

Press release

Interim report January–March 2013

Strong start to the year

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

Folksam’s strong offering to customers is continuing to bear fruit. The total premium volume grew six percent compared to the same period the preceding year. During the first quarter, assets under management increased by SEK 14 billion, amounting to SEK 295 billion on 31 March. Total return in the period was 2.3 per cent for Folksam Life and 2.2 per cent for KPA Pension.

Folksam total	Q1 2013	Full year		Full year 2011
		2012	Q1 2012	
Premiums, SEKm (1)	16,422	35,226	15,52	33,263
Assets under management, SEKm (2)	294,751	280,973	267,361	252,653
of which Swedish equities	45,474	39,432	36,912	33,501
of which property	18,554	18,627	15,958	15,9
Unit-linked insurance assets, SEKm (3)	69,802	62,224	58,718	48,416
Folksam Life (parent company)				
Earned premiums, SEKm	2,002	7,547	2,237	7,13
Solvency ratio, %	150	144	141	134
Total return, %	2.3	7.0	1.2	6.5
Bonus interest Liv1, %	4.5	4.5	4.5	5.7
Collective consolidation Liv1, %	119.9	118.0	115.4	115.3
Bonus interest Liv2, % (4)	6.0	6.0	11.0	11.0
Collective consolidation Liv2, % (4)	116.8	116.1	113.9	116.9
KPA Pensionsförsäkring				
Earned premiums, SEKm	6,807	7,713	6,168	6,664
Solvency ratio, %	160	150	155	143
Total return, %	2.2	7.2	1.4	5.6
Rate of return, %	2.2	7.2	1.5	5.5
Collective consolidation, %	100	100	100	100
Folksam General (Group)				
Earned premiums, SEKm	2,629	10,286	2,453	9,362
Total expense ratio	99	102	97	104
Consolidation ratio, %	122.5	117.1	114.3	106.8
Consolidation ratio, %, parent company	153.5	143.3	132.1	121.5

(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 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

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Folksam

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

Folksam Life

Earned premiums for Folksam Life for the first quarter of 2013 decreased by SEK 235 million compared to the same period the previous year, to SEK 2,002 (2,237) million. This decrease is in line with expectations as the first quarter of 2012 was extraordinarily strong due to high inflows from Söderberg & Partner.

Folksam's focus on occupational pensions continues to be successful. The increased volumes primarily drive sales in unit-linked insurance.

For the first quarter, Folksam Life reported a total return of 2.3 (1.2) per cent. The general upturn in the markets combined with Swedbank's strong growth has made the most positive contribution. Return on interest-bearing assets was weak as a result of rising interest rates during the quarter.

The solvency ratio continues to be strengthened and is now 150 (141) per cent.

At 31 March 2013, the collective consolidation ratio for defined-contribution cooperative occupational pensions in Folksam Life totalled 116.8 (113.9) per cent, and for other business in Folksam Life, it was 119.9 (115.4) per cent.

Significant events

As of 1 April 2013, Folksam Life raised the bonus interest for traditional pension investments from 4.5 to 5.0 per cent before tax and fees. The bonus interest for cooperative occupational pensions was left unchanged at 6.0 per cent.

Folksam Life has been designated Life Insurance Company of the Year by Risk & Försäkring magazine and by Söderberg & Partners for the second year running in their traffic light report.

KPA Pension

Earned premiums for KPA Pension for the first quarter of 2013 increased by SEK 639 million compared to the same period the previous year, to SEK 6,807 (6,168) 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 quarter of 2013, KPA Pension reported a total return of 2.2 (1.4) per cent. The solvency ratio was 160 (155) per cent.

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KPA Pension uses a rate of return that stood at 2.2 (1.5) per cent during the first quarter of 2013. 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.

Significant events

KPA Pensionservice agreed to acquire the shares in SPP Liv Pensionstjänst AB, which includes SPP Kommun. This means that SPP's municipal pension administration and a small municipal insurance stock is being transferred to KPA Pension. The acquisition will be completed during the third quarter of 2013 at the latest.

Folksam General

Folksam's strong offering to customers in non-life insurance is continuing to bear fruit. The positive trend in premium volumes during the first few months of the year is a combination of continued growth in personal insurance and certain adjustments to premiums.

The total cost ratio improved compared to the 2012 full year, but is higher compared to the same period last year. The increase relates to claims costs and can mainly be found in motor insurance.

Folksam is continuing to focus on costs, and a number of measures are being taken that are expected to have an effect in 2013; these include a review of claims costs.

The consolidation ratio of the parent company has been further strengthened by the positive result, totalling 153.5 (132.1) per cent. The figure is over the target level and is exclusive of a provision for bonuses in 2014.

No provision has been made for increased costs resulting from acquisition taxation of services from SOS International A/S.

Significant events

Folksam General took over SalusAnsvar on 31 January and a project to integrate the company is under way.

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