

Press Release

Stockholm, 7 March 2002

The Alecta Group 2001:

Stable solvency and high premium income

- The collective solvency reserve amounted to SEK 60.8 bn (2000: 71.9) at 31 December 2001. The collective solvency margin remained high at 124 per cent (127).
- The loss for the year after tax amounted to SEK 4.4 bn (profit 3.2). This decline in earnings was mainly due to a SEK 20.5 bn decrease in investment return, primarily caused by major falls on the stock markets.
- Total return on investments amounted to –1.0 per cent (5.4). The market value of investments at 31 December amounted to SEK 334.2 bn (353.3), a decrease of SEK 19.1 bn during the year. Investments were made in Swedish equities while net sales were made of fixed-income securities and real estate.
- Premiums written rose by 15 per cent compared with 2000 and amounted to SEK 19.1 bn (16.6). The main increase was in regular premiums, up 23 per cent.
- Operating expenses in the insurance business amounted to SEK 549 m (565). The expense ratio for the year amounted to 2.9 per cent (3.4) and the management expense ratio was 0.21 per cent (0.20).

Alecta develops, offers and manages collectively agreed pension plans. The company's core business is the occupational pension ITP, which is based on an agreement between the Confederation of Swedish Enterprise and the Federation of Salaried Employees in Industry and Services (PTK). Alecta is the largest manager of pension assets in the Nordic region with SEK 334 billion in assets under management. Alecta has 750 employees who provide service to 27,000 companies and administer 1.4 million insurance contracts. Annual premium income amounts to SEK 19,1 billion.

President's comments

Alecta stands firm in uncertain times

The year was characterised by general economic unease which led to real declines in several countries and sectors. Market values of financial assets fell, with major fluctuations. Public confidence in the financial systems declined and many people adopted a more pessimistic future outlook. Towards the end of the year we could see a, possibly temporary, upturn in these respects.

In 2001, Alecta completed the sales of SPP Liv, SPP Fonder and the SPP brand decided by the Board in spring 2000. In my view, the sold companies went to good owners which are well equipped to further develop the companies they have acquired.

Since these divestments were made, Alecta has been a pure-play occupational pensions company that only works with collective occupational pension plans and investment management for these pension plans. We manage larger pension assets than any other Nordic institution and we only have one product: the ITP Plan.

The ITP Plan is standardised and therefore suitable for large-scale application. A standard product in large volumes leads to high quality at low costs. Other life insurance companies have other strategies and develop customised solutions, mainly to meet high earners' wishes for product differentiation. Everyone knows that customised products are more expensive than standardised ones. Somewhere in the system this cost has to be met.

The question of the level of risk which is suitable for pension assets is important to Alecta. Unit-linked insurance's share of insurance savings fell sharply in 2001 which indicates a greater reluctance among individuals to make risk assessments themselves. The company's investment return in 2001 as well was among the highest in the industry.

Alecta's solvency level is good and considerably higher than that of all the other Swedish life insurance companies. Alecta can therefore offer companies and insured considerable financial security. This security will naturally continue to apply even if the ITP assignment that may be given to us by the Confederation of Swedish Enterprise and PTK has a different content from at present. We are concentrating on making Alecta a company which is reliable, straight-forward and efficient in every respect. Alecta must be the best alternative for the present ITP plan and an unbeatable manager of a new plan.

From 1 January 2002, Alecta is reducing premiums by 15 per cent on parts of the ITP Plan. In this way our good return and cost-effective operations will benefit Alecta's client companies.

*Lars Otterbeck,
President of Alecta*

For further information, please contact:

Lars Otterbeck, President, +46 8 441 60 50, +46 70 510 00 36
Kerstin Stenberg, Senior Vice President, Finance &
Administration +46 8 441 61 40, +46 70 581 61 40
Cecilia Schön Jansson, Senior Vice President, Communications,
+46 8 441 93 50, +46 70 526 93 50

Address:

Alecta pensionsförsäkring, ömsesidigt
SE-103 73 Stockholm
Regeringsgatan 107
www.alecta.com

Alecta Group and Alecta (Parent Company), Summary Profit and Loss Account and Balance Sheet

Profit and Loss Account SEK m	Alecta Group		Alecta (Parent Company)	
	2001	2000	2001	2000
Premiums written	19,146	16,608	19,146	16,608
Investment income	-3,880	16,602	-3,302	15,605
Claims incurred	-9,956	-7,999	-9,956	-7,999
Change in other technical provisions	-13,126	-18,801	-13,126	-18,801
Operating expenses	-549	-565	-549	-565
Other	-24	-	-24	-
Balance on the technical account, life insurance business	-8,389	5,845	-7,811	4,848
NON-TECHNICAL ACCOUNT				
Balance on the technical account, life insurance business	-8,389	5,845	-7,811	4,848
Other	6,892	-44	6,661	131
Tax on result for the year	-2,889	-2,636	-2,674	-2,600
Net loss/profit for the year	-4,386	3,165	-3,824	2,379

Balance Sheet SEK m	Alecta Group		Alecta (Parent Company)	
	2001	2000	2001	2000
Investments	331,153	350,235	330,226	348,921
Other assets	10,576	10,880	9,521	9,808
Total assets	341,729	361,115	339,747	358,729
Untaxed reserves	-	-	501	501
Bonus funds	120,683	155,880	118,866	153,791
Technical provisions	214,826	198,757	214,826	198,757
Other liabilities	6,220	6,478	5,554	5,680
Total shareholders' equity, provisions and liabilities	341,729	361,115	339,747	358,729

Investment Income

Alecta	Market value 31 Dec 2000		Net invest 31 Dec 2001	Change in value		Market value 31 Dec 2001		Total return %	
	SEK bn	%		SEK bn	%	SEK bn	%	2001	2000
Fixed-income excl. direct loans	167.5	47.4%	-6.2	-1.4	-0.9%	159.8	47.8%	4.6%	9.2%
Swedish	119.8	33.9%	-3.1	-1.8	-1.6%	114.8	34.4%	4.0%	8.4%
Foreign	47.7	13.5%	-3.1	0.4	1.0%	45.0	13.4%	6.4%	11.2%
Direct loans	4.4	1.2%	-2.5	0.0	0.0%	2.0	0.6%	6.7%	7.1%
Equities	146.5	41.5%	14.0	-17.9	-11.7%	142.6	42.7%	-9.8%	-1.9%
Swedish	80.1	22.7%	13.0	-11.9	-13.7%	81.2	24.3%	-11.6%	-3.0%
Foreign	66.4	18.8%	1.0	-6.0	-9.0%	61.4	18.4%	-7.5%	-0.6%
Real estate	34.9	9.9%	-7.1	2.0	6.4%	29.8	8.9%	13.2%	19.4%
Borrowing for investments	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%	-5.7%	5.5%
Total investments	353.3	100.0%	-1.8	-17.3	-5.0%	334.2	100.0%	-1.0%	5.4%

