



**Skandinaviska Enskilda Banken**

*Annual Report*  
**1993**



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### Financial information from Skandinaviska

#### Enskilda Banken during 1994.

Publication of Report on the 1993 annual results	February 28
Publication of Annual report	beginning of April
Annual General Meeting	April 26
Report for the first quarter of 1994	May 6
Report for the second quarter of 1994	August 23
Report for the third quarter of 1994	November 16

Annual reports and Quarterly reports may be ordered from Group Communications, Skandinaviska Enskilda Banken, S-106 40 Stockholm.

Definitions, see page 37.

## Annual General Meeting

The Annual General Meeting will be held on Tuesday, April 26, 1994 at 4.30 p.m. at Stockholmsmässan, Älvsjö.

## Notifications, etc.

Shareholders wishing to attend the Annual General Meeting shall *both* be registered in the shareholders' register kept by Värdepapperscentralen VPC AB ("VPC" = the Swedish Securities Registration Centre) as at April 15, 1994, at the latest, *and* make a notification to the Bank's Head Office, Legal Department, Kungsträdgårdsgatan 8, S-106 40 Stockholm, telephone +46 8 763 80 00, not later than 1 o'clock p.m. on Thursday, April 21, 1994.

Shareholders whose shares are registered in the name of an authorised agent through a trust department of a bank or through another authorised depositary must demand temporary registration in the shareholders' register of VPC, in order to have the right to attend the Annual General Meeting, and must notify his authorised agent hereof in good time before April 15, 1994.

## Earnings situation in brief

	1993 SEK M	1992 SEK M	Change per cent
Net interest earnings	9,779	6,555	+ 49
Commissions, fees and foreign exchange earnings	6,816	6,166	+ 11
Other operating income	1,840	986	+ 87
<b>Total operating income</b>	<b>18,435</b>	<b>13,707</b>	<b>+ 34</b>
Staff costs	4,308	4,152	+ 4
Other operating costs	3,193	3,186	+ 0
Depreciation	410	556	- 26
<b>Total operating costs</b>	<b>7,911</b>	<b>7,894</b>	<b>+ 0</b>
<b>Profit before losses</b>	<b>10,524</b>	<b>5,813</b>	<b>+ 81</b>
Lending losses	10,167	11,183	- 9
<b>Operating profit/loss</b>	<b>+ 357</b>	<b>- 5,370</b>	
Extraordinary items	+ 322	- 1,446	
<b>Profit/loss before appropriations and taxes</b>	<b>+ 679</b>	<b>- 6,816</b>	

# Skandinaviska Enskilda Banken

## Annual Report for 1993

### Important events and decisions

At the beginning of the year, the S-E-Bank Group divided its operations into three Divisions – S-E-Banken (private and corporate customers), Enskilda Corporate (large companies) and Diligentia (problem loans and pledges taken over).

The Group's credit organisation was strengthened at the same time.



At the end of February, the Bank submitted an application for State support.

Six months later, the application was withdrawn.



The Bank decided to reduce its staff by almost 800 employees.



In connection with the publication of the semiannual report on August 17, the Board of Directors proposed a new issue of shares of SEK 5.3 billion.



Upon approval by an Extraordinary General Meeting, the issue was completed during September-October and was fully subscribed.



The Bank decided to open branches in Oslo and Helsinki during 1994, focusing on large corporate customers in Norway and Finland.



At the beginning of 1994, three of FinansSkandic's subsidiaries – Vendax, SkandicBilfinans and Nordic Finans – were sold to the U.S. General Electric group.

### Key figures for the S-E-Bank Group

	1993	1992	1991	1990	1989
<b>Earnings</b>					
Net interest margin	2.09	1.43	2.10	2.04	2.03
Return on equity					
after 30% standard tax, %	1.4	-17.7	7.6	11.8	18.1
Profit level, %	0.07	-0.82	0.36	0.59	0.96
Operating income /costs, excl. losses	2.33	1.74	1.88	1.75	1.83
Operating income /costs, incl. losses	1.02	0.72	1.18	1.35	1.67
<b>Capital</b>					
Total capital ratio, %	13.0	8.4	10.7	9.1	8.8
Core capital ratio, %	8.0	5.1	6.7	6.0	7.3
Riskweighting, %	49.0	52.7	55.4	60.5	59.2
<b>Asset quality</b>					
Loss provision level, %	52.1	50.8	48.9	33.2	—
Lending loss level, %	2.92	3.35	1.44	0.87	0.29
<b>Data per share</b>					
Earnings per share after 30% standard tax, %	1.04	-10.80	2.85	4.82	7.32
Dividend per share, SEK*)	0	0	2.12	2.09	1.90

\*According to the Board's proposal, no dividend will be paid to the shareholders for 1993.

For facts about S-E-Banken shares, see page 32.

## Statement of the Group Chief Executive

**1993** was a dramatic year in the history of Skandinaviska Enskilda Banken. This time, however, the drama was of a positive nature, with improved earnings of SEK 5.7 billion and a share price increase of more than 700 per cent.

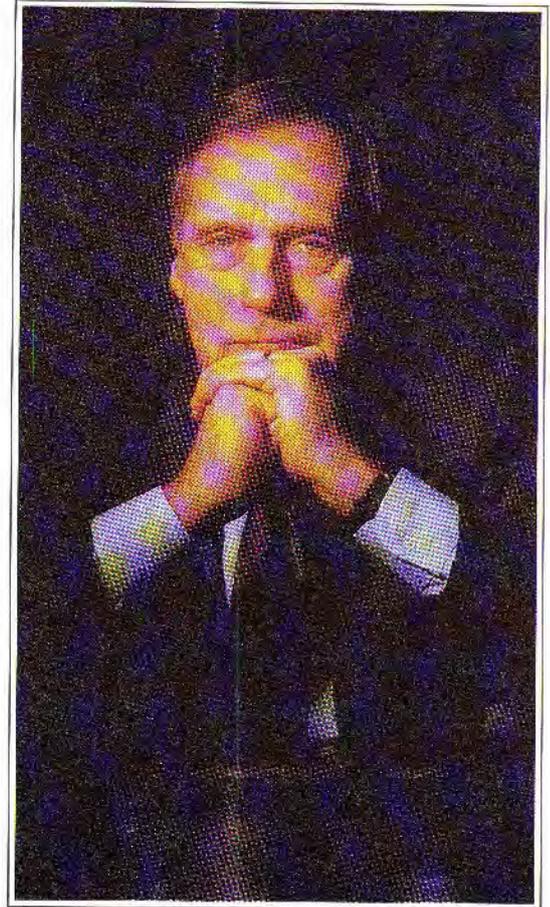
At the beginning of the year, as you will recall, the prospects were gloomy to say the least:

- \* The record lending losses in 1992 had undermined the Bank's capital base, which had in turn led to an alarming deterioration of the capital ratio.
- \* The extremely high interest rates during the second half of 1992 resulted in strongly increased costs of financing the Bank's problem loans.
- \* The growing problems led to a gradual downgrading of the Bank's rating by the international rating institutes – with deteriorating borrowing terms as a consequence.
- \* In addition, the weakened krona had inflated our foreign currency assets, when translated to Swedish kronor, which aggravated the capital adequacy situation.

Taken together, all this implied that there was a considerable risk that the Bank's capital ratio would fall below the statutory minimum 8 per cent limit during 1993. It was against this background that the Bank applied for State support last February.

Then came the turnaround. During late spring and summer, results started to improve very rapidly, which led to a strongly increased earning capacity and decreasing lending losses.

**T**o a considerable extent, this rapid recovery was attributable to external factors, particularly the falling interest rates, which eased the burden of our problem loans and increased the return on our bond portfolio. The falling rates also stimulated economic growth and made it easier for our customers to pay interest on their loans. At the same time, the great fluctuations and high activity on the foreign exchange, stock and money markets provided the Bank with excellent business opportunities.



But our own contributions were also of great importance for the turnaround.

By strengthening and trimming its balance sheet, the Bank could use its capital more efficiently than before, thereby improving its capital ratio. Arranging for better collateral, securitisation and outright sales of loans were important elements of this work.

As a result of last year's reorganisation, the Group attained a more market-oriented and efficient structure, a uniform credit and portfolio policy and an improved risk control system, which have had a positive impact on both income and costs. In addition, a rationalisation programme was carried out, which, among other things, involved a reduction in personnel.

**O**nly last summer was it beyond doubt that the Bank was on the right track and that we would manage without State support. The real turning-point occurred when our semi-annual

report was published on August 17. We could then, with real delight, withdraw our application for State support and simultaneously propose a new issue of shares of SEK 5.3 billion. Thanks to the success of the rights offering – the largest share issue so far on the Swedish market – our core capital ratio was 8 per cent and our total capital ratio 13 per cent at year-end.

We need that. As an internationally active major bank with extensive foreign exchange and securities operations, we must have a satisfactory capital strength to be viewed as a strong and vigorous business partner. The improved core capital ratio is also a condition for the Bank to regain its former high rating – and to obtain better borrowing terms on the international capital markets. Besides, it is important to have a buffer, if there should be a new deterioration in the national economy.

Skandinaviska Enskilda Banken is therefore well equipped today, financially as well as organisationally.

But this does in no way mean that we can lean back, letting the business roll on as usual. On the contrary, increasing demands for large-scale investments are now being made, if we are to remain strong in a changing world with new threats – and new opportunities.

The deregulated financial markets of today and tomorrow – in Sweden as well as abroad – are characterised by completely different rules and by a considerably tougher competitive climate than before. In Sweden, new domestic competitors are emerging – financial institutions, insurance companies, retail trading companies and brokerage firms. They establish themselves in the form of banks or otherwise, competing primarily for our customers' savings.

But the external competition is on the increase too. According to the EEA-agreement, foreign banks are free to establish themselves in Sweden as from January 1, 1994 – and vice versa. The continued European integration is also expected to lead to the further growth and cross-border expansion of the large international banks, which

have in recent years become tough competitors on the Nordic market for large companies.

Besides, traditional banking is subjected to growing pressures from the on-going securitisation process, which means that customers, in particular the best and most creditworthy ones, are borrowing directly on the market rather than from the banking system.

The S-E-Bank Group's strategy for meeting the intensified competition, while at the same time increasing its profitability, may be summarised in the following points:

- \* Concentration and focus on the core business.
- \* Increased customer segmentation and extensive investments in products and advisory services, adapted to the customers' requirements.
- \* Increased professionalism and a higher level of service.
- \* Consolidation of position as the leading Nordic commercial bank.

The operations of the Bank are highly dependent on the economic development in Sweden. Not least was this reflected by the fact that last year's falling interest rates were the single most important factor behind the strong improvement in the Bank's earnings.

Even though we anticipate a continued drop in the level of interest rates during 1994, the decline will not be on a par with that of 1993. This means that it will not be possible to repeat the excellent 1993 result of the sales from the Bank's bond portfolio, for example. Furthermore, the interest rate difference between deposits and lending in Swedish kronor is likely to continue to shrink.

To reduce the sensitivity of earnings to interest rate fluctuations, we are continuously intent on increasing our commission-based income. The S-E-Bank Group has a larger share of such income than any other Swedish bank today.

The Bank also intends to expand its market, e.g. by opening branches in Norway and Finland, increasing its sales capacity and broadening its range of products.

## Statement of the Group Chief Executive

Notwithstanding our excellent earning capacity and strong improvement in results, profitability is still not satisfactory, mainly because our lending losses and problem loans are still at too high a level.

In a climate of falling interest rates and improved business conditions, the economic prerequisites for a continued reduction in both lending losses and problem loans during the present year are promising.

During 1993, we substituted high-yielding assets, in the form of properties taken over, for a large number of low-yielding assets, in the form of problem loans. This will have a positive impact in 1994, when net operating earnings from the more than 500 properties taken over are expected to almost equal their cost of financing.

We will also continue our work to increase cost efficiency during 1994. In spite of the economies effected through the reorganisation and reduced number of employees, our cost level remained unchanged last year. This was primarily due to the impact of the depreciation of the Swedish krona, which raised the costs for our international network, expressed in kronor. Since the staff reduction was only implemented at the end of last year, its full effects also will not be felt until this year.

During 1994, several aggressive investments demanding great resources will be made. Examples are extended opening hours in a number of branch offices, the abovementioned investments in the Norwegian and Finnish markets for large companies and a continued development of our risk control systems. Due to the on-going rationalisation programme, we expect to keep the cost level largely unchanged during 1994.

Today, Skandinaviska Enskilda Banken is a completely different bank from what it was before 1993 in more than one respect. While preserving our traditional factors of strength, we have added a number of new ones.

Today, we are financially well equipped, thanks to the new issue of shares and capital rationalisation.

We have an efficient market-oriented organisation with a broad and competitive range of products.

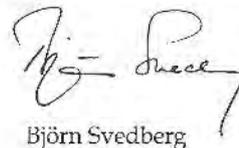
We have an excellent customer base and a very strong market position.

We have an enhanced credit organisation and improved risk control systems.

We have skilled and dedicated employees.

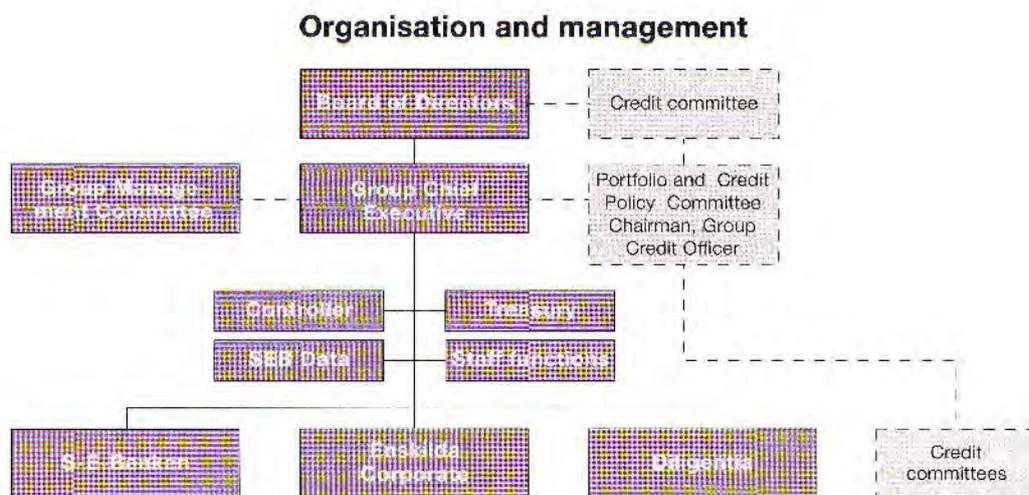
In view of all this, I dare to say that the S-E Bank Group not only has the strength to defend its position, but also to reinforce it during the coming years.

Stockholm in February, 1994



Björn Svedberg

# The goals, strategy and organisation of the S-E-Bank Group



During the last year, the S-E-Bank Group has undergone very important organisational changes.

Operations have been divided into three market-oriented Divisions – S-E-Banken, Enskilda Corporate and Diligentia – and customer responsibility has been delegated to the regional and branch office level to a much higher degree than previously. The Bank has also introduced a credit and portfolio policy throughout its network, and strengthened its credit organisation.

These changes are designed to increase the effectiveness of the whole organisation by improving its earning capacity, increasing cost efficiency and by eliminating the structural weaknesses that have contributed to the high lending losses.

## Goals

- ✦ To be the foremost bank in Sweden for private individuals and companies and the leading bank for large companies in the Nordic area.
- ✦ To be the most profitable commercial bank in Sweden and to achieve a return on equity which more than compensates for inflation and industrial and financial risks.

## Strategy

- ✦ Clear segmentation of different customer categories.
- ✦ Diversified range of products.
- ✦ Investments in service, expertise and value added.
- ✦ Concentration of business in those areas where the Bank has a broad and stable customer base.
- ✦ Continued work to increase balance sheet liquidity.
- ✦ Development of risk control and financial management systems, focusing on classification and pricing of risks.
- ✦ Increased cost efficiency.

## External developments

By floating the Swedish krona in the afternoon of November 19, 1992, the Riksbank (Central Bank of Sweden) radically changed Sweden's economic conditions and capital markets.

The financial reaction was immediate and strong. The krona and market rates fell sharply, and prices on the Stockholm Stock Exchange went soaring. Between November 19 and December 31, the krona dropped by 18 per cent against both the U.S. dollar and the Japanese yen, and by 16 per cent against the German mark. At the same time, the Riksbank lowered its marginal rate from 20 to 11 per cent.

The fall of the krona strengthened the impact on the Swedish economy of the two crisis packages that the Government and Social Democrats had agreed upon in September of 1992. Indirect tax increases pushed up consumer prices and the weakened krona led to rising import prices, which caused a further rise in consumer prices, undermining the purchasing power of households.

On the other hand, the situation improved for the Swedish exporting companies. Competitive power was substantially strengthened by lower payroll taxes and by the depreciation of the krona. It benefited further from a very strong improvement in corporate productivity.

### Business cycle

During the first six months of 1993, Sweden's economy declined sharply, but presented a clearly divided picture. Domestic demand slumped following a great fall in private consumption, among other things. Household purchasing power decreased rapidly and the savings quota – i.e. that part of household disposable income which is set aside for savings – increased further. At the same time, industrial activity picked up, mainly due to increased orders from abroad.

Swedish exports grew quickly during the first half of 1993, in spite of very poor external business conditions. Thus, the success of Swedish companies in the export markets was the result of increasing market shares. The companies used part of the room that the weakened krona had created to lower their prices in foreign currencies.

In early autumn, there were increasing signs of an upturn in the Swedish economy.

Industrial output and production kept rising. On the domestic market, the order decline was checked and the slump in retail sales and new registrations of cars showed signs of bottoming out. Households' views on the future turned more optimistic after the summer months. Important trade balance surpluses and several months of surplus in the balance of current payments were other encouraging factors.

The improved Swedish business conditions were confirmed by the third quarter statistics on GDP-change, showing a 2 per cent growth from the previous quarter. This was the strongest growth rate since the first quarter of 1989. Private consumption rose for the first time in a long time, and exports grew fast. Despite a weaker last quarter there are many signs that the long and deep recession in Sweden is now over, and that a recovery has begun.

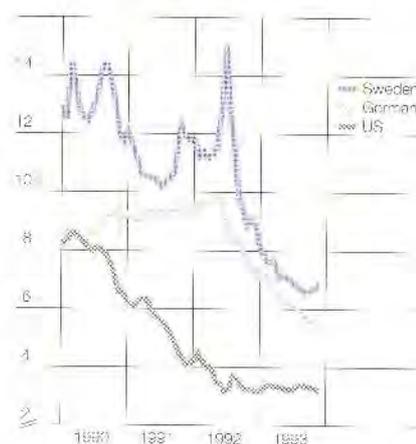
### SEK and interest rates

Falling interest rates were a positive feature in Sweden's economy during 1993. The Riksbank lowered its marginal rate of interest from 11 to 7.75 per cent during the year. The six-month Treasury Bill rate fell from 9.3 to 6.6 per cent, while ten-year Government bonds declined from 9.9 to 7 per cent. However, this falling interest trend was by no means straight and unequivocal. Political uncertainty, a weakened krona – due to repayments of foreign borrowing raised before the transition to a floating rate of exchange, among other things – as well as worries about public finances, caused great nervousness in the interest markets from time to time.

The decline in the market rates that characterised the end of 1992 was halted in January. In early February, the Swedish market rates dropped again, after the Central Banks of Japan and Germany had lowered their interest rates. During the first quarter, the Riksbank lowered its marginal rate in two steps to 9.75 per cent.

Towards the end of the first quarter, a period of great instability and uncertainty in Swedish politics started and the market rates began rising again. Political calm was only restored after Parliament had sanctioned the Government's Supplementary Bill.

Swedish and international interest rates  
180 day maturity, per cent



That political uncertainty had abated was clearly reflected in the financial markets. A strengthened krona and falling bond rates caused the Riksbank to lower its marginal rate in several steps to 9 per cent during the second quarter. The Swedish money market rates dropped considerably as a result and the marginal rate was lowered again at the beginning of July.

After July 1, European currency co-operation was hit by turbulence, which also affected the krona. The currency unrest culminated towards the end of July. Shortly afterwards, the widening of the ERM-currency bands was announced, except that between German marks and Dutch guilders.

The damage to the European currency co-operation raised hopes for lower interest rates in Europe generally. Interest optimism prevailed in Sweden too. The krona became stronger and the Riksbank lowered its marginal rate twice during a short period of time down to 8 per cent. However, optimism soon turned into pessimism.

Towards the end of August, nervousness was spreading in the financial markets. A "secret" IMF-report and a number of Swedish forecasts predicting sharply deteriorating public finances had a very negative impact on the value of the krona and on interest rates. The congress of the Social Democratic party in September also caused concern.

At the beginning of the fourth quarter, the situation brightened again, when the markets began focusing on Sweden's improved economic outlook. The krona was bolstered, market rates dropped and the Riksbank lowered its marginal rate to 7.75 per cent in October.

After a pause in November, the fall in interest rates gathered speed again, though the marginal rate was maintained at 7.75 per cent. This was among other things due to the sharp

strengthening of the krona in December – both against the U.S. dollar and the European currencies – and to Parliament's support of most of the proposals for the reinforcement of the budget contained in the Government's autumn bill on economic and political measures.

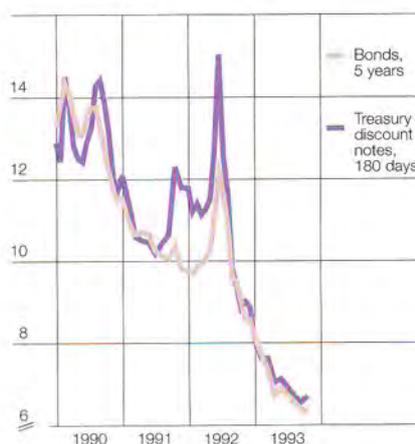
One explanation for the rise in the value of the krona towards the end of the year was the completion, in principle, of the private sector's repayment of foreign currency loans – which had had a depressing effect on the krona during practically the whole year.

### Stock Exchange

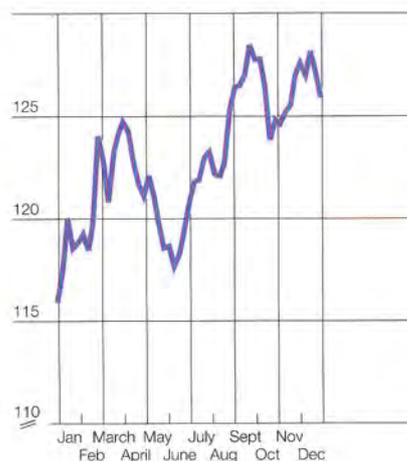
The Stockholm Stock Exchange rose by almost 20 per cent during the first six months of 1993. Falling interest rates and an increased foreign interest in Swedish shares were the main driving forces behind this rally. Due to the fall in interest rates, shares in interest-sensitive companies such as banks and insurance companies developed particularly well. After a negative reaction in the middle of August, a new rally started at the end of September, primarily as a result of a Government proposal to abolish the tax on dividends on Swedish shares and to lower the capital gains tax from 25 to 12.5 per cent.

In November, the Stockholm Stock exchange experienced the biggest price fall of the year, following American investors' selected sales of Swedish shares. However, the year ended with rising prices due to falling market rates and a stronger krona. The 1993 final outcome for the Stockholm Stock Exchange was a 52-per cent increase, while turnover almost doubled to SEK 339 billion. The best-performing industry was without comparison the banking sector, showing an index increase of close to 480 per cent.

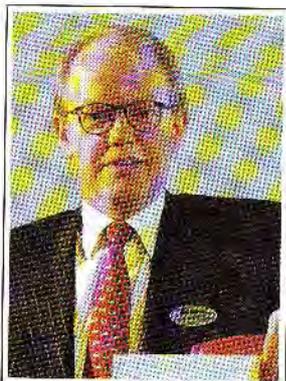
**Interest rate movements in Sweden**  
Monthly average, per cent



**1993 ECU/SEK trend**  
Weekly averages



## The S-E-Banken Division



Lars Gustafsson,  
Chief Operating Officer  
of the S-E-Banken Division.

### Goals

*The foremost bank in Sweden for private individuals and small and medium-sized companies \* Lasting profitability and high return on equity \* Larger share of satisfied customers than other banks \* The most attractive employer in its sector.*

### Strategy

*Strengthened customer relations \* Products and services adapted to customers' needs \* Decentralised, region-based organisation \* Competence and responsibility at branch level \* Specialisation of the branch office network \* High level of service.*

### Organisation

*The S-E-Banken Division is divided into six Regions, each of which has full business and market responsibility within its respective geographical area. To a considerable extent, responsibility has been delegated to the branch offices. At the end of 1993, S-E-Banken had 320 branch offices.*

*The responsibility for producing and developing the Division's products and services is divided into three areas – **Investments** (deposits, mutual funds, insurance, securities, trust services etc.), **Payments & Cards** (Swedish and foreign payments, transaction accounts, automatic services and card products) and **Financing** (loans, including mortgage loans, leasing and factoring).*

*The Swedish subsidiaries Svensk Fastighetskredit (SFK), FinansSkandic, S-E-Banken Fondförvaltning (management of mutual funds), S-E-Banken Försäkring (insurance), Arsenalen-Garnisonen (property management) and S-E-Banken Fastigheter (properties) also belong to the S-E-Banken Division. In addition, the private-market oriented subsidiary bank **Banque Scandinave à Luxembourg** is part of the Division.*

*At year-end 1993, the Division had about 7,600 employees.*

### Quality and service in focus

A high level of service is S-E-Banken's most important competitive tool to reach its goal of being the foremost bank in Sweden for private individuals and small and medium-sized companies. Naturally, it is necessary to have a well-developed range of products and competitive prices/interest conditions as well. But the only way of creating long-term and satisfactory relationships with customers is to provide good service and to handle their transactions promptly and professionally.

Besides this, investigations have shown that there is a clear relationship between the level of quality of a branch office – as perceived by its customers – and its profitability.

High priority is therefore given to efforts aiming at increased service and knowledge levels within S-E-Banken. A comprehensive recruitment and training programme for new consumer investment advisers/client relations officers and payment and card service specialists was started at the end of last year, for example.

Starting in April of 1994, 36 of the Bank's branch offices around the country will have extended opening hours, staying open until 6 PM five days a week.

To release resources for these investments in services, the rationalisation efforts in production and backoffice work continued during 1993. This is reflected in the "process" approach which was launched last year, similar to the system applied by the automotive industry. The first unit to test this kind of thinking was Svensk Fastighetskredit (SFK), where a new rationalised flow chart has halved the handling period per loan transaction. During 1994, other units of the Division will be rationalised in a similar manner.

### Private market

Traditionally, S-E-Banken's approximately 1.8 million private customers constitute a very important market segment. The Bank's share of the Swedish household deposits and lending market has averaged 12 per cent over the last years. Among high-income earners and wealthy customers demanding special service and sophisticated products, the Bank's share is higher than for households as a whole. The Bank has built up special offices for this target group, where qualified advisers are assisting customers with more advanced services.

### Growing interest in alternative types of savings

The trend towards increased household savings of later years was reinforced during 1993.

Although traditional household deposits in bank accounts remained unchanged compared with 1992, investments in alternative types of savings increased.

To meet the growing interest in financial investments, S-E-Banken has developed a number of new savings products in addition to the traditional deposit accounts, such as mutual funds, unit linked insurance, retail bonds for private investors, share index bonds etc.

Furthermore at year-end, the new deductible individual pension-savings scheme, IPS, was introduced in Sweden. S-E-Banken's version of IPS gives great freedom of choice. Customers are offered several alternatives, such as savings accounts and unit trusts, as well as individual shares and bonds, according to their individual requirements.

#### S-E-Banken's savings alternatives for households

December 31, 1993	SEK billion	Change during the year SEK billion	Market share, per cent	Change during the year percentage units
Bank deposits	46.5	- 0.3	12.4*	- 0.1
National public savings accounts	9.7	- 0.6	14.3	- 0.2
National public share savings funds	10.0	+ 2.5	14.8	- 1.1
Other equity mutual funds	27.0	+ 12.7	36.8	+ 0.8
Money market funds	12.5	+ 1.4	24.1	- 6.6
Unit-linked insurance	5.7	+ 2.9	55.4	- 2.7
Retail bonds	6.2	+ 1.1	12.6	+ 0.5
<b>Total</b>	<b>117.6</b>	<b>+ 19.6</b>	<b>16.6</b>	<b>+ 1.0</b>

\*) Excluding minor savings banks.

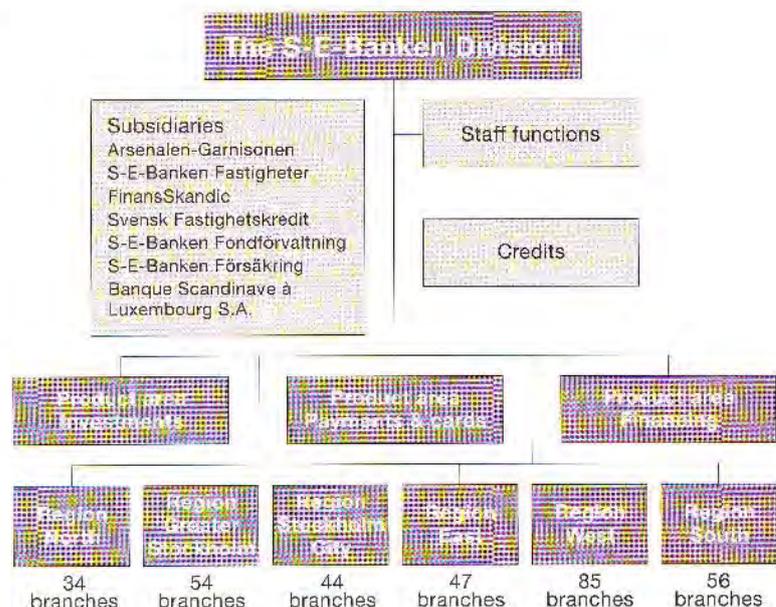
#### Weak increase in deposits

While total household deposits remained largely unchanged compared with 1992, S-E-Banken's share of these deposits decreased marginally. The decrease is mainly explained by customers' increasing preference for investing in mutual funds and unit-linked insurance.

Towards the end of 1993, the Bank presented a new range of deposit alternatives, with improved interest terms for long-term savings and fewer, but easier to grasp, accounts. The new terms for the household market will become effective as from March, 1994.

### Swedish mutual funds: 27 per cent market share

S-E-Banken Fondförvaltning (mutual funds management) offers a broad range of funds based in Sweden and Luxembourg. It is possible to buy shares in these funds both directly and indirectly through the new individual pension savings scheme, through a pension insurance, and through a Swedish or foreign endowment insurance



scheme. In total, S-E-Banken Fondförvaltning manages over 80 mutual funds. To this should be added a comprehensive discretionary management of individual portfolios in Sweden, as well as on the Continent.

Due to falling interest rates, strong stock market trends both in Sweden and abroad, and the continued weakness of the Swedish krona, the increase in value of the Bank's mutual funds has been substantial.

During 1993, the net issue of mutual fund shares was larger than in any previous year, at more than SEK 5 billion. The volume of assets under management, including value increment, rose by more than SEK 15 billion to SEK 55 billion. S-E-Banken thus consolidated its position as the largest mutual fund manager in Sweden, with a market share of 27 per cent.

Among the specialised funds attracting most interest during the year were Skandifond Far East (+128 per cent), Skandifond Emerging Markets (+112 per cent) and S-E-Bankens Småbolagsfond (Small Companies Fund) (+91 per cent).

**The S-E-Banken Division**

Funds and individual trust accounts managed by Banque Scandinave en Suisse (BSS) developed in a very positive way also. At year-end, BSS (which forms part of Enskilda Corporate) managed and was trustee for capital holdings totalling CHF 17 billion (more than SEK 95 billion).

**Growing share of life insurance market**

The Bank's successes on the domestic life insurance market continued during the year. S-E-Banken Försäkring (insurance company) signed 25,900 new Swedish unit-linked policies with a total premium value of SEK 1,584 million and 6,518 foreign unit-linked insurance policies with an aggregate premium value of SEK 1,580 million. The latter were sold through the British company Interlife Assurance Company, acquired during the summer of 1993 (now called S-E-Banken Life Assurance Company), which at the time of acquisition had a portfolio of 16,000 insurance policies.

S-E-Banken Försäkring's activities during 1993 also included health insurance and group life insurance as well as administration of 375 different pension foundations. Total premium income amounted to SEK 3,568 million, or three times as much as in 1992. Its share of new life insurance business in Sweden was 27 per cent, compared with 19 per cent in 1992. (According to new insurance statistics introduced in early 1994, in which continuously paid premiums are weighted at 10 times those paid in one single amount, S-E-Banken's share will be 11.0 per cent.)

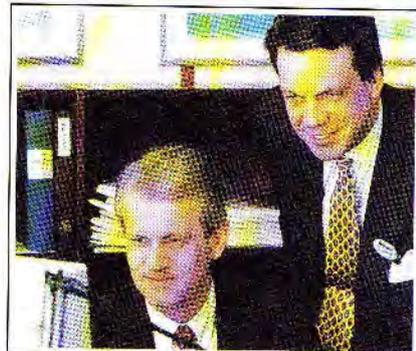
**Trust and securities business worth SEK 99 billion**

Many of the Bank's private market customers are using its specialist trust and advisory service offices for management of their securities. At the end of 1993, S-E-Banken's trust departments managed assets worth SEK 99 billion, which gave it a leading position in the market.

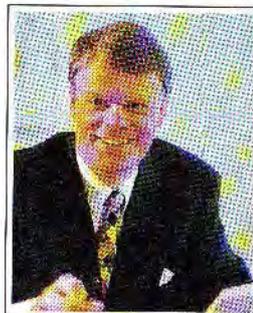
*Eva Cederbalk,  
Head of Product area  
Payments & Cards.  
Ulf Holmström,  
Head of Product area  
Financing.*



*Jan Lindberg,  
Controller.  
Per O Dahlstedt,  
Head of Region  
Greater Stockholm.*



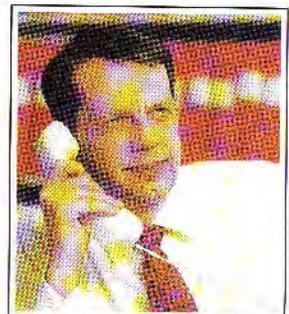
*Sven Björkman,  
Deputy Head of  
Region West.  
Tore Samuelsson,  
Head of Region West.*



*Fleming Carlborg,  
Credit Manager.*



*Monica Caneman, Deputy  
Chief Operating Officer of  
the S-E-Banken Division.  
Mats Kjaer, Head of Region  
East.*



*Hans Berggren,  
Head of Region South.*

### Decline in lending to households

For the third consecutive year, the Swedish banks' household lending diminished and the outstanding loan portfolio decreased by SEK 34 billion, or 15 per cent. One of the reasons for this decline was that households continued to amortise their loans.

For S-E-Banken, the decrease was even greater, or -17.7 per cent. Accordingly, the Bank's share of the household lending market was reduced by 0.4 percentage units to 12.0 per cent.

The mortgage institutions' lending to households increased by 2 per cent, whereas the outstanding loan portfolio of S-E-Banken's mortgage subsidiary SFK decreased by 7 per cent to SEK 36.9 billion. However, this drop should be seen in light of the

### Increased card volume, decreased credit card balances

S-E-Banken Kort, the Bank's credit and charge card unit, had a total of 1.3 million cards outstanding at year-end, of which about 1.1 million were held by private individuals. Compared with the situation a year earlier, this represented an increase by about 8 per cent.

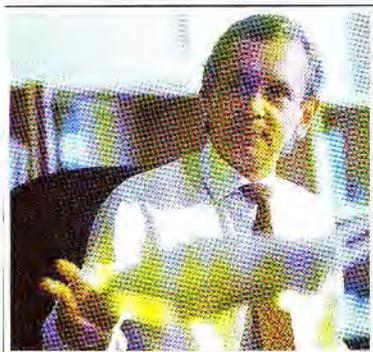
On the other hand, credit card balances continued to drop among S-E-Banken's customers. While turnover of private customers' card purchases rose by around 2 per cent to a total of SEK 5.6 billion, outstanding credit card balances declined to an annual average of SEK 1.7 billion.

#### S-E-Banken's lending products for Swedish households

December 31, 1993	SEK billion	Change during the year, SEK billion	Market share, per cent	Change during the year, percentage units
Bank loans	23.6	-5.1	12.0*	-0.4
Loans for single-family homes and co-operative flats (SFK)**	36.9	-2.7	8.6	-0.8

\* Excluding minor savings banks.

\*\* After sale of SEK 2.2 billion to Osprey (see page 25).



Carl Johan Smith,  
Head of Region  
Stockholm City.

Jan Sundberg,  
Head of Region North.  
Ingrid Jansson,  
Head of Product area  
Investments.



fact that SFK sold 9,300 of its single-family home loans for a total value of SEK 2.2 billion during the year (see also page 25).

As part of S-E-Banken's strategy to delegate operational responsibility to the branch offices to a large extent, the loan decision authority concerning new housing loans was transferred from SFK to the Bank's branch office network during the year. This will both improve customer service and provide a better basis for lending decisions.

### Corporate market

S-E-Banken has about 110,000 clients among small and medium-sized companies. The Bank's average share of the Swedish corporate market is equal to 25-30 per cent of the banking system's total deposits from and lending to this category of customers.

Special offices have been established to satisfy the needs of corporate customers and demanding individual clients who require more sophisticated services.

S-E-Banken's supply of services for small and medium-sized companies is focused on financing, including risk management (foreign currencies, interest rates and liquidity), payment services, and export and import financing, as well as investments.

The Bank's services to the municipalities are mainly in the form of loans, of which Svensk Fastighetskredit's lending to municipal housing companies represents the major part.

## The S-E-Banken Division

**Increase in corporate deposits**

The S-E-Banken Division's deposits from small and medium-sized companies, municipalities etc. amounted to SEK 43.2 billion, which represents an increase of 13 per cent compared with the preceding year. Part of this growth is accounted for by transfers from Enskilda Corporate, resulting in a strong increase in special deposits.

Towards the end of the year, corporate cheque accounts were provided with three different interest levels. At the same time, corporate customers were offered a competitive company account for their short-term liquidity, which was a new product in the Bank.

**Growing volumes for Custody Service**

During 1993, an account-based system for money market instruments, Government and housing bonds was introduced in Sweden. This led to radical changes in the Bank's handling of custody accounts. Securities representing a total value of about SEK 250 billion, previously deposited with S-E-Banken in physical form, were cancelled and replaced by securities accounts with Värdepapperscentralen (the Swedish Securities Register Centre).

At year-end, the Bank's Custody Service managed a volume of approximately SEK 550 billion in the form of Swedish securities for foreign investors, foreign securities for Swedish investors and domestic securities for Swedish institutions. Its market shares in these sectors were between 50 and 75 per cent.

In addition, Custody Service offers a custodial bank system for holders of foreign securities listed on the Stockholm Stock Exchange, provision of loans on securities as well as administration of profit-sharing funds and convertible debenture loans issued to the employees of different companies.

**Lending to companies and municipalities**

Investment and working capital loans in Swedish kronor are the most important of the financing products that the corporate customers of the Division are demanding. At the end of 1993, S-E-Banken had an outstanding volume of loans to companies, municipalities etc. of SEK 106 billion, which was 13 per cent less than at year-end 1992. SEK's outstanding volume of multiple-family home loans amounted to SEK 39.1 billion, or 3 per cent more than at year-end 1992.

**Deposits**

Skandinaviska Enskilda Banken's share of deposits in Swedish kronor and foreign currencies in the Swedish banking market.

*Average figure for each year.*

Per cent	1991	1992	1993
Households	12.6	12.6	12.6
Companies, etc.	24.1	24.8	26.6
<b>Total</b>	<b>16.2</b>	<b>16.5</b>	<b>17.6</b>

**Lending**

The S-E-Bank Group's share of Swedish kronor and foreign currency loans outstanding in the Swedish market.

*Average figure for each year.*

Per cent	1991	1992	1993
Households	11.0	10.4	9.7
Companies, etc.	16.9	16.7	15.6
<b>Total</b>	<b>14.7</b>	<b>14.3</b>	<b>13.4</b>

**Increased share of leasing and factoring market**

The decline in the Swedish leasing market continued during 1993, resulting in an 11 per cent reduction of the total volume. For the FinansSkandic group, the decline was limited to 2 per cent, thereby increasing FinansSkandic's market share from 25 to 27 per cent.

The company increased its market share even more in the field of factoring services (purchases of accounts receivable and lending with invoices as collateral) – from 15 to about 25 per cent.

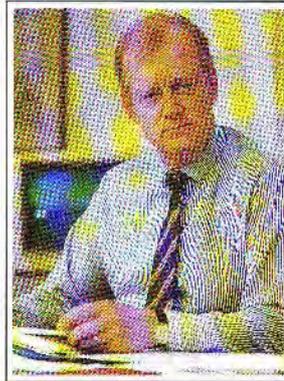
At the beginning of 1994, three of FinansSkandic's subsidiaries were sold (see further page 31).

**Payments and credit and charge cards**

1993 was something of an average year for the Division's domestic and foreign payment traffic, with largely unchanged transfer volumes. However, towards the end of the year there was a distinct upswing in export payments.

Although the bulk of the number of credit and charge cards is held by private individuals, S-E-Banken's card products are relatively evenly distributed between the corporate and private markets, in terms of volumes. The corporate credit and charge cards of the Bank – mainly Eurocard – had a total turnover of SEK 7.3 billion in 1993, accounting for approximately 50 per cent of the Swedish market for corporate card products.

# The Enskilda Corporate Division



Anders Hedenström,  
Chief Operating Officer  
of the Enskilda Corporate Division  
(and Deputy Group Chief Executive).

## Goals

Leading bank on the market for large Nordic companies and institutions \* Natural partner for foreign banks and institutions in their business with the Nordic area \* High return on capital.

## Strategy

Customer orientation and long-term relationships \* High competence and value added \* Profitability in focus.

## Organisation

With effect from 1994, Enskilda Corporate's activities are divided into four product-oriented business areas – Investment Banking, Equities, Trading & Capital Markets and Trade Services. In parallel, there is a customer organisation, in which Corporate Finance is responsible for large companies, while International Regional Management is responsible for banks and country risks.

The International Network with branches, subsidiaries and representative offices in some 20 countries also belongs within the Division.

At year-end, the Enskilda Corporate Division had 2,300 employees.

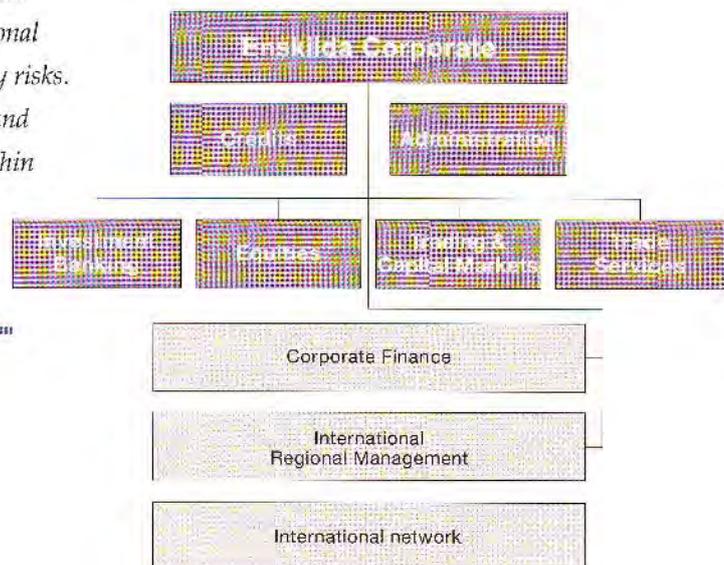
## Efficiency through co-ordination

Enskilda Corporate was formed at the beginning of 1993 as an important part of the Bank's endeavour to improve the efficiency and range of services provided to large companies. The integration of the Group's investment banking operations with Enskilda Corporate's traditional commercial banking activities increases the opportunities to make better use of the Bank's capital base, while strengthening the work on customer relations in each respective area of activity.

In spite of increasing competition, not least from major international banks, Enskilda Corporate has a strong position and an important share of the Swedish market. Its core customer base consists of some 130 large corporations in Sweden and in the rest of the Nordic area, a large number of institutions and of some 2,000 banks around the world.

## Investment Banking

Investment Banking provides advisory services in the field of equity and debt-related financing and in connection with acquisitions and divestitures of companies and restructurings. The business area further comprises assistance in relation to strategy and business development, industrial analyses



and reconstructions in *Enskilda Strategy*, advisory services related to real estate transactions and *Enskilda Ventures*, which manages a European risk-capital fund. *Enskilda Law* provides legal services in the fields of business and tax law, primarily with respect to investment banking activities.

#### **New issues of equity: SEK 19 billion**

During 1993, 26 new issues totalling over SEK 19 billion were brought to market in Sweden. Thus the volume of the previous top year, 1991 (SEK 14 billion), was surpassed by a good margin. Enskilda Corporate was Lead Manager or Co-Lead Manager to issuers representing about 65 per cent of the total new equity capital issued on the Swedish market. Among these issuers were Ericsson, Trelleborg, MoDo, Bilspedition, ICB Shipping, Fermenta, Gambro and Skandinaviska Enskilda Banken.

International new equity issue activity was high also. Besides acting as arranger of the international tranches of the above issues, Enskilda Corporate was Lead or Joint Lead Manager in international equity issues for ASEA, Nokia, Svedala Industri, Huhtamäki and Cultor. The Bank thus maintained its leading position in the international issues of Nordic risk capital.

In Sweden, 1993 was also a record year as far as initial public offerings are concerned with 15 companies, representing a total value of SEK 10 billion, being listed on the Stockholm Stock Exchange and with eight minor offerings. Enskilda Corporate was Lead Manager in the offerings for Munksjö and Getinge and Co-Manager in the Government's sale of Celsius shares.

#### **Low take-over activity**

Despite the buoyant stockmarket, take-over activity remained low both in Sweden and internationally.

In the Swedish market, Enskilda Corporate acted as adviser to Axel Johnson in its take-over of Axtrade, in NCC's acquisition of NK and in Trelle-

borg's sale of the driving-licence manufacturer ID Kort, amongst other transactions.

On the international market, Enskilda Corporate acted as adviser in several cross-border mergers and acquisitions, including the sale of Wilkinson Sword to Warner Lambert, the sale of the travel agency Nyman & Schultz to American Express and the sale of the Swedish food producer Sardus to Charterhouse Development Capital's mutual funds.

#### **Other activities**

Enskilda Corporate's venture capital fund, European Acquisition Capital, has now invested almost half its capital of ECU 83 million (about SEK 700 million) in four loan-financed acquisitions, among others the Swedish multiple retail organisation Lindex.

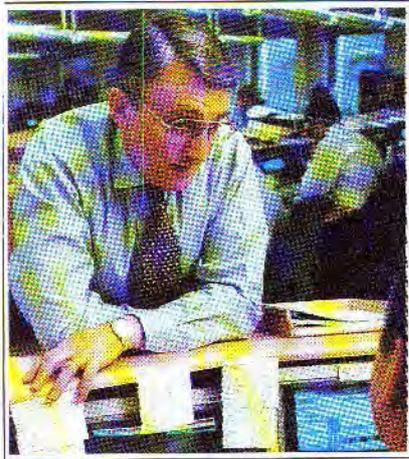
In 1993, Scandinavian Acquisition Capital was transferred to part of the former management of Enskilda Ventures, when they started their own business.

### ***Trading & Capital Markets***

The Trading & Capital Markets business area is responsible for the Bank's foreign exchange trading, as well as for trading in and handling of interest rate instruments, both on and off the balance sheet. Its activities are monitored by means of a global risk control system for analysing currency and interest rate risks. It is also responsible for Enskilda Corporate's deposits, lending and project financing.

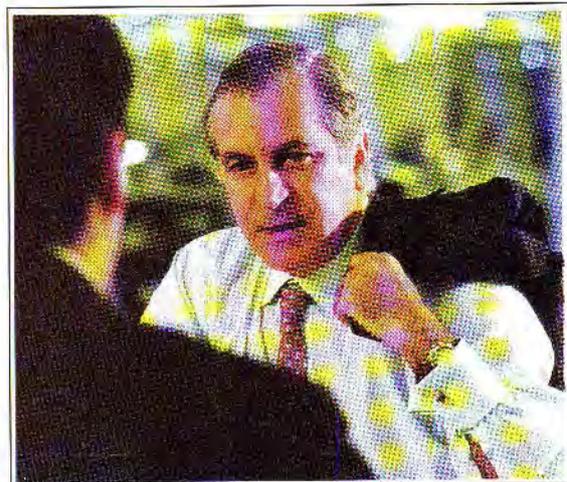
#### **Good year for currency trading**

1993 was another good year for the Bank's foreign exchange trading business. Thanks to its strong position in the Swedish market, together with the international market knowledge of its branches, the Bank was able to handle the strong foreign exchange fluctuations during the year with success. Specific attention was focused on trading activities in the other Scandinavian currencies and on currency options.



*Stewart  
Humphrey,  
Head of Trading &  
Capital Markets.*

*Jacob Wallenberg,  
Deputy Chief  
Operating Officer of  
Enskilda Corporate.*



*José Pemán,  
Head of Investment Banking.*

### **Strong increase in derivative products**

Customers' risk exposure increased as a result of the big swings on the interest rate and currency markets during the past year, and therefore their need for sophisticated risk management also increased. This led to a marked business increase in the whole market for derivative products and for Enskilda Corporate.

In addition, large international debt issues by Nordic borrowers and a growing number of domestic borrowing programmes contributed to increased volumes and improved liquidity for

Nordic-currency interest and currency swaps.

On the futures markets, in which the participants are dealing in exchange-traded financial instruments, the business was very intensive. Enskilda Corporate benefited from this growing market via its brokerage and clearing services. As a result, a special unit – SEB Futures – was created in 1993, gathering all the Bank's activities in this area.

### **High issue activity**

The total new issue volume on the Swedish bond market was approximately SEK 425 billion, compared with SEK 313 billion in 1992. Trading in Nordic, chiefly Swedish, Government and housing bonds was lively, not least following the strongly increased interest of non-Swedish investors.

On the money market, the year-end outstanding loan volume was SEK 307 billion, compared with SEK 424 billion on December 31, 1992. This fall was due to the smaller volumes of housing institute loans issued, compared with the previous year.

The domestic market for corporate bonds and retail bonds for private investors continued to grow. Enskilda Corporate participated actively in developing this market by arranging bond issues and Medium Term Note programmes for a global

## The Enskilda Corporate Division

amount of over SEK 6 billion. Among the companies involved were Volvo, STORA, Electrolux, Gullspång and the Municipality of Sundsvall.

During the year, Enskilda Corporate arranged syndicated loans with a total value of more than SEK 13 billion for a dozen Nordic companies, including Nokia in Finland, ISS in Denmark, Orkla in Norway and Industrivärden in Sweden.

The Euro-Commercial Paper market – i.e. short-term securities on the international market – continued to grow in terms of volumes placed and number of programmes, as well as in the number of investors.

Enskilda Corporate maintained its leading position in all of these areas.

### Deposits and lending

At year-end, Enskilda Corporate's deposits amounted to SEK 61.4 billion, an increase by 7 per cent compared with 1992, while the outstanding volume of loans was SEK 100.1 billion, or 30 per cent less than in the previous year. This strong decline was to a considerable extent due to the sale of loans from Enskilda Corporate's loan portfolio.

### Equities

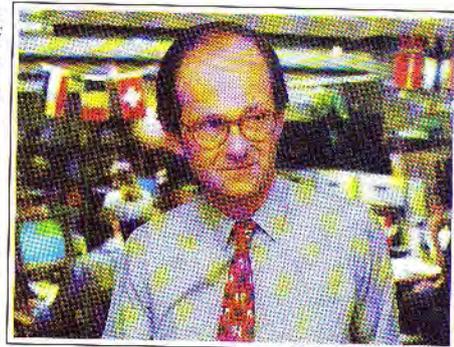
The new business area Equities, which in 1993 formed part of Trading & Capital Markets, comprises all equity trading, marketing and research.

#### Big turnover in stock market trading

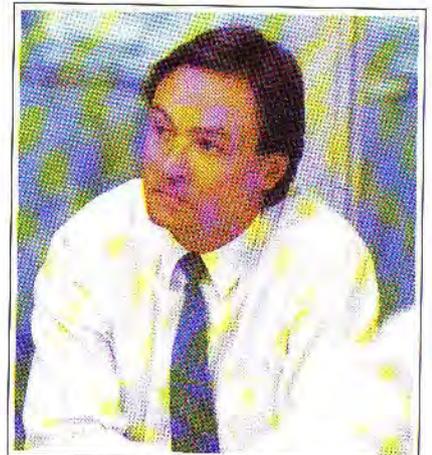
The reported and anticipated improvement in the results of Swedish listed companies attracted large numbers of investors to the Stockholm Stock Exchange, which nearly doubled its turnover to SEK 339 billion.

This strong growth was mainly due to foreign investors, who increased their purchases of Swe-

*Rutger Blennow,  
Head of  
Trade Services  
(and Head of Unit,  
London).*



*Per A Mattsson,  
(left), Head of  
Administration  
and Per Jedefors,  
Head of Credits.*



*Lars Linder-Aronson,  
Head of Equities.*

dish shares by SEK 31 billion on a net basis. At year-end, one fourth of the stock of Swedish listed companies was owned by foreign investors, who accounted for two thirds of the total Stock Exchange turnover in 1993.

Also Swedish households showed a clearly stronger interest in equities, since the yield on alternative investments had diminished as a result of the falling interest rates. For the first time in modern history, private investors were net buyers of shares.

Several other stock exchanges on which Enskilda Corporate plays an active role showed impressive strength, with major price increases and large volumes. Although Enskilda Corporate's market share in Sweden dropped from 14.9 to 11.8 per cent, the total outcome of the Group's stock market trading in Stockholm, London, Frankfurt, Paris and New York was highly satisfactory.

To meet the growing interest in stock-related derivative products, the Bank expanded its capacity to handle share options and index-linked bonds during the year. Enskilda Corporate also extended its coverage of foreign stock markets, among other things in the form of enhanced research into shares in the Far East.

### *Trade Services*

The business area Trade Services is responsible for all the Division's domestic and foreign payments, documentary services and cash management, as well as for account management for large companies and banks.

Enskilda Corporate has a strong position in all these areas, especially in foreign payments. Including the S-E-Banken Division, the Bank's market share of the commercial payment traffic is 55 per cent.

#### **Global co-ordination of electronic services**

Continued investments were made during the year in the development and marketing of electro-

nic banking services. In the Swedish market, PC-based terminal services were launched, among other things, which facilitate and make more efficient business exchange between the Bank and its corporate customers.

By carrying out these activities in a global organisation, Trade Services has achieved many advantages through co-ordination with respect to both product development and marketing.

The expansion of payment and cash management services continued in the Bank's subsidiaries and branches in both Europe and the U.S., which reinforced the Bank's position as the leading Nordic bank in these fields.

### *Customer responsibility*

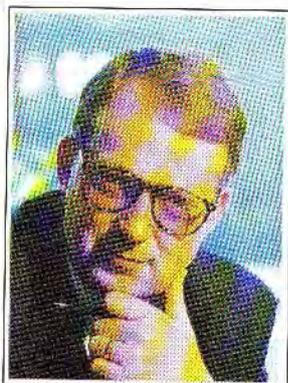
**Corporate Finance** has responsibility for the overall business relationship with, and credit and risk exposure on, the Division's corporate customers. The Relationship Managers are experts on their respective companies and therefore have special competence to provide for the interests of these customers.

During 1993, Corporate Finance had 80 Swedish, about 50 Nordic and a number of non-Nordic corporate customers. In addition, Corporate Finance is responsible for the Bank's shipping business.

**International Regional Management** has three principal tasks: customer and credit responsibility for banks, responsibility for the Bank's country risk exposure and the marketing of the Bank's products and services on foreign markets.

In many countries, awareness of the political risks is a decisive factor behind the possibilities of doing business and assisting customers. The Bank has developed a system and an international network of contacts for appraising such risks, and is now intensifying its efforts in managing and trading them.

## The Diligentia Division



Mats Cederholm,  
Chief Operating Officer of  
the Diligentia Division.

### Goals and strategy

Management, optimisation and divestment of pledges taken over, mainly properties • Liquidation of non-performing loans in the most profitable and quickest way possible

### Organisation

The Diligentia Division consists of three units: Diligentia Finans, Diligentia Invest and Diligentia Fastigheter (properties).

Diligentia Finans handles those problem loans which have been transferred to it. The majority consists of property-related non-performing loans.

Diligentia Fastigheter (Diligentia Properties) comprises five companies: Diligentia Fastigheter Stockholm AB, Nord AB, Syd AB, Väst AB and Properties AB (Stockholm, North, South, West and International, respectively). At year-end 1993, these five companies managed more than 500 properties.

Diligentia Invest administers all other assets taken over, such as pledged stock and shares in operating companies.

At year-end, Diligentia had 150 employees.

### Liquidation of Diligentia Finans

During 1993, a number of problem loans was transferred to the "intensive care department", Diligentia Finans, responsible for analysing these loans as well as for planning and implementing their future liquidation.

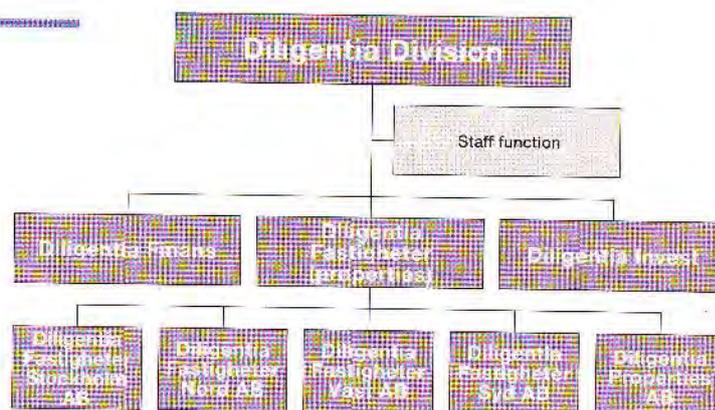
Properties and other pledges taken over and which are considered worthwhile to keep have been transferred to Diligentia Fastigheter and Diligentia Invest, respectively.

Since last autumn, no new problem loans are being transferred to Diligentia Finans, which is expected to be liquidated by the end of 1994.

### 513 properties taken over

Diligentia Fastigheter is responsible for the management and co-ordination of those properties which the Bank is taking over, and has also full financial responsibility for them. Furthermore, Diligentia Fastigheter participates in the decision process preceding every possible realisation of security by providing analyses and appraisals. Another task is to sell, in the best possible manner, those properties which do not fit into Diligentia's portfolio.

Diligentia Fastigheter works in close co-operation with the Group's property management company Arsenalen-Garnisonen, which is responsible for technical and economic management of the properties taken over, among other things.



At year-end 1993, Diligentia Fastigheter was one of Sweden's major real estate-owners with its 513 properties all around Sweden, with a total area of 2 million square meters. (Information concerning valuation principles, geographical distribution etc. can be found in the Section on properties taken over appearing on page 27, and in Note 17 on page 47.)

### Diligentia Invest

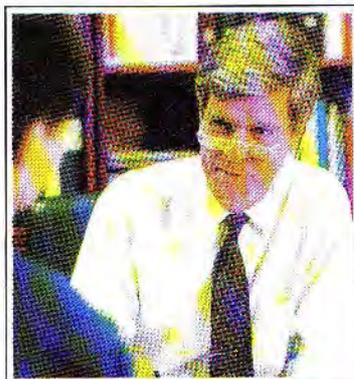
Other assets, such as shares in listed real estate companies and operating companies, are transferred to Diligentia Invest, which thus could be likened to a mixed investment company.

One important task of Diligentia Invest is to participate in projects which may be suitable for reconstruction or debt conversion, e.g. reconstructions of listed real estate companies. During 1993, Diligentia Invest participated in a number of such reconstructions (see further on page 28).

*Ewa Ericson,  
Diligentia Finans.  
Office Manager, Göteborg.*



*Anders Classon, Head of  
Diligentia Finans,  
Arne Ögren, Deputy  
Chairman,  
Anders Abrahamson,  
Head of Diligentia Invest,  
Jan-Erik Sundquist,  
Controller.*



*Peter Rydell,  
Diligentia Finans.  
Office Manager, Malmö.*



*Torbjörn Seifert,  
Managing Director Diligentia  
Fastigheter Väst, Syd and Properties and  
Björn Tigler Managing Director Diligentia  
Fastigheter, Stockholm and Nord.*

## Credit organisation

The S-E-Bank Group's credit organisation is based on six fundamental principles:

- A Credit Committee of the Board of Directors has been established to provide the Board with increased resources for credit decision-making.
- The credit organisation's status within the Group is enhanced, since the Group Credit Officer reports directly to the Group Chief Executive. The Group Credit Officer is furthermore Chairman of the Portfolio and Credit Policy Committee (PCPC), which is the highest credit-granting body of the Bank at the senior official level.
- The chairman of each respective credit committee has the right to veto credit decisions.
- The credit organisation conducts independent analyses, and expresses its own views prior to all major credit decisions.
- The organisation is a separate unit, consisting of people dealing solely with credit matters.
- Any deviations from the lending policy must always be referred to a higher level in the decision-making hierarchy.

Both S-E-Banken and Enskilda Corporate have their own credit functions, whose managers report directly to their respective Chief Operating Officers and, in certain credit matters, to the Group Credit Officer.

### Credit and portfolio policy

The Group Credit Officer is, among other things, responsible for the Group's credit and portfolio policy. The purpose of this policy is to issue guidelines on how to handle the balance between the quantity and quality of risk on different customer categories, types of financing and industry sectors. The credit and portfolio policy is subject to continued refinement and up-dating.

### Credit systems

High priority is given to the development of the Bank's information systems with respect to credits. The aim is to improve the risk analysis capacity in order to increase the opportunities to identify risk concentrations at an early stage.

Under development at present are, among others, a portfolio analysis system, improved risk classification and exposure systems, and a new security system.

## Treasury

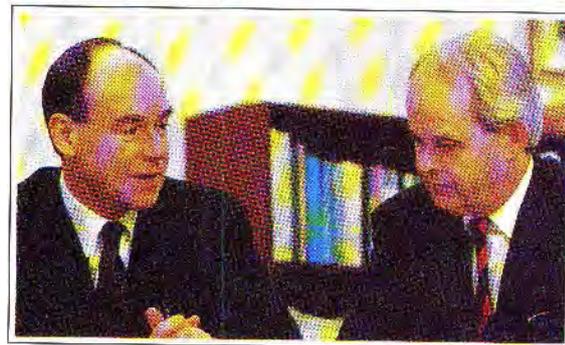
Treasury, which is the Group's central financial function, has the overall responsibility for controlling the level of total financial risk in the areas of liquidity, currencies and interest rates and for the Group's own financing. Among Treasury's most important areas of activity are therefore:

- The size and composition of the Group's balance sheet and off-balance sheet commitments.
- Risk-capital procurement and control of capital adequacy.
- Allocation of capital within the Group and management of the internal cost of capital system.
- The borrowing operations of the Group.
- Management of the Group's bond portfolio.

Lars Isacson,  
Group Financial  
Officer.



Carl Lövenhielm,  
Group Credit Officer.  
Otto Wrangel,  
Deputy Group Credit Officer.



Björn Edgren,  
Special Projects.

## Other Central functions

Besides the Treasury and Credit functions, there are other central functions common to the whole Group:

*The Group Controller function* monitors and tracks profitability, is responsible for the budget process and produces the Group's consolidated financial statements and analyses.

*SEB Data* supplies and develops information technology systems in close co-operation with the Bank's business areas.

*The Internal Auditing function* co-ordinates the audit work of the Divisions and conducts internal audits of total Group operations.

*The Information Department* is responsible for external and internal information, executive management information, etc.

*The Personnel Department* has the overall responsibility for personnel policy and planning, wage and salary matters, contracts and negotiations, as well as for matters pertaining to executive development.

The Group functions *Legal* and *Taxation* advise the Board of Directors and Group Chief Executive with respect to legal matters and tax matters, respectively, while *Special Projects* assists in special investigations. *Control system development* is responsible for measurement and follow-up of operations and of the different risks that the Bank is handling.

*The Security function* is responsible for the personal safety of employees, for the handling of crimes committed against the Bank and for insurance protection, among other things.

## The S-E-Bank Group staff

At year-end 1993, the S-E-Bank Group had 10,726 employees, including 1,460 in its international network. This means a decrease of 955 people compared with the situation at year-end 1992.

Most of this decrease resulted from a reduction in staff by 796 people through early retirement (232 people), voluntary redundancy (79 people) and outright dismissal notices (485 people).

Since a large part of the dismissed employees did not leave the Bank until the end of the year, the average number of employees dropped by 415 only, to 9,953.

The number of departures as a percentage of the average number of employees, which was 3 per cent during 1992, rose to 10.3 per cent last year.

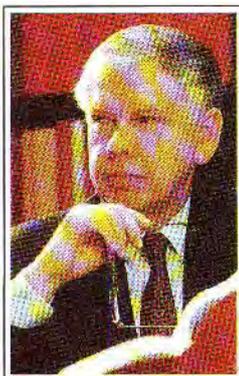
### Business-oriented training

High priority is given to training and the development of competence within the S-E-Bank Group. Training activities were tied closer to everyday work practices during the year.

The ambition to create more business acumen through training applied to the more basic training courses as well as to the programmes for competence and leadership training/development.

During 1993, 650 different training courses with 6,500 participants were held. More than 300 managers at different levels participated in the Bank's leadership training programmes.

*Kerstin Ryger,  
Group Head of Staff.*



*Evert Skogsberg,  
Chief Legal Counsel.*



*Karl Ahlenius, Head of Group Communications.  
Urban Janeld, Group Controller.*

## Report of the Directors

# Financial review of the Group

### Performance analysis

#### Strong earning capacity

The S-E-Bank Group reported an operating profit of SEK 357 million in 1993, which is an improvement of SEK 5,727 million compared with last year's operating loss of -SEK 5,370 million.

This rapid rise in earnings is mainly attributable to a strongly increased earning capacity. Moreover, the operating profit before lending losses increased quarter by quarter.

#### Profit and Loss Account, on a quarterly basis, SEK M

	1/93	2/93	3/93	4/93
Net interest earnings	2,162	2,414	2,510	2,693
Commissions, fees and foreign exchange earnings	1,593	1,685	1,701	1,837
Other operating income	341	385	529	584
<b>Total operating income</b>	<b>4,096</b>	<b>4,484</b>	<b>4,740</b>	<b>5,114</b>
Staff costs	1,017	1,033	1,067	1,191
Other operating costs	692	787	795	919
Depreciation	97	102	102	108
<b>Total operating costs</b>	<b>1,806</b>	<b>1,922</b>	<b>1,964</b>	<b>2,218</b>
<b>Operating profit before losses</b>	<b>2,290</b>	<b>2,562</b>	<b>2,776</b>	<b>2,896</b>
Lending losses	2,898	2,252	2,570	2,447
<b>Operating profit/loss</b>	<b>- 608</b>	<b>310</b>	<b>206</b>	<b>449</b>

#### Selected key ratios, quarterly basis

	1/93	2/93	3/93	4/93
Return on equity, %	-10.1	5.2	3.4	7.1
Operating income/costs ratio, excl. lending losses	2.27	2.33	2.41	2.31
Operating income/costs ratio, incl. lending losses	0.87	1.07	1.05	1.10
Lending loss level, %	3.34	2.59	2.96	2.82

#### Increased gross return on assets

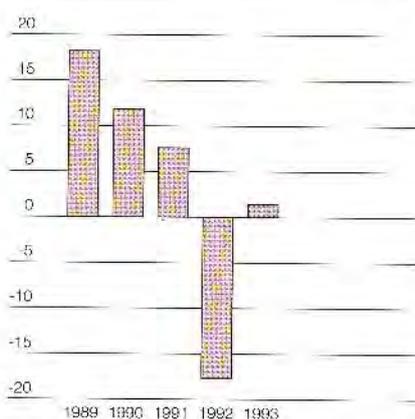
The strengthened earning capacity led to a marked increase in the Group's gross return on assets, i.e. total income as a percentage of average total assets. While the aggregate income rose by 34 per cent to SEK 18.4 billion, Group average total assets increased by 2 per cent to SEK 469 billion. Gross return on assets thus advanced from 3.0 to 3.9 per cent.

#### Strongly improved net interest earnings

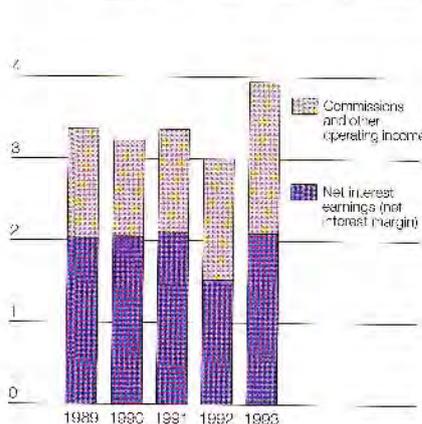
The Group's net interest earnings increased by 49 per cent to SEK 9,779 million. This strong improvement was mainly attributable to the falling market rates, which among other things led to positive earnings through shorter average commitment periods for liabilities than for assets. Thus, net interest earnings on the investment portfolio increased by SEK 1,344 M. The falling interest rates further resulted in lower financing costs for the Group's problem loans. Good lending margins also gave considerable contributions to the improvement in net interest earnings.

Taken together, these factors raised the net interest margin, i.e. net interest earnings as a percentage of average total assets, from 1.43 to 2.09 per cent. This recovery to the previously normal level took place in spite of reduced volumes and gradually decreasing interest differences between SEK deposit and lending rates. During the year, the Bank lowered its deposit and lending rates on five occasions. The Bank also pioneered the reduction of interest gaps. At year-end, the difference between average deposit and lending rates was 4.2 per cent compared with 6.3 per cent one year earlier.

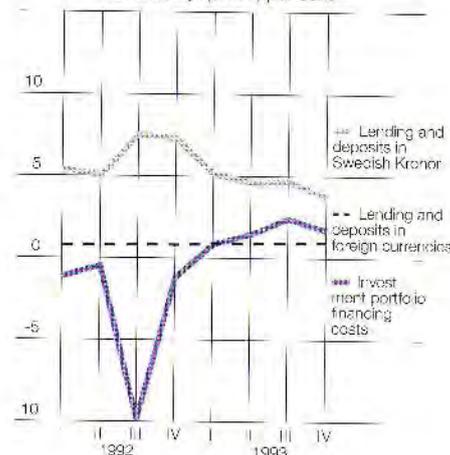
The S-E-Bank Group's return on equity  
After 30 per cent standard tax  
Per cent



The S-E-Bank Group's gross return on assets  
Total operating income as a percentage  
of average total assets



Skandinaviska Enskilda Banken's  
interest margins  
Quarter by quarter, per cent



At year-end, the Group had an outstanding volume of SEK 662 M of nonperforming loans on which interest income had been reported. On December 31, 1992 the corresponding figure was SEK 612 M. These loans are not included among the problem loans, since the collateral covers both interest and principal.

#### Shortfall in income of SEK 3.7 billion

Net interest earnings were negatively affected by an aggregate income shortfall of SEK 3,737 M, attributable to unpaid interest on nonperforming loans and negotiated interest deferments.

#### Unpaid interest, problem loans

	1993 SEK M	1992 SEK M	Change per cent
Nonperforming loans, gross <sup>*)</sup>	-2,869	-2,063	+ 39
Interest deferments/concessions, gross	- 868	-1,163	- 25
Unpaid interest	-3,737	-3,226	+ 16

<sup>\*)</sup> Loans on which borrowers have not paid interest and/or principal for 60 days.

#### Rising commissions

To reduce its dependence on interest income, and thereby interest rate sensitivity, the Bank has made a determined effort to increase its income from commission and fee-based services in recent years. Such services include products with a high value-added, e.g. products designed to limit the customers' interest and currency risks, and the handling of payment flows. Net interest earnings' share of Group income has decreased from 60 to 53 per cent over the last five years, whereas the proportion of commissions and foreign exchange earnings has increased from 26 to 37 per cent.

During 1993, the Group's commissions including foreign exchange earnings improved by 11 per cent to SEK 6,816 M, mainly due to strong increases in the field of securities trading.

#### Other operating income

The item Other operating income increased by 87 per cent to SEK 1,840 M. This is primarily due to the fact that capital gains on sales from the Bank's investment portfolio almost trebled to SEK 840 M and net operating earnings in Diligentia Fastigheter increased by SEK 215 M to SEK 259 M. In addition, the Bank received an extra dividend of SEK 180 M on its shareholding in the Swedish Export Credit Corporation. Other operating income include a negative item of SEK 147M for redemption of own bonds.

#### Interest rate sensitivity

Bank earnings are very sensitive to changes in interest rates, primarily because fixed-interest assets and liabilities have different commitment periods. Since the Bank's assets have longer average commitment periods than its liabilities, falling interest rates have a positive effect on net interest earnings, while the reverse is true for rising interest rates.

During 1993, the Bank made a conscious effort to achieve shorter commitment periods on the liabilities side, since it anticipated falling interest rates during the year.

A falling interest rate environment also reduces the cost of financing the problem loans, which obviously do not generate any, or very small, amounts of interest income. It also implies that the value of the Bank's fixed-interest bond portfolio increases. This, however, is not reflected in the Profit and Loss Account until such bond holdings are sold.

Interest rate risks are part of the Bank's normal business. It is important, however, that the limits fixed for the Group's interest risk positions are balanced in relation to the size of equity and the Bank's earning capacity. To be able to quantify its interest rate sensitivity, or risk, more effectively, the Bank has installed a computer-based risk control system that monitors not only the size and maturities of commitments but also the volatility in different markets.

#### Fixed interest rate periods

	Total	<3 mths	3-6 mths	6-12 mths	1-5 yrs	>5 yrs
<i>Assets</i>						
Trading & Investment- portfolio	79,474	34,778	8,052	14,356	19,582	2,706
Deposited with banks & financial institut.	30,422	22,899	2,491	742	3,805	485
Lending	200,173	62,120	22,727	16,201	98,903	222
<b>Total assets</b>	<b>310,069</b>	<b>119,797</b>	<b>33,270</b>	<b>31,299</b>	<b>122,290</b>	<b>3,413</b>
<i>Liabilities</i>						
Borrowed from banks & financial institut.	88,379	65,010	10,507	8,834	3,727	301
Deposits	54,847	50,490	2,051	25	2,281	0
Cert. of deposits & commercial paper	21,069	9,712	6,427	2,359	2,571	0
Long-term liabilities	119,394	19,774	11,153	8,701	68,381	11,385
<b>Total liabilities</b>	<b>283,689</b>	<b>144,986</b>	<b>30,138</b>	<b>19,919</b>	<b>76,960</b>	<b>11,686</b>
<b>Net</b>	<b>-26,380</b>	<b>25,189</b>	<b>-3,132</b>	<b>-11,380</b>	<b>-45,330</b>	<b>8,273</b>
<i>Off-balance sheet commitments</i>						
affecting interest rate sensitivity	-2,719	36,686	26,918	-1,015	-52,055	-13,253
Interest rate sensitivity (net gap)	-29,099	61,875	23,786	-12,395	-97,385	-4,980
Cumulative interest rate sensitivity		61 875	85 661	73 266	-24 119	-29 099

## Financial review of the Group

## Cost level unchanged

The Group's operating costs amounted to SEK 7,911 M and were by and large unchanged compared with the preceding year.

The trend was negatively affected by the depreciation of the Swedish krona, which led to an increase of SEK 365 M in the costs for the Bank's international activities, expressed in Swedish kronor. (At the same time, the positive impact of the falling SEK-rate on the income side was approximately twice as large.)

An important part of this increase consisted of staff costs, which explains why these rose by 4 per cent, despite the reduction in the number of employees by 955 people. (The average number of employees was reduced by 415.) Among other important explanations are the facts that the majority of the employees concerned did not leave the Bank until late in the year and that the departures caused high once-off costs.

Besides this, the Bank incurred considerable costs during the year in consulting services relating to analysis work and the rights issue.

The ratio between operating income and operating costs, excluding lending losses, was 2.33 (1.74).

## Declining depreciation

The Group's depreciation decreased by 26 per cent to SEK 410 M. This was chiefly due to lower depreciation for goodwill following the big lump-sum write down of goodwill in the Group in 1992.

## Lower lending losses

The Group's lending losses decreased by 9 per cent to SEK 10,167 M. Incurred lending losses amounted to SEK 3,062 M, after recoveries, and the provision for possible lending losses was SEK 7,105 M. Half of the losses related to property management.

The lending loss level, i.e. the lending losses incurred during the year divided by the Group's loan portfolio at the beginning of 1993 including leasing and loan guarantees, was 2.92 per cent, compared with 3.35 per cent in the preceding year.

The loss provision ratio increased from 50.8 to 52.1 per cent.

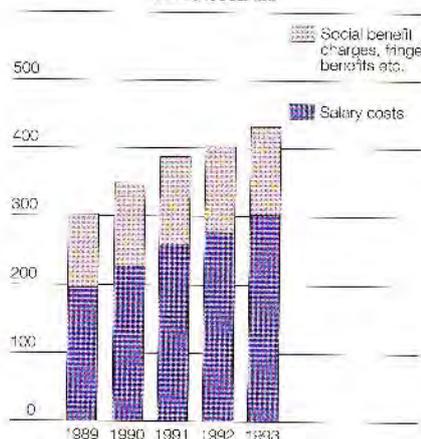
## Lending losses distributed by industry sector

Industry sector	1993		1992 <sup>*)</sup>	
	SEK M	Per cent	SEK M	Per cent
Property management	5,036	49.5	5,524	49.5
Finance and insurance	1,161	11.4	2,179	19.5
Wholesaling and retailing, hotels and restaurants	1,041	10.2	835	7.5
Transportation	1,162	11.4	-19 <sup>**)</sup>	—
Other service sectors	204	2.0	803	7.2
Construction	292	2.9	418	3.7
Manufacturing	368	3.6	407	3.6
Households	585	5.8	835	7.5
Other sectors	318	3.2	185	1.7
<b>Total</b>	<b>10,167</b>	<b>100.0</b>	<b>11,167</b>	<b>100.0</b>

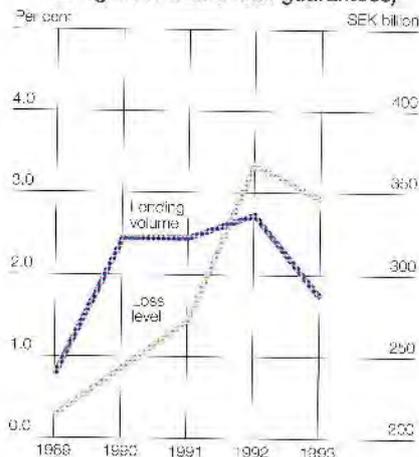
<sup>\*)</sup> A certain reclassification of the 1992 figures has been made as an adjustment to the 1993 distribution standard.

<sup>\*\*)</sup> Recoveries

Staff costs per employee in the S-E-Bank Group  
SEK thousands



The S-E-Bank Group's lending losses and lending volume (including net leasing income and loan guarantees)



### Lending losses distributed by size

Size	1993		1992	
	Number	Amount	Number	Amount
SEK 50 M	>10,000	4,947	>10,000	5,438
SEK 50-500 M	17	3,563	22	2,943
SEK 501-1,000 M	3	1,657	2	1,494
More than SEK 1,000 M	—	—	1	1,292
<b>Total</b>		<b>10,167</b>		<b>11,167</b>

Among the largest single lending losses were the Gullstedt group (SEK 600 M), Gamlestaden (SEK 507 M) and the Coronado group (SEK 436 M). The accumulated lending losses for 1991-93 were SEK 1,622 M for Gamlestaden and SEK 1,728 M for the Coronado group.

### Extraordinary income of SEK 322 M

The Group's operating profit before appropriations and taxes amounted to SEK 679 M, an improvement of SEK 7,495 M compared with 1992. Extraordinary income amounted to SEK 322 M. The sale of the Bank's 4.9 per cent shareholding in Skandia resulted in a capital gain of SEK 252 M compared with book value, while the proceeds from the sale of parts of its shareholding in Unitas (Union Bank of Finland) amounted to SEK 70 M.

### Sensitivity analysis of the S-E-Bank Group's earnings

	Change	Impact on operating result, SEK M	Impact on earnings/loss per share, SEK <sup>*)</sup>
Net interest earnings	+/- 1%	+/- 98	+/- 0.12
Net interest margin	+/- 0.1%	+/- 47	+/- 0.06
Nonperforming loans	+/- SEK 1 billion	-/+ 95	-/+ 0.12
Commissions	+/- 1%	+/- 45	+/- 0.06
Average change in staff	+/- 100 persons	-/+ 40	-/+ 0.05
Change in salary	+/- 1%	-/+ 43	-/+ 0.05
Other operating costs	+/- 1%	-/+ 25	-/+ 0.03
<b>Lending losses</b>	<b>+/- 0.5%</b>	<b>-/+ 51</b>	<b>-/+ 0.06</b>

<sup>\*)</sup> After 30 per cent standard tax and full conversion.

The sensitivity analysis gives a static description of the impact of each respective item depending on its rate of change, based on the 1993 structure of the Profit and Loss Accounts and Balance Sheet.

The effect of a change in nonperforming loans is calculated on a cost of capital of 9.5 per cent.

## Analysis of asset quality

### Strengthened balance sheet

During two decades – from the start in 1972 up to and including autumn of 1992 – a strong volume expansion characterised the S-E-Bank Group. Towards the end of 1992, this trend was broken, when the Bank went into a phase of consolidation.

Thanks to the new issue of shares, improved earnings and extensive internal work to reduce and create value-added in assets, the balance sheet of the Group has been substantially strengthened.

### Reduced loan portfolio

The S-E-Bank Group's total net lending, i.e. after provisions, declined by 16 per cent to SEK 275.2 billion during 1993. This was mainly attributable to a cutback in lending in foreign currency, but also to sales of loans, among other things in the form of securitisation. Assets in the form of 9,300 single-family home loans were sold for SEK 2.2 billion to Osprey Mortgage Securities (No 8) Limited in Jersey during the year.

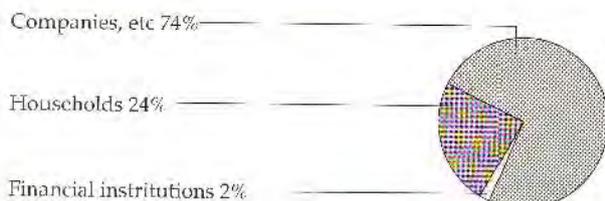
At the beginning of 1994, a further sale, involving 875 multiple-family house loans aggregating about SEK 4 billion, was being planned to another buyer in Jersey – Fulmar Mortgage Securities (No 1) Limited. This is the first sale of its kind on the European market.

### Loan portfolio of the S-E-Bank Group, by principal market segments

	SEK billion		Change per cent
	1993	1992	
Households	67.2	73.1	-8
Companies, etc.	202.5	245.3	-17
Financial institutions	5.5	10.3	-47
<b>Total</b>	<b>275.2</b>	<b>328.7</b>	<b>-16</b>

Lending accounted for 61 per cent of the Group's total investments during 1993.

## Financial review of the Group

Loan portfolio of the S-E-Bank Group  
distributed by customer category

## Loan portfolio, by industry sector

Sector	December 31, 1993		December 31, 1992	
	SEK M	%	SEK M	%
Property management	113,799	41.4	119,985	36.5
Finance & insurance	18,455	6.7	14,146	4.3
Wholesaling & retailing, hotels & restaurants	12,061	4.4	21,631	6.6
Transportation	14,244	5.2	12,423	3.8
Other service sectors	966	0.3	2,061	0.6
Construction	5,248	1.9	6,147	1.9
Manufacturing	20,878	7.6	34,949	10.6
Households	67,184	24.4	74,603	22.7
Other sectors	22,316	8.1	42,794	13.0
<b>Total</b>	<b>275,151</b>	<b>100.0</b>	<b>328,739</b>	<b>100.0</b>

More than SEK 200 billion, or 72 per cent of the loan portfolio, consisted of domestic loans at year-end 1993. Furthermore, the portion of the loan portfolio distributed geographically among countries other than Sweden related almost exclusively to Swedish customers.

## Customer concentration

Size	1993		1992	
	Amount, Number	SEK M	Amount, Number	SEK M
Customer exposure				
> 25% of capital base <sup>1)</sup>	3	33,538	3	36,299
> 10% of capital base <sup>2)</sup>	11	76,611	23	118,663
<b>Sum of amounts 10% in relation to capital base</b>		<b>204%</b>		<b>438%</b>

1) Equal to SEK 9,388 M on Dec.31, 1993 and SEK 6,766 M on Dec.31, 1992.

2) Equal to SEK 3,755 M on Dec.31, 1993 and SEK 2,707 M on Dec.31, 1992.

The objective of the Bank is to reduce its large customer exposures and to adapt its loan portfolio to conform with European Community legislation. This means that no single exposure should exceed 25 per cent of the consolidated capital base. In addition, the sum of all exposures that individually exceed 10 per cent of the consolidated capital base should not exceed 800 per cent of the capital base. During 1993, the sum of all such exposures was thus below the maximum limit by a very wide margin.

## Problem loans: SEK 16.9 billion, net

At the end of 1993, the Group's problem loans – nonperforming loans and loans on which the Bank had granted interest deferments or interest concessions – amounted to SEK 29.3 billion, gross, or 17 per cent less than on December 31, 1992.

On a net basis, i.e. after provisions for possible lending losses, the problem loans amounted to SEK 16.9 billion, which is SEK 9 billion or 35 per cent less than at the end of 1992.

Over the year, there was a change in the composition of the loan portfolio from loans with interest deferments to nonperforming loans – and from problem loans to properties taken over.

## Problem loans and problem loan levels

	1993 SEK M	1992 SEK M
<i>Problem loans</i>		
Nonperforming loans on which interest income will not be reported until payment is made	23,308	21,861
Loans with interest deferments/ interest concessions	5,972	13,344
<b>Total volume, gross</b>	<b>29,280</b>	<b>35,205</b>
Provision for possible lending losses	-12,414	-9,306
<b>Total volume, net</b>	<b>16,866</b>	<b>25,899</b>
<i>Level of problem loans</i>		
Problem loans, net, in relation to lending, leasing and loan guarantees at year-end, net	5.64%	7.45%

### Problem loans distributed by industry sector (net figures)

Sector	1993		1992	
	SEK M	Per cent	SEK M	Per cent
Property management	10,475	62.1	19,453	75.1
Finance and insurance	1,750	10.4	4,273	16.5
Wholesaling and retailing, hotels and restaurants	1,115	6.6	206	0.8
Transportation	774	4.6	721	2.8
Other service sectors	116	0.7	137	0.5
Construction	548	3.2	91	0.4
Manufacturing	323	1.9	483	1.8
Households	659	3.9	150	0.6
Other sectors	1,106	6.6	385	1.5
<b>Total</b>	<b>16,866</b>	<b>100.0</b>	<b>25,899</b>	<b>100.0</b>

The reduced volume of problem loans in the property management sector resulted from the fact that a substantial number of properties – which used to form part of this loan category – was taken over during the year by Diligentia.

### Problem loans distributed by size (gross figures)

Size	1993		1992	
	Number	Amount	Number	Amount
Less than SEK 50 M	>100	10,826	>100	8,254
SEK 50–500 M	77	10,883	51	7,697
SEK 501–1 000 M	10	6,442	7	4,832
More than SEK 1 000 M	1	1,129	8	14,422
<b>Total</b>		<b>29,280</b>		<b>35,205</b>

### SEK 14.2 billion in pledges taken over

At the end of 1993, Diligentia Fastigheter had taken over 513 properties with a total book value of SEK 12.4 billion, plus about SEK 360 M in limited partnership shares in the so-called Salén house in Stockholm.

At the same time, collateral in the form of stock, debenture loans etc. with a total value of SEK 1.5 billion had been transferred to Diligentia Invest.

	1993	1992
<i>Collateral taken over</i>		
Stock, debentures etc	1,841	5
Properties	12,404	2,797
<b>Total collateral taken over</b>	<b>14,245</b>	<b>2,802</b>

### Valuation of properties pledged

The properties that have been taken over are appraised on a yield-based long-term market value, which is based on an estimation of future net operating earnings over ten years, as well as on the residual value at the end of the period. These values are discounted, using a cost of capital of 8 per cent per annum, which is based on certain assumptions concerning inflation and real interest rates. These assumptions are changed in accordance with any changes in the forecasts of the long-term economic conditions.

This was the case in 1993, when the real interest rate was changed from 5 to 4 per cent and the inflation rate from 2.5 to 3.5 per cent as an adjustment to the forecasts made both by the National Swedish Institute of Economic Research (Konjunkturinstitutet) and the Bank's own economic experts.

The sensitivity of the valuation to various assumptions about cost of capital, inflation and real interest rates is shown below:

	Change, %	Change in value, %
Cost of capital	+1	-7,0
	-1	+6,5
Inflation	+1	+2,0 — +6,0
	-1	-2,5 — -6,5
Real interest rate	+1	-3,0 — -5,0
	-1	+3,0 — +6,0

### Large cities and commercial properties dominate

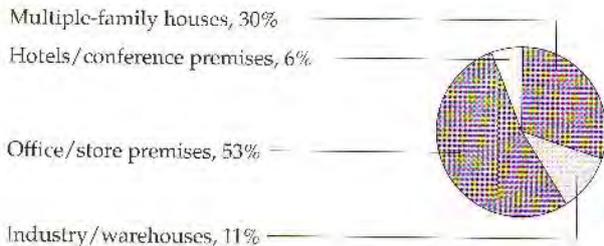
The properties taken over are concentrated within the large city areas. Outside Sweden, Diligentia has relatively large real estate holdings in Germany, England and Spain.

In terms of value, commercial premises predominate, for which rent levels and vacancy ratios are in many places clearly unsatisfactory. The average vacancy ratio for the entire holding was just below 15 per cent at year-end.

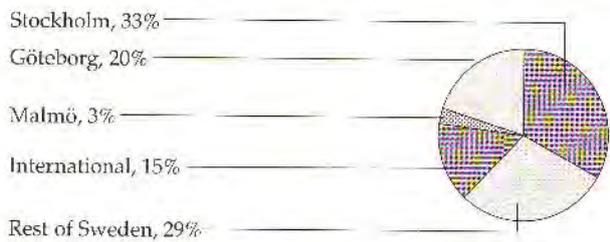
(Details concerning the real estate holdings are found in Note 17 on page 47.)

Financial review of the Group

**Diligentia**  
Properties taken over, distributed according to type



Properties taken over, distributed according to geographical location



**Stabilising reconstructions**

During the year, Diligentia Invest participated in the reconstruction of five property companies listed on the Stockholm Stock Exchange or Over the Counter market: Fabege, Bastionen, Arcona, Piren and Lodet. At the beginning of 1994, Diligentia Invest also participated in the preparations of the proposed merger between Klöver and Bastionen Syd.

Through a combination of new equity capital and so-called soft loans in these companies, their cash flow is improved, while their balance sheets are strengthened. These reconstructions have contributed to the stabilisation of the market in real estate and real estate shares to a considerable extent.

Parts of Reinhold Spain (Nibbla) were sold to Spanish investors during the year, although Diligentia Invest still has a 35 per cent ownership interest.

**Net operating earnings improved**

The fact that Diligentia was able to take over the properties at such a rapid pace during 1993 had a positive impact on the Group's earnings, since the yield on properties is considerably higher than that on nonperforming loans. Net operating earnings amounted to SEK 259 M, whereas the cost of financing was SEK 365 M. In 1992, the

corresponding figures were SEK 44 M and SEK 151 M, respectively.

During the present year, properties taken over are expected to yield net operating earnings of 6.5 per cent, which means that the carrying cost of these properties is approaching zero.

**Increased liquidity in bond portfolio**

The value of the Bank's investment portfolio increased considerably during the year, as a result of the fall in interest rates. This was true for both its SEK-denominated and foreign currency-denominated parts. As a consequence, the Bank could report a surplus value in its bond portfolio of SEK 580 M at year-end.

At the same time, the portfolio was restructured so that the proportion of Government bonds and Swedish housing bonds increased, at the expense of bonds with a low degree of liquidity and, in some cases, with a higher degree of risk. Housing bonds, in particular, attracted a lot of interest during the latter part of the year, due to their unreasonably high price compared with Government bonds with a corresponding remaining life.

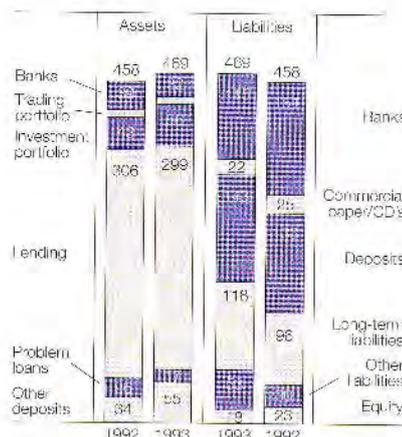
The goal of transforming the bond portfolio into a liquidity reserve was thus largely achieved during the past year.

**Deposits with other banks**

Interest-bearing deposits with other banks largely involve temporary cash surpluses arising in the current business. All these deposits have maturities of less than one year. The categories outside Sweden include sovereign loans and loans to public institutions.

During 1993, deposits with other banks decreased by

The S-E-Bank Group's balance sheet structure  
Average figures, SEK billion



**Balance sheet structure**  
in SEK and foreign currency, respectively, SEK M

	1993-12-31 SEK	Change compared with 1992	1993-12-31 Foreign currency	Change compared with 1992
<b>Assets</b>				
Cash	1,496	- 224	127	- 56
Trading portfolio	7,087	+ 3,821	8,259	+ 7,052
Investment portfolio	30,486	- 13,043	33,642	- 3,852
<i>Deposited with</i>				
Swedish banks	5,139	- 4,569	202	- 685
foreign banks	1,941	- 2,516	13,028	- 9,264
Lending	169,793	- 22,334	105,358	- 31,254
Shares, properties and equipment	23,290	+ 12,547	3,747	+ 3,329
Other assets	34,261	- 2,822	10,404	+ 711
<b>Total assets</b>	<b>273,493</b>	<b>- 3,054</b>	<b>174,767</b>	<b>- 34,019</b>
<b>Liabilities</b>				
<i>Borrowing from</i>				
Swedish banks	1,770	- 11,094	578	- 15,892
other Swedish financial institutions	51	- 61	1,371	- 43
foreign banks	2,653	- 5,965	70,701	- 34,472
Deposits	119,140	+ 15,343	37,875	- 303
Commercial paper	84	+ 84	3,580	- 534
Certificates of deposit	4,435	- 3,562	12,970	- 796
Long-term liabilities	67,385	- 2,683	52,009	+ 9,009
Provision for political risk	93	- 42	672	+ 60
Other liabilities	36,906	+ 5,394	12,659	+ 1,944
Equity	23,328	+ 6,540		
<b>Total liabilities</b>	<b>255,845</b>	<b>+ 3,954</b>	<b>192,415</b>	<b>- 41,027</b>

46 per cent to SEK 20.3 billion, of which two thirds were with foreign banks.

#### Decreased borrowing requirement

During 1993, there was a sharp change in the ratio between the SEK- and foreign currency-denominated balance sheet items, respectively, which was primarily due to the fall in foreign currency lending of one third. This, in turn, depended both on the corporate customers who repaid their loans in foreign currency and on the Bank's active reduction in its foreign currency lending. In this manner, the Bank gradually reduced its dependence on financing from other banks, which had developed rapidly during the crisis months in the autumn of 1992.

The restructuring of the balance sheet was facilitated by the relatively easy liquidity situation that prevailed in 1993. In view of the continued weakening of the Swedish krona during the year, the reduction in foreign currency lending was even greater than what it immediately appeared to be.

The fact that there is an imbalance between the Group's foreign currency assets and liabilities does not mean that it has open foreign exchange positions in a

corresponding amount. The explanation is that this risk is balanced with the help of derivative instruments such as swaps, etc.

The most important foreign currencies of the S-E-Bank Group are the U.S. dollar, accounting for almost half of its foreign exchange transactions, German marks - 16-17 per cent and the British Pound Sterling - a little over 10 per cent.

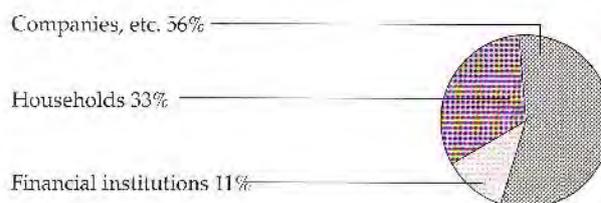
#### Increase in deposits

Deposits increased by 10.6 per cent to SEK 157 billion. Since the Bank's borrowing from other, especially foreign, banks decreased at the same time, there was a break in the trend of later years towards a diminishing significance of deposits as a source of financing.

#### Total deposits in the S-E-Bank Group by principal market segments

	1993	SEK billion 1992	Change per cent
Households	50,763	50,436	+0.6
Companies, etc.	88,549	82,490	+7.3
Financial institutions	17,703	9,049	+95.6
<b>Total</b>	<b>157,015</b>	<b>141,975</b>	<b>+10.6</b>

#### Total deposits in the S-E-Bank Group by principal customer categories



#### Strengthened liquidity

The gradually improved credibility of the Swedish banking system has also meant that the market for issues of short-term debt certificates is now functioning again, almost without disturbances. During the year, the Bank changed its position, from being an important borrower to being a lender on the domestic day-to-day loan market.

At the beginning of the year, the difficulties in borrowing long-term funds on the international capital markets eased, which caused the Bank to increase its volume of long-term borrowings by raising a number of bond loans.

## Financial review of the Group

Towards the end of the year, the Bank issued a five-year USD 250 million loan with redemption rights for the investors as early as after one year, and on a six-monthly basis thereafter. The pricing is variable and based on a short maturity. It is hoped that investors will consider it interesting to keep the bonds during the entire five-year period, as the financial situation of the Bank is improving.

### Strongly improved capital adequacy

During 1993, considerable efforts were made to prevent the Group's total capital ratio from falling below 8 per cent, which is the minimum legal requirement for carrying on a banking business. During the first eight months of the year, the Group's potential for staying above the 8 per cent minimum was deemed very uncertain, not least since the krona continued to weaken.

However, the negative impact of the depreciating krona on the Group's capital ratios could be offset by finding less capital-intensive solutions to the business transactions and by outright sales of assets. Capital adequacy had thus improved somewhat by the end of the first quarter of the year, compared with the beginning of the year.

Through the relative stabilisation of the external value of the krona during the second quarter, the work on improving the capital ratios started to yield visible results. On June 30, the total capital ratio had reached a level of over 9 per cent. A further minor strengthening was noticeable by September 30, 1993, which was the last reporting date before the newly issued capital could be included in the Bank's capital base.

The continued work on capital ratios led to a further reduction of the average risk-weighting ratio. At year-end, it was equal to 49 per cent, compared with close to 53 per cent at the end of 1992. The Group's total capital ratio is now on a level which is well adapted to the orientation and customer structure of the business.

Through the new issue of shares, the S-E-Bank Group has been provided with new capital in the amount of SEK 5.1 billion (after deduction for issue expenses). Together with the internal measures, this has led to a strengthening of the core capital ratio, which was 8.0 per cent at year-end as against 5.1 per cent one year earlier. The Group can therefore meet the minimum capital requirement today through its core capital alone.

At the same time, the capital base has increased, since it has become possible to include additional subordinated debenture loans. The total capital ratio has thus risen to 13.0 per cent, (8.4 per cent). Accordingly, the Group has a capital strength which is satisfactory in a long-term perspective in view of the Bank's business orientation and its risk-taking needs. It also creates a substantial scope for action in the future.

### The derivative market

The capital requirement is not only determined by business reported on the balance sheet, but also to an increasing extent by off-balance sheet transactions. Guarantees, credit commitments, securities issues, cash management etc. are essential elements in this business activity.

Special kinds of transactions depend upon so-called derivative instruments, i.e. products needed by the customers and the bank to reduce the risks in their currency and interest positions. Dealings in these instruments – for example swaps, options and forward contracts – are also subject to capital coverage.

Calculations of this requirement are based on market valuations of the Group's positions in its contracts with counterparties. A positive difference between the market value and the original value of each respective contract means that the Bank has a claim on the counterparty, the risk on which may be compared to a credit of the same size. At year-end, the S-E-Bank Group's claims of this type represented a total value of about SEK 50 billion.

At year-end 1993, the notional value of the S-E-Bank Group's contracts on the market for derivatives was SEK 2,326 M, representing an increase of 15 per cent compared with 1992.

#### Derivative products

Notional amounts, SEK billion*)	December 31, 1993
Interest rate and currency swaps	993
Forward interest rate contracts and futures	308
Interest rate and exchange rate options	113
Forward exchange rate contracts	910
<b>Total interest and exchange rate-related contracts</b>	<b>2,326</b>

\*) The notional value of a swap transaction, for example, represents a fictitious basis on which the interest flow is calculated, and does accordingly not constitute any commitment on the part of the S-E-Bank Group.

Details on the Group's off-balance sheet obligations are found in Note 32 on page 52.

**Risk-weighted assets and capital requirements  
S-E-Bank Group**

Risk class	Dec. 31, 1993 Investments	Risk-weighted amount	Dec. 31, 1992 Investments	Risk-weighted amount
0%	157,410	0	127,067	0
20%	109,858	21,972	130,992	26,198
50%	108,983	54,499	112,040	56,020
100%	211,647	211,647	238,910	238,910
<b>Total</b>	<b>587,898</b>	<b>288,110</b>	<b>609,009</b>	<b>321,128</b>
8 per cent requirement		23,049		25,690

**Risk-weighted assets and capital requirements  
Skandinaviska Enskilda Banken**

Risk class	Dec. 31, 1993 Investments	Risk-weighted amount	Dec. 31, 1992 Investments	Risk-weighted amount
0%	194,309	0	153,549	0
20%	96,420	19,284	110,290	22,058
50%	41,662	20,831	40,042	20,021
100%	163,047	163,047	200,961	200,961
<b>Total</b>	<b>495,438</b>	<b>203,162</b>	<b>504,842</b>	<b>243,040</b>
8 per cent requirement		16,253		19,443

**Capital base, amounts in SEK M<sup>\*)</sup>**

	The Group		The Bank	
	Dec. 31, '93	Dec. 31, '92	Dec. 31, '93	Dec. 31, '92
Taxed capital (incl. minority interest)	23,501	16,814	12,605	6,158
Untaxed reserves	—	—	3,074	5,829
Less: Goodwill	-342	-447	—	—
<b>Total core capital</b>	<b>23,159</b>	<b>16,367</b>	<b>17,679</b>	<b>11,987</b>
Perpetual debenture loans	3,636	3,222	3,636	3,222
Fixed-term debenture loans	11,579	8,184	8,839	5,994
Less: Holdings in un- consolidated companies	-822	-708	-658	-544
<b>Total capital base</b>	<b>37,552</b>	<b>27,065</b>	<b>29,496</b>	<b>20,659</b>
Surplus	14,503	1,375	13,243	1,216
Capital base relative to risk-weighted assets, %	13.0	8.4	14.5	8.5
Core capital ratio, %	8.0	5.1	8.7	4.9
Average risk-weighting, %	49.0	52.7	41.0	48.1

\*) After appropriations.

**Structural changes in the organisation**

Apart from the reorganisation of the S-E-Bank Group presented earlier, many other changes were effected during 1993 and at the beginning of 1994 – in the form of acquisitions, sales, new establishments and new company formations.

During the summer, S-E-Banken Försäkring Holding (S-E-Banken Insurance Holding) acquired all the shares in the British life insurance company *Interlife Assurance Company Ltd* and renamed it S-E-Banken Life Assurance Company Ltd. Following this purchase, customers may now buy British insurance products at the branch offices of the Bank.

In 1993, the representative office in *Berlin* was closed. As a result, customers in the eastern parts of Germany will be served directly by the subsidiary bank in Frankfurt am Main. On December 31, 1993, the representative offices in *Milan* and *Zurich* were also closed. The Bank's *Luxembourg* branch was liquidated during the year as well, which means that the Bank's activities in Luxembourg will now be focused on the asset management carried out by Banque Scandinave à Luxembourg.

Towards the end of the year, a decision was made to open branches during 1994 in *Oslo* and *Helsinki* to strengthen the Bank's business relations with its large corporate customers in Norway and Finland and to broaden its customer base in these two countries simultaneously. The new branches will mainly focus on foreign exchange, stock and money market trading, as well as on corporate finance.

At the beginning of 1994, an agreement was made to sell three of FinansSkandic's subsidiaries – *Vendax*, *SkandicBilfinans* and *Nordic Finans* – to companies within the U.S. General Electric group. SkandicBilfinans was purchased by G E Capital Fleet Services International Holdings Inc., while Vendax and Nordic Finans were acquired by G E Capital Corporation.

In early 1994, the Bank's property management subsidiaries *Arsenalen*, *Garnisonen* and *Arsenalen Syd* were brought together within one group, with *Arsenalen-Garnisonen* as parent company.

## S-E-Banken shares

### Data per share

	1993	1992	1991	1990	1989
<b>Earnings per share</b>					
– after 30% standard tax, SEK <sup>1)</sup>	1.04	-10.80	2.85	4.82	7.32
– after full tax, SEK <sup>1)</sup>	0.46	—	3.19	4.34	7.30
<b>Adjusted shareholders' equity, SEK<sup>1)2)</sup></b>					
	72.85	40.86	52.79	50.70	47.13
<b>Dividend</b>					
– per Series A share, SEK <sup>3)</sup>	0	0	2.12	2.09	1.90
– per Series C share, SEK <sup>3)</sup>	0	0	2.12	2.09	1.90
<b>Year-end market price</b>					
– per Series A share, SEK	56.50	7.00	32.90	35.40	57.60
– per Series C share, SEK	53.00	6.60	32.90	36.10	65.20
<b>Dividend per Series A share as a percentage of</b>					
– earnings per share (30% tax), %	—	—	74.4	43.3	25.9
– adjusted shareholders' equity per share, %	—	—	4.0	4.1	4.0
– market price Series A share, %	—	—	6.4	5.9	3.3
<b>Year-end market price per Series A share</b>					
– divided by earnings per share (30% tax), P/E	54.3	—	11.5	7.4	7.9
– as a percentage of adjusted equity per share	77.6	17.0	62.3	69.9	122.2

1) After full conversion of convertible debentures

2) See definition on page 37

3) According to the Board's proposal. The actual dividend for the years 1989–91 was SEK 3.00, 3.30 and 3.35, respectively.

### Share capital

After last autumn's new issue of shares (excluding conversion and participation by holders of convertible debentures) Skandinaviska Enskilda Banken's share capital was divided as follows:

Share series	Number of shares	Number of votes	Percentage of capital	Percentage of voting power
A	501,226,394	501,226,394	95.1	99.5
C	25,692,934	2,569,293	4.9	0.5
	526,919,328	503,795,687	100.0	100.0

Each Series A share entitles its holder to one vote, whereas one Series C share entitles its holder to 1/10 vote. Each share has a nominal value of SEK 10.

Due to a change of law, all Swedish listed shares became unrestricted ("free") at year-end 1992.

### Change in share capital

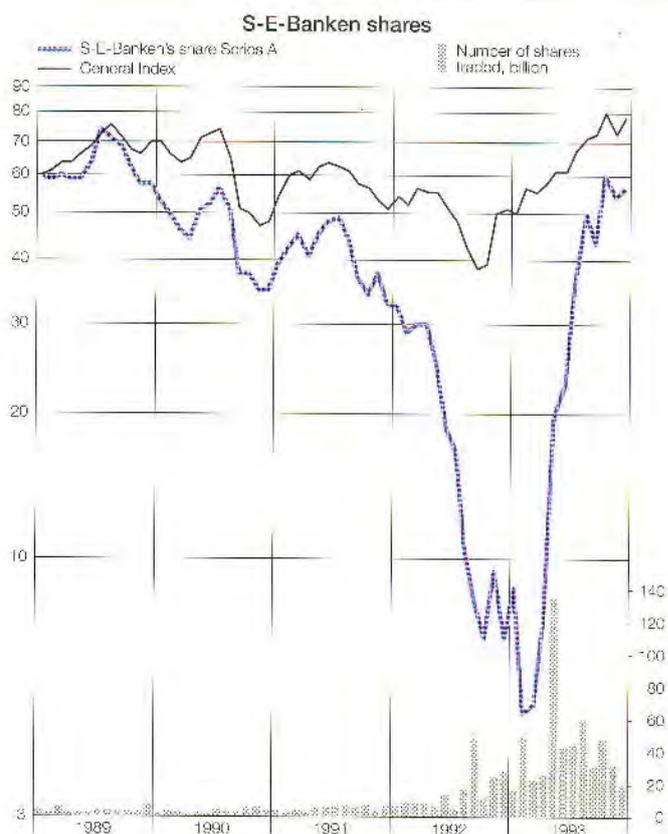
Since Skandinaviska Enskilda Banken was established in 1972, its share capital has changed as follows:

Year	Transaction	Price SFK	Added no of shares	Accumulated no of shares	Share capital SEK M
1972				5,430,900	543
1975	New issue 1:5	125	1,086,180	6,517,080	652
1976	New issue 1:6	140	1,086,180	7,603,260	760
1977	Split 2:1		7,603,260	15,206,520	760
1981	New issue 1B:10	110	1,520,652	16,727,172	837
1982	Bonus issue 1A:5		3,345,434	20,072,606	1,004
1983	New issue 1A:5	160	4,014,521	24,087,127	1,204
1984	Split 5:1		96,348,508	120,435,635	1,204
1986	New issue 1A:15	90	8,029,042	128,464,677	1,284 <sup>1)</sup>
1989	Bonus issue 9A+1C:10		128,464,677	256,929,354	2,569
1990	Directed issue <sup>2)</sup>	88.42	6,530,310	263,459,664	2,635
1993	New issue 1:1	20	263,459,664	526,919,328	5,269

1) The recorded share capital at December 31, 1986 was still SEK 1,204 M, since the proceeds from the new issue were not paid in until early 1987.

2) The issue was directed at the member-banks of Scandinavian Banking Partners.

Through splits in 1977 (2:1) and 1984 (5:1), the nominal value of the shares has been changed from SEK 100 to SEK 10.



### Distribution of shares by size of holding

Size of holding	No of shares	Per cent	No of shareholders
1- 500	37,622,371	7.14	164,946
501- 1,000	29,001,028	5.50	39,858
1,001- 2,000	33,651,699	6.39	21,887
2,001- 5,000	44,146,775	8.38	14,088
5,001- 10,000	26,864,475	5.10	3,796
10,001- 20,000	18,182,681	3.45	1,273
20,001- 50,000	16,487,173	3.13	530
50,001-100,000	11,965,312	2.27	165
100,001-	308,983,873	58.64	249
	13,941*		
<b>Summa</b>	<b>526,919,328</b>	<b>100.0</b>	<b>246,792</b>

\* Coupon shares which have not been exchanged.

Institutional investors are holding about 60 per cent of the Bank's shares. At year-end, non-Swedish investors owned a little over 20 per cent of the total number of shares outstanding.

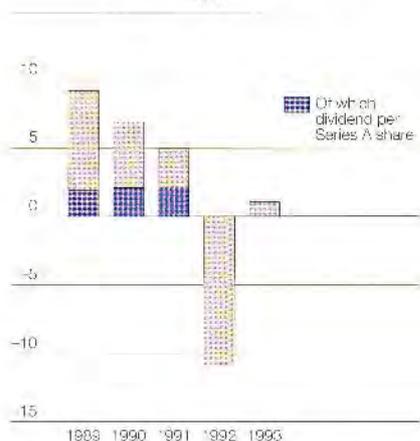
### S-E-Banken shares on the Stockholm Stock Exchange

	1993	1992	1991	1990	1989
Year-end market capitalisation, SEK M	29,507	2,892	13,700	14,789	23,527
Volume of shares traded, SEK M	15,791	2,868	3,254	2,011	3,221

### Dividend policy

It is the aim of the Board that distribution of a dividend shall be reinstated as soon as a reasonable dividend level has been achieved and that its long-term rate of increase thereafter shall exceed the rate of inflation.

Earnings per S-E-Banken share\*  
After 30% standard tax  
SEK



\* As defined by the Swedish Bankers' Association

### The 20 largest shareholders

December 31, 1993	No of shares	Of which Series C	Per cent of all shares
AB Custos	35,569,820	—	6.8
Knut and Alice Wallenberg Foundation	29,087,360	1,281,868	5.5
SPP Ömsesidig Livförsäkring	24,441,992	49,758	4.6
Trygg-Hansa Ömsesidig Livförsäkring	14,706,948	765,930	2.8
Skandinaviska Enskilda Banken's pension funds	12,291,441	1,483,401	2.3
Investor AB	8,468,100	—	1.6
Livförsäkrings AB Skandia	6,333,657	497,530	1.2
Nordbankens Allemansfonder*	6,072,400	810,000	1.2
Union Bank of Finland	5,804,528	—	1.1
Wasa Livförsäkring	4,957,000	—	0.9
AB Export-Invest	4,000,000	—	0.8
Trygg-Hansa Försäkrings AB	3,925,266	202,664	0.7
Painwebber, Boston	3,778,200	—	0.7
Den norske Bank A/S	3,683,308	—	0.7
Unidanmark A/S	3,572,784	—	0.7
Banco Allemansfonder*	2,931,660	—	0.6
Skandinaviska Enskilda Banken's Profit-Sharing Foundation	2,879,327	—	0.5
Föreningsbankens Allemansfonder*	2,862,100	—	0.5
Skandinaviska Enskilda Bankens Allemansfonder*	2,773,800	—	0.5
Oppenheimer Global Fund, New York	2,580,000	—	0.5

\* Allemansfonder = national public share savings funds

According to the Bank's Articles of Association, no one person may vote for more than 2 per cent of all shares in the Bank. This means that the voting power of each one of the five largest shareholders at year-end was reduced to 10,538,386 votes.

The Bank's Board of Directors has decided to propose to the 1994 Annual General Meeting that the restriction in voting rights be removed and that shareholders in future be allowed to vote for the full number of shares held.

### Convertible debentures

A convertible debenture loan of SEK 1.2 billion was issued to the employees of the S-E-Bank Group in 1988. The debenture certificates carry fixed annual interest of 8.75 per cent and may be converted into Series A shares during the period June 1990 – June 1995.

Adjusted for the new issue of shares in the autumn of 1993, the conversion price is SEK 50.10 per share.

In the event of full conversion, the number of shares in S-E-banken will increase by 24,015,369, equivalent to about 4.6 per cent of equity and to 4.8 per cent of the number of votes. The loan is listed on the Stockholm Stock Exchange.

## Accounting principles

### Consolidated accounts

The Annual Report and the consolidated accounts have been prepared in accordance with the regulations of the Swedish Financial Supervisory Authority.

The S-E-Bank Group includes Skandinaviska Enskilda Banken and those companies in which the Bank directly or indirectly has more than 50 per cent of the voting power. The consolidated accounts do not include companies which the Bank has taken over in connection with loan foreclosures (so-called pledge companies). However, the Diligentia companies, which have been created for taking over properties, are included in the consolidated accounts.

The consolidated balance sheet has been prepared according to the *purchase method* of accounting. This means that the book values of shares in subsidiaries are eliminated against the amount of equity of each subsidiary at the time of acquisition. In connection with acquisitions of Swedish companies, a deferred tax liability of 30 per cent has been recorded on untaxed reserves and for companies outside Sweden at the tax rate prevailing in each respective country. Each subsidiary's contribution to consolidated shareholders' equity is thus only the equity capital that has been created after acquisition.

Excess values arising on elimination of shares in subsidiaries are allocated to the assets of the respective company or are shown as goodwill. These excess values are depreciated according to their estimated economic life. For goodwill this means a 10-year depreciation period at present and for properties their remaining period of use.

The accounts of companies that have been sold or bought during the year are consolidated only for the period that the S-E-Bank Group has directly or indirectly owned more than 50 per cent of the voting power.

The profit and loss accounts and balance sheets of foreign subsidiaries have been drawn up according to the accounting practices prevailing in each respective country. When preparing the consolidated statements of the S-E-Bank Group these statements have been adjusted to reflect the accounting principles of the Group.

The consolidated accounts are being prepared according to the recommendation of the Swedish Financial Accounting Standards Council, with untaxed reserves in the balance sheet shown as deferred taxes and restricted equity, and with appropriations in the profit and loss accounts not being affected by changes in untaxed reserves. Changes in deferred taxes are reported separately under "Taxes" in the consolidated profit and loss account.

### Foreign currency translation

Each subsidiary translates assets and liabilities denominated in a currency other than the local one at the "Swedish Bankers' Association middle rate." Where this middle rate is not quoted, an exchange rate based on the average of buying and selling rates quoted in Sweden on the balance sheet date is used.

In translating the financial statements of foreign subsidiaries, the *current rate method* is used. Balance sheet items, except shareholders' equity, are thus translated using the exchange rate prevailing on the balance sheet date. Shareholders' equity is translated using the exchange rate on the date of the respective investment or the date on which income was reported. Items in the profit and loss statement are translated according to the average exchange rates during the year.

Since different items in the financial statements are translated at different exchange rates, *translation differences* arise. These translation differences are not recorded in the consolidated profit and loss accounts but are directly included in shareholders' equity, distributed between statutory and free reserves.

*Skandinaviska Enskilda Banken's assets and liabilities in foreign currencies*, except for shares in subsidiaries and the corresponding financing, are translated at the exchange rate prevailing on the balance sheet date. The "Swedish Bankers' Association middle rate" is used as the exchange rate on the balance sheet date.

Liabilities in foreign currencies in the Bank, intended for refinancing of shares in subsidiaries, are valued at the historical exchange rate on the date incurred, as are the corresponding shareholdings. At Group level, this valuation is eliminated.

### Office equipment, premises and equipment leased to clients

*The Bank's office equipment* is depreciated according to plan. The difference between scheduled depreciation and depreciation for tax purposes is reported as an extra depreciation reserve.

*Bank premises* are depreciated at the highest percentages permissible for tax purposes.

*Properties pledged* are not depreciated according to plan, but are valued at the lower of acquisition and actual values. Any restored writedown is reported as a recovery.

*Equipment leased to clients* is depreciated in annuities, based on a conservatively estimated residual value at the end of the contract period. For leased equipment that

cannot be sold in a functioning market at the end of the contract period, the scheduled residual value is zero.

### Lending losses and problem loans

Incurred lending losses (directly written off) during the year and provisions for possible lending losses are reported as lending losses. The loan portfolio is reported on a net basis, i.e. after subtracting provisions for possible lending losses. The provision is reported separately in a note to the financial statements. The general reserve for political risks abroad is reported on a gross basis among liabilities in the balance sheet.

*Incurred lending losses* are those losses whose amount is regarded as finally established, for example in bankruptcy proceedings, through the acceptance of a composition proposal to creditors or through other remission of claims. When a property is included in the Diligentia companies, the difference between the loan and the value of the property is reported as an incurred lending loss.

A provision for a *possible loss* is defined as the difference between the loan amount and the amount that is expected to be recovered, taking into account the repayment capacity of the borrower and the value of the loan collateral. A provision is made if

- interest or principal is more than 60 days past due or other circumstances give reason for uncertainty as to whether the loan will be repaid and
- it does not appear possible to improve the borrower's repayment capacity sufficiently within two years and
- the value of the collateral does not cover the amount of the loan.

Extra depreciation of equipment leased to clients due to the leaseholder's inability to make payments is also reported as a lending loss.

### Appraisal of collateral

Appraisal of collateral, including properties, is performed in compliance with the directives of the Financial Supervisory Authority. In conformity therewith, properties which have been taken over, or which are expected to be taken over, by the Group have been appraised by using a market value based on their long-term yield. The Group intends to sell these properties in an orderly manner when the market has stabilised, and as far as possible without incurring a loss.

This long-term appraisal is made for each individual property by calculating future net operating earnings over

ten years, plus residual value at the end of the period. All figures comprising net operating earnings are based on current conditions and available market information with respect to the development of rents, operating costs, vacancy ratios, etc.

Borrowing is included in the calculation if it affects the appraisal; for example, in connection with Government loans with interest-rate subsidies. Net operating earnings are reduced to reflect property-specific risk, as derived from the conditions applicable to a particular property.

A residual value at the end of the period covered by the calculation is also estimated for each property. This residual value is calculated by equating the ratio between normal annual net operating earnings and the residual value in year ten with the direct market yield. Guiding factors in estimating this market yield are the character of the property, its location and an assumed real interest rate of 4 per cent.

The estimated net operating earnings and the residual value are discounted at the end of each year, using a cost of capital of 8 per cent. The cost of capital is made up of three component parts: an assumed long-term inflation rate of 3.5 per cent, an assumed long-term real interest rate of 4 per cent and a standard risk surcharge of 0.5 per cent. This cost-of-capital rate should not be confused with the market yield requirement used in the real estate market. The cost-of-capital rate is changed if it is assumed that long-term economic conditions will develop in a different manner. Sales costs are deducted in year one in the calculation, and have been standardised, on the assumption that external brokers are not used.

Properties that have been pledged as collateral for doubtful debts and which the Bank intends to take over for the long-term are appraised in accordance with the method described above.

In other cases, the value is calculated on the basis of the actual market value of each specific property. This is arrived at by restoring the property-specific risk component to net operating earnings. Net operating earnings, thus adjusted, plus the residual value, are discounted at the end of each year, using a discount factor that is applied in the market at any given time. In certain cases, where appropriate, other accepted methods are used such as regional pricing.

In most cases, appraisal expertise from the Bank's subsidiaries Arsenalen and Garnisonen has been used for making property appraisals.

Information on *nonperforming* loans is provided in

## Accounting principles

connection with each respective asset item. Nonperforming assets are defined as loans that are more than 60 days past due or where other circumstances give reason for uncertainty as to whether the loan will be repaid. In cases where these loans are believed to involve a lending loss risk, provisions for possible lending losses have been made. The remaining amount described as nonperforming loans is thus not an expression of the risks of lending losses in the loan portfolio.

Information is also provided on the amount of loans for which *interest deferments* or *interest concessions* have been granted, compared with the original terms of the loan. These items refer to loans of at least SEK 1M on which the interest rate has been lowered to less than market level.

Loan terms are renegotiated in order to enable a borrower experiencing temporary payment difficulties to resume payments at a normal level. Deferments/concessions should be granted only if there are good prospects of a turnaround in the borrower's situation. They are also normally granted on the condition that if all goes well, the borrower will also repay the deferred amounts to the Bank.

### Political risks abroad

Provisions for political risks abroad are made in the requisite amount in accordance with either the Financial Supervisory Authority's regulations or the market price quotation, whichever is lower.

### Deferred taxes

In conformity with the purchase method of accounting, a deferred tax liability of the Group of 30 per cent in Sweden has been recorded and – for companies outside Sweden – at the tax rate prevailing in each country. The 30-percent rate has been used to conform to the calculation of the Group's capital base in accordance with the rules on capital ratios.

### Pensions

The cost of pensions is reported under "Staff costs" in the profit and loss accounts. In accordance with the regulations of the Financial Supervisory Authority, this involves an actuarial calculation of imputed pension costs plus pension insurance (deferred annuity) premiums paid. The imputed cost is recovered under "Appropriations" (See Note 9).

### Taxes

The item "Taxes" in the profit and loss accounts presents the estimated tax on business operations. The change in

the deferred tax liability is reported in a separate line below "Taxes". Property tax is reported as an operating cost.

### Untaxed reserves

Untaxed reserves are reported only for legal entities. The financial statements of the Bank therefore report not only extra depreciation on office equipment and certain other untaxed reserves in foreign branch offices, but also a tax equalisation reserve and the amounts of deferred withdrawals from untaxed reserves. The Bank's appropriation to the tax equalisation reserve is based on adjusted shareholders' equity.

### Valuation of interest-bearing debt instruments

The Group's bondholdings and holdings of other interest-bearing debt instruments are divided into a trading and an investment portfolio.

The trading portfolio (short-term holdings) is valued at the lower of historical cost and market price. The resulting gain or loss is shown as an appropriation to, or a withdrawal from, a special value adjustment account for bonds, which is reported on a net basis against bonds in the balance sheet.

The investment portfolio is valued at the market price on the balance sheet date. The resulting gain or loss is shown as an appropriation to, or a withdrawal from, a special value adjustment account for bonds, which is reported on a net basis against bonds in the balance sheet. The investment portfolio is thereby also presented at the lower of cost or market value.

Any premium or discount on interest-bearing discount or zero-coupon instruments (applies to both assets and liabilities) is amortised over the life of the instrument, so that the effective rate equals that rate of interest which makes the discounted present value of the future cash flow under the instrument equal to the historical cost.

### Changes in accounting principles

The 1992 financial statements have been adjusted to 1993 accounting principles. In this connection, a reclassification has been made of interest on foreign currency account, amounting to SEK 82 M, from "Commissions, fees and foreign exchange earnings" to "Net interest earnings" and of capital gains on shares, SEK 135 M, from "Other operating income" to "Capital gains, shares".

In order for an individual item to be reported as "Extraordinary", it must be not less than SEK 50 M.

# Definitions

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## **Net interest margin**

Net interest earnings as a percentage of average total assets, i.e. net return on assets.

## **Return on equity**

Operating profit after 30 per cent standard tax as a percentage of equity – defined as taxed shareholders' equity at the opening of the year minus the dividends paid during the year plus any new share issue plus the equity portion of all untaxed reserves where they exist plus minority interests in shareholders' equity.

## **Earnings per share after standard tax**

Profit excluding capital gains divided by the number of ordinary shares at year-end, where profit excluding capital gains is defined as operating profit plus extraordinary items excluding capital gains minus 30 per cent tax minus minority interests in profit plus share of profit in associated companies in excess of dividends received.

## **Earnings per share after full tax**

The same definition as above except that the year's tax cost is calculated as the sum of tax paid and 30 per cent of all appropriations.

## **Adjusted shareholders' equity per share**

Taxed shareholders' equity, plus the equity portion of untaxed reserves where they exist, divided by the number of ordinary shares at year-end.

## **Core capital ratio**

Core capital as a percentage of risk-weighted balance sheet and off-balance sheet volume. Core capital consists of taxed shareholders' equity plus the equity portion of untaxed reserves where they exist, plus minority interests in shareholders' equity minus goodwill.

## **Total capital ratio**

Total shareholders' equity as a percentage of risk-weighted balance sheet and off-balance sheet volume. Total capital consists of core capital and supplementary capital minus shareholdings in unconsolidated companies. Supplementary capital includes subordinated debenture loans plus reserves and capital contribution, approved by the Government. Supplementary capital may not exceed the amount of core capital.

## **Lending loss level**

The lending loss level is defined as lending losses divided by the loan portfolio at the opening of the year (net) plus loan guarantees and equipment leased to clients (net).

## **Loss provision ratio**

Provision for possible lending losses minus provisions for those commitments for which the pledged collateral will be taken over for protection of claims as a percentage of unsettled claims minus amounts credited for those commitments for which the pledged collateral will be taken over for protection of claims.

## **Level of problem loans**

Problem loans (net) divided by year-end loan portfolio (net) plus loan guarantees and equipment leased to clients (net).

## **Problem loans**

The problem loans include nonperforming loans and loans subject to interest concessions or interest deferrals.

## **Note**

The figures within parenthesis refer to 1992, unless otherwise stated. All percentage figures related to the business of the S-Bank Group or the Bank are based on exact amounts.

Percentage changes refer to comparisons with 1992, unless otherwise stated.

## Profit and loss accounts

Notes on pages 40 – 44.

	The Group			The Bank		
	1993 SEK M	1992 SEK M	Change %	1993 SEK M	1992 SEK M	Change %
<b>Operating income</b>						
Interest income	39,332	49,159	- 20.0	28,678	34,989	- 18.0
Interest costs	29,553	42,604	- 30.6	20,990	30,301	- 30.7
Net interest earnings <small>Note 1</small>	9,779	6,555	+ 49.2	7,688	4,688	+ 64.0
Commissions, fees and foreign exchange earnings <small>Note 2</small>	6,816	6,166	+ 10.5	5,080	4,918	+ 3.3
Property income	117	129	- 9.3			
Net operating earnings, properties taken over	259	44				
Capital gains, shares	240	162	+ 48.1	70	27	+ 159.3
Capital gains, bonds	840	303	+ 177.2	785	234	
Dividends on shares	236	75		300	64	
Other operating income	148	273	- 45.7	183	176	+ 4.0
<b>Total operating income</b>	<b>18,435</b>	<b>13,707</b>	<b>+ 34.5</b>	<b>14,106</b>	<b>10,107</b>	<b>+ 39.6</b>
<b>Operating costs</b>						
Staff costs <small>Note 3</small>	4,308	4,152	+ 3.8	3,213	3,158	+ 1.7
Costs for premises <small>Note 4</small>	743	790	- 5.9	932	1,001	- 6.9
Other operating costs <small>Note 5</small>	2,450	2,396	+ 2.3	1,890	1,708	+ 10.7
Depreciation <small>Note 6</small>	410	556	- 26.3	234	201	+ 16.4
<b>Total operating costs before losses</b>	<b>7,911</b>	<b>7,894</b>	<b>+ 0.2</b>	<b>6,269</b>	<b>6,068</b>	<b>+ 3.3</b>
<b>Operating profit before losses</b>	<b>10,524</b>	<b>5,813</b>	<b>+ 81.0</b>	<b>7,837</b>	<b>4,039</b>	<b>+ 94.0</b>
Lending losses <small>Note 7</small>	10,167	11,167	- 9.0	8,962	9,587	- 6.5
Provisions for political risks abroad		16	- 100.0			
<b>Operating profit/loss</b>	<b>357</b>	<b>- 5,370</b>		<b>- 1,125</b>	<b>- 5,548</b>	<b>+ 79.7</b>
Extraordinary income <small>Note 8</small>	+ 322	+ 237	+ 35.9	+ 322	+ 124	+ 159.8
Extraordinary costs <small>Note 8</small>		- 1,683	- 100.0		- 1,582	- 100.0
<b>Profit/loss before appropriations and taxes</b>	<b>679</b>	<b>- 6,816</b>		<b>- 803</b>	<b>- 7,006</b>	<b>+ 88.5</b>
Appropriations <small>Note 9</small>	+ 735	+ 661	+ 11.1	+ 2,470	+ 5,980	- 58.7
Taxes <small>Note 10</small>	- 518	- 142		- 331	+ 64	
Deferred taxes	+ 302	+ 1,555				
Minority interests	- 26	- 20	+ 30.0			
<b>Reported profit/loss for the year</b>	<b>1,172</b>	<b>- 4,762</b>		<b>1,336</b>	<b>- 962</b>	

	The Group			The Bank		
	1993 SEK M	1992 SEK M	Change %	1993 SEK M	1992 SEK M	Change %
<b>Assets</b>						
Cash	1,623	1,903	- 14.7	1,583	1,815	- 12.8
Clearing receivables	545	885	- 38.4	545	885	- 38.4
Deposited with						
Swedish banks	5,341	10,595	- 49.6	5,323	10,125	- 47.4
foreign banks	14,969	26,749	- 44.0	27,414	34,167	- 19.8
Interest-bearing securities						
Trading portfolio	15,346	4,473		14,489	4,084	
Investment portfolio	64,128	54,937	+ 16.7	63,286	48,060	+ 31.7
Lending	275,151	328,739	- 16.3	203,615	246,488	- 17.4
Equipment leased to clients	10,318	11,132	- 7.3	9	12	- 25.0
Goodwill	404	496	- 18.5	290	352	- 17.6
Shares, current	2,943	796		2,463	730	
Properties taken over for protection of claims	12,404	2,797		15	9	+ 66.7
Shares, long-term	7,630	3,580	+ 113.1	6,595	6,933	- 4.9
Office equipment	896	901	- 0.6	443	526	- 15.8
Properties for own offices	3,164	3,087	+ 2.5	18	25	- 28.0
Other assets	33,398	34,263	- 2.5	30,209	30,189	+ 0.1
<b>Total assets</b>	<b>448,260</b>	<b>485,333</b>	<b>- 7.6</b>	<b>356,297</b>	<b>384,400</b>	<b>- 7.3</b>
of which, due from Group companies				35,540	36,692	- 3.1
Collateral pledged	15,023	7,751	+ 93.8	3,203	2,514	+ 27.4
Total credit commitments	306,858	353,438	- 13.2	230,407	268,616	- 14.2
<b>Liabilities</b>						
Clearing liabilities and bank drafts	2,220	1,615	+ 37.5	2,220	1,615	+ 37.5
Borrowed from						
Swedish banks and financial institutions	3,770	30,860	- 87.8	2,482	30,103	- 91.8
foreign banks	73,354	113,791	- 35.5	80,279	111,307	- 27.9
Deposits	157,015	141,975	+ 10.6	153,047	138,617	+ 10.4
Commercial paper	3,664	4,114	- 10.9	83	437	- 81.0
Certificates of deposit	17,405	21,763	- 20.0	12,718	13,269	- 4.2
Bonds	96,831	92,512	+ 4.7	34,462	27,519	+ 25.2
Subordinated debenture loans	22,563	20,556	+ 9.8	21,040	19,588	+ 7.4
Reserve for political risks abroad	765	747	+ 2.4	762	697	+ 9.3
Other liabilities	43,123	36,134	+ 19.3	29,245	26,654	+ 9.7
Deferred taxes on untaxed reserves	3,971	4,273	- 7.1			
Minority interests	251	205	+ 22.4			
<b>Total liabilities</b>	<b>424,932</b>	<b>468,545</b>	<b>- 9.3</b>	<b>336,338</b>	<b>369,806</b>	<b>- 9.1</b>
of which, liabilities to Group companies				12,848	17,712	- 27.5
<b>Untaxed reserves and shareholders' equity</b>						
Untaxed reserves				7,354	8,436	- 12.8
Share capital	5,269	2,635	+ 100.0	5,269	2,635	+ 100.0
501,226,394 Series A shares, nominal value SEK 10 each						
25,692,934 Series C shares, nominal value SEK 10 each						
Statutory reserves	14,236	12,206	+ 16.6	4,199	1,722	+ 143.8
Free reserves	2,651	6,709	- 60.5	1,801	2,763	- 34.8
Reported profit/loss for the year	1,172	-4,762		1,336	- 962	
	23,328	16,788	+ 39.0	12,605	6,158	+ 104.7
<b>Total untaxed reserves and shareholders' equity</b>	<b>23,328</b>	<b>16,788</b>	<b>+ 39.0</b>	<b>19,959</b>	<b>14,594</b>	<b>+ 36.8</b>
<b>Total liabilities, untaxed reserves and shareholders' equity</b>	<b>448,260</b>	<b>485,333</b>	<b>- 7.6</b>	<b>356,297</b>	<b>384,400</b>	<b>- 7.3</b>
Guarantees issued	45,901	36,400	+ 26.1	43,079	37,172	+ 15.9
Approved but unutilised letters of credit	11,318	10,907	+ 3.8	11,109	10,791	+ 2.9

Claims on and liabilities to Swedish financial institutions as well as claims and liabilities in foreign currencies are included in several balance sheet items; a summary of these is provided in Note 30. In addition, Note 32 provides a specification of certain off-balance sheet obligations.

# Notes to the financial statements

Amounts in SEK M, unless otherwise specified

## Currency codes

The following international currency codes are used	DKK Danish kroner	NLG Dutch guilders (florins)
AUD Australian dollars	ESB Spanish pesetas	NOK Norwegian kroner
BEF Belgian francs	FIM Finnish marks	PTE Portuguese escudos
BRE Brazilian new cruzeiros	FRF French francs	SGD Singapore dollars
CAD Canadian dollars	GBP British pounds sterling	THB Thai baht
CHF Swiss francs	INR Indian rupees	USD U.S. dollars
DEM German marks	JPY Japanese yen	XEU European currency unit
	LUF Luxembourg francs	

## 1 Net interest earnings

 Specification of net interest earnings in *the Group*; monthly averages.

For 1992, there has been a change in the reporting of certain average volumes from net to gross basis.

The 1993 net interest earnings of the Group, SEK 9,779 M (6,555) included net leasing income of SEK 1,005 M (1,301), consisting of leasing fees totalling SEK 3,617 M (3,544) less depreciation on equipment leased to clients totalling SEK 2,612 M (2,244).

	1993			1992		
	Average	Interest SEK M	Interest rate %	Average	Interest SEK M	Interest rate %
<b>The Group</b>						
<b>Net interest earnings</b>						
Deposited with						
Swedish banks	7,919	774	9.77	13,721	1,805	13.16
foreign banks	24,485	1,652	6.75	25,757	2,318	9.00
Trading portfolio	9,522	852	8.95	10,263	1,232	12.00
Investment portfolio	56,156	3,617	6.44	43,174	4,723	10.94
Lending incl. leasing	316,305	30,002	9.49	332,390	38,331	11.53
Other assets	54,417	2,435		32,297	750	
<b>Total net interest earnings</b>	<b>468,804</b>	<b>39,332</b>	<b>8.39</b>	<b>457,602</b>	<b>49,159</b>	<b>10.74</b>
<b>Sources of funds</b>						
Borrowed from						
Swedish banks	16,506	1,631	9.88	27,106	6,438	23.75
foreign banks	98,452	6,108	6.20	123,912	10,842	8.75
Deposits	142,520	9,545	6.70	132,707	12,225	9.21
Money market instruments	21,535	1,697	7.88	25,205	1,569	6.22
Long-term liabilities	118,339	9,943	8.40	96,030	9,718	10.12
Other liabilities	53,054	629		30,064	1,812	
Shareholders' equity and untaxed reserves	18,398			22,578		
<b>Total sources of funds</b>	<b>468,804</b>	<b>29,553</b>	<b>6.30</b>	<b>457,602</b>	<b>42,604</b>	<b>9.31</b>
<b>Net interest earnings</b>		<b>9,779</b>			<b>6,555</b>	
<b>Net interest margin</b>			<b>2.09</b>			<b>1.43</b>

 Specification of net interest earnings in *the Bank*; daily averages (annual averages of each balance sheet item day by day) as well as corresponding interest rates and interest amounts.

For 1992, there has been a change in reporting of certain average volumes from net to gross basis.

	1993			1992		
	Average	Interest SEK M	Interest rate %	Average	Interest SEK M	Interest rate %
<b>The Bank</b>						
<b>Net interest earnings</b>						
Deposited with						
Swedish banks	7,141	691	9.68	8,354	1,617	19.36
foreign banks	56,323	3,957	7.03	62,112	5,663	9.12
Trading portfolio	2,798	293	10.47	5,540	698	12.60
Investment portfolio	46,681	3,878	8.31	40,330	4,108	10.19
Lending incl. leasing	199,991	18,279	9.14	212,223	22,226	10.47
Other assets	40,385	1,580		32,779	677	
<b>Total net interest earnings</b>	<b>353,319</b>	<b>28,678</b>	<b>8.12</b>	<b>361,338</b>	<b>34,989</b>	<b>9.68</b>
<b>Sources of funds</b>						
Borrowed from						
Swedish banks	11,160	1,103	9.88	18,688	3,826	20.47
foreign banks	128,931	8,075	6.26	145,864	12,400	8.50
Deposits	125,615	8,200	6.53	105,636	9,748	9.23
Long-term liabilities	48,347	3,310	6.85	37,213	3,464	9.31
Other liabilities	23,596	302		32,677	863	
Shareholders' equity and untaxed reserves	15,670			21,260		
<b>Total sources of funds</b>	<b>353,319</b>	<b>20,990</b>	<b>5.94</b>	<b>361,338</b>	<b>30,301</b>	<b>8.39</b>
<b>Net interest earnings</b>		<b>7,688</b>			<b>4,688</b>	
<b>Net interest margin</b>			<b>2.18</b>			<b>1.30</b>

## 2 Commissions, fees and foreign exchange earnings

	The Group		The Bank	
	1993	1992	1993	1992
Domestic lending operations .....	354	364	303	350
Domestic and international securities operations <sup>1)</sup> .....	1,382	853	923	614
Legal and trust operations .....	480	407	480	407
Other domestic operations .....	1,191	1,141	984	963
International operations .....	3,409	3,401	2,390	2,584
	<b>6,816</b>	<b>6,166</b>	<b>5,080</b>	<b>4,918</b>
1) of which brokerage commissions	448	241	428	241

## 3 Staff costs

	The Group		The Bank	
	1993	1992	1993	1992
Salaries and remuneration .....	3,011	2,859	2,197	2,108
Imputed pension premiums .....	131	125	131	125
Pension premiums paid .....	73	64	21	14
Other social benefit charges .....	859	911	695	759
Other staff costs .....	234	193	169	152
	<b>4,308</b>	<b>4,152</b>	<b>3,213</b>	<b>3,158</b>
Salaries and remuneration:				
to Boards of Directors and Managing Directors .....	41	38	12	11
to other employees in Sweden .....	2,160	2,097	1,912	1,838
to other employees abroad .....	816	714	279	249
appropriation to/withdrawal from holiday and overtime reserves .....	- 6	10	- 6	10

### Salaries, remuneration and benefits according to the guidelines of The Swedish Industry and Commerce Stock Exchange Committee.

The Chairman of the Board of Directors, Curt G Olsson, has received a director's fee and benefits totalling SEK 990,609, as well as pension benefits.

The Board member Karl-Erik Sahlberg has received SEK 80,000 for his directorship in one of the Bank's subsidiaries, in addition to the director's fee fixed by the Annual General Meeting.

The other Board members, appointed by the Annual General Meeting, have only received such fees as the AGM has fixed.

The Managing Director and Group Chief Executive, Björn Svedberg, has received salary and remuneration totalling SEK 6,211,434. Mr Svedberg's contractual employment is valid to and including the 1997 Annual General Meeting. His employment may be prolonged by a maximum of five more years. Old-age pension is payable as from his sixtieth year, at the earliest, and from his sixty-fifth year, at the latest, at 50 per cent of his salary. The pension amount shall include "AFP" and "ATP" (National Basic Pensions Scheme and National Supplementary Pensions Scheme), as well as paid-up policy from previous employment. In addition, the Bank has paid a premium corresponding to two "base amounts" (one base amount equalled SEK 34,400 in 1993) for a special pension commitment.

The following applies to the members of the Group Management Committee, which comprises 15 members, besides the Group Chief Executive:

In case the Bank gives notice of termination, (the period of notice being 12 months), a severance pay equivalent to 12 months' salary is payable; however, for officers who have held a position at Group management level for at least 7 years and who are at least 50 years old, such severance pay may amount to a maximum 24 months' salary. The Bank has the right to make deductions from the severance pay for any cash payments that the officer may be entitled to from another employer or from his/her own business.

Old age pension is payable from the age of 65 at 65 per cent of the salary up to the equivalent of 40 "base amounts", and at 32.5 per cent of the salary thereafter. The pension amounts include amounts payable in the form of "ATP" and "AFP". Early retirement pension from the age of 60, at the earliest, with the right for the Bank and the officer, respectively, to demand termination of employment, is equal to 65 per cent of the salary.

Three members of the Group Management Committee have older, somewhat different contracts of employment, which among other things imply that old age pension at the age of 65 amounts to 65 per cent of the salary. For each of these and for one additional member, the Bank has paid a premium for a special pension commitment of two "base amounts".

**Note 3, continued**

	The Group		The Bank	
	1993	1992	1993	1992
Average number of employees .....	9,953	10,368	8,044	8,213
Regions				
North .....			417	423
Stockholm City .....			709	722
Greater-Stockholm .....			690	680
East .....			480	503
West .....			1,246	1,276
South .....			730	758
Business areas and staff functions of the S-E-Banken Division .....			1,674	1,905
Enskilda Corporate in Sweden .....			798	807
abroad .....			557	442
Diligentia .....			103	13
Group functions .....			640	684
Abroad .....	1,536	1,623		
Number of hours worked .....			12,059,322	12,908,151

Detailed information about the average number of employees and salaries and remuneration as required by Chapter 4, Section 9, Paragraph 2 of the Swedish Banking Business Act will be provided by the Bank upon request. Of S-E-Bank Group employees, 57 per cent were women and 43 per cent men.

Pension costs in Skandinaviska Enskilda Banken have been calculated in accordance with the regulations of the Swedish Financial Supervisory Authority, which involves an actuarial calculation of imputed pension costs.

Once-off costs for early retirement of SEK 210 M have been charged to the Bank's pension funds.

	Pension commitments		Market value of assets	
	1993	1992	1993	1992
<b>The Bank's pension funds, December 31, 1993</b>				
SB-stiftelsen. Skandinaviska Enskilda Bankens Pensionsstiftelse	2,584	2,407	5,994	4,572
EB-stiftelsen. Skandinaviska Enskilda Bankens Pensionsstiftelse	1,014	906	5,139	3,671
	<b>3,598</b>	<b>3,313</b>	<b>11,133</b>	<b>8,243</b>

**4 Costs for premises**

	The Group		The Bank	
	1993	1992	1993	1992
Rents .....	453	516	698	774
Other costs for premises .....	290	274	234	227
	<b>743</b>	<b>790</b>	<b>932</b>	<b>1,001</b>

**5 Other operating costs**

	The Group		The Bank	
	1993	1992	1993	1992
Stationery .....	92	94	74	75
Postage and telecommunications .....	326	311	259	243
Machinery rentals .....	364	293	319	225
Printed matter etc .....	115	158	84	115
Transaction fees .....	273	293	270	291
Services purchased .....	543	507	402	333
Miscellaneous .....	737	740	482	426
	<b>2,450</b>	<b>2,396</b>	<b>1,890</b>	<b>1,708</b>

**6 Depreciation**

	The Group		The Bank	
	1993	1992	1993	1992
Goodwill .....	92	226	62	
Office equipment .....	237	272	171	200
Properties .....	81	58	1	1
	<b>410</b>	<b>556</b>	<b>234</b>	<b>201</b>

Total goodwill in the *Group* was SEK 404 M after depreciation. Goodwill in the *Bank* amounts to SEK 290 M and forms part of the *Group* goodwill which, after a restructuring of its operations, has been transferred to the Bank. Office equipment in the Bank is depreciated according to a special plan. In brief, this specifies that personal computers and the like are depreciated over three years, office terminal installations over seven years and other office equipment over five years.

## 7 Lending losses

	The Group		The Bank	
	1993	1992	1993	1992
Incurring lending losses .....	7,311	5,897	6,133	5,010
Of which reversal of provision for incurred losses .....	-3,564	-1,633	-3,224	-1,604
Provision for possible losses .....	7,105	7,321	6,567	6,479
Recoveries of previous reserves .....	-433	-369	-295	-254
Recoveries .....	-252	-49	-219	-44
	<b>10,167</b>	<b>11,167</b>	<b>8,962</b>	<b>9,587</b>
<b>Of which, receivables appraised by category</b>				
Incurring losses .....	384	137	125	120
Provision for/recovery of reserves .....	123	213	-62	1
Recoveries on previously incurred losses .....	-23	-37	-16	-37
	<b>484</b>	<b>313</b>	<b>47</b>	<b>84</b>

Group lending losses include SEK 72 M on equipment leased to clients.

Receivables appraised by category refer to homogeneous groups of claims of limited value and similar credit risk. Such appraisal has been made of credit and charge card claims and of single-family houses and co-operative blocks of flats in Svensk Fastighetskredit and Mortgage Trust Ltd.

## 8 Extraordinary items

	The Group		The Bank	
	1993	1992	1993	1992
<b>Income</b>				
Shares in employee investment funds .....		121		121
Capital gain on sale of properties .....		100		
Capital gains on sales of shares .....	322 <sup>1</sup>	14	322 <sup>1</sup>	2
Other extraordinary income .....		2		1
	<b>322</b>	<b>237</b>	<b>322</b>	<b>124</b>
<b>Costs</b>				
Capital infusion, Industrikredit AB .....		98		98
Write-down of shares in				
Den norske Bank A/S .....		9		9
Unidanmark A/S .....		41		41
Affärsbanken Unitas Ab .....		123		123
Skandia Group Försäkrings AB .....		530		530
Scandinavian Investments Ltd .....				280
Scandinavian Finance BV .....				500
Miscellaneous write-down of shares .....		98		
Nonrecurring write-down of goodwill in subsidiaries .....		750		
Capital loss on sale of shares .....		3		
Capital loss on sale of properties .....		14		
Other extraordinary costs .....		17		1
		<b>1,683</b>		<b>1,582</b>
1) Skandia Group Försäkrings AB .....	252	—	252	—
Affärsbanken Unitas Ab .....	70	—	70	—

## 9 Appropriations

	The Group		The Bank	
	1993	1992	1993	1992
Withdrawal/appropriation to deferred withdrawal amounts .....			+3,010	+3,010
Withdrawal/appropriation to equity-based tax equalisation reserve .....			-1,983	+2,728
Appropriation to value adjustment account				
for investment portfolio .....		-385		-350
Withdrawal from value adjustment account				
for investment portfolio .....	+385	+694	+350	+678
Translation difference from release of investment portfolio reserve .....	-4	+22		
Appropriation to untaxed reserves (see Note 27) .....			+49	-40
Difference between book and scheduled depreciation .....			+11	+17
Recovery of imputed pension premiums .....	+131	+125	+131	+125
Compensation from pension funds .....	+460	+431	+460	+431
Pension disbursements .....	-237	-226	-237	-226
Shareholder contribution .....			-240	
Group contributions received .....			+1,831	+363
Group contributions paid .....			-912	-756
	<b>+735</b>	<b>+661</b>	<b>+2,470</b>	<b>+5,980</b>

## 10 Taxes

	The Group		The Bank	
	1993	1992	1993	1992
Estimated corporate tax etc. ....	- 187	- 213		- 7
Estimated taxes withheld and branch office taxes outside Sweden .....	- 331	- 54	- 331	- 54
Withdrawal from tax settlement reserve .....		+ 125		+ 125
	<b>- 518</b>	<b>- 142</b>	<b>- 331</b>	<b>+ 64</b>

## 11 Deposited with Swedish banks

	The Group		The Bank	
	1993	1992	1993	1992
Compulsory cash reserves .....	1,122	478	1,122	478
Other investments .....	4,219	10,117	4,201	9,647
	<b>5,341</b>	<b>10,595</b>	<b>5,323</b>	<b>10,125</b>

## 12 Trading portfolio

	The Group		The Bank	
	1993	1992	1993	1992
<b>Acquisition value</b>				
Money market instruments .....	83	873	83	834
Treasury debt certificates incl. Treasury discount notes .....	166	702	166	687
Government bonds .....	1,020	511	936	295
Local government bonds .....		25		10
Mortgage bonds .....	4,652	1,632	4,807	1,529
Industrial bonds .....	6	147	3	147
Foreign bonds .....	7,256	507	6,342	508
Miscellaneous .....	2,163	76	2,152	74
<b>Total acquisition value .....</b>	<b>15,346</b>	<b>4,473</b>	<b>14,489</b>	<b>4,084</b>
<b>Market value</b>				
Money market instruments .....	83	873	83	834
Treasury debt certificates incl. Treasury discount notes .....	166	703	166	688
Government bonds .....	1,023	510	937	293
Local government bonds .....		25		10
Mortgage bonds .....	4,663	1,643	4,817	1,539
Industrial bonds .....	6	137	3	138
Foreign bonds .....	7,256	508	6,343	507
Miscellaneous .....	2,163	76	2,152	75
<b>Total market value .....</b>	<b>15,360</b>	<b>4,475</b>	<b>14,501</b>	<b>4,084</b>

## 13 Investment portfolio

	The Group		The Bank	
	1993	1992	1993	1992
<b>Acquisition value</b>				
Money market instruments .....	7,578		7,585	
Treasury debt certificates incl. Treasury discount notes .....	1,170	1,605	1,170	689
Government bonds .....	14,580	11,465	11,726	6,544
Local government bonds .....	60	218	60	66
Mortgage bonds .....	10,547	4,171	13,657	6,223
Industrial bonds .....	480	1,044	367	1,008
Foreign bonds .....	28,834	35,155	28,024	33,362
Miscellaneous .....	899	1,664	697	518
<b>Total acquisition value .....</b>	<b>64,128</b>	<b>55,322</b>	<b>63,286</b>	<b>48,410</b>
<b>Less:</b> value adjustment account for bonds .....		- 385		- 350
<b>Net book value as per balance sheet .....</b>	<b>64,128</b>	<b>54,937</b>	<b>63,286</b>	<b>48,060</b>
Bonds include subordinated debentures in amount of .....	105	443	23	443

Note 13, continued

	The Group		The Bank	
	1993	1992	1993	1992
<b>Market value</b>				
Money market instruments .....	7,578		7,585	
Treasury debt certificates incl. Treasury discount notes .....	1,171	1,580	1,171	686
Government bonds .....	14,627	11,455	11,745	6,404
Local government bonds .....	62	220	62	67
Mortgage bonds .....	11,080	3,954	14,106	6,146
Industrial bonds .....	472	1,014	372	977
Foreign bonds .....	28,819	35,077	27,981	33,284
Miscellaneous .....	899	1,637	754	496
<b>Total market value .....</b>	<b>64,708</b>	<b>54,937</b>	<b>63,776</b>	<b>48,060</b>

The Bank's total holdings of bonds in the investment and trading portfolios at nominal value are distributed as follows in terms of remaining maturities until redemption:

	Dec. 31, 1993		Dec. 31, 1992	
	Nominal	% of total	Nominal	% of total
Less than 1 year .....	23,367	34	6,391	12
1 - 5 years .....	38,389	57	40,217	79
6 - 10 years .....	5,191	8	2,495	5
More than 10 years .....	563	1	1,984	4
	<b>67,510</b>	<b>100</b>	<b>51,087</b>	<b>100</b>
Average remaining maturity .....	2.6 years		2.1 years	
Average coupon rate as percentage of acquisition value .....	7.44%		7.23%	

14 Lending

Lending includes all loans except loans/claims involving Swedish and foreign banks, i.e. loans to insurance companies, intermediary institutions and finance companies as well as physical and other legal persons.

	The Group		The Bank	
	1993	1992	1993	1992
Swedish financial institutions .....	5,514	10,260	13,892	20,917
Companies etc .....	202,453	245,334	166,120	196,684
Households .....	67,184	73,145	23,603	28,887
	<b>275,151</b>	<b>328,739</b>	<b>203,615</b>	<b>246,488</b>
Nonperforming loans on which interest income has been reported .....	662	612		
Problem loans				
Net nonperforming loans on which interest income will not be reported until payment is made .....	10,894	12,555	9,080	12,079
Claims on which the interest rate has been reduced to below the market rate .....	5,972	13,344	5,783	13,344
<b>Total problem loans (net) .....</b>	<b>16,866</b>	<b>25,899</b>	<b>14,863</b>	<b>25,423</b>
Current return on problem loans during the accounting period .....	956	549	855	549
Annual current return in per cent .....	4.11	3.08	4.23	3.99
Annual current return in per cent on claims which are not problem loans (SEK and foreign currency) .....	9.91	12.01	9.69	11.15

The reserve for possible lending losses has been subtracted in the above table of loans outstanding and changed as follows:

	The Group		The Bank	
	1993	1992	1993	1992
Opening balance .....	9,306	3,987	8,237	3,616
Reversal of provision for incurred losses during the year .....	- 3,564	- 1,633	- 3,224	- 1,604
Recoveries during the year on previous provisions .....	- 433	- 369	- 295	- 254
Provision for possible losses .....	7,105	7,321	6,567	6,479
<b>Closing balance .....</b>	<b>12,414</b>	<b>9,306</b>	<b>11,285</b>	<b>8,237</b>

**15 Equipment leased to clients**

	The Group		The Bank	
	1993	1992	1993	1992
Acquisition value of leased equipment .....	14,635	14,515	27	27
Accumulated depreciation .....	- 4,774	- 3,911	- 18	- 15
Write-down of leased equipment .....	- 63	- 228		
Advances paid on leased equipment .....	520	756		
<b>Residual value according to plan .....</b>	<b>10,318</b>	<b>11,132</b>	<b>9</b>	<b>12</b>

**16 Shares, current**

	The Group		The Bank	
	1993	1992	1993	1992
Shares taken over in connection with loan foreclosures .....	1,841	5	1,484	5
Shares in stockbroking operations .....	436	95	313	29
Other current shares .....	666	696	666	696
	<b>2,943</b>	<b>796</b>	<b>2,463</b>	<b>730</b>

**Shares taken over in connection with loan foreclosures***Owned to more than 50%, but not consolidated*

	No of shares	Nom. value	Voting rights, %	Book value	Loans to the company
<b>a. Property companies, SEK M</b>					
Fastighets AB Coronado .....	1,632,764	163.3	100	0.0	90.4
Coronado 2 Holding BV .....	NLG 41	0.0	100	0.0	674.0

The above companies are subject to reconstruction. Annual reports for 1993 are not available, and the share of equity as well as the profit/loss for the year cannot be specified as a consequence.

**b. Other companies, SEK M**

IFA Ship AB .....	500	0.0	100	0.0	0
Nya Wisby Hotell AB .....	500	0.0	100	0.0	0
Aronsborg Konferenshotell AB .....	500	0.0	100	0.0	1.0
Gimo Konferenshotell .....	500	0.0	100	0.0	1.5
Täby Park Hotel AB .....	500	0.0	100	0.0	1.9
Röudden (in liquidation) .....	500	0.0	100	0.0	0
AB Roda .....	142,000	0.0	100	0.0	91.2

Shareholders' equity and the result for the year of the above companies are not significant, and this information has therefore been omitted.

*Owned to less than 50%, SEK M*

Lodet Fastighets AB .....	14,539,352	29.1	30.0	50.0	
Eter Leasing AB .....	40,000	4.0	49.0	0.0	
Eterium AB .....	125	0.0	25.0	0.0	
Gamlestaden Intressenter AB .....	2,040	0.0	20.4	0.0	
Fabege AB .....	42,441,933	42.4	36.0	178.2	
Independent Intressenter AB .....	1	0.0	20.4	0.0	
Kapitalparken AB .....	75	0.0	15.0	0.3	
Wihlborg AB .....	99,933	2.0	2.0	4.3	
FR Fastighetsrenting AB .....	251,504	25.2	25.0	68.0	
Hilab AB .....	1,053,868	5.3	11.0	25.8	
Bastionen Syd AB .....	51,136,363	25.6	36.0	50.0	
Tre Byggare Hold AB .....	685,000	0.0	6.3	0.0	
Tre Byggare Debenture loans .....	25,000,000	0.0	0.0	0.0	
Tre Byggare Warrants .....	1,500,000	0.0	0.0	0.0	
Gota .....	500	0.0	0.0	0.0	
KB Oxen 10, 30, 60 .....			48.0	357.0	
Cowen Holding 1 BV .....	NLG 70	0.1	35.0	140.7	
Cowen Holding 2 BV .....	NLG 70	0.1	35.0	140.7	
Cowen Holding 3 BV .....	NLG 70	0.1	35.0	140.7	
West German Property .....	NLG 687,050	51.5	35.0	282.9	

**c. Convertibles, SEK M**

Fabege AB .....	91,463,414			225.0	
AB Piren .....	50,000,000			100.0	
Lodet Fastighets AB .....	998,489			55.2	
Bastionen Syd AB .....	22,724,490			22.3	

**Total shares taken over in connection with loan foreclosures .....** **1,841.1,**

**Other current shares, SEK M**

Nobel Industrier AB .....	115,000,000	575.0	10.7	575.0	
Bure Förvaltnings AB .....	4,530,998	45.3	8.3	90.6	

**Total other current shares .....** **665.6**

Dividend on current shares amounted to SEK 0.1 M (SEK 0 M). The return on the holding of Nobel shares has been reported as interest income.

## 17 Properties taken over for protection of claims

	The Group 1993	The Bank 1993
<i>a) Book values</i>		
Properties taken over .....	12,404	15
Net nonperforming loans to non-consolidated property companies .....	764	764
Net nonperforming loans with properties as predominant collateral .....	7,194	6,368
	<b>20,362</b>	<b>7,147</b>

Of the above properties, SEK 2,399 M has not been valued in accordance with the long-term yield method, described in other contexts.

### *b) Geographical distribution, direct yield, price/square meter*

#### 1) Properties taken over distributed geographically

Type of property		Central Stockholm	Greater Stockholm	Greater Göteborg	Greater Malmö	County towns, etc	Rest of Sweden	Abroad	Total
Multiple-family houses built before 1985 with out Gov. loans	SEK M	646,601	195,800	734,147	117,917	303,198	295,614		2,293,277
	%	5.8	7.7	1.8	7.8	7.4	6.3		5.0
	SEK/m <sup>2</sup>	6,484	3,869	4,490	4,170	3,430	3,474		4,448
Multiple-family houses built after 1985 with Government loans	SEK M	734,704	32,634	93,227		339,018	279,679		1,479,262
	%	8.7	5.6	8.3		7.7	10.5		8.7
	SEK/m <sup>2</sup>	11,886	8,686	7,880		8,279	8,372		9,747
Office/shop premises	SEK M	1,419,535	600,642	1,438,458	75,702	754,114	496,395	1,896,752	6,681,598
	%	6.3	6.1	6.8	4.6	5.9	7.9	6.3	6.4
	SEK/m <sup>2</sup>	23,392	9,414	8,777	3,342	6,267	4,120	13,951	9,714
Industrial/warehouses	SEK M		302,966	184,126	85,421	513,319	350,922	51,933	1,488,687
	%		6.7	5.8	4.8	7.7	6.0	3.7	6.6
	SEK/m <sup>2</sup>		3,117	4,220	2,520	3,152	2,086	2,639	2,833
Hotels/convention hotels	SEK M	202,910	41,973	22,500	58,000	230,524	154,111		710,018
	%	4.4	6.0	7.8	8.1	9.9	6.7		7.2
	SEK/m <sup>2</sup>	32,000	3,086	3,670	6,240	5,638	6,307		7,051
Other premises	SEK M			500	3,497	4,397	9,663		18,057
	%					5.2	3.0		4.0
	SEK/m <sup>2</sup>					1,550	3,421		2,297
<b>Total</b>	<b>SEK M</b>	<b>3,003,750</b>	<b>1,174,015</b>	<b>2,472,958</b>	<b>340,537</b>	<b>2,144,570</b>	<b>1,586,384</b>	<b>1,948,685</b>	<b>12,670,899</b>
	<b>%</b>	<b>6.6</b>	<b>6.5</b>	<b>5.3</b>	<b>6.4</b>	<b>7.3</b>	<b>7.5</b>	<b>6.2</b>	<b>6.5</b>
	<b>SEK/m<sup>2</sup></b>	<b>13,142</b>	<b>5,127</b>	<b>6,357</b>	<b>3,536</b>	<b>4,701</b>	<b>3,652</b>	<b>12,520</b>	<b>6,370</b>

The above table shows book values in SEK M as at December 31, 1993; %, direct yield on budgeted values for 1994 and SEK/m<sup>2</sup> rentable surface.

The total book value for properties is different from the balance sheet value, since also partly-owned properties are included in the table.

	1993	1992
Net operating income	487	125
Net operating costs	228	81
Net operating earnings	<b>259</b>	<b>44</b>

#### 2) Properties in non-consolidated property companies

Type of property		Göteborg	Malmö	Abroad
Office/store	SEK M	70		
	%	13.1		
	SEK/m <sup>2</sup>	9,780		
Hotels/convention hotels	SEK M		22	
	%		7.4	
	SEK/m <sup>2</sup>		7,427	
Projects	SEK M			5,743 <sup>1)</sup>
	%			
	SEK/m <sup>2</sup>			

1) Refers to book values, gross, in the company.

	1993
Net operating income	273
Net operating costs	16
Net operating earnings	<b>257</b>

## 18 Shares, long-term

Shares in foreign companies are reported at their nominal value in millions of each respective currency; book values are translated to Swedish kronor at the exchange rate prevailing on the date of acquisition. Certain holdings in foreign companies are written down to SEK 1 per holding. Dividends are reported in the profit and loss statement under "Other operating income".

	Book value		Dividends	
	1993	1992	1993	1992
A. Subsidiaries .....	5,939	6,023	78	—
B. Scandinavian Banking Partners .....	154	133	—	8
C. Other companies in Sweden .....	493	768	220	55
D. Other companies abroad .....	9	9	2	1
<b>The Bank's shareholdings</b> .....	<b>6,595</b>	<b>6,933</b>	<b>300</b>	<b>64</b>
E. Shareholdings by subsidiaries .....	6,974	2,670	1	11
<b>Total Group shareholdings (B+C+D+E)</b> .....	<b>7,630</b>	<b>3,580</b>	<b>223</b>	<b>75</b>

For a specification of these shareholdings, see page 53.

## 19 Properties for own offices

	The Group		The Bank	
	1993	1992	1993	1992
Acquisition value .....	2,842	2,632	19	26
Accumulated revaluation .....	863	863	0	0
Accumulated depreciation .....	- 465	- 390	- 1	- 1
Accumulated write-downs .....	- 76	- 18	—	—
<b>Book value of properties</b> .....	<b>3,164</b>	<b>3,087</b>	<b>18</b>	<b>25</b>
Taxable value of properties .....	2,099	1,985	8	10

## 20 Other assets

	The Group		The Bank	
	1993	1992	1993	1992
Earnings items brought forward				
Interest .....	10,185	17,581	8,409	15,173
Other items .....	960	2,382	242	1,970
	<b>11,145</b>	<b>19,963</b>	<b>8,651</b>	<b>17,143</b>
Receivable from Swedish National Debt Office for national public savings accounts .....	10,146	10,618	10,146	10,618
Balance, national public savings accounts .....	- 9,689	- 10,335	- 9,689	- 10,335
	<b>457</b>	<b>283</b>	<b>457</b>	<b>283</b>
Securities receivable .....	97	93	97	93
Loaned securities .....	1,880	518	1,880	518
Other items .....	19,819	13,406	19,124	12,152
<b>Total other assets</b> .....	<b>33,398</b>	<b>34,263</b>	<b>30,209</b>	<b>30,189</b>

## 21 Collateral pledged

	The Group		The Bank	
	1993	1992	1993	1992
Lending .....	775	2,510	617	2,510
Shares in insurance premium funds .....	6,895	2,564	—	—
Bonds .....	4,389	1,456	2,582	—
Mortgage deeds .....	2,964	1,221	4	4
	<b>15,023</b>	<b>7,751</b>	<b>3,203</b>	<b>2,514</b>

The item "Lending" in the *Bank* refers to the pledging of SEK 617M (SEK 599M) in credits for the benefit of AB Svensk Exportkredit.

## 22 Borrowed from Swedish banks and other financial institutions

	The Group		The Bank	
	1993	1992	1993	1992
Swedish banks .....	2,345	29,331	1,057	28,574
Other Swedish financial institutions .....	1,422	1,526	1,422	1,526
Mortgage loans on own properties .....	3	3	3	3
	<b>3,770</b>	<b>30,860</b>	<b>2,482</b>	<b>30,103</b>

## 23 Deposits

	The Bank:		1993		1992	
	Thousands of accounts	Balance SEK M	Thousands of accounts	Balance SEK M	Thousands of accounts	Balance SEK M
Cheque accounts .....	76	24,660	67	20,570	67	20,570
Private accounts (incl. personal salary accounts) .....	536	5,187	511	5,261	511	5,261
Company accounts .....	48	5,971	52	6,500	52	6,500
Savings accounts .....	433	19,059	624	20,348	624	20,348
Capital accounts .....	241	12,528	221	12,321	221	12,321
Deposits on special terms .....	12	31,632	17	27,820	17	27,820
Other deposits .....	492	13,252	348	10,862	348	10,862
<b>Total deposits in Swedish kronor .....</b>	<b>1,838</b>	<b>112,289</b>	<b>1,840</b>	<b>103,682</b>	<b>1,840</b>	<b>103,682</b>
Deposits in foreign currencies .....	7	40,758	5	34,935	5	34,935
	<b>1,845</b>	<b>153,047</b>	<b>1,845</b>	<b>138,617</b>	<b>1,845</b>	<b>138,617</b>

## 24 Bond issues

	1993	1992
Skandinaviska Enskilda Banken		
Bond issues .....	32,614	25,979
Zero-coupon bond issues .....	1,848	1,540
<b>Total bond issues, the Bank .....</b>	<b>34,462</b>	<b>27,519</b>
Svensk Fastighetskredit AB		
Bond issues .....	70,381	69,442
Other subsidiaries .....	5	38
Less intra-Group holdings .....	- 8,017	- 4,487
<b>Total bond issues, the Group .....</b>	<b>96,831</b>	<b>92,512</b>

For a specification of the Bank's bond issues, see page 55.

## 25 Subordinated debenture loans

	1993	1992
Skandinaviska Enskilda Banken		
Subordinated debenture loans .....	15,046	14,337
Convertible subordinated debenture loans .....	1,203	1,195
Zero-coupon subordinated debenture loans .....	1,154	834
Perpetual subordinated debenture loans .....	3,637	3,222
<b>Total subordinated debenture loans, the Bank ..</b>	<b>21,040</b>	<b>19,588</b>
Svensk Fastighetskredit AB		
Subordinated debenture loans .....	992	992
Other subsidiaries .....	1,031	552
Less intra-Group holdings .....	- 500	- 576
<b>Total subordinated debenture loans, the Group</b>	<b>22,563</b>	<b>20,556</b>

For a specification of the Bank's subordinated debenture loans, see page 55.

## 26 Other liabilities

	The Group		The Bank	
	1993	1992	1993	1992
<b>Earnings items carried forward</b>				
Interest .....	9,148	18,665	6,629	14,636
Other items .....	1,737	888	730	380
	<b>10,885</b>	<b>19,553</b>	<b>7,359</b>	<b>15,016</b>
Premium reserves for insurance policyholders .....	7,001	2,559	—	—
Bank giro payments .....	1,374	1,205	1,374	1,205
Tax liabilities .....	554	437	220	209
Securities payable .....	65	70	65	70
Liabilities on securities deposited .....	1,880	518	1,880	518
Other liabilities .....	21,364	11,792	18,347	9,636
<b>Total other liabilities .....</b>	<b>43,123</b>	<b>36,134</b>	<b>29,245</b>	<b>26,654</b>

**27 Untaxed reserves**

	The Bank	
	1993	1992
<b>A Deferred withdrawal amounts</b>		
Balance at beginning of year .....	6,020	9,030
Withdrawals .....	- 3,010	- 3,010
<b>Balance at year-end .....</b>	<b>3,010</b>	<b>6,020</b>
<b>B Tax equalisation reserve</b>		
Balance at beginning of year .....	2,255	4,983
Appropriations .....	1,983	
Withdrawals .....		- 2,728
<b>Balance at year-end .....</b>	<b>4,238</b>	<b>2,255</b>
<b>C Extra depreciation on office equipment</b>		
Balance at beginning of year .....	109	126
Withdrawals .....	- 11	- 17
<b>Balance at year-end .....</b>	<b>98</b>	<b>109</b>
<b>D Other untaxed reserves</b>		
Balance at beginning of year .....	52	
Transfer from "Other liabilities" .....		2
Appropriations .....		40
Withdrawals .....	- 49	
Acquisitions, transpositions and exchange differences .....	5	10
<b>Balance at year-end .....</b>	<b>8</b>	<b>52</b>
<b>Total untaxed reserves (A+B+C+D) .....</b>	<b>7,354</b>	<b>8,436</b>

**28 Shareholders' equity**

	The Group				
	Share capital	Statutory reserves	Free reserves	Profit/loss for the year	Total
Balance at beginning of year .....	2,635	12,206	6,709	-4,762	16,788
Reallocation of loss for 1992 to free reserves .....			-4,762	+4,762	
New share issue, gross .....	+2,634	+2,634			+5,268
New issue expenses <sup>1)</sup> .....		-157			-157
Change in translation difference reserve .....		+257			+257
Change in free and statutory reserves .....		-704	+704		
Reported profit for the year .....				+1,172	+1,172
<b>Balance at year-end .....</b>	<b>5,269</b>	<b>14,236</b>	<b>2,651</b>	<b>1,172</b>	<b>23,328</b>

	The Bank				
	Share-capital	Statutory reserve	Retained earnings	Profit/loss for the year	Total
Balance at beginning of year .....	2,635	1,722	2,763	-962	6,158
Reallocation of loss for 1992 to retained earnings .....			-962	+962	
New share issue, gross .....	+2,634	+2,634			+5,268
New issue expenses <sup>1)</sup> .....		-157			-157
Reported profit for the year .....				+1,336	+1,336
<b>Balance at year-end .....</b>	<b>5,269</b>	<b>4,199</b>	<b>1,801</b>	<b>1,336</b>	<b>12,605</b>

1) Stamp duty and other expenses directly related to the new issue of shares.

**29 Guarantees issued**

	The Group		The Bank	
	1993	1992	1993	1992
Loan guarantees .....	12,679	7,751	11,568	7,080
Other guarantees .....	32,090	27,631	30,379	29,074
Surety bonds .....	460	509	460	509
Bills payable .....	672	509	672	509
	<b>45,901</b>	<b>36,400</b>	<b>43,079</b>	<b>37,172</b>

Skandinaviska Enskilda Banken has also pledged to the Monetary Authority of Singapore that it will be responsible for ensuring that the subsidiary bank in Singapore fulfils its commitments.

Skandinaviska Enskilda Banken has pledged to keep the share capital of its subsidiary Diligentia intact at all times.

## 30 Swedish financial institutions and foreign currencies

a) The balance sheet items below include claims on and liabilities to Swedish financial institutions in the following amounts:

	The Group		The Bank	
	1993	1992	1993	1992
<b>Assets</b>				
Cash .....	1,583	1,815	1,583	1,815
Clearing receivables .....	545	885	545	885
Trading portfolio .....	4,653	1,632	4,807	1,529
Investment portfolio .....	10,547	4,171	13,657	6,224
Deposited with Swedish banks .....	5,341	10,595	5,323	10,125
Lending .....	5,514	10,260	13,892	20,917
Other assets .....	528	341	528	341
<b>Total assets</b> .....	<b>28,711<sup>1)</sup></b>	<b>29,699</b>	<b>40,335</b>	<b>41,836</b>
Total credit commitments .....			18,394	22,309

1) Of which, SEK 1,814M (SEK 2,205M) in nonperforming loans.

	The Group		The Bank	
	1993	1992	1993	1992
<b>Liabilities</b>				
Clearing liabilities and bank drafts .....	2,220	1,615	2,220	1,615
Borrowed from				
Swedish banks .....	2,345	29,334	1,057	28,577
other Swedish financial institutions .....	1,425	1,526	1,425	1,526
Deposits .....	11,943	7,522	11,952	7,998
Other liabilities .....	65	651	65	651
<b>Total liabilities</b> .....	<b>17,995</b>	<b>40,648</b>	<b>16,719</b>	<b>40,367</b>

b) The balance sheet items below include claims and liabilities in foreign currencies in the following amounts:

	The Group		The Bank	
	1993	1992	1993	1992
<b>Assets</b>				
Cash .....	127	183	88	96
Trading portfolio .....	8,259	1,207	7,464	508
Investment portfolio .....	33,642	37,494	30,354	33,640
Deposited with				
Swedish banks .....	202	887	238	804
foreign banks .....	13,028	22,292	24,896	28,018
Lending .....	105,358	136,612	96,217	124,479
Shares, properties and office equipment .....	3,747	418	3,885	4,093
Other assets .....	10,404	9,693	4,753	4,071
<b>Total assets</b> .....	<b>174,767</b>	<b>208,786</b>	<b>167,895</b>	<b>195,709</b>
<b>Liabilities</b>				
Borrowed from				
Swedish banks .....	578	16,470	75	16,470
other Swedish financial institutions .....	1,371	1,414	1,371	1,414
foreign banks .....	70,701	105,173	70,904	101,307
Deposits .....	37,875	38,178	40,757	34,935
Commercial paper .....	3,580	4,114	83	437
Certificates of deposit .....	12,970	13,766	12,718	13,269
Long-term liabilities .....	52,009	43,000	51,179	42,975
Reserve for political risks abroad .....	672	612	669	561
Other liabilities .....	12,659	10,715	8,889	8,976
<b>Total liabilities</b> .....	<b>192,415</b>	<b>233,442</b>	<b>186,645</b>	<b>220,344</b>

### 31 Interest specification according to Financial Supervisory Authority regulations

	The Bank	
	1993	1992
<b>Interest income</b>		
Swedish financial institutions .....	691	1,617
Foreign banks .....	4,228	6,067
Trading portfolio .....	293	698
Investment portfolio .....	3,878	3,704
Lending in SEK .....	12,211	11,881
Lending in foreign currencies .....	5,549	10,089
Loan fees in SEK .....	249	256
Other interest income .....	1,579	677
<b>Total interest income .....</b>	<b>28,678</b>	<b>34,989</b>
<b>Interest costs</b>		
Deposits in SEK .....	7,543	8,930
Deposits in foreign currencies .....	491	660
Swedish financial institutions .....	1,267	3,984
Foreign banks .....	8,075	12,400
Bond issues and long-term borrowing		
in SEK .....	455	538
in foreign currencies .....	2,855	2,926
Other interest costs .....	304	863
<b>Total interest costs .....</b>	<b>20,990</b>	<b>30,301</b>
Net interest earnings .....	7,688	4,688

### 32 Off-balance sheet obligations

The Bank and certain subsidiaries have off-balance sheet obligations as part of the Group's business operations. These obligations entail a possible credit risk and create a capital requirement (calculated on the basis of an 8 per cent requirement) of SEK 4,171M in the Group and SEK 3,971M in the Bank

	Volumes, Dec. 31, 1993		Capital requirement	
	The Group	The Bank	The Group	The Bank
<b>Guarantees</b>				
Loan guarantees etc. ....	13,811	12,700	876	802
Other guarantees .....	32,090	30,379	824	765
<b>Letters of credit</b>				
Irrevocable import letters of credit and confirmed export letters of credit .....	4,094	3,951	31	31
<b>Future lending</b>				
Long-term loan commitments .....	22,814	18,937	605	587
Unutilised lines of credit .....	26,792	26,792	—	—
Programmes to issue securities .....	125	125	5	5
Deposits in another bank .....	659	659	3	3
<b>Derivative products</b>				
<b>Interest rate-related contracts (credit equivalent)</b>				
Swaps .....	18,686	18,538	382	380
Options .....	322	321	6	6
Forward contracts .....	85	83	2	1
<b>Exchange rate-related contracts (credit equivalent)</b>				
Swaps .....	9,741	9,389	419	405
Options .....	339	327	13	13
Forward contracts .....	21,068	20,306	907	878
<b>Obligations for future payments</b>				
Repos .....	9,166	9,133	40	37
Forward contracts to purchase securities .....	2,798	2,798	20	20
<b>Other obligations</b>				
Guarantees in connection with liquidity management engagements .....	4,018	4,018	38	38
			4,171	3,971

The total interest rate exposure of the Bank, calculated according to the definition of the Swedish Financial Supervisory Authority, amounted to SEK 1,301M on an interest rate change of 1 per cent.

## Specification of shareholdings and subordinated debentures according to Note 18

	Nominal value	1993		Bank's voting power %
		Book value	Dividend	
<b>A. Subsidiaries</b>				
<i>Subsidiaries in Sweden</i>				
1) Name change from Enskilda Kapitalförvaltning				
2) Written down by SEK 44M.				
3) Scandinavian Investments include Enskilda Securities Ltd, London and Scandinavian Pacific Ltd, Sydney.				
4) Scandinavian Finance BV owns 79 per cent of the shares in Banque Scandinave en Suisse.				
5) Purchase				
S-E-Banken Fondförvaltning AB, Stockholm	21.0	21.2	—	100
S-E-Banken Försäkring Holding AB, Stockholm	120.0	197.8	—	100
Diligentia Fastigheter Stockholm AB	10.0	12.5	—	100
Diligentia Fastigheter Syd AB	5.0	21.9	—	100
Diligentia Fastigheter Väst AB	5.0	12.6	—	100
Diligentia Fastigheter Nord AB	5.0	5.0	—	100
Diligentia Properties AB	5.0	5.0	—	100
Arsenalen AB, Stockholm	4.0	0.1	—	100
Garnisonen AB, Göteborg	4.0	0	—	100
FinansSkandic AB, Stockholm	225.0	145.0	—	100
S-E-Banken Fastigheter AB, Stockholm	130.0	980.0	—	100
Svensk Fastighetskredit AB, Stockholm	200.0	1,609.0	—	100
Subordinated debentures in Svensk Fastighetskredit AB	250.0	250.0	—	—
Aktiv Placering AB, Stockholm	0	0	—	100
Enskilda Securities AB, Stockholm	0	0	—	100
Eurocard AB <sup>2)</sup>	5.0	8.4	—	100
<b>Total subsidiaries in Sweden</b>		<b>3,268.5</b>		
<i>Subsidiaries abroad</i>				
Skandinaviska Enskilda Banken AG, Frankfurt am Main	DEM 81.2	393.9	—	100
Scandinavian Investments Ltd, London <sup>1)</sup>	GBP 118.6	659.9	—	100
Scandinavian Finance BV, Amsterdam <sup>1)</sup>	NLG 0.5	700.0	78.1	100
Skandinaviska Enskilda Banken Corporation, New York	USD 20.0	169.6	—	100
Skandinaviska Enskilda Banken (Luxembourg) S.A., Luxembourg	LUF 1,010.0	294.2	—	100
Skandinaviska Enskilda Banken (South East Asia) Limited, Singapore	SGD 40.0	191.2	—	100
Skandinaviska Enskilda Banken Funding Incorporated, Delaware	USD 0	0.1	—	100
Interscan Serviços de Consultoria Ltda, São Paulo	BRE 2.3	0	—	100
Skandinaviska Enskilda Reinsurance S.A., Luxembourg	LUF 50.0	8.2	—	100
Banque Scandinave à Luxembourg S.A., Luxembourg	LUF 450.0	75.2	—	100
Förlagsbevis i Skandinaviska Enskilda Banken (Luxembourg) S.A.	LUF 900.0	162.9	—	—
FinansSkandic (France) S.A.	FRF 10.0	14.9	—	100
FinansSkandic Leasing (SEA) Ltd <sup>3)</sup>	SGD 0.1	0.4	—	100
<b>Total subsidiaries abroad</b>		<b>2,670.5</b>	<b>78.1</b>	
<b>B. Scandinavian Banking Partners</b>				
Unidanmark A/S, Copenhagen	DKK 63.8	82.2	—	1.38
Affärsbanken Unitas Ab, Helsinki <sup>1)</sup>	FIM 98.4	71.4	—	2.20
<b>Total Scandinavian Banking Partners</b>		<b>153.6</b>		
<b>C. Other companies in Sweden</b>				
Fastighets AB Abisko	1.0	1.0	—	50.00
Svensk Bostadsfinansiering AB BOFAB	25.0	29.3	1.8	50.00
Kortbetalning Servo AB	0.3	0.3	—	48.00
Bankgirocentralen BGC AB	1.7	1.7	—	33.10
Privatgirot AB	0.3	0.3	—	28.00
Upplysningscentralen UC AB	0.3	0.3	0.9	27.40
BankomatCentralen AB	0.1	0.1	—	22.00
Svensk Exportkredit AB	126.0	361.0	215.3	18.00
Värdepapperscentralen VPC AB	0.4	0.4	0.1	15.00
Pennningmarknadsinformation PMI AB	0.4	0.4	0	14.36
Backupcentralen AB	0	0	0.4	12.50
Industrikredit AB	19.5	68.6	—	12.20
Företagskapital AB	2.3	1.6	0.3	11.50
Stockholms Fondbörs AB	2.9	2.9	—	9.80
OM Fondkommission AB <sup>1)</sup>	1.7	1.1	1.1	2.50
Shares in co-operative blocks of flats	—	22.4	—	—
Holding in Fastighetsbolaget Inedal	—	1.4	—	—
<b>Total other companies in Sweden</b>		<b>492.8</b>	<b>219.9</b>	

1) A subscription for 3,360,000 shares was made in connection with a new issue of shares in November, 1993. In December, 1993, 3,600,000 shares were sold.

1) Market value SEK 36.7M.

**Specification of  
shareholdings and  
subordinated debentures  
according to Note 18  
continued**

		1993			Bank's voting power %
		Nominal value	Book value	Dividend	
<b>D. Other companies abroad</b>					
Scandinavian Banking Partners Holding A/S, Denmark .....	DKK	0.1	0.1	—	25.00
Exchange Clearing House Ltd, London .....	GBP	0	0	—	7.14
Euro-clear Clearance System Public Limited Co., Zurich ...	USD	0.1	5.6	1.8	3.90
Banco Finasa de Investimento, São Paulo .....	BRE	127.2	0	0.1	3.60
Adela Investment Company S.A., Luxembourg .....	USD	2.8	0	—	3.00
SIFIDA Société Internationale Financière pour les Investissements et le Développement en Afrique, (SIFIDA), Luxembourg .....	USD	0.2	0	—	1.20
Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T.), Brussels .....	BEF	3.9	0	—	0.91
The Industrial Credit and Investment Corporation of India Limited (ICICI), Bombay .....	INR	0.6	0	—	0.10
Euro-clear Clearance System Société Coopérative, Brussels .....	BEF	0	0	—	0.01
London Interbank Financial Futures Exchange (LIFFE) .....	GBP	0.1	3.2	—	—
<b>Total, other companies abroad .....</b>			<b>8.9</b>	<b>1.9</b>	
<b>E. Shareholdings of subsidiaries</b>					
Pastor Skandic Leasing S.A. ....	ESB	90.0	0.0	—	45.00
IFA System AB .....	SEK	0.2	0.2	—	33.00
Real Investment S.A. ....	CHF	0.3	1.7	—	30.00
GFI-Industriemontagen Service GmbH & Co KG .....	DEM	2.8	13.4	—	24.00
Swedish Leasing Ltd .....	THB	60.9	31.7	—	19.99
Europay International S.A. ....	BEF	34.8	2.2	—	4.90
Leaseinvest S.A. ....	PTE	57.6	2.0	0.2	4.00
Star Möbelwerke GmbH .....	DEM	0.0	0.0	—	0.25
BNL GmbH & Co KG .....	DEM	0.1	0.4	—	0.04
Export Leasing (CI) Company Ltd .....	USD	0.3	1.8	0.2	0.00
Liquiditäts-Konsortialbank GmbH .....	DEM	0.3	1.1	0.1	0.00
Arlington Henley Developments Ltd .....	GBP	0.0	1.0	—	0.00
Neptune Orient Lines Ltd .....	SGD	1.8	0.5	—	0.00
Telekurs AG .....	CHF	0.0	0.4	—	0.00
The Royal Bachelors Club Residence AB .....	SEK	0.1	0.1	—	0.00
Other incl. shares in co-operative blocks of flats .....			21.0		
Other .....			1.5		
<b>Total shareholdings of subsidiaries .....</b>			<b>79.0</b>	<b>0.5</b>	
Holdings in insurance premium funds for insurance policyholders .....			6,894.8		
			<b>6,973.8</b>		

## Specification of bond issues and subordinated debenture loans according to Note 24 and 25

Maturity	Original nominal amount	Book value	Interest rate %	Maturity	Original nominal amount	Book value	Interest rate %
<b>Bond issues</b>				<b>Subordinated debenture loans</b>			
1987/97	JPY 5,000.0	372.5	6.02	1974/84/94	SEK 75.0	3.7	7.50
1988/94	LUF 300.0	69.7	7.50	1987/94	SEK 1,000.0	730.3	1)
1989/94	USD 106.0	883.2	5.00	1988/94	CHF 100.0	507.6	4.50
1989/99	DEM 161.0	776.3	1)	1989/99	SEK 1,000.0	617.9	2)
1990/95	JPY 5,000.0	372.5	2)	1990/95	LUF 300.0	69.7	10.125
1990/95	GBP 100.0	1,235.0	13.125	1990/97	LUF 600.0	139.3	9.75
1990/95	CHF 100.0	568.0	6.50	1990/95	LUF 300.0	69.7	10.25
1990/95	DEM 400.0	1,832.4	1)	1990/00/05	DKK 300.0	371.0	9.00
1990/95	JPY 10,000.0	696.1	0.00	1990/00/05	DKK 25.0	30.9	9.00
1990/95	USD 209.9	1,749.0	7.00	1990/00	USD 330.0	2,083.1	3) 6)
1990/96	USD 100.0	833.3	9.05	1990/00	XEU 60.0	415.1	6.00
1990/96	JPY 48,000.0	3,576.0	1)	1990/00	GBP 12.0	148.2	3)
1990/97	CHF 150.0	852.0	7.375	1990/00	CHF 100.0	460.9	7.125,
1990/00	GBP 50.0	614.2	2)	1990/00	DEM 200.0	875.1	9.00
1990/01	GBP 100.0	1,235.3	2)	1990/97	LUF 1,000.0	232.2	9.375,
1991/94	SEK 36.8	36.8	0.00	1990/perpetual	USD 100.0	833.3	3)
1991/94	JPY 5,000.0	372.5	8.00	1990/perpetual	DEM 170.0	819.7	3)
1991/94	DEM 200.0	964.4	9.00	1990/00/05	AUD 200.0	1,124.0	6.00
1991/96	CHF 100.0	568.0	7.00	1990/00	AUD 150.0	843.0	6.00
1991/98	JPY 10,000.0	745.0	2)	1990/00/05	AUD 100.0	562.0	7.50
1991/98	DEM 100.0	347.8	0.00	1990/00	AUD 230.0	1,292.6	6.00
1991/01	DEM 30.0	87.2	0.00	1991/01	SEK 1,000.0	522.9	0.00
1991/01	JPY 5,000.0	372.5	2)	1991/perpetual	DKK 350.0	346.2	4)
1992/94	DEM 50.0	241.0	2)	1991/01	JPY 8,902.6	510.8	0.00
1992/95	SEK 130.6	92.8	0.00	1991/perpetual	SEK 750.0	450.0	4)
1992/94	SEK 1,000.0	206.2	0.00	1991/perpetual	USD 92.5	770.8	3)
1992/95	SEK 207.6	159.6	0.00	1991/01	CHF 100.0	320.9	7.25
1992/95	SEK 1,000.0	179.0	0.00	1991/98	LUF 750.0	174.2	9.25
1992/96	USD 10.0	83.3	2)	1991/99	USD 10.0	83.3	3)
1992/97	USD 500.0	4,166.2	7.375	1992/perpetual	USD 50.0	416.6	3)
1992/98	USD 40.0	333.3	2)	1992/98	JPY 7,600.0	566.2	6.22 5)
1991/94/99	USD 179.5	1,493.0	MTN 3)	1992/02	USD 400.0	3,325.4	8.45 6)
1993/97	USD 5.0	41.7	1)	1992/02	SEK 1,000.0	120.1	0.00
1993/96	USD 60.0	500.0	1)			<b>19,836.7</b>	
1993/96	USD 100.0	833.3	1)	<b>Convertible subordinated debenture loan</b>			
1993/98	USD 5.0	41.7	1)	1988/95	SEK 1,203.2	1,203.2	8.75
1993/95	JPY 10,000.0	745.0	1)			<b>21,039.9</b>	
1993/96	USD 50.0	416.6	1)				
1993/95	USD 5.0	41.7	1)				
1993/96	USD 5.0	41.7	1)				
1993/94	USD 25.0	208.3	1)				
1993/96	USD 5.0	41.7	1)				
1993/95	USD 25.0	208.3	1)				
1993/96	USD 80.0	333.3	1)				
1993/95	USD 20.0	166.6	1)				
1993/96	USD 50.0	416.6	1)				
1993/03	USD 300.0	1,166.9	8.11				
1993/94	USD 5.0	41.7	5.00				
1993/96	JPY 10,000.0	745.0	1)				
1993/95	USD 10.0	41.7	1)				
1993/95	USD 5.0	41.7	5.00				
1993/96	JPY 2,000.0	149.0	2)				
1993/98	USD 250.0	2,083.1	1)				
1993/94	JPY 565.0	42.1	0.00				
		<b>34,461.8</b>					
1993/95	USD 170.5	1,418.0	see above 1)				
1991/94	USD 9.0	75.0	7.50				
	<b>179.5</b>	<b>1,493.0</b>					

1) Floating interest rate related to LIBOR.

2) VRN, Variable Rate Note.

3) Medium Term Note Programme.

1) Floating Rate Note; interest rate 3-months STIBOR.

2) Floating Rate Note; interest rate 3-months STIBOR less 0.10%.

3) Floating interest rate, related to LIBOR.

4) Partly fixed, then floating interest rate, related to CIBOR and STIBOR.

5) Replaced loan of CHF 89.9 issued on December 27, 1991.

6) Customary market terms apply with respect to subordination and notice of withdrawal, respectively, of the loan.

## Proposal for the distribution of profit

The unrestricted equity capital of the S-E-Bank Group amounts to SEK 3,823M.

Standing at the disposal of the Annual General Meeting in accordance with the balance sheet of Skandinaviska Enskilda Banken:

	SEK M
Carried forward from 1992 .....	1,801
Reported profit for 1993 .....	1,336
	3,137

The Board proposes that, following approval of the balance sheet of Skandinaviska Enskilda Banken for the financial year 1993, the Annual General Meeting should carry forward all unappropriated funds to next year.

*Stockholm, February 28, 1994*

CURT G OLSSON

PETER WALLENBERG PEHR G GYLLENHAMMAR KARL-ERIK SAHLBERG  
 RUNE ANDERSSON BO BERGGREN ROLF BLOM  
 TORE DAUN BENGT SAMUELSSON LARS ÖBERG  
 BJÖRN SVEDBERG

## Auditors' report

We have examined the Annual Report, consolidated financial statements, accounts and administration of the Board of Directors for 1993. Our examination was performed in accordance with generally accepted auditing standards.

### The Bank

The Bank's internal auditing department has examined the accounts and checked the physical existence of the Bank's assets. Reports on these matters have been submitted to us.

The Annual Report has been drawn up in compliance with the Swedish Banking Business Act.

We recommend,

that the profit and loss statement and balance sheet be approved  
 that the profit be distributed according to the proposal in the Report of the Directors

that the members of the Board of Directors be discharged from personal liability for the financial year.

### The Group

The consolidated financial statements have been drawn up in compliance with the Swedish Banking Business Act.

We recommend,  
 that the consolidated profit and loss statement and consolidated balance sheet be approved.

*Stockholm, March 8, 1994*

CLAS BLIX  
 Chairman

NILS BREHMER GÖRAN JACOBSSON

CAJ NACKSTAD  
 Auditor appointed by the Financial  
 Supervisory Authority

## Balance sheets, 1984-1993

SEK M

### Profit and loss accounts, the S-E-Bank Group

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Net interest earnings	3,440	3,216	4,710	5,332	6,295	6,612	8,100	9,449	6,555	9,779
Commissions, fees and foreign exchange earnings	1,582	1,742	2,257	2,210	2,426	2,811	3,928	4,862	6,166	6,816
Other operating income	741	771	1,325	1,245	1,498	1,499	674	849	986	1,840
<b>Total income</b>	<b>5,763</b>	<b>5,729</b>	<b>8,292</b>	<b>8,787</b>	<b>10,219</b>	<b>10,922</b>	<b>12,702</b>	<b>15,160</b>	<b>13,707</b>	<b>18,435</b>
Staff costs	1,473	1,665	1,969	2,276	2,459	2,920	3,750	4,202	4,152	4,308
Costs for premises	388	439	469	512	679	767	678	778	790	743
Other operating costs	799	907	1,066	1,442	1,719	1,883	2,339	2,544	2,396	2,450
Depreciation	120	139	199	257	282	347	474	550	556	410
<b>Total operating costs before losses</b>	<b>2,780</b>	<b>3,150</b>	<b>3,703</b>	<b>4,487</b>	<b>5,139</b>	<b>5,917</b>	<b>7,241</b>	<b>8,074</b>	<b>7,894</b>	<b>7,911</b>
Lending losses etc	797	378	525	258	411	561	2,149	4,760	11,183	10,167
<b>Operating profit/loss</b>	<b>2,186</b>	<b>2,201</b>	<b>4,064</b>	<b>4,042</b>	<b>4,669</b>	<b>4,444</b>	<b>3,312</b>	<b>2,326</b>	<b>-5,370</b>	<b>357</b>
Return on equity										
after 30% standard tax, %	—	—	—	24.9	23.5	18.2	11.8	7.6	-17.7	1.4
Earnings per share										
after 30% standard tax, SEK	—	—	—	—	7.98	7.32	4.82	2.85	-10.80	1.04
Average number of employees	7,893	8,078	8,461	9,149	9,384	9,620	10,743	10,846	10,368	9,953

### Balance sheets, the S-E-Bank Group

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Government securities and bonds	41,208	33,261	31,897	33,206	24,626	30,624	34,227	46,124	59,410	79,474
Investments	26,765	31,635	31,206	39,314	53,350	53,510	59,456	41,388	37,344	20,310
Lending	100,741	94,554	111,616	139,395	187,477	239,440	311,029	314,661	328,739	275,151
Other assets	13,391	15,563	16,334	21,773	23,946	42,066	47,007	48,606	59,840	73,325
Borrowing	69,276	68,118	69,716	81,376	101,919	106,592	173,005	134,479	144,651	77,124
Deposits	77,703	66,426	69,306	81,310	89,260	105,981	112,555	139,479	141,975	157,015
Other liabilities	24,849	29,280	38,615	54,209	77,209	129,977	146,359	154,735	181,919	190,793
Shareholders' equity and equity portion of untaxed reserves*	10,277	11,189	13,416	16,793	21,011	23,090	19,800	22,086	16,788	23,328
<b>Total assets</b>	<b>182,105</b>	<b>175,013</b>	<b>191,053</b>	<b>233,688</b>	<b>289,399</b>	<b>365,640</b>	<b>451,719</b>	<b>450,779</b>	<b>485,333</b>	<b>448,260</b>

\* Prior to 1990, Shareholders' equity and untaxed reserves, gross.

### Profit and loss accounts, Skandinaviska Enskilda Banken

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Net interest earnings	2,829	2,498	3,805	4,103	4,918	5,154	6,084	7,430	4,688	7,688
Commissions, fees and foreign exchange earnings	1,392	1,451	1,849	1,820	1,989	2,428	2,747	3,671	4,918	5,080
Other operating income	416	366	908	616	727	718	567	503	501	1,338
<b>Total income</b>	<b>4,637</b>	<b>4,315</b>	<b>6,562</b>	<b>6,539</b>	<b>7,634</b>	<b>8,300</b>	<b>9,398</b>	<b>11,604</b>	<b>10,107</b>	<b>14,106</b>
Staff costs	1,222	1,359	1,561	1,747	1,909	2,248	2,747	3,051	3,158	3,213
Cost for premises	298	332	372	389	546	614	770	913	1,001	932
Other operating costs	639	716	841	983	1,076	1,234	1,401	1,695	1,708	1,890
Depreciation	70	83	129	145	174	196	244	218	201	234
<b>Total operating costs before losses</b>	<b>2,229</b>	<b>2,490</b>	<b>2,903</b>	<b>3,264</b>	<b>3,705</b>	<b>4,292</b>	<b>5,162</b>	<b>5,877</b>	<b>6,068</b>	<b>6,269</b>
Lending losses etc	676	243	385	203	306	481	1,672	4,313	9,587	8,962
<b>Operating profit/loss</b>	<b>1,732</b>	<b>1,582</b>	<b>3,274</b>	<b>3,072</b>	<b>3,623</b>	<b>3,527</b>	<b>2,564</b>	<b>1,414</b>	<b>-5,548</b>	<b>-1,125</b>

### Balance sheets, Skandinaviska Enskilda Banken

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Government securities and bonds	38,435	29,284	25,480	23,697	25,986	29,104	29,762	32,251	52,144	77,775
Investments	21,362	24,258	25,797	31,067	48,392	49,217	69,173	58,421	44,292	32,737
Lending	74,249	65,531	71,822	91,693	116,031	145,139	208,745	224,355	246,488	203,615
Other assets	10,157	11,810	12,494	16,227	18,530	23,680	29,373	33,782	41,476	42,170
Borrowing	49,745	47,892	47,228	55,155	81,494	96,131	133,610	118,236	141,410	82,761
Deposits	76,100	63,294	65,576	75,884	86,474	98,525	115,599	131,901	138,617	153,047
Other liabilities	9,336	10,170	11,408	17,265	22,773	33,267	66,662	76,530	89,779	100,530
Shareholders' equity and untaxed reserves	9,022	9,527	11,381	14,380	18,198	19,217	21,182	22,142	14,594	19,959
<b>Total assets</b>	<b>144,203</b>	<b>130,883</b>	<b>135,593</b>	<b>162,684</b>	<b>208,939</b>	<b>247,140</b>	<b>337,053</b>	<b>348,809</b>	<b>384,400</b>	<b>356,297</b>

## Board of Directors, Senior Executives and Auditors

### Board of Directors

#### Directors elected by the Annual General Meeting

**CURT G OLSSON**,  
1927; 1976 (1970).  
Dr. Econ.h.c.  
*Chairman of the Board*  
Director Atlas Copco,  
Hufvudstaden.  
Shareholding: 24,250 Series A,  
150 Series C.

**PETER WALLEBERG**,  
1926; 1974 (1969).  
Dr. Econ.h.c.,  
*First Deputy Chairman*  
Chairman Atlas Copco, Asea,  
Investor and Knut & Alice  
Wallenberg's Foundation.  
Co-chairman ABB, Zürich;  
Deputy Chairman Ericsson,  
Honorary Chairman Stora  
Kopparbergs Bergslags AB.  
Shareholding: 185,852 Series A.

**PEHR G GYLLENHAMMAR**,  
1935; 1982 (1979).  
Dr. Med. h.c., Dr. Techn. h.c.  
*Deputy Chairman*  
Chairman Svenska Skeppshypotekskassan.  
Shareholding: 570 Series A,  
30 Series C.

**KARL-ERIK SAHLBERG** <sup>1)</sup>,  
1928; 1989 (1982).  
Dr. Econ.h.c., Dr. Techn. h.c.  
*Deputy Chairman*  
Chairman Cardo, Perstorp,  
Svensk-Danska Broförbindelsen SVEDAB,  
Öresundskonsortiet and  
Valtenfall; Deputy Chairman  
Skoogs; Director Tetra  
Laval Group and University  
of Lund.  
Shareholding: 1,026 Series A,  
54 Series C.

**RUNE ANDERSSON** <sup>1)</sup>,  
1944; 1991 (1987).  
Dr. Techn. h.c.  
Chairman Esselte, Getinge,  
SSAB, Scribona, Svedala and  
Trelleborg.  
Shareholding: 0

**BO BERGGREN** <sup>2)</sup>,  
1936; 1992 (1987).  
Dr. Techn. h.c.  
Chairman Stora Kopparbergs  
Bergslags AB, Astra,  
ABA/SILA, Swedish Chair-  
man SAS, Feldmühle. Deputy  
Chairman, Investor; Director  
Danisco AS, International  
Council of J.P. Morgan & Co.  
Inc., and Robert Bosch Inter-  
nationale Beteiligungen/  
Advisory Committee.  
Shareholding: 6,200 Series A.

**TORJ DAUN** <sup>3)</sup>,  
1929; 1989 (1979).  
Chairman Meda and  
Candelia.  
Director Gambro, Vide Invest  
and BASF Svenska.  
Shareholding: 1,718 Series A,  
44 Series C.

**LARS ÖBERG** <sup>3)</sup>,  
1936; 1991 (1989).  
Managing Director, Custos,  
Chairman Hufvudstaden,  
Sandblom & Stohne and  
Svenska Brand.  
Director SCA, Skanska, FFNS.  
Shareholding: 0

**BJÖRN SVEDBERG** <sup>3)</sup>,  
1937; 1992.  
Dr. Techn. h.c.  
*Managing Director and Group  
Chief Executive*  
Chairman Ericsson; Director  
ABA/SILA, ABB, Asea, Stora  
Kopparbergs Bergslags AB  
and Volvo.  
Shareholding: 200 Series A.

#### Directors appointed by the employees

**ROLF BLÖM**,  
1932; 1984.  
Chairman of the Swedish  
Union of Bank Employees,  
Senior Manager  
Shareholding: 3,400 Series A,  
150 Series C.

**BENGT SAMDELSSON**,  
1953; 1993.  
Department Manager  
Shareholding: 600 Series C.



Curt G Olsson



Peter Wallenberg



Pehr G Gyllenhammar



Karl-Erik Sahlberg



Rune Andersson



Bo Berggren



Tore Daun



Lars Öberg

#### Deputy Director elected by the Annual General Meeting

**ANDERS HJÖRNSTRÖM**,  
1945; 1993.  
Deputy Managing Director  
and Deputy Group Chief  
Executive, Chief Operating  
Officer, Enskilda Corporate  
Division.  
Shareholding: 40 Series A, con-  
vertibles for 12,615 Series A.

#### Deputy Directors appointed by the employees

**HJÖRDIS CRONSIÖ**,  
1939; 1990.  
Department Manager.  
Shareholding: 3,208 Series A,  
40 Series C.

**ROLF KARLSSON**,  
1953; 1991.  
Department Manager.  
Shareholding: 7,368 Series A,  
convertibles for 3,532 Series A.

1) Chairman of the Credit Committee of the Board of Directors.

2) Chairman of the Audit Committee of the Board of Directors.

3) Member of the Credit Committee of the Board of Directors.

4) Member of the Audit Committee of the Board of Directors.

Dates indicate year of birth and year of election as Director or Deputy Director. The indicated share and convertible note holdings include the holdings of spouses, minors and closely associated companies.

## Senior Executives

### Group Management Committee

**BJÖRN SVEDBERG**,  
1937; 1992.  
Managing Director and  
Group Chief Executive.

**ANDERS HEDENSTRÖM**,  
1945; 1961.  
Deputy Managing Director  
and Deputy Group Chief  
Executive; Chief Operating  
Officer, Enskilda Corporate  
Division.

**LARS GUSTAFSSON**,  
f 1946; 1982.  
Chief Operating Officer  
S-E-Banken Division.

**MATS CEDERHOLM**,  
1945; 1992.  
Chief Operating Officer  
Diligentia Division.

**LARS ISACSSON**,  
1944; 1972.  
Group Financial Officer.

**URBAN JANELD**,  
1945; 1967.  
Group Controller.

**CARL LÖWINNHELM**,  
1942; 1976.  
Group Credit Officer.

**KARL AILLENUS**,  
1938; 1989.  
Head of Group Communi-  
cations.

**HANS BERGGREN**,  
1945; 1975.  
Head of Region South.

**BJÖRN EDGREN**,  
1938; 1992.  
Special Projects.

**PER LUNDBERG**,  
1943; March 1 1994.  
Control System Development.

**KERSTIN RYER**,  
1948; 1972.  
Group Head of Staff.

**TORÉ SAMUELSSON**,  
1943; 1970.  
Head of Region West.

**EVERT SKOGSBERG**,  
1936; 1963.  
Chief Legal Counsel.

**OTTO WRÄNGEL**,  
1943; 1968.  
Deputy Group Credit Officer.

**ARNE ÖGREN**,  
1930; 1955.  
Deputy Chairman  
Diligentia Division.

### Management Committee Enskilda Corporate Division

**ANDERS HEDENSTRÖM**,  
1945; 1961.  
Chief Operating Officer,  
Enskilda Corporate Division.

**JACOB WALLENBERG**,  
1956; 1984-1990, 1993.  
Deputy Chief Operating  
Officer and Head of Corporate  
Finance.

**RUTGER BLENNOW**,  
1949; 1974.  
Head of Trade Services.

**STEWART HUMPHREY**,  
1945; 1989.  
Head of Trading & Capital  
Markets.

**LARS LINDER-ARONSON**,  
1953; 1979.  
Head of Equities.

**JOSÉ PEMÁN**,  
1942; 1990.  
Head of Investment Banking

**PER JEDEFORS**,  
1949; 1967.  
Head of Credits.

**PER A MATTSSON**,  
1942; 1967.  
Head of Administration.

### Management Committee S-E-Banken Division

**LARS GUSTAFSSON**,  
f 1946; 1982.  
Chief Operating Officer  
S-E-Banken Division.

**MONICA CANEMAN**,  
1954; 1977.  
Deputy Chief Operating  
Officer S-E-Banken Division.

**HANS BERGGREN**,  
1945; 1975.  
Head of Region South.

**MATS KJAER**,  
1950; 1971.  
Head of Region East.

**TORÉ SAMUELSSON**,  
1943; 1970.  
Head of Region West.

**SVEN BJÖRKMAN**,  
1949; 1968.  
Deputy Head of Region West.

**PER O DAILLSTEDT**,  
1953; 1979.  
Head of Greater-Stockholm  
Region.

**CARL JOLIAN SMITH**,  
1946; 1978.  
Head of Stockholm City  
Region.

**JAN SUNDBERG**,  
1944; 1970.  
Head of Region North.

**ULF HOLMSTRÖM**,  
1946; 1966.  
Head of Financing.

**INGRID JANSSON**,  
1950; 1990.  
Head of Investments.

**EVA CEDERBALK**,  
1952; 1975.  
Head of Payments & Cards.

**FLEMING CARLBORG**,  
1956; 1972.  
Credit Manager.

**KERSTIN RYER**,  
1948; 1972.  
Personnel Manager.

**JAN LINDBERG**,  
1949; 1989.  
Controller.

### Management Committee Diligentia Division

**MATS CEDERHOLM**,  
1945; 1992.  
Chief Operating Officer  
Diligentia Division.

**ARNE ÖGREN**,  
1930; 1955.  
Deputy Chairman  
Diligentia Division.

**ANDERS ABRAHAMSON**,  
1944; 1982.  
Head of Diligentia Invest.

**ANDERS CLASSON**,  
1934; 1951.  
Head of Diligentia Finans.

**EWA ERICSON**,  
1945; 1976.  
Office Manager Diligentia  
Finans, Gothenburg.

**PETER RYDELL**,  
1948; 1982.  
Office Manager Diligentia  
Finans, Malmö.

**TORBJÖRN SEIFERT**,  
1945; 1993.  
Managing Director  
Diligentia Fastigheter Väst  
AB, Diligentia Fastigheter  
Syd AB, Diligentia Proper-  
ties AB.

**BJÖRN TIGLÉR**,  
1948; 1992.  
Managing Director  
Diligentia Fastigheter  
Stockholm AB, Diligentia  
Fastigheter Nord AB.

**JAN-ERIK SUNDQUIST**,  
1953; 1991.  
Financial Officer  
Diligentia Division.

## Auditors

### Auditors elected by the Annual General Meeting

**CLAS BLIX**,  
Authorised Public Accountant  
Ernst & Young AB.  
Chairman.

**NILS BREHMER**,  
Authorised Public Accountant  
Öhrlings Reveko AB.

**GÖRAN JACOBSSON**,  
Authorised Public Accountant  
Öhrlings Reveko AB.

### Deputy Auditors elected by the Annual General Meeting

**LARS BONNEVIER**,  
Authorised Public Accountant  
Ernst & Young AB.

**PETER CLFEMDTSON**,  
Authorised Public Accountant  
Öhrlings Reveko AB.

**GILBERT LARSSON**,  
Authorised Public Accountant  
SET Svensson, Erikson  
& Tjus Revisionsbyrå HB.

### Auditor appointed by the Financial Supervisory Authority

**CAJ NACKSTAD**,  
Authorised Public Accountant  
KPMG Bohlins AB.

*Dates indicate year of birth and year  
employed by the Bank.*



Björn Svedberg



Rolf Blom



Bengt Samuelsson



Anders Hedenström



Hjördis Cronsjö



Rolf Karlsson

## Addresses

### Skandinaviska Enskilda Banken

#### Group Management

Office address: Kungsträdgårdsgatan 8  
Postal address: S-106 40 Stockholm  
Telephone: +46 8 763 80 00  
+46 8 22 19 00 (Management)

### Enskilda Corporate Division

#### Stockholm

##### Division Management

Office address: Kungsträdgårdsgatan 8  
Postal address: S-106 40 Stockholm  
Telephone: +46 8 763 80 00  
+46 8 22 19 00 (Management)

#### Gothenburg

Office address: Östra Hamngatan 24  
Postal address: S-405 04 Gothenburg  
Telephone: +46 31 62 10 00

#### Malmö

Office address: Östergatan 39  
Postal address: S-205 20 Malmö  
Telephone: +46 40 20 60 00

### S-E-Banken Division

#### Division Management

Office address: Sergels Torg 2  
Postal address: S-106 40 Stockholm  
Telephone: +46 8 763 50 00  
+46 8 22 19 00 (Management)

#### Regional offices

##### Regional office Stockholm City Greater Stockholm Region North

Office address: Sergels Torg 2  
Postal address: S-106 40 Stockholm  
Telephone: +46 8 763 50 00

##### Region West

Office address: Östra Hamngatan 24  
Postal address: S-405 04 Gothenburg  
Telephone: +46 31 62 10 00

##### Region South

Office address: Östergatan 39  
Postal address: S-205 20 Malmö  
Telephone: +46 40 20 60 00

##### Region East

Office address: Platensgatan 8  
Postal address: Box 1553, S-581 15 Linköping  
Telephone: +46 13 10 53 15

### Diligentia Division

#### Stockholm

##### Division Management

##### Diligentia Invest

Office address: Regeringsgatan 48

##### Diligentia Finans

Office address: Sergels Torg 2  
Postal address: S-106 40 Stockholm  
Telephone: +46 8 696 76 00

#### Gothenburg

##### Diligentia Finans

Office address: Östra Hamngatan 18  
Postal address: S-405 04 Gothenburg  
Telephone: +46 31 62 10 00

#### Malmö

##### Diligentia Finans

Office address: Prostgatan 1  
Postal address: S-205 20 Malmö  
Telephone: +46 40 30 77 85

### Units and subsidiaries in Sweden

#### AB Arsenalen-Garnisonen

Office address: Rissneleden 110,  
Sundbyberg

Postal address: Box 703 46

S-107 23 Stockholm

Telephone: +46 8 639 28 00

Fax: +46 8 639 28 80

#### Subsidiaries

##### AB Arsenalen Stockholm

Office address: Holländargatan 2

Postal address: Box 703 46

S-107 23 Stockholm

Telephone: +46 8 639 28 00

Fax: +46 8 639 28 80

##### AB Arsenalen Syd

Office address: Bruksgatan 1,

Postal address: S-205 20 Malmö

Telephone: +46 40 660 79 00

Fax: +46 40 30 13 51

##### AB Garnisonen

Office address: Nordstadstorget 3,  
Postal address:

S-405 04 Gothenburg

Telephone: +46 31 62 29 00

Fax: +46 31 15 52 96

##### Diligentia Fastigheter

##### Stockholm AB

##### Diligentia Fastigheter Nord AB

Office address: Norrlandsgatan 15

Postal address:

S-106 40 Stockholm

Telephone: +46 8 696 79 00

##### Diligentia Fastigheter Väst AB

##### Diligentia Properties AB

Office address: Vädursgatan 5

Postal address:

S-412 50 Gothenburg

Telephone: +46 31 40 55 40

##### Diligentia Fastigheter Syd AB

Office address: Prostgatan 1

Postal address: S-205 20 Malmö

Telephone: +46 40 30 77 85

##### Eurocard AB

Office address:

Mäster Samuelsgatan 34

Postal address:

S-103 83 Stockholm

Telephone: +46 8 14 67 00

Fax: +46 8 21 67 30

##### Finans Skandic AB

Office address:

Malmkillnadsgratan 42

Postal address:

S-103 78 Stockholm

Telephone: +46 8 14 60 00

Fax: +46 8 10 38 45

##### S-E-Banken Fastigheter AB

Office address: Rissneleden 110,

Sundbyberg

Postal address: Box 703 46

S-107 23 Stockholm

Telephone: +46 8 639 28 00

Fax: +46 8 639 28 80

##### S-E-Banken Fondförvaltning

Office address:

Regeringsgatan 45

Postal address:

S-106 40 Stockholm

Telephone: +46 8 676 90 00

Fax: +46 8 676 91 29

##### S-E-Banken Försäkring

Office address:

Regeringsgatan 45

Postal address:

Box 7294, S-103 90 Stockholm

Telephone: +46 8 763 75 00

Fax: +46 8 24 06 38

##### S-E-Banken Kort

Office and postal address:

Mäster Samuelsgatan 34

Postal address:

S-103 83 Stockholm

Telephone: +46 8 14 70 00

Fax: +46 8 21 67 30

##### Svensk Fastighetskredit AB

Office address:

Regeringsgatan 65

Postal address: Box 7370

S-103 91 Stockholm

Telephone: +46 8 723 75 00

Fax: +46 8 21 14 38

### International branch offices and subsidiaries

#### Skandinaviska Enskilda Banken, London Branch

Office and postal address:

Scandinavian House

2-6 Cannon Street

GB-London EC4M 6XX

Telephone: +44 71 236 60 90

Fax: +44 71 588 0929

SWIFT-address: ESSEGB2L

Telex: 8950281 esseldn g

#### Skandinaviska Enskilda Banken, New York and Cayman Islands Branches

##### Skandinaviska Enskilda Banken Corporation, New York

Office and postal address:

245 Park Avenue,

42nd Floor

New York, N.Y. 10167

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### **Correction**

The adjusted shareholders' equity per share 1993 (page 32) is not correct as defined. The right figure is SEK 44.53.