



White Mountains – introducing our new owners

White Mountains Insurance Group is domiciled in Bermuda and is quoted on the New York and Bermuda stock exchanges. On December 31, 2003 it reported total assets and tangible shareholders' equity of \$15.0 billion.

Sirius International is part of White Mountains Re, a wholly owned subsidiary of White Mountains Insurance Group.

White Mountains Re is one of the world's 15 largest reinsurance organisations. In addition to Sirius, the group includes Folksamerica Re, Fund American Re and White Mountains Underwriting (Dublin and Bermuda).

These companies have combined assets of more than \$7 billion and their regulatory capital totals approximately \$2 billion. They wrote over \$2 billion in gross premiums last year.

White Mountains Re has underwriting offices in Bermuda, Chicago, Dublin, Greenwich (Connecticut), Hamburg, Liège, London, Miami, New York, Singapore, Stockholm and Toronto.

White Mountains Re companies offer lead capacity for most property, casualty, accident & health and marine exposures on a worldwide basis. It provides recognised leadership in structuring programs.

In the previous annual report I indicated that all the signs were positive - that Sirius International had the people and opportunities to make it another successful year. We are pleased to announce that 2003 surpassed even our optimistic expectations.

All our operations made significant gains during 2003 and we produced our second highest insurance profits ever. What made it a landmark year, however, was the announcement in December that Sirius International was to become part of the White Mountains Group. The agreement was closed on April 16 2004, and I am confident that it will bring lasting benefit to Sirius and its customers.

Last year I mentioned that, although we enjoyed very good working relations with our then parent company, the uncertainty surrounding the future of ABB was having an adverse effect on our own operations. That situation is now resolved.

White Mountains is a highly capitalised company. We share the same outlook and values, and Sirius is an integral part of their mission to become a major, profitable player in the commercial insurance and reinsurance market.

As ever, I pay tribute to all our staff, whose professionalism and discipline are second to none. Consistently better-than-average underwriting performances do not happen by accident, but because we have the necessary rigour, internal systems and business philosophy. The achievement was even more creditable this year as we had to deal with additional demands relating to the transfer of ownership, especially the need to assemble huge amounts of data before any agreement could be signed. I would like to thank everyone involved.

Our investment team also had another fruitful year, achieving a return of just over

6% on a statutory basis. This may be modest compared to the boom years of the late 90s, but it was highly satisfactory in the market conditions prevailing during 2003. It should be remembered that Sirius has a cautious policy. The main objective is to guarantee the integrity of our capital. As such, our strategy is to only hold 15% of our investments in equities. As with our underwriting, our performance over the past few years has been above average.

The year's one disappointment was the performance of our Scandinavian Re run-off. There were some unexpected deteriorations in the underlying contracts, whilst the premature termination of one contract caused a major loss in the insurance operations. This was partly compensated by a satisfactory yield on capital, but not enough to prevent a loss.

We view the future with even more confidence than at the start of the year because of the support of White Mountains. As you might expect, there will be changes, one of which has already been announced. We have discontinued our Financial Risks operation in order to concentrate resources and to develop our business in other ways. The capital released has been reallocated to our core underwriting areas. The Financial Risks division continued to be profitable to the end, and we thank them for their contribution over the years.

White Mountains and Sirius are now working together to develop further plans, which I believe will be of genuine benefit to our business partners. We will, of course, be discussing our activities with our customers and brokers in the coming months. I look forward to outlining the advances we have made in the next annual report.

GÖRAN THORSTENSSON
PRESIDENT & CEO



Board of Directors' Report

Sirius International Insurance Corporation (publ)

Organisation number: 516401-8136

The Board of Directors and the President of Sirius International hereby submit their annual report for 2003.

Board of Directors' Report

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

As part of an internal reorganisation within the ABB group, ABB sought and received permission on January 15, 2003 from the Swedish Financial Supervisory Authority, for ABB Insurance Holdings' acquisition of Sirius International from the previous owner, ABB Financial Services AB.

On December 9, 2003 an agreement was signed between ABB Holding AG and Fund American Holdings AB, a subsidiary within the White Mountains Insurance Group Ltd, regarding the purchase of all the shares in ABB Insurance Holding and its subsidiaries. The transaction is expected to be completed in the second quarter of 2004.

Group

The Group consists of Sirius International Insurance Corporation (publ), Sirius America Insurance Company, Delaware, USA (Sirius America); Scandinavian Reinsurance Company Ltd, Hamilton, Bermuda (Scandinavian Re) and Sirius Belgium Réassurances S.A., Liège, Belgium.

In August 2003 the wholly owned subsidiary Tre Kronor Kapital was divested as the company at that time was not in active operation.

Sirius International has five 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 office in Liège, Belgium - Sirius International Insurance Corporation, Belgian branch; and in Hamburg, Germany. The operation in Germany is conducted through the agency Sirius Rückversicherungs Service GmbH, which will continue to operate on behalf of Sirius International even though the company is owned by ABB Insurance Holding.

During 2001, a voluntary liquidation of Sirius Réassurances Belgium S.A., Liège, Belgium was commenced as the company is no longer in active operation. The liquidation has not yet been completed.

Since the share capital in Scandinavian Re has declined, and it is deemed that the decrease will be permanent, the book value of the shares has been written down with SEK 476 million.

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.

For the insurance industry 2003 was a relatively good year with satisfactory premium rates. Despite the fact that relatively few major claims were reported during the year a number of companies experienced problems. The need to strengthen reserves in many areas, combined with volatility in the financial markets, weakened the balance-sheets of many companies.

Sirius International, however, is well-placed to respond to this situation. Despite the earlier decline in equity markets, which of course also has had an impact on Sirius, there is no need to strengthen technical provisions. The initial estimate for the terrorist attack on 11th September, 2001 in the United States, which resulted in the largest loss ever for Sirius International, has proved to be correct. The largest claim in 2003 was the French floods in November/December and the loss is calculated to approximately SEK 36 million.

As in 2002, Sirius International presents a very positive insurance operating result for the year. The last two years are the best in the company's history.

Sirius America presents a very positive development and reports a satisfactory result.

Scandinavian Re, which has not accepted new business since 2002, has continued the winding down of the insurance portfolio. Unfortunately, some contracts have developed negatively due to deteriorations in the underlying contracts. Furthermore, the premature termination of a contract caused a major loss in the insurance operations. This has partly been compensated by a satisfactory yield on capital, but has not compensated for the

losses in the insurance operations and therefore the company reports a negative result.

The parent company combined ratio for the year was 96%.

The overall group combined ratio for the year was 108%.

Gross premium income for the group amounted to SEK 6,890 million (2002: SEK 6,617 million) while premium income for own account amounted to SEK 5,292 million (2002: SEK 4,961 million). The insurance operating result presents a loss of SEK -224 million (2002: a profit of SEK 123 million).

The investment result for the year was satisfactory. After the past three years' decline in the world's stock exchanges the equity portfolio yields a good return. The portfolio of investments managed by Sirius International continues to perform well. The interest rates were relatively stable during the year. The investment result, after allocation of interest to the insurance operations, amounted to a profit of SEK 780 million (2002: SEK 26 million).

The operating result for the group, before appropriations and taxes, amounted to SEK 497 million (2002: SEK 111 million). Total assets amount to SEK 24,490 million (2002: SEK 30,107 million).

The technical result as well as consolidation in respect of capital strength, is presented in the five-year summary on page 15.

Sirius International also expects to report positive insurance operating results in the years ahead. The diversified investment portfolio is expected to contribute to a stable return on investment.

Results

The parent company reports a result for 2003 before appropriations and taxes of SEK 204 million (2002: SEK 515 million). Net income after tax amounts to SEK 85 million (2002: SEK 425 million).

On 31 December, 2003 the retained earnings of the group amounted to SEK 15 million.

Proposed Appropriation of Earnings

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

Retained deficit	SEK	-83 million
Net income for the year	SEK	85 million
Total	SEK	2 million

The Board of Directors and the President propose that the amount shall be transferred to Retained earnings.

Income Statement – Group

SEK 000's	Note	2003	2002
TECHNICAL ACCOUNT FOR INSURANCE OPERATIONS			
<i>Earned premiums, for own account</i>			
Gross premium income	1	6,890,825	6,616,828
Ceded reinsurance premiums		-1,598,651	-1,655,718
Change in the gross provision for unearned premiums		42,461	246,299
Change in the provision for unearned premiums, reinsurers' share		9,174	74,388
Total earned premiums, for own account		5,343,809	5,281,797
Allocated investment return transferred from the non-technical account		188,442	197,348
Other technical income, for own account		43,034	119,357
<i>Claims incurred, for own account</i>			
Claims paid			
Gross amount		-6,582,908	-6,406,589
Reinsurers' share		796,178	1,366,433
Claims handling expenses		-71,103	-34,231
Claims paid, for own account		-5,857,833	-5,074,387
<i>Change in the provision for claims, for own account</i>			
Gross amount		1,685,492	2,138,345
Reinsurers' share		-19,446	-286,015
Change in other technical provisions, for own account			
Gross amount		-103	-3,678
Total claims incurred, for own account		-4,191,890	-3,225,735
Operating expenses	2	-1,607,192	-2,249,348
Operating profit/loss of technical account		-223,797	123,419
NON-TECHNICAL ACCOUNT			
Balance of technical account		-223,797	123,419
<i>Investment income/expenses</i>			
Investment income	3	1,021,176	844,953
Investment expenses and charges	4	-52,463	-621,351
Investment income allocated to the technical account		-188,442	-197,348
Total investment income/expenses		780,271	26,254
Other expenses	5	-59,152	-38,279
Result before appropriations and taxes		497,322	111,394
Taxes	6	-304,619	-87,332
Net income for the year		192,703	24,062

Balance Sheet – Group

December 31 (SEK 000's)	Note	2003	2002
ASSETS			
Intangible Assets	7		
Goodwill		573,649	615,263
Capitalized software		37,440	14,017
Total Intangible Assets		611,089	629,280
Investment assets			
Land and buildings	8	12,990	15,065
<i>Investments in group companies and participating interests</i>			
Interest bearing investments in and loans to group companies	9	25,000	0
Total investments in group companies and participating interests		25,000	0
<i>Other financial investments</i>			
Shares and participations	10	2,127,805	1,876,890
Bonds and other interest bearing investments	11	10,405,621	11,503,407
Other financial assets	12	156,664	573,540
Total other financial investments		12,690,090	13,953,837
Deposits with cedants			
		1,063,253	1,116,246
Reinsurers' share of technical provisions			
Provision for unearned premiums	13	432,694	508,018
Claims outstanding		2,091,638	2,545,625
Total reinsurers' share of technical provisions		2,524,332	3,053,643
Debtors			
Debtors arising out of direct insurance operations	14	434,019	562,195
Debtors arising out of reinsurance operations		5,653,793	9,491,715
Other debtors	14	133,453	152,279
Total debtors		6,221,265	10,206,189
Other assets			
Tangible assets	15	14,116	12,193
Cash and bank balance		1,150,552	935,745
Total other assets		1,164,668	947,938
Prepayments and accrued income			
Accrued interest		174,368	184,654
Other prepayments and accrued income		3,279	263
Total prepayments and accrued income		177,647	184,917
Total assets		24,490,334	30,107,115

December 31 (SEK 000's)	Note	2003	2002
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	16		
Share capital (8,000,000 shares of nom.value SEK 100)		800,000	800,000
Restricted reserves		5,322,762 *)	5,347,534*)
Retained earnings		-177 592	862,028
Net income for the year		192 703	24,062
Total shareholders' equity		6,137,873	7,033,624
*) of which, reserve for unrealised gains on investments 86,909 (33,212)			
Technical provisions			
Provisions for unearned premiums	17	1,051,080	1,255,775
Claims outstanding	17	10,522,466	13,605,681
Equalization provision		16,177	17,635
Total technical provisions		11,589,723	14,879,091
Provisions for other risks and expenses			
Taxation provisions	18	2,069,038	1,892,398
Total provisions for other risks and expenses		2,069,038	1,892,398
Deposits received from reinsurers		178,519	204,074
Creditors			
Creditors arising out of direct insurance operations	19	157,418	146,771
Creditors arising out of reinsurance operations		3,875,364	5,684,403
Derivatives		0	11
Other creditors	19	364,890	167,350
Total creditors		4,397,672	5,998,535
Accrued expenses and deferred income			
Other accrued expenses and deferred income		117,509	99,393
Total shareholders' equity and liabilities		24,490,334	30,107,115
Pledged assets and contingent liabilities	21	5,204,512	7,656,446

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 (2002:21) of the Swedish Financial Supervisory Authority, and in conformity with recommendation RR1:00 of the Swedish Financial Accounting Standards Council. The accounting principles used by ABB are applied within the framework of these regulations.

Constitutionality

The Financial Statements are in accordance with the 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 America Insurance Company and Sirius Belgium Réassurances S.A..

The consolidated accounts are prepared in accordance with purchase method. Companies acquired during the year are included in the consolidated profit and loss account with values referring to the period after the acquisition. The results originating from group companies divested during the year are included in the consolidated accounts up to the date of divestiture.

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 results from foreign branches.

When the company pays taxes in Sweden on overseas income, a tax credit allowance is granted for the taxes paid abroad. This is to avoid double taxation.

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

The rule in Sweden permitting taxable income to be reduced through appropriations to untaxed reserves allows the company 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 loss 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.

As of 2003 the group contributions are not stated as appropriations in the accounts of the parent company. The group contributions are stated in the income statement as deferred tax cost (28%) and as a withdrawal from retained earnings in shareholders' equity (72%).

The group contributions are stated in accordance with the recommendations of the Swedish Financial Accounting Standards Council. The comparative figures for 2002 have also been adjusted.

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. Access to this reserve is restricted to coverage of losses and requires the approval of the regulatory authorities.

Goodwill

The goodwill arising from the acquisitions of Sirius America Insurance Company and Sirius Belgium Réassurances S.A. is depreciated according to plan. The depreciation is done over the estimated lifetime of 20 years for the respective companies. The goodwill arising from the acquisition of the bulk of WASA International (UK) Insurance 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: For the financial year 2003 income statement items are translated at the exchange rate of the transaction day and balance sheet items are translated at year-end exchange rates. Previous years the income statement items have been translated at the average exchange rate.

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

	Closing rate
U.S. dollar	7.26
Euro	9.07
Pound sterling	12.88

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 value.
- Bonds and other interest-bearing securities are valued at amortized cost.
 - Other financial assets are valued at acquisition cost.
 - Derivatives are valued at market value.
 - 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 unexpired risks are calculated pro rata.

Calculation of the claims provision is based on available knowledge of individual claims and claims trends. 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, especially for assumed reinsurance, Sirius International

has elected not to capitalize 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 an uncertainty about the definitive premium income. For this reason the company has chosen to report as premium income only received accounted premium income. An estimate of written, not accounted for premium income is approx. SEK 1,185 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 2003, the net foreign currency exposure, translated to Swedish kronor, was as follows:

Cur- rency	Net exposure	Impact of a 10% unfavourable change in Fx-rates
USD	MSEK 25	MSEK -2.5 (MSEK -1.8 when standard tax rate is applied)
EUR	MSEK 17	MSEK -1.7 (MSEK -1.2 when standard tax rate is applied)
GBP	MSEK 14	MSEK -1.4 (MSEK -1.0 when standard tax rate is applied)

The translation difference, which is included in shareholders' equity, amounted to SEK -509 million.

Equity price risk

A 10% decline is estimated, reducing the value of the group's equity portfolio by SEK -134 million (SEK -97 million when standard tax rate is applied).

Interest rate risk

Fixed interest rate periods and duration (expressed in years)

	2003			2002		
	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 (note 9)	25,000	0.25	0.25	0	0	0
Bonds and other interest-bearing securities						
SEK (note 11)	4,481,039	0.1-10.4	2.4	3,591,451	0.2-11.4	2.4
USD (note 11)	5,007,953	0.1-29.5	3.3	6,937,126	0.2-29.4	4.1
EUR (note 11)	646,608	0.5-4.5	3.4	753,977	0.1-6.5	3.5
GBP (note 11)	270,022	2.9-4.2	3.3	220,853	2.9-4.9	3.4
Other (note 12)	156,664	0.0-1.0	n.a.	573,540	0.0-7.8	n.a.
	10,587,285			12,076,947		

The sensitivity to a change of one percentage point in interest rates is estimated to amount to SEK -289 million (SEK -208 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 2003 and 2002:

Credit risk in SEK 000's			
Interest-bearing securities		2003	2002
SEK	AA/A-1	3,552,729	2,856,352
	A	928,310	735,099
	Other	25,000	0
USD	AAA	4,961,123	6,461,940
	AA	25,884	116,704
	A	177,608	932,022
EUR	AAA	27,201	132,530
	AA	619,407	621,447
GBP	AAA	270,022	220,853
Grand Total	AAA	5,258,347	6,815,323
Grand Total	AA/A-1	4,198,020	3,594,503
Grand Total	A	1,105,918	1,667,121
Total	Other	25,000	0
(notes 9, 11, 12)		10,587,285	12,076,947

Sirius International's policy is to invest only in investments with a rating of at least AA or equivalent with the exception of investments in Swedish mortgage bonds and US corporate bonds with a rating of at least A. Of the total SEK 178 million in USD with the rating A there are also assets (invest-

ments) amounting to SEK 154 million (SEK 511 million) which 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

GROUP

SEK in millions	2003	2002	2001	2000	1999
Net premium income	5,292	4,961	7,454	6,023	4,029
Net premiums earned	5,344	5,282	7,877	6,007	3,754
Other technical income	43	119	124	125	71
Allocated interest	188	197	283	246	114
Net claims incurred	-4,192	-3,226	-8,163	-4,932	-2,046
Net operating expenses	-1,607	-2,249	-1,370	-1,391	-1,835
Insurance operating result	-224	123	-1,249	55	58
Investment operating result	780	26	489	616	1 018
Other expenses	-59	-38	-35	-34	-10
Net income for the year	193	24	-557	522	781
Net technical provisions	9,065	11,825	14,686	9,593	6,667
Market value on investment assets	14,914	16,160	20,299	18,384	18,806
Insurance operating result					
Claims ratio	78%	60%	102%	80%	53%
Cost ratio	30%	41%	17%	23%	48%
Combined ratio	108%	101%	119%	103%	101%
Investment result					
Investment yield	3%	3%	5%	5%	4%
Total yield	6%	3%	4%	8%	4%
Solvency capital					
Shareholders' equity	6,138	7,034	7,398	8,001	6,826
Deferred tax on untaxed reserves	2,036	2,036	2,032	2,253	1,901
Deferred tax other	0	-141	-161	-43	-52
Deferred tax on reserve for unrealised capital gains	36	13	40	94	129
Excess values on investment assets					
- Other investment assets	-28	138	-78	83	-145
Total solvency capital	8,182	9,079	9,231	10,388	8,659
Solvency ratio	155%	183%	124%	172%	215%

PARENT COMPANY

SEK in millions	2003	2002	2001	2000	1999
Net premium income	3,768	3,918	3,573	2,767	2,656
Net premiums earned	3,780	4,134	4,094	2,854	2,327
Allocated interest	175	190	268	232	91
Net claims incurred	-2,351	-2,189	-3,513	-1,807	-1,531
Net operating expenses	-1,284	-1,776	-1,277	-1,073	-871
Insurance operating result	320	359	-428	206	16
Investment operating result	403	181	-31	380	958
Other expenses	-519	-25	-84	-452	-8
Net income for the year	85	425	2	-95	215
Net technical provisions	4,392	4,513	5,413	4,907	4,178
Market value on investment assets	12,184	12,523	13,819	13,668	12,116
Insurance operating result					
Claims ratio	62%	53%	86%	63%	66%
Cost ratio	34%	43%	31%	38%	37%
Combined ratio	96%	96%	117%	101%	103%
Investment result					
Investment yield	3%	6%	4%	5%	5%
Total yield	6%	4%	3%	7%	6%
Solvency capital					
Shareholders' equity	873	1,369	1,023	1,022	1,117
Deferred tax on reserve for unrealised capital gains	28	30	34	95	113
Untaxed reserves	7,274	7,271	7,256	8,048	7,174
Excess values on investment assets					
- Other investment assets	-14	79	-17	44	-8
Total solvency capital	8,161	8,748	8,296	9,209	8,396
Solvency ratio	217%	223%	232%	333%	316%
Capital base	7,772	8,086			
Required solvency capital	710	594			

Notes to the Financial Statements

Analysis of Consolidated Insurance Result (SEK 000's)

	TOTAL	DIRECT INSURANCE					ASSUMED REINSURANCE
		SWEDEN				FOREIGN	
		Industrial fire & allied risks	Marine	Aviation	Credit		
I) Notes to Analysis of Consolidated Insurance Result – Technical account							
Premiums earned, for own account	5,343,809	10,897	1,829	0	-6,186	1,712,663	3,624,606
Allocated investment return transferred from the non-technical account	188,442	387	58	0	4,023	21,274	162,700
Other technical income, for own account	43,034	0	0	0	0	0	43,034
Claims incurred, own account	-4,191,890	-3,460	1,919	0	4,604	-963,603	-3,231,350
Operating expenses	-1,607,192	-1,146	269	0	-604	-601,250	-1,004,461
Operating profit/loss of technical account	-223,797	6,678	4,075	0	1,837	169,084	-405,471
II) Notes to Analysis of Consolidated Insurance Result – Technical provisions							
Provisions for unearned premiums	-1,051,080	-96,112	-1,403	0	-125,690	-606,213	-221,662
Provisions for outstanding claims	-10,522,466	-102,798	-54	0	-27,663	-1,580,277	-8,811,674
Equalization provision	-16,177	0	0	0	-3,099	-9,400	-3,678
Total technical provisions	-11,589,723	-198,910	-1,457	0	-156,452	-2,195,890	-9,037,014
III) Notes to Analysis of Consolidated Insurance Result – Reinsurers' share of technical provisions							
Provisions for unearned premiums	432,694	89,010	0	0	55,249	262,897	25,538
Provisions for outstanding claims	2,091,638	100,182	0	0	250	873,757	1,117,449
Total Reinsurers' share of technical provisions	2,524,332	189,192	0	0	55,499	1,136,654	1,142,987
IV) Notes to Analysis of Consolidated Insurance Result – Premiums earned, for own account							
Gross premium income	6,890,825	131,094	6,853	0	29,713	2,597,065	4,126,100
Ceded premiums	-1,598,651	-125,745	-6,322	0	-20,043	-893,250	-553,291
Change in the gross provision for premiums	42,461	-742	1,298	0	11,908	-15,444	45,441
Change in the gross provision for premiums, reinsurers' share	9,174	6,290	0	0	-27,764	24,292	6,356
Total Premiums earned, for own account	5,343,809	10,897	1,829	0	-6,186	1,712,663	3,624,606
V) Notes to Analysis of Consolidated Insurance Result – Claims incurred, for own account							
Claims paid	-6,582,908	-98,279	0	0	-2,433	-858,446	-5,623,750
Ceded claims paid	796,178	94,867	0	0	2,359	308,536	390,416
Claims handling expense	-71,103	0	0	0	0	-52,035	-19,068
Change in gross provision for claims	1,685,492	15,463	1,919	0	12,901	-652,509	2,307,718
Change in provision for claims, reinsurers' share	-19,446	-15,511	0	0	-8,223	290,954	-286,666
Change in other technical provisions, for own account	-103	0	0	0	0	-103	0
Total Claims incurred, for own account	-4,191,890	-3,460	1,919	0	4,604	-963,603	-3,231,350

Note 1 • Gross Premium Income

	2003	2002
Sweden	167,660	228,072
Other EEA countries	161,423	184,582
Other countries	2,435,642	1,364,296
Total gross income, direct insurance	2,764,725	1,776,950
Assumed reinsurance	4,126,100	4,839,878
Total Gross Premium Income	6,890,825	6,616,828

Note 2 • Operating Expenses

2003	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-1,486,073	0	-1,486,073
Depreciation of fixed assets*)	-3,766	-13,705	-17,471
Other operating expenses*)	-105,006	-313,018	-418,024
Commissions and profit commissions on ceded reinsurance	314,376	0	314,376
Total Operating Expenses	-1,280,469	-326,723	-1,607,192
2002	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-2,115,075	0	-2,115,075
Depreciation of fixed assets*)	-3,672	-7,247	-10,919
Other operating expenses*)	-145,359	-200,340	-345,699
Commissions and profit commissions on ceded reinsurance	222,345	0	222,345
Total Operating Expenses	-2,041,761	-207,587	-2,249,348

*) Note 21

Note 3 • Investment Income

	2003	2002
Dividend income from Other	34,040	37,970
Interest income		
Bonds and other interest bearing securities – group companies	22,252	5,484
Bonds and other interest bearing securities – other	365,929	482,678
Other interest income – group companies	6,723	8,646
– other	10,569	17,364
Capital gains on foreign exchange, net	153,222	0
Unrealised gains/losses on investments		
Shares and participations	349,151	0
Derivatives	-60,223	0
Capital gains on sales of investments, net		
Shares and participations	6,775	100,995
Interest bearing securities	132,738	191,816
Total investment income	1,021,176	844,953

Note 4 • Investment Expenses

	2003	2002
Operating expenses	-46,535	-68,437
Net deficit on real estate	-3,860	-3,439
Interest expenses		
Other interest expenses	-2,068	-8,937
Capital losses on foreign exchange, net	0	-39,045
Unrealised losses on investments		
Shares and participations	0	-501,493
Total investment expenses	-52,463	-621,351

Note 5 • Other and Extraordinary Expenses

	2003	2002
Goodwill depreciation	-41,614	-38,279
Extraordinary expenses	-17,538	0
Total other and extraordinary expenses	-59,152	-38,279

Note 6 • Tax

	2003	2002
Current tax	-74,185	-61,234
Current tax for previous year	1,977	-5,196
Tax effect group contribution	-91,260	-650
Deferred taxes on changes in unused tax losses	-140,557	-20,309
Deferred tax other	6,328	0
Deferred tax on unrealised gains/losses	-22,856	0
Other tax	15,934	57
Total tax	-304,619	-87,332

Note 7 • Intangible Assets

	2003	2002
<i>Goodwill</i>		
Acquisition cost	748,852	748,852
Depreciation according to plan	-175,203	-133,589
Total Goodwill	573,649	615,263
<i>Capitalized software</i>		
Acquisition cost	53,253	18,795
Depreciation according to plan	-15,813	-4,778
Total capitalized software	37,440	14,017

Note 8 • Land and Buildings

	2003	2002
<i>Land and buildings</i>		
Acquisition cost	21,616	21,616
Accumulated depreciation	-8,626	-6,551
Book value land and buildings	12,990	15,065

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 415 (359) and 914 (778) respectively.

Note 9 • Interest-bearing Investments – Group Companies

	2003	2002
	Cost value	Cost value
Loans to group companies	25,000	0
Total loans to group companies	25,000	0

Note 10 • Shares and Participations

Security	Currency	Number	Cost Value (SEK)	Market value (SEK)
Actuate Corporation	USD	42,100	1,257,856	949,957
Acusphere Inc	USD	12,300	1,249,380	783,540
Aeropostale Inc	USD	5,350	476,602	1,064,345
Affiliated Managers Group	USD	3,800	1,163,040	1,918,632
AirTran Holdings Inc	USD	10,200	691,400	880,660
Alliance Gaming Corp	USD	15,700	2,237,133	2,807,876
America West Holdings Corp-B	USD	11,600	1,302,989	1,043,617
Anteon International Corp	USD	10,100	2,425,705	2,641,727
Answerstink Inc	USD	30,100	1,244,672	1,212,051
Aquantive Inc	USD	24,600	1,854,066	1,829,449
AstraZeneca	SEK	110,000	38,239,542	38,555,000
Atlas Copco B	SEK	20,600	4,709,622	4,830,700
Axcelis Technologies Inc	USD	33,500	2,523,989	2,496,184
Axfood	SEK	45,000	6,947,280	7,492,500
Beverly Enterprises Inc	USD	54,300	2,455,597	3,384,187
Biacore	SEK	49,000	7,459,172	8,305,500
BK Vision	CHF	20,000	42,342,075	19,594,777
Blue Coat Systems Inc	USD	8,400	1,229,390	1,359,691
Boston Private Fin. Holdings Inc	USD	7,100	1,241,631	1,279,591
Buffalo Wild Wings Inc	USD	7,400	1,233,935	1,388,959
Cache Inc	USD	8,100	1,123,658	1,224,153
Caci International Inc-CL A	USD	4,900	1,143,147	1,728,512
California Tech Solutions Corp	USD	31,100	1,760,964	2,060,120
Callidus Software Inc	USD	10,000	1,278,264	1,283,480
Caliper Technologies Corp	USD	27,700	1,281,923	1,338,491
Capital International Funds	USD	1,061,028	107,859,894	119,244,813
CCFFRF/eur	EUR	2,464	4,307,181	4,895,384
Ceradyne Inc	USD	5,800	871,294	1,433,290
Chicago Bridge & Iron-NY SHR	USD	6,100	1,111,562	1,279,054
Cognizant Tech Solutions Corp	USD	8,500	1,601,956	2,814,660
Corvis Corp	USD	128,900	1,353,826	1,589,876
Diamond Cluster Intl Inc	USD	28,900	1,234,222	2,138,747
Direct General Group	USD	13,800	2,414,473	3,314,122
Duane Reade Inc	USD	12,400	1,362,631	1,522,241
Dynamex Inc	USD	2,716	0	236,468
Eikos Fund	SEK	203	25,000,001	34,425,527
Electrolux	SEK	221,000	35,427,836	34,918,000
Encore Medical Corp	USD	26,400	792,784	1,562,987
Ericsson B	SEK	3,100,000	43,918,031	39,990,000
Essex Corp	USD	20,200	1,322,578	1,376,190
Finch Fund	USD	24,272	21,766,200	22,913,105
Flowserve Corp	USD	8,100	1,313,546	1,227,091
Friedman's Inc-CL A	USD	14,200	1,526,665	691,309
Frontier Airlines Inc	USD	13,300	568,164	1,378,940
Georgia Gulf Corporation	USD	6,700	1,284,725	1,403,891
Guitar Center Inc	USD	6,200	1,324,359	1,468,261
Haldex	SEK	28,300	2,845,582	2,886,600
Helathextras Inc	USD	21,500	1,969,039	2,090,281
Hennes & Mauritz B	SEK	25,000	43,847,739	43,605,000
Hoganás B	SEK	125,000	19,979,655	19,250,000
Hot Topic Inc	USD	6,200	804,434	1,324,763
Hudson Highland Group Inc	USD	8,300	1,301,679	1,427,210
Hufvudstaden A	SEK	490,000	14,587,558	17,003,000
I-Flow Corp	USD	15,300	1,241,567	1,545,226
Innovative Solutions & Support	USD	11,600	1,252,730	1,366,801

Security	Currency	Number	Cost Value (SEK)	Market value (SEK)	Security	Currency	Number	Cost Value (SEK)	Market value (SEK)
Intl Rectifier Corp	USD	9,700	1,936,935	3,477,346	Ruby Tuesday Inc	USD	7,000	1,225,030	1,446,944
Ipayment Inc	USD	5,300	922,289	1,303,193	Saab B	SEK	192,000	21,142,947	20,928,000
John Mattson B	SEK	150,000	18,880,338	15,900,000	Sandvik A	SEK	155,000	35,612,900	38,440,000
Joy Global Inc	USD	14,000	2,577,865	2,656,202	Scania B	SEK	130,000	34,703,482	38,220,000
Key Europe Fund	EUR	7,281	9,067,424	9,747,689	SEB Global Fund	SEK	36,831,495	341,307,078	194,370,898
Kindred Healthcare Inc	USD	3,800	1,307,656	1,433,116	SEB Technology Fund	SEK	3,734,473	102,499,100	5,505,200
Kinnevik B	SEK	66,000	14,364,666	15,576,000	Select Medical Corp	USD	11,200	1,201,123	1,322,921
Knight Trading Group Inc	USD	19,300	1,162,579	2,052,828	SHB A	SEK	445,000	60,502,234	65,415,000
Kyphon Inc	USD	6,200	965,628	1,116,940	S1 Corporation	USD	22,100	1,281,119	1,293,979
Landry's Restaurants Inc	USD	7,400	1,310,502	1,380,906	Sigmatel Inc	USD	17,000	2,649,937	3,044,076
Leapfrog Enterprises Inc	USD	5,100	1,284,673	981,677	Sirva Inc	USD	19,200	2,619,263	2,721,994
Lindex	SEK	108,000	18,166,311	23,760,000	Skandia	SEK	1,000,000	24,329,448	26,200,000
Ljungberg	SEK	315,488	29,312,370	33,757,216	Stora Enso	SEK	25,000	2,528,788	2,412,500
Merlin Fund	SEK	4,687	51,370,518	54,371,438	Sykes Enterprises Inc	USD	27,100	1,114,017	1,688,977
Mercantile Bank Corp	USD	5,000	1,213,103	1,324,111	Synaptics Inc	USD	14,100	1,337,698	1,532,471
Merge Technologies Inc	USD	9,100	1,044,047	1,164,666	Taro Pharmaceutical Ind.Ltd	USD	2,700	677,921	1,263,528
Micrel Inc	USD	11,100	1,281,512	1,253,124	Tekelec	USD	11,400	1,309,688	1,286,165
Millennium Chemicals Inc	USD	17,300	1,266,631	1,591,574	Teletech Holdings Inc	USD	11,000	614,532	901,846
MSC Industrial Direct Co-A	USD	12,800	1,584,218	2,553,901	Telia	SEK	2,010,000	64,877,285	75,576,000
Nektar Fund	SEK	13,689	28,854,475	26,253,615	Terex Corp	USD	12,300	2,622,352	2,541,596
Nestle	CHF	5,000	10,808,311	8,983,362	UBSchF	CHF	7,245	4,632,932	4,694,926
Nokia	SEK	212,000	26,780,323	26,394,000	UBSchFD	CHF	752	483,875	499,952
Nordea	SEK	1,400,000	59,588,635	75,600,000	UBSLuxF	USD	2,099	1,561,217	1,693,171
Novart	CHF	20,000	7,722,063	6,529,654	UBSLuxMF	USD	240	221,029	232,826
Novell Inc	USD	64,600	2,342,048	4,935,399	United Online Inc	USD	8,400	1,341,671	1,023,273
Oblipar Sicav D EUR	EUR	5,615	195,238,839	194,462,405	Verilink Corp	USD	27,200	1,384,586	1,032,124
O'Charleys Inc	USD	20,900	2,508,514	2,721,900	VistaCare Inc-CL A	USD	4,600	573,970	1,166,117
Odyssey Healthcare Inc	USD	9,300	1,067,563	1,987,820	VISX Inc	USD	12,100	1,468,464	2,032,346
OM Gruppen	SEK	235,000	19,413,448	21,032,500	Volvo B	SEK	170,000	31,668,893	37,400,000
Palio	CHF	50,000	14,536,185	4,916,138	Websense Inc	USD	7,800	1,286,775	1,656,451
PDI Inc	USD	7,000	1,376,677	1,361,621	Wintrust Financial Corp	USD	5,100	1,115,522	1,668,815
PH Vison	CHF	40,000	45,391,447	28,432,778	WM-Data B	SEK	1,050,000	11,648,870	16,275,000
Pinnacle Systems Inc	USD	17,700	1,380,341	1,095,428	Wright Medical Group Inc	USD	6,650	1,309,228	1,466,752
Polyone Corporation	USD	16,900	746,978	783,518	Yankee Candle Co	USD	6,100	795,652	1,209,570
Primus Telecommunications Gp	USD	17,500	1,310,541	1,290,010					
Providence Service Corp	USD	13,700	1,192,788	1,623,185					
PSS World Medical Inc	USD	15,800	857,974	1,382,502	Total			1,835,222,000	1,695,680,213
Rainbow Technologies Inc	USD	14,000	1,041,603	1,143,741	Other shares & participations	Mix		488,158,161	432,124,801
Raymond James Financial Inc	USD	9,000	2,475,808	2,461,757	Total shares & participations			2,323,380,161	2,127,805,014
Ratos B	SEK	154,000	14,854,608	17,402,000	of which listed			1,723,268,662	1,563,893,702

Note 11 • Bonds and Other Interest-bearing Investments

	2003		2002	
	Amortised Cost	Market Value	Amortised Cost	Market Value
Swedish government	3,464,507	3,436,779	2,767,742	2,782,607
Swedish mortgage institutions	1,016,532	1,028,173	823,709	828,617
Foreign governments	5,517,227	5,499,901	6,000,630	6,074,551
Other foreign issuers	407,355	413,231	1,911,326	1,955,260
Total bonds and other interest-bearing investments	10,405,621	10,378,084	11,503,407	11,641,035
of which listed	10,380,267	10,349,994	11,027,969	11,148,431

Remaining amount to be amortised according to the amortised cost principle

	2003	2002
Total positive amount	428,960	469,496
Total negative amount	410,097	796,279

Note 12 • Other Financial Assets

	2003	2002
	Cost Value	Cost Value
Other Financial Assets	156,664	573,540
which are directly related to insurance operations 154,409 (511,050), derivatives 2,255 (62,490)		

Note 13 • Reinsurers' Share of Technical Provisions

<i>Provisions for unearned premiums</i>	2003	2002
Opening balance	508,018	314,317
Portfolio transfer related to company acquisition	0	166,335
Change in provision	9,174	74,388
Capital gains/losses on foreign exchange	-84,498	-47,022
Closing balance	432,694	508,018

Provisions for outstanding claims

2003	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	1,468,557	1,077,068	2,545,625
Change in provision	-78,307	58,861	-19,446
Capital gains/losses on foreign exchange	-191,524	-243,017	-434,541
Closing balance	1,198,726	892,912	2,091,638

2002	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
------	---------------------------------	--	-------

Opening balance	2,142,624	490,528	2,633,152
Portfolio transfer related to company acquisition	191,895	291,301	483,196
Change in provision	-642,845	356,830	-286,015
Capital gains/losses on foreign exchange	-223,117	-61,591	-284,708
Closing balance	1,468,557	1,077,068	2,545,625

Note 14 • Debtors

	2003	2002
<i>Debtors arising out of direct insurance</i>		
Amounts due from policyholders	36,467	51,138
Amounts due from intermediaries	397,552	511,057
Total debtors arising out of direct insurance	434,019	562,195
Other debtors	133,453	152,279
Total other debtors	133,453	152,279

Note 15 • Other Assets

	2003	2002
<i>Fixed assets</i>		
Acquisition cost	76,819	85,109
Accumulated depreciation	-62,703	-72,916
Book value	14,116	12,193
Machinery, equipment etc excluding IT equipment is depreciated at an annual rate of 20% of acquisition cost.		
<i>Cash and bank</i>		
Cash pool	105,838	101,986
Other cash and bank	1,044,714	833,759
Total cash and bank balance	1,150,552	935,745

Note 16 • Shareholders' Equity

2003	Share capital	Restricted reserves	Retained earnings	Net income for the year	Total Shareholders' equity
Opening balance	800,000	5,347,534	862,028	24,062	7,033,624
Transfer of result from previous year	0	0	24,062	-24,062	0
Transfer to reserve for unrealised capital gains	0	55,321	-55,321	0	0
Transfer to restricted reserves	0	11,374	-11,374	0	0
Translation difference	0	-91,467	-417,317	0	-508,784
Dividend paid	0	0	-345,000	0	-345,000
Group contribution paid	0	0	-234,670	0	-234,670
Net income for the year	0	0	0	192,703	192,703
Closing balance	800,000	5,322,762 *)	-177,592	192,703**))	6,137,873

*) whereof reserve for unrealised capital gains TSEK 86,909 (33,212).

**) to be transferred to restricted reserves TSEK 1,918

Note 17 • Technical Provisions

<i>Provisions for unearned premiums</i>	2003	2002
Opening balance	1,255,775	1,318,103
Portfolio transfer related to company acquisition	0	344,113
Reclassification of financial liabilities	0	-46,781
Change in provision	-42,461	-246,299
Capital gains/losses on foreign exchange	-162,234	-113,361
Closing balance	1,051,080	1,255,775

Provisions for outstanding claims

2003	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	4,324,260	9,281,421	13,605,681
Change in provision	47,338	-1,732,830	-1,685,492
Change in present value of funds required to pay losses at future dates	0	336,607	336,607
Capital gains/losses on foreign exchange	-457,151	-1,277,179	-1,734,330
Closing balance	3,914,447	6,608,019	10,522,466

2002	Incurred and reported claims	Incurred, but not reported claims (I.B.N.R.)	Total
Opening balance	4,975,004	11,325,652	16,300,656
Portfolio transfer related to company acquisition	285,201	414,240	699,441
Reclassification to other technical reserves	0	799,976	799,976
Change in provision	-491,627	-1,646,718	-2,138,345
Capital gains/losses on foreign exchange	-444,318	-1,611,729	-2,056,047
Closing balance	4,324,260	9,281,421	13,605,681

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.

	2003	2002
Nominal amount, TUSD	775,056	1,047,497
Discounted amount, TUSD	528,964	752,777
Total effect of discounting, TUSD	246,092	294,720
Discount rates	5.5%–7.5%	3.2%–7.5%
Durations	2 years–30 years	2 years–30 years

Note 18 • Provisions for Tax

	2003	2002
Current tax	0	23,074
Deferred tax on		
– untaxed reserves	2,036,617	2,035,871
– reserve for unrealised capital gains	36,053	12,916
– other	-3,632	-38,906
Deferred taxes recoverable	0	-140,557
Total provisions for tax	2,069,038	1,892,398

Note 19 • Creditors arising out of direct insurance

	2003	2002
Amounts due to policy holders	1,320	1,280
Amounts due to intermediaries	156,098	145,491
Total creditors arising out of direct insurance	157,418	146,771
Other creditors	364,890	167,350
whereof group companies	330,969 (112,681)	

Note 20 • Employees, Administrative expenses and the Allocations

	2003	2002
Average number of employees		
Sweden	92	81
Belgium	61	57
Bermuda	6	6
United Kingdom	36	31
Switzerland	1	3
Singapore	11	11
USA	19	8
of which		
female	113	103
male	113	94
Total number of employees	226	197

Administrative expenses and the Allocations**Personnel expenses**

Salaries and compensations	-151,629	-141,357
of which, to the Parent Company's Board of Directors, President and Executive Vice President	-6,311	-4,593
Social security costs	-31,903	-30,164
Pension expenses	-13,848	-17,008
of which, to the Board of Directors, the President and the Executive Vice President	-1,507	-1,576
Other personnel expenses	-13,073	-8,465

Total personnel expenses and other remunerations

	-210,453	-196,994
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Upon termination initiated by the company, the President is entitled to severance pay equal to one years' salary.

Other operating expenses

Rent	-33,492	-25,911
Depreciation	-17,309	-10,919
Other administrative expenses	-202,161	-168,829
whereof audit fees	-7,921	-8,025
Total other operating expenses	-252,962	-205,659

Total administrative expenses -463,415 -402,653

Allocated administrative expenses

Claims handling expenses	-15,908	-34,231
Investment expenses note 4	-12,012	-11,804
Acquisition cost note 2	-108,772	-149,031
Total allocated administrative expenses	-136,692	-195,066

Total administrative expenses after the allocations

note 2 -326,723 -207,587

Note 21 • Pledged assets and Contingent liabilities

Pledged Assets	2003	2002
Bonds & debentures	3,800,108	5,831,484
Accrued interest	2,739	3,411
Cash and bank	316,983	333,527
Total pledged assets	4,119,830	6,168,422
The majority of the pledged assets are collaterals for issued letters of credit to cover obligations under reinsurance contracts.		
Contingent liabilities	2003	2002
Guarantees on behalf of subsidiary	1,084,682	1,488,024
Total pledged assets and contingent liabilities	5,204,512	7,656,446

Income Statement – Parent Company

SEK 000's	Note	2003	2002
TECHNICAL ACCOUNT FOR INSURANCE OPERATIONS			
<i>Earned premiums, for own account</i>			
Gross premium income	1	4,555,692	5,170,637
Ceded reinsurance premiums		-787,935	-1,252,202
Change in the gross provision for unearned premiums		63,220	254,710
Change in the provision for unearned premiums, reinsurers' share		-51,254	-39,371
Total earned premiums, for own account		3,779,723	4,133,774
Allocated investment return transferred from the non-technical account		175,044	189,830
<i>Claims incurred, for own account</i>			
Claims paid			
Gross amount		-2,736,617	-3,689,121
Reinsurers' share		672,583	1,292,311
Claims handling expenses	23	-15,908	12,743
Claims paid, for own account		-2,079,942	-2,409,553
<i>Change in the provision for claims, for own account</i>			
Gross amount		144,951	630,435
Reinsurers' share		-416,220	-406,585
<i>Change in other technical provisions, for own account</i>			
Gross amount		-103	-3,678
Total claims incurred, for own account		-2,351,314	-2,189,381
Operating expenses	2	-1,283,536	-1,775,691
Operating profit/loss of technical account		319,917	358,532

SEK 000's	Note	2003	2002
NON-TECHNICAL ACCOUNT			
Balance of technical account		319,917	358,532
Investment income/expenses			
Investment income	3	624,129	876,950
Investment expenses and charges	4	-46,054	-505,634
Investment income allocated to technical account		-175,044	-189,830
Total investment income/expenses		403,031	181,486
Other expenses and extraordinary expenses	5	-518,763	-24,801
Result before appropriations and taxes		204,185	515,217
Appropriations	6	-2,685	-15,186 ^{*)}
Taxes	7	-116,919	-75,067
Net income for the year		84,581	424,964 ^{*)}

*) The comparative figures for 2002 have been adjusted due to the change of accounting for group contributions, see section "Accounting principles", "Appropriations and untaxed reserves".

Balance Sheet – Parent Company

December 31 (SEK 000's)	Note	2003	2002
ASSETS			
Intangible Assets	8		
Goodwill		337,476	194,395
Capitalized software		37,440	14,017
Total intangible assets		374,916	208,412
Investment assets			
Land and buildings	9	12,990	15,065
Investments in group companies and participating interests			
Shares and participations	10	2,096,958	2,741,373
Interest-bearing investments in and loans to group companies	11	25,000	0
Total investments in group companies and participating interests		2,121,958	2,741,373
<i>Other financial investments</i>			
Shares and participations	12	1,990,693	1,760,482
Bonds and other interest-bearing investments	13	6,149,954	6,239,106
Other financial assets	14	2,255	75,734
Total other financial investments		8,142,902	8,075,322
Deposits with cedents		1,080,993	1,127,230
Reinsurers' share of technical provisions	15		
Provision for unearned premiums		177,214	246,953
Claims outstanding		1,348,820	1,982,490
Total reinsurers' share of technical provisions		1,526,034	2,229,443
Debtors			
Debtors arising out of direct insurance operations	16	173,652	243,512
Debtors arising out of reinsurance operations		64,032	157,134
Other debtors	16	359,791	606,962
Total debtors		597,475	1,007,608
Other assets	17		
Tangible assets		12,027	10,727
Cash and bank balance		839,053	491,652
Total other assets		851,080	502,379
Prepayments and accrued income			
Accrued interest		137,153	127,661
Other prepayments and accrued income		2,899	0
Total prepayments and accrued income		140,052	127,661
Total assets		14,848,400	16,034,493

December 31 (SEK 000's)	Note	2003	2002
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	18		
Share capital (8,000,000 shares of nom.value SEK 100)		800,000	800,000
Reserve for unrealised gains on investments		71,831	33,212
Retained earnings		-82,935	110,390 ^{*)}
Net income for the year		84,581	424,964 ^{*)}
Total shareholders' equity		873,477	1,368,566
Untaxed reserves			
Excess depreciations on intangible assets		106,773	104,109
Safety reserve		7,166,858	7,166,858
Total untaxed reserves		7,273,631	7,270,967
Technical provisions			
Provisions for unearned premiums	19	505,167	618,596
Claims outstanding	19	5,391,895	6,101,473
Equalization provision		21,039	22,497
Total technical provisions		5,918,101	6,742,566
Provisions for other risks and expenses			
Taxation provisions	20	27,934	10,774
Deposits received from reinsurers		130,755	171,496
Creditors			
Creditors arising out of direct insurance operations	21	131,959	127,993
Creditors arising out of reinsurance operations		97,047	77,431
Derivatives		0	11
Other creditors	21	361,191	242,535
Total creditors		590,197	447,970
Accrued expenses and deferred income			
Other accrued expenses and deferred income		34,305	22,154
Total shareholders' equity and liabilities		14,848,400	16,034,493
Pledged assets and contingent liabilities	24	2,111,847	3,089,724

*) Effect of change of accounting for group contributions.

Notes to the Financial Statements

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

	TOTAL	DIRECT INSURANCE				FOREIGN	ASSUMED REINSURANCE
		SWEDEN Industrial fire & allied risks	Marine	Aviation	Credit		
I) Notes to Analysis of Parent Company – Technical account							
Premiums earned, for own account	3,779,723	10,897	1,829	0	-6,186	604,396	3,168,787
Allocated investment return transferred from the non-technical account	175,044	387	58	0	4,023	7,876	162,700
Claims incurred, own account	-2,351,314	-3,460	1,919	0	4,604	-282,722	-2,071,655
Operating expenses	-1,283,536	-1,146	269	0	-604	-236,383	-1,045,672
Operating profit/loss of technical account	319,917	6,678	4,075	0	1,837	93,167	214,160
II) Notes to Analysis of Parent Company – Technical provisions							
Provisions for unearned premiums	-505,167	-96,112	-1,403	0	-125,690	-57,937	-224,025
Provisions for outstanding claims	-5,391,895	-102,798	-54	0	-27,663	-268,646	-4,992,734
Equalization provision	-21,039	0	0	0	-3,099	-9,400	-8,540
Total technical provisions	-5,918,101	-198,910	-1,457	0	-156,452	-335,983	-5,225,299
III) Notes to Analysis of Parent Company – Reinsurers' share of technical provisions							
Provisions for unearned premiums	177,214	89,010	0	0	55,249	7,417	25,538
Provisions for outstanding claims	1,348,820	100,182	0	0	250	130,939	1,117,449
Total reinsurers' share of technical provisions	1,526,034	189,192	0	0	55,499	138,356	1,142,987
IV) Notes to Analysis of Parent Company – Premiums earned, for own account							
Gross premium income	4,555,692	131,094	6,853	0	29,713	681,585	3,706,447
Ceded premiums	-787,935	-125,745	-6,322	0	-20,043	-82,534	-553,291
Change in the gross provision for premiums	63,220	-742	1,298	0	11,908	41,481	9,275
Change in the gross provision for premiums, reinsurers' share	-51,254	6,290	0	0	-27,764	-36,136	6,356
Total premiums earned, for own account	3,779,723	10,897	1,829	0	-6,186	604,396	3,168,787
V) Notes to Analysis of Parent Company – Claims incurred, for own account							
Claims paid	-2,736,617	-98,279	0	0	-2,433	-455,210	-2,180,695
Ceded claims paid	672,583	94,867	0	0	2,359	184,942	390,415
Claims handling expense	-15,908	0	0	0	0	0	-15,908
Change in gross provision for claims	144,951	15,463	1,919	0	12,901	93,468	21,200
Change in provision for claims, reinsurers' share	-416,220	-15,511	0	0	-8,223	-105,819	-286,667
Change in other technical provisions, gross amount	-103	0	0	0	0	-103	0
Total claims incurred, for own account	-2,351,314	-3,460	1,919	0	4,604	-282,722	-2,071,655

Note 1 • Gross Premium Income

	2003	2002
Sweden	167,660	228,072
Other EEA countries	161,423	184,582
Other countries	520,162	497,121
Total gross income, direct insurance	849,245	909,775
Assumed reinsurance	3,706,447	4,260,862
Total gross premium income	4,555,692	5,170,637

Note 2 • Total Operating Expenses

2003	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-1,077,217	0	1,077,217
Depreciation of fixed assets*)	-3,766	-12,441	-16,207
Other operating expenses*)	-104,058	-130,406	-234,464
Commissions and profit commissions on ceded reinsurance	44,352	0	44,352
Total operating expenses	-1,140,689	-142,847	-1,283,536
2002	Acquisition Costs	Administrative Expenses	Total
Commissions and profit commissions on assumed reinsurance	-1,612,068	0	-1,612,068
Depreciation of fixed assets*)	-3,424	-6,230	-9,654
Other operating expenses*)	-124,986	-111,510	-236,496
Commissions and profit commissions on ceded reinsurance	82,527	0	82,527
Total operating expenses	-1,657,951	-117,740	-1,775,691

*) Note 22

Note 3 • Investment Income

	2003	2002
<i>Dividend income from</i>		
Sirius group companies	0	224,167
Other	33,803	37,810
<i>Interest income</i>		
Bonds and other interest bearing securities – group companies	22,252	5,484
Bonds and other interest bearing securities – other	273,138	357,247
Other interest income – group companies	6,723	8,646
– other	10,309	16,545
Capital gains on foreign exchange, net	6,090	120,015
<i>Unrealised gains/losses on investments</i>		
Shares and participations	328,239	0
Derivatives	-60,223	0
<i>Capital gains on sales of investments, net</i>		
Shares and participations	-26,372	87,904
Interest bearing securities	30,170	19,132
Total investment income	624,129	876,950

Note 4 • Investment Expenses

	2003	2002
Operating expenses	-39,725	-49,420
<i>Interest expenses</i>		
Other interest expenses – group companies	-401	-2,598
Other interest expenses	-2,068	-8,903
Other expenses – group companies	0	-1,122
<i>Net deficit on real estate</i>	-3,860	-3,439
<i>Unrealised losses on investments</i>		
Shares and participations	0	-501,178
Derivatives	0	61,026
Total investment expenses	-46,054	-505,634

Note 5 • Other and Extraordinary Expenses

	2003	2002
Goodwill depreciation	-24,801	-24,801
Write down of shares in group companies (Scandinavian Re)	-476,424	0
Other extraordinary expenses	-17,538	0
Total other and extraordinary expenses	-518,763	-24,801

Note 6 • Appropriations

	2003	2002
Excess depreciations on tangible assets (goodwill)	-2,685	-15,186
Total appropriations	-2,685	-15,186 *)

*) The comparative figures for 2002 have been adjusted to the change of accounting for group contributions.

Note 7 • Tax

	2003	2002
Current tax	-29,211	-45,472
Current tax for previous year	1,085	-2,476
Tax effect group contribution	-91,260	-30,944
Deferred tax on unrealised gains	2,476	3,768
Other tax	-9	57
Total tax	-116,919	-75,067 *)

*) The comparative figures for 2002 have been adjusted due to the change of accounting for group contributions, see section "Accounting principles", "Appropriations and untaxed reserves".

Note 8 • Intangible Assets

	2003	2002
<i>Goodwill</i>		
Acquisition cost	459,610 *)	291,727
Depreciation according to plan	-122,134	-97,332
Total Goodwill	337,476	194,395

*) Reclassification from book value in shares and participations due to change from wholly owned subsidiary to affiliate of parent company.

Capitalized software

Acquisition cost	53,253	18,795
Depreciation according to plan	-15,813	-4,778
Total capitalized software	37,440	14,017

Note 9 • Land and Buildings

	2003	2002
<i>Land and buildings</i>		
Acquisition cost	21,616	21,616
Accumulated depreciation	-8,626	-6,551
Book value land and buildings	-12,990	15,065

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 415 (359) and 914 (778) respectively.

Note 10 • Shares and Participations in Group Companies

	2003	2002
Tre Kronor Kapital AB, Stockholm 1000 shares nom. value 100 TSEK (100% ownership)	0	108

Sirius Belgium Réassurances S.A., Liege, Belgium share capital total 1,245,681 EUR of 700,000 shares without nom. value (100% ownership)	13,018 *)	180,901
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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)	1,188,384 **)	1,664,808
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Sirius America Insurance Company, Delaware, 42,000 shares nom.value USD 420,000 000	895,556	895,556
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Total shares and participations in group companies

2,096,958 2,741,373

*) Reclassification to book value TSEK 167,883, see note 8 Goodwill

***) Write-down of shares in Scandinavian Re totalling TSEK 476,424.

Note 11 • Interest-bearing Investments and Loans

- Group Companies	2003	2002
	Cost Value	Cost Value

Loans to group companies		
Other Swedish issuers	25,000	0
Total loans - group companies	25,000	0

Note 12 • Shares and Participations

Security	Currency	Number	Cost Value (SEK)	Market value (SEK)	Security	Currency	Number	Cost Value (SEK)	Market value (SEK)
AstraZeneca	SEK	110,000	38,239,542	38,555,000	Oblipar Sicav D	EUR	5,615	195,238,839	194,462,405
Atlas Copco B	SEK	20,600	4,709,622	4,830,700	OM Gruppen	SEK	235,000	19,413,448	21,032,500
Axfood	SEK	45,000	6,947,280	7,492,500	Palio	CHF	50,000	14,536,185	4,916,138
Biacore	SEK	49,000	7,459,172	8,305,500	PH Vison	CHF	40,000	45,391,447	28,432,778
BKVision	CHF	20,000	42,342,075	19,594,777	Ratos B	SEK	154,000	14,854,608	17,402,000
Capital International Fund	USD	1,061,028	107,859,894	119,244,813	Saab B	SEK	192,000	21,142,947	20,928,000
CCFFRF	EUR	2,464	4,307,181	4,895,284	Sandvik A	SEK	155,000	35,612,900	38,440,000
Eikos Fund	SEK	203	25,000,001	34,425,527	Scania B	SEK	130,000	34,703,482	38,220,000
Electrolux	SEK	221,000	35,427,836	34,918,000	SEB Global Fund	SEK	36,831,495	341,307,078	194,370,898
Ericsson B	SEK	3,100,000	43,918,031	39,990,000	SEB Technology Fund	SEK	3,734,473	102,499,100	55,050,200
Finch Fund	USD	24,272	21,766,200	22,913,105	SHB A	SEK	445,000	60,502,234	65,415,000
Haldex	SEK	28,300	2,845,582	2,886,600	Skandia	SEK	1,000,000	24,329,448	26,200,000
Hennes & Mauritz B	SEK	255,000	43,847,739	43,605,000	Stora Enso	SEK	25,000	2,528,788	2,412,500
Höganäs B	SEK	125,000	19,979,655	19,250,000	TeliaSonera	SEK	2,010,000	64,877,285	75,576,000
Hufvudstaden A	SEK	490,000	14,587,558	17,003,000	UBSchF	CHF	7,245	4,632,932	4,694,926
John Mattson B	SEK	150,000	18,880,338	15,900,000	UBSchFD	CHF	752	483,875	499,952
Key Europe Fund	EUR	7,281	9,067,424	9,747,689	UBSLuxF	USD	2,099	1,561,217	1,693,171
Kinnevik B	SEK	66,000	14,364,666	15,576,000	UBSLuxMF	USD	240	221,029	232,826
Lindex	SEK	108,000	18,166,311	23,760,000	Volvo, B	SEK	170,000	31,668,893	37,400,000
Ljungberg	SEK	315,488	29,312,370	33,757,216	WM-Data B	SEK	1,050,000	11,648,870	16,275,000
Merlin Fund	SEK	4,687	51,370,518	54,371,438					
Nektar Fund	SEK	13,689	28,854,475	26,253,615	Total			1,721,307,406	1,558,437,175
Nestle	CHF	5,000	10,808,311	8,983,362	Other shares & participations Mix			488,158,139	432,255,801
Nokia	SEK	212,000	26,780,323	26,394,000	Total shares & participation			2,209,465,545	1,990,692,976
Nordea	SEK	1,400,000	59,588,635	75,600,000	of which listed			1,609,354,069	1,426,650,664
Novart	CHF	20,000	7,722,063	6,529,654					

Note 13 • Bonds and Other Interest-bearing Investments

	2003		2002	
	Amortised Cost	Market Value	Amortised Cost	Market Value
Swedish government	3,464,507	3,436,779	2,767,742	2,782,607
Swedish mortgage institutions	1,016,532	1,028,173	823,709	828,617
Foreign governments	1,498,354	1,494,410	1,883,985	1,919,984
Other foreign issuers	170,561	176,852	763,670	786,423
Total bonds and other interest-bearing investments	6,149,954	6,136,214	6,239,106	6,317,631
of which listed	6,129,204	6,112,950	5,763,668	5,825,027

Remaining amount to be amortised according to the amortised cost principle

	2003	2002
Total positive amount	269,163	208,781
Total negative amount	85,723	222,120

Note 14 • Other Financial Assets

	2003	2002
Other financial assets	2,255	75,734
which are directly		
related to insurance operations		
0 (13,244), derivatives 2,255 (62,490)		

Note 15 • Reinsurers' Share of Technical Provisions

<i>Provisions for unearned premiums</i>	2003	2002
Opening balance	246,953	314,317
Change in provision	-51,254	-39,371
Capital gains/losses on foreign exchange	-18,485	-27,993
Closing balance	177,214	246,953

Provisions for outstanding claims

2003	Incurring and reported claims	Incurring, but not reported claims (I.B.N.R.)	Total
------	-------------------------------	---	-------

Opening balance	1,290,307	692,183	1,982,490
Change in provision	-113,540	-302,679	-416,219
Capital gains/losses on foreign exchange	-156,743	-60,708	-217,451
Closing balance	1,020,024	328,796	1,348,820

2002	Incurring and reported claims	Incurring, but not reported claims (I.B.N.R.)	Total
------	-------------------------------	---	-------

Opening balance	2,142,625	490,527	2,633,152
Change in provision	-644,065	237,480	-406,585
Capital gains/losses on foreign exchange	-208,253	-35,824	-244,077
Closing balance	1,290,307	692,183	1,982,490

Note 18 • Shareholders' Equity

2003	Share capital	Restricted reserves	Retained earnings	Net income for the year	Total Shareholders' equity
Opening balance	800,000	33,212	189,960	345,394	1,368,566
Effect due to the change of accounting for group contributions (group contributions 2002)	0	0	-79,570	79,570	0
Transfer of net result from previous year	0	0	424,964	-424,964	0
Dividend paid	0	0	-345,000	0	-345,000
Transfer from reserve for unrealised capital gains	0	-33,212	33,212	0	0
Transfer to reserve for unrealised capital gains	0	71,831	-71,831	0	0
Group contribution 72%	0	0	-234,670	0	-234,670
Net income for the year	0	0	0	84,581	84,581
Closing balance	800,000	71,831	-82,935	84,581	873,477

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

Note 16 • Debtors

	2003	2002
Debtors arising out of direct insurance		
Amounts due from policyholders	36,467	51,138
Amounts due from intermediaries	137,185	192,374
Total debtors arising out of direct insurance	173,652	243,512

Other debtors*) **359,791** 606,962

Total other debtors **359,791** 606,962

*) of which, group companies 255,884 (450,250).

Note 17 • Other Assets

	2003	2002
Fixed assets		
Acquisition cost	72,317	79,886
Accumulated depreciation	-60,290	-69,159
Book value	12,027	10,727

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	105,838	101,986
Other cash and bank	733,215	389,666
Total cash and bank balance	839,053	491,652

Note 19 • Technical Provisions

<i>Provisions for unearned premiums</i>	2003	2002
Opening balance	618,596	920,687
Change in provision	-63,220	-254,710
Capital gains/losses on foreign exchange	-50,209	-47,381
Closing balance	505,167	618,596

of which group companies 33,926 (30,711)

Provisions for outstanding claims

2003	Incurring and reported claims	Incurring, but not reported claims (I.B.N.R.)	Total
------	-------------------------------	---	-------

Opening balance	3,978,859	2,122,614	6,101,473
Change in provision	-64,443	-80,508	-144,951
Capital gains/losses on foreign exchange	-324,201	-240,426	-564,627
Closing balance	3,590,215	1,801,680	5,391,895

of which group companies 120,069 (24,094)

2002	Incurring and reported claims	Incurring, but not reported claims (I.B.N.R.)	Total
------	-------------------------------	---	-------

Opening balance	4,978,854	2,441,134	7,419,988
Change in provision	-579,205	-51,230	-630,435
Capital gains/losses on foreign exchange	-420,790	-267,290	-688,080
Closing balance	3,978,859	2,122,614	6,101,473

Note 20 • Provisions for Tax

	2003	2002
Provision for deferred tax (reserve for unrealized capital gains)	27,934	30,410
Deferred tax	0	-31,395
Other tax	0	11,759
Total provision for tax	27,934	10,774

Note 21 • Creditors arising out of direct insurance

	2003	2002
Amounts due to policy holders	1,320	1,280
Amounts due to intermediaries	130,639	126,713
Total creditors arising out of direct insurance	131,959	127,993
Creditors, other	361,191	242,535

of which, to group companies 330,287 (208,242)

Note 22 • Sickness absence during the second half of 2003, %

	2003
Women	3.94
Men	1.24
Total	2.83
Age	
Younger than 30 years	1.45
30-49 years	1.95
50 years and older	5.09
Total sickness absence	2.83
60 days or more	1.23

Note 23 • Employees, Administrative expenses and the allocations

	2003	2002
Average number of employees		
Sweden	92	81
Belgium	61	57
United Kingdom	36	30
Singapore	11	11
Switzerland	1	3

of which, women	101	95
men	100	87
Total number of employees	201	182

Administrative expenses and the allocations**Personnel expenses**

Salaries and other remunerations		
Salaries and compensations	-118,634	-109,126
of which, to the Board of Directors, the President and the Executive Vice President	-6,311	-4,593
Social security expenses	-31,798	-27,765
Pension expenses	-12,390	-16,103
of which, to the Board of Directors, the President and the Executive Vice President	-1,507	-1,576
Other Personnel expenses	-5,503	-4,564
Total salaries and other remunerations	-168,325	-157,558

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

Other operating expenses

Rent	-25,865	-21,701
Depreciation	-16,045	-9,654
Other administrative expenses	-68,356	-81,784
whereof audit fees	-2,207	-2,100
Total other administrative expenses	-110,266	-113,139
Total operating expenses	-278,591	-270,697

Allocated administrative expenses

Claims handling expenses	-15,908	-12,743
Investment expenses note 4	-12,012	-11,804
Acquisition costs note 2	-107,824	-128,410
Total allocated administrative expenses	-135,744	-152,957

Total administrative expenses after the allocations note 2	-142,847	-117,740
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Note 24 • Pledged assets and Contingent liabilities

Pledged Assets	2003	2002
Bonds & Debentures	885,846	1,494,514
Accrued interest	2,739	1,910
Cash and bank	138,580	105,276
Total pledged assets	1,027,165	1,601,700

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

Contingent Liabilities	2003	2002
Guarantees on behalf of subsidiary	1,084,682	1,488,024
Total pledged assets and contingent liabilities	2,111,847	3,089,724

Zurich, March 2, 2004

Peter Voser
Chairman of the Board of Directors

Eric Elzvik

Gert Lindberg

Göran Thorstensson
President & CEO

Our Auditors' Report was submitted on March 9, 2004

Torbjörn Hanson
Authorised Public Accountant

Göran Abrahamsson
Authorised Public Accountant

Henrik Hedqvist
Authorised Public Accountant
Appointed by the Swedish
Financial Supervisory Authority

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 President of Sirius International Insurance Corporation (publ) for the financial year 2003. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. 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 President, 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 the circumstances of the Company in order to be able to determine the liability, if any, to the Company of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Insurance Companies Act, the Annual Accounts Act for Insurance Companies, or the company's 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 Annual Accounts Act for Insurance Companies and, thereby, give a true and fair view of the company's and the group's financial position and the results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting of Shareholders that the income statement and the balance sheet of 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 President be discharged from liability for the financial year.

Stockholm, March 9, 2004

Torbjörn Hanson
Authorised Public Accountant

Göran Abrahamsson
Authorised Public Accountant

Henrik Hedqvist
Authorised Public Accountant
Appointed by the Swedish Financial
Supervisory Authority

Definitions

Combined Ratio

Net claims incurred in relation to net premiums earned and operating expenses (both commissions and own expenses) in relation to net premiums earned.

Net Technical Provisions

Total technical provisions (premium & claims provisions) less reinsurers' share of technical provisions.

Solvency Capital

Total of shareholders' equity + deferred taxes (or untaxed reserves in the parent company) + excess values of investment assets.

Solvency Ratio

Solvency capital in relation to net premium income.

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