

Stockholm, 4 May 2001

## Interim Report January-March 2001

### Stable result in spite of weak stock market

- Operating result\* amounted to SEK 2 789 M (3 186).
- Net interest income rose by 6 per cent to SEK 3 070 M (2 883).
- Net commission income decreased by 21 per cent to SEK 2 933 M (3 702).
- Return on equity was 18.4 per cent (25.3).

### Efficiency measures kept costs stable and risks decreased

- Total costs, SEK 5 462 M (5 385), were kept stable and staff costs decreased.
- Action plan to freeze IT costs was implemented.
- Strong result in Merchant Banking.
- BfG re-branded to SEB - restructuring ahead of plan.
- Today SEB's Volvo Ocean Race yacht will be christened.

Operating result includes pension settlements/provisions.

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### President's Statement

"Despite the weakening trends in the equities markets during the first quarter of the year, SEB is reporting a stable profit for the Group as a whole. It is pleasing to note that our net interest income has increased and that staff costs have declined by 12 per cent compared with the year-earlier period," says Lars H Thunell, President and Group Chief Executive.

"Merchant Banking continues to show strong earnings. It is also pleasing that customers-related revenues continue to show a positive trend."

"The restructuring of BfG is proceeding faster than planned. The re-branding of BfG to SEB in April got a great deal of attention in Germany. Earnings are satisfactory, taking into account the market conditions. The number of e-banking customers in Germany is now up to 158 000, an increase of 120 per cent since the first quarter of 2000."

"We have taken action to freeze the Group's IT costs. These measures will gain effect gradually during the year which means that IT costs will not continue to rise."

"Planning efforts prior to the proposed merger with FöreningsSparbanken are intensive and proceeding as planned. As part of the integration efforts, work on developing business plans for the new bank SEB Swedbank's four divisions and other main areas, is under way. The leading star in all integration efforts is to make the changes positive for our various customer groups. Discussions with the Merger Task Force of EU have been initialised."

# THE GROUP

## Summary of operating result per division and business area

	January- March	January- March	Change per cent
SEK M	2001	2000	
Personal Banking Sweden	526	615	-14
Personal Banking International	12	119	-90
SEB Germany *	125	124	1
Corporate and Institutions			
Merchant Banking	917	671	37
Enskilda Securities	150	396	-62
Mid Corporate	331	338	-2
SEB Securities Services	125	173	-28
Investment Management & Life	118	145	-19
The Baltic & Poland	125	72	74
<b>Total all divisions</b>	<b>2 429</b>	<b>2 653</b>	<b>-8</b>
Joint Group incl. capital gain and elimination.	360	533	-32
<b>Operating result</b>	<b>2 789</b>	<b>3 186</b>	<b>-12</b>
Changes in surplus values	-251	473	-153
<b>Total result SEB Group</b>	<b>2 538</b>	<b>3 659</b>	<b>-31</b>

\*) –excluding capital gains

### Weaker commissions offset by strong trading

Total income decreased by 7 per cent to SEK 8 193 M (8 770) *excluding* changes in surplus values.

Vilniaus Bankas was not consolidated in the first quarter of 2000. Thus, the decrease for comparable units was 9 per cent. The decline is entirely explained by lower commission income due to stock market related development. Compared with the fourth quarter of 2000 the decrease was limited to 1 per cent.

*Net interest income* rose by 6 per cent to SEK 3 070 M (2 883). Personal Banking Sweden showed an increase of 16 per cent, whereas Merchant Banking reported a decrease of 11 per cent. Adjusted for Vilniaus Bankas the increase was 2 per cent. The cost for the governmental deposit guarantee decreased by SEK 50 M.

*Net commission income* decreased by 21 per cent to SEK 2 933 M (3 702). The income varied significantly between different product areas and parts of the Group. Net commission income from payments rose by 4 per cent, while net commission income from securities fell by 22 per cent in comparison with the first quarter of 2000. The decline was especially pronounced within Enskilda Securities. (Full disclosure is provided in note x.)

*Net result of financial transactions* increased by 15 per cent to SEK 1 035 M (SEK 900 M including an one-off item of SEK 153 M from sales of Brady bonds) due to favourable results from trading in shares, bonds and derivatives (see further note x.)

A change in market interest rates by one percentage point at 31 March 2001 would result in an increase/decrease in the Group's interest-bearing assets and liabilities, inclusive derivatives, by SEK 2.1 billion.

*Other income* amounted to SEK 1 155 M (1 285). Of this amount capital gains and one off items accounted for SEK 742 M (793). SEK 503 M was from the sales of shares in OM and EUR 26.6 M (approximately 240) from SEB AG's divestment of shares in Deutsche Börse.

### **Cost level stable or actually decreasing for comparable entities**

Total costs amounted to SEK 5 462 M (5 385). Adjusted for Vilniaus Bankas, which was not included in the first quarter of 2000, costs decreased by 1 per cent. In local currencies costs decreased by 3 per cent.

Efficiency measures within different business areas have decreased costs by 16 percent compared to the fourth quarter 2001. In the e-banking area, for example, development as from January 2001 is carried out within the different divisions. Taken together the costs for e-banking in the first quarter of 2001 amounted to SEK 357 M (184). The cost in the fourth quarter 2000 was SEK 561 M.

Total costs for IT (including calculated cost for own personnel etc.) amounted to SEK 1.3 billion compared with SEK 1.1 billion in the first quarter and with SEK 1.7 billion in the fourth quarter of 2000. Of this, external IT costs were SEK 635 M (491). The cost in the fourth quarter 2000 was SEK 767 M. The action plan to freeze IT-development projects both with regard to the planned merger and the weaker market conditions will keep the total IT-costs for the whole year 2001 at an unchanged or lower level than during 2000.

Rising staff costs by negotiated salary increases and negative exchange rate effects were offset by efficiency measures mainly in Personal Banking Sweden and Merchant Banking and restructuring in SEB Germany. In addition variable performance-related remuneration decreased by 320 SEK m compared to first quarter 2000. Thereby staff costs, net, decreased by 10 per cent to SEK 2 738 M (3 040). Staff costs, gross, declined by 5 per cent to SEK 3 036 M (3 211). The compensation for the pension costs included in the gross costs increased to SEK 298 M (171). This also includes the pension insurance scheme that has replaced the earlier profit-sharing system.

SEB has an overfunded pension fund to support pension costs. At the end of March 2001, total assets in the pension funds amounted to SEK 19.4 billion (23.2 at year-end 2000), while commitments was SEK 8.3 billion (8.0). Accordingly the surplus value as per 31 March 2001 amounted to SEK 11.1 billion.

Depreciation amounted to SEK 455 M (427), of which goodwill accounted for SEK 178 M (165).

The remaining *restructuring reserve* for the acquisition of Trygg Hansa in 1997 was SEK 256 M at the beginning of 2001. Of this, SEK 67 M has been utilised during the first quarter.

The acquisition of BfG in January 2000 resulted in a difference between equity and purchase price. The allocation and utilisation of the negative goodwill is described in *Appendix 1*.

### **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 182 M, net (281), of which SEK 100 M, net (310), pertained to SEB Germany. The level of lending losses was 0.08 per cent (0.17).

Doubtful claims, net, that is after provisions of possible lending losses, amounted to SEK 8 596 M (8 365 by year-end 2000). The increase is explained by exchange rate changes. The volume of pledges taken over declined to SEK 161 M (213).

### **Credit portfolio**

SEB's total credit exposure amounted to SEK 948 billion, an increase of 22 billion from year-end 2000. The increase can be seen mainly within the corporate sector where the exposure has grown by close to SEK 16 billion, primarily to Swedish manufacturing companies. The lending to the household sector increased by SEK 5 billion of which SEB AG contributed with approximately half and the remaining part is related to mortgage lending within Sweden. Exposure on banks remained stable.

SEB's exposure to the telecommunication industry (operators and manufacturing companies) increased during the first quarter by SEK 2 billion to approximately SEK 14 billion or 1.5 per cent of the credit portfolio. The increase is attributable to short term exposure to existing clients, mainly hedging of foreign exchange exposure. The exposure to the IT sector is stable around SEK 4 billion or 0.4 per cent of the credit portfolio.

SEB's exposure in emerging markets amounted to SEK 10 483 M, net, a decrease of 9 per cent from year-end 2000 (SEK 11 483 M). The decline was mainly due to decreased exposures in Latin America and Eastern and Central Europe. (*See further Appendix 2*).

### **Non-life insurance business**

Operating result for non-life insurance operations amounted to SEK 241 M (52). The increase was mainly due to capital gains of SEK 126 M from sales in the bond portfolio.

### **One-off items**

Total one-off items in the first quarter of 2001 amounted to SEK 869 M (947).

### **Change in surplus in life insurance operations**

*The change in surplus in life insurance operations*, which is described in detail in *Appendix 3*, was influenced by the negative financial effects due to the stock market trend and amounted to SEK -251 M (SEK 473 M). See further in *Appendix 3*.

### **Capital base and capital adequacy**

On the 31 March 2001, the capital base for the financial group of undertakings (excluding the insurance companies) amounted to SEK 52.9 billion (53.3). Core capital was SEK 36.4 billion (36.5), of which SEK 1.8 billion constituted core capital contribution. (*For calculation of the capital base see Appendix 4*). The risk-weighted assets amounted to SEK 514.7 billion (495.6).

The core capital ratio amounted to 7.08 per cent (7.37 per cent at year-end 2000) and the total capital ratio to 10.27 per cent (10.76). This is in line 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.

If the first quarter results were to be included in the capital base, the core capital ratio would have been 7.35 per cent and the total capital ratio 10.56 per cent.

### **Rating**

In connection with the presentation of the proposed merger of FöreningsSparbanken and SEB all major rating institutes placed SEB's rating under review for a possible upgrade to FöreningsSparbankens's confirmed ratings.

### **2001 Annual General Meeting**

At the Annual General Meeting in April all board members were re-elected. The dividend was set at SEK 4.00 per share.

Stockholm, 4 May, 2001

Lars H. Thunell

President and Group Chief Executive

The interim report for January-June 2001 will be published on 23 August 2001. SEB's reports are available on the Internet ([www.seb.se](http://www.seb.se); [www.seb.net](http://www.seb.net)).

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This report has not been reviewed by the auditors of the Bank.

## **THE DIVISIONS AND BUSINESS AREAS**

As of 2001, SEB's operations are organised into six divisions: Personal Banking Sweden, Personal Banking International, SEB Germany (former BfG less merchant banking operations), Corporate & Institutions, Investment Management & Life and The Baltic & Poland.

### **Personal Banking Sweden – rising net interest earnings and lower costs**

The Personal Banking Sweden division has responsibility for the SEB Group's retail- and private-banking customers in Sweden. The organisation contains the earlier retail operations within SEB - with the branch office network, the telephone bank and the Internet services - as well as SEB Enskilda Banken.

For the first quarter of 2001 Personal Banking Sweden shows an operating result of SEK 526 M (pro forma SEK 615 M for the corresponding period of 2000).

The result has to a large extent been affected by the sharp decline on the stock market. The contrast is even bigger if the figures are compared with the first quarter of 2000 (pro forma) when the market situation, on the other hand, was extremely favourable. A comparison with the second half of last year, however, shows stable equity earnings – despite the continued weak market situation.

The decrease in commissions is also offset by a positive development of net interest income, continued low credit losses and decreasing costs – with, for example, the staff costs at the same level as in January-March 2000.

Net interest income increased by 16 per cent. The strong rise comes from increase in both volumes and margins. A specifically strong area is housing loans (mortgages) with growth in both net interest and in volumes. Another example is Enskilda Banken, Private Customers, where the net growth in volumes under management is SEK 2.8 billion, mainly due to an increased "share of wallet" from existing SEB-customers.

Since the end of last year, the monthly rate of new internet-customers is growing at a level of 12 500 new private customers and 1 000 new corporate customers. In total, the number of Internet customers of Personal Banking Sweden now is 591 000.

Within the Personal Banking Sweden division there is now a number of activities to further increase income and decrease costs. Examples are programmes for intensified and closer activity toward various customer segments, cuts in the project portfolio and continued efficiency measures.

### **Personal Banking International**

The activities of Personal Banking International include SEB Kort, Private Banking in Luxembourg, the UK, Switzerland, Norway, Denmark and e-banking in Denmark and the UK. SEB AG's (former BfG's) private banking business in Luxembourg has been merged with SEB in Luxembourg and is included in the division from 2001.

The operating result for the division was SEK 12 M (119).

### **Personal Banking International excluding SEB Kort**

With the prevailing stock market situation, SEB has chosen to concentrate the resources on markets in which the Group already has broader activities. Thus, the planned marketing launch in spring of the e-banking and e-brokerage service that was recently opened in the UK has been cancelled due to the decision to suspend the launch of a stand-alone e-banking venture.

In Denmark the total number of e-banking customers is approximately 10 000. In Norway there will be a soft launch of e-banking in order to support existing Private Banking at the end of the second quarter. The launch will be carried out gradually step by step, just as in Denmark, without any large-scale marketing launch.

Development of the e-banking concept in Luxembourg was completed during the first quarter. SEB has an existing private banking business in Luxembourg, with a customer base and skilled

advisors. E-banking creates a new channel for the customer to use SEB's services. According to plan this channel will be operational in late May.

In February, e-Asia Finance, a joint venture between SEB, Ankar Capital Management, Tata Consultancy Services and Compass ventures was announced. The aim is to supply Asian corporate customers with the technical platform for e-banking and e-brokerage solutions.

The units within Personal Banking International showed a combined result of SEK -69 M (4) consisting of two different parts. One part is the profitable private-banking business in Luxembourg and Switzerland, negatively affected by the low activity level on the financial markets. The other is the development cost for e-banking, generating negative results for the UK, Denmark and Norway. However, with actions taken to suspend further launches under prevailing market conditions, these costs are significantly lower than in the fourth quarter last year and will not increase further.

### **SEB Kort**

The turnover increased by 6 per cent and the outstanding credit volume increased by 11 per cent, which shows a continued interest for card payments. The total income did not increase correspondingly. A majority of the cards are "pay later" cards which are inversely affected by raising interest rates.

Costs increased by 10 per cent due to increased staff costs and IT-related expenditures. The number of personnel has increased primarily within the IT and sales areas. Increased turnover resulted in higher costs for systems operations. There was also ongoing development in new systems.

Incurred losses and fraud show a continued negative trend. This increased volume resulted in higher reserves than in previous quarters. The operating result decreased by 28 per cent to SEK 81 M.

Eurocard in Sweden has in co-operation with Ericsson developed a mobile payment solution. The test is being carried through now in selective shops. One hundred chosen Eurocard cardholders will be able to pay their purchases with a virtual Eurocard via Ericsson's mobile telephone R520m. The aim of this test is to measure if the customer rates this type of payment as simpler, quicker and more convenient than other methods of payment, for example cash and cards.

### **Corporate & Institutions**

The Corporate & Institutions division is focused on medium sized and large corporate and financial institutions. The division consists of the business areas Merchant Banking, Mid Corporate, Enskilda Securities and SEB Securities Services (custody).

The operating result of the division for January-March 2001 was SEK 1 511 M (SEK 1 574 M) despite the prevailing financial market climate. Merchant Banking is making very good results thanks to good performance within the Fixed Income and Debt Capital Market product areas due to high customer activity. Enskilda Securities is the business area that is most negatively affected by the market conditions.

Great effort has been made to increase customer penetration in the Mid Corporate segment. The division has further increased its focus on the use of capital and is still working with the aim of keeping the costs on a competitive level. IT costs have increased during the first quarter due to necessary investments in order to adapt to the new SWIFT-standards. The total costs are lower than last year mainly due to reduced staff costs.

### **Merchant Banking – right on track for the 6<sup>th</sup> consecutive quarter**

The strong momentum continued for Merchant Banking. Operating result amounted to SEK 917 M, an increase of 37 per cent compared to the first quarter last year. This was the second best quarterly result to date for Merchant Banking, only exceeded by the fourth quarter of 2000. Customer related income continued to show a positive development, up 9 per cent compared to the first quarter of 2000. Costs were 5 per cent lower than last year and the cost/income-ratio improved to 0,45 (0,54).

The growing customer related income was mainly attributable to good performance within the Foreign Exchange and Fixed Income areas. This is the main explanation for the higher net result of financial transactions, but it is also explained by a strong first quarter for Treasury Operations. The decreased spread between short and long interest rates has had a negative effect on Treasury Operations' net interest income. The lower net interest income is also partly due to a decrease in capital utilisation.

The Debt Capital Markets and Structured Finance product areas also performed well despite tough market conditions.

This year's customer surveys confirm and enhance the latest years' trend and reinforce Merchant Banking's leading position in its key markets. For example, Greenwich Associates' yearly market survey of the financial markets in Sweden ranked SEB as number one in "overall relationship performance" in the large corporate sector, for both quality and number of important relationships. Also Foreign Exchange Services was ranked number one in overall quality and had the largest estimated market share. The number one position was also achieved within the Cash Management area, which both in terms of overall services index and number of clients outperformed the competitors. In another recent survey, conducted by Euromoney, credit research teams in Europe were ranked and SEB made it into the league tables for the first time and as the only Scandinavian bank.

Merchant Banking continued its long-term strategy to lower its utilised capital. This was achieved through lower credit, market and operational risk levels. The risk weighted assets within Merchant Banking's corporate lending portfolio (excluding structured products) have decreased by 6 per cent compared to a year ago. During January-March 2001 the average daily Value at Risk was SEK 58 M, which is the same level as in the first quarter last year.

As from January 2001 the result from the German trading activity and the large corporate segment, previously reported within SEB AG (BfG), is included in Merchant Banking. Year 2000 figures have been restated accordingly.

### **SEB Mid Corporate**

The new business area SEB Mid Corporate comprises two units - Mid Corporate (the corporate part of the former Retail Distribution business area) and the finance company SEB Finans. SEB Mid Corporate is specialising in and focusing on tailor-made solutions for medium-sized companies.

The business area reached a result of SEK 331 M, down 2 per cent compared to last year's pro forma result. Net interest income showed a strong development, primarily due to higher margins on the deposit stock. Commission income decreased due to the recession in the stock market.

The majority of the result comes from Mid Corporate SEK 271 M (SEK 257 M pro forma for the first quarter last year). SEB Finans accounted for SEK 60 M compared to SEK 81 M last year.

SEB Finans' decreasing result is a consequence of weak sales during the third and fourth quarter of 2000, which backlogs the result to a certain extent.

### **Enskilda Securities – lower result in a weak market**

In the first quarter stock market activity as well as market capitalisation decreased significantly compared to the first quarter in 2000, which was the best quarter to date in the investment banking industry. The turnover fell on all Nordic exchanges and the equity capital market activity was sharply lower than last year.

In these less friendly market conditions, Enskilda Securities continued to strengthen its positions in the Nordic equity markets, especially in Norway, Finland and Denmark. On all these exchanges Enskilda Securities has a market share exceeding 10 per cent. Enskilda Securities' equity trading turnover was the highest ever in the first quarter and increased by 21 per cent compared to the same period in 2000.

Enskilda Securities' total income decreased by 44 per cent. All product areas show decreased revenues. However, secondary commission, which is the single most important source, has held up well. The bulk of the fall in revenues is related to trading, which is by nature more volatile. Also Equity Capital Markets and Mergers and Acquisitions experienced revenue losses, but in these areas there is now a healthy and growing order backlog, which should translate into stronger revenues in the coming quarters.

Total costs fell by 33 per cent, which is primarily an effect of a reduced provision for bonus payments to employees due to lower earnings. Pre-bonus costs increased by 4 per cent, mainly due to higher IT-costs.

The operating result for the first quarter was SEK 150 M, which is 62 per cent down from last year.

### **SEB Securities Services**

The operating result of SEB's custody service unit decreased by 28 per cent, to SEK 125 M. Income remained at the same level as in 2000, SEK 247 M, with the help of increased volumes. The number of transactions rose by 15 per cent to 973 000 and assets under custody increased by 18 per cent to SEK 2 089 billion. Total costs increased by 54 per cent, to SEK 122 M as a result of major investments during the first quarter, primarily within the IT-sector, and rising transaction volumes.

The market shares of the various segments remained stable, ranging between 30 and 75 per cent.

### **SEB Germany**

As from 2 April the German subsidiary BfG Bank AG has changed its name to SEB AG. A nation-wide marketing campaign is now ongoing to create customer awareness for the new brand within the future target customer groups.

Operations in the old BfG Bank has been changed in the following way:

The private banking unit in Luxembourg has been merged with SEB in Luxembourg and is now a part of division Personal Banking International. The merchant banking activities (Corporate Customer Division and Trading) as well as Skandinaviska Enskilda Banken AG in Germany (a subsidiary of SEB AG as from 1 January), have joined the Merchant Banking business area within the Corporate & Institutions division of the SEB Group.

Retail and personal banking, institutions and real estate activities, have been formed into division SEB Germany.

Total result of SEB Germany amounted to SEK 364 M (SEK 124 M). The profit and loss account in SEK has been affected by exchange rate fluctuations. Total income for SEB Germany rose by 5 per cent in SEK, but was down 1 per cent in euro. Total costs increased by 2 per cent in SEK, but decreased by 4 per cent in euro. The drop in total income depends on the reduction of capital employed by EUR 500, which has reduced net interest income by SEK 54 M.

Net interest earnings, SEK 1 027 M, are stable whereas net commission income, SEK 347 M, has been affected by the negative markets.

During the first quarter, SEB AG sold its shares in Deutsche Börse, which generated a profit of EUR 26.6 M (approximately SEK 240 M).

The mutual funds in BfG Invest and ImmoInvest had a continuously good net inflow (SEK 880 M). In spite of this, and due to the market development, Assets under Management have gone down somewhat to SEK 105 billion.

Risk weighted assets have been further reduced by almost SEK 5 billion, and e-banking customers have increased by another 10 000, to over 158 000.



The restructuring programme is continuing. The number of full time employees has been reduced by a further 275 compared to year-end 2000. During the first quarter apprentices have been hired, resulting in a net reduction by 170 full time employees.

Costs are well under control, down 4 per cent in euro, and credit losses have been moderate.

The legal entity SEB AG comprises all activities within SEB Germany and the above-mentioned merchant banking operations including those of Skandinaviska Enskilda Banken AG. The legal entity will be reported as additional information for continuity with the acquired BfG Bank. Figures in euro for the legal German entity are presented in *Appendix 4*. They correspond to the previous BfG Group, but with the addition of Skandinaviska Enskilda Banken AG in Germany.

The figures for 2000 have in both cases been restated for the internal purchase and sale of Skandinaviska Enskilda Banken AG in Germany and BfG Luxembourg respectively, and are hence comparable.

### **Investment Management & Life**

The division comprises the SEB Invest (former SEB Invest & Funds) and SEB Trygg Liv business areas and accounts for the SEB Group's business within mutual funds, institutional portfolio management and life insurance products. The division is affected by the downward trend on stock markets both concerning the demand of savings products and the effect of the so-called surplus values in the life insurance business. The operating result, before change in surplus values, amounted to SEK 118 M (145). Total result, after change in surplus values, was SEK -133 M (618), where the financial effects, due to the negative stock market development, had an impact of SEK -644 M (294).

The division's revenues, excluding change in surplus values, increased to SEK 774 M (772). Costs increased by 4 per cent to SEK 653 M (625).

As per 31 March 2001, total assets within the division managed by SEB Invest, amounted to SEK 562 billion (581). Of this total, portfolio management accounted for SEK 132 billion (119), traditional life insurance for SEK 254 billion (246) and mutual funds and unit linked insurance for SEK 176 billion (216). Since year-end total assets under management has decreased by 5 per cent.

During the first quarter seven of the ten external funds that were introduced in SEB's range of funds in 2000, were made available as unit linked insurance. Supplementary external funds will be introduced during the spring.

### **SEB Invest**

SEB Invest (reported together with Private Banking as Asset Management in 2000) showed an operating result of SEK 167 M (162), an improvement of 3 per cent.

Revenues increased by 8 per cent to SEK 409 M (380). Lower costs for distribution of mutual funds compensated the drop in stock prices. Net sales increased from SEK 6 billion to SEK 11 billion, above all due to an increase in institutional mandates. Costs rose by 11 per cent to SEK 242 M (218), mainly due to recruitment within asset allocation, hedge products and the mutual fund sales organisation. Costs were 11 per cent lower than in the fourth quarter of 2000.

During February it was formally decided that the business area should be incorporated. It is estimated that the incorporation will be completed by 1 January 2002.

Two new mutual funds were launched in the first quarter: SEB Opportunity Europe, for the Premium Pension programme, and SEB Global Chance/Risk, to strengthen the range of the prosperous chance/risk concept. The Financial Supervisory Authority granted the permission to merge 19 funds into 9. The purpose is to streamline and simplify the range of funds for the customers. The merger of funds will take place in May 2001.

## **SEB Trygg Liv**

The negative stock market development and the relatively low expire of bonds during the introduction of 2001, has negatively affected SEB Trygg Liv's sales, compared to the first quarter 2000 when the market situation was exactly the opposite. Sales (new business plus extra premiums on existing insurance contracts) amounted to SEK 2,786 M (4,368), a decrease of 36 per cent (compared with an increase by 70 per cent). Premiums written decreased by 24 per cent to SEK 4,357 M (5,748).

The ongoing market conditions mainly affect sales of single premium insurance, which decreased by 41 per cent. The market for current premium insurance is not as sensitive to weakening stock markets and the decrease in sales was limited to 5 per cent. The share of current premium insurance amounted to 24.9 per cent (16.7). A prominent rise was recorded for employer-paid insurance and especially occupational pension that rose by 49 per cent.

Revenues decreased by 7 per cent to SEK 364 M (391), mainly due to lower asset values in unit-linked. Costs increased by 1 per cent to SEK 413 M (408), which is 10 per cent lower than in the fourth quarter 2000. The operating result, before change in surplus values, amounted to SEK -49 M (SEK -17 M). Total result after change in surplus value decreased to SEK -300 M (SEK 456 M). This result is heavily affected by the financial effects in calculating the surplus value. Excluding these financial effects, the result increased to SEK 344 M (162) *See Appendix 3.*

In surveys among life insurance brokers made by the company Marknadsindikator, it is stated a more and more positive attitude towards SEB Trygg Life in comparison to other life insurance companies. This is regarded as a result of the deliberate and consequent commitment to improve the relationship with brokers. Sales through brokers, especially employer-paid insurance, rose by 20 per cent compared to last year.

SEB Trygg Liv's ambition is to continue to develop the business within occupational pension and other life insurance services and products paid by the employer, and to secure the strong position in the market for private individuals. The main sales focus is on unit linked insurance, which represents the absolute majority of the sales.

## **The Baltic & Poland – continued result improvement**

The Baltic & Poland division comprises the three Baltic banks, Eesti Ühispank, Latvijas Unibanka and Vilniaus Bankas, as well as SEB's holding in the Polish Bank Ochrony rodowiska, BOS.

The Baltic banks are today wholly owned subsidiaries of SEB.

The operating result of the division was SEK 125 M, an increase of 74 per cent compared to the first quarter of 2000, when Vilniaus Bankas was not consolidated. Pro forma, with full consolidation of Vilniaus Bankas during the first quarter of 2000, operating result increased by 25 per cent.

In March 2001, SEB acquired another 6 per cent of the shares in BOS. SEB's ownership in BOS has thereby increased to 38 per cent.

## **The merger with FöreningsSparbanken**

On 22 February it was announced that the Boards of Directors of FöreningsSparbanken and SEB had proposed to merge the two companies. The name of the new group will be SEB Swedbank.

The two groups complement each other well. The merger creates Sweden's leading financial group with a stronger range of products and services for customers in Sweden and good opportunities for continued growth as a European financial group.

The new group will have 35 000 employees, whereof 19 000 in Sweden, total assets of approximately SEK 2 000 billion and SEK 1 300 billion in assets under management, and a joint market value of about SEK 150 billion. FöreningsSparbanken and SEB will merge as equal parties, creating one of the 25 largest banks in Europe.

The merger is expected to yield annual cost savings of SEK 2.5-3.0 billion, mainly at a central level, within the IT area, within the product companies but also as a result of overlapping branch office networks. No dismissals will occur as a consequence of the merger. However, the number of employees is expected to be reduced by 2 000 persons during a three-year period, which is expected to happen through natural retirement. The merger is expected to generate restructuring costs of approximately SEK 4 billion, which will be covered over time by payments from pension funds and the sale of branches to independent savings banks and jointly owned banks. Increases in income due to the merger are expected to, by a margin, exceed any reductions in income the merger may cause.

The vision of the new group is to create a leading customer oriented European financial group based upon a broad Swedish base, through a combination of personal service/advice, local presence and modern technology.

The merger is conditional upon e.g. the approval of the extraordinary general meetings of the two banks and the necessary approval from the Government and the appropriate authorities, including the EU. Depending on whether the EU decides to simply review or thoroughly investigate the merger, a decision will be announced either in late June or in November.

Prior to the merger, integration planning will be led by an integration committee. Eighteen project teams, covering the entire new group, have been formed with the assignment to plan the forthcoming integration.

The Boards of Directors of both banks have unanimously recommended the shareholders to vote in favour of the merger.

# The SEB Group

## Operational Profit and Loss Account

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
Net interest income	3 070	2 883	6	11 616
Net commission income	2 933	3 702	-21	13 846
Net result of financial transactions	1 035	900	15	3 552
Other operating income	1 155	1 285	-10	3 644
<b>Total income</b>	<b>8 193</b>	<b>8 770</b>	<b>-7</b>	<b>32 658</b>
Staff costs	-3 036	-3 211	-5	-12 761
Pension compensation	298	171	74	943
Other operating costs	-2 269	-1 918	18	-8 751
Depreciations	- 455	- 427	7	-1 763
<b>Total costs</b>	<b>-5 462</b>	<b>-5 385</b>	<b>1</b>	<b>-22 332</b>
Net credit losses	- 182	- 281	-35	- 890
Net result from associated companies	- 1	30	-103	95
Operating profit from non-life insurance operations	241	52		212
<b>Operating result</b>	<b>2 789</b>	<b>3 186</b>	<b>-12</b>	<b>9 743</b>
Change in surplus value in life insurance operations	- 251	473	-153	337
<b>Total result</b>	<b>2 538</b>	<b>3 659</b>	<b>-31</b>	<b>10 080</b>
Taxes	- 800	- 638	25	-2 856
Taxes on change in surplus values	70	- 132	-153	- 94
Minority interests	- 29	- 124	-77	- 245
<b>Total result after tax</b>	<b>1 779</b>	<b>2 765</b>	<b>-36</b>	<b>6 885</b>

According to the Swedish Financial Supervisory Authority's guidelines and recommendations results from the banking and insurance operations should be separated in the profit and loss account as from 2001. SEB adopted these instructions already in 2000. In addition to the legal accounts SEB is also presenting an operational profit and loss account. As from 2001 SEB has chosen to show the changes in surplus value as a separate item in the income statement.

# The SEB Group

## Key figures

	January- March 2001	January- March 2000	Full year 2000
Return on equity, %	18.4	25.3	16.9
Return including change in surplus values, %	15.8	27.2	16.5
Return on equity, 12 months moving average, %	14.5	15.0	16.9
Return including change in surplus values, 12 months moving average, %	13.1	17.1	16.5
Earnings per share, SEK	2.78	3.44	9.43
Earnings per share (Total result after tax), SEK	2.52	3.92	9.77
Income/cost ratio, SEB Group	1.50	1.63	1.46
Income/cost ratio, banking operations	1.45	1.60	1.42
Cost/income ratio, SEB Group	0.67	0.61	0.68
Cost/income ratio, banking operations	0.69	0.62	0.70
Lending loss level, %	0.08	0.17	0.12
Provision ratio for doubtful claims, %	48.8	51.7	49.1
Level of doubtful claims, %	1.39	1.09	1.35
Total capital ratio, %	10.27	9.90	10.76
Core capital ratio, %	7.08	6.73	7.37

# The SEB Group

## Operational Profit & Loss Account, quarterly performance

SEK M	2001:1	2000:4	2000:3	2000:2	2000:1
Net interest income	3 070	2 898	2 849	2 986	2 883
Net commission income	2 933	3 507	3 400	3 237	3 702
Net result of financial transactions	1 035	1 294	786	572	900
Other operating income	1 155	598	394	1 367	1 285
<b>Total income</b>	<b>8 193</b>	<b>8 297</b>	<b>7 429</b>	<b>8 162</b>	<b>8 770</b>
Staff costs	-3 036	-3 391	-3 072	-3 087	-3 211
Pension compensation	298	227	226	319	171
Other operating costs	-2 269	-2 847	-1 891	-2 095	-1 918
Depreciations	- 455	- 508	- 409	- 419	- 427
<b>Total costs</b>	<b>-5 462</b>	<b>-6 519</b>	<b>-5 146</b>	<b>-5 282</b>	<b>-5 385</b>
Net credit losses etc	- 182	- 112	- 247	- 250	- 281
Net result from associated companies	- 1	20	23	22	30
Operating profit from non-life insurance operations	241	43	36	81	52
<b>Operating result</b>	<b>2 789</b>	<b>1 729</b>	<b>2 095</b>	<b>2 733</b>	<b>3 186</b>
Change in surplus values in life insurance operations	- 251	- 269	179	- 46	473
<b>Total result</b>	<b>2 538</b>	<b>1 460</b>	<b>2 274</b>	<b>2 687</b>	<b>3 659</b>
Taxes	- 800	- 613	- 719	- 886	- 638
Taxes on change in surplus values	70	76	- 50	12	- 132
Minority interests	- 29	- 36	- 64	- 21	- 124
<b>Total result after tax</b>	<b>1 779</b>	<b>887</b>	<b>1 441</b>	<b>1 792</b>	<b>2 765</b>

# The SEB Group

## Net commission income

SEK M	2001:1	2000:4	2000:3	2000:2	2000:1
Payments	283	286	296	276	300
Cards	445	426	375	401	375
Issue of securities	49	114	195	156	76
Custody and mutual fund	931	1 170	1 028	1 013	982
Courtage shares	662	659	724	679	1 004
Courtage other	47	47	36	52	51
Lending	105	116	166	129	114
Deposits	16	1	11	27	28
Guarantees	31	35	29	33	34
Advisory	89	241	199	211	293
Derivatives	79	32	46	66	40
Other	106	91	74	40	104
SEB AG and The Baltic	602	756	595	556	727
<b>Commission income 1)</b>	<b>3 445</b>	<b>3 974</b>	<b>3 774</b>	<b>3 639</b>	<b>4 128</b>
Payments	- 246	- 209	- 226	- 221	- 210
Securities	- 102	- 59	- 66	- 39	- 73
Other	- 58	- 69	- 16	- 45	- 44
SEB AG and The Baltic	- 106	- 130	- 66	- 97	- 99
<b>Commission costs</b>	<b>- 512</b>	<b>- 467</b>	<b>- 374</b>	<b>- 402</b>	<b>- 426</b>
Payments	482	503	445	456	465
Securities	1 587	1 931	1 917	1 861	2 040
Other	368	447	509	461	569
SEB AG and The Baltic	496	626	529	459	628
<b>Net commission income</b>	<b>2 933</b>	<b>3 507</b>	<b>3 400</b>	<b>3 237</b>	<b>3 702</b>

### 1) Enskilda Securities

Issue of securities	34	95	133	142	64
Courtage shares	343	378	456	335	451
Advisory	78	233	177	196	284
Derivatives	71	20	33	51	18
Other	10	18	13	55	4
<b>Commission income</b>	<b>536</b>	<b>744</b>	<b>812</b>	<b>779</b>	<b>821</b>

# The SEB Group

## Net result financial transactions

Mkr	2001:1	2000:4	2000:3	2000:2	2000:1
Skandinaviska Enskilda Banken 1)	419	621	288	198	74
Enskilda Securities	181	145	159	67	311
SEB AG	49	64	61	44	148
Other	37	12	1	13	3
<b>Realised and unrealised</b>	<b>686</b>	<b>842</b>	<b>509</b>	<b>322</b>	<b>536</b>
Exchange rate fluctuations	349	448	291	262	367
Redemptions of bonds		4	- 14	- 12	- 3
<b>Net result financial transactions</b>	<b>1 035</b>	<b>1 294</b>	<b>786</b>	<b>572</b>	<b>900</b>

1) Dividend on shares in trading portfolio amounts to SEK 193 M in 2001:1, in 2000:2 corresponding amount of SEK 134 M was reported as dividend

# The SEB Group

## Operational Profit and Loss Account by division

January-March 2001, SEK M	Personal Banking Sweden	Personal Banking International	SEB Germany	Corporate & Institutions	Investment Management & Life	The Baltic & Poland	Other incl eliminations	SEB Group
Net interest income	812	73	1 027	1 100	19	278	- 239	3 070
Net commission income	541	409	347	1 001	556	124	- 45	2 933
Net result of financial transactions	17	22	13	915	- 7	71	4	1 035
Other income	45	7	276	54	206	66	501	1 155
<b>Total income</b>	<b>1 415</b>	<b>511</b>	<b>1 663</b>	<b>3 070</b>	<b>774</b>	<b>539</b>	<b>221</b>	<b>8 193</b>
Staff costs	- 454	- 171	- 680	- 944	- 274	- 161	- 352	-3 036
Pension compensation	105	3		70	13	1	106	298
Other operating costs	- 513	- 275	- 447	- 655	- 368	- 93	82	-2 269
Depreciations	- 10	- 15	- 92	- 50	- 24	- 84	- 180	- 455
<b>Total costs</b>	<b>- 872</b>	<b>- 458</b>	<b>-1 219</b>	<b>-1 579</b>	<b>- 653</b>	<b>- 337</b>	<b>- 344</b>	<b>-5 462</b>
Net credit losses etc	- 17	- 24	- 100	20		- 78	17	- 182
Net result from associated companies		- 17	20		- 3	1	- 2	- 1
Operating profit from non-life insurance operations							241	241
<b>Operating result</b>	<b>526</b>	<b>12</b>	<b>364</b>	<b>1 511</b>	<b>118</b>	<b>125</b>	<b>133</b>	<b>2 789</b>
Change in surplus values in life insurance operations					- 251			- 251
<b>Total result</b>	<b>526</b>	<b>12</b>	<b>364</b>	<b>1 511</b>	<b>- 133</b>	<b>125</b>	<b>133</b>	<b>2 538</b>

## Personal Banking Sweden

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	812	701	16
Net commission income	541	876	-38
Net result of financial transactions	17	16	6
Other operating income	45	5	
<b>Total income</b>	<b>1 415</b>	<b>1 598</b>	<b>-11</b>
Staff costs	- 454	- 531	-15
Pension compensation	105	73	44
Other operating costs	- 513	- 475	8
Depreciations	- 10	- 11	-9
<b>Total costs</b>	<b>- 872</b>	<b>- 944</b>	<b>-8</b>
Net credit losses	- 17	- 39	-56
<b>Operating result</b>	<b>526</b>	<b>615</b>	<b>-14</b>

## Personal Banking International

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	73	111	-34
Net commission income	409	446	-8
Net result of financial transactions	22	25	-12
Other operating income	7	12	-42
<b>Total income</b>	<b>511</b>	<b>594</b>	<b>-14</b>
Staff costs	- 171	- 167	2
Pension compensation	3	8	-63
Other operating costs	- 275	- 244	13
Depreciations	- 15	- 14	7
<b>Total costs</b>	<b>- 458</b>	<b>- 417</b>	<b>10</b>
Net credit losses	- 24	- 10	140
Net result from associated companies	- 17	- 48	-65
<b>Operating result</b>	<b>12</b>	<b>119</b>	<b>-90</b>

## SEB Kort

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	23	37	-38
Net commission income	293	273	7
Net result of financial transactions			
Other operating income	3	7	-57
<b>Total income</b>	<b>319</b>	<b>317</b>	<b>1</b>
Staff costs	- 91	- 84	8
Pension compensation	3	8	-63
Other operating costs	- 118	- 107	10
Depreciations	- 8	- 9	-11
<b>Total costs</b>	<b>- 214</b>	<b>- 192</b>	<b>11</b>
Net credit losses	- 24	- 10	140
<b>Operating result</b>	<b>81</b>	<b>115</b>	<b>-30</b>



## Personal Banking International excl SEB Kort

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	50	74	-32
Net commission income	116	173	-33
Net result of financial transactions	22	25	-12
Other operating income	4	5	-20
<b>Total income</b>	<b>192</b>	<b>277</b>	<b>-31</b>
Staff costs	- 80	- 83	-4
Pension compensation			
Other operating costs	- 157	- 137	15
Depreciations	- 7	- 5	40
<b>Total costs</b>	<b>- 244</b>	<b>- 225</b>	<b>8</b>
Net credit losses	- 17	- 48	-65
<b>Operating result</b>	<b>- 69</b>	<b>4</b>	

## SEB Germany

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	1 027	1 003	2
Net commission income	347	490	-29
Net result of financial transactions 1)	13	- 11	
Other operating income	276	99	179
<b>Total income</b>	<b>1 663</b>	<b>1 581</b>	<b>5</b>
Staff costs	- 680	- 663	2
Other operating costs	- 447	- 446	
Depreciations	- 92	- 88	5
<b>Total costs</b>	<b>-1 219</b>	<b>-1 197</b>	<b>2</b>
Net credit losses	- 100	- 310	-65
Net result from associated companies	20	50	-60
<b>Operating result</b>	<b>364</b>	<b>124</b>	<b>194</b>

## Corporate & Institutions

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	1 100	1 182	-7
Net commission income	1 001	1 435	-30
Net result of financial transactions	915	706	30
Other operating income	54	41	32
<b>Total income</b>	<b>3 070</b>	<b>3 364</b>	<b>-9</b>
Staff costs	- 944	-1 221	-23
Pension compensation	70	46	52
Other operating costs	- 655	- 574	14
Depreciations	- 50	- 43	16
<b>Total costs</b>	<b>-1 579</b>	<b>-1 792</b>	<b>-12</b>
Net credit losses	20	2	
<b>Operating result</b>	<b>1 511</b>	<b>1 574</b>	<b>-4</b>

## Merchant Banking

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	634	716	-11
Net commission income	324	318	2
Net result of financial transactions	640	381	68
Other operating income	39	24	63
<b>Total income</b>	<b>1 637</b>	<b>1 439</b>	<b>14</b>
Staff costs	- 488	- 499	-2
Pension compensation	45	30	50
Other operating costs	- 281	- 293	-4
Depreciations	- 19	- 19	0
<b>Total costs</b>	<b>- 743</b>	<b>- 781</b>	<b>-5</b>
Net credit losses	23	13	77
<b>Operating result</b>	<b>917</b>	<b>671</b>	<b>37</b>

## Mid Corporate

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	466	443	5
Net commission income	72	99	-27
Net result of financial transactions	20	20	0
Other operating income	9	10	-10
<b>Total income</b>	<b>567</b>	<b>572</b>	<b>-1</b>
Staff costs	- 118	- 107	10
Pension compensation	17	11	55
Other operating costs	- 125	- 117	7
Depreciations	- 2	- 2	0
<b>Total costs</b>	<b>- 228</b>	<b>- 215</b>	<b>6</b>
Net credit losses	- 8	- 19	-58
<b>Operating result</b>	<b>331</b>	<b>338</b>	<b>-2</b>

## Enskilda Securities

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	- 48	- 31	55
Net commission income	422	843	-50
Net result of financial transactions	245	289	-15
Other operating income	3	3	0
<b>Total income</b>	<b>622</b>	<b>1 104</b>	<b>-44</b>
Staff costs	- 294	- 577	-49
Other operating costs	- 155	- 118	31
Depreciations	- 28	- 21	33
<b>Total costs</b>	<b>- 477</b>	<b>- 716</b>	<b>-33</b>
Net credit losses	5	8	-38
<b>Operating result</b>	<b>150</b>	<b>396</b>	<b>-62</b>

## SEB Securities Services

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	51	57	-11
Net commission income	183	175	5
Net result of financial transactions	10	16	-38
Other operating income	3	4	-25
<b>Total income</b>	<b>247</b>	<b>252</b>	<b>-2</b>
Staff costs	- 41	- 35	17
Pension compensation	7	5	40
Other operating costs	- 87	- 48	81
Depreciations	- 1	- 1	0
<b>Total costs</b>	<b>- 122</b>	<b>- 79</b>	<b>54</b>
<b>Operating result</b>	<b>125</b>	<b>173</b>	<b>-28</b>

## Investment Management & Life

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	19	14	36
Net commission income	556	554	0
Net result of financial transactions	- 7		
Other operating income	206	204	1
<b>Total income</b>	<b>774</b>	<b>772</b>	<b>0</b>
Staff costs	- 274	- 255	7
Pension compensation	13	8	63
Other operating costs	- 368	- 359	3
Depreciations	- 24	- 19	26
<b>Total costs</b>	<b>- 653</b>	<b>- 625</b>	<b>4</b>
Net result from associated companies	- 3	- 2	50
<b>Operating result</b>	<b>118</b>	<b>145</b>	<b>-19</b>
Change in surplus value in life insurance operations	- 251	473	-153
<b>Total result</b>	<b>- 133</b>	<b>618</b>	<b>-122</b>

## SEB Invest

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	6	1	
Net commission income	401	379	6
Net result of financial transactions	1	-4	-125
Other operating income	1	4	-75
<b>Total income</b>	<b>409</b>	<b>380</b>	<b>8</b>
Staff costs	-135	-123	10
Pension compensation	13	8	63
Other operating costs	-111	-98	13
Depreciations	-9	-5	80
<b>Total costs</b>	<b>- 242</b>	<b>-218</b>	<b>11</b>
Net credit losses			
<b>Operating result</b>	<b>167</b>	<b>162</b>	<b>3</b>

## SEB Trygg Liv

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	13	13	0
Net commission income	12	17	-29
Net result of financial transactions	- 8	4	
Other operating income	348	358	-3
<b>Total income</b>	<b>365</b>	<b>392</b>	<b>-7</b>
Staff costs	- 139	- 132	5
Other operating costs	- 257	- 261	-2
Depreciations	- 15	- 14	7
<b>Total costs</b>	<b>- 411</b>	<b>- 407</b>	<b>1</b>
			0
Net result from associated companies	- 3	- 2	50
<b>Operating result</b>	<b>- 49</b>	<b>- 17</b>	<b>188</b>
Change in surplus value in life insurance operations	- 251	473	-153
<b>Total result</b>	<b>- 300</b>	<b>456</b>	<b>-166</b>

## The Baltic & Poland

SEK M	January- March 2001	January- March 2000	Change per cent
Net interest income	278	121	130
Net commission income	124	64	94
Net result of financial transactions	71	26	173
Other operating income	66	13	
<b>Total income</b>	<b>539</b>	<b>224</b>	<b>141</b>
Staff costs	- 161	- 72	124
Pension compensation	1		
Other operating costs	- 93	- 54	72
Depreciations	- 84	- 43	95
<b>Total costs</b>	<b>- 337</b>	<b>- 169</b>	<b>99</b>
Net credit losses	- 78	- 1	
Net result from associated companies	1	18	-94
<b>Operating result</b>	<b>125</b>	<b>72</b>	<b>74</b>

# The SEB Group

## Balance sheet

SEK M	31 March 2001	31 March 2000	31 December 2000
Lending to credit institutions	153 258	197 250	164 673
Lending to the public	612 967	582 512	605 759
Interest-bearing securities	167 051	133 716	158 047
- <i>Financial fixed assets</i>	4 988	7 705	4 736
- <i>Financial current assets</i>	162 063	126 011	153 311
Shares and participations	17 581	21 700	8 688
Assets used in the insurance operations	64 029	74 669	71 749
Other assets	132 059	130 706	113 894
<b>Total assets</b>	<b>1 146 945</b>	<b>1 140 553</b>	<b>1 122 810</b>
Liabilities to credit institutions	205 126	229 938	217 364
Deposits and borrowing from the public	439 591	407 093	419 887
Securities issued, etc.	200 861	205 685	199 103
Liabilities of the insurance operations	63 070	71 133	66 932
Other liabilities and provisions	164 670	155 526	146 505
Subordinated liabilities	29 882	31 682	31 410
Shareholders' equity 1)	43 745	39 496	41 609
<b>Total liabilities and shareholders' equity</b>	<b>1 146 945</b>	<b>1 140 553</b>	<b>1 122 810</b>

## 1) Change in shareholders' equity

Mkr	31 mars 2001	31 mars 2000	31 december 2000
Opening balance	41 609	33 006	33 006
New share issue		4 067	4 067
Dividend to shareholders			-2 466
Result, holding of own shares			21
Translation difference	176	- 1	339
Net profit for the period	1 960	2 424	6 642
<b>Closing balance</b>	<b>43 745</b>	<b>39 496</b>	<b>41 609</b>

# The SEB Group

## Problem loans and seized assets

SEK M	31 March 2001	31 March 2000	31 December 2000
Doubtful claims	16 774	15 398	16 437
<b>Provision for possible lending losses</b>	<b>-8 178</b>	<b>-7 964</b>	<b>-8 072</b>
<b>Doubtful claims, net</b>	<b>8 596</b>	<b>7 434</b>	<b>8 365</b>
Claims subject to interest reduction	436	321	308
<b>Total volume of problem loans</b>	<b>9 032</b>	<b>7 755</b>	<b>8 673</b>
 <b>Level of doubtful claims</b>	 <b>1.39</b>	 <b>1.09</b>	 <b>1.35</b>
(Doubtful claims (net) in relation to lending and leasing (net) at end of period, per cent)			
 <b>Provision ratio for doubtful claims</b>	 <b>48.8</b>	 <b>51.7</b>	 <b>49,1</b>
(Reserve for possible lending losses in relation to doubtful claims (gross), per cent)			
 <b>Pledges taken over</b>			
Buildings and land	47	94	104
Shares and participations	114	516	109
<b>Total volume of pledges taken over</b>	<b>161</b>	<b>610</b>	<b>213</b>

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

The shortfall in income due to interest deferrals was SEK 1 M (SEK 2 M), while unpaid interest on non-performing loans amounted to SEK 59 M (SEK 129 M).

On 31 March 2001, the Group had SEK 122 M (SEK 169 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 March 2001 SEK M	Contracts on the asset side		Contracts on the liability side	
	Book value	Market value	Book value	Market value
Interest-related	22 334	22 334	23 114	23 114
Currency-related	53 355	55 718	47 559	50 831
Equity-related	1 859	1 859	1 065	1 065
Other	5	5		
<b>Total</b>	<b>77 553</b>	<b>79 916</b>	<b>71 738</b>	<b>75 010</b>

On 31 March 2001 the notional value of the Group's derivatives contracts amounted to SEK 4 828 billion (SEK 3 878 billion on 31 March 2000).

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	January- March 2001	January- March 2000	Full year 2000
Cash flow before changes in lending and deposits	-12 020	4 502	10 795
Increase in lending to the public	-7 503	-17 893	-36 262
Increase in deposits from the public	19 704	22 959	27 113
<b>Cash flow, current operations</b>	<b>181</b>	<b>9 568</b>	<b>1 646</b>
<b>Cash flow, investment activities</b>	<b>-2 414</b>	<b>38 470</b>	<b>41 291</b>
<b>Cash flow, financing activities</b>	<b>230</b>	<b>-10 657</b>	<b>-20 630</b>
<b>Cash flow for the period</b>	<b>-2 003</b>	<b>37 381</b>	<b>22 307</b>
Liquid funds at beginning of year	46 532	24 225	24 225
Cash flow for the period	-2 003	37 381	22 307
<b>Liquid funds at end of period</b>	<b>44 529</b>	<b>61 606</b>	<b>46 532</b>

# The SEB Group

## Statutory Profit and Loss Account

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
<b>Income</b>				
<i>Interest income</i>	13 853	12 350	12	51 196
<i>Interest costs</i>	-10 794	-9 482	14	-39 640
Net interest income	3 059	2 868	7	11 556
Dividends received *)	221	18		877
<i>Commission income</i>	3 356	4 066	-17	15 132
<i>Commission costs</i>	- 512	- 426	20	-1 669
Net commission income 1)	2 844	3 640	-22	13 463
Net result of financial transactions 2)	850	895	-5	3 544
Other operating income	989	1 145	-14	2 208
<b>Income from banking operations</b>	<b>7 963</b>	<b>8 566</b>	<b>-7</b>	<b>31 648</b>
<b>Costs</b>				
Staff costs	-2 902	-3 092	-6	-12 234
General administrative costs	-1 572	-1 390	13	-5 985
Depreciation and write-downs of tangible and intangible fixed assets	- 440	- 412	7	-1 703
Other operating costs	- 565	- 445	27	-2 360
<b>Costs from banking operations</b>	<b>-5 479</b>	<b>-5 339</b>	<b>3</b>	<b>-22 282</b>
<b>Profit/loss from banking operations before credit losses</b>	<b>2 484</b>	<b>3 227</b>	<b>-23</b>	<b>9 366</b>
Net credit losses 3)	- 149	- 332	-55	- 858
Change in value of seized assets	15	54	-72	43
Write-down of financial fixed assets	- 48	- 3		- 75
Net result from associated companies	2	32	-94	104
<b>Operating profit from banking operations</b>	<b>2 304</b>	<b>2 978</b>	<b>-23</b>	<b>8 580</b>
Operating profit from insurance operations 4)	187	37		220
<b>Operating profit</b>	<b>2 491</b>	<b>3 015</b>	<b>-17</b>	<b>8 800</b>
Pension compensation	298	171	74	943
Taxes	- 800	- 638	25	-2 856
Minority interests	- 29	- 124	-77	- 245
<b>Net profit for the period **)</b>	<b>1 960</b>	<b>2 424</b>	<b>-19</b>	<b>6 642</b>

\*) In 2001 dividend on shares in trading portfolio amounts to SEK 193 M. In 2000 SEK 134 M was reported in second quarter

**) Earnings per share, SEK	2.78	3.44	9.43
Number of shares	704 557 680	704 557 680	704 557 680

### 1) Net commission income

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
Payment commissions	658	493	33	2 424
Securities commissions	1 647	1 968	-16	8 137
Other commissions	539	1 179	-54	2 902
<b>Total</b>	<b>2 844</b>	<b>3 640</b>	<b>-22</b>	<b>13 463</b>



## 2) Net result of financial transactions

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
Shares/participations	487	420	16	- 44
Interest-bearing securities	176	190	-7	413
Other financial instruments	47	216	-78	1 693
<b>Realised result</b>	<b>710</b>	<b>826</b>	<b>-14</b>	<b>2 062</b>
Shares/participations	- 599	- 72		- 451
Interest-bearing securities	26	- 123	-121	105
Other financial instruments	361	- 96	0	493
<b>Unrealised value changes</b>	<b>- 212</b>	<b>- 291</b>	<b>-27</b>	<b>147</b>
<b>Subtotal</b>	<b>498</b>	<b>535</b>	<b>-7</b>	<b>2 209</b>
<b>Exchange rate fluctuations</b>	<b>352</b>	<b>363</b>	<b>-3</b>	<b>1 360</b>
<b>Redemption of bonds</b>		<b>- 3</b>	<b>-100</b>	<b>- 25</b>
<b>Total</b>	<b>850</b>	<b>895</b>	<b>-5</b>	<b>3 544</b>

## 3) Net credit losses

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
<b>A. Individually appraised receivables:</b>				
Reported write-down, incurred losses	- 293	- 217	35	-3 496
Reversal of previous provisions for possible losses, reported as incurred losses in current years accounts	194	67	190	2 569
Reported provision for possible losses	- 284	- 426	-33	-1 552
Recovered from losses incurred in previous years	106	83	28	612
Reversal of previous provisions for possible losses	122	131	-7	638
<b>Reported net cost for individually appraised receivables</b>	<b>- 155</b>	<b>- 362</b>	<b>-57</b>	<b>-1 229</b>
<b>B. Receivables appraised by category:</b>				
Reported write-down, incurred losses	- 27	- 18	50	- 57
Reported provision for possible losses	- 5	- 1		- 8
Recovered from losses incurred in previous years	7	9	-22	24
Withdrawal from reserve for lending losses				
<b>Reported net cost for receivables appraised by category</b>	<b>- 25</b>	<b>- 10</b>	<b>150</b>	<b>- 41</b>
<b>C. Allocation to/withdrawal from reserve for political risks abroad</b>	<b>42</b>	<b>61</b>	<b>-31</b>	<b>363</b>
<b>D. Contingent liabilities</b>	<b>- 11</b>	<b>- 21</b>	<b>-48</b>	<b>49</b>
<b>Total</b>	<b>- 149</b>	<b>- 332</b>	<b>-55</b>	<b>- 858</b>

## 4) Operating profit from insurance operations

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
Non-life operations	242	52		212
Life operations	- 55	- 15		8
<b>Total</b>	<b>187</b>	<b>37</b>		<b>220</b>

# Skandinaviska Enskilda Banken

## Profit and Loss Account

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
<b>Income</b>				
Interest income	7 240	6 066	19	27 250
Leasing income	147	110	34	459
Interest costs	-6 203	-4 922	26	-22 879
Net interest income 1)				
Dividends received *)	228	22		2 157
Commission income	1 371	1 874	-27	6 958
Commission costs	- 191	- 256	-25	-1 000
Net commission income 2)	1 180	1 618	-27	5 958
Net result of financial transactions 3)	561	373	50	2 298
Other operating income	774	838	-8	1 990
<b>Total income</b>	<b>3 927</b>	<b>4 105</b>	<b>-4</b>	<b>17 233</b>
<b>Costs</b>				
Staff costs	-1 278	-1 544	-17	-6 470
Other administrative expenses	-1 189	- 924	29	-3 985
Depreciation and write-downs of tangible and intangible fixed assets	- 76	- 75	1	- 317
Other operating costs	- 340	- 235	45	-1 282
<b>Total costs</b>	<b>-2 883</b>	<b>-2 778</b>	<b>4</b>	<b>-12 054</b>
<b>Profit/loss before credit losses</b>	<b>1 044</b>	<b>1 327</b>	<b>-21</b>	<b>5 179</b>
Net credit losses 4)	32	31	3	144
Change in value of seized assets				- 8
Write-down of financial fixed assets				- 658
<b>Operating profit</b>	<b>1 076</b>	<b>1 358</b>	<b>-21</b>	<b>4 657</b>
Pension provision	288	171	68	943
Other appropriations**)	- 561	- 539	4	-2 307
Taxes *)	- 183	- 162	13	- 472
<b>Net profit for the period</b>	<b>620</b>	<b>828</b>	<b>-25</b>	<b>2 821</b>

\*) In 2001 dividend on shares in trading portfolio amounts to SEK 193 M. In 2000 SEK 134 M was reported in second quarter.

\*\*) Group contributions reported directly against equity

### 1) Net interest income

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
Interest income	7 240	6 066	19	27 250
Leasing income	147	110	34	459
Interest costs	-6 203	-4 922	26	-22 879
Leasing depreciation	- 44	- 33	33	- 148
<b>Total</b>	<b>1 140</b>	<b>1 221</b>	<b>-7</b>	<b>4 682</b>

### 2) Net commission income

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
Payment commissions	190	356	-47	1 416
Securities commissions	767	1 009	-24	3 580
Other commissions	223	253	-12	962

<b>Total</b>	<b>1 180</b>	<b>1 618</b>	<b>-27</b>	<b>5 958</b>
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### 3) Net result of financial transactions

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
Shares/participations				65
Interest-bearing securities	181	74	145	394
Other financial instruments	65	186	-65	725
<b>Realised result</b>	<b>246</b>	<b>260</b>	<b>-5</b>	<b>1 184</b>
Shares/participations	- 4	- 106	-96	- 15
Interest-bearing securities	- 9	- 77	-88	- 199
Other financial instruments	43	- 4		211
<b>Unrealised value changes</b>	<b>30</b>	<b>- 187</b>	<b>-116</b>	<b>- 3</b>
<b>Exchange rate fluctuations</b>	<b>285</b>	<b>300</b>	<b>-5</b>	<b>1 117</b>
<b>Total</b>	<b>561</b>	<b>373</b>	<b>50</b>	<b>2 298</b>

### 4) Net credit losses

SEK M	January- March 2001	January- March 2000	Change per cent	Full year 2000
<b>A. Individually appraised receivables</b>				
Reported write-down, incurred losses	- 48	- 42	14	-1 420
Reversal of previous provisions for possible losses reported as incurred losses in current period's accounts	34	34		1 295
Reported provision for possible losses	- 72	- 138	-48	- 520
Recovered from losses incurred in previous years	53	36	47	372
Reversal of previous provisions for possible losses	23	83	-72	164
<b>Reported net cost for individually appraised receivables</b>	<b>- 10</b>	<b>- 27</b>	<b>-63</b>	<b>- 109</b>
<b>B. Receivables appraised by category</b>				
Reported write-down, incurred losses		- 8	-100	- 52
Reported provision for possible losses				- 4
Recovered from losses incurred in previous years		6	-100	22
Withdrawal from provision for lending losses				
<b>Reported net cost for receivables appraised by category</b>		<b>- 2</b>	<b>-100</b>	<b>- 34</b>
<b>C. Allocation to/withdrawal from reserve for political risks abroad</b>	<b>42</b>	<b>60</b>	<b>-30</b>	<b>279</b>
<b>D. Contingent liabilities</b>				<b>8</b>
<b>Total</b>	<b>32</b>	<b>31</b>	<b>3</b>	<b>144</b>

# Skandinaviska Enskilda Banken

## Cash flow analysis

SEK M	January- March 2001	January- March 2000	Full year 2000
Cash flow before changes in lending and deposits	-22 945	2 028	7 813
Increase in lending to the public	7 121	-15 681	-31 782
Increase in deposits from the public	13 235	24 188	15 923
<b>Cash flow, current operations</b>	<b>-2 589</b>	<b>10 535</b>	<b>-8 046</b>
<b>Cash flow, investment activities</b>	<b>-167</b>	<b>-17 325</b>	<b>-19 546</b>
<b>Cash flow, financing activities</b>	<b>-4 372</b>	<b>-1 270</b>	<b>-3 598</b>
<b>Cash flow for the period</b>	<b>-7 128</b>	<b>-8 060</b>	<b>-31 190</b>
Liquid funds at beginning of year	45 261	76 451	76 451
Cash flow for the period	-7 128	-8 060	-31 190
<b>Liquid funds at end of period</b>	<b>38 133</b>	<b>68 391</b>	<b>45 261</b>

# Skandinaviska Enskilda Banken

## Balance sheet

SEK M	31 March 2001	31 March 2000	31 December 2000
Lending to credit institutions	171 147	206 083	184 849
Lending to the public	213 393	204 981	220 493
Interest-bearing securities	132 439	91 832	118 418
- <i>Financial fixed assets</i>	3 567	2 449	2 962
- <i>Financial current assets</i>	128 872	89 383	115 456
Shares and participations	55 319	58 112	44 485
Other assets	108 221	98 957	94 112
<b>Total assets</b>	<b>680 519</b>	<b>659 965</b>	<b>662 357</b>
Liabilities to credit institutions	190 296	183 273	198 618
Deposits and borrowing from the public	247 885	242 915	234 650
Securities issued, etc.	49 762	51 443	52 518
Other liabilities and provisions	136 777	125 715	120 194
Subordinated liabilities	26 591	29 144	28 207
Shareholders' equity 1)	29 208	27 475	28 170
<b>Total liabilities and shareholders' equity</b>	<b>680 519</b>	<b>659 965</b>	<b>662 357</b>

## 1) Change in shareholders' equity

SEK M	31 mars 2001	31 mars 2000	31 december 2000
Opening balance	28 170	22 294	22 294
New share issue		4 067	4 067
Dividend to shareholders			-2 466
Group contributions, net	416	287	1 436
Result, holding of own shares			21
Translation difference	2	- 1	- 3
Net profit for the period	620	828	2 821
<b>Closing balance</b>	<b>29 208</b>	<b>27 475</b>	<b>28 170</b>

# The SEB Group

## Statutory Profit and Loss Account

SEK M	January- March 2001	SEB Trygg Liv	Internal trans- actions bank- insurance	Reclassi- fication
Net interest income	3 059	11		
Dividends received	221			- 221
Net commission income	2 844		89	
Net result of financial transactions	850	- 8		193
Other operating income	989	347	- 209	28
<b>Income from banking operations</b>	<b>7 963</b>	<b>350</b>	<b>- 120</b>	<b>0</b>
Staff costs	-2 902	- 137	3	298
General administrative costs	-1 572	- 194		1 391
Depreciation and write-downs of tangible and intangible fixed assets	- 440	- 15		
Other operating costs	- 565	- 55	117	-1 391
<b>Costs from banking operations</b>	<b>-5 479</b>	<b>- 401</b>	<b>120</b>	<b>298</b>
<b>Profit/loss from banking operations before credit losses</b>	<b>2 484</b>			
Net credit losses	- 149			- 48
Change in value of seized assets	15			
Write-down of financial fixed assets	- 48			48
Net result from associated companies	2	- 3		
<b>Operating profit from banking operations</b>	<b>2 304</b>			
Operating profit from insurance operations	187	54		
<b>Operating profit</b>	<b>2 491</b>	<b>0</b>	<b>0</b>	<b>298</b>
				- 251
Pension compensation	298			- 298
Taxes	- 800			70
Minority interests	- 29			
<b>Net profit for the period</b>	<b>1 960</b>	<b>0</b>	<b>0</b>	<b>- 181</b>

## Operational Profit and Loss Account

January- March 2001	SEK M
3 070	Net interest income
2 933	Net commission income
1 035	Net result of financial transactions
1 155	Other operating income
<b>8 193</b>	<b>Total income</b>
-3 036	Staff costs
298	Pension compensation
- 455	Depreciations
-2 269	Other operating costs
<b>-5 462</b>	<b>Total costs</b>
- 182	Net credit losses etc
- 1	Net result from associated companies
241	Operating profit from non-life insurance operations
<b>2 789</b>	<b>Operating result</b>
- 251	Change in surplus value in life insurance operations
<b>2 538</b>	<b>Total result</b>
- 800	Taxes
70	Taxes on change in surplus values
- 29	Minority interests
<b>1 779</b>	<b>Total result after tax</b>

*Appendix 1 BfG in the SEB Group – Income Statement and Disposition of negative goodwill.*

**BfG Income Statement** (adapted to Swedish Accounting Principles)

EUR M

	Q1 2001	Q1 2000	Q2 2000	Q3 2000	Q4 2000	Full year 2000	Normal quarter 2000
Interest net	127	128	142	126	120	516	129
commissions	41	66	48	54	58	226	56
Net financial							
transactions	7	2	-4	10	10	18	5
Other income	9	13	7	14	5	39	10
<b>Total income</b>	<b>184</b>	<b>209</b>	<b>193</b>	<b>204</b>	<b>193</b>	<b>799</b>	<b>199</b>
Staff cost	-82	-84	-87	-85	-77	-333	-83
Other costs	-65	-70	-80	-69	-81	-300	-75
<b>Total costs</b>	<b>-147</b>	<b>-154</b>	<b>-167</b>	<b>-154</b>	<b>-158</b>	<b>-633</b>	<b>-158</b>
Credit losses	-10	-36	-15	-18	-18	-87	-22
Associated							
companies					2	2	
<b>"Normal" Profit</b>	<b>27</b>	<b>19</b>	<b>11</b>	<b>32</b>	<b>19</b>	<b>81</b>	<b>20</b>
One off items	27	18	9			27	
<b>"External" Profit</b>	<b>54</b>	<b>37</b>	<b>20</b>	<b>32</b>	<b>19</b>	<b>108</b>	

**Allocation of negative goodwill and other reserves**

The acquisition of BfG on January 3, 2000 has given rise to a negative goodwill as the acquisition price was lower than the acquired equity capital. The reason for the existence of the negative goodwill is the expectations that the return of the acquired company is insufficient. Thus, actions will have to be taken to restore the long-term earnings capacity.

The negative goodwill is EUR 382 M. In addition to that, there is a general reserve for bad debt of EUR 111 M and a general reserve for restructuring of EUR 83 M established by BfG before the acquisition. Thus, total reserves to be allocated are EUR 576 M.

During 2000, measures have also been taken in order to restructure the balance sheet, i.e. by selling out subsidiaries, fixed assets and closing certain positions.

<b>Available reserves at time of purchase</b>	<b>EUR M</b>
Unallocated negative goodwill – opening balance	382
General reserve for credit-losses – opening balance	111
General restructuring reserves – opening balance	83
<b>Total reserves to be allocated</b>	<b>576</b>

<b>Allocation and utilisation of reserves</b>	<b>Opening balance 2000</b>	<b>Utilised 2000</b>	<b>Opening balance 2001</b>	<b>Utilised in Q1 2001</b>	<b>Closing balance</b>
Re-evaluation and restructuring of balance-sheet items	13.9	-3.9	10,	0	10,0
General reserve for credit losses	142.7	-30.4	112,3	0	112,3
Social Plan	90.1	-23.0	67.1	-23.4	43,7
Reserve for restructuring	329.3	-55.2	274.1	-26.7	247,4
<b>Total</b>	<b>576</b>	<b>-112.5</b>	<b>463.5</b>	<b>-50.1</b>	<b>413,4</b>

The reserve for restructuring will cover the cost of a large number of projects identified during the strategic review of SEB AG:

These projects have been estimated to generate the following expenses (EUR M)

Restructuring of the retail segment	90
Brand name change	80
IT-structure and MIS	60
Relocation costs	40
Restructuring of subsidiaries	20
Other projects	40
	330

Of the EUR 330 M, EUR 55 M was utilised during 2000. Of the remaining EUR 275 M, EUR 27 M has been utilised during the first quarter of 2001. Thus EUR 248 M remains.

## Appendix 2 Exposure on emerging markets, geographical distribution

SEK M

	Total	Of which SEB AG
<b>Asia<sup>1</sup></b>	<b>4 517</b>	<b>458</b>
Hong Kong	933	78
China	941	229
Other Specified Countries <sup>2</sup>	2 018	56
<b>Latin America<sup>3</sup></b>	<b>3 887</b>	<b>409</b>
Brazil	1 949	20
Eastern and Central Europe <sup>4</sup>	<b>1 916</b>	<b>982</b>
Russia	1 071	369
Africa and Middle East <sup>5</sup>	<b>2 549</b>	<b>248</b>
Turkey	1 002	31
Total	<b>12 869</b>	<b>2 097</b>
Provision	2 386	1015
Total, Net	<b>10 483</b>	<b>1 082</b>

1. Includes Hong Kong, China, India, Pakistan, Taiwan and Macao and Note 2

2. Including the Philippines, Malaysia, Thailand, Korea and Indonesia

3. Including Brazil, Argentina, Mexico and Peru

4. Including Russia, Estonia, Latvia, Lithuania, Poland and Czech Republic

Slovakia, Rumania, Hungary, Slovenia, Croatia, Kazakhstan and Ukraine

5. Includes Turkey, Iran, Saudi Arabia, Egypt, Israel, South Africa, Ethiopia and Algeria



### Appendix 3 SEB Trygg Liv

SEB Trygg Liv focuses on the sale and administration of unit-linked insurance products as well as their equivalent for account of the traditional mutual life insurance business. From an accounting point of view, the life insurance business is separate from the traditional banking activities. SEB Trygg Liv's accounts are presented in this Appendix according to generally accepted accounting standards within the insurance business.

SEB Trygg Liv reported a decline in sales of -36 per cent (+70 per cent) during the first quarter. It is primarily single-premium endowment assurance for the private market which accounts for the decline, SEK 1 476 M (3 181). Most sales, 83 per cent (93) pertain to unit-linked insurance, of which 15 per cent (13) is attributable to sales through the subsidiary SEB Trygg Life (Ireland), primarily the investment product Life Assurance Portfolio Bond for the Swedish market.

Sales, i.e. new premiums and extra payments under existing insurance contracts, decreased by SEK 1 582 M, or 36 per cent, to SEK 2 786 M (4 368). The share of insurance contracts with regular premiums was 24,9 per cent (16.7) including foreign sales. Premium income (premiums paid) decreased by 24 per cent to SEK 4 357 M (5 748). In total, the value of assets under management decreased by SEK 23 billion or 9 per cent to SEK 229 billion (252) during the twelve- month period. The decrease for unit-linked insurance was 14 per cent.

Total income decreased by 7 percent to SEK 364 M (391), primarily as an effect of the lower asset values compared to last year. Operating costs and other costs, after deducting the change in deferred acquisition cost of SEK 59 M (69), rose by 1 per cent to SEK 413 M (408). The operating result, before current period change in surplus values, totalled SEK -49 M (-17).

The surplus value in life insurance operations is the present value of expected future profits from signed insurance contracts. The surplus value comprises unit-linked operations as well as commissioning agreements with traditional life insurance companies.

When determining the surplus value in the insurance portfolio an annual unit fund growth of 6 percent, i. e. 1.5 per cent per quarter is assumed. A higher or lower growth rate than assumed will result in positive or negative financial effects when computing the current year change. During the first quarter of 2001, the overall growth in unit funds was -12 per cent (+6 per cent), thus resulting in negative financial effects of SEK -644 M (294).

Total result from operations improved by SEK 182 M or 112 per cent to SEK 344 M (162). Total result less current period financial effects was SEK -300 M (456).

Volumes, SEK M	2001-03	2000-03
<b>Sales volume</b>		
Traditional life insurance, regular premium 27 (24) %	472	305
Unit-linked insurance, regular premium 17 (17) %	2 314	4 063
	<b>2 786</b>	<b>4 368</b>
<b>Premium income</b>		
Traditional life insurance	1 292	1 098
Unit-linked insurance	3 065	4 650
	<b>4 357</b>	<b>5 748</b>
<b>Savings stock</b>	<b>March 31</b>	<b>March 31</b>
Traditional life insurance	173 100	187 700
Unit-linked insurance	55 500	64 500
	<b>228 600</b>	<b>252 200</b>

**Profit and loss account, SEK M**

Administration agreements, traditional life insurance	91	80
Unit-linked insurance	242	271
Risk operations and other	31	40
<b>Total income</b>	<b>364</b>	<b>391</b>
Operating expenses	-442	-441
Capitalisation of acquisition costs	59	69
Goodwill and other	-30	-36
<b>Total costs</b>	<b>-413</b>	<b>-408</b>
<b>Operating result</b>	<b>-49</b>	<b>-17</b>
Change in surplus values <sup>1)</sup>	-251	473
<b>Total result</b>	<b>-300</b>	<b>456</b>
Total result excl financial effects included in net surplus value change	<b>344</b>	<b>162</b>
Expense ratio per cent <sup>2)</sup>	10.0	8.9
Return on allocated capital after tax, per cent <sup>3)</sup>		
Excluding financial effects in surplus value change	19.8	11.9
Including financial effects	-5.9	30.0

## Notes

<sup>1)</sup> After deduction for change in capitalised acquisition costs<sup>2)</sup> Annual basis. Operating expenses as percentage of premiums earned<sup>3)</sup> Annual basis. Allocated capital SEK 4,900 M (3,900)**Calculation of surplus value and changes in surplus value**

Surplus value in life insurance operations is calculated on the basis of assumptions regarding the future development of signed insurance contracts and a risk-adjusted discount rate. The most important assumptions are the following:

Discount rate	11 %
Return on capital, nominal assets	4 %
Return on capital, real assets	8 %
Surrender of contracts	5 %
Surrender of current premiums	5 %
Administrative expenses (Sweden only)	SEK 250/contract per year
	6 %
Mortality	According to industry experience

### Surplus value accounting

Deferred acquisition costs are capitalised in the accounts and depreciated according to plan. The reported change in surplus values is therefore adjusted by the net result of the capitalisation and depreciation during the period.

Balance of surplus value (after deduction of capitalised acquisition costs)	<b>0103</b>	<b>0012</b>	<b>0009</b>	<b>0006</b>	<b>0003</b>
Opening balance	3 479	3 748	3569	3 615	3 142
Present values of new sales <sup>1)</sup>	311	391	229	301	386
Return on existing policies	155	143	173	129	129
Realised surplus value in existing policies	-161	-188	-188	-187	-166
	305	346	214	243	349
Change in assumptions	0	2	0	33	-115
Actual outcome compared to assumptions <sup>2)</sup>	147	160	92	88	14
Investment return in excess of assumptions <sup>3)</sup>	-644	-700	-75	-333	294
	-497	-538	17	-212	193
<b>Total change in surplus values before deduction of capitalised acquisition costs</b>	<b>-192</b>	<b>-192</b>	<b>231</b>	<b>31</b>	<b>542</b>
Capitalisation of acquisition cost for the period	-164	-155	-128	-155	-146
Amortisation of capitalised acquisition cost	105	78	76	78	77
Total change in surplus values <sup>4)</sup>	-251	-269	179	-46	473
Closing balance <sup>5)</sup>	3 228	3 479	3 748	3 569	3 615

1) Sales defined as new contracts and extra premiums on existing contracts

2) The reported actual outcome of contracts signed can be placed in relation to the operative assumptions that were made. Thus, the value of the deviations can be estimated. The most important components consist of extensions of contracts as well as cancellations. Also included is the estimated cost of solvency, which increases with growth in fund values. However, the actual income and administrative expenses are included in full in the operating result.

3) Assumed unit growth is 6 per cent, i. e. 1,5 per cent per quarter. Actual for the first quarter of 2001 is – 12 per cent compared to plus 6 per cent in 2000 resulting in the negative financial effects of SEK –644 M (294).

4) Prepaid acquisition costs are capitalised in the accounts and amortised over 5 years.

Accordingly, the reported change in surplus values is adjusted by the net effect in the period.

5) Estimated surplus value according to the above is not included in the statutory balance sheet.

#### Appendix 4 Capital base for the SEB Financial Group of Undertakings

	March 2001
Shareholders' equity in the balance sheet	43 745
./. Result for the year and translation difference	-2 136 1)
./. Proposed dividend to be decided by the Annual General Meeting	-2 818
./. Deductions from the financial group of undertakings	-1 219 2)
<b>= Shareholders' equity in the capital adequacy</b>	<b>37 572</b>
Core capital contribution	1 827
Minority interest	1 395
./. Goodwill	-4 377 3)
<b>= Core capital (tier 1)</b>	<b>36 417</b>
Dated subordinated debt	11 392
./. Deductions for remaining maturity	-2 243
Perpetual subordinated debt	16 631
<b>= Supplementary capital (tier 2)</b>	<b>25 781</b>
./. Deductions for investments in insurance companies	-8 772 4)
./. Deductions for other investments outside the financial group of undertakings	-542
<b>= Capital base</b>	<b>52 883</b>

To note:

Minority interest and goodwill is different between the balance sheet and the capital base due to the inclusion of companies in the capital adequacy calculation that are not consolidated in the Group's balance sheet, e.g. BOS S.A.

Result for the year and change in the translation difference compared to year end are not included in the core capital and the capital base since the accounts have not been verified by external auditors (1).

The deduction 2) from shareholders equity in the consolidated balance sheet consists mainly of non-restricted equity in subsidiaries that are not consolidated in the financial group of undertakings (insurance companies).

Goodwill in 3) includes only goodwill from acquisitions of companies in the financial group of undertakings, i.e. not insurance companies. Goodwill from acquisitions of insurance companies is deducted from the capital base 4).