SEB

Annual Report 11

Contents

2011 in brief

	2011	2010
Operating income, SEK m	37,686	36,735
Profit before credit losses, SEK m	14,565	12,984
Operating profit, SEK m	15,345	11,389
Net profit from continuing operations, SEK m	12,299	8,820
Return on equity, continuing operations, per cent	11.89	8.89
Earnings per share, continuing operations, SEK	5.59	4.00
Proposed dividend, SEK	1.75	1.50
Core Tier I capital ratio[1], per cent	13.7	12.2
Tier I capital ratio[1], per cent	15.9	14.2

1) without Basel II transitional floor

The most important events in 2011:

- Increased anxiety regarding global imbalance and the sovereign financial situation led to uncertainty in the financial markets.
- In this macroeconomic environment, the development in SEB's markets – the Nordic and Baltic countries and Germany – was more stable.
- SEB strengthened its resilience by increasing the liquidity reserves, extending the maturities of its funding and by reducing risk in the bond portfolio.
- SEB's investment in the Nordic and German corporate segments has resulted in more than 100 new large corporate customers and 11,000 new SME customers in Sweden. In addition, SEB gained close to 9,000 new SME customers in the Baltic countries. The number of private customers increased by 90,000.
- Loan volumes grew by SEK 111bn and deposit volumes by SEK 150bn.
- SEB announced its flat cost target, a cost cap of SEK 24bn applied through the year 2014. For 2012 the ambition was raised and the cap is now SEK 23.1bn.
- The divestment of the German retail operations was finalised and an agreement to divest the Ukrainian retail operations was made.

Front cover
Liselotte Mikaelsson (CFO at Repay) and Lennart Persson (Corporate Advisor at SEB) at Repay's offices in the city of Skellefteå.
Read more in SEB's Annual Review.

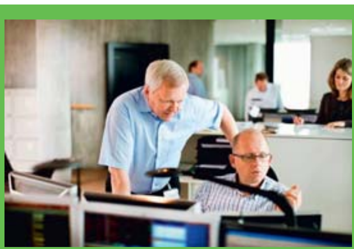
SEB is a leading Nordic financial services group. As a relationship bank strongly committed to deliver customer value, SEB in Sweden and the Baltic countries offers financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany the Bank's operations have a strong focus on a full-service offering to corporate and institutional clients. SEB's activities are carried out with a long-term perspective to fulfil the Bank's role to assist businesses and markets to thrive. The international nature of SEB's business is reflected in its presence in some 20 countries worldwide. SEB serves more than 4 million customers and has around 17,000 employees.

SEB's customers

Rewarding relationships are the cornerstones of our business. Ever since A O Wallenberg founded SEB in 1856, we have provided financial services to assist our customers in reaching their financial objectives.

2,700
Corporates and institutions

SEB is the leading corporate and investment bank in the Nordic countries, serving large corporations, financial institutions, banks and commercial real estate clients with corporate banking, trading and capital markets and global transaction services. Comprehensive pension and asset management solutions are also offered.



400,000
SME customers

SEB offers small and medium-sized corporate customers several customized products that were initially developed in co-operation with SEB's large corporate clients. In addition, numerous services are specifically designed for small companies and entrepreneurs.

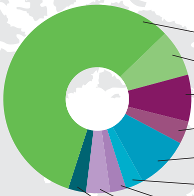
4,000,000
Private customers

SEB provides some four million individuals with products and services to meet all their financial needs. These include products and services for daily finances, savings, loans, wealth management and life insurance.

SEB's markets

Operating income

Geographical distribution, per cent



	2011	2010
Sweden	58	(56)
Norway	8	(8)
Denmark	8	(7)
Finland	4	(4)
Germany [1]	9	(8)
Estonia	3	(3)
Latvia	3	(3)
Lithuania	4	(4)
Other	3	(7)

SEB's activities principally embrace customers based in the Nordic and Baltic countries and Germany. Sweden is the single largest market, accounting for more than half of operating income in 2011.

1) Excluding centralised treasury operations

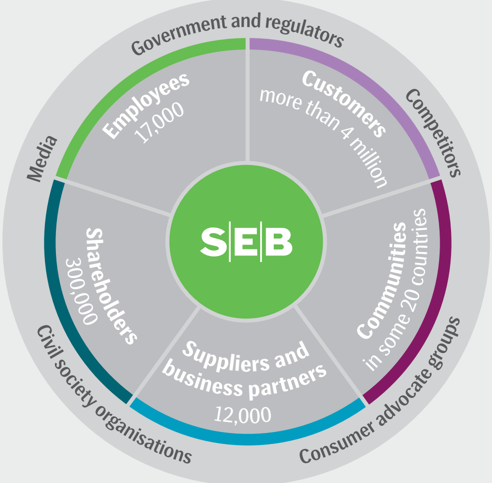
Branches and representative offices

SEB representation worldwide

SEB's divisions

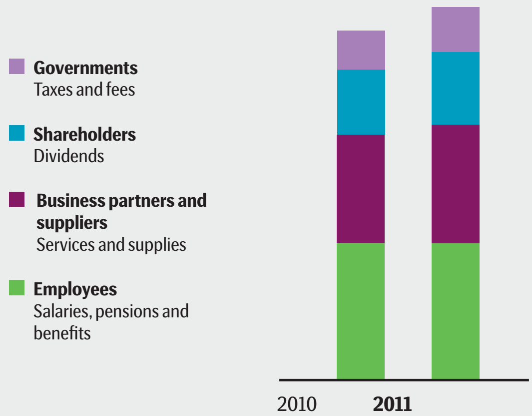
	Operating income	Operating profit
Merchant Banking – Commercial and investment banking services to large corporate and institutional clients in 18 countries, mainly in the Nordic region and Germany.	SEK 17,529m (16,291)	SEK 8,321m (7,330)
Retail Banking – Banking and advisory services to private individuals and small and medium-sized corporate customers in Sweden as well as card operations in the Nordic countries.	SEK 9,419m (8,569)	SEK 2,602m (1,910)
Wealth Management – Asset management, investment management, including mutual funds, and private banking services to institutional clients and high net worth individuals.	SEK 4,447m (4,384)	SEK 1,481m (1,477)
Life – Life insurance products for private individuals and corporate customers, mainly in Sweden, Denmark and the Baltic countries.	SEK 4,471m (4,539)	SEK 3,145m (3,182)
Baltic – Banking and advisory services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania.	SEK 3,206m (3,340)	SEK 2,748m (261)

SEB's stakeholders



SEB's value distribution

SEB distributes economic value to stakeholders other than customers. In 2011, SEK 31bn was distributed (29).



SEB's strategic priorities

Customer focus

SEB provides advice with a long-term perspective based on the customer's overall financial situation.

Leading Nordic **corporate bank**

SEB grows through an increased share of existing customer business and through increased activity versus new corporate customers.

Resilience and **flexibility**

SEB prioritises to maintain a strong capital and liquidity position in order to ensure the long-term capacity to support our customers in all circumstances.

At SEB we approach our fundamental role in society with utmost seriousness and strive to maintain strong, long-term financial stability.

SEB has been working in the service of enterprise for more than 150 years. It is an undertaking that involves great responsibility and is built on a capacity to earn our customers' trust year after year. By deepening the Bank's customer relationships and developing high quality banking services, SEB contributes to job creation, competitiveness and prosperity. At SEB we approach this fundamental role in society with utmost seriousness and strive to maintain strong, long-term financial stability. By doing so we can live up to our ambition to create long-term value for our customers and thereby generate a steady, favourable return over time for you, our shareholders.

Major global imbalances

Looking back at 2011, it was a year dominated by growth-eroding forces in Europe and the USA. The global imbalances in the world economy today are almost as large as they were five years ago. In the Western world we are now seeing the highest levels of debt for 70 years, and in Europe this has presented a number of challenges to the Euro co-operation. Sweden's situation, with declining government debt and relatively good economic growth, stands in strong contrast.

New regulatory framework for the banking sector

In this climate, the discussion on the role of banks has remained in focus. The Basel III regulatory framework has been largely finalised – a global framework governing banks' capital and liquidity in the aim of creating a more resilient and transparent financial system. To meet the new requirements, banks in Europe have scaled back their balance sheets and it has been more difficult for them to fulfil their role at the centre of the credit intermediation process and as providers of backstop liquidity for business. This is troubling in the context of a weak business climate. But this has not been the case to the same extent in Sweden. The Swedish banking system is among the most highly capitalised in Europe, and SEB increased its lending by 10 per cent during the past year. What is challenging, however, is that four major Swedish banks – of which SEB is one – have to adhere to even stricter capital requirements and earlier implementation of liquidity requirements than what applies internationally. In relative terms this increases our costs as a Swedish bank.

Clear strategic direction as the Relationship bank

In recent years SEB has further clarified its strategic direction as the Relationship bank. This has been made possible by building a more resilient balance sheet at the same time that we have prioritised our customer relationships through a further focusing of the business. With the divestment of the German retail business now concluded and the sale of our bank in Ukraine, SEB has a solid platform for continued growth. In Sweden and the Baltic countries this entails deepening our customer relationships through a broad offering of financial services. In other markets – the other Nordic countries and Ger-many – our focus is on growth as a bank for large corporations and financial institutions.

Confidence in the future

On the whole, despite an uncertain environment, this gives me reason to view the future with confidence. Since the start of the financial crisis, SEB has shown a profit from quarter to quarter. Our earnings are stable, our credit quality is good, and our resilience through a strong balance sheet is strong.

On behalf of the Board, I want to express our appreciation and warm thanks to the Bank's management. The commitment and proximity to customers that exists at SEB is unique. SEB will continue to work tirelessly for the best interests of customers and society as a whole.

Stockholm, February 2012

Marcus Wallenberg
Chairman of the Board

SEB's strategy remains firm – customer focus and growth in selected areas, continued cost efficiency and maintained resilience.

2011 was in many ways a difficult year. The financial markets were marked by uncertainty and high volatility on the back of the severe sovereign debt situation in Europe. The global banking system has thus faced challenges that also included adapting to a new regulatory framework for capital and liquidity. In this climate, resilience in terms of a strong balance sheet, stable income growth and a long-term perspective has been more important than ever for a bank. SEB has that resilience.

Resilience and flexibility

Over the past years, we have focused SEB's strategy as *the* Relationship bank in our part of the world, firmly rooted in the belief that strong financial stability and long-term customer relationships are key to profitability. Two priorities have guided us – resilience and flexibility. Through a strong balance sheet and sufficient liquidity reserves, we can support our customers as a financial partner in good times and bad while at the same time having the flexibility to grow together with our customers.

It is against this background that we have taken steps towards increasing the integration of the bank into 'One SEB', where customers' needs and perspectives – not the product perspective – drive our actions. Other examples include investments in IT capacity and reducing risk in the balance sheet. SEB has a stable and high quality credit portfolio of which more than 90 per cent is exposed to the Nordic countries and Germany, where the loss level has remained low – below 0.1 percentage points over the past ten years.

Stronger balance sheet and deepened customer relations

Resilience and flexibility guided our priorities also in 2011. SEB has a unique role as financial partner for 2,700 large corporations and financial institutions and increasingly so for 400,000 small and medium sized companies and 4 million private customers. As the uncertainty in the euro-area increased, we chose to take the costs of prolonging our funding, increase liquidity reserves and raise the quality in our bond portfolio. We improved our capital ratios further and SEB is now one of Europe's best capitalised banks. SEB's strong balance sheet was recognised by Standard & Poor's in their rating upgrade of SEB.

Our customers today meet a more integrated bank where it is easier to do business with us. One effect is that despite the increased uncertainty, customers chose to increase their business volumes with SEB. Deposits in 2011 increased by SEK 150bn, corporate lending by SEK 62bn and household lending by SEK 46bn.

Growth in core areas

In line with our focused strategy, we finalised the sale of the German retail business and also sold our bank in Ukraine . We are well positioned for growth in a more robust part of Europe.

In the Nordic region and Germany, we have gained 200 new large corporate customers since the start of our investment in 2010. More Swedish small and medium-sized companies claim SEB as their home bank. We have also coordinated advisory services and product development in the savings area into one unit– all to better meet customers' needs for a holistic savings approach.

Increased cost efficiency

The new regulatory framework for capital and liquidity will increase costs for the banking industry and thus raise the requirement on cost efficiency. In 2011, costs were below the SEK 24bn target as of 2014. We have therefore raised our ambition to keep costs at this lower level of SEK 23.1bn for 2012.

The Relationship bank

An environment of low interest rates and higher capital requirements is challenging. Nevertheless, SEB's strategy remains firm – customer focus, growth in selected areas, cost efficiency and maintained resilience. Together with all of SEB's fantastic employees, I am deeply committed to reaching our long-term aim to be *the* Relationship bank in our part of the world.

Stockholm, February 2012

Annika Falkengren
President and Chief Executive Officer

Strategy and markets

SEB's strategic direction remains firm: SEB shall serve as and be perceived as the Relationship bank in its part of the world. By combining the Bank's entire range of expertise with first-class products and processes, SEB creates value for its customers. The strategy is to reduce complexity, refine the Bank's organisational structure and maintain the financial strength needed to serve customers regardless of economic development.

Mission
To help people and businesses thrive by providing quality advice and financial resources.

Vision
To be *the* trusted partner for customers with aspirations.

Founded in the service of enterprise more than 150 years ago, through the years SEB has played an active part in societal development in the markets in which it works. SEB has long been the bank of choice for large companies and institutions in Sweden and, increasingly, in the rest of the Nordic and Baltic countries. This is evident not only in the business mix – with a concentration on corporate and institutional clients – but also in the way business is conducted. At SEB the customer always comes first, because through long-term perspective and long-term relationships come sustainable profitability.

By serving as and being perceived as *the* Relationship bank in the region, SEB seeks to fulfil its mission to help people and businesses thrive by providing sound advice and financial resources and thereby live up to its vision to be *the* trusted partner for customers with aspirations.

Strategic building blocks

Since the financial crisis in 2008 and 2009, the Bank's strategy has been further clarified and now rests on the following three pillars:

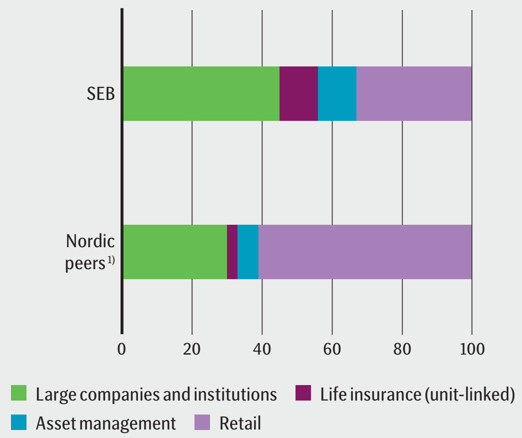
- to build and develop relationships with the Bank's customers so that they can rest assured that SEB always puts their needs first;
- to grow in a disciplined fashion in selected core markets, such as large corporate business in the Nordic countries and Germany, small and medium-sized enterprises in Sweden, and savings for individuals, institutions and companies;
- to ensure the financial strength needed to demonstrate – in a trustworthy manner to customers, counterparties, lenders, investors and the general public – stability and resilience as a long-term player, coupled with flexibility to adapt growth investments to prevailing market conditions.

To further focus this growth strategy, the Bank's business has been refined through the sale of the retail operations in Germany and Ukraine.

Customer first

In its ambition to be the Relationship Bank, SEB takes the customer's perspective into account in everything it does. SEB strives to meet the customer's needs in all situations – in both the near and long term. This requires empowering the employees to make the right decisions for the customer and SEB, and adhering to the Bank's fundamental tenet that customer loyalty leads to long-term profitability.

The leading Nordic corporate bank
Share of total income 2011, per cent



1) Aggregated income distribution of Swedbank, SHB, Nordea, Danske Bank and DNB. Business units only (indicative).

Meeting places and customer interaction 2011

Branch offices	366
International private banking branches	12
Internet bank, no. of visits	55 million
Mobile bank, no. of visits	8.4 million
Telephone bank in Sweden, no. of calls	2.5 million
Facebook, no. of visits	200,000

Card transactions, no.	479 million
Payments, no.	735 million
Number of syndicated loans in the Nordic region	88
Number of equity capital market transactions in the Nordic region	19
Number of M&A related transactions in Sweden	16
Life insurance intermediaries and brokers	2,200

For a bank like SEB – which is widely regarded to be the market leader in a host of product areas, including equity trading, cash management, custody account services, acquisitions, foreign exchange trading and unit-linked insurance – the transformation into a truly customer-centric bank has entailed a number of changes. A holistic customer perspective puts requirements on systems, decision-making paths and a company culture in which accountability and the customer's perspective are at the very core.

An integrated bank

In 2006, SEB initiated its Road to Excellence programme, a transformation process aimed at increasing integration of SEB's operations, moving away from a holding company-like structure, adopting a more proactive stance toward customers and boosting productivity in its internal processes. By identifying and streamlining its processes, the Bank has been able to free up resources which instead can be used to deepen its business relationships with its customers. Today this approach is highly integrated in the Bank and has evolved into a business methodology – the SEB Way – which is used in all areas of the Group. This has generated tangible results in both the sales and support functions. As a result of this increased integration, customers can interact with the entire bank – One SEB – regardless of how they choose to do their business. For example, the Bank's advisory expertise and services in the entire savings area have been gathered together instead of focusing on individual savings products. Further steps were taken during the year toward this more customer-centric culture through the "You are SEB" initiative, a dialogue-based programme in which employees discuss their own roles as ambassadors in developing the SEB brand.

Customer satisfaction

Customers' confidence in SEB is monitored on a continuous basis through internal and external measurements of customer satisfaction. Customer satisfaction is also measured yearly by various companies and financial magazines – both internationally and in the individual countries in which the Bank works. The overall picture in 2011 is that the Bank's customer orientation is generating tangible results and that SEB's status as the Relationship bank was strengthened during the year. SEB has received market-leading customer satisfaction scores among large corporates and institutions, and average scores for customer satisfaction among small businesses and private individuals.

Disciplined investments in growth

The Bank's investments on top of its existing customer business are made primarily in three areas: large corporate business in the Nordic countries and Germany, small and medium-sized enterprises in Sweden, and general savings and asset management.

SEB's most important rankings 2007–2011

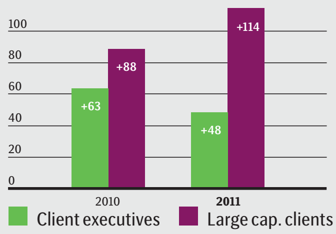
SEB's performance within different business areas is evaluated and ranked by numerous companies and magazines internationally and in individual countries. The most important surveys according to SEB are conducted by the market research institutes Greenwich Associates – with strict contracted limitations on reporting externally – and Prospera.

Area	2011	2010	2009	2008	2007	Organisation / publication etc
Best bank in Sweden			1	1	1	Euromoney
Best client relationship bank in Sweden	1	1				Prospera
Investment banking						
Best bank at risk management, Nordic region	1	1	1	1	1	Global Finance
Best Supply Chain Finance Provider in the Nordic region	1		1	1		Treasury Management International (TMI), Global Finance
Corporate banking						
SME bank of the year in Sweden	1	n/a	1	1	n/a	Privata Affärer
Best at cash management in the Nordic and Baltic regions	1	1	1	1	1	Euromoney
Best bank for cash management in Sweden	1	1	1			Prospera
Best FX provider in the Nordic region		1	1	n/a		Prospera
Best Stockbroker in the Nordic region	1	1	1	1	1	Prospera
Best Corporate Finance house, Nordic region	1	n/a	1	n/a	1	Prospera
Best M&A house in the Nordic region	1	1	1	1		Euromoney
Financial advisor of the year, Nordic region		1				Financial Times and Mergermarket
Private Banking						
Best Private Bank in the Nordic region	1	1				The Banker and Professional Wealth Management

Meeting customers' needs

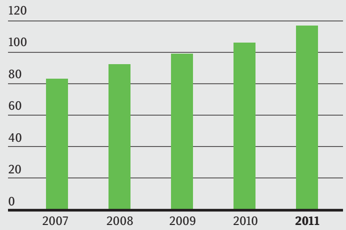
- New branch office in Hong Kong
- Green bonds of USD 2bn

New customers and client executives
In the Nordic region and Germany, number



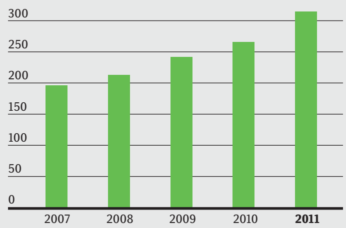
- All-inclusive advice for the company, the owner and the employees
- New meeting points

SME customers in Sweden
Thousands



- Mobile bank services
- Personal advice offered to 400,000 customers in Sweden

Residential mortgage loans
Sweden SEK bn



The conditions for SEB to expand in these areas is particularly favourable in view of the Bank's traditional position. SEB's expansion is primarily organic, driven by a growing share of existing customers' business, greater activity among new customers and an increase in lending. This expansion is balanced by continued strong risk management and thorough risk analysis.

Competition from other Nordic banks is fierce, which also reflects the robust and well capitalised condition of the Nordic banking system, with low exposure to euro-zone countries experiencing sovereign debt problems. At the same time, competition from European and international banks has decreased as a result of weaker balance sheets and large exposures in the euro-zone.

Business bank in the Nordic countries and Germany

SEB's position in the large corporate segment is particularly strong. By tradition, SEB's market position as a relationship bank has been especially strong in Sweden, while the Bank's establishment in the other Nordic countries and Germany has typically been based on cutting edge positions in specific product areas. The broadening in scope from product provider to financial partner has been under way since 2006, however, in the wake of the financial crisis, new opportunities have opened up to both expand the customer base and broaden existing customer relationships. The need of business customers for an established long-term and stable banking relationship became more apparent during the crisis, when interest among international banks to continue operating in the Nordic countries was reduced. In the situation that has now unfolded, SEB can take a step forward, and today the Bank is one of the top three business banks in Denmark, Finland and Norway. In Germany, where SEB has been a wholesale bank for 35 years, the Bank is pursuing growth also among larger medium-sized companies in the Mittelstand segment.

The focus of growth is initially on a few hundred corporate customers, where the Bank's analysis has shown that the opportunities to deepen its relationships are especially favourable. Since the start of the investment in the Nordic countries and Germany in 2010, some 200 new relationships have been established with large corporate customers, and credit volume has increased by slightly more than SEK 100bn, which is well in line with the Bank's target of SEK 150-200bn during the period 2010–2012. The work on deepening these relationships and establishing new ones will continue in 2012.

More small and medium-sized business customers

In the small and medium-sized enterprise customer segment, SEB has historically had a market share of less than 10 per cent in Sweden. Investments made in recent years in expertise, distribution capacity and reduced complexity have clearly signalled SEB's prioritisation of this customer group. SEB has carried out a wealth of activities to improve service for small businesses – ranging from the Enkla Firman package solution to investments in increasing the number of company advisers and establishing business centres. Since the start of 2006, the number of customers in the small and medium-sized enterprise segment has increased from 65,000 to 117,000. SEB's market share in Sweden is now approximately 12 per cent, with the goal of reaching 15 per cent. Customer satisfaction has also improved. As proof of this, in 2011 SEB was once again named SME Bank of the Year by the private finance magazine *Privata Affärer.* In Sweden and also Estonia and Latvia, SEB was awarded as Best Bank by *The Banker.* In the Baltic countries, the strategy is to continue to build on the strong brand and the already large market share.

Holistic savings offering

The third prioritised growth area involves presenting a holistic and advice-oriented savings offering for the Bank's customers regardless of whether their interest is in short-term or long-term savings. SEB has a strong position in the savings segment, with a market-leading position in private banking in Sweden and in unit-linked insurance in Sweden and Denmark, and with a growing deposit base from private individuals, companies and institutions. It is SEB's ambition to be the retail customers' number one choice bank in each of the Baltic countries. SEB has for a long time had a comprehensive offering of savings products that meets all conceivable customer needs. From the customers' perspective, however, it can come across as being fragmented and product-oriented. By gathering advisory activities together with product development in a single organisation, the Bank believes it can better meet customers' needs for savings solutions in a financial environment characterised by high volatility. Parallel with this, long-term shifts are taking place in demographics and in individuals' needs for financial security after retirement.

Other business areas

In addition to the three strategic growth areas, there are opportunities in the Bank's other business areas, such as debit and credit card business and the life insurance operations. Geographically, SEB's presence in the Nordic, Baltic and German markets is being complemented with international establishment or strategic alliances with regionally leading players. The most recent additions to SEB's international presence are the opening of a branch in Hong Kong and development of the Shanghai branch.

Market shares

Per cent	2011	2010	2009
Deposits from the general public			
Sweden	16.0	15.8	15.7
deposits from households	12.1	11.7	11.6
deposits from companies	23.1	22.8	22.4
Estonia [1]	20.9	20.4	20.7
Latvia	9.3	9.5	11.7
Lithuania [1]	29.3	21.8	24.5
Lending to the general public			
Sweden	13.6	12.5	11.8
lending to households	13.4	12.1	11.9
lending to companies	13.9	13.0	11.6
Estonia [2]	23.5	23.4	23.8
Latvia [2]	14.9	14.8	14.8
Lithuania [2]	29.8	28.3	29.3
Mutual funds, total volumes [3]			
Sweden	14.9	15.0	17.3
Finland	7.8	5.8	7.5
Germany [4]	8.7	8.9	8.4
Unit-linked insurance			
Sweden	19.7	24.9	25.9
Life insurance, premium income			
Sweden	9.8	10.3	11.3
Denmark	n/a	10.4	10.9
Equity trading			
Stockholm	10.4	11.1	11.1
Oslo	8.4	7.7	8.4
Helsinki	5.8	8.3	7.7
Copenhagen	5.9	7.5	8.1

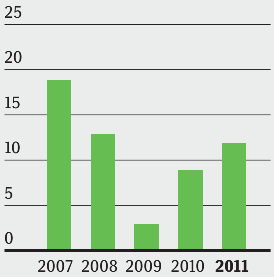
1) In Estonia and Lithuania excl. financial institutions
2) Total lending (excl. leasing; in Lithuania also excl. financial institutions)
3) Excluding third-party funds.
4) Real estate funds

Sources: Statistics Sweden, Commercial Bank Associations in Latvia and Lithuania, Bank of Estonia, Swedish Insurance Federation, OMX etc

Key ratios

Return on equity [1]

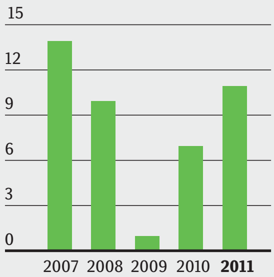
Per cent



Target: competitive stable return

Net profit

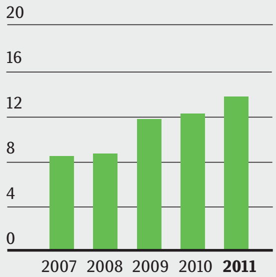
SEK bn



Target: sustainable profit growth

Core Tier 1 capital ratio [2]

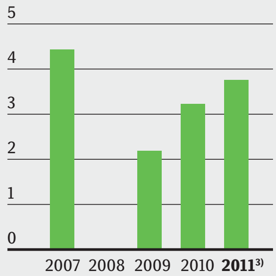
Per cent



Target: 10–12 per cent (Basel III)

Dividend

SEK bn



Target: 40 per cent of net profit per share over a business cycle.

1) Continuing operations
2) Basel II without transitional rules.
3) A dividend of SEK 1.75 per share is proposed for 2011, corresponding to a pay-out ratio of 35 per cent.

SEB's geographic markets

	Macroeconomic development	GDP 2011 (estimate)	GDP 2012 (estimate)	Customer offerings	Competition
Sweden	Continued export-led growth due to sound fundamentals but slowdown at the end of the year.	+4.3 %	+0.5 %	Universal banking with especially strong position in corporate and investment banking, private banking and unit-linked insurance	All major Nordic banks, local niche players, life insurance companies and international investment banks
Denmark	Lower growth during the second half of the year and stagnation in domestic economy.	+1.1 %	+0.5 %	Corporate and investment banking, life insurance, wealth management and cards	All major Nordic banks, local niche players, life insurance companies and international investment banks
Norway	Growth that slowed down at the end of the year and low private consumption.	+1.3 %	+2.1 %	Corporate and investment banking, wealth management and cards	All major Nordic banks, local niche players and international investment banks
Finland	Continued growth with stronger private consumption and fixed investments.	+2.7 %	+0.5 %	Corporate and investment banking, wealth management, life and cards	All major Nordic banks, local niche players and international investment banks
Germany	Export-led growth and stronger private and public consumption.	+3.0 %	+0.4 %	Corporate and investment banking and wealth management	Major German banks and international investment banks
Estonia	Remarkably strong export-led recovery in 2011. First year as euro-zone member.	+7.5 %	+1.5 %	Universal banking	Major Nordic and Baltic banks
Latvia	Economic stabilisation	+5.0 %	+2.5 %	Universal banking	Major Nordic and Baltic banks
Lithuania	Balanced economic growth	+5.8 %	+2.0 %	Universal banking	Major Nordic and Baltic banks

Resilience and flexibility

SEB's strong capital base and funding, its stable market position and its advantageous competitive situation in the Nordic corporates market are factors that help the Bank to seize opportunities in the market as they arise.

The first half of 2011 was characterised by economic recovery and dawning global hopes for openness manifested by the Arab spring. However, during the summer, market volatility and anxiety rose in response to mounting government budget problems in large parts of Europe and the USA. The macroeconomic recovery stalled, and worries about the direction of the economy intensified. Developments in the global environment in recent years, combined with the emergence of a new global financial landscape, show the importance of a strong and resilient foundation, from which SEB can pursue its strategic direction.

Cost efficiency

Having the necessary flexibility to accelerate or shape growth when needed, as well as having the capacity and strength to implement the strategy, continue to be the most important factors for success. To further strengthen the Bank's resilience, focus on a competitive and effective cost base was intensified in 2011. SEB has communicated that its costs shall remain unchanged, at the 2010 level of SEK 24bn, until 2014. In 2012, the ambition was raised to cap costs at SEK 23.1 bn.

Market position	Operating income, SEK m	Operat-ing profit, SEK m	Selected domestic rankings
Leading wholesale bank in the single largest market for SEB. Market leading position among large corporates, financial institutions and private banking customers. The largest broker on Nasdaq OMX Nordic, Stockholm.	22,262 (20,373)	6,489 (6,005)	Best bank of the year (The Banker), Mobile bank of the year (Swedish mobile magazine), SME bank of the year (Privata Affärer), Best client relationship bank and Best cash management provider (Prospera), SEB Enskilda Best corporate finance provider for all organisations (Prospera), Best in domestic equity and foreign exchange for all institutions (Prospera), Best trade finance provider for large organisations (Prospera and Global Finance).
Full-service corporate and investment bank. SEB Pension is the fifth-largest commercial pension company. Strong position in corporate and co-branded card market. Strong position in major equity and capital market products as well as corporate finance. One of the major brokers on Nasdaq OMX Nordic, Copenhagen.	2,909 (3,020)	1,349 (1,298)	SEB Enskilda Best corporate finance for tier 1 organisations (Prospera), Best foreign exchange provider for small organisations (Prospera), Top 3 private bank (Euromoney).
One of the leading wholesale banks. The largest broker on the Oslo Stock Exchange.	2,906 (2,845)	1,648 (1,387)	SEB Enskilda Equities Best in domestic equity for tier 1 institutions (Prospera), Best foreign exchange provider (Global Finance).
One of the leading wholesale banks. SEB also has a top position in the institutional asset management market and is one of the leading providers of private banking services in Finland. The second largest broker on Nasdaq OMX Nordic, Helsinki.	1,372 (1,272)	724 (664)	Best asset manager (SFR), Best private bank of the year (Euromoney), Best foreign exchange, corporate finance and domestic equity provider for all organisations (Prospera), Best institutional asset manager (Prospera).
Niche wholesale bank. The largest Nordic bank in Germany.	3,262 (2,958)	1,348 (145)	Most valuable real estate brand (Premise Group), Best balance fund (IDP European Award), Fair company certificate (Karriere), Top employer award (CRF Institute).
Second largest bank in Estonia with a strong position in asset management and life insurance. Leading in government loans, structured deposits and mobile payments. One of the major corporate loan providers. The largest broker on Nasdaq OMX Baltic, Tallinn.	1,214 (1,187)	852 (469)	Best bank of the year (The Banker), Best trade finance bank (Global Finance), Most satisfied clients compared to peers (EPSI Baltic), Sharing first position as Bank with highest reputation (TNS Emor).
Second largest bank in Latvia with a strong position in asset management, structured deposits and life insurance. Market leading in long term savings. The second largest broker on Nasdaq OMX Baltic, Riga.	1,006 (1,066)	861 (99)	Best bank of the year (The Banker), Best bank (Euromoney), Gold category in sustainability index and "Powered by green" hallmark (JSC Latvenergo), Bank with highest reputation (TNS Latvia TRI*M), Best bank and Best asset manager (EMEA Finance).
Largest bank in Lithuania with leading position in lending, both corporate loans (excl. government loans) and private loans. Strong position in asset management. Leading in deposits of corporate clients and unit-linked life insurances. The largest broker on Nasdaq OMX Baltic, Vilnius.	1,442 (1,380)	1,377 (-112)	The best bank in the Nordic and Baltic Region (Euromoney), Most attractive employer (Verslo Zinios & CV L.T.), Best private bank in Lithuania (Euromoney), The best banking for real estate sector (Euromoney).

New regulatory framework changing the rules of the game

One important aspect of assessing the Bank's financial strength is the regulatory development that is taking place internationally via the Basel III rules, the EU Capital Requirement Directives and through implementation by Swedish authorities. In general, banks will be required to retain more capital and a higher level of liquidity, and to secure funding with longer maturities on the back of the aim to create a more stable global financial system. Although additional clarity surrounding the requirements on Swedish banks' capital and liquidity situation was provided toward the end of 2011, the final structure is still not ready. The declared intent is that SEB, along with Sweden's three other major banks, is to have stricter capital adequacy rules than domestic competitors and non-Swedish banks – i.e., than the framework set forth by Basel III. This will also entail faster implementation of the new Basel III rules in Sweden.

The Bank will be adjusting its balance sheet to ensure that the requirements specified in the new rules are met at any given time.

Financial targets

The Board of Directors has communicated financial targets for the Bank's business in four areas: return on equity, sustainable profit growth, capital strength and the dividend. In addition there are targets for important areas such as liquidity, funding structure and risk limits.

The people in SEB

Professional and committed employees, building long-term relations with the customers, are critical for SEB's future business result. SEB strives for a sustainable leadership where managers support employees in their development and lead the business towards the common goals. To meet a changing environment employees are encouraged to take responsibility for their part of the business and their own development.

SEB is convinced that relationships, trust and a long-term perspective constitute the foundation of the business. Committed and highly skilled employees are key for the development. Employees who are encouraged, challenged and take responsibility for their personal development, will grow and contribute to the long-term success. They will thereby take the mandate to act, and meet customers' expectations at all times.

All employees are part of the SEB road to excellence, fulfilling the Bank's vision: To be *the* trusted partner for customers with aspirations. Working individually or in teams, the whole organisation is equipped to manage a changing environment, in order to perform at their best and deliver long-term sustainable results.

Customer focus is crucial at SEB. Engagement and dialogue with customers and colleagues, are important prerequisites for SEB in order to succeed as an organisation. All employees are guided by the core values Commitment, Mutual Respect, Professionalism and Continuity. During the year, employees and managers have participated in a Group-wide employee engagement programme, You are SEB, focusing on customer relations.

Employee survey

In 2011, SEB conducted an employee survey, Voice, to provide a comprehensive assessment of how employees view the Bank and their work situation. The result showed that all major areas had improved compared with a similar survey from 2009. A vast majority of the employees had confidence in the Bank's vision and mission. Operational excellence was a clear area of strength, and a sign that SEB Way, SEB's focus on continuous improvement that was introduced in 2006, has yielded results. Likewise, the employees rated own empowerment and engagement highly, and 73 per cent would gladly recommend a friend to apply for a job at SEB. 79 per cent would recommend a friend to become an SEB customer.

An attractive employer

Attracting future employees, and retaining existing staff, who are passionate about their work and what is best for the customer, is of significant importance for the Bank's long-term development. SEB has long been considered one of the most attractive places to work in Sweden and in the Baltic countries. In 2011, SEB climbed to the fourth position among Sweden's most attractive employers, regardless of sector, among young professionals with a business degree. In Latvia, SEB was ranked no. 1, in Estonia no. 2, and in Lithuania no. 3 in the corresponding category. In Sweden, SEB is associated with financial strength, a good reputation and market success.

Career opportunities

Students and young academics have several ways of starting a career in the Bank, including a Group-wide Global Trainee programme, the Aspirant programme for high school graduates in the Retail organisation, and the IT Young Professional programme for graduates in business and systems science. Merchant Banking offers ten weeks of intensive practical training in the financial area. In 2011, approximately 165 persons in total attended one of these programmes.

Performance and development

Employees in SEB are expected to take personal responsibility for their own performance and development, and the Bank has a structured way of working with this. Every year all employees have a dialogue with their manager to set individual targets, and formulate a development plan, all of which should be aligned with the Bank's goals and competence needs. This process, which includes continuous follow-up, coaching and feedback as well as performance evaluation, is the foundation for driving individual performance and developing needed competence.

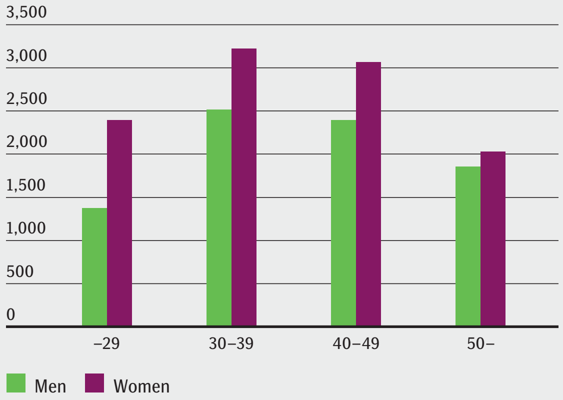
SEB is committed to increase the knowledge and competence of all employees, and has a tailor-made portfolio of training and development activities at the individual, team and organisational levels. The programme includes training for generalists, specialists and managers on different levels.

Leadership in SEB

The leadership in SEB is strategically crucial and supports the ambition to be a high performing organisation. Managers are expected to take long-term business responsibility through

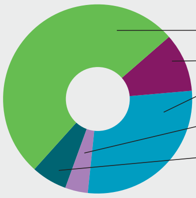
Employees

Age and gender



Educational level

Per cent



	2011	2010
University > 3 years	52	(46)
University ≤ 3 years	10	(10)
Upper secondary school	28	(30)
Compulsory school	4	(7)
Other/unspecified	6	(7)

future-oriented behaviours, for example to focus on customer, to decide and execute and to lead and empower. These three behavioural competencies have been identified as the most important to succeed in delivering on SEB's strategy.

Numerous leadership development activities are offered to managers at different levels. These include a focus on leading yourself, leading business and driving change. They also include coaching and feedback, communication and strengthening of cross-collaboration. In 2011, a Group-wide platform for developing management teams was launched, aimed at securing a wider distribution of ownership and engagement within the team. During 2011, approximately 450 mid-level managers participated in one of SEB's leadership development programmes.

Diversity enriches the business

SEB believes that diversity and equality between genders enriches the business of the Bank and increases the ability to meet various customer expectations. It also supports the business and helps strengthen SEB as an attractive employer. SEB's diversity plan aims to ensure that equal opportunities and rights are offered to everyone, regardless of gender, national or ethnic origin, age, sexual orientation and faith. SEB works actively to identify, develop and encourage women to take senior positions. Diversity is also taken into account when employees are considered for managerial training. In 2011, 57 per cent of employees and 43 per cent of managers were women.

Marie Andén, *Head of Private Banking Sweden, is one of SEB's managers that successfully enables employees to achieve top business results.*

What are your guiding principles as a leader?
"Passion for what I do, relationships and having fun have helped me through my career. Passion gives energy and leads to commitment which is important in order to improve and develop. If you have passion you will deliver."

"Establishing solid relationships is crucial for building networks, and for having an open dialogue with customers and employees alike, based on mutual respect. Relationships need to be genuine; they can't be superficial."

"Having fun, and being able to laugh with your team – this is essential in order to be able to stay focused when it counts."

What do you look for when recruiting a new employee?
"I favour a dynamic and diversified work environment, so apart from passion I look for people who will bring something new to the team rather than just fitting in."

Employee statistics

	2011	2010	2009
Number of employees, average	18,912	20,717	21,640
Sweden	8,839	8,545	8,700
Germany [1]	1,426	3,396	3,582
Baltic countries	5,226	5,307	5,572
Employee turnover, %	9.3	10.9	11.0
Sick leave, % (in Sweden)	2.5	2.7	3.0

1) SEB's retail operations in Germany were divested in January 2011

Awards for SEB as an employer

Universum survey 2011 and 2010

	Sweden	Estonia	Latvia	Lithuania
Young Professional 2011	4	2	1	3
Young Professional 2010	6	5	–	2
Student 2011	8	2	–	3
Student 2010	9	2	–	2

A sound work place

Personal health and a sound work environment are important factors for the well-being of employees and their ability to perform. These factors lead to lower costs and hence promote a favourable business result. The Bank also offers many different services and solutions for employees adapted for local conditions, such as home and family service, parental pay, preventive health care benefits and company health services.

Remuneration at SEB

SEB's remuneration system is designed to help attract, retain and motivate employees with the right competence, and thus contribute to the Bank's long-term success. SEB actively promotes equal pay for men and women and continuously evaluates the effects of the remuneration structure and its competitiveness.

SEB believes in encouraging strong performance, desired behaviours and balanced risk taking that is aligned with the customers' and shareholders' expectations. The remuneration structure is designed to encourage long-term performance and strategic decisions.

Employees have the opportunity to take part in SEB's long-term value creation, based on the development of the financial performance. In 2011, for the fourth year in a row, employees were offered to participate in the Share Savings Programme. 56 per cent of the employees are now participating in one or several of the Share Savings Programmes, offered between 2008 and 2011. *Further information on SEB's remuneration policy can be found on page 67-69.*

Sustainable perspectives on banking

Banks have a fundamental role in society and contribute to sustainable economic growth. By providing financing, investments, secure payments and asset management services, banks support economic activity, international trade and financial security. SEB takes a broad approach to corporate sustainability, with efforts targeting governance, business ethics, environmental and social responsibility, including finance and investments.

Achievements during 2011

In 2011, SEB continued to support its customers and strengthened its role as the Relationship bank in several ways. One milestone towards a sustainable economic development was the implementation of SEB's position statements and sector policies. These documents define SEB's stance in sustainability issues aiming for a future-oriented dialogue with customers and portfolio companies in different industrial sectors. SEB received an 'A-' rating by the Carbon Disclosure Project on disclosing and performing in accordance with carbon reduction targets. In addition, SEB participated in a panel discussion on sustainable finance at the UN General Assembly. SEB's sustainability work was awarded in both Estonia and Latvia and SEB continued to be included in the FTSE4Good index, which evaluates companies that meet recognised corporate responsibility standards.

SEB's approach to corporate sustainability

Banks play a different role in sustainable development than other industrial sectors. As services companies, banks have relatively limited direct impact on the environment, but in the role as financial intermediaries, banks have significant indirect impact. Through its business activities, SEB has supported economic and social progress for more than 150 years.

SEB has adopted a strategy to make sustainability a fully integrated part of the business. This means addressing sustainability from every angle, ranging from how SEB interacts with customers and manages supplier relations, to how the Bank helps address global social and environmental challenges. The purpose of SEB's involvement in sustainability issues is to contribute to the Bank's continued success, to assist and enable the Bank's stakeholders to reach their objectives and to contribute to the communities in which SEB is present.

The SEB corporate sustainability strategy, which was first adopted in 2009, focuses on eight business priorities within three key areas of responsibility; governance, environment and social. This strategy is supported by the Bank's Code of Business Conduct. SEB has also signed a number of international commitments, including the UN Global Compact, the Principles for Responsible Investments and the Equator Principles for project financing. SEB's approach towards sustainability rests on a broad stakeholder engagement on material issues. SEB recognises its responsibility towards all stakeholders. By being profitable the Bank can generate and distribute direct economic value. SEB's ambition is to assist customers to realise their ambitions while running a sustainable banking business.

SEB's sustainability reporting

SEB is committed to ensuring transparent and responsible business practices. SEB reports in accordance with the GRI G3 guidelines and the Financial Service Supplement, on level B. The Corporate Sustainability Report for 2011, which will be SEB's fifth in order, serves as the annual communication on progress on the UN Global Compact and other international initiatives. The corporate sustainability report is complemented with a corporate sustainability fact book with the full range of data. *The reports are available at www.sebgroup.com.*

SEB - an important part of the economy

	2011
Number of payments, million	735
Corporate loans given, SEK bn	680
Small and medium-sized corporate customers, no.	400,000
Credit facilities to SME's, SEK bn	240
Customer deposits (private and SME), SEK bn	260

More information online

SEB's complete reporting, including all KPI's and corporate sustainability reports
www.sebgroup.com/sustainability

→ **SEB welcomes your questions and feedback. cs@sebgroup.com**

Social responsibility

During the year, SEB improved the employee value proposition highlighting internal career opportunities as well as the employer brand. SEB received high rankings in surveys conducted among students and young professionals in Sweden and in the Baltic countries. Action plans to further improve the results of the internal employee survey, Voice, were developed and a broad employee engagement programme, You are SEB, was rolled-out. SEB continued to facilitate access to its expert knowledge and products and services, for instance through a new on-line bank in Estonia and apps for iPhone and iPad. SEB continued to invest in the next generation; children and youth, entrepreneurs and in raising awareness on environmental challenges.

Key Performance Indicators	2011	2010	2009
Employees that would recommend a friend to work at SEB, %	73	1)	70
Employees that have had regular performance and career development reviews, %	94	1)	90
Female managers, % of total	43	44	42
Employee participation in programme through Mentor, number	725	332	380
Economic contribution to social partnerships incl. management costs and climate compensation, SEK m	44.8	57.9	30.0

1) Employee survey Voice not undertaken in 2010

Environmental responsibility

SEB's efforts to reduce the environmental footprint continued during 2011. SEB further reduced the co_2 emissions by 6 per cent compared with 2010. An action plan to reduce business travel was developed and acted upon and five so-called Green Branch offices were piloted in Sweden. The Bank's first position statements and sector policies were adopted. Key client executives and managers were trained. The goal is to have held dialogues with all large corporate customers by the middle of 2012. SEB also launched a number of products with a sustainability profile and continued to assist the World Bank in issuing Green Bonds. A total of 12 transactions under the Equator principles were made.

Key Performance Indicators	2011	2010	2009
World Bank Green Bonds funds raised, USDm, aggregated	2,000	1,600	1,000
Total SRI funds AuM, SEK m	14,484	16,008	11,105
Number of SRI funds	15	16	14
Total carbon emissions, tonne	34,590	36,929	41,516
Renewable electricity as per cent of total electricity consumption	72	64	43

Governance responsibility

SEB continued the efforts to further improve the customer experience and promote ambassadorship for the SEB services and brand in 2011. The Bank launched several new products to simplify day-to-day life and to do business for customers, such as the Enkla products. Checks on fraud and financial crime were performed to strengthen the preventive routines. Wealth Management expanded its Environment/Social/Governmental analysis team and pursued a deeper dialogue with portfolio companies on corruption, with a particular focus on Swedish companies affected by the UK Bribery Act, water scarcity, climate change and business in conflict zones.

Key Performance Indicators	2011	2010	2009
Markets with NPS[1)] implemented, number	8	7	4
Branch office robberies	1	0	3
Employees trained in fraud prevention, %	52	49	43
Employees trained in Code of Conduct, %	93	93	87
Total engagement dialogues with portfolio companies, number	259	237	160

1) Net Promoter Score for customer satisfaction

Economic responsibility

The direct economic value generated and distributed to key stakeholders in society in 2011 amounted to SEK 31.4bn, an increase of 7 per cent compared with 2010. The economic contribution consisted of salaries to employees (32 per cent), supplier payments (32 per cent), taxes (20 per cent) and dividends paid to shareholders (12 per cent).

Value distribution	2011	2010	2009
Remuneration to the employees. SEK bn	11.4	11.5	11.8
Payments to suppliers. SEK bn	10.0	9.1	9.2
Taxes and fees. SEK bn	6.1	5.5	4.7
Dividend to the shareholders. SEK bn	3.8	3.3	2.2

The SEB share development in 2011

In the wake of the euro-zone sovereign debt crisis the SEB Class A shares dropped by 29 per cent in 2011, while the FTSE European Banks Index decreased by 33 per cent. Earnings per share amounted to SEK 5.06 (3.07). The Board proposes a dividend of SEK 1.75 for 2011 (1.50).

Share capital

The SEB shares are listed on the Nasdaq OMX Stockholm Exchange. The share capital amounts to SEK 21.9bn, distributed on 2,194.2 million shares. Each Class A-share entitles to one vote and each Class C-share to 1/10 of a vote.

Stock Exchange trading

2011 was a weak year on the Nasdaq OMX Stockholm Exchange and the OMX Stockholm General Index dropped by 17 per cent. The value of the SEB class A shares was down by 29 per cent, while the FTSE European Banks Index dropped by 33 per cent. During the year, the total turnover in SEB shares amounted to SEK 106bn. SEB thus remained one of the most traded companies on the Stockholm Stock Exchange. Market capitalisation by year-end was SEK 88bn.

Dividend policy

The size of the dividend in SEB is determined by the economic environment as well as the financial position and growth potential of the Group. SEB strives to achieve a long-term growth based upon the capital base for the financial group of undertakings. SEB has the objective that the annual dividend per share shall, over a business cycle, correspond to around 40 per cent of earnings per share.

SEB maintains this long-term dividend policy, although future dividends will be assessed in the light of prevailing economic conditions and the Bank's earnings and capital position.

SEB's Class C shares

To facilitate foreign ownership the Class C shares were introduced at the end of the 1980s. The trading volumes of the Class C shares are very limited and the number of Class C shares only constitutes 1.1 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 reviewed. The review 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.

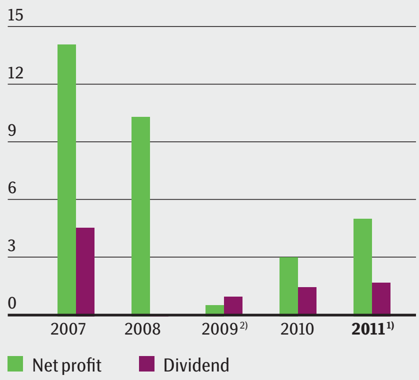
SEB share Class A

SEK

- SEB A shares. Price equals last closing price paid on last day of each month.
- OMXS 30 Stockholm.
- European Banks Index (FTSE).
- Number of shares traded, in thousands.

Earnings and dividend per share

SEK



1) A dividend of SEK 1.75 per share is proposed for 2011, corresponding to a pay-out ratio of 35 per cent.
2) In March 2009, SEB made a rights issue 5:11, which decreased earnings per share.

SEB shares

Data per share[1]	2011	2010	2009	2008	2007
Basic earnings, SEK	5.06	3.07	0.58	10.36	14.12
Diluted earnings, SEK	5.04	3.06	0.58	10.36	14.05
Shareholders' equity, SEK	49.68	45.25	45.33	86.22	79.16
Adjusted shareholders' equity	54.92	50.34	49.91	94.81	89.96
Net worth, SEK	54.92	50.34	50.17	95.44	92.23
Cash flow, SEK	97.27	-11.60	-44.86	-20.48	125.24
Paid dividend per A and C share, SEK	1.75	1.50	1.00	0.00	6.50
Restated dividend per A and C share, SEK	1.75	1.50	1.00	0.00	4.60
Year-end market price					
per Class A share, SEK	40.09	56.10	44.34	42.95	117.01
per Class C share, SEK	39.00	53.20	46.00	38.88	108.88
Highest price paid during the year					
per Class A share, SEK	62.00	56.55	53.00	120.90	177.10
per Class C share, SEK	61.25	53.95	55.00	112.77	169.68
Lowest price paid during the year					
per Class A share, SEK	30.72	38.84	15.48	36.06	110.64
per Class C share, SEK	33.00	42.18	15.22	36.06	103.93
Dividend as a percentage of result for the year, %	34.6	48.0	172.0	0.0	32.6
Yield, %	4.4	2.7	2.3	0.0	3.9
P/E	7.9	18.2	75.8	4.1	8.3
Number of outstanding shares, million					
average	2,193.9	2,194.0	1,905.5	968.5	964.7
at year-end	2,191.8	2,193.9	2,194.2	968.9	966.8

1) Previous years restated after the rights issue 2009.

Change in share capital

Year	Transaction	SEK	Change in no. of shares	Accumulated no. of issued shares	Share capital SEK m
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 5:1[3]	35	116,311,618	704,557,680	7,046
2005	Reduction of the share capital		–17,401,049	687,156,631	6,872
2009	Rights issue 5:11	10	1,507,015,171	2,194,171,802	21,942

1) The recorded share capital as 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.

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).

Through splits in 1977 (2:1) and 1984 (5:1), the nominal value of the shares was changed from SEK 100 to SEK 10.

Distribution of shares by size of holding

Size of holding	No. of shares	Per cent	No. of shareholders
1–500	35,112,970	1.6	177,168
501–1,000	35,919,240	1.6	47,226
1,001–2,000	45,059,387	2.1	29,876
2,001–5,000	68,902,503	3.1	21,451
5,001–10,000	49,641,882	2.3	6,854
10,001–20,000	38,252,971	1.7	2,687
20,001–50,000	38,769,423	1.8	1,242
50,000–100,000	25,798,846	1.2	357
100,000–	1,856,714,580	84.6	636
	2,194,171,802	**100**	**287,497**

Number of outstanding shares, 31 Dec., 2011

	Share series A	Share series C	Total No. of shares
Total number of issued shares	**2,170,019,294**	**24,152,508**	**2,194,171,802**
Hedge for long-term incentive programmes[1]	–2,344,366	0	**–2,344,366**
Repurchased own shares[2]	0	0	**0**
Total number of outstanding shares	**2,167,674,928**	**24,152,508**	**2,191,827,436**

1) Utilisation of long-term incentive programmes 2005 – 2011 ongoing
2) 2011 AGM decision, no repurchases made

The SEB share on the Nasdaq OMX Stockholm Stock Exchange

SEK m	2011	2010	2009	2008	2007
Year-end market capitalisation	87,938	123,023	97,330	41,606	113,447
Volume of shares traded	106,168	129,626	126,462	191,011	252,303

The largest shareholders[1]

31 December, 2011	Share of capital, per cent
Investor AB	20.8
Trygg Foundation	8.1
Alecta	7.2
Swedbank Robur funds	3.3
State of Norway	2.9
Nordea funds	1.7
SEB funds	1.6
Wallenberg-foundations	1.5
First AP-fund	1.4
SHB funds	1.3
Foreign owners	23.7

1) For more detailed information please see page 55
Source: SIS Ägarservice AB/ Euroclear

Report of the Directors

SEB's customers continued to be very active during 2011 despite the difficult volatile markets and the uncertainty in the global economy. There was substantial growth in both lending and deposit volumes. Asset quality in the Baltic countries improved significantly. Maintaining and further improving the Group's liquidity and capital situation has been a major focus area during the year. This year's result contributed to the financial strength of SEB.

Financial review of the Group

Important corporate events and trends in 2011

First quarter

- The global economic outlook improved despite a number of risks and uncertainties. The development in the Nordic countries and especially Sweden was positive. The Baltic economies continued to recover, albeit from a low level.
- SEB acquired and consolidated DNB's Swedish mortgage portfolio.
- The divestment of the German retail operations to Banco Santander was finalised. Following the sale and transfer of the business, work and related discussions to finalise the financial closing and operational separation are ongoing.

Second quarter

- The global recovery continued despite a new sovereign debt crises wave in Europe. Growth in the Swedish economy slowed down, but from high levels and was still robust.
- SEB's strategic investments began to pay off and loans to the combined corporate, household and property management portfolios increased by 4 per cent since year-end.

Third quarter

- The global economy was challenged by issues regarding sovereign debt and political uncertainty. The stock exchanges plummeted. The outlook for the Swedish and Nordic export-led economies was more subdued, despite their underlying strength. The economies in the Baltic countries continued to grow, however.
- SEB announced its cost cap target of SEK 24bn until the year 2014. For 2012 a higher ambition of SEK 23.1bn has been communicated.
- SEB acquired Irish Life International Ltd from Irish Life & Permanent Group Holding plc. The acquisition will allow access to the European market for insurance-based investment products.
- SEB received a banking license in Hong Kong and is thereby able to serve customers who are active in Asia via offices in Beijing, Shanghai, Hong Kong, New Delhi and Singapore.

Fourth quarter

- Political challenges surrounding the sovereign debt crisis within the EU further challenged the economic situation. The outlook for the Swedish and Nordic economies worsened, with the exception of Norway. The Baltic countries faced an export-led slowdown.
- SEB entered into an agreement to sell its Ukrainian retail operation to Eurobank Group.
- Swedish authorities announced their intention to require earlier and stricter implementation, compared to other European countries, of the Basel III capital and liquidity requirements on Swedish major banks.
- Standard and Poor's upgraded SEB's long-term senior rating to an A+.
- SEB was selected as payment agent for the Lithuanian government's deposit guarantee fund after the Snoras Bank default.

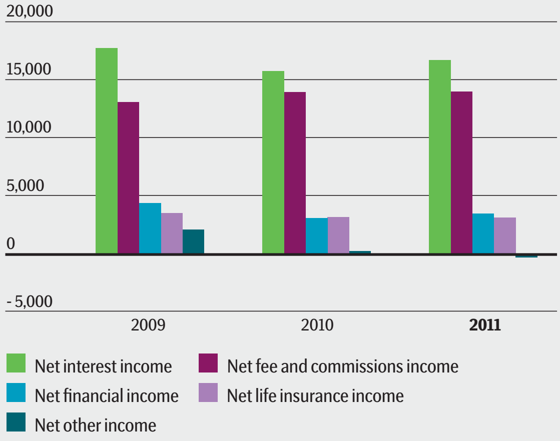
Restatement

The income statements reflect discontinued operations related to the divestment of the Ukrainian retail business and the result from the sale of the German retail business. In the balance sheet, assets and liabilities related to the Ukrainian retail business are disclosed in a separate line item.

In the segment reporting, certain activities related to large corporates and institutions in the Baltic countries have been moved from the Merchant Banking division to the Baltic division. Furthermore, certain Treasury activities have been further centralised while a majority of common costs previously held centrally has been allocated to the divisional level. The income statements and business equity have been restated accordingly.

Operating income

SEK m



Key figures

	2011	2010	2009	2008	2007
Continuing operations[1]					
Return on equity, %	11.89	8.89	3.26	13.19	18.92
Basic earnings per share, SEK	5.59	4.00	1.63	10.40	13.84
Diluted earnings per share, SEK	5.56	3.98	1.63	10.39	13.78
Cost/income ratio	0.61	0.65	0.60	0.59	0.54
Number of full time equivalents	16,704	16,323	17,970	18,933	17,403
Loans to deposits ratio, excl repos and debt instruments, %	129	138	139	146	132
Total operations					
Return on equity, %	10.77	6.84	1.17	13.15	19.30
Return on total assets, %	0.50	0.30	0.05	0.42	0.63
Return on risk-weighted assets, %	1.39	0.83	0.13	1.13	1.68
Basic earnings per share, SEK	5.06	3.07	0.58	10.36	14.12
Weighted average number of shares, millions	2,194	2,194	1,906	969	965
Diluted earnings per share, SEK	5.04	3.06	0.58	10.36	14.05
Weighted average number of diluted shares, millions	2,204	2,202	1,911	970	969
Credit loss level, %	-0.08	0.15	0.92	0.30	0.11
Total reserve ratio individually assessed impaired loans, %	71.1	69.2	69.5	68.5	n/a
Net level of impaired loans, %	0.39	0.63	0.76	0.41	n/a
Gross level of impaired loans, %	0.84	1.28	1.46	0.73	n/a
Risk-weighted assets[2], SEK billion	828	800	795	986	842
Core Tier 1 capital ratio[2], %	11.25	10.93	10.74	7.11	7.34
Tier 1 capital ratio[2], %	13.01	12.75	12.78	8.36	8.63
Total capital ratio[2], %	12.50	12.40	13.50	10.62	11.04
Number of full time equivalents	17,633	19,125	20,233	21,291	19,506
Assets under custody, SEK billion	4,490	5,072	4,853	3,891	5,314
Assets under management, SEK billion	1,261	1,399	1,356	1,201	1,370

1) 2010-2009 restated and 2008-2007 pro forma calculated excluding Retail Germany.
2) Basel II, Regulatory reporting with transitional floor.

Result and profitability

The operating profit for 2011 amounted to SEK 15,345m (11,389), which was an increase of 35 per cent. The strengthened Swedish krona had a negative effect on operating profit of SEK 485m compared with last year. Net profit from continuing operations rose to SEK 12,299m (8,820). Net profit (after tax), including the negative effect of SEK 1,155m (2,022) from the German and Ukrainian retail operations which have been discontinued, was SEK 11,144m (6,798). This was an increase of 64 per cent year-on-year.

Operating income

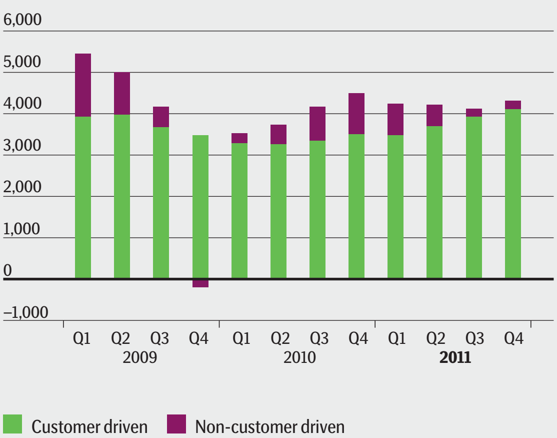
Total operating income amounted to SEK 37,686m (36,735), an increase of 3 per cent compared with 2010.

Net interest income at SEK 16,901m (15,930) was 6 per cent higher than 2010. Customer loans and deposits combined contributed SEK 1,820m more to net interest income compared with 2010 as the average lending volume was 7 per cent higher and the deposit volumes were 8 per cent up.

Net interest income from other activities was SEK 849m lower compared with 2010 due to several reasons. Higher short-term rates had a positive impact. There were negative effects

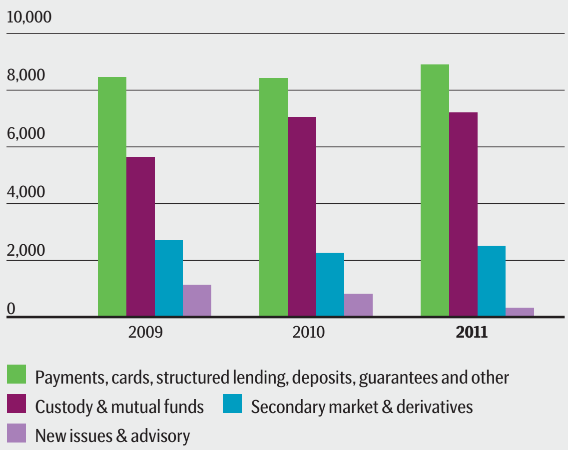
Net interest income

SEK m



Fee and commission income

SEK m



Income statement on quarterly basis

SEK m	2011:4	2011:3	2011:2	2011:1	2010:4
Net interest income	4,318	4,122	4,215	4,246	4,505
Net fee and commission income	3,637	3,489	3,554	3,495	3,895
Net financial income	589	903	825	1,231	506
Net life insurance income	992	659	764	782	780
Net other income	- 202	34	143	- 110	314
Total operating income	**9,334**	**9,207**	**9,501**	**9,644**	**10,000**
Staff costs	-3,423	-3,393	-3,525	-3,592	-3,538
Other expenses	-2,030	-1,705	-1,904	-1,785	-1,938
Depreciation, amortisation and impairment of tangible and intangible assets	- 475	- 435	- 425	- 429	- 644
Restructuring costs					- 9
Total operating expenses	**-5,928**	**-5,533**	**-5,854**	**-5,806**	**-6,129**
Profit before credit losses	**3,406**	**3,674**	**3,647**	**3,838**	**3,871**
Gains less losses on disposals of tangible and intangible assets	- 1	2	- 5	6	20
Net credit losses	- 240	33	558	427	501
Operating profit	**3,165**	**3,709**	**4,200**	**4,271**	**4,392**
Income tax expense	- 531	- 861	- 789	- 865	- 752
Net profit from continuing operations	**2,634**	**2,848**	**3,411**	**3,406**	**3,640**
Discontinued operations	- 300	- 24	- 41	- 790	- 131
Net profit	**2,334**	**2,824**	**3,370**	**2,616**	**3,509**
Attributable to minority interests	10	7	6	14	6
Attributable to equity holders	2,324	2,817	3,364	2,602	3,503
Continuing operations					
Basic earnings per share, SEK	1.20	1.29	1.55	1.55	1.66
Diluted earnings per share, SEK	1.20	1.29	1.54	1.54	1.64
Total operations					
Basic earnings per share, SEK	1.06	1.28	1.53	1.19	1.60
Diluted earnings per share, SEK	1.06	1.28	1.52	1.18	1.58

from a reduction of bond holdings, a quality upgrade of the liquidity portfolio towards AAA-rated securities and an extension of maturities on the funding side. Also, the post-closing effects from the sale of the German retail operations were negative. The fee to the Swedish government's stabilisation fund, which doubled from 2010 and amounted to SEK 515m, also reduced net interest income.

Net fee and commission income, at SEK 14,175m, was flat compared with 2010 (14,120). A decrease in securities commissions and payment fees was offset by higher lending fees.

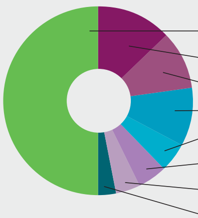
Net financial income increased to SEK 3,548m (3,148), mainly due to high activity in the foreign exchange and capital markets businesses during the year. Net financial income was negatively affected by realised and unrealised losses of SEK 612m on securities directly impacted by the European sovereign debt crisis in 2011.

Net life insurance income decreased by 2 per cent to SEK 3,197m (3,255), primarily due to lower asset valuations in financial markets and low interest rates.

Net other income was negative at SEK 135m (282) and included realised losses of SEK 357m from the sale of securities directly impacted by the European sovereign debt crisis. Other income also included normal hedge accounting effects.

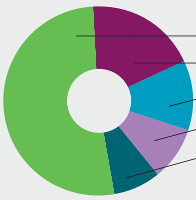
Profit before credit losses [1)]

Geographical distribution, 2011



	Per cent	SEK m
Sweden	50	6,926
Norway	13	1,742
Denmark	10	1,414
Germany [2)]	10	1,397
Finland	5	726
Estonia	5	624
Lithuania	4	509
Latvia	3	471

Divisional distribution, 2011



	Per cent	SEK m
Merchant Banking	52	8,546
Retail Banking	19	3,078
Life	12	1,957
Wealth Management	9	1,490
Baltic	8	1,261

1) Continuing operations, excluding other and eliminations.
2) Excluding centralised Treasury operations

Financial structure

The Group's total balance sheet of SEK 2,363bn as per 31 December 2011 increased 8 per cent during the year (2,180).

Assets

The largest asset item on the balance sheet consists of loans to the public, which in 2011 grew by 10 per cent to SEK 1,186bn (1,075). Loans to credit institutions decreased to SEK 129bn (184).

SEB's total credit portfolio increased to SEK 1,702bn (1,589 excluding the German retail portfolio). *For further information see pp. 41-45 and Note 18.*

Financial assets within insurance operations are classified as financial assets at fair value. Investment contracts, where the insurance policyholders carry the risk (unit-linked insurance), amounted to SEK 187bn (179). Insurance contracts (traditional insurance operations) amounted to SEK 83bn (86).

Fixed-income securities portfolios

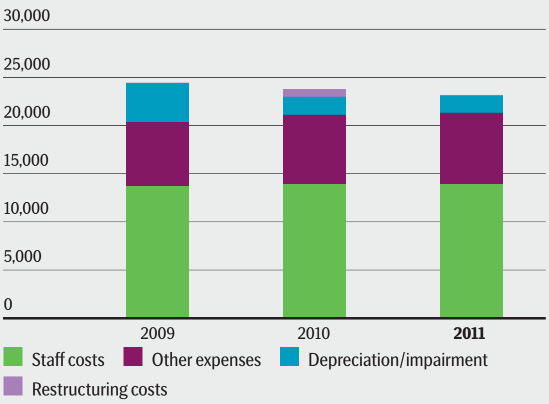
SEB maintains portfolios of fixed income securities for investment, treasury and client facilitation purposes. These portfolios mainly comprise government bonds, covered bonds, bonds issued by financial institutions and structured credits.

At year-end 2011, SEB's net position in these portfolios amounted to SEK 247bn (278). Asset quality in the holdings strengthened in 2011 following a structural shift to higher quality securities. Government bonds, covered bonds and other prime quality securities have substituted corporate bonds, structured credits and unsecured financials. The prime quality securities represented 83 per cent (77) of the holdings at year-end.

As per 31 December 2011, the bond investment portfolio had decreased to SEK 28bn from SEK 48bn a year earlier, by bonds being sold or redeemed according to plan. There are no impaired assets in the portfolio. Under prevailing credit market conditions,

Expenses

SEK m



Operating expenses

Total operating expenses decreased by 3 per cent to SEK 23,121m (23,751). Staff costs were unchanged from the prior year at SEK 13,933m (13,920). Other expenses, which increased during the year, include costs for improvements in the IT infrastructure.

Credit losses and provisions

A net release of provisions for credit losses for the Group in the amount of SEK 778m (-1,609) reflected the continued improved asset quality in the Baltic countries. During the year, the total net releases in the Baltic division were SEK 1,485m (-873).

The total reserve ratio for individually assessed impaired loans increased to 71 per cent (69), while the total non-performing loans coverage ratio for the Group decreased to 64 per cent (66). *See further p 44.*

Income tax expense

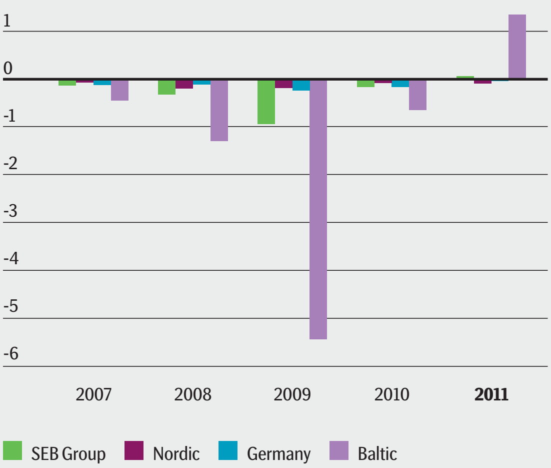
Total income tax amounted to SEK 3,046m (2,569), corresponding to an effective tax rate of 20 per cent (23).

Discontinued operations

Discontinued operations, at SEK -1,155m (-2,022), included the combined result from the divestments of retail operations in Germany and Ukraine. For both divestments, work and discussions to finalise the closing and operational separation are on-going.

Credit loss level

Per cent

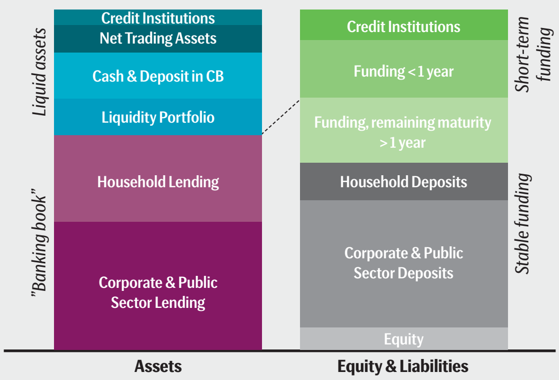


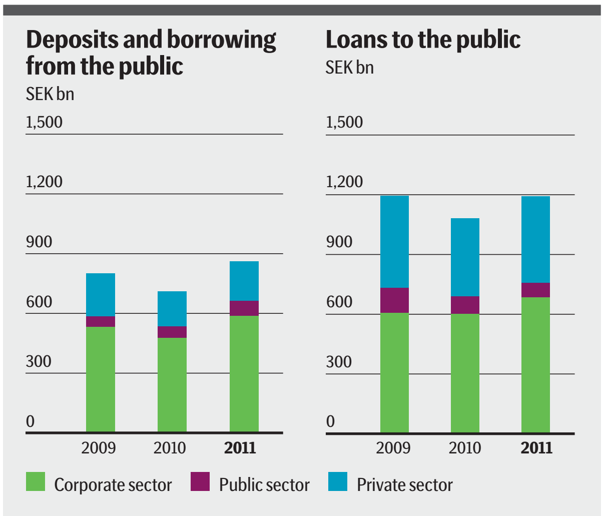
GIIPS sovereign debt exposure

SEK m	Greece	Italy	Portugal	Spain
Dec 2011				
Nominal value	757	303	–	–
Fair value	181	235	–	–
Dec 2010				
Nominal value	762	1,196	666	382
Fair value	572	993	575	367

Balance sheet structure

31 December 2011





SEB views material defaults on the holdings as unlikely and the risk for impairment charges as limited.

Total bond exposure to Greece, Italy, Ireland, Portugal and Spain was SEK 14bn (19) in nominal amounts, of which sovereign bonds amounted to SEK 1bn (3). In 2011, realised and unrealised losses on GIIPS sovereign bonds amounted to SEK -884m. Net of released revaluation reserves for holdings classified as available for sale, the impact was SEK -661m. *See further p 45, note 5 and note 19.*

Derivatives

At year-end 2011, the notional amount of the Group's derivative contracts totalled SEK 10,846bn (9,638). The volumes are primarily driven by offering clients derivative products for management of their financial exposures. The Group manages the resulting positions by entering into offsetting contracts in the market place. As a consequence, the mix of derivatives as detailed in *note 45* largely reflects the demand of the Group's customer base. The customer and market making transactions form part of the trading book and are booked at market value on a continuous basis.

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

The major portion of the Group's derivative engagements refers to interest- and currency-related forward contracts with short maturity. A minor portion consists of exchange-traded derivatives contracts, where profit or loss is continuously settled on a cash basis.

Positive market values imply a credit exposure on the counterparty; *the credit risk aspect of this is discussed in Risk, liquidity and capital management p 44.*

Intangible fixed assets, including goodwill

At year-end 2011, intangible assets totalled SEK 17.9bn (16.9), of which 59 per cent consists of goodwill. The most important goodwill items were related to the acquisition of the Trygg-Hansa group in 1997, at SEK 5.7bn, and investments in the credit card business in Norway and Denmark, at SEK 1.2bn. Goodwill items are not amortised, but are subject to a yearly impairment test.

Deferred acquisition costs in insurance operations amounted to SEK 4.1bn (3.6).

Deposits and borrowing

The financing of the Group consists of deposits from the public (households, companies etc.), loans 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 21 per cent, to SEK 862bn (712). Deposits from credit institutions were down by 5 per cent, to SEK 201bn (213).

Liabilities in insurance operations

At year-end, liabilities in insurance operations amounted to SEK 270bn (264). Out of this, SEK 181bn (175) was related to investment contracts (unit-linked insurance) and SEK 89bn (89) to insurance contracts (traditional insurance).

Total equity

Total equity at the opening of 2011 amounted to SEK 99.5bn. In accordance with a resolution of the Annual General Meeting in 2011, SEK 3,291m of this was used for dividend. At year-end 2011, total equity amounted to SEK 109.2bn.

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 license to perform banking services, 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.

The consolidated SEB Group should also comply with capital requirements concerning combined banking and insurance groups ("financial conglomerates").

Capital position

SEB has maintained stable and strong capital ratios. As of year-end 2011, the core Tier 1 capital ratio was 13.7 per cent (12.2), the Tier 1 capital ratio was 15.9 per cent (14.2) and the total capital ratio was 15.2 per cent (13.8). The Group's Basel II risk-weighted assets (RWA) amounted to SEK 679bn (716), adjusted for German retail in 2010 of SEK 37m, RWA are virtually unchanged. Increases in RWA, from increased credit exposure and from the introduction of stressed VaR, were offset by the implementation of an advanced unsecured loss-given-default model (after regulatory approval) and a lower overall portfolio risk weight reflecting positive risk migration.

Adjusted for the supervisory transitional rules during the first Basel II years, SEB reports RWA of SEK 828bn (800), a Tier 1 capital ratio of 13.0 per cent (12.8) and a total capital ratio of 12.5 per cent (12.4). *Further information about capital adequacy and capital base is found on pp 52–53 and in Note 47.*

Dividend

The Board proposes to the AGM a dividend of SEK 1.75 per Class A and Class C share respectively, which corresponds to 35 per cent pay-out ratio. The total dividend amounts to SEK 3,836m (3,291), calculated on the total number of issued shares as per 31 December 2011, including repurchased shares. The SEB share will be traded ex dividend on 30 March 2012. The proposed record date for the dividend is 3 April 2012 and dividend payments will be made on 10 April 2012.

The proposal shall be seen with reference to the outlook for

Rating

Moody's Outlook Stable (December 2011)		Standard &Poor's Outlook Stable (December 2011)		Fitch Outlook Stable (September 2011)	
Short	Long	Short	Long	Short	Long
P–1	Aaa	A–1+	AAA	F1+	AAA
P–2	Aa1	A–1	AA+	F1	AA+
P–3	Aa2	A–2	AA	F2	AA
	Aa3	A–3	AA–	F3	AA–
	A1		A+		A+
	A2		A		A
	A3		A–		A–
	Baa1		BBB+		BBB+
	Baa2		BBB		BBB
	Baa3		BBB–		BBB–

the economic environment, the Group's earnings generation and capital situation. The Board's dividend policy is that the dividend per share shall, over a business cycle, correspond to around 40 per cent of earnings per share.

Rating

All rating agencies confirmed their ratings and outlooks in 2011. In December Standard & Poor's upgraded the long-term rating of SEB to A+. SEB was one out of a group of five Top 50 European banks that were upgraded.

The rating table shows the ratings of SEB as of February 2012.

In February 2012, Moody's announced its action to put its rating of 114 European financial institutions up for review for a possible downgrade. The major reason was the euro-zone sovereign debt crisis and the ensuing negative consequences. All four Swedish banks have been selected for review, the result of which is not yet known.

Divestment of retail operations

The divestment of SEB's German retail banking business to Banco Santander, as announced in 2010, was finalised in January 2011. In November 2011, the Group also announced an agreement to divest its Ukrainian retail banking business to Eurobank Group. The agreement is dependent on regulatory approval which is expected around mid-2012. The Group has restated its accounts to reflect the divestments. For both divestments, work and discussions to finalise the closing and operational separation are on-going.

Both divestments are a result from the on-going strategic realignment to focus on large corporate customers in the Nordic countries and in Germany, i.e., outside Sweden and the Baltic countries.

Outlook for 2012

The macroeconomic environment is the major driver of risk to the Group's earnings and financial stability. In particular, it affects the asset quality and thereby the credit risk of the Group. The medium-term outlook for the global economy is characterised by uncertainty – while Nordic economies are still robust, austerity measures in many countries may increase sovereign risk and create subdued economic growth, which could impact SEB's main markets. Such an impact has been evident following the increased uncertainty during 2011. Also, sovereign risk may impact valuations of bond holdings.

SEB also assumes market, liquidity, operational and life insurance risks. *The risk composition of the Group, as well as the related risk management, is further described on pages 36-53.*

SEB's competitive situation may be negatively affected by specific Swedish tailoring and earlier implementation of the internationally agreed Basel III regulatory framework in relation to capital, liquidity and funding standards.

SEB is awaiting a court decision regarding a claim for a withholding tax refund with the Swiss tax authorities. The legal proceeding amounts to SEK 670m. External experts confirm that it is probable that SEB's receivable will be settled in SEB's favour.

Effects from changed accounting principles for pensions

In 2011, IASB published amendments to IAS 19, Employee Benefits, regarding defined benefits plans. The amendment is applicable from 1 January 2013 provided that it is adopted by the EU. The amended accounting standard implies that the corridor-method is removed and that the difference between the market value of the plan assets held and the net present value of the future pension obligation, that has not been reported in the income statement, will be deducted from equity. At parent company level, Swedish rules according to the Act on Safeguarding of Pension Commitments (tryggandelagen) remains in force.

At 31 December 2011 the value of the Group's pension obligation amounted to SEK 21.5bn and the fair value of the plan assets was SEK 18.0bn. According to the corridor-method that is currently applied, a net asset of SEK 3.8bn was recognised in the balance sheet. The calculated deficit at year-end 2011 was SEK 3.5bn. Thus, the difference of SEK 7.2bn (before tax) would have rendered a deduction of SEK 5.3 bn after tax from the Group's equity if the proposed change would have been applied for 2011. The treatment in terms of capital adequacy is not yet determined. *Further information about the pension accounting is found in note 1 – Accounting policies and note 9b.*

The future effects in the income statement are that the interest costs will be calculated based on the discount rate and the net pension obligation while reporting of service costs remains unchanged. The expected return on plan assets is removed. The effects of the remeasurement, e.g. the change in value when the discount rate changes, will be accounted for in other comprehensive income. The removal of the amortisation of actuarial losses and the changed interest cost calculation would have decreased the result 2011 with approximately SEK 350m (before tax).

Merchant Banking

The Merchant Banking division offers its clients integrated investment and corporate banking solutions, including certain investment banking activities under the brand name SEB Enskilda. The division has two large business areas - Trading and Capital Markets and Global Transaction Services. Other business units, e.g. the CRM function, Commercial Real Estate, Corporate Finance and Structured Finance, are consolidated in Corporate Banking.

Merchant Banking's main areas of activity include:

- Lending and debt capital markets
- Trading in equities, currencies, fixed income, commodities, derivatives, futures and exchange traded funds
- Advisory services, brokerage, research and trading strategies within equity, fixed income, commodities and foreign exchange markets
- Prime brokerage and securities related financing solutions
- Corporate finance
- Export, project and asset-backed finance
- Acquisition finance
- Venture capital
- Cash management, liquidity management and payment services
- Custody and fund services
- Trade and supply chain financing.

	2011	2010
Percentage of SEB's total income	45	46
Percentage of SEB's operating profit	49	57
Percentage of SEB's staff	15	15

Income statement

SEK m	2011	2010	Change, per cent
Net interest income	7,533	7,328	3
Net fee and commission income	5,378	5,275	2
Net financial income	4,000	3,366	19
Net other income	618	322	92
Total operating income	**17,529**	**16,291**	**8**
Staff costs	-3,915	-3,959	-1
Other expenses	-4,841	-4,649	4
Depreciation of assets	-227	-170	34
Total operating expenses	**-8,983**	**-8,778**	**2**
Profit before credit losses etc	**8,546**	**7,513**	**14**
Gains less losses on disposals of assets	-1	20	
Net credit losses	-224	-203	10
Operating profit	**8,321**	**7,330**	**14**
Cost/Income ratio	0.51	0.54	
Business equity, SEK bn	26.7	25.8	
Return on equity, %	22.4	20.5	
Number of full time equivalents, average	2,493	2,343	

Profitability in turbulent times

The European debt crisis and global growth concerns characterised 2011. Most stock exchanges closed the year with double digit negative indices and M&A activity remained subdued. The customers were active and continued to request services across most business areas. This resulted in solid profitability with high asset quality.

Operating income increased by 8 per cent on a year-on-year basis, driven by higher customer activity across most business areas. Operating expenses for the full year were up by 2 per cent compared with 2010. Operating profit amounted to SEK 8,321m, up 14 per cent year-on-year.

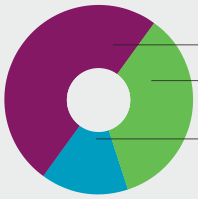
SEB's low trading risk profile, in combination with higher customer activity levels in the foreign exchange and capital markets areas as customers adapted to the uncertain markets, generated stable operating profits for Trading and Capital Markets. Higher volatility spurred stock market volumes and SEB Enskilda Equities continued as the market leader on the Nordic and Baltic exchanges. Operating profit for Trading Capital Markets grew by 4 per cent compared with 2010.

Global Transaction Services benefited from higher interest rates and a continued strong momentum in all geographies and customer segments. Assets under custody reflected the lower stock market values and amounted to SEK 4,490bn (5,072). Operating profit for Global Transaction Services was 41 per cent higher than in 2010.

Corporate Banking continued the strong performance and delivered an all-time-high result for 2011 due to increased business volumes. During the year, lending increased by SEK 50bn while demand for M&A and Equity Capital Market services decreased. Operating profit for Corporate Banking was 14 per cent higher than in 2010.

Operating profit by business area

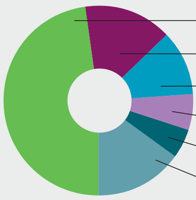
2011, per cent of total (SEK 8,321m)



	2011	2010
Corporate Banking	50	(50)
Trading and Capital Markets	35	(38)
Global Transaction Services	15	(12)

Operating income by country

2011, per cent of total (SEK 17,529m)



	2011	2010
Sweden	48	(49)
Germany	15	(14)
Norway	11	(11)
Finland	6	(6)
Denmark	5	(6)
Other	15	(14)

Expansion outside Sweden accelerates

The growth initiatives in the Nordic countries outside Sweden and in Germany were launched in January 2010. Two years down the road, the planned related recruitment of new senior professionals is completed and SEB has been able to add new customers according to plan. During the year, well over 100 new customers have been added to those that were gained in 2010, bringing the total number to approximately 200. The customer activity level in these countries have also picked up as an effect of the growth initiatives and SEB has gained market share in all markets. This has also resulted in a stronger local franchise and more visibility in landmark transactions.

In the autumn of 2011, SEB received a local banking license in Hong Kong from where a wide range of products to corporate clients and global financial institutions will be offered. This branch will complement the other offices in Asia, i.e. Beijing, Hong Kong, New Delhi, Shanghai and Singapore.

Merchant Banking's most important rankings in 2011

No. 1 client relationship bank in Sweden	Prospera
No. 1 corporate finance advisor in the Nordic region	Prospera
No. 1 Nordic equity provider for all institutions	Prospera
No. 1 Foreign Exchange provider in the Nordic region	Global Finance
Best cash management house in the Nordic/Baltic region	Euromoney
Best sub-custody provider, Nordic region	Global Finance
Leading bank for arranging new bonds on behalf of Swedish issuers	Prospera

5 questions for Magnus Carlsson

How would you summarise 2011?

2011 was a year characterised by a high degree of uncertainty and volatile markets, which has affected us as well as our customers. And we are pleased to see that both we and our customers have navigated well through these difficult times.

How is the Nordic and German growth strategy coming along?

Our relationship banking model is clearly appreciated. In all of the Nordic countries as well as in Germany, our customers have chosen to grow with us. We have also attracted new customers with whom we see potential for long-term relationships. We can see clear traction in all our growth markets.

What is SEB doing differently in the more volatile markets?

The needs of our customers change in turbulent times and it is important that we have a good dialogue with them. Fewer banks competing for new business and our relationship model puts the Bank in a strong position to service both existing and new customers.

How can the business model stay profitable in a continued down economy?

Our business model is customer-driven. This is evidenced by the stable earnings even in years as volatile as 2011. Our DNA and business model are attuned to supporting a high level of customer activity. Despite the weaker economy, we have not yet seen much decrease in our customers' activity. Customers are in the process of adjusting their risk strategies to the changing economic environment.

What are the main challenges and opportunities going forward?

Banking is all about long-term perspective and staying close to the customers. This is perhaps more true now than ever before. New regulations will continue to affect the entire financial industry. We intend to stick to our long-term business model. SEB has the stability and capacity to continue to support the customers in a fast-changing business environment.

The business model

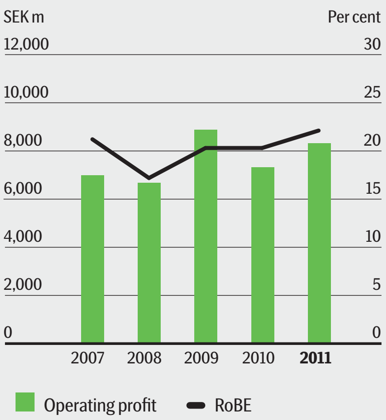
SEB has a long history of relationships with large corporate clients, and has developed a deep knowledge of different industries and banking services. Despite the increasingly competitive environment in the core markets, SEB has continued to strengthen client relationships and maintain the number one position in key areas. The customer driven business model in combination with top rated product offerings and highly qualified professionals on-board are the key success factors behind the solid performance.

Green products

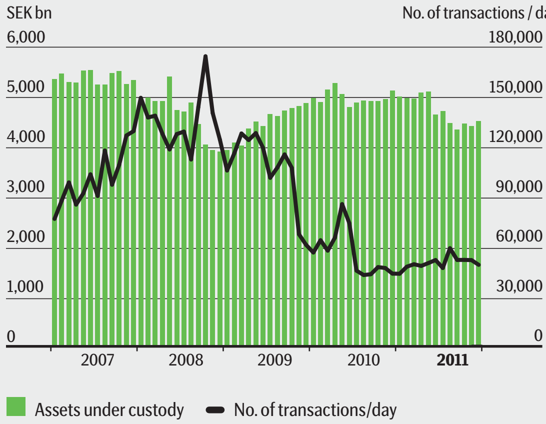
Customers as well as investors are requesting more sustainable products and services. One example is so-called 'green bonds'. SEB has underwritten USD 2bn of green bonds since the securities were first issued in 2008, which is more than any bank in the world. The idea evolved from discussions with clients who wanted to integrate climate awareness into mainstream products and there was a lack of government supply at the time. Demand for green bonds may rise in the coming years as projects related to the environment and renewable energy are expected to increase.

Financial development

Operating profit and return on business equity

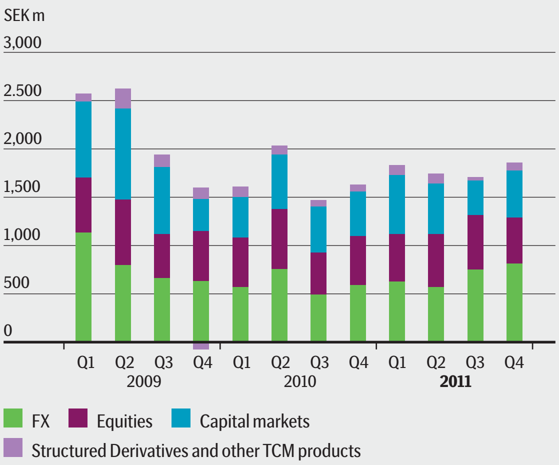


Custody volume development



Trading and Capital Markets – income

By main product cluster, excl. investment portfolios



Corporate Banking – income

Retail Banking

The Retail Banking division serves private individuals and small and medium-sized corporate customers in Sweden and is also responsible for SEB's card operations in the Nordic region. Customers have access to SEB's complete range of financial services through branch offices, telephone, Internet and mobile services.

The Retail Banking division has two business areas:

- **Retail Sweden**, with 1.6 million private customers and 160,000 small and medium-sized corporate customers, of whom approximately 117,000 are actively using the Bank's cash management services. The customers are served through 165 branch offices, the Telephone bank (2.5 million calls in 2011) and Internet (1.1 million customers).
- **Card**, with 3.2 million charge, credit, debit and co-branded cards. The business area operates in Sweden, Denmark, Norway and Finland and includes trademarks like Eurocard and Diners Club. Card also has acquiring agreements with more than 200,000 retailers.

	2011	2010
Percentage of SEB's total income	24	23
Percentage of SEB's operating profit	15	15
Percentage of SEB's staff	21	21

Income statement

SEK m	2011	2010	Change, per cent
Net interest income	5,846	5,008	17
Net fee and commission income	3,175	3,240	-2
Net financial income	302	273	11
Net other income	96	48	100
Total operating income	**9,419**	**8,569**	**10**
Staff costs	-2,694	-2,650	2
Other expenses	-3,568	-3,381	6
Depreciation of assets	-79	-84	-6
Total operating expenses	**-6,341**	**-6,115**	**4**
Profit before credit losses etc	**3,078**	**2,454**	**25**
Gains less losses on disposals of assets		-1	
Net credit losses	-476	-543	-12
Operating profit	**2,602**	**1,910**	**36**
Cost/Income ratio	0.67	0.71	
Business equity, SEK bn	10.2	9.7	
Return on equity, %	18.9	14.5	
Number of full time equivalents, average	3,532	3,404	

Turbulent economy

The positive economic outlook and rising interest rates in the early part of 2011 were replaced by increasingly negative consumer and SME confidence indicators following the Euro sovereign debt crisis. However, SEB's customers continued to be active even under these circumstances, which led to a substantial increase in the division's result for the year.

Increased corporate market share

In order to better serve corporate customers, SEB´s client executives focused on advice to the entire customer business, the company, the owner and the employees. The market share of Swedish SMEs in terms of active customers (those that use SEB's payment services) increased to12 per cent (11). Corporate credits grew by 25 per cent and the number of SME customers by 11,000 to 117,000. In addition, SEB was for the third time named SME bank of the year by Privata Affärer.

Private customer services

The strategic focus on long-term customer relationships continues. During the financial turbulence, SEB offered individual advice to 400,000 key bank customers, not least focusing on customers´ risk strategies linked to savings. This improved the long-term trend for customer satisfaction, and counteracted the link to negative factors, such as the recent media debate on banking and the financial market uncertainty, which was clear when customer satisfaction dropped during the financial downturn in August.

During 2011, SEB further developed open and accessible communication with customers, e.g. through public internet chats and uncensored customer service on Facebook and the Bank also continued the development of the applications for mobile services on smart phones and iPad.

New mandates for SEB Card

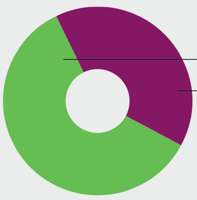
The business activity within Card was high during 2011 and SEB successfully landed and renegotiated a considerable amount of agreements. Card turnover increased by 6 per cent, while the average transaction amount continued to fall, reflecting the increase of card usage for sundry expenses.

Customers continue to request add-on services, for instance there is a significant interest in payment protection insurance. Merchants' requirements on cross-Nordic and e.com-solutions continued. There is also an increase in cross boarder issuing of cards within Europe, and growth in card volume as well as in turnover.

Focus remains on efficiency enhancement, preventing fraud and continuously improving offerings to face increased competition from new payment services online and through mobiles. Technological development and responding to regulatory change are critical success factors in the card business going forward.

Operating profit by business area

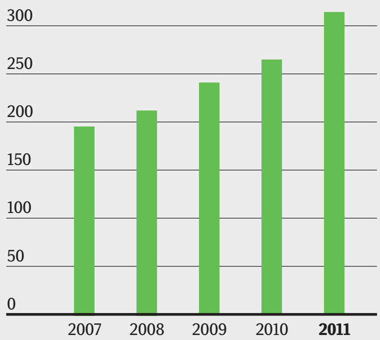
2011, per cent of total (SEK 2,602 m)



	2011	2010
Sweden	61	(60)
Card	39	(40)

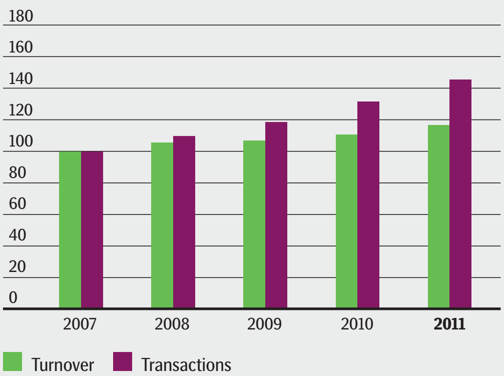
Residential mortgage loans in Sweden

Excluding commitments, SEK bn



Card development

2007 = index 100



Development of deposit volumes

SEK bn

Mats Torstendahl

36 per cent increase in operating profit

The operating profit for the division increased to SEK 2,602m (1,910). The growth in both lending and deposit volumes led to a 17 per cent increase in net interest income. Commission fees and net credit losses were stable.

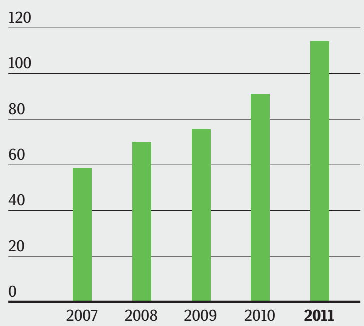
The mortgage portfolio within Retail Sweden grew by SEK 49bn (24), of which SEK 7bn relates to the acquisition of a Swedish mortgage portfolio from DNB. Retail's private customers generally have high credit scores and are located in the large cities. Most mortgage customers have a home banking relationship with SEB, and 95 per cent have loan-to values below 75 per cent. SEB continues to safeguard customers' repayment capacity by requiring amortisation and restricting the ratio of total household debt to gross income. Corporate credits increased by SEK 23bn (15) and deposits increased by SEK 21bn (17).

The Card business operating profit amounted to an all time high of SEK 1,023m (957). Total costs for the card business amounted to SEK 1,428 m (1,478). Credit losses are 27 per cent lower than previous year.

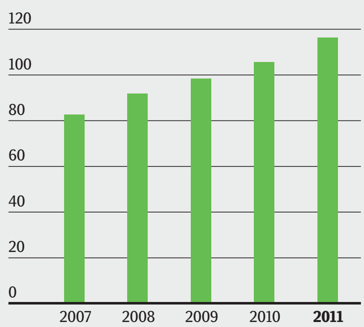
Dialogues on sustainability issues

During the year, many corporate customers, especially those with a turnover of more than SEK 200m, have engaged in discussions around sustainability matters which are increasingly important for the customers. SEB's focus on these issues was appreciated and had a positive effect on both external ratings of customer satisfaction (SKI) and was a factor in the increase of the SME market share during the year.

Corporate credits, Sweden
Loans to the corporate sector incl. commercial real estate, SEK bn



Number of small and medium-sized corporate customers, Sweden
Thousands (cash management customers)



How would you summarise 2011?

It has been a year of considerable and growing uncertainty, which towards year-end made corporate customers more inclined to put investments on hold. Private individuals opted for safety by fixing interest on their mortgages and reducing equity investments. A growing number of companies chose SEB as their banking partner, and we received the distinction as SME Bank of the Year for the third time and as Bank of the Year for the first time.

SEB wants to have the most satisfied customers. How will this be achieved?

First, customers want stability and predictability, so our focus on long-term relationships supports customer satisfaction. Accessibility is another important part of our strategy: we want our customers to be able to choose where and how they do banking. Mobile banking is an area where we can see how our customers appreciate our interfaces – more than eight million visits were made in 2011. We also offer customer support on Facebook and Twitter.

How will you fulfil the expectations of your corporate customers?

It goes back to traditional relationship banking. Our corporate customers expect a partner who understands their business . They want us to stand by their side in good times as well as bad, and they want a full-service offering – which includes being at the forefront when it comes to technical solutions.

In what way has mobile banking changed customers' behaviours?

Our customers are becoming increasingly mobile and demand services on their mobile phones, iPads and other mobile devices. This means providing fast and accessible service with a high security level.

What are the main challenges and opportunities going forward?

As always, our main challenge is to continue to earn our customers' trust; to deliver and hopefully exceed our customers' expectations; to be able to quickly offer the right advice, people and products. There is always room for improvement.

Wealth Management

The Wealth Management division offers a full spectrum of asset management and advisory services including a leading Nordic private banking offering. Its product range includes equity and fixed income, private equity, real estate and hedge fund management. It has around 1,000 employees and manages around SEK 1,200bn of assets.

The Wealth Management division has two business areas:

- **Institutional Clients** – which provides asset management services to institutions, foundations and life insurance companies and is responsible for SEB's savings offering which includes marketing and sales of SEB's mutual funds in- and outside Sweden.
- **Private Banking** – which provides asset management, legal and tax advice, insurance, financing and banking services to high-end private individuals in- and outside Sweden.

The division distributes its services mainly through its institutional client sales force, SEB Trygg Liv, SEB's retail network, its own private banking units and through third party distributors. The Investment Management organisation, with some 150 investment professionals in 25 investment teams, is responsible for the management of funds and mandates.

	2011	2010
Percentage of SEB's total income	12	12
Percentage of SEB's operating profit	9	11
Percentage of SEB's staff	6	6

Income statement

SEK m	2011	2010	Change, per cent
Net interest income	636	485	31
Net fee and commission income	3,717	3,752	-1
Net financial income	87	89	-2
Net other income	7	58	-88
Total operating income	**4,447**	**4,384**	**1**
Staff costs	-1,406	-1,298	8
Other expenses	-1,502	-1,528	-2
Depreciation of assets	-49	-84	-42
Total operating expenses	**-2,957**	**-2,910**	**2**
Profit before credit losses etc	**1,490**	**1,474**	**1**
Gains less losses on disposals of assets			
Net credit losses	-9	3	
Operating profit	**1,481**	**1,477**	**0**
Cost/Income ratio	0.66	0.66	
Business equity, SEK bn	5.0	5.3	
Return on equity, %	21.3	20.2	
Number of full time equivalents, average	1,006	963	

Stability in a volatile environment

In the volatile market environment that characterised 2011, SEB focused on providing proactive and client-focused advice. This contributed to a stable level of net new assets under management with net inflows every quarter. Operating profit which amounted to SEK 1,481m (1,477) was stable compared with 2010. Operating income increased by 1 per cent primarily from a strong development of net interest income. Base commissions and brokerage fees were in line with 2010. Performance and transaction related revenues for the year amounted to SEK 399m (409). Operating expenses increased by 2 per cent compared with previous year.

Meeting customer expectations

During the year Institutional Clients created a more integrated customer offering including mutual funds, structured products and exchange traded funds (ETF), which led to higher effectiveness and better customer support. SEB's first three ETFs under the name SpotR and a second hedge fund of fund with Private Equity upside were successfully launched.

Private Banking attracted some 1,300 new clients during the year. The strength of the Private Clients offer was again confirmed when SEB attracted SEK 24bn (26) in net new assets under management in 2011, as well as by the Banker and Professional Wealth Management, which again named SEB as best Nordic Private Bank.

In Finland, SEB received the Best Asset Manager Platinum Award by Scandinavian Financial Research and was awarded as best institutional asset manager in Finland by Prospera.

Assets under management

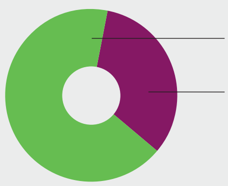
Total assets under management amounted to SEK 1,175bn (1,321). The decrease was a direct consequence of the downturn in the equity market. The stable net sales led to new customers and volumes which will have a positive effect when the market turns upward. The investment performance of two thirds of assets under management was ahead of the respective benchmarks.

Active shareholder

Wealth Management has in the past signed United Nations' Principles for Responsible Investment (UNPRI). Customers as well as shareholders expect SEB to be an active shareholder and carry out corporate responsibility in accordance with the Bank's strategy. SEB had direct and indirect discussions with around 260 Swedish and international companies regarding corruption, human rights, climate change, corporate governance and other sustainability related topics. In 2011, SEB also sponsored the UNPRI-Mistra Academic conference, one of the main conferences globally regarding responsible investments. This gave SEB an opportunity to connect customers with academic leaders in the field.

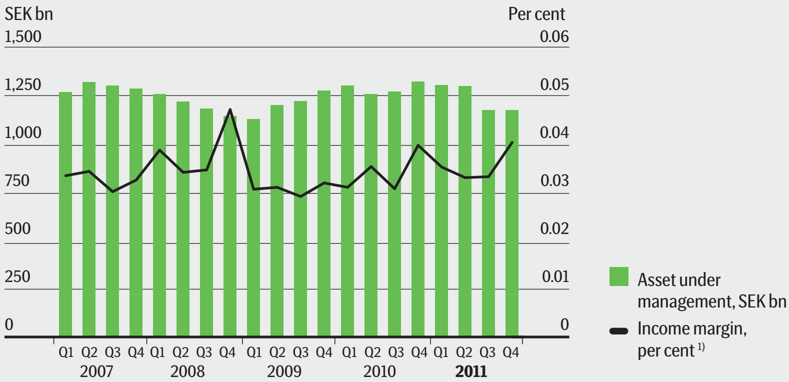
Operating profit by business area

Per cent of total (SEK 1,481 m)



	2011	2010
Institutional Clients	67	(63)
Private Banking	33	(37)

Assets under management and income margin



1) Quarterly operating income (annualised)/average quarterly assets.

5 questions for Anders Johnsson

How would you summarise 2011?

Although the difficult market conditions made 2011 a challenging year, we made progress in areas that we could impact. Our funds performed well relative to their benchmarks and nearly 1,300 new private banking customers entrusted us with their assets.

What is your market view and will Wealth's services change in this market?

We are operating in turbulent times. This requires continued focus on providing customers with reliable risk-mitigating advisory services, such as asset allocation and long-term investment strategies. Unlike many competitors in the financial crisis we have continued to invest in analysis systems and new products to further strengthen our fund management offerings.

What have you learned from the crisis and how will this be of benefit going forward?

In the area of wealth management we view the events of 2011 as a continuation of previous downturns, so it is a matter of having the right competence, experience and products in place to be responsive as customer needs change.

Why should customers entrust you with their assets in this market?

Sound advice on investment strategies and risk management is all the more important in turbulent times. Having a stable investment partner is just as important. We have proven ourselves in both these areas.

What are the main challenges and opportunities going forward?

Many of our customers saw major drops in their investment value in 2011 in line with the general movement in the markets. If we can help custom-tailor our clients' investments to their risk appetite and help them see beyond the gloom, it is possible to identify and realise business opportunities. Therefore, we have to maintain both a short- and long-term perspective.

Life

The Life division is responsible for all of SEB's life insurance operations and is one of the leading Nordic life insurance groups. Within unit-linked, SEB is number one in Sweden and number two in Denmark.

The Life division has three business areas:

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

The operations comprise insurance products, mainly unit-linked, within the area of investments and social security for private individuals and companies. The division has 1.8 million customers and is active in Sweden, Denmark, Finland, Ireland, Luxembourg, Estonia, Latvia, Lithuania and Ukraine. The division is also present on several markets in continental Europe through insurance mediators.

SEB's traditional life insurance operations in Sweden are mainly conducted through the mutually operated insurance company Gamla Livförsäkringsaktiebolaget SEB Trygg Liv. This company is not consolidated with SEB Trygg Liv's result and SEB Trygg Liv does not have control of the entity. Gamla Liv is closed for new business.

	2011	2010
Percentage of SEB's total income	11	12
Percentage of SEB's operating profit	11	16
Percentage of SEB's staff	8	7

Income statement

SEK m	2011	2010	Change, per cent
Net interest income	-33	-11	200
Net life insurance income	4,504	4,550	-1
Total operating income	**4,471**	**4,539**	**-1**
Staff costs	-1,193	-1,123	6
Other expenses	-536	-589	-9
Depreciation of assets	-785	-690	14
Total operating expenses	**-2,514**	**-2,402**	**5**
Operating profit	**1,957**	**2,137**	**-8**
Change in surplus values, net	1,188	1,045	14
Business result	**3,145**	**3,182**	**-1**
Change in assumptions	-179	-243	-26
Financial effects of short-term market fluctuations	-1,897	626	
Total result	**1,069**	**3,565**	**-70**
Cost/Income ratio	0.56	0.53	
Business equity, SEK bn	6.4	6.0	
Return on equity, %			
based on operating profit	26.9	31.3	
based on business result	43.2	46.7	
Number of full time equivalents, average	1,270	1,190	

Acquisition of Irish Life International

The portfolio bond offering was enhanced through the acquisition of Irish Life International (ILI). The acquisition strengthens the distribution capacity across Europe, especially in the Private Banking segment. The company had assets under management of SEK 17bn and premium income of SEK 2bn on a yearly basis.

Solid result despite volatile markets

After a year of economic uncertainty and market volatility, the operating profit for the Life division decreased by 8 per cent compared with 2010, which was the division's best year to date. Unit linked income, which represents 57 per cent of total income and 84 per cent of total sales, increased by 3 per cent due to the acquisition of ILI, while income from traditional and risk insurance and other income fell by 6 per cent. Total costs increased by SEK 112m, whereof SEK 85m is related to the acquisition of ILI.

Solvency ratios were stable over the year.

Assets under management

The net inflow in unit-linked funds was SEK 7.7bn and due to the stock market decline, the depreciation of value was SEK 17.9bn. The Irish acquisition contributed with SEK 17.5bn. During the year, the unit-linked fund value increased by SEK 7.3bn to 186.8bn. The share of corporate paid policies was 68 per cent (65). Total assets under management amounted to SEK 420bn, a decrease of 1 per cent from year-end 2010.

Meeting customer needs

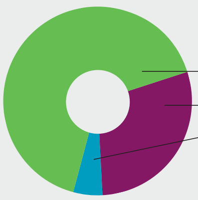
During the year, the work continued to strengthen advisory and client service support activities to assist clients in times of

Volumes

	2011	2010
Sales volume (weighted), SEK m		
Traditional life and sickness/health insurance	6,743	7,111
Unit-linked insurance	35,394	41,376
Total	**42,137**	**48,487**
Premium income, SEK m		
Traditional life and sickness/health insurance	6,696	6,946
Unit-linked insurance	22,238	23,522
Total	**28,934**	**30,468**
Assets under management (net assets), SEK bn		
Traditional life and sickness/health insurance	233.2	244.6
Unit-linked insurance	186.8	179.5
Total	**420.0**	**424.1**

Operating profit by business area

Per cent of total (SEK 1,957 m)

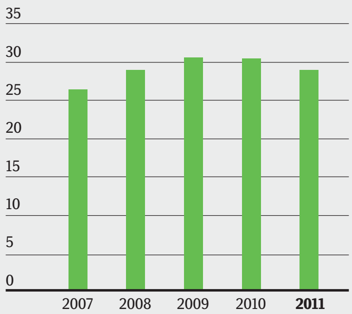


	2011	2010
SEB Trygg Liv, Sweden	66	(68)
SEB Pension, Denmark	29	(24)
SEB Life & Pension, Int'l	5	(8)

turbulence in the financial markets. In a future perspective, individual responsibility for retirement will be much more important since the current system cannot support the aging population. Solutions for private health care as a complement to the public health system will also come more into focus. Our customers are adjusting to this new situation step by step. As a financial institution, the Group has an important role in this development. The Life division is preparing in many ways to meet the expected need for advice and products when it comes to planning for retirement, asset management after retirement and health insurance solutions.

Development of premium income

SEK bn



5 questions for

Jan Stjernström

How would you summarise 2011?

It has been a challenging year, with considerable turbulence in the stock market. In this environment we have focused on providing sound advice to our customers – especially those who are approaching retirement. We have also further developed our mutual fund offering to ensure that our customers can tailor an investment portfolio that is aligned with their needs and desired risk level.

How will you defend your position as a leading provider of Swedish unit-linked insurance?

We will continue to develop, refine and simplify our offering. One prioritised area is to increase accessibility for our customers, regardless of the way in which they choose to use our services.

Should customers be worried about their retirement savings?

I hope the situation does not cause them undue anxiety, but of course as individuals we all have to realise that the decisions we make affect our future retirement. Our responsibility is to explain the importance of insurance protection and risk diversification, and to advise customers on the best way to manage their assets also during the time they are drawing benefits.

What is SEB's view on transfer rights?

With respect to defined contribution occupational pensions, we are definitely in favour of the possibility to freely transfer insurance-based savings – including collectively contracted occupational pensions – since the responsibility for making investment decisions lies with the employee.

What are the main challenges and opportunities going forward?

We need to work together with the public sector to find joint solutions for meeting the challenges facing welfare systems in the future. The new and harmonised regulatory environment within the EU is a step toward creating new conditions and opportunities. Our acquisition of Irish Life International should be viewed in this context. We can now offer customers portfolio bond solutions in many European countries.

Baltic

The Baltic division encompasses the Retail and Corporate Banking operations in Estonia, Latvia and Lithuania, as well as the Baltic real estate holding companies.

The Baltic division serves 1.8 million active private customers and 130,000 active small and medium-sized companies in Estonia, Latvia and Lithuania. Customers have access to SEB's complete range of financial services through the branch office network, telephone and e-banking services.

The Baltic division has three business areas:

- **Estonia,** with a network of 37 branch offices servicing 490,000 private customers and 49,000 small and medium-sized companies.
- **Latvia**, with a network of 49 branch offices servicing 430,000 private customers and 32,000 small and medium-sized companies.
- **Lithuania**, with a network of 55 branch offices servicing 880,000 private customers and 49,000 small and medium-sized companies.

	2011	2010
Percentage of SEB's total income	8	9
Percentage of SEB's operating profit	16	2
Percentage of SEB's staff	19	20

Income statement

SEK m	2011	2010	Change per cent
Net interest income	1,980	1,923	3
Net fee and commission income	894	964	-7
Net financial income	365	401	-9
Net other income	-33	52	
Total operating income	**3,206**	**3,340**	**-4**
Staff costs	-699	-728	-4
Other expenses	-1,113	-1,177	-5
Depreciation of assets	-133	-296	-55
Total operating expenses	**-1,945**	**-2,201**	**-12**
Profit before credit losses etc	**1,261**	**1,139**	**11**
Gains less losses on disposals of assets	2	-5	
Net credit losses	1,485	-873	
Operating profit	**2,748**	**261**	
Cost/Income ratio	0.61	0.66	
Business equity, SEK bn	8.1	11.8	
Return on equity, %	30.0	2.2	
Number of full time equivalents, average	3,145	3,208	

Stabilisation after the crisis

The Baltic economies all had strong export-led growth during the course of 2011, although there was a marked slow-down during the fourth quarter. The Baltic economic growth seen in 2011 and in 2010 stands in contrast to the recession experienced in the region in 2008 and 2009.

Customer demand for loans was robust in the first three quarters, but somewhat lower in the fourth quarter. Gross loan volumes were SEK 101bn at year-end 2011, roughly unchanged to year-end 2010. The intensive work of SEB's work-out teams, together with the improved economic environment in the Baltics in 2011 resulted in a 23 per cent decline in non-performing loans during 2011, while the reserve ratio decreased to 63 per cent (66). An important aspect of the work-out process has been to find solutions of benefit to the customers and at the same time protecting the interests of SEB.

Deposit volumes increased in each country in 2011. The overall deposit volume of SEK 66bn increased by 15 per cent. In Lithuania, SEB was selected as the main paying agent for the government's deposit insurance fund and by the end of the year, 80 per cent of the fund had been disbursed.

Fulfilling customer expectations

The integration of Trading and Capital Markets and Global Transaction Services into the Baltic division at the start of 2011 allowed better products and services and an enhanced client experience for the corporate customers. Private customers have been offered a simplified daily economy through a range of packaged services and budget tools. For SME customers SEB has launched a new mobile service in Estonia and in Lithuania. In Estonia, a new Internet bank was launched.

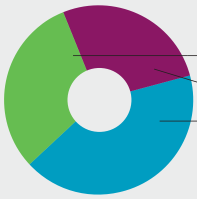
Improved operating profit

Operating profit of SEK 2,748m (261) for

David Teare

Operating income by business area

Per cent of total (SEK 3,206 m)



	2011	2010
Estonia	31	(29)
Latvia	27	(28)
Lithuania	42	(43)

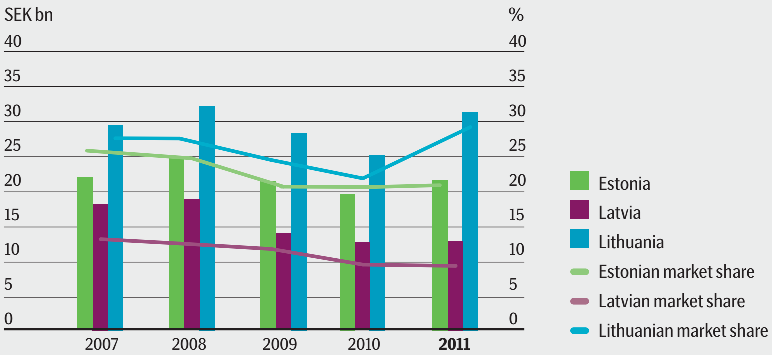
2011 included a net release of credit provisions of SEK 1,485m (-873). Operating income decreased to SEK 3,206m (3,340). In local currency, operating income increased. Net financial income was 9 per cent lower than in 2010, with less FX transactions undertaken in Estonia, which joined the euro-zone on 1 January 2011. Operating expenses of SEK 1,945m were 12 per cent lower than last year. At year end, SEB's Baltic real estate holding companies held assets with a total volume of SEK 1,455m (399). The operating loss in 2011 for the real estate companies was SEK 63m (25).

Awards to SEB in the Baltics

Some 70,000 new home bank customers joined SEB during 2011. Throughout the Baltic region, SEB holds a strong market position in the corporate, private and SME markets, and the Bank has achieved high customer-satisfaction ratings.

SEB received several banking awards during the year. Most notably, The Banker named SEB as the Best Bank in both Estonia and in Latvia for 2011. In addition, SEB's work in the Baltic corporate sustainability area was recognised through a number of awards. In Estonia, a high Corporate Social Responsibility ranking was achieved (EPSI), In Latvia the "Powered by Green" hallmark was awarded by JSC Latvenergo and SEB achieved the Gold Category in the Annual Sustainability Index. SEB was awarded the title of Most Attractive Employer in Lithuania across all industries.

Deposits volume and market share



How would you summarise 2011?

As things initially appeared, we thought the world economy would recover in 2011, but in the end it was everything but that. The continuing European debt crisis is casting a shadow of uncertainty over the strength of the fledgling recovery. Also, at the end of the year, the Baltic region was affected by dramatic local bank failures in Lithuania and Latvia.

What can European politicians learn from the Baltic crisis?

The most important lesson is that leaders in the Baltic countries took responsibility and really focused on executing tough but necessary actions to restore competitiveness and enable long-term growth.

In what way has SEB changed its routines after the Baltic bank crisis?

We have moved from product orientation to customer orientation, meaning that we focus less on selling individual products and more on creating long-term relationships based on a comprehensive view of the customers' needs. We work extensively with competence development and increased co-operation between the countries.

What are some of the banking trends you see today in the local markets?

We see what we have previously experienced in Sweden – a greater availability of automated transaction services and a growing need for personal advisory services. Trust issues are critical – in the wake of the Latvian and Lithuanian bank failures, it's important that customers feel they can trust their bank and that their bank is a good and active corporate citizen.

What are the main challenges and opportunities going forward?

The main challenges and opportunities are to continue to grow in tandem with our customers and markets while keeping a close eye on our costs and risks.

Business support

Banking and technology are closely intertwined. Today the major share of SEB's transactions are entirely automated, and customers' contacts with the Bank are largely conducted via IT channels such as the Internet and mobile phones.

Business Support with 3,800 employees includes:

- Customer support
- Transaction processing, e.g. booking, settling and reconciling
- IT services
- Maintenance and development of IT systems
- IT strategy and portfolio management
- *SEB Way* - a Group-wide programme for continuous improvement.

Ten years ago 22 per cent of payments in SEB were processed straight-through. In 2011 the correspondent share was 97 per cent.

A similar trend towards a significantly higher level of automation can be seen in many other areas of SEB's operations, even though there are naturally areas that require dialogue and personal handling.

Previously, IT was used mainly as administrative support. Today it is an integrated part of doing business. IT-based solutions account for a very large share of the services we provide to our customers.

Clear governance systems

In 2011, SEB established a new decision-making procedure for its IT operations. A new dedicated unit was set up for governance and prioritisation of investments in co-operation with the business units, while the different IT and support units are responsible for efficiency and quality of the operations.

Quality and security front and centre

High quality is paramount for IT operations. Systems and processes must work, and customers must be able to feel secure when conducting their banking. SEB is working continuously to strengthen its critical business processes and minimise problems and risks for customers.

Renewed base systems and changed regulations

SEB is continuously developing its infrastructure to meet its customers' needs, the Bank's own expansion and various regulatory changes. Total investment for 2011 was approximately SEK 2bn.

One-fourth of investments are related to new rules for derivative trading and international direct debit payments within SEPA, the Single Euro Payments Area, which have been drawn up to protect consumers and increase transparency.

A large share of investments in general pertains to the base systems that make up the core of the Bank's operations. Many systems in the banking world were developed in the 1960s and '70s, and are therefore in need of renewal or upgrading. One example of such a renewal at SEB is the new infrastructure provided by networks and a new technical platform in Sweden, which was completed in 2011. A project that is still in progress involves a change in the systems for handling customers' fund holdings. In the Baltic countries, the base systems in Lithuania have already been entirely replaced.

In Germany, SEB continues to manage certain parts of the computer operations following the sale of the retail business to Banco Santander in 2011, until the new owner can take over in summer 2012. Parallel with this, work is continuing on adapting the Bank's IT systems to the future business operations.

New Internet bank

The largest, ongoing individual investment involves creating a new and improved Internet bank. As a first step, the launch of the new Internet bank for private customers is planned for 2013. Enhanced navigation, simplified functions and a modern graphical design are examples of changes in order to improve customer service. The next step will be to introduce a new Internet bank service for small and medium-sized companies.

Today the Internet accounts for 85 per cent of the Bank's interface with private individuals and small businesses. In 2011, the number of customers of SEB's Internet banking service for private individuals in Sweden increased by 7 per cent, while the number of customers in SEB's Internet bank for companies rose by 10 per cent.

Dramatic increase for mobile bank services

SEB was early to adopt the mobile technology and introduced its Mobile Bank already in 1991. But it was not until SEB launched its iPhone app in May 2010 that use of the service really took off.

In June 2011, SEB launched the opportunity to scan OCR numbers on bills using a mobile phone. With this new service, the number of log-ins from mobile devices grew to 1.5 million per month.

In Sweden, SEB was named Mobile Bank of the Year in 2011, while in Estonia, SEB launched its first iPhone app.

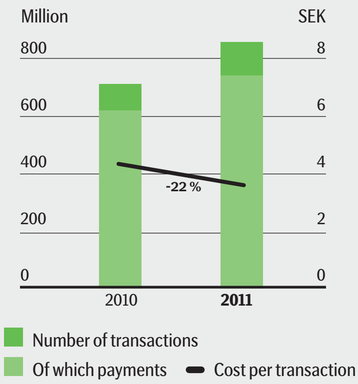
Greater efficiency through partnerships and outsourcing

Between 2010 and 2011 the production cost per transaction decreased by 22 per cent. This was achieved through a combination of own IT development, increased used of automated solutions by customers, and external factors. For cost and efficiency reasons, SEB has elected to co-operate with international business partners and to outsource certain assignments to external IT companies and consultants.

Back office in the Baltic countries – increased efficiency and improved structure

In 2004, SEB made a strategic decision to move parts of its back office activities to the Baltic region. Processes and back office routines for trading, payments and securities are handled by Riga Operations Centre in Latvia, with 250 employees. Parts of the reidential mortgage process, account handling, and HR and IT processes are handled by Vilnius Operations Centre in Lithuania, with 100 employees. As a result of the transfer of these operations, not only can we handle greater volumes at a lower cost, but the processes for the Bank's global operations have become more structured. Moreover, the changes were achieved with unchanged high customer satisfaction.

Number of transactions



IT– an integrated part of SEB's business

SEB's IT platforms and electronic channels make up an integral part of the Bank's customer offering...

- FX platforms – 20,000 users, more than USD 1 trillion in annual volume
- Securities trading platforms – 2.5 million transactions per day
- 735 million payments, of which 97 per cent straight-through processed, per year
- Electronic channels for large corporate and institutional customers – 50,000 customers internationally, SEK 26 trillion in annual volume
- Internet and mobile banking services in Sweden – 5 million Internet bank log-ins and 1.5 million mobile banking visits per month

... at the same time that they provide opportunities for improved efficiency and risk management through

- Straight-through processes and efficiency workflows
- Management information
- Monitoring, control and security

Martin Johansson

How would you summarise 2011?

We have structured the operations in a clear client role and a supplier organisation. This enables us to take a holistic approach to our development portfolio and truly prioritise the activities that are most effective and generate the most benefit from the customer perspective.

How can Business Support strengthen customers' perception of SEB?

Today 97 per cent of our business transactions are transacted via various types of IT systems. We are currently in the midst of a review of the entire flora of systems. In 2013, we will deliver a new Internet bank for private individuals, and long-term we have plans to develop a better and more uniform portal for corporate customers.

We have also increased the quality and speed of our transactions. We are now taking further steps to simplify the customers' transaction flows and reduce the unit cost per transaction.

What are the three most important focus areas for Business Support?

We are continuing the work on modernising and consolidating our IT infrastructure, expanding our shared services centres in the Baltic region and continuing our efforts to increase the efficiency of administration and development of our IT assets.

You took over as Head in November 2011. What changes has this entailed?

We have laid a solid foundation and are working with the right things. I see no need to change direction. We are continuing on the decided path and are stepping up the pace of our productivity and efficiency improvement work.

What are the main opportunities and challenges going forward?

We have good opportunities for cost reductions without curtailing either the quality or growth of the Bank's business. At the same time, we are facing some formidable challenges with respect to carrying out a necessary generation shift and consolidation of our IT structure.

Risk, liquidity and capital management

After a period of relative calm in the financial markets in 2010, the global economy faced major challenges in 2011 . The importance of financial resilience, stability and proactive risk management has once again come into focus. Drawing on lessons learned from the previous financial crisis, SEB has implemented changes in its management of business volumes, pricing, risk, capital, funding and liquidity which will enable the Group to continue to serve its customers in times of uncertainty.

Focus areas in 2011

Growing signs of a protracted economic downturn as a result of the current sovereign debt crisis in Southern Europe are changing the financial institution environment and are leading to greater demands for financial strength by politicians, regulators, customers and investors. During the year, SEB's main risk management objective was to maintain and improve its strong financial position and manage asset quality overall and in key areas.

During the year, SEB's relative financial strength was confirmed in the independent stress tests conducted by the European Banking Authority, the Swedish Central Bank and the Swedish Financial Supervisory Authority.

Resilience and stability in liquidity and funding

Liquidity risk has become more pronounced. Access to liquidity and funding, which financial markets participants largely took for granted before, is now out of reach for many banks and may be available to others, but at a higher cost. In order to prevent future bank defaults and to protect the financial system as a whole, regulators have announced their intent to impose stricter regulatory liquidity-related requirements on financial institutions. Further stabilisation was created by central banks' liquidity injections in the financial markets.

In this situation, SEB, like many banks, has been and will be focusing on restructuring the liquidity management process, redefining the funding strategy and is also reviewing and adjusting the funding structure. From a practical point of view, SEB's balance sheet management focused on improving the funding profile in terms of maturity and type of funding. SEB actively extended the duration to lower the concentration of maturities within one year.

SEB was successful in raising new funding throughout the year, particularly in the form of covered bonds, SEK 95bn, but also in senior unsecured funding, SEK 24bn. The unutilised cover pool in the mortgage portfolio, especially in Sweden, will be one of several valuable sources of funding also going forward. At year-end, the matched funding of net cash inflows and outflows was more than 2 years. With a loan-to-deposit ratio of 129 per cent (138) at year-end, excluding repos and debt securities, SEB's funding situation is structurally sound.

At year-end, SEB had liquid resources, as defined by the members of the Swedish Bankers' Association, amounting to SEK 377bn. SEB's total liquid resources, including net trading assets and unutilised collateral in the cover pool, amounted to SEK 616bn. The liquidity coverage ratio estimate at year-end was 95 per cent. Procedures for reporting and fulfilling the future net stable funding ratio requirements are being developed.

Proactive credit risk management

The development of the credit portfolio's asset quality has been closely monitored given the signs of a global economic downturn. In preparation for the increased uncertainty, special risk reviews and stress tests of sub-portfolios have been made and credit limits for selected industry segments and geographies have been reviewed during the year. Asset quality continues to be strong with few signs of negative credit risk migration. The level of impaired loans peaked in 2009 and has fallen since.

Asset quality in the Baltic countries continued to improve. Even though most corrective actions were taken as early as 2009 and there were strong signs of improvements in 2010, the portfolios have been scrutinised also this year. The corrective actions taken in the Baltic countries have paid off. These are credit reviews, on a loan by loan basis in many cases, the decision to decrease exposure at the expense of giving up market share and working out reasonable solutions to enable private customers with mortgages to keep their homes.

These actions in the Baltic countries in combination with the continued economic recovery, have allowed SEB to reverse SEK 1.5bn of provisions for Baltic credit losses in total in 2011.

Proactive risk management of bond portfolios

At year-end, SEB's holdings of debt securities for investment, liquidity management and client facilitation purposes amounted to SEK 291bn (322). During 2011, SEB continued to strengthen the quality of these holdings in order to balance risk-adjusted return, funding requirements and capital utilisation. Significant strategic shifts in the investment portfolio were proactively carried out and the portfolio was reduced by SEK 20bn. Holdings of unsecured financials and structured bonds were replaced with higher credit quality sovereign, supranational and covered bonds. The total exposure to Greece, Italy, Ireland, Portugal and Spain amounted to nominal SEK 14bn, or 5 per cent of the total bond portfolio. The exposure is proactively managed and securities at a nominal amount of SEK 4.5bn were sold during the year in order to avoid uncertainty around future valuation. At year-end, the book value of these exposures was SEK 12bn.

Regulatory environment

Financial institutions are being required to substantially improve their capital and liquidity positions to ensure that they will remain strong and resilient even under stressed scenarios. The overall purpose is to protect the financial system as a whole. The new regulatory requirements are being implemented stepwise. The table below provides a brief overview of the requirements.

Rule and purpose	Method	Implementation	Status in SEB
Core Tier 1 and Tier 1 capital ratios, Basel II, for banks			
Implement a more risk-sensitive capital framework than Basel I and promote the adoption of stronger risk management practices by the banking industry.	Greater use of banks' internal risk models as input for capital requirement calculations. Provides banks with a range of options for determining capital requirement for credit risk and operational risk.	Swedish banks started to apply Basel II on 1 February 2007. However, Basel I floors are still applicable for banks using advanced internal risk models.	Implemented. SEB's core Tier 1 ratio of 13.7 per cent at year-end is one of the highest in Europe.
Core (common equity) Tier 1 and Tier 1 capital ratios, Basel III, for banks			
Raise the quality, quantity and transparency of the capital base as well as enhance the risk coverage of the capital framework. Move from protection of 'gone concern' to 'going concern'.	Common equity must be the predominant form of Tier 1 capital. Introduction of capital buffers above minimum requirements. Higher capital requirement for OTC derivatives, etc.	The new framework is planned to be implemented by 1 January 2013, but it is still unclear if and to what extent it will be phased in.	Meets the required capital levels as currently defined. SEB's common equity Tier 1 ratio of 12.5 per cent at year-end is one of the highest in Europe.
Leverage ratio, Basel III, for banks			
Constrain build-up of leverage, thus helping to mitigate the risk of destabilising deleveraging processes and providing additional safeguards against model risk.	Introduce a simple, non-risk-based, backstop measure which is proposed to relate Tier 1 capital according to Basel III, to the bank's total balance sheet (both on- and off-balance sheet items).	Supervisory reporting of leverage ratio starts on 1 January 2013. Disclosure of leverage ratio starts on 1 January 2015. It is still unclear if the leverage ratio will become a binding minimum requirement.	Meets the requirements as currently defined.
Liquidity coverage ratio (LCR), Basel III, for banks			
Ensure that banks maintain adequate liquidity reserves to withstand periods of stress.	Require banks to hold an adequate level of high-quality liquid assets that can be converted to cash to meet liquidity needs under a 30 day stressed scenario specified by supervisors.	Supervisory reporting of LCR has already started for Swedish banks. Swedish authorities aim for implementation by 1 January 2013. The proposed implementation date by the EU is on 1 January 2015.	Currently around proposed levels.
Net stable funding ratio (NSFR), Basel III, for banks			
Limit overreliance on short-term wholesale funding.	Introduce a standard that is structured to ensure that long-term assets are funded with at least a minimum amount of stable funding.	Supervisory reporting of NSFR has already started for Swedish banks. The EU will evaluate NSFR and may submit a legislative proposal in a few years.	Migrating towards meeting proposed levels. In disagreement with many of the regulatory assumptions, in particular regarding the treatment of corporate deposits.
Solvency II, for insurance companies			
To protect policyholders by creating pan-European rules for governance, internal control and capital requirement to ensure the ability to meet all obligations.	Detailed requirements regarding governance, documentation and reporting. More risk-sensitive models, comprising relevant risks, can be used to measure capital requirement.	The full requirement of Solvency II is expected to be implemented on 1 January 2014. Certain changes are expected in 2012. Thereafter, the EU will issue rules for implementation.	In the process of implementing required changes. SEB's insurance business is focused on the unit-linked segment, which limits the impact.

Further information on liquidity and insurance risk and capital is provided on pages 49-53.

Holistic management process

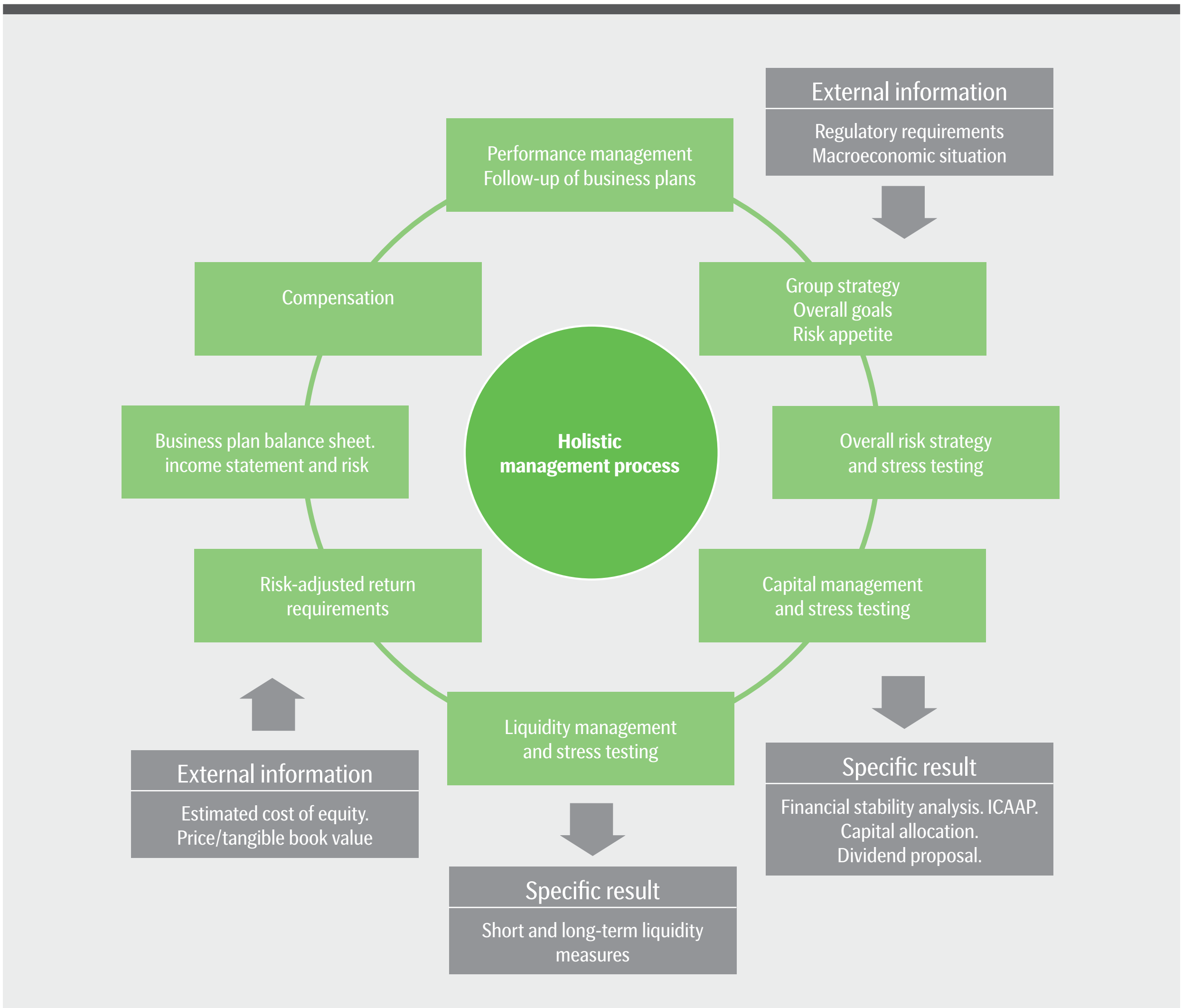
SEB strives for a holistic management process where business and financial planning, risk management, capital management, liquidity and funding planning and result and performance management are interconnected, continuous and interactive. The ultimate goal is to create shareholder value over time. To understand the financial consequences of business decisions on all levels and how they affect shareholder value, SEB proactively manages three main aspects: (1) growth, mix and risk of business volumes, (2) capital, funding and liquidity requirements driven by the business and (3) profitability (return on equity). Targets are set and reviewed on a regular basis to manage and optimise resources in respect of these aspects.

Based on SEB's overall goals, strategy and risk appetite as well as external factors such as the prevailing macroeconomic outlook, regulatory requirements and market expectations, the business units' business plans are updated and combined in an iterative process into a Group business plan that is updated annually. This plan includes an analysis of the Bank's risk profile, funding, liquidity and capital requirements. Implementation of the plan in daily operations drives earnings and the return on equity over the planning period. An important part of the business plan is the risk strategy, which describes the Group's risk profile as a result of the overall business plan and compares this with the Board's risk appetite. The risk strategy is approved by the Board.

Stress testing

The business plan and targets are complemented with stress tests, which are an important part of SEB's long-term capital assessment process. Potential loss and the effect on earnings and thus available capital are evaluated. The capital under stress is compared with internally and externally required capital. The aim of the stress tests is to assess the Group's financial strength under much worse conditions than assumed in the business plan. It is an important part of the business planning process. Similarly, liquidity risk is regularly stressed to test the Bank's ability to withstand externally generated liquidity squeezes.

Macro- and microeconomic factors are major drivers of risk with respect to SEB's earnings and financial stability. SEB has developed a comprehensive stress testing framework covering all main risks and with particular focus on the risk of credit losses which contrasts key economic criteria from recession scenarios with historical economic factors underlying the data used in the average through-the-cycle credit models. The projected risk level in the Group is related to annual earnings and available capital resources. In the stressed scenarios, pro-



Risk management objectives

Managing risk is a core activity in a bank and therefore fundamental to long-term profitability and stability. Risk is closely related to business activities and business development and, therefore, to customer needs. Of the various risks that SEB assumes in providing its customers with financial solutions and products, credit risk is the most significant.

SEB's profitability is directly dependent upon its ability to evaluate, manage and price the risks encountered, while maintaining an adequate capitalisation and liquidity to meet unforeseen events. To secure the Group's financial stability, risk and capital-related issues are identified, monitored and managed at an early stage. They also form an integral part of the long-term strategic planning and operational business planning process.

The Group applies a robust framework for its risk management, having long since established independent risk control, credit analysis and credit approval functions supported by a toolbox of advanced internal models. Board supervision, an explicit decision-making structure, a high level of risk awareness among staff, common definitions and principles, controlled risk-taking within established limits and a high degree of transparency in external disclosures are the cornerstones of SEB's risk and capital management.

jected earnings are lowered, credit losses are increased both for individually and collectively assessed loans and capital requirements for the credit portfolios are increased due to worse average risk classes. The stress testing framework uses both internal and external default and loss data in concert with historical macro- and microeconomic data to simulate an effect on the Group's current portfolio. In this way, the sensitivity of different parts of the portfolio can be identified which enables the Group to manage risk more effectively.

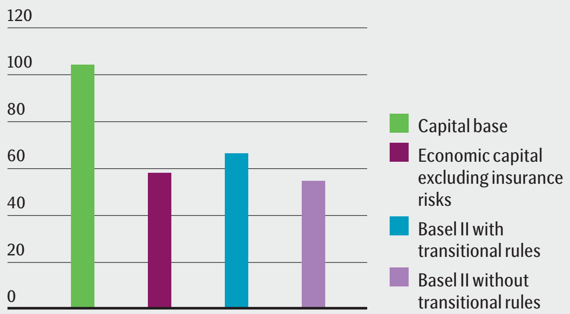
In 2011, SEB participated in the stress test conducted by the European Banking Authority, which involved stressing market and credit risk in SEB's portfolios based on specific economic scenarios given by the supervisors. SEB used the method described above to create an objective link between the scenario and estimated credit losses. Scenario data such as GDP and unemployment were used to simulate credit losses for each of the major countries represented in SEB's credit portfolio, resulting in increased credit losses, reduced interest income and thus a substantial decline in earnings. Owing to SEB's robust Tier 1 capital level, the result of the stress test put SEB in the top ten per cent of European banks by capitalisation after the stress events. Also, the two stress tests performed by the Swedish Central Bank and the Swedish Financial Supervisory Authority during 2011 confirmed SEB's strong capitalisation under stressed conditions and in a Basel III environment.

Management of regulatory and economic capital

SEB's capital is managed centrally and in accordance with local requirements for statutory capital. The Group's capital policy, which is set by the Board of Directors based on recommendations from the Asset and Liability Committee and the Risk and Capital Committee, defines how capital management

Capital base vs. internal and external requirements

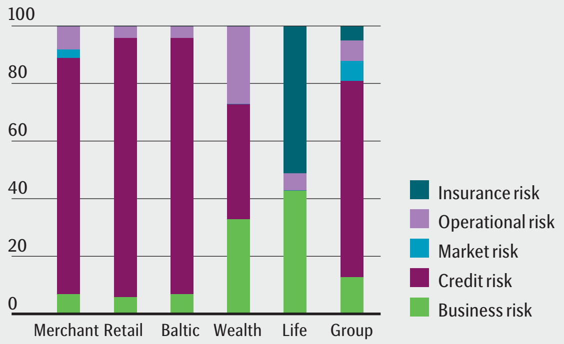
SEK bn



Basel II capital requirement illustrated based on RWA multiplied by 8 per cent.

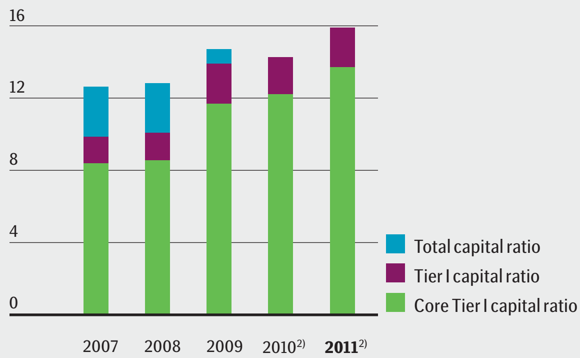
Risk composition per division 2011

Per cent



Capital adequacy[1)]

Per cent



Capital base SEK bn	2007	2008	2009	2010[2)]	**2011**[2)]
	93.0	*104.7*	*107.3*	*99.1*	*103.4*

1) Basel II (without transitional rules).
2) Total capital ratio is less than the Tier I capital ratio. See page 52.

should support the business goals, dividend policy and rating targets. The policy is reviewed annually.

The Chief Financial Officer is responsible for the process of assessing SEB's capital requirements in relation to the Group's risk profile, and for proposing a long-term plan for maintaining sufficient capital strength. This Internal Capital Adequacy Assessment Process (ICAAP) is integrated with the Group's business planning and is part of the internal governance framework and internal control systems. Together with continuous monitoring and reporting of capital matters to the Board, this ensures that the relationships between equity, economic capital and regulatory and ratings-based requirements are managed in such a way that SEB does not jeopardise the profitability of the business or the Group's financial strength.

SEB uses an economic capital framework for its internal capital assessment and performance evaluation. This internal framework bears strong similarities to the Basel II regulatory framework for capital adequacy in that many of the underlying risk drivers are the same. The calculation of economic capital is based on a confidence level of 99.97 per cent. This represents the capital requirement for an AA-rating. At year-end 2011, the Group's internal capital requirement for the Group, calculated as economic capital, was SEK 67.0bn (67.6), with credit risk and insurance risk being the largest risk components. Due to the diversification effect of aggregating risks across divisions, the Group's total capital requirement is considerably lower than if the divisions had been independent legal units.

Allocation of capital to divisions (business equity) is based on the economic capital framework. Profitability is measured by putting the reported result in relation to allocated capital, which makes it possible to benchmark the risk-adjusted return of the Group and its divisions. *Capital management and the Group's capital adequacy are further described on page 52.*

Economic capital, by risk type

SEK m	2011	2010	2009
Credit risk	52,600	53,900	58,600
Market risk	4,500	6,100	3,300
Insurance risk	21,200	19,600	19,500
Operational risk	7,300	7,300	8,700
Business risk	7,000	6,800	7,300
Diversification	-25,600	–26,100	–26,200
Total economic capital	**67,000**	**67,600**	**71,200**

Management of funding and liquidity

SEB's liquidity is managed centrally and in accordance with national requirements in each country of operation. The Group's liquidity policy and liquidity strategy, which are reviewed annually, define how funding and liquidity management should support the business goals. They are established by the Board of Directors based on recommendations from the Asset and Liability Committee and the Risk and Capital Committee. An important related decision is the Bank's desired external credit rating target in order to maintain good access to the funding markets.

The Chief Financial Officer is responsible for the process of assessing funding and liquidity requirements in relation to the Group's business volumes, refinancing and maturity profile, and for establishing a funding strategy to meet existing and planned requirements and expected changes in funding in a cost efficient way. *Liquidity risk management is further described on page 50.*

SEB risk taxonomy

		Identify, measure and manage	Control with limits	Internal economic capital modelling	Regulatory capital calculation
Credit risks	Credit	✓	✓	✓	✓
	Counterparty	✓	✓	✓	✓
	Concentration	✓	✓	✓	
Market risks	Trading	✓	✓	✓	✓
	Banking	✓	✓	✓	
Operational risks	Operational	✓		✓	✓
Business risks	Business	✓		✓	
Insurance risks	Market risk	✓	✓	✓	✓
	Underwriting risk	✓		✓	
	Surplus value risk	✓		✓	✓
Liquidity risk	Liquidity	✓	✓		

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 comprises counterparty risk derived from the trading operations, country risk and settlement risk.

The following section focuses on SEB's credit portfolio, in particular exposures to corporates and households in the Nordic countries, Germany and the Baltic countries. *For information on SEB's holdings of debt instruments, see box on page 45.*

Asset quality in 2011

During 2011, the trend in asset quality was markedly positive with low and stable credit loss levels and a steady reduction in impaired loans. The credit portfolio showed a positive risk class migration, in particular during the first half of the year. In the Nordic countries and Germany, portfolios continued to show robust asset quality with limited loan losses. Asset quality in the Baltics continued to improve throughout the year, with a significant decline in impaired loans, primarily as a result of strong positive risk class migration.

Individually assessed impaired loans decreased by SEK 6.1bn to SEK 11.1bn, mainly due to the continued improvement in the Baltic countries where impaired loans decreased by SEK 3.6bn, or 33 per cent. The total reserve ratio remained strong at 71 per cent. Portfolio assessed loans past due more than 60 days amounted to SEK 6.5bn at year-end, of which the Baltic region accounted for two thirds. The reserve ratio for portfolio assessed loans was 48 per cent for the Group.

Total non-performing loans peaked at year-end 2009 and has since then declined by SEK 10.5bn to SEK 18.1bn.

Credit portfolio

The Group's credit exposure, comprising the credit portfolio, repos and debt instruments, amounted to SEK 2,034bn at year-end (2,040).

The credit portfolio, which includes lending, contingent liabilities and derivative instruments, amounted to SEK 1,702bn at year-end, an increase of SEK 20bn. The sale of the German retail operations, which was completed on 31 January 2011, reduced the credit portfolio by approximately SEK 95bn. The total credit portfolio grew by 7 per cent adjusted for the German retail operations.

The credit portfolio is dominated by high quality assets based on long-term client relationships. Sweden accounts for 58 per cent of the portfolio (54). The Nordic countries and Germany together account for 88 per cent (89). The Baltic credit portfolio was unchanged during the year and the share of the total portfolio amounted to 8 per cent (8).

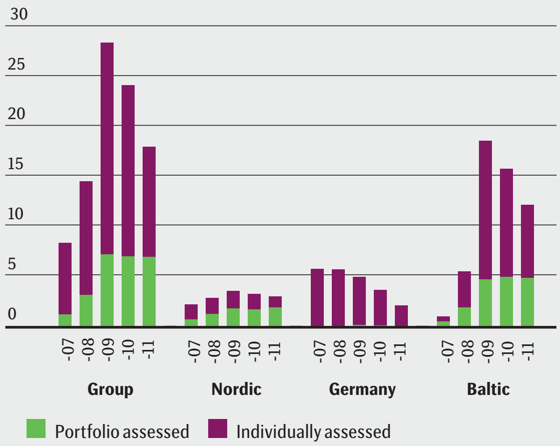
The credit portfolio is managed in five sub-segments: corporates, property management, households, public administration and banks.

The *corporate* credit portfolio is the largest segment accounting for 42 per cent (40) of the total credit portfolio. The portfolio is dominated by exposure to larger Nordic and German investment grade corporates, well distributed over a wide range of industry sectors, the largest being manufacturing and household services. The corporate credit portfolio increased by SEK 42bn during the year to SEK 708bn (666). The growth was primarily driven by an increased credit demand among larger Nordic corporates although growth was also recorded amongst Swedish SME's and German corporates. The Baltic corporate credit portfolio recorded a 5 per cent growth.

The *property management* credit portfolio is well distributed between commercial real estate (54 per cent) and multifamily exposures (46 per cent). Some 70 per cent of the portfolio refers to exposures in the Nordic countries while Germany accounts for 25 per cent. The Nordic multifamily segment relates to Sweden and comprises mainly exposures to public housing companies and tenant owner's associations, deemed to be low risk. The Nordic commercial real estate portfolio is characterised by strong counterparties and sound structures. The property management portfolio increased by SEK 33bn to

Non-performing loans

SEK bn



Credit exposure

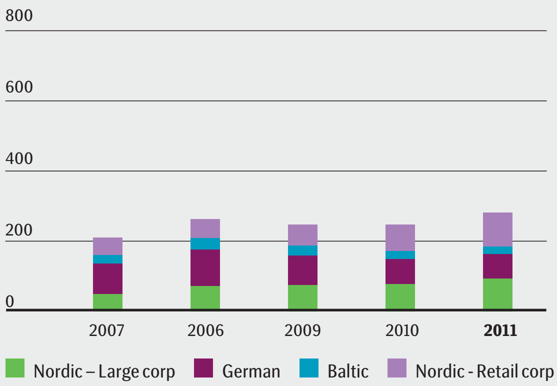
SEK bn	2011	2010	2009
Lending	1,165	1,162	1,227
Contingent liabilities	429	430	406
Derivative instruments	108	90	102
Credit portfolio	**1,702**	**1,682**	**1,735**
Repos	41	36	60
Debt instruments	291	322	361
TOTAL	**2,034**	**2,040**	**2,156**

Total credit exposure comprises the Group's credit portfolio (loans, leasing agreements, contingent liabilitites and counterparty risks arising from derivatives contracts), repos and debt instruments. Exposures are presented before reserves. Derivatives and repos are reported after netting of market values but before collateral arrangements and includes add-ons for potential future exposure. Debt instruments comprise all interest-bearing instruments held for investment, treasury and client trading purposes and includes instruments reclassified as Loans & Receivables. Debt instruments in the insurance division are excluded.

Credit portfolio development

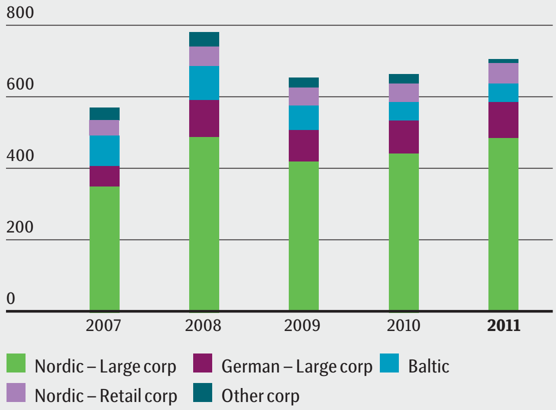
SEK bn	2011	2010	2009
Banks	154.6	184.7	228.0
Corporates	708.0	666.0	655.8
Property management	280.3	247.0	246.8
Public administration	84.3	75.5	94.7
Households	475.0	508.8	509.4
Total credit portfolio	**1,702.2**	**1,682.0**	**1,734.7**

Property management credit portfolio [1]
SEK bn



1) Geographic distribution is based on SEB's operations.

Corporate credit portfolio [1]
SEK bn



1) Geographic distribution based on SEB's operations.

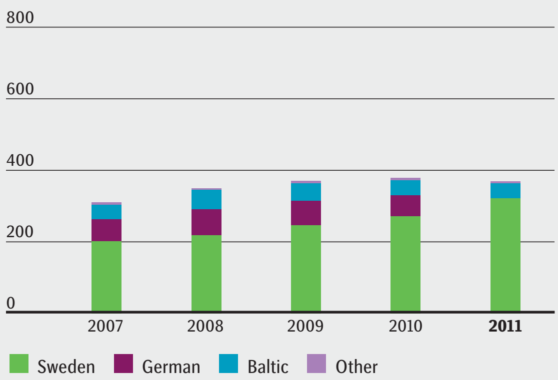
SEK 280bn. The growth mainly related to Sweden where the multifamily segment accounted for 60 per cent of the growth. The Baltic property management portfolio, with about half of the exposures in Lithuania, declined 8 per cent during 2011 to SEK 21bn.

The *Household* credit portfolio is the second largest segment amounting to SEK 475bn (509). The sale of German retail reduced the portfolio by SEK 84bn. Nordic households account for 88 per cent of the exposure, whereof Swedish household mortgages stand for the vast majority, SEK 346bn. Baltic households account for 10 per cent of the total household exposure.

The Swedish housing market has continued to be a topic of discussion during the year. The household mortgage market is characterised by life-long personal liability, a strong welfare system, a national credit bureau, a structural undersupply and regulated housing. According to the Swedish Central Bank, household assets are three times the size of their liabilities. On the other hand household indebtedness is reaching historical highs fuelled by low interest rates. The Swedish Financial Supervisory Authority introduced a regulatory maximum of 85 per cent loan to value on new mortgages valid from 1 October 2010. SEB is continuously taking measures to prepare mortage clients for less benign economic conditions and has imposed formal amortisation requirements for new loans above 75 per cent loan-to-value.

The Swedish household mortgage portfolio recorded strong growth during the year, increasing by SEK 54bn to

Household mortage loans
SEK bn



Credit portfolio by industry and geography, 2011 [1]

SEK bn	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	72.4	14.8	11.8	3.0	0.1	0.5	0.6	37.9	13.6	154.7
Corporates	343.8	25.5	84.7	50.2	15.1	15.1	23.1	101.8	48.6	707.9
Property management	170.0	2.7	9.5	7.6	5.4	4.8	10.5	68.7	1.1	280.3
Public administration	18.3	0.1	1.0	1.2	1.8	0.2	2.6	57.6	1.6	84.4
Households	387.7	4.5	25.0	1.0	16.8	11.2	20.0		8.8	475.0
Credit portfolio	**992.2**	**47.6**	**132.0**	**63.0**	**39.2**	**31.8**	**56.8**	**265.9**	**73.7**	**1,702.2**

Credit portfolio by industry and geography, 2010 [1]

SEK bn	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	92.2	15.2	10.2	2.6	0.1	0.2	0.3	51.6	12.4	184.8
Corporates	339.7	18.2	62.6	45.4	13.4	13.9	23.6	106.3	42.9	666.0
Property management	134.8	0.9	7.3	8.1	5.8	5.6	11.1	72.1	1.3	247.0
Public administration	16.8	0.1	0.4	0.9	1.9	0.2	2.3	52.8	0.1	75.5
Households	331.8	5.4	30.3	1.3	17.4	11.6	21.0	83.8	6.2	508.8
Credit portfolio	**915.3**	**39.8**	**110.8**	**58.3**	**38.6**	**31.5**	**58.3**	**366.5**	**62.9**	**1,682.0**

1) Geographic distribution is based on SEB's operations. Amounts before provisions for credit losses.

SEK 346bn. Growth was achieved despite stricter underwriting criteria and the strong portfolio asset quality was maintained. Credit losses remain negligible and the level of past due loans is low and stable. Stress tests conducted during the year based on historical default and loss rates indicate that even under a scenario of high interest rates and falling housing prices the estimated lending losses would be moderate.

The *bank* credit portfolio is closely monitored and proactively managed, particularly as a result of the euro area sovereign debt crisis impact on the banking sector. Counterparty risk arising from derivatives, securities lending and repo exposures is largely mitigated by the use of collateral arrangements. The bank credit portfolio decreased by 16 per cent to SEK 155bn, not considering collateral mitigating factors.

For more information on the credit portfolio, refer to note 18.

Credit policies

The overriding principle of SEB's credit granting is that all lending shall be based on credit analysis and be proportionate to the customer's ability to repay. Customers shall be known by the Bank and the purpose of the loan should be fully understood. In order to mitigate risks, appropriate collateral or netting agreements are used depending on the customer's creditworthiness and the nature and complexity of the transaction.

A sustainability aspect has been gradually incorporated into SEB's credit policy. In 2010 and 2011, the credit policies were amended to reflect SEB's new corporate sustainability strategy with increased emphasis on opportunities as well as risks related to environmental, social and governance aspects. This includes position statements on climate change, child labour and access to fresh water as well as industry sector policies, such as arms and defence, forestry, fossil fuels, mining and metals, renewable energy and shipping.

Credit approval process

Credit approval is based on an evaluation of the customer's creditworthiness and type of credit. Relevant factors include the customer's current and anticipated financial position, protection provided by covenants, collateral, etc. The credit approval process considers the proposed transaction as well as the customer's total business with the Bank. The process differs depending on the type of customer (e.g., retail, corporate or institutional), the customer's risk level, and the size and type of transaction. Independent and professional credit analysis is particularly important for large corporate customers. The Merchant Banking division has a credit analysis function that provides independent analysis and credit opinions to the division as well as to the credit committees. For retail clients, the approval process is based on credit scoring systems.

Credit risk classification and measurement

Credit risk is calculated for all assets, both in the banking book and the trading book. The methodology is aligned with the Basel II framework and addresses Probability of Default (PD), Exposure at Default (EAD), Maturity (M) and Loss Given Default (LGD). Over the years, risk classification systems have become more and more sophisticated and now cover the vast majority of the various portfolios across the Group. Risk classification systems are used in the everyday steering of business to ensure conscious risk/reward decision-making and are also used in the calculation of capital requirements.

SEB has a group-wide internal risk classification (PD) system for banks, large and midsize corporate customers and public entities that reflects the risk of default on payment obligations. 16 risk classes have been identified, with 1 representing the lowest default risk and 16 representing an already defaulted counterparty. For each risk class, SEB makes one-year PD estimates through the cycle using 14 years of internal default history and 22 years of external corporate bankruptcy data. The estimates are aligned with the scales used by international rating agencies and their published default frequencies. The risk classification system is based on credit analysis, covering business and financial risk. Financial ratios and peer group comparisons are also used in the risk assessment. The exposure weighted average risk class for the Group, excluding households and banks, was 6.92 at year-end (7.00).

For private individuals and small businesses, SEB uses credit scoring systems to estimate PD for all customers. SEB uses different credit scoring models for different regions and product segments as both accessibility of data and customer characteristics normally vary by country and product.

EAD is measured in nominal terms (such as for loans, bonds

Credit portfolio by risk class, 2011 [1)]

Total, excluding households

Category	Risk class	PD Range	Moody's / S&P [2)]	Banks	Corporates	Property Management	Public Admin.	Total
Investment grade	1–4	0–0.07%	Aaa to A3 / AAA to A-	84.8%	22.8%	12.0%	94.6%	33.0%
	5–7	0.07–0.26%	Baa / BBB	9.1%	28.5%	21.9%	3.0%	22.8%
Ongoing business	8–10	0.26–1.61%	Ba / BB	3.1%	40.0%	56.6%	2.3%	36.6%
	11–12	1.61–6.93%	B1,B2 / B+,B	0.8%	6.2%	4.2%	0.1%	4.7%
Watch list	13–16	6.93–100%	B3 to C / B- to D	2.2%	2.5%	5.3%	0.0%	2.9%
Total				**100%**	**100%**	**100%**	**100%**	**100%**

Households [3)]

PD Range	**Households**
0-0.2%	**45.3%**
0.2-0.4%	**21.2%**
0.4-0.6%	**10.6%**
0.6-1%	**6.2%**
1-5%	**10.8%**
5-10%	**2.1%**
10-30%	**1.8%**
30-50%	**0.6%**
50-100%	**1.4%**
Total	**100%**

1) Compilation is based on credit portfolio including repos. 2) Approximate relation to rating scales.
3) Household exposure based on internal ratings based (IRB) reported exposure in the event of a default (EAD – exposure at default).

and leasing contracts), as a percentage of committed amounts (undrawn credit lines, letters of credit, guarantees and other off–balance sheet exposures) and through current market values plus an amount for possibly increased exposure in the future, net of any eligible collateral (in the case of derivatives contracts, repos and securities lending).

LGD represents an estimation of loss on an outstanding exposure in case of default, and takes into account collateral provided, customer segment, etc. SEB bases its estimates on internal and external historical experience from at least ten years and the specific details of each relevant transaction.

The Maturity parameter (M) is calculated as the effective maturity of every transaction. In the case of simple term loan contracts without amortisations the final repayment date is the maturity, whereas for amortising loans M is shortened to reflect the reducing balance over time.

SEB's economic capital methodology for credit risk brings all risk parameters discussed above into play, combining them for use in a portfolio model which also considers risk concentrations in industrial and geographic sectors as well as in large individual exposures. *Refer to the SEB Capital Adequacy and Risk Management Report (Pillar 3) on www.sebgroup.com for additional information about the credit risk measurement.*

Limits and monitoring

To manage the credit risk for each individual customer or customer group, a total limit is established that reflects the maximum exposure that SEB is willing to accept. Limits are also established for total exposure in countries, in certain risk classes, certain customer segments 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 (a credit committee consisting of at least two bank officers as authorised by the SEB Group Credit Instruction, adopted by the Board). High-risk exposures (risk classes 13-16) are subject to more frequent reviews. The objective is to identify, at an early stage, credit exposures with an elevated risk of loss and to work together with the customer towards a constructive solution that enables SEB to reduce or avoid credit losses.

In its home markets, SEB maintains permanent national work-out teams that are engaged in problem exposures. These are augmented by a function, Special Credits Management, with global responsibility for managing problem exposures.

The aggregate credit portfolio is reviewed regularly and assessed based on industry, geography, risk class, product type, size and other parameters. In addition, specific analyses and stress tests are performed when market developments require a more careful examination of certain sectors.

Counterparty risk in derivatives contracts

Counterparty exposure arises as a result of positive market valuation of derivatives contracts. This value represents SEB's claim on the counterparty. Since market values fluctuate during the term to maturity, the uncertainty of future market conditions is taken into account. This is done by applying an add-on to the current market value that reflects potential market movements for the specific contract. The total credit exposure on the counterparty, the credit risk equivalent, is the sum of the market value of the contract and the add-on.

The counterparty risk is reduced through the use of close-out netting agreements where all positive and negative market values under an agreement can be netted on counterparty level. The netting agreement is often supplemented with a collateral agreement where the net market value exposure is reduced further by postings of collateral. Close-out netting is in place for the vast majority of all counterparties and collateral arrangements are used to a large extent. As per year-end, SEB's derivatives exposure, measured as the total credit risk equivalent, was SEK 108bn (90), net of netting and collateral agreements.

Concentration risk

The credit portfolio is analysed for risk concentrations in geographical and industry sectors as well as in large single names, both in respect of direct exposures and indirect exposures in the form of collateral, guarantees and credit derivatives.

Credit risk mitigation

SEB reduces risk in its credit portfolio by using of a number of credit risk mitigation techniques. The particular technique chosen is selected based on its suitability for the product and customer in question, its legal enforceability, and on the organisation's experience and capacity to manage and control the particular technique. The most important credit risk mitigation techniques are pledges, guarantees and netting agreements, which allow SEB to net positive and negative replacement values in the event of default of the counterparty. The most common types of pledges are real estate, floating charges and financial securities. In the trading operations, daily margin arrangements are frequently used to mitigate net open counterparty exposures at any point in time. For large corporate customers, credit risk is often mitigated by the use of restrictive covenants in the credit agreements.

The impairment provisioning process

SEB continuously reviews the quality of its credit exposures. Weak and impaired exposures are monitored closely and reviewed at least quarterly in terms of performance, outlook, debt service capacity and possible need for provisions. Impairment provisions are made for probable credit losses for individually assessed loans and for portfolio assessed loans.

Loans to corporate, real estate and institutional counterparties are primarily individually assessed and specific provisions are made for probable credit losses on identified impaired loans (individually assessed impaired loans). Loans that have not been deemed to be impaired on an individual basis and which have similar credit risk characteristics are grouped together and assessed collectively for impairment. Valuations of loans to private individuals and small businesses are to a large extent made on a portfolio basis (portfolio assessed loans). Examples of such categories are credit card exposures, retail mortgage loans and consumer loans. *For further description of the different categories of impaired loans refer to note 1.*

Credit loss level by geography

%	2011	2010	2009	2008	2007
Nordic	0.07	0.06	0.17	0.18	0.05
Germany	0.02	0.14	0.22	0.09	0.10
Baltic	-1.37	0.63	5.43	1.28	0.43
SEB Group	**-0.08**	**0.15**	**0.92**	**0.30**	**0.11**

Debt instruments

For investment, treasury and client facilitation purposes, SEB maintains portfolios of interest-bearing instruments, principally fixed income securities in the form of government bonds, covered bonds, bonds issued by financial institutions and structured credits. At year-end 2011, the total amount of debt instruments was SEK 291bn (322). SEB's strategic target for liquidity purposes is to focus on the highest quality sovereign and covered bonds with full central bank pledgability. For this reason holdings of unsecured bonds issued by financial institutions and structured bonds were decreased in 2010 and 2011. *Additional information is found in notes 42 and 43.*

Net positions in debt instruments

SEK bn	2011	2010	2009
Debt instruments, total assets	291	322	361
Debt instruments, short positions	-44	-46	-47
Certificates of deposit			-50
Total Return Swaps			-2
Total net positions	**247**	**276**	**262**

Distribution by geography

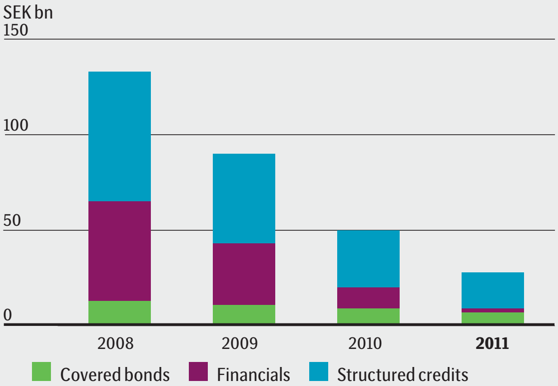
SEK 247bn [1]	Central & local governments	Corporates	Covered bonds	Structured credits	Financials	Total
Germany	28.9%	0.4%	2.2%	1.1%	0.5%	33.1%
Sweden	6.1%	1.3%	18.5%	0.0%	0.9%	26.8%
Denmark	1.3%	0.1%	6.9%	0.0%	0.0%	8.3%
Norway	0.9%	1.2%	2.2%	0.0%	0.9%	5.2%
US	0.0%	0.0%	0.0%	2.8%	1.4%	4.2%
Spain	0.0%	0.0%	3.5%	0.7%	0.0%	4.2%
France	0.4%	0.1%	2.7%	0.0%	0.0%	3.2%
Finland	1.2%	0.4%	0.2%	0.0%	0.0%	1.8%
Ireland	0.0%	0.0%	0.2%	0.3%	0.0%	0.5%
Greece	0.1%	0.0%	0.0%	0.1%	0.0%	0.2%
Italy	0.1%	0.0%	0.0%	0.3%	0.0%	0.4%
Portugal	0.0%	0.0%	0.0%	0.2%	0.0%	0.2%
Europe, other	6.9%	0.0%	1.3%	3.2%	0.0%	11.4%
Other	0.3%	0.0%	0.0%	0.2%	0.0%	0.5%
Total	**46.2%**	**3.5%**	**37.7%**	**8.9%**	**3.7%**	**100.0%**

Distribution by rating

SEK 247bn [1]						
AAA	28.7%	0.4%	30.4%	4.0%	0.8%	64.3%
AA	8.0%	0.1%	4.7%	2.0%	0.0%	14.8%
A	0.2%	0.3%	0.3%	1.4%	0.9%	3.1%
BBB	1.8%	0.2%	0.3%	0.4%	0.7%	3.4%
BB/B	0.0%	0.1%	0.0%	0.6%	0.0%	0.7%
CCC/CC	0.3%	0.0%	0.0%	0.5%	0.0%	0.8%
Not rated [2]	7.2%	2.4%	2.0%	0.0%	1.3%	12.9%
Total	**46.2%**	**3.5%**	**37.7%**	**8.9%**	**3.7%**	**100.0%**

1) Excludes debt instruments in the Life division of SEK 60 bn (61). 2) Mainly German local governments (Bundesländer).

Bond investment portfolio



Market risk

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

A particular distinction is made between market risks related to trading activity, i.e., trading book risks, and structural market risks and net interest income risks, i.e., banking book risks. Whereas the trading book is under a daily mark-to-market regime, positions in the banking book are typically held at cost.

Market risk in the trading book arises from the Group's customer-driven trading activity as well as from maintenance of the Group's liquidity portfolio. Most of the trading activity is performed by Merchant Banking in its capacity as a market maker for trading in international foreign exchange, equity and capital markets. The liquidity portfolio consists of Group investments in pledgeable and highly liquid bonds. Treasury Operations manages this portfolio to ensure that the Group's available liquidity is sufficient also in a severely stressed liquidity environment.

Market risk in the banking book arises as a result of balance sheet mismatches in currencies, interest rate terms and periods. Treasury Operations has overall responsibility for managing these risks, which are consolidated centrally through the internal funds transfer pricing system.

Market risk also arises in SEB's life insurance business which is covered in the insurance risk section of this report and is not included in the market risk figures below.

Market risk limits and control

The Board of Directors defines its risk tolerance by setting the overall risk limits for the Group based on recommendations from the Risk and Capital Committee upon proposal from the Chief Risk Officer. The Asset and Liability Committee delegates the market risk mandate set by the Board to the divisions and Treasury Operations, which in turn further delegate the limits internally. The Board has decided on four major risk measures to limit the Group's total market risk exposure under normal market conditions: Value-at-Risk (VaR), Delta 1 per cent, Aggregated FX and stop-loss limits. Within the divisions and Treasury, limits are also imposed on different position and sensitivity measures as well as stress tests as appropriate to the various businesses.

On a daily basis the Market Risk Control function measures, follows up and reports the market risk taken by the various units within the Group. Market risks are reported on a monthly basis in the Asset and Liability Committee and the Risk and Capital Committee. Market Risk Control verifies the valuation of positions held at fair value independently.

Risk measurement

When assessing market risk exposure, it is important to use measures that seek to estimate losses under normal market conditions as well as measures that focus on extreme market situations. Market risks under normal circumstances are measured using VaR combined with specific measures appropriate for the risk type. These measures are further complemented by estimates of losses during extreme market situations through the use of stress tests and scenario analyses.

Value at Risk, Trading book

SEK m	Min	Max	31 Dec. 2011	Average 2011	Average 2010
Commodities risk	0	14	11	2	0
Credit spread risk	144	286	155	189	251
Equity risk	15	71	48	32	40
Foreign exchange risk	16	93	42	44	44
Interest rate risk	46	160	120	80	100
Volatilities risk	16	46	43	28	24
Diversification	-	-	-275	-164	-154
Total	**136**	**336**	**144**	**211**	**305**

Value at Risk, Banking book

SEK m	Min	Max	31 Dec. 2011	Average 2011	Average 2010
Credit spread risk	71	152	82	96	141
Equity risk	20	41	29	26	33
Foreign Exchange risk	0	6	0	1	27
Interest rate risk	113	497	306	249	288
Volatilities risk	0	2	2	1	0
Diversification	-	-	-67	-75	-122
Total	**183**	**526**	**352**	**298**	**367**

VaR

VaR expresses the potential loss that could arise during a certain time period with a given degree of probability. SEB uses a ten-day time horizon and 99 per cent probability for measurement, limit monitoring and reporting purposes. In the day-to-day risk management of trading positions, limits and exposures are followed up with a one-day time horizon. Since it is applicable to all market risk types described in this chapter, SEB uses VaR for measuring both the aggregated market risk exposure and exposure to specific risk types.

SEB's VaR model is based on historical simulation and employs a wide range of risk factors. The model is approved by the Swedish Financial Supervisory Authority for calculation of legal capital requirements for the majority of the general market risks in the Bank's trading book. To verify and assure the model's accuracy, the VaR model is back-tested on a daily basis by comparing the last 250 daily VaR estimates with the profit or loss for the corresponding days.

In 2011, the Group's VaR in *the trading operations* averaged SEK 211m. The decrease from 2010 is due to the gradual decrease in issuer risk in the liquidity portfolio. Even though the second half of the year was dominated by the Euro-zone debt crises with high volatility across all asset classes, the risk levels in the trading book decreased, both as a result of decreased positions and increased diversification. The average *banking book* VaR decreased in 2011 compared to 2010. The relatively high VaR in 2010 was the result of hedging in connection with the sale of the German retail operations. Otherwise risk levels increased somewhat in 2011 following the increase in market volatility even if the banking book positions are relatively stable over time.

Risk type specific measures

As complementary analytical tools, the Group uses sensitivity and position measures as appropriate to the various instrument and risk types:

Market risk types

SEB is exposed to the following risk types:

Risk type	Defined as the risk of loss or reduced income due to:	Source
Interest rate risk	Changes in interest rates	Inherent in all banking business
Credit spread risk	A change in the credit worthiness of an issuer of, for instance, a bond or a credit derivative	Primarily present in the Bank's bond holdings
Foreign exchange risk	Variations in the exchange rates	Foreign exchange trading and the Bank's operations in various markets
Equity price risk	Variations in equity prices	Market making and customer activity in equities and equity derivatives
Commodities risk	Variations in commodity prices	Customer activity
Volatility risk	Changes in implied volatility	Market making and customer activity of options across all asset classes

Delta 1 per cent is calculated for all interest rate based products in the Bank. It measures the change in market value following a simultaneous adverse parallel shift of 1 percentage point in all interest rates in each currency. Delta 1 is calculated per currency and is then aggregated by summing up the market value effects of the negative and positive movements respectively. The aggregated Delta 1 is the larger of these two absolute values.

Aggregated FX positions. While foreign exchange trading positions are measured using VaR, the structural foreign exchange risk inherent in the structure of the balance sheet and earnings is measured separately through an aggregate FX limit. Aggregated FX is arrived at by calculating the sum of all short non-SEK positions and the sum of all long non-SEK positions. Aggregated FX is the larger of these two absolute values.

Stop loss limits are used throughout the Group's trading activities. A stop loss limit is a specified loss amount at which loss limiting measures must be executed in order to restrict potential losses of a position, portfolio or entity. Since it focuses on actual losses, the stop loss framework covers all risk events and risk drivers, and can limit losses under stressed market conditions.

Stress tests and scenario analyses

Scenario analyses and stress tests are performed on a regular basis as a complement to VaR and the risk type specific measures described above.

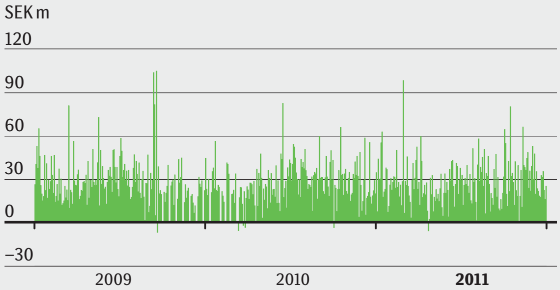
The stress testing methodology makes it possible to discover potential losses beyond the 99 per cent confidence level by using a more extensive set of market data scenarios than available in the VaR-model. SEB stresses the portfolios by applying extreme market movements that have taken place (historical scenarios) as well as external movement that are believed could occur in the future (hypothetical scenarios). This type of analysis provides an idea of the potential impact on a portfolio from individual risk factors as well as from broader market scenarios.

One example of an historical stress test is the so called stressed VaR, where VaR calculations are performed with current positions but using market data from historically turbulent time periods. SEB computes stressed VaR for two different turbulent time periods; the 250-banking day time period surrounding the Lehman default (April 2008-April 2009) and one of the most volatile periods of the present euro debt crisis from July 2009 to July 2010. Historical scenarios where the accumulated loss over an extended time period is assessed are also used.

To further incorporate all possible events, SEB complements the historical and hypothetical scenarios with reverse stress tests which start from an outcome where, for example, a stop loss limit would be breached and then identifies circumstances where this might occur.

Low risk trading orientation

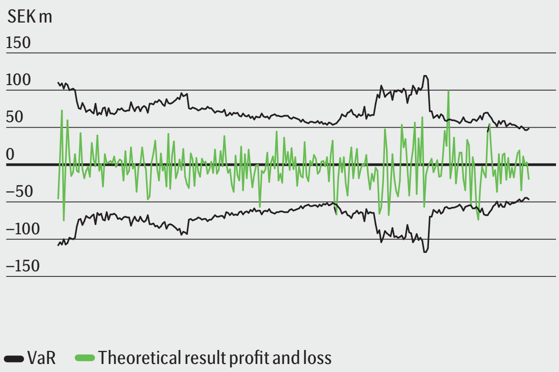
Daily trading income[1] 2009 – 2011. 9 negative out of 756 trading days. Average loss SEK 4m.



1) Excluding bond investment portfolio.

Trading book back testing 2011

VaR vs. theoretical result profit and loss, 99% confidence interval and 1 day holding period.



Operational risk

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

Advanced Measurement Approach

SEB has received regulatory approval to use the Advanced Measurement Approach (AMA) to calculate the capital requirement for operational risk. This regulatory approval is a confirmation of the Group's experience and expertise in operational risk management, including incident reporting, operational loss reporting, capital modelling and quality assessment of processes.

The capital requirement for operational risk is quantified by a loss distribution approach, using external operational losses in the global financial sector. The AMA model is also used to calculate economic capital for operational risk, but with a higher confidence level and with the inclusion of loss events relevant for the life insurance operations. The calculation of expected losses takes into account both internal and external loss statistics and is used as input in the Group's business planning and stress tests. The capital requirement for operational risk is not affected by any insurance agreement to reduce or transfer the impact of operational risk losses.

Managing operational risk and losses

Total operational losses in 2011 were below SEB's historical average. Benchmarking against members of the Operational Riskdata eXchange Association (ORX) shows that SEB's historical loss levels are somewhat below the ORX average. Operational losses are accounted for as credit losses or expenses.

Risk Control regularly measures and reports operational risk to the Group Executive Committee, the Asset and Liability Committee and the Risk and Capital Committee. SEB uses an IT-based infrastructure for management of operational risk, security and compliance. All employees are required to register risk-related events so that risks can be properly identified, assessed, monitored and mitigated. This structured approach has resulted in improved processes which in turn have led to fewer incidents and lower costs related to operational risks. The largest improvements have been made in process-related risks. An important tool for this development is training and education in key areas, including information security, fraud prevention, anti-money laundering, know-your-customer procedures and the SEB Code of Business Conduct.

In 2011, SEB further strengthened the risk management processes for both its business and support functions. For example, improvements in the client advisory processes have resulted in a reduction of costs for operational risk of 85 per cent compared with 2010. SEB has also continued to work with prevention of fraud and money laundering and has formalised a whistleblower procedure that encourages employees to report unethical or illegal conduct.

New product approval process

The new product approval process (NPAP) is designed to capture and mitigate operational risks and protect SEB from entering into unintended forms of risk or risks that cannot be immediately managed by the organisation. The NPAP is performed in three phases: assessment, decision and follow-up, where the Group's control and support functions as well as risk managers play an important role.

Operational risk
Incidents registered and analysed, number

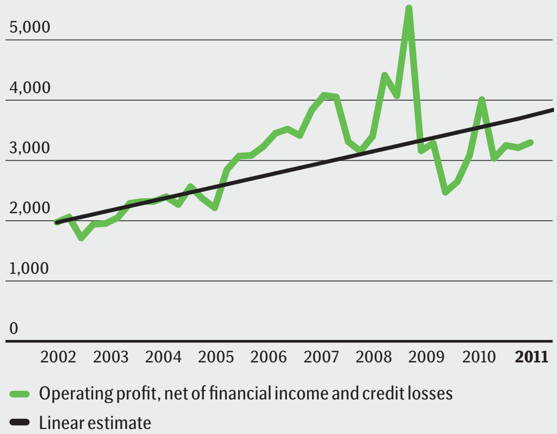
Business and strategic risk

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

Business risk also encompasses reputational risk (the risk of a drop in revenues resulting from a negative perception of the Group or the industry in general) and venture risk (related to undertakings such as acquisitions, large IT projects, etc.). Strategic risk is close in nature to business risk, but focuses on large-scale or structural risk factors.

SEB measures business risk as the volatility in income and cost that is not directly attributable to other types of risk. Business risks are included in the economic capital estimates.

Business risk
SEB quarterly operating profit 2002–2011, SEK m



Insurance risk

Insurance risk consists of all risk related to SEB's insurance operations. The main risk types are market risk, underwriting risk and surplus value risk.

Market risk in the insurance business is the risk of losses on traditional life insurance policies with guaranteed benefits due to changes in fair value of assets and liabilities. Such changes in fair value can be caused by changes in interest rates, credit spreads, equity prices, property values, exchange rates and implied volatilities.

Underwriting risk means the risk of loss or of adverse change in the value of insurance liabilities (technical provisions) due to inadequate pricing and/or provisioning assumptions. It includes risks such as mortality risk, longevity risk, disability/morbidity risk (including risks that result from fluctuation in the timing and amount of claim settlements), catastrophe risk (e.g., extreme or irregular events), expense risk and lapse risk (i.e., policyholder behaviour risk).

Value creation in the life insurance business is analysed in terms of surplus value, i.e., the present value of future earnings from existing policies in force *(see note 50)*. Surplus value risk is the risk that estimated surplus values cannot be realised, due to e.g. slower than expected asset growth, cancellations or unfavourable price/cost development. This risk is not part of the regulatory capital requirements. In SEB it is measured in economic capital terms.

SEB's life insurance operations consist of unit-linked insurance and traditional life insurance. The sales focus is on unit-linked, which accounted for 83 per cent (85) of total sales in 2011. In unit-linked insurance, the market risk is borne by the policyholder. Underwriting risk is negligible in unit-linked portfolios, while it is more pronounced for the traditional life insurance business.

In the traditional life insurance portfolios, the buffers, i.e., assets less guaranteed benefits, serve as protection for SEB against the risk in the balance sheet.

Insurance risk mitigation

Market risks in the traditional life insurance products with guaranteed benefits are mitigated through standard market risk hedging schemes and are monitored through scenario analyses. Underwriting risks are controlled through the use of actuarial analysis and stress tests of the existing insurance portfolio. Mortality and disability/morbidity risks are reinsured against large individual claims or against several claims attributable to the same event.

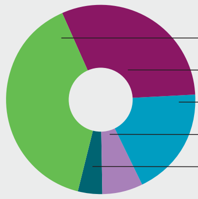
The Swedish Financial Supervisory Authority uses a "Traffic Light System" to evaluate the risk for mismatches between assets and liabilities in life insurance companies. SEB's Danish life insurance operations are regulated by a similar system. These systems are supervisory tools for identifying insurance companies for which closer monitoring of assets versus liabilities is needed. None of SEB's Swedish and Danish companies have been identified for such closer monitoring.

Insurance risk control

Risk Control has the responsibility for measuring and controlling the risks inherent in SEB's life insurance operations. Traditional asset/liability mismatch (ALM) risk measures used by the insurance industry are monitored on a regular basis for each insurance company. This is supplemented with market risk tools such as VaR, scenario analysis and stress tests. Key risks are reported to the Asset and Liability Committee, the Risk and Capital Committee and to the boards of SEB's respective insurance companies.

Components of surplus value risk in SEB

Per cent



	2011	2010
Asset risk	40	(44)
Expense risk	30	(22)
Persistency risk	19	(21)
Mortality risk	7	(9)
Morbidity risk	4	(4)

Solvency II

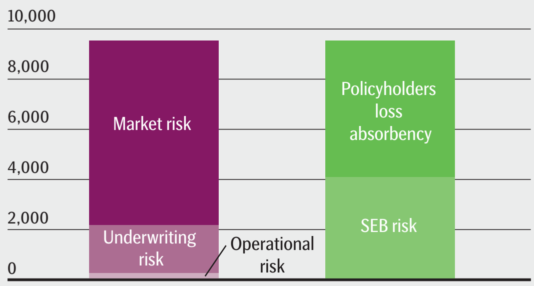
Solvency II is the new regulatory framework for insurance companies that is expected to come into force in the EU on 1 January 2014. The aim is to create a harmonised regulatory framework with respect to governance, internal control and capital requirements across Europe to facilitate transparency and comparability, ensuring the insurance companies' ability to meet their obligations and thus increase protection for policyholders.

Under Solvency II, an insurance company's capital requirement will be risk-based, rather than the current application of a fixed percentage of the company technical provisions. All risks must be taken into account, including market risk, underwriting risk and operational risk. The company's resilience to sudden changes in assets or liabilities is to be stress tested according to the capital requirements stipulated by the rules and regulations. In addition, the new regulatory framework also implies increasing demands on the Board to ensure good risk control and a more extensive reporting to the regulatory authorities and the public.

In 2011, the European Insurance and Occupational Pensions Authority (EIOPA) presented the results of Quantitative Impact Study (QIS) 5 which evaluated the method used for calculating the capital requirement under Pillar 1 of Solvency II. SEB Life participated in QIS 5 and the result showed that SEB Life holds sufficient capital to meet the requirement set out in the study. Work on adaptation to the new requirements is conducted within the SEB Life Division.

Risks in SEB Life Division

Dec. 2011, SEK m



Liquidity risk

Liquidity risk is the risk that the Group, over a specific time horizon, is unable to refinance its existing assets or is unable to meet the demand for additional liquidity. Liquidity risk also entails the risk that the Group is forced to borrow at unfavorable rates or is forced to sell assets at a loss in order to meet its payment commitments.

Liquidity situation 2011

2011 has been another turbulent year in liquidity and funding markets. In light of these external conditions, SEB's structurally strong balance sheet (see page 19) has been strengthened even further over the course of the year with build-up of further liquidity reserves, focus on stable deposits and long-term funding coupled with active risk management. The stable funding base consists of equity, customer deposits and wholesale funding maturing in more than one year. It exceeds SEB's total loan portfolio by a comfortable margin resulting in a strong balance sheet structure well-aligned to meet further customer demand going forward.

Both lending and deposit volumes grew during 2011 and SEB's loan-to-deposit ratio amounted to 129 per cent at year-end (138), excluding repos and debt securities. The improvement in this ratio is partly attributed to an increased inflow of corporate customer deposits of more temporary nature towards the end of the year. Furthermore, SEB has successfully accessed both short-term and long-term wholesale funding markets. For the third consecutive year, SEB has in line with its long-term funding strategy, issued more long-term debt than what matured during the year. Due to the growth in retail mortgage volumes, SEB has primarily focused on covered bond issuance in 2011 which accounted for approximately three quarters of total issued long-term funding of SEK 126bn (102), although SEB also has been able to utilise the senior funding markets despite turbulent times.

SEB still has a high over-collateralisation in the cover pool and a further SEK 123bn can be used for issuance. As residential mortgage lending only consitutes some 14 per cent of total assets, the issue of structural subordination of senior bondholders has not been raised.

New liquidity regulation

In the Basel Committee's Basel III framework published at the end of 2010, a 30-day liquidity stress test, liquidity coverage ratio (LCR), and a 1-year structural metric, net stable funding ratio (NSFR) was introduced. As of mid-year 2011 the Swedish Financial Supervisory Authority's new reporting regulation was issued, which required at least monthly reporting of LCR and other liquidity data to the regulator.

LCR is proposed to be introduced as a minimum standard in 2015. Swedish authorities have however expressed their intention to introduce LCR as a minimum standard in 2013. Although the NSFR was proposed by the Basel Committee to be introduced in 2018, it is still unclear how and when it will become a minimum standard. SEB is taking an active part in the regulatory work on liquidity and will be positioned to meet new regulations in due time. Further revisions to the metric are expected during 2012.

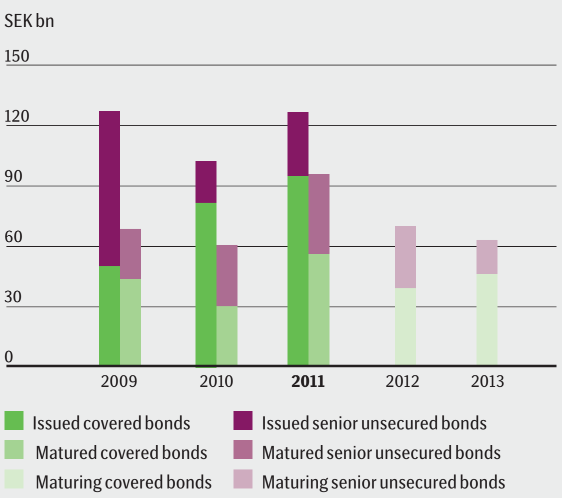
Liquidity reserve and liquidity ratio

SEB's liquidity reserve as defined by the Swedish Bankers' Association to consist of cash and deposits in central banks and other overnight bank holdings as well as assets held by the treasury function (unencumbered and pledgeable with central banks). This reserve has increased to SEK 377bn (229) during 2011. SEB's total liquid resources, which include net trading assets and unutilized collateral in the cover pool, amounted to SEK 616bn. The Group's best estimate of the LCR was 95 per cent at year-end, while the LCR ratios in USD and EUR were above 100 per cent.

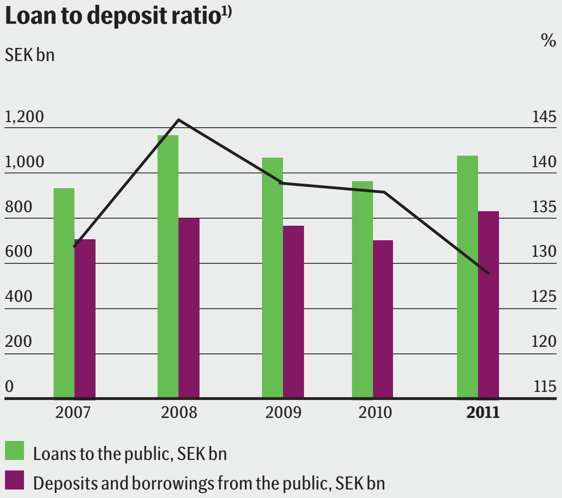
Structural liquidity risk by currency

The breakdown of SEB's balance sheet by currency is consistent with the currency distribution of SEB's core liqudity reserve. SEK, EUR and USD are the main currencies where the loan to deposit gaps are the largest and thus also the dominating currencies in SEB's core liquidity reserve. The loan-to-deposit ratio in SEK, EUR and USD amounted 189, 102 and 63 per cent respectively at year-end.

Issued vs maturing long-term debt



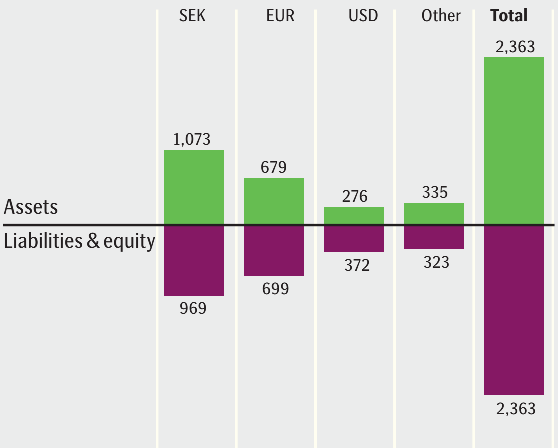
Loan to deposit ratio[1)]



1) Excl. repos and debt securities

Balance sheet and loan to deposit ratio by currency

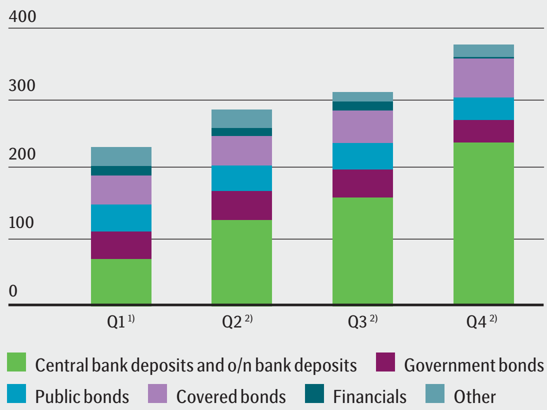
SEK bn



	SEK	EUR	USD	Other	Total
Loans	610	284	95	92	**1,081**
Deposits	322	277	151	87	**837**
Loan/deposit ratio	189 %	102 %	63 %	106 %	**129 %**
Liquidity Reserve	38	191	125	23	**377**

Liquidity reserve by asset type, 2011

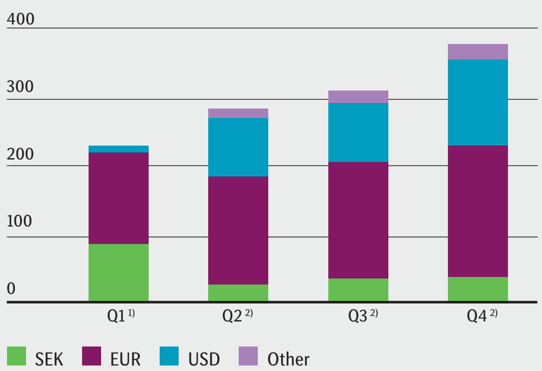
SEK bn



1) According to Swedish regulatory definition, excluding haircut.
2) Swedish Bankers' Association definition.

Liquidity reserve by currency, 2011

SEK bn



1) According to Swedish regulatory definition, excluding haircut.
2) Swedish Bankers' Association definition.

Liquidity risk management and reporting

The aim of SEB's liquidity risk management is to ensure that the Group has a controlled liquidity risk situation, with adequate cash or cash equivalents in all relevant currencies to timely meet its liquidity requirements in all foreseeable circumstances, without incurring substantial additional cost. Management of liquidity risk is governed by limits established by the Board which are further allocated by the Asset and Liability Committee. Liquidity limits are set for the Group and specific legal entities as well as for exposures in certain defined currencies.

SEB has adopted a comprehensive framework for the management of its short- and long-term liquidity requirements. Liquidity is managed centrally by Treasury Operations, supported by local treasury centres in the Group's major markets. Risk Control regularly measures and reports limit utilisation as well as stress tests to the Assets and Liability Committee and the Risk and Capital Committee.

Liquidity risk measurement and control

Liquidity risk is measured using a range of customised measurement tools, as no single method can comprehensively quantify this type of risk. The methods applied by SEB include short-term pledging capacity, analysis of future cash flows, scenario analyses and balance sheet key ratios, supplemented by Basel III measures as defined for pilot reporting.

Liquidity gaps are identified by calculating cumulative net cash flows that arise from the Group's assets, liabilities and off-balance sheet positions in various time bands over a year. This requires certain assumptions regarding the maturity of some products, such as demand deposits and mortgages, as well as regarding their projected behavior over time or upon contractual maturity. The quality of the liquidity reserve is analysed in order to assess its potential to be used as collateral and provide secure funding in stressed conditions.

Beyond a one-year period, a core gap ratio is measured. This ratio measures the extent to which the Group is funding illiquid assets with stable long-term funds. Stable liabilities (including equity) should always amount to more than 90 per cent of illiquid assets; the average level during the year was 108 per cent (106). As of year-end, the level was 117 per cent (109).

Stress testing is conducted on a regular basis to identify sources of potential liquidity strain and to ensure that current exposures remain within the established liquidity risk tolerance. The tests estimate liquidity risk in various scenarios, including both Group-specific and general market crises.

Capital management

The Group's capital management seeks to balance the shareholders' required rate of return with the financial stability requirements posed by regulators, investors, business counterparties and other market participants, including rating agencies.

The Group's capitalisation, allocation of capital and evaluation of return on capital shall be risk-based and should be built on the assessment of all the identified risks incurred in the Group's operations. It shall be forward-looking and aligned with short- and long-term business plans, internal (Board and its supporting committees) and external requirements, such as the regulatory requirement, the internal capital adequacy assessment process and the macroeconomic environment.

Capital measures

In 2009, SEB undertook several capital measures to increase Tier 1 capital and improve currency matching of the capital base with that of risk-weighted assets. From this position of strength, and pending details of the forthcoming qualification requirements for subordinated debt under Basel III, no replacement of maturing or issuance of new subordinated debt has been carried out. At year-end 2011 the Group reported a core Tier 1 capital ratio of 13.7 per cent (12.2) and a Tier 1 capital ratio of 15.9 per cent (14.2), without transitional floors. *For detailed information see note 47 and the Capital Adequacy and Risk Management Report (Pillar 3) at www.sebgroup.com.*

Dividends

The size of SEB's dividend is determined by the economic environment as well as the Group's financial position and growth potential. The objective is that the annual dividend shall, over a business cycle, correspond to approximately 40 per cent of earnings per share.

Capitalisation targets

SEB's capitalisation targets are set to ensure that the Group's capital strength is sufficient to support the decided business strategy, to maintain capital ratios above the minimum levels established by the regulators even in less favourable economic circumstances and to ensure that the Group's capital strength is sufficient given the Group's chosen risk appetite (AA rating target). SEB's long-term common equity Tier 1 capital ratio target is in the interval 10 to 12 per cent, based on a fully implemented Basel III framework. It is SEB's view that the current strong capital position will be sufficient to meet the future requirements from both regulators and other stakeholders.

Capital base – summary

SEK m	2011	2010
Equity	109,161	99,543
Deduction for dividends	-3,836	–3,291
Goodwill in banking operations	-4,147	–4,174
IRB excess/shortfall	-108	0
Deductions for non-banking operations	-3,770	–2,728
Other adjustments	-4,204	–1,963
Core Tier 1 capital	**93,097**	**87,387**
Tier 1 capital contribution	14,614	14,593
Tier 1 capital	**107,711**	**101,980**
Tier 2 subordinated debt	6,719	8,713
IRB excess/shortfall	-108	91
Deductions for non-banking operations	-10,541	–10,540
Other adjustments	-336	–1,004
Capital base	**103,445**	**99,149**

Capital adequacy

	2011	2010
Without transitional floor (Basel II)		
Core Tier 1 capital ratio	13.7%	12.2%
Tier 1 capital ratio	15.9%	14.2%
Total capital ratio	15.2%	13.8%
Capital base in relation to capital requirement	1.90	1.73
With transitional floor (Basel II)		
Transitional floor applied	80%	80%
Core Tier 1 capital ratio	11.2%	10.9%
Tier 1 capital ratio	13.0%	12.8%
Total capital ratio	12.5%	12.4%
Capital base in relation to capital requirement	1.56	1.55
With risk weighting according to Basel I		
Core Tier 1 capital ratio	9.0%	8.8%
Tier 1 capital ratio	10.4%	10.2%
Total capital ratio	10.0%	9.9%
Capital base in relation to capital requirement	1.25	1.24

Risk-weighted assets

SEK m	2011	2010
Credit risk IRB reported exposures		
Institutions	29,552	37,405
Corporates	394,094	403,128
Securitisation positions	6,515	6,337
Retail mortgages	45,241	65,704
Other retail exposures	9,460	9,826
Other exposure classes	1,651	1,511
Total credit risk IRB reported exposures	**486,513**	**523,911**
Further risk-weighted assets		
Credit risk, Standardised approach	77,485	91,682
Operational risk, Advanced Measurement approach	42,267	44,568
Foreign exchange rate risk	13,173	15,995
Trading book risks	59,403	39,970
Total	**678,841**	**716,126**
Summary		
Credit risk	563,998	615,593
Operational risk	42,267	44,568
Market risk	72,576	55,965
Total	**678,841**	**716,126**
Adjustment for flooring rules		
Addition according to transitional flooring	148,774	83,672
Total reported	**827,615**	**799,798**

Development of risk-weighted assets (RWA)

Overall Basel II RWA (before the effect of transitional flooring) decreased by 5 per cent, or SEK 37bn, during the year. The largest factor behind this decrease is the divestment of German retail portfolios (a decrease SEK 37bn). Underlying credit volumes expressed as RWA increased SEK 38bn, mainly due to increased corporate exposures and the acquisition of DNB's mortgage portfolio in Sweden. The Swedish krona weakened during the year resulting in an RWA increase of SEK 2bn. RWA process changes resulted in an RWA decrease of SEK 24bn, whereof SEK 14bn was due to the implementation of an advanced unsecured loss-given default model in the parent company. There has been a shift of exposures to better risk-grades, which resulted in declining risk-weights. This contributed to an RWA decrease of SEK 22bn. Market risk RWA increased with SEK 17bn including the effect from introducing stressed VaR. Operational risk RWA decreased SEK 2bn during the year.

Including the effect of transitional flooring, RWA increased from SEK 800bn to SEK 828bn.

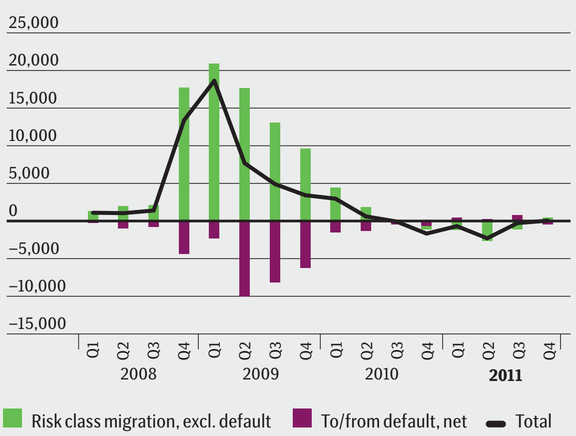
New capital requirement regime

In 2011, the national implementation of amendments to the EU's Capital Requirements Directives (CRD II and III) had a modest impact with respect to market risk and the capital requirement for securitisations. The forthcoming regulatory directive, CRD IV, establishes explicit minimum levels for common equity Tier 1 and Tier 1 capital and requires banks to hold more and higher quality capital.

Under the current rules, SEB's investments in insurance companies and related goodwill are deducted from total capital. Under CRD IV, investments in financial entities, including insurance as well as deferred net tax assets, are deducted from common equity Tier 1 capital to the extent that they individually exceed 10 per cent of common equity Tier 1 (or 15 per cent in aggregate). Amounts falling within the thresholds are risk-weighted at 250 per cent. The definition of and requirements for Tier 1 capital have become stricter. In November 2011, the Swedish Government proposed higher capital ratio requirements for systemically important banks in order to strengthen the stability in the Swedish banking system and reduce the vulnerability of the Swedish economy. The proposal, based on

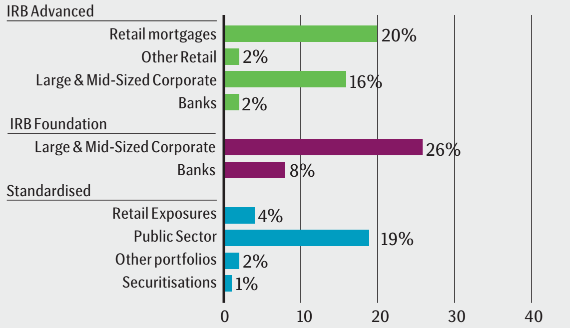
Risk class migration, RWA effect by quarter

Corporate and interbank portfolios, SEK m



Distribution of exposure (EAD) per Basel II method

Share of Group exposure, per cent



assessments made by the Swedish Central Bank and the Swedish Financial Supervisory Authority, states that banks must have a common equity Tier 1 capital ratio of at least 10 per cent in 2013 and 12 per cent in 2015 (with capital and RWA defined according to fully implemented CRD IV / Basel III framework). To the above requirements, a requirement for a counter-cyclical buffer, from 0 to 2.5 per cent is added, depending on whether credit growth is above the trend. CRD IV is under negotiation, and the contents of the final rules are not decided. The Group's estimate for the common equity Tier 1 ratio at 31 December 2011 was 12.5 per cent, using the proposed rules for 2013.

In addition, in October 2011, the European Banking Authority announced a temporary minimum core Tier 1 capital ratio requirement, based on EU-harmonised stress tests of systemically important banks, of 9 per cent (according to current CRD III / Basel 2.5 framework, including existing transitional rules). This requirement will be applicable as of 1 July 2012. Furthermore, a leverage ratio measure is proposed, defined as the ratio between Tier 1 capital and an exposure measure, including both on and off balance items and regulatory netting rules. The effect of the amended accounting rules for pension plans (IAS 19), were they implemented at year-end, would be a decrease of equity in the amount of SEK 5.3bn net of tax and SEK 7.2bn before tax.

SEB actively monitors the regulatory development and takes part in consultations via national and international industry organisations. SEB emphasizes the importance of a level playing field.

Basel II and Basel III rollout

SEB has received regulatory approval to apply the Internal Ratings Based (IRB) approach for credit volumes corresponding to 86 per cent of total credit risk RWA. The long-term goal is to be approved for IRB Advanced for all credit portfolios, except for exposures to public entities and a limited number of smaller portfolios. For these exposures, the Standardised approach is used. The phased implementation of Basel II and Basel III, with Basel I-based RWA floors, necessitates monitoring, targeting and reporting of capital ratios according to three regulatory frameworks. In CRD IV, the application of a transitional floor has been extended to the end of 2015. According to the suggested national discretion, application of transitional floors may be omitted if transition to the Basel III framework is being implemented at a more rapid pace.

Corporate Governance at SEB

The ability to maintain trust among customers, shareholders and other stakeholders is of vital importance for SEB. Having a clear and effective structure for division of responsibility and governance is an essential factor in this context, among other things in order to avoid conflicts of interest.

Focus areas during 2011

The importance of capitalisation and liquidity, matters which have always been prioritised in the Board work, was further highlighted by the developments in the global economy and financial markets in 2011. SEB's financial strength and the special responsibility related to being a systemically important financial institution have been Board subject matters throughout the year.

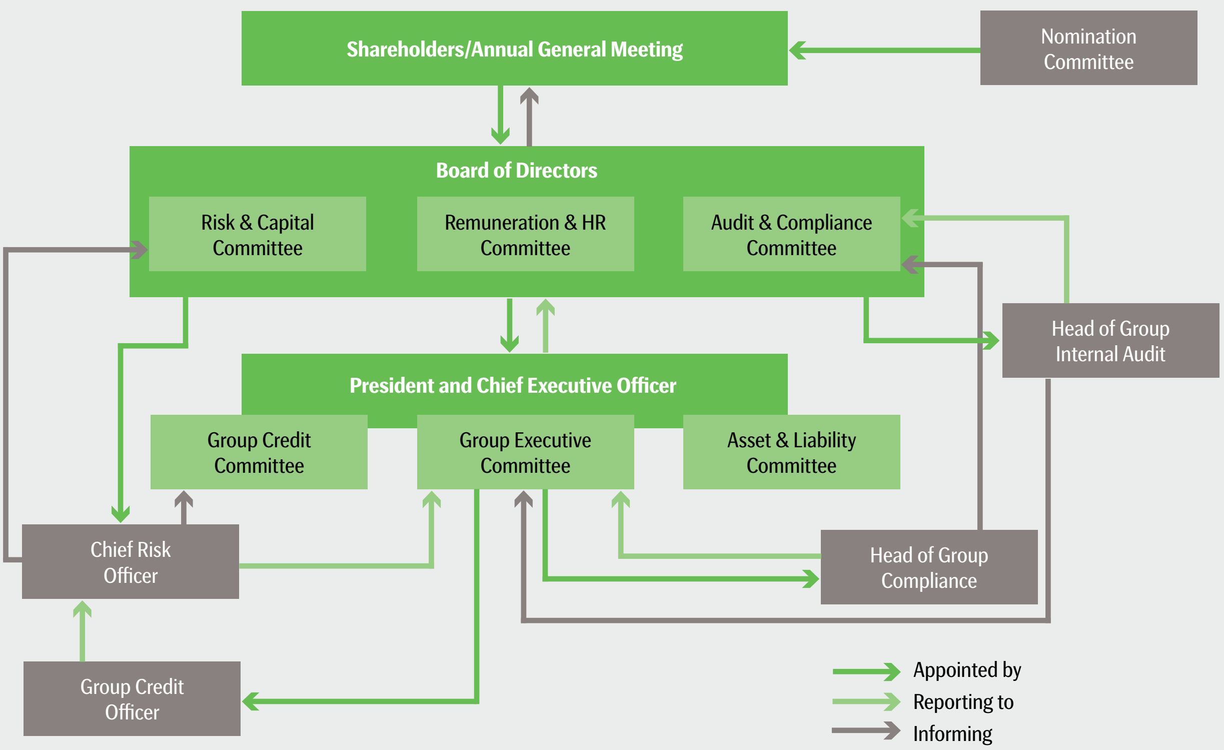
Corporate governance at SEB

SEB attaches great importance to the creation of clearly defined roles for officers and decision-making bodies within the credit approval process, corporate finance, asset management and insurance operations, for example.

The external framework of SEB's corporate governance includes among other things the Companies Act, the Annual Accounts Act, the NASDAQ OMX Stockholm regulations, the Swedish Code of Corporate Governance and the Banking and Financing Business Act.

The internal framework includes among other things the Articles of Association as adopted by the General Meeting of Shareholders. Policies and instructions that have been drawn up to clearly define the division of responsibility within the Group are important tools for the Board and the President in their governing and controlling roles. Of special importance in this context are the Rules of Procedure for the Board, the Instructions for the President and the Group's Activities, the Group's Credit Instruction and Risk Policy, the Instruction for Handling of Conflicts of Interest, the Ethics Policy, the Instruction for Procedures Against Money Laundering and Financing of Terrorism and the Remuneration Policy. SEB's Code of Business Conduct describes and lays out SEB's values and standards of business conduct and provides guidance on how to live by the values. Clear policies and guidelines for sustainability, such as the Corporate Sustainability Policy and various group-wide position statements and industry sector policies addressing environmental, social and governance issues are also of vital importance in this context.

Corporate governance structure



SEB's activities are managed, controlled and followed up in accordance with policies and instructions established by the Board and the President (CEO).

SEB's Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance. No deviations from the Code are reported for 2011. The report and further information on corporate governance at SEB are available on SEB's website: www.sebgroup.com.

Shareholders and the Annual General Meeting

SEB has approximately 290,000 shareholders. Around 177,000 of these have holdings of less than 500 shares while 636 shareholders own more than 100,000 shares. SEB has two classes of shares - Class A-shares which carry one vote and Class C-shares which carry 1/10 of a vote.

SEB's largest shareholders and shareholder structure as per 31 December 2011 are shown in the tables and graphs below.

The shareholders' influence in the Bank is exercised at General Meetings of Shareholders, which are the highest decision-making body of the Bank. All shareholders listed in the Shareholder Register who have duly notified their attendance have the right to participate at General Meetings and to vote for the full number of their respective shares. Shareholders who cannot attend a General Meeting may be represented by proxy.

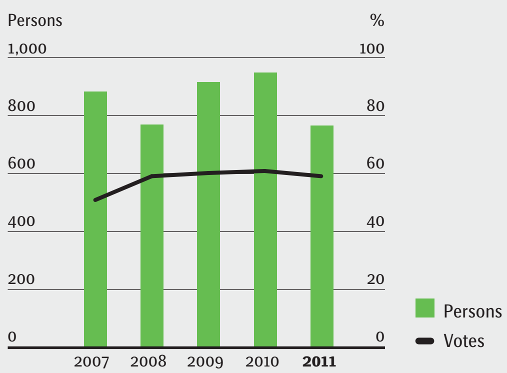
The 2011 Annual General Meeting (AGM) was held on 24 March 2011. The minutes from the AGM are available on SEB's website. Following are some of the decisions made at the AGM:

- Dividend of SEK 1.50 per share;
- Directors' fees at a total amount of SEK 8.4m;
- Election of eleven directors, including Johan H. Andresen, Jr. as a new member;
- Re-election of Marcus Wallenberg as Chairman of the Board;
- Procedures for appointment of the Nomination Committee for the 2012 AGM and its work;
- Adoption of guidelines for remuneration of the President and the other members of the Group Executive Committee;
- Decision on two long-term equity programmes; the Share Savings Programme and the Share Matching Programme;
- Decision issuing a mandate to the Board concerning the acquisition and sale of own shares for the Bank's securities business, for the long-term equity programmes and for capital management purposes.

An electronic system of voting modules, so-called televoters, was used for voting at the AGM.

Annual General Meeting attendance

2007–2011



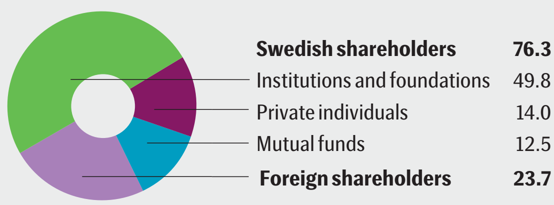
The largest shareholders

31 December 2011	No. of shares	Of which Series C shares	Share of capital, %	Share of votes, %
Investor AB	456,089,264	2,725,000	20.8	20.9
Trygg Foundation	177,447,478	0	8.1	8.2
Alecta	158,650,000	0	7.2	7.3
Swedbank Robur funds	73,239,881	0	3.3	3.4
State of Norway	63,752,929	0	2.9	2.9
Nordea funds	37,148,171	0	1.7	1.7
SEB funds	35,200,785	0	1.6	1.6
Wallenberg-foundations	33,057,244	58,711,73	1.5	1.3
First Swedish National Pension fund	30,737,259	0	1.4	1.4
SHB funds	29,189,930	0	1.3	1.3
Fourth Swedish National Pension fund	23,776,711	0	1.1	1.1
Second Swedish National Pension fund	20,212,119	0	0.9	0.9
AMF Insurance and funds	19,450,000	0	0.9	0.9
Third Swedish National Pension fund	16,588,711	0	0.8	0.8
Skandia Life	16,058,754	941,882	0.7	0.7
Foreign shareholders	520,819,125	1,465,220	23.7	23.9

Source: Euroclear AB/SIS Ägarservice AB

Shareholder structure

Percentage holdings of equity on 31 December 2011

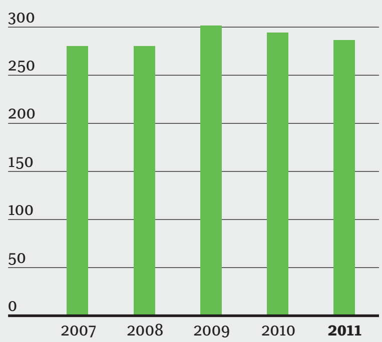


The majority of the Bank's approximately 290,000 shareholders are private individuals with small holdings. The ten largest shareholders account for 50.0 per cent of capital and votes.

Source: VPC/SIS Ägarservice

Number of shareholders

31 December, thousands



The SEB share is one of the five most widely held shares on the NASDAQ OMX Stockholm Stock Exchange.

Nomination Committee

Pursuant to a decision by the 2011 AGM, the members of the Nomination Committee for the 2012 AGM were appointed in autumn 2011. Four of the Bank's largest shareholders appointed one representative each to the Nomination Committee. The composition of the Nomination Committee meets the requirements set by the Swedish Code of Corporate Governance, among others, with respect to members' independence.

The Nomination Committee is tasked with nominating a person to serve as chairman of the AGM as well as with making recommendations for the number of directors, fees to be paid to the Board and the auditors, appointment of directors, the Chairman of the Board and auditors, distribution of fees among the directors including fees for committee work and for the composition of the Nomination Committee for the next AGM, to be presented at the AGM for decision.

The Nomination Committee's recommendations and a statement accompanying its nomination of directors can be found on SEB's website. A report on the Nomination Committee's work will be presented at the 2012 AGM. No special compensation has been paid to the members of the Nomination Committee.

Board of Directors

The directors are elected by the shareholders at the AGM for a one-year term of office extending through the next AGM.

An important principle is that the size and composition of the Board should be such as to serve the Bank in the best possible way. It is therefore crucial that the directors have requisite experience and knowledge about the financial and other sectors as well as international experience and a contact network that meet the demands that arise from the Bank's position and future orientation.

Since the 2011 AGM the Board has consisted of eleven AGM-elected directors, without any deputies, and of two directors and two deputies appointed by the employees. More than half of the directors must be present at a meeting in order for the Board to form a quorum. The President and Chief Executive Officer is the only AGM-elected director who is also an employee of the Bank. The Nomination Committee has assessed the independence of the directors in relation to the Bank and the Bank's management and in relation to shareholders controlling more than ten per cent of the shares or votes in the Bank and has found that the composition of the Board meets the requirements of the Swedish Code of Corporate Governance with respect to directors' independence. *The composition of the Board as from the 2011 AGM and the directors' independence is shown in the table on page 57, and information about the directors is presented on pages 62-63.*

The Board has adopted Rules of Procedure that regulate the role and working forms of the Board as well as special instructions for the Board's committees. The Board has 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 also 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 is responsible for ensuring that the business is organised in such a way that the accounting, treasury management and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the business are identified, defined, measured, monitored and controlled in accordance with external and internal rules, including the Bank's Articles of Association. In addition, the Board decides on major acquisitions and divestments as well as other major investments.

The Board appoints and dismisses the President, the Chief Risk 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, among other things, convening board meetings, setting the agenda and preparing the matters to be discussed at meetings, after consulting with the President.

The President participates in all board meetings, except on matters in which the President has an interest that may be in conflict with the interests of the Bank, such as when the Presi-

Nomination committee for the 2012 AGM

Member	Representing	Votes, % 31 August 2011
Petra Hedengran, *Chairman*	Investor	20.9
William af Sandeberg	Trygg-Stiftelsen	8.2
Staffan Grefbäck	Alecta	7.2
Lars Wedenborn	The Knut and Alice Wallenberg Foundation	1.3
Marcus Wallenberg	SEB, Chairman of the Board	
		37.6

Ossian Ekdahl	First Swedish National Pension Fund, *Additional as from 16 January 2012*
Urban Jansson	*Additional , appointed by the Board*

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

SEB uses an annual self-assessment method, which among other things includes a questionnaire, followed by discussions within the Board. Through this process the activities and work methods of the Board, the Chairman of the Board and the respective committees are evaluated. Among the issues examined are: how to further improve the work of the Board, the extent to which the individual board members take an active part in discussions by the Board and its committees, whether board members 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 formally evaluates each individual director's work once a year. Marcus Wallenberg did not participate in the evaluation of the Chairman's work which 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.

Work of the Board of Directors 2011

The work of the Board follows a yearly plan. In 2011, eleven board meetings were held. The extreme developments in the global economy during 2011 were discussed in some context at every one of the Board's meetings during the year. Other important matters dealt with during the year included the following:

First quarter
- Annual Accounts
- Dividend for 2010
- Annual Report 2010
- External and internal audit 2010
- Guidelines for remuneration for the President and the other members of the Group Executive Committee
- Review of the Remuneration Policy
- Long-term equity programmes
- Capital and financing issues, including risk limits
- The Group's risk position, including asset quality, the development of the credit portfolio and the liquidity situation
- Sale of the German retail operations
- Discussion on future location of office premises
- Evaluation of the President's work

Second quarter
- Q1 interim report
- Capital and financing issues, including risk limits
- The Group's risk position, including asset quality, the development of the credit portfolio and the liquidity situation
- Review of business and market segments
- IT review
- Annual review of the Share Ownership Policy for the Board

Third quarter
- Q2 interim report
- Capital and financing issues, including risk limits
- The Group's risk position, including asset quality, the development of the credit portfolio and the liquidity situation
- Review of business and market segments
- Risk seminar

Fourth quarter
- Q3 interim report
- Capital and financing issues, including risk limits
- The Group's risk position, including asset quality, the development of the credit portfolio and the liquidity situation
- Strategic direction of Group activities
- Overall long-term goals
- Annual review and revision of policies and instructions
- Business plans, financial plans and forecasts
- Evaluation of the Board and the Chairman of the Board
- Remuneration issues
- Talent review and succession planning
- Results of employee survey – VOICE

dent's work is evaluated. Other members of the Bank's executive management participate whenever required for purposes of informing the Board or upon request by the Board or the President. The General Legal Counsel of the Bank and the Group serves as the Secretary to the Board.

Board committees

The overall responsibility of the Board cannot be delegated. However, the Board has established committees to handle certain defined issues and to prepare such issues for decision by the Board. At present, there are three committees within the Board: the Risk and Capital Committee (RCC), the Audit and Compliance Committee (ACC) and the Remuneration and

Board of Directors

Name	Position	Elected	Independent in relation to the Bank	Independent in relation to the major shareholders	Risk and Capital Committee	Audit and Compliance Committee	Remuneration and HR Committee	Total remuneration SEK	Presence Board Meetings	Presence Committee Meetings
Marcus Wallenberg	Chairman	2002	Yes	No	Deputy Chairman	Deputy Chairman	Deputy Chairman	2,250,000	10/11	25/25
Jacob Wallenberg	Deputy Chairman	1997	Yes	No				540,000	11/11	–
Tuve Johannesson	Deputy Chairman	1997	Yes	Yes			Member	735,000	11/11	7/7
Johan H. Andresen, Jr.	Director	2011	Yes	Yes				450,000	5/8	–
Signhild Arnegård Hansen	Director	2010	Yes	Yes				450,000	11/11	–
Urban Jansson	Director	1996	Yes	Yes	Chairman			960,000	11/11	13/13
Birgitta Kantola	Director	2010	Yes	Yes		Member		645,000	11/11	4/4
Tomas Nicolin	Director	2009	Yes	Yes			Chairman	837,500	11/11	7/7
Jesper Ovesen	Director	2004	Yes	Yes	Member			775,000	11/11	12/13
Carl Wilhelm Ros	Director	1999	Yes	Yes		Chairman		837,500	11/11	5/5
Annika Falkengren	Director	2005	No	Yes	Member			–	11/11	13/13
Göran Lilja	Director*	2006						–	11/11	–
Cecilia Mårtensson	Director*	2008						–	5/11	–
Pernilla Påhlman	Deputy Director*	2010						–	11/11	–
Håkan Westerberg[1)]	Deputy Director*	2011						–	2/2	–

● Chairman ● Deputy Chairman ● Member * appointed by the employees 1) Replaced Göran Arrius as per 27 September 2011.

Human Resources Committee (RemCo). Minutes are recorded of each committee meeting and communicated to the other board members promptly after the meetings. The committees report on a regular basis to the Board. 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 committee work, also as committee chairs. Although the Chairman of the Board is a member of all three committees, he does not chair any of them. Neither the President nor any other officer of the Bank is a member of ACC or RemCo. The President is a member of RCC. Apart from the committee work, no other distribution of duties is applied within the Board.

Risk and Capital Committee

RCC is tasked with supporting the Board in establishing and reviewing the Bank's organisation to ensure that it is managed in such a way that all risks inherent in the Group's business are identified, defined, measured, monitored and controlled in accordance with external and internal rules. The Committee sets the principles and parameters for measuring and allocating risk and capital within the Group and prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Chief Risk Officer. The Committee also decides on individual credit matters of major importance or of importance as to principles.

The Group's Chief Financial Officer has overall responsibility for information and presentations to the Committee on matters related to capital and funding. The Chief Risk Officer has overall responsibility for information and presentations on matters related to risk and relevant credit matters.

The Committees' work during 2011

	Risk and Capital Committee	Audit and Compliance Committee	Remuneration and Human Resources Committee
Members	Urban Jansson (Chairman) Marcus Wallenberg (Dep. Chairman) Jesper Ovesen Annika Falkengren	Carl Wilhem Ros (Chairman) Marcus Wallenberg (Dep. Chairman) Birgitta Kantola	Tomas Nicolin (Chairman) Marcus Wallenberg (Dep. Chairman) Tuve Johannesson
Number of Meetings	13	5	8
Major issues during 2011	• Reviews of proposals for Group policies and strategies, such as the Risk Policy and Risk Strategy, the Credit Policy, the Credit Instruction, the Capital Policy, the Liquidity and Pledge Policy, the Trading and Investment Policy and the CRO Instruction, for decision by the Board • Monitoring of the implementation of these policies • Follow-up of the development of the risks of the Group • Preparation for Board decisions concerning limits for market and liquidity risks • Adoption of credit policies and instructions that supplement the Group's Credit Policy and Credit Instruction • Decisions on individual credit matters • Reviews of significant developments in the credit portfolio and of the credit process within the Group • Reviews of risk measurement models and methods • Examination of matters relating to operational risk, market and liquidity risk, and insurance risk • Review of material changes in the overall capital and liquidity situation and in the Group's capital adequacy situation • Preparation for changes in the Group's capital goals and capital management matters, such as the dividend level, for Board decision • The structure and utilisation of share repurchase programmes • Strategic discussions on comprehensive financial and balance sheet management.	• Reviews of the instructions for Internal Audit and Compliance, for adoption by the Board • Handling of annual and interim accounts as well as audit reports • Follow-up of the Group's internal audit • Follow-up of Compliance issues • Follow-up of the internal control over financial reporting • Follow-up of the Group's IT strategy and structure • Follow-up of other than auditing services, procured from the external auditors • Adoption of an annual audit plan for the Internal Audit function co-ordinated with the external audit plan • Approval of the annual Group Compliance Plan • Discussions 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 • Discussions on changes in accounting rules.	• Review of the Remuneration Policy for the SEB Group, for adoption by the Board • Proposal, for approval by the Board and decision by the AGM, of remuneration guidelines for the President and members of the Group Executive Committee • Proposals, for decision by the Board, on remuneration of the President and members of the Group Executive Committee in accordance with the guidelines established by the AGM • Proposals, for decision by the Board, on remuneration of the Head of Group Internal Audit and the Head of Group Compliance in accordance with the Remuneration Policy adopted by the Board. • Proposals for and follow-up of long-term equity programmes • Follow-up of remuneration principles, variable cash-based compensation schemes and pension obligations • Follow-up on the yearly Group Talent Review, SEB's process for ensuring leadership succession in the Bank.

Audit and Compliance Committee

ACC supports the work of the Board in terms of quality control of the Bank's financial reporting and internal control of the financial reporting *(see page 66)*. When required, the Committee also prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Head of Group Internal Audit. The Committee maintains regular contact with the Bank's external and internal auditors and discusses the co-ordination of external and internal audit activities. It ensures that any remarks and observations from the auditors are addressed. Furthermore, the Committee sets guidelines for which services other than auditing services may be procured from the external auditors. It evaluates the external auditors' work and independence and makes recommendations for new auditors to the Nomination Committee prior to the AGM's election of auditor.

In addition, the President's proposal for appointment or dismissal of the Head of Group Compliance is subject to the Committee's approval. Compliance activities are monitored on a continuous basis.

The external auditors attended all of the Committee meetings in 2011, except when the external auditors' work was evaluated. The external auditors, the Head of Group Internal Audit and Head of Group Compliance present reports at Committee meetings.

Remuneration and Human Resources Committee

RemCo supports the Board on issues regarding remuneration (as defined in the Remuneration Policy adopted by the Board), leadership, succession planning and other issues related to human resources, in order for SEB to be able to recruit, retain and reward employees in a sound and competitive manner.

The Committee prepares, for decision by the Board and adoption by the AGM, long-term equity programmes for employees and, for the decision by the Board, pension plans for the President and the members of the Group Executive Committee (GEC). It also prepares, for decision by the Board, appointments of the President and members of the GEC. The Committee monitors and evaluates the Bank's incentive programmes and how the guidelines established by the AGM for remuneration of the President and the GEC members are applied. It also monitors and evaluates other remuneration practices, structures and levels in the Bank. An independent accounting firm on the review of adherence of remuneration in SEB to the Remuneration Policy is presented to the Committee annually.

In addition, the Committee monitors the overall pension obligations of the Group and monitors, together with RCC, all measures taken to secure the overall pension obligations of the Group, including developments within the Bank's pension foundations.

The President makes presentations to the Committee, together with the Head of Group Human Resources, on matters in which there are no conflicts of interests.

The President and Chief Executive Officer

The Board has adopted an instruction for the President and Chief Executive Officer's duties and role.

The President is responsible for the day-to-day management of the Group's business in accordance with the directives, policies and instructions established by the Board. The President reports to the Board and submits at each board meeting a report on, among other things, the performance of the business in relation to decisions made by the Board.

The President appoints the Heads of Divisions, the Head of Business Support and Heads of the various staff and group functions. The Group's Chief Financial Officer is appointed in consultation with the Chairman of the Board.

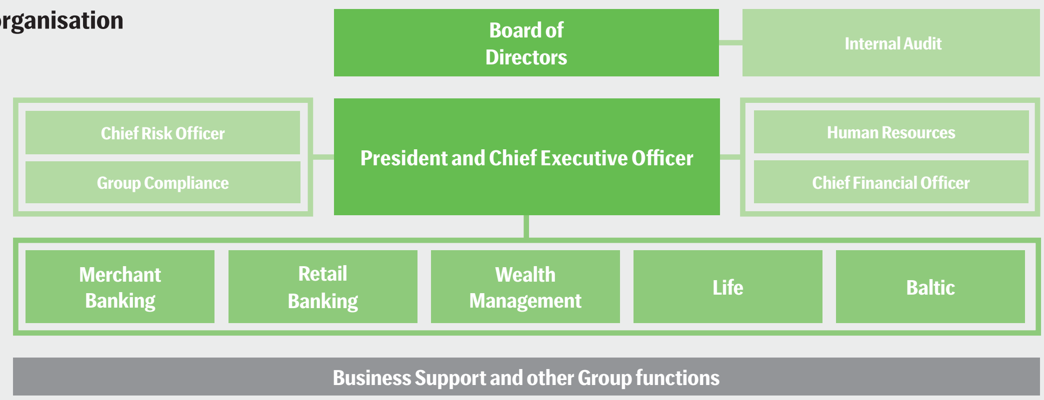
The President has three separate committees at her disposal for the purpose of managing the operations: the GEC, the Asset and Liability Committee (ALCO, *page 60*) and the Group Credit Committee (GCC, *page 60*). In order to safeguard the interests of the Group as a whole, the President consults with the GEC and, when applicable, its New Product Approval Committee (NPAC) 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 held 15 meetings in 2011. *Further information about the President and the GEC can be found on pages 64-65.*

Divisions, business areas and business units

The Board regulates the activities of the Group in an instruction concerning the Group's operations and has laid down rules establishing how the Group's divisions, including the international activities through branches and subsidiaries, shall be managed and organised.

SEB's business is organised in five divisions. Each division's operations are divided into business areas which, in turn, are divided into business units. The Head of Division has overall responsibility for the activities of the division and appoints,

SEB's organisation



after consultation with the President, heads of business areas within the division and of those subsidiaries for which the division is responsible. There is a management group within each division which includes the Head of Division and a number of heads of business areas and subsidiaries. The business areas and business units also have their own management groups.

A Country Manager has been appointed for co-ordination of activities in certain countries other than Sweden in which several divisions conduct business, including Denmark, Norway and Finland. The Country Manager reports to a specially designated member of the GEC.

SEB's five divisions

- **Merchant Banking**, with Magnus Carlsson as Head, for SEB's relations with large corporations, financial institutions and large property management companies
- **Retail Banking**, with Mats Torstendahl as Head, for SEB's retail banking in Sweden and card activities
- **Wealth Management**, with Anders Johnsson as Head, for SEB's mutual fund and asset management activities and private banking
- **Life**, with Jan Stjernström as Head, for SEB's life insurance activities
- **Baltic**, with David Teare as Head, for SEB's Baltic operations (headed by Martin Johansson through 31 October)

Business Support and other staff functions

Business Support is a cross-divisional function established to streamline operations and front office support.

Responsibilities relating to operations include booking, paying, settling, confirming, reconciling transactions and supporting customers regarding the Group's services and pro-ducts. Responsibilities related to IT include operations, maintenance and development of the Group's IT platforms. It further includes SEB's IT strategy, the IT governance structure, strategic support to management in IT-related issues, SEB's portfolio of IT development projects and SEB's IT platforms. An IT committee has been established for the continuous management of SEB's IT product portfolio and decisions on IT related matters. IT issues of major importance or of importance as to principles are referred to the GEC. *For further information on Business Support see pages 34-35.*

Further administrative support is provided through a number of group staff functions. Examples of staff functions are Communication, Finance, HR, Legal and Strategy & Business Development. In general, SEB's staff functions have global functional accountability and manage SEB's group-wide instructions, policies, processes and procedures for the purpose of proactively supporting the President, the GEC, managers and staff as well as all business units.

Risk organisation and responsibility

The Board has ultimate responsibility for the Group's risk organisation and for ensuring satisfactory internal control. The RCC supports the Board in this work. At least once a quarter the Board and RCC receive a report on the development of the Group's risk exposure.

The President has overall responsibility for managing SEB's risks in accordance with the Board's policies and instructions. The President shall ensure that the organisation and administration of SEB are appropriate and that activities undertaken are in compliance with external and internal rules. In particular, the President shall present any essential risk information regarding SEB to the Board, including the utilisation of limits.

Primary responsibility for ensuring that the Board's intent regarding risk management and risk control is applied in practice at SEB lies with the ALCO and the GCC. The ALCO, chaired by the President, deals with issues relating to the Group's and the various divisions' overall risk level and decides on, among other things, risk limits, risk-measuring methods and capital allocation. Within the framework of the Group Capital Policy and the Group Risk Policy, which are set by the Board, the ALCO has established policy documents for responsibility and management of the various types of risk within the Group and for the relationship between risk and capital. The ALCO held 12 meetings in 2011.

The GCC is authorised by the Board to make all credit decisions, with the exception of a few matters that are reserved for the RCC. In addition, the GCC is responsible for reviewing the credit-granting rules on a regular basis and for presenting proposals for changes to the RCC, where necessary. The President serves as chair of the GCC, and the Chief Risk Officer serves as the deputy chair. The GCC held 50 meetings in 2011.

The Group Risk organisation, led by the Chief Risk Officer (CRO), has overall responsibility for identifying, measuring and controlling SEB's risks. The work is carried out in three different functions or work streams that report to the CRO; Risk Control, Group Risk Centre and Group Credits.

The CRO is appointed by the Board and reports to the President. The CRO delivers reports to the Board, the RCC, the GEC, the ALCO and the GCC on a regular basis. The CRO is responsible for the overall direction of and rules governing risk management as well as for overall oversight of risk management and risk control functions in the SEB Group and for ensuring that the risk management functions in the business areas have sufficient resources. The activities of the CRO are governed by and set out in an instruction adopted by the Board.

Risk Control assesses, measures and follows up risks, primarily market risk, liquidity risk, operational risk, credit risk and insurance risk, against established limits and in accordance with best practice for risk management throughout the organisation *(see further pages 41-51).*

Group Risk Centre focuses on aggregation and analysis of consolidated risk data across risk types and across the Group's credit portfolios, development of models for the Basel II risk weighting and general matters of risk governance and risk disclosure.

Group Credits is responsible for managing the credit approval process and for major individual credit decisions. It is also responsible for analysis and overseeing the composition of the credit portfolio and for monitoring compliance with policies set by the RCC and the Board. Its activities are regulated by the Group's Credit Instruction, adopted by the Board. The Group Credit Officer is appointed by the President, upon recommendation by the CRO, and reports to the CRO. The RCC and the Board receive information on the composition of the credit portfolio, including large exposures and credit losses, at least once per quarter. The credit organisation is independent from the business units and handles credit matters exclusively. The chairs of the respective divisional credit committees have the right to veto credit decisions. Significant exceptions to the

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 most an equal number of deputies. A registered accounting firm may be appointed auditor.

PricewaterhouseCoopers AB has been the Bank's auditor since 2000 and was re-elected in 2008 for the period up to and including the 2012 AGM. Partner in charge has been Peter Clemedtson, Authorised Public Accountant, as from the 2006 AGM. Peter Clemedtson has auditing experience from several major Swedish companies. The fees charged by the auditor for the auditing of the Bank's annual accounts for the financial year 2011 and 2010, respectively, and for other assignments invoiced during these periods, are shown in the table.

AUDITOR

Elected by the Annual General Meeting
PricewaterhouseCoopers

PETER CLEMEDTSON

Born 1956; Auditor of SEB, Partner in charge as of 2006.

Authorised Public Accountant.

Fees to the auditors

SEK m	2011	2010
Audit assignment	29	31
Audit related services	21	19
Tax advisory	11	14
Other	24	19
Total	**85**	**83**

In addition to the above-mentioned there have also been fees and expense allowances to appointed auditors and audit firms during 2011 in relation to divestment of German retail operations, which amounts to SEK 47m (123).

The majority of the fees relates to PricewaterhouseCoopers.

Group's Credit Policy 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 Treasury Operations. 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 from the business activities.

Internal Audit and Compliance

Internal Audit is an independent Group-wide function that is directly subordinate to the Board. The main responsibility of Internal Audit is to provide reliable and objective assurance to the Board and President regarding the effectiveness of controls, risk management and governance processes, with the aim of mitigating current and evolving high risks and in so doing enhance the control culture within the Group. The Head of Group Internal Audit reports regularly to ACC and keeps the President and the GEC regularly informed. The ACC adopts an annual plan for the work of Internal Audit.

The Group Compliance function is independent from the business activities at the same time that it serves as a support function for the business. It is separated from the legal functions of the Group. Compliance shall act proactively for quality of compliance in the Group through information, advice, control and follow-up within the compliance areas, thereby supporting the business activities and management. Special areas of responsibility are Customer Protection, Market Conduct, Prevention of Money Laundering and Financing of Terrorism, and Regulatory Systems and Control. The Head of Group Compliance is appointed by the President upon approval by the ACC. The Head reports regularly to the President and the GEC and informs the ACC about compliance issues. Following a group-wide Compliance Risk Assessment and approval from the ACC, the President adopts an annual Compliance Plan.

The Board has adopted instructions for the Internal Audit and Compliance activities of the Group.

Directors' fees

SEB's 2011 AGM set total fees of SEK 8,480,000 for the members of the Board and decided on the distribution of fees between the Board and its committees. No fee for committee work is paid either to the Chairman of the Board or employees of the Bank. The fees are paid on a running basis during the mandate period.

Following a recommendation by SEB's Nomination Committee, the Board has adopted a Share Ownership Policy for the Board. *Information on remuneration principles, remuneration of the President and members of the GEC and on long-term equity programmes is provided on pages 67-69.*

Board of Directors

MARCUS WALLENBERG

Born 1956; B. Sc. (Foreign Service).

Chairman since 2005.

Other assignments: Chairman of Saab, Electrolux and LKAB. Director of AstraZeneca, Stora Enso, Temasek Holding and the Knut and Alice Wallenberg Foundation.

Background: Citibank in New York, Deutsche Bank in Germany, S G Warburg Co in London and Citicorp in Hongkong 1980–1984. SEB 1985–1990. Stora Feldmühle in Germany 1990–1993. Executive Vice President of Investor 1993–1999. President and Group Chief Executive of Investor 1999–2005.

Own and closely related persons' shareholding: 755,698 class A shares and 753 class C shares.

TUVE JOHANNESSON

Born 1943; B.Sc. (Econ), MBA and Econ. Dr. H.C.

Deputy Chairman since 2007.

Other assignments: Chairman of Ecolean International A/S. Director of Meda. Industrial advisor to EQT and J C Bamford Excavators Ltd.

Background: Tetra Pak 1968–1983 in various senior positions in South Africa, Australia and Sweden. Executive Vice President of Tetra Pak 1983–1988. President of VME, presently Volvo Construction Equipment 1988–1995. President of Volvo Car Corporation 1995–2000. Vice Chairman of the Board of Volvo Car Corporation 2000–2004.

Own and closely related persons' shareholding: 202,000 class A shares.

JACOB WALLENBERG

Born 1956; B. Sc. (Econ) and MBA.

Deputy Chairman since 2005.

Other assignments: Chairman of Investor. Deputy Chairman of Atlas Copco, SAS and LM Ericsson. Director of ABB, the Knut and Alice Wallenberg Foundation, the Coca-Cola Company and Stockholm School of Economics.

Background: Various positions in SEB 1984–1990. Executive Vice President Investor 1990–1992. Rejoined SEB in 1993, appointed President and Group Chief Executive in 1997. Chairman of the Board of SEB 1998–2005.

Own and closely related persons' shareholding: 430,839 class A shares and 136 class C shares.

JOHAN H. ANDRESEN, JR.

Born 1961; B.A. (Government and Policy Studies) and MBA.

Other assignments: Owner and CEO of Ferd. Director of Junior Achievement Young Enterprise Europe, Junior Achievement Young Enterprise Norway, NMI–Norwegian Microfinance Initiative, Corporate Assembly of Orkla ASA and Corporate Partners Advisory Board at BI Norwegian School of Management.

Background: International Paper Co. 1989–1991. Partner in Ferd 1993–1998. Owner of Ferd since 1998. CEO of Ferd since 2000.

Own and closely related persons' shareholding: 100,000 class A shares.

SIGNHILD ARNEGÅRD HANSEN

Born 1960; B. Sc. (Human resources) and journalism studies.

Other assignments: Chairman of SLC-Group AB, Svenska LantChips, Utah Chips Corporation, Les Artisans du Gout Spr. and Timbro . Vice Chairman of the Swedish-American Chamber of Commerce, USA. Director of Loomis, IFL Executive Education (at Stockholm School of Economics), University Board of Lund University, Swedish-American Chamber of Commerce, New York, the Research Institute of Industrial Economics of Sweden, Swedish Trade Council and Magnora AB.

Background: President of the family-owned company Svenska LantChips from the start 1992 to 2006. Chairman of the Confederation of Swedish Enterprise 2007–2010. Vice Chairman of Business Europe 2008–2010. Director of Innventia 2008–2011.

Own and closely related persons' shareholding: 278 class A shares.

URBAN JANSSON

Born 1945; Higher bank degree (SEB).

Other assignments: Chairman of EAB, HMS Networks and Svedbergs i Dalstorp. Director of Clas Ohlson and Höganäs.

Background: SEB 1966–1984, from 1972 in various management positions. President and CEO of HNJ Intressenter (former subsidiary of the Incentive Group) 1984–1990. Executive Vice President of the Incentive Group 1990–1992. President and Group Chief Executive of Ratos 1992–1998. Since 1998 held several directorships.

Own and closely related persons' shareholding: 56,840 class A shares.

BIRGITTA KANTOLA

Born 1948; LLM. Econ.Dr. H.C.

Other assignments: Director of NasdaqOMX (New York), StoraEnso and Nobina.

Background: Broad experience in banking and finance, e.g . Nordic Investment Bank 1980–1986 and 1988–1995 (from 1991 Executive Vice President and Head of Finance). Vice President and CFO of International Finance Corporation, Washington D.C. 1995–2000. Deputy General Manager of Ålandsbanken, Finland, during 2001.

Own and closely related persons' shareholding: 15,000 class A shares.

TOMAS NICOLIN

Born 1954; B. Sc. (Econ) and M. Sc. (Management).

Other assignments: Director of Nordstjernan, Nobel Foundation, Axel and Margaret Ax:son Johnsons Foundation, Centre for Justice and Research Institute of Industrial Economics, Timbro and Swedish Securities Council. Member of the Advisory Board Stockholm School of Economics and the Investment Committee of NIAM Property Fund.

Background: Broad experience in the financial sector as CEO of Alecta, the Third National Swedish Pension Fund and E. Öhman J:or Fondkommission, as well as a leading position in Handelsbanken.

Own and closely related persons' shareholding: 66,000 class A shares.

JESPER OVESEN

Born 1957; B. Sc. (Econ) and MBA.

Other assignments: Chairman of Nokia Siemens Networks BV. Director of FLSmidth & Co A/S and Orkla ASA.

Background: Price Waterhouse 1979–1989. Vice President and later on Group Chief Executive of Baltica Bank A/S 1989–1994. Vice President and Head of Finance of Novo Nordisk A/S 1994–1998, CFO of Den Danske Bank A/S 1998–2002, CFO of LEGO Holding A/S 2003–2006. CEO of Kirkbi Group 2007. CFO of TDC A/S 2008–2011.

Own and closely related persons' shareholding: 10,000 class A shares.

CARL WILHELM ROS

Born 1941; M.Sc. (Politics and Econ).

Other assignments: Director of Anders Wilhelmsen & Co, Camfil, INGKA (Ikea) Holding and Bisnode.

Background: Astra 1967–1975. Alfa Laval 1975–1984, Group Controller from 1978. Senior Executive Vice President of Ericsson 1985–1999. Since then held several directorships.

Own and closely related persons' shareholding: 17,816 class A shares and 38 class C shares.

ANNIKA FALKENGREN

Born 1962; B. Sc. (Econ).

President and CEO since 2005.

Other assignments: Deputy chairman of the Swedish Banker's Association. Director of Securitas. Member of Supervisory Board Volkswagen AG and Munich RE.

Background: Various positions within SEB Merchant Banking since 1987. Global Head of Trading in 1997 and Head of Merchant Banking in 2000. Head of the Corporate & Institutions division and Executive Vice President of SEB 2001–2005. Deputy Chief Executive Officer 2004–2005.

Own and closely related persons' shareholding: 385,715 class A shares and 458,733 performance shares.

Directors appointed by the employees

GÖRAN LILJA

Born 1963; Higher bank degree.

Assignments: Chairman Financial Sector Union of Sweden SEB Group. Chairman Regional Club West of the same union. Director of the European Works Council SEB Group.

Background: SEB in various positions since 1984. Vice Chairman of Financial Sector Union of Sweden SEB Group. Union representative since 2003.

Own and closely related persons' shareholding: 3,208 class A shares.

CECILIA MÅRTENSSON

Born 1971; Education in economy and labour law, certificate in personnel strategies.

Assignments: Deputy Chairman Financial Sector Union of Sweden SEB Group. Chairman local Club Group Operations of the same union. Director Financial Sector Union of Sweden.

Background: SEB since 1990 and a union representative since 1995.

Own and closely related persons' shareholding: 4,236 class A shares and 120 class C shares.

Deputy Directors appointed by the employees

PERNILLA PÅHLMAN

Born 1958; Advanced certificate in occupational safety and health and work environment.

Assignments: Second Deputy Chairman Financial Sector Union of Sweden SEB. Vice Chairman of Financial Sector Union of Sweden in SEB's local club Stockholm and East.

Background: SEB since 1981, up to 2000 within the Retail division, after that within IT. Union representative since 1990.

Own and closely related persons' shareholding: 559 class A shares and 9 class C shares.

HÅKAN WESTERBERG

Born 1968; Engineering logistics.

Assignments: Chairman Association of University Graduates at SEB and of Regional Association Stockholm of the same Association.

Background: Sales Manager at Trygg-Hansa in the property insurance business 1994. SEB since 1998 in various positions in systems management and IT development, currently Systems Management Advisor. Union representative starting from 2001.

Own and closely related persons' shareholding: 1,118 class A shares.

Elected as from 27 September 2011.

GÖRAN ARRIUS

Resigned as from 27 September 2011.

Group Executive Committee

ANNIKA FALKENGREN

Born 1962; SEB employee since 1987; B. Sc. (Econ).

President and Group Chief Executive since 2005.

Other assignments: Deputy chairman of the Swedish Banker's Association. Director of Securitas. Member of Supervisory Board Volkswagen AG and Munich RE.

Background: Various positions within SEB Merchant Banking since 1987. Global Head of Trading in 1997 and Head of Merchant Banking in 2000. Head of the Corporate & Institutions division and Executive Vice President of SEB 2001–2005. Deputy Chief Executive Officer 2004–2005.

Own and closely related persons' shareholding: 385,715 class A shares and 458,733 performance shares.

JOHAN ANDERSSON

Born 1957; SEB employee since 1980; B. Sc. (Econ).

Chief Risk Officer since 2010. Head of Credits and Risk Control since 2004.

Background: Different positions within Merchant Banking in Stockholm, New York and London 1980–1994. Group Credits since 1995. Deputy Head of Group Credits and Risk 2000–2003.

Own and closely related persons' shareholding: 31,039 class A shares, 154 class C shares, 74,494 performance shares and 6,695 deferral rights.

JAN ERIK BACK

Born 1961; SEB employee since 2008; B. Sc. (Econ).

Executive Vice President, Chief Financial Officer since 2008.

Background: Svenska Handelsbanken, with various positions within finance, 1986–1998. Skandia 1998–2007, named Chief Financial Officer as from 2002. First Senior Executive Vice President and CFO at Vattenfall 2007–2008.

Own and closely related persons' shareholding: 36,383 class A shares and 200,198 performance shares.

MAGNUS CARLSSON

Born 1956; SEB employee since 1993; B. Sc. (Econ).

Executive Vice President, Head of Division Merchant Banking since 2005.

Background: Bank of Nova Scotia 1980–1993, holding several leading positions. Various positions within SEB, Merchant Banking division, since 1993 including Head of Project & Structured Finance, Head of Corporate Clients and Deputy Head of the division.

Own and closely related persons' shareholding: 51,039 class A shares and 233,093 performance shares.

VIVEKA HIRDMAN-RYRBERG

Born 1963; SEB employee since 1990; Lic. Sc. (Econ).

Head of Group Communication since 2009.

Background: Coopers & Lybrand 1987–1990. Various positions within SEB since 1990; Fund Manager, Household Economist, Head of Products within the Life business, Group Press Officer and Head of CEO Office.

Own and closely related persons' shareholding: 19,222 class A shares and 51,915 performance shares.

MARTIN JOHANSSON

Born 1962; SEB employee since 2005; B.Sc. (Econ).

Head of Business Support from November 2011

Background: Citigroup 1987–2005 in Sweden and in various assignments around the world: Country Head in Portugal and in Canada, responsible for the Corporate Banking business and Corporate Finance in Indonesia and Senior Banker in Brazil. Global Head of Client Relationship Management within SEB Merchant Banking division 2005–2009. Head of Baltic division 2009–2011.

Own and closely related persons' shareholding: 27,715 class A shares, 107,389 performance shares and 17,511 deferral rights.

ANDERS JOHNSSON

Born 1959; SEB employee since 1984; Higher bank degree.

Head of Division Wealth Management since 2010.

Background: Götabanken 1981–1984. Different positions within SEB's Merchant Banking division 1984–1999: FX trader, Chief dealer in Singapore and Stockholm, Head of FX in Oslo and Stockholm. Various leading positions within SEB Private Banking 1999–2003. Head of Trading & Capital Markets, Merchant Banking 2003–2010.

Own and closely related persons' shareholding: 26,586 class A shares and 70,748 deferral rights.

ULF PETERSON

Born 1961; SEB employee since 1987; LLB.

Head of Group Human Resources since 2010.

Background: Various positions within SEB Retail 1987-2003 such as Branch Manager, Uppsala; Credit Manager, Region North, Deputy Regional Manager, Region North; Credit Manager, Region East; Deputy Regional Manager, Region East; Business Area Manager, Products, Processes, Operations and IT. Global Head of Private Banking 2003–2007 CFO & Global Head of Staff, Retail, 2008–2010.

Own and closely related persons' shareholding: 16,739 class A shares and 81,521 performance shares.

MATS TORSTENDAHL

Born 1961; SEB employee since 2009; M.Sc. (Engineering Physics).

Executive Vice President, Head of Division Retail Banking since 2009.

Background: ABB 1985–1987. Östgöta Enskilda Bank 1987–2000, branch manager in Stockholm 1996–2000. Various positions within Den Danske Bank 2001–2008, such as Executive Vice President of Danske Bank Sweden, Senior Executive Vice President of Danske Bank Sweden and member of Danske Bank Group Executive Committee.

Own and closely related persons' shareholding: 36,376 class A shares and 200,198 performance shares.

Deputy Members

PETER HØLTERMAND

Born 1963; SEB employee since 1997; B.Sc. (Econ).

Country Manager SEB Denmark and Head of Merchant Banking Denmark since 2002.

Background: SDS 1982–1987. Alfred Berg 1987–1997 in various positions, including Head of Fixed Income Denmark. SEB Merchant Banking, Trading & Capital Markets 1997–2008. Appointed Global Head of Fixed Income & Swaps in 2000 and Global Head of Capital Markets in 2005.

Own and closely related persons' shareholding: 148,005 class A shares and 29,449 deferral rights.

WILLIAM PAUS

Born 1967; SEB employee since 1992; M. Sc. (Econ.)

Country Manager SEB Norway since 2010.

Background: Various positions within SEB Trading & Capital Markets including Head of FX in Oslo, Head of TCM in Singapore and Frankfurt. Head of Merchant Banking in Germany in 2006 and Head of Merchant Banking in Norway from 2007.

Own and closely related persons' shareholding: 47,457 class A shares and 37,150 deferral rights.

DAVID TEARE

Born 1963; SEB employee since 2006; B. Comm.

Head of Division Baltic from November 2011.

Background: Citibank 1987–2000 holding various positions in financial control, derivatives and fixed income; Morgan Stanley Global Capital Markets Origination 2000–2005. Client Relationship Management within SEB Merchant Banking: Head of Large Corporates 2006–2009 and Global Head 2009–2011.

Own and closely related persons' shareholding: 16,418 class A shares, 2,786 performance shares and 26,645 deferral rights.

BO MAGNUSSON
Resigned as from October 2011.

HANS LARSSON
Left GEC in February 2012.

JAN STJERNSTRÖM
Left GEC in February 2012.

PIA WARNERMAN
Left GEC in February 2012.

Internal Control over Financial Reporting

Internal control over financial reporting (ICFR) is a process performed by the Board, management and other personnel to ensure the reliability of the financial reporting.

The process for ICFR in SEB is defined by an annual cycle that is based on the framework established by the Committee of Sponsoring Organizations (COSO). The framework is built upon five internal control components: Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring. How the work with ICFR at SEB is organised with regards to these five components in order to ensure structured monitoring of key controls is shown in the illustration and text below.

1 Perform risk assessment and scoping

Every year, during the autumn, a Group-wide risk assessment is performed to identify and create an understanding for material risks related to the financial reporting from a Group perspective. The result is summarised in an ICFR scoping report to the Audit and Compliance Committee (ACC), which describes identified focus areas as well as the legal entities, processes and systems that are to be covered by the ICFR work during the coming year.

2 Validate the design expected controls

Once a year, the design of expected ICFR controls is evaluated per process with the objective to ensure a Group-common control structure that effectively reduces the risk for errors in the financial reporting. This evaluation is performed in workshops involving both business and finance personnel, who together have the required process and accounting expertise. Parallel with the design validation of expected controls at process level, an evaluation is also performed of how SEB's Group-wide control structure and IT and control environment support an effective and well-controlled financial reporting process. The aim of this phase is to set clear guidelines with regards to expected ICFR controls within respective area, which supports the implementation of standardised and well-controlled processes.

3 Plan monitoring and audit activities

Based on the risk assessment, identified focus areas and expected controls an ICFR monitoring plan is compiled for the coming year. The plan describes who is responsible for monitoring the respective controls within the respective legal entity, what type of monitoring activities that should be performed and how the result is to be reported. The plan includes daily, monthly and quarterly monitoring of control activities as well as periodic, more in-depth evaluations of the effectiveness of specific controls. The aim is to ensure a well structured and complete monitoring of the ICFR framework and to co-ordinate these activities with the audit activities performed by Internal and External Audit.

4 Monitor and evaluate controls

The ICFR framework is monitored on a continuous basis – in many cases as an integrated part of the daily operations – in order to evaluate the design and effectiveness of the controls. Examples of control monitoring activities include self assessments to ensure that the controls implemented within a department meet the criteria set in phase 2, reporting of defined risk indicators, and regular validation of the valuation of financial instruments and credit exposures. With respect to the Group's IT and control environment, this is monitored continuously as well as in connection with the introduction of new products or systems. An active monitoring ensures that weaknesses in the ICFR framework are identified and that compensating controls and remediation activities can be initiated – all in the aim of managing the risk for material errors in the financial reporting.

5 Report ICFR residual risk

The results of the monitoring of the ICFR framework are compiled and analysed in order to assess the risk for potential errors in the financial reporting. This is done on a quarterly basis in connection with the external financial reporting and is summarised in an ICFR monitoring report that describes the residual financial reporting risk level, including an assessment of identified control gaps and how well these are covered by compensating controls. This report is presented to the Group CFO on a quarterly basis and to the ACC once a year, as part of their responsibility for monitoring and assessing the effectiveness of the ICFR framework. This consolidated reporting of ICFR residual risk also contributes to transparency in the organisation and enables prioritisation of remediation activities.

In addition to the monitoring activities performed by Management, the Group's Internal Audit function reviews the internal control over the financial reporting in accordance with a plan adopted by the ACC. The results of Internal Audit's reviews as well as measures taken and their current status are reported on a regular basis to the ACC.

Remuneration report

Remuneration strategy

SEB's remuneration strategy promotes a sound and dynamic performance culture that encourages appropriate behaviour and balanced risk taking among employees for the benefit of the customers. The remuneration system also reflects sound risk management by taking into account the cost of capital employed and liquidity required.

Remuneration shall be competitive in the markets and segments where SEB operates in order to motivate high performing employees. SEB's competitors consist of both local and regional financial institutions as well as global firms in the markets in which SEB operates.

Remuneration structure

SEB's remuneration structure is based on the following major components: base pay, cash-based and equity-based variable compensation, pensions and other benefits. These are used to achieve an overall remuneration structure with a sound balance between fixed and variable pay and between short- and long-term compensation.

The total remuneration reflects the complexity, responsibility and leadership skills required in each position as well as the performance of the individual employee. The payout horizon for variable pay is aligned with the risk horizon.

The design of pension plans and benefits is dependent on country specific requirements and on various collective agreements. SEB is striving to increase the numbers of employees in defined contribution plans.

Cash-based variable compensation

SEB is gradually reducing the number of employees eligible for cash-based variable compensation based on individual performance in favour of collective programmes and equity-based compensation. Cash-based variable compensation is primarily used where it is common market practice, e.g. in investment banking. Cash-based variable pay in SEB is based on the risk-adjusted annual performance and behaviours of the individual employee as well as the relevant team/business unit and SEB as a whole. SEB has an established model for calculating and allocating risk capital in the business. The risk adjustment of the financial performance is based on this model. In 2011, the cash-based variable compensation corresponded to 10 per cent of SEB's total staff costs compared with 12 per cent in 2010. The decrease reflects a gradually changing market practise including an ongoing shift from variable to fixed compensation.

Equity-based variable compensation

Equity-based variable compensation is a means to attract and retain staff with the required competence and to build long-term commitment to SEB. The long-term equity programmes offer an opportunity to take part in SEB's long-term success and value creation, and create an incentive for the employees to become shareholders of SEB.

The 2011 AGM approved two different programmes for 2011:

- a Share Savings Programme for all employees in selected countries
- a Share Matching Programme for selected senior managers and key employees.

Participation in the programmes requires employees' own investment.

Share Savings Programme

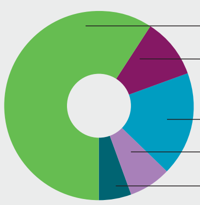
The Share Savings Programme is available to all employees in selected countries and is designed to support 'One SEB' and foster a long-term commitment to SEB. The employees are offered to purchase SEB class A-shares for an amount corresponding to a maximum of 5 per cent of their gross base pay during a year. For this amount, purchases of shares are made during four periods, following the publication of the Bank's quarterly reports, at the current stock exchange rate. If the shares are retained three years from the investment date and the participant remains with SEB during this time, the Bank will give the employee one class A-share for each share retained.

Share Matching Programme

The Share Matching Programme is performance-based with predetermined quantitative performance criteria. It is offered to a selected group of approximately 500 key employees. Participation requires own investment in SEB class A-shares with the possibility to receive matching shares and additional performance-based matching shares. The investment amount is predetermined and capped for each participant. The participant will receive one class A-share for each share retained if the purchased shares are retained for three years and the participant has remained with SEB. In addition, a maximum of three (four for members of the Group Executive Committee) performance based matching shares are allocated to each participant if the predetermined performance criteria are fulfilled.

Staff costs

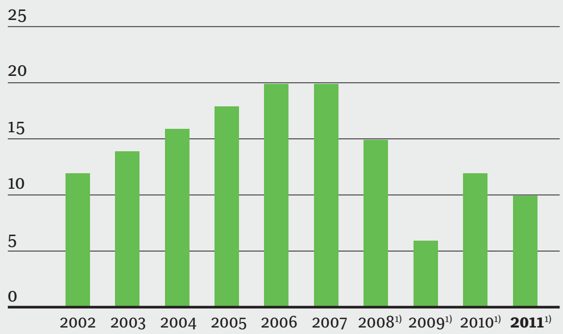
SEK m



	2011	2010
Base pay	8,265	(8,061)
Variable compensation	1,411	(1,574)
Social charges	2,487	(2,408)
Pensions	1,020	(1,093)
Other staff costs	750	(784)

Variable compensation

Variable cash-based compensation in relation to total staff costs (incl. social charges), per cent



1) Shows continuing operations from 2008

Remuneration to the Group Executive Committee and Total SEB Group

2011
in thousand SEK

	Base pay	Cash-based variable compensation	Expensed amount equity-based programmes	Benefits and other	Total	Pensions
President and CEO, Annika Falkengren	7,000	–	4,137	1,306	12,443	6,735
Members of the GEC	62,984	–	17,768	2,404	83,156	24,077
Total	**69,984**	**–**	**21,905**	**3,710**	**95,599**	30,812
SEB Group excl. GEC	8,195,700	1,123,801	264,822	97,686	9,682,009	988,455
SEB Group	**8,265,684**	**1,123,801**	**286,727**	**101,396**	**9,777,608**	**1,019,267**

In 2011, in average twelve members of the GEC (excl. the President and CEO) are included.

2010
in thousand SEK

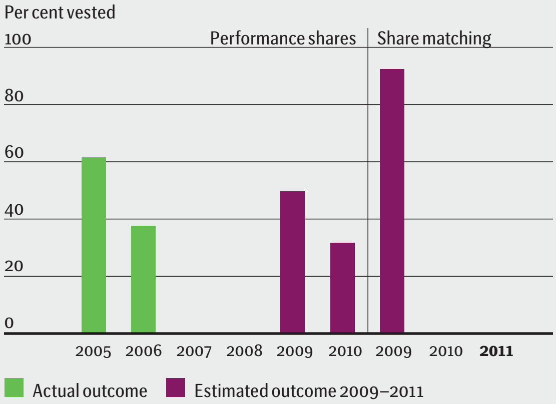
	Base pay	Cash-based variable compensation	Expensed amount equity-based programmes	Benefits and other	Total	Pensions
President and CEO, Annika Falkengren	7,000	–	2,682	1,278	**10,960**	6,368
Members of the GEC	57,412	–	11,337	2,279	**71,028**	21,440
Total	**64,412**	**–**	**14,019**	**3,557**	**81,988**	27,808
SEB Group excl. GEC	7,996,994	1,391,745	168,207	93,142	**9,650,089**	1,064,847
SEB Group	**8,061,406**	**1,391,745**	**182,226**	**96,699**	**9,732,077**	**1,092,655**

In 2010, in average eleven members of the GEC (excl. the President and CEO) are included.

The outcome of the 2011 programme, i.e. the number of performance based matching shares received, depends on the extent of fulfilment of the two predetermined performance criteria; (i) the total shareholder return compared to SEB's competitors (1/3 of the total maximum outcome) and (ii) total shareholder return compared to the market's requirement for return based upon the rate of the Swedish 10 year government bond, i.e. the long-term risk free interest rate (2/3 of the total maximum outcome). The performance criteria are measured during a three year performance period. The 2009 and 2010 Share Matching Programmes had similar terms and conditions.

From 2005 until 2010 a Performance Share Programme was offered to senior officers and other key employees. This programme has from 2009 gradually been replaced by the Share Matching Programme. Each programme has a vesting period of three years and is exercisable for another four years.

Status of equity-based programmes



The last programme expires in 2017. *Further information on the programmes is available in Note 9d.*

Remuneration to the President and the Group Executive Committee

SEB's Board of Directors has prepared proposals for guidelines for the salary and other remuneration to the President and the Group Executive Committee, which were approved by the 2011 AGM. In accordance with these guidelines, the Board decides on the actual remuneration to the President and the other members of the Group Executive Committee following a proposal from the Remuneration and Human Resources Committee.

At the 2011 AGM the external auditors reported that SEB during 2010 has complied with the guidelines for remuneration to members of the Group Executive Committee as adopted by the 2010 AGM.

The total remuneration to the President and the members of the Group Executive Committee in 2011 was based upon three main components:

- Base pay
- Equity-based variable compensation
- Pension and other benefits

The remuneration does not include cash-based variable compensation. The pension plans for the members of the Group Executive Committee consist of defined benefit plans or defined contribution plans and are inviolable. SEB strives to increase the number of employees in defined contribution plans. The defined benefit plans have a cap in the pensionable salary. Termination of employment by the Bank entitles to a severance payment of up to twelve months base pay. SEB has the right to deduct any income from other employments from the severance pay.

Review and adoption of SEB's Remuneration Policy

The Head of Group Human Resources conducts a yearly review of SEB's Remuneration Policy and can, after having consulted among others the Chief Risk Officer, propose amendments to the policy. After preparations in the Group Executive Committee, the President proposes the amended policy to the Remuneration and Human Resources Committee. The Committee prepares the Remuneration Policy for final adoption by the Board.

New regulatory framework

SEB adheres to the new framework of the Swedish Financial Supervisory Authority that took effect on 1 March 2011. According to the regulations, the bank shall identify and define employees whose actions can have a material impact on the bank's risk exposure, Specially regulated staff.

SEB has defined Specially regulated staff, apart from the Group Executive Committee, according to four categories given in the regulations:

- Employees in leading strategic positions
- Employees responsible for control functions
- Risk takers
- Employees whose total remuneration is in line with or above any of the members in the Group Executive Committee.

For the employees identified, at least 40 to 60 per cent of the variable compensation shall be deferred for at least three to five years if the annual variable compensation is SEK 100,000 or more. Before pay-out, the deferred amount will be subject to a risk adjustment.

In 2011, 942 employees across the SEB Group were identified as Specially regulated staff. *A specification of SEB's remuneration according to the requirements of the Swedish Financial Supervisory Authority's regulatory framework is available in Note 9.*

Definitions

Return on equity
Net profit attributable to equity holders for the year as a percentage of average shareholders equity.

Return on business equity
Operating profit reduced by a standard tax rate per division, as a percentage of business equity.

Return on total assets
Net profit attributable to equity holders as a percentage of average assets.

Return on risk-weighted assets
Net profit attributable to equity holders as a percentage of average risk-weighted assets.

Cost/Income-ratio
Total operating expenses as a percentage of total operating income.

Basic earnings per share
Net profit attributable to equity holders for the year as a percentage of the average number of shares.

Diluted earnings per share
Net profit attributable to equity holders for the year as a percentage of the average diluted number of shares.

Net worth per share
Shareholders' equity plus the equity portion of any surplus values in the holdings of interest-bearing securities and surplus value in life insurance operations as a percentage of the number of shares.

Risk-weighted assets
Total assets and off balance sheet items, weighted in accordance with capital adequacy regulation for credit risk. It is customary to also express regulatory capital requirements for market and operational risk as risk-weighted assets, yielding a total RWA number for these three risk categories. Defined only for the Financial Group of Undertakings which excludes insurance entities.

Tier 1 capital
Shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets (e.g. bank-related goodwill) and certain other adjustments. Tier 1 capital can also include qualifying forms of subordinated loans (Tier 1 capital contribution).

Core Tier 1 capital
Tier 1 capital excluding Tier 1 capital contribution.

Tier 2 capital
Mainly subordinated loans not qualifying as Tier 1 capital contribution. Dated loans give a maturity-dependent reduction, and some further adjustments are made.

Capital base
The sum of Tier 1 and Tier 2 capital. Deductions should be made for investments in insurance companies and pension surplus values.

Tier 1 capital ratio
Tier 1 capital as a percentage of risk-weighted assets.

Core Tier 1 capital ratio
Core Tier 1 capital as a percentage of risk-weighted assets.

Total capital ratio
The capital base as a percentage of risk-weighted assets.

Credit loss level
Net credit losses as a percentage of the opening balance of loans to the public, loans to credit institutions and loan guarantees less specific, collective and off balance sheet reserves.

Gross level of impaired loans
Individually assessed impaired loans, gross, as a percentage of loans to the public and loans to credit institutions before reduction of reserves.

Net level of impaired loans
Individually assessed impaired loans, net (less specific reserves) as a percentage of net loans to the public and loans to credit institutions less specific reserves and collective reserves.

Specific reserve ratio for individually assessed impaired loans
Specific reserves as a percentage of individually assessed impaired loans.

Total reserve ratio for individually assessed impaired loans
Total reserves (specific reserves and collective reserves for individually assessed loans) as a percentage of individually assessed impaired loans.

Reserve ratio for portfolio assessed loans
Collective reserves for portfolio assessed loans as a percentage of portfolio assessed loans past due more than 60 days or restructured.

Non-performing loans
Loans deemed to cause probable credit losses including individually assessed impaired loans, portfolio assessed loans past due more than 60 days and restructured portfolio assessed loans.

NPL coverage ratio
Total reserves (specific, collective and off balance sheet reserves) as a percentage of Non-performing loans.

NPL per cent of lending
Non-performing loans as a percentage of loans to the public and loans to credit institutions before reduction of reserves.

All figures within brackets refer to 2010 unless otherwise stated. Percentage changes refer to comparisons with 2010 unless otherwise stated.

Exchange rates used for converting main currencies to SEK in the Group Consolidation

		Profit and loss account			Balance sheet		
		2011	2010	Change, %	2011	2010	Change, %
DKK	Danish kroner	1.212	1.283	-5	1.199	1.205	-1
EUR	Euro	9.032	9.550	-5	8.909	8.984	-1
NOK	Norwegian kroner	1.158	1.187	-2	1.148	1.150	0
LTL	Lithuanian litas	2.616	2.766	-5	2.581	2.603	-1
LVL	Latvian lats	12.789	13.477	-5	12.729	12.657	1
USD	U.S. dollars	6.495	7.208	-10	6.867	6.751	2

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Income statement

SEB Group

SEK m	Note	2011	2010	Change, %
Interest income		*56,163*	*45,892*	*22*
Interest expense		*–39,262*	*–29,962*	*31*
Net interest income	3	16,901	15,930	6
Fee and commission income		*19,023*	*18,623*	*2*
Fee and commission expense		*–4,848*	*–4,503*	*8*
Net fee and commission income	4	14,175	14,120	0
Gains (losses) on financial assets and liabilities held for trading, net		*4,072*	*3,336*	*22*
Gains (losses) on financial assets and liabilities designated at fair value, net		*–53*	*–128*	*–59*
Impairments of available-for-sale financial assets		*–471*	*–60*	
Net financial income	5	3,548	3,148	13
Premium income, net		*6,467*	*7,024*	*–8*
Income investment contracts		*1,180*	*1,138*	*4*
Investment income net		*4,673*	*7,793*	*–40*
Other insurance income		*425*	*398*	*7*
Net insurance expenses		*–9,548*	*–13,098*	*–27*
Net life insurance income	6	3,197	3,255	–2
Dividends		*115*	*163*	*–29*
Profit and loss from investments in associates		*48*		
Gains less losses from investment securities		*–27*	*109*	*–125*
Other operating income		*–271*	*10*	
Net other income	7	–135	282	–148
Total operating income		**37,686**	**36,735**	**3**
Staff costs	9	–13,933	–13,920	0
Other expenses	10	–7,424	–7,213	3
Depreciation, amortisation and impairment of tangible and intangible assets	11	–1,764	–1,854	–5
Restructuring costs			–764	–100
Total operating expenses		**–23,121**	**–23,751**	**–3**
Profit before credit losses		**14,565**	**12,984**	**12**
Gains less losses from disposals of tangible and intangible assets	12	2	14	–86
Net credit losses	13	778	–1,609	–148
Operating profit		**15,345**	**11,389**	**35**
Income tax expense	15	–3,046	–2,569	19
Net profit from continuing operations		**12,299**	**8,820**	**39**
Discontinued operations		–1,155	–2,022	–43
NET PROFIT		**11,144**	**6,798**	**64**
Attributable to minority interests		37	53	–30
Attributable to shareholders		11,107	6,745	65
Basic earnings per share from continuing operations, SEK	16	5.59	4.00	
Diluted earnings per share from continuing operations, SEK	16	5.56	3.98	
Basic earnings per share from discontinued operations, SEK	16	–0.53	–0.93	
Diluted earnings per share from discontinued operations, SEK	16	–0.52	–0.92	
Basic earnings per share, SEK	16	5.06	3.07	
Diluted earnings per share, SEK	16	5.04	3.06	

Statement of comprehensive income

	Note	2011	2010	Change, %
Net profit		**11,144**	**6,798**	**64**
Available-for-sale financial assets		722	–629	
Cash flow hedges		1,529	–1,215	
Translation of foreign operations		–140	–733	–81
Deferred taxes on translation effects		–76	–1,574	–95
Other		–454	100	
Other comprehensive income (net of tax)	17	**1,581**	**–4,051**	**–139**
TOTAL COMPREHENSIVE INCOME		**12,725**	**2,747**	
Attributable to minority interests		36	14	157
Attributable to shareholders		12,689	2,733	

Balance sheet

SEB Group

31, December, SEK m	Note	2011	2010	Change, %
Cash and cash balances with central banks	20	148,042	46,488	
Other lending to central banks	20	80,548	20,664	
Loans to other credit institutions	21	128,763	183,524	–30
Loans to the public	22	1,186,223	1,074,879	10
Securities held for trading		*231,932*	*221,791*	*5*
Derivatives held for trading		*149,617*	*116,008*	*29*
Derivatives held for hedging		*17,812*	*11,631*	*53*
Fair value changes of hedged items in a portfolio hedge		*1,347*	*3,419*	*–61*
Financial assets – policyholders bearing the risk		*186,763*	*179,432*	*4*
Other financial assets at fair value		*83,162*	*85,465*	*–3*
Financial assets at fair value	23	670,633	617,746	9
Available-for-sale financial assets	24	57,377	66,970	–14
Held-to-maturity investments	25	282	1,451	–81
Assets held-for-sale	52	2,005	74,951	–97
Investments in associates	26	1,289	1,022	26
Intangible assets		*17,872*	*16,922*	*6*
Property and equipment		*1,243*	*1,588*	*–22*
Investment properties		*9,901*	*8,525*	*16*
Tangible and intangible assets	28	29,016	27,035	7
Current tax assets		*6,203*	*4,580*	*35*
Deferred tax assets		*1,313*	*1,709*	*–23*
Trade and client receivables		*14,562*	*30,434*	*–52*
Withheld margins of safety		*19,576*	*13,989*	*40*
Other assets		*16,821*	*14,379*	*17*
Other assets	29	58,475	65,091	–10
TOTAL ASSETS		**2,362,653**	**2,179,821**	**8**
Deposits from credit institutions	30	201,274	212,624	–5
Deposits and borrowing from the public	31	861,682	711,541	21
Liabilities to policyholders – investment contracts		*180,988*	*174,753*	*4*
Liabilities to policyholders – insurance contracts		*88,695*	*89,217*	*–1*
Liabilities to policyholders	32	269,683	263,970	2
Debt securities	33	589,873	530,483	11
Trading liabilities		*79,817*	*78,467*	*2*
Derivatives held for trading		*145,381*	*113,597*	*28*
Derivatives held for hedging		*5,391*	*7,262*	*–26*
Fair value changes of hedged items in portfolio hedge		*1,658*	*1,364*	*22*
Other financial liabilities at fair value	34	232,247	200,690	16
Liabilities related to assets held-for-sale	52	1,962	48,339	–96
Current tax liabilities		*1,605*	*4,021*	*–60*
Deferred tax liabilities		*10,283*	*9,852*	*4*
Trade and client payables		*13,043*	*29,960*	*–56*
Withheld margins of safety		*18,489*	*13,963*	*32*
Other liabilities		*26,463*	*27,535*	*–4*
Other liabilities	35	69,883	85,331	–18
Provisions	36	1,779	1,748	2
Subordinated liabilities	37	25,109	25,552	–2
Total liabilities		**2,253,492**	**2,080,278**	**8**
Minority interests		261	266	–2
Share capital		*21,942*	*21,942*	*0*
Other reserves		*28,656*	*31,159*	*–8*
Retained earnings		*47,195*	*39,431*	*20*
Net profit, attributable to shareholders		*11,107*	*6,745*	*65*
Shareholders' equity		108,900	99,277	10
Total equity		**109,161**	**99,543**	**10**
TOTAL LIABILITIES AND EQUITY		**2,362,653**	**2,179,821**	**8**

Off-balance sheet items

Collateral and comparable security pledged for own liabilities	39	204,265	231,334	–12
Other pledged assets and comparable collateral	39	221,626	214,989	3
Contingent liabilities	39	94,004	82,048	15
Commitments	39	390,352	388,619	0

Statement of changes in equity

SEB Group

31, December, SEK m	2011	2010	Change, %
Minority interests	261	266	–2
Shareholders' equity	108,900	99,277	10
TOTAL EQUITY	**109,161**	**99,543**	**10**

Shareholders' equity

Share capital [1]	21,942	21,942	
Other restricted reserves	29,837	34,451	–13
Equity, restricted	**51,779**	**56,393**	**–8**
Eliminations of repurchased shares and swaps	–1,621	–1,439	13
Available-for-sale financial assets	–1,003	–1,725	
Cash flow hedges	1,107	–422	
Translation of foreign operations	–1,285	–1,145	
Profit brought forward	48,816	40,870	19
Net profit attibutable to equity holders	11,107	6,745	65
Equity, non-restricted	**57,121**	**42,884**	**33**
TOTAL	**108,900**	**99,277**	**10**

1) 2,170,019,294 Series A-shares (2,170,019,294); 24,152,508 Series C-shares (24,152,508)

Changes in equity

2011	Share capital	Retained earnings	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Other	Total Shareholders' equity	Minority interests	Total Equity
Opening balance	21,942	80,571	–1,725	–422	–1,145	56	**99,277**	266	**99,543**
Net profit		11,107					**11,107**	37	**11,144**
Other comprehensive income (net of tax)			722	1,529	–140	–529	**1,582**	–1	**1,581**
Total comprehensive income		**11,107**	**722**	**1,529**	**–140**	**–529**	**12,689**	**36**	**12,725**
Dividend to shareholders [1]		–3,242					**–3,242**		**–3,242**
Employee share programmes [2]		189					**189**		**189**
Minority interests		15					**15**	–41	**–26**
Change in holding of own shares [2]		–28					**–28**		**–28**
CLOSING BALANCE	**21,942**	**88,612**	**–1,003**	**1,107**	**–1,285**	**–473**	**108,900**	**261**	**109,161**
2010									
Opening balance	21,942	76,699	–1,096	793	–412	1,491	**99,417**	252	**99,669**
Net profit		6,745					**6,745**	53	**6,798**
Other comprehensive income (net of tax)			–629	–1,215	–733	–1,435	**–4,012**	–39	**–4,051**
Total comprehensive income		**6,745**	**–629**	**–1,215**	**–733**	**–1,435**	**2,733**	**14**	**2,747**
Dividend to shareholders [1]		–2,194					**–2,194**		**–2,194**
Employee share programmes [2]		–713					**–713**		**–713**
Change in holding of own shares [2]		34					**34**		**34**
CLOSING BALANCE	**21,942**	**80,571**	**–1,725**	**–422**	**–1,145**	**56**	**99,277**	**266**	**99,543**

1) Dividend paid 2011 for 2010 was per A-share SEK 1.50 (1.00) and per C-share SEK 1.50 (1.00). Proposed dividend for 2011 is SEK 1.75, further information can be found in The SEB share on page 14–15.
2) The item includes changes in nominal amounts of equity swaps used for hedging of stock option programmes.
During 2010, SEB repurchased 0.6 million Series A shares for the long-term incentive programmes as decided at the Annual General Meeting. As stock options were exercised, 1.1 million shares were sold in 2010. As of 31 December 2010 SEB owned 0.3 million Class A shares with a market value of SEK 15m. Another 1.0 million shares have been sold as stock options were exercised in 2011. During 2011, SEB also repurchased 3.0 million Series A shares for the long-term incentive programmes as decided at the Annual General Meeting. As of 31 December 2011 SEB owned 2.3 million Class A-shares with a market value of SEK 94m.

Cash flow statement

SEB Group

SEK m	2011	2010	Change, %
Interest received	55,904	46,107	21
Interest paid	–37,783	–31,895	18
Commission received	19,023	18,671	2
Commission paid	–4,848	–4,511	7
Net received from financial transactions	–5,746	3,467	
Other income	1,226	3,072	–60
Paid expenses	–23,065	–23,034	0
Taxes paid	–3,046	–2,521	21
Cash flow from the profit and loss statement	**1,665**	**9,356**	**–82**
Increase (–)/decrease (+) in portfolios	41,611	54,827	–24
Increase (+)/decrease (–) in issued short-term securities	58,272	87,141	–33
Increase (–)/decrease (+) in lending to credit institutions and central banks	85,416	104,530	–18
Increase (–)/decrease (+) in lending to the public	–121,991	25,616	
Increase (+)/decrease (–) in liabilities to credit institutions	–9,913	–177,646	–94
Increase (+)/decrease (–) in deposits and borrowings from the public	150,489	–48,289	
Increase (–)/decrease (+) in insurance portfolios	–1,096	–5,053	–78
Change in other assets	77,583	–150,742	–151
Change in other liabilities	–63,206	98,513	–164
Cash flow from operating activities	**218,830**	**–1,747**	
Sales of shares and bonds	1,258	384	
Sales of intangible and tangible fixed assets	2	14	–86
Dividends	115	163	–29
Investments/divestments in shares and bonds	418	–205	
Investments in intangible and tangible assets	–3,745	–1,146	
Cash flow from investing activities	**–1,952**	**–790**	**147**
Issue of securities and new borrowings	289,634	164,994	76
Repayment of securities	–290,063	–186,290	56
Dividend paid	–3,242	–2,194	
Cash flow from financing activities	**–3,671**	**–23,490**	**–84**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**213,207**	**–26,027**	
Cash and cash equivalents at beginning of year	63,646	89,673	–29
Net increase in cash and cash equivalents	213,207	–26,027	
CASH AND CASH EQUIVALENTS AT END OF PERIOD[1)]	**276,853**	**63,646**	

1) Cash and cash equivalents at end of period is defined as Cash and cash balances with central banks (note 20) and Loans to other credit institutions – payable on demand (note 21).

The sale of the German retail business was structured as a carve out, i.e. assets and liabilities pertaining to the deal was transferred to the buyer. The disposal is therefore reported as cash flow from operating and financing actitivities rather than a divestment under cash flow from investing activities.

For cash flow statement from discontinued operations, see note 52.

Income statement

In accordance with the Swedish Financial Supervisory Authority regulations

Skandinaviska Enskilda Banken

SEK m	Note	2011	2010	Change, %
Interest income	3	36,818	27,830	32
Leasing income	3	5,756	5,496	5
Interest expense	3	–27,034	–19,498	39
Dividends	7	4,409	2,814	57
Fee and commission income	4	9,030	8,408	7
Fee and commission expense	4	–1,634	–1,501	9
Net financial income	5	3,133	3,239	–3
Other income	7	1,183	532	122
Total operating income		**31,661**	**27,320**	**16**
Administrative expenses	8	–14,479	–13,935	4
Depreciation, amortisation and impairment of tangible and intangible assets	11	–4,884	–4,630	5
Total operating expenses		**–19,363**	**–18,565**	**4**
Profit before credit losses		**12,298**	**8,755**	**40**
Net credit losses	13	–457	–362	26
Impairment of financial assets		–759	–442	72
Operating profit		**11,082**	**7,951**	**39**
Appropriations	14	–1,119	–1,283	–13
Income tax expense	15	–2,122	–3,020	–30
Other taxes	15	10	–75	
NET PROFIT		**7,851**	**3,573**	**120**

Statement of comprehensive income

	Note	2011	2010	Change, %
Net profit		**7,851**	**3,573**	**120**
Available-for-sale financial assets		36	–337	
Cash flow hedges		1,536	–1,208	
Translation of foreign operations		44	–29	
Other		–452	603	
Other comprehensive income (net of tax)	17	**1,164**	**–971**	
TOTAL COMPREHENSIVE INCOME		**9,015**	**2,602**	

Balance sheet

Skandinaviska Enskilda Banken

31, December, SEK m	Note	2011	2010	Change, %
Cash and cash balances with central banks	20	121,948	19,941	
Loans to credit institutions	21	245,796	250,568	–2
Loans to the public	22	873,335	763,441	14
Securities held for trading		*224,322*	*211,888*	*6*
Derivatives held for trading		*145,869*	*112,547*	*30*
Derivatives held for hedging		*16,271*	*9,561*	*70*
Other financial assets at fair value		*368*	*64*	
Financial assets at fair value	23	386,830	334,060	16
Available-for-sale financial assets	24	16,739	16,583	1
Held-to-maturity investments	25	2,771	3,685	–25
Investments in associates	26	1,092	967	13
Shares in subsidiaries	27	53,686	55,145	–3
Intangible assets		*2,544*	*1,787*	*42*
Property and equipment		*40,819*	*39,120*	*4*
Tangible and intangible assets	28	43,363	40,907	6
Current tax assets		*1,969*	*2,327*	*–15*
Deferred tax assets		*4*	*156*	*–97*
Trade and client receivables		*14,074*	*28,998*	*–51*
Withheld margins of safety		*19,576*	*13,989*	*40*
Other assets		*7,667*	*5,561*	*38*
Other assets	29	43,290	51,031	–15
TOTAL ASSETS		**1,788,850**	**1,536,328**	**16**
Deposits from credit institutions	30	229,428	195,408	17
Deposits and borrowing from the public	31	608,645	484,839	26
Debt securities	33	558,747	488,533	14
Trading liabilities		*77,163*	*74,729*	*3*
Derivatives held for trading		*145,373*	*111,438*	*30*
Derivatives held for hedging		*4,181*	*4,471*	*–6*
Other financial liabilities at fair value	34	226,717	190,638	19
Current tax liabilities		*800*	*2,603*	*–69*
Trade and client payables		*10,675*	*28,777*	*–63*
Withheld margins of safety		*18,489*	*13,963*	*32*
Other liabilities		*14,193*	*17,020*	*–17*
Other liabilities	35	44,157	62,363	–29
Provisions	36	76	180	–58
Subordinated liabilities	37	24,727	25,096	–1
Total liabilities		**1,692,497**	**1,447,057**	**17**
Untaxed reserves	38	**25,049**	**23,930**	**5**
Share capital		*21,942*	*21,942*	
Other reserves		*11,168*	*9,555*	*17*
Retained earnings		*30,343*	*30,271*	
Net profit		*7,851*	*3,573*	*120*
Shareholders' equity		**71,304**	**65,341**	**9**
TOTAL LIABILITIES, UNTAXED RESERVES AND SHAREHOLDERS' EQUITY		**1,788,850**	**1,536,328**	**16**

Off-balance sheet items

Collateral and comparable security pledged for own liabilities	39	104,496	138,775	–25
Other pledged assets and comparable collateral	39	51,077	35,663	43
Contingent liabilities	39	74,435	64,120	16
Commitments	39	303,315	291,046	4

Statement of changes in equity

Skandinaviska Enskilda Banken

31, December, SEK m	2011	2010	Change, %
Share capital [1]	21,942	21,942	
Other restricted reserves	12,260	12,260	
Equity, restricted	**34,202**	**34,202**	
Eliminations of repurchased shares and swaps	–1,603	–1,419	13
Available-for-sale financial assets	–1,833	–1,869	–2
Cash flow hedges	1,100	–436	
Translation of foreign operations	–355	–399	–11
Profit brought forward	31,942	31,689	1
Net profit for the year	7,851	3,573	120
Equity, non-restricted	**37,102**	**31,139**	**19**
TOTAL	**71,304**	**65,341**	**9**

1) 2,170,019,294 Series A-shares (2,170,019,294); 24,152,508 Series C-shares (24,152,508).

Changes in equity

2011	Share capital	Restricted reserves	Retained earnings	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Total
Opening balance	21,942	12,260	33,844	–1,870	–436	–399	**65,341**
Net profit			7,851				**7,851**
Other comprehensive income (net of tax)			–452	36	1,536	44	**1,164**
Total comprehensive income			**7,399**	**36**	**1,536**	**44**	**9,015**
Dividend to shareholders [1]			–3,242				**–3,242**
Employee share programmes [2]			98				**98**
Mergers			124				**124**
Change in holding of own shares [2]			–32				**–32**
CLOSING BALANCE	**21,942**	**12,260**	**38,190**	**–1,833**	**1,100**	**–355**	**71,304**
2010							
Opening balance	21,942	12,260	32,551	–1,532	772	–370	**65,623**
Net profit			3,573				**3,573**
Other comprehensive income (net of tax)			603	–337	–1,208	–29	**–971**
Total comprehensive income			**4,176**	**–337**	**–1,208**	**–29**	**2,602**
Dividend to shareholders [1]			–2,194				**–2,194**
Employee share programmes [2]			–713				**–713**
Change in holding of own shares [2]			23				**23**
CLOSING BALANCE	**21,942**	**12,260**	**33,843**	**–1,869**	**–436**	**–399**	**65,341**

1) Dividend paid 2011 for 2010 was per A-share SEK 1.50 (1.00) and per C-share SEK 1.50 (1.00). Proposed dividend for 2011 is SEK 1.75, further information can be found in The SEB share on page 14–15.
2) The item includes changes in nominal amounts of equity swaps used for hedging of stock option programmes.
During 2010, SEB repurchased 0.6 million Series A-shares for the long-term incentive programmes as decided at the Annual General Meeting. As stock options were exercised, 1.1 million shares were sold in 2010. As of 31 December 2010 SEB owned 0.3 million Class A-shares with a market value of SEK 15m. Another 1.0 million shares have been sold as stock options were exercised in 2011. During 2011, SEB also repurchased 3.0 million Series A-shares for the long-term incentive programmes as decided at the Annual General Meeting. As of 31 December 2011 SEB owned 2.3 million Class A-shares with a market value of SEK 94m.

Cash flow statement

Skandinaviska Enskilda Banken

SEK m	2011	2010	Change, %
Interest received	42,473	31,865	33
Interest paid	–25,994	–19,560	33
Commission received	8,937	8,335	7
Commission paid	–2,129	–1,352	57
Net received from financial transactions	–3,529	3,714	164
Other income	1,883	1,533	23
Paid expenses	–15,473	–14,232	9
Taxes paid	–3,022	–2,567	18
Cash flow from the profit and loss statement	**3,146**	**7,736**	**113**
Increase (–)/decrease (+) in trading portfolios	11,187	–2,813	–24
Increase (+)/decrease (–) in issued short-term securities	37,765	86,341	–54
Increase (–)/decrease (+) in lending to credit institutions	52,091	124,996	–58
Increase (–)/decrease (+) in lending to the public	–120,756	–40,753	196
Increase (+)/decrease (–) in liabilities to credit institutions	33,696	–190,503	–118
Increase (+)/decrease (–) in deposits and borrowings from the public	123,813	–6,152	
Change in other assets	–35,022	5,941	
Change in other liabilities	18,595	7,087	162
Cash flow from operating activities	**124,515**	**–8,120**	
Dividends and Group contributions	4,409	2,811	57
Investments in subsidiaries/Merger of subsidiaries	3,623	318	
Investments/divestments in shares and bonds	982	109	
Investments in intangible and tangible assets	–7,339	–4,183	75
Cash flow from investment activities	**1,675**	**–945**	
Issue of securities and new borrowings	117,604	75,169	53
Repayment of securities	–86,720	–52,579	65
Rights issue			
Dividend paid	–3,242	–2,194	
Cash flow from financing activities	**27,642**	**20,396**	**24**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**153,832**	**11,331**	
Cash and cash equivalents at beginning of year	69,246	57,915	20
Net increase in cash and cash equivalents	153,832	11,331	
CASH AND CASH EQUIVALENTS AT END OF PERIOD [1)]	**223,078**	**69,246**	

1) Cash and cash equivalents at end of period is defined as Cash and cash balances with central banks (note 20) and Loans to other credit institutions– payable on demand (note 21).

Notes to the financial statements

SEK m, unless otherwise stated.

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 office in Stockholm, Sweden.

The parent company is included in the Large Cap segment of the NASDAQ OMX stock exchange.

The consolidated accounts for the financial year 2011 were approved for publications by the Board of Directors on 24 February and will be presented for adoption at the 2012 Annual General Meeting.

1 Accounting policies

SIGNIFICANT ACCOUNTING POLICIES FOR THE GROUP

Statement of compliance
The Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the European Commission. The accounting follows the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulation and general guidelines issued by the Swedish Financial Supervisory Authority, Annual reports in credit institutions and securities companies (FFFS 2008:25). In addition to this the Supplementary accounting rules for groups RFR 1 and the additional UFR statements issued by the Swedish Financial Reporting Board have been applied.

Basis of preparation
The consolidated accounts are based on amortised cost, except for the fair value measurement of available-for-sale financial assets and financial assets and liabilities measured at fair value through profit or loss including derivatives. The financial statements are presented in Swedish kronor (SEK), which is the presentation currency of the Group.

Consolidation
Subsidiaries
The consolidated accounts combine the financial statements of the parent company and its subsidiaries. Subsidiaries are companies, over which the parent company has control and consequently the power to govern the financial and operating policies of the 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. Companies in which the parent company or its subsidiary hold more than 50 % of the votes, but are unable to exercise control due to contractual or 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 acquisition, being the date when the parent company gains control over the subsidiary. The subsidiary is included in the consolidated accounts until the date when control over the company ceases to exist.

The consolidated accounts are prepared in accordance with the acquisition method. The acquisition value is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on acquisition date, irrespective of any minority interest. The excess of the consideration transferred for the acquisition over the fair value of the Group's share of the identifiable acquired net assets is recorded as goodwill. If the consideration transferred 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.

The useful life of each individual intangible asset is determined though 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 interest of the results in subsidiaries is included in the reported results in the consolidated profit and loss account, while the minority interest of net assets is included in equity.

Associated companies
The consolidated accounts also include associated companies that are companies in which the Group has significant influence, but not control. Significant influence means 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 generally deemed to exist if the Group, directly or indirectly, holds between 20 and 50 per cent of the voting rights of an entity.

According to the main principle, associated companies are consolidated in accordance with the equity method. This means that the holding is initially reported at its acquisition cost. The associate company is subsequently carried at a value that corresponds to the Group's share of the net assets. 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 on the basis that these are managed and evaluated based on fair value.

Special Purpose Entities
Special Purpose Entities (SPE) are consolidated when the substance of the relationship between the Group and the entity indicates control. Potential indicators of control include for example an assessment of the Group's exposure to the risks and benefits of the SPE.

Assets held-for-sale and discontinued operations
Assets (or disposal groups) are classified as held-for-sale at the time when a non-current asset or group of assets (disposal group) are available for immediate sale in its present condition and its sale is deemed to be highly probable. At the time of the classification, a valuation of the asset or disposal group is made at the lower of its carrying amount and fair value, less costs to sell. Any subsequent impairment losses or revaluations are recognised directly in profit or loss. No gains are recognised in excess of accumulated impairment losses of the asset recognised previously. From the time of classification, no depreciation is made for property and equipment or intangible assets originating from discontinued operations. Assets and liabilities held-for-sale are reported separately in the balance sheet until they are sold. Discontinued operations are reported net separately in the income statement. The comparative figures for the previous year in the income statement and related notes for the previous year have been adjusted as if the discontinued operations had never been part of the continuing operations.

Segment reporting
An operating segment is identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group's chief operating decision maker is the Group Executive Committee.

Foreign currency translation
Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. 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 in other comprehensive income. Exchange rate differences referring to monetary items comprising part of a net investment in a foreign operation are reported in the same way.

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 other comprehensive income.

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 and liabilities

Financial assets

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.

The Group classifies its financial assets in the following categories: financial instruments at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets.

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.

Financial instruments at fair value through profit and loss

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.

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

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

Loans and receivables are measured at amortised cost using the effective interest method.

Held-to-maturity investments

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. Held-to-maturity investments are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are not classified into any of the other categories described above. Available-for-sale financial assets are measured at fair value. Gains and losses arising from changes in fair value are reported in the revaluation reserve in other comprehensive income and accumulated in the revaluation reserve in equity. In the case of sale or impairment of an available-for-sale financial asset, the accumulated gains or 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.

Reclassification

In rare circumstances non-derivative trading financial assets that are no longer held for the purpose of selling it in the near term may be reclassified out of the fair value through profit or loss category. Financial assets held in the available-for-sale category may be reclassified to loans and receivables or held-to-maturity if SEB has the intention and ability to hold the financial asset for the foreseeable future or until maturity. The reclassified assets must meet the definition of the category to which it is reclassified at the reclassification date. The prerequisite to reclassify to held-to-maturity is an intent and ability to hold to maturity.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new amortised cost. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Increases in estimates of cash flows of reclassified financial assets adjust effective interest rates prospectively, whereas decreases in the estimated cash flows are charged to the profit or loss.

Financial liabilities

Financial liabilities are measured at fair value on initial recognition. In the case of 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 recognised in profit or loss. For other financial liabilities direct transaction cost are recognised as a deduction from the fair value.

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

Financial liabilities at fair value through profit or loss

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, equities and derivatives. After initial recognition, financial liabilities 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.

Other financial liabilities

The category other financial liabilities primarily include the Group's short-term and long-term borrowings. After initial recognition other financial liabilities are measured 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 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 inputs. The valuation techniques used are for example 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.

Any differences between the transaction price and the fair value calculated using a valuation technique, the Day 1 profit, is amortised over the life of the transaction. Day 1 profit is recognised when either realised through settlement or variables used to calculate fair value are based on observable prices or rates.

Embedded derivatives
Some combined contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and reported at fair value with gains and losses being recognised in the income statement.

Certain combined instruments are classified as financial asset or financial liability at fair value through profit or loss according to the fair value option. The designation implies that the entire combined instrument is measured at fair value through profit and loss.

Hedge accounting
Derivatives are used to hedge interest rate, exchange rate, and equity exposures. Where derivatives are held for risk management purposes, and when transactions meet the required criteria, the Group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation as appropriate to the risks being hedged. 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 prospectively the derivatives used are expected to be, and are highly effective when assessed retrospectively, in offsetting changes in fair values or cash flows of the hedged item. The Group also assesses and documents that the likelihood of forecasted transactions to take place is highly probable. More information regarding hedge accounting can be found in the note addressing Net other income.

Hedge accounting is applied to derivatives used to reduce risks such as interest rate risks and currency risks in financial instruments and net investments in subsidiaries. The Group applies different hedge accounting models depending on the purpose of the hedge.
– Hedges of fair value of recognised assets or liabilities or firm commitments (fair value hedge)
– Hedges of the fair value of the interest risk of a portfolio (portfolio 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).

The Group discontinues hedge accounting when:
– The derivative has ceased to be highly effective as a hedging instrument;
– The derivative expires, or is sold, terminated, or exercised;
– The hedged item matures or is sold or repaid; or
– The forecast transaction is no longer deemed highly probable

Fair value hedge
Fair value hedges are used to protect the Group against undesirable exposures to changes in the market prices of recognised assets or liabilities. Changes in fair value of derivatives that qualify and are designated as hedging instruments are recorded in the income statement, together with changes in the fair value of the hedged asset or liability 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.

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 in other comprehensive income. 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 that have been accumulated in equity are recognised in profit or loss in the same period as interest income and interest expense from the hedged asset or liability.

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
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 other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences accumulated in equity are recognised in the income statement as part of the gain or loss on the sale.

Interest income and interest expense
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 rate includes fees and points to be received and paid that are an integral part of the effective interest rate, 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.

Commissions 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 economic substance of each agreement. 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
Securities may be lent or sold subject to a commitment to repurchase them (a 'repo') at a fixed price. Such securities are retained on the balance sheet and included separately as collateral pledged when cash consideration is received. Depending on the counterparty, payment received is recognised under Deposits by credit institutions or as Deposits and borrowing from the public.

Similarly, where the Group borrows or purchases securities subject to a commitment to resell them (a 'reverse repo') the securities are not included in the balance sheet. Payment made is recognised as Loans to credit institutions or as Loans to the public.

The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest method.

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.

At each balance sheet date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred 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 of the issuer or obligor,
- concession granted to the borrower as a consequence of financial difficulty, 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,
- the probability that the borrower will go bankrupt or undergo some other kind of financial reconstruction
- deterioration in the value of collateral and
- a significant or prolonged decline in the fair value of an equity instrument below its cost

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 acquisition cost 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.

Appraisal of impairment

Individual appraisal of impairment

The following events are applied to establish objective evidence of impairment of individually appraised assets. Material breach of contract occurs when scheduled payments are past due by more than 60 days. The debt instrument is impaired if the cash flow or liquidity projections including the value of the collateral do not cover outstanding exposure. Quoted debt instruments are in addition subject to appraisal for impairment if there is a significant decline in fair value or rating to establish that no change is expected in cash flows. Equity instruments are considered impaired when a significant or prolonged decline in the fair value has occurred.

Collective appraisal of impairment when assets are not individually impaired

Assets appraised for impairment on an individual basis and found not impaired are included in a collective appraisal of incurred but not identified impairment. The collective appraisal of incurred but not identified credit losses is based on the SEB counterpart rating scale.

Loans appraised on a portfolio basis

Loans with limited value and similar risk, homogenous groups, are appraised for impairment on a portfolio basis. In assessing collective impairment the Group uses statistical models based on the probability of default and the amount of loss incurred, considering collaterals and recovery rates. The outcome is adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by the models. Default rates and loss rates are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Recognition of impairment loss on assets carried at amortised cost

An impairment of an individually assessed 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.

Impairment loss on Available-for-sale financial assets

When a decline in the fair value is recognised and there is objective evidence of impairment in an available-for-sale financial instrument, the accumulated loss shall be reclassified from equity to profit or loss. The amount of the accumulated loss that is transferred from equity 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.

The incurred 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.

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 following an increase in fair value but recognised in other comprehensive income.

Restructured loans

Restructured loans would have been considered past due or impaired if they were not restructured. After restructuring the loan it is normally regarded as not impaired.

Seized assets

Seized assets are assets taken over to protect a claim. SEB may refrain from a loan receivable and instead seize the asset that has been collateral for the loan. Seized assets may consist of financial assets, properties and other tangible assets. Seized asset are recognised on the same line item in the balance sheet as similar assets that have been acquired otherwise. Seized financial assets are categorised as available-for-sale assets. At inception seized assets are measured at fair value. The fair value at inception becomes the acquisition value or the amortised cost value. Subsequently seized assets are measured according to type of asset.

Tangible assets

Tangible assets, with the exception of investment properties held in insurance operations, are measured at 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 8 years.

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

Leasing

Leasing contracts are classified as finance or operating leases.

A finance lease is a lease that transfers, from the lessor to the lessee, substantially all 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. For an intangible asset to be recognised 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 8 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 intangible asset is determined if there is indication of a reduction in the value of the asset. An impairment loss is recognised if the carrying amount exceeds the recoverable amount of the asset.

Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision is made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn by a debtor in financial difficulties.

Provisions are evaluated at each balance sheet date and are adjusted as necessary.

Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, which most often equals the premium received. The initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantee at the balance sheet date. Provisions and changes in provisions are recognised in the income statement as Net credit losses. The contractual amounts according to financial guarantees are not recognised in the balance sheet but disclosed as off-balance sheet items.

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. Cumulative 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.

The employee stock option programmes are 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 assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or from tax authorities using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. 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 in other comprehensive income is also reported directly in other comprehensive income. 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 26.3 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 – defined as a transfer of an absolute risk of minimum 5 percent of the underlying value – 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 to 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 saving contracts include a discretionary participation feature. This feature entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses. All contracts that include a discretionary participation feature are reported as insurance contracts. The amounts referring to the guaranteed element and to the discretionary participation feature are reported as liabilities to policyholders.

Changes in accounting policies 2011
The following changes have been made with respect to this Group's accounting policies during 2011:

IAS 24 (revised 2010) Related Party Disclosures – the amendment clarifies the intended meaning and eliminate inconsistencies regarding the definition of a related party. The clarified definition has not had a material effect on the disclosures in SEB's consolidated financial statements.

IAS 32 (amendment) Financial Instruments: Classification of rights issues, IFRIC 14 (amendment) Prepayments of a Minimum Funding Requirement, IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, and *Improvements to IFRSs* are applied from 2011 and onwards. The changes have not had a material impact on the Group's consolidated financial statements for 2011.

Future accounting developments
Consideration will be given in the future to the implications, if any, of the following new and revised standards, if adopted by the EU. SEB has no intention to early adopt any of the new or amended standards.

IFRS 7 Financial instruments: Disclosures-Transfers of Financial Assets – The amendment will increase the disclosures of financial instruments in the Group's consolidated financial statements from 2012 and onwards.

IAS 12 Income Taxes – The amendment should be applied from 2012 and describes how deferred taxes should be determined when investment properties are measured at fair value. The change will not have a material effect on the financial statements of the Group.

IFRS 9 Financial Instruments – official effective date for annual periods beginning 1 January 2013 but later effective date is being considered by IASB. As part of the IASB's project to replace IAS 39 Financial Instruments the IASB issued the first part of the new standard in 2009 concerning Classification and measurement. The IASB aims to replace all of IAS 39 and the two remaining phases are: Impairment methodology and Hedge accounting. As IFRS 9 is not yet complete it is not possible to assess the impact of the changes on the financial statements of the Group.

Several standards have been issued and changed regarding consolidation: *IFRS 10 Consolidated Financial Statements, IFRS 11 Joint arrangements, IFRS 12 Disclosures of Interests in Other Entities, IAS 27 Separate Financial Statements* and *IAS 28 Investments in Associates and Joint Ventures.* The standards are applicable from 1 January 2013. The changes will increase the disclosures in general and particularly regarding structured entities that are not consolidated. The changes are not expected to have a material effect on the Group's consolidated financial statements.

IFRS 13 Fair Value Measurement – The standard defines fair value and sets out one single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The standard should be applied from 1 January 2013. The new standard will not have a significant impact on the consolidated financial statements of the Group.

IAS 1 Presentation of Financial Statements regarding presentation of items of Other Comprehensive Income – The amendment should be applied in consolidated financial statements from 2013. SEB will change the presentation of items of Other Comprehensive Income as a result of the amendment.

IAS 19 Employee Benefits – The amendment removes the possibility to use the corridor method and to amortise actuarial gains and losses. The expected deficit at transition will be reported in retained earnings (equity). Subsequent remeasurements of obligations and assets will be recognised in other comprehensive income. The standard also requires an entity to apply the discount rate on the net defined benefit liability (asset) in order to calculate the net interest expense (income). The standard thereby removes the use of an expected return on the plan assets. All changes in the net defined benefit liability (asset) will be recognized as they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurement in other comprehensive income. The new requirements are applicable from 1 January 2013, provided adoption by EU. The change will have a material impact on the consolidated financial statements of the Group (see page 21).

SIGNIFICANT ACCOUNTING POLICIES OF THE PARENT COMPANY

Skandinaviska Enskilda Banken (SEB) AB public limited company with registered office in Stockholm, Sweden.

The financial statements of SEB AB are prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the regulation and general guidelines issued by the Swedish Financial Supervisory Authority, Annual reports in credit institutions and securities companies (FFFS 2008:25) and statements from the Swedish Financial Reporting Board, RFR 2 and the additional UFR statements.

In accordance with the Financial Supervisory Authority's general advice, the parent company applies statutory IFRS. This means that the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the EU have been applied to the extent that is possible within the framework of Swedish legislation and considering the close tie between financial reporting and taxation. 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 as follows.

Presentation format
The presentation format for the balance sheet and the profit and loss account according to the Annual Accounts Act for Credit Institutions and Securities Companies is not in conformity with IFRS. Credit institutions and securities companies applying IFRS as adopted by the EU in their consolidated financial statements have the option to deviate from the presentation format for the balance sheet as stipulated by law, but may not deviate from the stipulated profit and loss account.

Holdings in subsidiaries and associated companies
Shares and participating interests in subsidiaries and associated companies are measured at cost. Dividends on shares in subsidiaries and associated companies are recognised as income in profit or loss. Merger of subsidiaries through absorption are accounted for at consolidated values. The merger effect is reported in equity.

Leasing
Leasing contracts which are classified as finance leases in the consolidated accounts are accounted for as operating leases in the parent company.

Pensions
The parent company does not apply the provisions of IAS 19 concerning accounting for defined benefit plans. Instead, pension costs are calculated on an actuarial basis in the parent company in accordance with the provisions of the Act on Safeguarding Pension Obligations and the Swedish Financial Supervisory Authority's regulations. In Sweden, actuarial pension commitments are guaranteed by a pension foundation or recognised as a liability.

The recognised net cost of pensions is calculated as pensions paid and pension premiums less any compensation from the pension foundation. The net pension cost for the year is reported under Staff costs in the parent company's profit and loss account. Excess amounts as a result of the value of the plan assets exceeding the estimated pension obligations are not recognised as an asset in the parent company's balance sheet. Deficits are recognised as a liability.

Intangible assets
In accordance with IAS 38, goodwill and other intangible assets with indefinite useful lives are not amortised in the consolidated financial statements. In the parent company financial statements goodwill is amortised as any other intangible asset in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Taxes
In the parent company, untaxed reserves are recognised as a separate item in the balance sheet. Untaxed reserves comprise accelerated depreciation under tax regulations, including the deferred tax component. In the consolidated financial statements, untaxed reserves are reported in retained earnings and deferred tax liability.

Group contributions
The net of Group contributions received and paid for the purpose of optimising the Group's corporate taxes are reported in the parent company as dividends.

CRITICAL JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Applying the Group's accounting policies require in some cases the use of estimates and assumptions that have a material impact on the amounts reported in the financial statements. The estimates are based on expert judgements and assumptions that management believes are true and fair. The most significant assumptions and estimates are associated with:
– the consolidation of mutual life insurance companies and unit-linked funds
– the fair value measurement of certain financial instruments
– the impairment testing of financial assets and goodwill
– the calculation of insurance liabilities
– the market valuation of real estate property
– the reporting of tax assets
– the actuarial calculations of pension liabilities

Consolidation of mutual life insurance companies and unit-linked funds
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.

Fair value measurement of certain financial instruments
Financial assets and liabilities are primarily measured at fair value by utilising quoted prices on active markets. In the absence of quoted prices, generally accepted and well established valuation techniques based on maximum use of observable information is used. Valuation techniques applied are for example discounted cash flows, third party indicative quotes, benchmarking to instrument with similar characteristics and option pricing models. Valuation techniques are subject to regular reviews by the risk control function of the Group to ensure reliability.

Impairment testing of financial assets and goodwill
Financial assets
Testing financial assets individually for impairment requires judgement to establish the counterparty's repayment capacity and the realisable value of any collateral. The most important aspect when testing a group of financial assets collectively for impairment is to identify the events that indicate incurred losses. Adjusting models for collective impairment testing to current market situation also require a high degree of expert judgement to ensure a reliable estimate. The assessment and assumptions are regularly reviewed by the credit organisation of the Group.

Goodwill
The annual impairment test of goodwill is based on the value in use with forecasted cash flows for five years. The cash flows beyond five years are determined based on historical performance and market trends for key assumptions such as growth, revenue and costs for cash generating units to which goodwill is allocated.

Calculation of insurance liabilities
Calculation of the Group's insurance liabilities is based on a number of assumptions such as interest rates, mortality, health, expenses, persistency, inflation and taxes.

Assumption on interest rates is based on regulations from each local Financial Supervisory Authority (FSA). All other assumptions are based on internally acquired experience.

Market valuation of real estate property
Real estate properties in the insurance operations have been fair valued with the assistance of external expertise. The valuation method applied means that the related expected cash flows are discounted to present value. The assumptions concerning expected cash flows are based on assumptions on future rents, vacancy levels, operating and maintenance costs, yield requirement and market interest. Assumptions are in line with the assessments that the market can be expected to make under current market conditions. The yield requirement is based on local analyses of comparable property purchases.

Reporting of tax assets
The expected outcome of uncertain tax positions is determined as the single most likely outcome.

Actuarial calculations of pension liabilities
Valuation of the Group's pension liabilities is based on actuarial, demographic and financial assumptions. Note 9 b contains a list of the most critical assumptions used when calculating the provision.

2 Operating segments

GROUP BUSINESS SEGMENTS

Income statement, 2011	Merchant Banking	Retail Banking	Wealth Management	Life [1]	Baltic	Other incl. elimina-tions [2]	Total
Interest income	*34,880*	*12,020*	*1,756*		*3,747*	*3,761*	**56,164**
Interest expense	*–27,347*	*–6,174*	*–1,120*	*–33*	*–1,767*	*–2,822*	**–39,263**
Net interest income	7,533	5,846	636	–33	1,980	939	**16,901**
Fee and commission income	*6,881*	*5,068*	*8,729*		*1,311*	*–2,966*	***19,023***
Fee and commission expense	*–1,503*	*–1,893*	*–5,012*		*–417*	*3,977*	***–4,848***
Net fee and commission income	5,378	3,175	3,717		894	1,011	**14,175**
Net financial income	4,000	302	87		365	–1,206	**3,548**
Net life insurance income				4,504		–1,307	**3,197**
Net other income	618	96	7		–33	–823	**–135**
Total operating income	**17,529**	**9,419**	**4,447**	**4,471**	**3,206**	**–1,386**	**37,686**
of which internally generated	–480	4,407	–1,270	1,406	–1,428	–2,635	
Staff costs	–3,915	–2,694	–1,406	–1,193	–699	–4,026	**–13,933**
Other expenses	–4,841	–3,568	–1,502	–536	–1,113	4,136	**–7,424**
Depreciation, amortisation and impairment of tangible and intangible assets	–227	–79	–49	–785	–133	–491	**–1,764**
Total operating expenses	**–8,983**	**–6,341**	**–2,957**	**–2,514**	**–1,945**	**–381**	**–23,121**
Gains less losses on disposals of tangible and intangible assets	–1				2	1	**2**
Net credit losses	–224	–476	–9		1,485	2	**778**
OPERATING PROFIT	**8,321**	**2,602**	**1,481**	**1,957**	**2,748**	**–1,764**	**15,345**
2010							
Interest income	*21,078*	*7,874*	*1,104*		*5,609*	*10,226*	***45,891***
Interest expense	*–13,750*	*–2,866*	*–619*	*–11*	*–3,686*	*–9,029*	***–29,961***
Net interest income	7,328	5,008	485	–11	1,923	1,197	**15,930**
Fee and commission income	*6,555*	*5,072*	*6,937*		*1,409*	*–1,350*	**18,623**
Fee and commission expense	*–1,280*	*–1,832*	*–3,185*		*–445*	*2,239*	**–4,503**
Net fee and commission income	5,275	3,240	3,752		964	889	**14,120**
Net financial income	3,366	273	89		401	–981	**3,148**
Net life insurance income				4,550		–1,295	**3,255**
Net other income	322	48	58		52	–198	**282**
Total operating income	**16,291**	**8,569**	**4,384**	**4,539**	**3,340**	**–388**	**36,735**
of which internally generated	282	845	–1,781	1,390	–1,056	320	
Staff costs	–3,959	–2,650	–1,298	–1,123	–728	–4,162	**–13,920**
Other expenses	–4,649	–3,381	–1,528	–589	–1,177	4,111	**–7,213**
Depreciation, amortisation and impairment of tangible and intangible assets	–170	–84	–84	–690	–296	–530	**–1,854**
Restructuring costs						–764	**–764**
Total operating expenses	**–8,778**	**–6,115**	**–2,910**	**–2,402**	**–2,201**	**–1,345**	**–23,751**
Gains less losses on disposals of tangible and intangible assets	20	–1			–5		**14**
Net credit losses	–203	–543	3		–873	7	**–1,609**
OPERATING PROFIT	**7,330**	**1,910**	**1,477**	**2,137**	**261**	**–1,726**	**11,389**

1) Business result in Life amounted to SEK 3,145m (3,182), of which change in surplus values was net SEK 1,188m (1,045).
2) Profit and losses from associated companies accounted for under the equity method are recognised in Net other income by SEK 48m (0). The aggregated investments are SEK 144m (102).

Balance sheet, 2011-12-31	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other incl. eliminations	Total
Assets	1,175,905	480,943	76,880	292,413	119,480	217,032	**2,362,653**
Liabilities	1,141,463	466,609	70,863	284,534	98,972	191,051	**2,253,492**
Investments	35	49	154	1,526	746	1,468	**3,978**
2010-12-31							
Assets	1,074,600	417,017	75,296	284,476	127,054	201,378	**2,179,821**
Liabilities	1,044,599	399,723	68,844	277,523	105,641	183,948	**2,080,278**
Investments	236	47	69	1,351	892	885	**3,480**

Note 2 ctd. Operating segments

GROUP BY GEOGRAPHY

	2011			2010		
	Gross Income*	Assets	Investments	Gross Income*	Assets	Investments
Sweden	55,549	1,825,309	1,757	44,403	1,594,695	1,320
Norway	6,177	95,313	17	5,961	118,849	46
Denmark	4,955	213,648	697	4,975	229,653	940
Finland	2,817	27,583		2,538	30,850	6
Estonia	1,741	35,275	120	1,806	40,569	139
Latvia	1,605	35,638	581	1,782	38,970	147
Lithuania	2,820	69,854	535	3,118	61,703	665
Germany	9,544	379,634	25	9,038	436,957	86
Other countries	7,069	503,109	246	6,029	302,066	131
Group eliminations	–10,480	–822,710		–8,451	–674,491	
TOTAL	**81,797**	**2,362,653**	**3,978**	**71,199**	**2,179,821**	**3,480**

* 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.

PARENT COMPANY BUSINESS SEGMENTS

2011	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other incl. eliminations	Total
Gross income*	21,582	6,830	1,775	92	8	30,043	**60,330**
Assets	831,462	201,143	29,821	1,021	30	725,373	**1,788,850**
Investments	30	48	12			992	**1,082**
2010							
Gross income*	20,167	6,532	1,653	90	5	19,872	**48,319**
Assets	621,828	178,938	25,854	489	27	709,192	**1,536,328**
Investments	117	2	32			551	**702**

PARENT COMPANY BY GEOGRAPHY

	2011			2010		
	Gross Income*	Assets	Investments	Gross Income*	Assets	Investments
Sweden	50,151	1,469,958	1,017	39,556	1,309,541	702
Norway	3,147	64,176	15	2,424	89,308	
Denmark	2,216	95,515	5	2,372	104,267	
Finland	929	5,865		830	6,704	
Other countries	3,887	153,336	45	3,137	26,508	
TOTAL	**60,330**	**1,788,850**	**1,082**	**48,319**	**1,536,328**	**702**

* 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.

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. Division Baltic offer retail, asset management and private banking services in the baltic countries. Other incl eliminations consists of business support units, treasury and staff units as well as eliminations of internal transactions.

Transfer pricing
The internal transfer pricing objective in the SEB Group is to measure net interest income, to transfer interest rate risk and liquidity and to manage liquidity. The internal price is based on SEB's actual or implied market-based cost of fund for a specific interest and liquidity term. Transactions between Business segments are conducted at arm's length.

3 Net interest income

	Group			Parent company		
2011	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	148,522	4,499	3.03%	264,463	3,906	1.48%
Loans to the public	1,121,399	40,554	3.62%	783,668	25,323	3.23%
Interest-bearing securities [1]	383,187	8,321	2.17%	235,977	5,442	2.31%
Total interest earnings assets	**1,653,108**	**53,374**	**3.23%**	**1,284,108**	**34,671**	**2.70%**
Derivatives		2,966			2,147	
Other assets	570,041			384,545		
Total assets	**2,223,149**			**1,668,653**		
Deposits from credit institutions	215,361	–5,652	–2.62%	275,148	–3,258	–1.18%
Deposits and borrowing from the public	757,098	–15,307	–2.02%	509,418	–7,127	–1.40%
Debt securities [2]	648,675	–15,054	–2.32%	502,521	–12,293	–2.45%
Subordinated liabilities	25,210	–1,354	–5.37%	24,635	–1,328	–5.39%
Total interest-bearing liabilities	**1,646,344**	**–37,367**	**–2.27%**	**1,311,722**	**–24,006**	**–1.83%**
Derivatives		–1,934			–3,028	
Other liabilities	473,437			289,154		
Equity	103,368			67,777		
Total liabilities and equity	**2,223,149**			**1,668,653**		
Net interest income, reclassified to discontinued operations		**–138**				
Net interest income, continuing operations		**16,901**			**9,784**	
Net yield on interest-earning assets, total operations			**1.03%**			**0.76%**
1) of which, measured at fair value		6,905			5,424	
2) of which, measured at fair value		–321			–168	

2010	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	191,749	2,949	1.54%	279,300	2,873	1.03%
Loans to the public	1,144,796	35,833	3.13%	684,516	16,480	2.41%
Interest-bearing securities [1]	381,845	7,545	1.98%	249,208	4,110	1.65%
Total interest earnings assets	**1,718,390**	**46,327**	**2.70%**	**1,213,024**	**23,463**	**1.93%**
Derivatives		4,272			4,367	
Other assets	558,761			409,271		
Total assets	**2,277,151**			**1,622,295**		
Deposits from credit institutions	327,693	–4,341	–1.32%	340,815	–2,030	–0.60%
Deposits and borrowing from the public	756,961	–12,068	–1.59%	449,454	–3,069	–0.68%
Debt securities [2]	580,418	–13,485	–2.32%	425,124	–10,579	–2.49%
Subordinated liabilities	31,859	–1,562	–4.90%	30,575	–1,527	–4.99%
Total interest-bearing liabilities	**1,696,931**	**–31,456**	**–1.85%**	**1,245,968**	**–17,205**	**–1.38%**
Derivatives		–1,815			–2,293	
Other liabilities	481,293			313,197		
Equity	98,927			63,130		
Total liabilities and equity	**2,277,151**			**1,622,295**		
Net interest income, reclassified to discontinued operations		**–1,398**				
Net interest income, continuing operations		**15,930**			**8,332**	
Net yield on interest-earning assets, total operations			**1.01%**			**0.69%**
1) of which, measured at fair value		5,669			4,105	
2) of which, measured at fair value		–166			–6	

Net interest income

	Parent company	
	2011	**2010**
Interest income	36,818	27,830
Income from leases [1]	5,756	5,496
Interest expense	–27,034	–19,498
Depreciation of leased equipment [1]	–4,287	–4,253
TOTAL	**11,253**	**9,575**

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.

4 Net fee and commission income

	Group		Parent company	
	2011	2010	2011	2010
Issue of securities	252	357	1,039	1,041
Secondary market	1,821	1,761	690	527
Custody and mutual funds	7,218	7,066	2,509	2,439
Securities commissions	9,291	9,184	4,238	4,007
Payments	1,575	1,531	1,154	1,116
Card fees	4,034	3,982	164	169
Payment commissions	5,609	5,513	1,318	1,285
Advisory	432	482	347	282
Lending	1,963	1,680	1,635	1,426
Deposits	106	103	65	64
Guarantees	398	427	266	271
Derivatives	715	518	669	500
Other	509	716	492	573
Other commissions	4,123	3,926	3,474	3,116
Fee and commission income	**19,023**	**18,623**	**9,030**	**8,408**
Securities commissions	–1,385	–1,216	–219	–197
Payment commissions	–2,301	–2,240	–540	–528
Other commissions	–1,162	–1,047	–875	–776
Fee and commission expense	**–4,848**	**–4,503**	**–1,634**	**–1,501**
Securities commissions, net	7,906	7,968	4,019	3,810
Payment commissions, net	3,308	3,273	778	757
Other commissions, net	2,961	2,879	2,599	2,340
TOTAL	**14,175**	**14,120**	**7,396**	**6,907**

5 Net financial income

	Group		Parent company	
	2011	2010	2011	2010
Gains (losses) on financial assets and liabilities held for trading, net	4,072	3,336	3,133	3,239
Gains (losses) on financial assets and liabilities designated at fair value, net	–53	–128		
Impairments of available-for-sale financial assets	–471	–60		
TOTAL	**3,548**	**3,148**	**3,133**	**3,239**
Gains (losses) on financial assets and liabilities held for trading, net				
Equity instruments and related derivatives	–21	629	–188	612
Debt instruments and related derivatives	1,126	636	948	1,158
Currency related	2,965	2,059	2,373	1,469
Other financial instruments	2	12		
TOTAL[1]	**4,072**	**3,336**	**3,133**	**3,239**
Gains (losses) on financial assets and liabilities designated at fair value, net				
Debt instruments and related derivatives	–69	–158		
Currency related	16	30		
TOTAL	**–53**	**–128**		

1) Includes ineffectiveness for net investment hedges in foreign operations of SEK 0m (0).

In June 2011, SEB recognised an impairment loss on its Greek sovereign debt holdings, classified as available-for-sale. This measure followed the action taken by Standard & Poor's to cut Greece's long-term credit rating by three notches to triple C. The impairment as of June 30, 2011 amounted to SEK 145m and during 2011 there was a further decline in fair value of SEK 313 m.

6 Net life insurance income

	Group	
	2011	2010
Premium income, net	6,467	7,024
Income investment contracts	1,180	1,138
Investment income net	4,673	7,793
Other insurance income	425	398
Net insurance expenses	–9,548	–13,098
TOTAL	**3,197**	**3,255**

Investment income, net

	2011	2010
Direct yield [1]	2,939	3,992
Change in value on investments at fair value, net	1,816	4,471
Foreign exchange gain/loss, net	469	490
	5,224	**8,953**
Expenses for asset management services	–45	–52
Policyholders tax	–506	–1,108
TOTAL	**4,673**	**7,793**

1) Net interest income, dividends received and operating surplus from properties.

Net insurance expenses

	2011	2010
Claims paid, net	–9,237	–8,234
Change in insurance contract provisions	–311	–4,864
TOTAL	**–9,548**	**–13,098**

7 Net other income

	Group		Parent company	
	2011	2010	2011	2010
Dividends	115	163	**4,409**	**2,814**
Investments in associates	48			
Gains less losses from investment securities	–27	109	127	132
Gains less losses from tangible assets[1]			25	17
Other income	–271	10	1,031	383
TOTAL	**–135**	**282**	**1,183**	**532**

1) See note 12 for the Group.

Dividends

	Group 2011	Group 2010	Parent 2011	Parent 2010
Available-for-sale investments	115	163	11	98
Dividends from subsidiaries			3,427	1,084
Group contributions from subsidiaries, net			971	1,632
TOTAL	**115**	**163**	**4,409**	**2,814**

Gains less losses from investment securities

	Group 2011	Group 2010	Parent 2011	Parent 2010
Available-for-sale financial assets – Equity instruments	536	250	431	132
Available-for-sale financial assets – Debt instruments	718	468		
Loans	4	4	20	
Gains	**1,258**	**722**	**451**	**132**
Available-for-sale financial assets – Equity instruments	–55	–5		
Available-for-sale financial assets – Debt instuments	–1,180	–473		
Loans	–50	–135	–324	
Losses	**–1,285**	**–613**	**–324**	
TOTAL	**–27**	**109**	**127**	**132**

Note 7 ctd. Net other income

Other income	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Fair value adjustment in hedge accounting	–526	– 432	15	–50
Operating result from non-life insurance, run off	38	34		
Repurchased issued bonds				
Other income	217	408	1 016	433
TOTAL	**–271**	**10**	**1,031**	**383**

Fair value adjustment in hedge accounting	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Fair value changes of the hedged items attributable to the hedged risk	–5,152	1,003	–5,234	1,052
Fair value changes of the hedging derivatives	5,040	–1,101	5,201	–1,053
Fair value hedges	**–112**	**–98**	**–33**	**–1**
Fair value changes of the hedging derivatives	48	–49	48	–49
Cash-flow hedges – ineffectiveness	**48**	**–49**	**48**	**–49**
Fair value changes of the hedged items	–912	–227		
Fair value changes of the hedging derivatives	450	–58		
Fair value portfolio hedge of interest rate risk – ineffectiveness	**–462**	**–285**		
TOTAL	**–526**	**–432**	**15**	**–50**

Fair value hedges and portfolio 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. The hedges are done either item by item or grouped by maturity.

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 2012 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 36,313m (37,130) and currency forwards to an amount of SEK 1,139m (1,024) was designated as hedges of net investments in foreign operations. Ineffectiveness has been recognised with SEK 0m (0) reported in Net financial income (note 5).

8 Administrative expenses

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Staff costs	–13,933	–13,920	–9,021	–8,639
Other expenses	–7,424	–7,213	–5,458	–5,296
TOTAL	**–21,357**	**–21,133**	**–14,479**	**–13,935**

9 Staff costs

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Base salary	–8,265	–8,061	–5,258	–4,821
Short-term variable cash-based compensation	–1,124	–1,392	–861	–993
Long-term equity-based compensation	–287	–182	–216	–141
Salaries and other compensations	**–9,676**	**–9,635**	**–6,335**	**–5,955**
Social charges	–2,487	–2,408	–1,751	–1,707
Defined benefit retirement plans 1)	–299	–358		
Defined contribution retirement plans 1)	–721	–735	–485	–505
Benefits and redundancies 2)	–218	–217	–84	–90
Education and other staff related costs	–532	–567	–366	–382
TOTAL	**–13,933**	**–13,920**	**–9,021**	**–8,639**

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 149m (133) for early retirement have been charged to the pension funds of the Bank.
2) Includes costs for redundancies with SEK 116m (120) for the Group and SEK 57m (61) for the parent company.

9 a Remuneration by division

Presented in note 9 a are the statement of remuneration for the Financial group of undertakings and significant units within the Group according to FFFS 2007:5 with changes in FFFS 2011:3.

SEB has chosen to include the remuneration also in the insurance operations that is not part of the Financial group of undertakings but part of the SEB group.

	Group				Parent company			
	Fixed [1]		Variable [1]		Fixed [1]		Variable [1]	
2011	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Merchant Banking	–2,360	2,493	–832	2,368	–1,647	1,723	–758	1,637
Retail Banking	–1,911	3,532	–101	3,355	–1,221	2,756	–73	2,618
Wealth Management	–914	1,006	–226	956	–324	430	–94	409
Life	–869	1,270	–42	650				
Baltic	–487	3,145	–36	2,830				
Other [2]	–2,961	5,258	–174	4,946	–2,626	3,812	–150	3,621
TOTAL	**–9,502**	**16,704**	**–1,411**	**15,105**	**–5,818**	**8,721**	**–1,075**	**8,285**
whereof collective variable pay [3]			–219	7,854				
2010								
Merchant Banking	–2,239	2,343	–1,025	2,396	–1,619	1,689	–935	1,605
Retail Banking	–1,873	3,404	–97	3,075	–1,243	2,607	–39	2,477
Wealth Management	–857	963	–171	941	–335	429	–43	408
Life	–813	1,190	–48	656				
Baltic	–491	3,208	–52	165				
Other [2]	–3,098	5,215	–181	3,331	–2,210	3,529	–117	3,351
TOTAL	**–9,371**	**16,323**	**–1,574**	**10,564**	**–5,407**	**8,254**	**–1,134**	**7,841**
whereof collective variable pay [3]			–175	7,748				

	SEB AG, Germany				SEB Pank AS, Estonia			
	Fixed		Variable		Fixed		Variable	
2011	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Merchant Banking	–483	505	–66	460				
Wealth Management	–158	182	–26	173				
Baltic					–142	946	–12	852
Other	–237	330	–9	334	–67	311	–6	280
TOTAL	**–878**	**1,017**	**–101**	**967**	**–209**	**1,257**	**–18**	**1,132**
2010								
Merchant Banking	–390	428	–53	385				
Wealth Management	–146	173	–22	156				
Baltic					–129	906	–6	41
Other	–434	415			–97	429	–4	19
TOTAL	**–970**	**1,016**	**–75**	**541**	**–226**	**1,335**	**–10**	**60**

	SEB Banka AS, Latvia				SEB bankas AB, Lithuania			
	Fixed		Variable		Fixed		Variable	
2011	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Baltic	–127	863	–11	777	–189	1,299	–16	1,169
Other	–44	292	–1	263	–77	419		377
TOTAL	**–171**	**1,155**	**–12**	**1,040**	**–266**	**1,718**	**–16**	**1,546**
2010								
Baltic	–117	798	–6	50	–167	1,230	–6	60
Other	–61	363			–118	575		
TOTAL	**–178**	**1,161**	**–6**	**50**	**–285**	**1,805**	**–6**	**60**

1) Variable pay is defined as short-term cash-based compensation and long-term equity based compensation. All other remuneration is reported as fixed remuneration and includes: base pay, pensions, severance pay, fees and benefits as e.g. company car and domestic services, in accordance with FFFS 2011:1. The reported remuneration does not include social charges.
2) Including Life and Baltic in the parent company.
3) Share Savings Programme and collective short-term cash-based compensation.

Note 9 a ctd.

Remuneration by category

	Group						Parent company					
	Remuneration			Employees			Remuneration			Employees		
2011	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total
Fixed remuneration 1)	–1,129	–8,373	**–9,502**	942	15,762	**16,704**	–886	–4,932	**–5,818**	699	8,022	**8,721**
Variable pay 1)	–631	–780	**–1,411**	810	14,295	**15,105**	–533	–542	**–1,075**	597	7,688	**8,285**
whereof:												
Short-term cash-based	–476	–648	**–1,124**				–400	–459	**–859**			
Long-term equity-based 2)	–155	–132	**–287**				–133	–83	**–216**			
Deferred variable pay 3)	–368	–132	**–500**				–314	–83	**–397**			
Accrued and paid remuneration 4)	–1,426	–9,021	**–10,447**				–1,139	–5,391	**–6,530**			
Severance pay 5)			**–160**			**632**			**–64**			**154**
Agreed not yet paid severance pay			**–50**			**125**			**–32**			**39**
Highest single amount			**–4**						**–4**			
2010												
Fixed remuneration 1)	–1,083	–8,288	**–9,371**	937	15,386	**16,323**	–824	–4,583	**–5,407**	704	7,550	**8,254**
Variable pay 1)	–666	–908	**–1,574**	811	9,753	**10,564**	–584	–550	**–1,134**	644	7,197	**7,841**
whereof:												
Short-term cash-based	–542	–850	**–1,392**				–480	–513	**–993**			
Long-term equity-based 2)	–124	–58	**–182**				–104	–37	**–141**			
Deferred variable pay 3)	–280	–58	**–338**				–243	–38	**–281**			
Accrued and paid remuneration 4)	–1,469	–9,138	**–10,607**				–1,165	–5,095	**–6,260**			
Severance pay 5)			**–189**			**232**			**–61**			**78**
Agreed not yet paid severance pay			**–42**			**51**			**–42**			**51**
Highest single amount			**–3**						**–3**			

	SEB AG, Germany						SEB Pank AS, Estonia					
	Remuneration			Employees			Remuneration			Employees		
2011	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total
Fixed remuneration 1)	–136	–742	**–878**	112	905	**1,017**	–13	–196	**–209**	20	1,237	**1,257**
Variable pay 1)	–38	–63	**–101**				–4	–14	**–18**	20	1,112	**1,132**
whereof:												
Short-term cash-based	–35	–50	**–85**				–2	–12	**–14**			
Long-term equity-based 2)	–3	–13	**–16**				–2	–2	**–4**			
Deferred variable pay 3)	–19	–13	**–32**				–2	–2	**–4**			
Accrued and paid remuneration 4)	–155	–792	**–947**				–15	–208	**–223**			
Severance pay 5)			**–6**			**6**			**–4**			**97**
2010												
Fixed remuneration 1)	–129	–841	**–970**	109	907	**1,016**	–11	–215	**–226**	20	1,315	**1,335**
Variable pay 1)	–40	–35	**–75**	94	447	**541**	–4	–6	**–10**	16	44	**60**
whereof:												
Short-term cash-based	–35	–35	**–70**				–2	–5	**–7**			
Long-term equity-based 2)	–5		**–5**				–2	–1	**–3**			
Deferred variable pay 3)	–15		**–15**				–2	–1	**–3**			
Accrued and paid remuneration 4)	–154	–876	**–1,030**				–13	–220	**–233**			
Severance pay 5)			**–43**			**53**			**–1**			**12**

Note 9 a ctd.

Remuneration by category

	SEB Banka AS, Latvia						SEB bankas AB, Lithuania					
	Remuneration			Employees			Remuneration			Employees		
2011	Specially regulated staff	Other employees	**Total**	Specially regulated staff	Other employees	**Total**	Specially regulated staff	Other employees	**Total**	Specially regulated staff	Other employees	**Total**
Fixed remuneration [1]	–12	–159	**–171**	24	1,131	**1,155**	–17	–249	**–266**	23	1,695	**1,718**
Variable pay [1]	–3	–9	**–12**	24	1,016	**1,040**	–4	–12	**–16**	23	1,523	**1,546**
whereof:												
Short-term cash-based	–1	–8	**–9**				–2	–10	**–12**			
Long-term equity-based [2]	–2	–1	**–3**				–2	–2	**–4**			
Deferred variable pay [3]	–2	–1	**–3**				–2	–2	**–4**			
Accrued and paid remuneration [4]	–13	–167	**–180**				–19	–259	**–278**			
Severance pay [5]			**–4**			**68**			**–10**			**251**
2010												
Fixed remuneration [1]	–12	–166	**–178**	21	1,140	**1,161**	–17	–268	**–285**	20	1,785	**1,805**
Variable pay [1]	–3	–3	**–6**	11	39	**50**	–2	–4	**–6**	8	52	**60**
whereof:												
Short-term cash-based	–1	–3	**–4**					–3	**–3**			
Long-term equity-based [2]	–2		**–2**				–2	–1	**–3**			
Deferred variable pay [3]	–2		**–2**				–2	–1	**–3**			
Accrued and paid remuneration [4]	–13	–169	**–182**				–17	–271	**–288**			
Severance pay [5]						**1**						**1**

1) Variable pay is defined as short-term cash-based compensation and long-term equity based compensation. All other remuneration is reported as fixed remuneration and includes: base pay, pensions, severance pay, fees and benefits as e.g. company car and domestic services, in accordance with FFFS 2011:1. The reported remuneration does not include social charges.
2) Long-term equity based compensation encompasses three different programmes; a Share Savings Programme for all employees, a Performance Shares Programme for senior managers and key employees and a Share Matching Programme for a selected group of key employees.
3) The deferred variable pay is locked the first year. Short-term cash-based compensation can thereafter be paid pro rata over three or five years after a possible risk adjustment. Long-term equity-based programmes are locked for a minimum of three years.
4) In Accrued and paid remuneration amounts paid within the first quarter after the accrual is included. Deferred variable pay has not been subject to risk adjustment during 2010 and 2011.
5) The amount also includes sign-on.

Loans to Executives

	Group		Parent company	
	2011	**2010**	**2011**	**2010**
Managing Directors and Deputy Managing Directors [1]	96	96	14	16
Boards of Directors [2]	256	282	32	29
TOTAL	**352**	**378**	**46**	**45**

1) Comprises current President in the parent company and Managing Directors and Deputy Managing Directors in subsidiaries. Total number of executives was 77 (76).
2) Comprises current Board members and their substitutes in the parent company and subsidiaries. Total number of persons was 221 (246).

Pension commitments to Executives

	Group		Parent company	
	2011	**2010**	**2011**	**2010**
Pension disbursements made	92	98	45	48
Change in commitments	109	102	30	30
Commitments at year-end	1,705	1,730	698	715

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 121 (117) persons.

9 b Retirement benefit obligations

DEFINED BENEFIT PLANS IN SEB GROUP

Net amount recognised in the Balance sheet	2011 Sweden[1]	2011 Foreign[1]	2011 Group[1]	2010 Sweden[1]	2010 Foreign[1]	2010 Group[1]
Defined benefit obligation at the beginning of the year	17,293	4,859	**22,152**	17,397	5,614	**23,011**
Reclassified to Assets held-for-sale/Liabilities related to assets held-for-sale					–335	**–335**
Curtailment, acquisitions and reclassification		–243	**–243**			
Service costs	488	39	**527**	477	45	**522**
Interest costs	676	217	**893**	637	260	**897**
Benefits paid	–726	–317	**–1,043**	–772	–283	**–1,055**
Exchange differences		–42	**–42**		–682	**–682**
Unrecognised actuarial gains/losses	–808	70	**–738**	–446	240	**–206**
Defined benefit obligation at the end of the year	**16,923**	**4,583**	**21,506**	**17,293**	**4,859**	**22,152**
Fair value of plan assets at the beginning of the year	15,472	3,916	**19,388**	15,040	4,498	**19,538**
Curtailment, acquisitions and reclassification		–250	**–250**			
Calculated return on plan assets	1,160	225	**1,385**	1,128	241	**1,369**
Benefits paid/contributions	–693	–290	**–983**	–720	–251	**–971**
Exchange differences		–11	**–11**		–558	**–558**
Unrecognised actuarial gains/losses	–1,508	–11	**–1,519**	24	–14	**10**
Fair value of plan assets at the end of the year	**14,431**	**3,579**	**18,010**	**15,472**	**3,916**	**19,388**
Funded status	**–2,492**	**–1,004**	**–3,496**	**–1,821**	**–943**	**–2,764**
Unrecognised actuarial gains/losses on liabilities	4,395	844	**5,239**	5,451	790	**6,241**
Unrecognised actuarial gains/losses on assets	1,583	524	**2,107**	75	513	**588**
Exchange differences		–171	**–171**		–122	**–122**
NET AMOUNT RECOGNISED IN THE BALANCE SHEET	**3,486**	**193**	**3,679**	**3,705**	**238**	**3,943**
of which recognised as assets	3,486	282	**3,768**	3,708	334	**4,042**
of which recognised as liabilities		89	**89**	3	96	**99**

Change in the net assets or net liabilities	2011 Sweden[1]	2011 Foreign[1]	2011 Group[1]	2010 Sweden[1]	2010 Foreign[1]	2010 Group[1]
Defined benefit obligation at the beginning of the year	3,705	238	**3,943**	3,941	–120	**3,821**
Reclassified to Assets held-for-sale/Liabilities related to assets held-for-sale					335	**335**
Curtailment, acquisitions and reclassification		–7	**–7**			
Total expense as below	–252	–47	**–299**	–288	–70	**–358**
Pension paid	726	317	**1,043**	772	283	**1,055**
Pension compensation	–693	–290	**–983**	–720	–251	**–971**
Exchange differences		–18	**–18**		61	**61**
NET AMOUNT RECOGNISED IN THE BALANCE SHEET	**3,486**	**193**	**3,679**	**3,705**	**238**	**3,943**

The actual return on plan assets was SEK –1.042m (433) in Sweden and SEK –23m (23) in foreign plans. The allocation of total plan assets in Sweden is 77 per cent (82) shares,where of private equities and hedge funds 39 per cent, and 23 (18) interest-bearing, in foreign plans 16 (19) shares and 84 (81) interest-bearing.

The pension plan assets include SEB shares with a fair value of SEK 441m (876) and buildings occupied by the company with a value of SEK 1,192m (792).

Amounts recognised in the Profit and loss

	2011 Sweden[1]	2011 Foreign[1]	2011 Group[1]	2010 Sweden[1]	2010 Foreign[1]	2010 Group[1]
Service costs	–488	–39	**–527**	–477	–45	**–522**
Interest costs	–676	–217	**–893**	–637	–260	**–897**
Return on plan assets	1,160	225	**1,385**	1,128	241	**1,369**
Actuarial gains/losses	–248	–16	**–264**	–302	–6	**–308**
TOTAL INCLUDED IN STAFF COSTS	**–252**	**–47**	**–299**	**–288**	**–70**	**–358**

Principal actuarial assumptions used, %	2011 Sweden	2011 Foreign	2011 Group	2010 Sweden	2010 Foreign	2010 Group
Discount rate[2]	4.0%	4.6%		4.0%	5.0%	
Inflation rate	2.0%	2.0%		2.0%	2.0%	
Expected rate of salary increase	3.5%	3.0%		3.5%	3.0%	
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.
2) The discount rate is based on high quality corporate bonds.

DEFINED CONTRIBUTION PLANS IN SEB GROUP

Net amount recognised in the Profit and loss	2011 Sweden	2011 Foreign	2011 Group	2010 Sweden	2010 Foreign	2010 Group
Expense in Staff costs	–551	–170	**–721**	–523	–212	**–735**

Note 9 b ctd. Retirement benefit obligations

DEFINED BENEFIT PLANS IN SKANDINAVISKA ENSKILDA BANKEN

Net amount recognised in the Balance sheet	Parent company	
	2011	**2010**
Defined benefit obligation at the beginning of the year	13,407	12,132
Imputed pensions premium	416	429
Interest costs and other changes	621	1,478
Early retirement	149	133
Pension disbursements	–726	–765
DEFINED BENEFIT OBLIGATION AT THE END OF THE YEAR	**13,867**	**13,407**
Fair value of plan assets at the beginning of the year	15,082	14,711
Return in pension foundations	–342	1,136
Benefits paid	–726	–765
FAIR VALUE OF PLAN ASSETS AT THE END OF THE YEAR	**14,014**	**15,082**

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 10,729m (12,291) and to a smaller extent interest related SEK 3,268m (2,717). The assets include SEB shares of SEK 428m (849) and buildings occupied by the company of SEK 1,192m (792). The return on assets was –2 per cent (8) before pension compensation.

Amounts recognised in the Profit and loss

	Parent company	
	2011	**2010**
Pension disbursements	–726	–765
Compensation from pension foundations	726	765
Total included in appropriations	**0**	**0**
NET PENSION COSTS FOR DEFINED BENEFIT PLANS	**0**	**0**
Principal actuarial assumptions used, %		
Gross interest rate	3.5%	3.6%
Interest rate after tax	3.0%	3.1%

The actuarial calculations are based on salaries and pensions on the balance sheet date.

DEFINED CONTRIBUTION PLANS IN SKANDINAVISKA ENSKILDA BANKEN

Net amount recognised in the Profit and loss	Parent company	
	2011	**2010**
Expense in Staff costs	–485	–505

Pension foundations

	Pension commitments		Market value of asset	
	2011	**2010**	**2011**	**2010**
SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	13,867	13,407	14,014	15,082
SEB Kort AB:s Pensionsstiftelse	425	390	417	390
TOTAL	**14,292**	**13,797**	**14,431**	**15,472**

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 limited extent contribute to the employees retirement. The defined contribution plans are accounted for as an expense among Staff costs.

9 c Remuneration to the Board and the Group Executive Committee

Guidelines for remuneration
The guidelines for remuneration to the President and the other members of the Group Executive Committee (GEC) were prepared by the Board of Directors and its Remuneration and Human Resources Committee and approved by the Annual General Meeting 2011.

The remuneration structure for the President and the other members of the GEC is in accordance with the remuneration policy for the Bank. No member of the GEC has been entitled to cash based variable compensation 2011. Thus, the remuneration is based upon three main components; base pay, long-term equity based variable compensation and pensions. Other benefits may also be included, such as company car and domestic services.

For more information, see page 67–69.

Risk takers
The President and all other members of the GEC are considered as specially regulated staff defined in the Swedish Financial Supervisory Authority regulations (FFFS: 2011:1).

Remuneration to the Board and to the President and CEO, SEK

2011	Base pay	Remunerations[1]	Benefits [2]	Total
Chairman of the Board, Marcus Wallenberg		2,250,000		**2,250,000**
Other members of the Board		6,230,000		**6,230,000**
President and CEO, Annika Falkengren	7,000,000		1,305,801	**8,305,801**
TOTAL	**7,000,000**	**8,480,000**	**1,305,801**	**16,785,801**
2010				
Chairman of the Board, Marcus Wallenberg		2,062,500		**2,062,500**
Other members of the Board		5,525,000		**5,525,000**
President and CEO, Annika Falkengren	7,000,000		1,277,960	**8,277,960**
TOTAL	**7,000,000**	**7,587,500**	**1,277,960**	**15,865,460**

1) As decided at AGM.
2) Includes benefits as domestic service and company car.

Compensation to the Group Executive Committee, SEK[1]

	Base pay	Benefits	Total
2011	62,983,924	2,403,698	**65,387,622**
2010	57,411,804	2,278,953	**59,690,757**

1) GEC excluding the President and CEO. The members partly differ between the years but in average twelwe (eleven) members are included, at year end 2011 eleven members were included.

Long-term equity programmes
SEB first introduced a long-term equity programme in 1999. Between 2005 and 2010 the programmes included performance shares. In 2008 a share savings programme was introduced and from 2009 a share matching programme was included.

Matching rights in the share matching programme cannot be sold nor pledged, which means that they do not have any market value. The calculated value for the 2011 programme at the time of the allotment was SEK 38 (18) per matching share and SEK 23 (8) per possible performance based matching under the share matching programme for GEC. The performance based matching shares that can be exercised will depend on the development of two predetermined performance crieteria, total shareholder return in relation to the markets required return based on the interest of Swedish Government 10 year bonds i.e. long-term risk free interest rate (LTIR), two thirds, and the total shareholder return in relation to SEB's competitors, one third.

The share matching programme 2011 includes an own investment in Class A-shares. After three years the participant receives one matching share and, if the pre-determined performance criteria are fulfilled and the participant remains with SEB, a maximum of three performance based matching shares for each retained share, for the GEC the maximum performance based matching is four shares . The value of the share matching programme is capped at full vesting under the two performance criteria and a doubled share price based on a pre-determined initial share price. If the share price at the time of vesting has more than doubled, the number of matching shares and performance based matching shares that are transferred to a participant will be reduced proportionately so that the value corresponds to the doubled share price capped value.

Long-term equity programmes (expensed amounts for ongoing programmes), SEK

2011	Share saving	Performance shares	Share matching	Total
President and CEO, Annika Falkengren	117,731	2,078,942	1,940,168	**4,136,841**
Other members of the GEC[1]	647,937	7,570,316	9,549,416	**17,767,669**
TOTAL	**765,668**	**9,649,258**	**11,489,584**	**21,904,510**
2010				
President and CEO, Annika Falkengren	59,032	2,092,979	529,998	**2,682,009**
Other members of the GEC[1]	460,257	7,168,857	3,708,427	**11,337,541**
TOTAL	**519,289**	**9,261,836**	**4,238,425**	**14,019,550**

1) GEC excluding the President and CEO. The members partly differ between the years but in average twelwe (eleven) members are included, at year end 2011 eleven members were included.

Note 9 c ctd. Remuneration to the Board and the Group Executive Committee

Number outstanding by 2011-12-31[1)]

	Number outstanding				
	President and CEO Annika Falkengren	Other members of the GEC	Total	First day of exercise	Performance criteria
2005: Performance shares	1,510	0	**1,510**	2008-02-14	actual vesting 62%
2006: Performance shares	54,914	0	**54,914**	2009-02-12	actual vesting 38%
2009: Performance shares	268,817	806,440	**1,075,257**	2012[2)]	current vesting 50%
2010: Performance shares	131,578	661,508	**793,086**	2013[2)]	current vesting 32%
2008: Savings shares	1,688	20,577	**22,265**	2012-02-13	–
2009: Savings shares	5,174	19,588	**24,762**	2013-02-18	–
2009: Deferral rights	0	121,948	**121,948**	2012[3)]	current match 3.66
2010: Matching rights	28,909	112,623	**141,532**	2013[3)]	–
2011: Matching rights	35,236	133,898	**169,134**	2014[3)]	–

1) The performance shares programme for 2007and 2008 both vested with zero outcome.
2) As soon as practically possible following the end of the performance period, the establishing of the final outcome and registration of the final number of performance shares.
3) As soon as practically possible following the end of the performance period and the establishing of the outcome of number of matching shares.

The number of outstanding performance shares is the maximum number that may be received under the programme. The number of outstanding deferral rights is the minimum outcome of the programme. The number of outstanding matching rights represents the own investment that entitles to receipt of Class A-shares and performance based matching shares.

During the year the President and CEO has exercised performance shares to a value of SEK 0 (2,044,066). The corresponding value for GEC excluding the President is SEK 2,440,232 (5,246,444).

Pension and severance pay

Under the pension agreement of the President 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 is a fixed amount. Termination of employment by the Bank is subject to a maximum 18-month period of notice and entitles to a severance pay of 6 months' salary.

As regards pension benefits and severance pay the following is applicable to the members of the GEC excluding the President. The pension plans are inviolable and defined benefit-based except for three that are defined contribution-based. In the defined benefit plans the pension is payable from the age of 60 or 65, the rate is maximum 65 per cent of pensionable income. Pensionable income is limited to individual ceilings. Termination of employment by the Bank is subject to a maximum 12-month period of notice and entitles to a severance pay of 12 months' salary.

Pension costs (service costs and interest costs), SEK

	President and CEO, Annika Falkengren	Other members of the GEC[1)]	Total
2011	6,735,388	24,077,034	**30,812,422**
2010	6,367,678	21,440,086	**27,807,764**

1) GEC excluding the President and CEO. The members partly differ between the years but in average twelwe (eleven) members are included, at year end 2011 eleven members were included.

Related party disclosures*, SEK

	Group	
Loans to conditions on the market	**2011**	**2010**
The Board and the Group Executive Committee	96,297,150	96,013,981
Other related parties	17,764,250	17,295,293
TOTAL	**114,061,400**	**113,309,274**

* For information about related parties such as Group companies and Associated companies see note 46.

9 d Share-based payments

	2011			2010			
Long-term equity programmes	Share matching programme	Share savings programme	Performance shares	Share matching programme	Share savings programme	Performance shares	Employee stock options
Outstanding at the beginning of the year	2,984,111	5,133,685	24,945,108	1,715,401	2,978,718	15,930,415	3,354,415
Granted	1,880,143	2,285,536	491,970	1,268,710	2,326,652	13,538,709	
Forfeited [1)]			–1,440,673			–455,031	–2,340
Exercised [2)]	–34,316	–447,828	–708,383		–171,633	–634,278	–3,198,067
Expired		–55	–4,207,329		–52	–3,434,707	–154,008
OUTSTANDING AT THE END OF THE YEAR	**4,829,938**	**6,971,339**	**19,080,693**	**2,984,111**	**5,133,685**	**24,945,108**	**0**
of which exercisable			1,333,959			1,968,401	0

1) Weighted average exercise price forfeited PSP and ESOP SEK 10.00 (10.13).
2) Weighted average exercise price exercised PSP and ESOP SEK 10.00 (30.70) and weighted average share price at PSP and ESOP exercise SEK 50.42 (44.19).

Note 9 d ctd. Share-based payments

Total Long-term equity programmes

	Original no of holders [3]	No of issued	No of outstanding 2011	No of outstanding 2010	A-share per option/share	Exercise price	Validity	First date of exercise
2005: Performance shares	537	5,725,120	653,898	1,128,627	1	10	2005–2012	2008-02-14
2006: Performance shares	513	4,727,446	680,061	839,774	1	10	2006–2013	2009-02-12
2007: Performance shares	509	4,044,928	0	0	1	10	2007–2014	2010-02-17
2008: Performance shares	485	4,669,706	0	4,259,649	1	10	2008–2015	2011-02-11
2009: Performance shares	344	5,493,837	4,843,435	5,304,235	1	10	2009–2016	2012[1]
2010: Performance shares	698	18,900,000	12,903,299	13,412,823	1	10	2010–2017	2013[1]
2008: Share savings programme	7,300	3,818,031	2,621,726	2,855,670	1 or 2.34		2008–2013	2012-02-13
2009: Share savings programme	5,600	2,326,652	2,116,923	2,278,015	1		2009–2014	2013-02-18
2010: Share savings programme	5,200	2,285,536	2,232,690	0	1		2010–2015	2014-02-11
2009: Share matching programme – deferral rights	58	5,265,689	1,715,401	1,715,401	3 or 4		2009–2012	2012[2]
2010: Share matching programme – deferral rights	39	2,592,546	864,182	864,182	3		2010–2013	2013[2]
2010: Share matching programme – own investment	44	1,386,435	389,231	404,528	3 or 4 or 5		2010–2013	2013[2]
2011: Share matching programme – deferral rights	118	2,053,722	508,850	0	4 or 5		2011–2014	2014[2]
2011: Share matching programme – own investment	401	5,574,428	1,352,274	0	4 or 5		2011–2014	2014[2]
TOTAL		**68,864,077**	**30,881,970**	**33,062,904**				

1) As soon as practically possible following the end of the performance period, the establishing of the final outcome and registration of the final number of Performance shares in Equate plus.
2) As soon as practically possible following the end of the performance period, the establishing of the outcome of number of Matching Shares and the allocation of the A-shares and, if applicable, the Matching Shares.
3) In total approximately 10,200 individuals (9,400) have participated in all programmes.

There are no outstanding options from employee stock options programmes.

Long-term equity programmes
From 2005 to 2010 the programmes were based on performance shares, they all have a maximum term of seven years, a vesting period of three years and an exercise period of four years. The number of allotted performance shares that can be exercised depends on the development of two predetermined performance criteria of equal importance. The 2008 programme vested in 2011 with a final outcome of 0 per cent i.e. none of the initially allotted performance shares could be exercised.

As from 2008 Share Savings Programmes for all employees in selected countries have been introduced. In the Share Savings Programmes the participants may save a maximum of five per cent of their gross base salary during a twelve months period. For the savings amount, Class A-shares are purchased at current stock exchange rate four times a year following the publication of the Bank's interim reports. If the shares are retained by the employee for three years and the employee remains with SEB, the employee will receive one Class A-share for each retained share free of charge. The first purchase in the 2011 programme was performed after the publication of the annual accounts in February 2012. Twelve countries are included in the 2011 programme.

From 2009 a Share Matching Programme for a number of selected senior executives and other key employees has been introduced. In 2011 the programme also replaced the Performance Share Programme. The programmes are based on performance, have a vesting period of three years and are settled with SEB Class A-shares. All programmes require own investment in Class A-shares. The investment amount is pre-determined and capped for each participant.

After three years, if still employed, the participant receives one Class A-share for each invested share and a conditional number of performance based matching shares for each invested share.

The number of performance based matching shares will depend on the development of two pre-determined performance criteria; in the 2011 programme measured as total shareholder return (TSR) in relation to the markets required return based on the interest of Swedish government 10 year bonds i.e. long-term risk free interest rate (LTIR), two third, and the total shareholder return in relation to SEB's competitors, one third. The expected vesting at time of grant is approximately 45 per cent. Maximum outcome for the participants is four performance based matching shares for the President and other members of the Group Executive Committee and three performance based matching shares for other participants. The outcome is also subject to risk adjustment.

Matching rights are not securities that can be sold, pledged or transferred to another party. However, an estimated value per matching right has been calculated for 2011 to SEK 38 (18) (based upon an average closing price of one SEB Class A-share at the time of grant during the month of March) and for the performance based matching rights to SEK 23 (8). Other inputs to the options pricing model are; exercise price SEK 0 (0); volatility 54 (52) (based on historical values); expected dividend approximately 3 (5) per cent; risk free interest rate 1.88 (1.79) and expected early exercise of 3 (3) per cent. In the value of the option the expected outcome of the performance criteria described above are taken into account.

The programme is subject to a cap, if the share price at the time of vesting has more than doubled the number of matching shares and performance based matching shares that are transferred to a participant will be reduced proportionately so that the value corresponds to the doubled share price capped value.

If the share price exceeds the cap or the TSR versus peer criterion outperforms with 50 per cent during a sustainable period, but the value decreases below above referred doubled share price or the TSR versus peer criteria during the remaining vesting period, the participant is nevertheless entitled to the full number of performance based matching shares under the two criteria. Should the share price continue to increase above the referred cap, the number of performance based matching shares will be reduced proportionately.

Further details of the outstanding programmes are found in the table above.

9 e Number of employees

Average number of employees	Group			Parent company		
2011	Men	Women	Total	Men	Women	Total
Sweden	4,293	4,546	**8,839**	3,763	3,890	**7,653**
Norway	292	216	**508**	175	104	**279**
Denmark	416	315	**731**	141	72	**213**
Finland	165	174	**339**	99	99	**198**
Estonia	366	1,166	**1,532**			
Latvia	400	1,119	**1,519**	66	137	**203**
Lithuania	616	1,559	**2,175**	54	129	**183**
Germany	742	684	**1,426**	77	13	**90**
Poland	31	39	**70**	18	18	**36**
Ukraine	279	651	**930**			
China	11	18	**29**	11	18	**29**
Great Britain	138	71	**209**	119	65	**184**
France	1		**1**	1		**1**
Ireland	30	37	**67**			
Luxembourg	120	116	**236**			
Russia	39	78	**117**			
Singapore	42	61	**103**	36	59	**95**
United States	38	18	**56**	27	17	**44**
Other[1]	14	11	**25**	7	5	**12**
TOTAL	**8,033**	**10,879**	**18,912**	**4,594**	**4,626**	**9,220**
2010						
Sweden	4,116	4,429	**8,545**	3,601	3,789	**7,390**
Norway	287	217	**504**	126	92	**218**
Denmark	418	327	**745**	129	77	**206**
Finland	161	179	**340**	93	97	**190**
Estonia	374	1,243	**1,617**			
Latvia	393	1,121	**1,514**	53	114	**167**
Lithuania	628	1,548	**2,176**	38	89	**127**
Germany	1,673	1,723	**3,396**	79	14	**93**
Poland	31	36	**67**	16	15	**31**
Ukraine	293	720	**1,013**			
China	9	15	**24**	9	15	**24**
Great Britain	135	77	**212**	115	67	**182**
France	3	8	**11**	3	8	**11**
Ireland	10	18	**28**			
Luxembourg	115	116	**231**			
Russia	43	87	**130**			
Singapore	38	58	**96**	33	56	**89**
United States	39	17	**56**	14	8	**22**
Other[1]	7	5	**12**			
TOTAL	**8,773**	**11,944**	**20,717**	**4,309**	**4,441**	**8,750**

1) Switzerland, British Virgin Island, Brazil and Hong Kong.

Number of hours worked in parent company 15,214,657 (14,399,928).

10 Other expenses

	Group		Parent company	
	2011	2010	2011	2010
Costs for premises [1)]	–1,680	–1,601	–1,083	–966
Data costs	–3,907	–3,338	–2,833	–2,388
Stationery	–112	–122	–68	–59
Travel and entertainment	–493	–497	–338	–333
Postage	–168	–193	–117	–120
Consultants	–946	–1,127	–689	–843
Marketing	–511	–543	–292	–319
Information services	–445	–429	–363	–334
Other operating costs [2)]	838	637	325	66
TOTAL	**–7,424**	**–7,213**	**–5,458**	**–5,296**
1) Of which rental costs	–1,186	–1,117	–804	–735

2) Net after deduction for capitalised costs, see also note 27.

Fees and expense allowances to appointed auditors and audit firms [1)]	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Audit assignment	–28	–29	–7	–7
Audit related services	–21	–19	–7	–3
Tax advisory	–10	–13	–1	–5
Other services	–23	–15	–4	–5
PricewaterhouseCoopers	**–82**	**–76**	**–19**	**–20**
Audit assignment	–1	–2		
Audit related services				
Tax advisory	–1	–1		
Other services	–1	–4		
Other audit firms	**–3**	**–7**		
TOTAL	**–85**	**–83**	**–22**	**–20**

1) The parent company includes the foreign branches.

In addition to the above mentioned there have also been fees and expense allowances to appointed auditors and audit firms during 2011 and 2010 in relation to divestment of German retail operations which amounts to; Audit assignments SEK 0m (3), Audit related services SEK 0m (10) and Other SEK 47m (110). Other fees of SEK 47m (110) relate to a number of services in relation to the Retail Germany divestment project such as dataroom and project management, advice on separation issues, IT and accounting.

Audit assignment is defined as the audit of annual financial statements, the administration of the Board of Directors and the President, other tasks resting upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing audit work or implementation of such tasks. The audit related services include quarterly reviews, regulatory reporting and services in connection with issuing of certificates and opinions. Tax advisory include general expatriate services and other tax services work. Other services include consultation on financial accounting, services related to M&A activities, operational effectiveness and assessments of internal control.

11 Depreciation, amortisation and impairment of tangible and intangible assets

	Group		Parent company	
	2011	2010	2011	2010
Depreciation of tangible assets	–484	–510	–109	–84
Depreciation of equipment leased to clients			–4,287	–4,253
Amortisation of intangible assets	–505	–403	–318	–163
Amortisation of deferred acquisition costs	–745	–653		
Impairment of tangible assets	–4	–40		
Impairment of intangible assets	–26	–248	–60	–26
Impairment of goodwill			–110	–104
TOTAL	**–1,764**	**–1,854**	**–4,884**	**–4,630**

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 maximum eight years. Properties are depreciated according to plan. See further note 28.

12 Gains less losses from disposals of tangible and intangible assets

	Group		Parent company	
	2011	2010	2011	2010
Properties		29		
Other tangible assets	8		25	17
Gains from disposals	**8**	**29**	**25**	**17**
Properties	–2	–14		
Other tangible assets	–4	–1		
Losses from disposals	**–6**	**–15**		
TOTAL	**2**	**14**	**25**	**17**

13 Net credit losses

	Group		Parent company	
	2011	2010	2011	2010
Provisions:				
Net collective provisions for individually assessed loans	707	705	–31	102
Net collective provisions for portfolio assessed loans	68	–831	–35	–41
Specific provisions	–800	–2,093	–316	–294
Reversal of specific provisions no longer required	1,421	1,447	78	92
Net provisions for contingent liabilities	68	–15		24
Net provisions	**1,464**	**–787**	**–304**	**–117**
Write-offs:				
Total write-offs	–2,705	–2,160	–718	–520
Reversal of specific provisions utilized for write-offs	1,909	1,228	541	244
Write-offs not previously provided for	–796	–932	–177	–276
Recovered from previous write-offs	110	110	24	31
Net write-offs	**–686**	**–822**	**–153**	**–245**
TOTAL	**778**	**–1,609**	**–457**	**–362**

14 Appropriations

	Parent company	
	2011	2010
Compensation from pension funds, pension disbursements	726	765
Pension disbursements	–726	–765
Pension compensation	**0**	**0**
Accelerated tax depreciation	–1,119	–1,283
Appropriations	**–1,119**	**–1,283**
TOTAL	**–1,119**	**–1,283**

15 Income tax expense

	Group		Parent company	
Major components of tax expense	2011	2010	2011	2010
Current tax	–2,601	–2,079	–2,122	–3,020
Deferred tax	–504	–361		
Tax for current year	–3,105	–2,440	–2,122	–3,020
Current tax for previous years	59	–129	10	–75
INCOME TAX EXPENSE	**–3,046**	**–2,569**	**–2,112**	**–3,095**
Relationship between tax expenses and accounting profit				
Net profit from continuing operations	12,299	8,820	7,851	3,573
Income tax expense	3,046	2,569	2,112	3,095
Accounting profit before tax	**15,345**	**11,389**	**9,963**	**6,668**
Current tax at Swedish statutory rate of 26.3 per cent	–4,036	–2,996	–2,620	–1,754
Tax effect relating to other tax rates in other jurisdictions	495	–17		
Tax effect relating to not tax deductible expenses	–110	–262	–417	–1,674
Tax effect relating to non taxable income	448	519	915	408
Tax effect relating to a previously recognised tax loss, tax credit or temporary difference	284	217		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	318	460		
Current tax	**–2,601**	**–2,079**	**–2,122**	**–3,020**
Tax effect relating to origin and reversal of tax losses, tax credits and temporary differences	–284	–217		
Tax effect relating to changes in tax rates or the imposition of new taxes	84			
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	–291	–12		
Tax effect relating to impairment or reversal of previous impairments of a deferred tax asset	–13	–132		
Deferred tax	**–504**	**–361**		
Current tax for previous years	**59**	**–129**	**10**	**–75**
INCOME TAX EXPENSE	**–3,046**	**–2,569**	**–2,112**	**–3,095**

See also note 29 Other assets for current and deferred tax assets and note 35 Other liabilities for current and deferred tax liabilities

Note 15 ctd. Income tax expense

Deferred tax income and expense recognised in income statement	Group 2011	Group 2010
Accelerated tax depreciation	–207	–296
Pension plan assets, net	61	258
Tax losses carry forwards	–153	–187
Other temporary differences	–205	–136
TOTAL	**–504**	**–361**

Deferred tax assets and liabilites where the change during 2011 is not reported as change in deferred tax amounts to SEK 7m (277) and is explained by currency translation effect.

16 Earnings per share

	Group 2011	Group 2010
Continuing operations		
Net profit attributable to equity holders, SEKm	12,262	8,767
Weighted average number of shares, millions	2,194	2,194
Basic earnings per share, SEK	5.59	4.00
Net profit attributable to equity holders, SEKm	12,262	8,767
Weighted average number of diluted shares, millions	2,204	2,202
Diluted earnings per share, SEK	5.56	3.98
Discontinued operations		
Net profit attributable to equity holders, SEKm	–1,155	–2,022
Weighted average number of shares, millions	2,194	2,194
Basic earnings per share, SEK	–0.53	–0.93
Net profit attributable to equity holders, SEKm	–1,155	–2,022
Weighted average number of diluted shares, millions	2,204	2,202
Diluted earnings per share, SEK	–0.52	–0.92
Total operations		
Net profit attributable to equity holders, SEKm	11,107	6,745
Weighted average number of shares, millions	2,194	2,194
Basic earnings per share, SEK	5.06	3.07
Net profit attributable to equity holders, SEKm	11,107	6,745
Weighted average number of diluted shares, millions	2,204	2,202
Diluted earnings per share, SEK	5.04	3.06

17 Other comprehensive income

	Group		Parent company	
	2011	2010	2011	2010
Valuation gains (losses) during the year	715	–847	74	–415
Income tax on valuation gains (losses) during the year	–87	239	–19	110
Transferred to profit or loss for the year	255	–32	–26	–43
Income tax on transfers to profit or loss for the year	–161	11	7	11
Available-for-sale assets	**722**	**–629**	**36**	**–337**
Valuation gains (losses) during the year	1,960	–1,636	1,969	–1,626
Income tax on valuation gains (losses) during the year	–516	431	–518	428
Transferred to profit or loss for the year	115	–13	115	–13
Income tax on transfers to profit or loss for the year	–30	3	–30	3
Cash flow hedges	**1,529**	**–1,215**	**1,536**	**–1,208**
Translation of foreign operations	–140	–733	44	–29
Translation of foreign operations	**–140**	**–733**	**44**	**–29**
Taxes on translation effects	–76	–1,574		
Taxes on translation effects	**–76**	**–1,574**		
Valuation gains (losses) during the year	–454	100	–452	603
Other	**–454**	**100**	**–452**	**603**
TOTAL	**1,581**	**–4,051**	**1,164**	**–971**

The method used to hedge currency risks related to foreign operations creates a tax expense (tax income) in the parent company. Fair value changes on the hedging instruments impacts taxable result contrary to the currency revaluation of the foreign operations. In the Group this tax effect is reported in Other comprehensive income.

18 Risk disclosures

Managing risk is a core activity in a bank and therefore fundamental to long-term profitability and stability. Risk is closely related to business activities and business development and, therefore, to customer needs.

SEB's profitability is directly dependent upon its ability to evaluate, manage and price the risks encountered, while maintaining an adequate capitalisation and liquidity to meet unforeseen events. To secure the Group's financial stability, risk and capital-related issues are identified, monitored and managed at an early stage. They also form an integral part of the long-term strategic planning and operational business planning processes.

Further information about credit risk, market risk, insurance risk, operational risk, business and strategic risk together with liquidity risk and the management of those risks are found under the section Risk, liquidity and capital management (page 36–53) of the report of directors, which also forms part of the financial statements.

18 a Credit risk

Of the various risks that SEB assumes in providing its customers with financial solutions and products, credit risk is the most significant. 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, concentration risk and settlement risk. Credit risk is calculated for all assets, both in the banking book and the trading book.

The overriding principle of SEB's credit granting is that all lending shall be based on credit analysis and be proportionate to the customer's ability to repay.

Total credit exposure comprises the Group's credit portfolio (loans, leasing agreements, contingent liabilitites and counterparty risks arising from derivatives contracts), repos and debt instruments. Exposures are presented before reserves. Derivatives and repos are reported after netting of market values but before collateral arrangements and includes add-ons for potential future exposure. Debt instruments comprise all interest-bearing instruments held for investment, treasury and client trading purposes and includes instruments reclassified as Loans & Receivables. Debt instruments in the insurance division are excluded.

Credit exposure by industry

	Loans		Contingent liabilities		Derivative instruments		Total	
Group	2011	2010	2011	2010	2011	2010	2011	2010
Banks	**72,114**	**102,627**	**18,215**	**24,315**	**64,319**	**57,890**	**154,648**	**184,832**
Finance and insurance	40,538	38,813	31,265	34,362	13,089	11,171	**84,892**	**84,346**
Wholesale and retail	38,623	34,910	30,185	26,201	368	385	**69,176**	**61,496**
Transportation	29,591	29,187	11,972	10,992	503	716	**42,066**	**40,895**
Shipping	29,427	27,788	11,165	9,377	759	534	**41,351**	**37,699**
Business and household services	72,451	69,130	55,788	49,764	3,127	2,567	**131,366**	**121,461**
Construction	7,766	7,975	11,442	11,568	232	55	**19,440**	**19,598**
Manufacturing	81,681	72,114	110,342	114,098	6,493	5,383	**198,516**	**191,595**
Agriculture, forestry and fishing	7,342	6,178	1,629	2,273	93	85	**9,064**	**8,536**
Mining and quarrying	13,000	7,714	17,656	8,509	629	203	**31,285**	**16,426**
Electricity, gas and water suppply	22,648	21,606	25,633	21,144	4,017	3,846	**52,298**	**46,596**
Other	25,419	31,091	2,503	5,809	560	397	**28,482**	**37,297**
Corporates	**368,486**	**346,506**	**309,580**	**294,097**	**29,870**	**25,342**	**707,936**	**665,945**
Commercial	131,658	120,903	13,419	12,620	5,393	2,806	**150,470**	**136,329**
Multi-family	115,541	98,193	9,450	10,839	4,843	1,630	**129,834**	**110,662**
Property Management	**247,199**	**219,096**	**22,869**	**23,459**	**10,236**	**4,436**	**280,304**	**246,991**
Public Administration	**64,448**	**62,667**	**15,839**	**10,362**	**4,017**	**2,428**	**84,304**	**75,457**
Household mortgage	368,346	377,954	24,432	24,093			**392,778**	**402,047**
Other	44,567	53,243	37,635	53,509	26	11	**82,228**	**106,763**
Households	**412,913**	**431,197**	**62,067**	**77,602**	**26**	**11**	**475,006**	**508,810**
Credit portfolio	**1,165,160**	**1,162,093**	**428,570**	**429,835**	**108,468**	**90,107**	**1,702,198**	**1,682,035**
Repos							**40,623**	**35,778**
Debt instruments							**291,183**	**322,434**
TOTAL							**2,034,004**	**2,040,247**

The table include volumes from retail in Ukraine 2011 (retail in Germany 2010) reclassified to Assets held-for-sale in the balance sheet.

Note 18 a ctd. Credit risk

Credit portfolio by industry and geography*

Group 2011	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**75,407**	**14,537**	**11,243**	**1,262**	**119**	**529**	**574**	**37,854**	**13,123**	**154,648**
Finance and insurance	57,651	799	4,613	478	174	520	446	17,302	2,909	**84,892**
Wholesale and retail	36,339	1,549	840	520	2,563	3,384	7,476	11,353	5,152	**69,176**
Transportation	27,941	304	1,475	118	1,114	1,897	2,216	6,703	298	**42,066**
Shipping	33,573	149	447	193	591	149	260	14	5,975	**41,351**
Business and household services	95,486	954	6,698	543	2,155	2,094	2,167	19,671	1,598	**131,366**
Construction	11,663	174	482	252	938	1,254	1,047	2,844	786	**19,440**
Manufacturing	135,083	2,203	4,212	4,469	3,693	1,868	6,762	30,965	9,261	**198,516**
Agriculture, forestry and fishing	4,720	358	10	31	1,098	1,932	568	35	312	**9,064**
Mining and quarrying	20,255	105	10,346	267	25	128	95		64	**31,285**
Electricity, gas and water supply	29,492	242	585	3,455	2,468	1,627	1,884	11,810	735	**52,298**
Other	18,813	746	2,433	182	262	297	228	1,055	4,466	**28,482**
Corporates	**471,016**	**7,583**	**32,141**	**10,508**	**15,081**	**15,150**	**23,149**	**101,752**	**31,556**	**707,936**
Commercial	85,057	304	1,718	546	5,449	2,905	10,508	43,982	1	**150,470**
Multi-family	103,153		81			1,845	14	24,741		**129,834**
Property Management	**188,210**	**304**	**1,799**	**546**	**5,449**	**4,750**	**10,522**	**68,723**	**1**	**280,304**
Public Administration	**19,107**	**17**	**219**	**1,210**	**1,806**	**158**	**2,622**	**57,589**	**1,576**	**84,304**
Household mortgage	346,117		3,037		14,122	8,289	18,431		2,782	**392,778**
Other	41,639	4,488	21,974	1,192	2,676	2,932	1,553	7	5,767	**82,228**
Households	**387,756**	**4,488**	**25,011**	**1,192**	**16,798**	**11,221**	**19,984**	**7**	**8,549**	**475,006**
TOTAL	**1,141,496**	**26,929**	**70,413**	**14,718**	**39,253**	**31,808**	**56,851**	**265,925**	**54,805**	**1,702,198**

The table include volumes from the retail in SEB Ukraine reclassified to Assets held-for-sale in the balance sheet.

2010	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**94,803**	**14,979**	**9,244**	**1,610**	**78**	**192**	**315**	**51,581**	**12,030**	**184,832**
Finance and insurance	54,396	1,428	4,844	516	195	894	414	19,018	2,641	**84,346**
Wholesale and retail	31,983	796	897	194	2,155	3,168	7,338	12,288	2,678	**61,497**
Transportation	27,366	295	1,578	153	876	1,707	2,712	5,603	605	**40,895**
Shipping	31,209	200	778	121	545	194	255	14	4,383	**37,699**
Business and household services	80,894	853	5,569	489	2,123	1,554	2,190	26,396	1,392	**121,460**
Construction	11,326	108	590	255	945	1,377	1,228	3,291	478	**19,598**
Manufacturing	135,044	1,715	3,680	4,804	3,542	1,858	6,412	26,519	8,021	**191,595**
Agriculture, forestry and fishing	5,064	198	11	34	884	1,610	583	138	14	**8,536**
Mining and quarrying	12,662		2,295	287	27	116	112	454	472	**16,425**
Electricity, gas and water supply	26,948	190	1,456	3,548	1,756	1,142	2,021	9,393	143	**46,597**
Other	24,818	739	2,808	871	311	291	339	3,151	3,969	**37,297**
Corporates	**441,710**	**6,522**	**24,506**	**11,272**	**13,359**	**13,911**	**23,604**	**106,265**	**24,796**	**665,945**
Commercial	67,318	171	1,296	523	5,833	3,481	11,040	45,984	682	**136,328**
Multi-family	82,234	1	162			2,168	18	26,080		**110,663**
Property Management	**149,552**	**172**	**1,458**	**523**	**5,833**	**5,649**	**11,058**	**72,064**	**682**	**246,991**
Public Administration	**17,107**	**58**	**178**	**926**	**1,864**	**133**	**2,265**	**52,827**	**99**	**75,457**
Household mortgage	291,812		3,034		14,521	8,713	19,161	62,172	2,634	**402,047**
Other	40,035	5,462	27,212	1,300	2,872	2,868	1,872	21,588	3,554	**106,763**
Households	**331,847**	**5,462**	**30,246**	**1,300**	**17,393**	**11,581**	**21,033**	**83,760**	**6,188**	**508,810**
TOTAL	**1,035,019**	**27,193**	**65,632**	**15,631**	**38,527**	**31,466**	**58,275**	**366,497**	**43,795**	**1,682,035**

The table include volumes from the retail in SEB AG reclassified to Assets held-for-sale in the balance sheet.

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Note 18 a ctd. Credit risk

Loan portfolio by industry and geography*

Group 2011	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**28,206**	**3,981**	**3,044**	**193**	**112**	**493**	**344**	**25,581**	**10,160**	**72,114**
Finance and insurance	26,160	105	1,593	2	38	349	8	9,674	2,609	**40,538**
Wholesale and retail	19,616	1,046	419	407	1,769	2,247	5,524	3,970	3,625	**38,623**
Transportation	21,676	152	1,118	5	677	1,524	1,989	2,196	254	**29,591**
Shipping	23,307	50	45	193	289	147	259	14	5,123	**29,427**
Business and household services	55,067	462	2,699	356	1,889	1,445	1,574	7,915	1,044	**72,451**
Construction	5,234	163	247	52	376	784	534	330	46	**7,766**
Manufacturing	54,145	981	624	4,186	2,313	1,582	4,548	8,275	5,027	**81,681**
Agriculture, forestry and fishing	3,716	104	7	31	983	1,691	507		303	**7,342**
Mining and quarrying	12,483		13	267	23	114	95		5	**13,000**
Electricity, gas and water supply	11,335	35	95	3,434	1,154	1,027	1,523	3,663	382	**22,648**
Other	16,828	744	2,110	156	245	278	212	965	3,881	**25,419**
Corporates	**249,567**	**3,842**	**8,970**	**9,089**	**9,756**	**11,188**	**16,773**	**37,002**	**22,299**	**368,486**
Commercial	72,147	89	856	525	5,252	2,828	10,094	39,866	1	**131,658**
Multi-family	90,537		79			1,798	14	23,113		**115,541**
Property Management	**162,684**	**89**	**935**	**525**	**5,252**	**4,626**	**10,108**	**62,979**	**1**	**247,199**
Public Administration	**4,909**	**18**	**127**	**1,210**	**1,493**	**89**	**2,067**	**52,959**	**1,576**	**64,448**
Household mortgage	321,932		3,037		14,088	8,260	18,247		2,782	**368,346**
Other	24,496	2,533	8,940	744	2,120	2,174	1,031	6	2,523	**44,567**
Households	**346,428**	**2,533**	**11,977**	**744**	**16,208**	**10,434**	**19,278**	**6**	**5,305**	**412,913**
TOTAL	**791,794**	**10,463**	**25,053**	**11,761**	**32,821**	**26,830**	**48,570**	**178,527**	**39,341**	**1,165,160**
Repos, credit institutions										**30,201**
Repos, general public										**72,244**
Debt instruments reclassified										**60,327**
Reserves										**–10,801**
Retail SEB Ukraine, gross										**–2,145**
TOTAL LENDING										**1,314,986**
2010										
Banks	**45,262**	**8,372**	**2,198**	**581**	**75**	**155**	**214**	**37,304**	**8,466**	**102,627**
Finance and insurance	21,487	325	1,857	72	45	212	121	12,373	2,321	**38,813**
Wholesale and retail	15,869	386	523	104	1,535	2,520	5,666	6,757	1,550	**34,910**
Transportation	21,004	124	1,144	7	756	1,570	2,376	1,650	556	**29,187**
Shipping	23,173	57	124	121	254	190	254	14	3,601	**27,788**
Business and household services	46,420	388	3,409	260	1,736	1,090	1,492	13,307	1,028	**69,130**
Construction	4,228	74	321	77	455	1,017	720	1,046	37	**7,975**
Manufacturing	47,278	707	887	4,109	2,556	1,598	4,440	6,506	4,033	**72,114**
Agriculture, forestry and fishing	3,134	49	1	34	818	1,490	545	102	5	**6,178**
Mining and quarrying	7,156		28	287	24	104	108	4	3	**7,714**
Electricity, gas and water supply	11,422	39	88	3,530	1,470	1,007	995	3,006	49	**21,606**
Other	19,947	714	2,508	807	295	287	320	2,818	3,395	**31,091**
Corporates	**221,118**	**2,863**	**10,890**	**9,408**	**9,944**	**11,085**	**17,037**	**47,583**	**16,578**	**346,506**
Commercial	56,752	160	841	515	5,721	3,402	10,819	42,010	682	**120,902**
Multi-family	72,275	1	154			2,049	17	23,697		**98,193**
Property Management	**129,027**	**161**	**995**	**515**	**5,721**	**5,451**	**10,836**	**65,707**	**682**	**219,095**
Public Administration	**6,178**	**58**	**145**	**926**	**1,565**	**123**	**1,810**	**51,763**	**99**	**62,667**
Household mortgage	271,997		3,034		14,486	8,713	18,944	58,146	2,634	**377,954**
Other	23,670	2,821	9,736	706	2,312	2,314	1,390	7,546	2,749	**53,244**
Households	**295,667**	**2,821**	**12,770**	**706**	**16,798**	**11,027**	**20,334**	**65,692**	**5,383**	**431,198**
TOTAL	**697,252**	**14,275**	**26,998**	**12,136**	**34,103**	**27,841**	**50,231**	**268,049**	**31,208**	**1,162,093**
Repos, credit institutions										**30,885**
Repos, general public										**63,449**
Debt instruments reclassified										**91,333**
Reserves										**–14,919**
Retail SEB AG, gross										**–74,438**
TOTAL LENDING										**1,258,403**

* The geographical distribution is based on where the loan is booked.

Note 18 a ctd. Credit risk

Impaired loan by industry and geography*

Group 2011	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**345**	**4**					**1**	**1**		**351**
Finance and insurance	22		3	4	1					**30**
Wholesale and retail	67				72	246	334	112		**831**
Transportation	15		3		3	50	170	4		**245**
Shipping	4						87			**91**
Business and household services	105	107			43	57	270	11	5	**598**
Construction	41	5	1		94	199	118	51	19	**528**
Manufacturing	84	5	8		221	68	313	199	33	**931**
Agriculture, forestry and fishing	3				3	54	12		14	**86**
Mining and quarrying						22			12	**34**
Electricity, gas and water supply					3	1				**4**
Other	127		9		15	16		4	240	**411**
Corporates	**468**	**117**	**24**	**4**	**455**	**713**	**1,304**	**381**	**323**	**3,789**
Commercial	48				340	839	3,209	1,471		**5,907**
Multi-family	37					177		216		**430**
Property Management	**85**				**340**	**1,016**	**3,209**	**1,687**		**6,337**
Household mortgage			10				94			104
Other		3	43			194		2	267	**509**
Households		**3**	**53**			**194**	**94**	**2**	**267**	**613**
TOTAL	**898**	**124**	**77**	**4**	**795**	**1,923**	**4,608**	**2,071**	**590**	**11,090**
whereof Retail, SEB Ukraine										–445
Impaired loans excl Retail, SEB Ukraine										**10,645**
2010										
Banks	**339**	**4**						**1**		**344**
Finance and insurance	1		3	4	2			21		**31**
Wholesale and retail	81				77	362	459	333	1	**1,313**
Transportation	20		3		16	128	507	7	35	**716**
Shipping	2						6			**8**
Business and household services	46	107			57	68	511	108	5	**902**
Construction	21	18	1		98	481	285	88	27	**1,019**
Manufacturing	86	7	12	242	361	154	631	255	209	**1,957**
Agriculture, forestry and fishing	26				6	75	20		21	**148**
Mining and quarrying						33			24	**57**
Electricity, gas and water supply					4					**4**
Other	152	23	23		15	30		55	717	**1,015**
Corporates	**435**	**155**	**42**	**246**	**636**	**1,331**	**2,419**	**867**	**1,039**	**7,170**
Commercial	128				586	1,369	3,836	1,864		**7,783**
Multi-family	70					305		325		**700**
Property Management	**198**				**586**	**1,674**	**3,836**	**2,189**		**8,483**
Household mortgage	9		10				113	431		**563**
Other		4	95		5	275		66	213	**658**
Households	**9**	**4**	**105**		**5**	**275**	**113**	**497**	**213**	**1,221**
TOTAL	**981**	**163**	**147**	**246**	**1,227**	**3,280**	**6,368**	**3,554**	**1,252**	**17,218**
whereof Retail, SEB AG										–743
Impaired loans excl Retail, SEB AG										**16,475**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Note 18 a ctd. Credit risk

Portfolio assessed loans*

Group 2011										
Loans past due > 60 days	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Corporates	**20**	**11**	**47**	**7**	**192**	**207**	**135**		**2**	**621**
Household mortgage	481				537	1,480	1,231		94	**3,823**
Other	672	269	330	59	99	336	149		125	**2,039**
Households	**1,153**	**269**	**330**	**59**	**636**	**1,816**	**1,380**		**219**	**5,862**
TOTAL	**1,173**	**280**	**377**	**66**	**828**	**2,023**	**1,515**		**221**	**6,483**
whereof Retail, SEB Ukraine										–219
Past due > 60 days excl Retail, SEB AG										**6,264**
2010										
Corporates	**24**	**13**	**68**	**5**	**245**	**255**	**191**		**5**	**806**
Household mortgage	266				564	1,487	1,110	75	104	**3,606**
Other	590	299	383	65	112	355	177		141	**2,122**
Households	**856**	**299**	**383**	**65**	**676**	**1,842**	**1,287**	**75**	**245**	**5,728**
TOTAL	**880**	**312**	**451**	**70**	**921**	**2,097**	**1,478**	**75**	**250**	**6,534**
whereof Retail, SEB AG										–75
Past due > 60 days excl Retail, SEB AG										**6,459**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Restructured loans

Group 2011	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Household mortgage					47	128	326			**501**
Other										**0**
Households					**47**	**128**	**326**			**501**
TOTAL					**47**	**128**	**326**			**501**
2010										
Household mortgage					49	159	294			**502**
Other										**0**
Households					**49**	**159**	**294**			**502**
TOTAL					**49**	**159**	**294**			**502**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

18 b Liquidity risk

The Group manages the liquidity risk and financing based on the possibility of a negative deviation from an expected financial outcome.

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 mainly 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 includes 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.

Note 18 b ctd. Liquidity risk

Group 2011

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	> 5 years	No maturity	Discount effect	Total
Deposits from credit institutions	176,773	4,556	5,893	18,523		–4,471	201,274
Deposits and borrowing from the public	740,219	42,282	30,468	62,231	6	–13,524	861,682
Liabilities to policyholders – investment contracts	157,961	1,424	3,881	17,722			180,988
Debt securities	212,214	76,972	271,081	54,641		–25,035	589,873
Trading liabilities	80,156					–339	79,817
Trade and client payables	31,440	12	14		66		31,532
Subordinated liabilities	94	231	12,614	18,813		–6,643	25,109
Total	**1,398,857**	**125,477**	**323,951**	**171,930**	**72**	**–50,012**	**1,970,275**
Other liabilities (non-financial)	**107,217**	**1,740**	**2,828**	**4,950**	**1,990**		**118,725**
Off-balance sheet items							
Loan commitments	246,515	743	584	2,418			250,260
Acceptances and other financial facilitites	43,088	466	699	16			44,269
Operational lease commitments	33	31	639	78			781
Total	**289,636**	**1,240**	**1,922**	**2,512**			**295,310**
Total liabilities and off-balance sheet items	**1,795,710**	**128,457**	**328,701**	**179,392**	**2,062**	**–50,012**	**2,384,310**
Total financial assets (contractual maturity dates)[1]	**871,377**	**260,812**	**715,032**	**550,278**	**24,510**	**–114,665**	**2,307,344**
Derivatives							
Currency-related	1,976,528	746,167	145,521	46,270			2,914,486
Interest-related	2,318	5,691	30,013	59,278			97,300
Total derivative outflows	**1,978,846**	**751,858**	**175,534**	**105,548**			**3,011,786**
Total derivative inflows	**2,114,399**	**820,852**	**225,461**	**103,498**			**3,264,210**
2010							
Deposits from credit institutions	181,540	15,545	7,861	11,457		–3,779	212,624
Deposits and borrowing from the public	608,066	34,093	23,821	60,669		–15,108	711,541
Liabilities to policyholders – investment contracts	147,544	1,596	4,597	21,016			174,753
Debt securities	190,938	96,562	247,861	33,485		–38,363	530,483
Trading liabilities	78,800					–333	78,467
Trade and client payables	43,873	31	16		3		43,923
Subordinated liabilities	93	2,410	12,455	16,290		–5,696	25,552
Total	**1,250,854**	**150,237**	**296,611**	**142,917**	**3**	**–63,279**	**1,777,343**
Other liabilities (non-financial)	**156,458**	**2,319**	**2,553**	**5,658**	**2**		**166,990**
Off-balance sheet items							
Loan commitments	252,673	265	2,133	1,818			256,889
Acceptances and other financial facilitites	28,148	456	516	23			29,143
Operational lease commitments	139	539	1,221	112			2,011
Total	**280,960**	**1,260**	**3,870**	**1,953**			**288,043**
Total liabilities and off-balance sheet items	**1,688,272**	**153,816**	**303,034**	**150,528**	**5**	**–63,279**	**2,232,376**
Total financial assets (contractual maturity dates)[1]	**1,328,623**	**148,527**	**420,310**	**196,532**	**36**	**–72,795**	**2,021,233**
Derivatives							
Currency-related	2,610,610	1,009,662	217,416	58,006			3,895,694
Interest-related	1,539	5,750	22,379	21,368			51,036
Total derivative outflows	**2,612,149**	**1,015,412**	**239,795**	**79,374**			**3,946,730**
Total derivative inflows	**2,612,883**	**1,015,628**	**244,888**	**79,451**			**3,952,850**

Note 18 b ctd. Liquidity risk

Parent company 2011

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	> 5 years	No maturity	Discount effect	Total
Deposits from credit institutions	187,629	7,730	15,086	25,183		**–6,200**	**229,428**
Deposits and borrowing from the public	568,294	11,025	7,098	29,208		**–6,980**	**608,645**
Debt securities	203,897	73,345	252,979	52,104		**–23,578**	**558,747**
Trading liabilities	77,491					**–328**	**77,163**
Trade and client payables	29,164						**29,164**
Subordinated liabilities			12,538	18,813		**–6,624**	**24,727**
Total	**1,066,475**	**92,100**	**287,701**	**125,308**		**–43,710**	**1,527,874**
Other liabilities (non-financial)	**14,185**	**19**	**390**				**14,594**
Off-balance sheet items							
Loan commitments	185,003						**185,003**
Acceptances and other financial facilitites	19,608						**19,608**
Total	**204,611**						**204,611**
Total liabilities and off-balance sheet items	**1,285,271**	**92,119**	**288,091**	**125,308**		**–43,710**	**1,747,079**
Total financial assets (contractual maturity dates)[1]	**591,934**	**287,908**	**588,302**	**412,937**		**–105,152**	**1,775,929**
Derivatives							
Currency-related	2,453,745	869,411	182,127	51,698			**3,556,981**
Interest-related	12,972	14,246	150,306	125,653			**303,177**
Total derivative outflows	**2,466,717**	**883,657**	**332,433**	**177,351**			**3,860,158**
Total derivative inflows	**2,077,045**	**832,517**	**429,045**	**163,985**			**3,502,592**
2010							
Deposits from credit institutions	157,149	14,806	13,509	14,353		**–4,409**	**195,408**
Deposits and borrowing from the public	446,054	12,010	8,207	26,059		**–7,491**	**484,839**
Debt securities	183,342	86,115	216,821	32,843		**–30,588**	**488,533**
Trading liabilities	75,046					**–317**	**74,729**
Trade and client payables	42,740						**42,740**
Subordinated liabilities		2,177	12,296	16,290		**–5,667**	**25,096**
Total	**904,331**	**115,108**	**250,833**	**89,545**		**–48,472**	**1,311,345**
Other liabilities (non-financial)	**18,018**	**15**	**100**	**1,190**			**19,323**
Off-balance sheet items							
Loan commitments	181,717						**181,717**
Acceptances and other financial facilitites	10,029						**10,029**
Total	**191,746**						**191,746**
Total liabilities and off-balance sheet items	**1,114,095**	**115,123**	**250,933**	**90,735**		**–48,472**	**1,522,414**
Total financial assets (contractual maturity dates)[1]	**934,792**	**106,441**	**258,102**	**74,044**		**–45,688**	**1,327,691**
Derivatives							
Currency-related	2,551,167	974,633	204,169	229,583			**3,959,552**
Interest-related	15,335	17,009	66,500	54,693			**153,537**
Total derivative outflows	**2,566,502**	**991,642**	**270,669**	**284,276**			**4,113,089**
Total derivative inflows	**2,567,675**	**992,063**	**275,507**	**284,234**			**4,119,479**

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 c Interest rate risk

Interest rate risk is one part of market risk. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. To measure and limit interest rate risk, SEB uses the VaR method, complemented by Delta 1 per cent and Net interest income.

The Net interest income risk depends on the overall business profile, particularly mismatches between interest-bearing assets and liabilities in terms of volumes and repricing periods.

Repricing periods

Group 2011										
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 and central banks	172,531	15,286	4,172	723	9,305	1,772	2,648	437	2,437	**209,311**
Loans to the public	462,671	388,207	78,987	52,928	127,518	43,877	21,251	10,784		**1,186,223**
Other financial assets	542,523	33,885	16,434	10,877	6,786	21,017	36,554	−30,729	273,250	**910,597**
Other assets	11,056	155	363	127	97	6	8	28,480	16,230	**56,522**
TOTAL	**1,188,781**	**437,533**	**99,956**	**64,655**	**143,706**	**66,672**	**60,461**	**8,972**	**291,917**	**2,362,653**
Liabilities and equity										
Deposits from credit institutions	153,583	33,427	1,433	1,563	675	1,373	4,998	1,263	2,959	**201,274**
Deposits and borrowing from the public	723,470	50,064	16,214	13,806	8,623	14,454	32,746	2,305		**861,682**
Issued securities	315,428	133,539	21,573	8,647	53,640	48,729	33,378	48		**614,982**
Other liabilities	252,308	4,827	3,914	1,485	3,680	420	769	31,630	276,521	**575,554**
Total equity								109,161		**109,161**
TOTAL	**1,444,789**	**221,857**	**43,134**	**25,501**	**66,618**	**64,976**	**71,891**	**144,407**	**279,480**	**2,362,653**
Interest rate sensitive, net	−256,008	215,676	56,822	39,154	77,088	1,696	−11,430	−135,435	12,437	
Cumulative sensitive	−256,008	−40,332	16,490	55,644	132,732	134,428	122,998	−12,437	0	
2010										
Assets										
Loans to credit institutions and central banks	136,893	32,040	6,459	945	14,977	6,903	2,698	772	2,501	**204,188**
Loans to the public	464,899	287,297	59,226	45,595	117,112	53,038	37,415	10,297		**1,074,879**
Other financial assets	417,124	44,744	19,952	6,662	8,739	5,847	38,607	−29,724	266,160	**778,111**
Other assets	9,264	74,579	−64	−14	20	1		23,168	15,689	**122,643**
TOTAL	**1,028,180**	**438,660**	**85,573**	**53,188**	**140,848**	**65,789**	**78,720**	**4,513**	**284,350**	**2,179,821**
Liabilities and equity										
Deposits from credit institutions	150,880	18,798	10,805	1,733	1,355	1,683	9,814	14,812	2,744	**212,624**
Deposits and borrowing from the public	635,972	5,487	14,292	8,109	7,778	6,920	30,956	2,027		**711,541**
Issued securities	276,529	112,223	22,417	27,502	43,427	56,519	17,370	48		**556,035**
Other liabilities	241,366	51,606	137	100	3,243	717	742	31,325	270,842	**600,078**
Total equity								99,543		**99,543**
TOTAL	**1,304,747**	**188,114**	**47,651**	**37,444**	**55,803**	**65,839**	**58,882**	**147,755**	**273,586**	**2,179,821**
Interest rate sensitive, net	−276,567	250,546	37,922	15,744	85,045	−50	19,838	−143,242	10,764	
Cumulative sensitive	−276,567	−26,021	11,901	27,645	112,690	112,640	132,478	−10,764	0	

The net interest income sensitivity is calculated based on the contractual repricing periods. In the table assets and liabilities which influence the net interest income have been allocated to time-slots based on remaining maturity. An exception has been made for the assets and liabilities in the life insurance business which are placed in the column "Insurance". Assets and liabilities without contractual repricing periods are placed in the column "< 1 month" while assets and liabilities that does not effect net interest income are placed in column "Non rate".

19 Fair value measurement of financial assets and liabilities

2011	Group				Parent company			
Assets	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Equity instruments at fair value	36,944	18,987		**55,931**	32,581	18,986		**51,567**
Debt instruments at fair value	63,616	111,893	492	**176,001**	60,085	112,178	492	**172,755**
Derivative instruments at fair value	1,149	163,850	2,430	**167,429**		159,710	2,430	**162,140**
Other financial assets at fair value	63,280	19,455	427	**83,162**		368		**368**
Equity instruments available-for-sale	907	1,733	44	**2,684**		1,486		**1,486**
Debt instruments available-for-sale	24,460	29,969	145	**54,574**		15,134		**15,134**
Investment in associates [1]			1,145	**1,145**			1,038	**1,038**
TOTAL	**190,356**	**345,887**	**4,683**	**540,926**	**92,666**	**307,862**	**3,960**	**404,488**
Liabilities								
Equity instruments at fair value	35,233			**35,233**	34,289			**34,289**
Debt instruments at fair value	31,712	12,872		**44,584**	30,002	12,872		**42,874**
Derivative instruments at fair value	793	146,175	3,804	**150,772**	637	145,113	3,804	**149,554**
Debt securities at fair value [2]		23,792	1,322	**25,114**		19,832		**19,832**
TOTAL	**67,738**	**182,839**	**5,126**	**255,703**	**64,928**	**177,817**	**3,804**	**246,549**
2010								
Assets								
Equity instruments at fair value	43,352	12,903	20	**56,275**	39,762	12,981		**52,743**
Debt instruments at fair value	67,371	97,081	1,064	**165,516**	65,126	92,955	1,064	**159,145**
Derivative instruments at fair value	2,140	118,258	7,241	**127,639**	842	114,025	7,241	**122,108**
Other financial assets at fair value	64,796	20,414	255	**85,465**		64		**64**
Equity instruments available-for-sale	2,326	383	7	**2,716**	1,682			**1,682**
Debt instruments available-for-sale	11,072	52,338	725	**64,135**		14,058	725	**14,783**
Investment in associates [1]			920	**920**		47	920	**967**
TOTAL	**191,057**	**301,377**	**10,232**	**502,666**	**107,412**	**234,130**	**9,950**	**351,492**
Liabilities								
Equity instruments at fair value	33,669			**33,669**	31,705			**31,705**
Debt instruments at fair value	34,160	10,197	441	**44,798**	34,124	8,459	441	**43,024**
Derivative instruments at fair value	2,301	116,220	2,338	**120,859**	915	112,656	2,338	**115,909**
Debt securities at fair value [2]		5,580	16,969	**22,549**			16,969	**16,969**
TOTAL	**70,130**	**131,997**	**19,748**	**221,875**	**66,744**	**121,115**	**19,748**	**207,607**

1) Venture capital activities designated at fair value through profit and loss.
2) Equity index link bonds designated at fair value through profit and loss.

Fair value measurement

The objective of the fair value measurement is to arrive at the price at which an orderly transaction would take place between knowledgeable parties in an arm's length transaction motivated by normal business considerations. The Group has an established control environment for the determination of fair values of financial instruments that includes an independent review of valuation models. In order to ensure accurate market valuations of financial instruments Risk Control independently, at least on a monthly basis, validates all prices. If the validation principles are not adhered to, the Head of Group Finance shall be informed. Exceptions with material and principal importance require approval from the GRMC (Group Risk Measurement Committee) and the ASC (Accounting Standards Committee). In order to arrive at the fair value of a financial instrument SEB uses different methods; quoted prices in active markets, valuation techniques incorporating observable data and valuation techniques based on internal models. For disclosure purposes, financial instruments carried at fair value are classified in a fair value hierarchy according to the level of market observability of the inputs. Risk Control classifies and continuously reviews the classification of financial instruments in the fair value hierarchy. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. The objective is to arrive at a price at which a transaction without modification or repackaging would occur in the most advantageous active market to which SEB has immediate access.

Fair values of financial assets and liabilities by class can be is found in Note 41.

Level 1: Quoted market prices

Valuations in Level 1 are determined by reference to unadjusted quoted market prices for identical instruments in active markets where the quoted prices are readily available and the prices represent actual and regularly occurring market transactions on an arm's length basis. Examples of Level 1 financial instruments are listed equity securities, debt securities, and exchange-traded derivatives. Instruments traded in an active market for which one or more market participants provide a binding price quotation on the balance sheet date are also examples of Level 1 financial instruments.

Level 2: Valuation techniques with observable inputs

In Level 2 valuation techniques, all significant inputs to the valuation models are observable either directly or indirectly. Level 2 valuation techniques include using discounted cash flows, option pricing models, recent transactions and the price of another instrument that is substantially the same. Examples of observable inputs are foreign currency exchange rates, binding securities price quotations, market interest rates (Stibor, Libor, etc.), volatilities implied from observable option prices for the same term and actual transactions with one or more external counterparts executed by SEB. An input can transfer from being observable to being unobservable during the holding period due to e.g. illiquidity of the instrument. Examples of Level 2 financial instruments are most OTC derivatives such as options and interest rate swaps based on the Libor swap rate or a foreign-denominated yield curve. Other examples are instruments for which SEB recently entered into transactions with third parties and instruments for which SEB interpolates between observable variables.

Note 19 ctd. Fair value measurement of financial assets and liabilities

Level 3: Valuation techniques with significant unobservable inputs Level 3 valuation techniques incorporate significant inputs that are unobservable. These techniques are generally based on extrapolating from observable inputs for similar instruments, analysing historical data or other analytical techniques. Examples of Level 3 financial instruments are more complex OTC derivatives, long dated options for which the volatility is extrapolated or derivatives that depend on an unobservable correlation. Other examples are instruments for which there is currently no active market or binding quotes, such as unlisted equity instruments and Private Equity holdings. If the fair value of financial instruments includes more than one unobservable input, the unobservable inputs are aggregated in order to determine the classification of the entire instrument. The level in the fair value hierarchy within which a financial instrument is classified is determined on the basis of the lowest level of input that is significant to the fair value in its entirety.

Significant transfers of financial instruments between Level 1 and Level 2
There have been no significant transfers between level 1 and level 2. The increase in level 2 is mainly due to an increase in business volumes.

Changes in level 3

Group 2011	Opening balance	Gain/loss in Income statement[1) 2)]	Gain/loss in Other comprehensive income	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	Exchange rate differences	Total
Assets									
Equity instruments at fair value	20						–20		
Debt instruments at fair value	1,064						–572		**492**
Derivative instruments at fair value	7,241						–4,811		**2,430**
Other financial assets at fair value	255			84		88			**427**
Equity instruments available-for-sale	7		–2	4	–1	36			**44**
Debt instruments available-for-sale	725	–440	458			130	–725	–3	**145**
Investment in associates	920					227		–2	**1,145**
TOTAL	**10,232**	**–440**	**456**	**88**	**–1**	**481**	**–6,128**	**–5**	**4,683**
Liabilities									
Debt instruments at fair value	441						–441		
Derivative instruments at fair value	2,338					1,466			**3,804**
Debt securities at fair value[3)]	16,969	19		33			–15,681	–18	**1,322**
TOTAL	**19,748**	**19**		**33**		**1,466**	**–16,122**	**–18**	**5,126**
2010									
Assets									
Equity instruments at fair value	15			7	–9	9		–2	**20**
Debt instruments at fair value	140				–13	937			**1,064**
Derivative instruments at fair value	2,013					5,228			**7,241**
Other financial assets at fair value			5	112		141		–3	**255**
Equity instruments available-for-sale	430			3		3	–424	–5	**7**
Debt instruments available-for-sale	26				–17	716			**725**
Investment in associates	906	14							**920**
TOTAL	**3,530**	**14**	**5**	**122**	**–39**	**7,034**	**–424**	**–10**	**10,232**
Liabilities									
Debt instruments at fair value						441			**441**
Derivative instruments at fair value	2,013					325			**2,338**
Debt securities at fair value						16,969			**16,969**
TOTAL	**2,013**					**17,735**			**19,748**

1) Fair value gains and losses recognised in the income statement are included in the Net financial income, Net life insurance income and Net other income.
2) Gains/losses recognised in the income statement relating to instruments held as of 31 December 2011 are SEK –421m (14).
3) Issued structured notes have been moved from level 3 to level 2 due to a more granular approach of fair value hierarchy classification and the unobservable input not being a significant part of the value of these instrument.

Note 19 ctd. Fair value measurement of financial assets and liabilities

Changes in level 3

Parent company 2011	Opening balance	Gain/loss in Income statement [1]	Gain/loss in Other comprehensive income	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	Exchange rate differences	Total
Assets									
Debt instruments at fair value	1,064						−572		**492**
Derivative instruments at fair value	7,241						−4,811		**2,430**
Debt instruments available-for-sale	725						−725		
Investment in associates	920					118			**1,038**
TOTAL	**9,950**					**118**	**−6,108**		**3,960**
Liabilities									
Debt instruments at fair value	441						−441		
Derivative instruments at fair value	2,338					1,466			**3,804**
Debt securities at fair value [2]	16,969						−16,969		
TOTAL	**19,748**					**1,466**	**−17,410**		**3,804**
2010									
Assets									
Debt instruments at fair value	141					923			**1,064**
Derivative instruments at fair value	2,012					5,229			**7,241**
Equity instruments available-for-sale	416						−416		
Debt instruments available-for-sale	11					725	−11		**725**
Investment in associates	857		49					14	**920**
TOTAL	**3,437**		**49**			**6,877**	**−427**	**14**	**9,950**
Liabilities									
Debt instruments at fair value						441			**441**
Derivative instruments at fair value	2,013					325			**2,338**
Debt securities at fair value						16,969			**16,969**
TOTAL	**2,013**					**17,735**			**19,748**

1) Fair value gains and losses recognised in the income statement are included in the Net financial income, Net life insurance income and Net other income.
2) Issued structured notes have been moved from level 3 to level 2 due to a more granular approach of fair value hierarchy classification and the unobservable input not being a significant part of the value of these instrument.

Sensitivity of Level 3 financial instruments to unobservable inputs

The below table illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of financial instruments that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, below illustrated by changes in index-linked swap spreads, implied volatilities, credit spreads or comparator multiples. It is unlikely that all unobservable inputs would be simultaneously at the extremes of their ranges of reasonably possible alternatives.

During 2011, the method of categorizing instruments into level 3 has been refined. This has led to some changes, primarily within the volumes reported under Structured Derivatives. Through a more granular approach, a large portion of the issued structured notes have been moved from level 3 to level 2.

Sensitivities to changes of unobservable input are however not affected by this: for the parts with open market risk the more granular approach was applied already last year.

The largest change during 2011 is the substantial decrease withinthe CPM where level 3 assets drop from SEK 1.7bn to less than SEK 500m, and the sensitivity decreases similarly.

The largest open market risk within Level 3 financial instruments is found within the Venture Capital business.

	2011				2010			
Group	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Structured Derivatives – interest rate [1]	1,133	−1,690	−557	60	602	−399	203	40
Equity Options [2]	310	−70	240	20	20		20	10
CPM Portfolio [3]	492		492	25	1,704		1,704	85
Venture Capital holdings [4]	1,038		1,038	196	920		920	174

1) Shift of index-linked swap spreads by 5 basis points and implied volatilities by 5 percentage points would have a profit or loss impact of +/– SEK 60m.
2) A 5 basis points shift of swap spreads would have a profit or loss impact of +/– SEK 20m.
3) Shift of credit spreads by 100 basis points would have a profit or loss impact of +/– SEK 25m.
4) Valuation is estimated in a range of reasonable outcomes, where the potential profit or loss impact is shown in the sensitivity analysis. Thus, a shift in valuation parameters such as comparator multiples would in the lower value range have a profit or loss impact of –SEK 196m.

20 Cash and other lending to central banks

	Group		Parent company	
	2011	2010	2011	2010
Cash	3,304	3,018	813	953
Cash balances with central banks	144,738	43,470	121,135	18,988
Cash and cash balances with central banks	**148,042**	**46,488**	**121,948**	**19,941**
Other lending to central banks	**80,548**	**20,664**		
TOTAL	**228,590**	**67,152**		
Remaining maturity				
– cash	3,304	3,018	813	953
– payable on demand	144,738	43,470	121,135	18,988
– maximum 3 months	80,548	20,664		
TOTAL	**228,590**	**67,152**	**121,948**	**19,941**

21 Loans to credit institutions

	Group		Parent company	
	2011	2010	2011	2010
Remaining maturity				
– payable on demand	48,627	17,158	101,130	49,305
– maximum 3 months	31,072	88,492	40,967	123,360
– more than 3 months but maximum 1 year	7,586	16,445	59,097	22,564
– more than 1 year but maximum 5 years	9,730	10,527	26,184	34,870
– more than 5 years	3,432	2,446	6,501	4,045
Accrued interest	510	656	798	704
Loans	**100,957**	**135,724**	**234,677**	**234,848**
Eligible debt instruments[1)]	16,585	31,947		
Other debt instruments[1)]	10,993	15,646	10,993	15,646
Accrued interest	228	207	126	74
Debt instruments	**27,806**	**47,800**	**11,119**	**15,720**
TOTAL	**128,763**	**183,524**	**245,796**	**250,568**
of which repos	30,201	30,885	26,527	28,418
Average remaining maturity for Loans (years)	0.71	0.57	0.79	0.74

1) See note 42 for maturity and note 43 for issuers.

22 Loans to the public

	Group		Parent company	
	2011	2010	2011	2010
Remaining maturity				
– payable on demand	99,025	42,560	61,475	7,808
– maximum 3 months	217,740	259,943	183,868	223,708
– more than 3 months but maximum 1 year	211,616	195,347	178,408	167,040
– more than 1 year but maximum 5 years	439,746	363,774	339,047	264,364
– more than 5 years	182,657	167,260	80,825	62,341
Accrued interest	2,918	2,462	2,146	1,674
Loans	**1,153,702**	**1,031,346**	**845,769**	**726,935**
Eligible debt instruments[1]	6,163	6,894		
Other debt instruments[1]	26,068	36,401	27,426	36,401
Accrued interest	290	238	140	105
Debt instruments	**32,521**	**43,533**	**27,566**	**36,506**
TOTAL	**1,186,223**	**1,074,879**	**873,335**	**763,441**
of which repos	72,244	63,449	69,704	68,319
Average remaining maturity for Loans (years)	2.87	2.84	2.32	2.13

1) See note 42 for maturity and note 43 for issuers.

Financial leases

	Group 2011	Group 2010
Book value	62,983	64,318
Gross investment	72,654	74,809
Present value of minimum lease payment receivables	59,014	61,155
Unearned finance income	9,869	9,979
Reserve for impaired uncollectable minimum lease payments	–872	–1,222

	Group 2011			Group 2010		
	Book value	Gross investment	Present value	Book value	Gross investment	Present value
Remaining maturity						
– maximum 1 year	6,855	7,249	6,638	7,754	8,142	7,325
– more than 1 year but maximum 5 years	24,483	25,630	22,895	23,850	25,206	23,186
– more than 5 years	31,645	39,775	29,480	32,714	41,461	30,644
TOTAL	**62,983**	**72,654**	**59,013**	**64,318**	**74,809**	**61,155**

The largest lease engagement amounts to SEK 5.1 billion (5.2).

23 Financial assets at fair value

	Group		Parent company	
	2011	2010	2011	2010
Securities held for trading	231,932	221,791	224,322	211,888
Derivatives held for trading	149,617	116,008	145,869	112,547
Derivatives held for hedging	17,812	11,631	16,271	9,561
Fair value changes of hedged items in a portfolio hedge	1,347	3,419		
Financial assets – policyholders bearing the risk	186,763	179,432		
Insurance assets at fair value	82,794	85,325		
Other financial assets at fair value	368	140	368	64
TOTAL	**670,633**	**617,746**	**386,830**	**334,060**

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.

	Group		Parent company	
Securities held for trading	2011	2010	2011	2010
Equity instruments	55,931	56,275	51,567	52,743
Eligible debt instruments[1]	43,938	37,382	41,142	31,866
Other debt instruments[1]	130,394	126,497	130,015	125,625
Accrued interest	1,669	1,637	1,598	1,654
TOTAL	**231,932**	**221,791**	**224,322**	**211,888**

1) See note 42 for maturity and note 43 for issuers.

Derivatives held for trading				
Positive replacement values of interest-related derivatives	106,245	67,484	103,013	67,001
Positive replacement values of currency-related derivatives	39,694	41,236	39,123	38,426
Positive replacement values of equity-related derivatives	3,234	6,987	3,389	6,890
Positive replacement values of other derivatives	444	301	344	230
TOTAL	**149,617**	**116,008**	**145,869**	**112,547**

Derivatives held for hedging				
Fair value hedges	11,692	6,587	11,375	6,100
Cash flow hedges	4,896	3,461	4,896	3,461
Portfolio hedges for interest rate risk	1,224	1,583		
TOTAL	**17,812**	**11,631**	**16,271**	**9,561**

Insurance assets at fair value				
Equity instruments	22,330	23,704		
Other debt instruments[1]	59,583	60,709		
Accrued interest	881	912		
TOTAL	**82,794**	**85,325**		

1) See note 42 for maturity and note 43 for issuers.

Other financial assets at fair value				
Equity instruments	368	140	368	64
TOTAL	**368**	**140**	**368**	**64**

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 policy-holders 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.

24 Available-for-sale financial assets

	Group		Parent company	
	2011	2010	2011	2010
Equity instruments at cost	119	119	119	118
Equity instruments at fair value	2,631	2,660	1,471	1,664
Eligible debt instruments [1)]	33,949	45,516	6,570	4,662
Other debt instruments [1)]	19,944	17,909	8,231	9,819
Seized shares	53	56	15	18
Accrued interest	681	710	333	302
TOTAL	**57,377**	**66,970**	**16,739**	**16,583**

1) See note 42 for maturity and note 43 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.

25 Held-to-maturity investments

	Group		Parent company	
	2011	2010	2011	2010
Other debt instruments [1)]	282	1,438	2,758	3,671
Accrued interest		13	13	14
TOTAL	**282**	**1,451**	**2,771**	**3,685**

1) See note 42 for maturity and note 43 for issuers.

26 Investments in associates

	Group		Parent company	
	2011	2010	2011	2010
Strategic investments	144	102	54	47
Venture capital holdings	1,145	920	1,038	920
TOTAL	**1,289**	**1,022**	**1,092**	**967**

Strategic investments	Assets[1]	Liabilities[1]	Revenues[1]	Profit or loss[1]	Book value	Ownership, %
BAB Bankernas Automatbolag AB, Stockholm					27	20
Bankomatcentralen AB, Stockholm	1	0	0	0	0	28
Bankpension AB, Stockholm	26	2	22	3	10	40
BDB Bankernas Depå AB, Stockholm	2,829	2,972	44	4	7	20
BGC Holding AB, Stockholm	305	110	702	15	4	33
Föreningen Bankhälsan i Stockholm, Stockholm					4	33
UC AB, Stockholm	175	86	435	6	0	27
Vikström & Andersson AB, Stockholm	1	0	0	0	1	25
Vikström & Andersson Asset Management AB, Stockholm	3	0	2	0	1	27
Parent company holdings					**54**	
Holdings of subsidiaries					**4**	
Group adjustments					**86**	
GROUP HOLDINGS					**144**	

1) Retrieved from respective Annual report 2010.

	2011		2010	
Venture capital holdings	Book value	Ownership, %	Book value	Ownership, %
Actiwave, Linköping	17	39		
Airsonett AB, Ängelholm	55	28	46	26
Ascade Holding AB, Stockholm	63	45	64	45
Askembla Growth Fund KB, Stockholm	73	25	100	25
Capres A/S, Copenhagen	37	23	33	23
Cobolt AB, Stockholm	37	40	37	40
Coresonic AB, Linköping	17	34	17	34
Crossroad Loyalty Solutions AB, Gothenburg			15	44
Diakrit International Ltd, Hong Kong	4	13	1	11
Exitram AB, Stockholm	23	44	23	44
Fält Communications AB, Umeå	26	47	26	47
InDex Pharmaceuticals AB, Stockholm	108	39	86	55
Mobile Tag SAS, Paris	18	15		
Neoventa Holding AB, Gothenburg	86	35	65	36
Nomad Holdings Ltd, Newcastle	75	23	34	13
NuEvolution A/S, Copenhagen	52	47	52	47
PhaseIn AB, Stockholm	73	45	73	45
Prodacapo AB, Örnsköldsvik	5	16	5	16
Quickcool AB, Lund	0	36	14	33
Scandinova Systems AB, Uppsala	23	29	22	29
Scibase AB, Stockholm	84	24	84	24
Signal Processing Devices Sweden AB, Linköping	38	48	35	48
Tail-f Systems AB, Stockholm	45	45	33	43
Teknikintressenter i Norden AB, Stockholm	32	39		
TSS Holding AB, Stockholm	10	43		
Xylophane AB, Gothenburg	15	23	15	23
Zinwave Holdings Limited, Cambridge	22	21	40	24
Parent company holdings	**1,038**		**920**	
Holdings of subsidiaries [1]	**107**			
GROUP HOLDINGS	**1,145**		**920**	

1) Where of SEK 94m relates to investments in a joint venture, UAB CGates.

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.

27 Shares in subsidiaries

	Parent company	
	2011	**2010**
Swedish subsidiaries	15,804	15,800
Foreign subsidiaries	37,882	39,345
TOTAL	**53,686**	**55,145**
of which holdings in credit institutions	38,081	39,085

	2011				2010			
Swedish subsidiaries	Book value	Dividend	Group contribution	Ownership, %	Book value	Dividend	Group contribution	Ownership, %
Aktiv Placering AB, Stockholm	38		5	100	38			100
Antwerpen Properties AB, Stockholm	5		–1	100				
Enskilda Kapitalförvaltning SEB AB, Stockholm				100				100
Försäkringsaktiebolaget Skandinaviska Enskilda Captive, Stockholm	100			100	100		128	100
KMM i Stockholm AB, Stockholm					1			100
Parkeringshuset Lasarettet HGB KB, Stockholm				99				99
Repono Holding AB, Stockholm	5,406			100	5,406		58	100
SEB AB, Stockholm [1]	6,076	1,000	337	100	6,076		959	100
SEB Förvaltnings AB, Stockholm	5		67	100	5		10	100
SEB Internal Supplier AB, Stockholm	12		2	100	12		2	100
SEB Investment Management AB, Stockholm	763		257	100	763		295	100
SEB Kort AB, Stockholm	2,260	243	310	100	2,260		461	100
SEB Portföljförvaltning AB, Stockholm	1,115			100	1,115	5	–274	100
SEB Strategic Investments AB, Stockholm	24		–6	100	24		–7	100
Skandinaviska Kreditaktiebolaget, Stockholm				100				100
Track One Leasing AB, Stockholm				100				
TOTAL	**15,804**	**1,243**	**971**		**15,800**	**5**	**1,632**	

1) Includes also group contribution received directly from SEB AB's subsidiary SEB Trygg Liv Holding AB.

	2011				2010			
Foreign subsidiaries	Book value	Dividend	Group contribution	Ownership, %	Book value	Dividend	Group contribution	Ownership, %
Baltectus B.V., Amsterdam	461			100	225			100
Interscan Servicos de Consultoria Ltda, São Paulo				100				100
Key Asset Management (Switzerland) SARL, Geneva				100				100
Key Asset Management (UK) Limited, London	571			100	559			100
Key Asset Management Norge ASA, Oslo		4			1			100
Key Capital Management Inc, Tortola	288			100	330			100
Möller Bilfinans AS, Oslo	26	27		51	53			51
Njord AS, Oslo				100				100
PuJSC SEB Bank, Kiev				100				100
SEB AG, Frankfurt am Main	18,827			100	18,983	698		100
SEB Asset Management America Inc, Stamford	38			100	3	17		100
SEB Asset Management Norge AS, Oslo						41		
SEB Asset Management S.A., Luxembourg	5	45		100	5	14		100
SEB Bank JSC, St Petersburg	608			100	608			100
SEB Banka, AS, Riga	1,359			100	1,347			100
SEB bankas, AB, Vilnius	5,624			100	5,624			100
SEB Enskilda AS, Oslo		80			725	48		100
SEB Enskilda Inc., New York	28			100	27			100
SEB Enskilda Corporate Finance Oy Ab, Helsinki	23			100	23	10		100
SEB Enskilda, AS, Tallinn	18			100				
SEB Enskilda, SIA IBS, Riga	11			100				
SEB Enskilda, UAB, Vilnius	26			100				
SEB Fund Services S.A., Luxembourg	91			100	92			100
SEB Kapitalförvaltning Finland Ab, Helsinki	484			100	488	11		100
SEB Fondbolag Finland Ab, Helsinki	17			100	17	6		100
SEB Gyllenberg Private Bank Ab, Helsinki					63			100
SEB Hong Kong Trade Services Ltd, Hong Kong				100				100
SEB IT Partner Estonia OÜ, Tallinn						3		
SEB Leasing Oy, Helsinki	3,747			100	3,782	87		100
SEB Leasing, CJSC, St Petersburg	131			100	131			100
SEB Pank, AS, Tallinn	1,441			100	1,474			100
SEB Privatbanken ASA, Oslo	1,340	62		100	1,341	–11		100
SIGGE S.A., Warsaw		102		100	25	26		100
Skandinaviska Enskilda Banken A/S, Copenhagen	1,075	1,686		100	1,776			100
Skandinaviska Enskilda Banken Corporation, New York						17		100
Skandinaviska Enskilda Banken S.A., Luxembourg	1,224	179		100	1,235	67		100
Skandinaviska Enskilda Ltd, London	419			100	408	45		100
TOTAL	**37,882**	**2,185**			**39,345**	**1,079**		

Information about the corporate registration numbers and numbers of shares of the subsidiaries is available upon request.

28 Tangible and intangible assets

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Goodwill	10,487	10,491	333	105
Deferred acquisition costs	4,131	3,631		
IT intangible assets	2,452	2,179	1,970	1,602
Other intangible assets	802	621	241	80
Intangible assets	**17,872**	**16,922**	**2,544**	**1,787**
Office, IT and other tangible assets	1,114	1,093	417	310
Equipment leased to clients[1)]			40,400	38,808
Properties for own operations	129	495	2	2
Property and equipment	**1,243**	**1,588**	**40,819**	**39,120**
Investment properties recognised at cost	481	562		
Investment properties recognised at fair value	7,901	7,473		
Properties taken over for protection of claims	1,519	490		
Investment properties	**9,901**	**8,525**		
TOTAL	**29,016**	**27,035**	**43,363**	**40,907**

1) Equipment leased to clients are recognised as financial leases and presented as loans in the Group.

Group 2011	Goodwill	Deferred Acquisition costs	IT intangible assets	Other intangible assets	Office, IT and other tangible assets	Properties for own operations	Investment properties at cost	Investment properties at fair value	Properties taken over for protection of claims	Total
Opening balance	10,491	7,602	4,718	1,653	5,751	1,116	855	7,473	506	40,165
Acquisitions					310	13	26	617	1,122	2,088
Additions from capitalisations		789	709	391						1,889
Additions from business combinations		464	40		19					523
Reclassifications	127		1	–126	5	–257			28	–222
Sales during the year			–102	–2	–1,423	–107	–123	–144	–61	–1,962
Exchange rate differences	–131	–12	–20	–42	84	–19	–5	–45	–16	–206
Acquisition value	**10,487**	**8,843**	**5,346**	**1,874**	**4,746**	**746**	**753**	**7,901**	**1,579**	**42,275**
Opening balance		–3,971	–2,539	–1,032	–4,658	–621	–293		–16	–13,130
Current year's depreciations		–745	–372	–133	–434	–18	–20		–12	–1,734
Current year's impairments			–43	17			–3		–1	–30
Reclassifications			–3	102	5					104
Accumulated depreciations on current year's sales			77		1,411	19	42		–33	1,516
Exchange rate differences		4	–14	–26	44	3	2		2	15
Accumulated depreciations		**–4,712**	**–2,894**	**–1,072**	**–3,632**	**–617**	**–272**		**–60**	**–13,259**
TOTAL	**10,487**	**4,131**	**2,452**	**802**	**1,114**	**129**	**481**	**7,901**	**1,519**	**29,016**
2010										
Opening balance	10,829	6,789	3,955	1,928	7,978	1,557	660	7,778	506	41,980
Acquisitions					283	4	198	807		1,292
Additions from capitalisations		813	968	51						1,832
Additions from business combinations						–54				–54
Reclassifications			202	–204	1	–64	419			354
Sales during the year			–40	–36	–424	–18	–191	–87		–796
Reclassified to Assets held-for-sale				–1	–1,576	–168	–131			–1,876
Exchange rate differences	–338		–367	–85	–511	–141	–100	–1,025		–2,567
Acquisition value	**10,491**	**7,602**	**4,718**	**1,653**	**5,751**	**1,116**	**855**	**7,473**	**506**	**40,165**
Opening balance		–3,288	–2,095	–941	–6,749	–586	–262		–16	–13,937
Current year's depreciations		–653	–252	–151	–424	–62	–24			–1,566
Current year's impairments			–227	–21	–5	–4	–31			–288
Reclassifications			–261	262	–34	64				31
Accumulated depreciations on current year's sales			41	–18	420	16	45			504
Reclassified to Assets held-for-sale					1,483	163	58			1,704
Exchange rate differences		–30	255	–163	651	–212	–79			422
Accumulated depreciations		**–3,971**	**–2,539**	**–1,032**	**–4,658**	**–621**	**–293**		**–16**	**–13,130**
TOTAL	**10,491**	**3,631**	**2,179**	**621**	**1,093**	**495**	**562**	**7,473**	**490**	**27,035**

Note 28 ctd. Tangible and intangible assets

Parent company 2011	Goodwill	IT intangible assets	Other intangible assets	Office, IT and other tangible assets	Equipment leased to clients[1]	Properties for own operations	Total
Opening balance	524	1,943	382	2,972	50,288	3	56,112
Acquisitions				206	7,973		8,179
Additions from capitalisations		654	247				901
Additions from business combinations	363			69			432
Reclassifications	–24		24				
Sales during the year				–1,220	–5,827		–7,047
Acquisition value	**863**	**2,597**	**653**	**2,027**	**52,434**	**3**	**58,577**
Opening balance	–419	–341	–302	–2,662	–11,480	–1	–15,205
Current year's depreciations	–110	–243	–75	–109	–4,287		–4,824
Current year's impairments		–43	–17				–60
Additions from business combinations	–9		–10	–59			–78
Reclassifications	8		–8				
Accumulated depreciations on current year's sales				1,220	3,733		4,953
Exchange rate differences							
Accumulated depreciations	**–530**	**–627**	**–412**	**–1,610**	**–12,034**	**–1**	**–15,214**
TOTAL	**333**	**1,970**	**241**	**417**	**40,400**	**2**	**43,363**
2010							
Opening balance	524	1,085	502	2,807	51,061	3	55,982
Acquisitions				45	6,075		6,120
Additions from capitalisations		858					858
Additions from business combinations							
Reclassifications			–120	120			
Sales during the year					–6,848		–6,848
Acquisition value	**524**	**1,943**	**382**	**2,972**	**50,288**	**3**	**56,112**
Opening balance	–315	–176	–267	–2,578	–11,291	–1	–14,628
Current year's depreciations	–104	–129	–34	–84	–4,253		–4,604
Current year's impairments		–26					–26
Accumulated depreciations on current year's sales					3,617		3,617
Exchange rate differences		–10	–1		447		436
Accumulated depreciations	**–419**	**–341**	**–302**	**–2,662**	**–11,480**	**–1**	**–15,205**
TOTAL	**105**	**1,602**	**80**	**310**	**38,808**	**2**	**40,907**

Goodwill has been allocated between cash-generating units or groups of units. Business divisions and business areas with goodwill are Wealth Management with SEK 4,766m (4,755m), Merchant Banking with SEK 1,009m (1,019m) Retail Banking (excluding Card) with SEK 929m (929m), Retail Banking – Card with SEK 1,158m (1,161m), Life excluding Life Denmark with SEK 2,343m (2,343m) and Life Denmark with SEK 282m (284m). Goodwill in connection with the Trygg Hansa acquisition, SEK 5,721m (5,721m), generates cash flows in Wealth Management, Retail Banking and Life. Goodwill in Baltics, Ukraine and Russia was impaired and charged to operating expenses in 2009.

The impairment test of goodwill is based on the value in use, for respective group of cash generating units, with forecasted cash flows for a period of five years. The cash flows for the first three years are based on business plans as established by management. The cash flows for subsequent years are more subjective and are determined based on historical performance and market trends for key assumptions such as growth, revenue and costs. The growth rate used after five years is based upon the expected long-term inflation rate, 2 (2) per cent. The discount rates used are estimates of cost of equity, assuming an average of 10 (10.5) per cent post tax cost of equity for the Group. Cost of equity is determined based on information from external sources.

The sensitivity analyzes carried out, inter alia through an increase of the discount rates by one percentage point and a decrease of the growth rates by one percentage point, did not result in calculated recoverable amounts below the carrying amounts.

Net operating earnings from investment properties

	Group	
	2011	**2010**
External income	435	402
Operating costs[1]	–161	–101
TOTAL	**274**	**301**

1) Direct operating expenses arising from investment property that did not generate rental income amounts to SEK 38m (27).

Net operating earnings from properties taken over for protection of claims

External income	11	4
Operating costs	–33	–26
TOTAL	**–22**	**–22**

29 Other assets

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Current tax assets	6,203	4,580	1,969	2,327
Deferred tax assets	1,313	1,709	4	156
Trade and client receivables	14,562	30,434	14,074	28,998
Paid margins of safety	19,576	13,989	19,576	13,989
Other assets	16,821	14,379	7,667	5,561
TOTAL	**58,475**	**65,091**	**43,290**	**51,031**

Current tax assets

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Other	6,203	4,580	1,969	2,327
Recognised in profit and loss	**6,203**	**4,580**	**1,969**	**2,327**
TOTAL	**6,203**	**4,580**	**1,969**	**2,327**

Deferred tax assets

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Tax losses carry forwards	1,016	1,170		
Other temporary differences[1]	388	520	4	
Recognised in profit and loss	**1,404**	**1,690**	**4**	
Unrealised losses in cash flow hedges		156		156
Unrealised losses in available-for-sale financial assets	–91	–137		
Recognised in Shareholders' equity	**–91**	**19**		**156**
TOTAL	**1,313**	**1,709**	**4**	**156**

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.

Deferred tax assets on tax losses carried forward relates mainly to the Baltics and Germany and is based on SEB's assessment of future earnings in respective entity.

Tax losses carried forward in the SEB Group for which the tax asset are not recognized in the balance sheet amounts gross to SEK 5,611m (4,816). 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 1,340m (1,087).

All losses carried forward are without time limit except for SEK 1,060m (1,053) corresponding to a deferred tax asset of SEK 159m (158) which is due 2017.

Trade and client receivables

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Trade receivables	377	989		
Client receivables	14,185	29,445	14,074	28,998
TOTAL	**14,562**	**30,434**	**14,074**	**28,998**

Other assets

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Pension plan assets, net	3,768	4,042		
Reinsurers share of insurance provisions	464	463		
Accrued interest income	49	11		
Other accrued income	2,363	1,299	2,715	1,704
Prepaid expenses	391	444		
Other	9,786	8,120	4,952	3,857
TOTAL	**16,821**	**14,379**	**7,667**	**5,561**

The Swiss tax authority has questioned a withholding tax refund. External experts confirm that it is probable that SEB's receivable will be settled. The legal proceeding amounts to SEK 670m.

30 Deposits from credit institutions

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Remaining maturity				
– payable on demand	75,601	34,907	76,640	8,611
– maximum 3 months	102,686	146,483	109,587	147,430
– more than 3 months but maximum 1 year	4,588	14,583	7,522	14,489
– more than 1 year but maximum 5 years	4,463	7,059	13,961	12,527
– more than 5 years	13,526	9,241	21,024	11,980
Accrued interest	410	351	694	371
TOTAL	**201,274**	**212,624**	**229,428**	**195,408**
of which repos	26,317	15,805	18,504	13,061
Average remaining maturity (years)	0.88	0.66	1.18	0.95

31 Deposits and borrowing from the public

	Group		Parent company	
	2011	**2010**	**2011**	**2010**
Deposits	840,842	560,345	589,860	437,440
Borrowing	18,070	148,742	17,594	46,483
Accrued interest	2,770	2,454	1,191	916
TOTAL	**861,682**	**711,541**	**608,645**	**484,839**

Deposits [1)]

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Remaining maturity				
– payable on demand	418,297	101,865	325,843	1,136
– maximum 3 months	297,529	370,580	221,519	407,115
– more than 3 months but maximum 1 year	41,568	24,333	10,775	8,485
– more than 1 year but maximum 5 years	28,694	16,810	6,563	4,962
– more than 5 years	54,754	46,757	25,160	15,742
TOTAL	**840,842**	**560,345**	**589,860**	**437,440**

1) Deposits are defined as the total balance on the customer accounts which covered by the Deposit Guarantee Schemes. The amount refers to the total balance, not considering the restriction on the coverage level.

The Deposit Guarantee Act changed during 2011. Certain funds that previously were classified as borrowing has changed to deposits, as the definition of deposits has been clarified in the new legislation.

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Average remaining maturity (years)	0.83	1.03	0.52	0.52

Borrowing

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Remaining maturity				
– payable on demand	709	395	443	
– maximum 3 months	16,976	123,480	16,932	38,668
– more than 3 months but maximum 1 year	134	7,021	1	940
– more than 1 year but maximum 5 years	4	5,122	4	820
– more than 5 years	247	12,724	214	6,055
TOTAL	**18,070**	**148,742**	**17,594**	**46,483**
of which repos	24,058	10,185		7,458
Average remaining maturity (years)	0.26	1.09	0.24	1.47

32 Liabilities to policyholders

	Group	
	2011	**2010**
Liabilities to policyholders – investment contracts	180,988	174,753
Liabilities to policyholders – insurance contracts	88,695	89,217
TOTAL	**269,683**	**263,970**

Liabilities to policyholders – investment contracts*

	Group 2011	Group 2010
Opening balance	174,753	155,860
Transfer of portfolios through acquisitions	17,626	
Reclassification to insurance contracts	417	–2,202
Change in investment contract provisions [1)]	–11,789	22,869
Exchange rate differences	–19	–1,774
TOTAL	**180,988**	**174,753**

1) The net of premiums received during the year, return on investment funds less payments to the policyholders and deduction of fees and policyholders tax.

* Insurance provisions where the policyholders are carrying the risk.

Liabilities to policyholders – insurance contracts

	Group 2011	Group 2010
Opening balance	89,217	93,149
Reclassification from investment contracts	–417	2,202
Change in collective bonus provisions	–1,128	2,898
Change in other insurance contract provisions [1)]	1,442	1,908
Exchange rate differences	–419	–10,940
TOTAL	**88,695**	**89,217**

1) The net of premiums received during the year, allocated guaranteed interest less payments to the policyholders and deduction of fees and policyholders tax.

33 Debt securities

	Group		Parent company	
	2011	2010	2011	2010
Issued bonds	104,185	140,353	98,916	103,306
Covered bonds	260,423	203,240	235,207	199,066
Other issued securities	217,778	180,521	217,730	180,473
Accrued interest	7,487	6,369	6,894	5,688
TOTAL	**589,873**	**530,483**	**558,747**	**488,533**

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 25,114m (22,549), as at fair value through profit or loss, since they contain embedded derivatives. The corresponding amounts for the parent company are SEK 19,832m (16,969). 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. The Group's contractual liability is SEK 25,199m (22,158) and for the parent company SEK 19,912m (15,895).

	Group		Parent company	
Issued bonds and covered bonds	2011	2010	2011	2010
Remaining maturity				
– maximum 1 year	67,911	109,542	56,016	86,720
– more than 1 years but maximum 5 years	250,577	208,916	234,174	191,055
– more than 5 years but maximum 10 years	29,370	14,127	28,499	13,634
– more than 10 years	16,750	11,008	15,434	10,963
TOTAL	**364,608**	**343,593**	**334,123**	**302,372**
Average remaining maturity (years)	3.48	2.79	3,52	2.92
Other issued securities				
Remaining maturity				
– payable on demand	461	217	413	169
– maximum 3 months	199,136	153,563	199,136	153,563
– more than 3 months but maximum 1 year	18,181	26,741	18,181	26,741
– more than 1 year but maximum 5 years				
TOTAL	**217,778**	**180,521**	**217,730**	**180,473**
Average remaining maturity (years)	0.17	0.20	0.17	0.20

34 Financial liabilities at fair value

	Group		Parent company	
	2011	2010	2011	2010
Trading liabilities	79,817	78,467	77,163	74,729
Derivatives held for trading	145,381	113,597	145,373	111,438
Derivatives held for hedging	5,391	7,262	4,181	4,471
Fair value changes of hedged items in portfolio hedge	1,658	1,364		
TOTAL	**232,247**	**200,690**	**226,717**	**190,638**

Financial liabilities designated at fair value through profit or loss is specified in note 31 and 32.

Trading liabilities

	Group		Parent company	
	2011	2010	2011	2010
Short positions in equity instruments	35,233	33,669	34,289	31,705
Short positions in debt instruments	44,147	44,302	42,437	42,583
Accrued interest	437	496	437	441
TOTAL	**79,817**	**78,467**	**77,163**	**74,729**
Derivatives held for trading				
Negative replacement values of interest-related derivatives	104,297	68,533	104,674	69,544
Negative replacement values of currency-related derivatives	37,036	41,704	36,717	38,847
Negative replacement values of equity-related derivatives	3,753	3,220	3,792	2,961
Negative replacement values of other derivatives	295	140	190	86
TOTAL	**145,381**	**113,597**	**145,373**	**111,438**
Derivatives held for hedging				
Fair value hedges	1,516	1,721	1,514	1,717
Cash flow hedges	2,667	2,754	2,667	2,754
Portfolio hedges for interest rate risk	1,208	2,787		
TOTAL	**5,391**	**7,262**	**4,181**	**4,471**

35 Other liabilities

	Group		Parent company	
	2011	2010	2011	2010
Current tax liabilities	1,605	4,021	800	2,603
Deferred tax liabilities	10,283	9,852	393	
Trade and client payables	13,043	29,960	10,675	28,777
Withheld margins of safety	18,489	13,963	18,489	13,963
Other liabilities	26,463	27,535	13,800	17,020
TOTAL	**69,883**	**85,331**	**44,157**	**62,363**

Current tax liabilities

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Other	1,605	4,021	545	2,174
Recognised in profit and loss	**1,605**	**4,021**	**545**	**2,174**
Group contributions			255	429
Other				
Recognised in Shareholders' equity			**255**	**429**
TOTAL	**1,605**	**4,021**	**800**	**2,603**

Deferred tax liabilities

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Accelerated tax depreciation	8,399	8,192		
Unrealised profits in financial assets at fair value	50	66		
Pension plan assets, net	919	978		
Other temporary differences	406	523		
Recognised in profit and loss	**9,774**	**9,759**		
Unrealised profits in cash flow hedges	392		393	
Unrealised profits in available-for-sale financial assets	117	93		
Recognised in Shareholders' equity	**509**	**93**	**393**	
TOTAL	**10,283**	**9,852**	**393**	

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 per cent (21).

Trade and client payables

	Group		Parent company	
	2011	2010	2011	2010
Trade payables	323	562		
Client payables	12,720	29,398	10,675	28,777
TOTAL	**13,043**	**29,960**	**10,675**	**28,777**

Other liabilities

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Accrued interest expense	13	85		
Other accrued expense	4,193	5,011	2,846	3,235
Prepaid income	1,370	1,083		
Other	20,887	21,356	10,954	13,785
TOTAL	**26,463**	**27,535**	**13,800**	**17,020**

36 Provisions

	Group		Parent company	
	2011	2010	2011	2010
Restructuring reserve re-organisation Germany	331	420		
Other restructuring and redundancy reserves	457	277		42
Reserve for off-balance-sheet items	369	476	6	24
Pensions and other post retirement benefit obligations (note 9b)	89	99		
Other provisions	533	476	70	114
TOTAL	**1,779**	**1,748**	**76**	**180**

Restructuring reserve re-organisation Germany

Opening balance	420			
Additions		764		
Amounts used	–97	–299		
Other movements	12			
Exchange differences	–4	–45		
TOTAL	**331**	**420**		

During 2010 SEB announced a restructuring plan relating to the sale of the German retail banking business and the fundamental re-organisation of the remaining business in Germany. The main part of the reserve is for redundancies and is expected to be used within two years.

Other restructuring and redundancy reserves

Opening balance	277	604	42	317
Additions	315	51		
Amounts used	–66	–355	–42	–275
Unused amounts reversed		–24		
Other movements	–64	35		
Exchange differences	–5	–34		
TOTAL	**457**	**277**		**42**

The main part of the reserve will cover redundancy costs to be used within two years.

Reserve for off-balance-sheet items

Opening balance	476	478	24	46
Additions	29	36	4	8
Amounts used		–65		–31
Unused amounts reversed	–97		–22	
Other movements	–37			
Exchange differences	–2	27		1
TOTAL	**369**	**476**	**6**	**24**

The reserve for off-balance sheet items is mainly referring to the German market and its corporate sector.

Other provisions

Opening balance	476	811	114	133
Additions	272	29		
Amounts used	–224	–388	–44	–19
Unused amounts reversed	–62			
Other movements	116			
Exchange differences	–45	24		
TOTAL	**533**	**476**	**70**	**114**

The other provisions mainly consists of costs for reorganisation within the Group to be used within two years, unsettled claims in the U.K. market to be settled within 6 years and tax returns within Life U.K. branch. under decommission.

37 Subordinated liabilities

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Debenture loans	4,814	4,922	4,454	4,492
Debenture loans, perpetual	16,839	18,745	16,839	18,745
Debenture loans, hedged positions	3,429	1,844	3429	1,844
Accrued interest	27	41	5	15
TOTAL	**25,109**	**25,552**	**24,727**	**25,096**

Debenture loans

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
	Currency	Original nom. amount	Book value	Rate of interest, %
2005/2017	EUR	500	4,454	1)
Total parent company			**4,454**	
Debenture loans issued by SEB AG			360	
TOTAL GROUP			**4,814**	

Debenture loans, perpetual

1995	JPY	10,000	890	4.400
1997	JPY	15,000	1,335	5.000
2004	USD	500	2,797	4.958
2005	USD	600	2,907	1)
2007	EUR	500	4,455	7.092
2009	EUR	500	4,455	9.250
TOTAL			**16,839**	

1) FRN, Floating Rate Note.

38 Untaxed reserves 1)

	Parent company 2011	Parent company 2010
Depreciation in excess of plan on office equipment/leased assets	25,044	23,925
Other untaxed reserves	5	5
TOTAL	**25,049**	**23,930**

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	22,640	5	**22,645**
Appropriations	1,283		**1,283**
Exchange rate differencies	2		**2**
Closing balance 2010	**23,925**	**5**	**23,930**
Appropriations	1,119		**1,119**
Exchange rate differencies			
CLOSING BALANCE 2011	**25,044**	**5**	**25,049**

39 Off-balance sheet items

	Group		Parent company	
	2011	2010	2011	2010
Collateral and comparable security pledged for own liabilities	204,265	231,334	104,496	138,775
Other pledged assets and comparable collateral	221,626	214,989	51,077	35,663
Contingent liabilities	94,004	82,048	74,435	64,120
Commitments	390,352	388,619	303,315	291,046

Collateral and comparable security pledged for own liabilities*

Bonds	67,889	90,255	67,889	90,076
Repos	51,612	54,104	36,607	48,699
Assets in insurance business	84,764	86,975		
TOTAL	**204,265**	**231,334**	**104,496**	**138,775**

* Transfers that do not qualify for derecognition.

Other pledged assets and comparable collateral

Shares in insurance premium funds	170,549	179,326		
Securities lending	51,077	35,663	51,077	35,663
TOTAL	**221,626**	**214,989**	**51,077**	**35,663**

Contingent liabilities

Guarantee commitments, credits[1)]	10,184	11,591	9,978	9,954
Guarantee commitments, other	60,020	57,152	44,899	44,503
Own acceptances	374	351	374	351
Total	**70,578**	**69,094**	**55,251**	**54,808**
Approved, but unutilised letters of credit	23,426	12,954	19,184	9,312
TOTAL	**94,004**	**82,048**	**74,435**	**64,120**

1) Of which 1.5 bn (2.7) relates to liquidity facilities and term facilities to US and European conduits. SEB does not regularly securitise its assets and has no outstanding own issues.

Other contingent liabilities

The parent company has undertaken to the Monetary Authority of Singapore to ensure that its subsidiary 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.

Legal Proceedings

Within the ordinary course of business SEB is engaged in various legal proceedings, both in Sweden and in other jurisdictions. SEB does not expect these current legal proceedings to have a significant adverse effect on the financial position of the Group.

Commitments

	Group		Parent company	
	2011	2010	2011	2010
Granted undrawn credit	222,804	213,522	185,230	182,177
Unutilised part of approved overdraft facilities	108,830	130,830	64,371	69,240
Securities borrowing	58,718	42,633	53,714	39,629
Other commmitments		1,634		
TOTAL	**390,352**	**388,619**	**303,315**	**291,046**

40 Current and non-current assets and liabilities

Group	2011			2010		
Assets	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Cash and cash balances with central banks	148,042		**148,042**	46,488		**46,488**
Other lending to central banks	80,548		**80,548**	20,664		**20,664**
Loans to other credit institutions	88,610	40,153	**128,763**	124,461	59,063	**183,524**
Loans to the public	535,008	651,215	**1,186,223**	502,293	572,586	**1,074,879**
Securities held for trading	*98,604*	*133,328*	***231,932***	*93,375*	*128,416*	***221,791***
Derivatives held for trading	*149,617*		***149,617***	*116,008*		***116,008***
Derivatives held for hedging	*17,812*		***17,812***	*11,631*		***11,631***
Fair value changes of hedged items in a portfolio hedge	*1,347*		***1,347***	*3,419*		***3,419***
Financial assets – policyholders bearing the risk	*186,763*		***186,763***	*179,432*		***179,432***
Other financial assets at fair value	*29,415*	*53,747*	***83,162***	*28,580*	*56,885*	***85,465***
Financial assets at fair value	483,558	187,075	**670,633**	432,445	185,301	**617,746**
Available-for-sale financial assets	11,822	45,555	**57,377**	14,405	52,565	**66,970**
Held-to-maturity investments	197	85	**282**	1,153	298	**1,451**
Assets held-for-sale	2,005		**2,005**	74,951		**74,951**
Investments in associates		1,289	**1,289**		1,022	**1,022**
Intangible assets	*1,250*	*16,622*	***17,872***	*1,057*	*15,865*	***16,922***
Property and equipment	*484*	*759*	***1,243***	*534*	*1,054*	***1,588***
Investment properties		*9,901*	***9,901***		*8,525*	***8,525***
Tangible and intangible assets	1,734	27,282	**29,016**	1,591	25,444	**27,035**
Current tax assets	*6,203*		***6,203***	*4,580*		***4,580***
Deferred tax assets		*1,313*	***1,313***		*1,709*	***1,709***
Trade and client receivables	*14,562*		***14,562***	*30,434*		***30,434***
Withheld margins of safety	*19,576*		***19,576***	*13,989*		***13,989***
Other assets	*16,821*		***16,821***	*14,379*		***14,379***
Other assets	57,162	1,313	**58,475**	63,382	1,709	**65,091**
TOTAL	**1,408,686**	**953,967**	**2,362,653**	**1,281,833**	**897,988**	**2,179,821**

	2011			2010		
Liabilities	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Deposits from credit institutions	183,285	17,989	**201,274**	196,324	16,300	**212,624**
Deposits and borrowing from the public	777,983	83,699	**861,682**	630,128	81,413	**711,541**
Liabilities to policyholders – investment contracts	*7,424*	*173,564*	***180,988***	*6,713*	*168,040*	***174,753***
Liabilities to policyholders – insurance contracts	*7,668*	*81,027*	***88,695***	*7,903*	*81,314*	***89,217***
Liabilities to policyholders	15,092	254,591	**269,683**	14,616	249,354	**263,970**
Debt securities	293,176	296,697	**589,873**	296,432	234,051	**530,483**
Derivatives held for trading	*79,817*		***79,817***	*113,597*		***113,597***
Derivatives held for hedging	*145,381*		***145,381***	*7,262*		***7,262***
Trading liabilities	*5,391*		***5,391***	*78,467*		***78,467***
Fair value changes of hedged items in portfolio hedge	*1,658*		***1,658***	*1,364*		***1,364***
Financial liabilities at fair value	232,247		**232,247**	200,690		**200,690**
Liabilities held-for-sale		1,962	**1,962**	48,339		**48,339**
Current tax liabilities	*1,605*		***1,605***	*4,021*		***4,021***
Deferred tax liabilities		*10,283*	***10,283***		*9,852*	***9,852***
Trade and client payables	*13,043*		***13,043***	*29,960*		***29,960***
Withheld margins of safety	*18,489*		***18,489***	*13,963*		***13,963***
Other liabilities	*26,463*		***26,463***	*27,535*		***27,535***
Other liabilities	59,600	10,283	**69,883**	75,479	9,852	**85,331**
Provisions		1,779	**1,779**		1,748	**1,748**
Subordinated liabilities		25,109	**25,109**		25,552	**25,552**
TOTAL	**1,561,383**	**692,109**	**2,253,492**	**1,462,008**	**618,270**	**2,080,278**

41 Financial assets and liabilities by class

Group 2011

Assets	Cash and central banks (note 20)	Loans to credit institutions (note 21)	Loans to the public (note 22)	Financial assets at fair value (note 23)[1]	Available-for-sale financial assets (note 24)	Held-to-maturity financial assets (note 25)	Other assets (note 26, 28, 29, 52)	Total	Fair value
Loans	225,286	100,957	1,153,703					**1,479,946**	**1,486,938**
Equity instruments				78,629	2,803			**81,432**	**81,432**
Debt instruments		27,806	32,520	236,465	54,574	282		**351,647**	**349,877**
Derivative instruments				167,429				**167,429**	**167,429**
Financial assets – policyholders bearing the risk				186,763				**186,763**	**186,763**
Other	3,304			1,347			34,997	**39,648**	**39,648**
Financial assets	**228,590**	**128,763**	**1,186,223**	**670,633**	**57,377**	**282**	**34,997**	**2,306,865**	**2,312,087**
Other assets (non-financial)							55,788	**55,788**	**55,781**
TOTAL	**228,590**	**128,763**	**1,186,223**	**670,633**	**57,377**	**282**	**90,785**	**2,362,653**	**2,367,868**

Liabilities	Deposits from credit institutions (note 30)	Deposits and borrowing from the public (note 31)	Liabilities to policyholders (note 32)[1]	Debt securities (note 33)	Financial liabilities at fair value (note 34)	Other liabilities (note 35, 36, 52)	Subordinated liabilities (note 37)	Total	Fair value
Deposits	201,274	861,682						**1,062,956**	**1,070,879**
Equity instruments					35,233			**35,233**	**35,233**
Debt instruments				589,873	44,584		25,109	**659,566**	**663,086**
Derivative instruments					150,772			**150,772**	**150,772**
Liabilities to policyholders – investment contracts			180,988					**180,988**	**180,988**
Other					1,658	33,771		**35,429**	**35,931**
Financial liabilities	**201,274**	**861,682**	**180,988**	**589,873**	**232,247**	**33,771**	**25,109**	**2,124,944**	**2,136,889**
Other liabilities (non-financial)			88,695			39,853		**128,548**	**128,557**
Total equity								**109,161**	**109,161**
TOTAL	**201,274**	**861,682**	**269,683**	**589,873**	**232,247**	**73,624**	**25,109**	**2,362,653**	**2,374,607**

2010

Assets	Cash and central banks (note 20)	Loans to credit institutions (note 21)	Loans to the public (note 22)	Financial assets at fair value (note 23)[1]	Available-for-sale financial assets (note 24)	Held-to-maturity financial assets (note 25)	Other assets (note 26, 28, 29, 52)	Total	Fair value
Loans	64,134	135,724	1,031,346					**1,231,204**	**1,236,100**
Equity instruments				80,119	2,835			**82,954**	**82,954**
Debt instruments		47,800	43,533	227,137	64,135	1,451		**384,056**	**384,056**
Derivative instruments				127,639				**127,639**	**127,639**
Financial assets – policyholders bearing the risk				179,432				**179,432**	**179,432**
Other	3,018			3,419			44,768	**51,205**	**51,205**
Financial assets	**67,152**	**183,524**	**1,074,879**	**617,746**	**66,970**	**1,451**	**44,768**	**2,056,490**	**2,061,386**
Other assets (non-financial)							123,331	**123,331**	**123,331**
TOTAL	**67,152**	**183,524**	**1,074,879**	**617,746**	**66,970**	**1,451**	**168,099**	**2,179,821**	**2,184,717**

Liabilities	Deposits from credit institutions (note 30)	Deposits and borrowing from the public (note 31)	Liabilities to policyholders (note 32)[1]	Debt securities (note 33)	Financial liabilities at fair value (note 34)	Other liabilities (note 35, 36, 52)	Subordinated liabilities (note 37)	Total	Fair value
Deposits	212,624	711,541						**924,165**	**926,710**
Equity instruments					33,669			**33,669**	**33,669**
Debt instruments				530,483	44,798		25,552	**600,833**	**605,213**
Derivative instruments					120,859			**120,859**	**120,859**
Liabilities to policyholders – investment contracts			174,753					**174,753**	**174,753**
Other					1,364	44,457		**45,821**	**45,821**
Financial liabilities	**212,624**	**711,541**	**174,753**	**530,483**	**200,690**	**44,457**	**25,552**	**1,900,100**	**1,907,025**
Other liabilities (non-financial)			89,217			90,961		**180,178**	**180,178**
Total equity								**99,543**	**99,543**
TOTAL	**212,624**	**711,541**	**263,970**	**530,483**	**200,690**	**135,418**	**25,552**	**2,179,821**	**2,186,746**

1) Financial assets – policyholders bearing the risk are classified as financial assets while Liabilities to policyholders are not classified as financial liabilities.

Note 41 ctd. Financial assets and liabilities by class

Parent company 2011

Assets	Cash and cash balances with central banks (note 20)	Loans to credit institutions (note 21)	Loans to the public (note 22)	Financial assets at fair value (note 23)	Available-for-sale financial assets (note 24)	Held-to-maturity financial assets (note 25)	Shares in subsidiaries (note 27)	Other assets (note 26, 28, 29)	Total
Loans	121,135	234,677	845,769						**1,201,581**
Equity instruments				51,935	1,605		53,686		**107,226**
Debt instruments		11,119	27,566	172,755	15,134	2,771			**229,345**
Derivative instruments				162,140					**162,140**
Other	813							**33,650**	**34,463**
Financial assets	**121,948**	**245,796**	**873,335**	**386,830**	**16,739**	**2,771**	**53,686**	**33,650**	**1,734,755**
Other assets (non-financial)								**54,095**	**54,095**
TOTAL	**121,948**	**245,796**	**873,335**	**386,830**	**16,739**	**2,771**	**53,686**	**87,745**	**1,788,850**

Liabilities	Deposits from credit institutions (note 30)	Deposits and borrowing from the public (note 31)	Debt securities (note 33)	Financial liabilities at fair value (note 34)	Other liabilities (note 35, 36)	Subordinated liabilities (note 37)	Total
Deposits	229,428	608,645					**838,073**
Equity instruments				34,289			**34,289**
Debt instruments			558,747	42,874		**24,727**	**626,348**
Derivative instruments				149,554			**149,554**
Other					29,164		**29,164**
Financial liabilities	**229,428**	**608,645**	**558,747**	**226,717**	**29,164**	**24,727**	**1,677,428**
Other liabilities (non-financial)					15,069		**15,069**
Total equity							**96,353**
TOTAL	**229,428**	**608,645**	**558,747**	**226,717**	**44,233**	**24,727**	**1,788,850**

2010

Assets	Cash and cash balances with central banks (note 20)	Loans to credit institutions (note 21)	Loans to the public (note 22)	Financial assets at fair value (note 23)	Available-for-sale financial assets (note 24)	Held-to-maturity financial assets (note 25)	Shares in subsidiaries (note 27)	Other assets (note 26, 28, 29)	Total
Loans	18,988	234,848	726,935						**980,771**
Equity instruments				52,807	1,800		55,145		**109,752**
Debt instruments		15,720	36,506	159,145	14,783	3,685			**229,839**
Derivative instruments				122,108					**122,108**
Other	953							42,987	**43,940**
Financial assets	**19,941**	**250,568**	**763,441**	**334,060**	**16,583**	**3,685**	**55,145**	**42,987**	**1,486,410**
Other assets (non-financial)								49,918	**49,918**
TOTAL	**19,941**	**250,568**	**763,441**	**334,060**	**16,583**	**3,685**	**55,145**	**92,905**	**1,536,328**

Liabilities	Deposits from credit institutions (note 30)	Deposits and borrowing from the public (note 31)	Debt securities (note 33)	Financial liabilities at fair value (note 34)	Other liabilities (note 35, 36)	Subordinated liabilities (note 37)	Total
Deposits	195,408	484,839					**680,247**
Equity instruments				31,705			**31,705**
Debt instruments			488,533	43,024		25,096	**556,653**
Derivative instruments				115,909			**115,909**
Other					42,740		**42,740**
Financial liabilities	**195,408**	**484,839**	**488,533**	**190,638**	**42,740**	**25,096**	**1,427,254**
Other liabilities (non-financial)					19,803		**19,803**
Total equity							**89,271**
TOTAL	**195,408**	**484,839**	**488,533**	**190,638**	**62,543**	**25,096**	**1,536,328**

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. Loans are further specified in note 18 a and 44.

Equity intruments 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 18 a, 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 50.

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 50.

Other includes other financial asset and liabilities recognised in accordance with IAS 39, i.e.Trade and client receivables and Withheld margins of safety.

42 Debt instruments by maturities

Eligible debt instruments*

Group 2011	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 21)		45		14,778	1,762		**16,585**
Loans to the public (note 22)		131	2,924	3,098	10		**6,163**
Securities held for trading (note 23)	68	1,978	4,978	20,880	6,816	9,218	**43,938**
Available-for-sale financial assets (note 24)		101	2,537	14,161	16,499	651	**33,949**
TOTAL	**68**	**2,255**	**10,439**	**52,917**	**25,087**	**9,869**	**100,635**
2010							
Loans to credit institutions (note 21)				27,048	4,899		**31,947**
Loans to the public (note 22)				6,311	583		**6,894**
Securities held for trading (note 23)	1,033	4,574	5,558	12,415	12,160	1,641	**37,381**
Available-for-sale financial assets (note 24)	554	384	3,121	27,905	11,928	1,624	**45,516**
TOTAL	**1,587**	**4,958**	**8,679**	**73,679**	**29,570**	**3,265**	**121,738**

Other debt instruments*

Group 2011	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 21)			770	7,963	2,227	33	**10,993**
Loans to the public (note 22)	451	203		5,157	8,877	11,380	**26,068**
Securities held for trading (note 23)	22	3,118	30,840	82,395	13,919	100	**130,394**
Insurance assets (note 23)	3,436	292	2,108	24,039	10,404	19,304	**59,583**
Available-for-sale financial assets (note 24)	5,303	174	223	8,289	4,716	1,239	**19,944**
Held-to-maturity financial assets (note 25)			197			85	**282**
TOTAL	**9,212**	**3,787**	**34,138**	**127,843**	**40,143**	**32,141**	**247,264**
2010							
Loans to credit institutions (note 21)	11		746	13,329	1,502	58	**15,646**
Loans to the public (note 22)	729		142	7,660	8,046	19,824	**36,401**
Securities held for trading (note 23)	437	2,933	20,928	84,005	15,629	2,565	**126,497**
Insurance assets (note 23)	2,206	496	1,122	24,452	9,905	22,528	**60,709**
Available-for-sale financial assets (note 24)	6,332	189	280	4,246	3,785	3,077	**17,909**
Held-to-maturity financial assets (note 25)		223	917	212		86	**1,438**
TOTAL	**9,715**	**3,841**	**24,135**	**133,904**	**38,867**	**48,138**	**258,600**

Eligible debt instruments*

Parent company 2011	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Securities held for trading (note 23)	11	1,605	4,459	19,375	6,475	9,217	**41,142**
Available-for-sale financial assets (note 24)				3	6,063	504	**6,570**
TOTAL	**11**	**1,605**	**4,459**	**19,378**	**12,538**	**9,721**	**47,712**
2010							
Securities held for trading (note 23)	14	4,535	5,461	9,827	10,388	1,641	**31,866**
Available-for-sale financial assets (note 24)					4,168	494	**4,662**
TOTAL	**14**	**4,535**	**5,461**	**9,827**	**14,556**	**2,135**	**36,528**

Other debt instruments*

Parent company 2011	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 21)			770	7,963	2,227	33	**10,993**
Loans to the public (note 22)	451	204		5,157	8,876	12,738	**27,426**
Securities held for trading (note 23)	36	3,118	30,962	82,153	13,746		**130,015**
Available-for-sale financial assets (note 24)		134		3,449	3,410	1,238	**8,231**
Held-to-maturity financial assets (note 25)				223	1,559	976	**2,758**
TOTAL	**487**	**3,456**	**31,732**	**98,945**	**29,818**	**14,985**	**179,423**
2010							
Loans to credit institutions (note 21)	11		746	13,329	1,502	58	**15,646**
Loans to the public (note 22)	729		142	7,660	8,046	19,824	**36,401**
Securities held for trading (note 23)	432	2,931	9,137	90,823	15,584	6,718	**125,625**
Available-for-sale financial assets (note 24)			359	2,018	4,365	3,077	**9,819**
Held-to-maturity financial assets (note 25)				485	2,202	984	**3,671**
TOTAL	**1,172**	**2,931**	**10,384**	**114,315**	**31,699**	**30,661**	**191,162**

* Accrued interest excluded.

43 Debt instruments by issuers

Eligible debt instruments*

Group 2011	Swedish Government	Swedish municipalities	Other Swedish issuers – other financial companies	Foreign Government	Other foreign issuers	Total
Loans to credit institutions (note 21)					16,585	**16,585**
Loans to the public (note 22)				5,321	842	**6,163**
Securities held for trading (note 23)	25,228	317	335	15,741	2,317	**43,938**
Available-for-sale financial assets (note 24)	100			6,937	26,912	**33,949**
TOTAL	**25,328**	**317**	**335**	**27,999**	**46,656**	**100,635**
2010						
Loans to credit institutions (note 21)					31,947	**31,947**
Loans to the public (note 22)				4,130	2,764	**6,894**
Securities held for trading (note 23)	15,096	712	685	20,888		**37,381**
Available-for-sale financial assets (note 24)	88		2,598	5,569	37,261	**45,516**
TOTAL	**15,184**	**712**	**3,283**	**30,587**	**71,972**	**121,738**

Other debt instruments*

Group 2011	Swedish Government and municipalities	Swedish mortgage institutions	Other Swedish issuers – non-financial companies	Other Swedish issuers – other financial companies	Foreign Government	Other foreign issuers	Total
Loans to credit institutions (note 21)		1,783		7		9,203	**10,993**
Loans to the public (note 22)			429			25,639	**26,068**
Securities held for trading (note 23)		45,911	3,647	5,068	16	75,752	**130,394**
Insurance assets (note 23)	7,104	762	629	1,261	5,363	44,464	**59,583**
Available-for-sale financial assets (note 24)	536				5,486	13,922	**19,944**
Held-to-maturity financial assets (note 25)						282	**282**
TOTAL	**7,640**	**48,456**	**4,705**	**6,336**	**10,865**	**169,262**	**247,264**
2010							
Loans to credit institutions (note 21)		1,797				13,849	**15,646**
Loans to the public (note 22)			571			35,830	**36,401**
Securities held for trading (note 23)		36,388	4,460	6,315	3	79,331	**126,497**
Insurance assets (note 23)	6,152	1,164	562	1,516	10,182	41,133	**60,709**
Available-for-sale financial assets (note 24)	26				6,808	11,075	**17,909**
Held-to-maturity financial assets (note 25)		699				739	**1,438**
TOTAL	**6,178**	**40,048**	**5,593**	**7,831**	**16,993**	**181,957**	**258,600**

Eligible debt instruments*

Parent company 2011	Swedish Government	Swedish municipalities	Other Swedish issuers – non-financial companies	Foreign Government	Other foreign issuers	Total
Securities held for trading (note 23)	25,228	317		15,597		**41,142**
Available-for-sale financial assets (note 24)				6,570		**6,570**
TOTAL	**25,228**	**317**		**22,167**		**47,712**
2010						
Securities held for trading (note 23)	15,096	712		16,058		**31,866**
Available-for-sale financial assets (note 24)				4,662		**4,662**
TOTAL	**15,096**	**712**		**20,720**		**36,528**

Note 43 ctd. Debt instruments by issuers

Other debt instruments*

Parent company 2011	Swedish mortgage institutions	Other Swedish issuers – non-financial companies	Other Swedish issuers – other financial companies	Foreign Government	Other foreign issuers	Total
Loans to credit institutions (note 21)	1,783	7			9,203	**10,993**
Loans to the public (note 22)		430		1,333	25,663	**27,426**
Securities held for trading (note 23)	45,911	3,646	5,067		75,391	**130,015**
Available-for-sale financial assets (note 24)					8,231	**8,231**
Held-to-maturity financial assets (note 25)					2,758	**2,758**
TOTAL	**47,694**	**4,083**	**5,067**	**1,333**	**121,246**	**179,423**
2010						
Loans to credit institutions (note 21)			1,797		13,849	**15,646**
Loans to the public (note 22)		571			35,830	**36,401**
Securities held for trading (note 23)	36,388	4,460	6,315		78,462	**125,625**
Available-for-sale financial assets (note 24)					9,819	**9,819**
Held-to-maturity financial assets (note 25)					3,671	**3,671**
TOTAL	**36,388**	**5,031**	**8,112**		**141,631**	**191,162**

* Accrued interest excluded.

44 Loans and loan loss provisions

	Group		Parent company	
	2011	2010	**2011**	2010
Loans to credit institutions[1]	128,763	183,524	245,796	250,568
Loans to the public[1]	1,186,223	1,074,879	873,335	763,441
TOTAL	**1,314,986**	**1,258,403**	**1,119,131**	**1,014,009**

1) Including debt instruments classified as Loans.

Loans

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Performing loans	1,308,377	1,249,886	1,118,919	1,012,891
Individually assessed impaired loans, past due > 60 days	9,410	13,721	1,027	1,587
Individually assessed impaired loans, performing or past due < 60 days	1,234	2,754	143	494
Portfolio assessed loans, past due > 60 days	6,265	6,459	481	677
Portfolio assessed loans, restructured	501	502		
Loans prior to reserves	**1,325,787**	**1,273,322**	**1,120,570**	**1,015,649**
Specific reserves for individually assessed loans	–5,682	–8,532	–764	–1,030
Collective reserves for individually assessed loans	–1,938	–2,851	–482	–453
Collective reserves for portfolio assessed loans	–3,181	–3,536	–193	–157
Reserves	**–10,801**	**–14,919**	**–1,439**	**–1,640**
TOTAL	**1,314,986**	**1,258,403**	**1,119,131**	**1,014,009**

Loans by category of borrower

Group 2011	Credit institutions	Corporates	Property Management	Public Administration	Households	Total operations	Reclassified to Discontinued operations	Continuing operations
Performing loans	129,770	468,841	240,862	64,448	405,937	**1,309,858**	–1,481	**1,308,377**
Individually assessed impaired loans, past due > 60 days	345	3,261	5,659		566	**9,831**	–421	**9,410**
Individually assessed impaired loans, performing or past due < 60 days	6	528	678		47	**1,259**	–25	**1,234**
Portfolio assessed loans, past due > 60 days		621			5,862	**6,483**	–218	**6,265**
Portfolio assessed loans, restructured					501	**501**		**501**
Loans prior to reserves	**130,121**	**473,251**	**247,199**	**64,448**	**412,913**	**1,327,932**	**–2,145**	**1,325,787**
Specific reserves for individually assessed loans	–246	–2,494	–2,894		–304	**–5,938**	257	**–5,681**
Collective reserves for individually assessed loans	–14	–1,583	–325	–7	–20	**–1,949**	11	**–1,938**
Collective reserves for portfolio assessed loans		–420			–2,931	**–3,351**	169	**–3,182**
Reserves	**–260**	**–4,497**	**–3,219**	**–7**	**–3,255**	**–11,238**	**437**	**–10,801**
TOTAL	**129,861**	**468,754**	**243,980**	**64,441**	**409,658**	**1,316,694**	**–1,708**	**1,314,986**

Note 44 ctd. Loans and loan loss provisions

Loans by category of borrower Group 2010	Credit institutions	Corporates	Property Management	Public Administration	Households	Total operations	Reclassified to Discontinued operations	Continuing operations
Performing loans	183,366	443,113	210,611	62,667	423,748	**1,323,505**	–73,619	**1,249,886**
Individually assessed impaired loans, past due > 60 days	341	5,675	7,289		1,159	**14,464**	–743	**13,721**
Individually assessed impaired loans, performing or past due < 60 days	3	1,495	1,194		62	**2,754**		**2,754**
Portfolio assessed loans, past due > 60 days		806			5,728	**6,534**	–75	**6,459**
Portfolio assessed loans, restructured					502	**502**		**502**
Loans prior to reserves	**183,710**	**451,089**	**219,094**	**62,667**	**431,199**	**1,347,759**	**–74,437**	**1,273,322**
Specific reserves for individually assessed loans	–186	–4,181	–3,904		–612	**–8,883**	351	**–8,532**
Collective reserves for individually assessed loans		–2,358	–457	–6	–209	**–3,030**	179	**–2,851**
Collective reserves for portfolio assessed loans		–557			–3,020	**–3,577**	41	**–3,536**
Reserves	**–186**	**–7,096**	**–4,361**	**–6**	**–3,841**	**–15,490**	**571**	**–14,919**
TOTAL	**183,524**	**443,993**	**214,733**	**62,661**	**427,358**	**1,332,269**	**–73,866**	**1,258,403**

Loans by category of borrower

Parent company 2011	Credit institutions	Corporates	Property Management	Public Administration	Households	Total operations
Performing loans	245,706	361,740	154,042	**5,181**	352,250	**1,118,919**
Individually assessed impaired loans, past due > 60 days	345	486	195		1	**1,027**
Individually assessed impaired loans, performing or past due < 60 days	4	132	7			**143**
Portfolio assessed loans, past due > 60 days					481	**481**
Loans prior to reserves	**246,055**	**362,358**	**154,244**	**5,181**	**352,732**	**1,120,570**
Specific reserves for individually assessed loans	–245	–436	–83			**–764**
Collective reserves for individually assessed loans	–14	–464		**–4**		**–482**
Collective reserves for portfolio assessed loans					–193	**–193**
Reserves	**–259**	**–900**	**–83**	**–4**	**–193**	**–1,439**
TOTAL	**245,796**	**361,458**	**154,161**	**5,178**	**352,539**	**1,119,131**
2010						
Performing loans	250,412	333,881	121,203	**6,276**	301,119	**1,012,891**
Individually assessed impaired loans, past due > 60 days	341	955	282		9	**1,587**
Individually assessed impaired loans, performing or past due < 60 days	1	462	31			**494**
Portfolio assessed loans, past due > 60 days					677	**677**
Loans prior to reserves	**250,754**	**335,298**	**121,516**	**6,276**	**301,805**	**1,015,649**
Specific reserves for individually assessed loans	–186	–688	–161		5	**–1,030**
Collective reserves for individually assessed loans		–448		**–3**	–2	**–453**
Collective reserves for portfolio assessed loans					–157	**–157**
Reserves	**–186**	**–1,136**	**–161**	**–3**	**–154**	**–1,640**
TOTAL	**250,568**	**334,162**	**121,355**	**6,273**	**301,651**	**1,014,009**

Loans by geographical region [1)]

Group 2011	The Nordic region	Germany	The Baltic region	Other	Total operations	Reclassified to Discontinued operations	Continuing operations
Performing loans	967,797	201,702	100,168	40,191	**1,309,858**	–1,481	**1,308,377**
Individually assessed impaired loans, past due > 60 days	960	1,714	6,604	553	**9,831**	–421	**9,410**
Individually assessed impaired loans, performing or past due < 60 days	143	358	721	37	**1,259**	–25	**1,234**
Portfolio assessed loans, past due > 60 days	1,899		4,365	219	**6,483**	–218	**6,265**
Portfolio assessed loans, restructured			501		**501**		**501**
Loans prior to reserves	**970,799**	**203,774**	**112,359**	**41,000**	**1,327,932**	**–2,145**	**1,325,787**
Specific reserves for individually assessed loans	–716	–1,205	–3,683	–334	**–5,938**	257	**–5,681**
Collective reserves for individually assessed loans	–846	–120	–956	–27	**–1,949**	11	**–1,938**
Collective reserves for portfolio assessed loans	–617		–2,544	–190	**–3,351**	169	**–3,182**
Reserves	**–2,179**	**–1,325**	**–7,183**	**–551**	**–11,238**	**437**	**–10,801**
TOTAL	**968,620**	**202,449**	**105,176**	**40,449**	**1,316,694**	**–1,708**	**1,314,986**

Note 44 ctd. Loans and loan loss provisions

Loans by geographical region [1] **Group 2010**	The Nordic region	Germany	The Baltic region	Other	**Total operations**	Reclassified to Discontinued operations	**Continuing operations**
Performing loans	891,956	300,954	100,644	29,951	**1,323,505**	–73,619	**1,249,886**
Individually assessed impaired loans, past due > 60 days	1,032	3,224	8,994	1,214	**14,464**	–743	**13,721**
Individually assessed impaired loans, performing or past due < 60 days	505	330	1,881	38	**2,754**		**2,754**
Portfolio assessed loans, past due > 60 days	1,713	75	4,495	251	**6,534**	–75	**6,459**
Portfolio assessed loans, restructured			502		**502**		**502**
Loans prior to reserves	**895,206**	**304,583**	**116,516**	**31,454**	**1,347,759**	**–74,437**	**1,273,322**
Specific reserves for individually assessed loans	–839	–1,933	–5,502	–609	**–8,883**	351	**–8,532**
Collective reserves for individually assessed loans	–845	–293	–1,670	–222	**–3,030**	179	**–2,851**
Collective reserves for portfolio assessed loans	–628	–41	–2,727	–181	**–3,577**	41	**–3,536**
Reserves	**–2,312**	**–2,267**	**–9,899**	**–1,012**	**–15,490**	**571**	**–14,919**
TOTAL	**892,894**	**302,316**	**106,617**	**30,442**	**1,332,269**	**–73,866**	**1,258,403**

Loans by geographical region [1]

Parent company 2011	The Nordic region	Germany	The Baltic region	Other	Total operations
Performing loans	1,083,431		4	35,484	1,118,919
Individually assessed impaired loans, past due > 60 days	896			131	1,027
Individually assessed impaired loans, performing or past due < 60 days	143				143
Portfolio assessed loans, past due > 60 days	481				481
Loans prior to reserves	**1,084,951**		**4**	**35,615**	**1,120,570**
Specific reserves for individually assessed loans	–680			–84	–764
Collective reserves for individually assessed loans	–470			–12	–482
Collective reserves for portfolio assessed loans	–193				–193
Reserves	**–1,343**			**–96**	**–1,439**
TOTAL	**1,083,608**		**4**	**35,519**	**1,119,131**
2010					
Performing loans	989,890		3	22,998	1,012,891
Individually assessed impaired loans, past due > 60 days	911			676	1,587
Individually assessed impaired loans, performing or past due < 60 days	494				494
Portfolio assessed loans, past due > 60 days				677	677
Loans prior to reserves	**991,295**		**3**	**24,351**	**1,015,649**
Specific reserves for individually assessed loans	–766			–264	–1,030
Collective reserves for individually assessed loans	–443			–10	–453
Collective reserves for portfolio assessed loans	–157				–157
Reserves	**–1,366**			**–274**	**–1,640**
TOTAL	**989,929**		**3**	**24,077**	**1,014,009**

1) The geographical distribution is based on where the loan is booked.

Credit portfolio protected by guarantees, credit derivatives and collaterals [1]

	2011				2010			
Group	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals
Banks and corporates	74,100	7,182	50,531	47,906	164,168	3,200	39,111	37,089
Property Management	988,240	48,087	231,950	27,269	863,434	39,231	246,554	74,584
Public Administration	84,304	127	477		75,457	138	84	
Households	475,006	1,918	377,097	247	508,810	1,244	390,886	932
TOTAL	**1,621,650**	**57,314**	**660,055**	**75,422**	**1,611,869**	**43,813**	**676,635**	**112,605**
Parent company								
Banks and corporates	108,277	4,030	50,186	47,906	126,254	2,520	38,613	36,616
Property Management	720,191	44,334	172,808	25,618	638,550	34,202	187,003	77,548
Public Administration	20,582	41	477		17,186	25	84	
Households	368,533	1	333,761		312,805	3	285,822	
TOTAL	**1,217,583**	**48,406**	**557,232**	**73,524**	**1,094,793**	**36,750**	**511,522**	**114,164**

1) Only risk mitigation arrangements eligible in capital adequacy reporting are represented above.

Note 44 ctd. Loans and loan loss provisions

Loans reclassified current year

	Group		Parent company	
	2011	**2010**	**2011**	**2010**
Book value of impaired loans which have regained normal status	1,125	1,052	31	18

Individually assessed loans

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Impaired loans, past due > 60 days	9,831	14,464	1,027	1,587
Impaired loans, performing or past due < 60 days	1,259	2,754	143	494
Total impaired loans	**11,090**	**17,218**	**1,170**	**2,081**
Specific reserves	–5,938	–8,883	–764	–1,030
for impaired loans, past due > 60 days	–5,311	–7,741	–633	–772
for impaired loans, performing or past due < 60 days	–627	–1,142	–131	–258
Collective reserves	–1,949	–3,030	–482	–453
Impaired loans net	**3,203**	**5,305**	**–76**	**598**
Specific reserve ratio for individually assessed impaired loans	53.5%	51.6%	65.3%	49.5%
Total reserve ratio for individually assessed impaired loans	71.1%	69.2%	106.5%	71.3%
Net level of impaired loans	0.39%	0.63%	0.04%	0.10%
Gross level of impaired loans	0.84%	1.28%	0.10%	0.20%

Portfolio assessed loans

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Loans past due > 60 days	6,483	6,534	481	677
Restructured loans	501	502		
Total	**6,984**	**7,036**	**481**	**677**
Collective reserves	–3,351	–3,577	–193	–157
Reserve ratio for portfolio assessed impaired loans	48.0%	50.8%	40.1%	23.2%

All loans past due but not determined to be impaired amounted to SEK 11,382m (13,043m) (past due up to 30 days) and SEK 1,737m (2,859) (between 31 and 60 days). These loans represented 1.00 per cent (1.26) of the total lending volume.

Reserves

	Group		Parent company	
Specific loan loss reserves [1]	**2011**	**2010**	**2011**	**2010**
Opening balance	–8,532	–10,456	–1,030	–1,131
Reversals for utilisation	1,864	1,461	439	244
Provisions	–763	–2,526	–211	–294
Reversals	1,360	1,574	47	91
Exchange rate differences	133	1,064	–9	60
Closing balance	**–5,938**	**–8,883**	**–764**	**–1,030**
Reclassified to Discontinued operations	257	351		
Continuing operations	**–5,681**	**–8,532**		

1) Specific reserves for individually appraised loans.

Collective loan loss reserves [2]	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Opening balance	–6,387	–7,621	–610	–684
Net provisions	771	437	–66	61
Exchange rate differences	316	577	1	13
Closing balance	**–5,300**	**–6,607**	**–675**	**–610**
Reclassified to Discontinued operations	180	220		
Continuing operations	**–5,120**	**–6,387**		

2) Collective reserves for individually appraised loans, reserves for loans assessed on a portfolio basis and country risk reserves.

Contingent liabilities reserves	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Opening balance	–476	–478	–24	46
Net provisions	68	–15	18	23
Exchange rate differences	39	17		–93
Closing balance	**–369**	**–476**	**–6**	**–24**
TOTAL	**–11,607**	**–15,966**	**–1,445**	**–1,664**
Reclassified to Discontinued operations	437	571		
Continuing operations	**–11,170**	**–15,395**		

45 Derivative instruments

	Group		Parent company	
	2011	2010	2011	2010
Interest-related	124,057	79,173	119,284	76,562
Currency-related	39,694	41,175	39,123	38,426
Equity-related	3,230	6,993	3,389	6,890
Other	448	298	344	230
Positive replacement values	**167,429**	**127,639**	**162,140**	**122,108**
Interest-related	109,688	75,799	108,855	74,015
Currency-related	37,036	41,695	36,717	38,847
Equity-related	3,713	3,231	3,792	2,961
Other	335	134	190	86
Negative replacement values	**150,772**	**120,859**	**149,554**	**115,909**

	Positive replacement values		Negative replacement values	
Group 2011	Nom. amount	Book value	Nom. amount	Book value
Options	547,664	5,130	500,163	5,074
Futures	1,385,575	4,563	1,538,433	3,568
Swaps	3,625,456	114,364	3,583,025	101,046
Interest-related	**5,558,695**	**124,057**	**5,621,621**	**109,688**
of which, cleared	178	4	526	
Options	194,589	1,962	196,946	1,939
Futures	345,060	5,862	306,225	4,196
Swaps	3,083,670	31,870	3,090,721	30,901
Currency-related	**3,623,319**	**39,694**	**3,593,892**	**37,036**
of which, cleared	26,409	568	33,564	626
Options	1,598,025	2,264	236,321	1,961
Futures	34	370	2,453	174
Swaps	51,432	596	55,538	1,578
Equity-related	**1,649,491**	**3,230**	**294,312**	**3,713**
of which, cleared		579	2,453	302
Options	299	27	299	27
Futures	797	73	797	73
Swaps	13,411	348	13,411	235
Other	**14,507**	**448**	**14,507**	**335**
of which, cleared	1,096	100	1,096	100
TOTAL	**10,846,012**	**167,429**	**9,524,332**	**150,772**
of which, cleared	27,683	1,251	37,639	1,028
2010				
Options	104,562	3,315	100,527	4,198
Futures	935,869	2,423	1,042,878	2,375
Swaps	2,649,057	73,435	2,637,118	69,226
Interest-related	**3,689,488**	**79,173**	**3,780,523**	**75,799**
of which, cleared	90	2	90	2
Options	174,445	1,495	173,951	1,659
Futures	337,933	6,626	319,387	6,707
Swaps	3,404,585	33,054	3,426,783	33,329
Currency-related	**3,916,963**	**41,175**	**3,920,121**	**41,695**
of which, cleared	23,178	630	44,355	1,065
Options	2,009,145	5,825	482,153	2,438
Futures	950	97	1,863	88
Swaps	4,042	1,071	33,336	705
Equity-related	**2,014,137**	**6,993**	**517,352**	**3,231**
of which, cleared	950	281	1,863	433
Options	661	28	661	29
Futures	519	19	519	19
Swaps	16,624	251	16,575	86
Other	**17,804**	**298**	**17,755**	**134**
of which, cleared	1,180	48	1,180	48
TOTAL	**9,638,392**	**127,639**	**8,235,751**	**120,859**
of which, cleared	25,398	961	47,488	1,548

Note 45 ctd. Derivative instruments

	Positive replacement values		Negative replacement values	
Parent company 2011	Nom. amount	Book value	Nom. amount	Book value
Options	545,723	5,167	497,723	5,201
Futures	1,384,392	3,380	1,537,971	3,568
Swaps	3,588,985	110,737	3,587,397	100,086
Interest-related	**5,519,100**	**119,284**	**5,623,091**	**108,855**
Options	196,175	1,962	198,106	1,939
Futures	308,319	4,531	307,242	3,575
Swaps	3,184,212	32,630	3,183,249	31,203
Currency-related	**3,688,706**	**39,123**	**3,688,597**	**36,717**
Options	1,663,215	2,433	468,185	2,162
Futures		370		174
Swaps	51,291	586	50,781	1,456
Equity-related	**1,714,506**	**3,389**	**518,966**	**3,792**
of which, cleared		579		302
Swaps	13,411	344	13,411	190
Other	**13,411**	**344**	**13,411**	**190**
TOTAL	**10,935,723**	**162,140**	**9,844,065**	**149,554**
of which, cleared		579		302
2010				
Options	101,966	4,361	96,738	4,152
Futures	935,843	2,419	1,041,055	2,371
Swaps	2,570,528	69,782	2,569,262	67,492
Interest-related	**3,608,337**	**76,562**	**3,707,055**	**74,015**
Options	176,339	1,448	176,064	1,642
Futures	308,598	4,636	309,075	5,237
Swaps	3,514,861	32,342	3,515,032	31,968
Currency-related	**3,999,797**	**38,426**	**4,000,170**	**38,847**
Options	2,313,340	5,721	1,059,064	2,261
Futures		103		56
Swaps	3,968	1,066	33,167	644
Equity-related	**2,317,308**	**6,890**	**1,092,231**	**2,961**
of which, cleared		281		433
Swaps	17,064	230	17,036	86
Other	**17,064**	**230**	**17,036**	**86**
TOTAL	**9,942,507**	**122,108**	**8,816,492**	**115,909**
of which, cleared		281		433

46 Related party disclosures*

	Group companies		Associated companies		Total	
Parent company 2011	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest
Loans to credit institutions	168,681	2,189			**168,681**	**2,189**
Loans to the public	33,700	665	350	6	**34,050**	**671**
Bonds and other interest-bearing securities	3,383	151			**3,383**	**151**
Other assets	14,350	3			**14,350**	**3**
TOTAL	**220,114**	**3,008**	**350**	**6**	**220,464**	**3,014**
Deposits from credit institutions	60,070	–938	9		**60,079**	**–938**
Deposits and borrowings from the public	12,759	–277			**12,759**	**–277**
Issued securities	629	–17			**629**	**–17**
Other liabilities	11,065	–36			**11,065**	**–36**
TOTAL	**84,523**	**–1,268**	**9**		**84,532**	**–1,268**
2010						
Loans to credit institutions	146,135	1,811			**146,135**	**1,811**
Loans to the public	37,223	670	325	3	**37,548**	**673**
Bonds and other interest-bearing securities	5,155	163			**5,155**	**163**
Other assets	11,307				**11,307**	
TOTAL	**199,820**	**2,644**	**325**	**3**	**200,145**	**2,647**
Deposits from credit institutions	47,883	–628			**47,883**	**–628**
Deposits and borrowings from the public	11,544	–67	6		**11,550**	**–67**
Issued securities	3,965	–83			**3,965**	**–83**
Other liabilities	9,467				**9,467**	
TOTAL	**72,859**	**–778**	**6**		**72,865**	**–778**

* For information about Top management, The Group Executive Committee and Other related parties see note 9c.

The Group has insurance administration and asset management agreements with Gamla Livförsäkringsbolaget SEB Trygg Liv to conditions on the market. SEB has during 2011 received SEK 154m (164) regarding the insurance administration agreement and SEK 297m (265) regarding the asset management agreement. For more information on Gamla Livförsäkringsbolaget SEB Trygg Liv, see note 50.

47 Capital adequacy

	Financial group of undertakings[1]		Parent company	
Calculation of capital base	2011	2010	2011	2010
Total equity according to balance sheet	109,161	99,543	71,304	65,341
Proposed dividend (excl repurchased shares)	–3,836	–3,291	–3,836	–3,291
Investments outside the financial group of undertakings	–41	–40		
Other deductions outside the financial group of undertakings [2]	–3,728	–2,688		
Total equity in the capital adequacy	**101,556**	**93,524**	**67,468**	**62,050**
Untaxed reserves			18,461	17,636
Adjustment for hedge contracts	229	1,755	233	1,768
Net provisioning amount for IRB-reported credit exposures	–108		–765	–741
Unrealised value changes on available-for-sale financial assets	717	1,724	1,549	1,870
Exposures where risk-weighted assets (RWA) are not calculated [3]	–914	–1,184	–914	–1,184
Goodwill [4]	–4,147	–4,174	–333	–105
Other intangible assets	–2,943	–2,564	–2,211	–1,682
Deferred tax assets	–1,293	–1,694	–4	–155
Core Tier 1 capital	**93,097**	**87,387**	**83,484**	**79,457**
Tier 1 capital contribution (non-innovative)	4,455	4,492	4,455	4,492
Tier 1 capital contribution (innovative)	10,159	10,101	10,159	10,101
Tier 1 capital	**107,711**	**101,980**	**98,098**	**94,050**
Dated subordinated debt	4,815	4,922	4,454	4,492
Deduction for remaining maturity	–320	–361		
Perpetual subordinated debt	2,225	4,152	2,225	4,152
Net provisioning amount for IRB-reported credit exposures	–108	91	–765	–742
Unrealised gains on available-for-sale financial assets	799	511	95	35
Exposures where risk-weighted assets (RWA) are not calculated [3]	–914	–1,184	–914	–1,184
Investments outside the financial group of undertakings	–41	–40		
Tier 2 capital	**6,456**	**8,091**	**5,095**	**6,753**
Investments in insurance companies [4]	–10,500	–10,500		
Pension assets in excess of related liabilities [5]	–222	–422		
CAPITAL BASE	**103,445**	**99,149**	**103,193**	**100,803**

Note 47 ctd. Capital adequacy

Calculation of risk-weighted assets	Financial group of undertakings[1]		Parent company	
	2011	2010	2011	2010
Credit risk IRB approach				
Institutions	29,552	37,405	21,002	21,297
Corporates	394,094	403,128	275,598	274,191
Securitisation positions	6,515	6,337	6,408	6,224
Retail mortgages	45,241	65,704	38,916	26,672
Other retail exposures	9,460	9,826		6,719
Other exposure classes	1,651	1,511		
Total credit risk IRB approach	**486,513**	**523,911**	**341,924**	**335,103**
Further risk-weighted assets				
Credit risk, Standardised approach	77,485	91,682	171,668	176,428
Operational risk, Advanced Measurement approach	42,267	44,568	27,974	28,561
Foreign exchange rate risk	13,173	15,995	13,103	11,650
Trading book risks	59,403	39,970	58,004	37,396
Total risk-weighted assets according to Basel II	**678,841**	**716,126**	**612,673**	**589,138**
Addition according to transitional flooring[6]	148,774	83,672		
TOTAL REPORTED RISK-WEIGHTED ASSETS	**827,615**	**799,798**	**612,673**	**589,138**
Capital ratios				
Basel II with transitional floor				
Core Tier 1 capital ratio	11.2%	10.9%	13.6%	13.5%
Tier 1 capital ratio	13.0%	12.8%	16.0%	16.0%
Total capital ratio	12.5%	12.4%	16.8%	17.1%
Capital base in relation to capital requirement	1.56	1.55	2.11	2.14
Basel II without transitional floor				
Core Tier 1 capital ratio	13.7%	12.2%	13.6%	13.5%
Tier 1 capital ratio	15.9%	14.2%	16.0%	16.0%
Total capital ratio	15.2%	13.8%	16.8%	17.1%
Capital base in relation to capital requirement	1.90	1.73	2.11	2.14

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) Securitisation positions with external rating below BB/Ba are not included in RWA calculations but are treated via deductions from Tier 1 and Tier 2 capital.
4) Goodwill relates only to consolidation into the financial group of undertakings. When consolidating the entire Group's balance sheet further goodwill of SEK 5,721m is created. This is included in the deduction for insurance investments.
5) Pension surplus values should be deducted from the capital base, excepting such indemnification as prescribed in the Swedish Act on safeguarding of pension undertakings.
6) During 2009 institutions were required to have a capital base not below 80 per cent of the capital requirement according to Basel I regulation. Following supervisory guidance the same should hold also during years 2010 and 2011. The addition is made in consequence with these transitional arrangements.

The consolidated SEB Group should also comply with capital requirements concerning combined banking and insurance groups, i.e. financial conglomerates. The combined capital requirements for the SEB financial conglomerate were SEK 75.7bn (73.1), while the capital amounted to SEK 116.3bn (111.3). The capital requirement for the financial conglomerate has been calculated in accordance with the deduction and aggregation method.

48 Future minimum lease payments for operational leases*

	Group		Parent company	
	2011	2010	2011	2010
Year 2011		1,465		738
Year 2012	1,059	1,319	754	720
Year 2013	916	1,100	670	637
Year 2014	812	905	601	575
Year 2015	731	780	508	490
Year 2016 and later	1,699	1,659	1,065	1,233
TOTAL	**5,217**	**7,228**	**3,598**	**4,393**

* Leases for premises and other operational leases.

49 Assets and liabilities distributed by main currencies

Group 2011	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Loans to credit institutions and central banks	23,855	139,736	24,508	1,149	13,081	4,050	2,932	**209,311**
Loans to the public	650,837	315,863	100,262	15,128	30,977	42,248	30,908	**1,186,223**
Other financial assets	360,574	199,035	145,991	2,736	101,512	47,837	18,366	**876,051**
Other assets	37,418	24,869	5,093	1,272	14,053	1,309	7,054	**91,068**
TOTAL ASSETS	**1,072,684**	**679,503**	**275,854**	**20,285**	**159,623**	**95,444**	**59,260**	**2,362,653**
Deposits from credit institutions	48,659	68,100	50,580	1,518	23,699	5,694	3,024	**201,274**
Deposits and borrowing from the public	337,258	284,723	150,665	9,231	13,211	24,367	42,227	**861,682**
Other financial liabilities	499,768	277,452	156,359	22,367	105,638	26,343	3,876	**1,091,803**
Other liabilities	26,839	19,730	7,918	1,283	9,757	2,411	5,686	**73,624**
Subordinated liabilities	4	15,774	6,466	454		23	2,388	**25,109**
Shareholders' equity and untaxed reserves	109,161							**109,161**
TOTAL LIABILITIES AND EQUITY	**1,021,689**	**665,779**	**371,988**	**34,853**	**152,305**	**58,838**	**57,201**	**2,362,653**
2010								
Loans to credit institutions and central banks	27,926	110,729	38,352	3,847	17,595	1,800	3,939	**204,188**
Loans to the public	563,456	324,232	81,684	12,481	32,372	31,865	28,789	**1,074,879**
Other financial assets	266,345	229,953	21,883	4,933	91,300	57,667	15,108	**687,189**
Other assets	32,176	107,237	1,263	414	37,062	19,542	15,871	**213,565**
TOTAL ASSETS	**889,903**	**772,151**	**143,182**	**21,675**	**178,329**	**110,874**	**63,707**	**2,179,821**
Deposits from credit institutions	47,034	80,936	43,073	3,481	28,729	5,064	4,307	**212,624**
Deposits and borrowing from the public	305,624	235,658	74,438	12,084	13,793	20,640	49,304	**711,541**
Other financial liabilities	424,990	274,259	130,041	22,621	104,792	32,690	5,750	**995,143**
Other liabilities	21,591	66,800	4,072	645	31,349	4,990	5,971	**135,418**
Subordinated liabilities	2	14,627	6,194	2,522		23	2,184	**25,552**
Shareholders' equity and untaxed reserves	99,543							**99,543**
TOTAL LIABILITIES AND EQUITY	**898,784**	**672,280**	**257,818**	**41,353**	**178,663**	**63,407**	**67,516**	**2,179,821**

Parent Company 2011								
Loans to credit institutions	31,289	154,778	29,437	3,255	11,500	8,782	6,755	**245,796**
Loans to the public	610,725	81,336	92,827	11,938	34,660	30,289	11,560	**873,335**
Other financial assets	230,024	150,477	135,297	4,117	37,251	49,302	10,248	**616,716**
Other assets	38,181	5,265	2,703	11	1,817	4,424	602	**53,003**
TOTAL ASSETS	**910,219**	**391,856**	**260,264**	**19,321**	**85,228**	**92,797**	**29,165**	**1,788,850**
Deposits from credit institutions	51,871	84,066	55,373	1,809	22,873	5,571	7,865	**229,428**
Deposits and borrowing from the public	334,907	80,999	143,083	8,106	9,397	22,576	9,577	**608,645**
Other financial liabilities	348,647	228,577	162,207	22,476	22,471	27,865	2,385	**814,628**
Other liabilities	10,908	1,350	1,203	893	294	–151	572	**15,069**
Subordinated liabilities	4	15,391	6,467	454		23	2,388	**24,727**
Shareholders' equity and untaxed reserves	96,353							**96,353**
TOTAL LIABILITIES AND EQUITY	**842,690**	**410,383**	**368,333**	**33,738**	**55,035**	**55,884**	**22,787**	**1,788,850**
2010								
Loans to credit institutions	35,351	141,509	43,176	5,106	16,208	6,508	2,710	**250,568**
Loans to the public	525,214	90,450	74,562	9,418	32,103	19,554	12,140	**763,441**
Other financial assets	176,676	126,186	10,199	4,404	25,334	56,062	11,579	**410,440**
Other assets	41,589	16,184	2,108	295	28,513	22,418	772	**111,879**
TOTAL ASSETS	**778,830**	**374,329**	**130,045**	**19,223**	**102,158**	**104,542**	**27,201**	**1,536,328**
Deposits from credit institutions	44,380	59,067	47,268	3,791	28,418	5,429	7,055	**195,408**
Deposits and borrowing from the public	303,184	66,989	68,224	10,534	9,142	17,922	8,844	**484,839**
Other financial liabilities	292,687	191,979	130,339	22,270	44,184	32,829	–6,340	**707,948**
Other liabilities	7,997	10,723	3,556	647	–103	2,929	8,017	**33,766**
Subordinated liabilities	2	14,172	6,193	2,521		23	2,185	**25,096**
Shareholders' equity and untaxed reserves	89,271							**89,271**
TOTAL LIABILITIES AND EQUITY	**737,521**	**342,930**	**255,580**	**39,763**	**81,641**	**59,132**	**19,761**	**1,536,328**

50 Life insurance operations

INCOME STATEMENT	Group 2011	Group 2010
Premium income, net	6,467	7,024
Income investment contracts		
– Own fees including risk gain/loss	1,219	1,170
– Commissions from fund companies	1,317	1,303
	2,536	2,473
Net investment income	4,580	7,722
Other operating income	437	418
Total income, gross	**14,020**	**17,637**
Claims paid, net	–9,237	–8,234
Change in insurance contract provisions	–312	–4,864
Total income, net	**4,471**	**4,539**
Of which from other units within the SEB group	*1,274*	*1,284*
Expenses for acquisition of investment and insurance contracts		
– Acquisition costs	–1,414	–1,473
– Change in deferred acquisition costs	44	160
	–1,370	–1,313
Administrative expenses	–1,117	–1,076
Other operating expenses	–27	–13
Total expenses	**–2,514**	**–2,402**
OPERATING PROFIT	**1,957**	**2,137**
CHANGE IN SURPLUS VALUES IN DIVISION SEB TRYGG LIV *Traditional insurance in SEB Pension Denmark is included and 2010 is restated compared to the Annual Report 2010*		
Present value of new sales1)	1,318	1,602
Return on existing policies	1,657	1,506
Realised surplus value in existing policies	–2,453	–2,116
Actual outcome compared to assumptions2)	710	213
Change in surplus values from ongoing business, gross	**1,232**	**1,205**
Capitalisation of acquisition costs	–789	–813
Amortisation of capitalised acquisition costs	745	653
Change in surplus values from ongoing business, net3)	**1,188**	**1,045**
Financial effects due to short-term market fluctuations 4)	–1,897	626
Change in assumptions5)	–179	–243
TOTAL CHANGE IN SURPLUS VALUES6)	**–888**	**1,428**

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 (Swedish customer base – which represent 80 per cent of the surplus value), per cent:

	2011	2010
Discount rate	7.0%	7.5%
Surrender of endowment insurance contracts: contracts signed within 1 year / 1–4 years / 5 years / 6 years / thereafter	1% / 7% / 15% / 12% / 8%	1% / 7% / 15% / 12% / 8%
Lapse rate of regular premiums, unit-linked	11%	11%
Growth in fund units, gross before fees and taxes	5.0%	5.5%
Inflation CPI / Inflation expenses	2% / 3%	2% / 3%
Expected return on solvency margin	4%	4%
Right to transfer policy, unit-linked	2%	2%
Mortality	The Group's experience	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) Assumed unit growth is 5.0 per cent gross (before fees and taxes). Actual growth results in positive or negative financial effects.
5) A lowering of the discount rate had a positive effect in 2011 of some SEK 800m but lower expected growth in fund values had a negative effect of some SEK 300m and higher frequency of surrenders, lapse and transfers had a negative effect of some SEK 700m. 2010 was negatively affected by assumed higher frequency of transfer of policies.
6) Calculated surplus values are not included in the SEB Group's consolidated accounts.

Note 50 ctd. Life insurance operations

SUMMARIZED FINANCIAL INFORMATION FOR GAMLA LIVFÖRSÄKRINGSBOLAGET SEB TRYGG LIV*

	Group	
Summary Income statements	**2011**	**2010**
Life insurance technical result	–17,405	12,331
Appropriations	78	78
Taxes	–748	–549
NET RESULT	**–18,075**	**11,860**
Summary Balance sheet		
Total assets	156,976	188,292
TOTAL ASSETS	**156,976**	**188,292**
Total liabilties	101,691	110,283
Consolidation fund / equity	54,991	77,637
Untaxed reserves	294	372
TOTAL LIABILITIES AND EQUITY	**156,976**	**188,292**

* SEB owns all shares of Gamla Livförsäkringsbolaget SEB Trygg Liv except for a golden share owned by Trygg-Stiftelsen. Gamla Livförsäkringsbolaget SEB Trygg Liv is not consolidated as as subsidiary of the Group, since the ownership of SEB in Gamla Livförsäkringsbolaget SEB Trygg Liv does not result in control.

51 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 45 (38) funds, where SEB is the investment manager.

The total value of those funds amounted to SEK 93,940m (94,100) of which SEB, for its customer's account, holds SEK 66,150m (64,560).

52 Assets and liabilities classified as held-for-sale and discontinued operations

Impact from the sale of the retail business in Germany and Ukraine

Assets and liabilities classified as held-for-sale and discontinued operations include both the divestments of the Ukrainian and German retail businesses. 31 January 2011 SEB completed the sale of its German retail banking business to Banco Santander. The divested business encompasses 173 branch offices, 1 million private customers and some 2,000 employees. In line with the announcement in November 2011 of the agreement to sell retail banking operations in Ukraine with loan volumes amounting to less than SEK 2bn, SEB classified these operations as discontinued operations. The completion of the sale is conditional upon regulatory approvals and is expected to be finalised by mid-2012.

Discontinued operations are reported net on a separate line in the Group's income statement. The comparative figures in the income statement have been adjusted as if the discontinued operation had never been part of the Group's continuing operations. In the consolidated balance sheet, assets and liabilities held-for-sale are reported on a separate line from other assets and liabilities.

	Group	
Income statement	**2011**	**2010**
Total operating income	–535	2,482
Total operating expenses [1]	–1,093	–4,093
Profit before credit losses	**–1,628**	**–1,611**
Net credit losses	180	–590
Operating profit	**–1,448**	**–2,201**
Income tax expense	293	179
Net profit from discontinued operations	**–1,155**	**–2,022**
[1] Of which restructuring costs		
Staff costs		567
Other expenses		561
Depreciation, amortisation and impairment of tangible and intangible assets		112
TOTAL [1]		**1,240**

1) Transaction-related costs such as separation of IT and premises, write-down of fixed assets, advisory costs and redundancies.

Note 52 ctd. Life insurance operations

	Group	
Balance sheet	**2011**	**2010**
Loans to the public	734	73,866
Other assets	1,271	1,085
Total assets held-for-sale	**2,005**	**74,951**
Deposits from credit institutions	1,275	6,303
Deposits and borrowing from the public	663	40,777
Other liabilities	24	1,259
Total liabilities held-for-sale	**1,962**	**48,339**
Cash flow statement		
Cash flow from operating activities	27,387	904
Cash flow from investment activities	423	–348
Cash flow from financing activities	–27,800	–726
Net increase in cash and cash equivalents from discontinued operations	**10**	**–170**

53 Reclassified portfolios

	Group		Parent company	
	2011	**2010**	**2011**	**2010**
Opening balance	78,681	125,339	39,574	75,725
Amortisations	–6,360	–6,618	–5,973	–6,055
Securities sold	–29,058	–25,325	–12,063	–21,375
Accrued coupon	–4	–44	–12	56
Exchange rate differences	–1,090	–14,671	–999	–8,777
CLOSING BALANCE*	**42,169**	**78,681**	**20,527**	**39,574**
* Fair value if not reclassified	39,284	77,138	17,922	36,857
Fair value impact – if not reclassified				
In Equity (AFS origin)	21	2,901	100	2,289
In Income Statement (HFT origin)	127	49	13	496
TOTAL	**148**	**2,950**	**113**	**2,785**
Effect in Income Statement*				
Net interest income	1,214	1,578	347	791
Net financial income	–1,147	–9,060	–1,147	–9,060
Other income	–473	–282	–307	–290
TOTAL	**–406**	**–7,764**	**–1,107**	**–8,559**

* The effect in Income Statement is the profit or loss transactions from the reclassified portfolio reported gross. Net interest income is the interest income from the portfolio without taking into account the funding costs. Net financial income is the foreign currency effect related to the reclassified portfolio but does not include the off-setting foreign currency effect from financing activities. Other income is the realised gains or losses from sales in the portfolio.

Amendments to IAS 39, endorsed by the European Union in October 2008, allow in rare circumstances financial assets to be reclassified out of the assets held for trading category. SEB considered the extreme disruption in the global financial markets and the sharp deterioration of the real economy in the second half of 2008 and continuing into 2009 to be such rare circumstances. SEB has not reclassified any assets during 2010 and 2011.

54 Restructuring costs

	Group	
	2011	**2010**
Staff costs		467
Other expenses		40
Depreciation, amortisation and impairment of tangible and intangible assets		257
TOTAL[1)]		**764**

1) Restructuring of IT- systems, support and business units due to group-wide integration and write-down of fixed assets due to consolidation of remaining operations following the divestment of the German retail business.

The SEB Group

Income statement

SEK m	2011	2010 [1]	2009 [1]	2008 [1]	2007 [1]
Net interest income	16,901	15,930	17,967	16,940	14,101
Net fee and commission income	14,175	14,120	13,250	14,027	15,647
Net financial income	3,548	3,148	4,453	2,970	3,236
Net life insurance income	3,197	3,255	3,597	2,375	2,933
Net other income	–135	282	2,154	1,751	1,163
Total operating income	**37,686**	**36,735**	**41,421**	**38,063**	**37,080**
Staff costs	–13,933	–13,920	–13,688	–14,513	–13,294
Other expenses	–7,424	–7,213	–6,670	–6,510	–5,718
Depreciation, amortisation and impairment of tangible and intangible assets	–1,764	–1,854	–4,046	–1,456	–1,157
Restructuring costs		–764			
Total operating expenses	**–23,121**	**–23,751**	**–24,404**	**–22,479**	**–20,169**
Gains less losses on disposals of tangible and intangible assets	2	14	7	5	787
Net credit losses	778	–1,609	–11,370	–3,155	–950
Operating profit	**15,345**	**11,389**	**5,654**	**12,434**	**16,748**
Income tax expense	–3,046	–2,569	–2,478	–2,351	–3,376
Net profit from continuing operations	**12,299**	**8,820**	**3,176**	**10,083**	**13,372**
Discontinued operations	–1,155	–2,022	–1,998	–33	270
NET PROFIT	**11,144**	**6,798**	**1,178**	**10,050**	**13,642**
Attributable to minority interests	37	53	64	9	24
Attributable to equity holders	11,107	6,745	1,114	10,041	13,618

1) 2010–2009 restated and 2008–2007 pro forma calculated excluding Retail Germany.

Balance sheet

SEK m	2011	2010	2009	2008	2007
Loans to credit institutions and central banks	209,311	204,188	331,460	266,363	263,012
Loans to the public	1,186,223	1,074,879	1,187,837	1,296,777	1,067,341
Other financial assets	911,331	777,423	634,002	765,131	868,643
Other assets	55,788	123,331	154,928	182,431	145,466
TOTAL ASSETS	**2,362,653**	**2,179,821**	**2,308,227**	**2,510,702**	**2,344,462**
Deposits from credit institutions	201,274	212,624	397,433	429,425	421,348
Deposits and borrowing from the public	861,682	711,541	801,088	841,034	750,481
Other financial liabilities	1,061,988	975,935	856,107	996,590	940,820
Other liabilities	128,548	180,178	153,930	159,924	155,094
Total equity	109,161	99,543	99,669	83,729	76,719
TOTAL LIABILITIES AND EQUITY	**2,362,653**	**2,179,821**	**2,308,227**	**2,510,702**	**2,344,462**

Key figures

	2011	2010	2009	2008	2007
Return on equity, %	10.77	6.84	1.17	13.15	19.30
Basic earnings per share, SEK	5.06	3.07	0.58	10.36	14.12
Cost/Income ratio [1]	0.61	0.65	0.60	0.59	0.54
Credit loss level, %	–0.08	0.15	0.92	0.30	0.11
Total reserve ratio for individually impaired loans, %	71.1	69.2	69.5	68.5	n/a
Gross level of impaired loans, %	0.84	1.28	1.46	0.73	n/a
Total capital ratio [2], %	12.50	12.40	13.50	10.62	11.04
Tier I capital ratio [2], %	13.01	12.75	12.78	8.36	8.63

1) Continuing operations.
2) Basel II (with transitional rules).

Skandinaviska Enskilda Banken

Income statement

SEK m	2011	2010	2009	2008	2007
Net interest income	15,541	13,828	15,069	13,171	11,603
Net commission income	7,396	6,907	6,215	5,994	7,124
Net result of financial transactions	3,133	3,239	4,065	3,236	2,490
Other income	5,591	3,346	6,466	6,346	5,702
Total operating income	**31,661**	**27,320**	**31,815**	**28,747**	**26,919**
Administrative expenses	–14,479	–13,935	–12,117	–13,304	–12,589
Depreciation, amortisation and impairment of tangible and intangible assets	–4,884	–4,630	–5,125	–4,820	–4,847
Total operating costs	**–19,363**	**–18,565**	**–17,242**	**–18,124**	**–17,436**
Profit before credit losses	**12,298**	**8,755**	**14,573**	**10,623**	**9,483**
Net credit losses	–457	–362	–984	–773	–24
Impairment of financial assets	–759	–442	–1,222	–121	–106
Operating profit	**11,082**	**7,951**	**12,367**	**9,729**	**9,353**
Appropriations including pension compensation	–1,119	–1,283	–1,510	–2,117	–158
Taxes	–2,112	–3,095	–3,231	–1,106	–904
NET PROFIT	**7,851**	**3,573**	**7,626**	**6,506**	**8,291**

Balance sheet

SEK m	2011	2010	2009	2008	2007
Loans to credit institutions	245,796	250,568	376,223	349,073	357,482
Loans to the public	873,335	763,441	732,475	768,737	637,138
Other financial assets	616,716	459,379	419,267	501,023	511,800
Other assets	53,003	62,940	67,951	89,667	52,899
TOTAL ASSETS	**1,788,850**	**1,536,328**	**1,595,916**	**1,708,500**	**1,559,319**
Deposits from credit institutions	229,428	195,408	386,530	410,105	367,699
Deposits and borrowing from the public	608,645	484,839	490,850	453,697	412,499
Other financial liabilities	839,355	733,044	595,032	731,958	685,178
Other liabilities	15,069	33,766	35,236	48,445	34,995
Shareholders' equity and untaxed reserves	96,353	89,271	88,268	64,295	58,948
TOTAL LIABILITIES, UNTAXED RESERVES AND SHAREHOLDERS' EQUITY	**1,788,850**	**1,536,328**	**1,595,916**	**1,708,500**	**1,559,319**

Key figures

	2011	2010	2009	2008	2007
Return on equity, %	11.6	5.4	10.6	19.0	18.7
Cost/Income ratio	0.61	0.68	0.56	0.65	0.68
Credit loss level, %	0.04	0.04	0.10	0.08	0.00
Gross level of impaired loans, %	0.10	0.20	0.18	0.14	0.03
Total capital ratio [1], %	16,8	17.1	17.2	15.3	16.2
Tier I capital ratio [1], %	16.0	16.0	14.8	9.9	10.2

1) Basel II (with transitional rules).

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 AB:

	SEK
Retained earnings	30,341,703,181
Net profit for the year	7,851,379,100
Total	**38,193,082,281**

The board proposes that, following approval of the balance sheet of Skandinaviska Enskilda Banken AB for the financial year 2011, the Annual General Meeting should distribute the earnings as follows:

Dividend to shareholders:	SEK
SEK 1.75 per Series A-share	3,797,533,765
SEK 1.75 per Series C-share	42,266,889
To be carried forward to:	
– retained earnings	34,353,281,627
Total	**38,193,082,627**

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands which are imposed by the nature, scope, and risks associated with the business and the size of the Parent company's and the Group's equity and need for consolidation, liquidity and financial position in general.

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 Report of the Directors for 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 companies included in the Group.

Stockholm 24 February 2012

Marcus Wallenberg
CHAIRMAN

Tuve Johannesson
DEPUTY CHAIRMAN

Jacob Wallenberg
DEPUTY CHAIRMAN

Johan H Andresen Jr
DIRECTOR

Signhild Arnegård Hansen
DIRECTOR

Urban Jansson
DIRECTOR

Birgitta Kantola
DIRECTOR

Göran Lilja
DIRECTOR
APPOINTED BY THE EMPLOYEES

Cecilia Mårtensson
DIRECTOR
APPOINTED BY THE EMPLOYEES

Tomas Nicolin
DIRECTOR

Jesper Ovesen
DIRECTOR

Carl Wilhelm Ros
DIRECTOR

Annika Falkengren
PRESIDENT AND CHIEF EXECUTIVE OFFICER
DIRECTOR

Auditor's report

To the annual meeting of the shareholders of Skandinaviska Enskilda Banken AB (publ), corporate identity number 502032-9081

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Skandinaviska Enskilda Banken AB (publ) for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 16-150.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. A corporate governance statement has been prepared. The statutory administration report and corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Skandinaviska Enskilda Banken AB (publ) for the year 2011.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 24 February 2012
PRICEWATERHOUSECOOPERS AB

Peter Clemedtson
AUTHORISED PUBLIC ACCOUNTANT
PARTNER IN CHARGE

Calendar and financial information

At www.sebgroup.com the following and other extended and updated information regarding SEB are available. Key dates for reports and important events are:

Publication of 2011 **Annual Accounts**	7 February 2012
Publication of **Annual Report** on the Internet	7 March 2012
Annual General Meeting	29 March 2012
Interim report January – March	24 April 2012
Interim report January – June	16 July 2012
Interim report January – September	25 October 2012
Publication of 2012 **Annual Accounts**	31 January 2013

Interim reports in electronic form may be subscribed to at www.sebgroup.com/ir.

New shareholders are automatically offered a subscription of the Annual Report or the Annual Review. Printed copies of the reports may be ordered at www.sebgroup.com/ir

Other publications

Annual Review
An abbreviated version of the Annual Report.

Corporate Sustainability Report
A report on SEB's work within the sustainability area.

Capital Adequacy and Risk Management Report (Pillar 3)
A report containing public disclosure on capital adequacy and risk management in accordance with regulatory requirements.

Annual General Meeting

The Annual General Meeting will be held on Thursday, 29 March 2012, at 2 p.m. (CET) at Stockholm Concert Hall, Hötorget.

Notices convening the General Meeting including an agenda for the meeting are available on www.sebgroup.com.

Shareholders who wish to attend the Annual General Meeting shall both
- be registered in the shareholders' register kept by Euroclear Sweden AB on Friday, 23 March 2012, at the latest
- and notify the Bank by telephone 0771-23 18 18 (+46 771 23 18 18 from outside Sweden) between 9.00 a.m. and 4.30 p.m. (CET) or via Internet on www.sebgroup.com or in writing at the following address: Skandinaviska Enskilda Banken AB, AGM, Box 7832, SE-103 98 Stockholm, Sweden, on 23 March 2012, at the latest.

Dividend

The Board proposes a dividend of SEK 1.75 per share for 2011.
The share is traded ex dividend on Friday, 30 March, 2012. Tuesday, 3 April 2012, 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 Euroclear Sweden AB on Tuesday 10 April 2012.

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Skandinaviska Enskilda Banken AB's corporate registration number: 502032-9081

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