

## Press release

## Year-end report 2012

**Well positioned for the future**

“2012 was the year in which Folksam secured its position as a stable insurance and investment player. We remain committed to what is important to our customers and, with yet another strong year under our belt, we are well positioned for the future,” says Anders Sundström, President and CEO of Folksam.

In 2012 earned premiums rose almost 6 per cent to SEK 35.2 billion in total. Total return in the period was 7.0 per cent for Folksam Life and 7.2 per cent for KPA Pension. Customer ownership is in focus, and during the year Folksam General decided to pay out a bonus to customers.

	<b>Full year 2012</b>	<b>Full year 2011</b>	<b>Full year 2010</b>
<b>Folksam total</b>			
Premiums, SEKm (1)	35,226	33,263	30,496
Assets under management, SEKm (2)	280,973	252,653	235,070
of which Swedish equities	39,432	33,501	39,535
of which property	18,627	15,900	14,353
Unit-linked insurance assets, SEKm (3)	62,224	48,416	49,593
<b>Folksam Life (parent company)</b>			
Earned premiums, SEKm	7,547	7,130	6,339
Solvency ratio, %	144	134	158
Total return, %	7.0	6.5	8.7
Bonus interest Liv1, %	4.5	5.7	5.5
Collective consolidation Liv1, %	118.0	115.3	115.2
Bonus interest Liv2, % (4)	6.0	11.0	9.6
Collective consolidation Liv2, % (4)	116.1	116.9	120.6
<b>KPA Pensionsförsäkring</b>			
Earned premiums, SEKm	7,713	6,664	6,335
Solvency ratio, %	150	143	186
Total return, %	7.2	5.6	8.2
Rate of return, %	7.2	5.5	8.3
Collective consolidation, %	100	100	100
<b>Folksam General (group)</b>			
Earned premiums, SEKm	10,286	9,362	8,822
Total expense ratio	102	104	100
Consolidation ratio, %	117.1	106.8	101.3
Consolidation ratio, %, parent company	143.3	121.5	110.4

(1) Premiums comprise earned premiums in non-life insurance, earned premiums in life insurance and payments and fee income from unit-linked insurance investors.

(2) Assets under management represent assets according to the total return table less company-strategic holdings, which principally relate to the value of subsidiaries, plus assets under management in Konsumentkooperationens Pensionsstiftelse. As of Q1 2012, assets in Svenska Lärarfonder and Aktia Försäkring AB have also been added. In

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2012, the right to manage Folksam LO Fonder was transferred to Robur. Historical figures are adjusted for comparability.

(3) Investment assets for which the policyholders bear the risk.

(4) Cooperative occupational pensions

### **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.

The Folksam brand has strengthened and customer surveys indicate increased popularity. At the same time, our partner relationships have evolved. Successful asset management has helped produce a robust return, bolstering the financial position of Folksam Life and Folksam General and subsidiaries. Customer ownership is in focus, and during the year Folksam General decided to pay out a bonus to customers.

Folksam's negative cost trend with respect to both claims and operating expenses continues. A number of measures have been taken and are expected to take effect in 2013.

Over a five-year period, KPA Pensions and Folksam Lifes customers have received annual returns of 7,9 and 6,6 per cent, respectively. This stands up well in a comparison with all other investment products on the market.

### **Folksam Life**

In 2012, earned premiums for Folksam Life increased by SEK 417 million from the previous year, to SEK 7,547 (7,130) million.

Premium volumes for traditional insurance grew sharply thanks to sustainably strong key ratios and broadened distribution. Unit-linked insurance continued to grow, and the evolution of the fund offering to customers is a key success factor.

Folksam's individual occupational pensions initiative and its efforts to become a selectable company among ITP alternatives will be the major focus areas in pensions in 2013.

For full year 2012, Folksam Life reported a total return of 7.0 (6.5) per cent. Return on equities and a narrower rate gap between housing bonds and government bonds were the main factors that made a positive contribution.

The solvency ratio was 144 (134) per cent.

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At the end of 2012, the collective consolidation ratio for defined-contribution cooperative occupational pensions (Liv 2) totalled 116.1 (116.9) per cent, and for other business in Folksam Life, it was 118.0 (115.3) per cent.

*Significant events*

The streamlining of the company structure with a focus on insurance and pension investments continued in 2012. The right to manage Folksam LO fonder was transferred to Swedbank Robur in April. Through streamlining measures and transferring the right to manage the funds, Folksam can fully concentrate on representing customers.

**KPA Pension**

In 2012, earned premiums for KPA Pension increased by SEK 1,049 million compared to the previous year, to SEK 7,713 (6,664) million. The sharp increase mainly came about because more people selected KPA Pension as their occupational pension company in the KAP-KL contractual area, either actively or by default.

For full year 2012, KPA Pension reported a total return of 7.2 (5.6) per cent.

KPA Pensions uses a rate of return that stood at 7.2 (5.5) per cent for full year 2012. Rate of return means that all return is distributed immediately after each quarter to investors' accounts. For this reason, the consolidation ratio is always 100 per cent.

The solvency ratio was 150 (143) per cent.

**Folksam General**

In 2012 earned premiums in the group increased by almost 10 per cent to a total of SEK 10,286 (9,362) million.

Growth in non-life insurance continues and the Nordic platform is starting to take shape through the acquisition of Folksam Skadeförsäkring Ab (Aktia Skadeförsäkring Ab) in Finland. In motor insurance in particular, but also other areas, a maintained focus on total-service customers and distribution through bank cooperation added to growth in the portfolio. In sickness and accident, the portfolio is growing with relatively stable earned premiums.

The consolidation ratio of the parent company has been further strengthened by the positive result, totalling 143.3 (121.5) per cent. In view of its strong financial position, Folksam General has launched a bonus programme with the first payment in 2013.

The total cost ratio is down compared to the same period in 2012, to 102 (104) per cent. Excluding the effect of changes in interest rates, which affects the provision for life annuity claims, underlying claim costs increased compared to the previous year.

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### *Significant events*

At the beginning of 2012, 51 per cent of Folksam Skadeförsäkring Ab (Aktia Skadeförsäkring Ab) was acquired.

In the third quarter of 2012, an agreement was reached to acquire SalusAnsvar AB and subsidiaries from DNB Nor AS. The acquisition came into effect on 31 January 2013.

Through the acquisition of SalusAnsvar AB and subsidiary Förenade Liv (acquired by Folksam Life in December 2012), Folksam General has bolstered its market position with a view to providing a comprehensive personal risk insurance offering.

This Report has not been subject to review by the Auditors.

### **For further information:**

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### **About Folksam**

Folksam is a customer-owned company. We offer insurance policies and pension investments. Almost one in two Swedes is insured with Folksam, and we are one of the largest asset managers in Sweden. Our vision is that people should feel secure in a sustainable world. Read more at [www.folksam.se](http://www.folksam.se)