

The slide features decorative wavy lines in shades of green and grey. A prominent light green wave starts from the left edge and curves upwards towards the top right. Below it, a grey wave starts from the left edge and curves downwards towards the bottom right. At the bottom of the slide, there is a solid green horizontal band. The text is centered horizontally in the middle of the slide.

Reclassification of fixed-income securities


10 November 2008

Subsequent events in Q3 interim report

“IASB issued as at October 13 and the EU endorsed as at October 15 amendments to IAS 39 and IFRS 7. The amendments introduce the possibility of reclassifications of financial instruments from July 1, 2008. SEB has not reclassified any financial instruments out of Held-for-Trading or Available-for-sale categories in this interim report. A thorough evaluation will be finalised in the fourth quarter. This may result in a restatement of the financial reporting for the third quarter.”

SEB, at the end of October, decided to reclassify SEK 99bn of fixed-income securities from July 1, 2008.

Background

- In response to requests to address differences between the reclassification requirements of IAS 39 and US GAAP, the International Accounting Standards Board (IASB) approved amendments to IAS 39 and IFRS 7 in mid-October 2008.
 - The amendments to IAS 39 introduce the possibility of reclassification of non-derivative financial assets, in rare circumstances, from the Held-for-Trading (HfT) category and from the Available-for-Sale (AFS) category to Loans & Receivables (L&R) and/or Held-to-Maturity (HTM).
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Framework

- The extreme turbulence seen in the global financial markets during the fall is now widely accepted under both US GAAP and IFRS as an example of a rare circumstance that allows reclassification.
- A reclassification is permitted as a one-time event i.e. a reversal is not permitted.
- Any reclassification of assets will have to be disclosed in the financial statements.

Reclassified securities

30 Sep 2008 (SEK)	Portfolio volume		Reclassified volume to L&R		Effect on P/L and equity		Not re-classified		Not re-classified assets
	HfT	AFS	HfT	AFS	P/L	Equity	HfT	AFS	
Structured credits	12.0bn	51.4bn	6.4bn	43.8bn	+427m	+924m	5.6bn	7.6bn	CMOs and <SEK 10m outstanding
Financial institutions	3.9bn	51.3bn	1.2bn	37.4bn	+31m	+575m	2.7bn	13.9bn	Maturities in 2008-2009
Covered bonds etc.	0.9bn	11.0bn	-	-	-	-	0.9bn	11.0bn	
Σ MB Inv. portfolio	16.8bn	113.7bn	7.6bn	81.2bn	458m	1,499m	9.2bn	32.5bn	
MB Trading			5.4bn		+58m				
Treasury				4.8bn		-74m			
Total			13.0bn	86.0bn	+516m*	1,425m			

* Before tax, after tax SEK 372m; Total equity effect SEK 372m + SEK 1,425m = SEK 1,797m

Financial effects in Q3 2008 from reclassification

- Net financial income increases with SEK 516m
- Operating profit increases with SEK 516m
- Net profit increases with SEK 372m
- Total equity increases with SEK 1,797m
- RWA
 - Basel I: increases with SEK 5.3bn
 - Basel II: decreases with SEK 1.1bn
- Core capital ratio and Total capital ratio marginally affected

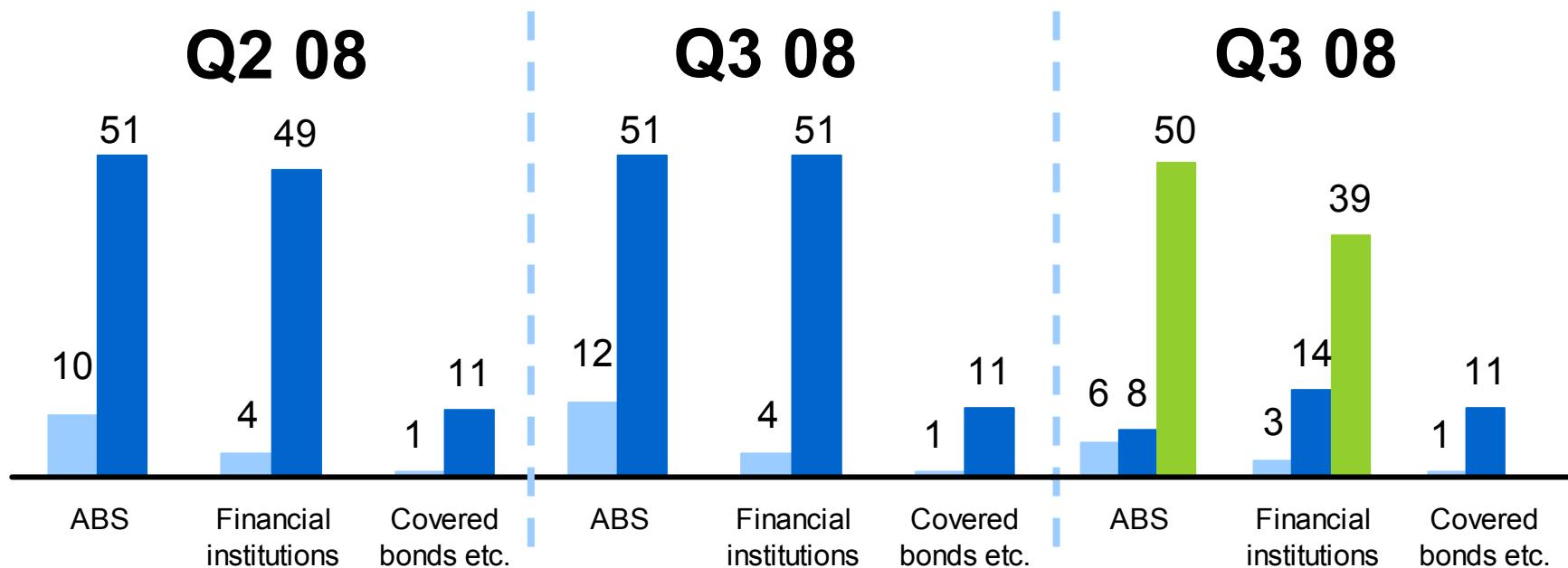
Bond investment portfolio

SEKbn

- Held for trading
(MTM over income)
- Available for sale
(MTM over equity)
- Loans & Receivables
(No MTM, impairment tests)

Before reclassification

After reclassification



Profit and loss account

Reclassification effects, SEKm

	Restated Q3 2008	Reclassification effect	Q3 2008	Q2 2008	Change %
Net interest income	4,553		4,553	4,421	3
Net fee and commissions	3,754		3,754	3,909	-4
Net financial income	247	516	-269	1,161	-123
Net life insurance income	504		504	642	-21
Net other income	163		163	270	-40
Tot operating income	9,221	516	8,705	10,403	-16
Staff costs	-3,752		-3,752	-3,993	-6
Other expenses	-1,820		-1,820	-2,098	-13
Depreciations/amortisations	-398		-398	-354	12
Tot operating expenses	-5,970	0	-5,970	-6,445	-7
<i>Underlying costs</i>	-5,420		-5,420	-5,681	-5
Gain/loss tangible/intangible assets	0			1	
Net credit losses etc	-725		-725	-452	60
Operating profit	2,526	516	2,010	3,507	-43
<i>Operating profit ex redundancy & One IT Roadmap</i>	2,735		2,219	3,677	-40
Income tax expense	-641	-144	-497	-699	-29
Net Profit continuing operations	1,885	372	1,513	2,808	-46

Balance sheet



Reclassification effects, SEKbn

Condensed SEKbn	Restated 30 Sep 2008	Reclassification effects	30 Sep 2008	31 Dec 2007	30 Sep 2007
Cash and cash balances with central banks	19		19	97	16
Loans to credit institutions	260	39	221	263	243
Loans to the public	1 267	62	1 205	1 067	1 022
Financial assets at fair value	620	- 13	633	661	661
Available-for-sale financial assets	172	- 86	258	170	134
Held-to-maturity investments	2		2	2	2
Investments in associates	1		1	1	1
Tangible and intangible assets	27		27	25	23
Other assets	50		50	58	47
Total assets	2 418	2	2 416	2 344	2 149
Deposits by credit institutions	400		400	421	361
Deposits and borrowing from the public	794		794	750	707
Liabilities to policyholders	206		206	226	217
Debt securities	554		554	510	465
Financial liabilities at fair value	248		248	216	209
Other liabilities	91		91	98	76
Provisions	1		1	2	2
Subordinated liabilities	46		46	44	39
Total equity	78	2	76	77	73
Total liabilities and equity	2 418	2	2 416	2 344	2 149

Capital adequacy

Reclassification effects, SEKm



	Restated 30 Sept 2008	30 Sept 2008	31 Dec 2007
Capital resources			
Core capital (tier 1)	76 749	76 311	72 702
Capital base	98 023	97 651	92 973
Capital adequacy with risk weighting according to Basel I			
Capital requirement	84 038	83 614	71 398
Expressed as Risk weighted assets	1 050 477	1 045 177	892 473
Core capital ratio	7,31%	7,30%	8,15%
Total capital ratio	9,33%	9,34%	10,42%
Capital adequacy quotient (capital base / capital requirement)	1,17	1,17	1,30
Capital adequacy as officially reported with transitional rules (Basel II)			
Transition floor applied	90%	90%	95%
Capital requirement	75 334	74 952	67 358
Expressed as Risk weighted assets	941 676	936 906	841 974
Core capital ratio	8,15%	8,15%	8,6%
Total capital ratio	10,41%	10,42%	11,0%
Capital adequacy quotient (capital base / capital requirement)	1,30	1,30	1,38
Capital adequacy without transitional floor (Basel II)			
Capital requirement	61 528	61 616	58 949
Expressed as Risk weighted assets	769 098	770 200	736 864
Core capital ratio	9,98%	9,91%	9,9%
Total capital ratio	12,75%	12,68%	12,6%
Capital adequacy quotient (capital base / capital requirement)	1,59	1,58	1,58