

# Interim report January – March 2011

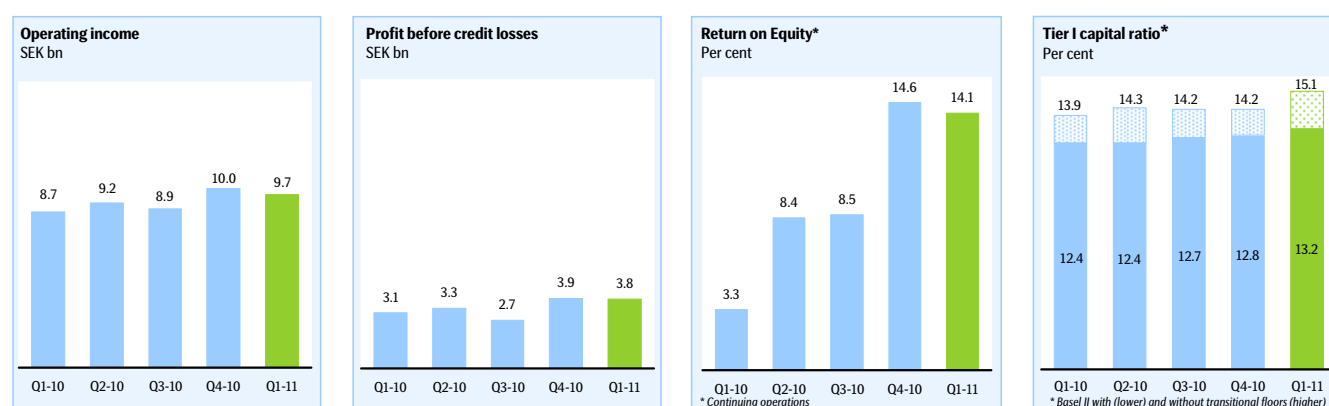
STOCKHOLM 3 MAY 2011

## The first quarter of 2011 – operating profit SEK 4.4bn (1.3)

- Operating income at SEK 9.7bn rose by 11 per cent compared with the corresponding quarter of 2010 and fell by 4 per cent compared with the previous quarter. Operating expenses at SEK 5.8bn were 4 per cent higher than the corresponding quarter of 2010 and 6 per cent lower than the previous quarter.
- Net interest income increased by 20 per cent compared with the first quarter last year and decreased 6 per cent from the previous quarter.
- Net fee and commission income increased by 10 per cent compared with the first quarter last year and decreased 10 per cent from the previous quarter.
- Net credit provisions of SEK 537m were released during the quarter corresponding to a net credit loss level of -0.17 per cent (0.50). Non-performing loans decreased by SEK 5.2bn, or 19 per cent, compared with the first quarter 2010.
- Net profit from continuing operations amounted to SEK 3.5bn (0.8). Return on equity was 14.1 per cent (3.3) and earnings per share SEK 1.59 (0.37).
- Core Tier 1 capital ratio was 13.0 per cent (12.2 at year-end 2010) and Tier 1 capital ratio 15.1 per cent (14.2 at year-end 2010).
- Lending to the public increased by SEK 39bn during the quarter.
- Including discontinued operations, the divestment of SEB's German Retail operations, net profit amounted to SEK 2.6bn (0.7). Return on equity was 10.5 per cent (2.7) and earnings per share SEK 1.19 (0.31).

“The first quarter result gives us further confidence that our relationship banking model is appreciated by existing and new customers. Business volumes are gradually shifting up and we see an increase in event-driven corporate activity.”

Annika Falkengren



## President's comment

In a quarter marked by political turmoil in North Africa and the Middle East and the devastating earthquake in Japan, we are grateful that the Nordic countries, and Sweden in particular, have seen continued strong economic development. In the Baltic countries the economic recovery has gathered pace, albeit from low levels. Altogether, the quarter in our part of the world can be characterised by stronger market sentiment, increased interest rates and higher customer activity – a contrast to the economic sentiment only a year ago.

### Higher business volumes and operating profit

Given this climate, SEB recorded a robust operating profit of SEK 4.4bn. Even though the first quarter displayed typical seasonality, we can see business volumes gradually shifting up and an increased utilisation of committed facilities. Net inflow of assets under management amounted to SEK 11bn. While it will take some time before the increased volumes affect the income statement, we do see an upturn in event-driven activity. Return on equity is trending in the right direction and reached 14.1 per cent for continuing operations.

### Growth initiatives on track

SEB's growth initiatives are progressing according to plan. The first phase of the investments in the Nordic countries and Germany has now been completed. For example, SEB has gained 20 new customers in our large corporate business over the last quarter. For the third year in a row, SEB was ranked as the top Swedish cash management provider by Prospera – which to us serves as an acknowledgement of our relationship banking model.

In the Swedish SME segment we continue to enhance our position and build market share. We have introduced new SME customer advisors in the micro segment and have also developed our internet and mobile banking services.

### Fundamental support for the Swedish mortgage market

The much awaited Swedish central bank review of the domestic housing market concluded that there are valid and sustainable reasons which have supported the growth of the Swedish housing market.

SEB shares the central bank's view that asset quality in the Swedish mortgage portfolios remains very high. We continue



to safeguard our customers' repayment capacity through proactive advice on amortizations and buffers for higher mortgage rates.

### Net credit reversals reflect underlying strength

SEB made a net release of provisions for credit losses, reflecting the continued improved asset quality. In the Baltic operations, where our businesses have been back in black since the third quarter of last year, there was positive risk migration among corporates. Non-performing loans (NPL) in the Group dropped 9 per cent in the quarter to SEK 22bn and the NPL coverage ratio was marginally lower at 64 per cent.

### Importance of level playing field

In the new regulatory framework, banks will be asked to hold more capital and long-term funding than before to ensure a more robust financial system. As a Swedish bank, SEB expects Sweden to abide by the same rules as the rest of the European Union.

### The Relationship Bank

SEB's development during the first quarter confirms the merits of our strategy of building long-term relationships with our customers. All business areas have shown the capacity to leverage the fundamentals in our region and that SEB has the right business mix, people and solutions. Through persistent customer focus and continued cost control, we create value for both customers and shareholders as *the Relationship Bank* in our part of the world.

#### Restatement of financial effects following minor business alignments (as published 14 April 2011) :

- During the first quarter of 2011, some of the large corporate and institutions related activities in the Baltic countries were moved from the Merchant Banking division to the Baltic division. The Baltic parts of the business units Trading Capital Markets and Global Transaction Services in Merchant Banking previously operated in a matrix organisation with Merchant Banking having responsibility for product governance. These product units have now from a reporting and governance perspective been integrated into the Baltic Division. The income statements and business equity for 2009 and 2010 for the two divisions have been restated.
- Also, the restated numbers reflect other minor alignments of the management organisation such as further centralisation of the Treasury activities. The majority of all common costs previously held centrally have also been allocated to the divisional level. The income statements for all divisions and support functions have been restated for 2010 accordingly.
- For comparative purposes, the Group's income statement was restated last year as continuing and discontinued operations, reflecting the divestment of SEB's German retail operations which was finalised on 31 January 2011.

## The Group

*Operating profit* from continuing operations amounted to SEK 4,374m (1,287). The strengthened SEK lowered operating profit by SEK 338m compared with the first quarter and by SEK 106m compared with the fourth quarter of 2010. *Net profit from continuing operations* rose to SEK 3,509m (835).

As previously communicated, the divestment of SEB's German retail operations to Banco Santander was finalised on 31 January 2011. The financial consequences were as expected and previously communicated.

*Net profit (after tax)* including the negative effect of SEK 893m (146) from the divestment of the German Retail operations was SEK 2,616m (689).

### Income

Total operating income amounted to SEK 9,672m (8,735), an increase by 11 per cent compared with the corresponding quarter of 2010 and a decrease of 4 per cent from the previous quarter. Currency translation effects lowered operating income by SEK 501m and 153m, respectively.

*Net interest income* at SEK 4,261m (3,542) was 20 per cent higher than in the corresponding quarter of 2010 and 6 per cent lower than the previous quarter. The Swedish Government's stability fund fee, which from 2011 will be applied without the earlier 50 per cent discount, amounted to SEK 150m in the first quarter. Customer-driven net interest income was up SEK 173m compared with the corresponding quarter last year and down by SEK 29m from the previous quarter; on a comparable basis with adjustments for e.g. currency translation effects, the customer-driven net interest income increased by some SEK 350m and SEK 100m, respectively. Contributions from lending margins were marginally lower while deposit margins were marginally up compared to the same period last year. Net interest income from the trading and treasury businesses was up SEK 547m compared with the corresponding quarter of 2010 and down by SEK 236m from the previous quarter. As previously communicated, the net interest income during the first quarter of 2011 was negatively affected by SEK 250m relating to the sale of the German retail operations.

*Net fee and commission income* at SEK 3,503m (3,194) increased by 10 per cent compared with the corresponding quarter 2010. The increase was primarily in the areas of fund management where assets under management have increased compared with a year ago and lending where loan commitment volumes have increased. The decrease in Net fee and commission income of 10 per cent compared with the previous quarter was primarily due to a seasonal effect, i.e. a decrease from the high level activity in the quarter within corporate finance, structured finance and cards.

*Net financial income* at SEK 1,235m (950) was stable since SEK 300m of the increase was due to the repositioning of treasury hedges for the continuing German business. Compared with the last quarter of 2010, net financial income was up due to increased activity in fixed income and foreign exchange.

*Net life insurance* income decreased with 11 per cent, or SEK 97m, to SEK 782m (879), primarily due to lower returns in the investment portfolios for own account and reduced income from the traditional life portfolios. Life insurance income was flat in comparison with the previous quarter.

*Net other income* at SEK -109m (170) decreased mainly due to fluctuations from hedge accounting.

### Expenses

Total operating expenses rose by 4 per cent to SEK 5,841m (5,631) due to increased staff costs. Excluding the SEK 199m write-down of IT systems in Lithuania in 2010, the decrease of operating expenses compared with the last quarter was 2 per cent. Currency-translation effects lowered total operating expenses by SEK 245m compared with the first quarter of 2010 and by SEK 77m versus the fourth quarter 2010.

### Credit losses and provisions

A net release of provisions for credit losses of SEK 537m reflected the continued improved asset quality in the Baltic countries. In the third and fourth quarters of 2010, the net releases were SEK 196m and SEK 419m, respectively.

*Individually assessed impaired loans* decreased by SEK 2,348m to SEK 14,870m during the quarter, mainly due to the continued improvement in the Baltic countries, where impaired loans decreased by SEK 1,020m, or 9 per cent. Positive risk migration was a main reason for the change. The Group's *past due >60 days portfolio assessed loans* increased with SEK 162m during the quarter to SEK 6,696m, of which SEK 140m in the Baltic countries. The outstanding amount of restructured Baltic household loans was SEK 503m.

The *total reserve ratio for individually assessed impaired loans* and the *total non-performing loans coverage ratio* were marginally down because of the net release of provisions following positive risk migration and reduced non-performing loans formation on the back of continued improvement of macro-economic indicators. The total non-performing loans coverage ratio for the Group was 64 per cent (66 at year-end).

### Tax expenses

Total tax amounted to SEK 865m (452) corresponding to a tax rate of 20 per cent (35).

### Discontinued operations

The negative result after tax from the divestment of SEB's German retail operations amounted to SEK 893m. It was a net of the operating result, the capital gain and the effect of unwinding of hedges.

### Business volumes

Total assets per 31 March 2011 amounted to SEK 2,118bn (2,180 at year-end 2010). The main reason for the decrease is the sale of the German retail operations. Assets sold amounted to SEK 75bn and liabilities sold amounted to SEK 48bn.

Lending to the public increased with SEK 39bn.

SEB's total credit portfolio decreased, to SEK 1,639bn (1,703 at year-end). The decrease is primarily explained by the divested German retail operations. There was underlying customer credit volume growth in all segments although corporate credit volumes grew at a slower pace than in the latter part of 2010.

SEB's net position in fixed-income securities for investment, treasury and client trading purposes amounted to SEK 290bn (278 at year-end 2010), of which the bond investment portfolio was SEK 39bn (48 at year-end 2010).

As of 31 March 2011, assets under management totalled SEK 1,372bn (1,399 at year-end 2010). Net inflow of assets during the quarter was SEK 11bn. The change in value amounted to SEK -38bn. Assets under custody amounted to SEK 4,948bn (5,072).

### Market risk

During the first quarter of 2011, Value at Risk in the trading operations averaged SEK 247m. This means that the Group, on average, with 99 per cent probability, should not expect to lose more than this amount during a ten-day period.

### Acquisitions

During the quarter, SEB acquired and consolidated DnB NOR's retail customer mortgage loan portfolio in Sweden. The agreement covers around 5,000 customers and a mortgage lending volume of approximately SEK 7bn.

SEB also signed an agreement to acquire Irish Life International Ltd, from Irish Life & Permanent Group Holdings plc. The acquisition will facilitate European distribution of insurance based investment products. Assets under management and premium income amount to approximately SEK 18bn and SEK 3bn, respectively.

### Liquidity and long-term funding

SEB's loan-to-deposit ratio was 146 per cent (139 at year-end), excluding repos and reclassified bond portfolios. The increase is a result of higher lending. On 31 March, the matched funding of net cash inflows and outflows was over 18 months. Total funding raised in the quarter amounted to SEK 36bn. In addition, SEB raised EUR 1.25bn in a 10-year covered bond directly after quarter-end.

In order to increase transparency regarding liquidity management, a common definition of liquidity reserves has been agreed within the Swedish Bankers' Association. In SEB, this reserve at the end of the first quarter amounted to SEK 229bn. SEB's total liquid resources which include net trading assets and unutilised collateral in the cover pool amounted to SEK 422bn. See also the Fact Book.

### Capital position

SEB has maintained stable and strong capital ratios. As of 31 March 2011, the Basel II core Tier 1 capital ratio was 13.0 per cent (12.2 at year-end 2010), the Tier 1 capital ratio was 15.1 per cent (14.2) and the total capital ratio was 14.6 per cent (13.8). The Group's risk-weighted assets (RWA)

amounted to SEK 678bn (716 at year-end 2010). The sale of the German retail operations resulted in a decrease of RWA in the amount of SEK 37bn.

Adjusting for the supervisory transitional rules during the first Basel II years, SEB reports RWA of SEK 777bn (800), a Tier 1 capital ratio of 13.2 per cent (12.8) and a total capital ratio of 12.7 per cent (12.4).

### Rating

SEB's long-term senior unsecured rating is 'A1', 'A' and 'A+' by Moody's, Standard & Poor's and Fitch respectively. All ratings have a stable outlook. SEB targets a long-term AA rating.

### Annual General Meeting

At the Annual General Meeting on 24 March, Johan H. Andresen, Jr. was elected as new member of the Board, succeeding Christine Novakovic.

The AGM approved the Board of Director's proposal concerning the acquisition and sale of SEB's own shares, for securities business, for long-term equity based incentive programmes and for capital management purposes. In total, utilisation of these mandates is limited to the maximum 10 per cent of all shares outstanding that is allowed under Swedish company law. The authorisations will be valid until the AGM in 2012.

A dividend of SEK 1.50 (1.00) per share was resolved.

### Risks and uncertainties

The macro-economic 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 remains divided – whereas Nordic economies have proven to be robust, austerity measures in many countries accentuate sovereign risk and create subdued economic growth, which could impact SEB's main markets. Thus, negative effects on economic recovery cannot be ruled out. Also, sovereign risk may impact valuations.

There are also financial risks, mainly in the form of price risks. Credit and market risks as well as other risks and the management of all the risks of the Group and the Parent Company are described in SEB's annual report.

Stockholm, 3 May 2011

Annika Falkengren  
President and Chief Executive Officer

*The President declares that the Interim Account for January-March 2011 provides a fair overview of the Parent Company's and Group's operations, their financial position and results and describes material risks and uncertainties facing the Parent Company and other companies in the Group.*

### Press conference and webcasts

The press conference at 9.30 (CEST) on 3 May 2011 at Kungsträdgårdsgatan 8 with CEO Annika Falkengren can be followed live in Swedish on [www.sebgroup.com/ir](http://www.sebgroup.com/ir) and translated into English on the website. It will also be available afterwards.

### Access to telephone conference

The telephone conference at 15.00 (CEST) on 3 May 2011 with CEO Annika Falkengren and CFO Jan Erik Back can be accessed by telephone, +44(0)20 7162 0025. Please quote conference id: 893526, not later than 10 minutes in advance. A replay of the conference call will be available on [www.sebgroup.com/ir](http://www.sebgroup.com/ir)

### Financial information during 2011

14 July	Interim Report January-June 2011
27 October	Interim Report January-September 2011

### Accounting policies

This Interim Report is presented in accordance with IAS 34 Interim Financial Reporting.

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, the Supplementary accounting rules for groups (RFR 1) from the Swedish Financial Reporting Board have been applied. The Parent company has prepared its accounts in accordance with Swedish statutory IFRS and has applied the Supplementary

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SEB's Fact Book is available on [www.sebgroup.com/ir](http://www.sebgroup.com/ir)

accounting rules for legal entities (RFR 2) from the Swedish Financial Reporting Board.

As from 2011, the following changes have been introduced in the accounting standards: IAS 24 (revised 2010) Related Party Disclosures, IAS 32 (amendment) Financial Instruments: Classification, IFRS 7 (amendment) Financial instruments: Disclosures, IFRIC 14 (amendment) Prepayments of a Minimum Funding Requirement, and IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. The changes have not had a material effect on the consolidated financial statements for 2011.

In all other respects, the Group's and the Parent company's accounting policies, basis for calculations and presentations are, in all material aspects, unchanged in comparison with the 2010 Annual Report.

## **Review report**

We have reviewed this report for the period 1 January 2011 to 31 March 2011 for Skandinaviska Enskilda Banken AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Act for Credit institutions and Securities Companies regarding the Group, and with the Swedish Annual Act for Credit institutions and Securities Companies, regarding the Parent Company.

Stockholm, 3 May 2011

PricewaterhouseCoopers AB

Peter Clemedtson  
Authorised Public Accountant

# The SEB Group

## Income statement – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
Net interest income	4 261	4 526	-6	4 261	3 542	20	4 261	3 542	20	16 010
Net fee and commission income	3 503	3 906	-10	3 503	3 194	10	3 503	3 194	10	14 160
Net financial income	1 235	512	141	1 235	950	30	1 235	950	30	3 166
Net life insurance income	782	780	0	782	879	-11	782	879	-11	3 255
Net other income	-109	314		-109	170		-109	170		288
<b>Total operating income</b>	<b>9 672</b>	<b>10 038</b>	<b>-4</b>	<b>9 672</b>	<b>8 735</b>	<b>11</b>	<b>9 672</b>	<b>8 735</b>	<b>11</b>	<b>36 879</b>
Staff costs	-3 610	-3 558	1	-3 610	-3 438	5	-3 610	-3 438	5	-14 004
Other expenses	-1 798	-1 965	-8	-1 798	-1 784	1	-1 798	-1 784	1	-7 303
Depreciation, amortisation and impairment of tangible and intangible assets	-433	-650	-33	-433	-409	6	-433	-409	6	-1 880
Restructuring costs		-9	-100							-764
<b>Total operating expenses</b>	<b>-5 841</b>	<b>-6 182</b>	<b>-6</b>	<b>-5 841</b>	<b>-5 631</b>	<b>4</b>	<b>-5 841</b>	<b>-5 631</b>	<b>4</b>	<b>-23 951</b>
<b>Profit before credit losses</b>	<b>3 831</b>	<b>3 856</b>		<b>3 831</b>	<b>3 104</b>	<b>23</b>	<b>3 831</b>	<b>3 104</b>	<b>23</b>	<b>12 928</b>
Gains less losses on disposals of tangible and intangible assets	6	21	-71	6	-4		6	-4		14
Net credit losses	537	419	28	537	-1 813		537	-1 813		-1 837
<b>Operating profit</b>	<b>4 374</b>	<b>4 296</b>	<b>2</b>	<b>4 374</b>	<b>1 287</b>		<b>4 374</b>	<b>1 287</b>		<b>11 105</b>
Income tax expense	-865	-704	23	-865	-452	91	-865	-452	91	-2 521
<b>Net profit from continuing operations</b>	<b>3 509</b>	<b>3 592</b>	<b>-2</b>	<b>3 509</b>	<b>835</b>		<b>3 509</b>	<b>835</b>		<b>8 584</b>
Discontinued operations	-893	-83		-893	-146		-893	-146		-1 786
<b>Net profit</b>	<b>2 616</b>	<b>3 509</b>	<b>-25</b>	<b>2 616</b>	<b>689</b>		<b>2 616</b>	<b>689</b>		<b>6 798</b>
Attributable to minority interests	14	6	133	14	15	-7	14	15	-7	53
Attributable to equity holders	2 602	3 503	-26	2 602	674		2 602	674		6 745
Continuing operations										
Basic earnings per share, SEK	1.59	1.64		1.59	0.37		1.59	0.37		3.88
Diluted earnings per share, SEK	1.58	1.62		1.58	0.37		1.58	0.37		3.87
Total operations										
Basic earnings per share, SEK	1.19	1.60		1.19	0.31		1.19	0.31		3.07
Diluted earnings per share, SEK	1.18	1.58		1.18	0.31		1.18	0.31		3.06

## Statement of comprehensive income

SEK m	Q1			Q4			Jan - Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
<b>Net profit</b>	<b>2 616</b>	<b>3 509</b>	<b>-25</b>	<b>2 616</b>	<b>689</b>		<b>2 616</b>	<b>689</b>		<b>6 798</b>
Available-for-sale financial assets	11	-377		11	281	-96	11	281	-96	-629
Cash flow hedges	-478	-731	-35	-478	-257	86	-478	-257	86	-1 215
Translation of foreign operations	-262	215		-262	-267	-2	-262	-267	-2	-733
Deferred taxes on translation effects	-73	-186	-61	-73	-661	-89	-73	-661	-89	-1 574
Other	-210	-61		-210	26		-210	26		100
<b>Other comprehensive income (net of tax)</b>	<b>-1 012</b>	<b>-1 140</b>	<b>-11</b>	<b>-1 012</b>	<b>-878</b>	<b>15</b>	<b>-1 012</b>	<b>-878</b>	<b>15</b>	<b>-4 051</b>
<b>Total comprehensive income</b>	<b>1 604</b>	<b>2 369</b>	<b>-32</b>	<b>1 604</b>	<b>-189</b>		<b>1 604</b>	<b>-189</b>		<b>2 747</b>
Attributable to minority interests	8	-3		8			8			14
Attributable to equity holders	1 596	2 372	-33	1 596	-189		1 596	-189		2 733

## Key figures – SEB Group

	Q1	Q4	Jan - Mar		Full year
	2011	2010	2011	2010	2010
<b>Continuing operations</b>					
Return on equity, continuing operations, %	14.06	14.62	14.06	3.30	8.65
Basic earnings per share, continuing operations, SEK	1.59	1.64	1.59	0.37	3.88
Diluted earnings per share, continuing operations, SEK	1.58	1.62	1.58	0.37	3.87
Cost/income ratio, continuing operations	0.60	0.62	0.60	0.64	0.65
Number of full time equivalents, continuing operations*	17,426	17,347	17,264	17,021	17,104
<b>Total operations</b>					
Return on equity, %	10.47	14.28	10.47	2.71	6.84
Return on total assets, %	0.49	0.63	0.49	0.12	0.30
Return on risk-weighted assets, %	1.34	1.73	1.34	0.34	0.83
Basic earnings per share, SEK	1.19	1.60	1.19	0.31	3.07
Weighted average number of shares, millions**	2,194	2,194	2,194	2,194	2,194
Diluted earnings per share, SEK	1.18	1.58	1.18	0.31	3.06
Weighted average number of diluted shares, millions***	2,206	2,212	2,206	2,199	2,202
Net worth per share, SEK	49.79	50.34	49.79	50.07	50.34
Average equity, SEK, billion	99.7	98.4	99.7	99.3	98.9
Credit loss level, %	-0.17	-0.07	-0.17	0.50	0.14
Total reserve ratio individually assessed impaired loans, %	69.0	69.2	69.0	77.0	69.2
Net level of impaired loans, %	0.54	0.62	0.54	0.64	0.62
Gross level of impaired loans, %	1.12	1.26	1.12	1.31	1.26
Basel II (Legal reporting with transitional floor) :****					
Risk-weighted assets, SEK billion	777	800	777	812	800
Core Tier 1 capital ratio, %	11.35	10.93	11.35	10.43	10.93
Tier 1 capital ratio, %	13.18	12.75	13.18	12.37	12.75
Total capital ratio, %	12.72	12.40	12.72	13.10	12.40
Basel II (without transitional floor):					
Risk-weighted assets, SEK billion	678	716	678	723	716
Core Tier 1 capital ratio, %	13.00	12.20	13.00	11.71	12.20
Tier 1 capital ratio, %	15.09	14.24	15.09	13.88	14.24
Total capital ratio, %	14.57	13.85	14.57	14.70	13.85
Number of full time equivalents*	17,512	19,220	17,354	19,134	19,125
Assets under custody, SEK billion	4,948	5,072	4,948	5,127	5,072
Assets under management, SEK billion	1,372	1,399	1,372	1,382	1,399
<b>Discontinued operations</b>					
Basic earnings per share, discontinued operations, SEK	-0.40	-0.04	-0.40	-0.06	-0.81
Diluted earnings per share, discontinued operations, SEK	-0.40	-0.04	-0.40	-0.06	-0.81

\* Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

\*\* The number of issued shares was 2,194,171,802. SEB owned 267,360 Class A shares for the employee stock option programme at year end 2010. During 2011 SEB has repurchased 300,000 shares and 265,087 have been sold as employee stock options have been exercised. Thus, as at 31 March 2011 SEB owned 302,273 Class A-shares with a market value of SEK 17m.

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

\*\*\*\* 80 per cent of RWA in Basel I



## Income statement on quarterly basis - SEB Group

SEK m	Q1	Q4	Q3	Q2	Q1
	2011	2010	2010	2010	2010
Net interest income	4 261	4 526	4 180	3 762	3 542
Net fee and commission income	3 503	3 906	3 387	3 673	3 194
Net financial income	1 235	512	727	977	950
Net life insurance income	782	780	818	778	879
Net other income	- 109	314	- 230	34	170
<b>Total operating income</b>	<b>9 672</b>	<b>10 038</b>	<b>8 882</b>	<b>9 224</b>	<b>8 735</b>
Staff costs	-3 610	-3 558	-3 392	-3 616	-3 438
Other expenses	-1 798	-1 965	-1 679	-1 875	-1 784
Depreciation, amortisation and impairment of tangible and intangible assets	- 433	- 650	- 405	- 416	- 409
Restructuring costs		- 9	- 755		
<b>Total operating expenses</b>	<b>-5 841</b>	<b>-6 182</b>	<b>-6 231</b>	<b>-5 907</b>	<b>-5 631</b>
<b>Profit before credit losses</b>	<b>3 831</b>	<b>3 856</b>	<b>2 651</b>	<b>3 317</b>	<b>3 104</b>
Gains less losses on disposals of tangible and intangible assets	6	21		- 3	- 4
Net credit losses	537	419	196	- 639	-1 813
<b>Operating profit</b>	<b>4 374</b>	<b>4 296</b>	<b>2 847</b>	<b>2 675</b>	<b>1 287</b>
Income tax expense	- 865	- 704	- 765	- 600	- 452
<b>Net profit from continuing operations</b>	<b>3 509</b>	<b>3 592</b>	<b>2 082</b>	<b>2 075</b>	<b>835</b>
Discontinued operations	- 893	- 83	-1 486	- 71	- 146
<b>Net profit</b>	<b>2 616</b>	<b>3 509</b>	<b>596</b>	<b>2 004</b>	<b>689</b>
Attributable to minority interests	14	6	15	17	15
Attributable to equity holders	2 602	3 503	581	1 987	674
Continuing operations					
Basic earnings per share, SEK	1.59	1.64	0.94	0.94	0.37
Diluted earnings per share, SEK	1.58	1.62	0.94	0.94	0.37
Total operations					
Basic earnings per share, SEK	1.19	1.60	0.26	0.91	0.31
Diluted earnings per share, SEK	1.18	1.58	0.26	0.90	0.31

## Income statement, by Division – SEB Group

Jan-Mar 2011, SEK m	Merchant Banking	Retail Banking	Wealth Management	Life*	Baltic	Other incl eliminations	SEB Group
Net interest income	1 732	1 349	143	- 8	456	589	4 261
Net fee and commission income	1 259	788	994		209	253	3 503
Net financial income	1 085	64	15		80	- 9	1 235
Net life insurance income				1 138		- 356	782
Net other income	35	14	2		- 5	- 155	- 109
<b>Total operating income</b>	<b>4 111</b>	<b>2 215</b>	<b>1 154</b>	<b>1 130</b>	<b>740</b>	<b>322</b>	<b>9 672</b>
Staff costs	-1 062	- 673	- 368	- 292	- 146	- 1 069	- 3 610
Other expenses	-1 207	- 882	- 368	- 135	- 250	1 044	- 1 798
Depreciation, amortisation and impairment of tangible and intangible assets	- 51	- 19	- 12	- 192	- 32	- 127	- 433
<b>Total operating expenses</b>	<b>-2 320</b>	<b>-1 574</b>	<b>- 748</b>	<b>- 619</b>	<b>- 428</b>	<b>- 152</b>	<b>-5 841</b>
<b>Profit before credit losses</b>	<b>1 791</b>	<b>641</b>	<b>406</b>	<b>511</b>	<b>312</b>	<b>170</b>	<b>3 831</b>
Gains less losses on disposals of tangible and intangible assets	3	1			2		6
Net credit losses	- 48	- 98	- 1		572	112	537
<b>Operating profit</b>	<b>1 746</b>	<b>544</b>	<b>405</b>	<b>511</b>	<b>886</b>	<b>282</b>	<b>4 374</b>

\* Business result in Life amounted to SEK 538m (777), of which change in surplus values was net SEK 27m (195).

## Merchant Banking

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

### Income statement

SEK m	Q1			Q4			Jan- Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
Net interest income	1 732	1 966	- 12	1 732	1 782	- 3	1 732	1 782	- 3	7 328
Net fee and commission income	1 259	1 503	- 16	1 259	1 079	17	1 259	1 079	17	5 275
Net financial income	1 085	607	79	1 085	832	30	1 085	832	30	3 366
Net other income	35	155	- 77	35	84		35	84		322
<b>Total operating income</b>	<b>4 111</b>	<b>4 231</b>	<b>- 3</b>	<b>4 111</b>	<b>3 777</b>	<b>9</b>	<b>4 111</b>	<b>3 777</b>	<b>9</b>	<b>16 291</b>
Staff costs	-1 062	-1 084	- 2	-1 062	- 956	11	-1 062	- 956	11	-3 959
Other expenses	-1 207	-1 230	- 2	-1 207	-1 150	5	-1 207	-1 150	5	-4 649
Depreciation, amortisation and impairment of tangible and intangible assets	- 51	- 63	- 19	- 51	- 28	82	- 51	- 28	82	- 170
<b>Total operating expenses</b>	<b>-2 320</b>	<b>-2 377</b>	<b>- 2</b>	<b>-2 320</b>	<b>-2 134</b>	<b>9</b>	<b>-2 320</b>	<b>-2 134</b>	<b>9</b>	<b>-8 778</b>
<b>Profit before credit losses</b>	<b>1 791</b>	<b>1 854</b>	<b>- 3</b>	<b>1 791</b>	<b>1 643</b>	<b>9</b>	<b>1 791</b>	<b>1 643</b>	<b>9</b>	<b>7 513</b>
Gains less losses on disposals of tangible and intangible assets	3	23	- 87	3	- 3	- 200	3	- 3	- 200	20
Net credit losses	- 48	- 99	- 52	- 48	- 104	- 54	- 48	- 104	- 54	- 203
<b>Operating profit</b>	<b>1 746</b>	<b>1 778</b>	<b>- 2</b>	<b>1 746</b>	<b>1 536</b>	<b>14</b>	<b>1 746</b>	<b>1 536</b>	<b>14</b>	<b>7 330</b>
Cost/Income ratio	0,56	0,56		0,56	0,56		0,56	0,56		0,54
Business equity, SEK bn	25,6	25,7		25,6	25,8		25,6	25,8		25,8
Return on business equity, %	19,7	19,9		19,7	17,1		19,7	17,1		20,5
Number of full time equivalents	2 481	2 394		2 484	2 316		2 484	2 316		2 343

- Growth initiatives on track
- Continued franchise growth and normal seasonality in the quarter
- Strong asset quality

### Comments to the first quarter

Improved market sentiment, interest rate hikes and higher customer activity characterised the first quarter of 2011 in the Nordic region. In combination with increased tension and a higher degree of uncertainty in the Middle East, North Africa and Japan this led to higher volatility, especially in the capital markets. Customer surveys, for instance by TNS Sifo Prospera, confirmed SEB's enhanced position as the leading corporate bank.

Operating income for the first quarter increased 9 per cent compared with 2010. It was a strong start of the year for all business areas, but particularly in *Trading and Capital Markets*. Operating expenses for the first quarter were up 9 per cent compared with 2010, largely related to the investments outside Sweden. Operating profit amounted to SEK 1,746m, a 14 per cent increase year-on-year. Asset quality remained strong.

*Corporate Banking* started the year with a solid first quarter even though both M&A and Equity Capital Market activities were lower than previous quarters. The demand for

corporate borrowing continued to increase. *Global Transaction Services* performed well in all segments with increasing customer activities and volumes. At the end of the quarter, assets under custody were SEK 4,948bn (5,072 at year-end 2010).

*Trading and Capital Markets* performed stronger across all asset classes. *Capital Markets* continued to improve revenues driven by high activity in all areas. TNS Sifo Prospera awarded SEB as the best lead arranger for bond issuance on behalf of Swedish issuers. Foreign exchange delivered stable income driven by higher customer activity in turn fuelled by the higher volatility in the FX market. Improved sentiment also fuelled stock market volumes and *SEB Enskilda Equities* confirmed the strong franchise with the largest market share on the Nordic and Baltic exchanges.

The first phase of the growth initiatives was completed and the strong platforms have been upgraded to cater for a growing customer base.

# Retail Banking

The Retail Banking division consists of two business areas - Sweden and Card.

## Income statement

SEK m	Q1			Q4			Jan- Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
Net interest income	1 349	1 332	1	1 349	1 201	12	1 349	1 201	12	5 008
Net fee and commission income	788	848	- 7	788	789	0	788	789	0	3 240
Net financial income	64	74	- 14	64	65	- 2	64	65	- 2	273
Net other income	14	14	0	14	9	56	14	9	56	48
<b>Total operating income</b>	<b>2 215</b>	<b>2 268</b>	<b>- 2</b>	<b>2 215</b>	<b>2 064</b>	<b>7</b>	<b>2 215</b>	<b>2 064</b>	<b>7</b>	<b>8 569</b>
Staff costs	- 673	- 647	4	- 673	- 658	2	- 673	- 658	2	- 2 650
Other expenses	- 882	- 928	- 5	- 882	- 778	13	- 882	- 778	13	- 3 381
Depreciation, amortisation and impairment of tangible and intangible assets	- 19	- 21	- 10	- 19	- 21	- 10	- 19	- 21	- 10	- 84
<b>Total operating expenses</b>	<b>- 1 574</b>	<b>- 1 596</b>	<b>- 1</b>	<b>- 1 574</b>	<b>- 1 457</b>	<b>8</b>	<b>- 1 574</b>	<b>- 1 457</b>	<b>8</b>	<b>- 6 115</b>
<b>Profit before credit losses</b>	<b>641</b>	<b>672</b>	<b>- 5</b>	<b>641</b>	<b>607</b>	<b>6</b>	<b>641</b>	<b>607</b>	<b>6</b>	<b>2 454</b>
Gains less losses on disposals of tangible and intangible assets	1			1			1			- 1
Net credit losses	- 98	- 144	- 32	- 98	- 196	- 50	- 98	- 196	- 50	- 543
<b>Operating profit</b>	<b>544</b>	<b>528</b>	<b>3</b>	<b>544</b>	<b>411</b>	<b>32</b>	<b>544</b>	<b>411</b>	<b>32</b>	<b>1 910</b>
Cost/Income ratio	0,71	0,70		0,71	0,71		0,71	0,71		0,71
Business equity, SEK bn	9,9	9,8		9,9	9,5		9,9	9,5		9,7
Return on business equity, %	16,2	16,0		16,2	12,8		16,2	12,8		14,5
Number of full time equivalents	3 498	3 441		3 487	3 310		3 487	3 310		3 404

- Volumes drive increase in net interest income
- Increased corporate lending and market share
- Strong asset quality

## Comments to the first quarter

The Nordic macro economic situation of increased market interest rates and stabilised household financials, support the Retail banking operations. Business activity continued at a high level with a significant number of customer meetings to enhance customer experience and long-term customer relations.

Operating profit for the first quarter 2011 increased to SEK 544m (411). This was primarily due to an increase in net interest income to SEK 1,349bn (1,201).

Operating expenses grew by 8 per cent compared with the first quarter in 2010, primarily as a result of investments in mobile- and internet banking services to secure a sustainable growth based on quality customer service. Availability and core banking systems are key investment areas.

Net credit losses decreased to SEK 98m (196).

*Retail Sweden's* operating profit for the first quarter of 2011 reached SEK 336m (201). Private mortgage volumes were on par with market growth and reached SEK 270bn (258). Mortgage growth was subdued in Stockholm, and a stabilising trend is evident across Sweden. Customers are to a higher

extent selecting fixed interest on new mortgages. A solid inflow of deposits resulted in a total volume of SEK 175bn (154 at the end of March 2010), net of cyclical outflows due to tax payments. Deposit margins increased compared with both the first and fourth quarter of 2010.

SEB's advancement within the SME segment continued. The corporate portfolio rose by 6 per cent in the quarter to SEK 97bn and margins increased slightly.

*The Card business'* operating profit amounted to SEK 208m (210). The result is negatively affected by higher short-term interest rates, FX effects and a strategic decision to discontinue a lending portfolio in Norway. The underlying business is characterised by stable costs, high level of business activity and undertakings aiming to improve efficiency. Moreover, lower lending losses have a substantial impact on the result.

As announced on 28 March, SEB acquired DnB NOR's retail customer mortgage loan portfolio in Sweden. The agreement covers around 5,000 customers and a mortgage lending volume of approximately SEK 7bn.

# Wealth Management

The Wealth Management division has two business areas – Private Banking and Institutional Clients.

## Income statement

SEK m	Q1			Q4			Jan- Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
Net interest income	143	136	5	143	111	29	143	111	29	485
Net fee and commission income	994	1 115	-11	994	868	15	994	868	15	3 752
Net financial income	15	30	-50	15	18	-17	15	18	-17	89
Net other income	2	4	-50	2			2			58
<b>Total operating income</b>	<b>1 154</b>	<b>1 285</b>	<b>-10</b>	<b>1 154</b>	<b>997</b>	<b>16</b>	<b>1 154</b>	<b>997</b>	<b>16</b>	<b>4 384</b>
Staff costs	-368	-344	7	-368	-309	19	-368	-309	19	-1 298
Other expenses	-368	-422	-13	-368	-350	5	-368	-350	5	-1 528
Depreciation, amortisation and impairment of tangible and intangible assets	-12	-23	-48	-12	-20	-40	-12	-20	-40	-84
<b>Total operating expenses</b>	<b>-748</b>	<b>-789</b>	<b>-5</b>	<b>-748</b>	<b>-679</b>	<b>10</b>	<b>-748</b>	<b>-679</b>	<b>10</b>	<b>-2 910</b>
<b>Profit before credit losses</b>	<b>406</b>	<b>496</b>	<b>-18</b>	<b>406</b>	<b>318</b>	<b>28</b>	<b>406</b>	<b>318</b>	<b>28</b>	<b>1 474</b>
Gains less losses on disposals of tangible and intangible assets										
Net credit losses	-1	7	-114	-1	-1		-1	-1		3
<b>Operating profit</b>	<b>405</b>	<b>503</b>	<b>-19</b>	<b>405</b>	<b>317</b>	<b>28</b>	<b>405</b>	<b>317</b>	<b>28</b>	<b>1 477</b>
Cost/Income ratio	0,65	0,61		0,65	0,68		0,65	0,68		0,66
Business equity, SEK bn	5,0	5,3		5,0	5,2		5,0	5,2		5,3
Return on business equity, %	23,1	27,4		23,1	17,7		23,1	17,7		20,2
Number of full time equivalents	1 007	1 005		1 006	956		1 006	956		963

- Increased performance and transaction fees
- High net sales with close to 400 new customers within Private Banking
- New sales through Merchant Banking collaboration

## Comments to the first quarter

Operating income increased by 16 per cent compared with the same period last year. Performance and transaction fees increased to SEK 155m (107). Net interest income increased by 29 per cent compared with last year and base commissions have strengthened due to SEB's asset mix and net sales.

Operating expenses increased 10 per cent compared with last year. This was partially the result of an increased number of employees, mainly within Private Banking, who were hired to meet customer demand.

Private Banking continued its successful expansion from its number one position and started the year with strong net sales amounting to SEK 10bn (6). Various group-wide initiatives were launched to enhance SEB's offering to wealthy individuals and entrepreneurs. As an example Direct Market Access (DMA) is now available to the most active trading

customers within Private Banking. SEB's Family Office offers an individualised investment process.

In Euromoney's yearly rating, SEB retains its first position for the third year in a row as the leading private bank in Sweden and takes pole position in Finland.

An increased collaboration with the institutional business within Merchant Banking has led to new business within Institutional Clients. One example is the new hedge fund-of-funds with Private Equity upside.

Based on the demand and interest from customers, SEB's own Exchange Traded Funds (ETF) were successfully launched under the trademark SpotR.

Assets under management decreased by 1 per cent, to SEK 1,303bn, compared with the end of 2010, due to falling asset values.

# Life

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

## Income statement

SEK m	Q1			Q4			Jan- Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
Net interest income	- 8	- 5	60	- 8	- 2		- 8	- 2		- 11
Net life insurance income	1 138	1 106	3	1 138	1 186	- 4	1 138	1 186	- 4	4 550
<b>Total operating income</b>	<b>1 130</b>	<b>1 101</b>	<b>3</b>	<b>1 130</b>	<b>1 184</b>	<b>- 5</b>	<b>1 130</b>	<b>1 184</b>	<b>- 5</b>	<b>4 539</b>
Staff costs	- 292	- 278	5	- 292	- 282	4	- 292	- 282	4	- 1 123
Other expenses	- 135	- 141	- 4	- 135	- 147	- 8	- 135	- 147	- 8	- 589
Depreciation, amortisation and impairment of tangible and intangible assets	- 192	- 176	9	- 192	- 173	11	- 192	- 173	11	- 690
<b>Total operating expenses</b>	<b>- 619</b>	<b>- 595</b>	<b>4</b>	<b>- 619</b>	<b>- 602</b>	<b>3</b>	<b>- 619</b>	<b>- 602</b>	<b>3</b>	<b>- 2 402</b>
<b>Operating profit</b>	<b>511</b>	<b>506</b>	<b>1</b>	<b>511</b>	<b>582</b>	<b>- 12</b>	<b>511</b>	<b>582</b>	<b>- 12</b>	<b>2 137</b>
Change in surplus values, net	27	294	- 91	27	195	- 86	27	195	- 86	1 045
<b>Business result</b>	<b>538</b>	<b>800</b>	<b>- 33</b>	<b>538</b>	<b>777</b>	<b>- 31</b>	<b>538</b>	<b>777</b>	<b>- 31</b>	<b>3 182</b>
Cost/Income ratio	0,55	0,54		0,55	0,51		0,55	0,51		0,53
Business equity, SEK bn	6,4	6,0		6,4	6,0		6,4	6,0		6,0
Return on business equity, %										
based on operating profit	28,1	29,7		28,1	34,1		28,1	34,1		31,3
based on business result	29,6	46,9		29,6	45,6		29,6	45,6		46,7
Number of full time equivalents	1 237	1 226		1 235	1 175		1 235	1 175		1 190

The surplus value in the traditional business in Denmark has been included in the surplus value reporting from Q1 2011 and historical figures are restated.

- Higher unit-linked income but lower income from traditional portfolios
- Continued high premium inflows
- Customer satisfaction improved in several areas

### Comments on the first quarter

The work to further strengthen long-term customer relationships continues. Customer surveys confirm that customer satisfaction has improved in several areas. This is due to initiatives such as better availability at customer service centres combined with improved advisory service and enhanced product offerings.

The portfolio bond offering will be enhanced through the previously announced acquisition of Irish Life International. This company has assets under management of some SEK 18bn and premium income of SEK 3bn. The acquisition will strengthen the distribution capacity across Europe and especially in the Private Banking segment.

The continued high premium inflow confirmed that the initiatives were well received by customers. Total premium income amounted to SEK 8.5bn which is at the same level as the strong first quarter 2010 and 10 per cent above the fourth quarter last year.

Operating profit decreased by 12 per cent or SEK 71m compared with last year. The decrease was mainly due to lower return in investment portfolios for own account and

reduced income from the traditional life portfolios in Denmark and the Baltics. The Swedish result improved supported by strong income in the unit-linked area. The total unit-linked fund value was unchanged from year-end 2010, at SEK 180bn, and grew compared with the SEK 165bn volume managed a year ago.

Operating expenses increased by 3 per cent, partly due to higher amortisation of deferred acquisition costs. Also, expenses rose due to the hiring of more sales personnel within SEB Trygg Liv to further improve distribution capacity.

Unit-linked insurance remains the major product group, representing 88 per cent (86) of total sales. The share of corporate paid policies decreased to 58 per cent (60). Continued focus on unit-linked insurance has led to moderate risk exposure and a high return on business equity.

Total assets under management (net assets) amounted to SEK 425bn, which was an increase of 4 per cent from a year ago but virtually unchanged from the SEK 424bn at year-end 2010.

## Baltic

The Baltic division encompasses the Retail, Trading & Capital Markets and Global Transaction Services operations in Estonia, Latvia and Lithuania. In the Fact Book the full Baltic geographical segmentation is also reported, including the operations in Corporate Finance, Structured Finance, Wealth Management and Life.

### Income statement

SEK m	Q1			Q4			Jan- Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
Net interest income	456	492	- 7				456	506	- 10	1 923
Net fee and commission income	209	235	- 11				209	228	- 8	964
Net financial income	80	60	33				80	131	- 39	401
Net other income	- 5	11	- 145				- 5	4		52
<b>Total operating income</b>	<b>740</b>	<b>798</b>	<b>- 7</b>				<b>740</b>	<b>869</b>	<b>- 15</b>	<b>3 340</b>
Staff costs	- 146	- 163	- 10				- 146	- 206	- 29	- 728
Other expenses	- 250	- 290	- 14				- 250	- 306	- 18	- 1 177
Depreciation, amortisation and impairment of tangible and intangible assets	- 32	- 235	- 86				- 32	- 21	52	- 296
<b>Total operating expenses</b>	<b>- 428</b>	<b>- 688</b>	<b>- 38</b>				<b>- 428</b>	<b>- 533</b>	<b>- 20</b>	<b>- 2 201</b>
<b>Profit before credit losses</b>	<b>312</b>	<b>110</b>	<b>184</b>				<b>312</b>	<b>336</b>	<b>- 7</b>	<b>1 139</b>
Gains less losses on disposals of tangible and intangible assets	2	- 4	- 150				2			- 5
Net credit losses	572	736	- 22				572	- 1 431	- 140	- 873
<b>Operating profit</b>	<b>886</b>	<b>842</b>	<b>5</b>				<b>886</b>	<b>- 1 095</b>	<b>- 181</b>	<b>261</b>
Cost/Income ratio	0,58	0,86					0,58	0,61		0,66
Business equity, SEK bn	8,3	11,8					8,3	11,8		11,8
Return on business equity, %	37,3	25,7					37,3	negative		2,2
Number of full time equivalents	3 200	3 203					3 193	3 233		3 208

- Improved asset quality supported further reversals of credit reserves
- Continued focus on cost control
- Corporate business picking up

### Comments on the first quarter

The economic recovery in the Baltic region that began in 2010 gathered pace during the first quarter. Unemployment levels are now decreasing in all three Baltic countries and the internal devaluation processes are coming to an end. As presented in SEB's Eastern European Outlook in March, the GDP growth rate forecast for 2011 is 5 per cent for Estonia and 4 per cent for Lithuania and Latvia.

As of 1 January 2011, Estonia changed its currency from the Estonian kroon to the Euro. In Latvia, SEB was selected to grant state guaranteed student loans during 2011. JSC Latvenergo awarded SEB Latvia its "Powered by Green" hallmark in recognition of SEB's use of power from sustainable resources. Euromoney nominated SEB as the Best Private Bank in Lithuania.

Across the three Baltic countries, SEB launched its first pan-Baltic mortgage campaign to secure SEB's strong position in the Baltic mortgage market. Corporate business in the Baltics is picking up.

Operating income for the first quarter decreased to SEK 740m (869). Excluding the strengthened Swedish krona

income fell by 4 per cent. Deposit margins remained low due to the ongoing low interest rate environment. As at 31 March 2011, pan-Baltic deposit volumes were slightly higher on a year-on-year basis, although gross lending volumes were lower. Loan volumes have shown some signs of stabilisation during recent months, with reasonable loan margins seen on new lending.

Operating expenses for the quarter was SEK 428m (533), partly reflecting the proactively lowered underlying cost base in the Baltic countries. Operating profit was SEK 886m (-1,095). The improvement was due to significantly lower provisions for credit losses, with a net release of provisions totalling SEK 572m for the quarter. Non-performing loans declined during the quarter in all three countries. The total reserve ratio was reduced to 64 per cent.

At the end of March, SEB's real estate holding companies in the three Baltic countries had acquired assets with a total volume of SEK 534m.

## Result by geography – January-March 2011

As *the* Relationship bank, SEB offers universal financial advice and a wide range of financial services in Sweden and the Baltic countries. In Denmark, Finland, Norway and Germany, the bank's operations have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients.

- Nordic business generated 74 per cent of operating income in the first quarter of 2011
- Improved operating profit in local currency in all of SEB's major markets
- Continued asset quality improvement, especially in the Baltic countries

### Comments to the first quarter

In Sweden, which accounts for 57 per cent of SEB's operating income, operating profit was 20 per cent higher than the corresponding quarter last year. Corporate and institutional activities were higher and SEB continued to advance in the SME segment. Customers shifted to higher risk investments in equity leading to higher performance fees. The results from both Retail and Wealth increased.

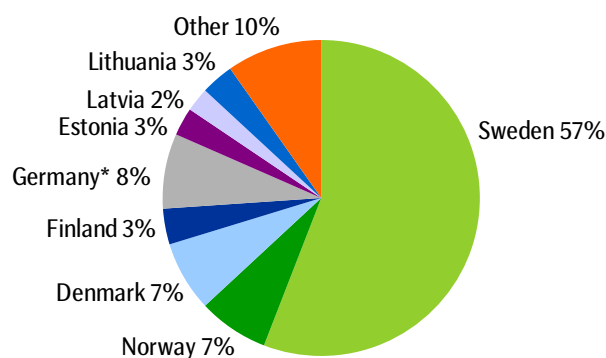
In Denmark Capital Markets activities and Corporate banking continued to show strong results. The Life operations almost matched the peak in 2010 in terms of total gross premium, but the operating profit was negatively affected by lower return on investment portfolios for own account. Wealth Management continued to deepen the private banking and institutional customer franchise, whereas Kort recorded lower credit losses.

In Finland the Trading and Capital Markets and Corporate Banking units were successful. Wealth Management continued to report a strong result with an increase in operating income of 40 per cent compared with last year. Assets under management increased 6 per cent year-on-year and the base commissions have increased as well. Income from the sale of structured products also contributed to a good result.

In Norway corporate activity increased during the period. SEB participated in, or arranged, a large number of the major transactions. Trading activity stabilised on a higher level than

### Share of total operating income

Jan – Mar 2011



\* Excluding centralised Treasury operations

last year, but now with even tougher competition. Card volumes and assets under management increased.

In Estonia, Latvia and Lithuania, the improved economic situation continues to stepwise contribute to improved operating profit (see the Baltic division information, page 15).

In Germany the start of 2011 was strong for all business areas with an increase of 25 per cent in operating income in local currency compared with the same quarter of 2010. The Merchant Banking growth strategy and increased client focus led to a number of new clients, higher product penetration and improved visibility in the German market and improved operating income. For Wealth Management, the stronger performance from the real estate funds contributed positively.

Distribution by country Jan - Mar										Operating profit in local currency		
SEK m	Total operating income			Total operating expenses			Operating profit			2011	2010	%
	2011	2010	%	2011	2010	%	2011	2010	%			
Sweden	5 399	4 766	13	-3 899	-3 427	14	1 377	1 147	20			
Norway	701	726	-3	-266	-335	-21	400	340	18	353	277	28
Denmark	708	724	-2	-384	-380	1	309	318	-3	260	238	9
Finland	338	254	33	-160	-101	58	178	150	19	20	15	33
Germany*	742	669	11	-471	-475	-1	295	153	93	33	15	116
Estonia	272	315	-14	-145	-197	-26	146	-33		17	-3	
Latvia	241	297	-19	-103	-141	-27	320	-418		25	-30	
Lithuania	335	322	4	-204	-211	-3	503	-595		196	-206	
Other countries and eliminations	936	662	41	-209	-364	-43	846	225				
<b>Total</b>	<b>9 672</b>	<b>8 735</b>	<b>11</b>	<b>-5 841</b>	<b>-5 631</b>	<b>4</b>	<b>4 374</b>	<b>1 287</b>				

\*Excluding centralised Treasury operations



# The SEB Group

## Net interest income – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
Interest income	12 937	11 653	11				12 937	11 307	14	46 041
Interest expense	-8 676	-7 127	22				-8 676	-7 765	12	-30 031
<b>Net interest income</b>	<b>4 261</b>	<b>4 526</b>	<b>- 6</b>				<b>4 261</b>	<b>3 542</b>	<b>20</b>	<b>16 010</b>

## Net fee and commission income – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
Issue of securities	62	168	- 63				62	45	38	357
Secondary market	440	546	- 19				440	426	3	1 765
Custody and mutual funds	1 903	1 920	- 1				1 903	1 667	14	7 067
<b>Securities commissions</b>	<b>2 405</b>	<b>2 634</b>	<b>- 9</b>				<b>2 405</b>	<b>2 138</b>	<b>12</b>	<b>9 189</b>
Payments	392	372	5				392	394	- 1	1 561
Card fees	947	944	0				947	989	- 4	3 992
<b>Payment commissions</b>	<b>1 339</b>	<b>1 316</b>	<b>2</b>				<b>1 339</b>	<b>1 383</b>	<b>- 3</b>	<b>5 553</b>
Advisory	66	137	- 52				66	64	3	482
Lending	446	462	- 3				446	336	33	1 686
Deposits	26	26					26	26		103
Guarantees	95	105	- 10				95	112	- 15	428
Derivatives	151	117	29				151	134	13	518
Other	124	178	- 30				124	148	- 16	712
<b>Other commissions</b>	<b>908</b>	<b>1 025</b>	<b>- 11</b>				<b>908</b>	<b>820</b>	<b>11</b>	<b>3 929</b>
<b>Fee and commission income</b>	<b>4 652</b>	<b>4 975</b>	<b>- 6</b>				<b>4 652</b>	<b>4 341</b>	<b>7</b>	<b>18 671</b>
Securities commissions	- 352	- 341	3				- 352	- 290	21	- 1 216
Payment commissions	- 542	- 450	20				- 542	- 587	- 8	- 2 245
Other commissions	- 255	- 278	- 8				- 255	- 270	- 6	- 1 050
<b>Fee and commission expense</b>	<b>- 1 149</b>	<b>- 1 069</b>	<b>7</b>				<b>- 1 149</b>	<b>- 1 147</b>	<b>0</b>	<b>- 4 511</b>
Securities commissions, net	2 053	2 293	- 10				2 053	1 848	11	7 973
Payment commissions, net	797	866	- 8				797	796	0	3 308
Other commissions, net	653	747	- 13				653	550	19	2 879
<b>Net fee and commission income</b>	<b>3 503</b>	<b>3 906</b>	<b>- 10</b>				<b>3 503</b>	<b>3 194</b>	<b>10</b>	<b>14 160</b>

## Net financial income – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
Equity instruments and related derivatives	146	- 31					146	138	6	629
Debt instruments and related derivatives	218	- 70					218	327	- 33	479
Currency related	865	605	43				865	495	75	2 106
Other financial instruments	6	4	50				6	2	200	12
Impairments		4	- 100					- 12	- 100	- 60
<b>Net financial income</b>	<b>1 235</b>	<b>512</b>	<b>141</b>				<b>1 235</b>	<b>950</b>	<b>30</b>	<b>3 166</b>

## Net credit losses – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year 2010
	2011	2010	%	2011	2010	%	2011	2010	%	
<i>Provisions:</i>										
Net collective provisions for individually assessed loans	385	782	-51				385	- 738	-152	665
Net collective provisions for portfolio assessed loans	- 35	- 13	169				- 35	- 398	-91	- 701
Specific provisions	- 327	- 431	-24				- 327	- 715	-54	-2 405
Reversal of specific provisions no longer required	578	479	21				578	349	66	1 503
Net provisions for off-balance sheet items	14	16					14	- 36	-139	- 14
<b>Net provisions</b>	<b>615</b>	<b>833</b>	<b>-26</b>				<b>615</b>	<b>-1 538</b>	<b>-140</b>	<b>- 952</b>
<i>Write-offs:</i>										
Total write-offs	- 478	- 833	-43				- 478	- 574	-17	-2 310
Reversal of specific provisions utilized for write-offs	369	394	-6				369	263	40	1 315
Write-offs not previously provided for	- 109	- 439					- 109	- 311	-65	- 995
Recovered from previous write-offs	31	25	24				31	36	-14	110
<b>Net write-offs</b>	<b>- 78</b>	<b>- 414</b>					<b>- 78</b>	<b>- 275</b>	<b>-72</b>	<b>- 885</b>
<b>Net credit losses</b>	<b>537</b>	<b>419</b>					<b>537</b>	<b>-1 813</b>	<b>-130</b>	<b>-1 837</b>

## Balance sheet – SEB Group

SEK m	31 March 2011	31 Dec 2010	31 March 2010
Cash and cash balances with central banks	15 914	46 488	19 634
Loans to credit institutions <sup>1)</sup>	199 060	204 188	272 242
Loans to the public	1 113 807	1 074 879	1 203 833
Financial assets at fair value *	644 421	617 746	623 302
Available-for-sale financial assets *	68 635	66 970	70 954
Held-to-maturity investments *	1 181	1 451	1 303
Assets held for sale		74 951	523
Investments in associates	1 079	1 022	1 018
Tangible and intangible assets	27 212	27 035	27 206
Other assets	47 112	65 091	65 275
<b>Total assets</b>	<b>2 118 421</b>	<b>2 179 821</b>	<b>2 285 290</b>
Deposits from credit institutions	201 503	212 624	393 379
Deposits and borrowing from the public	707 095	711 541	739 907
Liabilities to policyholders	263 075	263 970	255 289
Debt securities	549 849	530 483	469 312
Financial liabilities at fair value	195 347	200 690	209 524
Liabilities held for sale		48 339	141
Other liabilities	78 092	85 331	80 606
Provisions	1 612	1 748	1 724
Subordinated liabilities	23 992	25 552	35 886
Total equity	97 856	99 543	99 522
<b>Total liabilities and equity</b>	<b>2 118 421</b>	<b>2 179 821</b>	<b>2 285 290</b>
* Of which bonds and other interest bearing securities including derivatives.	423 328	416 849	463 267

1) Loans to credit institutions and liquidity placements with other direct participants in interbank fund transfer systems.

A more detailed balance sheet is included in the Fact Book.

## Off-balance sheet items – SEB Group

SEK m	31 March 2011	31 Dec 2010	31 March 2010
Collateral pledged for own liabilities	231 534	231 334	361 745
Other pledged collateral	259 466	214 989	232 110
Contingent liabilities	80 880	82 048	82 254
Commitments	398 814	388 619	387 568

## Statement of changes in equity – SEB Group

SEK m	Share capital	Retained earnings	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Other	Total Shareholders' equity	Minority interests	Total Equity
<b>Jan-Mar 2011</b>									
Opening balance	21 942	80 571	-1 725	- 422	-1 145	56	99 277	266	99 543
Net profit		2 602					2 602	14	2 616
Other comprehensive income (net of tax)			11	- 478	-262	-277	-1 006	- 6	-1 012
<b>Total comprehensive income</b>		<b>2 602</b>	<b>11</b>	<b>- 478</b>	<b>- 262</b>	<b>- 277</b>	<b>1 596</b>	<b>8</b>	<b>1 604</b>
Dividend to shareholders		-3 291					-3 291		-3 291
<b>Closing balance</b>	<b>21 942</b>	<b>79 882</b>	<b>-1 714</b>	<b>- 900</b>	<b>-1 407</b>	<b>- 221</b>	<b>97 582</b>	<b>274</b>	<b>97 856</b>

<b>Jan-Dec 2010</b>									
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
<b>Total comprehensive income</b>		<b>6 745</b>	<b>- 629</b>	<b>-1 215</b>	<b>- 733</b>	<b>-1 435</b>	<b>2 733</b>	<b>14</b>	<b>2 747</b>
Dividend to shareholders		-2 194					-2 194		-2 194
Swap hedging of employee stock option programme*		- 713					-713		-713
Eliminations of repurchased shares for employee stock option programme**		34					34		34
<b>Closing balance</b>	<b>21 942</b>	<b>80 571</b>	<b>-1 725</b>	<b>-422</b>	<b>-1 145</b>	<b>56</b>	<b>99 277</b>	<b>266</b>	<b>99 543</b>

<b>Jan-Mar 2010</b>									
Opening balance	21 942	76 699	-1 096	793	-412	1 491	99 417	252	99 669
Net profit		674					674	15	689
Other comprehensive income (net of tax)			281	- 257	-267	-620	- 863	- 15	- 878
<b>Total recognised income</b>		<b>674</b>	<b>281</b>	<b>- 257</b>	<b>- 267</b>	<b>- 620</b>	<b>- 189</b>		<b>- 189</b>
Swap hedging of employee stock option programme*		17					17		17
Eliminations of repurchased shares for employee stock option programme**		25					25		25
<b>Closing balance</b>	<b>21 942</b>	<b>77 415</b>	<b>- 815</b>	<b>536</b>	<b>- 679</b>	<b>871</b>	<b>99 270</b>	<b>252</b>	<b>99 522</b>

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

\*\* SEB has repurchased 19.4 million Series A shares for the long-term incentive programmes as decided at the Annual General Meetings in 2002, 2003 and 2004. The acquisition cost for these shares is deducted from shareholders' equity. In 2005 1.0 million shares were transferred from the capital structure programme to the incentive programmes and in 2006 3.1 million shares were sold in accordance with a decision at the Annual General Meeting. As stock options have been exercised during 2005–2010 17.6 million shares have been sold and another 0.3 million shares have been sold in 2011. During 2010, SEB repurchased 0.6 million and during 2011 0.3 million Series A shares for the long-term incentive programmes as decided at the Annual General Meeting. The acquisition cost for these shares is deducted from shareholders' equity. Thus, as of 31 March 2011 SEB owned 0.3 million Class A-shares with a market value of SEK 17m.

## Cash flow statement – SEB Group

SEK m	Jan - Mar			Full year 2010
	2011	2010	%	
Cash flow from operating activities	38 920	70 156	- 45	- 3 472
Cash flow from investment activities	89	709	- 87	935
Cash flow from financing activities	- 4 886	- 22 155	- 78	- 23 490
<b>Net increase in cash and cash equivalents</b>	<b>34 123</b>	<b>48 710</b>		<b>- 26 027</b>
Cash and cash equivalents at the beginning of year	63 646	89 673	- 29	89 673
Net increase in cash and cash equivalents	34 123	48 710		- 26 027
<b>Cash and cash equivalents at the end of period<sup>1)</sup></b>	<b>97 769</b>	<b>138 383</b>	<b>- 29</b>	<b>63 646</b>

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

## Reclassified portfolios – SEB Group

SEK m	Q1			Q4			Jan - Mar			Full year 2010
	2011	2010	%	2011	2010	%	2011	2010	%	
<b>Reclassified, SEK m</b>										
Opening balance	78 681	95 003	-17				78 681	125 339	-37	125 339
Reclassified										
Amortisations	-2 138	-3 004	-29				-2 138	-1 668	28	-6 618
Securities sold	-11 008	-11 164	-1				-11 008	-5 623	96	-25 325
Accrued coupon	40	-79	-151				40	231	-83	-44
Exchange rate differences	-1 077	-2 075	-48				-1 077	-4 123	-74	-14 671
<b>Closing balance*</b>	<b>64 498</b>	<b>78 681</b>	<b>-18</b>				<b>64 498</b>	<b>114 156</b>	<b>-44</b>	<b>78 681</b>
* Market value	63 544	77 138	-18				63 544	111 052	-43	77 138
<b>Fair value impact - if not reclassified, SEK m</b>										
In Equity (AFS origin)	542	112					542	1 248	-57	2 901
In Income Statements (HFT origin)	47	46	2				47	352	-87	49
<b>Total</b>	<b>589</b>	<b>158</b>					<b>589</b>	<b>1 600</b>	<b>-63</b>	<b>2 950</b>
<b>Effect in Income Statements, SEK m*</b>										
Net interest income	312	232	34				312	380	-18	1 578
Net financial income	-1 000	-1 447	-31				-1 000	1 911	-152	-9 060
Other income	-159	-180	-12				-159	30		-278
<b>Total</b>	<b>-847</b>	<b>-1 395</b>	<b>-39</b>				<b>-847</b>	<b>2 321</b>	<b>-136</b>	<b>-7 764</b>

\* The effect in the 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 effects from financing activities. Other income is the realised gains or losses from sales in the portfolio.

## Non-performing loans – SEB Group

SEK m	31 March 2011	31 Dec 2010	31 March 2010
<b>Individually assessed impaired loans</b>			
Impaired loans, past due > 60 days	12 579	14 464	17 023
Impaired loans, performing or past due < 60 days	2 291	2 754	2 598
<b>Total individually assessed impaired loans</b>	<b>14 870</b>	<b>17 218</b>	<b>19 621</b>
Specific reserves	- 7 801	- 8 883	- 10 222
<i>for impaired loans, past due &gt; 60 days</i>	- 6 943	- 7 741	- 9 025
<i>for impaired loans, performing or past due &lt; 60 days</i>	- 858	- 1 142	- 1 197
Collective reserves	- 2 459	- 3 030	- 4 893
<b>Impaired loans net</b>	<b>4 610</b>	<b>5 305</b>	<b>4 506</b>
Specific reserve ratio for individually assessed impaired loans	52.5%	51.6%	52.1%
Total reserve ratio for individually assessed impaired loans	69.0%	69.2%	77.0%
Net level of impaired loans	0.54%	0.62%	0.64%
Gross level of impaired loans	1.12%	1.26%	1.31%
<b>Portfolio assessed loans</b>			
Portfolio assessed loans past due > 60 days	6 696	6 534	7 148
Restructured loans	503	502	450
Collective reserves for portfolio assessed loans	- 3 544	- 3 577	- 3 510
Reserve ratio for portfolio assessed loans	49.2%	50.8%	46.2%
<b>Reserves</b>			
Specific reserves	- 7 801	- 8 883	- 10 222
Collective reserves	- 6 003	- 6 607	- 8 403
Reserves for off-balance sheet items	- 400	- 476	- 516
<b>Total reserves</b>	<b>- 14 204</b>	<b>- 15 966</b>	<b>- 19 141</b>
<b>Non-performing loans</b>			
Non-performing loans*	22 069	24 254	27 219
NPL coverage ratio	64.4%	65.8%	70.3%
NPL % of lending	1.66%	1.77%	1.82%

\* Impaired loans + portfolio assessed loans > 60 days + restructured portfolio assessed loans

## Seized assets – SEB Group

SEK m	31 March 2011	31 Dec 2010	31 March 2010
Properties, vehicles and equipment	758	647	239
Shares	57	56	59
<b>Total seized assets</b>	<b>815</b>	<b>703</b>	<b>298</b>

## Discontinued operations – SEB Group

### Income statement

SEK m	Q1		Q4		Jan - Mar			Full year
	2011	2010	%		2011	2010	%	2010
Total operating income	- 878	599			- 878	720		2 648
Total operating expenses	- 283	- 647	-56		- 283	- 819	-65	-4 204
<b>Profit before credit losses</b>	<b>-1 161</b>	<b>- 48</b>			<b>-1 161</b>	<b>- 99</b>		<b>-1 556</b>
Net credit losses	- 12	- 160	-93		- 12	- 113	-89	- 361
<b>Operating profit</b>	<b>-1 173</b>	<b>- 208</b>			<b>-1 173</b>	<b>- 212</b>		<b>-1 917</b>
Income tax expense	280	125	124		280	66		131
<b>Net profit from discontinued operations</b>	<b>- 893</b>	<b>- 83</b>			<b>- 893</b>	<b>- 146</b>		<b>-1 786</b>

### Assets and liabilities held for sale

SEK m	31 March 2011	31 Dec 2010	31 March 2010
Loans to the public		73 866	
Other assets		1 085	523
<b>Total assets held for sale</b>		<b>74 951</b>	<b>523</b>
Deposits from credit institutions		6 303	
Deposits and borrowing from the public		40 777	
Other liabilities		1 259	141
<b>Total liabilities held for sale</b>		<b>48 339</b>	<b>141</b>

### Cash flow statement

SEK m	Q1		Q4		Jan - Mar			Full year
	2011	2010	%		2011	2010	%	2010
Cash flow from operating activities	26 629	813			26 629	- 179		774
Cash flow from investment activities	204	- 113			204	- 1		- 115
Cash flow from financing activities	- 27 604	- 757			- 27 604	189		- 726
<b>Net increase in cash and cash equivalents from discontinued operations</b>	<b>- 771</b>	<b>- 57</b>			<b>- 771</b>	<b>9</b>		<b>- 67</b>

## Capital base of the SEB financial group of undertakings

SEK m	31 Mar 2011	31 Dec 2010
Total equity according to balance sheet (1)	97 856	99 543
Dividend (excl repurchased shares)	-823	-3 291
Investments outside the financial group of undertakings (2)	-41	-40
Other deductions outside the financial group of undertakings (3)	-2 966	-2 688
<b>= Total equity in the capital adequacy</b>	<b>94 026</b>	<b>93 524</b>
Adjustment for hedge contracts (4)	2 233	1 755
Net provisioning amount for IRB-reported credit exposures (5)	0	0
Unrealised value changes on available-for-sale financial assets (6)	1 714	1 724
Exposures where RWA is not calculated (7)	-1 034	-1 184
Goodwill (8)	-4 110	-4 174
Other intangible assets	-2 608	-2 564
Deferred tax assets	-2 031	-1 694
<b>= Core Tier 1 capital</b>	<b>88 190</b>	<b>87 387</b>
Tier 1 capital contribution (non-innovative)	4 468	4 492
Tier 1 capital contribution (innovative)	9 704	10 101
<b>= Tier 1 capital</b>	<b>102 362</b>	<b>101 980</b>
Dated subordinated debt	4 896	4 922
Deduction for remaining maturity	-360	-361
Perpetual subordinated debt	3 923	4 152
Net provisioning amount for IRB-reported credit exposures (5)	3	91
Unrealised gains on available-for-sale financial assets (6)	490	511
Exposures where RWA is not calculated (7)	-1 034	-1 184
Investments outside the financial group of undertakings (2)	-41	-40
<b>= Tier 2 capital</b>	<b>7 877</b>	<b>8 091</b>
Investments in insurance companies (9)	-10 500	-10 500
Pension assets in excess of related liabilities (10)	-933	-422
<b>= Capital base</b>	<b>98 806</b>	<b>99 149</b>

Total equity according to the balance sheet (1) includes the current year's profit, which has been reviewed by the auditors.

Deductions (2) for investments outside the financial group of undertakings should be made with equal parts from Tier 1 and Tier 2 capital. However, investments in insurance companies made before 20 July 2006 can be deducted from the capital base (9) – this holds for SEB's investments in insurance companies.

The deduction (3) consists of retained earnings in subsidiaries outside the financial group of undertakings.

The adjustment (4) refers to differences in how hedging contracts are acknowledged according to the capital adequacy regulation, as compared with the preparation of the balance sheet.

If provisions and value adjustments for credit exposures reported according to the Internal Ratings-Based approach fall short of expected losses on these exposures, the difference (5) should be deducted in equal parts from Tier 1 and Tier 2 capital. A corresponding excess can, up to a certain limit, be added to Tier 2 capital.

For Available For Sale portfolios (6) value changes on debt instruments should not be acknowledged for capital adequacy. Any surplus attributable to equity instruments may be included in Tier 2 capital.

Securitisation positions with external rating below BB/Ba are not included in RWA calculations but are treated via deductions (7) from Tier 1 and Tier 2 capital.

Goodwill in (8) 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 (9) for insurance investments.

Pension surplus values (10) should be deducted from the capital base, excepting such indemnification as prescribed in the Swedish Act on safeguarding of pension undertakings.

On 31 March 2011 the parent company's Tier 1 capital was SEK 94,789m (94,050m) and the reported Tier 1 capital ratio was 16.1 per cent (16.0).



## Capital requirements for the SEB financial group of undertakings

Minimum capital requirements are 8 per cent of risk-weighted assets as stated below.

Risk-weighted assets SEK m	31 Mar 2011	31 Dec 2010
<b>Credit risk IRB approach</b>		
Institutions	36 161	37 405
Corporates (1)	401 680	403 128
Securitisation positions	5 660	6 337
Retail mortgages	44 033	65 704
Other retail exposures	9 769	9 826
Other exposure classes	1 449	1 511
<b>Total credit risk IRB approach</b>	<b>498 752</b>	<b>523 911</b>
<b>Further risk-weighted assets</b>		
Credit risk, Standardised approach (2)	77 699	91 682
Operational risk, Advanced Measurement approach	43 477	44 568
Foreign exchange rate risk	12 243	15 995
Trading book risks	46 013	39 970
<b>Total risk-weighted assets</b>	<b>678 184</b>	<b>716 126</b>
<b>Summary</b>		
Credit risk	576 451	615 593
Operational risk	43 477	44 568
Market risk	58 256	55 965
<b>Total</b>	<b>678 184</b>	<b>716 126</b>
<b>Adjustment for flooring rules</b>		
Addition according to transitional flooring (3)	98 582	83 672
<b>Total reported</b>	<b>776 766</b>	<b>799 798</b>

Corporate exposures (1) exclude such small companies where the total exposure does not exceed certain regulatory-defined thresholds.

The Standardised approach (2) is used for credit exposures to central governments, central banks and local governments and authorities, and to exposures where IRB implementation is on-going. Reported risk-weighted assets are dominated by the Corporate and Retail exposure classes.

### Capital adequacy analysis

Representing business volumes as risk-weighted assets the regulatory minima can be expressed as a total capital ratio of at least 8 per cent and a Tier 1 capital ratio of at least 4 per cent. However, and following the "second pillar" of the capital adequacy framework, banks are expected to operate above this level. The margin supports SEB's high rating ambitions,

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 (3) is made in consequence with these transitional arrangements.

covering risks that are not included in the capital adequacy regulation, and representing a buffer for the less benign phases of the business cycle. The Group's internal capital assessment process is based on the long term business plans and utilises SEB's economic capital model, supplemented e.g. with macro economic analysis and stress testing.

<b>Capital adequacy</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
<b>Capital resources</b>		
Core Tier 1 capital	88 190	87 387
Tier 1 capital	102 362	101 980
Capital base	98 805	99 149
<b>Capital adequacy without transitional floor (Basel II)</b>		
Risk-weighted assets	678 184	716 126
Expressed as capital requirement	54 255	57 290
Core Tier 1 capital ratio	13,0%	12,2%
Tier 1 capital ratio	15,1%	14,2%
Total capital ratio	14,6%	13,8%
Capital base in relation to capital requirement	1,82	1,73
<b>Capital adequacy including transitional floor</b>		
Transition floor applied	80%	80%
Risk-weighted assets	776 766	799 798
Expressed as capital requirement	62 141	63 984
Core Tier 1 capital ratio	11,4%	10,9%
Tier 1 capital ratio	13,2%	12,8%
Total capital ratio	12,7%	12,4%
Capital base in relation to capital requirement	1,59	1,55
<b>Capital adequacy with risk weighting according to Basel I</b>		
Risk-weighted assets	970 912	998 326
Expressed as capital requirement	77 673	79 866
Core Tier 1 capital ratio	9,1%	8,8%
Tier 1 capital ratio	10,5%	10,2%
Total capital ratio	10,2%	9,9%
Capital base in relation to capital requirement	1,27	1,24

Overall Basel II RWA (before the effect of transitional flooring) decreased with 5 per cent or SEK 38bn during the quarter. The largest factor behind this decrease is the divestiture of the German Retail portfolios (decrease SEK 37bn). Underlying credit volumes expressed as RWA increased SEK 14bn, mainly dependent on increased corporate lending and purchase of DnB NOR Retail mortgages. The Swedish krona strengthened further in beginning of the quarter later followed by a slight weakening, resulting in a RWA decrease of SEK 6bn due to currency translation effect. The effect of risk class migration was limited during the quarter. Operational- and market risk RWA taken together increased SEK 2 bn during the quarter. Including other changes this resulted in a net decrease of RWA according to Basel II (without transitional floor) to SEK 678bn.

Un-floored Basel II RWA was 30 per cent lower than Basel I RWA. SEB uses a gradual roll-out of the Basel II framework; the ultimate target is to use IRB reporting for all credit exposures except those to central governments, central banks

and local governments and authorities, and excluding a small number of insignificant portfolios. The current best estimate indicates that this would mean a reduction in total RWA (compared with Basel I, and as a business cycle average) of 35 per cent. This cannot be equated with a similar capital release, however, due to the new framework's increased business cycle sensitivity, supervisory evaluation and rating agency considerations. In addition the estimate will certainly be affected by the proposed revisions to the international capital framework ("Basel III") as published by the Basel Committee in 2009 and 2010. SEB participated in the Basel Committee's impact study concerned with the proposal.

The following table exposes average risk weights (RWA divided by EAD, Exposure At Default) for exposures where RWA is calculated following the IRB approach. Repo-style transactions are excluded from the analysis since they carry low risk weight and can vary considerably in volume, thus making numbers less comparable

<b>IRB reported credit exposures (less repos and securities lending)</b>	<b>31 Mar</b>	<b>31 Dec</b>
<b>Average risk weight</b>	<b>2011</b>	<b>2010</b>
Institutions	20,0%	19,5%
Corporates	56,6%	57,0%
Securitisation positions	20,0%	20,6%
Retail mortgages	13,0%	16,9%
Other retail exposures	37,6%	38,2%

Corporate exposures showed a limited risk class migration which decreased RWA with SEK 2bn during the quarter. A limited migration effect which increased RWA with SEK 1Bn was recorded for inter-bank exposures. The large decrease in risk weight for retail mortgages relates to the divestiture

during the first quarter 2011 of the German Retail portfolios, typically having higher loan-to value (and thus risk weight) than Group averages. Excluding the German portfolios the average risk weight for retail mortgages was 12.6 per cent at year end 2010.

## Income statement – Skandinaviska Enskilda Banken AB (publ)

In accordance with FSA regulations SEK m	Q1			Q4			Jan - Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
Interest income	8 044	7 883	2	8 044	6 250	29	8 044	6 250	29	27 830
Leasing income	1 382	1 415	-2	1 382	1 353	2	1 382	1 353	2	5 496
Interest expense	-5 666	-5 493	3	-5 666	-4 507	26	-5 666	-4 507	26	-19 498
Dividends	1 088	42		1 088	234		1 088	234		1 182
Fee and commission income	2 181	2 328	-6	2 181	1 862	17	2 181	1 862	17	8 408
Fee and commission expense	-357	-361	-1	-357	-367	-3	-357	-367	-3	-1 501
Net financial income	803	449	79	803	966	-17	803	966	-17	3 239
Other income	166	217	-24	166	194	-14	166	194	-14	532
<b>Total operating income</b>	<b>7 641</b>	<b>6 480</b>	<b>18</b>	<b>7 641</b>	<b>5 985</b>	<b>28</b>	<b>7 641</b>	<b>5 985</b>	<b>28</b>	<b>25 688</b>
Administrative expenses	-3 641	-3 859	-6	-3 641	-3 282	11	-3 641	-3 282	11	-13 935
Other expenses tangible and intangible assets	-1 162	-1 165	0	-1 162	-1 144	2	-1 162	-1 144	2	-4 630
<b>Total operating expenses</b>	<b>-4 803</b>	<b>-5 024</b>	<b>-4</b>	<b>-4 803</b>	<b>-4 426</b>	<b>9</b>	<b>-4 803</b>	<b>-4 426</b>	<b>9</b>	<b>-18 565</b>
<b>Profit before credit losses</b>	<b>2 838</b>	<b>1 456</b>	<b>95</b>	<b>2 838</b>	<b>1 559</b>	<b>82</b>	<b>2 838</b>	<b>1 559</b>	<b>82</b>	<b>7 123</b>
Net credit losses	-123	-185	-34	-123	-171	-28	-123	-171	-28	-362
Impairment of financial assets		7	-100		-40	-100		-40	-100	-442
<b>Operating profit</b>	<b>2 715</b>	<b>1 278</b>	<b>112</b>	<b>2 715</b>	<b>1 348</b>	<b>101</b>	<b>2 715</b>	<b>1 348</b>	<b>101</b>	<b>6 319</b>
Appropriations		-1 288	-100		-1	-100		-1	-100	-1 283
Income tax expense	-519	-155		-519	-927	-44	-519	-927	-44	-2 591
Other taxes	3	-22		3			3			-75
<b>Net profit</b>	<b>2 199</b>	<b>-187</b>		<b>2 199</b>	<b>420</b>		<b>2 199</b>	<b>420</b>		<b>2 370</b>

## Statement of comprehensive income – Skandinaviska Enskilda Banken AB (publ)

SEK m	Q1			Q4			Jan - Mar			Full year
	2011	2010	%	2011	2010	%	2011	2010	%	2010
<b>Net profit</b>	<b>2 199</b>	<b>-187</b>		<b>2 199</b>	<b>420</b>		<b>2 199</b>	<b>420</b>		<b>2 370</b>
Available-for-sale financial assets	175	-223		175	127	38	175	127	38	-337
Cash flow hedges	-477	-730	-35	-477	-142		-477	-142		-1 208
Translation of foreign operations	-159	8		-159	-41		-159	-41		-29
Group contributions	272	199	37	272	285	-5	272	285	-5	1 203
Other	-185	758		-185	4		-185	4		603
<b>Other comprehensive income (net of tax)</b>	<b>-374</b>	<b>12</b>		<b>-374</b>	<b>233</b>		<b>-374</b>	<b>233</b>		<b>232</b>
<b>Total comprehensive income</b>	<b>1 825</b>	<b>-175</b>		<b>1 825</b>	<b>653</b>	<b>179</b>	<b>1 825</b>	<b>653</b>	<b>179</b>	<b>2 602</b>

## Balance sheet - Skandinaviska Enskilda Banken AB (publ)

<b>Condensed</b>	<b>31 Mar</b>	<b>31 Dec</b>	<b>31 Mar</b>
<b>SEK m</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
Cash and cash balances with central banks	5 721	19 941	1 804
Loans to credit institutions	223 675	250 568	325 934
Loans to the public	810 411	763 441	752 574
Financial assets at fair value	357 027	334 060	338 707
Available-for-sale financial assets	17 804	16 583	15 840
Held-to-maturity investments	3 675	3 685	4 589
Investments in associates	1 024	967	930
Shares in subsidiaries	54 257	55 145	58 279
Tangible and intangible assets	40 853	40 907	41 034
Other assets	31 977	51 031	45 566
<b>Total assets</b>	<b>1 546 424</b>	<b>1 536 328</b>	<b>1 585 257</b>
Deposits from credit institutions	219 479	195 408	361 534
Deposits and borrowing from the public	469 147	484 839	450 853
Debt securities	510 184	488 533	403 401
Financial liabilities at fair value	186 515	190 638	191 406
Other liabilities	49 622	62 363	53 743
Provisions	133	180	239
Subordinated liabilities	23 539	25 096	35 121
Untaxed reserves	23 930	23 930	22 644
Total equity	63 875	65 341	66 316
<b>Total liabilities, untaxed reserves and shareholders' equity</b>	<b>1 546 424</b>	<b>1 536 328</b>	<b>1 585 257</b>

## Off-balance sheet items - Skandinaviska Enskilda Banken AB (publ)

	<b>31 Mar</b>	<b>31 Dec</b>	<b>31 Mar</b>
<b>SEK m</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
Collateral pledged for own liabilities	141 773	138 775	222 689
Other pledged collateral	79 230	35 663	67 026
Contingent liabilities	61 456	64 120	62 237
Commitments	327 378	291 046	288 681