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Corporate Communications
S-103 50 Stockholm
Sweden
Telephone +46-8-788 10 00
Fax +46-8-788 30 80
www.skandia.se

Office:
Sveavägen 44

YEAR-END REPORT 2000 *)

- Sales increased by 48 per cent, to SEK 198 billion
- The operating result for the core businesses increased by 22 per cent, to SEK 5,798 million
- The group's operating result was SEK 8,029 million
- Assets under management increased by 19 per cent, to SEK 992 billion

Comments by Lars-Eric Petersson, President and CEO:

"Following a year filled with records – in terms of sales results as well as in the number of distinctions for first-rate customer service – the fourth quarter of 2000 had its share of ups and downs.

"Our operations in the UK, Sweden and New Markets continued to deliver new sales records – in many cases nearly doubling compared with a year ago. In the US, Skandia's single largest market, the economic slowdown has been reflected in the decline in our growth rate, with a subsequent, relative rise in costs. Due to the highly volatile stock market, our result for the fourth quarter was unsatisfactory.

"Cost-cutting measures have been implemented in the US market. These, together with the launch of new products from January to May of this year, create good conditions for continued growth. It is natural for a slowdown in the US economy to impact growth across the entire savings market. In the long term, however, it is the underlying structural need of savings combined with Skandia's product offering and distribution power that builds the foundation for continued good sales growth. We now see opportunities to further increase our market share in both the variable annuity and mutual fund markets.

"Through uninterrupted geographical expansion, the importance of individual markets will decrease, and our sustained earnings capacity will increase."

*) Does not include Livförsäkringsaktiebolaget Skandia, which is run on a mutual basis. All comparison figures pertain to December 1999 unless stated otherwise.

OVERVIEW

The operating result for the core businesses rose 22 per cent, to SEK 5,798 million (4,756). The return on net asset value for the core businesses, before tax, was 21 per cent (24).

Sales of unit linked assurance rose 51 per cent, to SEK 140 billion (93). New sales rose 59 per cent. The operating result increased by 25 per cent, to SEK 6,172 million (4,957). The operating result was adversely affected by the trend in the stock markets during the fourth quarter.

Sales of mutual fund savings products rose 44 per cent, to SEK 54 billion. This business achieved a positive result of SEK 12 million (–154) during the year.

Assets under management increased by SEK 159 billion, or 19 per cent, compared with the start of the year, to SEK 992 billion.

The group's operating result was SEK 8,029 million (8,575), and the return on the group's adjusted net asset value, after tax, was 21 per cent (24).

INSURANCE AND SAVINGS PRODUCTS

Market and Sales

Unit Linked Assurance

Sales of unit linked assurance rose 51 per cent during the year. Skandia's goal is to expand operations geographically and thereby reduce the significance of individual markets. New sales increased by 59 per cent (new sales defined by the industry-wide definition as periodic premiums recalculated to full-year figures plus 1/10 of single premiums during the period).

During the second half of the year, sales in the USA were affected by adverse market conditions. Such a market favours guaranteed products, which American Skandia offers only to a limited extent. Sales in the USA rose during the year by 20 per cent, to USD 8,217 million.

The British operation doubled its sales to GBP 3,100 million (1,591) in a market that showed only marginal growth. New sales of unit linked assurance rose 88 per cent. Skandia's sales successes can be credited to a distinct focus on improved distribution capacity, good returns on funds, a high standard of service and a diversified product portfolio.

Sales in Sweden rose 73 percent, to SEK 10,145 million (5,855). New sales rose 122 per cent. An active, conscious focus on an expanded, rich offering of funds and products, highly developed sales support, and a high degree of service towards distributors and customers are the primary factors behind the sales successes. The market share for new sales increased to 25 per cent (20) as per September 2000.

In Germany, sales rose 76 per cent in local currency, to SEK 1,216 million. The unit linked market is growing fast and now accounts for more than 24 per cent of the total life market, compared with 5 per cent five years ago. Changes in tax rules will lead to greater sales of equity-related savings products.

In Japan, sales rose 224 per cent in local currency, to SEK 1,049 million (277). The increase is mainly attributable to the launch of a new, single-premium variable annuity product.

Following the preceding year's record-fast growth in Italy, the stock market trend and uncertainty about future legislation led to a 7 per cent decline in sales for the year in local currency, to SEK 4,707 million.

In Spain, sales rose 54 per cent in local currency, to SEK 1,632 million.

Payments to policyholders amounted to 8.5 per cent of technical provisions (6.9 per cent at year-end 1999). Surrenders accounted for 7.1 percentage points of this total (5.7), which is well within the limits of underlying assumptions.

Assets under management increased by 18 per cent, to SEK 501 billion.

Mutual Fund Savings Products

Sales of mutual fund savings products (without an insurance element) rose 44 per cent, to SEK 53,575 million (37,129).

Sales in the USA rose 19 per cent, to USD 3,965 million. The sales trend was dampened by the negative trend in the stock markets. Sales in the UK doubled, to GBP 963 million.

Payments to customers through withdrawals totalled SEK 12,376 million (4,932), which is well within our assumptions and is a decrease in relation to underlying fund volumes.

Assets under management increased by 46 per cent, to SEK 99 billion.

Life Assurance

Sales in Spain are decreasing due to a shift in focus towards unit linked products.

Assets under management therefore decreased from SEK 16 billion to SEK 15 billion.

Operating Result and Profitability

Unit Linked Assurance

The operating result increased by 25 per cent, to SEK 6,172 million (4,957). The result was favourably affected by the rise in sales and economies of scale that have been achieved in operations, while the stock market decline had a substantial negative impact. Financial effects had a negative result impact in the USA, in the amount of SEK –920 million for the full year, and SEK –1,912 million for the fourth quarter, mainly due to the decline in the stock markets.

The result for new business increased by 51 per cent to SEK 2,243 million (1,483). The contribution of new business to the pre-tax return increased during the year from 11.0 per cent to 11.4 per cent. The higher return is explained by a sales increase that compensates for a lower profit margin. The profit margin expressed as a percentage of new sales decreased to 11.7 per cent, compared with 12.3 per cent in 1999.

During the year considerable economies of scale were achieved especially in the UK and Sweden. If the result for new business is adapted to updated assumptions, the profit margin for the group as a whole would increase from 11.7 per cent to 14.2 per cent.

To maintain comparability between quarters, the assumptions for calculating the result of new business were unchanged during the year. The development of the profit margin in individual markets is explained entirely by the trend in costs in relation to sales volume, which leads to greater or lower economies of scale. The cost trend normally follows sales volume with a time-lag.

In new markets, the profit margin during the fourth quarter was affected by costs for product development and marketing.

Adjustment of Assumptions

The assumptions for calculating embedded value are updated at the end of each year to reflect the current conditions. Costs for surrenders on the whole have developed favourably, and thus the assumptions have been adjusted downward. Due to economies of scale, the marketing allowance from fund companies has increased, and these assumptions have been adjusted upward. These changes had a positive impact on the result in the amount of SEK 1,809 million.

The discount rate is continuously adapted to changes in interest rates in the market. In addition, the discount rate used in the present value calculation has been reduced in order to bring it nearer to the industry standard (see table on p. 15). This had a positive effect on the result in the amount of SEK 1,038 million.

The accumulated growth in the value of funds under management in excess of underlying assumptions is spread out over a three-year period. This is done to give a truer picture of the operation's long-term result and profitability development. For individual years in which growth in value falls below assumptions made for the year, the accumulated equalization amount is reduced to cover the deficit, until the equalization amount is zero. In the later part of the year – especially during the fourth quarter – the stock markets developed negatively in relation to the assumptions used for fund growth, which had a negative impact on the result. By year-end the accumulated equalization amount was therefore essentially amortized.

Mutual Fund Savings Products

Operations reached break-even during the year and showed a positive result at year-end, despite the negative trend in the stock market. The result amounted to SEK 12 million (–154).

Life Assurance

The result for life assurance was SEK 83 million (80).

Return on Net Asset Value

The return on net asset value for insurance and savings products, after financing costs and taxes, was 18 per cent (23).

Asset Management

Assets under management, consisting of assets from companies in the Skandia group, external clients, and fund management, increased during the year by SEK 46 billion to SEK 361 billion. Assets under management include SEK 37 billion in managed mutual fund assets, an increase of SEK 6 billion since the start of the year.

Commissions from asset management are partly fixed and partly performance-related, the latter being ultimately determined in proportion to the achieved annual return. The result amounted to SEK 174 million (273) after interest expenses and goodwill amortization.

Investment Income

Investment assets in the parent company amounted to SEK 4.9 billion. The return on these assets was 3.8 per cent, or SEK 232 million.

Businesses

SkandiaBanken

SkandiaBanken's operating result was SEK 63 million (63). The result was charged with higher costs for investments in a new stock trading system and start-up costs for the branch office in Norway. SkandiaBanken's online stock trading service and fund commissions developed well. Deposits in SkandiaBanken increased to SEK 15.2 billion. The bank has a total of 400,000 customers, an increase of 25 per cent during the year.

Lifeline

Lifeline sells health care products, group insurance, and competence insurance. Business is developing favourably, and interest in Lifeline's products is great.

Lifeline's result increased to SEK 52 million (44).

Skandia Marketing Ltd.

Skandia Marketing distributes savings and insurance products for Skandia and If in the Swedish and Danish markets. Business is developing well, however, the result fell to SEK 46 million (70). The result for 2000 includes costs of approximately SEK 34 million pertaining to investments in Norway and Sweden.

Other Companies

The operating result for other companies, including finance companies that are being wound up, was SEK 54 million (50).

Group Expenses

Group expenses comprise management and structural costs, and goodwill amortization.

Items Affecting Comparability

Items affecting comparability amounted to SEK 2,785 million (2,566) and include a repayment of SEK 2,471 million in surplus funds from Skandia's occupational pension plans with Skandia Liv, and SEK 314 million (2,566) pertaining to the result from the sale of operations.

Exchange Rate Effects

Exchange rate movements had a positive impact during the period. Sales increased by SEK 12,565 million, and the operating result for the group increased by SEK 259 million after recalculation to higher average exchange rates compared with the preceding year.

PROPERTY & CASUALTY INSURANCE

Skandia owns 56 per cent of the Nordic property and casualty insurance company If. Skandia's share of If's operating result amounted to SEK –554 million (SEK 1,253 million, after deducting SEK 271 million in financing costs). The combined ratio improved during the year to 110.2 per cent. However, the stock market decline had a negative impact on the result.

The sale of Vesta Skadeforsikring entailed payment of a dividend by If to Skandia, of SEK 1.9 billion. After receipt of this dividend, Skandia's equity share in the property & casualty operations of If amounts to SEK 4.2 billion.

BALANCE SHEET AND NET ASSET VALUE

Total assets increased by SEK 74.7 billion, to SEK 589.2 billion. Unit linked assurance and mutual fund savings products accounted for an increase of SEK 76.3 billion. External borrowings decreased by SEK 1.2 billion to SEK 7.8 billion, excluding the parent company's subordinated loans.

Net asset value amounted to SEK 37,031 million (29,220). Capital employed in the group, which in addition to net asset value consists of borrowings to finance investments in subsidiaries, amounted to SEK 45.6 billion (37.5). Of these funds, SEK 41.4 billion (31.1) pertains to the core businesses, while SEK 4.2 billion pertains to the financing of Skandia's share of the P&C insurance operations in If.

Stockholm, 14 February 2001

Lars-Eric Petersson
President and CEO

For questions, please contact:

Ulf Spång, Chief Financial Officer, tel. +46-8-788 2905

Harry Vos, Head of Investor Relations, tel. +46-8-788 3643

The Board of Directors proposes a dividend of SEK 0.60 for the 2000 financial year, and 30 March 2001 as the record date for payment of the dividend. If the Annual General Meeting decides in favour of this proposal, dividends are expected to be sent out from the Swedish Securities Register Centre (VPC) on 4 April 2001.

The Annual General Meeting of Skandia Insurance Company Ltd. (publ.) will be held on Tuesday, 27 March 2001, at 4.30 p.m.
Location: University of Stockholm, Aula Magna, Frescati, Stockholm.

The Annual Report is scheduled for distribution by mail to shareholders in mid-March and can be ordered from Skandia using one of the following alternatives: by phone, +46-8-788 10 00, by fax, +4-8-788 26 85, or via the Internet at <http://www.skandia.se>.

Financial calendar for Skandia:

9 March 2001, February sales
27 March 2001, Annual General Meeting
10 April 2001, March sales
27 April 2001, interim report January–March 2001
8 August 2001, interim report January–June 2001
1 November 2001, interim report January–September 2001

Skandia's published financial reports are available on the Internet: www.skandia.se and www.skandia.com. Skandia's websites also provide links to the live webcast of the analyst and press conference at Operaterassen on Wednesday, 14 February 2001, as well as to the audiocast of the teleconference.

GROUP OVERVIEW

SEK million	2000 Dec.	2000 Sept.	2000 Jun.	2000 March	1999 Dec.
Sales					
Sales, unit linked assurance	140,224	108,779	76,888	40,108	93,036
Sales, mutual funds	53,575	42,818	32,531	18,597	37,129
Premiums written, life assurance	1,188	710	510	260	1,541
Sales, businesses	2,797	1,836	1,189	545	2,153
Total sales	197,784	154,143	111,118	59,510	133,859
Result summary					
Unit linked assurance	6,172	5,572	3,876	1,951	4,957
Mutual funds	12	53	21	19	-154
Life assurance	83	29	16	20	80
Asset Management	174	78	49	16	273
Investment income	232	332	304	107	505
Businesses	215	197	168	60	227
Group expenses ¹⁾	-1,090	-952	-832	-120	-1,132
Operating result, core businesses	5,798	5,309	3,602	2,053	4,756
Operating result, P&C insurance ²⁾	-554	-200	-212	149	1,253
Items affecting comparability ³⁾	2,785	314	314	-	2,566
Operating result	8,029	5,423	3,704	2,202	8,575
Net asset value ^{4) 5)}	37,031	33,873	31,585	30,776	29,220
Shareholders' equity ⁴⁾	20,749	19,249	18,468	18,632	18,058
Assets under management ⁴⁾	991,551	1,035,817	954,683	956,806	832,513
Total assets ⁴⁾	589,178	597,797	541,364	547,002	514,485
Return on net asset value, %	25	31	32	31	29
Return on adjusted net asset value %	21	28	27	26	24
Return on shareholders' equity %	15	20	20	21	21
Per-share data ⁷⁾⁸⁾					
Operating result per share, SEK	7.84	5.30	3.62	2.15	8.38
Earnings per share, SEK ⁶⁾	2.76	1.33	0.94	0.58	3.38
Net asset value per share, SEK ⁴⁾	36.18	33.09	30.86	30.07	28.55
Shareholders' equity per share, SEK ⁴⁾	20.27	18.81	18.04	18.20	17.64

¹⁾ Group expenses excluding provisions to profit-sharing plans amounted to SEK -470 million as per Dec. 2000, SEK -332 million as per Sept. 2000, SEK -212 million as per June 2000, SEK -120 million as per March 2000 and SEK -427 million as per Dec. 1999.

²⁾ The operating result for P&C insurance for 2000 includes 56% of If's result.

³⁾ Items affecting comparability include the Repayment of surplus funds from Skandia's Occupational pension plans with Skandia Liv, Totalling SEK 2,471 million(-), and the result of sales of operations, totalling SEK 314 million (2,566).

⁴⁾ Figures as per closing date.

⁵⁾ See table on p. 18.

⁶⁾ Earnings per share are calculated as the result for the period divided by the average number of shares outstanding as per 31 December 2000.

⁷⁾ At Skandia's Annual General Meeting on 5 April 2000, the decision was made on a 1:1 bonus issue (stock dividend). The comparison figures in the per-share data have been recalculated accordingly.

⁸⁾ Skandia's stock option programme covers the years 2000-2002. The current year's grant was made during the second quarter. The dilutive effect, based on the share price on 31 December 2000 and on the assumption that the options are exercised in the middle of the respective exercise periods, is approx. 2.0% for the entire programme and approx. 0.6% for the current year's grant. In view of this, per-share key ratios have not been recalculated.

GROUP OVERVIEW - QUARTERLY ANALYSIS

SEK million

	2000	2000	2000	2000	1999	2000	1999
	Q 4	Q 3	Q 2	Q 1	Q 4	Jan.- Dec.	Jan.- Dec.
Sales							
Sales, unit linked							
Assurance	31,445	31,891	36,780	40,108	27,230	140,224	93,036
Sales, mutual funds	10,757	10,287	13,934	18,597	11,415	53,575	37,129
Premiums written,							
life assurance	478	200	250	260	-490	1,188	1,541
Sales, businesses	961	647	644	545	745	2,797	2,153
Total sales	43,641	43,025	51,608	59,510	38,900	197,784	133,859
Result summary							
Unit linked assurance	600	1,696	1,925	1,951	2,324	6,172	4,957
Mutual funds	-41	32	2	19	-63	12	-154
Life assurance	54	13	-4	20	-31	83	80
Asset Management	96	29	33	16	198	174	273
Investment income	-100	28	197	107	294	232	505
Businesses	18	29	108	60	37	215	227
Group expenses	-138	-120	-712	-120	-486	-1,090	-1,132
Operating result,							
 core businesses	489	1,707	1,549	2,053	2,273	5,798	4,756
Operating result, P&C ins.	-354	12	-361	149	979	-554	1,253
Items affecting							
Comparability	2,471	-	314	-	1,398	2,785	2,566
Operating result	2,606	1,719	1,502	2,202	4,650	8,029	8,575

	2000	2000	2000	2000	1999
	31 Dec.	30 Sept.	30 June	31 Mar.	31 Dec.

EXCHANGE RATES (SEK)

EUR	Closing rate	8.86	8.52	8.41	8.30	8.56
EUR	Average rate	8.45	8.39	8.39	8.50	8.81
GBP	Closing rate	14.22	14.16	13.38	13.82	13.80
GBP	Average rate	13.86	13.71	13.70	13.82	13.37
USD	Closing rate	9.54	9.68	8.81	8.67	8.53
USD	Average rate	9.17	8.92	8.73	8.61	8.27
JPY	Closing rate	0.083	0.090	0.083	0.082	0.083
JPY	Average rate	0.085	0.083	0.082	0.080	0.073

Average rates indicate the average rates for the period 1 January through the respective book-closing dates in 2000 and 1999.

SALES

SEK million	Unit linked assurance		Mutual funds		Life assurance		Total	
	2000	1999	2000	1999	2000	1999	2000	1999
USA	75,357	56,737	36,365	27,584			111,722	84,321
UK	42,980	21,268	13,349	6,429			56,329	27,697
Sweden	10,145	5,855	638	334			10,783	6,189
Italy	4,707	5,280					4,707	5,280
Spain	1,632	1,108			1,058	1,385	2,690	2,493
Colombia			2,328	2,383	70	101	2,398	2,484
Switzerland	1,383	973	691	353			2,074	1,326
Germany	1,216	721	204	46			1,420	767
Japan	1,049	277					1,049	277
Austria	724	534					724	534
Mexico	571	67					571	67
Denmark	432	208			60	55	492	263
Other	28	8					28	8
Sales	140,224	93,036	53,575	37,129	1,188	1,541	194,987	131,706

SALES OF MUTUAL FUNDS

SEK million	Sales		Withdrawals		Net deposits	
	2000	1999	2000	1999	2000	1999
USA	36,365	27,584	-9,461	-2,295	26,904	25,289
UK	13,349	6,429	-1,262	-870	12,087	5,559
Other	3,861	3,116	-1,653	-1,767	2,208	1,349
Mutual funds	53,575	37,129	-12,376	-4,932	41,199	32,197

NEW SALES, UNIT LINKED ASSURANCE

SEK million	Single premium		Annual premium ¹⁾	
	2000	1999	2000	1999
USA	75,145	56,737	212	
UK	37,505	17,030	1,984	1,236
Sweden	5,115	2,691	3,167	1,390
Italy	4,707	5,280		
Spain	1,614	1,106	84	10
Switzerland	1,109	869	113	62
Germany	8	5	385	604
Japan	815	150	117	90
Austria	222	197	218	180
Mexico	571	68		
Denmark	289	185	162	19
Other	18		9	
New sales	127,118	84,318	6,451	3,591

¹⁾ Periodic premiums recalculated to full-year figures.

OPERATING RESULT

SEK million

	Unit linked assurance		Mutual funds ¹⁾		Life assurance		Total	
	2000	1999	2000	1999	2000	1999	2000	1999
USA	988	2,843	72	-110			1,060	2,733
UK	2,471	952	-38	-37			2,433	915
Sweden	1,277	683	-9	-12			1,268	671
Italy	63	175					63	175
Spain	-17	26	0	6	67	80	50	112
Colombia			43	26	4	1	47	27
Switzerland	115	59	-2	-3			113	56
Germany	197	267	-21	2			176	269
Japan	-24	-46					-24	-46
Austria	78	54	-3	-2			75	52
Mexico	-23	-21					-23	-21
Denmark	-4	-48			12	-1	8	-49
Other	13	13	-30	-24			-17	-11
Operating result excluding market adjustment of discount rate ²⁾	5,134	4,957	12	-154	83	80	5,229	4,883
Market adjustment of discount rate ³⁾	1,038						1,038	0
Operating result including market adjustment of discount rate	6,172	4,957	12	-154	0	83	6,267	4,883
Return on adjusted net asset value ⁴⁾							18	23

¹⁾ The business in Spain pertains to discretionary management.²⁾ Of which, financing costs:

USA	-778	-433					-778	-433
UK	-10	-2					-10	-2
Colombia			0	-3	-1	-2	-1	-5
Germany	-10	-6					-10	-6
Other	-21						-21	0
Total	-819	-441	0	-3	-1	-2	-820	-446

³⁾ The discount rate used to calculate the operating result has been brought nearer to interest rates prevailing in the industry. This adjustment resulted in a positive one-time effect on the operating result of SEK 1,038 million.⁴⁾ Excluding market adjustment of discount rate

ASSETS UNDER MANAGEMENT, INSURANCE- AND SAVINGS PRODUCTS

SEK million

	Unit linked		Mutual funds		Investments in Unit linked assurance and mutual funds	
	assurance					
	2000	1999	2000	1999	2000	1999
USA	283,134	250,274	60,452	42,429	4,187	2,943
UK	155,865	125,897	30,134	19,472	933	685
Sweden	36,397	30,715	951	523	654	530
Italy	9,579	6,108			320	143
Spain	3,055	2,050			12	6
Colombia			5,855	4,690	109	87
Switzerland	6,955	6,059	1,323	672	87	153
Germany	2,134	1,548	419	257	196	229
Japan	1,150	400			547	632
Austria	1,634	1,261			130	144
Mexico	392	101			40	31
Denmark	677	272			124	18
Other	21	1			25	10
Total assets	500,993	424,686	99,134	68,043	7,364	5,611

	Discretionary management		Life assurance		Total	
	2000	1999	2000	1999	2000	1999
USA					347,773	295,646
UK					186,932	146,054
Sweden					38,002	31,768
Italy					9,899	6,251
Spain	8,457	7,100	15,125	16,049	26,649	25,205
Colombia			301	274	6,265	5,051
Switzerland					8,365	6,884
Germany					2,749	2,034
Japan					1,697	1,032
Austria					1,764	1,405
Mexico					432	132
Denmark			5	1	806	291
Other					46	11
Total assets	8,457	7,100	15,431	16,324	631,379	521,764

TRADING ANALYSIS, UNIT LINKED ASSURANCE

SEK million	2000	1999
Total annualized new sales ¹⁾	19,163	12,023
Present value of new business for the year	2,243	1,483
Return on value of contracts in force from previous years	2,629	1,511
Outcome compared with operative assumptions	174	254
Change in operative assumptions	1,809	549
Value-added from operations	6,855	3,797
Business start-ups and other overheads	-10	-56
Financial effects after equalization	-892	1,657
Market adjustment of discount rate	1,038	
Financing costs	-819	-441
Operating result, unit linked assurance	6,172	4,957
Profit margin, new sales ²⁾	11.7%	12.3%

¹⁾ Periodic premiums recalculated to full-year figures plus 1/10 of single premiums during the period.

²⁾ Present value of new business for the year in relation to total annualized new sales.

ACCUMULATED EQUALIZATION OF FINANCIAL EFFECTS, UNIT LINKED ASSURANCE

SEK million	2000					
	1998/ 1999	Jan.- Mar. ¹⁾	Apr.- June ¹⁾	July- Sept. ¹⁾	Oct.- Dec.	Total
Accumulated equalization of financial effects as per Dec. 1999	3,423					3,423
Financial effects during the period before equalization ²⁾		1,270	-2,267	-688	-2,688	-4,373
Financial effects, after equalization ³⁾	-3,331	-1,236	2,229	652	2,578	892
Currency effects	213	1	1	-1	2	216
Accumulated equalization of financial effects as per December 2000	305	35	-37	-37	-108	158

¹⁾ First, second and third quarter outcome recalculated to average rate as per 31 December 2000.

²⁾ Of which, change in discount rate, SEK 898 million, change in fund growth assumptions, SEK -1,260 million, and actual fund growth compared with previous assumptions, SEK -4,028 million.

³⁾ Includes amortization of 4/8 of financial effects pertaining to 1998/1999, and 4/12, 3/12, 2/12 and 1/12 of financial effects pertaining to the first, second, third and fourth quarters of 2000, respectively.

NEW SALES AND PROFIT MARGIN, UNIT LINKED ASSURANCE PER GEOGRAPHIC AREA

SEK million

	Annualized new sales		Present value of new business for the year		Profit margin, for new sales, new assumptions	Profit margin, for new sales, old assumptions	
	2000	1999	2000	1999	2000	2000	1999
USA	7,727	5,674	1,260	995	13.6%	16.3%	17.5%
UK	5,734	2,939	425	124	15.7%	7.4%	4.2%
Sweden	3,679	1,659	329	35	12.5%	8.9%	2.1%
New markets	2,023	1,751	229	329	14.8%	11.3%	18.8%
Total	19,163	12,023	2,243	1,483	14.2%	11.7%	12.3%

ASSUMPTIONS AND SENSITIVITY ANALYSIS, UNIT LINKED ASSURANCE

Interest rate assumptions

%	Discount rate		Fund growth assumptions ¹⁾		Inflation assumptions	
	2000	1999	2000	1999	2000	1999
USA	8.75	10.50	6.00	7.25	2.50	3.00
UK	8.50	9.75	5.75	6.25	3.75	3.75
Sweden	8.50	10.25	6.00	7.00	2.50	2.50

¹⁾ After management fees.

Effect on operating result (before tax) for unit linked assurance of a one percentage point increase in the interest rate assumption

SEK million

	Exposure VBIF ¹⁾	<u>Effect on operating result (before tax)</u>			Total effect ²⁾
		Discount rate	Fund growth assumptions	Inflation assump- tions	
USA	8,292	-579	681	-87	15
UK	8,209	-431	208	-30	-253
Sweden	3,611	-362	317	-37	-82
New markets	3,786	-131	134	-40	-37
Total	23,898	-1,503	1,340	-194	-357

One-time effect of a 1% increase/decrease in stock market

Total +/-176

¹⁾ Pre tax and deferred acquisition costs.

²⁾ Before equalization of financial effects.

INVESTMENT INCOME

SEK million	2000	1999
Changes in value		
Bonds and short-term investments	-19	-227
Equities	-71	2,158
Real estate	14	356
Loans	17	-1
Total changes in value	-59	2,286
Direct investment income	222	1,053
Foreign exchange gains/losses	122	-67
Investment income ¹⁾	285	3,272
Allocated investment return transferred to other operations ¹⁾	-53	-2,767
Investment income, net	232	505
Items affecting comparability	-	1,168
Investment income, after Items affecting comparability	232	1,673
Direct yield, %	4.4	5.4
Total return, %	3.8	15.4

¹⁾ For 1999, includes investment income pertaining to If P&C Insurance.

TOTAL RETURN	2000	1999
%		
Bonds and short-term investments	4.9	0.3
Equities	-1.7	42.6
Real estate	n/a	37.6
Total	3.8	15.4

SALES, BUSINESSES	2000	1999
SEK million		
Skandia Marketing	1,134	1,000
Lifeline	344	305
Asset Management	980	734
Other	339	114
Total	2,797	2,153

OPERATING RESULT, BUSINESSES	2000	1999
SEK million		
SkandiaBanken	63	63
Skandia Marketing	46	70
Lifeline	52	44
Finance companies	23	32
Other	31	18
Total	215	227

GROUP EXPENSES	2000	1999
SEK million		
Amortization of goodwill	-42	-34
Structural costs	-136	-95
Joint-group management expenses	-292	-298
Total excl. profit-sharing plans	-470	-427
Profit-sharing plans	-620	-705
Total incl. profit-sharing plans	-1,090	-1,132

STATEMENT OF CASH FLOWS	2000	1999
SEK billion		
Cash flow from operating activities ¹⁾	-0.1	-3.7
Cash flow from investments in operations ²⁾	1.5	3.1
Cash flow from financing activities	-1.5	0.3
Net cash flow for the period	-0.1	-0.3
Liquid assets at the start of the period	3.0	3.3
Exchange rate differences in liquid assets	0.2	0.0
Liquid assets at the end of the period	3.1	3.0

¹⁾ Cash flow from the operating activities was negatively affected by the substantial volume of new sales of unit linked assurance products. This gives rise to an initial net outflow for Skandia, which is offset by the revenues the company receives during the term of the insurance.

Cash flow in 2000 was positively affected by a repayment of surplus funds from Skandia's pension insurance plans with Skandia Liv.

²⁾ Purchases and sales of investment assets which are a natural element of an insurance company's operations are reported as cash flow from investments in operations. Cash flow has been affected by the direct yield from investments, but not by the changes in value these have had.

ASSETS UNDER MANAGEMENT

SEK million	Managed by SAM ¹⁾		Managed by other group companies		External management		Total management	
	2000	1999	2000	1999	2000	1999	2000	1999
	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.
Unit linked ass.	18,043	19,236			482,950	405,450	500,993	424,686
Mutual funds		108	5,855	4,357	93,279	63,578	99,134	68,043
Inv. in unit linked								
Ass./mutual funds	650	528	6,714	5,083			7,364	5,611
Life assurance			15,431	16,324			15,431	16,324
Discretionary mgmt.			8,457	7,100			8,457	7,100
Savings and insurance products	18,693	19,872	36,457	32,864	576,229	469,028	631,379	521,764
Skandia Liv	271,443	255,400	641	919			272,084	256,319
Parent company	2,683	5,818					2,683	5,818
Fund management	18,859	10,838					18,859	10,838
Discretionary mgmt	49,449	23,673	1,921	1,185			51,370	24,858
Bank deposits from the general public			15,129	11,816			15,129	11,816
Index-linked bonds			47	325			47	325
Other				775				775
Managed assets	361,127	315,601	54,195	47,884	576,229	469,028	991,551	832,513

¹⁾ SAM = Skandia Asset Management.

NET ASSET VALUE

SEK million	2000	1999
	31 Dec.	31 Dec.
Shareholders' equity	20,749	18,058
Deferred taxes, net	4,148	2,905
Surplus value of unit linked business in force after deferred tax	12,019	8,119
Other surplus values	115	138
Net asset value	37,031	29,220
Subordinated loans	1,443	1,305
Risk-bearing capital	38,474	30,525

CHANGE IN NET ASSET VALUE

SEK million	
Net asset value, December 1999	29,220
Operating result	8,029
Change in surplus value of bonds	-29
Deferred tax on unit linked business in force	-661
Income taxes	308
Dividend	-512
Translation differences	683
Minority interests	-7
Net asset value, December 2000	37,031

SEK million

	Ins. and savings- products	Inv. inc. and Asset Management	Busi- nesses	Items affect. Compar- ability	Group admin. exp.	Alloc. inv. return	P&C insur- ance	Operat- ing result
1999								
<i>Technical result</i>								
P&C insurance			1			238	-344	-105
Life assurance	1,235		1					1,236
<i>Non-technical result</i>								
Investment income	301	533	44	1,168		-238	1,868	3,676
Financing costs	-446						-271	-717
Change in surplus value of unit linked business in force	3,944							3,944
Mutual funds	-151							-151
Other businesses		245	181	1,398				1,824
Amortization of goodwill						-34		-34
Provision to profit-sharing plans						-705		-705
Structural costs						-95		-95
Group expenses						-298		-298
Operating result	4,883	778	227	2,566	-1,132	0	1,253	8,575
Of which, change in surplus value of unit linked business in force	-3,944							-3,944
Pre-tax result	939	778	227	2,566	-1,132	0	1,253	4,631

PROFIT AND LOSS ACCOUNT

SEK million	2000	1999 ¹⁾
Technical account, property & casualty insurance business		
Premiums earned, net of reinsurance	321	2,285
Allocated investment return transferred from the non-technical account	41	238
Claims incurred, net of reinsurance	-209	-1,972
Operating expenses	-67	-653
Other technical income and charges	-	-3
Repayment of surplus funds in Skandia Liv	2,471	-
Technical result, property & casualty insurance business	2,557	-105
Technical account, life assurance business		
Premiums written, net of reinsurance	138,483	91,999
Investment income, including unrealized changes in value	-46,209	87,842
Claims incurred, net of reinsurance	-40,306	-31,811
Change in other technical provisions where the investment risk is borne by the life assurance policyholders	-41,337	-145,646
Operating expenses	-9,430	-7,010
Other technical provisions	1,522	5,861
Allocated investment return transferred from the non-technical account		1
Technical result, life assurance business	2,723	1,236
Non-technical account		
Investment income, including unrealized changes in value	-182	3,676
Financing costs	-720	-717
Mutual funds	12	-151
Asset Management	274	245
Other operations	433	1,579
Amortization of goodwill	-98	-34
Provision to profit-sharing plans	-620	-705
Structural costs	-136	-95
Group expenses	-292	-298
Pre-tax result	3,951	4,631
Paid and deferred tax	-1,118	-1,167
Minority interests in result for the period	-7	-8
Result for the period	2,826	3,456

¹⁾ The comparison figures have been recalculated with respect to reinsurance.

BALANCE SHEET SUMMARY

SEK billion	2000	1999 ⁴⁾		2000	1999 ⁴⁾
	31 Dec.	31 Dec.		31 Dec.	31 Dec.
Assets			Shareholders' equity, provisions and liabilities		
Goodwill	1.3	0.1	Shareholders' equity	20.7	18.1
Investment in If	4.2	6.5	Minority interests	0.0	0.0
Investments ³⁾	24.3	24.0	Deferred tax liability	4.4	3.5
Investments, unit linked	501.0	424.7			
Reinsurers' share of			Subordinated loans ²⁾	1.4	1.3
technical provisions ¹⁾	22.7	27.1	Borrowings ²⁾	7.6	8.3
Assets in bank	17.5	16.2	Technical provisions ¹⁾	21.1	22.4
operations					
Deferred tax claim	0.2	0.6	Provisions, unit linked ¹⁾	481.7	410.8
Debtors	4.4	5.6	Liabilities in bank op. ²⁾	15.8	13.6
Tangible assets	0.7	0.7	Creditors	32.7	33.4
Cash at bank and in hand	3.1	3.0	Reinsurers' share of		
Other assets	0.0	0.0	deferred acq. costs ¹⁾	0.1	0.3
Deferred acquisition					
costs ¹⁾	7.9	4.3	Other accruals and		
Other prepayments and			deferred income	3.7	2.8
accrued income	1.9	1.7			
Assets	589.2	514.5	Shareholders' equity, provisions and liabilities	589.2	514.5

1) Technical provisions, net, after deducting deferred acquisition costs

Life assurance	13.8	14.4
Unit linked assurance	457.6	386.7
Property & casualty insurance	0.9	1.0
Total	472.3	402.1

2) Group borrowings, excl. subordinated loans in Skandia Insurance Company Ltd.

Borrowings as per balance sheet	9.1	9.6
Additional borrowings by finance companies and bank operations	0.1	0.7
Less: subordinated loans in Skandia Insurance Company Ltd.	-1.4	-1.3
Total	7.8	9.0

3) Investments, current value

Investments as per balance sheet	24.3	24.0
Recalculation to current value	0.8	0.9
Cash at bank and in hand	3.1	3.0
Securities settlement claims, net	0.0	0.0
Accrued interest income	0.6	0.5
Debt derivatives	-0.1	-0.1
Total	28.7	28.3

Of which:

Investments, life assurance	15.4	16.3
Investments, unit linked assurance	6.8	5.2
Other investments, long-term savings	0.6	0.4
Investments, parent company	4.9	5.8
Currency derivatives	1.0	0.6
Deposits with ceding undertakings	0.0	0.0
Total	28.7	28.3

⁴⁾ The comparison figures have been recalculated with respect to deferred taxes and reinsurance.