

## Press release

## Interim report, January – June 2013

**Stronger insurance offering drives continued growth**

“Folksam’s commitment to the things our customers care about is delivering results”, says Anders Sundström, Group CEO Folksam. Our insurance offering must constantly evolve in tune with the changing preferences of our customers, and we have managed that successfully”.

The total premium volume grew 4 percent compared to the same period in the preceding year. During the first half-year, assets under management increased by SEK 14 billion, to SEK 295 billion on 30 June. Total return in the period was 2.1 per cent for Folksam Life and 1.9 per cent for KPA Pension.

	Jan–Jun 2013	2012	Jan–Jun 2012	2011
<b>Folksam total</b>				
Premiums, SEKm (1)	24,027	35,226	23,099	33,263
Assets under management, SEKm (2)	294,599	280,973	272,027	252,653
of which Swedish equities	43,129	39,432	35,097	33,501
of which property	19,060	18,627	17,010	15,900
Unit-linked insurance assets, SEKm (3)	70,537	62,224	58,260	48,416
<b>Folksam Life (parent company)</b>				
Earned premiums, SEKm	3,887	7,547	4,171	7,130
Solvency ratio, %	158	144	140	134
Total return, %	2.1	7.0	2.9	6.5
Bonus interest Liv1, % (5)	4.9	4.5	4.5	5.7
Collective consolidation Liv1, %	117.4	118.0	115.7	115.3
Bonus interest Liv2, % (4) (5)	6.0	6.0	9.3	11.0
Collective consolidation Liv2, % (4)	114.9	116.1	114.4	116.9
<b>KPA Pensionsförsäkring</b>				
Earned premiums, SEKm	7,599	7,713	6,860	6,664
Solvency ratio, %	172	150	150	143
Total return, %	1.9	7.2	2.7	5.6
Rate of return, %	1.8	7.2	2.7	5.5
Collective consolidation, %	100	100	100	100
<b>Folksam General (Group)</b>				
Earned premiums, SEKm	5,424	10,286	5,063	9,362
Total expense ratio	97	102	100	104
Consolidation ratio, %	124.0	117.1	118.1	106.8
Consolidation ratio, %, parent company	151.6	143.3	139.7	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. Historical figures are adjusted for comparability. In 2012, assets in Svenska Lärarfonder and Aktia Försäkring AB were added. In 2012, the right to manage Folksam LO Fonder was transferred to Robur. In 2013, assets in SalusAnsvar have been added.

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

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(4) Cooperative occupational pensions

(5) Reported bonus interest is the average for the year.

**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.

The Boards of Directors of Folksam General and Folksam Life have appointed Jens Henriksson as Folksam's new President and CEO. Jens Henriksson joins the Group from Nasdaq OMX Stockholm. He will take up his new appointment on 1 September 2013.

**Folksam Life**

Earned premiums for Folksam Life for the first half of 2013 fell by SEK 284 million compared to the same period last year, to SEK 3,887 (4,171) million.

Adjusted for non-recurring effects in agency business in the first quarter of 2012, the underlying business continues to grow. Folksam's focus on occupational pensions has borne fruit, with negotiations being successfully concluded in both individually- and union-negotiated pensions.

For the first half-year, Folksam Life reported a total return of 2.1 (2.9) per cent. The main part of this is attributable to the return achieved on shares.

Rising interest rates are strengthening the solvency ratio, which at mid-year had risen to 158 (140) per cent.

At 30 June 2013, the collective consolidation ratio for defined-contribution cooperative occupational pensions in Folksam Life totalled 114.9 (114.4) per cent; for other business in Folksam Life it was 117.4 (115.7) per cent.

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

**KPA Pension**

Earned premiums for KPA Pension for the first half of 2013 increased by SEK 739 million compared to the same period in the previous year, to SEK 7,599 (6,860) 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.

For the first half of 2013, KPA Pension reported a total return of 1.9 (2.7) per cent. Its solvency ratio was 172 (150) per cent.

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The rate of return applied by KPA Pension was 1.8 (2.7) per cent for the first half of 2013. All returns calculated on this basis are 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. Under the agreement, SPP's municipal pension administration and a minor volume of municipal insurance stock are being transferred to KPA Pension. The Swedish Competition Authority's review has been delayed, as a result of which the timetable for completion has been set back.

**Folksam General**

Earned premiums for Folksam General for the first half of 2013 increased by SEK 361 million compared to the same period in the previous year, to SEK 5,424 (5,063) million. The increase is due to a combination of adjustments to premiums, and continued growth in both the private and the partner businesses.

The total cost ratio improved both compared to the 2012 full year and the same period last year 97 (100). The claims expense ratio improved to 77 (81). The decline was attributable primarily to the positive impact on annuities from rising interest rates during the period.

The operating expense ratio was 20 (19), a marginal decline on the 19 for the full year 2012. Folksam continues to focus on costs and measures have been taken to bear down on claim and operating costs. These measures are expected to continue to have an impact in the years ahead.

The consolidation ratio of the parent company has been further strengthened by the positive result, totalling 151.6 (139.7) per cent.

The process to integrate SalusAnsvar is proceeding according to plan.

The full half-year reports for Folksam General and Folksam Life are available at [www.folksam.se](http://www.folksam.se).

**For further information, please contact:**

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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).