

# Interim report January- March 2007

PRESS RELEASE

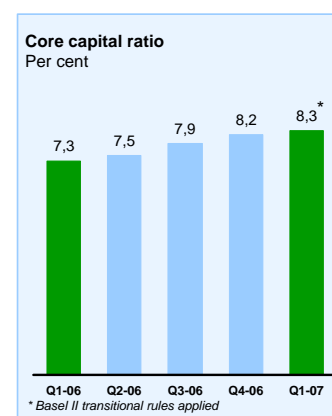
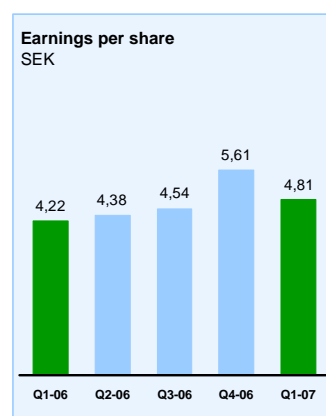
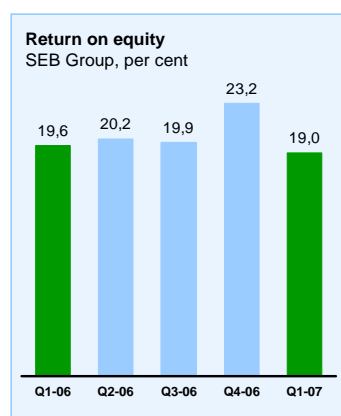
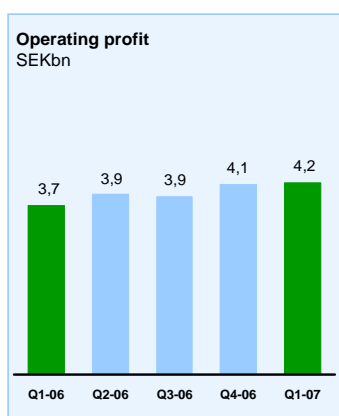
STOCKHOLM 4 MAY 2007

## SEB – operating profit SEK 4.2bn (3.7)

- Operating profit for the first quarter 2007 was SEK 4,157m, an increase of 13 per cent compared with the corresponding quarter of 2006 and 1 per cent better than the previous quarter. Net profit was SEK 3,262m.
- Business flows were strong within all areas. Assets under management as well as lending and deposit volumes reached record levels.
- Operating income increased by 6 per cent compared with the first quarter last year and was 2 per cent up on the previous quarter.
- Operating expenses were in line with the corresponding quarter last year and 2 per cent higher than in the previous quarter.
- Net credit losses remained low.
- Return on equity was 19.0 per cent (19.6) and earnings per share increased to SEK 4.81 (4.22).

“2007 has started positively. The favourable economic climate continued to cater for high business activity and strong volume growth in all of SEB’s markets. Revenue generation was strong.”

Annika Falkengren



## President's comment

2007 has started positively. The favourable economic climate continued to cater for high business activity and strong volume growth in all of SEB's markets. Return on equity remained close to 20 per cent at the same time as the capital base was strengthened. Revenue generation was strong and earnings per share increased by 14 per cent on a 12-months basis.

SEB has put more emphasis on high interaction with its customers. Increased activity among corporate customers and private individuals resulted in both improved net interest income and commission income, even though higher volatility in the equity market hampered investors' risk appetite. High volumes and relatively stable margins supported revenue growth.

The contribution from SEB's markets outside Sweden was the highest ever, 57 per cent of the operating profit. Profit growth was particularly strong in Lithuania, Norway and Denmark. SEB continues to monitor closely the economic development in Estonia and Latvia with a focus on long-term quality and return of the businesses.

SEB last year initiated structural measures to achieve leadership in customer satisfaction and financial performance. This is a long-term commitment to excellence and SEB is still at an early phase of realising the full potential of a more integrated SEB. During the first three months of the three-year efficiency plan, the new Group



structure became operational. It facilitates a more coordinated customer offering and increases efficiency. This allows more integrated support functions, which reduces overlaps and increases quality. As an example, the HR, procurement and premises functions are now integrated at Group level.

At the same time the operational excellence programme, SEB Way, has accelerated to streamline both front- and back-office processes and enhance customer offerings.

The divestments of the Baltic real estate, Union Inkasso and ÅF Bil are also examples of more focused and streamlined operations.

The development during the first quarter indicates a positive outlook for 2007. We will continue to invest in growth areas, partly through reallocation of resources. SEB's ability to continue to grow organically is strong.

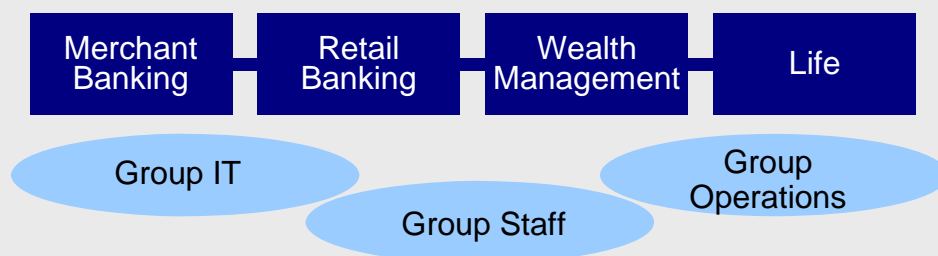
## The new organisation

In order to strengthen customer offerings, increase the integration of the Group and minimise double functions, SEB's operations are carried out through four divisions as from 1 January 2007:

- *Merchant Banking* – wholesale and investment banking for large and medium-sized companies, financial institutions and property companies.
- *Retail Banking* - retail business in Sweden, Estonia, Latvia, Lithuania and Germany as well as Card.

- *Wealth Management* - asset management and private banking
- *Life* - life insurance operations.

*New Markets*, i.e. SEB in Ukraine and Russia, is kept separate to nurture the long-term growth potential. All businesses are supported by three *cross-divisional support functions* - Group IT, Group Staff and Group Operations.



The SEB Group's financial reporting structure has been changed accordingly. The consolidated divisions are reported and commented on in the main section of the press release. A quarterly review of the divisions and the business areas of each division are included in Additional information, see Appendix 5. Furthermore, operating

income, expenses and profit for SEB's consolidated business by geography are reported in the main part of the press release with a quarterly review in Additional information, see Appendix 6. For comparison purposes, the figures for 2006 have been restated according to the financial reporting structure. Restated numbers were published on 26 April, 2007.

# The Group

## Operating profit and net profit

SEB's *operating profit* for the first quarter amounted to SEK 4,157m (3,670), an increase of 13 per cent compared with the corresponding quarter of 2006 and 1 per cent up on the previous quarter. Net profit increased to SEK 3,262m (2,827). Profit growth was particularly strong in the Retail division, 40 per cent, and in the Life division, 56 per cent.

## Income

*Total operating income* amounted to SEK 10,193m (9,610), up by 6 per cent compared with the corresponding quarter of last year and slightly higher than in the strong fourth quarter of 2006. Income growth was particularly strong in Denmark, Norway and the three Baltic countries.

*Net interest income* increased by 5 per cent compared with the previous quarter and the corresponding quarter of last year to SEK 3,767m (3,596). Adjusted for effects from structured products in Merchant Banking, net interest income development was flat compared with the previous quarter.

Volume growth was strong within all areas. Deposits grew by 4 per cent during the quarter. Lending to the public rose by 7 per cent during the quarter and was 11 per cent higher than 12 months ago. Margins are still under pressure, but have been relatively stable over the past quarters. As a consequence, customer-driven net interest income grew by 15 per cent compared with the first quarter of 2006. Higher short-term interest rate levels had a negative impact on funding costs, partly offset in net financial income.

*Net fee and commission income* rose to SEK 4,277m (3,993), an increase of 7 per cent from the corresponding quarter last year and in line with the previous quarter. Most commission income categories increased compared with last year. Asset management and advisory-related income were particularly strong.

*Net financial income* increased to SEK 1,311m (979). The improvement was an effect of high customer-driven business within the trading and capital markets area.

*Net life insurance income* at SEK 743m (583) grew by 27 per cent compared with the corresponding quarter of last year and by 2 per cent compared with the previous quarter. Commission growth due to increased unit-linked volumes was the main driver. A complete description of Life's operations, including changes in surplus values, is found in "Additional information" on [www.sebgroup.com](http://www.sebgroup.com).

*Net other income* decreased to SEK 95m (459) due to hedge accounting effects and lower capital gains. No one-offs were recorded during the quarter (93).

## Expenses

*Total operating expenses* amounted to SEK 5,802m (5,770), in line with the corresponding quarter of last year and 2 per cent higher than the previous quarter. During the quarter,

SEK 34m was provisioned for redundancy costs and SEK 46m for social charges related to the long-term incentive programmes. Excluding performance-related remuneration, underlying cost growth was one per cent on a 12-months basis.

*Staff costs* rose by 2 per cent compared with the previous quarter and the corresponding quarter of last year, totalling SEK 3,796m (3,722). This was mainly due to annual salary adjustments. The quarterly average number of full time equivalents decreased by 146 to 19,325 (19,471) on a 12-months basis and by 267 between December 2006 and March 2007. The sale of Union Inkasso reduced the Group's FTEs by 108.

*Other expenses* decreased to SEK 1,678m (1,736) as a result of increased cost consciousness. From 2007, net deferred acquisition costs related to Life are split into other expenses and depreciation and not reported separately.

The incremental cost-income ratio for the Group during the first quarter was 0.05 compared with the first quarter of last year. Compared with the previous quarter it was 0.64.

## Credit losses

The Group's *net credit losses*, including changes in the value of assets taken over, amounted to SEK 234m (198). The credit loss level was 0.10 per cent (0.09). Asset quality remained stable.

## Tax costs

Total tax amounted to SEK 895m (843). The total tax rate was 21.5 per cent. The expected tax rate for 2007 is still 23 per cent.

## Business volumes

Total assets continued to grow. The Group's total balance sheet of SEK 2,136bn as per 31 March represented an increase of 10 per cent since year-end 2006, due to growing lending and trading volumes. Currency effects from the weakening of the Swedish krona contributed to the volume increase by SEK 43bn.

SEB's total credit exposure increased to SEK 1,417bn (1,315) during the first quarter. Lending to the corporate sector showed strong growth particularly in the Nordic countries. Credit volumes related to the Nordic household sector and the Baltic banks' operations continued to grow.

As of 31 March 2007, assets under management grew to SEK 1,344bn, an increase of 6 per cent compared with year-end 2006. Net inflow during the quarter was SEK 11bn (22), while the change in value was SEK 71bn (36). SEB remained the market leader within net sales of mutual funds in Sweden, with SEK 4bn of net inflows during the first quarter of 2007 in a declining market. SEB was the second largest retail distributor of Swedish registered structured bonds and the market share of all issues rose to

18 per cent. Assets under custody amounted to SEK 5,276bn.

### **Market risk**

During the first quarter of 2007, the Group's Value at Risk in the trading operations averaged SEK 86m (96 during the calendar year 2006). This means that the Group, on average, with 99 per cent probability, should not expect to lose more than this amount during a ten-day period.

### **Capital position**

Since 1 February 2007, SEB reports capital adequacy in accordance with the Basel II rules. Considering the supervisory transitional rules during the first Basel II years, SEB reported a core capital ratio of 8.3 per cent (8.2) and a total capital ratio 11.6 per cent (11.5). Capital ratios according to the previous (Basel I) regulation would give capital ratios of 7.9 and 11.0 per cent, respectively. Growth of risk weighted assets (Basel I) was 7 per cent in the quarter. Appendix 3 exposes details of capital adequacy, including the effects of moving to Basel II.

### **Investments and divestments**

SEB finalised the sale of Union Inkasso, a retail debt collection subsidiary of SEB AG, with minor effects on operating profit.

In March 2007, SEB divested the vendor-based car financing operation, ÅF Bil, of SEB Finans. The sale, to be completed during the second quarter, will have minor effects on operating profit.

### **Decisions at the Annual General Meeting**

The Annual General Meeting on 28 March 2007 decided on remuneration principles to the President and the other members of the Group Executive Committee and on a long-term incentive programme, identical with last year's programme and based on performance shares, for approximately 500 senior officers.

It was also decided to provide the Board of Directors with mandates to repurchase own shares in order to allow for the hedging of long-term incentive programmes and for an efficient capital management and securities business.

Steven Kaempfer was elected new member of the Board, replacing Gösta Wiking. Marcus Wallenberg was re-elected Chairman of the Board. Jacob Wallenberg and Tuve Johannesson were elected Deputy Chairmen.

The dividend was raised to SEK 6.00 (4.75).

### **Rating**

After the changes of Moody's rating methodology, SEB holds a long-term rating of Aa2. SEB has a AA-rating ambition and currently holds a AA-equivalent rating also with DBRS.

### **Events after the quarter**

SEB has agreed on terms for the sale of its properties owned by SEB's Baltic subsidiary banks. The capital gain of minimum SEK 0.7bn will be included in the third quarter results.

The 2004 long-term incentive programme was exercised for all holders on 2 April 2007 as the closing share price exceeded the cap of SEK 220.

SEB has decided to open a representative office in New Delhi, India, during 2007.

### **Stockholm, 4 May 2007**

#### **Annika Falkengren**

*President and Chief Executive Officer*

This Interim Report has been prepared in accordance with International Financial Reporting Standards IFRS/IAS, endorsed by the European Commission and therefore complies with IAS 34 Interim Financial Reporting. The accounting regulations of the Swedish Financial Supervisory Authority require some additional disclosures.

The same accounting policies and methods of computation are followed in the interim financial statements as those applied to the most recent annual financial statements.

**More detailed information is presented on [www.sebgroup.com](http://www.sebgroup.com) "Additional information" including:**

Appendix 1	Division Life
Appendix 2	Credit exposure
Appendix 3	Capital adequacy
Appendix 4	Market risk
Appendix 5	P&L by division, business area and quarter
Appendix 6	P&L by geography and quarter
Appendix 7	Skandinaviska Enskilda Banken (parent company)

**Financial information during 2007**

9 February	Annual Accounts for 2006
28 March	Annual General Meeting in Stockholm
4 May	Interim Report January-March
19 July	Interim Report January-June
26 October	Interim Report January-September

**Access to telephone conference and video web cast**

The telephone conference at 14.00 (CET) on 4 May 2007 with CEO Annika Falkengren and CFO Per-Arne Blomquist can be accessed by telephone, +44 (0) 20 7162 0025, at least 10 minutes in advance. A replay of the conference call will be available on [www.sebgroup.com](http://www.sebgroup.com).

A video web-cast with CFO Per-Arne Blomquist will be available on [www.sebgroup.com](http://www.sebgroup.com).

**Further information is available from**

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## Review Report

We have reviewed the interim report for the period 1 January-31 March, 2007 for Skandinaviska Enskilda Banken AB (publ). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 4 May 2007

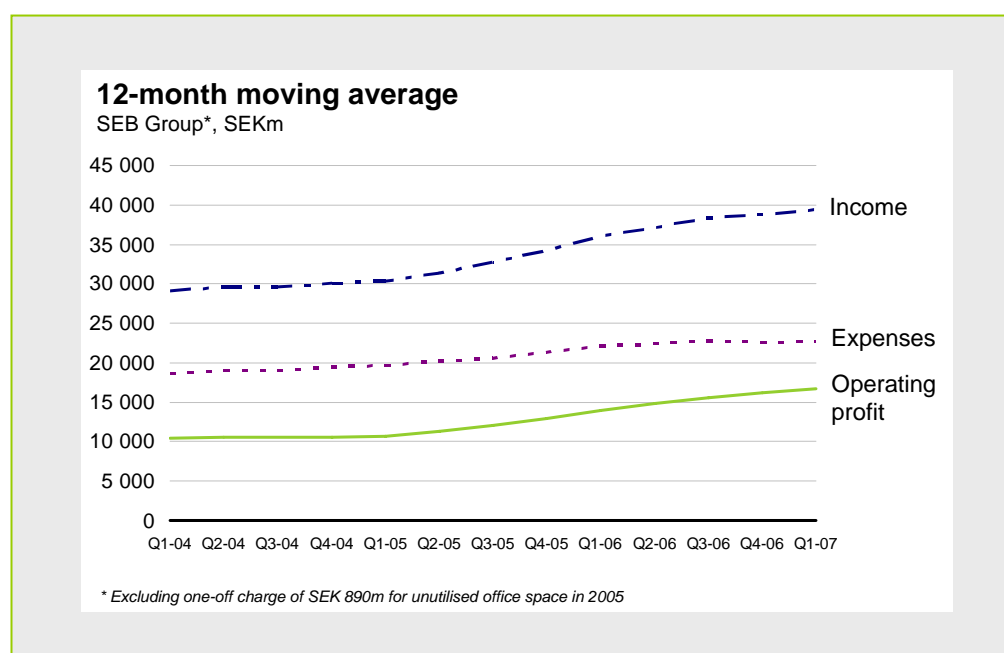
PricewaterhouseCoopers AB

Peter Clemedtson	Peter Nyllinge
Authorised Public Accountant	Authorised Public Accountant
Partner in charge	

# The SEB Group

## Income statement – SEB Group

Condensed SEKm	Q1		Q4		Jan - Mar			Full year 2006
	2007	2006	%		2007	2006	%	
Net interest income	3 767	3 604	5		3 767	3 596	5	14 281
Net fee and commission income	4 277	4 274	0		4 277	3 993	7	16 146
Net financial income	1 311	1 120	17		1 311	979	34	4 036
Net life insurance income	743	732	2		743	583	27	2 661
Net other income	95	274	-65		95	459	-79	1 623
<b>Total operating income</b>	<b>10 193</b>	<b>10 004</b>	<b>2</b>		<b>10 193</b>	<b>9 610</b>	<b>6</b>	<b>38 747</b>
Staff costs	-3 796	-3 735	2		-3 796	-3 722	2	-14 363
Other expenses	-1 678	-1 634	3		-1 678	-1 736	-3	-6 887
Depreciation of assets	-328	-311	5		-328	-312	5	-1 287
<b>Total operating expenses</b>	<b>-5 802</b>	<b>-5 680</b>	<b>2</b>		<b>-5 802</b>	<b>-5 770</b>	<b>1</b>	<b>-22 537</b>
Gains less losses from tangible and intangible assets		22	-100			28	-100	70
Net credit losses incl. changes in value of seized assets	-234	-222	5		-234	-198	18	-718
<b>Operating profit*</b>	<b>4 157</b>	<b>4 124</b>	<b>1</b>		<b>4 157</b>	<b>3 670</b>	<b>13</b>	<b>15 562</b>
Income tax expense	-895	-334	168		-895	-843	6	-2 939
<b>Net profit</b>	<b>3 262</b>	<b>3 790</b>	<b>-14</b>		<b>3 262</b>	<b>2 827</b>	<b>15</b>	<b>12 623</b>
Attributable to minority interests	4	3	33		4	5	-20	18
<b>Attributable to equity holders **</b>	<b>3 258</b>	<b>3 787</b>	<b>-14</b>		<b>3 258</b>	<b>2 822</b>	<b>15</b>	<b>12 605</b>
* Life's operating profit	458	459	0		458	294	56	1 470
Change in surplus values, net	244	359	-32		244	423	-42	1 660
Life's business result	702	818	-14		702	717	-2	3 130
** Basic earnings per share, SEK	4.81	5.61			4.81	4.22		18.72
** Diluted earnings per share, SEK	4.76	5.55			4.76	4.17		18.53



## Key figures - SEB Group

	Q1	Q4	Jan - Mar		Full year
	2007	2006	2007	2006	2006
Return on equity, %	19.0	23.2	19.0	19.6	20.8
Return on total assets, %	0.64	0.78	0.64	0.58	0.64
Return on risk-weighted assets, %	1.70	2.04	1.70	1.56	1.71
Basic earnings per share, SEK	4.81	5.61	4.81	4.22	18.72
Weighted average number of shares, millions*	677	675	677	670	673
Diluted earnings per share, SEK	4.76	5.55	4.76	4.17	18.53
Weighted average number of diluted shares, millions**	684	682	684	677	680
Cost/income ratio	0.57	0.57	0.57	0.60	0.58
Credit loss level, %	0.10	0.10	0.10	0.09	0.08
Reserve ratio for impaired loans, %	74.0	75.1	74.0	78.8	75.1
Level of impaired loans, %	0.22	0.22	0.22	0.20	0.22
Basel II (95% of RWA in Basel I):					
Total capital ratio, incl net profit, %	11.60		11.60		
Core capital ratio, incl net profit, %	8.33		8.33		
Risk-weighted assets, SEK billion	753		753		
Basel I:					
Total capital ratio, incl net profit, %	10.97	11.47	10.97	10.44	11.47
Core capital ratio, incl net profit, %	7.87	8.19	7.87	7.31	8.19
Risk-weighted assets, SEK billion	796	741	796	741	741
Number of full time equivalents	19 330	19 597	19 325	19 471	19 672
Number of e-banking customers, thousands	2 688	2 597	2 688	2 380	2 597
Assets under management, SEK billion	1 344	1 262	1 344	1 176	1 262

\* Issued number of shares was 687,156,631 at year-end 2006. SEB then owned 8.9 million Class A shares for the employee stock option programme. During 2007 1.5 million of these shares have been sold as employee stock options have been exercised. Thus, as of 31 March SEB owned 7.4 million Class A-shares with a market value of SEK 1,663m.

\*\* Calculated dilution based on the estimated economic value of the long-term incentive programmes.

## Income statement on quarterly basis - SEB Group

SEKm	2007:1	2006:4	2006:3	2006:2	2006:1
Net interest income	3 767	3 604	3 503	3 578	3 596
Net fee and commission income	4 277	4 274	3 772	4 107	3 993
Net financial income	1 311	1 120	890	1 047	979
Net life insurance income	743	732	739	607	583
Net other income	95	274	538	352	459
<b>Total operating income</b>	<b>10 193</b>	<b>10 004</b>	<b>9 442</b>	<b>9 691</b>	<b>9 610</b>
Staff costs	-3 796	-3 735	-3 443	-3 463	-3 722
Other expenses	-1 678	-1 634	-1 664	-1 853	-1 736
Depreciation of assets	- 328	- 311	- 343	- 321	- 312
<b>Total operating expenses</b>	<b>-5 802</b>	<b>-5 680</b>	<b>-5 450</b>	<b>-5 637</b>	<b>-5 770</b>
Gains less losses from tangible and intangible assets		22	6	14	28
Net credit losses**	- 234	- 222	- 136	- 162	- 198
<b>Operating profit*</b>	<b>4 157</b>	<b>4 124</b>	<b>3 862</b>	<b>3 906</b>	<b>3 670</b>
Income tax expense	- 895	- 334	- 803	- 959	- 843
<b>Net profit from continuing operations</b>	<b>3 262</b>	<b>3 790</b>	<b>3 059</b>	<b>2 947</b>	<b>2 827</b>
Discontinued operations					
<b>Net profit</b>	<b>3 262</b>	<b>3 790</b>	<b>3 059</b>	<b>2 947</b>	<b>2 827</b>
Attributable to minority interests	4	3	6	4	5
<b>Attributable to equity holders***</b>	<b>3 258</b>	<b>3 787</b>	<b>3 053</b>	<b>2 943</b>	<b>2 822</b>
* SEB Trygg Liv's operating profit	458	459	472	295	294
Change in surplus values, net	244	359	381	492	423
SEB Trygg Liv's business result	702	818	853	787	717
** Including change in value of seized assets					
*** Basic earnings per share, SEK	4.81	5.61	4.54	4.38	4.22
Diluted earnings per share, SEK	4.76	5.55	4.48	4.35	4.17



Income statement, by Division - SEB Group

Jan-Mar 2007, SEKm	Merchant Banking	Retail Banking	Wealth Management	Life *	Other incl elimi- nations	SEB Group
Net interest income	1 323	2 338	186	- 9	- 71	3 767
Net fee and commission income	1 557	1 526	1 024		170	4 277
Net financial income	1 094	166	14		37	1 311
Net life insurance income				981	- 238	743
Net other income	45	35	6		9	95
<b>Total operating income</b>	<b>4 019</b>	<b>4 065</b>	<b>1 230</b>	<b>972</b>	<b>- 93</b>	<b>10 193</b>
Staff costs	-1 117	-1 231	- 383	- 256	- 809	-3 796
Other expenses	- 826	-1 065	- 215	- 128	556	-1 678
Depreciation of assets	- 23	- 102	- 14	- 130	- 59	- 328
<b>Total operating expenses</b>	<b>-1 966</b>	<b>-2 398</b>	<b>- 612</b>	<b>- 514</b>	<b>- 312</b>	<b>-5 802</b>
Gains less losses from tangible and intangible assets						
Net credit losses**	- 113	- 119	- 4		2	- 234
<b>Operating profit</b>	<b>1 940</b>	<b>1 548</b>	<b>614</b>	<b>458</b>	<b>- 403</b>	<b>4 157</b>

\* Business result in Life amounted to SEK 702m (717), of which change in surplus values was net SEK 244m (423).

\*\* Including change in value of seized assets.

# Merchant Banking

Merchant Banking has two large business areas - Trading and Capital Markets and Global Transaction Services. The other business units, e.g. the CRM function, Commercial Real Estate, Corporate Finance and Structured Finance, are consolidated in Corporate Banking.

## Profit and loss account

SEK m	Q1			Q4			Jan- Mar			Full year 2006
	2007	2006	%	2007	2006	%	2007	2006	%	
Net interest income	1 323	1 072 *	23	1 323	1 280	3	1 323	1 280	3	4 809
Net fee and commission income	1 557	1 515	3	1 557	1 479	5	1 557	1 479	5	5 874
Net financial income	1 094	1 259 *	-13	1 094	875	25	1 094	875	25	3 676
Net other income	45	165	-73	45	196	-77	45	196	-77	779
<b>Total operating income</b>	<b>4 019</b>	<b>4 011</b>	<b>0</b>	<b>4 019</b>	<b>3 830</b>	<b>5</b>	<b>4 019</b>	<b>3 830</b>	<b>5</b>	<b>15 138</b>
Staff costs	-1 117	-1 058	6	-1 117	-1 184	-6	-1 117	-1 184	-6	-4 082
Other expenses	-826	-756	9	-826	-760	9	-826	-760	9	-3 227
Depreciation of assets	-23	-25	-8	-23	-25	-8	-23	-25	-8	-89
<b>Total operating expenses</b>	<b>-1 966</b>	<b>-1 839</b>	<b>7</b>	<b>-1 966</b>	<b>-1 969</b>	<b>0</b>	<b>-1 966</b>	<b>-1 969</b>	<b>0</b>	<b>-7 398</b>
<b>Profit before credit losses etc</b>	<b>2 053</b>	<b>2 172</b>	<b>-5</b>	<b>2 053</b>	<b>1 861</b>	<b>10</b>	<b>2 053</b>	<b>1 861</b>	<b>10</b>	<b>7 740</b>
Gains less losses on assets		13	-100		-18	-100		-18	-100	-2
Net credit losses	-113	-101	12	-113	-54	109	-113	-54	109	-320
<b>Operating profit</b>	<b>1 940</b>	<b>2 084</b>	<b>-7</b>	<b>1 940</b>	<b>1 789</b>	<b>8</b>	<b>1 940</b>	<b>1 789</b>	<b>8</b>	<b>7 418</b>
Cost/Income ratio	0,49	0,46		0,49	0,51		0,49	0,51		0,49
Business equity, SEK bn	26,4	24,9		26,4	24,9		26,4	24,9		24,9
Return on equity, %	21,2	24,1		21,2	20,7		21,2	20,7		21,4
Number of full time equivalents	2 417	2 423		2 409	2 772		2 409	2 772		2 537

\* Isolated quarterly effects from structured products in 2006, shifting income to net interest income from net financial income, were:

Q1: SEK 5m; Q2: SEK 41m; Q3: SEK 72m; Q4: SEK 201m

- **Operating profit increased by 8 per cent compared with the first quarter of 2006.**
- **High customer activities and continued strong business flows supported income generation.**
- **Underlying costs were stable.**

### Comments on the quarter

Revenues remained stable at a high level during the first quarter of 2007. Although the period contained no significant one-off items or venture capital exits, the division reported its highest quarterly operating income to date. Revenues in the Danish and Norwegian units were particularly strong.

Operating profit increased by 8 per cent compared with the corresponding quarter of last year, but was 7 per cent lower than in the previous quarter. The high scalability of the operations following earlier investments in productivity enhancing processes and systems will benefit further by the SEB Way implementation.

Business volumes were strong across all markets and business units and picked up markedly towards the end of the quarter. Risk weighted assets grew strongly.

The high average turnover (+20 per cent) on the Nordic stock exchanges benefited SEB Enskilda, which remained the largest broker in the Nordic region in terms of market share. In the Global Transaction Services business area, increased volumes continued to offset margin pressure. Custody transactions grew by more than 60 percent compared to the corresponding quarter of 2006.

During the quarter, SEB's high quality and efficiency in cash management services was rewarded with Sony Ericsson's outsourcing of its parent company operational liquidity management.

In broadening its product range to meet customer demand, SEB was the first Nordic bank to offer Renminbi forwards in China. SEB also launched a Nordic Hedge Fund Index, offering customers diversified exposure to a sector in which SEB has leading competence.

SEB has agreed on terms for the sale of its car financing subsidiary, ÅF Bil. During 2007, SEB will take further steps to integrate its leasing and factoring business by merging the subsidiary SEB Finans AB into the parent company.

The first quarter was also marked by an intensification of Merchant Banking's investments in preparation for new EU-wide legal frameworks for financial markets (MiFID) and payments (SEPA). Both initiatives create business opportunities for SEB to attract new clients and provide new services, particularly in the cross-border context.

# Retail Banking

The Retail Banking division consists of six business areas - Sweden, Germany, Estonia, Latvia, Lithuania and Card.

## Profit and loss account

SEK m	Q1			Q4			Jan- Mar			Full year 2006
	2007	2006	%	2007	2006	%	2007	2006	%	
Net interest income	2 338	2 231	5	2 338	1 995	17	2 338	1 995	17	8 514
Net fee and commission income	1 526	1 518	1	1 526	1 438	6	1 526	1 438	6	5 752
Net financial income	166	219	-24	166	119	39	166	119	39	614
Net other income	35	52	-33	35	22	59	35	22	59	235
<b>Total operating income</b>	<b>4 065</b>	<b>4 020</b>	<b>1</b>	<b>4 065</b>	<b>3 574</b>	<b>14</b>	<b>4 065</b>	<b>3 574</b>	<b>14</b>	<b>15 115</b>
Staff costs	-1 231	-1 237	0	-1 231	-1 174	5	-1 231	-1 174	5	-4 885
Other expenses	-1 065	-1 079	-1	-1 065	-1 073	-1	-1 065	-1 073	-1	-4 203
Depreciation of assets	-102	-101	1	-102	-104	-2	-102	-104	-2	-440
<b>Total operating expenses</b>	<b>-2 398</b>	<b>-2 417</b>	<b>-1</b>	<b>-2 398</b>	<b>-2 351</b>	<b>2</b>	<b>-2 398</b>	<b>-2 351</b>	<b>2</b>	<b>-9 528</b>
<b>Profit before credit losses etc</b>	<b>1 667</b>	<b>1 603</b>	<b>4</b>	<b>1 667</b>	<b>1 223</b>	<b>36</b>	<b>1 667</b>	<b>1 223</b>	<b>36</b>	<b>5 587</b>
Gains less losses on assets		11	-100		17	-100		17	-100	45
Net credit losses	-119	-125	-5	-119	-132	-10	-119	-132	-10	-412
<b>Operating profit</b>	<b>1 548</b>	<b>1 489</b>	<b>4</b>	<b>1 548</b>	<b>1 108</b>	<b>40</b>	<b>1 548</b>	<b>1 108</b>	<b>40</b>	<b>5 220</b>
Cost/Income ratio	0,59	0,60		0,59	0,66		0,59	0,66		0,63
Business equity, SEK bn	24,8	22,4		24,8	22,4		24,8	22,4		22,4
Return on equity, %	19,5	20,6		19,5	15,3		19,5	15,3		18,1
Number of full time equivalents	10 566	10 651		10 527	10 553		10 527	10 553		10 661

- **Operating profit improved by 40 per cent compared with the first quarter of 2006.**
- **Operating income increased by 14 per cent, driven by strong net interest income.**
- **Operating expenses rose by 2 per cent, primarily due to continued growth in Estonia, Latvia and Lithuania. Within Retail Sweden and Card, costs decreased.**

### Comments on the quarter

Strong sales and customer activity combined with favourable economic conditions enabled continued business volume growth across business areas. In Estonia, Latvia and Lithuania credit growth was 6-8 per cent - a slower growth rate than in previous quarters due to SEB's more restrictive credit granting in the region.

The Retail Sweden and Card business areas increased their profits at double digit rates, despite continued margin pressure. In Sweden, strong sales of savings and lending products combined with increased cost efficiency offset the continued margin pressure on household mortgages. As to Card, the strengthened focus on organic growth generated several new large customers during the quarter. Together with a continued growth in transaction volumes – the turnover grew by 10 per cent on a 12-months basis - and reduced operating costs this offset decreasing transaction margins and higher funding costs.

Retail operations in the Baltic countries maintained high growth. SEB's leading position in Lithuania was confirmed through the Global Finance Best bank award in the country. SEB Vilniaus Bankas' market share of around 35 per cent generated income growth of over 50 per cent.

Following the strong growth in the Baltic economies, continued high attention was paid to market development, in particular to overheating tendencies in Latvia. SEB

remains focused on quality and risk-adjusted returns rather than volumes and market share.

The integration of the Baltic product units with the rest of SEB, which among other things aims at strengthening growth in areas outside lending, continued.

In Germany, progress continued in terms of 9 per cent revenue growth, a material improvement of return on equity and higher sales activity. In addition, a number of strategic initiatives to further strengthen sales were implemented with promising results. Among others, a co-operation with insurance and financial services group AXA, which favourably affected commission income.

Customer activity was high in all business areas. As an example, Retail Sweden's offerings to small and medium-sized companies were strengthened through sales of the recently launched "Enkla lånet Företag". Over 30 per cent of the sales were related to new customers.

SEB's operating excellence programme, SEB Way, has now been started in all business areas to further enhance quality and improve processes.

# Wealth Management

This division has two business areas - Asset Management and Private Banking.

## Profit and loss account

SEK m	Q1			Q4			Jan- Mar			Full year 2006
	2007	2006	%	2007	2006	%	2007	2006	%	
Net interest income	186	179	4	186	142	31	186	142	31	644
Net fee and commission income	1 024	1 094	-6	1 024	934	10	1 024	934	10	3 836
Net financial income	14	12	17	14	14		14	14		55
Net other income	6	11	-45	6	20	-70	6	20	-70	60
<b>Total operating income</b>	<b>1 230</b>	<b>1 296</b>	<b>-5</b>	<b>1 230</b>	<b>1 110</b>	<b>11</b>	<b>1 230</b>	<b>1 110</b>	<b>11</b>	<b>4 595</b>
Staff costs	-383	-376	2	-383	-338	13	-383	-338	13	-1 440
Other expenses	-215	-207	4	-215	-189	14	-215	-189	14	-801
Depreciation of assets	-14	-15	-7	-14	-11	27	-14	-11	27	-51
<b>Total operating expenses</b>	<b>-612</b>	<b>-598</b>	<b>2</b>	<b>-612</b>	<b>-538</b>	<b>14</b>	<b>-612</b>	<b>-538</b>	<b>14</b>	<b>-2 292</b>
<b>Profit before credit losses etc</b>	<b>618</b>	<b>698</b>	<b>-11</b>	<b>618</b>	<b>572</b>	<b>8</b>	<b>618</b>	<b>572</b>	<b>8</b>	<b>2 303</b>
Gains less losses on assets					29	-100		29	-100	29
Net credit losses	-4	4	-200	-4	6	-167	-4	6	-167	25
<b>Operating profit</b>	<b>614</b>	<b>702</b>	<b>-13</b>	<b>614</b>	<b>607</b>	<b>1</b>	<b>614</b>	<b>607</b>	<b>1</b>	<b>2 357</b>
Cost/Income ratio	0,50	0,46		0,50	0,48		0,50	0,48		0,50
Business equity, SEK bn	5,5	4,0		5,5	4,0		5,5	4,0		4,0
Return on equity, %	32,2	50,5		32,2	43,7		32,2	43,7		42,4
Number of full time equivalents	1 306	1 320		1 308	1 255		1 308	1 255		1 300

- **Higher business volumes and good activity supported operating income.**
- **Operating expenses increased, primarily due to expansion within Private Banking.**
- **Reduced risk appetite and lower net sales in the market – but SEB captured volumes.**

### Comments on the quarter

Higher volatility in the equity markets during the quarter reduced investors' appetite for new volumes and created a shift of client volumes to less volatile investments. Despite the weak market, SEB managed to attract SEK11bn (22) of net new volumes and a substantial part to alternative investment products. In the Swedish mutual fund market SEB captured SEK 4.2bn (7.2) on a total market that showed a marginal outflow, -SEK 0,1bn (38). Private Banking had a good quarter and raised SEK 5.2bn (4.8) of new volumes whereas the institutional business saw a weaker start to the year.

The division's total assets under management grew to SEK 1,266bn, an increase of SEK 74bn or 6 per cent from year-end, mainly as a result of increased equity values.

Investment performance started well for the first quarter, with an aggregate of 56 per cent of portfolios (67) and 71 per cent (70) of assets under management ahead of their respective benchmarks.

The division had a stable operating profit compared with the first quarter of 2006. The first quarter's result was affected by performance and transaction fees of SEK154m (73). Base revenues remained stable compared with the last quarter of 2006.

Operating expenses increased compared with the first quarter of 2006 primarily due to expansion within Private Banking but also due to higher performance-related compensations, reflecting growth in volumes and income. Asset Management also had a low cost outcome in the first quarter of 2006.

Within Private Banking, brokerage revenues were high during the quarter, albeit not as high as during the strong first quarter of last year.

The integration of Asset Management and Private Banking is well underway. In Denmark and Norway, the new global Private Banking concept has been initiated. In Poland a new Private Banking branch was opened in February.

Several new products were launched to meet the demand for alternative investment products, for example Asset Selection and Currency Alpha.

# Life

Life consists of three business areas - SEB Trygg Liv (Sweden), SEB Pension (Denmark) and SEB Life & Pension International.

## Profit and loss account

SEK m	Q1			Q4			Jan- Mar			Full year 2006
	2007	2006	%	2007	2006	%	2007	2006	%	
Net interest income	-9	-4	125	-9	-2		-9	-2		-15
Net life insurance income	981	934	5	981	786	25	981	786	25	3 471
Net other income					1	-100		1	-100	
<b>Total operating income</b>	<b>972</b>	<b>930</b>	<b>5</b>	<b>972</b>	<b>785</b>	<b>24</b>	<b>972</b>	<b>785</b>	<b>24</b>	<b>3 456</b>
Staff costs	-256	-258	-1	-256	-247	4	-256	-247	4	-1 008
Other expenses	-128	-108	19	-128	-135	-5	-128	-135	-5	-474
Depreciation of assets	-130	-105	24	-130	-109	19	-130	-109	19	-454
<b>Total operating expenses</b>	<b>-514</b>	<b>-471</b>	<b>9</b>	<b>-514</b>	<b>-491</b>	<b>5</b>	<b>-514</b>	<b>-491</b>	<b>5</b>	<b>-1 936</b>
<b>Operating profit</b>	<b>458</b>	<b>459</b>	<b>0</b>	<b>458</b>	<b>294</b>	<b>56</b>	<b>458</b>	<b>294</b>	<b>56</b>	<b>1 520</b>
Change in surplus values, net	244	359	-32	244	423	-42	244	423	-42	1 655
<b>Business result</b>	<b>702</b>	<b>818</b>	<b>-14</b>	<b>702</b>	<b>717</b>	<b>-2</b>	<b>702</b>	<b>717</b>	<b>-2</b>	<b>3 175</b>

Cost/Income ratio	0,53	0,51		0,53	0,63		0,56
Business equity, SEK bn	7,5	7,0		7,5	7,0		7,0
Return on equity, %							
based on operating profit	21,5	23,1		21,5	14,8		19,1
based on business result	32,9	41,1		32,9	36,1		39,9
Number of full time equivalents	1 201	1 221		1 201	1 311		1 280

- **Operating profit increased by 56 per cent compared with the first quarter of 2006.**
- **The 24 per cent income growth was primarily related to unit-linked business.**
- **The underlying operating expenses have a declining trend.**

### Comments on the quarter

The division's result for the first quarter was stable, supported by continued strong stock market trends, which led to higher fund values in unit-linked and thus income growth. The results for traditional life, sickness insurance and other risk products were stable. Operating profit improved in all three business areas compared with the first quarter of last year. The business area International includes a positive effect of SEK 33m from a revaluation of technical reserves.

Total sales as well as total premium income (premiums paid) increased in the division's operations outside Sweden. However, in Sweden legislative actions stopped sales of the high volume product "Kapitalpension", which had a negative effect on both sales volumes and total premium income. In addition, the Swedish government has announced the abolition of wealth tax and reduced tax deductibility for private pension payments. This has created some uncertainty regarding short-term sales trends.

As a consequence the division's total sales, weighted volume, were down by 5 per cent compared with the corresponding quarter of last year and by 9 per cent compared with the previous quarter.

Unit-linked products continued to represent more than 80 per cent of total sales, while corporate pension products accounted for about 70 per cent of the total volume.

Total premium income (premiums paid) amounted to SEK 6,8bn compared with SEK 8,2bn for the first quarter of last year. Apart from the effect of the stop for "Kapitalpension", the discontinued transfers from SalusAnsvar, due to the new legislation, had a negative impact on premium income.

The operating expenses, excluding the effect of changes in deferred acquisition costs, showed a declining trend due to increasing realisation of the productivity gains from SEB Way and continued efficiency improvements.

The lower increase in surplus values was primarily a result of the lower sales volumes in Sweden.

The total value of unit-link funds amounted to SEK 129bn compared with SEK 120bn at year-end, an increase of 8 per cent. The strong development in the stock markets contributed about half of the increase. Total assets under management (net assets) increased by 3 per cent from year-end to SEK 408bn.

## Result by geography – Q1 2007

SEB has a local presence in the Nordic and Baltic countries, Germany, Poland, the Ukraine and Russia and has a global presence through its international network in another 10 countries.

- **Strong profit growth in most markets.**
- **High income growth in Norway, Denmark and the Baltic countries.**
- **Increased cost efficiency in Sweden and Germany supported growth in other markets.**
- **Business volumes outside Sweden generated 57 per cent of SEB's operating profit.**

### Comments on quarter

The business sentiment in Sweden remained strong during the first quarter and all businesses continued to report solid revenues. Income growth was affected by lower capital gains and higher funding costs for the trading and treasury business. Costs remained stable.

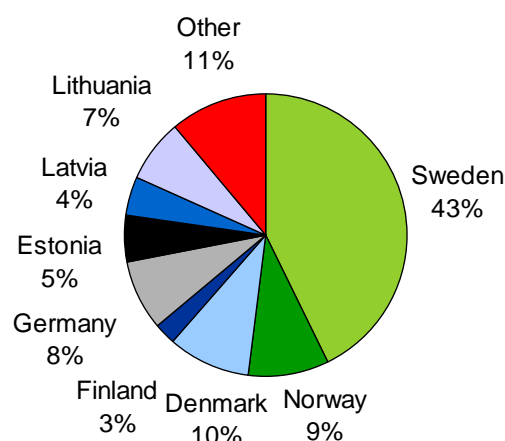
The other Nordic markets continued to develop favourably. Strong trading and investment banking earnings in Norway and good Life business in Denmark benefited income generation.

Business in Estonia, Latvia and, particularly Lithuania, remained strong. Improved deposit margins and relatively stable lending margins in all markets in combination with continued volume growth, created increased net interest income in excess of 50 per cent compared with the first quarter of 2006.

Following the strong growth of the Baltic economies, continued high attention was paid to market development, in particular to overheating tendencies in Latvia. SEB remains focused on quality and risk-adjusted returns rather than on volumes and market share. SEB's market share in Lithuania was stable, while it was marginally reduced in Latvia and Estonia.

Operating income in Germany was negatively affected by the reduced contribution of the treasury business following increased funding costs from higher short-term interest rates and the exit of hedges during 2006, as earlier communicated. The underlying customer business developed favourably, but operating profit was negatively impacted by higher net credit losses within Merchant Banking, related to a specific customer.

Operating profit per country, Q1 2007



Business in new markets, i.e. Ukraine and Russia, developed according to plan. SEB Bank in Ukraine intensified its focus on corporate business and the further development of treasury and cash management solutions. SEB Bank has also recently launched asset management services and investment funds in Ukraine. The next product offering to be introduced will be life insurance. Also PetroEnergoBank in Russia, which will be renamed SEB Bank in September, has strengthened its offering by launching products like cash management.

The contribution from operations outside Sweden continued to increase and accounts for 57 per cent of SEB's operating profit at present.

Distribution by country Q1	Total operating income			Total operating expenses			Operating profit		
	2007	2006	%	2007	2006	%	2007	2006	%
Sweden	4 965	4 904	1	-3 157	-3 192	-1	1 795	1 653	9
Norway	853	624	37	-442	-361	23	374	252	48
Denmark	754	614	23	-356	-314	13	398	293	36
Finland	247	238	4	-137	-144	-5	106	93	14
Germany	1 620	1 730	-6	-1 140	-1 139	0	331	460	-28
Estonia	388	282	38	-151	-121	25	225	171	32
Latvia	329	256	29	-137	-120	14	184	142	30
Lithuania	508	346	47	-195	-169	15	301	165	82
Other countries and eliminations	529	616	-14	-87	-210	-59	443	441	0
<b>Total</b>	<b>10 193</b>	<b>9 610</b>	<b>6</b>	<b>-5 802</b>	<b>-5 770</b>	<b>1</b>	<b>4 157</b>	<b>3 670</b>	<b>13</b>

# The SEB Group

## Net fee and commission income – SEB Group

SEKm	Q1			Q4			Jan - Mar			Full year
	2007	2006	%	2007	2006	%	2007	2006	%	2006
Issue of securities	32	98	-67	32	42	-24	32	42	-24	290
Secondary market shares	891	759	17	891	915	-3	891	915	-3	3 300
Secondary market other	177	205	-14	177	109	62	177	109	62	531
Custody and mutual funds	1 692	1 662	2	1 692	1 487	14	1 692	1 487	14	6 184
<b>Securities commissions</b>	<b>2 792</b>	<b>2 724</b>	<b>2</b>	<b>2 792</b>	<b>2 553</b>	<b>9</b>	<b>2 792</b>	<b>2 553</b>	<b>9</b>	<b>10 305</b>
Payments	459	463	-1	459	442	4	459	442	4	1 787
Card fees	957	985	-3	957	868	10	957	868	10	3 730
<b>Payment commissions</b>	<b>1 416</b>	<b>1 448</b>	<b>-2</b>	<b>1 416</b>	<b>1 310</b>	<b>8</b>	<b>1 416</b>	<b>1 310</b>	<b>8</b>	<b>5 517</b>
Advisory	499	456	9	499	403	24	499	403	24	1 742
Lending	231	231		231	250	-8	231	250	-8	946
Deposits	27	36	-25	27	24	13	27	24	13	124
Guarantees	68	71	-4	68	63	8	68	63	8	278
Derivatives	96	82	17	96	110	-13	96	110	-13	384
Other	226	253	-11	226	181	25	226	181	25	849
<b>Other commissions</b>	<b>1 147</b>	<b>1 129</b>	<b>2</b>	<b>1 147</b>	<b>1 031</b>	<b>11</b>	<b>1 147</b>	<b>1 031</b>	<b>11</b>	<b>4 323</b>
<b>Fee and commission income</b>	<b>5 355</b>	<b>5 301</b>	<b>1</b>	<b>5 355</b>	<b>4 894</b>	<b>9</b>	<b>5 355</b>	<b>4 894</b>	<b>9</b>	<b>20 145</b>
Securities commissions	-204	-198	3	-204	-164	24	-204	-164	24	-898
Payment commissions	-576	-589	-2	-576	-494	17	-576	-494	17	-2 150
Other commissions	-298	-240	24	-298	-243	23	-298	-243	23	-951
<b>Fee and commission expense</b>	<b>-1 078</b>	<b>-1 027</b>	<b>5</b>	<b>-1 078</b>	<b>-901</b>	<b>20</b>	<b>-1 078</b>	<b>-901</b>	<b>20</b>	<b>-3 999</b>
Securities commissions, net	2 588	2 526	2	2 588	2 389	8	2 588	2 389	8	9 407
Payment commissions, net	840	859	-2	840	816	3	840	816	3	3 367
Other commissions, net	849	889	-4	849	788	8	849	788	8	3 372
<b>Net fee and commission income</b>	<b>4 277</b>	<b>4 274</b>	<b>0</b>	<b>4 277</b>	<b>3 993</b>	<b>7</b>	<b>4 277</b>	<b>3 993</b>	<b>7</b>	<b>16 146</b>

## Net financial income – SEB Group

SEKm	Q1			Q4			Jan - Mar			Full year
	2007	2006	%	2007	2006	%	2007	2006	%	2006
Equity instruments and related derivatives	147	-68		147	143	3	147	143	3	342
Debt instruments and related derivatives	645	529	22	645	320	102	645	320	102	1 424
<b>Capital market related</b>	<b>792</b>	<b>461</b>	<b>72</b>	<b>792</b>	<b>463</b>	<b>71</b>	<b>792</b>	<b>463</b>	<b>71</b>	<b>1 766</b>
Currency-related	519	659	-21	519	516	1	519	516	1	2 270
<b>Net financial income</b>	<b>1 311</b>	<b>1 120</b>	<b>17</b>	<b>1 311</b>	<b>979</b>	<b>34</b>	<b>1 311</b>	<b>979</b>	<b>34</b>	<b>4 036</b>

## Net credit losses - Group

SEKm	Q1			Q4			Jan - Mar			Full year 2006
	2007	2006	%	2007	2006	%	2007	2006	%	
<i>Provisions:</i>										
Net collective provisions	- 114	212	-154				- 114	- 125		- 108
Specific provisions	- 245	- 455	-46				- 245	- 110	123	- 888
Reversal of specific provisions no longer required	75	173	-57				75	83	-10	544
Net provisions for contingent liabilities	31	10					31	11	182	31
<b>Net provisions</b>	<b>- 253</b>	<b>- 60</b>					<b>- 253</b>	<b>- 141</b>	<b>79</b>	<b>- 421</b>
<i>Write-offs:</i>										
Total write-offs	- 243	- 444	-45				- 243	- 225	8	-1 308
Reversal of specific provisions utilized for write-offs	124	221	-44				124	106	17	704
Write-offs not previously provided for	- 119	- 223	-47				- 119	- 119		- 604
Recovered from previous write-offs	135	62	118				135	77	75	322
<b>Net write-offs</b>	<b>16</b>	<b>- 161</b>	<b>-110</b>				<b>16</b>	<b>- 42</b>	<b>-138</b>	<b>- 282</b>
<b>Net credit losses</b>	<b>- 237</b>	<b>- 221</b>	<b>7</b>				<b>- 237</b>	<b>- 183</b>	<b>30</b>	<b>- 703</b>
<b>Change in value of seized assets</b>	<b>3</b>	<b>- 1</b>					<b>3</b>	<b>- 15</b>	<b>-120</b>	<b>- 15</b>
<b>Net credit losses incl change in value</b>	<b>- 234</b>	<b>- 222</b>	<b>5</b>				<b>- 234</b>	<b>- 198</b>	<b>18</b>	<b>- 718</b>



## Balance sheet – SEB Group

<b>Condensed SEKm</b>	<b>31 March 2007</b>	<b>31 December 2006</b>	<b>31 March 2006</b>
Cash and cash balances with central banks	11 866	11 314	10 332
Loans to credit institutions	232 935	179 339	223 752
Loans to the public	1016 519	946 643	916 157
Financial assets at fair value *	684 290	610 945	591 977
Available-for-sale financial assets *	125 166	115 482	178 948
Held-to-maturity investments *	2 053	2 208	16 557
Asset held for sale / Discontinued operations	952	2 189	1 405
Investments in associates	1 134	1 085	1 236
Tangible and intangible assets	23 328	22 914	23 799
Other assets	37 879	42 322	68 264
<b>Total assets</b>	<b>2 136 122</b>	<b>1 934 441</b>	<b>2 032 427</b>
Deposits by credit institutions	427 367	365 980	388 732
Deposits and borrowing from the public	669 646	641 758	628 304
Liabilities to policyholders	213 289	203 719	193 923
Debt securities	457 442	388 822	385 235
Financial liabilities at fair value	174 757	150 852	249 870
Other liabilities	80 419	70 528	80 510
Provisions	1 863	2 066	2 612
Subordinated liabilities	45 325	43 449	43 385
Total equity	66 014	67 267	59 856
<b>Total liabilities and equity</b>	<b>2 136 122</b>	<b>1 934 441</b>	<b>2 032 427</b>
* Of which interest bearing	564 459	560 844	570 133

## Memorandum items – SEB Group

<b>SEKm</b>	<b>31 March 2007</b>	<b>31 December 2006</b>	<b>31 March 2006</b>
Collateral and comparable security pledged for own liabilities	341 840	354 694	309 464
Other pledged assets and comparable collateral	228 373	189 730	190 162
Contingent liabilities	61 164	60 156	69 335
Commitments	391 485	346 517	254 638

## Statement of changes in equity – SEB Group

SEKm	Reserve for		Reserve for financial assets	Share capital	Restricted reserves	Retained earnings	Total
	Minority interests	cash flow hedges					
<b>Jan-Mar 2007</b>							
Opening balance	130	380	392	6 872	30 203	29 290	<b>67 267</b>
Dividend to shareholders						- 4 123	<b>- 4 123</b>
Dividend, own holdings of shares						44	<b>44</b>
Neutralisation of PL impact and utilisation of employee stock options*						- 168	<b>- 168</b>
Neutralisation of 2004 employee stock options**						- 539	<b>- 539</b>
Eliminations of repurchased shares for employee stock option programme***						146	<b>146</b>
Taxes directly against equity						231	<b>231</b>
Other changes	2				70	- 70	<b>2</b>
Change in market value		-51	- 164				<b>- 215</b>
Recognised in income statement			72				<b>72</b>
Translation difference					35		<b>35</b>
Net income recognised directly in equity		-51	-92		35		<b>-108</b>
Net profit	4					3 258	<b>3 262</b>
Total recognised income	4	-51	-92		35	3 258	<b>3 154</b>
<b>Closing balance</b>	<b>136</b>	<b>329</b>	<b>300</b>	<b>6 872</b>	<b>30 308</b>	<b>28 069</b>	<b>66 014</b>
<b>Jan-Dec 2006</b>							
Opening balance	112	882	481	6 872	28 882	19 567	<b>56 796</b>
Dividend to shareholders						- 3 264	<b>- 3 264</b>
Dividend, own holdings of shares						75	<b>75</b>
Neutralisation of PL impact and utilisation of employee stock options*						580	<b>580</b>
Eliminations of repurchased shares for employee stock option programme***						1 232	<b>1 232</b>
Other changes					1 505	- 1 505	
Change in market value		-502	- 27				<b>- 529</b>
Recognised in income statement			- 62				<b>- 62</b>
Translation difference					-184		<b>- 184</b>
Net income recognised directly in equity		-502	-89		-184		<b>-775</b>
Net profit	18					12 605	<b>12 623</b>
Total recognised income	18	-502	-89		-184	12 605	<b>11 848</b>
<b>Closing balance</b>	<b>130</b>	<b>380</b>	<b>392</b>	<b>6 872</b>	<b>30 203</b>	<b>29 290</b>	<b>67 267</b>
<b>Jan-Mar 2006</b>							
Opening balance	112	882	481	6 872	28 882	19 567	<b>56 796</b>
Dividend to shareholders							
Dividend, own holdings of shares							
Neutralisation of PL impact and utilisation of employee stock options*						364	<b>364</b>
Eliminations of repurchased shares for employee stock option programme***						252	<b>252</b>
Other changes	10					6	<b>16</b>
Change in market value	-262	-75					<b>- 337</b>
Recognised in income statement		23					<b>23</b>
Translation difference					-85		<b>- 85</b>
Net income recognised directly in equity	-262	-52			-85		<b>-399</b>
Net profit	5					2 822	<b>2 827</b>
Total recognised income	-257	-52			-85	2 822	<b>2 428</b>
<b>Closing balance</b>	<b>- 135</b>	<b>830</b>	<b>481</b>	<b>6 872</b>	<b>28 797</b>	<b>23 011</b>	<b>59 856</b>

\* Includes changes in nominal amounts of equity swaps used for hedging of stock option programmes.

\*\* Reclassification from equity instruments to financial instruments.

\*\*\* As of 31 December 2006 SEB owned 8.9 million Class A shares for the employee stock option programme. The acquisition cost for these shares is deducted from shareholders' equity. During 2007 1.5 million of these shares have been sold as employee stock options have been exercised. Thus, as of 31 March SEB owned 7.4 million Class A-shares with a market value of SEK 1,663m for hedging of the long-term incentive programmes.

## Cash flow statement – SEB Group

SEKm	Jan - Mar			Full year 2006
	2007	2006	%	
Cash flow from the profit and loss statement	4 813	3 509	37	15 490
Increase (-)/decrease (+) in trading portfolios	-59 637	-35 649	67	-69 110
Increase (+)/decrease (-) in issued short term securities	56 993	9 973		10 581
Increase (-)/decrease (+) in lending to credit institutions	-13 459	-31 276	-57	17 745
Increase (-)/decrease (+) in lending to the public	-70 273	-15 168		-46 351
Increase (+)/decrease (-) in liabilities to credit institutions	61 387	-10 762		-33 559
Increase (+)/decrease (-) in deposits and borrowings from the public	27 888	58 303	-52	71 495
Increase (-)/decrease (+) in insurance portfolios	9 606	11 187	-14	18 319
Change in other balance sheet items	14 321	-13 285		-1 587
Cash flow from operating activities	31 639	-23 168		-16 977
Cash flow from investment activities <sup>1)</sup>	- 673	- 532	27	- 12
Cash flow from financing activities	9 425	21 238	-56	21 048
<b>Net increase in cash and cash equivalents</b>	<b>40 391</b>	<b>-2 462</b>		<b>4 059</b>
Cash and cash equivalents at beginning of year	73 751	70 796	4	70 796
Exchange difference in cash and cash equivalents	304	131	132	-1 104
Net increase in cash and cash equivalents	40 391	-2 462		4 059
<b>Cash and cash equivalents at end of period<sup>2)</sup></b>	<b>114 446</b>	<b>68 465</b>	<b>67</b>	<b>73 751</b>

1) Including investments in subsidiaries

Cost of acquisitions

- 130

Less cash acquired

113

**Outflow on acquisition**

**- 17**

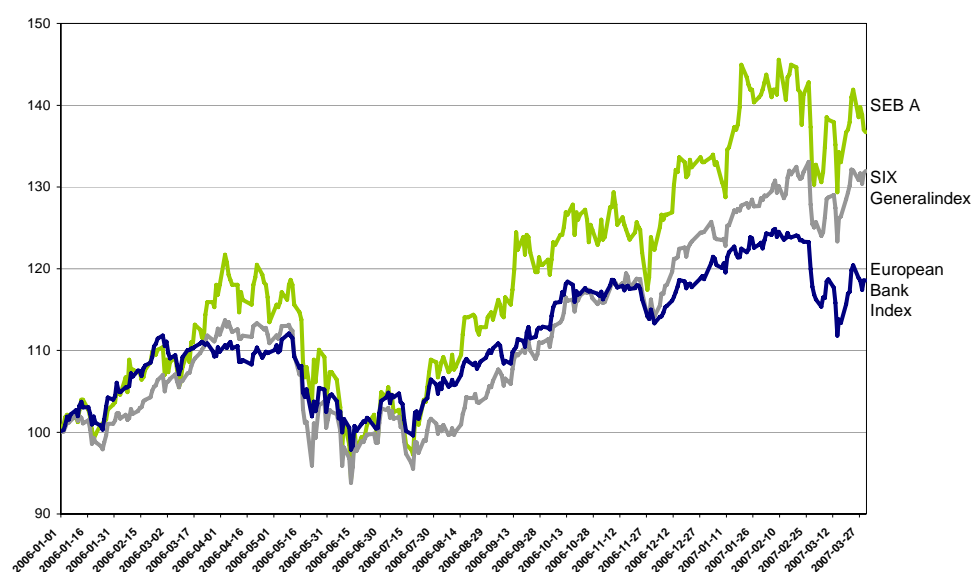
1) Cash and cash equivalents at end of period is defined as Cash and cash balances with central banks and Loans to credit institutions - payable on demand. Cash and cash equivalents March 2006 is restated.

## Impaired loans and seized assets – SEB Group

<b>SEKm</b>	<b>31 March 2007</b>	<b>31 December 2006</b>	<b>31 March 2006</b>
Non-performing impaired loans	7 860	7 123	7 937
Performing impaired loans	1 168	1 403	1 057
<b>Impaired loans gross*</b>	<b>9 028</b>	<b>8 526</b>	<b>8 994</b>
Specific reserves	-4 344	-4 234	-4 674
<i>of which reserves for non-performing loans</i>	-3 845	-3 630	-4 166
<i>of which reserves for performing loans</i>	-499	-604	-508
Collective reserves	-2 334	-2 170	-2 416
<b>Impaired loans net</b>	<b>2 350</b>	<b>2 122</b>	<b>1 904</b>
Reserves for off-balance sheet items	-188	-215	-250
<b>Total reserves</b>	<b>-6 866</b>	<b>-6 619</b>	<b>-7 340</b>
<b>Level of impaired loans</b>	<b>0.23%</b>	<b>0.22%</b>	<b>0.20%</b>
(Impaired loans, net in relation to lending, at end of period)			
<b>Reserve ratio for impaired loans</b>	<b>74.0%</b>	<b>75.1%</b>	<b>78.8%</b>
(Specific and collective reserves in relation to impaired loans gross, per cent)			
<i>Specific reserve ratio for impaired loans</i>	48.1%	49.7%	52.0%
Pledges taken over			
Properties	86	86	103
Shares	42	42	45
<b>Total volume of pledges taken over</b>	<b>128</b>	<b>128</b>	<b>148</b>

\* Individually impaired loans.

## The SEB share



## Rating

Moody's Outlook Stable		Standard & Poor's Outlook Stable		Fitch Outlook Positive		DBRS Outlook Stable	
Short	Long	Short	Long	Short	Long	Short	Long
P-1	Aaa	A-1+	AAA	F1+	AAA	R-1 (high)	AAA
P-2	Aa1	<b>A-1</b>	AA+	<b>F1</b>	AA+	<b>R-1 (middle)</b>	AA (high)
P-3	<b>Aa2</b>	A-2	AA	F2	AA	R-1 (low)	AA
	Aa3	A-3	AA-	F3	AA-	R-2 (high)	<b>AA (low)</b>
	A1		<b>A+</b>		<b>A+</b>	R-2 (middle)	A
	A2		A		A	R-2 (low)	BBB
	A3		A-		A-	R-3	BB
	Baa1		BBB+		BBB+	R-4	B
	Baa2		BBB		BBB	R-5	CCC CC C
	Baa3		BBB-		BBB-	D	D

## SEB's major shareholders

March 2007	Share of capital, per cent
Investor AB	17.9
Trygg Foundation	9.6
Alecta	3.4
SHB	3.2
Swedbank Robur Funds	2.3
AFA Försäkring	2.1
SHB/SPP mutual funds	1.9
SEB mutual funds	1.6
Wallenberg Foundations	1.5
Foreign shareholders	24.7

Source: VPC/SIS Ägarservice