

Mergers and Acquisitions in the European Private Banking Sector

M & A Monitor

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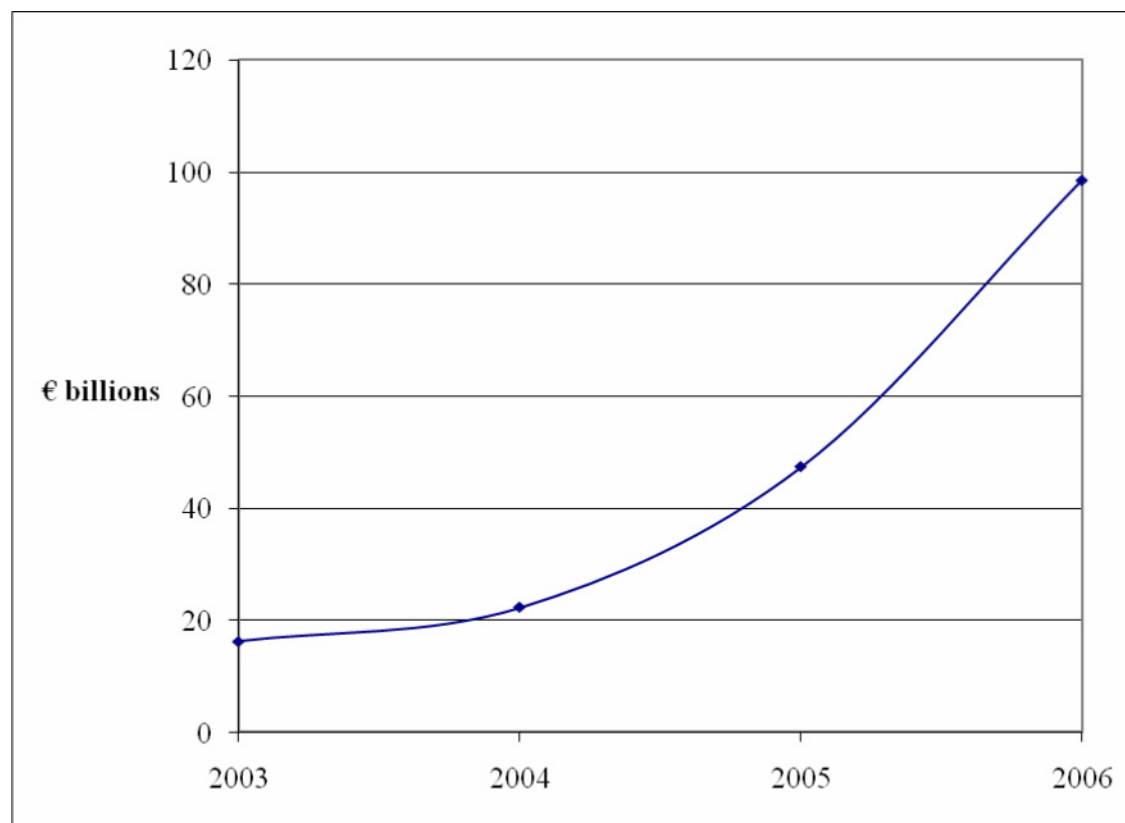
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3) European Private Banking M&A Activity

3.1) Introduction

The following graph shows the total value of mergers and acquisitions with announced deal values in the European banking sector (including both private banks and retail/commercial/investment banks) between 2003 and 2006:



Source: PwC Reports: *Financial Services M&A; Going for growth in Europe* (2004, 2005, 2006 and 2007)

As the graph above shows, the total value of mergers and acquisitions in the European banking sector has been on an upward trend during the period shown. In line with the rest of the banking industry, the fragmented European private banking sub-sector is now in the midst of a process of consolidation. In 2006, European banking mergers and acquisitions amounted to an aggregate announced deal value of €98.5 billion, which represented a 109 per cent increase on 2005 levels and accounted for 72 per cent of all European financial services M&A in 2006 by deal value.⁴⁵ In fact, banking targets were involved in 15 of 2006's 20 largest European financial services M&A deals.⁴⁶ Importantly this increasing pace of banking consolidation is reflected in the private banking sub-industry, a sector in which the number of deals has risen every year since 1998.⁴⁷

⁴⁵ PwC 2007 Report: *Financial Services M&A; Going for growth in Europe* p.2

⁴⁶ *Ibid.* p.7

⁴⁷ Bear Stearns (11/09/07) p.4

3.2) The Drivers of Consolidation

There are several distinct factors driving consolidation in the private banking sector.

3.2.1) Increasing Competition and Costs

Analysts have noted the trend that it is generally smaller banks that have become the targets for acquisition.⁴⁸ The pressure felt by these institutions is expressed in studies which reveal that 54 per cent of small and medium sized banks surveyed believed that increased competition from larger, consolidated competitors is a primary driver of change in the private banking sector.⁴⁹

Rising costs and competition is regarded as a major factor in squeezing smaller banks out of the private banking market.⁵⁰ Whilst the larger institutions continue to expand aggressively to meet the demands of clients in the world's increasingly affluent regions, smaller rivals are being forced to consolidate amid pressure on fees and the rising costs of information technology.⁵¹ Indeed, it is these new technologies that have become one of the key drivers of efficiency gains and cost reductions for the larger banks.⁵²

Contemporary regulatory trends also tend to favour larger, consolidated institutions. As an example of this, over the past few years tighter measures have been introduced to counter money laundering and also to block the financing of global terrorism, which has placed private banks under even greater scrutiny from regulators and forced them to put in place compliance measures that are ramping up an already high fixed cost base.⁵³ Therefore consolidation is regarded by commentators as necessary in order for banks to face the costs of regulation, and particularly in Europe where the number of small private banks is higher.⁵⁴

In today's private banking industry, larger banks are regarded as more competitive in a market where clients are more inclined than they have ever been to switch between private banks (particularly between smaller banks).⁵⁵ According to Michael Fung, chief of the Asia private banking arm of JPMorgan Chase, major HNWI have, on average, relationships with up to four private banks, which allows them to shop around for different products and services.⁵⁶ An IBM Business Consulting Services European survey shows that most clients would choose private banks with their own brand but part of a larger group. The second choice is the private banking division of a universal bank, followed by independent private banks.⁵⁷ The key theme here is scale and thus HNWI private banking clients welcome consolidation. Clients of bigger private banking groups can benefit from a wider range of solutions and expertise, across geographies and products. Indeed, private banks are increasingly *expected* by their clients to be able to offer a total wealth management service, encompassing not only traditional private banking, but also expertise on pensions, insurance and taxation.

⁴⁸ KPMG: *Hungry for more?* (2006) p.1

⁴⁹ *Private Banker International*, Issue 214, p.10 (2) (01-07-06)

⁵⁰ *Ibid.*

⁵¹ FT.com: *Mergers and acquisitions: Hunger for deals increases* (22-05-06)

⁵² *Ibid.*

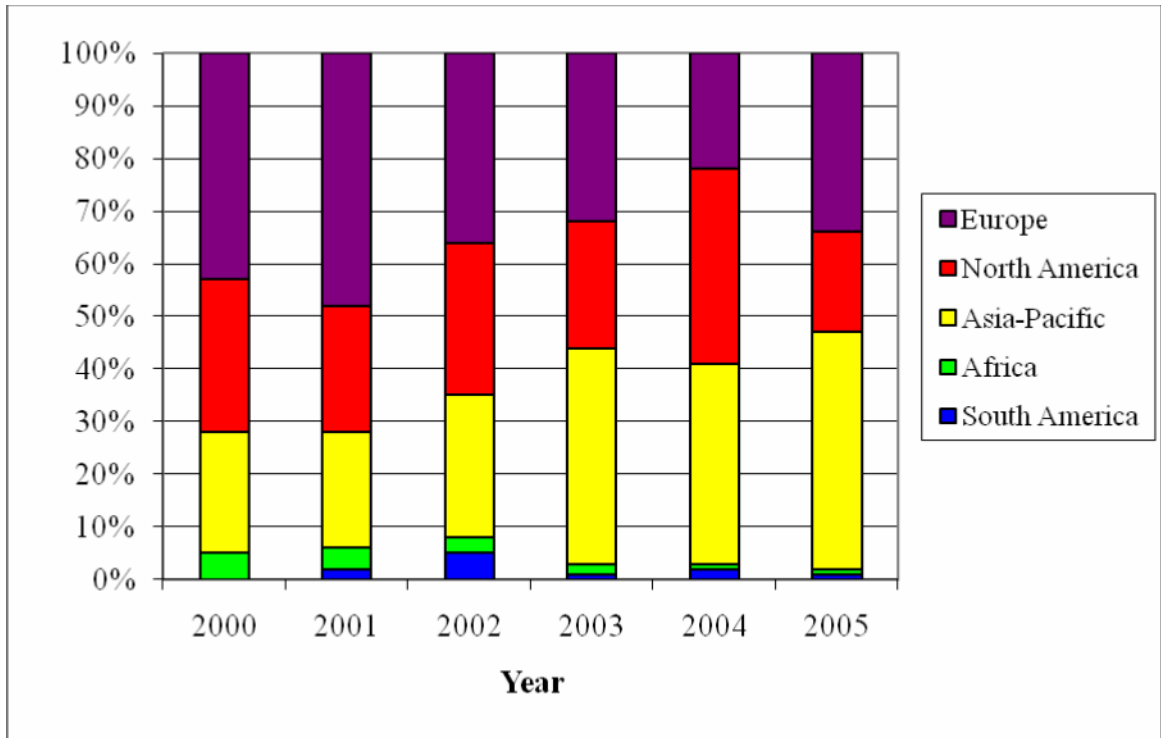
⁵³ KPMG: *Hungry for more?* p.1

⁵⁴ *The Banker* (01-10-06)

⁵⁵ *Ibid.*

⁵⁶ *Financial Times UK, London ed2, Sec. COMPANIES INTERNATIONAL* p. 27 (20-09-06)

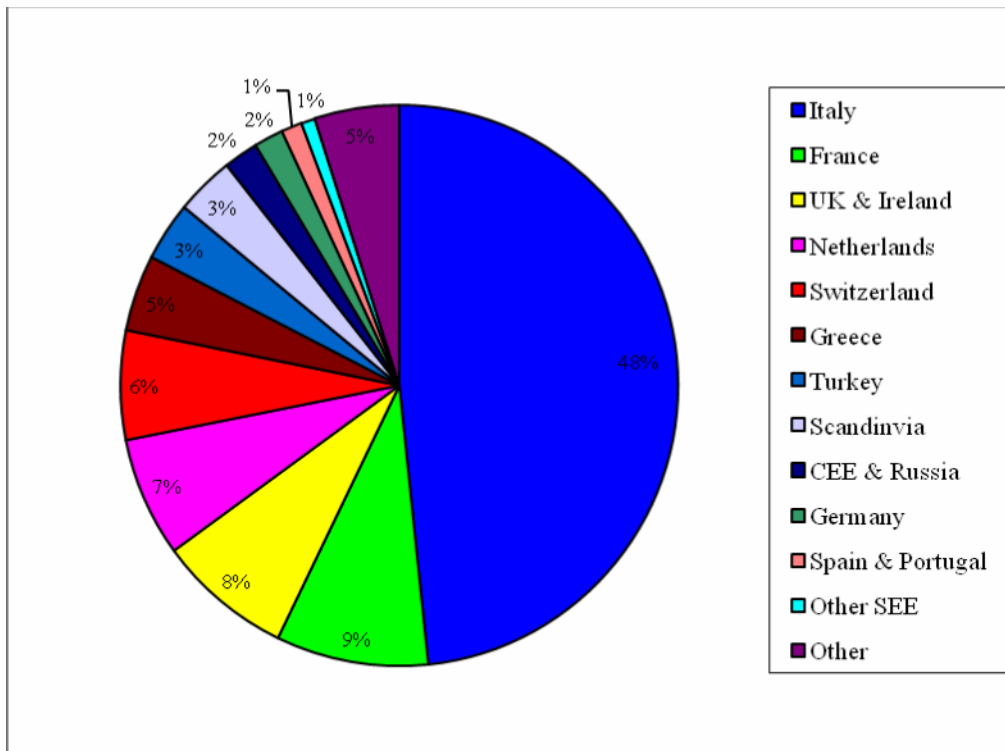
⁵⁷ *The Banker: Private Banking – Search for Scale drives M&A – Competition is pressuring private banks to seek economies of scale* (01-10-06)



Source: Thomson Financial Data SDC, KPMG analysis 2006

3.4.1) The Geographical Remit of Consolidation Within Europe

In investigating where European consolidation is most likely to occur, one key consideration is where in Europe acquisitions have already taken place. The following chart shows the percentage of European deals across the financial services sector as a whole with announced deal values by target country in 2006:



Frigerio explained that in order to fuel future growth of UniCredit, the bank would seek to enter new markets, especially “Russia and beyond”.¹²⁰

The SEE Region

Commentators who express caution in relation to the prospects for M&A activity in financial services in the CEE region have noted that migration of foreign investment from the CEE region to the SEE region has already begun. The shift in acquisition activity from CEE to SEE in the banking sub-sector is said to have several drivers. In the more developed SEE markets, such as Greece and Turkey, actual growth rates are the major attraction for foreign bidders. As an example, Turkey’s strengthening, more stable economy and growing capital markets coupled with slower inflation and falling interest rates have led HNWI to demand far more sophisticated wealth management services in the country. As a result, Turkish banks have started to place more emphasis on responding to the needs of an affluent client base.¹²¹ In less developed states such as the former Yugoslav republics, the rationale for acquisitions is based on longer-term growth potential and the relative cheapness and small scale of targets.¹²²

3.5) The Buyers in European Private Banking Transactions

3.5.1) Geographic Origins of Buyers in European Private Banking Transactions

The geographic location of private banks which have been the *target* of M&A activity in Europe has been a key focus of this report up to this point. A related issue, which is focused on immediately below, is identifying any trends in terms of the geographic origins of the *buyers* of European private banking operations.

First, it should be highlighted that out of all global private banking transactions between 2003 and 2005, only 10 per cent of transactions were inter-continental i.e. where the acquiror and the target were based in different continents. A mere two per cent of all global transactions featured North American banks acquiring European private banks and an even smaller one per cent featured banks from Asia-Pacific acquiring their European counterparts.¹²³

Accordingly, it is safe to conclude that in the recent past, European private banking transactions have almost entirely been intra-continental. Nevertheless, a closer look will reveal that within Europe there has still been significant cross-border activity where the acquiror and targets are located in different countries.

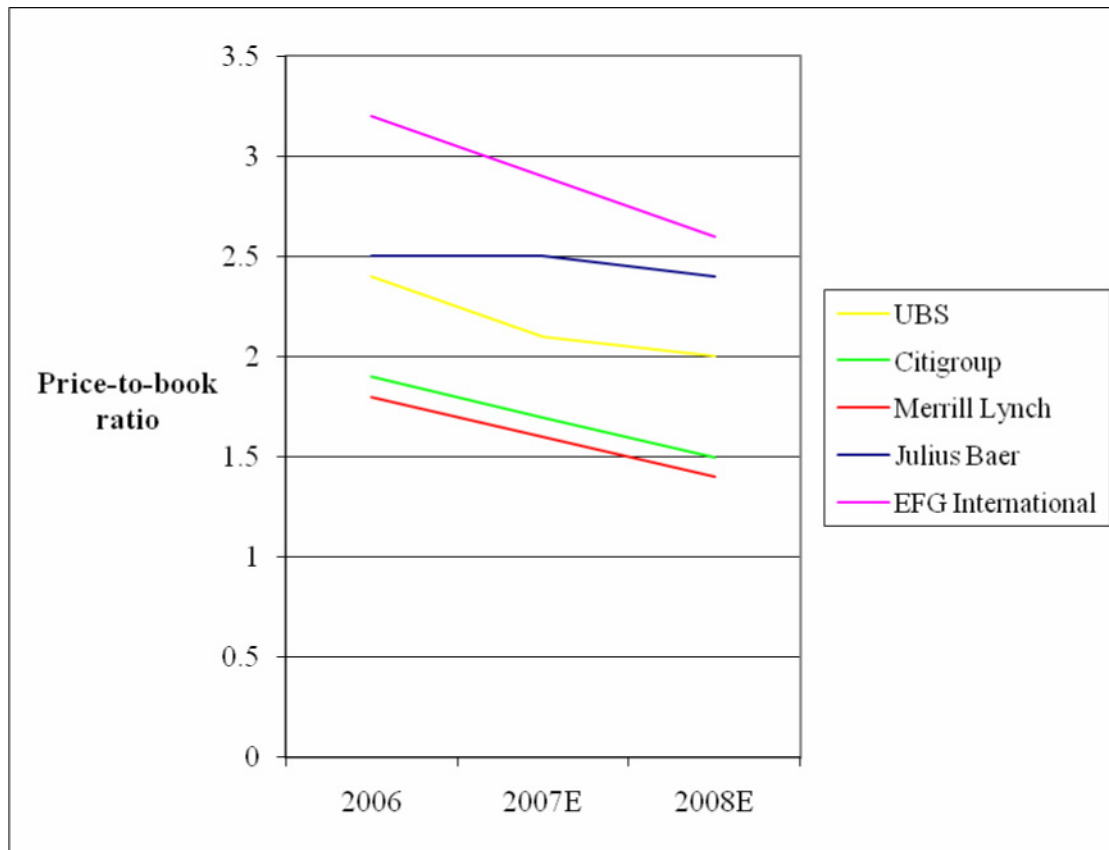
Domestic and cross-border deals as a proportion of all European private banking deals for the years from 2000 to 2005 is shown below:

¹²⁰ AFX International Focus (07-05-07)

¹²¹ *Euromoney*, Vol. 37, Issue 451 p. 136 (01-11-06)

¹²² *Ibid.*

¹²³ Thomson Financial Data SDC: KPMG analysis 2006



Source: Bear Stearns (11/09/07) p.6

As the graph shows, the pure-play quoted private banks Julius Baer and EFG International traded at significantly higher price-to-book-ratios in 2006 and are projected to continue to do so in 2007 and 2008.

4.3) The Correlation Between the Health of Global Financial Markets and Valuations in Private Banking Sector M&A

As highlighted above, some bankers argue that what may be necessary to trigger significant mergers and acquisitions activity in the European private banking sector is a cyclical downswing in financial markets that would push smaller players to merge with each other or to sell out to larger wealth managers.¹⁴⁵ A related issue is what effect any such downturn might have on valuation multiples in private banking M&A.

The following graph shows the FTSE 100 Index from January 2000 to August 2007:

¹⁴⁵ *Financial Times UK, London Ed2, Sec. COMPANIES INTERNATIONAL* p.26 (20-09-06)

Transaction Report Sector Banks (Private)

PRIVATBANKEN ASA

Summary

Target:	PRIVATBANKEN ASA	SIC Codes:	6021 0 0 0 0
Country:	Norway	Industrial Sectors:	Banks (Private)
Activities:	PRIVATE BANKING		

Bidder:	SKANDINAVISKA ENSKILDA BANKEN AB	SIC Codes:	6021 6282 6099 6210 0
Country:	Sweden		
Activities:	RETAIL/PRIVATE/INVESTMENT BANKING, ASSET MANAGEMENT & INSURANCE		
Date Announced:	2005/04/25	Date Completed:	2005/05/31
Deal Status:	Completed	Deal Type:	Public
Deal Attitude:	Friendly	Cross Border:	Yes
% Capital Owned:	9.99	Capital Bid For:	90.01
Competitive Status:	Single bidder		
Regulatory Referral:	No referral		
Consideration Type:	Cash		

Deal Value (m)	Rate to STG 12.000		Target Financials (m)	Rate to STG 12.000	
	1) NKR	2) STG		1) NKR	2) STG
Ordinary Offer Value	1071	89.250	Bank Earnings	53.312	4.443
Other Equity Value	29.250	2.438	Shareholders Funds	501.401	41.783
Total Equity Value	1100.25	91.688	Risk Weighted Assets	5174.032	431.169
Minorities	0	0.000	Tier 1 Ratio	9.3	9.3
Total Equity Value + Minor	1100.250	91.688	Total Capital Ratio	13.9	

Deal Ratios	Performance Ratios				
Price/Bank Earnings	20.638	Cost/Income Ratio	56.114	Net Interest Margin	2.25
Price/Book	2.19	Interest Income Ratio	89.794	Return on Assets	0.717
		Bad Debt Ratio	0	Return on Avg. Assets	0.87
		Return on Equity	10.633	Return on Avg. Equity	10.9

Accounts Source:	PRIVATBANKEN 2004 ANNUAL REPORT	Reliability:	Audited
Deal Value Source:	SEB PRESS RELEASE (25/4/05)	Reliability:	Accurate

Advisors

Bidder's Financial Advisor	
Target/Divestor's Financial Advisor	
Bidder's Legal Advisor	
Target/Divestor's Legal Advisor	

Target Financials

Profit & Loss for Year Ended:	31/12/04	Balance Sheet for Year Ended:	31/12/04
Interest & Discount Income:	290.485	Loans & Advances to Customers:	6044.587
Interest Expense:	160.454	Loans & Advances to Banks:	110.17
Net Interest Income:	130.031	Cash & Treasury Deposits:	882.661
Commission Income:	7.542	Equity Investments:	5.421
Commission Expense:	1.406	Intangible Assets:	18.406
Net Commission Income:	6.136	Long Term Business Assets:	0
Profit(Loss) on Financial Trans.:	8.35	Associates/JV's:	0
Other Operating Income:	0.293	Tangible Fixed Assets:	16.509
Total Other Income:	0	Other Assets:	362.335
Total Income:	144.81	Customer A/C's(Current A/C's):	5860.655
Staff Costs:	37.001	Customer A/C's(Term/Savings A/C's):	255.47
Depreciation:	9.158	Deposits by Banks:	0
Amortisation:	0	Debt Securities Issued:	708.717
Other Admin Costs:	35.099	Provisions:	0
Total Costs:	81.258	Other Liabilities:	113.847
Operating Profit:	63.552	Deferred Tax:	0
Bad Debt Charge:	0	Long Term Business Liab.:	0
Provisions/Adjustments:	0	Ordinary Share Equity:	501.401
Exceptionals:	11.271	Preference Share Equity:	0
Net Profit Before Tax:	74.823	Shareholder Funds:	501.401
Tax:	21.511	Minority Interests:	0
Net Profit After Tax:	53.312	Total Assets:	7440.089
Minority Items:	0	Risk Weighted Assets:	5174.032
Preference Share Dividends:	0	Tier 1 Ratio	9.3
Attributable Profit:	53.312	Total Capital Ratio:	13.9
Financial Currency:	NKR		
Exchange Rate to £ STG:	12		
Accounts Source:	PRIVATBANKEN 2004 ANNUAL REPORT	Reliability:	Audited
Deal Value Source:	SEB PRESS RELEASE (25/4/05)	Reliability:	Accurate

Deal Value

Deal Value Source:	SEB PRESS RELEASE (25/4/05)	
Deal Value Reliability:	Accurate	
Deal Breakdown:	Cash Value:	Share Value:
Ordinary Shares:	1071	0.000
Options:	29.25	0.000
Preference Shares:	0	0.000
Convertible Shares:	0	0.000
Redeemable Shares:	0	0.000
Other Equity Shares:	0	0.000
Total Equity Value:	1100.25	0.000
Minorities:	0	0.000
Total Equity Value + Minorities	0	0.000

Share Data

No of Ordinary Shares:		63000000	
	Initial	Final	
Cash Offer Value:	17	17	
Share Offer Value:	0	0	
	Target Shares	Bidder Shares	
Initial Offer Ratio:	0	0	
Final Offer Ratio:	0	0	
	Initial	Final	
Extra Payment Value:	0	0	
Ratio For Ords:	0	0	
Ratio For Prefs:	0	0	
Ratio For Others:	0	0	
	Number of Options	Exercise Price of Options	
1)	4500000	10.5	
2)	0	0	
3)	0	0	
Type	Number of	Cash Offer Per Share	Share Ratio
			Target Bidder
Preference Shares	0	0	0 0
Convertible Shares	0	0	0 0
Redeemable Shares	0	0	0 0
Other Equity Shares	0	0	0 0
Share Prices			
	Time	Target	Bidder Bid Premia %
B E F O R E	1 Day	15.5	130.5 9.677
	1 Week	15.5	130 9.677
	2 Weeks	16	137.5 6.250
	3 Weeks	16	134.5 6.250
	4 Weeks	16.2	134 4.938
	30 Day Average	15.74	133.75 8.005
	2 Months	15	13.333
	3 Months	13.5	25.926
	Day Before Final Increased Offer		0
A F T E R	1 Day	16.7	129 1.796
	1 Week	16.7	126 1.796
	2 Weeks	16.8	127 1.190
	3 Weeks	16.8	0 1.190
	4 Weeks	16.8	0 1.190
	1 Day before completion	16.8	0 1.190
Pre-Bid Speculation Data			
Pre-Bid Speculation Date	22/04/05	Target Share Price	15.500 Bid Premia % 9.677

Comments

OVERVIEW

On 25th April 2005, Skandinaviska Enskilda Banken ("SEB"), a leading Swedish bank, announced a voluntary offer for all the shares, warrants and convertible debt in Privatbanken ASA ("Privatbanken"). Privatbanken was an independent Norwegian bank for deposits and mortgage and real estate lending with 14,000 customers, mainly in the greater Oslo area.

Prior to this announcement, on 24th April 2005, SEB acquired 6,294,948 shares, representing 9.99% of the issued share capital in Privatbanken. In addition, SEB had received advance acceptances for shares, warrants and convertible debt representing 49,805,156 shares. SEB had thus acquired and received advance acceptances for shares, warrants and convertible debt representing 74.8% of the share capital in Privatbanken on a fully diluted basis.

The voluntary offer was subject to acceptance from shareholders and holders of convertible debt who, including shares owned by SEB, represented more than 90% of the shares in Privatbanken on a fully diluted basis. The offer was also subject to approvals from relevant authorities as well as to a satisfactory due diligence.

The offer was to run from 9 May 2005 to 31 May 2005.

On 19 May 2005 SEB announced that the offer was satisfactory and would not have a negative impact on its employees.

On 1 June 2005 SEB announced that it owned or had received acceptances in respect of 89.9% of Privatbanken's fully diluted share capital. The offer was extended until 14 June 2005.

By the end of the extended offer period, SEB owned or had received acceptances in respect of shares representing 98.4% of Privatbanken's shares on a fully diluted basis.

NB. The Financial advisor to SEB in relation to the voluntary offer was Enskilda Securities ASA.

PROFILE OF BIDDER

1) Overview

The SEB Group was a North European financial banking group for corporate customers, institutions and private individuals, with 680 branch offices around Sweden, Germany, the Baltic countries, Poland and Ukraine. SEB had more than 5 million customers, of whom 1.9 million used the internet for their banking transactions. On 30 December 2004, the Group's total assets amounted to SEK 1,591bn while its assets under management totalled SEK 886 billion. The Group was represented in some 20 countries around the world and had a staff of about 20,000.

2) Operations

SEB operated within retail and private banking, merchant banking, investment banking, asset management and life insurance. SEB carried out its activities through the following divisions:

* Corporate & Institutions - this division, through the so-called Merchant Bank unit, was responsible for trading in currencies and interest bearing instruments, cash management, export and project finance, custody services for large companies and institutions. The division had 2,800 employees. A second operating unit, Enskilda Securities, comprised financial advisory services, equity trading and equity research. Ensilksda Securities had 420 employees.

* Nordic Retail and Private Banking - The division had 1.6 million private customers, including 760,000 Internet customers, and 130,000 small and medium sized corporate customers. The business areas are Retail Banking, Private Banking and SEB Kort (cards):

- Retail Banking consisted of SEB's 200 Swedish branch offices, ATMs, telephone banking and e-banking, as well as of back office and support functions. The mortgage business (SEB BoLån AB) was also a part of Retail Banking.

- Private Banking consisted of SEB Enskilda Banken with representation in 7 Swedish cities, and of Private Banking International with branches in Luxembourg, Copenhagen, Oslo, London, Zurich, Geneva, Nice, Marbella and Singapore. In Sweden, SEB was the leading asset manager for private clients and foundations.

- SEB Kort included 2.7 million charge, credit, debit and co-branded cards. The business area had a 30-50% market share in Sweden, Denmark, Finland and Norway and includes trade marks like Eurocard and Diners Club. SEB Kort also has acquiring agreements with 160,000 retailers.

* SEB AG Group comprised SEB's operations in Germany, i.e. the German Retail & Mortgage Banking division, Merchant Banking Germany and Asset Management Germany.

* German Retail & Mortgage Banking - This division served one million private individuals, including 250,000 Internet customers and real estate companies all over Germany. Customers were able to access its services through 175 branches, more than 2,000 ATMs via Cash-pooling with allied banks, an Internet platform and telephone banking. The division includes Retail, Real Estate as well as major subsidiaries like SEB Hypothekenbank and SEB Immobilien-Investment.

* Eastern European Banking - This division comprised the three wholly owned Baltic banks SEB Eesti Ühispank (Estonia), SEB Latvijas Unibanka (Latvia) and SEB Vilniaus Bankas (Lithuania). The three banks served more than 2.1 million individuals, including 890,000 Internet customers and 156,000 corporations via some 200 branch offices and Internet banks. SEB's fund company in Poland, SEB TFI and the listed Polish bank Bank Ochrony Srodowiska, BOS, of which SEB owned 47%, also form part of the division. From 2005 Bank Agio in Ukraine was par of the Division.

* SEB Asset Management - offered a broad range of asset management expertise and services to institutions, life insurance companies and private individuals. The offerings included equity and fixed income management, private equity, real estate and hedge funds. Sales are carried out

through the Group's branch offices, in Sweden, Denmark, Finland, Luxembourg and Germany and as well through the divisions own sales-force, the Internet, telephone and call centres.

* SEB Trygg Liv - had 1.5 million customers and operated in Sweden, Denmark, Finland, Ireland, Luxembourg and the UK. Operations comprised insurance products within the investment and social security area for individuals and corporations. SEB Trygg Liv provides both unit-linked and traditional insurance products.

In the context of this transaction, SEB began operations in Norway in 1981 through a representative branch. Since 1994 the bank had offered complete banking operations in the country. The operation had grown over the years and consisted of a number of different areas with a total of 405 employees. In Norway the bank had the following operations:

* SEB Merchant Banking worked with companies and institutions and offered products such as currency trading, fixed income, credits, cash management, structured finance, custody services, leasing and factoring. Car-leasing was offered by the part owned (51%) company Møller Bilfinans.

* Enskilda Securities ASA (ES) was SEB's full service stockbroker firm in Norway. ES had 90 employees within equity trading, research and corporate finance.

* SEB Kort was one of the largest credit card companies in Norway. The company was a wholly-owned subsidiary of SEB with branches in Sweden, Finland, Denmark and Norway. In Norway, SEB Kort consisted of Diners Club Norway, Europay Norway, SEB Kort AB, Oslo Branch and DC Salvo. All together, there were approximately 200 employees.

* Private Banking - SEB operated within the Private Banking sector not only in Sweden but all over the world. Outside Sweden, customers were taken care of through the subsidiary in Luxembourg and its branches in UK and Switzerland. The customers could choose to open an account either in Luxembourg or in Switzerland. In addition to the offices in Luxembourg, London and Geneva/Zurich the bank also had representative offices in Marbella (Spain), Nice (France) and Singapore. SEB offered Private Banking services in Oslo and Copenhagen as well.

3) Financials

The table below provides a breakdown of the contributions to SEB's total income of its various operating divisions (expressed in percentages):

Y/E 31/12	2004	2003
Corporate & Institutions	37	38
Nordic Retail & Private Banking	30	29
SEB AG Group	21	22
German Retail & Mortgage Banking	17	18
Eastern European Banking	9	9
SEB Asset Management	6	6
SEB Trygg Liv	5	2

Summary financials for SEB have been presented below:

Y/e 31/12 (SEK millions)	2004	2003
Total Income	28,225	27,071
Operating result	9,273	7,963
Net profit	6,590	5,704

REASONS FOR TRANSACTION

The attractions of the transaction, as identified by SEB, were:

* The offer was in line with SEB's ambitions to strengthen its position further in Northern Europe.

* Privatbanken was a niche bank focused on affluent private customers and thus would complement SEB's position in Norway well and provide a platform for further revenue growth in Norway.

* Although SEB had over the years gained a leading position in corporate and investment banking and as the number one charge card company, as a North European bank its ambitions in Norway included a strengthened position in private banking and the affluent retail segment.

* Effects from synergies with existing operations in Norway were estimated at more than NKR 75 million annually within a two-year period. The acquisition would be earnings per share accretive already in 2005.

Payment Details

OVERVIEW

SEB announced a voluntary offer for all shares, warrants and convertible debt in Privatbanken. The offer terms comprised a cash offer with no alternative form of consideration. More specifically, the terms of the offers were:

For each share and warrant outstanding in Privatbanken	NKR 17 per share
For each convertible bond of Privatbanken	NKR 13.60

The offer valued Privatbanken's share capital on a fully diluted basis at NKR 1,275 million (*).

(*) This figure was calculated on the basis of a valuation of NKR 17 per share for all outstanding Privatbanken ordinary shares and warrants, and a valuation of NKR 13.60 for each

convertible bond of Privatbanken. The valuation methodology adopted by M&A Monitor is different (see "Equity Valuation" below).

EQUITY VALUATION

M&A Monitor has adopted the following valuation approach:

Security	Number	Valued at
Ordinary shares	63,000,000	NKR 17 per share
Warrants	4,500,000	Excess of the offer price of NKR 17 over the exercise price of NKR 10.50 for each warrant

NB. The convertible bonds have not been treated as equity for the purposes of this database. For information purposes, at the time of the announcement of the transaction, there were convertible bonds with a nominal value of NKR 94 million outstanding, convertible into 7.5 million shares. Based on the offer terms of NKR 13.6 for each convertible bond, the offer terms valued the convertibles at some NKR 128 million.

BID PREMIA /SHARE DATA PAGE

There was limited trading in Privatbanken shares. Hence, in order to derive the last 30 day average share price for Privatbanken, it was necessary to go back as far as 16th February 2005 (being the 30th day prior to the announcement of the offer on which Privatbanken shares were actually traded).

Where a share price field has been left blank (in the "Share Data" section), this denotes the fact that there was no closing price data available for Privatbanken, neither on the date in question nor:

- in the case of pre-announcement share prices, on any of the 3 business days PRIOR to the date in question;
- in the case of post-announcement share prices, on any of the 3 business days SUBSEQUENT to the date in question.

The table below shows the alternative dates which M&A Monitor has used as the basis for deriving share prices for Privatbanken (in the absence of an available share price for the company on the "correct" date):

	"Correct" Date	Date Used
3 weeks after announcement	16/05/05	18/05/05
4 weeks after announcement	23/05/05	24/05/05

For Privatbanken, the share prices are stated in Norwegian Kroner and for SEB (Series A shares) they are shown in Swedish Kroner.

TARGET FINANCIALS

The following points should be noted about the figures presented in the "Target Financials" section:

A. Profit & Loss account

* The "Exceptionals" field comprises charges for 'Net losses/gains on engagements and guarantees'.

B. Balance Sheet

* The "Debt Securities Issued" total included Certificates & Bonds issued worth NKR 458.717 million and Subordinated loan capital worth NKR 250 million. Note that the convertible bonds for which an offer was made were included in subordinated loan capital.

CALCULATION OF BANK PERFORMANCE RATIOS

The exact methodology used by M&A Monitor in generating certain of the performance ratios recorded for RBS on this database has been detailed below:

* Net Interest Margin

According to M&A Monitor's own calculation, the net interest margin for Privatbanken was 2.25%. This was calculated by expressing the net interest income figure of NKR 130.031 million (in the 12 months to 31 December 2004) as a percentage of Privatbanken's average interest earning assets figure of NKR 5,790.439 million during the 12 months to 31st December, 2004. This latter figure was calculated by aggregating the bank's interest earning assets totals as at both 31/12/2003 and 31/12/2004, then dividing the sum of that calculation by two. The table below provides information about the breakdown of the bank's interest earning assets at the dates shown.

As at 31/12 (NKR'000s)	2004	2003
Cash and balances at central banks	176,150	171,090
Due from banks	110,170	223,695
Loans and advances to customers	6,044,587	3,718,840
Debt securities	706,511	429,835
	-----	-----

7,037,418 4,543,460

* Return on Average Equity

This 10.9% figure was calculated by expressing the NKR 53.312 million figure shown as "Attributable Profit" (in the profit and loss portion of the "Target Financials" section) as a percentage of Privatbanken's average balance sheet shareholders funds figure over its two most recent annual balance sheet dates - this average balance sheet shareholders funds figure was calculated by aggregating the bank's shareholders funds figure as at both 31/12/2004 (NKR 501.401 million) and 31/12/2003 (NKR 476.589 million), then dividing the sum of that calculation by two.

* Return on Average Assets

This 0.87% figure was calculated by expressing the NKR 53.312 million figure shown as "Attributable Profit" (in the profit and loss portion of the "Target Financials" section) as a percentage of Privatbanken's average total assets figure over its two most recent annual balance sheet dates - this average balance sheet total assets figure was calculated by aggregating the bank's total assets figure as at both 31/12/2004 (NKR 7,444.089 million) and 31/12/2003 (NKR 4,872.151 million), then dividing the sum of that calculation by two.

* Risk weighted assets and capital ratios

The table below, taken from Privatbanken's 2004 accounts p.41, shows the risk weighted assets, the tier 1 capital ratio and the total capital ratio for Privatbanken recorded on this database.

	30/09/04
	%
Total capital ratio	13.9
Tier 1 ratio	9.3
Risk Weighted Assets (NKR m)	5,174.032

Target Details

I) OVERVIEW

Founded in 2000, Privatbanken was an independent bank for deposits (NKR 6.2 bn at year end 2004) and mortgage and real estate lending (NKR 6.1 bn at year end 2004), with 14,000 customers, mainly in the greater Oslo area. In 2004, Privatbanken's pre-tax result amounted to NKR 75 million and its return on equity was 11%. The shares had been listed on the Oslo Stock Exchange with effect from 6th July 2004.

II) OPERATIONS

Privatbanken was a full-service commercial bank which offered financing, deposit-taking and payment transfers to customers in the Oslo region. The bank sought to provide a high and personalised level of service and to emphasise the development of long-term customer relations, with the focus on repeat business and relationship building. With a concept of this kind, the bank primarily sought customers that had a certain volume of business.

Privatbanken had customer deposits of NKR 6,116 million at 31 December 2004 (2003: NOK 3,847 million), representing an increase of NKR 2,269 million or 59%. These deposits came from all over Norway, with the majority from the Oslo area. 70% involved less than NKR 2 million. Customer deposits were well spread, in line with the bank's target. The high deposit-to-loan ratio provided a good basis for further expansion. For standardised products relating to deposits, housing loans and payments, Privatbanken had approximately 19,500 deposit accounts and 3,700 lending accounts. As of the 31st of March 2005 Privatbanken had lent its clients NKR 6,163 million. Lending by the bank was directed primarily at customers in the Oslo region, reflecting a requirement for closeness to customers and the market as well the bank's solid expertise in this area. At the end of 2004, 65% of the bank's loan portfolio was mainly secured on property, 21% on cash deposits, 9% on securities and 5% on other forms of security.

III) SEGMENTAL ANALYSIS

* Assets

A breakdown of gross lending to customers has been provided below:

Y/e 31/12 (NKR'000s)	2004	2003
Overdraft and working capital	329,224	298,630
Construction loans	477,510	75,278
Instalment loans	5,356,477	3,473,632
Total	6,163,211	3,847,540

From the above Retail customers accounted for 46.8% of the loans, commercial services and property management accounted for 46.4% of the loans.

* Liabilities

A breakdown of deposits by source has been provided below:

Y/e 31/12 (NKR'000s)	2004	2003
Retail customers	4,557,975	2,946,959
Primary industries	14,775	6,111
Oil and gas production	3,152	3,515

Manufacturing and mining	41,897	31,745
Power, water, construction	20,868	18,915
Retailing, hotels and restaurants	134,325	75,263
International shipping & oil drilling	49,978	43,355
Other transport and communications	25,678	13,793
Commercial services & property management	1,113,692	601,564
Other services	91,691	74,272
	-----	-----
Total	6,116,125	3,847,290

IV) FINANCIAL PERFORMANCE

The profit and loss account of Privatbanken has been provided below:

Y/e 31/12 (NKR million)	2004	2003	2002
Interest on loans to and deposits with credit institutions	6,265	6,286	4,923
Interest and credit commissions on loans to customers	263,592	259,863	363,520
Interest on certificates, bonds, etc	20,628	14,636	15,392
	-----	-----	-----
Total interest income	290,485	280,785	383,835
Interest on loans and deposits from credit institutions	(21)	(5,502)	(52,892)
Interest on deposits from customers	(135,028)	(151,221)	(161,105)
Interest on certificates and bonds issued	(6,795)	(15,979)	(48,873)
Interest on subordinated loan capital	(15,000)	(15,000)	(15,000)
Other interest expenses	(3,610)	(1,850)	(690)
	-----	-----	-----
Total interest expenses	(160,454)	(189,552)	(278,560)
	-----	-----	-----
Net interest and credit commission income	130,031	91,233	105,276
Commissions and fees receivable on banking services	7,542	7,325	6,477
Commissions and fees payable on banking services	(1,406)	(964)	(686)
Net gain on foreign exchange & certificates & bonds	8,350	3,699	1,900
Other operating revenues	293	80	145
	-----	-----	-----
Total other operating revenues	14,779	10,140	7,835
Pay	(28,730)	(16,351)	(16,733)
Pensions	(3,557)	(2,968)	(3,806)
National insurance expenses	(4,714)	(4,086)	(3,997)
	-----	-----	-----
Total payroll expenses	(37,001)	(23,405)	(24,536)
Administrative expenses	(19,333)	(14,572)	(9,634)
Ordinary depreciation	(9,158)	(9,149)	(8,353)
Other operating expenses	(15,766)	(9,037)	(6,104)
	-----	-----	-----
Total other operating expenses	(81,258)	(56,163)	(48,627)
	-----	-----	-----
Operating profit before losses on engagements	63,552	45,210	64,484
Net losses on engagements and guarantees	11,271	(103)	(170,446)
	-----	-----	-----
Operating profit	74,823	45,107	(105,962)
Tax	(21,511)	(13,388)	29,124
	-----	-----	-----
Net Profit	53,312	31,719	76,838

Sources used:

SEB press releases (25/4/05, 1/6/05)
 SEB offer document (6/5/04)
 SEB 2004 annual report
 Privatbanken 2004 annual report

Further Information on M&A Monitor Ltd.

M&A Monitor produces a database which analyses selected corporate mergers and acquisitions. This can be found at www.m-a-monitor.co.uk. The M&A Monitor database was launched as a web-based product in the second half of 1997, since which time it has established itself as the most reliable source commercially available for analytically rigorous M&A data.

The database analyses and interprets all relevant publicly available information about a transaction and presents it in a user-friendly format which combines rigorous valuation analysis with detailed textual sections, thus providing a "one-stop-shop" for deal specific information.

Different sector and deal specific templates are used in order to enable the database to best reflect the individual characteristics of certain transactions (e.g. Public bids as opposed to Private transactions) and certain sectors (e.g. Banking as opposed to Industrial).

The information used on the database for transaction analysis is sourced from original

materials published by the parties to the transaction and regulatory bodies including additional information which comes into the public domain subsequent to completion of a transaction.

Transactions are typically analysed by analysts with the necessary language skills or sector experience.

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