

Report on 2000 Annual Accounts

ALL-TIME HIGH EARNINGS

- 2000 – a year of growth.
- Integration of the German BfG Bank, acquisition of the Baltic banks and a stake in the Polish Bank BOS.
- Number of employees now 21,500 (13,000).
- Number of e-banking customers 800,000 (390,000)
- The Group's total result* increased by 34 per cent to SEK 10,080 M (SEK 7,497 M).
- Operating result rose by 72 per cent to SEK 8,800 M (SEK 5,122 M). Operating result for comparable entities excluding one-off items rose by 59 per cent.
- Return on equity was 16.5 per cent (17.2 per cent) based on total result* after tax and 16.9 per cent (14.6 per cent) based on the operating result for the year.
- Earnings per share improved by 35 per cent to SEK 9.43 (SEK 6.96).
- Assets under management amounted to SEK 910 billion (SEK 702 billion).
- Income in the fourth quarter from all areas was record high; record results in Retail Distribution and Merchant Banking.
- Costs in the fourth quarter were above previous quarters, partly due to increased bonuses and partly attributable to IT- and e-banking costs.
- A dividend of SEK 4.00 (SEK 3.50) is proposed - an increase of 14 per cent.

* Operating result plus change in surplus values in life insurance operations and pension settlements/provisions.

President's Statement

Year 2000 was an eventful period both within and outside SEB. Markets were characterised by a generally strong economic climate but with roller-coaster conditions in the world's stock markets. Although stock prices declined towards the end of the year, 2000 as a whole, including the fourth quarter, was marked by major activity in the markets, which had a favourable effect on SEB's income and result.

Work within SEB was characterised by the strong expansion. The German BfG Bank was consolidated from the beginning of the year and the shares outstanding in the three Baltic banks were acquired towards the end of the year. The acquisition of a block of shares in the Polish Bank Ochrony Srodowiska, BOS, signified the closing of our Baltic circle. But in addition to this acquisition-based geographic expansion, we also invested in organic growth in new markets during the year through the development of new e-banking and e-brokerage services. Against the background of the weaker market trend, the year's total result of SEK 10,080 M was gratifyingly strong.

The fourth quarter was strong in all income areas, especially regarding net result of financial transactions. However, the change in surplus value was influenced by negative financial effects due to the downturn of the stock market. Nevertheless, income in the fourth quarter

was above previous quarter. Also costs for the fourth quarter were higher than in previous quarters. These higher costs are attributable to IT-costs and to bonuses as a consequence of the good result. The costs for e-banking and e-banking related IT-costs surged mainly because of costs for the pan-European e-banking platform. The UK e-banking and e-brokerage service opened in early February at www.seb.co.uk and the Norwegian service will open later this spring.

All in all SEB had a completely different form at the end of 2000, compared with the end of 1999. The number of employees had been increased from 13,000 to 21,500, and the proportion of employees in Sweden decreased from 75 per cent to 45 per cent. The base in the Nordic countries within Nordic Banking and Asset Management & Life has shown great strength during the year. From that base we have expanded our core business geographically into the Baltic states and Germany. The third development phase within SEB is the growth into new markets with totally new concepts - our introductions of e-banking services in Denmark, the UK and Norway.

Increasingly strong base

Nordic Banking has successfully continued rationalisation and efficiency programs during the year. Accordingly, increased income was generated within our Nordic Banking operations at the same time as the costs of ongoing operations, excluding result-related personnel costs, continued to decline.

It was particularly gratifying to see the progress made within Retail Distribution and Merchant Banking, which achieved a record result in the final quarter and for the year as a whole. The comprised main group Nordic Banking reached a record 25 per cent return on allocated capital.

Asset Management & Life was adversely affected by the change in surplus values during the fourth quarter. Although this reduced the full-year result, the return on equity was still 19 per cent. Enskilda Securities reported an almost 100-per cent improvement in result, despite the deterioration in conditions during the latter part of the year.

The risk level and thus the volatility in our income continued to decrease for comparable entities.

SEB has closed the circle around the Baltic Sea

SEB has expanded its core area geographically during the year, through the integration of German BfG, the acquisitions of outstanding shares in three Baltic banks as well as a minority share in the Polish Bank BOS. The integration and restructuring of BfG progressed more rapidly and efficiently than expected. The restructuring programme and the sale of subsidiaries resulted in the number of employees being reduced by 660 persons and a decrease in the cost base. Currently, intensive efforts are underway to change the brand to SEB and to increase the level of income in the insurance area, among others.

The three Baltic banks with 4,200 employees are active in less mature markets, where growth within the financial service area is high. Traditional lending and deposits are growing by 20 per cent a year, but it is also interesting to see how fast the e-banking penetration increases. Profitability of the operations in these banks is good. It is also gratifying to see how rapidly these banks have been assimilated in the SEB culture and how smoothly the co-operation is functioning. The acquisition of slightly more than 30 per cent of the BOS reflects a first step for SEB in a large and expanding market.

Development of platform for e-growth

Outside SEB's core businesses on a Nordic base and the geographically extended core, a strategy for exporting our knowledge of e-banking from Sweden was started in 1999. We have in year 2000 built and introduced our pan-European model in Denmark and Germany and in early 2001 in the UK. In contrast to markets for physical goods, e-banking and e-brokerage operations are continuing to expand. Our experience from the Swedish market shows that such operations also grow profitably.

During 2000, the number of e-banking customers in the SEB Group rose from 390,000 to 800,000, with countries outside Sweden accounting for the greatest growth. SEB now has e-banking services in seven countries. During the fourth quarter, major efforts were made to prepare for the launch of the pan-European model in the UK and Norway, and to construct a completely new corporate portal for Sweden that will be introduced in March 2001. During 2000, the total central costs for e-banking development amounted to SEK 946 M. E-banking development activities have also been carried out in BfG, the Baltic banks and some business areas.

Organised for quality and co-ordination

At the end of the year, the decision was made to implement a new organisation, which has been introduced as from 1 January 2001. The new structure is oriented towards different customers and their various needs in different countries rather than towards products, as previously. Accordingly, we have also co-ordinated our e-banking activities with the various geographic and customer-oriented areas. Internet-based services have become such a large and natural part of all operations that they need to be co-ordinated in a better way with our other banking channels. The objective is to allow our customers to utilise all of the various channels when and how it suits them.

2001 – a year for the consolidation of the new markets

Many experts consider that after a weaker first half, the economy will take an upward turn during the autumn of 2001. In SEB's case, this will probably mean a lower rate of growth on the income side. 2001 will be a year of consolidation for SEB, with continued focus on raising efficiency in the areas of both costs and capital. IT-costs will be kept at this level or reduced if the market develops in an unfavourable manner.

GROUP ACCOUNTS

As a result of primarily the acquisition of BfG and the shares outstanding in the three Baltic banks SEB today is an entirely different Group than at year-end 1999. Total assets have increased by 58 per cent and are now comprised 36 per cent of euro compared with 10 per cent at year-end 1999. Countries outside the Nordic region accounted for 45 per cent of income (20 per cent during 1999). Thus the comparability for the underlying trend has been heavily influenced by the addition of new entities. The Group's result for comparable entities is presented in Appendix 1.

Income

Income for comparable entities excluding changes in surplus values was SEK 22,707 M, an increase by 25 per cent, primarily due to increased commission income in all relevant business areas. The change in surplus values within SEB Trygg Life has had a negative impact on the growth-rate due to the dependency on equity markets valuation. The addition of BfG, the Baltic banks and Orkla Enskilda Securities and one-off items has increased the income level to SEK 32,995 M (SEK 21,038 M), an increase by 57 per cent compared with 1999.

Net interest earnings for comparable entities rose by 7 per cent to SEK 7,148 M (SEK 6,674 M), attributable mainly to increased deposit volumes. Including the new entities, total net interest earnings amounted to SEK 11,616 M (SEK 6,858 M).

Net commission income for comparable entities rose by 34 per cent, to SEK 11,006 M (SEK 8,212 M), mainly due to a strong increase in securities commissions as a result of the strong stock market trend at the beginning of the year and the high rate of equity trading turnover in 2000. Commissions related to lending and payments also contributed to the result to a large extent. Including the new entities net commission income amounted to SEK 13,846 M (SEK 8,317 M).

Net result of financial transactions for comparable entities rose by 50 per cent, to SEK 3,004 M (SEK 1,999 M). This was mainly attributable to favourable bond and equity trading, including derivatives. Foreign exchange earnings accounted for SEK 1,368 M (SEK 1,142 M). Including BfG, the Baltic banks and one-off items of SEK 230 M in BfG, net result of financial transactions amounted to SEK 3,552 M, an increase by 75 per cent.

Other operating income includes dividends and amounted to SEK 3,644 M (SEK 2,327 M). Capital gains and other one-off items totalled SEK 1,690 M (SEK 948 M). Of this SEK 262 M was included in the fourth quarter result, mainly attributable to capital gains in connection with sales from the so called venture capital portfolio. Other large one-off items in 2000 are SEK 500 M from the sale of Svensk Exportkredit, SEK 420 M from the sale of the Bank's head office building and SEK 373 M from the transaction with Orkla Finans. Even if capital gains are treated as one-offs, a certain portion of SEB's income continuously has this nature. For 2001 capital gains of more than SEK 500 M has been realised already.

Other one-off items in the Group were SEK 230 M attributable to BfG for the first and second quarters and reported as net result of financial transactions. During the fourth quarter, the result from the sales of debt collection credits to Hoist Kredit AB, SEK 236 M, was reported as recoveries within Retail Distribution. SEK 88 M is a result of a sale of property in the run-off operations. In total one-off items amounted to SEK 2,306 M (SEK 1,275 M).

Change in surplus value in life insurance operations was influenced by the negative financial effects due to the stock market trend and amounted to SEK 337 M (SEK 1,502 M). Sales, that is, new premiums insurance and extra payments on existing insurance, rose by 39 per cent to SEK 12,306 M. This change in surplus value is described in detail in *Appendix 2*.

Costs

Costs for comparable entities was SEK 15,734 M, an increase of 11 per cent or approximately SEK 1,500 M. There are two well-defined underlying causes for this increase. One is that the good results within above all Enskilda Securities, Merchant Banking and Retail Distribution have led to an increase in bonus payments of just over SEK 600 M. The other is the development within IT-operations, where costs including staff costs have increased by more than SEK 600 M. The addition of BfG, the Baltic banks and Orkla Enskilda Securites has raised the cost level to SEK 22,332 M (SEK 14,464 M), an increase of 54 per cent compared to 1999.

The cost structure and levels vary significantly between different sectors of the bank. In Nordic Banking – Retail Distribution, Merchant Banking and SEB Securities Services – the costs have successively been reduced in recent years. During 2000, costs declined somewhat, not taking into account the higher performance-related compensation paid as a result of the sharp earnings improvement in these business areas. The cost/income ratio for Nordic Banking has been improved from 0.62 to 0.53.

In the growth-oriented main group Asset Management & Life as well as in Enskilda Securities, costs rose due to volume growth as well as increases in performance-related compensation. Merely in Enskilda Securities staff costs rose by close to SEK 600 M.

Staff costs

The level of staff costs for comparable entities was SEK 9,355 M, an increase of 13 per cent compared with 1999. This is due to the good results in certain sectors resulting in higher bonus payments. The addition of BfG, the Baltic banks and Orkla Enskilda Securities increased the level of staff costs by 52 per cent to SEK 12,761 M.

The number of full time equivalents employees, measured as an average during the year, increased to 20,368 (13,455).

Part of the cost increase is attributable to pension costs, for which compensation is received from SEB's pension funds. This compensation, which amounted to SEK 943 M (SEK 873 M) in 2000, is a positive item in total costs and includes the pension insurance scheme that replaced the earlier profit-sharing system. In addition, SEB has during the year received a repayment of SEK 62 M from SPP, which has decreased the staff costs.

IT costs

Total costs for IT for comparable entities amounted to SEK 3,688 M, an increase of 22 per cent compared with 1999. The major reason for the increase in IT-costs is the development of e-banking and internet-related areas and the prevailing freeze period during 1999 prior to Y2K. The addition of BfG and the Baltic banks increased the IT-cost level to SEK 4,842 M, about 20 per cent of total costs for SEB. In this definition "IT-costs" is a calculated amount including cost for own personnel engaged in the IT-sector, either in internal IT-companies or directly within the business areas. External IT-cost as specified in the annual accounts, i.e. rental fees for systems and equipment, consulting fees, maintenance etc amounts to SEK 2,338 M. The IT-development has been intense over the whole year with an uneven weight of the cost distribution towards the fourth quarter. The cost level for the first three quarters was around SEK 1,000 M per quarter, whereas the cost in the fourth quarter isolated was SEK 1,695 M. For 2001, IT-costs will be kept at this level or reduced if the market develops in unfavorable direction.

Costs for e-banking

During 2000 SEB has carried out its e-banking activities in a separate management unit classified as a joint Group activity. Running cost for operating the Internet bank has been charged to the business units mainly within the retail operation whereas cost for developing the e-banking activities has been expensed immediately and carried as a joint group cost. Total costs within SEB e-banking amounted to SEK 1,268 M including IT-costs. Of that, SEK 322 M was charged to the business units and the rest – SEK 946 M - was invested jointly for the group but accounted for as expenses during this period. The activity has increased during the year. Cost in the first quarter was only SEK 94 M whereas the cost in the fourth quarter isolated amounted to SEK 464 M, which includes developing costs for the pan-European model in Denmark, Norway and the UK as well as improving the Swedish e-banking set up.

Restructuring reserves

On 31 December 2000, SEK 1,999 M - including SEK 300 M in the current year - of the restructuring reserve of SEK 2,255 M established in the accounts for 1997, had been utilised.

The acquisition of BfG in January 2000 was made at a purchase price below the equity value, which has resulted in a difference of SEK 3.3 billion (negative goodwill). The negative goodwill has been allocated in the accounts for 2000. (*See further Appendix 3*)

Lending losses and doubtful claims

The Group's lending losses, including changes in the value of assets taken over and write-downs, amounted to SEK 890 M, net, of which SEK 730 M, net, pertained to BfG. The level of lending losses was 0.12 per cent. In 1999, the Group's recoveries and withdrawals were greater than the lending losses, including value changes in assets taken over for and write-downs of financial fixed assets. Accordingly, a positive net of SEK 289 M was reported.

During 2000, incurred losses and provision of possible lending losses amounted to SEK 2,658 M (SEK 1,089 M), while recoveries and withdrawals from reserves, including the reserve for political risks abroad amounted to SEK 1,800 M (SEK 1,296 M).

Doubtful claims, net, that is, after provisions of possible lending losses, increased because of the consolidation of BfG and Vilniaus Bankas to SEK 8,365 M (SEK 2,824 M), while the volume of pledges taken over declined to SEK 214 M (SEK 626 M).

The changes were in line with expectations.

Credit exposure

During the year the total credit portfolio increased by almost SEK 374 billion to SEK 926 billion, mainly due to the acquisition of BfG and the consolidation of Vilniaus Bankas. As a consequence of this the overall structure of the credit portfolio has changed. From a geographical point of view, the portfolio has become more diversified and by year-end the Nordic region represented 43 per cent of the total credit portfolio, in comparison with 75 per cent by year-end 1999.

SEB's exposure to telecommunications (defined here as telephone operators and manufacturers of teleproducts, including their respective subcontractors) as well as the IT-sector is well analysed. The exposure of the Group on companies within the tele-communications industry is approximately SEK 12 billion or 1.2 per cent of its total credit exposure. Most of it is related to well-established Nordic companies of excellent credit quality. In addition, SEB takes part in a number of Nordic-related project financing arrangements for major operators, mostly within OECD countries.

The IT-sector represents a very small part of the total credit portfolio, SEK 4 billion, or less than 0.4 per cent. The exposure is, as earlier reported, spread among a large number of companies, where the newly established companies represent a very small portion. *See further Appendix no. 4.*

On 31 December 2000, SEB's exposure in emerging markets amounted to SEK 11,483 M, net, after provision for possible lending losses (SEK 10,405 M).

Large surplus value in pension funds

The total assets in the pension funds amounted in 2000 to SEK 23.2 billion (SEK 25.2 billion), while commitments amounted to SEK 8.0 billion (SEK 7.1 billion). Accordingly the surplus value for 2000 amounted to SEK 15.2 billion.

Options program for 1,000 employees

As in 1999, the Board decided on an options program for Group Management and at the same time broadened it to include about 1,000 senior executives and key persons.

Tax costs

Taxes amounted to SEK 2,856 M (SEK 1,355 M), which yields a weighted tax rate of 29 per cent. Of this amount, SEK 1,730 M (SEK 1,288 M) is taxes paid, SEK 980 M (SEK -209 M) deferred taxes and SEK 146 M (SEK 276 M) taxes for previous years.

Earnings per share and return on equity

The calculation of earnings per share, including/excluding changes in surplus values in life insurance operations, appears in the following table:

	Result incl. change in surplus values		Result excl. change in surplus values	
	2000	1999	2000	1999
Operating result	8,800	5,122	8,800	5,122
Pension provision	943	873	943	873
Change in surplus values	<u>337</u>	<u>1,502</u>		
Total result	10,080	7,497		
Taxes and minority interests	<u>-3,195</u>	<u>-1,832</u>	<u>-3,101</u>	<u>-1,411</u>
Result after tax	6,885	5,665	6,642	4,584
Earnings per share	9:77	8:60	9:43	6:96
(2000: 704 557 680 shares, 1999: 658 503 093 weighted number due to new issue)				
Return	16.5	17.2	16.9	14.6

Risks and capital management

To utilise the Group's capital in the best possible manner and to assess the profitability of the various business areas with greater precision, SEB uses a steering model based on Capital at Risk. Capital at Risk encompasses valuations of the risk for unexpected losses resulting from the Group's business at any given time and is based on statistical probability for various types of risks, that is credit and market risks, insurance risk and operational and residual risks. Capital at Risk is an important component of allocated capital for the business areas. The remaining portion is primarily goodwill that is attributable to acquired companies which is matched by a need for shareholders' equity.

In calculating the return for the business areas, earnings after standard tax, 28 per cent, is placed in relation to the allocated capital.

The bank's risk level has increased due to the consolidation of new subsidiaries. The risk level for each risk type, not taking into account diversification, is summarised below (SEK billion):

	31 Dec, 2000	%	31 Dec. 1999	%
Market risk	3	6	2	6
Credit risk	32	66	22	61
Insurance risk	5	10	5	14
Operations and residual risk	9	18	7	19

The daily Value at Risk (VaR) within the Group exclusive BfG was an average of SEK 47 M during 2000, that is, with 99 per cent probability it is expected that the business area will not lose more than SEK 47 M during a trading day. During the year, this risk varied between SEK 24 M and SEK 86 M. The following table shows the distribution by risk type:

	Min	Max	Average	31 Dec. 2000	31 Dec. 1999
Interest risk	24	75	42	35	52
Currency risk	2	21	8	6	3
Share risk	2	47	14	9	15
Diversification			-17	-19	-18
Total	24	86	47	31	52

Within BfG's marketplace, the corresponding average VaR was SEK 17 M at year-end. During the years, BfG's VaR varied between SEK 8 and 24 M.

An increase in market interest rates by one percentage point at 31 December 2000 would result in a value decline in the Group's interest-bearing assets and liabilities, inclusive derivatives, by SEK 1,600 M (SEK 800 M).

Capital base and capital adequacy

The capital base for the financial group of undertakings (excluding the insurance companies) amounted at year-end 2000 to SEK 53.3 billion (SEK 46.5 billion). Core capital was SEK 36.5 billion (SEK 34.4 billion), of which SEK 1.8 billion constituted core capital contribution. (*For calculation of the capital base see Appendix 5*). The risk-weighted assets amounted to SEK 496 billion (SEK 318 billion). The increase is attributable to the BfG Group and BOS being included in the financial group of undertakings as of 2000. Through ongoing capital efficiency measures with BfG and the rest of the Group, risk-weighted assets were brought to a level of the goal of SEK 495 billion established at the time that BfG was acquired.

The increase in risk-weighted capital is reflected in the decline in the core capital ratio to 7.4 per cent (10.8 per cent) and the total capital ratio of 10.8 per cent (14.6 per cent) compared with the Group's goal to maintain a core capital ratio of at least 7 per cent and a total capital ratio of not less than 10 per cent.

During the year, SEB participated actively in the preparatory work regarding the Basel Committee's and the EU's proposal to change the capital adequacy rules. This work has provided good insight into the changes that are expected. The Group will continually monitor forming of the new rules and successively match the Group's capital situation against the expected capital demands that will arise when the new rules become effective.

Rating

During the fourth quarter of 2000 both Standard & Poor's and Moody's revised their outlooks for SEB from negative to stable. Standard & Poor's motivation was SEB's strong earnings growth in its core markets, the anticipation of stable short and medium term earnings and continued restructuring of BfG. Moody's change reflects mainly BfG's smooth integration into the SEB Group.

Events after the reporting period

At the beginning of 2001, about 1.4 million shares in OM were divested with a capital gain of about SEK 340 M. On 19 February, 2001, SEB held about 0.9 million shares in OM. Simultaneously, BfG has sold shares in Deutsche Börse with a capital gain of approximately EUR 26 M (approximately SEK 230 M).

As of 2001, SEB's operations are organised into six divisions: Personal Banking Sweden, Personal Banking International, BfG, Corporate & Institutions, Investment Management & Life and the Baltic States & Poland. The distribution is based mainly on SEB's customers and their needs.

The Board will propose to the Annual General Meeting on 5 April 2001 that SEB acquire own shares in the securities portfolio.

Dividend

The Board of Directors proposes a dividend of SEK 4.00 (SEK 3.50) per Series A and Series C share, corresponding to 40.9 per cent of earnings per share. The total dividend amounts to SEK 2,818 M (SEK 2,466 M). The last day for trading in SEB cum dividend is Thursday 5 April, 2001.

Stockholm, 20 February, 2001

Lars H Thunell

President and Group Chief Executive

The interim report for January-March 2001 will be published on 4 May, 2001. The printed version of the annual report will be distributed in the second half of March. Annual General Meeting will be held on 5 April 2001. SEB's reports are available on the Internet (www.seb.se; www.seb.net).

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RESULT BY MAIN GROUP

Nordic Banking

The result for Nordic Banking, which consists of Retail Distribution, Merchant Banking and SEB Securities Services, was highly favourable in 2000. The fourth quarter result was the best of all quarters during 2000, SEK 1,829 M, despite the financial market slow-down. Result for the full year rose by 36 per cent to SEK 6,325 M (SEK 4,658 M).

Total income increased by 20 per cent to SEK 13 780 M, while costs rose by 2 per cent to SEK 7,264 M. Excluding performance related remuneration, the cost level declined 1 per cent.

The higher income and the increased focus on cost control has improved the cost income ratio, to 0.53 (0.62).

All business areas within Nordic Banking have been working hard improving their customer relations, decreasing risks and volatility earnings and a more efficient use of the capital.

The average number of employees decreased by 200, to approximately 6 300.

SEB's market share of total deposits from the general public in Sweden decreased to 20.6 per cent (21.2 per cent), while the share of deposits from households increased to 13.9 per cent (13.3 per cent).

The Group's share of total lending to the general public was 14.3 per cent (14.8 per cent). The market share of the household market was 11.5 per cent (11.9 per cent) and the share on the corporate market 15.9 per cent (16.7 per cent).

Retail Distribution – Restructuring beginning to pay off

The profitability of the Retail Distribution business area has for some years been weighted down by investments in necessary restructuring measures. The development in e-banking, restructuring of the branch office network, competence development and efficiency measures in processes and technical systems are a few examples. During the year 2000, however, these efforts began to show result.

The implementation of a new working model within the branch offices - aiming for improved customer service and efficiency - is a key element in this change process. The appreciation for this new concept has been clear in the customer surveys done at more than 100 SEB-branches that so far have accomplished our internal "certification".

The total result for Retail Distribution in 2000 was SEK 2,659 M - an increase by 52 per cent in comparison with 1999 (SEK 1,752 M).

The result is to a large extent built on a strong income development, especially during the strong market period of the first months of 2000. But also in a year-to-year comparison, both net interest earnings, up 17 per cent, and net commissions, up 19 per cent, has decidedly improved. Return on allocated capital increased to 23.3 per cent (16.1 per cent).

During 2000, a number of measures has been taken to improve the business area's costs and operational efficiency: The closing down of 51 branch offices; the securitisation of mortgage loans; outsourcing of write-off debt collection as well as central cash handling. As a result, the number of employees within Retail Distribution has decreased by 450.

Despite the high growth in business volume, the business area's costs were largely unchanged compared with 1999, not taking into account the high performance-related compensation as a result of the favourable earnings. Cost/income ratio has thus improved to 0.59 (0.67).

Merchant Banking- Best quarter to date making 2000 a record year

The fourth quarter 2000 was the strongest quarter since the formation of Merchant Banking, with a total result of SEK 976 M. The stable growth in customer related income continued, SEK 5,165 M compared to SEK 4,203 M for the full year 1999. Total income level rose by 22 per cent, to SEK 6,129 M. Total result for the full year improved by 24 per cent, to SEK 3,019 M, despite last year's recoveries of SEK 442 M due to writebacks of primarily Russian provisions. Excluding recoveries/lending losses, the underlying total result

increased by 54 per cent. The return on allocated capital increased to 23.1 per cent compared to 17.3 per cent on average capital in 1999.

In 2000, SEB strengthened its position as the leading Nordic merchant bank with both increased market shares and higher quality rankings. For example SEB had the highest market share of foreign exchange in Sweden according to the Central Bank of Sweden. Also in the field of sales of new Equity Index linked bonds on the SOX a very high market share of 32 per cent was reached. The position as the number one bank in Export Letter of Credit was reinforced and the market share was 37 per cent, according to the Central Bank of Sweden.

The increased customer-related income is a consequence of Merchant Banking's core objective of enabling change and adding value to its customers. The achievement within Debt Capital Markets has continued in year 2000 and the annual growth rate for the last couple of years has been well above 50 per cent. Securities Finance and Acquisition Finance have continued to move forward and are now well established players in their markets. Also the cash management area had a very good year with a number of successfully concluded Euro cash pool deals as well as other cash management deals. Merchant Banking's Foreign Exchange business had yet another prosperous year, despite strong competition in the European market, and was ranked second in Europe on foreign exchange quality in a recent survey conducted by Greenwich Associates.

The venture capital unit SEB Företagsinvest continued to make profitable exits – generating capital gains of SEK 143 M - as well as new promising investments in the fourth quarter. The deal flow was strong and the portfolio by year-end consisted of SEK 360 M invested in 28 companies.

The development of Internet-based customer tailored services has top priority within Merchant Banking and in the fourth quarter a number of new solutions reached the market. New and enhanced cash management functionality as well as "Prime Brokerage" functionality was launched.

The growth in foreign exchange-deals executed via Trading Station continued and new records have been set in both absolute numbers as well as in relation to manual deals. During the fourth quarter, an automated currency exchange solution, TSAX (Trading Station Automated Exchange), was launched in Trading Station. It will allow clients, portals, exchanges, Internet brokers, etc. to execute foreign exchange-deals in real-time. Trading Station was also ranked as the world's second best Internet solution for foreign exchange dealing in Euromoney's annual survey 2000. Debt Capital Markets also launched its first "e-bond" over the Internet. The pipeline of further new Internet-based services is strong and a variety of new solutions will be introduced during 2001.

The cost income ratio improved to 0.50 compared to 0.60 in 1999. The underlying cost level (i.e. total costs excluding performance related remuneration) decreased by 5 per cent. This was mainly achieved through a number of successful efficiency programmes in the international network. Total costs, including remuneration, was held at the same level as in 1999. Costs are constantly monitored – it is of utmost importance to have cost control and efficiency in all operations at all times. Investments in growth areas will also in the future be financed through efficiency actions taken in mature as well as non-core areas.

Net credit losses for the full year 2000 were on a very low level, partly due to recoveries, and the outlook for Merchant Banking's credit portfolio is still good. The daily average Value-at-Risk was down by 50 per cent, from SEK 92 M to SEK 46 M. The reduction is partly due to a

deliberately lower risk taking but also to lower volatility in the markets. A long-term sustainable level would be between SEK 50-100 M.

The allocated capital has been reduced in 2000. The work to reduce Merchant Banking's overall capital need will continue in year 2001 and capital employed in low return and non-growth areas will be cut back and to some extent reinvested in growing high return areas, such as capital market products.

SEB Securities Services – top-rated custodian

At the end of year 2000, SEB Securities Services held SEK 2,152 billion (SEK 2,211 billion) in Swedish and foreign assets under custody. Transaction volumes escalated to 3.6 million (2.1 million) an increase of more than 70 per cent. The total result increased by 36 percent to SEK 661 M. During the year, SEB Securities Services expanded its operations in Helsinki, Copenhagen and Oslo.

Market share remained stable, between 30 and 75 per cent in the various segments. The market share of cross-border transactions was 90 per cent.

In 2000, SEB Securities Services was rated number one in Sweden by the Global Custodian Magazine and as number four in Europe by the magazine Global Investor.

Asset Management & Life

The total result for this main group - consisting of SEB Invest & Funds, Private Banking and SEB Trygg Life - amounted to SEK 2,117 M (SEK 2,600 M). All business areas have shown a strong development in all respects with exception for the negative financial consequences that arise in the change in surplus values in life operations due to the development of stock market. The result was negatively effected by the deterioration in surplus value in life insurance operations, particularly during the fourth quarter.

The group's revenues, including change in surplus values, increased by 4 per cent. Excluding these changes, income rose by 33 per cent. This was due, among other things, to the upturn on the stock exchange in the early part of the year, as well as favourable new business for life insurance. Costs increased by 23 per cent.

At 31 December 2000, the SEB Group's total assets under management amounted to SEK 910 billion, of which BfG accounted for SEK 115 billion and Asset Management accounted for SEK 795 billion (SEK 702 billion). Of the latter amount, portfolio management accounted for SEK 343 billion (SEK 274 billion), traditional life insurance (including Codan) for SEK 255 billion (SEK 228 billion), mutual funds for SEK 136 billion (SEK 143 billion) and unit linked insurance for SEK 61 billion (SEK 57 billion). Assets under management increased by 13 per cent since year-end 1999.

SEB's share of Sweden's total savings market – mutual funds, unit-linked, traditional life insurance etc but excluding directly owned shares – at the end of 2000 was 19.2 per cent (21,5 per cent).

SEB participated in the premium pension selection process with 19 funds and obtained a market share of 4 per cent. This was below its own expectations and those of the market. One of the main reasons is considered to be that SEB's recently started mirror funds (identical to funds outside PPM) did not show a historic return in PPM's fund catalogue which was an important factor when people made their choice.

SEB Invest & Fonder

SEB Invest & Funds (previously reported together with Private Banking under the designation of Asset Management) showed earnings improvement of 34 per cent to SEK 710 M (SEK 531 M).

Revenues rose by 28 per cent, mainly due to volume growth related to increased new business and the effects of the stock exchange upswing from the latter part of 1999 until the beginning of 2000. Previous investments in the Nordic region contributed a significant part of the revenue increase. Sales outside Sweden accounted for more than 50 per cent of total new business.

Costs rose by 25 per cent, mainly deriving from employee-related costs, as well as from investment in Denmark.

In November, SEB extended its range of funds with 10 external funds from six foreign managers.

SEB's share of new business in the Swedish mutual funds market amounted to 8.9 per cent (14.0 per cent) while its share of total fund assets in Sweden was 19.6 per cent (22.2 per cent).

In November, the rating institute Morningstar gave 14 of SEB's funds its highest rating – five stars – and 17 funds were awarded four stars. This makes SEB the manager with by far the most five- and four-star funds in the Swedish market.

During the year, a co-operation was started with BfG Invest over the management of some of their funds.

Private Banking

Within Private Banking, which consists of the Swedish operations SEB Enskilda Banken and the international operations SEB Private Bank, total result increased by 53 per cent to SEK 1,054 M. Both equity trading and long-term management developed very well with a good inflow of new customers. Assets under management from the existing customer base also showed very good growth.

The cost increases are mainly attributable to development of internet bank solutions for customers within International Private Banking and an increase in the number of jobs due to higher volumes and an enhanced level of service.

SEB Private Bank opened a new office in Geneva during the year, adding to its existing operations in Luxembourg and London.

SEB Trygg Liv

The market for single-premium endowment insurance remained strong although a decline was noted in the second half of the year. The main sales focus is on unit linked insurance which now represents 91 per cent (84 per cent) of total sales, including sales outside Sweden. SEB Trygg Liv is the second largest on the Swedish market for unit linked insurance with a market share of 19.5 per cent (21.6 per cent). In the total life insurance market, the market share was 14.9 per cent (16.1 per cent). To this could be added the sales of the endowment insurance Life Assurance Portfolio Bond, which was sold to the Swedish market by SEB Trygg Life in Ireland, and thus not included in the Swedish market statistics. Sales of the Portfolio Bond amounted to SEK 1,042 M.

Other operating income, i.e. mainly unit-linked insurance increased by 37 per cent. However, the change in surplus value in life operation was considerably lower than last year. This is due to the negative financial effects that arise due to the development on the stock market. In 1999, the financial effects gave a positive effect of SEK 748 M. In 2000, the development of the stock market gave a negative effect of SEK 814 M. As a consequence total income decreased by 28 per cent.

To match the growth costs rose by 21 per cent, mostly in the form of costs for increased sales.

Total result thus decreased from SEK 1,381 M to SEK 353 M. The decrease though is less than the negative impact of the financial effects. Total result before the negative effects would have meant a result in 1999 of SEK 633 M that would have risen to SEK 1,167 M in 2000 – all other things equal.

Extensive work was carried out during the year to develop concepts and products in the welfare and financial security segments, as a complement to state financed insurance. For example, building starts were decided for sheltered housing for elderly policyholders, beginning in Halmstad. In the corporate sector, SEB Trygg Liv has acquired a prominent role in the “Modern Lön” (modern salary) scheme, which was launched during the year – a company solution based on employees waiving part of gross salary in favour of other benefits, occupational pension, etc.

BfG

BfG:s normal operational result as it is consolidated in the SEB Group was EUR 81 M, equal to SEK 681 M. Furthermore BfG reported a one-off item in net result of financial transactions of EUR 27 M, equal to SEK 230 M. Thus, BfG reported a total result in accordance with Swedish accounting principles of EUR 108 M equal to SEK 911 M.

The activities of BfG in 2000 were characterised by substantial restructuring aimed at increasing the bank’s profitability. At the end of the year, BfG was well ahead of its restructuring targets. The staff has been reduced by 660 employees. Risk-weighted assets have been reduced by EUR 4,9 billion to EUR 18,7 billion, -21 per cent. The return on equity (after Swedish standard tax) based on the capital at the end of 2000 was 4.5 per cent.

Among the strategic divestitures was the closure of Deutsche Handelsbank (DHB) as well as the sale of Deutsche Structured Finance (DSF), Manic and BfG Leasing. Former Skandinaviska Enskilda Banken AG became a wholly owned BfG subsidiary at year-end 2000. BfG Bank Luxembourg S.A., BfG’s Luxembourg investment subsidiary, was sold to SEB with a view to merging the group’s Luxembourg-based operations. Extensive actions were taken to restructure the balance sheet. The net consequences of all these actions were accounted for in connection with establishing the purchase accounting and determining the negative goodwill. The reported result in Euro for BfG is summarised in appendix 3, which also contains a detailed calculation and allocation of the negative goodwill.

The bank continued its multi-channel approach in 2000. An agreement providing for extensive co-operation was signed at year-end 2000 with the Cologne-based Gerling group, a major player in Germany’s insurance market.

Internet banking was the fastest growing of all the bank’s various distribution channels. The number of e-banking clients more than doubled to 147,000.

In November, the bank launched online broker SEBdirect. An exclusive co-operation agreement with www.wallstreet-online, the German web's leading provider of financial information was signed in December.

Net inflow in BfG Invest funds continued in the fourth quarter totalling EUR 607 M at year-end. Institutional funds had a net outflow of EUR 801 M. BfG ImmoInvest had net inflows of EUR 51 M. Its open-ended real estate fund continued its success story in 2000. The fund was awarded first place in the Standard & Poor's Micropal Analysis for its five- and ten-year performance. In total, The BfG Group had EUR 13 billion (approximately SEK 115 billion) in assets under management at year-end.

Among more than fifty competing companies for the European Quality Award in 2000, BfG was the first European bank to be awarded as one of the nine finalists of the contest.

BfG is set to change its name to SEB AG at the beginning of the second quarter of 2001. The cost of approximately EUR 80 M will be accounted for in the restructuring reserve. The bank will continue to focus on asset management and Internet banking. Necessary preparations to gear up for the reform of the German pension system in 2002 will be made in 2001.

The reserves emanating from the allocation of the negative goodwill is on SEB Group level only. The local result will be providing for the cost of restructuring as they appear. Thus, the local result in accordance with German accounting principles will differ from the impact BfG will have for the result of the SEB Group.

Other activities

This group includes Enskilda Securities, SEB Kort and the Baltic business area. The latter comprises three subsidiary banks, Eesti Ühispank, Estonia, Latvijas Unibanka, Latvia and Vilniaus Bankas, Lithuania.

Enskilda Securities – improvement in results and strengthened positions

Throughout the year, the stock market was characterised by increased turnover and big and fast price fluctuations, which created good business opportunities for the market players. In addition, Enskilda Securities consolidated its position in the market, which taken together led to a clear increase in income. The first quarter distinguished itself through strongly rising stock prices, particularly for IT and telecom shares. The business climate was therefore particularly good during the first quarter, which had a positive impact upon Enskilda Securities' income as regards commissions, trading, Initial Public Offerings (IPOs) and new share issue activities. Stock prices dropped very sharply during the second and third quarters, which led to tougher conditions for Enskilda Securities, particularly as regards IPOs and new share issues.

The strengthened position is the result of investments in the most important competitive means – the employees and the infrastructure. The number of qualified employees increased substantially and some key recruitments were made. Investments have been made to enhance the internal support processes and the system environment.

Equity turnover on all the Nordic stock exchanges rose by 66 per cent. Enskilda Securities is now the largest broker on the exchanges in Stockholm and Oslo and at the same time increasing its positions on the exchanges in Helsinki and Copenhagen.

Through the acquisition of the Norwegian company Orkla Finans (Fondsmegling) ASA from Orkla Finans ASA the largest Nordic investment bank was created. After the acquisition

Enskilda Securities is owned to 22.5 per cent by Orkla Finans ASA and to 77.5 per cent by SEB.

In order to strengthen its position within the IT and telecom sector further and to be able to follow developments in the rapidly growing IT market in California, Enskilda Securities established an office in San Francisco. Furthermore, a corporate finance function was set up at the Frankfurt office for the purpose of bolstering Enskilda Securities' possibilities to participate as an adviser in connection with business transactions between German and Nordic companies and to participate in market introductions in "Neuer Markt", for example.

Enskilda Law (legal advice focusing on corporate finance transactions), Capital Management and the Moscow office were closed during the year.

The result was Enskilda Securities best so far: SEK 1,095 M, an increase of 85 per cent (58 per cent excluding Orkla Enskilda Securities).

Enskilda Securities' income increased by 59 per cent, or with 32 per cent if Orkla Enskilda Securities is excluded. The high increase was especially due to strongly rising commission income and fees from mergers and acquisitions. Just below 50 per cent of the secondary commission comes from trades in IT- and telecom shares, compared to 30 per cent in 1999. The total equity turnover in Enskilda Securities was 122 per cent higher in 2000 than last year.

Costs rose by 49 per cent including Orkla Enskilda Securities (and with 24 per cent when excluding this acquisition). The cost increase was chiefly due to acquisition costs relating to Orkla Finans (Fondsmegling) ASA, new recruitment, IT investments, higher business volume and higher performance-related compensation. The underlying cost increase was 13 per cent. The average number of employees changed from 420 to 543, of which Orkla Enskilda Securities 87 employees.

SEB Kort - increased usage of cards

Use and interest in cards for payment further increased during 2000 in the Nordic region. This was apparent from the increased number of cards and from higher average volume per card. At year-end 2000, there was a total of about 2.4 million cards issued to customers. In total, SEB Kort has contracts with about 155,000 sales outlets in the Nordic region. Sales in 2000 amounted to SEK 124 billion.

Several new products and services were launched during the year. The Pregos travel concept, aimed at companies, was introduced in Norway. A new reward program, aimed at creating added value for the customers, include loyalty and stimulate sales, was launched in Finland. The service offering on the Internet was expanded and private customers can now view their transactions already prior to invoicing. Central acquiring was started in Sweden, which means that SEB Kort can now offer large companies with operations in several countries, central payment of card transactions also outside the Nordic region.

Issue of MasterCard was started in Finland, which means that SEB Kort is now the issuer of this card in all Nordic countries.

At year-end, SEB Kort was incorporated and thereby became a wholly owned subsidiary of SEB. The newly formed company is responsible for card management within the SEB Group. The aim with the change is to give the card operations a more distinct profile, and better conditions to meet the growing customer demand on the market.

Total result improved 17 per cent to SEK 450 M (SEK 385 M). Revenues rose 3 per cent, due to increased card and redemption volumes. Costs declined 4 per cent, due mainly to lower IT and marketing expenses.

Credit losses rose 23 per cent to SEK 69 M (SEK 56 M). The increase is due to the introduction of new products and an increase in fraud. Despite the increase, the losses are low in an international comparison.

The Baltic Region – consolidation of banks

During the third quarter, SEB offered to acquire all shares outstanding in the three Baltic banks. At year-end, SEB held 96.2 per cent of the shares in Eesti Ühispank, Estonia, and 98.5 per cent of Latvijas Unibanka, Latvia, and Vilniaus Bankas, Lithuania.

The total result for the business area was SEK 325 M (SEK 170 M). Eesti Ühispank and Latvijas Unibanka were consolidated for the full year. Vilniaus Bankas was consolidated as of 1 October and is therefore reported as a participation in earnings for the first nine months of the year. Pro forma accounts, with consolidation of all three banks during the year, show an improvement of the business area of 17 per cent. Total volume of deposits for the three banks rose 39 per cent to SEK 18 billion, while total lending volume increased 10 per cent to SEK 15 billion.

All three Baltic banks have aggressive electronic banking strategies. Eesti Ühispank reported a steady growth of Internet customers, numbering 75,000 by year-end. Latvijas Unibanka's Internet service had more than 25,000 users. Vilniaus Bankas, where Internet banking was introduced in September 2000, approximately 14,000 customers, far more than the target of 3,000 customers.

SEB e-banking – European expansion

By year-end, SEB had a total of 800,000 e-banking customers in six countries: Sweden, Germany, Denmark, Estonia, Latvia and Lithuania compared with 390,000 by year-end 1999. In the beginning of 2001, SEB introduced its combined e-bank and e-broker according to SEB's pan-European model in the UK. A launch in Norway will follow later this spring.

The majority of the new e-banking customers came from countries other than Sweden. However, the influx of customers in Sweden is still high. During 2000, the number of e-banking customers increased by 170,000, to 540,000, which corresponds to a customer base penetration of 31 per cent.

In Germany, BfG is undergoing rapid transformation to an e-centric bank. In 2000, the number of e-banking customers has increased from 65,000 to 147,000 (and to 150,000 by the end of January 2001). At the end of October an electronic brokerage service was launched on the German market under the trademark SEBdirect.

In Denmark, SEB launched its pan-European e-banking model in April and at year-end had 8,000 e-banking customers. The three subsidiaries in the Baltic States are focusing aggressively on e-banking and combined has 115,000 e-banking customers at year-end.

On the corporate side SEB focuses on a synchronisation and further development of its e-banking services by co-ordinating old mainframe computer-based solutions for large corporate clients with the Internet Office for companies. Through a corporate portal on www.seb.se the corporate customers will be offered relevant financial information, while at the same time getting access to SEB's electronic supply of services, including Trading Station and Trade Finance.

Total costs for e-banking amounted to SEK 1,268 M, of which SEK 322 M have been carried by the various business areas; SEK 946 M are costs and investments that are expensed and carried centrally by the Group.

The newly formed SEB e-invest has investments of more than SEK 600 M in seven companies. The largest investments refer to Self Trade/Direkt Anlage Bank (SEK 210 M) and b-business partners (SEK 296 M).

The investments in Direkt Anlage Bank, which is locked in for a specified period and with special terms, had a market value of approximately SEK 795 M at year-end 2000, while book value was SEK 210 M.

The SEB Group

Operational Profit & Loss Account

SEK M	2000	1999	Change per cent
Net interest income	11,616	6,858	69
Net commission income	13,846	8,317	66
Net result of financial transactions	3,552	2,034	75
Other operating income	3,644	2,327	57
Change in surplus value in life insurance operations	337	1,502	-78
Total income	32,995	21,038	57
Staff costs	-12,761	-8,419	52
Pension compensation	943	873	8
Other operating costs	-8,751	-5,743	52
Depreciations	-1,763	-1,175	50
Total costs	-22,332	-14,464	54
Net credit losses etc	-890	289	
Net result from associated companies	95	116	-18
Operating profit from non-life insurance operations	212	518	-59
Total result	10,080	7,497	34
Taxes	-2,856	-1,355	111
Taxes on change in surplus values	-94	-421	-78
Minority interests	-245	-56	
Total result after tax	6,885	5,665	22

As of the first quarter of 2000, SEB is following the Swedish Financial Supervisory Authority's guidelines and recommendations that will become effective in 2001. Consequently, SEB presents a profit and loss account in which results from the banking and insurance operations are reported separately. In addition, SEB is presenting an operational profit and loss account

SEB Group

Key figures

	2000	1999
Return on equity, %	16.9	14.6
Return including change in surplus values, %	16.5	17.2
Earnings per share, SEK	9.43	6.96
Earnings per share (Total result after tax), SEK	9.77	8.60
Income/cost ratio, SEB Group	1.48	1.45
Income/cost ratio, banking operations	1.42	1.30
Cost/income ratio, SEB Group	0.68	0.69
Cost/income ratio, banking operations	0.70	0.77
Lending loss level, %	0.12	-0.09
Provision ratio for doubtful claims, %	49.1	59.6
Level of doubtful claims, %	1.39	0.82
Total capital ratio, %	10.76	14.62
Core capital ratio, %	7.37	10.80

The SEB Group

Operational Profit & Loss Account, quarterly performance

SEK M	2000:4	2000:3	2000:2	2000:1	1999:4
Net interest income	2,898	2,849	2,986	2,883	1,769
Net commission income	3,507	3,400	3,237	3,702	2,562
Net result of financial transactions	1,294	786	572	900	865
Other operating income	598	394	1,367	1,285	517
Change in surplus values in life insurance operations	-269	179	-46	473	856
Total income	8,028	7,608	8,116	9,243	6,569
Staff costs	-3,391	-3,072	-3,087	-3,211	-2,599
Pension compensation	227	226	319	171	452
Other operating costs	-2,847	-1,891	-2,095	-1,918	-1,578
Depreciations	- 508	- 409	- 419	-427	-332
Total costs	-6,519	-5,146	-5,282	-5,385	-4,057
Net credit losses etc	- 112	- 247	- 250	-281	58
Net result from associated companies	20	23	22	30	33
Operating profit from non-life insurance operations	43	36	81	52	32
Total result	1,460	2,274	2,687	3,659	2,635

The SEB Group

Operational Profit & Loss Accounts by main group

January-December 2000, SEK M	Nordic Banking	Asset Management & Life	BfG 1)	Other Activities	Joint Group Activities & Eliminations	SEB Group
Net interest income	7,276	450	4,360	594	-1,064	11,616
Net commission income	3,699	4,098	1,908	4,479	-338	13,846
Net result of financial transactions	2,021	96	385	839	211	3,552
Other income	784	889	324	281	1,366	3,644
Change in surplus values insurance operations in life		337				337
Total income	13,780	5,870	6,977	6,193	175	32,995
Staff costs	-4,198	-1,813	-2,812	-2,561	-1,377	-12,761
Pension compensation	548	114		43	238	943
Other operating costs	-3,465	-1,937	-2,155	-1,413	219	-8,751
Depreciations	-149	-113	-380	-329	-792	-1,763
Total costs	-7,264	-3,749	-5,347	-4,260	-1,712	-22,332
Net credit losses etc	-191	4	-730	-120	147	-890
Net result from associated companies		-8	11	57	35	95
Operating profit from non-life insurance operations					212	212
Total result	6,325	2,117	911	1,870	-1,143	10,080

1) Including a positive one-time item of SEK 230 M

Nordic Banking

SEK M	2000	1999	Change per cent
Net interest income	7,276	7,062	3
Net commission income	3,699	2,978	24
Net result of financial transactions	2,021	1,028	97
Other operating income	784	447	75
Total income	13,780	11,515	20
Staff costs	-4,198	-4,036	4
Pension compensation	548	459	19
Other operating costs	-3,465	-3,397	2
Depreciations	-149	-139	7
Total costs	-7,264	-7,113	2
Net credit losses	-191	256	-175
Total result	6,325	4,658	36
Allocated capital	17,921	18,237	
Return on allocated capital	25.4	18.4	

Retail Distribution

SEK M	2000	1999	Change per cent
Net interest income	4,446	3,812	17
Net commission income	1,922	1,619	19
Net result of financial transactions	98	108	-9
Other operating income	352	287	23
Total income	6,818	5,826	17
Staff costs	-2,156	-2,123	2
Pension compensation	366	338	8
Other operating costs	-2,170	-2,057	5
Depreciations	-52	-46	13
Total costs	-4,012	-3,888	3
Net credit losses	-147	-186	-21
Total result	2,659	1,752	52
Allocated capital ¹⁾	8,225	7,841	
Return on allocated capital	23.3	16.1	

Merchant Banking

SEK M	2000	1999	Change per cent
Net interest income	2,561	3,062	-16
Net commission income	1,076	798	35
Net result of financial transactions	1,875	879	113
Other operating income	617	302	104
Total income	6,129	5,041	22
Staff costs	-1,877	-1,781	5
Pension compensation	155	105	48
Other operating costs	-1,250	-1,281	-2
Depreciations	-94	-92	2
Total costs	-3,066	-3,049	1
Net credit losses	-44	442	-110
Total result	3,019	2,434	24
Allocated capital ¹⁾	9,404	10,151	
Return on allocated capital	23.1	17.3	

Securities Services

SEK M	2000	1999	Change per cent
Net interest income	281	200	41
Net commission income	701	561	25
Net result of financial transactions	48	41	17
Other operating income	27	19	42
Total income	1,057	821	29
Staff costs	-151	-126	20
Pension compensation	25	16	56
Other operating costs	-267	-225	19
Depreciations	-3	-1	200
Total costs	-396	-336	18
Total result	661	485	36

Asset Management & Life

SEK M	2000	1999	Change per cent
Net interest income	450	314	43
Net commission income	4,098	3,054	34
Net result of financial transactions	96	83	16
Other operating income	889	702	27
Change in surplus value in life insurance operations	337	1,502	-78
Total income	5,870	5,655	4
Staff costs	-1,813	-1,560	16
Pension compensation	114	88	30
Other operating costs	-1,937	-1,482	31
Depreciations	-113	-93	22
Total costs	-3,749	-3,047	23
Net credit losses	4	-1	
Net result from associated companies	-8	-7	14
Total result	2,117	2,600	-19
Allocated capital ¹⁾	8,000	7,000	
Return on allocated capital	19.1	26.7	

1) incl allocated goodwill

SEB Invest & Fonder

SEK M	2000	1999	Change per cent
Net interest income	3	-10	-130
Net commission income	1,815	1,411	29
Net result of financial transactions	7	14	-50
Other operating income	16	22	-27
Total income	1,841	1,437	28
Staff costs	-626	-549	14
Pension compensation	43	36	19
Other operating costs	-517	-367	41
Depreciations	-31	-26	19
Total costs	-1,131	-906	25
Net credit losses			
Total result	710	531	34

Private Banking

SEK M	2000	1999	Change per cent
Net interest income	397	293	35
Net commission income	1,683	1,228	37
Net result of financial transactions	80	60	33
Other operating income	29	22	32
Total income	2,189	1,603	37
Staff costs	-641	-525	22
Pension compensation	71	52	37
Other operating costs	-548	-429	28
Depreciations	-21	-12	75
Total costs	-1,139	-914	25
Net credit losses	4	-1	
Total result	1,054	688	53

SEB Trygg Liv

SEK M	2000	1999	Change per cent
Net interest income	50	31	61
Net commission income	44	30	47
Net result of financial transactions	9	9	
Other operating income	1,478	1,102	34
Change in surplus value in life insurance operations	337	1,502	-78
Total income	1,918	2,674	-28
Staff costs	-546	-486	12
Other operating costs	-950	-745	28
Depreciations	-61	-55	11
Total costs	-1,557	-1,286	21
Net result from associated companies	-8	-7	14
Total result	353	1,381	-74

BfG*

SEK M	2000
Net interest income	4,360
Net commission income	1,908
Net result of financial transactions ¹⁾	155
Other operating income	324
Total income	6,747
Staff costs	-2,812
Other operating costs	-2,155
Depreciations	-380
Total costs	-5,347
Net credit losses	-730
Net result from associated companies	11
Total result ¹⁾	681
Allocated capital	14,000
Return on allocated capital	3.5

*) No comparable figures for 1999 as BfG was acquired in 2000

1) Excluding a positive one-time item of SEK 230 M

Other activities

SEK M	2000	1999	Change per cent
Net interest income	594	285	108
Net commission income	4,479	2,852	57
Net result of financial transactions	839	571	47
Other operating income	281	287	-2
Total income	6,193	3,995	55
Staff costs	-2,561	-1,695	51
Pension compensation	43	34	26
Other operating costs	-1,413	-1,067	32
Depreciations	-329	-130	153
Total costs	-4,260	-2,858	49
Net credit losses	-120	-101	19
Net result from associated companies	57	111	-49
Total result	1,870	1,147	63
Allocated capital	3,179	1,943	
Return on allocated capital	42.4	42.5	

Enskilda Securities

SEK M	2000	1999	Change per cent
Net interest income	-166	-51	
Net commission income	2,977	1,627	83
Net result of financial transactions	675	546	24
Other operating income	128	157	-18
Total income	3,614	2,279	59
Staff costs	-1,844	-1,266	46
Other operating costs	-595	-403	48
Depreciations	-93	-25	
Total costs	-2,532	-1,694	49
Net credit losses	13	7	86
Total result	1,095	592	85

SEB Kort

SEK M	2000	1999	Change per cent
Net interest income	132	152	-13
Net commission income	1,169	1,120	4
Net result of financial transactions	1	-10	-110
Other operating income	72	66	9
Total income	1,374	1,328	3
Staff costs	-349	-314	11
Pension compensation	40	34	18
Other operating costs	-509	-570	-11
Depreciations	-37	-37	
Total costs	-855	-887	-4
Net credit losses	-69	-56	23
Total result	450	385	17

Baltic Region

SEK M	2000	1999	Change per cent
Net interest income	628	184	
Net commission income	333	105	
Net result of financial transactions	163	35	
Other operating income	81	64	27
Total income	1,205	388	
Staff costs	-368	-115	
Pension compensation	3		
Other operating costs	-309	-94	
Depreciations	-199	-68	193
Total costs	-873	-277	
Net credit losses	-64	-52	23
Net result from associated companies	57	111	-49
Total result	325	170	91

The SEB Group

Balance sheet

SEK M	31 December 2000	31 December 1999	Change per cent
Lending to credit institutions	164,673	103,521	59
Lending to the public	605,759	342,907	77
Interest-bearing securities	158,047	93,532	69
- Financial fixed assets	4,736	3,396	39
- Financial current assets	153,311	90,136	70
Shares and participations	8,688	8,128	7
Assets used in the insurance operations	71,749	67,146	7
Other assets	113,894	95,021	20
Total assets	1,122,810	710,255	58
Liabilities to credit institutions	217,364	117,774	85
Deposits and borrowing from the public	419,887	229,534	83
Securities issued, etc	199,103	122,143	63
Liabilities of the insurance operations	66,932	63,198	6
Other liabilities and provisions	146,505	118,718	23
Subordinated liabilities	31,410	25,882	21
Shareholders' equity	41,609	33,006	26
Total liabilities and shareholders' equity	1,122,810	710,255	58

The SEB Group

Problem loans and seized assets

SEK M	31 December 2000	31 December 1999
Doubtful claims	16,437	6,988
Provision for possible lending losses	-8,072	-4,164
Doubtful claims, net	8,365	2,824
Claims subject to interest reduction	308	352
Total volume of problem loans	8,673	3,176
Level of doubtful claims	1.39	0.82
(Doubtful claims (net) in relation to lending and leasing (net) at end of period, per cent)		
Provision ratio for doubtful claims	49.1	59.6
(Reserve for possible lending losses in relation to doubtful claims (gross), per cent)		
Pledges taken over		
Buildings and land	105	82
Shares and participations	109	544
Total volume of pledges taken over	214	626

The soft loans of the Group are included among claims subject to interest reduction.

The shortfall in income due to interest deferments was SEK 9 M (SEK 56 M), while unpaid interest on non-performing loans amounted to SEK 271 M (SEK 227 M).

On 31 December 2000, the Group had SEK 107 M (SEK 249 M) in non-performing loans in Sweden on which interest income was reported. These loans are not included among the problem loans, since the corresponding collateral covers both interest and principal.

The SEB Group

Derivative contracts

31 December 2000	Contracts on the asset side		Contracts on the liability side	
SEK M	Book value	Market value	Book value	Market value
Interest-related	19,579	19,579	20,341	20,341
Currency-related	42,885	44,602	38,240	41,299
Equity-related	1,350	1,350	876	876
Other	9	9	7	7
Total	63,823	65,540	59,464	62,523

On 31 December 2000 the notional value of the Group's derivatives contracts amounted to SEK 4,285 billion (SEK 3,887 billion on 31 December 1999).

The book value of derivatives instruments forming part of trading operations is identical with the market value.

Those deviations between actual and book values which are reported in the above table are matched by opposite deviations between market and book values in the part of the Group's operations which is the object of hedge accounting.

The SEB Group

Cash flow analysis

SEK M	2000	1999
Cash flow, current operations	10,795	-7,580
Changes in assets, current operations	-36,262	-11,130
Changes in liabilities, current operations	27,113	34,511
Cash flow, current operations	1,646	15,801
Cash flow, investment activities	41,291	5,540
Cash flow, financing activities	-20,630	-12,721
Cash flow	22,307	8,620
Liquid funds at beginning of year	24,225	15,605
Cash flow	22,307	8,620
Liquid fund at end of year	46,532	24,225

The SEB Group

Statutory Profit & Loss Account

SEK M	2000	1999	Change per cent
Income			
<i>Interest income</i>	51,196	26,124	96
<i>Interest costs</i>	-39,640	-19,299	105
Net interest income	11,556	6,825	69
Dividends received ¹⁾	877	211	
<i>Commission income</i>	15,132	9,283	63
<i>Commission costs</i>	-1,669	-1,208	38
Net commission income ¹⁾	13,463	8,075	67
Net result of financial transactions ²⁾	3,544	2,025	75
Other operating income	2,208	1,662	33
Income from banking operations	31,648	18,798	68
Costs			
Staff costs	-12,234	-7,969	54
General administrative costs	-5,985	-3,913	53
Depreciation and write-downs of tangible and intangible fixed assets	-1,703	-1,120	52
Other operating costs	-2,360	-1,487	59
Costs from banking operations	-22,282	-14,489	54
Profit/loss from banking operations before credit losses	9,366	4,309	117
Net credit losses ³⁾	-858	207	
Change in value of seized assets	43	111	-61
Write-down of financial fixed assets	-75	-29	159
Net result from associated companies	104	116	-10
Operating profit from banking operations	8,580	4,714	82
Operating profit from insurance operations ⁴⁾	220	408	-46
Operating profit	8,800	5,122	72
Pension compensation	943	873	8
Taxes	-2,856	-1,355	111
Minority interests	-245	-56	
Net profit for the year	6,642	4,584	45

^{*)} Including an extra dividend of SEK 440 M from Svensk Exportkredit and SEK 134 M from equity holdings within Merchant Banking.

1) Net commission income

Payment commissions	2 424	1 863	30
Securities commissions	8 137	5 066	61
Other commissions	2 902	1 146	153
Total	13 463	8 075	67

2) Net result of financial transactions

SEK M	2000	1999	Change per cent
Shares/participations	-44	963	-105
Interest-bearing securities	413	-276	
Other financial instruments	1,693	819	107
Realised result	2,062	1,506	37
Shares/participations	-451	291	
Interest-bearing securities	105	142	-26
Other financial instruments	493	-1,039	-147
Unrealised value changes	147	-606	-124
Exchange rate fluctuations	1,360	1,130	20
Redemption of bonds, SEB BoLån	-25	-5	
Total	3,544	2,025	75

3) Net credit losses

A. Individually appraised receivables:			
Reported write-down, incurred losses	-3,496	-448	
Reversal of previous provisions for possible losses, reported as incurred losses in current year's accounts	2,569	339	
Reported provision for possible losses	-1,552	-854	82
Recovered from losses incurred in previous years	612	200	
Reversal of previous provisions for possible losses	638	483	32
Reported net cost for individually appraised receivables	-1,229	-280	
B. Receivables appraised by category:			
Reported write-down, incurred losses	-57	-86	-34
Reported provision for possible losses	-8	-31	-74
Recovered from losses incurred in previous years	24	35	-31
Withdrawal from reserve for lending losses		31	-100
Reported net cost for receivables appraised by category	-41	-51	-20
C. Allocation to/withdrawal from reserve for political risks abroad	363	440	-18
D. Contingent liabilities	49	98	-50
Total	-858	207	

4) Operating profit from insurance operations

Non-life operations	212	518	-59
Life operations	8	-110	-107
Total	220	408	-46

Skandinaviska Enskilda Banken

Profit & Loss Account

SEK M	2000	1999	Change per cent
Income			
<i>Interest income</i>	27,250	19,791	38
<i>Leasing income</i>	459	254	81
<i>Interest costs</i>	-22,879	-15,016	52
Net interest income ¹⁾			
Dividends received	2,157	4,241	-49
<i>Commission income</i>	6,958	5,752	21
<i>Commission costs</i>	-1,000	-987	1
Net commission income ²⁾	5,958	4,765	25
Net result of financial transactions ³⁾	2,298	1,343	71
Other operating income	1,990	1,541	29
Total income	17,233	16,919	2
Costs			
Staff costs	-6,470	-5,875	10
Other administrative expenses	-3,985	-4,384	-9
Depreciation and write-downs of tangible and intangible fixed assets	-317	-266	19
Other operating costs	-1,282	-1,487	-14
Total costs	-12,054	-12,012	0
Profit/loss before credit losses	5,179	4,907	6
Net credit losses ⁴⁾	144	415	-65
Change in value of seized assets	-8	-10	-20
Write-down of financial fixed assets	-658	-3,057	-78
Operating profit	4,657	2,255	107
Pension provision	943	873	8
Other appropriations ⁵⁾	-2,307	-1,863	24
Taxes ⁶⁾	-472	-68	
Net profit for the year	2,821	1,197	136

*) Group contributions reported directly against equity

1) Net interest income

Interest income	27,250	19,791	38
Leasing income	459	254	81
Interest costs	-22,879	-15,016	52
Leasing depreciation	-148	-94	57
Total	4,682	4,935	-5

2) Net commission income

SEK M	2000	1999	Change per cent
Payment commissions	1,416	1,332	6
Securities commissions	3,580	2,695	33
Other commissions	962	738	30
Total	5,958	4,765	25

3) Net result of financial transactions

Shares/participations	65	4	
Interest-bearing securities	394	-256	
Other financial instruments	725	1,009	-28
Realised result	1,184	757	56
Shares/participations	-15	-23	-35
Interest-bearing securities	-199	105	
Other financial instruments	211	-539	-139
Unrealised value changes	-3	-457	-99
Exchange rate fluctuations	1,117	1,043	7
Total	2,298	1,343	71

4) Net credit losses

A. Individually appraised receivables			
Reported write-down, incurred losses	-1,420	-289	
Reversal of previous provisions for possible losses reported as incurred losses in current period's accounts	1,295	257	
Reported provision for possible losses	-520	-577	-10
Recovered from losses incurred in previous years	372	116	
Reversal of previous provisions for possible losses	164	394	-58
Reported net cost for individually appraised receivables	-109	-99	10
B. Receivables appraised by category			
Reported write-down, incurred losses	-52	-52	
Reported provision for possible losses	-4	-12	-67
Recovered from losses incurred in previous years	22	26	-15
Withdrawal from provision for lending losses		14	-100
Reported net cost for receivables appraised by category	-34	-24	42
C. Allocation to/withdrawal from reserve for political risks abroad	279	440	-37
D. Contingent liabilities	8	98	-92
Total	144	415	-65