

Interim report January-September

PRESS RELEASE

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Improved result compared with last year

- Operating result for the first nine months of 2004 increased by 17 per cent, to SEK 6,751m. All divisions improved their results.
- Operating result for the third quarter, SEK 2,088m, was 4 per cent better than for the corresponding quarter of 2003 and almost in line with the previous quarter, excluding one-off items.
- Net profit (after tax) for the first nine months of the year increased by 20 per cent, to SEK 4,840m.
- Total income rose by 5 per cent, while underlying costs remained stable.
- Net credit losses remained at a low level.
- Return on equity was 13.0 per cent (11.8). Earnings per share increased by 22 per cent, to SEK 7.09 (5.82) and rose by 4 per cent between the second and third quarter.
- SEB Trygg Liv's result from ongoing business amounted to SEK 1,204m (not consolidated). Markets shares for unit-linked insurance continued to grow.
- As of 30 September, SEB had repurchased 13.9 million own shares for effective capital management.
- In October, SEB made an agreement to acquire more than 90 per cent of Bank Agio in the Ukraine.

President's comments

SEB continues to strengthen its operations through organic growth and add-on acquisitions. Customer satisfaction and cost efficiency has increased. Our cross-servicing efforts to deliver SEB's full product range to our customers are yielding results. Volumes within key areas such as mortgages, unit-linked, asset management and cards have grown significantly.

These factors have enabled SEB to considerably improve the result compared with 2003, in spite of reduced margins, low equity market activity and flat corporate demand for lending. However, due to low customer activities and low volatility during the summer, income in the third quarter dropped compared with the previous quarters. Corporate & Institutions, like most international wholesale/investment banks have operated in a tough market. At the same time, I am pleased to report that SEB has been able to reduce costs and thereby again deliver a quarterly result exceeding SEK 2bn.

Over the past months, we have strengthened our positions further through strategic acquisitions in our region.

SEB Trygg Liv, which has shown strong growth and improving results, will further increase in importance through its acquisition of Codan Liv & Pension in Denmark.

After the acquisition of Europay in Norway in December 2002, SEB Kort's profit has increased by 30 per cent, to SEK 500m. The entity is now integrating Eurocard in Denmark.

Today, many of our customers increase their business with Eastern Europe, particularly Russia and the Ukraine. Thus, it is natural for us to expand eastwards step by step - an expansion based on the local knowledge of our three Baltic banks in combination with SEB's international experience and broad product range. When we take over Agio Bank in the Ukraine, we will be able to service clients from SEB's home-markets in the fast growing Ukrainian economy.

Today, SEB has a broad platform in terms of products as well as geographically. Our profitable operations in Eastern Europe based upon 2 million customers, 6,000 employees and 300 branch offices provides us with a strong basis for continued profit growth in these fast-growing economies. In addition, we are strengthening our positions within many areas in the Nordic region and Germany, not least in the corporate sector.

The Group

Third quarter isolated

Lower income met by tight cost control

SEB's operating result for the third quarter, SEK 2,088m, was 4 per cent better than for the corresponding period in 2003 (2,004). Compared with the previous quarter, however, the result decreased by 5 per cent following less favourable capital market conditions. Adjusted for capital gains from the sale of SEB's shares in Danish Amagerbanken, operating result was stable.

Net profit (after tax) rose to SEK 1,553m (1,397).

Total income amounted to SEK 6,657m, virtually unchanged compared with the corresponding period of last year, but 3 per cent lower than in the previous quarter on a comparable basis.

Net interest income was stable between the second and third quarter, in spite of margin pressure, while low customer activity in the stock market affected net commission income negatively.

Net financial transactions were negatively affected by lower seasonal business activity, especially within trading and capital markets.

Total costs amounted to SEK 4,502m, a decrease of 5 per cent from the previous quarter and in line with the corresponding quarter of 2003.

Net credit losses were SEK 166m (273).

Result for nine months

Improved result

Operating result for the first nine months of 2004 increased by 17 per cent, to SEK 6,751m (5,769). Restructuring costs in Germany and new accounting principles regarding employee benefits affected the result negatively by SEK 328m. *Net profit* increased by 20 per cent to SEK 4,840m (4,040).

Increased income

Total income increased by 5 per cent, to SEK 20,977m (19,958). The improvement was an effect of higher net commission income and increased net result of financial transactions.

Net interest income was relatively stable at SEK 10,140m (10,284). Continuously increased volumes, particularly of mortgage lending and deposits, had a positive impact, while the generally low level of interest rates had a negative effect. In February, the Swedish central bank lowered its interest rate by 25 basis points and in April by another 50, to 2.0 per cent. In addition, new accounting principles regarding employee benefits had a negative impact of SEK 105m.

Net commission income rose by 11 per cent, to SEK 8,343m (7,500). The improvement was an effect of increased equity market-related revenues, particularly in the beginning of the year. Equity brokerage income increased by 18 per cent and fund management fees by 22 per cent, compared with the first three quarters of 2003. Commissions from card operations increased, by 8 per cent.

Net financial transactions rose by 14 per cent, to SEK 1,644m (1,444).

Other income amounted to SEK 850m (730). This included a capital gain of SEK 210m from the sale of SEB's shares in

Amagerbanken, Denmark, of which a gain from sale of the remaining shares, SEK 35m, in the third quarter.

Stable underlying cost level

Total costs increased by 3 per cent, to SEK 13,949m (13,488). Restructuring costs of SEK 163m in Germany and a one-off write-down of goodwill by SEK 58m in the second quarter had a negative effect. Excluding these one-off items and the effects of changed accounting principles, costs were stable.

Staff costs increased to SEK 8,161m (7,876), mainly due to performance-related remuneration.

The average number of full time equivalents in September 2004 was 17,654, a decrease of 253 compared with September 2003. During the past three years the number of employees in SEB has decreased by 2,336 full time equivalents.

Other operating costs increased slightly, to SEK 4,572m (4,530) due to investments in new IT-systems etc.

Total IT-costs (defined as a calculated cost for all IT-related activities including costs for own personnel) were SEK 2,612m (2,563).

Profit improvement programme in Germany yielding result

The German Retail & Mortgage Banking division continued its profit improvement programme, launched in December 2003. So far, 300 out of 400 redundant full time equivalents have left the division. The programme led to restructuring costs of SEK 163m in the first nine months of 2004. Total restructuring costs for 2004 are expected to amount to approximately SEK 200m, which is SEK 100m lower than initially communicated. The effects of the profit improvement programme can already be seen in the operating result and will have full impact in 2005.

Stable credit losses

The Group's *net credit losses*, including changes in the value of assets taken over, amounted to SEK 513m (676). The credit loss level was 0.10 per cent (0.13). Asset quality remained stable.

Improved result from life insurance operations

SEB Trygg Liv's operating result increased, to SEK 265m (85). The result has been included in the Group's result.

SEB Trygg Liv's result from ongoing business (including change in surplus values but excluding financial effects of market fluctuations) amounted to SEK 1,204m (1,360).

Results including surplus value changes are not consolidated with the SEB Group's result. A complete description of SEB Trygg Liv's operations, including change in surplus values, is reported in "Additional information" on www.sebgroup.com.

The result of the SEB Group's total insurance operations - non-life (run-off only) and life including goodwill amortisation of SEK 110m (110) - amounted to SEK 226m (9).

Increased assets under management

As of 30 September 2004, assets under management amounted to SEK 857bn, an increase of 4 per cent compared to year-end 2003 and 7 per cent higher than a year earlier. Net inflow during the first nine months was SEK 33bn (32), emanating from all of SEB's home markets, while the change in value was SEK 13bn (26).

Balance sheet growth

The growth in the balance sheet continued during the third quarter. The Group's balance sheet total of SEK 1,419bn as per 30 September represented an increase of SEK 15bn during the third quarter and of SEK 140bn since year-end 2003. The increase over the year represents larger lending to and deposit volumes from the general public, as well as higher trading and repo market activities. The third quarter showed a continued business growth towards the general public and increased repo activities, while securities lending decreased.

Due to new accounting rules for pension liabilities, assets and commitments in the Group's pension obligations have been consolidated in the balance sheet. As of 30 September 2004, the consolidation contributed SEK 1.4bn to book equity, which is included in core capital.

Credit portfolio

Total credit exposure, including contingent liabilities and derivatives contracts, amounted to SEK 1,066bn (1,040 at year-end 2003), of which loans and leasing excluding repos amounted to SEK 799bn (776). The growth of the credit portfolio was related to property management and low risk sectors such as the German public sector and Swedish household mortgage lending, as in previous quarters. Within the corporate sector, growth was related to Nordic and Baltic corporate clients.

The geographical distribution of the credit portfolio remained stable, with credit volumes concentrated in SEB's home markets: the Nordic area 45 per cent (45), Germany 34 per cent (34) and the Baltic countries 5 per cent (4).

On 30 September, *doubtful loans*, gross, amounted to SEK 8,886m (10,877 at year-end 2003), of which SEK 7,786m (8,632) were non-performing loans (loans where interest and amortisation are not paid) and SEK 1,100m (2,245) performing loans. The reserve ratio was 74 per cent (66).

The volume of assets taken over was SEK 83m (117).

Market risk

The Group's risk-taking in trading operations is measured in a so-called Value at Risk model (VaR). During the first nine months of 2004, VaR averaged SEK 73m. This means that the Group, on average, with 99 per cent probability could not expect to lose more than this amount during a ten-day period. Average VaR has continued to decrease since the second quarter, due to reduced positions and lower market volatility. Comparison with the full year 2003 shows the same trend.

Capital base and capital adequacy

Including the first nine months' result, the capital base for the financial group of undertakings amounted to SEK 57.3bn as of 30 September 2004 (54.7 at year-end). Core capital was SEK 45.5bn (42.6), of which SEK 5.5bn (1.8) constituted so-called core capital contribution.

During the third quarter, the Bank transacted a EUR 750m subordinated debt issue to take advantage of favourable market conditions and to replace debt that will redeem in early 2005.

Since payment date for the issue was 6 October, the transaction did not affect the Bank's position at the reporting date.

Risk-weighted assets were largely unchanged during the third quarter, totalling SEK 558bn (535). The change over the year was due to increased business activity in general. As of 30 September 2004, the *core capital ratio* was 8.2 per cent (8.0) and the *total capital ratio* 10.3 per cent (10.2).

Following a regulatory change from the year 2004, deferred tax assets and all intangible fixed assets (not only goodwill as before) shall be excluded from the capital base. In consequence, the capital ratios are now computed net of the Group's SEK 1.8bn in such assets.

Effects of new accounting principles

The effects of RR29 (IAS 19) Employee benefits are included in the accounts since January 2004. This change has had a negative impact of SEK 165m on the operating result compared with the first nine months of 2003.

Furthermore, several new and changed accounting principles have been proposed to the EU by IASB. The introduction of IFRS (International Financial Reporting Standards) in 2005 will affect the SEB Group mainly within the following areas: Financial Instruments Recognition and Measurement (IAS 39), Business combination (IFRS 3), Share-based Payments (IFRS 2) and Insurance contracts (IFRS 4).

IFRS 3 states that the goodwill amortisation should be replaced by annual impairment tests, which are already implemented under Swedish accounting standards. The goodwill amortisation effect on September year-to-date 2004 result was approximately SEK 620m.

SEB's employee stock option programme falls under the rules for Share based payments. The calculated cost for the programme should be phased out over the vesting period. The two programmes concerned would have a negative impact of SEK 52m as per September 2004. On a continuous basis the employee stock option programmes would have a yearly cost of SEK 105m – assuming a similar structure in the future.

Insurance accounting will in the first phase mainly affect the classification of insurance contracts and the presentation of insurance operations, but not the result.

Excluding goodwill amortisation and including the costs for the option programme, Net profit (after tax) for January-September would improve by approximately SEK 570m to SEK 5,410m. This would give a Return on equity of 14.4 per cent, Earnings per share of 7.92 and a Cost income ratio of 0.65. No other changes due to the expected new accounting rules have been taken into account.

Repurchase of own shares

The Annual General Meeting on 1 April 2004 authorised the Board to decide to purchase own shares for an effective management of the Group's capital. In consequence, the Board has decided to acquire a maximum of 20 million shares via the Stockholm Stock Exchange for a total of maximum SEK 2.3bn. As per 30 September 2004, SEB had acquired 13.9 million shares, of which almost 11.8 million were Series A shares and slightly more than 2.1 million Series C shares. The purchases were made on the Stockholm Stock Exchange during the second and third quarters of 2004, up to 20 August.

In addition, the bank has purchased a total 19.4 million SEB Series A shares to hedge employee stock option programmes from the years 2002-2004.

The acquisition value of all repurchased shares has been deducted from equity.

Strategic acquisitions in Denmark finalised

During the second quarter SEB made agreements on two acquisitions in Denmark.

SEB Kort's acquisition of Eurocard's card-issuing business from PBS International A/S - and thereby the rights to the Eurocard brand in Denmark – was finalised in August.

SEB Trygg Liv's acquisition of Codan Liv & Pension was completed on 1 October, 2004.

Acquisition of Bank Agio in the Ukraine

On 4 October, SEB signed an agreement giving it the right to acquire more than 90 percent of the shares of the Ukrainian Bank Agio. The total investment is approximately SEK 200m. On 30 June, 2004, Bank Agio's total assets amounted to EUR 58m.

Stockholm, 20 October 2004

Lars H Thunell

President and Group Chief Executive

This report has not been reviewed by the Bank's Auditors.

More detailed information is presented on www.sebgroup.com

“Additional information” including:

Appendix 1	SEB Trygg Liv
Appendix 2	Credit exposure
Appendix 3	Capital base
Appendix 4	Market risk

Profit & Loss Account quarterly performance, seven quarters

- The SEB Group
- Divisions and business areas
- Revenue split

Financial information in 2005:

9 February	Annual Accounts for 2004
13 April	Annual General Meeting
3 May	Interim Report January-March
26 July	Interim Report January-June
27 October	Interim Report January-September

Further information is available from:

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SEB Group

Operational Profit and Loss Account

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Net interest income	3 346	3 352	0	10 140	10 284	-1	13 782
Net commission income	2 620	2 871	-9	8 343	7 500	11	10 218
Net result of financial transactions	384	430	-11	1 644	1 444	14	2 084
Other operating income	307	364	-16	850	730	16	987
Total income	6 657	7 017	-5	20 977	19 958	5	27 071
Staff costs	-2 683	-2 737	-2	-8 161	-7 876	4	-10 499
Other operating costs	-1 459	-1 573	-7	-4 572	-4 530	1	-6 191
Amortisation of goodwill	-151	-210	-28	-512	-463	11	-616
Depreciation and write-downs	-170	-183	-7	-541	-619	-13	-829
Restructuring costs	-39	-49	-20	-163			
Total costs	-4 502	-4 752	-5	-13 949	-13 488	3	-18 135
Net credit losses etc *	-166	-135	23	-513	-676	-24	-1 006
Write-downs of financial fixed assets	-4	1		-3	-21	-86	-64
Net result from associated companies	5	9	-44	13	-13		19
Operating result from insurance operations**	98	60	63	226	9		78
Operating result	2 088	2 200	-5	6 751	5 769	17	7 963
Taxes	-529	-675	-22	-1 894	-1 719	10	-2 247
Minority interests	-6	-6		-17	-10	70	-12
Net profit for the year	1 553	1 519	2	4 840	4 040	20	5 704
* Including change in value of seized assets							
** Result from SEB Trygg Liv, non-life and pertaining goodwill amortisation							
whereof SEB Trygg Liv	106	81	31	265	85		149
Change in surplus values, net	265	335	-21	939	1 275	-26	1 739
Result ongoing business	371	416	-11	1 204	1 360	-11	1 888

Key figures

	Jul-Sep	Apr-Jun	Jan-Sep		Full year
	2004	2004	2004	2003	2003
Return on equity, %*	12.6	12.4	13.0	11.8	12.3
Return on equity excl goodwill, %	18.4	18.8	19.1	18.3	19.0
Return on total assets, %	0.44	0.42	0.46	0.43	0.45
Return on risk-weighted assets, %	1.11	1.09	1.17	1.05	1.10
Earnings per share (weighted average number), SEK**	2.30	2.22	7.09	5.82	8.22
Earnings per share (total issued shares), SEK	2.20	2.16	6.87	5.73	8.10
Cost/income ratio	0.68	0.68	0.66	0.68	0.67
Cost/income ratio, excl goodwill	0.65	0.65	0.64	0.65	0.65
Credit loss level, %	0.09	0.08	0.10	0.13	0.15
Reserve ratio for doubtful loans, %	73.7	74.9	73.7	69.3	66.3
Level of doubtful loans, %	0.31	0.33	0.31	0.47	0.52
Total capital ratio, %	10.26	10.28	10.26	10.42	10.23
Core capital ratio, %	8.16	8.16	8.16	8.08	7.97
Core capital ratio excl goodwill, %	7.19	7.17	7.19	6.95	6.90
Risk-weighted assets, SEK billion	558	559	558	514	535
Number of full time equivalents, average	17 766	17 694	17 702	18 233	18 067
Number of e-banking customers, thousands	1 864	1 780	1 864	1 542	1 614
Assets under management, SEK billion	857	858	857	800	822

* Return on equity, excluding amortisation of goodwill and including estimated costs for employee stock option programme according to anticipated new accounting principles from 2005, is calculated at 14.4 per cent for January-September 2004.

** Issued number of shares 704 557 680 of which SEB has repurchased 19.4 million Series A shares for the employee stock option programme. SEB has repurchased another 13.9 million shares for the improvement of the capital structure of the Bank as decided at the 2004 Annual General Meeting. Earnings per share after full dilution, calculated in accordance with the recommendations of the Swedish Financial Accounting Standards Council, deviate only slightly.

Operational Profit and Loss Account, quarterly basis

SEK m	2004:3	2004:2	2004:1	2003:4	2003:3
Net interest income	3 346	3 352	3 442	3 498	3 520
Net commission income	2 620	2 871	2 852	2 718	2 576
Net result of financial transactions	384	430	830	640	412
Other operating income	307	364	179	257	190
Total income	6 657	7 017	7 303	7 113	6 698
Staff costs	-2 683	-2 737	-2 741	-2 623	-2 579
Other operating costs	-1 459	-1 573	-1 540	-1 661	-1 522
Amortisation of goodwill	-151	-210	-151	-153	-153
Depreciation and write-downs	-170	-183	-188	-210	-201
Restructuring costs	-39	-49	-75		
Total costs	-4 502	-4 752	-4 695	-4 647	-4 455
Net credit losses etc *	-166	-135	-212	-330	-273
Write-downs of financial fixed assets	-4	1		-43	-1
Net result from associated companies	5	9	-1	32	-8
Operating result from insurance operations**	98	60	68	69	43
Operating result	2 088	2 200	2 463	2 194	2 004
* Including change in value of seized assets					
** Result from SEB Trygg Liv, non-life and pertaining goodwill amortisation					
whereof SEB Trygg Liv	106	81	78	64	62
Change in surplus values, net	265	335	339	464	818
Result ongoing business	371	416	417	528	880

Operational Profit and Loss Account by division

Jan-Sep 2004, SEK m	Corporate & Institutions	Nordic Retail & Private Banking	German Retail & Mortgage Banking	Eastern European Banking	SEB Asset Management	SEB Trygg Liv	Other incl eliminations	SEB Group
Net interest income	3 419	3 260	2 386	1 160	56		- 141	10 140
Net commission income	2 935	2 746	947	554	1 082		79	8 343
Net result of financial transactions	1 358	121	61	144	6		- 46	1 644
Other operating income	207	78	114	47	18		386	850
Total income	7 919	6 205	3 508	1 905	1 162		278	20 977
Staff costs	-2 633	-2 122	-1 531	- 529	- 372		- 974	-8 161
Other operating costs	-1 688	-1 780	- 974	- 366	- 258		494	-4 572
Amortisation of goodwill	- 39	- 37		- 37	- 2		- 397	- 512
Depreciation and write-downs	- 62	- 28	- 144	- 149	- 15		- 143	- 541
Restructuring costs			- 163					- 163
Total costs	-4 422	-3 967	-2 812	-1 081	- 647		-1 020	-13 949
Net credit losses etc *	- 58	- 128	- 299	- 61			33	- 513
Write-downs of financial fixed assets				- 2			- 1	- 3
Net result from associated companies				37			- 24	13
Operating result from insurance operations**				19		265	- 58	226
Operating result	3 439	2 110	397	817	515	265**	- 792	6 751

* Including change in value of seized assets

** Result from on-going business in SEB Trygg Liv amounted to SEK 1 204m (1 360), of which change in surplus values was net 939m (1 275).

Corporate & Institutions

This division is responsible for large and medium-sized corporations, financial institutions and commercial real estate clients. It comprises Merchant Banking (cash management, trading in currencies and fixed income, capital markets, lending, structured finance, import and export finance, custody etc) and Enskilda Securities (equity trading, corporate finance etc), and operates in 13 countries.

Profit and loss account

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan - Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Net interest income	1 107	1 127	-2	3 419	3 439	-1	4 603
Net commission income	915	1 027	-11	2 935	2 673	10	3 659
Net result of financial transactions	267	406	-34	1 358	1 264	7	1 809
Other operating income	109	46	137	207	157	32	207
Total income	2 398	2 606	-8	7 919	7 533	5	10 278
Staff costs	-852	-878	-3	-2 633	-2 406	9	-3 299
Other operating costs	-542	-603	-10	-1 688	-1 631	3	-2 171
Amortisation of goodwill	-13	-13		-39	-42	-7	-56
Depreciation and write-downs	-20	-22	-9	-62	-83	-25	-111
Total costs	-1 427	-1 516	-6	-4 422	-4 162	6	-5 637
Net credit losses etc	-13	-6	117	-58	-116	-50	-186
Write-downs of financial fixed assets					-14	-100	-14
Intra-group minority interest					-15	-100	-26
Operating result	958	1 084	-12	3 439	3 226	7	4 415
Cost/Income ratio	0,60	0,58		0,56	0,55		0,55
Allocated capital, SEK bn	16,2	15,6		15,6	14,5		14,5
Return on capital, %	17,1	20,0		21,2	21,4		21,9
Number of full time equivalents, average	3 250	3 181		3 190	3 180		3 171 =

Growth and inflation in focus

Financial markets reacted strongly to the signs of economic weakness during summer and early autumn, leading to declining bond yields. The markets, with a few exceptions, were generally characterised by low volatility and turnover in the third quarter. The record high oil price has temporarily dampened growth, but the long-term impact is expected to be limited provided energy prices do not rise further from current levels.

Stock markets have moved sideways in an environment of good earnings reports and cash flows.

Concern about the growth outlook has affected the U.S. dollar negatively, while the Swedish krona has been supported by strong macroeconomic data.

Strong client income despite weak markets

Corporate & Institutions operating result for the first nine months was SEK 3,439m (3,226m). The increase was mostly related to decreasing interest rates during the first six months. Client facilitation income increased, by 4 per cent, despite slow market conditions.

New investments in growth areas have increased costs from a low level. The third quarter result of SEK 958m was negatively affected by shrinking margins and was slightly lower than in the third quarter of last year.

Merchant Banking – stable result

The operating result for the first nine months was SEK 3,325m (3,158m). The third quarter was affected by lower seasonal market activity, especially within trading and capital markets. An increase in business volume was partly offset by generally lower margins. Credit losses were low and credit quality remained stable.

Good deal flow in home markets

Merchant Banking continues to focus on growth and client acquisition in its home markets: Sweden, Norway, Denmark, Finland and Germany. As a result of escalating competition the pressure on both fees and credit structures has increased.

Merchant Banking's operations in Norway continue to enjoy high activity in most business areas and are performing well.

In Finland, Merchant Banking has acted as lead arranger and co-ordinator of a EUR 275m facility for London & Regional Properties in connection with their acquisition of the Finnish hotel real estate company Dividum Oy.

In Germany, Merchant Banking continues to acquire new customers and develop its business with existing clients. One example is SEB's mandate to arrange a fully underwritten EUR 100m term loan facility for the Phoenix Group, SEB's first such mandate in Germany. The loan was oversubscribed and later increased by EUR 80m. SEB furthermore won pan-Nordic/Baltic cash management mandates from the German company Linde.

Since September, Merchant Banking also comprises management responsibility for a new unit covering commercial real estate activities. The new entity, Commercial Real Estate, is responsible for all commercial real estate activities within Merchant Banking and SEB AG. The rationale behind the organisational change is to consolidate the Group's activities in this area in order to strengthen focus, pool competencies and better exploit opportunities. The newly formed entity has 250 employees.

Leading transaction technology

SEB is a leading provider of technology based financial services as witnessed by a number of awards and top rankings received in the third quarter.

In the cash management area SEB was awarded "Best Cash Management bank in the Nordic & Baltic region" by Euromoney, and "Best Bank Cash Management in Nordic Region" by Treasury Management International in a poll among some 4,500 European treasurers. SEB has also been ranked as the ninth most used cash manager and fifth for overall quality globally in Euromoney's latest survey of more than one thousand international cash management users. In its custody business, SEB continued to win several important mandates also in the third quarter. Among others, Neonet, Barclays Capital and KBC Securities have chosen SEB as multi-Nordic Agent Bank. SEB has also been ranked by Global Investor Magazine as the number two settlement bank in Europe in terms of quality. Securities Services was named "Top rated Agent Bank" in Norway, Finland and Denmark in Global Custodian Magazine's October client survey.

Both large and medium-sized corporate banking business continues to grow, as witnessed by a number of transactions closed during the third quarter. For example, an acquisition financing of SEK 100m for Feralco AB and a syndicated loan facility of EUR 500m for Scania.

Enskilda Securities - lower equity market turnover

The operating result for Enskilda Securities for the first three quarters of 2004 was SEK 114m (68m). The third quarter broke even. Turnover on stock markets returned to last years' lower levels in the third quarter. This, in combination with low activity in the corporate finance market, has had negative impact on Enskilda Securities' income. Costs remained at satisfactory levels, while income fell compared with the third quarter of last year. Total income for the first nine months of 2004 was SEK 1,032m (1,003m).

Revenue in the Equities business unit was virtually unchanged from the same period last year. Activity in the corporate finance market is rebounding and the market for mergers and acquisitions has improved. Enskilda has, among other assignments, acted as advisors to Bredbandsbolaget in its acquisition of Bostream, to Frango in connection with the public offer from Cognos Inc., to B&N and Gorthon Lines on their merger, to ISS on its acquisition of Engel and to AGR regarding Altor's investment in AGR.

Enskilda and Merchant Banking have intensified co-operation in order to enhance efficiency and explore new business opportunities.

Enskilda Securities maintained its overall leading market position in the Nordic area.

Nordic Retail & Private Banking

This division serves 1.6 million private customers - of which 746,000 Internet customers - and 130,000 small and medium-sized corporate customers. The majority of the customers are Swedish. In the Nordic area, SEB also has 2.5 million charge-, credit and banking cards. The business areas are Retail Banking, Private Banking and SEB Kort (cards). In Sweden, SEB has 200 branch offices, a top-ranked Internet service and a 24h-telephone bank.

Profit and loss account

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan - Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Net interest income	1 118	1 050	6	3 260	3 166	3	4 247
Net commission income	877	925	-5	2 746	2 406	14	3 326
Net result of financial transactions	33	42	-21	121	114	6	151
Other operating income	21	28	-25	78	137	-43	173
Total income	2 049	2 045	0	6 205	5 823	7	7 897
Staff costs	-738	-705	5	-2 122	-1 916	11	-2 574
Other operating costs	-560	-609	-8	-1 780	-1 757	1	-2 392
Amortisation of goodwill	-13	-12	8	-37	-39	-5	-52
Depreciation and write-downs	-9	-9		-28	-33	-15	-55
Total costs	-1 320	-1 335	-1	-3 967	-3 745	6	-5 073
Net credit losses etc	-43	-41	5	-128	-119	8	-194
Intra-group minority interest					-11	-100	-17
Operating result	686	669	3	2 110	1 948	8	2 613
Cost/Income ratio	0,64	0,65		0,64	0,64		0,64
Allocated capital, SEK bn	11,4	10,6		10,8	9,1		9,1
Return on capital, %	17,3	18,2		18,8	20,6		20,7
Number of full time equivalents, average	4 805	4 665		4 719	4 796		4 744

Continued positive sales result

After the relatively slow summer months, customer activity picked up again in September, especially in the private savings and mortgage markets.

SEB continued to increase its share of the mortgage market. At the end of September, SEB's total share of the private mortgage market in Sweden was 14.7 per cent. The market share of new sales was 17.3 per cent. Total net new mortgage volumes were lower in the summer, but increased again in September.

Total lending volume rose by 17 per cent to SEK 200 bn.

At the end of September total deposit volumes amounted to SEK 121 bn, an increase of 4 per cent compared to September 2003. SEB had a market share of 14.9 per cent of the total Swedish private savings market in June, according to *Sparbarometern*.

The efforts to increase the Bank's market share of small and medium-sized companies continued. During the first nine months of 2004, both inflow of new corporate customers and business volumes increased. In the corporate market, there is also a clear trend of a growing will to invest, a trend that is expected to strengthen further.

During the third quarter the division made joint efforts with SEB Asset Management and SEB Trygg Liv in organising "Fondkvällar" (meetings to inform about modern savings) for 3,000 customers.

Compared with the first nine months of 2003, the division's result rose by 8 per cent to SEK 2,110m.

The third quarter result isolated was somewhat higher than the previous quarter. Low short-term interest rates and a weak stock market continue to slow down the result improvement.

However, these general market conditions continue to be balanced by increased volumes, in spite of steadily escalating competition. The pressure on deposit, loan and mortgage margins continued.

The cost increase compared with the same period in 2003 was mainly due to higher pension costs related to new accounting rules, performance-related remuneration and IT-investments in, for example, Basel II-adaptations.

Credit losses remained at a low level.

Retail Banking – improved customer satisfaction

Retail Banking's result was SEK 1,219m, 3 per cent lower than the corresponding period in 2003. This was mainly due to the above-mentioned low interest rate level and poor stock market development.

Compared with the previous quarter the result rose by 5 per cent. This was due to both increased sales and lower cost.

Customer satisfaction continued to improve. In the Swedish Quality Index 2004, SEB was the only major bank to increase its private customer satisfaction. Customer satisfaction improved among corporate clients, too.

In addition, SEB was top ranked for both its e-banking services and its product range for corporate customers in the Swedish *Finansbarometern*.

At the end of September, the division had 808,000 e-banking customers, including 62,000 corporate customers.

Private Banking – well positioned for growth

Over the last years, the Private Banking operation has to a large extent been restructured. After forceful cost reduction programmes, cross-border co-ordination of operations and management changes, the business area is now well prepared for growth when markets improve.

The result, SEK 391 m, increased by 53 per cent compared with the same period in 2003. This was an effect of both increased commission income between the years and cost reductions.

Compared with the previous quarter, the result was 12 per cent lower, mainly due to the low customer activity levels during the summer.

Assets under management increased to SEK 182bn on 30 September 2004 from SEK 169bn on 31 December 2003. This was due to higher market values of mutual funds and portfolio volumes as well as a positive net inflow of assets of SEK 5bn.

To improve cost-efficiency and clarify product offerings to affluent customers, Retail Banking has taken over management responsibility for some Private Banking units. As a consequence, a total result of SEK 50m and SEK 25bn in assets under management have been transferred between the business areas. To reflect this, historical result figures have been restated.

SEB Kort – continued profit growth

The usage of charge- and credit cards continued to grow and volumes increased, even though international travel remained at relatively low levels. SEB Kort's total turnover amounted to SEK 128bn (117).

The result was also positively affected by improved cost efficiency due to the use of only one IT-system for the various cards and transactions in all four countries of operations. An effective IT-solution was also behind the decrease of frauds which was reached even though volumes were increasing - in contrast to the international trend where frauds are a growing problem. SEB Kort's credit losses, including frauds, were down by 21 per cent between 2004 and 2003.

SEB Kort's result, SEK 500 m, increased by 16 per cent compared with the same period in 2003 and by 8 per cent compared with the previous quarter.

The integration of the Norwegian (Europay Norway) operations was practically finalised. As part of the process in Norway, the sales of the acquiring operation with 25 employees to Euroconex will be finalised in the fourth quarter.

The acquisition of Eurocard in Denmark was finalised in August.

SEB AG Group

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

Profit and loss account

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan - Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Net interest income *)	955	951	0	2 852	2 968	-4	3 926
Net commission income	459	491	-7	1 437	1 325	8	1 779
Net result of financial transactions	16	-22	-173	89	51	75	105
Other operating income	48	25	92	104	148	-30	254
Total income	1 478	1 445	2	4 482	4 492	0	6 064
Staff costs	-609	-612	0	-1 839	-2 099	-12	-2 717
Other operating costs	-405	-413	-2	-1 257	-1 178	7	-1 643
Depreciation and write-downs	-50	-53	-6	-156	-183	-15	-250
Restructuring costs	-39	-49	-20	-163			
Total costs	-1 103	-1 127	-2	-3 415	-3 460	-1	-4 610
Net credit losses etc	-112	-78	44	-300	-455	-34	-635
Write-downs of financial fixed assets							-2
Net result from associated companies					23	-100	40
Operating result	263	240	10	767	600	28	857
Cost/Income ratio	0,75	0,78		0,76	0,77		0,76
Cost/Income ratio excluding restructuring costs	0,72	0,75		0,73	0,77		0,76
Allocated capital, SEK bn	11,8	11,7		11,8	11,2		11,2
Return on capital, %	6,4	5,9		6,3	5,1		5,5
Return on capital excluding restructuring costs, %	7,4	7,1		7,6	5,1		5,5
Number of full time equivalents, average	3 396	3 441		3 450	3 838		3 815

*) Change in accounting for pension costs 2003/2004: SEK 105m offset against staff costs in January-September

German market – expected growth takes time

Economic activity in Germany slowed down moderately in the third quarter of 2004. Surging oil prices and a weak labour market combined with increasing unemployment rates hit the purchasing power of private consumers. On the other hand, exports continued to be strong. Forecasts of GDP growth for the whole year remained at a level of 1.5 – 2.0 per cent. Due to uncertainty about the future business cycle, the stock market showed some weakness and interest rates dropped.

Result improved –annually and quarterly

The operating result (excluding restructuring costs of SEK 163m) of SEB's entire operations in Germany (SEB AG Group) amounted to SEK 930m. The quarterly result increased by 4 per cent, and the nine-months result improved significantly, by 55 per cent, compared with 2003.

Net interest income remained stable on a comparable basis – both quarterly and annually. The development of net interest income continued to be driven by Merchant Banking's increased

credit business with institutional clients as well as by the positive impact of money market and derivatives products. This has helped to compensate the negative effect of consistently low short-term interest rates.

Net commission income amounted to SEK 1,437m, which was 8 per cent higher than in 2003, affected positively by improved cross-selling with retail customers as well as sales of structured project finance.

Assets under management amounted to SEK 130bn, a stable volume compared with the previous quarter and 5 per cent better than in 2003.

On a comparable basis, total costs decreased by 4 per cent compared with the corresponding period of 2003, due to the positive effect of the ongoing profit improvement programme. On a quarterly basis, total costs remained stable, in spite of increasing investments owing to Basel II and IFRS. Cost/income ratio, before restructuring costs, improved further to 0.73 and return on equity developed favourably between 2003 and 2004.

German Retail & Mortgage Banking

This division serves one million private individuals, of which 240,000 Internet customers, and real estate companies all over Germany. Customers are able to access our services through 175 branches, more than 2000 ATMs, via Cash-pooling with allied banks, an Internet platform and telephone banking.

Profit and loss account

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan - Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Net interest income *)	796	804	-1	2 386	2 573	-7	3 398
Net commission income	298	319	-7	947	926	2	1 216
Net result of financial transactions	41	-58	-171	61	-42		-17
Other operating income	52	32	63	114	118	-3	221
Total income	1 187	1 097	8	3 508	3 575	-2	4 818
Staff costs	-504	-507	-1	-1 531	-1 826	-16	-2 331
Other operating costs	-305	-312	-2	-974	-848	15	-1 193
Depreciation and write-downs	-45	-50	-10	-144	-172	-16	-236
Restructuring costs	-39	-49	-20	-163			
Total costs	-893	-918	-3	-2 812	-2 846	-1	-3 760
Net credit losses etc	-113	-76	49	-299	-385	-22	-573
Write-downs of financial fixed assets							-2
Net result from associated companies					23	-100	40
Operating result	181	103	76	397	367	8	523
Cost/Income ratio	0,75	0,84		0,80	0,80		0,78
Cost/Income ratio excluding restructuring costs	0,72	0,79		0,76	0,80		0,78
Allocated capital, SEK bn	9,5	9,5		9,5	9,4		9,4
Return on capital, %	5,5	3,1		4,0	3,7		4,0
Return on capital excluding restructuring costs, %	6,6	4,6		5,6	3,7		4,0
Number of full time equivalents, average	2 964	3 031		3 036	3 435		3 412

*) Change in accounting for pension costs 2003/2004: SEK 91m offset against staff costs in January-September

Continued improvement of operating result

Operating result for the third quarter 2004 improved substantially and amounted to SEK 220m, excluding restructuring costs of SEK 39m. The profit improvement programme continues to affect the result positively and an annual comparison confirms this trend. Before restructuring costs, the result amounted to SEK 560m, thus exceeding the full year result for 2003.

Net interest income for the first three quarters amounted to SEK 2,386m, a decrease of 4 per cent on a comparable basis. Low short-term interest rates continued to affect retail deposit revenues negatively. Net interest income decreased slightly compared with the second quarter due to lower volumes of retail mortgage loans.

SEB ImmoInvest continued to develop strongly and increased its market share from 4.7 to 5.5 per cent on an annual basis. During the first three quarters of 2004, gross sales totalled SEK 9.9bn and net sales SEK 5.9bn. Gross sales of SEB Invest's mutual funds amounted to SEK 11.5bn, 7 per cent above the corresponding period in 2003. Net sales continued to be low, mainly due to high inflows and outflows between different funds. On a quarterly basis gross sales of mutual and real estate funds decreased by 6 percent due to seasonal factors.

Net commission income increased by 2 per cent compared with 2003, due to overall improved cross selling to retail customers and successful sales of funds. The quarterly decrease was mainly a result of low equity transaction volumes, affecting the whole German banking market.

Total costs (before restructuring costs) decreased by 7 per cent compared with the corresponding period in 2003. On a quarterly basis total costs have been kept stable, in spite of higher investments costs in IFRS and Basel II. This was due to the successful, almost completed, restructuring measures in the retail business and central staff functions. Approximately 300 full time equivalents have already left. Almost all of the remaining 100 have been contracted to leave during the coming quarters.

Net credit losses amounted to SEK 299m, or 00-per cent below the third quarter of 2003. The normal, seasonal increase between the first and the second half year has in 2004 been partly offset by the long-term measures to improve asset quality.

Both cost/income ratio and return on capital improved between 2003 and 2004 as well as on a quarterly basis.

Eastern European Banking

This division, formerly SEB Baltic & Poland, comprises the three wholly owned Baltic banks Eesti Ühispank (Estonia), Latvijas Unibanka (Latvia) and Vilniaus Bankas (Lithuania). The three banks serve 1.8 million customers, of which 815,000 Internet customers, via some 200 branch offices and Internet banks. SEB's mutual fund company in Poland, SEB TFI, and the listed medium-sized Polish bank Bank Ochrony Środowiska, BOS, of which SEB owns 47 per cent, also form part of the division.

Profit and loss account

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan - Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Net interest income	398	390	2	1 160	1 010	15	1 370
Net commission income	193	191	1	554	492	13	659
Net result of financial transactions	53	40	33	144	166	-13	205
Other operating income	17	14	21	47	57	-18	108
Total income	661	635	4	1 905	1 725	10	2 342
Staff costs	-175	-175		-529	-526	1	-694
Other operating costs	-131	-124	6	-366	-355	3	-503
Amortisation of goodwill	-12	-13	-8	-37	-37		-49
Depreciation and write-downs	-50	-50		-149	-145	3	-196
Total costs	-368	-362	2	-1 081	-1 063	2	-1 442
Net credit losses etc	-30	-12	150	-61	-86	-29	-84
Write-downs of financial fixed assets	-2	-1	100	-2	-2		-3
Net result from associated companies	14	12	17	37	8		30
Operating result from insurance operations	6	3	100	19	14	36	16
Operating result	281	275	2	817	596	37	859
Cost/Income ratio	0,56	0,57		0,57	0,62		0,62
Allocated capital, SEK bn	4,2	3,9		3,9	3,3		3,3
Return on capital, %	19,5	20,3		20,1	17,3		18,7
Number of full time equivalents, average	4 057	4 037		4 041	4 150		4 127

Continued growth

All three Baltic countries continued to show strong economic growth rates. The GDP growth figures for the second quarter were between 6 and 8 per cent.

The loan portfolio of SEB's Baltic banks increased by 36 per cent during the first three quarters of the year, totalling SEK 45bn. Deposits rose by 22 per cent, to SEK 32bn. The combined market share of the three Baltic banks was stable during the period.

Total assets under management volumes were SEK 7bn by the end of September, an increase of 17 per cent since the beginning of the year. More than half of the assets are managed by the Polish fund company SEB TFI, which had a market share of approximately 6 per cent of the Polish market by the end of September.

Strong result development

The operating result for the third quarter, SEK 281m, was higher than that for the first two quarters of the year and the best quarterly result to date. Total accumulated result was 37 per cent higher than for the corresponding period last year.

Total income rose by 10 per cent, mainly as a result of increased net interest and commission income. Net interest income rose due to high growth of lending and deposit volumes.

Margin deterioration experienced at the beginning of the year stabilised during the second and third quarters.

Main sources of commission income growth were payment cards, lending, fund management and payment fees.

Cost increase was limited to 2 per cent, leading to a cost/income ratio improvement to 0.57 (0.62). Net credit losses were SEK 61m (86).

Contribution from BOS bank amounted to SEK 35m.

Continued cross-servicing and increased client service

The number of clients continued to increase both within the household and corporate sectors. The total number of clients increased by 17 per cent compared with the same period last year. The number of Internet clients increased by 49 per cent.

Co-operation with Merchant Banking has led to several cash management mandates and strong sales of structured products.

In order to better reflect the division's geographical business scope the division was renamed *Eastern European Banking*.

In line with SEB's strategy to strengthen its position in eastern European markets, Vilniaus Bankas has signed agreements giving it the right to acquire more than 90 per cent of the shares of Bank Agio in the Ukraine. This is in response to increased activity among SEB's corporate clients in this region.

SEB Asset Management

SEB Asset Management offers a full spectrum of investment management expertise and services to institutions, life insurance companies and private individuals. The offerings include equity and fixed income management, private equity and hedge funds. SEB Asset Management has offices in Copenhagen, Helsinki, Frankfurt, Luxembourg and Stockholm. The division employs a staff of around 450 of which about 100 are portfolio managers and analysts.

Profit and loss account

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan - Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Net interest income	20	17	18	56	61	-8	83
Net commission income	326	383	-15	1 082	913	19	1 235
Net result of financial transactions	2	3	-33	6	1		3
Other operating income	10	1		18	9	100	18
Total income	358	404	-11	1 162	984	18	1 339
Staff costs	-125	-125		-372	-392	-5	-521
Other operating costs	-82	-87	-6	-258	-239	8	-330
Amortisation of goodwill	-1			-2	-6	-67	-7
Depreciation and write-downs	-5	-5		-15	-20	-25	-26
Total costs	-213	-217	-2	-647	-657	-2	-884
Operating result	145	187	-22	515	327	57	455
Cost/Income ratio	0,59	0,54		0,56	0,67		0,66
Allocated capital, SEK bn	1,8	1,8		1,8	1,8		1,8
Return on capital, %	23,2	29,9		27,5	17,4		18,2
Number of full time equivalents, average	434	450		442	482		474

Results and costs stable

The division's result increased by 57 per cent compared with the first nine months of 2003. Income increased by 18 per cent and costs were stable.

In the third quarter, costs were stable but income lower than in the previous quarter as a result of slightly lower average assets under management, lower performance fees and no income from the U.S. operations in the third quarter due to the sale.

Cost/income ratio improved to 0.56 from 0.67 in 2003.

Strong net sales despite weak markets

The division managed well in terms of net sales, despite the general market slowdown. Net sales rose by 46 per cent, to SEK 22bn (15), mainly thanks to continued strong institutional sales (excluding a loss of a SEK 11bn mandate from a client, which was acquired by another asset management company).

In Sweden, SEB's net sales market share of its own mutual funds was substantially lower than last year, 8.0 per cent (14.4). Clients continue to show strong interest in external funds, which are not included in the market share figures. External fund sales in Sweden increased by 43 per cent compared to last year. The division's total funds sales remained at the same level as last year.

The division's total assets under management increased by 4 per cent, to SEK 622bn, including external mutual funds.

The equity part of total assets under management represented 37 per cent (35) and fixed income 56 per cent (56). Total mutual

funds including external funds represented 39 per cent (34) of the division's assets under management, totalling SEK 245bn (213), of which SEK 175bn (154) in Sweden.

Continued focus on performance and customer satisfaction

2004 has been a difficult year for most money managers due to the uncertain direction of the global economy. SEB, like most of its competitors, has generated a weak performance in relation to index benchmark. Absolute returns, however, were generally positive. For Swedish mutual funds, 52 per cent of assets under management performed better than peer group benchmark.

In Denmark, 120 institutional clients ranked SEB Asset Management third of approximately 30 firms. This confirms the positive trend from previous customer surveys in other markets.

During summer, several senior recruitments have been made in the division to strengthen the efforts within sales, product development, operations and investment management, including new teams for asset classes such as corporate credits and alternative investments. The purpose of continued investments in people and processes involved in the investment management activities is to deliver competitive long-term returns.

The sale of the operations of SEB Asset Management America Inc concludes the geographical refocusing the division embarked on more than two years ago. Resources are now concentrated on core areas in the home markets.

SEB Trygg Liv

SEB Trygg Liv is one of the Nordic region's leading life insurance groups. Operations comprise insurance products within the investment and social security area for individuals and corporations. SEB Trygg Liv provides both unit-linked and traditional insurance. The company operates in Sweden, Denmark, Ireland, UK and Luxembourg and serves 1.5 million customers.

The traditional life insurance operations in Sweden are conducted in the mutually operated insurance companies Nya and Gamla Livförsäkringsaktiebolaget, which are not consolidated with the SEB Trygg Liv Group's results.

Profit and loss account

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan - Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Total income	417	410	2	1 248	1 044	20	1 450
Total costs	-309	-326	-5	-975	-949	3	-1 291
Result from associated companies	-2	-3	-33	-8	-10	-20	-10
Operating result	106	81	31	265	85		149
Change in surplus values, net	265	335	-21	939	1 275	-26	1 739
Result from ongoing business	371	416	-11	1 204	1 360	-11	1 888
Change in assumptions					-59	-100	-94
Financial effects of short-term market fluctuations	-147	-86	71	-7	175	-104	296
Total result, net	224	330	-32	1 197	1 476	-19	2 090
Allocated capital, SEK bn	4,6	4,5		4,5	4,3		4,3
Return, ongoing business, %	23,2	26,6		25,7	30,4		31,6
Number of full-time equivalents, average	713	721		717	729		721

Continuously improved result

Overall, the positive development of SEB Trygg Liv continued.

The operating result for the third quarter was the best to date (SEK 106m), due to a combination of increased income and lower costs compared to the second quarter. The accumulated result improved substantially compared with last year, to SEK 265m (85). New business margin was 21 per cent, compared with 18 per cent for the full year 2003.

The result from ongoing business, including change in surplus values, totalled SEK 1,204m (1,360). Surplus values, i.e. the present values of written insurance policies, are calculated to better evaluate the life insurance operations. The surplus values are not included in the SEB Group's consolidated accounts. For more details, see "Additional information" on www.sebgroup.com.

Strong sales of occupational pension schemes

SEB Trygg Liv's total sales improved by 12 per cent, to SEK 22.4bn (19.9), measured as weighted volume. The high sales growth in the first half year slowed down somewhat in the third quarter.

The increase in sales was primarily due to SEB Trygg Liv's leading position in the occupational pension market. As sales of occupational pension represent 70 per cent of total sales, the distribution through insurance brokers continues to be of great importance.

Sales of unit-linked insurance, accounting for more than 90 per cent of total sales, improved by 22 per cent. SEB Trygg Liv continued to strengthen its position as the leader in the unit-linked insurance market. As of 30 June 2004, the share of weighted new business was 33.4 per cent (24.7).

Premium income (premiums paid) increased by 13 per cent, to SEK 10,483m (9,262). Premium income for unit-linked insurance, accounting for about 75 per cent of the total, rose by 22 per cent. In addition, payments into Individual Pension Savings (IPS) totalled SEK 369m (384).

SEB Trygg Liv's cross-servicing activities have led to an increased level of product penetration primarily in the corporate segment. The concept "Lönsam Hälsa" (profitable health) was launched, enabling companies to lower the sick leave level in combination with discount on sickness insurance premiums. As part of the ambition to supply financial security solutions throughout all phases of life, two new housing projects for senior customers were started, in Gothenburg and Stockholm.

Acquisition of Codan Liv & Pension

The acquisition of Codan Liv & Pension in Denmark, announced in June, was completed on 1 October 2004 and will from that date be consolidated in the SEB Group's accounts. The acquisition forms part of the SEB Group's ambition to strengthen its position in Northern Europe in the area of life insurance.

Traditional life insurance in Sweden

The two entities Nya and Gamla Livförsäkringsaktiebolaget are not consolidated in SEB Trygg Liv's accounts. The result increased to SEK 7,681m (5,996) in Gamla Liv and to SEK 146m (90) in Nya Liv. Total return was 6.1 and 3.5 per cent respectively. For more details, see "Additional information" on www.sebgroup.com.

SEB Group

Statutory Profit and Loss Account

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Income							
Interest income	10 497	10 311	2	31 106	33 542	-7	43 671
Interest costs	-7 151	-6 959	3	-20 966	-23 258	-10	-29 889
Net interest income	3 346	3 352	0	10 140	10 284	-1	13 782
Dividends received	17	43	-60	75	91	-18	126
Commission income	3 264	3 531	-8	10 212	9 047	13	12 356
Commission costs	- 644	- 660	-2	-1 869	-1 547	21	-2 138
Net commission income ¹⁾	2 620	2 871	-9	8 343	7 500	11	10 218
Net result of financial transactions ²⁾	384	430	-11	1 644	1 444	14	2 084
Other operating income	290	321	-10	775	639	21	861
Income from banking operations	6 657	7 017	-5	20 977	19 958	5	27 071
Costs							
Staff costs	-2 683	-2 737	-2	-8 161	-8 340	-2	-11 157
Other administrative and operating costs	-1 459	-1 573	-7	-4 572	-4 530	1	-6 191
Depreciation and write-downs of tangible and intangible fixed assets	- 321	- 393	-18	-1 053	-1 082	-3	-1 445
Restructuring costs	- 39	- 49	-20	- 163			
Costs from banking operations	-4 502	-4 752	-5	-13 949	-13 952	0	-18 793
Profit/loss from banking operations before credit losses	2 155	2 265	-5	7 028	6 006	17	8 278
Net credit losses ³⁾	- 163	- 171	-5	- 558	- 658	-15	- 981
Change in value of seized assets	- 3	36	-108	45	- 18		- 25
Write-downs of financial fixed assets	- 4	1		- 3	- 21		- 64
Net result from associated companies	5	9	-44	13	- 13		19
Operating profit from banking operations	1 990	2 140	-7	6 525	5 296	23	7 227
Operating profit from insurance operations ⁴⁾	98	60	63	226	9		78
Operating profit	2 088	2 200	-5	6 751	5 305	27	7 305
Pension compensation					464	-100	658
Profit before tax and minority interests	2 088	2 200	-5	6 751	5 769	17	7 963
Current tax	- 285	- 647	-56	-1 283	-1 220	5	-1 486
Deferred tax	- 244	- 28		- 611	- 499	22	- 761
Minority interests	- 6	- 6		- 17	- 10	70	- 12
Net profit for the year *	1 553	1 519	2	4 840	4 040	20	5 704
* Earnings per share (weighted), SEK	2.30	2.22		7.09	5.82		8.22
Weighted number of shares	674	683		683	696		694

1) Net commission income - SEB Group

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Payment commissions	768	748	3	2 215	2 152	3	2 877
Securities commissions	1 247	1 492	-16	4 272	3 580	19	4 985
Other commissions	605	631	-4	1 856	1 768	5	2 356
Net commission income	2 620	2 871	-9	8 343	7 500	11	10 218 =

2) Net result of financial transactions - SEB Group

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Shares/participations	325	409	-21	826	386	114	494
Interest-bearing securities	211	154	37	670	607	10	804
Other financial instruments	- 492	- 12		-1 337	- 157		- 340
Realised result	44	551	-92	159	836	-81	958
Shares/participations	- 62	- 26	138	- 32	490	-107	507
Interest-bearing securities	169	-475		77	- 317		- 337
Other financial instruments	- 148	- 53	179	133	- 846		- 946
Unrealised value changes	- 41	- 554	-93	178	- 673		- 776
FX trading/Exchange rate changes	379	433	-12	1 304	1 276	2	1 896
Redemption of bonds	2			3	5	-40	6
Net result of financial transactions	384	430	-11	1 644	1 444	14	2 084

3) Net credit losses - SEB Group

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
<i>Specific provision for individually appraised receivables:</i>							
Reported write-down, incurred losses	- 652	- 489	33	-1 396	-1 299	7	-1 845
Reversal of previous provisions for probable losses, reported as incurred losses in current year's accounts	363	344	6	876	885	-1	1 257
Reported provision for probable losses	- 276	- 182	52	- 558	-1 188	-53	-1 741
Recovered from losses incurred in previous years	115	64	80	256	219	17	330
Reversal of previous provisions for probable losses	86	82	5	257	445	-42	577
Net cost	- 364	- 181	101	- 565	- 938	-40	-1 422
<i>Collective provision for individually appraised receivables:</i>							
Allocation to/withdrawal from reserve	162	49		31	298	-90	456
<i>Provisions for receivables appraised by category:</i>							
Reported write-down, incurred losses	- 39	- 33	18	- 108	- 140	-23	- 183
Reported provision for possible losses	- 21	- 21		- 51	2		6
Recovered from losses incurred in previous years	19	15	27	52	41	27	53
Reported net cost for receivables appraised by category	- 41	- 39	5	- 107	- 97	10	- 124
<i>Transfer risk reserve:</i>							
Allocation to/withdrawal from reserve	- 2	4	-150	4	41	-90	56
<i>Contingent liabilities:</i>							
Allocation to/withdrawal from reserve	83	- 4		79	38	108	53
Net credit losses	- 162	- 171	-5	- 558	- 658	-15	- 981

4) Operating profit from insurance operations - SEB Group

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Non-life operations	32	20	60	78	53	47	102
Life operations*	66	40	65	148	- 44		- 24
Operating profit from insurance operations	98	60	63	226	9		78
* Of which							
SEB Trygg Liv, operating result	106	81	31	265	85		149
SEB Baltic, life insurance	6	3	100	19	14	36	16
Amortisation goodwill	- 37	- 37		- 110	- 110		- 147
Other	- 9	- 7	29	- 26	- 33	-21	- 42
Life operations	66	40	65	148	- 44		- 24

Balance sheet - SEB Group

SEK m	30 September	31 December	30 September
	2004	2003	2003
Lending to credit institutions	203 919	179 308	139 485
Lending to the public	752 191	707 459	674 295
Interest-bearing securities	240 461	189 269	182 434
- Financial fixed assets	2 327	2 531	2 583
- Financial current assets	238 134	186 738	179 851
Shares and participations	14 954	12 551	15 149
Assets used in the insurance operations	69 755	62 742	58 273
Other assets	137 908	128 064	152 693
Total assets	1 419 188	1 279 393	1 222 329
Liabilities to credit institutions	291 419	246 852	233 779
Deposits and borrowing from the public	537 707	494 036	478 028
Securities issued, etc.	248 473	218 507	196 946
Liabilities of the insurance operations	67 085	60 641	56 619
Other liabilities and provisions	197 598	186 632	186 097
Subordinated liabilities	27 081	24 261	24 296
Shareholders' equity ¹⁾	49 825	48 464	46 564
Total liabilities and shareholders' equity	1 419 188	1 279 393	1 222 329

1) Change in shareholders' equity

SEK m	30 September	31 December	30 September
	2004	2003	2003
Opening balance *	48 464	45 696	45 696
New accounting principle for pensions	1 383		
Dividend to shareholders	-2 818	-2 818	-2 818
Dividend, own holdings of shares	152	124	124
Result, holding of own shares	4	9	
Swap hedging of employee stock option programme	8	493	202
Eliminations of repurchased shares *	-2 143	- 468	- 468
Translation difference	- 65	- 276	- 212
Net profit for the period	4 840	5 704	4 040
Closing balance	49 825	48 464	46 564

* As of 30 September 2004, SEB has repurchased 7.0, 6.2 and 6.2 million Series A shares for the employee stock option programme as decided at the Annual General Meetings in 2002, 2003 and 2004 respectively. The acquisition cost for these shares are deducted from shareholders equity but the market value as of 30 September 2004 was SEK 2,182m.

In addition, SEB has repurchased 13.9 million shares in order to create possibilities for the improvement of the capital structure of the Bank as decided at the 2004 Annual General Meeting. The acquisition cost for these shares are deducted from shareholders equity but the market value as of 30 September 2004 was SEK 1,564m.

Cash flow analysis - SEB Group

SEK m	Jan-Sep 2004	Jan-Dec 2003	Jan-Sep 2003
Cash flow from the profit and loss statement	4 684	10 367	7 086
Increase (-)/decrease (+) in trading portfolios	-53 787	-4 565	355
Increase (+)/decrease (-) in issued short term securities	11 816	7 754	1 829
Increase (-)/decrease (+) in lending to credit institutions	-24 344	-37 969	2 959
Increase (-)/decrease (+) in lending to the public	-45 788	-40 580	-8 880
Increase (+)/decrease (-) in liabilities to credit institutions	44 084	26 561	11 862
Increase (+)/decrease (-) in deposits and borrowings from the public	43 663	5 950	-9 125
Change in other balance sheet items	2 643	25 386	-1 468
Cash flow, current operations	-17 029	-7 096	4 618
Cash flow, investment activities	- 370	606	252
Cash flow, financing activities	17 853	8 832	-6 406
Cash flow	454	2 342	-1 536
Liquid funds at beginning of year	9 707	13 469	13 469
Exchange difference in liquid funds	- 6	- 824	- 806
Exchange difference in balance sheet items	465	-5 280	-3 787
Cash flow	454	2 342	-1 536
Liquid funds at end of period	10 620	9 707	7 340

Derivatives contracts - SEB Group

30 September 2004 SEK m	Contracts on the asset side		Contracts on the liability side	
	Book value	Market value	Book value	Market value
Interest-related	53 158	53 297	53 290	53 358
Currency-related	18 879	19 138	25 181	25 191
Equity-related	1 707	1 707	2 055	2 055
Total	73 744	74 142	80 526	80 604

On 30 September 2004, the nominal value of the Group's derivatives contracts amounted to SEK 5,761bn (5,947).

The book value of derivatives instruments forming part of trading operations is identical with the market value.

Those deviations between actual and book values which are reported in the above table are matched by opposite deviations between market and book values in that part of the Group's operations which is the object of hedge accounting.

Memorandum items - SEB Group

SEK m	30 September 2004	31 December 2003	30 September 2003
Collateral and comparable security pledged for own liabilities	146 358	89 464	93 401
Other pledged assets and comparable collateral	85 846	78 902	63 869
Contingent liabilities	41 791	41 022	41 003
Commitments	189 222	179 514	164 691

Doubtful loans and seized assets - SEB Group

SEK m	30 September 2004	31 December 2003	30 September 2003
Non-performing doubtful loans	7 786	8 632	8 893
Performing doubtful loans	1 100	2 245	1 550
Doubtful loans gross*	8 886	10 877	10 443
Specific reserves for probable lending losses	-4 812	-5 663	-5 553
of which reserves for non-performing loans	-4 135	-4 668	-4 732
of which reserves for performing loans	- 677	- 995	- 821
Collective reserves for individually appraised loans	-1 737	-1 553	-1 689
Doubtful loans net*	2 337	3 661	3 201
Reserves not included in the above:			
Reserves for transfer risks	- 640	- 723	- 742
Reserves for off-balance sheet items	- 256	- 333	- 366
Total reserves	-7 445	-8 272	-8 350
Level of doubtful loans	0.31%	0.52%	0.47%
(Doubtful loans, net in relation to lending, net at end of period)			
Reserve ratio for doubtful loans	73.7%	66.3%	69.3%
(Specific + collective reserves in relation to doubtful loans gross, per cent)			
<i>Specific reserve ratio for doubtful loans</i>	54.2%	52.1%	53.2%
Pledges taken over			
Buildings and land	40	45	54
Shares and participations	43	72	74
Total volume of pledges taken over	83	117	128

* The volume of doubtful loans has decreased by SEK 761 M following the implementation of the Group's model for collective provisioning in the Baltic banks. The change in reserves during the first quarter, therefore, includes a reclassification of specific to collective reserves in the amount of SEK 217 M.

The shortfall in income due to interest deferrals was SEK 1m (1), while unpaid interest on non-performing loans was SEK 81m (88).

On 30 September 2004, the Group had SEK 77m (207) in non-performing loans in Sweden on which interest income was reported. These loans are not included among doubtful loans, since the corresponding collateral covers both interest and principal.

Skandinaviska Enskilda Banken

Profit and Loss Account - Skandinaviska Enskilda Banken

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Income							
Interest income	4 643	4 461	4	13 652	15 429	-12	20 027
Leasing income	182	169	8	550	593	-7	781
Interest costs	-3 591	-3 369	7	-10 322	-11 743	-12	-15 018
Net interest income ¹⁾							
Dividends received	9	117	-92	138	28		1 337
Commission income	1 323	1 483	-11	4 212	3 733	13	5 091
Commission costs	-201	-220	-9	-628	-640	-2	-875
Net commission income ²⁾	1 122	1 263	-11	3 584	3 093	16	4 216
Net result of financial transactions ³⁾	268	399	-33	1 313	1 092	20	1 570
Other operating income	265	320	-17	748	442	69	897
Total income	2 898	3 360	-14	9 663	8 934	8	13 810
Costs							
Staff costs	-1 418	-1 431	-1	-4 259	-3 896	9	-5 239
Other administrative and operating costs	-954	-1 010	-6	-2 953	-2 922	1	-4 032
Depreciation and write-downs of tangible and intangible fixed assets	-74	-73	1	-232	-255	-9	-340
Total costs	-2 446	-2 514	-3	-7 444	-7 073	5	-9 611
Profit/loss from banking operations before credit losses							
	452	846	-47	2 219	1 861	19	4 199
Net credit losses ⁴⁾	-6	-53	-89	-116	11		-121
Change in value of seized assets		38		50			
Write-downs of financial fixed assets	-370			-370	-14		-416
Operating profit	76	831	-91	1 783	1 858	-4	3 662
Pension compensation	77	74	4	218	445	-51	590
Profit before appropriation and tax	153	905	-83	2 001	2 303	-13	4 252
Other appropriations	-438	-564	-22	-1 372	-1 435	-4	-1 533
Current tax	-15	-396	-96	-502	-494	2	-588
Deferred tax		252	-100	59	116	-49	153
Net profit for the year	-300	197		186	490	-62	2 284

1) Net interest income - Skandinaviska Enskilda Banken

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Interest income	4 643	4 461	4	13 652	15 429	-12	20 027
Leasing income	182	169	8	550	593	-7	781
Interest costs	-3 591	-3 369	7	-10 322	-11 743	-12	-15 018
Leasing depreciation	-67	-62	8	-200	-211	-5	-281
Net interest income	1 167	1 199	-3	3 680	4 068	-10	5 509

2) Net commission income - Skandinaviska Enskilda Banken

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Payment commissions	168	156	8	485	486	0	622
Securities commissions	531	671	-21	1 849	1 517	22	2 094
Other commissions	423	436	-3	1 250	1 090	15	1 500
Net commission income	1 122	1 263	-11	3 584	3 093	16	4 216

3) Net result of financial transactions - Skandinaviska Enskilda Banken

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
Shares/participations	29	27	7	64	71	-10	92
Interest-bearing securities	123	293	-58	692	574	21	883
Other financial instruments	- 155	121		- 654	70		- 138
Realised result	- 3	441	-101	102	715	-86	837
Shares/participations	- 5	- 5		3	4	-25	10
Interest-bearing securities	137	- 379		43	- 227		- 331
Other financial instruments	- 139	- 40		53	- 456		- 540
Unrealised value changes	- 7	- 424	-98	99	- 679		- 861
FX trading/Exchange rate changes	278	382	-27	1 112	1 056	5	1 594
Redemption of bonds							
Net result of financial transactions	268	399	-33	1 313	1 092	20	1 570

4) Net credit losses - Skandinaviska Enskilda Banken

SEK m	Jul-Sep	Apr-Jun	Change, per cent	Jan-Sep		Change, per cent	Full year 2003
	2004	2004		2004	2003		
<i>Specific provision for individually appraised receivables:</i>							
Reported write-down, incurred losses	- 392	- 65		- 533	- 206	159	- 317
Reversal of previous provisions for probable losses, reported as incurred losses in current years accounts	202	54		317	158	101	246
Reported provision for probable losses	32	- 89	-136	- 65	- 171	-62	- 288
Recovered from losses incurred in previous years	26	10	160	48	40	20	51
Reversal of previous provisions for probable losses	19	12	58	36	24	50	69
Net cost	- 113	- 78	45	- 197	- 155	27	- 239
<i>Collective provision for individually appraised receivables:</i>							
Allocation to/withdrawal from reserve	107	25		81	162	-50	118
<i>Provisions for receivables appraised by category:</i>							
Reported write-down, incurred losses							
Reported provision for possible losses							
Recovered from losses incurred in previous years							
Withdrawal from reserve for lending losses							
Reported net cost for receivables appraised by category							
<i>Transfer risk reserve:</i>							
Allocation to/withdrawal from reserve							
<i>Contingent liabilities:</i>							
Allocation to/withdrawal from reserve					4	-100	
Net credit losses	- 6	- 53	-89	- 116	11		- 121

Memorandum items - Skandinaviska Enskilda Banken

SEK m	30 September 2004	31 December 2003	30 September 2003
Collateral and comparable security pledged for own liabilities	120 018	68 839	76 344
Other pledged assets and comparable collateral	30 262	29 591	18 757
Contingent liabilities	39 176	39 601	33 077
Commitments	132 159	125 710	113 560

Balance sheet - Skandinaviska Enskilda Banken

SEK m	30 September 2004	31 December 2003	30 September 2003
Lending to credit institutions	253 141	228 077	194 937
Lending to the public	233 411	219 643	207 039
Interest-bearing securities	178 729	158 703	158 333
- Financial fixed assets	244	345	358
- Financial current assets	178 485	158 358	157 975
Shares and participations	64 727	56 106	53 303
Other assets	114 445	111 377	127 100
Total assets	844 453	773 906	740 712
Liabilities to credit institutions	228 010	197 619	201 855
Deposits and borrowing from the public	317 389	302 822	284 387
Securities issued, etc.	62 630	48 047	35 061
Other liabilities and provisions	187 128	176 530	172 324
Subordinated liabilities	25 194	21 567	21 637
Shareholders' equity ¹⁾	24 102	27 321	25 448
Total liabilities and shareholders' equity	844 453	773 906	740 712

1) Change in shareholders' equity

SEK m	30 September 2004	31 December 2003	30 September 2003
Opening balance	27 321	26 615	26 615
Dividend to shareholders	-2 818	-2 818	-2 818
Dividend, own holdings of shares	152	124	124
Group contributions, net	1 399	1 127	1 324
Result, holding of own shares	10		
Swap hedging of employee stock option programme	8	493	202
Eliminations of repurchased shares *	-2 143	-468	-468
Translation difference	-13	-36	-21
Net profit for the period	186	2 284	490
Closing balance	24 102	27 321	25 448

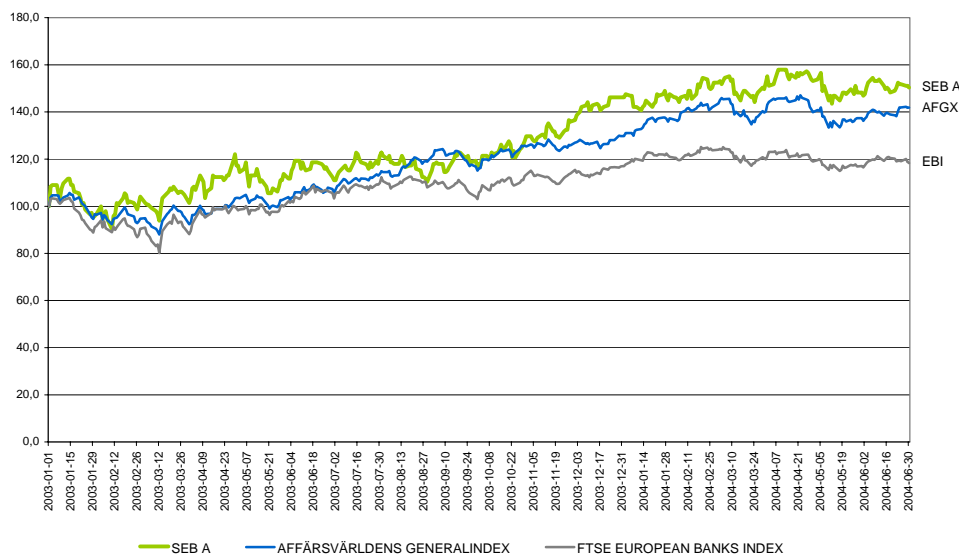
* As of 30 September 2004, SEB has repurchased 7.0, 6.2 and 6.2 million Series A shares for the employee stock option programme as decided at the Annual General Meetings in 2002, 2003 and 2004 respectively. The acquisition cost for these shares are deducted from shareholders equity but the market value as of 30 September 2004 was SEK 2,182m.

In addition, SEB has repurchased 13.9 million shares in order to create possibilities for the improvement of the capital structure of the Bank as decided at the 2004 Annual General Meeting. The acquisition cost for these shares are deducted from shareholders equity but the market value as of 30 September 2004 was SEK 1,564m.

Cash flow analysis - Skandinaviska Enskilda Banken

SEK m	Jan-Sep 2004	Jan-Dec 2003	Jan-Sep 2003
Cash flow from the profit and loss statement	1 211	4 240	4 497
Increase (-)/decrease (+) in trading portfolios	-23 358	-12 750	-10 823
Increase (+)/decrease (-) in issued short term securities	-3 507	-4 826	-10 138
Increase (-)/decrease (+) in lending to credit institutions	-24 747	-11 345	22 699
Increase (-)/decrease (+) in lending to the public	-13 787	4 419	18 375
Increase (+)/decrease (-) in liabilities to credit institutions	29 798	-23 546	-20 985
Increase (+)/decrease (-) in deposits and borrowings from the public	14 362	15 686	-3 650
Change in other balance sheet items	8 372	23 395	225
Cash flow, current operations	-11 656	-4 727	200
Cash flow, investment activities	-3 531	-1 147	211
Cash flow, financing activities	18 488	6 687	-1 688
Cash flow	3 301	813	-1 277
Liquid funds at beginning of year	2 100	6 460	6 460
Exchange difference in liquid funds	2	- 650	- 588
Exchange difference in balance sheet items	- 839	-4 523	-2 671
Cash flow	3 301	813	-1 277
Liquid funds at end of period	4 564	2 100	1 924

SEB share



Rating

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

SEB's major shareholders

September 2004	Share of capital, per cent
Investor AB	19,6
Trygg Foundation	9,3
Robur Funds	2,5
AFA Försäkring	2,2
SEB Funds	1,8
Foreign shareholders	21,0

Source:VPC

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