

Annual Accounts 2006

PRESS RELEASE

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SEB 2006 – operating profit SEK 15.6bn

- Operating profit for the full year 2006 increased by 39 per cent, to SEK 15,562m. Net profit improved by 50 per cent, to SEK 12,623m.
- Operating income rose by 13 per cent, to SEK 38.7bn and costs by 2 per cent, to SEK 22.5bn. Cost/income ratio improved to 0.58 (0.65). Incremental cost/income ratio for 2006 was 0.28.
- Return on equity was 20.8 per cent (15.8) and earnings per share SEK 18.72 (12.58).
- Operating profit for the fourth quarter amounted to SEK 4,124m, an increase of 21 per cent compared with the corresponding quarter of 2005 – adjusted for one-off charges - and 7 per cent up compared with the previous quarter. Net profit rose to SEK 3,790m.
- Increased sales efforts and high activity throughout the year strengthened income generation. Quarterly operating income exceeded SEK 10bn.
- Operating expenses increased slightly compared with the previous quarter due to performance-related costs. Cost/income ratio improved to 0.57.
- The Board of Directors proposes a dividend of SEK 6.00 (4.75).

President's comments

Building on the strong economic climate with high financial market activities and business volumes, SEB achieved its best result so far. The efforts to improve productivity and establish a more competitive long-term cost-base are gradually yielding result. In last year's buoyant business climate, revenues were up by SEK 4.5bn, or 13 per cent, whilst costs increased by 2 per cent. Return on equity reached 20.8 per cent.

Improved pro-activity towards customers strengthened SEB's position as a financial advisor where commissions, including net life insurance income, generated nearly 50 per cent of total revenues. Strong markets and intensified customer activities led to higher operating profit in all divisions. Profit growth was particularly strong within Merchant Banking, Eastern European Banking and Life, with operating results increasing in the region of 40 to 65 per cent.

Several steps were taken during the past year to realise the full potential of SEB's attractive platform with a diversified business-mix around the Baltic rim. SEB has

narrowed its strategy to a full universal banking offering in Sweden, the Baltic countries and Germany and a more focused offering in other markets.

SEB has laid out a roadmap to integrated businesses and common support functions. A Group-wide programme to improve operational excellence, the SEB Way, has been launched. It includes installing streamlined processes, sharing knowledge and encouraging a culture of continuous improvement.

Strengthened customer offerings and increased efficiency are key priorities in order to facilitate further profit growth. This work will continue in 2007.

The long-term commitment to excellence remains unchanged. SEB strives to become the number one North-European bank in terms of customer satisfaction in its chosen segments, with the aim to achieve leadership in financial performance.

The Group

Fourth quarter isolated

Strong income generation and cost control

SEB's *operating profit* for the fourth quarter amounted to SEK 4,124m, an increase of 63 per cent compared with the corresponding quarter of 2005 – which was affected by one-off charges of SEK 890m - and 7 per cent better than in the previous quarter. The low tax rate was mainly due to improved results of business operations subject to a lower tax rate and increased non-taxable income

Net profit (after tax) was SEK 3,790m, an improvement of 97 per cent compared with the corresponding quarter in 2005 and 24 per cent up from the previous quarter.

Total operating income reached SEK 10,004m, up by 5 per cent compared with the corresponding quarter of last year and 6 per cent higher than in the third quarter of 2006.

Net interest income was 3 per cent higher compared with the previous quarter and 5 per cent lower than the corresponding quarter of last year. Increased funding costs from higher short-term interest rates were more than offset by positive interest-related effects in net financial income. Net interest income was supported by higher volumes and overall stable margins.

Net fee and commission income rose by 10 per cent compared with the corresponding quarter in 2005. In comparison with the third quarter, commission income rose by 13 per cent, mainly due to higher brokerage fees.

Net life insurance income remained stable compared with the previous quarter and increased by 14 per cent compared with the corresponding quarter of last year.

Net financial income was 26 per cent higher compared with the previous quarter due to higher customer-driven flows and increased market activity overall.

Net other income of SEK 274m included no one-offs.

Total operating expenses amounted to SEK 5,680m. This was a decrease of 3 per cent compared with the corresponding quarter in 2005, adjusted for one-off charges for unutilised office space and integration of SEK 890m. Compared with the previous quarter, costs were up by 4 per cent due to SEK 169m of higher performance-related remuneration. During the quarter, SEK 70m was provisioned for redundancy costs and SEK 111m for social charges related to the long-term incentive programmes.

The full year of 2006

Best result to date

Operating profit for 2006 increased by SEK 4.3bn or 39 per cent, to SEK 15,562m (11,223). Approximately 50 per cent of operating profit was generated outside Sweden. Net profit rose by 50 per cent, to SEK 12,623m (8,421).

Income up by 13 per cent

Total operating income improved by SEK 4.5bn or 13 per cent to SEK 38,747m (34,227).

Net interest income was flat at SEK 14,281m (14,282). Margin pressure, although less pronounced, in

combination with increased funding costs due to higher short-term interest rates were offset by rising volumes. The customer driven net interest income grew by 14 per cent.

Net fee and commission income improved by 19 per cent, to SEK 16,146m (13,559). All commission income categories increased significantly. This was particularly evident for securities commissions, which net of expenses increased by 24 per cent, and advisory fees, up by 36 per cent.

Net financial income rose by 19 per cent to SEK 4,036m (3,392). The increase was an effect of high customer-driven activity in the trading and capital market areas.

Net life insurance income improved by 13 per cent, to SEK 2,661m (2,352), principally as a result of continued strong sales and higher unit-linked volumes. A complete description of SEB's life operations, including changes in surplus values, is found in "Additional information" on www.sebgroup.com.

Net other income increased to SEK 1,623m (642), mainly due to higher capital gains and positive effects from hedge accounting. One-offs during 2006 totalled SEK 474m.

Stable costs

Total operating expenses amounted to SEK 22,537m (22,149), up by 2 per cent compared with last year. The increase was mainly due to SEK 461m of higher performance-related remuneration in combination with provisions made - SEK 70m for redundancy costs and SEK 268m for social charges in relation to the long-term incentive programmes. Excluding these staff costs and the one-off charges for unutilised office space and integration of SEK 890m in 2005, operating expenses rose by less than 2 per cent.

Staff costs rose slightly, excluding performance-related remuneration and provisions for redundancy costs. Including these effects, total staff costs amounted to SEK 14,363m (13,342). The average number of full time equivalents in 2006 increased to 19,672 (18,948), of which 650 was attributable to acquisitions and growth in Eastern Europe.

Other expenses decreased by 7 per cent, to SEK 7,798 (8,383). Adjusted for the unutilised office space charges and insurance-related broker commissions, other expenses were up by 1 per cent, mainly due to increased costs for IT and marketing. Approximately SEK 200m of the 2005 charge for unutilised office space has been used.

Low credit loss level

The Group's *net credit losses*, including changes in the value of assets taken over, decreased to SEK 718m (914). The credit loss level was 0.08 per cent (0.11). Asset quality remained stable. The reserve ratio was 75 per cent (78).

Reduced tax rate

Total tax costs amounted to SEK 2,939m (2,770). The total tax rate was 18.9 per cent (24.7). The reduced tax rate was mainly due to improved results of business operations subject to a lower tax rate and increased non-taxable income. The expected tax rate for 2007 is around 23 per cent.

Business volumes

Total assets decreased somewhat during the fourth quarter due to reduced securities holdings and currency effects from the appreciation of the Swedish krona. The Group's total balance sheet of SEK 1,934bn at year-end represented an increase of 2 per cent since year-end 2005 due to higher lending and securities portfolios. Lending to the public increased by SEK 45bn to SEK 947bn, while deposits and borrowings from the public rose by SEK 72bn to SEK 642bn.

The strengthening of the Swedish krona also affected SEB's total credit exposure, which decreased to SEK 1,315bn (1,328). Credit volumes related to the Nordic household sector and the Baltic banks' operations continued to grow.

As of 31 December 2006, assets under management amounted to SEK 1,262bn, an increase of 13 per cent compared with year-end 2005. Net inflow during the year was high, at SEK 61bn (54), while the change in value was SEK 78bn (178). The dominating part of the net inflow emanated from Sweden and Finland. SEB was the market leader within net sales of mutual funds in Sweden with a market share of 26 per cent as of 31 December 2006.

Assets under custody amounted to SEK 5,234bn, an increase of 25 per cent since year-end 2005.

Market risk

During 2006, the Group's Value at Risk in the trading operations averaged SEK 96m (64). This means that the Group on average, with 99 per cent probability, would not expect to lose more than this amount during a ten-day period. The increase was due to higher market volatility. The sensitivity in net interest income from a one per cent upward parallel shift in the yield curve at year-end was approximately SEK -500m (-800).

Capital base and capital adequacy

Total risk-weighted assets (RWA) amounted to SEK 741bn (705). The divestiture of the Polish BOS Bank in the third quarter reduced RWA by SEK 11bn.

The capital base was supported by a GBP 375m subordinated debt loan issued during the fourth quarter.

The sale of three million own shares, in excess of needs for the hedging of SEB's long-term incentive programmes, increased the Group's equity by SEK 579m.

On 31 December 2006, the capital base of the financial group of undertakings (i.e. excluding insurance companies) was SEK 84.9bn (76.3). Core capital was SEK 60.7bn (53.1), of which SEK 7.5bn (8.0) constituted core capital contribution. The *core capital ratio* was 8.2 per cent (7.5) and the *total capital ratio* 11.5 per cent (10.8).

Risk and capital management

Within the Common Market, national authorities are now implementing the Basel II capital adequacy rules. In Sweden, the new regime became effective on 1 February 2007. SEB received a positive ruling on 19 December 2006

to use the Internal Ratings Based approach for reporting of banking, corporate and household mortgage portfolios in Sweden and Germany. This corresponds to more than 70 per cent of the total credit volume (in Basel I RWA terms).

Fully implemented, the Group's RWA will be substantially reduced, which does not necessarily mean that capital can be released at the same pace due to business mix, rating and supervisory considerations.

Rating

During the year, SEB's rating development has been positive. Standard & Poor's up-graded the Bank to A+ and Fitch changed the outlook from stable to positive. SEB has an AA-rating ambition and currently holds an AA-equivalent rating with Moody's and DBRS.

Investments and divestments

In 2006, SEB acquired the Russian PetroEnergoBank and the Danish asset management company Prime Management. SEB sold the UK subsidiary of SEB Trygg Liv and Union Inkasso, a retail debt collection subsidiary of SEB AG. SEB also sold its holding in the Polish BOS Bank and opened a branch in Warsaw. The divestment of properties owned by SEB's Baltic subsidiary banks continued and is planned to be completed in 2007.

Dividend

The Board proposes a dividend of SEK 6.00 (4.75) per Class A and Class C share respectively. The total dividend amounts to SEK 4,123m (3,264), calculated on the total number of issued shares as per 31 December 2006, including repurchased shares. This proposal corresponds to 32 per cent (38) of earnings per share. The SEB share will be traded ex dividend on 29 March 2007.

New Group structure

As from 1 January 2007 SEB has a new Group structure in order to strengthen its customer services, increase efficiency and facilitate further growth within the Group's areas of strength. SEB now has four divisions:

- *Merchant Banking* - wholesale and investment banking.
- *Retail Banking* - retail business in Sweden, Estonia, Latvia, Lithuania and Germany and Card.
- *Wealth Management* - asset management and private banking.
- *Life* - life and pension insurance.

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

Appointments to the Group Executive Committee

The Board has appointed Ingrid Engström and David Smith as Executive Vice Presidents and members of the Group Executive Committee. Ingrid Engström, presently with Eniro, will assume responsibility for HR &

Organisational Development. David Smith, formerly within Citigroup, assumes a position as Head of Business Support with responsibilities including Group IT, Group Operations and SEB Way.

Stockholm, 9 February 2007

Annika Falkengren

President and Chief Executive Officer

The Annual Accounts have been prepared in accordance with International Financial Reporting Standards IFRS/IAS, endorsed by the European Commission. The accounting regulations of the Swedish Financial Supervisory Authority require some additional disclosures.

The full report includes information on Skandinaviska Enskilda Banken AB (publ), presented in "Additional information". All information is found at www.sebgroup.com.

A tax rate of 28 per cent has previously been used for return calculations for all divisions. However, from the beginning of 2006 an estimated tax rate, better reflecting a division's actual tax rate, is used. Comparative figures have been adjusted accordingly.

More detailed information is presented at www.sebgroup.com as "Additional information" including:

Appendix 1	SEB Trygg Liv
Appendix 2	Credit exposure
Appendix 3	Capital base
Appendix 4	Market risk
Appendix 5	Quarterly accounts
Appendix 6	Skandinaviska Enskilda Banken (parent company)

Financial information in 2007

9 February	Annual Accounts for 2006
6 March	Annual Report available on www.sebgroup.com
12 March	Distribution of printed version of Annual Report, also available at SEB's Head office in Stockholm
28 March	Annual General Meeting in Stockholm
4 May	Interim Report January-March
19 July	Interim Report January-June
26 October	Interim Report January-September

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The SEB Group

Income statement – SEB Group

Condensed SEKm	Q4			Q3		Q4		Jan - Dec		
	2006	2006	%	2005	%	2006	2005			
Net interest income	3 604	3 503	3	3 803	-5	14 281	14 282	0		
Net fee and commission income	4 274	3 772	13	3 895	10	16 146	13 559	19		
Net financial income	1 120	890	26	890	26	4 036	3 392	19		
Net life insurance income	732	739	-1	644	14	2 661	2 352	13		
Net other income	274	538	-49	305	-10	1 623	642	153		
Total operating income	10 004	9 442	6	9 537	5	38 747	34 227	13		
Staff costs	-3 735	-3 443	8	-3 766	-1	-14 363	-13 342	8		
Other expenses	-1 878	-1 820	3	-2 904	-35	-7 798	-8 383	-7		
Net deferred acquisition costs	151	45		199	-24	507	477	6		
Depreciation, amortisation and impairments of tangible and intangible assets	-218	-232	-6	-258	-16	-883	-901	-2		
Total operating expenses	-5 680	-5 450	4	-6 729	-16	-22 537	-22 149	2		
Gains less losses from tangible and intangible assets	22	6		53	-58	70	59	19		
Net credit losses incl. changes in value of seized assets	-222	-136	63	-331	-33	-718	-914	-21		
Operating profit*	4 124	3 862	7	2 530	63	15 562	11 223	39		
Income tax expense	-334	-803	-58	-560	-40	-2 939	-2 770	6		
Net profit from continuing operations	3 790	3 059	24	1 970	92	12 623	8 453	49		
Discontinued operations				-50	-100		-32	-100		
Net profit	3 790	3 059	24	1 920	97	12 623	8 421	50		
Attributable to minority interests	3	6	-50	5	-40	18	20	-10		
Attributable to equity holders **	3 787	3 053	24	1 915	98	12 605	8 401	50		
* SEB Trygg Liv's operating profit	439	453	-3	268	64	1 470	933	58		
Change in surplus values, net	364	381	-4	643	-43	1 660	1 280	30		
SEB Trygg Liv's business result	803	834	-4	911	-12	3 130	2 213	41		
** Basic earnings per share from continuing operations, SEK	5.61	4.54		2.94		18.72	12.63			
** Diluted earnings per share from continuing operations, SEK	5.55	4.48		2.96		18.53	12.52			

Key figures - SEB Group

	Q4	Q3	Q4	Jan - Dec	
	2006	2006	2005	2006	2005
Return on equity, %	23.2	19.9	13.7	20.8	15.8
Return on total assets, %	0.78	0.62	0.41	0.64	0.48
Return on risk-weighted assets, %	2.04	1.64	1.11	1.71	1.31
Basic earnings per share, SEK	5.61	4.54	2.86	18.72	12.58
Basic earnings per share from continuing operations, SEK	5.61	4.54	2.94	18.72	12.63
Basic earnings per share from discontinued operations, SEK	0.00	0.00	-0.07	0.00	-0.05
Weighted average number of shares, millions*	675	673	668	673	668
Diluted earnings per share, SEK	5.55	4.48	2.87	18.53	12.47
Diluted earnings per share from continuing operations, SEK	5.55	4.48	2.96	18.53	12.52
Diluted earnings per share from discontinued operations, SEK	0.00	0.00	-0.08	0.00	-0.05
Weighted average number of diluted shares, millions**	682	681	663	680	674
Cost/income ratio	0.57	0.58	0.71	0.58	0.65
Credit loss level, %	0.10	0.06	0.16	0.08	0.11
Reserve ratio for impaired loans, %	75.1	77.5	77.7	75.1	77.7
Level of impaired loans, %	0.22	0.21	0.22	0.22	0.22
Total capital ratio, incl net profit, %	11.47	10.81	10.83	11.47	10.83
Core capital ratio, incl net profit, %	8.19	7.90	7.53	8.19	7.53
Risk-weighted assets, SEK billion	741	743	705	741	705
Number of full time equivalents, average	19 597	19 791	19 179	19 672	18 948
Number of e-banking customers, thousands	2 597	2 523	2 299	2 597	2 299
Assets under management, SEK billion	1 262	1 208	1 118	1 262	1 118

* Issued number of shares was 687,156,631 at year-end 2005. SEB then owned 18.4 million Class A shares for the employee stock option programme. During 2006 6.5 million of these shares have been sold as employee stock options have been exercised. In addition 3.1 million shares have been sold in accordance with decision at the AGM. Thus, as of 31 December SEB owned 8.8 million Class A-shares with a market value of SEK 1,929m.

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

Income statement, quarterly basis - SEB Group

SEKm	2006:4	2006:3	2006:2	2006:1	2005:4
Net interest income	3 604	3 503	3 578	3 596	3 803
Net fee and commission income	4 274	3 772	4 107	3 993	3 895
Net financial income	1 120	890	1 047	979	890
Net life insurance income	732	739	607	583	644
Net other income	274	538	352	459	305
Total operating income	10 004	9 442	9 691	9 610	9 537
Staff costs	-3 735	-3 443	-3 463	-3 722	-3 766
Other expenses	-1 878	-1 820	-2 101	-1 999	-2 904
Net deferred acquisition costs	151	45	144	167	199
Depreciation, amortisation and impairments of tangible and intangible assets	-218	-232	-217	-216	-258
Total operating expenses	-5 680	-5 450	-5 637	-5 770	-6 729
Gains less losses from tangible and intangible assets	22	6	14	28	53
Net credit losses**	-222	-136	-162	-198	-331
Operating profit*	4 124	3 862	3 906	3 670	2 530
Income tax expense	-334	-803	-959	-843	-560
Net profit from continuing operations	3 790	3 059	2 947	2 827	1 970
Discontinued operations					-50
Net profit	3 790	3 059	2 947	2 827	1 920
Attributable to minority interests	3	6	4	5	5
Attributable to equity holders***	3 787	3 053	2 943	2 822	1 915
* SEB Trygg Liv's operating profit	439	453	295	283	268
Change in surplus values, net	364	381	493	422	643
SEB Trygg Liv's business result	803	834	788	705	911
** Including change in value of seized assets					
*** Basic earnings per share from continuing operations, SEK	5.61	4.54	4.38	4.22	2.94
Diluted earnings per share from continuing operations, SEK	5.55	4.48	4.35	4.17	2.96

Income statement, by Division - SEB Group

Jan-Dec 2006, SEKm	Merchant Banking	Nordic Retail & Private Banking	German Retail & Mortgage Banking	Eastern European Banking	Asset Manage- ment	Life*	Other incl elimi- nations	SEB Group
Net interest income	4 595	4 679	2 670	2 560	104	- 15	- 312	14 281
Net fee and commission income	5 730	4 740	1 401	1 114	2 477		684	16 146
Net financial income	3 511	295	19	391	9		- 189	4 036
Net life insurance income				116		3 352	- 807	2 661
Net other income	683	150	346	82	20		342	1 623
Total operating income	14 519	9 864	4 436	4 263	2 610	3 337	- 282	38 747
Staff costs	- 4 436	- 3 102	- 2 053	- 1 040	- 731	- 970	- 2 031	- 14 363
Other expenses	- 2 585	- 2 786	- 1 146	- 656	- 458	- 1 351	1 184	- 7 798
Net deferred acquisition costs				5		502		507
Depreciation, amortisation and impairments of tangible and intangible assets	- 70	- 79	- 251	- 201	- 19	- 48	- 215	- 883
Total operating expense	- 7 091	- 5 967	- 3 450	- 1 892	- 1 208	- 1 867	- 1 062	- 22 537
Gains less losses from tangible and intangible assets		29	- 9	50				70
Net credit losses**	- 116	- 146	- 347	- 101			- 8	- 718
Operating profit	7 312	3 780	630	2 320	1 402	1 470	- 1 352	15 562

* Business result in SEB Trygg Liv amounted to SEK 3,130 (2,213), of which change in surplus values was net SEK 1,660m (1,280).

** Including change in value of seized assets.

Merchant Banking

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

Profit and loss account

SEK m	Q4			Q3		Q4		Jan- Dec	
	2006	2006	%	2005	%	2006	2005	%	
Net interest income	1 042	1 098	-5	1 320	-21	4 595	4 827	-5	
Net fee and commission income	1 481	1 353	9	1 355	9	5 730	4 649	23	
Net financial income	1 092	697	57	725	51	3 511	2 498	41	
Net other income	141	180	-22	97	45	683	181		
Total operating income	3 756	3 328	13	3 497	7	14 519	12 155	19	
Staff costs	-1 147	-1 046	10	-1 195	-4	-4 436	-4 309	3	
Other expenses	-583	-677	-14	-702	-17	-2 585	-2 398	8	
Net Deferred Acquisition Costs									
Depreciation of assets	-22	-18	22	-38	-42	-70	-92	-24	
Total operating expenses	-1 752	-1 741	1	-1 935	-9	-7 091	-6 799	4	
Profit before credit losses etc	2 004	1 587	26	1 562	28	7 428	5 356	39	
Gains less losses on assets				1	-100		1	-100	
Net credit losses	-33	-35	-6	-26	27	-116	-24		
Operating profit	1 971	1 552	27	1 537	28	7 312	5 333	37	
Cost/Income ratio	0,47	0,52		0,55		0,49	0,56		
Business equity, SEK bn	20,9	20,9		19,5		20,9	18,0		
Return on equity, %	27,2	21,4		22,7		25,2	21,3		
Number of full time equivalents, average	3 156	3 179		3 398		3 188	3 392		

Intensified customer activity in the fourth quarter

Activity and volumes remained strong in all markets, resulting in the highest quarterly operating profit to date.

Net financial income developed favourably due to high business volumes. Net interest income was 5 per cent lower compared with the previous quarter. Increased funding costs from higher short-term interest rates were more than offset by positive interest-related effects in net financial income.

Total operating expenses were stable compared with the preceding quarter and 6 per cent lower than in the fourth quarter of 2005, excluding the one-off charges of SEK 100m in 2005 relating to the integration of Enskilda Securities. Performance-related remuneration increased, reflecting the higher result. Asset quality remained stable.

Strong income and high operational leverage

The full-year result for 2006 was 37 per cent higher than in 2005, with an operating profit of SEK 7,312m (5,333).

Total operating income rose by 19 per cent. For the year as a whole, client revenues increased by almost SEK 2.5bn. Approximately 50 per cent of total income was generated outside Sweden (45). Total operating expenses grew by 4 per cent compared with 2005 as a result of higher performance-related remuneration. The incremental cost/income ratio for 2006 was 0.12.

2006 in review

Excellent market conditions benefited the division's trading and capital markets businesses across all asset classes, particularly within equity-related areas. Vibrant M&A activity contributed positively to operating income in a number of units. Business activity in general from new and traditional clients was high.

The financial performance in 2006 was based on strong income generation as well as good cost control and continued low net credit losses. The division's scalable business model enabled it to take advantage of the favourable business climate. The Norwegian business developed particularly well. Customer acquisition continued, primarily in SEB's main markets outside Sweden. Operational leverage will be further enhanced by SEB Way.

A particular feature of 2006 was the continued inflow of investments to the private equity market and alternative investment funds. Investors' search for yield in alternative investments and new markets continued to create business opportunities, particularly in the trading and advisory areas.

Demand for corporate finance services remained high throughout 2006. SEB Enskilda Corporate Finance was the leading advisor on Nordic M&A transactions and the leading book-runner on Nordic IPOs during the year.

SEB Enskilda was once again the largest broker by market share on Nordic stock exchanges and was voted

number one for stock brokerage in the Nordic region in the 2006 Prospera survey.

The merits of a more integrated bank were evident within sales of structured products, where coordinated product development and distribution through German Retail and Nordic Retail & Private Banking has generated significantly higher sales volumes. Total primary issuance rose by 69 per cent from 2005, increasing SEB's Swedish market share of new issues to 17 per cent (14).

SEB maintained its regional leadership in commercial real estate banking and further developed its franchise in Norway and Finland with a focus on structured finance solutions. In Germany, SEB continued to develop its commercial real estate business with increasing profitability.

Strong customer acquisition and increased volumes in cash management and securities services led to higher profitability in Global Transaction Services. Profitability was further aided by the focus on operational excellence.

Efficient processing, SEB Way and investments in IT allowed large volume increases to be accommodated with unchanged costs. During the year, part of the operations functions was moved to Riga.

The integration of Enskilda Securities within Merchant Banking was successfully finalised during 2006.

In December, SEB became the first Nordic bank to be granted a licence by the China Banking Regulatory Commission to conduct derivatives business in foreign currencies.

Throughout 2006, awards and customer surveys have confirmed SEB's regional leadership in wholesale banking. This includes both advisory services, such as research and corporate finance, as well as custody, cash management, commercial real estate, equities, foreign exchange and other banking services for companies and institutions.

Nordic Retail & Private Banking

This division is responsible for retail and private banking, primarily in Sweden. The division also comprises SEB's card business.

Profit and loss account

SEK m	Q4			Q3			Q4			Jan-Dec		
	2006	2006	%	2005	%	2005	2006	2005	%	2006	2005	%
Net interest income	1 190	1 192	0	1 205	-1	1 205	4 679	4 558	3	4 679	4 558	3
Net fee and commission income	1 268	1 037	22	1 303	-3	1 303	4 740	4 437	7	4 740	4 437	7
Net financial income	120	47	155	72	67	72	295	200	48	295	200	48
Net other income	9	81	-89	30	-70	30	150	71	111	150	71	111
Total operating income	2 587	2 357	10	2 610	-1	2 610	9 864	9 266	6	9 864	9 266	6
Staff costs	-775	-810	-4	-851	-9	-851	-3 102	-3 032	2	-3 102	-3 032	2
Other expenses	-731	-612	19	-748	-2	-748	-2 786	-2 691	4	-2 786	-2 691	4
Depreciation of assets	-21	-17	24	-15	40	-15	-79	-53	49	-79	-53	49
Total operating expenses	-1 527	-1 439	6	-1 614	-5	-1 614	-5 967	-5 776	3	-5 967	-5 776	3
Profit before credit losses etc	1 060	918	15	996	6	996	3 897	3 490	12	3 897	3 490	12
Gains less losses on assets				1	-100	1	29	1		29	1	
Net credit losses	-29	-34	-15	-43	-33	-43	-146	-192	-24	-146	-192	-24
Operating profit	1 031	884	17	954	8	954	3 780	3 299	15	3 780	3 299	15
Cost/Income ratio	0,59	0,61		0,62		0,62	0,60	0,62		0,60	0,62	
Business equity, SEK bn	13,6	13,6		13,3		13,3	13,6	12,2		13,6	12,2	
Return on equity, %	21,8	18,7		20,6		20,6	20,0	19,5		20,0	19,5	
Number of full time equivalents, average	4 604	4 705		4 660		4 660	4 730	4 657		4 730	4 657	

High business activity in the fourth quarter

The fourth quarter was characterised by strong business flows and good cost control across all business areas. Strong sales of savings products and good brokerage income increased commission income. Margin pressure on household mortgage lending was offset by the contribution to net interest income from higher volumes. Operating profit for Retail Banking at SEK 602m and for Private Banking at SEK 212m were considerably higher than in the previous quarter. The division's quarterly operating profit of SEK 1,031m was the highest to date.

Increased efficiency and good sales

For the full year 2006, operating profit increased by 15 per cent, to SEK 3,780m (3,299). Total operating income rose by 6 per cent. Net interest income was up by 3 per cent, as the negative effect of lower pre-redemptions and margin pressure on household mortgages was compensated for by lending and deposit volume increases. Net commissions grew by 7 per cent, driven by strong sales and volume development of savings products.

Total operating expenses increased by 3 per cent, primarily due to investments made in Norway and Denmark. For the retail operations in Sweden costs remained unchanged between the years.

Lending volumes rose by 13 per cent, to SEK 280bn (247) and total deposit volumes were up by 14 per cent to SEK 160bn (141).

Asset quality remained stable.

2006 in review

During 2006, market shares developed favourably within such key areas as mortgages, deposits, consumer credits and equity-linked bonds.

Retail Banking increased its operating profit for 2006 by 14 per cent, to SEK 2,118 m (1,853). Strengthened focus on sales continued to yield result. Income from the SME segment improved considerably and new customers were gained. The SEB Way, the main tool enabling operational excellence, was implemented in back-office operations. Pilot transformations were started in branch operations with very promising results. Initiatives to strengthen customer offerings based on increased simplicity, clarity and availability were continued.

Private Banking increased its operating profit for 2006 by 21 per cent, to SEK 780m (639), due to high stock market activity, good sales and appreciation of assets under management of SEK 307bn (252) at year-end. Euromoney ranked SEB the best private bank in both the Nordic and Baltic countries.

In 2006 *SEB Kort* improved its operating profit to SEK 881m (807). The result included a capital gain of SEK 72m from the listing of MasterCard. Margin pressure was compensated by higher volumes. During 2006 the business area made further investments in organic growth in the Nordic region and in establishing business operations in the Baltic countries. SEB Kort has received awards for best customer service.

SEB in Germany (SEB AG Group)

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

Profit and loss account

SEK m	Q4			Q3			Q4			Jan-Dec		
	2006	2006	%	2005	%	2005	2006	2005	%	2006	2005	%
Net interest income	845	837	1	1 071	-21	3 436	4 094	-16				
Net fee and commission income	715	598	20	564	27	2 561	2 167	18				
Net financial income	-14			-86	-84	107	-32					
Net other income	87	63	38	118	-26	352	240	47				
Total operating income	1 633	1 498	9	1 667	-2	6 456	6 469	0				
Staff costs	-639	-650	-2	-648	-1	-2 571	-2 502	3				
Other expenses	-412	-435	-5	-496	-17	-1 724	-1 893	-9				
Depreciation of assets	-64	-78	-18	-93	-31	-271	-301	-10				
Total operating expenses	-1 115	-1 163	-4	-1 237	-10	-4 566	-4 696	-3				
Profit before credit losses etc	518	335	55	430	20	1 890	1 773	7				
Gains less losses on assets	9			-4		-9	-5	80				
Net credit losses	-119	-75	59	-179	-34	-393	-593	-34				
Operating profit	408	260	57	247	65	1 488	1 175	27				
Cost/Income ratio	0,68	0,78		0,74		0,71	0,73					
Business equity, SEK bn	12,6	12,6		12,5		12,6	12,2					
Return on equity, %	10,4	6,6		6,3		9,5	7,7					
Number of full time equivalents, average	3 423	3 419		3 244		3 404	3 388					

Fourth quarter return on equity exceeded 10 per cent

SEB's German business operations benefited from higher activity levels due to an improvement of the economic climate in the fourth quarter. Operating profit increased by 57 per cent, to SEK 408m compared with the third quarter. Total operating expenses were 4 per cent lower in the fourth quarter compared with the previous quarter.

Net credit losses increased somewhat during the quarter.

Return on equity exceeded 10 per cent.

Enhanced sales and strong business activities

Operating profit for SEB's German business was SEK 1,488m, up by 27 per cent compared with 2005.

Net interest income was lower due to the negative impact from reduced risk-taking in the treasury portfolio and higher short-term interest rates.

Net commission income was up by 18 per cent due to increased sales activities across all business areas.

Total operating expenses were 3 per cent lower compared with 2005. Cost-saving measures within IT, operations as well as staff and support functions compensated for investments in growth initiatives.

Net credit losses decreased by 34 per cent compared with 2005 as a result of improved asset quality.

2006 in review

Merchant Banking acquired a number of new German customers during 2006. This, together with continued improvements to the product range, including structured investment products and tailored financing solutions, led to a strong and improved financial performance in areas such as cash management, trading and capital markets.

Commercial Real Estate showed higher results, mainly due to an increase in new business volume compared with the previous year. The integration of the former subsidiary SEB Hypothekenbank in 2005 led to lower operating costs.

Asset Management reported good income development due to high transaction activity and performance fees. The real estate funds of SEB ImmoInvest recorded high net inflows and increased its market share to 8.2 per cent (6.5).

Within Retail, the new market positioning and growth initiatives yielded results. Enhanced sales activities resulted in higher commission income.

N.B. The tax rate for SEB in Germany is set at 20 per cent to reflect the medium-term tax rate. Current tax rate is below 10 per cent.

German Retail & Mortgage Banking

This division serves private customers and real estate companies throughout Germany. Since 2006 SEB ImmoInvest, previously reported under German Retail & Mortgage Banking, is consolidated with Asset Management. The period for 2005 has been restated.

Profit and loss account

SEK m, 2005 restated	Q4			Q3		Q4			Jan-Dec		
	2006	2006	%	2005	%	2006	2005	%	2006	2005	%
Net interest income	679	658	3	813	-16	2 670	3 180	-16			
Net fee and commission income	344	328	5	296	16	1 401	1 128	24			
Net financial income	-59	4		-23	157	19	74	-74			
Net other income	83	62	34	111	-25	346	224	54			
Total operating income	1 047	1 052	0	1 197	-13	4 436	4 606	-4			
Staff costs	-501	-522	-4	-502	0	-2 053	-1 978	4			
Other expenses	-274	-286	-4	-306	-10	-1 146	-1 294	-11			
Depreciation of assets	-58	-72	-19	-82	-29	-251	-279	-10			
Total operating expenses	-833	-880	-5	-890	-6	-3 450	-3 551	-3			
Profit before credit losses etc	214	172	24	307	-30	986	1 055	-7			
Gains less losses on assets	9			-4		-9	-5	80			
Net credit losses	-108	-56	93	-172	-37	-347	-561	-38			
Operating profit	115	116	-1	131	-12	630	489	29			
Cost/Income ratio	0,80	0,84		0,74		0,78	0,77				
Business equity, SEK bn	9,4	9,4		10,1		9,4	9,9				
Return on equity, %	3,9	4,0		4,2		5,4	4,0				
Number of full time equivalents, average	2 963	2 947		2 879		2 918	2 870				

Growing sales in the quarter

Sales and commission income benefited from higher activity in the German economy. Net interest income was 3 per cent up on the third quarter due to higher volumes and pre-redemption fees. The negative impact from higher short-term rates and reduced market risks within Treasury continued.

Total operating expenses were down by 5 per cent. Net credit losses were higher compared with the previous quarter.

Unsatisfactory profitability – improvements triggered

Operating profit for 2006 increased by 29 per cent, to SEK 630m (489). Total operating expenses were reduced by 3 per cent compared with 2005, despite accelerated investments in growth and quality initiatives during 2006.

Net interest income was negatively affected by the higher short-term interest rates and by the decision to reduce the interest rate risk in the treasury operations in early 2006. Commission income increased by 24 per cent due to higher sales of structured products, securities and life insurance policies. Credit losses were lower than in the previous year due to improved asset quality.

Excluding Treasury both Commercial Real Estate and the Retail business considerably improved income and operating profit compared with 2005, albeit from a low level.

2006 in review

During 2006, SEB undertook several initiatives to establish a more customer-oriented business. Key initiatives included the creation of a new sales culture, a clear brand image and a new branch design. SEB signed a broad co-operation agreement with the insurance company AXA in order to benefit from the large sales potential of pension savings plans in Germany. This co-operation started in January 2007.

Consumer loan volumes increased by 30 per cent. New sales of mortgage loans were higher than in 2005. Net sales of funds were up by 20 per cent in 2006.

In order to concentrate on its core activities the bank sold Union Inkasso, a retail debt collection subsidiary, and the related non-performing retail claim portfolio. This transaction had no impact on the result for 2006 and will have a marginal effect on operating profit in 2007.

German Retail further strengthened its customer satisfaction leadership among German banks in 2006.

N.B. The tax rate for the division is set at 20 per cent to reflect the medium-term tax rate. Current tax rate is below 10 per cent.

Eastern European Banking

This division comprises SEB Eesti Ühispank (Estonia), SEB Unibanka (Latvia) and SEB Vilniaus Bankas (Lithuania), SEB Bank in Ukraine and PetroEnergoBank in Russia. SEB's mutual fund company in Poland, SEB TFI, and a leasing company in Russia also form part of the division.

Profit and loss account

SEK m	Q4		%	Q4		Jan-Dec		
	2006	2006		2005	%	2006	2005	%
Net interest income	736	679	8	472	56	2 560	1 767	45
Net fee and commission income	290	287	1	270	7	1 114	935	19
Net financial income	118	94	26	90	31	391	314	25
Net life insurance income	37	36	3	12		116	49	137
Net other income	33	19	74	17	94	82	85	-4
Total operating income	1 214	1 115	9	861	41	4 263	3 150	35
Staff costs	-285	-255	12	-256	11	-1 040	-858	21
Other expenses	-178	-165	8	-167	7	-656	-608	8
Net Deferred Acquisition Costs	6					5		
Depreciation of assets	-46	-53	-13	-45	2	-201	-207	-3
Total operating expenses	-503	-473	6	-468	7	-1 892	-1 673	13
Profit before credit losses etc	711	642	11	393	81	2 371	1 477	61
Gains less losses on assets	14	5	180	57	-75	50	63	-21
Net credit losses	-43	-13		-91	-53	-101	-139	-27
Operating profit	682	634	8	359	90	2 320	1 401	66
Cost/Income ratio	0,41	0,42		0,54		0,44	0,53	
Business equity, SEK bn	7,5	7,5		5,5		7,5	4,8	
Return on equity, %	30,9	28,7		22,2		26,3	24,8	
Number of full time equivalents, average	5 323	5 366		5 018		5 278	4 787	

Further improved profitability in the fourth quarter

Strong volume growth within all product and customer segments increased operating profit to SEK 682m, 90 per cent better than for the corresponding period last year and 8 per cent higher than the previous quarter. Total operating expenses increased due to higher performance-related remuneration. Asset quality remained stable.

Continued strong volume and profit growth

The annual operating profit improved by 66 per cent to SEK 2,320m (1,401).

Total operating income rose by 35 per cent as a result of continued volume and business growth. Net interest income increased by 45 per cent. Net interest margins stabilised during the year after downward pressure at the beginning of the year. Commission income grew by 19 per cent, mainly due to increased commissions from payments, cards and investment and trading services. Life insurance income showed a strong growth of 137 per cent.

Total operating expenses increased by 13 per cent due to investments in organic growth, the acquisition of the Russian PetroEnergoBank as well as cost inflation.

2006 in review

Significant volume growth increased the total loan portfolio by 39 per cent during 2006, to SEK 106bn (76). Lending volumes grew in all major segments, particularly within household mortgage lending. Due to signs of

potential 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. Deposits rose by 17 per cent, to SEK 59bn (50). Assets under management amounted to SEK 21bn (16).

SEB's broad range of services in the Baltic countries is reflected in customer satisfaction surveys. SEB received a number of Euromoney awards such as best cash management bank in all three countries, best bank in Lithuania and best M&A house in Latvia. SEB is also at the forefront in offering top ranked e-banking services.

Increasing wealth in the Baltic countries leads to a higher demand for more sophisticated financial solutions. Therefore, significant focus is put on offering more value added services such as asset management, life insurance, structured products and corporate finance services. As a result, SEB's product penetration is rapidly increasing.

In 2006, SEB's Baltic corporate finance business, SEB Vilfima, reinforced its leading position in the region.

In Ukraine, SEB successfully completed the re-branding process of Bank Agio, which is now named SEB Bank. Integration of the Russian PetroEnergoBank, acquired in 2006, with the rest of the Group is proceeding according to plan.

N.B. The tax rate for the division is set at 15 per cent in order to reflect the actual tax rates in the region.

Asset Management

SEB Asset Management offers a full spectrum of investment management services to institutions, life insurance companies and private individuals. The services include equity and fixed income, private equity, real estate and hedge fund management. Since 2006 SEB ImmoInvest, previously reported under German Retail & Mortgage Banking, is consolidated with SEB Asset Management. The period for 2005 has been restated.

Profit and loss account

SEK m, 2005 restated	Q4			Q3		Q4		Jan-Dec	
	2006	2006	%	2005	%	2006	2005	%	
Net interest income	30	26	15	23	30	104	85	22	
Net fee and commission income	734	560	31	646	14	2,477	2,110	17	
Net financial income		4	-100	2	-100	9	17	-47	
Net other income	11	2		6	83	20	21	-5	
Total operating income	775	592	31	677	14	2,610	2,233	17	
Staff costs	-194	-177	10	-182	7	-731	-656	11	
Other expenses	-115	-121	-5	-157	-27	-458	-493	-7	
Depreciation of assets	-6	-4	50	-11	-45	-19	-24	-21	
Total operating expenses	-315	-302	4	-350	-10	-1,208	-1,173	3	
Profit before credit losses etc	460	290	59	327	41	1,402	1,060	32	
Operating profit	460	290	59	327	41	1,402	1,060	32	
Cost/Income ratio	0.41	0.51		0.52		0.46	0.53		
Business equity, SEK bn	2.0	2.0		1.8		2.0	1.8		
Return on equity, %	66.2	41.8		52.3		50.5	42.4		
Number of full time equivalents, average	573	587		561		580	549		

Continued positive investment climate in the quarter

The fourth quarter was characterised by rising equity markets and robust net sales. The quarterly operating profit of SEK 460m was the highest to date. Operating profit grew from a combination of strong income generation and cost management. Performance fees, including transaction fees from the ImmoInvest funds amounted to SEK 197m (175).

Strong net sales and performance 2006

The division's full year result of SEK 1,402m outperformed 2005 by 32 per cent. 44 per cent of the result was generated outside Sweden.

Total income for the year improved by 17 per cent due to strong equity markets, good development of net sales and increased performance fees as well as higher transaction fees. Performance fees amounted to SEK 336m (276m) and transaction fees grew by 73 per cent, to SEK 130m (75).

Total operating costs rose by 3 per cent. Staff costs increased by 11 per cent due to investments in staff and higher performance-related remuneration. Other expenses declined compared with 2005 reflecting higher cost efficiency.

2006 in review

Strong net sales and rising equity markets have increased the division's total assets under management to SEK 928bn (841) at year-end 2006.

SEB managed to keep up strong net sales during 2006, also during periods of uncertainty in the equity markets.

Annual net sales rose by 23 per cent, to SEK 48bn (39) and the distribution of net sales between various countries was well balanced, with 40 per cent (51) from units outside Sweden. Institutional sales increased by 19 per cent compared with last year and mutual fund sales improved by 27 per cent. Net sales of third party funds increased in importance during 2006 to SEK 8bn, which corresponds to 17 per cent of total net sales.

SEB improved its Swedish market share of own mutual funds to 26 per cent (17), which meant that SEB occupied the number one position in a declining total market. The strong mutual fund sales were explained by strong net sales through Life's distribution channels and to institutional clients.

The market share of net sales of mutual funds in Finland improved to 4.4 per cent (1.7). The market share for SEB ImmoInvest in Germany increased to 8.2 per cent (6.5).

The division's aggregate investment performance finished the year on a strong note. 61 per cent (60) of all portfolios and 79 per cent (48) of assets under management outperformed their respective benchmarks. At the end of 2006, SEB had an average three years Morningstar fund rating above 3 in all its markets. In total, SEB had 182 rated funds, of which 78, or 43 per cent, with a four- or five-star rating.

During the year, Asset Management retained its number two ranking in the Prospera mutual fund client survey in Sweden. Local surveys in Finland and Denmark ranked SEB among the top three asset managers.

Life

The division conducts life insurance business for individuals and corporations. The division provides both unit-linked and traditional insurance as well as products within the care area.

Profit and loss account

SEK m	Q4			Q3		Q4			Jan-Dec		
	2006	2006	%	2005	%	2006	2005	%	2006	2005	%
Net interest income	-5	-3	67	1		-15	9				
Net life insurance income	899	902	0	762	18	3 352	2 857	17			
Net other income											
Total operating income	894	899	-1	763	17	3 337	2 866	16			
Staff costs	-247	-225	10	-260	-5	-970	-952	2			
Other expenses	-343	-252	36	-413	-17	-1 351	-1 405	-4			
Net Deferred Acquisition Costs	146	44		199	-27	502	477	5			
Depreciation of assets	-11	-13	-15	-21	-48	-48	-53	-9			
Total operating expenses	-455	-446	2	-495	-8	-1 867	-1 933	-3			
Profit before credit losses etc	439	453	-3	268	64	1 470	933	58			
Operating profit	439	453	-3	268	64	1 470	933	58			
Change in surplus values, net	364	381	-4	643	-43	1 660	1 280	30			
Business result	803	834	-4	911	-12	3 130	2 213	41			
Cost/Income ratio	0,51	0,50		0,65		0,56	0,67				
Business equity, SEK bn	7,0	7,0		7,0		7,0	7,2				
Return on equity, %											
based on operating profit	22,1	22,8		13,5		18,5	11,4				
based on business result	40,4	41,9		45,8		39,3	27,0				
Number of full time equivalents, average	1 002	1 030		1 065		1 051	1 089				

Favourable business climate and quarterly strong sales

The fourth quarter profit of SEK 439m was a result of high inflows of premiums, strong market trends and growing corporate pension volumes. Good income growth in the unit-linked business continued.

Total operating expenses were slightly higher than in the third quarter and notably lower than in the fourth quarter of last year. The increase in other expenses was due to volume-related sales expenses and was off-set by higher capitalization of acquisition costs.

Strong profit growth during 2006

The annual operating profit was up by 58 per cent to SEK 1,470m (933). Total operating income rose by 16 per cent, to SEK 3,337m (2,866). The increase for the unit-linked business was 26 per cent compared with last year. Total operating expenses were SEK 1,867m (1,933), a decrease of 3 per cent.

The business result improved by 41 per cent, to SEK 3,130m. The surplus values are not included in the SEB Group's consolidated accounts. For details, see Additional Information at www.sebgroup.com.

2006 in review

Total sales for the division, measured as weighted volume, increased by 3 per cent, to SEK 45.8bn (44.4). Unit-linked products represented 85 per cent of total sales. Total premium income was at the same level as last year, SEK 30.4bn (30.2).

The value of unit-linked funds grew by 24 per cent during 2006, to SEK 119bn (96) while total net assets under management rose by 7 per cent, to SEK 394bn (367).

The effects of the SEB Way as a means for establishing higher operational efficiency are materialising. Volume-related sales bonuses were somewhat higher due to improved sales of occupational pension products compared with last year. Integration synergies related to IT operations in Denmark also contributed to lower expenses. The gradual decrease in the number of employees led to lower staff costs during the second half of the year.

In Sweden, the occupational pension segment showed stable growth and represented 69 per cent (61) of total sales. SEB Trygg Liv maintained its number one position in the Swedish unit-linked market with a market share for new unit-linked business above 30 per cent.

In Denmark, SEB Pension increased total sales by 62 per cent compared with last year. Sale of unit-linked rose by 85 per cent and now comprise 59 per cent (52) of all sales.

The operations outside Sweden and Denmark continued to show high new sales. SEB Life (Ireland) at year-end had unit-linked funds of SEK 13.8bn including the UK branch, to which the Swedish business was transferred from the divested UK subsidiary.

New business margin excluding the Danish business was 24.5 per cent compared with 22.0 per cent last year.

Traditional life insurance in Sweden

In Sweden, traditional life insurance is conducted in two mutually operated companies, whose results are not consolidated with SEB Trygg Liv. This means that the policyholders are carrying the result and investment risk.

Total return for Gamla Livförsäkringsaktiebolaget SEB Trygg Liv was 11.1 per cent and the collective consolidation ratio 122 per cent. For Nya Livförsäkringsaktiebolaget SEB Trygg Liv the total return was 0.7 per cent and the collective consolidation ratio 100 per cent. For more facts concerning these companies, see Additional Information at www.sebgroup.com.

Restructuring of Nya Liv

The Board of Nya Liv has decided to propose to the policyholders that the company will merge with the unit-linked company Fondförsäkringsaktiebolaget SEB Trygg Liv. The unit-linked company has accepted the merger. It has sufficient capital resources to absorb Nya Liv as a separate portfolio with unchanged guarantee levels to the policyholders. It is also the ambition to offer right to transfer policies, provided regulatory approval. The merger is subject to the policyholders not voting against the proposal. SEB has decided to support the merger.

N.B. The tax rate for the division is set at 12 per cent in order to reflect the actual tax rate for the business.

The SEB Group

Net fee and commission income – SEB Group

SEKm	Q4			Q3			Q4			Jan - Dec		
	2006	2006	%	2005	%	2006	2005	%	2006	2005	%	
Issue of securities	98	51	92	121	-19	290	193	50				
Secondary market shares	759	556	37	660	15	3,300	2,599	27				
Secondary market other	205	63		112	83	531	340	56				
Custody and mutual funds	1,662	1,500	11	1,473	13	6,184	5,010	23				
Securities commissions	2,724	2,170	26	2,366	15	10,305	8,142	27				
Payments	463	438	6	450	3	1,787	1,679	6				
Card fees	985	928	6	909	8	3,730	3,371	11				
Payment commissions	1,448	1,366	6	1,359	7	5,517	5,050	9				
Advisory	456	511	-11	472	-3	1,742	1,284	36				
Lending	231	207	12	220	5	946	940	1				
Deposits	36	36		22	64	124	96	29				
Guarantees	71	70	1	64	11	278	225	24				
Derivatives	82	81	1	86	-5	384	306	25				
Other	253	222	14	185	37	849	698	22				
Other commissions	1,129	1,127	0	1,049	8	4,323	3,549	22				
Fee and commission income	5,301	4,663	14	4,774	11	20,145	16,741	20				
Securities commissions	-198	-117	69	-129	53	-898	-583	54				
Payment commissions	-589	-530	11	-491	20	-2,150	-1,807	19				
Other commissions	-240	-244	-2	-259	-7	-951	-792	20				
Fee and commission expense	-1,027	-891	15	-879	17	-3,999	-3,182	26				
Securities commissions, net	2 526	2 053	23	2 237	13	9 407	7 559	24				
Payment commissions, net	859	836	3	868	-1	3 367	3 243	4				
Other commissions, net	889	883	1	790	13	3 372	2 757	22				
Net fee and commission income	4,274	3,772	13	3,895	10	16,146	13,559	19				

Net financial income – SEB Group

SEKm	Q4			Q3			Q4			Jan - Dec		
	2006	2006	%	2005	%	2006	2005	%	2006	2005	%	
Equity instruments and related derivatives	- 68	153	-144	930	-107	342	1620	-79				
Debt instruments and related derivatives	529	287	84	- 747		1 424	-619					
Capital market related	461	440	5	183	152	1 766	1 001	76				
Currency-related	659	450	46	707	-7	2 270	2 391	-5				
Net financial income	1 120	890	26	890	26	4 036	3 392	19				

Net credit losses - Group

SEKm	Q4		Q3		Q4		Jan - Dec		
	2006	2006	%	2005	%	2006	2005	%	
<i>Provisions:</i>									
Net collective provisions	212	- 89		405	-48	- 108	403		
Specific provisions	- 455	- 125		- 674	-32	- 888	- 1 286	-31	
Reversal of specific provisions no longer required	173	133	30	103	68	544	438	24	
Net provisions for contingent liabilities	10	1		11	-9	31	- 6		
Net provisions	- 60	- 80	-25	- 155	-61	- 421	- 451	-7	
<i>Write-offs:</i>									
Total write-offs	- 444	- 334	33	- 418	6	- 1 308	- 1 532	-15	
Reversal of specific provisions utilized for write-offs	221	196	13	189	17	704	756	-7	
Write-offs not previously provided for	- 223	- 138	62	- 229	-3	- 604	- 776	-22	
Recovered from previous write-offs	62	81	-23	54	15	322	327	-2	
Net write-offs	- 161	- 57	182	- 175	-8	- 282	- 449	-37	
Net credit losses	- 221	- 137	61	- 330	-33	- 703	- 900	-22	
Change in value of seized assets	- 1	1		- 1		- 15	- 14	7	
Net credit losses incl change in value	- 222	- 136	63	- 331	-33	- 718	- 914	-21	

Balance sheet – SEB Group

Condensed SEKm	31 December 2006	31 December 2005
Cash and cash balances with central banks	11 314	27 545
Loans to credit institutions	179 339	177 592
Loans to the public	946 643	901 261
Financial assets at fair value *	610 945	593 606
Available-for-sale financial assets *	115 482	93 265
Held-to-maturity investments *	2 208	16 502
Asset held for sale / Discontinued operations	923	1 405
Investments in associates	1 085	1 218
Tangible and intangible assets	22 914	23 474
Other assets	43 588	53 870
Total assets	1 934 441	1 889 738
Deposits by credit institutions	365 980	399 494
Deposits and borrowing from the public	641 758	570 001
Liabilities to policyholders	203 719	185 363
Debt securities	388 822	353 205
Financial liabilities at fair value	150 852	201 774
Other liabilities	70 528	76 086
Provisions	2 066	2 816
Subordinated liabilities	43 449	44 203
Total equity	67 267	56 796
Total liabilities and equity	1 934 441	1 889 738
* Of which interest bearing	560 844	543 714

Memorandum items – SEB Group

SEKm	31 December 2006	31 December 2005
Collateral and comparable security pledged for own liabilities	354 694	316 425
Other pledged assets and comparable collateral	189 730	143 042
Contingent liabilities	60 156	57 891
Commitments	346 517	286 520

Statement of changes in equity – SEB Group

SEKm	31 December 2006	31 December 2005
Opening balance	112	85
Net change	18	27
Minority interests	130	112
Opening balance	1 363	1 015
Net change in reserves	- 591	348
Revaluation reserves	772	1 363
Opening balance	55 321	51 678
New accounting principle (IAS 32), Swap agreements		-1 394
New accounting principle (IAS 39), Non IAS 39 compliant hedges		- 930
Dividend to shareholders	-3 264	-3 065
Dividend, own holdings of shares	75	216
Result, holding of own shares		- 12
Neutralisation of PL impact of employee stock option programme	129	88
Utilization of equity swaps for employee stock option programme*	451	528
Utilization of repurchased shares for stock option programme**	1 232	204
Eliminations of repurchased shares for improvement of the capital structure		- 218
Translation difference	- 184	- 175
Net profit attributable to equity holders	12 605	8 401
Core equity	66 365	55 321
Total equity	67 267	56 796

* Changes in nominal amounts of equity swaps used for hedging of stock option programmes.

** As of 31 December 2005 SEB owned 18.4 million Class A shares for the employee stock option programme. The acquisition cost for these shares is deducted from shareholders' equity. During 2006 6.5 million of these shares have been sold as employee stock options have been exercised. In addition 3.1 million shares have been sold in accordance with decision at the AGM. Thus, as of 31 December SEB owned 8.8 million Class A-shares with a market value of SEK 1,929m for hedging of the long-term incentive programmes.

Cash flow statement – SEB Group

SEKm	Jan - Dec		
	2006	2005	%
Cash flow from the profit and loss statement	15 490	12 307	26
Increase (-)/decrease (+) in trading portfolios	-69 110	-121 965	-43
Increase (+)/decrease (-) in issued short term securities	10 581	38 816	-73
Increase (-)/decrease (+) in lending to credit institutions	17 745	57 327	-69
Increase (-)/decrease (+) in lending to the public	-46 351	-102 155	-55
Increase (+)/decrease (-) in liabilities to credit institutions	-33 559	33 033	
Increase (+)/decrease (-) in deposits and borrowings from the public	71 495	44 786	60
Increase (-)/decrease (+) in insurance portfolios	18 319	24 042	-24
Change in other balance sheet items	-1 587	91	
Cash flow from operating activities	-16 977	-13 718	24
Cash flow from investment activities ¹⁾	- 12	-7 378	-100
Cash flow from financing activities	21 048	56 147	-63
Net increase in cash and cash equivalents	4 059	35 051	-88
Cash and cash equivalents at beginning of year	70 796	35 252	101
Exchange difference in cash and cash equivalents	-1 104	493	
Net increase in cash and cash equivalents	4 059	35 051	-88
Cash and cash equivalents at end of period²⁾	73 751	70 796	4
1) Including investments in subsidiaries			
Cost of acquisitions	- 130	-5 780	-98
Less cash acquired	113	314	-64
Outflow on acquisition	- 17	-5 466	

1) Cash and cash equivalents at end of period is defined as Cash and cash balances with central banks and Loans to credit institutions - payable on demand. Cash and cash equivalents 2005 is restated.

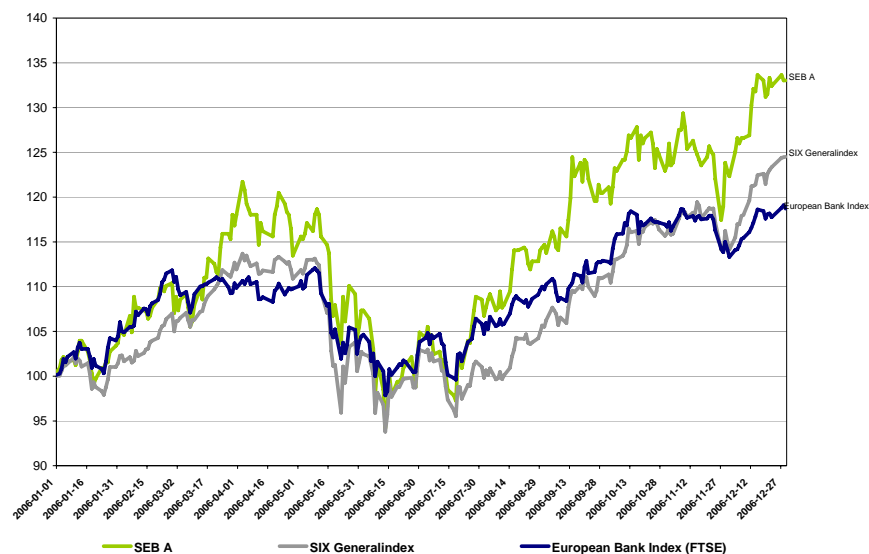
Impaired loans and seized assets – SEB Group

SEKm	31 December 2006	31 December 2005
Non-performing impaired loans	7 123	7 957
Performing impaired loans	1 403	1 144
Impaired loans gross*	8 526	9 101
Specific reserves	-4 234	-4 787
<i>of which reserves for non-performing loans</i>	-3 630	-4 183
<i>of which reserves for performing loans</i>	-604	-604
Collective reserves	-2 170	-2 283
Impaired loans net	2 122	2 031
Reserves for off-balance sheet items	-215	-268
Total reserves	-6 619	-7 338
Level of impaired loans	0.22%	0.22%
(Impaired loans, net in relation to lending, at end of period)		
Reserve ratio for impaired loans	75.1%	77.7%
(Specific and collective reserves in relation to impaired loans gross, per cent)		
<i>Specific reserve ratio for impaired loans</i>	49.7%	52.6%
Pledges taken over		
Properties	86	119
Shares	42	46
Total volume of pledges taken over	128	165

* Individually impaired loans.

The SEB share

SEB A



Rating

Moody's Outlook Stable		Standard & Poor's Outlook Stable		Fitch Outlook Positive		DBRS Outlook Stable	
Short	Long	Short	Long	Short	Long	Short	Long
P-1	Aaa	A-1+	AAA	F1+	AAA	R-1 (high)	AAA
P-2	Aa1	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

SEB's major shareholders

December 2006	Share of capital, per cent
Investor AB	17.9
Trygg Foundation	9.6
Alecta	3.1
Robur funds	2.5
AFA Försäkring	2.1
SHB/SPP mutual funds	1.9
SEB mutual funds	1.6
Wallenberg Foundation	1.5
Foreign shareholders	29.9

Source: VPC/SIS Ägarservice