

Our values remain  
the same. Our clients  
want strong and  
**consistent** partnerships.  
That it is what we  
continue to provide.

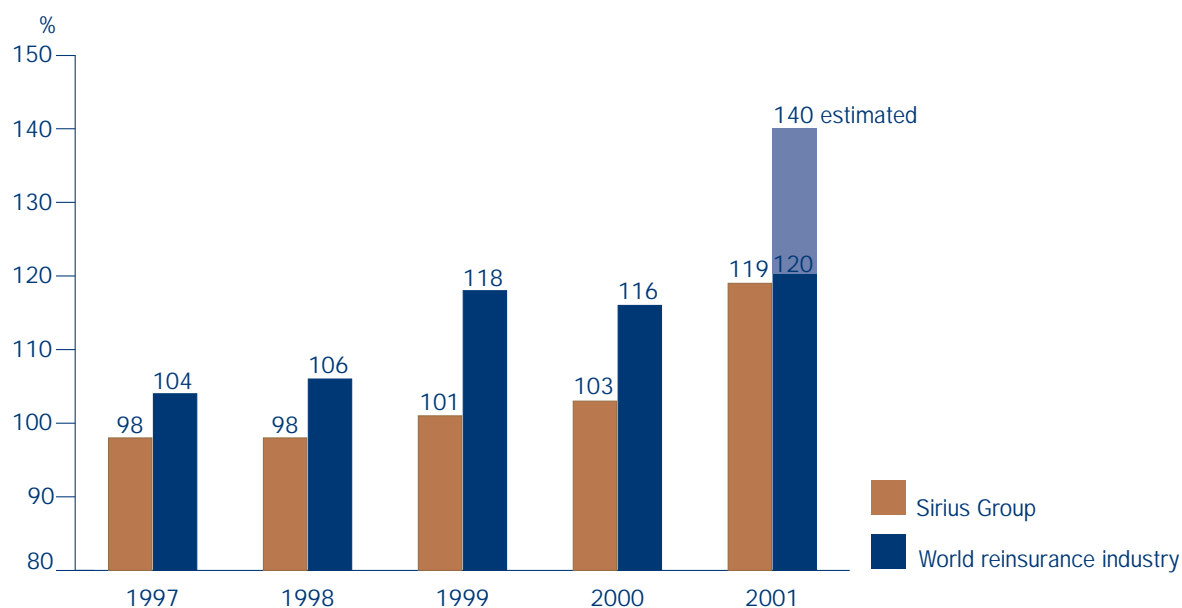
US\$ in millions	Group	
	2001	2000
Gross premium income	823	779
Insurance operating result	-120	6
Investment operating result	47	67
Income before tax	-76	69
Net income for the year	-54	56
Combined ratio	119%	103%
Solvency capital	876	1,091
Solvency ratio	124%	172%
Number of employees	200	201

A. M. Best's rating: A+ (superior)

Standard & Poor's rating: A (strong)

### Combined ratio

#### Sirius Group compared with world reinsurance industry



Source: Swiss Re/Fox-Pitt, Kelton/A M Best 2000, S&P 2001



# Yet again our teams turned in a performance better than the industry average.

Previous annual reports have referred to the volatility of the reinsurance industry; during 2001 we experienced just what that word means.

As a result I am unable to offer my usual upbeat message. It was by any standards an extremely difficult year. We had to tackle the full range of difficulties that reinsurers face from time to time – and more. The outcome was that Sirius International reported its first loss ever.

Despite these setbacks, we emerged with our strength intact, bloodied but unbowed. Fortunately the year ended on a high note, with the best renewal season for

several years and demand for our services greater than ever.

In this report I shall outline the problems that Sirius International faced during 2001, how we responded and our plans for the future.

## **September 11**

Anyone who was at the reinsurance rendezvous at Monte Carlo on September 11 will always remember how a sense of disbelief gave way to shock as we learnt that many of the people we had just met were directly affected by the atrocity. I would like to make a record of our condolences, already

expressed informally on many occasions, especially to our friends from Aon and Marsh who lost colleagues on that terrible day.

The financial consequences for the reinsurance industry are, of course, unimportant by comparison, but they are severe. Although it will be a long time before we know the final figure, it was certainly much the biggest insured loss in history.

Sirius International came through it relatively well. A central plank of our disaster planning is that no single event should ever cost us more than \$50 million net of reinsurance. The ability to control and predict aggregate losses in whatever circumstances underpins the security that any reinsurer offers its customers.

Our initial estimate of \$50 million has held good, despite the complexity of the calculations and the fact that it exceeded all previously accepted worst case scenarios. The fact that we stayed within our own self-imposed limit is a tribute to our underwriters, the colleagues who support them and our ability to write in a controlled manner.

### **Red lights all the way**

If the World Trade Centre had been our only big challenge, it would have been a demanding, but still reasonably successful year. Unfortunately, it was just part of the story.

Even without September 11, it was going to be one of the most expensive years ever. The Petrobras oil rig, the Toulouse chemicals factory explosion, storms in Texas, attacks on aircraft in Sri Lanka, an earthquake in Seattle, floods in Taiwan and satellite failures head the list of other substantial reinsurance losses.

This unprecedented sequence came at

a time when all reinsurers had underpriced their products in the soft market prevailing at the previous renewal season. Add in the high cost of our own retrocession (outwards reinsurance), and you get a heady cocktail practically guaranteed to produce underwriting deficits.

To add still further to the industry's woes, investments did not shine as they have for so much of the past decade. Sirius International's investment income dipped by 10 % as the world's main markets fell by between 15% and 20%.

This outcome actually represents something of an achievement in a year when many portfolios lost money. Our investment philosophy is deliberately unadventurous. It remains a fundamental principle that we will not gamble with the funds that support our security. During 2001 our customers and shareholders had particular reason to value that approach.

### **Underwriters deliver**

Given the circumstances described above, our underwriters acquitted themselves well. It is always painful to report a combined ratio of 119%, especially when you have Sirius' proud track record. Yet again, though, our teams turned in a performance better than the industry average. Hardly cause for celebration, but it promises well now that market conditions have improved.

### **Scandinavian Re**

A large proportion of our underwriting losses stemmed from Bermuda, where our subsidiary Scandinavian Re ran into serious difficulty. Accounting changes, combined with some unexpectedly large claims, completely changed the profile of this company. Scandinavian Re has since suspended underwriting while we consider

# With premium rates back to commercially acceptable levels, we predict a quick return to profit.

the options. Whatever our ultimate decision, all Scandinavian Re's legitimate claims will be met in full.

## **Security ratings**

In view of our difficulties, it is hardly surprising that Sirius' security ratings came under pressure, especially when our parent company ABB saw its rating reduced to A+. At the time of writing A.M. Best have reaffirmed our A+ (excellent) rating, but Standard & Poor's have moved us down to A (strong), and Moody's to A2 (Good).

The fact that other reinsurers have faced similar problems or worse is little consolation. We believe that we are an extremely secure company. Our solvency ratio stands at 124 %, well above what is normally considered necessary for our type of business. As already explained, 2001

demonstrated the effectiveness of the controls designed to protect our capital base.

Nonetheless, there are criteria that have to be met, and we intend to do so. Resuming our previous upward trend is a priority for the future.

Whenever the going gets tough it is tempting to make dramatic gestures to show that you are in control. As I said at the start, however, we are in a volatile industry and our fundamental strengths remain intact. Of course, we always try to learn from our experiences but, with the exception of Scandinavian Re, we have concluded that there is no need for radical action.

We have reviewed our already strict underwriting guidelines, and tightened them in some areas. Although our catastro-

the models proved remarkably robust after September 11, we have revisited the assumptions that we use. It is worth recording, however, that we are aware of the difficulties our staff faced last year, and grateful to them for their dedication and professionalism in such testing circumstances.

Similarly, we believe our strategy to be sound. Controlled, profitable growth in our core areas remains our driving goal, with a continuing shift from Proportional to Excess of Loss. With premium rates back to commercially acceptable levels, we predict a quick return to profit.

#### **Our customers**

In years of heavy losses our customers depend on us more than ever, and reinsurers are called upon to show their true colours. I would like to think that we have responded in a prompt and helpful way during 2001, minimising the financial impact of terrible events. It is a role that we continue to be happy to fulfil.



GÖRAN THORSTENSSON

PRESIDENT & CEO

...we are in a  
volatile industry and  
our fundamental  
strengths remain  
intact.



REINSURANCE AND COMMERCIAL INSURANCE



# ... underline the stability that is the very bedrock of our company.

**2001** was a year when the reinsurance industry had to stand up and be counted. It was put to the test by a series of losses that some commentators predicted would threaten the very integrity of the global insurance system.

Now that the real picture is starting to emerge, our industry has shown itself far more resilient than the pessimists had feared. Nonetheless, 2001 set new records for insured losses worldwide. Even before the World Trade Center atrocity it was going to be one of the most expensive years ever for the insurance industry.

#### **A positive response to a terrible year**

As the President of Sirius International says in his report, the human consequences of September 11 outweigh any other consideration. The group's underwriting teams join him in expressing their deeply felt sadness, and in extending their sympathy to

the victims and their families.

Our main job as reinsurers is to protect customers from the financial effects of terrible events such as this, and to help minimise economic disruption. During 2001 Sirius International responded positively in the most challenging economic conditions that reinsurers have ever experienced.

In these exceptional circumstances, our results reflect well on our underwriters and managers – they underline the stability that is the very bedrock of our company.

Before going into detail, it is worth pointing out that the unprecedented loss experience was far from the only problem faced by reinsurers everywhere. Although premium rates had improved at the 2000/2001 renewal season, they were still near the bottom of the cycle and below commercially acceptable levels. Meanwhile, our own outwards reinsurance protections were hard to buy, because of a combination of lack of retrocession capacity and substan-

tially increased pricing.

As a result, we faced a triple squeeze, with low market prices for our products, costly retrocession and then enormous industry-wide losses. Premium income net of reinsurance was \$252 million, up 17 % on 2000. Net claims totalled \$243 million, of which the World Trade Center accounted for \$48 million.

The results demonstrated the robustness of our risk models and of our monitoring techniques. Although the World Trade Center attack was unprecedented, we remained within our aggregate limits for any one loss. Furthermore, our initial estimate of exposure made two weeks after the event has held good without requiring any upward revision.

A combined ratio of 124% would be unacceptable if repeated on a regular basis, but we had the consolation of once again outperforming most of our competitors. The end of the year saw reinsurance rates respond strongly, and prices at the 2001/2002 renewal season reached levels that should see a return to profit.

Of course there are lessons to be learnt. Like all reinsurance companies, for example, we are reassessing the assumptions behind our risk models. Any adjustments should not, however, detract from the fact that Sirius International showed itself more than equal to the challenges of this, the most demanding of years. Nor should it draw attention from the continued underlying progress in all our operations.

#### **Controlled expansion in core areas**

After a period of expansion, which saw two new branches established during 1999, the emphasis last year was on consolidation. Our teams in Brussels, Liege and Singapore have raised Sirius International's profile in

Asia, much of Europe and Latin America, and also in certain classes of business.

Our London branch has continued to expand its presence. The core Medical Health book recorded a 20% growth in international business, while maintaining levels of profitability. Our team was affected by the World Trade Center, but remained within the branch's reinsurance protections. The Political Risk team has enjoyed a promising first year after joining Sirius from Lloyd's.

During 2001 underwriters in these and all our centres saw a steady stream of new business opportunities, especially in our core areas. The Property portfolio continues to be our mainstay, accounting for 42% of overall premium income. During the year there was a further shift of emphasis towards non-proportional treaty reinsurance.

#### **Harnessing information technology**

Having successfully adopted CLASS, the electronic system that has streamlined and improved our claims service, we are now embarked upon an ambitious IT project to support our underwriters. An information management system is being evaluated at all our offices worldwide. This reflects our desire to create an IT infrastructure that will enable us to operate as a truly global entity, monitoring and controlling our worldwide exposures on a line-by-line basis, and reducing our administration costs.

#### **Strength and consistency**

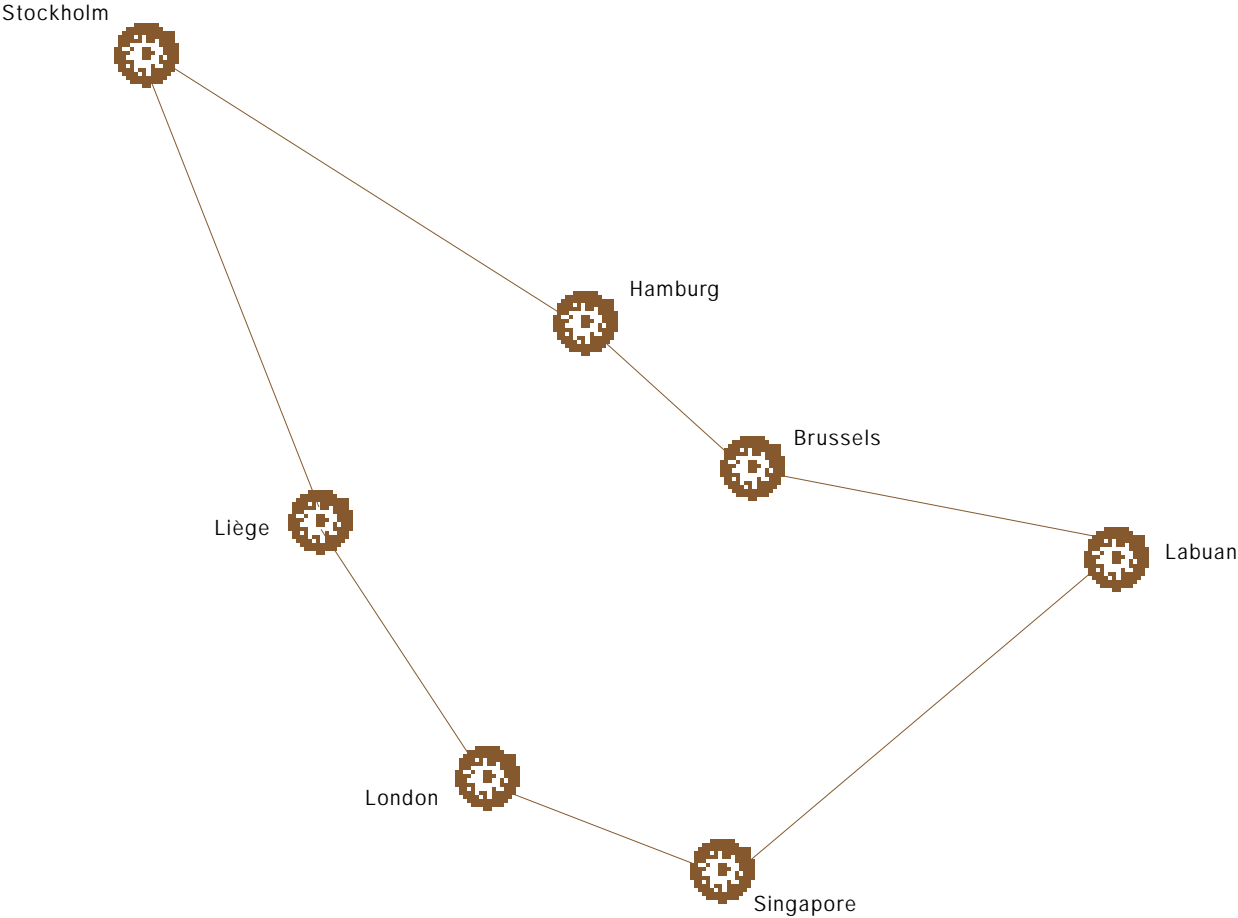
Although reinsurance has changed for ever, our values remain the same. Our clients want strong and consistent partnerships. That it is what we continue to provide, and

why the Sirius Group continues to gain customers and build relationships.

The volatility of our industry is such that it is usually unwise to predict future financial performance. Nonetheless, we had a very successful year-end renewal season, which witnessed a sizeable increase in demand for our products, helped by the

withdrawal of several of our competitors.

Reinsurance once again commands rates that are sustainable, and Sirius is well placed to take advantage of the opportunities to be found in the market. We look forward with confidence to 2002 and beyond.



FINANCIAL RISKS



**T**he Financial Risks unit produced record volumes of business and healthy profits in 2001 – for the seventh year in succession. Premium income increased by almost 15%, while the underwriting result was similar to 2000's record level, despite a very tough and volatile market. We have continued to leverage off our structuring skills and closeness to our customers to deliver solutions that are of practical and financial value.

If this message has now become familiar to regular readers of the annual report, the statistics only tell part of the story. There were other important developments during the year, in our markets and in the products and services we offer. The boundaries between insurance, reinsurance and banking are among the most dynamic and fastest moving areas of risk management. During 2001, we continued to evolve with our customers, while carrying forward

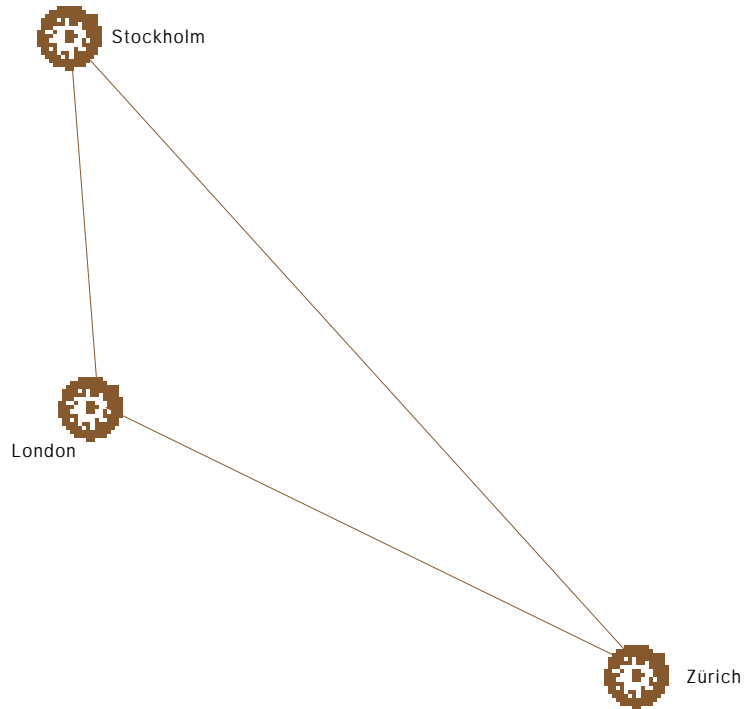
the changes that we had started in earlier years.

Unlike many of our colleagues, we were not directly affected by the attack on the World Trade Center. One of our main roles, however, is to help export companies manage the uncertainty associated with overseas projects. The aftermath of September 11 has increased the need for this type of security.

#### **New markets, new products**

Last year's report highlighted the growth of new geographical markets, as we expand beyond our historic role of servicing companies belonging to the ABB Group. 2001 saw considerable further progress in this respect. We maintained our position in Scandinavia, and developed business partnerships in several other European countries.

...to deliver solutions  
that are of practical  
and financial value.



Our customers continue to come mainly from large international firms and finance banks that require tailored solutions. A notable trend during the year was the growing involvement in the actual structuring of the underlying transactions, especially in emerging markets. These included several engineering and construction contracts, such as a large infrastructure project in the former Soviet Union, where we facilitated the completion of the transaction itself as well as its financing.

Another theme of 2000 that gained momentum last year was the development of new products as we combined different types of risks and techniques into single packages. We are proud of our ability to put multi-disciplinary teams together in

order to produce innovative, workable solutions.

**A developing pool of expertise**

It is more than 15 years since we identified the trend that has provided the intellectual and commercial basis of our Financial Risks activity, namely the convergence of capital and insurance market products. Time has justified our original decision to enter this field, and we continue to grow our range and depth of expertise, which is focussed on achieving practical results for customers.

The **Credit and Capital Market** team exceeded previous volumes, building an even more high quality portfolio. It has been at the forefront of developing

combined products that directly help financial businesses achieve their goals. Much of this work is truly at the cutting edge of innovation, and our customers come from an increasingly diverse spread. For example we have structured, priced and underwritten several credit risk portfolios, whose benefits have included increased return on capital for our customers.

Our **Trade Credit and Political Risk** team saw further growth, especially among European corporate clients, who we serve mainly from our London office. It has a well-diversified portfolio, conservatively selected to underpin stability.

From our Zurich office we have worked alongside our financial institutions customers in order to structure transactions and insurances that ultimately provide support to international trade and investments.

What we did not forecast, however, was the large number of competitors that would withdraw or reduce capacity during 2001, especially from Lloyd's. As a result, we are now even better placed for the future in this important market.

The multi-disciplinary approach was also in evidence in the work that we have done for **Captives**. This segment is growing in both size and sophistication, and we have been able to employ several more "cross-over" or combined solutions.

Our **Project Insurance** area has been affected by the global economic slowdown, which has reduced the level of investment in infrastructure projects, and therefore the demand for protection. Despite slightly lower business levels, we have maintained our market position and reputation for being able to devise solutions that are innovative and practical.

The **ART Reinsurance** team completed more excellent work in helping Sirius to provide services to its reinsurance customers by utilising our proven skills in structuring complex insurance and reinsurance deals.

#### **An ability to assume risk**

The world was a less secure place at the end of 2001 than it had been at the start of the year. This situation has increased the demand for our products and services. Export projects need protection more than ever, whether from default or from political or military threats. The changed environment requires new steps in the way companies manage their credit and other financial exposures.

Whereas some rivals have pulled out, either because of losses or increased uncertainty, we at Sirius International welcome the opportunity to structure and underwrite these risks. We are in the business of solving our customers' problems, and have the experience and resources to assess situations, be they in capital markets or in troubled regions such as Latin America or the Middle East and other emerging markets.

The Financial Risks section of Sirius International exists to help businesses thrive in challenging environments. It is a service that is needed now more than ever, and one we are happy to provide.

Our conservative,  
but flexible approach  
to **investment** underpins  
the security that our  
underwriters offer their  
customers.

**I**n the last annual report we set out our reasons for a conservative investment strategy. We predicted that market conditions would be difficult during 2001, with the world economy likely to slow down further. This was not a good time for risk taking.

The past twelve months have fully justified our defensive tactics, which have protected the value of our funds. Although the overall return of nearly 4.5% was much less than our historic average, the result

has to be seen in the context of a year of financial turbulence and low inflation.

There were several factors behind our relative success, most notably the fact that 85% of our assets are invested in bonds. Of these, 50% are USD bonds, which produced returns of 8% during 2001.

**Fixed interest securities**

The US economic slowdown that started in 2000 developed into an outright recession, which accelerated after September 11.





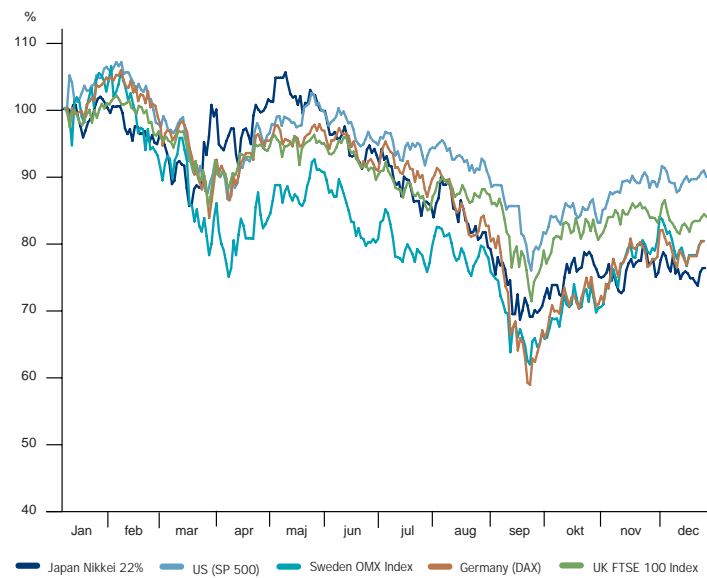
INVESTMENTS

# Investments

## LONG-TERM INTEREST RATES 2001



## EQUITY MARKETS 2001



To stimulate the economy, Federal Reserve cut the Fed funds rate 11 times, from 6.5% to 1.75% without much visible effect. The European Central Bank and the Swedish Riksbank showed reluctance to follow the US interest rate cuts, but lowered rates in the autumn.

Yield curves steepened considerably, but bond interests rates also declined until November, when they reversed due to some improvements in leading indicators and consumer confidence. Still, 5-year bond rates finished about 0.5% lower in the US, slightly down in Euroland and 0.5% up in Sweden. Towards the end of the year we reduced the interest rate risk by reducing the duration of the US\$ bond portfolios.

#### **Equity portfolios**

After a short-lived recovery in April-May equity markets continued down and collapsed after September 11. The bottom was reached on Sept 21. Despite a strong recovery in the fall, which brought equity indices back above levels before September 11, major indices still finished the year 15-20% lower for the year. Like in 2000 the technology and telecom sectors performed the worst, whereas pharmaceuticals and consumer products showed the best returns.

At the start of the year we delayed the planned expansion of our equity portfolio. With the major stock markets falling, our caution proved well founded. Although our investment in equities rose slightly during 2001, much of our buying activity took place in the second half of the year, by which time the markets had stabilised.

During the year we decided to invest \$10 million in a global technology fund, \$15 million in a global fund and \$5 million

in each of two investment companies focused on the pharmaceutical and finance sectors. We also added around \$7.5 million to our portfolio of hedge funds.

#### **Return on investments**

The year-end market value of investment assets amounted to SEK 15,424 million (2000: SEK 12,644 million); US\$ 1,464 million (2000: US\$ 1,328 million); of which 85 % was in fixed income securities and 15 % were in shares.

The total return on investment assets based on market values was 4.5 % for the group, which was slightly below the market indices against which Sirius measures its investment performance.

Gross investment income amounted to SEK 773 million (2000: SEK 862 million); US\$ 74 million (2000: US\$ 93 million). After SEK 283 million (2000: SEK 246 million); US\$ 27 million (2000: US\$ 27 million) in allocated interest to insurance operations, net investment income was SEK 487 (2000: SEK 616 million); US\$ 47 million (2000: US\$ 67 million).

#### **Optimism returns – slowly**

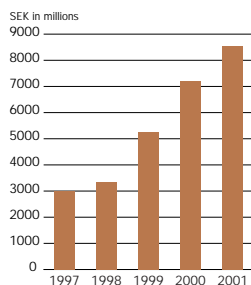
There is a growing view that the worst is now over, that we are at or perhaps even past the bottom of the business cycle. Judging from historical patterns 2002 should see the world economy moving up a gear.

In keeping its usual close watch on financial developments, the investment team is looking for opportunities to increase its stake in the equity markets when the time is right. Our conservative, but flexible approach to investment underpins the security that our underwriters offer their customers, and that will continue to be paramount.

# Financial Highlights

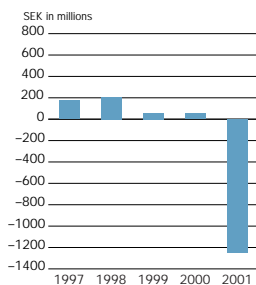
## GROSS PREMIUMS

Group



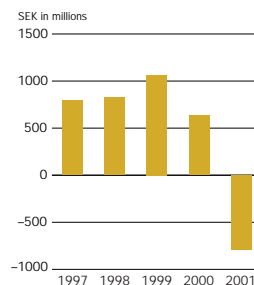
## INSURANCE OPERATING RESULT

Group



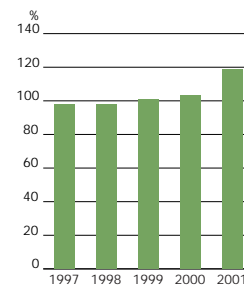
## INCOME BEFORE TAX

Group



## COMBINED RATIO

Group



## FIVE-YEAR SUMMARY – GROUP

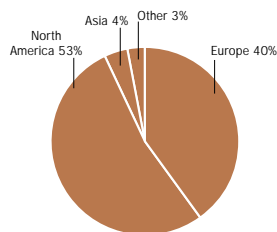
SEK million	2001	2000	1999	1998	1997
Net premium income	7,454	6,023	4,029	2,964	2,746
Net premiums earned	7,877	6,007	3,754	3,021	2,776
Other technical income	124	125	71	42	45
Allocated interest	283	246	114	135	113
Net claims incurred	-8,163	-4,932	-2,046	-1,863	-1,591
Net operating expenses	-1,370	-1,391	-1,835	-1,134	-1,167
Insurance operating result	-1,249	55	58	202	176
Investment operating result	489	616	1 018	631	621
Other expenses	-35	-34	-10	-9	-6
Net income for the year	-557	522	781	584	575
Net technical provisions	14,686	9,593	6,667	4,212	3,974
Market value on investment assets	20,299	18,384	18,806	15,351	13,789
<b>Insurance operating result</b>					
Claims ratio	102%	80%	53%	61%	57%
Cost ratio	17%	23%	48%	37%	41%
Combined ratio	119%	103%	101%	98%	98%
<b>Investment result</b>					
Investment yield	5%	5%	4%	5%	5%
Total yield	4%	8%	4%	8%	7%
<b>Solvency capital</b>					
Shareholders' equity	7,398	8,001	6,826	5,898	5,417
Deferred tax on untaxed reserves	2,032	2,253	1,901	1,714	1,622
Deferred tax other	-161	-43	-52	58	
Deferred tax on reserve for unrealised capital gains	40	94	129	33	40
Excess values on investment assets					
– Other investment assets	-78	83	-145	512	330
Total solvency capital	9,231	10,388	8,659	8,215	7,409
Solvency ratio	124%	172%	215%	277%	270%

## Financial Highlights

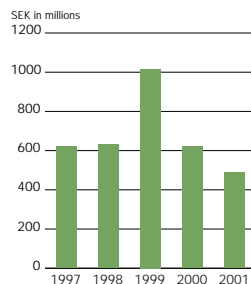
### FIVE-YEAR SUMMARY – PARENT COMPANY

SEK million	2001	2000	1999	1998	1997
Net premium income	3,573	2,767	2,656	2,419	2,442
Net premiums earned	4,094	2,854	2,327	2,471	2,454
Allocated interest	268	232	91	124	105
Net claims incurred	-3,513	-1,807	-1,531	-1,638	-1,518
Net operating expenses	-1,277	-1,073	-871	-810	-919
Insurance operating result	-428	206	16	148	122
Investment operating result	-31	380	958	741	691
Other expenses	-84	-452	-8	-9	-6
Net income for the year	2	-95	215	6	0
Net technical provisions	5,413	4,907	4,178	3,473	3,257
Market value on investment assets	13,819	13,668	12,116	10,805	10,012
<b>Insurance operating result</b>					
Claims ratio	86%	63%	66%	66%	62%
Cost ratio	31%	38%	37%	33%	38%
Combined ratio	117%	101%	103%	99%	100%
<b>Investment result</b>					
Investment yield	4%	5%	5%	6%	6%
Total yield	3%	7%	6%	10%	8%
<b>Solvency capital</b>					
Shareholders' equity	1,023	1,022	1,117	902	896
Deferred tax on reserve for unrealised capital gains	34	95	113	26	36
Untaxed reserves	7,256	8,048	7,174	6,449	5,819
Excess values on investment assets					
– Other investment assets	-17	44	-8	434	312
Total solvency capital	8,296	9,209	8,396	7,811	7,063
Solvency ratio	232%	333%	316%	323%	289%

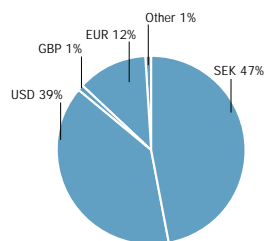
**GEOGRAPHICAL SPLIT OF GROSS PREMIUM INCOME**  
Group



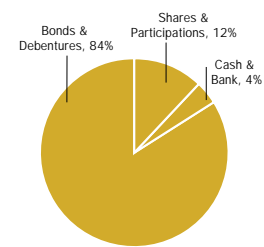
**NET INVESTMENT OPERATING RESULT**  
after allocated interest to insurance,  
Group



**INVESTMENT MIX BY CURRENCY**  
Group



**INVESTMENT MIX**  
Group





### **The ABB Group**

ABB ([www.abb.com](http://www.abb.com)) is a global leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. ABB has some 155,000 employees in more than 100 countries.

### **ABB Group Reports**

The ABB Group publishes the Group Annual Report in English, German and Swedish. The English-language version is binding. ABB also issues quarterly financial results in April, July and October. All figures shown for the ABB Group are in U.S. dollars. ABB also publishes annual sustainability and technology reports. For a copy of these reports, please contact ABB Corporate Communications at the address stated below, or download the reports from [www.abb.com](http://www.abb.com).

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fax: +41 43 317 7958

### **Ownership structure**

Sirius International Insurance Corporation (publ) is a wholly owned subsidiary of ABB Financial Services within the ABB Group.

ABB Ltd, in Zurich, Switzerland, is the holding company of the international ABB Group.

### **ABB Financial Services**

ABB Financial Services supports the group's businesses and customers with innovative financial solutions in structured finance, leasing, project development and ownership, financial consulting, insurance and treasury activities. With operations in every major market of the world, ABB Financial Services offers its customers the unrivaled combination of deep industry knowledge and financial expertise globally.

# Board of Directors' Report

Sirius International Insurance Corporation (publ)  
Organisation number: 516401-8136

## **Board of Directors' Report**

Sirius International Insurance Corporation (publ) (Sirius International) is a wholly owned subsidiary of ABB Financial Services AB, which is owned by ABB AB. ABB AB is a subsidiary of ABB Norden Holding AB which is ultimately owned by ABB Ltd., Switzerland.

The Board of Directors and the President of Sirius International hereby submit their annual report for 2001.

## **Group**

The Group consists of Sirius International Insurance Corporation (publ), Scandinavian Reinsurance Company Ltd, Hamilton, Bermuda (Scandinavian Re), Sirius Rückversicherungs Service GmbH, Hamburg, Germany (Sirius Rück), Sirius (UK) Insurance Ltd, London, Great Britain, Sirius Belgium Réassurances S.A., Liège, Belgium and Tre Kronor Kapital AB.

Sirius International has six offices outside Sweden. These are: the branch office in London - Sirius International Insurance Corporation (publ), UK branch; the branch office in Zurich, Switzerland - Sirius International Insurance Corporation, Stockholm, Zurich branch; the branch office in Singapore - Sirius International Insurance Corporation, Asia branch; the branch offices in Liège and Brussels, Belgium - Sirius International Insurance Corporation, Belgian branch; and in Hamburg, Germany. The operation in Germany is conducted

through the agency Sirius Rück.

In January 2000 all business was transferred from Sirius Réassurances Belgium S.A., Liège, Belgium, to the branch in Belgium, Sirius International Insurance Corporation, Belgian branch. During 2001 a voluntary liquidation of Sirius Réassurances Belgium S.A., Liège, Belgium was started as the company no longer runs any business.

## **Operations**

Sirius International was established in 1989. Insurance operations, however, commenced in 1945, in the Sirius Insurance Company Ltd. The reinsurance activities were transferred to Sirius International in 1989. Sirius International has been the parent company of the Sirius Group since 1992.

In the insurance business the year 2001 will always be associated with the terror attacks on 11th September in the United States. These resulted in the largest loss ever for Sirius International. Our subsidiary Scandinavian Re was also severely affected by this event, in addition to other very large losses in the insurance operations. As a consequence, it has been decided not to write any new nor renew any old insurance contracts in Scandinavian Re.

The parent company combined ratio for the year was 117%.

The overall group combined ratio for the year was 119%.

Gross premium income for the group amounted to SEK 8,553 million (2000: SEK 7,197 million) and premium income for own account amounted to SEK 7,454 million (2000: SEK 6,023 million). The insurance operating result amounts to a

loss of MSEK -1,249 million (2000: SEK 55 million).

The investment result for the year was not satisfactory, mainly due to the volatility on the world's stock exchanges, resulting in a strong depreciation of the equity portfolio. Despite this volatility, the portfolio of special investments managed by Sirius International performed very well. The interest rates turned down during the year, and the increased value of our bond portfolio compensated partly for the loss of our portfolio due to falling equity values. The investment result, after allocation of interest to the insurance operations, amounted to a profit of SEK 489 million (2000: SEK 616 million).

The group result before appropriations and taxes amounted to SEK -794 million (2000: SEK 637 million). Total assets amount to SEK 38,981 million (2000: SEK 31,156 million).

The technical result, as well as consolidation in respect of capital strength, is shown in the five-year summary on page 33.

After a thorough pruning of the lines of business written and also taking into account the general improvement of premium rates now experienced, Sirius International expects to report positive insurance operating results in the years ahead. The diversified investment portfolio should contribute to a stable return on investment.

After permission from the Swedish Financial Supervisory Authority, a release of the parent company's safety reserve of SEK 881 million has been conducted. In principle, the release is equivalent to the 2001 loss in the group's insurance operations.

### **Results**

The parent company reports a result for 2001 before appropriations and taxes of SEK -543 million (2000: SEK 135 million).

Net income after tax amounts to SEK 2 million (2000: SEK -95 million).

The retained earnings of the group amounted on 31 December 2001 to SEK 943 million.



# Income Statement – Group

SEK 000's	Note	2001	2000
<b>TECHNICAL ACCOUNT FOR INSURANCE OPERATIONS</b>			
<i>Earned premiums, for own account</i>			
Gross premium income	1	8,552,859	7,197,381
Ceded reinsurance premiums		-1,099,205	-1,173,921
Change in the gross provision for unearned premiums		541,397	-226,099
Change in the provision for unearned premiums, reinsurers' share		-117,938	209,053
<b>Total earned premiums, for own account</b>		<b>7,877,113</b>	<b>6,006,414</b>
<b>Allocated investment return transferred from the non-technical account</b>		<b>283,474</b>	<b>246,060</b>
<b>Other technical income, for own account</b>		<b>124,090</b>	<b>125,401</b>
<i>Claims incurred, for own account</i>			
Claims paid			
Gross amount		-4,299,831	-3,892,505
Reinsurers' share		671,806	966,347
Claims handling expenses		-12,937	-10,653
<b>Claims paid, for own account</b>		<b>-3,640,962</b>	<b>-2,936,811</b>
<i>Change in the provision for claims, for own account</i>			
Gross amount		-4,968,500	-2,328,332
Reinsurers' share		451,265	334,119
Change in other technical provisions, for own account			
Gross amount		-4,996	-1,010
<b>Total claims incurred, for own account</b>		<b>-8,163,193</b>	<b>-4,932,034</b>
<b>Operating expenses</b>	2	<b>-1,370,179</b>	<b>-1,391,123</b>
<b>Operating profit/loss of technical account</b>		<b>-1,248,695</b>	<b>54,718</b>
<b>NON-TECHNICAL ACCOUNT</b>			
<b>Balance of technical account</b>		<b>-1,248,695</b>	<b>54,718</b>
<i>Investment income/expenses</i>			
Investment income	3	1,076,826	1,139,358
Investment expenses and charges	4	-304,172	-276,924
Investment income allocated to the technical account		-283,474	-246,060
<b>Total investment income/expenses</b>		<b>489,180</b>	<b>616,374</b>
<b>Other expenses</b>	5	<b>-34,610</b>	<b>-34,278</b>
<b>Result before appropriations and taxes</b>		<b>-794,125</b>	<b>636,814</b>
<b>Taxes</b>	6	<b>236,639</b>	<b>-114,956</b>
<b>Net income for the year</b>		<b>-557,486</b>	<b>521,858</b>

## Balance Sheet – Group

December 31 (SEK 000's)	Note	2001	2000
<b>ASSETS</b>			
<b>Intangible Assets</b>	7		
Goodwill		520,073	549,481
Capitalized software		6,046	774
<b>Total Intangible Assets</b>		<b>526,119</b>	<b>550,255</b>
<b>Investment assets</b>			
Land and buildings	8	16,567	16,877
<i>Investments in group companies and participating interests</i>			
Interest bearing investments in group companies	9	1,435,165	1,000,280
<b>Total investments in group companies and participating interests</b>		<b>1,435,165</b>	<b>1,000,280</b>
<i>Other financial investments</i>			
Shares and participations	10	2,334,496	2,001,408
Bonds and other interest bearing investments	11	11,731,359	9,559,657
Other financial assets	12	3,043,430	3,942,319
<b>Total other financial investments</b>		<b>17,109,285</b>	<b>15,503,384</b>
<b>Deposits with cedants</b>			
		893,623	747,805
<b>Reinsurers' share of technical provisions</b>			
Provision for unearned premiums	13	314,317	417,304
Claims outstanding		2,633,152	2,059,132
<b>Total reinsurers' share of technical provisions</b>		<b>2,947,469</b>	<b>2,476,436</b>
<b>Debtors</b>			
Debtors arising out of direct insurance operations	14	155,593	171,783
Debtors arising out of reinsurance operations		14,023,664	8,575,660
Other debtors	14	590,708	704,023
<b>Total debtors</b>		<b>14,769,965</b>	<b>9,451,466</b>
<b>Other assets</b>			
Tangible assets	15	15,284	16,042
Cash and bank balance		921,512	1,032,384
<b>Total other assets</b>		<b>936,796</b>	<b>1,048,426</b>
<b>Prepayments and accrued income</b>			
Accrued interest		334,406	322,720
Other prepayments and accrued income		11,696	38,967
<b>Total prepayments and accrued income</b>		<b>346,102</b>	<b>361,687</b>
<b>Total assets</b>		<b>38,981,091</b>	<b>31,156,616</b>

December 31 (SEK 000's)	Note	2001	2000
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	16		
Share capital (8,000,000 shares of nom.value SEK 100)		800,000	800,000
Restricted reserves		6,289,880 *)	5,704,789 *)
*) of which, reserve for unrealised gains on investments 103,504 (241,491)			
Retained earnings		866,001	973,959
Net income for the year		-557,486	521,858
<b>Total shareholders' equity</b>		<b>7,398,395</b>	<b>8,000,606</b>
<b>Technical provisions</b>			
Provisions for unearned premiums	17	1,318,103	1,654,625
Claims outstanding	17	16,300,656	10,411,615
Equalization provision		14,641	3,179
<b>Total technical provisions</b>		<b>17,633,400</b>	<b>12,069,419</b>
<b>Provisions for other risks and expenses</b>			
Pension provisions	18	8,163	7,240
Taxation provisions	19	1,902,760	2,355,068
<b>Total provisions for other risks and expenses</b>		<b>1,910,923</b>	<b>2,362,308</b>
<b>Deposits received from reinsurers</b>		<b>170,049</b>	<b>84,451</b>
<b>Creditors</b>			
Creditors arising out of direct insurance operations	20	151,233	181,424
Creditors arising out of reinsurance operations		9,560,072	7,763,819
Other creditors	20	2,119,575	648,291
<b>Total creditors</b>		<b>11,830,880</b>	<b>8,593,534</b>
<b>Accrued expenses and deferred income</b>			
Other accrued expenses and deferred income		37,444	46,298
<b>Total shareholders' equity and liabilities</b>		<b>38,981,091</b>	<b>31,156,616</b>
Pledged assets	22	8,019,635	6,041,520

# Accounting Principles

The annual accounts are prepared in accordance with the Annual Accounts Act, the Act on Annual Accounts for Insurance Companies (ÅRFL) and the Code of Statutes (2000:22) of the Swedish Financial Supervisory Authority, and in conformity with recommendation RR1 of the Swedish Financial Accounting Standards Council. The accounting principles used in ABB are applied within the framework of these regulations.

## **Constitutionality**

The Financial Statements are according to laws and directives cited above.

## **Principles of consolidation**

The consolidated accounts comprise the Parent Company, Sirius International Insurance Corporation (publ), Scandinavian Reinsurance Company Ltd, Sirius Rückversicherungs Service GmbH, Sirius (UK) Insurance Ltd, Sirius Belgium Réassurances S.A. and Tre Kronor Kapital AB.

The consolidated accounts are prepared in accordance with purchase method.

The consolidated accounts and balance sheets of the Group's foreign companies are translated to Swedish kronor at average exchange rates for the year and year-end exchange rates, respectively. Translation differences are transferred directly to shareholders' equity.

## **Taxes**

### **Current taxes**

Taxes are calculated individually for each company in accordance with the tax rules in the respective countries. Current taxes

also include non-deductible withholding taxes on dividend income.

The foreign branches are taxed individually on their results in their respective countries.

In Sweden the company is taxable for the total income, inclusive of the result from the foreign branches.

Whenever the company pays taxes in Sweden on its foreign income, a tax credit allowance is granted for the taxes paid abroad, to avoid double taxation.

Foreign taxes relate to income from foreign branches and withholding taxes on earnings from foreign investments.

Because the rules in Sweden allow the company to reduce taxable income through appropriations to untaxed reserves, it is possible to fully offset foreign taxes.

### **Deferred taxes**

The consolidated profit and loss account is stated according to the comprehensive tax allocation method. This means that provisions are made for deferred taxes on income (expenditure) that affect both earnings for the year and taxable income, but in different periods (temporary differences). This is shown under the heading deferred tax liabilities (assets) in the balance sheet.

Deferred tax assets and liabilities are accounted on a net basis where they refer to the same tax authority and thus offset is permitted.

Tax losses carry forwards are recognised as deferred tax assets if it is likely that they will be utilized in the future.

**Appropriations and untaxed reserves**

Tax appropriations and untaxed reserves are reported only in the accounts of the parent company, and not in the consolidated accounts.

The tax code in Sweden allows companies to reduce their taxable income through appropriations to untaxed reserves. These reserves become taxable when they are reversed, except for when they are used to cover a loss or to utilize a tax-loss carry forward.

In accordance with Swedish practice, changes in these reserves are reported in the profit and loss account.

Appropriations to untaxed reserves are shown in the profit and loss account under the heading "Appropriations". The accumulated total of these appropriations is reported in the balance sheet under the heading "Untaxed reserves".

Of untaxed reserves, 28% can be considered a deferred tax liability and 72 % as shareholders' equity. The deferred tax liability can be described as a non interest-bearing liability with an unspecified maturity. Untaxed reserves are stated in the consolidated accounts as consisting of 28% deferred tax and 72% restricted equity. Consequently the consolidated accounts do not include appropriations in the profit and loss account or untaxed reserves in the balance sheet.

In evaluating the company's financial strength, the total value of untaxed reserves can be regarded as risk capital, since losses generally can be covered through reversals of these untaxed reserves, without payment of taxes. The majority of the untaxed

reserves consist of the safety reserve. The safety reserve represents collective, voluntary strengthening of the company's technical provisions. Accessibility to this reserve is restricted to coverage of losses and requires the approval of the regulatory authorities.

**Goodwill**

The goodwill arising from the acquisition of Sirius Réassurances SA is depreciated according to plan. The depreciation is done over the estimated lifetime of 20 years. The earlier capitalised goodwill arising from the acquisition of the bulk of WASA (UK) Ltd's business is depreciated according to plan. The depreciation is over the estimated lifetime of 10 years.

**Translation of foreign currencies**

Current accounting is stated in original currencies. Transactions in currencies other than the local currency are translated in accordance with the following principles: Income statement items are translated at the average exchange rate for the year and balance sheet items are translated at year-end exchange rates.

The following rates of exchange for the Swedish krona have been used for the most important currencies:

	Closing rate	Average rate
U.S. dollar	10.53	10.39
Euro	9.30	9.26
Pound sterling	15.26	14.94

Shareholdings in Group companies have been translated at the rate in effect on the date when an investment was made.

## **Valuation principles**

### **Investment assets**

- Buildings and land are valued at acquisition cost with the reduction of calculated depreciation. Investment assets in Group companies are valued at acquisition cost.
- Shares and participations are valued at market.
- Bonds and other interest-bearing securities are valued at amortized cost.
- Other financial assets are valued at cost.
- Capital gains and losses on interest-bearing assets are valued in accordance with the FIFO principle.
- Capital gains and losses on shares and participations are valued at average acquisition costs.

Investments in bonds and other interest-bearing securities are based on a long-term approach, in which the return that these instruments offer at date of investment is the decisive factor in making the investments. Therefore, accrued amortized cost most accurately reflects the value at which the assets should be stated. In the case of shares and participations with greater volatility and shorter investment horizons, market value offers the most accurate valuation principle.

### **Technical provisions**

Technical provisions consist of provisions for unearned premiums and claims as well as the claims adjustment provisions.

Provisions for unearned premiums and claims are calculated pro rata.

Calculation of the claims provision is based on available knowledge of individual claims and the trend of claims. In calculating these provisions, claims not yet reported and claims reported with insufficient amounts are taken into account. Actuarial methods have been used as a basis for calculating the amounts of the provisions.

## **Allocated interest to insurance**

### **operations**

The investment income allocated to insurance operations is calculated using the net insurance liabilities as the base. Net receivables in insurance operations have been deducted from the base. This capital base is distributed by currency. The calculated yields for assets in various currencies have then been used to calculate the return on capital from insurance operations.

### **Capitalisation of acquisition costs**

Because only a small amount of the acquisition costs could be capitalised due to the time lag in accounting for especially assumed reinsurance, Sirius International has elected not to capitalise any acquisition costs.

### **Premium Income**

The bulk of the company's premium income consists of assumed reinsurance. Especially for proportional reinsurance contracts, there is a substantial timelag in the accounting, as well as uncertainty about the definitive premium income. For this reason the company has chosen to report as premium income only received accounted premium income. A cautious estimate of written, not accounted for premium income is approx. SEK 500 million.

### **Sensitivity analyses**

#### **Insurance risks**

Prior to the beginning of each fiscal year, the Board of Directors establishes the total maximum exposure allowable for each company in the group within the framework of the Company's Articles of Association. Various claim scenarios have been identified for reinsurance assumed. These scenarios are projected monthly, based on

the current portfolio. In the credit insurance sector, the Board has established the maximum exposure for various types of insurance.

In the case of large individual commitments, such as liability for claims resulting from a nuclear disaster, a maximum claim limit has been set.

Ceded reinsurance is utilised in order to increase the capacity as well as to balance the incoming portfolio, and thus avoid fluctuations in the result.

Through an active selection of reinsurers, the reinsurance risk is limited.

The reserving risk is controlled through actuarial analysis of our portfolio.

### **Foreign currency**

When calculating the net exposure in foreign currencies, market values of all investment assets are adopted. As of December 31 2001, the net foreign currency exposure, translated to Swedish kronor, was as follows:

Currency	Net exposure	Impact of a 10% unfavourable change in Fx-rates
USD	MSEK 21	MSEK -2.1 (MSEK -1.5 when standard tax rate is applied)
EUR	MSEK 49	MSEK -4.9 (MSEK -3.5 when standard tax rate is applied)
GBP	MSEK 21	MSEK -2.1 (MSEK -1.5 when standard tax rate is applied)

The translation difference, which is included in shareholders' equity, amounted to SEK 187 million.

### **Equity price risk**

A 10% decline is estimated to reduce the value of the group's equity portfolio with SEK -281 million (SEK -202 million when standard tax rate is applied).

### **Interest-rate risk**

Fixed-interest-rate periods and duration (expressed in years)

	2001			2000		
	Amount SEK 000's	Fixed rate period (years)	Dura- tion	Amount SEK 000's	Fixed rate period (years)	Dura- tion
Interest-bearing securities.						
Group companies	1,435,165	0.5-1.5	1.2	1,000,280	2.5	2.5
Bonds and other interest-bearing securities						
SEK (note 11)	3,381,802	0.5-5.6	2.4	3,411,248	0.1-6.3	2.4
USD (note 11)	6,901,700	0.1-29.9	5.1	4,884,452	0.1-19.6	4
EUR (note 11)	1,288,182	0.1-6.8	3.4	1,125,698	0.5-9.25	3.9
GBP (note 11)	159,675	1.0-4.9	3.4	138,259	0.0-7.2	2.8
Other						
(notes 11 & 12)	3,043,430	0.2-12.0	n.a.	3,942,319	0.1-11.7	n.a.
	16,209,954			14,502,256		

The sensitivity to a change of one percentage point in interest rates is estimated to amount to SEK -339 million (SEK -244 when standard tax rate is applied).

### **Credit risk**

Based on the classification used by Standard & Poor's, the credit risk in the portfolio of interest-bearing securities was as follows in 2001 and 2000:

Credit risk in SEK 000's		2001	2000
Interest-bearing securities			
SEK	AA	4,658,834	4,333,129
	Other	315,490	77,399
USD	AAA	6,309,775	3,863,479
	AA	281,859	939,115
EUR	Other	3,196,139	4,025,177
	AAA	455,316	616,187
GBP	AA	832,866	509,511
	AAA	159,675	44,844
	AA	0	93,415
Grand Total	AAA	6,924,766	4,524,510
Grand Total	AA	5,773,560	5,875,170
Grand Total	Other	3,511,629	4,102,576
Total		16,209,954	14,502,256

(Notes 10, 11, 12)

Sirius International's policy is to invest only in investments with a rating of at least AA or equivalent. The investments under Other Assets are deposits under insurance contracts where the insured bears the credit risk.

**Derivatives**

The Sirius Group is exposed to the movements of a large number of currencies in relation to the Swedish krona. Currency forward contracts are used to reduce this exposure and to deal with the cash flow in various currencies.

Interest-rate futures are employed to adapt interest-rate risks over the full yield curve. In addition, stock index futures and stock futures are used to hedge the risk in stock prices.

Currency risk, interest-rate risk and stock-price risk are measured and evaluated continuously by Sirius' investment managers, as well as by Sirius, to ensure that risk limits are not exceeded. All derivatives are marked to market.



# Five-year Summary

<b>GROUP</b> SEK million	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Net premium income	7,454	6,023	4,029	2,964	2,746
Net premiums earned	7,877	6,007	3,754	3,021	2,776
Other technical income	124	125	71	42	45
Allocated interest	283	246	114	135	113
Net claims incurred	-8,163	-4,932	-2,046	-1,863	-1,591
Net operating expenses	-1,370	-1,391	-1,835	-1,134	-1,167
Insurance operating result	-1,249	55	58	202	176
Investment operating result	489	616	1 018	631	621
Other expenses	-35	-34	-10	-9	-6
Net income for the year	-557	522	781	584	575
Net technical provisions	14,686	9,593	6,667	4,212	3,974
Market value on investment assets	20,299	18,384	18,806	15,351	13,789
<b>Insurance operating result</b>					
Claims ratio	102%	80%	53%	61%	57%
Cost ratio	17%	23%	48%	37%	41%
Combined ratio	119%	103%	101%	98%	98%
<b>Investment result</b>					
Investment yield	5%	5%	4%	5%	5%
Total yield	4%	8%	4%	8%	7%
<b>Solvency capital</b>					
Shareholders' equity	7,398	8,001	6,826	5,898	5,417
Deferred tax on untaxed reserves	2,032	2,253	1,901	1,714	1,622
Deferred tax other	-161	-43	-52	58	
Deferred tax on reserve for unrealised capital gains	40	94	129	33	40
Excess values on investment assets - Other investment assets	-78	83	-145	512	330
Total solvency capital	9,231	10,388	8,659	8,215	7,409
Solvency ratio	124%	172%	215%	277%	270%
<b>PARENT COMPANY</b> SEK million	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Net premium income	3,573	2,767	2,656	2,419	2,442
Net premiums earned	4,094	2,854	2,327	2,471	2,454
Allocated interest	268	232	91	124	105
Net claims incurred	-3,513	-1,807	-1,531	-1,638	-1,518
Net operating expenses	-1,277	-1,073	-871	-810	-919
Insurance operating result	-428	206	16	148	122
Investment operating result	-31	380	958	741	691
Other expenses	-84	-452	-8	-9	-6
Net income for the year	2	-95	215	6	0
Net technical provisions	5,413	4,907	4,178	3,473	3,257
Market value on investment assets	13,819	13,668	12,116	10,805	10,012
<b>Insurance operating result</b>					
Claims ratio	86%	63%	66%	66%	62%
Cost ratio	31%	38%	37%	33%	38%
Combined ratio	117%	101%	103%	99%	100%
<b>Investment result</b>					
Investment yield	4%	5%	5%	6%	6%
Total yield	3%	7%	6%	10%	8%
<b>Solvency capital</b>					
Shareholders' equity	1,023	1,022	1,117	902	896
Deferred tax on reserve for unrealised capital gains	34	95	113	26	36
Untaxed reserves	7,256	8,048	7,174	6,449	5,819
Excess values on investment assets - Other investment assets	-17	44	-8	434	312
Total solvency capital	8,296	9,209	8,396	7,811	7,063
Solvency ratio	232%	333%	316%	323%	289%

# Notes to the Financial Statements

## Analysis of Consolidated Insurance Result (SEK 000's)

	TOTAL		DIRECT INSURANCE				ASSUMED
		SWEDEN		Marine	Aviation	Credit	REINSURANCE
		Industrial fire & allied risks					FOREIGN
<b>I) Notes to Analysis of Consolidated Insurance Result – Technical account</b>							
Premiums earned, for own account	7,232,426	4,362	4,266	0	43,978	50,540	7,129,280
Allocated investment return transferred from the non-technical account	283,474	630	210	0	19,530	3,050	260,054
Other technical income, for own account	124,090	0	0	0	0	0	124,090
Claims incurred, own account	-8,163,193	22,490	-525	0	43,855	-76,677	-8,152,336
Operating expenses	-1,370,179	3,201	338	0	-3,172	-16,202	-1,354,344
<b>Operating profit/loss of technical account</b>	<b>-1,893,382</b>	<b>30,683</b>	<b>4,289</b>	<b>0</b>	<b>104,191</b>	<b>-39,289</b>	<b>-1,993,256</b>
<b>II) Notes to Analysis of Consolidated Insurance Result – Technical provisions</b>							
Provisions for unearned premiums	-1,318,103	-143,903	-3,165	0	-454,871	-41,497	-674,667
Provisions for outstanding claims	-16,300,656	-109,671	-10,756	0	-63,157	-65,474	-16,051,598
Equalization provision	-14,641	0	0	0	-3,099	-6,289	-5,253
<b>Total technical provisions</b>	<b>-17,633,400</b>	<b>-253,574</b>	<b>-13,921</b>	<b>0</b>	<b>-521,127</b>	<b>-113,260</b>	<b>-16,731,518</b>
<b>III) Notes to Analysis of Consolidated Insurance Result – Reinsurers' share of technical provisions</b>							
Provisions for unearned premiums	314,317	132,606	0	0	113,791	44,215	23,705
Provisions for outstanding claims	2,633,152	108,245	9,668	0	12,739	7,416	2,495,084
<b>Total Reinsurers' share of technical provisions</b>	<b>2,947,469</b>	<b>240,851</b>	<b>9,668</b>	<b>0</b>	<b>126,530</b>	<b>51,631</b>	<b>2,518,789</b>
<b>IV) Notes to Analysis of Consolidated Insurance Result – Premiums earned, for own account</b>							
Gross premium income	8,552,859	-36,720	20,566	0	74,600	781,091	7,713,322
Ceded premiums	-1,099,205	40,891	-15,000	0	-29,236	-88,610	-1,007,250
Change in the gross provision for premiums	541,397	79,379	-1,300	0	68,857	-27,437	421,898
Change in the gross provision for premiums, reinsurers' share	-117,938	-79,188	0	0	-70,243	30,183	1,310
<b>Total Premiums earned, for own account</b>	<b>7,877,113</b>	<b>4,362</b>	<b>4,266</b>	<b>0</b>	<b>43,978</b>	<b>695,227</b>	<b>7,129,280</b>
<b>V) Notes to Analysis of Consolidated Insurance Result – Claims incurred, for own account</b>							
Claims paid	-4,299,831	-38,679	0	0	-9,778	-850	-4,250,524
Claims handling expense	-12,937	0	0	0	0	0	-12,937
Ceded claims paid	671,806	61,666	0	0	185	3,200	606,755
Change in gross provision for claims	-4,968,500	17,528	-5,359	0	64,333	-14,812	-5,030,190
Change in provision for claims, reinsurers' share	451,265	-18,025	4,834	0	-10,885	-59,219	534,560
Change in other technical provisions, for own account	-4,996	0	0	0	0	-4,996	0
<b>Total Claims incurred, for own account</b>	<b>-8,163,193</b>	<b>22,490</b>	<b>-525</b>	<b>0</b>	<b>43,855</b>	<b>-76,677</b>	<b>-8,152,336</b>

**Note 1 • Gross Premium Income**

	2001	2000
Sweden	58,446	410,436
Other EEA countries	781,309	81,044
Other countries	-218	447,246
Total gross income, direct insurance	839,537	938,726
Assumed reinsurance	7,713,322	6,258,655
<b>Total Gross Premium Income</b>	<b>8,552,859</b>	<b>7,197,381</b>

**Note 2 • Operating Expenses**

2001	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-1,221,567	0	-1,221,567
Depreciation of fixed assets*)	-4,515	-5,124	-9,639
Other operating expenses*)	-147,047	-145,021	-292,068
Commissions and profit commissions on ceded reinsurance	153,095	0	153,095
<b>Total Operating Expenses</b>	<b>-1,220,034</b>	<b>-150,145</b>	<b>-1,370,179</b>

2000	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-1,235,152	0	-1,235,152
Depreciation of fixed assets*)	-5,075	-4,648	-9,723
Other operating expenses*)	-116,037	-120,558	-236,595
Commissions and profit commissions on ceded reinsurance	90,347	0	90,347
<b>Total Operating Expenses</b>	<b>-1,265,917</b>	<b>-125,206</b>	<b>-1,391,123</b>

\*) Note 21

**Note 3 • Investment Income**

	2001	2000
<i>Dividend income from</i>		
Other	35,053	24,936
<i>Interest income</i>		
Bonds and other interest bearing securities – group companies	73,011	4,901
Bonds and other interest bearing securities – other	628,079	583,345
Other interest income – group companies	14,105	8,094
– other	10,800	25,905
<i>Capital gains on foreign exchange, net</i>	25,894	0
Other financial income	0	33,531
<i>Capital gains on sales of investments, net</i>		
Shares and participations	101,308	390,243
Interest bearing securities	188,576	68,403
<b>Total investment income</b>	<b>1,076,826</b>	<b>1,139,358</b>

**Note 4 • Investment Expenses**

	2001	2000
Operating expenses	-42,512	-61,779
Net deficit on real estate	-2,036	-1,555
<i>Interest expenses</i>		
Other interest expenses – group companies	-69	0
Other interest expenses	-1,397	-17,005
Capital losses on foreign exchange, net	0	-9,751
<i>Unrealised losses on investment</i>		
Shares and participations	-258,158	-186,834
<b>Total investment expenses</b>	<b>-304,172</b>	<b>-276,924</b>

**Note 5 • Other Expenses**

	2001	2000
Goodwill depreciation	-34,610	-34,278
<b>Total other expenses</b>	<b>-34,610</b>	<b>-34,278</b>

**Note 6 • Tax**

	2001	2000
Current tax	-10,317	-10,197
Current tax for previous year	-6,249	0
Provisions for disputed tax	0	17,936
Deferred tax	137,444	-114,378
Deferred taxes on changes in unused tax losses	115,539	0
Other tax	222	-8,317
<b>Total tax</b>	<b>236,639</b>	<b>-114,956</b>

**Note 7 • Intangible Assets**

	2001	2000
<i>Goodwill</i>		
Acquisition cost	615,383	609,586
Depreciation according to plan	-95,310	-60,105
<b>Total Goodwill</b>	<b>520,073</b>	<b>549,481</b>
<i>Capitalized software</i>		
Acquisition cost	7,194	787
Depreciation according to plan	-1,148	-13
<b>Total capitalized software</b>	<b>6,046</b>	<b>774</b>

**Note 8 • Land and Buildings**

	2001	2000
<i>Land and buildings</i>		
Acquisition cost	21,159	46,276
Accumulated depreciation	-4,592	-29,399
<b>Book value land and buildings</b>	<b>16,567</b>	<b>16,877</b>

Buildings abroad are depreciated at an annual rate of 5% of acquisition cost and buildings in Sweden with 2%. The value of land and buildings for Swedish taxation purposes is 368 (332) and 800 (720) respectively.

**Note 9 • Interest-bearing Investments – Group Companies**

	2001	2000
	Cost value	Cost value
Other Swedish issuers	1,435,165	1,000,280
<b>Total Interest Bearing Investments – Group Companies</b>	<b>1,435,165</b>	<b>1,000,280</b>

**Note 10 • Shares and Participations**

Security	Currency	Number	Cost Value (SEK)	Market value (SEK)
ABB	SEK	39 040	3 876 410	3 943 040
Abelbaker	SEK	250 000	1 500 000	250 000
Activision Inc	USD	4 350	985 576	1 191 854
Affymetrix Inc	USD	2 000	683 893	795 317
Alpha Industries	USD	2 200	759 692	505 211
American Eagle Outfitters	USD	5 700	1 634 050	1 571 346
Ameritrade Holdings Corp CL A	USD	5 000	357 661	311 806
AmerisourceBergen Group	USD	1 300	921 254	870 266
Amsurg Corp	USD	4 500	957 251	1 288 414
Answerthink Consulting Group	USD	13 900	808 534	956 140
Armor Holding Inc	USD	6 700	1 608 577	1 904 895
Artesyn Technologies Inc	USD	10 000	644 544	980 715
Assa Abloy	SEK	163 388	23 718 704	24 671 588
Aspen Technology Inc	USD	9 800	1 134 852	1 732 422
Astacartotene	SEK	14 286	2 000 040	571 440
AstraZeneca	SEK	87 539	34 528 501	42 106 259
Atlas Copco A	SEK	3 450	768 260	809 025
Atlas Copco B	SEK	35 870	7 178 878	7 909 335
Aviron	USD	3 400	1 355 883	1 781 110
Avocent Corp	USD	4 300	638 160	1 098 433
Bally Total Fitness	USD	3 600	760 382	817 607
BK Vision AG	CHF	20 000	45 750 912	46 491 094
California Pizza Kitchen Inc	USD	4 400	990 669	1 147 153
Caminus Corp	USD	3 900	825 760	944 900
Capital	USD	53 526	158 010 000	157 169 882
Caremark RX Inc	USD	6 600	1 045 730	1 133 943
Charles River Labs International Inc	USD	1 200	416 439	423 214
Chico's Fas Inc	USD	2 800	863 584	1 170 959
Children's Place	USD	3 800	767 712	1 086 793
Cirrus Logics Inc	USD	5 300	796 167	738 075
Clarcor Inc	USD	2 600	678 137	743 595
Cognizant Tech Solutions Corp	USD	100	30 430	43 168
Columbia Sportswear Corp	USD	1 800	422 953	631 408
Computer Learning Centers	USD	778	0	16
Computer Network Tech Group	USD	3 500	689 450	655 900
Covenant Transport Inc	USD	36 000	424 889	504 368
Corinthian Colleges Inc	USD	3 000	1 088 181	1 292 206
Copart Inc	USD	3 000	549 536	1 149 365
Corixa Corp	USD	5 100	828 796	809 612
CRS Autocorp	USD	9 200	565 486	964 282
Cross Country Inc	USD	3 000	637 305	837 453
Curagen Corp	USD	800	151 774	188 516
Deutsche Bank	DEM	2 070	323 976	1 527 287
Deutsche Telecom AG	DEM	172	23 557	30 888
Doubleclick Inc	USD	9 900	855 334	1 182 610
Dynacare Inc	USD	4 600	275 904	818 429
Eikos	SEK	196	25 000 000	29 384 851
Electrolux B	SEK	70 550	9 386 561	11 041 075
Emmis Communications Corp	USD	11 200	3 166 474	2 789 066
Emulex Corp	USD	2 400	674 923	998 876
Endocare Inc	USD	4 100	767 730	774 386
Eniro	SEK	74 500	6 865 524	5 587 500
Enterays Networks	USD	8 100	565 998	755 130
Ericsson B	SEK	1 559 032	115 674 805	88 864 824
Esselte A	SEK	2 000	255 597	93 600

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Security	Currency	Number	Cost Value (SEK)	Market value (SEK)	Security	Currency	Number	Cost Value (SEK)	Market value (SEK)
Esselte B	SEK	20 300	2 089 968	954 100	Metro B	SEK	88 146	7 558 827	3 746 205
Ess Technology Inc	USD	7 200	1 487 559	1 612 460	Micromuse Inc.	USD	4 500	468 337	711 045
Extreme Networks Inc	USD	4 700	595 966	638 676	Molecular Devices Corp	USD	3 900	700 048	857 394
Finisar Corp	USD	6 600	714 865	707 063	Modern Times Group B	SEK	21 630	4 668 266	4 996 530
Firstservice Corp	USD	2 200	497 732	648 894	MSC Industrial Direct	USD	1 500	248 423	280 468
Flowserve Corp	USD	7 800	1 884 680	2 186 416	National Processing Inc	USD	4 300	1 331 079	1 472 127
Fred 's Inc	USD	3 000	809 959	1 294 418	NPS Associates Inc	USD	5 400	683 638	1 470 441
FS Networks Inc	USD	7 500	1 873 999	1 701 768	New Horizons Worldwide	USD	5 850	835 922	708 675
Genesis Microchip Inc	USD	1 100	455 979	776 693	Nokia	SEK	81 340	16 539 432	21 717 780
Genta Inc	USD	4 900	825 866	734 504	Nordea	SEK	518 600	28 235 878	28 782 300
Getty Images Inc	USD	14 400	3 015 910	3 485 827	NPS Pharmaceuticals Inc	USD	5 300	1 770 632	2 138 297
Global Power Equipment					Oblipar Sicav D EUR	EUR	5 716	136 064 250	144 597 394
Group Inc	USD	11 490	3 579 109	1 822 797	O2Micro International Ltd	USD	2 800	437 667	709 360
Globespan Virata Inc	USD	6 000	761 556	818 492	Omnicell Inc	USD	9 200	776 155	862 524
Harman International					O'Reilly Automotive Inc	USD	9 500	2 474 128	3 649 662
Industries Incorp	USD	1 500	505 316	712 625	Orthrox International NV	USD	800	219 544	312 674
Harmonic Inc	USD	8 200	848 102	1 038 273	OSI Pharmaceuticals Inc	USD	500	171 461	240 913
Hennes & Mauritz B	SEK	178 560	28 761 893	38 747 520	Overture Services Inc	USD	3 200	856 264	1 194 303
Hollywood Entertainment Corp	USD	7 400	804 147	1 113 928	Palio AG	CHF	50 000	15 706 450	15 706 450
Hot Topic Inc	USD	3 000	933 504	991 987	Pandox	SEK	250 000	17 180 548	18 750 000
Incyte Genomics Inc	USD	4 200	822 089	860 080	Paradyne Networks Inc	USD	22 500	880 558	924 359
Integrated Circuits System Inc	USD	10 800	1 966 707	2 570 001	Parametric Tech	USD	9 900	756 078	814 478
Intermune Inc	USD	1 700	755 072	882 138	Paxson Communications Corp	USD	4 600	450 746	506 369
Internet security Systems Inc	USD	2 500	894 037	844 300	PDF Solutions Inc	USD	2 500	376 591	553 035
Insight Communications Inc	USD	4 200	929 099	1 068 906	Penton Media Inc	USD	23 700	2 875 196	1 562 845
Insight Enterprises Inc	USD	1 800	341 226	466 446	Peregrine Systems Inc	USD	1 800	502 489	281 195
Iron Inc.	USD	3 300	923 336	1 053 295	Performance Food Group Co	USD	5 400	1 372 872	2 000 596
Investor B	SEK	215 370	23 983 206	24 659 865	Pharma Vision AG	CHF	40 000	49 045 780	50 260 643
Invitrogen Corp	USD	2 650	1 710 063	1 728 782	Pharmaceuticals Product				
Idex Corp	USD	2 100	627 373	763 188	Development Inc	USD	3 100	887 508	1 055 096
Ixia	USD	350	35 372	47 377	Pharmacyclics Inc	USD	3 000	712 666	314 124
Jack Henry & Associates	USD	2 000	422 413	460 125	PMA Capital Corp	USD	8 700	1 654 427	1 768 764
JM B	SEK	227 100	30 977 980	49 962 000	Province Healthcare Corp	USD	1 500	587 070	487 619
Key Europé	EUR	7 272	9 304 157	9 531 485	Proxim Inc	USD	6 700	805 020	700 132
Kinnevik B	SEK	62 980	12 524 771	10 454 680	Quest Software Inc	USD	2 400	507 074	558 976
Knight Transportation Inc	USD	7 425	896 890	1 468 877	Quintiles Transnational Corp	USD	2 600	423 866	439 584
Krispy Kreme Doughnuts Inc	USD	1 900	626 611	884 645	Radio One Inc	USD	5 400	997 303	1 050 640
Labranche & Co	USD	400	126 041	145 201	Radio One Inc Non Vot Class D	USD	9 800	1 731 080	1 859 230
Larmag	NLG	350 000	4 802 573	0	Rare Hospital International Inc	USD	7 800	1 429 459	1 852 004
Learning Tree	USD	3 500	817 241	1 028 645	Radware Ltd	USD	3 775	843 637	516 558
LGP Telecom	SEK	45 800	6 325 739	3 549 500	Ratos B	SEK	156 500	13 984 974	14 632 750
Linens N.Things Inc	USD	6 700	1 548 149	1 799 734	Raymond James Financial Inc	USD	2 800	827 349	1 047 670
Living Questions AB	SEK	25 000	2 000 000	0	Redback Networks	USD	11 300	464 974	470 185
Ljungbergs	SEK	735 488	26 179 612	62 516 480	Reebok int'l Ltd	USD	2 000	430 017	558 302
Luminex Corp	USD	2 400	424 670	428 776	Rehabcare Group Inc	USD	3 000	1 120 269	935 419
Magma Design Automation Inc	USD	3 900	826 582	1 243 981	Reinsurance Group of				
Manhattan Associates Inc	USD	1 300	365 279	399 186	America Inc	USD	750	264 193	262 929
Manticore	SEK	9 740	10 000 000	9 856 337	Respironics Inc	USD	2 400	704 356	875 755
Manugistics Group Inc	USD	7 200	915 645	1 598 808	Riverstone Networks Inc	USD	2 300	381 776	402 188
Martha Stewart Living					RPM Inc	USD	5 900	798 480	898 698
Omnimedia Inc	USD	4 100	813 472	710 466	Rudolf Technologies Inc	USD	2 100	779 490	759 206
McData Corp. CI-A	USD	8 400	1 455 893	2 167 897	Ruker Axs Inc	USD	5 500	387 940	378 908
Medivir	SEK	15 000	884 114	930 000	Sandvik	SEK	43 650	9 706 776	9 799 425
Mercury Interactive Corp	USD	1 400	343 414	480 055	Sapient Corp	USD	10 900	800 836	886 415
Merlin	SEK	4 328	49 999 991	53 064 227	SCA B	SEK	80 650	15 716 179	23 146 550
Metris Companies Inc	USD	4 400	780 393	1 191 648	Scania B	SEK	27 000	5 525 304	5 184 000
Metro A	SEK	33 234	2 879 259	1 196 424	Seachange Int'l Inc	USD	2 300	567 736	826 666

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Security	Currency	Number	Cost Value (SEK)	Market value (SEK)	Security	Currency	Number	Cost Value (SEK)	Market value (SEK)
SeeBeyond Technology Corp	USD	8 200	380 609	837 874	Talbots Inc	USD	4 400	1 432 752	1 680 173
Select Medical Corp	USD	1 250	204 228	211 733	Taro Pharmaceutical Ind	USD	1 200	389 149	505 000
SEB A	SEK	244 420	21 471 612	23 342 110	Tele2	SEK	65 930	23 475 150	24 921 540
SEB Globalfond	SEK	34 546 632	330 574 210	289 756 400	Telia	SEK	416 600	24 280 934	19 455 220
SEB Hedgefond	SEK	836 949	51 006 021	46 797 400	Terayon Communications Systems	USD	4 000	530 042	348 507
SEB Lux Emerging Europe Guaranteed Fund	SEK	28 000	27 934 854	28 000 000	The Princeton Review Inc	USD	17 000	1 704 823	1 369 947
SEB Lux Greater China Guaranteed Fund	SEK	24 900	24 899 968	24 899 968	Therasense Inc	USD	2 900	782 502	757 605
SEB Sverige Småbolagsfond	SEK	1 163 686	11 813 033	12 369 984	Trimeris Inc	USD	3 900	1 344 236	1 847 485
SEB Teknologifond	SEK	3 557 159	100 000 000	85 010 100	Ultimate Electronics Inc	USD	2 700	617 294	853 254
Securitas B	SEK	67 970	13 282 823	13 526 030	United Rentals Inc	USD	1 500	335 455	358 683
SHB A	SEK	96 300	14 446 151	14 830 200	United Surgical Partners Inc	USD	4 900	1 028 364	1 091 691
Sign On	SEK	20 000	901 800	760 000	US Physical Therapy Inc	USD	4 500	789 102	766 032
Siemens	DEM	3 900	423 590	2 716 023	UTI worldwide Inc	USD	2 800	485 062	577 221
Sinclair Broadcast Group	USD	4 600	367 057	458 398	Vans Inc	USD	5 900	810 295	791 799
Skandia	SEK	402 950	38 871 805	30 624 200	Varian Medical systems Inc	USD	100	69 693	75 065
Skanditek	SEK	66 600	2 923 919	1 824 840	Waste Connections	USD	4 400	1 300 121	1 436 374
Skanska B	SEK	79 530	7 534 636	5 447 805	Vastera Inc	USD	10 000	1 276 367	1 749 697
SKF B	SEK	23 400	4 015 536	4 820 400	Wihlborgs B	SEK	809 000	10 540 645	11 487 800
Sonic Automotive Inc	USD	4 300	760 615	1 061 743	Wilmington Trust Corp	USD	1 500	887 927	1 000 361
Sonicwall Inc	USD	5 800	863 570	1 187 730	Wind River Systems Inc	USD	4 000	798 077	754 656
Spanish Broadcasting System	USD	9 000	855 150	937 631	Virage Logic Corp	USD	7 150	923 765	1 448 367
SSAB A	SEK	63 750	6 123 975	6 534 375	Viryanet Ltd	USD	22 000	1 852 675	101 969
Stancorp Financial Group Inc	USD	1 400	611 391	696 824	WebMethods Inc	USD	2 300	563 252	406 065
Steiner Leisure Ltd	USD	4 100	744 749	917 775	WFS Financial Inc	USD	4 000	835 188	1 011 685
Steris Corp	USD	3 600	735 387	692 842	WMS Industries Inc	USD	2 500	561 952	526 700
Stora Enso R	SEK	69 000	7 388 677	9 177 000	Volvo A	SEK	30 300	7 358 071	5 135 850
Storage Networks Inc	USD	14 800	1 548 569	963 482	Volvo B	SEK	30 550	5 136 237	5 376 800
Support Com. Inc	USD	32 500	935 258	2 146 566	Zoran Corp	USD	3 300	1 033 938	1 178 638
Swedeponic	SEK	2 700	5 233 183	1 679 400	Total			1 841 705 544	1 850 452 063
Swift Transportation	USD	4 300	978 851	974 321	Other shares & participations	Mix		511 553 840	484 043 478
Sykes Enterprises	USD	7 300	638 255	718 229	<b>Total shares &amp; participations of which, listed</b>			<b>2 353 259 384</b>	<b>2 334 495 541</b>

Note 11 • Bonds and Other Interest-bearing Investments

	2001		2000	
	Amortised Cost	Market Value	Amortised Cost	Market Value
Swedish government	3,223,669	3,208,442	3,554,821	3,563,299
Swedish mortgage institutions	315,490	312,436	15,616	16,193
Foreign governments	5,829,915	5,767,476	5,316,911	5,377,077
Other foreign issuers	2,362,285	2,365,902	672,309	685,920
<b>Total bonds and other interest-bearing investments of which listed</b>	<b>11,731,359</b>	<b>11,654,256</b>	<b>9,559,657</b>	<b>9,642,489</b>
	<b>11,371,645</b>	<b>11,293,823</b>	<b>9,392,340</b>	<b>9,473,753</b>

Remaining amount to be amortised according to the amortised cost principle

	2001		2000	
	Amortised Cost	Market Value	Amortised Cost	Market Value
Total positive amount	534,523	596,019		
Total negative amount	644,761	674,801		

**Note 12 • Other Financial Assets**

	2001	2000
	Cost Value	Cost Value
<b>Other Financial Assets</b>	<b>3,043,430</b>	<b>3,942,319</b>
which are directly related to insurance operations 3,043,430 (3,853,220)		

**Note 13 • Reinsurers' Share of Technical Provisions**

	2001	2000
<i>Provisions for unearned premiums</i>		
Opening balance	417,304	226,592
Portfolio transfer	0	-28,124
Change in provision	-117,938	209,053
Capital gains/losses on foreign exchange	14,951	9,783
<b>Closing balance</b>	<b>314,317</b>	<b>417,304</b>

*Provisions for outstanding claims*

2001	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
------	------------------------------	--	-------

Opening balance	1,653,282	405,850	2,059,132
Change in provision	392,359	58,906	451,265
Capital gains/losses on foreign exchange	96,983	25,772	122,755
<b>Closing balance</b>	<b>2,142,624</b>	<b>490,528</b>	<b>2,633,152</b>

2000	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
------	------------------------------	--	-------

Opening balance	1,603,975	238,197	1,842,172
Portfolio transfer	-216,732	-4,867	-221,599
Change in provision	180,794	153,325	334,119
Capital gains/losses on foreign exchange	85,245	19,195	104,440
<b>Closing balance</b>	<b>1,653,282</b>	<b>405,850</b>	<b>2,059,132</b>

**Note 16 • Shareholders' Equity**

2001	Share capital	Restricted reserves	Retained earnings	Net income for the year	Total Shareholders' equity
Opening balance	800,000	5,704,789	973,959	521,858	8,000,606
Transfer of result from previous year	0	0	521,858	-521,858	0
Transfer from reserve for unrealised capital gains	0	-138,437	138,437	0	0
Transfer to restricted reserves	0	628,494	-628,494	0	0
Translation difference	0	95,034	91,682	0	186,716
Group contribution paid	0	0	-407,116	0	-407,116
Group contribution received	0	0	175,675	0	175,675
Net income for the year	0	0	0	-557,486	-557,486
<b>Closing balance</b>	<b>800,000</b>	<b>6,289,880<sup>*)</sup></b>	<b>866,001</b>	<b>-557,486</b>	<b>7,398,395</b>

\*) whereof reserve for unrealised capital gains 103,504 (241,491), to be transferred from restricted reserves into retained earnings 634,320

**Note 14 • Debtors**

	2001	2000
<i>Debtors arising out of direct insurance</i>		
Amounts due from policyholders	132,005	141,895
Amounts due from intermediaries	23,588	29,888
<b>Total debtors arising out of direct insurance</b>	<b>155,593</b>	<b>171,783</b>
Other debtors*)	590,708	704,023
<b>Total other debtors</b>	<b>590,708</b>	<b>704,023</b>

\*) of which, group companies 476,864 (650,000)

**Note 15 • Other Assets**

	2001	2000
<i>Fixed assets</i>		
Acquisition cost	85,915	81,874
Accumulated depreciation	-70,631	-65,832
<b>Book value</b>	<b>15,284</b>	<b>16,042</b>
Machinery, equipment etc excluding IT equipment is depreciated at an annual rate of 20% of acquisition cost.		
<i>Cash and bank</i>		
Cash pool	40,421	47,003
Other cash and bank	881,091	985,381
<b>Total cash and bank balance</b>	<b>921,512</b>	<b>1,032,384</b>

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**Note 17 • Technical Provisions**

<i>Provisions for unearned premiums</i>	2001	2000
Opening balance	1,654,625	1,369,467
Portfolio transfer	0	-28,124
Reclassification of financial liabilities	103,012	0
Change in provision	-541,397	226,099
Capital gains/losses on foreign exchange	101,863	87,183
<b>Closing balance</b>	<b>1,318,103</b>	<b>1,654,625</b>

*Provisions for outstanding claims*

2001	Incurring and reported claims	Incurring, but not reported claims (I.B.N.R.)	Total
------	-------------------------------	---	-------

Opening balance	4,155,310	6,256,305	10,411,615
Reclassification to other technical reserves	-9,400	0	-9,400
Change in provision	523,022	4,445,478	4,968,500
Capital gains/losses on foreign exchange	306,072	623,869	929,941
<b>Closing balance</b>	<b>4,975,004</b>	<b>11,325,652</b>	<b>16,300,656</b>

2000	Incurring and reported claims	Incurring, but not reported claims (I.B.N.R.)	Total
------	-------------------------------	---	-------

Opening balance	4,398,803	2,956,186	7,354,989
Portfolio Transfer	-86,166	-4,867	-91,033
Reclassification of financial liabilities	0	182,978	182,978
Change in provision	-411,524	2,739,855	2,328,331
Capital gains/losses on foreign exchange	254,197	382,153	636,350
Closing balance	4,155,310	6,256,305	10,411,615

For Scandinavian Re a portion of insurance reserves is shown on a discounted basis, which estimates the present value of funds required to pay losses at future dates. The reserves are discounted where anticipated future investment income is an integral part of the premium pricing for a particular product. The assumptions on which the discounting of outstanding losses is based are shown in the table below.

	2001	2000
Nominal amount, TUSD	1,138,038	677,401
Discounted amount, TUSD	843,048	456,378
Total effect of discounting, TUSD	294,990	221,023
Discount rates	3%–8.3%	5%–8.3%
Durations	4 years–25 years	4 years–25 years

**Note 18 • Pension Provisions**

	2001	2000
Pension provisions	8,163	7,240
<b>Total pension provisions</b>	<b>8,163</b>	<b>7,240</b>

**Note 19 • Provisions for Tax**

	2001	2000
Current tax	10,139	9,615
Provision for disputed tax	0	41,293
Deferred tax on		
– untaxed reserves	2,031,622	2,253,400
– reserve for unrealised capital gains	40,351	94,029
– other	-18,486	-43,269
Deferred taxes recoverable	-160,866	0
<b>Total provisions for tax</b>	<b>1,902,760</b>	<b>2,355,068</b>

**Note 20 • Creditors arising out of direct insurance**

	2001	2000
Amounts due to policy holders	128,306	179,512
Amounts due to intermediaries	22,927	1,912
<b>Total creditors arising out of direct insurance</b>	<b>151,233</b>	<b>181,424</b>
Other creditors	2,119,575	648,291
whereof group companies	2,051,218 (2,595)	



**Note 21 • Employees, Administrative expenses and the Allocations**

	2001	2000
<b>Average number of employees</b>		
Sweden	78	80
Belgium	60	65
Bermuda	9	9
United Kingdom	31	26
Switzerland	6	4
Singapore	11	11
Germany	5	6
of which		
female	111	103
male	89	98
<b>Total number of employees</b>	<b>200</b>	<b>201</b>

**Administrative expenses and the allocations****Personnel expenses**

Salaries and compensations	-121,137	-107,558
of which, to the Parent Company's Board of Directors, President and Executive Vice President	-4,796	-4,930
Social security costs	-25,868	-24,112
Pension expenses	-17,688	-12,013
of which, to the Board of Directors, the President and the Executive Vice President	-1,894	-576
Other personnel expenses	-15,350	-13,042

**Total personnel expenses and other remunerations**

	-180,043	-156,725
Upon termination initiated by the company, the President is entitled to severance pay equal to one years' salary.		

**Other operating expenses**

Rent	-24,582	-20,522
Depreciation	-9,639	-9,723
Other administrative expenses	-112,177	-82,257
whereof audit fees	-4,942	-3,833
<b>Total other operating expenses</b>	<b>-146,398</b>	<b>-112,502</b>

**Total administrative expenses** -326,441 -269,227

**Allocated administrative expenses**

Claims handling expenses	-12,937	-10,653
Investment expenses note 4	-11,797	-12,256
Acquisition cost note 2	-151,562	-121,112
<b>Total allocated administrative expenses</b>	<b>-176,296</b>	<b>-144,021</b>

**Total administrative expenses after the allocations note 2**

-150,145 -125,206

**Note 22 • Pledged Assets**

	2001	2000
Bonds & debentures	7,667,844	3,437,829
Other financial assets	0	2,560,208
Accrued interest	4,981	12,416
Cash and bank	346,810	31,067
<b>Total pledged assets</b>	<b>8,019,635</b>	<b>6,041,520</b>

The majority of the pledged assets are collaterals for issued letters of credit to cover obligations under reinsurance contracts.

## Income Statement – Parent Company

SEK 000's	Note	2001	2000
<b>TECHNICAL ACCOUNT FOR INSURANCE OPERATIONS</b>			
<b><i>Earned premiums, for own account</i></b>			
Gross premium income	1	4,672,662	3,962,251
Ceded reinsurance premiums		-1,099,205	-1,195,328
Change in the gross provision for unearned premiums		638,741	-143,817
Change in the provision for unearned premiums, reinsurers' share		-117,938	230,460
<b>Total earned premiums, for own account</b>		<b>4,094,260</b>	<b>2,853,566</b>
<b>Allocated investment return transferred from the non-technical account</b>		<b>267,891</b>	<b>232,199</b>
<b><i>Claims incurred, for own account</i></b>			
<b>Claims paid</b>			
Gross amount		-3,498,918	-2,153,320
Reinsurers' share		671,806	824,825
Claims handling expenses	22	-12,937	-10,653
<b>Claims paid, for own account</b>		<b>-2,840,049</b>	<b>-1,339,148</b>
<b><i>Change in the provision for claims, for own account</i></b>			
Gross amount		-1,119,589	-942,320
Reinsurers' share		451,265	475,641
<b><i>Change in other technical provisions, for own account</i></b>			
Gross amount		-4,996	-1,010
<b>Total claims incurred, for own account</b>		<b>-3,513,369</b>	<b>-1,806,837</b>
<b>Operating expenses</b>	2	<b>-1,276,804</b>	<b>-1,072,575</b>
<b>Operating profit/loss of technical account</b>		<b>-428,022</b>	<b>206,353</b>

SEK 000's	Note	2001	2000
<b>NON-TECHNICAL ACCOUNT</b>			
<i>Balance of technical account</i>		-428,022	206,353
<i>Investment income/expenses</i>			
Investment income	3	766,415	1,007,233
Investment expenses and charges	4	-529,772	-394,658
Investment income allocated to technical account		-267,891	-232,199
<b>Total investment income/expenses</b>		<b>-31,248</b>	<b>380,376</b>
<b>Other expenses</b>	5	<b>-84,038</b>	<b>-451,991</b>
<b>Result before appropriations and taxes</b>		<b>-543,308</b>	<b>134,738</b>
<b>Appropriations</b>	6	<b>490,618</b>	<b>-263,509</b>
<b>Taxes</b>	7	<b>54,213</b>	<b>34,067</b>
<b>Net income for the year</b>		<b>1,523</b>	<b>-94,704</b>

## Balance Sheet – Parent Company

December 31 (SEK 000's)	Note	2001	2000
<b>ASSETS</b>			
<b>Intangible Assets</b>	8		
Goodwill		219,196	241,749
Capitalized software		6,046	774
<b>Total Intangible Assets</b>		<b>225,242</b>	<b>242,523</b>
<b>Investment assets</b>			
Land and buildings	9	16,567	16,877
<i>Investments in group companies and participating interests</i>			
Shares and participations	10	2,326,132	2,559,848
Interest-bearing investments in group companies	11	1,435,165	1,000,280
Accrued income from group companies		0	533,598
<b>Total investments in group companies and participating interests</b>		<b>3,761,297</b>	<b>4,093,726</b>
<i>Other financial investments</i>			
Shares and participations	12	2,174,845	1,765,085
Bonds and other interest-bearing investments	13	6,472,961	6,100,839
Other financial assets	14	20,383	149,790
<b>Total other financial investments</b>		<b>8,668,189</b>	<b>8,015,714</b>
<b>Deposits with cedents</b>			
		893,623	1,134,339
<b>Reinsurers' share of technical provisions</b>			
	15		
Provision for unearned premiums		314,317	417,304
Claims outstanding		2,633,152	2,059,132
<b>Total reinsurers' share of technical provisions</b>		<b>2,947,469</b>	<b>2,476,436</b>
<b>Debtors</b>			
Debtors arising out of direct insurance operations	16	155,593	171,783
Debtors arising out of reinsurance operations		229,036	350,734
Other debtors	16	591,310	748,797
<b>Total debtors</b>		<b>975,939</b>	<b>1,271,314</b>
<b>Other assets</b>			
	17		
Tangible assets		12,980	14,248
Cash and bank balance		496,843	362,682
<b>Total other assets</b>		<b>509,823</b>	<b>376,930</b>
<b>Prepayments and accrued income</b>			
Accrued interest		271,761	248,284
Other prepayments and accrued income		884	2,647
<b>Total prepayments and accrued income</b>		<b>272,645</b>	<b>250,931</b>
<b>Total assets</b>		<b>18,270,794</b>	<b>17,878,790</b>

December 31 (SEK 000's)	Note	2001	2000
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	18		
Share capital (8,000,000 shares of nom.value SEK 100)		800,000	800,000
Reserve for unrealised gains on investments		87,886	243,343
Retained earnings		133,763	73,010
Net income for the year		1,523	-94,704
<b>Total shareholders' equity</b>		<b>1,023,172</b>	<b>1,021,649</b>
<b>Untaxed reserves</b>			
Excess depreciations on intangible assets		88,932	88,311
Safety reserve		7,166,858	8,047,858
<b>Total untaxed reserves</b>		<b>7,255,790</b>	<b>8,136,169</b>
<b>Technical provisions</b>			
Provisions for unearned premiums	19	920,687	1,479,437
Claims outstanding	19	7,419,988	5,895,942
Equalization provision		19,503	8,041
<b>Total technical provisions</b>		<b>8,360,178</b>	<b>7,383,420</b>
<b>Provisions for other risks and expenses</b>			
Taxation provisions	20	6,327	105,244
<b>Deposits received from reinsurers</b>		<b>170,049</b>	<b>84,451</b>
<b>Creditors</b>			
Creditors arising out of direct insurance operations	21	151,233	181,424
Creditors arising out of reinsurance operations		12,588	847,644
Other creditors	21	1,267,276	104,593
<b>Total creditors</b>		<b>1,431,097</b>	<b>1,133,661</b>
<b>Accrued expenses and deferred income</b>			
Other accrued expenses and deferred income		24,181	14,196
<b>Total shareholders' equity and liabilities</b>		<b>18,270,794</b>	<b>17,878,790</b>
Pledged assets	23	1,086,188	1,098,396

# Notes to the Financial Statements

## Analysis of Parent Company Insurance Result (SEK 000's)

	TOTAL	DIRECT INSURANCE				FOREIGN	ASSUMED REINSURANCE	
		SWEDEN		Marine	Aviation			Credit
		Industrial fire & allied risks						
<b>I) Notes to Analysis of Parent Company – Technical account</b>								
Premiums earned, for own account	4,094,260	4,362	4,266	0	43,978	50,540	3,991,114	
Allocated investment return transferred from the non-technical account	267,891	630	210	0	19,530	3,050	244,471	
Claims incurred, own account	-3,513,369	22,490	-525	0	43,855	-76,677	-3,502,512	
Operating expenses	-1,276,804	3,201	338	0	-3,172	-16,202	-1,260,969	
<b>Operating profit/loss of technical account</b>	<b>-428,022</b>	<b>30,683</b>	<b>4,289</b>	<b>0</b>	<b>104,191</b>	<b>-39,289</b>	<b>-527,896</b>	
<b>II) Notes to Analysis of Parent Company – Technical provisions</b>								
Provisions for unearned premiums	-920,687	-143,903	-3,165	0	-454,871	-41,497	-277,251	
Provisions for outstanding claims	-7,419,988	-109,671	-10,756	0	-63,157	-65,474	-7,170,930	
Equalization provision	-19,503	0	0	0	-3,099	-6,289	-10,115	
<b>Total technical provisions</b>	<b>-8,360,178</b>	<b>-253,574</b>	<b>-13,921</b>	<b>0</b>	<b>-521,127</b>	<b>-113,260</b>	<b>-7,458,296</b>	
<b>III) Notes to Analysis of Parent Company – Reinsurers' share of technical provisions</b>								
Provisions for unearned premiums	314,317	132,606	0	0	113,791	44,215	23,705	
Provisions for outstanding claims	2,633,152	108,245	9,668	0	12,739	7,416	2,495,084	
<b>Total reinsurers' share of technical provisions</b>	<b>2,947,469</b>	<b>240,851</b>	<b>9,668</b>	<b>0</b>	<b>126,530</b>	<b>51,631</b>	<b>2,518,789</b>	
<b>IV) Notes to Analysis of Parent Company – Premiums earned, for own account</b>								
Gross premium income	4,672,662	-36,720	20,566	0	74,600	781,091	3,833,125	
Ceded premiums	-1,099,205	40,891	-15,000	0	-29,236	-88,610	-1,007,250	
Change in the gross provision for premiums	638,741	79,379	-1,300	0	68,857	-27,437	519,242	
Change in the gross provision for premiums, reinsurers' share	-117,938	-79,188	0	0	-70,243	30,183	1,310	
<b>Total premiums earned, for own account</b>	<b>4,094,260</b>	<b>4,362</b>	<b>4,266</b>	<b>0</b>	<b>43,978</b>	<b>695,227</b>	<b>3,346,427</b>	
<b>V) Notes to Analysis of Parent Company – Claims incurred, for own account</b>								
Claims paid	-3,498,918	-38,679	0	0	-9,778	-850	-3,449,611	
Claims handling expense	-12,937	0	0	0	0	0	-12,937	
Ceded claims paid	671,806	61,666	0	0	185	3,200	606,755	
Change in gross provision for claims	-1,119,589	17,528	-5,359	0	64,333	-14,812	-1,181,279	
Change in provision for claims, reinsurers' share	451,265	-18,025	4,834	0	-10,885	-59,219	534,560	
Change in other technical provisions, gross amount	-4,996	0	0	0	0	-4,996	0	
<b>Total claims incurred, for own account</b>	<b>-3,513,369</b>	<b>22,490</b>	<b>-525</b>	<b>0</b>	<b>43,855</b>	<b>-76,677</b>	<b>-3,502,512</b>	

**Note 1 • Gross Premium Income**

	2001	2000
Sweden	58,446	410,436
Other EEA countries	781,309	81,044
Other countries	-218	447,246
Total gross income, direct insurance	839,537	938,726
Assumed reinsurance	3,833,125	3,023,525
<b>Total gross premium income</b>	<b>4,672,662</b>	<b>3,962,251</b>

**Note 2 • Total Operating Expenses**

2001	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-1,196,634	0	-1,196,634
Depreciation of fixed assets*)	-4,293	-4,220	-8,513
Other operating expenses*)	-130,384	-94,368	-224,752
Commissions and profit commissions on ceded reinsurance	153,095	0	153,095
<b>Total operating expenses</b>	<b>-1,178,216</b>	<b>-98,588</b>	<b>-1,276,804</b>

2000	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-960,813	0	-960,813
Depreciation of fixed assets*)	-4,815	-3,918	-8,733
Other operating expenses*)	-108,080	-85,296	-193,376
Commissions and profit commissions on ceded reinsurance	90,347	0	90,347
<b>Total operating expenses</b>	<b>-983,361</b>	<b>-89,214</b>	<b>-1,072,575</b>

\*) Note 22

**Note 3 • Investment Income**

	2001	2000
<i>Dividend income from</i>		
Sirius group companies	19,310	117,483
Other	34,826	24,832
Other financial income	0	33,531
<i>Interest income</i>		
Bonds and other interest bearing securities – group companies	73,011	4,901
Bonds and other interest bearing securities – other	372,025	472,910
Other interest income – group companies	38,292	8,094
– other	10,741	25,780
Capital gains on foreign exchange, net	10,894	2,865
<i>Capital gains on sales of investments, net</i>		
Shares and participations	177,185	320,547
Interest bearing securities	30,131	-3,710
<b>Total investment income</b>	<b>766,415</b>	<b>1,007,233</b>

**Note 4 • Investment Expenses**

	2001	2000
Operating expenses	-33,266	-40,323
<i>Interest expenses</i>		
Other interest expenses – group companies	-55,388	-46,872
Other interest expenses	-1,319	-16,636
Other expenses – group companies	-155,412	-162,678
<i>Net deficit on real estate</i>	<i>-2,036</i>	<i>-1,555</i>
Capital losses on sales of investments, net		
Shares and participations	-282,351	-126,594
<b>Total investment expenses</b>	<b>-529,772</b>	<b>-394,658</b>

**Note 5 • Other and Extraordinary Expenses**

	2001	2000
Goodwill depreciation	-24,470	-24,139
<b>Extraordinary expenses *)</b>	<b>-59,568</b>	<b>-427,852</b>
<b>Total other expenses</b>	<b>-84,038</b>	<b>-451,991</b>

\*) Write down of intra-group receivables 59,568 (write down of shares in group companies due to restructuring 427,852.)

**Note 6 • Appropriations**

	2001	2000
Excess depreciations on tangible assets (goodwill)	-618	-40,027
Transfer from safety reserve	881,000	-873,482
Group contribution, received/paid	-389,764	650,000
<b>Total appropriations</b>	<b>490,618</b>	<b>-263,509</b>

**Note 7 • Tax**

	2001	2000
Current tax	-6,464	0
Provisions for disputed tax	0	17,936
Deferred tax	60,456	18,233
Other tax	221	-2,102
<b>Total tax</b>	<b>54,213</b>	<b>34,067</b>

**Note 8 • Intangible Assets**

	2001	2000
<i>Goodwill</i>		
Acquisition cost	291,727	265,888
Depreciation according to plan	-72,531	-24,139
<b>Total Goodwill</b>	<b>219,196</b>	<b>241,749</b>

*Capitalized software*

Acquisition cost	7,194	787
Depreciation according to plan	-1,148	-13
<b>Total capitalized software</b>	<b>6,046</b>	<b>774</b>

**Note 9 • Land and Buildings**

	2001	2000
<i>Land and buildings</i>		
Acquisition cost	21,159	46,276
Accumulated depreciation	-4,592	-29,399
<b>Book value land and buildings</b>	<b>16,567</b>	<b>16,877</b>

Buildings abroad are depreciated at an annual rate of 5% of acquisition cost and buildings in Sweden with 2%. The value of land and buildings for Swedish taxation purposes is 368 (332) and 800 (720) respectively.

**Note 10 • Shares and Participations in Group Companies**

	2001	2000
Sirius Rückversicherungs Service GmbH, Hamburg		
1 share nom.value DEM 100,000 (100% ownership)	1,231	1,231
Sirius (UK) Insurance Ltd, London		
9,000,000 shares nom. value 9,000 TGBP (100% ownership)	164,976 <sup>*)</sup>	398,692
Tre Kronor Kapital AB, Stockholm		
1000 shares nom. value 100 TSEK (100% ownership)	108	108
Sirius Belgium Réassurances S.A., Liège, Belgium share capital total 1,100,000 BEF of 700,000 shares without nom. value (100% ownership)	495,009	495,009
Scandinavian Reinsurance Company Ltd., Bermuda 50,000 shares nom.value USD 50,000,000 1,000 preference shares nom. value USD 50,000,000 (100% ownership)	1,664,808	1,664,808
<b>Total shares and participations in group companies</b>	<b>2,326,132</b>	<b>2,559,848</b>

\*) During 2001 shares amounting to TGBP 17,000 have been repurchased. The share capital of the company has as a consequence hereof been reduced with an equivalent amount.

**Note 11 • Interest-bearing Investments – Group Companies**

	2001	2000
	Cost Value	Cost Value
Other Swedish issuers	1,435,165	1,000,280
<b>Total interest-bearing investments – group companies</b>	<b>1,435,165</b>	<b>1,000,280</b>

**Note 12 • Shares and Participations**

Security	Currency	Number	Cost Value (SEK)	Market value (SEK)
ABB	SEK	39 040	3 876 410	3 943 040
Abelbaker	SEK	250 000	1 500 000	250 000
Assa Abloy	SEK	163 388	23 718 704	24 671 588
Astacacrotene	SEK	14 286	2 000 040	571 440
AstraZeneca	SEK	87 539	34 528 501	42 106 259
Atlas Copco A	SEK	3 450	768 260	809 025
Atlas Copco B	SEK	35 870	7 178 878	7 909 335
BK Vision AG	CHF	20 000	45 750 912	46 491 094
Capital	USD	53 526	158 010 000	157 169 882
Eikos	SEK	196	25 000 000	29 384 851
Electrolux B	SEK	70 550	9 386 561	11 041 075
Eniro	SEK	74 500	6 865 524	5 587 500
Ericsson B	SEK	1 559 032	115 674 805	88 864 824
Esselte A	SEK	2 000	255 597	93 600
Esselte B	SEK	20 300	2 089 968	954 100
Hennes & Mauritz B	SEK	178 560	28 761 893	38 747 520
Investor B	SEK	215 370	23 983 206	24 659 865
JM B	SEK	227 100	30 977 980	49 962 000
Key Europé	EUR	7 272	9 304 157	9 531 485
Kinnevik B	SEK	62 980	12 524 771	10 454 680



Security	Currency	Number	Cost Value (SEK)	Market value (SEK)	Security	Currency	Number	Cost Value (SEK)	Market value (SEK)
Larmag	NLG	350 000	4 802 573	0	SEB Lux Greater China				
LGP Telecom	SEK	45 800	6 325 739	3 549 500	Guaranteed Fund	SEK	24 900	24 899 968	24 899 968
Living Questions AB	SEK	25 000	2 000 000	0	SEB Sverige				
Ljungbergs	SEK	735 488	26 179 612	62 516 480	Småbolagsfond	SEK	1 163 686	11 813 033	12 369 984
Medivir	SEK	15 000	884 114	930 000	SEB Teknologifond	SEK	3 557 159	100 000 000	85 010 100
Manticore	SEK	9 740	10 000 000	9 856 337	Securitas B	SEK	67 970	13 282 823	13 526 030
Merlin	SEK	4 328	49 999 991	53 064 227	SHB A	SEK	96 300	14 446 151	14 830 200
Metro A	SEK	33 234	2 879 259	1 196 424	Sign On	SEK	20 000	901 800	760 000
Metro B	SEK	88 146	7 558 827	3 746 205	Skandia	SEK	402 950	38 871 805	30 624 200
Modern Times Group B	SEK	21 630	4 668 266	4 996 530	Skanditek	SEK	66 600	2 923 919	1 824 840
Nokia	SEK	81 340	16 539 432	21 717 780	Skanska B	SEK	79 530	7 534 636	5 447 805
Nordea	SEK	518 600	28 235 878	28 782 300	SKF B	SEK	23 400	4 015 536	4 820 400
Oblipar Sicav D EUR	EUR	5 716	136 064 250	144 597 394	SSAB A	SEK	63 750	6 123 975	6 534 375
Palio AG	CHF	50 000	15 706 450	15 706 450	Stora Enso R	SEK	69 000	7 388 677	9 177 000
Pandox	SEK	250 000	17 180 548	18 750 000	Swedeponic	SEK	2 700	5 233 183	1 679 400
Pharma Vision AG	CHF	40 000	49 045 780	50 260 643	Tele2	SEK	65 930	23 475 150	24 921 540
Ratos B	SEK	156 500	13 984 974	14 632 750	Telia	SEK	416 600	24 280 934	19 455 220
Sandvik	SEK	43 650	9 706 776	9 799 425	Wihlborgs B	SEK	809 000	10 540 645	11 487 800
SCA B	SEK	80 650	15 716 179	23 146 550	Volvo A	SEK	30 300	7 358 071	5 135 850
Scania B	SEK	27 000	5 525 304	5 184 000	Volvo B	SEK	30 550	5 136 237	5 376 800
SEB A	SEK	244 420	21 471 612	23 342 110					
SEB Globalfond	SEK	34 546 632	330 574 210	289 756 400	Total			1 704 373 359	1 691 413 580
SEB Hedgefond	SEK	836 949	51 006 021	46 797 400	Other shares & participations Mix			511 011 805	483 431 757
SEB Lux Emerging					<b>Total shares &amp; participations</b>			<b>2 215 375 164</b>	<b>2 174 845 337</b>
Europe Guaranteed Fund	SEK	28 000	27 934 854	28 000 000	<b>of which listed</b>			<b>1 704 373 359</b>	<b>1 691 413 580</b>

## Note 13 • Bonds and Other Interest-bearing Investments

	2001		2000	
	Amortised Cost	Market Value	Amortised Cost	Market Value
Swedish government	3,098,602	3,082,100	3,441,849	3,451,342
Swedish mortgage institutions	315,490	312,436	15,616	16,193
Foreign governments	2,529,708	2,522,766	2,199,042	2,224,939
Other foreign issuers	529,161	537,822	444,332	452,788
<b>Total bonds and other interest-bearing investments</b>	<b>6,472,961</b>	<b>6,455,124</b>	<b>6,100,839</b>	<b>6,145,262</b>
<b>of which listed</b>	<b>6,275,452</b>	<b>6,256,895</b>	<b>5,933,535</b>	<b>5,976,526</b>

## Remaining amount to be amortised according to the amortised cost principle

	2001	2000
Total positive amount	312,037	291,021
Total negative amount	133,581	479,469

**Note 14 • Other Financial Assets**

	2001	2000
	Cost	Cost
	Value	Value
<b>Other financial assets</b>	<b>20,383</b>	149,790
which are directly related to insurance operations	20,383 (60,691)	

**Note 15 • Reinsurers' Share of Technical Provisions**

Provisions for unearned premiums	2001	2000
Opening balance	417,304	205,867
Portfolio transfer	0	-28,124
Change in provision	-117,938	230,460
Capital gains/losses on foreign exchange	14,951	9,101
<b>Closing balance</b>	<b>314,317</b>	417,304

## Provisions for outstanding claims

2001	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	1,653,283	405,849	2,059,132
Change in provision	392,359	58,906	451,265
Capital gains/losses on foreign exchange	96,983	25,772	122,755
<b>Closing balance</b>	<b>2,142,625</b>	<b>490,527</b>	<b>2,633,152</b>

2000	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	1,475,645	227,011	1,702,656
Portfolio transfer	-216,732	-4,867	-221,599
Change in provision	311,113	164,529	475,642
Capital gains/losses on foreign exchange	83,257	19,176	102,433
<b>Closing balance</b>	<b>1,653,283</b>	<b>405,849</b>	<b>2,059,132</b>

**Note 18 • Shareholders' Equity**

2001	Share capital	Restricted reserves	Retained earnings	Net income for the year	Total Shareholders' equity
Opening balance	800,000	243,343	73,010	-94,704	1,021,649
Transfer of net result from previous year	0	0	-94,704	94,704	0
Transfer from reserve for unrealised capital gains	0	-155,457	155,457	0	0
Net income for the year	0	0	0	1,523	1,523
<b>Closing balance</b>	<b>800,000</b>	<b>87,886</b>	<b>133,763</b>	<b>1,523</b>	<b>1,023,172</b>

Restricted reserves represent reserve for unrealised capital gains on shares and participations.

**Note 16 • Debtors**

	2001	2000
Debtors arising out of direct insurance		
Amounts due from policyholders	132,005	141,895
Amounts due from intermediaries	23,588	29,888
Total debtors arising out of direct insurance	155,593	171,783
Other debtors*)	591,310	748,797
<b>Total other debtors</b>	<b>591,310</b>	<b>748,797</b>
*) of which, group companies 476,864 (732,594).		

**Note 17 • Other Assets**

	2001	2000
Fixed assets		
Acquisition cost	79,337	74,804
Accumulated depreciation	-66,357	-60,556
<b>Book value</b>	<b>12,980</b>	<b>14,248</b>

Machinery, equipment etc excluding IT equipment is depreciated at an annual rate of 20% of acquisition cost. IT equipment is depreciated at an annual rate of 33% of acquisition cost.

## Cash and bank

Cash pool	40,421	47,003
Other cash and bank	456,422	315,679
<b>Total cash and bank balance</b>	<b>496,843</b>	<b>362,682</b>

**Note 19 • Technical Provisions**

<i>Provisions for unearned premiums</i>	2001	2000
Opening balance	1,479,437	1,276,976
Portfolio transfer	0	-28,124
Change in provision	-638,741	143,817
Capital gains/losses on foreign exchange	79,991	86,768
<b>Closing balance</b>	<b>920,687</b>	<b>1,479,437</b>
of which group companies 0 (386,534)		

*Provisions for outstanding claims*

2001	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	4,155,310	1,740,632	5,895,942
Transfer to other technical reserves	-5,550	0	-5,550
Change in provision	523,022	596,567	1,119,589
Capital gains/losses on foreign exchange	306,072	103,935	410,007
<b>Closing balance</b>	<b>4,978,854</b>	<b>2,441,134</b>	<b>7,419,988</b>

2000	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	3,583,508	1,214,041	4,797,549
Portfolio transfer	-216,733	-4,867	-221,600
Change in provision	549,055	393,265	942,320
Capital gains/losses on foreign exchange	239,480	138,193	377,673
Closing balance	4,155,310	1,740,632	5,895,942

**Note 20 • Provisions for Tax**

	2001	2000
Provision for disputed tax	0	41,293
Provision for deferred tax (reserve for unrealized capital gains)	34,178	94,633
Deferred tax assets	-32,525	-30,682
Other tax	4,674	0
<b>Total provision for tax</b>	<b>6,327</b>	<b>105,244</b>

**Note 21 • Creditors arising out of direct insurance**

	2001	2000
Amounts due to policy holders	128,306	179,512
Amounts due to intermediaries	22,927	1,912
<b>Total creditors arising out of direct insurance</b>	<b>151,233</b>	<b>181,424</b>
<b>Creditors, other</b>	<b>1,267,276</b>	<b>104,593</b>
of which, to group companies 1,212,299 (7,769)		

**Note 22 • Employees, Administrative expenses and the allocations**

	2001	2000
Average number of employees		
Sweden	78	80
Belgium	60	65
United Kingdom	30	25
Singapore	11	11
Switzerland	6	4

of which, women	101	98
men	84	87

Total number of employees	185	185
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**Administrative expenses and the allocations****Personnel expenses**

Salaries and other remunerations		
Salaries and compensations	-99,199	-89,376
of which, to the Board of Directors, the President and the Executive Vice President	-4,796	-4,930
Social security expenses	-25,639	-24,112
Pension expenses	-15,276	-10,227
of which, to the Board of Directors, the President and the Executive Vice President	-1,894	-576
Other Personnel expenses	-6,960	-5,618
Total salaries and other remunerations	-147,074	-129,333

Upon termination initiated by the company the President is entitled to severance pay equal to one year's salary.

**Other operating expenses**

Rent	-21,202	-18,252
Depreciation	-8,513	-8,733
Other administrative expenses	-81,210	-68,700
whereof audit fees	-2,802	-2,392
<b>Total other administrative expenses</b>	<b>-110,925</b>	<b>-95,685</b>

<b>Total operating expenses</b>	<b>-257,999</b>	<b>-225,018</b>
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**Allocated administrative expenses**

Claims handling expenses	-12,937	-10,653
Investment expenses note 4	-11,797	-12,256
Acquisition costs note 2	-134,677	-112,895
<b>Total allocated administrative expenses</b>	<b>-159,411</b>	<b>-135,804</b>

**Total administrative expenses after the allocations note 2**

	-98,588	-89,214
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**Note 23 • Pledged Assets**

	2001	2000
Bonds & Debentures	1,080,523	1,054,913
Accrued interest	4,981	12,416
Cash and bank	684	31,067
<b>Total pledged assets</b>	<b>1,086,188</b>	<b>1,098,396</b>

The majority of the pledged assets are collaterals for issued letters of credit to cover obligations under reinsurance contracts.

## Proposed Appropriation of Earnings

The amount held at the disposal of the General Meeting of Shareholders of the parent company Sirius International is:

Retained earnings	SEK	134	million
Net income for the year	SEK	2	million
Total	SEK	136	million

The Board of Directors and the President propose that the profit shall be distributed in the following manner:

To be transferred to	
Retained earnings	SEK 136 million

Stockholm, March 11, 2002

Jan Roxendal  
Chairman of the Board of Directors

Bard E. Bunaes

Peter Carlsson

Gert Lindberg

Göran Thorstensson  
President & CEO

Our Auditors' Report was submitted on March 12, 2002

Torbjörn Hanson  
Authorised Public Accountant

Göran Abrahamsson  
Authorised Public Accountant

# Auditors' Report

To the general meeting of the shareholders of Sirius International Insurance Corporation (publ)  
Registered Number 516401-8136

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Sirius International Insurance Corporation (publ) for the financial year 2001. These accounts and the administration of the Company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions

taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any board member or the managing director. We also examined whether any board member or the managing director has in any other way acted in contravention of the Insurance Companies Act, Act of annual accounts for Insurance Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Act of annual accounts for Insurance Companies and, thereby, give a true and fair view of the financial position of the company and the group and of the results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of the shareholders that the income statement and the balance sheet for the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

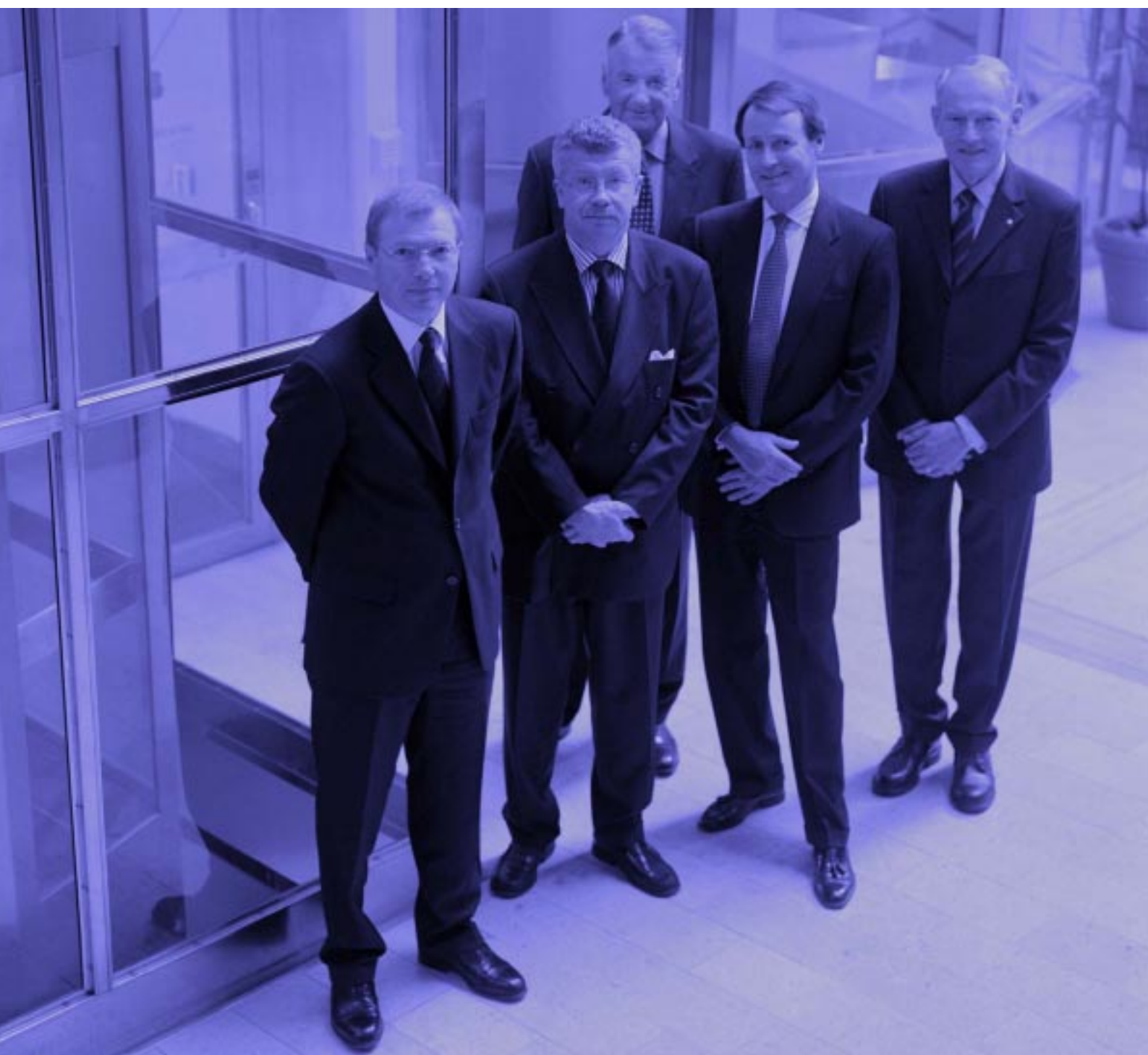
Stockholm March 12, 2002

Torbjörn Hanson  
Authorised Public Accountant

Göran Abrahamsson  
Authorised Public Accountant

## Board of Directors

From the left: Jan Roxendal (chairman), Executive Vice President, ABB Ltd, Zurich; Peter Carlsson, President, ABB Financial Services AB, Stockholm; Bard E. Bunaes, President & CEO, Sirius America Insurance Company, New York; Göran Thorstensson, President & CEO, Sirius International Insurance Corporation (publ), and Gert Lindberg, Director & Previous Chief Executive, AB Trav och Galopp, Stockholm, appointed member of the board by the Swedish Financial Supervisory Authority.





## Senior Executives and Management

From the left: Monica Cramér Manhem, Outwards Reinsurance; Johan Gunnarson, Financial Risks, Sales & Marketing; Eva Andersson, Non-Marine Facultative/Baltic States; Paul Norrthon, Scandinavia/Asia/Oil & Energy; AnnCharlotte Lindgren, North America/UK/Other Markets and Åke Tegin, Credit Officer.

From the left: Colin Hunter, Zurich Branch (Zurich), Guntram Zernitzky, Central Europe (Hamburg) and Jean-Claude Gulpen, Belgian Branch (Liège).

## Senior Executives and Management

To the right: S K Yap, Asia Branch (Singapore) and Michael Dashfield, UK Branch (London).

From the left: Jan Åslund, Manager, Financial Risks; Jan Onselius, Chief Underwriter Excess of Loss; Pål Ljöstad, General Counsel; Lars Olofsson, Chief Investment Officer; Kristina Åkerstrand, Deputy Manager, Financial Risks; Patrik Dahl, Chief Actuary; Lars Ek, Executive Vice President and Group Chief Financial Officer and Lars Andersson, Chief Financial Officer.

