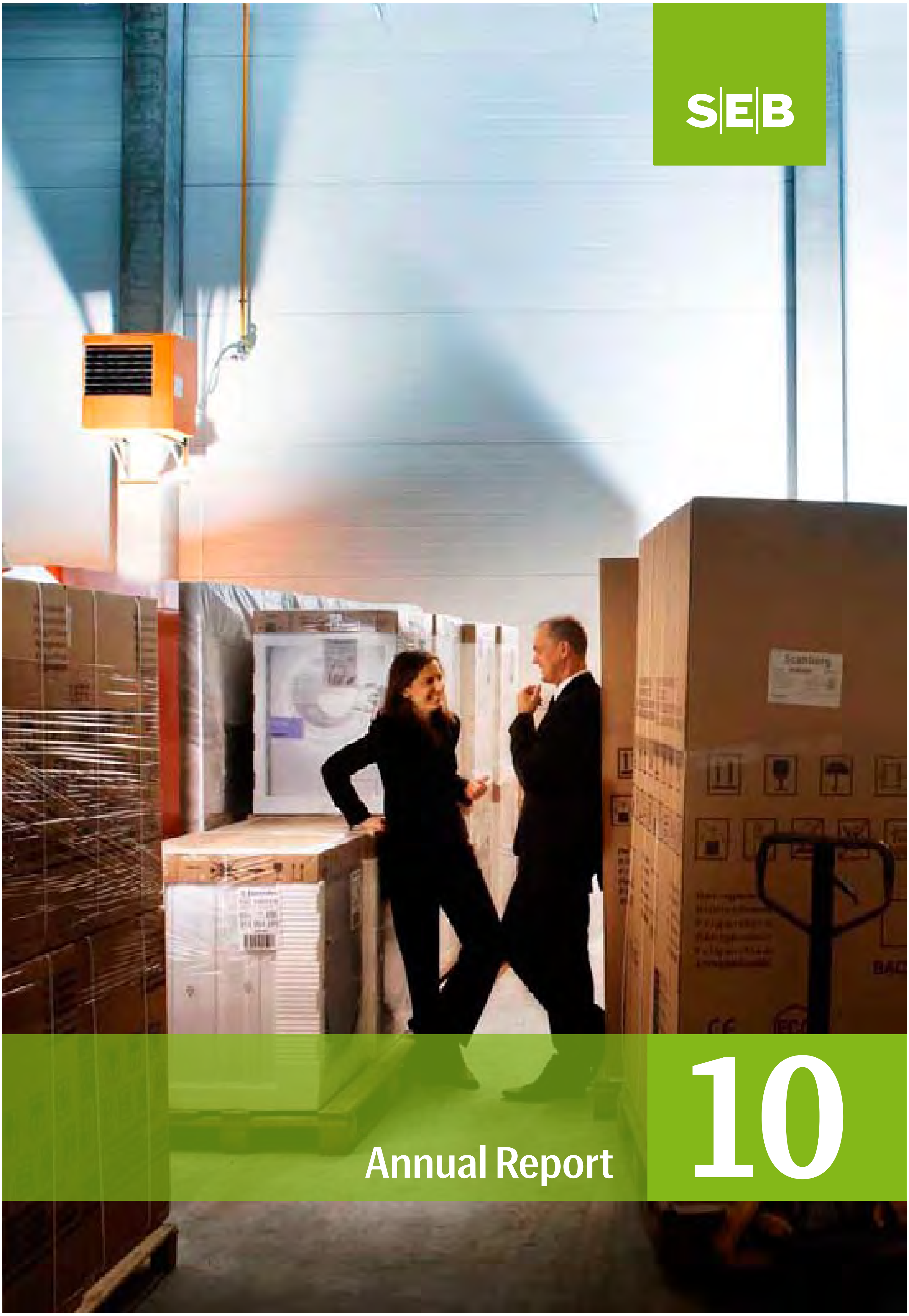


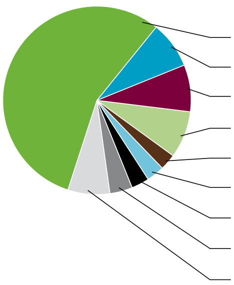
Annual Report 10

SEB is a leading Nordic financial services group. As a relationship bank, SEB in Sweden and the Baltic countries offers financial advice and a wide range of other services. 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. The international nature of SEB's business is reflected in its presence in some 20 countries worldwide. The Group has about 17,000 employees.

Markets

Operating income

Geographical distribution, per cent



	2010	2009
Sweden	56	(56)
Norway	8	(9)
Germany [1]	8	(8)
Denmark	8	(7)
Finland	3	(3)
Estonia	3	(3)
Latvia	3	(4)
Lithuania	4	(4)
Other	7	(6)

Branches and representative offices

SEB representation worldwide

Beijing
Kiev
Warsaw
Shanghai
New York
Sao Paulo
London
Geneva
New Delhi
Singapore
Nice
Luxembourg
Moscow
Hong Kong

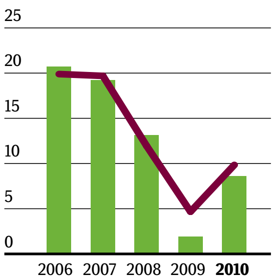
SEB's activities principally embrace customers based in the Nordic and Baltic countries and Germany. Sweden is the single largest market, accounting for more than half of operating income in 2010.

1) Excluding centralised treasury operations

Key figures

Return on equity [1]

Per cent



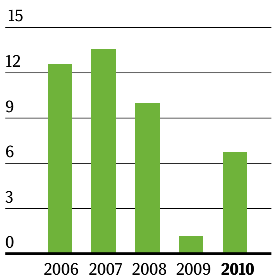
Peer average

1) Continuing operations

Target: Highest among peers

Net profit

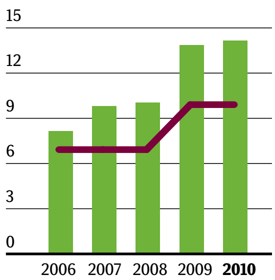
SEK bn



Target: Sustainable profit growth

Tier 1 capital ratio [1]

Per cent

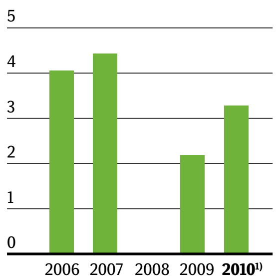


Target: at least 7 per cent up to and including 2008, 10 per cent as from 2009, an interim until Basel III effects have been analysed.

1) 2006 Basel I. 2007–2010 Basel II without transitional rules.

Dividend

SEK bn



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

1) A dividend of SEK 1.50 per share is proposed for 2010, corresponding to a pay-out ratio of 49 per cent.

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.

2,600

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 pensions 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 their financial needs. These include products and services for daily finances, savings, wealth management and life insurance. SEB strives for excellence in customer service and telephone service is available to most of our customers around-the-clock, all-year round – in Sweden in more than 20 languages.

Meeting places and customer interaction 2010

Branch offices [1]	375
International branches and representative offices	20
Automatic bank service machines [1,2]	1,500
International private banking branches	12
Card transactions	435 million
Users of SEB's Internet bank services [1]	3.4 million
Answered no. of telephone calls [1]	4.6 million

Number of syndicated loans in the Nordic region (value USD 4.8bn)	21
Number of equity capital markets transactions in the Nordic region (value EUR 4.8bn)	32
Number of M&A transactions in Sweden (value EUR 2.7bn)	20
Life insurance intermediaries and brokers	2,000

1) Excl. Retail Germany
2) ATMs, machines for cash deposits, transfers and foreign exchange .

SEB's Business divisions

	Operating income	Operating profit
Merchant Banking – Commercial and investment banking services to large corporate and institutional clients in 17 countries, mainly in the Nordic region and Germany.	SEK 17,130m (20,052)	SEK 8,498m (11,428)
Retail Banking – Banking and life insurance services to private individuals and small and medium-sized corporate customers in Sweden as well as card operations in the Nordic countries.	SEK 8,569m (9,034)	SEK 2,484m (2,891)
Wealth Management – Asset management, investment management, including mutual funds, and private banking services to institutional clients and high net worth individuals.	SEK 4,384m (3,646)	SEK 1,651m (1,142)
Life – Life insurance products for private individuals and corporate customers, mainly in the Nordic and Baltic countries.	SEK 4,539m (4,425)	SEK 2,202m (2,115)
Baltic – Banking and life insurance services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania.	SEK 2,846m (3,794)	SEK –121m (–10,363)

Contents

2010 in brief

- Operating income: SEK 36,879m (41,575)
- Profit before credit losses: SEK 12,928m (16,377)
- Operating profit: SEK 11,105m (4,351)
- Net profit from continuing operations: SEK 8,584m (1,869)
- Return on equity, continuing operations: 8.65 per cent (1.89)
- Earnings per share, continuing operations: SEK 3.88 (0.95)
- Proposed dividend: SEK 1.50 (1.00)
- Core Tier I capital ratio[1]: 12.2 per cent (11.7)
- Tier I capital ratio[1]: 14.2 per cent (13.9)

1) without Basel II transitional floor

The most important events in 2010:

- In July, SEB reached an agreement to divest its retail operations in Germany to Banco Santander. The long-term financial impact is positive for SEB. Strategically the divestment allows SEB to concentrate on its core areas of competitive advantage in Germany. The divestment was finalised as of 31 January, 2011.
- SEB's operations in the Baltic region experienced a significant improvement during the year. For the first time since 2008, SEB published positive operating profit for its Baltic operations in the third and fourth quarters of 2010.
- The final version of Basel III, the capital and liquidity related regulatory framework, was announced by the Basel Committee in December 2010. The regulations will be in force starting from 2013.

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

Financial information during 2011

Publication of Annual Accounts	4 February	Interim report January – March	3 May
Publication of Annual Report on the Internet	28 February	Interim report January – June	14 July
Annual General Meeting	24 March	Interim report January – September	27 October

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Front cover: Kätlin Kruusoja (from SEB) and Raul Kaljuraid (from Ferroline) at Ferroline's warehouse in Tallinn (read more in SEB's Annual Review 2010, page 20).

The deep financial crisis had a major impact on the economies around the world. The Nordic region was also affected but did indeed show resilience. Three years later it is time to summarise and conclude on a period of exceptional market conditions.

On pages 2–3, Marcus Wallenberg, the Chairman of the SEB Board, and Annika Falkengren, SEB's President and CEO, give their outlook on the new financial landscape that is emerging. They also discuss how the Bank has strengthened its position in the past few years by prioritising financial stability and customer relationships.

As the new regulatory framework is being finalised, the challenge is to not cramp financial institutions so that they can not adequately meet the needs of the wider economy.

It has been said many times during the recent years' global financial turbulence, but it nevertheless deserves to be repeated: banks differ from other institutions as the collapse of a bank affect not only customers and shareholders, but a wider circle of stakeholders resulting in a lack of trust and a weak financial system itself. This could rapidly transmit into adverse effects on the economy as a whole.

Stability, trust and relationships

Banks are at the centre of the credit intermediation process, through our role as lenders, market makers, providers of backstop liquidity, and payment services. A modern society would not function without its financial institutions. This also means that financial stability, trust and relationships are critical success factors.

New regulatory framework

In 2010, a new global regulatory framework targeting higher capital and liquidity standards was close to being finalised and in 2011 we expect the last pieces of the new regulations to fall in place. In Europe new regulatory bodies on a pan-European level are being introduced. Taken together, the prerequisites have been to create a more stable, a more transparent and a more properly supervised global financial system.

Indeed, better financial regulation has much to accomplish, but cannot alone ensure performance of the major banks. It is also an issue of better governance, risk management and corporate culture. The challenge is to not cramp financial institutions so that they fail to adequately meet the needs of the wider economy.

Strategically aligned business mix

As shareholders of SEB, we can look back on a 2010 which rendered an increase in SEB's share price by 27 per cent, mirroring a positive development of the underlying business. This performance reflects a clear prioritisation of customer relationships and of course, the stabilisation in the Baltic economies. Several steps to strategically align our business mix and SEB's platform as a wholesale bank were successfully executed during the year. The German retail business was divested, and the focused growth initiatives in the Nordic and German wholesale segments were launched.

Strong balance sheet

Another key priority was the establishment of a holistic view on SEB's balance sheet structure incorporating the revised regulatory development. Today, the bank's balance sheet is strong, with substantial buffers to ensure stability and thus to meet long-term customer needs.

On behalf of the Board I would like to express a warm appreciation to management and all employees who have shown a great commitment to the bank. Their actions during a challenging market environment have proven that trust and relationships remain long-term virtues of SEB.

Stockholm, February 2011

Marcus Wallenberg
Chairman of the Board

Our position as the Relationship Bank is stronger today than before the turbulence of recent years, which is a testimony to our long-term customer orientation. Going forward, we are confident that we have the desired platform to grow from.

As we now close the books on 2010, it is time to summarise the long period of exceptional market conditions and severe macro-economic challenges over the last three years. Throughout this period, SEB's priorities and decisions were to safeguard long-term financial stability in order to support our customers and enhance our position as the Relationship Bank.

Looking forward, it appears that the outlook for the global economy is more promising than the more fragile sentiment that marked the start of the year. Summing up 2010, operating profit amounted to SEK 11.1bn. Asset quality improved significantly, customer activity geared up, and we strategically aligned our business mix following the divestment of German Retail.

Unique customer relationships

SEB plays a unique role in supporting businesses and institutions as a financial partner. We continuously take measures to further deepen our customer relationships. Since the start of the global financial crisis in summer 2007, the corporate credit portfolio has increased by SEK 127bn, or 24 per cent.

In several rankings performed during the year, such as Prospera's equity research survey and corporate relationship banking survey, customers have reaffirmed our Nordic top position. In Sweden, SEB was named the Business Bank of the year. SEB strengthened its position in the SME segment from a market share of 10 to 11 per cent. On the back of a more positive corporate sentiment, SEB was the number one M&A house in Sweden.

Broad savings offering

SEB's ambition is to offer a holistic perspective on savings for all horizons and risk profiles based on individual financial advice to our customers. Our savings business includes deposit gathering, asset management, unit-linked insurance and private banking offerings.

Over the last year, we have clarified our mutual fund profile with a portfolio of index managed and actively managed funds. Net sales amounted to SEK 55bn, bringing assets under management to an all time high.

In line with the emerging new financial landscape, deposit gathering is becoming increasingly important. SEB's time deposit account, Placeringskontot, attracted SEK25bn as customers appreciated the competitive interest rate.

Baltic operations back in black

The Baltic operations displayed a marked improvement – with reduced non-performing loans and thereby decreased provisions for credit losses. Operating profit for all three countries turned positive towards year-end.

Throughout the severe economic downturn, we maintained a proactive and conservative stance in order to safeguard financial stability, asset quality and long-term customer relationships. We have strived for solutions that enable borrowers to stay in their homes. We are proud that despite a difficult period for the region, SEB has been ranked as the most customer-friendly bank in Estonia and as the most respected bank in Latvia by independent observers.

Flexibility and resilience

We continue to safeguard long-term stability, which is a hallmark for SEB. This gives us the flexibility, resilience and capacity to grow our customers' businesses as well as accommodate the new regulatory framework in an environment that must still address a host of macroeconomic challenges.

Banking is all about trust and must be characterised by predictability and long-term customer orientation. We pride ourselves of having the ambition to be leader in every segment in which we operate.

Moving forward, we are confident that we have the desired platform to grow from. Our strategy remains unchanged. SEB is *the* Relationship Bank. With our focus fixed firmly on our customers, we will continue to build the leading corporate bank in the Nordic countries, grow our corporate business in Germany, and offer a comprehensive range of universal banking services in Sweden and the Baltic countries.

Stockholm, February 2011

Annika Falkengren
President and Chief Executive Officer

Strategy

*SEB continues to adhere to its strategic direction: SEB is to be **the** Relationship Bank in our part of the world, with growing focus on corporate banking and wealth management in the Nordic region and Germany while strengthening its universal banking offering in Sweden and the Baltic countries.*

SEB – *the* Relationship Bank

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, 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, which clearly reflects the Bank's focus on large corporate and institutional clients, but also in SEB's heritage, in the way the business is conducted, and in the clear focus on long-term relationships.

As **the** Relationship Bank in the region, SEB will fulfil its mission to help people and businesses thrive by providing quality advice and financial resources and reach its vision to be the trusted partner for customers with aspirations. At SEB, the customer always comes first.

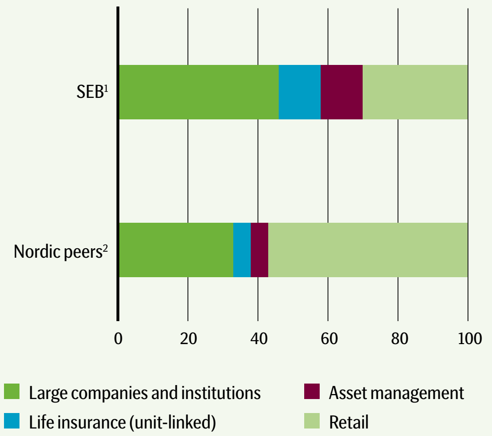
Firm commitment to developing long-term relationships

Throughout the turbulent last few years, characterised by both a financial crisis and a fragile global economy, SEB's actions were guided by its relationship focus. In a highly uncertain environment, SEB provided financing, risk management products and advisory services to customers at a time when the markets were partly closed during the more acute phase of the crisis. In parallel, SEB developed its offering of savings products in asset management along with private banking and life insurance solutions to hedge downside risk. The rights issue and long-term funding raised in 2009 safeguarded the Bank's capacity to extend support at a time when the banking system was experiencing major difficulties. In the Baltic countries, SEB persevered in its efforts to build a robust banking platform and strong customer franchise.

Customer excellence

The experience gained in recent years supports the merit of SEB's ongoing evolution towards a truly customer-centric bank. This development represents a progression of the "Road to Excellence" programme that was established in 2006 with an initial focus on increased integration of SEB's organisation and movement away from a holding company-like structure toward providing operational excellence through enhanced productiv-

The leading Nordic corporate bank
Share of total income 2010, per cent



1) Excluding Retail Germany, which was divested as of 31 Jan. 2011
2) Aggregated income distribution of Swedbank, SHB, Nordea, Danske Bank and DnB NOR. Business units only (indicative)

ity and efficiency. The customers shall be able to reach the whole bank – One SEB – regardless of how they select to conduct their business with the Bank.

SEB is continuing its work on integration within the Group in order to increase cross-selling and extract cost synergies through more efficient use of common resources. Toward this end, SEB has established a Group-wide programme, called SEB Way, which streamlines processes so that resources can be freed up and used more productively to generate further business. The programme has been implemented in all parts of the Group and has already established a favourable track record for both sales and support functions.

Customer excellence is achieved by ensuring that the customer's perspective is taken into account in everything SEB does, by empowering employees to make the right decisions for the customer and SEB, and by adhering to the fundamental tenet that customer loyalty leads to long-term profitability. At SEB, customer excellence is all about meeting the customer's expectations in all situations.

Resilience and flexibility

The macroeconomic recovery remains fragile and continues to require a strong and resilient foundation on which SEB can pursue its strategic direction. Having the required flexibility to accelerate or temper growth as needed, together with the capacity and focus to execute the strategy, will remain key success factors.

SEB's strong capital base and funding, solid market positions and favourable competitive edge in the Nordic corporate market are all advantages that will help the Bank seize opportunities in the market as they arise.

SEB's geographic reach

SEB's strategic priority for the coming years will be to further expand its merchant banking and wealth management activities in the Nordic countries and Germany. In Sweden, Estonia, Latvia and Lithuania, SEB will continue to develop its universal banking offering. In life insurance and the card business, SEB will grow and invest in its business also outside the Nordic countries. In the light of the challenges experienced in the Baltic countries in recent years, it is important to emphasise SEB's long-term ambition in the region.

SEB is approaching this challenge from a strong starting point. In Sweden, this encompasses SEB's traditional large corporate client base and enhanced position on the small and medium-sized business market as well as the Bank's market leading position in private banking and unit linked insurance. Outside Sweden, SEB is pursuing expansion of its wholesale business in Denmark, Finland and Norway. In Germany, where SEB has served as a wholesale bank for 35 years, the Bank is now pursuing expansion also in the Mittelstand segment, made up of small and medium-sized companies. During the past year, SEB further refined its strategic direction through the divestment of its retail business in Germany.

SEB's expansion will be primarily organic, driven by increased market share and share of wallet, loan growth and increased customer activity. Expansion will be balanced by continued solid risk management and thorough risk/reward analysis.

In view of the export-oriented nature of the pan-Nordic and Baltic regions as well as German corporates, SEB offers dedicated support to customers pursuing international business. This support is provided through establishment in strategic locations and is backed by strategic partnerships with regional leaders. It is a strategy that has been successful over the years. The latest additions to SEB's international presence include the announced opening of the Hong Kong branch and the continued development of the Shanghai branch.

SEB's expansion plans

More Nordic

Grow as corporate bank in Denmark, Finland, Norway and Sweden

More wholesale

Grow within wholesale banking in the Nordic countries and on the market for medium-sized companies in Germany

More organic

Grow organically through increased market shares and larger share of customers' business

Markets and competition

The global economic recovery continued in 2010, but in a fragile and uneven way. Public debt continued to rise and fiscal risks remained elevated despite rescue packages for Greece and Ireland. The economies in the Nordic region have been more stable than in other parts of Europe and the situation in the Baltic countries has improved considerably.

In 2010, SEB further enhanced its position within corporate and investment banking in the Nordic markets.

Despite serious global challenges, the recoveries in the Nordic and Baltic regions and in Germany had positive implications for SEB's core markets in 2010. The Baltic countries' internal devaluation policies appear to be successful, while the absence of large imbalances has provided support particularly to Sweden, Norway and Germany.

SEB is a relationship bank with a strong focus on wholesale banking. This is also reflected in SEB's position on its home markets. SEB traditionally meets tough competition in the large corporations and financial institutions segments, not only from the large Nordic banks and niche players, but also from international financial groups. However, in 2010 a number of the international banks were still not fully back in business after the global financial crisis. In the retail markets, the competitors consist mostly of domestic and regional banks.

Sweden

Sweden is SEB's single largest market with approximately 160,000 corporate and 1,6 million private customers and 161 branch offices. In 2010, Sweden accounted for 56 per cent of the Bank's operating income.

SEB holds the leading position among large corporations, financial institutions and private banking customers, with a substantial market share of foreign exchange trading, equities trading, cash management, asset management, unit-linked insurance and credit/debit cards. In 2010, SEB was once again the largest broker, not only on the Stockholm Stock Exchange, but also on the Nordic and Baltic exchanges. SEB is the largest foreign exchange bank for trading in Swedish kronor – and the only Nordic bank among the 20 largest corporate foreign exchange banks in the world. SEB was also named best bank in Sweden for both equity research and FX trading by Prospera and the number one M&A house in Sweden and number two in the Nordic region in terms of transactions in 2010.

In the total Swedish household savings market (excluding directly owned shares), the Group was the second largest actor 2010, with a share of 12.4 per cent (September 2010). SEB is also the second largest actor in corporate lending and deposits (for market shares see p 8).

In 2010, SEB was the second largest provider of life insurance overall in Sweden, with a market share of 10.3 per cent. In terms of unit-linked insurance SEB maintained its No. 1 position, with a market share of 24.9 per cent.

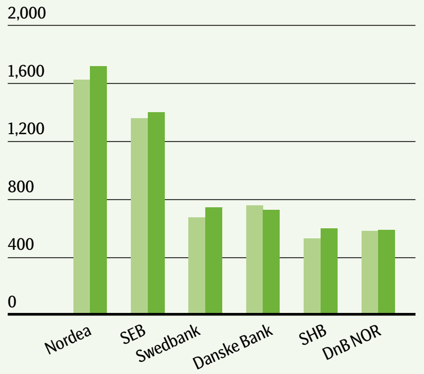
While SEB has top rankings among large corporations, financial institutions and private banking customers, it ranks below the market average in terms of customer satisfaction among retail customers in Sweden.

Other Nordic countries

In Denmark, Norway and Finland, SEB's operations are concentrated on the Group's core areas of strength: corporate and investment banking and wealth management. SEB also has a strong position in unit-linked insurance in Denmark as well as in card business (Eurocard, Diners Club and MasterCard) in all of the Nordic countries. In all, SEB has approximately 600 000 customers in Denmark, Norway and Finland.

	Sweden	Denmark
Macroeconomic development	• Strongest growth in the Western world in 2010 due to sound fundamentals – GDP 2010 (estimate) +5.7 per cent – GDP 2011 (estimate) +4.7 per cent	• Recovery, partly due to improved competitiveness – GDP 2010 (estimate) +2.3 per cent – GDP 2011 (estimate) +2.6 per cent
Customer offerings	• Universal banking with especially strong position in corporate and investment banking, private banking and unit-linked insurance	• Corporate and investment banking, life insurance, wealth management and cards
Competition	• All major Nordic banks, local niche players, life insurance companies and international investment banks	• All major Nordic banks, life insurance companies and international investment banks
Operating income, SEK m	• 20,618 (23,096)	• 3,020 (3,136)
Operating profit, SEK m	• 5,993 (6,760)	• 1,298 (1,412)

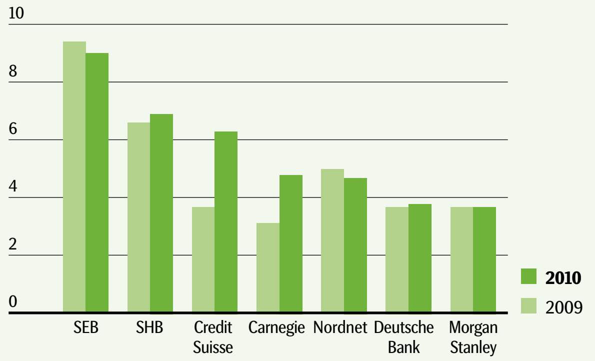
Assets under management, Nordic region
SEK bn



SEB is the second largest asset manager in the Nordic region.

2010
2009

Leading equity broker
Market shares, Nordic and Baltic stock exchanges, Jan–Dec, per cent



Source: Nordic stock exchanges

Denmark
In Denmark, SEB holds a leading position in major equity and capital markets products as well as corporate finance. In 2010, SEB was awarded Best Danish FX Bank in the journal Global Finance, SEB Enskilda's equity research was ranked number one in the prestigious Danish Investor Relations Association award and SEB Enskilda Corporate Finance was for the fourth consecutive year ranked number one in Prospera. In 2010, SEB has also seen the first results of the corporate growth strategy with strong in-flow of new corporate clients and an enhancement of the business volume with existing clients.

SEB Pension is Denmark's fourth-largest commercial pension company, with SEK 91.4bn in assets under management. Driven by a large increase in single premiums, total premium income increased in 2010.

SEB's card business holds a market leading position both in the corporate market and the co-branded card market.

With SEK 155bn in assets under management, SEB Wealth Management is one of the larger actors in the Danish market. In 2010, SEB experienced a strong growth in base commissions due to the recovery of the financial markets combined with strong net sales. Net sales to high net worth individuals was at an all time high and gives evidence that SEB is developing a strong franchise in the private banking segment.

Norway
In Norway, SEB continued to attract new corporate customers, and the business performed according to plan, albeit at a somewhat lower level than the exceptional previous year. SEB confirmed its market position as one of the three highest ranked banks for large and medium-sized corporations and continued to grow its market share in the large corporate segment, where SEB's lending grew significantly. In addition, SEB kept its position as a top provider of foreign exchange services to Norwegian clients and was ranked number one for tier 1 clients, according to Prospera's annual survey for 2010.

SEB also secured its position as a market leader in corporate finance and equities, as well as one of the top two brokers on the Oslo Stock Exchange. For the fifth consecutive year SEB Enskilda ranked number one for its equity research among private and institutional clients in the Norwegian market in Prospera's survey for 2010.

SEB's card business kept its leading position in the corporate market.

Private Banking in Norway continued to expand its customer base and assets under management.

	Norway		Finland	
Macroeconomic development	• Modest growth in 2010 due to weak private consumption and export – GDP 2010 (estimate) – GDP 2011 (estimate)	 +0.1 per cent +2.7 per cent	• Rapid export rebound and stronger consumption after weak start of the year – GDP 2010 (estimate) – GDP 2011 (estimate)	 +3.0 per cent +3.5 per cent
Customer offerings	• Corporate and investment banking, wealth management and cards		• Corporate and investment banking, wealth management and cards.	
Competition	• All major Nordic banks and international investment banks		• All major Nordic banks and international investment banks	
Operating income, SEK m	• 2,845 (3,649)		• 1,272 (1,193)	
Operating profit, SEK m	• 1,387 (2,125)		• 664 (592)	

Market shares

Per cent	2010	2009	2008
Deposits from the general public			
Sweden	15.8	15.7	16.6
deposits from households	11.7	11.6	11.7
deposits from companies	22.8	22.4	23.8
Estonia [1)]	20.4	20.7	24.2
Latvia [1)]	15.8	18.5	19.9
Lithuania	21.8	24.5	27.6
Lending to the general public			
Sweden	12.5	11.8	12.1
lending to households	12.1	11.9	11.7
lending to companies	13.0	11.6	12.7
Estonia [2)]	23.4	23.8	24.1
Latvia [2)]	14.8	14.8	14.4
Lithuania [2)]	28.3	29.3	29.7
Mutual funds, new business			
Sweden	6.6	9.7	n/a [3)]
Mutual funds, total volumes [4)]			
Sweden	15.0	17.3	19.5
Finland	5.8	7.5	10.0
Germany [5)]	8.9	8.4	8.5
Unit-linked insurance			
Sweden	24.9	25.9	27.5
Life insurance, premium income			
Sweden	10.3	11.3	12.5
Denmark	n/a	10.9	9.2
Equity trading			
Stockholm	11.1	11.1	12.3
Oslo	7.7	8.9	8.1
Helsinki	8.3	7.7	4.4
Copenhagen	7.5	8.1	7.9

1) In Latvia resident deposit market only, in Estonia excl. financial institutions
2) Total lending excl. leasing; in Estonia also excl. financial institutions
3) In 2008, total new business in mutual fund markets was negative
4) Excluding third-party funds.
5) Real estate funds

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

Finland

SEB continued to strengthen its corporate and investment banking franchise in Finland. Most of the growth came from the existing customer base. SEB continued its transformation from an advanced product provider to a long-term core relationship bank in the Finnish market. Growth areas include trading and capital markets, project and export financing, commercial real estate, cash management, custody services and investment banking. For the third consecutive year, SEB ranked as the best equity broker by Prospera. For the first time, SEB was No.1 in advisory of foreign exchange, according to Prospera.

SEB Gyllenberg has a top position in the institutional asset management market and is one of the leading providers of private banking services in Finland.

SEB's card business improved compared with last year, mainly due to cross activity with other divisions in Finland and efficiency measures internally.

The Baltic countries

SEB's universal banking business in the Baltic countries comprises a network of 154 branch offices, serving 2.2 million individuals and 175,000 corporate customers.

In 2010, the Baltic economies started a gradual export led recovery. After depression-like GDP declines of 14–18 per cent in 2009, all three economies resumed positive growth – Estonia and Lithuania in the second and Latvia in the third quarter – measured year-on-year. The turnaround was partly a result of competitive exports, supported by the last two years of severe fiscal measures, i.e. internal devaluations. Fiscal tightening continued according to plan and Estonia was given green light to Euro adoption in 2011. All this contributed to improved confidence in the fixed exchange rate regimes of the Baltic countries. Unemployment peaked in the first half of 2010, but remains high, and structural labour market problems are a challenge. In the end of 2010, domestic demand started to show some improvement.

SEB's volumes stabilised for both deposits and lending. SEB continued to win customer awards, e.g. as the best investment bank throughout the region. SEB has increasingly paid more attention to higher value added services, not least in the savings and investment areas, where the Bank's market shares are generally high.

An overview of SEB's operations in the Baltic countries from the start in 1998 is presented on pp 10–11.

	Estonia	Latvia
Macroeconomic development	• Export-led upturn in 2010, euro-zone membership 2011 supported confidence – GDP 2010 (actual) +3.1 per cent – GDP 2011 (estimate) +4.5 per cent	• Economic turnaround – GDP 2010 (actual) –0.2 per cent – GDP 2011 (estimate) +4.0 per cent
Customer offerings	• Universal banking	• Universal banking
Competition	• All major Nordic and Baltic banks	• All major Nordic and Baltic banks
Operating income, SEK m	• 1,187 (1,420)	• 1,066 (1,669)
Operating profit, SEK m	• 469 (–850)	• 99 (–2,225)

SEB's most important rankings in 2010

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

Area	Organisation / publication etc
Best client relationship bank in Sweden	Prospera
Investment banking	
Best Stockbroker in the Nordic region	Prospera
Financial Advisor of the Year in the Nordic region	Financial Times and Mergermarket
Corporate banking	
Corporate Bank of the Year, Sweden	Finansbarometern
Best Bank for Cash Management in the Nordic and Baltic region	Euromoney
Best Bank for Real Estate products in the Nordic and Baltic regions	Euromoney
Best Trade Bank in Western Europe	Trade & Forfaiting Revue
No. 1 FX House in the Nordic region	Prospera and Global Finance Magazine
Private Banking	
Best Private Bank in the Nordic region	The Banker and Professional Wealth Management

Estonia

SEB is the second largest bank in Estonia, with a market share of 23 per cent for lending and a strong position in asset management and life insurance.

In 2010, SEB was voted the most customer-friendly company in the Estonian financial sector and ranked number one in the Estonian Service Index survey (by EMOR).

Latvia

SEB is the second largest bank in Latvia with a market share of 15 per cent of lending and a strong position in asset management and life insurance.

In 2010, SEB was named as the Best Bank in Latvia by Euromoney and ranked No.1. in TRIM Corporate Reputation index.

Lithuania

SEB is the largest bank in Lithuania and has a leading position among large corporations, with large market share for e.g. trade finance. The market share of total lending in Lithuania was 28 per cent in 2010.

SEB was named as the Most Attractive Employer and the Best Internet Bank Provider during the year.

Germany

SEB continued to expand its wholesale and investment banking business. During the year, a number of key recruitments were made to further strengthen the customer relationships and the product offering was enlarged through the establishment of a local corporate finance team.

SEB's strong position in the German commercial real estate market was confirmed when SEB for the second consecutive year was ranked as the second best bank for real estate products in Germany (by Euromoney).

Asset Management's three real estate mutual funds had a market share of 8.9 per cent, corresponding to a number four position in the German market.

In July 2010, SEB made an agreement to divest its German retail banking operations to Banco Santander. The divestment was finalised on 31 January 2011.

Other international locations

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

Nordic private banking customers living abroad make use of these offices and are also served via private banking units in Luxembourg, Geneva, London and Singapore.

In Ukraine, the outlook is still uncertain and SEB's operations in the country remain limited. In Russia, SEB's operations primarily support Nordic corporate customers.

	Lithuania		Germany	
Macroeconomic development	• Export-led recovery in 2010 GDP 2010 (actual) GDP 2011 (estimate)	 +1.3 per cent +4.0 per cent	• Strong recovery in 2010 driven by exports and investments – GDP 2010 (actual) – GDP 2011 (estimate)	 +3.6 per cent +3.1 per cent
Customer offerings	• Universal banking		• Wholesale and investment banking, commercial real estate financing and asset management	
Competition	• All major Nordic and Baltic banks		• Major German banks and international investment banks	
Operating income, SEK m	• 1,380 (1,681)		• 2,958 (3,119)	
Operating profit, SEK m	• –112 (–5,207)		• 145 (747)	

Looking back on the Baltic experience

SEB is firmly committed to the Baltic region, which not only has cultural and historical ties to Sweden, but is also an increasingly integrated part of the Nordic economies. During the severe recession experienced by the region in 2008 and 2009, SEB held fast to its long-term approach with respect to its customers, markets and employees. Deepened relationships form an important platform for the region's economic recovery phase, which started in 2010.

Long-term commitment

SEB has been present in the Baltic region since 1998, when it acquired one bank in each of the countries – Estonia, Latvia and Lithuania. The acquisitions were made following a strategic assessment of these three countries, which have strong cultural and historical ties to Sweden. At the time, SEB saw the potential in playing an important role in the countries' societal and infrastructure development. Growth was high.

Sharp GDP growth with double-digit figures until 2005–2006 had some adverse follow-on effects. In February 2006 SEB was the first bank to warn about overheating in the region and took a number of actions to limit lending growth – both to protect the Bank's assets but also to take responsibility for a more balanced economic development.

SEB allocated more capital to accommodate the higher level of risk and prioritised return on capital over volume growth. SEB also established a lending cap and tightened its credit policy, particularly with respect to its financing of commercial real estate. By these actions SEB deliberately decreased its market shares. However, the actions of a single market player cannot cool off an overheated economy. In hindsight, SEB's actions were not enough and should have been taken earlier.

Deep recession

With the enormous strain that was put on the international financial system following the collapse of Lehman Brothers in September 2008, the much-needed cooling off instead gave way to a deep recession in the Baltic countries – GDP fell by 14 to 18 per cent while domestic demand plummeted 30 per cent as a consequence of the dramatic fiscal tightening that was carried out to avert large budget deficits. However, the determination of all involved governments, central banks and supervisory authorities combined with strong support measures from the Swedish and international community helped to stabilise the situation in the second half of 2009, and a more broad-based recovery in the region could be seen during 2010.

Proactive and conservative stance

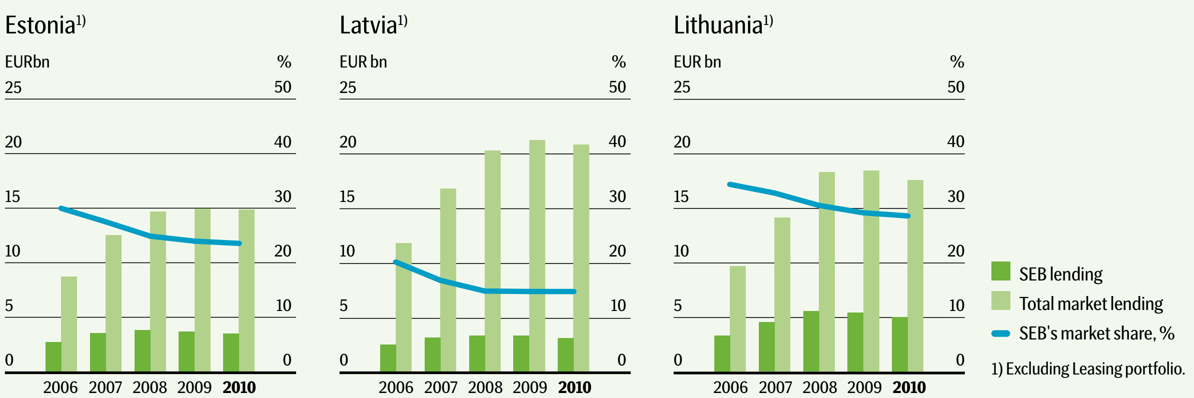
Throughout the severe economic downturn in the Baltic countries, SEB maintained a proactive and conservative stance in order to safeguard asset quality and long-term customer relationships. SEB's approach is to conduct work-out activities in close co-operation with customers in an effort to find common ground for managing a difficult situation. In doing so, the Bank further strengthened its long-term relationships. SEB also supported the communities through social activities.

Actions taken

As early as 2007, SEB established a Special Credits Management Unit – a restructuring and work-out team with experienced SEB staff – which has come to include more than 200 staff located in or focused on the Baltic region. SEB also formed separate real estate holding companies – an important lesson from the previous Swedish financial crisis – in order to professionally manage repossessed assets pending a return in demand for them in the market, and in accordance with shareholders' interests. In early 2009, SEK 2.3bn in goodwill was written off and SEB has thus no remaining goodwill in its Baltic operations.

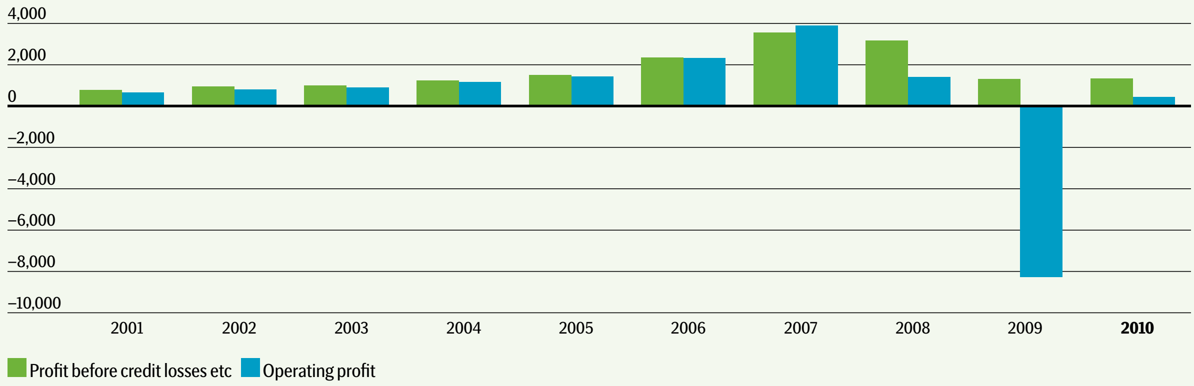
Early on in the Baltic crisis, SEB decided to strive for solutions that enabled borrowers to remain in their residential

SEB's lending vs. total Baltic lending



1) Excluding Leasing portfolio.

SEB's profit before provisions for credit losses and operating profit
In the Baltic region, SEKm



homes. Solutions included waivers of amortisations and capitalisation of part of interest payments. Despite a difficult situation, a full 90 per cent of all mortgage holders in the Baltic countries have continued to make payments on their loans.

A different work-out strategy has been applied for the Bank's leasing portfolios, which grew very fast in earlier years. SEB established distribution capacity for its repossessed vehicles both through domestic and international sales channels in order to avoid warehousing vehicles, whose re-marketing value would decline over time. 94 per cent of all leased assets are performing or have been successfully restructured.

Non-performing loans fell in 2010

The Baltic economies stabilised and showed positive growth in 2010, albeit from very low levels.

SEB's non-performing loan volumes started to fall during 2010 in all three Baltic countries and amounted to SEK 15.9bn. As a result, SEB's credit loss provisions fell sharply during the year and in the last quarters, a net release of provisions was possible. Operating profit for the third and fourth quarters was positive for all three countries for the first time since 2008.

Quality and composition of the credit portfolio

As a result of continued amortisations, slow new lending and exchange rate fluctuations SEB's credit portfolio in Estonia, Latvia and Lithuania decreased by 21 per cent to SEK 128.3bn (8 per cent of SEB's total credit portfolio). Corporate loans accounted for 40 per cent, property management loans for 18 per cent and household loans for 39 per cent of SEB's Baltic lending.

At year-end 2010, reserves for individually assessed loans amounted to SEK 7.2bn, corresponding to a total reserve ratio of 66 per cent. Only a limited part of the reserves has been utilised for write-offs.

SEB going forward

In the light of the difficulties experienced in the Baltic countries in recent years, it is important to emphasise SEB's long-term ambition in the region of becoming the customers' number one home bank. SEB's franchise in the Baltic region is stronger today than before the crisis. As an example SEB was named the best employer in Lithuania in 2010 and the second most customer-oriented company in Estonia across all industries.

During this turbulent period, SEB has reviewed the current organisational structure in order to be well prepared for the post-crisis period with expected renewed demand for credit and other financial services. Among other things, management has invested in increasing staff expertise and reviewing and implementing policies and procedures and product development.

SEB believes that its original assessment of the Baltic countries as long-term profitable for the Bank remains valid and regards the Baltic countries as part of its home market. The Bank's conservative and relationship-oriented stance, combined with a strong balance sheet, provides resilience and flexibility to support the Baltic region and SEB's customers during the further economic development.

The people in SEB

Competent and dedicated employees who are putting the customer first are a success factor for SEB, where the culture is marked by cooperation, professionalism and continuous improvement. Through supportive and communicative leadership, SEB's employees are encouraged to take responsibility for their own development. SEB always strives to be the employer of choice that attracts talented people.

Personal relationships are critical to SEB's business and permeate the Bank's operations. SEB builds enduring and rewarding relationships with its customers and shareholders, and strives to create opportunities for innovative and effective collaboration between employees. At SEB, acting professionally and with dedication comes naturally, as does treating customers and colleagues with respect.

The customer's best interest always comes first. By being responsive and possessing solid knowledge about the Bank's services, SEB's employees help customers realise their aspirations. Employees' and managers' strengths are identified and developed with a view to earning customers' confidence and loyalty.

Employer of Choice

SEB works strategically on identifying and attracting the people it needs for the Bank's long-term development. Among young economics graduates in Sweden who have entered the job market, SEB has been ranked for several years as the top Employer of Choice in the banking sector. In 2010, SEB was ranked sixth among Sweden's most attractive companies, regardless of sector. In the Baltic countries SEB is regarded as a top employer of choice. Staying active in new arenas is one success factor for reaching students and prospective employees. In 2010, SEB established a presence in various social media utilities, including Facebook and Careerbook.

Students and academics have a variety of career pathways into SEB. The *Global Trainee programme* offers participants unique opportunities to gain broad and solid insight into the Group's business. The *Aspirant programme* offers high school graduates opportunities to work at one of SEB's branches, while the IT *Young Professional* programme seeks newly graduated candidates from the fields of business and systems sciences. In Merchant Banking's *Summer Internship programme*, talented students are given the opportunity for ten weeks of intensive hands-on experience in the area of finance.

Major opportunities for development

SEB firmly believes that its employees all want to and can develop in their work, and that the Bank's business is strengthened by having employees who constantly improve their competence and insights. Toward this end, the Bank has a large offering of training and other development opportunities for generalists, specialists and managers alike. All employees are expected to take responsibility for their work, their personal development and their careers, and to act in accordance with the Bank's shared values and Code of Business Conduct. Each year employees and their managers together engage in a dialogue where they set individual targets, formulate a development plan and map out the connection between these and SEB's vision, strategy and goals. This plan is subsequently followed up at regular intervals to ensure that the employee's development is aligned with the targets that have been set. This dialogue is the foundation for competence development and for short- and long-term career planning.

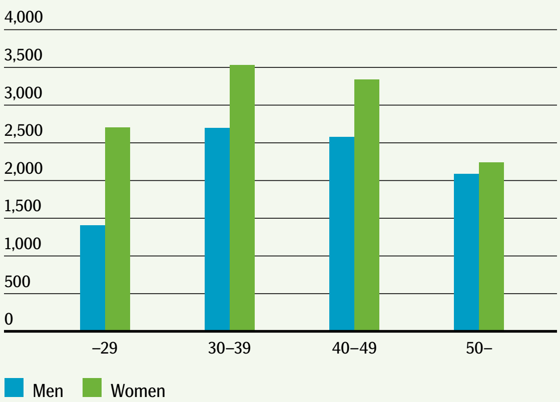
Developing talented employees and leaders

Long-term planning for future competence needs is a natural part of the business planning process. Having the right person at the right place at the right time is of utmost importance for SEB. An active process is constantly evolving to identify and develop employees who are judged to be particularly talented and have what it takes to accept greater responsibility. SEB's talent pool is the platform for ensuring leadership succession in the Bank.

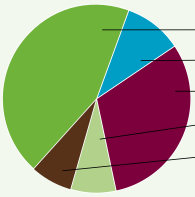
SEB attaches great importance to developing leaders who take long-term business responsibility and lead the way for their employees to fully realise their potential. Numerous leadership programmes exist within the Bank for managers at various levels, focusing on communicative leadership, greater cross-border collaboration and managing change. These programmes also build upon the participants' own business challenges and on strong dedication and interactivity. In 2010, some 500 mid-level managers participated in one of the Bank's leadership development programmes. During the year, a Group-wide platform for developing management teams was further developed.

Employees by age and gender

Number of people



Educational level
Per cent



	2010	2009
University > 3 years	46	(44)
University ≤ 3 years	10	(10)
Upper secondary school	30	(31)
Compulsory school	7	(8)
Other/unspecified	7	(7)

Employee statistics

	2010	2009	2008
Number of employees, average	20,717	21,640	22,311
Sweden	8,545	8,700	8,884
Germany[1)]	3,396	3,582	3,623
Baltic countries	5,307	5,572	5,764
Employee turnover, %	10.9	11.0	13.8
Sick leave, % (in Sweden)	2.7	3.0	3.5

1) Approx. 1,400 following the divestment of SEB's retail operations in Germany

Awards for SEB as an employer

Award	Rank	Awarded by
Best employer among banks, young professional survey, Sweden	1	Universum
Best employer overall, student survey, Sweden	6	Universum
Most attractive employer in Lithuania	1	Verslo Žinios

Remuneration systems

SEB has a clear remuneration policy. It is based on the promotion of an internal culture that in the long-term acts in the benefit of the customers and thus over time will give the Bank's shareholders the best return. 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 both short-and long-term performance and long-term strategic decisions. In order to promote a sound risk culture, it is based on results that take the costs of capital and liquidity into account. The composition and size of an employee's remuneration is based on business logic, market practice, the competitive situation and the employee's competence and performance.

SEB's remuneration systems are designed to help attract, retain and motivate employees with the right competence, which contributes 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.

More information on SEB's remuneration policy is found on pp 70–72.

Diversity and equal opportunity

Having access to the right competence is critical for SEB, and having a diversified talent pool increases the Bank's ability to offer services that tend to customers' varying needs. SEB's ambition is to ensure that all employees have the same opportunities to develop and pursue a career regardless of their gender, ethnic origin, age, sexual orientation or faith.

SEB works actively to identify, develop and encourage women to take senior positions. For example, as a matter of routine, there must always be at least one female candidate for management positions. In the Group's internal leadership development programmes, the goal is that at least one third of the participants should be women. The long-term target is equal gender distribution at every level of the organisation. Diversity is also considered when employees are considered for managerial training.

Sound workplace

SEB believes that a sound work/life balance is a prerequisite for employees' willingness and ability to perform at their utmost. To achieve this the Bank offers a number of solutions that are adapted to local conditions. Examples include home and family services for employees with children, parental insurance, preventive healthcare benefits and company health service.

In co-operation with SEB's company health services, employees are offered targeted as well as open courses in such areas as work/life balance, self-awareness and personal coaching. SEB also strives to maintain a close dialogue and career planning with employees prior to, during and upon return from parental leave. The work environment at SEB shall provide a foundation for security, well-being and health. SEB's managers are responsible for working together with employees to foster a sound work environment and positive work climate with stimulating duties and attractive development opportunities. A sound work environment leads to healthy employees, greater well-being and lower costs, which together create conditions for a favourable business result.

SEB's employee survey Voice is used to provide a comprehensive assessment of how employees view the Bank. Voice was performed for the third time in late February 2011. The results from this survey were not available at the time of printing this Annual Report.

Opportunity to strengthen relations and improve profitability

Banks have a fundamental role and can contribute to sustainable growth in society. By providing financing, investments, secure payments and asset management, banks support economic activity, international trade and financial security. SEB has a broad approach to sustainability, with efforts targeting governance and business ethics, environmental responsibility, social issues and investments in communities, among others.

The role of banks in sustainable development is different than other industrial sectors. As a services company, banks have relatively limited impact on the environment or local communities. However, in their 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 now raised its ambitions in this area and is committed to making sustainability a fully integrated part of its business, a core capability, by 2012. 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 engagement is to continue to be a successful company, to assist and enable the Bank's stakeholders to become more sustainable and to contribute to the communities in which SEB is present.

Integrating sustainability into the daily activities

Supported by the Bank's Corporate Sustainability Committee and the Group Corporate Sustainability team, SEB continued to strengthen the integration of sustainability into the daily activities. The operative governance structure was complemented in several ways. SEB appointed dedicated corporate sustainability officers to four business divisions and country managers for sustainability to the Baltic division and SEB's German operation. The Bank also added its Senior Economist to the Corporate Sustainability Committee and established a Sector Policy Committee.

A number of employee engagement activities were held, including the launch of a social media web site for sustainability, www.sebgroup.com/sustainableperspectives. SEB also conducted a Sustainability Day at the largest site in Rissne, Stockholm, where some 3,000 SEB employees work.

Business progress 2010

The Group wants to take responsibility and work together with customers and portfolio companies on sustainability issues. During 2010, SEB worked on developing its first sector policies and position statements, which highlight social and environmental standards that the Group expects in order to provide services or make investments. A number of the Bank's largest clients, suppliers and civil society organisations have been involved in this effort. The first policies will be introduced and implemented throughout the business divisions during 2011.

SEB continued to issue green bonds for the World Bank and also for its affiliate the International Finance Corporation, and has assisted the World Bank in issuing USD 1.6bn in green bonds at year-end. Assets under management with a socially responsible investment profile rose by 46 per cent to SEK 14.9bn (10.2) during the year.

Carbon chasing at SEB

SEB aims to reduce the CO_2 emissions from its operations by 45 per cent by 2015, and fully compensates remaining emissions through investments in verified emissions reductions projects. Total CO_2 emissions in 2010 were reduced by 18 per cent to 38,598 tonnes (47,320).

A review of activities in 2010 is found in SEB's Corporate Sustainability Report, available for download at www.sebgroup.com/sustainability.

SEB's sustainable business priorities

Responsible selling and marketing
Assist SEB customers in reaching their financial objectives. Ensure that customers understand the consequences of the Bank's advice and their overall dealings with SEB.

Tackling financial crime
Actions to prevent money laundering, fraud and financing of criminal activity.

Responsible ownership
Ensure that SEB performs its ownership role responsibly, promoting good business ethics and governance, and displaying good corporate citizenship.

Reducing SEB's footprint
Managing SEB's direct environmental impact.

Sustainable finance and investments
Work to increase SEB's and its customers' positive contribution through offering sustainable products and services. Together with customers, reduce the negative social and environmental impact related to SEB's finance and investment activities.

A great place to work
Being a modern workplace, attracting the right people and providing scope for individual development by making our people feel valued, included and engaged.

Access to financial services
Promoting equal access to financial services regardless of socio-economic standing, ethnic origin or other factors.

Investing in communities
Supporting the development of local communities, including support of youth development and the growth of small and medium-sized enterprises.

Sustainability strategy

All ongoing sustainability activities within SEB are based on the corporate sustainability strategy adopted in 2009. The strategy is focused on eight business priorities in three key areas, and is supported by the Bank's Code of Business Conduct. SEB also supports a number of international commitments, including the UN Global Compact and the Principles for Responsible Investment.

Selected key performance indicators

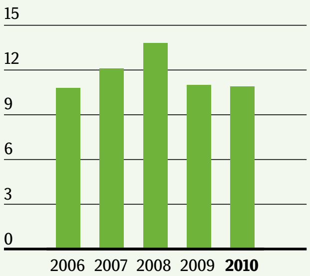
Total CO_2 emissions

Tonnes

Total CO_2 emissions decreased by 18 per cent to 38,598 tonnes (47,320), principally due to a switch to green electricity in Germany, Estonia and Finland.

Employee turnover

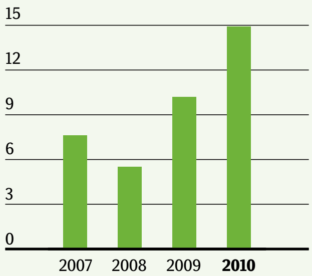
Per cent



Total employee turnover was 10.9 per cent (11.0). During the year, 2,002 people joined SEB (1,367) and 2,377 people (2,372) ended their employment or retired from the bank.

Assets under management with SRI/ethical profile

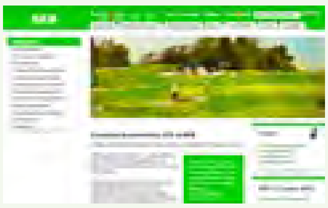
SEK bn



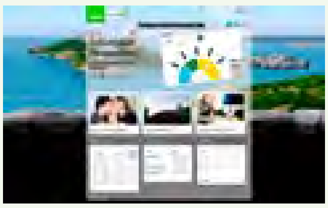
Assets under management with a Socially Responsible Investment profile increased to SEK 14.9 bn (10.2). The main contributors to this growth were the Swedish Ethical Beta Fund, the Ethical Global Index Fund and the Ethos Equity Fund.

More information online

Corporate website
SEB's complete reporting, including all KPIs and Corporate Sustainability Report 2010
www.sebgroup.com/sustainability



Social media site
Stories on sustainability from SEB and other companies, Quiz, etc.
www.sebgroup.com/sustainableperspectives



Microsite
For information on Carbon Chasing and SEB's CO_2 reduction programme
www.carbonchaser.com

→ **SEB welcomes your questions and feedback! cs@seb.se**

The SEB share development in 2010

In 2010 the SEB Class A shares rose by 27 per cent, which can be compared with a decrease of 10 per cent for the FTSE European Banks Index. Earnings per share amounted to SEK 3.07 (0.58). The Board proposes a dividend of SEK 1.50 for 2010 (1.00).

Share capital

The SEB shares are listed on the Nasdaq OMX Stockholm Exchange. Following the rights issue of SEK 15.1bn during the spring of 2009, the share capital amounts to SEK 21,9bn, distributed on 2,194.2 billion shares. Each Class A-share entitle to one vote and each Class C-share to 1/10 of a vote.

Stock Exchange trading

2010 was a strong year on the Nasdaq OMX Stockholm Exchange and the Swedish OMX General Index increased by 23 per cent. The value of the SEB class A shares was up by 27 per cent, while the FTSE European Banks Index dropped by 10 per cent. During the year, the total turnover in SEB shares amounted to SEK 130bn. SEB thus remained one of the most traded companies on the Stockholm Stock Exchange. Market capitalisation by year-end was SEK 123bn.

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 traditionally had 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.

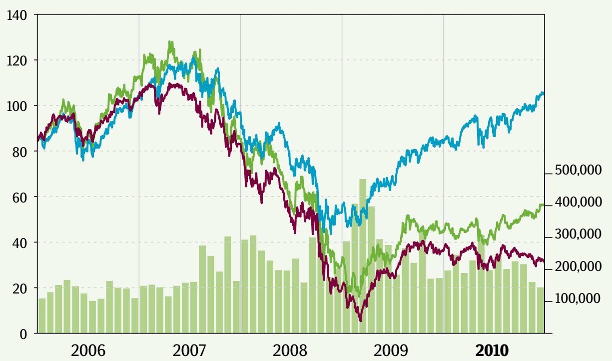
SEB's Class C shares

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 examined. The examination has shown that there are significant practical difficulties to implement such a structure.

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

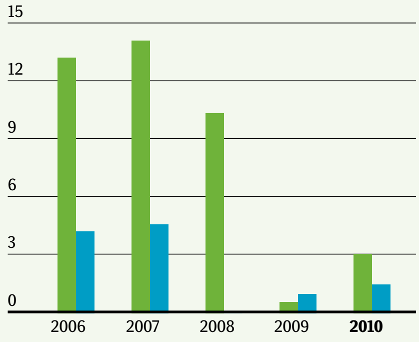
SEB share Class A

SEK



Earnings and dividend per share[1]

SEK



1) A dividend of SEK 1.50 per share is proposed for 2010, corresponding to a pay-out ratio of 49 per cent.

SEB shares

Data per share[1]	2010	2009	2008	2007	2006
Basic earnings, SEK	3.07	0.58	10.36	14.12	13.24
Diluted earnings, SEK	3.06	0.58	10.36	14.05	13.10
Shareholders' equity, SEK	45.25	45.33	86.22	79.16	70.11
Adjusted shareholders' equity	50.34	49.91	94.81	89.96	79.78
Net worth, SEK	50.34	50.17	95.44	92.23	82.08
Cash flow, SEK	–11.60	–44.86	–20.48	125.24	4.26
Paid dividend per A and C share, SEK	1.50	1.00	0.00	6.50	6.00
Restated dividend per A and C share, SEK	1.50	1.00	0.00	4.60	4.24
Year-end market price					
per Class A share, SEK	56.10	44.34	42.95	117.01	153.77
per Class C share, SEK	53.20	46.00	38.88	108.88	147.76
Highest price paid during the year					
per Class A share, SEK	56.55	53.00	120.90	177.10	155.54
per Class C share, SEK	53.95	55.00	112.77	169.68	150.24
Lowest price paid during the year					
per Class A share, SEK	38.84	15.48	36.06	110.64	107.82
per Class C share, SEK	42.18	15.22	36.06	103.93	102.87
Dividend as a percentage of result for the year, %	48.0	172.0	0.0	32.6	32.0
Yield, %	2.7	2.3	0.0	3.9	2.8
P/E	18.2	75.8	4.1	8.3	11.6
Number of issued shares, million					
average	2,194.0	1,905.5	968.5	964.7	952.3
at year-end	2,193.9	2,194.2	968.9	966.8	959.4

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[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	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	36,101,800	1.6%	181,291
501–1,000	37,078,979	1.7%	48,797
1 001–2,000	46,681,484	2.1%	30,915
2,001–5,000	71,646,723	3.3%	22,271
5,001–10,000	51,982,056	2.4%	7,173
10 001–20 000	38,736,809	1.8%	2,717
20,001–50,000	40,993,778	1.9%	1,286
50,001–100,000	27,001,407	1.2%	372
100,001–	1,843,948,766	84.0%	650
	2,194,171,802	**100.0%**	**295,472**

Number of outstanding shares, 31 Dec., 2010

	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)	–267,360	0	**–267,360**
Repurchased own shares 2)	0	0	**0**
Total number of outstanding shares	**2,169,751,934**	**24,152,508**	**2,193,904,442**

1) Utilisation of long-term incentive programmes 2005 – 2010 ongoing
2) 2010 AGM decision, no repurchases made

The SEB share on the Nasdaq OMX Stockholm Stock Exchange

SEK m	2010	2009	2008	2007	2006
Year-end market capitalisation	123,023	97,330	41,606	113,447	149,251
Volume of shares traded	129,626	126,462	191,011	252,303	162,707

The largest shareholders 1)

31 December, 2010	Share of capital, per cent
Investor AB	20.8
Trygg Foundation	8.1
Alecta	7.0
Swedbank/ Robur Funds	3.6
SHB	1.7
AMF Insurance & Funds	1.6
SHB Funds	1.6
Wallenberg Foundations	1.5
SEB Funds	1.4
AFA Insurance	1.4
Foreign owners	21.3

1) For more detailed information please see page 56
Source: Euroclear AB/SIS Ägarservice AB

Report of the Directors

Significantly lower provisions for credit losses in the Baltic countries and increased corporate activities in the wake of the gradual return to more normal market conditions were the main reasons behind SEB's operating profit increase of SEK 6.8bn in 2010.

With a strong balance sheet SEB invested in expansion on the corporate markets in the Nordic countries outside Sweden and in Germany during 2010.

Financial review of the Group

Important corporate events and trends in 2010

First quarter

- After the market turbulence and negative GDP development over the past two years, the economy turned in SEB's part of the world.
- SEB's provisions for Baltic credit losses were reduced by 45 per cent compared with the previous quarter, mirroring the overall stabilisation in the region.
- SEB announced its plans to invest in the wholesale markets in the Nordic countries and in Germany.

Second quarter

- The economic sentiment in the Baltic region improved further and industrial production increased, largely due to restored competitiveness in the export sector. SEB's provisions for credit losses decreased substantially.
- The Bank's operations in France, with 14 employees, were sold to Société Générale.

Third quarter

- In July, SEB reached an agreement to divest its retail operations in Germany to Banco Santander for EUR 555m. Strategically the divestment allows SEB to concentrate on its core areas of competitive advantage in Germany. The divestment was finalised as at 31 January 2011.
- SEB reported positive operating profits for its Baltic operations for the first time in two years.

Fourth quarter

- In December, the final version of Basel III – the capital and liquidity related regulatory framework – was announced by the Basel Committee.
- Customer activity increased in many areas, for example mergers and aquisitions and corporate lending.
- SEB's operations in the Baltic countries continued to perform well, allowing further release of provisions, leading to a return on equity of 14.3 per cent in the quarter.

Result and profitability

The comparative numbers in this report have been materially affected by the exceptional market circumstances of 2009. Exceptionally high volatility, aggressive policy rate cuts and elevated credit spreads created a situation where temporary income effects, both positive and negative materialised. Large GDP falls, in particular in the Baltic region, also created a large increase of impaired loans and impairment of acquisition goodwill related to Eastern Europe.

In addition, the transaction-related costs for the divestment of SEB's German retail operations impacted profitability. The restatement of SEB's historical accounts in continuing and discontinued operations aims at increased transparency on long-term trends.

SEB's *profit before provisions for credit losses* for 2010 amounted to SEK 12,928m (16,377), a decrease of 21 per cent compared with 2009.

Operating profit increased to SEK 11,105m (4,351), impacted by the substantial decrease in credit provisioning. The foreign exchange translation effect was negative at SEK 415m.

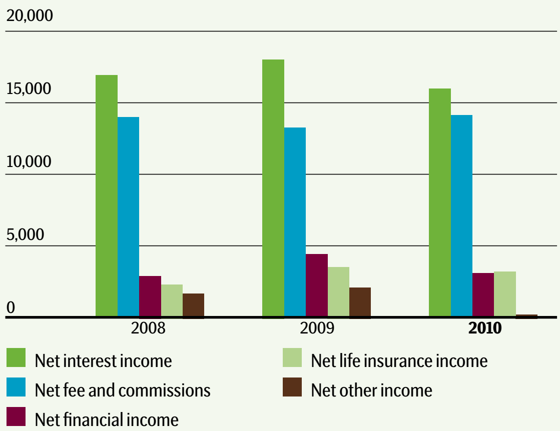
Net profit increased to SEK 6,798m (1,178), while *net profit from continuing operations* rose to SEK 8,584m (1,869).

Income

Total operating income decreased by 11 per cent to SEK 36,879m (41,575). Adjusted for capital gains in 2009, operating income was 8 per cent lower. The foreign exchange translation effect lowered income by SEK 1,538m.

Operating income

SEK m



Key figures

	2010	2009	2008	2007	2006
Continuing operations[1]					
Return on equity, %	8.65	1.89	13.19	18.92	20.73
Basic earnings per share, SEK	3.88	0.95	10.40	13.84	13.20
Diluted earnings per share, SEK	3.87	0.94	10.39	13.78	13.06
Cost/income ratio	0.65	0.61	0.59	0.54	0.55
Number of full time equivalents	17,104	17,970	18,933	17,403	17,622
Loans to deposit ratio, excl repos and reclassified bonds, %	139	139	146	132	138
Total operations					
Return on equity, %	6.84	1.17	13.15	19.30	20.79
Return on total assets, %	0.30	0.05	0.42	0.63	0.64
Return on risk-weighted assets, %	0.83	0.13	1.13	1.68	1.71
Basic earnings per share, SEK	3.07	0.58	10.36	14.12	13.24
Weighted average number of shares, millions	2,194	1,906	0,969	0,965	0,952
Diluted earnings per share, SEK	3.06	0.58	10.36	14.05	13.10
Weighted average number of diluted shares, millions	2,202	1,911	0,970	0,969	0,962
Credit loss level, %	0.14	0.92	0.30	0.11	0.08
Total reserve ratio individually assessed impaired loans, %	69.2	69.5	68.5	n/a	n/a
Net level of impaired loans, %	0.62	0.72	0.41	n/a	n/a
Gross level of impaired loans, %	1.26	1.39	0.73	n/a	n/a
Risk-weighted assets[2], SEK billion	800	795	986	842	741
Core Tier 1 capital ratio[2], %	10.93	10.74	7.11	7.34	7.17
Tier 1 capital ratio[2], %	12.75	12.78	8.36	8.63	8.19
Total capital ratio[2], %	12.40	13.50	10.62	11.04	11.47
Number of full time equivalents	19,125	20,233	21,291	19,506	19,672
Assets under custody, SEK billion	5,072	4,853	3,891	5,314	5,234
Assets under management, SEK billion	1,399	1,356	1,201	1,370	1,262

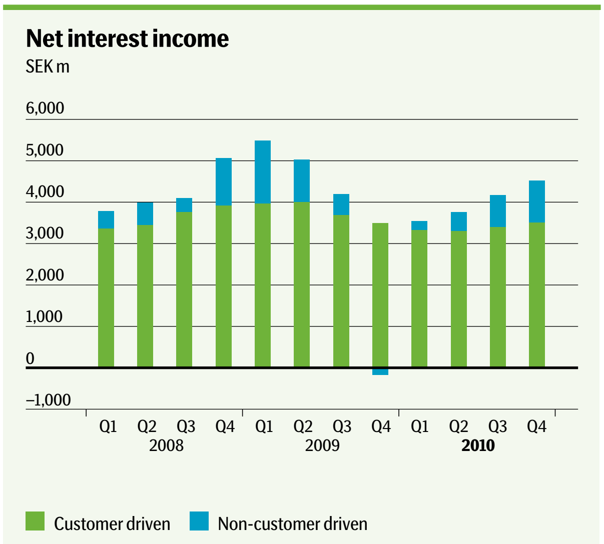
1) 2009–2008 restated and 2007–2006 pro forma calculated excluding Retail Germany.
2) Basel II (Legal reporting with transitional floor) from 2007, Basel I for 2006.

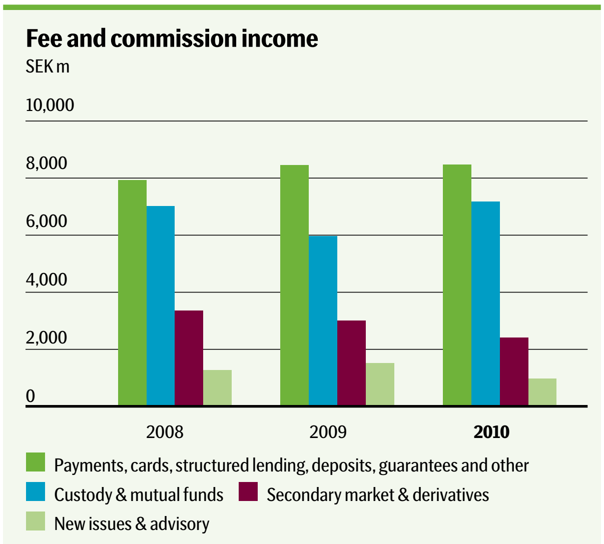
Net interest income decreased by SEK 2,036m, or 11 per cent, to SEK 16,010m (18,046). Customer-driven net interest income decreased by SEK 1,609m, or 11 per cent, due to lower average volumes and falling deposit margins between the years. The changes in total volume and margin contributions were negative at SEK 622m and SEK 987m, respectively. As Swedish short-term rates began to rise starting mid-2010, deposit margins improved.

The net cost for the funding actions of the preceding year subsided as excess liquidity could be managed at better returns and credit spreads on SEB's issued securities narrowed in 2010. In addition, the higher short-term rates support net interest income. Net interest income also included a cost of SEK 300m for the Swedish stability fund charges.

Net fee and commission income increased by 7 per cent, to SEK 14,160m (13,285). The increase was primarily due to increased securities commission in the asset management and custody business. Assets under management, totaling SEK 1,399bn, have returned to pre-financial crisis levels. Commissions from payments and cards and other non-capital market-related business were virtually unchanged.

Net financial income decreased by 29 per cent to SEK





Income statement on quarterly basis

SEK m	2010:4	2010:3	2010:2	2010:1	2009:4
Net interest income	4 526	4 180	3 762	3 542	3 332
Net fee and commission income	3 906	3 387	3 673	3 194	3 587
Net financial income	512	727	977	950	939
Net life insurance income	780	818	778	879	932
Net other income	314	–230	34	170	430
Total operating income	**10 038**	**8 882**	**9 224**	**8 735**	**9 220**
Staff costs	–3 558	–3 392	–3 616	–3 438	–2 785
Other expenses	–1 965	–1 679	–1 875	–1 784	–2 128
Depreciation, amortisation and impairment of tangible and intangible assets	–650	–405	–416	–409	–463
Restructuring costs	–9	–755			
Total operating expenses	**–6 182**	**–6 231**	**–5 907**	**–5 631**	**–5 376**
Profit before credit losses	**3 856**	**2 651**	**3 317**	**3 104**	**3 844**
Gains less losses on disposals of tangible and intangible assets	21		–3	–4	–24
Net credit losses	419	196	–639	–1 813	–3 064
Operating profit	**4 296**	**2 847**	**2 675**	**1 287**	**756**
Income tax expense	–704	–765	–600	–452	–333
Net profit from continuing operations	**3 592**	**2 082**	**2 075**	**835**	**423**
Discontinued operations	**–83**	**–1 486**	**–71**	**–146**	**–139**
Net profit	**3 509**	**596**	**2 004**	**689**	**284**
Attributable to minority interests	6	15	17	15	27
Attributable to equity holders	3 503	581	1 987	674	257
Continuing operations					
Basic earnings per share, SEK	1.64	0.94	0.94	0.37	0.18
Diluted earnings per share, SEK	1.62	0.94	0.94	0.37	0.18
Total operations					
Basic earnings per share, SEK	1.60	0.26	0.91	0.31	0.12
Diluted earnings per share, SEK	1.58	0.26	0.90	0.31	0.12

3,166m (4,488), partly due to lower income from the foreign exchange business associated with lower market volatility in 2010. The decrease was partially offset by increases in the equity-related financial income. Valuation effects related to the bond investment portfolio were limited.

Net life insurance income (net of internal retrocessions from fund companies) decreased by SEK 342m, or 10 per cent, to SEK 3,255m (3,597).

Net other income decreased to SEK 288m (2,159). Adjusted for capital gains of SEK 1.6bn in 2009 related to buy-backs of own subordinated debt, net other income decreased by SEK 301m.

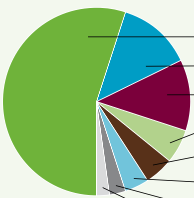
Expenses

Total operating expenses amounted to SEK 23,951m (25,198). Excluding goodwill impairment charges of SEK 2,969m in the Baltic countries and Eastern Europe in 2009 and restructuring costs in 2010, total expenses rose by 4 per cent. The foreign exchange translation effect lowered costs by SEK 983m.

Staff costs increased by 2 per cent, to SEK 14,004m (13,786). Investments in the Nordic and German corporate expansion have increased the number of staff in the client organisations. The cost of short-term incentive remuneration increased to 12 per cent (6) of staff costs. Costs for long-term incentive programmes were unchanged.

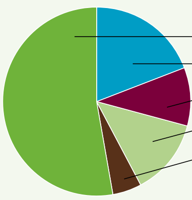
Profit before credit losses [1)]

Geographical distribution, 2010



	Per cent	SEK m
Sweden	55	6,321
Norway	13	1,530
Denmark	12	1,414
Finland	6	680
Estonia	5	555
Latvia	4	465
Lithuania	3	314
Germany	2	261

Divisional distribution, 2010

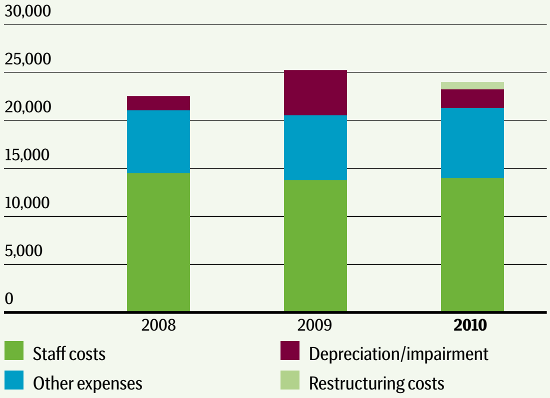


	Per cent	SEK m
Merchant Banking	53	8,665
Retail Banking	19	3,028
Wealth Management	10	1,648
Life	13	2,202
Baltic	5	757

1) Continuing operations, excluding other and eliminations.

Expenses

SEK m



The average number of full time equivalents at year-end 2010 was unchanged at approximately 17,300 excluding Retail Germany; including Retail Germany the average number was 19,220 (19,562).

Other expenses rose 8 per cent to SEK 7,303m (6,740), mainly related to investments in the Nordic and German expansion. Depreciation costs increased by SEK 177m adjusted for goodwill impairment in 2009, due to SEK 199m from the write-off of systems in connection with the implementation of a new core banking system in Lithuania.

Credit losses and provisions

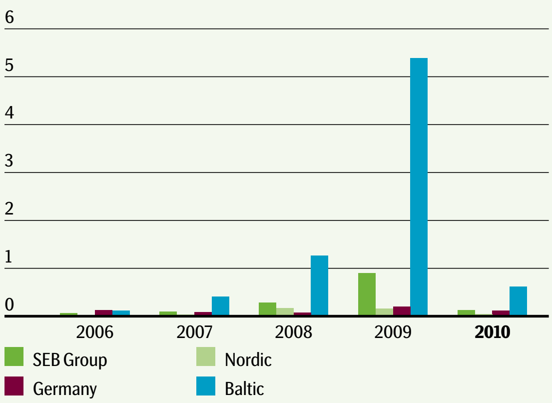
The Group's *net credit losses* decreased to SEK 1,837m (12,030), leading to a credit loss level of 0.14 per cent (0.92). The reserve ratio was unchanged. (See further pp 42–46.)

Tax expenses

Total tax amounted to SEK 2,521m (2,482). The total tax rate for 2010 was 23 per cent (57). The lower tax rate is attributable to a decrease in credit losses in countries with low tax rates – Estonia, Latvia and Lithuania – and to non-tax deductible goodwill impairment in 2009.

Credit loss level

Per cent



Financial structure

Business volumes were materially affected by the appreciation of the Swedish krona in 2010, which was up 12 per cent in relation to the euro and by 6 per cent to the U.S. dollar. While the Group's total balance sheet of SEK 2,180bn as per 31 December represented a decrease of 6 per cent since year-end 2009. Adjusted for foreign exchange translation effects total assets were up 1 per cent.

Assets

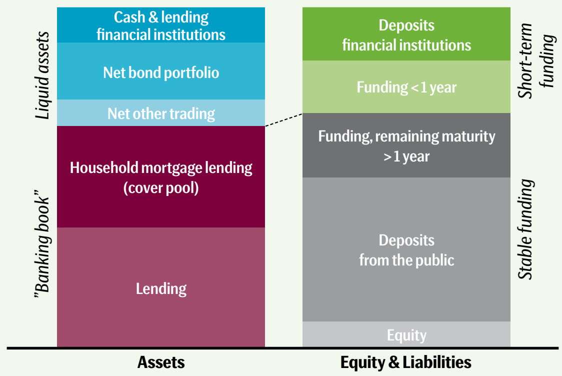
The largest asset item on the balance sheet consists of loans to the public, which in 2010 dropped by 10 per cent to SEK 1,075bn (1,188). Adjusted for foreign exchange translation effects, lending volumes were at a trough in early summer 2010 and increased during the second half of the year. Loans to credit institutions decreased to SEK 204bn (331).

SEB's total credit portfolio decreased to SEK 1,703bn (1,816); see further pp. 42–46 and Note 17.

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 179.4bn (155.5). Insurance contracts (traditional insurance operations) amounted to SEK 85.3bn (89.1).

Balance sheet structure

31 December 2010

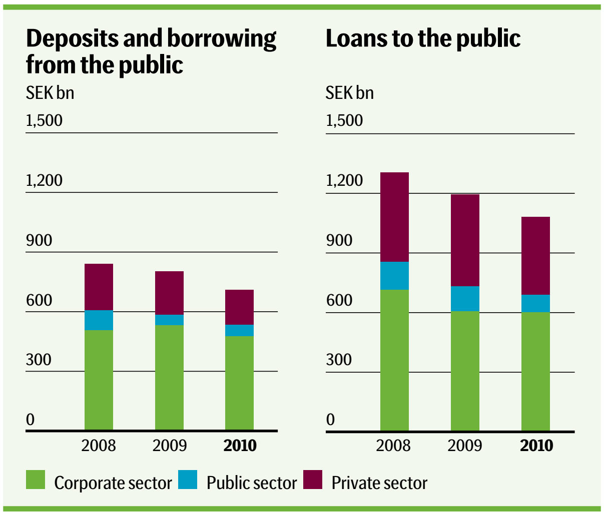


Fixed-income securities portfolios

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

At year-end 2010, SEB's net position in these portfolios amounted to SEK 278 (262), excluding excess liquidity investments in certificates issued by the Swedish Central Bank. Asset quality in the holdings has strengthened in 2010 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 77 (62) per cent of the holdings at year-end.

As per 31 December 2010, the bond investment portfolio of Merchant Banking had decreased to SEK 48bn from SEK 90bn a year earlier, which is in line with the plan to reduce the holdings through amortisations and limited sales. There are no impaired assets in the portfolio. Under prevailing credit market conditions, SEB views material defaults on the holdings as unlikely



and the risk for impairment charges as limited. 81 per cent of the holdings are classified as Loans and Receivables. See further p 47 in the Risk and Capital Management chapter.

Derivatives

At year-end 2010, the notional amount of the Group's derivative contracts totalled SEK 9,638bn (7,277). The volumes are primarily driven by offering clients derivative products for management of their financial exposures. The Group manages the resulting positions by entering offsetting contracts into 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. Also these contracts are accounted for at market value.

The major portion of the Group's derivative engagements is related to interest- and currency-related forward contracts with short maturity. A minor portion consists of exchange-traded derivatives contracts, where profit or loss are 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 and Capital Management p 45.

Intangible fixed assets, including goodwill

At year-end 2010, intangible assets totalled SEK 16.9bn (17.2), of which 62 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 3.6bn (3.5).

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 decreased by 11 per cent, to SEK 712bn (801). Deposits by credit institutions was down by 47 per cent, to SEK 213bn (397).

Liabilities in insurance operations

At year-end, liabilities in insurance operations amounted to SEK 264.0bn (249.0). Out of this, SEK 174.8bn (155.9) was related to investment contracts (unit-linked insurance) and SEK 89.2bn (93.1) to insurance contracts (traditional insurance).

Total equity

Total equity at the opening of 2010 amounted to SEK 99.7bn. In accordance with a resolution of the Annual General Meeting in 2010, SEK 2,193m of this was used for dividend . At year-end 2010, total equity amounted to SEK 99.5bn.

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 2010, the core Tier 1 capital ratio was 12.2 per cent (11.7), the Tier 1 capital ratio was 14.2 per cent (13.9) and the total capital ratio was 13.8 per cent (14.7). The Group's Basel II risk-weighted assets (RWA) amounted to SEK 716bn (730).

Adjusted for the supervisory transitional rules during the first Basel II years, SEB reports RWA of SEK 800bn (795), a Tier 1 capital ratio of 12.8 per cent (12.8) and a total capital ratio of 12.4 per cent (13.5).

In order to improve quality of the capital base, capital management during 2010 focused on actions to increase the Tier 1 portion of the capital base. The end result, in combination with certain deductions made from total capital, was that Tier 1 capital was larger than the capital base.

Further information about capital adequacy and capital base is found in the Risk and Capital Management section on pp 53–54 and in Note 48.

Dividend

The Board proposes to the AGM a dividend of SEK 1.50 per Class A and Class C share respectively, which corresponds to 49 per cent pay-out ratio. The total dividend amounts to SEK 3,291m (2,193), calculated on the total number of issued shares as per 31 December 2010, including repurchased shares. The SEB share will be traded ex dividend on 25 March 2011. The proposed record date for the dividend is 29 March 2011 and dividend payments will be made on 1 April 2011.

The proposal shall be seen with reference to the improved outlook for 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

In February 2010, Standard & Poors changed its outlook from negative to stable and affirmed SEB's long-term A credit rating. In June 2010, Moody's changed its outlook from negative to stable and affirmed the long-term A1 rating. The main reasons given for these changes were SEB's resilient earnings in 2009, the strong asset quality in its Nordic operations and an improving macroeconomic situation in the Baltic countries in 2010.

In September 2010, Fitch affirmed SEB's long-term rating at A+ with stable outlook. SEB targets a long-term AA rating.

The table below shows the ratings of SEB as of February 2011.

Rating

Moody's Outlook Stable (June 2010)		Standard &Poor's Outlook Stable (February 2010)		Fitch Outlook Stable (September 2010)	
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–

Divestment of German Retail

The divestment of SEB's German retail banking business to Banco Santander, as announced on 12 July, was finalised on 31 January 2011.

The Group has restated its accounts to reflect the divestment. Restructuring charges of SEK 764m (EUR 80m for adjusting of infrastructure) in the continuing operations and transaction-related costs of SEK 1,240m (EUR 130m for advisory costs, IT adjustments and physical separation including redundancy) in the discontinued operations were recorded at the time of the signing of the agreement in the third quarter.

The actual financial effects at the finalisation of the divestment are in line with the estimated and communicated consequences when the agreement was signed; a capital gain amounting to EUR 135m and negative effects from unwinding of hedges amounting to EUR 245m which were booked at the finalisation of the transaction.

The divestment increased the Group's core Tier 1 capital ratio by 60 basis points. This is the net effect of the reduced risk weighted assets and the EUR 110m negative effect on the result.

Outlook for 2011

The medium-term outlook for the global economy is 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.

Based on known facts, and as previously communicated. the net interest income in 2011 will be affected by the following two factors. Firstly, the divestment of the German Retail operations will reduce net interest income for the full year 2011 by EUR 65m, and the temporary contribution, of SEK 150m in the fourth quarter 2010, from the hedge of interest rate risk prior to the divestment, will disappear. Secondly, all Swedish banks will have to pay the full fee to the Swedish stability fund, which will double SEB's annual cost from SEK 300m to SEK 600m. Altogether, and all else equal, it means that the starting point for net interest income in the first quarter of 2011 is approximately SEK 375m lower than the net interest income for the fourth quarter of 2010.

Merchant Banking

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

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

- Lending and debt capital markets
- Trading in equities, currencies, fixed income, 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.

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.

	2010	2009
Percentage of SEB's total income	46	49
Percentage of SEB's operating profit	57	65
Percentage of SEB's staff	15	15

Profit and loss account

SEK m	2010	2009	Change, per cent
Net interest income	8,123	9,982	–19
Net fee and commission income	5,308	5,647	–6
Net financial income	3,745	4,377	–14
Net other income	–46	46	–200
Total operating income	**17,130**	**20,052**	**–15**
Staff costs	–4,091	–3,529	16
Other expenses	–4,205	–4,134	2
Depreciation of assets	–169	–155	9
Total operating expenses	**–8,465**	**–7,818**	**8**
Profit before credit losses etc	**8,665**	**12,234**	**–29**
Gains less losses on disposals of assets	28	–1	
Net credit losses	–195	–805	–76
Operating profit	**8,498**	**11,428**	**–26**
Cost/Income ratio	0.49	0.39	
Business equity, SEK bn	28.2	35.1	
Return on business equity, %	21.7	23.4	
Number of full time equivalents, average	2,548	2,630	

A gradual improvement

The market sentiment and customer activity improved gradually towards the latter part of the year, further supported by higher interest rates and stock indices strengthening, fuelling income towards the end of the year.

Operating income for the full year decreased by 15 per cent compared with 2009 reflecting the normalised market conditions after the financial crisis and to some extent influenced by uncertainty in sovereign debt situations. Despite the lower operating income customer activity was strong and gradually improving over the year.

Corporate Banking improved the operating income from last year as a result of strong customer relations which were further enhanced during the financial crisis. Income towards the end of the year was further boosted by higher activity within merger and acquisitions (M&A).

Trading and Capital Markets income normalised in 2010 after the unusually high levels in 2009 based on the particular market conditions. Low interest rates during the first half of the year held back the income growth for *Global Transaction Services.*

Operating expenses for 2010 were up 8 per cent compared with 2009 and were mainly related to the growth outside Sweden and short-term incentive compensation. Operating profit amounted to SEK 8,498m, a decrease from previous year but on a historically high level. Asset quality remained strong.

Magnus Carlsson

Leading market position
Global M&A activities increased in 2010 and accelerated towards year-end. SEB Enskilda confirmed the strong franchise throughout the Nordic region by advising e.g. Assa Abloy, Aalborg Industries, Hexagon, Intrum Justitia and TDC in their successful transactions during the year. Corporate Banking finished 2010 with a solid fourth quarter, especially within Structured Finance. The higher M&A activities had a positive effect on the demand for corporate borrowing combined with an increasing need for refinancing of existing facilities, and further supported by inflow of new customers. Net interest income grew in the second half of the year following higher activity levels and was particularly visible in Corporate Banking and Global Transaction Services. At year-end, assets under custody were SEK 5,072bn (4,853).

Corporate bond issuance
Corporate bond issuance almost came back to pre-crisis levels towards the end of 2010, and SEB was the leading arranger of Scandinavian domestic bonds in 2010. Income generation in Trading and Capital Markets, notably within foreign exchange and capital markets proved resilient during the year. Despite improved sentiment, stock market volumes were cyclically low throughout 2010 and equities income was relatively weak. Continued leadership in this area was confirmed by the recent Prospera survey in which Nordic institutions again ranked SEB Enskilda as the number one Equity house in the region.

Competitive situation
SEB continues as an active partner, supporting clients financially and with advice in periods of market uncertainty. As confirmed by the latest customer surveys, the enhanced relationships formed during this period have provided a strong platform for growth across the Nordic region and Germany. Despite intensified competition in the Nordic region, SEB has continued to improve its market position and remained a market leader in most business areas, as seen in rankings below.

Nordic and German expansion
Growth investments in the other Nordic countries and Germany started in 2010 and Merchant Banking recruited over 60 senior professionals in these markets and managed to acquire around 90 new large corporate clients to the customer base. The investments in client coverage teams and new customer relationships will continue to accelerate throughout 2011 to support the expansion. Merchant Banking will also continue to invest in a number of niche customer segments, where a market leading position can be achieved.

Most important rankings in 2010

Best client relationship bank in Sweden	Prospera
Financial Adviser of the year in the Nordic region	Financial Times and Mergermarket
Best Stockbroker in the Nordic region	Prospera
No. 1 FX house in the Nordic region	Prospera
Best Overall Bank for Cash Management in the Nordic region	Global Finance
Best Bank for Liquidity Management in the Nordic region	Global Finance
Best Bank for Risk Management in the Nordic region	Global Finance

How would you describe the key characteristics of SEB's business model?
In our world, results are always achieved in dialogue with our customers and delivered by our professional people. SEB's business model is therefore built on solving customer needs, which leads to long-term partnerships.

What is your view of the economic situation following the financial crisis?
On a global level there are still a lot of issues that have to be addressed and resolved, but we saw a lot of progress in 2010. It is gratifying that the Nordic region performed so well throughout the crisis.

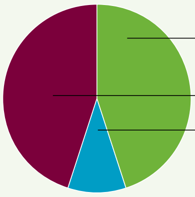
What is happening within your division in Germany?
The divestment of the German retail business is an important milestone. Focus is now on continuing to build on the strong wholesale franchise we have in Germany. The market is conducive to our strategy and we feel that we have momentum.

How is the Nordic and German expansion progressing?
We have strong platforms in all the Nordic countries and Germany, and are now investing capital and resources to get them to run at full capacity. At the end of the three-year plan in 2013 this will translate to SEK 150–200bn in increased lending and about 400 new corporate customers.

What are the key challenges and opportunities for 2011?
New regulations will affect us and the rest of the banking industry going forward. This may lead to higher costs for running a bank. The key challenge will therefore be to find a cost-efficient way forward while maintaining customer satisfaction. There are many opportunities, not least those presented by the changing competitive landscape.

Operating profit by business area

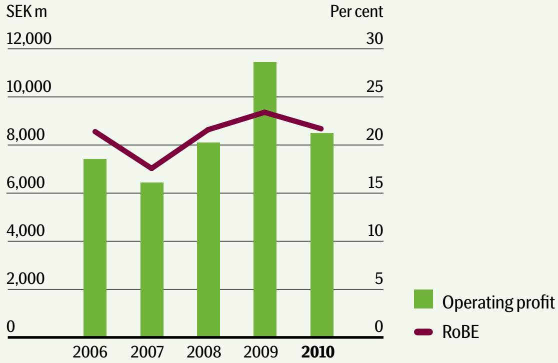
2010, per cent of total (SEK 8,498m)



	2010	2009
Trading and Capital Markets	44	(64)
Corporate Banking	44	(28)
Global Transaction Services	12	(8)

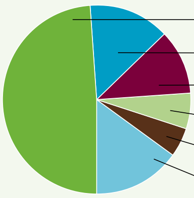
Financial development

Operating profit and Return on Business Equity



Share of income by country

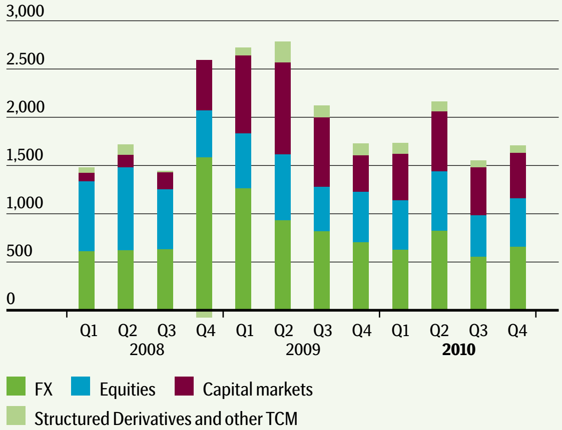
2010, per cent of total (SEK 17,130m)



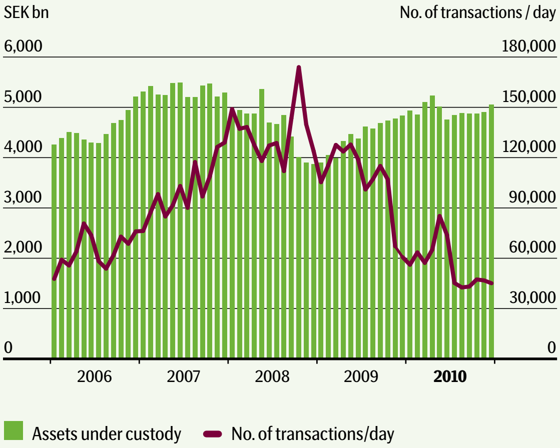
	2010	2009
Sweden	49	(49)
Germany	14	(13)
Norway	11	(13)
Denmark	6	(5)
Finland	5	(5)
Other	15	(15)

Trading and Capital Markets – income

By main product cluster, excl. investment portfolios, SEK m

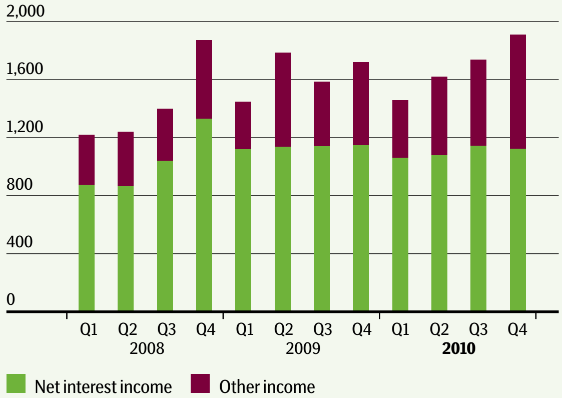


Custody volume development



Corporate Banking – income

SEK m



“We prefer a partner who we know well...

...and who we can trust. SEB has always delivered what they have promised. We have worked together very closely on big deals over the years, but we have also come to know each other in everyday situations. For us, it has been very important that they listen to us and ask us what we want – over the years it has been a partnership in the truest sense of the word. Kemira and SEB work together not only in Finland, but elsewhere in Europe as well as in countries like Brazil and China, where we are expanding our water treatment operations.”

Jyrki Mäki-Kala, CFO for Kemira

Kemira *is a global euro chemicals company that is focused on serving customers in water-intensive industries. The company offers water quality and quantity management that improves customers' energy, water, and raw material efficiency.*

Timo Uotinen (left) and Jyrki Mäki-Kala at Kemira in Helsinki.

“Our relationship with Kemira goes back a long way...

...and has grown stronger during the last two to three years. We really appreciate Kemira's approach – we have an open dialogue and we share information and ideas. We trust each other. We work together on a daily basis with everything from cash management and financing to large, strategic projects.”

Timo Uotinen, Client Executive, SEB

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 and e-banking services.

The Retail division has two business areas:

- **Retail Sweden**, with 1.6 million private customers and 160,000 small and medium-sized corporate customers, of whom more than 100,000 are actively using the Bank's cash management services. The customers are served through 161 branch offices, the Telephone bank (2 million calls in 2010) and internet (1.3 million customers).
- **Card**, with 3.3 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.

	2010	2009
Percentage of SEB's total income	23	22
Percentage of SEB's operating profit	17	16
Percentage of SEB's staff	20	19

Profit and loss account

SEK m	2010	2009	Change, per cent
Net interest income	5,008	5,424	–8
Net fee and commission income	3,241	3,254	0
Net financial income	273	292	–7
Net other income	47	64	–27
Total operating income	**8,569**	**9,034**	**–5**
Staff costs	–2,636	–2,542	4
Other expenses	–2,821	–2,668	6
Depreciation of assets	–84	–93	–10
Total operating expenses	**–5,541**	**–5,303**	**4**
Profit before credit losses etc	**3,028**	**3,731**	**–19**
Gains less losses on disposals of assets	–1		
Net credit losses	–543	–840	–35
Operating profit	**2,484**	**2,891**	**–14**
Cost/Income ratio	0.65	0.59	
Business equity, SEK bn	9.7	10.8	
Return on business equity, %	18.9	19.8	
Number of full time equivalents, average	3,395	3,385	

Retail Germany divestment
During 2010, SEB entered into an agreement to divest its German retail operations. The transaction was finalised on 31 January 2011. In order to facilitate comparisons and focus on the business going forward, the divisional figures have been restated so that Retail Germany is not included in the reporting.

A year of stabilisation

The 2010 operating profit for the Retail Banking division was 14 per cent lower than in 2009, but overall it was a year of stabilisation and customer orientation. The main reason for the decrease was the lowered net interest income, the main source of income in Retail Sweden, where the operating result decreased by 20 per cent to SEK 1,501m. Divisional costs increased by 4 per cent, primarily due to improvements in customer service. Costs continued to be in focus in order to support future operating result development. Net credit losses decreased by 35 per cent compared to 2009.

The Card business' operating profit amounted to SEK 983m. Adjusted for the foreign currency effect, 2010 was the best year ever for Card, even though the travel and co-branding business were negatively affected by the volcanic ash clouds during the spring.

Volumes and margins

Net interest income decreased as short-term interest rates remained low during the major part of the year and put pressure on deposit margins. Loans and deposits volumes both increased throughout the year and deposit margins started to increase towards the end of the year. Lending margins remained stable.

Household mortgage margins, measured against the funding cost including a liquidity premium (which SEB, as the only Swedish bank, publishes) were stable. Household mortgage volumes grew in line with the market and reached

SEK 265bn. Growth subsided towards year-end and credit policy has been tightened in 2010.

Customer orientation

Business activity in Retail Sweden was high and investments were made in mobile- and internet banking aiming at improving core banking services to enhance customer service levels. SEB's remote banking services launched several new features driven by customer demand, e.g. applications to iPhone and Androids, Facebook customer service, and the possibility to agree consumer product terms directly over the phone, which improved the availability for all customer services.

Investments in the branch office network, aimed at improving basic cash and core banking services, were also made. Staffing of the Telephone bank has been increased in order to improve the possibility of a personalised customer interface. The aim is to build qualitative relationships with all customer segments.

Retail´s Financial Advisor concept, aimed at the mass affluent private segment continued to be successful. Additional customers were gained and by year-end close to 30,000 of Retail Sweden's customers were assisted by a financial adviser.

The business bank of the year ranking and the increase in corporate credits by 18 per cent are signs of SEB's strengthened position in the corporate market.

In order to further build close relationships with small and medium sized companies and becoming their preferred business partner, the client interface was improved and packaged solutions including insurance, banking and advisory services were created. Client executives were recruited to staff the new regional corporate centres which focus on the division's larger customers. In the small and medium sized enterprise market, the market share rose from 10 to 11 per cent during 2010.

New mandates for SEB Card

During the year several significant corporate card agreements have been signed. The new product CBI, Cross Border Issuing, has been launched in a very successful way in several European countries. A major agreement with Finnair to launch co-branded cards was signed, the launch started in December and is well underway.

The trend of decreasing average purchase amounts continued which put further pressure on process and resource efficiency.

Finansbarometern ranked SEB as the Swedish business bank of the year 2010.

Finans Barometern

Mats Torstendahl

How can SEB improve its standing among small and medium-sized corporate customers?

As a business bank we have made it easier for small companies to do business with us through packaged solutions such as "Enkla Firman". During 2010 we recruited extensively and provided our client executives with additional training. We have a solid foundation for developing and deepening our customer relationships.

What is SEB doing to improve the customer experience?

We are continuously focusing on accessibility and simplicity and are actively working towards a personal reception regardless of interface. We are there for our customers and can provide them with personal service and advice 24 hours a day. It is important to us to be responsive to our customers' ideas and views.

What is the development regarding the Internet and e-mobility?

Our customers expect to be able to interact with us at the time and mode that suits them best. Last year we launched applications for both iPhone and Android mobile devices and implemented simplified log-in procedures for our mobile banking services. We have also further developed our internet bank and opened a customer service page on Facebook. For 2011, we are planning more applications and an increased presence in social media.

What's SEB's view on the home mortgage market?

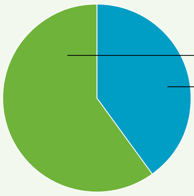
Our home mortgage portfolio grew during the year in pace with the market, and this growth slowed somewhat towards year-end. We took early action to make sure our customers don't overextend themselves.

What are the greatest opportunities and challenges during 2011?

Our most important challenge is also a growth opportunity: continue building strong and long-term customer relationships.

Operating profit by business area

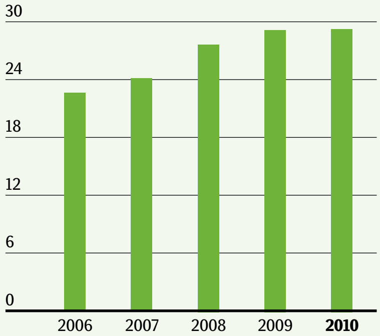
2010, per cent of total (SEK 2,484m)



	2010	2009
Sweden	60	(65)
Cards	40	(35)

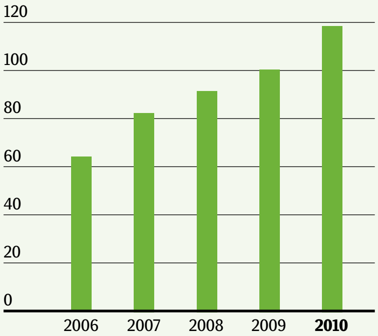
Number of affluent clients in Sweden

Thousands (Clients served by financial advisors)



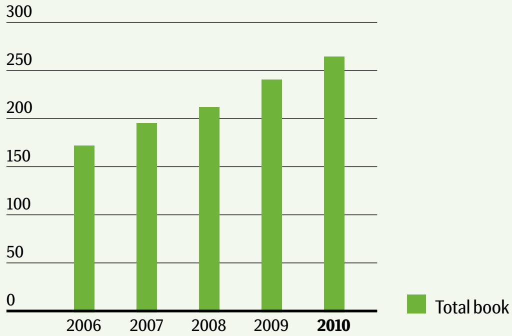
Corporate credits, Sweden

Including loans, leasing, factoring and committed facilities.
SEK bn



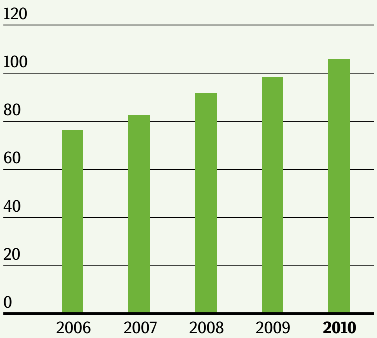
Private mortgage loans in Sweden

SEK bn



Number of small and medium-sized corporate customers in Sweden

Thousands (cash management customers)



Card development

2006 = index 100

We want a bank...

...that takes a genuine interest in our business – that is engaged. Our business is seasonal, and most of our revenues are earned from May through August. At the same time, we work in an investment-intensive industry. This requires that we have an insightful bank that makes an effort to understand our specific conditions. We definitely feel that SEB has lived up to this. They've shown that they are engaged and take an interest – it feels more like a partnership than a bank that exists in the background."

Jan Roy, President of Parks & Resorts

Parks & Resorts *is one of the Nordic region's leading players in the experience industry and currently runs the Gröna Lund amusement park, Destination Kolmården together with its Wildlife Park and Wildlife Hotel, the Skara Sommarland amusement park, and the Aquaria Water Museum.*

Anders Willis (left) and Jan Roy at Kolmården zoo.

I believe that we landed this account...

because we showed a genuine interest in the company and came up with some creative solutions for their needs. As a client executive I maintain a regular and close dialogue with the client. I want to be a partner in their future undertakings. For Parks & Resorts it is important to be able to carry on a discussion with the bank at an early stage ahead of their investment decisions. They must feel confident that their bank is truly on board with their plans."

Anders Willis, Client Executive, SEB

Wealth Management

The Wealth Management division offers a full spectrum of asset management and advisory services. Its product range includes equity and fixed income, private equity, real estate and hedge fund management. It has around 1,000 employees, manages over SEK 1,300bn of assets and has offices in the Nordic and Baltic countries, Luxembourg, Germany, the United Kingdom, Singapore and Switzerland.

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 marketing and sales of SEB's mutual fund offering 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 140 investment professionals in 29 investment teams, is responsible for the management of funds and mandates.

	2010	2009
Percentage of SEB's total income	12	9
Percentage of SEB's operating profit	11	7
Percentage of SEB's staff	6	6

Profit and loss account

SEK m	2010	2009	Change, per cent
Net interest income	485	598	–19
Net fee and commission income	3,752	2,955	27
Net financial income	89	76	17
Net other income	58	17	
Total operating income	**4,384**	**3,646**	**20**
Staff costs	–1,319	–1,229	7
Other expenses	–1,333	–1,160	15
Depreciation of assets	–84	–116	–28
Total operating expenses	**–2,736**	**–2,505**	**9**
Profit before credit losses etc	**1,648**	**1,141**	**44**
Gains less losses on disposals of assets		29	–100
Net credit losses	3	–28	–111
Operating profit	**1,651**	**1,142**	**45**

	2010	2009
Cost/Income ratio	0.62	0.69
Business equity, SEK bn	5.3	5.5
Return on business equity, %	22.5	14.9
Number of full time equivalents, average	986	1,016

Strong operating profit growth

The Wealth division had a strong result in 2010 with a 45 per cent increase in operating profit. Operating income increased by 20 per cent compared with last year. Base commissions increased both due to SEB's asset mix and the increase in net sales. Performance and transaction fees reached SEK 409m in 2010 (383). Operating expenses were up 9 per cent from last year, generally as a result of higher activity and investment levels.

Improved client offerings

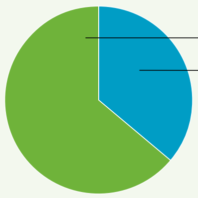
Customer activity within both Private Banking and Institutional Clients was high during 2010.

SEB's holistic client offering to private individuals and entrepreneurs was developed further. SEB's Family Office broke new ground with an improved adapted investment and accounting process. A new application for iPhone and iPad containing stock price, equity research and news has been launched. Customers were given the opportunity to invest in a number of SEB index products as well as other third party products as a complement to SEB's own offering. The international offering has been further strengthened by the possibility to open accounts in the Chinese currency Yuan. SEB won the prestigious Global Private Banking Award (Financial Times Group) as the best private bank in the Nordic region.

Within Institutional Clients, SEB has seen record levels of client activity, bringing in a significant number of new mandates. Moreover, several new products have

Operating profit by business area

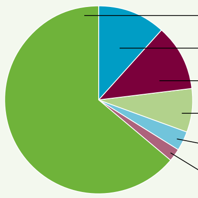
Per cent of total (SEK 1,651m)



	2010	2009
Institutional Clients	64	(62)
Private Banking	36	(38)

Assets under management per country

Per cent of the division's assets under management (SEK 1,321bn)



	2010	2009
Sweden	64	(59)
Denmark	12	(13)
Germany	12	(12)
Finland	8	(9)
Luxembourg	3	(4)
Other 1)	2	(3)

1) Other includes Norway, Baltic countries and other small markets

been successfully launched, for example Private Equity that attracted interest from the largest investors. In addition, the advisory concept towards institutions including liability analysis, portfolio construction and manager selection received very positive client feedback and significant volumes.

Assets under management at all time high

The focus on enhancing the customer experience resulted in an increase of net sales from SEK 17bn in 2009 to SEK 26bn during 2010 for Private Banking, and enabled a continued high level for Institutional Clients at SEK 31bn, which was in line with last year.

During the year SEB won a number of new mandates bringing total assets under management to SEK 1,321bn. The expansion outside SEB's home markets continued to yield results with a volume of close to SEK 20bn. Inflows derived from a number of mutual fund product areas. Average assets under management improved by 7 per cent compared with last year. Net sales amounted to SEK 54bn, compared to SEK 41bn in 2009.

Investment performance measured as number of portfolios above benchmark reached 67 per cent (versus 64 per cent in 2009), while 65 per cent (versus 73 per cent) of assets under management were ahead of their respective benchmarks.

Anders Johnsson

What was the most distinguishing feature of 2010?

2010 was a good year in many respects: increasing risk appetite generated good inflows to our equity funds and both Institutional Clients and Private Banking showed strong net sales.

How will SEB retain its leading private banker position in the Nordic countries?

In Private Banking it is all about building trust and long-term relationships with the customers. Being responsive, offering great solutions and cutting edge expertise – all centred on individual needs of the customers – are key aspects. Guided by these principles we continuously develop our offering to retain our leading position.

How is SEB working to create a holistic view of its customer offering in savings?

As a leading actor in the market, we offer our customers a full spectrum of savings products. Instead of a product by product approach, we create solutions that cater to each customer's unique needs and help them to achieve their saving objectives.

What is SEB's view on active management vs. index products?

Both forms of management have a natural place in our customers' portfolios. What's most important is that customers receive advice that is based on their specific situations and needs. As a result of the advice process, we create an investment solution composed from different types of products aiming to achieve the desired investment returns.

What changes do you see taking place in the area of asset management?

Proximity and responsiveness to the changing needs and behaviour of the customers will always be key. I believe that customers will demand more diversification with alternative asset classes like real estate, commodities and private equity. Total return solutions and actively managed portfolios of index and more complex products will increase in popularity.

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.

SEB's traditional life insurance operations in Sweden are mainly conducted through the mutually operated insurance company Gamla Livförsäkringsaktiebolaget SEB Trygg Liv. It is therefore 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.

	2010	2009
Percentage of SEB's total income	12	11
Percentage of SEB's operating profit	15	12
Percentage of SEB's staff	7	6

Profit and loss account

SEK m	2010	2009	Change, per cent
Net interest income	–11	–18	–39
Net life insurance income	4,550	4,443	2
Total operating income	**4,539**	**4,425**	**3**
Staff costs	–1,123	–1,107	1
Other expenses	–524	–536	–2
Depreciation of assets	–690	–667	3
Total operating expenses	**–2,337**	**–2,310**	**1**
Operating profit	**2,202**	**2,115**	**4**
Change in surplus values, net	1,165	900	29
Business result	**3,367**	**3,015**	**12**
Change in assumptions	–352	–709	–50
Financial effects of short-term market fluctuations	554	2 019	–73
Total result	**3,569**	**4,325**	**–17**
Cost/Income ratio	0.51	0.52	
Business equity, SEK bn	6.0	6.8	
Return on business equity, %			
based on operating profit	32.3	27.4	
based on business result	49.4	39.0	
Number of full time equivalents, average	1,190	1,191	

Best result ever – fund value up by 15 per cent

The Life division's operating profit increased by 4 per cent compared with the strong 2009. Excluding the effect of recovered guarantee provisions in traditional portfolios operating profit rose by 16 per cent.

Operating income, adjusted for guarantee recoveries of SEK 76m (286), rose by 8 per cent. Income from unit-linked business improved by 21 per cent as a result of positive market trends and higher risk appetite among policyholders, selecting more advanced and equity related alternatives. The total fund value increased by 15 per cent to SEK 179bn (156). Income from other insurance, mainly traditional insurance and risk products such as sickness and health insurance, decreased.

Operating expenses, excluding depreciation, were stable compared with 2009. Continued improvement of the administrative efficiency supports a stable cost trend per policy. Depreciation of deferred acquisition costs increased but should be seen in the light of increased unit-linked income.

High premium income

Several customer activities were launched in 2010. Improved availability at customer service centres, increased advisory service and enhanced product offerings have been in focus – all in order to strengthen long-term relationships with customers.

The continued high premium inflow confirmed that the initiatives were well received by the customers.

Jan Stjernström

What characterised 2010?

Our overall focus throughout the division has been, with unabated force, to further develop, refine and simplify our customer offering. Increasing the level of service and accessibility for our clients has also been a priority area.

How will SEB defend its leading position in the Swedish unit-linked insurance market?

We have the advantage to be part of a banking group which is an important success factor. Having a first class product offering, combined with the possibility to serve our clients wherever they choose to meet us, gives us a good basis to maintain our leading position.

What are your key focus areas for 2011?

We will actively develop our strategy funds concept and broaden our range of investment products in different asset classes and with different risk levels. We also recognise that it is becoming increasingly important for customers to plan their retirement and we will further develop our advisory services to meet this need.

What is SEB's view on transfer rights?

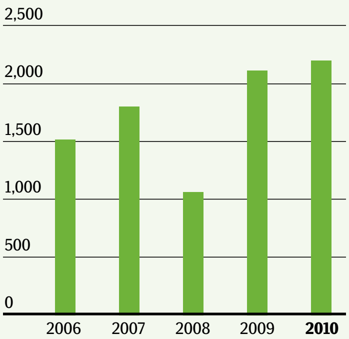
It is natural for us to support freedom of choice and the right to transfer policies and assets across all parts of the savings market. Of course, this must also include the market for collective agreement occupational pensions.

What are the foremost challenges and opportunities going forward?

The biggest challenge is demographic changes. In Sweden as well as in other parts of the Western world, fewer active working people have to support more pensioners. This will put an enormous strain on our social security systems. One solution is to allow private solutions to supplement the public systems. This obviously represents significant opportunities for us as an insurance company.

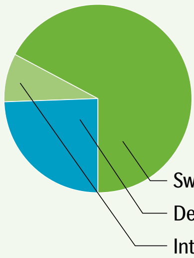
Operating result

SEK m



Operating profit by business area

Per cent of total (SEK 2,202m)



Volumes

	2010	2009
Sales volume (weighted), SEK m		
Traditional life and sickness/health insurance	7,111	10,267
Unit-linked insurance	41,376	40,399
Total	**48,487**	**50,666**
Premium income, SEK m		
Traditional life and sickness/health insurance	6,946	9,102
Unit-linked insurance	23,522	21,503
Total	**30,468**	**30,605**
Assets under management (net assets), SEK bn		
Traditional life and sickness/health insurance	244.6	245.3
Unit-linked insurance	179.5	156.4
Total	**424.1**	**401.7**

Total premium income in 2010 increased by 4 per cent in local currencies, but decreased by 0.5 per cent in Swedish kronor to SEK 30.5bn. Continued focus on unit-linked has led to moderate risk exposure, high capital efficiency and increased return on business equity.

Unit-linked insurance remains the major product group, representing 85 per cent (80) of total sales. In 2010, SEB's market share for unit-linked insurance in Sweden amounted to 24.9 per cent, a clear number one position.

The share of corporate paid policies increased to 65 per cent (61). Sales in the Baltic countries rose by 9 per cent compared with 2009.

Total assets under management (net assets) amounted to SEK 424bn, which was an increase of 6 per cent from a year ago.

Baltic

The Baltic division encompasses the retail and all lending operations in Estonia, Latvia and Lithuania. The full Baltic geographical segmentation – including the operations in Merchant Banking, Wealth Management and Life – is described in the chapter SEB in the Baltic countries on pages 10–11.

The Baltic division serves 2.2 million private customers and 175,000 small and medium-sized customers 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 divisions has three business areas

- **Estonia**, with a network of 48 branch offices servicing 539,000 customers, of whom 272,000 use Internet services and 46,000 are small and medium-sized companies.
- **Latvia**, with a network of 49 branch offices servicing 900,000 customers, of whom 650,000 use Internet services and 70,000 are small and medium-sized companies.
- **Lithuania**, with a network of 57 branch offices servicing 1,000,000 customers, of whom 938,000 use Internet services and 59,000 are small and medium-sized companies.

	2010	2009
Percentage of SEB's total income	7	9
Percentage of SEB's operating profit	negative	negative
Percentage of SEB's staff	17	18

Profit and loss account

SEK m	2010	2009	Change per cent
Net interest income	1 869	2 679	−30
Net fee and commission income	877	934	−6
Net financial income	63	126	−50
Net other income	37	55	−33
Total operating income	**2,846**	**3,794**	**−25**
Staff costs	−640	−730	−12
Other expenses	−1 158	−1 452	−20
Depreciation of assets	−291	−2 389	−88
Total operating expenses	**−2,089**	**−4,571**	**−54**
Profit before credit losses etc	**757**	**−777**	**−197**
Gains less losses on disposals of assets	−5	−17	−71
Net credit losses	−873	−9 569	−91
Operating profit	**−121**	**−10,363**	**−99**

	2010	2009
Cost/Income ratio	0.73	1.20
Business equity, SEK bn	11.8	11.8
Return on business equity, %	negative	negative
Number of full time equivalents, average	2,958	3,275

Back in the black in the second half of 2010

The economic recovery in the Baltic region that commenced in early 2010 continued throughout the year. Estonia and Lithuania are now displaying positive GDP growth on a year-on-year basis, while the GDP in Latvia is unchanged. As of 1 January 2011, Estonia changed its currency from the Estonian kroon to the Euro.

The focus on strengthening long-term relationships in the region continued and SEB won a host of customer awards across the Baltic countries in 2010. Operating income for the year decreased to SEK 2,846m (3,794), in part due to the strengthening of the Swedish krona during the year which decreased operating income with SEK 323m. Deposit margins also remained at low levels due to the ongoing low interest rate environment. Throughout 2010, the levels of deposit volumes and loan volumes stabilised in the three Baltic countries, and loan margins started to increase in the last months of the year.

Operating expenses of SEK 2,089m (4,571) reflects the goodwill write-off of SEK 2.3bn in the second quarter 2009. The fourth quarter temporary increase included SEK 199m from write-off of systems in connection with the implementation of a new core banking system in Lithuania.

Operating profit for the year was SEK −121m (−10,363). The improvement was due to significantly lower provisions for credit losses, including write-backs of SEK 1,009m in the second half of the

Martin Johansson

Has SEB been overly cautious in its provisioning for credit losses?

We continue to take a cautious and conservative stance. Early in the year we did not dare believe that the dawning stabilisation would truly sustain, so we made provisions to collective reserves. It was these reserves that we subsequently dissolved at the end of the year.

How fast will the recovery take place?

Our economists were more optimistic in their GDP forecasts than the general consensus during the past year, and this proved to be accurate. For 2011 and 2012 they expect to see 4–5 per cent growth.

SEB has conducted a major change process in the Baltic countries through a ten-point programme. What are the most important changes?

Most important is that SEB now has a more pronounced home bank profile in the three Baltic countries. In an increasingly mature market, it will be the long-term relationships with our customers that differentiate us – not primarily the products. But the entire ten-point programme is focused on how to best deal with problem credits, improve the credit and business culture, and create conditions for deep relationships with our customers.

How does SEB plan to pursue further growth in the wake of the crisis?

SEB is a full service bank in each of the three Baltic countries. We will be building further on that platform with respect to our private and corporate customers.

What are the foremost opportunities and challenges in 2011?

The opportunities lie in a new and more mature market situation in a region with a high rate of growth. Here SEB has an advantage with its long tradition as a relationship bank and strong brand. The challenges are closely associated with the economic recovery, and this will take time. It takes time to work through problem credits.

Baltic lending to the public [1]

EUR bn

SEK bn[2] 115 124 127 137 138 144 151 167 161 152 137 131 119 113 106 102

Lending to the public

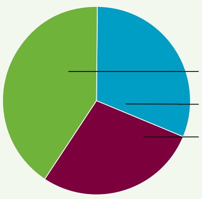
Credit loss reserves

1) Excluding reclassified bonds.

2) Lending to the public, equivalent in SEK bn.

Share of operating income by area

Per cent of total (SEK 2,846 m)



	2010	2009
Lithuania	41	(37)
Estonia	31	(34)
Latvia	28	(29)

year. Non-performing loans stabilised during the year in all three countries. The total reserve ratio was stable at 66 per cent.

Leasing and real estate portfolios

At the end of December, SEB's leasing portfolio, containing cars, trucks and other vehicles, amounted to SEK 11.1bn (15). The average recovery rate on repossessed vehicles was approximately 60 per cent.

As at 31 December 2010, SEB's real estate holding companies in the three Baltic countries had acquired assets with a total volume of SEK 399m. SEB's Baltic real estate lending amounted to SEK 22bn, of which 39 per cent was impaired as of 31 December 2010.

Most important rankings in 2010

SEB Estonia	No.1 in customer satisfaction study (EPSI)
SEB Estonia	No.1 service company in Estonia (TNS Emor)
SEB Latvia	No.1 in Corporate reputation index (TNS TRI*M)
SEB Latvia & SEB Lithuania	No. 1 as best FX provider (Global Finance)
SEB Lithuania	No. 1 Private Bank (Euromoney)
SEB Lithuania	Most attractive employer (Verslo Zinios & CV online)

Risk and Capital Management

As the markets start to emerge from the lingering effects of the financial crisis, SEB has commenced a forward-looking review of its risk and capital management. The new lessons learnt are being worked into the Group's view on business volumes, pricing, risk, reward, capital and liquidity. This prepares the Group for setbacks in the economic recovery but primarily for future business development. Resilience and flexibility are watchwords in this process.

Focus areas during 2010

2010 was characterised by reactions to and the aftermath of the financial crisis. While the world economy is still fragile, it is in a better position than in 2009. The Baltic economies, which are important for SEB, are in a recovery phase and there have been many signs of improvement. Experiences from the financial markets meltdown, the new regulatory requirements, and external expectations from investors, rating agencies and customers, have all been combined and balanced in SEB's strategic view of the balance sheet, risk, capital and funding. Particular attention is being paid to risk-adjusted returns and economic profit. Applying such measurements consistently throughout the organisation ensures that traditional relationship banking is supported by a healthy view of risks and returns.

In recognition of the importance of risk governance and in accordance with established industry best practice, the Board of Directors appointed a Chief Risk Officer (CRO) in 2010. The CRO reports to the President and CEO and has responsibility for the areas of independent risk control, portfolio analysis and credit approval. The CRO provides a further Group-wide view of risk matters and reinforces their importance throughout the organisation.

Regulatory overhaul

Many industry-wide changes requiring higher capitalisation levels, more stringent and comparable liquidity measurements and increased transparency are being developed as a result of the regulatory overhaul now being conducted by policymakers and regulatory authorities.

The Basel Committee proposals for new capital and liquidity regulations – 'Basel III' – were first presented in 2009 and the regulators' intent was further clarified during 2010. The rules are still being reviewed by the industry. The earliest possible implementation of the new regulations is at the start of 2013 and full implementation is foreseen by 2019 and beyond. Transitional rules will be applied to enable banks to adapt to the new framework without undue constraint on credit supply. The aim of Basel III is to improve banks' capital levels and quality as well as to avoid over-reliance on short-term funding.

The effects of the new standards used to monitor the liquidity risk profiles of banking organisations, the liquidity coverage ratio and the net stable funding ratio, will be dependent on the conclusions from the prolonged observations periods. However, it is already clear that funding of banks' assets will be of a longer maturity than is generally the case today.

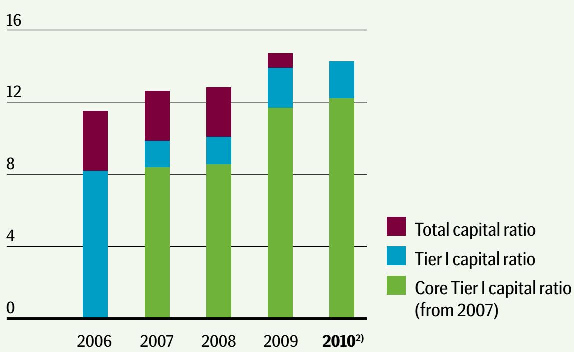
SEB subscribes to the ambition of creating a more resilient international banking system and the directions of the proposals correspond with the Group's actions during the crisis and its strategic thinking going forward. Nevertheless, the relatively large regulatory changes that have been set forth require careful crafting and comprehensive impact analysis to ensure that they achieve the desired impact. SEB believes that adaptations will be needed to local market circumstances.

Continued capital strength

SEB has maintained its stable and strong capital resources in terms of both quality and size. The Bank's capital strategy has been to change the composition from a balance of Tier 1 and Tier 2 capital, towards a focus on equity and hybrid capital which make up the Tier 1 capital. This conservative approach has been driven by a desire to improve the loss-absorption capabilities. It precedes the regulatory development and SEB currently does not anticipate any obstacles to meeting its future capital requirements. Given the Group's current capital standing, SEB's relative position will be strengthened by the new rules. The introduction of a leverage ratio would have limited effect on the Group, on account of its strong capital base and a business model dominated by corporate on-balance exposures.

By year-end, and without applying transitional floors, the Group reported a core Tier 1 capital ratio of 12.2 per cent (11.7) and a Tier 1 capital ratio of 14.2 per cent (13.9).

Capital adequacy[1)]
Per cent



Capital base					
SEK bn	84.9	93.0	104.7	107.3	99.1

1) Basel II (without transitional rules) applied from 2007.
2) Total capital ratio is less than the Tier I capital ratio. See page 53.

Strong funding and liquidity position

In 2009 there was an extraordinary extension of the Group's funding maturities, so that net cash inflows were higher than net cash outflows until around 18 months, at which time the net cash in and outflow were equal. This position was maintained during 2010 when SEB's strategic balance sheet management also focused on improving the funding profile in terms of type of funding. A shift was made from issuing senior funding towards covered bonds which is a more efficient use of the Bank's assets. The currently unutilised cover pool in the mortgage portfolio, especially in Sweden, will be a valuable source of funding going forward. Customer deposits from the retail operations are also in strategic focus, due to their stable funding characteristics. Though not fully recognised in Basel III, another stable funding source to SEB is corporate deposits, which were not withdrawn during the financial crisis.

Thus, also in terms of funding and liquidity, the market and competition have already driven balance sheet management activities towards the intended direction of the new regulatory requirements. The cost of funding has already increased in the market generally and is likely to continue to increase due to competition for funding and also because of the shift towards longer term funding.

With a loan-to-deposit ratio of 139 per cent (139) at year-end, excluding repos and reclassified bond portfolios, SEB displayed a sound structural funding situation. At year-end, SEB held liquid assets in an amount of around SEK 240bn.

Asset quality in focus

SEB has maintained a proactive and conservative stance in order to safeguard asset quality and long-term customer relations throughout the crisis.

Provisions for credit losses in the Baltic countries for the year 2010 were SEK 873m (9,569) which accounted for 48 per cent of the Group's net credit losses during the year. In the Nordic countries and in Germany, which account for more than 90 per cent of the exposure in the credit portfolio, asset quality remained robust, with low provisions for credit losses. The credit loss level in the Group was 0.14 per cent.

Following the severe economic downturn in the Baltic countries, there is a turnaround and the Baltic businesses are starting to see a return to a more normal business environment. Several thorough reviews of the troubled portfolios have been performed down to transaction level and the results have been analysed in detail. Improvements in credit and operational management and control are being implemented. As a result, SEB is now better poised at a time when external factors, such as the recovering economies and signs of growth, appear positive.

Managing risk in bond portfolios

SEB maintains portfolios of debt instruments for investment, treasury and client facilitation purposes. At year-end, total holdings of debt securities amounted to SEK 322bn.

A key management objective during the year has been to strengthen the quality of these holdings, balancing return against risk, funding requirements and capital utilisation. As a result, the bond investment portfolio has been reduced as part of the strategic objective to limit further income volatility. New investments for liquidity purposes are of the highest credit quality and consist primarily of sovereign, supranational and covered bond exposures.

Sale of German retail business

An example of SEB's financial management during 2010, was the sale of the retail business in Germany which reduced SEB's balance sheet volumes, risk and made a capital release possible. The balance sheet characteristics changed significantly in connection with execution of the transaction, as more assets than liabilities have been sold. The resulting interest rate risk was minimised through hedging investments which had a temporary positive impact on net interest income. The divestment will have positive long term financial and risk impact across all metrics. The transaction was closed on 31 January 2011.

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 processes.

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.

Comprehensive management

In order to understand the financial consequences of business decisions on all levels and how they affect shareholder value over time, SEB proactively manages three main areas: (1) the growth, mix and risk of business volumes, (2) the capital, funding and liquidity requirements driven by the business and (3) the profitability. Targets are set and regularly reviewed to manage and optimize resources from these three aspects.

Risks are only taken where SEB has an ability to understand, evaluate and manage the outcomes within the regulatory and economic capital limits. In the planning process, the business units' plans are combined into the Group total, which is then analysed from a risk appetite, funding and liquidity as well as capital view. Adjustments are made to the business units' plans in order to arrive at the optimal plan for the Group. The risk reward analysis is an iterative process until an overall desired profile has been concluded. The planning and outcome are discussed and confirmed at several levels from business units to the Board. An important part of the business plan is the Risk Strategy which describes how the Group's risk profile will change as a result of the overall plan and contrasts this with the Board's risk appetite. The Board approves the Risk Strategy upon proposal by the Chief Risk Officer.

Stress testing

The financial plan and targets are supplemented with stress testing, an important part of SEB's long-term capital assessment process as a guide to potential earnings volatility. Potential losses and their effect on retained earnings and hence available capital are evaluated. The stressed available capital is then contrasted with the required capital, under both internal and regulatory capital rules, to assess the Group's financial strength under much worse conditions than assumed in the financial plans. Similarly, liquidity risk management is regularly stressed to test the Bank's ability to withstand externally generated liquidity squeezes.

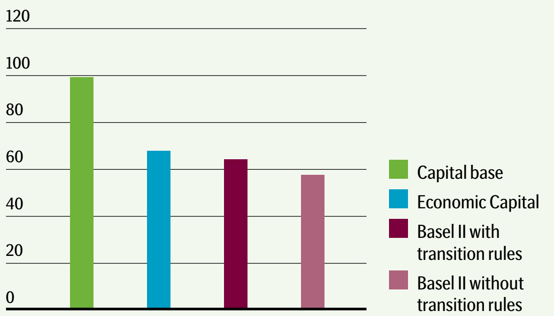
The macroeconomic environment is a major driver of risk to SEB's earnings and financial stability. In order to understand the risks to the Group's financial strength and its earnings, a range of scenarios from expected economic development to extreme and severe conditions must be examined. Stress testing is also used to assess an extra safety margin over and above the formal capital model requirements.

SEB has developed a comprehensive stress testing framework covering all main risks and with particular focus on the risk of credit losses. The framework contrasts key economic criteria from recession scenarios with historical economic factors underlying the data used in the average through-the-cycle credit models to project the risk level in the Group in relation to yearly earnings and available capital resources. In the stressed scenarios projected earnings are lowered, credit losses are increased (considering both specific and collective impairments) and average risk weights in credit portfolios are increased due to risk class migration. The stress testing framework uses both internal and external default and loss data in concert with historical and scenario macroeconomic data to predict an effect on the Group's current portfolio. In this way, the sensitivity of different parts of the portfolio can be identified, enabling the Group to manage risk more effectively.

The Group works with stress test scenarios based on real or plausible macro-economic circumstances. In a one in 10 year event, for example, equity prices are assumed to remain unchanged for three consecutive years while industrial production decreases in years one and two, followed by a modest increase in year three. A one in 50 year event could see equity prices falling by 20–25 per cent annually for three years, while industrial production decreases by 5, 2.5 and 2 per cent annually, for three years. Other macroeconomic variables such as real estate prices and interest rates are simulated in order to make a coherent and plausible scenario. The default rates on loans and other credit exposures are then modelled as increasing to levels relating to historical crises. Swedish portfolios, for example, are stressed to the levels of default based on those experienced during the 1992/1993 crisis, with specific default rates applied to each risk grade. In this way, the portfolio quality and composition are taken into account in a way which a simple credit loss projection cannot. More specific macro scenarios are also used from time to time for stressing country or industry portfolios and may contain specific stressed elements.

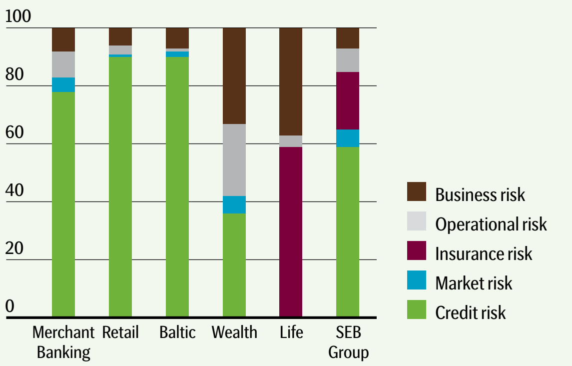
During 2010, SEB took part in the stress test conducted by the Committee of European Banking Supervisors (CEBS), which involved stressing market, liquidity and credit risk in SEB's portfolios based on specific economic scenarios given by the supervisors. SEB used the method described herein to create an objective link between the scenario and the credit losses. Observed data such as GDP and unemployment were aligned with credit losses for each of the major countries represented in SEB's credit portfolio, with the end result being a substantial degrading of normal earnings. Due to SEB's robust starting Tier

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 2010
Per cent



1 capital level the net effect of the stress test was to place SEB in the top ten per cent of European banks by capitalisation after the stress events.

Capital governance

SEB's capital is managed centrally, while also meeting local requirements for statutory and internal capital. The Group's Capital Policy defines how capital management should support the business goals. This policy, which also sets out the Group's dividend policy and the rating targets, is established by the Board of Directors based on recommendations from the Group Asset and Liability Committee and the Risk and Capital Committee of the Board. The policy is reviewed annually.

The Chief Financial Officer is responsible for the process of assessing capital requirements in relation to the Group's risk profile, and for proposing a strategy for maintaining sufficient capital levels. This Internal Capital Adequacy Assessment Process (ICAAP) is integrated with the Group's business planning and is part of the internal governance framework and its internal control systems.

Together with continuous monitoring and reporting of capital adequacy to the Board this ensures that the relationships between shareholders' equity, economic capital and regulatory and rating-based requirements are managed in such a way that SEB does not jeopardise the profitability of the business or the financial strength of the Group. Capital management and the Group's capital adequacy are further described on p 53.

Economic capital

For the internal capital assessment and performance evaluation, SEB uses an economic capital framework based on a Capital at Risk (CAR) model. This internal framework bears strong similarities with 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, representative of an AA-rating.

At the end of 2010, the internal capital requirement for the Group, calculated as economic capital, was SEK 67.6 bn (71.2), with credit risk and insurance risk being the largest risk components (insurance surplus values are included in the Group's overall loss absorption capacity and are, therefore, included in the calculation of economic capital). Due to diversification effects when risks are aggregated across divisions, the capital requirement is considerably lower than if the divisions had been independent legal units.

Allocation of capital to divisions is also based on the economic capital framework. Profitability is measured by relating the reported result to allocated capital, which makes it possible to benchmark the risk-adjusted return of the Group and its divisions.

Economic Capital, by risk type

SEK m	2010	2009	2008
Credit risk	53,900	58,600	63,500
Market risk	6,100	3,300	4,800
Insurance risk	19,600	19,500	17,900
Operational risk	7,300	8,700	8,100
Business risk	6,800	7,300	8,600
Diversification	–26,100	–26,200	–26,300
Total economic capital	**67,600**	**71,200**	**76,600**

Management of liquidity and funding

SEB's liquidity is managed centrally, while also meeting local requirements. The Group's Liquidity Policy, which is reviewed annually, defines how funding and liquidity management should support the business goals. This policy is established by the Board of Directors based on recommendations from the Group Asset and Liability Committee and the Risk and Capital Committee of the Board. An important related decision is the desired external 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 maturities profile, and for establishing a funding strategy to meet existing and planned requirements and expected changes in the funding in a cost efficient way. Liquidity risk management is described in further detail at 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	✓		✓	
	Reputational	✓			
	Venture	✓			
	Strategic	✓			
Insurance risks	Life insurance liability	✓		✓	✓
	Life insurance surplus value	✓		✓	
	Non-life insurance	✓		✓	✓
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 encompasses counterparty risk in the trading operations, country risk and settlement risk. Credit risk refers to all claims and potential claims on companies, banks, public institutions and private individuals.

The following section focuses on SEB's credit portfolio, in particular exposures to corporates and households in the Nordic countries, Germany and the Baltics. For information on SEB's holdings of debt instruments, see box on page 47.

Asset quality in 2010

Asset quality for the Group showed a positive trend in all regions and across all business areas during 2010. The Baltic crisis is abating whereas Nordic and German asset quality has shown continued resilience with limited impairment throughout the global turndown. In a global macroeconomic context, SEB was geographically well positioned in 2010 with the major part of the client base in the fundamentally strong Nordic-German markets and in the stabilising Baltic markets.

The most significant trend in 2010 was the earlier than expected Baltic credit improvement. In the first quarter, signals remained somewhat mixed and therefore further provisioning was required. During the second half of the year, there was a clear stabilisation in asset quality in all three Baltic countries which allowed a gradual release of provisions during the last two quarters. Estonia is leading the way to economic recovery, with Latvia and Lithuania following. The underlying improvements are driven by the export-led recovery and return of business confidence. The recovery process is, however, expected to be slow with high but slowly abating unemployment and low domestic demand prevailing for some time to come. Baltic non-performing loans as a percent of lending was 13.6 at the end of 2010 (12.6).

The Group's impaired loans, individually assessed, decreased by over SEK 4.1bn during 2010, primarily as an effect of the Baltic stabilisation. The Group's total reserve ratio remained strong at 69 per cent. Portfolio assessed loans past due more than 60 days amounted to SEK 6.5bn as at year-end, of which the Baltic region accounted for two thirds. The reserve ratio for past due portfolio assessed loans for the Group was 51 per cent.

Total non-performing loans for the Group peaked in December 2009 and have since then showed a downward trend. Non-performing loans declined to SEK 24.3bn which was 1.8 per cent of lending as at December 2010 (1.9 per cent).

Credit portfolio review

The Group's credit exposure, comprising the credit portfolio, repos and debt instruments, amounted to SEK 2,061bn at December 2010, a slight decrease compared to 2009.

SEB's total credit portfolio, which includes lending, contingent liabilities and derivative instruments, amounted to SEK 1,703bn at year-end, a decrease of 6 per cent. Adjusting for foreign exchange effects, the credit portfolio volume was largely unchanged compared to 2009. The credit portfolio is dominated by high quality assets based on long-term client relationships. Sweden accounts for 54 per cent of the portfolio (51). The Nordic countries and Germany together account for 92 per cent (91). The Baltic credit portfolio decreased by SEK 33bn during the year, to SEK 128bn and the corresponding share of the portfolio was 8 per cent (9).

The sale of the German retail operations, which was completed on 31 January 2011, reduced the credit portfolio by approximately SEK 95bn subsequent to year end 2010.

The credit portfolio is managed in five sub-segments: corporates, property management, households, public administration and banks. The corporate segment is the largest and most important and accounts for 39 per cent (36) of the total portfolio. Exposure to banks decreased from 17 per cent of the portfolio in 2009 to 12 per cent in 2010.

The *corporate* credit portfolio amounted to SEK 666bn as at year-end. It 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 business & household services. The Nordic and German corpo-

Credit exposure

SEK bn	2010	2009	2008
Lending	**1,183**	1,308	1,362
Contingent liabilities	**430**	406	442
Derivative instruments	**90**	102	130
Credit portfolio	**1,703**	**1,816**	**1,934**
Repos	**36**	**60**	**31**
Debt instruments	**322**	**361**	**399**
TOTAL	**2,061**	**2,237**	**2,364**

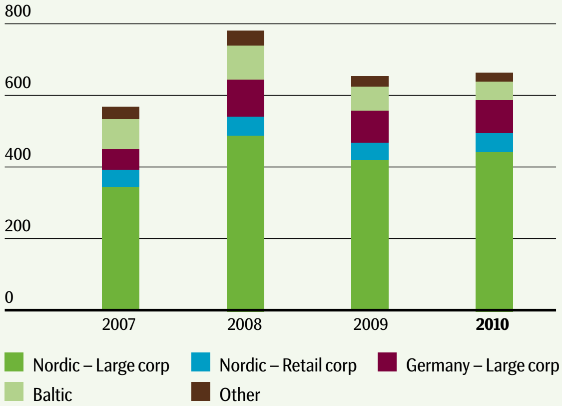
Total credit exposure comprises the Group's credit portfolio (loans, leasing agreements, contingent liabilities and counterparty risks arising from derivatives contracts), repos and debt instruments. Exposures are presented before reserves. Derivatives and repos are reported after netting of market values 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

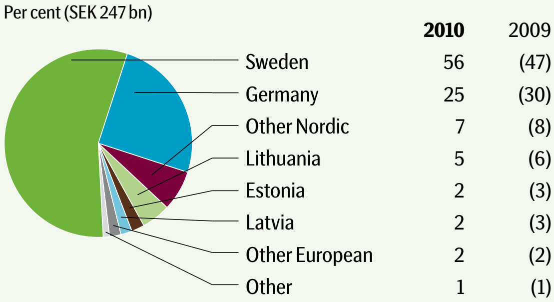
SEK bn	2010	2009	2008
Banks	**206**	**310**	**286**
Corporates	**666**	**656**	**782**
Nordic countries	466	435	502
Germany	106	103	120
Baltic countries	51	68	95
Other	43	49	65
Property Management	**247**	**247**	**262**
Nordic countries	151	134	126
Germany	72	84	104
Baltic countries	23	28	32
Other	1	1	1
Public Administration	**75**	**95**	**119**
Households	**509**	**509**	**486**
Nordic countries	369	347	309
Germany	84	97	104
Baltic countries	50	60	68
Other	6	5	5
Total credit portfolio	**1,703**	**1,816**	**1,934**

The geographical distribution is based on SEB's operations.

Corporate credit portfolio
SEK bn

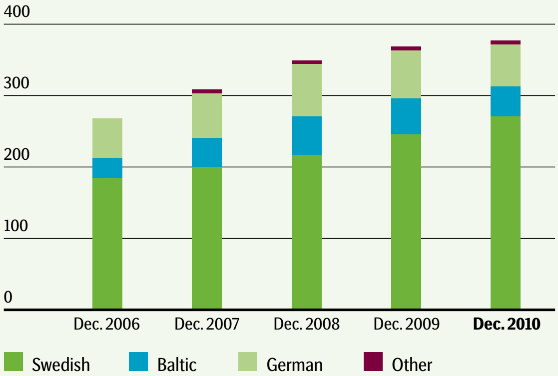


Property management credit portfolio[1)]
Per cent (SEK 247 bn)



1) Geographical distribution by obligor's country of domicile.

Retail mortgage loans
SEK bn



rate portfolio continued to show sustained robust asset quality with limited loan losses in 2010. Corporate demand for credit gradually started to return during the year. Adjusted for currency effects, the Nordic and German corporate credit portfolios recorded a noteworthy increase, primarily during the second half of 2010. The Baltic corporate portfolio continued to decline.

The *property management* portfolio amounted to SEK 247bn. Around 60 per cent of the portfolio refers to exposures in the Nordics while Germany accounts for close to one third. The portfolio is well distributed between commercial real estate (55 per cent) and multifamily exposures (45 per cent). During 2010 some growth was recorded in the multifamily segment, primarily in Sweden. The Swedish multifamily portfolio comprises mainly exposures to public housing companies and tenant owner's associations, deemed to be of low risk. The Nordic commercial real estate portfolio is characterised by strong counterparties and sound structures. The Baltic property management portfolio, with about half of the exposures in Lithuania, declined somewhat during 2010, to SEK 23bn.

The *Household* segment is the second largest sub-portfolio amounting to SEK 509bn. Nordic households account for almost 72 per cent of the exposure, whereof Swedish mortgages were nearly 80 percent (SEK 292bn).

The Swedish housing market has been a topic of discussion during the year. The mortgage market is characterised by lifelong 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

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	72.2	12.4	**205.4**
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	**915.5**	**39.8**	**110.8**	**58.3**	**38.6**	**31.5**	**58.3**	**387.2**	**62.9**	**1,702.7**

Credit portfolio by industry and geography, 2009[1)]

SEK bn	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	174.5	25.3	10.4	3.3	0.2	0.7	0.4	79.0	15.9	**309.7**
Corporates	312.7	19.4	58.5	44.6	18.2	17.8	31.8	103.4	49.3	**655.7**
Property Management	113.7	0.1	12.6	7.9	7.2	7.0	13.7	83.8	0.8	**246.8**
Public Administration	23.3	0.1	0.3	0.7	2.2	0.3	2.4	65.4	0.1	**94.8**
Households	306.3	6.0	33.3	1.5	20.5	14.0	25.3	97.4	5.2	**509.5**
Credit portfolio	**930.5**	**50.9**	**115.1**	**58.0**	**48.3**	**39.8**	**73.6**	**429.0**	**71.3**	**1,816.5**

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

on new mortgages valid from 1 October 2010. SEB implemented this requirement and also tightened its lending guidelines of maximum mortgage loan size versus household income. SEB is continuously taking active measures to prepare mortgage clients for less benign economic conditions and increasingly recommends clients to amortise their mortgage loans.

The Swedish household mortgage portfolio continues to show strong asset quality. Credit losses remain negligible and the level of past due loans is stable and low. Stress tests conducted during the year based on historical default and loss rates indicate that even under a high interest and housing price fall scenario the estimated lending losses would be moderate.

Credit policy

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 pay. Customers shall be known by the Bank. Depending on the customer's creditworthiness as well as the nature and complexity of the transaction in question, collateral and netting agreements can be used to a varying extent.

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 as well as any 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 assessed 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 risk 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) and Loss Given Default (LGD). Over the years, risk classification systems have grown more and more sophisticated and have come to cover a vast majority of the various portfolios across the Group. Risk classification systems are used in the everyday steering of business to ensure a conscious risk/reward decision-making process 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. Sixteen risk classes have been identified, with 1 representing the lowest default risk and 16 representing the highest default risk. For each risk class, SEB makes one-year PD estimates

Credit portfolio by risk class 2010 [1]

Total, excluding households									Households [3]	
Category	Risk class	PD Range	Moody's / S&P [2]	Banks	Corporates	Property Management	Public Admin.	Total	PD Range	Households
Investment grade	1–4	0–0.07%	Aaa to A3/AAA to A–	90.9%	20.4%	14.3%	94.8%	**35.7%**	0–0.2%	**25,2%**
	5–7	0.07–0.26%	Baa / BBB	5.6%	25.9%	20.0%	2.1%	**19.8%**	0.2–0.4%	**43,0%**
									0.4–0.6%	**2,3%**
Ongoing business	8–10	0.26–1.61%	Ba / BB	2.3%	43.9%	52.3%	3.0%	**36.0%**	0.6–1%	**15,6%**
	11–12	1.61–6.93%	B1,B2 / B+,B	0.6%	6.6%	5.1%	0.0%	**4.9%**	1–5%	**8,3%**
									5–10%	**2,4%**
Watch list	13–16	6.93–100%	B3 to C / B– to D	0.5%	3.1%	8.3%	0.0%	**3.6%**	10–30%	**1,4%**
Total				**100%**	**100%**	**100%**	**100%**	**100%**	30–50%	**0,3%**
									50–100%	**1,5%**
									Total	**100%**

Credit portfolio by risk class 2009 [1]

Total, excluding households									Households [3]	
Category	Risk class	PD Range	Moody's / S&P [2]	Banks	Corporates	Property Management	Public Admin.	Total	PD Range	Households
Investment grade	1–4	0–0.07%	Aaa to A3/AAA to A–	93.1%	21.4%	12.4%	95.2%	**42.2%**	0–0.2%	**27.1%**
	5–7	0.07–0.26%	Baa / BBB	4.0%	26.3%	22.1%	2.6%	**18.5%**	0.2–0.4%	**38.8%**
									0.4–0.6%	**2.6%**
Ongoing business	8–10	0.26–1.61%	Ba / BB	1.7%	38.9%	50.0%	2.0%	**29.4%**	0.6–1%	**17.2%**
	11–12	1.61–6.93%	B1, B2 / B+, B	0.7%	7.9%	6.2%	0.2%	**5.3%**	1–5%	**8.3%**
									5–10%	**2.8%**
Watch list	13–16	6.93–100%	B3 to C / B– to D	0.5%	5.5%	9.3%	0.0%	**4.6%**	10–30%	**1.4%**
Total				**100%**	**100%**	**100%**	**100%**	**100%**	30–50%	**0.4%**
									50–100%	**1.5%**
									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)

through the cycle using thirteen years' internal history of defaults. 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 weighted average risk class for the Group excluding households and banks was 7.02 at year-end (7.16). The Group's corporate and property management portfolios in the Nordic countries and Germany showed limited negative migration in 2010, while the Baltic portfolio deteriorated in 2010.

For private individuals and small businesses, SEB uses credit scoring systems to estimate PD for all customers. To achieve a high forecasting power in its risk classification, 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. All models are built on point-in-time data, i.e. risk classification is based on the customer's current behaviour, financial situation and other general information. The models are subsequently adjusted to a through-the-cycle level in order to reflect the default level over a longer period of time.

Statistical analysis confirms that SEB's risk classes historically have shown differentiated patterns of default, e.g., worse risk classes display higher default ratios than better risk classes.

EAD is measured in nominal terms (such as for loans, bonds and leasing contracts), as a percentage of committed amounts (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, etc. It is based on internal and external historical experience, of at least 7 years and the specific details of each relevant transaction. LGD estimates are set conservatively to reflect the conditions in a severe economic downturn.

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 to industrial and geographic sectors as well as to large individual exposures.

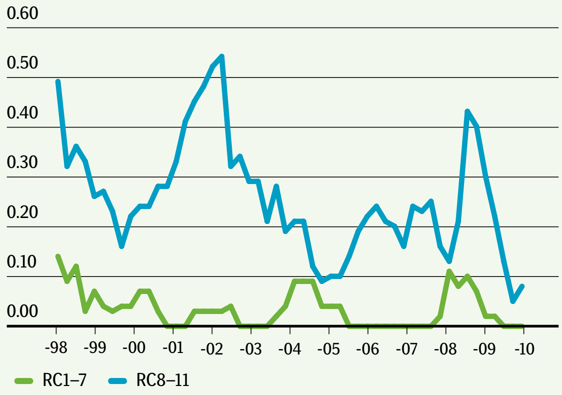
Limits and monitoring

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 for the customer. Limits are also established for total exposure in countries in certain risk classes and for settlement risks in trading operations.

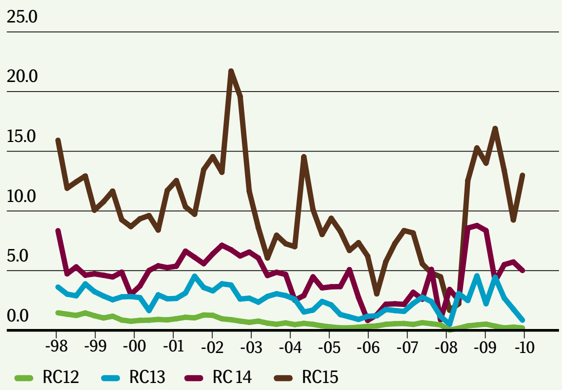
All total limits and risk classes are subject to a minimum of one review annually by a credit approval authority (a credit committee consisting of at least two bank officers as authorised by the SEB Group Credit Instruction, adopted by the Board). High-risk exposures (risk classes 13–16) are subject 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 Group function, Special Credits Management, with global responsibility for managing problem exposures. This function, which currently deals primarily with the Group's Baltic exposures, includes over 200 employees.

Observed default frequencies, risk classes 1–11
Per cent



Observed default frequencies, risk classes 12–15
Per cent



Counterparty risk in derivatives contracts

SEB enters into derivatives contracts primarily to offer clients products for management of their financial exposures, and then manages the resulting positions by entering offsetting contracts in the marketplace. The Group also uses derivatives to protect cash flows and fair values of financial assets and liabilities in its own book from market fluctuations.

Counterparty risk in derivatives contracts arises when a contract has a positive market value. Since market values fluctuate during the term to maturity, the uncertainty of future market conditions must also be 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.

As per year-end, the derivatives contracts of SEB amounted to a nominal amount of SEK 9,638bn. Since the derivatives portfolio to a large extent consists of closed positions, i.e. SEB has bought and sold off-setting positions, and close-out netting agreements and collateral management arrangements are used for a vast majority of the counterparties, the nominal amount does not represent the underlying risk. The actual counterparty risk from derivatives contracts is instead made up by the sum of the credit risk equivalents. When taking netting agreements into account, the total credit risk equivalent exposure at year-end was SEK 90bn (102).

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 allowing 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 mortgages and financial securities. In the trading operations, daily margin arrangements are frequently used to mitigate the net open counterparty exposure at any point in time. For large corporate customers, credit risk is often mitigated by the use of covenants.

Concentration risk

The credit portfolio is analysed for credit concentrations in geographical and industry sectors and on large single names, both in respect of direct exposures and indirect exposures in the form of collateral, guarantees and credit derivatives. SEB adheres to the new large exposure regime which in the light of the recent financial crisis puts more emphasis on financial institutions and short term exposures.

SEB's 20 largest exposures, expressed as a percentage in relation to capital base increased moderately in 2010 compared to 2009.

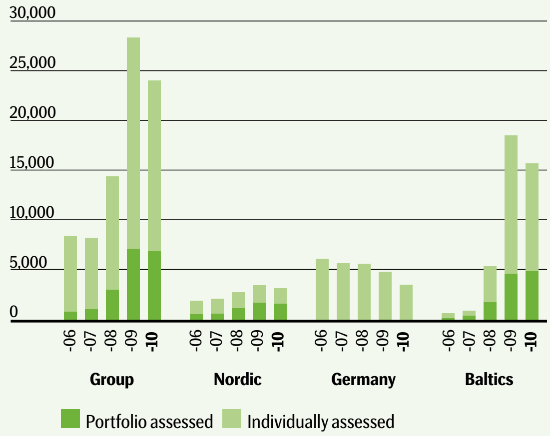
Credit portfolio monitoring

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 made when market developments require a more careful examination of certain sectors. During 2010 the Baltic portfolios have been closely monitored with monthly updates on Baltic asset quality development, as well as frequent reviews of different sub-portfolios in the Baltic banks. In addition, there are regular special portfolio reviews of various sub-portfolios of special interest presented to the Group Credit Committee. Stress tests have been carried out particularly on the German and the Baltic portfolios, as well as on the shipping and commercial real estate portfolios. For the retail portfolio, the stress focus has been the risk of house price falls in Sweden.

Non-performing loans

Impairment provisions are made for probable credit losses for individually assessed loans and for portfolio assessed loans.

Non-performing loans
SEK bn



Individually 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. A loan is classified as impaired if there is evidence that a loss event has occurred and if the effects of the event impacts estimated future cash flows (for instance, if the customer is in financial difficulty or defaults on payments). Loans are not classified as impaired if the collateral value covers principal and interest with a satisfactory margin.

All customers with impaired loans belong to risk class 16. The impairment affects all of the customer's loans, unless specific circumstances call for a different evaluation, such as specifically pledged collateral covering both principal and interest.

A collective provision is made for loans that have not been deemed to be impaired on an individual basis. Loans with similar credit risk characteristics are grouped together and assessed collectively for impairment. SEB's risk classification system constitutes the key component for determining the total amount of the collective provisions. Collective provisions represent an interim step, pending the identification of specific losses on individual loans.

Portfolio assessed loans

Valuations of loans to private individuals and small businesses are to a large extent made on a portfolio basis. Different models are applied to different loan categories, where the individual loan amounts are small and share similar risk characteristics. Examples of such categories are credit card exposures, retail mortgage loans and consumer loans. The collective provisions for portfolio appraised loans are based on historical credit loss experience and on an assessment of probable credit losses for the group of loans in question.

See note 17 to the Financial statements for additional credit risk information

Debt instruments

For investment, treasury and client trading 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 2010, the total amount of debt instruments was SEK 322bn (361). 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 unsecured financials and structured bonds have been decreased during 2010.

Net positions in debt instruments

SEK bn	2010	2009	2008
Debt instruments, total assets	322	361	399
Debt instruments, short positions	–46	–47	–39
Certificates of deposit		–50	
Total Return Swaps		–2	–5
Total net positions	**278**	**262**	**355**

Distribution by geography

2010, SEK 322bn 1)

	Central & local governments	Corporates	Covered bonds	Structured credits	Financials	Total
Germany	29.7%	0.9%	3.8%	0.4%	0.5%	**35.3%**
Sweden	3.5%	1.4%	12.7%	0.0%	0.8%	**18.4%**
US	0.2%	0.4%	0.0%	3.6%	2.8%	**7.0%**
Denmark	0.8%	0.1%	5.6%	0.0%	0.0%	**6.5%**
Norway	2.6%	1.6%	1.2%	0.0%	0.9%	**6.3%**
Spain	0.1%	0.0%	3.1%	0.7%	0.1%	**4.0%**
UK	0.0%	0.0%	0.3%	1.5%	1.1%	**2.9%**
Finland	0.2%	0.5%	0.2%	0.0%	0.0%	**0.9%**
Italy	0.4%	0.0%	0.0%	0.4%	0.0%	**0.8%**
Ireland	0.0%	0.0%	0.2%	0.3%	0.4%	**0.9%**
Greece	0.3%	0.0%	0.0%	0.1%	0.0%	**0.4%**
Portugal	0.2%	0.0%	0.0%	0.2%	0.0%	**0.4%**
Europe, Other	8.0%	0.0%	3.7%	3.2%	0.5%	**15.4%**
Other	0.2%	0.0%	0.0%	0.2%	0.2%	**0.6%**
Total	**46.2%**	**4.9%**	**30.8%**	**10.7%**	**7.4%**	**100.0%**

Distribution by rating

2010, SEK 322bn 1)

AAA	27.6%	0.6%	26.5%	5.1%	1.1%	**60.9%**
AA	8.2%	0.8%	3.5%	2.6%	1.7%	**16.8%**
A	0.6%	1.0%	0.2%	1.4%	2.2%	**5.4%**
BBB	1.3%	0.1%	0.0%	0.2%	0.7%	**2.3%**
BB/B	0.4%	0.4%	0.0%	0.7%	0.5%	**2.0%**
CCC/CC/C	0.0%	0.0%	0.0%	0.6%	0.0%	**0.6%**
Not rated 2)	8.1%	2.0%	0.6%	0.1%	1.2%	**12.2%**
Total	**46.2%**	**4.9%**	**30.8%**	**10.7%**	**7.4%**	**100.0%**

1) Excludes debt instruments in the Life division of SEK 61bn (76). 2) Mainly German local governments (Bundesländer)

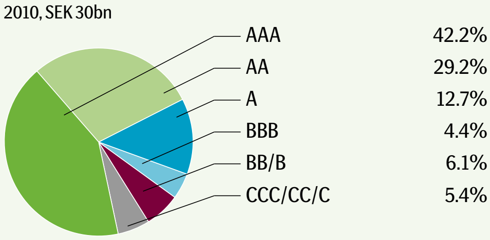
Bond investment portfolio – geographical breakdown

2010, SEK 48bn

Product	UK	Spain	Other Europe	US	Australia /NZ	Total volume, SEK bn
Financials	9.8%	0.0%	31.9%	56.6%	1.7%	**10.9**
Covered Bonds	0.0%	96.1%	3.9%	0.0%	0.0%	**7.8**
Structured Credits	15.1%	7.2%	46.4%	30.4%	0.9%	**29.6**

Structured credits – distribution by rating

2010, SEK 30bn



Additional information on debt instruments is found in notes 41 and 42.

Market risk

Market risk is the risk of loss or reduction of future net income following changes in interest rates, foreign exchange rates, equity prices and commodity 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.

Market risks in the trading book arise from the Group's customer-driven trading activity, where SEB acts as a market maker for trading in international foreign exchange, equity and capital markets. The risks arise primarily in Merchant Banking and are managed at the various trading locations within a comprehensive set of risk limits.

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

Value at Risk, Trading book

SEK m	Min	Max	31 Dec. 2010	Average 2010	Average 2009
Interest rate risk	53	257	67	100	156
Credit spread risk	52	360	294	251	102
Foreign exchange rate risk	12	136	36	44	65
Equity price risk	20	112	50	40	51
Commodities risk	0	4	0	0	2
Volatilities risk	14	35	21	24	–
Diversification	–	–	–155	–154	–183
Total	**133**	**483**	**313**	**305**	**193**

Value at Risk, Banking book

SEK m	Min	Max	31 Dec. 2010	Average 2010	Average 2009
Interest rate risk	161	586	481	288	369
Credit spread risk	0	397	152	141	–
Foreign exchange rate risk	0	80	27	27	127
Equity price risk	19	59	34	33	51
Diversification	–	–	–178	–122	–166
Total	**188**	**639**	**516**	**367**	**381**

Risk mandate

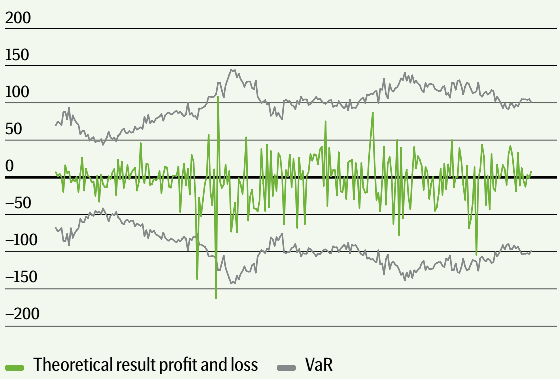
The Board of Directors defines the level of market risk that the Group may accept. The Group's Asset and Liability Committee delegates the market risk mandate set by the Board to the business units, which in turn further delegate the limits internally, in some cases down to the desk level. The use of limits ensures proper management of loss positions and risk exposures and constrains the risk-taking activities within the Group's risk appetite. The Board sets the overall risk limits for the Group based on recommendations from the Risk and Capital Committee, as proposed by the Chief Risk Officer. The Board and management do not allow proprietary trading.

Market Risk Control

Measurement, monitoring and management reporting is done on a daily basis at the Group, divisional and business unit levels. Risk Control ensures the independent valuation of traded positions. The daily control framework relies on statistical models, as well as on more traditional risk measures, such as nominal exposures and sensitivity measures. Market risks are reported on a regular basis to the Asset and Liability Committee and the Risk and Capital Committee of the Board.

Trading book back testing 2010

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



Risk measurement

When assessing market risk exposures, it is important to distinguish between measures that seek to estimate losses under normal market conditions and those that focus on extreme market situations. The latter class of tools consists of stress tests and scenario analyses.

The Board has decided on four major risk measures to quantify and limit the Group's total market risk exposure under normal market conditions: Value-at-Risk; Delta 1 per cent; Aggregated FX and stop-loss limits. Any risk measure has strengths and weaknesses. Weaknesses can be mitigated by combining the measurements.

Value-at-Risk (VaR)

To measure and limit the Group's aggregate market risk, SEB uses a Value-at-Risk (VaR) approach. VaR expresses the maximum potential loss that could arise with a certain degree of probability during a certain period of time. The Group has set a probability level of 99 per cent and a ten-day holding period for monitoring and reporting VaR. In the day-to-day risk management of trading positions, SEB follows up limits with a one-day time horizon, and the VaR is based on one-year historical data. SEB uses its VaR model for calculation of legal capital requirements for the majority of the general market risks in the Bank's trading book.

Back-testing of the VaR model is done on a daily basis to control and assure its accuracy and to verify that losses have not exceeded the VaR level significantly for more than 1 per cent of trading days. SEB's VaR model has a wide range of risk factors and uses an historical data method.

The Group's VaR in the trading operations averaged SEK 305m during 2010. The increase compared to 2009 is due to a strategic reorientation of certain assets to the trading portfolio from the banking book. Banking book VaR increased temporarily during the second half of 2010 due to the sale of the German retail business. This represented an increase of approximately 90 per cent. After completion of the sale in January 2011, VaR has returned to earlier levels. For the rest of the portfolio, underlying positions have decreased at the same time as market volatilities have dropped, leading to a net decrease in VaR.

Sensitivity and position measures
As complementary analytical tools, the Group uses sensitivity and position measures. In particular, the sensitivity of the positions to yield curve shifts is measured. For portfolios that include instruments with option features, these measures are combined with stress tests for large price shifts and volatility changes in the underlying instrument. Limits are imposed on different option-related sensitivity measures.

Stress tests and scenario analyses
Scenario analyses and stress tests are performed on a regular basis as a complement to the risk measurements described above. Stress testing makes it possible to discover potential losses beyond the 99th percentile using further scenarios than those available in the simulation window. SEB stresses the portfolios by applying extreme movements in market factors that have been observed in the past (historical scenarios) as well as extreme movements that could potentially happen in the future (hypothetical scenarios). This type of analysis provides a view of the potential impact that individual risk factors, as well as broader market scenarios, could have on a portfolio. Limits on stress tests and scenario analyses are imposed when deemed appropriate, based on positions, market conditions, etc.

Interest rate risk
Interest rate risk is the risk of loss or reduction of future net income following changes in interest rates, including price risk in connection with the sale of assets or closing of positions. To measure and limit interest rate risk, SEB uses the VaR method, complemented by the methods described below.

Delta 1 per cent
Delta 1 per cent is a measure of interest rate risk that is calculated for all interest rate–based products and is defined as the change in market value arising from an adverse one percentage point parallel shift in all interest rates in each currency.

Net interest income (NII)
The NII risk depends on the overall business profile, particularly mismatches between interest-bearing assets and liabilities in terms of volumes and repricing periods. The NII is also exposed to a so-called “floor” risk. Asymmetries in product pricings create a margin squeeze in times of low interest rates, making it relevant to analyse both upward and downward changes. SEB monitors NII risk, but it is not assigned a specific limit in terms of market risk exposure. See Note 43, which shows balance sheet repricing periods.

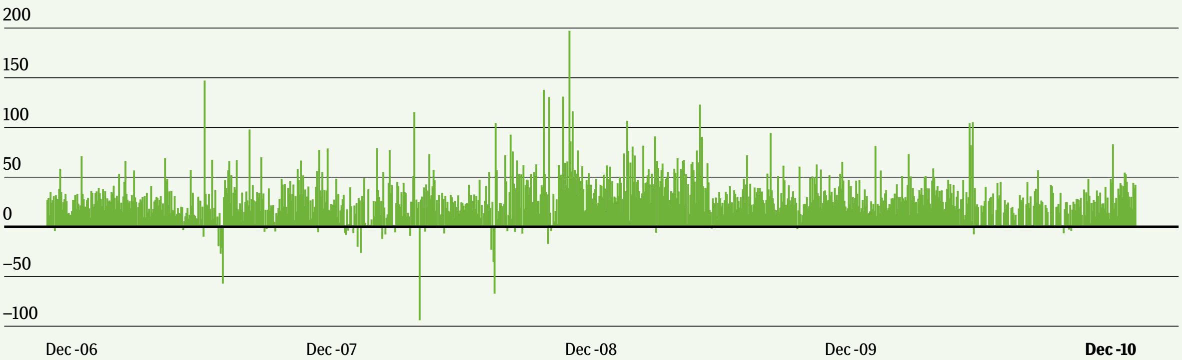
Credit spread risk
Credit spread risk is the risk of change in the value of an investment caused by moves in credit spreads. As opposed to credit risk, which applies for all credit exposures, only assets that are marked to market are exposed to credit spread risk.

Foreign exchange risk
Foreign exchange risk arises both through the Bank’s foreign exchange trading in international marketplaces and through the Group’s activities in various currencies. While foreign exchange trading positions are measured and managed within the overall VaR framework, the Group measures and manages the structural foreign exchange risk inherent in the structure of the balance sheet and earnings separately. The structural foreign exchange risk related to the Group’s subsidiaries in the Baltic countries is managed in such a way as to neutralise the effects of adverse currency movements. The structural foreign exchange risk decreased when Estonia joined the EMU in 2011.

Single and Aggregated FX positions
As a complement to VaR, foreign exchange (FX) risk is also measured in terms of Single and Aggregated FX positions. Single FX represents the single largest net position, short or long, for all currencies other than SEK. 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.

Equity price risk
Equity price risk arises in connection with market making and trading in equities and related instruments. VaR is the most important risk and limit measurement for equity price risk. In addition to VaR, various other risk measures, are used for derivative positions.

Low risk trading orientation
SEK m. Daily trading income[1] 2007 – 2010. 39 negative out of 1,027 trading days. Average loss SEK 14m



1) Excluding bond investment portfolio.

Commodities risk
Starting in 2009, SEB began offering customers the ability to hedge their commodities risk through SEB. However, since the business area is in a start-up phase, the number of transactions as well as the related exposure have been limited.

Volatility risk
Volatility risk is defined as the risk of a negative financial outcome due to changes in the implied volatility. The price of an option contract is dependent on the estimate of future volatility of the underlying asset as quoted in the market, i.e. implied volatility.

Stop loss limit
A stop loss limit is a specified loss amount that is used to trigger an action, for instance closing a position, in order to limit potential losses of a position, portfolio or entity. Stop-loss limits serve as the ultimate risk mitigation control mechanism since the focus is actual losses, thus covering all risk events, and it minimises losses under stressed market conditions. Stop loss limits are used throughout the Group's trading activities.

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 unfavourable rates or is forced to sell assets at a loss in order to meet its payment commitments.

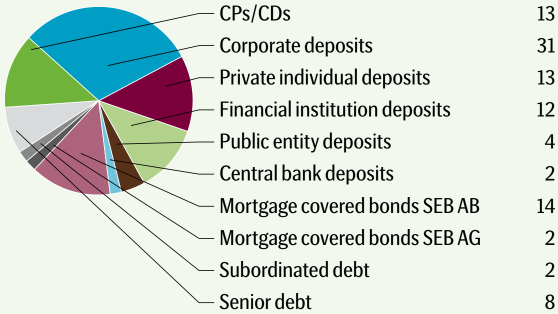
SEB maintains sufficient liquidity to meet its current payment obligations, while keeping contingency reserves on hand to meet any market disruptions.

Liquidity situation 2010
SEB had good access to short- and long-term financing throughout the year. The loan-to-deposit ratio remained at 139 per cent (139), excluding reclassified bond portfolios and repos. The sound structural funding situation was further supported by raising additional long term funding equivalent to SEK 102bn during the year. At year-end SEB held a pool of liquid assets at an approximate amount of SEK 240bn (300).

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.

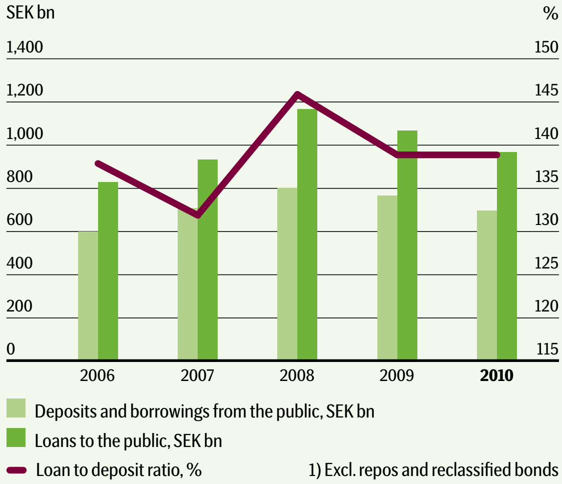
SEB has adopted a comprehensive framework for the management of its short- and long-term liquidity requirements. Liquidity is managed centrally by Group Treasury, supported by local treasury centres in the Group's major markets. Risk Control regularly measures and reports limit utilisation as well as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

Funding structure
Dec 2010. Per cent (SEK 1,402bn)



Over collateral within cover pools SEK 62bn, which may be used for further covered bond issuance or pledged for central bank borrowing.

Loan to deposit ratio[1]



1) Excl. repos and reclassified bonds

The Group reduces liquidity risk through diversification of funding sources in instruments, currencies and different geographical markets. Deposits from households and corporate customers are the most important sources of funding.

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 behaviour over time or upon contractual maturity. The quality of the liquidity reserve (see below) 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 106 per cent. As of year-end, the level was 109 per cent.

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.

Liquidity reserve

The Group's liquidity reserve consists of securities that can be used as collateral for loans or repurchase transactions and thereby immediately converted to liquid funds. The size of the liquidity reserve indicates to what extent the Group has a stable volume of unencumbered, high-quality liquid assets held as a buffer against a range of liquidity stress scenarios. The liquidity reserve, which should always be at least 5 per cent of total assets, was well above 10 per cent of total assets at year-end 2010.

New liquidity regulation

In 2010, global regulators further defined the new liquidity regulation aimed at both structural and stress liquidity. Detailed measures based on proposals set forth by the Basel Committee, will be implemented over the coming years, subsequent to impact assessment and discussions between regulators and the industry. Current planning is that the short term liquidity ratio will be introduced as a minimum standard from 2015, after an observation period beginning in 2011. The structural measure, net stable funding ratio, will be introduced as a minimum standard from 2018 after an observation period starting 2012. SEB is taking an active part in this work, through direct contacts and via national and international banking industry organisations.

Pilot reporting of liquidity measures to the Swedish Financial Supervisory Authority commenced in September 2010. SEB will be positioned to meet the new liquidity regulations when they come into effect.

Operational risk

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

Advanced Measurement Approach

SEB has had regulatory approval since 2008 to use the Advanced Measurement Approach (AMA) to calculate the capital requirement for operational risk. This approval is an acknowledgement 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 AMA model is also used to calculate economic capital for operational risk, but on a higher confidence level and with the inclusion of loss events relevant for life insurance operations.

The capital requirement for operational risk is quantified using a Loss Distribution approach, with internal data and external statistics about actual operational losses in the global financial sector. The calculation of expected losses takes into account the Group's internal loss statistics, while unexpected losses are calculated based on statistics of external losses over a certain threshold. The calculated capital requirement for operational risk is not affected by any insurance agreement to reduce or transfer the impact of operational risk losses.

Lower operational losses

Total operational losses in 2010 were at a lower level than in the previous two years and in line with the historical average for SEB. Benchmarking against members of the Operational Risk-data eXchange Association (ORX) shows that SEB's historical loss levels are somewhat below the ORX average. Note that operational losses appear in the accounts as credit losses or expenses.

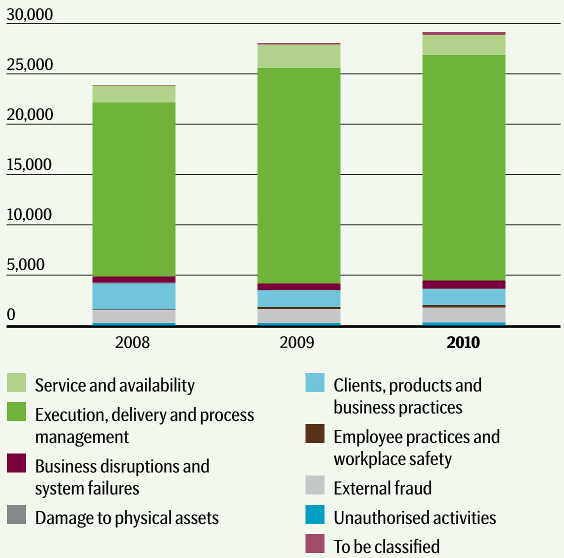
All staff required to register incidents

SEB uses an IT-based infrastructure for management of operational risk, security and compliance. All staff are required to register risk-related events, to enable management to identify, assess, monitor and mitigate the risk.

New product approval process

The new product approval process (NPAP) is designed to capture and mitigate operational risks, protecting SEB from entering into unintended forms of risk or risks that cannot be immediately managed by the organisation. 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. The process gained full maturity during 2010, with education efforts, lessons learned and reporting structures being focused on during the year.

Operational risk – incidents registered and analysed
Number



Insurance risk

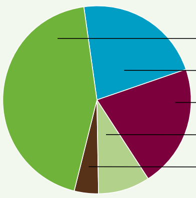
Life insurance surplus value risk is the risk that estimated surplus values cannot be realised, due to slower than expected asset growth, cancellations or unfavourable price/cost development. Life insurance liability risk is the risk that growth in assets held to secure future payments is insufficient to meet benefits payable to policy holders.

Insurance liability risk encompasses underwriting risk, connected to factors such as mortality, longevity and morbidity. For example, lower mortality rates lead to more long-term pension obligations whereas higher rates result in a higher level of death claims. Insurance liability risk is negligible in unit-linked portfolios, while it is more pronounced for the business conducted by SEB Pension.

Business profile

In life insurance SEB's sales focus is on unit-linked, which accounted for 85 per cent (80) of total sales in 2010. In unit-linked insurance, the market risk is borne by the policyholder. However, the Bank still has certain elements of financial risk regarding the value of future surplus. Value creation in the life insurance business is analysed in terms of surplus value (see Note 51) – i.e., the present value of future earnings from existing policies in force.

Components of life insurance surplus value risk in SEB
Per cent



	2010	2009
Asset risk	44	(42)
Expense risk	22	(24)
Persistency risk	21	(22)
Mortality risk	9	(8)
Morbidity risk	4	(4)

Insurance risk mitigation

Surplus values and market risks that are regularly reported by the division form the basis of risk measurement. Life insurance risks are controlled with the help of actuarial analysis and stress tests of the existing insurance portfolio. Mortality and morbidity risks are reinsured against large individual claims or against several claims caused by the same event. The risks in guaranteed benefit products are mitigated through standard market risk techniques and monitored through scenario analyses.

The Swedish Financial Supervisory Authority uses a "Traffic Light System" to evaluate the risk for mismatches between assets and liabilities. SEB's Danish life insurance operations are regulated by a similar system that has been in use in Denmark for several years. 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 analysis based on the parameters established by the respective supervisory authorities for life insurance companies.

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

Insurance Risk Control

Insurance Risk Control is a unit within the central risk control function with responsibility for measuring and controlling the risks inherent in SEB's life insurance operations. Traditional ALM (asset / liability mismatch) 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 Board's Risk and Capital Committee and to the boards of the respective insurance companies.

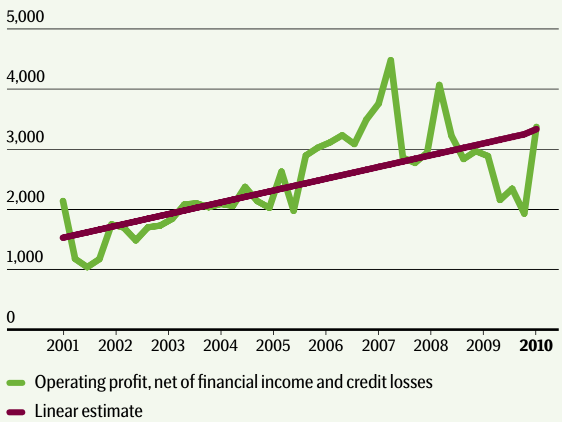
Business and strategic risk

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

SEB measures business risk as the variability in income and cost that is not directly attributable to other types of risk. Quantification of business risk is based on an assessment of the volatility in operating profit, net of credit losses and trading result. Business risk also encompasses reputational risk (the risk for a drop in revenues resulting from external rumours about either SEB or the industry in general) and venture risk (related to undertakings such as acquisitions, large IT projects, etc.). These components are part of SEB's overall capital assessment and risk management strategy but not in the quantification of business risk in economic capital terms since they do not contribute much to historical volatility in operating profit.

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

Illustration of business risk
SEB quarterly operating profit 2001–2010, SEK m



Capital management

The Group's capital management seeks to balance 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 shall be risk-based and built on an assessment of all risks incurred in the Group's business. It shall be forward-looking and aligned with short- and long-term business plans as well as with macroeconomic development.

Capital measures

In 2009 SEB undertook several capital measures which taken together increased Tier 1 capital and gave a better 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, it was decided to neither replace maturing nor issue new subordinated debt during 2010.

The calling of Tier 2 debt brought total capital down to below the Tier 1 level (see Note 48 for details). At year end the Group reported a Tier 1 capital ratio of 14.2 per cent (13.9) and a core Tier 1 capital ratio of 12.2 per cent (11.7), without Basel II transitional floors.

New capital regulation regime

Forthcoming regulation will establish explicit Tier 1 and core Tier 1 minimum levels and require banks to hold more and better quality capital. This is in line with SEB's actions during recent years. Specific capital increases are prescribed e.g. for interbank exposures and for bilateral derivatives exposures. SEB supports the intention of regulators to give banks incentives to build capital buffers during benign phases of a business cycle.

Basel III implementation will commence in 2013 with long transition periods. In the immediate future, 2011 will see national implementation of amendments of the EU's Capital Requirements Directive (CRDs II and III). SEB will see a modest impact from these with respect to market risk and in the capital requirements for securitisations. New Large Exposure regulation could have some impact on the Group's liquidity management strategy since rules for interbank exposures will change.

SEB is actively monitoring the regulatory development, for example by assessing the capital effect of various suggestions, and is taking part in consultations via national and international industry organisations.

Capital base – summary

SEK m	2010	2009
Equity	99,543	99,669
Deduction for dividends	−3,291	−2,193
Goodwill in banking operations	−4,174	−4,464
IRB excess/shortfall	0	−297
Deductions for non-banking operations	−2,728	−2,617
Other adjustments	−1,963	−4,717
Core Tier 1 capital	**87,387**	**85,381**
Tier 1 capital contribution	14,593	16,223
Tier 1 capital	**101,980**	**101,604**
Tier 2 subordinated debt	8,713	17,756
IRB excess/shortfall	91	−297
Deductions for non-banking operations	−10,540	−10,648
Other adjustments	−1,004	−1,070
Capital base	**99,149**	**107,345**

Capital adequacy

SEK m	2010	2009
Without transitional floor (Basel II)		
Core Tier 1 capital ratio	12.2%	11.7%
Tier 1 capital ratio	14.2%	13.9%
Total capital ratio	13.8%	14.7%
Capital base in relation to capital requirement	1.73	1.84
With transitional floor (Basel II)		
Transitional floor applied	80%	80%
Core Tier 1 capital ratio	10.9%	10.7%
Tier 1 capital ratio	12.8%	12.8%
Total capital ratio	12.4%	13.5%
Capital base in relation to capital requirement	1.55	1.69
With risk weighting according to Basel I		
Core Tier 1 capital ratio	8.8%	8.5%
Tier 1 capital ratio	10.2%	10.1%
Total capital ratio	9.9%	10.7%
Capital base in relation to capital requirement	1.24	1.34

Risk-weighted assets

SEK m	2010	2009
Credit risk IRB reported exposures		
Institutions	37,405	50,200
Corporates	403,128	405,072
Securitisation positions	6,337	10,590
Retail mortgages	65,704	65,021
Other retail exposures	9,826	10,792
Other exposure classes	1,511	1,638
Total credit risk IRB reported exposures	**523,911**	**543,313**
Further risk-weighted assets		
Credit risk, Standardised approach	91,682	97,563
Operational risk, Advanced Measurement approach	44,568	39,459
Foreign exchange rate risk	15,995	7,957
Trading book risks	39,970	42,200
Total	**716,126**	**730,492**
Summary		
Credit risk	615,593	640,876
Operational risk	44,568	39,459
Market risk	55,965	50,157
Total	**716,126**	**730,492**
Adjustment for flooring rules		
Addition according to transitional flooring	83,672	64,685
Total reported	**799,798**	**795,177**

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 around 40 per cent of earnings per share. Each year's dividend is assessed in the light of prevailing economic conditions, earnings and capital position.

Capitalisation targets

SEB's capitalisation targets are set to ensure that the Group's capital strength is sufficient to uphold 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 to protect senior debt holders, given the Group's chosen risk appetite (AA rating target).

SEB's long-term Tier 1 capital ratio target is 10 per cent, based on the Basel II framework applied without transition rules. When the regulatory requirements regarding capitalisation levels and composition of the capital base within the Basel III framework have been finally decided, this target will be reviewed. 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.

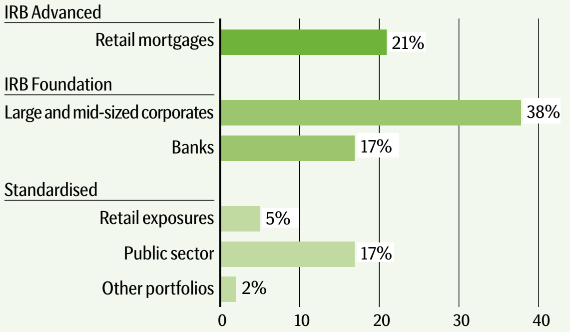
Evolution of risk-weighted assets (RWA)

Overall Basel II RWA (before the effect of transitional flooring) decreased by 2 per cent, or SEK 14bn, during the year. The biggest factor behind this change was the currency translation effect from the stronger Swedish krona which decreased RWA by SEK 45bn. Underlying credit volumes showed a mixed pattern where increased corporate lending added roughly SEK 23bn to RWA while e.g. inter-bank volumes decreased. Risk class migration increased RWA for corporate exposures by SEK 4bn over the year. The effect was countered by volume expansion mainly in the stronger risk classes resulting in an almost stable risk weight in the corporate portfolio over the year. No migration effect was recorded for inter-bank exposures, however, the average risk weight increased slightly since the overall volume decrease was not proportional across the risk classes. As seen in the diagram below, net negative risk class migration has clearly ceased and the total effect over the crisis has been to add some 10 per cent of RWA in the corporate and inter-bank portfolios.

Operational and market RWA taken together increased by SEK 11bn over the year. Including the effect of transitional flooring, RWA increased from SEK 795bn to SEK 800bn.

Distribution of loan portfolios by Basel II method

Share of Group exposure



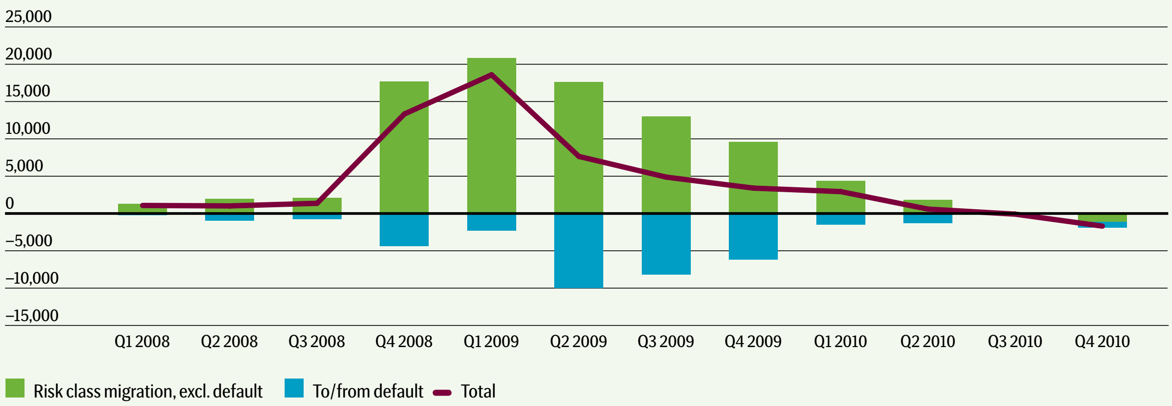
Basel II rollout

SEB holds regulatory approval to apply the Internal Ratings Based (IRB) approach for 85 per cent of its RWA. The Group's ultimate target is to be approved for IRB Advanced for all portfolios, except for exposure to public entities and a small number of insignificant portfolios. For these exposures, the Standardised approach is used.

The phased implementation of Basel II, with Basel I based RWA floors, necessitates monitoring, targeting and reporting capital ratios according to both regulatory frameworks. The transitional floors have been in use between 2007 and 2009 and have been prolonged by the Swedish Financial Supervisory Authority until the end of 2011, but with a changed status from a binding requirement to recommended use.

Risk class migration, RWA effect by quarter

Corporate and inter-bank portfolios, SEK m



Corporate Governance at SEB

SEB's Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance (Bolagsstyrningskoden). The Report has been audited by the Bank's auditors.

The ability to maintain confidence 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.

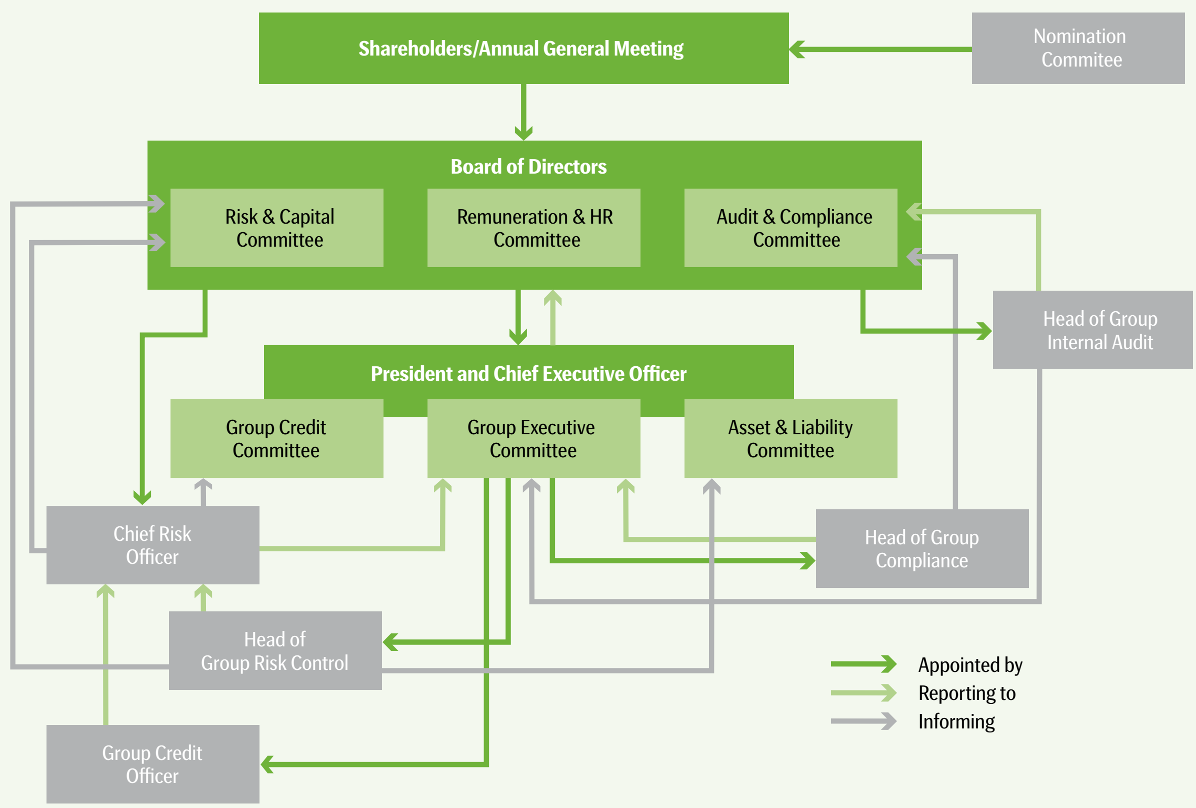
Clear division of responsibilities

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

Policies and instructions that have been drawn up to clearly define the division of responsibility form important parts of the Board of Directors' and the President's governing and controlling roles. Of special importance in this context are the Rules of Procedure for the Board of Directors, the Instruction for the President and Chief Executive Officer, the Instruction for the Activities, the Group's Credit Instruction, Instruction for Handling of Conflicts of Interest, Ethics Policy, Risk Policy, Instruction for Procedures Against Money Laundering and Financing of Terrorism, the Remuneration Policy, the Code of Business Conduct and the Corporate Sustainability Policy.

This Corporate Governance Report and further information on corporate governance at SEB are available on SEB's website: www.sebgroup.com.

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).

Shareholders and Annual General Meeting

SEB has approximately 300,000 shareholders. Around 180,000 of these have holdings of less than 500 shares. 650 shareholders own more than 100,000 shares.

SEB's major shareholders and shareholder structure as per 31 December 2010 are shown in the tables and graphs below.

The shareholders' influence is exercised at General Meetings of Shareholders, which are the highest decision-making body of the Bank. All shareholders included in the Shareholder Register and 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 participate in a General Meeting may be represented by proxy.

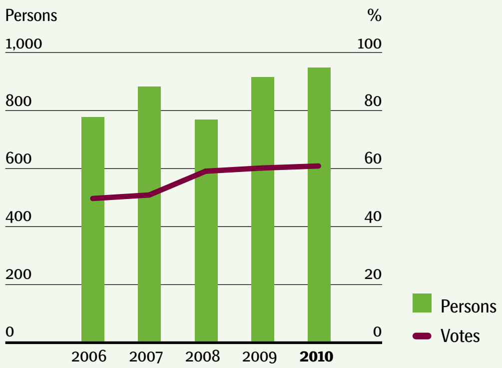
The 2010 Annual General Meeting (AGM) was held on 11 May 2010. The minutes from the AGM are available on SEB's website. Following are some of the decisions made at the AGM:

- Distribution of profits of SEK 1 (one) per share;
- Directors' fees;
- Election of eleven directors, Signhild Arnegård Hansen and Birgitta Kantola as new members;
- Decision on Nomination Committee for the 2011 AGM;
- Adoption of guidelines for remuneration of the President and the other members of the Group Executive Committee;
- Decision on three long-term equity-based programmes; the Share Savings Programme, the Performance Share Programme and the Share Matching Programme;
- Decision issuing a mandate to the Board concerning acquisition and sale of own shares for the Bank's securities business, for the long-term equity-based programmes and for capital purposes; and
- Amendments to the Articles of Association as an adaptation to new regulations in the Swedish Companies Act regarding notices of General Meetings of Shareholders.

At the AGM an electronic system of voting units, so-called televoters, was used for voting.

Annual General Meeting attendance

2006–2010



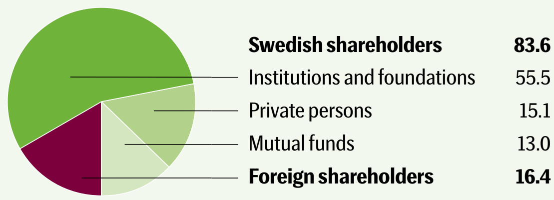
The largest shareholders

31 December, 2010	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	153,125,000	0	7.0	7.1
Swedbank/Robur Funds	79,406,296	0	3.6	3.7
SHB	37,885,353	36	1.7	1.7
AMF Insurance & Funds	36,000,000	0	1.6	1.7
SHB Funds	34,392,681	0	1.6	1.6
Wallenberg Foundations	33,057,244	5,871,173	1.5	1.3
SEB Funds	30,893,952	0	1.4	1.4
AFA Insurance	30,014,339	874,280	1.4	1.3
Second Swedish National Pension Fund	25,589,704	0	1.2	1.2
Skandia Life Insurance	24,051,596	2,096,832	1.1	1.0
Government of Norway	22,889,603	0	1.0	1.1
Nordea Funds	21,548,406	0	1.0	1.0
Fourth Swedish National Pension Fund	20,819,667	0	0.9	1.0
Foreign shareholders	467,171,193	1,541,965	21.3	21.4

Source: Euroclear AB/SIS Ägarservice AB

Shareholder structure

Percentage holdings of equity on 31 December 2010

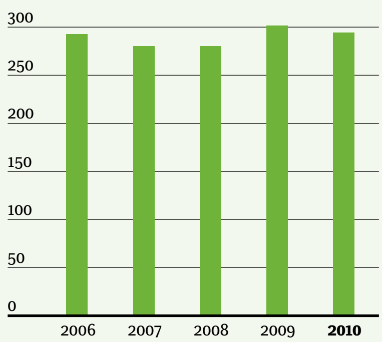


The majority of the Bank's approximately 300,000 shareholders are private individuals with small holdings. The ten largest shareholders account for 49 per cent of capital and votes.

Source: VPC/SIS Ägarservice

Number of shareholders

31 December, thousands



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

SEB's Annual General Meeting 2010

On the podium, from the left: Ulf Thornander, Head of SEB's Group Legal, Sven Unger, Chairman of the Annual General Meeting, Marcus Wallenberg, Chairman of the Board and Annika Falkengren, SEB's President and Chief Executive Officer.

The Annual General Meeting, for the first time held at City Conference Centre in Stockholm, attracted 950 participants.

Nomination Committee

According to a decision by the 2010 AGM, the members of the Nomination Committee for the 2011 AGM were appointed in autumn 2010. Four of the Bank's major shareholders have appointed one representative each to the Nomination Committee. The composition of the Nomination Committee is shown in the table below.

The Nomination Committee is tasked with issuing recommendations for a person to serve as chairman of the AGM, the number of directors, fees to be paid to the Board of Directors and the auditors, appointment of directors and the Chairman of the Board, distribution of fees among the directors including fees for committee work, auditors (when applicable), and with deciding on the composition of the Nomination Committee for the next AGM, to be presented at the AGM for decision.

The size and composition of the Board of Directors should be such as to serve the Bank in the best possible way. 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.

The Nomination Committee for the 2011 AGM held five meetings and maintained contact between the meetings. The Nomination Committee's recommendations and a statement accompanying its recommendation for board members can be found on SEB's website. A report on the Nomination Committee's work will be presented at the 2011 AGM. No special compensation has been paid to the members of the Nomination Committee.

Nomination committee for the 2011 AGM

Member	Representing	Votes, % 31 August 2010
Petra Hedengran, *Chairman*	Investor	20.9
William af Sandeberg	Trygg Foundation	8.2
Staffan Grefbäck	Alecta	7.0
Maj-Charlotte Wallin	AFA Insurance	1.6
Marcus Wallenberg, *Chairman of the Board*	SEB	
Urban Jansson, *Additional member appointed by the Board*		
		37.7

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.

Since the 2010 AGM the Board of Directors consisted of eleven AGM-elected directors, without any deputies, and of two directors and two deputies appointed by the employees. In order for the Board to form a quorum more than half of the directors must be present. The President, Annika Falkengren, is the only AGM-elected director who is also an employee of the Bank. The composition of the Board of Directors as from the 2010 AGM is shown in the table on p 59, and information about the directors is presented on pp 64–65.

The Board of Directors has adopted Rules of Procedure that regulate the role and working forms of the Board as well as special instructions for the Board's committees. The Board has the overall responsibility for the activities carried out within the Bank and the Group and thus decides on the nature, direction, strategy and framework of the activities and sets the objectives for the activities. The Board regularly follows up and evaluates the operations in relation to the objectives and guidelines established by the Board. Furthermore, the Board is responsible for ensuring that the activities are organised in such a way that the accounts, treasury management and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules, including the Bank's Articles of Association.

The Board appoints and dismisses the President and his/her deputy, Executive Vice Presidents, the Chief Risk Officer, the members of the Group Executive Committee and the Head of Group Internal Audit. The Board also nominates managing directors and board members in major subsidiaries.

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 directors receive regular information about and, where necessary, training in changes in rules concerning the activities of the Bank and responsibilities of directors of a listed company. They are regularly offered the opportunity to discuss matters with the Chairman of the Board, the President and the Secretary to the Board of Directors.

The President participates in all board meetings, except on matters in which the President has an interest that may be in

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 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; this evaluation was conducted by Tuve Johannesson.

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

Work of the Board of Directors 2010

The work of the Board follows a yearly plan. In 2010, twelve board meetings were held. Important matters dealt with during the year included the following:

First quarter
- Annual Accounts
- Annual Report
- External auditors' presentation of the audit of the Annual Accounts and the Annual Report
- Guidelines for remuneration of the President and the other members of the Group Executive Committee
- Long-term equity-based programmes
- Capital and financing issues, including risk limits
- Group risk position, including asset quality and development of credit portfolio and liquidity situation

Second quarter
- Q1 interim report
- Capital and financing issues, including risk limits
- Group risk position, including asset quality and development of credit portfolio and liquidity situation
- Thorough penetration of business and market segments

Third quarter
- Q2 interim report
- Capital and financing issues, including risk limits; Basel III
- Group risk position, including asset quality and development of credit portfolio and liquidity situation
- Thorough penetration of business and market segments

Fourth quarter
- Q3 interim report
- Capital and financing issues, including risk limits
- Group risk position, including asset quality and development of credit portfolio and liquidity situation
- Strategic direction of Group activities
- Overall long-term goals for the activities
- Annual review and revision of policies and instructions
- Business plans, financial plans and forecasts
- Evaluation of the Board, the Chairman of the Board and the President

conflict with the interests of the Bank, such as those during which the President'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 of Directors.

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 of Directors. At present, there are three committees within the Board of Directors: the Risk and Capital Committee, the Audit and Compliance Committee and the Remuneration and Human Resources Committee. Minutes are recorded of each committee meeting and communicated to the other board members promptly after the meetings. The committees report regularly to the Board of Directors. Committee members are appointed for a period of one year at a time. It is an important principle that as many board members as possible shall participate in 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 the Audit and Compliance Committee or the Remuneration and Human Resources Committee. The President is a member of the Risk and Capital Com-

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	●	●	●	2,062,500	100%	100 %
Jacob Wallenberg	Deputy Chairman	1997	Yes	No				450,000	100%	–
Tuve Johannesson	Deputy Chairman	1997	Yes	Yes			●	645,000	100%	100 %
Signhild Arnegård Hansen	Director	2010	Yes	Yes				375,000	100%	–
Urban Jansson	Director	1996	Yes	Yes	●			885,000	92%	100 %
Birgitta Kantola	Director	2010	Yes	Yes				375,000	88%	–
Tomas Nicolin	Director	2009	Yes	Yes			●	762,500	100%	100 %
Christine Novakovic	Director	2008	Yes	Yes		●		570,000	90%	80 %
Jesper Ovesen	Director	2004	Yes	Yes	●			700,000	92%	81 %
Carl Wilhelm Ros	Director	1999	Yes	Yes		●		762,500	100%	100 %
Annika Falkengren	Director	2005	No	Yes	●			–	100%	95 %
Göran Lilja	Director*	2006						–	100%	–
Cecilia Mårtensson	Director*	2008						–	83%	–
Göran Arrius	Deputy Director*	2002						–	100%	–
Pernilla Påhlman	Deputy Director*	2010						–	100%	–

● Chairman ● Deputy Chairman ● Member * appointed by the employees mittee. The work of the board committees is regulated by instructions adopted by the Board. Apart from the committee work, no other distribution of duties is applied by the Board.

Risk and Capital Committee

The Board's *Risk and Capital Committee* 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 activities 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. The Committee prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Chief Risk Officer. In addition, the President's proposal for the appointment or dismissal of the Head of Group Risk Control is subject to the Committee's approval.

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

Audit and Compliance Committee

The Board's *Audit and Compliance Committee* supports the work of the Board in terms of quality control of the Bank's financial reports and internal control of the financial reporting. 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 guide-

The Committees's work during 2010

	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) Christine Novakovic	Tomas Nicolin (Chairman) Marcus Wallenberg (Dep. Chairman) Tuve Johannesson
Number of Meetings	21	7	14
Major issues during 2010	• Reviews and 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, and the Trading and Investment Policy, 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 (matters of major importance or of importance as to principles) • Reviews of significant developments in the credit portfolio and of the credit process within the Bank and Group • 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, including preparations for the implementation of Basel III • Preparation for changes in the Group's capital goals and asset management matters, such as the dividend level • The structure and utilisation of share repurchase programmes • Discussions on strategic view on holistic financial steering and balance sheet management.	• Handling of accounts and interim reports as well as audit reports and interim audit reports • Follow-up of the Internal Audit of the Bank and the Group • 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 services, 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 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.	• Annual 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 • Proposal, for decision by the Board, on remuneration of the Head of Group Internal Audit • Proposal, for decision by the Board, on remuneration of the Chief Risk Officer • Approval of proposals for remuneration of the Head of Group Compliance and Head of Group Risk Control • Proposals for and follow-up of long-term equity-based programmes • Follow-up of remuneration principles, short-term incentive schemes and pension liabilities • Follow-up on the yearly Group Talent Review, SEB's process for ensuring the leadership succession in the Bank.

lines for which services other than auditing services may be procured by the Bank and the Group from the external auditors. It assesses 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. The internal audit and compliance activities are monitored on a continuous basis.

The external auditors attended all of the Committee meetings in 2010. The Head of Group Internal Audit and Head of Group Compliance present reports at Committee meetings.

Remuneration and Human Resources Committee

The *Remuneration and Human Resources Committee* 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, long-term equity-based programmes for employees and pension plans for the President and the members of the Group Executive Committee. It also prepares, for decision by the Board, appointments of the President and Deputy President, Executive Vice Presidents and members of the Group Executive Committee. 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 members of the Group Executive Committee are applied as well as monitors and evaluates other remuneration practices, structures and levels in the Bank. A report on the review of adherence of remuneration in the SEB Group to the Remuneration Policy shall be presented to the Committee yearly.

Furthermore, the Committee monitors the overall pension liabilities of the Group and monitors, together with the Board's Risk and Capital Committee, all measures taken to secure the overall pension liabilities of the Group, including developments within the Bank's pension foundations. It also discusses personnel matters of strategic importance, such as succession planning for strategically important positions and other talent management issues.

The President presents proposals, reports and information 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 of Directors has adopted an instruction for the President and Chief Executive Officer's work and duties. The President is responsible for the day-to-day management of the Group's activities in accordance with the guidelines, policies and instructions established by the Board. The President reports to the Board of Directors and submits a monthly CEO report to the Board on the development of the business in relation to decisions made by the Board, among other things.

The President appoints the Group's Chief Financial Officer, the Heads of Divisions, the Head of Business Support and Group Staff and Heads of the different staffs and Group functions. The Group's Chief Financial Officer is appointed in consultation with the Chairman of the Board, while appointment of the Head of Group Compliance is done in consultation with the Board's Audit and Compliance Committee, the Head of Group Risk Control in consultation with the Board's Risk and Capital Committee, and the Group Credit Officer in consultation with the Chief Risk Officer.

The President and Chief Executive Officer is Annika Falkengren. The Deputy President and Chief Executive Officer is Bo Magnusson.

The President has three separate committees at her disposal for the purpose of managing the operations: the Group Executive Committee, the Group Credit Committee (page 62) and the Asset and Liability Committee (page 62).

In order to safeguard the interests of the Group as a whole, the President consults with the Group Executive Committee (GEC) and 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 22 meetings in 2010.

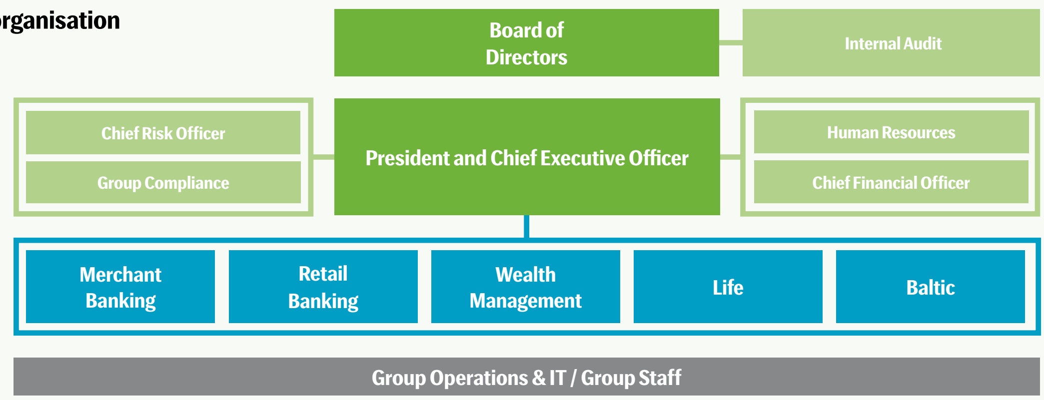
During the autumn of 2010, Fredrik Boheman was succeeded by Anders Johnsson as Head of the Wealth Management division, Anders Mossberg by Jan Stjernström as Head of the Life division and Ingrid Engström by Ulf Peterson as Head of Group Human Resources. Pia Warnerman was appointed Global Head of Group Operations & IT and member of the GEC in December 2010.

Further information about the President and the GEC can be found on page 66–67.

Divisions, business areas and business units

The Board of Directors 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

SEB's organisation



international activities through branches and subsidiaries, shall be managed and organised.

SEB's activities are 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, after consultation with the President, heads of business areas within the division and of those subsidiaries for which the division is responsible. Within each division is a management group, which includes the Head of Division and a number of heads of business areas and subsidiaries pertaining to the division. The business areas and business units also have their own management groups.

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

SEB's five divisions

- **Merchant Banking**, with Magnus Carlsson as Head, for SEB's relations with large companies, financial institutions and real estate companies
- **Retail Banking**, with Mats Torstendahl as Head, for SEB's retail operations 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 Martin Johansson as Head, for SEB's Baltic operations

Staff and business support

SEB's *Group Staff and Business Support* includes two cross-divisional support functions designed to streamline operations and front office support: Group Operations & IT and Group Staff. SEB has a number of staff and support functions. In general the staff functions within SEB have global functional accountability and own and manage the SEB Group's common instructions and policies, processes and procedures for the purpose of proactively supporting the President, the Group Executive Committee, managers and staff as well as all business units of the Group.

Risk organisation and responsibility

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

The President and CEO has overall responsibility for managing SEB's risks in accordance with the Board's policies and instructions. The President and CEO 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 and CEO 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 *Asset and Liability Committee (ALCO)* and the Group Credit Committee. The ALCO, chaired by the President and CEO, 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 of Directors, 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 15 meetings in 2010.

The *Group Credit Committee (GCC)* is authorised by the Board to make all credit decisions, with the exception of a few matters that are reserved for the Risk and Capital Committee. In addition, the GCC is responsible for reviewing the credit-granting rules on a regular basis and for presenting proposals for changes to the Risk and Capital Committee, where necessary. The President serves as chair of the GCC, and the Chief Risk Officer serves as the deputy chair. The GCC held 56 meetings in 2010.

In October 2010 the Board approved a new structure formally combining the risk control and credit organisations under the leadership of a Chief Risk Officer (CRO).This structure is in line with industry standards. The CRO is appointed by the Board and reports to the President. The CRO regularly delivers reports to the Board, the Risk and Capital Committee, the Group Executive Committee, the ALCO and the GCC. 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. The Group's Risk Control function is further described on page 63.

The credit organisation is independent from the business activities. Group Credits is responsible for management of the credit approval process and for important individual credit decisions. It is also responsible for analysis and follow-up of the composition of the credit portfolio and ensuring adherence to policies established by the Risk and Capital Committee and the Board of Directors. Its activities are regulated in the Group's Credit Instruction, adopted by the Board of Directors.

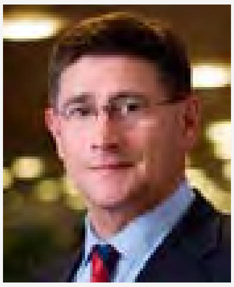
The Group Credit Officer is appointed by the President, following a proposal by the CRO, and reports to the CRO. The Risk and Capital Committee and the Board receive information on the composition of the credit portfolio, including large exposures and credit losses, at least once per quarter. The chair of divisional credit committees has the right to veto credit decisions. The credit organisation is kept separate from the business units and handles credit matters exclusively. Significant exceptions to the 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 Group Treasury. Thus, each division and Head of Division is responsible for ensuring that the risks are managed and controlled in a satisfactory way on a daily basis, within established Group guidelines. It is a fundamental principle that all control functions shall be independent of the business operations.

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. The auditors are appointed for a period of four years, in accordance with Swedish law.

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. The Chief Auditor has been Peter Clemedtson, Authorised Public Accountant, as from the 2006 AGM. Peter Clemedtson has auditing experience from several major Swedish companies and is currently auditor in Ericsson. The fees charged by the auditor for the auditing of the Bank's annual accounts for the financial year ending 31 December 2010 and for 2009, 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 in SEB, Partner in charge as of 2006.

Authorised Public Accountant.

Fees to the auditors

SEK m	2010	2009
Audit assignment	31	34
Audit related services	19	17
Tax advisory	14	12
Other	19	21
Total	**83**	**84**

In addition to the above-mentioned there have also been fees and expense allowances to appointed auditors and audit firms during 2010 in relation to divestment of German retail operations, which amounts to SEK 123m (11).

The majority of the fees relates to PricewaterhouseCoopers.

Internal Audit, Compliance and Risk Control

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

Internal Audit is an independent Group-wide function that is directly subordinate to the Board of Directors. 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 the Board's Audit and Compliance Committee and keeps the President and the Group Executive Committee regularly informed. The Audit and Compliance Committee adopts an annual plan for the work of Internal Audit.

The *Group Compliance* function is fully independent from the business operations, although it serves as a support function for the business operations. It is also separated from the legal functions of the Group. Compliance shall act proactively for compliance quality in the Group through information, advice, control and follow-up within the compliance areas, thereby supporting business and management. Areas of responsibility are Customer Protection, Market Conduct, Prevention of Money Laundering and Financing of Terrorism, and Regulatory Systems and Control. The duties of the Compliance function are risk management, monitoring, reporting, development of internal rules within the compliance area, training and communication, and contacts with regulators. The Head of Group Compliance, appointed by the President following approval by the Audit and Compliance Committee, reports regularly to the President and Group Executive Committee and informs the Audit and Compliance Committee about compliance issues. Following a Group-wide Compliance Risk Assessment and approval from the Audit and Compliance Committee, the President adopts an annual Compliance Plan.

The Group's risk control function *(Group Risk Control)* carries out risk control within the Group and monitors the risks of the Group, primarily credit risk, market risk, insurance risk, operational risk and liquidity risk (see further on pp 38–54). Group Risk Control is segregated from the business units. Thus, the Head of Group Risk Control, who is appointed by the President following approval by the Risk and Capital Committee, reports to the Chief Risk Officer.

The Board of Directors has adopted instructions for the Internal Audit and Compliance activities of the Group. The President has adopted an instruction for the Group Risk Control activities.

Fees to the Board of Directors

SEB's 2010 AGM set total fees of SEK 7,587,500 for the members of the Board of Directors, to be distributed as follows: SEK 2,062,500 for the Chairman of the Board, SEK 3,525,000 for the other non-executive AGM-elected directors (of which, SEK 450,000 each for the Vice Chairmen and SEK 375,000 for the other directors), and SEK 2,000,000 for committee work. Fees for committee work shall be distributed as follows: Risk and Capital Committee – chair SEK 510,000, other member SEK 325,000; Audit and Compliance Committee – chair SEK 387,500, other member SEK 195,000; and Remuneration and Human Resources Committee: chair SEK 387,500, other member SEK 195,000. 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 of Directors has adopted a Share Ownership Policy for the Board. The policy recommendation is that each director shall use 25 per cent net after tax of his or her annual remuneration (excluding fees for committee work) to buy shares in SEB.

Information on remuneration principles, remuneration of the President and members of the Group Executive Committee and on long-term equity-based programmes is provided on pp 70–72.

Board of Directors

MARCUS WALLENBERG

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

Chairman since 2005.

Other assignments: Chairman of Saab and Electrolux. Deputy Chairman of Ericsson. 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 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 Cardo and Meda. Industrial advisor to EQT and JCB Excavators.

Background: Tetra Pak 1969–1983 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: 200,000 class A-shares.

JACOB WALLENBERG

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

Deputy Chairman since 2005.

(Chairman 1998–2005)

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

Background: JP Morgan in New York 1981–1982. Hambros Bank 1983. SEB 1984–1990, first in London, thereafter in various positions in Singapore, Hong Kong and primarily in Sweden. Executive Vice President Investor 1990–1992. Rejoined SEB in 1993, appointed President and Group Chief Executive in 1997. Chairman of the Board 1998–2005.

Own and closely related persons' shareholding: 421,785 class A-shares.

SIGNHILD ARNEGÅRD HANSEN

Born 1960; B. Sc. (Human resources) and Journalist.

Other assignments: Chairman of Svenska LantChips, Utah Chips Corporation and Les Artisans du Gout Spr. Director in e.g. Innventia, Loomis, IFL (at Stockholm School of Economics), Lund University, Swedish-American Chamber of Commerce, New York, and the Research Institute of Industrial Economics of Sweden.

Background: President of the family-owned company Svenska LantChips from the start 1992 to 2006. Chairman of the Confederation of Swedish Enterprise 2007–2010.

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

URBAN JANSSON

Born 1945; Higher bank degree (Skandinaviska Enskilda Banken).

Other assignments: Chairman of Bergendahls, Global Health Partner, HMS Networks, Rezidor Hotel Group and others. Director of e.g. 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: 53,840 class A-shares.

BIRGITTA KANTOLA

Born 1948, LLM.

Other assignments: Managing Partner of Birka Consulting, Helsinki, 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 2001.

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

TOMAS NICOLIN

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

Other assignments: Director of Nordstjernan, Active Biotech, Nobel Foundation, Axel and Margaret Ax:son Johnsons Foundation, Centre for Justice and Research Institute of Industrial Economics. Member of Advisory Board Stockholm School of Economics and 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 in SEB: 65,000 class A-shares.

CHRISTINE NOVAKOVIC

Born 1964; B. Sc. (Econ)

Other assignments: Director of Earth Council, Geneva and DEAG Deutsche Entertainment, Berlin.

Background: Dresdner Bank 1990–1992. UBS AG in Germany 1992–1996 (Head of Treasury and Chief of Staff). 1996–2004 leading positions in Citibank; Frankfurt (Board of Managing Directors), Hong Kong (Global Head of Warrants and Head of Corporate Finance Asia) and Düsseldorf (CEO of Citibank Privatkunden AG). 2005 HypoVereinsbank AG in Germany (member of the Group Board of Directors, Konzernvorstand).

Own and closely related persons' shareholding: 5,700 class A-shares.

JESPER OVESEN

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

Other assignments: Chief Financial Officer (CFO) of TDC A/S. Director of FLSmidth & Co A/S, Danisco 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, 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 since January 2008.

Own and closely related persons' shareholding: 5,000 class A-shares

CARL WILHELM ROS

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

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

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

Own and closely related persons' shareholding: 16,816 class A-shares and 38 class C-shares.

ANNIKA FALKENGREN

Born 1962; B. Sc. (Econ).

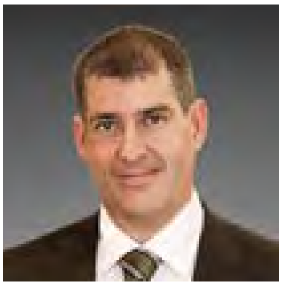
President and Group Chief Executive as of November 2005.

Other assignments: Deputy Chairman of Swedish Bankers' Association. Director of Securitas, Ruter Dam and the Mentor Foundation.

Background: SEB trainee 1987. Trading & Capital Markets 1988–2000. Appointed Global Head of Fixed Income in 1995, Global Head of Trading in 1997 and Head of Merchant Banking in 2000. Head of the Corporate & Institutions division and Executive Vice President of SEB 2001–2005 and Deputy Chief Executive Officer 2004–2005.

Own and closely related persons' shareholding: 384,423 class A-shares and 616,819 performance shares.

Directors appointed by the employees



GÖRAN LILJA

Born 1963; Higher bank degree.

Chairman Financial Sector Union of Sweden SEB Group. Chairman Regional Club Väst of the same union. Director of the European Works Council SEB Group in 2006.

Background: SEB in various positions since 1984. Vice Chairman of Financial Sector Union of Sweden Group and Chairman Regional Club Väst of the same union 2006–2008. Elected Chairman Financial Sector Union of Sweden SEB Group in 2008.

Own and closely related persons' shareholding: 2,688 class A-shares.

CECILIA MÅRTENSSON

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

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. In 2004 elected vice Chairman of Financial Sector Union of Sweden SEB Group; in 2007 elected Chairman of local Club Group Operations of the same union.

Own and closely related persons' shareholding: 3,836 class A-shares and 120 class C-shares.

Deputy Directors appointed by the employees

GÖRAN ARRIUS

Born 1959; Naval Officer.

Chairman Association of University Graduates at SEB and JUSEK.

Other assignments: Member of the Board of SACO.

Background: Began his career as a Naval Officer. Trygg Hansa Liv since 1988 in various positions in the life insurance business. Today a Product Specialist for occupational pensions at SEB Trygg Liv.

Own and closely related persons' shareholding: 978 class A-shares.

PERNILLA PÅHLMAN

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

Second Deputy Chairman Financial Sector Union of Sweden SEB.

Background: SEB since 1981, up to 2000 within the Retail division, after that within IT. Union representative since 1990. Since 2008 vice Chairman of Financial Sector Union of Sweden in SEB's local club Stockholm and East.

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

Group Executive Committee

ANNIKA FALKENGREN

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

President and Group Chief Executive as of November 2005.

Other assignments: Deputy Chairman of Swedish Bankers' Association. Director of Securitas, Ruter Dam and the Mentor Foundation.

Background: SEB trainee 1987. Trading & Capital Markets 1988–2000. Appointed Global Head of Fixed Income in 1995, Global Head of Trading in 1997 and Head of Merchant Banking in 2000. Head of the Corporate & Institutions division; Executive Vice President 2001–2005 and Deputy Chief Executive Officer 2004–2005.

Own and closely related persons' shareholding: 384,423 class A-shares and 616,819 performance shares.

JOHAN ANDERSSON

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

Chief Risk Officer since November 2010.

Background: Different positions within the Merchant Banking division in Stockholm, New York and London 1980–1994. Group Credits since 1995; Deputy Head of Group Credits and Risk 2000–2003. Head of Group Credits and Risk 2004–2010.

Own and closely related persons' shareholding: 30,930 class A-shares, 154 class C-shares, 101,374 performance shares and 6,695 deferral rights.

JAN ERIK BACK

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

Executive Vice President, Chief Financial Officer since August 2008.

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

Own and closely related persons' shareholding: 33,780 class A-shares and 227,078 performance shares.

MAGNUS CARLSSON

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

Executive Vice President, Head of Merchant Banking since 2005.

Background: Bank of Nova Scotia in 1980–1993, holding several leading positions in London. Head of Project & Structured Finance, SEB Merchant Banking in 1996, Head of Corporate Clients in 1999, later on Deputy Head of SEB Merchant Banking. Head of the SEB Merchant Banking division and Executive Vice President of SEB in 2005.

Own and closely related persons' shareholding: 44,523 class A-shares and 313,093 performance shares.

VIVEKA HIRDMAN-RYRBERG

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

Head of Group Communications since September 2009.

Background: Coopers and Lybrand 1987–1990. SEB Wealth Management 1990–1994, SEB's first Household Economist 1994–2000. Head of Products at the Life division 2001–2004. Group Press Officer 2004–2006. Advisor and Head of CEO Office 2007–2009.

Own and closely related persons' shareholding: 15,427 class A-shares and 70,428 performance shares.

MARTIN JOHANSSON

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

Head of the Baltic division since June 2009.

Background: Citigroup 1987–2005 in various assignments around the world, including Country Head in Portugal (1999–2002) and Country Head in Canada (2002–2005). Prior to that, three years in Indonesia as responsible for the Corporate Banking business and Corporate Finance and four years in Brazil as a Senior Banker. Global Head of Client Relationship Management within Merchant Banking, SEB 2005–2009.

Own and closely related persons' shareholding: 16,625 class A shares, 144,527 performance shares and 17,511 deferral rights.

ANDERS JOHNSSON

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

Head of Wealth Management since November 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, including SEB Enskilda, Merchant Banking, 2003–2010.

Own and closely related persons' shareholding: 26,109 class A-shares , 26,880 performance shares and 56,654 deferral rights.

HANS LARSSON

Born 1961; SEB employee since 1984; B. Sc. (Econ).

Head of Group Strategy and Business Development since 2009.

Background: SEB Trading & Capital Markets 1984–2002: Head of Fixed Income 1986. TCM in New York 1988–1992. Head of Debt Capital Markets from 1994. In 2002 appointed Deputy Global Head of Client Relationship Management. Head of SEB's Business Development and the CEO-office 2005–2006 and Head of SEB Group Staff October 2006–December 2008.

Own and closely related persons' shareholding: 22,669 class A-shares, 17 class C-shares, 181,555 performance shares and 20,601 deferral rights.

BO MAGNUSSON

Born 1962; SEB employee since 1982; Higher bank degree.

Deputy President and CEO as from July 2008 and Head of Group Staff and Business Support since 2009.

Background: SEB Trading & Capital Markets 1982–1998, holding several leading positions as Head of Accounting and Controller within both Trading & Capital Markets, SEB Group Finance and Enskilda Securities. Chief Financial Officer of SEB Merchant Banking in 1998, Head of Staff Functions in 2000. Global Head of Cash Management & Securities Services in 2003 and Deputy Head of SEB Merchant Banking in 2005. Head of Nordic Retail & Private Banking 2005–2006, Head of Retail Banking 2007–2008.

Own and closely related persons' shareholding: 34,650 class A-shares and 280,198 performance shares.

ULF PETERSON

Born 1961; SEB employee since 1987; LLB.

Head of Group Human Resources since November 2010.

Background: Branch Manager, Uppsala 1992–1995; Credit Manager, Region North 1995–1996, Deputy Regional Manager, Region North 1997; Credit Manager, Region East 1998; Deputy Regional Manager, Region East 1999; Business Area Manager, Operations 2000–2002; Global Head of Private Banking 2002–2006. Global Head of Staff, Retail 2007–2010.

Own and closely related persons' shareholding: 5,294 class A-shares and 96,401 performance shares.

JAN STJERNSTRÖM

Born 1955; SEB employee since 2004; BA and MBA (Econ).

Head of Life since November 2010

Background: Svenska Finans 1978–1983; Citigroup 1983–2004, Deputy Managing Director Citibank Stockholm until 1990, Managing Director and Senior Credit officer Citibank London Branch 1990–2001; Market Manager and Country Corporate Officer in Finland 2001–2003 and European Industry Head within Citigroup in London 2003–2004; Head of Merchant Banking and Country Head of SEB in Finland 2004–2007; CEO of SEB Trygg Liv Sweden 2007–2010.

Own and closely related persons' shareholding: 5,507 class A-shares, 167,589 performance shares and 13,277 deferral rights.

MATS TORSTENDAHL

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

Executive Vice President, Head of Retail Banking since 2009.

Background: ABB 1985–1987. Östgöta Enskilda Bank 1987–2000, branch manager in Stockholm 1996–2000. Executive Vice President of Danske Bank in Sweden 2001–2003. Senior Executive Vice President of Danske Bank Sweden and member of Danske Bank Group Executive Committee 2004–2008.

Own and closely related persons' shareholding: 17,825 class A-shares and 264,198 performance shares.

PIA WARNERMAN

Born 1959; SEB employee since 1987. B.Sc. (Econ).

Global Head of Operations & IT since December 2010.

Other assignments: Director of NASDAQ OMX Nordic Ltd.

Background: ABB 1984–1987. SEB's Trading Capital Markets 1987–1992. Credit Analyst 1992–1996. Responsible for credit administration in Merchant Banking in Stockholm 1997–1999. SEB Tokyo branch 1999–2000. Head of Operations at Merchant Banking 2000–2005. Head of Global Transaction Services in Merchant Banking 2005–2007. Head of Group Operations 2007–2010.

Own and closely related persons' shareholding: 3,524 class A-shares , 131,649 performance shares and 7,210 deferral rights.

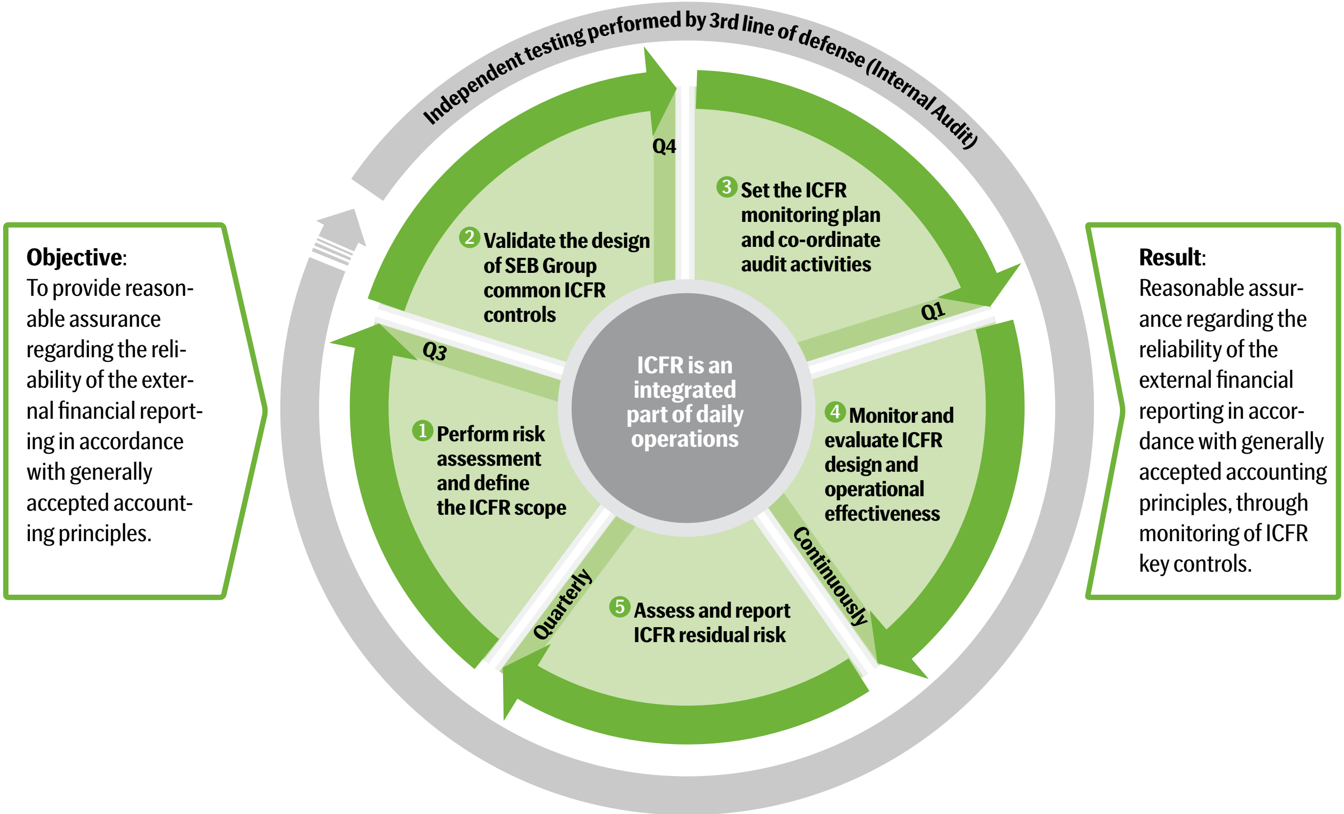
Internal Control over Financial Reporting for 2010

Internal control over financial reporting (ICFR) is defined as a process, performed by the Board, management and other personnel, designed to provide reasonable assurance regarding reliability of the financial reporting.

The work with internal control over financial reporting at SEB is based on the framework issued by the Committee of Sponsoring Organizations (COSO). With reference to this framework the objective for ICFR at SEB is to run an annual cycle including the following activities:

- Annually a financial reporting risk assessment is performed, with the objective to identify and set legal entities, processes and systems in scope for ICFR
- Annually, processes in scope are reviewed from a design perspective in order to validate the current design of SEB Group-common ICFR controls
- Planned monitoring activities and ICFR related audit activities are coordinated
- ICFR control execution and gap remediation activities are an integrated part of daily operations
- Monitoring activities are performed, including both separate evaluations and ongoing monitoring, in order to evaluate ICFR design and operating effectiveness
- Quarterly status reporting of ICFR residual risk, including assessment of identified gaps and reliance of compensating controls.

The COSO framework is structured around five internal control components; Control Environment, Risk Assessment, Control Activities, Information and Communications and Monitoring. How these five components interrelate in the annual cycle for ICFR at SEB, to secure monitoring of ICFR, is described in the illustration and sections below.



1 Perform risk assessment and define the ICFR scope

To ensure an efficient ICFR framework it is important to focus on risks in entities and processes that are relevant and material for the financial reporting. In order to identify all relevant and material risks and to define the ICFR scope the following four steps are performed annually: Top-down risk assessments, Legal entity scoping, Process scoping and IT environment scoping.

Annual ICFR top-down risk assessments, with the purpose to identify the most critical financial reporting risks that need to be addressed at SEB, are facilitated by Group Finance both at the SEB Group level and the local level. The outcome is used as input both in the scoping of ICFR and in the design of key controls and monitoring routines.

The scoping of ICFR in SEB starts with a high level quantitative and qualitative analysis of the financial statements for the SEB Group to identify which legal entities should be in scope for the coming year. When the legal entity scope is set and approved, the next step is to identify significant and relevant processes within each entity. The last step is to identify the IT environment in scope for ICFR, which is based on the process scoping.

The outcome from this risk assessment and scoping exercise is summarised in an annual ICFR scoping report for the coming year, which is presented to the Audit and Compliance Committee.

2 Validate the design of SEB Group common ICFR controls

Once a year, processes in scope are reviewed from a design perspective in order to validate the current design of SEB Group-common ICFR controls, i.e. to secure that the control structure mitigates identified financial reporting risks in respective process. This review is performed in annual workshops, involving finance and business expertise from divisions and support functions within SEB.

Financial reporting risks at SEB are mitigated through a control structure that is divided into three different control categories:

- *Entity-wide controls:* Examples include such procedures as the Management Country Visit Programme, which evaluates the governance structure and the control environment from a financial reporting perspective, the Country CFO Assertion, which is used to monitor process level controls, and Analytical reviews performed at the Group level.
- *Process level controls:* Examples include registration controls, and various types of reconciliations and validations of transactional data and master data used in the financial reporting.
- *IT controls:* Examples include controls related to the approval process for system access rights and the system change process.

In addition to these three control categories, the ICFR framework also includes evaluations of Control Environment Fundamentals (such as the governance and integrity within the organisation), and IT Environment Fundamentals (such as the Financial System Platform functionality). These environment fundamentals are the foundation upon which all other ICFR components are based.

3 Set the ICFR monitoring plan and co-ordinate audit activities

Based on scoping and the design of ICFR controls and fundamentals, an ICFR monitoring plan is prepared for the coming year. The plan includes an expected monitoring approach per control, when and by whom these monitoring activities should be performed for legal entities and processes in scope. The monitoring plan includes both ongoing monitoring activities and separate evaluations, to be performed on different levels within SEB, in order to ensure a reliable external financial reporting.

Before the monitoring report is finalised, the listed ICFR monitoring activities are communicated and agreed with Internal and External Audit in order to co-ordinate audit activities. The annual ICFR monitoring plan is presented to the Audit and Compliance Committee.

4 Monitor and evaluate ICFR design and operational effectiveness

Monitoring of ICFR controls to evaluate and assess the control design and operational effectiveness is performed on a continuous basis, and is in most cases built into the daily operations of the respective departments. Monitoring is performed through a combination of continuous monitoring activities and separate evaluations, in accordance with the monitoring plan.

Examples of continuous monitoring activities are regular validation of asset quality related to valuation of financial instruments and credit exposures, and quarterly assessment of Key Risk Indicators for account reconciliations and other process controls. Examples of separate evaluations are the management Operational Risk Self Assessment, performed at the business process level and the ICFR gap analysis of finance processes. The purpose of these monitoring activities is to identify and assess financial reporting risks and potential deviations from agreed SEB Group-common ICFR controls, and if needed initiate remediation activities.

5 Assess and report ICFR residual risk

The result of the monitoring activities is consolidated and analyzed in order to assess ICFR residual risk. This is done on a quarterly basis in connection with the preparation of interim and annual reports and is summarised in an ICFR monitoring report which describes the residual financial reporting risk level in SEB, including an assessment of identified control gaps and reliance of compensating controls. This report is reviewed by the Group CFO on a quarterly basis and presented to the Audit and Compliance Committee on an annual basis.

In addition, the Group's Internal Audit function reviews the internal control over the financial reporting according to the Group's Internal Audit Plan adopted by the Audit and Compliance Committee. The result of Internal Audit's reviews and of all measures taken and their current status are regularly reported to the Audit and Compliance Committee.

Remuneration report

Remuneration strategy

SEB has a clear remuneration strategy. It promotes an internal culture that long-term steers in the benefit of the customers and thus over time will give the Bank's shareholders the best return. The competence and commitment of SEB's employees are crucial to the Bank's development. SEB believes in encouraging strong performance, desired behaviours and balanced risk-taking aligned with the customers' and shareholders' expectations.

The remuneration system also reflects sound risk management by taking into account the cost of capital employed and liquidity required.

In SEB it is important that the remuneration is competitive in the markets and segments where the Bank operates in order to motivate high performing employees. The Bank's competitors consist of both local and regional financial institutions as well as global firms in the markets where SEB is present. As more than half of SEB's income is attributable to business with large companies and financial institutions, the remuneration model within these business areas reflects the international market in which the Bank competes as well as the country of operation.

Remuneration structure

SEB has a remuneration structure based upon three major components:

- Base pay
- Variable pay – short-term cash-based compensation and long-term equity-based compensation
- Pension and other benefits.

These components are used to achieve an adequate total remuneration with a sound balance between fixed and variable remuneration, and short- and long-term remuneration. The total remuneration reflects the complexity, responsibility and leadership skills required in each position as well as the performance of the employee.

Variable pay aims to drive and reward performance and behaviours that create short and long term shareholder value, and is also an essential way of achieving flexibility in the remuneration cost. In SEB the pay-out horizon of variable pay is always aligned with the risk horizon.

The construction of pension plans and benefits for all employees is dependent on country specific requirements and on various collective agreements.

Short-term variable cash-based compensation

Short-term variable cash-based compensation in SEB is based on the annual performance and behaviours of the individual as well as the team/business unit and the Bank as a whole. In 2010, the short-term variable cash-based compensation corresponded to 12 per cent of SEB's total staff costs compared with 6 per cent in 2009. The increase reflects the higher operating result for the Group for 2010.

Long-term variable equity-based compensation

The purpose of the long-term equity-based compensation is to stimulate employees to become shareholders as well as to reward senior managers, key employees and top performers, and thereby align their interests and perspectives with those of the shareholders. Long-term equity-based programmes are, except for all-employee programmes, performance-based.

The 2010 AGM resolved on three different programmes for 2010 with different aims and partly overlapping target groups:

- a Share Savings Programme for all employees
- a Performance Share Programme for senior officers and other key employees and
- a Share Matching Programme for a small number of selected key employees.

All three Programmes are share-based and require that the participants remain with SEB for a specified period of time.

More information on the long-term equity-based programmes is presented in Note 9d and at www.sebgroup.com as well as in Annual Reports of previous years.

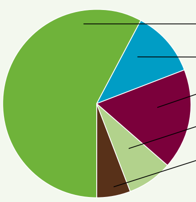
Share Savings Programme

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

Performance share programme

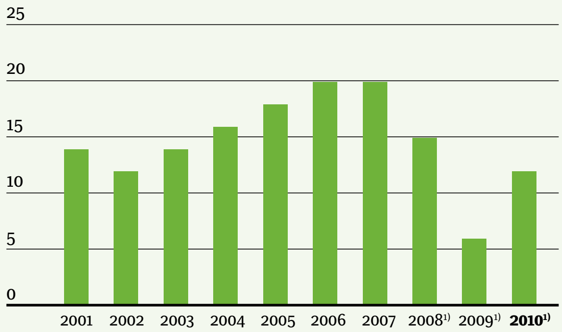
The Programme aims to attract and retain senior officers and other key employees, to create a long-term commitment to SEB, to strengthen the overall perspective on SEB and to create an incentive for the participants to become shareholders in SEB. A performance share under the Programme is a conditional right to acquire one SEB A-share at a future date. The outcome

Staff costs
SEK m



	2010	2009
Base pay	8 123	(8 244)
Variable pay	1 574	(790)
Social charges	2 429	(2 352)
Pensions	1 093	(1 442)
Other staff costs	785	(957)

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



[1] Shows continuing operations from 2008

Remuneration in SEB 2010

in thousand SEK

2010	Base pay	Short-term cash-based compensation	Expensed amount LTI programmes	Benefits and other	Total	Pensions
SEB Group	8,123,083	1,392,125	182,226	96,709	9,794,143	1,092,833
Whereof						
President and CEO, Annika Falkengren	7,000	–	2,682	1,278	10,960	6,368
Other members of the GEC	57,412	–	11,337	2,279	71,028	21,440

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

of the Programme, i.e. the final number of allotted performance shares that can be utilised, is dependent on how pre-determined performance criteria are fulfilled (see page 72). The performance criteria are measured during an initial three-year period. A further requirement is that the participant remains with SEB. The Programme has a duration of seven years, including the performance period.

Share Matching Programme

The Programme comprises a selected group of key employees in SEB including members of the Group Executive Committee.

For participants that received short-term variable cash compensation for 2010, 25 per cent of this cash-based compensation is mandatory deferred for three years. The deferred amounts are allocated to a deferral incentive pool. A determined number of deferral rights are registered for each participant in the pool. One deferral right corresponds to the fair market value of one SEB A-share at the time of allocation to the pool.

After three years the participant receives one SEB A-share for each deferral right and may furthermore receive a conditional number of additional matching SEB A-shares. The number of additional matching SEB A-shares received is dependent on how well the performance criterion (see page 72) is fulfilled during the three-year period, and is subject to a cap, which ultimately limits the number of such matching SEB A-shares.

The President, members of the Group Executive Committee and participants who do not receive any short-term variable cash-based compensation can invest in SEB A-shares to a predetermined amount. After three years the participant receives one SEB A-share per retained share by the bank. In addition to these shares every participant gets a conditional number of matching SEB A-shares for the retained and the received shares. The participants must remain with SEB during the three-year period.

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 2010 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 2010 AGM the external auditors reported that SEB during 2009 has complied with the guidelines for compensation to members of the Group Executive Committee as adopted by the 2009 AGM.

The total remuneration to the President and the members of the Group Executive Committee in 2010 was based upon three main components: base pay, long-term equity-based compensation and pension. Thus, the remuneration does not include short-term variable cash-based compensation. In addition, other benefits such as company car may be offered according to market practice.

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 numbers of 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 or own business operations from the severance pay. The remuneration to the President and the members of the Group Executive Committee in 2010 is specified in Note 9 c.

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 of the Board. The Committee prepares the Remuneration Policy for final adoption by the Board.

In Sweden a new regulatory framework for remuneration within the financial sector came into force on 1 January 2010. SEB adheres to this framework and has defined employees whose actions can have a material impact on the risk exposure of the Bank. As risk takers, SEB has defined all positions that have a mandate to expose the bank to significant risk, or have a material influence on decisions which can lead to significant risk exposure for the bank. In total, 483 positions across the SEB Group were identified as risk takers in 2010. The first updates of this framework take effect on 1 March 2011. The full remuneration report according to the new regulation is presented on www.sebgroup.com.

Status of outstanding LTI programmes

31 December 2010

Performance shares programmes

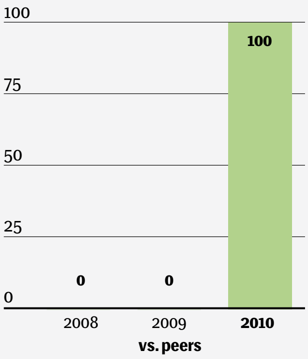
Performance criteria
To reach full outcome of Performance Shares under the Programme, two performance criteria, Total Shareholders' Return (TSR) compared to SEB's competitors and TSR compared to long-term interest rate (LTIR), must be met:

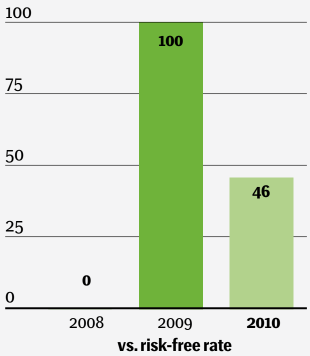
1) The criterion **TSR compared to SEB's competitors** implies a minimum outcome if the TSR increase for SEB reaches a weighted Banking Index. The outcome is then 10 per cent of the maximum allotment. Above that level, the number of Performance Shares that can be exercised increases until a ceiling of 7 per cent increase above the Banking Index is reached. At that level the maximum outcome under this criterion is reached (i.e. 50 per cent of total maximum allotment).

2) The criterion **TSR compared to LTIR** implies a minimum outcome if the TSR for SEB reaches LTIR + 2 per cent per year. The outcome is then set at 10 per cent of the maximum allotment. Maximum outcome under this criterion (i.e. 50 per cent of total maximum allotment) is achieved if the TSR reaches LTIR + 11 per cent per year.

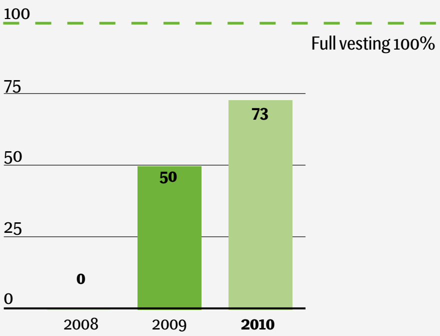
If one of the performance criteria is completely fulfilled, only half of the total number of Performance Shares can be exercised. For full exercise both performance criteria have to be completely fulfilled.

Performance criteria (status %)





Vesting status (%)



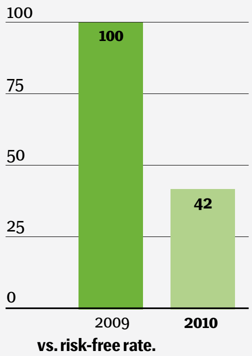
Share matching programmes

Performance criterion
To reach full matching under the Programme, Total Shareholders' Return (TSR) compared to long-term interest rate (LTIR), must be met:

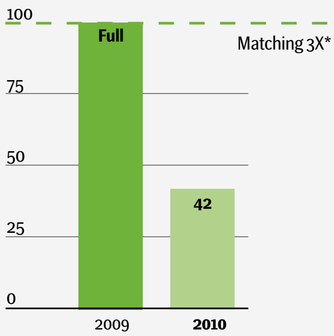
TSR compared to LTIR implies a minimum outcome of matching shares if the TSR for SEB reaches LTIR + 2 per cent per year. The outcome is then one matching share. Maximum outcome, with a linear distribution within the interval achieved if the TSR reaches LTIR + 23 per cent per year.

The maximum outcome for the participants under the programme is five matching shares for the President and CEO, four matching shares for other members of the Group Executive Committee and three matching shares for other participants.

Performance criteria (status %)



Vesting status (%)



All years refer to year of introduction
*) 4X for GEC

Financial statements – Contents

Income statement

SEB Group

SEK m	Note	2010	2009	Change, %
Interest income		*46,041*	*58,104*	*–21*
Interest expense		*–30,031*	*–40,058*	*–25*
Net interest income	3	16,010	18,046	–11
Fee and commission income		*18,671*	*17,995*	*4*
Fee and commission expense		*–4,511*	*–4,710*	*–4*
Net fee and commission income	4	14,160	13,285	7
Gains (losses) on financial assets and liabilities held for trading, net		*3,354*	*4,768*	*–30*
Gains (losses) on financial assets and liabilities designated at fair value, net		*–128*	*–122*	*5*
Impairments of available-for-sale financial assets		*–60*	*–158*	*–62*
Net financial income	5	3,166	4,488	–29
Premium income, net		*7,024*	*7,313*	*–4*
Income investment contracts		*1,138*	*1,042*	*9*
Investment income net		*7,793*	*5,504*	*42*
Other insurance income		*398*	*394*	*1*
Net insurance expenses		*–13,098*	*–10,656*	*23*
Net life insurance income	6	3,255	3,597	–10
Dividends		*163*	*108*	*51*
Profit and loss from investments in associates			*3*	*–100*
Gains less losses from investment securities		*109*	*–69*	*0*
Other operating income		*16*	*2,117*	*–99*
Net other income	7	288	2,159	–87
Total operating income		**36,879**	**41,575**	**–11**
Staff costs	9	–14,004	–13,786	2
Other expenses	10	–7,303	–6,740	8
Depreciation, amortisation and impairment of tangible and intangible assets	11	–1,880	–4,672	–60
Restructuring costs		–764		0
Total operating expenses		**–23,951**	**–25,198**	**–5**
Profit before credit losses		**12,928**	**16,377**	**–21**
Gains less losses on disposals of tangible and intangible assets	12	14	4	
Net credit losses	13	–1,837	–12,030	–85
Operating profit		**11,105**	**4,351**	**155**
Income tax expense	15	–2,521	–2,482	2
Net profit from continuing operations		**8,584**	**1,869**	
Discontinued operations		–1,786	–691	158
NET PROFIT		**6,798**	**1,178**	
Attributable to minority interests		53	64	–17
Attributable to equity holders		6,745	1,114	
Basic earnings per share from continuing operations, SEK	16	3.88	0.95	
Diluted earnings per share from continuing operations, SEK	16	3.87	0.94	
Basic earnings per share from discontinued operations, SEK	16	–0.81	–0.36	
Diluted earnings per share from discontinued operations, SEK	16	–0.81	–0.36	
Basic earnings per share, SEK	16	3.07	0.58	
Diluted earnings per share, SEK	16	3.06	0.58	

Statement of comprehensive income

Net profit	**6,798**	**1,178**	
Available-for-sale financial assets	–629	1,966	
Cash flow hedges	–1,215	–974	25
Translation of foreign operations	–733	–187	
Deferred taxes on translation effects	–1,574	–807	95
Other	100	58	72
Other comprehensive income (net of tax)	**–4,051**	**56**	
TOTAL COMPREHENSIVE INCOME	**2,747**	**1,234**	**123**
Attributable to minority interests	14	60	–77
Attributable to equity holders	2,733	1,174	133

Balance sheet

SEB Group

31, December, SEK m	Note	2010	2009	Change, %
Cash and cash balances with central banks	19	46,488	36,589	27
Loans to credit institutions	20	204,188	331,460	–38
Loans to the public	21	1,074,879	1,187,837	–10
Securities held for trading		*221,791*	*187,924*	*18*
Derivatives held for trading		*116,008*	*133,230*	*–13*
Derivatives held for hedging		*11,631*	*10,206*	*14*
Fair value changes of hedged items in a portfolio hedge		*3,419*	*4,026*	*–15*
Financial assets – policyholders bearing the risk		*179,432*	*155,486*	*15*
Other financial assets at fair value		*85,465*	*90,769*	*–6*
Financial assets at fair value	22	617,746	581,641	6
Available-for-sale financial assets	23	66,970	87,948	–24
Held-to-maturity investments	24	1,451	1,332	9
Assets held for sale	53	74,951	596	
Investments in associates	25	1,022	995	3
Intangible assets		*16,922*	*17,177*	*–1*
Property and equipment		*1,588*	*2,200*	*–28*
Investment properties		*8,525*	*8,393*	*2*
Tangible and intangible assets	27	27,035	27,770	–3
Current tax assets		*4,580*	*3,898*	*17*
Deferred tax assets		*1,709*	*1,624*	*5*
Trade and client receivables		*30,434*	*14,637*	*108*
Withheld margins of safety		*13,989*	*17,120*	*–18*
Other assets		*14,379*	*14,780*	*–3*
Other assets	28	65,091	52,059	25
TOTAL ASSETS		**2,179,821**	**2,308,227**	**–6**
Deposits from credit institutions	29	212,624	397,433	–47
Deposits and borrowing from the public	30	711,541	801,088	–11
Liabilities to policyholders – investment contracts		*174,753*	*155,860*	*12*
Liabilities to policyholders – insurance contracts		*89,217*	*93,149*	*–4*
Liabilities to policyholders	31	263,970	249,009	6
Debt securities	32	530,483	456,043	16
Derivatives held for trading		*113,597*	*119,293*	*–5*
Derivatives held for hedging		*7,262*	*9,119*	*–20*
Trading liabilities		*78,467*	*61,529*	*28*
Fair value changes of hedged items in portfolio hedge		*1,364*	*1,499*	*–9*
Financial liabilities at fair value	33	200,690	191,440	5
Liabilities held for sale	53	48,339	165	
Current tax liabilities		*4,021*	*1,547*	*160*
Deferred tax liabilities		*9,852*	*10,299*	*–4*
Trade and client payables		*29,960*	*16,401*	*83*
Withheld margins of safety		*13,963*	*21,399*	*–35*
Other liabilities		*27,535*	*25,338*	*9*
Other liabilities	34	85,331	74,984	14
Provisions	35	1,748	2,033	–14
Subordinated liabilities	36	25,552	36,363	–30
Total liabilities		**2,080,278**	**2,208,558**	**–6**
Minority interests		266	252	6
Revaluation reserves		*–2,147*	*–303*	
Share capital		*21,942*	*21,942*	*0*
Other reserves		*33,306*	*34,114*	*–2*
Retained earnings		*39,378*	*42,486*	*–7*
Net profit		*6,798*	*1,178*	
Shareholders' equity		99,277	99,417	
Total equity		**99,543**	**99,669**	**0**
TOTAL LIABILITIES AND EQUITY		**2,179,821**	**2,308,227**	**–6**

Off-balance sheet items

Collateral and comparable security pledged for own liabilities	38	231,334	420,302	–45
Other pledged assets and comparable collateral	38	214,989	202,168	6
Contingent liabilities	38	82,048	84,058	–2
Commitments	38	388,619	378,442	3

Statement of changes in equity

SEB Group

31, December, SEK m	2010	2009	Change, %
Minority interests	266	252	6
Shareholders' equity	99,277	99,417	0
TOTAL EQUITY	**99,543**	**99,669**	**0**

Shareholders' equity

Reserve for cash flow hedges	–422	793	–153
Reserve for available-for-sale financial assets	–1,725	–1,096	57
Revaluation reserves	**–2,147**	**–303**	**0**
Share capital[1]	21,942	21,942	0
Translation difference	–1,145	–412	178
Other restricted reserves	34,451	34,526	0
Equity, restricted	**55,248**	**56,056**	**–1**
Swap hedging of employee stock option programme	–1,327	–369	
Eliminations of repurchased shares for employee stock option programme	–72	–1,895	–96
Profit brought forward	40,830	44,814	–9
Net profit attibutable to equity holders	6,745	1,114	0
Equity, non-restricted	**46,176**	**43,664**	**6**
TOTAL	**99,277**	**99,417**	**0**

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

Changes in equity

2010	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	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	**0**	**6,745**	**–629**	**–1,215**	**–733**	**–1,435**	**2,733**	**14**	**2,747**
Dividend to shareholders[1]		–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[2]		34					**34**		**34**
CLOSING BALANCE	**21,942**	**80,571**	**–1,725**	**–422**	**–1,145**	**56**	**99,277**	**266**	**99,543**

2009	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	6,872	75,949	–3,062	1,767	–225	2,236	**83,537**	192	**83,729**
Net profit		1,114					**1,114**	64	**1,178**
Other comprehensive income (net of tax)			1,966	–974	–187	–745	**60**	–4	**56**
Total comprehensive income	**0**	**1,114**	**1,966**	**–974**	**–187**	**–745**	**1,174**	**60**	**1,234**
Rights issue	15,070	–397					**14,673**		**14,673**
Swap hedging of employee stock option programme		2					**2**		**2**
Eliminations of repurchased shares for employee stock option programme[2]		31					**31**		**31**
CLOSING BALANCE	**21,942**	**76,699**	**–1,096**	**793**	**–412**	**1,491**	**99,417**	**252**	**99,669**

1) Dividend per A-share SEK 1.50 (1.00) and per C-share SEK 1.50 (1.00). Further information can be found in The SEB share on page 18–19.

2) 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 2005–2009 16.5 million shares have been sold and another 1.1 million shares have been sold in 2010. During 2010, SEB has also repurchased 0.6 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 December 2010 SEB owned 0.3 million Class A-shares with a market value of SEK 15m.

Cash flow statement

SEB Group

SEK m	2010	2009	Change, %
Interest received	46,107	67,863	–32
Interest paid	–31,895	–46,981	–32
Commission received	18,671	19,252	–3
Commission paid	–4,511	–4,792	–6
Net received from financial transactions	3,467	11,708	–70
Other income	3,072	5,770	–47
Paid expenses	–23,034	–26,193	–12
Taxes paid	–2,521	–2,200	15
Cash flow from the profit and loss statement	**9,356**	**24,427**	**–62**
Increase (–)/decrease (+) in portfolios	54,827	37,968	44
Increase (+)/decrease (–) in issued short-term securities	87,141	–56,037	
Increase (–)/decrease (+) in lending to credit institutions	104,530	–37,493	
Increase (–)/decrease (+) in lending to the public	25,616	83,627	–69
Increase (+)/decrease (–) in liabilities to credit institutions	–177,646	–31,340	
Increase (+)/decrease (–) in deposits and borrowings from the public	–48,289	–39,229	23
Increase (–)/decrease (+) in insurance portfolios	–5,053	–312	
Change in other assets	–152,467	–38,381	
Change in other liabilities	98,513	–17,686	
Cash flow from operating activities	**–3,472**	**–74,456**	**–95**
Sales of shares and bonds	384	239	61
Sales of intangible and tangible fixed assets	14	4	
Dividends	163	116	41
Investments/divestments in shares and bonds	–205	610	–134
Investments in intangible and tangible assets	579	–974	–159
Cash flow from investing activities	**935**	**–5**	
Issue of securities and new borrowings	164,994	240,498	–31
Repayment of securities	–186,290	–266,581	–30
Rights issue		15,070	–100
Dividend paid	–2,194		
Cash flow from financing activities	**–23,490**	**–11,013**	**113**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**–26,027**	**–85,474**	**–70**
Cash and cash equivalents at beginning of year	89,673	175,147	–49
Net increase in cash and cash equivalents	–26,027	–85,474	–70
CASH AND CASH EQUIVALENTS AT END OF PERIOD[1)]	**63,646**	**89,673**	**–29**

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

For cash flow statement from discontinued operations, see note 53.

Income statement

In accordance with the Swedish Financial Supervisory Authority regulations

Skandinaviska Enskilda Banken

SEK m	Note	2010	2009	Change, %
Interest income	3	27,830	33,420	–17
Leasing income	3	5,496	5,800	–5
Interest expense	3	–19,498	–24,151	–19
Dividends	7	1,182	2,757	–57
Fee and commission income	4	8,408	7,851	7
Fee and commission expense	4	–1,501	–1,636	–8
Net financial income	5	3,239	4,065	–20
Other income	7	532	2,811	–81
Total operating income		**25,688**	**30,917**	**–17**
Administrative expenses	8	–13,935	–12,117	15
Depreciation, amortisation and impairment of tangible and intangible assets	11	–4,630	–5,125	–10
Total operating expenses		**–18,565**	**–17,242**	**8**
Profit before credit losses		**7,123**	**13,675**	**–48**
Net credit losses	13	–362	–984	–63
Impairment of financial assets	7	–442	–1,222	–64
Operating profit		**6,319**	**11,469**	**–45**
Appropriations	14	–1,283	–1,510	–15
Income tax expense	15	–2,591	–1,451	79
Other taxes	15	–75	–1,544	–95
NET PROFIT		**2,370**	**6,964**	**–66**

Statement of comprehensive income

Net profit	**2,370**	**6,964**	**–66**
Available-for-sale financial assets	–337	1,053	
Cash flow hedges	–1,208	–965	25
Translation of foreign operations	–29	–96	–70
Group contributions net after tax	1,203	662	82
Other	603	146	
Other comprehensive income (net of tax)	**232**	**800**	**–71**
TOTAL COMPREHENSIVE INCOME	**2,602**	**7,764**	**–66**

Balance sheet

Skandinaviska Enskilda Banken

31, December, SEK m	Note	2010	2009	Change, %
Cash and cash balances with central banks	19	19,941	21,815	–9
Loans to credit institutions	20	250,568	376,223	–33
Loans to the public	21	763,441	732,475	4
Securities held for trading		*211,888*	*168,734*	*26*
Derivatives held for trading		*112,547*	*123,753*	*–9*
Derivatives held for hedging		*9,561*	*12,111*	*–21*
Other financial assets at fair value		*64*	*77*	*–17*
Financial assets at fair value	22	334,060	304,675	10
Available-for-sale financial assets	23	16,583	16,331	2
Held-to-maturity investments	24	3,685	3,789	–3
Investments in associates	25	967	907	7
Shares in subsidiaries	26	55,145	59,325	–7
Intangible assets		*1,787*	*1,353*	*32*
Property and equipment		*39,120*	*40,001*	*–2*
Tangible and intangible assets	27	40,907	41,354	–1
Current tax assets		*2,327*	*1,228*	*89*
Deferred tax assets		*156*		
Trade and client receivables		*28,998*	*12,425*	*133*
Withheld margins of safety		*13,989*	*17,120*	*–18*
Other assets		*5,561*	*8,249*	*–33*
Other assets	28	51,031	39,022	31
TOTAL ASSETS		**1,536,328**	**1,595,916**	**–4**
Deposits from credit institutions	29	195,408	386,530	–49
Deposits and borrowing from the public	30	484,839	490,850	–1
Debt securities	32	488,533	368,784	32
Derivatives held for trading		*111,438*	*114,130*	*–2*
Derivatives held for hedging		*4,471*	*3,995*	*12*
Trading liabilities		*74,729*	*58,479*	*28*
Financial liabilities at fair value	33	190,638	176,604	8
Current tax liabilities		*2,603*	*724*	
Trade and client payables		*28,777*	*14,146*	*103*
Withheld margins of safety		*13,963*	*21,399*	*–35*
Other liabilities		*17,020*	*12,617*	*35*
Other liabilities	34	62,363	48,886	28
Provisions	35	180	496	–64
Subordinated liabilities	36	25,096	35,498	–29
Total liabilities		**1,447,057**	**1,507,648**	**–4**
Untaxed reserves	37	**23,930**	**22,645**	**6**
Revaluation reserves		*–2,306*	*–760*	*0*
Share capital		*21,942*	*21,942*	*0*
Other reserves		*12,260*	*12,260*	*0*
Retained earnings		*31,075*	*25,217*	*23*
Net profit		*2,370*	*6,964*	*–66*
Shareholders' equity		**65,341**	**65,623**	**0**
TOTAL LIABILITIES, UNTAXED RESERVES AND SHAREHOLDERS' EQUITY		**1,536,328**	**1,595,916**	**–4**

Off-balance sheet items

Collateral and comparable security pledged for own liabilities	38	138,775	268,284	–48
Other pledged assets and comparable collateral	38	35,663	47,031	–24
Contingent liabilities	38	64,120	64,045	0
Commitments	38	291,046	275,203	6

Statement of changes in equity

Skandinaviska Enskilda Banken

31, December, SEK m	2010	2009	Change, %
Reserve for cash flow hedges	–436	772	–156
Reserve for available-for-sale financial assets	–1,870	–1,532	22
Revaluation reserves	**–2,306**	**–760**	**0**
Share capital[1]	21,942	21,942	0
Reserve fund and other restricted reserves	12,260	12,260	0
Equity, restricted	**34,202**	**34,202**	**0**
Group contributions	1,632	898	82
Tax on Group contributions	–429	–236	82
Swap hedging of employee stock option programme	–1,332	–374	
Eliminations of repurchased shares for employee stock option programme	–72	–1,896	–96
Translation differencies	–399	–364	10
Profit brought forward	31,675	27,189	16
Net profit for the year	2,370	6,964	–66
Equity, non-restricted	**33,445**	**32,181**	**4**
TOTAL	**65,341**	**65,623**	**0**

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

Changes in equity

2010	Share capital	Restricted reserves	Retained earnings	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Other	Total
Opening balance	21,942	12,260	31,737	–1,532	772	–364	808	**65,623**
Net profit			2,370					**2,370**
Other comprehensive income (net of tax)			808	–337	–1,208	–29	998	**232**
Total comprehensive income	**0**	**0**	**3,178**	**–337**	**–1,208**	**–29**	**998**	**2,602**
Dividend to shareholders[1]			–2,194					**–2,194**
Swap hedging of employee stock option programme			–713					**–713**
Eliminations of repurchased shares for employee stock option programme[2]			23					**23**
CLOSING BALANCE	**21,942**	**12,260**	**32,031**	**–1,869**	**–436**	**–393**	**1,806**	**65,341**
2009								
Opening balance	6,872	12,260	25,065	–2,585	1,737	–268	78	**43,159**
Net profit			6,964					**6,964**
Other comprehensive income (net of tax)			78	1,053	–965	–96	730	**800**
Total comprehensive income	**0**	**0**	**7,042**	**1,053**	**–965**	**–96**	**730**	**7,764**
Rights issue	15,070		–397					**14,673**
Swap hedging of employee stock option programme			–3					**–3**
Eliminations of repurchased shares for employee stock option programme[2]			30					**30**
CLOSING BALANCE	**21,942**	**12,260**	**31,737**	**–1,532**	**772**	**–364**	**808**	**65,623**

1) Dividend per A-share SEK 1.50 (1.00) and per C-share SEK 1.50 (1.00). Further information can be found in The SEB share on page 18–19.
2) 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 2005–2009 16.5 million shares have been sold and another 1.1 million shares have been sold in 2010. During 2010, SEB has also repurchased 0.6 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 December 2010 SEB owned 0.3 million Class A-shares with a market value of SEK 15m.

Cash flow statement

Skandinaviska Enskilda Banken

SEK m	2010	2009	Change, %
Interest received	31,865	44,097	–28
Interest paid	–19,560	–25,990	–25
Commission received	8,335	7,796	7
Commission paid	–1,352	–1,435	–6
Net received from financial transactions	3,714	9,461	–61
Other income	1,533	3,538	–57
Paid expenses	–14,232	–13,985	2
Taxes paid	–2,567	296	
Cash flow from the profit and loss statement	**7,736**	**23,778**	**–67**
Increase (–)/decrease (+) in trading portfolios	–2,813	1,830	
Increase (+)/decrease (–) in issued short-term securities	86,341	–58,701	
Increase (–)/decrease (+) in lending to credit institutions	124,996	–134,596	
Increase (–)/decrease (+) in lending to the public	–40,753	18,497	
Increase (+)/decrease (–) in liabilities to credit institutions	–190,503	–22,757	
Increase (+)/decrease (–) in deposits and borrowings from the public	–6,152	37,463	
Change in other assets	5,941	139,925	–96
Change in other liabilities	7,087	–119,861	
Cash flow from operating activities	**–8,120**	**–114,422**	**–93**
Dividends and Group contributions	2,811	3,609	–22
Investments in subsidiaries/Merger of subsidiaries	318	–484	–166
Investments/divestments in shares and bonds	109	–183	–160
Investments in intangible and tangible assets	–4,183	–5,067	–17
Cash flow from investment activities	**–945**	**–2,125**	**–56**
Issue of securities and new borrowings	75,169	66,062	14
Repayment of securities	–52,579	–46,811	12
Rights issue		15,070	–100
Dividend paid	–2,194		
Cash flow from financing activities	**20,396**	**34,321**	**–41**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**11,331**	**–82,226**	**–114**
Cash and cash equivalents at beginning of year	57,915	140,141	–59
Net increase in cash and cash equivalents	11,332	–82,226	–114
CASH AND CASH EQUIVALENTS AT END OF PERIOD[1)]	**69,246**	**57,915**	**20**

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

Notes to the financial statements

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 2010 were approved for publications by the Board of Directors on 24 February and will be presented for adoption at the 2011 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 and legal reasons, are not included in the consolidated accounts.

The financial statements of the parent company and the consolidated subsidiaries refer to the same period and have been drawn up according to the accounting policies applicable to the Group. A subsidiary is included in the consolidated accounts from the time of 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 cost of an acquisition 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 cost of the acquisition over the fair value of the Group's share of the identifiable acquired net assets is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly against profit or loss.

Goodwill is allocated between the cash-generating units or groups of units which are expected to gain benefits from an acquisition through synergies. The cash-generating units to which goodwill is allocated correspond to the lowest level within the Group in which goodwill is monitored for internal management purposes.

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 share of the results in subsidiaries is included in the reported results in the consolidated income statement, while the minority share 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.

Assets held for sale and discontinued operations
Assets (or disposal groups) are classified 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. Profit or loss from discontinued operations are reported net on a separate line 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.

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 risk and benefits of the SPE.

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 income 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 or 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 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 and 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 quoted derivatives, financial assets and financial liabilities held for trading, and available-for-sale financial assets, is based on quoted market prices. The current bid price is used for financial assets and the current offer price for financial liabilities considering offsetting positions.

The fair value of financial instruments that are not quoted in an active market is determined by applying various valuation techniques with maximum use of observable market inputs. The valuation techniques used are 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.

The difference 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 market 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.

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 is recognised.

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 should have been considered past due or impaired if they were not restructured. After a restructure the loan 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 fixed assets

Tangible fixed 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 specified as finance or operating leases.

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

Investment properties

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

Intangible assets

IIntangible 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, and 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 or loss are impacted at the same time as the corresponding increase in equity is recognised. At each balance sheet date an assessment is made to determine if the vesting conditions will be fulfilled and the extent to which they will be fulfilled. If the conclusion of this assessment is that a lower number of options are expected to be vested during the vesting period, then the previously expensed amounts are reversed through profit or loss. This implies that in cases in which the vesting conditions are not fulfilled, no costs will be reported in profit or loss, seen over the entire vesting period.

The employee stock option 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 in-

surance 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 reinsurers 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 Policy
The following changes have been made with respect to this Group's accounting policy during 2010:

IFRS 2 (amendment) Share-based Payment. The amendment incorporated previous guidance in IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2- Group and Treasury Share Transactions* is incorporated into the standard. The previous guidance of IFRIC 11 is supplemented also with regard to the classification of intra-group transactions, which are not addressed in the interpretation.

IFRS 3 (as revised in 2008) Business Combinations (effective for annual periods beginning after July 2009). The amendment will change how future business combinations are accounted for in respect of transaction costs, possible contingent considerations and business combinations achieved in stages. The standard will not have an impact on previous business combinations but will be applied by the Group to business combinations for which acquisition date is on or after 1 January 2010.

IFRS 5 (amendment) Non-Current Assets Held for Sale and Discontinued Operations. The amendment clarifies that IFRS 5 specifies the disclosure requirements that exist for the assets (or disposal groups) classified as assets held for sale or discontinued operations. It also clarifies that the general requirement in IAS 1 is still valid, in particular paragraph 15 (to give a true and fair view) and section 125 (sources of uncertainty in the estimates).

IAS 1 (amendment) Presentation of Financial Statements clarifies that the potential settlement of a debt through the issuance of shares is not relevant to its classification as short-or long-term.

IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements. The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Group's interests in its subsidiaries.

IAS 38 (amendment) Intangible Assets. The amendment provides clarification of the fair value of an intangible asset acquired in a business combination. The amendment means that intangible assets are grouped and treated as an asset if the assets have similar useful lives.

IAS 39 (amendment) Financial Instruments: Recognition and Measurement. The amendment is a clarification of eligible hedged items.

These amendments have not had a material effect on the Group's consolidated financial statements.

Future Accounting Developments
Consideration will be given in the future to the implications, if any, of the following new and revised standards and interpretations:

IFRS 9 Financial Instruments (effective for annual periods beginning 1 January 2013, but not yet endorsed by EU). 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 during 2011, issuing standards regarding the two remaining phases: Impairment methodology and Hedge accounting. As IFRS 9 is not yet complete it is not possible to assess the impact on the Group.

IAS 24 (revised 2010) Related Party Disclosures. The amendment changes the definition of a related party. The revised Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of a parent, venturer or investor, and also applies to individual financial statements. The Group will apply IAS 24 (revised 2010) from 1 January 2011. The change is not expected to have a material effect on the consolidated financial statements.

EU has endorsed *IFRS 1 (amendments) Additional Exemptions for first time Adopters, IAS 32 (amendment) Financial Instruments: Classification, IFRIC 14 (amendment) Prepayments of a Minimum Funding Requirement and IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.* The amendments will be applicable from 2011 and onwards and are not expected to have a material effect on the consolidated financial statements for 2011.

IASB has issued Amendments to *IFRS 7 Financial instruments: Disclosures* in October 2010 and *Improvements to IFRSs* in May 2010 that EU has not yet endorsed. The amendments are expected to be endorsed during 2011 and they will affect the disclosures of financial instruments in the Group's consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES OF THE PARENT COMPANY

Skandinaviska Enskilda Banken (SEB) AB public limited company with registered office in Stockholm, Sweden.

The financial statements for 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 below.

Presentation format
The presentation format for the balance sheet and the income statement 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 income statement.

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.

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 income statement. 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
Group contributions paid or received between Swedish companies for the purpose of optimising the Group's corporate taxes are reported in the parent company as a decrease/increase in non-restricted equity after adjustment for estimated taxes.

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 market 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 Group Risk Control 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 group credit organisation.

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, 2010	Merchant Banking	Retail Banking	Wealth Management	Life[1]	Baltic	Other incl. eliminations[2]	Total
Interest income	*22,294*	*7,874*	*1,104*		*5,129*	*9,640*	***46,041***
Interest expense	*–14,171*	*–2,866*	*–619*	*–11*	*–3,260*	*–9,104*	***–30,031***
Net interest income	8,123	5,008	485	–11	1,869	536	**16,010**
Fee and commission income	*6,628*	*5,072*	*6,937*		*1,283*	*–1,249*	***18,671***
Fee and commission expense	*–1,320*	*–1,831*	*–3,185*		*–406*	*2,231*	***–4,511***
Net fee and commission income	5,308	3,241	3,752		877	982	**14,160**
Net financial income	3,745	273	89		63	–1,004	**3,166**
Net life insurance income				4,550		–1,295	**3,255**
Net other income	–46	47	58		37	192	**288**
Total operating income	**17,130**	**8,569**	**4,384**	**4,539**	**2,846**	**–589**	**36,879**
of which internally generated	282	845	–1,781	1,390	–1,056	320	
Staff costs	–4,091	–2,636	–1,319	–1,123	–640	–4,195	**–14,004**
Other expenses	–4,205	–2,821	–1,333	–524	–1,158	2,738	**–7,303**
Depreciation, amortisation and impairment of tangible and intangible assets	–169	–84	–84	–690	–291	–562	**–1,880**
Restructuring costs						–764	**–764**
Total operating expenses	**–8,465**	**–5,541**	**–2,736**	**–2,337**	**–2,089**	**–2,783**	**–23,951**
Gains less losses on disposals of tangible and intangible assets	28	–1			–5	–8	**14**
Net credit losses	–195	–543	3		–873	–229	**–1,837**
OPERATING PROFIT	**8,498**	**2,484**	**1,651**	**2,202**	**–121**	**–3,609**	**11,105**

Income statement, 2009	Merchant Banking	Retail Banking	Wealth Management	Life[1]	Baltic	Other incl. eliminations[2]	Total
Interest income	*28,727*	*8,836*	*1,547*		*9,943*	*9,051*	***58,104***
Interest expense	*–18,745*	*–3,412*	*–949*	*–18*	*–7,264*	*–9,670*	***–40,058***
Net interest income	9,982	5,424	598	–18	2,679	–619	**18,046**
Fee and commission income	*7,040*	*5,092*	*4,384*		*1,418*	*61*	***17,995***
Fee and commission expense	*–1,393*	*–1,838*	*–1,429*		*–484*	*434*	***–4,710***
Net fee and commission income	5,647	3,254	2,955		934	495	**13,285**
Net financial income	4,377	292	76		126	–383	**4,488**
Net life insurance income				4,443		–846	**3,597**
Net other income	46	64	17		55	1,977	**2,159**
Total operating income	**20,052**	**9,034**	**3,646**	**4,425**	**3,794**	**624**	**41,575**
of which internally generated	–2,323	3,329	–1,245	917	–2,206	1,528	
Staff costs	–3,529	–2,542	–1,229	–1,107	–730	–4,649	**–13,786**
Other expenses	–4,134	–2,668	–1,160	–536	–1,452	3,210	**–6,740**
Depreciation, amortisation and impairment of tangible and intangible assets	–155	–93	–116	–667	–2,389	–1,252	**–4,672**
Total operating expenses	**–7,818**	**–5,303**	**–2,505**	**–2,310**	**–4,571**	**–2,691**	**–25,198**
Gains less losses on disposals of tangible and intangible assets	–1		29		–17	–7	**4**
Net credit losses	–805	–840	–28		–9,569	–788	**–12,030**
OPERATING PROFIT	**11,428**	**2,891**	**1,142**	**2,115**	**–10,363**	**–2,862**	**4,351**

1) Business result in Life amounted to SEK 3,367m (3,015), of which change in surplus values was net SEK 1,165m (900).
2) Profit and losses from associated companies accounted for under the equity method are recognised in Net other income by SEK 0m (3). The aggregated investments are SEK 102m (89).

Balance sheet, 2010-12-31							
Assets	1,074,600	417,017	75,296	284,476	127,054	201,378	**2,179,821**
Liabilities	1,042,109	399,665	68,829	277,517	106,034	186,124	**2,080,278**
Investments	236	47	69	1,351	892	885	**3,480**

Balance sheet, 2009-12-31							
Assets	1,103,688	538,831	72,561	271,104	156,917	165,126	**2,308,227**
Liabilities	1,060,584	500,834	66,181	262,642	139,926	178,391	**2,208,558**
Investments	289	230	48	1,524	1,742	414	**4,247**

Note 2 ctd. Operating segments

GROUP BY GEOGRAPHY

	2010			2009		
	Gross Income*	Assets	Investments	Gross Income*	Assets	Investments
Sweden	44,648	1,594,695	1,320	50,932	1,640,285	1,132
Norway	5,961	118,849	46	7,179	121,276	80
Denmark	4,975	229,653	940	6,235	221,272	1,092
Finland	2,538	30,850	6	2,486	30,828	3
Estonia	1,806	40,569	139	2,898	48,154	49
Latvia	1,782	38,970	147	2,962	42,575	89
Lithuania	3,118	61,703	665	4,573	80,219	1,513
Germany	9,038	436,957	86	13,296	536,910	101
Other countries	6,253	302,066	131	6,871	295,717	188
Group eliminations	–8,698	–674,491		–11,088	–709,009	
TOTAL	**71,421**	**2,179,821**	**3,480**	**86,344**	**2,308,227**	**4,247**

*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

2010	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other incl. eliminations	Total
Gross income*	20,167	6,532	1,653	90	5	18,240	**46,687**
Assets	621,828	178,938	25,854	489	27	709,192	**1,536,328**
Investments	117	2	32			551	**702**

2009							
Gross income*	24,419	7,429	1,054	73	2	23,727	**56,704**
Assets	640,049	162,616	25,368	624	63	767,196	**1,595,916**
Investments	213	40	19			271	**543**

PARENT COMPANY BY GEOGRAPHY

	2010			2009		
	Gross Income*	Assets	Investments	Gross Income*	Assets	Investments
Sweden	37,924	1,309,541	702	45,618	1,398,022	543
Norway	2,424	89,308		3,334	73,277	
Denmark	2,372	104,267		3,214	90,227	
Finland	830	6,704		717	2,573	
Other countries	3,137	26,508		3,821	31,817	
TOTAL	**46,687**	**1,536,328**	**702**	**56,704**	**1,595,916**	**543**

*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. On 1 July 2009 the Baltic division was formed through a merger of Retail and Wealth Management parts in the Baltic subsidiaries.

Transfer pricing
The internal transfer pricing objective in the SEB Group is to measure net interest income, to transfer interest risk and to manage liquidity. The internal price is set according to the market price, which is the price paid at the interbank market for a specific interest and liquidity term. The business units do not pay or receive any margins on funds transferred to and from the Treasury unit. Transactions between Business segments are conducted at arm's length.

3 Net interest income

	Group		Parent company	
	2010	2009	2010	2009
Loans to credit institutions	3,100	6,697	2,873	7,078
Loans to the public	32,702	40,195	16,480	18,776
Interest-bearing securities[1)]	5,700	6,707	4,110	3,810
Other interest income	4,539	4,505	4,367	3,756
Interest income	**46,041**	**58,104**	**27,830**	**33,420**
Deposits from credit institutions	–1,418	–7,417	–2,030	–6,178
Deposits and borrowing from the public	–11,751	–12,589	–3,069	–2,984
Interest-bearing securities[2)]	–13,486	–15,135	–10,579	–11,463
Subordinated liabilities	–1,561	–1,911	–1,527	–1,857
Other interest costs	–1,815	–3,006	–2,293	–1,669
Interest expense	**–30,031**	**–40,058**	**–19,498**	**–24,151**
TOTAL	**16,010**	**18,046**	**8,332**	**9,269**
1) Of which, measured at fair value.	5,675	6,661	4,105	3,572
2) Of which, measured at fair value.	–158	231	–6	–44

Net income from leases[1)]

Income from leases	5,496	5,800
Depreciation of leased equipment	–4,253	–4,506
TOTAL	**1,243**	**1,294**

1) In the Group Net income from leases is reclassified to interest income. In the parent company depreciation of leased equipment is reported as Depreciation, amortisation and impairment of tangible and intangible assets.

Net interest income

Interest income	27,830	33,420
Income from leases	5,496	5,800
Interest expense	–19,498	–24,151
Depreciation of leased equipment	–4,253	–4,506
TOTAL	**9,575**	**10,563**

4 Net fee and commission income

	Group		Parent company	
	2010	2009	2010	2009
Issue of securities	357	501	1,041	1,090
Secondary market	1,765	2,174	527	744
Custody and mutual funds	7,067	5,656	2,439	1,902
Securities commissions	9,189	8,331	4,007	3,736
Payments	1,561	1,633	1,116	1,127
Card fees	3,992	4,203	169	183
Payment commissions	5,553	5,836	1,285	1,310
Lending	1,686	1,393	1,426	1,103
Deposits	103	108	64	65
Advisory	482	649	282	267
Guarantees	428	413	271	282
Derivatives	518	556	500	535
Other	712	709	573	553
Other commissions	3,929	3,828	3,116	2,805
Fee and commission income	**18,671**	**17,995**	**8,408**	**7,851**
Securities commissions	–1,216	–844	–197	–212
Payment commissions	–2,245	–2,413	–528	–531
Other commissions	–1,050	–1,453	–776	–893
Fee and commission expense	**–4,511**	**–4,710**	**–1,501**	**–1,636**
TOTAL	**14,160**	**13,285**	**6,907**	**6,215**

5 Net financial income

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Gains (losses) on financial assets and liabilities held for trading, net	3,354	4,768	3,239	4,132
Gains (losses) on financial assets and liabilities designated at fair value, net	–128	–122		–67
Impairments of available-for-sale financial assets	–60	–158		
TOTAL	**3,166**	**4,488**	**3,239**	**4,065**

Gains (losses) on financial assets and liabilities held for trading, net

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Equity instruments and related derivatives	629	1	612	–151
Debt instruments and related derivatives	637	894	1,158	1,307
Currency related	2,076	3,877	1,469	2,976
Other financial instruments	12	–4		
TOTAL[1)]	**3,354**	**4,768**	**3,239**	**4,132**

Gains (losses) on financial assets and liabilities designated at fair value, net

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Equity instruments and related derivatives		–68		–68
Debt instruments and related derivatives	–158	–90		
Currency related	30	36		1
TOTAL	**–128**	**–122**	**0**	**–67**

1) Includes ineffectiveness for net investment hedges in foreign operations of SEK 0m (–2).

Fair value changes in financial assets and financial liabilities within the unit linked insurance business, designated as at fair value through profit or loss offset each other in full.

6 Net life insurance income

	Group 2010	Group 2009
Premium income, net	7,024	7,313
Income investment contracts	1,138	1,042
Investment income net	7,793	5,504
Other insurance income	398	394
Net insurance expenses	–13,098	–10,656
TOTAL	**3,255**	**3,597**

Investment income, net

	2010	2009
Direct yield[1)]	3,992	4,461
Change in value on investments at fair value, net	4,471	1,997
Foreign exchange gain/loss, net	490	–158
	8,953	**6,300**
Expenses for asset management services	–52	–71
Policyholders tax	–1,108	–725
TOTAL	**7,793**	**5,504**

1) Net interest income, dividends received and operating surplus from properties.

Net insurance expenses

	2010	2009
Claims paid, net	–8,234	–8,216
Change in insurance contract provisions	–4,864	–2,440
TOTAL	**–13,098**	**–10,656**

7 Net other income

	Group		Parent company	
	2010	2009	2010	2009
Dividends	163	108	**1,182**	**2,757**
Impairment of financial assets[1]			**–442**	**–1,222**
Investments in associates		3		
Gains less losses from investment securities	109	–69	132	79
Gains less losses from tangible assets[2]			17	11
Other income	16	2,117	383	2,721
TOTAL	**288**	**2,159**	**532**	**2,811**

1) Impairment testing of the activities in Ukraine resulted in write-offs of both goodwill and shares in subsidiaries amounting to SEK 1,145m during 2009.
2) See note 12 for the Group.

Dividends

Available-for-sale investments	163	108	98	75
Shares in subsidiaries			1,084	2,682
TOTAL	**163**	**108**	**1,182**	**2,757**

Investments in associates[1]

NCSD Holding (former VPC)				
BGC Holding		3		
Other				
TOTAL		**3**		

1) Recognised using the equity method.

Gains less losses from investment securities

Available for sale financial assets – Equity instruments	250		132	79
Available for sale financial assets – Debt instruments	468	465		
Loans	4			
Capital gains	**722**	**465**	**132**	**79**
Available for sale financial assets – Equity instruments	–5	–56		
Available for sale financial assets – Debt instuments	–473	–304		
Loans	–135	–174		
Capital losses	**–613**	**–534**		
TOTAL	**109**	**–69**	**132**	**79**

Other income

Fair value adjustment in hedge accounting	– 432	226	– 50	507
Operating result from non-life insurance, run off	34	63		
Repurchased issued bonds		1,570		1,570
Other income	414	258	433	644
TOTAL	**16**	**2,117**	**383**	**2,721**

Fair value adjustment in hedge accounting

Fair value changes of the hedged items attributable to the hedged risk	1,003	103	1,052	479
Fair value changes of the hedging derivatives	–1,101	214	–1,053	33
Fair value hedges	**–98**	**317**	**–1**	**512**
Fair value changes of the hedging derivatives	–49	–5	–49	–5
Cash-flow hedges – ineffectiveness	**–49**	**–5**	**–49**	**–5**
Fair value changes of the hedged items	–227	801		
Fair value changes of the hedging derivatives	–58	–887		
Fair value portfolio hedge of interest rate risk – ineffectiveness	**–285**	**–86**		
TOTAL	**–432**	**226**	**–50**	**507**

Note 7 ctd. Net other income

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 on an item by item or grouped by maturity basis.

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 2011 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 37,130m (53,716) and currency forwards to an amount of SEK 1,024m (965) was designated as hedges of net investments in foreign operations. Ineffectiveness has been recognised with SEK 0m (–2) reported in Net financial income (note 5).

8 Administrative expenses

	Group		Parent company	
	2010	2009	**2010**	2009
Staff costs	–14,004	–13,786	–8,639	–7,669
Other expenses	–7,303	–6,740	–5,296	–4,448
TOTAL	**–21,307**	**–20,526**	**–13,935**	**–12,117**

9 Staff costs

Disclosures regarding remuneration according to the Swedish Financial Supervisory Authority regulation 2009:6 is found on SEB's homepage www.sebgroup.com. The disclosure includes the following staff cost items: base salary, short-term variable cash-based compensation, long-term equity-based compensation, retirement plans and benefits including redundancies.

	Group		Parent company	
	2010	2009	**2010**	2009
Base salary	–8,123	–8,244	–4,821	–4,616
Short-term variable cash-based compensation	–1,392	–624	–993	–443
Long-term equity-based compensation	–182	–166	–141	–149
Salaries and other compensations	**–9,697**	**–9,034**	**–5,955**	**–5,208**
Social charges	–2,429	–2,353	–1,707	–1,556
Defined Benefit retirement plans[1]	–358	–718		
Defined Contribution retirement plans[1]	–735	–724	–505	–497
Benefits and redundancies[2]	–217	–420	–90	–87
Education and other staff related costs	–568	–537	–382	–321
TOTAL	**–14,004**	**–13,786**	**–8,639**	**–7,669**

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 133m (162) for early retirement have been charged to the pension funds of the Bank.
2) Includes costs for redundancies with SEK 120m (273) for the Group and SEK 61m (56) for the parent company.

9 a Salaries and other remunerations per country and category

	Group			Parent company		
2010	Executives[1]	Other	Total	Executives[1]	Other	Total
Sweden	–37	–5,200	**–5,237**	–22	–4,469	**–4,491**
Norway	–12	–653	**–665**		–297	**–297**
Denmark	–14	–801	**–815**		–364	**–364**
Finland	–6	–259	**–265**		–176	**–176**
Estonia	–11	–252	**–263**			
Latvia	–9	–211	**–220**		–22	**–22**
Lithuania	–18	–298	**–316**		–14	**–14**
Germany	–45	–990	**–1,035**		–79	**–79**
Poland	–7	–27	**–34**		–19	**–19**
Ukraine	–4	–64	**–68**			
China		–10	**–10**		–10	**–10**
Great Britain	–5	–340	**–345**		–302	**–302**
France		–9	**–9**		–10	**–10**
Ireland	–2	–8	**–10**			
Luxembourg	–10	–152	**–162**			
Russia	–5	–25	**–30**			
Singapore		–108	**–108**		–99	**–99**
United States	–3	–89	**–92**		–72	**–72**
Other[2]		–13	**–13**			
TOTAL	**–188**	**–9,509**	**–9,697**	**–22**	**–5,933**	**–5,955**

Note 9 a ctd. Salaries and other remunerations per country and category

	Group			Parent company		
2009	Executives[1]	Other	Total	Executives[1]	Other	Total
Sweden	–33	–4,720	**–4,753**	–19	–4,098	**–4,117**
Norway	–11	–585	**–596**		–213	**–213**
Denmark	–17	–709	**–726**		–242	**–242**
Finland	–8	–257	**–265**		–165	**–165**
Estonia	–15	–252	**–267**			
Latvia	–10	–264	**–274**		–26	**–26**
Lithuania	–21	–371	**–392**		–11	**–11**
Germany	–72	–948	**–1,020**		–74	**–74**
Poland	–7	–28	**–35**		–16	**–16**
Ukraine	–5	–71	**–76**			
China		–10	**–10**		–10	**–10**
Great Britain	–3	–237	**–240**		–213	**–213**
France		–11	**–11**		–12	**–12**
Ireland	–2	–14	**–16**			
Luxembourg	–5	–180	**–185**			
Russia	–5	–19	**–24**			
Singapore		–66	**–66**		–61	**–61**
United States	–2	–72	**–74**		–48	**–48**
Other[2]		–23	**–23**			
TOTAL	**–216**	**–8,837**	**–9,053**	**–19**	**–5,189**	**–5,208**

1) Comprises current Board members and their substitutes in the parent company and subsidiaries, President and Deputy President in parent company and Managing Directors and Deputy Managing Directors in subsidiaries. Total number of Presidents, Managing Directors and Deputy Presidents and Managing Directors was 76 (83) of which 12 (17) female. Total number of Board members and their substitutes was 246 (250) of which 61 (48) female. These Board members do not, with the exception of the Board members elected at the AGM in the parent company, receive board remuneration.

2) Switzerland, British Virgin Island and Brazil.

Loans to Executives

	Group		Parent company	
	2010	2009	**2010**	2009
Managing Directors and Deputy Managing Directors[1]	96	128	16	18
Boards of Directors[2]	282	259	29	37
TOTAL	**378**	**387**	**45**	**55**

1) Comprises current President in the parent company and Managing Directors and Deputy Managing Directors in subsidiaries. Total number of executives was 76 (83).

2) Comprises current Board members and their substitutes in the parent company and subsidiaries. Total number of persons was 246 (250).

Pension commitments to Executives

	Group		Parent company	
	2010	2009	**2010**	2009
Pension disbursements made	98	102	48	47
Change in commitments	102	87	30	31
Commitments at year-end	1,730	1,718	715	777

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 117 (112) persons.

9 b Retirement benefit obligations

DEFINED BENEFIT PLANS IN SEB GROUP

	2010			2009		
Net amount recognised in the Balance sheet	Sweden[1]	Foreign[1]	Group[1]	Sweden[1]	Foreign[1]	Group[1]
Defined benefit obligation at the beginning of the year	17,397	5,614	**23,011**	16,823	5,358	**22,181**
Reclassified to Assets/Liabilities held for sale		–335	**–335**			
Acquisitions and reclassification			**0**		43	**43**
Service costs	477	45	**522**	489	101	**590**
Interest costs	637	260	**897**	616	305	**921**
Benefits paid	–772	–283	**–1,055**	–804	–271	**–1,075**
Exchange differences		–682	**–682**		–332	**–332**
Unrecognised actuarial gains/losses	–446	240	**–206**	273	410	**683**
Defined benefit obligation at the end of the year	**17,293**	**4,859**	**22,152**	**17,397**	**5,614**	**23,011**
Fair value of plan assets at the beginning of the year	15,040	4,498	**19,538**	13,064	4,583	**17,647**
Acquisitions and reclassification				1	1	**2**
Calculated return on plan assets	1,128	241	**1,369**	980	258	**1,238**
Benefits paid/contributions	–720	–251	**–971**	–833	–250	**–1,083**
Exchange differences		–558	**–558**		–285	**–285**
Unrecognised actuarial gains/losses	24	-14	**10**	1,828	191	**2,019**
Fair value of plan assets at the end of the year	**15,472**	**3,916**	**19,388**	**15,040**	**4,498**	**19,538**
Funded status	**–1,821**	**–943**	**–2,764**	**–2,357**	**–1,116**	**–3,473**
Unrecognised actuarial gains/losses on liabilities	5,451	790	**6,241**	6,199	550	**6,749**
Unrecognised actuarial gains/losses on assets	75	513	**588**	99	499	**598**
Exchange differences		–122	**–122**		–53	**–53**
NET AMOUNT RECOGNISED IN THE BALANCE SHEET	**3,705**	**238**	**3,943**	**3,941**	**–120**	**3,821**
of which recognised as assets	3,708	334	**4,042**	3,961	0	**3,961**
of which recognised as liabilities	3	96	**99**	20	120	**140**
Movements in the net assets or net liabilities						
Defined benefit obligation at the beginning of the year	3,941	–120	**3,821**	4,531	144	**4,675**
Reclassified to Assets/Liabilities held for sale		335	**335**		–12	**–12**
Acquisitions and reclassification				1	–42	**–41**
Total expense as below	–288	–70	**–358**	–562	–156	**–718**
Pension paid	772	283	**1,055**	804	271	**1,075**
Pension compensation	–720	–251	**–971**	–833	–250	**–1,083**
Exchange differences		61	**61**		–75	**–75**
NET AMOUNT RECOGNISED IN THE BALANCE SHEET	**3,705**	**238**	**3,943**	**3,941**	**–120**	**3,821**

The actual return on plan assets was SEK 433m (1,975) in Sweden and SEK 23m (43) in foreign plans. The allocation of total plan assets in Sweden is 82 per cent (81) shares and 18 (19) interest-bearing, in foreign plans 19 (15) shares and 81 (85) interest-bearing.

The pension plan assets include SEB shares with a fair value of SEK 876m (692) and buildings occupied by the company with a value of SEK 792m (792).

Amounts recognised in the Profit and loss						
Service costs	–477	–45	**–522**	–489	–101	**–590**
Interest costs	–637	–260	**–897**	–616	–305	**–921**
Return on plan assets	1,128	241	**1,369**	980	258	**1,238**
Actuarial gains/losses	–302	–6	**–308**	–437	–8	**–445**
TOTAL INCLUDED IN STAFF COSTS	**–288**	**–70**	**–358**	**–562**	**–156**	**–718**
Principal actuarial assumptions used, %						
Discount rate[2]	4.0%	5.0%		3.8%	5.3%	
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.

Note 9 b ctd. Retirement benefit obligations

DEFINED CONTRIBUTION PLANS IN SEB GROUP

	2010			2009		
Net amount recognised in the Profit and loss	Sweden	Foreign	Group	Sweden	Foreign	Group
Expense in Staff costs	–523	–212	**–735**	–521	–203	**–724**

DEFINED BENEFIT PLANS IN SKANDINAVISKA ENSKILDA BANKEN

	Parent company	
Net amount recognised in the Balance sheet	2010	2009
Defined benefit obligation at the beginning of the year	12,132	11,674
Imputed pensions premium	429	424
Interest costs and other changes	1,478	673
Early retirement	133	162
Pension disbursements	–765	–801
DEFINED BENEFIT OBLIGATION AT THE END OF THE YEAR	**13,407**	**12,132**
Fair value of plan assets at the beginning of the year	14,711	12,793
Return in pension foundations	1,136	2,719
Benefits paid	–765	–801
FAIR VALUE OF PLAN ASSETS AT THE END OF THE YEAR	**15,082**	**14,711**

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 12,291m (11,846) and to a smaller extent interest related SEK 2,717m (2,865). The assets include SEB shares of SEK 849m (677) and buildings occupied by the company of SEK 792m (792). The return on assets was 8 per cent (21) before pension compensation.

Amounts recognised in the Profit and loss		
Pension disbursements	–765	–801
Compensation from pension foundations	765	801
Total included in appropriations	**0**	**0**
NET PENSION COSTS FOR DEFINED BENEFIT PLANS	**0**	**0**

Principal actuarial assumptions used, %		
Gross interest rate	3.6%	4.2%
Interest rate after tax	3.1%	3.6%

The actuarial calculations are based on salaries and pensions on the balance sheet date.

DEFINED CONTRIBUTION PLANS IN SKANDINAVISKA ENSKILDA BANKEN

	Parent company	
Net amount recognised in the Profit and loss	2010	2009
Expense in Staff costs	–505	–497

Pension foundations

	Pension commitments		Market value of asset	
	2010	2009	2010	2009
SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	13,407	12,132	15,082	14,711
SEB Kort AB:s Pensionsstiftelse	390	315	390	329
TOTAL	**13,797**	**12,447**	**15,472**	**15,040**

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 2010.

The remuneration structure for the President and other members of the GEC is in accordance with the remuneration policy for the Bank. No member of the GEC has been entitled to short-term cash based compensation 2010. Thus, the remuneration is based upon three main components; base pay, long-term equity based programmes and pensions. Other benefits may also be included, such as company car and home services.

For more information, see page 70–72.

Risk takers

The President and all other members of the GEC are considered as risk takers defined in the Swedish Financial Supervisory Authority regulations (FFFS: 2009:6)

Remuneration to the Board and to the President and CEO, SEK

2010	Base salary	Remunerations[1]	Benefits and other[2]	Total
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**
2009				
Chairman of the Board, Marcus Wallenberg		2,062,500		**2,062,500**
Other members of the Board		5,407,816		**5,407,816**
President and CEO, Annika Falkengren	7,000,000		1,219,923	**8,219,923**
TOTAL	**7,000,000**	**7,470,316**	**1,219,923**	**15,690,239**

1) As decided at AGM.
2) Includes benefits as home service and company car.

Compensation to the Group Executive Committee, SEK[1]

	Base salary	Benefits	Total
2010	57,411,804	2,278,953	**59,690,757**
2009	36,772,618	1,866,516	**38,639,134**

1) GEC excluding the President and CEO. The members partly differ between the years but in average eleven (nine) members are included, at year end 2010 twelve members were included.

Long-term equity-based programmes

SEB first introduced a long-term equity based programme in 1999. Between 1999 and 2004 the programmes included employee stock option programmes, 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.

Performance shares and deferral 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 2010 programme at the time of the allotment was SEK 15 (10) per performance share and SEK 11 (13) per possible matching share under the share matching programme for GEC and SEK 8 for the President. The allotted performance shares that can be exercised will depend on the development of two predetermined performance criteria of equal importance, 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), 50 per cent, and the total shareholder return in relation to SEB's competitors, 50 per cent.

The share matching programme 2010 includes an own investment in Class A-shares. After three years, if still employed, the participant receives one Class A-share for each invested share and a conditional number of additional matching shares for each invested and each received share. Maximum outcome is five matching shares for the President and four matching shares for the other members of the GEC per invested and received share. A cap of a maximum individual amount is valid for participants in the GEC. The number of matching shares in the share matching programme is dependent on the development of the performance criterion total shareholder return in relation to LTIR.

Long-term equity based programmes (expensed amounts for ongoing programmes), SEK

2010	Share saving	Performance shares	Share matching	Total
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**
2009				
President and CEO, Annika Falkengren	24,281	1,672,044		**1,696,325**
Other members of the GEC[1]	153,387	5,484,592	311,333	**5,949,312**
TOTAL	**177,668**	**7,156,636**	**311,333**	**7,645,637**

1) GEC excluding the President and CEO. The members partly differ between the years but in average eleven (nine) members are included, at year end 2010 twelve members were included.

Note 9 c ctd. Compensation to the top management and the Group Executive Committee

Number outstanding by 2010-12-31[1)]

	Number outstanding				
	President and CEO Annika Falkengren	Other members of the GEC	Total	First day of excercise	Performance criteria
2005: Performance shares	1,510	19,411	**20,921**	2008-02-14	actual vesting 62 %
2006: Performance shares	54,914	36,887	**91,801**	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**	2012[2)]	current vesting 73 %
2008: Savings shares	1,688	20,577	**22,265**	2012-02-13	–
2009: Savings shares	5,174	19,588	**24,762**	2013-02-11	–
2009: Deferral rights	0	121,948	**121,948**	2012[3)]	current vesting 100 %
2010: Matching rights	28,909	112,623	**141,532**	2012[3)]	current vesting 42 %

1) The performance shares programmes for 2007 and 2008 vested in 2010 and beginning of 2011 respectively, both 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 of shares that may be received under the programme. The number of outstanding deferral rights is the minimum outcome of the share matching 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 excerised employee stock options/performance shares to a value of SEK 2,044,066 (0). The corresponding value for GEC excluding the President is SEK 5,246,444 (4,902,032).

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 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 maximum 12 months' salary.

Pension costs (service costs and interest costs), SEK

	President and CEO, Annika Falkengren	Other members of the GEC[1)]	Total
2010	6,367,678	21,440,086	**27,807,764**
2009	5,963,211	19,898,550	**25,861,761**

1) GEC excluding the President and CEO. The members partly differ between the years but in average eleven (nine) members are included, at year end 2010 twelve members were included.

The increase in pension costs is partly explained by the increase in interest rate from 3.75 per cent to 4.0 per cent.

Related party disclosures*, SEK

	Group	
Loans to conditions on the market	**2010**	**2009**
The Board and the Group Executive Committee	96,013,981	83,054,514
Other related parties	17,295,293	12,412,000
TOTAL	**113,309,274**	**95,466,514**

* For information about related parties such as Group companies and Associated companies see note 47.

9 d Share-based payments

	2010				2009			
Long-term equity-based programmes	Share matching programme	Share savings programme	Performance shares	Employee stock options	Share matching programme	Share savings programme	Performance shares	Employee stock options
Outstanding at the beginning of the year	1,715,401	2,978,718	15,930,415	3,354,415			14,304,746	7,832,177
Granted	1,268,710	2,326,652	13,538,709		1,715,401	3,050,162	5,493,837	
Forfeited			–455,031	–2,340		–71,215	–489,294	–186 249[1)]
Exercised		–171,633	–634,278	–3,198,067			–850,676	–681 155[2)]
Expired		–52	–3,434,707	–154,008		–229	–2,528,198	–3,610,358
OUTSTANDING AT THE END OF THE YEAR	**2,984,111**	**5,133,685**	**24,945,108**	**0**	**1,715,401**	**2,978,718**	**15,930,415**	**3,354,415**
of which exercisable			1,968,401	0			2,551,927	3,354,415

1) Weighted average exercise price SEK 10.13 (17.13).
2) Weighted average exercise price SEK 30.70 (21.03) and weighted average share price at exercise SEK 44.19 (42.18).

Note 9 d ctd. Share-based payments

Total Long-term equity-based programmes

	Original no of holders[3]	No of issued	No of out-standing 2010	No of out-standing 2009	A-share per option/share	Exercise price	Validity	First date of exercise
2003: Employee stock options	792	14,508,000		3,354,415	1	34.8	2003–2010	2006-02-27
2004: Employee stock options	799	14,508,000			1	51.30	2004–2011	2007-04-02
2005: Performance shares	537	5,725,120	1,128,627	1,496,908	1	10	2005–2012	2008-02-14
2006: Performance shares	513	4,727,446	839,774	1,055,019	1	10	2006–2013	2009-02-12
2007: Performance shares	509	4,044,928		3,456,695	1	10	2007–2014	2010-02-17
2008: Performance shares	485	4,669,706	4,259,649	4,450,356	1	10	2008–2015	2011-02-11
2009: Performance shares	344	5,493,837	5,304,235	5,471,437	1	10	2009–2016	2012[1]
2010: Performance shares	693	18,900,000	13,412,823		1	10	2010–2017	2013[1]
2008: Share savings programme	7,300	3,818,031	2,855,670	2,978,718	1 or 2.34		2008–2013	2012-02-13
2009: Share savings programme	5,600	2,326,652	2,278,015		1		2009–2014	2013-02-15
2009: Share matching programme	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		3		2010–2013	2013[2]
2010: Share matching programme – own investment	44	1,386,435	404,528		3, 4 or 5		2010–2013	2013[2]
TOTAL		**87,966,390**	**33,062,904**	**23,978,949**				

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 9,400 individuals (8,600) have participated in all programmes.

Long-term equity-based programmes
SEB first introduced a long-term equity based programme in 1999 with further programmes the consecutive years; employee stock option programmes between 1999 and 2004 and performance share programmes between 2005 and 2010. In addition a share savings programme and a share matching programme were introduced 2008 and 2009 respectively.

The 2003 employee stock option programme matured in 2010.

The programmes 2005–2010 based on performance shares 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. In the 2010 programme the allocation to a participant is awarded 50 per cent depending on SEB's performance relative to a total shareholders return benchmark and 50 per cent on SEB's total shareholder return outperformance of the long-term interest rate (LTIR). The expected vesting is approximately 50 per cent at the time of grant of the preliminary allotted performance shares. During the exercise period, to the extent the performance shares have not been exercised, the performance share holder is compensated for dividends decided by the Annual General Meeting ("AGM"), by recalculation of the number of Class A-shares that the performance share holder is entitled to. Performance shares are not securities that can be sold, pledged or transferred to another party. However, an estimated value per performance share has been calculated for 2010 to SEK 15 (10) (based upon an average closing price of one SEB Class A-share at the time of grant during the month of May). Other inputs to the options pricing model are; exercise price SEK 10 (10); volatility 52 (44) (based on historical values); expected dividend approximately 5.00 (3.31) per cent; risk free interest rate 1.79 (1.43) 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 2007 programme vested in 2010 with a final outcome of 0 per cent i.e. none of the initially allotted performance shares can be exercised.

As from 2008 share savings programmes for all employees 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 quarterly 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 2010 programme was performed after the publication of the annual accounts in February 2011. Twelve countries are included in the 2010 programme.

For 2009 and 2010 share matching programmes for a small number of selected senior executives and top performers have been introduced. The programmes are based on performance, have a vesting period of three years and are settled with SEB Class A-shares. The 2010 programme contains either a deferral for three years of part of the short term cash based variable remuneration or an own investment in Class A-shares.

The deferred amounts are allocated to a deferral incentive pool and a determined number of deferral rights are registered for each participant in the pool. One deferral right corresponds to the value of one SEB Class A-share and a matching share at the time for allocation. Three years from allocation the participant receives one SEB Class A-share for each deferral right and a conditional number of additional performance based matching shares. Deferral rights are not securities that can be sold, pledged or transferred to another party.

Participants who do not receive short term cash based compensation makes an own investment in SEB Class A-shares at a pre-determined amount based on a conversion rate. After three years, if still employed, the participant receives one Class A-share for each invested share and a conditional number of additional performance based matching shares for each invested and each received share. The number of matching shares will depend on the development of a predetermined performance criterion measured as SEB's total shareholder return outperformance of LTIR. The expected vesting at time of grant is approximately 48 per cent. Maximum outcome for the participants is five matching shares for the President, four matching shares for the other members of the Group Executive Committee and three matching shares for other participants. The program is subject to a cap which ultimately limits the number of matching shares.

Further details of the outstanding programmes are found in the table above.

9 e Sick leave rate

Sick leave rate by gender and age group in parent company, %

	Long-term sick leave			Total sick leave		
2010	Men	Women	Total	Men	Women	Total
–29 years	0.0	0.5	**0.3**	1.5	2.9	**2.3**
30–49 years	0.4	1.4	**0.9**	1.5	3.2	**2.4**
50– years	0.9	2.8	**1.8**	2.1	5.1	**3.6**
TOTAL	**0.5**	**1.7**	**1.1**	**1.7**	**3.7**	**2.7**
2009						
–29 years	0.3	0.6	**0.4**	1.8	3.0	**2.5**
30–49 years	0.5	1.5	**1.0**	1.7	3.5	**2.6**
50– years	0.7	3.5	**2.1**	2.2	5.8	**3.9**
TOTAL	**0.5**	**2.0**	**1.3**	**1.9**	**4.0**	**3.0**

9 f Number of employees

Average number of full time equivalents

	Group		Parent company	
Division/supportfunction	2010	2009	2010	2009
Merchant Banking	2,548	2,630	1,689	1,628
Retail Banking	3,395	3,385	2,607	2,581
Wealth Management	986	1,016	429	427
Life	1,189	1,191	5	4
Baltic	2,958	3,275	12	4
New Markets	931	1,243	1	1
Group Operations	1,841	1,827	1,319	1,292
Group IT	1,783	1,898	1,323	1,403
Group Staff and Group Treasury	1,473	1,506	869	843
Continuing operations	**17,104**	**17,970**	**8,254**	**8,183**
Discontinued operations	2,021	2,263		
TOTAL	**19,125**	**20,233**	**8,254**	**8,183**
Number of hours worked			14,399,928	14,127,540

Average number of employees

	Group			Parent company		
2010	Men	Women	Total	Men	Women	Total
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**

Note 9f ctd. Number of employees

Average number of employees

	Group			Parent company		
2009	Men	Women	Total	Men	Women	Total
Sweden	4,153	4,547	**8,700**	3,639	3,902	**7,541**
Norway	297	237	**534**	114	77	**191**
Denmark	424	336	**760**	126	78	**204**
Finland	163	182	**345**	94	91	**185**
Estonia	374	1,326	**1,700**			
Latvia	410	1,200	**1,610**	49	113	**162**
Lithuania	649	1,613	**2,262**	23	61	**84**
Germany	1,778	1,804	**3,582**	84	14	**98**
Poland	39	44	**83**	14	16	**30**
Ukraine	361	876	**1,237**			
China	9	13	**22**	9	13	**22**
Great Britain	126	73	**199**	117	69	**186**
France	4	15	**19**	4	15	**19**
Ireland	10	18	**28**			
Luxembourg	113	115	**228**			
Russia	48	108	**156**			
Singapore	36	56	**92**	31	54	**85**
United States	41	17	**58**			
Other[1]	16	9	**25**			
TOTAL	**9,051**	**12,589**	**21,640**	**4,304**	**4,503**	**8,807**

1) Switzerland, British Virgin Island and Brazil.

10 Other expenses

	Group		Parent company	
	2010	2009	2010	2009
Costs for premises[1]	–1,659	–1,683	–966	–957
Data costs	–3,349	–2,771	–2,388	–1,544
Stationery	–123	–144	–59	–60
Travel and entertainment	–500	–428	–333	–264
Postage	–193	–245	–120	–119
Consultants	–1,128	–940	–843	–735
Marketing	–543	–516	–319	–218
Information services	–430	–413	–334	–312
Other operating costs[2]	622	400	66	–239
TOTAL	**–7,303**	**–6,740**	**–5,296**	**–4,448**
1) Of which rental costs	–1,128	–1,206	–735	–711

2) Net after deduction for capitalised costs, see also note 27.

Fees and expense allowances to appointed auditors and audit firms [1]

Audit assignment	–29	–32	–7	–7
Audit related services	–19	–17	–3	–3
Tax advisory	–13	–12	–5	–6
Other services	–15	–17	–5	–15
PricewaterhouseCoopers	**–76**	**–78**	**–20**	**–31**
Audit assignment	–2	–2		
Audit related services				
Tax advisory	–1			
Other services	–4	–4		
Other audit firms	**–7**	**–6**	**0**	**0**
TOTAL	**–83**	**–84**	**–20**	**–31**

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 2010 in relation to divestment of German retail operations which amounts to; Audit assignments SEK 3m (3), Audit related services SEK 10m (1) and Other SEK 110m (7). Other fees of SEK 110m 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	
	2010	2009	2010	2009
Depreciation of tangible assets	–534	–613	–84	–99
Depreciation of equipment leased to clients			–4,253	–4,506
Amortisation of intangible assets	–404	–394	–163	–129
Amortisation of deferred acquisition costs	–653	–611		
Impairment of tangible assets	–43	–8		
Impairment of intangible assets	–246	–77	–26	–77
Impairment of goodwill		–2,969	–104	–314
TOTAL	**–1,880**	**–4,672**	**–4,630**	**–5,125**

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 27.

12 Gains less losses on disposals of tangible and intangible assets

	Group		Parent company	
	2010	2009	2010	2009
Properties	29	0		
Other tangible assets		43	17	11
Gains on disposals	**29**	**43**	**17**	**11**
Properties	–14	–10		
Other tangible assets	–1	–29		
Losses on disposals	**–15**	**–39**	**0**	**0**
TOTAL	**14**	**4**	**17**	**11**

13 Net credit losses

	Group		Parent company	
	2010	2009	2010	2009
Provisions:				
Net collective provisions for individually assessed loans	665	–1,836	102	150
Net collective provisions for portfolio assessed loans	–701	–1,962	–41	–39
Specific provisions	–2,405	–6,685	–294	–673
Reversal of specific provisions no longer required	1,503	491	92	103
Net provisions for contingent liabilities	–14	–224	24	–45
Net provisions	**–952**	**–10,216**	**–117**	**–504**
Write-offs:				
Total write-offs	–2,310	–2,616	–520	–814
Reversal of specific provisions utilized for write-offs	1,315	688	244	286
Write-offs not previously provided for	–995	–1,928	–276	–528
Recovered from previous write-offs	110	114	31	48
Net write-offs	**–885**	**–1,814**	**–245**	**–480**
TOTAL	**–1,837**	**–12,030**	**–362**	**–984**

14 Appropriations

	Parent company	
	2010	2009
Compensation from pension funds, pension disbursements	765	801
Pension disbursements	–765	–801
Pension compensation	**0**	**0**
Accelerated tax depreciation	–1,283	–1,510
Appropriations	**–1,283**	**–1,510**
TOTAL	**–1,283**	**–1,510**

15 Income tax expense

Major components of tax expense	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Current tax	–2,079	–1,904	–2,591	–1,451
Deferred tax	–314	–375		–1,338
Tax for current year	–2,393	–2,279	–2,591	–2,789
Current tax for previous years	–128	–203	–75	–206
INCOME TAX EXPENSE	**–2,521**	**–2,482**	**–2,666**	**–2,995**

Relationship between tax expenses and accounting profit	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Net profit from continuing operations	8,584	1,869	2,370	6,964
Income tax expense	2,521	2,482	2,666	2,995
Accounting profit before tax	**11,105**	**4,351**	**5,036**	**9,959**
Current tax at Swedish statutory rate of 26.3 per cent	–2,921	–1,162	–1,325	–2,620
Tax effect relating to other tax rates in other jurisdictions	–19	–769		
Tax effect relating to not tax deductible expenses	–299	–581	–1,674	–1,500
Tax effect relating to non taxable income	519	681	408	784
Tax effect relating to a previously recognised tax loss, tax credit or temporary difference	210	–69		1,885
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	431	–4		
Current tax	**–2,079**	**–1,904**	**–2,591**	**–1,451**
Tax effect relating to origin and reversal of tax losses, tax credits and temporary differences	–210	69		–1,338
Tax effect relating to changes in tax rates or the imposition of new taxes		–282		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	28	–150		
Tax effect relating to impairment or reversal of previous impairments of a deferred tax asset	–132	–12		
Deferred tax	**–314**	**–375**	**0**	**–1,338**
Current tax for previous years	**–128**	**–203**	**–75**	**–206**
INCOME TAX EXPENSE	**–2,521**	**–2,482**	**–2,666**	**–2,995**

See also note 28 Other assets for current and deferred tax assets and note 34 Other liabilities for current and deferred tax liabilities

Deferred tax income and expense recognised in income statement	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Accelerated tax depreciation	–296	–181		
Pension plan assets, net	258	–108		
Tax losses carry forwards	–158	–757		–1,338
Other temporary differences	–118	671		
TOTAL	**–314**	**–375**	**0**	**–1,338**

Deferred tax assets and liabilites where the change during 2010 is not reported as change in deferred tax amounts to SEK 277m and is explained by currency translation effect.

Three Swedish Life-insurance companies outside SEB Group have received advance ruling decisions regarding taxation of mutual fund rebates. The rebates shall according to the advance rulings be treated as taxable income for Corporate income tax purposes. The advance rulings are appealed to the Supreme Court where a decision is awaited in 2011. SEB has made no tax provision based on the judgement that it is not likely a provision is needed.

16 Earnings per share

Continuing operations	Group 2010	Group 2009
Net profit attributable to equity holders, SEKm	8,531	1,805
Weighted average number of shares, millions	2,194	1,906
Basic earnings per share, SEK	3.88	0.95
Net profit attributable to equity holders, SEKm	8,531	1,805
Weighted average number of diluted shares, millions	2,202	1,911
Diluted earnings per share, SEK	3.87	0.94

Note 16 ctd. Earnings per share

Discontinued operations	Group 2010	2009
Net profit attributable to equity holders, SEKm	–1,786	–691
Weighted average number of shares, millions	2,194	1,906
Basic earnings per share, SEK	–0.81	–0.36
Net profit attributable to equity holders, SEKm	–1,786	–691
Weighted average number of diluted shares, millions	2,202	1,911
Diluted earnings per share, SEK	–0.81	–0.36

Total operations		
Net profit attributable to equity holders, SEKm	6,745	1,114
Weighted average number of shares, millions	2,194	1,906
Basic earnings per share, SEK	3.07	0.58
Net profit attributable to equity holders, SEKm	6,745	1,114
Weighted average number of diluted shares, millions	2,202	1,911
Diluted earnings per share, SEK	3.06	0.58

17 Risk disclosures

Disclosures about credit risk, market risk, insurance risk, operational risk, business and strategic risk together with liquidity risk and financing and the management of those risks are found under the section Risk and Capital Management (page 38–54) of the Report of directors, which also forms part of the financial statements.

17 a Credit exposure by industry[1)]

	Loans		Contingent liabilities		Derivative instruments		Total	
Group	2010	2009	2010	2009	2010	2009	2010	2009
Banks	**123,291**	**214,342**	**24,315**	**29,597**	**57,890**	**65,771**	**205,496**	**309,710**
Finance and insurance	38,813	39,023	34,362	24,523	11,171	10,091	**84,346**	**73,637**
Wholesale and retail	34,910	39,006	26,201	31,804	385	463	**61,496**	**71,273**
Transportation	29,187	31,668	10,992	13,749	716	649	**40,895**	**46,066**
Shipping	27,788	27,623	9,377	9,017	534	493	**37,699**	**37,133**
Business and household services	69,130	69,994	49,764	38,512	2,567	4,115	**121,461**	**112,621**
Construction	7,975	9,957	11,568	10,169	55	59	**19,598**	**20,185**
Manufacturing	72,114	82,050	114,098	100,850	5,383	5,408	**191,595**	**188,308**
Agriculture, forestry and fishing	6,178	6,388	2,273	1,278	85	44	**8,536**	**7,710**
Mining and quarrying	7,714	8,558	8,509	7,055	203	479	**16,426**	**16,092**
Electricity, gas and water suppply	21,606	24,759	21,144	20,780	3,846	3,927	**46,596**	**49,466**
Other	31,091	26,470	5,809	4,173	397	2,666	**37,297**	**33,309**
Corporates	**346,506**	**365,496**	**294,097**	**261,910**	**25,342**	**28,394**	**665,945**	**655,800**
Commercial	120,903	131,712	12,620	14,187	2,806	3,578	**136,329**	**149,477**
Multi-family	98,193	86,967	10,839	8,272	1,630	2,035	**110,662**	**97,274**
Property Management	**219,096**	**218,679**	**23,459**	**22,459**	**4,436**	**5,613**	**246,991**	**246,751**
Public Administration	**62,667**	**80,952**	**10,362**	**11,085**	**2,428**	**2,666**	**75,457**	**94,703**
Household mortgage	377,954	369,988	24,093	24,314			**402,047**	**394,302**
Other	53,243	58,660	53,509	56,486	11	17	**106,763**	**115,163**
Households	**431,197**	**428,648**	**77,602**	**80,800**	**11**	**17**	**508,810**	**509,465**
Credit portfolio	**1,182,757**	**1,308,117**	**429,835**	**405,851**	**90,107**	**102,461**	**1,702,699**	**1,816,429**
Repos							**35,778**	**60,036**
Debt instruments							**322,434**	**361,181**
TOTAL							**2,060,911**	**2,237,646**

1) 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.

The table include volumes from Retail Germany reclassified to Assets held for sale in the balance sheet.

17 b Credit portfolio by industry and geography*

Group 2010	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**94,803**	**14,979**	**9,244**	**1,610**	**78**	**192**	**315**	**72,245**	**12,030**	**205,496**
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**	**387,161**	**43,795**	**1,702,699**

The table include volumes from Retail Germany reclassified to Assets held for sale in the balance sheet.

Group 2009	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**178,418**	**24,663**	**8,873**	**1,596**	**169**	**685**	**411**	**78,964**	**15,931**	**309,710**
Finance and insurance	44,884	554	2,381	616	258	633	334	19,396	4,581	**73,637**
Wholesale and retail	31,563	1,668	1,741	215	3,135	4,975	9,482	13,962	4,532	**71,273**
Transportation	28,478	406	1,046	167	1,319	2,118	4,384	7,716	432	**46,066**
Shipping	29,178	302	1,515	135	923	236	292	37	4,515	**37,133**
Business and household services	82,473	650	3,407	196	2,498	1,820	2,973	17,560	1,044	**112,621**
Construction	9,473	79	411	427	1,392	1,814	1,970	4,381	238	**20,185**
Manufacturing	129,165	1,764	3,730	5,151	4,126	2,624	8,583	26,572	6,593	**188,308**
Agriculture, forestry and fishing	3,496	206	48		1,102	2,042	655	143	18	**7,710**
Mining and quarrying	12,696		2,323	346	93	123	112	387	12	**16,092**
Electricity, gas and water supply	28,878	207	1,112	4,950	2,947	1,064	2,467	7,722	119	**49,466**
Other	16,252	3,135	4,096	126	367	367	584	3,787	4,595	**33,309**
Corporates	**416,536**	**8,971**	**21,810**	**12,329**	**18,160**	**17,816**	**31,836**	**101,663**	**26,679**	**655,800**
Commercial	63,189	142	5,480	545	7,213	4,460	13,634	54,132	682	**149,477**
Multi-family	65,020	1	8			2,570	30	29,636	9	**97,274**
Property Management	**128,209**	**143**	**5,488**	**545**	**7,213**	**7,030**	**13,664**	**83,768**	**691**	**246,751**
Public Administration	**23,254**	**105**	**272**	**660**	**2,238**	**287**	**2,445**	**65,378**	**64**	**94,703**
Household mortgage	266,060		3,528		16,821	10,448	22,784	72,472	2,189	**394,302**
Other	40,198	5,951	29,771	1,541	3,652	3,586	2,517	24,973	2,974	**115,163**
Households	**306,258**	**5,951**	**33,299**	**1,541**	**20,473**	**14,034**	**25,301**	**97,445**	**5,163**	**509,465**
TOTAL	**1,052,675**	**39,833**	**69,742**	**16,671**	**48,253**	**39,852**	**73,657**	**427,218**	**48,528**	**1,816,429**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

17 c Loan portfolio by industry and geography*

Group 2010	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**45,262**	**8,372**	**2,198**	**581**	**75**	**155**	**214**	**57,968**	**8,466**	**123,291**
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**	**288,713**	**31,208**	**1,182,757**
Repos, credit institutions										**30,885**
Repos, general public										**63,449**
Debt instruments reclassified										**91,333**
Reserves										**–14,919**
Retail Germany gross, reclassified to Assets held for sale										**–74,438**
TOTAL LENDING										**1,279,067**

Group 2009	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**118,428**	**20,797**	**1,464**	**422**	**163**	**655**	**241**	**60,762**	**11,409**	**214,341**
Finance and insurance	20,303	249	622	109	53	628	42	12,973	4,043	**39,022**
Wholesale and retail	17,211	779	483	136	2,556	3,787	7,377	5,508	1,168	**39,005**
Transportation	22,153	153	621	2	1,171	1,867	3,929	1,393	379	**31,668**
Shipping	21,545	302	948	135	807	229	287	32	3,338	**27,623**
Business and household services	47,725	372	1,747	15	2,283	1,651	2,245	13,269	687	**69,994**
Construction	4,309	73	159	40	718	1,382	1,220	1,999	56	**9,956**
Manufacturing	52,461	946	1,096	3,819	3,070	2,204	6,931	9,250	2,273	**82,050**
Agriculture, forestry and fishing	2,613	36	38		1,053	1,924	619	98	9	**6,390**
Mining and quarrying	7,870		38	346	89	106	102	8	1	**8,560**
Electricity, gas and water supply	12,099	22	75	4,901	1,758	901	1,236	3,723	44	**24,759**
Other	12,785	760	3,984	79	355	362	565	3,866	3,713	**26,469**
Corporates	**221,074**	**3,692**	**9,811**	**9,582**	**13,913**	**15,041**	**24,553**	**52,119**	**15,711**	**365,496**
Commercial	55,130	142	3,142	535	7,033	4,388	13,131	47,530	681	**131,712**
Multi-family	57,756	1				2,421	25	26,755	9	**86,967**
Property Management	**112,886**	**143**	**3,142**	**535**	**7,033**	**6,809**	**13,156**	**74,285**	**690**	**218,679**
Public Administration	**12,184**	**105**	**241**	**660**	**1,873**	**258**	**1,936**	**63,632**	**64**	**80,953**
Household mortgage	247,378		3,528		16,803	10,443	22,383	67,264	2,189	**369,988**
Other	23,809	2,685	11,779	836	2,938	2,901	2,014	8,741	2,957	**58,660**
Households	**271,187**	**2,685**	**15,307**	**836**	**19,741**	**13,344**	**24,397**	**76,005**	**5,146**	**428,648**
TOTAL	**735,759**	**27,422**	**29,965**	**12,035**	**42,723**	**36,107**	**64,283**	**326,803**	**33,020**	**1,308,117**
Repos, credit institutions										**42,324**
Repos, general public										**61,594**
Debt instruments reclassified										**125,339**
Reserves										**–18,077**
TOTAL LENDING										**1,519,297**

* The geographical distribution is based on where the loan is booked.

17 d Impaired loan by industry and geography*

Group 2010	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
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										–578
Impaired loans excl Retail , SEB AG										**16,640**

Group 2009	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**339**	**2**						**1**		**342**
Finance and insurance	2		3	5	1			28		**39**
Wholesale and retail	100				150	212	757	367		**1,586**
Transportation	43				54	123	1,074	3		**1,297**
Shipping							8			**8**
Business and household services	165	124			92	97	699	132		**1,309**
Construction	31	16			87	390	247	121		**892**
Manufacturing	176				369	322	808	415	431	**2,521**
Agriculture, forestry and fishing	30				29	95	42	1		**197**
Mining and quarrying	1				1	26	4			**32**
Electricity, gas and water supply					13	43		10		**66**
Other	189	22	163				1	96	420	**891**
Corporates	**737**	**162**	**166**	**5**	**796**	**1,308**	**3,640**	**1,173**	**851**	**8,838**
Commercial	113				1,119	1,743	4,746	2,530	9	**10,260**
Multi-family	48					369		450		**867**
Property Management	**161**	**0**	**0**		**1,119**	**2,112**	**4,746**	**2,980**	**9**	**11,127**
Household mortgage	12		41					649		**702**
Other		11	92		9	132	70			**314**
Households	**12**	**11**	**133**		**9**	**132**	**70**	**649**		**1,016**
TOTAL	**1,249**	**175**	**299**	**5**	**1,924**	**3,552**	**8,456**	**4,803**	**860**	**21,323**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

17 e Portfolio assessed loans*

Loans past due > 60 days

Group 2010	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
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**

Group 2009	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Corporates	**30**	**12**	**91**	**4**	**210**	**268**	**268**		**177**	**1,060**
Household mortgage	320				701	1,527	776	135	363	**3,822**
Other	528	343	398	96	129	387	174			**2,055**
Households	**848**	**343**	**398**	**96**	**830**	**1,914**	**950**	**135**	**363**	**5,877**
TOTAL	**878**	**355**	**489**	**100**	**1,040**	**2,182**	**1,218**	**135**	**540**	**6,937**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Restructured loans

Group 2010	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Household mortgage					49	159	294			**502**
Other										**0**
Households					**49**	**159**	**294**			**502**
TOTAL					**49**	**159**	**294**			**502**

Group 2009	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Household mortgage					19	122	170			**311**
Other						1				**1**
Households					**19**	**123**	**170**			**312**
TOTAL					**19**	**123**	**170**			**312**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

17 f 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 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.

Group 2010

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	> 5 years	Total
Deposits from credit institutions	181,540	15,545	7,861	11,457	**216,403**
Deposits and borrowing from the public	608,066	34,093	23,821	60,669	**726,649**
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	**568,846**
Trading liabilities	78,800				**78,800**
Trade and client payables	43,873	31	16		**43,920**
Subordinated liabilities	93	2,410	12,455	16,290	**31,248**
Total	**1,250,854**	**150,237**	**296,611**	**142,917**	**1,840,619**
Other liabilities (non-financial)	**156,458**	**2,319**	**2,553**	**5,658**	**166,988**
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**
Operating 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**	**2,295,650**
Total financial assets (contractual maturity dates)[1]	**1,328,623**	**148,527**	**420,310**	**196,532**	**2,093,992**

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**

Group 2009

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	> 5 years	Total
Deposits from credit institutions	296,754	83,795	5,340	17,911	**403,800**
Deposits and borrowing from the public	693,820	34,279	24,417	57,933	**810,449**
Liabilities to policyholders – investment contracts	129,339	1,596	4,075	20,850	**155,860**
Debt securities	97,332	96,529	228,493	80,254	**502,608**
Trading liabilities	61,529				**61,529**
Trade and client payables	37,760	26	14		**37,800**
Subordinated liabilities		8,746	12,174	22,302	**43,222**
Total	**1,316,534**	**224,971**	**274,513**	**199,250**	**2,015,268**
Other liabilities (non-financial)	**104,034**	**1,767**	**3,230**	**9,095**	**118,126**
Off-balance sheet items					
Loan commitments	216,592	1,607	3,328	5,799	**227,326**
Acceptances and other financial facilitites	27,392	737	709	1,135	**29,973**
Operating lease commitments	306	4	2,407	148	**2,865**
Total	**244,290**	**2,348**	**6,444**	**7,082**	**260,164**
Total liabilities and off-balance sheet items	**1,664,858**	**229,086**	**284,187**	**215,427**	**2,393,558**
Total financial assets (contractual maturity dates)[1]	**1,776,711**	**148,643**	**223,267**	**130,796**	**2,279,417**

Derivatives					
Currency-related	2,772,778	1,059,589	222,041	62,287	**4,116,695**
Interest-related	9,098	43,889	115,760	17,158	**185,905**
Total derivative outflows	**2,781,876**	**1,103,478**	**337,801**	**79,445**	**4,302,600**
Total derivative inflows	**2,781,728**	**1,104,144**	**337,609**	**79,699**	**4,303,180**

Note 17 f ctd. Liquidity risk

Parent company 2010

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	> 5 years	Total
Deposits from credit institutions	157,149	14,806	13,509	14,353	**199,817**
Deposits and borrowing from the public	446,054	12,010	8,207	26,059	**492,330**
Debt securities	183,342	86,115	216,821	32,843	**519,121**
Trading liabilities	75,046				**75,046**
Trade and client payables	42,740				**42,740**
Subordinated liabilities		2,177	12,296	16,290	**30,763**
Total	**904,331**	**115,108**	**250,833**	**89,545**	**1,359,817**
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	**1,107,878**	**111,719**	**226,310**	**72,451**	**1,518,358**
Total financial assets (contractual maturity dates)[1]	**934,792**	**106,441**	**258,102**	**74,044**	**1,373,379**

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**

Parent company 2009

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	> 5 years	Total
Deposits from credit institutions	272,548	112,235	1,364	383	**386,530**
Deposits and borrowing from the public	482,020	7,546	1,197	87	**490,850**
Debt securities	72,223	74,545	211,232	10,784	**368,784**
Trading liabilities	58,479				**58,479**
Trade and client payables	1,698			10,727	**12,425**
Subordinated liabilities	6,622	3,154	2,299	23,422	**35,497**
Total	**893,590**	**197,480**	**216,092**	**45,403**	**1,352,565**
Other liabilities (non-financial)	**12,709**	**1**	**2**		**12,712**
Off-balance sheet items					
Loan commitments	147,991				**147,991**
Acceptances and other financial facilitites	7,802				**7,802**
Total	**155,793**				**155,793**
Total liabilities and off-balance sheet items	**1,062,092**	**197,481**	**216,094**	**45,403**	**1,521,070**
Total financial assets (contractual maturity dates)[1]	**1,189,081**	**63,825**	**85,894**	**18,331**	**1,357,131**

Derivatives

Currency-related	2,606,411	996,014	208,718	58,550	**3,869,693**
Interest-related	9,098	43,889	115,760	17,158	**185,905**
Total derivative outflows	**2,615,509**	**1,039,903**	**324,478**	**75,708**	**4,055,598**
Total derivative inflows	**2,615,370**	**1,040,533**	**324,282**	**75,943**	**4,056,128**

1) Financial assets available to meet liabilities and outstanding commitments include cash, central banks balances, eligible debt instruments and loans and advances to banks and customers. Trading assets are reported within < 3 months, though contractual maturity may extend over longer periods, and insurance contracts as 5 years < reflecting the nature of trading and insurance activities.

18 Fair value measurement of financial assets and liabilities

2010	Group: Quoted prices in active markets (Level 1)	Group: Valuation technique using observable inputs (Level 2)	Group: Valuation technique using non-observable inputs (Level 3)	Group: Total	Parent company: Quoted prices in active markets (Level 1)	Parent company: Valuation technique using observable inputs (Level 2)	Parent company: Valuation technique using non-observable inputs (Level 3)	Parent company: Total
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			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		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**
2009								
Assets								
Equity instruments at fair value	33,246	6,142	15	**39,403**	18,300	14,306		**32,606**
Debt instruments at fair value		148,381	140	**148,521**		135,987	141	**136,128**
Derivative instruments at fair value	1,652	139,771	2,013	**143,436**	695	133,157	2,012	**135,864**
Other financial assets at fair value	72,232	18,537		**90,769**		77		**77**
Equity instruments available for sale	873	992	430	**2,295**		834	416	**1,250**
Debt instruments available for sale	67,956	17,556	26	**85,538**		14,957	11	**14,968**
Investment in associates			906	**906**		25	857	**882**
TOTAL	**175,959**	**331,379**	**3,530**	**510,868**	**18,995**	**299,343**	**3,437**	**321,775**
Liabilities								
Equity instruments at fair value	14,527			**14,527**	14,327			**14,327**
Debt instruments at fair value	2,850	44,152		**47,002**		44,152		**44,152**
Derivative instruments at fair value	514	125,885	2,013	**128,412**		116,112	2,013	**118,125**
Other financial liabilities		1,499		**1,499**				
Debt securities at fair value	6	25,073		**25,079**		17,776		**17,776**
TOTAL	**17,897**	**196,609**	**2,013**	**216,519**	**14,327**	**178,040**	**2,013**	**194,380**

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.

More information on fair value measurement can be found in Note 46.

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.

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

Debt instruments at fair value have moved from level 2 to level 1, mainly due to an increase of fair values that can be obtained by quoted prices on an active market and further development of the method for fair value hierarchy classification. Debt instruments available for sale have moved from level 1 to level 2, mainly due to further development of the method for fair value hierarchy classification

Note 18 ctd. Fair value measurement of financial assets and liabilities

Group 2010	Opening balance	Gain/loss in Income statement[1)2)]	Gain/loss in Other comprehensive income	Purchases	Sales	Transfers into Level 3[3)]	Transfers out of Level 3	Exchange rate differences	TOTAL
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**
Parent Company 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		**0**
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) Gains/losses recognised in the income statement relating to instruments held as of December 2010 are SEK 14m.
3) The main part of transfers into level 3 are due to further development of the method for fair value hierarchy classification.

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.

	Assets	Liabilities	Net	Sensitivity	Comments to the sensitivity of the unobservable inputs
Structured Derivatives – interest rate	602	–399	203	40	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 40m.
Equity Options	20		20	10	Shift of implied volatilities by 10 percentage points would have a profit or loss impact of +/– SEK 10m.
CPM Portfolio	1,704		1,704	85	A 100 basis points shift of credit spreads would have a profit or loss impact of +/– SEK 85m.
Venture Capital holdings	920		920	174	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 174m.

19 Cash and cash balances with central banks

	Group		Parent company	
	2010	2009	**2010**	2009
Cash	3,018	4,524	953	1,281
Balances with foreign central banks	43,470	32,065	18,988	20,534
TOTAL	**46,488**	**36,589**	**19,941**	**21,815**

20 Loans to credit institutions

	Group		Parent company	
	2010	2009	2010	2009
Remaining maturity				
– payable on demand	17,158	53,084	49,305	36,100
– maximum 3 months	109,156	182,503	123,360	193,183
– more than 3 months but maximum 1 year	16,445	3,106	22,564	53,965
– more than 1 year but maximum 5 years	10,527	14,344	34,870	57,440
– more than 5 years	2,446	7,225	4,045	5,247
Accrued interest	656	762	704	998
Loans	**156,388**	**261,024**	**234,848**	**346,933**
Eligible debt instruments[1]	31,947	40,960		
Other debt instruments[1]	15,646	29,267	15,646	29,267
Accrued interest	207	209	74	23
Debt instruments	**47,800**	**70,436**	**15,720**	**29,290**
TOTAL	**204,188**	**331,460**	**250,568**	**376,223**
of which repos	30,885	42,324	28,418	30,954
Average remaining maturity for Loans (years)	0.51	0.54	0.74	0.81

1) See note 41 for maturity and note 42 for issuers.

21 Loans to the public

	Group		Parent company	
	2010	2009	2010	2009
Remaining maturity				
– payable on demand	42,560	48,915	7,808	13,647
– maximum 3 months	259,943	222,800	223,708	187,101
– more than 3 months but maximum 1 year	195,347	144,523	167,040	104,862
– more than 1 year but maximum 5 years	363,774	431,431	264,364	314,699
– more than 5 years	167,260	282,663	62,341	64,113
Accrued interest	2,462	2,602	1,674	1,618
Loans	**1,031,346**	**1,132,934**	**726,935**	**686,040**
Eligible debt instruments[1]	6,894	8,319		
Other debt instruments[1]	36,401	46,368	36,401	46,368
Accrued interest	238	216	105	67
Debt instruments	**43,533**	**54,903**	**36,506**	**46,435**
TOTAL	**1,074,879**	**1,187,837**	**763,441**	**732,475**
of which repos	63,449	61,638	68,319	57,657
Average remaining maturity for Loans (years)	2.84	3.75	2.13	2.44

1) See note 41 for maturity and note 42 for issuers.

Financial leases

Book value	64,318	74,848
Gross investment	74,809	84,783
Present value of minimum lease payment receivables	61,155	71,341
Unearned finance income	9,979	9,222
Reserve for impaired uncollectable minimum lease payments	–1,222	–1,486

	Group 2010			Group 2009		
	Book value	Gross investment	Present value	Book value	Gross investment	Present value
Remaining maturity						
– maximum 1 year	7,754	8,142	7,325	9,037	10,168	9,105
– more than 1 year but maximum 5 years	23,850	25,206	23,186	28,638	30,412	28,001
– more than 5 years	32,714	41,461	30,644	37,173	44,203	34,235
TOTAL	**64,318**	**74,809**	**61,155**	**74,848**	**84,783**	**71,341**

The largest lease engagement amounts to SEK 5.2 billion (5.2).

22 Financial assets at fair value

	Group		Parent company	
	2010	2009	2010	2009
Securities held for trading	221,791	187,924	211,888	168,734
Derivatives held for trading	116,008	133,230	112,547	123,753
Derivatives held for hedging	11,631	10,206	9,561	12,111
Fair value changes of hedged items in a portfolio hedge	3,419	4,026		
Financial assets – policyholders bearing the risk	179,432	155,486		
Insurance assets at fair value	85,325	89,140		
Other financial assets at fair value	140	1,629	64	77
FINANCIAL ASSETS AT FAIR VALUE	**617,746**	**581,641**	**334,060**	**304,675**

The category Financial assets at fair value comprises of financial instruments either classified as held for trading or financial assets designated to this category upon initial recognition. These financial assets are recognised at fair value and the value change is recognised through profit and loss.

Securities held for trading

Equity instruments	56,275	39,403	52,743	32,606
Eligible debt instruments[1]	37,382	86,724	31,866	75,397
Other debt instruments[1]	126,497	60,772	125,625	59,928
Accrued interest	1,637	1,025	1,654	803
TOTAL	**221,791**	**187,924**	**211,888**	**168,734**

1) See note 41 for maturity and note 42 for issuers.

Derivatives held for trading

Positive replacement values of interest-related derivatives	67,484	84,269	67,001	76,726
Positive replacement values of currency-related derivatives	41,236	41,116	38,426	39,269
Positive replacement values of equity-related derivatives	6,987	2,027	6,890	2,007
Positive replacement values of other derivatives	301	5,818	230	5,751
TOTAL	**116,008**	**133,230**	**112,547**	**123,753**

Derivatives held for hedging

Fair value hedges	6,587	4,095	6,100	6,796
Cash flow hedges	3,461	5,315	3,461	5,315
Portfolio hedges for interest rate risk	1,583	796		
TOTAL	**11,631**	**10,206**	**9,561**	**12,111**

Insurance assets at fair value

Equity instruments	23,704	13,305
Other debt instruments[1]	60,709	74,655
Accrued interest	912	1,180
TOTAL	**85,325**	**89,140**

1) See note 41 for maturity and note 42 for issuers.

Other financial assets at fair value

Equity instruments	140	1,178	64	77
Eligible debt instruments[1]		16		
Other debt instruments[1]		435		
TOTAL	**140**	**1,629**	**64**	**77**

1) See note 41 for maturity and note 42 for issuers.

To significantly eliminate inconsistency in measurement and accounting the Group has chosen to designate financial assets and financial liabilities, which the unit linked insurance business give rise to, at fair value through profit or loss. This implies that changes in fair value on those investment assets (preferably funds), where the 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.

23 Available-for-sale financial assets

	Group		Parent company	
	2010	2009	2010	2009
Equity instruments at cost	119	115	118	113
Equity instruments at fair value	2,660	2,233	1,664	1,226
Eligible debt instruments[1)]	45,516	63,451	4,662	442
Other debt instruments[1)]	17,909	21,189	9,819	14,257
Seized shares	56	62	18	24
Accrued interest	710	898	302	269
TOTAL	**66,970**	**87,948**	**16,583**	**16,331**

1) See note 41 for maturity and note 42 for issuers.

Equity instruments measured at cost do not have a quoted market price in an active market. Further, it has not been possible to reliably measure the fair values of those equity instruments. Most of these investments are held for strategic reasons and are not intended to be sold in the near future.

24 Held-to-maturity investments

	Group		Parent company	
	2010	2009	2010	2009
Other debt instruments[1)]	1,438	1,320	3,671	3,780
Accrued interest	13	12	14	9
TOTAL	**1,451**	**1,332**	**3,685**	**3,789**

1) See note 41 for maturity and note 42 for issuers.

25 Investments in associates

	Group		Parent company	
	2010	2009	2010	2009
Strategic investments	102	89	47	25
Venture capital holdings	920	906	920	882
TOTAL	**1,022**	**995**	**967**	**907**

Strategic investments	Assets[1)]	Liabilities[1)]	Revenues[1)]	Profit or loss[1)]	Book value	Ownership, %
Asiv Sweden Förening ek.fören., Malmö					0	
BAB Bankernas Automatbolag AB, Stockholm					15	20
Bankomatcentralen AB, Stockholm	1				0	28
Bankpension AB, Stockholm	25	3	19	0	10	40
Bathory Progressus AB, Stockholm					3	28
BDB Bankernas Depå AB, Stockholm	2,559	2,525	50	9	7	20
BGC Holding AB, Stockholm	280	100	674	8	4	33
Föreningen Bankhälsan i Stockholm, Stockholm	21	20	40		4	33
Invest Ahead Scandinavia AB, Stockholm					2	27
Upplysningscentralen UC AB, Stockholm	196	89	422	29	0	27
Vikström & Andersson AB, Stockholm					0	25
Vikström & Andersson Asset Management AB, Stockholm					2	25
Parent company holdings					**47**	
Holdings of subsidiaries					**4**	
Group adjustments					**51**	
GROUP HOLDINGS					**102**	

1) Retrieved from respective Annual report 2009.

Note 25 ctd. Investments in associates

Venture capital holdings	2010 Book value	2010 Ownership, %	2009 Book value	2009 Ownership, %
3nine AB, Stockholm			20	27
Airsonett AB, Ängelholm	46	26	33	20
Ascade Holding AB, Stockholm	64	45	63	31
Askembla Growth Fund KB, Stockholm	100	25	112	25
Capres A/S, Copenhagen	33	23	33	23
Cobolt AB, Stockholm	37	40	37	40
Coresonic AB, Linköping	17	34		
Crossroad Loyalty Solutions AB, Gothenburg	15	44	15	46
Diakrit International Ltd, Hong Kong	1	11		
Exitram AB, Stockholm	23	44	23	44
Fält Communications AB, Umeå	26	47	26	47
InDex Pharmaceuticals AB, Stockholm	86	55	62	49
Neoventa Holding AB, Gothenburg	65	36	60	36
Nomad Holdings Ltd, Newcastle	34	13	37	13
NuEvolution A/S, Copenhagen	52	47	46	47
PhaseIn AB, Stockholm	73	45	73	44
Prodacapo AB, Örnsköldsvik	5	16	6	16
Quickcool AB, Lund	14	33	10	24
Sanos Bioscience A/S, Herlev			45	30
Scandinova Systems AB, Uppsala	22	29	22	29
Scibase AB, Stockholm	84	24	45	29
Signal Processing Devices Sweden AB, Linköping	35	48	29	43
Tail-f Systems AB, Stockholm	33	43	33	43
Xylophane AB, Gothenburg	15	23	15	23
Zinwave Holdings Limited, Cambridge	40	24	37	31
Parent company holdings	**920**		**882**	
Group adjustments			**24**	
GROUP HOLDINGS	**920**		**906**	

Information about the corporate registration numbers and numbers of shares of the associates is available upon request.

Strategic investments in associates are in the Group accounted for using the equity method.

Investments in associates held by the venture capital organisation of the Group have in accordance with IAS 28 been designated as at fair value through profit or loss. Therefore, are these holdings accounted for under IAS 39.

Some entities where the bank has an ownership of less than 20 per cent, has been classified as investments in associates. The reason is that the bank is represented in the board of directors and participating in the policy making processes of those entities.

All financial assets within the Group's venture capital business are managed and its performance is evaluated on a fair value basis in accordance with documented risk management and investment strategies.

Fair values for investments listed in an active market are based on quoted market prices. If the market for a financial instrument is not active, fair value is established by using valuation techniques based on discounted cash flow analysis, valuation with reference to financial instruments that is substantially the same, and valuation with reference to observable market transactions in the same financial instrument.

26 Shares in subsidiaries

	Parent company 2010	Parent company 2009
Swedish subsidiaries	15,800	15,801
Foreign subsidiaries	39,345	43,524
TOTAL	**55,145**	**59,325**
of which holdings in credit institutions	39,085	43,241

Swedish subsidiaries	2010 Book value	2010 Dividend	2010 Ownership, %	2009 Book value	2009 Dividend	2009 Ownership, %
Aktiv Placering AB, Stockholm	38		100	38		100
Enskilda Kapitalförvaltning SEB AB, Stockholm			100			100
Försäkringsaktiebolaget Skandinaviska Enskilda Captive, Stockholm	100		100	100		100
KMM i Stockholm AB, Stockholm	1		100	1		100
Parkeringshuset Lasarettet HGB KB, Stockholm			99			99
Repono Holding AB, Stockholm	5,406		100	5,406		100
SEB AB, Stockholm	6,076		100	6,076	1,850	100
SEB Förvaltnings AB, Stockholm	5		100	5		100
SEB Internal Supplier AB, Stockholm	12		100	12		100
SEB Investment Management AB, Stockholm	763		100	762		100
SEB Kort AB, Stockholm	2,260		100	2,260	187	100
SEB Portföljförvaltning AB, Stockholm	1,115	5	100	1,115	25	100
SEB Strategic Investments AB, Stockholm	24		100	24		100
Skandic Projektor AB, Stockholm				1		100
Skandinaviska Kreditaktiebolaget, Stockholm			100			100
Team SEB AB, Stockholm				1		100
TOTAL	**15,800**	**5**		**15,801**	**2,062**	

Note 26 ctd. Shares in subsidiaries

Foreign subsidiaries	2010 Book value	2010 Dividend	2010 Ownership, %	2009 Book value	2009 Dividend	2009 Ownership, %
Baltectus B.V., Amsterdam	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	559		100	612		100
Key Asset Management Norge ASA, Oslo	1		100	1		100
Key Capital Management Inc, Tortola	330		100	351		100
Möller Bilfinans AS, Oslo	53		51	60		51
Njord AS, Oslo			100			100
PuJSC SEB Bank, Kiev			100	99		100
SEB AG, Frankfurt am Main	18,983	698	100	21,906		100
SEB Asset Management America Inc, Stamford	3	17	100	25		100
SEB Asset Management Norge AS, Oslo		41		19		100
SEB Asset Management S.A., Luxembourg	5	14	100	5	40	100
SEB Bank JSC, St Petersburg (former PetroEnergobank)	608		100	255		100
SEB Banka, AS, Riga	1,347		100	1,632		100
SEB bankas, AB, Vilnius	5,624		100	4,711		100
SEB Enskilda AS, Oslo	725	48	100	780	93	100
SEB Enskilda Inc., New York	27		100	31	–12	100
SEB Enskilda Corporate Finance Oy Ab, Helsinki	23	10	100	3		51
SEB Fund Services S.A., Luxembourg	92		100	105		100
SEB Gyllenberg Asset Management Ab, Helsinki (former SEB Gyllenberg Ab)	488	11	100	558	–11	100
SEB Gyllenberg Fondbolag Ab, Helsinki	17	6	100	20		100
SEB Gyllenberg Private Bank Ab, Helsinki	63		100	71		100
SEB Hong Kong Trade Services Ltd, Hong Kong			100			100
SEB IT Partner Estonia OÜ, Tallinn		3				50
SEB Leasing Oy, Helsinki	3,782	87	100	4,393		100
SEB Leasing, CJSC, St Petersburg	131		100	131		100
SEB NET S.L., Barcelona						100
SEB Pank, AS, Tallinn	1,474		100	2,041		100
SEB Privatbanken ASA, Oslo	1,341	–11	100	1,441	83	100
SIGGE S.A., Warsaw (former SEB TFI S.A.)	25	26	100	33	1	100
Skandinaviska Enskilda Banken A/S, Copenhagen	1,776		100	2,158		100
Skandinaviska Enskilda Banken Corporation, New York		17	100	127		100
Skandinaviska Enskilda Banken S.A., Luxembourg	1,235	67	100	1,466	426	100
Skandinaviska Enskilda Ltd, London	408	45	100	490		100
TOTAL	**39,345**	**1,079**		**43,524**	**620**	

Information about the corporate registration numbers and numbers of shares of the subsidiaries is available upon request.

27 Tangible and intangible assets

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Goodwill	10,491	10,829	105	209
Deferred acquisition costs	3,631	3,501		
Other Intangible assets	2,800	2,847	1,682	1,144
Intangible assets	**16,922**	**17,177**	**1,787**	**1,353**
Office, IT and other tangible assets	1,093	1,229	310	229
Equipment leased to clients[1)]			38,808	39,770
Properties for own operations	495	971	2	2
Property and equipment	**1,588**	**2,200**	**39,120**	**40,001**
Investment properties recognised at cost	562	398		
Investment properties recognised at fair value through profit and loss	7,473	7,778		
Properties taken over for protection of claims	490	217		
Investment properties	**8,525**	**8,393**		
TOTAL	**27,035**	**27,770**	**40,907**	**41,354**

1) Equipment leased to clients are recognised as financial leases and presented as loans in the Group.

Goodwill

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Opening balance	10,829	13,692	209	523
Acquisitions during the year		25		
Current year's impairments		–2,969	–104	–314
Exchange rate differences	–338	81		
TOTAL	**10,491**	**10,829**	**105**	**209**

Note 27 ctd. Tangible and intangible assets

Deferred acquisition costs	Group 2010	Group 2009
Opening balance	3,501	3,351
Capitalisation of acquisition costs	813	776
Amortisation of acquisition costs	–653	–611
Exchange rate differences	–30	–15
TOTAL	**3,631**	**3,501**

Goodwill and intangible assets with indefinite lives
Impairment tests for goodwill components have been based upon the value in use of respective cash generating units, with forecasted cash flows for a period of five years. The cash flows are determined based on historical performance and future forecasts as well as key growth assumptions. The growth rates used after five years are based upon an expected long-term inflation rate, 2.0 per cent. The discount rates used are based upon estimates of cost of equity, assuming 10.5 per cent post tax cost of equity for the Group. The assumptions are for impairment testing purposes only.

The definitions of the cash generating units have been revised and updated in 2009. The cash generating units are business divisions Merchant Banking, Wealth Management, Retail Banking (excluding Cards), Life (excluding Life – Denmark), the business area Retail Banking – Cards and the business unit Life – Denmark.

Cash generating units with goodwill and intangible assets with indefinite lives are Wealth Management with SEK 4,755m (4,900m), Merchant Banking with SEK 1,019m (1,067m) Retail Banking (excluding Cards) with SEK 929m (929m), Retail Banking – Cards with SEK 1,161m (SEK 1,266m), Life excluding Life Denmark with SEK 2,343m (2,343m) and Life Denmark with SEK 284m (324m). Goodwill in connection with the Trygg Hansa acquisition, SEK 5,721m (5,721m), generates cash flows in Wealth Management, Retail Banking and Life divisions. The goodwill has been allocated to these units for impairment testing. A sensitivity analysis where the discount rate and growth rate, respectively, were changed with one percentage point did not result in calculated recoverable amounts below the carrying amounts.

During 2009 the Group made impairments of goodwill in Baltics, Ukraine and Russia. Goodwill amounting to SEK 2,317m created by SEB's investments in the Baltic countries has been impaired and the impairment cost charged to Baltic division.

The impairment reflected the rapid macro economic deterioration in the Baltic region which is expected to cause subdued income generation and high loan loss provisions during the forecast period. Goodwill amounting to SEK 594m relating to SEB's Ukraine operations and SEK 77m related to SEB's Russian operations has also been impaired and the impairment cost charged to total operating expenses. The impairment reflected a stop of former expansion plans in Ukraine and rapid macro economic deterioration.

The impairment tests of goodwill in Baltics, Ukraine and Russia were based on values in use, with a forecast period of five years and a principal post tax discount rate assumption of 13 per cent reflecting higher risk in these markets compared to the average for the Group overall.

	Group		Parent company	
Other intangible assets[1]	2010	2009	2010	2009
Opening balance	5,883	5,070	1,609	1,066
Acquisitions during the year	1,019	1,054	702	543
Group adjustment		3	35	
Reclassifications	–2	6		
Sales during the year	–76	–37		
Reclassified to Assets held for sale	–1			
Exchange rate differences	–452	–213		
Acquisition value	**6,371**	**5,883**	**2,346**	**1,609**
Opening balance	–3,036	–2,718	–465	–254
Current year's depreciations	–404	–394	–163	–129
Current year's impairments	–246	–77	–26	–77
Reclassifications		–3		
Accumulated depreciations on current year's sales	23	34		
Exchange rate differences	92	122	–10	–5
Accumulated depreciations	**–3,571**	**–3,036**	**–664**	**–465**
TOTAL	**2,800**	**2,847**	**1,682**	**1,144**

1) The qualifying majority consists of capitalised projects.

Office, IT and other tangible assets				
Opening balance	7,978	8,295	2,792	2,718
Acquisitions during the year	283	241	165	74
Reclassifications	1	4		
Sales during the year	–424	–289		
Reclassified to Assets held for sale	–1,576			
Exchange rate differences	–511	–273		
Acquisition value	**5,751**	**7,978**	**2,957**	**2,792**
Opening balance	–6,749	–6,912	–2,563	–2,464
Current year's depreciations	–448	–554	–84	–99
Current year's impairments	–8	–6		
Reclassifications	–7	–6		
Accumulated depreciations on current year's sales	420	255		
Reclassified to Assets held for sale	1,483			
Exchange rate differences	651	474		
Accumulated depreciations	**–4,658**	**–6,749**	**–2,647**	**–2,563**
TOTAL	**1,093**	**1,229**	**310**	**229**

Note 27 ctd. Tangible and intangible assets

Equipment leased to clients[1]	Parent company 2010	2009
Opening balance	51,061	50,477
Acquisitions during the year	6,075	8,456
Sales during the year	−6,848	−7,872
Acquisition value	**50,288**	**51,061**
Opening balance	−11,291	−10,656
Current year's depreciations	−4,253	−4,506
Accumulated depreciations on current year's sales	3,617	3,871
Exchange rate differences	447	
Accumulated depreciations	**−11,480**	**−11,291**
TOTAL	**38,808**	**39,770**

1) Equipment leased to clients is depreciated in annuities, based on a conservatively estimated residual value at the end of the contract period. For leased equipment that cannot be sold in a functioning market, the scheduled residual value is zero at the end of the contract period. Any surplus resulting from the sale of leased equipment is reported under Other income.

	Group		Parent company	
Properties for own operations	2010	2009	2010	2009
Opening balance	1,557	1,732	3	3
Acquisitions during the year	4	14		
Group adjustment	−54	−6		
Reclassifications	−64	−15		
Sales during the year	−18	−45		
Reclassified to Assets held for sale	−168			
Exchange rate differences	−141	−123		
Acquisition value	**1,116**	**1,557**	**3**	**3**
Opening balance	−586	−595	−1	−1
Current year's depreciations	−62	−55		
Current year's impairments	−4	−2		
Reclassifications	64	−5		
Accumulated depreciations on current year's sales	16	36		
Reclassified to Assets held for sale	163			
Exchange rate differences	−212	35		
Accumulated depreciations	**−621**	**−586**	**−1**	**−1**
TOTAL	**495**	**971**	**2**	**2**
Tax value, real properties	2	2	2	2
of which, buildings	1	1	1	1

Tax value refers only to properties in Sweden.

Investment properties recognised at cost		
Opening balance	660	468
Acquisitions during the year	198	377
Reclassifications	419	
Sales during the year	−191	−167
Reclassified to Assets held for sale	−131	
Exchange rate differences	−100	−18
Acquisition value	**855**	**660**
Opening balance	−262	−250
Current year's depreciations	−24	−27
Current year's impairments	−31	
Accumulated depreciations on current year's sales	45	
Reclassified to Assets held for sale	58	
Exchange rate differences	−79	15
Accumulated depreciations	**−293**	**−262**
TOTAL	**562**	**398**

Note 27 ctd. Tangible and intangible assets

Investment properties recognised at fair value through profit and loss	Group 2010	2009
Opening balance	7,778	7,272
Acquisitions during the year	807	977
Sales during the year	–87	–1
Exchange rate differences	–1,025	–470
TOTAL	**7,473**	**7,778**

Net operating earnings from investment properties		
External income	402	422
Operating costs[1]	–101	–125
TOTAL	**301**	**297**

1) Direct operating expenses arising from investment property that did not generate rental income amounts to SEK 27m (14).

Properties taken over for protection of claims		
Opening balance	217	106
Acquisitions during the year	623	1,012
Reclassifications	–2	–56
Sales during the year	–327	–834
Exchange rate differences	–21	–11
TOTAL	**490**	**217**

Net operating earnings from properties taken over for protection of claims		
External income	4	2
Operating costs	–26	–16
TOTAL	**–22**	**–14**

28 Other assets

	Group		Parent company	
	2010	2009	2010	2009
Current tax assets	4,580	3,898	2,327	1,228
Deferred tax assets	1,709	1,624	156	
Trade and client receivables	30,434	14,637	28,998	12,425
Withheld margins of safety	13,989	17,120	13,989	17,120
Other assets	14,379	14,780	5,561	8,249
OTHER ASSETS	**65,091**	**52,059**	**51,031**	**39,022**

Current tax assets				
Other	4,580	3,898	2,327	1,228
Recognised in profit and loss	**4,580**	**3,898**	**2,327**	**1,228**
TOTAL	**4,580**	**3,898**	**2,327**	**1,228**

Deferred tax assets				
Tax losses carry forwards	1,170	1,327		
Other temporary differences[1]	520	548		
Recognised in profit and loss	**1,690**	**1,875**		
Unrealised losses in cash flow hedges	156		156	
Unrealised losses in available-for-sale financial assets	–137	–251		
Recognised in Shareholders' equity	**19**	**–251**	**156**	
TOTAL	**1,709**	**1,624**	**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.

Note 28 ctd. Other assets

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 4,816m (4,809). 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 1,087m (990).

All losses carried forward are without time limit except for SEK 1,053m (1,978) corresponding to a deferred tax asset of SEK 158m (297) which is due 2017.

	Group		Parent company	
Trade and client receivables	**2010**	**2009**	**2010**	**2009**
Trade receivables	989	725		
Client receivables	29,445	13,912	28,998	12,425
TOTAL	**30,434**	**14,637**	**28,998**	**12,425**
Other assets				
Pension plan assets, net	4,042	3,961		
Reinsurers share of insurance provisions	463	553		
Accrued interest income	11	28		
Other accrued income	1,299	1,127	1,704	1,700
Prepaid expenses	444	453		
Other	8,120	8,658	3,857	6,549
TOTAL	**14,379**	**14,780**	**5,561**	**8,249**

29 Deposits from credit institutions

	Group		Parent company	
	2010	**2009**	**2010**	**2009**
Remaining maturity				
– payable on demand	34,907	33,970	8,611	22,947
– maximum 3 months	146,483	201,611	147,430	230,950
– more than 3 months but maximum 1 year	14,583	136,600	14,489	123,464
– more than 1 year but maximum 5 years	7,059	6,875	12,527	3,853
– more than 5 years	9,241	17,165	11,980	4,326
Accrued interest	351	1,212	371	990
TOTAL	**212,624**	**397,433**	**195,408**	**386,530**
of which repos	15,805	30,448	13,061	28,116
Average remaining maturity (years)	0.66	0.76	0.95	0.42

30 Deposits and borrowing from the public

	Group		Parent company	
	2010	**2009**	**2010**	**2009**
Deposits	560,345	665,474	437,440	418,924
Borrowing	148,742	132,678	46,483	71,152
Accrued interest	2,454	2,936	916	774
TOTAL	**711,541**	**801,088**	**484,839**	**490,850**
Deposits[1)]				
Remaining maturity				
– payable on demand	101,865	368,399	1,136	255,894
– maximum 3 months	370,580	190,688	407,115	132,454
– more than 3 months but maximum 1 year	24,333	29,291	8,485	11,806
– more than 1 year but maximum 5 years	16,810	25,282	4,962	4,402
– more than 5 years	46,757	51,814	15,742	14,368
TOTAL	**560,345**	**665,474**	**437,440**	**418,924**

1) Only account balances covered by the Deposit Guarantee are reported as deposits. The amount refers to the total account balance without considering the limitation in terms of amount that is applicable to the Deposit Guarantee and fee bases.

Average remaining maturity (years)	1.03	0.96	0.52	0.51
Borrowing				
Remaining maturity				
– payable on demand	395	4,964		693
– maximum 3 months	123,480	99,462	38,668	61,567
– more than 3 months but maximum 1 year	7,021	10,790	940	1,163
– more than 1 year but maximum 5 years	5,122	4,646	820	1,363
– more than 5 years	12,724	12,816	6,055	6,366
TOTAL	**148,742**	**132,678**	**46,483**	**71,152**
of which repos	10,185	30,154	7,458	15,437
Average remaining maturity (years)	1.09	1.22	1.47	1.07

31 Liabilities to policyholders

	Group 2010	Group 2009
Liabilities to policyholders – investment contracts	174,753	155,860
Liabilities to policyholders – insurance contracts	89,217	93,149
TOTAL	**263,970**	**249,009**

Liabilities to policyholders – investment contracts*

	2010	2009
Opening balance	155,860	115,110
Reclassification to insurance contracts	–2,202	–187
Change in investment contract provisions[1]	22,869	41,693
Exchange rate differences	–1,774	–756
TOTAL	**174,753**	**155,860**

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

	2010	2009
Opening balance	93,149	95,960
Reclassification from investment contracts	2,202	187
Change in collective bonus provisions	2,898	87
Change in other insurance contract provisions[1]	1,908	2,171
Exchange rate differences	–10,940	–5,256
TOTAL	**89,217**	**93,149**

1) The net of premiums received during the year, allocated guaranteed interest less payments to the policyholders and deduction of fees and policyholders tax.

32 Debt securities

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Issued bonds	343,593	355,928	302,372	270,323
Other issued securities	180,521	93,381	180,473	93,325
Accrued interest	6,369	6,734	5,688	5,136
TOTAL	**530,483**	**456,043**	**488,533**	**368,784**

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 22,549m (25,079), as at fair value through profit or loss, since they contain embedded derivatives. The corresponding amounts for the parent company are SEK 16,969m (17,776). 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 22,158m (24,577) and for the parent company SEK 15,895m (17,378).

Issued bonds

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Remaining maturity				
– maximum 1 year	109,542	92,909	86,720	52,579
– more than 1 years but maximum 5 years	208,916	249,042	191,055	207,221
– more than 5 years but maximum 10 years	14,127	3,839	13,634	1,757
– more than 10 years	11,008	10,138	10,963	8,766
TOTAL	**343,593**	**355,928**	**302,372**	**270,323**
Average remaining maturity (years)	2.79	2.80	2.92	2.93

Other issued securities

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Remaining maturity				
– payable on demand	217	56	169	
– maximum 3 months	153,563	69,839	153,563	69,839
– more than 3 months but maximum 1 year	26,741	23,486	26,741	23,486
– more than 1 year but maximum 5 years				
TOTAL	**180,521**	**93,381**	**180,473**	**93,325**
Average remaining maturity (years)	0.20	0.25	0.20	0.25

33 Financial liabilities at fair value

	Group		Parent company	
	2010	2009	2010	2009
Derivatives held for trading	113,597	119,293	111,438	114,130
Derivatives held for hedging	7,262	9,119	4,471	3,995
Trading liabilities	78,467	61,529	74,729	58,479
Fair value changes of hedged items in portfolio hedge	1,364	1,499		
TOTAL	**200,690**	**191,440**	**190,638**	**176,604**

Financial liabilities designated at fair value through profit or loss is specified in note 31 and 32.

Derivatives held for trading				
Negative replacement values of interest-related derivatives	68,533	78,055	69,544	74,537
Negative replacement values of currency-related derivatives	41,704	39,828	38,847	38,467
Negative replacement values of equity-related derivatives	3,220	1,137	2,961	952
Negative replacement values of other derivatives	140	273	86	174
TOTAL	**113,597**	**119,293**	**111,438**	**114,130**

Derivatives held for hedging				
Fair value hedges	1,721	585	1,717	823
Cash flow hedges	2,754	3,172	2,754	3,172
Portfolio hedges for interest rate risk	2,787	5,362		
TOTAL	**7,262**	**9,119**	**4,471**	**3,995**

Trading liabilities				
Short positions in equity instruments	33,669	14,527	31,705	14,327
Short positions in debt instruments	44,302	46,419	42,583	43,647
Accrued interest	496	583	441	505
TOTAL	**78,467**	**61,529**	**74,729**	**58,479**

34 Other liabilities

	Group		Parent company	
	2010	2009	2010	2009
Current tax liabilities	4,021	1,547	2,603	724
Deferred tax liabilities	9,852	10,299		275
Trade and client payables	29,960	16,401	28,777	14,146
Withheld margins of safety	13,963	21,399	13,963	21,399
Other liabilities	27,535	25,338	17,020	12,342
TOTAL	**85,331**	**74,984**	**62,363**	**48,886**

Current tax liabilities				
Other	4,021	1,547	2,174	488
Recognised in profit and loss	**4,021**	**1,547**	**2,174**	**488**
Group contributions			429	236
Other				
Recognised in Shareholders' equity			**429**	**236**
TOTAL	**4,021**	**1,547**	**2,603**	**724**

Deferred tax liabilities				
Accelerated tax depreciation	8,192	7,896		
Unrealised profits in financial assets at fair value	66	188		
Pension plan assets, net	978	1,258		
Other temporary differences	523	566		
Recognised in profit and loss	**9,759**	**9,908**		
Unrealised profits in cash flow hedges		275		275
Unrealised profits in available-for-sale financial assets	93	116		
Recognised in Shareholders' equity	**93**	**391**		**275**
TOTAL	**9,852**	**10,299**		**275**

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).

Note 34 ctd. Other liabilities

Trade and client payables	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Trade payables	562	331		
Client payables	29,398	16,070	28,777	14,146
TOTAL	**29,960**	**16,401**	**28,777**	**14,146**

Other liabilities	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Accrued interest expense	85	100		
Other accrued expense	5,011	3,607	3,235	2,035
Prepaid income	1,083	1,832		
Other	21,356	19,799	13,785	10,307
TOTAL	**27,535**	**25,338**	**17,020**	**12,342**

35 Provisions

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Restructuring reserve re-organisation Germany	420			
Restructuring reserve other	277	604	42	317
Reserve for off-balance-sheet items	476	478	24	46
Pensions and other post retirement benefit obligations (note 9b)	99	140		
Other provisions	476	811	114	133
TOTAL	**1,748**	**2,033**	**180**	**496**

Restructuring reserve re-organisation Germany	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Opening balance	0			
Additions	764			
Amounts used	–299			
Exchange differences	–45			
TOTAL	**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 restructuring reserve regards restructuring of IT- systems, support and business units due to group-wide integration. The main part of the reserve is for redundancies and is expected to be used within three years.

Restructuring reserve other	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Opening balance	604	793	317	600
Additions	51	87		
Amounts used	–355	–283	–275	–283
Unused amounts reversed	–24			
Other movements	35			
Exchange differences	–34	7		
TOTAL	**277**	**604**	**42**	**317**

The restructuring reserve in the parent company mainly regards redundancy in Sweden for a net decrease of 500 employees and is expected to be used within one year. The restructuring reserves in the group relate to redundancy in Sweden and also redundancy costs in Germany which are mainly expected to be used within five years.

Reserve for off-balance-sheet items	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Opening balance	478	251	46	0
Additions	36	253	8	46
Amounts used	–65	–29	–31	
Exchange differences	27	3	1	
TOTAL	**476**	**478**	**24**	**46**

The reserve for off-balance sheet items is mainly referring to the German market and its corporate sector. A minor part is expected to be used during 2011 while the remaining part has a substantially longer life.

Other provisions	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Opening balance	811	825	133	189
Additions	29	58		
Amounts used	–388	–83	–19	–56
Exchange differences	24	11		
TOTAL	**476**	**811**	**114**	**133**

The other provisions consist of three main parts, unutilised premises in connection with the integration of SEB's different business units in the Nordic countries, Germany and U.K. expected to be used in 4 years, unsettled claims in the U.K. market to be settled within 6 years and provisions linked to property funds and guarantees given in Germany for less than 4 years.

36 Subordinated liabilities

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Debenture loans	4,922	11,080	4,492	10,260
Debenture loans, perpetual	18,745	23,609	18,745	23,609
Debenture loans, hedged positions	1,844	1,477	1,844	1,477
Accrued interest	41	197	15	152
TOTAL	**25,552**	**36,363**	**25,096**	**35,498**

Debenture loans

	Currency	Original nom. amount	Book value	Rate of interest, %
2005/2017	EUR	500	4,492	1)
Total parent company			**4,492**	
Debenture loans issued by SEB AG			430	
TOTAL GROUP			**4,922**	

Debenture loans, perpetual

1995	JPY	10,000	826	4.400
1997	JPY	15,000	1,239	5.000
2004	USD	500	2,750	4.958
2005	USD	600	2,858	1)
2006	GBP	375	2,088	5.500
2007	EUR	500	4,492	7.092
2009	EUR	500	4,492	9.250
TOTAL			**18,745**	

1) FRN, Floating Rate Note.

37 Untaxed reserves[1)]

	Parent company 2010	Parent company 2009
Depreciation in excess of plan on office equipment/leased assets	23,925	22,640
Other untaxed reserves	5	5
TOTAL	**23,930**	**22,645**

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	21,131	5	**21,136**
Appropriations	1,510		**1,510**
Exchange rate differencies	–1		**–1**
Closing balance 2009	**22,640**	**5**	**22,645**
Appropriations	1,283		**1,283**
Exchange rate differencies	2		**2**
CLOSING BALANCE 2010	**23,925**	**5**	**23,930**

38 Off-balance sheet items

	Group		Parent company	
	2010	2009	2010	2009
Collateral and comparable security pledged for own liabilities	231,334	420,302	138,775	268,284
Other pledged assets and comparable collateral	214,989	202,168	35,663	47,031
Contingent liabilities	82,048	84,058	64,120	64,045
Commitments	388,619	378,442	291,046	275,203

Collateral and comparable security pledged for own liabilities*

Lending[1)]		15		15
Bonds	90,255	263,461	90,076	220,148
Repos	54,104	62,912	48,699	48,121
Assets in insurance business	86,975	93,914		
TOTAL	**231,334**	**420,302**	**138,775**	**268,284**

1) Of which SEK 0m (15) refers to the parent company's pledging of promissory notes for the benefit of the Swedish Export Credit Corporation.

* Transfers that do not qualify for derecognition.

Other pledged assets and comparable collateral

Shares in insurance premium funds	179,326	155,137		
Securities lending	35,663	47,031	35,663	47,031
TOTAL	**214,989**	**202,168**	**35,663**	**47,031**

Contingent liabilities

Guarantee commitments, credits[1)]	11,591	13,368	9,954	12,852
Guarantee commitments, other	57,152	58,671	44,503	42,980
Own acceptances	351	411	351	411
Total	**69,094**	**72,450**	**54,808**	**56,243**
Approved, but unutilised letters of credit	12,954	11,608	9,312	7,802
TOTAL	**82,048**	**84,058**	**64,120**	**64,045**

1) Of which 2.7 bn 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

Granted undrawn credit	213,522	184,575	182,177	150,991
Unutilised part of approved overdraft facilities	130,830	138,845	69,240	73,610
Securities borrowing	42,633	53,515	39,629	50,602
Other commmitments	1,634	1,507		
TOTAL	**388,619**	**378,442**	**291,046**	**275,203**

39 Current and non-current assets and liabilities

Group

Assets	2010 Current assets	2010 Non-current assets	2010 Total	2009 Current assets	2009 Non-current assets	2009 Total
Cash and cash balances with central banks	46,488		**46,488**	36,589		**36,589**
Loans to credit institutions	145,125	59,063	**204,188**	239,455	92,005	**331,460**
Loans to the public	502,293	572,586	**1,074,879**	418,840	768,997	**1,187,837**
Securities held for trading	*93,375*	*128,416*	***221,791***	*116,254*	*71,670*	***187,924***
Derivatives held for trading	*116,008*		***116,008***	*133,230*		***133,230***
Derivatives held for hedging	*11,631*		***11,631***	*10,206*		***10,206***
Fair value changes of hedged items in a portfolio hedge	*3,419*		***3,419***	*4,026*		***4,026***
Financial assets – policyholders bearing the risk	*179,432*		***179,432***	*155,486*		***155,486***
Other financial assets at fair value	*28,580*	*56,885*	***85,465***	*17,393*	*73,376*	***90,769***
Financial assets at fair value	432,445	185,301	**617,746**	436,595	145,046	**581,641**
Available-for-sale financial assets	14,405	52,565	**66,970**	43,275	44,673	**87,948**
Held-to-maturity investments	1,153	298	**1,451**	12	1,320	**1,332**
Assets held for sale	74,951		**74,951**	596		**596**
Investments in associates		1,022	**1,022**		995	**995**
Intangible assets	*1,057*	*15,865*	***16,922***	*1,004*	*16,173*	***17,177***
Property and equipment	*534*	*1,054*	***1,588***	*637*	*1,563*	***2,200***
Investment properties		*8,525*	***8,525***		*8,393*	***8,393***
Tangible and intangible assets	1,591	25,444	**27,035**	1,641	26,129	**27,770**
Current tax assets	*4,580*		***4,580***	*3,898*		***3,898***
Deferred tax assets		*1,709*	***1,709***		*1,624*	***1,624***
Trade and client receivables	*30,434*		***30,434***	*14,637*		***14,637***
Withheld margins of safety	*13,989*		***13,989***	*17,120*		***17,120***
Other assets	*14,379*		***14,379***	*14,780*		***14,780***
Other assets	63,382	1,709	**65,091**	50,435	1,624	**52,059**
TOTAL	**1,281,833**	**897,988**	**2,179,821**	**1,227,438**	**1,080,789**	**2,308,227**

Liabilities	2010 Current liabilities	2010 Non-current liabilities	2010 Total	2009 Current liabilities	2009 Non-current liabilities	2009 Total
Deposits from credit institutions	196,324	16,300	**212,624**	373,393	24,040	**397,433**
Deposits and borrowing from the public	630,128	81,413	**711,541**	706,530	94,558	**801,088**
Liabilities to policyholders – investment contracts	*6,713*	*168,040*	***174,753***	*9,664*	*146,196*	***155,860***
Liabilities to policyholders – insurance contracts	*7,903*	*81,314*	***89,217***	*11,484*	*81,665*	***93,149***
Liabilities to policyholders	14,616	249,354	**263,970**	21,148	227,861	**249,009**
Debt securities	296,432	234,051	**530,483**	193,024	263,019	**456,043**
Derivatives held for trading	*113,597*		***113,597***	*119,293*		***119,293***
Derivatives held for hedging	*7,262*		***7,262***	*9,119*		***9,119***
Trading liabilities	*78,467*		***78,467***	*61,529*		***61,529***
Fair value changes of hedged items in portfolio hedge	*1,364*		***1,364***	*1,499*		***1,499***
Financial liabilities at fair value	200,690		**200,690**	191,440		**191,440**
Liabilities held for sale	48,339		48,339	165		165
Current tax liabilities	*4,021*		***4,021***	*1,547*		***1,547***
Deferred tax liabilities		*9,852*	***9,852***		*10,299*	***10,299***
Trade and client payables	*29,960*		***29,960***	*16,401*		***16,401***
Withheld margins of safety	*13,963*		***13,963***	*21,399*		***21,399***
Other liabilities	*27,535*		***27,535***	*25,503*	*–165*	***25,338***
Other liabilities	75,479	9,852	**85,331**	64,850	10,134	**74,984**
Provisions		1,748	**1,748**		2,033	**2,033**
Subordinated liabilities		25,552	**25,552**		36,363	**36,363**
TOTAL	**1,462,008**	**618,270**	**2,080,278**	**1,550,550**	**658,008**	**2,208,558**

40 Financial assets and liabilities by class

Group 2010

	Classes of financial assets and liabilities							
Financial assets	Loans and deposits	Equity instruments	Debt instruments	Derivative instruments	Investment contracts	Insurance contracts	Other	Total
Cash and cash balances with central banks (note 19)							46,488	**46,488**
Loans to credit institutions (note 20)	156,388		47,800					**204,188**
Loans to the public (note 21)	1,031,346		43,533					**1,074,879**
Financial assets at fair value (note 22)[1]		56,415	165,516	127,639	179,432		3,419	**532,421**
Available-for-sale financial assets (note 23)		2,835	64,135					**66,970**
Held-to-maturity financial assets (note 24)			1,451					**1,451**
Investments in associates (note 25)		1,022						**1,022**
Trade and client receivables (note 28)							30,434	**30,434**
Financial assets	**1,187,734**	**60,272**	**322,435**	**127,639**	**179,432**		**80,341**	**1,957,853**
Other assets (non-financial)						85,325	136,643	**221,968**
TOTAL	**1,187,734**	**60,272**	**322,435**	**127,639**	**179,432**	**85,325**	**216,984**	**2,179,821**
Financial liabilities								
Deposits from credit institutions (note 29)	212,624							**212,624**
Deposits and borrowing from the public (note 30)	711,541							**711,541**
Liabilities to policyholders (note 31)[1]					174,753			**174,753**
Debt securities (note 32)			530,483					**530,483**
Financial liabilities at fair value (note 33)		33,669	46,162	120,859				**200,690**
Trade and client payables (note 34)							29,960	**29,960**
Subordinated liabilities (note 36)			25,552					**25,552**
Financial liabilities	**924,165**	**33,669**	**602,197**	**120,859**	**174,753**		**29,960**	**1,885,603**
Other liabilities (non-financial)						89,217	105,458	**194,675**
Total equity							99,543	**99,543**
TOTAL	**924,165**	**33,669**	**602,197**	**120,859**	**174,753**	**89,217**	**234,961**	**2,179,821**

Group 2009

Financial assets	Loans and deposits	Equity instruments	Debt instruments	Derivative instruments	Investment contracts	Insurance contracts	Other	Total
Cash and cash balances with central banks (note 19)							36,589	**36,589**
Loans to credit institutions (note 20)	261,024		70,436					**331,460**
Loans to the public (note 21)	1,132,934		54,903					**1,187,837**
Financial assets at fair value (note 22)[1]		40,581	148,972	143,436	155,486		4,026	**492,501**
Available-for-sale financial assets (note 23)		2,410	85,538					**87,948**
Held-to-maturity financial assets (note 24)			1,332					**1,332**
Investments in associates (note 25)		995						**995**
Trade and client receivables (note 28)							14,637	**14,637**
Financial assets	**1,393,958**	**43,986**	**361,181**	**143,436**	**155,486**		**55,252**	**2,153,299**
Other assets (non-financial)						89,140	65,788	**154,928**
TOTAL	**1,393,958**	**43,986**	**361,181**	**143,436**	**155,486**	**89,140**	**121,040**	**2,308,227**
Financial liabilities								
Deposits from credit institutions (note 29)	397,433							**397,433**
Deposits and borrowing from the public (note 30)	801,088							**801,088**
Liabilities to policyholders (note 31)[1]					155,860			**155,860**
Debt securities (note 32)			456,043					**456,043**
Financial liabilities at fair value (note 33)		14,527	47,002	128,412			1,499	**191,440**
Trade and client payables (note 34)							16,401	**16,401**
Subordinated liabilities (note 36)			36,363					**36,363**
Financial liabilities	**1,198,521**	**14,527**	**539,408**	**128,412**	**155,860**		**17,900**	**2,054,628**
Other liabilities (non-financial)						93,149	60,781	**153,930**
Total equity							99,669	**99,669**
TOTAL	**1,198,521**	**14,527**	**539,408**	**128,412**	**155,860**	**93,149**	**178,350**	**2,308,227**

1) Insurance contracts are not classified as financial assets and liabilities.

SEB has grouped its financial instruments by class taking into account the characteristics of the instruments:

Loans and deposits includes financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. These are further specified in note 43 and 44.

Equity 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 41, 42 and 43.

Derivative instruments includes options, futures, swaps and other derived products held for trading and hedging purposes. These are further specified in note 45.

Investment contracts includes those assets and liabilities in the Life insurance operations where the policyholder is carrying the risk of the contractual agreement (is not qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 51.

Insurance contracts includes those assets and liabilities in the Life insurance operations where SEB is carrying the insurance risk of a contractual agreement (is qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 51.

Other includes other financial asset and liabilities recognised in accordance with IAS 39.

Note 40 ctd. Financial assets and liabilities by class

Parent company 2010

	Classes of financial assets and liabilities					
Financial assets	Loans and deposits	Equity-instrumens	Debt instruments	Derivative instruments	Other	Total
Cash and cash balances with central banks (note 19)					19,941	**19,941**
Loans to credit institutions (note 20)	234,848		15,720			**250,568**
Loans to the public (note 21)	726,935		36,506			**763,441**
Financial assets at fair value (note 22)		52,807	159,145	122,108		**334,060**
Available-for-sale financial assets (note 23)		1,800	14,783			**16,583**
Held-to-maturity financial assets (note 24)			3,685			**3,685**
Investments in associates (note 25)		967				**967**
Shares in subsidiaries (note 26)		55,145				**55,145**
Trade and client receivables (note 28)					28,998	**28,998**
Financial assets	**961,783**	**110,719**	**229,839**	**122,108**	**48,939**	**1,473,388**
Other assets (non-financial)					62,940	**62,940**
TOTAL	**961,783**	**110,719**	**229,839**	**122,108**	**111,879**	**1,536,328**
Financial liabilities						
Deposits from credit institutions (note 29)	195,408					**195,408**
Deposits and borrowing from the public (note 30)	484,839					**484,839**
Debt securities (note 32)			488,533			**488,533**
Financial liabilities at fair value (note 33)		31,705	43,024	115,909		**190,638**
Trade and client payables (note 34)					28,777	**28,777**
Subordinated liabilities (note 36)			25,096			**25,096**
Financial liabilities	**680,247**	**31,705**	**556,653**	**115,909**	**28,777**	**1,413,291**
Other liabilities (non-financial)					33,766	**33,766**
Total equity and untaxed reserves					89,271	**89,271**
TOTAL	**680,247**	**31,705**	**556,653**	**115,909**	**151,814**	**1,536,328**

Parent company 2009

Financial assets	Loans and deposits	Equity-instrumens	Debt instruments	Derivative instruments	Other	Total
Cash and cash balances with central banks (note 19)					21,815	**21,815**
Loans to credit institutions (note 20)	346,933		29,290			**376,223**
Loans to the public (note 21)	686,040		46,435			**732,475**
Financial assets at fair value (note 22)		32,683	136,128	135,864		**304,675**
Available-for-sale financial assets (note 23)		1,363	14,968			**16,331**
Held-to-maturity financial assets (note 24)			3,789			**3,789**
Investments in associates (note 25)		907				**907**
Shares in subsidiaries (note 26)		59,325				**59,325**
Trade and client receivables (note 28)					12,425	**12,425**
Financial assets	**1,032,973**	**94,278**	**230,610**	**135,864**	**34,240**	**1,527,965**
Other assets					67,951	**67,951**
TOTAL	**1,032,973**	**94,278**	**230,610**	**135,864**	**102,191**	**1,595,916**
Financial liabilities						
Deposits from credit institutions (note 29)	386,530					**386,530**
Deposits and borrowing from the public (note 30)	490,850					**490,850**
Debt securities (note 32)			368,784			**368,784**
Financial liabilities at fair value (note 33)		14,327	44,152	118,125		**176,604**
Trade and client payables (note 34)					14,146	**14,146**
Subordinated liabilities (note 36)			35,498			**35,498**
Financial liabilities	**877,380**	**14,327**	**448,434**	**118,125**	**14,146**	**1,472,412**
Other liabilities (non-financial)					35,236	**35,236**
Total equity and untaxed reserves					88,268	**88,268**
TOTAL	**877,380**	**14,327**	**448,434**	**118,125**	**137,650**	**1,595,916**

41 Debt instruments by maturities

Eligible debt instruments*

Group 2010	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 20)				27,048	4,899		**31,947**
Loans to the public (note 21)				6,311	583		**6,894**
Securities held for trading (note 22)	1,033	4,574	5,558	12,415	12,160	1,641	**37,381**
Available-for-sale financial assets (note 23)	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**

Group 2009	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 20)		127	383	11,475	28,790	185	**40,960**
Loans to the public (note 21)				7,706	613		**8,319**
Securities held for trading (note 22)	267	57,392	4,308	10,829	6,764	7,164	**86,724**
Other financial assets at fair value (note 22)				16			**16**
Available-for-sale financial assets (note 23)	3,376	16,054	9,706	24,967	7,114	2,234	**63,451**
TOTAL	**3,643**	**73,573**	**14,397**	**54,993**	**43,281**	**9,583**	**199,470**

Parent company 2010	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Securities held for trading (note 22)	14	4,535	5,461	9,827	10,388	1,641	**31,866**
Available-for-sale financial assets (note 23)					4,168	494	**4,662**
TOTAL	**14**	**4,535**	**5,461**	**9,827**	**14,556**	**2,135**	**36,528**

Parent company 2009	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Securities held for trading (note 22)		57,358	2,674	3,831	4,762	6,772	**75,397**
Available-for-sale financial assets (note 23)						442	**442**
TOTAL		**57,358**	**2,674**	**3,831**	**4,762**	**7,214**	**75,839**

Other debt instruments*

Group 2010	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 20)	11		746	13,329	1,502	58	**15,646**
Loans to the public (note 21)	729		142	7,660	8,046	19,824	**36,401**
Securities held for trading (note 22)	437	2,933	20,928	84,005	15,629	2,565	**126,497**
Insurance assets (note 22)	2,206	496	1,122	24,452	9,905	22,528	**60,709**
Available-for-sale financial assets (note 23)	6,332	189	280	4,246	3,785	3,077	**17,909**
Held-to-maturity financial assets (note 24)		223	917	212		86	**1,438**
TOTAL	**9,715**	**3,841**	**24,135**	**133,904**	**38,867**	**48,138**	**258,600**

Group 2009	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 20)	508	1,318	5,922	20,822	595	102	**29,267**
Loans to the public (note 21)	333			5,682	6,968	33,385	**46,368**
Securities held for trading (note 22)	–11	2,493	11,377	35,660	6,042	5,211	**60,772**
Insurance assets (note 22)	339	553	727	22,522	12,175	38,339	**74,655**
Other financial assets at fair value (note 22)		24	87	175	99	50	**435**
Available-for-sale financial assets (note 23)	6,149	372	1,310	2,137	5,123	6,098	**21,189**
Held-to-maturity financial assets (note 24)				1,222		98	**1,320**
TOTAL	**7,318**	**4,760**	**19,423**	**88,220**	**31,002**	**83,283**	**234,006**

Parent company 2010	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 20)	11		746	13,329	1,502	58	**15,646**
Loans to the public (note 21)	729		142	7,660	8,046	19,824	**36,401**
Securities held for trading (note 22)	432	2,931	9,137	90,823	15,584	6,718	**125,625**
Available-for-sale financial assets (note 23)			359	2,018	4,365	3,077	**9,819**
Held-to-maturity financial assets (note 24)				485	2,202	984	**3,671**
TOTAL	**1,172**	**2,931**	**10,384**	**114,315**	**31,699**	**30,661**	**191,162**

Parent company 2009	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 20)	508	1,318	5,922	20,822	595	102	**29,267**
Loans to the public (note 21)	333			5,681	6,968	33,386	**46,368**
Securities held for trading (note 22)	–21	2,508	11,487	35,577	5,871	4,506	**59,928**
Available-for-sale financial assets (note 23)			817	1,416	5,925	6,099	**14,257**
Held-to-maturity financial assets (note 24)				144	3,437	199	**3,780**
TOTAL	**820**	**3,826**	**18,226**	**63,640**	**22,796**	**44,292**	**153,600**

* Accrued interest excluded.

42 Debt instruments by issuers

Eligible debt instruments*

Group 2010	Swedish Government	Swedish municipalities	Other Swedish issuers – non-financial companies	Foreign Government	Other foreign issuers	Total
Loans to credit institutions (note 20)					31,947	**31,947**
Loans to the public (note 21)				4,130	2,764	**6,894**
Securities held for trading (note 22)	15,096	712	685	20,888		**37,381**
Available-for-sale financial assets (note 23)	88		2,598	5,569	37,261	**45,516**
TOTAL	**15,184**	**712**	**3,283**	**30,587**	**71,972**	**121,738**
Group 2009						
Loans to credit institutions (note 20)			206		40,754	**40,960**
Loans to the public (note 21)				4,979	3,340	**8,319**
Securities held for trading (note 22)	68,991	397		6,090	11,246	**86,724**
Other financial assets at fair value (note 22)					16	**16**
Available-for-sale financial assets (note 23)	84	407	308	637	62,015	**63,451**
TOTAL	**69,075**	**804**	**514**	**11,706**	**117,371**	**199,470**
Parent company 2010						
Securities held for trading (note 22)	15,096	712		16,058		**31,866**
Available-for-sale financial assets (note 23)				4,662		**4,662**
TOTAL	**15,096**	**712**		**20,720**		**36,528**
Parent company 2009						
Securities held for trading (note 22)	68,991	371		6,035		**75,397**
Available-for-sale financial assets (note 23)				442		**442**
TOTAL	**68,991**	**371**		**6,477**		**75,839**

Other debt instruments*

Group 2010	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 20)		1,797				13,849	**15,646**
Loans to the public (note 21)			571			35,830	**36,401**
Securities held for trading (note 22)		36,388	4,460	6,315	3	79,331	**126,497**
Insurance assets (note 22)	6,152	1,164	562	1,516	10,182	41,133	**60,709**
Available-for-sale financial assets (note 23)	26				6,808	11,075	**17,909**
Held-to-maturity financial assets (note 24)		699				739	**1,438**
TOTAL	**6,178**	**40,048**	**5,593**	**7,831**	**16,993**	**181,957**	**258,600**
Group 2009							
Loans to credit institutions (note 20)				586		28,681	**29,267**
Loans to the public (note 21)			371			45,997	**46,368**
Securities held for trading (note 22)		23,986	2,308	2,187		32,291	**60,772**
Insurance assets (note 22)	6,672	795	554	1,446	6,634	58,554	**74,655**
Other financial assets at fair value (note 22)					141	294	**435**
Available-for-sale financial assets (note 23)	29				590	20,570	**21,189**
Held-to-maturity financial assets (note 24)		698				622	**1,320**
TOTAL	**6,701**	**25,479**	**3,233**	**4,219**	**7,365**	**187,009**	**234,006**
Parent company 2010							
Loans to credit institutions (note 20)				1,797		13,849	**15,646**
Loans to the public (note 21)			571			35,830	**36,401**
Securities held for trading (note 22)		36,388	4,460	6,315		78,462	**125,625**
Available-for-sale financial assets (note 23)						9,819	**9,819**
Held-to-maturity financial assets (note 24)						3,671	**3,671**
TOTAL		**36,388**	**5,031**	**8,112**		**141,631**	**191,162**
Parent company 2009							
Loans to credit institutions (note 20)				586		28,681	**29,267**
Loans to the public (note 21)			371			45,997	**46,368**
Securities held for trading (note 22)		23,986	2,102	2,187		31,653	**59,928**
Available-for-sale financial assets (note 23)						14,257	**14,257**
Held-to-maturity financial assets (note 24)						3,780	**3,780**
TOTAL		**23,986**	**2,473**	**2,773**		**124,368**	**153,600**

* Accrued interest excluded.

43 Repricing periods

Group 2010

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	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**
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	

Group 2009

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	255,363	53,362	1,208	1,125	4,307	7,622	4,295	36	4,142	**331,460**
Loans to the public	437,515	371,948	76,492	39,342	105,250	76,389	71,251	9,650		**1,187,837**
Financial assets	433,616	50,222	23,382	11,327	5,371	–24,286	20,124	–26,332	246,865	**740,289**
Other assets	9,052	441	429	456	14	22		21,977	16,250	**48,641**
TOTAL	**1,135,546**	**475,973**	**101,511**	**52,250**	**114,942**	**59,747**	**95,670**	**5,331**	**267,257**	**2,308,227**
Liabilities and equity										
Deposits from credit institutions	252,824	34,554	28,145	54,197	3,202	1,001	15,374	5,862	2,274	**397,433**
Deposits and borrowing from the public	654,099	38,763	18,579	11,914	13,605	9,155	52,625	2,348		**801,088**
Issued securities	199,726	99,622	14,797	33,004	63,788	55,723	25,689	57		**492,406**
Other liabilities	218,906	5,491	1,872	49	120	173	1,258	34,479	255,283	**517,631**
Total equity								99,669		**99,669**
TOTAL	**1,325,555**	**178,430**	**63,393**	**99,164**	**80,715**	**66,052**	**94,946**	**142,415**	**257,557**	**2,308,227**
Interest rate sensitive, net	–190,009	297,543	38,118	–46,914	34,227	–6,305	724	–137,084	9,700	
Cumulative sensitive	–190,009	107,534	145,652	98,738	132,965	126,660	127,384	–9,700	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".

44 Loans and loan loss provisions

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Loans to credit institutions[1]	204,188	331,460	250,568	376,223
Loans to the public[1]	1,074,879	1,187,837	763,441	732,475
TOTAL	**1,279,067**	**1,519,297**	**1,014,009**	**1,108,698**

1) Including debt instruments classified as Loans.

Loans

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Performing loans	1,270,550	1,508,801	1,012,891	1,107,831
Individually assessed impaired loans, past due > 60 days	13,721	18,157	1,587	1,914
Individually assessed impaired loans, performing or past due < 60 days	2,754	3,167	494	89
Portfolio assessed loans, past due > 60 days	6,459	6,937	677	679
Portfolio assessed loans, restructured	502	312		
Loans prior to reserves	**1,293,986**	**1,537,374**	**1,015,649**	**1,110,513**
Specific reserves for individually assessed loans	–8,532	–10,456	–1,030	–1,131
Collective reserves for individually assessed loans	–2,851	–4,371	–453	–568
Collective reserves for portfolio assessed loans	–3,536	–3,250	–157	–116
Reserves	**–14,919**	**–18,077**	**–1,640**	**–1,815**
TOTAL	**1,279,067**	**1,519,297**	**1,014,009**	**1,108,698**

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	204,030	443,113	210,611	62,667	423,748	**1,344,169**	–73,619	**1,270,550**
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	**204,374**	**451,089**	**219,094**	**62,667**	**431,199**	**1,368,423**	**–74,437**	**1,293,986**
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	**204,188**	**443,993**	**214,733**	**62,661**	**427,358**	**1,352,933**	**–73,866**	**1,279,067**

Group 2009	Credit institutions	Corporates	Property Management	Public Administration	Households	Total operations
Performing loans	331,284	467,167	207,595	80,952	421,803	**1,508,801**
Individually assessed impaired loans, past due > 60 days	339	7,235	9,664		919	**18,157**
Individually assessed impaired loans, performing or past due < 60 days	3	1,646	1,420		98	**3,167**
Portfolio assessed loans, past due > 60 days		1,421			5,516	**6,937**
Portfolio assessed loans, restructured					312	**312**
Loans prior to reserves	**331,626**	**477,469**	**218,679**	**80,952**	**428,648**	**1,537,374**
Specific reserves for individually assessed loans	–165	–5,030	–4,774		–487	**–10,456**
Collective reserves for individually assessed loans	–1	–3,407	–598	–7	–358	**–4,371**
Collective reserves for portfolio assessed loans		–834			–2,416	**–3,250**
Reserves	**–166**	**–9,271**	**–5,372**	**–7**	**–3,261**	**–18,077**
TOTAL	**331,460**	**468,198**	**213,307**	**80,945**	**425,387**	**1,519,297**

Note 44 ctd. Loans and loan loss provisions / Loans by category of borrower

Parent company 2010	Credit institutions	Corporates	Property Management	Public Administration	Households	Total operations
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**

Parent company 2009	Credit institutions	Corporates	Property Management	Public Administration	Households	Total operations
Performing loans	376,048	366,519	96,420	46,237	222,607	**1,107,831**
Individually assessed impaired loans, past due > 60 days	339	1,304	260		11	**1,914**
Individually assessed impaired loans, performing or past due < 60 days	1	51	35		2	**89**
Portfolio assessed loans, past due > 60 days					679	**679**
Loans prior to reserves	**376,388**	**367,874**	**96,715**	**46,237**	**223,299**	**1,110,513**
Specific reserves for individually assessed loans	–165	–784	–180		–2	**–1,131**
Collective reserves for individually assessed loans		–565		–3		**–568**
Collective reserves for portfolio assessed loans					–116	**–116**
Reserves	**–165**	**–1,349**	**–180**	**–3**	**–118**	**–1,815**
TOTAL	**376,223**	**366,525**	**96,535**	**46,234**	**223,181**	**1,108,698**

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	321,618	100,644	29,951	**1,344,169**	–73,619	**1,270,550**
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**	**325,247**	**116,516**	**31,454**	**1,368,423**	**–74,437**	**1,293,986**
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**	**322,980**	**106,617**	**30,442**	**1,352,933**	**–73,866**	**1,279,067**

Group 2009	The Nordic region	Germany	The Baltic region	Other	Total operations
Performing loans	963,565	382,559	129,751	32,926	**1,508,801**
Individually assessed impaired loans, past due > 60 days	1,878	4,443	11,224	612	**18,157**
Individually assessed impaired loans, performing or past due < 60 days	89	361	2,708	9	**3,167**
Portfolio assessed loans, past due > 60 days	1,822	135	4,439	541	**6,937**
Portfolio assessed loans, restructured			312		**312**
Loans prior to reserves	**967,354**	**387,498**	**148,434**	**34,088**	**1,537,374**
Specific reserves for individually assessed loans	–1,094	–2,368	–6,632	–362	**–10,456**
Collective reserves for individually assessed loans	–1,016	–703	–2,467	–185	**–4,371**
Collective reserves for portfolio assessed loans	–628	–39	–2,267	–316	**–3,250**
Reserves	**–2,738**	**–3,110**	**–11,366**	**–863**	**–18,077**
TOTAL	**964,616**	**384,388**	**137,068**	**33,225**	**1,519,297**

Note 44 ctd. Loans and loan loss provisions / Loans by geographical region

Parent company 2010	The Nordic region	Germany	The Baltic region	Other	Total operations
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**
Parent company 2009					
Performing loans	1,079,222		7	28,602	**1,107 831**
Individually assessed impaired loans, past due > 60 days	1,349			565	**1,914**
Individually assessed impaired loans, performing or past due < 60 days	89				**89**
Portfolio assessed loans, past due > 60 days				679	**679**
Loans prior to reserves	**1,080,660**		**7**	**29,846**	**1,110,513**
Specific reserves for individually assessed loans	–863			–268	**–1,131**
Collective reserves for individually assessed loans	–568				**–568**
Collective reserves for portfolio assessed loans				–116	**–116**
Reserves	**–1,431**			**–384**	**–1,815**
TOTAL	**1,079,229**		**7**	**29,462**	**1,108,698**

1) The geographical distribution is based on where the loan is booked.

	Group		Parent company	
Loans against collateral	**2010**	2009	**2010**	2009
Mortgage, real property	632,246	629,168	425,996	384,936
Securities and deposits	22,234	21,028	5,256	16,360
Public Administration	62,667	80,953	4,522	12,765
Banks	123,291	214,319	214,634	306,875
Unsecured loans	203,925	225,271	155,991	106,763
Other[1]	138,394	137,378	60,287	118,478
Loans	**1,182,757**	**1,308,117**	**866,686**	**946,177**
Repos	94,333	103,918	96,737	88,611
Debt instruments classified as Loans	91,333	125,339	52,226	75,725
Reserves	–14,919	–18,077	–1,640	–1,815
Reclassified to Discontinued operations	–74,437			
TOTAL	**1,279,067**	**1,519,297**	**1,014,009**	**1,108,698**

1) Including floating charges, factoring, leasing, guarantees etc.

Loans restructured current year

Book value of loans prior to restructuring	547	1,416	226	937
Book value of loans after restructuring	512	1,416	181	937

Loans reclassified current year

Book value of impaired loans which have regained normal status	1,052	373	18	2

Note 44 ctd. Loans and loan loss provisions

Individually assessed loans	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Impaired loans, past due > 60 days	14,464	18,157	1,587	1,914
Impaired loans, performing or past due < 60 days	2,754	3,167	494	89
Total impaired loans	**17,218**	**21,324**	**2,081**	**2,003**
Specific reserves	–8,883	–10,456	–1,030	–1,131
for impaired loans, past due > 60 days	–7,741	–9,489	–772	
for impaired loans, performing or past due < 60 days	–1,142	–967	–258	–1,131
Collective reserves	–3,030	–4,371	–453	–568
Impaired loans net	**5,305**	**6,497**	**598**	**304**
Specific reserve ratio for individually assessed impaired loans	51.6%	49.0%	49.5%	56.5%
Total reserve ratio for individually assessed impaired loans	69.2%	69.5%	71.3%	84.8%
Net level of impaired loans	0.62%	0.72%	0.10%	0.08%
Gross level of impaired loans	1.26%	1.39%	0.20%	0.18%

Portfolio assessed loans	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Loans past due > 60 days	6,534	6,937	677	679
Restructured loans	502	312		
Total	**7,036**	**7,249**	**677**	**679**
Collective reserves	–3,577	–3,250	–157	–116
Reserve ratio for portfolio assessed impaired loans	50.8%	44.8%	23.2%	17.1%

All loans past due but not determined to be impaired amounted to SEK 13,043m (16,155m) (past due up to 30 days) and SEK 2,859m (4,310) (between 31 and 60 days). These loans represented 1.24 per cent (1.35) of the total lending volume.

Reserves

Specific loan loss reserves[1]	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Opening balance	–10,456	–5,022	–1,131	–903
Reversals for utilisation	1,461	635	244	286
Provisions	–2,526	–7,256	–294	–673
Reversals	1,574	621	91	103
Exchange rate differences	1,064	566	60	56
Closing balance	**–8,883**	**–10,456**	**–1,030**	**–1,131**
Reclassified to Discontinued operations	351			
Continuing operations	**–8,532**	**–10,456**		

1) Specific reserves for individually appraised loans.

Collective loan loss reserves[2]	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Opening balance	–7,621	–4,197	–684	–798
Net provisions	437	–3,806	61	111
Exchange rate differences	577	382	13	3
Closing balance	**–6,607**	**–7,621**	**–610**	**–684**
Reclassified to Discontinued operations	220			
Continuing operations	**–6,387**	**–7,621**		

2) Collective reserves for individually appraised loans, reserves for loans assessed on a portfolio basis and country risk reserves.

Contingent liabilities reserves	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Opening balance	–478	–251	46	
Net provisions	–15	–224	23	46
Exchange rate differences	17	–3	–93	
Closing balance	**–476**	**–478**	**–24**	**46**
TOTAL	**–15,966**	**–18,555**	**–1,664**	**–1,769**
Reclassified to Discontinued operations	571			
Continuing operations	**–15 395**	**–18,555**		

45 Derivative instruments

	Group		Parent company	
	2010	2009	**2010**	2009
Interest-related	79,173	94,464	76,562	87,249
Currency-related	41,175	41,126	38,426	40,846
Equity-related	6,993	2,027	6,890	2,007
Other	298	5,819	230	5,762
Positive replacement values	**127,639**	**143,436**	**122,108**	**135,864**
Interest-related	75,799	87,164	74,015	77,602
Currency-related	41,695	39,818	38,847	39,390
Equity-related	3,231	1,157	2,961	959
Other	134	273	86	174
Negative replacement values	**120,859**	**128,412**	**115,909**	**118,125**

	Positive replacement values		Negative replacement values	
Group 2010	Nom. amount	Book value	Nom. amount	Book value
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
Group 2009				
Options	111,718	6,846	104,588	4,509
Futures	930,298	4,891	1,007,467	4,932
Swaps	2,524,743	82,727	2,514,234	77,723
Interest-related	**3,566,759**	**94,464**	**3,626,289**	**87,164**
of which, cleared	1,600	13	836	12
Options	157,885	1,768	155,640	1,914
Futures	327,768	5,557	311,087	5,329
Swaps	3,177,853	33,801	3,175,795	32,575
Currency-related	**3,663,506**	**41,126**	**3,642,522**	**39,818**
of which, cleared	26,943	286	26,561	213
Options	600	1,909	5,544	824
Futures	188	50	62	56
Swaps	15,398	68	15,747	277
Equity-related	**16,186**	**2,027**	**21,353**	**1,157**
of which, cleared	188	366	62	376
Options	371	24	483	56
Futures	416	44	416	43
Swaps	29,670	5,751	28,221	174
Other	**30,457**	**5,819**	**29,120**	**273**
of which, cleared	787	67	787	67
TOTAL	**7,276,908**	**143,436**	**7,319,284**	**128,412**
of which, cleared	29,518	732	28,246	668

Note 45 ctd. Derivative instruments

	Positive replacement values		Negative replacement values	
Parent company 2010	Nom. amount	Book value	Nom. amount	Book value
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

Parent company 2009	Nom. amount	Book value	Nom. amount	Book value
Options	85,919	4,723	89,501	4,438
Futures	928,726	4,793	1,006,656	4,920
Swaps	2,283,889	77,733	2,282,299	68,244
Interest-related	**3,298,534**	**87,249**	**3,378,456**	**77,602**
Options	154,104	1,657	154,335	1,910
Futures	275,160	4,757	275,393	4,895
Swaps	3,141,871	34,432	3,140,697	32,585
Currency-related	**3,571,135**	**40,846**	**3,570,425**	**39,390**
Options		1,901		645
Futures		38		54
Swaps	15,397	68	15,397	260
Equity-related	**15,397**	**2,007**	**15,397**	**959**
of which, cleared		355		374
Swaps	29,670	5,762	28,222	174
Other	**29,670**	**5,762**	**28,222**	**174**
TOTAL	**6,914,736**	**135,864**	**6,992,500**	**118,125**
of which, cleared		355		374

46 Fair value information

	Group 2010		Group 2009	
	Book value	Fair value	Book value	Fair value
Cash and cash balances with central banks	46,488	46,483	36,589	36,586
Loans to credit institutions	204,188	202,761	331,460	332,221
Loans to the public	1,074,879	1,081,207	1,187,837	1,183,644
Securities held for trading	*221,791*	*221,791*	*187,924*	*187,924*
Derivatives held for trading	*116,008*	*116,008*	*133,230*	*133,230*
Derivatives held for hedging	*11,631*	*11,631*	*10,206*	*10,206*
Fair value changes of hedged items in a portfolio hedge	*3,419*	*3,419*	*4,026*	*4,026*
Financial assets – policyholders bearing the risk	*179,432*	*179,432*	*155,486*	*155,486*
Other financial assets at fair value	*85,465*	*85,465*	*90,769*	*90,769*
Financial assets at fair value	617,746	617,746	581,641	581,641
Available-for-sale financial assets	66,970	66,970	87,948	87,948
Held-to-maturity investments	1,451	1,451	1,332	1,344
Assets held for sale	74,951	74,951	596	596
Investments in associates	1,022	1,022	995	995
Intangible assets	*16,922*	*16,922*	*17,177*	*17,177*
Property and equipment	*1,588*	*1,588*	*2,200*	*2,200*
Investment properties	*8,525*	*8,525*	*8,393*	*8,393*
Tangible and intangible assets	27,035	27,035	27,770	27,770
Current tax assets	*4,580*	*4,580*	*3,898*	*3,898*
Deferred tax assets	*1,709*	*1,709*	*1,624*	*1,624*
Trade and client receivables	*30,434*	*30,434*	*14,637*	*14,637*
Withheld margins of safety	*13,989*	*13,989*	*17,120*	*17,120*
Other assets	*14,379*	*14,379*	*14,780*	*14,780*
Other assets	65,091	65,091	52,059	52,059
TOTAL ASSETS	**2,179,821**	**2,184,717**	**2,308,227**	**2,304,804**
Deposits from credit institutions	212,624	212,711	397,433	397,578
Deposits and borrowing from the public	711,541	713,999	801,088	802,821
Liabilities to policyholders – investment contracts	*174,753*	*174,753*	*155,860*	*155,855*
Liabilities to policyholders – insurance contracts	*89,217*	*89,217*	*93,149*	*93,149*
Liabilities to policyholders	263,970	263,970	249,009	249,004
Debt securities	530,483	533,908	456,043	465,020
Derivatives held for trading	*113,597*	*113,597*	*119,293*	*119,293*
Derivatives held for hedging	*7,262*	*7,262*	*9,119*	*9,119*
Trading liabilities	*78,467*	*78,467*	*61,529*	*61,529*
Fair value changes of hedged items in portfolio hedge	*1,364*	*1,364*	*1,499*	*1,499*
Financial liabilities at fair value	200,690	200,690	191,440	191,440
Liabilities held for sale	48,339	48,339	165	165
Current tax liabilities	*4,021*	*4,021*	*1,547*	*1,547*
Deferred tax liabilities	*9,852*	*9,852*	*10,299*	*10,299*
Trade and client payables	*29,960*	*29,960*	*16,401*	*16,401*
Withheld margins of safety	*13,963*	*13,963*	*21,399*	*21,399*
Other liabilities	*27,535*	*27,535*	*25,338*	*25,338*
Other liabilities	85,331	85,331	74,984	74,984
Provisions	1,748	1,748	2,033	2,033
Subordinated liabilities	25,552	26,507	36,363	32,063
TOTAL LIABILITIES	**2,080,278**	**2,087,203**	**2,208,558**	**2,215,108**

The above calculation comprises balance sheet items at fixed rates of interest during fixed periods. This means that all items subject to variable rates of interest, i.e. deposit/lending volumes for which interest terms are market-related, have not been recalculated; the nominal amount is considered to equal a fair value.

When calculating fair values for fixed-interest rate lending, future interest income is discounted with the help of a market interest curve, which has been adjusted for applicable margins on new lending. Correspondingly, fixed-interest rate-related deposits and borrowing are discounted with the help of the market interest curve, adjusted for relevant margins.

In addition to fixed-rate deposits/lending, adjustments have also been made for surplus values in properties and certain shareholdings.

One effect of this calculation method is that the fair values arrived at in times of falling margins on new lending will be higher than book values, while the opposite is true in times of rising margins. It should furthermore be noted that this calculation does not represent a market valuation of the Group as a company.

47 Related party disclosures*

Parent company 2010	Group companies Assets/ Liabilities	Group companies Interest	Associated companies Assets/ Liabilities	Associated companies Interest	Total Assets/ Liabilities	Total Interest
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**
Parent company 2009						
Loans to credit institutions	169,409	2,969			**169,409**	**2,969**
Loans to the public	41,230	1,198	352	3	**41,582**	**1,201**
Bonds and other interest-bearing securities	5,556	193			**5,556**	**193**
Other assets	13,086				**13,086**	
TOTAL	**229,281**	**4,360**	**352**	**3**	**229,633**	**4,363**
Deposits from credit institutions	72,454	–1,068			**72,454**	**–1,068**
Deposits and borrowings from the public	9,444	–80	5		**9,449**	**–80**
Issued securities	2,649	–96			**2,649**	**–96**
Other liabilities	6,822				**6,822**	
TOTAL	**91,369**	**–1,244**	**5**		**91,374**	**–1,244**

* 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 2010 received SEK 164m (186) regarding the insurance administration agreement and SEK 265m (137) regarding the asset management agreement. For more information on Gamla Livförsäkringsbolaget SEB Trygg Liv, see note 51.

48 Capital adequacy

Calculation of capital base	Financial group of undertakings[1] 2010	Financial group of undertakings[1] 2009	Parent company 2010	Parent company 2009
Total equity according to balance sheet	99,543	99,669	65,341	65,622
Proposed dividend (excl repurchased shares)	–3,291	–2,193	–3,291	–2,193
Investments outside the financial group of undertakings	–40	–47		
Other deductions outside the financial group of undertakings[2]	–2,688	–2,570		
Total equity in the capital adequacy	**93,524**	**94,859**	**62,050**	**63,429**
Untaxed reserves			17,636	16,689
Adjustment for hedge contracts	1,755	–419	1,768	–398
Net provisioning amount for IRB-reported credit exposures		–297	–741	–1,281
Unrealised value changes on available-for-sale financial assets	1,724	1,096	1,870	1,532
Exposures where risk-weighted assets (RWA) are not calculated[3]	–1,184	–1,169	–1,184	–1,169
Goodwill[4]	–4,174	–4,464	–105	–209
Other intangible assets	–2,564	–2,616	–1,682	–1,142
Deferred tax assets	–1,694	–1,609	–155	
Core Tier 1 capital	**87,387**	**85,381**	**79,457**	**77,451**
Tier 1 capital contribution (non-innovative)	4,492	5,130	4,492	5,130
Tier 1 capital contribution (innovative)	10,101	11,093	10,101	11,093
Tier 1 capital	**101,980**	**101,604**	**94,050**	**93,674**
Dated subordinated debt	4,922	11,028	4,492	10,259
Deduction for remaining maturity	–361	–658		
Perpetual subordinated debt	4,152	7,386	4,152	7,386
Net provisioning amount for IRB-reported credit exposures	91	–297	–742	–1,281
Unrealised gains on available-for-sale financial assets	511	642	35	44
Exposures where risk-weighted assets (RWA) are not calculated[3]	–1,184	–1,169	–1,184	–1,169
Investments outside the financial group of undertakings	–40	–47		
Tier 2 capital	**8,091**	**16,885**	**6,753**	**15,239**
Investments in insurance companies[4]	–10,500	–10,601		
Pension assets in excess of related liabilities[5]	–422	–543		
CAPITAL BASE	**99,149**	**107,345**	**100,803**	**108,913**

Note 48 ctd. Capital adequacy

Calculation of risk-weighted assets	Financial group of undertakings[1] 2010	2009	Parent company 2010	2009
Credit risk IRB approach				
Institutions	37,405	50,200	21,297	31,740
Corporates	403,128	405,072	274,191	256,100
Securitisation positions	6,337	10,590	6,224	10,550
Retail mortgages	65,704	65,021	26,672	24,762
Other retail exposures	9,826	10,792	6,719	6,778
Other exposure classes	1,511	1,638		
Total credit risk IRB approach	**523,911**	**543,313**	**335,103**	**329,930**
Further risk-weighted assets				
Credit risk, Standardised approach	91,682	97,563	176,428	232,110
Operational risk, Advanced Measurement approach	44,568	39,459	28,561	24,401
Foreign exchange rate risk	15,995	7,957	11,650	7,608
Trading book risks	39,970	42,200	37,396	39,371
Total risk-weighted assets according to Basel II	**716,126**	**730,492**	**589,138**	**633,420**
Addition according to transitional flooring[6]	83,672	64,685		
TOTAL REPORTED RISK-WEIGHTED ASSETS	**799,798**	**795,177**	**589,138**	**633,420**

Capital adequacy analysis

	2010	2009	2010	2009
Minimum capital requirement is 8 per cent of risk-weighted assets as stated above				
Core Tier 1 capital ratio according to Basel II	12.2%	11.7%	13.5%	12.2%
Tier 1 capital ratio according to Basel II	14.2%	13.9%	16.0%	14.8%
Total capital ratio according to Basel II	13.8%	14.7%	17.1%	17.2%
Capital base in relation to capital requirement Basel II	1.73	1.84	2.14	2.15
Core Tier 1 capital ratio including transitional floor	10.9%	10.7%	13.5%	12.2%
Tier 1 capital ratio including transitional floor	12.8%	12.8%	16.0%	14.8%
Total capital ratio including transitional floor	12.4%	13.5%	17.1%	17.2%
Capital base in relation to capital requirement including transitional floor	1.55	1.69	2.14	2.15

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 73.1bn (72.7), while the capital amounted to SEK 111.3bn (118.3).

49 Future minimum lease payments for operational leases*

	Group 2010	2009	Parent company 2010	2009
Year 2010		1,696		826
Year 2011	1,465	1,305	738	733
Year 2012	1,319	1,137	720	654
Year 2013	1,100	968	637	571
Year 2014	905	884	575	542
Year 2015 and later	2,439	2,795	1,723	2,050
TOTAL[1]	**7,228**	**8,785**	**4,393**	**5,376**

1) Of which SEK 707 relates to Retail Germany.
* Leases for premises and other operational leases.

50 Assets and liabilities distributed by main currencies

Group 2010	SEK	EUR	USD	GBP	DKK	NOK	Other	**Total**
Loans to credit institutions	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**
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**
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	97,923	–1,200	–1,133	–320	440	–1,745	5,578	**99,543**
TOTAL LIABILITIES AND EQUITY	**897,164**	**671,080**	**256,685**	**41,033**	**179,103**	**61,662**	**73,094**	**2,179,821**

Group 2009	SEK	EUR	USD	GBP	DKK	NOK	Other	**Total**
Loans to credit institutions	82,025	137,798	65,230	12,666	27,683	2,448	3,610	**331,460**
Loans to the public	510,422	482,195	80,202	13,008	25,192	38,466	38,352	**1,187,837**
Financial assets	280,761	200,033	30,155	3,784	98,296	46,049	12,838	**671,916**
Other assets	32,522	24,586	1,772	611	31,490	11,492	14,541	**117,014**
TOTAL ASSETS	**905,730**	**844,612**	**177,359**	**30,069**	**182,661**	**98,455**	**69,341**	**2,308,227**
Deposits from credit institutions	145,411	104,766	85,618	3,845	33,302	13,026	11,465	**397,433**
Deposits and borrowing from the public	299,886	301,597	97,493	11,840	14,088	25,516	50,668	**801,088**
Financial liabilities	379,165	292,509	69,918	14,425	106,182	27,194	7,099	**896,492**
Other liabilities	21,157	17,550	13,985	–29	12,665	3,303	8,551	**77,182**
Subordinated liabilities		21,997	6,395	5,787		122	2,062	**36,363**
Shareholders' equity and untaxed reserves	99,863	–1,709	–1,367	1,665	–85	1,382	–80	**99,669**
TOTAL LIABILITIES AND EQUITY	**945,482**	**736,710**	**272,042**	**37,533**	**166,152**	**70,543**	**79,765**	**2,308,227**

Parent Company 2010	SEK	EUR	USD	GBP	DKK	NOK	Other	**Total**
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**
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**
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	87,491	–892	–1,133	–320	267	–1,745	5,603	**89,271**
TOTAL LIABILITIES AND EQUITY	**735,741**	**342,038**	**254,447**	**39,443**	**81,908**	**57,387**	**25,364**	**1,536,328**

Parent Company 2009	SEK	EUR	USD	GBP	DKK	NOK	Other	**Total**
Loans to credit institutions	84,893	166,113	67,911	15,003	27,412	8,004	6,887	**376,223**
Loans to the public	479,314	116,405	71,434	10,212	23,347	23,560	8,203	**732,475**
Financial assets	211,357	72,828	20,973	3,143	22,505	43,881	10,340	**385,027**
Other assets	44,332	9,384	3,931	2,332	11,160	13,398	17,654	**102,191**
TOTAL ASSETS	**819,896**	**364,730**	**164,249**	**30,690**	**84,424**	**88,843**	**43,084**	**1,595,916**
Deposits from credit institutions	145,935	87,846	88,955	4,077	33,750	13,995	11,972	**386,530**
Deposits and borrowing from the public	298,138	54,860	90,807	10,889	9,708	19,844	6,604	**490,850**
Financial liabilities	264,868	168,944	65,774	12,047	18,920	26,074	2,907	**559,534**
Other liabilities	9,830	8,993	13,427	–1,112	–162	–120	4,380	**35,236**
Subordinated liabilities		21,228	6,395	5,787		25	2,063	**35,498**
Shareholders' equity and untaxed reserves	88,530	–1,688	–1,367	1,665	–263	1,382	9	**88,268**
TOTAL LIABILITIES AND EQUITY	**807,301**	**340,183**	**263,991**	**33,353**	**61,953**	**61,200**	**27,935**	**1,595,916**

51 Life insurance operations

INCOME STATEMENT	Group 2010	2009
Premium income, net	7,024	7,313
Income investment contracts		
Own fees including risk gain/loss	1,170	1,031
Commissions from fund companies	1,303	1,017
	2,473	2,048
Net investment income	7,722	5,308
Other operating income	418	412
Total income, gross	**17,637**	**15,081**
Claims paid, net	–8,234	–8,216
Change in insurance contract provisions	–4,864	–2,440
Total income, net	**4,539**	**4,425**
Of which from other units within the SEB group	*1,284*	*828*
Expenses for acquisition of investment and insurance contracts		
Acquisition costs	–1,473	–1,485
Change in deferred acquisition costs	160	165
	–1,313	–1,320
Administrative expenses	–1,011	–963
Other operating expenses	–13	–27
Total expenses	**–2,337**	**–2,310**
OPERATING PROFIT	**2,202**	**2,115**

CHANGE IN SURPLUS VALUES IN DIVISION SEB TRYGG LIV

Traditional insurance in SEB Pension Denmark is not included

	2010	2009
Present value of new sales[1)]	1,536	1,556
Return on existing policies	1,371	1,159
Realised surplus value in existing policies	–1,841	–1,446
Actual outcome compared to assumptions[2)]	259	–204
Change in surplus values from ongoing business, gross	**1,325**	**1,065**
Capitalisation of acquisition costs	–813	–776
Amortisation of capitalised acquisition costs	653	611
Change in surplus values from ongoing business, net[3)]	**1,165**	**900**
Financial effects due to short-term market fluctuations[4)]	554	2,019
Change in assumptions[5)]	–352	–709
TOTAL CHANGE IN SURPLUS VALUES[6)]	**1,367**	**2,210**

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 96 per cent of the surplus value):

	2010	2009
Discount rate	7.5%	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% / 8% / 15% / 9% / 9%
Lapse rate of regular premiums, unit-linked	11%	11%
Growth in fund units, gross before fees and taxes	5.5%	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 5.5 per cent gross (before fees and taxes). Actual growth results in positive or negative financial effects.
5) Both 2010 and 2009 were negatively affected by assumed higher frequency of transfer of policies. 2009 was also negatively affected by more conservative assumptions for the Baltic business.
6) Calculated surplus values are not included in the SEB Group's consolidated accounts.

Note 51 ctd. Life insurance operations

SUMMARIZED FINANCIAL INFORMATION FOR GAMLA LIVFÖRSÄKRINGSBOLAGET SEB TRYGG LIV*

	Group	
Summary Income statements	**2010**	**2009**
Life insurance technical result	12,003	28,551
Appropriations	78	–57
Taxes	–549	–1,024
NET RESULT	**11,532**	**27,470**

Summary Balance sheet		
Total assets	188,311	194,117
TOTAL ASSETS	**188,311**	**194,117**
Total liabilties	110,283	123,042
Consolidation fund / equity	77,656	70,625
Untaxed reserves	372	450
TOTAL LIABILITIES AND EQUITY	**188,311**	**194,117**

* 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.

52 Assets in unit-link operations

Within the unit-linked business SEB holds, for its customer's account, a share of more than 50 per cent in 38 (39) funds, where SEB is the investment manager. The total value of those funds amounted to SEK 94,100m (82,547) of which SEB, for its customer's account, holds SEK 64,560m (60,647).

53 Assets and liabilities of disposal groups classified as held for sale and discontinued operations

Impact of the sale of German retail Banking to Banco Santander

As announced on 12 July SEB has agreed on the sale of its German retail banking business to Banco Santander. The discontinued business encompasses 173 branch offices, 1 million private customers and some 2,000 employees. The transaction is structured as a carve-out, i.e. assets, liabilities and contracts pertaining to the retail banking business in Germany will be separated from SEB AG, into a carve-out entity and subsequently transferred to the buyer upon the closing of the transaction. As of third quarter, 2010, the carve-out entity is reported in accordance with IFRS 5, "Discontinued operations". This means that the discontinued operations is 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 relating to the carve-out entity are separated from other assets and liabilities.

	Group	
Income statement	**2010**	**2009**
Total operating income	2,648	3,042
Total operating expenses [1)]	–4,204	–3,603
Profit before credit losses	**–1,556**	**–561**
Net credit losses	–361	–418
Operating profit	**–1,917**	**–979**
Income tax expense	131	288
Net profit from discontinued operations	**–1,786**	**–691**

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**	**0**

1) Transaction-related costs such as separation of IT and premises, write-down of fixed assets, advisory costs and redundancies.

Note 53 ctd. Assets and liabilities of disposal groups classified as held for sale and discontinued operations

	Group	
Balance sheet	**2010**	**2009**
Loans to the public	73,866	
Other assets	1,085	596
Total assets held for sale	**74,951**	**596**
Deposits from credit institutions	6,303	
Deposits and borrowing from the public	40,777	
Other liabilities	1,259	165
Total liabilities held for sale	**48,339**	**165**
Cash flow statement		
Cash flow from operating activities	774	–6,745
Cash flow from investment activities	–115	308
Cash flow from financing activities	–726	6,320
Net increase in cash and cash equivalents from discontinued operations	**–67**	**–117**

54 Reclassified portfolios

	Group		Parent company	
	2010	**2009**	**2010**	**2009**
Opening balance	125,339	107,899	75,725	102,646
Reclassified		51,770		
Amortisations	–6,618	–6,683	–6,055	–6,789
Securities sold	–25,325	–18,180	–21,375	–13,527
Accrued coupon	–44	465	56	89
Exchange rate differences	–14,671	–9,932	–8,777	–6,694
CLOSING BALANCE*	**78,681**	**125,339**	**39,574**	**75,725**
* Fair value if not reclassified	77,138	120,635	36,857	70,223
Fair value impact – if not reclassified				
In Equity (AFS origin)	2,901	759	2,289	327
In Income Statement (HFT origin)	49	1,412	496	1,046
TOTAL	**2,950**	**2,171**	**2,785**	**1,373**
Effect in Income Statement*				
Net interest income	1,578	2,974	791	1,911
Net financial income	–9,060	–5,141	–9,060	–5,141
Other income	–282	50	–290	86
TOTAL	**–7,764**	**–2,117**	**–8,559**	**–3,144**

* 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 considers 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.

55 Restructuring costs

	Group	
	2010	**2009**
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.

56 Events after the balance sheet date

The divestment of SEB's German retail banking business to Banco Santander, as announced on 12 July, was finalised on 31 January 2011.

As communicated in July, the Group has restated its accounts to reflect the divestment. Restructuring charges of SEK 764m (EUR 80m for adjusting of infrastructure) in the continuing operations and transaction-related costs of SEK 1,240m (EUR 130m for advisory costs, IT adjustments and physical separation including redundancy) in the discontinued operations were recorded at the time of the signing of the agreement in the third quarter.

The actual financial effects at the finalisation of the divestment are in line with the estimated and communicated consequences when the agreement was signed; a capital gain amounting to EUR 135m and negative effects from unwinding of hedges amounting to EUR 245m which were booked at the finalisation of the transaction.

The divestment increased the Group's core Tier 1 capital ratio with 60 basis points. This is the net effect of the lower risk weighted assets and the EUR 110m effect on the result. There will also be an interest expense at an estimated EUR 65m impacting the result in 2011.

The divestment is further disclosed in note 52.

The SEB Group

Income statement

SEK m	2010	2009[1]	2008[1]	2007[1]	2006[1]
Net interest income	16,010	18,046	16,940	14,101	12,463
Net fee and commission income	14,160	13,285	14,027	15,647	14,867
Net financial income	3,166	4,488	2,970	3,236	4,041
Net life insurance income	3,255	3,597	2,375	2,933	2,661
Net other income	288	2,159	1,751	1,163	1,575
Total operating income	**36,879**	**41,575**	**38,063**	**37,080**	**35,607**
Staff costs	–14,004	–13,786	–14,513	–13,294	–12,800
Other expenses	–7,303	–6,740	–6,510	–5,718	–5,713
Depreciation, amortisation and impairment of tangible and intangible assets	–1,880	–4,672	–1,456	–1,157	–1,083
Restructuring costs	–764				
Total operating expenses	**–23,951**	**–25,198**	**–22,479**	**–20,169**	**–19,596**
Gains less losses on disposals of tangible and intangible assets	14	4	5	787	75
Net credit losses	–1,837	–12,030	–3,155	–950	–562
Operating profit	**11,105**	**4,351**	**12,434**	**16,748**	**15,524**
Income tax expense	–2,521	–2,482	–2,351	–3,376	–2,939
Net profit from continuing operations	**8,584**	**1,869**	**10,083**	**13,372**	**12,585**
Discontinued operations	–1,786	–691	–33	270	38
NET PROFIT	**6,798**	**1,178**	**10,050**	**13,642**	**12,623**
Attributable to minority interests	53	64	9	24	18
Attributable to equity holders	6,745	1,114	10,041	13,618	12,605

1) 2009–2008 restated and 2007–2006 pro forma calculated to reflect continuing operations.

Balance sheet

SEK m	2010	2009	2008	2007	2006
Loans to credit institutions	204,188	331,460	266,363	263,012	179,339
Loans to the public	1,074,879	1,187,837	1,296,777	1,067,341	946,643
Other financial assets	678,786	634,002	765,131	868,643	672,369
Other assets	221,968	154,928	182,431	145,466	136,090
TOTAL ASSETS	**2,179,821**	**2,308,227**	**2,510,702**	**2,344,462**	**1,934,441**
Deposits from credit institutions	212,624	397,433	429,425	421,348	365,980
Deposits and borrowing from the public	711,541	801,088	841,034	750,481	641,758
Other financial liabilities	961,438	856,107	996,590	940,820	715,729
Other liabilities	194,675	153,930	159,924	155,094	143,707
Total equity	99,543	99,669	83,729	76,719	67,267
TOTAL LIABILITIES AND EQUITY	**2,179,821**	**2,308,227**	**2,510,702**	**2,344,462**	**1,934,441**

Key ratios

	2010	2009	2008	2007	2006
Return on equity, %	6.8	1.2	13.1	19.3	20.8
Basic earnings per share, SEK	3.07	0.58	10.36	14.12	13.23
Cost/Income ratio [1]	0.65	0.61	0.59	0.54	0.55
Credit loss level, %	0.14	0.92	0.30	0.11	0.08
Total reserve ratio for individually impaired loans, %	69.2	69.5	68.5		
Gross level of impaired loans, %	1.26	1.39	0.73		
Total capital ratio [2], %	12.4	13.5	10.6	11.0	11.5
Tier I capital ratio [2], %	12.8	12.8	8.4	8.6	8.2

1) Continuing operations.
2) 2010–2007 Basel II (with transitional rules), 2006 Basel I.

Skandinaviska Enskilda Banken

Income statement

SEK m	2010	2009	2008	2007	2006
Net interest income	13,828	15,069	13,171	11,603	4,711
Net commission income	6,907	6,215	5,994	7,124	7,163
Net result of financial transactions	3,239	4,065	3,236	2,490	3,515
Other income	1,714	5,568	5,649	4,583	3,515
Total operating income	**25,688**	**30,917**	**28,050**	**25,800**	**18,904**
Administrative expenses	–13,935	–12,117	–13,304	–12,589	–13,073
Depreciation, amortisation and impairment of tangible and intangible assets	–4,630	–5,125	–4,820	–4,847	–399
Total operating costs	**–18,565**	**–17,242**	**–18,124**	**–17,436**	**–13,472**
Profit before credit losses	**7,123**	**13,675**	**9,926**	**8,364**	**5,432**
Net credit losses	–362	–984	–773	–24	–134
Impairment of financial assets	–442	–1,222	–121	–106	–100
Operating profit	**6,319**	**11,469**	**9,032**	**8,234**	**5,198**
Appropriations including pension compensation	–1,283	–1,510	–2,117	–158	–345
Taxes	–2,666	–2,995	1,300	–591	–691
NET PROFIT	**2,370**	**6,964**	**8,215**	**7,485**	**4,162**

Balance sheet

SEK m	2010	2009	2008	2007	2006
Loans to credit institutions	250,568	376,223	349,073	357,482	361,615
Loans to the public	763,441	732,475	768,737	637,138	336,562
Other financial assets	459,379	419,267	501,023	511,800	434,596
Other assets	62,940	67,951	89,667	52,899	39,276
TOTAL ASSETS	**1,536,328**	**1,595,916**	**1,708,500**	**1,559,319**	**1,172,049**
Deposits from credit institutions	195,408	386,530	410,105	367,699	334,116
Deposits and borrowing from the public	484,839	490,850	453,697	412,499	390,085
Other financial liabilities	733,044	595,032	731,958	685,178	358,465
Other liabilities	33,766	35,236	48,445	34,995	41,481
Shareholders' equity and untaxed reserves	89,271	88,268	64,295	58,948	47,902
TOTAL LIABILITIES, UNTAXED RESERVES AND SHAREHOLDERS' EQUITY	**1,536,328**	**1,595,916**	**1,708,500**	**1,559,319**	**1,172,049**

Key ratios

	2010	2009	2008	2007	2006
Return on equity, %	3.6	10.6	19.0	18.7	11.6
Cost/Income ratio	0.72	0.56	0.65	0.68	0.71
Credit loss level, %	0.04	0.10	0.08	0.00	0.02
Gross level of impaired loans, %	0.20	0.18	0.14	0.03	–0.01
Total capital ratio [1], %	17.1	17.2	15.3	16.2	29.0
Tier I capital ratio [1], %	16.0	14.8	9.9	10.2	16.5

1) 2010–2007 Basel II (with transitional rules), 2006 Basel I.

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, defined as the average of 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).

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.

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 2009 unless otherwise stated. Percentage changes refer to comparisons with 2009 unless otherwise stated.

Exchange rates used for converting main currencies in the Group Consolidation

		Profit and loss account			Balance sheet		
		2010	2009	Change, %	2010	2009	Change, %
DKK	Danish kroner	1.283	1.426	–10	1.205	1.379	–13
EEK	Estonian kroon	0.610	0.679	–10	0.574	0.656	–12
EUR	Euro	9.550	10.622	–10	8.984	10.260	–12
NOK	Norwegian kroner	1.187	1.216	–2	1.150	1.236	–7
LTL	Lithuanian litas	2.766	3.076	–10	2.603	2.972	–12
LVL	Latvian lats	13.477	15.051	–10	12.657	14.466	–13
USD	U.S. dollars	7.208	7.653	–6	6.751	7.178	–6

Proposal for the distribution of profit

Standing at the disposal of the Annual General Meeting in accordance with the balance sheet of Skandinaviska Enskilda Banken, SEK 33,445,822,168

	SEK
Retained profits	31,075,442,440
Result for the year	2,370,379,728
Non-restricted equity	33,445,822,168

The board proposes that, following approval of the balance sheet of Skandinaviska Enskilda Banken for the financial year 2010, the Annual General Meeting should distribute the abovementioned unappropriated funds as follows:

declare a dividend of	SEK
SEK 1.50 per Series A-share	3,255,028,941
SEK 1.50 per Series C-share	36,228,762
and bring forward to next year	30,154,564,465

The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 24 February 2011

Marcus Wallenberg
CHAIRMAN

Tuve Johannesson
DEPUTY CHAIRMAN

Jacob Wallenberg
DEPUTY CHAIRMAN

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

Christine Novakovic
DIRECTOR

Jesper Ovesen
DIRECTOR

Carl Wilhelm Ros
DIRECTOR

Annika Falkengren
PRESIDENT AND CHIEF EXECUTIVE OFFICER
DIRECTOR

Auditors' report

To the annual meeting of the shareholders of Skandinaviska Enskilda Banken AB (publ); Corporate identity number 502032–9081

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Skandinaviska Enskilda Banken AB (publ) for the year 2010. The company's annual accounts are included in the printed version of this document on pages 18–150. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of Annual Accounts Act for Credit Institutions and Securities Companies when preparing the annual accounts and the application of international financial reporting standards IFRS as adopted by the EU and Annual Accounts Act for Credit Institutions and Securities Companies when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, Banking and Financing Business Act, Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRS as adopted by the EU and Annual Accounts Act for Credit Institutions and Securities Companies and give a true and fair view of the group's financial position and results of operations. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm 24 February 2011

PRICEWATERHOUSECOOPERS AB

Peter Clemedtson
AUTHORISED PUBLIC ACCOUNTANT
PARTNER IN CHARGE

Annual General Meeting

The Annual General Meeting will be held on Thursday 24 March, 2011, at 2 p.m. (Swedish time) at City Conference Centre, Stockholm.

Notices convening the General Meeting including an agenda for the Meeting is available on www.sebgroup.com

Shareholders wishing to attend the Annual General Meeting shall both

– be registered in the shareholders' register kept by Euroclear Sweden AB on Friday 18 March, 2011, at the latest
– and notify the Bank in writing to Skandinaviska Enskilda Banken AB, AGM, Box 7832, SE-103 98 Stockholm, or by telephone 0771-23 18 18 between 9.00 a.m. and 4.30 p.m. in Sweden or, from abroad, at +46 771 23 18 18 or via Internet on the home page of the Bank, www.sebgroup.com, on Friday 18 March, 2011, at the latest.

Dividend

The Board proposes a dividend of SEK 1.50 per share for 2010.

The share is traded ex dividend on Friday 25 March, 2011. Tuesday 29 March, 2011 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 Friday 1 April, 2011.

Addresses

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Visiting Address: Kungsträdgårdsgatan 8
Telephone: +46 771 62 10 00
+46 8 22 19 00 (management)

Divisions

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Visiting Address: Kungsträdgårdsgatan 8
Telephone: +46 771 62 10 00

Retail Banking
Postal Address: SE-106 40 Stockholm
Visiting Address: Sergels Torg 2
Telephone: +46 771 62 10 00

Wealth Management
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Visiting Address: Sveavägen 8
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Life
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Skandinaviska Enskilda Banken AB's corporate registration number: 502032-9081

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