



Interim Report

January – September 2020

The Folksam Group

2020

Q1 Q2 Q3 Q4

Folksam

Overview: The Folksam Group

The Folksam Group as a whole	Jan–Sep 2020	Jan–Sep 2019	2019	2018
Folksam Customer Index (FCI), %^⑦	74	74	75	75
Premiums, SEK million ^⑨	44,605	44,616	55,543	53,812
Assets under management, at period-end, SEK million ^{⑨⑩⑪}	474,296	447,297	454,536	404,059
Unit-linked insurance assets, at period-end, SEK million ^{⑨⑩⑫}	184,846	167,051	175,826	137,076
Number of full-time employees ^⑬	3,495	3,625	3,891	3,771

^⑨ 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.
^⑩ Konsumentkooperationens Pensionsstiftelse is not included.
^⑪ At the end of the period.

^⑫ Assets according to the total return table less strategic holdings, which principally relate to the value of subsidiaries.
^⑬ Investment assets for which the policyholders bear the risk.
^⑭ Based on paid time during the period.
^⑮ The FCI measurement includes private and individual markets, not partners and companies.

Folksam Group's managed assets, 30 Sep 2020



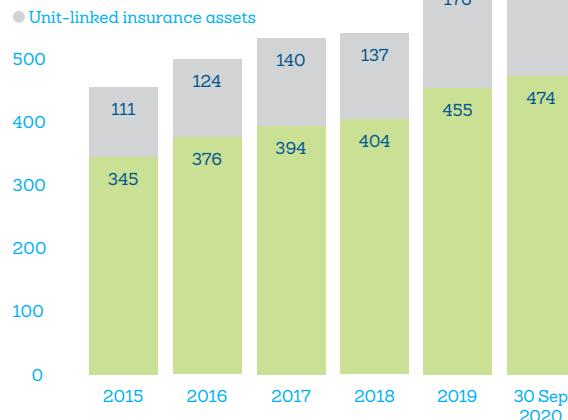
Managed assets and unit-linked insurance assets

At 30 September 2020, the Folksam Group managed SEK 474,296 (447,297) million. Unit-linked insurance assets amounted to SEK 184,846 (167,051) million. Folksam Life's rate of return was 2.5 (8.7) per cent and KPA Pensionsförsäkring's rate of return was 2.3 (9.6) per cent.

Total premium volume, SEK million



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



Strong return on capital in challenging times

The Folksam Group further strengthened its financial position during the third quarter. Despite concerns about the impact of a second wave of the coronavirus pandemic, the stock markets have performed strongly over the period.

Coronavirus reboot – a unique opportunity for the climate

The coronavirus reboot represents a unique opportunity to accelerate efforts to save the climate. The Folksam Group has adopted the target of achieving net zero emissions and it is clear that a coronavirus reboot is needed in order to accelerate the journey towards this goal. The changes made can help boost our efforts to ensure that our customers' pensions contribute to a more sustainable society.

Quarterly reporting of sustainability data

The Folksam Group has begun quarterly reporting of direct and indirect carbon dioxide emissions, starting 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 portfolios by 2050.

The importance of private savings

It has become clear during the coronavirus pandemic that long-term private savings are vital for personal financial security. This is also true of private pension savings, which for many are an absolute necessity. According to the Swedish Pensions Agency, 20 per cent of people need to save in a private pension. The state should take greater responsibility for encouraging those on low and middle incomes to save in private pensions. The insurance industry has submitted a proposal for matching that could help to achieve this.

Life and General

The total premium volume amounted to SEK 44.6 billion, which is unchanged compared with the same period last year.

Premiums at the life insurance companies fell – despite the coronavirus pandemic – by only 1.3 per cent compared with the same period last year. This is due to a fall in sales within the savings products of individual occupational pensions and individual other life insurance, mainly because the coronavirus pandemic has limited opportunities to provide personal advice. These slightly weaker sales are compensated for in profits by a positive trend in asset management. Surrenders stabilised during the third quarter at levels on a par with the same period last year. The underwriting result at Folksam Life's parent company was positive and the solvency ratio increased to 167.



Folksam's non-life insurance business has also shown its strength during the third quarter. The continued rise in union membership has brought a larger number of new customers within group insurance. The effects of low claims expenses in Home and Motor Insurance during the second quarter can still be seen at Folksam General, where the total cost ratio is at a record-low 90.5 per cent. This is primarily a consequence of the coronavirus pandemic, with lower claims expenses than normal. Increased premiums and lower claims expenses mean that the underwriting result at Folksam General remains positive and the funding ratio is at a strong 179 per cent.

Strong return on capital

The Folksam Group's assets under management amounted to SEK 474 billion, an increase of 6 per cent or just under SEK 27 billion, compared with the same period last year. The increase in assets under management is mainly the result of the rise in the stock market during the second and third quarters. The total return ratio during the period at Folksam Life was 2.5 per cent and at KPA Pensionsförsäkring was 2.3 per cent, continuing to show clear improvement from June.

Operating expenses

The entire Folksam Group continues to work to reduce operating expenses and consultant costs have fallen sharply compared with the same period last year. A lot of work has been done, but there is plenty more for us to do if we are to achieve a level that ensures the long-term competitiveness of all Folksam's companies.

Organisational changes

I am very pleased that we have been able to recruit Linn Edström Larsson during the quarter as the new CFO of the Folksam Group. Linn has been the acting CFO for just over six months and is a highly respected leader and member of the Group management.

It has also been my pleasure to announce that Camilla Larsson has been appointed as the new CEO of KPA AB and KPA Pensionsförsäkrings AB. She replaces Britta Burreau, who is leaving KPA Pension to become CEO of Almi Företagspartner. Camilla Larsson joins us most recently from AMF and will take up her position at KPA Pension in April 2021.

These two new appointments are key elements in our work to strengthen our leadership for the future.

Ylva Wessén

President and CEO

Significant events

During the quarter (Jul–Sep)

Folksam raised the bonus rate

With effect from 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.

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.

KPA Pension acquired homes in Skåne

KPA Pension, which is part of the Folksam Group, acquired five property projects, consisting of approximately 600 apartments covering 37,600 square metres, built by Skanska.

The Folksam Group invested SEK 10 billion in a property credit fund

The Folksam Group invested SEK 10 billion in the property credit fund Brunswick Real Estate Capital III (BREC III). This is Folksam's largest-ever single investment.

Folksam co-invests in the government's first green bond

Folksam invested SEK 474 million in the government's first green bond, which will contribute to Sweden's environmental and climate targets through climate investments and railway maintenance and by protecting our valuable nature.

Linn Edström Larsson – New CFO of the Folksam Group

Linn Edström Larsson has been appointed as Folksam's new Chief Financial Officer. She has been Acting CFO since 1 March 2020 when Jesper Andersson left Folksam to become CEO of Löf.

Saco Folksam Försäkring to be incorporated into Folksam General

The Board of Folksam General has decided to incorporate Saco Folksam Försäkring into Folksam General.

Folksam raised the bonus rate to 4 per cent

With effect from 1 October, Folksam Life raised the bonus rate for occupational pensions from 3 per cent to 4 per cent. The bonus rate for other life insurance was left unchanged at 3 per cent.

After the end of the quarter

Folksam raised the bonus rate to 4 per cent

With effect from 1 October, Folksam Life raised the bonus rate for occupational pensions from 3 per cent to 4 per cent. The bonus rate for other life insurance was left unchanged at 3 per cent.

Camilla Larsson – new CEO of KPA Pension

Camilla Larsson has been appointed the new CEO of KPA AB and KPA Pensionsförsäkrings AB. She replaces Britta Bureau, who is leaving KPA Pension to become CEO of Almi Företagspartner.

Folksam Life paid out SEK 286 million in bonuses

In October, Folksam Life began sending out bonus statements to 600,000 customers. Almost SEK 286 million is being paid out in total.

Folksam Life changed its collective funding policy

The funding policy provides the basis for Folksam's surplus management in relation to traditional insurance savings. An effective funding policy ensures fair surplus management and Folksam is taking this step in order to ensure fairness between customer groups. The new policy is applicable from 31 October.

Folksam reported the sharing of personal data to the Swedish Data Protection Authority (Datainspektionen)

During an internal inspection, Folksam has discovered that it is estimated that one million people's personal data, some of which are to be considered sensitive, has been shared with digital partners. Folksam has stopped this division, requested that the data is deleted from the partner companies and reported the occurred to the Swedish Data Protection Authority.

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 at the same time 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.

The coronavirus pandemic has led to a rapid move towards digitisation. We are conducting ongoing analysis of the new working methods, processes and procedures this has given rise to so that we can learn from them and implement and permanently establish certain new ways of working.

Focus on sustainability

Major focus on Sustainable Finance

The Folksam Group is continuing its work to adapt to Sustainable Finance, the European Commission's action plan for sustainable finance. The action plan contains ten different measures and has three overall objectives:

- To realign financial flows in a more sustainable direction
- To integrate sustainability in risk management
- To promote transparency and a long-term approach in finance

The Folksam Group was already thinking long-term before the EU's action plan but these issues will now be the subject of clearer requirements in particular in connection with two new regulations: the Regulation on sustainability disclosure within the financial services sector (Disclosure) and the Regulation establishing a framework to facilitate sustainable investment (Taxonomy). The action plan's implementation period begins in 2021 and is expected to last several years.

New sustainability training for KPA employees

KPA's vision is to be a leader in sustainability. This places strong demands on sustainability work and communication to customers and other interested parties. It is important for all employees, the KPA organisation and within shared functions to have a good insight into KPA's sustainability work within asset management. The target is for all employees to have completed the training course by 31 December.

Folksam continues to lead the way in green bonds

During the quarter, the Folksam Group consolidated its position as one of Sweden's leading investors in green bonds. In September, SEK 474 million was invested in the first green bond issued by the Swedish government, the capital from which will contribute to Sweden's environmental and climate targets through climate investments and railway maintenance and by protecting our valuable nature. The Folksam Group has so far invested a total of over SEK 30 billion in green bonds.

Folksam makes a stand at AGMs

The Folksam Group has voted at 40 Swedish AGMs so far this year and intends to vote at all extraordinary general meetings during the autumn. This has been done via proxy and postal voting this year, as the coronavirus pandemic has prevented the meetings from being held physically to a large extent. We have also made a stand on the issue of dividends, where we decided to vote against any proposed dividends in cases where the company has also applied for and received emergency financial support from the government.

Folksam involved in project to reduce the climate impact of the steel and cement industry

The Folksam Group continued its work within Climate Transition, an international advocacy project that aims to reduce the climate impact of the steel and cement industry. During the quarter, a digital round table was held with several of the world's leading steel and cement companies, where the discussion included how the companies can play a greater role

in the climate adjustment that is needed in the industry. Since the project was launched almost two years ago, there has been a noticeable increase in the priority given to the issue of climate change among the companies, including through increased reporting and examples of new technological innovations.

Updated code of conduct raises the bar for Folksam's suppliers

September saw the adoption of Folksam's new code of conduct for suppliers. The code has undergone a major revision during 2020. The update is designed to tighten the requirements that Folksam places on its suppliers and to make it clear to decision-makers, such as clients and steering groups, as well as suppliers, which requirements form the basis of the supplier evaluation. The code of conduct continues to be based on international conventions concerning human rights, the working environment, labour law and international environmental and anti-corruption legislation, but the specific requirements have been fleshed out and supplemented. The new code of conduct for suppliers applies at Folksam General, Folksam Life and all subsidiaries.

Folksam Fondförsäkring launches climate-friendly funds

Folksam Fondförsäkring has long focused on sustainability when selecting funds. Now it is launching a new concept with fund portfolios that exclude investments in fossil fuels. Three different packages of funds are available, with varying levels of risk.

Folksam Fondförsäkring does not have its own funds but offers a guided range of external funds through a fund platform. All funds in the guided range are 100 per cent sustainable based on Folksam's own criteria. In order to be included in the climate-friendly fund portfolios, the funds must also exclude investments in fossil fuels in the form of oil, gas and coal. We have packaged these climate-friendly funds on the basis of low, medium and high risk levels, making it easier for our customers to make sustainable choices.

Climate indicator	TCFD indicator name	Jul-Sep 2020	2019	2018
Carbon dioxide emissions (CO2e) in own operations, with a target of net zero by 2030 ¹⁾		149.4	1,676	2,022
Energy consumption at properties, corrected for a normal year (kWh/sq m)		103.6	108.4	109
Carbon footprint of the equity portfolio, Carbon dioxide intensity, weighted average, tonnes of CO2e/SEK million ²⁾	Weighted Average	6.8	7.7	10.6

¹⁾ 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.

²⁾ 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 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 coronavirus crisis has had a major impact on people and the economy. Sweden and the EU need to rescue the economy and accelerate climate adjustment as part of a coronavirus reboot. This will enable the pension billions and Swedish pensions to make a more effective contribution on the journey towards net zero emissions. In meetings, in the media and at seminars, the Folksam Group has highlighted important measures for a good coronavirus reboot, such as an increased share of the reboot budget being allocated to climate adjustment, the introduction of climate terms for public investment and financial support for companies nationally and within the EU, as well as the EU raising its 2030 climate target. As part of the Folksam Group's work to meet its own net zero target by 2050, we have stated in the media that we want all listed companies to adopt net zero targets and to report on their work and we have recommended the TCFD framework as a good starting point for companies that want to identify financial risks and opportunities in relation to the 1.5-degree target. In order to set an example, the Folksam Group has begun reporting our climate and sustainability data on a quarterly basis.

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. Folksam has been invited to the Ministry of Finance for further discussion of the issue during the autumn.

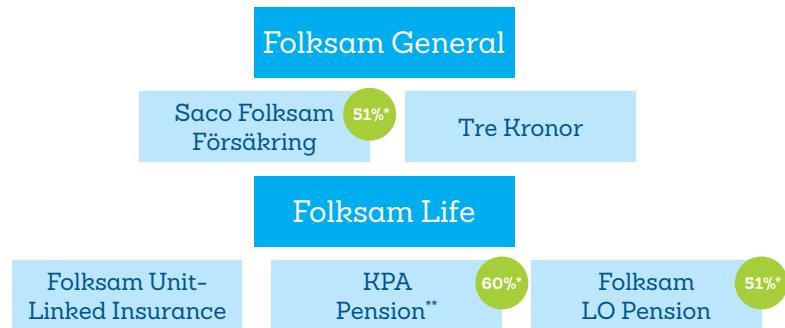
Background: A new law on occupational pensions was adopted in November, which aims to adapt the regulatory framework to the needs of the market. The Swedish Parliament instructed the government to improve occupational pension regulation. In order to adapt the business to the new Occupational Pensions 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 government has submitted a bill to parliament which proposes a fee cap for the surrender and transfer of unit-linked insurance and deposit insurance. The proposal is essentially in line with the memorandum presented by the government in the spring and the proposal referred to the Council on Legislation for consideration from earlier in the autumn. 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. It is proposed that the new fee cap will apply from 1 April 2021. A decision from the Riksdag is expected in early December.

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.

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:

- 3 February 2021, full-year report for 2020
- 7 May 2021, interim report for first quarter of 2021
- 29 July 2021, interim report for second quarter of 2021
- 29 October 2021, interim report for third quarter of 2021
- 11 February 2022, full-year report for 2021

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–Sep 2020	Jan–Sep 2019	2019	2018
Premiums, SEK million ¹⁾	10,997	10,563	14,149	14,463
Assets under management, at period-end, SEK million	47,985	45,698	45,344	43,901
Solvency factor (SCR), at period-end ²⁾	2.2	2.3	2.3	2.4

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

²⁾ 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 level of SEK 10,997 (10,563) million at the end of the third quarter.

Folksam General (parent company)	Jan–Sep 2020	Jan–Sep 2019	2019	2018
Premiums, SEK million ¹⁾	9,986	9,624	12,885	12,379
Underwriting result, SEK million	944	489	237	81
Profit/loss before appropriations and tax, SEK million	1,392	1,762	1,308	1,349
Total expenses, %	90.5	95.4	96.1	97.9
of which claims expenses, %	77.6	81.6	81.8	79.4
of which operating expenses, %	12.9	13.8	14.3	18.5
Total return, %	1.4	3.3	3.0	4.1
Solvency capital, at period-end, SEK million	24,007	23,086	22,821	21,565
Funding ratio, at period-end, %	179	181	178	177
Solvency factor ²⁾ (SCR), at period-end	2.2	2.2	2.2	2.4

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

²⁾ 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 at the parent company rose by four per cent for the period to SEK 9,986 (9,624) million. This increase is the result of both portfolio growth and premium adjustments.

The total cost ratio at the parent company amounted to 90.5 (95.4) per cent, which was lower than the previous year. The claims expense ratio decreased to 77.6 (81.6) per cent. The previous year was burdened by natural damage and major loss claims and the interest rate effect on personal injury annuities was negative, which goes some way to explaining the difference between the years. The coronavirus pandemic has reduced claim rates in some insurance lines, resulting in a lower claims outcome during the year.

The operating expense ratio decreased to 12.9 (13.8) per cent. This reduction is the result of the focus on costs of the Folksam Group. Measures here include restrictive re-recruitment and the replacement of consultants with internal resources.

The underwriting result amounted to SEK 944 (489) million. This increase is the result of higher premiums earned and lower operating costs, combined with an improved claims outcome. Profit before appropriations and tax amounted to

SEK 1,392 (1,762) million for the period. This reduction is the result of the return on capital for the period being lower than in the previous year.

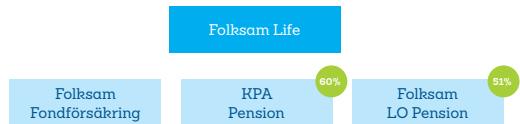
Total returns for the period amounted to 1.4 (3.3) per cent. The solvency factor, which is presented with a one-quarter delay, amounted to 2.2 (2.2) for the parent company in the most recent outcome.

The funding ratio decreased slightly to 179 (181) per cent at the parent company.

Funding ratio, %, parent company



Folksam Life



Folksam Life Group	Jan–Sep 2020	Jan–Sep 2019	2019	2018
Premiums, SEK million ¹⁾	33,608	34,053	41,394	39,349
Assets under management, at period-end, SEK million	424,375	403,290	407,446	360,157
Unit-linked insurance assets, at period-end, SEK million	184,846	167,051	175,826	137,076
Solvency factor, at period-end ²⁾	3.2	3.2	3.2	3.3

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

²⁾ The solvency factor is presented with a one-quarter delay.

Premiums written for the Folksam Life Group amounted to SEK 33,608 (34,053) million for the third quarter of 2020.

Assets under management amounted to SEK 424,375 (403,290) million and unit-linked insurance assets

amounted to SEK 184,846 (167,051) million. In total, customers' assets increased by around five per cent during the third 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–Sep 2020	Jan–Sep 2019	2019	2018
Premiums, SEK million ¹⁾	8,283	8,926	12,040	11,584
Underwriting result, SEK million	1,972	7,548	11,777	2,018
Management expense, %	0.5	0.5	0.5	0.6
Total return, %	2.5	8.7	10.4	1.5
Assets under management, at period-end, SEK million	201,544	198,541	200,134	183,259
Solvency ratio, at period-end, %	167	164	169	163
Solvency factor ²⁾ mixed companies	3.8	3.7	3.7	3.8
Collective funding ratio, occupational pension, at period-end, %	119	118	119	110
Collective funding, other life insurance business, at period-end, %	119	119	119	114

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

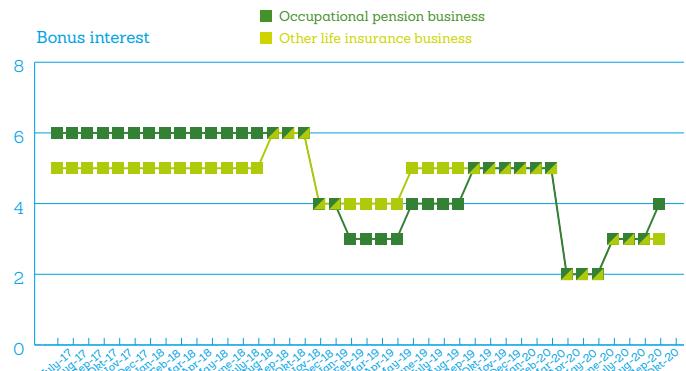
²⁾ The solvency factor for mixed companies refers to the sum of the capital base relative to the capital requirements for other life insurance (compliant with the Solvency II directive) and the capital base relative to the capital requirements (compliant with the Solvency I directive) for the occupational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

Premiums written for the parent company, Folksam Life, decreased to SEK 8,283 (8,926) million. This reduction is the result of lower premiums in savings as a result of the coronavirus pandemic. The increase in premiums in collective bargaining business continues.

Operating expenses are on a par with the previous year, totaling SEK 695 (694) million.

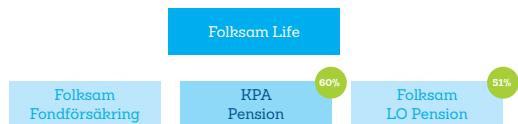
The solvency factor for mixed companies, which we present with a one-quarter delay, is stable and amounted to 3.8 for the parent company. The collective funding ratio for defined-contribution occupational pension insurance amounted to 119 per cent for the second quarter of 2020 and 119 per cent for other life insurance business. The funding ratio has been strengthening gradually since the first quarter.

Total return for the period amounted to 2.5 (8.7) 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 at the parent company has strengthened gradually during the year, amounting to 167 (164) at the end of the quarter.





KPA Pension*



KPA Pensionsförsäkring AB	Jan–Sep 2020	Jan–Sep 2019	2019	2018
Premiums, SEK million ¹⁾	14,819	14,495	17,315	16,475
Underwriting result, SEK million	4,441	9,862	17,615	4,375
Management expense, %	0.2	0.2	0.2	0.2
Total return, %	2.3	9.6	11.2	0.5
Bonus rate (%) defined benefit	1.6	9.6	11.3	0.5
Bonus rate (%) defined contribution	2.4	9.6	11.3	0.5
Assets under management, at period-end, SEK million	218,413	200,095	202,714	172,402
Solvency ratio, at period-end, %	167	163	171	165
Solvency factor (S1), at period-end ²⁾	14.8	16.8	16.8	15.7

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

²⁾ The solvency factor is presented with a one-quarter delay.

Premium income for KPA Pensionsförsäkring amounted to SEK 14,819 (14,495) million. KPA Pensionsförsäkring has preferred company status for defined-contribution pensions for municipal and regional employees.

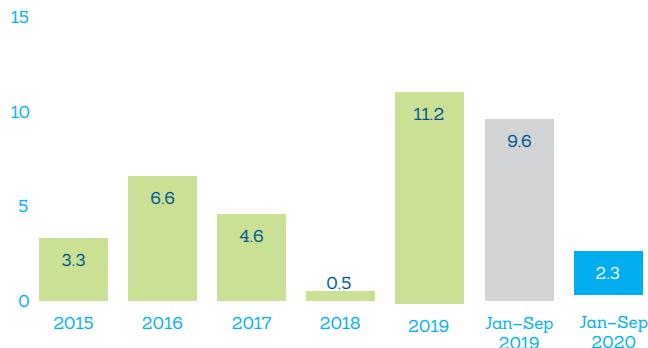
The underwriting result amounted to SEK 4,441 (9,862) million. This lower result compared with the previous year is due to a lower return on capital during the period.

Total return amounted to 2.3 (9.6) per cent for the period. The bonus rate for defined-benefit was 1.6 (9.6) per cent and for defined-contribution was 2.4 (9.6) per cent as a result of lower value trends for equity during the first two quarters of the year. The management expense ratio at KPA Pension amounted to 0.2 (0.2). The solvency ratio amounted to 167 (163) per cent at the end of the period. The solvency ratio strengthened gradually during the second and third quarters. Viewed over the past ten years, 2010–2019, the annual average total return was 6.8 per cent.

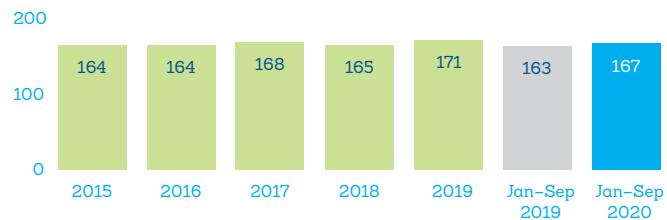
The solvency factor, which we present with a one-quarter delay, amounted to 14.8 per cent.

* 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, %

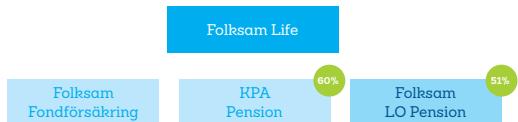


Climate indicator	TCFD indicator name	Jul–Sep 2020	2019	2018
Carbon dioxide emissions (CO2e) in own operations, with a target of net zero by 2030 ¹⁾		7.3	65	104
Energy consumption at properties, corrected for a normal year (kWh/sq m)		103.5	109.5	113
Carbon footprint of the equity portfolio, Carbon dioxide intensity, weighted average, tonnes of CO2e/SEK million ²⁾	Weighted Average	7.1	7.6	10.9

¹⁾ The majority of emissions sources are updated quarterly.

²⁾ 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–Sep 2020	Jan–Sep 2019	2019	2018
Premiums, SEK million ¹⁾	7,170	7,330	7,925	7,405
Underwriting result for the period, SEK million	209	167	231	232
Profit for the period	220	244	312	238
Total return, %	4.0	18.2	24.3	10.8
Management expense ratio, %	0.10	0.13	0.13	0.14
Unit-linked insurance assets, at period-end, SEK million	128,451	111,868	118,624	88,609
Solvency factor (S1), at period-end	7.4	6.6	6.5	6.6

¹⁾ Premiums comprise premium payments from unit-linked insurance investors.

Incoming payment for new premiums from savers fell by SEK 160 million compared with the corresponding period last year. This decrease is the result of the ongoing transfer ban that applies to the SAF-LO agreement area, which has resulted in fewer inward transfers, as well as the coronavirus pandemic preventing workplace visits.

The underwriting result was SEK 209 (167) million and the company's overall profit was SEK 220 (244) million. The factors behind the improved underwriting result are higher fund rebates and lower operating costs. The lower overall profit is due to a poorer return on capital during the period.

The unit-linked insurance assets increased slightly as a result of a positive cash flow and a positive change in value, and amounted to SEK 128,451 (111,868) million. The total return ratio amounted to 4.0 (18.2) per cent. The solvency factor amounted to 7.4 (6.6).

* The brand Folksam LO Pension includes Folksam LO Fondförsäkring.

Appendix: Other subsidiaries and associated companies

Folksam General				
Tre Kronor	Jan–Sep 2020	Jan–Sep 2019	2019	2018
Premiums, SEK million ¹⁾	858	811	1,088	1,040
Underwriting result, SEK million	72	33	76	48
Profit/loss before appropriations and tax, SEK million	88	46	83	45
Total expenses, %	91.4	96.1	92.8	95.4
Solvency factor (SCR), at period-end ²⁾	1.9	1.8	1.9	2.0
Saco Folksam Försäkring	Jan–Sep 2020	Jan–Sep 2019	2019	2018
Premiums, SEK million ¹⁾	153	129	176	156
Underwriting result, SEK million	-3	0	3	25
Profit/loss before appropriations and tax, SEK million	3	17	22	25
Total expenses, %	106.9	110.5	102.2	85.1
Solvency factor (SCR), at period-end ²⁾	1.3	1.7	1.6	1.7

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

²⁾ The solvency factor is presented with a one-quarter delay

Folksam Life				
KPA Livförsäkring	Jan–Sep 2020	Jan–Sep 2019	2019	2018
Premiums, SEK million ¹⁾	323	310	311	294
Underwriting result, SEK million	87	343	22	17
Management expense ratio, %	0.8	0.8	0.8	0.8
Total return, %	1.6	6.9	7.9	0.0
Solvency factor (SCR), at period-end ²⁾	3.1	3.3	3.3	3.4
Folksam Fondförsäkring	Jan–Sep 2020	Jan–Sep 2019	2019	2018
Premiums, SEK million ¹⁾	2,415	2,497	3,272	3,410
Profit/loss for the period before tax, SEK million	55	61	92	82
Management expense ratio, %	0.90	1.00	1.00	1.20
Unit-linked insurance assets, at period-end, SEK million	45,359	44,569	46,075	39,318
Solvency factor, mixed companies ²⁾	1.7	1.6	1.6	1.5

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

²⁾ The solvency factor is presented with a one-quarter delay

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Our vision

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