various supply chains.

### **Anna-Karin Laurell new member of the board of minPension**

At the Annual General Meeting of minPension on 2 April 2020, Anna-Karin Laurell, Head of Business Area Life at Folksam, was elected as a new member of the board of minPension.

### **Folksam consolidated operations into fewer locations**

Customers increasingly want to use digital services to manage their insurance cases. In response, Folksam has implemented several strategic office changes over a number of years and is consolidating its operations in larger offices at locations that provide excellent opportunities for the recruitment and development of employees. This will also reduce the vulnerability of the business. The offices in Gävle, Kristianstad and Visby will therefore be closing at the end of February 2021.

### **The Folksam Group invested 1 billion in a new bond issued by Region Stockholm**

The Folksam Group invested SEK 1,000 million in a new bond issued by Region Stockholm. The term to maturity is 4 years.

### **Folksam invested SEK 350 million in microloans**

Folksam invested SEK 350 million in the SEB Impact Opportunity Fund. The fund is a microcredit fund that lends capital on market terms and also benefits society by lending to people and companies that are unable to use traditional banking systems. These loans enable investments to be made that increase economic prosperity in developing countries.

### **The Folksam Group invested SEK 2.5 billion in a green bond issued by Kommuninvest**

On 18 May, the Folksam Group invested SEK 2,500 million in a green bond issued by Kommuninvest. The term to maturity is 3 years. The Folksam Group has therefore invested a total of SEK 30 billion in green bonds.

### **The Folksam Group invested SEK 1.5 billion in a bond issued by the City of Stockholm**

The Folksam Group invested SEK 1.5 billion in a new bond issued by the City of Stockholm. The term to maturity is 5 years. This investment is part of the strategy of investing in sustainable development.

## After the end of the quarter

### **Folksam acquired a retirement home in Helsingborg**

Folksam acquired a recently constructed property in Helsingborg that houses a retirement home with space for 60 residents. The tenant and operator is Vardaga. The seller and developer is Skanska. The underlying property value in the transaction is SEK 202 million.

### **Folksam raised the bonus rate**

As of 1 July, Folksam Life increased the bonus interest rate for both occupational pension and other life insurance, from the current level of 2 per cent to 3 per cent.

# Focus areas

The Folksam Group's strategic focus going forward is on:

- developing **strong partnerships** with customers and business partners,
- investing in an even **better customer experience**, where the digital customer experience has an important role to play. Being a Folksam customer should be easy.
- continuing to **reduce operating expenses** in order to improve competitiveness and generate greater customer benefit through our offers
- a **higher pace of change** which involves us trialling various new working methods, such as more agile working
- continuing to **focus on sustainability**.

## Strong partnerships

Strong partnerships are the foundation of the Folksam Group's business. Several of the Folksam Group's business partners, both trade unions and intermediaries, are facing major changes. Creating added value for them requires responsiveness and adaptability to new demands, always with the best interests of the end customer or union member at heart.

It is important that the work of the intermediary fulfils its function properly and that the end customer receives good advice and an individual solution. Areas prioritised by the Folksam Group include creating attractive offers and fine-tuning its administration and support to make everyday life easier and more efficient.

## Better customer experience through digitisation

Many insurance solutions are provided via a group, but individuals should still be able to view their own personal insurance cover.

The Folksam Group must always be available to its customers. The information and self-service that customers need are available digitally. A hassle-free, personal and straightforward customer experience. Customers should always be able to understand what their insurance policy covers and be able to track their case digitally. Being a Folksam customer should be easy.

The Folksam Group is continuing its work to implement the new risk system, which will replace several older IT systems. The new risk platform enables faster service development, among other things.

Digital customer contact and the mobile version of My Pages are also being developed.

## Reduced operating expenses

Folksam's business concept is to be our customers' insurance company, offering insurance policies, pensions and long-term savings for the many. The Folksam Group needs to continue its work to reduce operating expenses in order to improve competitiveness and generate customer benefit through attractive offers.

## Higher pace of change

The challenges the future brings require a higher pace of change – this means:

- every employee achieving their full potential.
- streamlining meetings through culture and governance.
- working smarter, for example by working across departments based on customer needs.
- trialling new working methods, such as more agile working.
- investing in coaching leadership and employeeship.

This places major demands on both leaders and employees but also involves an exciting journey of change as the Folksam Group shapes the insurance and savings companies of the future.

## Focus on sustainability

### The fight against coronavirus

The current pandemic is having a major global impact on all sections of society. Here at the Folksam Group, we are doing everything we can to run our business in a way that is safe for our customers and our employees. Our customer service department is answering calls, our claims adjusters are taking care of our customers' claims and we are continuing to insure new customers.

The Folksam Group has invested a total of SEK 2.3 billion in the fight against coronavirus and to mitigate the social and economic impact of the pandemic.

### Folksam the best in the industry on gender equality.

Folksam is the best in the finance and insurance industry in terms of providing equal working conditions. This is according to Nyckeltalsinstitutet's Gender Equality Index (Jämix), which was published on 19 May.

Nyckeltalsinstitutet publishes an annual list of the employers with the best working conditions in their industry, in terms of gender equality among other things. This year, Folksam tops the list of twelve employers in the finance and insurance industry. Nyckeltalsinstitutet's report is based on statistics collected for 2019 on the actual working conditions of over 600,000 employees at around 350 companies and organisations. The Gender Equality Index is based on various factors relating to equal working conditions for men and women, such as salary, management group composition, parental benefits, part-time working and temporary employment.

Some examples of our long-term gender equality work at Folksam:

- Active work to achieve a gender-equal management group and an equal distribution of women and men in managerial roles (clear approach in the recruitment process).
- Focus on the imbalance between women and men with regard to the taking of parental leave.
- Comprehensive annual salary survey.

### Quarterly reporting of Co2

The Folksam Group began quarterly reporting of direct and indirect carbon dioxide emissions in the first quarter of 2020. The aim is to provide greater transparency and establish a stronger focus on climate-related risks and opportunities, both in our industry and in other sectors. We see development as a prerequisite for making long-term, sustainable investments, running a resource-efficient business and effectively achieving the target of net zero emissions in our own operations by 2030 and in our investment portfolio by 2050.

The Folksam Group's quarterly reporting includes emissions data from the following sources: equity portfolios, energy consumption at properties and the Folksam Group's own operating emissions. In-depth information can be found at [folksam.se](http://folksam.se)

The Folksam Group is one of the initiators of the UN Convened Net-Zero Asset Owner Alliance. Together with some of the world's largest pension and insurance companies, the Folksam Group has committed to its investment portfolios having net zero greenhouse gas emissions by 2050. The total assets under management of the asset owner alliance currently amount to SEK 40,000 billion.

The Folksam Group's quarterly reporting includes emissions data from the following sources: equity portfolios, energy consumption at properties and the Folksam Group's own operating emissions. In-depth information can be found at [folksam.se](http://folksam.se)

### Second quarter 2020

The major effects of the COVID-19 pandemic and the Folksam Group's amended working practices are clear to see in the emissions figures for the business for the second quarter of the year. As more employees are working from home and strict travel restrictions are in force, there is a resulting fall in emissions from travel, as well as from electricity and water consumption at the offices. The second quarter also includes considerably warmer months than the first quarter, resulting in significantly lower emissions from heating the offices.

Climate indicator	TCFD indicator name	Apr-Jun 2020	Jan – Mar 2020	2019	2018
Carbon dioxide emissions (CO2e) in own operations, with a target of net zero by 2030 <sup>1)</sup>		156.3	364	1,676	2,022
Energy consumption at properties, corrected for a normal year (kWh/sq m)		105.3	106.5	108.4	109
Carbon footprint of the equity portfolio, Carbon dioxide intensity, weighted average, tonnes of CO2e/SEK million <sup>2)</sup>	Weighted Average	6.8	6.9	7.7	10.6

<sup>1)</sup> The majority of emissions sources are updated quarterly. For more information about calculations and Carbon Law, see the Folksam Group's Annual and Sustainability Report 2019.

<sup>2)</sup> The key ratios present a snapshot of the equity portfolio's greenhouse gas emissions. Note that the measure does not show the total climate impact of the investments. The calculations are not comprehensive and also do not include all indirect emissions. The calculation of the equity portfolio is based on the latest available data from MSCI and includes emissions corresponding to scopes 1 and 2 according to the Greenhouse Gas (GHG) Protocol. Greenhouse gas emissions are measured in carbon dioxide equivalents (CO2e), which makes it possible to measure different greenhouse gases in the same way. The measurement includes all listed Swedish and foreign companies in the equity portfolio as at 31 December 2019. The calculation is based on data in USD, which affects reported earnings in SEK. For more information, see [folksam.se/om-oss/vart-hallbarhetsarbete/hallbarhet-i-folksam/hallbarhetsredovisning](http://folksam.se/om-oss/vart-hallbarhetsarbete/hallbarhet-i-folksam/hallbarhetsredovisning) Annual and sustainability report 2019.

## The Folksam Group's comments on laws and regulations

### Measures to tackle the coronavirus crisis and accelerate the journey towards net zero emissions

The Folksam Group welcomes the government's support package for affected industries that have had problems paying their rent to property owners such as the Folksam Group, but is concerned about the targeting and flexibility of the support. The Folksam Group is actively involved in discussions about how to restart our society following the coronavirus pandemic, including in collaboration with the UN Convened Net-Zero Asset Owner Alliance and through the Stockholm Chamber of Commerce Restart Commission. The Folksam Group believes that the support packages provided by the Swedish government and the EU must result in the halving of emissions by 2030 and in net zero emissions by 2050 at the latest, and that pension companies as investors should be given the opportunity to help accelerate climate adjustment.

### Tax on occupational pensions and occupational pension regulation

In letters to the government and to the Swedish Minister for Finance, Magdalena Andersson, the Folksam Group has submitted proposals for changing the tax rules in order to achieve competitive neutrality on conversion to occupational pension companies and to eliminate unjustified tax effects. The proposed adjustment also means that customer-owned pension companies will be able to make partial portfolio transfers while maintaining tax continuity in order to streamline occupational pension business ahead of the conversion to occupational pension companies.

Background: A new law on occupational pensions was adopted in November, which aims to adapt the regulatory framework to the needs of the market. The Swedish Parliament instructed the government to improve occupational pension regulation. In order to adapt the

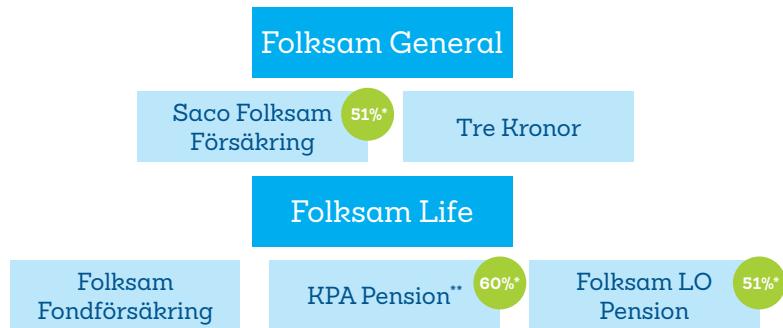
business to the new Occupational Pensions Act, the assets of pension savers need to be transferred within the Group so that occupational pension business and other business are not at the same company. When pension assets, such as equity, properties and related profits, are transferred this can result in tax effects.

### Transfer fees for unit-linked insurance

The Folksam Group has participated in Insurance Sweden's consultation work and in doing so has expressed its views on the proposal to the government. The Folksam Group has also commissioned Mårten Schultz, Professor of Civil Law at Stockholm University, to analyse the retroactive application of the proposal. Professor Schultz has concluded that there are several reasons why such retroactive legislation proposed by the government is problematic and incompatible with property protection. There are therefore grounds of principle to be cautious about retroactive property legislation.

Background: The Ministry of Finance has submitted a proposal on fees for the surrender and transfer of unit-linked and deposit insurance. Under this proposal, insurance companies will not be able to charge fees for past expenses, which often relate to advice provided. The proposal will also apply retroactively. There is also no detailed analysis of the fact that pension savings in unit-linked insurance have collective insurance coverage such as repayment cover or survivors' pension. In addition, the costs of advice provided in relation to insurance are currently charged over time so that those on low and middle incomes are also able to receive advice. It is important that the proposal does not turn advice into a luxury that is available only to those who can afford it.

## Three brands, two groups and eight insurance companies



\* Refers to the Folksam Group's participating interest.

\*\* The brand KPA Pension comprises the parent company KPA AB, the insurance companies KPA Livförsäkring AB (publ) (KPA Livförsäkring) and KPA Pensionsförsäkring AB (publ) (KPA Pensionsförsäkring), as well as KPA Pensionsservice AB.

In this interim report, we present reports on Folksam as a whole, the Folksam General Group and the Folksam Life Group. Group refers to all insurance companies within Folksam Life and Folksam General, meaning both those that are consolidated and those that are not. The exception to this in the KPI tables for the Folksam Life Group and the Folksam General Group is the solvency factor, which relates to the respective legal group. We concentrate on the profit/loss for the parent companies Folksam General and Folksam Life and the subsidiary KPA Pensionsförsäkring. We also present a number of central KPIs for the other subsidiaries and associated companies in the Folksam Group.

### Future reporting dates:

6 November 2020, interim report for third quarter of 2020

3 February 2021, full-year report for 2020

This report has been prepared in Swedish and translated into English.

In the event of any discrepancies between the Swedish report and the English translation, the former shall take precedence.

# Folksam General

Folksam General Group	Jan – Jun 2020	Jan – Jun 2019	2019	2018
Premiums, SEK million <sup>1)</sup>	7,244	6,973	14,149	14,463
Assets under management, at period-end, SEK million	46,555	44,884	45,344	43,901
Solvency factor (SCR), at period-end <sup>2)</sup>	2.2	2.3	2.3	2.4

<sup>1)</sup> Premiums means premiums earned, which corresponds to the proportion of premiums paid in for the period.

<sup>2)</sup> The solvency factor pertains to the capital base in relation to capital requirements in accordance with the Solvency II Directive.

The solvency factor is presented with a one-quarter delay.

All companies within the Folksam General Group increased their premiums earned, resulting in an overall increase to SEK 7,244 (6,973) million. The solvency factor amounted to 2.2 (2.3).

Folksam General (parent company)	Jan – Jun 2020	Jan – Jun 2019	2019	2018
Premiums, SEK million <sup>1)</sup>	6,588	6,352	12,885	12,379
Underwriting result, SEK million	402	41	237	81
Profit/loss before appropriations and income tax, SEK million	218	873	1,298	1,349
Total expenses, %	93.9	99.9	96.1	97.9
of which claims expenses, %	79.4	84.8	81.8	79.4
of which operating expenses, %	14.4	15.2	14.3	18.5
Total return, %	-0.2	2.0	3.0	4.1
Solvency capital, at period-end, SEK million	22,860	22,211	22,821	21,565
Funding ratio, at period-end, %	172	175	178	177
Solvency factor <sup>2)</sup> (SCR), at period-end	2.3	2.2	2.2	2.4

<sup>1)</sup> Premiums means premiums earned, which corresponds to the proportion of premiums paid in for the period.

<sup>2)</sup> The solvency factor pertains to the capital base in relation to capital requirements in accordance with the Solvency II Directive. The solvency factor is presented with a one-quarter delay.

Premiums earned for the period increased by 4 per cent at the parent company to SEK 6,588 (6,352) million. This increase is the result of both portfolio growth and premium adjustments.

The total cost ratio at the parent company amounted to 93.9 (99.9), which was lower than the previous year. The claims expense ratio decreased to 79.4 (84.8) per cent as a result of fewer natural damage and major loss claims compared with the previous year. The decrease is also partly explained by a large negative interest rate effect on the annuity reserve in the previous year. We are also seeing a decline in claim rates within certain insurance lines as a result of the coronavirus pandemic.

The operating expense ratio decreased to 14.4 (15.2). This decrease is mainly the result of the exchange of consultants that has been implemented, where consultants are replaced by internal resources to a greater extent, combined with the effects of the focus on costs within the Folksam Group. This was partly offset by increased staff costs resulting from the effect on pension costs of the downturn on the financial markets.

The underwriting result amounted to SEK 402 (41) million. This increase was the result of higher premiums earned and lower operating costs, combined with an improved claims

outcome. Profit before appropriations and tax amounted to SEK 218 (873) million for the period. This decrease can be attributed to the reduced return on capital during the period.

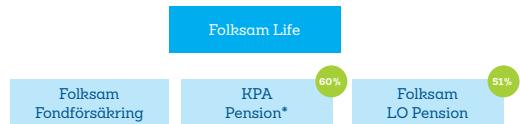
Total returns for the period amounted to -0.2 (2.0) per cent. The solvency factor, which we present with a one-quarter delay, amounted to 2.3 (2.2) for the parent company in the most recent outcome.

The funding ratio decreased slightly to 172 (175) per cent at the parent company.

## Funding ratio, %, parent company



# Folksam Life



Folksam Life Group	Jan – Jun 2020	Jan – Jun 2019	2019	2018
Premiums, SEK million <sup>1)</sup>	28,213	27,967	41,394	39,349
Assets under management, at period-end, SEK million	413,167	396,240	407,446	360,157
Unit-linked insurance assets, at period-end, SEK million	171,319	163,580	175,826	137,076
Solvency factor, at period-end <sup>2)</sup>	3.2	3.2	3.2	3.3

<sup>1)</sup> Premiums comprise premiums earned in savings insurance and premiums earned in risk insurance as well as from fees from unit-linked insurance investors.

<sup>2)</sup> The solvency factor is presented with a one-quarter delay.

Premiums written for the Folksam Life Group amounted to SEK 28,213 (27,967) million for the second quarter of 2020.

Assets under management amounted to SEK 413,167 (396,240) million and unit-linked insurance assets amounted

to SEK 171,319 (163,580) million. In total, customers' assets increased by just over four per cent during the second quarter of 2020 compared with the corresponding period of the previous year. The solvency factor, which is presented with a one-quarter delay, was 3.2 (3.2).

Folksam Life (parent company)	Jan – Jun 2020	Jan – Jun 2019	2019	2018
Premiums, SEK million <sup>1)</sup>	5,774	6,173	12,040	11,584
Underwriting result, SEK million	-3,710	6,350	11,777	2,018
Management expense, %	0.5	0.5	0.5	0.6
Total return, %	-0.4	6.8	10.4	1.5
Assets under management, at period-end, SEK million	196,509	195,092	200,134	183,259
Solvency ratio, at period-end, %	162	164	169	163
Solvency factor <sup>2)</sup> mixed companies	3.7	3.7	3.7	3.8
Collective funding ratio, occupational pension, at period-end, %	116	117	119	110
Collective funding, other life insurance business, at period-end, %	117	118	119	114

<sup>1)</sup> Premiums comprise premiums earned in savings insurance and premiums earned in risk insurance as well as from fees from unit-linked insurance investors

<sup>2)</sup> The solvency factor for mixed companies refers to the sum of the capital base relative to the capital requirements for other life insurance (compliant with the Solvency II directive) and the capital base relative to the capital requirements (compliant with the Solvency I directive) for the occupational pension operations. The solvency factor is presented with a one-quarter delay.

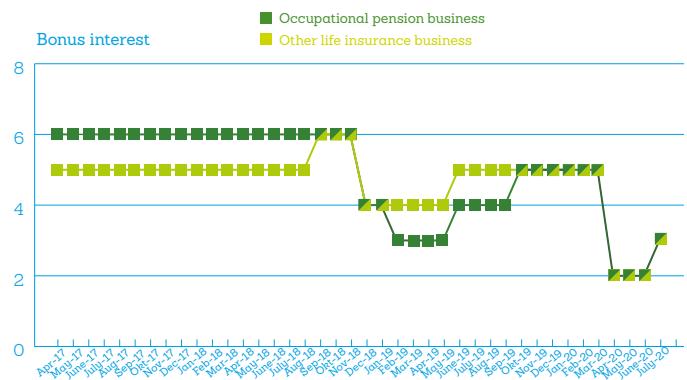
Premiums written for the parent company, Folksam Life, decreased to SEK 5,774 (6,173) million. This decrease is primarily the result of lower premiums in savings, but is also due to slightly lower premiums in risk products. The increase in premiums in collective bargaining business continues.

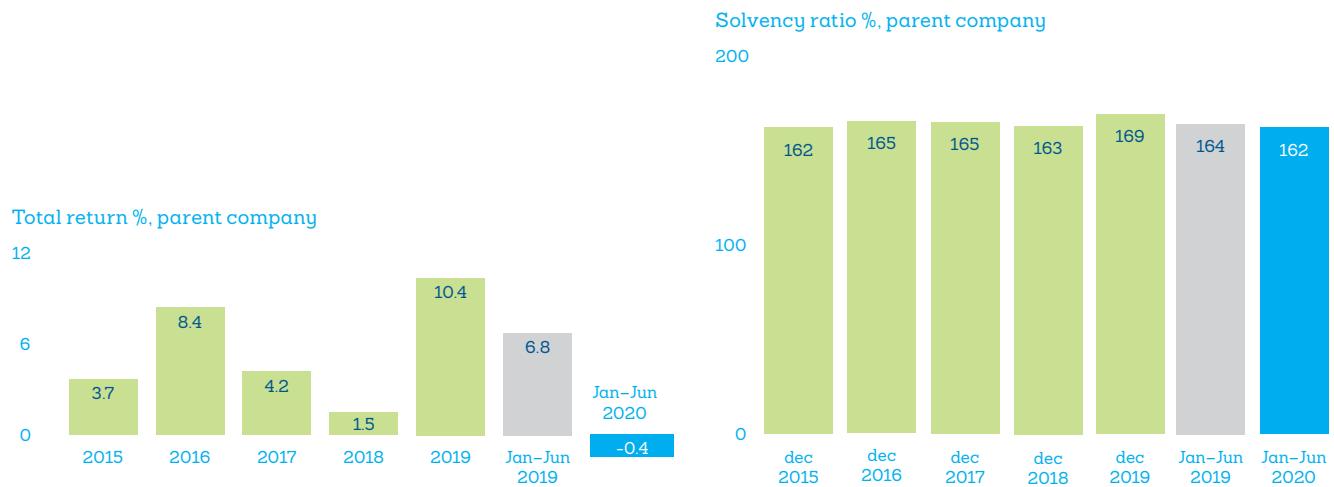
Operating expenses were negatively affected by higher pension costs during the period and totalled SEK 512 (511) million.

Expenses are on a par with the previous year, as these increased during the second quarter.

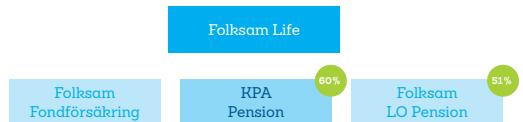
The solvency factor for mixed companies, which we present with a one-quarter delay, is stable and amounted to 3.7 for the parent company. The collective funding ratio for defined-contribution occupational pension insurance amounted to 116 per cent in the second quarter of 2020 and to 117 per cent for other life insurance business, corresponding to an increase from the first quarter of just over SEK five million, or almost five per cent.

Total return for the period amounted to -0.4 (6.8) per cent. Viewed over the past five years, 2015–2019, the annual average total return for Folksam Life was 5.6 per cent. The total return for the last ten-year period, 2010–2019, was 6.9 per cent per annum. The solvency ratio of the parent company decreased to 162 (164).





# KPA Pension\*



KPA Pensionsförsäkring AB	Jan – Jun 2020	Jan – Jun 2019	2019	2018
Premiums, SEK million <sup>1)</sup>	13,242	12,911	17,315	16,475
Underwriting result, SEK million	-1,790	10,507	17,615	4,375
Management expense, %	0.2	0.2	0.2	0.2
Total return, %	-0.6	4.9	11.2	0.5
Bonus rate (%) defined benefit	-0.7	7.7	11.3	0.5
Bonus rate (%) defined contribution	-0.6	7.7	11.3	0.5
Assets under management, at period-end, SEK million	212,292	196,426	202,714	172,402
Solvency ratio, at period-end, %	163	167	171	165
Solvency factor (S1), at period-end <sup>2)</sup>	17.2	15.7	16.8	15.7

<sup>1)</sup> Premiums comprise premiums earned in savings insurance and premiums earned in risk insurance as well as from fees from unit-linked insurance investors.

<sup>2)</sup> The solvency factor is presented with a one-quarter delay.

Premium income for KPA Pensionsförsäkring amounted to SEK 13,242 (12,911) million. KPA Pensionsförsäkring has preferred company status for defined-contribution pensions for municipal and regional employees.

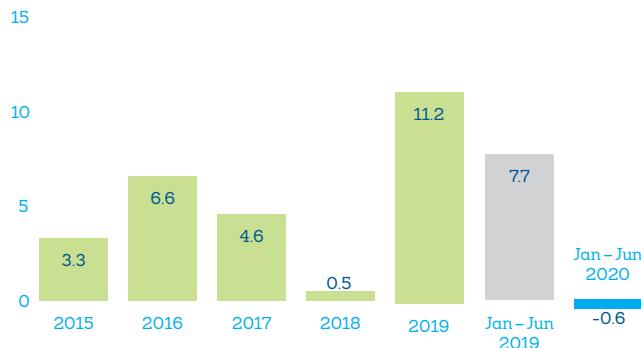
The underwriting result amounted to SEK -1,790 (10,572) million and is explained by the negative return on capital during the period.

Total return amounted to -0.6 (4.9) per cent for the period. The bonus rate for defined-benefit insurance was SEK -0.7 (7.7) per cent and for defined-contribution insurance was SEK -0.6 (7.7) per cent as a result of negative value trends for equity during the first six months. The management expense ratio at KPA Pension amounted to 0.2 (0.2). The solvency ratio amounted to 163 (167) per cent at the end of the period. The solvency ratio increased during the second quarter but is still lower than for the corresponding period of the previous year. Viewed over the past ten years, 2010–2019, the annual average total return was 6.8 per cent.

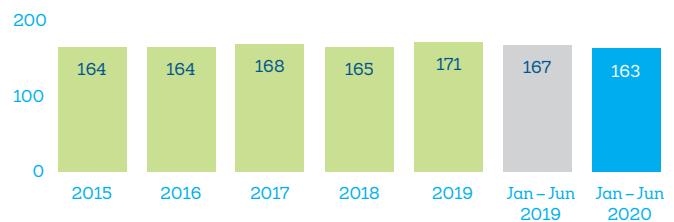
The solvency factor, which we present with a one-quarter delay, amounted to 17.2 per cent.

\* The brand KPA Pension comprises the parent company KPA AB, the insurance companies KPA Livförsäkring AB (publ) (KPA Livförsäkring) and KPA Pensionsförsäkring AB (publ) (KPA Pensionsförsäkring), as well as KPA Pensionsservice AB.

Total return, %



Solvency ratio, %

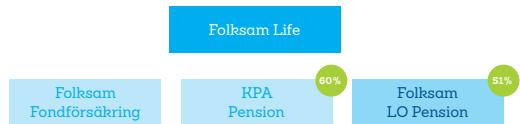


Climate indicator	TCFD indicator name	Apr - Jun 2020	Jan - Mar 2020	2019	2018
Carbon dioxide emissions (CO2e) in own operations, with a target of net zero by 2030 <sup>1)</sup>		7.9	-	65	104
Energy consumption at properties, corrected for a normal year (kWh/sq m)		106.5	-	109.5	113
Carbon footprint of the equity portfolio, Carbon dioxide intensity, weighted average, tonnes of CO2e/SEK million <sup>2)</sup>	Weighted Average	7.1	-	7.6	10.9

<sup>1)</sup> The majority of emissions sources are updated quarterly.

<sup>2)</sup> The key ratios present a snapshot of the equity portfolio's greenhouse gas emissions. Note that the measure does not show the total climate impact of the investments. The calculations are not comprehensive and also do not include all indirect emissions. The calculation of the equity portfolio is based on the latest available data from MSCI and includes emissions corresponding to scopes 1 and 2 according to the Greenhouse Gas (GHG) Protocol. Greenhouse gas emissions are measured in carbon dioxide equivalents (CO2e), which makes it possible to measure different greenhouse gases in the same way. The measurement includes all listed Swedish and foreign companies in the equity portfolio as at 31 December 2019. The calculation is based on data in USD, which affects reported earnings in SEK.

# Folksam LO Pension\*



Folksam LO Fondförsäkring	Jan – Jun 2020	Jan – Jun 2019	2019	2018
Premiums, SEK million <sup>1)</sup>	6,750	6,397	7,925	7,405
Underwriting result for the period, SEK million	135	101	231	232
Profit for the period	114	165	312	238
Total return, %	-4.5	16.0	24.3	10.8
Management expense ratio, %	0.10	0.13	0.13	0.14
Unit-linked insurance assets, at period-end, SEK million	118,097	109,313	118,624	88,609
Solvency factor (S1), at period-end	7.4	6.4	6.6	6.6

<sup>1)</sup> Premiums comprise premium payments from unit-linked insurance investors.

The incoming payments for Folksam LO Fondförsäkring increased to SEK 6,750 (6,397) million. This increase is the result of more customers transferring their capital to Folksam LO Fondförsäkring. The underwriting result amounted to SEK 135 (101) million. This increase results from reduced operating costs and increased earnings of net discounts. The company's overall profit was SEK 114 (165) million. This fall in profit is the result of a decrease in return on capital during the period compared with the comparison period, although the return on capital has recovered strongly compared with the previous quarter.

Unit-linked insurance assets amount to SEK 118,097 (109,313) million. This increase is the result of a positive cash flow and the positive change in value derived from the previous year. The total return ratio amounted to -4.5 (16.0) per cent. The solvency factor amounted to 7.4 (6.4).

\* The brand Folksam LO Pension includes Folksam LO Fondförsäkring.

# Appendix: Other subsidiaries and associated companies

Folksam General				
Tre Kronor	Jan – Jun 2020	Jan – Jun 2019	2019	2018
Premiums, SEK million <sup>1)</sup>	565	536	1,088	1,040
Underwriting result, SEK million	22	21	76	48
Profit/loss before appropriations and income tax, SEK million	27	37	83	45
Total expenses, %	95.9	96.3	92.8	95.4
Solvency factor (SCR), at period-end <sup>2)</sup>	1.9	1.8	1.9	2.0
Saco Folksam Försäkring	Jan – Jun 2020	Jan – Jun 2019	2019	2018
Premiums, SEK million <sup>1)</sup>	92	85	176	156
Underwriting result, SEK million	-10	0	3	25
Profit/loss before appropriations and income tax, SEK million	-10	15	22	25
Total expenses, %	119.6	102.9	102.2	85.1
Solvency factor (SCR), at period-end <sup>2)</sup>	1.3	1.7	1.7	1.7

<sup>1)</sup> Premiums means premiums earned, which corresponds to the proportion of premiums paid in for the period

<sup>2)</sup> The solvency factor is presented with a one-quarter delay

Folksam Life				
KPA Livförsäkring	Jan – Jun 2020	Jan – Jun 2019	2019	2018
Premiums, SEK million <sup>1)</sup>	323	310	311	294
Underwriting result, SEK million	-23	282	22	17
Management expense ratio, %	0.8	0.8	0.8	0.8
Total return, %	-0.7	5.8	7.9	0.0
Solvency factor (SCR), at period-end <sup>2)</sup>	3.1	3.3	3.3	3.4
Folksam Fondförsäkring	Jan – Jun 2020	Jan – Jun 2019	2019	2018
Premiums, SEK million <sup>1)</sup>	1,679	1,702	3,272	3,410
Profit/loss for the period before tax, SEK million	22	32	92	82
Management expense ratio, %	1.00	1.10	1.00	1.20
Unit-linked insurance assets, at period-end, SEK million	42,928	43,944	46,075	39,318
Solvency factor, mixed companies <sup>2)</sup>	1.6	1.5	1.6	1.5

<sup>1)</sup> Premiums means premiums earned, which corresponds to the proportion of premiums paid in for the period

<sup>2)</sup> The solvency factor is presented with a one-quarter delay

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## Our vision

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