



Stockholm, 31 January 2001

PRESS RELEASE

Continued strong growth in Baltic States – recovery in Poland

Estonia and Poland first in line for EU membership, contend SEB economists

The Baltic Rim economies – Estonia, Latvia, Lithuania and Poland – are moving toward strong growth during 2001 and 2002, despite somewhat weaker international demand. Estonia and possibly Poland could become members of the EU as early as 2004, according to Baltic Outlook, SEB's economic report for the Baltic States and Poland.

The adverse consequence of the slowing in the US and the global stock market decline will be limited for the Baltic countries and Poland. This is due to the low level of share savings in the countries, the small amount of exports to the US and that moderate effects are expected in Western Europe.

Estonia's growth will be balanced during the period. Recovery from the Russia crisis is attributable to higher exports. However, domestic demand has also developed favourably and investments are now accelerating. High unemployment is a problem. GDP will rise 5.5 per cent this year and 5 per cent next year, according to the SEB report. Political stability is foreseen through to the next parliamentary elections.

Latvia's economy has evenly distributed growth and low inflation. Exports have not increased as sharply as in the other Baltic States. A more austere fiscal policy is resulting in a slowing of the balance of trade deficit. Growth is projected at 4.5 to 5 per cent in the years immediately ahead. The political situation is unstable and the government could fall.

Lithuania is recovering slowly from the Russian crisis, with increased exports as the driving force. There is no risk for devaluation when the lita (LTL) is linked to the euro (EUR) next year. GDP is projected to grow by 3.5 per cent this year and 4.5 per cent next year. The risk of a change in government is high.

Poland's austere monetary policy has cooled domestic demand. Inflation is falling and the balance of trade deficit is declining. Large interest rate cuts are expected. Growth will increase by 4 per cent this year and 5 per cent next year.

SEB is a major shareholder in three Baltic banks: Eesti Ühispank with 390,000 customers, 70,000 e-banks customers and 64 branch offices in Estonia, Latvijas Unibanka with 318,600 customers, 27,000 e-banks customers and 70 branch offices in Latvia and Vilniaus Bankas with 244,500 customers, 11,000 e-banks customers and 60 branch offices in Lithuania. SEB owns 32 per cent of the shares in the Polish bank Bank Ochrony Srodowiska, BOS. SEB is a financial group focused on e-banking, savings and growth companies. The Group has approximately 20,000 employees and is represented in some 20 countries around the world. SEB has today approximately 630 retail and private banking branches, mainly in Sweden, Germany and the Baltic region and 850,000 e-banking customers in six countries. SEB started recently an online brokerage service in Germany and will start e-banking in England and Norway this year. Read more about SEB: www.seb.net

For further information, please contact:

Mikael Johansson, Baltic analyst and publisher of the Baltic Report, +46 8 763 80 93, +46 70 372 28 26.