

2007

- High customer activity in turbulent financial markets
- Increased integration and efficiency
- Improved customer satisfaction
- Operating profit SEK 17,018m (15,562)
- Earnings per share SEK 19.97 (18.72)
- Return on equity 19.3 per cent (20.8)

Contents

2007 in brief	1
Chairman's statement	2
President's statement	3
SEB today	4
Markets, competition and customers	8
SEB's employees	14
SEB's role in society	16
The SEB share	18
Report of the Directors	
Financial Review of the Group	20
Result and profitability	20
Financial structure	23
Divisions	
Merchant Banking	26
Retail Banking	28
Wealth Management	30
Life	32
Risk and Capital Management	34
Corporate Governance within SEB	42
Board report on the internal control of the financial reporting for 2007	52
Financial Statements	53
SEB Group	
Income statements	54
Balance sheets	55
Statement of changes in equity	56
Cash flow statements	57
Skandinaviska Enskilda Banken	
Income statements	58
Balance sheets	59
Statements of changes in equity	60
Cash flow statements	61
Notes to the financial statements	62
Five-year summary	121
Definitions	123
Proposal for the distribution of profit	124
Auditors' report	125
Board of Directors	126
Group Executive Committee and Auditors	128
Addresses	

SEB's financial information is available on www.sebgroup.com

Financial information during 2008

Publication of annual accounts	7 February
Publication of Annual Report on the Internet	10 March
Annual General Meeting	8 April
Interim report January–March	30 April
Interim report January–June	16 July
Interim report January–September	23 October

For further information please contact:

Per-Arne Blomquist
Chief Financial Officer
Telephone +46 8 22 19 00
E-mail: per-arne.blomquist@seb.se

Ulf Grunnesjö
Head of Investor Relations
Telephone +46 8 763 85 01
E-mail: ulf.grunnesjo@seb.se

Annika Halldin
Financial Information Officer
Telephone +46 8 763 85 60
E-mail: annika.halldin@seb.se

2007 in brief

Result and proposed dividend

- Operating profit increased by 9 per cent, to SEK 17,018m.
- Net profit increased by 8 per cent to SEK 13,642m, or SEK 19.97 per share.
- The credit loss level was 0.11 per cent (0.08).
- Return on equity was 19.3 per cent.
- Proposed dividend is SEK 6.50 (6.00) per share.
- The SEB share price dropped by 24 per cent while the Swedish SIX General Index went down by 7 per cent and the European Bank index by 17 per cent.

Key figures

	2007	2006
Return on equity, %	19.3	20.8
Basic earnings per share, SEK ¹⁾	19.97	18.72
Cost/income ratio	0.57	0.58
Credit loss level, %	0.11	0.08
Total capital ratio, incl net profit, % ²⁾	11.04	11.47
Core capital ratio, incl net profit, % ²⁾	8.63	8.19
Risk-weighted assets, SEKbn ²⁾	842	741
Number of full time equivalents, average	19,506	19,672
Number of e-banking customers, thousands	2,911	2,597
Assets under management, SEKbn	1,370	1,262
Total assets, SEKbn	2,344	1,934

1) For further information on the SEB share, see page 18.

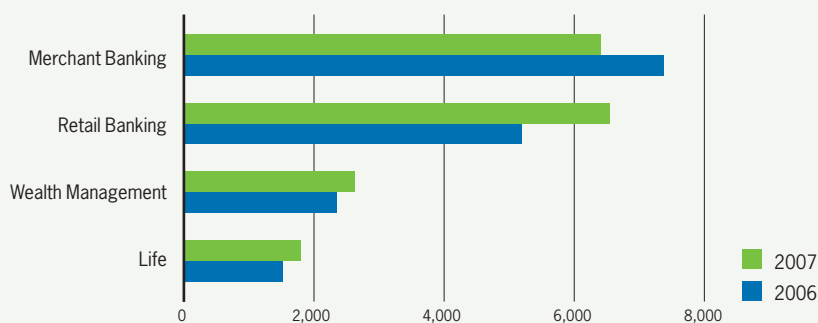
2) 2007 Basel II; 2006 Basel I.

Corporate events during 2007

- SEB expanded in Ukraine by signing a purchase agreement for 97.25 per cent of Factorial Bank, with 65 branch offices in Eastern Ukraine. After the purchase, SEB's customer base in Ukraine consists of 14,000 corporate customers and 83,000 private customers.
- SEB entered an agreement regarding the purchase of 100 per cent of the shares in the KAM Group Limited (Key Asset Management), a leading European manager of hedge funds with SEK 20bn under management.
- SEB sold its properties in Estonia, Latvia and Lithuania in the form of both a sale and leaseback portfolio of 47 properties to be rented by SEB for an extended period of time and a so-called commercial portfolio of 16 properties in attractive areas.
- SEB's subsidiary SEB Finans AB sold its car-finance unit ÅF Bil.
- SEB sold Union Inkasso, a retail debt collection subsidiary of SEB AG in Germany.
- Nya Livförsäkringsaktiebolaget SEB Trygg Liv (Nya Liv) was merged with Fondförsäkringsaktiebolaget SEB Trygg Liv (Fond).
- SEB received approval to open a representative office in New Delhi, India.

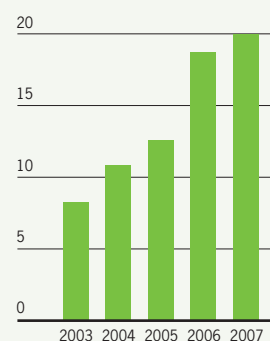
Operating profit per division

SEKm



Earnings per SEB share

SEK



Consolidation of financial resources will support long-term value creation

Amid the current turmoil in the financial markets it is important to remember that 2007 was still a year of strong global economic growth. The economic development of major emerging markets such as China, India, Brazil and Russia fuelled this global growth and brought great opportunities for Nordic companies. The Baltic countries were also among the fastest growing economies of the world, while Germany experienced good growth and falling unemployment. Europe showed solid development.

However, the crisis in the US subprime mortgage market that spread to other credit markets in the second half of the year has greatly increased uncertainty among corporate and private customers. We still do not know how far these problems will extend, and whether economic weakness in the US will lead to a major slowdown in world economic growth. The financial turmoil has already led to significant fund raising by large financial institutions to recapitalise their balance sheets, and has provoked significant debate about the role and regulations of banks. Considering the significance of the financial sector to the economy, we can expect a continued debate among regulators and other authorities.

Financial position

SEB's annual accounts show the resilience of the Bank's financial position amidst the 2007 financial turbulence. The management focus on maintaining a strong capital base, a stringent credit policy and high liquidity did support stable operations during the past year. SEB continues to aim for a AA credit rating – an important signal to financial markets.

The basis for long-term profit growth for our shareholders will be the core of our strategy; having a strong financial position facilitates our ambition to serve our customers with high quality products and services to generate an attractive revenue stream. We are committed to delivering a high-quality, organic and cost-efficient strategy. As the North European banking markets evolve, we continue to evaluate other strategic opportunities that may arise from time to time.

Unfortunately, the financial turmoil in the international capital markets and concerns about the economic and credit development in the Baltic countries created downward pressure on the SEB share price. Although this is a most undesired development, we are heartened by the fact that SEB's management took a position of caution regarding lending in the Baltic region already in early 2006 and that credit losses so far mainly have consisted of collective provisions. The Board does believe that SEB is well positioned to continue its long-term strategy for value creation.

SEB management and employees have faced a challenging environment this year, but have nevertheless delivered strong



“In difficult times, it is even more important to have employees of the highest calibre and to encourage innovation. These are priority areas for the Board.”

results from the customer business. In difficult times, it is even more important to have employees of the highest calibre and to encourage innovation. These are prioritized areas for the Board. We are proud of the many quality awards that SEB has received and grateful for the dedication and efforts of the employees that delivered this success. On behalf of the Board of Directors, I would like to thank the President, the Group Executive Committee and the SEB staff for their strong commitment to continue to develop our bank for the future.

Stockholm in March 2008

M. Wallenberg
Marcus Wallenberg
Chairman of the Board

High customer activity generated strong income growth

In 2007 the prolonged period of abundant liquidity and historically low risk premiums came to an end. During the first half of the year, a positive market sentiment spurred activity levels in all segments. The second half of the year followed a downward spiral of rising uncertainty, faltering confidence among market participants and widening credit spreads. As is often the case with market corrections, few predicted the triggering event, the sharpness of the correction and the repercussions on the wider markets and economy.

The credit spread widening affected SEB through mark-to-market valuation losses on the fixed-income securities portfolios. These portfolios reflect SEB's size and position within wholesale banking and are held for investment, treasury and, to a lesser extent, client trading purposes. Portfolios are also held to secure liquidity through pledging operations with central banks.

A diversified business mix

Despite the turbulent financial market, continued high customer activity generated strong income growth, reflecting SEB's diversified business mix.

Retail Banking, Wealth Management and Life all delivered record results and double digit profit growth. Within Retail Banking the controlled slowdown of credit growth in the Baltic countries continued, reflecting SEB's view on the macroeconomic imbalances; quarterly credit growth was more than halved during the year.

Continued high customer activity within Merchant Banking yielded strong results in equity and transaction-related areas. However, operating profit was weakened by valuation losses in the division's fixed-income portfolios.

Improved integration and higher customer satisfaction

SEB has taken several steps in the past year to create a more integrated bank in order to make all of our services and product offerings more accessible to our customers.

The new Group structure, with common support functions, have enabled us to leverage on our size and free-up resources which can be reapplied in customer interaction, product development and growth segments. SEB Way, our operational excellence programme striving to drive continuous improvement, involved more than a third of all employees. Last year steps were also taken towards a more consolidated IT-platform.

We have edged closer to our goal of having the most satisfied customers within our selected segments. SEB was again top ranked in areas such as Nordic investment banking and custody as well as within retail banking in Estonia and Lithuania. The recognised global lead of our FX research and cash management products are important landmarks in the highly competitive international banking market. Within Swedish retail banking, customer satisfaction improved. In terms of market share, SEB was number one or two within unit-linked not only in Sweden and Denmark but also in all Baltic countries. SEB confirmed its leading position among institutional clients within asset management.



"We have edged closer to our goal to have the most satisfied customers within our selected segments. The recognised global lead of our foreign exchange research and cash management products are important landmarks. SEB is well prepared for more uncertain times ahead."

A solid capital base supports profitable growth

Concurrently with the past years' expansion and strong income growth, we have lowered costs, established a more efficient organisation and raised the quality of our product offering. The capital base has been strengthened in order to further enhance SEB's creditworthiness and the execution of our growth strategy.

SEB is well prepared for more uncertain times ahead. The aim remains the same – to be the leading North European bank in terms of customer satisfaction and financial performance.

Stockholm in March 2008

Annika Falkengren
President and Chief Executive Officer

A strategy for growth

SEB provides financial services to corporate customers, institutions and private individuals with the aim to reach a number one position in terms of customer satisfaction and financial performance among its peers in Northern Europe. The strategy to reach leadership is built upon improved productivity and quality, increased integration of the Group and enhanced activities towards customers. These actions taken together form SEB's vision of Operational Excellence.

This is SEB

SEB serves 2,500 large corporate customers and institutions, 400,000 small and medium-sized companies and more than five million private individuals. SEB offers universal banking services in Sweden, Estonia, Latvia, Lithuania and Germany. SEB aims at being a universal bank also in its new markets Ukraine and Russia. In other markets in which SEB conducts local business, growth is primarily built upon the Bank's traditional areas of strength – wholesale banking, investment banking and asset management. In addition, SEB has a strategic presence through its international network in ten countries, servicing large corporate and institutional customers.

SEB's core areas of strength are built upon long-term and deep relations with large corporations and demanding private individuals. Thus, SEB has a leading position within wholesale and investment banking as well as private banking in the Nordic area and a leading universal banking position in the Baltic countries. SEB is also a leading Nordic unit-linked insurance company and one of the top Nordic and Baltic wealth managers. As a result, SEB's commission income accounts for a higher share of total income compared with other North European banks.

SEB has more than 630 branch offices: 179 in Sweden, 68 in Estonia, 63 in Latvia, 72 in Lithuania, 174 in Germany and 85 in Ukraine and Russia at the beginning of 2008. More than half of SEB's approximately 20,000 employees are located outside Sweden.

On 31 December 2007, total assets amounted to SEK 2,344bn, while the Group's assets under management totalled SEK 1,370bn. Assets under custody amounted to SEK 5,314bn.

SEB's business concept

SEB's business concept is to provide financial services and to manage financial risks and transactions for companies and private individuals in such a way that customers are satisfied and shareholders get a competitive return while acting as a good corporate citizen of society.

SEB's vision and targets

SEB aims to be the leading bank in Northern Europe in terms of financial performance and customer satisfaction within its chosen segments. Leadership in financial performance is defined as achieving a higher return on equity compared with relevant North European peers, while reaching sustainable and profitable growth. In addition SEB targets a AA rating.

SEB's strategy

In order to reach its long-term targets SEB has laid out a roadmap, "Road to Excellence". Key priorities include a strong commitment to reach superior productivity and quality, increased integration of the Group, intensified activity with the Group's attractive customer base and focused growth within its core areas of strength.

The efforts to streamline processes continue with a focus on co-ordinating the various functions of the bank in order to reach scale and to improve best practice sharing. In addition, SEB is driving a fundamental change process in order to create a culture of continuous improvement.

Integration – a customer-oriented organisation

Since 1 January 2007 SEB is organised in four customer-oriented divisions and three Group-wide support functions:

- *Merchant Banking* has global responsibility for SEB's banking and capital market products aimed at large corporations and financial institutions. The division is also responsible for SEB's international network in the world's major financial centres.
- *Retail Banking* comprises SEB's retail banking (small and medium-sized companies and private individuals) operations in Sweden, Germany, Estonia, Latvia and Lithuania and the Group's card business.
- *Wealth Management* comprises the Group's asset management and private banking operations for institutional investors and affluent private individuals.
- *Life* is responsible for SEB's life and pension insurance operations in Sweden, Denmark, Estonia, Latvia, Lithuania and internationally.

SEB's businesses in Ukraine and Russia are managed in a separate business area, New Markets, in order to take better advantage of the long-term growth potential of these promising regions.

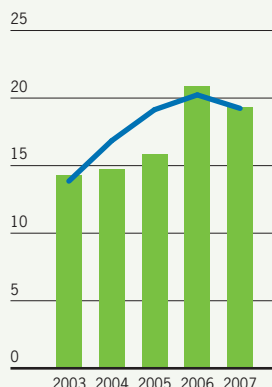
All businesses are assisted by three global support functions – Group Operations, Group IT and Group Staff. The guiding principle is "one function, one solution" across the Group, facilitating the creation of one integrated bank.

The Group Operations unit is the centre for transacting and executing all products and services delivered to customers by the divisions and is thus a core function of the bank. Through a step-wise integration of all lending, payment and securities processes, SEB is building scalability and global process ownership to ensure top tier quality and risk management as well as to drive operational efficiency.

Financial targets and outcome

Return on equity

Per cent

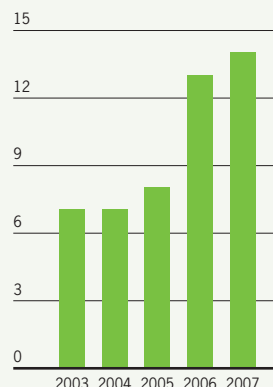


Target: Best among relevant peers

■ Peer average (excl. SEB)

Net profit growth

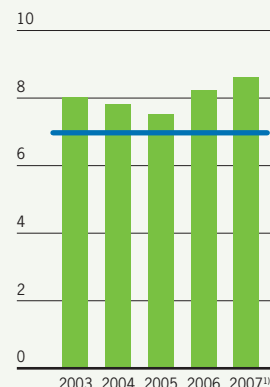
SEK billion



Target: Sustainable profit growth

Core capital ratio

Per cent

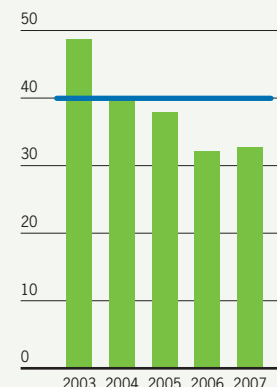


■ Target: at least 7 per cent

1) Basel II transitional rules applied

Dividend

Per cent of earnings per share



■ Policy: 40 per cent of net profit per share over a business cycle

Group IT facilitates SEB's transformation towards a global IT delivery model and infrastructure, supporting one integrated bank. The transformation is focused on moving towards one core banking platform, improving quality and efficiency.

The task of Group Staff is to create a global staff and support organisation built around centres of excellence, with the aim of increasing quality, improving cost efficiency and facilitating best practice sharing.

Operational Excellence

During 2007, SEB accelerated its operational excellence process, which consists of three parts: "SEB Way", Cost Management and Capital Management.

SEB Way

SEB Way is a Group-wide programme targeted to increase operational efficiency by streamlining processes and increasing quality so that resources are freed-up and applied more productively to generate further business. The programme is now utilised within all parts of the Group with a proven track-record both for sales and support functions. SEB Way consists of four building blocks:

- Sales tools and standardised processes
- Performance management
- Skill building and work organisation
- Mindset and behaviours.

Through SEB Way, the Group strives to encourage a culture of continuous improvement, meeting both increased quality demands from customers and the productivity pressure in the banking industry. By year-end 2007, more than 60 per cent of all of SEB's employees have been included in the overall diagnosis and some 6,000 employees, close to one third, were involved in ongoing or completed transformations. The transformations are being rolled out continuously in small teams of 15–50 people at a time, after diagnosis of the divisions and business areas.

Achievements comprise for example Merchant Banking, Germany, where a right sizing of the institutional client coverage

organisation resulted in an increase of client income per full time employee of more than 15 per cent in one year and close to a doubling of the number of client visits per week by client executives.

Within Retail Banking Sweden, the SEB Way transformation of a district in south-west Sweden led to a 20 per cent improvement of sales effectiveness and overall efficiency. Within Group Operations, the business service unit including three different groups managed to improve its efficiency by 20–30 per cent and increase flexibility to maximise the usage of resources across the groups.

Cost Management

The cost improvement potential identified within the support functions amounts to SEK 1.5–2.0bn, excluding incremental investments, to be achieved during 2007–2009. With realised savings of SEK 546m in 2007, SEB is well on track to achieve this target.

Capital Management

A strong capital base is important for SEB as a leading wholesale and investment bank. A strong capital position is also essential considering SEB's AA rating ambition. The core capital contribution of EUR 500m during 2007 in combination with profit growth resulted in a regulatory core capital ratio of 8.6 per cent.

Focus on increased customer satisfaction

In order to realise the vision of being the leading bank in its chosen markets in Northern Europe, SEB strives to improve service levels and increase activities with respect to customers.

Within the corporate sector, SEB occupies a leading position since long as a bank for large companies and financial institutions in Sweden, in several cases with more than century-old relations. In recent years SEB has strengthened its position in the market for large corporations in the rest of the Nordic area and Germany. SEB has high customer rankings within for example cash management, currency trading and investment banking as shown in the Ranking list on page 6.

During 2007, large companies and institutions accounted for approximately 40 per cent of SEB's income.

SEB's 400,000 small and medium-sized corporate customers, mainly in Sweden and the Baltic countries, can benefit from the knowledge and competence that SEB has built up in co-operation with the large companies and adapted to the needs of smaller companies. SEB's customer base in the market for small and medium-sized companies is important and growing in Sweden and the Baltic area. Customer satisfaction within this segment is high in the Baltic countries and has improved in Sweden.

During 2007, small and medium-sized companies accounted for approximately 25 per cent of SEB's income.

SEB has the privilege of assisting more than five million private individuals, providing solutions to their everyday finances, loans and investments.

In Sweden, SEB has a leading position and high ranking within private banking, mutual funds and unit-linked insurance. Regarding private retail customers, SEB has still not reached its goal, even though the Bank was the only large bank in Sweden to show improved customer satisfaction in 2007, according to Svensk Kvalitetsindex. In the Baltic countries, SEB ranks No. 1 or 2. In Germany, SEB has received higher marks from the private customers than the market average in the last five years.

During 2007, private individuals accounted for approximately 35 per cent of SEB's income.

Activities and growth opportunities

In order to enhance its volume growth SEB strives to strengthen the customer offerings and customer acquisitions through joint product development efforts in the divisions and better usage of best-practice procedures throughout the Group.

SEB prioritises a balanced growth across the business areas in order to increase resilience in times of uncertainty.

The growth opportunities comprise for example an exploitation of Merchant Banking's franchise in the medium-sized corporate sector and increased product penetration in the Baltic countries.

Merchant Banking will make targeted investments in products and staff in order to continue growing profitably in its main markets in the *Nordic* and *Baltic* countries, *Germany* and *Poland*. The division sees further opportunities to sell additional products to existing customers and to increase its market share in its main markets outside Sweden, not least through intensified activities aimed at medium-sized corporations and financial institutions. This will be achieved by pursuing the division's proven strategy of investing in cutting edge products and value-added financial solutions.

Retail Banking will strengthen sales culture and performance management and enhance its customer offerings with attractive and accessible products. Each market has its key priorities. In *Sweden*, focus is on improving customer service, increasing efficiency and further developing the successful 'Enkla' (easy and accessible) customer offering. In *Estonia*, *Latvia* and *Lithuania*, the near- to medium-term focus is to ensure continued sustainable growth in light of the challenging macroeconomic development and to grow further within the savings market. Long-term focus is on establishing market leadership to capture the attractive structural growth opportunities in the region. In *Germany*, focus is still on the turnaround plan to improve profitability. The *Card* business is concentrated on accelerating organic growth and product development whilst reducing unit cost per transaction.

Wealth Management strives towards offering enhanced advisory services, a broader range of alternative and absolute return-focused products. It will shorten time-to-market for new, value-added products as well as further improve investment management performance. In *Sweden*, SEB has a strong market position and leading customer offerings both within private banking and asset management. Building on this franchise and knowledge, the division continues to invest in accelerating growth outside Sweden, primarily in the *Nordic* and *Baltic* countries, *Germany* and in *Poland*. The ambition is to become the leading Northern European wealth manager.

SEB's ranking 2007 – large corporations and institutions

Area	Rank	Organisation/publication etc
Best bank in Sweden	1	Global Finance
Best cash management in Europe	1	Euromoney
Best at equities trading in the Nordic region	1	Prospera
Best bank at cash management in the Nordic region	1	Treasury Management International (TMI)
Best bank at liquidity management in the Nordic region	1	Global Finance
Best FX Bank in the Nordic and Baltic region	1	Euromoney
Best FX Bank in Scandinavia, Sweden and Lithuania	1	Global Finance
Best bank at payments and collections in the Nordic region	1	Global Finance
Best bank for risk management, Nordic region	1	Global Finance
Best in corporate finance in the Nordic region	1	Prospera
Best M&A house in Sweden and Latvia	1	Euromoney
Best global commercial bank in real estate	3	Euromoney
Best equity house in the Nordic and Baltic regions	1	Euromoney
Best Trade Finance Bank in the Nordic region, Sweden and Lithuania	1	Global Finance
Best derivatives dealer in Sweden	1	Risk Magazine
Custodian of the Year, Nordic region	1	International Custody and Fund Administration
Custody Services in Central and Eastern Europe	2	Global Custodian
Best research house in the Nordic countries	1	Extel Survey, Thomson Financial
Best in Institutional Asset Management	1	Prospera
Best agent bank in the Nordic region	1	Global Custodian
Best Investor services in the Nordic and Baltic region	1	Euromoney
Best for equity investment and trading services in the Nordic region	1	Euromoney
FX-research, globally	1	FX Week/Reuters

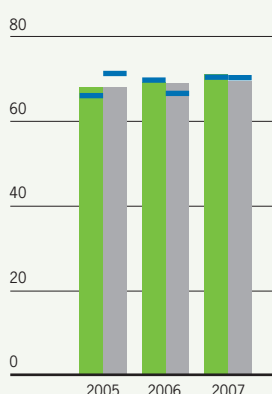
Life's business concept is to provide customers with security throughout every phase of their lives through cutting edge insurance solutions. The main growth opportunities are within the corporate pension and care area in *Sweden* and *Denmark*. The focus is

on maintaining quality leadership in Sweden and continuing the transition towards unit-linked solutions in Denmark. Furthermore, the division is investing to establish an early leading position in the emerging *Baltic* and *Ukrainian* life insurance markets.

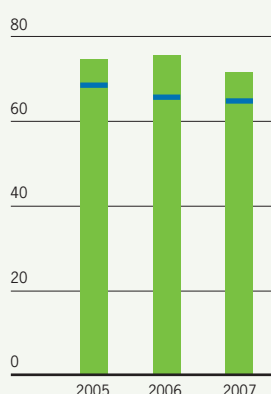
Customer Satisfaction 2007 – Retail customers

Index showing customer satisfaction and loyalty, per cent

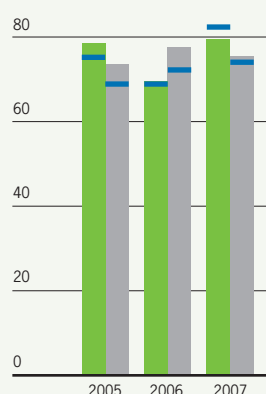
Sweden



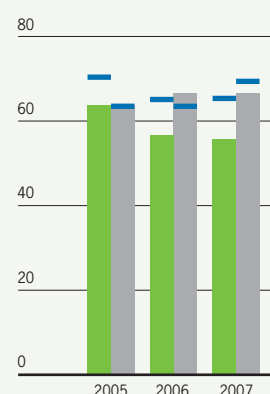
Germany



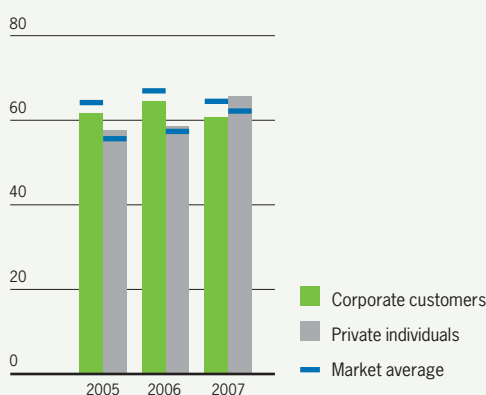
Estonia



Latvia



Lithuania



Retail

Area	Rank	Organisation/publication etc
Best consumer Internet bank in Lithuania and Estonia	1	Global Finance
Bank of the year in Estonia and Lithuania	1	The Banker
Eurocard best customer service in Sweden	1	Grand Prix Teleperformance
Diners Club best customer service in the Nordics	1	Grand Prix Teleperformance
Best bank in Latvia	1	Euromoney
"SME Product of the Year" ("Enkla firman") in Sweden	1	Privata Affärer

Strategic development

Expansion between 1997 and 2001

In the mid-1990s, SEB formulated its vision of becoming the leading North-European bank. SEB's traditionally strong position among companies and demanding private customers was strengthened through acquisitions in the area of life insurance and asset management and through expansion in new markets in Germany and Eastern Europe.

Consolidation and profit growth between 2002 and 2005

With the broadened platform in place, several steps were taken in order to consolidate it, primarily through the so-called 3C-

programme (Cost efficiency, Customer satisfaction and Cross-servicing within the Group). Improved efficiency and organic growth complemented with minor add-on acquisitions around the Baltic rim supported SEB's profit growth.

"Road to Excellence" 2006–

Higher ambitions to realise the complete potential of SEB shall contribute to profitable growth in SEB's existing markets. Increased pro-activity towards customers in combination with a better integrated business will form the basis of increased customer satisfaction and profitability. By fully utilising the strengths of all parts of SEB, higher quality, more complete services to our customers as well as cost-efficient operations will be achieved.

More than 260,000 new customers

The North European markets account for almost all of SEB's income, operating profit and number of employees. During 2007, SEB continued to consolidate its position through increased volumes and high rankings – and gained more than 260,000 new customers.

High economic activity and growth characterised SEB's core North European markets during 2007 – in spite of the turmoil on the financial markets in the second half of the year. All the Nordic countries performed well. The fast growing Baltic economies, particularly Latvia, experienced overheating risks and imbalances in the form of high inflation and large current account deficits. Germany experienced good growth and falling unemployment. Russia, Poland and Ukraine continued to grow at a fast pace.

During the year, SEB gained more than 260,000 new customers, of which 234,000 in the Baltic countries. 233,000 of the total were private individuals and 27,000 corporate customers.

In the market for large corporations and financial institutions SEB meets tough competition from international financial groups such as Citigroup, Deutsche Bank, J P Morgan, Royal Bank of Scotland and Morgan Stanley. In the market for small and medium-sized companies, the competitors are mostly domestic or regional banks like Hansabank (Swedbank) in the Baltic countries and Nordea, Handelsbanken, Swedbank and Danske Bank in the Nordic region. In the private market local banks account for most of the competition, but various niche players are also competing for investors and depositors.

Sweden

Sweden remains SEB's single largest market, with approximately 1.9 million private and 200,000 corporate customers. With SEK

8,145m in operating profit, the Swedish market accounted for 50 per cent of the Group's profit for 2007.

In Sweden, SEB occupies a leading position among large corporations and private banking customers, with substantial market shares of foreign exchange trading, equities trading, cash management, asset management, unit linked insurance and cards, for example. For several years, SEB has been ranked the best foreign exchange bank in Swedish kronor on a global basis. SEB was once again the largest broker on the stock exchange in Stockholm in 2007.

Within the traditional deposit and lending market, SEB is number four. During 2007, SEB's market share increased for both deposits from and lending to the public. SEB's market share of household lending (including mortgages) was 12.6 per cent (12.5).

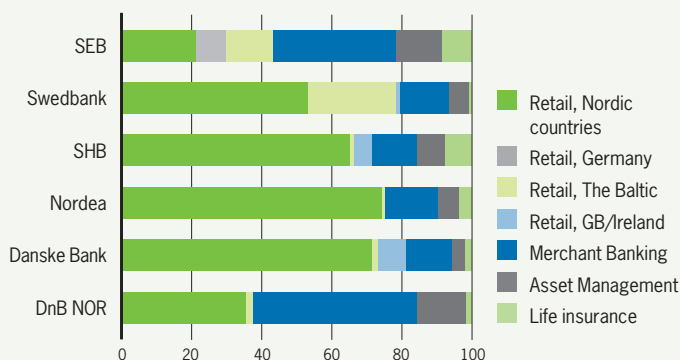
In the total Swedish household savings market (excluding directly owned shares), the Group ended the year as number two, with a share of 14 per cent (13).

SEB has a strong market position within the asset management and private banking areas. SEB was once again top-ranked by Swedish institutional customers in a survey conducted by Prospera. Retail customers ranked SEB as number two of all major fund companies operating in the Swedish market in a biannual survey from the same institute. SEB's market share of net new sales of mutual funds rose to 70 per cent (26).

Within life insurance, SEB is the second largest player with a total market share of 12.8 per cent in Sweden. As regards new

Customer segmentation, Nordic banks

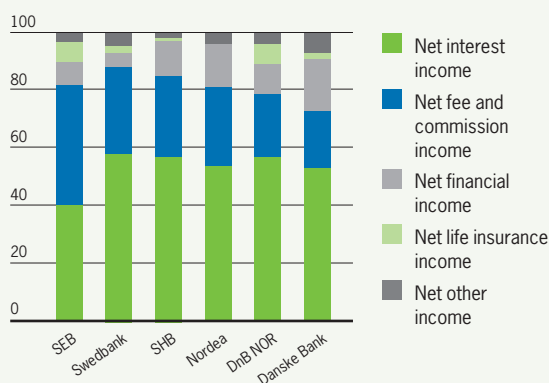
Share of total income, per cent



The Nordic banks differ in terms of business structure. Corporate clients account for a considerably higher share of the business of SEB and DnB NOR compared with the other banks. Furthermore, SEB has the highest share of business outside the Nordic region.

Income distribution, Nordic banks

Share of total income, per cent



SEB's commission income traditionally weighs heavier than that of other Nordic banks due to the Group's specialisation on advisory services and more transaction-intensive activities with large companies and demanding private customers.

SEB's markets

Gross income

Geographical distribution, per cent



SEB's markets in Northern Europe account for the dominating part of income.



sales of unit-linked funds SEB is No 1, with a market share of 22 per cent in 2007.

The other Nordic countries

In Denmark, Norway and Finland, SEB's operations are concentrated to the Group's core areas of strength: wholesale and investment banking as well as wealth management. SEB's position is also strong within unit-linked insurance in Denmark as well as within card operations in all Nordic countries. In total, SEB has almost 1.4 million customers in Denmark, Norway and Finland.

On a Nordic scale, SEB has a leadership position within corporate and investment banking for large corporations and financial institutions. This is built on SEB's unique position in Sweden and the aim is to reach similarly prominent positions within the Bank's chosen areas in the other Nordic markets.

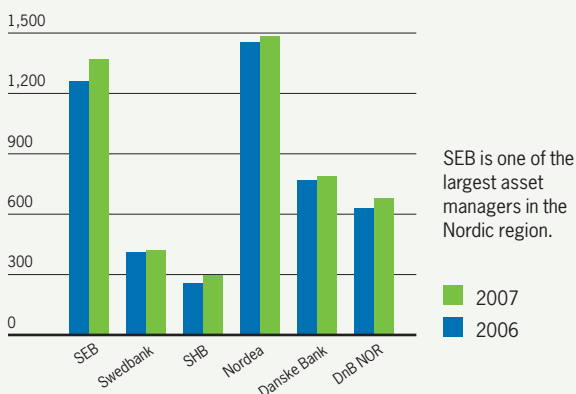
Denmark

In Denmark, SEB's customer offering comprises wholesale and investment banking, life insurance, wealth management and cards (Eurocard, Diners Club and MasterCard). At year-end 2007 SEB in Denmark had 850 employees and more than 600,000 customers, accounting for SEK 1,232m or 8 per cent of the Group's operating profit for 2007.

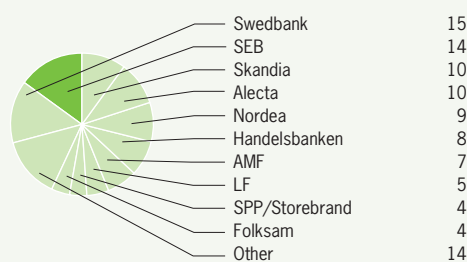
Within investment banking, SEB consolidated its strong market position. SEB was a market leader in the corporate finance area and ranked among the three top players within all major equity and capital market products. With substantial growth in foreign exchange trading, derivatives, structured products and transaction services, SEB's Danish wholesale and investment banking activities defied the crisis in the financial markets, making 2007 the best year to date.

Total assets under management

SEKbn

Market shares of total savings, Sweden¹⁾

Per cent



SEB is number two on the Swedish private savings market.

1) Approximately as per 31 Dec. 2007.

Market shares

Per cent	2007	2006	2005
Deposits from general public			
Sweden ¹⁾	20.2	20.5	21.7
Estonia	26	27	29
Latvia ²⁾	24	23	24
Lithuania	27	30	32
Lending to general public			
Sweden ³⁾	15.0	14.4	15.0
Estonia	26	29	31
Latvia	16	18	23
Lithuania	31	34	34
Mutual funds, new business			
Sweden	70.3	26.1	17.1
Finland	11.2	4.4	1.7
Mutual funds, total volumes⁴⁾			
Sweden	17.6⁵⁾	16.6	16.0
Finland	5.7	5.5	5.7
Estonia	21.5	22.2	24.9
Poland	1.4	1.6	3.3
Germany ⁶⁾	9.1	8.2	6.5
Unit-linked insurance, new business			
Sweden	22.1	29.1	32.6
Life insurance, total			
Sweden	12.8	18.3	19.5
Denmark	10.0	10.0	9.0
Equity trading			
Stockholm	9.8	10.1	10.6
Oslo	8.5	7.6	7.9
Helsinki	4.3	3.5	3.8
Copenhagen	8.1	5.9	6.8

1) Market shares for deposits from households were 12.4 per cent (12.2) and from companies 26.1 per cent (25.8).

2) Resident deposits only.

3) Market shares for lending to households were 12.6 per cent (12.5) and to companies 16.8 per cent (16.0).

4) Excluding third-party funds.

5) 30 Sept. 2007.

6) Real estate funds.

Asset Management and Private Banking were merged in to the new Wealth Management division creating a strong Danish investment management arm, with SEK 141bn in assets under management. Operating profit was up by 10 per cent compared with the previous year. SEB's funds were again top-ranked in the Morningstar surveys and SEB ranked second overall out of 15 local competitors. In the spring of 2007, SEB closed a small retail banking affiliate in order to concentrate on institutional clients and private banking.

SEB Pension is Denmark's fourth-largest private pension company (second largest within the unit-linked segment), with 300,000 customers and assets of SEK 87bn. The annual gross premiums rose by 11 per cent, to SEK 7.2bn, and the operating profit increased by 12 per cent in 2007. With corporate pension sales as the main growth area, representing 78 per cent of total sales, SEB Pension has gained market share in this customer segment and improved its cost-ratio at the same time.

Norway

SEB in Norway offers wholesale and investment banking services, wealth management and cards (Eurocard, MasterCard and Diners Club). SEB has 550 employees and close to 600,000 customers in Norway. In 2007, Norway accounted for 8 per cent, or SEK 1,302m of SEB's operating profit.

Business flows were strong within most product areas and prioritised customer segments. SEB Enskilda secured its position as the market leader within investment banking and was No. 1 on the Oslo Stock Exchange, with a market share of 8.5 per cent in 2007.

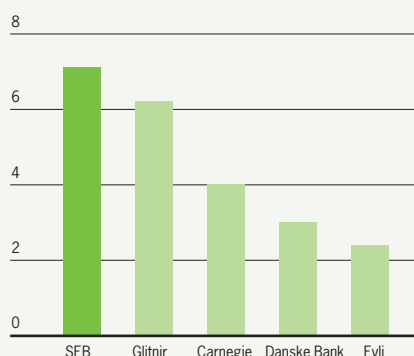
Activity on the Oslo Stock Exchange was high, and SEB Enskilda arranged and participated in several major transactions. SEB maintained its position as one of the five highest-ranking banks for large and medium-sized corporations.

SEB Privatbanken ASA continued to steer the activities towards the attractive Private Banking segments, and Asset Management is now managing four Norwegian mutual funds out of Norway.

During the year, SEB's subsidiary SEB Finans sold its Norwegian car-finance unit ÅF Bil.

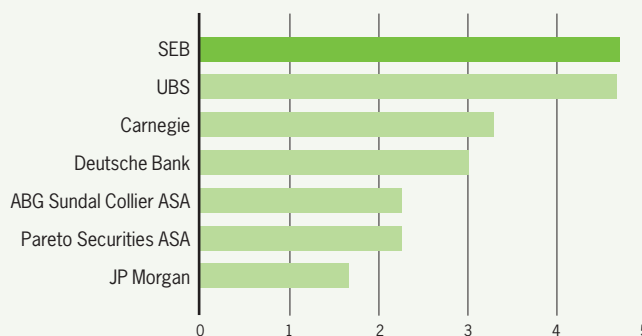
Leading equity broker

Market shares, Nordic & Baltic stock exchanges, Jan-Dec 2007, per cent



Nordic IPOs

By bookrunner¹⁾ 2007, EURbn



1) Rank based on IPOs on Nordic stock exchanges.

Source: Dealogic

Finland

SEB in Finland comprises wholesale and investment banking, card operations (Diners Club and MasterCard) and wealth management (primarily via the subsidiary SEB Gyllenberg). Close to 350 employees serve more than 100,000 customers in total. In 2007, SEB in Finland accounted for SEK 579m or 4 per cent of SEB's operating profit. In addition, business volumes from Finnish customers with SEB units in other countries experienced double digit growth and accounted for substantial volumes.

SEB's market share of the Finnish mutual fund market, where the subsidiary SEB Gyllenberg is one of the largest players, was 5.7 per cent in 2007. SEB Gyllenberg has a top position in the institutional asset management market and is one of the leading providers of private banking services in Finland.

Card's market-leading internet services in Finland experienced further growth in terms of customer volumes and activity; and overall customer satisfaction grew by 10 per cent from already good levels.

In 2007, SEB's wholesale and investment banking operations continued to strengthen its market position. Growth areas include the structured leasing business and international cash management. Within institutional custody services, SEB is the fastest-growing bank in Finland, ranking second in terms of market share, but No. 1 in terms of customer satisfaction. SEB Enskilda is also highly ranked within research and equities in Finland.

Estonia, Latvia and Lithuania

SEB's operations in the Baltic countries include a network of 200 branch offices, employing some 4,900 people servicing 2.5 million customers, of whom 180,000 are corporate customers. The universal banking offering includes retail banking, wholesale and investment banking, private banking, leasing, venture capital, life insurance and asset management.

The combined result for 2007 corresponded to 19 per cent, SEK 3,118m, of SEB's operating profit (excluding capital gains of SEK 785m from the sales of real estate in the Baltic countries). As Baltic banking markets are still relatively immature, the penetration of more sophisticated banking products such as asset management, life insurance and investment banking is still only a fraction of West European levels.

Following the clear signs of overheating of the Baltic economies, SEB already in 2006 became more cautious in its lending activities. Since competitors have continued lending at a higher pace, SEB's market shares have decreased, especially in Latvia. In 2007, the credit portfolios in Estonia, Latvia and Lithuania grew by 19, 18 and 30 per cent, respectively, compared with 39, 40 and 47 per cent in 2006. Meanwhile SEB has increased attention to higher value added services, such as asset management, life insurance, structured investment products, investment banking and custody services. For instance, life insurance sales in Latvia grew by 300 per cent compared with 2006.

SEB is the second largest bank in the Baltic countries, with a combined market share of 25 per cent in the region. Within several more sophisticated areas, such as asset management and life insurance, SEB has higher market shares.

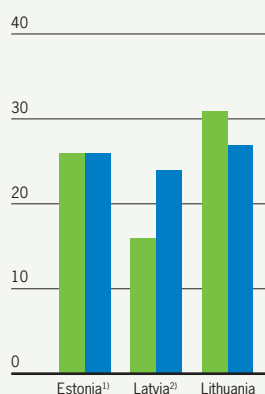
Estonia

SEB is the second largest bank in Estonia. The bank's strong position was further confirmed in 2007 by the "Bank of the year" award by The Banker. The bank has a particularly strong position within internet banking, which was recognized by the award "Best consumer internet bank in Estonia" by Global Finance.

In terms of customer satisfaction, SEB was ranked No. 1 for the private market and No. 2 for the corporate market according to Knix, SEB's customer satisfaction survey.

Market share per country 2007

Per cent



Due to signs of economic overheating in Estonia and Latvia, SEB has increased the focus on return and loan portfolio quality. As a consequence, the bank's lending market shares have marginally decreased in these countries.

Loans

Deposits

1) Excluding loans to financial institutions
2) Resident deposits only

Latvia

SEB is the second largest bank in Latvia. Market shares are generally higher within sophisticated product areas. For example, the market share for life insurance was 48 per cent compared with 16 per cent for lending. During 2007, SEB was awarded "Best bank" in Latvia by Euromoney. In terms of customer satisfaction, SEB was ranked No. 2 for the private market and No. 4 for the corporate market according to Knix.

Lithuania

SEB is the largest bank in Lithuania. The bank has a leading position among large corporations, especially within the areas of foreign exchange, trading, cash management and corporate finance. In the market for private individuals, SEB is especially strong within mortgage lending. The bank has shown strong progress during the last few years. Its successful development was reflected in a string of top rankings in 2007, including "Best bank" by Global Finance, "Bank of the year" by The Banker and "Best consumer internet bank" by Global Finance. Bearing in mind the competition for talent in the Baltic countries, it is particularly satisfying that SEB in Lithuania was granted the "Most attractive employer among all industries" award by two independent institutes. In terms of customer satisfaction, SEB was ranked No. 1 for the private market and No. 2 for the corporate market according to Knix.

Germany

In Germany, SEB has a nation-wide network of branch offices. The bank is focused on wholesale banking activities, commercial real estate financing, asset management and retail banking (mainly private customers). SEB has approximately 3,400 employees and close to one million customers in Germany. In 2007, SEB in Germany accounted for SEK 996m or 6 per cent of the Group's operating profit.

The Retail business operations were characterised by intensified market and sales activities. The number of new customers grew. The co-operation with AXA insurance group has developed successfully and insurance sales increased by 36 per cent. SEB's

customer satisfaction remained one of the highest in Germany according to Knix.

In Germany, Merchant Banking continued to expand its business, winning new customers, e.g. within cash management, custody services and export and project financing. SEB's wholesale banking services in Germany were once again ranked at the very top.

SEB has a strong position within commercial real estate financing in Germany and has been one of the key banks in this area for many years. During the year the Commercial Real Estate business area opened an additional branch in Munich and successfully expanded its structured finance activities. SEB strengthened its market position within this area further in 2007.

SEB is a strong player in the German fund market. Asset under management increased to 20.5bn euro (19.7). The real estate fund market continued to grow and SEB reached a market share of 9.1 per cent (8.2) in 2007, making SEB the fourth largest provider of open-ended real estate funds in Germany.

Poland, Ukraine and Russia

SEB's operations in Poland comprise a branch, a wholly-owned mutual fund company, SEB TFI, and a branch of SEB's German leasing company.

In 2007, SEB expanded its business in Ukraine by acquiring 97.25 per cent of Factorial Bank (Ukraine), with 65 branches in eastern Ukraine. Together with SEB's other bank in Ukraine, SEB Bank, SEB serves approximately 14,000 corporate and 83,000 private customers in 85 branch offices throughout the country. The potential for future growth is substantial and SEB's ambition is to open 20–25 branch offices a year.

PetroEnergoBank in Russia, acquired in 2006, was 2007 renamed SEB Bank. The Group's other operations in Russia include a representative office in Moscow and a leasing company in St Petersburg. Ten branch offices are planned for the next two years.

Other international locations

SEB has operations at strategically important locations in financial centres such as London, New York, Singapore and Shanghai to serve corporate customers with international operations.

Nordic and German private customers living outside their home countries make use of these offices, too and are also served via private banking units in e.g. Luxembourg, Zurich and Marbella.

At the beginning of 2008, SEB opened a representative office in New Delhi in order to support corporate customers in their business with India.

SEB's distribution channels

The SEB Group serves more than five million private individuals and 400,000 corporate customers today. In recent years, growth has primarily taken place in Eastern Europe. For example, SEB has more banking customers in the Baltic countries than in Sweden – and the number is growing.

It is SEB's ambition to offer individual, active and rewarding relations whenever and wherever customers so desire.

SEB's customers can stay in contact with SEB via some 630 branch offices, the Internet and personal telephone service. In Sweden, the call centre is able to assist customers in 22 different languages.

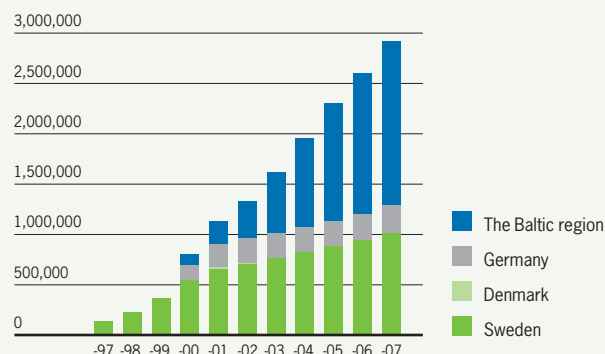
At year-end 2007, SEB had 6.2 million issued cards outstanding, of which 50 per cent in Sweden. The number of card transactions amounted to 494 million.

Large corporations and institutions are served internationally by 18 branches and representative offices – from New York and Sao Paulo to Shanghai and Singapore.

Approximately 1,250 persons – client executives and other sales teams – assist the large corporations and financial institutions. In addition, approximately 750 product experts, analysts, traders etc have frequent interactions with the customers.

Private individuals, mainly from the Nordic area and Germany, living outside their home countries are served via branches in 12 countries.

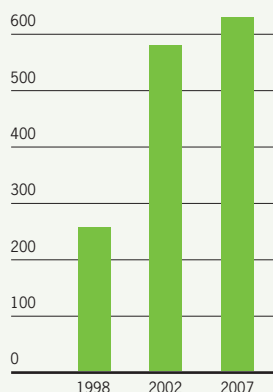
Number of users of the Bank's Internet services



Today, SEB's Internet banks are used by approximately 2.9 million private customers and small companies in six countries. In addition, the Group offers specialist services via the Internet such as foreign exchange and interest trading, mainly to large companies.

Within the life insurance area, SEB co-operates with approximately 1,640 insurance brokers and agents in Sweden, Denmark and the Baltic countries. The own salesforce counts some 190 persons in Sweden, 60 in Denmark and 145 in the Baltic countries. In Germany, SEB has an agreement with the insurance company AXA.

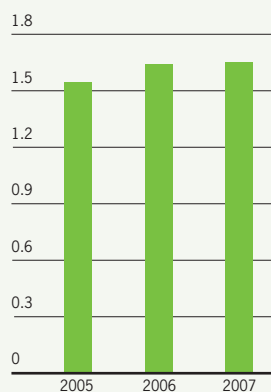
Branch offices



Since the end of the 1990s, SEB has more than doubled its branch office network, mainly through acquisitions in Eastern Europe.

Automatic bank service machines

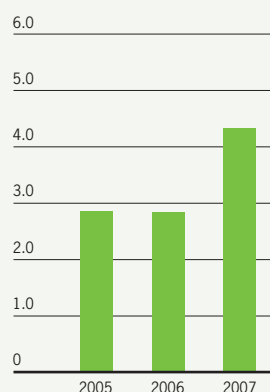
Thousands



Automatic bank service machines include ATM's, machines for cash deposits, transfers, foreign exchange and recharging cards.

Personal telephone service

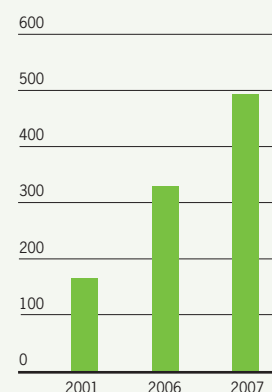
Calls to SEB's call centers, million



In Sweden, Germany and the Baltic countries, SEB's private customers are offered personal service. In Sweden, the service is offered in 22 different languages.

Card transactions

Million



Since 2001 the number of card transactions has tripled and amounts to 494 million transactions.

SEB's employees

SEB has the aim to be the leading bank in Northern Europe with regard to customer satisfaction and return on equity. SEB's capability to attract, manage and retain skilled people is thus a key requisite to reach the Bank's business objectives.

Building a performance culture

All banking is about people and trust. To work in SEB is to act in an environment of constant change and development and to co-operate and share best practices with colleagues. Thus recruiting, developing and retaining the most talented people is crucial for SEB's continued growth and success.

The Human Resources strategy strives to ensure that SEB has the right people in the right places at the right time. It is built on the Bank's core values: commitment, continuity, mutual respect and professionalism and aims at a performance-driven culture.

A cornerstone in the Human Resources strategy is performance management which includes a common global process with individual targets – linked to the Group's business plan – for all employees. During 2007, 90 per cent of SEB's employees conducted a performance and development discussion according to the Group-wide standard.

An attractive employer

SEB strives to be the most attractive employer in the financial sector. The Bank continuously works on building long-term relations with such target groups as "Young Professionals" (academics with a few years' working experience) and "last-year university and college students". Employer branding surveys in Sweden indicate that SEB is perceived as a very attractive employer among Young Professionals, ranking higher than its competitors. When it comes to students, SEB needs to strengthen its position.

In September 2007, SEB started its second Global Trainee Programme, with 24 participants representing all divisions. During 2007, SEB also launched a Candidate Programme in order to secure the future inflow of new talents to our sales force in the Retail business.

Competence and leadership development

In 2007, a global framework for employee and leadership development was established throughout SEB. The framework has been developed to offer different career paths, enhance flexibility and to reflect the international structure of the Group.

In 2007, SEB invested a total of SEK 240m in competence development. Almost all employees participated in some kind of training and 1,300 leaders participated in programmes within SEB's international leadership framework.

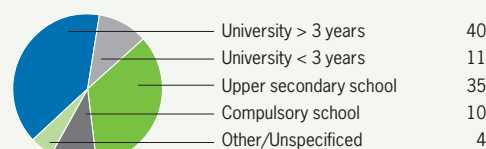
Internal training comprises everything from professional competence courses to the Group's own management programmes such as the Wallenberg Institute and the Wallenberg Executive Programme (for high-level managers).

For many years SEB has used a global process for its annual top management review. The purpose is to ensure that SEB's managers have the appropriate competence and that there exists a good succession planning for the key managers of the Group.

To ensure and further underline SEB's ethical standards throughout SEB, a mandatory e-learning course for all employees on "Code of business conduct" was launched in 2007. The course covered ethical standards, policies, guidelines etc for the purpose of assuring the customers that SEB is a trustworthy partner, strictly observing the Bank's ethical standards in the daily work.

Educational level

Per cent



Remuneration

SEB is committed to "pay for performance". The emphasis on performance is directly related to SEB's incentive compensation structures that shall reward superior achievements and consider each individual's fulfilment of the Group's core values.

SEB's total remuneration structure consists of the following main components: base salary, short-term incentive compensation, long-term incentive compensation to senior officers/other key employees, pension and benefits.

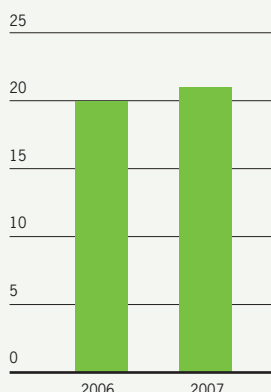
The base salary depends on the complexity of the job and the individual's responsibility, experience, competence and performance. Most SEB employees are eligible for short-term incentive compensation. The short-term incentive compensation is based on the achievement of certain pre-determined, individual/team, divisional and/or unit-related goals, both qualitative and quantitative, and on how the employee acts according to SEB's core values.

For 2007, all employees in Sweden can receive short-term incentive compensation of maximum SEK 30,000 based on the financial result of the Group (outcome: SEK 22,000) plus another SEK 18,000 based on the fulfilment of individual / team, divisional and/or local unit targets. Senior officers and key specialists are generally subject to individual agreements. For 2007, the total short-term incentive compensation, including social charges, accounted for 21 per cent (20) of SEB's total staff costs.

In 2007, approximately 500 senior officers and key specialists were granted long-term incentive compensation in the form of performance shares. The aim of long-term incentive compensation is to stimulate senior officers and other key staff to increased efforts by aligning their interests and perspectives with those of

Short-term incentive (STI) compensation

In relation to staff costs (incl. social charges), per cent



the shareholders. (See page 49 and Note 9 for more information on SEB's long-term incentive compensation programme.)

Work environment, health and diversity

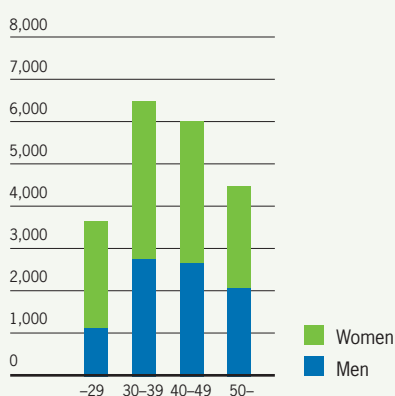
The SEB Group strives to offer everybody equal opportunities and rights, regardless of gender, national or ethnic origin, age, sexual orientation and religious faith.

One long-term goal in the Groups diversity plan is to reach an equal distribution between men and women. Each sex shall be represented by at least 40 per cent at each level. In 2007, 40 per cent (38) of all the Group's managers were women. The share for group and customer service managers was 46 (48) per cent, while it was 36 per cent (33) for department and branch office heads. At higher levels, the share of women was 26 per cent (22).

SEB also strives to support a good balance between work and private life for its employees. For example, SEB supports health care and keep-fit measures, home service for employees with small children etc. In Sweden SEB carries out extensive rehabilitation work to help long-term sick-listed employees return to work. In 2007, the number of long-term sick-listed employees continued to decrease and total sick-leave dropped to 3.9 per cent (4.1). See further Note 9.

No. of employees

Distributed by age and gender



Employee turnover

Year	Heads Average	Starters	Leavers	Retired
2003	19,411	643 (3.3%)	-1,069 (-5.5%)	-108 (-0.6%)
2004	19,108	784 (4.1%)	-789 (-4.1%)	-189 (-1.0%)
2005	19,872	2,029 (10.2%)	-1,183 (-6.0%)	-109 (-0.5%)
2006	20,689	2,249 (10.9%)	-2,012 (-9.7%)	-228 (-1.1%)
2007	21,523	3,124 (14.5%)	-2,275 (-10.6%)	-335 (-1.6%)

Good overall results in internal employee survey

It is of great importance for SEB to have an open and continuous dialogue with its employees about their views on such important matters as motivation, leadership and Group performance in the market. Recurrent surveys – including benchmarking against peers, i.e. the global banking and finance sector – are strategic tools in order to identify the improvement potential and implement appropriate actions.

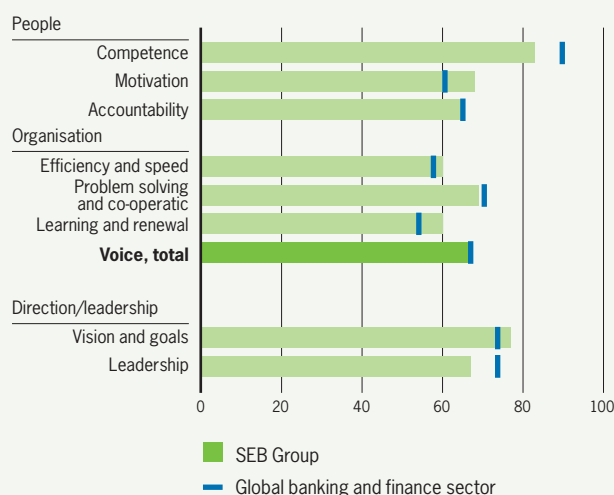
In late 2007, SEB carried out a new survey called Voice throughout the whole organisation. The response rate was as high as 87 per cent. The overall Voice index was 67, which is in line with the peer group.

According to the survey, SEB's employees perceive the competence, motivation and accountability of the people within the Group as high. They also consider the organisation as efficient, co-operative and learning (including sharing of best practice) as well as a renewal. The awareness of SEB's vision and goals is high among the employees at 77 per cent, against 74 per cent for the global banking and financial sector as a whole. Although figures for overall leadership is somewhat lower than for the average, confidence in the immediate manager is extremely high compared with the peer group with a positive difference of 16 per cent.

According to the survey, SEB's employees are highly motivated and committed in comparison with the financial industry average: 68 per cent against the benchmark of 61 per cent.

SEB Voice 2007

Group results, percentage positive answers



An active role in society

Being a good corporate citizen in all countries where the Group is active is of great importance for SEB. SEB shall stand for high ethics and contribute to a good society and a sustainable development of all its activities.

SEB's operations are based upon the long-term confidence of its customers, employees and society.

- As a financial group SEB plays an important role in society by
- acting as an intermediary between companies and/or private individuals with surplus capital and those who have borrowing needs,
 - providing an effective payment system and
 - managing financial risks.

SEB shall be a good corporate citizen in its role as advisor to its corporate and private customers as well as a trustworthy manager of assets.

SEB shall also be a good employer, offering its employees the best possible development opportunities, actively encouraging equality and ethnic diversity. The remuneration and governance structures shall be transparent.

Furthermore, SEB is working for a good society in a broader sense. SEB's own work for equality and ethnic diversity is also carried on outside the Bank, both in the form of mentor projects and assistance to immigrant entrepreneurs. The Bank wants to contribute to a sustainable development of the society at large through its asset management and credit-granting activities. By sponsoring sports, culture, children and youth, SEB contributes to a good society.

SEB's active work for taking these responsibilities shall be reported on a continuous and open basis.

SEB's corporate responsibility

SEB has a policy for its corporate responsibility and supports the principles of the UN's Global Compact and the OECD guidelines for multinational companies. This policy means that SEB takes a long-term responsibility in its day-to-day work. The policy applies to ethical issues that have a direct impact upon SEB's customers and business as well as to responsibility for the employees and, in a broader sense, for the whole society and environment.

Several Group-wide policies and instructions govern SEB's social commitment work. All this work is based upon SEB's common values – Commitment, Continuity, Mutual respect and Professionalism. In addition, targets have been set for continuous and systematic assessment and follow-up of the work, which is led by a Group-wide Corporate Responsibility Committee with representatives from all divisions and staff functions.

Commitment to ethical conduct

The Group's activities are based upon trust, continuity and long-term relations with customers. This means that SEB and its employees must meet the highest ethical standards and act in a long-term perspective. As a matter of course SEB shall observe all laws and other general regulations concerning bank secrecy, treat-

ment of personal information, integrity protection and information safety. In addition, the Group has adopted a number of own rules regarding ethical issues. In 2007 SEB's Board of Directors adopted a new Code of Business Conduct, which moreover is combined with a training package for all the employees of the Group.

Commitment to customers

SEB's credit policy describes the role and responsibility of the Group as a lender. SEB strives to increase awareness of the indirect effects and responsibilities that the Group's credit-granting activities have on the environment and a sustainable development.

A special section of the credit policy stresses SEB's social responsibility beyond the important associated issues of confidence in the customer, the credit purpose and environmental matters.

The Group Head of Credits has issued special instructions and prepared follow-up systems to support credit decisions that involve SEB's social responsibility. Factors that may have a negative impact on the environment and other issues of importance are assessed and analysed in connection with credit decisions and annual follow-up routines. Such analyses and assessments are made in a broader perspective than just taking factors that affect borrowers' repayment capacity into account. As the first Nordic bank, SEB adopted the so-called Equator principles¹⁾ for project financing in April 2007.

SEB offers a broad range of asset management products with a special ethical profile and works actively with corporate governance issues.

As a major asset manager, it is the responsibility of SEB to be an engaged owner and to act in order to give companies the best possible opportunities for carrying on their activities.

SEB is put under strict obligations as to which shares its ethical portfolios may include by excluding such lines of business as weapons, alcohol, tobacco, pornography and gambling companies. SEB manages a total of approximately SEK 3.4bn in funds and SEK 4.0bn in institutional portfolios with an ethical profile on the Swedish market. Internationally, SEB manages a variety of other ethical products and institutional portfolios.

SEB's ethical assortment of funds must follow certain ethical standards and three different methods are used for selecting companies: screening by using Global Ethical Standard, exclusion of companies according to so-called negative criteria and inclusion of companies using positive screening.

1) The Equator principles consist of a number of voluntary guidelines, prepared by large international banks in co-operation with the International Finance Corporation, IFC, which forms part of the World Bank Group.

SEB finds it important to secure maintainable practices for assessing and handling possible environmental and social consequences when the Bank participates in project financing operations. SEB will submit annual reports on the number of transactions that are assessed according to the Equator principles.

Global Ethical Standard is based upon international standards for human rights, labour, environment, bribes, corruption and weapons. Investments in indexed forwards are excluded, too, since they may include indirect exposures on companies that violate SEB's ethical criteria.

Commitment to employees

To be perceived as an attractive employer by its staff is a key success factor for the Group. Ultimately, SEB's responsibility as an employer is based upon its core values and the strict observance of these values. Read more about this in the Section on SEB's employees on page 14.

Commitment to the environment

According to SEB's environmental policy SEB shall always take environmental aspects into account. SEB has signed the environmental documents of both the United Nations and the International Chamber of Commerce, under which the signatories are committed to paying due regard to, and acting for, a better environment within their respective activities. SEB is a party to FTSE4Good Index.

SEB's private customers are offered environmental car loans at one per cent lower interest than regular car loans and corporate customers are offered environmental car leasing at lower rates of interest.

During 2007, the number of one-day flights was reduced by 9 per cent, which led to a 15 per cent decrease in carbon dioxide emissions from SEB travellers. At the same time, the number of video conferences increased by 45 per cent. The number of trips by the environmentally-friendly alternative train has increased substantially.

Towards the end of 2007, environmentally-friendly electricity accounted for 95 per cent of SEB's total energy consumption in Sweden. Total energy consumption dropped by 10 per cent to 115 GWh and water consumption was unchanged. Furthermore, 68 (67) per cent of total paper consumption in Sweden is environmentally certified. The rate of recycling of garbage disposal has increased to about 57 (53) per cent in Sweden, while it is slightly lower in countries outside Sweden.

Commitment to society

SEB supports various social projects. Youth, education, equality and diversity are areas of priority. In addition to direct grants of SEK 18.2m during 2007, the aim is that all SEB employees shall actively contribute with knowledge and personal commitment.

Mentor Sverige and Mentor Lietuva

Since 1997, SEB supports Mentor Sverige, a Swedish foundation engaged in drug prevention measures for the youth that runs two drug prevention programmes: a mentorship and a parental training programme. During 2007, 42 persons within SEB participated as mentors, while 84 took part in the parental training. SEB's Lithuanian subsidiary bank, SEB Vilniaus Bankas, was one of the initiators of a national mentor organisation in Lithuania, Mentor Lietuva. In Germany, SEB is supporting SEB Mentor financially.

Other projects

In various ways, wherever SEB is represented, the Bank supports local projects and initiatives that focus particularly on school-training and sports-linked children's and youth issues.

In connection with the 'Rosa Bandet'-campaign (Pink Band), SEB sold about 4,000 pink bands for the benefit of the Cancer

Fund in Sweden. SEB furthermore co-operates with the Swedish Cancer Fund by giving one per cent of the Bank's cancer fund value to the Cancer Fund and research every year. SEB itself contributes with an equal part.

Since 1999, SEB's Baltic Fund/WWF sends an annual contribution to the World Wild Fund of Nature and its Baltic action programme. At the annual Christmas concerts, it is a tradition to collect money for various projects. In 2007, money was collected for Mentor, Queen Silvia's Children's Hospital and the Children in Waiting (BIV) and Children's Start-up (BIS). These last-mentioned projects involve group activities for children and youth in families applying for asylum and children and youth that have recently been granted residence permits in Sweden.

More detailed information is available in SEB's Corporate Responsibility Report at www.sebgroup.com.

SEB's Corporate Responsibility commitments

- Commitment to ethical conduct
- Commitment to customers
- Commitment to employees
- Commitment to the environment
- Commitment to society

Mentor

Through SEB's co-operation with the drug-preventing organisation Mentor SEB's employees get an opportunity of being mentors for senior-level students during one school year. They can also participate in a parental training programme and get support for themselves as parents. Both opportunities are very rewarding, offering new knowledge and insights.



SEB's Estonian Fund

Two years ago, SEB established the foundation Eesti Ühispanga Heategevusfond, which operates youth reception centres that give exposed children on the run protection from street violence and drugs while waiting for foster homes, adoption or an orphanage. This foundation represents an important expression of SEB's commitment towards children and youth.



The SEB share development in 2007

In 2007 the SEB Class A share dropped by 24 per cent following three consecutive years of significant increase. Earnings per share were SEK 19.97 (18.72). The proposed dividend is SEK 6.50 (6.00) per share.

Share capital

The SEB share is listed on the Stockholm Stock Exchange. The share capital amounts to SEK 6,872m, distributed on 687.2 million shares. The Class A share entitles to one vote and the Class C share to 1/10 of a vote.

Stock Exchange trading

2007 was an extremely volatile year on the Stockholm Stock Exchange. In April, the SEB Class A share reached all time high, at SEK 250.50. During 2007 as a whole, the value of the share decreased by 24 per cent, while the Swedish SIX General Index went down by 7 per cent and the European Banking Index by 17 per cent. During the year, the total turnover in SEB shares amounted to SEK 252bn. SEB thus remained one of the most traded companies on the Stockholm Stock Exchange. Market capitalisation by year-end was SEK113bn.

Dividend policy

The size of the dividend in SEB is determined by the financial position and growth possibilities of the Group. SEB strives to achieve long-term growth based upon a capital base for the financial group of undertakings that must not be inferior to a core capital ratio of 7 per cent. The dividend per share shall, over a business cycle, correspond to around 40 per cent of earnings per share.

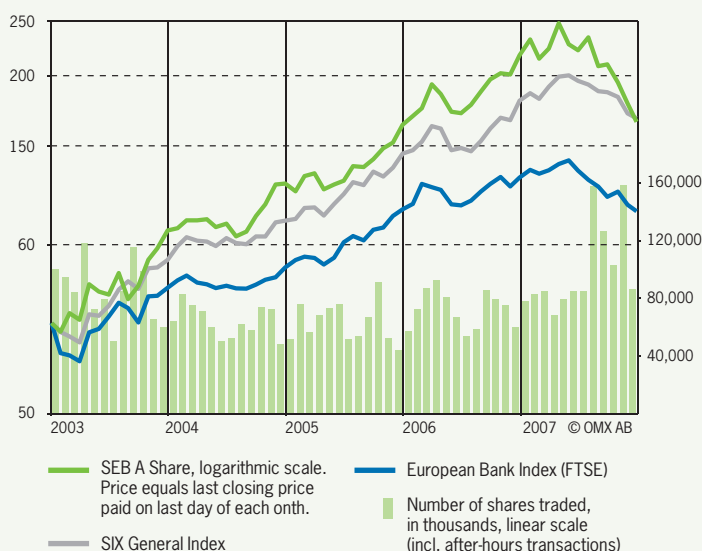
SEB's Class C shares

To facilitate foreign ownership the Class C share was introduced at the end of the 1980s. The trading volumes of the Class C share are very limited and the number of Class C shares only constitutes 3.5 per cent of the share capital of the Bank. Due to this, the prerequisites for creating only one class of shares, thus giving the Class C shares the same rights as the Class A shares, have been examined. The examination has shown that there are significant practical difficulties to implement such a structure.

According to the Swedish Companies Act, a proposal that the Class C shares should carry the same rights as the Class A shares requires that the proposal is supported by shareholders representing at least 2/3 of the votes cast and shares represented at a General Meeting of Shareholders as well as by 9/10 of the Class A shares represented at the General Meeting. Furthermore, approval from a majority of all Class A shareholders is required. The reason for this is that a resolution to this effect would lead to a certain dilution for the Class A shareholders. Since the number of shareholders in SEB is large, obtaining such approval would be a drawn-out and complicated procedure.

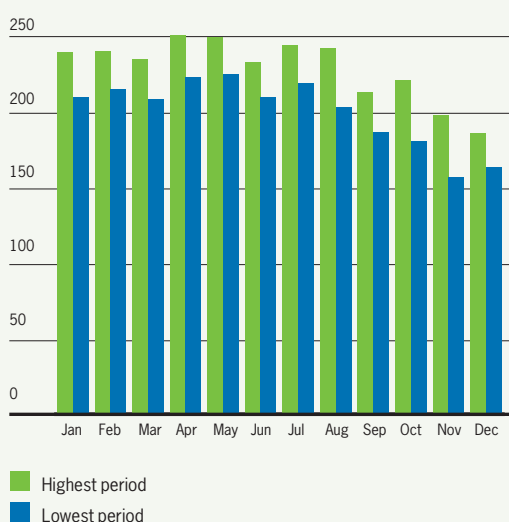
SEB Share Class A

SEK



Monthly share price 2007

SEK



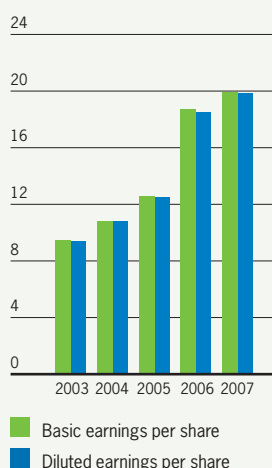
SEB share

Data per share	2007	2006	2005	2004	2003
Basic earnings, SEK	19.97	18.72	12.58	10.83	9.44
Diluted earnings, SEK	19.88	18.53	12.47	10.82	9.40
Shareholders' equity, SEK	111.97	98.98	84.84	77.31	70.10
Adjusted shareholders' equity	127.24	112.66	96.44	85.66	75.53
Net worth, SEK	127.44	115.90	102.19	89.50	78.03
Cash flow, SEK	177.15	6.32	21.07	4.95	-4.24
Dividend per A and C share, SEK	6.50	6.00	4.75	4.35	4.00
Year-end market price					
per Class A share, SEK	165.50	217.50	163.50	128.50	106.00
per Class C share, SEK	154.00	209.00	158.00	124.50	96.50
Highest price paid during the year					
per Class A share, SEK	250.50	220.00	165.50	131.00	107.00
per Class C share, SEK	240.00	212.50	159.50	126.50	96.50
Lowest price paid during the year					
per Class A share, SEK	156.50	152.50	122.50	99.50	66.50
per Class C share, SEK	147.00	145.50	118.00	92.50	61.00
Dividend as a percentage of result for the year, %	32.6	32.0	37.8	40.2	42.4
Yield, %	3.9	2.8	2.9	3.4	3.8
P/E	8.3	11.6	13.0	11.9	11.2
Number of issued shares, million average	682.0	673.3	667.8	679.8	693.5
at year-end	683.5	678.3	668.8	668.5	691.4

Distribution of shares by size of holding

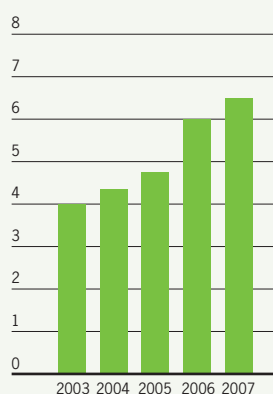
Size of holding	No. of shares	Per cent	No. of shareholders
1-500	35,966,485	5.2	234,146
501-1,000	18,068,611	2.6	24,673
1,001-2,000	17,598,499	2.6	12,356
2,001-5,000	20,406,842	3.0	6,600
5,001-10,000	11,070,029	1.6	1,560
10,001-20,000	8,204,567	1.2	581
20,001-50,000	10,833,862	1.6	347
50,001-100,000	11,428,913	1.7	161
100,001-	553,578,823	80.6	382
	687,156,631	100.0	280,806

Source: SIS Ägarservice

Basic and diluted earnings
Per SEB share, SEK

Dividend

Per SEB share, SEK



A dividend of SEK 6.50 per share is proposed for 2007.

Share capital 31 December, 2007

Share series	Number of shares	Number of votes	Percentage of capital	Percentage of votes
A	663,004,123	663,004,123	96.5	99.6
C	24,152,508	2,415,251	3.5	0.4
	687,156,631	665,419,374	100.0	100.0

Each Series A-share entitles to one vote and each Series C-share to 1/10 of a vote.

The SEB share on the OM Stockholm Stock Exchange

	2007	2006	2005	2004	2003	2002
Year-end market capitalisation, SEKm	113,447	149,251	115,026	90,382	74,391	50,850
Volume of shares traded, SEKm	252,303	162,707	104,372	86,293	85,648	83,758

Change in share capital

Skandinaviska Enskilda Banken's share capital has changed as follows since the Bank was started in 1972:

Year	Transaction	SEK	Change in no. of shares	Accumulated no. of shares	Share capital SEKm
1972				5,430,900	543
1975	Rights issue 1:5	125	1,086,180	6,517,080	652
1976	Rights issue 1:6	140	1,086,180	7,603,260	760
1977	Split 2:1		7,603,260	15,206,520	760
1981	Rights issue 1B:10	110	1,520,652	16,727,172	837
1982	Bonus issue 1A:5		3,345,434	20,072,606	1,004
1983	Rights issue 1A:5	160	4,014,521	24,087,127	1,204
1984	Split 5:1		96,348,508	120,435,635	1,204
1986	Rights issue 1A:15	90	8,029,042	128,464,677	1,284 ¹⁾
1989	Bonus issue 9A+1C:10		128,464,677	256,929,354	2,569
1990	Directed issue ²⁾	88.42	6,530,310	263,459,664	2,635
1993	Rights issue 1:1	20	263,459,664	526,919,328	5,269
1994	Conversion		59,001	526,978,329	5,270
1997	Non-cash issue	91.30	61,267,733	588,246,062	5,882
1999	Rights Issue ³⁾	35	116,311,618	704,557,680	7,046
2005	Reduction of the share capital		-17,401,049	687,156,631	6,872

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

2) The issue was directed at the member-banks of Scandinavian Banking Partners. Through splits in 1977 (2:1) and 1984 (5:1), the nominal value of the shares has been changed from SEK 100 to SEK 10.

3) According to the instructions of the Financial Supervisory Authority, subscribed shares that have been paid will not be registered as share capital in the balance sheet until the rights issue has been registered (which took place in January, 2000).

Report of the Directors

Financial Review of the Group

2007 was a notable year for the SEB Group. In the first half of the year, SEB benefited from the strong financial markets and the operating profit for the first six months was up by 15 per cent compared with the corresponding period of 2006. In the second half, the turmoil on the credit market and the credit spread widening affected the market value of SEB's fixed-income portfolios negatively. At the same time, SEB's underlying performance remained strong throughout the year, with increased business volumes and improved results within almost all areas. The Group's diversified geographical base and product mix in combination with the cost efficiency programme were the reasons for this improvement.

As from 1 January 2007, SEB's operations have been carried out through four customer-oriented divisions:

- *Merchant Banking* – wholesale and investment banking and the Group's relations with large corporations, institutions and real estate companies,
- *Retail Banking* – the Group's retail operations in the Nordic and Baltic regions and Germany plus card activities,
- *Wealth Management* – asset management and private banking activities and
- *Life* – the Group's life insurance operations.

SEB's business in Ukraine and Russia is managed in a separate business area, New Markets, in order to take advantage of the long-term growth potential of these promising regions.

All business operations are backed by three global support functions – Group Operations, Group IT and Group Staff.

Investments in Ukraine and asset management

In December, SEB acquired 97.25 per cent of Factorial Bank (Ukraine). The agreement implies a maximum consideration of USD 120m (approximately SEK 780m) at a 100 per cent holding. Following the acquisition, SEB has about 14,000 corporate customers and 83,000 private clients in Ukraine. Total assets amounted to SEK 3.6bn as of 31 December 2007.

In November, SEB reached an agreement to acquire 100 per cent of the shares in KAM Group Limited (Key Asset Management), a leading European manager of hedge funds with SEK 20bn of assets under management. The acquisition was finalised in January 2008, increasing SEB's assets under management in hedge funds to SEK 49bn.

Divestments and restructuring

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

The sale of the vendor-based car financing operation ÅF Bil of SEB Finans was completed during the second quarter, with a capital gain of SEK 110m.

The sale of the properties owned by SEB's Baltic subsidiary banks was finalised in December, with a capital gain of SEK 785m: Estonia SEK 298m, Latvia SEK 255m and Lithuania SEK 232m.

In line with SEB's integration of operations, SEB Finans AB and SEB Bolån AB were merged with the parent company on 1 October, 2007. The covered bonds issued by SEB Bolån AB have been grandfathered by the Bank and Moodys' Aaa rating for these issues has been confirmed.

During the year, Nya Trygg Liv was merged with Fondförsäkringsaktiebolaget SEB Trygg Liv.

Result and profitability

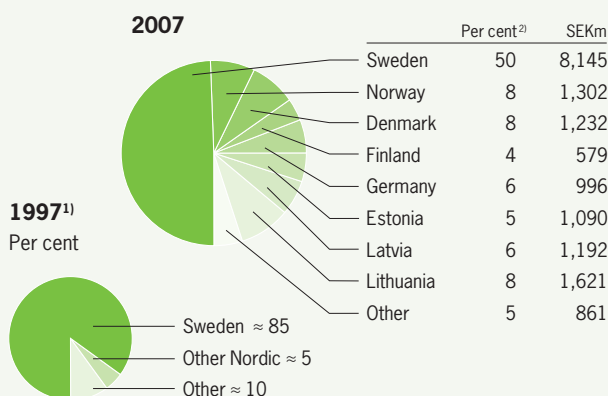
Operating result improved by 9 per cent

Operating profit increased by 9 per cent, to SEK 17,018m (15,562), of which 50 per cent was generated outside Sweden. Net profit improved by 8 per cent, to SEK 13,642m (12,623).

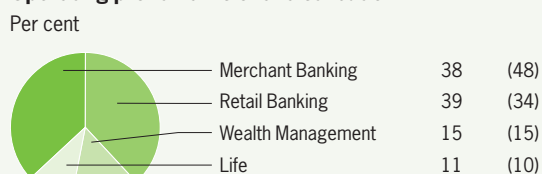
Income

Total operating income increased by 4 per cent, to SEK 40,440m (38,747). Adjusted for the valuation loss in the fixed-income portfolios, total income rose by 9 per cent.

Operating profit – geographical distribution



Operating profit – divisional distribution¹⁾



1) Excl. support functions

Profit and loss account on quarterly basis – SEB Group

SEKm	2007:4	2007:3	2007:2	2007:1	2006:4
Net interest income	4,375	3,917	3,939	3,767	3,604
Net fee and commission income	4,129	4,101	4,544	4,277	4,274
Net financial income	420	163	1,345	1,311	1,120
Net life insurance income	766	782	642	743	732
Net other income	345	530	249	95	274
Total operating income	10,035	9,493	10,719	10,193	10,004
Staff costs	-3,787	-3,564	-3,774	-3,796	-3,735
Other expenses	-1,782	-1,691	-1,768	-1,678	-1,634
Depreciation of assets	-359	-325	-342	-328	-311
Total operating expenses	-5,928	-5,580	-5,884	-5,802	-5,680
Gains less losses from tangible and intangible assets	787	2	-1		22
Net credit losses ²⁾	-313	-189	-280	-234	-222
Operating profit¹⁾	4,581	3,726	4,554	4,157	4,124
Income tax expense	-824	-625	-1,032	-895	-334
Net profit from continuing operations	3,757	3,101	3,522	3,262	3,790
Attributable to minority interests	5	7	8	4	3
Attributable to equity holders ³⁾	3,752	3,094	3,514	3,258	3,787
1) SEB Trygg Liv's operating profit	475	501	368	458	459
Change in surplus values, net	431	275	323	244	359
SEB Trygg Liv's business result	906	776	691	702	818
2) Including change in value of seized assets					
3) Basic earnings per share, SEK	5.49	4.59	5.21	4.81	5.61
Weighted number of shares, millions	683	673	674	677	675

Key ratios

	2007	2006	2005	2004	2003
Return on equity, %	19.3	20.8	15.8	14.7	14.2
Return on total assets, %	0.63	0.64	0.48	0.51	0.52
Return on risk-weighted assets, %	1.68	1.71	1.31	1.32	1.26
Basic earnings per share, SEK	19.97	18.72	12.58	10.83	9.44
Diluted earnings per share, SEK	19.88	18.53	12.47	10.82	9.41
Cost/Income ratio	0.57	0.58	0.65	0.65	0.65
Credit loss level, %	0.11	0.08	0.11	0.10	0.15
Reserve ratio for impaired loans, %	76.1	75.1	77.7	72.2	66.3
Level of doubtful loans, %	0.18	0.22	0.22	0.31	0.52
Total capital ratio, incl. net profit, % ¹⁾	11.04	11.47	10.83	10.29	10.23
Core capital ratio, incl. net profit, % ¹⁾	8.63	8.19	7.53	7.76	7.97
Risk-weighted assets, SEKbn ¹⁾	842	741	705	570	535
Number of full time equivalents, average	19,506	19,672	18,948	17,772	18,067
Number of e-banking customers, thousands	2,911	2,597	2,299	1,953	1,614
Assets under management, SEKbn	1,370	1,262	1,118	886	822

1) 2007: Basel II; 2003–2006: Basel I.

Net interest income was positively affected by volume growth and improved by 12 per cent, to SEK 15,998m (14,281). Deposits grew by 17 per cent, while lending to the public was 12 per cent higher than twelve months ago. Deposit margins improved due to higher short-term rates and more than offset the effect from reduced lending margins in the Retail division. As a consequence, customer-driven net interest income grew by 16 per cent compared with 2006.

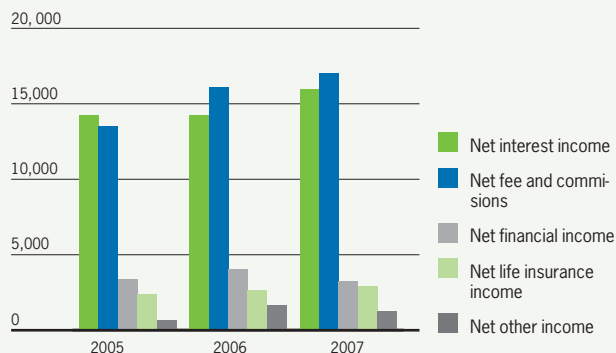
Net fee and commission income rose by 6 per cent, to SEK

17,051m (16,146). Both payment and securities commissions increased compared with last year.

Net financial income dropped by 20 per cent to SEK 3,239m (4,036), due to increased credit spreads resulting in lower valuations of fixed-income securities during the second half of the year. The valuation loss recognised in income on these holdings amounted to SEK 1,769m. Given the long-term intention of these holdings, and to limit further income volatility, SEB over time intends to further increase the part of the total holdings in the

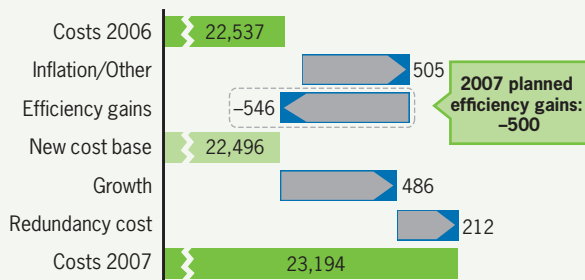
Income distribution

SEB Group, SEKm



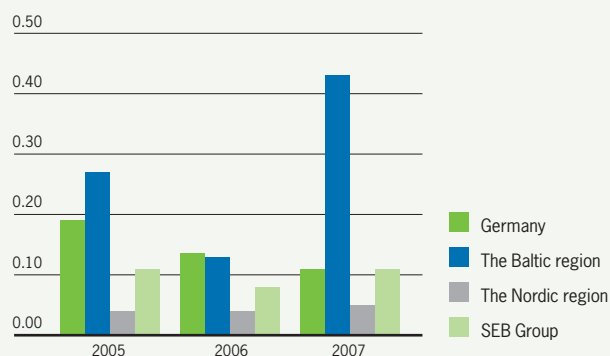
Cost-management programme

2007 vs. 2006, SEKm



Level of net credit losses

Per cent



Available-for-sale portfolio, while reducing the part held in the Held-for-trading portfolio.

Net life insurance income improved by 10 per cent, to SEK 2,933m (2,661), mainly due to increased unit-linked fund values. A complete description of Life's operations including changes in surplus values is found in "Additional information" at www.sebgroup.com.

Net other income dropped to SEK 1,219m (1,623) due to negative hedge accounting effects, partially offset by capital gains. One-off capital gains amounted to SEK 110m.

Expenses

Total operating expenses increased by 3 per cent, to SEK 23,194m (22,537). Excluding redundancy costs and performance-related remuneration, underlying expenses were up by 3 per cent compared with last year. SEK 281m was provisioned for redundancy costs. Costs related to long-term incentive programmes amounted to SEK 71m.

Staff costs rose by 4 per cent, to SEK 14,921m (14,363). The average number of full time equivalents decreased by 166, to 19,506 (19,672). Net reductions of close to 300 employees during the year, primarily in Sweden and Germany, were balanced by net recruitments of some 500 persons, primarily in the Baltic business.

Other expenses were unchanged at SEK 6,919m (6,887), benefiting from increased scalability in the operations. IT costs increased due to investments in infrastructure and compliance with new EU regulation, e.g. SEPA and MiFID.

The incremental cost-income ratio for the Group in 2007 was 0.39 compared with last year. Excluding the lower valuations of the fixed-income securities this ratio was 0.19.

Measures under the three-year programme to increase long-term cost-efficiency by SEK 1.5–2.0bn rendered gains of SEK 546m during its first year of operation.

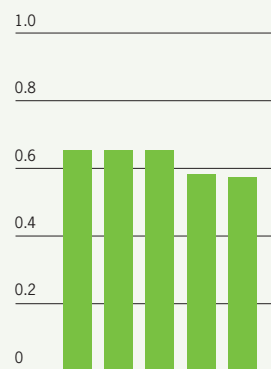
Credit losses

The Group's net credit losses, including changes in the value of assets taken over, amounted to SEK 1,016m (718). This was mainly due to higher collective provisioning following the continued macro-economic imbalances and growing lending volumes in the Baltic countries. The credit loss level was 0.11 per cent (0.08). Overall asset quality remained sound and stable.

Reduced tax rates

Total tax expenses amounted to SEK 3,376m (2,939). The total tax rate for 2007 was 19.8 per cent. The rate for 2008 is estimated at around 23 per cent.

Cost/Income ratio

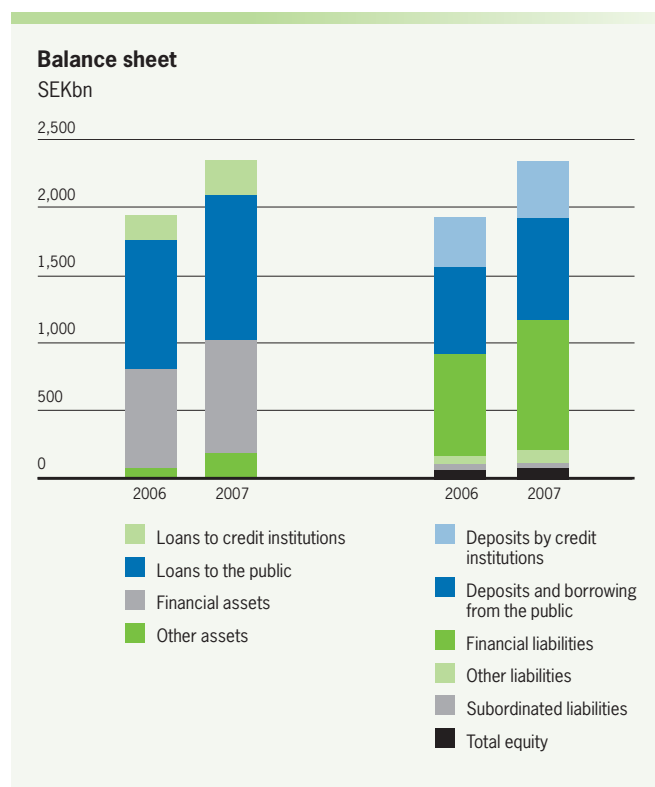


The incremental cost/income ratio 2007 was 0.39. (0.19 excl. the lower valuations of fixed-income securities).

Financial structure

Balance sheet

The balance sheet total increased by 21 per cent, to SEK 2,344bn (1,934). This was mainly due to growth within lending, deposits and trading but also the result of actions taken to substantially increase the liquidity buffer during the second half of the year. The growth was well balanced – deposits increased by 17 per cent and lending by 12 per cent. Currency effects of SEK 36bn contributed to the volume increase, despite a weaker US-dollar.



Assets

The most important asset item on the balance sheet consists of loans to the public, which rose to SEK 1,067bn (951) during the year. Loans to credit institutions increased to SEK 263bn (180).

Total credit exposure, including contingent liabilities and derivatives contracts, amounted to SEK 1,552bn (see further pp. 34–41 in the Risk and Capital Management section and Note 44).

Financial assets within insurance operations are classified as financial assets at fair value. Financial assets where the insurance policyholders carry the risk (unit-linked insurance) amounted to SEK 135bn (121). Financial assets within traditional insurance operations amounted to SEK 88bn (81).

Fixed-income securities portfolios

SEB holds SEK 331bn (339) – primarily within Merchant Banking and Group Treasury – total net positions in fixed-income securities for investment, treasury and to a smaller extent client trading purposes. Holdings consist mainly of covered bonds, senior bank bonds and asset-backed securities.

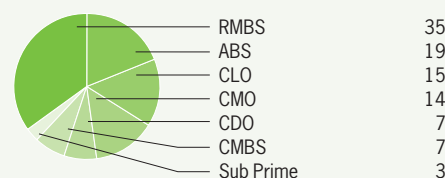
Primarily the investment portfolio, which resides in Merchant Banking, was negatively affected by the dislocations in the credit markets during the third and fourth quarters. The mark-to-market loss on this portfolio amounted to SEK 2,467m, of which

SEK 1,769m affected Net financial income and SEK 698m was valuation loss in equity for Available-for-sale portfolios. SEK 1,056m of the mark-to-market loss refers to holdings in asset-backed securities and SEK 713m to other financial instruments, mainly bonds issued by financial institutions. At prevailing credit market conditions, SEB views the risk of default on the holdings in the portfolios as unlikely.

The holdings of asset-backed securities amounted to SEK 71bn. 99.3 per cent of these securities are AAA-rated; negative rating actions during 2007 affected three out of 748 positions and the eligibility as collateral with central banks has been sustained. The average economic duration of the holdings is around four years. 61 per cent of the asset-backed exposures are related to the European markets and 39 per cent to the US market. Direct and indirect asset-backed securities exposures to the US subprime mortgage sector amounted to SEK 2.3bn, all of which have had their AAA-ratings affirmed during the fourth quarter.

Distribution of SEB's structured credit portfolio

Per cent



SEB's structured credit portfolio of SEK 71bn is distributed as follows: Residential mortgage backed securities (RMBS), Asset-Backed Securities (ABS) and Commercial Mortgage Backed Securities (CMBS) are mainly of European origin. SEB's exposure on Collateralised Loan Obligations (CLO) and Collateralised Debt Obligation (CDO) is evenly split between Europe and the US. Collateralised Mortgage Obligations (CMO) and Sub prime are all from the US.

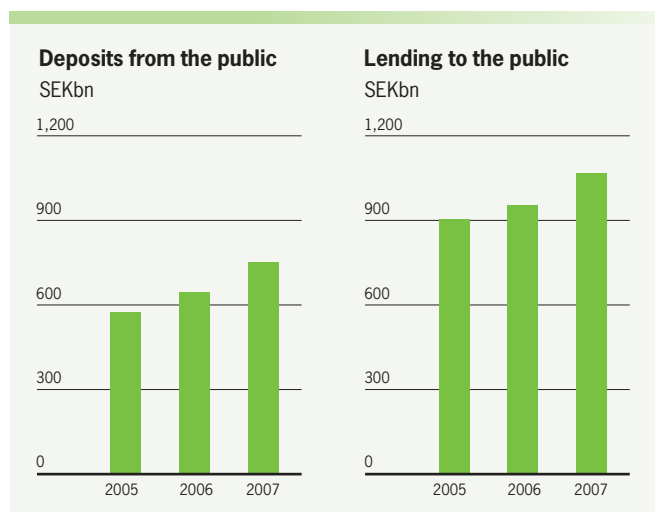
Derivatives

At year-end 2007, the notional amount of the Group's derivatives contracts totalled SEK 7,145bn (6,995). Offering clients derivatives products for management of their financial exposures is the prime driver behind volume growth. The Group manages the resulting positions by entering offsetting contracts in the marketplace. As a consequence, the mix of derivatives as detailed in Note 45 largely reflects the demand of our customer base. The customer and market making transactions form part of the trading book and are valued at market prices on a continuous basis.

The Group also uses derivatives for the purpose of protecting the cash-flows and fair value of the Bank's financial assets and liabilities from interest rate fluctuations. These contracts are accounted for at market value, too.

The major portion of the Group's derivatives engagements is related to contracts with short maturity, which is dominated by interest- and currency-related forwards. A minor portion consists of exchange-traded derivatives contracts, where profits and losses are continuously settled on a cash basis. The Group only carries a handful of credit derivatives, primarily to hedge credit exposures on the balance sheet.

Positive market values imply a counterparty risk; to reflect future uncertainty in market conditions a credit risk equivalent is calculated. Depending upon the type of contract, currency and remaining maturity, an add-on to the current market price is

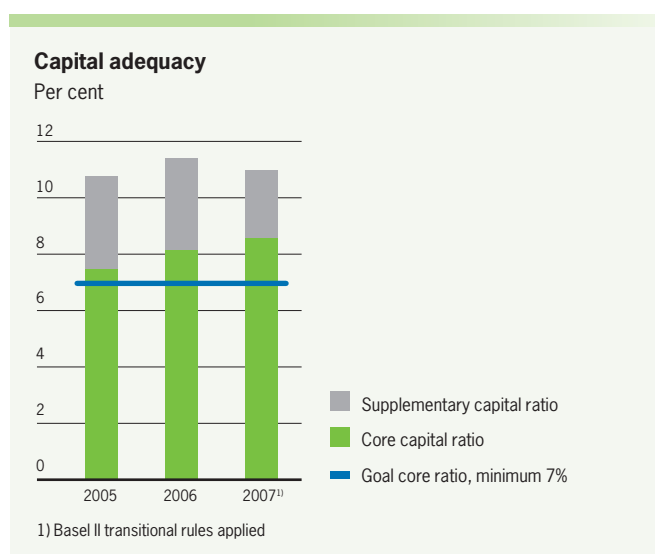


calculated. The credit risk equivalent values are included in the Group's overall credit exposure.

Close-out netting agreements are disregarded in accounting but form a very important part of the Group's credit risk mitigation strategy. In order to reduce the counterparty exposure in event of default SEB strives to enter into close-out netting agreements as well as collateral agreements with all major derivatives counterparties. The counterparties are mainly Swedish and international banks of very high quality. On a net basis, the total credit risk equivalent at year-end was SEK 74.6bn (55.8). Further details on exposures by industry are found in Note 44.

Conduit liquidity facilities

SEB closed down Three Crowns Funding LLC, an ABCP conduit during 2007 and currently operates no similar structure. However, the Group provides liquidity facilities to three US conduits, with commitments totalling USD 1.1bn at end of 2007. These liquidity facilities can only be used for SEB's clients' transactions to the conduit and not for other assets. All such transactions are related to the clients' trade or lease receivables. The liquidity facilities have not been drawn by the conduits in 2007.



Intangible fixed assets, including goodwill

At year-end 2007 intangible assets totalled SEK 16.9bn (15.6), the majority consisting of goodwill.

The most important goodwill items were related to the following: the acquisition of the Trygg-Hansa group in 1997 (SEK 5.7bn at year-end 2007), the Group's investments in banking activities in Eastern Europe from 1998 (SEK 2.0bn), and investments in the credit card business in Norway and Denmark (SEK 1.1bn). Goodwill items are not amortised, but are subject to a yearly impairment test.

Deferred acquisition costs in insurance operations amounted to SEK 3.0bn (2.8).

Further information is found in Note 27.

Deposits and borrowing

The financing of the Group consists of deposits from the public (households, companies etc.), borrowing from Swedish, German and other financial institutions and issues of money market instruments, covered bonds, other types of bonds and subordinated debt.

Deposits and borrowing from the public increased by SEK 108bn to SEK 750bn (642). Deposits by credit institutions increased by SEK 53bn to SEK 421bn (368).

Liabilities in insurance operations

At year end, liabilities in insurance operations amounted to SEK 226bn (204). Out of this, SEK 136bn (120) was related to financial contracts (unit linked insurance) and SEK 90bn (84) to insurance contracts (traditional insurance).

Total equity

Total equity at the opening of 2007 amounted to SEK 67.3bn (56.8). In accordance with a resolution of the Annual General Meeting in March 2007, SEK 4,123m (3,264) of this was used for dividend purposes including dividends on repurchased shares. At year-end 2007, total equity amounted to SEK 76.7bn.

Capital adequacy

The SEB Group is a financial group that comprises banking, finance, securities and insurance companies. The capital adequacy rules apply to each individual Group company that has a licence to carry on banking, finance or securities operations as well as to the consolidated financial group of undertakings. Similarly, Group companies that carry on insurance operations have to comply with capital solvency requirements.

In addition, the consolidated SEB Group should comply with capital requirements concerning combined banking and insurance groups ("financial conglomerates").

Composition of capital base

The implementation of Basel II in Sweden introduces some changes in how the capital base is calculated, with minor impact for SEB however. The capital base of the financial group of undertakings was SEK 93.0bn (84.9) at year-end 2007. Core capital amounted to SEK 72.7bn (60.7).

Core capital consists of total equity plus minority interests, after deduction for intangible assets (mainly acquisition goodwill), deferred tax claims and the dividend proposed by the Board. Adjustments should be made where capital adequacy regulation differs from how the balance sheet is prepared, specifically with respect to hedge accounting and surplus values in available for sale portfolios. Certain subordinated debt issues can be included as core capital contribution, up to maximum 15 per cent of core

capital. SEB includes SEK 10.9bn (7.5) of such debt in core capital.

In addition to core capital, the capital base may include subordinated debt up to maximum 100 per cent of core capital.

Investments in insurance companies made before 20 July 2006 (such as the acquisitions of the Trygg-Hansa group in 1997 and of Codan Pension in 2004 totalling SEK 10.6bn) are deducted from the capital base. A further deduction of SEK 0.2bn for investments outside the financial group of undertakings was made, with equal parts from core and supplementary capital, respectively. At year-end 2006 corresponding deductions of SEK 11.0bn were made from the capital base.

Provisions and value adjustments for credit exposures reported by SEB according to the Basel II Internal Rating Based approach fall short of statistically calculated expected losses on these exposures, and the difference of SEK 0.5bn is deducted in equal parts from primary and supplementary capital, respectively. A corresponding excess would, up to a certain limit, be added to the supplementary capital.

A deduction from the capital base of SEK 0.8bn (0.6) is made for pension surplus values, except for such indemnification as prescribed in the Swedish Act on safeguarding of pension undertakings.

Risk-weighted assets

Following the strong growth of business volumes, the Group increased the risk-weighted assets (RWA) calculated according to Basel I by 20 per cent, or SEK 151bn, to SEK 892bn (741). Considering SEB's gradual Basel II roll-out and applying the RWA reduction of the Basel I calculated equivalent, the Group reported a combined RWA of assets, off-balance-sheet commitments, market risk positions and operational risk of SEK 842bn as per year-end. More than 70 per cent of the total credit volume was reported according to the Internal Ratings Based (IRB) approach, as detailed in note 49. Growing corporate lending in the Nordic countries constituted the largest factor behind the increase. Currency effects contributed SEK 15bn.

Capital adequacy ratio

At year-end the reported core capital ratio applying Basel II including the transitional rules was 8.6 per cent (8.2) and the total capital ratio 11.0 per cent (11.5). Reporting according to previous (Basel I) regulation would give capital ratios of 8.1 and 10.4 per cent, respectively. SEB's objective is to maintain a core capital ratio of at least 7 per cent and a total capital ratio of at least 10 per cent in Basel I terms, which reflects SEB's ambitions in the international money and capital markets. This leaves a good margin with respect to statutory requirements, where the lowest permissible total capital ratio and core capital ratio are 8 and 4 per cent, respectively.

According to Swedish rules, deductions for SEB's investments in insurance operations including goodwill may be made in full from the total capital base (see above). A more restrictive treatment of this goodwill, i.e. with a deduction from core capital, would lead to a core capital ratio (Basel I) of 7.4 per cent and an unchanged total capital ratio. Some analysts and rating agencies prefer this way of calculation.

The combined capital requirements for the SEB financial conglomerate was SEK 75.9bn (67.6), while the capital resources amounted to SEK 104.4bn (97.7).

Further information about capital adequacy and capital base is found in Note 49.

Rating

During 2007, Moody's changed SEB's outlook from stable to positive (currently Aa2). The ratings by DBRS (AA low), Fitch (A+, positive outlook) and Standard and Poor's (A+) have been affirmed.

SEB has a AA-rating ambition and currently holds a AA-equivalent rating with Moody's and DBRS. Strong ratings are important, since a higher rating over time leads to lower funding costs and more business opportunities in the international capital markets.

The table shows the current rating of SEB (February 2008).

Rating

Moody's		Standard & Poor's		Fitch		DBRS	
Outlook Positive		Outlook Stable		Outlook Positive		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	A-1	AA+	F1	AA+	R-1 (middle)	AA (high)
P-3	Aa2	A-2	AA	F2	AA	R-1 (low)	AA
	Aa3	A-3	AA-	F3	AA-	R-2 (high)	AA (low)
	A1		A+		A+	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

Dividend

The size of SEB's dividend is determined by the financial position and growth possibilities of the Group. SEB strives to achieve long-term growth based on a capital base for the financial group of undertakings supporting a core capital ratio of minimum 7 per cent. Over a business cycle, the dividend per share shall correspond to around 40 per cent of earnings per share.

For 2007, the Board proposes a dividend of SEK 6.50 (6.00) per Class A and Class C share, respectively. The total dividend amounts to SEK 4,467m (4,123), calculated on the total number of issued shares as per 31 December 2007 including repurchased shares. This proposal corresponds to 33 per cent (32) of earnings per share. The SEB share will be traded ex dividend on 9 April 2008.

The size of the proposed dividend is based upon an adjustment of the Group's capital structure and its opportunities for future growth. The Board is of the opinion that the proposed dividend does not prevent the company nor any other of the companies of the Group to fulfil its respective short- and long-term obligations. The so-called rule of prudence of the Swedish Companies Act has been taken into account and the proposed dividend can thus be justified (Chapter 17, Section 3, Swedish Companies Act 2005:551).

Merchant Banking



Magnus Carlsson
Head of division

"Merchant Banking's diversified earnings mix and its clear focus on customer-driven business allowed the division to deliver a strong result despite challenging market conditions in the second half of the year. Merchant Banking is well positioned to increase its presence in core markets outside Sweden through customer acquisition."

The Merchant Banking division has overall responsibility for servicing large and medium-sized companies, financial institutions, banks, and commercial real estate clients. It operates in 17 countries.

Merchant Banking offers its clients integrated investment and corporate banking solutions, including the investment banking activities under the brand name SEB Enskilda. Merchant Banking's main areas of activity include:

- Lending and debt capital markets.
- Trading in equities, currencies, fixed income, derivatives and futures.
- Advisory services, brokerage, research and trading strategies within equity, fixed income and foreign exchange markets.
- Prime brokerage and securities related financing solutions.
- Export, project and trade finance.
- Corporate finance.
- Acquisition finance.
- Venture capital.
- Cash management, liquidity management and payment services.
- Custody and fund services.
- Leasing and factoring products.
- Management of the SEB Group's liquidity portfolio.

Merchant Banking is continuously strengthening its presence and widening its range of products in SEB's markets outside Sweden, primarily Norway, Denmark, Finland, Germany, Poland and the Baltic countries.

	2007	2006
Percentage of SEB's total income	36	39
Percentage of SEB's operating profit	38	48
Percentage of SEB's staff	12	13

Profit and loss account

SEKm	2007	2006	Change, per cent
Net interest income	5,540	4,809	15
Net fee and commission income	5,890	5,874	0
Net financial income	2,285	3,676	-38
Net other income	784	779	1
Total operating income	14,499	15,138	-4
Staff costs	-4,217	-4,082	3
Other expenses	-3,432	-3,227	6
Depreciation of assets	-82	-89	-8
Total operating expenses	-7,731	-7,398	5
Profit before credit losses etc	6,768	7,740	-13
Gains less losses on assets	2	-2	-200
Net credit losses ¹⁾	-323	-320	1
Operating profit	6,447	7,418	-13
Cost/Income ratio	0.53	0.49	
Business equity, SEKbn	26.4	24.9	
Return on equity, %	17.6	21.4	
Number of full time equivalents, average	2,327	2,537	

1) Including change in value of seized assets

High customer activities in all units despite financial turmoil

Merchant Banking's financial result in 2007 reflects a year in which record revenues and profits were posted in the first six months, while financial market turbulence led to lower earnings in the second half. Market conditions in the first half of the year were benign and contributed to strong earnings across all business lines, although margins on basic loan products were still affected by the over-supply of liquidity. Despite credit market dislocations after the summer, customer activity remained at a high level throughout the year. However, mark-to-market losses of SEK 1,769m were recorded on fixed-income securities portfolios. This more than offset the otherwise positive development of net interest income with the result that total operating income decreased by 4 per cent.

Operating costs rose by 5 per cent, mainly due to investments in staff. Preparations for the new European payments and securities trading regimes intensified during the year and also contributed to higher IT costs. The division's SEB Way programme continued to render productivity gains. Operating profit was down by 13 per cent.

In 2007, Merchant Banking generated 51 per cent (50) of its total income outside Sweden. The division continues to invest in the expansion of its regional franchise.

Trading and Capital Markets

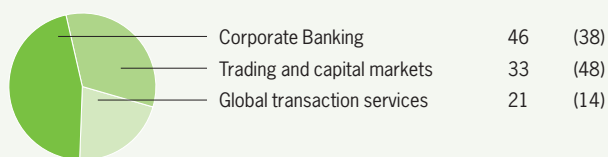
Within Trading and Capital Markets, the foreign exchange activities showed improved revenues and profitability, while the equities businesses benefited from high market activity and equity financing demand. The credit market turmoil in the second half of the year had a negative effect on the fixed income businesses, both in terms of activity levels and portfolio valuations.

SEB maintained its leading market share on the Nordic stock exchanges and was the largest broker on both the Norwegian and Swedish exchanges.

Primary issuance of structured products grew by 30 per cent and SEB had a 15 per cent market share of such products registered with the Swedish Central Securities Depository.

Merchant Banking operation profit by major business grouping

Per cent



Gross income

Geographical distribution 2007, per cent

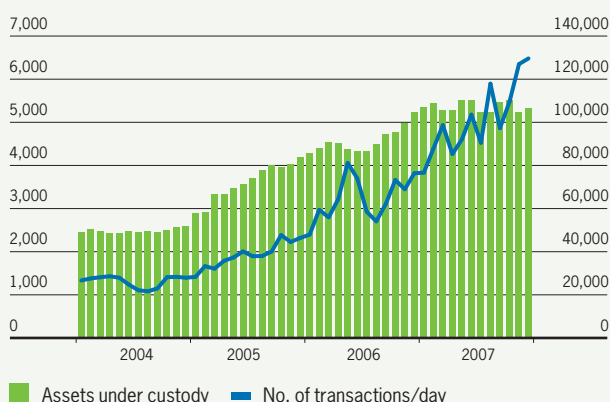


In 2007 the majority of income was, for the first time, derived outside Sweden

Custody volume development

SEK bn

No. of transactions/day



Corporate Banking

Within Corporate Banking most units delivered higher operating profit offsetting the lower income in corporate finance due to the postponement of some transactions.

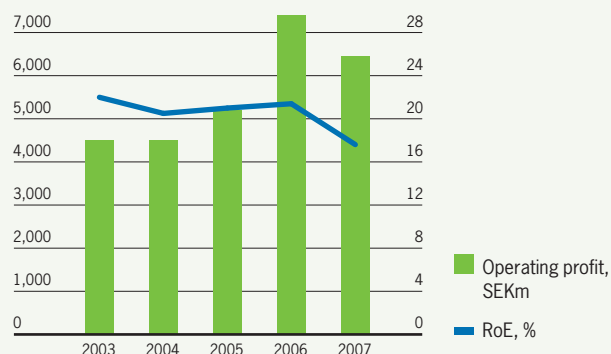
SEB Enskilda Corporate Finance was again the leading book-runner for Nordic IPOs during the year managing almost EUR 5bn of new listings. SEB Enskilda advised NASDAQ on its acquisition of OMX and was advisor to Norwegian Properties on the acquisition of Norgani Hotels as well as Ericsson on its acquisition of the Norwegian company Tandberg TV.

Although overall activity in leveraged buy-outs declined in the wake of the credit crisis, conditions in the Nordic area were more favourable and the development of SEB's activities continues to be positive.

SEB's subsidiary SEB Finans was merged with the parent company and renamed SEB Leasing and Factoring. At the same time a number of non-core products and distribution channels

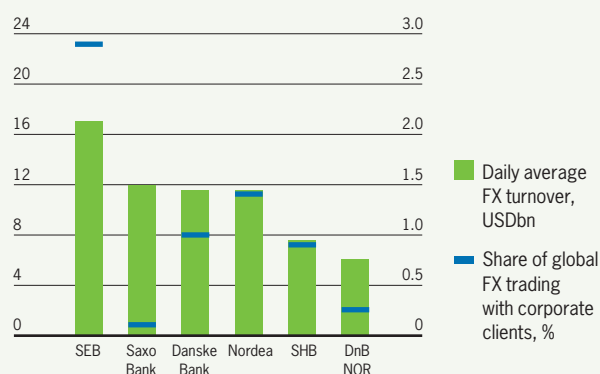
Financial development

Operating profit and return on equity



Leadership in client-driven FX trading

USDbn



were divested. The move facilitates SEB's ability to offer integrated financing solutions for clients. The integration of SEB's Baltic leasing activities within the global business unit is ongoing.

Global Transactions Services

Global Transaction Services continued to perform well, both in terms of profitability and customer satisfaction. Customer acquisition efforts as well as ongoing productivity gains from SEB Way more than offset the effects of margin pressure.

Assets under custody reached all-time high during the 2007 and, despite lower stock market valuations, amounted to a record SEK 5,314bn at year-end (5,234). Transaction volumes also increased significantly peaking at an average of 129,500 per day in December.

Strengthened regional franchise

SEB's position as a leading Nordic wholesale bank was confirmed in several top rankings and awards during 2007. SEB was ranked top Nordic bank in brokerage, equity research and corporate finance by Prospera and for FX, cash and liquidity management by Global Finance. SEB's FX forecasting was ranked first globally by FX Week and Reuters while Custody services received top regional rankings in the annual Global Custodian surveys.

Going forward, profit growth in Merchant Banking will be supported by improved risk pricing, robust corporate demand for financing and increased scalability of operations.

Retail Banking



Bo Magnusson
Head of division

"Our operations developed strongly within all business areas on the basis of a couple of common core areas. The pro-activity towards customers has increased substantially. This has, in combination with a number of new customer offerings and successful campaigns strengthened our position in important areas. We have been able to maintain good cost control through increased focus on operational efficiency. We are now also starting to work together across borders and to use our respective competences and experiences in a better way."

The Retail Banking division serves five million private customers and 400,000 small and medium-sized corporate customers in Sweden, Germany and the Baltic countries. Customers have access to SEB's complete range of financial services through close to 560 branch offices, telephone and e-banking services.

The business areas are:

- Sweden with a network of 179 branch offices servicing 1.5 million customers, whereof 1 million use internet services and 130,000 are small and medium-sized companies.
- Estonia with a network of 68 branch offices servicing 700,000 customers, whereof 450,000 use internet services and 60,000 are small and medium-sized companies.
- Latvia with a network of 63 branch offices servicing 800,000 customers, whereof 280,000 use internet services and 60,000 are small and medium-sized companies.
- Lithuania with a network of 72 branch offices servicing 1 million customers, whereof 680,000 use internet services and 60,000 are small and medium-sized companies.
- Germany with a network of 174 branch offices servicing 1 million customers, whereof 360,000 use internet services and 23,000 are small and medium-sized companies.
- Card with 3 million charge, credit, debit and co-branded cards. The business area operates in Sweden, Denmark, Norway and Finland and includes trade marks like Eurocard and Diners Club. Card also has acquiring agreements with 196,000 retailers.

	2007	2006
Percentage of SEB's total income	43	39
Percentage of SEB's operating profit	39	34
Percentage of SEB's staff	55	54

Profit and loss account

SEKm	2007	2006	Change, per cent
Net interest income	9,888	8,514	16
Net fee and commission income	6,274	5,752	9
Net financial income	812	614	32
Net other income	248	235	6
Total operating income	17,222	15,115	14
Staff costs	-5,169	-4,885	6
Other expenses	-4,314	-4,203	3
Depreciation of assets	-435	-440	-1
Total operating expenses	-9,918	-9,528	4
Profit before credit losses etc	7,304	5,587	31
Gains less losses on assets	5	45	-89
Net credit losses ¹⁾	-718	-412	74
Operating profit	6,591	5,220	26
Cost/Income ratio	0.58	0.63	
Business equity, SEKbn	24.8	22.4	
Return on equity, %	20.8	18.1	
Number of full time equivalents, average	10,763	10,661	

1) Including change in value of seized assets

Profit growth in all markets

Operating profit increased by 26 per cent following high customer activity and cost control. Growth remained high throughout the year, with the fourth quarter being the strongest in terms of business volumes, income and profit.

Sweden

Within Retail Sweden, household mortgages and deposits grew by 13 and 21 per cent, respectively, both with increasing market shares. Also for the savings market in total, the market share increased according to SEB's Savings Barometer. SME customer growth exceeded both the market and the previous year. The "Enkla assortment", SEB's base offering for private individuals and SMEs was complemented with "Enkla firman", a new full-service-offering for the smaller SME segment. "Enkla firman" attracted 11,000 customers already during the first three months after launch and was also awarded "SME Product of the Year" by Privata Affärer. Also the other "Enkla" products continued to develop very strongly. For example, 60,000 internet trading accounts ("Enkla depån") were opened since launch in December

2006. Mortgage margin pressure was fierce but decelerated during the year and in fact margins improved on new lending towards the end of the year. The focus on operational efficiency continued to yield result as costs decreased by 2 per cent.

Estonia, Latvia and Lithuania

The controlled slowdown of credit growth in the Baltic countries continued. Quarterly credit growth more than halved during the year and in the fourth quarter credit growth in Latvia was 1 per cent, in Estonia 3 per cent and in Lithuania 4 per cent. The slowdown reduced lending market shares, particularly in Latvia and Estonia, throughout the year. Meanwhile, sales of savings products developed very strongly across the Baltic countries, reflecting the strong long-term growth potential. For example, life insurance sales in Latvia increased by almost 300 per cent compared with 2006, while the market share was 48 per cent. Underlying customer growth continued at a solid pace with more than 210,000 new private customers and 20,000 new corporate customers gained during the year.

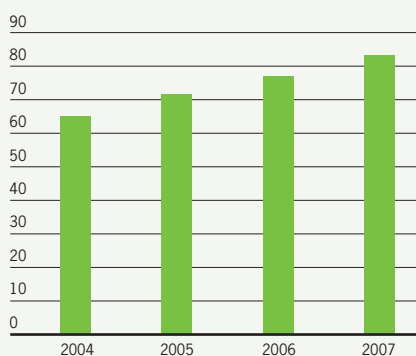
SEB Latvia and SEB Lithuania received approval from the

Operating profit by business area

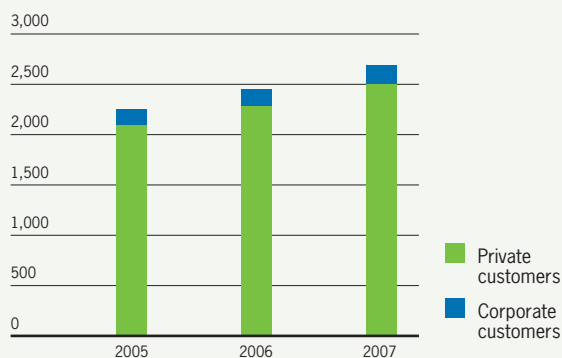
2007, per cent of total

**Number of small and medium-sized companies in Sweden**

Thousands, cash management customers

**Number of customers in the Baltic countries**

Thousands



The number of products per customer has increased from 1.5 in 2005 to 1.7 in 2007 for private customers and from 1.8 to 2.0 for corporate clients.

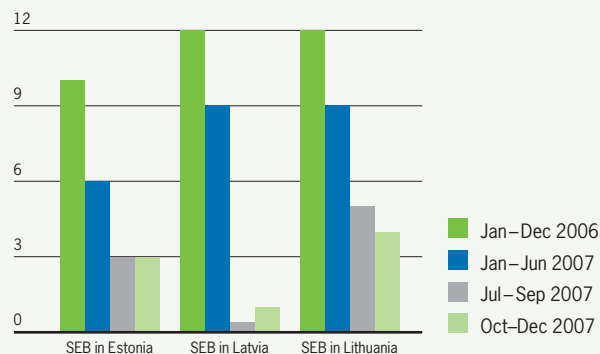
Swedish Financial Supervisory Authority to apply the Internal Rating Based approach for Basel II purposes starting 1 January 2008. During the fourth quarter, SEB's position in the region was confirmed by the award as "Bank of the year" in Estonia and Lithuania by The Banker. Earlier in 2007, SEB in Latvia was awarded "Best bank" by Euromoney. The collective provisioning based on growing lending volumes explained the division's higher net credit losses.

Germany

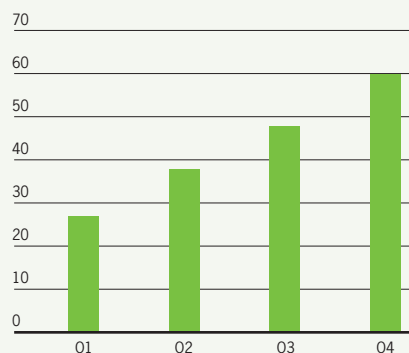
In Germany, the work to reach satisfactory profitability continued, with income growth, sales activity and customer growth developing favourably. The underlying development in areas such as life

Average quarterly growth rate of credit exposures

Per cent

**Number of internet trading accounts, Enkla depån**

Thousands of custody accounts, 2007



insurance sales and consumer lending volumes grew by 36 and 26 per cent respectively.

Card

Card's result increased by 7 per cent, adjusted for capital gains, as increased turnover (9 per cent) combined with flat cost development compensated for the higher funding costs during 2007. Strong focus was given to product development to safeguard the leading position for Nordic charge cards. Diners' and Eurocard's call centres received awards for best customer service in the Nordics and Sweden, respectively.

Increased business integration

Business integration continued throughout the year. Key initiatives included integration of the Swedish and Baltic back-office operations with SEB's Group-wide operations unit and re-branding of the Baltic operations. SEB Way is ongoing across the division. In Sweden and Germany, 50 and 80 per cent respectively of the branches have now completed their transformations. In addition, the work to co-ordinate the division's business development was initiated with the purpose to enhance customer offerings and improve efficiency. Near term, focus will be to implement best practices in a selected number of areas.

The solid underlying customer and business growth together with SEB's strong position in attractive areas such as Baltic savings products and SMEs, provide an attractive basis for future profit growth.

Wealth Management



Fredrik Boheman

Head of division

"We showed convincing strength capturing market share in an otherwise weak Swedish mutual fund market. To a large extent, this was thanks to our experienced staff, which provided our customers with sound advice during the uncertain second half of the year. Together with our portfolio of absolute return products and our geographically diverse and multi-channelling distribution, we have a strong position when the markets get tough. I feel that we are moving in the right direction and have a potential to strengthen our position further."

The Wealth Management division has two business areas:

- Asset Management, serving 2,500 institutional clients and foundations.
- Private Banking, serving 23,000 private clients and entrepreneurs.

The division offers a full spectrum of investment management (and advisory) services to institutions, life insurance companies, foundations and private individuals. The services include equity and fixed income, private equity, real estate and hedge fund management. Wealth Management has around 1,200 employees and manages approximately SEK 1,300bn of assets. The division's activities during 2007 covered 15 countries.

In 2007, major efforts have been made to improve SEB's global offerings and processes within the division. Restructuring and further expansion has been carried out. Several new alternative products have been launched during the year.

	2007	2006
Percentage of SEB's total income	13	12
Percentage of SEB's operating profit	15	15
Percentage of SEB's staff	6	7

Profit and loss account

SEKm	2007	2006	Change, per cent
Net interest income	843	644	31
Net fee and commission income	4,077	3,836	6
Net financial income	79	55	44
Net other income	86	60	43
Total operating income	5,085	4,595	11
Staff costs	-1,475	-1,440	2
Other expenses	-902	-801	13
Depreciation of assets	-63	-51	24
Total operating expenses	-2,440	-2,292	6
Profit before credit losses etc	2,645	2,303	15
Gains less losses on assets	-1	29	
Net credit losses	-7	25	
Operating profit	2,637	2,357	12
Cost/Income ratio	0.48	0.50	
Business equity, SEKbn	5.5	4.0	
Return on equity, %	34.5	42.4	
Number of full time equivalents, average	1,251	1,300	

Good profit despite uncertain market environment

The first half of 2007 showed strong investment performance, good new sales, growing assets under management and strong top line growth. The second half saw a dramatic shift in market sentiment and investment performance due to the credit market turmoil. Nevertheless, the division was able to maintain a stable underlying income and to attract new volumes.

Operating profit increased by 12 per cent. The result included performance and transaction fees of SEK 556m (465). Higher asset values and net sales generated increased income. Operating expenses increased by 6 per cent.

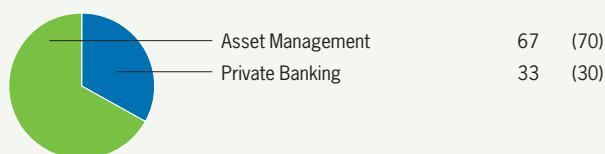
Asset Management's operating profit improved by 16 per cent, driven by an 11 per cent increase in net fee and commission income. Several new products were launched in 2007 which helped attract new money.

Sales within Private Banking almost doubled, to SEK 23bn (13), with a strong demand for alternative asset products. Brokerage income declined due to margin pressure and lower client trading activity. Operating profit was up by 5 per cent.

No 1 in net sales on the Swedish fund market

SEB managed to keep up strong net sales throughout the year, also during periods of uncertainty on the equity market. Annual net sales amounted to SEK 55bn (58), corresponding to 5 per cent of assets under management at the beginning of the year. The client shift to alternative asset products continued and SEB launched additional products in this area, attracting SEK 22bn in new volumes during 2007. Net sales of third-party funds increased in importance and grew to SEK 11bn (8). The units outside Sweden contributed 32 per cent (28) of total net sales.

Wealth Management in Finland had an exceptionally good year in terms of total net sales, especially within the institutional segment. SEB's market share of net sales more than doubled, to 11.2 per cent (4.4). In Denmark, net sales market share improved to 4.7 per cent (0.7). The market share for the real estate fund company SEB ImmoInvest rose to 9.1 per cent (8.2). In Sweden, SEB's net sales of own mutual funds amounted to SEK 14bn (18), compared with the total market which declined to SEK 19bn (70). This represents a record market share of 70 per cent (26) and a

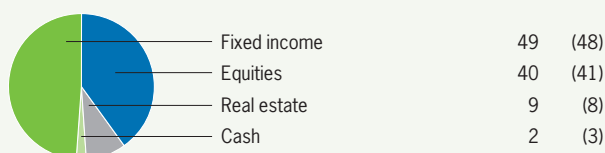
Operating result per business area**Assets under management**

Per country – the Wealth Management division
Total amount SEK 1,285bn

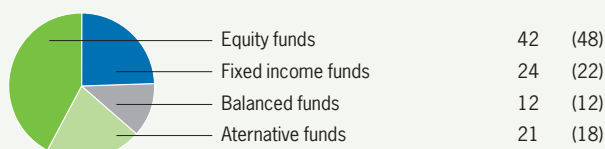


1) Other include Norway, the Baltic countries, Poland and Luxembourg

Per asset type – the Asset Management business area
Total amount SEK 1 023bn

**Mutual funds per product type**

Total amount SEK 514bn



number one position. The strong mutual fund sales were due to strong net sales through SEB Trygg Liv's distribution channels and to institutional clients.

Strong net sales increased the division's total assets under management by 8 per cent, to SEK 1,285bn (1,192).

Total mutual funds, including third-party mutual funds, increased its share of the division's assets under management and represented 40 per cent (39) of the total, corresponding to SEK 514bn (453).

The division's aggregate investment performance was adversely affected by the market situation. 49 (61) per cent of all portfolios and 54 (79) per cent of assets under management were ahead of their respective benchmarks.

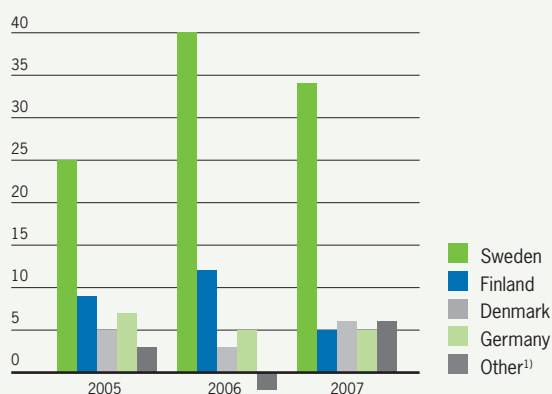
Average total Morningstar ratings was 3.22 (3.09) at year-end.

Customer in focus

During 2007, about 40 new products were launched or re-designed. Several of these were designed to meet the increased demand for alternative products, including real estate products.

Total net sales per year and country, the Wealth Management division, SEKbn

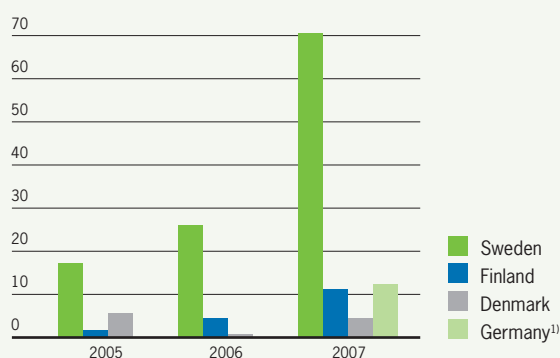
Total amount SEK 55bn in 2007



1) Other include Norway, the Baltic countries, Poland and Luxembourg

Market shares per country

Net sales mutual funds



1) No market share available for Germany until 2007, since the total market was negative for previous periods.

In order to facilitate the investment process for its customers SEB has launched a selected number of external and SEB funds in a new core offering, also available for unit-linked customers.

Wealth Management was ranked number one in the Prospera institutional client survey in Sweden, thus maintaining the same position as in the previous survey.

Going forward

The near future looks very uncertain in view of the recent market turmoil, but Wealth Management is well prepared for meeting challenging times.

The product offering is strong, especially in the alternative spectrum. The acquisition of KAM Group Limited (Key Asset Management) was finalised in January 2008, adding approximately SEK 20bn in assets under management. It will consolidate SEB's leading Nordic position in alternative investments. Significant income synergies are expected through the use of SEB's distribution capacity.

The SEB Way efficiency programme, which was implemented in the front office of Private Banking Stockholm during the fourth quarter, will intensify in other part of division during 2008.

Life



Anders Mossberg
Head of division

"Both the Swedish and Danish operations reported record results for 2007. We continued our expansion towards the east, establishing operations in Ukraine, where we sold our first life insurance policy at the end of the year. Our Ukrainian establishment marked the start-up of SEB's sixth life insurance market. Since we see the greatest growth potential in the East European markets right now we intend to expand strongly in these markets during the coming years."

The Life division is responsible for all of SEB's life insurance operations and is one of the leading Nordic life insurance groups. It consists of the business areas:

- SEB Trygg Liv (Sweden).
- SEB Pension (Denmark).
- SEB Life & Pension International.

The operations comprise insurance products within the area of investments and social security for private individuals and companies. The division has two million customers and is active in Sweden, Denmark, Finland, Ireland, Luxembourg, Great Britain, Estonia, Latvia, Lithuania and the Ukraine.

The main part of the traditional life insurance operations in Sweden are conducted in the mutually operated insurance company Gamla Livförsäkringsaktiebolaget SEB Trygg Liv and are therefore not consolidated with SEB Trygg Liv's result. In 2007, Nya Livförsäkringsaktiebolaget SEB Trygg Liv (Nya Liv) was merged with the unit-linked company Fondförsäkringsaktiebolaget SEB Trygg Liv. The traditional insurance portfolios from the former Nya Liv are kept separate in Fondförsäkringsaktiebolaget, constituting own collectives, and the capital yield and insurance risk result accrues to, or is charged to, the policyholders.

	2007	2006
Percentage of SEB's total income	10	9
Percentage of SEB's operating profit	11	10
Percentage of SEB's staff	6	7

Profit and loss account

SEKm	2007	2006	Change, per cent
Net interest income	-28	-15	87
Net life insurance income	3,958	3,471	14
Total operating income	3,930	3,456	14
Staff costs	-1 055	-1 008	5
Other expenses	-525	-474	11
Depreciation of assets	-548	-454	21
Total operating expenses	-2,128	-1,936	10
Operating profit	1,802	1,520	19
Change in surplus values, net	1,273	1,655	-23
Business result	3,075	3,175	-3
Change in assumptions	53	-72	
Financial effects of short-term market fluctuations	-62	528	
Total result	3,066	3,631	-16
Cost/Income ratio	0.54	0.56	
Business equity, SEKbn	7.5	7.0	
Return on equity, %			
based on operating profit	21.1	19.1	
based on business result	36.1	39.9	
Number of full time equivalents, average	1,206	1,280	

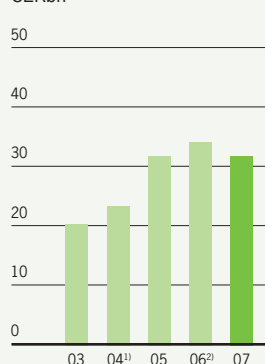
Profit growth supported by unit-linked strategy

Life's operating profit improved by 19 per cent, mainly as a result of higher average unit-linked fund values. The declining stock markets since the credit turmoil started have not significantly affected unit-linked fund values, nor income so far. The results for traditional life and risk products such as sickness insurance and care products developed largely as expected and were in line with last year. However, volatile investment markets and short-term interest rate trends negatively affected profits.

Operating expenses increased, chiefly due to investments in new markets and related volume growth. Excluding the effect of increased depreciation of deferred acquisition costs, expenses increased by 7 per cent. The number of staff was stable during the year, despite investments in growth markets. The focus on efficiency continued, especially in the more mature markets.

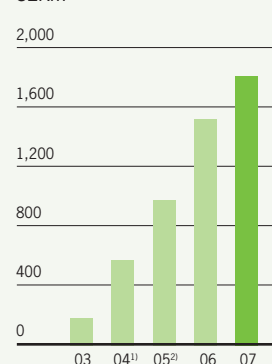
Unit-linked insurance remained the most important product group, representing 80 per cent of total sales. Corporate pension insurance accounted for 72 per cent (67). Total sales, weighted

Sales volume



1) Incl. SEB Pension Denmark from Q4 2004
2) Incl. The Baltic countries from 2006

Operating profit



1) Incl. SEB Pension Denmark from Q4 2004
2) Incl. The Baltic countries from 2005.

Volumes

	2007	2006
Sales volume (weighted), SEKm		
Traditional life and sickness/health insurance	8,923	8,104
Unit-linked insurance	35,416	39,597
Total	44,339	47,701
Premium income (SEKm)		
Traditional life and sickness/health insurance	8,129	8,226
Unit-linked insurance	18,241	22,856
Total	26,370	31,082
Assets under management (net assets), SEK bn		
Traditional life and sickness/health insurance	272.2	275.6
Unit-linked insurance	136.2	119.7
Total	408.4	395.3

volume, rose by 6 per cent compared with last year, excluding the effect of the legislative initiatives in Sweden, which stopped the high-volume product "Kapitalpension". Increased competition from new entrants reduced sales of corporate pension through the broker channel in Sweden, while sales of regular endowment policies increased in all channels. As a consequence, the sales margin on new business decreased slightly, to 23.7 per cent (24.5).

Sales in Denmark were somewhat higher than last year and premiums paid rose by 11 per cent. The Danish occupational pension market has grown by approximately 10 per cent annually since year 2000, while the private market has shown virtually zero-growth. SEB Pension's growth rate within occupational pension has been in the range of 15–18 per cent in recent years, and the company has increased its market share accordingly.

The Baltic subsidiaries are mainly focused on unit-linked insurance, but offer traditional insurance and sickness/disability insurance as well. 86 per cent of the sales volume is private- and 14 per cent corporate-paid.

Sales in the Baltic countries rose by 76 per cent. Sales of the Portfolio Bond in Sweden through SEB Life & Pension International grew, too. International showed a strong trend and increased its share of business volume to 10 per cent (7) in total. SEB sold its first life insurance policy in Ukraine.

Total premium income (premiums paid) amounted to SEK 26.4bn, compared with SEK 31.1bn last year. Excluding the effect of the legislative actions in Sweden including the transfer stop, premium income rose by SEK 3.1bn, or 14 per cent. The total value of unit-linked funds increased by 14 per cent, to SEK 136bn, compared with SEK 120bn last year. The positive trend is a result of increasing fund values, premium payments and a generally low level of surrenders. Total assets under management (net assets) increased by 3 per cent from last year, to SEK 408bn.

Traditional insurance in Sweden

The main part of traditional insurance business is run by Gamla Livförsäkringsaktiebolaget SEB Trygg Liv ("Gamla Liv"). The entity is operated according to mutual principles and is not consolidated with SEB Trygg Liv's result. Gamla Liv is closed for new business.

Traditional insurance business was also run by Nya Livförsäkringsaktiebolaget SEB Trygg Liv ("Nya Liv"), which in October 2007 was merged with Fondförsäkringsaktiebolaget SEB Trygg Liv. Previously, Nya Liv was operated according to mutual principles and not consolidated with SEB Trygg Liv's results. After the merger the result of this business – with respect to investment income and

Unit-linked insurance in Sweden, new business

Per cent



Source: The Swedish Insurance Federation statistics

Sales margin

SEKm	2007	2006
Sales volumes weighted (regular + single/10)	3,689	3,345
Present value of new sales (8% discount rate)	1,775	1,788
Selling expenses	-901	-970
Profit from new business	874	818
Sales margin, per cent	23.7	24.5
2007 is calculated for the total Division, 2006 is business area Sweden.		
The effect of Denmark and the Baltics:		
Sales volume weighted (regular + single/10)	845	
Profit from new business	224	
Sales margin new business, per cent	0.8	

Gamla Livförsäkringsaktiebolaget in Sweden

	2007	2006
Assets under management, net assets, SEKm	180,116	182,684
Result for the period, SEKm	8,238	17,455
Premium income, SEKm	2,122	2,219
Collective consolidation ratio ¹⁾ , retrospective reserve, %	114	122
Bonus rate, %	12	7
Solvency ratio ²⁾ , %	230	230
Capital base, SEKm	95,045	94,556
Required solvency margin, SEKm	3,573	3,659
Solvency quota ³⁾	26.6	25.8
Total return, %	2.8	11.1
Share of equities/equities exposure, %	42	43
Share of fixed income, %	45	45
Share of real estate, %	13	12

1) The collective consolidation ratio shows the company's assets in relation to its commitments to policyholders. The commitments include both guaranteed and non-guaranteed values.

2) The company's net assets (including equity and subordinated debts) in relation to the guaranteed commitments in the form of technical provisions.

3) Quota capital base / required solvency margin.

insurance risk – is still allocated to the policyholders. However, SEB guarantees the contractual benefits to the policyholders.

Risk and Capital Management

In providing its customers with financial solutions and products SEB assumes various risks that must be managed. The Group's profitability is directly dependent on its ability to evaluate, manage and price these risks, while maintaining an adequate capitalisation to meet unforeseen events.

As a consequence, risk management is always a prioritised area for the Group, continuously under development. Board supervision, an explicit decision-making structure with a high level of risk awareness among the staff, common definitions and principles, controlled risk-taking within decided limits and a high degree of transparency in external disclosures are the cornerstones of the Group's risk and capital management. To secure the Group's financial stability, risk and capital related issues are identified, monitored and managed early on. This is an integral part of the long-term strategic planning and operational business planning processes performed throughout the Group.

SEB views the macro economic environment as the major driver of risk to the Group's earnings and financial stability. SEB uses scenario stress testing to assess the consequences of a deteriorating economy and applies conservative risk parameters in its estimation of capital needs.

2007 highlights

2007 was a year of exceptional turbulence on the financial markets. The year closed in the midst of a crisis that was caused by a combination of factors:

- a sharp decline in the price of historically stable assets such as U.S. residential mortgages due to uncertainty about losses on the U.S. sub-prime market,
- a drying-up of liquidity in certain financial markets and
- an apparent loss of market confidence in bank disclosures and management capacity. This has forced banks to strive for a strong capitalisation and a stable and diversified funding base.

Drawing on its diversified funding network and strong financial position, SEB was able to finance its on-going business without paying undue costs. Actions during the year to maintain a strong balance sheet included the raising of core capital contribution securities, increased utilisation of covered bonds as a high-quality funding source and an increased match-funding requirement with respect to net cash inflows and outflows, well beyond the normal three-month horizon. Moreover, SEB upheld continuous and comprehensive communications with the market regarding its financial situation to keep the confidence of customers, investors and the general public.

The sharp decline in prices on fixed-income securities, particularly asset-backed securities and bonds issued by investment banks, reduced the value of SEB's holdings. The Bank posted mark-to-market losses on these portfolios during the second half of 2007. The turbulent market conditions triggered active risk-management actions such as restructuring of the portfolios. The Bank's strict investment criteria for its securities holdings ensured valuations of all its assets to the satisfaction of both auditors and supervisors; market prices were applied to all individual holdings without using any mark-to-model approach. Effects on the Group's profit and loss account and equity are treated in the Financial Review of this report, on pp 20–25.

Another area of public attention has been the economic situation

in the Baltic countries, with current account deficits, rapid credit growth and high inflation. Still, SEB has confidence in the long-term viability of the Baltic economies, and in the growth potential of the Group's business in Estonia, Latvia and Lithuania. To consolidate its own business and to avoid contributing to an overheating of the local economies, SEB has continued to tighten its credit policy and increased its focus on risk-based capitalisation and pricing. Based on an in-depth analysis and scenario stress testing of the current situation, SEB concludes that while lower earnings growth and higher credit losses are likely compared to the last few years as a consequence of the adjustment of the macro economic situation in the region to more sustainable levels, the Bank's Baltic business does not pose a threat to the Group's financial viability. The situation in each country is closely monitored.

During the year, SEB has updated its processes for allocation of internal capital to divisions and business units, and rolled-out a new generation of the Group's credit portfolio model. This will enhance the decision support tools and the information available for business units, as well as for the active portfolio management performed centrally.

Basel II going live

EU and national authorities are now implementing the Basel II capital adequacy rules; in Sweden the new regime is in effect since 1 February 2007. SEB from the start applies the Internal Ratings Based (IRB) approach for reporting of banking, corporate and household mortgage portfolios in Sweden and Germany – corresponding to more than 70 per cent of the total credit volume. This first step in the transition to Basel II reduced the overall risk-weighted assets (RWA) by some 17 per cent (before the effect of transitional floors). As concerns the Baltic operations, SEB has received approval to apply the IRB approach for retail, corporate and interbank exposures in Latvia and Lithuania, which correspond to 5 per cent of the total credit volume.

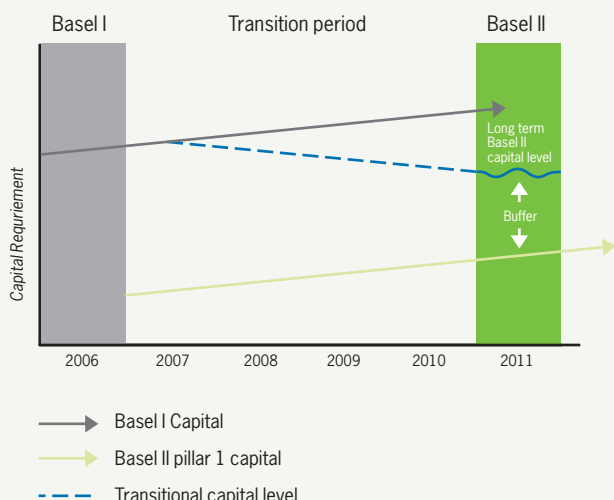
Regarding operational risk, SEB has applied for supervisory approval to report according to the advanced approach as it gets available from 2008. The application is based on SEB's long-time experience and expertise in operational risk management, including incident reporting, operational loss reporting, capital modelling, quality assessment of processes etc. Effective operational risk management will lower the regulatory capital requirement.

SEB continues to analyse and report the RWA and capital ratios according to both Basel I and Basel II. The quality of the Group's credit portfolio and the internal risk management culture translate into substantial RWA reductions for the Group – though limited by supervisory floors during the first years of the regime. In 2007, a 5 per cent RWA reduction is permitted; in 2008 and 2009 10 and 20 per cent respectively. However, this cannot be equated with a similar capital release, due to the framework's increased business cycle sensitivity, supervisory evaluation and rating agency considerations. Careful capital management will be necessary during the transition period (see graph on next page).

Risk organisation and responsibility

The Board of Directors establishes the overall risk and capital policy, strategy and limits, based on the review and recommendation of its Risk and Capital Committee, which in turn is supported by the work of the Group Asset and Liability Committee and the

Managing the transition period



Group Credit Committee. Credit granting is almost exclusively decided by the Group Credit Committee, with the exception of a few matters that are reserved for the Risk and Capital Committee of the Board. Each Committee has its own decision mandate.

The Board's Risk Policy and Capital Policy form the foundations of the Group's risk and capital management.

The Corporate Governance chapter on pages 42–51 describes the risk organisation and responsibilities, the roles of the Risk and Capital Committee of the Board, the Group Asset & Liability Committee, the Group Credit Committee and the Group Risk Control function.

Risk, risk management and risk control

SEB defines risk as *the possibility of a negative deviation from an expected financial outcome*. For overall risk quantification purposes SEB's Economic Capital framework establishes a uniform measure, as further described below.

Risk management includes all activities relating to risk-taking, risk mitigation, risk analysis, risk control and follow-up. To this end the Group has implemented processes and systems in order to identify, measure, analyse, monitor and report defined risks at an early stage. Internal control processes, which consist of rules, systems and routines, including follow-up of compliance therewith, ensure that the business is carried out in efficient and controlled forms.

Independent *risk control* comprises the identification, measurement, monitoring, stress testing, analysis, reporting and follow-up of risks, separate from the risk-taking functions.

Credit risk

Credit risk is the risk of loss due to the failure of an obligor to fulfil its obligations towards SEB.

The definition also encompasses counterparty risk in the trading operations, country risk and settlement risk. SEB pays special attention to the concentration of credit risk in particular sectors and to individual obligors.

Credit risk refers to all claims on companies, banks, public institutions and private individuals. The exposures consist mainly of loans, but also of contingent liabilities such as credit commitments, letters of credit, guarantees and counterparty risks arising in derivatives and foreign exchange contracts.

The credit policy of the Group is founded on the principle that all lending shall be based on credit analysis and be proportionate to the repayment capacity of the customer. The customer shall be known to the Group in order to evaluate both capacity and character. Depending upon the customer's creditworthiness and the nature and complexity of the transaction, collateral and netting agreements are used to a varying extent.

All counterparties (excluding private individuals) on whom the Group has credit exposure are assigned an internal risk class that reflects the risk of default on payment obligations. The risk classification scale has 16 classes, with 1 being the best possible risk and 16 being the default class. Risk classes 1–7 are considered "investment grade", while classes 13–16 are classified as "watch list". SEB uses the risk classes for decisions on credit limits and for monitoring and managing the credit portfolio.

In order to manage the credit risk on each individual customer or group of customers, a total limit is decided, reflecting the maximum exposure that the Group currently accepts, given the customer's financial status and existing business relations. Limits are also established for the total exposure on various countries and for settlement risks in trading operations.

All total limits and risk classes are subject to a minimum of one review annually by a credit approval authority. High-risk exposures (risk classes 13–16) are subject to more frequent reviews in order to identify potential problems at an early stage, thereby increasing the chances of finding constructive solutions.

Credit portfolio monitoring

The aggregate credit portfolio is reviewed regularly, e.g. by industry, geography, risk class, product type, size etc. In addition, specific analyses and stress tests are made when market developments require a more careful examination of certain sectors.

Credit portfolio – by category

In total SEK 1,552bn



For details about Credit exposure see Note 44.

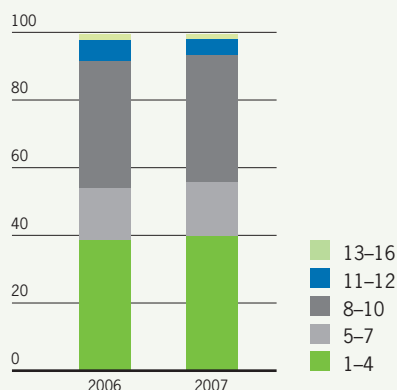
Credit portfolio – geographical distribution

In total SEK 1,552bn



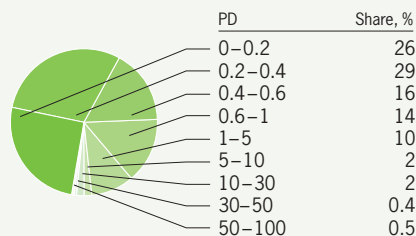
Credit portfolio – by risk class, excl. households, %

In total SEK 1,118bn



IRB-reported household mortgages (SEK 264bn)

Probability of default (PD) distribution



SEB's total credit exposure, including contingent liabilities and derivatives contracts but excluding bonds and repos, amounted to SEK 1,552 bn (1,315), of which loans and leasing amounted to SEK 1,113 bn (937).

Lending to the corporate sector showed strong growth, particularly in the Nordic countries. Lending to credit institutions increased by SEK 83 bn to SEK 263 bn. Lending to households grew by 16 per cent, mainly due to new mortgage lending volumes. The Baltic banks' lending growth decelerated significantly during the year, particularly in Estonia and Latvia. Credit quality remained strong in the Nordic markets, while there were some early signs of weaker asset quality in the Baltic banks. In the German operations, some improvement in asset quality has been recorded.

Credit risk quantification

The economic capital framework represents yet another dimension for follow-up of the portfolio. The methodology is based upon the following three components, aligned with the Basel II framework for credit risk:

1. Probability of default (PD). For each class in the risk classification scale SEB estimates a one year probability of payment default, using ten years' internal history of defaults. SEB's PD estimates are made "through the cycle", meaning that today they include an upward adjustment to allow for a worsening economic climate in the future. The estimates are aligned against the scales of international rating agencies and their published default frequencies.

For private individuals, a scoring method is used to assign loans to pools of similar transaction type and sharing

Impaired loans and reserves

SEKbn	2007	2006
Non-performing, gross	7,619	7,123
Performing, gross	772	1,403
Impaired loans, gross ¹⁾	8,391	8,526
Specific reserves	-3,787	-4,234
Collective reserves	-2,602	-2,170
Off-balance sheet reserves	-209	-215
Total reserves	-6,598	-6,619
Impaired loans, net	1,793	1,907
Reserve ratio, %	76.1	77.7
Specific reserve ratio, %	45.1	49.7
Level of impaired loans, %	0.18	0.22

1) Individually impaired loans.

A loan is classified as impaired when it is probable that the contractual payments will not be fulfilled. Each loan specifically provided for is included in impaired loans with its full amount i.e. even the portion covered by collateral.

For further information see note 44.

Probability of default for SEB risk classes

	Risk classes	Lower PD	Upper PD
Investment grade	1-4	0.00%	0.08%
	5-7	0.08%	0.32%
On-going business	8-10	0.32%	1.61%
	11-12	1.61%	5.16%
Watch list	13-16	5.16%	100.00%

Credit exposure¹⁾, Emerging markets

SEKbn	31 dec 2007	31 Dec 2006
Asia	10.0	8.2
China	3.9	3.0
Hong Kong	2.2	2.1
Korea	1.2	1.0
India	1.1	0.8
Latin America	1.9	1.4
Brazil	1.3	0.8
Eastern and Central Europe	9.2	5.2
Russia	5.2	2.6
Africa and Middle East	2.5	4.0
Saudi Arabia	0.4	0.6
Total – gross	23.6	18.8
Reserve	0.1	0.3
Total – net	23.4	18.5

1) Exposure on the domestic market for the Baltic subsidiary banks has been excluded from the table

similar likelihood of default. Conservatively adjusted historical default data are then used to estimate the one year "through the cycle" default rate for each pool.

2. Size of exposure in the event of a default (EAD). Exposure is measured both in nominal terms (e.g. in the case of loans, leasing, letters of credit and guarantees) and through estimated market values, plus an increase for possibly increased exposure in the future (derivatives and foreign exchange contracts).

3. Loss in the event of a default (LGD). Evaluation of how much the Group could lose of an outstanding claim in case of default, considering collateral provided etc. Evaluations are based upon internal and external historical experience and the specific details of each relevant transaction.

These components are combined and used in a portfolio model, taking into account industry and geographic diversification as well as large-name concentrations when the credit risks are aggregated. Key risk drivers, such as probability of default and loss in the event of a default, are the same as estimated in the Basel II programme; also the portfolio model itself has been revised during the year to more closely follow the framework used in that programme.

Market risk

Market risk is the risk of loss or reduction of future net income following changes in interest rates, foreign exchange and equity prices, including price risk in connection with the sale of assets or closing of positions.

The Group Asset and Liability Committee allocates the market risk mandate set by the Board to each division which, in turn, allocates the limits obtained among its business units.

SEB makes a clear separation between market risks in the trading book and the banking book. Market risks in the trading book arise from the Group's role as a market maker for trading in the international foreign exchange, money and capital markets following transactions with customers and other professional market participants. The risks are managed at the different trading locations within a comprehensive set of limits in VaR, stop-loss and delta-1 terms, with a supplementary limit structure for non-linear risks. The risks are consolidated each day on a Group-wide basis by Risk Control for reporting to the Executive Management. Risk Control is present in the trading room and monitors limit compliance and market prices at closing, as well as valuation standards and the introduction of new products.

Market risks in the banking book arise because of mismatches in currencies, interest rate terms and periods in the balance sheet. Group Treasury has the overall responsibility for managing these risks, which are consolidated centrally through the internal funds transfer pricing system. Small market risk mandates are granted to subsidiaries where cost-efficient, in which case Group Treasury is represented on the local Asset and Liability Committee for co-ordination and information sharing. The centralised operations create a cost-efficient matching of liquidity and interest rate risk in all non-trading related business.

The Group uses an internally developed Value at Risk (VaR) model to measure its overall market risk. This statistical method expresses the maximum potential loss that can arise with a certain degree of probability during a certain period of time. For day-to-day risk management, SEB has chosen a probability level of 99 per cent and a ten-day time horizon. Since 2001 SEB holds a supervisory approval to use its internal VaR model for calculating capital requirements for the majority of the Bank's trading book market risks.

The following tables summarise ten-day VaR for SEB during the year. The levels were considerably higher during the second half of 2007 than during the first, as a consequence of the turmoil on the financial markets. Average trading VaR during the year was SEK 92m, compared with 96m during the year 2006. Even

though market volatility has increased, equity trading VaR decreased during the fourth quarter as a result of reduced positions. The increase in interest rate trading VaR over the last few months of the year reflects both higher market volatility and increased positions.

Value at Risk, Trading book

SEKm	Min	Max	31 Dec 2007	Average 2007	Average 2006
Interest risk	28	233	119	64	63
Currency risk	4	83	30	21	30
Equity risk	17	243	70	75	48
Diversification			-66	-68	-45
Total	36	281	153	92	96

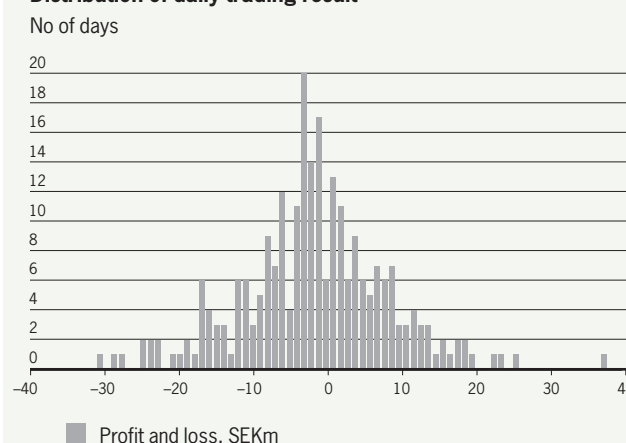
Banking book VaR has during the year been affected by the higher market volatility, but SEB has also reduced the interest rate risk in its German portfolios.

Value at Risk, Banking book

SEKm	Min	Max	31 Dec 2007	Average 2007	Average 2006
Interest risk	138	402	199	251	411
Currency risk	0	69	51	25	31
Equity risk	11	151	30	47	7
Diversification			-83	-63	-36
Total	120	416	197	260	413

The following graph displays daily trading results during the year. SEB uses these data to backtest the accuracy of the risk model, verifying that actual loss has not exceeded the VaR level during significantly more than one per cent of the trading days.

Distribution of daily trading result



The use of VaR is supplemented with measures of interest rate and credit spread sensitivity, foreign exchange exposure and option activities. Scenario analyses and stress tests are made on a regular basis. For example, existing positions are analysed in historical or potential market crisis scenarios and risk levels in the portfolio are assessed without diversification effects.

Credit spread risk

For fixed income securities held in available-for-sale (AFS) or trading portfolios the possibility of issuer default implies a value risk which can come into effect long before any payment default occurs (if it ever does). During 2007, SEB has seen this risk materialise, with associated value drops in AFS portfolios of SEK 698m, and a reduction of net financial income by SEK 1,769m.

While for capital adequacy reporting the credit spread risk is reported as market risk, it is classified as part of credit risk in SEB's economic capital framework.

Analysis of net interest income

Net interest income (NII) is exposed to external factors such as yield curve movements and competitive pressure. The NII risk depends on the overall business profile, especially mismatches between interest-bearing assets and liabilities in terms of volumes and repricing periods. The NII is also exposed to a "floor" risk. Asymmetries in pricing of products (deposit rates cannot really go below zero) create a margin squeeze in times of low interest rates, making it relevant to analyse both "up" and "down" changes.

The Group measures the NII risk as the potential change in income, over a pre-defined period, from a standardised shift in the yield curve. The NII risk should be kept within the limit set by the Board. As per year-end, the one-year effect of a one per cent "up" scenario was SEK +84m (-551), and SEK -442m (+488) for an equal-size "down" scenario.

Further information on interest rate sensitivity can be found in Note 43, which exposes repricing periods for the Group's assets and liabilities. Monitoring and management of the NII risk gives a performance-oriented view and supplements the value-based perspective given by the VaR measure described above. However, the NII sensitivity to interest rate changes will often be offset by changes in other revenue items such as net financial income. This is particularly true for hedges involving interest-related derivatives, where the net interest income is accounted for under net financial income.

Foreign exchange risk

Foreign exchange risk arises both through the Bank's foreign exchange trading in international market places and because the Group's activities are carried out in various currencies. While foreign exchange trading positions are measured and managed within the overall VaR framework, including supplementary stop loss and currency exposure limits, the Group separately measures and manages the structural foreign exchange risk inherent in the structure of the balance sheet and earnings. Examples are net investments in subsidiaries outside Sweden when the corresponding financing is not made in the currency of the share capital; and the translation risk of accrued income in foreign currencies. Within the limit set by Group ALCO, Group Treasury manages the structural foreign exchange positions.

Equity price risk

Equity price risk arises within market making and trading in equities and related instruments. VaR is the most important risk and limit measurement for equity risks. In addition, equity risk

measurements defined by the Swedish capital adequacy rules are used both for limits and follow-up.

Insurance risk

Within life operations SEB's sales focus is on unit-linked, which represented approximately 80 per cent of total sales in 2007. This means that the market risk stays with the policyholder. There are, however, certain elements of risk in economical terms for the Bank as regards the future surplus values elimination.

The value contribution from life insurance operations is analysed in terms of surplus values (see Note 51) – i.e. the present value of future net income on previously written insurance.

Life insurance surplus value risk is the risk that estimated surplus values cannot be realised, due to slower than expected asset growth, cancellations or unfavourable price/cost development.

Furthermore, life insurance operations are exposed to the risk of shifts in mortality rates. Lower rates lead to more long-term pension commitments, whereas higher rates result in higher death claims.

The surplus value risk level is closely associated with the aggregate savings volume. The following chart shows the risk components:

Components of life insurance surplus value risk in SEB

Per cent



Guaranteed-benefit life insurance portfolios give rise to a mismatch risk between assets and insurance liabilities.

Life insurance liability risk is the risk that growth in assets held to secure future payments is insufficient to meet policyholder claims.

The insurance liability risk is negligible in unit-linked portfolios, while it is more pronounced in SEB Pension's operations.

The Swedish FSA uses a "Traffic Light System", focussing on the mismatch risk between assets and liabilities. A similar system has been in use in Denmark for several years, thus affecting SEB's Danish operations. These systems constitute supervisory tools to identify insurance companies, for which a closer analysis of assets versus liabilities is needed. None of SEB's Swedish and Danish companies are identified for such analysis, using the supervisory-defined measures for life insurance companies.

The surplus values and the financial risks regularly reported by the division form the basis of risk measurement. Life insurance risks are controlled with the help of so-called actuarial analysis and stress tests of the existing insurance portfolio. Mortality and morbidity risks are reinsured against large individual claims or against several claims caused by the same event. The risks in guaranteed-benefit products are mitigated through standard

market-risk techniques and monitored through scenario analysis.

The Group also operates, on a run-off basis, a reinsurance non-life business with a limited risk to SEB's shareholders.

Operational risk

Operational risk is the risk of loss due to external events (natural disasters, external crime, etc) or internal factors (e.g. breakdown of IT systems, mistakes, fraud, non-compliance with external and internal rules, other deficiencies in internal controls).

Operational risks include legal risks, which the Group strives to reduce, e.g. when establishing the terms and conditions that apply to various products and services.

SEB has developed several Group-wide techniques to identify, analyse, report and mitigate operational risk. Key indicators serve as early warning signals about changes in risk level and business efficiency. The divisions perform self-assessment of the operational risk both on a regular basis and on new or changed products, processes or services.

Specifically, SEB uses an IT-based infrastructure for management of operational risk, security and compliance. The system enables all staff in the Group to register risk-related issues and management at all levels to assess, monitor and mitigate risks and to compile prompt and timely reports. This facilitates management of risk exposures and minimises the severity of incidents in progress.

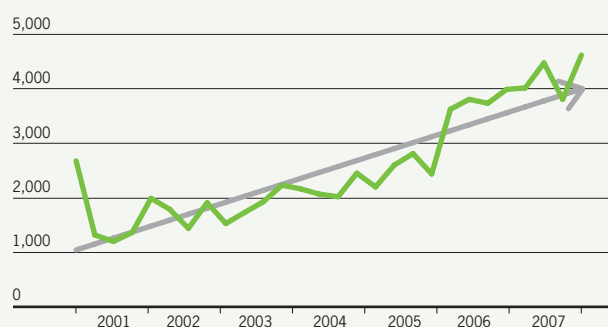
The system also provides input to SEB's model for calculating the capital requirement under the Advanced Measurement Approaches (as detailed in SEB's February 2007 application to use the model for regulatory reporting). This model, which is used also for economic capital, is based on internal data and on operational losses of a considerable size that have actually occurred in the global financial sector. The quality of the risk management of the divisions, based upon their self-assessment, is taken into account. Effective operational risk management results in a lower allocation of capital.

Business and strategic risk

Business risk is the risk of lower revenues due to reduced volumes, price pressure or competition.

SEB measures business risk as the variability in income and cost that is not directly attributable to other types of risk. Business risk

SEB operating profit, net of trading result and credit losses
Quarterly 2001–2007, SEKm



also includes reputational risk, the risk that revenues drop due to external rumours about either SEB or the industry in general. A specific case of business risk is venture risk, related to undertakings such as acquisitions, large IT projects etc.

Quantification of business risk is a way to assess the volatility in operational profit, net of credit losses and trading result, as illustrated in the chart to the left below.

Furthermore, SEB defines strategic risk as the risk of loss due to adverse business decisions, improper implementation of decisions, or lack of responsiveness to political, regulatory and industry changes. Being close in nature to business risk, this risk type focuses on large-scale, structural risk factors.

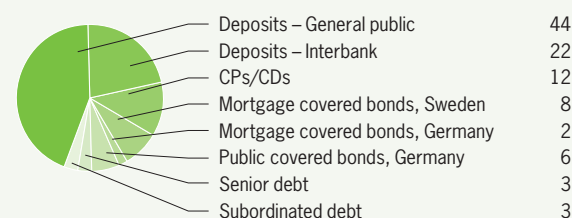
Liquidity risk and financing

Liquidity risk is defined as the risk of a loss or substantially higher costs than calculated due to the SEB Group being forced to make business changes or borrow at unfavourable rates in order to meet its payment commitments on time.

The Group maintains sufficient liquidity to meet current payment obligations while keeping extra capacity for unforeseen events. Deposits from households and corporate customers constitute the most important funding source of the Group. Furthermore, the Group has access to the international money and capital markets for financing over a range of maturities. In order to reduce the liquidity risk, the Group has diversified its financing by tapping several geographical areas and by using various instruments and currencies:

Funding structure, SEB Group, December 2007

Per cent (SEK 1,617bn)



Over collateral within covered pools SEK 89bn, which may be used for further covered bond issuance.

As a complement, payment capacity is ensured through the holding of a sufficiently large volume of liquid assets, e.g. in the form of bonds that can be pledged in the central banks and thus transformed into liquid funds with immediate effect. SEB's liquidity policy requires the maintenance of a highly rated liquidity reserve, equivalent to at least 5 per cent of total assets. During 2007 as well as in previous years, SEB's treasury portfolios, consisting of liquid securities in euros, US dollars and other major currencies, have accounted for about 15 per cent of total assets.

Liquidity is measured and reported using techniques such as short-term pledging capacity, analysis of future cash flows, scenario analyses and key ratios within the balance sheet. The Group uses liquidity limits for its operational control and establishes targets for the maximum exposure accepted from large interbank counterparties.

By setting targets for its short-, medium- and long-term borrowing in relation to its lending, the Group aims to create balance

sheet stability. Liabilities due within three months should be fully funded with assets that are available within the same time horizon. The ratio between stable liabilities (including equity) and illiquid assets should always be above 70 per cent; the average level during the year was 102 per cent.

Liquidity management also includes a contingency plan to ensure that even very strained liquidity situations can be handled in a satisfactory manner. The Group's presence in the international markets via its own international network is an important part of the contingency plan.

2007 liquidity situation

The strained financial markets during 2007 have demonstrated the strength of SEB's funding strategy. Drawing on its diversified funding network and strong financial position, the bank has not found any difficulty to finance its on-going business. In order to ensure robust liquidity during turbulent times, SEB has gradually increased the average maturity profile of its funding so that the match-funding of net cash inflows and outflows was well beyond the normal three-month horizon at year-end.

The mortgage bonds issued by SEB Bolån were converted into covered bonds (säkerställda obligationer, Swedish Covered

Bond Act 2004) at the end of March 2007. This has further strengthened the Group's funding capability. It has been evident that Swedish covered bonds have maintained their status as a robust form of funding also in more challenging market conditions. Through its German operations, the Group has for many years been able to issue German public and mortgage covered bonds (Pfandbriefe).

By the end of December 2007 the Group's spare capacity to issue covered bonds amounted to SEK 89bn.

SEB's presence in the Euro area makes a large share of its liquidity portfolio eligible for pledging at the European Central Bank, something which is valuable for efficient liquidity operations.

All in all, SEB has been able to pursue its business in the stressed markets from a position of strength, seizing funding opportunities to secure extra liquidity, while avoiding sources that – at least temporarily – cannot be tapped without paying undue cost.

Asset and liability management

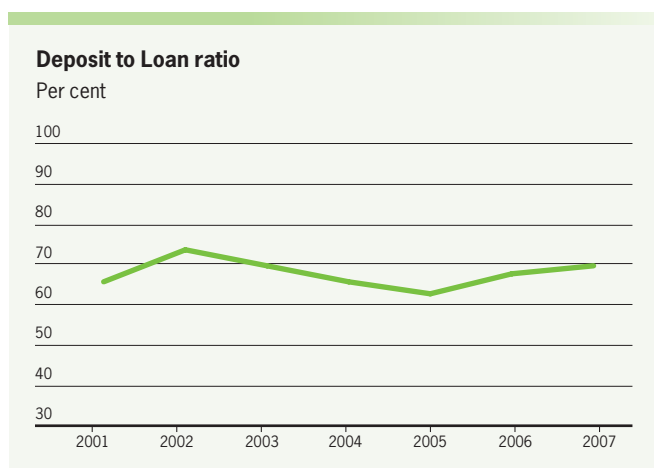
The Group's Treasury function is responsible for analysis and management of the balance sheet of the Group. This includes the following:

- Management of structural interest and foreign exchange risks
- Cost-effective funding of balance sheet assets, including an on-going analysis of net interest income earned
- Analysis, measurement and planning to ensure Group liquidity
- Capital management, including supporting analysis and long-term planning.

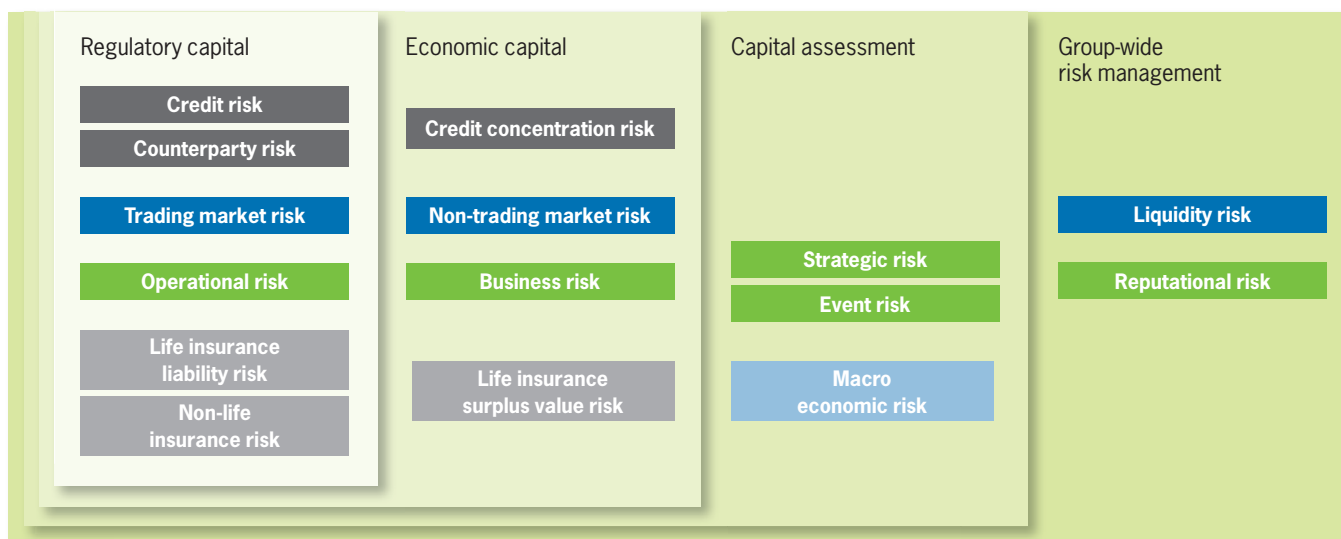
Economic capital – CAR

Good risk management notwithstanding, the Group must keep capital buffers against unexpected losses. The regulatory capital requirements serve as one measure of the necessary capital buffer to meet these risks. Requiring a more precise and risk-sensitive measure for internal capital assessment and performance evaluation, SEB uses an economic capital framework.

This framework assesses how much capital is needed to carry



SEB risk taxonomy



out various business activities. The greater the risk – granted that all business is pursued within strong internal control procedures – the larger risk buffer is needed. This capital need constitutes SEB's Economic Capital and is based on a Capital at Risk (CAR) model.

Average and reasonably expected losses are regarded as an operational expense. The estimation of risk capital requirements is focused on unexpected losses. The quantification is based on statistical probability calculations for various types of risk on the basis of historical data and a probability level of 99.97 per cent over 12 months, representing the capital requirements for a AA-rating.

Due to diversification effects when aggregating risks across divisions, the Group's total capital requirement becomes considerably lower than if the divisions were independent legal units. The Group's total economic capital was SEK 66.6bn (52.8) at the end of 2007. The increase is mainly derived from expanding business volumes but also – as noted above – reflects the introduction and calibration of a new generation of SEB's credit portfolio model.

The following table shows the size of the risk components at the end of 2007 and the diversification effect.

Risk type	SEKm
Credit risk	55,300
Market risk	2,800
Insurance risk	15,100
Operational risk	6,000
Business risk	8,800
Diversification	-19,800
Total economic capital	66,600

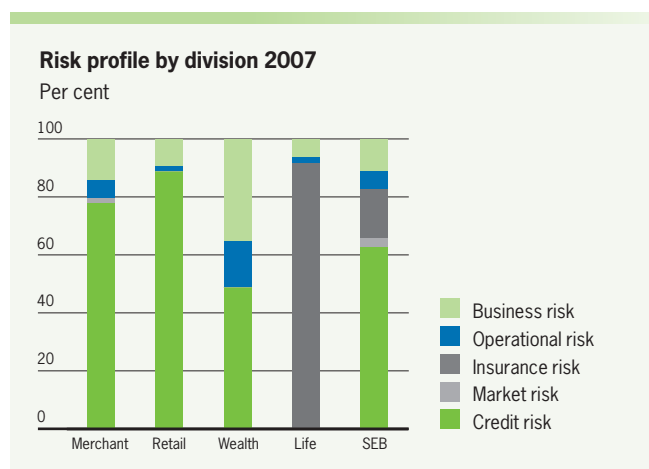
The "insurance risk" above includes the surplus value risk. In consequence, insurance surplus values are included in the Group's overall loss absorption capacity, when setting a target for the economic capital level.

Risk-based management and performance evaluation

Allocation of capital to divisions is an integral part of the regular planning process. The analysis is based upon actual and planned business volumes, and follows the methodology used for the Economic Capital framework. During the year the process has been enhanced to re-use the investments made in, and the increased understanding of capital issues created by, the Group's Basel II programme.

Profitability is measured by relating reported result to allocated capital, which makes it possible to compare the risk-adjusted return of the Group and its divisions. Risk-adjusted measurements are also used as a basis for pricing certain transactions and services.

The risk profile of each division, as illustrated in the following chart, is a fundamental input to the allocation process.



Capital assessment process

The Group's capital policy defines how capital management should support the business goals. Shareholders' return requirements shall be balanced against the capital requirements of the regulators, the expectations of debt investors and other counter-parties as regards SEB's rating, and the economic capital that represents the total risk of the Group. Stress scenario testing is used to assess an extra safety margin over and above the formal capital model requirements – covering e.g. the potential of a sharp decline in the macro-economic environment.

The Chief Financial Officer is responsible for the process, linked to overall business planning, to assess capital requirements in relation to the Group's risk profile, and to propose a strategy for maintaining the capital levels. Together with continuous monitoring, and reporting of the capital adequacy to the RCC and the Board, this ensures that the relationships between shareholders' equity, economic capital, regulatory and rating-based requirements are managed in such a way that SEB does not jeopardise the profitability of the business and the financial strength of the Group.

Capital is managed centrally, meeting also local requirements as regards statutory and internal capital.

Corporate Governance within SEB

Swedish Code of Corporate Governance

SEB applies the Swedish Code of Corporate Governance (Bolagsstyrningskoden). No deviations have been made from the provisions of the Code.

The Corporate Governance Report has not been reviewed by the auditors.

Clear distribution of responsibilities

The ability to maintain confidence among customers, shareholders and other stakeholders is of vital importance for SEB. An essential factor in this context is a clear and effective structure for responsibility distribution and governance, thus avoiding e.g. conflicts of interest. SEB attaches great importance to the creation of clearly defined roles for officers and decision-making bodies within credit-granting, corporate finance activities, asset management and insurance operations, for example.

The structure of responsibility distribution and governance comprises:

- Annual General Meeting (AGM)
- Board of Directors
- President/Chief Executive Officer
- Divisions, business areas and business units
- Staff and Support functions
- Internal Audit, Compliance and Risk Control.

The Board of Directors and the President perform their governing and controlling roles through several policies and instructions, the purpose of which is to clearly define the distribution of responsibility. The Group's credit instruction, instruction for the

handling of conflicts of interest, ethics policy, risk policy, instruction on measures to prevent money laundering, Code of Business Conduct and the Corporate Social Responsibility policy are of special importance.

Annual General Meeting

Shareholders' influence is exercised at the Annual General Meeting (AGM), which is the highest decision-making body of the Bank. All shareholders, registered in the Shareholders' Register and having notified their attendance properly, have the right to participate in the Meeting and to vote for the full number of their respective shares. A shareholder who cannot participate in the Meeting can be represented by proxy.

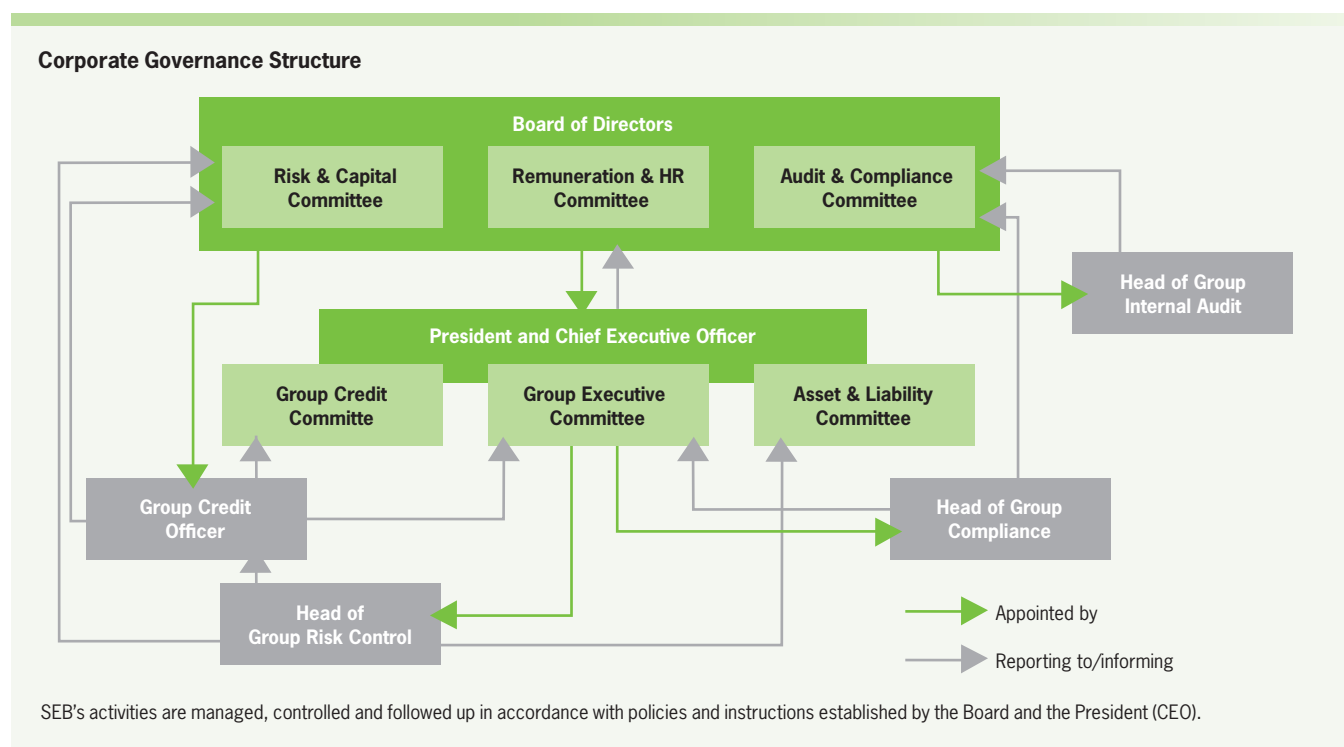
Amongst other things the AGM decides on changes in the Articles of Association and on the allocation of the Bank's profit, appoints Board members, decides on the discharge from liability for the Board members and the President, decides on remuneration for the Board and approves the principles for remuneration to the President and Group Executive Committee.

The 2007 AGM was held in Swedish and simultaneously interpreted into English. The minutes from the Meeting can be found on the Bank's website.

SEB's major shareholders and shareholder structure as per 31 December, 2007, appear from the tables on page 43.

Nomination Committee

According to a decision of the 2007 AGM, the members of the Nomination Committee for the 2008 AGM were appointed during the autumn of 2007. Four of the Bank's major shareholders have



Shareholder structure

Percentage holdings of equity on 31 December 2007

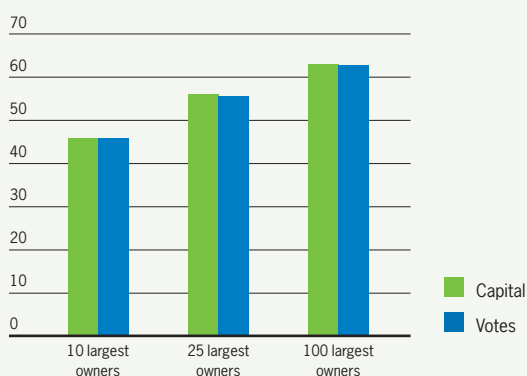


The majority of the Bank's approximately 300,000 shareholders are private individuals with small holdings.

Source: SIS Ågarservice

Ownership concentration

Largest owners' share of capital and votes, per cent



Source: SIS Ågarservice

appointed one representative each who, together with the Chairman of the Board, forms the Nomination Committee. These four representatives are: Petra Hedengran, Investor, Chairman of the Nomination Committee, Hans Mertzig, Trygg Foundation, Staffan Greffäck, Alecta and Torgny Wännström, AFA Försäkring. The composition of the Nomination Committee was announced on 27 September 2007.

The task of the committee is to prepare proposals for Chairman of the AGM, for the number of Board members, for remuneration to the Board of Directors and the auditors, for Board members and Chairman of the Board, for the distribution of the remuneration between the Board members, as well as for committee work, for auditor for the period up to and including the AGM 2012 and for rules for the Nomination Committee for the AGM 2009, to be presented at the AGM for decision.

The size and composition of the Board of Directors should be such as to serve the Bank in the best possible way. This means that the Directors' broad experience from, and knowledge about, the financial and other sectors, their international experience and strong network of contacts should meet the demands that the Bank's position and future orientation call for. The result of the internal evaluation of the Board of Directors and its members forms part of the material used by the Nomination Committee. If necessary, the Nomination Committee will use external advisors.

Since the 2007 AGM the Nomination Committee has held six meetings and been in contact between the meetings. An account for the way in which the Nomination Committee has performed

The largest shareholders¹⁾

December 31, 2007	No. of shares	Of which Series C shares	Per cent of number of all shares	Per cent of all votes
Investor AB	137,527,895	2,725,000	20.0	20.4
Trygg-Foundation	65,677,962	0	9.6	9.9
Alecta	24,478,611	733,611	3.6	3.6
Swedbank Robur Funds	18,189,030	0	2.6	2.7
AFA Försäkring	17,193,326	875,560	2.5	2.5
SHB/SPP Funds	13,336,048	0	1.9	2.0
SEB Funds	10,463,138	0	1.5	1.6
Wallenberg foundations	10,330,389	5,871,173	1.5	0.8
Nordea Funds	9,319,136	0	1.4	1.4
Skandia Liv	7,980,752	3,456,167	1.2	0.7
SHB	7,591,938	1,271,836	1.1	1.0
Andra AP-fonden	6,815,335	0	1.0	1.0
Fjärde AP-fonden	6,730,077	0	1.0	1.0
SEB-Foundation	6,715,993	105,000	1.0	1.0
Första AP-fonden	5,719,046	0	0.8	0.9
Foreign shareholders	160,057,954	1,797,727	23.6	24.2

1) Excluding SEB as shareholder through repurchased shares to hedge employee stock option programme and for capital management.

Source: SIS Ågarservice

its work is found on the website of the Bank and will be presented at the 2008 AGM. No special compensation has been paid to the members of the Nomination Committee.

Board of Directors

The Board members are appointed by the shareholders at the AGM for a term of office of one year, until the next AGM. In accordance with the Corporate Governance Code, the Chairman of the Board was also appointed by the 2007 AGM for a term of office until the end of the next AGM.

During 2007, the Board of Directors has consisted of ten members, without any deputies, elected by the AGM and of two members and two deputies appointed by the employees. In order for the Board to form a quorum, at least half of the members must be present. The President is the only Board member elected by the AGM who is equally an SEB employee. All other Board members elected by the AGM are considered to be independent in relation to the Bank and its Management. With the exception of Marcus Wallenberg and Jacob Wallenberg, who are not considered to be independent in relation to the shareholder Investor AB, all Board members are considered to be independent in relation to major owners. Independent Board members are defined as those who have no essential connections with the Bank, its Management or major shareholders (holding 10 per cent or more of the shares or votes) besides being Board members. The composition of the Board of Directors as from the 2007 AGM appears from the table on page 44 and information on the members is found on pages 126–127.

The Board of Directors has adopted Rules of Procedure that regulate the role and working forms of the Board as well as special instructions for the committees of the Board. The Board has the overall responsibility for the activities carried out within the Bank and the Group and thus decides on the nature, direction, strategy and framework of the activities and sets the objectives for the activities. The Board regularly follows up and evaluates the operations in relation to the objectives and guidelines established by the Board. Furthermore, the Board has the responsibility to ensure that the activities are organised in such a way that the

Board of Directors as from the 2007 Annual General Meeting

Name	Elected	Position	Risk and Capital Committee	Audit and Compliance Committee	Remuneration and HR Committee	Total remuneration, SEK	Presence Board Meetings	Presence Committee Meetings
Marcus Wallenberg	2002	Chairman	●	●	●	2,600,000	100%	100%
Tuve Johannesson	1997	Deputy Chairman			●	705,000	92%	100%
Jacob Wallenberg	1997	Deputy Chairman				530,000	92%	
Penny Hughes	2000	Director			●	785,000	92%	100%
Urban Jansson	1996	Director	●			895,000	92%	100%
Steven Kaempfer	2007	Director		●		610,000	100%	100%
Hans-Joachim Körber	2000	Director				435,000	83%	
Jesper Ovesen	2004	Director	●			725,000	100%	100%
Carl Wilhelm Ros	1999	Director		●		785,000	100%	86%
Annika Falkengren	2006	Director, President and CEO	●			–	100%	100%
Ulf Jensen	1997	Director appointed by the employees				–	92%	
Göran Lilja	2006	Director appointed by the employees				–	100%	
Göran Arrius	2002	Deputy Director appointed by the employees				–	92%	
Magdalena Olofsson	2003	Deputy Director appointed by the employees				–	92%	
						8,070,000		

● Chairman ● Deputy Chairman ● Director

accounts, management of funds and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules, including the Articles of Association of the Bank.

The Board appoints and dismisses the President and his/her Deputy as well as the Executive Vice Presidents, the Group Credit Officer, the members of the Group Executive Committee and the Head of Group Internal Audit.

The Chairman of the Board organises and manages the work of the Board by convening Board meetings, deciding on the agenda and preparing the matters to be discussed at the meetings, after consulting the President, among other things.

The Board members receive regular information about and, if necessary, training in changes in rules concerning the activities of the Bank and listed company directors' responsibilities, among other things. They are regularly offered the opportunity of discussing with the Chairman of the Board, the President and the Secretary to the Board of Directors.

The President takes part in all Board meetings, except in matters where the President has an interest that may conflict with the interest of the Bank such as those during which the work of the President is evaluated. Other members of the /for purposes of informing the Board or upon request by the Board or the President. During 2007, the Board has held discussions without the President or any other member of the Executive Management of the Bank being present. The General Legal Counsel of the Bank and the Group is the Secretary to the Board of Directors.

During 2007, 12 Board meetings were held. External audit representatives were present at two of these meetings. The decisions of the Board are made after open and constructive discussions. Essential matters dealt with during the year included the following:

- Strategic direction of Group activities (nature and scope).
- Overall long-term goals for the activities.

- Policies and instructions, including an annual review and revision.
- Business plans, financial plans and forecasts.
- Thorough penetration of business and market segments including the Baltic countries, Eastern Europe and Russia.
- Major investments and business acquisitions/ divestments.
- Group risk position, including development of credit portfolio and liquidity situation.
- Capital and financing issues, including risk limits.
- Short and long-term incentives, succession planning and top management review process.
- Interim reports and annual report.
- Internal operational and cost-efficiency processes.
- IT structure and strategy.
- Evaluation of the Compliance function and organisation and decision on a new independent Group-wide Compliance function.
- Evaluation of the Bank's internal control functioning.
- Follow-up of external and internal audit activities and Group compliance activities.
- Evaluation of the work of the Board of Directors, the President and the Group Executive Committee.
- Evaluation of the work of the external auditors.

The overall responsibility of the Board cannot be delegated. However, the Board has established committees, pursuant to the Board's instructions, to handle certain defined issues and to prepare such issues for decision by the Board of Directors. At present, there are three committees within the Board of Directors: the Risk and Capital Committee, the Audit and Compliance Committee and the Remuneration and Human Resources Committee. Minutes are kept of each committee meeting and communicated to the other Board members promptly after the meetings. The committees report regularly to the Board of Directors. Committee members are appointed for a period of one year at a time. It is an

important principle that as many Board members as possible shall participate in the committee work, also as committee chairmen. Although the Chairman of the Board is a member of all three committees, he is not chairing any of them. Neither the President nor any other officer of the Bank is a member of the Audit and Compliance Committee or the Remuneration and Human Resources Committee. The President is a member of the Risk and Capital Committee. The work of the Board committees is regulated through instructions adopted by the Board. Apart from the committee work, no work distribution is applied by the Board.

Risk and Capital Committee

The *Risk and Capital Committee* of the Board shall support the Board in establishing and reviewing the Bank's organisation so that it is managed in such a way that all risks inherent in the Group's activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules. The Committee decides the principles and parameters for measuring and allocating risk and capital within the Group. The Committee reviews and makes proposals for Group policies and strategies, such as risk policy and risk strategy, credit policy, capital policy, liquidity and pledge policy as well as trading and investment policy, for decision by the Board, and monitors that these policies are implemented and follows up the development of the risks of the Group. The Committee prepares the Board decisions concerning limits for market and liquidity risks.

As far as credit matters are concerned, the Committee adopts credit policies and instructions that supplement the credit policy and credit instruction of the Group and makes decisions on individual credit matters (matters of major importance or of importance as to principles). In addition, the Committee reviews on a regular basis both significant developments in the credit portfolio and the credit process within the Bank and the Group. It furthermore examines matters relating to operational risk, market and liquidity risk and insurance risk.

As far as capital matters are concerned, the Committee regularly reviews essential changes in the overall capital and liquidity situation and the capital adequacy situation of the Group, including the implementation of Basel II. The Committee prepares changes in the Group's capital goals and asset management matters, for decision by the Board, such as dividend level and the set-up and utilisation of repurchase programmes of own shares. The Committee consists of four members, including the President, and forms a quorum whenever a minimum of three members are present, including the Chairman or Deputy Chairman of the Committee. During 2007 the Committee had the following members: Urban Jansson, Chairman, Marcus Wallenberg, Deputy Chairman, Jesper Ovesen and Annika Falkengren. The Group's Chief Financial Officer has the overall responsibility for presentations of capital matters to the Committee, the Group Credit Officer for credit matters and the Head of Group Risk Control for risk control matters. The Committee has held 23 meetings during the year.

Audit and Compliance Committee

The *Audit and Compliance Committee* of the Board supports the work of the Board in terms of quality control of the Bank's financial reports. It prepares an annual report on internal control and, if necessary, a proposal for the appointment or dismissal of the Head of Group Internal Audit, for decision by the Board. The Committee maintains regular contact with the external and internal auditors of the Bank and discusses the co-ordination of the

external and internal audit. During 2007, the Committee has met with representatives of the external auditors on several occasions, without the President or any other member of the Executive Management of the Bank being present. The Committee deals with the accounts and interim reports as well as with audit reports, including any changes in the accounting rules. It ensures that any remarks and observations from the auditors are attended to. The Committee furthermore decides on guidelines for which services other than auditing services that may be procured by the Bank and the Group from the external auditors. It assesses the external auditors' work and independence and prepares proposals for new auditors prior to the AGM's election of auditor. The Committee establishes an annual audit plan for the internal audit function co-ordinated with the external audit plan.

The Committee furthermore approves the President's proposal for the appointment and dismissal of the Head of Group Compliance and the compliance plan. The internal audit and compliance activities are monitored on a continuous basis.

The Committee consists of three members, none of whom is in the employ of the Group, and forms a quorum whenever a minimum of two members are present, including the Chairman or Deputy Chairman of the Committee. During 2007, the Audit and Compliance Committee had the following members: Carl Wilhelm Ros, Chairman, Marcus Wallenberg, Deputy Chairman and Steven Kaempfer. The Head of Group Internal Audit and the Head of Group Compliance are the presenters of reports in the Committee. The Audit and Compliance Committee has held seven meetings during the year. The external auditors attended all of these meetings.

Remuneration and Human Resources Committee

The *Remuneration and Human Resources Committee* of the Board prepares, for decision by the AGM and the Board, respectively, a proposal for remuneration principles applicable to the President and the members of the Group Executive Committee as well as a proposal for remuneration to the President and the Head of Group Internal Audit. The Committee decides on issues concerning remuneration to the members of the Group Executive Committee according to the principles established by the AGM. The Committee furthermore prepares matters regarding incentive programmes and pension plans, monitors the pension commitments of the Group and monitors, together with the Risk and Capital Committee of the Board, all measures taken to secure the pension commitments of the Group including the development of the Bank's pension foundations. It furthermore discusses personnel matters of strategic importance, such as succession planning for strategically important positions and other management supply issues.

The Committee consists of three members, none of whom is in the employ of the Group. The Committee forms a quorum whenever minimum two members are present, including the Chairman or Deputy Chairman of the Committee. During 2007, the Committee had the following members: Penny Hughes, Chairman, Marcus Wallenberg, Deputy Chairman and Tuve Johannesson. The President presents proposals, reports and information to the Committee, together with the Head of Group Human Resources & Organisational Development, with respect to matters where the President does not have an interest that may conflict with the interests of the Bank. The Remuneration and Human Resources Committee has held eight meetings during 2007.

Evaluation of the Board of Directors, the President and the Group Executive Committee

SEB applies an annual self-assessment method, which among other things includes a questionnaire, followed by discussions within the Board. Through this process the activities and working methods of the Board, the Chairman of the Board and each respective committee are evaluated. Among the things examined are the following: how to improve the work of the Board further, whether or not each individual Board member takes an active part in the discussions of the Board and the committees; whether they contribute independent opinions and whether the meeting atmosphere facilitates open discussions. The outcome of the evaluation has been presented to, and discussed by, the Board and the Nomination Committee.

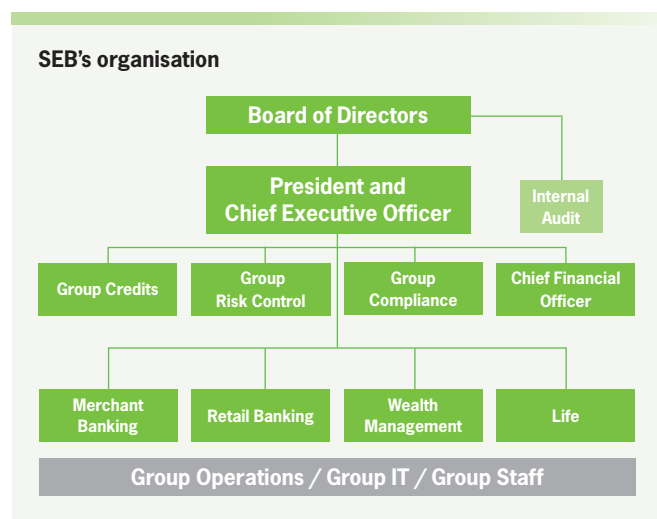
The Chairman of the Board evaluates each individual member's work, formally once a year. Marcus Wallenberg did not participate in the evaluation of the Chairman's work, which evaluation was conducted by Tuve Johannesson.

The Board evaluates the work of the President and the Group Executive Committee on a continuous basis, without attendance by the President or any other member of the Group Executive Committee.

The President/Chief Executive Officer

The Board of Directors has adopted an instruction for the President's and Chief Executive Officer's work and role. The President is responsible for the day-to-day management of the Group's activities in accordance with the guidelines and established policies and instructions of the Board. The President reports to the Board of Directors and submits a separate CEO report on among other things the development of the business in relation to resolutions taken by the Board at each Board meeting.

The President appoints the Chief Financial Officer of the Group, Heads of divisions, the Group Head of Staff, the Group Head of HR & Organisational Development, the Head of Group Compliance, the Head of Group Risk Control, the Head of Group IT, Heads of branches, Heads of the individual staff and support functions and the members of the Management Advisory Group. The Chief Financial Officer of the Group is appointed in consultation with the Chairman of the Board and the Head of Group Compliance in consultation with the Audit and Compliance Committee of the Board.



President and Chief Executive Officer is Annika Falkengren.

More information about the President is found on page 128.

The President has three different committees at her disposal for the purpose of managing the operations: the Group Executive Committee, the Group Credit Committee (page 47) and the Asset and Liability Committee (page 47).

In order to protect the interests of the whole Group, the President consults with the *Group Executive Committee (GEC)* and its IT-Committee on matters of major importance or of importance as to principles. The GEC deals with, among other things, matters of common concern to several divisions, strategic issues, business plans, financial forecasts and reports. The GEC has held 28 meetings during 2007. During 2007, the following persons were members of the Group Executive Committee and its IT Committee:

Annika Falkengren, Per-Arne Blomquist, Fredrik Boheman, Magnus Carlsson, Ingrid Engström (as from 26 March 2007), Hans Larsson, Bo Magnusson, Anders Mossberg and David Smith (from 9 February up to 27 September 2007).

There is a special forum for information exchange at Group level, the Management Advisory Group (MAG), which consists of senior officers representing the whole Group. The members of MAG are appointed by the President in consultation with the GEC.

Divisions, business areas and business units

The Board of Directors has regulated the activities of the Group in an instruction concerning the Group's operations and established how the divisions of the Group, including the international activities through branches and subsidiaries, shall be managed and organised.

As from 1 January 2007, SEB's activities are organised in four divisions:

- *Merchant Banking*, with Magnus Carlsson as Head, for SEB's relations with large and medium-sized companies, financial institutions and real estate companies,
- *Retail Banking*, with Bo Magnusson as Head, for SEB's retail operations and card activities,
- *Wealth Management*, with Fredrik Boheman as Head, for SEB's mutual fund and asset management activities and private banking and
- *Life*, with Anders Mossberg as Head, for SEB's life insurance activities.

All Heads of division are members of the Group Executive Committee.

Each division's operations are divided into business areas which, in turn, are divided into business units. The Head of division has the overall responsibility for the activities of the division and appoints, after consultations with the President, heads of business areas within the division and of those subsidiaries for which the division is responsible. Within each division there is a management group, which includes the Head of division and a number of heads of business areas and subsidiaries pertaining to the division. There are management groups within the business areas and business units, too.

A Country Manager has been appointed for the co-ordination of activities within some of those countries outside Sweden in which several divisions carry out activities, such as Denmark, Norway and Finland. The Country Manager reports to a member of the Group Executive Committee, specially appointed for the purpose.

Staff and support functions

SEB's *staff and support functions* are as from 1 January 2007 divided into three cross-divisional support functions in order to streamline operations and front office support: Group Operations, Group IT and Group Staff. SEB has a number of staff and support functions such as CEO Office, Finance, Treasury, Human Resources & Organisational Development, Marketing & Communication, Legal, Security and Procurement & Real Estate. In SEB the staff functions have a global functional accountability and own and manage the SEB Group's common instructions and policies, processes and procedures for the purpose of proactively supporting the President, the Group Executive Committee, managers and staff as well as all business units of the Group.

SEB's organisation as from 1 January 2007 appears from the chart on page 46.

Risk organisation and responsibility

The Board of Directors has the ultimate responsibility for the risk organisation of the Group and for the maintenance of satisfactory internal control. The Risk and Capital Committee of the Board shall support the Board in this work, e.g. by reviewing the Group's risk, capital and liquidity policies for yearly updates. The Board receives a report on the development of the Group's exposure with respect to risks at least once per quarter.

Subordinated to the Board of Directors and the President are committees with mandates to make decisions depending upon the type of risk. The *Group Asset and Liability Committee (ALCO)*, chaired by the President, deals with issues relating to the overall risk level of the Group and the various divisions, decides on risk limits and risk-measuring methods, capital allocation etc. Within the framework of the Group Capital Policy and the Group Risk Policy of the Board, ALCO has established policy documents for the responsibility and management of the risk types of the Group and for the relationship between risk and capital. ALCO has held 13 meetings during 2007.

The *Treasury Committee* monitors the development of market and liquidity risks.

The *Group Credit Committee (GCC)* is the highest credit-granting body within the Bank, with the exception of a few matters that are reserved for the Risk and Capital Committee of the Board of Directors. GCC is furthermore responsible for reviewing the credit-granting rules on a regular basis and for presenting proposals for changes to the Risk and Capital Committee of the Board, if necessary. The President is the Chairman of the Committee and the Group Credit Officer is its Vice Chairman. GCC has held 58 meetings during 2007.

The credit organisation is independent from the business activities. *Group Credits* is responsible for the administration and management of the credit approval process and for important individual credit decisions and furthermore for analysis and follow-up of the composition of the credit portfolio as well as for the adherence to policies established by the Risk and Capital Committee and the Board of Directors. Its activities are regulated in the Group's Credit Instruction, adopted by the Board of Directors. The Group Credit Officer is appointed by the Board and reports to the President. The Group Credit Officer presents credit matters to the Risk and Capital Committee of the Board. The Board receives information on the composition of the credit portfolio, including large exposures and credit losses, at least once a quarter. The Chairman of each credit committee has the right to veto credit decisions. The credit organisation is kept separate from the business units and handles credit matters exclusively.

Significant exceptions to the credit policy of the Group must be referred to a higher level in the decision-making hierarchy.

Responsibility for day-to-day risk management in the Group rests with the divisions (and similarly with Group Treasury). Thus, each division and Head of division is responsible for ensuring that the risks are managed and controlled in a satisfactory way on a daily basis, within established Group guidelines. It is a fundamental principle that all control functions shall be independent of the business operations.

Internal audit, compliance and risk control

The Group has three control functions, which are independent from the business operations: Internal Audit, Compliance and Risk control.

Group Internal Audit is an independent group-wide function, directly subordinated to the Board of Directors. The main responsibility of Group Internal Audit is to evaluate risk management, control and governance processes within the Bank and to ensure that the activities of the Group are conducted in accordance with the intentions of the Board and the President. The Head of Group Internal Audit reports regularly to the Audit and Compliance Committee of the Board and keeps the President and the Group Executive Committee regularly informed. The Audit and Compliance Committee adopts an annual plan for the work of Internal Audit.

In 2006, a project was initiated to evaluate and further strengthen the *compliance function* and organisation of the Group. The work continued during 2007 and led to the launching of a new compliance organisation in January 2008, with considerably more resources. The Compliance function is now fully independent from the business operations, although it serves as a support function for the business operations. It is also separated from the legal functions of the Group. Compliance shall act proactively for Compliance quality in the Group by advising and following-up within the Compliance areas, thereby supporting business and management. Areas of responsibility are Customer Protection, Market Conduct, prevention of money laundering and financing of terrorism and Regulatory systems and control. Duties of the Compliance function are risk-management, monitoring, reporting, development of internal rules, training and relationship with regulators. The task of the Head of Group Compliance is to assist the Board and the President on compliance matters and to co-ordinate the handling of such matters within the Group. The Head of Group Compliance reports regularly to the President and the Group Executive Committee and informs the Audit and Compliance Committee of the Board about compliance issues. Following a Group-wide Compliance Risk Assessment and approval from the Audit and Compliance Committee, the President adopts an annual Compliance Plan.

The *Group's risk control function (Group Risk Control)* carries out the Group risk control and monitors the risks of the Group, primarily credit risk, market risk, operational risk and liquidity risk (see further on pp 34–41). The Head of Group Risk Control is appointed by the President and reports to the Group Credit Officer. The Group's ALCO is regularly informed. The Head of Group Risk Control is the presenter of reports on risk control matters in the Risk and Capital Committee of the Board.

The Board of Directors has adopted instructions for the internal audit and compliance activities of the Group. The President has adopted an instruction for the Group Risk Control activities.

Financial reporting

The quality of the financial reporting is ensured by governing documents in the form of policies and instructions for responsibility distribution and governance adopted by the Board, such as the Instruction for the President and Chief Executive Officer on among other things financial reporting. The President adopts, in turn, policies and instructions such as the Instruction for the Chief Financial Officer, Group Treasury, Group Finance and SEB's Accounting Standard Committee (ASC). The decision hierarchy is firmly established; Head of Group Finance reports to the Chief Financial Officer, who in turn reports to the President. ASC, with the Head of Group Finance as Chairman, adopts detailed instructions for the Bank and the Group on the financial reporting and the accounting standards as well as guidelines on the interpretation of internal rules regarding the financial reporting and makes sure that these rules are observed within the Group. The Group's Internal Audit, Group Risk Control and Compliance functions control and follow the reporting, compliance with internal and external rules and the risks inherent. The Board and its Audit and Compliance Committee (ACC) regularly follow up and evaluate the quality control as the annual accounts and interim reports as well as audit reports and changes in the accounting rules are regularly handled at the Board and ACC meetings. The Board's report on the internal control of the financial reporting for 2007 is found on page 52.

Information about the auditor

According to its Articles of Association, the Bank shall have at least one and not more than two auditors with at the most an equal number of deputies. A registered accounting firm may be appointed auditor. The auditors are, under Swedish law, appointed for a period of four years.

PricewaterhouseCoopers AB has been the Bank's auditor since 2000 and was re-elected in 2004 for the period up to and including the 2008 AGM. Chief responsible has been Peter Clemedtson, Authorised Public Accountant, as from the 2006 AGM. Peter Clemedtson has auditing assignments also in the following major companies: Electrolux and Ericsson.

The fees charged by the auditors, including those expected for the auditing of the Bank's 2007 annual accounts and for other assignments invoiced up to and including 31 December 2007, are as follows:

Fees to the auditors		
SEKm	2007	2006
Audit assignments	48	49
Other assignments	19	10
Total	67	59

Remuneration to the Board of Directors, the President and other members of the Group Executive Committee

The Board of Directors

SEB's 2007 AGM fixed a total remuneration amount of SEK 8,070,000 for the members of the Board to be distributed as follows: SEK 2,600,000 to the Chairman of the Board, SEK 3,670,000 to the other Directors elected by the AGM who are not employed in the Bank to be distributed as follows: SEK 530,000 each to the Vice Chairmen and SEK 435,000 to the other Directors, and SEK 1,800,000 for committee work to be distributed as follows:

Risk and Capital Committee: Chairman SEK 460,000, other member SEK 290,000, Audit and Compliance Committee: Chairman SEK 350,000, other member SEK 175,000 and Remuneration and Human Resources Committee: Chairman SEK 350,000, other member SEK 175,000. No fee for Committee work is distributed either to the Chairman of the Board or the employees of the Bank. The distribution of the directors' remuneration for 2007 appears from the table on page 44. The remuneration is paid out on a running basis during the mandate period.

Following a recommendation by SEB's Nomination Committee, the Board of Directors has adopted a Share Ownership Policy for the Board. The policy recommendation is that each Board member shall use 25 per cent net after tax of the annual remuneration (excluding remuneration for committee work) distributed to said Board member to acquire shares in SEB.

The President and the Group Executive Committee

SEB's Board of Directors has prepared proposals as to principles for the salary and other remuneration to the President and the Group Executive Committee, which were approved by the 2007 AGM. According to these principles, the Board has decided on the actual remuneration to the President following a proposal from the Remuneration and Human Resources Committee. The remuneration of the President has been benchmarked against the Swedish and international market. The Committee has also approved the remuneration of the other members of the Group Executive Committee according to the principles established by the AGM.

The Board will propose that the 2008 AGM approve the above-mentioned principles for the time up until the AGM 2009 with some changes for the long-term incentive compensation to reflect the broader scope proposed for 2008.

The general principle for the remuneration structure is the same as for the Bank as a whole, i.e. based upon four main components: base salary, short-term incentive compensation, long-term incentive compensation and pension as well as other benefits such as a company car.

The short-term incentive compensation is based on the achievement of certain predetermined goals, individual and general, qualitative and quantitative, agreed in writing with the individual. The short-term incentive compensation is set for one year at a time. Operating result, costs and customer satisfaction are examples of objectives used. Short-term incentive compensation is maximized to a certain percentage of the base salary. The maximum cost for SEB's short-term incentive compensation to the President and the Group Executive Committee for 2008 is calculated to SEK 25m, excluding social charges.

For 2007, the principles stated that long-term incentive programmes should be share-based and performance-based. For 2008 it is proposed that long-term incentive programmes shall be share-based and, except for all-employee programmes, performance-based. The purpose of a mix of long-term incentive compensation programmes is to create a commitment to SEB, strengthen the overall perspective on SEB, offer the participants an opportunity to take part in SEB's long-term success and value creation and to create an incentive for the employees to become shareholders of SEB as well as to create possibilities to attract and retain senior officers and other key employees. Information on the cost of the proposed long-term incentive programmes for 2008 is found in the Board proposal for the programmes.

The pension plan is defined as benefit-based or contribution-based and shall be inviolable. SEB aims at increasing the defined contribution-based element. The size of the pensionable salary is

capped. At termination of employment by the Bank, severance pay of between 12 and 24 months' salary will be paid. The Bank has the right to make deductions from such severance pay of any cash payments that the executive may receive from another employer or through his/her own business.

The base salaries, the incentive compensation and other benefits of the President and the members of the Group Executive Committee are specified in Note 9.

Long-term incentive programmes

SEB's first long-term incentive programme was introduced in 1999, after which additional programmes have been launched for the years 2000–2007. From 1999 to 2004, the long-term incentive programmes were launched in the form of employee stock option programmes. For the years 2005–2007, performance shares were used. Information about these programmes has been provided in the annual reports for these years and at the AGMs since 2002. The scope of SEB's long-term incentive programmes appears from Note 9.

Value development and hedging arrangements

The value development of the programmes, including the exercised employee stock options, reflects the development of SEB's share price. Since the introduction of long-term incentive programmes in 1999, total shareholder return, i.e. market capitalisation and paid-out dividends, has increased by SEK 92bn, as of 31 December 2007 (see further on pp 18–19). At year-end the total value of all granted long-term programmes, i.e. both exercised and still outstanding, amounted to SEK 2,376m.

The value of non-exercised programmes was SEK 623m. The change in value for SEB's long-term incentive programmes has been fully offset by the hedging of the value development and related social security contributions through the acquisition of own shares and equity swap contracts. The hedging arrangement offset the value of the long-term incentive programmes in equity. The value split between the different programmes reflects the fact that the sensitivity to the share price of the performance share programmes is lower than that of the previous employee stock options.

Cap on the 2004 long-term incentive programme

According to the terms and conditions for the year 2004 programme, the value for the optionholders of each option was limited to SEK 100. The Bank should, under the terms and conditions of the programme, prematurely terminate the programme if the market price (based on the listed closing price on the exchange) for the Class A shares in the Bank during the exercise period (2 April 2007–1 April 2011) was equal to or above the limit of SEK 220. Such premature termination was made in April 2007.

Value development for performance shares

SEB three-year relative performance

		Embedded gain after 3 years for a participant receiving 20,000 Performance Shares (SEKm)		
		Lower Quartile	Median	Superior
SEB share price development, % (starting price SEK 150)	+50 +30 0 -30	0	0.9	4.3
		0	0.7	3.7
		0	0.6	2.8
		0	0.4	1.9
	Relative TSR	<Index	Index	Index +8%pa or above
	Real EPS growth	<2%pa	2%pa	10%pa or above

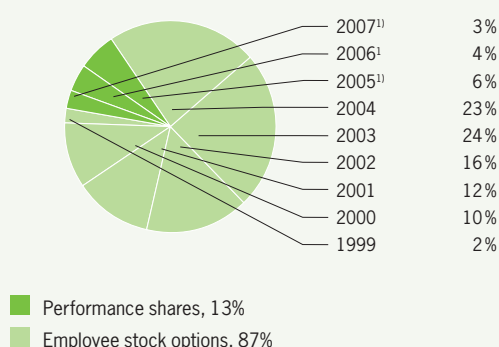
The allotment equals SEK 1.2m in fair value.

Long-term incentive programmes from 2005 – Performance shares

For the years 2005–2007 the AGM has decided to launch long-term incentive programmes with a performance-based structure compared with the programmes of previous years. The proposals were prepared by the Board and the Remuneration and Human Resources Committee of the Board, with the support of independent international expertise and in consultation with a significant number of SEB's major shareholders. The programmes are designed in line with internationally established, so-called Performance Share-programmes, used by several leading international banks.

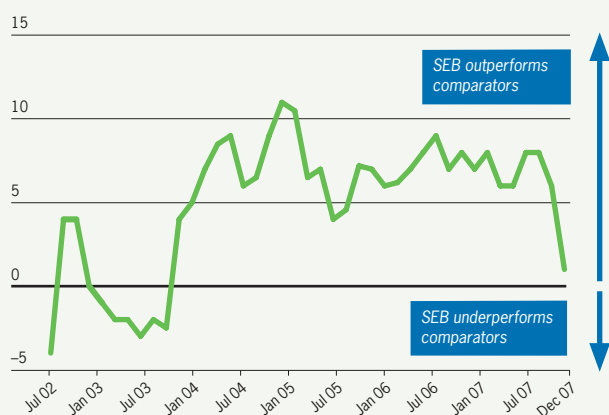
Value split of SEB's LTI programme

December 31, 2007, share of contribution to total value of SEK 2,376m, 1999–2007 programmes



1) 2005 programme at final vesting of 62 per cent; 2006 and 2007 performance share programmes at 40 per cent vesting.

SEB's three-year Total Shareholder Return in relationship to the peer group ¹⁾



1) Based 60% on the Dow Jones Nordic Banks Index and 40% on the FTSE Eurofirst300 Banks

The purpose of performance shares is that senior SEB officers shall act as, and over time become, shareholders in the Bank. The programme is performance-based, focused on equities and transparent. One performance share under the programme represents the right to purchase one Class A share at a future point in time for the price of SEK 10. A price significantly below the prevailing market price will still motivate the holder to perform, if the share price falls below its present level, thereby aligning the interests of the participants with those of the shareholders.

The outcome of the programmes, that is the number of allotted performance shares that can be exercised, will depend upon fulfilment of the two predetermined performance criteria: the real increase in earnings per share and the total shareholders' return compared to SEB's competitors. The performance criteria will be measured during an initial three-year qualification period. A further requirement is that the participant remains in SEB. The programmes are running for seven-year periods, including the qualification period. To reach full outcome of performance shares under the programmes, the profit of the Bank must increase substantially during the performance period and the total return must develop significantly better than that of SEB's Nordic and European competitors. The measures have been chosen in order to balance absolute and relative performance. Both performance criteria must be met before the programmes can be utilised in full.

The challenge to over time outperform both performance

criteria has been evident during 2007. Until mid-2007, the strong rolling three-year outperformance of SEB's total shareholder return in relation to the peer group in combination with the continued growth of earnings per share would have rendered a very high calculated total vesting of the three performance share programmes. Following the sharp drop in the SEB share price during the second half of 2007, the calculated outcome of the programmes fell back towards year-end, which is displayed in the table on the next page. As a further illustration of the need to continuously perform, the 2005 performance share programme, which displayed a calculated full vesting at the end of 2006, a year later at the end of the three-year performance period finally vested at 62 per cent.

The status of the performance criteria is reported each quarter to the Board and to the participants of the long-term incentive programmes, supporting a link between pay and performance.

The 2007 programme

The 2007 Programme covers a maximum of 1,275,000 performance shares allotted to approximately 500 senior officers. The President and the Group Executive Committee were allotted approximately 15 per cent.

In order to motivate the holders to keep their performance shares after the first day on which they can be exercised, the holders are compensated for dividends to the shareholders after the performance period by recalculating the number of Class A shares

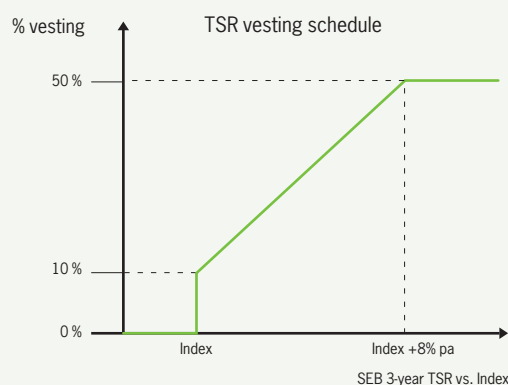
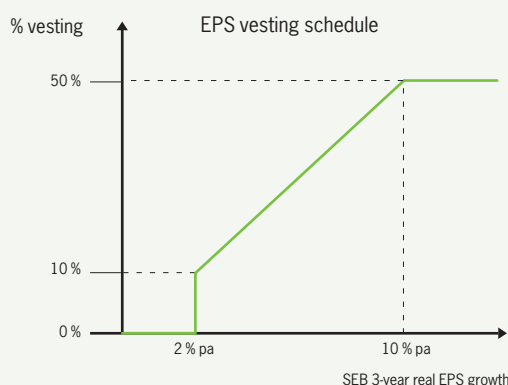
Performance criteria for the 2007 programme

In order to calculate the **real increase in earnings per share** the comparative number, i.e. SEB's earnings per share, is reduced by yearly actual inflation during the three year performance period. The measure implies a final outcome of performance shares if the real increase of earnings per share reaches 2 per cent per year. The outcome is then set at 10 per cent of the maximum allotment. There is also a ceiling for the number of shares that can be utilised. Maximum outcome (i.e. 50 per cent of total maximum allotment) is achieved if the average yearly real increase in earnings per share is 10 per cent.

The *total shareholder return measure* is determined as the difference between the starting-point for the share price, the

average price over the last three months in 2006 and the closing rate of the average share price over the last three months in 2009 including dividends paid out. If the total shareholder return equals the development in a weighted Banking Index (60 per cent Dow Jones Nordic Banks index and 40 per cent FTSE Eurotop300 Banks), the outcome is 10 per cent of the maximum allotment. Above that level, the number of performance shares that can be utilised increases until a ceiling of 8 percentage points average per annum above the Banking Index is reached. At that level the maximum outcome according to the total shareholder return measure is reached (i.e. 50 per cent of total maximum allotment).

Performance shares vest 50 per cent on relative TSR and 50 per cent on real EPS growth over three years



The Comparator Index is based 60 per cent on the Dow Jones Nordic Banks Index and 40 per cent on the FTSE Eurofirst300 Banks.

Calculated Performance Criteria Outcome December 31, 2007

TSR = Total Shareholder Return – SEB vs. Comparator Index (Annualised)
 EPS growth = Inflation adjusted growth in Earnings Per Share

Outperformance vs target/index	TSR (annualised)	% of TSR condition	EPS growth	% of EPS condition	Total vesting	Dilution
<i>Criteria for full allocation</i>	<i>Index +8% p.a.</i>		<i>Real EPS growth 10% p.a.</i>			
2005 programme	Index +0.3%	23%	21%	100%	62%	0.14%
2006 programme	Index +1.3%	33%	23%	100%	67%	0.13%
2007 programme	Index – 8.4%	0%	2%	22%	11%	0.02%

to which each performance share entitles on an annual basis during the exercise period after the AGM has been held each year.

Performance shares cannot be sold, pledged or transferred to another party. However, an estimated value per performance share may be calculated, based upon the expected outcome of the performance criteria, the price to acquire one Class A share and upon the fact that compensation for dividends is not payable during the performance period. The Board has consulted independent expertise for these calculations. The estimated value of one performance share under the 2007 Programme amounts to SEK 86.

The cost of the 2007 Programme in the profit and loss accounts is slightly less than SEK 110m (1,275,000 shares x SEK 86), to be distributed over the first three years. If earnings per share deviate from the expected outcome during the vesting period the cost will change accordingly. This cost does not imply any disbursement from the Bank, which means that shareholders' equity is not affected. In the profit and loss accounts social security contributions will accrue, the size of which will depend upon the difference between exercise price and share price at the time of exercise. This difference will be accounted for in shareholders' equity.

If and when performance shares are exercised, the Bank will deliver shares already issued, which means that no new shares will be issued as a result of the programmes.

The scope of SEB's long-term incentive programmes and the number of employee stock options/performance shares allotted to the President and the Group Executive Committee appear from

Note 9. Except for the President, no Board members have received any allotment under any of the programmes.

Evaluation of SEB's long-term incentive programmes

Already at the implementation of the first performance share programme in 2005, the intention was to evaluate the programmes after a three-year period. The evaluation has shown that the merits of the performance share programmes are the well balanced performance criteria with both an absolute profit growth element and a relative total shareholder return element in relation to SEB's Nordic and European peer group. Furthermore, the programmes are well understood by the participants and have had retention effects for some key employees; however insufficient within areas exposed to strong competition.

Furthermore, the number of performance shares to be allocated has been reduced for the last years' programmes since the share price then increased. This has created partly undesirable signals to the participants as the potential award opportunity in the current structure would decrease with a higher share price and increase with a falling share price, i.e. contrary to the alignment with shareholders. As a result of the evaluation and discussion with shareholders representing a significant share of the holdings in SEB, the Board has put forward the recommendation to the Annual General Meeting to revise the long-term incentive programme structure for 2008. The proposal will be presented in connection with the notice of the Annual General Meeting 2008.

Board report on the internal control of the financial reporting for 2007

This report on the internal control of the financial reporting for the year 2007 has been prepared in accordance with the Swedish Code of Corporate Governance. This report is part of the Corporate Governance Report. It has not been reviewed by the auditors of the Bank.

Organisation of the internal control of the financial reporting

Within SEB, internal control of the financial reporting is defined as the process, effected by the Board, management and other personnel, designed to provide reasonable assurance regarding reliability of financial reporting. The work within internal control is based upon the framework issued by the Committee of Sponsoring Organizations (COSO) and organised around following areas, further described below, control environment, risk management, control systems, information and communication channels and follow-up routines.

Control environment

Internal control of the financial reporting is based upon the control environment, which shape the culture and values that guide how SEB operates. More specifically it refers to the organisation, decision channels, authorities and responsibilities, policies and other governing documents communicated to all employees within SEB.

Examples of such governing documents that set the basis for the organisational structure, decision channels, authorities and responsibilities are; instructions regarding the distribution of work between the Board and the President and between the various bodies set up by the Board and the President and also the instructions regarding authority and responsibility. Accounting policies and other guidelines for financial reporting are annually updated and documented in the SEB Group Accounting Principles.

Risk management

Risk management within the SEB Group has for long been an area of priority, which has been developed continuously, not least due to the implementation of Basel II, which emphasises the focus on a detailed risk assessment of the balance sheet.

Cornerstones of the Board's risk and capital management are: Board support, a clear decision order with a high degree of risk consciousness among the employees, common definitions and principles, a controlled risk-taking within decided limits and a high degree of transparency in the external financial statements.

At board level, it is the Audit and Compliance Committee who is responsible for quality assurance of the financial reporting. To ensure that all risks for material financial reporting misstatements are identified and managed properly, the Committee maintains regular contact with responsible managers within SEB and also with the internal and external auditors.

A formal assessment of the risks related to each financial process is done yearly. The purpose is to identify the processes with high risk. The assessment is focused on; business and process complexity, the related transaction values and level of system support. The assessment is documented and forms the basis for measures to improve the internal control as well as direct follow-up routines.

Control systems

Identified risks relating to the financial reporting are handled through specified and documented control activities, which are regularly updated. The control activities include general controls and specific transaction level controls linked against a specific risk or item in the income statement or the balance sheet. SEB has routines and controls for the purpose of ensuring that satisfactory internal controls are found within relevant areas and at various levels.

The purpose of the control activities is to prevent and detect weaknesses and deviations, examples are; account reconciliations, analytic review of actual numbers, automatic checking using IT-based systems. Specific focus areas this year have been the valuation of the bond portfolios and impairment of financial assets, specifically loan loss provisions. One example of a general control is that SEB Accounting Standards Committee follows the development within International Financial Reporting Standards and other relevant accounting frameworks and oversees the implementation within SEB.

Information and communication channels

The purpose of SEB's information and communication channels is to ensure that the financial reporting is complete and accurate. In order to achieve this, there are governing documents in the form of internal policies, guidelines and manuals for the financial reporting that are updated yearly and communicated to all staff concerned.

Follow-up routines

The Board of Directors receives monthly financial reports and the financial situation of the Group is presented and discussed at each Board meeting. SEB follows up compliance with policies, guidelines and manuals on a continuous basis as well as the effectiveness of the control structure and the accuracy of the financial reporting.

In addition, Group Risk Control, the Compliance function and the Internal Audit function are continuously engaged in follow-up routines. This follow-up work furthermore aims to ensure that the information and communication channels of the Bank are well adapted to the financial reporting.

The Internal Audit function of the Group reviews the internal control of the financial reporting according to a plan established by the Audit and Compliance Committee. The result of Internal Audit's reviews, measures taken and the current status are regularly reported to the Audit and Compliance Committee. The Board committees; Risk and Capital Committee and Remuneration and Human Resources Committee, also play an important part in the follow-up work. The work of these committees is described on page 45 of the Corporate Governance Report.

Financial statements – Contents

SEB Group

Income statements	54
Balance sheets	55
Statement of changes in equity	56
Cash flow statements	57

Skandinaviska Enskilda Banken

Income statements	58
Balance sheets	59
Statement of changes in equity	60
Cash flow statements	61

Notes to the financial statements

Corporate information	62
1 Accounting policies	62
2 Segment reporting	69

Notes to the income statements

3 Net interest income	71
4 Net fee and commission income	71
5 Net financial income	72
6 Net life insurance income	72
7 Net other income	73
8 Administrative expenses	74
9 Staff costs	74
9 a Salaries and other remunerations per category	74
9 b Retirement benefit obligations	76
9 c Compensation to the top management and the Group Executive Committee	78
9 d Share-based payments	80
9 e Sick leave rate	80
9 f Number of employees	81
10 Other expenses	82
11 Depreciation, amortisation and impairments of tangible and intangible assets	82
12 Gains less losses from tangible and intangible assets	82
13 Net credit losses incl changes in value of seized assets	83
14 Appropriations	83
15 Income tax expense	84
16 Earnings per share	84

Notes to the balance sheets: Assets

17 Risk disclosure	85
18 Fair value measurement of financial assets and liabilities	87
19 Cash and cash balances with central banks	87
20 Loans to credit institutions	87
21 Loans to the public	88
22 Financial assets at fair value	88
23 Available-for-sale financial assets	89
24 Held-to-maturity investments	89
25 Investments in associates	90
26 Shares in subsidiaries	91
27 Tangible and intangible assets	92
28 Other assets	95

Notes to the balance sheets: Liabilities

29 Deposits by credit institutions	95
30 Deposits and borrowing by the public	96
31 Liabilities to policyholders	96
32 Debt securities	97
33 Financial liabilities at fair value	97
34 Other liabilities	98
35 Provisions	98
36 Subordinated liabilities	99
37 Untaxed reserves	100

Additional information

38 Memorandum items	100
39 Current and non-current assets and liabilities	101
40 Financial assets and liabilities by class	102
41 Debt instruments by maturities	104
42 Debt instruments by issuers	105
43 Repricing periods	106
44 Loans and loan loss provisions	107
45 Derivative instruments	111
46 Fair value information	113
47 Related party disclosures	114
48 Future minimum lease payments for operational leases	114
49 Capital adequacy	115
50 Assets and liabilities distributed by main currencies	117
51 Income statements – Life insurance operations	119
52 Assets in unit-link operations	120
53 Assets held for sale	120

Five-year summary

The SEB Group	121
Skandinaviska Enskilda Banken	122

Income statements

SEB Group

SEKm	Note	2007	2006	Change, %
Interest income		86,035	66,137	30
Interest expense		-70,037	-51,856	35
Net interest income	3	15,998	14,281	12
Fee and commission income		21,400	19,945	7
Fee and commission expense		-4,349	-3,799	14
Net fee and commission income	4	17,051	16,146	6
Gains (losses) on financial assets and liabilities held for trading, net		3,256	4,098	-21
Gains (losses) on financial assets and liabilities designated at fair value, net		-17	-62	-73
Net financial income	5	3,239	4,036	-20
Premium income, net		5,961	5,726	4
Income investment contracts		1,067	873	22
Investment income net		981	1,507	-35
Other insurance income		471	383	23
Net insurance expenses		-5,547	-5,828	-5
Net life insurance income	6	2,933	2,661	10
Dividends		79	63	25
Profit and loss from investments in associates		128	44	191
Gains less losses from investment securities		653	1,038	-37
Other operating income		359	478	-25
Net other income	7	1,219	1,623	-25
Total operating income		40,440	38,747	4
Staff costs	9	-14,921	-14,363	4
Other expenses	10	-6,919	-6,887	0
Depreciation, amortisation and impairments of tangible and intangible assets	11	-1,354	-1,287	5
Total operating expenses		-23,194	-22,537	3
Gains less losses from tangible and intangible assets	12	788	70	
Net credit losses incl changes in value of seized assets	13	-1,016	-718	42
Operating profit		17,018	15,562	9
Income tax expense	15	-3,376	-2,939	15
Net profit		13,642	12,623	8
Attributable to minority interests		24	18	33
Attributable to equity holders		13,618	12,605	8
Net profit		13,642	12,623	8
Basic earnings per share, SEK	16	19.97	18.72	
Diluted earnings per share, SEK	16	19.88	18.53	

Balance sheets

SEB Group

31, December, SEKm	Note	2007	2006	Change, %
Cash and cash balances with central banks	19	96,871	11,314	
Loans to credit institutions	20	263,012	180,478	46
Loans to the public	21	1,067,341	950,861	12
<i>Securities held for trading</i>		348,888	343,535	2
<i>Derivatives held for trading</i>		85,395	65,212	31
<i>Derivatives used for hedging</i>		2,777	2,660	4
<i>Fair value changes of hedged items in a portfolio hedge</i>		-641	283	
<i>Financial assets – policyholders bearing the risk</i>		135,485	120,524	12
<i>Other financial assets designated at fair value</i>		89,319	82,074	9
Financial assets at fair value	22	661,223	614,288	8
Available-for-sale financial assets	23	170,137	116,630	46
Held-to-maturity investments	24	1,798	2,231	-19
Assets held for sale	53		2,189	-100
Investments in associates	25	1,257	1,085	16
<i>Intangible assets</i>		16,894	15,572	8
<i>Property and equipment</i>		2,564	2,302	11
<i>Investment properties</i>		5,239	5,040	4
Tangible and intangible assets	27	24,697	22,914	8
<i>Current tax assets</i>		3,766	2,568	47
<i>Deferred tax assets</i>		845	1,121	-25
<i>Trade and client receivables</i>		25,377	11,277	125
<i>Other assets</i>		28,138	17,485	61
Other assets	28	58,126	32,451	79
Total assets		2,344,462	1,934,441	21
Deposits by credit institutions	29	421,348	368,326	14
Deposits and borrowing from the public	30	750,481	643,849	17
<i>Liabilities to policyholders – investment contracts</i>		135,937	120,127	13
<i>Liabilities to policyholders – insurance contracts</i>		89,979	83,592	8
Liabilities to policyholders	31	225,916	203,719	11
Debt securities	32	510,564	394,357	29
<i>Trading derivatives</i>		79,211	60,343	31
<i>Derivatives used for hedging</i>		2,169	5,894	-63
<i>Trading liabilities</i>		135,421	84,942	59
<i>Fair value changes of hedged items in portfolio hedge</i>		-411	-147	180
Financial liabilities at fair value	33	216,390	151,032	43
<i>Current tax liabilities</i>		1,101	1,036	6
<i>Deferred tax liabilities</i>		9,403	9,099	3
<i>Trade and client payables</i>		33,940	12,479	172
<i>Other liabilities</i>		53,075	37,536	41
Other liabilities	34	97,519	60,150	62
Provisions	35	1,536	2,066	-26
Subordinated liabilities	36	43,989	43,675	1
Total liabilities		2,267,743	1,867,174	21
Minority interests		191	130	47
<i>Revaluation reserves</i>		-278	772	-136
<i>Share capital</i>		6,872	6,872	
<i>Other reserves</i>		29,757	30,203	-1
<i>Retained earnings</i>		40,177	29,290	37
Shareholders' equity		76,528	67,137	14
Total equity		76,719	67,267	14
Total liabilities and equity		2,344,462	1,934,441	21

Statement of changes in equity

SEB Group

31, December, SEKm	2007	2006	Change, %				
Minority interests	191	130	47				
Shareholders' equity	76,528	67,137	14				
Total equity	76,719	67,267	14				
Shareholders' equity							
Reserve for cash flow hedges	160	380	-58				
Reserve for available-for-sale financial assets	-438	392					
Revaluation reserves	-278	772	-136				
Share capital (663,004,123 Series A shares; 24,152,508 Series C shares)	6,872	6,872					
Fund for cancelled shares	174	174					
Equity fund	71	94	-24				
Translation difference	-377	-475	-21				
Other restricted reserves	29,889	30,410	-2				
Equity, restricted	36,629	37,075	-1				
Swap hedging of employee stock option programme	-269	-303	-11				
Eliminations of repurchased shares for employee stock option programme	-2,109	-393					
Eliminations of repurchased shares for improvement of the capital structure		-2,022	-100				
Profit brought forward	28,937	19,403	49				
Net profit attributable to equity holders	13,618	12,605	8				
Equity, non-restricted	40,177	29,290	37				
Total	76,528	67,137	14				
Changes in equity							
2007	Minority interests	Reserve for cash flow hedges	Reserve for afs financial assets	Share capital	Restricted reserves	Retained earnings	Total
Opening balance	130	380	392	6,872	30,203	29,290	67,267
Change in market value		-206	-614				-820
Recognised in income statement		-14	-216				-230
Translation difference					98		98
Net income recognised directly in equity		-220	-830		98		-952
Net profit	24					13,618	13,642
Total recognised income	24	-220	-830		98	13,618	12,690
Dividend to shareholders ¹⁾						-4,123	-4,123
Dividend, own holdings of shares ¹⁾						44	44
Neutralisation of PL impact and employee stock option programme						-428	-428
Eliminations of repurchased shares for employee stock option programme ²⁾						897	897
Other changes	37				-544	879	372
Closing balance	191	160	-438	6,872	29,757	40,177	76,719
2006							
Opening balance	112	882	481	6,872	28,882	19,567	56,796
Change in market value		-502	-27				-529
Recognised in income statement			-62				-62
Translation difference					-184		-184
Net income recognised directly in equity		-502	-89		-184		-775
Net profit	18					12,605	12,623
Total recognised income	18	-502	-89		-184	12,605	11,848
Dividend to shareholders ¹⁾						-3,264	-3,264
Dividend, own holdings of shares ¹⁾						75	75
Neutralisation of PL impact and employee stock option programme						580	580
Eliminations of repurchased shares for employee stock option programme ²⁾						1,232	1,232
Other changes					1,505	-1,505	
Closing balance	130	380	392	6,872	30,203	29,290	67,267

1) Dividend per A-share SEK 6.00 (4.75) and per C-share SEK 6.00 (4.75). Further information can be found in The SEB share on page 18.

2) As of 31 December 2007, SEB has repurchased 7.0, 6.2 and 6.2 million Series A shares for the long-term incentive programmes 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 1.0 million shares were transferred from the capital structure programme to the incentive programmes. In 2006 3.1 million shares were sold in accordance with a decision at the AGM. As stock options have been exercised during 2005, 2006 and 2007 another 2.0, 6.5 and 5.2 million shares have been sold respectively. Thus, as of 31 December 2007 SEB owned 3.7 million Class A-shares with a market value of SEK 612m.

Cash flow statements

SEB Group

SEKm	2007	2006	Change, %
Interest received	83,430	64,759	29
Interest paid	-66,407	-49,484	34
Commission received	21,400	20,145	6
Commission paid	-4,349	-3,999	9
Net received from financial transactions	2,923	4,941	-41
Other income	6,770	4,865	39
Paid expenses	-22,921	-23,010	0
Taxes paid	-3,370	-2,727	24
Cash flow from the profit and loss statement	17,476	15,490	13
Increase (-)/decrease (+) in trading portfolios	-32,503	-69,110	-53
Increase (+)/decrease (-) in issued short term securities	72,454	10,581	
Increase (-)/decrease (+) in lending to credit institutions	-45,995	17,745	
Increase (-)/decrease (+) in lending to the public	-116,298	-46,351	151
Increase (+)/decrease (-) in liabilities to credit institutions	52,274	-33,559	
Increase (+)/decrease (-) in deposits and borrowings from the public	104,715	71,495	46
Increase (-)/decrease (+) in insurance portfolios	22,302	18,319	22
Change in other balance sheet items	10,348	-1,587	
Cash flow from operating activities	84,773	-16,977	
Sales of shares and bonds	224	175	28
Sales of intangible and tangible fixed assets	1,431	449	
Dividends	57	38	50
Investments in subsidiaries ²⁾	-657	-17	
Investments in shares and bonds	-375	-42	
Investments in intangible and tangible assets	-3,030	-615	
Cash flow from investing activities	-2,350	-12	
Issue of securities and new borrowings	128,791	73,238	76
Repayment of securities	-86,315	-49,001	76
Dividend paid	-4,079	-3,189	28
Cash flow from financing activities	38,397	21,048	82
Net increase in cash and cash equivalents	120,820	4,059	
Cash and cash equivalents at beginning of year	73,751	70,796	4
Exchange rate differences in cash and cash equivalents	414	-1,104	-138
Net increase in cash and cash equivalents	120,820	4,059	
Cash and cash equivalents at end of period¹⁾	194,985	73,751	164

1) Cash and cash equivalents at end of period is defined as Cash and cash balances with central banks (note 19) and Loans to credit institutions – payable on demand (note 20).

2) Investments in subsidiaries

Cash	102	113
Loans from customers	1,352	395
Other assets	248	56
Due to customers	-1,439	-307
Other liabilities	-84	-204
Goodwill	580	77
Total purchase consideration paid	759	130
Cost of acquisition	-759	-130
Less cash acquired	102	113
Cash flow outflow on acquisition	-657	-17

Income statements

In accordance with the Swedish Financial Supervisory Authority regulations

Skandinaviska Enskilda Banken

SEKm	Note	2007	2006	Change, %
Interest income	3	43,913	32,316	36
Leasing income	3	6,154	877	
Interest expense	3	-38,464	-28,482	35
Dividends	7	3,925	1,407	179
Fee and commission income	4	8,455	8,374	1
Fee and commission expense	4	-1,331	-1,211	10
Net financial income	5	2,490	3,515	-29
Other income	7	658	2,108	-69
Total operating income		25,800	18,904	36
Administrative expenses	8	-12,589	-13,073	-4
Depreciation, amortisation and impairments of tangible and intangible assets	11	-4,847	-399	
Total operating expenses		-17,436	-13,472	29
Profit before credit losses		8,364	5,432	54
Net credit losses	13	-24	-134	-82
Impairment of financial assets	7	-106	-100	6
Operating profit		8,234	5,198	58
Appropriations	14	-158	-345	-54
Tax for the year	15	-546	-1,158	-53
Other taxes	15	-45	467	-110
Net profit		7,485	4,162	80

The subsidiaries SEB BoLån and SEB Finans merged with the Parent company in 2007.

Balance sheets

Skandinaviska Enskilda Banken

31, December, SEKm	Note	2007	2006	Change, %
Cash and cash balances with central banks	19	1,758	1,828	-4
Loans and receivables to credit institutions	20	357,482	361,615	-1
Loans and receivables to the public	21	637,138	336,562	89
<i>Securities held for trading</i>		285,036	287,545	-1
<i>Derivatives held for trading</i>		80,966	63,001	29
<i>Derivatives used for hedging</i>		1,871	1,290	45
<i>Other financial assets designated at fair value</i>		112	160	-30
Financial assets at fair value	22	367,985	351,996	5
Available-for-sale financial assets	23	62,085	22,411	177
Held-to-maturity investments	24	3,348	3,824	-12
Investments in associates	25	1,063	1,059	0
Shares in subsidiaries	26	51,936	55,306	-6
<i>Intangible assets</i>		892	634	41
<i>Property and equipment</i>		34,605	14,763	134
Tangible and intangible assets	27	35,497	15,397	131
<i>Current tax assets</i>		1,813	1,485	22
<i>Deferred tax assets</i>			35	-100
<i>Trade and client receivables</i>		23,625	9,694	144
<i>Other assets</i>		15,589	10,837	44
Other assets	28	41,027	22,051	86
Total assets		1,559,319	1,172,049	33
Deposits by credit institutions	29	367,699	334,116	10
Deposits and borrowing from the public	30	412,499	390,085	6
Debt securities	32	408,002	173,956	135
<i>Trading derivatives</i>		78,408	60,693	29
<i>Derivatives used for hedging</i>		1,666	1,386	20
<i>Trading liabilities</i>		121,687	79,730	53
Financial liabilities at fair value	33	201,761	141,809	42
<i>Current tax liabilities</i>		46	226	-80
<i>Deferred tax liabilities</i>			473	-100
<i>Trade and client payables</i>		32,369	10,900	197
<i>Other liabilities</i>		34,678	29,466	18
Other liabilities	34	67,093	41,065	63
Provisions	35	271	416	-35
Subordinated liabilities	36	43,046	42,700	1
Total liabilities		1,500,371	1,124,147	33
Untaxed reserves	37	19,016	12,089	57
<i>Revaluation reserves</i>		-218	579	-138
<i>Share capital</i>		6,872	6,872	
<i>Other reserves</i>		12,260	12,804	-4
<i>Retained earnings</i>		21,018	15,558	35
Shareholders' equity		39,932	35,813	12
Total liabilities, untaxed reserves and shareholders' equity		1,559,319	1,172,049	33

Statement of changes in equity

Skandinaviska Enskilda Banken

31, December, SEKm	2007	2006	Change, %
Reserve for cash flow hedges	190	367	-48
Reserve for available-for-sale financial assets	-408	212	
Revaluation reserves	-218	579	-138
Share capital (663,004,123 Series A shares; 24,152,508 Series C shares)	6,872	6,872	
Reserve fund and other restricted reserves	12,086	12,086	
Fund for cancelled shares	174	174	
Reserve for unrealised gains		544	-100
Equity, restricted	19,132	19,676	-3
Group contributions	1,119	2,260	-50
Tax on Group contributions	-313	-633	-51
Swap hedging of employee stock option programme	-269	-303	-11
Eliminations of repurchased shares for employee stock option programme	-2,109	-393	
Eliminations of repurchased shares for improvement of the capital structure		-2,022	-100
Translation differences	-71	-26	173
Profit brought forward	15,176	12,513	21
Net profit for the year	7,485	4,162	80
Equity, non-restricted	21,018	15,558	35
Total	39,932	35,813	12

Changes in equity

	Reserve for cash flow hedges	Reserve for afs financial assets	Share capital	Restricted reserves	Retained earnings	Total
2007						
Opening balance	367	212	6,872	12,804	15,558	35,813
Change in market value	-163	-653				-816
Recognised in income statement	-14	33				19
Translation difference					-36	-36
Net income recognised directly in equity	-177	-620			-36	-833
Net profit					7,485	7,485
Total recognised income	-177	-620			7,449	6,652
Effect of merger of SEB BoLån and SEB Finans					399	399
Dividend to shareholders ¹⁾					-4,123	-4,123
Dividend, own holdings of shares ¹⁾					44	44
Group contributions net after tax ²⁾					806	806
Neutralisation of PL impact and employee stock option programme					-428	-428
Eliminations of repurchased shares for employee stock option programme ³⁾					897	897
Other changes				-544	416	-128
Closing balance	190	-408	6,872	12,260	21,018	39,932
2006						
Opening balance	818	191	6,872	12,260	10,696	30,837
Change in market value	-451	45				-406
Recognised in income statement		-24				-24
Translation difference					-37	-37
Net income recognised directly in equity	-451	21			-37	-467
Net profit					4,162	4,162
Total recognised income	-451	21			4,125	3,695
Effect of merger of SEB IT and Enskilda Securities					1,031	1,031
Dividend to shareholders ¹⁾					-3,264	-3,264
Dividend, own holdings of shares ¹⁾					75	75
Group contributions net after tax ²⁾					1,627	1,627
Neutralisation of PL impact and employee stock option programme					580	580
Eliminations of repurchased shares for employee stock option programme ³⁾					1,232	1,232
Other changes				544	-544	
Closing balance	367	212	6,872	12,804	15,558	35,813

1) Dividend per A-share SEK 6.00 (4.75) and per C-share SEK 6.00 (4.75). Further information can be found in The SEB share on page 18.

2) In accordance with the opinion of the emergency group of the Swedish Financial Accounting Standards Council, Group contributions are reported in the parent company directly under Shareholders' equity.

3) As of 31 December 2007, SEB has repurchased 7.0, 6.2 and 6.2 million Series A shares for the long-term incentive programmes 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 1.0 million shares were transferred from the capital structure programme to the incentive programmes. In 2006 3.1 million shares were sold in accordance with a decision at the AGM. As stock options have been exercised during 2005, 2006 and 2007 another 2.0, 6.5 and 5.2 million shares have been sold respectively. Thus, as of 31 December 2007 SEB owned 3.7 million Class A-shares with a market value of SEK 612m.

Cash flow statements

Skandinaviska Enskilda Banken

SEKm	2007	2006	Change, %
Interest received	56,602	32,436	75
Interest paid	-43,397	-27,692	57
Commission received	8,285	8,357	-1
Commission paid	-1,538	-1,120	37
Net received from financial transactions	2,437	3,782	-36
Other income	2,411	2,866	-16
Paid expenses	-12,568	-13,667	-8
Taxes paid	-2,401	-1,038	131
Cash flow from the profit and loss statement	9,831	3,924	151
Increase (-)/decrease (+) in trading portfolios	2,338	-32,945	-107
Increase (+)/decrease (-) in issued short term securities	84,144	27,713	
Increase (-)/decrease (+) in lending to credit institutions	-87,515	-18,537	
Increase (-)/decrease (+) in lending to the public	-56,939	-41,796	36
Increase (+)/decrease (-) in liabilities to credit institutions	35,327	-13,138	
Increase (+)/decrease (-) in deposits and borrowings from the public	23,373	64,407	-64
Change in other balance sheet items	6,627	9,411	-30
Cash flow from operating activities	17,186	-961	
Sales of shares and bonds	221	617	-64
Dividends and Group contributions	5,018	3,646	38
Investments in subsidiaries/Merger of subsidiaries	3,264	1,975	65
Investments/divestments in shares and bonds	472	-337	
Investments in intangible and tangible assets	-24,946	-693	
Cash flow from investment activities	-15,971	5,208	
Issue of securities and new borrowings	68,425	31,867	115
Repayment of securities	-15,007	-26,099	-42
Dividend paid	-4,078	-3,189	28
Cash flow from financing activities	49,340	2,579	
Net increase in cash and cash equivalents	50,555	6,826	
Cash and cash equivalents at beginning of year	89,198	82,666	8
Exchange rate differences in cash and cash equivalents	14	-294	-105
Net increase in cash and cash equivalents	50,555	6,826	
Cash and cash equivalents at end of period¹⁾	139,767	89,198	57

1) Cash and cash equivalents at end of period is defined as Cash and cash balances with central banks (note 19) and Loans to credit institutions – payable on demand (note 20).

Notes to the financial statements

Currency codes

BRL	Brazilian reales	EUR	Euro	ISK	Icelandic kronor	NOK	Norwegian kroner	THB	Thai baht
CHF	Swiss francs	GBP	British pounds	JPY	Japanese yen	PLN	Polish zloty	USD	U.S. dollars
DKK	Danish kroner	HKD	Hong Kong dollar	LTL	Lithuanian litas	SEK	Swedish kronor		
EKK	Estonian kroon	INR	Indian rupees	LVL	Latvian lats	SGD	Singapore dollars		

Corporate information

The SEB Group provides corporate, retail, investment and private banking services. The Group also provides asset management and life insurance services.

Skandinaviska Enskilda Banken AB (publ.) is the parent company of the Group. The parent company is a Swedish limited liability company with its registered offices in Stockholm, Sweden.

The parent company is included in the Large Cap segment of the Stockholm Stock Exchange.

The consolidated accounts for the financial year 2007 were approved for publication by the Board of Directors on 6 March and will be presented for adoption at the 2008 Annual General Meeting.

SEKm, unless otherwise stated.

1 Accounting policies

SIGNIFICANT ACCOUNTING POLICIES FOR THE GROUP

Basis of presentation

The Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards IFRS/IAS endorsed by the European Commission. In addition, provided in the Act (1995:1559) on annual accounts of credit institutions and securities companies (AACS), the accounting regulations of the Financial Supervisory Board ("FSA 2006:16") and Recommendation RR 30 (2006) of the Swedish Financial Accounting Standards Council (SFASC), have been applied.

The consolidated accounts are based on amortised cost, except for the fair value valuation of available-for-sale financial assets, financial assets and liabilities valued at fair value through profit or loss including derivatives.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2007

IFRS 7 "Financial instruments: disclosures" and the amendments to IAS 1 "Presentation of Financial Statements – capital disclosures" introduces new disclosure requirements related to financial instruments but have no impact on the classification and valuation of financial instruments. The Group made an early adoption of IFRS 7 in the 2006 financial statement.

IFRS 8 "Scope of IFRS 2" requires the entity to establish whether the identifiable consideration of issued equity instruments is less than the fair value of the equity instruments and fall within the scope of IFRS 2. This interpretation does not have an impact on the Group's financial statements.

IFRS 9 "Reassessment of embedded derivatives" requires reassessment of embedded derivatives when a change in the terms of the contract significantly modifies cash flows associated with the embedded derivative, the host contract or both. This interpretation does not have an impact on the Group's financial statements.

IFRS 10 "Interim financial reporting and impairment" prohibits an impairment loss on goodwill, investment in equity instruments and in financial assets carried at cost recognised in an interim period to be reversed in subsequent reporting date. This interpretation does not have an impact on the Group's financial statement.

The Group has chosen to early adopt during 2007

IFRIC 11 "Group and treasury share transactions" provides guidance whether

share-based payments involving treasury shares or involving group entities should be treated as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group entities. This interpretation does not have an impact on the Group's financial statements.

Interpretation effective 2007 but not relevant to the Group

IFRIC 7 "Applying the restatement approach under IAS 29" Financial reporting in hyperinflationary economics

Standards, amendments and interpretations not yet effective and have not been early adopted by the Group

IAS 1 (Amendment) "Presentation of financial statements" (effective January 2009 but still subject to endorsement by the European Union). The changes apply particularly to the presentation and names of the financial statements. Consequently the Group's financial statements will change by the introduction of this standard.

IAS 27 (Amendment) "Consolidated and separate financial statements" (effective July 2009 but still subject to endorsement by the European Union). States that minority share of result shall be reported regardless if negative. Transactions with minority owners shall be reported in equity and if parent company loses control the remaining part shall be fair valued. The amendment will influence future transactions only.

IFRS 2 (Amendment) "Share-based payments – vesting conditions and cancellations" (effective January 2009 but still subject to endorsement by the European Union). The amendment effects the definition of vesting conditions and introduces a new concept of "non-vesting" conditions. The standard states that non-vesting conditions should be taken into account in the estimate of the fair value of the equity instrument. The amendment has no impact on the Group.

IFRS 3 (Amendment) "Business combinations" (effective July 2009 but still subject to endorsement by the European Union). The amendment will change how future business combinations are accounted for in respect of transaction costs, possible contingent considerations and business combinations achieved in stages. The standard will not have an impact on previous business combinations but will be applied by the Group to business combinations for which acquisition date is on or after 1 January 2010.

IFRS 8 "Operating segments" (effective and will be applied by the Group from January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the US standard SFAS 131. The standard requires a management approach where

segments are presented according to internal reporting. The standard is not expected to have a material impact on the Group's segment reporting. IFRIC 13 "Customer loyalty program" (effective July 2008) clarifies that when goods or services are sold together with a customer loyalty incentive the consideration received is to be allocated between the components using fair values. IFRIC 13 will not have a material effect on the Group's financial statements. IFRIC 14, "IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction" (effective January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a minimum funding requirement. The interpretation is not expected to have any impact on the Group accounts.

Standard and interpretation issued that are neither effective nor relevant to the Group

IAS 23 (Amendment) "Borrowing costs" (effective January 2009). The amendment requires capitalisation of borrowing costs for qualifying assets that currently is not relevant to the Group.

IFRIC 12 "Service concession" (effective January 2008). Applies to contractual arrangements whereby a private entity participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the Group's operations.

Consolidation

The consolidated accounts comprise the parent company and its subsidiaries including Special Purpose Entities ("SPE"). Subsidiaries are companies, over which the parent company has control, implying that they have the power of governing the financial and operating policies of an entity so as to obtain benefits from its activities. Such influence is deemed to exist when, amongst other circumstances, the parent company holds, directly or indirectly, more than 50 per cent of the voting power of an entity. For SPE's, consolidation also takes place if the Parent Company or subsidiary does not have more than 50 percent of the votes but bears the economic risks and receives the economic benefits in another manner. Companies in which the Parent Company or its subsidiary hold more than 50 percent of the votes, but are unable to exercise control due to contractual and legal reasons, are not included in the consolidated accounts.

The financial statements of the parent company and the consolidated subsidiaries refer to the same period and have been drawn up according to the accounting policies applicable to the Group. A subsidiary is included in the consolidated accounts from the time of its acquisition, which is the date at which the parent company gains control over the subsidiary and the subsidiary is included in the consolidated accounts until the date at which control over the company ceases to exist.

The consolidated accounts are prepared in accordance with the purchase method. The cost of an acquisition is measured as the fair value of the assets provided as compensation, the fair value of any equity instruments issued, and the fair value of liabilities incurred or assumed, plus costs directly attributable to the acquisition. The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date, irrespective of any minority interest. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable acquired net assets is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly against profit or loss.

Goodwill is allocated between the cash-generating units or groups of units which are expected to gain benefits from an acquisition through synergies. The cash-generating units to which goodwill is allocated correspond to the lowest level within the Group in which goodwill is monitored for internal management purposes. These units may not be larger than the equivalent of one segment, that is, one business segment or one geographical segment, as determined in the segment reporting of the Group.

The useful life of each individual intangible asset is determined; however the useful life of goodwill is indefinite. For information regarding amortisation and impairment, see further comments under intangible assets.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. The minority share of the results in subsidiaries is included in the reported results in the consolidated profit and loss account, while the minority share of net assets is included in equity.

The consolidated accounts also include associated companies, which are companies over which the Group has a significant influence. By significant influence is meant that the Group can participate in the financial and operating policy decisions of the company, whilst not determining or controlling such financial and

operating policies. A significant influence is deemed to exist if the Group, directly or indirectly, holds between 20 and 50 per cent of the voting rights of an entity. A company in which the Group holds fewer than 20 percent of votes can also be classified as an associated company if the Group is represented in the Board of Directors and participates in work related to the company's strategic issues and issues affecting guidelines.

According to the main principle, associated companies are consolidated in accordance with the equity method. However, the Group has chosen to designate investments in associates held by the Group's venture capital organisation at fair value through profit or loss.

The equity method implies that participations in associated companies are initially reported at acquisition cost. The carrying amount of the participations is thereafter adjusted to the Group's share of the change in the value of the net assets of the associated companies. The Group's share of the results of the associated companies is included in profit or loss.

Dilution gains and losses in associates are recognised in the income statement.

Segment reporting

A segment is a business segment or a geographical segment. A business segment is a distinguishable component, in terms of accounting, of an entity engaged in providing an individual product or service or a group of related products or services, and that is subject to risks and returns differing from those of other business segments. A geographical segment from a reporting point of view is a distinguishable component of an entity engaged in providing products or services in a particular economic environment and that is subject to risks and returns differing from those applicable to other economic environments. The Group has defined business segments as primary segments and geographical segments as secondary segments.

Foreign currency translation

The consolidated financial statements are presented in Swedish kronor (SEK), which is the presentation currency of the Group.

When a foreign currency transaction is initially recognised, the amount is translated into the functional currency at the spot exchange rate on the date of the transaction. On subsequent balance sheet dates monetary items in foreign currency are translated using the closing rate. Non-monetary items, which are measured in terms of historical cost in foreign currency, are translated using the exchange rate on the date of the transaction. Non-monetary items, which are measured at fair value in a foreign currency, are translated applying the exchange rate on the date on which the fair value is determined.

Gains and losses arising as a result of exchange rate differences on settlement or translation of monetary items are recognised in profit or loss. Translation differences on non-monetary items, classified as financial assets or financial liabilities at fair value through profit or loss, are included in the change in fair value of those items. Translation differences from non-monetary items, classified as available for sale financial assets, are recognised directly in equity.

The income statements and balance sheets of Group entities, with a functional currency other than the Group's presentation currency, are translated to Swedish kronor (SEK) in the consolidated accounts. Assets and liabilities in foreign Group entities are translated at closing rate and income and expenses in the income statement are translated at the average exchange rate for the year. Resulting exchange rate differences are recognised as a separate component of equity.

Hedge accounting is applied to net investments in foreign subsidiaries. Foreign currency loans constitute the major portion of hedging instruments in these hedging transactions. The translation differences arising when the hedging instruments are translated to the presentation currency are also recognised as translation differences in equity. When a foreign operation is partially disposed of or sold, exchange differences recorded in equity are recognised in the income statement as part of the gain or loss on the sale.

Goodwill arising in conjunction with acquisitions of foreign Group entities, as well as adjustments to the fair value of assets and liabilities made in conjunction with acquisitions is included in assets and liabilities in the foreign entity in question and is translated to the presentation currency at closing rate.

Financial assets

Classification

Financial assets are classified in the following four categories at initial recognition:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

Notes to the financial statements

Financial assets at fair value through profit or loss consist of financial assets classified as held for trading and financial assets which, upon initial recognition, have been designated at fair value through profit or loss (Fair Value Option). Financial assets are classified as held for trading if they are held with the intention to be sold in the short-term and for the purpose of generating profits. Derivatives are classified as held for trading unless designated as hedging instruments.

The Fair Value Option can be applied to contracts including one or more embedded derivatives, investments that are managed and evaluated on a fair value basis and situations in which such designation reduces measurement inconsistencies. The nature of the financial assets and financial liabilities which have been designated at fair value through profit or loss and the criteria for such designation are described in the relevant notes to the financial statements.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Held-to-maturity investments are non-derivative financial assets designated with the intention and ability to hold until maturity. This category consists of financial assets with fixed or determinable payments and fixed maturity. Equity instruments cannot be classified as held to maturity as their life is indefinite.

Financial assets are designated in the available for sale category when intended to be held for an indefinite time and may be sold in response to specific needs for liquidity or anticipation of changes in equity price or those financial assets that have not been classified as financial assets measured at fair value through profit or loss, as loans and receivables or as investments held to maturity.

Measurement

Financial assets are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument and are measured at fair value on initial recognition. Transaction costs are included in the fair value on initial recognition except for financial assets designated at fair value through profit or loss where transaction costs are expensed in the profit and loss statement. Financial assets are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all risks and rewards. Transfers of financial assets with retention of all or substantially all risks and rewards include for example repurchase transactions and securities lending transactions.

Trade date accounting is applied to financial assets classified in the categories, financial assets at fair value through profit or loss and available for sale financial assets. Settlement date accounting is applied to the other categories of financial assets.

The valuation of financial assets after initial recognition is governed by their classification.

Financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item Net income from financial transactions.

Loans and receivables and held-to-maturity investments are measured at amortised cost using the effective interest method.

Available for sale financial assets are measured at fair value. Gains and losses arising from changes in fair value are reported directly in the fair value revaluation reserve in equity until the financial asset with which they are associated is sold or impaired. In the case of sale or impairment of a financial asset, the accumulated gains and losses previously reported in equity are recognised in profit or loss. Interest on interest-bearing, available for sale financial assets is recognised in profit or loss, applying the effective interest method. Dividends on equity instruments, classified as available for sale, are also recognised in profit or loss.

Investments in equity instruments without a quoted market price in an active market are measured, if possible, at fair value on the basis of a recognised valuation method. Investments in equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Financial liabilities

Classification

Financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities.

Financial liabilities at fair value through profit or loss are either classified as held for trading or designated as fair value through profit or loss on initial recognition (Fair Value Option). The criteria for classification of financial liabilities under the Fair Value Option are the same as for financial assets.

Financial liabilities held for trading are primarily short positions in interest-bearing securities and equities and negative replacement value of derivatives.

The category financial liabilities primarily include the Group's short-term and long-term borrowings.

Financial liabilities are derecognised when extinguished that is when the obligation is discharged, cancelled or expired.

Measurement

Financial liabilities are measured at fair value on initial recognition. In the case of financial liabilities not included in the category financial liabilities measured at fair value through profit or loss, transaction costs directly attributable to the

acquisition or the issuance of the financial liability are included in the calculation of fair value.

After initial recognition, financial liabilities measured at fair value through profit or loss, are measured and reported in a manner equivalent to the measurement and reporting of financial assets measured at fair value through profit or loss. Financial liabilities are, after initial recognition, measured on an ongoing basis at amortised cost, using the effective interest method.

Offsetting financial transactions

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legal right to offset transactions and an intention to settle net or realise the asset and settle the liability simultaneously.

Fair value measurement

The fair value of financial instruments quoted in an active market, for example quoted derivatives, financial assets and financial liabilities held for trading, and available for sale financial assets, is based on quoted market prices. The current bid price is used for financial assets and the current offer price for financial liabilities considering offsetting positions.

The fair value of financial instruments that are not quoted in an active market is determined by applying various valuation techniques with maximum use of observable market inputs. The valuation techniques used are discounted cash flows, option pricing models, valuations with reference to recent transactions in the same instrument and valuations with reference to other financial instruments that are substantially the same.

The difference between the transaction price and the fair value calculated using a valuation technique, the so called Day 1 profit, is amortised over the life of the transaction, recognised when realised through settlement or released to income if variables used to calculate fair value is based on market observable prices or rates.

Derivative financial instruments

Derivatives are initially recognised at fair value on trade date and subsequently measured at fair value. Derivatives are recognised as assets when replacement value is positive and as liabilities when replacement value is negative.

Embedded derivatives

Embedded derivatives are separated from the host contract and accounted for as derivatives not included in hedge relationships. Embedded derivatives are not embedded when their economic characteristics and risks are closely related to those of the host contract and the host contract is not carried at fair value.

Certain combined instruments, i.e. contracts that contain one or more embedded derivatives, are classified as financial asset or financial liability at fair value through profit or loss. The designation implies that the entire combined instrument is valued at fair value and that changes in fair value are recognised on an ongoing basis in profit or loss.

Hedge accounting

Hedge accounting is applied to derivatives used to reduce risks such as interest rate risks and currency risks in other financial instruments. The Group documents and designates at inception the relationship between hedged item and hedging instrument as well as the risk objective and hedge strategy. The Group also documents its assessment both at inception and on an ongoing basis whether the derivatives used are expected to be and are highly effective when assessed retrospectively in offsetting changes in fair values or cash flows of hedged item and that the likelihood of forecasted transactions to take place is highly probable.

The Group designates derivatives as either:

- hedges of the fair value of recognised assets or liabilities of firm commitments (fair value hedge)
- hedges of highly probable future cash flows attributable to recognised assets or liabilities or a forecasted transaction (cash flow hedge)
- hedges of a net investment in a foreign operation (net investment hedge).

Fair value hedge

Fair value hedge is the hedging of exposure to changes in the fair value of an asset or a liability, or an identifiable component of such asset or liability, which is attributable to a certain risk that could affect the profit or loss. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement together with changes in the fair value of the hedged item that are attributable to the hedged risk.

Where the Group hedges the fair value of interest rate exposure in a portfolio including financial assets or financial liabilities, so called portfolio hedging of interest rate risk, the gains or losses attributable to the hedged item are reported as a separate item under assets or as a separate item under liabilities in the balance sheet.

Fair value hedges are discontinued in the following situations:

- The hedging instrument expires or is sold, terminated or exercised
- The hedging relationship no longer meets the criteria for hedge accounting
- The hedging relationship is discontinued.

When hedge relationships are discontinued, any adjustment to the carrying amount of the hedged item is amortised to profit or loss over the period to maturity of the hedged item.

Cash flow hedge

Cash flow hedging is applied for the hedging of exposure to variations in future interest payments on assets or liabilities with variable interest rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly against equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss.

Gains or losses on hedging instruments reported directly against equity are recognised in profit or loss in the same period as interest income and interest expense from the hedged asset or liability.

Cash flow hedges are discontinued in the same situations as listed above regarding the termination of fair value hedges. When cash flow hedges are discontinued but future cash-flows still are expected to occur, accumulated gains or losses from the hedging instrument will remain as a separate item in equity. Accumulated gains or losses are subsequently reported in profit or loss in the same period in which the previously hedged interest flows are recognised in profit or loss.

Net investment hedge

The hedging of a net investment in a foreign operation refers to the hedge of equity in a foreign subsidiary against foreign exchange fluctuations. This type of hedge is accounted for similarly to cash flow hedges. Gains or losses on the hedge instrument attributable to the effective portion of the hedge are recognised in equity whilst the ineffective portion is recognised directly in profit or loss. Gains or losses accumulated in equity are included in profit or loss at the disposal of the foreign operation.

Interest income and interest expenses

The effective interest method is applied to recognise interest income and interest expenses in profit or loss for financial assets and financial liabilities measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating interest income and interest expenses. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When calculating future payments, all payments included in the terms and conditions of the contracts, such as advance payments, are taken into consideration. However, future credit losses are not taken into account. The calculation of effective interest includes fees and points to be received and paid that are an integral part of the effective interest, transaction costs and other premiums and discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is subsequently recognised applying the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Commission income and fees

Commission income and income in the form of fees on financial instruments are accounted for differently, depending upon the financial instrument from which the income is derived. When commission income and fees are included in the calculation of the effective interest rate of a financial instrument measured at amortised cost, such interest and fees are usually allocated over the expected tenor of the instrument applying the effective interest method.

Commission income and fees from asset management and advisory services are reported in accordance with the stipulations of the respective agreements. This income is usually recognised during the period in which the service is provided. Commission and fees from negotiating a transaction for a third party, such as arrangement of acquisitions or purchase or sale of a business, is recognised on completion of the transaction. Performance-based fees are reported when the income can be reliably calculated.

Fees from loan syndications in which SEB acts as arranger are reported as income when the syndication is completed and the Group has retained no part of the loan or retained a part at the same effective interest rate as other participants.

Dividend income

Dividends are recognised when the entity's right to receive payment is established.

Repurchase agreements

Repurchase agreements are generally treated as collateralised financing transactions. Market values of the securities received or delivered are monitored on a daily basis to require or deliver additional collateral. In repurchase transactions, the asset continues to be reported on the selling party's balance sheet and the payment received is reported as a deposit or borrowing. The sold instrument is reported as pledged assets. The buying party reports the payment as an outstanding loan to the selling party. The difference in amounts between the spot and the forward payments is allocated as interest over the life of the instrument.

Securities borrowing and lending

Securities borrowing and lending transactions are entered into on a collateralised basis. Fair values of securities received or delivered are monitored on a daily basis to require or provide additional collateral. Cash collateral delivered is derecognised with a corresponding receivable and cash collateral received is recognised with a corresponding obligation to return it. Securities lent remain on the balance sheet and are reported as pledged assets. Borrowed securities are not recognised as assets. When borrowed securities are sold (short position), an amount corresponding to the fair value of the securities is entered as a liability. Securities received in a borrowing or lending transaction are disclosed as off-balance sheet items.

Impairment of financial assets

All financial assets, except those classified at fair value through profit or loss, are tested for impairment.

On each balance sheet date the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset, and if that loss event will have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

Examples of objective evidence that one or more events have occurred which may affect estimated future cash flows include:

- significant financial difficulty pertaining to the issuer or obligor,
- the borrower is granted a concession as a consequence of financial difficulty, the nature of which normally would not have been granted to the borrower,
- a breach of contract, such as a default or delinquency in the payment of interest or principal,
- it is probable that the borrower will go bankrupt or undergo some other kind of financial reconstruction,
- deterioration in the value of collateral and
- downgrading by official rating institute.

An impairment loss is reported as a write off, if it is deemed impossible to collect the contractual amounts due that have not been paid and/or are expected to remain unpaid, or if it is deemed impossible to recover the carrying amount by selling any collateral provided. In other cases, a specific provision is recorded in an allowance account. As soon as the non-collectible amount can be determined and the asset is written off, the amount reported in the allowance account is dissolved. Similarly, the provision in the allowance account is reversed if the estimated recovery value exceeds the carrying amount.

Financial assets measured at amortised cost

An impairment of a financial asset in the category loans and receivables or in the category held to maturity investments carried at amortised cost is calculated on the basis of the original effective interest rate of the financial instrument. The amount of the impairment is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (recoverable amount). If the terms of an asset are renegotiated or otherwise modified due to financial difficulties on behalf of the borrower or issuer, impairment is measured using the original effective interest rate before modification of the terms and conditions. Cash flows relating to short-term receivables are not discounted if the effect of the discounting is immaterial. The entire, outstanding amount of each loan for which a specific provision has been established is included in impaired loans, i.e. including the portion covered by collateral.

In addition to an individual impairment test, a collective assessment is made of the value of receivables that have not been deemed to be impaired on an individual basis. Receivables with similar credit risk characteristics are grouped together and assessed collectively for impairment. The Group's internal risk classification system constitutes one of the components forming the basis for determining the total amount of the collective provision.

For certain homogeneous groups of individually insignificant credits (credit card claims, for example), provision models have been established on the basis of historical credit losses and the status of these claims. Collective impairment provisions are also established for credits to borrowers in countries with transfer obstacles, general problems in the banking system in question or similar circumstances.

Financial assets measured at acquisition cost

The impairment of unquoted equities, measured at acquisition cost, is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar equities.

Available for sale financial assets

If an impairment loss is recognised in an available for sale financial instrument, the accumulated loss that has been recognised directly in equity is reported in profit or loss. The amount of the accumulated loss that is transferred from equity

Notes to the financial statements

and recognised in profit or loss is equal to the difference between the acquisition cost and the current fair value, with a deduction of any impairment losses on that financial asset which had been previously recognised in profit or loss.

Impairment losses on bonds or other interest-bearing instruments classified as available-for-sale are reversed via profit or loss if the increase in fair value can be objectively attributed to an event taking place subsequent to the write down. Impairment losses for equity instruments classified as available for sale are not reversed through profit or loss.

Renegotiated loans

Renegotiated loans are no longer considered to be past due unless further renegotiations.

Seized assets

Seized assets are seized as part of an impairment procedure to compensate for losses in an asset. Seized asset are valued at fair value at inception and the intention is to dispose of the asset at the earliest convenience.

Tangible fixed assets

Tangible fixed assets, with the exception of investment properties held in insurance operations, are reported at historical cost and are depreciated according to plan on a straight line basis over the estimated useful life of the asset. The maximum depreciation period for buildings is 50 years. The depreciation period for other tangible fixed assets is between 3 and 5 years.

Tangible fixed assets are tested for impairment whenever there is indication of impairment.

Leasing

Leasing contracts are specified as finance or operating leases.

A finance lease is a lease that transfers, from the lessor to the lessee, substantially the entire risks and rewards incidental to the ownership of an asset. Operational leasing contracts are those leases which are not regarded as finance leases. In the Group, essentially all leasing contracts in which the Group is the lessor are classified as finance leases. Finance leases are reported as lending, which implies that the leasing income is reported as interest income.

Investment properties

Investments in properties held in order to receive rental income and/or for capital appreciation are reported as investment properties. The recognition and measurement of such properties differs, depending upon the entity owning the property. Investment properties held in the insurance operations, used to match liabilities providing a yield directly associated with the fair values of specified assets, including the investment properties themselves, are accounted for using the fair value model. Holdings of investment properties in the banking operations are valued at depreciated cost.

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. In addition, an entity must be able to demonstrate control of the intangible asset, which implies that the entity has the ability to ensure that the future economic benefits flowing from the underlying resource will accrue to the company. Intangible assets, other than goodwill, are only recognised in the balance sheet if it is probable that the future economic benefits attributable to the asset will accrue to the Group and if the acquisition cost of the asset can be measured in a reliable manner.

Intangible assets are measured initially at acquisition cost, and thereafter at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised on a straight line basis over their useful lives and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Customer lists are amortised over 20 years and internally generated intangible assets, such as software development, are amortised over a period of between 3 and 5 years.

Intangible assets with indefinite useful lives, such as goodwill, are not amortised but tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. As regards goodwill, an impairment loss is recognised in profit or loss whenever the carrying amount, with respect to a cash-generating unit or a group of cash-generating units to which the goodwill is attributed, exceeds the recoverable amount. Impairment losses attributable to goodwill are not reversed, regardless of whether the cause of the impairment has ceased to exist.

The recoverable amount of an asset is determined if there is indication of a reduction in the value of the asset. An impairment loss is recognised if the recoverable amount exceeds the recoverable amount of the asset.

Provisions

A provision is established when the Group has a present obligation as a result of past events. Conditions for the establishment of a provision are that the amount can be estimated in a reliable manner and that it is more likely than not that an outflow of resources will be required to settle the obligation. Provisions are evaluated at each balance sheet date and are adjusted as necessary.

Provisions are valued at the present value of the amount expected to be required in order to settle the obligation. The applied discount rate before tax reflects the current market assessment of the time-dependent value of the funds or the risks to which the provision refers. The increase of the provision over the course of time is recorded as an interest expense.

Employee benefits

Pension obligations

Depending upon local conditions, there are both defined benefit and defined contribution pension plans within the Group. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will get on retirement depending on factors as age, years of service and compensation. A defined contribution pension is a pension plan where the Group pays a contribution to a separate entity and has no further obligation once the contribution is paid.

The pension commitments of the Group with respect to defined benefit plans are covered by the pension funds of the Group, through insurance solutions or through provisions in the balance sheet. Pensions are recognised and measured in accordance with IAS 19, Employee Benefits. Defined benefit pension plans are calculated at present value according to the actuarial method called the Projected Unit Credit Method. The assumptions upon which the calculations are based are found in the note addressing staff costs. Actuarial gains and losses are recognised in profit or loss to the extent they exceed the greatest of 10 per cent of pension commitments and plan assets at the beginning of the reporting period. Amounts outside this corridor are reported in profit or loss over the employees' expected average remaining working lives. Pension commitments and any special plan assets are consolidated on a net basis per unit in the balance sheet.

Pension costs for defined contribution pension plans are carried as an expense on a continuous basis in line with the pension rights earned by the individual concerned.

Share-based payments

Group company employees receive compensation through share-based incentive programmes. The compensation consists of employee stock options (equity instruments), entitling the holder to subscribe for shares in the parent company at a future date and at a predetermined price.

The total value of issued stock options is amortised over the vesting period. The vesting period is comprised of the period from the date on which the options are issued until the stipulated vesting conditions are satisfied. The total value of issued stock options equals the fair value per option, multiplied by the number of options that are expected to become exercisable, taking the vesting conditions into consideration. The allocation of this amount implies that profit and loss are impacted at the same time as the corresponding increase in equity is recognised. At each balance sheet date an assessment is made to determine if the vesting conditions will be fulfilled and the extent to which they will be fulfilled. If the conclusion of this assessment is that a lower number of options are expected to be vested during the vesting period, then the previously expensed amounts are reversed through profit or loss. This implies that in cases in which the vesting conditions are not fulfilled, no costs will be reported in profit or loss, seen over the entire vesting period.

The employee stock option programme is hedged through the repurchase of own equity instruments (treasury shares) or through contracts to buy own equity instruments (total return swaps). However, hedge accounting is not applied, as it is deemed that such hedges do not qualify for hedge accounting under IAS 39.

Treasury shares are eliminated against equity. No gains or losses on the sale of treasury shares are recognised in profit or loss but are, instead, recognised as changes in equity.

Total return swap contracts entered into with third parties represent an obligation for the parent company to purchase its own equity instruments (own shares) at a predetermined price. Consequently, the swap contracts are classified as equity instruments. Contracts with an obligation to purchase own equity instruments give rise to a financial liability for the present value of the redemption amount, and an amount equivalent to this liability is reported as a decrease in equity.

Interest paid under the swap contracts is recognised in profit or loss and dividends received are regarded as dividends on own shares and are recognised in equity.

Taxes

The Group's tax for the period consists of current and deferred tax. Current tax is calculated based on the taxable results for the period. Deferred tax arises due to temporary differences between the tax bases of assets and liabilities and their carrying amounts. Current tax and deferred tax are generally recognised in profit or loss. However, tax that relates to items recognised directly in equity is also reported directly in equity. Examples of such items are changes in the fair value of available-for-sale financial assets and gains or losses on hedging instruments in cash flow hedges.

Deferred tax assets are recognised in the balance sheet to the extent that it is probable that future taxable profits will be available against which they can be utilized. The Group's deferred tax assets and tax liabilities have been calculated at the tax rate of 28 per cent in Sweden and at each respective country's tax rate for foreign companies.

Insurance and investment contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder or other beneficiaries on the occurrence of a defined insured event. Investment contracts are financial instruments that do not meet the definition of an insurance contract, as they do not transfer significant insurance risk from the policyholder to the Group.

Insurance contracts

Insurance contracts are classified as Short-term (non-life) or Long-term (life). Short-term insurance comprise sickness, disability, health-care, and rehabilitation insurance. Long-term insurance comprise mainly traditional life insurance within the Danish subsidiary, SEB Pension. In the Group accounts Short-term and Long-term insurance are presented aggregated as Insurance contracts. Some 95 per cent of the insurance liability is related to Long-term insurance contracts.

Measurement of Short-term insurance contracts (non-life)

The provision for unearned premiums is intended to cover the anticipated cost of claims and operating expenses arising during the remaining policy period of the insurance contracts in force. The provision for unearned premiums is usually strictly proportional over the period of the insurance contracts. If premiums are judged to be insufficient to cover the anticipated cost for claims and operating expenses, the provision for unearned premiums is strengthened with a provision for unexpired risks.

For anticipated future claims that have been incurred but not yet paid, provision for claims outstanding is recognised. The provision is intended to cover the anticipated future payment of all claims incurred, including claims incurred but not reported (IBNR provisions). This provision should also cover all costs for claims settlement. The provision for claims outstanding is not discounted, with the exception of provisions for sickness annuities, which are discounted using standard actuarial methods.

Measurement of Long-term insurance contracts (life)

For long-term life insurance contracts, a liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability equals the sum of the discounted value of expected benefit payments and future administration expenses, less any outstanding future contractual premium payments. Liabilities for long-term life insurance are discounted using standard actuarial methods.

Liability adequacy test

Swedish actuarial procedures involve performing liability adequacy tests on insurance liabilities. This is to ensure that the carrying amount of the liabilities is sufficient in the light of estimated future cash flows. The carrying amount of a liability is the value of the liability less any related intangible asset or asset for deferred acquisition costs. In performing these tests the current best estimates of future contractual cash flows, as well as claims handling and administration costs, are used in performing these liability adequacy tests. These cash flows are discounted and compared to the carrying amount of the liability. Any deficit is immediately reported in profit or loss.

Revenue recognition

Premiums for insurance contracts are recognised as revenue when they are paid by the policyholders. For contracts where insurance risk premiums received during a period are intended to cover insurance claims arising in that period those premiums are recognised as revenue proportionally during the period of coverage.

Recognition of expenses

Costs for insurance contracts are recognised as an expense when incurred, with the exception of commissions and other variable acquisition costs that vary with and are directly related to securing new contracts and the renewal of existing contracts. These costs are capitalised as deferred acquisition costs. These costs are mainly incremental acquisition costs paid to sales personnel, brokers and other distribution channels. Deferred acquisition costs are amortised as the related revenue is recognised. The asset is tested for impairment every accounting period, ensuring that the economic future benefits expected to arise from the contracts exceed its face amount. All other costs, such as non-incremental acquisition costs or maintenance costs, are recognised in the accounting period in which they arise. Insurance compensation is recorded as an expense when incurred.

Reinsurance

Contracts with re-insurers, whereby compensation for losses is received by the Group, are classified as ceded reinsurance. For ceded reinsurance, the benefits to which the Group is entitled under the terms of the reinsurance contract are reported as the re-insurers' share of insurance provisions. Amounts recoverable from re-insurers are measured consistently with the amounts associated with the reinsurance contracts and in accordance with the terms of each reinsurance contract.

Investment contracts

The majority of the Group's unit linked insurance is classified as investment contracts. No significant insurance risk is transferred from the policyholder to the Group. A minor part of the Group's unit linked insurance business, the portion referring to the Lithuanian insurance subsidiary, is classified as insurance contracts.

Measurement

Investment contracts are financial commitments whose fair value is dependent on the fair value of the underlying financial assets. The underlying assets and related liabilities are measured at fair value through profit or loss. The fair value of the unit linked financial liabilities is determined using the fair value of the financial assets linked the financial liabilities attributed to the policyholder on the balance sheet date. However, if the liability is subject to a surrender option, the fair value of the financial liability is never less than the amount payable on surrender.

Revenue recognition

Amounts received from and paid to policyholders are reported in the balance sheet as deposits or withdrawals. Fees charged for managing investment contracts are recognised as revenue. The revenue for these management services is evenly distributed over the tenor of the contracts.

Recognition of expenses

Variable expenses directly attributable to securing a new investment contract are deferred. These costs are primarily variable acquisition costs paid to sales personnel, brokers and other distribution channels. Deferred acquisition costs are reported in profit or loss as the related revenue is recognised. The asset is tested for impairment during each accounting period to ensure that the future economic benefits expected to arise from the contract exceed the carrying amount of the asset. All other costs, such as fixed acquisition costs or ongoing administration costs, are recognised in the accounting period in which they arise.

Contracts with discretionary participation features (DPF)

Traditional life insurance contracts within the Danish subsidiary, SEB Pension, include a discretionary participation feature. This feature entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses. These contracts are reported applying the same principles as those established for the reporting of insurance contracts. The amounts referring to the guaranteed element and to the discretionary participation feature are reported as liabilities to policyholders.

CRITICAL JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES**Consolidated accounts**

Within the life insurance operations of the SEB Group Gamla Livförsäkrings AB SEB Trygg Liv operates as a mutual life insurance company. The entity is not consolidated, as the judgment of the Group is that it does not have control of the entity. Control is seen to imply the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. Life insurance entities operated as mutual life insurance companies cannot pay dividends why the Group deems that it cannot obtain benefits. In Gamla Livförsäkrings AB SEB Trygg Liv there are specific policies specifying the composition of the board, which implies that the SEB Group is not able to govern the financial and operating policies of the entity.

The policyholders in SEB's unit-linked company choose to invest in a variety of funds. The insurance company providing unit-linked products invests in the funds chosen by the customers. By doing so SEB might, in some cases, hold more than 50 per cent of the funds, which it holds on behalf of the customers for whom it acts as investment manager. Due to the legislation regarding fund operations, SEB considers that it does not have the power to govern the financial and operating policies of such investment funds to obtain benefits. This applies irrespective of whether the funds held on behalf of customers are greater or less than 50 percent of a fund. It is the policyholders who carry the investment risk, not SEB. Consequently, the policyholders are entitled to all of the returns generated by the funds. SEB only charges fees, on market conditions, for managing the funds. SEB has come to the conclusion that the funds which it manages should not be consolidated. However, the shares that the Group holds in such funds on behalf of its customers are recognised in the balance sheet.

Important assumptions

Assumptions have been made that affect the reported amounts of assets and liabilities as regards financial instruments, buildings held for investment purposes in the insurance operations, the write-down requirements for goodwill and financial assets, reporting of tax assets, and actuarial calculations. The assumptions that have been made are described in the respective notes.

SIGNIFICANT ACCOUNTING POLICIES OF THE PARENT COMPANY

The annual report of the parent company has been prepared in accordance with the Act (1995:1559) on annual accounts of credit institutions and securities companies ("AACS"), the accounting regulations of the Financial Supervisory Board ("FSA 2006:16") and recommendation RR 32 (2006) of the Swedish Financial Accounting Standards Council ("SFASC").

The parent company applies so-called "legally restricted IAS", which means that international accounting standards are applied to the extent permitted under Swedish accounting legislation. As the Swedish standards have not been fully adjusted to IFRS, the accounting principles of the parent company differ, in certain aspects, from the accounting principles applied by the SEB Group. The essential differences are described below.

Presentation format

The presentation format for the balance sheet and the profit and loss account according to the AACS are not in conformity with IFRS. Credit institutions and securities companies applying international accounting standards (IFRS/IAS) endorsed by the European Commission in their consolidated accounts are provided the option to deviate from the presentation format for the balance sheet as stipulated in AACS, but may not deviate from the AACS stipulated profit and loss account. The parent company has chosen to utilize this option, implying that the presentation format of the balance sheet is, in all material aspects, the same in both the Group and the parent company.

Definition of the Group

The AACS and IAS 27 have different definitions of a group. According to the AACS, companies are not reported as parent companies and subsidiaries if there is no ownership interest. According to IAS 27, it is sufficient that there is controlling influence. In other words, no share in the ownership of the company is required. There is a definition in AACS which determines when a company is the parent company of a group and is; therefore, liable to prepare consolidated accounts, but it is IAS 27 which stipulates the companies to be included in the consolidated accounts. For SEB, this means that the consolidated accounts comprise a different group of companies than those constituting a group according to AACS.

Holdings in subsidiaries and associated companies

Participations in subsidiaries and associated companies shall be reported in accordance with the cost method. Dividends received are reported as income to the extent that they emanate from profits earned after the acquisition. Dividends in excess of such profits reduce the reported value of the participation. If the value of the participations is lower than their acquisition cost on balance sheet date, a write-down to the lower value will be made if such decrease in value is deemed permanent.

The parent company has chosen to apply hedge accounting to the foreign exchange risk in participations held in foreign subsidiaries and to the exchange risk in accrued profits in these subsidiaries. For this purpose hedging of the fair values is applied, which means that the value of the participations and the loans serving as hedge instruments are translated taking into consideration the hedged risk. Participations in subsidiaries subject to hedge accounting are, consequently, reported at a value differing from their acquisition cost.

Segment reporting

The parent company need not present segment information. However, information shall be disclosed regarding income per business area and geographical market.

Financial assets and financial liabilities designated at fair value through profit or loss (Fair Value Option)

It is only possible to designate financial assets and financial liabilities as measured at fair value through profit or loss in those cases permitted by AACS. Therefore, it is not possible for the parent company to fully apply the Fair Value Option. For example, it is not possible to designate liabilities as measured at fair value through profit or loss, except for those held for trading purposes or which constitute derivatives.

Leasing

According to RR 32, leasing contracts which are classified as finance leases in the consolidated accounts may be accounted for as operating leases in legal entities. The parent company has chosen to utilize this option.

Pensions

The Act on safeguarding of pension commitments and the guidance from the FSA include regulations the application of which results in accounting treatment as regards defined benefit plans differing from the treatment stipulated in IAS 19. Compliance with the Act on safeguarding of pension commitments is a condition for fiscal deductibility. In view of this, RR 32 states that it is not mandatory that the regulations in IAS 19 regarding defined benefit pension plans be applied in the legal entity. The parent company, whose obligations are covered by pension funds, has chosen to utilize this possibility. Imputed pension costs are, therefore, reported as personnel costs in the profit and loss account and reversed in appropriations. The parent company compensates itself for pensions paid from the pension funds, provided the financial position of the funds so permits. Paid pensions and compensation from the pension funds are recorded among appropriations.

Group contributions

Group contributions paid or received for the purpose of minimising the Group's taxes are reported in the parent company as a decrease/increase in non-restricted equity, after adjustment for estimated tax.

2 Segment reporting

BUSINESS SEGMENTS IN SEB GROUP

Income statement, 2007	Merchant Banking	Retail Banking	Wealth Management	Life ¹⁾	Other incl. eliminations ²⁾	Group
Interest income	58,714	41,621	3,609		-17,909	86,035
Interest expense	-53,174	-31,733	-2,766	-28	17,664	-70,037
Net interest income	5,540	9,888	843	-28	-245	15,998
Fee and commission income	6,960	8,708	5,767		-35	21,400
Fee and commission expense	-1,070	-2,434	-1,690		845	-4,349
Net fee and commission income	5,890	6,274	4,077		810	17,051
Net financial income	2,285	812	79		63	3,239
Net life insurance income				3,958	-1,025	2,933
Net other income	784	248	86		101	1,219
Total operating income	14,499	17,222	5,085	3,930	-296	40,440
of which internally generated	-6,350	-2,031	-864	1,113	8,132	
Staff costs	-4,217	-5,169	-1,475	-1,055	-3,005	-14,921
Other expenses	-3,432	-4,314	-902	-525	2,254	-6,919
Depreciation, amortisation and impairments of tangible and intangible assets	-82	-435	-63	-548	-226	-1,354
Total operating expenses	-7,731	-9,918	-2,440	-2,128	-977	-23,194
Gains less losses from tangible and intangible assets	2	5	-1		782	788
Net credit losses incl. changes in value of seized assets	-323	-718	-7		32	-1,016
Operating profit	6,447	6,591	2,637	1,802	-459	17,018

Income statement, 2006

Interest income	70,306	32,300	2,318	-15	-38,772	66,137
Interest expense	-65,497	-23,786	-1,674		39,101	-51,856
Net interest income	4,809	8,514	644	-15	329	14,281
Fee and commission income	6,933	7,893	4,728		591	20,145
Fee and commission expense	-1,059	-2,141	-892		93	-3,999
Net fee and commission income	5,874	5,752	3,836		684	16,146
Net financial income	3,676	614	55		-309	4,036
Net life insurance income				3,471	-810	2,661
Net other income	779	235	60		549	1,623
Total operating income	15,138	15,115	4,595	3,456	443	38,747
of which internally generated	1,783	-1,429	-505	827	-676	
Staff costs	-4,082	-4,885	-1,440	-1,008	-2,948	-14,363
Other expenses	-3,227	-4,203	-801	-474	1,818	-6,887
Depreciation, amortisation and impairments of tangible and intangible assets	-89	-440	-51	-454	-253	-1,287
Total operating expenses	-7,398	-9,528	-2,292	-1,936	-1,383	-22,537
Gains less losses from tangible and intangible assets	-2	45	29		-2	70
Net credit losses incl. changes in value of seized assets	-320	-412	25		-11	-718
Operating profit	7,418	5,220	2,357	1,520	-953	15,562

1) Business result in Life amounted to SEK 3,075m (3,175), of which change in surplus values was net SEK 1,273m (1,655).

2) Profit and losses from associated companies accounted for under the equity method are recognised in Net other income by SEK 128m (44). The aggregated investments are SEK 424m (415).

Balance sheets, 2007-12-31

Assets	1,381,950	725,780	86,938	244,497	-94,703	2,344,462
Liabilities	1,341,347	672,217	78,983	236,112	-60,916	2,267,743
Investments	364	539	62	1,042	841	2,848

Balance sheets, 2006-12-31

Assets	1,259,559	622,899	75,230	215,738	-238,985	1,934,441
Liabilities	1,219,326	594,607	68,210	207,778	-222,747	1,867,174
Investments	125	564	43	432	243	1,407

Notes to the financial statements

Note 2 ctd. Segment reporting

GEOGRAPHICAL SEGMENTS IN SEB GROUP						
	2007			2006		
	Gross Income*	Assets	Investments	Gross Income*	Assets	Investments
Sweden	65,900	1,512,209	1,164	49,625	1,124,026	319
Norway	10,474	145,624	28	8,463	98,308	
Denmark	10,209	280,562	478	7,837	245,811	448
Finland	2,782	20,815	24	1,956	19,987	13
Estonia	3,336	52,023	61	2,341	41,147	34
Latvia	3,124	47,356	92	2,127	37,158	69
Lithuania	4,308	77,220	151	2,820	55,778	206
Germany	25,801	575,581	227	23,872	461,957	149
Other countries	22,948	369,283	623	17,968	242,633	169
Group eliminations	-34,056	-736,211		-22,407	-392,364	
Total	114,826	2,344,462	2,848	94,602	1,934,441	1,407

*Gross income in the Group is defined as the sum of Interest income, Fee and commission income, Net financial income, Net life insurance income and net other income according to IFRS.

BUSINESS SEGMENTS IN PARENT COMPANY

	Merchant Banking	Retail Banking	Wealth Management	Life	Other incl. eliminations	Parent company
2007						
Gross income*	32,162	10,608	1,723	106	20,996	65,595
Assets	970,143	314,625	11,056	2	263,493	1,559,319
Investments	141	73	14		58	286
2006						
Gross income*	22,490	3,401	1,710	95	20,901	48,597
Assets	794,441	51,584	5,259		320,765	1,172,049
Investments	43	15			2	60

GEOGRAPHICAL SEGMENTS IN PARENT COMPANY

	2007			2006		
	Gross Income*	Assets	Investments	Gross Income*	Assets	Investments
Sweden	43,360	1,248,095	286	32,421	889,631	60
Norway	3,796	61,879		1,944	47,879	
Denmark	5,147	167,731		3,972	138,367	
Finland	946	3,692		853	7,171	
Other countries	12,346	77,922		9,407	89,001	
Total	65,595	1,559,319	286	48,597	1,172,049	60

*Gross income in the Parent company is defined as the sum of Interest income, Leasing income, Dividends, Fee and commission income, Net Financial income and Other income according to SFSA accounting regulations.

Primary segment – Business segment

The Business segments are presented on a management reporting basis. The different divisions assist different groups of customers. The customers' demands decide the type of products that are offered. Merchant Banking offers wholesale and investment banking services to large corporations, institutions and real estate companies. Retail Banking offers products mainly to retail customers (private customers and small corporates). Wealth Management performs asset management and private banking activities and Life offers life, care and pension insurance. 2006 years figures have been restated accordingly.

Secondary segment – Geographical segment

The split is based on the location of the entity.

Transfer pricing

The internal transfer pricing objective in the SEB Group is to measure net interest income, to transfer interest risk and to manage liquidity. The internal price is set according to the market price, which is the price paid at the interbank market for a specific interest and liquidity term. The business units do not pay or receive any margins on funds transferred to and from the Treasury unit. Transactions between Business segments are conducted at arm's length.

3 Net interest income

	Group		Parent company	
	2007	2006	2007	2006
Loans to credit institutions	10,865	8,548	4,963	12,105
Loans to the public	53,770	42,090	25,521	10,959
Interest-bearing securities ¹⁾	18,127	11,929	11,686	6,814
Other interest income	3,273	3,570	1,743	2,438
Interest income²⁾	86,035	66,137	43,913	32,316
Deposits by credit institutions	-17,287	-13,313	-5,174	-12,766
Deposits and borrowing from the public	-26,760	-18,472	-9,639	-5,147
Interest-bearing securities	-20,668	-14,771	-19,289	-7,151
Subordinated liabilities	-2,075	-2,111	-2,011	-2,003
Other interest costs	-3,247	-3,189	-2,351	-1,415
Interest expense	-70,037	-51,856	-38,464	-28,482
Total	15,998	14,281	5,449	3,834
1) Of which, measured at fair value.	18,007	11,167	11,427	6,424
2) Including interest on impaired loans.	107	56		

Net income from leases¹⁾

Income from leases	6,154	877
Depreciation of leased equipment	-4,735	-302
Total	1,419	575

1) In the Group Net income from leases is reclassified to interest income. In the Parent company depreciation of leased equipment is reported as Depreciation, amortisation and impairment of tangible and intangible assets.

Net interest income

Interest income	43,913	32,316
Income from leases	6,154	877
Interest expense	-38,464	-28,482
Depreciation of leased equipment	-4,735	-302
Total	6,868	4,409

4 Net fee and commission income

	Group		Parent company	
	2007	2006	2007	2006
Issue of securities	335	290	1,192	1,155
Secondary market shares ¹⁾	3,153	3,100	572	785
Secondary market other	598	531	569	534
Custody and mutual funds	7,165	6,184	2,454	2,159
Securities commissions	11,251	10,105	4,787	4,633
Payments	1,808	1,787	1,116	1,123
Card fees	4,093	3,730	163	156
Payment commissions	5,901	5,517	1,279	1,279
Lending	1,055	946	718	537
Deposits	89	124	67	67
Advisory	1,473	1,742	378	551
Guarantees	264	278	152	180
Derivatives	363	384	305	280
Other	1,004	849	769	847
Other commissions	4,248	4,323	2,389	2,462
Fee and commission income	21,400	19,945	8,455	8,374
Securities commissions ¹⁾	-902	-698	-260	-174
Payment commissions	-2,373	-2,150	-520	-490
Other commissions	-1,074	-951	-551	-547
Fee and commission expense	-4,349	-3,799	-1,331	-1,211
Total	17,051	16,146	7,124	7,163

1) Group adjusted for gross fees for lending in 2006, SEK 200m.

5 Net financial income

	Group		Parent company	
	2007	2006	2007	2006
Gains (losses) on financial assets and liabilities held for trading, net	3,256	4,098	2,490	3,515
Gains (losses) on financial assets and liabilities designated at fair value, net	-17	-62		
Total	3,239	4,036	2,490	3,515

Gains (losses) on financial assets and liabilities held for trading, net

Equity instruments and related derivatives	569	392	587	189
Debt instruments and related derivatives	-100	1,437	-104	1,557
Currency related	2,787	2,269	2,007	1,769
Total	3,256	4,098	2,490	3,515

Gains (losses) on financial assets and liabilities designated at fair value, net

Equity instruments and related derivatives	-49	-50		
Debt instruments and related derivatives	-1	-13		
Currency related	33	1		
Total¹⁾	-17	-62		

1) Of which measured at fair value with valuation techniques based on assumptions that are not supported by prices from observable current market transactions in the same instrument and not based on observable market data.

Fair value changes in financial assets and financial liabilities within the unit linked insurance business, designated as at fair value through profit or loss offset each other in full.

6 Net life insurance income

	Group	
	2007	2006
Premium income, net	5,961	5,726
Income investment contracts	1,067	873
Investment income net	981	1,507
Other insurance income	471	383
Net insurance expenses	-5,547	-5,828
Total	2,933	2,661

Investment income, net

Direct yield ¹⁾	4,427	3,896
Change in value on investments at fair value, net	-2,813	-1,849
Foreign exchange gains (losses)	-419	-240
	1,195	1,807
Expenses for asset management services	-108	-96
Policyholders tax	-106	-204
Total	981	1,507

1) Net interest income, dividends received and operating surplus from properties.

Net insurance expenses

Claims paid, net	-7,918	-8,054
Change in insurance contract provisions	2,371	2,226
Total	-5,547	-5,828

7 Net other income

	Group		Parent company	
	2007	2006	2007	2006
Dividends	79	63	3,925	1,407
Impairment of financial assets	1	7	-106	-100
Investments in associates	128	44		
Gains less losses from investment securities	653	1,038	377	496
Gains less losses from tangible assets ¹⁾			-939	4
Other income	358	471	1,220	1,608
Total	1,219	1,623	658	2,108

1) See note 13 for the Group.

Dividends

Available-for-sale investments	79	61	26	21
Investments in associates		2	57	38
Shares in subsidiaries			3,842	1,348
Total	79	63	3,925	1,407

Impairment of financial assets

Impairments			-106	-100
Reversals	1	7		
Total	1	7	-106	-100

Investments in associates¹⁾

NCSD Holding (former VPC)	89	-15		
BGC Holding	26	56		
Other	13	3		
Total	128	44		

1) Recognised through the equity method.

Gains less losses from investment securities

Available for sale financial assets – Equity instruments	638	942	377	496
Available for sale financial assets – Debt instruments	791	168		
Loans	1	17		
Capital gains	1,430	1,127	377	496
Available for sale financial assets – Equity instruments	-45	-5		
Available for sale financial assets – Debt instruments	-641	-74		
Loans	-91	-10		
Capital losses	-777	-89		
Total	653	1,038	377	496

Other income

Fair value adjustment in hedge accounting	-132	124	-26	6
Operating result from non-life insurance, run off	-12	7		
Other income ¹⁾	502	340	1,246	1,602
Total	358	471	1,220	1,608

1) Realised gains from financial instruments where fair value previously could not be measured, SEK 55m.

Fair value adjustment in hedge accounting

Fair value changes of the hedged items attributable to the hedged risk	-1,363	-178	-854	727
Fair value changes of the hedging derivatives	907	82	842	-732
Fair value hedges – ineffective portion	-456	-96	-12	-5
Fair value changes of the hedging derivatives	-14	11	-14	11
Cash-flow hedges – ineffective portion	-14	11	-14	11
Fair value changes of the hedged items	-691	-2,218		
Fair value changes of the hedging derivatives	1,029	2,427		
Fair value portfolio hedge of interest rate risk – ineffective portion	338	209		
Total	-132	124	-26	6

Notes to the financial statements

Note 7 ctd. Net other income

Fair value hedges

The Group hedges a proportion of its existing interest rate risk, in financial assets payments and financial liabilities with fixed interest rates, against changes in fair value due to changes in the interest rates. For this purpose the Group uses interest rate swaps, cross-currency interest rate swaps and in some situations also options.

Cash flow hedges

The Group uses interest rate swaps to hedge future cash flows from deposits and lending with floating interest rates. Interest flows from deposits and lending with

floating interest rates are expected to be amortised in profit or loss during the period 2008 to 2037.

Net investment hedges

The Group hedges the currency translation risk of net investments in foreign operations through currency borrowings and currency forwards. Borrowing in foreign currency to an amount of SEK 53,260m (53,350) and currency forwards to an amount of SEK 349m (369) was designated as hedges of net investments in foreign operations. No ineffectiveness has been recognised from these hedges.

8 Administrative expenses

	Group		Parent company	
	2007	2006	2007	2006
Staff costs	-14,921	-14,363	-8,611	-8,409
Other expenses	-6,919	-6,887	-3,978	-4,664
Total	-21,840	-21,250	-12,589	-13,073

9 Staff costs

	Group		Parent company	
	2007	2006	2007	2006
Salaries and remuneration	-10,808	-10,246	-5,576	-5,170
Payroll overhead	-2,615	-2,631	-1,646	-1,724
Employee stock option programme	-71	-397	-71	-397
Payroll related costs	-13,494	-13,274	-7,293	-7,291
Imputed pension costs			-362	-345
Pension premiums paid			-447	-396
Benefit retirement plans	369	388		
Contribution retirement plans	-733	-703		
Pension related costs¹⁾	-364	-315	-809	-741
Other staff costs²⁾	-1,063	-774	-509	-377
Total	-14,921	-14,363	-8,611	-8,409

1) Pension costs in the Group are accounted for according to IAS 19, Employee benefits. Pension costs in Skandinaviska Enskilda Banken have been calculated in accordance with the directives of the Financial Supervisory Authority, implying an actuarial calculation of imputed pension costs. Non-recurring costs of SEK 393m (327) for early retirement have been charged to the pension funds of the Bank.

2) Includes costs for redundancies with SEK 281m (71) for the Group and SEK 115m (16) for the Parent company.

9a Salaries and other remunerations per category

	Group			Parent company*		
2007	Executives ¹⁾	Other	Total	Executives ¹⁾	Other	Total
Sweden	-34	-5,038	-5,072	-19	-4,300	-4,319
Norway	-33	-827	-860		-190	-190
Denmark	-14	-756	-770		-321	-321
Finland	-24	-257	-281		-158	-158
Estonia	-7	-273	-280			
Latvia	-13	-244	-257		-19	-19
Lithuania	-30	-311	-341			
Germany	-267	-1,842	-2,109		-98	-98
Poland	-6	-27	-33		-15	-15
Ukraine	-3	-26	-29			
China		-5	-5		-5	-5
Great Britain		-337	-337		-337	-337
France		-11	-11		-11	-11
Ireland	-2	-10	-12			
Luxembourg	-12	-182	-194			
Russia	-3	-21	-24			
Singapore		-58	-58		-50	-50
United States	-11	-113	-124		-53	-53
Other ²⁾		-11	-11			
Total	-459	-10,349	-10,808	-19	-5,557	-5,576

Note 9a ctd. Salaries and other remunerations per category

2006	Group			Parent company*		
	Executives ¹⁾	Other	Total	Executives ¹⁾	Other	Total
Sweden	-33	-4,547	-4,580	-17	-3 873	-3,890
Norway	-57	-937	-994		-161	-161
Denmark	-21	-721	-742		-254	-254
Finland	-13	-260	-273		-157	-157
Estonia	-7	-212	-219			
Latvia	-8	-195	-203		-5	-5
Lithuania	-18	-240	-258			
Germany	-244	-1,829	-2,073		-112	-112
Poland	-3	-16	-19		-5	-5
Ukraine	-3	-24	-27			
China		-5	-5		-5	-5
Great Britain	-1	-469	-470		-466	-466
France		-9	-9		-9	-9
Ireland	-1	-8	-9			
Luxembourg	-9	-151	-160			
Russia	-1	-13	-14			
Singapore		-61	-61		-51	-51
United States	-8	-109	-117		-55	-55
Other ²⁾		-13	-13			
Total	-427	-9,819	-10,246	-17	-5,153	-5,170

1) Comprises current and previous Board members and their substitutes in the Parent company and subsidiaries, President and Deputy President in Parent company and Managing Directors and Deputy Managing Directors in subsidiaries. Total number of Presidents, Managing Directors and Deputy Presidents and Managing Directors was 101 (102) of which 19 (15) female. Total number of Board members and their substitutes was 207 (208) of which 47 (47) female. These Board members do not, with the exception of the Board members elected at the AGM in the parent company, receive board remuneration.

2) Other includes Switzerland and Brazil.

* SEB Finans and SEB Bolån merged with Parent company in 2007 and SEB IT and Enskilda Securities merged with the Parent company in 2006.

Loans to Executives

	Group		Parent company	
	2007	2006	2007	2006
Managing Directors and Deputy Managing Directors ¹⁾	134	114	2	
Boards of Directors ²⁾	208	178	47	25
Total	342	292	49	25

1) Comprises current President in the Parent company and Managing Directors and Deputy Managing Directors in subsidiaries. Total number of executives was 101 (102) of which female 19 (15).

2) Comprises current Board members and their substitutes in the Parent company and subsidiaries. Total number of persons was 207 (208) of which female 47 (47).

Pension commitments to Executives

	Group		Parent company	
	2007	2006	2007	2006
Pension disbursements made	53	80	16	18
Change in commitments	58	51	7	9
Commitments at year-end	1,678	1,589	775	741

The above commitments are covered by the Bank's pension funds or through Bank-owned endowment assurance schemes. Includes active and retired Presidents and Deputy Presidents in the Parent company and Managing Directors and Deputy Managing Directors in subsidiaries, in total 115 (116) persons.

9b Retirement benefit obligations

DEFINED BENEFIT PLANS IN SEB GROUP						
Net amount recognised in the Balance sheet	2007			2006		
	Sweden ¹⁾	Foreign ¹⁾	Group ¹⁾	Sweden ¹⁾	Foreign ¹⁾	Group ¹⁾
Defined benefit obligation at the beginning of the year	14,312	5,016	19,328	13,233	4,958	18,191
Acquisitions and reclassification		-55	-55		16	16
Service costs	347	99	446	296	110	406
Interest costs	523	222	745	483	205	688
Benefits paid	-779	-242	-1,021	-709	-213	-922
Exchange differences		228	228		-184	-184
Unrecognised actuarial gains/losses	2,076	-508	1,568	1,009	124	1,133
Defined benefit obligation at the end of the year	16,479	4,760	21,239	14,312	5,016	19,328
Fair value of plan assets at the beginning of the year	17,579	4,472	22,051	16,533	4,193	20,726
Acquisitions and reclassification		-77	-77			
Calculated return on plan assets	1,317	260	1,577	1,240	263	1,503
Benefits paid/contributions	-782	-216	-998	-709	170	-539
Exchange differences		205	205		-158	-158
Unrecognised actuarial gains/losses	-1,123	-116	-1,239	515	4	519
Fair value of plan assets at the end of the year	16,991	4,528	21,519	17,579	4,472	22,051
Funded status	512	-232	280	3,267	-544	2,723
Unrecognised actuarial gains/losses on liabilities	5,989	348	6,337	3,914	856	4,770
Unrecognised actuarial gains/losses on assets	-2,162	2	-2,160	-3,285	-114	-3,399
Exchange differences		11	11		-6	-6
Net amount recognised in the Balance sheet	4,339	129	4,468	3,896	192	4,088
of which recognised as assets	4,373	192	4,565	3,908	238	4,146
of which recognised as liabilities	34	63	97	12	46	58
Movements in the net assets or net liabilities						
Defined benefit obligation at the beginning of the year	3,896	192	4,088	3,441	-118	3,323
Acquisitions and reclassification		-24	-24		16	16
Total expense as below	446	-77	369	455	-67	388
Pension paid	779	242	1,021	709	213	922
Pension compensation	-782	-216	-998	-709	170	-539
Exchange differences		12	12		-22	-22
Amounts recognised in Balance sheet	4,339	129	4,468	3,896	192	4,088
The actual return on plan assets was SEK 175m (1,755) in Sweden and SEK 113m (267) in foreign plans. The allocation of total plan assets in Sweden is 78 per cent (76) shares and 22 (24) interest-bearing, in foreign plans 24 (25) shares and 76 (75) interest-bearing.						
The pension plan assets include SEB shares with a fair value of SEK 903m (1,092) and buildings occupied by the company with a value of SEK 792m (792).						
Amounts recognised in the Profit and loss						
Service costs	-347	-99	-446	-296	-110	-406
Interest costs	-523	-222	-745	-483	-205	-688
Return on plan assets	1,317	260	1,577	1,240	263	1,503
Actuarial gains/losses	-1	-16	-17	-6	-15	-21
Total included in staff costs	446	-77	369	455	-67	388
Principal actuarial assumptions used, %						
Discount rate	3.8%	5.5%		3.8%	4.3%	
Inflation rate	2.0%	2.0%		2.0%	1.5%	
Expected rate of salary increase	3.5%	3.0%		3.5%	2.3%	
Expected rate of increase in the income basis amount	3.0%			3.0%		
Expected rate of return on plan assets	7.5%	6.0%		7.5%	6.0%	

1) Defined benefit obligations and plan assets are disclosed gross in the table. There exist no legal right to offset obligations and assets between entities in the group but in the balance sheet the net amount is recognised for each entity either as an asset or liability.

DEFINED CONTRIBUTION PLANS IN SEB GROUP

Net amount recognised in the Profit and loss	2007			2006		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Expense in Staff costs	-487	-246	-733	-467	-236	-703

Note 9b ctd. Retirement benefit obligations

DEFINED BENEFIT PLANS IN SKANDINAVISKA ENSKILDA BANKEN		
	Parent company	
Net amount recognised in the Balance sheet	2007	2006
Defined benefit obligation at the beginning of the year	11,204	10,275
Imputed pensions costs	362	345
Interest costs and other changes	700	964
Early retirement	393	327
Pension disbursements	-782	-707
Defined benefit obligation at the end of the year	11,877	11,204
Fair value of plan assets at the beginning of the year	17,343	15,767
Return in pension foundations	171	2,283
Benefits paid	-782	-707
Fair value of plan assets at the end of the year	16,732	17,343

The above defined benefit obligation is calculated according to Tryggandelagen. The obligation is fully covered by assets in pension foundations and is not included in the balance sheet.

The assets in the foundations are mainly equity related SEK 13,125m (11,383) and to a smaller extent interest related SEK 2,593m (2,674). The assets include SEB shares of SEK 890m (1,085) and buildings occupied by the company of SEK 792m (792). The return on assets was 1 per cent (11) before pension compensation.

Amounts recognised in the Profit and loss

Imputed pension costs	-362	-345
Total included in staff costs	-362	-345
Recovery of imputed pension costs	362	345
Pension disbursements	-782	-707
Compensation from pension foundations	782	707
Total included in appropriations	362	345

Net pension costs for defined benefit plans**Principal actuarial assumptions used, %**

Gross interest rate	3.5%	3.0%
Interest rate after tax	3.0%	2.5%

The actuarial calculations are based on salaries and pensions on the balance sheet date.

DEFINED CONTRIBUTION PLANS IN SKANDINAVISKA ENSKILDA BANKEN

	Parent company	
Net amount recognised in the Profit and loss	2007	2006
Expense in Staff costs	-447	-396

Pension foundations

	Pension commitments		Market value of asset	
	2007	2006	2007	2006
SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	11,877	11,204	16,732	17,343
SEB Kort AB:s Pensionsstiftelse	260	235	260	236
Total	12,137	11,439	16,992	17,579

SEB Kort AB:s Pensionsstiftelse merged its assets with SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse during 2007 but kept its dedicated share of the assets.

Retirement benefit obligations

The Group has established pension schemes in the countries where business is performed. There are both defined benefit plans and defined contribution plans. The major pension schemes are final salary defined benefit plans and are funded. The defined contribution plans follow the local regulations in each country.

Defined benefit plans

The major defined benefit plans exist in Sweden and Germany and covers substantially all employees in these countries. Independent actuarial calculations according to the Projected Credit Unit Method (PUCM) are performed each year as per 31 December to decide the value of the defined benefit obligation. The benefits covered include retirement benefits, disability, death and survivor pensions according to the respective countries collective agreements.

The plan assets are kept separate in specific pension foundations.

The assets are market valued each year at the same date as the obligation. The asset allocation is determined to meet the various risk in the pension obligations and are decided by the board/trustees in the pension foundations. The pension costs and the return on plan assets are accounted for among Staff costs.

Defined contribution plans

Defined contribution plans exist both in Sweden and abroad. In Sweden a smaller part of the retirement collective agreement is defined contribution plans. Over a certain salary level the employees can also choose to leave the defined benefit plan and replace it by a defined contribution plan. Most other countries have full defined contribution plans except for the Baltic countries where the company to a very limited extent contribute to the employees retirement. The defined contribution plans are accounted for as an expense among Staff costs.

9c Compensation to the top management and the Group Executive Committee**Compensation to the top management, SEK**

	Base salary	Variable salaries	Remunerations ¹⁾	Benefits and other ²⁾	Total
2007					
Chairman of the Board, Marcus Wallenberg			2,600,000		2,600,000
Other members of the Board			5,470,000		5,470,000
President, Annika Falkengren	7,000,000	4,000,000		1,106,016	12,106,016
Total	7,000,000	4,000,000	8,070,000	1,106,016	20,176,016
2006					
Chairman of the Board, Marcus Wallenberg			2,600,000		2,600,000
Other members of the Board			5,470,000		5,470,000
President, Annika Falkengren	6,170,000	2,778,750		1,048,069	9,996,819
Total	6,170,000	2,778,750	8,070,000	1,048,069	18,066,819

1) As decided at AGM.

2) Includes benefits for homeservice, company car and vacation payments, which in 2006 was included in base salary.

The principles for compensation of the President and the other members of the Group Executive Committee were prepared by the Board and the Remuneration and Human Resources Committee of the Board and approved by the Annual General Meeting 2007. For more information, see page 48.

Short Term Incentive

Short term incentive for the Group Executive Committee are based on Group and divisional financial criteria, such as operating result, costs and other varying quantitative criteria. In addition to that there are individual qualitative criteria measured discretionary. All short term incentives to the Group Executive Committee members are maximised to a percentage of base salary.

Long Term Incentive programme

From 1999 to 2004, employee stock options have been used as the vehicle for SEB's long term incentive programmes. For 2005, the Annual General Meeting decided on a programme with a new performance based structure in the form of performance shares. For more information, see note 9 d on page 80.

Performance shares and employee stock options cannot be sold nor pledged, which means that they do not have any market value. However, the calculated value for the 2007 programme at the time of the allotment was SEK 86 per performance share. The calculated value for allotted performance shares to the President is SEK 3,499,942 (2,849,990) and to the GEC excluding the President SEK 10,800,052 (10,255,765). The allotted performance shares that can be exercised will depend on the development of two predetermined performance criteria

of equal importance, the real increase in earnings per share, 50 per cent, and the total shareholder return compared to SEB's competitors, 50 per cent.

Pension and severance pay

Under the pension agreement of the President, Mrs Falkengren, pension is payable from the age of 60. The pension plan is defined benefit-based and inviolable. Pension is paid at the rate of 65 per cent of the pensionable income. Pensionable income consists of base salary plus 50 per cent of the average variable salary during the last three years, however limited to a maximum amount. Termination of employment by the Bank is subject to a 12-month period of notice and entitles to a severance pay of 12 months' salary.

As regards pension benefits and severance pay the following is applicable to the members of the Group Executive Committee excluding the President. The pension plans are inviolable and defined benefit-based except for two that are defined contribution-based. Pension is payable from the age of 60 at the rate of maximum 70 per cent of pensionable income up to the age of 65 and at maximum 65 per cent thereafter. Pensionable income consists of base salary plus 50 per cent of the average variable salary during the last three years.

Termination of employment by the Bank is subject to a maximum 12-month period of notice and entitles to a severance pay of maximum 24 months' salary. The Bank has the right to make deductions from such severance pay of any cash payments that the Executive may receive from another employer or through his/her own business.

Note 9c ctd. Compensation to the top management and the Group Executive Committee

Compensation to the Group Executive Committee, SEK¹⁾				
	Base salary	Variable salaries	Benefits	Total
2007	24,322,542	11,812,813	1,456,857	37,592,212
2006	24,530,107	16,152,859	2,201,993	42,884,959

1) Group Executive Committee excluding the President. The persons partly differ between the years but in average seven persons are included.

Pension costs (service costs and interest costs)

	President, Annika Falkengren	GEC ¹⁾	Total
2007	6,608,517	14,058,447	20,666,964
2006	4,091,930	15,426,555	19,518,485

1) Group Executive Committee excluding the President. The persons partly differ between the years but in average seven persons are included.

Outstanding number of Employee stock options/Performance shares to the President and the Group Executive Committee

	2007			2006		
	President	GEC ¹⁾	Total	President	GEC ¹⁾	Total
2001: Employee stock options	79,412	91,177	170,589	79,412	124,001	203,413
2002: Employee stock options	191,177	127,661	318,838	191,177	164,720	355,897
2003: Employee stock options	132,353	172,911	305,264	132,353	216,220	348,573
2004: Employee stock options				132,353	322,877	455,230
2005: Performance shares	62,000	107,200	169,200	62,000	161,100	223,100
2006: Performance shares	43,846	134,562	178,408	43,846	157,781	201,627
2007: Performance shares	40,697	125,582	166,279			
Total	549,485	759,093	1,308,578	641,141	1,146,699	1,787,840

1) Group Executive Committee excluding the President. The persons partly differ between the years but in average seven persons are included.

Related party disclosures*

Loans to conditions on the market	Group	
	2007	2006
The Board and the Group Executive Committee	84,806,739	41,234,852
Other related parties	8,600,000	2,208,218
Total	93,406,739	43,442,800

* For information about related parties such as Group companies and Associated companies see note 47.

9d Share-based payments

	2007		2006	
	Performance shares	Employee stock options	Performance shares	Employee stock options
Long term incentive programs				
Outstanding at the beginning of the year	3,117,679	12,819,189	1,781,400	21,137,906
Granted	1,264,040		1,477,327	
Forfeited	-248,514	-120,675 ¹⁾	-141,048	-343,673
Exercised		-8,015,742 ²⁾		-7,975,044
Outstanding at the end of the year	4,133,205	4,682,772	3,117,679	12,819,189
of which exercisable		4,682,772		7,224,509

1) Weighted average exercise price SEK 45.30 (83.82).

2) Weighted average exercise price SEK 113.70 (97.30) and weighted average share price at exercise SEK 221.30 (185.70).

Total Long-term incentive programme

	Original no of holders ²⁾	No of issued	No of outstanding 2007	No of outstanding 2006	A-share per option/share	Exercise price	Validity	First date of exercise
2000: Employee stock options	368	4,816,456		254,554	1	91.5	2000–2007	03-03-01
2001: Employee stock options	874	6,613,791	1,045,790	1,858,166	1	118	2001–2008	04-03-05
2002: Employee stock options	1,029	6,790,613	1,725,769	2,306,220	1	106.2	2002–2009	05-03-07
2003: Employee stock options	792	6,200,000	1,911,213	2,805,569	1	81.3	2003–2010	06-02-27
2004: Employee stock options	799	6,200,000		5,594,680	1	120	2004–2011	07-04-02
2005: Performance shares	537	1,789,100	1,556,762	1,684,534	1	10	2005–2012	2008 ¹⁾
2006: Performance shares	513	1,477,327	1,360,636	1,433,145	1	10	2006–2013	2009 ¹⁾
2007: Performance shares	509	1,264,040	1,215,807		1	10	2007–2014	2010 ¹⁾
Total		35,151,327	8,815,977	15,936,868				

1) The fifth banking day falling after the Annual accounts for the financial year 2007, 2008 and 2009 respectively are made public.

2) In total 1,697 individuals have participated in all programmes.

Long-term incentive programme

The first long-term incentive programme was installed in 1999 in the form of an employee stock option programme. Further employee stock option programmes have been issued for 2000–2004. All programmes have a maximum term of seven years, a vesting period of three years and are settled with SEB Series A shares. The 2000 programme matured in 2007. According to the terms and conditions for the year 2004 programme, the value of each option for the option holders is limited to SEK 100. The Bank should prematurely terminate the programme if the market price (based on the closing listed price on the Nordic Exchange) for the SEB class A-shares during the exercise period (2 April – 1 April 2011) is equal to or above the limit market price of SEK 220. Such premature termination was made in April 2007.

The Long Term Incentive programmes issued during 2005–2007 have a new structure compared with the programmes from 1999–2004. These programmes are based on performance shares. The maximum term and vesting are the same but the allotted performance shares that can be exercised will depend on the development of two predetermined performance criteria of equal importance, the real increase in earnings per share, 50 per cent, and the total shareholder return

compared to SEB's competitors, 50 per cent. The expected vesting is 40 per cent of the preliminary allotted performance shares. After the vesting period the performance share holder is compensated for the dividend by recalculating the number of A-shares that the performance share entitles on an annual basis during the exercise period after the Annual General Meeting has been held each year. Performance shares are not securities that can be sold, pledged or transferred to another party. However, an estimated value per performance share has been calculated for 2007 to SEK 86 (65) (based upon an average closing price of one SEB Series A share during the period 9 February – 22 February, 2007, SEK 233.20 (176.30)) which is also an approximation of the closing price at grant. Other inputs to the options pricing model are; exercise price SEK 10 (10); volatility 31 (33) (based on historical values); expected dividend approximately 2.6 (3.25) per cent; risk free interest rate 3.81 (3.16) and expected early exercise of 3 (3) per cent. In the value of the option the expected outcome of earnings per share and total shareholders return compared to SEB's competitors are taken into account. Since earnings per share is a non-market condition, changes to the expected outcome under the vesting period, if any, influence the costs accounted for under that period. Further details of the outstanding programmes are found in the table above.

9e Sick leave rate**Sick leave rate by gender and age group in parent company, %**

	Long term sick leave			Total sick leave		
	Men	Women	Total	Men	Women	Total
2007						
–29 years	0.2	1.4	0.9	1.8	3.8	2.9
30–49 years	0.7	2.7	1.7	1.9	4.6	3.3
50+ years	1.6	5.3	3.5	3.1	7.5	5.3
Total	0.9	3.4	2.2	2.2	5.4	3.9
2006						
–29 years	0.0	1.0	0.6	1.5	3.4	2.5
30–49 years	0.9	3.2	2.1	2.2	5.2	3.7
50+ years	2.2	5.0	3.6	3.6	7.3	5.5
Total	1.3	3.5	2.4	2.5	5.6	4.1

9f Number of employees**Average number of full time equivalents**

Division/supportfunction	Group		Parent company*	
	2007	2006	2007	2006
Merchant Banking	2,327	2,538	1,560	1,705
Retail Banking	10,763	10,664	3,008	3,341
Welth Management	1,251	1,300	517	554
Life	1,206	1,282	4	4
New Markets	458	545	3	
Group Operations	1,419	1,493	843	790
Group IT	1,354	1,319	1,334	1,047
Group Staff and Group Treasury	728	531	702	605
Total	19,506	19,672	7,971	8,046

Number of hours worked 13,917,681 13,913,143

Average number of employees

2007	Group			Parent company*		
	Men	Women	Total	Men	Women	Total
Sweden	4,168	4,781	8,949	3,579	4,054	7,633
Norway	290	279	569	91	55	146
Denmark	426	367	793	125	75	200
Finland	153	174	327	80	75	155
Estonia	387	1,369	1,756			
Latvia	447	1,309	1,756	38	76	114
Lithuania	554	1,375	1,929			
Germany	1,853	1,830	3,683	108	19	127
Poland	38	22	60	16	13	29
Ukraine	308	596	904			
China	8	8	16	8	8	16
Great Britain	125	79	204	124	78	202
France	4	17	21	3	16	19
Ireland	7	14	21			
Luxembourg	105	110	215			
Russia	45	116	161	1		1
Singapore	35	52	87	28	50	78
United States	42	18	60			
Other ¹⁾	9	3	12	2		2
Total	9,004	12,519	21,523	4,203	4,519	8,722

2006

Sweden	4,239	4,976	9,215	3,190	3,983	7,173
Norway	290	252	542	89	49	138
Denmark	432	383	815	95	57	152
Finland	147	166	313	59	56	115
Estonia	387	1,265	1,652			
Latvia	445	1,128	1,573	20	32	52
Lithuania	512	1,221	1,733			
Germany	1,874	1,831	3,705	58	11	69
Poland	26	16	42	5	5	10
Ukraine	151	246	397			
China	5	5	10	5	5	10
Great Britain	130	82	212	111	70	181
France	6	15	21	4	14	18
Ireland	7	11	18			
Luxembourg	106	101	207			
Russia	20	57	77	2		2
Singapore	36	49	85	29	48	77
United States	43	16	59			
Other ¹⁾	9	4	13	2	1	3
Total	8,865	11,824	20,689	3,669	4,331	8,000

1) Switzerland and Brazil.

* SEB BoLán and SEB Finans merged with the Parent company in 2007.

10 Other expenses

	Group		Parent company	
	2007	2006	2007	2006
Costs for premises ¹⁾	-1,532	-1,572	-740	-896
Data costs	-2,321	-1,848	-1,234	-1,611
Stationery	-183	-186	-52	-22
Travel and entertainment	-526	-503	-292	-278
Postage	-256	-440	-248	-233
Consultants	-797	-678	-477	-433
Marketing	-783	-784	-259	-340
Information services	-362	-319	-264	-231
Other operating costs	-159	-557	-412	-620
Total	-6,919	-6,887	-3,978	-4,664
1) Of which rental costs.	-1,026	-1,269	-490	-639

Fees and expense allowances to appointed auditors and audit firms^{1) 2)}

PricewaterhouseCoopers	-46	-46	-9	-10
BDO	-2	-3	-1	-1
Audit assignments	-48	-49	-10	-11
PricewaterhouseCoopers	-18	-10	-6	-1
BDO	-1			
Other assignments	-19	-10	-6	-1
Total	-67	-59	-16	-12

1) The audit has been performed in a mutual process with the internal audit team of SEB. The cost for internal audit is SEK 117m (121).

2) The parent company includes the foreign branches.

11 Depreciation, amortisation and impairments of tangible and intangible assets

	Group		Parent company	
	2007	2006	2007	2006
Depreciation tangible assets	-628	-689	-4,819	-382
Amortisation intangible assets	-223	-191	-28	-17
Amortisation of deferred acquisition costs	-494	-404		
Impairment tangible assets	-9	-3		
Total	-1,354	-1,287	-4,847	-399

Office equipment is depreciated according to plan, which specifies that personal computers and similar equipment are depreciated over three years and other office equipment over five years. Properties are depreciated according to plan.

12 Gains less losses from tangible and intangible assets

	Group		Parent company	
	2007	2006	2007	2006
Properties ¹⁾	791	92	3	3
Other tangible assets	5	5	3	1
Capital gains	796	97	6	4
Properties		-18		
Other tangible assets	-8	-9	-945	
Capital losses	-8	-27	-945	
Total	788	70	-939	4

1) Includes gain of SEK 785m on sale of properties in the Baltics in 2007.

13 Net credit losses incl changes in value of seized assets

	Group		Parent company	
	2007	2006	2007	2006
Net credit losses	-1,021	-703	-24	-134
Change in value of seized assets	5	-15		
Total	-1,016	-718	-24	-134

Net credit losses (Impairments)

Provisions:				
Net collective provisions	-390	-108	38	-138
Specific provisions	-653	-888	-51	-46
Reversal of specific provisions no longer required	405	544	25	36
Net provisions for contingent liabilities	8	31		
Net provisions	-630	-421	12	-148
Write-offs:				
Total write-offs	-1,395	-1,308	-160	-265
Reversal of specific provisions utilized for write-offs	711	704	53	182
Write-offs not previously provided for	-684	-604	-107	-83
Recovered from previous write-offs	293	322	71	97
Net write-offs	-391	-282	-36	14
Total	-1,021	-703	-24	-134

Change in value of seized assets

Properties taken over				
Other assets taken over	5	4		
Realised change in value	5	4		
Properties taken over	4	-14		
Other assets taken over	-4	-5		
Unrealised change in value		-19		
Total	5	-15		

14 Appropriations

	Parent company	
	2007	2006
Recovery of imputed pension premiums	362	345
Compensation from pension funds, pension disbursements	782	708
Pension disbursements	-782	-710
Pension compensation	362	343
Appropriations to/utilisation of untaxed reserves		
Accelerated tax depreciation	-520	-688
Appropriations	-520	-688
Total	-158	-345

15 Income tax expense

	Group		Parent company	
Major components of tax expense	2007	2006	2007	2006
Current tax	-2,491	-2,342	-755	-667
Deferred tax	-804	-1,234	209	-491
Tax for current year	-3,295	-3,576	-546	-1,158
Current tax for previous years	-81	637	-45	467
Income tax expense	-3,376	-2,939	-591	-691

Relationship between tax expenses and accounting profit

Net profit	13,642	12,623	7,485	4,162
Income tax expense	3,376	2,939	591	691
Accounting profit before tax	17,018	15,562	8,076	4,853
Current tax at Swedish statutory rate of 28 per cent	-4,765	-4,357	-2,261	-1,356
Tax effect relating to other tax rates in other jurisdictions	196	-47		
Tax effect relating to not tax deductible expenses	-474	-475	-285	-546
Tax effect relating to non taxable income	1,593	1,072	1,791	672
Tax effect relating to a previously recognised tax loss, tax credit or temporary difference	830	1,390		563
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	129	75		
Current tax	-2,491	-2,342	-755	-667
Tax effect relating to origin and reversal of tax losses, tax credits and temporary differences	-830	-1,390	209	-491
Tax effect relating to changes in tax rates or the imposition of new taxes	-161	-11		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	224	158		
Tax effect relating to impairment or reversal of previous impairments of a deferred tax asset	-37	9		
Deferred tax	-804	-1,234	209	-491
Current tax for previous years	-81	637	-45	467
Income tax expense	-3,376	-2,939	-591	-691

In 2007 the income tax rate in Denmark was reduced from 28 per cent to 25. The decision was taken in the second quarter of 2007 with retroactive effect from the beginning of 2007. Also in Germany the income tax rate was reduced from approximately 40 per cent to approximately 32. The decision was taken in third quarter with effect from January 2008.

See also note 28 for current and deferred tax assets and note 34 for current and deferred tax liabilities.

Deferred tax income and expense recognised in income statement

Accelerated tax depreciation	-351	-332		
Pension plan assets, net	-146	-140		
Unrealised profits in financial assets at fair value	211	-662		
Other temporary differences	-518	-100	209	-491
Total	-804	-1,234	209	-491

16 Earnings per share

	Group	
	2007	2006
Net profit attributable to equity holders, SEKm	13,618	12,605
Weighted average number of shares, millions	682	673
Basic earnings per share, SEK	19.97	18.72
Net profit attributable to equity holders, SEKm	13,618	12,605
Weighted average number of diluted shares, millions	685	680
Diluted earnings per share, SEK	19.88	18.53

17 Risk disclosure

Disclosures about credit risk, market risk, insurance risk, operational risk, business and strategic risk together with liquidity risk and financing and the management of those risks are found under the section Risk and Capital Management (page 34–41 of the Report of the directors), which also forms part of the financial statements. The Group manages the liquidity risk and financing based on the possibility of a negative deviation from an expected financial outcome.

17a Liquidity risk

Liquidity risk is defined as the risk for a loss or substantially higher costs than calculated due to inability of the Group to meet its payment commitments on time.

The table below presents cash flows by remaining contractual maturities at the balance sheet date and applies the earliest date which the Group can be required to pay regardless of probability assumptions. The amounts disclosed in maturities are un-discounted cash flows. Trading positions, excluding derivative

fair values based on discounted cash flows, are reported within < 3 months, though contractual maturity may extend over longer periods, which reflects the short-term nature of the trading activities. Off-balance sheet items such as loan commitments are reported within < 3 months to reflect the on demand character of the instruments. The following liabilities recognized on the balance sheet are excluded as the bank does not consider them to be contractual; provisions, deferred tax and liabilities to employees for share-based incentive programmes. Derivative contracts that settle on a gross basis are part of the Group's liquidity management and the table below include separately the gross cash flows from those contracts.

The Group's derivatives that will be settled on a gross basis include:

- Foreign exchange derivatives: currency forward deals, currency swaps and
- Interest rate derivatives: cross currency interest rate swaps.

GROUP'S CASH LIQUIDITY 2007

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	5 years <	Total
Deposits by credit institutions	379,588	16,778	7,466	17,516	421,348
Deposits and borrowing from the public	638,359	30,897	24,929	56,296	750,481
Liabilities to policyholders				135,937	135,937
Debt securities	136,173	166,214	200,781	7,396	510,564
Financial liabilities at fair value	135,421				135,421
Trade and client payables	33,940				33,940
Subordinated liabilities	288		1,273	42,428	43,989
Total	1,323,769	213,889	234,449	259,573	2,031,680
Other liabilities (non-financial)	5,567	1,101		89,979	96,647
Off-balance sheet items					
Loan commitments	295,590				295,590
Acceptances and other financial facilities	66,984				66,984
Operating lease commitments		1,261	3,584	2,067	6,912
Total	362,574	1,261	3,584	2,067	369,486
Total liabilities and off-balance sheet items	1,691,910	216,251	238,033	351,619	2,497,813
Total financial assets (contractual maturity dates)¹⁾	1,042,451	139,317	404,026	560,684	2,146,478
Derivatives					
Currency-related	696,561	174,008	34,215	113	904,897
Interest-related	18,895	32,405	92,645	14,545	158,490
Total derivative outflows	715,456	206,413	126,860	14,658	1,063,387
Total derivative inflows	715,007	206,057	125,249	14,558	1,060,871

GROUP'S CASH LIQUIDITY 2006

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	5 years <	Total
Deposits by credit institutions	328,076	18,283	7,395	14,572	368,326
Deposits and borrowing from the public	553,233	19,037	29,989	41,590	643,849
Liabilities to policyholders				120,127	120,127
Debt securities	74,722	139,856	169,682	10,097	394,357
Financial liabilities at fair value	84,942				84,942
Trade and client payables	12,479				12,479
Subordinated liabilities	226		4,957	38,492	43,675
Total	1,053,678	177,176	212,023	224,878	1,667,755
Other liabilities (non-financial)	2,876	1,036		83,592	87,504
Off-balance sheet items					
Loan commitments	263,239				263,239
Acceptances and other financial facilities	60,156				60,156
Operating lease commitments		1,298	3,753	2,234	7,285
Total	323,395	1,298	3,753	2,234	330,680
Total liabilities and off-balance sheet items	1,379,949	179,510	215,776	310,704	2,085,939
Total financial assets (contractual maturity dates)¹⁾	716,400	105,312	289,940	484,457	1,596,109

Notes to the financial statements

Note 17 ctd. Risk disclosure

PARENT COMPANY'S CASH LIQUIDITY 2007					
Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	5 years <	Total
Deposits by credit institutions	344,805	18,483	902	3,509	367,699
Deposits and borrowing from the public	384,956	6,777	2,709	18,057	412,499
Debt securities	129,144	152,881	123,235	2,742	408,002
Financial liabilities at fair value	121,687				121,687
Trade and client payables	32,369				32,369
Subordinated liabilities	300		1,273	41,473	43,046
Total	1,013,261	178,141	128,119	65,781	1,385,302
Other liabilities (non-financial)	128	46			174
Off-balance sheet items					
Loan commitments	186,479				186,479
Acceptances and other financial facilities	50,909				50,909
Operating lease commitments		535	1,516	1,693	3,744
Total	237,388	535	1,516	1,693	241,132
Total liabilities and off-balance sheet items	1,250,777	178,722	129,635	67,474	1,626,608
Total financial assets (contractual maturity dates)¹⁾	785,606	74,700	350,309	80,875	1,291,490
Derivatives					
Currency-related	624,825	113,641	22,373	108	760,947
Interest-related	12,840	30,412	91,899	12,840	147,991
Total derivative outflows	637,665	144,053	114,272	12,948	908,938
Total derivative inflows	637,148	144,065	112,389	13,129	906,731

PARENT COMPANY'S CASH LIQUIDITY 2006

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	5 years <	Total
Deposits by credit institutions	313,982	16,736	213	3,185	334,116
Deposits and borrowing from the public	365,211	5,703	4,103	15,068	390,085
Debt securities	59,006	68,365	45,630	955	173,956
Financial liabilities at fair value	79,730				79,730
Trade and client payables	10,900				10,900
Subordinated liabilities	422		1,355	40,923	42,700
Total	829,251	90,804	51,301	60,131	1,031,487
Other liabilities (non-financial)	1,171	225			1,396
Off-balance sheet items					
Loan commitments	164,392				164,392
Acceptances and other financial facilities	55,721				55,721
Operating lease commitments		647	1,667	2,082	4,396
Total	220,113	647	1,667	2,082	224,509
Total liabilities and off-balance sheet items	1,050,535	91,676	52,968	62,213	1,257,392
Total financial assets (contractual maturity dates)¹⁾	651,668	44,249	233,174	66,365	995,456

1) Financial assets available to meet liabilities and outstanding commitments include cash, central banks balances, eligible debt instruments and loans and advances to banks and customers. Trading assets are reported within < 3 months, though contractual maturity may extend over longer periods, and insurance contracts as 5 years < reflecting the nature of trading and insurance activities.

18 Fair value measurement of financial assets and liabilities

	Group		Parent company	
	2007	2006	2007	2006
Financial assets at fair value				
Financial assets at fair value ¹⁾	525,738	493,764	367,985	351,996
Available-for-sale financial assets	170,137	116,630	62,085	22,411
Investments in associates ²⁾	833	690	815	690
Total	696,708	611,084	430,885	375,097
Financial liabilities at fair value				
Financial liabilities at fair value	216,390	151,032	201,761	141,809
Debt securities ³⁾	26,512	6,873	20,145	6,873
Total	242,902	157,905	221,906	148,682

1) Policyholders bearing the risk excluded from financial assets at fair value.

2) Venture capital activities designated at fair value through profit and loss.

3) Index linked bonds designated at fair value through profit and loss.

Fair value measurement – assets

Quoted market prices	114,965	82,964	72,563	47,228
Valuation techniques – market observable input	581,393	527,668	358,021	327,417
Equities carried at cost	350	452	301	452
Total	696,708	611,084	430,885	375,097

Fair value measurement – liabilities

Quoted market prices	53,270	28,771	51,366	28,594
Valuation techniques – market observable input	189,632	129,134	170,540	120,088
Total	242,902	157,905	221,906	148,682

Quoted market prices

For financial instruments traded in active markets fair values are based on quoted market prices or dealer price quotations.

Valuation techniques with market observable input

Valuation techniques are used to estimate fair values incorporating discounted cash flows, option pricing models, valuations with reference to recent transactions in the same instrument and valuations with reference to other financial instruments that are substantially the same.

Fixed income securities portfolios: As a consequence of increased credit spreads in the fixed income securities portfolio and the subsequent decrease in market activity the Group has identified additional external sources for market quotes and continued to fair value the portfolio using market observable input. To a limited extent reference instruments with substantially the same underlying risk and structure are used to estimate fair value. The valuation technique together with the judgement involved in evaluating and reviewing third party quotes and estab-

lishing reference instruments are developed to ensure that the fair values recognised on the balance sheet and the changes in fair values recorded in the income statement and in equity reflect the underlying economics. Credit spread risk is the risk that the credit spread premium embedded in the price of a security changes and thus impacts the price of the instrument independently of changes in the so called risk free interest rate. The fixed income securities portfolio has an inherent credit spread sensitivity of 25,6 MSEK that will affect the profit and loss and 13,3 MSEK that will affect equity if the credit spreads change one basis point (0,01%).

Derivatives: SEB uses widely recognised valuation techniques demonstrated to provide reliable fair values of financial derivative instruments, such as forwards, options and swaps, with use of market observable inputs.

Valuation techniques with non-market observable input

The Group has no assets nor liabilities where the bank applies a valuation technique without incorporating market input.

19 Cash and cash balances with central banks

	Group		Parent company	
	2007	2006	2007	2006
Cash	5,020	4,184	1,550	1,430
Balances with foreign Central Banks	91,851	7,130	208	398
Total	96,871	11,314	1,758	1,828

20 Loans to credit institutions

	Group		Parent company	
	2007	2006	2007	2006
Remaining maturity				
– payable on demand	98,114	62,437	138,009	87,366
– maximum 3 months	130,843	88,317	103,601	102,177
– more than 3 months but maximum 1 year	11,246	5,773	9,825	15,626
– more than 1 year but maximum 5 years	11,836	15,196	93,709	143,242
– more than 5 years	9,619	7,616	10,564	12,317
Accrued interest	1,354	1,139	1,774	887
Total	263,012	180,478	357,482	361,615
of which repos	97,213	82,867	82,249	77,281
Average remaining maturity (years)	0.58	0.76	1.14	1.60

21 Loans to the public

	Group		Parent company	
	2007	2006	2007	2006
Remaining maturity				
– payable on demand	133,161	152,061	111,480	55,048
– maximum 3 months	191,477	199,393	139,903	111,843
– more than 3 months but maximum 1 year	111,056	94,501	63,062	27,138
– more than 1 year but maximum 5 years	345,684	257,114	256,600	89,932
– more than 5 years	280,951	243,574	62,531	49,168
Accrued interest	5,012	4,218	3,562	3,433
Total	1,067,341	950,861	637,138	336,562
of which repos	130,363	112,425	120,744	112,210
Average remaining maturity (years)	3.71	3.48	2.28	2.38

Financial leases

Book value	73,104	62,761
Gross investment	89,151	77,728
Present value of minimum lease payment receivables	74,075	63,673
Unearned finance income	16,047	14,967
Reserve for impaired uncollectable minimum lease payments	–50	–105

	Group, 2007			Group, 2006		
	Book value	Gross investment	Present value	Book value	Gross investment	Present value
Remaining maturity						
– maximum 1 year	5,668	5,342	5,903	5,678	6,784	5,712
– more than 1 year but maximum 5 years	35,274	43,861	38,153	29,455	35,353	29,854
– more than 5 years	32,162	39,948	30,019	27,628	35,591	28,107
Total	73,104	89,151	74,075	62,761	77,728	63,673

The largest lease engagement amounts to 5.4 billion SEK (5.5).

22 Financial assets at fair value

	Group		Parent company	
	2007	2006	2007	2006
Securities held for trading	348,888	343,535	285,036	287,545
Derivatives held for trading	85,395	65,212	80,966	63,001
Derivatives used for hedging	2,777	2,660	1,871	1,290
Fair value changes of hedged items in a portfolio hedge	–641	283		
Financial assets – policyholders bearing the risk	135,485	120,524		
Insurance assets designated at fair value	88,020	80,629		
Other financial assets designated at fair value	1,299	1,445	112	160
Financial assets at fair value	661,223	614,288	367,985	351,996

The category Financial assets at fair value comprises of financial instruments either classified as held for trading or financial assets designated to this category upon initial recognition. These financial assets are recognised at fair value and the value change is recognised through profit and loss.

Securities held for trading

Equity instruments	55,843	31,637	43,472	22,634
Eligible debt instruments ¹⁾	84,888	108,900	33,641	51,424
Other debt instruments ¹⁾	205,002	200,342	205,538	211,255
Accrued interest	3,155	2,656	2,385	2,232
Total	348,888	343,535	285,036	287,545

1) See note 41 for maturity and note 42 for issuers.

Note 22 ctd. Financial assets at fair value

	Group		Parent company	
	2007	2006	2007	2006
Derivatives held for trading				
Positive replacement values of interest-related derivatives	41,259	38,634	39,302	37,399
Positive replacement values of currency-related derivatives	30,085	25,053	29,189	24,187
Positive replacement values of equity-related derivatives	10,722	1,525	9,329	1,415
Positive replacement values of other derivatives	3,329		3,146	
Total	85,395	65,212	80,966	63,001

Derivatives used for hedging

Fair value hedges	1,036	1,506	947	877
Cash flow hedges	893	413	924	413
Portfolio hedges for interest rate risk	848	741		
Total	2,777	2,660	1,871	1,290

Insurance assets designated at fair value

Equity instruments	20,889	18,010		
Other debt instruments ¹⁾	66,315	61,932		
Accrued interest	816	687		
Total	88,020	80,629		

1) See note 41 for maturity and note 42 for issuers.

Other financial assets designated at fair value

Equity instruments	997	704	112	160
Eligible debt instruments ¹⁾	20	42		
Other debt instruments ¹⁾	282	699		
Total	1,299	1,445	112	160

1) See note 41 for maturity and note 42 for issuers.

To significantly eliminate inconsistency in measurement and accounting the Group has chosen to designate financial assets and financial liabilities, which the unit linked insurance business give rise to, at fair value through profit or loss. This implies that changes in fair value on those investment assets (preferably funds), where the policyholder bear the risk and the corresponding liabilities, are recognised in profit or loss. Fair value on those assets and liabilities are set by quoted market price in an active market. The fair values on those liabilities, designated at fair value to profit or loss, have not been affected by changes in credit risk. See also note 31.

23 Available-for-sale financial assets

	Group		Parent company	
	2007	2006	2007	2006
Equity instruments at cost	289	439	289	439
Equity instruments at fair value	1,484	1,838	853	879
Eligible debt instruments ¹⁾	113,230	84,085	7,780	5,907
Other debt instruments ¹⁾	53,732	29,078	52,779	14,818
Seized shares	39	42	13	14
Accrued interest	1,363	1,148	371	354
Total	170,137	116,630	62,085	22,411

1) See note 41 for maturity and note 42 for issuers.

Equity instruments measured at cost do not have a quoted market price in an active market. Further, it has not been possible to reliably measure the fair values of those equity instruments. Most of these investments are held for strategic reasons and are not intended to be sold in the near future.

24 Held-to-maturity investments

	Group		Parent company	
	2007	2006	2007	2006
Eligible debt instruments ¹⁾	1	1		
Other debt instruments ¹⁾	1,770	2,207	3,322	3,820
Accrued interest	27	23	26	4
Total	1,798	2,231	3,348	3,824

1) See note 41 for maturity and note 42 for issuers.

25 Investments in associates

	Group		Parent company	
	2007	2006	2007	2006
Strategic investments	424	395	248	369
Venture capital holdings	833	690	815	690
Total	1,257	1,085	1,063	1,059

Strategic investments	Assets	Liabilities	Revenues	Profit or loss	Book value	Ownership, %
Bankomatcentralen AB, Stockholm	1				0	22
Bankpension AB, Stockholm					10	40
BDB Bankernas Depå AB, Stockholm					7	20
BGC Holding AB, Stockholm	247	85	836	53	4	33
Föreningen Bankhälsan i Stockholm, Stockholm					4	33
Privatgirot AB, Stockholm	0	0	127	2	0	24
SSI Search Ltd, Sutton	10	9	4	1	17	50
Upplysningscentralen UC AB, Stockholm	210	203	356	17	0	27
NCSD Holding AB, Stockholm (former VPC)	1,614	582	840	217	206	25
Parent company holdings					248	
Holdings of subsidiaries					34	
Group adjustments					142	
Group holdings					424	

Venture capital holdings	2007		2006	
	Book value	Ownership, %	Book value	Ownership, %
3nine AB, Stockholm	20	27	19	27
Airsonett AB, Ängelholm	15	16		
Ascade Holding AB, Stockholm	51	42	46	41
Askembla Growth Fund KB, Stockholm	140	25	115	25
Capres A/S, Copenhagen	26	23	18	22
Cobolt AB, Stockholm	37	40	37	40
Crossroad Loyalty Solutions AB, Gothenburg	13	30	13	30
Datainnovation i Lund AB, Lund	23	42	18	39
Emers Holdings AB, Huddinge	40	23	39	19
Exdex Förvaltning AB, Stockholm (former InDex Diagnostics AB)	13	25	23	25
Fält Communications AB, Umeå	23	46	23	46
InDex Pharmaceuticals AB, Stockholm	15	45	15	45
KMW Energi AB, Norrtälje	28	27		
Matrix AB, Stockholm	21	48	16	47
Neoventa Holding AB, Gothenburg	51	30	45	33
NuEvolution A/S, Copenhagen	29	40	34	46
Oligovation AB, Uppsala			0	35
PhaseIn AB, Stockholm	44	43	34	42
Prodacapo AB, Örnsköldsvik	16	16	16	16
ProstaLund AB, Lund	32	30	65	31
Quickcool AB, Lund	5	9		
Sanos Bioscience A/S, Herlev	41	30	34	28
Scandinova Systems AB, Uppsala	22	29	16	26
Scibase AB, Stockholm	40	28	22	27
Signal Processing Devices Sweden AB, Linköping	16	34		
Tail-f Systems AB, Stockholm	27	39	17	32
Time Care AB, Stockholm	23	42	21	38
Zealcore Embedded Solutions, Västerås	4	16	4	16
Parent company holdings	815		690	
Group adjustments	18			
Group holdings	833		690	

Information about the corporate registration numbers and numbers of shares of the associates is available upon request.

Strategic investments in associates are in the Group accounted for using the equity method.

Investments in associates held by the venture capital organisation of the Group have in accordance with IAS 28 been designated as at fair value through profit or loss. Therefore, are these holdings accounted for under IAS 39.

Some entities where the bank has an ownership of less than 20 per cent, has been classified as investments in associates. The reason is that the bank is represented in the board of directors and participating in the policy making

processes of those entities.

All financial assets within the Group's venture capital business are managed and its performance is evaluated on a fair value basis in accordance with documented risk management and investment strategies.

Fair values for investments listed in an active market are based on quoted market prices. If the market for a financial instrument is not active, fair value is established by using valuation techniques based on discounted cash flow analysis, valuation with reference to financial instruments that is substantially the same, and valuation with reference to observable market transactions in the same financial instrument.

26 Shares in subsidiaries

	Parent company	
	2007	2006
Swedish subsidiaries	15,670	25,696
Foreign subsidiaries	36,266	29,610
Total	51,936	55,306
of which holdings in credit institutions	37,167	40,655

Swedish subsidiaries	2007			2006		
	Book value	Dividend	Ownership, %	Book value	Dividend	Ownership, %
Aktiv Placering AB, Stockholm	38			38		100
Enskilda Juridik AB, Stockholm				0		100
Enskilda Kapitalförvaltning SEB AB, Stockholm	0		100	0		100
Försäkringsaktiebolaget Skandinaviska Enskilda Captive, Stockholm	100		100	100		100
Parkeringshuset Lasarettet HGB KB, Stockholm	0					
PM Leasing AB, Stockholm	0		100			
Repono Holding AB, Stockholm	5,406		100	5,407		100
SEB AB, Stockholm	6,076	1,050	100	6,076		100
SEB Baltic Holding AB, Stockholm	13		100	13		100
SEB BoLån AB, Stockholm				9,881		100
SEB Fastighetsservice AB, Stockholm				0		100
SEB Finans AB, Stockholm				145		100
SEB Fonder AB, Stockholm	642		100	642		100
SEB Förvaltnings AB, Stockholm	5		100	5		100
SEB Internal Supplier AB, Stockholm	12		100	12		100
SEB Kort AB, Stockholm	2,260	787	100	2,260		100
SEB Portföljförvaltning AB, Stockholm	1,115	60	100	1,115	30	100
SEB Strategic Investments AB, Stockholm	1		100	1		100
Skandic Projektor AB, Stockholm	1		100			
Skandinaviska Kreditaktiebolaget, Stockholm	0		100	0		100
Team SEB AB, Stockholm	1		100	1		100
Total	15,670	1,897		25,696	30	

Foreign subsidiaries						
FinansSkandic Leasing (SEA) Pte Ltd, Singapore			100			100
Interscan Servicos de Consultoria Ltda, São Paulo			100			100
Möller Bilfinans AS, Oslo	57		51			
Njord AS, Oslo			100			
OJSB Factorial Bank, Kharkiv	760		98			
OJSC SEB Bank, Kiev	318		100	270		100
SEB AG, Frankfurt am Main	20,007	425	100	19,292	770	100
SEB Asset Management America Inc, Stamford	20		100	23		100
SEB Asset Management Fondmæglerselskab A/S, Copenhagen		115	100	128		100
SEB Asset Management Norge AS, Oslo	12		100	11		100
SEB Asset Management S.A., Luxembourg	5	52	100			
SEB Bank JSC, St Petersburg (former PetroEnergobank)	123		100	126		100
SEB Eesti Ühispank, AS, Tallinn	1,540		100	1,348		100
SEB Enskilda ASA, Oslo	687	447	100	522		100
SEB Enskilda Inc., New York	13		100	18		100
SEB Enskilda Corporate Finance Oy Ab, Helsinki	5		65			
SEB Fund Service S.A., Luxembourg	49		100	22		100
SEB Gyllenberg Asset Management Ab, Helsinki (former SEB Gyllenberg Ab)	514	84	100	492	51	100
SEB Gyllenberg Fondbolag Ab, Helsinki	18		100			
SEB Gyllenberg Private Bank Ab, Helsinki	66		100			
SEB Hong Kong Trade Services Ltd, Hong Kong			100			100
SEB IT Partner Estonia OÜ, Tallinn			65			65
SEB Latvijas Unibanka, AS, Riga ¹⁾	697		100	617		100
SEB Leasing Oy, Helsinki	4,019		100			
SEB NET S.L., Barcelona			100			
SEB Privatbanken ASA, Oslo	1,383	331	100	1,281	34	100
SEB Strategic Investments B.V., Amsterdam			1			100
SEB TFI SA (Towarzystwo Funduszy Inwestycyjnych), Warsaw	36	173	100	24	31	100
SEB Vilniaus Bankas, AB, Vilnius ¹⁾	2,003		100	1,777		100
Skandinaviska Enskilda Banken South East Asia Ltd, Singapore					68	100
Skandinaviska Enskilda Banken A/S, Copenhagen	1,913	94	100	1,662		100
Skandinaviska Enskilda Banken Corporation, New York	113		100	121		100
Skandinaviska Enskilda Banken S.A., Luxembourg	1,299	160	100	1,218	153	100
Skandinaviska Enskilda Ltd, London	609	64	100	657	211	100
Total	36,266	1,945		29,610	1,318	

Information about the corporate registration numbers and numbers of shares of the subsidiaries is available upon request.

1) In 2006 SEB initiated a compulsory redemption process for the remaining shares.

Osprey and Three Crowns, which according to AACS were not regarded as subsidiaries since an ownership was lacking, were accounted for as special purpose entities (SPE:s) before they were dissolved in 2007.

27 Tangible and intangible assets

	Group		Parent company	
	2007	2006	2007	2006
Goodwill	12,419	11,668	523	523
Deferred acquisition costs	3,027	2,845		
Other Intangible assets	1,448	1,059	369	111
Intangible assets	16,894	15,572	892	634
Office, IT and other tangible assets	1,398	1,411	278	202
Equipment leased to clients ¹⁾			34,325	14,552
Properties for own operations	1,143	805	2	9
Properties taken over for protection of claims	23	86		
Property and equipment	2,564	2,302	34,605	14,763
Investment properties recognised at cost	201	629		
Investment properties recognised at fair value through profit and loss	5,038	4,411		
Investment properties	5,239	5,040		
Total	24,697	22,914	35,497	15,397

1) Equipment leased to clients are recognised as financial leases and presented as loans in the Group.

Goodwill

Opening balance	11,668	11,773	523	
Acquisitions during the year	538	80		523
Reclassifications	-55	-18		
Exchange rate differences	268	-167		
Total	12,419	11,668	523	523

Deferred acquisition costs

Opening balance	2,845	2,334
Capitalisation of acquisition costs	683	911
Amortisation of acquisition costs	-494	-404
Reclassifications	-15	9
Exchange rate differences	8	-5
Total	3,027	2,845

Goodwill and intangible assets with indefinite lives

Cash generating units with significant carrying amounts of goodwill and intangible assets with indefinite lives are SEB Kort with SEK 1,202m (1,122) in goodwill and SEK 120m (119) in intangible assets with indefinite lives and Enskilda Securities with SEK 865m (904) in goodwill. Goodwill in connection with the Trygg Hansa acquisition, SEK 5,721m (5,721), generates cash flows in Retail Banking Sweden, SEB Asset Management Sweden and SEB Trygg Liv Sweden. The goodwill has been allocated to these units for impairment testing. The carrying amounts of goodwill for Retail Banking Sweden is SEK 775m, SEB Asset Management Sweden SEK 2,769m and SEB Trygg Liv Sweden SEK 2,021m.

The impairment tests for the entities specified above have been based on their value in use with forecasted cash flows for a period of five years. The cash flows are determined based on historical performance and market trends for key assumptions such as growth and cost/income ratio. The growth rates used after five years are principally the expected long-term inflation rate, SEB Kort 2 per cent and Enskilda Securities 4 per cent and for the Trygg Hansa goodwill 3,5 per cent in average. The discount rate used for SEB Kort is 9 per cent, Enskilda Securities 8 per cent and the Trygg Hansa goodwill 9 per cent. The assumptions here specified are for impairment test purposes only. A sensitivity analysis where the discount rate and growth rate, respectively, were changed with one percentage point did not result in calculated recoverable amounts below the carrying amounts.

Acquisitions 2007

During 2007 one minor acquisition was made, Factorial Bank, Ukraine. The purchase price was SEK 759m and goodwill was SEK 580m.

Acquisitions 2006

During 2006 only two minor acquisitions were made, PetroEnergoBank, Russia and PrimeManagement, Denmark. The purchase price was SEK 130m and goodwill was SEK 80m.

Investment property

The fair value model is used for valuation of investment property held in the insurance business. The cost model is used for other investment properties. Investment property recognised at fair value through profit and loss is owned by SEB Pension in Denmark. The valuation of the portfolio is done by independent valuers with experience in the market. The investment property valued at costs is held in Germany and the Baltic countries. The valuation is done at costs due to uncertain market conditions. The best possible estimation is that the market value would be close to the book value. The depreciation is done by the straight line method and is ranging over 20 to 50 years depending on classification as building or improvements to the building.

Note 27 ctd. Tangible and intangible assets

	Group		Parent company	
Other intangible assets	2007	2006	2007	2006
Opening balance	2,906	2,810	217	157
Acquisitions during the year	561	201	286	60
Group adjustment	14			
Reclassifications	-5			
Sales during the year	-45	-11		
Exchange rate differences	115	-94		
Acquisition value	3,546	2,906	503	217
Opening balance	-1,847	-1,721	-106	-89
Current year's depreciations	-223	-191	-28	-17
Group adjustment	-2			
Reclassifications	5			
Accumulated depreciations on current year's sales	43	6		
Exchange rate differences	-74	59		
Accumulated depreciations	-2,098	-1,847	-134	-106
Total	1,448	1,059	369	111

Office, IT and other tangible assets

Opening balance	7,116	7,132	2,467	1,993
Acquisitions during the year	591	620	179	114
Group adjustment/Merger	48	5	17	360
Reclassifications	-4	24		
Sales during the year	-540	-511		
Exchange rate differences	156	-154	-20	
Acquisition value	7,367	7,116	2,643	2,467
Opening balance	-5,705	-5,669	-2,265	-1,917
Current year's depreciations	-577	-619	-85	-79
Current year's impairments	-1			
Group adjustment/Merger	-18	-2	-15	-270
Reclassifications	3	-18		
Accumulated depreciations on current year's sales	464	484		
Exchange rate differences	-135	119		1
Accumulated depreciations	-5,969	-5,705	-2,365	-2,265
Total	1,398	1,411	278	202

Equipment leased to clients¹⁾

Opening balance		16,459	16,557
Acquisitions during the year		8,967	-98
Merger of SEB Finans		28,354	
Sales during the year		-7,679	
Acquisition value		46,101	16,459
Opening balance		-1,907	-1,605
Current year's depreciations		-4,734	-302
Merger of SEB Finans		-9,661	
Accumulated depreciations on current year's sales		4,526	
Accumulated depreciations		-11,776	-1,907
Total		34,325	14,552

1) Equipment leased to clients is depreciated in annuities, based on a conservatively estimated residual value at the end of the contract period. For leased equipment that cannot be sold in a functioning market, the scheduled residual value is zero at the end of the contract period. Any surplus resulting from the sale of leased equipment is reported under Other income.

Notes to the financial statements

Note 27 ctd. Tangible and intangible assets

	Group		Parent company	
	2007	2006	2007	2006
Properties for own operations				
Opening balance	1,248	2,310	10	8
Acquisitions during the year	115	59		2
Appreciations during the year	79			
Group adjustment	225	8		
Reclassifications		-860		
Sales during the year	-40	-189	-7	
Exchange rate differences	26	-80		
Acquisition value	1,653	1,248	3	10
Opening balance	-443	-585	-1	-1
Current year's depreciations	-35	-42		
Current year's impairments	-10			
Group adjustment	-8	-1		
Reclassifications	-5	110		
Accumulated depreciations on current year's sales	10	54		
Exchange rate differences	-19	21		
Accumulated depreciations	-510	-443	-1	-1
Total	1,143	805	2	9
Tax value, real properties	2	5	2	5
of which, buildings	1	3	1	3

Tax value refers only to properties in Sweden.

Properties taken over for protection of claims

Opening balance	86	119
Acquisitions during the year	4	3
Current year's impairments		-15
Sales during the year	-69	-17
Exchange rate differences	2	-4
Total	23	86

Net operating earnings from properties taken over for protection of claims

External income	3	3
Operating costs	-2	-2
Total	1	1

Investment properties recognised at cost

Opening balance	871	1,206
Acquisitions during the year	2	2
Reclassifications	-4	-210
Sales during the year	-497	-89
Exchange rate differences	29	-38
Acquisition value	401	871
Opening balance	-242	-281
Current year's depreciations	-16	-28
Current year's impairments		-3
Reclassifications	1	29
Accumulated depreciations on current year's sales	67	31
Exchange rate differences	-10	10
Accumulated depreciations	-200	-242
Total	201	629

Investment properties recognised at fair value through profit and loss

Opening balance	4,411	4,046
Acquisitions during the year	354	428
Reclassifications	3	
Revaluation at fair value	97	222
Sales during the year	-36	-137
Exchange rate differences	209	-148
Total	5,038	4,411

Net operating earnings from investment properties

External income	317	287
Operating costs ¹⁾	-97	-107
Total	220	180

1) Direct operating expenses arising from investment property that did not generate rental income amounts to SEK 5m (7).

28 Other assets

	Group		Parent company	
	2007	2006	2007	2006
Current tax assets	3,766	2,568	1,813	1,485
Deferred tax assets	845	1,121		35
Trade and client receivables	25,377	11,277	23,625	9,694
Other assets	28,138	17,485	15,589	10,837
Other assets	58,126	32,451	41,027	22,051

Current tax assets

Other	3,766	2,568	1,813	1,485
Recognised in profit and loss	3,766	2,568	1,813	1,485
Total	3,766	2,568	1,813	1,485

Deferred tax assets

Unrealised losses in financial assets at fair value		18		
Tax losses carry forwards	612	544		
Other temporary differences ¹⁾	54	579		35
Recognised in profit and loss	666	1,141		35
Unrealised losses in available-for-sale financial assets	179	-20		
Recognised in Shareholders' equity	179	-20		
Total	845	1,121		35

1) Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Taxable temporary differences give rise to deferred tax assets and liabilities.

Tax losses carried forward in the SEB Group for which the tax asset are not recognized in the balance sheet amounts gross to SEK 4,895m (3,661). These are not recognized due to the uncertainty of possibility to use them. This includes losses where the amount only can be used for trade tax. The potential tax asset not recognized is SEK 993 m (578).

Trade and client receivables

Trade receivables	535	463		
Client receivables	24,842	10,814	23,625	9,694
Total	25,377	11,277	23,625	9,694

Other assets

Pension plan assets, net	4,565	4,146		
Reinsurers share of insurance provisions	565	670		
Accrued interest income	104	88		
Other accrued income	1,722	1,600	1,771	820
Prepaid expenses	592	436		
Other	20,590	10,545	13,818	10,017
Total	28,138	17,485	15,589	10,837

29 Deposits by credit institutions

	Group		Parent company	
	2007	2006	2007	2006
Remaining maturity				
– payable on demand	114,001	113,978	103,644	126,836
– maximum 3 months	262,593	211,752	238,867	185,401
– more than 3 months but maximum 1 year	16,778	18,283	18,483	16,736
– more than 1 year but maximum 5 years	7,466	7,395	902	213
– more than 5 years	17,516	14,572	3,509	3,185
Accrued interest	2,994	2,346	2,294	1,745
Total	421,348	368,326	367,699	334,116
of which repos	70,988	59,467	68,371	61,909
Average remaining maturity (years)	0.58	0.56	0.22	0.20

30 Deposits and borrowing from the public

	Group		Parent company	
	2007	2006	2007	2006
Deposits	647,075	575,315	318,171	300,749
Borrowing	100,737	66,443	93,060	88,378
Accrued interest	2,669	2,091	1,268	958
Total	750,481	643,849	412,499	390,085

Deposits¹⁾

Remaining maturity				
– payable on demand	410,695	382,215	318,171	300,749
– maximum 3 months	147,447	122,093		
– more than 3 months but maximum 1 year	25,375	14,138		
– more than 1 year but maximum 5 years	21,330	26,861		
– more than 5 years	42,228	30,008		
Total	647,075	575,315	318,171	300,749

1) Only account balances covered by the Deposit Guarantee are reported as deposits. The amount refers to the total account balance without considering the limitation in terms of amount that is applicable to the Deposit Guarantee and fee bases.

Average remaining maturity (years)	0.80	0.70
------------------------------------	------	------

Borrowing

Remaining maturity				
– payable on demand	28,812	15,865	15,859	24,494
– maximum 3 months	48,736	30,969	49,658	39,010
– more than 3 months but maximum 1 year	5,522	4,899	6,777	5,703
– more than 1 year but maximum 5 years	3,599	3,128	2,709	4,103
– more than 5 years	14,068	11,582	18,057	15,068
Total	100,737	66,443	93,060	88,378
of which repos	38,680	37,500	36,076	37,494
Average remaining maturity (years)	1.60	1.99	2.14	1.94

31 Liabilities to policyholders

	Group	
	2007	2006
Liabilities to policyholders – investment contracts ¹⁾	135,937	120,127
Liabilities to policyholders – insurance contracts	89,979	83,592
Total	225,916	203,719

1) Designated at fair value through profit and loss.

Liabilities to policyholders – investment contracts*

Opening balance	120,127	96,178
Transfer of portfolios through divestments		–706
Reclassification from insurance contracts	1,913	117
Change in investment contract provisions ¹⁾	13,343	24,833
Exchange rate differences	554	–295
Total	135,937	120,127

1) Includes mainly premiums received during the year, change in value of investment funds less payments to policyholders and deduction of fees and policyholders tax.

* Insurance provisions where the policyholders are carrying the risk.

Liabilities to policyholders – insurance contracts

Opening balance	83,592	89,185
Transfer of portfolios through acquisitions/divestments	7,474	–241
Reclassification to Investment contracts	–1,913	–117
Reclassification to Reinsurers' share		16
Change in collective bonus provisions	–326	411
Change in other insurance contract provisions ¹⁾	–2,364	–2,613
Exchange rate differences	3,516	–3,049
Total	89,979	83,592

1) Include mainly premiums received during the year, allocated guaranteed interest less payments to policyholders and deduction of fees and policyholders tax.

32 Debt securities

	Group		Parent company	
	2007	2006	2007	2006
Bond loans	301,414	259,191	200,880	54,767
Other issued securities	202,085	129,631	201,950	117,521
Accrued interest	7,065	5,535	5,172	1,668
Total	510,564	394,357	408,002	173,956

The Group issues equity index linked bonds, which contains both a liability and an equity component. The Group has chosen to designate issued equity index linked bonds, with fair values amounting to SEK 26,512m (6,873), as at fair value through profit or loss, since they contain embedded derivatives. The corresponding amounts for the Parent company are SEK 20,145m (6,873). This choice implies that the entire hybrid contract is measured at fair value in profit or loss. Fair

value for those financial instruments is calculated using a valuation technique, exclusively based on quoted market prices. Fair value on these financial liabilities has not been affected by changes in credit risk. This has been concluded by evaluating the bank's rating which has been stable. The Group's contractual liability is SEK 24,863m and for the Parent company SEK 18,729m.

Bond loans

Remaining maturity				
– maximum 1 year	100,230	86,315	81,895	15,007
– more than 1 years but maximum 5 years	194,643	162,779	117,097	38,805
– more than 5 years but maximum 10 years	6,035	7,501	1,342	571
– more than 10 years	506	2,596	546	384
Total	301,414	259,191	200,880	54,767
Average remaining maturity (years)	2.38	2.41	2.00	2.45

Other issued securities

Remaining maturity				
– payable on demand	4,416	2,128	4,483	2,124
– maximum 3 months	124,692	67,059	124,661	55,214
– more than 3 months but maximum 1 year	65,984	53,541	65,814	53,358
– more than 1 year but maximum 5 years	6,138	6,903	6,138	6,825
– more than 5 years	855		854	
Total	202,085	129,631	201,950	117,521
Average remaining maturity (years)	0.41	0.48	0.41	0.52

33 Financial liabilities at fair value

	Group		Parent company	
	2007	2006	2007	2006
Trading derivatives	79,211	60,343	78,408	60,693
Derivatives used for hedging	2,169	5,894	1,666	1,386
Trading liabilities	135,421	84,942	121,687	79,730
Fair value changes of hedged items in portfolio hedge	–411	–147		
Total	216,390	151,032	201,761	141,809

Financial liabilities designated at fair value through profit or loss is specified in note 31 and 32.

Trading derivatives

Negative replacement values of interest-related derivatives	39,359	33,637	38,343	35,608
Negative replacement values of currency-related derivatives	34,382	24,690	32,926	23,865
Negative replacement values of equity-related derivatives	5,390	1,976	7,061	1,220
Negative replacement values of other derivatives	80	40	78	
Total	79,211	60,343	78,408	60,693

Derivatives used for hedging

Fair value hedges	952	3,080	950	1,284
Cash flow hedges	716	111	716	102
Portfolio hedges for interest rate risk	501	2,703		
Total	2,169	5,894	1,666	1,386

Trading liabilities

Short positions in equity instruments	18,845	3,746	18,461	3,744
Short positions in debt instruments	116,346	81,016	103,003	75,678
Accrued interest	230	180	223	308
Total	135,421	84,942	121,687	79,730

34 Other liabilities

	Group		Parent company	
	2007	2006	2007	2006
Current tax liabilities	1,101	1,036	46	226
Deferred tax liabilities	9,403	9,099		473
Trade and client payables	33,940	12,479	32,369	10,900
Other liabilities	53,075	37,536	34,678	29,466
Total	97,519	60,150	67,093	41,065

Current tax liabilities

Other	1,101	1,036	-267	-407
Recognised in profit and loss	1,101	1,036	-267	-407

Group contributions

Other			313	633
Recognised in Shareholders' equity			313	633
Total	1,101	1,036	46	226

Deferred tax liabilities

Accelerated tax depreciation	7,182	6,831		
Unrealised profits in financial assets at fair value	82	311		249
Pension plan assets, net	1,257	1,111		
Other temporary differences	726	534		
Recognised in profit and loss	9,247	8,787		249
Unrealised profits in cash flow hedges	46	180		143
Unrealised profits in available-for-sale financial assets	110	132		81
Recognised in Shareholders' equity	156	312		224
Total	9,403	9,099		473

Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Taxable temporary differences give rise to deferred tax assets and liabilities.

In Estonia no income tax is paid unless profit is distributed as dividend. No deferred tax liability is recognised related to possible future tax costs on dividends from Estonia. Tax rate applicable to dividends are 21 (22) per cent.

Trade and client payables

Trade payables	330	361		
Client payables	33,610	12,118	32,369	10,900
Total	33,940	12,479	32,369	10,900

Other liabilities

Accrued interest expense	124	112		
Other accrued expense	5,443	2,764	128	1,171
Prepaid income	1,942	2,198		
Other	45,566	32,462	34,550	28,295
Total	53,075	37,536	34,678	29,466

35 Provisions

	Group		Parent company	
	2007	2006	2007	2006
Restructuring reserve	132	143	4	7
Reserve for off-balance-sheet items	209	215	3	4
Pensions and other post retirement benefit obligations (note 9b)	97	58		
Other provisions	1,098	1,650	264	405
Total	1,536	2,066	271	416

Restructuring reserve

Opening balance	143	346	7	24
Amounts used	-17	-190	-3	-17
Exchange differences	6	-13		
Total	132	143	4	7

The restructuring reserve mainly regards the German business and is expected to be used within one to two years.

Note 35 ctd. Provisions

Reserve for off-balance-sheet items	Group		Parent company	
	2007	2006	2007	2006
Opening balance	215	268	4	4
Additions	4			
Amounts used	-16	-46	-1	
Exchange differences	6	-7		
Total	209	215	3	4

The reserve for off-balance sheet items is mainly referring to the German market and its corporate sector. A minor part is expected to be used during 2008 while the remaining part has a substantially longer life.

Other provisions

Opening balance	1,650	2,057	405	626
Additions	14	47		
Amounts used	-483	-399	-141	-221
Unused amounts reversed	-87	-15		
Other movements		-18		
Exchange differences	4	-22		
Total	1,098	1,650	264	405

The other provisions consists of three main parts, unutilised premises in connection with the integration of SEB's different business units in the Nordic countries, Germany and U.K. expected to be used up to 5 years, unsettled claims in the U.K. market to be settled within 7 years and provisions linked to property funds and guarantees given in Germany for less than 5 years.

36 Subordinated liabilities

	Group		Parent company	
	2007	2006	2007	2006
Debenture loans	18,763	22,858	17,808	21,687
Debenture loans, perpetual	25,166	21,516	25,166	21,516
Debenture loans, hedged positions	-228	-925	-228	-925
Accrued interest	288	226	300	422
Total	43,989	43,675	43,046	42,700

Debenture loans	Currency	Original nom. amount	Book value	Rate of interest, %
1994/2009	USD	200	1,273	6.875
2003/2015	EUR	500	4,736	4.125
2004/2014	EUR	750	7,076	¹⁾
2006/2017	EUR	500	4,723	¹⁾
Total Parent company			17,808	

Debenture loans issued by SEB AG	862
Debenture loans issued by other subsidiaries	93
Total Group	18,763

Debenture loans, perpetual

1995	JPY	10,000	568	4.400
1997	JPY	15,000	852	5.000
1997	USD	150	716	7.500
2000	USD	100	13	¹⁾
2004	USD	500	3,217	4.958
2005	USD	600	3,861	¹⁾
2005	GBP	500	6,407	5.000
2006	GBP	375	4,806	5.500
2007	EUR	500	4,726	7.092
Total			25,166	

¹⁾ FRN, Floating Rate Note.

37 Untaxed reserves¹⁾

	Parent company	
	2007	2006
Excess depreciation of office equipment/leased assets	19,012	12,085
Other untaxed reserves	4	4
Total	19,016	12,089

1) In the balance sheet of the Group untaxed reserves are reclassified partly as deferred tax liability and partly as restricted equity.

Parent company

	Excess depreciation	Other untaxed reserves	Total
Opening balance	11,397	5	11,402
Appropriations	688		688
Exchange rate differences		-1	-1
Closing balance 2006	12,085	4	12,089
Appropriations	520		520
Merger of SEB Finans	6,410		6,410
Exchange rate differences	-3		-3
Closing balance 2007	19,012	4	19,016

38 Memorandum items

	Group		Parent company	
	2007	2006	2007	2006
Collateral and comparable security pledged for own liabilities	308,342	354,694	146,563	231,121
Other pledged assets and comparable collateral	207,363	189,730	73,510	70,051
Contingent liabilities	66,984	60,156	50,909	55,721
Commitments	394,128	346,517	259,024	233,895

Collateral and comparable security pledged for own liabilities*

Lending ¹⁾	66	98	66	98
Bonds	121,286	173,347	68,301	132,405
Repos	95,234	98,618	78,196	98,618
Assets in insurance business	91,756	82,631		
Total	308,342	354,694	146,563	231,121

1) Of which SEK 66m (98) refers to the parent company's pledging of promissory notes for the benefit of the Swedish Export Credit Corporation.

* Transfers that do not qualify for derecognition.

Other pledged assets and comparable collateral

Shares in insurance premium funds	134,818	119,679		
Securities loans lending	72,545	70,051	73,510	70,051
Total	207,363	189,730	73,510	70,051

Contingent liabilities

Guarantee commitments, credits	7,188	7,586	4,602	7,523
Guarantee commitments, other	48,694	42,543	38,346	40,700
Own acceptances	799	1,048	776	1,024
Total	56,681	51,177	43,724	49,247
Approved, but unutilised letters of credit	10,303	8,979	7,185	6,474
Total	66,984	60,156	50,909	55,721

Other contingent liabilities

The parent company has undertaken to the Monetary Authority of Singapore to ensure that its subsidiary bank in Luxembourg's branch in Singapore is able to fulfil its commitments.

The parent company has issued a deposit guarantee for SEB AG in Germany to the Bundesverband deutscher Banken e.V.

Commitments

Granted undrawn credit	165,467	166,674	121,259	109,491
Unutilised part of approved overdraft facilities	130,119	96,565	65,220	54,901
Securities loans borrowing	92,327	82,592	72,545	69,503
Other commitments	6,215	686		
Total	394,128	346,517	259,024	233,895

39 Current and non-current assets and liabilities

Group	2007			2006		
	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Assets						
Cash and cash balances with central banks	96,871		96,871	11,314		11,314
Loans to credit institutions	241,557	21,455	263,012	157,666	22,812	180,478
Loans to the public	440,706	626,635	1,067,341	450,173	500,688	950,861
<i>Securities held for trading</i>	97,083	251,805	348,888	93,002	250,533	343,535
<i>Derivatives held for trading</i>	85,395		85,395	65,212		65,212
<i>Derivatives used for hedging</i>	2,777		2,777	2,660		2,660
<i>Fair value changes of hedged items in a portfolio hedge</i>	-641		-641	283		283
<i>Financial assets – policyholders bearing the risk</i>	135,485		135,485	120,524		120,524
<i>Other financial assets designated at fair value</i>	24,860	64,459	89,319	20,932	61,142	82,074
Financial assets at fair value	344,959	316,264	661,223	302,613	311,675	614,288
Available-for-sale financial assets	25,989	144,148	170,137	14,880	100,602	115,482
Held-to-maturity investments	639	1,159	1,798	470	1,738	2,208
Assets held for sale				2,189		2,189
Investments in associates		1,257	1,257		1,085	1,085
<i>Intangible assets</i>	717	16,177	16,894	595	14,977	15,572
<i>Property and equipment</i>	612	1,952	2,564	661	1,641	2,302
<i>Investment properties</i>		5,239	5,239		5,040	5,040
Tangible and intangible assets	1,329	23,368	24,697	1,256	21,658	22,914
<i>Current tax assets</i>	3,766		3,766	2,568		2,568
<i>Deferred tax assets</i>		845	845		1,121	1,121
<i>Trade and client receivables</i>	25,377		25,377	11,277		11,277
<i>Other assets</i>	28,138		28,138	18,656		18,656
Other assets	57,281	845	58,126	32,501	1,121	33,622
Total	1,209,331	1,135,131	2,344,462	973,062	961,379	1,934,441

Group	2007			2006		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Liabilities						
Deposits by credit institutions	396,366	24,982	421,348	346,359	21,967	368,326
Deposits and borrowing from the public	669,256	81,225	750,481	572,270	71,579	643,849
<i>Liabilities to policyholders – investment contracts</i>	11,419	124,518	135,937	7,004	113,123	120,127
<i>Liabilities to policyholders – insurance contracts</i>	8,548	81,431	89,979	4,536	79,056	83,592
Liabilities to policyholders	19,967	205,949	225,916	11,540	192,179	203,719
Debt securities	302,387	208,177	510,564	214,578	179,779	394,357
<i>Trading derivatives</i>	79,211		79,211	60,343		60,343
<i>Derivatives used for hedging</i>	2,169		2,169	5,894		5,894
<i>Trading liabilities</i>	135,421		135,421	84,942		84,942
<i>Fair value changes of hedged items in portfolio hedge</i>	-411		-411	-147		-147
Financial liabilities at fair value	216,390		216,390	151,032		151,032
<i>Current tax liabilities</i>	1,101		1,101	1,036		1,036
<i>Deferred tax liabilities</i>		9,403	9,403		9,099	9,099
<i>Trade and client payables</i>	33,940		33,940	12,479		12,479
<i>Other liabilities</i>	53,075		53,075	37,536		37,536
Other liabilities	88,116	9,403	97,519	51,051	9,099	60,150
Provisions		1,536	1,536		2,066	2,066
Subordinated liabilities		43,989	43,989		43,675	43,675
Total	1,692,482	575,261	2,267,743	1,346,830	520,344	1,867,174

40 Financial assets and liabilities by class

Group 2007								
Financial assets	Classes of financial assets and liabilities							Total
	Loans and deposits	Equity instruments	Debt instruments	Derivative instruments	Investment contracts	Insurance contracts	Other	
Cash and cash balances with central banks (note 19)							96,871	96,871
Loans to credit institutions (note 20)	263,012							263,012
Loans to the public (note 21)	1,067,341							1,067,341
Financial assets at fair value (note 22)		56,840	293,347	88,172	135,485		-641	573,203
Available-for-sale financial assets (note 23)		1,812	168,325					170,137
Held-to-maturity financial assets (note 24)			1,798					1,798
Investments in associates (note 25)		1,257						1,257
Trade and client receivables (note 28)							25,377	25,377
Financial assets	1,330,353	59,909	463,470	88,172	135,485		121,607	2,198,996
Other assets (non-financial)						88,020	57,446	145,466
Total	1,330,353	59,909	463,470	88,172	135,485	88,020	179,053	2,344,462
Financial liabilities								
Deposits by credit institutions (note 29)	421,348							421,348
Deposits and borrowing from the public (note 30)	750,481							750,481
Liabilities to policyholders (note 31)					135,937			135,937
Debt securities (note 32)			510,564					510,564
Financial liabilities at fair value (note 33)		18,845	116,576	81,380			-411	216,390
Trade and client payables (note 34)							33,940	33,940
Subordinated liabilities (note 36)			43,989					43,989
Financial liabilities	1,171,829	18,845	671,129	81,380	135,937		33,529	2,112,649
Other liabilities (non-financial)						89,979	65,115	155,094
Total equity							76,719	76,719
Total	1,171,829	18,845	671,129	81,380	135,937	89,979	175,363	2,344,462
Group 2006								
Financial assets	Classes of financial assets and liabilities							Total
	Loans and deposits	Equity instruments	Debt instruments	Derivative instruments	Investment contracts	Insurance contracts	Other	
Cash and cash balances with central banks (note 19)							11,314	11,314
Loans to credit institutions (note 20)	180,478							180,478
Loans to the public (note 21)	950,861							950,861
Financial assets at fair value (note 22)		32,341	312,639	67,872	120,524		283	533,659
Available-for-sale financial assets (note 23)		2,319	114,311					116,630
Held-to-maturity financial assets (note 24)			2,231					2,231
Investments in associates (note 25)		1,085						1,085
Trade and client receivables (note 28)							11,277	11,277
Financial assets	1,131,339	35,745	429,181	67,872	120,524		22,874	1,807,535
Other assets						80,629	46,277	126,906
Total	1,131,339	35,745	429,181	67,872	120,524	80,629	69,151	1,934,441
Financial liabilities								
Deposits by credit institutions (note 29)	368,326							368,326
Deposits and borrowing from the public (note 30)	643,849							643,849
Liabilities to policyholders (note 31)					120,127			120,127
Debt securities (note 32)			394,357					394,357
Financial liabilities at fair value (note 33)		3,746	81,196	66,237			-147	151,032
Trade and client payables (note 34)							12,479	12,479
Subordinated liabilities (note 36)			43,675					43,675
Financial liabilities	1,012,175	3,746	519,228	66,237	120,127		12,332	1,733,845
Other liabilities (non-financial)						83,592	49,737	133,329
Total equity							67,267	67,267
Total	1,012,175	3,746	519,228	66,237	120,127	83,592	129,336	1,934,441

SEB has grouped its financial instruments by class taking into account the characteristics of the instruments:

Loans and deposits includes financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. These are further specified in note 43 and 44.

Equity instruments includes shares, rights issues and similar contractual rights of other entities.

Debt instruments includes contractual rights to receive or obligations to deliver cash on a predetermined date. These are further specified in note 41, 42 and 43.

Derivative instruments includes options, futures, swaps and other derived products held for trading and hedging purposes. These are further specified in note 45. Investment contracts includes those assets and liabilities in the Life insurance operations where the policyholder is carrying the risk of the contractual agreement (is not qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 51.

Insurance contracts includes those assets and liabilities in the Life insurance operations where SEB is carrying the insurance risk of a contractual agreement (is qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 51.

Other includes other financial asset and liabilities recognised in accordance with IAS 39.

Note 40 ctd. Financial assets and liabilities by class

Parent company 2007						
	Classes of financial assets and liabilities					
	Loans and deposits	Equity instruments	Debt instruments	Derivative instruments	Other	Total
Financial assets						
Cash and cash balances with central banks (note 19)					1,758	1,758
Loans to credit institutions (note 20)	357,482					357,482
Loans to the public (note 21)	637,138					637,138
Financial assets at fair value (note 22)		43,584	241,564	82,837		367,985
Available-for-sale financial assets (note 23)		1,155	60,930			62,085
Held-to-maturity financial assets (note 24)			3,348			3,348
Investments in associates (note 25)		1,063				1,063
Shares in subsidiaries (note 26)		51,936				51,936
Trade and client receivables (note 28)					23,625	23,625
Financial assets	994,620	97,738	305,842	82,837	25,383	1,506,420
Other assets (non-financial)					52,899	52,899
Total	994,620	97,738	305,842	82,837	78,282	1,559,319
Financial liabilities						
Deposits by credit institutions (note 29)	367,699					367,699
Deposits and borrowing from the public (note 30)	412,499					412,499
Debt securities (note 32)			408,002			408,002
Financial liabilities at fair value (note 33)		18,461	103,226	80,074		201,761
Trade and client payables (note 34)					32,369	32,369
Subordinated liabilities (note 36)			43,046			43,046
Financial liabilities	780,198	18,461	554,274	80,074	32,369	1,465,376
Other liabilities (non-financial)					34,995	34,995
Total equity and untaxed reserves					58,948	58,948
Total	780,198	18,461	554,274	80,074	126,312	1,559,319
Parent company 2006						
	Classes of financial assets and liabilities					
	Loans and deposits	Equity instruments	Debt instruments	Derivative instruments	Other	Total
Financial assets						
Cash and cash balances with central banks (note 19)					1,828	1,828
Loans to credit institutions (note 20)	361,615					361,615
Loans to the public (note 21)	336,562					336,562
Financial assets at fair value (note 22)		22,794	264,911	64,291		351,996
Available-for-sale financial assets (note 23)		1,332	21,079			22,411
Held-to-maturity financial assets (note 24)			3,824			3,824
Investments in associates (note 25)		1,059				1,059
Shares in subsidiaries (note 26)		55,306				55,306
Trade and client receivables (note 28)					9,694	9,694
Financial assets	698,177	80,491	289,814	64,291	11,522	1,144,295
Other assets					27,754	27,754
Total	698,177	80,491	289,814	64,291	39,276	1,172,049
Financial liabilities						
Deposits by credit institutions (note 29)	334,116					334,116
Deposits and borrowing from the public (note 30)	390,085					390,085
Debt securities (note 32)			173,956			173,956
Financial liabilities at fair value (note 33)		3,744	75,986	62,079		141,809
Trade and client payables (note 34)					10,900	10,900
Subordinated liabilities (note 36)			42,700			42,700
Financial liabilities	724,201	3,744	292,642	62,079	10,900	1,093,566
Other liabilities (non-financial)					30,581	30,581
Total equity and untaxed reserves					47,902	47,902
Total	724,201	3,744	292,642	62,079	89,383	1,172,049

41 Debt instruments by maturities

Eligible debt instruments							
Group 2007	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	10 years <	Total
Securities held for trading (note 22)	3,808	1,332	13,303	35,119	15,477	15,849	84,888
Other financial assets at fair value (note 22)		20					20
Available-for-sale financial assets (note 23)	4,869	3,296	13,249	46,506	36,741	8,569	113,230
Held-to-maturity financial assets (note 24)		1					1
Total	8,677	4,649	26,552	81,625	52,218	24,418	198,139
Group 2006							
Securities held for trading (note 22)	2,298	5,717	17,823	42,370	27,273	13,419	108,900
Other financial assets at fair value (note 22)					42		42
Available-for-sale financial assets (note 23)	1,673	1,613	8,243	32,826	27,426	12,304	84,085
Held-to-maturity financial assets (note 24)				1			1
Total	3,971	7,330	26,066	75,197	54,741	25,723	193,028
Parent company 2007							
Securities held for trading (note 22)		740	9,613	8,962	4,636	9,690	33,641
Available-for-sale financial assets (note 23)					119	7,661	7,780
Total		740	9,613	8,962	4,755	17,351	41,421
Parent company 2006							
Securities held for trading (note 22)		2,607	10,941	19,615	9,093	9,168	51,424
Available-for-sale financial assets (note 23)	1,027					4,880	5,907
Total	1,027	2,607	10,941	19,615	9,093	14,048	57,331
Other debt instruments							
Group 2007	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	10 years <	Total
Securities held for trading (note 22)	1,358	9,190	9,094	74,572	18,648	92,140	205,002
Insurance assets (note 22)	32	461	1,593	8,382	49,329	6,518	66,315
Other financial assets at fair value (note 22)	2	10	40	160	18	52	282
Available-for-sale financial assets (note 23)	634	254	512	26,935	5,810	19,587	53,732
Held-to-maturity financial assets (note 24)			612	1,068		90	1,770
Total	2,026	9,915	11,851	111,117	73,805	118,387	327,101
Group 2006							
Securities held for trading (note 22)	6,726	4,457	21,688	74,734	17,953	74,784	200,342
Insurance assets (note 22)	102	32	1,264	12,064	46,613	1,857	61,932
Other financial assets at fair value (note 22)	1	12	120	242	314	10	699
Available-for-sale financial assets (note 23)	606	206	220	10,003	5,974	12,069	29,078
Held-to-maturity financial assets (note 24)			470	1,371	230	136	2,207
Total	7,435	4,707	23,762	98,414	71,084	88,856	294,258
Parent company 2007							
Securities held for trading (note 22)	701	9,019	8,978	76,880	18,521	91,439	205,538
Available-for-sale financial assets (note 23)	9		280	26,604	6,340	19,546	52,779
Held-to-maturity financial assets (note 24)	97			100	3,035	90	3,322
Total	807	9,019	9,258	103,584	27,896	111,075	261,639
Parent company 2006							
Securities held for trading (note 22)	5,009	4,573	29,151	79,977	17,786	74,759	211,255
Available-for-sale financial assets (note 23)				878	1,918	12,022	14,818
Held-to-maturity financial assets (note 24)		300	151	775	2,458	136	3,820
Total	5,009	4,873	29,302	81,630	22,162	86,917	229,893

42 Debt instruments by issuers

Eligible debt instruments

Group 2007	Swedish State	Swedish municipalities	Foreign States	Other foreign issuers	Total
Securities held for trading (note 22)	20,985	153	12,437	51,313	84,888
Other financial assets at fair value (note 22)				20	20
Available-for-sale financial assets (note 23)	50		13,426	99,754	113,230
Held-to-maturity financial assets (note 24)			1		1
Total	21,035	153	25,864	151,087	198,139

Group 2006

Securities held for trading (note 22)	31,642	931	23,633	52,694	108,900
Other financial assets at fair value (note 22)			8	34	42
Available-for-sale financial assets (note 23)	1,077		10,456	72,552	84,085
Held-to-maturity financial assets (note 24)				1	1
Total	32,719	931	34,097	125,281	193,028

Parent company 2007

Securities held for trading (note 22)	20,985	153	12,025	478	33,641
Available-for-sale financial assets (note 23)			7,581	199	7,780
Total	20,985	153	19,606	677	41,421

Parent company 2006

Securities held for trading (note 22)	31,642	931	16,934	1,917	51,424
Available-for-sale financial assets (note 23)	1,027		4,314	566	5,907
Total	32,669	931	21,248	2,483	57,331

Other debt instruments

Group 2007	Swedish State and municipalities	Swedish mortgage institutions	Other Swedish issuers – non-financial companies	Other Swedish issuers – other financial companies	Foreign States	Other foreign issuers	Total
Securities held for trading (note 22)		25,085	6,176	788	2,173	170,780	205,002
Insurance assets (note 22)	9,096	995	929	932	5,578	48,785	66,315
Other financial assets at fair value (note 22)				25	142	115	282
Available-for-sale financial assets (note 23)			200	1,556	1,009	50,967	53,732
Held-to-maturity financial assets (note 24)		827	91			852	1,770
Total	9,096	26,907	7,396	3,301	8,902	271,499	327,101

Group 2006

Securities held for trading (note 22)		42,696	2,586	2,657	1,599	150,804	200,342
Insurance assets (note 22)	2,387	389	118		4,313	54,725	61,932
Other financial assets at fair value (note 22)				17	208	474	699
Available-for-sale financial assets (note 23)				89	219	28,770	29,078
Held-to-maturity financial assets (note 24)		838				1,369	2,207
Total	2,387	43,923	2,704	2,763	6,339	236,142	294,258

Parent company 2007

Securities held for trading (note 22)		25,085	6,175	788		173,490	205,538
Available-for-sale financial assets (note 23)			200	1,464		51,115	52,779
Held-to-maturity financial assets (note 24)			100			3,222	3,322
Total		25,085	6,475	2,252		227,827	261,639

Parent company 2006

Securities held for trading (note 22)		50,113	2,586	2,657		155,899	211,255
Available-for-sale financial assets (note 23)						14,818	14,818
Held-to-maturity financial assets (note 24)		975	100			2,745	3,820
Total		51,088	2,686	2,657		173,462	229,893

43 Repricing periods**Group 2007**

Assets	< 1 month	1 < 3 months	3 < 6 months	6 < 12 months	1 < 3 years	3 < 5 years	5 years <	Non rate	Insurance	Total
Loans to credit institutions	223,594	14,569	2,229	6,444	3,485	3,304	4,506	3,738	1,143	263,012
Loans to the public	542,449	160,272	75,905	39,267	95,829	65,324	89,598	-1,303		1,067,341
Financial assets	284,949	109,782	55,809	14,878	59,660	7,958	47,439	151,558	224,630	956,663
Other assets								41,623	15,823	57,446
Total	1,050,992	284,623	133,943	60,589	158,974	76,586	141,543	195,616	241,596	2,344,462
Liabilities and equity										
Deposits by credit institutions	349,850	49,944	18,988	1,370	502	516	770	-592		421,348
Deposits and borrowing from the public	608,373	45,416	15,121	11,222	12,714	7,474	47,492	2,669		750,481
Issued securities	129,041	138,201	59,089	21,484	127,711	56,712	14,911	7,404		554,553
Other liabilities	15,296	7,967	5,567	3,313	8,322	18,268	51,983	196,465	234,180	541,361
Total equity								76,719		76,719
Total	1,102,560	241,528	98,765	37,389	149,249	82,970	115,156	282,665	234,180	2,344,462
Interest rate sensitive, net	-51,568	43,095	35,178	23,200	9,725	-6,384	26,387	-87,049	7,416	
Cumulative sensitive	-51,568	-8,473	26,705	49,905	59,630	53,246	79,633	-7,416		

Group 2006

Assets	< 1 month	1 < 3 months	3 < 6 months	6 < 12 months	1 < 3 years	3 < 5 years	5 years <	Non rate	Insurance	Total
Loans to credit institutions	123,831	30,456	3,059	5,002	10,577	3,007	2,739		668	179,339
Loans to the public	479,414	129,537	60,900	37,396	114,761	53,827	70,808			946,643
Financial assets	99,211	134,029	112,618	4,047	59,810	16,699	22,340	102,392	201,165	752,311
Other assets	13,111	-1,898	1,944	51	185	29	-86	30,900	11,912	56,148
Total	715,567	292,124	178,521	46,496	185,333	73,562	95,801	133,292	213,745	1,934,441
Liabilities and equity										
Deposits by credit institutions	328,792	20,640	5,951	7,914	2,348	-953	1,288			365,980
Deposits and borrowing from the public	510,568	51,477	14,094	11,637	26,189	7,084	20,709			641,758
Issued securities	106,758	100,397	50,041	15,559	96,976	34,521	28,019			432,271
Other liabilities	3,628	522	17,064	1,469	20,748	7,280	30,176	140,396	205,882	427,165
Total equity								67,267		67,267
Total	949,746	173,036	87,150	36,579	146,261	47,932	80,192	207,663	205,882	1,934,441
Interest rate sensitive, net	-234,179	119,088	91,371	9,917	39,072	25,630	15,609	-74,371	7,863	
Cumulative sensitive	-234,179	-115,091	-23,720	-13,803	25,269	50,899	66,508	-7,863		

44 Loans and loan loss provisions

	Group		Parent company	
	2007	2006	2007	2006
Loans to credit institutions	263,012	179,339	357,482	360,728
Loans to the public	1,067,341	946,643	637,138	333,129
Total	1,330,353	1,125,982	994,620	693,857

Loans

Performing loans not impaired	1,328,351	1,123,860	994,469	693,909
Non-performing impaired loans	7,619	7,123	1,150	1,033
Performing impaired loans	772	1,403	41	15
Loans prior to reserves	1,336,742	1,132,386	995,660	694,957
Specific reserves	-3,787	-4,234	-645	-678
Collective reserves	-2,602	-2,170	-395	-422
Reserves	-6,389	-6,404	-1,040	-1,100
Total	1,330,353	1,125,982	994,620	693,857

Loans by category of borrower

Group 2007	Credit-institutions	Corporates	Property-management	Public sector	Households	Total
Performing loans not impaired	262,998	443,338	182,164	73,754	366,097	1,328,351
Non-performing impaired loans	46	2,947	2,863		1,763	7,619
Performing impaired loans		289	320		163	772
Loans prior to reserves	263,044	446,574	185,347	73,754	368,023	1,336,742
Specific reserves	-32	-1,893	-1,471		-391	-3,787
Collective reserves						-2,602
Reserves	-32	-1,893	-1,471		-391	-6,389
Total	263,012	444,681	183,876	73,754	367,632	1,330,353

Group 2006

Performing loans not impaired	179,320	358,430	146,128	115,667	324,315	1,123,860
Non-performing impaired loans	56	2,888	2,398	8	1,773	7,123
Performing impaired loans		246	1,015		142	1,403
Loans prior to reserves	179,376	361,564	149,541	115,675	326,230	1,132,386
Specific reserves	-37	-1,994	-1,717	-3	-483	-4,234
Collective reserves						-2,170
Reserves	-37	-1,994	-1,717	-3	-483	-6,404
Total	179,339	359,570	147,824	115,672	325,747	1,125,982

Parent company 2007

Performing loans not impaired	357,482	324,328	84,581	9,605	218,473	994,469
Non-performing impaired loans	21	700	255		174	1,150
Performing impaired loans		10	28		3	41
Loans prior to reserves	357,503	325,038	84,864	9,605	218,650	995,660
Specific reserves	-21	-432	-189		-3	-645
Collective reserves						-395
Reserves	-21	-432	-189		-3	-1,040
Total	357,482	324,606	84,675	9,605	218,647	994,620

Parent company 2006

Performing loans not impaired	360,728	250,330	30,627	27,153	25,071	693,909
Non-performing impaired loans	22	571	270		170	1,033
Performing impaired loans		15				15
Loans prior to reserves	360,750	250,916	30,897	27,153	25,241	694,957
Specific reserves	-22	-446	-204		-6	-678
Collective reserves						-422
Reserves	-22	-446	-204		-6	-1,100
Total	360,728	250,470	30,693	27,153	25,235	693,857

Notes to the financial statements

Note 44 ctd. Loans and loan loss provisions

Loans by geographical region¹⁾					
Group 2007	The Nordic region	Germany	The Baltic region	Other	Total
Performing loans not impaired	847,945	296,263	140,042	44,101	1,328,351
Non-performing impaired loans	1,397	5,050	959	213	7,619
Performing impaired loans	14	726	18	14	772
Loans prior to reserves	849,356	302,039	141,019	44,328	1,336,742
Specific reserves	-396	-2,780	-378	-233	-3,787
Collective reserves					-2,602
Reserves	-396	-2,780	-378	-233	-6,389
Total	848,960	299,259	140,641	44,095	1,330,353
Group 2006					
Performing loans not impaired	688,014	284,927	108,779	42,140	1,123,860
Non-performing impaired loans	1,303	4,854	694	272	7,123
Performing impaired loans	18	1,365	19	1	1,403
Loans prior to reserves	689,335	291,146	109,492	42,413	1,132,386
Specific reserves	-532	-3,151	-368	-183	-4,234
Collective reserves					-2,170
Reserves	-532	-3,151	-368	-183	-6,404
Total	688,803	287,995	109,124	42,230	1,125,982
Parent company 2007					
Performing loans not impaired	955,906			38,563	994,469
Non-performing impaired loans	818			332	1,150
Performing impaired loans	27			14	41
Loans prior to reserves	956,751			38,909	995,660
Specific reserves	-444			-201	-645
Collective reserves					-395
Reserves	-444			-201	-1,040
Total	956,307			38,708	994,620
Parent company 2006					
Performing loans not impaired	658,014			35,895	693,909
Non-performing impaired loans	647			386	1,033
Performing impaired loans	1			14	15
Loans prior to reserves	658,662			36,295	694,957
Specific reserves	-426			-252	-678
Collective reserves					-422
Reserves	-426			-252	-1,100
Total	658,236			36,043	693,857

1) Breakdown based on where the business is carried out.

Note 44 ctd. Loans and loan loss provisions

	Group		Parent company	
	2007	2006	2007	2006
Loans against collateral				
Mortgage, real property	518,765	436,818	297,668	31,840
Securities and deposits	17,313	24,827	13,744	21,420
State, central bank or municipality ¹⁾	73,353	114,285	9,606	27,055
Credit institutions ¹⁾	163,583	95,539	250,219	291,939
Unsecured loans	263,760	165,622	196,089	111,358
Other ²⁾	72,392	100,004	33,043	21,854
Loans prior to reserves	1,109,166	937,095	800,369	505,466
Repos	227,576	195,291	195,291	189,491
Reserves	-6,389	-6,404	-1,040	-1,100
Loans, net	1,330,353	1,125,982	994,620	693,857

1) Including guarantees from and loans to.

2) Including floating charges, factoring, leasing, guarantees etc.

Loans restructured current year

Book value of loans prior to restructuring	10	12	10	7
Book value of loans after restructuring	10	12	10	7

Loans reclassified current year

Book value of impaired loans which have regained normal status	136	915		3
--	-----	-----	--	---

Impaired loans

Non-performing impaired loans ¹⁾	7,619	7,123	1,150	1,033
Performing loans	772	1,403	41	15
Impaired loans gross	8,391	8,526	1,191	1,048
Specific reserves	-3,787	-4,234	-645	-678
of which reserves for non-performing loans	-3,456	-3,630	-632	-663
of which reserves for performing loans	-331	-604	-13	-15
Collective reserves	-2,602	-2,170	-395	-422
Impaired loans net	2,002	2,122	151	-52
Reserves not included in the above:				
Reserves for off-balance sheet items	-209	-215	-3	-5
Total reserves	-6,598	-6,619	-1,043	-1,105

1) Loans past due by more than 60 days and with insufficient collateral.

Level of impaired loans	0.18%	0.22%	0.03%	-0.01%
Reserve ratio for impaired loans	76.1	75.1	87.3	105.0
Non-performing loans not determined to be impaired (sufficient collateral)	237	172	237	

Notes to the financial statements

Note 44 ctd. Loans and loan loss provisions

Credit exposure by industry*								
Group	Loans and leasing		Contingent liabilities		Derivative instruments ²⁾		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Banks¹⁾	163,852	102,338	31,207	25,432	52,477	40,896	247,536	168,666
Finance and insurance	19,584	16,071	21,793	13,488	7,349	6,752	48,726	36,311
Wholesale and retail	43,995	35,795	26,311	29,609	263	219	70,569	65,623
Transportation	39,472	34,850	13,431	10,602	529	567	53,432	46,019
Other service sectors	69,074	36,585	45,771	24,318	2,130	877	116,975	61,780
Construction	11,367	9,760	9,567	6,976	30	34	20,964	16,770
Manufacturing	70,517	50,212	82,785	73,065	4,177	1,977	157,479	125,254
Other	67,569	75,381	33,312	56,069	3,429	1,862	104,310	133,312
Corporate	321,578	258,654	232,970	214,127	17,907	12,288	572,455	485,069
Property management	185,347	164,645	23,654	24,530	1,097	1,529	210,098	190,704
Public administration	73,754	85,229	10,673	10,362	3,127	1,034	87,554	96,625
Housing loans	310,301	269,630	20,189				330,490	269,630
Other	57,722	56,599	45,813	48,035	28	18	103,563	104,652
Households	368,023	326,229	66,002	48,035	28	18	434,053	374,282
Credit portfolio	1,112,554	937,095	364,506	322,486	74,636	55,765	1,551,696	1,315,346
Credit institutions							97,213	82,867
General public							130,363	112,424
Repos							227,576	195,291
Debt instruments							530,602	487,300
Total							2,309,874	1,997,937

1) Including National Debt Office.

2) Derivatives are reported after netting agreements have been taken into account. The exposure is calculated according to the market value method, i.e. positive market value and estimated amount for possible change in risk.

* Before provisions for possible credit losses.

45 Derivative instruments

	Group		Parent company	
	2007	2006	2007	2006
Interest-related	44,162	40,918	41,173	38,169
Currency-related	30,320	25,053	29,189	24,706
Equity-related	10,544	1,901	9,329	1,416
Other	3,146		3,146	
Positive closing values or nil value	88,172	67,872	82,837	64,291
Interest-related	41,528	39,532	40,009	36,427
Currency-related	34,382	24,690	32,926	24,428
Equity-related	5,390	2,016	7,061	1,224
Other	80		78	
Negative closing values	81,380	66,238	80,074	62,079

Group, 2007	Positive closing values or nil value		Negative closing values	
	Nom. amount	Book value	Nom. amount	Book value
Options	372,906	3,556	330,804	2,523
Futures	1,094,557	1,284	1,125,054	1,079
Swaps	2,186,047	39,322	2,190,038	37,926
Interest-related	3,653,510	44,162	3,645,896	41,528
of which, cleared	3,383	12	176	1
Options	162,692	1,234	165,173	935
Futures	272,095	3,681	286,519	4,322
Swaps	2,982,614	25,405	2,988,163	29,125
Currency-related	3,417,401	30,320	3,439,855	34,382
of which, cleared	14,486	260	14,100	226
Options	7,099	7,959	14,769	4,533
Futures	5,119	794		121
Swaps	17,286	1,791	17,286	736
Equity-related	29,504	10,544	32,055	5,390
of which, cleared	5,119	1,166		388
Options			2,849	2
Swaps	44,280	3,146	44,280	78
Other	44,280	3,146	47,129	80
of which, cleared				
Total	7,144,695	88,172	7,164,935	81,380
of which, cleared	22,988	1,438	14,276	615

Group, 2006

Options	215,536	5,734	106,267	3,063
Futures	1,409,077	2,846	1,409,984	2,314
Swaps	2,154,719	32,338	2,207,635	34,155
Interest-related	3,779,332	40,918	3,723,886	39,532
of which, cleared	652,984	27	525,113	5
Options	425,506	2,675	437,408	1,937
Futures	401,208	2,450	389,193	3,686
Swaps	2,379,878	19,928	2,390,038	19,067
Currency-related	3,206,592	25,053	3,216,639	24,690
of which, cleared	2,472	32	12,664	238
Options	3,084	1,087	4,813	1,321
Futures		233		
Swaps	6,448	581	14,965	695
Equity-related	9,532	1,901	19,778	2,016
of which, cleared				
Total	6,995,456	67,872	6,960,303	66,238
of which, cleared	655,456	59	537,777	243

Notes to the financial statements

Note 45 ctd. Derivative instruments

Parent company 2007	Positive closing values or nil value		Negative closing values	
	Nom. amount	Book value	Nom. amount	Book value
Options	357,293	3,000	317,808	4,026
Futures	1,088,485	1,148	1,121,992	1,071
Swaps	2,008,496	37,025	2,007,093	34,912
Interest-related	3,454,274	41,173	3,446,893	40,009
of which, cleared				
Options	167,382	1,246	167,491	1,091
Futures	248,233	2,909	248,803	3,390
Swaps	3,045,820	25,034	3,049,559	28,445
Currency-related	3,461,435	29,189	3,465,853	32,926
of which, cleared				
Options		7,511		6,203
Futures		130		121
Swaps	17,311	1,688	17,311	737
Equity-related	17,311	9,329	17,311	7,061
of which, cleared				
Swaps	44,299	3,146	44,299	78
Other	44,299	3,146	44,299	78
of which, cleared				
Total	6,977,319	82,837	6,974,356	80,074
of which, cleared				
Parent company 2006				
Options	193,218	5,515	88,993	5,701
Futures	773,519	2,835	913,433	2,320
Swaps	2,105,992	29,819	2,105,052	28,406
Interest-related	3,072,729	38,169	3,107,478	36,427
of which, cleared	650,007		525,168	
Options	441,087	2,613	440,100	1,898
Futures	371,378	1,804	372,483	3,265
Swaps	2,421,327	20,289	2,419,098	19,265
Currency-related	3,233,792	24,706	3,231,681	24,428
of which, cleared				
Options		601		531
Futures		233		
Swaps	10,244	582	10,244	693
Equity-related	10,244	1,416	10,244	1,224
of which, cleared				
Total	6,316,765	64,291	6,349,403	62,079
of which, cleared	650,007		525,168	

46 Fair value information

	Group 2007		Group 2006	
	Book value	Fair value	Book value	Fair value
Cash and cash balances with central banks	96,871	96,871	11,314	11,314
Loans to credit institutions	263,012	262,368	180,478	180,620
Loans to the public	1,067,341	1,068,151	950,861	954,715
<i>Securities held for trading</i>	348,888	348,888	343,535	343,535
<i>Derivatives held for trading</i>	85,395	85,395	65,212	65,212
<i>Derivatives used for hedging</i>	2,777	2,777	2,660	2,660
<i>Fair value changes of hedged items in a portfolio hedge</i>	-641	-641	283	283
<i>Financial assets – policyholders bearing the risk</i>	135,485	135,485	120,524	120,524
<i>Other financial assets designated at fair value</i>	89,319	89,319	82,074	82,074
Financial assets at fair value	661,223	661,223	614,288	614,288
Available-for-sale financial assets	170,137	170,137	116,630	116,630
Held-to-maturity investments	1,798	1,823	2,231	2,228
Assets held for sale			2,189	2,189
Investments in associates	1,257	1,257	1,085	1,085
<i>Intangible assets</i>	16,894	16,894	15,572	15,572
<i>Property and equipment</i>	2,564	2,564	2,302	2,302
<i>Investment properties</i>	5,239	5,239	5,040	5,040
Tangible and intangible assets	24,697	24,697	22,914	22,914
<i>Current tax assets</i>	3,766	3,766	2,568	2,568
<i>Deferred tax assets</i>	845	845	1,121	1,121
<i>Trade and client receivables</i>	25,377	25,377	11,277	11,277
<i>Other assets</i>	28,138	28,138	17,485	17,485
Other assets	58,126	58,126	32,451	32,451
Total assets	2,344,462	2,344,653	1,934,441	1,938,434
Deposits by credit institutions	421,348	421,361	368,326	368,661
Deposits and borrowing from the public	750,481	751,411	643,849	644,804
<i>Liabilities to policyholders – investment contracts</i>	135,937	135,937	120,127	120,127
<i>Liabilities to policyholders – insurance contracts</i>	89,979	89,979	83,592	83,592
Liabilities to policyholders	225,916	225,916	203,719	203,719
Debt securities	510,564	507,342	394,357	393,988
<i>Trading derivatives</i>	79,211	79,211	60,343	60,343
<i>Derivatives used for hedging</i>	2,169	2,169	5,894	5,894
<i>Trading liabilities</i>	135,421	135,421	84,942	84,942
<i>Fair value changes of hedged items in portfolio hedge</i>	-411	-411	-147	-147
Financial liabilities at fair value	216,390	216,390	151,032	151,032
<i>Current tax liabilities</i>	1,101	1,101	1,036	1,036
<i>Deferred tax liabilities</i>	9,403	9,403	9,099	9,099
<i>Trade and client payables</i>	33,940	33,940	12,479	12,479
<i>Other liabilities</i>	53,075	53,075	37,536	37,536
Other liabilities	97,519	97,519	60,150	60,150
Provisions	1,536	1,536	2,066	2,066
Subordinated liabilities	43,989	43,819	43,675	43,693
Total liabilities	2,267,743	2,265,294	1,867,174	1,868,113

The above calculation comprises balance sheet items at fixed rates of interest during fixed periods. This means that all items subject to variable rates of interest, i.e. deposit/lending volumes for which interest terms are market-related, have not been recalculated; the nominal amount is considered to equal a fair value.

When calculating fair values for fixed-interest rate lending, future interest income is discounted with the help of a market interest curve, which has been adjusted for applicable margins on new lending. Correspondingly, fixed-interest rate-related deposits/lending are discounted with the help of the market interest curve, adjusted for relevant margins.

In addition to fixed-rate deposits/lending, adjustments have also been made for surplus values in properties and certain shareholdings.

One effect of this calculation method is that the fair values arrived at in times of falling margins on new lending will be higher than book values, while the opposite is true in times of rising margins. It should furthermore be noted that this calculation does not represent a market valuation of the Group as a company.

47 Related party disclosures*

	Group companies		Associated companies		Total	
	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest
Parent company 2007						
Loans to credit institutions	166,009	5,852			166,009	5,852
Loans to the public	38,017	1,693	207		38,224	1,693
Bonds and other interest-bearing securities	7,605	446			7,605	446
Other assets	5,390	7			5,390	7
Total	217,021	7,998	207		217,228	7,998
Deposits by credit institutions	63,803	-2,788			63,803	-2,788
Deposits and borrowings from the public	7,701	-402	36		7,737	-402
Issued securities	578	-4			578	-4
Other liabilities	4,318				4,318	
Total	76,400	-3,194	36		76,436	-3,194

The Parent company has sold four Strategic investments to SEB Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse, in 2007 for SEK 224m and made a capital gain of SEK 21m.

Parent company 2006

Loans to credit institutions	241,583	5,585			241,583	5,585
Loans to the public	30,474	1,563	148	1	30,622	1,564
Bonds and other interest-bearing securities	18,852	591	16		18,868	591
Other assets	5,048	-20	4		5,052	-20
Total	295,957	7,719	168	1	296,125	7,720
Deposits by credit institutions	53,616	-1,868			53,616	-1,868
Deposits and borrowings from the public	8,047	-263	69	-1	8,116	-264
Issued securities	919	-3			919	-3
Other liabilities	3,101	-4			3,101	-4
Total	65,683	-2,138	69	-1	65,752	-2,139

* For information about Top management, The Group Executive Committee and Other related parties see note 9 c.

48 Future minimum lease payments for operational leases*

	Group		Parent company	
	2007	2006	2007	2006
Year 2007		1,298		647
Year 2008	1,261	1,147	535	544
Year 2009	1,090	989	444	459
Year 2010	930	835	358	361
Year 2011	782	782	357	303
Year 2012 and later	2,849	2,234	2,050	2,082
Total	6,912	7,285	3,744	4,396

* Leases for premises and other operational leases.

49 Capital adequacy

	Financial group of undertakings ¹⁾		Parent company	
	2007	2006	2007	2006
Calculation of capital base				
Total equity according to balance sheet	76,719	67,267	39,932	35,813
Proposed dividend (excl repurchased shares)	-4,442	-4,070	-4,442	-4,070
Deductions for investments outside the financial group of undertakings	-81			
Other deductions outside the financial group of undertakings ²⁾	-2,975	-2,622		
Total equity in the capital adequacy	69,221	60,575	35,490	31,743
Untaxed reserves			13,692	8,701
Core capital contribution	10,907	7,543	8,562	7,000
Adjustment for hedge contracts	237	51	442	64
Net provisioning amount for IRB-reported credit exposures	-235		-476	
Unrealised value changes on available-for-sale financial assets	572	-387	258	-212
Goodwill ³⁾	-6,079	-5,342	-523	-524
Other intangible assets	-1,135	-712	-370	-110
Deferred tax assets	-786	-1,066		
Core capital (tier 1)	72,702	60,662	57,075	46,662
Dated subordinated debts	18,670	22,770	17,808	21,687
Deductions for remaining maturity	-1,414	-1,288	-1,018	-813
Perpetual subordinated debts	14,256	13,973	16,601	14,515
Net provisioning amount for IRB-reported credit exposures	-235		-476	
Unrealised gains on available-for-sale financial assets	451	381	140	217
Deduction for investments outside the financial group of undertakings	-81			
Supplementary capital (tier 2)	31,647	35,836	33,055	35,606
Deductions for investments in insurance companies ⁴⁾	-10,592	-10,500		-206
Deductions for other investments outside the financial group of undertakings		-465		
Deductions for pension assets in excess of related liabilities	-784	-611		
Capital base	92,973	84,922	90,130	82,062

Notes to the financial statements

Note 49 ctd. Capital adequacy

Risk weighted assets	Financial group of undertakings ¹⁾		Parent company	
	2007	2006	2007	2006
<i>Companies that report according to Basel II⁵⁾</i>				
Credit risk, IRB approach: Institutions	56,323		36,698	
Credit risk, IRB approach: Corporates	267,748		205,896	
Credit risk, IRB approach: Securitisations	2,174		2,126	
Credit risk, IRB approach: Retail mortgages	42,617		18,764	
Total for credit risk, IRB approach	368,862		263,484	
Credit risk, Standardised approach	77,840		211,210	
Operational risk, Basic Indicator approach	46,540		29,474	
Currency price risk	7,248		6,787	
Trading book risks	50,119		46,516	
Total, companies that report according to Basel II	550,609		557,471	
<i>Companies that report according to Basel I</i>				
Credit risk	185,744			
Currency price risk	0			
Trading book risks	511			
Total, companies that report according to Basel I	186,255			
<i>Summary</i>				
Credit risk, Basel II	446,702		474,694	
Credit risk, Basel I	185,744	677,605		232,234
Operational risk	46,540		29,474	
Market risk	57,878	62,908	53,303	50,768
Total	736,864	740,513	557,471	283,002
<i>Adjustment for flooring rules</i>				
Additional requirement according to transitional flooring ⁶⁾	105,110			
Total reported	841,974	740,513	557,471	283,002

To facilitate comparison with previous reporting, the regulatory capital requirements above are expressed as risk weighted assets (RWA, 12.5 times the capital requirement). For operational and market risk these are derived entities, since the new regulation is formulated directly in terms of capital requirements.

Capital adequacy

Core capital (tier 1)	72,702	60,662	57,075	46,662
Total capital base	92,973	84,922	90,130	82,062
Total risk-weighted amount for credit and market risks	841,974	740,513	557,471	283,002
Core capital ratio, %	8.63	8.19	10.24	16.49
Total capital ratio, %	11.04	11.47	16.17	29.00
Capital adequacy quotient (capital base/capital requirement)	1.38	1.43	2.02	3.62

1) The capital adequacy reporting comprises the financial group of undertakings which includes non-consolidated associated companies and excludes insurance companies.

2) The deduction from total equity in the consolidated balance sheet consists of retained earnings in subsidiaries outside the financial group of undertakings.

3) The goodwill that is included in the capital base differs from the amounts stated in the balance sheet due to the inclusion of companies in the capital adequacy calculation that are not consolidated in the Group's balance sheet.

4) Goodwill from acquisitions of insurance companies is included in the deduction for insurance investments.

5) Skandinaviska Enskilda Banken AB, SEB AG and SEB Gyllenberg Ab report according Basel II. SEB Bolån and SEB Finance were merged with Skandinaviska Enskilda Banken AB in fourth quarter 2007.

6) Addition for transition rule according to the Swedish law (2006:1372) for implementation of the new capital requirement from Basel I to Basel II.

50 Assets and liabilities distributed by main currencies

	Group		Parent company	
	2007	2006	2007	2006
SEK	74,863	36,212	80,116	145,245
EUR	89,097	47,700	169,024	104,130
USD	56,607	56,450	58,433	56,797
GBP	1,480	688	2,097	1,637
DKK	32,747	34,144	32,678	33,753
NOK	1,503	1,265	7,539	6,430
Other currencies	6,715	4,019	7,595	13,623
Loans to credit institutions	263,012	180,478	357,482	361,615
SEK	506,232	450,908	469,018	203,102
EUR	381,721	346,203	63,198	48,204
USD	42,755	36,347	35,756	30,273
GBP	10,614	9,915	8,393	8,386
DKK	30,218	29,102	29,297	27,759
NOK	41,543	33,047	24,597	16,247
Other currencies	54,258	45,339	6,879	2,591
Loans to the public	1,067,341	950,861	637,138	336,562
SEK	242,930	234,929	132,636	164,475
EUR	281,411	252,352	142,348	126,448
USD	70,952	60,011	70,713	47,538
GBP	26,455	19,665	27,016	15,285
DKK	165,195	132,132	91,527	48,707
NOK	36,597	21,520	39,037	25,232
Other currencies	10,875	13,625	8,523	6,911
Financial assets	834,415	734,234	511,800	434,596
SEK	25,688	22,266	37,610	10,652
EUR	87,008	10,792	7,016	539
USD	6,945	4,208	3,844	9,415
GBP	680	1,570	159	4,959
DKK	16,849	17,267	798	4,564
NOK	15,372	2,100	860	958
Other currencies	27,152	10,665	2,612	8,189
Other assets	179,694	68,868	52,899	39,276
Total assets	2,344,462	1,934,441	1,559,319	1,172,049
SEK	849,713	744,315	719,380	523,474
EUR	839,237	657,047	381,586	279,321
USD	177,259	157,016	168,746	144,023
GBP	39,229	31,838	37,665	30,267
DKK	245,009	212,645	154,300	114,783
NOK	95,015	57,932	72,033	48,867
Other currencies	99,000	73,648	25,609	31,314
Total assets	2,344,462	1,934,441	1,559,319	1,172,049

Notes to the financial statements

Note 50 ctd. Assets and liabilities distributed by main currencies

Liabilities, provisions and shareholders' equity	Group		Parent company	
	2007	2006	2007	2006
SEK	84,572	84,292	92,510	91,867
EUR	126,792	95,077	62,184	70,333
USD	92,219	82,133	95,788	71,236
GBP	8,481	11,958	8,995	11,477
DKK	54,410	40,796	55,676	40,135
NOK	31,824	22,072	33,084	22,236
Other currencies	23,050	31,998	19,462	26,832
Deposits by credit institutions	421,348	368,326	367,699	334,116
SEK	292,463	272,846	288,838	270,319
EUR	295,172	223,473	36,810	35,452
USD	49,925	45,434	41,616	38,396
GBP	13,684	13,758	12,639	13,264
DKK	16,119	19,350	10,379	15,518
NOK	26,310	21,141	17,243	14,783
Other currencies	56,808	47,847	4,974	2,353
Deposits and borrowing from the public	750,481	643,849	412,499	390,085
SEK	365,440	284,403	255,036	95,862
EUR	180,957	155,302	60,565	28,051
USD	209,008	148,024	208,745	134,920
GBP	19,449	15,922	3,841	-1,346
DKK	143,119	128,952	76,577	45,838
NOK	28,381	12,268	28,845	11,317
Other currencies	6,516	4,237	8,523	1,123
Financial liabilities	952,870	749,108	642,132	315,765
SEK	24,393	14,219	6,646	6,056
EUR	28,772	10,292	6,384	4,925
USD	3,231	19,474	4,717	16,540
GBP	3,772	2,680	4,031	2,241
DKK	26,449	10,966	4,914	9,837
NOK	5,787	2,401	2,424	951
Other currencies	6,651	2,184	5,879	931
Other liabilities	99,055	62,216	34,995	41,481
EUR	22,180	21,563	21,364	20,676
USD	9,086	9,345	9,086	9,345
GBP	11,124	11,460	11,124	11,460
NOK	93	70		
Other currencies	1,506	1,237	1,472	1,219
Subordinated liabilities	43,989	43,675	43,046	42,700
SEK	76,719	67,267	58,441	46,472
EUR			8	951
USD			47	56
NOK			452	423
Shareholders' equity and untaxed reserves	76,719	67,267	58,948	47,902
Total liabilities and equity	2,344,462	1,934,441	1,559,319	1,172,049
SEK	843,587	723,027	701,471	510,998
EUR	653,873	505,707	187,315	159,966
USD	363,469	304,410	359,999	270,493
GBP	56,510	55,778	40,630	37,096
DKK	240,097	200,064	147,546	111,328
NOK	92,395	57,952	82,048	49,710
Other currencies	94,531	87,503	40,310	32,458
Total liabilities and equity	2,344,462	1,934,441	1,559,319	1,172,049

51 Income statements – Life insurance operations

	Group	
	2007	2006
Premium income, net	5,961	5,727
Income investment contracts		
Own fees including risk gain/loss	1,029	848
Commissions from fund companies	1,113	927
	2,142	1,775
Net investment income	889	1,385
Other operating income	485	397
Total income, gross	9,477	9,284
Claims paid, net	-7,918	-8,054
Change in insurance contract provisions	2,371	2,226
Total income, net	3,930	3,456
<i>Of which from other units within the SEB group</i>	<i>997</i>	<i>795</i>
Expenses for acquisition of investment and insurance contracts		
Acquisition costs	-1,391	-1,512
Change in deferred acquisition costs	190	507
	-1,201	-1,005
Administrative expenses	-915	-896
Other operating expenses	-12	-35
Total expenses	-2,128	-1,936
Operating profit	1,802	1,520

Change in surplus values in life insurance operations

Present value of new sales ¹⁾	1,773	2,545
Return on existing policies	1,327	1,085
Realised surplus value in existing policies	-1,662	-1,258
Actual outcome compared to assumptions ²⁾	25	-210
Change in surplus values from ongoing business, gross	1,463	2,162
Capitalisation of acquisition costs	-683	-911
Amortisation of capitalised acquisition costs	493	404
Change in surplus values from ongoing business, net³⁾	1,273	1,655
Change in assumptions ⁴⁾	53	-72
Financial effects due to short term market fluctuations ⁵⁾	-62	528
Total change in surplus values⁶⁾	1,264	2,111

The calculation of surplus values in life insurance operations is based upon assumptions concerning the future development of written insurance contracts and a risk-adjusted discount rate. The most important assumptions are:

	2007	2006
Discount rate	8%	8%
Surrender of endowment insurance contracts, Sweden: signed within 1 year / 5 years / thereafter	1% / 10% / 12%	6% / 6% / 12%
Surrender of insurance contracts, Denmark	6%	6%
Lapse rate of regular premiums, unit-linked	10%	10%
Growth in fund units, Sweden	6%	6%
Growth in fund units, Denmark	5%	5%
Inflation CPI / Inflation expenses	2% / 3%	2% / 3%
Right to transfer policy (unit-linked)	1%	1%
Mortality	According to the Group's experience	According to the Group's experience

1) Sales defined as new contracts and extra premiums in existing contracts.

2) The reported actual outcome of contracts signed can be placed in relation to the operative assumptions that were made. Thus, the value of the deviations can be estimated. The most important components consist of extensions of contracts as well as cancellations. However, the actual income and administrative expenses are included in full in the operating result.

3) Deferred acquisition costs are capitalised in the accounts and amortised according to plan. The reported change in surplus values is therefore adjusted by the net result of the capitalisation and amortisation during the period.

4) In 2006 the assumption of a 1% transfer of ITPK policies was introduced in Sweden with a negative effect. The surrender rate was changed from 10 per cent to 6 or 12 per cent depending on years past since the sign of contracts. Administrative costs per policy were also adjusted with a positive effect. Main changes in 2007: Administrative costs per policy were adjusted with a positive effect. In Sweden the surrender rate was adjusted from 6 / 6 / 12 per cent to 1 / 10 / 12 per cent depending on years past since the sign of contracts (within 1 / 5 / 10 years). This change had a negative effect.

5) Assumed annual unit growth is 5-6 per cent. Actual growth results in positive or negative financial effects.

6) Calculated surplus values are not included in the SEB Group's consolidated accounts.

52 Assets in unit-link operations

Within the unit-linked business SEB holds, for its customer's account, a share of more than 50 per cent in 34 (30) funds, where it is the investment manager. The total value of those funds amounted to SEK 83,368m (79,122) of which SEB, for its customer's account, holds SEK 59,695m (54,967).

53 Assets held for sale

	Group	
Balance sheet	2007	2006
Investment properties		923
Credit portfolio		1,266
Total		2,189

In line with the Group's property strategy the properties in Estonia, Latvia and Lithuania were sold in 2007. Further SEB AG in Germany sold its non-performing retail claim portfolio formerly administrated by Union Inkasso GmbH.

The SEB Group

Profit and Loss accounts

SEKm	2007	2006	2005	2004 ¹⁾	2003 ²⁾
Net interest income	15,998	14,281	14,282	13,551	13,782
Net fee and commission income	17,051	16,146	13,559	11,704	10,555
Net financial income	3,239	4,036	3,392	2,176	2,084
Net life insurance income	2,933	2,661	2,352	1,401	1,037
Net other income	1,219	1,623	642	1,163	833
Total operating income	40,440	38,747	34,227	29,995	28,291
Staff costs	-14,921	-14,363	-13,342	-11,579	-11,005
Other expenses	-6,919	-6,887	-7,574	-6,631	-6,223
Depreciation, amortisation and impairment	-1,354	-1,287	-1,233	-1,175	-1,248
Total operating expenses	-23,194	-22,537	-22,149	-19,385	-18,476
Gains less losses from tangible and intangible assets	788	70	59	100	
Net credit losses	-1,016	-718	-914	-701	-1,006
Operating profit	17,018	15,562	11,223	10,009	8,809
Income tax expense	-3,376	-2,939	-2,770	-2,662	-2,247
Net profit from continued operations	13,642	12,623	8,453	7,347	6,562
Discontinued operations			-32	35	
Net profit	13,642	12,623	8,421	7,382	6,562
Attributable to minority interests	24	18	20	17	12
Attributable to equity holders	13,618	12,605	8,401	7,365	6,550
Net profit	13,642	12,623	8,421	7,382	6,562

1) Restated to IFRS except for IAS 32 and IAS 39.

2) Not prepared under IFRS, only major groups of income and expenses have been reclassified in line with 2005. Previous goodwill amortisations are brought back.

Full IFRS compliance would require revaluations of assets and liabilities and further reclassifications.

3) Net deferred acquisition costs split in Other expenses and Amortisation in 2007, previous years restated.

Balance sheets

SEKm	2007	2006	2005	2004 ¹⁾	2003 ²⁾
Loans to credit institutions	263,012	179,339	177,592	208,226	179,308
Loans to the public	1,067,341	946,643	901,261	783,355	707,459
Financial assets	868,643	672,369	665,335	532,401	345,221
Other assets	145,466	136,090	145,550	82,569	47,405
Total assets	2,344,462	1,934,441	1,889,738	1,606,551	1,279,393
Deposits by credit institutions	421,348	365,980	399,494	370,483	246,852
Deposits and borrowing from the public	750,481	641,758	570,001	516,513	494,036
Liabilities to policyholders	225,916	203,719	185,363	145,730	59,615
Financial liabilities	760,894	552,153	581,099	419,686	309,419
Other liabilities	65,115	60,115	52,782	71,572	96,746
Subordinated liabilities	43,989	43,449	44,203	30,804	24,261
Total equity	76,719	67,267	56,796	51,763	48,464
Total liabilities, provisions and shareholders' equity	2,344,462	1,934,441	1,889,738	1,606,551	1,279,393

1) Restated to IFRS except for IAS 32 and IAS 39.

2) Not prepared under IFRS, only major groups of assets and liabilities have been reclassified in line with 2005. Full IFRS compliance would require revaluations of assets and liabilities and further reclassifications.

Key ratios

SEKm	2007	2006	2005	2004 ¹⁾	2003 ²⁾
Return on equity, per cent	19.3	20.8	15.8	14.7	14.2
Basic earnings per share, SEK	19.97	18.72	12.58	10.83	9.44
Cost/Income ratio	0.57	0.58	0.65	0.65	0.65
Credit loss level, per cent	0.11	0.08	0.11	0.10	0.15
Level of impaired loans, per cent	0.18	0.22	0.22	0.31	0.52
Total capital ratio ³⁾	11.0	11.5	10.8	10.3	10.2
Core capital ratio ³⁾	8.6	8.2	7.5	7.8	8.0

1) Restated to IFRS except for IAS 32 and IAS 39.

2) Not prepared under IFRS.

3) 2006–2003 Basel I.

Skandinaviska Enskilda Banken

Profit and Loss accounts

SEKm	2007	2006	2005	2004 ¹⁾	2003 ²⁾
Net interest income	11,603	4,711	4,885	5,047	5,790
Net commission income	7,124	7,163	5,081	4,813	4,216
Net result of financial transactions	2,490	3,515	2,558	1,778	1,570
Other income	4,583	3,515	2,884	2,235	2,234
Total operating income	25,800	18,904	15,408	13,873	13,810
Administrative expenses	-12,589	-13,073	-10,854	-9,791	-9,271
Depreciation and write-downs	-4,847	-399	-336	-310	-340
Total operating costs	-17,436	-13,472	-11,190	-10,101	-9,611
Profit before credit losses	8,364	5,432	4,218	3,772	4,199
Lending losses and changes in value	-24	-134	-88	-42	-121
Write-downs of financial fixed assets	-106	-100	-220	-392	-416
Operating profit	8,234	5,198	3,910	3,338	3,662
Appropriations including pension compensation	-158	-345	-1,058	3,654	-943
Taxes	-591	-691	-293	-1,978	-435
Net profit for the year	7,485	4,162	2,559	5,014	2,284

1) Restated to IFRS except for IAS 32 and IAS 39.

2) Not prepared under IFRS. Full IFRS compliance would require revaluations of assets and liabilities.

Balance sheets

SEKm	2007	2006	2005	2004 ¹⁾	2003 ²⁾
Loans to credit institutions	357,482	361,615	331,451	290,448	228,077
Loans to the public	637,138	336,562	291,861	251,857	219,643
Financial assets	511,800	434,596	473,073	350,434	293,796
Other assets	52,899	39,276	35,438	53,466	32,390
Total assets	1,559,319	1,172,049	1,131,823	946,205	773,906
Deposits by credit institutions	367,699	334,116	345,510	290,247	197,619
Deposits and borrowing from the public	412,499	390,085	324,719	310,145	302,822
Financial liabilities	642,132	315,765	349,550	225,590	131,726
Other liabilities	34,995	41,481	26,756	51,774	79,421
Subordinated liabilities	43,046	42,700	43,049	29,296	21,567
Shareholders' equity and untaxed reserves	58,948	47,902	42,239	39,153	40,751
Total liabilities, provisions and shareholders' equity	1,559,319	1,172,049	1,131,823	946,205	773,906

1) Restated to IFRS except for IAS 32 and IAS 39.

2) Not prepared under IFRS, only major groups of assets and liabilities have been reclassified in line with 2006.

Full IFRS compliance would require revaluations of assets and liabilities and further reclassifications.

Definitions

Return on equity

Net profit attributable to equity holders for the year as a percentage of average shareholders equity, defined as the average of equity at the opening of the year and at the close of March, June, September and December, respectively, adjusted for dividends paid during the year, repurchase of own shares and rights issues.

Return on business equity

Operating profit reduced by a standard tax per division, divided by allocated capital.

Return on total assets

Net profit as a percentage of average assets, defined as the average of total assets at the opening of the year and at the close of March, June, September and December.

Return on risk-weighted assets

Net profit as a percentage of average risk-weighted assets, defined as the average of risk-weighted assets at the opening of the year and at the close of March, June, September and December.

Cost/Income-ratio

Total operating expenses divided by total operating income.

Earnings per share

Net profit for the year divided by the average number of shares.

Adjusted shareholders' equity per share

Shareholders' equity as per the balance sheet plus the equity portion of any surplus values in the holdings of interest-bearing securities and surplus value in life insurance operations divided by the number of shares at year-end.

Risk-weighted asset

The book value of the assets as per the balance sheet and the off balance-sheet commitments are valued in accordance with the capital adequacy rules.

Core capital ratio

Core capital as a percentage of the risk-weighted assets. Core capital consists of shareholders' equity, adjusted according to the capital adequacy rules.

Total capital ratio

The capital of the financial group of undertakings adjusted according to the capital adequacy rules as a percentage of the risk-weighted assets. Total capital consists of core capital and supplementary capital minus holdings of shares in unconsolidated companies and proposed dividend as well as deferred tax and intangibles. Supplementary capital includes subordinated debt, loans plus reserves and capital contributions, after approval by the Financial Supervisory Authority. Supplementary capital must not exceed the amount of core capital.

Lending loss level

The lending loss level is defined as lending losses and value changes in assets taken over divided by lending to the general public and credit institutions (excluding banks), assets taken over and loan guarantees at the opening of the year.

Reserve ratio for impaired loans

Reserve for probable loan losses as a percentage of impaired loans, gross.

Level of impaired loans

Impaired loans (net) divided by loans to the general public and credit institutions (excluding banks) and equipment leased to clients (net).

All figures within brackets refer to 2006 unless otherwise stated.
Percentage changes refer to comparisons with 2006 unless otherwise stated.

Exchange rates

	Profit and loss account			Balance sheet		
	2007	2006	Change, %	2007	2006	Change, %
DKK	1.242	1.241	0	1.268	1.213	5
EEK	0.591	0.591	0	0.604	0.578	5
EUR	9.252	9.254	0	9.453	9.041	5
NOK	1.155	1.151	0	1.185	1.098	8
LTL	2.680	2.680	0	2.737	2.617	5
LVL	13.217	13.292	-1	13.559	12.969	5
SEK	1.000	1.000	0	1.000	1.000	0

Proposal for the distribution of profit

Standing at the disposal of the Annual General Meeting in accordance with the balance sheet of Skandinaviska Enskilda Banken, SEK 21,018,543,837.

	SEKm
Retained profits	13,533
Result for the year	7,485
Non-restricted equity	21,018

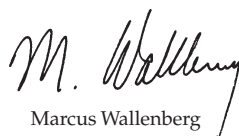
The board proposes that, following approval of the balance sheet of Skandinaviska Enskilda Banken for the financial year 2007, the Annual General Meeting should distribute the abovementioned unappropriated funds as follows:

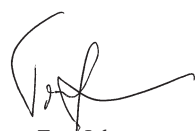
declare a dividend of	SEK
SEK 6.50 per Series A-share	4,309,526,800
SEK 6.50 per Series C-share	156,991,302
and bring forward to next year	16,552,025,735

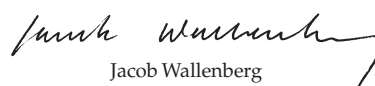
The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 6 March, 2008


 Marcus Wallenberg
 Chairman

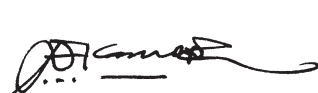

 Tuve Johannesson
 Deputy chairman


 Jacob Wallenberg
 Deputy chairman


 Penny Hughes
 Director


 Urban Jansson
 Director


 Ulf Jensen
 Director


 Steven Kaempfer
 Director


 Hans-Joachim Körber
 Director


 Jesper Ovesen
 Director


 Carl Wilhelm Ros
 Director


 Göran Lilja
 Director


 Annika Falkengren
 President and Chief Executive officer
 Director

Auditors' report

To the annual meeting of the shareholders of Skandinaviska Enskilda Banken AB (publ);
Corporate registration number 502032-9081

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Skandinaviska Enskilda Banken AB (publ) for the year 2007. The company's annual accounts are included in the printed version of this document on pages 20–41 and 53–124. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of Annual Accounts Act for Credit Institutions and Securities Companies when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and Annual Accounts Act for Credit Institutions and Securities Companies when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from

liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, Banking and Financing Business Act, Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with Annual Accounts Act for Credit Institutions and Securities Companies and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and Annual Accounts Act for Credit Institutions and Securities Companies and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm 6 March, 2008

PricewaterhouseCoopers AB



Peter Clemetson
Authorised Public Accountant
Partner in charge



Peter Nyllinge
Authorised Public Accountant

Board of Directors



Marcus Wallenberg



Tuve Johannesson



Jacob Wallenberg



Penny Hughes



Carl Wilhelm Ros



Annika Falkengren



Ulf Jensen



Göran Lilja

Marcus Wallenberg ^{2) 5) 7)}

Born 1956; elected 2002, B. Sc. of Foreign Service.

Chairman since 2005

Other assignments: Chairman of Saab, Electrolux and ICC (International Chamber of Commerce). Deputy Chairman of Ericsson. Director AstraZeneca, Stora Enso, Foundation Asset Management AB and the Knut and Alice Wallenberg Foundation.

Background: Marcus Wallenberg joined Investor in 1993 as Executive Vice President and was appointed President and Group Chief Executive 1999. Prior to that he worked at Stora Feldmühle in Germany for three years. Marcus Wallenberg began his career at Citibank in New York 1980, followed by various positions at Deutsche Bank in Germany, S G Warburg Co Ltd in London and Citicorp in Hong Kong. He joined SEB in 1985 and worked there until 1990.

Own and closely related persons' shareholding: 115,638 class A-shares and 1,473 class C-shares.

Independent in relation to the bank and management, non-independent in relation to major shareholders.

Tuve Johannesson ⁸⁾

Born 1943; elected 1997, B. Sc. MBA and Econ. Dr. hc.

Deputy Chairman since 2007

Other assignments: Chairman Ecolan International A/S, IBX Integrated Business Exchange AB and CJS Chumak, Ukraine. Director Gambro AB, Cardo AB and Meda AB. Advisor to JCB Excavators Ltd.

Background: Tuve Johannesson began his career at Tetra Pak in 1969 where he held various senior positions in South Africa, Australia and Sweden. In 1983 he was appointed Executive Vice President of Tetra Pak. He became President of VME, presently Volvo Construction Equipment, in 1988.

He then became President of Volvo Car Corporation in 1995 a position he held until 2000. Vice Chairman of the Board of Volvo Car Corporation 2000-2004.

Own and closely related persons' shareholding: 20,000 class A-shares.

Independent in relation to the bank and management, independent in relation to major shareholders.

Jacob Wallenberg

Born 1956; elected 1997, B. Sc. (Econ) and MBA. Deputy Chairman since 2005 (Chairman 1998–2005). CEO 1997.

Other assignments: Chairman Investor AB. Deputy Chairman Atlas Copco and SAS. Director ABB, the Knut and Alice Wallenberg Foundation, the Nobel Foundation, the Coca Cola Company and Stockholm School of Economics.

Background: Jacob Wallenberg joined SEB in London in 1984. Thereafter he held various positions in SEB in Singapore, Hong Kong and primarily in Sweden. In 1990 he joined Investor as Executive Vice President and in 1993 he rejoined SEB. In 1997 he was appointed President and Group Chief Executive of the SEB Group and in 1998 Chairman of the Board. Jacob Wallenberg began his banking career at JP Morgan in New York in 1981.

Own and closely related persons' shareholding: 19,772 class A-shares and 3,408 class C-shares.

Independent in relation to the bank and management, non-independent in relation to major shareholders (Chairman Investor).

Penny Hughes ⁶⁾

Born 1959; elected 2000, B. Sc. (Chemistry)

Other assignments: Director Reuters, GAP Inc, Bridgepoint Capital (Advisory Board) and Home Retail Group Plc.

Background: Penny Hughes began her

career at Procter & Gamble in 1980. In 1984 she joined Coca-Cola and was appointed President of Coca Cola UK Ltd 1992. She left the company in 1994 and has since then held several directorships. **Own and closely related persons' shareholding:** 850 class A-shares.

Independent in relation to the bank and management, independent in relation to major shareholders.

Urban Jansson ¹⁾

Born 1945; elected 1996, Higher bank degree (Skandinaviska Enskilda Banken).

Other assignments: Chairman AB Elspiraler, Jetpak Group, Rezidor Hotel Group and HMS. Deputy Chairman Ahlstrom Corp. Director Addtech, Wilh. Becker, CapMan, Clas Ohlson, Ferd A/S, Global Health Partner, Höganäs and Stockholm Stock Exchange Listing Committee.

Background: Urban Jansson joined SEB in 1966 where he held various management positions between 1972 and 1984. In 1984 he joined HNJ Intressenter (former subsidiary of the Incentive Group) as President and CEO. In 1990 Urban Jansson was appointed Executive Vice President of the Incentive Group. In 1992 he was appointed President and Group Chief Executive of Ratos. He left the company in 1998 and has since then held several board directorships.

Own and closely related persons' shareholding: 10,000 class A-shares.

Independent in relation to the bank and management, independent in relation to major shareholders.

Steven Kaempfer ⁹⁾

Born 1946; elected 2007; Master in Business Administration (MBA) and in Law.

Other assignments: Member of the Advisory Council of the Amsterdam Institute of Finance.

Background: Steven Kaempfer has a

broad experience from the international financial sector, including the Eastern European markets, having been Vice President, Finance and acting First Vice President, Banking of the European Bank for Reconstruction and Development (EBRD), London, and Member of the Investment Committee of ABP, the Netherlands, the world's second largest pension fund, as well as Senior Director of SG Warburg, London, President and CEO of SBCI Swiss Bank Corporation Investment Banking Inc., New York, and Head of Europe for Asset Management of Credit Suisse, Zurich.

Own and closely related persons' shareholding: 0

Independent in relation to the bank and management, independent in relation to major shareholders.

Dr Hans-Joachim Körber

Born 1946; elected 2000; Dr.

Other assignments: Director airberlin PLC and Bertelsmann AG.

Background: Hans-Joachim Körber joined Metro in 1985 and was appointed Member of the Management Board METRO AG in 1996 and President and Group Chief Executive in 1999. He resigned in October 2007. Körber began his career as Senior Controller at the Oetker Group in 1975.

Own and closely related persons' shareholding: 0

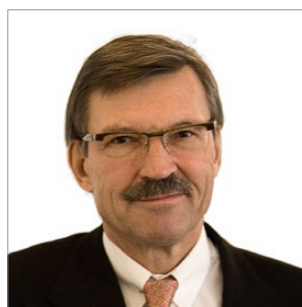
Independent in relation to the bank and management, independent in relation to major shareholders.



Urban Jansson



Steven Kaempfer



Dr Hans-Joachim Körber



Jesper Ovesen



Göran Arrius



Magdalena Olofsson

Jesper Ovesen³⁾

Born 1957, elected 2004, Bachelor of Commerce Degree (Econ) and MBA. Other assignments: Chief Financial Officer (CFO) TDC A/S. Director FLSmith & Co A/S. Background: 1 January 2008 Jesper Ovesen took office as CFO of TDC A/S coming from a position as Chief Executive Officer of the KIRKBI Group which he assumed 1 January 2007. During 2003-2006 he was CFO at LEGO Holding A/S. Prior to that, he held the position as CFO of Den Danske Bank during five years. Between 1994 and 1998 he joined Novo Nordisk as Vice President and Head of Finance. Jesper Ovesen began his career at Price Waterhouse where he worked between 1979 and 1989. Thereafter he joined Baltica Bank as Vice President, later on as Group Chief Executive. **Own and closely related persons' shareholding:** 740 class A-shares

Independent in relation to the bank and management, independent in relation to major shareholders.

Carl Wilhelm Ros⁴⁾

Born 1941, elected 1999, M.Sc. (Econ). Other assignments: Director Anders Wilhelmsen & Co AS, Bonnier, Camfil, INGKA (Ikea) Holding and Bisnode. Background: Carl Wilhelm Ros worked at Astra between 1967 and 1975. In 1975 he joined Alfa Laval where he was appointed Group Controller in 1978. 1985 he joined Ericsson as Senior Executive Vice President. He left the company 1999 and has since then held several directorships. **Own and closely related persons' shareholding:** 4,529 class A-shares and 38 class C-shares.

Independent in relation to the bank and management, independent in relation to major shareholders.

Annika Falkengren³⁾

Born 1962; elected 2005 (effective as of 1 January 2006), SEB employee since 1987; B. Sc. (Econ). President and Group Chief Executive as of 10 November 2005. Other assignments: Director Securitas, Ruter Dam, IMD Foundation and the Mentor Foundation. Background: Annika Falkengren started as an SEB trainee in 1987 and worked in Trading & Capital Markets 1988-2000. She was appointed Global Head of Fixed Income in 1995, Global Head of Trading in 1997, Head of Merchant Banking in 2000. In 2001 she became Head of the Corporate & Institutions division and Executive Vice President of SEB.

Own and closely related persons' shareholding: 108,000 class A-shares, 402,942 employee stock options and an initial allotment of 146,543 performance shares.

Non-independent in relation to the bank and management (President and Group Chief Executive SEB), independent in relation to major shareholders

 Directors appointed by the employees
Ulf Jensen

Born 1950; appointed 1997 (1995), university studies economics and law. Chairman Financial Sector Union of Sweden SEB Group. Director Financial Sector Union of Sweden. Background: Ulf Jensen joined SEB in 1977 where he held various positions. He was elected Chairman of Financial Sector Union of Sweden Stockholm City in 1989 and Financial Sector Union of Sweden SEB Group in 1999.

Own and closely related persons' shareholding: 0

Göran Lilja

Born 1963; appointed 2006, Higher bank degree. Vice chairman Financial Sector Union of Sweden SEB Group. Chairman Regional Club Väst of the same union. Director of the European Works Council SEB Group in 2006

Background: Göran Lilja joined SEB in 1984 where he held various positions. He was elected vice Chairman of Financial Sector Union of Sweden Group and Chairman Regional Club Väst of the same union in 2006.

Own and closely related persons' shareholding: 540 class A-shares.

Deputy Directors appointed by the employees

Göran Arrius

Born 1959; appointed 2002, Naval Officer. Chairman Association of University Graduates at SEB and JUSEK.

Background: Göran Arrius began his career as a Naval Officer. In 1988 he joined Trygg Hansa Liv and has since then held various positions in the life insurance business. Göran Arrius works today as Product Specialist for occupational pensions at SEB Trygg Liv.

Own and closely related persons' shareholding: 0

Magdalena Olofsson

Born 1953; appointed 2003. Director Financial Sector Union of Sweden SEB Group, Vice chairman Regional Club Stockholm & Öst of the same union, Director Financial Sector Union of Sweden. Background: Magdalena Olofsson joined SEB in 1974 and has since then held various position in the SEB Group, including twelve years at SEB Bolån AB, since 2002 Magdalena Olofsson is also Director of the European Works Council SEB Group.

Own and closely related persons' shareholding: 0

¹⁾ Chairman of Risk and Capital Committee of the Board of Directors.

²⁾ Deputy Chairman of Risk and Capital Committee of the Board of Directors

³⁾ Member of Risk and Capital Committee of the Board of Directors.

⁴⁾ Chairman of Audit and Compliance Committee of the Board of Directors.

⁵⁾ Deputy Chairman of Audit and Compliance Committee of the Board of Directors

⁶⁾ Chairman of Remuneration and HR Committee of the Board of Directors

⁷⁾ Deputy Chairman of Remuneration and HR Committee of the Board of Directors

⁸⁾ Member of Remuneration and HR Committee of the Board of Directors

⁹⁾ Member of the Audit and Compliance Committee of the Board of Directors

Group Executive Committee and Auditors



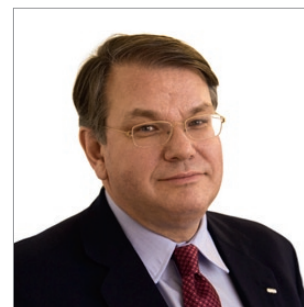
Annika Falkengren



Per-Arne Blomquist



Fredrik Boheman



Magnus Carlsson



Ingrid Engström



Hans Larsson



Bo Magnusson



Anders Mossberg

Annika Falkengren

Born 1962; SEB employee since 1987; B. Sc. (Econ). President and Group Chief Executive as of 10 November 2005.

Other assignments: Director Securitas, Ruter Dam, IMD Foundation and the Mentor Foundation.

Background: Started as SEB trainee and worked in Trading & Capital Markets 1988–2000. Appointed Global Head of Fixed Income in 1995, Global Head of Trading in 1997 and Head of Merchant Banking in 2000. Head of the Corporate & Institutions division and Executive Vice President 2001. **Own and closely related persons' shareholding:** 108,000 class A-shares, 402,942 employee stock options and an initial allotment of 146,543 performance shares.

Per-Arne Blomquist

Born 1962; SEB employee since 2001; B. Sc. (Econ).

Executive Vice President, Chief Financial Officer since 1 October 2006.

Background: Joined SEB as Head of Group Finance. Between 1997 and 2000, with Telia, e.g. as President at Telia Företag. Per-Arne Blomquist started his career at Alfa Laval.

Own and closely related persons' shareholding: 6,100 class A-shares, 58,234 employee stock options and an initial allotment of 51,971 performance shares.

Fredrik Boheman

Born 1956; SEB employee since 1985; M.A. Executive Vice President, Head of Wealth Management since 1 January 2007.

Other assignments: Director Teleopti. **Background:** Started as SEB trainee. SEB in Sao Paulo and Branch Manager in Hong Kong 1994–1998. Thereafter Head of Corporate Clients and Head of Trade and Project Finance. 2002–2006 in Germany, first as Head of Merchant Banking, thereafter as CEO of SEB AG. Head of Wealth Management since October 2006.

Own and closely related persons' shareholding: 8,127 class A-shares, 0 employee stock options and an initial allotment of 48,788 performance shares.

Magnus Carlsson

Born 1956; SEB employee since 1993; M. Sc.

Executive Vice President, Head of Merchant Banking since 2005.

Background: Bank of Nova Scotia in 1980–93, holding several leading positions in London. Head of Project & Structured Finance, SEB Merchant Banking in 1996, Head of Corporate Clients in 1999, later on Deputy Head of SEB Merchant Banking and Head of the SEB Merchant Banking division and Executive Vice President of SEB in 2005.

Own and closely related persons' shareholding: 8,000 class A-shares, 12,250 employee stock options and an initial allotment of 80,972 performance shares.

Ingrid Engström

Born 1958; SEB employee since 2007; M. Psychology.

Executive Vice President, Head of Human Resources & Organisational Development since 26 March 2007.

Other assignments: Board member Teracon and Switchcore.

Background: President ComHem 1998–2000, President and Chief Executive Officer KnowIT 2000–2003, and Executive Vice president Eniro with responsibility for Operations, Purchase and Human Resources 2003–2007.

Own and closely related persons' shareholding: 0 employee stock options and an initial allotment of 14,535 performance shares

Hans Larsson

Born 1961; SEB employee since 1984; B. Sc. (Econ).

Head of SEB Group Staff since 1 October 2006.

Background: Started in SEB within Trading & Capital Markets, Head of Fixed Income 1986. TCM in New York 1988–1992. Head of Debt Capital Markets from 1994. In 2002 appointed Deputy Global Head of Client Relationship Management. Head of SEB's Business Development and the CEO-office 2005–06.

Own and closely related persons' shareholding: 5034 class A-shares, 17 Series C shares, 20,000 employee stock options and an initial allotment of 29,035 performance shares.

Bo Magnusson

Born 1962; SEB employee since 1982; Higher bank degree.

Executive Vice President, Head of Retail Banking since 1 January 2007.

Other assignments: Director Swedish Bankers' Association, Nordic Central Securities Depository, OMX Exchanges and Stockholm Stock Exchange.

Background: Started his career at SEB Trading & Capital Markets, holding several leading positions as Head of Accounting and Controller within both Trading & Capital Markets, SEB Group Finance and Enskilda Securities. Chief Financial Officer of SEB Merchant Banking in 1998, Head of Staff Functions in 2000. Later on Global Head of Cash Management & Securities Services in 2003 and Deputy Head of SEB Merchant Banking in 2005. In 2005 appointed Head of Nordic Retail & Private Banking.

Own and closely related persons' shareholding: 6,000 class A-shares, 25,000 employee stock options and an initial allotment of 59,472 performance shares.

Anders Mossberg

Born 1952; SEB employee since 1985. Executive Vice President, Head of Life since 1997.

Other assignments: Director Sveriges Försäkringsförbund.

Background: Head of the bank's life insurance operations in 1990. Head of SEB Trygg Liv since 1997. In 1998 Executive Vice President of SEB and Head of the then Asset Management & Life division. Anders Mossberg started his career at Skandia Försäkring AB in 1981

Own and closely related persons' shareholding: 7,008 class A-shares, 276,265 employee stock options and an initial allotment of 82,571 performance shares.

AUDITORS

Auditors elected by the Annual General Meeting

PricewaterhouseCoopers

Peter Clemetson

Born 1956; Signing auditor in SEB as of 2006.

Authorised Public Accountant.

Peter Nyllinge

Born 1966; co-signing auditor in SEB as of 2006.

Authorised Public Accountant.

Addresses

Head Office

Group Executive Committee

Postal Address: SE-106 40 Stockholm

Visiting Address: Kungsträdgårdsgatan 8

Telephone: +46 771 62 10 00

+46 8 22 19 00 (management)

Divisions

Merchant Banking

Postal Address: SE-106 40 Stockholm

Visiting Address: Kungsträdgårdsgatan 8

Telephone: +46 771 62 10 00

Retail Banking

Postal Address: SE-106 40 Stockholm

Visiting Address: Sergels Torg 2

Telephone: +46 771 62 10 00

Wealth Management

Postal Address: SE-106 40 Stockholm

Visiting Address: Sveavägen 8

Telephone: +46 771 62 10 00

Life

Postal Address: SE-106 40 Stockholm

Visiting Address: Sergels Torg 2

Telephone: +46 771 62 10 00

Skandinaviska Enskilda Banken AB's
corporate registration number: 502032-9081

Annual General Meeting

The Annual General Meeting will be held on Tuesday 8 April, 2008 at 2 p.m. (Swedish time) at Stockholm Concert Hall.

Notices convening the General Meeting including an agenda for the Meeting will be published in the major Swedish daily newspapers and on www.sebgroup.com on Friday 7 March 2008.

Shareholders wishing to attend the Annual General Meeting shall

- both be registered in the shareholders' register kept by VPC (the Swedish Securities Register Centre) on Wednesday 2 April, 2008, at the latest
- and notify the Bank in writing under address Skandinaviska Enskilda Banken AB, Box 47011, SE-100 74 Stockholm, or by telephone 0771-23 18 18 between 9.00 a.m. and 4.30 p.m. in Sweden or, from abroad, at +46 771 23 18 18 or via Internet on the home page of the Bank, www.sebgroup.com, on Wednesday 2 April, 2008, at the latest.

Dividend

The Board proposes a dividend of SEK 6.50 per share. The share is traded ex dividend on Wednesday 9 April, 2008. Friday 11 April, 2008 is proposed as record date for the dividend payments. If the Annual General Meeting resolves in accordance with the proposals, dividend payments are expected to be distributed by VPC on Wednesday 16 April, 2008.