



Stockholm, 22 August 2002

PRESS RELEASE

## Interim report January-June 2002

### Change programme is yielding results

- **Operating result\*** for the first six months: **SEK 3,986 M (4,245 corresponding period last year)**
- **Operating result for the second quarter, isolated: SEK 1,970 M, compared to SEK 2 016 M in the first quarter.**
- **Total costs down by 10 per cent on a comparable basis**
- **Stable quarterly income level**
- **Credit losses at low levels**
- **Return on equity for the first six months: 12.3 per cent (13.4).**

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\* Includes pension compensation of SEK 567 M (529). Statutory operating profit (excluding pension compensation) amounted to SEK 3,419 M (3,716).

### President's statement

Compared with the first quarter, market conditions have deteriorated in several respects. Stock markets plunged during the second quarter due to rising uncertainty about economic recovery and weakened confidence after the accounting scandals in the US.

The foreign exchange markets were also affected by a weaker dollar and an appreciating Swedish krona. In the fixed income market, however, interest rates remained at a low level.

Considering that the Stockholm stock market dropped 22 per cent during the second quarter, the level of income held comparably well. The main decline in volumes took place in the latter part of the second quarter; hence the negative impact on income level did not have full effect during this period. The business areas that have a high dependency on the stock market, Enskilda Securities, Private Banking and SEB Asset Management in particular, were affected by lower commission income.

Our change programme "3 C" (Customer satisfaction, Cross-servicing and Cost efficiency) is yielding results. Intensive work in order to provide our customers with such alternate investments as the corporate bond funds, stock index bonds and new deposit accounts has been successful. These efforts in combination with increased activity towards our customers have helped to moderate the downturn in income.

Our cost efficiency programme is progressing according to plan and all divisions have actively contributed resulting in total costs decreasing by 10 percent.

Asset quality remains stable. Credit losses stayed at a low level in spite of the weak economic environment. Non-performing loans continued to decrease.

The stock markets have deteriorated further since 30 June and global economic recovery seems even farther away. We will continue to focus on our cost efficiency programme, adjusting our cost level to the current economic climate, and support our customers through this difficult time.

## ***Second quarter isolated***

### **Result in line with previous quarter**

Operating result for the second quarter isolated amounted to SEK 1,970 M (1,456 corresponding period last year). On a comparable basis this was 29 per cent above the level of 2001 and 7 per cent better than in first quarter 2002.

Total income, SEK 6,994 M, was on the same level as that of the previous quarter as well as that of the corresponding quarter last year.

Total costs, SEK 4,815 M, were virtually unchanged compared to the first quarter, but 11 per cent lower than the second quarter last year on a comparable basis. Staff costs and particularly other operating costs have been reduced.

Net credit losses, SEK 180 M, were in line with the previous quarter. Second quarter last year showed a higher degree of recoveries.

## ***Half-year results***

### **Operating result: SEK 4 billion**

*Operating result, including pension compensation*, for the period January-June 2002 amounted to SEK 3,986 M (4,245). The comparison with the corresponding period 2001 was affected by one-off items, restructuring costs and currency translation differences. Adjusted for these items affecting comparability, the operating result increased by 10 per cent, in spite of the falling stock markets resulting in lower net commission income.

Net profit (after tax) for January-June amounted to SEK 2,725 M (2,813).

### **Stable income level**

Total income during January-June amounted to SEK 14,042 M (14,897). Adjusted for one-off items and currency translation differences, income decreased by 4 per cent.

*Net interest income* amounted to SEK 6,771 M (6,213), an increase of 8 per cent on a comparable basis. The improvement was due to slightly increased volumes and somewhat decreased costs for funding. Net interest income has been at the same level over the past four quarters.

*Net commission income* decreased by 10 per cent to SEK 5,183 M (5,768), mainly due to the weak stock market development.

*Net result of financial transactions* amounted to SEK 1,306 M (1,527).

*Other income* was SEK 782 M (1,389). Capital gains, consisting of a number of minor transactions, totalled SEK 322 M (776). Adjusted for these and other items affecting comparability, other income was down 25 per cent. There were no one-off income items in the first half of 2002.

### **Continuously reduced costs**

Total costs during January-June decreased by 8 per cent to SEK 9,626 M (10,480). On a comparable basis, total costs decreased by 10 per cent.

*Staff costs, gross*, decreased by 3 per cent to SEK 5,764 M (5,963). Lower performance-related compensation accounted for two thirds of the decrease. The reduction implies that the efficiency improvement measures have more than offset the general salary increase. Staff costs, gross, do not comprise compensation for pension costs of SEK 567 M (529). Staff costs, net, were SEK 5,197 M (5,434).

The average number of full time equivalents was 19,358 (19,852) during the first half of 2002. The average in June was 19,151 (19,988).

Total IT-costs (here defined as a calculated cost for all IT-related activities including costs for own personnel) were reduced to SEK 1.9 billion (2.4). Of these calculated costs SEK 872 M (1,073) represented external costs.

In addition to the *restructuring costs* incurred during 2001, another SEK 200 M was charged during the first half of 2002.

#### **Credit losses at low level**

The Group's *net credit losses*, including changes in the value of assets taken over, amounted to SEK 369 M (200), of which SEK 196 M (212), in SEB Germany. The credit loss level was about the same as in the first quarter, 0.11 per cent. Last year the credit loss level was 0.06. Credit losses, gross, i.e. before recoveries, decreased to SEK 750 M (857).

#### **Insurance operations**

The result of total insurance operations (non-life, life and goodwill amortisation) is accounted on one line and shows a loss of SEK 44 M (gain: 52).

SEB Trygg Liv's result from ongoing business (excluding financial effects of short-term market fluctuations) was SEK 666 M (522). This result is not consolidated with the SEB Group. The division's operating result, a gain of SEK 31 M (loss: 76), is included in the Group's result.

The capital base of Nya Livförsäkringsaktiebolaget SEB Trygg Liv has been expanded by SEK 330 M, of which SEK 100 M in increased share capital and SEK 230 M in the form of subordinated debt. The purpose of this increase is to continue to develop the occupational pension business, in which traditional insurance forms an important part of the product offerings. The company has grown strongly as a result of the increased demand for traditional life insurance due to the prevailing market situation. The strengthened capital base will support future growth of the company.

The operating result for non-life insurance, mainly run-off, amounted to SEK 1 M (243). Capital gains of SEK 126 M from bond portfolio sales were included in the first quarter 2001.

#### **Excess value in pension funds**

As of 30 June 2002, total assets in SEB's pension funds amounted to SEK 15.4 billion, while commitments were SEK 9.9 billion. Accordingly the excess value amounted to SEK 5.5 billion. Approximately 60 per cent of the pension funds are invested in equities and 40 per cent in interest-related securities and other investments.

#### **Assets under management**

On 30 June, the SEB Group's assets under management totalled SEK 786 billion (892). Assets of SEK 513 billion (579) were managed by SEB Asset Management, SEK 108 billion (107) by SEB Germany and SEK 216 M (263) by Private Banking.

#### **Credit portfolio**

The overall development of the total credit portfolio has been stable during the first half of the year. Total credit exposure, including contingent liabilities and derivative contracts, amounted to SEK 969 billion (955 at year-end), of which loans and leasing, excluding repos, accounted for SEK 704 billion (718).

The public administration sector accounts for the largest increase in credit exposure, primarily in Germany. Exposure on the corporate sector declined somewhat during first half of the year.

Exposure on the telecom industry (operators and manufacturing companies) amounted to approximately SEK 13 billion (15), corresponding to 1.4 per cent (1.5) of the total credit portfolio. Within the IT-sector, the exposure totalled approximately SEK 3 billion (4).

The geographical distribution of the credit portfolio remained unchanged during the first half of the year. Sweden and the other Nordic countries accounted for almost 45 per cent, followed by Germany with 35 per cent. The three Baltic subsidiary banks' credit volumes continued to grow and totalled SEK 33 billion (30).

Exposure on emerging markets continued to decline during first half of the year and amounted to SEK 9.0 billion (9.7) net after deduction for provision for possible credit losses.

As per 30 June, *doubtful claims*, gross, amounted to SEK 14,808 M (15,822 at year-end 2001), of which SEK 7,585 M (8,161) in non-performing loans (loans where interest and amortisation are not paid) and SEK 7,223 M (7,661) in performing loans. The level of non-performing loans in relation to lending was 0.55 per cent (0.58) and the total level of doubtful claims, net, in relation to lending, was 1.32 per cent (1.37). The volume of pledges taken over amounted to SEK 240 M (265).

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

The capital base for the financial group of undertakings (i.e. excluding the insurance companies) amounted to SEK 55.2 billion as of 30 June 2002, (54.4 by the end of 2001). Core capital was SEK 39.3 billion (38.7), of which SEK 1.8 billion constituted so-called core capital contribution. Risk-weighted assets amounted to SEK 479 billion (501). The decline was due to the strengthening of the Swedish krona and to effects from the capital rationalisation programme within Merchant Banking.

As of 30 June 2002, the *core capital ratio* was 8.2 per cent (7.7) and the *total capital ratio* was 11.5 per cent (10.8). The Group's long-term goals to maintain a core capital ratio of at least 7 per cent and a total capital ratio of not less than 10.5 per cent have thus been met.

In accordance with the decision made by the Board of Directors on May 6, SEB has acquired 7 million of its own shares for hedging of the employee stock options programme as decided by the Annual General Meeting on April 10, 2002. Accordingly, as required by regulations, the value of the acquired shares has been eliminated against shareholders' equity.

In August, the rating institute Moody's changed its outlook on SEB's rating from Stable to Positive.

### **Stockholm, 22 August 2002**

#### **Lars H. Thunell**

*President and Group Chief Executive*

#### **More detailed information is presented on the Internet ([www.seb.net](http://www.seb.net)):**

Appendix 1	SEB Trygg Liv
Appendix 2	SEB AG in the SEB Group
Appendix 3	Credit exposure by industry sector and geographical area
Appendix 4	Capital base for the SEB Financial Group of Undertakings
Appendix 5	Risk and capital management

Operational Profit & Loss Account quarterly performance six quarters

- The SEB Group
- The Divisions and business areas
- Bridge between new and previous accounting principles
- Revenue split
- One-off items
- Statutory Profit & Loss Account
- The SEB Group
- Skandinaviska Enskilda Banken

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**This Interim Report has been reviewed by the Auditors of the Bank.**

**Financial information during 2002-2003**

6 November 2002	Interim Report January-September
13 February 2003	Annual Accounts 2002
8 May 2003	Interim Report January-March
21 August 2003	Interim Report January-June
6 November 2003	Interim Report January-September

**Changes in accounting principles as of January 2002**

Please note that SEB is following the Swedish Financial Supervisory Authority's recommendations regarding reporting of insurance operations for the statutory accounts and also for the operational accounts. This implies that the result from insurance operations is reported according to the same principles as associated companies – one-line accounting. This change has no impact on the Group's or the divisions' operating results.

In order to provide a complete overview of the Group's operations, SEB Trygg Liv is reported separately – including changes in surplus values.

# SEB Group

## Operational Profit and Loss Account

SEK M	April-June		Change, per cent	Jan-June		Change, per cent	Full year 2001
	2002	2001		2002	2001		
Net interest income	3 430	3 154	9	6 771	6 213	9	13 011
Net commission income	2 601	2 864	-9	5 183	5 768	-10	11 186
Net result of financial transactions	652	544	20	1 306	1 527	-14	2 987
Other operating income	311	372	-16	782	1 389	-44	2 015
<b>Total income</b>	<b>6 994</b>	<b>6 934</b>	<b>1</b>	<b>14 042</b>	<b>14 897</b>	<b>-6</b>	<b>29 199</b>
Staff costs	-2 865	-3 061	-6	-5 764	-5 963	-3	-11 796
Pension compensation	273	231	18	567	529	7	1 002
Other operating costs	-1 733	-2 028	-15	-3 480	-4 165	-16	-8 282
Amortisation of goodwill	- 135	- 134	1	- 270	- 267	1	- 553
Depreciation and write-downs	- 246	- 274	-10	- 479	- 544	-12	-1 084
Merger and restructuring costs	- 109	- 70	56	- 200	- 70	186	- 661
<b>Total costs</b>	<b>-4 815</b>	<b>-5 336</b>	<b>-10</b>	<b>-9 626</b>	<b>-10 480</b>	<b>-8</b>	<b>-21 374</b>
Net credit losses etc *	- 180	- 66	173	- 369	- 200	85	- 547
Write-downs of financial fixed assets	- 9			- 9	- 48	-81	- 69
Net result from associated companies		22	-100	- 8	24	-133	- 20
Operating result from insurance operations**	- 20	- 98	-80	- 44	52	-185	- 36
<b>Operating result</b>	<b>1 970</b>	<b>1 456</b>	<b>35</b>	<b>3 986</b>	<b>4 245</b>	<b>-6</b>	<b>7 153</b>
Taxes	- 626	- 565	11	-1 234	-1 365	-10	-2 058
Minority interests	- 12	- 38	-68	- 27	- 67	-60	- 44
<b>Net profit for the year</b>	<b>1 332</b>	<b>853</b>	<b>56</b>	<b>2 725</b>	<b>2 813</b>	<b>-3</b>	<b>5 051</b>

\* Including change in value of seized assets

\*\* Result from SEB Trygg Liv, non-life and pertaining goodwill amortisation

## Key figures

	Jan-June		Full year 2001
	2002	2001	
Return on equity, %	12.3	13.4	11.9
Return on total assets, %	0.46	0.49	0.43
Return on risk-weighted assets, %	1.09	1.10	0.99
Earnings per share (ordinary number), SEK	3.87	3.99	7.17
Earnings per share (weighted average number) *, SEK	3.88	3.99	7.17
Cost/income ratio	0.69	0.70	0.74
Credit loss level, %	0.11	0.06	0.09
Provision ratio for doubtful claims, %	43.0	46.6	44.6
Level of doubtful claims, %	1.32	1.38	1.37
Level of non-performing loans, %	0.55		0.58
Total capital ratio, %	11.53	10.43	10.84
Core capital ratio, %	8.21	7.24	7.71
Number of full time equivalents, average	19 358	19 852	19 618
Number of e-banking customers, thousands	1 225	930	1 128
Assets under management, SEK billion	786	892	871
Risk-weighted assets, SEK billion	479	519	501

\* SEB has repurchased 7 million Series A shares for the employee stock option programme.

## Operational Profit and Loss Account, quarterly basis

SEK M	2002:2	2002:1	2001:4	2001:3	2001:2
Net interest income	3 430	3 341	3 498	3 300	3 154
Net commission income	2 601	2 582	2 901	2 517	2 864
Net result of financial transactions	652	654	691	769	544
Other operating income	311	471	328	298	372
<b>Total income</b>	<b>6 994</b>	<b>7 048</b>	<b>7 418</b>	<b>6 884</b>	<b>6 934</b>
Staff costs	-2 865	-2 899	-2 963	-2 870	-3 061
Pension compensation	273	294	236	237	231
Other operating costs	-1 733	-1 747	-2 176	-1 941	-2 028
Amortisation of goodwill	- 135	- 135	- 150	- 136	- 134
Depreciation and write-downs	- 246	- 233	- 262	- 278	- 274
Merger and restructuring costs	- 109	- 91	- 358	- 233	- 70
<b>Total costs</b>	<b>-4 815</b>	<b>-4 811</b>	<b>-5 673</b>	<b>-5 221</b>	<b>-5 336</b>
Net credit losses etc *	- 180	- 189	- 206	- 141	- 66
Write-downs of financial fixed assets	- 9		- 20	- 1	
Net result from associated companies		- 8	- 38	- 6	22
Operating result from insurance operations**	- 20	- 24	- 34	- 54	- 98
<b>Operating result</b>	<b>1 970</b>	<b>2 016</b>	<b>1 447</b>	<b>1 461</b>	<b>1 456</b>

\* Including change in value of seized assets  
\*\* Result from SEB Trygg Liv, non-life and pertaining goodwill amortisation

## Operational Profit and Loss Account by division

Jan-June 2002, SEK M	Nordic Retail & Private Banking	Corporate & Institutions	SEB Germany	SEB Asset Manage- ment	SEB Baltic & Poland	SEB Trygg Liv	Other incl elimi- nations	SEB Group
Net interest income	2 101	2 159	1 927	38	679		- 133	6 771
Net commission income	1 623	1 774	738	654	286		108	5 183
Net result of financial transactions	83	1 024	50	4	103		42	1 306
Other operating income	121	155	220	2	27		257	782
<b>Total income</b>	<b>3 928</b>	<b>5 112</b>	<b>2 935</b>	<b>698</b>	<b>1 095</b>		<b>274</b>	<b>14 042</b>
Staff costs	-1 472	-1 741	-1 333	- 235	- 359		- 624	-5 764
Pension compensation	261	116		24	1		165	567
Other operating costs	-1 268	-1 134	- 799	- 166	- 211		98	-3 480
Amortisation of goodwill		- 29		- 4	- 24		- 213	- 270
Depreciation and write-downs	- 22	- 62	- 165	- 11	- 111		- 108	- 479
Merger and restructuring costs	- 40	- 49		- 7			- 104	- 200
<b>Total costs</b>	<b>-2 541</b>	<b>-2 899</b>	<b>-2 297</b>	<b>- 399</b>	<b>- 704</b>		<b>- 786</b>	<b>-9 626</b>
Net credit losses etc *	- 57	- 38	- 196		- 80		2	- 369
Write-downs of financial fixed assets			- 5				- 4	- 9
Net result from associated companies	- 37		36		7		- 14	- 8
Operating result from insurance operations					19	31	- 94	- 44
<b>Operating result</b>	<b>1 293</b>	<b>2 175</b>	<b>473</b>	<b>299</b>	<b>337</b>	<b>31**</b>	<b>- 622</b>	<b>3 986</b>

\* Including change in value of seized assets

\*\* Result from ongoing business in SEB Trygg Liv amounted to SEK 666 M (522).

# SEB Group

## Statutory Profit and Loss Account

SEK M	April-June		Change,	Jan-June		Change,	Full year
	2002	2001	per cent	2002	2001	per cent	2001
<b>Income</b>							
<i>Interest income</i>	12 257	14 006	-12	23 762	27 859	-15	53 616
<i>Interest costs</i>	-8 827	-10 852	-19	-16 991	-21 646	-22	-40 605
Net interest income	3 430	3 154	9	6 771	6 213	9	13 011
Dividends received **	27	46	-41	41	74	-45	95
<i>Commission income</i>	3 043	3 314	-8	6 059	6 730	-10	13 039
<i>Commission costs</i>	- 442	- 450	-2	- 876	- 962	-9	-1 853
Net commission income	2 601	2 864	-9	5 183	5 768	-10	11 186
Net result of financial transactions **	652	544	20	1 306	1 527	-14	2 987
Other operating income	284	326	-13	741	1 315	-44	1 920
<b>Income from banking operations</b>	<b>6 994</b>	<b>6 934</b>	<b>1</b>	<b>14 042</b>	<b>14 897</b>	<b>-6</b>	<b>29 199</b>
<b>Costs</b>							
Staff costs	-2 865	-3 061	-6	-5 764	-5 963	-3	-11 796
Other administrative and operating costs	-1 733	-2 028	-15	-3 480	-4 165	-16	-8 282
Depreciation and write-downs of tangible and intangible fixed assets ***	- 381	- 408	-7	- 749	- 811	-8	-1 637
Merger and restructuring costs	- 109	- 70	56	- 200	- 70	186	- 661
<b>Costs from banking operations</b>	<b>-5 088</b>	<b>-5 567</b>	<b>-9</b>	<b>-10 193</b>	<b>-11 009</b>	<b>-7</b>	<b>-22 376</b>
Profit/loss from banking operations before credit losses	<b>1 906</b>	<b>1 367</b>	<b>39</b>	<b>3 849</b>	<b>3 888</b>	<b>-1</b>	<b>6 823</b>
Net credit losses	- 186	- 58		- 373	- 207	80	- 549
Change in value of seized assets	6	- 8		4	7	-43	2
Write-downs of financial fixed assets	- 9			- 9	- 48	-81	- 69
Net result from associated companies		22	-100	- 8	24	-133	- 20
<b>Operating profit from banking operations</b>	<b>1 717</b>	<b>1 323</b>	<b>30</b>	<b>3 463</b>	<b>3 664</b>	<b>-5</b>	<b>6 187</b>
Operating profit from insurance operation	- 20	- 98	-80	- 44	52	-185	- 36
<b>Operating profit</b>	<b>1 697</b>	<b>1 225</b>	<b>39</b>	<b>3 419</b>	<b>3 716</b>	<b>-8</b>	<b>6 151</b>
Pension compensation	273	231	18	567	529	7	1 002
<b>Profit before tax and minority interest</b>	<b>1 970</b>	<b>1 456</b>	<b>35</b>	<b>3 986</b>	<b>4 245</b>	<b>-6</b>	<b>7 153</b>
Current tax	- 499	- 421	19	- 991	- 942	5	-1 229
Deferred tax	- 127	- 144	-12	- 243	- 423	-43	- 829
Minority interests	- 12	- 38	-68	- 27	- 67	-60	- 44
<b>Net profit for the year *</b>	<b>1 332</b>	<b>853</b>	<b>56</b>	<b>2 725</b>	<b>2 813</b>	<b>-3</b>	<b>5 051</b>
* Earnings per share (ordinary), SEK	1.89	1.21		3.87	3.99		7.17
Ordinary number of shares, million	705	705		705	705		705
Earnings per share (weighted), SEK	1.90	1.21		3.88	3.99		7.17
Weighted number of shares, million	700	705		702	705		705

\*\* Dividend on shares in Merchant Banking's trading portfolio has been reclassified by SEK 1,291 M in the first half of 2001, of which SEK 1,098 M in the second quarter.

\*\*\* Amortisation of goodwill for SEB Trygg Liv has been reclassified by SEK 37 M in the second quarter, SEK 74 M for the half year and SEK 147 M for the full year 2001.



## Balance sheet

	30 June 2002	31 December 2001	30 June 2001
<b>SEK M</b>			
Lending to credit institutions	155 298	175 380	166 393
Lending to the public	637 135	634 995	621 572
Interest-bearing securities	165 803	153 033	182 199
- Financial fixed assets	5 889	4 094	5 070
- Financial current assets	159 914	148 939	177 129
Shares and participations	19 048	10 227	11 982
Assets used in the insurance operations	56 156	66 459	68 927
Other assets	172 957	123 221	136 588
<b>Total assets</b>	<b>1 206 397</b>	<b>1 163 315</b>	<b>1 187 661</b>
Liabilities to credit institutions	222 449	221 686	225 346
Deposits and borrowing from the public	460 773	465 243	460 512
Securities issued, etc.	183 089	194 682	195 806
Liabilities of the insurance operations	54 345	64 111	66 314
Other liabilities and provisions	214 148	143 293	167 073
Subordinated liabilities	28 237	30 008	30 902
Shareholders' equity <sup>1)</sup>	43 356	44 292	41 708
<b>Total liabilities and shareholders' equity</b>	<b>1 206 397</b>	<b>1 163 315</b>	<b>1 187 661</b>

### 1) Change in shareholders' equity

	30 June 2002	31 December 2001	30 June 2001
<b>SEK M</b>			
Opening balance	44 292	41 609	41 609
Dividend to shareholders	-2 818	-2 818	-2 818
Result, holding of own shares	- 8		
Swap hedging of employee stock option programme*	74	- 1	
Elimination of repurchased shares **	- 659		
Translation difference	- 250	451	104
Net profit for the period	2 725	5 051	2 813
<b>Closing balance</b>	<b>43 356</b>	<b>44 292</b>	<b>41 708</b>

\* Including dividends received

\*\* SEB has repurchased 7 million Series A shares for the employee stock option programme as described and decided at the Annual General Meeting

### Cash flow analysis

	Jan-June 2002	Full year 2001	Jan-June 2001
<b>SEK M</b>			
Cash flow before changes in lending and deposits	1 779	-4 225	3 092
Increase (-)/decrease (+) in lending to the public	-2 658	-30 571	-16 308
Increase (+)/decrease (-) in deposits from the public	-4 470	45 356	40 625
Cash flow, current operations	-5 349	10 560	27 409
Cash flow, investment activities	-1 792	-2 201	-2 687
Cash flow, financing activities	-16 434	-11 321	-7 245
<b>Cash flow</b>	<b>-23 575</b>	<b>-2 962</b>	<b>17 477</b>
Liquid funds at beginning of year	43 570	46 532	46 532
Cash flow	-23 575	-2 962	17 477
<b>Liquid funds at end of period</b>	<b>19 995</b>	<b>43 570</b>	<b>64 009</b>

## Nordic Retail & Private Banking

Retail Banking, Private Banking and SEB Kort (cards) are the main business areas of the division, which has 1.5 million private customers and 120,000 small and medium-sized corporate customers - of which 680,000 are e-banking customers. The division also serves approximately 600,000 card customers in the Nordic area. In Sweden, SEB has 200 branch offices and 20 private banking centres as well as a full range Internet service and a 24h-telephone bank.

### Profit and loss account

SEK M	Jan - June 2002	2001	Change, per cent	Full year 2001
Net interest income	2 101	2 129	-1	4 328
Net commission income	1 623	1 894	-14	3 645
Net result of financial transactions	83	93	-11	184
<u>Other operating income</u>	<u>121</u>	<u>112</u>	<u>8</u>	<u>202</u>
<b>Total income</b>	<b>3 928</b>	<b>4 228</b>	<b>-7</b>	<b>8 359</b>
Staff costs	-1 472	-1 460	1	-2 955
Pension compensation	261	244	7	461
Other operating costs	-1 268	-1 768	-28	-3 239
Depreciation and write-downs	- 22	- 37	-41	- 83
<u>Merger and restructuring costs</u>	<u>- 40</u>	<u>-</u>	<u>-</u>	<u>- 184</u>
<b>Total costs</b>	<b>-2 541</b>	<b>-3 021</b>	<b>-16</b>	<b>-6 000</b>
Net credit losses etc *	- 57	- 82	-30	- 69
<u>Net result from associated companies</u>	<u>- 37</u>	<u>- 21</u>	<u>76</u>	<u>- 64</u>
<b>Operating result</b>	<b>1 293</b>	<b>1 104</b>	<b>17</b>	<b>2 226</b>
* Including change in value of seized assets				
Cost/Income ratio	0.65	0.71		0.72
Allocated capital, SEK M	7 200	7 000		7 000
Return on capital, %	25.9	22.7		22.9
Number of full time equivalents, average	4 940	5 143		5 033

### Increased competition

The first six months of 2002 were above all characterised by declining stock markets. In Sweden, competition continued to increase on both the retail and the private banking markets with intensified activity from existing as well as new competitors. Internally, the division's focus remained on customer satisfaction and cost efficiency.

SEB's new savings account, "Specialkonto", with one of the most attractive interest rates in the Swedish market, was received positively by customers.

The process of increasing the responsibilities and mandates of the local branch offices in order to strengthen the decision power closer to the customers continued.

Since May 2002, all SEB-customers can use their banking cards free of charge in the Group's ATMs in Estonia, Latvia and Lithuania, as already earlier in Germany. Since July, all ATM-withdrawals within the EMU-area are free of charge.

### Increased result in spite of tough market

The division's result for the period increased by 17 per cent, mainly due to significant cost reductions, which have more than offset the fall in income. This has resulted in a significant improvement of the cost/income ratio and a considerable increase in return on capital.

Due to the declining stock markets, net commission income decreased by 14 per cent, which reduced the underlying values of assets under management as well as customers' activity levels.

Net interest income remained stable.

The mortgage business developed steadily and SEB has increased its market share on the private market by 2 percentage units over the last three years (from 11.5 per cent to 13.6), in spite of new niche competitors in the market.

Cost reduction accelerated during the second quarter and the division's cost-cutting process runs according to plan. The target is to decrease the cost level by SEK 1 billion and the number of employees by 490 between mid-2001 and March 2003.

The programme covers two areas: One-off items, like the closing of the planned e-bank in the UK and restructuring of the operations in Norway and Denmark, represent almost 50 per cent of the reduction. The remaining part consists of a large number of activities within the ongoing business, e.g. increased co-operation within the division and with other parts of the Group, centralisation and co-ordination of staff and support functions and increased operational efficiency.

Credit losses decreased to SEK 57 M (82).

- **Retail Banking - costs down by 19 per cent**

The Retail area reported a result of SEK 773 M (575), an increase of 34 per cent. The cost efficiency programme together with lower transaction volumes reduced Retail Banking's costs by 19 per cent, to SEK 1,545 M (1,901).

Even though net commission income was down by 21 per cent due to the stock market development, the level of sales and customer activities is rising. Total income was SEK 2,317 M (2,511).

In May, SEB's Swedish Internet service was ranked number one by CyberCom, and later also by the magazine "Sparöversikt". The bank has decided to co-operate with the mobile telephone network operator Hi3G.

- **Private Banking – positive net new money in spite of weak market**

Total result for the period was SEK 283 M (313), a decrease of 10 per cent, mainly due to continued pressure on commission income, SEK 596 M (712). The business area's total income was SEK 929 M (1,002). Total costs were SEK 603 M (665), a decrease of 9 per cent.

The continued fall of the stock market affects both SEB's retail customers and the private banking area. Assets under management amounted to SEK 216 billion (263) at the end of June, a decrease of 16 per cent since January. However, intensified business activities led to an increase in new assets, especially in Sweden.

In April, SEB Private Bank SA opened a new branch in Zurich. In addition to Sweden, SEB also runs private banking operations in Norway, Denmark, Luxembourg, London and Geneva.

- **SEB Kort - improving a strong result**

SEB's card business unit, SEB Kort, showed a result of SEK 237 M (216). Total income was SEK 682 M (715), while total costs amounted to SEK 393 M (455).

The international travel market has not fully recovered since the end of last year, which had a negative impact upon the important segment of travel and entertainment cards.

The credit losses, SEK 52 M (44), were mainly due to forgeries and frauds, but this loss level is significantly lower than that reported by the international card business in general.

During spring 2002, SEB Kort was declared "preferred partner" in central acquiring by the international airline organisation, IATA. For example KLM is a new user of SEB Kort's central acquiring programme.

In Norway, the new product Purchase Account was introduced during the spring. A number of large companies have a demand for this product, which will also be introduced within the rest of the SEB Group.

SEB Card Denmark and Norway were both top ranked for customer satisfaction within the financial service-sector at the annual Tele-performance Grand Prix.

## Corporate & Institutions

The division is responsible for 3,500 medium- sized companies, 800 large corporations and 1,100 financial institutions. It comprises Merchant Banking (including the merchant banking part of SEB AG, Securities Services and parts of Mid Corporate) and Enskilda Securities (SEB's institutional equity and corporate finance unit) and operates in eleven countries.

### Profit and loss account

SEK M	Jan - June		Change, per cent	Full year 2001
	2002	2001		
Net interest income	2 159	1 959	10	4 007
Net commission income	1 774	2 290	-23	4 431
Net result of financial transactions	1 024	1 098	-7	2 165
Other operating income	155	77	101	168
<b>Total income</b>	<b>5 112</b>	<b>5 424</b>	<b>-6</b>	<b>10 771</b>
Staff costs	-1 741	-1 881	-7	-3 762
Pension compensation	116	117	-1	218
Other operating costs	-1 134	-1 223	-7	-2 450
Amortisation of goodwill	- 29	- 27	7	- 56
Depreciation and write-downs	- 62	- 79	-22	- 160
Merger and restructuring costs	- 49			- 35
<b>Total costs</b>	<b>-2 899</b>	<b>-3 093</b>	<b>-6</b>	<b>-6 245</b>
Net credit losses etc *	- 38	132	-129	149
<b>Operating result</b>	<b>2 175</b>	<b>2 463</b>	<b>-12</b>	<b>4 675</b>

\* Including change in value of seized assets

Cost/Income ratio	0.57	0.57	0.58
Allocated capital, SEK M	15 000	15 500	15 500
Return on capital, %	20.9	22.9	21.7
Number of full time equivalents, average	3 210	3 263	3 322

### Weak financial markets

The first six months of 2002 were characterised by a dramatic change in market sentiment. Despite encouraging economic data uncertainty about the global economic recovery increased during late spring and early summer.

The view of the US dollar has undergone a marked change since March. The currency has depreciated by 12 per cent against the Euro and by 8 per cent against a trade-weighted index. The Swedish krona appreciated by 14 per cent against the dollar, encouraged by speculations about an upcoming EMU-decision. Uncertainty about corporate earnings has increased significantly, not only due to questions about the economic outlook but also due to accounting irregularities. This has also put the dollar under pressure.

These factors of uncertainty have together created a negative sentiment in the stock market and stock prices have come under substantial pressure, severely affecting the Swedish stock market and the division's equity-related business.

### Lower result but strong return

The lower result was mainly due to the weak stock market trend, which had a negative effect on Enskilda Securities' income. Another reason was a net recovery of SEK 126 M that Merchant Banking reported last year compared to a net credit loss of SEK 40 M this year. Return on allocated capital was 20.9 per cent (21.7 full year 2001).

#### • Merchant Banking

The result of Merchant Banking amounted to SEK 2,033 M (2,158). Compared with 2001, the result before credit losses was slightly higher at SEK 2,073 M (2,032).

Despite adverse market conditions income was good and up by 5 per cent during the second quarter compared with the first quarter of 2002. For the first six months income was 1 per cent higher than in the corresponding

period last year. Costs were down, both compared with the first quarter 2002 and with the corresponding period last year, excluding restructuring costs.

Trading & Capital Market's income continued to grow, for the sixth consecutive year. The corporate banking business continued to mature in terms of volumes and margins, with negative effects on income. The weak stock market still has a negative impact on Securities Services' result. The number of structured finance transactions remained low. The change of business mix continues according to plan, with growing business from financial institutions and stable underlying volumes from corporate customers.

Merchant Banking continued its active work in order to reduce costs in the long term within the mature areas. As a result of increased cost efficiency, investments in selected growth areas will be possible. In spite of these investments the underlying cost level (costs excluding performance-related remuneration, restructuring costs and exchange rate effects) was 3 per cent lower than in 2001.

Asset quality remained high and credit losses were SEK 40 M.

During the first half of 2002, Merchant Banking received awards within several areas. The business area was ranked number nine in global foreign exchange trading in terms of market share by Euromoney in July 2002. It also regained its top position within Fixed Income in the Swedish Prospera Client Survey 2002, with number one positions within client relationship and research. SEB Företagsinvest was ranked as the fourth venture capital firm in the annual Swedish Entrepreneurs' Survey.

Merchant Banking's Internet application for financial trading and information, Trading Station, has been further developed and customers are now offered straight-through processing possibilities, ensuring that the deal automatically goes into the client's financial system. Merchant Banking's German operation launched the Trading Station in Germany during the second quarter of 2002.

- **Enskilda Securities**

The low activity on the Nordic equity markets continued during the second quarter 2002. Compared with last year, total equity turnover on the Nordic stock exchanges dropped by 25 per cent. On the same markets, merger & acquisition volumes in monetary terms fell by 27 per cent and Initial Public Offerings (IPO) by 74 per cent during the period.

Despite this negative trend, Enskilda Securities managed to retain a strong position on the Nordic Exchanges. In the difficult and weak corporate finance markets, Enskilda Securities remained a strong competitor during the first half of 2002. Enskilda Securities' role as financial advisor in the Ericsson rights issue, as joint lead manager of the IPO of Intrum Justitia and as joint global co-ordinator of the IPO of Alfa-Laval are examples of the largest transactions so far in 2002.

Enskilda Securities' result was SEK 142 M (305).

Total revenues fell by 28 per cent during the period. All product areas posted lower revenues. In particular, trading revenues declined due to the unfavourable stock markets. Secondary commission income, which is the single most important revenue source, dropped by 10 per cent compared with the corresponding period last year.

Total pre-bonus costs decreased by 9 per cent and post-bonus by 20 per cent. The ambition is to reduce pre-bonus costs by 15 per cent during 2002 compared with 2001. The number of personnel decreased by 9 per cent compared with the corresponding period last year.

## SEB Germany

The division serves one million private customers as well as small and medium-sized corporations, institutions and real estate companies throughout Germany. Customers are able to access its services via 177 branches, 30 advisory centres, Internet and telephone banking.

The division does not comprise those parts (large corporate customers, trading operations and former "Skandinaviska Enskilda Banken AG) which are included within the Corporate & Institutions division. Information regarding the legal unit SEB AG Group accounted in euro can be found on [www.seb.net](http://www.seb.net).

### Profit and loss account

SEK M	Jan - June 2002	2001	Change, per cent	Full year 2001
Net interest income	1 927	1 990	-3	4 119
Net commission income	738	693	6	1 365
Net result of financial transactions	50	80	-38	101
Other operating income	220	377	-42	551
<b>Total income</b>	<b>2 935</b>	<b>3 140</b>	<b>-7</b>	<b>6 136</b>
Staff costs	-1 333	-1 371	-3	-2 651
Other operating costs	- 799	- 854	-6	-1 816
Depreciation and write-downs	- 165	- 187	-12	- 369
<b>Total costs</b>	<b>-2 297</b>	<b>-2 412</b>	<b>-5</b>	<b>-4 836</b>
Net credit losses etc *	- 196	- 212	-8	- 478
Write-downs of financial fixed assets	- 5			- 2
Net result from associated companies	36	27	33	75
<b>Operating result</b>	<b>473</b>	<b>543</b>	<b>-13</b>	<b>895</b>
* Including change in value of seized assets				
Average exchange rate SEK/EUR	9.16	9.06		9.25
Cost/Income ratio	0.78	0.77		0.79
Allocated capital, SEK M	10 200	10 600		10 800
Return on capital, %	6.7	7.4		6.0
Number of full time equivalents, average*	3 842	3 933		3 916

\* excluding 133 temporary staff working with euro conversion during the beginning of 2002

### Weak financial markets

Today's market situation in Germany is characterised by a weak economy, the highest number of insolvencies among small and medium-sized companies for years, a weak local stock market driven by the development in the U.S. and low market interest rates. Customer behaviour is in general conservative. The most successful product offerings at present are those limiting risk and promising long-term growth, such as real estate funds.

### New sales and underlying earning capacity improved

Although the market interest rate is still below our expectations, net interest income was almost in line with 2001. New sales of mortgage loans, SEK 3,544 M, improved by 36 per cent compared to the first half of last year. Prolongation of mortgage loans, SEK 2,336 M, improved by 43 per cent.

In June, SEB Germany entered a deal with Volkswagen Bank Direkt to provide the carmaker's customers with full access to on-line securities transactions including SEB's mutual funds. Volkswagen Bank Direkt is a telephone- and Internet bank with half a million customers and EUR 5 billion in deposits.

Net commission income developed comparably well during the first half of 2002, showing a 6 per cent improvement compared with 2001 as a result of a strong sales focus.

SEB Invest Money Market ranks number one among money market funds in Germany. For the seventh time, the SEB ImmoInvest mutual real estate fund was ranked number one. Net sales of funds, SEK 6 billion, more than doubled compared to the first half of 2001.

However, a difficult third quarter regarding commission income is expected, particularly since the stock market is under heavy pressure again since the end of June.

Net result of financial transactions was down by 38 per cent compared with 2001 due to the development of interest-bearing securities and lower price gains. Compared with the first quarter the trend was a little more positive during the second quarter of this year.

Assets under management amounted to SEK 108 billion, a decrease of 4 per cent compared to the previous quarter but slightly higher than during the corresponding period in 2001.

The number of e-banking customers remained stable at 241,000, while the activity level continued to increase.

The underlying earning capacity improved compared with last year when one-off effects are taken into consideration.

### **Cost efficiency continuously improved**

The cost efficiency programme led to a lower cost level of SEK 2,297 M (2,412) during the first half of 2002. Compared with the first half of 2001, staff costs decreased by 3 per cent while other costs were down by 6 per cent.

During the first half of 2002 major cost reductions were achieved by moving the headquarters to new premises at considerably lower rents and through cost cuts within staff units. Future cost reduction activities include IT synergies within the SEB Group, now under implementation.

Net credit losses were 8 per cent lower compared with the corresponding period last year.

### **Benchmark for customer satisfaction**

The continuous improvement of the customer satisfaction in SEB Germany is part of the change programme. The Retail Banking and Institutional Clients business areas were best practice within their respective client segments during 2001. It is our ambition to defend this position also in 2002 through further improvement measures.

## SEB Asset Management

SEB Asset Management offers a full spectrum of investment products for institutions, life insurance companies and retail clients - from low-risk portfolios to private equity and hedge funds. In addition to Stockholm, where the majority of staff is employed, SEB Asset Management has offices in Copenhagen, Helsinki, New York and Stamford. Within the division more than 100 persons are engaged in portfolio management.

### Profit and loss account

SEK M	Jan - June 2002	2001	Change, per cent	Full year 2001
Net interest income	38	53	-28	100
Net commission income	654	772	-15	1 506
Net result of financial transactions	4	6	-33	14
<u>Other operating income</u>	<u>2</u>	<u>1</u>	<u>100</u>	<u>11</u>
<b>Total income</b>	<b>698</b>	<b>832</b>	<b>-16</b>	<b>1 631</b>
Staff costs	- 235	- 290	-19	- 567
Pension compensation	24	27	-11	46
Other operating costs	- 166	- 215	-23	- 432
Amortisation of goodwill	- 4	- 5	-20	- 8
Depreciation and write-downs	- 11	- 12	-8	- 23
<u>Merger and restructuring costs</u>	<u>- 7</u>	<u>-</u>	<u>-</u>	<u>- 54</u>
<b>Total costs</b>	<b>- 399</b>	<b>- 495</b>	<b>-19</b>	<b>-1 038</b>
<b>Operating result</b>	<b>299</b>	<b>337</b>	<b>-11</b>	<b>593</b>
Cost/Income ratio	0.57	0.59		0.64
Allocated capital, SEK M	1 700	1 700		1 700
Return on capital, %	25.3	28.5		25.1
Number of full time equivalents, average	423	522		512

### Significant cost reductions

During the first half of 2002 the Swedish stock market fell by 22 per cent (SIX Portfolio Index) and the global markets by 21 per cent. The division's total assets under management were SEK 513 billion (579), 9 per cent less than at year-end 2001. Due to the downturn of the market, the equity part of total assets under management decreased to 41 per cent (52).

Despite the bear market, leading to reduced assets under management and consequently declining revenues, SEB Asset Management improved its cost/income ratio and the result per employee increased from SEK 1.3 million to SEK 1.4 million on a yearly basis.

SEB Asset Management showed an operating result of SEK 299 M (337), a decrease of 11 per cent. Income declined by 16 per cent, mainly explained by a decrease in value in the equity portfolios. The main decline in volumes took place in the latter part of the second quarter; hence the negative impact on income level did not have full effect during this period. Costs were reduced by 19 per cent primarily due to staff reductions.

### Positive net inflow in spite of tough market conditions

Weak stock markets had a negative impact on sales, which is a trend that can be seen in the entire industry. Total accumulated net sales were considerably lower than in previous years. However, the business in Denmark, Finland and the U.S. has successfully gained a number of new mandates while institutional sales in Sweden were generally weak.

During the first half year 2002, the net inflow to SEB's mutual funds in Sweden totalled SEK 5.8 billion (4.0). The successful launch of the new product line corporate bond funds, the first of its kind on the Swedish market, has attracted a considerable amount of capital. In addition, net sales of mutual funds in Denmark and Finland amounted to SEK 3.8 billion. SEB's market share of mutual funds in Sweden was 17.7 per cent (18.5).

Mutual funds totalled SEK 159 billion (189), representing 31 per cent of total assets under management.



**Improved performance**

All life portfolios reported improved performance relative to benchmark during the second quarter and, in general, SEB's mutual funds performed above average in comparison with the Bank's peers in the Nordic market. Nevertheless, the ambition is to further improve performance as regards mutual funds.

SEB Asset Management in Denmark has received its first Morningstar-rating of four funds, of which one received five stars and the others four stars each. This has placed the entity at the top, with the highest average Morningstar-rating of equity funds in Denmark.

**Present and planned activities**

Total costs were substantially lower than last year, in line with the "3 C" Change Programme, primarily as a result of structural changes and staff reductions. To further decrease costs, Asset Management is streamlining and simplifying the supply of mutual funds in Sweden. Approximately 30 funds will be merged or closed during the second half of this year.

Since June 2001, the staff has been reduced by approximately 120 full-time equivalents, or 23 per cent, which is above the target set in the Change Programme.

SEB Asset Management has decided to outsource the administrative and technical property management of its real estate operations in Stockholm. An agreement to this effect has been signed with NewSec, and became effective on August 1, 2002. These changes will involve around 80 employees, of whom 60 will be transferred to NewSec. Outsourcing of property management is not included in the above mentioned staff reduction figures.

A new order management system has been implemented at the trading desk in Stockholm for electronic trading via FIX (Financial Information Exchange protocol). This will enable us to further streamline processes, and to achieve increased efficiency and reduced costs.

## SEB Baltic & Poland

The division comprises the three wholly-owned Baltic banks Eesti Ühispank (Estonia), Latvijas Unibanka (Latvia) and Vilniaus Bankas (Lithuania). The three banks serve 1.2 million individual customers and 120,000 corporations via a branch network that comprises some 200 branch offices, and via Internet banks. The listed Polish bank Bank Ochrony Srodowiska, BOS, of which SEB owns 47 per cent, also forms part of the division.

### Profit and loss account

SEK M	Jan - June 2002	2001	Change, per cent	Full year 2001
Net interest income	679	520	31	1 183
Net commission income	286	271	6	596
Net result of financial transactions	103	124	-17	197
Other operating income	27	93	-71	135
<b>Total income</b>	<b>1 095</b>	<b>1 008</b>	<b>9</b>	<b>2 111</b>
Staff costs	- 359	- 328	9	- 673
Pension compensation	1	1		2
Other operating costs	- 211	- 198	7	- 451
Amortisation of goodwill	- 24	- 24		- 49
Depreciation and write-downs	- 111	- 106	5	- 217
<b>Total costs</b>	<b>- 704</b>	<b>- 655</b>	<b>7</b>	<b>-1 388</b>
Net credit losses etc *	- 80	- 67	19	- 133
Write-downs of financial fixed assets		- 48		- 67
Net result from associated companies	7	25	-72	2
Operating result from insurance operations	19			22
<b>Operating result</b>	<b>337</b>	<b>263</b>	<b>28</b>	<b>547</b>
* Including change in value of seized assets				
Cost/Income ratio	0.64	0.65		0.66
Allocated capital, SEK M	2 750	2 750		2 750
Return on capital, %	17.6	13.8		14.3
Number of full time equivalents, average	4 326	4 359		4 114

### Continued economic growth

Economic growth is expected to continue in the Baltic region. A weakening export sector is offset by continued strong domestic demand. In total, an increase of GDP of slightly above 4 per cent is forecast for all three countries for 2002.

The strong economy is reflected in SEB's subsidiary banks. The number of customers has increased by 12 per cent compared to June 2001. During the same period, the number of Internet customers increased by 83 per cent to 291,000. During the first half of this year the loan portfolio increased by 4 per cent (11 per cent after adjustments for currency fluctuations), of which Unibanka in Latvia experienced the strongest increase. Demand for mortgage loans and strong domestic demand in general are the main reasons behind this expansion. Deposits increased by 5 per cent (8 per cent after adjustments for currency fluctuations). The market for savings products is relatively immature but rising demand can be foreseen. Both Estonia and Latvia are launching pension reforms, which are expected to lead to an increase in mutual funds savings.

Poland's GDP growth is expected to be about 2 per cent this year. The reason for this comparably low growth rate is found in poor domestic demand. Weak exports contribute to the lower growth rate, with Germany being the biggest export market.

### Result increases further

After adjustments for extraordinary revenues last year the increase in operating result amounted to 65 per cent. After these adjustments, the increase in income was 14 per cent, mainly due to higher lending and deposit volumes. Costs increased by 7 per cent to SEK 704 M, primarily as a result of expansion in volumes and products.

Contribution from BOS Bank is included in the division's result by SEK 7 M.

**Increased co-operation**

Intensive efforts have been made to improve cross-servicing and customer satisfaction. The three Baltic banks can for example now offer one-point-of-entry solutions to the Pan-Baltic customers. Credit as well as treasury functions continue to become more integrated with the parent company and its standards. In Latvijas Unibanka cash collection and security services have been outsourced for increased efficiency. Similar activities are under way in Vilniaus Bankas.

As regards BOS, a new President has been appointed together with other management changes. BOS has an explicit strategy to increase its focus on small- and medium sized companies as well as private individuals in order to gain market shares within these segments.

## SEB Trygg Liv

SEB Trygg Liv is one of the Nordic region's leading life insurance companies. Operations comprise insurance products within the investment and social security area for individuals and corporations. SEB Trygg Liv provides both unit-linked and traditional insurance and has slightly more than 1 million customers, mainly in Sweden.

Traditional life insurance operations are conducted in the mutual insurance companies Nya and Gamla Livsförsäkringsaktiebolaget SEB Trygg Liv, which are not consolidated with the SEB Trygg Liv Group's results.

### Profit and loss account

SEK M	Jan - June 2002	Jan - June 2001	Change, per cent	Full year 2001
<b>Total income</b>	<b>744</b>	<b>741</b>	<b>0</b>	<b>1 493</b>
<b>Total costs</b>	<b>- 703</b>	<b>- 809</b>	<b>-13</b>	<b>-1 563</b>
Result from associated companies	- 10	- 8		- 9
<b>Operating result*</b>	<b>31</b>	<b>- 76</b>		<b>- 79</b>
Change in surplus values, net	635	598	6	1 241
<b>Result from ongoing business</b>	<b>666</b>	<b>522</b>	<b>28</b>	<b>1 162</b>
Change in assumptions				620
Financial effects of short-term market fluctuations	-1 248	- 485		-1 199
<b>Total result, net</b>	<b>- 582</b>	<b>37</b>		<b>583</b>
Allocated capital, SEK M	3 900	3 900		3 900
Return, ongoing business, before tax, %	24.6	19.3		21.5
Number of full-time equivalents, average	806	869		862

\* In the SEB Group reporting, SEB Trygg Liv is accounted for according to the same principles as associated companies – one line accounting. Thus only the Operating result is consolidated with the SEB Group's accounts. More detailed information on SEB Trygg Liv can be found on [www.seb.net](http://www.seb.net).

### Improved result

The result from ongoing business, i.e. including change in surplus values, improved to SEK 666 M (522), based on continued shifting from single-premium to regular premium policies combined with lower costs.

Revenues (remuneration for management agreements, insurance fees and net interest) were at the same level as a year earlier. Lower asset values for unit-linked insurance and an increased proportion of interest-bearing investments with lower fees were offset by a better result for traditional insurance and increased net interest.

Continued savings measures and lower distribution fees resulted in a lower cost level of SEK 703 M (809), a reduction of 13 per cent. Costs during the second quarter 2002 were 11 per cent lower than during the first quarter 2002. The average number of full-time equivalents was reduced by 63, which reduced staff costs by 9 per cent.

As a result of the retained level of revenues and reduced costs, operating result, i.e. result before change in surplus value, rose by SEK 107 M to SEK 31 M. Short term market fluctuations, i.e. the declining stock markets, naturally had a negative impact on total result net.

### Sales affected by stock market decline

The decline in the world's stock markets continued to affect sales of savings products, including insurance savings. SEB Trygg Liv's sales measured as weighted volume amounted to SEK 13,647 M (15,811), a decline of 14 per cent. Non-insurance-related sales related to pension products (IPS and premium pensions) totalled SEK 1,101 M (1,038), weighted volume.

The trend is the same as in 2001. Single-premium endowment insurance continues to decline while regular occupational pension increases, but at a slower rate than previously. This means a continued increase in company-paid insurance, from 65 to 74 per cent. A large portion of corporate pensions is sold via insurance brokers. Accordingly, it is encouraging that in April SEB Trygg Liv was named “Life Insurance Broker of the Year” by the Swedish Association of Insurance Brokers.

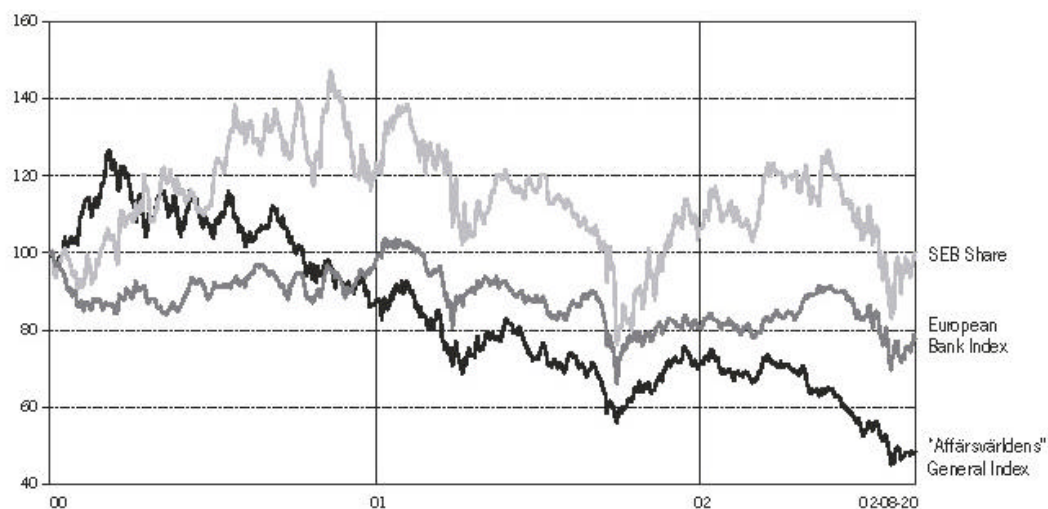
The share of unit-linked insurance was predominant, with 75 per cent (77). Consequently, the trend towards an increasing proportion of traditional insurance noted during the stock market fall continued, although the pace has slowed down.

To a limited extent, customers made additional premium payments on their insurance, probably due to the market situation, and premium income declined by 15 per cent to SEK 7,296 M (8,560).

Assets under management amounted to SEK 208 billion (236), a decline of 12 per cent, or 8 per cent measured from year-end 2001.

In June, SEB Trygg Liv signed a three-year agreement with Stadsmissionen (Stockholm City Mission) to support Bostället in Stockholm, a kind of halfway house for the homeless. Through becoming a project partner in Bostället, SEB Trygg Liv is making a contribution to society and supporting efforts to help a group of people in need.

## SEB share SEK



### Rating

Moody's		Standard & Poor's		Fitch	
Short	Long-term	Short	Long-term	Short	Long-term
P-1	Aaa	A-1+	AAA	F1+	AAA
P-2	Aa1	A-1	AA+	F1	AA+
P-3	Aa2	A-2	AA	F2	AA
	Aa3	A-3	AA-	F3	AA
	A1		A+		A+
	A2		A		A
	A3		A-		A-
	Baa1		BBB+		BBB+
	Baa2		BBB		BBB
	Baa3		BBB-		BBB-

SEB's rating has remained unchanged during 2002. In August, the rating institute Moody's changed its outlook for SEB's rating from Stable to Positive.

### SEB's major shareholders

By the end of June 2002

#### Percent of capital

Investor	19,8
Trygg Foundation	9,3
Alecta (former SPP)	2,9
SEB Funds	2,8
Skandia	2,2
AFA	1,9
Foreign shareholders	23,3