

Press Release



27 April 2001

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INTERIM REPORT for the period January – March 2001^{*)}

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- Sales decreased by 37 per cent, to SEK 39 billion
- New sales of unit linked assurance outside the USA rose by 11 per cent
- Stabilization of sales in the USA since start of year
- The operating result for the core businesses was SEK –2,543 million
- The group's operating result was SEK –2,988 million
- Assets under management decreased by 2 per cent, to SEK 973 billion

Comments by Lars-Eric Petersson, President and CEO:

"We now have more than twelve months of falling stock markets behind us. It is the longest, unbroken decline in a very long time. Companies in the financial services sector that do business in stock-related savings products face a particularly difficult challenge in this type of business climate.

"Skandia is no exception. During the first quarter of 2001 we experienced a substantial drop in sales in the USA, while on the whole, the rest of our markets have maintained sales on a comparable level with last year. In certain markets we have even exceeded last year's sales.

"Product development is just as important in a declining market as it is in a rising market. At Skandia we have therefore continued our tireless efforts on developing new products for our various markets, not least in the USA.

"In difficult times, business concepts and organizations are put to the test. With its global business concept, Skandia today is well-equipped to meet the future."

^{*)} Does not include Livförsäkringsaktiebolaget Skandia, which is run on a mutual basis. All return measurements for shareholders' equity, net asset value and capital employed as per March 2001 pertain to moving twelve-month figures. All comparison figures pertain to March 2000 unless stated otherwise.

OVERVIEW

The operating result for the core businesses amounted to SEK –2,543 million (2,053). Skandia conducts long-term savings business in which fund growth is assumed to be six per cent per year during the term of contracts in force. In the near term the result is affected – positively as well as negatively – if the trend in the stock market deviates from this assumption.

During the first quarter, the stock indexes that are relevant for Skandia decreased by 17.5 per cent, compared with an assumed rise of 1.5 per cent. The trend during the first quarter of 2000 was the exact opposite. The result decline therefore is mainly attributable to financial effects arising due to the difference between the stock market decline during the first quarter and the stock market rise a year earlier. Since 1998 the reported combined financial effect has been SEK 33 million, which indicates that, on the whole, Skandia's assumptions during this period were reasonable. The return on net asset value for the core businesses, before tax, was 4 per cent on a moving twelve-month basis (21 per cent for the full year 2000).

Sales of unit linked assurance decreased by 36 per cent, to SEK 26 billion (40), mainly due to a drop in single-premium policies in the USA. Outside the USA, new sales increased due to strong development for annual-premium policies. The decline in total new sales for the group was thereby limited to 18 per cent. Sales of single-premium unit linked assurance policies and lump-sum payments into mutual fund savings products were affected the most by the stock market climate. Sales of mutual fund savings products fell by 42 per cent, to SEK 11 billion (19). Despite the continued stock market decline, sales of mutual fund savings products during the last three quarters have remained more or less on the same level.

The stock market decline also had an impact on assets under management. Assets have decreased by 2 per cent since the start of the year, to SEK 973 billion. During the last twelve-month period, assets under management increased by 2 per cent.

The group's operating result amounted to SEK –2,988 million (2,202), and the return on the group's adjusted net asset value, after tax, was 9 per cent on a moving twelve-month basis (21 per cent for the full year 2000).

INSURANCE AND SAVINGS PRODUCTS

Market and Sales

Unit Linked Assurance

Skandia's goal is to expand operations geographically and thereby reduce the risk of dependence on individual markets. This is demonstrated by the increase in new sales, which rose by 11 per cent during the first quarter outside the USA (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). Due to a focus on pension products, new sales with annual premium increased by 50 per cent. In terms of new sales, the markets in the USA, the UK and Sweden were equally as large, while new markets accounted for 14 per cent of total.

Sales in the USA consist primarily of single-premium variable annuities, which were strongly affected by the decline in the stock market and the US economy. Compared with the first quarter of 2000, when the stock exchanges in the USA climbed to all-time highs, sales decreased by 60 per cent, to USD 1,103 million (2,723). Compared with the final quarter of 2000, sales stabilized and are judged to have performed in line with the market in general. A number of new products were launched during the first quarter.

The British operation's new sales increased by 3 per cent in local currency due to strong development primarily for annual-premium pension products. Sales in the form of paid-in premiums decreased by 12 per cent, to GBP 653 million (742), due to a decline in sales of single-premium policies. During the first quarter a new product was introduced, Skandia Protect, which has been well-received by the market and is judged to have good prospects for future sales success.

New sales in Sweden rose 20 per cent, thanks to successful sales of pension products – mainly in the collectively bargained pensions segment. Sales measured in terms of paid-in premiums increased by 18 per cent, to SEK 3,242 million (2,748).

In New Markets, new sales rose by 10 per cent. However, sales in the form of paid-in premiums decreased by 30 per cent, to SEK 2,548 million. This is due to the impact of the stock market decline on single-premium products, at the same time that sales of products with annual premium increased.

In Germany, new sales rose 92 per cent in local currency. Sales measured in terms of paid-in premiums rose 22 per cent in local currency, to SEK 370 million. The unit linked market is capturing an ever-greater share of the life

assurance market, and changes in tax legislation are expected to further contribute to greater sales of equity-related savings products.

Skandia's sales success is continuing in Japan, as evidenced by a 56 per cent rise in paid-in premiums in local currency, to SEK 304 million (190).

Following a period of record-fast growth in Italy, sales have now stabilized at a lower level due to the trend in the stock market and changes in tax legislation. Sales decreased by 61 per cent in local currency, to SEK 602 million.

Growth remained strong in Austria, Mexico and Switzerland.

Assets under management decreased by 4 per cent, to SEK 482 billion. Payments to policyholders for the full year 2000 amounted to 9.5 per cent of assets under management at the start of the year. The corresponding figure on a moving twelve-month basis was 9.0 per cent as per 31 March 2001. Surrenders accounted for 7.5 percentage points of this total, compared with 8.0 percentage points in 2000.

Mutual Fund Savings Products

Sales of mutual fund savings products (without an insurance element) were strongly affected by the stock market decline, falling 42 per cent to SEK 11,001 million. This can be compared with sales of SEK 18,837 million during the first quarter of 2000. Sales volume during the last three quarters has been at an average level of just over SEK 10 billion.

Sales in the USA decreased by 54 per cent, to USD 751 million, and sales in the UK fell by 34 per cent, to GBP 166 million. However, sales in the USA rose by 14 per cent compared with the fourth quarter of 2000. This can be credited to a greater product offering and an increase in the number of funds. Net inflows amounted to USD 359 million.

Switzerland and Germany are showing strong growth in sales volumes, while sales in Sweden decreased.

Payments to customers have increased, but are well within underlying assumptions, and amounted to SEK 6,514 million (3,020). This, together with the decline in the stock markets, entailed that assets under management remained unchanged since the start of the year, at SEK 99 billion.

Operating Result and Profitability

Unit Linked Assurance

The operating result amounted to SEK –2,470 million (1,951). The result decline is attributable to strongly negative financial effects, compared with strongly positive financial effects during the first quarter of 2000. As described in the sensitivity analysis presented in the 2000 Annual Report, a one per cent change in the stock market affects the operating result by SEK 176 million. During the first quarter, the indexes that are relevant for Skandia fell by 17.5 per cent, compared with an assumption of 1.5 per cent fund growth. This hurt the result by SEK –3,347 million, compared with earnings of SEK 519 million during the first quarter of 2000.

The result for new business decreased by 51 per cent, to SEK 395 million (801), which is entirely attributable to lower sales volumes combined with rising costs in the US operation.

Based on the volume of new sales during the first quarter, a profit margin of 12.1 per cent is required for the group as a whole during the period in order to be able to achieve a level of profitability that meets the group's required rate of return of 13 per cent after tax. During the first quarter the profit margin was 9.6 per cent, compared with 14.2 per cent for the full year and with otherwise comparable assumptions. The cost overrun in the USA, amounting to slightly more than USD 20 million (in relation to the cost assumptions in the product calculations), had a negative impact of 5.1 per cent on the profit margin. Cost-cutting measures have been implemented, which will reduce the level of expenses in the US operation by USD 38 million on a yearly basis, starting in the second quarter of 2001.

The result for new business in the UK rose by 25 per cent, to SEK 150 million. The profit margin, 11.0 per cent, was lower than for the full-year 2000. This is explained by a necessary adjustment of the organization's size to the current sales volume and to a slightly changed product mix.

In Sweden, the result for new business rose by 186 per cent to SEK 146 million. The higher profit margin, 14.3 per cent, compared with 12.5 per cent for the full year 2000, can be credited to higher volumes and a favourable product mix.

In New Markets, the profit margin improved to 15.9 per cent due to higher new sales combined with greater economies of scale.

Mutual Fund Savings Products

Operations are at break-even and showed a positive result after investments in infrastructure and new product development. The result amounted to SEK 13 million (19).

Life Assurance

The result for life assurance was SEK 34 million (20).

Return on Net Asset Value

The return on adjusted net asset value for insurance and savings products, after financing costs and taxes, was 2 per cent (27) on a moving twelve-month basis. The return before financial effects was 11 per cent (27).

Asset Management

Assets under management, consisting of assets from companies in the Skandia group, external clients, and fund management, decreased during the first quarter by SEK 2 billion, to SEK 358 billion. Assets under management include SEK 35 billion in managed mutual fund assets, a decrease of SEK 2 billion since the start of the year. During the first quarter Skandia Asset Management received additional discretionary management assignments.

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 2 million (16) after interest expenses and goodwill amortization.

Investment Income

Investment assets in the parent company amounted to SEK 4.0 billion. The return on these assets was –1.0 per cent, or SEK –21 million.

Businesses

SkandiaBanken

SkandiaBanken's operating result was SEK 9 million (29). The result was charged with costs for IT infrastructure and stepped-up marketing in connection with establishment in new markets. Deposits in SkandiaBanken increased to SEK 23.0 billion. The bank has a total of 483,000 customers, an increase of 21 per cent since the start of the year.

Netline

Netline provides products in the areas of Health Care, Group Insurance, Pension Administration and Knowledge Management. The result was charged with product development costs and consequently decreased to SEK –13 million (10). The year-earlier result pertains to Lifeline, which is now part of Netline.

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 was unchanged, at SEK 18 million (18). The result includes costs for investments in expansion of operations.

Other Companies

The operating result for other companies in the group was SEK –18 million (–6).

Group Expenses

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

Exchange Rate Effects

Sales increased by SEK 2,654 million, and the operating result for the group decreased by SEK 304 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. Since If will be reporting its first-quarter results on 9 May, Skandia estimates that its share of If's result will amount to SEK –445 million (149). The stock market decline had a negative impact on the result, while cash flow developed favourably during the period.

BALANCE SHEET AND NET ASSET VALUE

Total assets decreased by SEK 10.6 billion, compared with year-end 2000, to SEK 587.6 billion. Unit linked assurance and mutual fund savings products accounted for a decrease of SEK 19.3 billion. External borrowings increased by SEK 0.6 billion, to SEK 8.3 billion, excluding the parent company's subordinated loans. Liquidity and the group's financing ability are good. The group's debt-equity ratio, calculated in accordance with the guidelines of the credit rating institutions, was 19 per cent, which is level with the past four years.

Net asset value amounted to SEK 35,771 million (SEK 37,031 million at year-end 2000). Capital employed in the group, which in addition to net asset value consists of borrowings to finance investments in subsidiaries, amounted to SEK 45.1 billion (45.6). Of these funds, SEK 41.0 billion (41.4) pertains to the core businesses, while SEK 4.1 billion pertains to the financing of Skandia's share of the P&C insurance operations in If.

Stockholm, 27 April 2001

Lars-Eric Petersson

President and CEO

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This interim report has been prepared in conformity with the guidelines of the Swedish Financial Supervisory Authority and Recommendation RR20 of the Swedish Financial Accounting Standards Council. The interim report has been prepared in accordance with the same principles as in the 2000 Annual Report.

Financial calendar for Skandia:

16 May 2001, April sales release

13 June 2001, May sales release

24 July 2001, June sales release

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.com and www.skandia.se. Skandia's websites also provide links to the audiocast of the teleconference on Friday, 27 April 2001.

GROUP OVERVIEW

SEK million

Moving 12-month

figures

	2001 March	2000 March	2000 Dec.	2001 March
Sales				
Sales, unit linked assurance	25,827	40,108	140,224	125,943
Sales, mutual funds ¹⁾	11,001	18,837	55,812	47,976
Premiums written, life assurance	344	260	1,188	1,272
Direct sales of funds	1,457	1,746	9,299	9,010
Sales, businesses	107	83	344	368
Total sales	38,736	61,034	206,867	184,569
Result summary				
Unit linked assurance	-2,470	1,951	6,172	1,751
Mutual funds	13	19	12	6
Life assurance	34	20	83	97
Asset Management	2	16	174	160
Investment income	-21	107	232	104
Businesses	0	60	215	155
Group expenses ²⁾	-101	-120	-1,090	-1,071
Operating result, core businesses	-2,543	2,053	5,798	1,202
Operating result, P&C insurance ³⁾	-445	149	-554	-1,148
Items affecting comparability ⁴⁾	-	-	2,785	2,785
Operating result	-2,988	2,202	8,029	2,839
 Net asset value ^{5) 6)}	 35,771	 30,776	 37,031	
Shareholders' equity ⁵⁾	20,852	18,632	20,749	
Assets under management ⁵⁾	973,090	956,806	991,551	
Total assets ⁵⁾	578,613	574,685	589,178	
Return on net asset value, %	11	31	25	
Return on adjusted net asset value %	9	26	21	
Return on shareholders' equity %	10	21	15	
 Per-share data ⁷⁾				
Op. result per share before dilution, SEK	-2.92	2.15	7.84	2.77
Op. result per share after dilution, SEK ⁸⁾	-2.92	2.15	7.60	2.66
Earnings per share before dilution, SEK ⁹⁾	-0.20	0.58	2.76	1.98
Earnings per share after dilution, SEK ^{8) 9)}	-0.20	0.58	2.68	1.90
Net asset value per share, SEK ⁵⁾	34.95	30.07	36.18	
Shareholders' equity per share, SEK ⁵⁾	20.37	18.20	20.27	

¹⁾ Including discretionary management in Spain.

²⁾ Group expenses include costs of profit-sharing plans, totalling SEK 620 million as per Dec. 00 and on a moving 12-month basis.

³⁾ The operating result for If P&C Insurance for 2000 includes 56% of If's result.

⁴⁾ 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.

⁵⁾ Figures as per closing date.

⁶⁾ See table on p. 19.

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⁾ According to recommendation RR18 of the Swedish Accounting Standards Council, the dilutive effect should only be calculated if it leads to a deterioration of the key ratio Earnings per share.

⁹⁾ Earnings per share are calculated as the result for the period divided by the average number of shares outstanding.

GROUP OVERVIEW - QUARTERLY ANALYSIS

SEK million

	2001 Q 1	2000 Q 4	2000 Q 3	2000 Q 2	2000 Q 1
Sales					
Sales, unit linked assurance	25,827	31,445	31,891	36,780	40,108
Sales, mutual funds	11,001	12,303	10,585	14,087	18,837
Premiums written, life assurance	344	478	200	250	260
Direct sales of funds	1,457	4,646	1,631	1,276	1,746
Sales, businesses	107	107	65	89	83
Total sales	38,736	48,979	44,372	52,482	61,034
Result summary					
Unit linked assurance	-2,470	600	1,696	1,925	1,951
Mutual funds	13	-41	32	2	19
Life assurance	34	54	13	-4	20
Asset Management	2	96	29	33	16
Investment income	-21	-100	28	197	107
Businesses	0	18	29	108	60
Group expenses	-101	-138	-120	-712	-120
Operating result, core businesses	-2,543	489	1,707	1,549	2,053
Operating result, P&C ins.	-445	-354	12	-361	149
Items affecting comparability	-	2,471	-	314	-
Operating result	-2,988	2,606	1,719	1,502	2,202

	2001 31 Mar.	2000 31 Dec. 30	2000 Sept.	2000 30 June	2000 31 Mar.
EXCHANGE RATES (SEK)					
EUR Closing rate	9.15	8.86	8.52	8.41	8.30
EUR Average rate	9.00	8.45	8.39	8.39	8.50
GBP Closing rate	14.82	14.22	14.16	13.38	13.82
GBP Average rate	14.22	13.86	13.71	13.70	13.82
USD Closing rate	10.39	9.54	9.68	8.81	8.67
USD Average rate	9.74	9.17	8.92	8.73	8.61
JPY Closing rate	0.083	0.083	0.090	0.083	0.082
JPY Average rate	0.083	0.085	0.083	0.082	0.080

Average rates indicate the average rates for the period 1 January through the respective book-closing dates in 2001 and 2000.

SALES SEK million	Unit linked assurance			Mutual funds ¹⁾			Life assurance			Total		
	2001	2000	2000	2001	2000	2000	2001	2000	2000	2001	2000	2000
	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.
USA	10,752	23,444	75,357	7,318	13,935	36,365				18,070	37,379	111,722
UK	9,285	10,251	42,980	2,364	3,496	13,349				11,649	13,747	56,329
Sweden	3,242	2,748	10,145	132	299	638				3,374	3,047	10,783
Italy	602	1,442	4,707							602	1,442	4,707
Spain	326	878	1,632	334	240	2,237	320	251	1,058	980	1,369	4,927
Colombia				510	708	2,328	8	9	70	518	717	2,398
Switzerland	410	411	1,383	202	147	691				612	558	2,074
Germany	370	286	1,216	141	12	204				511	298	1,420
Japan	304	190	1,049							304	190	1,049
Austria	221	176	724							221	176	724
Mexico	195	157	571							195	157	571
Denmark	105	121	432				16		60	121	121	492
Other	15	4	28							15	4	28
Sales	25,827	40,108	140,224	11,001	18,837	55,812	344	260	1,188	37,172	59,205	197,224

¹⁾ The business in Spain pertains to discretionary management.

SALES OF MUTUAL FUNDS

SEK million	Sales			Withdrawals			Net deposit		
	2001	2000	2000	2001	2000	2000	2001	2000	2000
	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.
USA	7,318	13,935	36,365	-3,823	-1,942	-9,461	3,495	11,993	26,904
UK	2,364	3,496	13,349	-1,946	-318	-1,262	418	3,178	12,087
Other	1,319	1,406	6,098	-745	-760	-2,444	574	646	3,654
Mutual funds	11,001	18,837	55,812	-6,514	-3,020	-13,167	4,487	15,817	42,645

NEW SALES, UNIT LINKED ASSURANCE

SEK million	Single premium			Annual premium ¹⁾			Total annualized new sales ²⁾		
	2001	2000	2000	2001	2000	2000	2001	2000	2000
	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.
USA	10,685	23,444	75,145	67		212	1,136	2,344	7,727
UK	7,594	8,981	37,505	602	389	1,984	1,361	1,287	5,734
Sweden	1,688	1,658	5,115	853	683	3,167	1,022	849	3,679
Italy	602	1,442	4,707				60	144	471
Spain	320	876	1,614	12	8	84	44	96	245
Switzerland	311	354	1,109	50	19	113	81	54	224
Germany	3		8	143	70	385	143	70	386
Japan	219	138	815	37	25	117	59	39	199
Austria	51	65	222	126	56	218	131	63	240
Mexico	195	157	571				20	16	57
Denmark	51	99	289	33	34	162	38	44	191
Other	6	4	18	3		9	4	0	10
New sales	21,725	37,218	127,118	1,926	1,284	6,451	4,099	5,006	19,163

¹⁾ Periodic premiums recalculated to full-year figures.

²⁾ Periodic premiums recalculated to full-year figures plus 1/10 of single premiums during the period.

ASSETS UNDER MANAGEMENT, INSURANCE AND SAVINGS PRODUCTS

SEK million

	Unit linked		Mutual funds		Investments in unit linked assurance and mutual funds	
	assurance					
	2001	2000	2001	2000	2001	2000
	3 mos.	12 mos.	3 mos.	12 mos.	3 mos.	12 mos.
USA	270,869	283,134	59,450	60,452	4,667	4,187
UK	150,032	155,865	29,903	30,134	1,361	933
Sweden	34,646	36,397	990	951	757	654
Italy	9,518	9,579			319	320
Spain	3,134	3,055			12	12
Colombia			6,296	5,855	117	109
Switzerland	6,856	6,955	1,435	1,323	96	87
Germany	2,271	2,134	1,025	419	140	196
Japan	1,343	1,150			753	547
Austria	1,717	1,634			133	130
Mexico	551	392			19	40
Denmark	736	677			125	124
Other	30	21			131	25
Total assets	481,703	500,993	99,099	99,134	8,630	7,364

	Discretionary		Life assurance		Total	
	management					
	2001	2000	2001	2000	2001	2000
	3 mos.	12 mos.	3 mos.	12 mos.	3 mos.	12 mos.
USA					334,986	347,773
UK					181,296	186,932
Sweden					36,393	38,002
Italy					9,837	9,899
Spain	6,939	8,457	15,030	15,125	25,115	26,649
Colombia			305	301	6,718	6,265
Switzerland					8,387	8,365
Germany					3,436	2,749
Japan					2,096	1,697
Austria					1,850	1,764
Mexico					570	432
Denmark			5	5	866	806
Other					161	46
Total assets	6,939	8,457	15,340	15,431	611,711	631,379

TRADING ANALYSIS, UNIT LINKED ASSURANCE	2001	2000	2000
SEK million	3 mos.	3 mos.	12 mos.
Total annualized new sales ¹⁾	4,099	5,006	19,163
Present value of new business for the year	395	801	2,243
Return on value of contracts in force from previous years	625	666	2,629
Outcome compared with operative assumptions	120	-136	174
Change in operative assumptions	-29	254	1,809
Value-added from operations	1,111	1,585	6,855
Business start-ups and other overheads	-17	-2	-10
Financial effects after equalization	-3,347	519	-892
Market adjustment of discount rate			1,038
Financing costs	-217	-151	-819
Operating result, unit linked assurance	-2,470	1,951	6,172
Profit margin, new sales ²⁾	9.6%	16.0%	11.7%

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.

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, new sales		
							new assumptions		old assumptions
	2001 3 mos.	2000 3 mos.	2000 12 mos.	2001 3 mos.	2000 3 mos.	2000 12 mos.	2001 3 mos.	2000 12 mos.	2000 12 mos.
USA	1,136	2,344	7,727	7	529	1,260	0.6%	13.6%	16.3%
UK	1,361	1,287	5,734	150	120	425	11.0%	15.7%	7.4%
Sweden	1,022	849	3,679	146	51	329	14.3%	12.5%	8.9%
New Markets	580	526	2,023	92	101	229	15.9%	14.8%	11.3%
Total	4,099	5,006	19,163	395	801	2,243	9.6%	14.2%	11.7%

ASSUMPTIONS AND SENSITIVITY ANALYSIS, UNIT LINKED ASSURANCE

Interest rate assumptions

%	Discount rate		Fund growth assumptions ¹⁾		Inflation assumptions	
	2001	2000	2001	2000	2001	2000
USA	8.50	8.75	5.75	6.00	2.50	2.50
UK	8.50	8.50	5.75	5.75	3.75	3.75
Sweden	8.50	8.50	6.00	6.00	2.50	2.50

¹⁾ After management fees.

Effect on operating result for unit linked assurance (before tax) of a one percentage point increase in interest-rate, growth and inflation assumptions
SEK million

<u>Effect on operating result (before tax)</u>					
	Exposure VBIF ¹⁾	Discount rate	Fund growth assump- tions	Inflation assump- tions	Total effect ²⁾
USA	7,895	-571	671	-86	14
UK	8,910	-468	226	-33	-275
Sweden	4,044	-405	355	-41	-91
New markets	3,081	-144	134	-44	-54
Total	23,930	-1,588	1,386	-204	-406

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

Total +/-177

¹⁾ Before taxes and deferred acquisition costs.

²⁾ Before equalization of financial effects.

OPERATING RESULT EXCLUDING FINANCIAL EFFECTS

SEK million	Unit linked assurance			Mutual funds ¹⁾			Life assurance			Total		
	2001	2000	2000	2001	2000	2000	2001	2000	2000	2001	2000	2000
	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.
USA	22	609	1,907	9	25	72				31	634	1,979
UK	419	425	2,363	20	-13	-38				439	412	2,325
Sweden	340	254	1,252	-3	-2	-9				337	252	1,243
Italy	8	49	117							8	49	117
Spain	8	14	-5	-1	3	0	33	25	67	40	42	62
Colombia				12	16	43	1	-4	4	13	12	47
Switzerland	25	40	148	-3	-2	-2				22	38	146
Germany	90	45	210	-6	-1	-21				84	44	189
Japan	-19	-25	-33							-19	-25	-33
Austria	25	23	81	0	-1	-3				25	22	78
Mexico	-10	-1	-23							-10	-1	-23
Denmark	2	-15	-4				0	-1	12	2	-16	8
Other	-33	14	13	-15	-6	-30				-48	8	-17
Operating result, excluding financial effects	877	1,432	6,026	13	19	12	34	20	83	924	1,471	6,121

FINANCIAL EFFECTS

SEK million	Unit linked assurance			Mutual funds			Life assurance			Total		
	2001	2000	2000	2001	2000	2000	2001	2000	2000	2001	2000	2000
	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.
USA	-2,869	450	-919							-2,869	450	-919
UK	-146	26	108							-146	26	108
Sweden	-263	49	25							-263	49	25
Italy	-55	1	-54							-55	1	-54
Spain	-4	-2	-12							-4	-2	-12
Colombia												
Switzerland	-2	-11	-33							-2	-11	-33
Germany	-1	0	-13							-1	0	-13
Japan	-3	5	9							-3	5	9
Austria	-4	1	-3							-4	1	-3
Mexico												
Denmark												
Other												
Market adjustment of discount rate ²⁾			1,038									1,038
Financial effects	-3,347	519	146							-3,347	519	146

¹⁾ The business in Spain pertains to discretionary management.

²⁾ In 2000 the discount rate used to calculate the operating result was adjusted to bring it 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.

OPERATING RESULT INCLUDING FINANCIAL EFFECTS

SEK million	Unit linked assurance			Mutual funds ¹⁾			Life assurance			Total		
	2001	2000	2000	2001	2000	2000	2001	2000	2000	2001	2000	2000
	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.	3 mos.	3 mos.	12 mos.
USA	-2,847	1,059	988	9	25	72				-2,838	1,084	1,060
UK	273	451	2,471	20	-13	-38				293	438	2,433
Sweden	77	303	1,277	-3	-2	-9				74	301	1,268
Italy	-47	50	63							-47	50	63
Spain	4	12	-17	-1	3	0	33	25	67	36	40	50
Colombia				12	16	43	1	-4	4	13	12	47
Switzerland	23	29	115	-3	-2	-2				20	27	113
Germany	89	45	197	-6	-1	-21				83	44	176
Japan	-22	-20	-24							-22	-20	-24
Austria	21	24	78	0	-1	-3				21	23	75
Mexico	-10	-1	-23							-10	-1	-23
Denmark	2	-15	-4				0	-1	12	2	-16	8
Other	-33	14	13	-15	-6	-30				-48	8	-17
Market adjustment of discount rate ²⁾			1,038									1,038
Operating result, including financial effects ³⁾	-2,470	1,951	6,172	13	19	12	34	20	83	-2,423	1,990	6,267
Return on adjusted net asset value (moving 12-month figures) ⁴⁾										2	27	18

¹⁾ The business in Spain pertains to discretionary management.

²⁾ In 2000 the discount rate used to calculate the operating result was adjusted to bring it 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.

³⁾ Of which, financing costs:

USA	-212	-149	-778							-212	-149	-778
UK	-1		-10	-2						-3		-10
Colombia								-1	-1		-1	-1
Germany	-4	-2	-10							-4	-2	-10
Other			-21									-21
Total	-217	-151	-819	-2	0	0	0	-1	-1	-219	-152	-820

⁴⁾ Excluding market adjustment of discount rate.

INVESTMENT INCOME

SEK million	2001 3 mos.	2000 3 mos.	2000 12 mos.
Changes in value			
Bonds and short-term investments	24	-36	-19
Equities	-100	84	-71
Real estate	0	-1	14
Loans	0	14	17
Total changes in value	-76	61	-59
Direct investment income	57	17	222
Foreign exchange gains/losses	7	46	122
Investment income	-12	124	285
Allocated investment return transferred to other operations	-9	-17	-53
Investment income, net	-21	107	232
Direct yield, %	0.8	0.7	4.4
Total return, %	-1.0	2.3	3.8

TOTAL RETURN

%	2001 3 mos.	2000 3 mos.	2000 12 mos.
Bonds and short-term investments	1.3	1.0	4.9
Equities	-8.7	5.4	-1.7
Real estate	n/a	2.6	n/a
Total	-1.0	2.3	3.8

SALES, BUSINESSES	2001	2000	2000
SEK million	3 mos.	3 mos.	12 mos.
Lifeline	107	83	344
Total	107	83	344

OPERATING RESULT, BUSINESSES	2001	2000	2000
SEK million	3 mos.	3 mos.	12 mos.
SkandiaBanken	9	29	63
Skandia Marketing	18	18	46
Netline ¹⁾	-13	10	52
Finance companies	4	9	23
Other	-18	-6	31
Total	0	60	215

¹⁾ Comparison figures for 2000 pertain to Lifeline.

GROUP EXPENSES	2001	2000	2000
SEK million	3 mos.	3 mos.	12 mos.
Amortization of goodwill	-10	-5	-42
Structural costs	-12	-36	-136
Joint-group management expenses	-79	-79	-292
Total excl. profit-sharing plans	-101	-120	-470
Profit-sharing plans	-	-	-620
Total incl. profit-sharing plans	-101	-120	-1,090

STATEMENT OF CASH FLOWS	2001	2000	2000
SEK billion	3 mos.	3 mos.	12 mos.
Cash flow from operating activities ¹⁾	-0.1	0.1	-0.1
Cash flow from investments in operations ²⁾	0.8	-0.2	1.5
Cash flow from financing activities	0.1	1.5	-1.5
Net cash flow for the period	0.8	1.4	-0.1
Liquid assets at the start of the period	3.1	3.0	3.0
Exchange rate differences in liquid assets	0.2	0.0	0.2
Liquid assets at the end of the period	4.1	4.4	3.1

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 billion	Managed by SAM ¹⁾		Managed by other group companies		External management		Total management	
	2001	2000	2001	2000	2001	2000	2001	2000
	31 Mar.	31 Dec.	31 Mar.	31 Dec.	31 Mar.	31 Dec.	31 Mar.	31 Dec.
Unit linked assurance	18.0	18.0			463.7	483.0	481.7	501.0
Mutual funds			6.3	5.8	92.8	93.3	99.1	99.1
Inv. in unit linked assurance/mutual funds	4.0	0.7	4.6	6.7			8.6	7.4
Life assurance			15.4	15.4			15.4	15.4
Discretionary mgmt.			6.9	8.5			6.9	8.5
Insurance and savings products	22.0	18.7	33.2	36.4	556.5	576.3	611.7	631.4
Skandia Liv	263.1	271.4	0.5	0.6			263.6	272.0
Parent company	4.0	4.9					4.0	4.9
Fund management	21.3	18.9					21.3	18.9
Discretionary mgmt	47.6	47.2	1.9	1.9			49.5	49.1
Bank deposits from the general public			23.0	15.1			23.0	15.1
Index-linked bonds			0.0	0.1			0.0	0.1
Other								
Managed assets	358.0	361.1	58.6	54.1	556.5	576.3	973.1	991.5

¹⁾ SAM = Skandia Asset Management.

NET ASSET VALUE

SEK million	2001 31 Mar.	2000 31 Dec.
Shareholders' equity	20,852	20,749
Deferred taxes, net	4,328	4,148
Surplus value of unit linked business in force after deferred tax	10,474	12,019
Other surplus values	117	115
Net asset value	35,771	37,031
Subordinated loans	1,560	1,443
Risk-bearing capital	37,331	38,474

CHANGE IN NET ASSET VALUE AND SHAREHOLDERS' EQUITY ¹⁾

SEK million	Net asset value 2001 31 Mar.	Shareholders' equity 2001 31 Mar. 2000 31 Mar.	
Opening balance	37,031	20,749	18,058
Operating result	-2,988	-281	916
Change in surplus value of bonds	-1	-	-
Deferred tax on unit linked business in force	780	-	-
Income taxes	446	84	-319
Translation differences	506	303	-22
Minority interests	-3	-3	-1
Closing balance	35,771	20,852	18,632

¹⁾ Distributable earnings will decrease by a total of SEK 614 million as a result of the approved dividend.

OPERATING RESULT

SEK million

	Unit linked assurance	Mutual funds	Life assurance	Asset Management	Investment income	Busi- nesses	Group admin. exp.	P&C insur- ance	Operating result
31 March 2001									
<i>Technical result</i>									
P&C insurance						5		10	15
Life assurance	392		34						426
<i>Non-technical result</i>									
Investment income	62			-17	-61	26		-10	0
Investment income share in result of If								-445	-445
Financing costs	-217	-2		-14	40	-1			-194
Change in surplus value of unit linked business in force	-2,707								-2,707
Mutual funds		15							15
Other businesses				47		-28			19
Amortization of goodwill				-14		-2	-10		-26
Provision to profit- sharing plans									0
Structural costs							-12		-12
Group expenses							-79		-79
Operating result	-2,470	13	34	2	-21	0	-101	-445	-2,988
Of which, change in surplus value of unit linked business in force	2,707								2,707
Pre-tax result	237	13	34	2	-21	0	-101	-445	-281

	Unit linked assurance	Mutual funds	Life assurance	Asset Management	Investment income	Busi- nesses	Group admin. exp.	P&C insur- ance	Operating result
31 March 2000									
<i>Technical result</i>									
P&C insurance						-3		10	7
Life assurance	693		20						713
<i>Non-technical result</i>									
Investment income	124			9	113	8		-10	244
Investment income share in result of If								149	149
Financing costs	-152			-6	-6				-164
Change in surplus value of unit linked business in force	1,286								1,286
Mutual funds		19							19
Other businesses				18		55			73
Amortization of goodwill				-5			-5		-10
Provision to profit- sharing plans							-36		-36
Structural costs							-79		-79
Group expenses									0
Operating result	1,951	19	20	16	107	60	-120	149	2,202
Of which, change in surplus value of unit linked business in force	-1,286								-1,286
Pre-tax result	665	19	20	16	107	60	-120	149	916

PROFIT AND LOSS ACCOUNT

SEK million	2001 3 mos.	2000 3 mos.	2000 12 mos.
Technical account, property & casualty insurance business			
Premiums earned, net of reinsurance	99	73	321
Allocated investment return transferred from the non-technical account	10	10	41
Claims incurred, net of reinsurance	-70	-57	-209
Operating expenses	-24	-17	-67
Other technical income and charges	-	-2	-
Repayment of surplus funds in Skandia Liv	-	-	2,471
Technical result, property & casualty insurance business	15	7	2,557
Technical account, life assurance business			
Premiums written, net of reinsurance	25,607	39,130	138,483
Investment income, including unrealized changes in value	-55,633	19,683	-46,209
Claims incurred, net of reinsurance	-12,257	-9,958	-40,306
Change in other technical provisions where the investment risk is borne by the life assurance policyholders	42,283	-45,776	-41,337
Operating expenses ¹⁾	-747	-2,372	-9,430
Other technical provisions	1,173	6	1,522
Technical result, life assurance business	426	713	2,723
Non-technical account			
Investment income, including unrealized changes in value and share in result of If	-445	393	-182
Financing costs	-194	-164	-720
Mutual funds	15	19	12
Asset Management	47	18	274
Other operations	-28	55	433
Amortization of goodwill	-26	-10	-98
Provision to profit-sharing plans	-	-	-620
Structural costs	-12	-36	-136
Group expenses	-79	-79	-292
Pre-tax result	-281	916	3,951
Paid and deferred tax	84	-319	-1,118
Minority interests in result for the period	-3	-1	-7
Result for the period	-200	596	2,826
Per-share data ²⁾			
Ave. no. shares before dilution, millions	1,024	1,024	1,024
Ave. no. shares after dilution, millions ³⁾	1,072	1,024	1,056
Op. result per share before dilution, SEK	-2.92	2.15	7.84
Op. result per share after dilution, SEK ⁴⁾	-2.92	2.15	7.60
Earnings per share before dilution, SEK ⁵⁾	-0.20	0.58	2.76
Earnings per share after dilution, SEK ^{4) 5)}	-0.20	0.58	2.68

¹⁾Of which, change in deferred acquisition costs
SEK 1,714 million as per March 2001,
SEK 677 million as per March 2000 and
SEK 3,315 million as per Dec. 2000.

²⁾ 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.

³⁾ The number of shares after dilution differs
from period to period due to Skandia's stock
option programme for the years 2000-2002.

⁴⁾ According to recommendation RR18 of the Swedish
Accounting Standards Council, the dilutive effect
should only be calculated if it leads to a
deterioration of the key ratio Earnings per share.

⁵⁾ Earnings per share are calculated as the result
for the period divided by the average
number of shares outstanding.

BALANCE SHEET SUMMARY

SEK billion	2001	2000		2001	2000
	31 Mar.	31 Dec.		31 Mar.	31 Dec.
Assets			Shareholders' equity, provisions and liabilities		
Goodwill	1.3	1.3	Shareholders' equity	20.9	20.7
Investment in If	4.1	4.2	Minority interests	0.0	0.0
Investments ³⁾	22.9	24.3	Subordinated loans ²⁾	1.6	1.4
Investments, unit linked	481.7	501.0	Technical provisions ¹⁾	21.1	21.1
Reinsurers' share of			Provisions, unit linked ¹⁾	464.7	481.7
technical provisions ¹⁾	20.9	22.7	Liabilities in bank op. ²⁾	23.5	15.8
Assets in bank operations			Deferred tax liability	4.6	4.4
and finance companies	25.8	17.5	Borrowings ²⁾	8.2	7.6
Debtors	4.6	4.6	Deposits from reinsurers	22.4	24.2
Tangible assets	0.7	0.7	Creditors	8.0	8.5
Cash at bank and in hand	4.1	3.1	Reinsurers' share of		
Other assets	0.0	0.0	deferred acq. costs ¹⁾	0.3	0.1
Deferred acquisition			Other accruals and		
costs ¹⁾	10.4	7.9	deferred income	3.3	3.7
Other prepayments and					
accrued income	2.1	1.9	Shareholders' equity, provisions		
Assets	578.6	589.2	and liabilities	578.6	589.2

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

Life assurance	13.6	13.8
Unit linked assurance	440.2	457.6
Property & casualty insurance	1.0	0.9
Total	454.8	472.3

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

Borrowings as per balance sheet	9.8	9.0
Additional borrowings by finance companies and bank operations	0.1	0.1
Less: subordinated loans in Skandia Insurance Company Ltd.	-1.6	-1.4
Total	8.3	7.7

³⁾ Investments, current value

Investments as per balance sheet	22.9	24.3
Recalculation to current value	0.8	0.8
Cash at bank and in hand	4.1	3.1
Securities settlement claims, net	0.0	0.0
Accrued interest income	0.5	0.6
Debt derivatives	-0.1	-0.1
Total	28.2	28.7

Of which:

Investments, life assurance	15.3	15.4
Investments, unit linked assurance	7.8	6.8
Other investments, long-term savings	0.8	0.6
Investments, parent company	4.0	4.9
Currency derivatives	0.3	1.0
Deposits with ceding undertakings	0.0	0.0
Total	28.2	28.7