



Stockholm 28 April 2000

Interim Report, January – March 2000

STRONG RESULTS AND HIGH ACTIVITY

Strong results in most areas:

- Group's total result* : SEK 3,659 M (SEK 2,306 M).
- Group's return on equity: 27.2 per cent (18.2 per cent)
- Return on equity, 12 months moving average: 17.1 per cent (13.5 per cent)
- Total result excluding one off items: SEK 2,747 M (SEK 1,766 M)
- Group's operating result: SEK 3,015 M (SEK 1,643 M)
- Commission income increased by 104 per cent to SEK 3,702M (SEK 1,812M)
- Assets under management amounted to SEK 930 billion (SEK 510 billion) and Assets under custody rose to SEK 2,559 billion (SEK 1,801 billion)

High activity during the first months of the year:

- Consolidation and restructuring of BfG
- Sales of real estate (SEK 420 M in capital gain before tax)
- IPO of SelfTrade
- Enskilda Securities' merger with Orkla Finans Fondsmegling (capital gain SEK 373M before tax)
- Formation of venture capital unit SEB e-invest, which invested in b-business partners
- Announcement of closure of 50 branches in Sweden
- E-banking and e-brokerage in 8 European countries with 570,000 customers including SelfTrade.

GROUP PERFORMANCE

Through the acquisition of BfG Bank and consolidation of two of the three partly owned Baltic banks, the SEB Group has grown dramatically compared with the first quarter of 1999. Income has increased by 70 per cent and costs have increased by 56 per cent. After these acquisitions the SEB Group now employs half of its staff outside Sweden.

The new e-centric SEB Group was at the end of 1999 organised into four main areas; *Nordic Banking*, which mainly operates in mature markets, *Asset Management & Life*, targeting growing markets in Europe, the newly acquired *BfG* and *Other activities*. The varying market conditions for the different areas create diverse priorities. This means for example that cost- and capital efficiency measures have high priority in the *Nordic Banking* area whereas *Asset Management & Life* is aiming to profitable growth within the savings area in Europe, which affects both income and costs.

* The Group's total result comprises operating result, change in surplus values in the life insurance operations and compensation from pension fund. As of the first quarter of 2000, SEB is following the Swedish Financial Supervisory Authority's guidelines and recommendations valid from 2001 and is presenting a profit and loss account, in which results from the banking and the insurance operations are reported separately. In addition, SEB is presenting an operational profit and loss account.

CEO:S COMMENT

“The highly favourable market conditions that prevailed at the end of 1999 were strengthened further during the first three months of 2000. Stock market volumes have been high. It is pleasing to note that our efforts in the Asset Management area are paying off so well,” says Lars H Thunell, President and Chief Executive Officer.

“Our focus on Asset Management and Life, which have been a centre of attention within SEB since 1997, is now, in addition to yielding sharp income increases, also providing a significant boost to profitability. The changed focus of the Group is now obvious with respect to the composition of income; Commission income has increased by 104 per cent and now constitutes 40 per cent of Group income as compared to 33 per cent last years first quarter. We continue to be optimistic about the private savings area against the background of continued strong growth in demand in Europe.

“We believe that major changes will continue to impact the financial-services industry. When it comes to e-banking, we are, therefore, enhancing our investments even further. We are investing in Denmark and Germany and in our pan-European platform that has been developed and is now being tested. Moreover, many new versions and applications will be launched in Sweden, for example, in the areas of stock brokerage and corporate e-services. However, we are also investing in areas outside our main banking area in the form of venture capital activities, such as SEB e-invest, whose first investment was in b-business partners, as well as the French Internet broker SelfTrade.”

“Concurrently, we are seeing how our efficiency enhancement measures within the Nordic Banking operations are beginning to yield results. However, we cannot relax our resolve. A number of extensive measures are now being taken. This includes the reduction in branch offices and merging of two of Retail Distributions three regions, and improving the efficiency of our foreign branch offices through partnerships with other banks. All these measures will provide further effects on the cost side without significant adverse consequences on revenues.”

“Restructuring of BfG is proceeding as planned. The efficiency enhancement potential is greater than we originally assessed.”

“On the corporate side, we are focusing within several business areas on growth companies, which constitute an increasingly important client group. Special growth centres are being established within Retail Distribution to offer these customers advisory service with specific expertise. Enskilda Securities is opening up an office in Silicon Valley. We are continuing to reduce risk-taking within Merchant Banking, and one of the measures have been to discontinue Proprietary Trading. However, with regard to the Emerging Markets segment, we are increasing activity somewhat, but fully in line with our goal to serve our Nordic corporate clients and we experience that there are attractive business possibilities with limited risks. It is also positive to note how Trading and Capital Markets are posting steadily increasing revenues.”

RESULT BY MAIN GROUP

Nordic Banking

The total result for the Nordic Banking operations (Retail Distribution and Merchant Banking business areas as well as SEB Securities Services) rose 10 per cent to SEK 1,456 M. Income was up 4 per cent as a result of sharply increased income in Retail Distribution and SEB Securities Services. The cost increase, net after compensation from the pension funds, was 4 per cent. The income/cost ratio was, in principle, unchanged at 1.83 (1.82). The goal in 2000 is that the cost level in Nordic Banking shall be unchanged compared with 1999.

Capital rationalisation, particularly within Merchant Banking, continued to be a prioritised area for Nordic Banking. During the first quarter, allocated capital was reduced by SEK 566 M to SEK 17.921 M. Return on allocated capital improved somewhat.

Profit and loss account – Nordic Banking

SEK M	Jan-March 2000	Jan- March 1999	Change per cent	Full year 1999
Net interest earnings	1,771	1,782	-1	7,061
Net commission income	1,031	712	45	2,958
Net result of financial transactions	405	588	-31	1,049
Other operating income	106	89	19	336
Total operating income	3,313	3,171	4	11,414
Staff costs	-1,028	-952	8	-3,956
Compensation from Pension Foundations	107	65	65	459
Other costs	-862	-824	5	-3,383
Depreciation and write-downs	-29	-33	-12	-135
Total costs	-1,812	-1,744	4	-7,015
Lending losses and provisions, net	-45	-107	-58	255
Total result	1,456	1,320	10	4,644
Allocated capital	17,921	18,487		17,587
Return, 12 MMA*, %	19.2	10.5		19.0

*12 MMA = 12 months moving average

Retail Distribution – strong revenue trend

The business area achieved a result improvement of 78 per cent. This was attributable to a strong income trend, particularly from interest, net from deposits and commission income from primarily securities, insurance and payments. The cost increase of 6 per cent is due mainly to Internet expansion and higher business-related computer costs.

As of the first quarter of 2000, SEB Finans is included in Retail Distribution. Compared with the first quarter of 1999, the result for SEB Finans nearly doubled.

Retail Distribution incl. SEB Finans

SEK M	Jan-March 2000	Jan-March 1999	Full year 1999
Income	1,729	1,376	5,831
Costs	-1,020	-958	-3,944
Lending losses	-57	-51	-186
Total result	652	367	1,701

Merchant Banking – reduced risk and enhancement of efficiency

Customer-related income showed a continued positive trend, SEK 1,199, compared with an average per quarter of SEK 1,021 M in 1999. The decline in income compared with the first quarter of 1999 is explained by the fact that the bank then had larger income from own position-taking in conjunction with the introduction of the Euro and declining interest rates.

In March, Merchant Banking closed the Proprietary Trading unit as a step in the ambition to further reduce income swings and concentrate capital utilisation to prioritised growth areas. The latter includes the emerging common European debt capital market for companies and the growing sector for financial institutions within asset management. The continued focus on Internet-based services has been successful: for example, during March clients carried out one fourth of their Foreign Exchange transactions via Trading Station compared with a 15 per cent monthly average in 1999. The market leader position that SEB Merchant Banking claims within the foreign exchange area has also in recent

years been confirmed by foreign exchange surveys by the independent research institute Greenwich Associates.

Merchant Banking's exposure to emerging markets remains at a low level. However, a cautious increased exposure has occurred since year-end as a result of the clearly improved economic climate in many of these markets, which resulted in increased financial activity among Merchant Banking's customers (See page 10). In order to enhance efficiency while maintaining and increasing our global reach, an agreement has been signed with Bank of New York to cooperate in serving our Nordic corporates in the US.

As of the first quarter of 2000, the venture-capital unit SEB Företagsinvest is included in Merchant Banking.

Merchant Banking incl. SEB Företagsinvest

SEK M	Jan-March 2000	Jan-March 1999	Full year 1999
Income	1,376	1,645	4,924
Costs	-755	-735	-2,895
Lending losses	13	-56	441
Total result	634	854	2,470

SEB Securities Services – strongly increased volumes

SEB Securities Services provides securities management and custodial services in Stockholm, Copenhagen, Helsinki and Oslo under its own name and have sub-suppliers in about another 55 countries.

The sharp growth in business volume continued during the first quarter of 2000. The daily institutional transaction volume rose 64 per cent to slightly more than 13,200 transactions and the value of assets under custody increased 42 per cent to SEK 2,559 billion.

SEB Securities Services

SEK M	Jan-March 2000	Jan-March 1999	Full year 1999
Income	253	190	822
Costs	-79	-86	-336
Total result	174	104	486

Asset Management and Life – strong and profitable growth

The total result for this main group – which includes Asset Management and SEB Trygg Liv, that is the main portion of the saving activities within the SEB Group – more than doubled. Income, including changes in the surplus value in the life insurance operations, rose 66 per cent, due to the rise in the stock market values and favourable new sales of life insurance, among other factors.

Costs rose 27 per cent, due partly to increased bonus-related remuneration and new ventures in the Nordic region and Great Britain. The average number of employees was 1,960, an increase of 16 per cent compared with the first quarter a year earlier.

The income/cost ratio improved dramatically to 2.15 (1.65).

As of 31 March 1999, the SEB Group had assets under management amounting to SEK 930 billion, of which Asset Management and Life managed SEK 815 billion (SEK 510 billion). Portfolio management accounted for SEK 353 billion (SEK 212 billion) of this amount, traditional life insurance for SEK 246 billion (SEK 154 billion), Mutual funds for SEK 152 billion (SEK 104 billion) and unit-linked insurance for SEK 64 billion (SEK 40 billion). Since year-end, assets under management rose 16 per cent.

- Profit and loss account - Asset Management and Life

SEK M	Jan-March 2000	Jan- March 1999	Change per cent	Whole year 1999
Net interest earnings	104	68	53	315
Net commission income	1,073	614	75	3,054
Net result of financial transactions	25	28	-11	81
Other operating income	210	157	34	710
Change in surplus values in life insurance operations	473	268	76	1,502
Total operating income	1,885	1,135	66	5,662
Staff costs	-408	-331	23	-1,547
Compensation from Pension Foundations	20	13	54	88
Other costs	-467	-348	34	-1,506
Depreciation and write-downs	-23	-23	0	-92
Total costs	-878	-689	27	-3,057
Lending losses and provisions, net	0	0		-1
Result, associated company	-2	0		-7
Total result	1,005	446	125	2,597
Allocated capital	8,000	7,000		7,000
Return, 12 MMA, %	28.4	16.4		26.7

* Including attributable goodwill

Asset Management – profitable growth

Income rose 69 per cent mainly as a result of the increase in stock market value, higher income from equity trading, which contributed to results for the Private Bank; SEB Enskilda Banken more than doubled, and new ventures in Denmark. Costs rose 27 per cent as a result of increased bonus-related remuneration, rising transaction costs and the ventures in Denmark and Great Britain.

Asset Management

SEK M	Jan-March 2000	Jan-March 1999	Whole year 1999
Income	1,050	623	3,035
Costs	-499	-394	-1,823
Lending losses	0	0	-1
Total result	551	229	1,211

SEB Trygg Liv – enhanced growth

SEB Trygg Liv reports a strong sales growth for the first quarter. The high demand for primarily single-premium endowment assurance in the form of unit-linked rose further. Sales were up 70 per cent to SEK 4,290 M (SEK 2,527 M) and premium income (premium paid) increased 50 per cent to SEK 5,747 M (3,825 M) compared with the year-earlier period. Sales outside Sweden succeeded well.

The change in surplus values was 76 per cent greater than in the corresponding period in 1999. Of the change for the first quarter, SE 473 M, SEK 386 M is from new contracts (See appendix 1).

SEB Trygg Liv

SEK M	Jan-March 2000	Jan-March 1999	Whole year 1999
Income	857	527	2,686
Costs	-401	-310	-1,293
Result, associated company	0	0	-7
Total result	454	217	1,386

BfG – developing according to plan

German BfG Bank, which was consolidated in the SEB Group on 3 January 2000, reported a total result of SEK 312 M, whereof 119 was a one off item. Income was sustained due to improved net commission income, mainly in mutual fund sales. Costs declined due mainly to a reduction in the number of employees. Lending losses increased compared to 1999.

Since the purchase price and thereby the acquisition cost for BfG was lower than the real value of the identified net assets, a negative difference occurred, called negative goodwill. This negative difference has in connection to the acquisition been calculated to SEK 3,400 M and will be accounted for as a provision. The main part of this provision corresponds to costs for measures which now have started and are planned for the coming years with the aim to reach an acceptable profitability in BfG and where costs for these measures do not correspond to reservations made at the time of the takeover. The provision will be resolved in the pace with costs for these identified measures being incurred. In the case that the provision can not be referred to specific measures the remaining negative goodwill will be resolved according to Swedish accounting recommendations. In total, the negative goodwill is expected to be resolved during the coming 4-5 years.

The restructuring efforts announced for BfG are proceeding as planned. During the first quarter co-operation was established between BfG and SEB Investment Management and SEB Fonder and the first joint mutual fund – BfG Concept Teletech – was launched successfully on the German market. Co-ordination with SEB Private Bank in Luxembourg was started. The decided closing of the subsidiary bank Deutsche Handelsbank in Berlin with 75 employees was started. A smaller subsidiary in real estate brokerage was divested.

The decided reduction in the number of employees, previously announced as at least 500 positions was increased during the spring to about 700 during the next two years.

In the end of March BfG had assets under management amounting to approximately SEK 116 billion. BfG, which during the spring will present a new version of its own Internet bank, has initiated close collaboration with SEB e-banking prior to the launch of a pan-European model during the third quarter. At the end of March 2000, BfG had 85,000 e-banking customers.

Profit and loss account - BfG

SEK M	Jan-March 2000
Net interest earnings	1,086
Net commission income	564
Net result of financial transactions	172
Other operating income	109
Total operating income	1,931
Staff costs	-717
Other costs	-501
Depreciation and write-downs	-91
Total costs	-1,309
Lending losses and provisions, net	-312
Result, associated company	2
Total result	312
Allocated capital	14 000
Return, 12 MMA, %	6,4

Other activities

This group includes the Enskilda Securities, SEB Kort and the Baltic banks. The last-mentioned business area comprises two majority owned banks, Eesti Ühispank and Latvijas Unibanka, and the partly owned Vilniaus Bankas.

Profit and loss account – Other activities

SEK M	Jan-March 2000	Jan-March 1999	Change per cent	Whole year 1999
Net interest earnings	127	21	505	284
Net commission income	1,163	564	106	2,853
Net result of financial transactions	336	155	117	571
Other operating income	41	12	242	296
Total operating income	1,667	752	122	4,004
Staff costs	-739	-325	127	-1,695
Compensation from Pension Foundations	8	5	60	34
Other costs	-300	-200	50	-1,006
Depreciation and write-downs	-72	-18	300	-139
Total costs	-1,103	-538	105	-2,866
Lending losses and provisions, net	-3	-11	-73	-101
Result, associated company	18	41	-56	110
Total result	579	244	137	1,147
Allocated capital	3,179	1,943		
Return, 12 MMA, %	33.6	23.6		42.5

During the first quarter of 2000, Eesti Ühispank and Latvijas Unibanka were consolidated within SEB. In the corresponding period of 1999 these banks were only include as result from associated companies.

Enskilda Securities – continued strong result improvement

The favourable market conditions from they beginning of 1999 were reinforced further during the first three months of 2000. The volume of trading on the OM Stockholm Exchange rose 115 per cent and activity within IPOs was high – due largely to the strong interest in IT, telecom and technology shares.

Enskilda Securities income in the secondary market during the first quarter was the highest ever, rising 122 per cent compared with the same period in 1999. Income was affected positively by a number of IPOs. Both the equities and derivative markets and Corporate Finance posted highly favourable earnings. In particular, share commission, results from derivative trading and income from placements and IPOs improved compared with the first quarter of 1999. IT, telecom and technology share transactions accounted for nearly half of fee revenues. In order to come close to this market, Enskilda Securities have decided to open an office in Silicon Valley.

An agreement was signed covering a merger of Enskilda Securities AB and Orkla Finans (Fondsmegling) ASA for the purpose, among others, of strengthening the company's position in the Norwegian market. The agreement is made through an exchange of assets in kind. Enskilda Securities assumes ownership of Orkla Finans (Fondsmegling) in return for Orkla Finans ASA owning 22.5 per cent of the capital in Enskilda Securities AB, while SEB retains 77.5 per cent. Through this transaction a capital gain is incurred in SEB, which is accounted for on group level (SEK 373 M) which is simultaneously reflected in an increase in goodwill.

In total, Enskilda Securities increased revenues during the first quarter of 2000 by 141 per cent, including Orkla Finans (Fondsmegling), and 105 per cent excluding.

Costs rose 119 per cent including – 88 percent excluding - Orkla Finans (Fondsmegling) as an effect of result-related bonuses, recruitment of a number of key personnel and costs related to the merger. In addition to these factors, the strong volume trend and the related new recruitment contributed to the underlying cost increase of 19 per cent.

Results tripled when Orkla Finans (Fondsmegling) is included. Excluding Orkla, results improved 160 per cent.

Enskilda Securities

SEK M	Jan-March 2000	Jan-March 1999	Whole year 1999
Income	1 108	459	2,279
Costs	-724	-330	-1,694
Lending losses	-8	0	7
Total result	392	129	592

SEB Kort - increased efficiency

Sales of SEB Kort, which includes Diners Club Nordic and Eurocard, rose 14 per cent compared with the year-earlier period. At the same time, operating result improved 37 per cent. Costs increased marginally, which indicated that SEB Kort has increased its earnings capacity and its efficiency.

SEB Kort

SEK M	Jan March 2000	Jan March 1999	Whole year 1999
Income	335	302	1329
Costs	-210	-207	-868
Lending losses	-10	-11	-56
Total result	115	84	385

Baltic Region

The result for the business area amounted to SEK 72 M for the first quarter of 2000. During the comparable period last year, the three partly owned banks in the Baltic, which then were not a separate business area, contributed SEK 31 M. During the second half of 1999 Eesti Ühispank, Estonia, and Latvijas Unibanka, Latvia, were consolidated in the SEB Group. Vilniaus Bankas, Lithuania, in which SEB owns 42 per cent, is still reported as a result from associated companies.

After Vilniaus Bankas' acquisition of Bankas Hermis at the end of 1999, the number of employees in the merged bank was reduced from slightly more than 2,000 to 1,750. Efficiency enhancement measures continue.

Baltic Region

SEK M	Jan-March 2000	Jan-March 1999	Whole year 1999
Income	231		396
Costs	-169		-284
Lending losses	-1		-52
Result, associated company	11		110
Total result	72	31	170

e-BANKING

SEB Internet, which was renamed in the spring to SEB e-banking, is an independent unit in the Group since the summer of 1999. However, income from and costs of the Swedish and German e-banking operations are reported in the business areas, where the customers use the services, that is, mainly in Retail Distribution and BfG.

Costs for investments in e-banking during the first quarter of 2000 amounted to SEK 94M. The investments are now accelerating. In mid-April, the new model was launched in Denmark. Germany is next during the third quarter.

During the first quarter of 2000 the number of e-banking customers rose to 570,000, of which slightly more than 410,000 in Sweden. Activity among these customers continued to grow at a high rate. The

number of share transactions was, for example, 50.000 in March 2000 compared with 10,000 in the same period of 1999. The number of payments on Internet has increased to 1.3 million per month (820.000)

The e-activities within the Group now comprise a wider span. The newly formed SEB e-invest has already made its first investment. SEK 415 M has been invested in b-business partners, a venture capital company to invest in B2B Internet trading.

During the first quarter of 2000 the French e-stockbroker SelfTrade, where SEB holds 34 per cent of the votes and 20,4 per cent of the shares, was listed on Nouveau Marché in Paris. In conjunction with the listing a new issue was made in which SEB participated with its share. On the first day of trading the market value of SEB's shares in SelfTrade amounted to SEK 1.2 billion, while the book value on SEB's share was about SEK 300 M. As of april, 27:th the value to SEB amounted to approximately SEK 700 M. This implies an unrealised capital gain which is not accounted for.

SelfTrade is one of the leading e-brokers in the French market and its goal is to be the leader on a European basis when it comes to financial services on Internet. SelfTrade have about 26,000 customers in France and has also opened operations in Milan.

GROUP ACCOUNTS

At 31 March 2000, a change of one percentage point in the Group's combined positions in SEK and other currencies means that the market value of the Group's interest-sensitive positions would increase/decrease by SEK 1.2 billion (SEK 1.9 billion in the first quarter of 1999).

The nonrecurring items amount to SEK 912 M (SEK 270 M). The sale of the bank's property on Kungsträdgårdsgatan resulted in a capital gain of about SEK 420 M before taxes. A capital gain arose on the settlement with Orkla Finans of SEK 373 M. This amount is offset by higher goodwill. SEK 119 M of the result in BfG is attributable to nonrecurring items.

Of the total restructuring reserve in the 1997 year-end accounts of SEK 2,255 M, SEK 1,724 M, of which SEK 645 M in 1999, was utilised as of 31 March 2000.

The Group's lending losses, including value changes in assets taken over, amounted to SEK 281 M, of which BfG accounts for SEK 312 M. Accordingly, the lending loss level was 0.16 per cent (0.14 per cent).

SEB's exposure on emerging markets at 31 March 2000 was SEK 16.758 M, net, of which SEK 5,209 M was added through the acquisition of BfG. Accordingly, compared with year-end exposure, excluding BfG, increased by SEK 1.144 M. This is due, among other factors, to increases in exposures to Hong Kong, Argentina and South Korea.

Exposure, geographical distribution, SEK M

	Total	From which
Asia¹	7,251	1,555
Hong Kong	2,476	469
China	981	163
Other specified countries ²	2,243	152
Latin America³	4,435	805
Brazil	1,481	59
Eastern and Central Europe⁴	5,563	4,138
Russia	3,695	2,683
Africa and Middle East⁵	3,914	1,388
Israel	1,186	1,029
Turkey	937	81
Total	21,163	7,886
Provision	4,405	2,677
Total net	16,758	5,209

1. Includes Hong Kong, China, India, Pakistan, Taiwan, Macao

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

3. Includes Brazil, Argentina, Mexico and Peru

4. Includes Russia, Israel, Estonia, Latvia Lithuania, Poland, the Czech Republic, Slovakia, Rumania, Hungary, Slovenia, Croatia, Kazakhstan and the Ukraine

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

Doubtful claims, net, increased because of BfG to SEK 7,434 M (SEK 2,703 M), while the volume of *assets taken over* decreased by SEK 875 M to SEK 610 M.

Capital adequacy

The capital base for the financial company group (which does not include the insurance company) amounted at 31 March 2000 to SEK 50.6 billion (SEK 46.5 billion at year-end 1999), of which SEK 34.3 billion (SEK 34.4 billion) was core capital. At the same time, the risk-weighted assets rose to SEK 510 billion (SEK 318 billion at year-end 1999).

If the result in the quarter was included in the capital base and capital adequacy, the total capital ratio would be 10.23 per cent (14.6 per cent at year-end 1999) and the core capital ratio 7.06 per cent (10.8 per cent). Excluding the results in the quarter, the total capital ratio was 9.9 per cent and the core capital ratio 6.73 per cent.

Decisions at the Annual General Meeting

At this year's Annual General Meeting on 11 April, two new members were elected to the Board: Penny Hughes, a member of the Board of Trinity Mirror and Vodafone Airtouch, Great Britain, and Hans-Joachim Körber, President of Metro AG, Germany. The dividend was set at SEK 3.50 per share.

Stockholm, 28 April

Lars H Thunell

CEO

The interim report for January-June 2000 will be published on 22 August 2000. SEB's interim reports are available on the Internet (www.seb.se; www.seb.net).

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This report is unaudited.

SEB Group

Operational Profit & Loss Accounts

SEK M	Jan-Mar 2000	Jan-Mar 1999	Change per cent	Full year 1999
Net interest earnings	2,883	1,689	71	6,858
Net commission income	3,702	1,812	104	8,317
Net result of financial transactions	900	842	7	2,034
Other operating income	1,285	812	58	2,327
Change in surplus value in life insurance operations	473	268	76	1,502
Total income	9,243	5,423	70	21,038
Staff costs	-3,211	-1,907	68	-8,419
Pension compensation	171	125	37	873
Other operating costs	-1,918	-1,388	38	-5,743
Depreciations	-427	-292	46	-1,175
Total costs	-5,385	-3,462	56	-14,464
Lending losses etc	-281	-124	127	289
Net result from associated companies	30	42	-29	116
Result from non-life insurance operations	52	157	-67	518
Total result	3,659	2,036	80	7,497
Taxes	-638	-485	32	-1,355
Taxes on change in surplus values	-132	-75	76	-421
Minority interests	-124	-2		-56
Total result after tax	2,765	1,474	88	5 665

Key figures for the SEB Group

	Jan-Mar 2000	Jan-Mar 1999	Full year 1999
Return on equity, %	25.3	16.5	14.6
Return incl. change in surplus values, %	27.2	18.2	17.2
Return on equity, 12 months moving average, %	15.0	12.3	14.6
Return on equity, incl. change in surplus values, 12 months moving average, %	17.1	13.5	17.2
Earnings per share, SEK ¹⁾	3.44	1.95	6.96
Total result after tax per share, SEK ¹⁾	3.92	2.25	8.60
Income/cost ratio, banking operations	1.72	1.57	1.45
Income/cost ratio, SEB Group	1.60	1.48	1.30
Cost/Income ratio, banking operations	0.58	0.64	0.69
Cost/Income ratio, SEB Group	0.62	0.67	0.77
Lending loss level, %	0.16	0.14	-0.09
Provision ratio for doubtful claims, %	51.7	59.0	59.6
Level of doubtful claims, %	1.09	0.78	0.82
Total capital ratio, %	9.90	10.76	14.62
Core capital ratio, %	6.73	8.00	10,80

Profit & Loss Accounts per main group

January-March 2000, SEK M	Nordic Banking	Asset Management & Life	Bfg	Other Activities	Joint Group Activities & eliminations	SEB Group
Net interest earnings	1,771	104	1,086	127	-205	2,883
Net commission income	1,031	1,073	564	1,163	-129	3,702
Net result of financial transactions	405	25	172	336	-38	900
Other income	106	210	109	41	819	1,285
Change in surplus values in life insurance operations		473				473
Total income	3,313	1,885	1,931	1,667	447	9,243
Staff costs	-1,028	-408	-717	-739	-319	-3,211
Pension compensation	107	20		8	36	171
Other costs	-862	-467	-501	-300	212	-1,918
Depreciation	-29	-23	-91	-72	-212	-427
Total costs	-1,812	-878	-1,309	-1,103	-283	-5,385
Lending losses etc	-45		-312	-3	79	-281
Net result from associated companies		-2	2	18	12	30
Result from non-life insurance operations					52	52
Total result	1,456	1,005	312	579	307	3,659

SEB Group's quarterly performance

Operational Profit & Loss Accounts

SEK M	2000:1	1999:4	1999:3	1999:2	1999:1
Net interest earnings	2,883	1,769	1,735	1,665	1,689
Net commission income	3,702	2,562	1,940	2,003	1,812
Net result of financial transactions	900	865	100	227	842
Other operating income	1,285	517	310	688	812
Change in surplus values in life insurance operations	473	856	210	168	268
Total income	9,243	6,569	4,295	4,751	5,423
Staff costs	-3,211	-2,599	-1,956	-1,957	-1,907
Pension compensation	171	452	141	155	125
Other costs	-1,918	-1,578	-1,478	-1,299	-1,388
Depreciation	-427	-332	-288	-263	-292
Total costs	-5,385	-4,057	-3,581	-3,364	-3,462
Lending losses, etc.	-281	58	13	342	-124
Net result from associated companies	30	33	29	12	42
Result from non-life insurance operations	52	32	633	-304	157
Total result	3,659	2,635	1,389	1,437	2,036
Taxes	-638	-259	-364	-247	-485
Taxes on change in surplus values	-132	-240	-59	-47	-75
Minority interests	-124	-32	-19	-3	-2
Total result after tax	2,765	2,104	947	1,140	1,474

Balance sheet of the SEB Group (abbreviated)

SEK M	31 March 2000	31 March 1999	31 December 1999
Lending to credit institutions	197,250	89,631	103,521
Lending to the general public	582,512	342,672	342,907
Interest-bearing securities	133,716	99,194	93,769
- <i>Financial fixed assets</i>	7,705	3,857	3,396
- <i>Financial current assets</i>	126,011	95,337	90,373
Shares and participations	21,700	5,310	9,303
Assets in insurance operations	74,669	64,548	66,111
Other assets	130,706	119,266	94,644
Total assets	1,140,553	720,621	710,255
Liabilities to credit institutions	229,938	145,564	117,774
Deposits and funding from the general public	407,093	208,640	229,534
Securities issued, etc.	205,685	122,471	122,143
Liabilities in insurance operations	71,133	58,560	63,271
Other liabilities and provisions	155,526	130,092	118,645
Subordinated liabilities	31,682	23,579	25,882
Shareholders' equity	39,496	31,715	33,006
Total liabilities and shareholders' equity	1,140,553	720,621	710,255

Problem loans and assets taken over for the protection of claims

SEK M	31 March 2000	31 March 1999	31 December 1998
Doubtful claims	15,398	6,586	6,988
Provision for possible lending losses	-7,964	-3,883	-4,164
Doubtful claims, net	7,434	2,703	2,824
Claims subject to interest reduction	321	1,243	352
Total volume of problem loans	7,755	3,946	3,176
Level of doubtful claims	1,09	0,78	0,82
(Doubtful claims (net) in relation to lending and leasing (net) at end of period, per cent)			
Provision ratio for doubtful claims	51,7	59,0	59,6
Reserve for possible lending losses in relation to doubtful claims (gross), per cent)			
Pledges taken over			
Buildings and land	94	149	82
Shares and participations	516	1,336	544
Total volume of pledges taken over	610	1,485	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 2 M (SEK 13 M), while unpaid interest on non-performing loans amounted to SEK 129 M (SEK 61 M).

On 31 March 2000, the Group had SEK 169 M (SEK 439 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.

Derivatives contracts

31 March 1999 SEK M	Contracts on the asset side		Contracts on the liability side	
	Book value	Market value	Book value	Market value
Interest-related	16,204	16,204	17,160	17,160
Currency-related	29,688	31,493	24,072	27,091
Equity-related	2,432	2,432	2,968	2,968
Other	30	30	29	29
Total	48,354	50,159	44,229	47,248

On 31 March 2000 the notional value of the Group's derivatives contracts amounted to SEK 3,878 billion (SEK 3,691 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 that are reported in the above table are matched by opposite deviations between market and book values in the part of the Group's operations that is subject to hedge accounting.

Cash flow analysis

SEK M	Jan-Mar 2000	Jan-Mar 1999	Full year 1999
Cash flow, current operations	3,819	4,606	4,711
Changes in assets, current operations	-55,276	-43,561	-35,495
Changes in liabilities, current operations	68,292	40,526	37,385
Cash flow, current operations	16,835	1,571	6,601
Cash flow, investment activities	-1,540	8,325	8,161
Cash flow, financing activities	-8,516	-11,011	-10,326
Cash flow	6,779	-1,115	4,436
Liquid funds at beginning of year	9,074	4,638	4,638
Cash flow	6,779	-1,115	4,436
Liquid fund at end of year	15,853	3,523	9,074

The acquisition of BfG Bank increased liquid funds by SEK 3,165 M. In addition, adjustment has been made for BfG's balance sheet items.

The SEB Group Profit and loss accounts

Statutory Profit & Loss Accounts

SEK M	Jan-Mar 2000	Jan-Mar 1999	Change per cent	Full year 1999
Income				
<i>Interest receivable</i>	12,350	6,957	78	26,124
<i>Interest payable</i>	-9,482	-5,271	80	-19,299
Net interest earnings	2,868	1,686	70	6,825
Dividends received	18	11	64	211
<i>Commission receivable</i>	4,066	1,973	106	9,283
<i>Commission payable</i>	-426	-251	70	-1,208
Net commission income ¹⁾	3,640	1,722	111	8,075
Net result of financial transactions ²⁾	895	825	8	2,025
Other operating income	1,145	740	55	1,662
Income from banking operations	8,566	4,984	72	18,798
Costs				
Staff costs	-3,092	-1,801	72	-7,969
Other administrative costs	-1,390	-940	48	-3,913
Depreciation and write-downs of tangible and intangible fixed assets	-412	-278	48	-1,120
Other operating costs	-445	-341	30	-1,487
Costs from banking operations	-5,339	-3,360	59	-14,489
Result from banking operations before lending losses	3,227	1,624	99	4,309
Lending losses and provisions, net ³⁾	-332	-131	153	207
Change in value of assets taken over	54	7		111
Write-down of financial fixed assets	-3			-29
Net result from associated companies	32	42	-24	116
Operating result from banking operations	2,978	1,542	93	4,714
Result from insurance operations ⁴⁾	37	101	-63	408
Operating result	3,015	1,643	84	5,122
Pension compensation	171	125	37	873
Taxes	-638	-485	32	-1,355
Minority interests	-124	-2		-56
Result for the period	2,424	1,281	89	4,584

1) Net commission income

	Jan-Mar 2000	Jan-Mar 1999	Change per cent	Full year 1999
Payment commissions	493	431	14	1,863
Securities commissions	1,968	1,100	79	5,066
Other commissions	1,179	191		1,146
Total	3,640	1,722	111	8,075

2) Net result of financial transactions

Shares/participations	420	218	93	963
Interest-bearing securities	190	30		-276
Other financial instruments	216	-153		819
Realised result	826	95		1,506

	Jan-Mar 2000	Jan-Mar 1999	Change per cent	Full year 1999
Shares/participations	-72	4		291
Interest-bearing securities	-123	182	-168	142
Other financial instruments	-96	167	-157	-1,039
Unrealised value changes	-291	353	-182	-606
Exchange rate fluctuations	363	382	-5	1,130
Redemption of bonds, SEB BoLån	-3	-5	-40	-5
Total	895	825	8	2,025

3) Lending losses and provisions, net

A. Individually appraised receivables:				
Reported write-down, incurred losses	-217	-80	171	-448
Reversal of previous provisions for possible losses, reported as incurred losses in current period's accounts	67	69	-3	339
Reported provision for possible losses	-426	-159	168	-854
Recovered from losses incurred in previous years	83	29	186	200
Reversal of previous provisions for possible losses	131	31		483
Reported net cost for individually appraised receivables	-362	-110		-280
B. Receivables appraised by category:				
Reported write-down, incurred losses	-18	-19	-5	-86
Reported provision for possible losses	-1	-9	-89	-31
Recovered from losses incurred in previous years	9	11	-18	35
Withdrawal from reserve for lending losses		12	-100	31
Reported net cost for receivables appraised by category	-10	-5	100	-51
C. Allocation to/withdrawal from reserve for political risks abroad	61	3		440
D. Contingent liabilities	-21	-19	11	98
Total	-332	-131	153	207

4) Result insurance operations

Non-life operations	52	157	-67	518
Life operations	-15	-56	-73	-110
Total income	37	101	-63	408

SEB Group – Bridge between Statutory and operational accounts

Statutory Profit & Loss Accounts

Operational Profit & Loss Accounts

SEK M	Jan-Mar 2000	SEB Trygg Liv	Internal trans- actions bank- insurance	Reclas- sification	Jan-Mar 2000 SEK M
Net interest earnings	2,868	15			2,883 Net interest earnings
Dividends received	18			-18	
Net commission income	3,640		62		3,702 Net commission income
Net result of financial transactions	895	5			900 Net result of financial transactions
Other operating income	1,145	356	-234	18	1,285 Other operating income
				473	473 Change in surplus value in life insurance operations
Income from banking operations	8,566	376	-172	473	9,243 Total income
Staff costs	-3,092	-123	4		-3,211 Staff costs
Other administrative costs	-1,390	-202		171	171 Pension compensation
Depreciation and write-downs of tangible and intangible fixed assets	-412	-14	-1	1,592	-427 Depreciations
Other operating costs	-445	-50	169	-1,592	-1,918 Other operating costs
Costs from banking operations	-5,339	-389	172	171	-5,385 Total costs
Result from banking operations before lending losses	3,227				
Lending losses and provisions, net	-332			51	-281 Lending losses etc
Change in value of assets taken over	54			-54	
Write-down of financial fixed assets	-3			3	
Net result from associated companies	32	-2			30 Net result from associated companies
Operating result from banking operations	2,978				
Result from insurance operations	37	15			52 Result from non-life insurance operations
Operating result	3,015	0	0	644	3,659 Total result
Pension compensation	171			-171	
Taxes	-638				-638 Taxes
				-132	-132 Taxes on change in surplus values
Minority interests	-124				-124 Minority interests
Result for the period	2,424	0	0	341	2,765 Total result after tax

Profit and Loss Account, Parent company

SEK M	Jan-Mar 2000	Jan-Mar 1999	Change per cent	Full year 1999
Income				
<i>Interest receivable</i>	6,066	5,329	14	19,791
<i>Leasing income</i>	110	59	86	254
<i>Interest payable</i>	-4,922	-4,118	20	-15,016
Net interest earnings ¹⁾				
Dividends received	22	42	-48	4,241
<i>Commission receivable</i>	1,874	1,327	41	5,752
<i>Commission payable</i>	-256	-230	11	-987
Net commission income ²⁾	1,618	1,097	47	4,765
Net result of financial transactions ³⁾	373	768	-51	1,343
Other operating income	838	705	19	1,541
Total income	4,105	3,882	6	16,919
Costs				
Staff costs	-1,544	-1,396	11	-5,875
Other administrative expenses	-924	-1,015	-9	-4,384
Depreciation and write-downs of tangible and intangible fixed assets	-75	-65	15	-266
Other operating costs	-235	-290	-19	-1,487
Total costs	-2,778	-2,766	0	-12,012
Result before lending losses	1,327	1,116	19	4,907
Lending losses and provisions, net ⁴⁾	31	-77	-140	415
Change in value of assets taken over				-10
Write-down of financial fixed assets				-3,057
Operating result	1,358	1,039	31	2,255
Pension provision	171	125	37	873
Other appropriations ⁵⁾	-539	-294	83	-1,863
Tax on result for the year ⁶⁾	-162	-147	10	-68
Result for the year	828	723	15	1,197

*) Group contributions reported directly against equity

1) Net interest

SEK M	Jan-Mar 2000	Jan-Mar 1999	Change per cent	Full year 1999
Interest receivable	6,066	5,329	14	19,791
Leasing income	110	59	86	254
Interest payable	-4,922	-4,118	20	-15,016
Leasing depreciation	-33	-19	74	-94
Total	1,221	1,251	-2	4,935

2) Net commission income

Payment commissions	356	323	10	1,332
Securities commissions	1,009	600	68	2,695
Other commissions	253	174	45	738
Total	1,618	1,097	47	4,765

3) Net result of financial transactions

	Jan-Mar 2000	Jan-Mar 1999	Change per cent	Full year 1999
Shares/participations		179	-100	4
Interest-bearing securities	74	14		-256
Other financial instruments	186	-148		1,009
Realised result	260	45		757
Shares/participations	-106	-2		-23
Interest-bearing securities	-77	189	-141	105
Other financial instruments	-4	169	-102	-539
Unrealised value changes	-187	356	-153	-457
Exchange rate fluctuations	300	367	-18	1,043
Redemption of bonds				
Total	373	768	-51	1,343

4) Lending losses and provisions, net

A. Individually appraised receivables

Reported write-down, incurred losses	-42	-56	-25	-289
Reversal of previous provisions for possible losses reported as incurred losses in current period's accounts	34	52	-35	257
Reported provision for possible losses	-138	-101	37	-577
Recovered from losses incurred in previous years	36	26	38	116
Reversal of previous provisions for possible losses	83	20		394
Reported net cost for individually appraised receivables	-27	-59	-54	-99

B. Receivables appraised by category

Reported write-down, incurred losses	-8	-11	-27	-52
Reported provision for possible losses		-2	-100	-12
Recovered from losses incurred in previous years	6	7	-14	26
Withdrawal from provision for lending losses		4	-100	14
Reported net cost for receivables appraised by category	-2	-2		-24

C. Allocation to/withdrawal from reserve for political risks abroad

D. Contingent liabilities		-19	-100	98
Total	31	-77	-140	415

Appendix 1**SEB Trygg Liv**

SEB Trygg Liv focuses on the sale and administration of unit-linked insurance products and their equivalent for account of the traditional mutual life insurance business. From an accounting point of view, its activities are separate from 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 strong sales growth during the first quarter, attributable primarily to single-premium endowment assurance, mostly unit-linked. Sales, i.e. new premiums and extra payments under existing insurance contracts, increased by SEK 1,763 M, or 70 per cent, to SEK 4,290 M (SEK 2,527 M). The share of insurance contracts with current premiums was 14.5 per cent (16.3 per cent). Premium income (premiums paid) rose 50 per cent to SEK 5,747 M (SEK 3,835 M). In total, assets under management increased by SEK 54 billion or 27 per cent to SEK 252 billion (SEK 198 billion) during the twelve-month period, whereas the corresponding increase for unit-linked insurance was 60 per cent.

Revenues increased by 49 per cent, primarily as a result of a higher premium volume and favorable growth in assets under management within unit-linked insurance. Operating costs and other costs increased by SEK 110 M or 30 per cent, of which most, SEK 74 M, was attributable to volume-related sales costs.

The operating loss improved by 67 per cent, to SEK 19 M (SEK 511 M).

The total result, which includes the change in surplus values, increased by 109 per cent to SEK 454 M (SEK 217 M) compared with the year-earlier period. This improvement was mainly due to strongly increased sales combined with a positive development on the capital market.

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

Volumes, SEK M	March 2000	March 1999
Sales volume		
Traditional life insurance, current share 24 (28) %	280	383
Unit-linked insurance, current share 13 (14) %	4,010	2,144
	4,290	2,527
Premium income		
Traditional life insurance	1,097	1,136
Unit-linked insurance	4,650	2,689
	5,747	3,825
Savings stock	31 March	31 March
Traditional life insurance	187,700	158,300
Unit-linked insurance	64,000	40,000

Profit and loss account, Jan-March, SEK M	March 2000	March 1999
Commissioning agreements, traditional life insurance	80	76
Unit-linked insurance	271	159
Risk operations and other	34	24
Total income	385	259
Operating expenses	-437	-322
Capitalisation of acquisition costs	69	53
Goodwill and other	- 36	- 41
Total costs	-404	-310
Operating result	- 19	- 51
Change in surplus values ¹⁾	473	268
Total result	454	217
Return on allocated capital, per cent ²⁾	30.0%	12.7%
Expense ratio per cent ³⁾	7.6 %	8.4 %

- Notes
- ¹⁾ After deduction for change in capitalised acquisition costs
 - ²⁾ Annual basis. Allocated capital 3,900 respective 3,250
 - ³⁾ Operating expenses expressed as percentage of premiums earned

Calculation of surplus values and changes in surplus values

Surplus values in life insurance operations are 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 %
Cancellations of contracts	5 %
Cancellations of current premiums	5 %
administrative expenses	SEK 250/contract per year
Mortality	According to trade experience

Surplus accounting

Deferred acquisition costs are capitalized 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.

Result

Change in surplus values		542
Deferred acquisition costs	-146	
Depreciation	+ 77	
		<u>- 69</u>
Reported change in surplus values		473

Balance

Surplus value at 1 January 2000		3,142
Current change of surplus values consists of present values of new contracts ¹⁾		386
+Return on existing contracts	129	
-Realised surplus value in existing contracts	-165	
=Change in present value of contracts signed before the current period	- 36	
Actual outcome compared with operative assumptions made ²⁾	12	
Change in operative assumptions ³⁾	-115	
Capital return in excess of undertakings	295	
Total change in surplus values ⁴⁾		542
Capitalised acquisition cost for the period		-146
Depreciation of capitalised acquisition cost for the period		77
Total reported change in surplus values		473
Closing balance 31 March 2000 ⁵⁾		4,551

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 growth in underlying assets, increased sales, particularly in the form of extra premiums and extensions of contracts as well as cancellations. However, the actual result of income and administrative expenses is included in full in the operating result.

3) Subsidiary SEB Trygg Life (UK) is closed for new contracts and is being divested as planned. The cancellation undertaking has been changed from 5 to 7.5 per cent, with a nonrecurring negative effect of SEK 115 M.

4) Before deduction for capitalised acquisition cost of SEK 248 M. See above.

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

BfG adapted to Swedish Swedish accounting principles

	Jan-March 2000 MEUR		Jan-March 1999* MEUR		1999* MEUR
Profit and loss account					
Net interest earnings	128		154		579
Dividend	1		3		5
Net commission income	66		43		186
Net result of financial transactions	20		8		42
Other operating income	12		1		48
Total operating income	227		209		860
General administration expenses	- 130		- 147		- 643
Depreciation	- 11		- 16		- 56
Other operating costs	- 13		- 2		-
Total costs	- 154		- 165		- 699
Lending losses	- 26		- 23		- 101
TOTAL RESULT	47		21		60

*9906/2

*Normalised