

Press release

Year-end report 2014

Folksam is growing with increasingly satisfied customers

"Folksam along with its subsidiaries showed continued strong economic strength in 2014. We took important steps on our way to a more modern financial institution. We are growing in virtually all areas at the same time as our customer satisfaction surveys show the highest levels ever. In addition, the year was very eventful. Folksam has been impacted by both low market rates and comprehensive weather related claims costs as well as sweeping regulatory changes. In 2015 we will continue our dedicated work with the industry's most satisfied customers," says Folksam's President and CEO Jens Henriksson.

Folksam total	2014	2013	2012
Premiums, MSEK (1)	47,501	40,631	35,226
Assets under management, MSEK (2)	350,170	304,299	275,380
of which Swedish equities	52,930	47,071	37,598
of which property	20,024	19,749	18,627
Unit-linked insurance assets, MSEK (3)	99,525	79,221	62,224
Folksam General (the Group)			
Premiums earned, MSEK	11,630	10,974	10,286
Total costs, %	99	100	102
Solvency ratio, %	137	126	117
Solvency ratio, %, Parent company	153	149	143
Folksam Life (parent company)			
Premium income, SEK million	13,437	8,569	7,547
Solvency ratio, %	155	161	144
Total return, %	12.0	7.6	7.0
Bonus interest Liv1, % (4)	6.5	5.5	4.5
Collective consolidation ratio Liv1, %	124	121	118
Bonus interest Liv2, % (4) (5)	6.5	6.0	6.0
Collective consolidation ratio Liv2, % (5)	126	118	116
KPA Pension Insurance			
Premium income, SEK million	10,172	9,889	7,713
Solvency ratio, %	166	172	150
Total return, %	13.3	8.2	7.2
Yield, %	13.4	8.0	7.2
Collective funding ratio, %	100	100	100

(1) Premiums comprise premiums earned in non-life insurance, premiums written in life insurance, and premium income and fees from unit-linked insurance investors. In 2014, SACO SaliusAnsvarAB was also included and the history adjusted for comparability.

(2) Assets under management represent assets according to the total return table for the companies less strategic holdings, which principally relate to the value of subsidiaries. As of Q1 2013 assets in SalusAnsvar were added.

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

(4) Reported bonus interest refers to the year's average.

(5) Cooperative occupational pensions.

Press release**Folksam total**

Folksam is a mutual company and encompasses the two parent companies Folksam General and Folksam Life, plus subsidiaries. The title Folksam total includes the parent company and all subsidiaries with the adjustments as shown in the footnotes below the table. In this year-end report we also report the group Folksam General, the parent company Folksam Life and KPA Pension.

Folksam and its subsidiaries can put a strong 2014 behind them. Today, we are the largest actor on the market for life insurance and the third largest actor within non-life insurance, according to Insurance Sweden's industry statistics.

The total premium volume increased during 2014 by 17 per cent to a total of MSEK 47,501 (40,631). On the Private side volume increased sharply, especially within savings. On the Partner side we entered into a number of important agreements while within the collective business KPA Pension and Folksam LO Pension continued steady development.

2014 can even be summarised as having had a high level of activity and rate of change. We are currently pursuing a variety of projects intended to form us into a modern financial company. During the year, we focused on adapting to the new Solvency II Directive, as well as other strategic prioritised projects such as shifting towards more effective claim handling and investments in the individual occupational pension market. Also, efforts to strengthen our distribution power by meeting customers through more channels, especially the web were continued during the year.

At the end of 2014, Folksam and its subsidiaries managed MSEK 350,170 (304,299).

Bonuses

In light of the strong economic position, Folksam General shared bonuses with its customers for the third year in a row, since the reinstatement of the bonus program in 2012. Folksam Life is a part of the bonus program within risk insurance for the second year in a row. In the 2014 financial year, approximately 2.4 million customers share MSEK 546 (480) in bonuses. Folksam General encompasses pet, home and motor insurance as well as personal risk and within Folksam Life, even group insurance. Bonuses are our uttermost proof that we are customer owned, and they contribute to the strong positive feelings our customers' have for us.

Press release**Folksam General (the Group)**

We see growth in all branches of insurance and an ever-growing trend towards more encompassing policies. Customer loyalty continues to increase and cancellation rates continue to lie at a stable, low level.

Earned premiums within the Group were six per cent higher compared to 2013 amounting to MSEK 11,630 (10,974).

The combined ratio in the group amounted to 99 (100). The improvement is driven by a lower claims expense ratio. Claim settlement expenses increased as a result of our focus on customer satisfaction and efficacy, not the least of which was increased accessibility for customers. Operating expenses increased mainly as a result of increased investments. They are even expected to rise in the future as a result of continued investment in strategically important projects.

The good operation results and the strongly improved yield strengthened the solvency margin in the group to 137 (126) per cent. The solvency margin for the parent company amounted to 153 (149) per cent.

Significant events during the year:

- Folksam's home insurance Stor landed in the top in the Swedish Consumers' Insurance Bureau's latest comparison of home insurances. Folksam insures 450,000 houses, terrace houses and linked houses throughout the country.
- The portfolio in the Swedish Consumer Insurance was transferred to Folksam General as per January first, and the company was deregistered as an insurance company.
- During the year, the greater part of the insurance portfolios in SalusAnsvar Personförsäkring AB were transferred to Folksam Life and Folksam General respectively.

Folksam Life (parent company)

Folksam Life continues to advance its market positions with good premium and earnings trends. The volumes within pension investments increased sharply, especially within endowment insurance and individual occupational pensions.

During 2014 premium income for Folksam Life amounted to MSEK 13,437 (8,569). That represents an increase of 57 per cent or MSEK 4,868 compared to 2013. Demand is driven by consistently strong key figures, broad distribution as well as strong interest for traditional life insurance with guaranties. Bonus interest was raised on two occasions during 2014 and was 7.0 percent from and including the first of September.

Even within Folksam Life we are investing in a number of prioritised projects, such as in the individual occupational pension market, regulation adaptation as well as working on efforts to streamline systems and processes. Work due to the of the abolition of the

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right to deduction is another example that also contributed to the largest customer campaign – to our more than 240,000 customers within private pension investments – in Folksam's hundred year history.

Yield on assets in the parent company increased sharply in 2014. Equities as well as interest bearing securities contributed to the favourable returns on capital. The total return ratio amounted to 12.0 (7.6) per cent.

The solvency ratio was somewhat lower compared to the previous year and amounted to 155 (161) per cent. The increased technical provisions, as a result of lower interest rates, affect the solvency ratio negatively.

As of the last of December 2014, the collective solvency margin for defined-contributions plan for Cooperative occupational pensions (Liv 2) to 126 (118) per cent and for other operations in Folksam Life to 124 (121) per cent.

Significant events during the year:

- Folksam Life raised the bonus interest on traditional insurances by 0.5 per cent on two occasions. Since the first of September 2014, the bonus interest has been 7.0 per cent before taxes and fees.
- To strengthen our traditional life insurance and the already insured customer base, in the long term, we instituted after the end of the third quarter a ceiling of MSEK 25 on deposits per insured. Shortly thereafter, we instituted a ceiling of SEK 500,000 per year and insured as well as a ceiling of MSEK 10 per insurance policy.
- In as the right to deduction for private pension investments changed from and including the first of January 2015, Folksam Life stopped new sales in the middle of April. In December we instead launched a new flexible endowment insurance where it is possible to choose when and how pension payments shall be made. This has many similarities with private pension insurance, and is offered as a new savings form to those customers who currently have a deductible savings.

Significant events following the end of the period:

- Folksam raised the bonus interest from 7.0 per cent to 8.0 per cent before taxes and fees from and including the first of February 2015.

KPA Pension

Premium income for KPA Pension increased in 2014 to MSEK 10,172 (9,889). That represents a growth of three per cent, or MSEK 283, compared to 2013. The increase is due to greater numbers of persons actively or as a pre-selected alternative having chosen KPA Pension as their occupational pension company especially within the contract area of KAP-KL as well as PA-KFS.

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KPA Pension's total yield for the period of January through December 2014 amounted to 13.3 (8.2) per cent and the solvency ratio was 166 (172) per cent. The rate of yield amounted to 13.4 (8.0) per cent.

Significant events during the year:

- Since the first of September full transferability exists within the occupational pension contracts KAP-KL, AKAP-KL, PFA98 and PFA01. Right of transfer encompasses all employees within municipalities, county councils, regions, associations of municipalities, local authority associations and publicly owned companies.
- KPA Pension once again won Skåne municipalities' trust in the country's largest pension procurement. The agreement covers both insurance and administration and is valid for three years with the possibility of a one-year extension.
- At the end of 2014, the new municipal collective agreement AKAP-KL entered into force. For KPA Pension the new agreement has meant comprehensive system development and communication.
- The social partners in the municipalities and county councils requested that KPA Pension establish a new office of agreements for KAP-KL, AKAP-KL and PFA.
- KPA Pension was awarded a number of prizes and honours:
 - The most sustainable company in the insurance industry and in all of the finance industry in a survey conducted by the Sustainable Brand Index.
 - Life insurance company of the year at the 2014 Insurance Awards.
 - This year's winner of the National Government Employees Pensions Board's award the "Guldkanten" for the investment in customer service and pension information in 18 different languages.
 - The highest customer satisfaction among insurance and pension companies in SKI's annual customer satisfaction survey.

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About Folksam

Folksam is a mutual company. We offer insurance and pension savings. Nearly one out of two Swedes are insured by Folksam and we are one of Sweden's largest asset managers. Our vision is for our customers to feel secure in a sustainable world. For more information go to

www.folksam.se.