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INTERIM REPORT

For the period January – September 2000*

- Sales increased by 62 per cent, to SEK 154 billion
- The operating result for the core businesses rose by 45 per cent, to SEK 5,309 million
- The group's operating result increased by SEK 1,498 million, to SEK 5,423 million
- Assets under management increased by 24 per cent and passed SEK 1,000 billion

Comments by Lars-Eric Petersson, President and CEO:

"Skandia continues to grow sales for the 22nd consecutive quarter. Skandia's sales benefit over the long term from the underlying demographic trend. Sales in the near term can be affected by legislative changes and turbulence and uncertainty in the world's stock markets, among other things. During the first quarter of the year these near-term influences had a positive impact on sales, while a slowdown effect on sales growth could be noticed during the second and third quarters. Having said that, the sales increase during the third quarter was strong, with an increase of 32 percent compared with the same quarter last year.

"Our core businesses continue to show steady result improvement. In order to further enhance sales in the American market, the number of wholesalers has been expanded since mid-year by 16, to 102 today. At the same time, new products have been introduced to the market.

"The result trend, along with the launch of new products and the continued build-up of our distribution power, bodes well for 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 September 2000 pertain to moving twelve-month figures. All comparison figures pertain to September 1999 unless stated otherwise.

OVERVIEW

The operating result for the core businesses increased to SEK 5,309 million (3,651). The return on net asset value for the core businesses, before tax, was 29 per cent on a moving twelve-month basis (29 per cent for the full year 1999).

Sales for Long-Term Savings rose 63 per cent, to SEK 152,307 million (93,551). The operating result for Long-Term Savings more than doubled, to SEK 5,654 million (2,653).

Assets under management increased by SEK 203 billion (24 per cent) since the start of the year, to SEK 1,036 billion. Of this amount, SEK 624 billion consists of assets under external management.

The group's operating result amounted to SEK 5,423 million (3,925), and the return on the group's adjusted net asset value, after tax, was 28 per cent on a moving twelve-month basis (24 per cent for the full year 1999).

CORE BUSINESSES

Long-Term Savings

Market and Sales

Sales rose 63 per cent, to SEK 152,307 million (93,551). At constant exchange rates the increase was 55 per cent. Essentially all markets reported record sales, which more than doubled in many cases. Skandia's goal is to broaden operations geographically and thereby reduce its dependence on individual markets.

Sales of unit linked assurance rose 65 per cent (57 per cent at constant exchange rates) during the first nine months of the year. New sales increased by 74 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).

Sales of mutual fund savings products (without an insurance element) rose 67 per cent (58 per cent at constant exchange rates), to SEK 42,818 million (25,714). Payments to customers through withdrawals from mutual fund savings products amounted to SEK 8,816 million (3,156). Withdrawals were below underlying assumptions.

USA

Skandia's sales during the first nine months of the year rose 41 per cent, to USD 10,167 million. Sales of variable annuities rose 38 per cent, to USD 6,864 million, while sales of mutual fund savings products rose 47 per cent, to USD 3,303 million. Sales were affected during the third quarter by adverse market conditions which favour guaranteed products, which are only included in American Skandia's product offering to a limited extent. Assets under management increased during the first nine months of the year by 17 per cent, to USD 40 billion.

UK

The British operation doubled its sales to GBP 3,044 million (1,462). Unit linked sales rose 111 per cent, while sales of mutual fund savings products increased by 101 per cent. New sales of unit linked assurance rose 103 per cent. Skandia Life's share of the group's total sales rose during the third quarter to 31 per cent, compared with 21 per cent for the full year 1999. Assets under management increased during the first nine months of the year by 25 per cent, to GBP 13 billion.

Sweden

Sales increased by 94 per cent, to SEK 8,056 million (4,150). Growth was strong for both unit linked assurance and mutual fund savings products. New sales of unit linked assurance rose 122 per cent. Assets under management increased during the first nine months of the year by 24 per cent, to SEK 39 billion.

New Markets

In Germany, sales rose 102 per cent in local currency, to SEK 900 million. The unit linked market is growing fast, and unit linked assurance now accounts for more than 20 per cent of the total life market, compared with 5 per cent five years ago. Changes in the tax code in Germany are expected to contribute to greater sales of equity-related savings products.

In Japan, sales rose 272 per cent in local currency, to SEK 649 million (148). The increase is mainly attributable to the launch of a new, single-premium variable annuity product.

Following last year's record-fast growth in Italy, the trend in the stock markets and uncertainty about future legislation have led to a 7 per cent decline in sales in local currency, to SEK 3,554 million.

In Spain, sales of unit linked assurance rose 41 per cent in local currency, to SEK 2,063 million. Sales of traditional life assurance in Spain are decreasing as a result of a shift in focus towards unit linked assurance products.

Assets Under Management

Assets under management have increased since the start of the year by 29 per cent, to SEK 673 billion, broken down as follows: unit linked assurance SEK 544 billion, mutual fund savings products SEK 114 billion, and life assurance SEK 15 billion.

Payments to Policyholders

Payments to unit linked policyholders on a moving twelve-month basis amounted to 8.2 per cent of technical provisions (6.9 per cent at the start of the year). Surrenders accounted for 6.9 percentage points of this total (5.7), which is well within the limits of underlying assumptions.

Operating Result and Profitability

Unit Linked Assurance

The operating result for unit linked assurance more than doubled, to SEK 5,572 million (2,633). Costs for asset management and surrenders were lower than underlying assumptions, which had a positive result impact.

The result for new business increased by 68 per cent to SEK 1,912 million (1,138), corresponding to a profit margin, expressed as a percentage of new sales, of 13.3 per cent, compared with 12.3 per cent for the full year 1999.

The assumptions for calculating the result of new business are not changed during the year. Consequently, changes in the profit margin from one quarter to another are not a reflection of changes in product prices. The development of the profit margin in individual markets is explained entirely by costs in relation to sales volume, which leads to greater or lower economies of scale. The cost trend follows sales volume with a time-lag. The decrease in the profit margin from 14.3 per cent at mid-year to 13.3 per cent as per 30 September 2000 is attributable to lower economies of scale.

In the USA, the profit margin is at the same level as for the full year 1999, 17.7 per cent. The decrease during the third quarter is explained by a higher level of costs in relation to sales volume, which has a negative impact on the net margin in the short term. Measures have already been implemented to reduce the cost level and simultaneously increase efficiency.

The profit margin for new sales improved in the UK and Sweden due to the rise in sales.

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 better reflect the operation's long-term result and profitability development. The accumulated equalization amount as per 30 September was SEK 789 million, compared with SEK 3,423 million at the start of the year. This decrease corresponds to the linear amortization of earlier provisions and the growth in value during the period in relation to underlying long-term assumptions.

Mutual Funds

Operations reached break-even during the first quarter of 2000, and the result for the period amounted to SEK 53 million (-91).

Life Assurance

The operating result for life assurance was SEK 29 million (111).

Net Asset Value and Return

The operating result, after deducting financing costs, rose 113 per cent to SEK 5,654 million (2,653). The return on net asset value, after financing costs and taxes, was 32 per cent (17) on a moving twelve-month basis.

Asset Management

Assets under management, consisting of assets from companies in the Skandia group, external clients, and fund management, have increased since the start of the year by SEK 47 billion to SEK 363 billion. Assets under management include SEK 41 billion in managed mutual fund assets, an increase of SEK 12 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 78 million (75) after interest expenses and goodwill amortization.

In September the remaining, outstanding 49 per cent of Carlson Investment Management was acquired.

Investment Income

Investment assets in the parent company amounted to SEK 4.2 billion. The return on these assets was 7.9 per cent, or SEK 332 million.

Businesses

SkandiaBanken

SkandiaBanken's operating result was SEK 59 million (80). The result was affected by higher costs for investments in a new stock trading system and start-up costs in Norway. Internet-based stock trading and fund commissions developed well. Deposits in SkandiaBanken increased to SEK 14.8 billion. The bank has a total of 370,000 customers, an increase of 50,000 during the year.

Lifeline

Lifeline sells products in the areas of health and medical care, group insurance, and competence insurance. Operations are developing favourably, and interest in Lifeline's products is great.

Lifeline's result increased to SEK 39 million (30).

Skandia Marketing Ltd.

Skandia Marketing distributes savings and insurance products for Skandia and If in the Swedish and Danish markets. Business is developing well, and the result increased to SEK 59 million (57).

Other Companies

The operating result for other companies, including finance companies that are being wound up, was SEK 40 million (23).

Group Expenses

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

Exchange Rate Effects

Exchange rate movements had a positive impact during the period. Sales for Long-Term Savings increased by SEK 7,588 million, and the operating result for the group increased by SEK 262 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 -200 million (447). The combined ratio has improved gradually during the year, to 109.9 per cent.

The sale of Vesta Skadeforsikring entailed payment of a dividend by If to Skandia, totalling SEK 1.9 billion. After receipt of this dividend, Skandia's equity share in the property & casualty operations of If amounts to SEK 4.5 billion.

BALANCE SHEET AND NET ASSET VALUE

Total assets increased by SEK 109.3 billion compared with the start of the year, to SEK 597.8 billion. Long-Term Savings accounted for an increase of SEK 113.1 billion. External borrowings decreased by SEK 1.1 billion to SEK 7.9 billion, excluding the parent company's subordinated loans.

Net asset value amounted to SEK 33,873 million (SEK 29,220 million at the start of the year). Capital employed in the group, which in addition to net asset value consists of borrowings to finance investments in subsidiaries, amounted to SEK 42.4 billion (37.5). Of these funds, SEK 33.9 billion (23.5) pertains to Long-Term Savings, while SEK 4.5 billion pertains to the financing of Skandia's share of the P&C insurance operations in If.

Stockholm, 1 November 2000
Lars-Eric Petersson
President and CEO

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Financial calendar for Skandia:

10 November 2000, October sales

11 December 2000, November sales

19 January 2001, December sales

14 February 2001, year-end report for 2000

27 March 2001, Annual General Meeting

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, 1 November, as well as to the audiocast of the teleconference.

GROUP OVERVIEW

SEK million

 Moving
12-month
figures
2000

	2000 Sept.	1999 Sept.	1999 Dec.	2000 Sept.
Sales				
Sales, unit linked assurance	108,779	65,806	93,036	136,009
Sales, mutual fund savings products	42,818	25,714	37,129	54,233
Premiums written, life assurance	710	2,031	1,541	220
Sales, businesses	1,836	1,408	2,153	2,581
Total sales	154,143	94,959	133,859	193,043
Result summary				
Unit linked assurance	5,572	2,633	4,957	7,896
Mutual fund savings products	53	-91	-154	-10
Life assurance	29	111	80	-2
Long-term savings, total ¹⁾	5,654	2,653	4,883	7,884
Asset Management	78	75	273	276
Investment income	332	1,379	1,673	626
Asset management, total	410	1,454	1,946	902
Businesses	197	190	227	234
Group expenses ²⁾	-952	-646	-1,132	-1,438
Operating result, core businesses	5,309	3,651	5,924	7,582
Result from sale of operations	314	-	1,398	1,712
Operating result, P&C insurance ³⁾	-200	447	1,524	877
Financing costs, P&C insurance	-	-173	-271	-98
Operating result	5,423	3,925	8,575	10,073
Net asset value ^{4) 5)}	33,873	25,557	29,220	
Shareholders' equity ⁴⁾	19,249	15,786	18,058	
Managed assets, Long-Term Savings ⁴⁾	673,258	409,172	521,764	
Total assets ⁴⁾	597,797	397,252	488,498	
Return on net asset value, %	31	28	29	
Return on adjusted net asset value %	28	22	24	
Return on shareholders' equity %	20	18	21	
Per-share data ^{7) 8)}				
Operating result per share, SEK	5.30	3.83	8.38	9.84
Earnings per share, SEK ⁶⁾	1.33	1.34	3.38	3.37
Net asset value per share, SEK ⁴⁾	33.09	24.97	28.55	
Shareholders' equity per share, SEK ⁴⁾	18.81	15.42	17.64	

¹⁾ Of which, interest expenses: SEK -557 million as per Sept. 2000, SEK -316 million as per Sept. 1999, and SEK -446 million as per Dec. 1999.

²⁾ Group expenses excluding provisions to profit-sharing plans amounted to SEK -332 million as per Sept. 2000, SEK -346 million as per Sept. 1999, SEK -427 million as per Dec. 1999, and SEK -413 million on a 12-month basis.

³⁾ The operating result for P&C insurance for the period January-September 2000 includes 56% of If's result as per 30 Sept. 2000.

⁴⁾ Figures as per closing date.

⁵⁾ See table on p. 17.

⁶⁾ Earnings per share are calculated as the result for the period divided by the number of shares outstanding as per 30 Sept. 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 30 Sept. 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 - QUARTER-BY-QUARTER

SEK million

	2000 Q 3	2000 Q 2	2000 Q 1	1999 Q 4	1999 Q 3	2000 Jan.- Sept.	1999 Jan.- Sept.
Sales							
Sales, unit linked assurance	31,891	36,780	40,108	27,230	23,194	108,779	65,806
Sales, mutual fund savings products	10,287	13,934	18,597	11,415	8,533	42,818	25,714
Premiums written, life assurance	200	250	260	-490	422	710	2,031
Sales, businesses	647	644	545	745	420	1,836	1,408
Total sales	43,025	51,608	59,510	38,900	32,569	154,143	94,959
Result summary							
Unit linked assurance	1,696	1,925	1,951	2,324	844	5,572	2,633
Mutual fund savings products	32	2	19	-63	-24	53	-91
Life assurance	13	-4	20	-31	19	29	111
Long-term savings, total	1,741	1,923	1,990	2,230	839	5,654	2,653
Asset Management	29	33	16	198	24	78	75
Investment income	28	197	107	294	708	332	1,379
Asset management, total	57	230	123	492	732	410	1,454
Businesses	29	108	60	37	69	197	190
Group expenses	-120	-712	-120	-486	-225	-952	-646
Operating result, core businesses	1,707	1,549	2,053	2,273	1,415	5,309	3,651
Result from sale of operations	-	314	-	1,398	-	314	-
Operating result, P&C ins.	12	-361	149	1,077	-51	-200	447
Financing costs, P&C ins.	-	-	-	-98	-101	-	-173
Operating result	1,719	1,502	2,202	4,650	1,263	5,423	3,925

	2000 30 Sept.	2000 30 June	2000 31 Mar.	1999 31 Dec.	1999 30 Sept.
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EXCHANGE RATES (SEK)

EUR	Closing rate	8.52	8.41	8.30	8.56	8.70
EUR	Average rate	8.39	8.39	8.50	8.81	8.87
GBP	Closing rate	14.16	13.38	13.82	13.80	13.48
GBP	Average rate	13.71	13.70	13.82	13.37	13.30
USD	Closing rate	9.68	8.81	8.67	8.53	8.20
USD	Average rate	8.92	8.73	8.61	8.27	8.24
JPY	Closing rate	0.090	0.083	0.082	0.083	0.077
JPY	Average rate	0.083	0.082	0.080	0.073	0.071

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

LONG-TERM SAVINGS

SALES

SEK million	Unit linked assurance			Mutual fund savings products			Life assurance			Total		
	2000	1999	1999	2000	1999	1999	2000	1999	1999	2000	1999	1999
	9 mos.	9 mos.	12 mos.	9 mos.	9 mos.	12 mos.	9 mos.	9 mos.	12 mos.	9 mos.	9 mos.	12 mos.
USA	61,254	41,120	56,737	29,480	18,492	27,584				90,734	59,612	84,321
UK	31,282	14,392	21,268	10,449	5,051	6,429				41,731	19,443	27,697
Sweden	7,505	3,927	5,855	551	223	334				8,056	4,150	6,189
Italy	3,554	4,035	5,280							3,554	4,035	5,280
Spain	1,397	534	1,108				666	1,009	1,385	2,063	1,543	2,493
Colombia				1,770	1,679	2,383	44	73	101	1,814	1,752	2,484
Switzerland	1,022	626	973	475	248	353				1,497	874	1,326
Germany	807	450	721	93	21	46				900	471	767
Japan	649	148	277							649	148	277
Austria	529	382	534							529	382	534
Mexico	439	53	67							439	53	67
Denmark	324	134	208					180	55	324	314	263
Other	17	5	8					769		17	774	8
Sales	108,779	65,806	93,036	42,818	25,714	37,129	710	2,031	1,541	152,307	93,551	131,706

SALES OF MUTUAL FUND SAVINGS PRODUCTS

SEK million	Sales			Withdrawals			Net deposits		
	2000	1999	1999	2000	1999	1999	2000	1999	1999
	9 mos.	9 mos.	12 mos.	9 mos.	9 mos.	12 mos.	9 mos.	9 mos.	12 mos.
USA	29,480	18,492	27,584	-6,621	-1,377	-2,295	22,859	17,115	25,289
UK	10,449	5,051	6,429	-901	-669	-870	9,548	4,382	5,559
Other	2,889	2,171	3,116	-1,294	-1,110	-1,767	1,595	1,061	1,349
Mutual fund savings products	42,818	25,714	37,129	-8,816	-3,156	-4,932	34,002	22,558	32,197

NEW SALES, UNIT LINKED ASSURANCE

SEK million	Single premium			Annual premium ¹⁾		
	2000	1999	1999	2000	1999	1999
	9 mos.	9 mos.	12 mos.	9 mos.	9 mos.	12 mos.
USA	61,102	41,120	56,737	152		
UK	27,367	11,255	17,030	1,381	839	1,236
Sweden	3,990	1,697	2,691	2,198	998	1,390
Italy	3,554	4,035	5,280			
Spain	1,399	534	1,106	57		10
Switzerland	847	567	869	78	74	62
Germany	8	5	5	232	209	604
Japan	485	60	150	81	88	90
Austria	170	143	197	163	131	180
Mexico	439	53	68			
Denmark	234	122	185	110		19
Other	12			4		
New sales	99,607	59,591	84,318	4,456	2,339	3,591

¹⁾ Periodic premiums recalculated to full-year figures.

LONG-TERM SAVINGS

OPERATING RESULT

SEK million

	Unit linked assurance			Mutual fund savings products ¹⁾			Life assurance			Total		
	2000	1999	1999	2000	1999	1999	2000	1999	1999	2000	1999	1999
	9 mos.	9 mos.	12 mos.	9 mos.	9 mos.	12 mos.	9 mos.	9 mos.	12 mos.	9 mos.	9 mos.	12 mos.
USA	2,812	1,295	2,843	57	-84	-110				2,869	1,211	2,733
UK	1,458	711	952	-22	-5	-37				1,436	706	915
Sweden	917	400	683	-8	-9	-12				909	391	671
Italy	107	166	175							107	166	175
Spain	18	-3	26	8	4	6	41	50	80	67	51	112
Colombia				43	21	26	-9	0	1	34	21	27
Switzerland	43	27	59	2	-1	-3				45	26	56
Germany	138	51	267	-11	0	2				127	51	269
Japan	-13	-21	-46							-13	-21	-46
Austria	70	55	54	-1	-1	-2				69	54	52
Mexico	-12	-14	-21							-12	-14	-21
Denmark	-38	-31	-48				-3	10	-1	-41	-21	-49
Other	72	-3	13	-15	-16	-24		51		57	32	-11
Operating result ²⁾	5,572	2,633	4,957	53	-91	-154	29	111	80	5,654	2,653	4,883
Return on adjusted net asset value (moving 12-month figures)										32	17	23

¹⁾ The business in Spain pertains to discretionary management.

²⁾ Of which financing costs:

USA	-546	-304	-433							-546	-304	-433
UK	-3	-2	-2							-3	-2	-2
Colombia				0	-3	-3	-1	-2	-2	-1	-5	-5
Germany	-7	-4	-6							-7	-4	-6
Denmark								-1			-1	
Total	-556	-310	-441	0	-3	-3	-1	-3	-2	-557	-316	-446

ASSETS UNDER MANAGEMENT

SEK million

	Unit linked assurance		Mutual fund savings products ¹⁾		Life assurance		Total	
	2000	1999	2000	1999	2000	1999	2000	1999
	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.
USA	323,014	253,217	68,445	42,429			391,459	295,646
UK	156,106	126,285	30,548	19,769			186,654	146,054
Sweden	38,280	31,243	1,028	525			39,308	31,768
Italy	9,582	6,251					9,582	6,251
Spain	3,195	2,056	6,985	7,100	14,558	16,049	24,738	25,205
Colombia			5,815	4,777	282	274	6,097	5,051
Switzerland	7,218	6,209	1,207	675			8,425	6,884
Germany	2,197	1,777	332	257			2,529	2,034
Japan	1,585	1,032					1,585	1,032
Austria	1,714	1,403	3	2			1,717	1,405
Mexico	389	132					389	132
Denmark	741	290			1	1	742	291
Other	16	1	17	10			33	11
Total assets	544,037	429,896	114,380	75,544	14,841	16,324	673,258	521,764

¹⁾ The business in Spain pertains to discretionary management.

LONG-TERM SAVINGS

TRADING ANALYSIS, UNIT LINKED ASSURANCE

SEK million	2000 9 mos.	1999 9 mos.	1999 12 mos.
Total annualized new sales ¹⁾	14,417	8,298	12,023
Present value of new business for the year	1,912	1,138	1,483
Return on value of contracts in force from previous years	1,882	1,007	1,511
Outcome compared with operative assumptions	713	330	254
Change in operative assumptions	441	-44	549
Value-added from operations	4,948	2,431	3,797
Business start-ups and other overheads	20	-52	-56
Financial effects after equalization	1,160	564	1,657
Financing costs	-556	-310	-441
Operating result, unit linked assurance	5,572	2,633	4,957
Profit margin, new sales ²⁾	13.3%	13.7%	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

SEK million		2000			
	1998/ 1999	Jan.- Mar. ¹⁾	Apr.- June ¹⁾	July- Sept.	Total
Accumulated equalization of financial effects as per Dec. 1999	3,423				3,423
Financial effects during the period before equalization ²⁾		1,235	-2,207	-671	-1,643
Financial effects, after equalization ³⁾	-1,348	-284	388	84	-1,160
Currency effects	287	81	-151	-48	169
Accumulated equalization of financial effects as per September 2000	2,362	1,032	-1,970	-635	789

¹⁾ First and second quarter outcome recalculated to average rate as per 30 September 2000.

²⁾ Of which, change in discount rate, SEK 356 million, change in fund growth assumptions, SEK -525 million, and actual fund growth compared with previous assumptions, SEK -1 364 million.

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

LONG-TERM SAVINGS

NEW SALES AND PROFIT MARGIN PER GEOGRAPHIC AREA

SEK million

	Annualized new sales		Present value of new business for the year		Profit margin, new sales	
	2000	1999	2000	1999	2000	1999
	9 mos.	12 mos.	9 mos.	12 mos.	9 mos.	12 mos.
USA	6,262	5,674	1,109	995	17.7%	17.5%
UK	4,118	2,939	344	124	8.4%	4.2%
Sweden	2,597	1,659	216	35	8.3%	2.1%
New markets	1,440	1,751	243	329	16.9%	18.8%
Total	14,417	12,023	1,912	1,483	13.3%	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	10.00	10.50	6.75	7.25	2.75	3.00
UK	9.75	9.75	6.25	6.25	3.75	3.75
Sweden	9.75	10.25	6.25	7.00	2.75	2.50

¹⁾ After management fees.

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

SEK million

	<u>Effect on operating result (before tax)</u>				Total effect ²⁾
	Exposure VBIF ¹⁾	Discount rate	Fund growth assumptions	Inflation assumptions	
USA	4,436	-727	837	-83	27
UK	2,983	-296	172	-43	-167
Sweden	2,797	-277	241	-32	-68
New markets	1,162	-120	80	-32	-72
Total	11,378	-1,420	1,330	-190	-280

A one-off 1% increase/decrease in stock market

Total	11,378				+/-170
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¹⁾ After tax.

²⁾ Before equalization of financial effects.

ASSET MANAGEMENT

INVESTMENT INCOME

SEK million	2000 9 mos.	1999 9 mos.	1999 12 mos.
Changes in value			
Bonds and short-term investments	-30	-323	-227
Equities	140	1,982	3,038
Real estate	13	271	356
Loans	13	0	-1
Total changes in value	136	1,930	3,166
Direct investment income	130	1,534	1,341
Foreign exchange gains/losses	101	38	-67
Investment income ¹⁾	367	3,502	4,440
Allocated investment return transferred to other operations ¹⁾	-35	-2,123	-2,767
Investment income, net	332	1,379	1,673
Direct yield, %	2.7	4.1	5.4
Total return, %	7.9	7.2	15.4

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

TOTAL RETURN %	2000 9 mos.	1999 9 mos.	1999 12 mos.
Bonds and short-term investments	3.4	-0.2	0.3
Equities	14.9	19.9	42.6
Real estate	n/a	17.2	37.6
Loans	n/a	6.3	n/a
Total	7.9	7.2	15.4

SALES, BUSINESSES	2000	1999	1999
SEK million	9 mos.	9 mos.	12 mos.
Skandia Marketing	800	722	1,000
Lifeline	237	104	305
Asset Management	609	504	734
Other	190	78	114
Total	1,836	1,408	2,153

OPERATING RESULT, BUSINESSES	2000	1999	1999
SEK million	9 mos.	9 mos.	12 mos.
SkandiaBanken	59	80	63
Skandia Marketing	59	57	70
Lifeline	39	30	44
Finance companies	23	18	32
Other	17	5	18
Total	197	190	227

GROUP EXPENSES	2000	1999	1999
SEK million	9 mos.	9 mos.	12 mos.
Amortization of goodwill	-14	-29	-34
Structural costs	-79	-70	-95
Joint-group management expenses	-239	-247	-298
Total excl. profit-sharing plans	-332	-346	-427
Profit-sharing plans	-620	-300	-705
Total incl. profit-sharing plans	-952	-646	-1,132

STATEMENT OF CASH FLOWS	2000	1999
SEK billion	9 mos.	12 mos.
Cash flow from operating activities ¹⁾	-1.3	-3.7
Cash flow from investments in operations ²⁾	3.8	3.1
Cash flow from financing activities	-2.2	0.3
Net cash flow for the period	0.3	-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	3.5	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.

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
	30 Sept.	31 Dec.	30 Sept.	31 Dec.	30 Sept.	31 Dec.	30 Sept.	31 Dec.
Unit linked ass.	20,255	19,764	5,600	4,537	518,182	405,595	544,037	429,896
Mutual funds	115	108	5,932	4,778	101,349	63,578	107,396	68,464
Life assurance			14,841	16,324			14,841	16,324
Discretionary mgmt.			6,984	7,080			6,984	7,080
Long-Term Savings	20,370	19,872	33,357	32,719	619,531	469,173	673,258	521,764
Skandia Liv	269,778	255,400	43	919	4,374		274,195	256,319
Parent company	4,243	5,818					4,243	5,818
Mutual funds	21,614	10,838					21,614	10,838
Discretionary mgmt	46,675	23,673	1,091	1,185			47,766	24,858
Bank deposits from the general public			14,635	11,816			14,635	11,816
Index-linked bonds			106	325			106	325
Other				775				775
Managed assets	362,680	315,601	49,232	47,739	623,905	469,173	1,035,817	832,513

¹⁾ SAM = Skandia Asset Management.

NET ASSET VALUE

SEK million	2000	1999
	30 Sept.	31 Dec.
Shareholders' equity	19,249	18,058
Deferred taxes	3,094	2,905
Surplus value of unit linked business in force after deferred tax	11,378	8,119
Other surplus values	152	138
Net asset value	33,873	29,220
Subordinated loans	1,454	1,305
Risk-bearing capital	35,327	30,525

CHANGE IN NET ASSET VALUE

SEK million	
Net asset value, December 1999	29,220
Operating result	5,423
Change in surplus value of bonds	12
Deferred tax on unit linked business in force	-727
Income taxes	-240
Dividend	-512
Translation differences	703
Minority interests	-6
Net asset value, Sept. 2000	33,873

OPERATING RESULT

SEK million

	Long- Term Savings	Asset Manage- ment	Busi- nesses	Sales	Group admin. exp.	Alloc. inv. return	P&C insur- ance	Operat- ing result
30 Sept. 2000								
<i>Technical result</i>								
P&C insurance			10			31		41
Life assurance	2,499							2,499
<i>Non-technical result</i>								
Investment income	257	256	34			-31	-200	316
Financing costs	-557	48	-2					-511
Change in surplus value of unit linked business in force	3,402							3,402
Mutual fund savings prod.	53							53
Other businesses		143	158	314				615
Amortization of goodwill		-37	-3		-14			-54
Provision to profit- sharing plans					-620			-620
Structural costs					-79			-79
Group expenses					-239			-239
Operating result	5,654	410	197	314	-952	0	-200	5,423
Of which, change in surplus value of unit linked business in force	-3,402							-3,402
Pre-tax result	2,252	410	197	314	-952	0	-200	2,021
	Long- Term Savings	Asset Manage- ment	Busi- nesses	Sales	Group admin. exp.	Alloc. inv. return	P&C insur- ance	Operat- ing result
30 Sept. 1999								
<i>Technical result</i>								
P&C insurance			4			215	-354	-135
Life assurance	1,047		4					1,051
<i>Non-technical result</i>								
Investment income	144	1,397	24			-215	801	2,151
Financing costs	-316						-173	-489
Change in surplus value of unit linked business in force	1,866							1,866
Mutual fund savings prod.	-88							-88
Other businesses		57	158					215
Amortization of goodwill					-29			-29
Provision to profit- sharing plans					-300			-300
Structural costs					-70			-70
Group expenses					-247			-247
Operating result	2,653	1,454	190	-	-646	0	274	3,925
Of which, change in surplus value of unit linked business in force	-1,866							-1,866
Pre-tax result	787	1,454	190	-	-646	0	274	2,059

PROFIT AND LOSS ACCOUNT

SEK million

	2000 9 mos.	1999 9 mos.	1999 12 mos.
Technical account, property & casualty insurance business			
Premiums earned, net of reinsurance	234	2,033	2,285
Allocated investment return transferred from the non-technical account	31	215	238
Claims incurred, net of reinsurance	-164	-1,861	-1,972
Operating expenses	-57	-537	-653
Other technical income and charges	-3	15	-3
Technical result, property & casualty insurance business	41	-135	-105
Technical account, life assurance business			
Premiums written, net of reinsurance	107,011	65,962	92,080
Investment income, including unrealized changes in value	-2,020	24,134	94,037
Claims incurred, net of reinsurance	-29,549	-23,710	-31,891
Change in other technical provisions where the investment risk is borne by the life assurance policyholders	-67,589	-64,362	-151,858
Operating expenses	-6,818	-4,875	-6,971
Other technical provisions	1,464	3,901	5,838
Allocated investment return transferred from the non-technical account		1	1
Technical result, life assurance business	2,499	1,051	1,236
Non-technical account			
Investment income, including unrealized changes in value	316	2,151	3,676
Financing costs	-511	-489	-717
Mutual fund savings products	53	-88	-151
Asset Management	143	57	245
Other operations	472	158	1,579
Amortization of goodwill	-54	-29	-34
Provision to profit-sharing plans	-620	-300	-705
Structural costs	-79	-70	-95
Group expenses	-239	-247	-298
Pre-tax result	2,021	2,059	4,631
Paid and deferred tax	-651	-679	-1,167
Minority interests in result for the period	-6	-6	-8
Result for the period	1,364	1,374	3,456

BALANCE SHEET SUMMARY

SEK billion	2000	1999		2000	1999
	30 Sept.	31 Dec.		30 Sept.	31 Dec.
Assets			Shareholders' equity, provisions and liabilities		
Goodwill	1.2	0.1	Shareholders' equity	19.2	18.1
Investment in If	4.5	6.5	Minority interests	0.0	0.0
Investments ³⁾	21.8	24.0	Deferred tax liability	3.1	2.9
Investments, unit linked	537.8	424.7			
Reinsurers' share of technical provisions ¹⁾	0.1	2.6	Subordinated loans ²⁾	1.5	1.3
Debtors	2.9	5.3	Borrowings ²⁾	7.6	8.3
Tangible assets	0.7	0.7	Technical provisions ¹⁾	20.1	22.4
Cash at bank and in hand	3.5	3.0	Provisions, unit linked ¹⁾	518.3	410.8
Other assets	0.0	0.0	Creditors	8.8	8.0
Deferred acquisition costs ¹⁾	6.1	3.7	Reinsurers' share of deferred acq. costs ¹⁾	0.2	0.3
Other prepayments and accrued income	2.0	1.7	Other accruals and deferred income	3.5	2.8
Assets in finance cos.	0.2	1.5	Liabilities in fin. cos ²⁾	0.0	0.8
Assets in bank operations	17.0	14.7	Liabilities in bank op. ²⁾	15.5	12.8
			Shareholders' equity, provisions and liabilities		
Assets	597.8	488.5		597.8	488.5
1) Technical provisions, net, after deducting deferred acquisition costs					
Life assurance				13.4	14.4
Unit linked assurance				518.1	411.7
Property & casualty insurance				0.9	1.1
Total				532.4	427.2
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				0.3	0.7
Less: subordinated loans in Skandia Insurance Company Ltd.				-1.5	-1.3
Total				7.9	9.0
3) Investments, current value					
Investments as per balance sheet				21.8	24.0
Recalculation to current value				0.7	0.9
Cash at bank and in hand				3.5	3.0
Securities settlement claims, net				0.0	0.0
Accrued interest income				0.5	0.5
Debt derivatives				-0.1	-0.1
Total				26.4	28.3
Of which:					
Investments, life assurance				14.8	16.3
Investments, unit linked assurance				6.3	5.2
Other investments, long-term savings				0.5	0.4
Investments, parent company				4.2	5.8
Currency derivatives				0.6	0.6
Deposits with ceding undertakings				0.0	0.0
Total				26.4	28.3