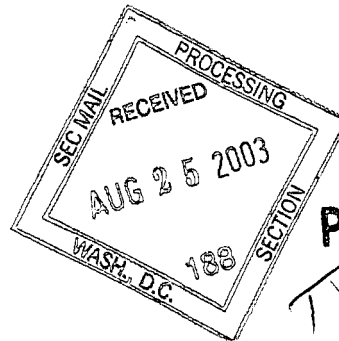


Press release



1 August 2003



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FINANCIAL

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SUPPL

Purported class action lawsuit against American Skandia dismissed

On 31 July 2003, Senior Judge Milton Pollack of the United States District Court for the Southern District of New York issued a decision and order in *Donovan v. American Skandia Life Assurance Corp. et al.* dismissing the entire case with prejudice. As previously disclosed, liability for the outcome of this case was for the account of Skandia Insurance Company Ltd. as a result of the agreement with Prudential Financial, Inc. concerning the sale of American Skandia.

The lawsuit purported to represent a class of investors who during the period December 1997 to October 2000 purchased American Skandia variable annuity products for the purpose of funding a "qualified" (i.e., tax-deferred) retirement account. The Plaintiffs alleged that the prospectuses for these variable annuity products contained material misstatements and omissions concerning the suitability of such products as funding vehicles for tax qualified accounts in violation of U.S. securities laws.

Judge Pollack concluded that the plaintiff's claims were without legal merit. In dismissing the plaintiffs' claims, Judge Pollack wrote that, "the disclosures in the Prospectuses, taken in context, conclusively disprove the materiality of the alleged omissions and are thus fatal to the Plaintiffs' claims."

Once the judgment has been entered by the court, plaintiffs will have thirty calendar days to appeal the decision.

"Judge Pollack's conclusions are in agreement with Skandia's previously stated belief that the claims raised by the lawsuit were without merit." comments Jan-Mikael Bexhed, Skandia's General Counsel.

For further information, please contact:

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Press release



7 August 2003

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Financial effects through June 2003

Skandia's result is affected by external factors such as changes in the stock market and interest rates. Future revenues, which are based on fund values, increase or decrease as a result of these factors.

According to information presented in conjunction with the interim report for the first quarter of 2003, a 1% increase in the stock market would have a one-time effect on the operating result of SEK +66 million and a 1% decrease would have a one-time effect on the operating result of SEK -49 million.

Financial effects during the first quarter of 2003 had a negative effect in the amount of SEK -283 million. During the second quarter of 2003, financial effects are expected to be positive and are estimated to be in the range of SEK 400 million to SEK 500 million.

Comparison figures pertaining to American Skandia

On 1 May 2003 it was announced that the agreement with Prudential Financial, Inc. (USA), under which Prudential Financial is acquiring American Skandia, has been completed. To facilitate comparisons, the group overview in the interim report (as in the 2002 Annual Report) will be presented excluding the USA, unless indicated otherwise. This format is shown in the appended table.

Skandia's interim report for the second quarter of 2003 will be released on 13 August 2003.

For further information, please contact:
Harry Vos, Head of Investor Relations, tel +46 8 788 3643

Comparison figures 2002 for group overview

GROUP OVERVIEW - QUARTERLY ANALYSIS

SEK million	2002 12 mos.	2002 Q 4	2002 Q 3	2002 Q 2	2002 Q 1
Sales ¹⁾					
Unit linked assurance	53,967	13,391	13,185	13,638	13,753
Mutual funds	16,963	3,750	4,147	5,220	3,846
Direct sales of funds	2,344	425	591	264	1,064
Life assurance	1,638	710	408	273	247
Other businesses	453	114	95	118	126
Total sales	75,365	18,390	18,426	19,513	19,036
Result summary					
Unit linked assurance (according to the embedded value method)	3,027	795	724	733	775
Mutual funds	-291	-90	-56	-87	-58
Life assurance	119	5	35	20	59
Other businesses	-182	-41	-85	-69	13
Group expenses	-569	-179	-122	-159	-109
Result of operations	2,104	490	496	438	680
Financial effects, unit linked assurance (according to the embedded value method)	-2,267	-457	-898	-792	-120
Items affecting comparability	1,566	-450	-	2,016	-
Operating result	1,403	-417	-402	1,662	560
Other comparison figures					
Total annualized new sales, unit linked assurance ²⁾ , SEK million	9,176	2,318	2,064	2,361	2,433
Profit margin new sales, unit linked assurance, %	13.5	13.4	14.9	12.9	13.1
Profit and loss account (according to the Annual Accounts Act)					
Result after tax, including USA, SEK million	-4,298	-4,505	-1,451	1,498	160
Result after tax, excluding USA, SEK million	2,555	-101	615	1,745	296
Earnings per share, including USA, SEK	-4.20	-4.40	-1.42	1.46	0.15
Earnings per share, excluding USA, SEK	2.50	-0.10	0.60	1.70	0.29

¹⁾ Sales pertain to paid-in premiums and deposits in funds.

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

Teleconference



7 August 2003

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Skandia's results second quarter - Teleconference

Skandia's second quarter results will be announced on **Wednesday, 13 August 2003**.

We are pleased to invite you to join a teleconference at:

10:00 hrs NY time
15:00 hrs UK time
16:00 hrs CET time

The agenda for the call will be as follows (**CET time**):

15:50 Call UK dial in number **+44 (0)207 162 0185**
and request to be connected to the **Skandia** teleconference. Please use a
quiet room

16:00 Review first quarter results
16.30 Questions & Answers
17:00 Teleconference call close

If you do not have the possibility to join the teleconference call, you can listen to a recorded version. Call UK dial in number **+44 (0)208 288 4459** and enter access code **967922**. The lines are open until 20 August 2003.

An AudioCast of the teleconference as well as a slide presentation will be available on the Internet, at www.skandia.com

For further information please contact:

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Press Release



13 August 2003

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INTERIM REPORT for the period January – June 2003 ^{*)}

Office:
Sveavägen 44

On 1 May 2003 it was announced that the agreement with Prudential Financial, Inc. (USA) concerning its acquisition of American Skandia has now been completed. For the sake of comparison, all information in this interim report pertains to operations excluding the USA, unless otherwise indicated.

SECOND QUARTER 2003

A. BUSINESS DEVELOPMENT

- Sales amounted to SEK 19,449 million (19,513). Sales rose 8% in local currency. The sales increase contributed to an improvement in the profit margin, to 13.8%.
- Compared with the first quarter of 2003, sales rose 13% in local currency.
- New sales rose 11% in local currency.

B. OPERATING RESULT according to the embedded value method

- The group's operating result according to the embedded value method was SEK 1,034 million (1,662), including SEK 499 million in financial effects (-792). The operating result includes SEK -93 million in items affecting comparability (2,016).

C. RESULT according to Swedish GAAP

- The result before tax was SEK -141 million (1,854). The result includes SEK -93 million in items affecting comparability (2,016).

FIRST HALF 2003

A. BUSINESS DEVELOPMENT

- Sales amounted to SEK 37,142 million (38,549). Sales rose 3% in local currency.
- New sales of unit linked assurance decreased by 5%.
- The net inflow in funds under management was SEK 22.1 billion (22.8).

^{*)} 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 June 2003 pertain to moving twelve-month figures. All comparison figures pertain to June 2002 unless stated otherwise.

B. OPERATING RESULT according to the embedded value method

- The group's operating result according to the embedded value method was SEK 1,157 million (2,222). The operating result includes SEK -93 million in items affecting comparability (2,016).
- Financial effects were positive, at SEK 216 million (-913).
- The profit margin for newly written unit linked assurance business for the year rose to 13.7% (13.0%).

C. RESULT according to Swedish GAAP

- The result before tax was SEK 23 million (2,328). The result includes SEK -93 million in items affecting comparability (2,016).
- Earnings per share were SEK -0.04 (1.99).
- The return on shareholders' equity was 3% (8%). Excluding items affecting comparability, the return was 6% (10%).

D. CASH FLOW AND BALANCE SHEET

- Cash flow from operating activities amounted to SEK -1.1 billion (-0.4), in part due to the rise in sales.
- Borrowings decreased by SEK 5.4 billion, to SEK 4.2 billion. After deduction for liquid assets, borrowings amounted to SEK 1.9 billion, net.
- Net asset value was SEK 27,025 million (27,033 at year-end 2002).
- Shareholders' equity amounted to SEK 14,562 million (15,238 at year-end 2002).

Comments by Leif Victorin, President and CEO:

- The first half of 2003 started out in the shadow of dramatic global events and ended with a second quarter of dawning optimism. Although the markets are still weak and uncertain on the whole – with customers bracing a wait-and-see attitude – several of Skandia's units were able after a slow start to the year to report steadily improving sales figures during the spring and summer. In addition, funds under management have now returned to their previous, high levels.
- Sales in the UK picked up during the spring and margins improved. Bankhall strengthened its leading position as a distribution network. In other respects, the focus is on achieving lasting cost reductions.
- In Sweden, further cost-cutting measures are being taken in addition to the savings targets that have been previously reported and achieved. Sales were weak during the first half of the year, although they gained momentum in June.
- On the European continent, Skandia continues to strengthen its sales and market positions while maintaining profitability. Sales on the continent rose 20% in local currency during the second quarter of 2003 compared with the first quarter of 2003, and in Germany Skandia is now the fourth-largest player in the unit linked market.

- On the initiative of Skandia's board, during the spring the company reviewed existing strategies, plans, policies, markets and products in the aim of either confirming or changing them. The first phase of this work has now been concluded and is being incorporated into the ordinary operating activities.
- The review has indicated that Skandia's strategy – to provide safe, competitive products to the growing market for long-term savings – is on target in all essential respects, even though some adjustment to the current reality is needed with respect to focuses, products, ambitions and organization. This adjustment process is now in full swing, and the watchwords are greater profitability, more efficient use of capital, greater customer orientation and continued cost-cutting.
- The review has also covered the group's policies and work routines in most areas – ranging from ethics and compensation policies to risk management and profitability assessment. In many cases this has resulted in tightened policies, stronger follow-up routines and improved clarity.
- The previously announced cost-cutting programme of SEK 1 billion has now been carried out. A new, extensive savings programme has been started and is scheduled for completion in 2004.
- On the whole this work will lead to a better balance in the group's products and markets – between risk and price and between profitability and capital requirement. We are strengthening our control and monitoring systems and we have a strategy that is geared to sustained, profitable growth through our own strength. In my view we are thus well poised for 2004.

The interim report is presented in five parts. The section on Business Development (A) contains an account of sales during the period and funds under management, among other things. The operating result for unit linked assurance according to the embedded value method and the result for the other business areas are presented in section B. The Result section (C) includes a discussion of the result before tax in accordance with Swedish GAAP as set out in the Swedish Annual Accounts Act for Insurance Companies. Cash flow and the balance sheet are discussed in section D. Section E describes events after the end of the period.

A. BUSINESS DEVELOPMENT

Sales and Funds Under Management (tables on pp. 12-14)

SECOND QUARTER 2003

Sales rose 8% in local currency during the second quarter and amounted to SEK 19,449 million (19,513).

Second Quarter Compared with First Quarter 2003

Compared with the first quarter of 2003, sales rose in most markets, with an aggregate increase of 13% in local currency. Sales in the UK rose by 25%, and in the Offshore Division the sales increase was 20%. Sales in Sweden fell by 31%, largely due to a one-time effect on sales during the first quarter of 2003. Excluding these one-time effects, sales decreased by 16%.

However, the monthly sales increase in recent months was higher compared with a year earlier. Sales in June rose by 25%. The sales successes are continuing in the continental European markets, with a combined sales increase of 20%. Following a weak first quarter, sales in Japan rose by 56%. In Australia sales rose by a full 158%. Sales in Latin America rose by 1%.

FIRST HALF 2003

Combined sales in local currency increased by 3% and amounted to SEK 37,142 million (38,549). The decrease in Swedish kronor is attributable to currency movements.

Sales, Unit Linked Assurance

Sales of unit linked assurance rose by 3% in local currency and amounted to SEK 26,648 million (27,391). New sales were down 5% in local currency (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).

The market conditions in the UK were weak especially in the beginning of the year, but improved gradually during the period. Sales decreased by 17% in local currency, to SEK 7,578 million (10,035). However, sales by the Royal Skandia offshore operation rose by 19% in local currency, to SEK 5,726 million (5,294). New sales in the UK and for the Royal Skandia offshore operation decreased on the whole by 17% in local currency.

Sales in Sweden fell by 12%, to SEK 4,613 million (5,254). New sales decreased by 13% due to lower sales of single-premium products in the private market and to a generally weak market. The corporate market is stable, however. Combined new sales were higher in the last two months than in the same two months a year ago.

Sales in Germany rose 22% in local currency, to SEK 1,111 million (907). New sales increased by 40% in local currency.

Italy is showing continued sales success through the launch of new products, and sales rose to SEK 3,316 million (684). Sales in the other European markets increased to SEK 2,099 million (1,647).

Sales in Japan decreased to SEK 1,216 million (2,848) due to a change in the sales focus of the single-largest distributor of Skandia's products.

Sales, Mutual Fund Savings Products (Including Direct Sales)

Compared with the same period a year ago, total sales decreased in local currency, to SEK 9,703 million (10,394). This includes direct sales in Sweden, which increased by 51%, to SEK 2,005 million (1,328), with deposits via the Premium Pension Authority accounting for a one-time effect during the first quarter of 2003. Sales in the UK decreased by 33% in local currency, to SEK 3,216 million (5,275). Sales have developed well in Australia, in particular, as well as in Spain. Sales in Australia during the first half of 2003 exceeded the sales level for the full-year 2002 by 38% in local currency.

Sales, Life Assurance

Sales of traditional life assurance, mainly pertaining to the Spanish operation, rose 5% in local currency, to SEK 529 million (520).

Funds Under Management

Fund values increased by 9% due to a continued positive net flow of SEK 22.1 billion in funds under management (22.8). Fund values increased by 7% as a result of the stock market rise and decreased by 5% due to lower exchange rates. Fund values decreased by 11%, net, compared with the start of the year, to SEK 285,028 million. Fund values have now returned to the record levels reported at the end of 2001.

Payments to unit linked policyholders amounted to 8.0% of assets under management (8.1% at year-end 2002) on a yearly basis. Of this amount, surrenders accounted for 6.2 percentage points, compared with 6.4 percentage points at year-end 2002.

B. RESULT AND PROFITABILITY (according to the embedded value method) (tables on pp. 12-13, 15-16 and 24-25)

SECOND QUARTER 2003

Result of Operations

The result of operations for the group (operating result excluding financial effects and items affecting comparability) amounted to SEK 628 million (438). The result improvement is attributable to unit linked assurance.

Items Affecting Comparability

The result was charged with write-downs of system investments totalling SEK 93 million pertaining to the bank platform that is being used in the Swiss banking operation, among other places. Items affecting comparability during the first half of 2002 amounted to SEK 2,016 million and pertained to the capital gain on the sale of the asset management business.

Operating Result

The operating result including financial effects (result before tax including the change in surplus value of unit linked business) was SEK 1,034 million (1,662). Financial effects were positive, at SEK 499 million (-792).

FIRST HALF 2003

The result of operations for the group (operating result excluding financial effects and items affecting comparability) amounted to SEK 1,034 million (1,119). The operational return on net asset value was 7% (10%).

The operating result after financial effects (result before tax including the change in surplus value of unit linked business) was SEK 1,157 million (2,222). Financial effects pertain to the change in the present value of future revenues caused by developments in the capital markets. Financial effects had a positive impact on the operating result in the amount of SEK 216 million (-913).

Exchange Rate Effects

Sales were negatively affected by SEK 2,633 million and the operating result negatively by SEK 81 million. Total assets decreased by SEK 16 billion compared with the start of the year as a result of currency movements.

Operating Result, Unit Linked Assurance

The result of operations decreased to SEK 1,482 million (1,509).

Following a weak start to the year, new sales showed a recovery during the second quarter. Combined with cost-cutting measures, this entailed that the present value of new business for the year essentially stayed at the same level as a year earlier, at SEK 592 million (621).

The estimated profit margin for newly written business increased on the whole to 13.7% (13.0%). The change in the geographic composition of business made a positive contribution to the margin.

In Sweden the profit margin was essentially unchanged at 16.8%. Cost-savings offset the effect of lower sales volumes. In the UK the profit margin fell to 7.6% (11.4%). Lower sales resulted in poorer cost coverage, particularly during the first quarter. The previous stock market decline resulted in a long-term change in the tax position, which in turn had a negative impact on the profit margin according to the embedded value

method. Measures have been taken to further adjust the cost level to the prevailing market conditions.

In other markets, the profit margin increased on the whole to 19.2% (10.6%). Greater sales have contributed to improved cost coverage.

The return on the value of contracts entered into in previous years increased slightly, to SEK 894 million (873).

The actual outcome compared with operative assumptions and the change in operative assumptions together totalled SEK 57 million (50).

Result, Mutual Fund Savings Products

The result was SEK -122 million (-145). Revenues from funds under management have been hurt for some time by the prolonged stock market decline. Acquisition costs for mutual fund savings products are not deferred.

Result, Life Assurance

The result for life assurance, mainly pertaining to Spain, was SEK 39 million (79).

Result, Other Businesses

The result of operations for SkandiaBanken was SEK 58 million (16). The earnings improvement is attributable to improved net interest income and lower costs. However, commission income decreased due to lower sales by the Advisory Business unit. Deposits amounted to SEK 39.2 billion (35.6). SkandiaBanken increased its customer base during the period by 46,000, to 1,310,000.

Investment income amounted to SEK 63 million (55). The result for "other businesses" was charged with costs for the group's Global Business Development unit and a negative result for the banking business in Switzerland.

The continuing result for Bankhall, Skandia's distribution network in the UK, amounted to SEK 39 million (48) excluding goodwill amortization of SEK 69 million (62). Since Skandia's acquisition of Bankhall, the number of affiliated IFAs has increased by over 25%, to 7,400. Bankhall is now the largest company in the British IFA market.

Cost-Cutting

The decision was made in 2002 on a programme designed to cut costs by SEK 1 billion on a yearly basis. This programme has now been carried out. The cost of the programme amounted to SEK 360 million, which resulted in a provision for restructuring costs during the fourth quarter of 2002. The remaining provision for restructuring costs amounted to SEK 177 million as per 30 June 2003.

Group Expenses

Group expenses, which include management costs for joint-group functions, increased to SEK 312 million (268). This item includes costs of SEK 33 million stemming from previous employment contracts in connection with the change of the group's CEO, and structural costs.

C. RESULT (according to Swedish GAAP) (tables on pp. 16 and 18-21)

FIRST HALF 2003

The result before tax was SEK 23 million (2,328). The result includes SEK -93 million in items affecting comparability (2,016). Excluding items affecting comparability, the result was SEK 116 million (312). The result decline is primarily attributable to unit linked assurance (see below), other businesses and joint-group costs (see section B, Result and Profitability).

Cost-cutting has had a positive impact on the result, at the same time that the prolonged stock market decline up until the second quarter has had a negative impact on revenues.

The result for the period after tax amounted to SEK -41 million (2,040). Earnings per share were SEK -0.04 (1.99). The return on shareholders' equity, excluding items affecting comparability, was 6% on a moving 12-month basis (10%). The return on shareholders' equity including items affecting comparability was 3% (8%).

Unit Linked Assurance (Income and Expense Analysis Table, p. 16)

The result after tax was SEK 564 million (702). In the unit linked assurance operations, continuing revenues – consisting mainly of fees on funds under management and paid-in premiums (gross contribution) – decreased to SEK 3,091 million (3,291). The decrease is attributable to the prolonged stock market decline, but also to exchange rate effects. The prolonged stock market decline has created a greater propensity among investors to invest in fixed-income funds. This has a slight dampening effect on the aggregate fund value and thus also on revenues as the stock market rises, which it did during the second quarter of 2003.

Acquisition costs amounted to SEK -2,572 million (-2,644). Skandia has a restrictive policy compared with its industry peers for deferral of these costs. When sales began to pick up during the second quarter of 2003, this resulted in higher acquisition costs, which are only partially deferred during the term of the contracts. This initially has a dampening effect on the result trend.

Acquisition costs include all costs, both internal and external, that arise in connection with the sale of unit linked assurance products. Acquisition costs are deferred (deferred acquisition costs) and amortized according to a schedule that corresponds to the estimated economic life, normally 10 years.

Of the acquisition costs for unit linked assurance, approximately 60% – or SEK 1.5 billion – were deferred. Amortization of deferred acquisition costs amounted to SEK 0.9 billion. The change in deferred acquisition costs thus amounted to SEK 567 million (636). During the first quarter of 2002, the method for deferring these costs was adjusted, which had a favourable effect on the result during the first quarter of 2002. Administrative expenses for unit linked assurance amounted to SEK -616 million (-610).

D. CASH FLOW AND BALANCE SHEET

Cash Flow from Operating Activities

Cash flow from operating activities decreased compared with the same period a year earlier and amounted to SEK -1.1 billion (-0.4). Revenues from funds under management follow the stock market trend with a slight time delay. The stock market trend was negative during the first quarter, and thus the market upturn during the second quarter has not yet have a positive impact on cash flow. Settlement of SEK 0.5 billion in nonrecurring accrued expenses had a negative impact on cash flow from operating activities.

Balance Sheet

Borrowings decreased by SEK 5.4 billion compared with the start of the year through the repayment of SEK 3.2 billion in loans, the transfer of SEK 2 billion in external loans in connection with Prudential Financial's acquisition of American Skandia, and due to exchange rate effects of SEK 0.2 billion. Cash flow from currency hedges made a positive contribution of SEK 0.8 billion. During the second quarter, USD 800 million was deducted as a result of Prudential Financial's acquisition of American Skandia.

The group's borrowings amounted to SEK 4.2 billion, compared with SEK 9.6 billion at the start of the year. Liquid assets amounted to SEK 2.3 billion. Borrowings amounted to SEK 1.9 billion, net, after deduction for liquid assets. Unconditional, unutilized credit facilities amounted to SEK 5.7 billion, compared with SEK 10.4 billion at the start of the year. The level of credit facilities has been decreased – and thus also the cost for these – and adjusted to the changed need for borrowing.

Skandia owns 19.36% of If P&C Insurance. The book value was unchanged compared with year-end 2002, at SEK 3.0 billion. If reported a result before tax of SEK 1,137 million for the first half of 2003 (-1,573).

Net Asset Value and Shareholders' Equity

Net asset value was SEK 27,025 million (SEK 27,033 million at year-end 2002), corresponding to SEK 26 per share (26). Shareholders' equity amounted to SEK 14,562 million (SEK 15,238 million at year-end 2002), or SEK 14 per share (15).

American Skandia

On 20 December 2002 it was announced that Prudential Financial, Inc. (USA) would be acquiring American Skandia. The transaction was completed on 1 May at the agreed-upon terms after all necessary regulatory approvals had been received.

In connection with the completion of the transaction, on 2 May 2003 the credit rating agency Standard & Poor's confirmed Skandia's long-term counterparty credit rating of "A." At the same time, the outlook was changed from negative to stable.

The Transaction

The transaction valued American Skandia at USD 1,150 million, including internal and external borrowing in the US operation. Of the proceeds, USD 800 million was deducted on 1 May 2003, and USD 200 million is expected to be received in early autumn 2003, net after deduction for costs and requisite provisions.

E. EVENTS AFTER THE END OF THE PERIOD

The agreement on the transaction contains customary guarantee commitments (representations and warranties) that are limited in time and amount to a maximum of USD 1 billion. Certain warranties pertain to litigation. With respect to litigation, the guarantee commitment extends for four years. On 31 July 2003, federal Senior Judge Milton Pollack of the United States District Court for the Southern District of New York issued a decision and order in *Donovan vs. American Skandia Life Assurance Corp. et. al.*, dismissing the entire class action case with prejudice. Judge Pollack concluded that the plaintiff's claims were without legal merit, and the lawsuit was therefore dismissed without any further material review. The plaintiffs have thirty days to appeal the court's dismissal ruling. In other respects, American Skandia has not been involved in any litigation that has given rise to any guarantee claims.

Stockholm, 13 August 2003
Leif Victorin
President and CEO

For further information, please contact:
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Harry Vos, Head of Investor Relations, tel. +46-8-788 3643

This interim report has been prepared in conformity with the guidelines of the Swedish Financial Supervisory Authority and Swedish Financial Accounting Standards Council Recommendation RR20, Interim financial reporting. Aside from an adaptation to new accounting recommendations of the Swedish Financial Accounting Standards Council, which took effect on 1 January 2003, the interim report has been prepared in accordance with the same accounting principles as in the 2002 Annual Report. The new recommendations have not had any material impact on the group's profit and loss account or balance sheet. In accordance with Swedish Financial Accounting Standards Council Recommendation RR 19, Discontinued operations, the US operation is reported separately.

Forthcoming financial reports from Skandia:

24 November 2003, interim report for the period January–September

4 March 2004, year-end report for the 2003 financial year

Skandia's published financial reports are available on Skandia's website: www.skandia.com. Skandia's website also provides links to the webcast of the conference call on Wednesday, 13 August 2003. In addition to the interim report, Skandia has also published the document *Financial Supplement Q2 2003* on www.skandia.com, under Investor Relations/Reports and Events/Interim Reports. This document can also be ordered by phone.

Skandia Insurance Company Ltd.

Auditors' Review Report

We have conducted a limited review of this interim report in accordance with the recommendation issued by FAR.

A limited review is considerably less in scope than an audit.

Nothing has come to our attention that indicates that the interim report does not fulfil the requirements of the Swedish Stock Exchange Act and the instructions and general guidelines of the Swedish Financial Supervisory Authority on annual accounts for insurance companies.

Stockholm, Sweden, 13 August 2003

Jan Birgeron
*Authorized Public
Accountant*

Carl Lindgren
*Authorized Public
Accountant*

Anders Engström
*Authorized Public
Accountant
appointed by the
Swedish Financial
Supervisory Authority*

GROUP OVERVIEW

On 1 May 2003 it was announced that the agreement with Prudential Financial, Inc. (USA), concerning its acquisition of American Skandia, has now been completed. For the sake of comparison, all information in this interim report pertains to operations excluding the USA, unless otherwise indicated.

	2003	2002	2003	2002	2002	Moving 12 month figures 2003
SEK million	June	June	Q 2	Q 2	Dec.	June
Sales						
Unit linked assurance	26,648	27,391	14,077	13,638	53,967	53,224
Mutual funds	7,691	9,066	4,368	5,220	16,963	15,588
Direct sales of funds	2,012	1,328	635	264	2,344	3,028
Life assurance	529	520	253	273	1,638	1,647
Other businesses	262	244	116	118	453	471
Total sales	37,142	38,549	19,449	19,513	75,365	73,958
Result summary						
Unit linked assurance (according to the embedded value method)	1,482	1,509	848	733	3,027	3,000
Mutual funds	-122	-145	-54	-87	-291	-268
Life assurance	39	79	7	20	119	79
Other businesses	-53	-56	4	-69	-182	-179
Group expenses	-312	-268	-177	-159	-569	-613
Result of operations	1,034	1,119	628	438	2,104	2,019
Financial effects, unit linked assurance (according to the embedded value method)	216	-913	499	-792	-2,267	-1,138
Items affecting comparability	-93	2,016	-93	2,016	1,566	-543
Operating result	1,157	2,222	1,034	1,662	1,403	338
Assets under management, SEK billion	587	570			546	
Funds under management, SEK billion	285	270			255	
Net asset value, SEK billion ¹⁾	27	37			27	
Shareholders' equity, SEK billion	15	21			15	

¹⁾ For definition, see page 27.

GROUP OVERVIEW - QUARTERLY ANALYSIS

SEK million	2003 Q 2	2003 Q 1	2002 Q 4	2002 Q 3	2002 Q 2
Sales					
Unit linked assurance	14,077	12,571	13,391	13,185	13,638
Mutual funds	4,368	3,323	3,750	4,147	5,220
Direct sales of funds	635	1,377	425	591	264
Life assurance	253	276	710	408	273
Other businesses	116	146	114	95	118
Total sales	19,449	17,693	18,390	18,426	19,513
Total annualized new sales, unit linked assurance ¹⁾	2,259	2,073	2,318	2,064	2,361
Result summary					
Unit linked assurance (according to the embedded value method)	848	634	795	724	733
Mutual funds	-54	-68	-90	-56	-87
Life assurance	7	32	5	35	20
Other businesses	4	-57	-41	-85	-69
Group expenses	-177	-135	-179	-122	-159
Result of operations	628	406	490	496	438
Financial effects, unit linked assurance (according to the embedded value method)	499	-283	-457	-898	-792
Items affecting comparability	-93	-	-450	-	2,016
Operating result	1,034	123	-417	-402	1,662

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

**CHANGE IN FUNDS UNDER MANAGEMENT
UNIT LINKED ASSURANCE**

SEK million	2003 6 mos.	% of assets at start of year	2002 12 mos.	% of assets at start of year
Unit linked assurance at start of year	201,474		229,425	
Sales	26,648	13.2%	53,967	23.5%
Withdrawals	-8,920	-4.4%	-18,622	-8.1%
Change in value	11,688	5.8%	-49,283	-21.5%
Currency effects	-9,227	-4.6%	-14,013	-6.1%
Unit linked assurance at end of period	221,663	+10.0%	201,474	-12.2%

MUTUAL FUNDS

SEK million	2003 6 mos.	% of assets at start of year	2002 12 mos.	% of assets at start of year
Savings in mutual funds at start of year	48,941		54,281	
Sales	7,691	15.7%	16,963	31.3%
Withdrawals	-3,271	-6.7%	-6,160	-11.3%
Change in value	6,214	12.7%	-10,000	-18.4%
Currency effects	-2,154	-4.4%	-6,143	-11.3%
Savings in mutual funds at end of period	57,421	+17.3%	48,941	-9.8%

TOTAL FUNDS UNDER MANAGEMENT

SEK million	2003 6 mos.	2002 12 mos.
Unit linked assurance	221,663	201,474
Mutual funds	57,421	48,941
Directly distributed funds	5,944	5,083
Funds under management	285,028	255,498

ASSUMPTIONS FOR CALCULATING SURPLUS VALUES OF UNIT LINKED BUSINESS IN FORCE

%	Discount rate		Fund growth ¹⁾		Inflation	
	2003	2002	2003	2002	2003	2002
	30 June	31 Dec.	30 June	31 Dec.	30 June	31 Dec.
UK	8.00	8.00	5.50	5.50	3.50	3.50
Sweden	8.10	8.50	5.40	5.75	2.80	3.00

¹⁾ Fund growth is indicated after deducting asset-based fees to fund companies.

SENSITIVITY ANALYSIS, UNIT LINKED ASSURANCE

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	Exposure VBIF ¹⁾	Effect on operating result (before tax)			Total effect
		Discount rate	Fund growth assump- tions	Inflation assump- tions	
UK	9,468	-440	187	-144	-397
Sweden	5,100	-479	413	-31	-97
Other markets	5,615	-262	167	-76	-171
Total	20,183	-1,181	767	-251	-665

One-time effect of a 1% decrease in stock market -55

One-time effect of a 1% increase in stock market 62

The difference in the one-time effect is due to a change in the tax situation for Skandia Life UK.

¹⁾ Before deduction of taxes and deferred acquisition costs.

**TRADING ANALYSIS, UNIT LINKED
ASSURANCE
(according to the embedded value method)**

SEK million	2003 6 mos.	2002 6 mos.	2002 12 mos.
Total annualized new sales ¹⁾	4,332	4,794	9,176
Present value of new business for the year	592	621	1,241
Return on value of contracts in force from previous years ²⁾	894	873	1,988
Outcome compared with operative assumptions	-15	-50	-438
Change in operative assumptions	72	100	376
Value-added from operations	1,543	1,544	3,167
Business start-ups and other overheads	-61	-35	-140
Result of operations, unit linked assurance	1,482	1,509	3,027
Financial effects ³⁾	216	-913	-2,267
Operating result, unit linked assurance	1,698	596	760
Profit margin, new sales ⁴⁾	13.7%	13.0%	13.5%

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

²⁾ Of which financing costs SEK -8 million as per June 2003, SEK -9 million as per June 2002 and SEK -21 million as per Dec. 2002

³⁾ The effect on embedded value attributable to the fact that the change in the financial markets differs from the assumptions on fund growth and interest rate levels.

⁴⁾ Present value of new business for the year in relation to total annualized new sales.

**INCOME AND EXPENSE ANALYSIS
UNIT LINKED ASSURANCE**

SEK million	2003 6 mos.	2002 6 mos.	2002 12 mos.
Gross contribution	3,091	3,291	6,421
Acquisition costs	-2,572	-2,644	-5,584
Administrative expenses	-616	-610	-1,264
Change in deferred acquisition costs	567	636	1,615
Technical result	470	673	1,188
Investment income	102	38	122
Financing costs	-8	-9	-21
Pre-tax result (according to Swedish GAAP)	564	702	1,289
Change in surplus value of unit linked business in force	1,134	-106	-529
Operating result, unit linked assurance (according to the embedded value method)	1,698	596	760

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		
	2003	2002	2002	2003	2002	2002	2003	2002	2002
	6 mos.	6 mos.	12 mos.	6 mos.	6 mos.	12 mos.	6 mos.	6 mos.	12 mos.
UK ¹⁾	1,802	2,336	4,329	137	266	461	7.6%	11.4%	10.7%
Sweden	1,270	1,454	2,554	213	249	433	16.8%	17.1%	16.9%
Other markets	1,260	1,004	2,293	242	106	347	19.2%	10.6%	15.1%
Total	4,332	4,794	9,176	592	621	1,241	13.7%	13.0%	13.5%

¹⁾ In this context the UK pertains to businesses with the head office in the UK and thus also includes Royal Skandia and the branch offices in Finland and Norway.

STATEMENT OF CASH FLOWS	Group excluding American Skandia			American Skandia (discontinued operations)			Group		
	2003	2002	2002	2003	2002	2002	2003	2002	2002
	6 mos.	6 mos.	12 mos.	6 mos.	6 mos.	12 mos.	6 mos.	6 mos.	12 mos.
SEK billion									
Cash flow from operating activities ¹⁾	-1.1	-0.4	0.2	0.0	0.1	0.7	-1.1	-0.3	0.9
Cash flow from investing activities ²⁾³⁾	3.5	4.4	5.7	-1.8	-0.2	-0.4	1.7	4.2	5.3
Cash flow from internal financing activities ⁴⁾	0.1	-0.2	-1.1	-0.1	0.2	1.1	0.0	0.0	0.0
Cash flow from external financing activities ⁵⁾	-2.5	-4.4	-5.1	-0.1	-0.4	-0.6	-2.6	-4.8	-5.7
Net cash flow for the period	0.0	-0.6	-0.3	-2.0	-0.3	0.8	-2.0	-0.9	0.5
Liquid assets at the start of the period	2.5	3.0	3.0	2.0	1.6	1.6	4.5	4.6	4.6
Exchange rate differences in liquid assets	-0.2	-0.2	-0.2	0.0	-0.2	-0.4	-0.2	-0.4	-0.6
Liquid assets at the end of the period	2.3	2.2	2.5	0.0	1.1	2.0	2.3	3.3	4.5

¹⁾ Cash flow from operating activities is negatively affected by the increase in new sales of unit linked assurance products. This gives rise to an initial net payment by Skandia, which is offset by the revenues the company receives over the term of the policies. In addition, cash flow in 2003 has been negatively affected by the settlement of SEK 0.5 billion in accrued expenses during the first quarter.

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

³⁾ Cash flow from investing activities includes the payment for the American Skandia transaction, net after deducting assumed loans. In addition, it also includes SEK 1.3 billion in investment assets. Prudential Financial's takeover of American Skandia's liquid assets of SEK 1.5 billion at the time of the acquisition has been reported as a negative item in cash flow from investing activities in American Skandia and thus does not affect cash flow for the group excluding American Skandia.

⁴⁾ The net amount of capital contributions and changes in internal loans to American Skandia prior to Prudential Financial's acquisition on 1 May 2003.

⁵⁾ Cash flow from financing activities includes the repayment of SEK 3.0 billion in loans and a positive cash flow of SEK 0.8 billion from currency hedging.

NET ASSET VALUE

SEK million	2003	2002
	30 June	31 Dec.
Shareholders' equity	14,562	15,238
Deferred taxes, net	1,842	2,000
Surplus value of unit linked business in force after deferred tax	10,512	9,670
Other surplus values	109	125
Net asset value	27,025	27,033
Subordinated loans	849	1,058
Risk-bearing capital	27,874	28,091

CHANGE IN NET ASSET VALUE AND SHAREHOLDERS' EQUITY

SEK million	Net asset value	Shareholders' equity	
	2003	2003	2002
	30 June	30 June	31 Dec.
Opening balance	27,033	15,238	20,538
Operating result/Result before taxes	1,282	148	-7,213
Income taxes	-139	-84	2,891
Change in surplus value of bonds	-11	-	-
Deferred tax on surplus value of unit linked business in force	-56	-	-
Dividend	-307	-307	-307
Translation differences	-797	-453	-695
Minority interests	20	20	24
Closing balance	27,025	14,562	15,238

**PROFIT AND LOSS ACCOUNT
(according to Swedish GAAP)**

SEK million	American Skandia								
	Group excluding American Skandia			(discontinued operations) ⁸⁾			Group ⁸⁾		
	2003 6 mos.	2002 6 mos.	2002 12 mos.	2003 6 mos.	2002 6 mos.	2002 12 mos.	2003 6 mos.	2002 6 mos.	2002 12 mos.
Technical account, property & casualty insurance business									
Premiums earned, net of reinsurance	225	211	434	-	-	-	225	211	434
Allocated investment return transferred from the non-technical account	17	20	21	-	-	-	17	20	21
Claims incurred, net of reinsurance	-153	-148	-309	-	-	-	-153	-148	-309
Operating expenses	-79	-84	-164	-	-	-	-79	-84	-164
Technical result, property & casualty insurance business	10	-1	-18	-	-	-	10	-1	-18
Technical account, life assurance business									
Premiums written, net of reinsurance	27,005	28,030	55,537	7,849	16,704	31,756	34,854	44,734	87,293
Investment income, including unrealized changes in value	14,542	-15,698	-44,563	5,625	-18,808	-32,798	20,167	-34,506	-77,361
Claims incurred, net of reinsurance	-11,031	-12,774	-23,107	-8,569	-14,409	-29,569	-19,600	-27,183	-52,676
Change in other technical provisions where the investment risk is borne by the life assurance policyholders	-29,011	2,413	15,535	402	18,277	34,059	-28,609	20,690	49,594
Operating expenses ¹⁾²⁾	-2,682	-2,682	-5,295	-751	-1,919	-5,882	-3,433	-4,601	-11,177
Change in CARVM offset ¹⁾	-	-	-	11	73	566	11	73	566
Other technical provisions	1,691	1,467	3,209	-4,367	-432	-1,116	-2,676	1,035	2,093
Technical result, life assurance business	514	756	1,316	200	-514	-2,984	714	242	-1,668
Non-technical account									
Investment income, including unrealized changes in value	291	222	509	-88	244	448	101	215	510
Financing costs	-89	-137	-224	-246	-407	-723	-233	-293	-500
Mutual funds	-119	-141	-284	-22	-2	-55	-141	-143	-339
Other operations	-96	-13	-118	-	-	-	-96	-13	-118
Amortization of goodwill	-83	-106	-246	-	-	-	-83	-106	-246
Structural costs	-56	-59	-136	-	-	-	-56	-59	-136
Joint-group management expenses	-256	-209	-433	-	-	-	-256	-209	-433
Items affecting comparability ³⁾	-93	2,016	1,566	281	-	-5,831	188	2,016	-4,265
Pre-tax result	23	2,328	1,932	125	-679	-9,145	148	1,649	-7,213
Current and deferred tax ⁴⁾	-84	-302	599	-	297	2,292	-84	-5	2,891
Minority interests in result for the period	20	14	24	-	-	-	20	14	24
Result for the period	-41	2,040	2,555	125	-382	-6,853	84	1,658	-4,298
Key ratios									
Average number of shares before dilution, millions	1,024	1,024	1,024	-	-	-	1,024	1,024	1,024
Average number of shares after dilution, millions ⁵⁾	1,024	1,027	1,024	-	-	-	1,024	1,027	1,024
Earnings per share before dilution, SEK	-0.04	1.99	2.50	-	-	-	0.08	1.62	-4.20
Earnings per share after dilution, SEK ⁶⁾⁷⁾	-0.04	1.99	2.50	-	-	-	0.08	1.61	-4.20
Direct yield, %	-	-	-	-	-	-	1.3	0.8	1.6
Total return, %	-	-	-	-	-	-	0.3	-0.1	-0.9

¹⁾ In the US operations, DAC is carried net of the "CARVM offset", broadly representing the present value of the lesser of surrender and other charges. Currently, the CARVM offset is primarily affected by account values, and thus a reduction in account value reduces the CARVM offset.

²⁾ Of which, change in DAC SEK 567 million as per June 2003, SEK 636 million as per June 2002 and SEK 1,615 million as per Dec. 2002 for the Group excluding American Skandia.

³⁾ The American Skandia transaction was carried out according to set terms, which entails that the Skandia group is not affected by the result of American Skandia's operations in 2003. By means of the caption "items affecting comparability" as per June 2003, totalling SEK 156 million, American Skandia's underlying result is balanced out in accordance with the above. In addition to this, SEK 125 million has been added to the result, pertaining to translation differences. Since the accumulated translation differences have been transferred from retained earnings to profit for the year, total shareholders' equity is not affected.

⁴⁾ The result before tax includes non-taxable income. In addition, a reduction in deferred income tax expense of approximately SEK 450 million and a corresponding reduction in deferred tax liability were recorded during Q2 2002. The reduction in liability was due to tax deficits having arisen, against which taxable differences may be offset.

⁵⁾ Data on the number of shares after dilution takes into account Skandia's stock option programme for the years 2000-2003 to the extent it has entailed any dilution.

⁶⁾ According to recommendation RR18 of the Swedish Financial Accounting Standards Council, the dilutive effect is calculated if the key ratio "Earnings per share" deteriorates.

⁷⁾ Earnings per share are calculated as the result for the period divided by the average number of shares outstanding.

⁸⁾ The operations of American Skandia are reported among discontinued operations in accordance with Swedish Financial Accounting Standards Council recommendation RR 19, "Discontinued operations." This recommendation prescribes that discontinued operations are to be consolidated as usual according to the applicable rules, but also that disclosures about the operations are to be reported separately. Prudential Financial's acquisition of American Skandia was completed on 1 May 2003 and consequently, only the first 4 months of operations are included in the consolidated profit and loss account for the Skandia group.

**PROFIT AND LOSS ACCOUNT
(according to Swedish GAAP)**

SEK million	Americian Skandia					
	Group excluding Americian Skandia		(discontinued operations) ⁸⁾		Group ⁸⁾	
	2003 Q2	2002 Q2	2003 Q2	2002 Q2	2003 Q2	2002 Q2
Technical account, property & casualty insurance business						
Premiums earned, net of reinsurance	115	106	-	-	115	106
Allocated investment return transferred from the non-technical account	8	10	-	-	8	10
Claims incurred, net of reinsurance	-75	-80	-	-	-75	-80
Operating expenses	-41	-52	-	-	-41	-52
Technical result, property & casualty insurance business	7	-16	-	-	7	-16
Technical account, life assurance business						
Premiums written, net of reinsurance	14,234	13,855	2,003	8,736	16,237	22,591
Investment income, including unrealized changes in value	20,747	-18,864	7,478	-17,815	28,225	-36,679
Claims incurred, net of reinsurance	-5,942	-6,420	-2,182	-7,360	-8,124	-13,780
Change in other technical provisions where the investment risk is borne by the life assurance policyholders	-28,418	12,017	-2,693	17,490	-31,111	29,507
Operating expenses ¹⁾²⁾	-1,357	-1,469	15	-1,111	-1,342	-2,580
Change in CARVM offset ¹⁾	-	-	-113	269	-113	269
Other technical provisions	861	1,061	-3,997	-681	-3,136	380
Technical result, life assurance business	125	180	511	-472	636	-292
Non-technical account						
Investment income, including unrealized changes in value	203	24	-115	235	61	136
External financing costs	-50	-31	-120	-199	-143	-107
Mutual funds	-52	-85	-2	-2	-54	-87
Other operations	-63	-19	-	-	-63	-19
Amortization of goodwill	-41	-56	-	-	-41	-56
Structural costs	-53	-39	-	-	-53	-39
Joint-group management expenses	-124	-120	-	-	-124	-120
Items affecting comparability ³⁾	-93	2,016	-149	-	-242	2,016
Pre-tax result	-141	1,854	125	-438	-16	1,416
Current and deferred tax ⁴⁾	-36	-117	-	191	-36	74
Minority interests in result for the period	9	8	-	-	9	8
Result for the period	-168	1,745	125	-247	-43	1,498
Key ratios						
Average number of shares before dilution, millions	1,024	1,024	-	-	1,024	1,024
Average number of shares after dilution, millions ⁵⁾	1,025	1,025	-	-	1,025	1,025
Earnings per share before dilution, SEK	-0.16	1.71	-	-	-0.04	1.46
Earnings per share after dilution, SEK ⁶⁾⁷⁾	-0.16	1.70	-	-	-0.04	1.46

¹⁾ In the US operations, DAC is carried net of the "CARVM offset", broadly representing the present value of the lesser of surrender and other charges. Currently, the CARVM offset is primarily affected by account values, and thus a reduction in account value reduces the CARVM offset.

²⁾ Of which, change in DAC SEK 323 million in Q2 2003 and SEK 197 million in Q2 2002 for the Group excluding American Skandia.

³⁾ The American Skandia transaction was carried out according to set terms, which entails that the Skandia group is not affected by the result of American Skandia's operations in 2003. By means of the caption "item affecting comparability" in Q2 2003, totalling SEK -274 million, American Skandia's underlying result is balanced out in accordance with the above. In addition to this, SEK 125 million has been added to the result, pertaining to translation differences. Since the accumulated translation differences have been transferred from retained earnings to profit for the year, total shareholders' equity is not affected.

⁴⁾ The result before tax includes non-taxable income. In addition, a reduction in deferred income tax expense of approximately SEK 450 million and a corresponding reduction in deferred tax liability were recorded during Q2 2002. The reduction in liability was due to tax deficits having arisen, against which taxable differences may be offset.

⁵⁾ Data on the number of shares after dilution takes into account Skandia's stock option programme for the years 2000-2003 to the extent it has entailed any dilution.

⁶⁾ According to recommendation RR18 of the Swedish Financial Accounting Standards Council, the dilutive effect is calculated if the key ratio "Earnings per share" deteriorates.

⁷⁾ Earnings per share are calculated as the result for the period divided by the average number of shares outstanding.

⁸⁾ The operations of American Skandia are reported among discontinued operations in accordance with Swedish Financial Accounting Standards Council recommendation RR 19, "Discontinued operations." This recommendation prescribes that discontinued operations are to be consolidated as usual according to the applicable rules, but also that disclosures about the operations are to be reported separately. Prudential Financial's acquisition of American Skandia was completed on 1 May 2003 and consequently, only the first 4 months of operations are included in the consolidated profit and loss account for the Skandia group.

GROUP EXCLUDING AMERICAN SKANDIA

OPERATING RESULT

SEK million

2003 6 mos.	Unit linked assurance	Mutual funds	Life assurance	Other busi- nesses	Group exp.	P&C insur- ance	Items affecting comparability	Operating result
<i>Technical result</i>								
P&C insurance				-7		17		10
Life assurance	470		44					514
<i>Non-technical result</i>								
Investment income	102			104		-17		189
Internal interest ¹⁾				102				102
Financing costs	-8	-3		-78				-89
Change in surplus value of unit linked business in force	1,134							1,134
Mutual funds		-119						-119
Other businesses			-1	-95				-96
Amortization of goodwill			-4	-79				-83
Structural costs					-56			-56
Joint-group management expenses					-256			-256
Items affecting comparability							-93	-93
Operating result ²⁾	1,698	-122	39	-53	-312	0	-93	1,157
Of which, change in surplus value of unit linked business in force	-1,134							-1,134
Pre-tax result ³⁾	564	-122	39	-53	-312	0	-93	23

2002 6 mos.	Unit linked assurance	Mutual funds	Life assurance	Other busi- nesses	Group exp.	P&C insur- ance	Items affecting comparability	Operating result
<i>Technical result</i>								
P&C insurance				-21		20		-1
Life assurance	673		83					756
<i>Non-technical result</i>								
Investment income	38			-47		-20		-29
Internal interest ¹⁾				251				251
Financing costs	-9	-4		-124				-137
Change in surplus value of unit linked business in force	-106							-106
Mutual funds		-141						-141
Other businesses				-13				-13
Amortization of goodwill			-4	-102				-106
Structural costs					-59			-59
Joint-group management expenses					-209			-209
							2,016	2,016
Operating result ²⁾	596	-145	79	-56	-268	0	2,016	2,222
Of which, change in surplus value of unit linked business in force	106							106
Pre-tax result ³⁾	702	-145	79	-56	-268	0	2,016	2,328

¹⁾ Includes internal interest income from American Skandia.

²⁾ According to the embedded value method.

³⁾ According to Swedish GAAP.

GROUP INCLUDING AMERICAN SKANDIA

OPERATING RESULT

SEK million

2003 6 mos.	Unit linked assurance	Mutual funds	Life assurance	Other busi- nesses	Group exp.	P&C insur- ance	Items affecting comparability	Operating result
<i>Technical result</i>								
P&C insurance				-7		17		10
Life assurance	670		44					714
<i>Non-technical result</i>								
Investment income	14			104		-17		101
Financing costs	-254	-3		24				-233
Change in surplus value of unit linked business in force	1,134							1,134
Mutual funds		-141						-141
Other businesses			-1	-95				-96
Amortization of goodwill			-4	-79				-83
Structural costs					-56			-56
Joint-group management expenses					-256			-256
Items affecting comparability							188	188
Operating result ¹⁾	1,564	-144	39	-53	-312	0	188	1,282
Of which, change in surplus value of unit linked business in force	-1,134							-1,134
Pre-tax result ²⁾	430	-144	39	-53	-312	0	188	148
<hr/>								
2002, 6 mos.	Unit linked assurance	Mutual funds	Life assurance	Other busi- nesses	Group exp.	P&C insur- ance	Items affecting comparability	Operating result
<i>Technical result</i>								
P&C insurance				-21		20		-1
Life assurance	159		83					242
<i>Non-technical result</i>								
Investment income	282			-47		-20		215
Financing costs	-416	-4		127				-293
Change in surplus value of unit linked business in force	-1,289							-1,289
Mutual funds		-143						-143
Other businesses				-13				-13
Amortization of goodwill			-4	-102				-106
Structural costs					-59			-59
Joint-group management expenses					-209			-209
Items affecting comparability							2,016	2,016
Operating result ¹⁾	-1,264	-147	79	-56	-268	0	2,016	360
Of which, change in surplus value of unit linked business in force	1,289							1,289
Pre-tax result ²⁾	25	-147	79	-56	-268	0	2,016	1,649

¹⁾ According to the embedded value method.

²⁾ According to Swedish GAAP.

BALANCE SHEET SUMMARY

SEK billion

	Group		American Skandia (discontinued operations)	Pro forma excl. USA
	2003 30 June	2002 31 Dec.	2002 31 Dec.	2002 31 Dec.
Assets				
Intangible assets	2.8	3.1	0.0	3.1
Shares in associated companies	0.0	0.0	-	0.0
Investments ³⁾	25.5	24.5	4.0	25.8
Investments, unit linked assurance	221.7	391.4	189.9	201.5
Reinsurers' share of technical provisions ¹⁾	0.5	10.4	15.2	0.3
Assets in bank operations and finance companies	43.5	39.4	-	39.4
Debtors	4.2	3.6	0.8	2.9
Tangible assets	0.4	0.7	0.2	0.5
Cash at bank and in hand	2.3	4.5	2.0	9.2
Other assets	0.0	0.0	-	0.0
Deferred acquisition costs ^{1) 4)}	7.9	11.7	4.2	7.7
Other prepayments and accrued income	0.7	0.8	0.1	0.7
Assets	309.5	490.1	216.4	291.1
Shareholders' equity, provisions and liabilities				
Shareholders' equity	14.6	15.2	1.1	15.2
Minority interests	0.1	0.1	-	0.1
Subordinated loans ²⁾	0.8	1.1	-	1.1
Technical provisions ¹⁾	23.2	20.9	0.8	25.2
Provisions, unit linked assurance ¹⁾	213.4	376.5	183.7	192.8
Liabilities in bank operations and finance companies ²⁾	40.6	36.7	-	36.7
Deferred tax liability	2.2	2.5	0.1	2.4
Other provisions	1.6	7.2	5.2	2.0
Borrowings ²⁾	3.4	8.5	7.9	6.2
Deposits from reinsurers	2.3	12.0	15.5	1.7
Other creditors	6.1	6.4	0.8	5.8
Reinsurers' share of deferred acquisition costs ¹⁾	0.0	0.5	0.7	0.0
Other accruals and deferred income	1.2	2.5	0.6	1.9
Shareholders' equity, provisions and liabilities	309.5	490.1	216.4	291.1

Notes to the balance sheet on next page.

NOTES TO THE BALANCE SHEET SUMMARY

SEK billion	Group		American Skandia (discontinued operations)	Pro forma excl. USA
	2003	2002	2002	2002
	30 June	31 Dec.	31 Dec.	31 Dec.
1) Technical provisions, net, after deducting deferred acquisition costs				
Life assurance	11.1	12.3	-	12.3
Unit linked assurance	216.2	362.7	165.8	196.9
Property & casualty insurance	0.9	0.8	-	0.8
Total	228.2	375.8	165.8	210.0
2) Group borrowings, excl. subordinated loans in Skandia Insurance Company Ltd.				
Borrowings as per balance sheet, including subordinated loans	4.2	9.6	7.9	7.3
Additional borrowings by finance companies and bank operations	0.0	0.0	-	0.0
Borrowings, gross	4.2	9.6	7.9	7.3
Less: subordinated loans in Skandia Insurance Company Ltd.	-0.8	-1.1	-	-1.1
Borrowings, net	3.4	8.5	7.9	6.2
3) Investments, current value				
Investments as per balance sheet	25.5	24.5	4.0	25.8
Recalculation to current value	0.6	0.6	-	0.6
Cash at bank and in hand	2.3	4.5	2.0	9.2
Securities settlement claims, net	0.0	0.0	-	0.0
Accrued interest income	0.2	0.3	0.0	0.3
Debt derivatives	-0.2	-0.3	-	-0.5
Total	28.4	29.6	6.0	35.4
Of which:				
Investments, life assurance	12.2	13.5	-	13.5
Investments, unit linked assurance	7.1	8.7	6.0	2.7
Investments, mutual funds	0.4	0.6	-	0.6
Other investment assets	7.9	5.4	-	12.1
Currency derivatives	0.8	1.4	-	1.3
Deposits with ceding undertakings	-	-	-	5.2
Total	28.4	29.6	6.0	35.4
4) Deferred acquisition costs				
Deferred acquisition costs before CARVM offset	7.9	18.5	11.0	7.7
CARVM offset*	0.0	-6.8	-6.8	-
Total	7.9	11.7	4.2	7.7

* See page 18, note 1 for explanation.

RESULT OF OPERATIONS, OTHER BUSINESSES

SEK million	2003 6 mos.	2002 6 mos.	2002 12 mos.
Bankhall ^{1) 2)}	-30	-14	-52
UK	-30	-14	-52
Global Business Development	-2	-10	-9
UK & Asia Pacific	-32	-24	-61
SkandiaBanken ³⁾	58	16	41
Lifeline	3	-19	-37
Other	-55	-4	33
Sweden	6	-7	37
Finance companies	1	7	5
Denmark	1	7	5
Other	-9	-18	-63
Global Business Development	0	-12	-26
Europe	-2	-30	-47
Skandia Bank Switzerland	-96	-59	-164
Global Business Development	-41	-74	-145
Treasury ⁴⁾	48	64	110
Investment income ⁴⁾	63	55	145
Asset Management	-	15	15
Other	7	-3	-35
Unallocated	7	12	-20
Total	-53	-56	-182

¹⁾ Skandia purchased Bankhall in February 2002.

²⁾ The result of operations for Bankhall was SEK 39 million before goodwill amortization of SEK 69 million as per June 2003, SEK 48 million before goodwill amortization of SEK 62 million as per June 2002 and SEK 85 million before goodwill amortization of SEK 137 million as per Dec. 2002.

³⁾ Profit and loss account, SkandiaBanken

SEK million	2003 6 mos.	2002 6 mos.	2002 12 mos.
Net interest income	383	305	657
Net commissions	526	760	1,385
Net result of financial transactions	3	2	13
Other operating income	4	14	52
Total income	916	1,081	2,107
Administrative expenses	-802	-1,009	-1,961
Depreciation and write-downs	-23	-24	-50
Other expenses	-18	-35	-46
Total expenses	-843	-1,068	-2,057
Loan losses	-15	3	-9
Result of operations	58	16	41

⁴⁾ Group Treasury has been divided into Treasury and investment income.

ITEMS AFFECTING COMPARABILITY

SEK million	2003 6 mos.	2002 6 mos.	2002 12 mos.
Capital gain on sale of Skandia Asset Management (SAM)	-	2,016	2,016
Write down of system development costs	-93	-	-90
Restructuring costs ¹⁾	-	-	-360
Total	-93	2,016	1,566

¹⁾ Restructuring costs consist of SEK 308 million in payroll costs and SEK 52 million in other costs. In 2002, SEK 52 million of the provisions for restructuring costs was utilized, and during the first six months of 2003, SEK 129 million was utilized. The remaining provisions for restructuring costs amount to SEK 177 million as per June 30, 2003.

GROUP EXPENSES

SEK million	2003 6 mos.	2002 6 mos.	2002 12 mos.
Structural costs	-56	-59	-136
Joint-group management expenses	-256	-209	-433
Total	-312	-268	-569

STOCK OPTIONS

Of the total 13,333,300 stock options for 2003 that were approved by the Extraordinary General Meeting in May 2002, 2,000,000 pertain to programme A. The maximum grant of 11,333,300 options in programme B has been reduced by 3,833,300, pertaining to American Skandia as a result of Prudential Financial's acquisition of this business. In addition, programme B has been reduced by a further 3,000,000 options in accordance with a decision by the Board of Directors. A total of 6,160,500 options have been granted, including 1,660,500 options in programme A and 4,500,000 options in programme B. The current CEO has not been granted any options. Other senior executives have been granted 625,300 options. The exercise price for the 2003 programme is SEK 20.33.

For further information on the stock option programmes for the years 2000–2003, please refer to the 2002 Annual Report.

KEY RATIOS

	Group excluding			Group		
	American Skandia					
	2003	2002	2002	2003	2002	2002
	6 mos.	6 mos.	12 mos.	6 mos.	6 mos.	12 mos.
Earnings per share before dilution, SEK ¹⁾	-0.04	1.99	2.50	0.08	1.62	-4.20
Earnings per share after dilution, SEK ¹⁾²⁾	-0.04	1.99	2.50	0.08	1.61	-4.20
Operating result per share before dilution, SEK ³⁾	1.13	2.17	1.37	1.25	0.35	-9.23
Net asset value per share, SEK	-	-	-	26.40	35.74	26.41
Shareholders' equity per share, SEK	-	-	-	14.23	20.70	14.89
Share price				21.30	41.80	23.20
Operational return on net asset value % ⁴⁾	7	10	8	3	9	5
Return on adjusted net asset value, % ⁴⁾	4	13	8	-20	3	-24
Return on shareholders' equity, % ⁴⁾	3	8	18	-34	6	-24

	Parent company	
	2003	2002
SEK million	30 June	31 Dec.
Capital base	7,884	8,473
Solvency margin	487	445

For definitions, see page 27.

¹⁾ According to Swedish GAAP.

²⁾ According to recommendation RR18 of the Swedish Financial Accounting Standards Council, the dilutive effect is calculated if the key ratio "Earnings per share" deteriorates.

³⁾ According to the embedded value method.

⁴⁾ The return is based on moving twelve-month figures.

EXCHANGE RATES

SEK	2003	2003	2002	2002	2002
	30 June	31 Mar.	31 Dec.	30 Sept.	30 June
EUR Closing rate	9.19	9.25	9.14	9.16	9.08
EUR Average rate	9.18	9.20	9.15	9.17	9.14
GBP Closing rate	13.21	13.40	14.03	14.58	14.01
GBP Average rate	13.43	13.75	14.58	14.71	14.73
USD Closing rate	8.00	8.48	8.71	9.27	9.19
USD Average rate	8.32	8.58	9.72	9.94	10.18
JPY Closing rate	0.067	0.072	0.073	0.076	0.077
JPY Average rate	0.070	0.072	0.078	0.079	0.079

Average rates indicate the average rates for the period 1 January through the respective book-closing dates in 2003 and 2002.

Glossary

Adjusted net asset value: Consists of net asset value after deduction of net deferred taxes.

Annualized new sales: Periodic premiums recalculated to full-year figures, plus 1/10 of single premiums during the period.

Acquisition costs: Acquisition costs include all costs, both internal and external, that arise in connection with the sale of unit linked assurance products. Acquisition costs are to be deferred (deferred acquisition costs) and amortized according to a schedule that corresponds to the lifetime of the product.

Assets under management: The sum of customers' invested assets and the group's own investment assets, including investment assets in Skandia Liv.

Capital employed: Net asset value, borrowings for investments in subsidiaries and minority interests.

Changes in operative assumptions: Underlying assumptions are compared continuously with the actual outcome. The assumptions are adjusted when necessary. A positive result means that previous assumptions were conservative.

Financial effects: Refers to the deviation of the present value of future revenues from assumptions on fund growth and interest rates, caused by changes in the financial markets.

Funds under management: Customers' invested assets in unit linked assurance, mutual funds and directly distributed funds.

Gross contribution: Unit linked assurance fees after deduction of necessary provision for actuarial risks.

Net asset value: Shareholders' equity as per the balance sheet, net deferred tax liability, surplus values of unit linked business in force after deducting deferred tax, and unrealized changes in the value of fixed-income securities.

Operating result: Pre-tax result as defined by the Swedish Annual Accounts Act for Insurance Companies, plus changes in the surplus value of unit linked business in force.

Outcome compared with operative assumptions: A positive result indicates that the actual outcome for the period was better than previous assumptions, for new as well as existing business.

Premiums earned: Written premium attributable to the period, i.e., premiums written less outward reinsurance premiums, adjusted for the unearned portion of premiums.

Premiums written: Total premiums received during the period or taken up as a receivable at the end of the period.

Result of operations: The operating result for the core business, excluding financial effects in unit linked assurance and items affecting comparability.

Surplus value of unit linked business in force (VBIF): The present value of calculated future surpluses from the annual fees paid by policyholders according to contracts in force. The group's operating result includes the change in these surplus values for the period.

Technical result, life assurance: The balance on the technical account for life assurance, including direct investment income and changes in value of investments transferred from the non-technical account.

Technical result, property & casualty insurance: Premiums earned less claim costs and operating expenses, plus the allocated investment return transferred from the non-technical account.

Value-added from operations (unit linked assurance): The result of operations for unit linked assurance excluding costs for establishment, other overheads and financial effects.

Key Ratios

Capital base: For life insurance operations the capital basis consists of paid in share capital, half of what not yet paid in share capital, other equity, except fund for unrealized profits and untaxed reserves.

Direct yield: Direct investment income (before deducting administrative expenses) as a percentage of a weighted average of the current value of investments.

Earnings per share: Profit for the period divided by the average number of shares outstanding.

Operational return on net asset value: The result of operations for the last 12-month period in relation to average net asset value.

Profit margin: The present value of new business for the year in relation to total annualized new sales.

Return on adjusted net asset value: Operating result for the last 12-month period plus other changes in surplus value, less current and deferred taxes and minority shares, in relation to adjusted average net asset value.

Return on shareholders' equity: Result for the last 12-month period in relation to average shareholders' equity.

Solvency margin: Solvency margin represents the minimum capital base level required to conduct insurance business in accordance with the current legislation. Solvency capital is determined based on the size and nature of conducted business.

Total return: The sum of direct investment income (before deducting administrative expenses) and realized and unrealized changes in value, expressed as a percentage of a weighted average of the current value of investments.