

Press release

Interim report, January – June 2012

Continued strong growth

“By committing ourselves to the things our customers care about, Folksam continues to go from strength to strength,” says Anders Sundström, Group CEO Folksam.

All Folksam companies show strong growth while the financial strength continue to increase.

Assets under management grew by SEK 23 billion, totalling SEK 308 billion on 30 June. Total return for the first six months was 2.9 per cent in Folksam Life and 2.7 per cent in KPA Pension.

Folksam total	Jan-Jun 2012	Jan-Jun 2011	Full year 2011	Full year 2010
Premiums, SEKm (1)	23 099	21 468	33 263	30 496
Asset under management, SEKm (2)	308 356	281 366	285 106	268 170
of which Swedish equities	53 485	60 337	49 931	57 759
of which property	17 010	15 715	15 900	14 353
Unit-linked insurance assets, SEKm (3)	58 260	50 921	48 416	49 593
Folksam Life (parent company)				
Earned premiums, SEKm	4 171	3 786	7 130	6 339
Solvency ratio, %	140	150	134	158
Total return, %	2,9	3,7	6,5	8,7
Bonus rate Liv1, % (4)	4,5	6,0	5,7	5,5
Collective consolidation ratio Liv2, %	116,1	115,4	115,3	115,2
Bonus rate Liv2, % (4)	9,3	11,0	11,0	9,6
Collective consolidation ratio Liv2, %	114,4	118,2	116,9	120,6
KPA Pensionförsäkring				
Earned premiums, SEKm	6 860	5 880	6 664	6 335
Solvency ratio, %	150	171	143	186
Total return, %	2,7	2,6	5,6	8,2
Rate of return, % (4)	2,7	2,5	5,5	8,3
Collective consolidation ratio, %	100	100	100	100
Folksam Sak (group)				
Earned premiums, SEKm	5 063	4 609	9 362	8 822
Total expense ratio	101	103	104	100
Consolidation ratio, %	118,1	109,0	106,8	101,3
Consolidation ratio (parent company), %	139,7	118,3	123,5	110,4

- 1) Covers earned premiums in non-life insurance, earned premiums in traditional life insurance, and payments and fee income from unit-linked insurance investors.
- 2) Assets under management correspond to assets with a deduction for the value of subsidiaries, and the addition of assets under management in Konsumentkooperationens pensionsstiftelse, Folksam LO Fond and Svenska Lärfonder.
- 3) Investment assets for which the policyholders bear the risk
- 4) Average for the period

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Folksam total

Folksam is customer-owned and encompasses the two parent companies Folksam General and Folksam Life, plus subsidiaries. The parent company Folksam ömsesidig livförsäkring (Folksam Life), KPA Pensionsförsäkring AB (KPA Pension) and the Folksam ömsesidig sakförsäkring (Folksam General) Group are accounted for in the report. The parent companies and all subsidiaries are included under the "Folksam total" heading, with the adjustments stated in the footnotes below the table.

All Folksam companies continue to report good results. Distribution via brokers is increasing, and premium volume is growing steadily in all channels, both in traditional insurance and in unit-linked insurance.

Success in the occupational pensions market continues, and on the contractual pensions market Folksam has almost a quarter of earned premiums, mainly in the KAP-KL and SAF-LO contract areas.

Non-life insurance is continuing to grow, partly through greater distribution via bank assurance and other partnerships.

Folksam's financial strength has allowed for three important property investments during the first part of 2012. In mid-January, KPA Pension acquired 700 rental apartments from Staffanstorp municipality for SEK 545 million. At the end of April, the internationally renowned office building Kungsbrohuset in Stockholm city centre was acquired (70 per cent by KPA Pension and 30 per cent by Folksam Life) from Jernhusen for just over SEK 2.1 billion. In mid-June, Folksam General acquired the prize-winning property Katsan 1. The building is part of the expansive Skanstull district in Stockholm and has a clear environmental focus.

Folksam Life

Earned premiums for Folksam Life for the first half of 2012 increased by SEK 385 million compared to the same period the previous year, to SEK 4,171 (3,786) million. This positive trend is due, among other things, to a greater number of new policies being taken out and to individuals moving their life insurance policies.

The profit in the parent company before appropriations and tax increased from SEK -2,194 million to SEK 6,354 million, mainly due to lower reserves as a result of a slight increase in long-term interest rates.

For the first six months, Folksam Life reported a total return of 2.9 (3.7) per cent. The main part of this is attributable to the shareholding, along with good returns on investments in property and alternative investments.

The solvency ratio was 140 (150) per cent.

As of 1 May 2012, Folksam Life is adjusting its bonus rate for defined-contribution cooperative occupational pensions (Liv 2) from 11 per cent to 6 per cent. The average bonus rate for Liv 2 for the period thus ended up at 9.3 per cent. For other business in

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Folksam Life, the bonus rate for traditional pension investments (Liv 1) remains unchanged at 4.5 per cent.

At 30 June 2012, the collective consolidation ratio for defined-contribution cooperative occupational pensions (Liv 2) totalled 114.4 (118.2) per cent, and for other business in Folksam Life, it was 116.1 (115.4) per cent.

In January, the wholly owned subsidiary Folksam Fondförsäkring AB acquired the unit-linked insurance portfolio of Svenska Lärarfonder from Skandia. At the same time, Svenska Lärarförsäkringar sold the investment fund Svenska Lärarfonder AB to Folksam Fondförsäkring AB.

According to a letter of intend between the partly owned subsidiary Folksam LO Fond AB and Swedbank Robur, negotiations with the aim to transfer the right to manage four funds, Folksam LO Sverige, Folksam LO Västfonden, Folksam LO Obligation and Folksam LO Världen will be held. In total, the four funds comprise SEK 36 billion. The negotiations are expected to be finalised in the later part of 2012. A transfer requires approval from the Swedish Financial Supervisory Authority and any other authorities concerned.

KPA Pension

Earned premiums for KPA Pension for the first six months of 2012 increased by SEK 980 million compared to the same period the previous year, to SEK 6,860 (5,880) million. This sharp increase is mainly due to the fact that more people have selected KPA Pension as their occupational pension company in the KAP-KL contract area, either actively or by default as a secure option.

The obvious seasonal effect in premium volume is due to a large portion of premium payments within the KAP-KL contractual pension being made during the first quarter.

For the first six months of 2012, KPA Pension reported a total return of 2.7 (2.5) per cent. The solvency ratio was 150 (171) per cent.

KPA Pensions uses a rate of return that stood at 2.7 (2.5) per cent during the first six months of 2012. Rate of return means that all yield is distributed immediately after each quarter to investors' accounts. For this reason, the consolidation ratio is always 100 per cent.

Folksam General

Folksam's strong offering to customers in non-life insurance is paying off. Earned premiums for the first six months are up 10 per cent compared to the same period last year, from SEK 4,609 million to SEK 5,063 million. This positive trend is due to a combination of adjustments to premiums and an expanded portfolio.

The Group's net profit for the first six months was SEK 1,323 (1,087) million. The improvement is mainly due to good return on capital.

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The total cost ratio decreased compared to the same period 2011. The improvement is mainly explained by the strong growth in earned premiums. Claim costs continues to be in focus.

The consolidation ratio has been further strengthened by the positive result, totalling 118.1 per cent. In view of its strong financial position, Folksam General (parent company) is planning a bonus programme starting from 2013.

On 29 February, as part of the expansion strategy in the Nordic region, 51 per cent of Aktia Skadeförsäkring AB was acquired. Aktia has net sales of EUR 70 million and mainly operates in the coastal area of Finland.

Full reports for Folksam General and Folksam Life
<http://media.folksam.se/sv/reports/>

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About Folksam

Folksam is a customer-owned company. We offer insurance and pension investments. Almost one in two Swedes is insured with Folksam and we are one of Sweden's biggest asset managers. Our vision is that people should feel secure in a sustainable world. Read more at www.folksam.se