

Interim report Jan - Sept 2005

STOCKHOLM 28 OCTOBER 2005

Another record result – more than SEK 3bn

- Operating profit for the third quarter isolated amounted to SEK 3,019m, an increase of 32 per cent compared with the corresponding quarter of 2004 and somewhat better than the previous quarter. Net commission income rose compared with previous quarters. Net profit for the quarter was SEK 2,228m (1,754).
- Operating profit for January-September increased by 19 per cent, to SEK 8,715m, compared with the corresponding period of 2004. Net profit rose by 20 per cent to SEK 6,501m.
- 56 per cent of the operating profit was generated outside Sweden.
- Total operating income for the first nine months of 2005 improved by 12 per cent (8 per cent on a comparable basis). Loan and leasing volumes increased by 12 per cent. Assets under management were record high, at SEK 1,062bn.
- Total operating expenses were stable on a comparable basis.
- Net credit losses remained at a low level.
- Return on equity for January-September amounted to 16.5 per cent (14.5) and earnings per share increased by 23 per cent, to SEK 9.71 (7.92). Earnings per share for the third quarter isolated were 3.33 (2.59).
- In October, Standard & Poor's upgraded its outlook for SEB from 'stable' to 'positive'.

President's comments

Once again, SEB delivers its best quarterly result to date. Almost all divisions present their best summer quarter ever. Robust financial markets, strong sales and volume growth have contributed to a result exceeding SEK 3 billion. Competition remains fierce, even though margins have stabilised.

Step by step, we have invested in building a platform around the Baltic rim as well as in the 3 C-programme, focusing on customer satisfaction, cross-servicing activities and cost efficiency. These investments continue to bear fruit. More than half of the operating profit is generated outside Sweden.

SEB's position as a leading corporate bank in Northern Europe has again led to several top international rankings, including best cash-management bank and best commercial real estate bank in the Nordic region and ranked among the top 25 global custodian banks. Actions taken to deliver the Group's full service, competence and products, i.e. One SEB, to our customers have led to increased customer satisfaction and higher volumes.

The improved business climate is clearly reflected in SEB Merchant Banking's strong overall revenue growth. Improved sales activities, strong volume growth and

sturdy equity markets contributed to three divisions presenting their best operating results ever - Nordic Retail & Private Banking, Eastern European Banking and Trygg Liv. Loan demand remains high within the Nordic countries and Eastern Europe.

In Sweden, SEB has been ranked as the top institutional asset manager and the Morningstar fund rating has improved to a lead position. SEB is today ranked in the top quartile of the large mutual fund managers in Europe. In Germany, a pick-up in sales activities has improved the underlying result. The acquisition of the Norwegian Privatbanken has been finalised and in Denmark life operations are re-branded SEB Pension. These activities provide SEB with the necessary bridge-heads to also establish retail banking operations in these countries.

Eight years ago we initiated the transformation from a Swedish to a leading North-European bank. The diversified platform poses attractive business opportunities and challenges for SEB with the new CEO Annika Falkengren.

I would like to thank our competent and dedicated staff for their strong contribution and the Board for the opportunity to lead this great organisation.

The Group

Third quarter isolated

Best quarter to date

SEB's *operating profit* for the third quarter rose by 32 per cent compared with the corresponding quarter in 2004, to SEK 3,019m (2,283). In comparison with the previous quarter, the result was slightly higher.

Net profit was SEK 2,228m (1,754), an increase of 27 per cent compared with the corresponding quarter of 2004, but down by 2 per cent compared with the previous quarter.

Total operating income rose by 18 per cent, to SEK 8,300m (7,036) compared with last year.

Compared with the previous quarter operating income was slightly lower. *Net interest income* improved, in spite of lower short term interest rates, which affected the Swedish operations negatively. *Net fee and commission income* was strong, mainly due to increased value-based management fees and non capital market-related fees. However, *Net financial income* decreased, which is a normal pattern for the third quarter due to seasonal effects, mainly within FX trading.

Lending volumes and assets under management showed a solid growth during the quarter.

Total operating expenses amounted to SEK 5,089m (4,597), an increase of 11 per cent mainly due to acquisitions and growth outside Sweden. However, in comparison with the previous quarter, total expenses decreased by 4 per cent.

Net credit losses remained low.

Results for the first three quarters

Improved operating profit

The accumulated *operating profit* for January-September amounted to SEK 8,715m (7,332), an increase of 19 per cent compared with the corresponding period in 2004. 56 per cent of the result was generated outside Sweden.

Net profit rose by 20 per cent, to SEK 6,501m (5,429).

Income up by 12 per cent

Total operating income increased by 12 per cent to SEK 24,712m (22,095). Excluding last year's acquisitions in Denmark and Ukraine, income rose by 8 per cent.

Net interest income rose to SEK 10,479m (10,183).

Margins have been reduced since last summer, but have stabilised this year. Squeezed margins have been more than offset by increased volumes, particularly of mortgage and corporate lending and deposits.

Net fee and commission income rose by 12 per cent, to SEK 9,664 (8,645). Equity brokerage income increased by 24 per cent, custody and fund management fees rose by 15 per cent. Fees from card operations also rose by 15 per cent.

Net financial income increased by 52 per cent, to SEK 2,502m (1,644), following a continued positive development of customer activities. Falling interest rates contributed to the increase as well.

Net life insurance income more than doubled, to SEK 1,708m (844). This was a combined effect of higher

unit-linked values due to strong sales and favourable market conditions as well as the acquisition of Codan Pension in Denmark (renamed SEB Pension effective 1 October 2005), which was consolidated with SEB Trygg Liv in October 2004. A complete description of SEB Trygg Liv's operations, including changes in surplus values, is reported in "Additional information" on www.sebgroup.com.

Net other income totalled SEK 359m (779), due to limited capital gains in 2005 compared with last year.

Volume growth was strong within all areas. Lending increased by 12 per cent, deposits by 5 per cent and assets under management by 20 per cent compared with year-end 2004.

Investments in growth affected costs

Total operating expenses increased by 8 per cent, to SEK 15,420m (14,264). Excluding the above acquisitions and performance-related remuneration, costs rose by 1 per cent.

Staff costs rose by 11 per cent, to SEK 9,576m (8,594), mainly due to acquisitions and SEB Merchant Banking's growth strategy outside Sweden. Raised variable salaries due to increased profit accounted for approximately SEK 400m of the increase.

The average number of full time equivalents in January-September 2005 increased to 18,876 (17,702) as a result of acquisitions and growth ambitions. 900 full time equivalents are attributable to the acquisitions and more than 300 to growth within SEB Merchant Banking and Eastern European Banking

Other expenses increased by 4 per cent, to SEK 5,479m (5,254). External IT-costs amounted to SEK 1,278m (1,216). Total IT-costs (defined as a calculated cost for all IT-related activities including costs for own personnel) were SEK 3.1bn (2.8). The increased IT-costs are due to above-mentioned acquisitions, primarily Codan Pension.

Stable credit loss level

The Group's *net credit losses* including changes in the value of assets taken over remained low, at SEK 583m (513). The credit loss level was 0.10 per cent (0.10). Asset quality remained stable.

Tax costs

Total tax amounted to SEK 2,214m (1,903). The total tax rate was 25.4 per cent (26.0). The lower tax rate was partly due to increased results in Eastern Europe, where the tax rate is low.

Record high assets under management

As of 30 September 2005, assets under management amounted to a record high SEK 1,062bn, an increase of 20 per cent compared with year-end 2004. Net inflow during the first nine months was SEK 36bn (33), while the change in value was SEK 141bn (13), partly an effect of exchange rate fluctuations. The dominating part of the net inflow emanated from Sweden. While total sales of mutual

funds in the Swedish market increased by 30 per cent SEB more than doubled its sales, bringing SEB to a number one position with a market share of 16.3 per cent (9.3).

Assets under custody amounted to SEK 3,993bn, an increase of 40 per cent since year-end 2004.

Balance sheet increase

Total assets continued to grow. The Group's total balance of SEK 1,829bn as per 30 September represented an increase of 14 per cent or SEK 222bn since year-end 2004. SEK 52bn of the increase was due to exchange rate fluctuations and the remainder mainly to growing lending and trading volumes.

Credit portfolio

Total credit exposure, including contingent liabilities and derivatives contracts, amounted to SEK 1,279bn (1,134 at year-end 2004), of which loans and leasing excluding repos amounted to SEK 922bn (825). Credit volumes have grown within all sectors and home markets and were also affected in the third quarter by the acquisition of Privatbanken (SEK 9bn). The volume growth within the Nordic corporate sector was to a large extent related to SEB's major clients. The Baltic banks' credit expansion continued within all sectors. Fluctuating banking sector volumes affected total volumes for the quarter significantly.

On 30 September, impaired loans, gross, amounted to SEK 8,830m (8,831), of which SEK 8,064m (8,086) were non-performing (loans where interest and amortisation are not paid) and SEK 766m (745) performing loans. The increase was mainly due to the weakening of the Swedish krona. The reserve ratio was 81 per cent (79 pro forma December 2004).

The volume of assets taken over was SEK 161m (146).

Market risk

The Group's risk-taking in trading operations is measured in a Value at Risk model (VaR). During the first three quarters of 2005, VaR averaged SEK 57m. 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 during the previous year amounted to SEK 64m; the change reflects lower market volatility as concerns interest-related instruments.

Capital base and capital adequacy

During the third quarter SEB successfully issued a EUR 500m subordinated debt transaction.

Including the first nine months result, the capital base for the financial group of undertakings was SEK 68.8bn as of 30 September 2005 (58.7 at year-end). Core capital was SEK 52.8bn (44.3), of which SEK 7.9bn (3.3) constituted so-called core capital contribution.

Risk-weighted assets rose to SEK 679bn (570) due to increased business activities and the consolidation of recently acquired Privatbanken (SEK 7bn). As of 30 September 2005, the *core capital ratio* was 7.8 per cent (7.8) and the *total capital ratio* 10.1 per cent (10.3).

During the quarter, SEB has filed an application to the Swedish Financial Supervisory Authority for approval to use the Internal Ratings-Based reporting approach under forthcoming (Basel II) capital adequacy regulation.

SEB will take part in regulators' world-wide quantitative impact study ("QIS") based on 30 September business volumes.

In October, Standard & Poor's upgraded its outlook for SEB from 'stable' to 'positive'.

Offer for all shares in BOŚ at PLN 73 per share

In September, SEB announced an offer for the remaining 52.7 per cent of the shares in Bank Ochrony Środowiska (BOŚ). The offer price was PLN 73 in cash for each share, representing a premium of 35 per cent over the average closing price in the three months preceding the bid. The offer values the BOŚ share capital at PLN 964m.

When the offering period expired, the other major shareholder – with links to the Polish state – had not accepted the offer. At present SEB will not prolong the bid, but wait for the political development after the recent presidential election – and thereafter evaluate the different options.

SEB's operations in Poland presently include its 47 per cent ownership in BOŚ, the wholly-owned fund management company SEB TFI with a 5 per cent market share and a leasing company.

Mandatory bid for remaining shares in Privatbanken

In September, the Norwegian Ministry of Finance approved SEB's acquisition of Privatbanken. Thus, all terms and conditions related to SEB's voluntary offer from May 2005 were fulfilled. After the acquisitions SEB owns 67,663,704 shares in Privatbanken, equivalent to 98.4 per cent of the outstanding share capital.

In accordance with Norwegian law SEB has submitted a mandatory bid for the remainder and initiated a compulsory purchase process of any outstanding shares.

Acquisition of Balta Life in Latvia completed

The acquisition of the insurance company Balta Life in Latvia was completed in August and the company is now re-branded SEB Life Insurance.

The acquisition enables SEB to fulfil its strategy to offer a full product range in all home markets. The total investment amounts to EUR 7.7m.

Changes within the Group Executive Committee

SEB's President and Chief Executive Officer, Lars H Thunell, has been nominated Executive Vice President of the International Finance Corporation (IFC) and member of the Group Management of the World Bank. Accordingly, the Board of Directors has appointed Annika Falkengren as new President and CEO from 10 November 2005 instead of 1 January, 2006, as previously communicated.

Lars Thunell resigns as Board member on 28 October. Annika Falkengren will become member of the Board as from 1 January 2006, as decided by the Annual General

Meeting in April 2005. Falkengren will remain as an additional member of the Board until year-end.

Bo Magnusson has been appointed as Executive Vice President of SEB, new Head of the Nordic Retail & Private Banking division and member of the Group Executive Committee (GEC). Magnusson, formerly Deputy Head of SEB Merchant Banking, took up his new position on 1 October.

Fredrik Boheman has been appointed as Executive Vice President of SEB and member of the Group Executive Committee as from 1 November, 2005. Boheman is today Head of SEB's operations in Germany.

Stockholm, 28 October 2005

Lars H Thunell

President and Chief Executive Officer

This Interim Report is set up in accordance with IAS 34. The full report includes information on Skandinaviska Enskilda Banken (publ) AB and SEB Trygg Liv, presented in "Additional information" as well as "The SEB Group's accounts according to new accounting standards IFRS", presented in "Financial statistics". All information is found on www.sebgroup.com.

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
Appendix 5	Quarterly accounts
Appendix 6	Skandinaviska Enskilda Banken (parent company)

Details regarding the remuneration of the incoming Chief Executive Officer Annika Falkengren can be found on page 6 of this report.

Financial information in 2006

8 February	Annual Accounts for 2005
4 April	Annual General Meeting in Stockholm
26 April	Interim Report January-March
21 July	Interim Report January-June
27 October	Interim Report January-September

Further information is available from:

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Audit review

We have made a review of this Interim Report in accordance with the recommendation of FAR (the institute for the accounting profession in Sweden). A review is to an essential extent limited compared with an audit.

We have not found any indication that this Interim Report does not fulfil the requirements of the Exchange and Clearing Operations Act and the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 28 October 2005

PricewaterhouseCoopers

Göran Jacobsson
Authorised Public
Accountant

Peter Clemedtson
Authorised Public
Accountant

Ulf Davéus
Authorised Public Accountant
Appointed by the Financial
Supervisory Authority

The SEB Group

Profit and loss account - Group

Condensed SEKm	Q3			Q2			Q3			Jan - Sep			Full year 2004
	2005	2005	%	2004	%	2005	2004	%	2005	2004	%		
Net interest income	3 508	3 435	2	3 356	5	10 479	10 183	3	13 551				
Net fee and commission income	3 416	3 304	3	2 731	25	9 664	8 645	12	11 704				
Net financial income	588	1 160	-49	384	53	2 502	1 644	52	2 176				
Net life insurance income	594	582	2	278	114	1 708	844	102	1 401				
Net other income	194	2		287	-32	359	779	-54	1 209				
Total operating income	8 300	8 483	-2	7 036	18	24 712	22 095	12	30 041				
Staff costs	-3 220	-3 243	-1	-2 822	14	-9 576	-8 594	11	-11 579				
Other expenses	-1 712	-1 953	-12	-1 640	4	-5 479	-5 254	4	-7 190				
Net deferred acquisition costs	60	106	-43	47	28	278	239	16	316				
Depreciation, amortisation and impairments of tangible and intangible assets	-217	-194	12	-182	19	-643	-655	-2	-932				
Total operating expenses	-5 089	-5 284	-4	-4 597	11	-15 420	-14 264	8	-19 385				
Gains less losses from tangible and intangible assets	-2	4	-150	10	-120	6	14	-57	100				
Net credit losses**	-190	-196	-3	-166	14	-583	-513	14	-701				
Operating profit*	3 019	3 007	0	2 283	32	8 715	7 332	19	10 055				
Income tax expense	-791	-738	7	-529	50	-2 214	-1 903	16	-2 673				
Net profit	2 228	2 269	-2	1 754	27	6 501	5 429	20	7 382				
Attributable to minority interests	5	5		6	-17	15	17	-12	17				
Attributable to equity holders ***	2 223	2 264	-2	1 748	27	6 486	5 412	20	7 365				
* SEB Trygg Liv's operating profit	252	242	4	120	110	665	317	110	684				
Change in surplus values, net	325	44		258	26	637	907	-30	1 470				
SEB Trygg Liv's business result	577	286	102	378	53	1 302	1 224	6	2 154				
** Including change in value of seized assets													
*** Earnings per share (weighted), SEK	3.33	3.39		2.59		9.71	7.92		10.83				
Weighted number of shares, millions	668	667		674		668	683		680				

Restatement to IFRS - Group

Net profit SEKm	Jan - Sep 2004	Full year 2004
Net profit according to previous accounting principles	4 840	6 590
New accounting principles (IFRS 2), Employee stock options	-41	-55
New accounting principles (IFRS 3), New entities and goodwill	581	793
New accounting principles (IFRS 4), Insurance	32	37
Attributable to equity holders	5 412	7 365
Attributable to minority interests	17	17
Net profit according to IFRS	5 429	7 382

Key figures - Group

	Q3	Q2	Q3	Jan - Sep		Full year
	2005	2005	2004	2005	2004	2004
Return on equity, %	16.5	17.5	14.1	16.5	14.5	14.7
Return on total assets, %	0.49	0.52	0.49	0.50	0.51	0.51
Return on risk-weighted assets, %	1.34	1.45	1.25	1.38	1.31	1.32
Earnings per share (weighted average number), SEK*	3.33	3.39	2.59	9.71	7.92	10.83
Earnings per share (total issued shares), SEK	3.16	3.21	2.48	9.21	7.68	10.45
Cost/income ratio	0.61	0.62	0.65	0.62	0.65	0.65
Credit loss level, %	0.09	0.10	0.09	0.10	0.10	0.10
Reserve ratio for impaired loans, %	81.0	76.3	73.7	81.0	73.7	79.2**
Level of impaired loans, %	0.19	0.27	0.31	0.19	0.31	0.31
Total capital ratio, incl net profit, %	10.13	9.90	10.26	10.13	10.26	10.29
Core capital ratio, incl net profit, %	7.77	7.87	8.16	7.77	8.16	7.76
Total capital ratio***, %	10.13	9.54	10.07	10.13	10.07	10.29
Core capital ratio***, %	7.77	7.43	7.97	7.77	7.97	7.76
Risk-weighted assets, SEK billion	679	648	558	679	558	570
Number of full time equivalents, average	19 093	18 865	17 766	18 876	17 702	17 772
Number of e-banking customers, thousands	2 233	2 135	1 864	2 233	1 864	1 953
Assets under management, SEK billion	1 062	1 012	857	1 062	857	886

* 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 18.4 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, was 9.58 (7.84).

** Pro forma

*** According to Swedish regulations the net profit can only be included in the capital base up to the period for which a review has been conducted by the auditors.

Remuneration of the Chief Executive Officer

Compensation to the CEO is composed of base salary, variable salary and a long-term incentive programme (performance shares).

The remuneration for the incoming CEO Annika Falkengren will for 2006 be based on the following:

	SEKm
Base salary	6.17
Maximum variable salary	2.85
Long term incentive, calculated value	<u>2.85</u>
Maximum total compensation	11.87

In addition, pension and customary benefits, such as company car and home services, are provided.

Profit and loss account, quarterly basis - Group

SEKm	2005:3	2005:2	2005:1	2004:4	2004:3
Net interest income	3 508	3 435	3 536	3 368	3 356
Net fee and commission income	3 416	3 304	2 944	3 059	2 731
Net financial income	588	1 160	754	532	384
Net life insurance income	594	582	532	557	278
Net other income	194	2	163	430	287
Total operating income	8 300	8 483	7 929	7 946	7 036
Staff costs	-3 220	-3 243	-3 113	-2 985	-2 822
Other expenses	-1 712	-1 953	-1 814	-1 936	-1 640
Net deferred acquisition costs	60	106	112	77	47
Depreciation, amortisation and impairments of tangible and intangible assets	-217	-194	-232	-277	-182
Total operating expenses	-5 089	-5 284	-5 047	-5 121	-4 597
Gains less losses from tangible and intangible assets	-2	4	4	86	10
Net credit losses**	-190	-196	-197	-188	-166
Operating profit*	3 019	3 007	2 689	2 723	2 283
Income tax expense	-791	-738	-685	-770	-529
Net profit	2 228	2 269	2 004	1 953	1 754
Attributable to minority interests	5	5	5		6
Attributable to equity holders***	2 223	2 264	1 999	1 953	1 748
* SEB Trygg Liv's operating profit	252	242	171	253	120
Change in surplus values, net	325	44	268	520	258
SEB Trygg Liv's business result	577	286	439	773	378
** Including change in value of seized assets					
*** Earnings per share (weighted), SEK	3.33	3.39	2.99	2.91	2.59
Weighted number of shares, millions	668	667	668	671	674

Profit and loss account by division - Group

Jan-Sep 2005, SEKm	SEB Merchant Banking	Nordic Retail & Private Banking	German Retail & Mortgage Banking	Eastern European Banking	SEB Asset Manage- ment	SEB Trygg Liv*	Other incl elimi- nations	SEB Group
Net interest income	3 507	3 353	2 369	1 295	60	8	- 113	10 479
Net fee and commission income	3 294	3 134	1 049	665	1 247		275	9 664
Net financial income	1 773	128	98	224	15		264	2 502
Net life insurance income				37		2 095	- 424	1 708
Net other income	84	41	114	90	14		16	359
Total operating income	8 658	6 656	3 630	2 311	1 336	2 103	18	24 712
Staff costs	-3 114	-2 181	-1 548	- 602	- 403	- 692	-1 036	-9 576
Other expenses	-1 696	-1 943	-1 047	- 441	- 277	- 992	917	-5 479
Net deferred acquisition costs						278	0	278
Depreciation, amortisation and impairments of tangible and intangible assets	- 54	- 38	- 200	- 162	- 9	- 32	- 148	- 643
Total operating expense	-4 864	-4 162	-2 795	-1 205	- 689	-1 438	- 267	-15 420
Gains less losses from tangible and intangible assets			- 1	6			1	6
Net credit losses**	2	- 149	- 389	- 48			1	- 583
Operating profit	3 796	2 345	445	1 064	647	665	- 247	8 715

* Business result in SEB Trygg Liv amounted to SEK 1,302m (1,224), of which change in surplus values was net SEK 637m (907).

** Including change in value of seized assets.

SEB Merchant Banking

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

Profit and loss account

SEK m	Q3			Q2		Q3			Jan - Sep			Full year 2004
	2005	2005	%	2004	%	2005	2004	%	2005	2004	%	
Net interest income	1 235	1 179	5	1 120	10	3 507	3 463	1	4 617			
Net fee and commission income	1 169	1 184	-1	902	30	3 294	2 891	14	3 831			
Net financial income	461	694	-34	267	73	1 773	1 358	31	1 779			
Net other income	43	2		109	-61	84	206	-59	286			
Total operating income	2 908	3 059	-5	2 398	21	8 658	7 918	9	10 513			
Staff costs	-1 037	-1 091	-5	-855	21	-3 114	-2 642	18	-3 568			
Other expenses	-544	-600	-9	-542	0	-1 696	-1 688	0	-2 309			
Depreciation of assets	-18	-18		-20	-10	-54	-62	-13	-91			
Total operating expenses	-1 599	-1 709	-6	-1 417	13	-4 864	-4 392	11	-5 968			
Gains less losses on assets							1	-100	1			
Net credit losses *	20	-3		-13		2	-58	-103	-16			
Operating profit	1 329	1 347	-1	968	37	3 796	3 469	9	4 530			
Cost/Income ratio	0,55	0,56		0,59		0,56	0,55		0,57			
Business equity, SEK bn	18,0	17,5		15,9		17,5	15,6		15,7			
Return on equity, %	21,3	22,2		17,6		20,8	21,3		20,8			
Number of full time equivalents, average	3 388	3 399		3 250		3 390	3 190		3 214			

* Including change in value of seized assets

Record third quarter

The division reported a robust third quarter. Operating profit was SEK 1,329m, almost the same level as in the previous quarter (1,347). Compared with the third quarter of 2004 operating profit was SEK 361m higher. The financial result for the first nine months of 2005 was 9 per cent higher than the corresponding period of last year, with an operating profit of SEK 3,796 (3,469).

Volumes and activity in the home markets remained strong during the third quarter of 2005, including the normally quieter summer months.

The result was supported by continued low credit losses. Client revenues increased despite continued low margins, which were an ongoing feature in a number of business areas, though there are signs of a levelling off of margins on lending. Total expenses rose by 11 per cent compared with the first nine months of last year following planned investments in the home markets and performance-related costs, particularly within Enskilda Securities.

A feature of the third quarter was the intensification of activities towards the full integration of Enskilda Securities within Merchant Banking.

Steady growth within Merchant Banking

The Merchant Banking business area showed an operating profit of SEK 3,381m (3,316) for the first nine months of 2005. Operating profit isolated for the third

quarter was slightly higher than the second quarter of 2005. Business volumes continued to increase, with SEB's home markets outside Sweden all performing strongly. Costs increased by 4 per cent compared with the first nine months of last year, in line with the investments made during 2004. Credit losses were low and credit quality remained good and stable.

Favourable markets and increasing volumes

Trading & Capital Markets reported a strong operating result in the third quarter. Despite seasonal effects, the third quarter was marked by sustained high volumes in most business areas.

Foreign exchange maintained the good performance of the preceding two quarters. Although profits were slightly lower than in the second quarter, due to seasonality, they were significantly higher than in the same quarter of 2004. Solution-driven sales, risk analysis and transaction technology helped create a broad mix of earnings.

The continued recovery of M&A levels was reflected in increased demand for financing as well as a high degree of activity in securities finance.

The market for structured products is growing particularly in SEB's home markets outside Sweden. In the third quarter, one retail offering and several institutional private placements were issued in Germany. The Baltic countries also showed continued activity, with two issues

in Estonia and Lithuania and one in Latvia for the retail market.

The commercial real estate business unit saw generally good and steady deal flow in all markets. High levels of transaction activity in the Nordic markets were maintained. The recent Euromoney Real Estate awards ranked SEB first for Commercial Banking in the Nordic and Baltic Region and fourth for Real Estate Financial Services globally.

In August, SEB Företagsinvest successfully exited its investment in Arexis, a Swedish biotech and pharmaceutical firm, by selling its holding to Biovitrum.

Throughout the quarter there was strong demand for solutions in the structured finance area, not least within acquisition finance. Liquidity in the market continues to be substantial, resulting in increased competition for quality transactions.

For Cash Management, developments in home markets remain on track. New business won continued to significantly outweigh mandates lost throughout the quarter. In August, SEB was awarded the global cash management business for Aker Kværner's engineering and construction division. In September, SEB was ranked first by Euromoney for overall customer satisfaction for cash management in Western Europe, reflecting the strategy of investing in high quality customer solutions.

The custody and clearing business continued to benefit from customer acquisitions, particularly in the Nordic markets outside Sweden. Combined with high overall activity in the market during the summer period this resulted in record levels for both transactions and assets under custody. The number of transactions in September represented a 42 per cent increase from the year-end 2004. Assets under custody reached SEK 3,993bn, an increase of 40 per cent compared with year-end 2004. In September, SEB became the first Nordic bank to be counted among Institutional Investor's top 25 Global Custodians.

As in other home markets, Merchant Banking's German franchise continued to develop through enlargement of the customer base and widening of the product range sold to clients.

Enskilda Securities – a leading position in strong markets

The business areas formerly comprising Enskilda Securities delivered a third quarter operating profit of SEK 144m (13). This brought the result for the first nine months of 2005 to SEK 415m (153).

Cost levels remained stable in the third quarter, except for one-off integration costs and performance driven costs which increased due to improved profits.

The Nordic markets continued their strong performance in the third quarter of 2005. The Danish and Norwegian stock markets saw record breaking turnover while increased demand from international institutional investors helped push indices higher throughout the region. Despite high oil prices and weather catastrophes, market sentiment has remained positive.

Enskilda Securities holds strong market shares, top rankings and remains in the number one position in the Nordic region as a whole. Within equities, demand for brokerage services was high and secondary commission generation was strong, despite the holiday period. In particular, demand for Norwegian and Danish securities products rose tremendously. Corporate finance activity increased, with the first IPOs in Sweden since mid 2004 taking place in early October. Among the large number of transactions either completed or announced, the most significant include the sale of Mölnlycke Healthcare by Nordic Capital where SEB Enskilda Corporate Finance advised the seller.

Nordic Retail & Private Banking

This division serves 1.6 million private customers and 135,000 small and medium-sized companies. Of these, 794,000 private and 70,000 corporate customers, respectively, are using the Internet services of the Bank. The majority of the customers are found in Sweden. In the whole Nordic area, SEB has a total of 2.9 million credit and charge cards outstanding. The division consists of three business areas: Retail Banking, Private Banking and SEB Kort (Cards). In Sweden, SEB provides its services around the clock via the Internet, by telephone and through some 200 branch offices.

Profit and loss account

SEK m	Q3			Q2		Q3			Jan - Sep			Full year 2004
	2005	2005	%	2004	%	2005	2004	%	2005	2004	%	
Net interest income	1 162	1 108	5	1 115	4	3 353	3 259	3	4 373			
Net fee and commission income	1 077	1 054	2	877	23	3 134	2 746	14	3 780			
Net financial income	51	34	50	33	55	128	121	6	165			
Net other income		25	-100	22	-100	41	80	-49	83			
Total operating income	2 290	2 221	3	2 047	12	6 656	6 206	7	8 401			
Staff costs	-753	-723	4	-741	2	-2 181	-2 132	2	-2 855			
Other expenses	-638	-662	-4	-558	14	-1 943	-1 781	9	-2 421			
Depreciation of assets	-12	-10	20	-9	33	-38	-28	36	-47			
Total operating expenses	-1 403	-1 395	1	-1 308	7	-4 162	-3 941	6	-5 323			
Gains less losses on assets									82			
Net credit losses *	-53	-44	20	-43	23	-149	-128	16	-194			
Operating profit	834	782	7	696	20	2 345	2 137	10	2 966			
Cost/Income ratio	0,61	0,63		0,64		0,63	0,64		0,63			
Business equity, SEK bn	13,1	11,8		11,1		11,8	10,8		11,0			
Return on equity, %	18,3	19,0		18,1		19,0	19,1		19,4			
Number of full time equivalents, average	4 714	4 674		4 805		4 656	4 719		4 696			

* Including change in value of seized assets

Continued strong sales

Sales remained strong during the third quarter, particularly within such product areas as mortgage loans, funds and other equity-related areas, in spite of the fact that the period includes two summer months. A broad campaign covering all savings products was initiated in September.

SEB accounted for the greatest improvement of customer satisfaction of all banks in the *Swedish Quality Index*, published in early October.

Nordic expansion continues as planned. In September, the Norwegian Ministry of Finance approved SEB's acquisition of Privatbanken, which is included in the result as from September. This will give SEB an expanded platform in Norway for both private banking and retail operations. In Denmark, where SEB already has more than 600,000 card and insurance customers, preparations are under way for opening the first branch office this winter.

On 30 September, total deposits were SEK 141bn (121), of which SEK 121bn in Sweden. According to the *Savings Barometer*, SEB now ranks number two in the Swedish savings market. On 30 June, SEB's share of total household savings in Sweden was 14.4 per cent. Since year-end 2004, SEB's share of household bank deposits has increased to 12.8 from 12.6 per cent.

The total lending volume increased by 19 per cent, to SEK 238bn (200), of which SEK 167bn (142) consisted of

mortgage loans. The Bank's share of private mortgage loans rose to 14.8 per cent (14.7).

Even though the narrowing of margins has slowed down with respect to new sales, it is still putting pressure on the total portfolio.

Volume growth offset margin pressure

Following the improved sales the division's operating profit increased by 7 per cent during the third quarter compared with the preceding one.

For the first nine months of the year the result increased by 10 per cent compared with the corresponding period in 2004, to SEK 2,345m (2,137).

Income increased by 7 per cent and net commission income rose by 14 per cent.

Net interest income improved too, since volume growth offset low interest rates and continued margin pressure on transaction accounts and mortgage loans, for example.

Credit losses remained low in spite of the division's successful sales and important volume increases in recent years.

Costs rose by 6 per cent during the period January-September 2005 compared with the corresponding period in 2004 due to, among other things, the acquisition of Eurocard Denmark, which is included in the result since autumn 2004. Staff costs linked to salary agreements and

intensified marketing activities were other reasons for the increase.

Retail Banking – customer satisfaction continued to increase

Retail Banking's operating profit improved by 16 per cent during the third quarter compared with the preceding one.

For the first nine months of the year the result increased by 8 per cent, to SEK 1 314m (1 212), in spite of increasing competition and effects of lower interest rates in the summer.

The focus on small/medium-sized companies that SEB initiated last year continued to show results. In the business magazine *Affärsvärlden's Financial Barometer*, SEB was ranked best corporate bank in three categories of five – electronic services, advisory capacity and range of services – and as number two overall. According to the *Swedish Quality Index*, customer satisfaction among the Bank's corporate customers increased, too.

During January-September, 4 000 new small and medium-sized corporate customers were added and corporate lending increased by 10 per cent since year-end 2004.

Internet services for companies were upgraded to offer a superior comprehensive overview of insurance and occupational pensions.

At the end of last year a drive was launched in the consumer credit market. Compared with the corresponding period in 2004, both the number of customers and volume of good-quality consumer credits increased strongly during the first nine months of the year.

Co-operation with other business areas continued. The aim is to offer customers SEB's complete range of products and services to a greater extent. An example is the customer events hosted together with other divisions for private customers all around Sweden in the autumn.

Private Banking – record quarter

Private Banking's operating profit increased by 8 per cent during the third quarter compared with the preceding one, mainly due to intensified customer activities. Income

increased within all units of the business area during the third quarter.

The result for the first nine months of the year increased by 17 per cent, to SEK 453m (389), despite low customer activity at the beginning of the year.

On 30 September, assets under management totalled SEK 235bn (181), an increase of 30 per cent. New volumes net amounted to SEK 7bn. The number of customers increased, too. Private Banking captured market share in all of its home markets.

After having ranked number two in 2003 and number six in 2001, SEB was appointed best institutional asset manager by *Prospera Research*, which is carried out every second year. This survey is based upon clients with discretionary portfolio management agreements in excess of SEK 20m.

SEB Kort – stable growth in fierce competition

SEB Kort's underlying operating profit for the third quarter improved somewhat compared to the preceding one, but was negatively affected by an isolated major fraud case. The corresponding provision resulted in a 33 per cent increase in credit losses between 2004 and 2005.

In spite of this, operating profit for the first nine months increased, by 8 per cent, to SEK 578m (536).

The acquisitions in recent years of Eurocard in Norway and Denmark, respectively, as well as increased sales in existing markets account for this growth. Income rose by 12 per cent in 2005 compared with 2004.

Card turnover rose by 13 per cent compared with the corresponding period in 2004.

Diners Club Finland has introduced a charge card that the customer can design him/herself - Diners Club Persona.

During the third quarter SEB Kort entered into agreements with Fortum and Sandvik, among others.

Major customer activities were carried out during the summer within the framework of Eurocard Gotland Runt, a yachting event, and Scandinavian Masters, golf.

SEB in Germany (SEB AG Group)

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

Profit and loss account

SEK m	Q3			Q2		Q3		Jan - Sep			Full year 2004
	2005	2005	%	2004	%	2005	2004	%			
Net interest income	981	985	0	955	3	3 023	2 852	6	3 798		
Net fee and commission income	540	534	1	459	18	1 603	1 437	12	1 997		
Net financial income	-68	246	-128	16		54	89	-39	37		
Net other income	159	-118		48		122	104	17	308		
Total operating income	1 612	1 647	-2	1 478	9	4 802	4 482	7	6 140		
Staff costs	-631	-612	3	-609	4	-1 854	-1 841	1	-2 464		
Other expenses *	-488	-478	2	-444	10	-1 397	-1 420	-2	-1 862		
Depreciation of assets	-64	-72	-11	-57	12	-208	-176	18	-302		
Total operating expenses	-1 183	-1 162	2	-1 110	7	-3 459	-3 437	1	-4 628		
Gains less losses on assets	-1					-1			4		
Net credit losses **	-125	-157	-20	-112	12	-414	-300	38	-446		
Operating profit	303	328	-8	256	18	928	745	25	1 070		
Cost/Income ratio	0,73	0,71		0,75		0,72	0,77		0,75		
Business equity, SEK bn	12,3	12,1		11,8		12,1	11,8		11,7		
Return on equity, %	7,1	7,8		6,3		7,4	6,1		6,6		
Number of full time equivalents, average	3 500	3 413		3 396		3 436	3 450		3 434		
* Of which restructuring costs				-39			-163		-163		
** Including change in value of seized assets											

No quick reforms expected after elections

The parliamentary elections in Germany in mid-September did not result in a clear political direction. None of the two big parties gained the majority, hence casting doubts about the reform agenda.

Strong result within Merchant Banking

Operating result of SEB AG Group, SEB's entire operations in Germany, was SEK 303m, a decrease of 8 per cent against the previous quarter, but 18 per cent higher than the corresponding quarter last year. The picture is somewhat mixed between the four business segments Merchant Banking, Retail, Asset Management and Commercial Real Estate.

Merchant Banking's operations in Germany continued to develop positively. Although usually weaker than in the previous two quarters, the third quarter result this year was strong and well above the corresponding quarter of last year.

Operating result of Asset Management was also strong, driven by SEB ImmoInvest. Assets under management, including SEB Pension trust, reached SEK 155bn, up 14 per cent against year-end 2004. Commercial Real Estate's income developed favourably, leading to an improvement of the underlying result. Retail continued to perform below target.

For the first nine months of 2005, operating result was 25 per cent above the result of the comparable period of

last year including restructuring costs. Total income was 7 per cent higher, driven by higher net interest income and net commission income. The main reasons for the strong improvement of commission income were higher lending activities in Retail and Commercial Real Estate as well as stronger gross sales of mutual funds.

Total costs excluding restructuring costs (2004) rose by 6 per cent, mainly affected by higher project costs related to IT and legal requirements.

Focus on revenue growth

SEB in Germany is focusing on revenue growth within its four business segments. Merchant Banking's growth strategy continues to be successful. Market share is growing and the business area is gaining new clients. In Commercial Real Estate the finalised merger of SEB Hypothekenbank and SEB AG will improve efficiency. There is increased optimism that the real estate market will pick up after a long period of depression. In Asset Management the two fund companies SEB ImmoInvest and SEB Invest have been brought under one roof to form a powerful asset management unit. Under its new management, Retail has launched several new initiatives in order to boost sales and increase revenue growth. A gradual positive impact on results is expected over the next years.

German Retail & Mortgage Banking

This division serves one million private individuals, of which 246,000 use the bank's internet services, and real estate companies throughout Germany. Customers are 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.

Profit and loss account

SEK m	Q3		Q2	Q3		Jan - Sep			Full year
	2005	2005	%	2004	%	2005	2004	%	2004
Net interest income	742	793	-6	796	-7	2 369	2 386	-1	3 113
Net fee and commission income	363	331	10	298	22	1 049	947	11	1 337
Net financial income	-23	203	-111	41	-156	98	61	61	83
Net other income	159	-123		52		114	114		317
Total operating income	1 241	1 204	3	1 187	5	3 630	3 508	3	4 850
Staff costs	-527	-512	3	-504	5	-1 548	-1 533	1	-2 033
Other expenses *	-370	-351	5	-344	8	-1 047	-1 137	-8	-1 478
Net Deferred Acquisition Costs									
Depreciation of assets	-62	-68	-9	-52	19	-200	-164	22	-290
Total operating expenses	-959	-931	3	-900	7	-2 795	-2 834	-1	-3 801
Profit before credit losses etc	282	273	3	287	-2	835	674	24	1 049
Gains less losses on assets	-1					-1			4
Net credit losses **	-128	-137	-7	-113	13	-389	-299	30	-445
Operating profit	153	136	13	174	-12	445	375	19	608
Cost/Income ratio	0,77	0,77		0,76		0,77	0,81		0,78
Business equity, SEK bn	10,0	9,8		9,5		9,8	9,5		9,5
Return on equity, %	4,4	4,0		5,3		4,4	3,8		4,6
Number of full time equivalents, average	2 984	2 967		2 964		2 966	3 036		3 012
				-39			-163		-163

* Of which restructuring costs

** Including change in value of seized assets

Continued increase in commission income

The division's operating result in the third quarter was SEK 153m, an increase of 13 per cent compared with the previous quarter. Total income and costs were higher, whereas the net credit loss level declined. Compared with the corresponding quarter of 2004 the result was 12 per cent lower. While total income improved by 5 per cent, driven by a strong increase in net commission income, costs rose by 7 per cent due to higher project costs in connection with investments in the new retail Internet platform and several mandatory projects such as Basel II.

In some areas retail sales activities have improved substantially this year. Gross sales of funds improved by 38 per cent compared to a relatively weak second quarter. New housing loans were up 46 per cent on a quarterly and up 36 per cent on a yearly basis. Despite the positive sales development, total lending continued to decline due to large amounts of maturing loans of a non-renewable character. Therefore, total lending declined to SEK 86bn on 30 September from SEK 88bn at the end of June.

Total deposits decreased to SEK 37bn from SEK 38bn due to a shift from short-term deposits to mutual funds when the "Bonussparen" expired, affecting commission income positively.

Commercial Real Estate won several new deals during the third quarter, with a total volume of SEK 1bn. In connection with the legal merger of SEB Hypothekbank with SEB AG, effective as per 4 October 2005, several projects are under way to integrate staff functions, credit operations and IT- infrastructure in order to improve efficiency.

Nine month operating result of the division was up 19 per cent. The favourable trend in total income was counteracted by higher net credit losses within Commercial Real Estate.

Several measures in the Retail business area have been initiated to improve profitability, ranging from new distribution alternatives to increased operational efficiency with regards to product launches and sales.

Eastern European Banking

This division comprises three Baltic banks- SEB Eesti Ühispank (Estonia), SEB Unibanka (Latvia) and SEB Vilniaus Bankas (Lithuania) - and Bank Agio in Ukraine. The Baltic banks serve 2.2 million customers, of which more than 1.0 million use the Internet services via some 200 branch offices and Internet banks. SEB's mutual fund company in Poland, SEB TFI, and the listed medium-sized Polish Bank Ochrony Środowiska, BOŚ, of which SEB owns 47 per cent, also form part of the division.

Profit and loss account

SEK m	Q3			Q2		Q3			Jan - Sep			Full year 2004
	2005	2005	%	2004	%	2005	2004	%	2005	2004	%	
Net interest income	450	430	5	398	13	1 295	1 160	12				1 560
Net fee and commission income	254	218	17	193	32	665	554	20				760
Net financial income	83	78	6	53	57	224	144	56				209
Net life insurance income	18	9	100	12	50	37	38	-3				57
Net other income	17	52	-67	28	-39	90	78	15				91
Total operating income	822	787	4	684	20	2 311	1 974	17				2 677
Staff costs	-212	-206	3	-176	20	-602	-531	13				-709
Other expenses	-149	-164	-9	-136	10	-441	-382	15				-534
Depreciation of assets	-61	-52	17	-50	22	-162	-149	9				-196
Total operating expenses	-422	-422		-362	17	-1 205	-1 062	13				-1 439
Gains less losses on assets		4	-100			6	1					
Net credit losses *	-28	-13	115	-30	-7	-48	-61	-21				-85
Operating profit	372	356	4	292	27	1 064	852	25				1 153
Cost/Income ratio	0,51	0,54		0,53		0,52	0,54					0,54
Business equity, SEK bn	4,9	4,6		4,0		4,6	3,9					4,0
Return on equity, %	22,1	22,5		20,9		22,4	21,0					20,6
Number of full time equivalents, average	4 840	4 695		4 057		4 710	4 041					4 043

* Including change in value of seized assets

Continued profit growth

The third quarter once again showed the highest quarterly result to date, 4 per cent up on the previous quarter and 27 per cent higher than the third quarter of last year.

The operating profit accumulated through September increased by 25 per cent, to SEK 1,064m. Income rose by 17 per cent, primarily due to higher business volumes and corresponding growth in net interest and commissions. Net interest margins have stabilised during the year. Total expenses increased by 13 per cent and cost/income ratio improved to 0.52 (0.54). Although net credit losses rose during the third quarter, the accumulated losses decreased compared with the first nine months of last year.

A contribution of SEK 22m from BOŚ bank's first and second quarter result is included in the division's result under Net other income.

Steady volume growth

Volumes continued to increase in all three Baltic banks. The division's total loan portfolio increased by 48 per cent compared with the corresponding period of last year. Lending to the household sector, particularly mortgage loans, remains the major growth area.

Deposits rose by 39 per cent. There is an increasing popularity for saving products other than deposits. Assets

under management increased by 44 per cent compared with the corresponding period last year. The combined market share for lending and deposits in the Baltic countries is close to 30 per cent.

High activity level

The acquisition of the insurance company Balta Life in Latvia was completed in August and the company has been re-branded SEB Life Insurance. SEB has now a complete banking and life insurance product offering in each of the Baltic countries.

As the only Nordic player in Ukraine, SEB – through Bank Agio – has been well received by Nordic, Baltic and German companies with operations in the country.

In September SEB Lux Eastern Europe Fund, managed by Asset Management of SEB Eesti Ühispank, and SEB TFI in Poland were assigned 4 stars by Morningstar.

During the quarter SEB Eesti Ühispank introduced a household economist. All three Baltic banks now have established this by the market appreciated function.

Quality and client satisfaction within a number of product categories were confirmed through a string of awards and rankings for SEB Vilniaus Bankas and SEB Unibanka.

SEB Asset Management

This division 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 about 100 portfolio managers and analysts.

Profit and loss account

SEK m	Q3			Q2		Q3			Jan - Sep			Full year 2004
	2005	2005	%	2004	%	2005	2004	%	2005	2004	%	
Net interest income	21	21		20	5	60	56	7	77			
Net fee and commission income	470	413	14	326	44	1 247	1 082	15	1 516			
Net financial income	4	8	-50	2	100	15	6	150	9			
Net other income	3	9	-67	10	-70	14	18	-22	22			
Total operating income	498	451	10	358	39	1 336	1 162	15	1 624			
Staff costs	-156	-127	23	-126	24	-403	-375	7	-475			
Other expenses	-89	-101	-12	-82	9	-277	-258	7	-358			
Depreciation of assets	-3	-3		-5	-40	-9	-15	-40	-19			
Total operating expenses	-248	-231	7	-213	16	-689	-648	6	-852			
Operating profit	250	220	14	145	72	647	514	26	772			
Cost/Income ratio	0,50	0,51		0,59		0,52	0,56		0,52			
Business equity, SEK bn	1,8	1,8		1,8		1,8	1,8		1,8			
Return on equity, %	40,0	35,2		23,2		34,5	27,4		30,9			
Number of full time equivalents, average	450	445		434		446	442		443			

Continued strong results

The division's operating profit for the third quarter improved by 72 per cent compared with last year. Performance fees accounted for SEK 66m. The underlying income level, excluding performance fees, also increased compared with both the previous quarter and the corresponding period last year due to more assets under management. Costs rose by 16 per cent compared with the third quarter of last year due to expenses for variable compensation. The third quarter result of SEK 250m is the strongest so far this year.

The operating profit year-to-date increased by 26 per cent compared with last year. Total costs rose by 6 per cent and staff costs increased by 7 per cent. Cost/income ratio improved to 0.52 (0.56).

Continued improvement in market shares

Net sales improved in the third quarter compared with both last year and the previous quarter. However, year-to-date the accumulated net sales, at SEK 20bn, were somewhat lower than last year's strong level (22).

Several new institutional mandates were secured for the fourth quarter. In addition, the new co-operation between SEB Trygg Liv and SalusAnsvar rendered SEK 6bn in new assets, which will be transferred to SEB Asset Management in October. In Germany, SEB ImmoInvest has been combined with the current asset management operation to create greater market clout. The financials will be included in the division as of 2006.

In Sweden, SEB's net sales of its own mutual funds year-to-date increased to SEK 8.7bn (4.2), compared with a

total market of SEK 63bn (52). SEB has thus improved its market share of net sales, excluding PPM-funds, to 16.3 per cent (9.3), which is a number one position.

Assets under management at new record level

The division's total assets under management, including third party mutual funds, again hit record levels – at SEK 749bn. During the third quarter, assets under management increased by 4 per cent.

The equity portion increased to 42 per cent (37), while fixed income decreased to 51 per cent (56). Total mutual funds, including third party mutual funds, increased its share of the division's assets under management and represented 42 per cent (39) of the total, corresponding to SEK 313bn (245), of which SEK 224bn (175) in Sweden.

Top ratings for SEB

SEB has been ranked number one in the most important institutional asset management survey in Sweden. The survey, conducted by Prospera, includes 30 domestic, Nordic and global asset managers active in Sweden.

Investment performance continued to improve during the third quarter within almost all asset classes and geographic markets. As per 30 September, 64 per cent of assets under management were ahead of their respective benchmarks. Average Morningstar ratings for all SEB mutual funds also continued to improve and the average is now 3.35 (2.90) which places SEB in the top quartile of the large European mutual fund managers.

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 group operates in Sweden, Denmark, Finland, Ireland, the UK and Luxembourg and serves 1.5 million customers. SEB Trygg Liv has the functional responsibility for the life and pension business at SEB's banks in the Baltic countries.

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	Q3			Q2		Q3			Jan - Sep			Full year 2004
	2005	2005	%	2004 ¹⁾	%	2005	2004 ¹⁾	%	2005	2004 ¹⁾	%	
Net interest income	1	3	-67	9	-89	8	26	-69	33			
Net life insurance income	731	706	4	408	79	2 095	1 222	71	1 907			
Net other income				-2	-100		-8	-100	-8			
Total operating income	732	709	3	415	76	2 103	1 240	70	1 932			
Staff costs	-223	-240	-7	-131	70	-692	-409	69	-634			
Other expenses	-307	-318	-3	-206	49	-992	-736	35	-1 021			
Net Deferred Acquisition Costs	61	105	-42	47	30	278	239	16	316			
Depreciation of assets	-11	-14	-21	-5	120	-32	-17	88	-23			
Total operating expenses	-480	-467	3	-295	63	-1 438	-923	56	-1 362			
Operating profit	252	242	4	120	110	665	317	110	570			
Change in surplus values, net	325	44		258	26	637	907	-30	1 427			
Business result	577	286		378	53	1 302	1 224	6	1 997			
Change in assumptions						-39			789			
Financial effects of short-term market fluctuations	415	703		-147		1 341	-7		101			
Total result	992	989		231		2 604	1 217	114	2 887			
Cost/Income ratio	0,66	0,66		0,71		0,68	0,74		0,70			
Business equity, SEK bn	7,0	7,4		4,5		7,3	4,5		5,2			
Return on equity, % *												
based on operating profit	11,6	10,1		7,8		9,7	6,8		8,0			
based on business result	24,9	11,8		24,5		18,1	26,4		27,7			
Number of full time equivalents, average	1 083	1 095		713		1 097	717		816			
1) Excluding SEB Pension that was acquired 1 Oct 2004												
* Excluding separation costs amounting to	-29	-18				-71			-12			

Strong operating profit

SEB Trygg Liv's third quarter result reached SEK 252m including one-off costs of SEK 29m. Accumulated operating profit through September amounted to SEK 665m (317). Excluding Codan Pension in Denmark (name changed to SEB Pension on 1 October), operating profit for the first nine months increased by 29 per cent to SEK 410m (317).

The third quarter has been characterised by increasing unit fund values from rising stock markets and premium payments. The higher outflow from surrenders compared to last year previously noted was considerably lower during the third quarter. In addition, high sales volumes and lower actual cost for sales and administration contributed to the result. The bond portfolio backing the Swedish sickness insurance has generated capital gains as a result of declining interest rates. The effect has been offset by an adjustment of the discount rate for valuation of insurance liabilities downwards, in total from 2.0 per cent to 1.0. The trend for

sickness and care products in Sweden has been favourable during 2005, with an operating result of SEK 80m after investment return and change in discount rate.

The operating profit in Denmark through September was SEK 326m before deduction of separation costs, a one-off effect of SEK 71m. The last quarter result of SEK 128m before one-off items was better than the first and second quarters. Investment return accumulated on policyholder funds in the traditional business was 12.0 per cent, of which 2.9 per cent during the third quarter. To date in 2005, policyholder funds of bonus not allocated, buffer funds, has been increased by SEK 2.1bn as a result of the good investment performance.

The division's total income increased by 3 per cent compared with the previous quarter as a result of higher unit values and a continued increase in the share of equity-related funds among unit linked assets. Total operating costs were lower than during the previous two quarters, excluding one-off effects of SEK 29m and the effect of capitalisation of

acquisition cost. A process focusing on enhancing operational excellence in distribution as well as administration was started during the second quarter. The project is estimated to continue next year. Project costs are included among operational expenses.

One-off expenses relate to the separation of the Danish operation from the Codan Group. The separation process continues well according to plan. Total cost in 2005 to date amounts to SEK 71m.

New business margin accumulated was 22.9 per cent (19.5 for the full year 2004), excluding Denmark. The increase was due to the change in discount rate assumptions effective as at year-end and higher sales volumes in relation to sales costs.

The business result (including changes in surplus values) amounted to SEK 1,302m (1,224). Surplus values are not yet calculated for the Danish unit link operations. The surplus values are not included in the SEB Group's result and balance sheet. For details, see Additional Information at www.sebgroup.com.

Continued strong sales

SEB Trygg Liv total sales reached SEK 30.3bn (22.4) during the first nine months measured as weighted volume of which SEK 9.5bn (5.8) related to the third quarter.

Sales from SEB Trygg Liv's Swedish business, which accounts for the largest part of total sales, reached SEK 23.9bn (22.2). The strong trend of sales to private individuals, mainly of the new endowment pension product, "kapitalpension", continued while sales of regular premium products to the corporate segment decreased. The market statistics as of 30 June 2005 showed a market share in unit linked of 32.5 per cent (33.4) in total, which means that SEB Trygg Liv maintains its position as market leader. For endowment policies the market share for new business was 47.0 per cent (34.4) as a result of continued high volumes of the new product "kapitalpension". In early October a new unit-link product with a guarantee, "GarantiFörsäkring", was introduced, offering a minimum guarantee of 90 per cent of premiums paid. Premium income for the Swedish business in total amounted to SEK 14,586m (10,266) during the nine month period.

The sales from SEB Pension, the Danish operation, reached SEK 5.3bn (4.6) measured as weighted volume, of which 47 per cent (45) was unit linked insurance. Premium income amounted to SEK 3,660m (3,115) of which SEK 685m (308) was unit-linked or other products without guarantees.

The growth rate for corporate business was close to 15 per cent while private pension showed a small decline. Assets under management amounted to SEK 90bn. SEB Pension is consolidated with SEB Trygg Liv since its acquisition on 1 October, 2004.

Sales from SEB Life (Ireland) and its branch office in Luxembourg rose to SEK 1,132m (128), measured as weighted volume, mainly attributable to the endowment pension product. Premium income amounted to SEK 1,298m (203) and assets under management amounted to SEK 5.2bn.

The SEB Trygg Liv Group's total premium income amounted to SEK 19.6bn (10.5) during the first nine months of the year of which SEK 14.1bn or 72 per cent was unit-linked related. The total unit fund value was SEK 87bn compared to SEK 67bn at year-end. Total assets under management increased to SEK 354bn (312 at year-end 2004).

SalusAnsvar

As of 22 September, SEB Trygg Liv entered into an agreement with SalusAnsvar offering the policyholders in SalusAnsvar Life Insurance a transfer to the unit-link company in SEB Trygg Liv, including a choice between unit-link and the new unit link product with guarantee. The agreement also enables SEB Trygg Liv, after conducting due diligence, to acquire the group life company from SalusAnsvar. Finally, the seller will become a distributor of SEB Trygg Liv pension products.

Traditional life insurance

The traditional life insurance operations of SEB Pension, Denmark, are carried out in a profit-sharing company and are therefore part of the SEB Trygg Liv Group result above. The market and investment risk is controlled by hedging of the investment portfolio.

However, in Sweden traditional life operations are conducted in two mutually operated companies whose results are not consolidated with SEB Trygg Liv's result. This means that the policy holders are carrying the result and investment risk.

Total return in Gamla Livförsäkringsaktiebolaget was 11.0 per cent and the collective consolidation ratio 114 per cent as per 30 September, 2005. For Nya Livförsäkringsaktiebolaget total return was 3.8 per cent and the collective consolidation ratio 102 per cent. For more facts concerning these companies, see Additional Information at www.sebgroup.com.

The SEB Group

Net fee and commission income – Group

SEKm	Q3			Q2			Q3			Jan - Sep			Full year 2004
	2005	2005	%	2004	%	2005	2004	%	2005	2004	%		
Issue of securities	21	30	-30	7	200	72	50	44	58				
Secondary market shares	692	679	2	413	68	1 939	1 567	24	2 047				
Secondary market other	67	104	-36	69	-3	228	250	-9	335				
Custody and mutual funds	1 288	1 153	12	981	31	3 537	3 073	15	4 207				
Securities commissions	2 068	1 966	5	1 470	41	5 776	4 940	17	6 647				
Payments	405	427	-5	393	3	1 229	1 167	5	1 584				
Card fees	853	863	-1	766	11	2 462	2 138	15	2 950				
Payment commissions	1 258	1 290	-2	1 159	9	3 691	3 305	12	4 534				
Lending	316	230	37	275	15	720	738	-2	965				
Deposits	24	26	-8	35	-31	74	100	-26	153				
Advisory	230	370	-38	141	63	812	497	63	736				
Guarantees	57	53	8	55	4	161	162	-1	216				
Derivatives	58	88	-34	81	-28	220	294	-25	348				
Other	214	139	54	170	26	513	519	-1	637				
Other commissions	899	906	-1	757	19	2 500	2 310	8	3 055				
Commission income	4 225	4 162	2	3 386	25	11 967	10 555	13	14 236				
Securities commissions	-193	-185	4	-95	103	-454	-300	51	-368				
Payment commissions	-485	-447	9	-392	24	-1 316	-1 091	21	-1 525				
Other commissions	-131	-226	-42	-168	-22	-533	-519	3	-639				
Commission expense	-809	-858	-6	-655	24	-2 303	-1 910	21	-2 532				
Securities commissions, net	1 875	1 781	5	1 375	36	5 322	4 640	15	6 279				
Payment commissions, net	773	843	-8	767	1	2 375	2 214	7	3 009				
Other commissions, net	768	680	13	589	30	1 967	1 791	10	2 416				
Net fee and commission income	3 416	3 304	3	2 731	25	9 664	8 645	12	11 704				

Net financial income – Group

SEKm	Q3			Q2			Q3			Jan - Sep			Full year 2004
	2005	2005	%	2004	%	2005	2004	%	2005	2004	%		
Equity instruments and related derivatives	291	275	6	263	11	690	794	-13	964				
Interest-bearing instruments and related derivatives	-185	291	-164	382	-148	128	750	-83	1 116				
Currency-related	482	594	-19	379	27	1 684	1 304	29	1 975				
Other financial instruments*				-640	-100		-1 204	-100	-1 879				
Net financial income	588	1 160	-49	384	53	2 502	1 644	52	2 176				

* From 2005 classification is in accordance with IAS 39. A major part is interest-related.

Net credit losses – Group

SEKm	Q3		Q2		Q3		Jan - Sep			Full year 2004
	2005	2005	%	2004	%	2005	2004	%		
<i>Provisions:</i>										
Net collective provisions	- 112	70		138	-181	- 2	- 16	-88		280
Specific provisions	- 166	- 211	-21	- 276	-40	- 612	- 558	10		-1 010
Reversal of specific provisions no longer required	170	82	107	86	98	335	257	30		467
Net provisions for contingent liabilities	- 2	- 4	-50	83	-102	- 17	79	-122		80
Net provisions	- 110	- 63	75	31		- 296	- 238	24		- 183
<i>Write-offs:</i>										
Total write-offs	- 414	- 346	20	- 691	-40	- 1 114	- 1 504	-26		- 1 971
Reversal of specific provisions utilized for write-offs	222	142	56	363	-39	567	876	-35		1 043
Write-offs not previously provided for	- 192	- 204	-6	- 328	-41	- 547	- 628	-13		- 928
Recovered from previous write-offs	123	71	73	134	-8	273	308	-11		368
Net write-offs	- 69	- 133	-48	- 194	-64	- 274	- 320	-14		- 560
Net credit losses	- 179	- 196	-9	- 163	10	- 570	- 558	2		- 743
Change in value of seized assets	- 11					- 13	45	-129		42
Net credit losses incl change in value	- 190	- 196	-3	- 163	17	- 583	- 513	14		- 701

Balance sheet - Group

Condensed SEKm	30 September 2005	1 January 2005 *	31 December 2004	30 September 2004
Cash and cash balances with central banks	9 070	12 979	12 979	10 620
Loans and advances to credit institutions	215 162	208 554	208 226	204 300
Loans and advances to the public	878 933	786 551	783 355	752 948
Financial assets at fair value **	457 956	387 801	336 814	329 878
Available-for-sale financial assets **	171 801	135 290	175 400	61 098
Held-to-maturity investments **	15 764	13 781	15 536	16 909
Investments in associates	1 363	1 315	1 266	1 463
Tangible and intangible assets	22 831	21 432	17 574	17 174
Other assets	55 623	47 821	55 401	39 650
Total assets	1 828 503	1 615 524	1 606 551	1 434 040
Deposits by credit institutions	378 600	361 755	370 483	306 216
Deposits and borrowing from the public	540 884	516 836	516 513	537 423
Liabilities to policyholders	175 208	145 730	145 730	65 989
Debt securities	376 696	268 124	268 368	250 281
Financial liabilities at fair value	183 574	177 137	101 366	80 526
Other liabilities	79 445	63 918	120 896	115 592
Provisions	1 565	758	628	569
Subordinated liabilities	37 272	30 868	30 804	27 081
Total equity	55 259	50 398	51 763	50 363
Total liabilities and equity	1 828 503	1 615 524	1 606 551	1 434 040
* Including effects of IAS 32 and IAS 39.				
** Of which interest bearing	499 994	439 090	430 085	330 300

Restatement to IFRS - Group

Total equity SEKm	31 December 2004	30 September 2004
Equity according to previous accounting principles	51 008	49 825
New accounting principles (IFRS excl IAS 32 and 39)	- 160	- 160
New accounting principles (IFRS 2), Employee stock options	55	41
New accounting principles in profit and loss	775	572
Equity according to IFRS	51 678	50 278
Minority interests	85	85
Total equity according to IFRS	51 763	50 363

Memorandum items - Group

SEKm	30 September 2005	31 December 2004	30 September 2004
Collateral and comparable security pledged for own liabilities	296 819	272 326	146 358
Other pledged assets and comparable collateral	124 724	111 773	85 846
Contingent liabilities	51 138	43 082	41 791
Commitments	258 590	221 815	189 222

Total equity – Group

SEKm	30 September 2005	1 January 2005 *	31 December 2004	30 September 2004
Opening balance	85	85	73	73
New accounting principles (IFRS excl IAS 39)			-5	-5
Net change	25		17	17
Minority interests	110	85	85	85
Opening balance	1 015			
New accounting principles (IAS 39), Cash flow hedges and Afs valuation		1 015		
Net change in reserves	677			
Revaluation reserves	1 692	1 015		
Opening balance	49 298	51 678	48 464	48 464
New accounting principle (IAS 19), Pensions			1 383	1 383
New accounting principles (IFRS 1, 3 and 4)			-160	-160
New accounting principle (IFRS 2), Employee stock options			55	41
New accounting principle (IAS 32), Swap agreements	30	-1 424		
New accounting principle (IAS 39), Non IAS 39 compliant hedges	26	-956		
Dividend to shareholders	-3 065		-2 818	-2 818
Dividend, own holdings of shares	216		152	152
Result, holding of own shares	71		-3	4
Neutralisation of PL impact of employee stock option programme	48			
Utilization of employee stock options	447		-37	8
Eliminations of repurchased shares for stock option programme**			-674	-674
Eliminations of repurchased shares for improvement of the capital structure***	-218		-1 804	-1 469
Net group contribution to non-consolidated subsidiaries			-129	
Translation difference****	118		-116	-65
Net profit attributable to equity holders ¹⁾	6 486		7 365	5 412
Core equity	53 457	49 298	51 678	50 278
Total equity	55 259	50 398	51 763	50 363

1) Net profit attributable to equity holders

Reported 2004	6 590	4 840
New accounting principles (IFRS excl IAS 39)	775	572
Total	7 365	5 412

* Including effects of IAS 32 and IAS 39.

** As of 30 September 2005, 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 is deducted from shareholders' equity. In 2005 1.3 million employee stock options have been utilised. The market value corresponding to the 18.1 million shares net was SEK 2,570m as of 30 September 2005.

*** Repurchased 18.4 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 is deducted from shareholders' equity, the market value as of 30 September 2005 was SEK 2,605m.

**** In accordance with IFRS 1 SEB has chosen to zero out the translation difference accumulated before 2004-01-01.

Cash flow analysis - Group

SEKm	Jan - Sep			Full year
	2005	2004	%	2004
Cash flow from the profit and loss statement	7 678	4 632	66	7 808
Increase (-)/decrease (+) in portfolios	-80 014	-53 851	49	-78 920
Increase (+)/decrease (-) in issued short term securities	77 267	11 816		23 411
Increase (-)/decrease (+) in lending to credit institutions	-6 316	-24 608	-74	-28 321
Increase (-)/decrease (+) in lending to the public	-93 500	-45 681	105	-76 846
Increase (+)/decrease (-) in liabilities to credit institutions	16 845	44 567	-62	110 336
Increase (+)/decrease (-) in deposits and borrowings from the public	24 047	43 671	-45	23 484
Increase (-)/decrease (+) in insurance portfolios*	13 920			
Change in other balance sheet items	2 988	2 643	13	-5 856
Cash flow, current operations	-37 085	-16 811	121	-24 904
Cash flow, investment activities	-2 084	-422		-383
Cash flow, financing activities	34 859	18 152	92	28 652
Cash flow	-4 310	919		3 365
Liquid funds at beginning of year	12 979	9 707	34	9 707
Exchange difference in liquid funds	401	-6		-93
Cash flow	-4 310	919		3 365
Liquid funds at end of period	9 070	10 620	-15	12 979

* From 2005 classification is in accordance with IAS 39.

Only liquid funds have been adjusted for exchange rate differences. Comparative amounts have been restated.

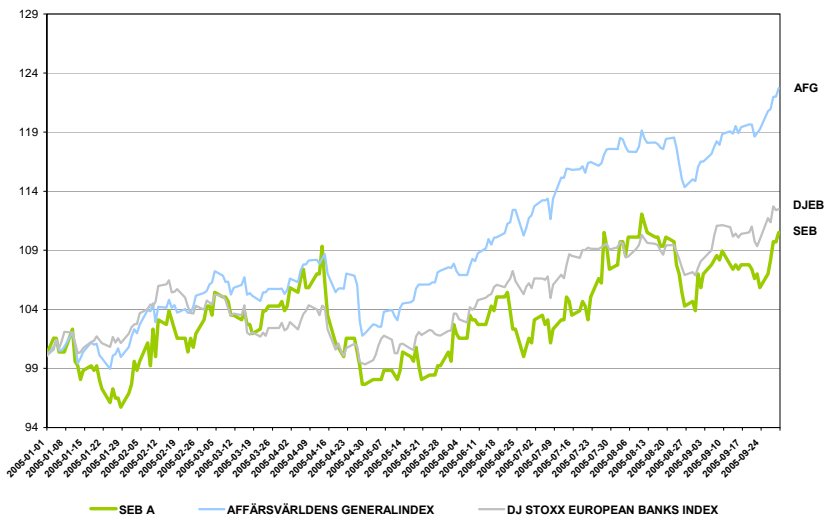
Impaired loans and seized assets - Group

SEKm	30 September 2005	1 January proforma**	31 December 2004	30 September 2004
Non-performing impaired loans	8 064	8 086	8 086	7 786
Performing impaired loans	766	745	745	1 100
Impaired loans gross*	8 830	8 831	8 831	8 886
Specific reserves for credit losses	-4 508	-4 547	-4 893	-4 812
of which reserves for non-performing loans	-4 110	-4 180	-4 526	-4 135
of which reserves for performing loans	-398	-367	-367	-677
Collective reserves	-2 652	-2 448	-1 487	-1 737
Impaired loans net	1 670	1 836	2 451	2 337
Reserves not included in the above:				
Reserves for country risk			-615	-640
Reserves for off-balance sheet items	-281	-255	-255	-256
Total reserves	-7 441	-7 250	-7 250	-7 445
Level of impaired loans	0.19%	0.23%	0.31%	0.31%
(Impaired loans, net in relation to lending, net at end of period)				
Reserve ratio for impaired loans	81.1%	79.2%	72.2%	73.7%
(Specific + collective reserves in relation to impaired loans gross, per cent)				
<i>Specific reserve ratio for impaired loans</i>	51.1%	51.5%	55.4%	54.2%
Pledges taken over				
Buildings and land	116	106	106	40
Shares and participations	45	40	40	43
Total volume of pledges taken over	161	146	146	83

* Individually impaired loans.

** As a consequence of IFRS, reserves for country risk and homogeneous groups have been reclassified to collective reserves. Reserves for homogeneous groups were previously classified as specific reserves.

The SEB share



Rating

Moody's		Standard & Poor's		Fitch	
Outlook Stable		Outlook Positive		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 2005	Share of capital, per cent
Investor AB	17,5
Trygg Foundation	9,3
Robur Funds	2,4
SHB/SPP Funds	2,2
AFA Försäkring	2,0
SEB Funds	1,7
Wallenberg Foundations	1,5
Foreign shareholders	25,4

Source: VPC/SIS Ägarservice