Annual Report 13

Contents

2013 in brief

	2013	2012
Operating income, SEK m	41,553	38,823
Profit before credit losses, SEK m	19,266	15,171
Operating profit, SEK m	18,127	14,235
Return on equity, per cent	13.1	11.1
Earnings per share, SEK	6.74	5.31
Proposed dividend, SEK	4.00	2.75
Common Equity Tier I capital ratio[1], per cent	15.0	13.1
Core Tier I capital ratio[2], per cent	11.0	10.1

1) Basel III 2) Basel II with transitional rules

The most important events in 2013:

- The EU decided on implementation of the requirements on capital and liquidity under Basel III - CRR/CRD IV.
- SEB's investments in the corporate segments resulted in 108 new large corporate and institutional customers and 16,700 new SME customers. The number of private customers increased by some 37,400.
- SEB launched a new mobile app for corporate customers and an upgraded internet bank for private individuals in Sweden.
- SEB was the bank that large Nordic corporations and financial institutions were most willing to recommend (Prospera).
- SEB was awarded as the best bank for small and medium-sized companies in Sweden by the magazine Privata Affärer.
- For the fourth year in a row SEB received Global Private Banking Award as the best Nordic bank for private banking services (The Banker and PWM).
- SEB facilitated the first issue of green bonds in the Nordic region (the City of Gothenburg) as well as the first green corporate bond issue in the world (Vasakronan).

As a relationship bank strongly committed to deliver customer value, SEB in Sweden and the Baltic countries offers financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany the Bank's operations have a strong focus on a full-service offering to corporate and institutional clients. SEB's

SEB's divisions

	Operating profit
Merchant Banking – Commercial and investment banking services to large corporate and institutional clients in 18 countries, mainly in the Nordic region and Germany.	SEK 8,171m (7,109)
Retail Banking – Banking and advisory services to private individuals and small and medium-sized corporate customers in Sweden as well as card operations in the Nordic countries.	SEK 5,743m (4,353)
Life & Wealt Management	
Life – Life insurance products for private individuals and corporate customers, mainly in Sweden, Denmark and the Baltic countries.	SEK 1,892m (1,980)
Wealth Management– Asset management, including mutual funds, and private banking services to institutional clients and high net worth individuals in the Nordic countries.	SEK 1,610m (1,289)
Baltic – Banking and advisory services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania.	SEK 1,280m (918)

SEB's representation worldwide

Subsidiaries, branches and representative offices
SEB's activities principally embrace customers based in the Nordic and Baltic countries and Germany. The Bank has 286 branch offices in Sweden and the Baltic countries.

Operating income
By geography, per cent

	2013	2012
Sweden	59	57
Norway	8	8
Denmark	8	8
Finland	4	4
Germany [1)]	7	7
Estonia	3	3
Latvia	2	3
Lithuania	3	4
Other	6	6

1) Excluding centralised treasury operations.

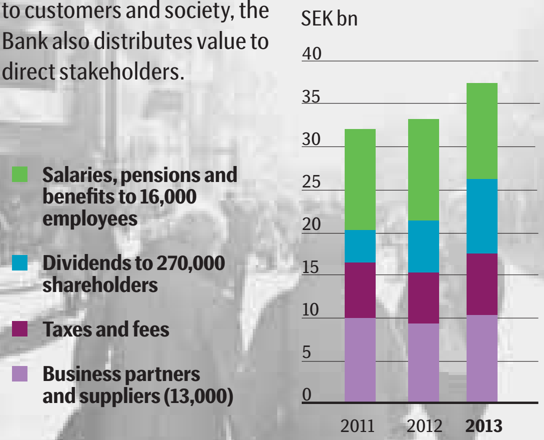
activities are carried out with a long-term perspective to fulfil the Bank's role to assist individuals, businesses and markets to thrive. The international nature of SEB's business is reflected in its presence in some 20 countries worldwide. SEB serves approximately 4 million customers and has around 16,000 employees.

SEB's strength

	2013	2012
Increased earnings		
Net profit, SEK bn	**14.8**	11.7
Continued high asset quality		
Credit loss level	**0.09**	0.08
Solid funding and liquidity		
Liquidity coverage ratio	**129**	113
Strong capital		
Common Equity Tier 1 (Basel III)	**15.0**	13.1

SEB's value distribution [1]

While creating economic value to customers and society, the Bank also distributes value to direct stakeholders.



1) See inside back cover

SEB's financial targets

	Target [1]	Outcome 2013	Outcome 2012
Dividend payout ratio	**≥40 %** earnings per share	59[2]	52
Common Equity Tier 1 capital ratio	**13 %** according to Basel III	15.0	13.1
Return on Equity competitive with peers	**15 %** on equity	13.1	11.1

The capital target may be revised as the Swedish implementation of the European Capital Requirements Directive, CRD IV, is clarified.

1) The targets are explained on page 9.
2) Subject to the approval by the AGM of the proposed dividend

Mission

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

Vision

To be the trusted partner for customers with aspirations

Brand promise

Rewarding relationships

Corporate objectives

- The leading Nordic bank for corporates and institutions
- The top universal bank in Sweden and the Baltic countries

Strategic priorities

- Long-term customer relationships
- Growth in areas of strength
- Resilience and flexibility

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.

2,900

Corporates and institutions

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

400,000

SME customers

SEB offers small and medium-sized corporate customers several customised products that were initially developed in cooperation 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 advice and services to meet all their financial needs. These include products and services for daily finances, savings, loans, pension solutions, cards, wealth management and life insurance.

Our foremost mission is to create value for our customers and thereby generate sustainable returns to our shareholders.

Founded more than 150 years ago in the service of entrepreneurs and enterprise SEB has a deeply rooted ambition to work in active and close partnership with our customers. It is an undertaking that fills us with pride and it involves a great degree of responsibility. As a bank our foremost mission is to create value for our customers and thereby generate sustainable and competitive returns to our shareholders over time.

Global growth is recovering

The much needed global recovery including a recovery in Europe, is slowly gaining momentum. In our region, the Nordic countries have shown more resilience and we are now seeing a more positive corporate sentiment and activity levels higher than a year ago.

Sound and profitable banks key

At its very core, SEB's business model is about building deep customer relationships based on our customers' needs. This is as a broad undertaking, as we are at the centre of the credit intermediation process, while managing financial risks and providing means for payments. Modern society would not function without its financial institutions. Therefore, a bank must take a long-term perspective and safeguard its financial stability so that it can support its customers. SEB aspires to do just that.

SEB's financial position is robust and profitable which are two important prerequisites for our ability to support the real economy. Over the past four years Swedish banks have increased corporate lending on average by over two per cent per year, while European banks have decreased their corporate lending. We have among the highest capitalisation and cost-efficiency levels as well as the lowest credit loss levels in Europe. This is manifested by the Swedish banking system's low funding costs, which to a large extent are passed on to the banks' customers.

Regulations yet to be finalised

Everyone agrees that the function, efficiency and stability of the global financial system must be safeguarded. Accordingly, a number of new regulations are currently being implemented. The new regulations include an ambition to establish efficient interfaces between supervision at the macro and micro levels. They also extend to market conduct and infrastructure as well as to consumer protection.

Several risks arise in connection with the implementation of such a huge number of new regulations in a short period of time and with the full framework yet to be finalised. Given the high level of interconnectivity and interdependencies in the global economy, great care must be taken to avoid unintended consequences. This is why gradual implementation and evaluation of new regulations are necessary.

Clear strategic direction

SEB's management has never lost sight of the long-term ambitions we have set out for the Bank in terms of customer value and financial performance. Under the helm of CEO Annika Falkengren, the Bank's management has navigated SEB well through the rapidly changing and challenging financial landscape of the past years. SEB has a strong and resilient platform, and we intend to remain active in markets in which we can add customer value and continue to grow profitably.

Our strategic direction is clear: SEB aspires to be the leading Nordic corporate and institutional bank in the Nordic countries and Germany as well as the top universal bank in Sweden and the Baltic countries.

As shareholders of the Bank, we can look back at a year which rendered a return on equity of 13.1 percent and an increase in the share price by 53 per cent. A year ago we reviewed the long-term financial targets in order to increase the transparency and the expectations you as shareholders should have on SEB. These targets remain with a long-term aspiration for SEB to reach a return on equity of 15 per cent.

On behalf of the Board, I want to express our great appreciation to the Bank's management and staff. Our commitment remains the same. SEB will work relentlessly for the best interests of our customers and shareholders, and thus for society as a whole.

Stockholm, February 2014

M. Wallenberg

Marcus Wallenberg
Chairman of the Board

Our strategy remains firm. We are well on our way to be the leading Nordic corporate bank as well as the best bank in Sweden and the Baltic countries.

Over the past years the world economy has faced a host of challenges, including a global financial crisis, subdued real economic growth and rising debt levels. For banks, a key take-away from these years has been the importance of a strong balance sheet. Provided they have ample liquidity and strong capital ratios, banks can offer resilience to potential future shocks to the financial system while providing the capacity to invest in and support long-term customer relationships. This has been the guiding principle for SEB, as we were determined to come out of the crisis as a stronger bank and a mindset of always putting the customers first.

Customer loyalty and profitable growth

The past years we have strengthened long-term customer relationships, continued to grow in our areas of strength, reduced earnings volatility and have improved both cost and capital efficiency. We have an attractive customer base, and we are taking important steps to improve customer satisfaction. As a result, our corporate customers have been more inclined to deepen their business with us, while private individuals are increasingly choosing SEB as their home bank. All this was also reflected in the 2013 numbers, with an operating profit of SEK 18.1bn and return on equity reaching 13.1 per cent. We stay firm in our belief that high customer loyalty is the foundation for long-term profitability.

The Nordic corporate bank

SEB has a unique corporate profile. With the long-term strategic direction we have set out, our objectives are to be the leading Nordic bank for corporates and institutions, and the top universal bank in Sweden and the Baltic countries.

Since starting our growth initiative in 2010, we have gained more than 240 new large corporate and institutional customers in Denmark, Finland and Norway, and average annual profit growth has been 15 to 20 per cent in these three countries. Our way of doing business has led to SEB being the bank Nordic corporate customers and financial institutions are most willing to recommend (Prospera 2013). The Nordic countries outside Sweden now constitute 27 per cent of SEB's operating profit.

A top universal bank in Sweden and the Baltics

We have made progress to firmly establish SEB as a top universal bank in Sweden and the Baltic countries. In Sweden, 466,000 private customers and 140,000 small and medium-sized corporate customers have chosen SEB as their main banking partner. We are constantly working to improve our offerings and increase accessibility; as examples, in 2013 we launched the first smartphone app for corporate customers and an improved internet bank. Mobile banking is growing rapidly, and the number of mobile logins now far exceed those of the internet bank.

In the savings area, we are seeing growing demand for qualified, comprehensive advice and guidance on the back of the demographic shift that is currently taking place, posing higher demands for retirement savings. Another trend is the demand for transparent and easy-to-use savings products. We are meeting these demands by offering actively managed asset allocation funds as well as index funds together with alternative and actively managed niche products.

The relationship bank in our part of the world

As the relationship bank in our part of the world, we never compromise on what it takes to be the trusted financial partner for businesses and individuals alike. I am proud of the distinct culture we have in SEB, where our dedicated employees have a built-in compass that guides us to always put customers first in each and every situation. It boils down to having a genuine service approach, focusing on quality advice, and having a sense for attention to details. It also involves being capable of giving customers long-term support through a strong balance sheet. None of this would be possible to achieve without our clear reliance on the values that govern the way we do business in SEB – professionalism, commitment, mutual respect and continuity. Working at SEB means being part of a team where we never take any shortcuts.

Together, SEB's committed employees have clearly shown the potential of the platform we have built since the crisis. I would really like to take this opportunity and thank them all.

A year ago we presented a new long-term business plan along with a new set of financial targets. One year into the plan we are on track to deliver what is most important – customer value based on their long-term needs and thus sustainable and competitive profitability.

Stockholm, February 2014

Annika Falkengren
President and Chief Executive Officer

Long-term perspective and relationships

SEB's strategic focus remains. Long-term customer relationships built upon a strong financial position form the foundation for sustainable profitability. At SEB the customers always come first, and they benefit from the Bank's expertise, services and holistic advice – at their convenience and through a multitude of channels.

SEB – the Relationship Bank

Ever since founded in the service of enterprise nearly 160 years ago, SEB has played an active part in the development of the societies and markets in which it operates. SEB has long been the bank of choice for large corporate customers and institutions in Sweden and, increasingly, in the other Nordic countries. SEB's way of doing business is based on understanding customers' needs from a long-term perspective and building close partnerships. SEB offers advisory services, high-quality products and services and shares its expertise and know-how with its customers. Together with its strong financial position this contributes to competitive and sustainable profitability, to the benefit of the Bank's shareholders.

Strategic priorities

In order to reach the objectives of being the leading Nordic bank for corporates and financial institutions and the top universal bank in Sweden and the Baltic countries, SEB has adopted a strategy based on three pillars:

1. Long-term customer relationships

2. Growth in areas of strength

- Large corporate and institutional business in the Nordic countries and Germany
- Small and medium-sized enterprises in Sweden
- Savings offering to private individuals and institutions

3. Resilience and flexibility

Customers' and markets' opinions – SEB's most important rankings 2009–2013

SEB's performance within different areas is every year evaluated and ranked by numerous companies and financial magazines, both internationally and in individual countries where the Bank is operating.

Area	2013	2012	2011	2010	2009	Organisation / publication etc
Best bank in Sweden	1	1			1	The Banker 2012/Euromoney 2009, 2013
Best client relationship bank in Sweden	2	1	1	1	N/A	Prospera
Private Banking						
Best private bank in the Nordic region	1	1	1	1		The Banker and Professional Wealth Management
Investment banking						
Best bank at risk management, Nordic region	1		1	1	1	Treasury Management International (TMI)
Best M&A house in the Nordic region			1	1	1	Euromoney
Best Stockbroker in the Nordic region	1	1	1	1	1	Prospera
Best Corporate Finance house, Nordic region [1]	3	N/A	1	N/A	1	Prospera
Corporate and institutional banking						
SME Bank of the Year in Sweden	1	1	1	N/A	1	Privata Affärer 2013, 2011, 2009/Finansbarometern 2012
Best at cash management in the Nordic and Baltic regions	1	1	1	1	1	Euromoney
Best bank for cash management in Sweden	1	1	1	1	1	Prospera
Best Supply Chain Finance Provider in the Nordic region	1	1	1	1	1	Global Finance
Best FX provider in the Nordic region	3	2	2	1	1	Prospera
Financial advisor of the year, Nordic region		1		1		Financial Times and Mergermarket
Best Nordic bank for financial Institutions	2	7	N/A	N/A	N/A	Prospera
Best Nordic bank for financial Institutions, Tier 1 clients	1	5	N/A	N/A	N/A	Prospera
Best Nordic corporate bank	2	1	4	2	N/A	Prospera
Best Nordic corporate bank, Tier 1 clients	1	1	3	1	N/A	Prospera

1) SEB's grade was unchanged in 2013 but global investment banks were included in the survey for the first time.

Long-term customer relationships

Strategy: *To build and develop customer relationships based on a holistic perspective on customers' long-term needs*

SEB's business is strongly focused on providing a full service offering to private customers and corporate and institutional clients looking for a long-term banking relationship. Customers should encounter a highly accessible and integrated bank with short decision-making channels where it is easy to interface and do business. This requires continuous learning from customer feedback as well as empowered employees. The Bank's fundamental belief is that high customer loyalty leads to long-term profitability.

Customer relationships in 2013

SEB continuously measures and follows up customer loyalty. Following are a few examples that illustrate the Bank's customer focus:

- Customer satisfaction surveys – NPS and Prospera – were conducted for relevant customer segments.
- In the annual Swedish Quality Index customer satisfaction survey, SEB was ranked as number two among the four systemic banks in Sweden.
- An upgraded smartphone app for private customers was launched and SEB was the first bank in Sweden to launch a mobile app for companies, making it easier for customers to do business with the Bank.
- SEB launched an upgraded version of the Internet bank for private individuals in Sweden.
- Personal service and advice by phone 24 hours a day, every day of the year, is now also offered in Estonia and Lithuania.
- SEB conducted its employee survey, Insight, which measures the level of engagement and performance excellence.

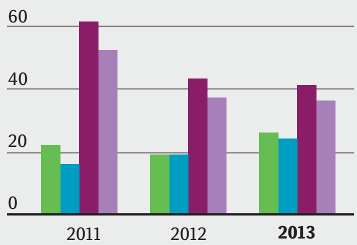
Going forward

To further improve customer satisfaction among small and medium-sized companies, SEB will continue to raise the level of service it provides. Advice provided to financial institutions will be adapted to the specific needs of each customer segment. Customer satisfaction in the private segment will be improved through better co-ordination of distribution channels and more user-friendly offerings. SEB will continue to promote employee commitment through the "You are SEB" programme, which encourages dialogue and collaboration as a basis for high performing teams.

Success factors	2013 results
• Employee engagement index – Insight	70% (finance sector: 71%)
• Employee performance excellence index – Insight	74% (finance sector: 74%)
• NPS – Net Promoter Score	Above 20
• Employer brand position (Universum)	Young business professionals rank SEB in: Sweden: 11, Estonia: 4, Latvia: 5, Lithuania: 3

Customer satisfaction

According to Net Promoter Score (NPS)



1) Methodology change in 2012.

Interfaces and customer contacts

	2013	2012
Number of syndicated loans in Nordic countries	70	45
Number of equity capital market transactions in the Nordic region	19	10
Number of Nordic M&A related transactions	34	41
Number of branch offices	286	292
International private banking branches	13	13
Online bank, number of visits (million)	162	156
Mobile bank, number of sessions (million)	59	34
Telephone bank, number of calls (million)	4.0	3.8
Number of ATMs	3,059[2)]	1,330
Number of life insurance intermediaries and brokers	2,100	2,000

1) Excluding leasing and financial institutions.
2) Of which 2,200 jointly owned by major Nordic banks.

Market shares

Per cent	2013	2012	2011
Lending to the public			
Sweden	14.9	14.3	13.6
lending to households	14.5	14.2	13.4
lending to companies	15.5	14.5	13.9
Estonia 1)	24.0	23.2	23.5
Latvia	17.8	16.8	14.9
Lithuania 1)	30.4	31.4	29.8
Equity trading			
Stockholm	9.7	9.1	10.4
Oslo	5.5	7.7	8.4
Helsinki	4.4	4.9	5.8
Copenhagen	4.8	3.9	5.9
SEK-denominated corporate bonds	21.1	28.2	27.7

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

See also page 8.

Growth in areas of strength

Large corporate and institutional business in the Nordic countries and Germany

Strategy: *To be the leading Nordic bank for corporate customers, the preferred bank among a selected category of companies in Germany and to excel as the bank of choice for financial institutions in the Nordic region.*

SEB is a truly embedded bank in the wholesale segment meaning that SEB supports its customers with everything from traditional products like loans, cash management, foreign exchange and asset servicing to more complex transactions like M&As and syndications. Clients are served through a "one point of entry approach". Traditionally SEB's market position has been particularly strong in Sweden, where large corporate customers use an average of seven to eight product clusters.

Development in 2013

- SEB's growth initiatives in the Nordic and German markets progressed according to plan in 2013, with more than 100 new customers and a higher average number of products per customer.
- In the debt capital markets, SEB was the lead bank in both SEK- and euro-denominated Nordic corporate issues.
- The Bank made progress in its work on improving the service to financial institutions.
- SEB was the Nordic bank that large coporations and financial institutions in the Nordic area were most willing to recommend to others, according to the yearly Prospera client survey.
- In Asia, the offering to corporate customers and financial institutions was broadened, such as in the areas of securities finance and futures and a new type of international financing between between Hong Kong and China in the Chinese currency, CNH, was introduced.

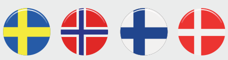
 # 1 willingness to recommend
large corporates & financial institutions 2013, Prospera

Going forward

Going forward more resources will be put into deepening existing client relationships with an emphasis on capital efficient advisory based solutions. Further resources will be invested in SEB's ambition to be the leading Nordic bond house and in SEB's underwriting capacity. Support to large Nordic and German companies' business in emerging markets, such as via SEB's offices in Asia, will be further strengthened.

Success factors	2013 results
• Large corporate loans and commitments	Increase: SEK 30bn
• Bond issue volume	EUR 14.4bn
• Number of customers	108 new large corporations and institutions

Prospera rankings
In the Nordic region



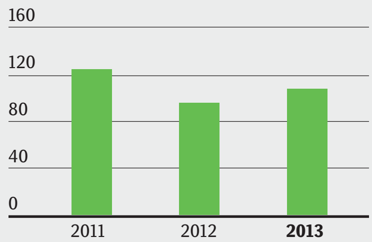
SEB #2 for large corporations

SEB #2 for financial institutions

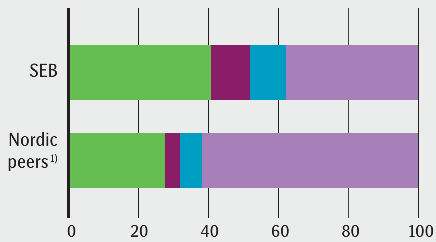
SEB #1 best at cash management

SEB #1 best stockbroker

New large corporate clients, SEB
Number per year



The leading Nordic corporate bank
Share of total income 2013, per cent



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

Small and medium-sized enterprises in Sweden

Strategy: *Develop and expand SEB's offering to small and medium-sized enterprises (SME), through building on SEB's reputation as the leading corporate bank in Sweden.*

SEB offers small businesses easily accessible packaged services, while for medium-sized companies SEB adapts the Bank's services and advice for large corporates to suit the needs of smaller organisations. In recent years SEB's local presence has been strengthened through an increased number of corporate advisers and the establishment of business centres in the large cities. In addition, high availability for customers is prioritised through personal telephone advice 24 hours a day, on-line services and mobile applications. The key is to take a holistic approach to each company's situation, including the needs of its employees and owners.

Development in 2013

- Investments in SEB's SME offering resulted in a market share of approximately 13 per cent.
- The number of SME full service customers grew by 9,500 and reached 139,700 in total.
- SEB further strengthened its offering to medium-sized corporate customers that do business internationally.
- To further improve accessibility, SEB launched a mobile app for businesses.

SME bank of the year

in Sweden "Årets småföretagarbank" – Privata affärer

Going forward

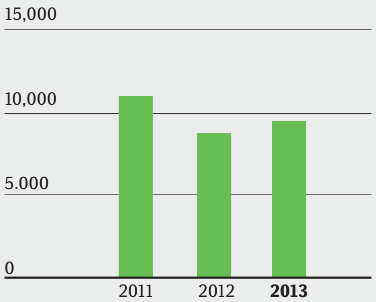
SEB is continuing in its ambition to increase customer satisfaction through improved services and advisory processes and the Bank will continue to work with a strong local presence to meet companies' financial needs. A new credit analysis process will free up time and advisory services will be improved. In parallel, SEB is investing further in digital as well as mobile banking for corporate customers.

According to the Swedish Quality Index, customer satisfaction in the banking sector fell in general in 2013. While SEB maintained its number two ranking among the four major Swedish banks, improving the reputation of the banking sector as a whole will be a necessary focus area going forward.

Success factors	2013 results
• Number of new SME customers	9,500
• Full service SME customers	139,700
• SME market share (per cent)	13.3 versus target 15 by 2015
• Customer satisfaction – SKI	Number 2 out of the 4 major Swedish banks
• NPS (Net Promoter Score) – SME	24 (19 in 2012)

New SME clients in Sweden

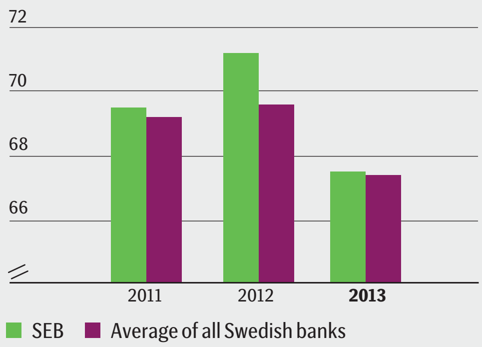
Number per year



Market share 11.9% 12.6% 13.3%

Customer satisfaction among Swedish SMEs

According to Svenskt Kvalitetsindex, SKI



Savings offering to private individuals and institutions

Strategy: *Pursue growth by offering customers advisory-based savings solutions with a holistic perspective.*

Customers currently find themselves in an environment characterised by low interest rates and relatively high volatility in the equity markets. In parallel, a long-term shift is taking place in terms of demography and individuals' need of financial security ahead of retirement. This is creating a need for comprehensive, qualified advice. SEB is meeting this need by providing holistic advice covering deposits, mutual funds, life insurance and structured products. SEB has a strong position in the savings segment with a market-leading position in private banking in Sweden and in unit-linked insurance in Sweden and Denmark.

Development in 2013

- SEB improved its position in the evaluation of mutual funds offerings of the major Swedish banks carried out by Morningstar.
- New innovative investment products were launched for institutional customers, including a micro-finance fund, that provides loans to entrepreneurs in developing countries.
- For the fourth year in a row SEB was named as best private bank in the Nordic region by The Banker and PWM.

Best at private banking

in the Nordics and in Sweden – The Banker and PWM

Going forward

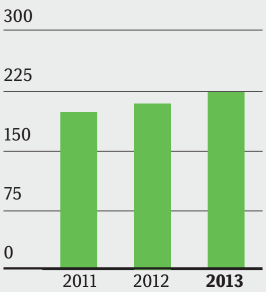
SEB will continue to improve and simplify its comprehensive offering and aim to increase transparency and improve information about savings products and services. Banking and insurance products will be bundled to facilitate customer access.

SEB will continue to refine its fund offering in an effort to provide more effective and simple choices to customers. Emphasis will also be on improving the yield of SEB's funds and monitor the development as measured by Morningstar. SEB will improve its distribution capacity through greater integration of banking and insurance solutions in the markets in which SEB is active.

Success factors	2013 results
• Number of new full service private customers	17,400 in Sweden and 20,000 in the Baltic countries
• Deposit volumes private individuals	Increase of SEK 14bn
• Assets under management	Net inflow SEK 21bn. Total SEK 1,475bn
• Morningstar ranking	37 % of SEB's funds have received one of the two highest grades

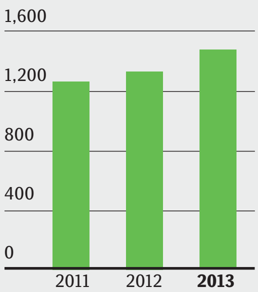
Deposits from households

SEK bn



Assets under management

SEK bn



Market shares

Per cent	2013	2012	2011
Deposits from the public			
Sweden	15.4	15.9	16.0
deposits from households	12.0	12.2	12.1
deposits from companies	22.2	22.9	23.1
Estonia	20.2	20.3	20.9
Latvia [1]	10.9	9.9	9.3
Lithuania [1]	27.9	29.5	29.3
Mutual funds, total volumes [2]			
Sweden	12.3	13.6	14.9
Finland	4.4	6.5	7.8
Unit-linked insurance, premium income			
Sweden	16.4	17.2	19.0
Life insurance, premium income			
Sweden	8.5	8.8	9.7
Denmark	N/A.	9.9	9.6

1) In Latvia and Lithuania excl. financial institutions
2) Excluding third-party funds.

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

See also page 5.

Resilience and flexibility

Strategy: *Maintain resilience and flexibility in order to adapt operations to the prevailing market conditions. This financial strength will be supported by cost and capital efficiency.*

In the new financial landscape, SEB has been able to capitalise on growth opportunities by maintaining a strong capital base and ready access to funding, a stable market position with high asset quality and an advantageous competitive position in the Nordic and German corporate markets, while increasing cost efficiency. SEB has continued to strive for capital efficiency, for instance in the development and pricing of products, while adapting to new regulations.

Success factors	2013 results
• Cost cap	Below target of SEK 22.5bn
• Liquidity coverage ratio (LCR)	129% versus the 100% requirement
• Financial targets	See below

Development in 2013

- SEB reduced funding costs and diversified its funding base through an inaugural bond issue in the United States.
- The Bank further strengthened its capital position.
- The Common Equity Tier 1 capital ratio was 15 per cent.
- The leverage ratio was 4.2 per cent.
- Total liquidity reserves amounted to SEK 625bn, 25 per cent of total assets.
- Non-performing loans fell by 32 per cent and the credit loss level remained low at 0.09 per cent.
- Cost efficiency increased further.

Going forward

Maintaining robust financial strength will continue to be a top priority. In pace with implementation of the new international and national capital and liquidity rules, SEB will be adapting its balance sheet to ensure that it meets the requirements of the new regulatory regime and that the Bank's products and pricing will be structured in such a way as to promote capital efficiency and profitability.

The cost cap will be kept at SEK 22.5bn per year until 2015 through continued efficiency improvements.

Financial targets

SEB's most important long-term financial targets were set by the Board of Directors and management in the beginning of 2013. They reflect management's commitment to delivering a competitive and sustainable return while complying with new regulations as they evolve.

Dividend payout

The dividend per share shall correspond to 40 per cent or more of earnings per share. The size of the dividend is determined by the prevailing economic situation as well as SEB's financial position, earnings, regulatory requirements and opportunities for growth. SEB strives to achieve long-term dividend growth without negatively impacting the Group's capital ratio. The proposed dividend for 2013 corresponds to a payout ratio of 59 per cent.

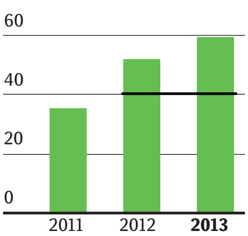
Return on equity

SEB aspires to generate a return on equity that is competitive with industry peers. This means that the Bank strives to achieve a 15 per cent return on equity. In 2013, the return on equity was 13.1 per cent.

Capital adequacy

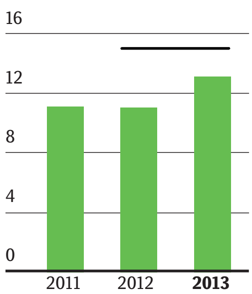
The Common Equity Tier 1 capital requirement set by the Swedish authorities and based on the CRD IV/CRR rules is 10 per cent (12 per cent from 2015), excluding a counter cyclical buffer. SEB's target is 13 per cent. The target may be revised as the Swedish implementation of capital requirements through CRD IV is clarified. As of year-end 2013, this ratio was 15.0 per cent.

Dividend payout ratio
Per cent



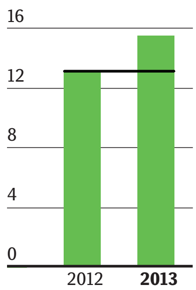
— Target: Above 40 per cent

Return on equity
Per cent



— Target: 15 per cent

Common Equity Tier 1
Per cent



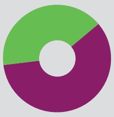
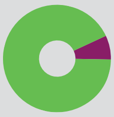
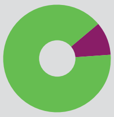
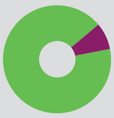
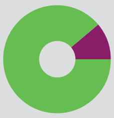
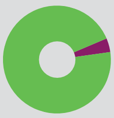
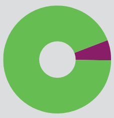
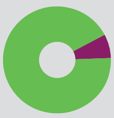
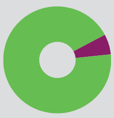
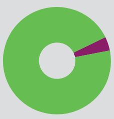
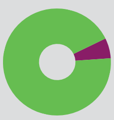
CET 1 for 2011 not published.

— Target: 13 per cent

SEB's geographical markets

Market and responsibility	Market position	Competition
Sweden Annika Falkengren, *President and CEO* 	**Universal bank**. Clearly leading wholesale bank among large corporate and institutional clients. Has advanced its positions also among small and medium-sized enterprises, with several years of growing market share. Growing customer base also in the private market, with particularly strong position in savings, where SEB has the second largest share of households' aggregate savings. The undisputed leader in private banking.	All major Nordic banks, local niche players, life insurance companies and international investment banks
Denmark Peter Høltermand 	**Corporate bank**, with comprehensive solutions for corporate and institutional clients. Top positions in trading and investment banking. As a significant participant in the private banking, asset management, life insurance and cards markets, SEB is regarded as the main challenger to the larger local universal banks.	All major Nordic banks, local niche players, life insurance companies and international investment banks
Norway William Paus 	**Corporate bank**, with comprehensive solutions for corporate and institutional clients. Very strong position in capital market and as home bank for companies and institutions. A leader in private banking with Family Office offering for top-tier wealth management segment.	All major Nordic banks, local niche players and international investment banks
Finland Marcus Nystén 	**Corporate bank**, with comprehensive solutions for corporate and institutional clients. Top position as provider of asset management services for institutions. Strengthened position as home bank for companies and clear challenger to the dominant, domestic universal bank. A leading participant in private banking, with established relationships that go far back in time.	All major Nordic banks, local niche players and international investment banks
Germany Fredrik Boheman 	**Corporate bank** with comprehensive solutions for corporate and institutional clients. Largest Nordic bank in Germany's fragmented bank market, with solid position as core bank in the focus segment German corporates, including Germany's so-called Mittelstand. In addition, strategic product provider to a majority of DAX companies.	Major German banks, local niche players and international investment banks
Estonia Riho Unt 	**Universal bank**. Second largest bank in Estonia, with comprehensive offering of banking services. Strong position in private and corporate banking, with particular strength in asset management and life insurance. Front-runner in development of mobile banking services.	Major Nordic and Baltic banks
Latvia Ainārs Ozols 	**Universal bank**. Assetwise the second largest bank in the country, with comprehensive offering of banking services. Strong position in both private and corporate banking, particularly in long-term savings and lending for corporate customers, where SEB is the market leader.	Major Nordic and Baltic banks
Lithuania Raimondas Kvedaras 	**Universal bank**. Largest bank in Lithuania, with comprehensive offering of banking services. Strong position in both private and corporate banking, particularly in corporate deposits and unit-linked insurance.	Major Nordic and Baltic banks
International network Annika Falkengren 	**Corporate bank**. With offices in international financial centres such as New York and London, in Asia via offices in Shanghai, Beijing, Hong Kong and Singapore, and through presence in Poland, Russia and Ukraine, SEB is well positioned to serve corporate customers from the Nordic countries and Germany around the globe. The Bank's international network is also highly instrumental in its ability to offer global financial institutions access to investment opportunities in Nordic assets – an area in which SEB is the leader.	Global, regional and Nordic banks

1) Macro forecast according to SEB's economists.

Share of SEB's Operating income 2013 Total: SEK 41,553m	Share of SEB's Operating result 2013 Total: SEK 18,127m	Selected rankings per country	Macro-economic development	GDP 2013 actual (2014 estimate[1]), per cent
 SEK 24,695m	 SEK 10,002m	● Best bank of the year (Euromoney) ● Small business bank of the year (Privata Affärer) ● Best at Nordic equity by Prospera (no 1 in Sweden) ● Best at Corporate Finance (Prospera)	Slow GDP growth and low inflationary pressure. Expansionary fiscal policy and low interest rates boosts household income.	+1.0 (+2.5)
 SEK 3,123m DKK 2,693m	 SEK 1,743m DKK 1,502m	● No. 2 Institutional clients (Prospera) ● Best pension fund (IPE) ● Highest customer satisfaction among pension companies (Aalund)	Gradual recovery. Rising employment, low inflation and increasing home prices positive for households.	+0.4 (+2.0)
 SEK 3,276m NOK 2,953m	 SEK 1,973m NOK 1,779m	● Best ECM advisor (Prospera) ● Best custody bank (Global Investor) ● Best foreign exchange provider (Global Finance)	Low growth due to weakened private consumption and exports, but solid public finances.	+0.6 (+2.1)
 SEK 1,656m EUR 191m	 SEK 1,024m EUR 118m	● Best at external asset management (Prospera) ● Highest willingness to recommend (Prospera's corporate banking survey) ● Best commercial real estate bank (Prospera)	Structural problems undermine economic recovery. Slight improvement at the end of the year.	−1.3 (+0.8)
 SEK 2,813m EUR 325m	 SEK 1,030m EUR 119m	● Top employer in Germany (CRF Institute)	Solid recovery. Domestic demand supports growth; construction and exports improving.	+0.4 (+1.7)
 SEK 1,143m EUR 132m	 SEK 639m EUR 74m	● Best bank of the year (Euromoney) ● One of the most Socially Responsible companies (Tallinn city government)	Slow growth in export-dependent economy with falling public investments.	+0.7 (+2.6)
 SEK 1,022m LVL 83m	 SEK 228m LVL 19m	● Best bank of the year (EMEA Finance, Global Finance) ● Best internet bank in consumer and corporate segment (Global Finance) ● Best real estate bank (Euromoney)	Continued stable growth – highest in the EU – with nonexistent inflation. Euro membership from January 2014.	+4.0 (+4.8)
 SEK 1,472m LTL 587m	 SEK 543m LTL 217m	● Best bank of the year (Euromoney) ● Best at FX (Global Finance) ● Best real estate bank (Euromoney)	Moderate growth with rising private consumption and declining inflation. On track to join eurozone in 2015.	+3.2 (+3.5)
 SEK 2,353m	 SEK 945m			

People and culture in SEB

SEB strives to promote an inclusive and stimulating work environment in which employees and managers can develop and contribute to the Bank's long-term success. This is why having the most committed employees is an explicit goal in SEB's business plan. The Bank aims to be the most attractive employer in all segments where it is active.

Culture and values

SEB works in an environment that is undergoing continuous change and development, and is a workplace with engaged and motivated employees. There is a firm conviction that employees want to develop, feel appreciated and be included. Employees are expected to take a strong personal responsibility for their development.

SEB's core values – commitment, mutual respect, professionalism and continuity – shape the Bank's culture and form the foundation for how employees work in their everyday roles. Together with SEB's Code of Business Conduct, these values permeate the employees' behaviour. They are also clearly integrated in SEB's business plan.

Dialogue and participation is the starting point for promotion of the company culture and values. The Group-wide "You are SEB" programme aims to strengthen employees' insight into how their behaviours affect customer relationships and hence SEB as a whole, emphasizing the Bank's way of work – putting customers first, collaboration and striving for simplicity. During the year, a host of activities were carried out at SEB that gave employees and managers numerous opportunities to share experiences and inspire each other. For example, in Business Support, more than 3,000 employees in Sweden, the Baltic countries and other SEB sites around the world participated in dialogue meetings. *(Read more in SEB's Sustainability Report).*

People strategy

SEB's people strategy is built upon four cornerstones – professional employees, great leaders, high performing teams and effective organisation. This strategy, which emanates from SEB's core values and business plan, supports prioritised goals and describes the expectations and demands that are made on employees.

In 2013, SEB worked on strengthening all four of these aspects, which included the launch of a team development platform. The aim of this platform is to support management teams in areas such as clarifying objectives and roles, streamlining decision-making, instilling trust and open communication, and promoting active participation in teams. By year-end, 24 management teams had obtained support through this platform. This has led to clear improvements and higher efficiency.

Attracting talent

The Bank works actively on building long-term relationships with future employees, through meetings at colleges and universities as well as in social media channels, like Facebook and LinkedIn. To increase mobility within the Group, internal "career days" are held to give SEB's various business areas an opportunity to present their activities.

Employee survey

SEB's employees are proud of their workplace. This is shown in the Insight employee survey conducted in spring 2013, where 74 per cent responded that they are proud to work at SEB, while 81 per cent said that they are very satisfied with SEB as a workplace. The survey also indicates a strong belief in the Bank's future and that employees highly recommend SEB's products and services.

Among areas for improvement, the survey pointed to a need to more clearly align employees' individual roles with SEB's overall objectives, to be even better at meeting customers' needs, and for stronger co-operation between the Bank's

SEB's core values

Commitment We are all dedicated to that everything we do creates stronger customer relations.

Professionalism We make it easy for people to do business with us by sharing our knowledge and being accountable for our actions.

Mutual respect We are open and always strive to earn the trust of others as well as from each other.

Continuity We learn, challenge and take action based on our long experience.

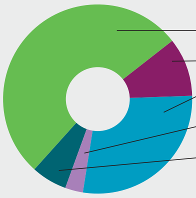
Elisabeth Sterner
Wealth Management

Why values are important

"As a leader I want to set a good example. I try to always live according to our values and hope to encourage an environment in which commitment, mutual respect, continuity and professionalism are a matter of course. I think that this will grow in importance going forward. Younger people clearly feel it is increasingly important to work in a culture that is aligned with their own values. A job is no longer "just a job".

"For me personally, commitment means the most. Professionalism, continuity and mutual respect can be built upon, but commitment has to come from the heart. When you do something you're passionate about and that fulfils a purpose, you automatically do a good job and have fun at the same time!"

Educational level
Per cent



	2013	2012
University > 3 years	53	51
University ≤ 3 years	10	11
Upper secondary school	28	28
Compulsory school	3	4
Other/unspecified	6	6

Employee statistics

	2013	2012	2011
Number of employees, average	17,096[1)]	18,168	18,912
Sweden	8,553	8,876	8,839
Germany	1,013	1,174	1,426
Baltic	5,047	5,111	5,226
Employee turnover, %	11.1	9.3	9.3
Sick leave, % (in Sweden)	2.4	2.6	2.5

1) Average number of full-time equivalents 15,851.

various functions. SEB will conduct Insight employee surveys every year.

Group-wide management training
Major initiatives have also been dedicated to leadership development at various levels. All of these programmes are global and Group-wide. “Management in Practice”, SEB’s core training programme for first-line managers, provides fundamental knowledge in both strategic and operational areas. Training for the first group was started in 2012, and in all some 100 new managers participate in this training during a calendar year. Evaluation is conducted on a continuing basis and shows favourable results.

For more experienced managers and senior specialists, in 2012 SEB introduced the “Leadership in Action” programme, featuring a range of elective courses that are independent from each other. The courses, which address such areas as business focus, change, collaboration and communication, are continuously evaluated and have received very high marks from the participants. At year-end 2013 nearly 1,200 individuals from throughout SEB had participated in one or more of these courses.

Equal opportunity and diversity
SEB works continuously to improve diversity and equal opportunity. The ambition is that all employees will have the same opportunities to develop regardless of their gender, ethnic origin, age, sexual orientation or faith.

In 2013 SEB was one of ten large Swedish corporations to participate in “Battle of the Numbers”, a project dedicated to advancing more women to operational management positions. A total of 100 women, including ten from SEB, analysed what companies can do to attract, recruit and develop more talented women. The women have shared experiences; both challenges and good examples. As a result of the project, SEB will continue to enhance the support to leaders in coaching, ensure gender-neutral recruitment and implement a gender diversity scorecard to measure and monitor equality in the divisions and for the Group.

Another example of initiatives taken to improve equal opportunity is the mentor programme for 13 talented senior women and the members of SEB’s Group Executive Committee, which was held from 2012 to 2013. This initiative provided a wealth of experience and insight to both sides.

SEB has a clear ambition to increase diversity also in terms of age and ethnic background. This is important in order to bring in diverse perspectives and experiences, both in business and in leadership, and to better reflect the communities in which the Bank operates.

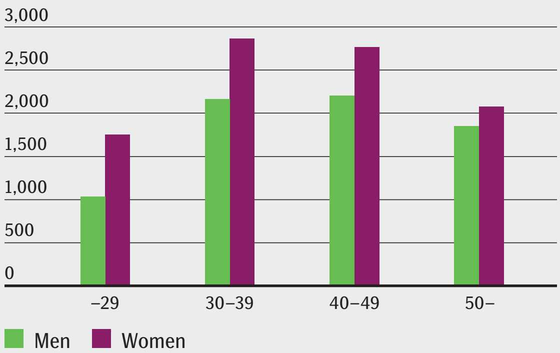
Health and work environment
SEB’s strategic and preventive health work, introduced in Sweden in 2012, is based on the recommendation of SEB’s Health Council and will be implemented globally. In 2013, the Wellness Check was launched - tests for employees that focus on lifestyle, stress prevention and physical activity as important factors affecting wellness. Various inspirational activities were also offered to encourage daily exercise. At year end, 70 per cent of the employees in Sweden had completed the tests and a large majority had participated in at least one of the activities. Another appreciated tool is the counselling by telephone available for employees in need of temporary support.

SEB’s systematic work environment activity in Sweden was also developed in 2013, among other things through a yearly work environment training programme covering both health and work environment. This led to an increase in the share of annual work environment reviews, from 73 per cent in 2012 to 90 per cent in 2013.

Responsible support for redundancies
SEB always strives to utilise employees’ competence and experience, and works continuously on lending support to individuals in need of finding new challenges. Employees are offered duties in other parts of the Bank where possible. Otherwise, they are offered support in finding other jobs or paths outside SEB.

For information on SEB’s remuneration see page 62.

Employees
Age and gender



Sustainable perspectives on banking

SEB promotes economic growth and social progress by supporting private individuals, companies, entrepreneurship and innovation. The Bank works continuously to ensure that all of its business is conducted from a sustainability perspective and in doing so takes aim at three areas – Responsible Business, People and Community and Environment.

SEB's role in society

Banks play an important role in society. By assisting customers with financing, investments, secure payments and asset management, SEB supports economic development and international trade and contributes to financial security. By sharing expert knowledge, the Bank helps households, entrepreneurs and companies make well-grounded decisions so that they can achieve their plans and ambitions. This creates value for customers encourages customer loyalty, and by extension, long-term shareholder value.

The purpose of SEB's sustainability work

SEB's business is based on trust and the Bank believes that a sustainable business strengthens trust in the market and leads to long-term success. For SEB this means integrating sustainability by identifying and managing the economic, ethical, social and environmental aspects throughout its business. Sustainability aspects are vital and necessary for SEB to achieve its goals regarding customer satisfaction, employee commitment and brand perception as well as stable and competitive returns. Economic uncertainty and environmental and social imbalances around the world present numerous challenges. Many of these have a direct impact on the Bank and its business and need to be managed in a responsible way. SEB also has a significant indirect impact on sustainable development in its role as a financial partner.

SEB wants to contribute to the communities in which the Bank operates and to the overall economic, social and environmental development goals of the international community.

Stakeholder expectations

Understanding and being responsive to the expectations of SEB's various stakeholders is critical to the Bank's ability to create long-term value. SEB studies and learns from stakeholders, trends, driving forces and current issues in order to enable the Bank to focus on the most important matters. During the year, SEB established a process for identifying the issues deserving the highest priority. Altogether 42 issues – covering financial, intellectual, human resources, relationships and environmental areas – were ranked and half of them deemed to be highly relevant.

The analysis showed that the Bank to a large extent already is prioritising the most important issues. Highlighted non-financial issues include ethical business behaviour, responsible selling and consumer advice, trust and confidence in the financial sector and being more active in the public debate on key topics. Increased transparency on how the Bank works will continue to be important. The analysis will provide input to business planning to ensure that SEB will work effectively with prioritised issues. Going forward, SEB will also monitor and analyse emerging issues, such as tax transparency and implications of changes in valuation of fossil fuel-based assets.

SEB intends to enhance the dialogue with internal and external stakeholders and review which issues are the most important on an annual basis. *Refer to the Corporate Sustainability report 2013, page 4–5 for more detail.*

Integrating sustainability

SEB works actively on integrating ethical, social and environmental responsibility in all of its activities. This means taking into account the impact of its business practices on people, communities and the environment. During the year, a range of activities were conducted to increase awareness and knowledge about sustainability and what it means to SEB. One example is a corporate sustainability day in Estonia entitled "Your contribution to the future", where some 900 employees and senior managers gathered to discuss corporate sustainability in all of its aspects.

Governance, guidelines and reporting

The Board of Directors is responsible for deciding on SEB's corporate sustainability strategy. The Group Corporate Sustainability (CS) Committee oversees SEB's sustainability work and consists of senior representatives from the divisions, business support and staff functions. The CS Committee is chaired by the Head of Group Communications, who is a member of the

Jukka Honkaniemi
Merchant Banking
Member of the Corporate Sustainability Committee

What is on top of your sustainability agenda?

"We have implemented sustainability policies for six industry sectors and position statements for climate change, freshwater and child labour. This is a good foundation to build on. It is now time to take the next step in inspiring and creating personal engagement regarding responsible banking, our core contribution to society."

"Responsible business at its core is about our corporate culture and about how we live by our values – these will be tested most when facing head winds in our daily business. It is the responsibility of each and everyone in the Bank to know what our values are and have the dialogue on how they link into responsible business. This dialogue will fuel change and enable us to further contribute to the business communities and societies where we operate."

SEB's approach

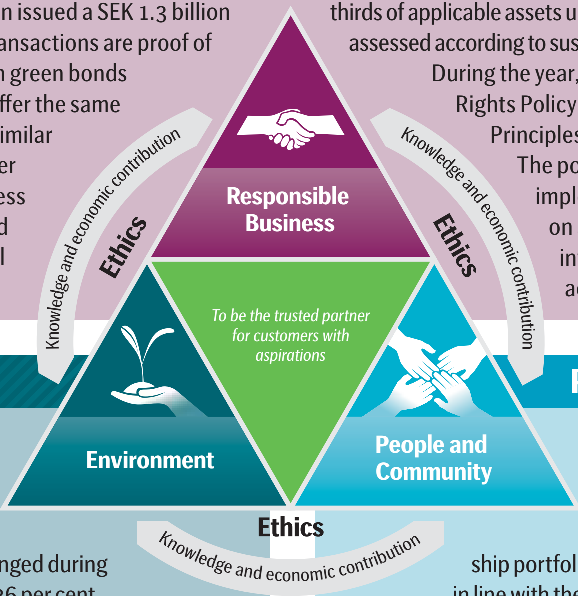
Responsible Business

Sustainability aspects are an integral part of SEB's counterparty assessment as well as of business and credit processes for all large and medium-sized corporate customers. During the year, there was a noted increase in active dialogues with customers on sustainability issues. The Bank's three position statements (on child labour, climate change and freshwater) and six sector policies (on arms and defence, forestry, fossil fuels, mining and metals, renewable energy and shipping) serve as the foundation for these discussions. Talks with a particular focus on potential sustainability issues were held with 100 customers.

During the year, SEB facilitated the first issue of green bonds in the Nordic region – a SEK 500 million green bond for the City of Gothenburg. SEB also facilitated the first green corporate bond when Vasakronan issued a SEK 1.3 billion green bond. These pioneering transactions are proof of the continued growing interest in green bonds among investors. Green bonds offer the same yield as other investments with similar terms, while contributing to better environment and higher awareness of climate-related challenges and solutions. At year-end, the global market for green bonds was worth approximately USD 14 billion. SEB has raised approximately 25 per cent of this amount.

In 2013, SEB, as the first bank in Sweden, launched a micro finance fund that attracted SEK 440 million from 23 institutional investors. The fund is now closed for new investments for five years. The money invested is lent to selected microfinance institutions around the globe, which in turn lend directly to small, local entrepreneurs. Selection criteria include social responsibility, long-term credit quality and diversification between regions, countries and currencies. The fund is a good example of SEB's strategy for responsible investments which involve the integration of environmental, social and governance aspects in the investment process for all applicable funds. During 2013, two thirds of applicable assets under management have been assessed according to sustainability criteria.

During the year, SEB established a Human Rights Policy based on the UN's Guiding Principles on Business and Human Rights. The policy is in the process of being implemented with a particular focus on SEB's own operations, suppliers, investments and customer transactions.



Environment

SEB's goal is to reduce total CO_2 emissions by 45 per cent from 2008 to 2015. During the year, SEB's CO_2 emissions amounted to 28,600 tonnes, virtually unchanged during the year, and a total reduction of 36 per cent.

To meet customer expectations, reduce its carbon footprint and save money, SEB reduced the number of paper mailings to customers through digitalisation and double-sided printing. Since the start in 2010, output management has actively reduced CO_2 emissions by roughly 60 tonnes while changes have been made that resulted in savings of approximately SEK 40 million on an annual basis.

People and Community

SEB decided in 2012 to focus its sponsorship strategy on engaging for future generations. Since then the Bank's sponsorship portfolio has been gradually shifted to be in line with the strategy. Areas of engagement are children and youth, entrepreneurship, and knowledge and education.

During the year some 300 of SEB employees were engaged in some kind of mentorship role through partnership programmes with the organisation Mentor, among others. In addition, SEB's involvement with Young Entrepreneurs/ Junior Achievement (and equivalent) has been expanded and now covers Finland and Sweden.

Group Executive Committee. The Group Corporate Sustainability staff unit supports the line organisation in implementing the sustainability agenda.

SEB is committed to international conventions and guidelines, such as the UN Global Compact, the UN Principles for Responsible Investment (UN PRI), the UN Environment Programme Finance Initiative (UNEP FI), the OECD Guidelines for Multi-national Enterprises and the Equator Principles.

SEB reports in accordance with the GRI G3 guidelines and the Financial Services Supplement, level B. The Corporate Sustainability Report for 2013, which will be SEB's seventh in order, serves as the annual communication on progress on the UN Global Compact and other international initiatives. *The reports are available at www.sebgroup.com/sustainability.*

The SEB share development in 2013

In 2013 the value of the SEB Class A shares increased by 53 per cent while the FTSE European Banks Index rose by 16 per cent. Earnings per share amounted to SEK 6.74 (5.31). The Board proposes a dividend of SEK 4.00 for 2013 (2.75).

Share capital

SEB's share capital amounts to SEK 21.942m, distributed on 2,194.2 million shares. Each Class A-share entitles to one vote and each Class C-share to 1/10 of a vote.

Stock Exchange trading

The SEB shares are listed on the Nasdaq OMX Stockholm Stock Exchange, but are also traded on other exchanges, such as BATS-Chi X, Burgundy and Turquoise. In 2013, about 50 per cent of the trading took place on these alternative exchanges. During the year the value of the SEB class A shares rose by 53 per cent, while the OMX Stockholm General Index was up by 23 per cent and the FTSE European Banks Index increased by 16 per cent. The total turnover in SEB shares amounted to SEK 203bn, of which 95bn on the Stockholm Stock Exchange. Market capitalisation by year-end was SEK 186bn (121).

Dividend policy

SEB strives to achieve long-term dividend growth without negatively impacting the Group's targeted capital ratios. The annual dividend per share shall correspond to 40 per cent or above of earnings per share. Each year's dividend is assessed in the light of prevailing economic conditions and the Group's earnings, growth possibilities and capital position.

SEB's Class C shares

To facilitate foreign ownership the Class C shares were introduced at the end of the 1980s. The trading volumes of the Class C shares are very limited and the number of Class C shares only constitutes 1.1 per cent of the share capital of the Bank. Due to this, the prerequisites for creating only one class of shares, thus giving the Class C shares the same rights as the Class A shares, have been reviewed. The review has shown that there are significant practical difficulties to implement such a structure.

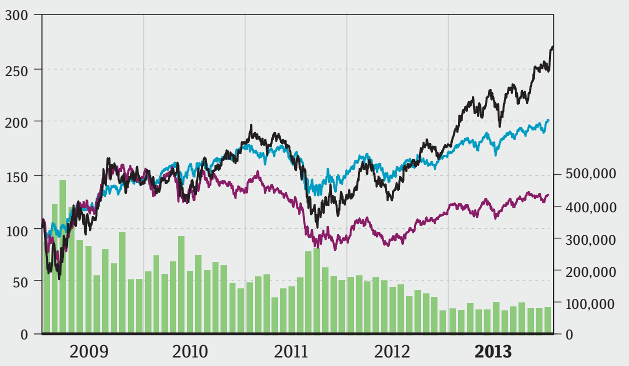
According to the Swedish Companies Act, a proposal that the Class C shares should carry the same rights as the Class A shares requires that the proposal is supported by shareholders representing at least 2/3 of the votes cast and shares represented at a General Meeting of Shareholders as well as by 9/10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

Total shareholder return for the SEB share 2013

Total shareholder return (TSR) – i.e. market value growth and reinvested dividends per share – increased to 60 per cent (43 per cent). In terms of total shareholder return SEB ranked number one among its Nordic peer group in 2013 compared with number two in 2012. The average TSR for the peer group in 2013 was 48 per cent.

SEB share Class A

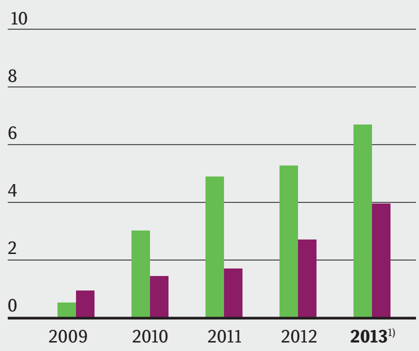
Index 2009 = 100



Index based on last closing price paid on last day of each month.
OMXS30 Stockholm.
European Banks Index (FTSE).
Number of shares traded on the Stockholm Stock Exchange, in thousands.

Earnings and dividend per share

SEK



Net profit
Dividend

1) A dividend of SEK 4.00 per share is proposed for 2013, corresponding to a pay-out ratio of 59 per cent.

SEB shares

Data per share	2013	2012	2011	2010	2009
Basic earnings, SEK	6.74	5.31	4.93	3.07	0.58
Diluted earnings, SEK	6.69	5.29	4.91	3.06	0.58
Shareholders' equity, SEK	56.33	49.92	46.75	45.25	45.33
Net worth, SEK	62.10	56.33	51.99	50.34	50.17
Paid dividend per A and C share, SEK	4.00	2.75	1.75	1.50	1.00
Year-end market price					
per Class A share, SEK	84.80	55.25	40.09	56.10	44.34
per Class C share, SEK	79.90	53.40	39.00	53.20	46.00
Highest price paid during the year					
per Class A share, SEK	85.10	57.95	62.00	56.55	53.00
per Class C share, SEK	80.30	54.30	61.25	53.95	55.00
Lowest price paid during the year					
per Class A share, SEK	55.70	38.87	30.72	38.84	15.48
per Class C share, SEK	53.20	38.74	33.00	42.18	15.22
Dividend as a percentage of result for the year, %	59.3	51.8	35.5	48.0	172.0
Yield, %	4.7	5.0	4.4	2.7	2.3
P/E	12.6	10.4	8.1	18.2	75.8
Number of outstanding shares, million					
average	2,191	2,192	2,194	2,194	1,906
at year-end	2,180	2,192	2,192	2,194	2,194

Change in share capital

Year	Transaction	SEK	Change in no. of shares	Accumulated no. of issued shares	Share capital SEK m
1972				5,430,900	543
1975	Rights issue 1:5	125	1,086,180	6,517,080	652
1976	Rights issue 1:6	140	1,086,180	7,603,260	760
1977	Split 2:1		7,603,260	15,206,520	760
1981	Rights issue 1B:10	110	1,520,652	16,727,172	837
1982	Bonus issue 1A:5		3,345,434	20,072,606	1,004
1983	Rights issue 1A:5	160	4,014,521	24,087,127	1,204
1984	Split 5:1		96,348,508	120,435,635	1,204
1986	Rights issue 1A:15	90	8,029,042	128,464,677	1,284[1]
1989	Bonus issue 9A+1C:10		128,464,677	256,929,354	2,569
1990	Directed issue[2]	88.42	6,530,310	263,459,664	2,635
1993	Rights issue 1:1	20	263,459,664	526,919,328	5,269
1994	Conversion		59,001	526,978,329	5,270
1997	Non-cash issue	91.30	61,267,733	588,246,062	5,882
1999	Rights Issue 5:1[3]	35	116,311,618	704,557,680	7,046
2005	Reduction of the share capital		–17,401,049	687,156,631	6,872
2009	Rights issue 5:11	10	1,507,015,171	2,194,171,802	21,942

1) The recorded share capital as at 31 December, 1986 was still SEK 1,204m, since the proceeds from the rights issue were not paid in full until early 1987.

2) The issue was directed at the member-banks of Scandinavian Banking Partners.

3) According to the instructions of the Financial Supervisory Authority, subscribed shares that have been paid will not be registered as share capital in the balance sheet until the rights issue has been registered (which took place in January 2000).

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

Distribution of shares by size of holding

Size of holding	No. of shares	Per cent	No. of shareholders
1–500	32,653,328	1.6	168,756
501–1,000	32,694,251	1.5	43,207
1,001–5,000	100,871,953	4.6	46,221
5,001–10,000	40,551,259	1.8	5,677
10,001–20,000	31,787,708	1.4	2,244
20,001–50,000	30,905,138	1.4	1,004
50,001–100,000	24,814,527	1.1	340
100,001–500,000	81,344,933	3.7	368
500,001–1,000,000	52,044,471	2.4	75
1,000,001–	1,766,504,234	80.5	213
Total	**2,194,171,802**	**100.0**	**268,105**

Information on the largest shareholders in SEB is found on p. 50

Number of outstanding shares, 31 Dec., 2013

	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]	–14,421,073	0	**–14,421,073**
Repurchased own shares[2]	0	0	**0**
Total number of outstanding shares	**2,155,598,221**	**24,152,508**	**2,179,750,729**

1) Utilisation of long-term incentive programmes 2009 – 2013 ongoing
2) 2013 AGM decision, no repurchases made in 2013

The SEB share on the Nasdaq OMX Stockholm Stock Exchange

SEK m	2013	2012	2011	2010	2009
Year-end market capitalisation	185,947	121,183	87,938	123,023	97,330
Volume of shares traded	94,738	85,776	106,168	129,626	126,462

American Depository Receipts

The Board has decided to establish a level 1 sponsored American Depository Receipts programme in the United States. The programme is expected to be operational during the first quarter of 2014.

Report of the Directors

SEB worked towards its targets and deepened customer relationships during the year. The business volumes as well as the number of customers grew while credit losses were low. Net profit increased by 27 per cent compared to last year and a dividend in the amount of SEK 4.00 is proposed.

Financial review of the Group

Important events and trends in 2013

First quarter

- As first bank in Sweden SEB introduced a mobile app which gives corporate customers better overview and quicker access to the most common services.

Second quarter

- A mobile BankID was introduced for retail and corporate customers in Sweden.
- The EU decided to implement the new framework for risk and capital under Basel III, CRR/CRD IV. This clarified the requirements on capital and liquidity somewhat. However, there is still uncertainty regarding the implementation in Sweden.
- The Swedish Financial Supervisory Authority decided to implement a risk-weight floor for Swedish mortgage loans of 15 per cent under the so-called Pillar II requirements.

Third quarter

- SEB facilitated the issue of the first green bond in the Nordic countries (City of Gothenburg) as well as the first green corporate bond in the world (Vasakronan).
- SEB introduced an upgraded internet bank in Sweden.

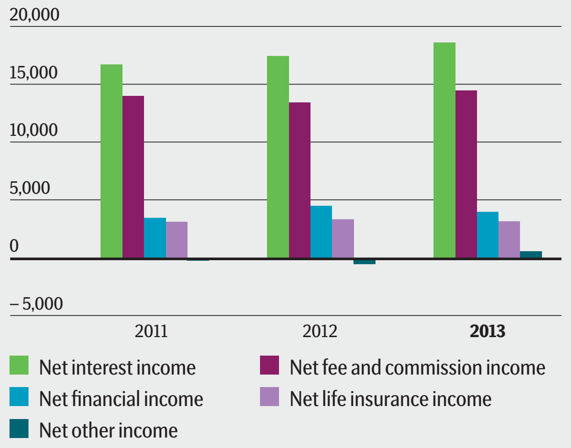
Fourth quarter

- SEB was the bank large Nordic corporates and financial institutions were most willing to recommend (according to Prospera).
- SEB was named as Corporate Bank of the Year by the magazine Privata Affärer.
- SEB was awarded as the Best Private Bank in the Nordic region and in Sweden by The Banker and PWM.
- Latvia became a member state of the eurozone and converted from lats to euro at year-end 2013.
- The Swedish Financial Supervisory Authority announced its ambition to increase the Swedish mortgage risk-weight floor from 15 to 25 per cent.

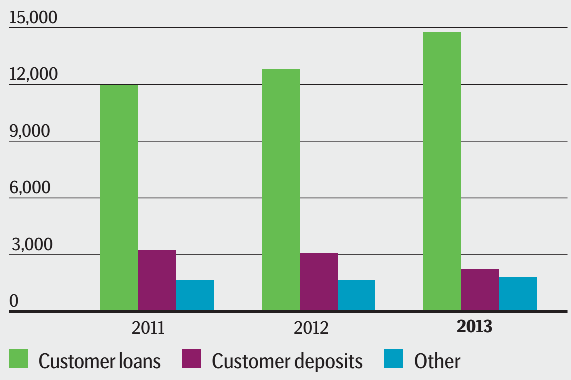
Result and profitability

Operating profit increased by 27 per cent and amounted to SEK 18,127m (14,235). *Net profit from continuing operations* was SEK 14,789m (12,142). *Net profit (after tax)*, including the net result from discontinued operations, was SEK 14,778m (11,654).

Operating income
SEK m



Net interest income
SEK m



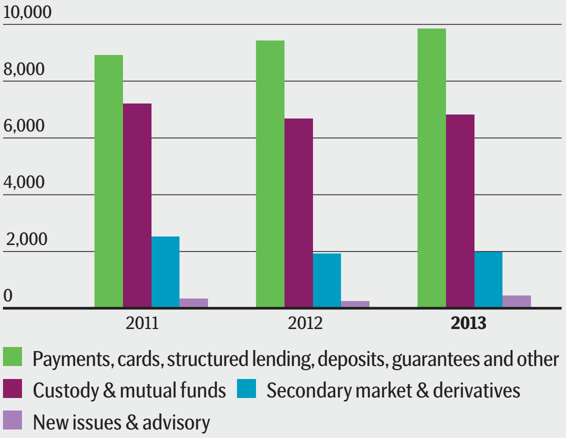
Operating income

Total operating income amounted to SEK 41,553m (38,823), an increase of 7 per cent compared to the full year 2012.

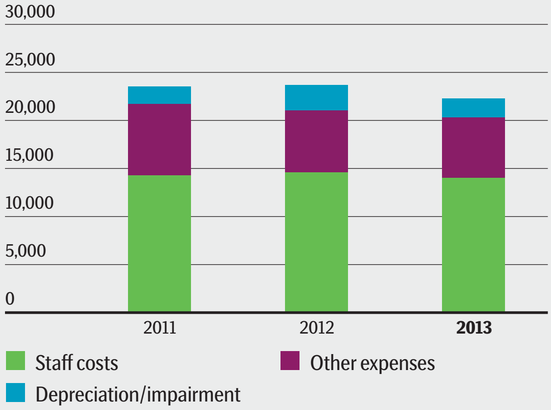
Net interest income increased to SEK 18,827m (17,635). Net interest income from customer loans and deposits combined increased by SEK 1,051m, or 7 per cent, compared to 2012. This was partially due to volume growth and partially because margins have remained unchanged even though short-term interest rates decreased. Average loan and deposit volumes grew by 4 and 7 per cent during the year.

Net interest income from other activities was SEK 141m higher compared with 2012. The yield on the liquidity portfolio and other interest-bearing securities decreased due to lower

Fee and commission income
SEK m



Expenses
SEK m



short-term interest rates, but the cost of funding did not decrease as much. Both the fee to the Swedish stability fund, SEK 643m (602) and the contribution to the deposit guarantee scheme, SEK 383m (440), reduced net interest income.

Net fee and commission income amounted to SEK 14,664m (13,620). Compared to 2012, the average volumes and turnover on the Nordic stock exchanges increased. The corporate customers were in particular active within financing and syndications and the investment banking activities increased which led to higher lending and syndication fees, SEK 484m. Performance fees were stable and amounted to SEK 267m (264).

Net financial income decreased to SEK 4,052m (4,579). This result was unusually high in 2012 due to valuation gains in the liquidity portfolio. Changes in the value of counterparty risk and own credit risk contributed to a positive effect of SEK 165m during 2013.

Net life insurance income decreased by 5 per cent to SEK 3,255m (3,428). The values on the stock exchanges increased which led to increased income from the unit-linked business, while the higher long-term interest rates had a negative effect on the traditional portfolios in Life and Denmark's own portfolio.

Net other income amounted to SEK 755m (–439). In the result for 2012, there were realised losses amounting to SEK 402m from the repurchase of covered bonds. During 2013 there was a profit, SEK 201m, from repurchase of subordinated debt, as well as positive hedge effects.

Operating expenses
Total operating expenses decreased by 6 per cent compared to 2012 and amounted to SEK 22,287m (23,652). Staff costs were 4 per cent lower and the number of employees decreased by 6 per cent to around 16,000. In 2012 operating expenses included a

5 questions for Jan Erik Back
Chef Financial Officer

How would you summarise 2013?
We made a determined effort to deepen our relationships with our customers and attract new customers. The combination of increased business and equally hard work to boost internal productivity gave results.

How are you avoiding the conflict between the cost cap and the need to invest in the future?
Actually, I don't see any conflict here, since our cost target includes quite a bit of investment at the same time that we are being vigilant about costs on a daily basis by making the Bank more efficient.

Will the targets be further raised in line with the sharply increased expectations from the market?
We are now one year into the three-year plan that we unveiled at the start of 2013. The financial landscape changed to the better during the past year, although the recovery is not a straight line. We are sticking to the plan we have laid out.

What is your view on the rise in regulatory requirements on banks' business and transparency every year?
For a bank it is paramount to have the public's trust, and the stricter regulatory requirements indicate that there is still a confidence gap. The Swedish banking system is robust and, moreover, has succeeded in adapting to one of Europe's most stringent regulatory codes. Swedish banks are regarded as solid, with good access to liquidity. But on the other hand, the stricter rules in Sweden are skewing the competitive picture. Today the key issue for us is to obtain a clear, future target to work towards – which is to say that certain unclear areas in the rules need to be sorted out.

What are the greatest opportunities and challenges going forward?
The challenge is to avoid setbacks in the economic recovery that is taking place in many countries. This will be critical for our customers as well as for us. We can control the opportunities more ourselves.

write-off of certain IT-infrastructure in the amount of SEK 753m.

Total operating expenses came in below the cost cap in place for 2013. During the year the focus on decreasing costs within all units of the Bank continued. The target was reached by streamlining processes and transferring back-office functions to the Baltic countries among other things. The cap of SEK 22.5bn will remain during 2014 and 2015.

Credit losses and provisions

Credit losses amounted to SEK 1,155m (937). *See further p. 36.*

Income tax expense

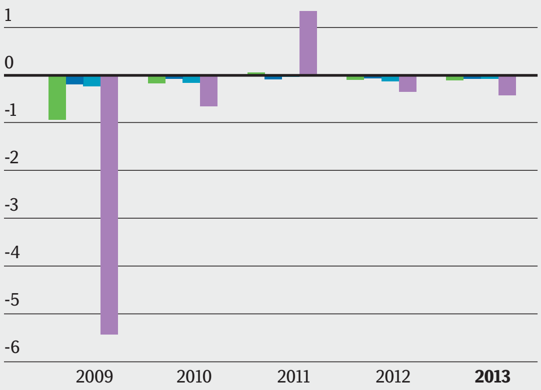
Total income tax amounted to SEK 3,338m (2,093) corresponding to an effective tax rate of 18 per cent (15). The Finnish corporate tax rate was lowered to 20 per cent starting from 2014. SEB's deferred tax assets and liabilities in Finland were revalued giving a positive effect of SEK 266m for 2013. The expected effective tax rate for the Group for 2014 is 20 per cent.

Discontinued operations

The *net result* from the *discontinued operations* amounted to SEK -11m (-488).

Credit loss level

Per cent



Profitability

Return on equity for total operations amounted to 13.1 per cent (11.1). One of the Bank's strategic financial targets is a competitive return on equity. This means that the Bank is working to achieve a profitability of 15 per cent. *See p. 9.*

Key figures [3] [4]

	2013	2012	2011	2010	2009
Continuing operations [1]					
Return on equity, %	13.12	11.52	12.31	8.89	3.26
Basic earnings per share, SEK	6.74	5.53	5.46	4.00	1.63
Diluted earnings per share, SEK	6.69	5.51	5.43	3.98	1.63
Cost/income ratio	0.54	0.61	0.62	0.65	0.60
Number of full time equivalents	15,851	16,578	16,704	16,323	17,970
Total operations					
Return on equity, %	13.11	11.06	11.12	6.84	1.17
Return on total assets, %	0.58	0.48	0.49	0.30	0.05
Return on risk-weighted assets, %	1.63	1.36	1.35	0.83	0.13
Basic earnings per share, SEK	6.74	5.31	4.93	3.07	0.58
Weighted average number of shares [5], millions	2,191	2,191	2,194	2,194	1,906
Diluted earnings per share, SEK	6.69	5.29	4.91	3.06	0.58
Weighted average number of diluted shares, millions	2,207	2,199	2,204	2,202	1,911
Credit loss level, %	0.09	0.08	-0.08	0.15	0.92
Total reserve ratio individually assessed impaired loans, %	86.9	74.4	71.1	69.2	69.5
Net level of impaired loans, %	0.17	0.28	0.39	0.63	0.76
Gross level of impaired loans, %	0.35	0.58	0.84	1.28	1.46
Risk-weighted assets [2], SEK billion	917	879	828	800	795
Core Tier 1 capital ratio, %	10.95	10.05	11.25	10.93	10.74
Tier 1 capital ratio, %	11.79	11.65	13.01	12.75	12.78
Total capital ratio, %	11.68	11.47	12.50	12.40	13.50
Number of full time equivalents	15,870	16,925	17,633	19,125	20,233
Assets under custody, SEK billion	5,958	5,191	4,490	5,072	4,853
Assets under management, SEK billion	1,475	1,328	1,261	1,399	1,356

1) Excluding retail operations in Germany and Ukraine which have been sold. They are reported as discontinued operations from 2010 and 2011, respectively.
2) Basel II, Regulatory reporting with transitional floor.
3) A five year summary of the Group and the Parent bank's income statements and balance sheets can be found in the financial statements page 148–149.
4) See definitions page 66.
5) The number of issued shares was 2,194,171,802. SEB owned 2,188,734 Class A shares for the long-term incentive programmes at year end 2012. During 2013 SEB has repurchased 32,276,198 shares and 20,043,859 shares have been sold as employee share rights have been exercised. Thus, as at 31 December 2013 SEB owned 14,421,073 Class A-shares with a market value of SEK1,223m.

Other comprehensive income

The net result from *other comprehensive income* was SEK 5,686m (-816). Pension plan assets in Sweden appreciated while the market-derived discount rate for Swedish pension obligations increased to 3.8 per cent (2.8), which led to a positive effect of SEK 5,083m (-2,003) for the defined benefit pension plans.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, i.e. cash-flow hedges, available-for-sale financial assets and translation of foreign operations amounted to SEK 603m (1,187).

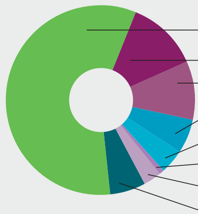
Subsequent events

SEB and Nets signed an agreement that SEB will acquire Nets' Business Eurocard operations in Finland. The operations will be transferred from Nets to SEB Kort on 1 April 2014. SEB and DnB signed an agreement that SEB will acquire DnB's corporate credit card portfolio in Norway. The operations will be transferred in the fourth quarter of 2014. Both acquisitions will strengthen SEB's card offering in the corporate segment.

The Board decided to establish a level 1 sponsored American Depository Receipts programme in the United States. The programme is expected to be operational during the first quarter of 2014.

Operating profit[1]

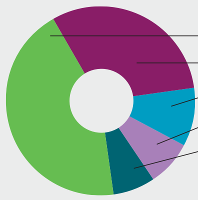
Geographical distribution, 2013



	Per cent
Sweden	58
Norway	12
Denmark	10
Finland	6
Estonia	4
Latvia	1
Lithuania	3
Germany[2]	6

1) Excluding other and eliminations.
2) Excluding centralised Treasury operations.

Distribution per division and business unit, 2013



	Per cent
Merchant Banking	44
Retail Banking	31
Life	10
Wealth management	8
Baltic	7

Income statement on quarterly basis

SEK m	2013:4	2013:3	2013:2	2013:1	2012:4
Net interest income	4,932	4,759	4,677	4,459	4,458
Net fee and commission income	3,871	3,735	3,811	3,247	3,715
Net financial income	1,186	825	1,087	954	982
Net life insurance income	890	794	689	882	831
Net other income	151	211	384	9	- 349
Total operating income	**11,030**	**10,324**	**10,648**	**9,551**	**9,637**
Staff costs	-3,386	-3,474	-3,613	-3,556	-3,672
Other expenses	-1,780	-1,457	-1,481	-1,581	-1,628
Depreciation, amortisation and impairment of tangible and intangible assets	- 495	- 522	- 491	- 451	-1,224
Total operating expenses	**-5,661**	**-5,453**	**-5,585**	**-5,588**	**-6,524**
Profit before credit losses	**5,369**	4,871	5,063	3,963	3,113
Gains less losses on disposals of tangible and intangible assets	- 19	14	11	10	2
Net credit losses	- 341	- 267	- 291	- 256	- 276
Operating profit	**5,009**	**4,618**	**4,783**	**3,717**	**2,839**
Income tax expense	- 793	- 865	- 975	- 705	401
Net profit from continuing operations	**4,216**	**3,753**	**3,808**	**3,012**	**3,240**
Discontinued operations	6		- 17		- 1
Net profit	**4,222**	**3,753**	**3,791**	**3,012**	**3,239**
Attributable to minority interests	1	2	1	3	7
Attributable to equity holders	4,221	3,751	3,790	3,009	3,232
Continuing operations					
Basic earnings per share, SEK	1.93	1.71	1.74	1.37	1.47
Diluted earnings per share, SEK	1.92	1.70	1.72	1.36	1.47
Total operations					
Basic earnings per share, SEK	1.93	1.71	1.73	1.37	1.47
Diluted earnings per share, SEK	1.92	1.70	1.72	1.36	1.47

Customer actions drive the result

SEB's operating income is generated by customers' need to borrow, pay, save, invest or trade in financial instruments, etc. Income consists of net interest, net fees and commissions or net financial income. In addition, the market value of some of the assets and liabilities affects the result and the Bank pays interest for the funding of its business.

The business volumes are reported in different ways in the balance sheet. In some cases they are reported outside the balance sheet, for instance assets under management or card transactions. The overview on these pages briefly describes the connection between customer transactions and income. Certain specific explanatory items are also included.

- The numbers in green show the connection between balance sheet assets and the respective line item in the income statement.
- The numbers in blue show the connection between balance sheet liabilities and the respective line item in the income statement.
- The numbers in red show the connection between business volumes outside the balance sheet and the respective line item in the income statement.

For additional information, see note 2 – accounting principles.

Operating income, comprehensive income and the balance sheet

	Loans	Debt instruments	Equity instruments	Derivatives
Net interest income	SEB provides loans to corporates, private individuals, banks and the public sector leading to interest income during the life of the loan. 1 2 3 5 6 7 8	The Bank maintains an inventory of debt instruments – interest bearing securities and bonds – for the purposes of liquidity management and customer trade. Debt instruments accrue interest over life. 4 9 10 14		Interest rate derivatives are used by the Bank to control volatility in the result (hedge). They accrue interest over life. 12 28
Net fee and commission income	SEB participates in or leads syndications of loans leading to net fees and commissions. 7 Up-front fees for new loans to private individuals, corporates, banks and the public sector. 5 6 7			In certain cases, SEB charges fees when trading derivatives. 12 28
Net financial income		The Bank maintains an inventory of debt instruments for the purposes of customer trading and liquidity management. The customer trading as well as the market value of the inventory affects net financial income. 10 26 [1]	SEB Bank maintains an inventory of equity instruments for customer trading, and SEB is a counterpart in stock lending and equity swaps. The customer trading as well as the market value of the inventory affects net financial income. 11 27 [1] Dividends from equity holdings. 11	The Bank maintains a market place for customers wishing to manage their currency, interest rate, equity and credit risks using derivative instruments. The customer trade and the market value of the holdings generate financial income. 12 28
Net life insurance income				
Net other income		Sales from the Bank's inventory of debt instruments held for liquidity management or investment affects the result. 4 9 14	Sales from the Bank's equity holdings affects the result. 15 Dividends from equity holdings. 15	The market value of derivatives that are used for hedging when the hedge is not perfect. 12 28
Other comprehensive income		Market value change in the Bank's inventory held for liquidity management or investment purposes. 14	Market value change in the inventory of equity instruments. 15	Value change in the Bank's cash flow and subsidiary hedges. 12 28

1) Short position – a negative item in the inventory held for customer trades.

Savings: Deposits, borrowings and insurance	Issued securities and subordinated debt	Business volumes outside the balance sheet
Deposits from corporate and private customers, banks and the public sector generate interest expenses. 16 17 18 19 20 21 22 Fees to the Swedish stability fund 30 and contribution to the deposit guarantee scheme, are interest expenses. 20	SEB's operations are funded using interest-bearing short term certificates and long-term bonds, covered bonds, index bonds, etc. Subordinated debt is part of the capital base and also constitutes a source of funding. 24 25 29	
Certain bank accounts generate fee income. 20 21	Index bonds generating fee income are provided for the purpose of customer investment. 24 25	A number of products and services that are not part of the balance sheet, for instance mutual funds and cards, are provided to SEB's customers. 31
	The value of the credit risk in SEB's issued securities affect the result, so does the market value of index bonds. 25	
Customers wishing to use unit-linked and traditional insurance services are served by SEB. The customer commitments and the corresponding assets are reported in the balance sheet. 13 23		
	Prepayment by SEB of its debt instruments affects the result. 24 25 29	

Balance sheet

	ASSETS, SEK m	2013
1	**Central banks**	**183,611**
2	Lending	71,457
3	Repos	19,996
4	Debt instruments	11,170
	Other loans to credit institutions	**102,623**
5	Public administration	51,678
6	Households	493,215
7	Corporate	646,725
8	Repos	87,436
9	Debt instruments	23,514
	Loans to the public	**1,302,568**
10	Debt instruments	185,870
11	Equity instruments	132,459
12	Derivatives	142,776
13	Insurance assets	315,519
	Financial assets at fair value	**776,624**
14	Debt instruments	44,725
15	Equity instruments	4,134
	Other	44
	Financial assets available for sale	**48,903**
	Other	**70,505**
	Total assets	**2,484,834**

	LIABILITIES AND EQUITY, SEK m	2013
16	**Central banks**	62,413
17	Credit institutions	105,109
18	Repos	8,669
	Deposits from credit institutions	**113,778**
19	Public administration	70,502
20	Households	223,439
21	Corporate	544,242
22	Repos	11,292
	Deposits and borrowings from the public	**849,475**
23	**Liabilities to policyholders**	**315,512**
24	Commercial paper/Certificate of deposit	265,751
25	Long term debt	448,239
	Debt securities	**713,990**
26 1)	Debt instruments	31,556
27 1)	Equity instruments	44,230
28	Derivatives	138,159
	Other liabilities at fair value	**213,945**
	Other liabilities	**70,098**
29	**Subordinated debt**	**22,809**
30	**Total liabilities**	**2,362,020**
	Total equity	**122,814**
	Total liabilities and equity	**2,484,834**

Business volumes outside the balance sheet

31	Securities transactions	Intermediary in customer transactions
31	Assets under management	Investments on behalf of customers, e.g. in mutual funds
31	Card transactions	Card payments
31	Commitments	Banks' agreements to provide future credits to customers
31	Guarantees	Credit risk management for customers
31	New issues and advice	Corporate finance
31	Stock lending	Customer loans
31	Payments and cash management	Payments and accounts

Financial structure

The Group's total assets increased by 1 per cent during the year and amounted to SEK 2,485bn as per 31 December 2013 (2,453).

Loan portfolio

Loans to the public increased to SEK 1,303bn, an increase of SEK 67bn for the year. Taken together cash and lending to central banks and loans to other credit institutions amounted to SEK 286bn (335). SEB's total credit portfolio, which includes both on-and off balance sheet items, increased to SEK 1,862bn (1,777). *See p. 40 and note 18.*

Fixed income securities

SEB's net position in fixed income securities amounted to SEK 234bn (244). Of the total holdings, SEK 10bn, was GIIPS-related (11). *See note 5.*

Derivatives

The replacement values of the derivative contracts are booked as assets and liabilities in the balance sheet. They amounted to SEK 142bn and SEK 137bn respectively. The mix and volumes of derivatives largely reflect the demand of the Group's customers for derivatives for management of their financial exposures. The Group is a market maker for derivatives and also uses derivatives for the purpose of protecting the cash-flows and fair value of its financial assets and liabilities from for instance interest rate fluctuations. *See note 46.*

Rating

In September 2013 Moody's confirmed its stable outlook for the Swedish banking system. The opinion was based on the expectation of favourable economic growth overall and strong asset quality due to low interest rates.

Standard & Poor's confirmed three of the four systemic Swedish banks' negative outlook in August 2013, due to the weakening economic outlook for Sweden and therefore increasing risks for Swedish banks.

Fitch confirmed major Swedish banks' stable outlook in December 2013.

The rating table shows the ratings of SEB as of February 2014.

Moody's Outlook Stable (July 2013)		Standard & Poor's Outlook Negative (August 2013)		Fitch Outlook Stable (December 2013)	
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–

Insurance assets and liabilities

Financial assets within the insurance operations amounted to SEK 316bn (286). Out of this, financial assets where the insurance policyholders carry the risk (mostly unit-linked insurance), amounted to SEK 234bn (203) and other assets (mostly traditional and risk insurance) amounted to another SEK 82bn (83).

Liabilities in the insurance operations amounted to SEK 316bn (286). Out of this, SEK 223bn (196) was related to financial commitments for investment contracts (mostly unit-linked insurance), while SEK 92bn (90) was related to insurance contracts (mostly traditional and risk insurance).

Tangible and intangible assets

The major part of the tangible assets consists of real estate properties at a total amount of SEK 10.8bn.

Intangible assets totalled SEK 17.2bn (17.3), of which 61 per cent consists of goodwill. The most important goodwill items are related to the acquisition of the Trygg-Hansa group in 1997, at SEK 5.7bn, and investments in the card business in Norway and Denmark, at SEK 1.2bn. Goodwill items are not amortised, but are subject to a yearly impairment test. No impairments occurred during 2013.

Deferred acquisition costs in insurance operations amounted to SEK 4.1bn (4.0).

Deposits, borrowings and issued securities

The financing of the Group consists of deposits from the public (households, corporates etc.), borrowings from Swedish, German and other financial institutions and issues of money market instruments, covered bonds, other types of bonds and subordinated debt. *See p. 45 for information on liquidity management.*

Deposits and borrowing from the public amounted to SEK 849bn (862). Core corporate deposits increased by SEK 16bn and household deposits increased by SEK 14bn. Short-term deposits from international asset managers decreased. Deposits from credit institutions increased to SEK 176 bn (171).

Issued securities amounted to SEK 714bn at year-end (662). During the year SEK 61bn matured. The Bank was able to use its favourable position from a credit risk point of view to raise funding in excess of what matured, at an amount of SEK 120bn, in line with the liquidity strategy. Issued subordinated debt amounted to SEK 23bn.

Total equity

Total equity at the opening of 2013 amounted to SEK 110bn. In accordance with a resolution of the Annual General Meeting in 2013, SEK 6,004m of equity was used for the dividend (3,795). Net profit amounted to SEK 14,778m and other comprehensive income *(see page 20)* amounted to SEK 5,686m. At year-end 2013, total equity amounted to SEK123bn.

Capital adequacy

SEB 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. Subsidiaries with insurance operations must comply with capital solvency requirements. SEB shall also comply with capital requirements concerning combined banking and insurance groups ("financial conglomerates").

SEB has maintained stable and strong capital ratios. As of year-end 2013, the core Tier 1 capital ratio was 17.8 per cent, excluding transitional rules (15.1). The Group's Basel II risk-weighted assets (RWA) amounted to SEK 564bn (586).

Adjusted for the supervisory Basel II transitional rules, RWA amounted to SEK 917bn (879) and the core Tier 1 capital ratio was 11.0 per cent (10.1).

The common equity tier 1 capital ratio according to Basel III was estimated at 15.0 per cent (13.1). The risk-weighted assets according to Basel III amounted to SEK 598bn (632). *Further information is available on p. 47 and in note 48.*

Dividend

The Board proposes to the AGM a dividend of SEK 4.00 per Class A and Class C share respectively, which corresponds to a 59 per cent pay-out ratio. The total proposed dividend amounts to SEK 8,719m (6,028), calculated on the total number of issued shares as per 31 December 2013, excluding repurchased shares. The dividend in total, including repurchased shares, amounted to SEK 8 777bn. The SEB share will be traded ex dividend on 26 March 2014. The proposed record date for the dividend is 28 March and dividend payments will be made on 2 April 2014.

Assets under management and custody

At year-end, assets under management amounted to SEK 1,475bn (1,328). The net inflow of assets was SEK 21bn. The increase in value was SEK 126bn. Unit-linked insurance assets under management are also reported in the balance sheet.

Assets under custody amounted to SEK 5,958bn (5,191).

Outlook for 2014

In 2014, the Bank will continue its work in accordance with the 2013 strategic direction. This means pursuing income growth through growing the customer base, increasing the product penetration with existing customers while at the same time keeping costs below SEK 22.5bn.

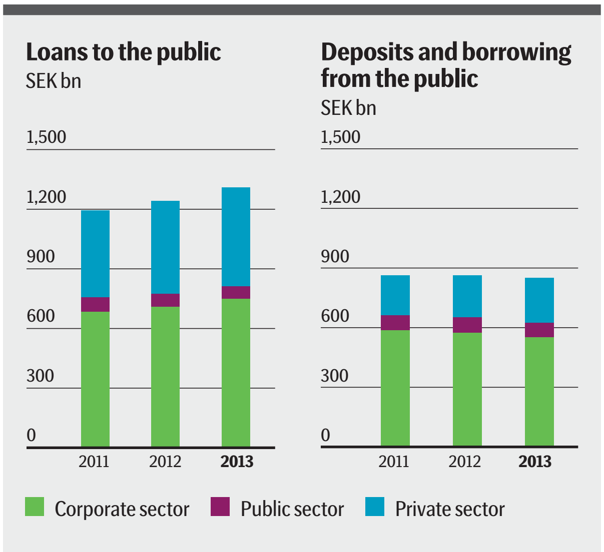
2013 was characterised by gradual improvements in the financial markets and a substantial decrease in volatility. Major global imbalances remain however. If central banks decrease their support in the form of liquidity to the financial markets, direct and indirect effects may occur that are difficult to evaluate and which may prevent a stable business environment that is the ultimate target. This shows once again that the macroeconomic environment is the major risk factor for earnings capacity and financial stability. In particular, it affects the asset quality and thereby the credit risk of the Group.

SEB assumes credit, market, liquidity, IT and operational and life insurance risks which affect the business. *The risk composition of the Group, and risk management, is further described on p. 36.*

The international Basel III regulatory framework in relation to capital, liquidity and funding standards may lead to long-term effects on asset and liability management and profitability of the banking sector. The EU has adopted the framework but they still remain to be implemented in Sweden.

Asset under management

SEK bn	2013	2012	2011
Start of period	**1,328**	**1,261**	**1,399**
Inflow	203	203	273
Outflow	-182	-174	-230
Acquisition/disposal net	0	0	17
Change in value	126	38	-198
End of period	**1,475**	**1,328**	**1,261**

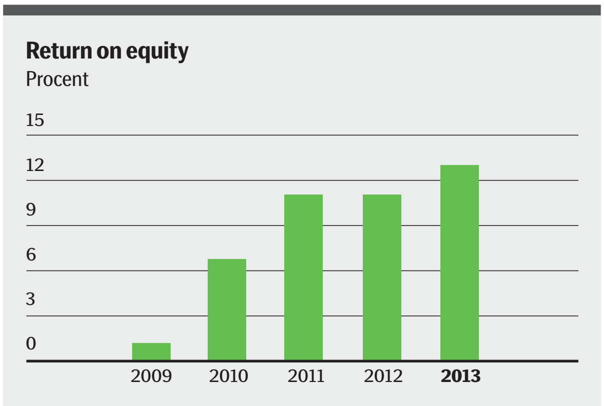


Financial targets

The Board of Directors and management have announced SEB's financial targets for dividends, capital adequacy and return on equity in the business plan for 2013–2015. Going forward SEB will aim to:

- Pay a yearly dividend that is 40 per cent, or above, of the earnings per share
- Target a Common Equity Tier 1 ratio (Basel III) of 13 per cent and
- Generate return on equity that is competitive with peers.

This means that the Bank aspires to reach a return on equity of 15 per cent. *The targets and outcome are described in more detail on page 9.*



Merchant Banking

The Merchant Banking division offers advisory-driven commercial and investment banking services to large corporations and financial institutions, in the Nordic region and Germany. Customers are also served through an extensive international presence.

The division's main business areas are:

Corporate & Investment Banking
- Lending and debt capital markets
- Corporate finance
- Export, project and asset financing
- Acquisition financing and venture capital

Markets
- Customer-driven trading in equities, currencies, fixed-income securities, commodities, derivatives, futures and exchange traded funds
- Prime brokerage and securities-related financing solutions
- Advisory services, brokerage, research and trading strategies in the equity, fixed income, commodities and foreign exchange markets

Transaction Banking
- Cash management, liquidity management and payment services
- Custody and fund services
- Trade and supply chain financing

The division in brief

The division in brief	2013	2012
Percentage of SEB's total income [1]	41	41
Percentage of SEB's operating profit [1]	44	45
Percentage of SEB's staff	14	14
Operating profit, SEK m	8,171	7,109
Cost/Income ratio	0.50	0.54
Business equity, SEK bn	48.8	36.7
Return on business equity, %	12.9	14.3
Number of full time equivalents, average	2,245	2,418
Risk-weighted assets, Basel II, SEK bn	332	335
Lending to the public[2], SEK bn	459	444
Deposits from the public[3], SEK bn	369	446

1) Excluding other
2) Excluding repos and debt instruments
3) Excluding repos. SEK 104bn moved to the treasury function in 2013.

Business model

The division serves large corporations and financial institutions in the Nordic countries and Germany. With a well established branch network in global financial centres and key export markets, SEB ensures that its customers have access to local service and to the Bank's expertise in some twenty countries around the world.

SEB's relationship bank model is built on a long-term perspective, proximity to customers and an intrinsic understanding of their businesses. This is combined with deep knowledge about various industries and a host of banking services. Despite mounting competition in its core markets, SEB has continued to strengthen its client relationships and remains the number one bank in many key areas. Customer relationships, top-ranked product offerings and qualified professionals are key success factors.

External recognition

The strength of SEB's business model has been proven over the years by top customer rankings and the large number of reference transactions in which Merchant Banking has been a key player. In spite of the challenging environment in the last couple of years, SEB has had the capacity to increase the client base substantially, both in the Nordic countries and in Germany.

Recent customer surveys in the Nordic region conducted by Prospera showed that SEB has further enhanced its position. In the Nordic large corporate and financial institution segments, the tier 1 companies confirmed SEB as the market leader and the ranking showed that SEB's rating improved in both customer segments. In addition, the large corporate customers and financial institutions ranked SEB as the Nordic bank they were most willing to recommend.

Demand for corporate bonds

In recent years, demand among corporations for bank funding has been limited. Large corporations, in particular, have shown growing interest in obtaining funding by issuing corporate bonds. In 2013, Nordic companies continued to tap the bond market as a key funding source. This has been a trend for the past ten years.

The shift from traditional bank borrowing to corporate bonds as a source of funding for corporations has presented a business opportunity for SEB, which provides advice and offers a secondary market for these instruments. SEB has a market-leading position as a bank for issuing corporate bonds in Sweden (21 per cent market share) and the other Nordic countries. In 2013 SEB acted as lead manager in several corporate bond issues, including BMW, Braathens Aviation, GE and Volkswagen, and issued green bonds for the City of Gothenburg, Vasakronan, and Kexim.

Macroeconomic environment

2013 was characterised by continued uncertainty in the market and a number of supporting measures taken by central banks in the beginning of the year, after which the market sentiment slowly improved. The Nordic region continued to be seen as a safe haven for investments. Corporate investment levels, including mergers and acquisitions, began to slowly improve, albeit from low levels. SEB continued to focus on strengthening its customer base in spite of the rather turbulent market environment.

2013 result

Operating income amounted to SEK 16,729m which was an increase of 6 per cent year-on-year (15,837). This was driven by higher customer activity, although starting from a low level, in most business areas. Operating expenses which amounted to SEK 8,307m decreased by 3 per cent compared with 2012 (8,592). Asset quality remained high and the net credit losses at SEK 233m were consequently low (130). Operating profit amounted to SEK 8,171m, which was an increase of 15 per cent year-on-year (7,109).

Generally, customer activity in capital markets was lower in 2013 and the result in the business area Markets therefore slightly lower than the previous year.

Within Transaction Banking the customer base was broadened and the business could thereby offset most of the negative effects from lower interest rates and lower export and import volumes. Assets under custody amounted to SEK 5,958bn (5,191).

The business area Corporate & Investment Banking continued to improve its performance in 2013 and delivered a solid result across all areas in spite of the still rather low merger and acquisitions volumes.

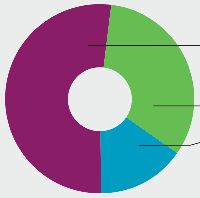
Sustainability

Sustainability aspects that are based on sector policies and Group-wide principles are an integrated part of the division's business activities. Dialogues on sustainability issues are regularly held with corporate customers.

During the year, the division facilitated the first Nordic green bond issue for the City of Gothenburg and the first green corporate bond issue globally for Vasakronan.

Operating income by business area

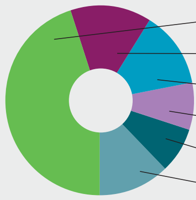
2013, per cent of total operating income (SEK 16,729m)



	2013	2012
Corporate & Investment Banking	52	43
Markets	33	38
Transaction Banking	15	19

Operating income by country

2013, per cent of total operating income (SEK 16,729m)



	2013	2012
Sweden	45	44
Germany	14	15
Norway	13	14
Finland	8	7
Denmark	8	7
Other	12	13

The most important rankings in 2013

No. 1 Nordic Bank for the tier 1 corporates	Prospera
No. 1 Nordic bank for financial institutions, tier 1 clients	Prospera
No. 1 Bank in Sweden	Euromoney
No. 1 Nordic equity provider	Prospera
No. 1 Equity research house in the Nordic region	Financial Hearing
No. 1 Foreign exchange provider in the Nordic region	Global Finance
No. 1 Cash management bank in the Nordic region	Prospera
No. 1 Advisor and arranger of debt capital market financing in Sweden	Prospera

5 questions for Magnus Carlsson

Head of Merchant Banking

How would you summarise 2013?

Customer activity was low at the start of the year and thereafter gradually increased to more normal levels. Our customers continue to be financially strong, and many see good opportunities to develop their business when the market activity picks up.

Are you continuing the efforts to grow in the Nordic countries and Germany?

Yes, our efforts have been successful, and we see continued favourable opportunities to grow our existing business while prospecting for new customers. We are selective, and only take on new customers that we can serve in a professional way.

How can customers benefit from SEB's international network?

We are the most international bank in the Nordic region, and through our network around the world we can provide our customers with a full range of services. Many German companies have discovered the value of our offering, and they appreciate SEB's level of service, which measures up well in comparison with other international banks.

Why are corporations seeking funding outside of traditional bank borrowing?

It is natural that companies are seeking to diversify their funding sources by issuing bonds in the capital market, especially since the pricing is currently so favourable. We aim to be the partner of choice for corporate clients in this area, which gives us an opportunity to strengthen our relationships with investors as well.

Corporate bonds will never entirely replace traditional bank lending, for which there will always be a need. Traditional lending is one of banks' vital functions. We are there for our customers and offer more long-term continuity than the more volatile capital markets can do.

What are the greatest challenges and opportunities going forward?

Our main challenge is to continue being a trusted partner that can help customers realise their growth ambitions at the same time that we are adapting to the rapidly changing regulatory landscape. Doing this well is our best opportunity.

Retail Banking

The Retail Banking division provides financial services and advice to private individuals and small and medium-sized companies in Sweden, and is also responsible for SEB's card business in the Nordic countries.

The division's main business areas are:

- **Retail Sweden**, which serves 1.7 million private customers and 200,000 companies with advisory services and products from 164 branch offices as well as through SEB's Telephone Bank, Internet Bank and Mobile Bank.
- **Card**, which issues cards and arranges acquiring agreements in Sweden, Norway, Denmark and Finland under SEB's own brand as well as for Eurocard and Diners Club. Together with co-branding partners, SEB Card's business covers some 3.6 million cards issued to private individuals and companies, and acquiring agreements with some 180,000 participating merchants.

The division in brief	2013	2012
Percentage of SEB's total income [1]	30	29
Percentage of SEB's operating profit [1]	31	28
Percentage of SEB's staff	21	22
Operating profit, SEK m	5,743	4,353
Cost/Income ratio	0.49	0.57
Business equity, SEK bn	20.2	14.4
Return on business equity, %	21.9	22.3
Number of full time equivalents, average	3,452	3,708
Risk-weighted assets, Basel II, SEK bn	107	114
Lending to the public[2], SEK bn	586	543
Deposits from the public[3], SEK bn	227	216

1) Excluding other
2) Excluding repos and debt instruments
3) Excluding repos

SEB builds relationships with companies...

The Retail Banking division has been working for several years to improve its corporate services, by providing customers with long-term commitment and comprehensive advice. In 2013, SEB was the first bank in Sweden to launch a mobile banking platform for corporate customers; companies can use both the ordinary account and payment services, and also approve payments using the mobile banking services. Corporate advisers play an important part in building long-term relations and assisting customers in their growth ambitions. Specifically, there are 150 advisers for the smaller companies whose primary responsibility is to support the smallest businesses and entrepreneurs via the branch offices and the Telephone Bank.

SEB's goal is to attain a corporate market share of 15 per cent by year-end 2015. By year-end 2013 the Bank served 13.3 per cent of all customers in the market. The number of corporate customers who actively use the Bank's payment services rose by 9,500 to 139,700.

For the fourth time, SEB was named as SME Bank of the Year by the personal finance magazine Privata Affärer.

... and private individuals

During the year, SEB attracted 17,400 new home bank customers in the private segment and strengthened its position as the Relationship Bank in the private market in Sweden. Customers are offered easy to use products and services based on their needs and their personal finances. Increasing accessibility and usability are key components. Examples include the launch of a mobile app for private individuals and an upgrade of the Internet Bank during the year. To facilitate logins to the Internet Bank, a mobile BankID solution was launched. The number of visits to the Mobile Bank and Internet Bank increased compared to one year ago and the highest increase was within the mobile services. Towards the end of the year the mobile channels registered around 6 million private customer visits per month. SEB's Telephone Bank provides personal services and advice around the clock in more than 20 languages. More complex matters and in-depth advisory services are offered through face-to-face meetings at branch offices.

Since mortgages normally represent a large portion of personal finance, advisory services are always provided when such loans are granted. SEB recommends that all customers amortise their home mortgages. For new home mortgage customers with a loan-to-value above 70 per cent, amortisation is mandatory. The Bank's mortgage portfolio increased by SEK 25bn but the rate of growth decreased in the latter part of the year.

Satisfied customers – a keystone in SEB's business

SEB aims for being the bank with the most satisfied customers. The year's SKI (Swedish Quality Index) survey showed that confidence in the banking sector as a whole decreased, SEB included. Customer confidence and satisfaction is of utmost importance for SEB, and therefore the Bank will intensify the work to serve the customers even better in 2014. Customers are for example contacted after meetings with the Bank and asked to rate the quality of the services and share any other views they may have.

Greater focus on savings

The savings segment is a strategic priority for SEB. In pace with an ageing population who are having to take on greater responsibility for their own financial security, the need for advice on long-term savings is growing. By sharing its expertise in savings as well as investment and insurance products, SEB can contribute to a society in which as many people as possible have financial freedom and security. Work on developing and simplifying high-quality savings products and pension solutions for customers continued in 2013.

Card business

Work on strengthening SEB Card's customer offering continued during the year. For instance, a Eurocard app was introduced and an improved online card administration service was created for business customers. For the segment Corporate, adjustments for new contracts with the Danish and Swedish governments were made, while the Co-branding business was further expanded in Sweden. The SEB Selected card was launched for SEB Private Banking customers.

2013 result

Disposable income for Swedish households increased and activity in the housing market was high but decelerated towards year-end. There was a strong operating result amounting to SEK 5,743m (4,353).

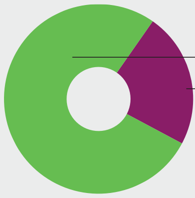
The net interest income amounted to SEK 7,729m (7,117) while the net fee and commission income increased by SEK 397m. The margins in the mortgage portfolio increased. The operating expenses continued to decrease as cost savings were realised and the C/I ratio for the year was 0.49. Net credit losses amounted to SEK 501m (452) which indicated a continued stable asset quality.

The relationships with the corporate customers intensified towards the end of the year and lending to corporates increased by 11 per cent during the year to SEK 169bn.

The operating result of the Card business increased by 12 per cent to SEK 1.3bn, partially due to improved efficiency.

Operating income by business area

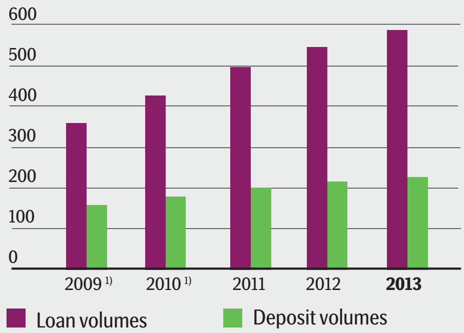
2013, per cent of total (SEK12,243m)



	2013	2012
Sweden	77	75
Card	23	25

Development of loan and deposit volumes

SEK bn



1) Large SMEs moved to the Retail division in 2011

Sustainability

SEB continued its focus on entrepreneurship by supporting various organisations dedicated to helping new business owners and entrepreneurs, such as Junior Achievement, in which secondary school students have an opportunity to start and run a business and Entrepreneur of the Year, which awards successful entrepreneurs.

5 questions for Mats Torstendahl

Head of Retail Banking

How would you summarise 2013?

We attracted many customers who see us as their main banking partner. It shows the value of our focus on long-term customer relationships.

How can you simplify customers' everyday lives?

For quite some time, we have worked to increase accessibility and simplified our services, through concepts like Enkla vardagen, Enkla lånet and Enkla firman. We want to make it easier for customers to keep track of all aspects of their personal or company finances.

In 2013 we took several steps in this direction, including the introduction of Sweden's first mobile app for companies and a simplified solution for companies' online purchases. On the private side, we launched an improved online bank and a new mobile app, and with other banks, we developed the Swish mobile payment system.

How long can the growth in mortgage loans continue?

It is not sustainable over the long term for housing prices to continue rising faster than the underlying economy. As a bank we are promoting a sound debt repayment culture and have introduced an amortisation requirement that is stricter than the industry-wide agreement. However, the underlying structural factors remain. We have extensive migration to the major metropolitan areas, too little housing is being built, and the portion of rental apartments is decreasing.

What are your activities in the corporate market?

We want to be able to meet the needs of small business owners and companies for comprehensive solutions. Toward this end, we continue to focus on developing skills and adding resources in order to improve our advice and services.

What are the greatest challenges and opportunities going forward?

The greatest challenge, for us and all banks, is to increase the public's confidence in the banking sector and instil an understanding for the vital role that banks play in the economy. The opportunities lie in continuing what we do – focus on enduring relationships and simplify our offering. We feel we have some positive momentum.

Life & Wealth Management

The Life & Wealth Management division is responsible for SEB's life insurance and pension business, and offers a full spectrum of asset management and advisory services, including private banking services in the Nordic countries, to high net-worth private individuals and institutions.

The division's main business areas are:

- **Life,** which is one of the leading life insurance providers and one of the three largest providers of unit-linked insurance in the combined Nordic and Baltic region. The business includes insurance solutions – mainly unit-linked insurance for savings and financial security – for private individuals and companies. Business is conducted in Sweden as SEB Trygg Liv, in Denmark as SEB Pension, and internationally as SEB Life & Pension International.
- **Wealth Management,** which offers asset management services to private individuals, life insurance companies and institutions. Activities include institutional asset management and private banking, which apart from asset management includes an extensive range of services in legal and tax advice, insurance, financing, and banking services for foundations and high net-worth private individuals in Sweden and abroad. Management of funds and discretionary management mandates are handled by the business area's Investment Management organisation.

During the year, the former divisions Life and Wealth Management were combined to form a single division. The aim is to create closer co-operation between distribution and production in the savings segment and to benefit from market trends.

Uncertain insurance market

The market continues to be characterised by uncertainty in parallel with rising regulatory requirements that affect both Life and Wealth Management. At the same time, the entire market for life insurance and asset management services is experiencing narrowing margins. This trend has been driven by numerous factors, including regulatory costs, the shift from traditional active management to more passive investment strategies, and fierce competition in life insurance procurement processes.

As *the* Relationship Bank, SEB is focused on offering comprehensive solutions to customers. Advisory services are becoming all the more important. The work on strengthening the fund offering has earned SEB a higher ranking from Morningstar both for the entire offering as well as for targeted offers for life insurance and private individuals. The product offering is aligned both with the trend from active to passive management and with the need for advanced products, i.e. asset allocation products for private individuals and niche products for institutions.

5 questions for Anders Johnsson

Head of Life & Wealth Management

How would you summarise 2013?

We saw a continued strong inflow of new customers and new assets under management in Private Banking. In the pensions area, we launched a new, broad long-term pension solution for unit-linked customers who are not interested in making any active investment decisions. In the mutual funds area our efforts to improve investment results are now gaining clear recognition in Morningstar's ranking.

Have you come further in simplifying fund offerings?

We are redesigning or eliminating funds that create complexity and do not meet clear customer needs. To simplify things for our customers, we are offering solutions where SEB handles the asset allocation for the customer, complemented by selected funds in various asset classes. For customers with more specific preferences, we recommend a broader selection of both internally and externally managed funds.

What are your views on sustainability with respect to the fund offering?

Customers are increasingly requesting products that incorporate sustainability considerations. We take this into account in our new product development, and our fund managers are working with sustainability factors in existing products. In 2013 we launched a microfinancing fund and a private equity fund with sustainability aspects integrated in the investment process.

What's new in the area of retirement savings?

Last year we further developed our fund offering and this work will continue. Among new products in our offering, I can mention Trygg-Pension, a unit-linked plan that guarantees the value of 90 per cent of invested capital, after fees, but before tax, and where the risk in the investment is scaled down as the customer nears retirement.

What are the greatest challenges and opportunities going forward?

The challenge is advising customers in an economic and regulatory environment that remains uncertain. But, as a relationship bank, we have the possibility to navigate in this landscape. We can offer everything from index investments to niche, alternative investments – from comprehensive solutions to products with a narrow investment focus.

Life

The Life business area has approximately 1.8 million customers, with a total fund value in unit-linked insurance amounting to SEK 234bn. The focus of new sales is on unit-linked insurance, which accounts for slightly more than 88 per cent of total sales.

Comprehensive offering in the Swedish market

Pension savings are becoming ever-more important in the Swedish market, as the responsibility for pensions is increasingly being shifted to individuals. Qualified advice is in growing demand among both private and corporate customers. Interest is rising for the Bank's comprehensive offering, i.e. the combination of financial services and pension, disability and health insurance solutions. SEB is the second largest player in the Swedish unit-linked insurance market and aims to remain at the forefront of the pensions market by continuously developing new product solutions to meet the evolving demands of customers and the market.

The Danish market

In the Danish market, the shift from traditional life insurance to unit-linked insurance and similar products has accelerated. Unit-linked insurance accounts for most of SEB's sales. SEB maintained its leading position in product development and web-based advisory tools that support customers in their choices of pension and insurance solutions. This is reflected in the number one rating that SEB Pension received for customer satisfaction in the pensions market in the Aalund Pension Barometer study.

International potential

The occupational pensions market is growing in the Baltic countries, and obligatory pension contributions are expected to grow in importance going forward. In the Baltic countries as well, customers' needs are being met with a comprehensive offering of financial services combined with insurance solutions. Business in Ireland is focused on sales of so-called portfolio bond insurance, with focus on Nordic customers, but also customers from other countries in Europe.

2013 result

Operating profit for the year amounted to SEK 1,892m (1,980). The income from the unit-linked business increased by 5 per cent during the year to SEK 2,857m. The increase was primarily an effect of higher fund values, but also of increasing premium volumes in the unit-linked business. Compared to last year, total income decreased by 1 per cent, due to lower income in traditional and risk insurance. Increasing market interest rates has decreased the result from the own equity investment portfolio in Denmark. The unit-linked business continued to represent a major part of the total income. Expenses increased by 2 per cent compared to last year primarily due to higher sales expenses.

Total premium income relating to new and existing policies continued to increase. The premium income during the year amounted to SEK 30bn, which was 12 per cent higher than 2012. The improvement was primarily a result of growth in the Irish operations. Premiums also increased in Denmark and in the Baltics, but decreased in Sweden.

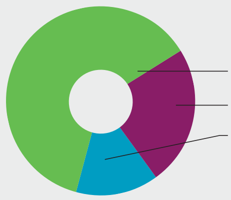
The business area in brief

	2013	2012
Percentage of SEB's total income [1)]	11	12
Percentage of SEB's operating profit [1)]	10	13
Percentage of SEB's staff	8	8
Operating profit, SEK m	1,892	1,980
Cost/Income ratio	0.59	0.57
Business equity, SEK bn	8.2	6.5
Return on equity, %	20.0	26.5
Number of full time equivalents, average	1,343	1,320
Assets under management (net assets), SEK bn	481	443
Of which:		
Traditional life and sickness/health insurance	246	239
Unit-linked insurance	234	204

1) Excluding other

Operating income by business unit

2013, per cent of total (SEK 4,590 m)



	2013	2012
SEB Trygg Liv, Sweden	62	62
SEB Pension, Denmark	24	23
SEB Life & Pension, International	14	15

Volumes

	2013	2012
Sales volume (weighted), SEK m		
Traditional life and sickness/ health insurance	4,518	6,618
Unit-linked insurance	33,872	31,925
Totalt	**38,390**	**38,543**
Premium income, SEK m		
Traditional life and sickness/ health insurance	5,545	6,388
Unit-linked insurance	24,804	20,797
Total	**30,349**	**27,185**

The weighted sales volume of new policies was virtually unchanged and amounted to SEK 38bn. Unit-linked business represented 88 per cent of sales (83) and the share of corporate paid policies was 72 per cent (76).

Assets under management

The total fund value in unit-linked insurance amounted to SEK 234bn which is SEK 31bn higher than a year ago. During the year, net inflow was SEK 5bn and the appreciation in value was SEK 26bn or 13 per cent. Total assets under management amounted to SEK 481bn.

Wealth Management

Business model

The business area strategy is focused on long-term customer relationships where our advisory services are based on a comprehensive view of the customer's needs. SEB uses the Bank's aggregate expertise across all divisions to meet the most complex customer needs.

Offering proactive advice to Private Banking customers is a key focus area, and the Bank's financial stability is of major importance for customers. In institutional asset management, SEB aspires to be a trusted adviser that can manage the client's entire portfolio and develop alternative products in co-operation with the largest customers. The business area has a broad fund offering, from passively managed index funds to traditional actively managed funds, and to alternative niche products targeted at institutions and allocation products for private individuals incorporating all asset classes. The fund offering is distributed via the business area's institutional asset management and private banking activities, and via the Life business area and Retail Banking division.

Customer activities and distinctions

To strengthen its leading position, the Private Banking unit has worked actively on raising the quality of its offering, both in discretionary management and advisory services, and has launched a new card for Private Banking customers with exclusive benefits. For the fourth year in a row, SEB was named as Best Nordic Bank for Private Banking Services by The Banker/Professional Wealth Management.

The Institutional Clients unit continued to offer customised closed-end funds in niche areas. Within the fund offering, products such as corporate bonds and allocation and strategic funds have attracted clients' interest.

2013 result

Volatility in the financial markets decreased dramatically during the year. Increased confidence among investors in general led to a positive development in the stock markets and higher values of asset under management compared to last year. Margins were slightly lower.

The operating profit of SEK 1,610m increased by 25 per cent compared with last year. The base commissions for the year amounted to SEK 2,716m (2,665). Compared with 2012, performance and transaction fees for the year were stable at SEK 267m (264), while brokerage income increased by 11 per cent due to higher market activity. Operating expenses decreased by 5 per cent compared with last year.

Total assets under management amounted to SEK 1,408bn (1,228).

Sustainability

SEB is one of the largest active owners on the Nasdaq OMX Stockholm Stock Exchange and has been involved in numerous company boards and nomination committees during the year. Priority areas include remuneration programmes and board diversity work. With respect to environmental and social issues, SEB has worked in consultation with companies both in Sweden and internationally on topics such as anti-corruption and the chemical and energy industries. SEB continued to integrate sustainability aspects in its product offering and was the first Swedish bank to launch a microfinance fund. The fund invests in microfinancing institutions which in turn provide financial services for people who are outside of the traditional financial system.

The Bank's sustainability strategy has been implemented for roughly two thirds of applicable assets under management in the asset classes equities, corporate bonds, real estate and private equity.

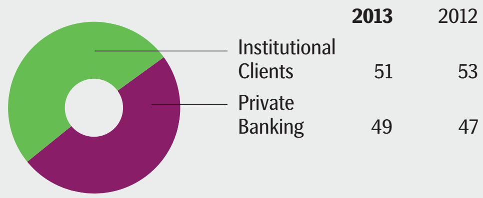
The business area in brief

	2013	2012
Percentage of SEB's total income [1]	10	10
Percentage of SEB's operating profit [1]	8	8
Percentage of SEB's staff	6	6
Operating profit, SEK m	1,610	1,289
Cost/Income ratio	0.62	0.68
Business equity, SEK bn	8.3	6.0
Return on business equity, %	14.9	16.0
Number of full time equivalents, average	891	940
Risk-weighted assets, Basel II, SEK bn	24	26
Lending to the public [2], SEK bn	37	36
Deposits from the public [3], SEK bn	51	57
Assets under management, SEK bn	1,408	1,228

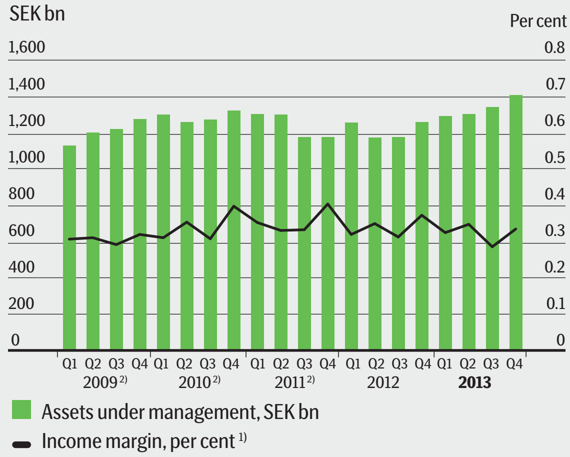
1) Excluding other
2) Excluding repos and debt instruments
3) Excluding repos

Operating income by business unit

2013, per cent of total (SEK 4,232m)



Assets under management and income margin



1) Quarterly operating income (annualised)/average quarterly assets.
2) Including the savings organisation which has been moved to the Retail division.

Baltic

The Baltic division provides banking and advisory services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania. The Baltic real estate holding companies are part of the division.

The division's main business areas are:

- **Estonia**, with a network of 29 branch offices serving 248,000 private home bank customers and 39,000 small and medium-sized corporate home bank customers.
- **Latvia**, with a network of 47 branch offices serving 232,000 private home bank customers and 24,000 small and medium-sized corporate home bank customers.
- **Lithuania**, with a network of 46 branch offices serving 364,000 private home bank customers and 31,000 small and medium-sized corporate home bank customers.

The Baltic division has 1.8 million private customers and 130,000 small and medium-sized corporate customers.

The division in brief	2013	2012
Percentage of SEB's total income [1]	8	8
Percentage of SEB's operating profit [1]	7	6
Percentage of SEB's staff	17	17
Operating profit, SEK m	1,280	918
Cost/Income ratio	0.52	0.62
Business equity, SEK bn	8.8	8.8
Return on business equity, %	12.9	9.7
Number of full time equivalents, average	2,799	2,960
Risk-weighted assets, Basel II, SEK bn	76	76
Lending to the public[2], SEK bn	101	97
Deposits from the public[3], SEK bn	77	68

1) Excluding other
2) Excluding repos and debt instruments
3) Excluding repos

Home bank customers

The division's strategy is focused on building long-term relationships with customers based on a comprehensive view of their needs. Customers who have chosen SEB as their home bank are likely to take advantage of a greater number of products offered by SEB as time goes by. In 2013, the Baltic division gained some 20,000 new private and 7,200 new small and medium-sized corporate home bank customers.

5 questions for David Teare

Head of Baltic

How would you summarise 2013?

The business environment has been very stable with improving profitability. The Baltic countries have had a high GDP-growth in the European context. We have seen a modest increase in corporate lending.

What are the coordination benefits of aligning Baltic banking business?

One year further down the road we continue to realise the positive effects of aligning our products and business processes. It is for the benefit of both customers and employees. We can capture and launch our best ideas to all of our customers. It gives us the possibility to assess and further refine and improve our customers' experience.

Why is SEB so active in the Baltic communities?

As a large employer and a leading participant in the financial community we believe our involvement in activities in society can have high positive impact. Our management and employees possess a natural passion to contribute to a better future and development in the region.

What does the conversion to euro entail?

This is a major transformation for Latvia and Lithuania. It is also a very big project for SEB and a great platform to help our customers. Converting a currency touches everyone in society and is not easy. We have provided numerous educational forums and toolkits which range from simpler on-line FAQ (frequently asked questions) to more sophisticated advisory consultations. In the short term it means an increase in our costs and lower revenues. In the long term, we see reduced financial risk and more streamlined operations for our customers and SEB.

What are the greatest challenges and opportunities going forward?

The challenge of the demands on our organisation and customers from the euro adoption is short term in nature. In the longer time horizon, this brings new opportunities. Our customer focus will lead to a better offering, including the most relevant products and services. The three countries are expected to continue to grow slightly faster than the rest of Europe and we expect to both contribute to and benefit from the increased activity.

Corporate home banking customers are offered an advisory approach appropriate to their individual business sector and size. The advisers provide a depth of knowledge about various industries and banking services. Retail home banking customers have access to advice and a full range of product offerings appropriate to their individual needs. The use of mobile banking and contact centres is growing more popular among customers in the Baltic countries, and there is an enhanced customer awareness on the importance of savings and financial planning for the future.

Customers are given a range of options for interfacing with the Bank – through any of the Bank's branch offices, online or through mobile solutions. During the year, in Estonia and Lithuania SEB launched an improved array of mobile banking services for smart phones and tablets. In Estonia, a new paperless branch concept was piloted and in Lithuania deposit ATMs were installed in all branch offices.

The continuous enhancements of customer offerings and service processes resulted in high customer satisfaction ratings in all three Baltic countries.

Economic recovery

The Baltic countries have been the fastest-growing economies in the EU since 2011. Economic indicators such as unemployment and consumer confidence improved throughout the course of 2013. Inflation remained low both in Lithuania and Latvia, although in Estonia inflation was above the eurozone average. Growth in Estonia slowed somewhat in 2013, while growth in Latvia and Lithuania remained fairly strong. Baltic GDP growth was driven by stable and slowly rising private consumption and exports. The commercial real estate markets continued to recover.

Latvia became the 18th member of the eurozone in January 2014. Lithuania is likely to convert to the euro in 2015. Estonia is a member since 2011.

2013 result

Operating profit increased to SEK 1,280m (918), mainly driven by lower expenses since one-off cost items in relation to IT impacted the result in 2012. Euro conversion costs in Latvia amounted to approximately SEK 50m.

The division's loan volumes, which amounted to SEK 101bn, grew by 1 per cent in local currency terms during the year, with corporate loans growing by 5 per cent across the division. Baltic mortgage loans decreased by 2 per cent in local currency terms. Lending margins were relatively stable across the portfolio with somewhat higher margins on new loans.

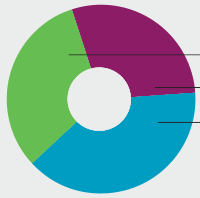
The deposit volumes, which amounted to SEK 77bn, were 10 per cent higher in local currency terms. There was a notable rise in deposit volumes in Latvia in relation to the euro conversion. In spite of the low deposit margins, net interest income increased by 2 per cent in local currencies.

The non-performing loans in the Baltic countries decreased by 44 per cent over the course of 2013. Credit losses for the year increased by 15 per cent and included an adjustment made in Lithuania to reflect a less liquid real estate market.

Baltic real estate holding companies

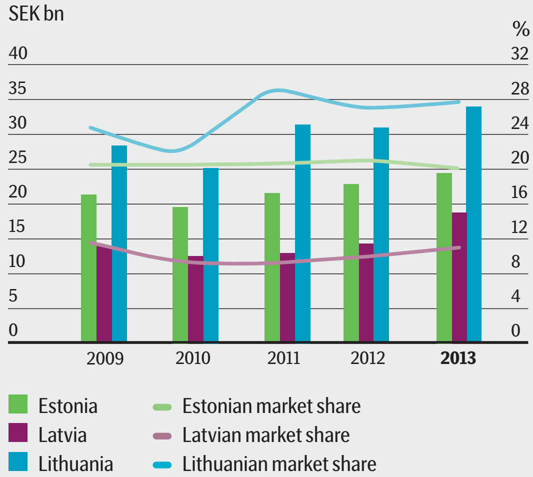
The real estate holding companies have been established to manage real property as part of credit work-out procedures. The companies continued to acquire real estate in 2013, although at a slower pace than previous years. Sales of selected properties were made during the year, resulting in net gains of SEK 40m (10). The book value of properties held was SEK 2,710m (2,162).

Operating income by business area
2013, per cent of total (SEK 3,393 m)



	2013	2012
Estonia	31	32
Latvia	29	29
Lithuania	40	39

Deposits volumes and market shares
SEK bn



SEB recognition

SEB was named as Best Bank in Lithuania and Estonia by Euromoney magazine and as Best Internet bank and Best Emerging Market bank in Latvia by Global Finance. For the fifth straight year, SEB was recognised as the Most Attractive Employer in Lithuania. In Estonia, the Tallinn City government named SEB as one of the most Socially Responsible Companies of the year.

Sustainability

In 2013 the Baltic division actively shared and co-ordinated its corporate sustainability initiatives across the three Baltic countries. One such initiative involved the promotion of financial literacy to prevent financial crime. In addition, SEB provided support to the Stockholm School of Economics in Riga, enabling its Sustainable Business Centre to provide sustainability education through conferences and events. SEB also contributed to communities in Estonia, Latvia and Lithuania by volunteering in the Mentor organisation, providing financial support to children's homes and encouraging youth participation in tennis camps.

Business support

Most of SEB's transactions are fully digitalised and most of the business with the Bank's customers today relies on IT solutions. IT development is now pursued via agile projects in close collaboration with the business.

Business support is a cross-divisional function with around 4,000 employees. It includes:

- **Back office** – transaction processing such as booking, payment and reconciliation of transactions, and customer support
- **IT** – development, maintenance and operations of IT solutions
- **SEB Way** – a Group function supporting change initiatives

Lower transaction costs

Costs for SEB's transaction processes have declined steadily in recent years and continued to do so in 2013. This has been achieved through a combination of leaner processes, customers' use of automated solutions and the continued relocation of back office services to the Baltic countries.

Mortgage processes, accounts handling as well as HR and IT processes are handled by Vilnius Operations Centre in Lithuania, while processes and back office routines for trading, payments and securities are handled by Riga Operations Centre in Latvia. Starting in late 2013, SEB also has a new, integrated centre in Riga for control of market and counterparty risks, and money laundering, among other things.

An agile way of working

SEB's spend for investments in IT development amounted to SEK 1.5 billion in 2013, compared with SEK 1.8 billion in 2012. The decrease is attributable to firmer prioritisation of development projects, efficiency improvements and lower consultant usage. The shift towards agile development methods is expected to improve output further, and benefits were visible already in 2013 in the project to launch a new online bank for Swedish retail customers.

Dramatic increase in mobile banking services

In recent years SEB has invested heavily in meeting customers' growing demand for mobile banking services, where the number of visits in 2013 passed the number of visits to the online bank. During the year, a number of new apps were launched for both private individuals and companies. SEB is one of the banks that have developed Swish, a service that enables person-to-person money transfers from mobile phones in real time.

5 questions for Martin Johansson

Head of Business support

How would you summarise 2013?

We have worked a great deal on simplifying our IT governance, our organisational model and our development method – all in the aim of being even better at more swiftly adapting our solutions to emerging customer needs and regulatory requirements.

Why change the way of conducting IT development?

Traditional IT development involves large and complex projects in which efforts are made ahead of time to specify all detailed requirements, and then locking in the development work until the solution is ready to test and deliver. This entails a long development time and great risks, since we live in a rapidly changing world.

We are therefore moving gradually over to an agile development approach in which we work in close co-operation with users and customers to deliver our IT solutions faster – in smaller steps and with greater flexibility.

How are you integrating sustainability into the Bank's operations?

For our part it is mainly a matter of helping to lower the Bank's climate impact. During the past two years we have reduced our energy consumption by 20 per cent, among other things by recycling surplus heat from our computer rooms to heat up central properties.

New online bank, new mobile apps – what next ?

As a consequence of our new way of driving IT development, you can expect to see fewer megaprojects and more continuous development, with frequent unveilings of new functionality. In 2014 we will be launching a new version of our online bank for corporate customers and making improvements to our online bank for small and medium-sized companies.

What are the greatest challenges and opportunities going forward?

The greatest challenge will be to determine how much resources will be tied up to meet the fast pace of new regulatory requirements. The opportunities lie in our new way of working, which enables us to be more nimble and thereby more effectively act on new trends in customers' behaviour patterns.

Risk, liquidity and capital management

It is essential that SEB always maintains sufficient financial resources so that customers' and other stakeholders' requirements can be met. Risk management and capital planning are about safeguarding SEB's resilience in all types of situations.

An important cornerstone of SEB's risk management is to build long-term customer relationships. Risk management is about correctly pricing risk, rewarding the right behaviour and promptly dealing with potential problems all in relations with customers. Most importantly, risk and capital management contribute to an awareness that situations that seem unlikely today could be a reality tomorrow, and that there is an indisputable value in already having taken preventive measures. As experiences in the areas of liquidity, funding and capital are gained, risk management is becoming more refined, and both internal and external rules and regulations are being reshaped. This requires continuous investment in human resources, processes and IT. SEB must always have sufficient capacity to support its customers in realising their plans. This is the ultimate test of a true relationship bank.

Risk review 2013

Credit portfolio development

The year was characterised by continued economic uncertainty, even though the global long-term outlook improved compared with 2012.

SEB's credit portfolio grew by SEK 85bn, or 5 per cent, to SEK 1,862bn. The corporate portfolio grew by 7 per cent, to SEK 784bn, in line with Merchant Banking's expansion strategy in home markets outside Sweden. Corporate volume growth in Sweden was lower mainly due to a cautious investment sentiment.

The property management portfolio grew by 5 per cent to SEK 302bn, mainly attributable to commercial and residential real estate in Sweden. In accordance with a strategic decision, the German real estate management portfolio continued to decrease. Exposure to Swedish housing co-operative associations grew by 7 per cent.

The household portfolio grew by 5 per cent to SEK 536bn, mainly owing to continued strong growth for household mortgages in Sweden. The Swedish household mortgage portfolio grew by 6 per cent to SEK 406bn, which is slightly faster than the market average. Asset quality continued to be very strong, with a low level of non-performing loans and negligible credit losses. At the beginning of the year, SEB introduced more stringent amortisation requirements for new household mortgage loans.

The Baltic economies continued to stabilise. SEB's credit portfolio in the region experienced a slight net increase, driven by the corporate segment in Estonia and Lithuania.

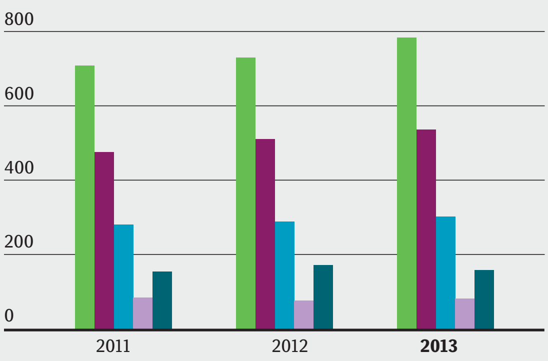
Debt instruments

The credit exposure in the bond portfolio amounted to SEK 255bn at year-end (272). SEB's holding of bonds with exposure to the GIIPS countries decreased by SEK 1.1bn to SEK 10.2bn (in nominal terms).

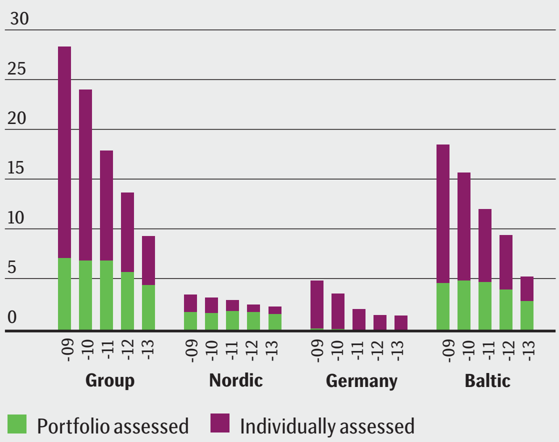
Continued strong and stable asset quality

SEB's Nordic and German credit portfolios showed stable and robust asset quality with limited loan losses. Asset quality in the Baltic portfolio improved steadily throughout the year. Impaired loans in the Baltic operations decreased by SEK 3.0bn mainly because of write-offs of loans against reserves. At year-end, non-performing loans amounted to SEK 9.5bn (13.8) of which SEK 5.4bn related to the Baltic portfolio (9.5). The total reserve

Credit portfolio development
SEK bn



Non-performing loans
SEK bn



ratio for individually assessed impaired loans in the Group remained high at 87 per cent (74). The total non-performing loans coverage ratio was 72 per cent for the Group (66).

Good access to liquidity and funding

In 2013, the global markets were characterised by excess liquidity as central banks continued their supportive measures. There is an uncertainty about how the markets will be affected once the liquidity support from the central banks is withdrawn. SEB was able to further strengthen the balance sheet due to good access to both short- and long-term funding. Specifically, SEB maintained large liquidity reserves, increased retail customer deposits and issued more long-term funding.

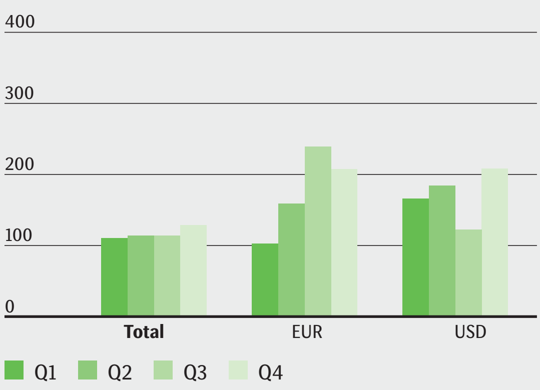
The stable funding base, consisting of equity, customer deposits and wholesale funding with maturities of more than one year, exceeded SEB's total loan portfolio despite an increase in lending volumes during the year. SEB's loan-to-deposit ratio, excluding repos and reclassified debt securities, increased to 142 per cent (134).

For the fifth consecutive year, SEB issued more long-term debt than what matured during the year, in line with its long-term funding strategy. SEB issued its inaugural benchmark bonds in the US market, further diversifying the funding and investor base. Due to the growth in Swedish household mortgage volumes, SEB focused primarily on covered bonds as a funding source, which accounted for approximately three-quarters of total issued long-term funding of SEK 120bn (124). The costs of issuing senior unsecured debt instruments decreased as a result of more favourable market conditions.

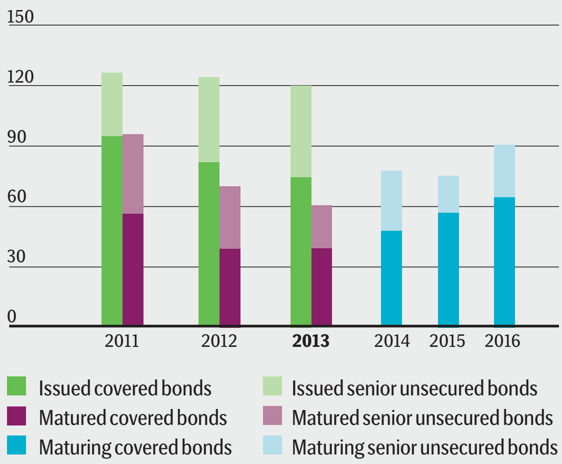
Continued low market risks

The market risk in the Bank's trading portfolio remained at a

Liquidity coverage ratio development 2013
Per cent



Issued vs maturing long-term debt
SEK bn



5 questions for Johan Andersson

Chief Risk Officer

How would you summarise 2013?

Our risk position was, and is, strong, and our corporate clients have a good financial position, even though the business climate has been a bit hesitant. We saw greater regulatory pressure and there are still uncertainties around some of the capital and liquidity requirements that will apply going forward.

How does SEB take sustainability aspects into account in its credit assessments?

When we evaluate our customers' long-term ability to pay, naturally we must take responsibility issues into account, since we are certain that all companies will have to adopt sustainable processes over time. As a bank, we have a commitment to sustainable development, with a view to influencing our own as well as our customers' actions.

What is your view of the Bank's risk philosophy?

Risk-taking and risk management are ever-present considerations when we deliver services to our customers – especially in our lending activities. As a relationship bank, our business is built upon long-term relationships and knowledge about our customers. That is the core of our risk philosophy and the foundation for a stable credit portfolio.

How can the Bank promote a sound household mortgage repayment culture?

It's a good idea for homeowners to amortise their mortgages, both to build up long-term savings and because anyone could suddenly face a situation in life in which they may want to sell their home with a healthy margin over their debt. We emphasise this in our advice and in our credit policy. Almost all new mortgages with a loan to value above 70 per cent are being amortised today.

What are the greatest challenges and opportunities going forward?

A well functioning banking system is a prerequisite for enabling a society to develop and flourish. The Bank therefore needs to instil further faith and confidence among the public that we have a robust financial foundation, transparent risk management and responsible lending. It is both our greatest challenge and greatest opportunity.

historically low level during 2013, reflecting the lower activity in the market. The main driver of market risk continued to be credit spread risk. In addition to the already reported credit value adjustment (CVA), SEB now reports a debit value adjustment (DVA), which takes into account SEB's own risk of default on its derivative liabilities.

The market risk decreased in the Group's banking book during the year, mainly due to lower interest rate risk.

Lower risk in the insurance business

An increase in market interest rates during the year had a positive impact on buffers since the guaranteed benefits for traditional life business are marked to market. On 31 December 2013 the Swedish Financial Supervisory Authority introduced a new discount rate for Sweden's insurance companies, which only had a minor effect on existing buffers.

Improved process for managing operational risk

SEB continued its work on mitigating and minimising operational risks. Operational losses have decreased gradually in recent years, and the Bank's loss level in 2013 continued to be lower than the average of the member banks of the Operational Riskdata eXchange Association (ORX), which operates a database of operational risk loss data in the financial services industry.

Continued strong capital position

In 2013 SEB strengthened its capital position, resulting in an improvement of the Core Tier 1 ratio from 15.1 per cent to 17.8 per cent according to the Basel II framework excluding transitional floors. This improvement is mainly attributable to higher earnings and lower risk-weighted assets (RWA) resulting from data and process changes and a reduction of a strategic currency position, that offset underlying volume growth. RWA totalled SEK 564bn at year-end (586).

SEB's Common Equity Tier 1 ratio assuming a fully implemented Basel III framework improved during the year to 15.0 per cent at year-end (13.1).

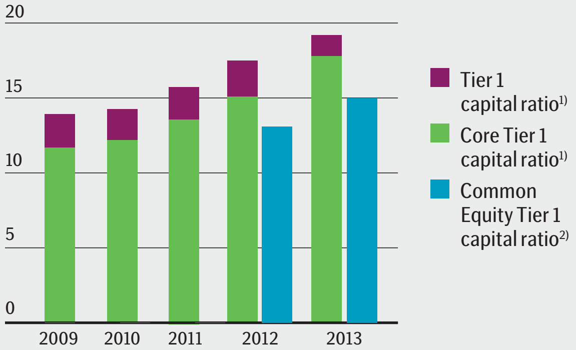
SEB's internally defined economic capital models showed similar improvement, where the loss-absorption utilisation (defined as internally required capital divided by available capital) improved to 52 per cent at year-end (54).

Regulatory development

The Basel III framework is in the process of being implemented in the EU and in Sweden through the CRD IV/CRR package as is the Solvency II framework. The new rules set higher requirements on banks' liquidity and capital reserves. SEB is well capitalised and funded to meet the new requirements.

Capital adequacy

Per cent



Total capital ratio:				
14.7	*13.8*	*15.2*	*17.2*	*19.0*

1) Basel II without transitional rules
2) Basel III, estimate based on SEB's interpretation of future regulation.

The Swedish mortgage market

Following a drop in home prices in many countries, Sweden today is one of the countries that has seen the greatest rise in home prices since the start of 2000 and is also at the top regarding the level of home prices in relation to disposable income. Risks associated with Swedish household debt thus remained in focus in 2013. During the year, improved consumer confidence, a more stable job market and low interest rates contributed to a renewed upswing in home prices. Lending to households remained high in relation to GDP and to households' disposable income.

Experience from other countries shows that home price corrections can have major repercussions on the economy through changes in private consumption and housing construction. Swedish authorities have also pointed to the banking sector's dependence on market funding in Swedish and foreign currencies, which increases the financial system's vulnerability to changes in real estate prices.

There are several underlying factors that can explain the price rise and which also mitigate the risks. One such factor is that in Sweden, in contrast to many other countries, rising home prices have not been accompanied by a rise in housing construction. This has resulted in a larger imbalance between the population trend and housing supply, especially in the major metropolitan areas. Another factor that sets Sweden apart from countries that have experienced a large drop in home prices is the rising trend in household savings. A third factor is that household debt is largely concentrated to households with high incomes and significant assets. Swedish housing market regulations that reduce the scope for speculative home buying or subletting are a yet another factor that tempers the risks compared with other countries.

The Swedish banks as well as the Financial Supervisory Authority acted in 2013 to dampen the rate of growth in lending and further boost the resilience of the financial system. These measures have been focused on requiring individual amortisation schedules, lowering the loan-to-value ratio and raising the capital requirement. It is important that any measures taken are balanced, as there is a risk that changing the regulations too fast could in itself be a risk factor for the housing market. SEB will continue to act on its own and through the Swedish Bankers' Association to advocate sound and long-term sustainable home financing.

The single most important measure is outside of the Bank's control, since it concerns initiatives to stimulate housing construction. However, it will take time before any actions in this area have an effect on housing supply.

Risk management

Holistic management

SEB strives for a holistic governance, planning and follow-up system in which business planning, risk management, capital management, liquidity and funding planning, and result and performance management are clearly interconnected and interactive over time. SEB manages the financial consequences of business decisions by focusing on three main aspects: (1) growth, mix and risk of business volumes, (2) capital, funding and liquidity requirements driven by the business, and (3) profitability. Targets are set and reviewed on a regular basis to manage and optimise resources in respect of these three aspects.

Managing risk is a core activity in banking and therefore fundamental for long-term profitability and stability.

The overall level of risk that the Bank is willing to accept is set by the Board of Directors based on the guiding principle that taking risk is not an end in itself, but is done for the purpose of creating customer value and sustainable shareholder value. In its overarching risk tolerance statement, the Board lays out its long-term view of the Bank's risk level as well as its view on how the funding is to be structured, what liquidity buffers are required, and the amount of capital that is needed to cover the aggregated risks. The development of risk and capital regulatory requirements are also taken into account.

The risk tolerance statement is highly significant for management's business planning. Risk measurements are set based on the Board's risk tolerance and are reviewed annually. SEB's risk profile in relation to its risk tolerance is followed up on a regular basis by the risk organisation, management and the Board.

The Board's risk tolerance statement in brief

- SEB shall have a reasonably diverse and high quality credit portfolio and a robust credit culture.
- SEB shall achieve low earnings volatility by generating revenue based on customer-driven business.
- SEB shall strive to mitigate operational risk in all business activities and maintain the Bank's excellent reputation.
- SEB shall have a liquidity position with a sound structure, a balanced funding base and sufficient liquidity reserve for stressed scenarios.
- SEB shall maintain satisfactory capital strength to meet the aggregated risks and guarantee the Bank's long-term survival and position as a financial counterparty while operating safely within regulatory requirements and meeting rating targets.

Risk management in brief – three lines of defence

The business units are responsible for the risks that arise in their operations. Therefore the first defence against potential future losses is ensuring that correct decisions are made from the start and the resulting risks are managed throughout the life of the transaction. SEB's risk culture is based on long experience, strong customer relationships and sound banking principles, and provides a solid foundation for the Bank's risk governance. The business is supported by Group-wide rules and policies and an established decision-making hierarchy. The business units are responsible for making the initial risk assessment both of the customer relationship and the individually proposed transactions. Larger transactions are then reviewed by the risk organisation. The business units are responsible for ensuring that activities are in compliance with applicable rules.

The risk and compliance organisations constitute the second line of defence and are independent from the business. The risk organisation is responsible for identifying, measuring and controlling risks. Risks are measured both on a detailed and aggregated level. SEB has approval from the Swedish Financial Supervisory Authority to use advanced risk measurement methods for a majority of the credit portfolio as well as for market and operational risk. Risks are controlled through limit structures, both at the transactional and portfolio levels. Asset quality in the credit portfolio is monitored and analysed continuously, among other ways through stress testing and, above all, reverse stress testing. The compliance organisation ensures compliance quality and focuses on compliance issues under direction of the Board and management.

The quality of risk management is reviewed on a regular basis by both internal audit – the third line of defence – and the external auditors.

SEB's risk taxonomy and economic capital

	Comprises	Identify, measure and manage	Control with limits	Internal economic capital modelling	Regulatory requirements	Economic capital 2013 (2012), SEK bn
Credit risk	Credit	✓	✓	✓	✓	
	Counterparty	✓	✓	✓	✓	
	Concentration	✓	✓	✓		47 (44)
Market risk	Trading	✓	✓	✓	✓	
	Banking	✓	✓	✓		4 (5)
Operational risk	Operational	✓		✓	✓	6 (7)
Business risk	Business	✓		✓		9 (7)
Insurance risk	Market risk	✓	✓	✓	✓	
	Underwriting risk	✓		✓	✓	16 (17)
Pension risk	Pension	✓		✓	✓	15 (13)
Liquidity risk	Liquidity	✓	✓		✓	-
					Diversification	-32 (-32)
					Total economic capital	**65 (60)**

Credit risk

Credit risk is the risk of loss due to the failure of an obligor to fulfil its obligations towards SEB. The definition also comprises counterparty risk derived from the trading operations, country risk and settlement risk.

The predominant risk in SEB is credit risk, which arises in lending activities and through commitments to customers, including large companies, small and medium-sized companies, financial institutions, public sector entities and private individuals. In addition to the credit portfolio, SEB's credit exposure consists of debt instruments and repos.

Credit portfolio

SEB's credit portfolio is dominated by high-quality assets derived from long-term customer relationships. SEB's corporate portfolio, which accounts for roughly 40 per cent of the credit portfolio, consists mainly of large, financially stable companies in the Nordic region and Germany. The portfolio is well distributed across a wide range of industries, the largest being manufacturing.

The household segment, the second largest in SEB's credit portfolio, consists mainly of Swedish household mortgages, 76 per cent, which historically have had very low risk.

The real estate management portfolio is well-balanced between commercial and residential real estate mainly in the Nordic countries and Germany. While commercial real estate management is generally of higher risk, SEB's portfolio consists of strong counterparties and sound financing structures. The residential portfolio pertains to exposures in Sweden.

SEB also has exposures to Swedish housing co-operative associations where the risk is more retail-oriented. This form of multi-family residence is common in Sweden. The real estate management and the housing co-operative association portfolios together make up SEB's property management portfolio.

SEB's Baltic credit portfolio consists of corporate, commercial and residential real estate and household exposures. The risk is higher in the Baltic region, given that the countries are still economies in transition, although the risk level has decreased significantly during recent years.

The 20 largest corporate exposures (including property management) correspond to 92 per cent of the capital base (95).

In order to facilitate customer business in such areas as currency and interest rate hedging, money market loans and securities lending, SEB also has exposure to banks, which is largely mitigated by the use of collateral arrangements.

Debt instruments

SEB manages a liquidity portfolio as part of the Bank's liquidity reserve, where the aim is to hold the highest grade sovereign and covered bonds with full central bank pledgeability. Other debt instruments are held mainly for client facilitation within Merchant Banking. *For more information on the credit portfolio and debt instruments, refer to note 18.*

Credit policy and approval process

The main principle in SEB's credit policy is that all lending shall be based on credit analysis and be proportionate to the customer's cash flow and ability to repay. Customers shall be known by the Bank and the purpose of the loan should be fully understood. Every credit decision of significance requires approval from an independent credit officer.

SEB's credit policies reflect the Bank's approach to corporate sustainability as described in the Corporate Sustainability Policy and the Environmental Policy. Position statements on climate change, child labour and access to fresh water as well as industry sector policies are part of the credit granting process and are used in customer dialogues.

A 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 and protection provided by covenants, collateral, etc. The credit approval process takes the proposed transaction into account as well as the customer's total business with the Bank. The process differs depending on the type of customer (e.g., retail, corporate or institutional), the customer's risk level, and the size and type of transaction. Independent and professional credit analysis is particularly important for large corporate customers. For households and small businesses, the approval process is often based on credit scoring systems.

Credit exposure

SEK bn	2013	2012	2011
Corporates	**784**	**730**	**708**
Nordic countries	571	542	521
Germany	121	105	102
Baltic countries	58	54	53
Other	34	29	32
Households	**536**	**511**	**475**
Nordic countries	483	459	418
Germany	0	0	0
Baltic countries	45	45	48
Other	8	7	9
Commercial real estate	**167**	**154**	**151**
Nordic countries	111	96	88
Germany	19	41	44
Baltic countries	37	17	19
Other	0	0	0
Residential real estate	**92**	**94**	**92**
Nordic countries	75	72	65
Germany	16	20	25
Baltic countries	1	2	2
Housing co-operative associations in Sweden	**43**	**41**	**38**
Public administration	**82**	**76**	**84**
Banks	**158**	**171**	**155**
Total credit portfolio	**1,862**	**1,777**	**1,703**
Repos	**10**	**27**	**41**
Debt instruments	**255**	**272**	**250**
Total credit exposure	**2,127**	**2,076**	**1,994**

Total credit exposure comprises the Group's credit portfolio (loans, leasing agreements, contingent liabilities and counterparty risks arising from derivative contracts), repos and debt instruments. Exposures are presented before reserves and collateral arrangements. 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 at nominal amounts, considering credit derivatives and futures. Debt instruments in the Life division are excluded.

Credit risk management

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

SEB uses a number of methods to mitigate risk in its credit portfolio. The choice of method depends on its suitability for the product and the customer in question, its legal enforceability, and on the experience and capacity to manage and control the particular technique. The most important credit risk mitigation techniques are pledges, guarantees and netting agreements. The most common types of pledges are real estate, floating charges and financial securities. In the trading operations, daily margin arrangements are frequently used to mitigate net open counterparty exposures at any point in time. For large corporate customers, credit risk is often mitigated by the use of restrictive covenants in the credit agreements.

In its home markets, SEB maintains permanent local workout teams that are engaged in problem exposures. These are supported by a global function with overall responsibility.

Credit risk measurement

Credit risk is measured for all exposures, both in the banking book and the trading book. The methodology is aligned with the Basel II framework, and IRB-approved risk classification systems are used for the majority of the Bank's portfolios.

SEB's Group-wide internal risk classification system for banks, large and medium-sized corporate customers and public sector entities reflects the risk of default. It consists of a scale of 16 risk classes with 1 representing the lowest default risk and 16 representing an already defaulted counterparty. For each risk class, SEB makes one-year estimates through the cycle for the probability of default (PD) using 16 years of internal default history and 27 years of external corporate bankruptcy data. The risk classification system is based on credit analysis covering business risk, including environmental, social and governance aspects, and financial risk. Financial ratios and peer group comparisons are used in the risk assessment. The exposure weighted average risk class for the Group, excluding households and banks, improved slightly during the year to 6.87 at year-end (6.95). The risk distribution of SEB's credit portfolio excluding households is shown below. During the year, the risk classification system was reviewed in order to further improve the quality and efficiency of risk measurement and risk management. The realignment will be implemented gradually during 2014.

For private individuals and small businesses, SEB uses credit scoring systems to estimate the probability of default for the customer. SEB uses local, customised credit scoring models for different regions and product segments, as both data accessibility and customer characteristics normally vary by country and product. The probability of default for the household portfolio is estimated to 0.81 through the cycle. The risk distribution of SEB's household portfolio is shown below. *For further information, refer to the SEB Capital Adequacy and Risk Management Report (Pillar 3) at www.sebgroup.com.*

Credit portfolio analysis and stress tests

The aggregate credit portfolio is reviewed and assessed regularly based on industry, geography, risk class, product type, size and other parameters. Thorough analysis is made on risk concentrations in geographic and industry sectors as well as in large single names, both in respect of direct and indirect exposures and in the form of collateral, guarantees and credit derivatives. In addition, specific analyses and stress tests are performed when the market development requires a more careful examination of certain sectors or the entire credit portfolio.

The credit portfolio is also stressed regularly as a part of SEB's annual internal capital adequacy assessment process.

Credit portfolio by risk class, 2013[1)]

			Total, excluding households					
Category	Risk class	PD Range	Moody's / S&P[2)]	Banks	Corporates	Property Management	Public Admin.	Total
Investment grade	1–4	0–0.07%	Aaa to A3 / AAA to A-	72.6%	21.1%	12.4%	94.4%	29.0%
	5–7	0.07–0.26%	Baa / BBB	21.4%	29.4%	31.1%	4.5%	27.4%
Ongoing business	8–10	0.26–1.61%	Ba / BB	3.9%	39.2%	48.2%	0.8%	35.2%
	11–12	1.61–6.93%	B1,B2 / B+,B	1.6%	8.2%	5.2%	0.0%	6.3%
Watch list	13–16	6.93–100%	B3 to C / B- to D	0.5%	2.1%	3.1%	0.3%	2.1%
Total				**100%**	**100%**	**100%**	**100%**	**100%**

Households[3)]	
PD Range	Households
0-0.2%	53.3%
0.2-0.4%	22.2%
0.4-0.6%	0.2%
0.6-1%	12.8%
1-5%	7.7%
5-10%	1.5%
10-30%	1.0%
30-50%	0.5%
50-100%	0.8%
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).

Market risk

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

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

Market risks in the trading book arise from the Group's customer-driven trading activity and in the Group's liquidity portfolio. The trading activity is carried out by Merchant Banking in its capacity as market maker in international foreign exchange, equity and capital markets. The liquidity portfolio consists of investments in pledgeable and highly liquid bonds. The treasury function manages this portfolio with the aim to ensure that the Group's available liquidity is sufficient also in a severely stressed liquidity environment.

Market risk in the banking book arises as a result of balance sheet mismatches in currencies, interest terms and interest rate periods. The treasury function has overall responsibility for managing these risks, which are consolidated centrally.

Market risk also arises in the Bank's pension obligations (defined benefit plans for the employees) as a result of mismatches between assets and liabilities. The market value of pension assets fluctuates with changes in, e.g., equity prices, while the present value of pension liabilities is affected by changes in interest rates. Lower interest rates increase the present value of future obligations.

Market risks in SEB's life insurance business are described in the insurance risk section of this report and are not included in the market risk figures below.

Risk management and control

The Board of Directors defines how much market risk is acceptable by setting overall risk limits for the Group based on recommendations from the Board's Risk and Capital Committee, which in turn are based on proposals by the Chief Risk Officer (the deputy chair of the Group Risk Committee). The Group Risk Committee delegates the market risk mandate set by the Board to the divisions and the treasury function, which in turn further allocates the limits internally.

On a daily basis a market risk control function measures, follows up and reports the market risk taken by the various units within the Group. Market risks are reported on a monthly basis to the Group Risk Committee and the Board's Risk and Capital Committee.

Risk measurement

When assessing market risk exposure, SEB uses measures that capture losses under normal market conditions as well as measures that focus on extreme market situations. Market risks under normal market circumstances are measured using Value at Risk (VaR), which aggregates market risk exposure for all risk types, as well as specific measures that are relevant for the various types of risk. These measures are complemented by stress tests and scenario analyses, in which potential losses under extreme market conditions are estimated. Since no measurement method can cover all risks at all times, several approaches are used, and the results are assessed based on judgment and experience.

Value at Risk

VaR expresses the potential loss that could arise during a certain time period with a given degree of probability. SEB uses a historical simulation VaR model with a ten-day time horizon and 99 per cent confidence interval to measure, control and report VaR. SEB also uses a stressed VaR measure, where VaR calculations for the current portfolio are performed using market data from a historic turbulent time period covering the Lehman Brothers default (April 2008–April 2009).

The limitation of VaR is that it uses historical data to estimate potential market changes. As such it may not predict all outcomes, especially in a rapidly changing market. Also, VaR does not take into account any actions to reduce risk as the model assumes that the portfolio is unchanged.

The VaR and stressed VaR models have been approved by the Swedish Financial Supervisory Authority for calculation of legal capital requirements for all the general market risks in the Bank's trading book.

Market risk types

SEB is exposed to the following risk types:

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

Specific measures of risk
Market risk is also regulated by more specific risk measurements for the different asset classes and risks, such as Delta 1 per cent for interest risk, and single and aggregated FX for currency risk. In addition, all units that handle risk for market-valued financial instruments are limited by a stop-loss limit. The stop-loss limit indicates the maximum loss a unit can incur before the risk is reduced or eliminated.

Stress tests and scenario analyses

Since VaR does not model worst case losses, scenario analysis and stress tests are performed by the risk function on a regular basis to complement VaR and specific risk measures in order to capture potential losses beyond the 99 percent confidence level. SEB stress tests its portfolios by applying both extreme market movements that have taken place in the past (historical stress tests) and extreme but plausible movements that could occur in the future (forward-looking stress tests). SEB also performs reverse stress tests that identify the scenarios that would lead to a given loss, for instance the breach of a stop loss limit.

Value at Risk, Trading book (99 %, ten days)

SEK m	Min	Max	31 Dec 2013	Average 2013	Average 2012
Commodities risk	6	33	15	15	12
Credit spread risk	79	121	106	102	138
Equity risk	14	66	19	29	66
Foreign exchange risk	13	88	62	42	47
Interest rate risk	39	98	44	65	118
Volatilities risk	31	129	33	64	53
Diversification	-	-	-162	-175	-272
Total	**94**	**199**	**117**	**141**	**162**
Value at Risk, Banking Book (99%, ten days)					
Credit spread risk	108	222	214	159	248
Equity risk	18	27	26	24	29
Foreign exchange risk	0	6	2	2	1
Interest rate risk	156	304	182	234	340
Volatilities risk	1	1	1	1	2
Diversification	-	-	-108	-126	-160
Total	**225**	**356**	**317**	**294**	**460**

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems (e.g., breakdown of IT systems, mistakes, fraud, other deficiencies in internal control) or from external events (natural disasters, external crime, etc.).

Risk Control is responsible for measuring and reporting SEB's operational risk. The risk level is analysed quarterly and reported to the Group Executive Committee, the Group Risk Committee and the Board's Risk and Capital Committee.

SEB uses an IT-based infrastructure for managing operational risk, security issues and compliance. Employees are required to register risk-related events so that risks can be properly identified, assessed, monitored and mitigated. All business and support units regularly perform self-assessments according to a Group-wide methodology in order to identify and mitigate significant risks embedded in the organisation's various business and support processes. In 2012, the incident registration system was expanded to cover more areas of the Bank which led to an increase in the number of registered incidents that year.

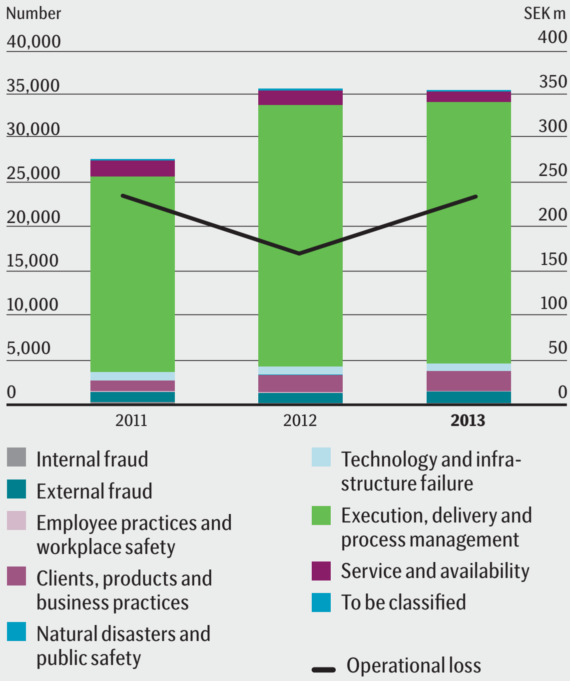
Through a joint New Product Approval Process (NPAP) for all new or changed products, processes and/or systems, operational risks are identified and mitigated to protect SEB from entering into unintended risk-taking that cannot be immediately managed by the organisation.

SEB conducts regular training and education in key areas, including information security, fraud prevention, anti-money laundering, know-your-customer procedures and SEB's Code of Business Conduct. SEB also has a formal whistleblower procedure that encourages employees to report improprieties and unethical or illegal conduct. SEB's structured approach to working with operational risk has resulted in improved processes over the years; however, it is essential to make continuous improvements in order to mitigate operational risks. During 2013, focus was mainly on improving existing processes and system support, including risk training of staff, increased demands on the process for approving new products and solutions, and improvements in the system for logging and following up risk incidents.

Cybercrime and organized crime are emerging risks that have increased in recent years. SEB has improved processes and controls to meet these risks.

SEB uses the Advanced Measurement Approach (AMA) to calculate the capital requirement for operational risk. The AMA model is also used to calculate economic capital for operational risk, but with a higher confidence level and the inclusion of loss events relevant for the life insurance operations.

Operational risk
Incidents registered and analysed



Insurance risk

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

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

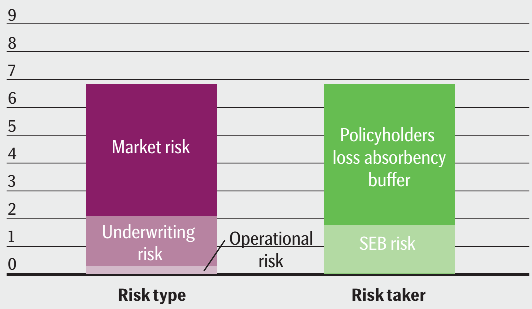
Underwriting risk pertains to the risk of loss or of negative changes in the value of insurance liabilities (technical provisions) due to inadequate pricing and/or provisioning assumptions. It includes such factors as average mortality, longevity, disability/morbidity (including risks that result from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

Unit-linked and traditional life insurance

SEB's life insurance operations consist of unit-linked insurance and traditional life insurance. In unit-linked insurance, the market risk is borne by the policyholder, while the underwriting risk is negligible.

The main risks in SEB's traditional life insurance products with guaranteed returns consist of market risk and underwriting risk. The difference between asset values and the guaranteed obligations constitutes a buffer, which is intended to cover SEB's risk on the balance sheet. Market risk in traditional life insurance products with guaranteed returns is mitigated through standard market risk hedging schemes and are monitored through scenario analyses. Underwriting risks are controlled through the use of actuarial analysis and stress tests of the existing insurance portfolio. Mortality and disability/morbidity risks are reinsured for large individual claims or for several claims attributable to the same event.

Risks and risk buffer in the Life division
According to Solvency I
31 December 2013, SEK bn



Risk management and measurement

Risk Control is responsible for measuring and controlling the risks in SEB's life insurance operations and reports the most important risks on a quarterly basis to the Group Risk Committee, the Risk and Capital Committee and to the boards of SEB's respective insurance companies.

Traditional asset/liability management (ALM) risk measures used by the insurance industry are monitored on a regular basis for each insurance company. This is supplemented by market risk tools such as VaR, scenario analysis and stress tests.

The Swedish Financial Supervisory Authority uses a "traffic light system" to evaluate the ALM risk in life insurance companies. A similar system has been in use in Denmark for several years. These systems are regulatory tools for identifying insurance companies in need of closer monitoring of the relation between their assets and liabilities. None of SEB's Swedish and Danish companies have been identified for such closer monitoring.

Solvency II, the new regulatory framework for insurance companies, has been further delayed until 2016. To ensure alignment and proper preparations throughout the insurance industry, the European Insurance and Occupational Pension Authority (EIOPA) has issued interim guidelines with effect from 1 January 2014. In Denmark, the Danish FSA has introduced Solvency 1.75, an interim solution to Solvency II, with effect from 1 January 2014. During the year, the Life Division worked to implement the new Danish regulatory framework as well as prepare for Solvency II.

Business risk

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

Business risk includes venture decision risk (related to undertakings such as acquisitions, large IT projects, transformations, outsourcing, etc.). Strategic risk is close in nature to business risk, but focuses on large-scale or structural risk factors. Reputational risk is the risk arising from negative perception of SEB or the industry in general.

Business risk is a fundamental part of doing business and SEB continuously works to mitigate business, strategic and reputational risks in many ways, for example, with proactive cost management. Strategic reviews are performed regularly of all business areas, which for example resulted in the divestments of the retail operations in Germany and Ukraine. In addition, the Bank's IT development methodology has changed from large projects to an agile, step-by-step, process in order to maintain flexibility.

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.

Three perspectives of liquidity risk

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 meet its liquidity requirements in all foreseeable circumstances, without incurring substantial additional cost. Liquidity management and the structuring of the balance sheet from a liquidity point of view are built on three basic perspectives.

The first is the structural liquidity perspective, in which stable funding is put in relation to illiquid assets.

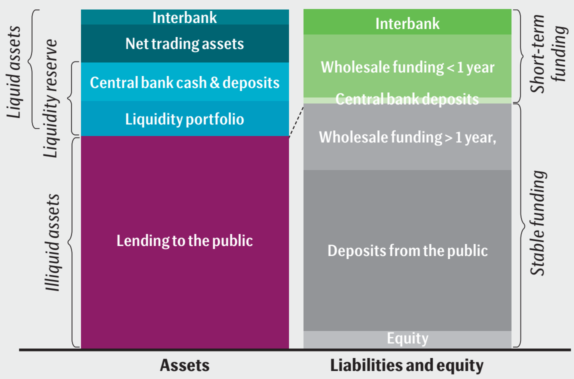
The second perspective is the tolerance for short-term stress in the form of a shutdown of the wholesale and interbank funding markets. It serves as an indicator of the degree to which the Bank is dependent on wholesale funding.

The third perspective pertains to the Bank's tolerance to a severe stress scenario where, in addition to a shutdown of the funding market, the Bank experiences a severe outflow of deposits.

The three perspectives are summarised in the simplified balance sheet below.

Balance sheet structure

31 December 2013



Structural liquidity risk

In order to maintain a sound structural liquidity position, the structure of the liability side should be based on the composition of the asset side. The more long-term lending and other illiquid assets, the more stable funding is required. In SEB, this is measured as the Core Gap ratio, which is conceptually equivalent to the Basel Committee's Net Stable Funding Ratio (NSFR), i.e., a ratio between stable funding and illiquid assets.

The difference between the internal Core Gap ratio and the external NSFR is that the Core Gap ratio is calculated and parameterised on a more detailed level based on internal statistics and that the weightings of available stable funding and required stable funding differ. To complement the Core Gap ratio and gain an understanding of how regulators, rating agencies and other external stakeholders view the Bank's structural liquidity position, SEB also monitors the NSFR and other structural liquidity risk metrics. The regulatory development of the NSFR is on-going. *See page 64.*

Wholesale funding dependence

One way of measuring tolerance for deteriorating market conditions is to assess the time that SEB's liquid assets would last if the wholesale and interbank funding markets were closed. This can be expressed as a ratio which measures the Bank's liquid assets in relation to wholesale funding and net interbank borrowings that come to maturity over the coming months, or as the number of months it would take to deplete the liquid assets in a scenario where all maturing funding must be repaid from liquid assets. The main advantage of this measurement is that only contractual information is used and no assumptions are required.

Stressed survival horizon

Severe stress can be modelled by combining assumptions of a wholesale funding market shutdown with assumptions of deposit outflows and drawdowns on commitments, etc. This can be measured by the Basel Committee's Liquidity Coverage Ratio (LCR) where, in a stressed scenario, modelled net outflows during a 30-day period are related to the amount of total liquid assets. Another way to measure this is to calculate the time it would take for the liquid assets to be depleted in a severly stressed scenario and express the result as a survival period. SEB monitors both the LCR and a similar internal survival metric, in addition to other internal and external metrics and scenarios of short-term liquidity such as various rating agencies' survival metrics.

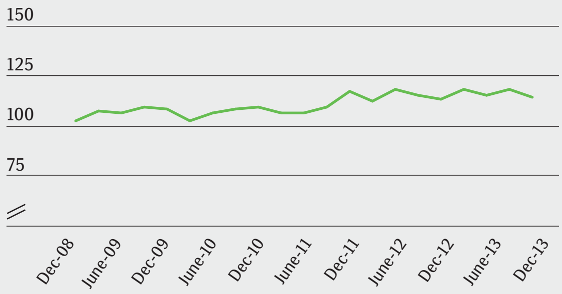
Management and control of liquidity risk

Overall responsibility for SEB's liquidity management lies within the treasury function which manages all aspects of liquidity and funding, supported by local treasury centres in the Group's major markets.

The Board of Directors has established a comprehensive framework for managing the Bank's liquidity requirements in the short and long term. Liquidity risk management is

SEB Core Gap ratio

Per cent



Core Gap ratio is an SEB defined measure similar to the regulatory-defined NSFR but based on internal behavioural modelling. It measures the amount of more than 1 year funding in relation to more than 1 year assets.

governed by limits set by the Board, which are further allocated throughout the Group by the Group Risk Committee. SEB uses the three perspectives described above in liquidity risk management for the Group. The perspectives are also used when setting liquidity limits for for the Group, certain legal entities, branches and currency exposures.

Liquidity risk is continuously measured, monitored and analysed to ensure that the Bank always can meet its obligations. Risk Control reports limit utilisation and liquidity stress tests to the Group Risk Committee and the Board's Risk and Capital Committee on a continuous basis.

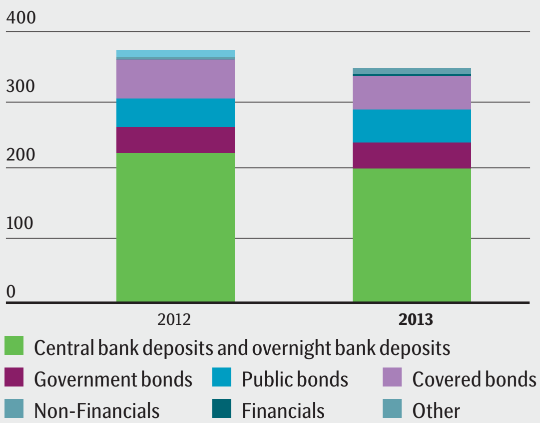
Liquidity costs

Costs for liquidity are important input in pricing. Long-term funding is normally more expensive than short-term and at uncertain times banks seek the relative certainty of longer-term funding. Matching long-term lending with long-term funding is also the stated objective of the current and future regulatory requirements in the liquidity management area. During the year, SEB worked on refining the internal pricing methodology to ensure that the Bank's external pricing reflects a fair cost for the liquidity. This work is continuous and is concurrently adjusted to the changing regulatory requirements.

Liquidity reserve

To mitigate liquidity risk and ensure that SEB is able to meet its payment obligations as they fall due, SEB holds a liquidity reserve. SEB's liquidity reserve, as defined by the Swedish Bankers' Association, consists of cash and deposits in central banks and other overnight bank holdings as well as assets held by the treasury function (unencumbered and pledgeable with central banks). This reserve amounted to SEK 346bn at year-end (373). The size and composition of the liquidity reserve is regularly analysed and assessed against estimated contingency needs.

Liquidity reserve by asset type[1)]
SEK bn



1) According to the Swedish Bankers' Association definition.

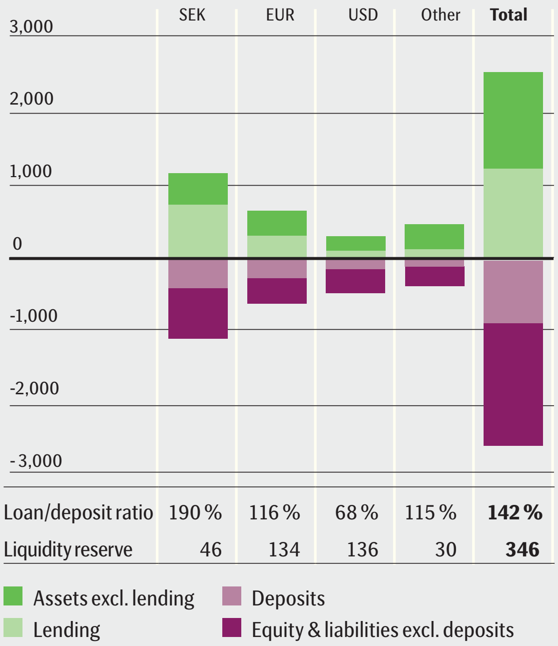
Structural liquidity risk by currency

The currency distribution of SEB's core liquidity reserve is consistent with the breakdown of the balance sheet by currency. Swedish kronor, euros and US dollars are the main currencies in SEB's core liquidity reserve. The loan-to-deposit ratio in these currencies amounted to 190 (193), 116 (114), and 68 (57) per cent, respectively, at year-end.

Regulatory development

The Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were introduced into the Basel III framework in 2010. While the definitions in Basel III have been under review by the Basel Committee for some time, the Swedish Financial Supervisory Authority's (FSA) liquidity reporting regulation entered into force in 2011, requiring at least monthly reporting of LCR and other liquidity data to the regulator. As of 1 January 2013, the Swedish FSA implemented a minimum requirement of 100 per cent for a liquidity ratio similar to the LCR, which has to be fulfilled both in euro and US-dollars separately as well as in total for all currencies. In the EU regulation, the LCR shall be reported during 2014 and implemented as a minimum requirement (60 per cent) starting in 2015. The minimum requirement of 100 per cent for NSFR is proposed to be implemented in 2018, and will have to be reported from 2014 according to the CRR. SEB is taking an active part in the regulatory work within the Basel framework and will be positioned to meet any new additional regulations in due time.

Structural liquidity risk by currency
SEK bn



	SEK	EUR	USD	Other	**Total**
Loan/deposit ratio	190 %	116 %	68 %	115 %	**142 %**
Liquidity reserve	46	134	136	30	**346**

Capital management

Despite a strong risk management culture, unexpected losses occur in banking. SEB's capital plan is designed to ensure that the Bank has sufficient capital to absorb such unexpected losses. The Bank's capital management seeks to balance the shareholders' required rate of return with the financial stability requirements posed by the Board, regulators, investors, business counterparties and other market participants, such as rating agencies. The capital policy defines how the capital is to be managed, the dividend policy and rating targets. Capital is managed centrally while taking into account local regulatory requirements.

Fundamentally, capital management is thus about setting targets for SEB's capitalisation and then meeting those. This can be done directly by impacting available capital (apart from retained earnings this can include issuance of various types of capital) or indirectly by setting up an internal framework for allocating capital to business units, customers and transactions. The Bank's capital adequacy targets, capital allocation and evaluation of return on capital is risk-based and built on an assessment of all identified risks incurred in the Group's operations. It is also forward-looking and aligned with short- and long-term business plans and the macroeconomic environment.

Capital adequacy and capitalisation targets

SEB's capitalisation targets are set to:

- ensure that SEB's capital strength is sufficient given the chosen risk appetite and to meet the risks in the operations
- support the decided business strategy
- maintain capital ratios above the minimum levels established by the Board and the regulators.

SEB's Common Equity Tier 1 capital ratio target is 13 per cent. This is based on a fully implemented Basel III framework but excludes the impact of capital requirements under Pillar 2. Further regulatory clarity on these matters is expected during 2014.

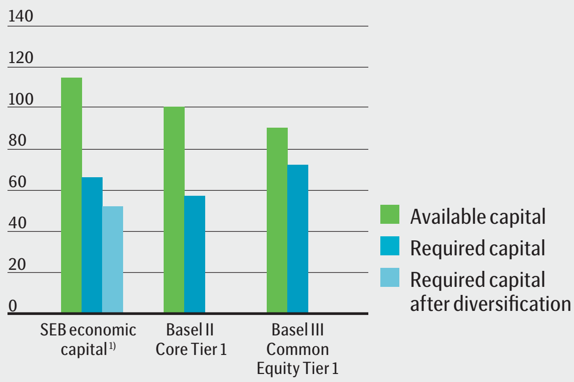
Although the capitalisation target is expressed in regulatory terminology, several different methods to evaluate capital are used. They can be standardised and externally defined or bank-specific and internally defined, or sometimes a mix of the two. Consequently, SEB monitors and manages many aspects of capital. SEB has a strong capital position regardless of which measure is used, as illustrated by the graph.

SEB works with so-called economic capital for the purpose of internal capital adequacy assessment. This internal model is similar to the Basel III rules for capital adequacy in that many of the underlying risk components are the same. The economic capital calculation is based on a confidence level of 99.97 per cent, which is equivalent to the capital requirement for a very high rating.

At the end of 2013, the internal capital requirement expressed in economic capital terms was SEK 65bn (60), while available capital was SEK 132bn (126). Diversification effects between risk types, since unexpected losses requiring capital buffers are not likely to occur simultaneously for all risk types, reduces the total amount of economic capital.

Stress testing of the capital position is important input when assessing capital adequacy and setting capital targets. *For further information about capital management and stress testing, refer to the SEB Capital Adequacy and Risk Management Report (Pillar 3) at www.sebgroup.com.*

Available capital base vs. internal and external requirements
SEK bn



Basel II requirement according to EBA recommendation, and Basel III requirement (12% of RWA) according to Swedish rules, both without transitional rules.

1) Excluding insurance operations.

Capital allocation

In addition to ensuring that the Group has an adequate capital buffer, capital management also ensures that capital is used where it can generate the best risk-adjusted returns. SEB employs an internal capital allocation framework for measuring risk and profitability. The basis for this framework, called business equity, is similar to regulatory models and is calibrated to the SEB's capital targets.

The business equity framework allocates the total level of capital needed to maintain a desired capital adequacy to the business units in proportion to risks undertaken. Thus business equity is a risk measure, since individual transactions are allocated business equity in proportion to their risks.

Following the Bank's improved capital position and rising requirements from the market and regulators to maintain the improved capitalisation, the amount of capital allocated to the divisions (including the treasury function) increased significantly during 2012 and 2013.

New capital requirement regime

The Basel III framework is in the process of being incorporated into EU and Swedish law through the CRD IV/CRR package. CRD IV contains methods (e.g., specification of buffer capital requirements on top of minimum requirements) for

Allocated capital vs total capital
SEK bn

implementing the higher Swedish capital requirements, while CRR contains the minimum requirements and all technical calculation standards. CRD IV is expected to be implemented in Sweden on 1 July 2014 following the legislative process. CRR is an EU regulation and thus applicable law in all Member States once adopted by the EU, on 1 January 2014. Swedish banks will be required from the start to comply with the new Basel III rules on a fully implemented basis without transitional arrangements.

The Basel III framework changes the regulatory capital requirements in three ways. Both capital and risk-weighted assets are defined and calculated differently, while the ratio requirements are stricter. Under the CRD IV requirements, the predominant form of capital must be common equity (measured as common equity Tier 1 – "CET1") and regulatory deductions will mainly be made from that form of capital. RWA under CRD IV will mainly be affected by a credit value adjustment requirement for OTC-derivatives, new requirements for exposures to central clearing counterparties and higher risk-weights for exposures to financial institutions. The minimum European requirement for the CET1 ratio will be 4.5 per cent. On top of this will be a capital conservation buffer of 2.5 per cent, a countercyclical buffer in the range of 0-2.5 per cent, and a buffer for systemically important banks.

Basel III implementation in Sweden

Sweden's regulators have communicated that Swedish banks should comply with a 12 per cent CET1 ratio starting in 2015 (10 per cent in 2013-2014), including all buffers but before application of any countercyclical buffers. If a bank fails to meet these requirements, capital distribution constraints will be imposed on dividends, share buy-backs, variable compensation, etc.

Capital adequacy

	2013	2012
Basel III		
Common Equity Tier 1 capital ratio	15.0%	13.1%
Tier 1 capital ratio	17.1%	15.3%
Total capital ratio	18.1%	16.7%
Capital base in relation to capital requirement	2.26	2.09
Without transitional floor (Basel II)		
Core Tier 1 capital ratio	17.8%	15.1%
Tier 1 capital ratio	19.2%	17.5%
Total capital ratio	19.0%	17.2%
Capital base in relation to capital requirement	2.38	2.15
With transitional floor (Basel II)		
Transitional floor applied	80%	80%
Core Tier 1 capital ratio	11.0%	10.1%
Tier 1 capital ratio	11.8%	11.6%
Total capital ratio	11.7%	11.5%
Capital base in relation to capital requirement	1.46	1.43
With risk-weighting according to Basel I		
Core Tier 1 capital ratio	8.7%	8.1%
Tier 1 capital ratio	9.3%	9.4%
Total capital ratio	9.3%	9.2%
Capital base in relation to capital requirement	1.16	1.16

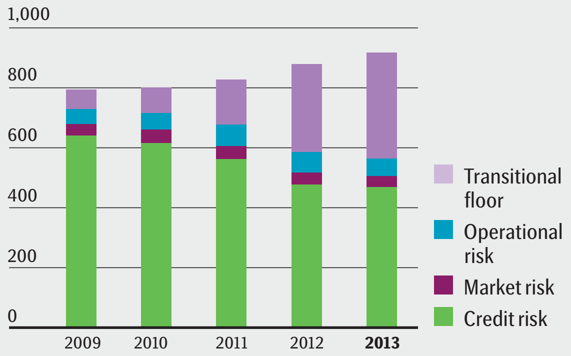
In addition, the regulator in Sweden imposed a risk-weight floor of at least 15 per cent for Swedish residential mortgage exposures, and has announced the intention to increase it to 25 per cent. This is done by increasing the so-called Pillar 2 capital requirements which are imposed on individual banks as part of the bilateral capital adequacy dialogue between the bank and the regulator. More information on how the risk-weight floor and other types of Pillar 2 capital requirements (e.g., concentration risks and interest rate risk in the banking book) will be applied, and related to the more public Pillar 1 minimum requirements in the Swedish Basel III implementation, is expected during 2014.

Leverage ratio

In the Basel III framework it has been proposed that the risk-sensitive capital requirements should be complemented by a non-risk-based measure, the leverage ratio requirement (Tier 1 capital/total assets) of 3 per cent. At year-end, SEB's leverage ratio was 4.2 per cent. The effect of this measure will be reviewed by the supervisory authorities during an observation period in order to evaluate whether it should become binding in 2018. *For further information about capital adequacy, refer to note 48 and the SEB Capital Adequacy and Risk Management Report (Pillar 3) at www.sebgroup.com*

Development of risk-weighted assets

SEK bn



Corporate governance at SEB

SEB recognises that maintaining trust among all stakeholders is of paramount importance. The corporate governance structure distributes rights and responsibilities according to applicable laws, rules and processes. Well defined reporting lines and distribution of distinct responsibilities are essential. High ethical and professional standards and a sound risk culture remain vital.

"The main priority for the Board has been to continue the work on fulfilling the Bank's strategic direction and targets. Finalisation of the regulatory reform in order to avoid future crises where financial institutions are involved was a continued hot topic in 2013. There are several risks in connection with the implementation of such a huge number of new regulations during a short period. To a large extent SEB already complies with the new rules."
Marcus Wallenberg, Chairman of the Board

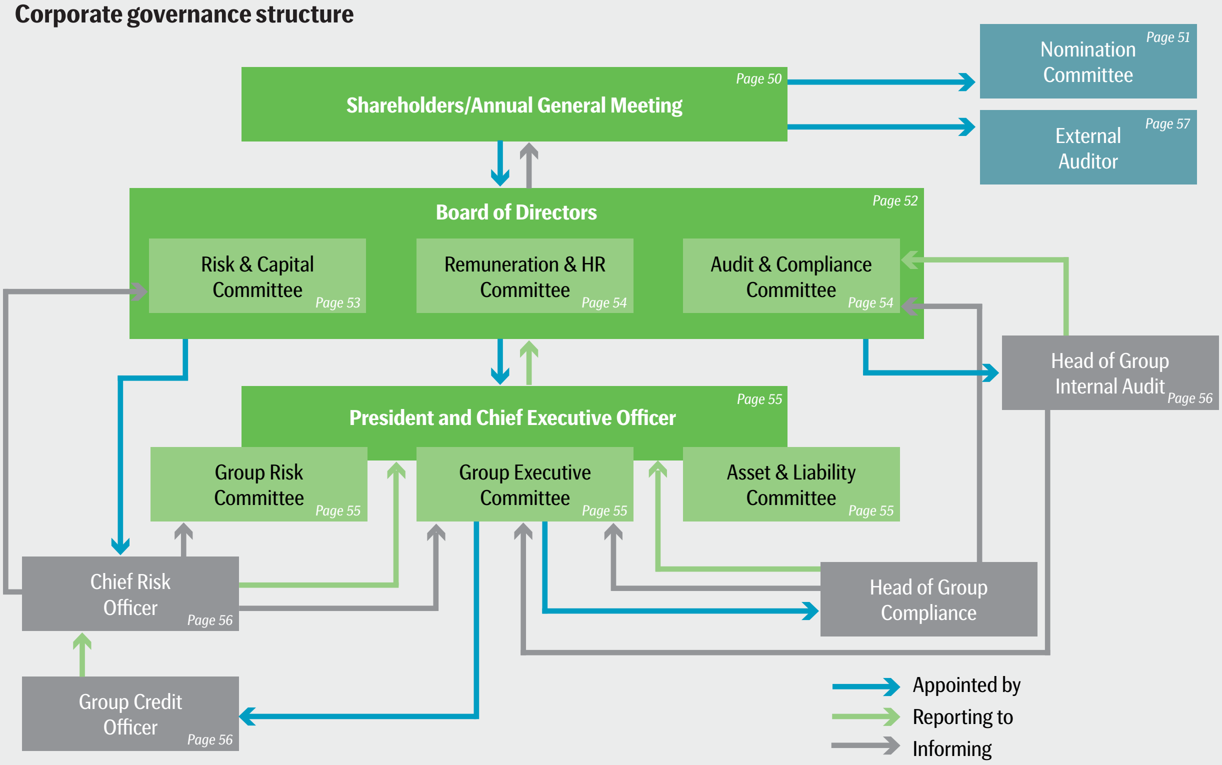
The importance of corporate governance

Customers, depositors, employees and many other stakeholders have for a long time put their trust in SEB. Clearly defined roles and responsibilities that are allocated to the shareholders, Board, management and other stakeholders ensure that this trust can be maintained and it prevents conflicts of interest. Corporate governance of good quality is a prerequisite for the work with the Bank's business plan and targets, to ensure a high ethical standard, a sound risk management and internal control.

The external framework that SEB adheres to in its corporate governance includes the following instruments, among other:
- the Companies Act
- the Annual Accounts Act
- the Nasdaq OMX Stockholm regulations
- the Swedish Code of Corporate Governance
- the Banking and Financing Business Act
- the Rules and regulations issued by the Swedish Financial Supervisory Authority.

The internal framework includes, among other things, the Articles of Association, which have been adopted by the General Meeting of Shareholders. Policies and instructions that have been drawn up to define the division of responsibility within the Group are important tools for the Board and the President and Chief Executive Officer (the President) in their governing and controlling roles. Of special importance are:

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.

- the Rules of Procedure for the Board
- the Instructions for the President and the Group's Activities
- the Group's Credit Instruction and Risk Policy
- the Instruction for Handling of Conflicts of Interest
- the Ethics Policy
- the Instruction for Procedures Against Money Laundering and Financing of Terrorism
- the Remuneration Policy
- the Corporate Sustainability Policy.

SEB's ethical and corporate sustainability endeavours are an integral part of the business, and the Board discusses these issues on a regular basis. SEB's Code of Business Conduct describes and lays out SEB's values and standards of business conduct and provides guidance on how to live by these values. Policies and guidelines for sustainability and various Group-wide position statements and industry sector policies addressing environmental, social and governance issues are also of vital importance in this context. *The Code of Business Conduct is available on SEB's website.* *See also p. 14.*

SEB's Corporate Governance Report was prepared in accordance with the Annual Accounts Act and the Code of Corporate Governance. No deviations from the Code were reported for 2013. *The report and further information about corporate governance at SEB are available on SEB's website.*

New regulations

The EU Commission and the European Banking Authority (EBA) recently issued directives and guidelines covering good corporate governance, such as in the Capital Requirement Directive (CRD IV), the EBA Guidelines on Internal Governance (GL 44) and the EBA Guidelines on the assessment of the suitability of members of the management body and key function holders. These are in the progress of being implemented in Sweden. *Read more at p. 64.*

Shareholders and General Meetings of Shareholders

SEB has close to 270,000 shareholders. Approximately 170,000 of these own less than 500 shares, while slightly more than 200 hold more than 1,000,000 shares, accounting for 80 per cent of the capital and votes. SEB has two classes of shares – Class A shares, which carry one vote, and Class C shares, which carry 1/10 of a vote. SEB's largest shareholders and the shareholder structure as per 31 December 2013 are shown in the tables and graphs to the right.

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

The 2013 Annual General Meeting (AGM) was held on 21 March 2013. A total of 1,003 persons, representing 1,571 shareholders, were in attendance at the AGM, as were all Board members, the Group Executive Committee (GEC) and the Bank's auditor. *The minutes from the AGM are available on SEB's website.* An electronic system of voting modules, so-called televoters, was used for voting at the AGM. The main resolutions made at the AGM were:

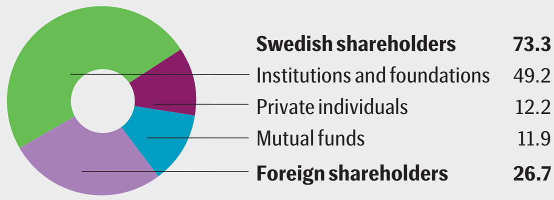
The largest shareholders

31 December 2013	No. of shares	Of which Series C shares	Share of capital, %	Share of votes, %
Investor AB	453,364,264	2,725,000	20.8	20.9
Trygg Stiftelsen	145,573,802	0	6.6	6.7
Alecta	129,250,000	0	5.9	5.9
Swedbank Robur funds	102,475,103	0	4.7	4.7
AMF Insurance & funds	58,795,846	0	2.7	2.7
Norges Bank Investment Management	35,571,703	0	1.6	1.6
SEB funds	34,480,647	0	1.6	1.6
SHB funds	33,252,664	23,680	1.5	1.5
Wallenberg-foundations	27,186,071	5,871,173	1.5	1.3
Fourth Swedish National Pension fund	23,063,922	0	1.1	1.1
First Swedish National Pension fund	22,566,780	0	1.0	1.0
Second Swedish National Pension fund	18,516,442	0	0.8	0.9
Third Swedish National Pension fund	18,220,655	45,469	0.8	0.8
Skandia Life	16,513,827	1,925,828	0.8	0.7
Nordea Funds	15,471,376		0.7	0.7
Foreign owners	584,996,468	1,533,923	26.7	26.9

Source: Euroclear AB/SIS Ägarservice AB

Shareholder structure

Percentage holdings of equity on 31 December 2013

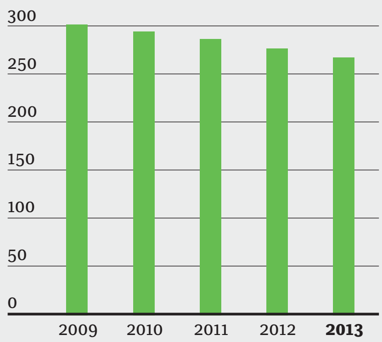


The majority of the banks approximately 270 000 shareholders are private individuals with small holdings. The ten largest shareholders account for 50 per cent of capital and votes.

Source: Euroclear/SIS Ägarservice AB

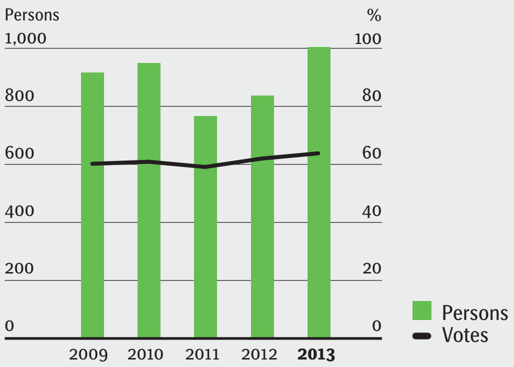
Number of shareholders

December 31. Thousands



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

Annual General Meeting attendance
2009–2013



- approval of the dividend of SEK 2.75 per share
- expansion of the Board to twelve members
- re-election of nine directors
- new election of Samir Brikho, Winnie Fok and Sven Nyman as directors
- re-election of Marcus Wallenberg as Chairman of the Board
- re-election of PricewaterhouseCoopers as auditor
- adoption of guidelines for remuneration for the President and the other members of the GEC
- approval of three long-term equity programmes
- issuance of a mandate to the Board concerning the acquisition and sale of own shares for SEB's securities business, for the long-term equity programmes and for capital management purposes.

Nomination Committee
Pursuant to a decision by the AGM, the Nomination Committee shall be composed of representatives of the Bank's four largest shareholders and the Chairman of the Board. One of the independent directors shall be appointed as additional member of the committee. The composition of the Nomination Committee meets the requirements set by the Code of Corporate Governance with respect to members' independence, among other things. The Chairman of the Board and the additional member provide the Nomination Committee with information about SEB's operations and financial and strategic position. The Nomination Committee also reviews the evaluations of the Board, the Board's work and the Chairman of the Board.

Nomination committee for the 2014 AGM

Member	Representing	Votes, % 30 August 2013
Petra Hedengran, *Chairman*	Investor	20.9
William af Sandeberg	Trygg-Stiftelsen	6.7
Staffan Grefbäck	Alecta	6.0
Hans Wibom	The Knut and Alice Wallenberg Foundation	1.3
Marcus Wallenberg	SEB, Chairman of the Board	
		34.9

Urban Jansson, *additional member, appointed by the Board*

The Nomination Committee is tasked with making recommendations, to be put to the AGM for decision, regarding:
- nomination of a person to preside as chairman of the AGM
- the number of directors
- nomination of directors
- nomination of the Chairman of the Board
- directors' fees, allocated among the Board members and fees for committee work
- fee to the Bank's auditor
- nomination of auditor
- when applicable, rules for the Nomination Committee.

An important principle is that the size and composition of the Board should be such as to serve the Bank in the best possible way. It is therefore crucial that the directors have requisite experience and knowledge about the financial and other sectors as well as international experience and a contact network that meet the demands that arise from the Bank's current position and future orientation. The Nomination Committee for the 2013 AGM assessed the extent to which the Board met these requirements. The assessment was based on discussions about the size of the Board and its composition with respect to such matters as industry experience, expertise, independence, diversity and future succession matters. The Nomination Committee found that the Board which was proposed to and elected at the 2013 AGM meets the requirements.

The Nomination Committee for the 2014 AGM was appointed in autumn 2013. A report on the Nomination Committee's work will be presented at the 2014 AGM. No special fee has been paid to the members of the Nomination Committee. *The Nomination Committee's proposals and a statement accompanying its nomination of directors are available on SEB's website.*

Evaluation of the Board of Directors, the President and the 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:
- 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
- whether the meeting atmosphere facilitates open discussions.

The outcome of the evaluation was presented to and discussed by the Board and the Nomination Committee. The evaluation process and its outcome contribute to further improvement of the Board's work and help the Nomination Committee to evaluate the size and composition of the Board, among other things.

The Chairman of the Board formally evaluates each individual director's work once a year. Marcus Wallenberg did not participate in the evaluation of the Chairman's work, which was directed by Urban Jansson, one of the Deputy Chairmen.

The Board evaluates the work of the President and the GEC on a continuous basis, without participation by the President or any other member of the GEC.

Board of Directors as from the 2013 AGM

Name	Position	Year elected	Independent in relation to the Bank	Independent in relation to the major shareholders	Risk and Capital Committee	Audit and Compliance Committee	Remunera-tion and HR Committee	Total remune-ration SEK	Atten-dance at Board meetings	Atten-dance at committee meetings
Marcus Wallenberg	Chair	2002	Yes	No	Deputy Chair	Deputy Chair	Deputy Chair	2,400,000	9/9	20/22
Jacob Wallenberg	Deputy Chair	1997	Yes	No				580,000	7/9	
Urban Jansson	Deputy Chair	1996	Yes	Yes	Chair			1,090,000	9/9	11/11
Johan H. Andresen	Director	2011	Yes	Yes		Member		695,000	9/9	4/4
Signhild Arnegård Hansen	Director	2010	Yes	Yes				500,000	9/9	
Samir Brikho	Director	2013	Yes	Yes				500,000	3/7	
Winnie Fok	Director	2013	Yes	Yes				500,000	6/7	
Birgitta Kantola	Director	2010	Yes	Yes		Chair		887,500	9/9	6/6
Tomas Nicolin	Director	2009	Yes	Yes			Chair	887,500	9/9	7/7
Sven Nyman	Director	2013	Yes	Yes			Member	695,000	7/7	5/5
Jesper Ovesen	Director	2004	Yes	Yes	Member			825,000	7/9	11/12
Annika Falkengren	Director	2005	No	Yes	Member			-	9/9	12/12
Magdalena Olofsson	Director*	2012[1)]						-	8/9	
Pernilla Påhlman	Director*	2012[2)]						-	7/9	
Maria Lindblad	Deputy Director*	2012						-	8/9	
Håkan Westerberg	Deputy Director*	2011						-	9/9	

● Chair ● Deputy Chair ● Member * appointed by the employees 1) Deputy Director 2003–2007 2) Deputy Director 2010–2011

Board of Directors

The work of the Board follows a yearly plan. In 2013, nine board meetings and one risk and capital seminar were held. The directors are elected by the shareholders at the AGM for a one-year term extending through the next AGM.

Since the 2013 AGM the Board has consisted of twelve AGM-elected directors, without any deputies, and of two directors and two deputies who serve as employee representatives. In order for a quorum to exist at a Board meeting, more than half of the directors must be present. The President is the only AGM-elected executive director. The Nomination Committee has assessed the independence of the directors in relation to the Bank and the Bank's management and in relation to shareholders controlling more than 10 per cent of the shares or votes in the Bank and has found that the composition of the Board meets the requirements of the Code of Corporate Governance with respect to directors' independence. *The composition of the Board and the directors' independence are shown in the table above. Biographical information about the directors is presented on p. 58.*

The Board has adopted Rules of Procedure that regulate the Board's role and ways of working as well as special instructions for the Board's committees. The Board has overall responsibility for the activities carried out within the Group and has the following duties, among others:

- deciding on the nature, direction and strategy of the business as well as the framework and objectives of the business activities
- regularly following up and evaluating the operations in relation to the objectives and guidelines established by the Board
- ensuring that the business is organised in such a way that the accounting, treasury management and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the business are identified, defined, measured, monitored and controlled

Board meetings 2013[1)]

January
- Quarterly report
- AGM notification and proposals
- Balance sheet, capital and dividend policy
- Risk position, appetite and limits
- Internal and external audit

February
- Annual report 2012

March
- AGM
- Statutory meeting
- Group talent review and succession planning

April
- Quarterly report
- Risk position, asset quality, credit portfolio, liquidity situation
- Review of business and market segments

May
- No meeting

June
- Review of business and market segments
- Site visit London

July
- Quarterly report
- Risk position, asset quality, credit portfolio, liquidity situation

August
- No meeting

September
- Review of business and market segments

October
- Quarterly report
- Risk position, asset quality, credit portfolio, liquidity situation

November
- Full day risk and capital seminar

December
- Business plan 2014–2016, financial plans, forecasts
- Annual review of policies and instructions
- Board and CEO evaluation

1) The work of the Board follows a yearly plan. In 2013 nine board meetings were held.

in accordance with external and internal rules, including the Bank's Articles of Association
- deciding on major acquisitions and divestments as well as other major investments
- appointment or dismissal of the President, the Chief Risk Officer (CRO), the members of the GEC and the Head of Group Internal Audit, as well as these individuals' remuneration.

The Chairman of the Board organises and directs the work of the Board, ensures that the directors receive information on a regular basis and education on changes in rules concerning the activities of SEB and on responsibilities of directors of a listed financial company, etc. A full-day introductory seminar is offered for new directors.

The President attends all board meetings except those dealing with matters in which the President has an interest that may be in conflict with the interests of the Bank, such as when the President's work is evaluated. Other members of the GEC participate whenever required for the purposes of informing the Board or upon request by the Board or the President.

Directors' fees

SEB's 2013 AGM set total fees of SEK 9,560,000 for the members of the Board and decided how these fees are to be distributed among the Board and its committees. No fee for committee work is paid to the Chairman of the Board or employees of the Bank. Directors' fees are paid on a running basis during the mandate period.

Following a recommendation by the Nomination Committee, the Board has adopted a policy that recommends the Board members to use 25 per cent of the director's fee each year to purchase and hold SEB shares up to an amount corresponding to one year's fee. *Information on remuneration principles, remuneration of the President and members of the GEC, and on long-term equity programmes is provided on p. 62.*

Board committees

The overall responsibility of the Board cannot be delegated. However, the Board has established committees to handle certain defined issues and to prepare such issues for decision by the Board. At present, the Board has three such committees: the Risk and Capital Committee (RCC), the Audit and Compliance Committee (ACC), and the Remuneration and Human Resources Committee (RemCo). They report to the Board on a regular basis. Committee members are appointed for a period of one year at a time. An important principle is that as many board members as possible shall participate in committee work, also as committee chairs. The Chairman does not chair any of the three committees. Neither the President nor any other officer of the Bank is a member of the ACC or the RemCo. The President is a member of the RCC. Apart from committee work, no other delegation of duties is applied.

Risk and Capital Committee

"One very important theme that permeated the RCC's work in 2013 was the integration of structural liquidity and capital efficiency aspects and the new regulatory requirements in SEB's strategic plan. The target was to balance these aspects to ensure resilience in a worst-case scenario while maintaining flexibility to grow the business. We have also carefully monitored the mortgage portfolio from both risk and growth perspective. Another area of attention has been the financial market's anticipated development and its practical impact on SEB. The Bank acts from a position of strength in this area."
Urban Jansson, Chairman

The RCC is tasked with supporting the Board in overseeing and ensuring that the Bank's organisation is managed in such a way that all risks inherent in the Group's business are identified, defined, measured, monitored and controlled in accordance with the Board's risk tolerance statement as well as with external and internal rules. The RCC also monitors the Group's risk and capital situation on a continuous basis.

The RCC sets the principles and parameters for measuring and allocating risk and capital within the Group and oversees risk management systems and the risk tolerance and the strategy for near and long term, as well as implementation of this strategy. The Committee prepares, for decision by the Board, a recommendation for the appointment and dismissal of the CRO. The Committee also decides on individual credit matters of major importance or of importance as to principles. The RCC held twelve meetings in 2013.

The Group's Chief Financial Officer (CFO) has overall responsibility for informing and making proposals to the RCC on matters related to capital and funding. The CRO has the same overall responsibility regarding risk and credit matters. *The risk organisation is described further on p. 56. Information on risk, liquidity and capital management is provided on p. 36.*

RCC members
Urban Jansson (Chair), Marcus Wallenberg (Deputy Chair), Jesper Ovesen and Annika Falkengren.

The RCC's work during 2013:
- reviewed and recommended Group policies and strategies, for decision by the Board, such as the Risk Policy and Risk Strategy, the Credit Policy, the Credit Instruction, the Capital Policy, the Liquidity and Pledge Policy, the Trading and Investment Policy, and the CRO Instruction
- monitored the implementation of these policies and adoption of credit policies and instructions that complement the Group's Credit Policy and Credit Instruction
- monitored the Group's risk development with particular focus on the development of the long-term stability of the Swedish residential housing market
- prepared matters concerning market and liquidity risk limits for decision by the Board
- reviewed significant changes in the credit portfolio and of the credit process within the Group
- reviewed risk measurement models, methods and risk management systems; in particular a realignment of the risk classification system
- reviewed material changes in the overall capital and liquidity strategy as well as the Group's capital adequacy and liquidity position
- proposed changes in the Group's capital goals and capital management matters, such as the dividend, for decision by the Board
- held strategic discussions on comprehensive financial and balance sheet management.

Audit and Compliance Committee

"In addition to the focus on the internal controls of the Bank, in 2013 the ACC continued to monitor the Bank's compliance with rules and regulations as the regulatory environment evolved – not least due to the perceived need for tighter financial markets control in Europe and elsewhere. The interests of our customers combined with maintaining their confidence in the Bank require well functioning processes and procedures. The Bank's conduct must duly recognize the need for ensuring risk awareness of our customers."
Birgitta Kantola, Chairman

The ACC supports the Board in its work with quality assurance of the Bank's financial reporting and internal control over the financial reporting. When required, the ACC 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 their activities. It ensures that any remarks and observations from the auditors are addressed. The Committee also evaluates the external auditors' work and independence.

In addition, the President's proposal for appointment or dismissal of the Head of Group Compliance is subject to the Committee's approval.

The ACC held five meetings in 2013. The CFO, the external auditors, the Head of Group Internal Audit and the Head of Group Compliance submit matters and reports for the Committee's consideration. The President regularly participates in the meetings. *The Report on Internal Control over Financial Reporting can be found on p. 57.*

Remuneration and Human Resources Committee

"Banking is fundamentally about people and trust. Professional and committed employees are critical for the achievement of SEB's strategic objectives. SEB needs to attract and retain the right talent and provide scope for individual development by making people feel valued, engaged and included as an important part of the whole. In addition to remuneration matters, a priority for RemCo is SEB's Global Talent Review – a structured process for identifying high performing individuals who are ready to take on new challenges. At the programme's very best, the leadership needs of the Bank are matched with the right individuals, who are groomed for greater responsibility."
Tomas Nicolin, Chairman

The RemCo prepares, for decision by the Board, appointments of the President and the members of the GEC. The Committee develops, monitors and evaluates SEB's incentive programmes and how the guidelines established by the AGM for remuneration of the President and the members of the GEC are applied. An independent auditor's review report on the adherence of SEB's remuneration system to the Remuneration Policy is presented to the Committee annually.

In addition, the Committee oversees the Group's pension obligations and oversees, together with the RCC, all measures taken to secure the overall pension obligations of the Group, including development within the Bank's pension foundations. The RemCo held seven meetings in 2013.

The President, together with the Head of Group Human Resources, makes presentations to the Committee on matters in which there are no conflicts of interest. *The Remuneration Report can be found on p. 62.*

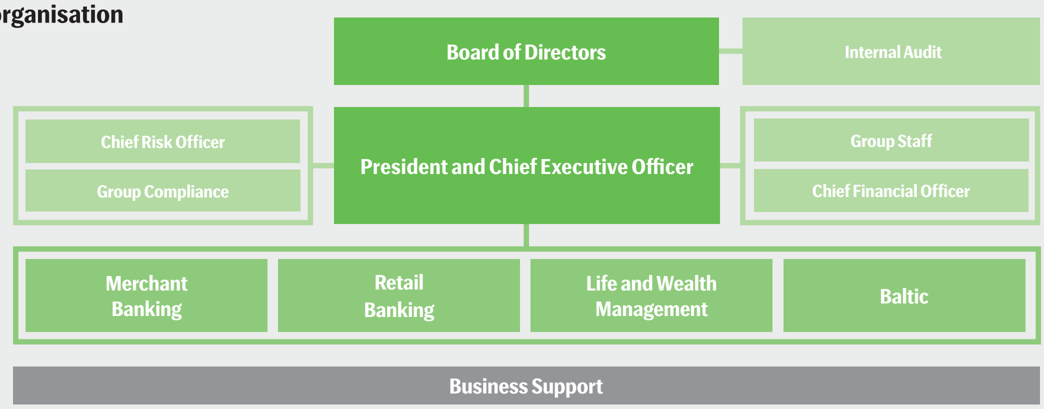
ACC members
Birgitta Kantola (Chair), Marcus Wallenberg (Deputy Chair) and Johan H. Andresen.

The ACC's work during 2013:
- reviewed the annual accounts and interim reports as well as audit reports
- monitored the Group's internal audit issues
- monitored the Group's compliance issues
- monitored the internal control over the financial reporting
- monitored services, other than auditing services, procured from the external auditors
- drafted a recommendation to the Nomination Committee for election of the external auditor by the AGM
- adopted an annual audit plan for the Internal Audit function, co-ordinated with the external audit plan
- approved the annual Group Compliance Plan
- held discussions with representatives of the external auditors on several occasions, without the President or any other member of the Bank's management being present
- reviewed accounting issues related to the valuation of credit risk in derivative instruments
- reviewed the accounting for the Bank's own credit risk
- completed the monitoring of the process related to the sale of the German retail operations.

RemCo members
Tomas Nicolin (Chair), Marcus Wallenberg (Deputy Chair) and Sven Nyman.

The RemCo's work during 2013:
- reviewed the Remuneration Policy, for adoption by the Board
- proposed, for approval by the Board and decision by the AGM, remuneration guidelines for the President and members of the GEC
- proposed, for adoption by the Board, that GEC's pension plans should be defined contribution instead of defined benefit
- developed long-term equity programmes, for approval by the Board and decision by the AGM
- proposed, for decision by the Board, remuneration of the President and members of the GEC in accordance with the guidelines adopted by the AGM
- proposed, for decision by the Board, remuneration of the Head of Group Internal Audit, the CRO and the Head of Group Compliance in accordance with the Remuneration Policy
- monitored remuneration principles, variable remuneration programmes and pension obligations
- followed up the annual Group Talent Review
- reviewed and discussed adaptations to upcoming regulations in the remuneration field such as the CRD IV EU Directive.

SEB's organisation



The President

The Board has adopted an instruction for the President's duties and role. The President, who is also Chief Executive Officer, is responsible for administrating the Bank's business in accordance with the strategy, directives, policies and instructions established by the Board. The President reports to the Board and submits at each board meeting a report on, among other things, the performance of the business in relation to decisions made by the Board.

The President appoints the Heads of Divisions, the Head of Business Support and Heads of the various staff and Group functions that report directly to the President.

The President's committees

The President has three separate committees at her disposal for the purpose of managing the operations: the Group Executive Committee (GEC), the Asset and Liability Committee (ALCO) and the Group Risk Committee (GRC).

GEC

To safeguard the interests of the Group as a whole, the President consults with the GEC 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 14 meetings in 2013. *Further information about the President and the GEC can be found on p. 60.*

ALCO

The ALCO, chaired by the President and with the CFO as deputy chair, is a Group-wide decision-making, monitoring and consultative body. The ALCO, which held 11 meetings in 2013, handled the following matters, among others:

- financial stability – especially in the new regulatory framework
- the trade-off between risk and return
- strategic capital and liquidity issues
- structural issues and issues related to the Bank's balance sheet and business volumes
- financing of wholly-owned subsidiaries.

GRC

The GRC, chaired by the President and with the CRO as deputy chair, is a Group-wide, decision-making committee that addresses all types of risk at the President level in order to evaluate portfolios, products and clients from a comprehensive risk perspective. The GRC held 52 meetings in 2013.

The GRC is authorised by the Board to make all credit decisions, with the exception of a few matters that are reserved for the RCC. In addition, the GRC is tasked with:

- ensuring that all risks inherent in the Group's activities are identified, defined, measured, monitored and controlled in accordance with internal and external rules
- supporting the President in ensuring that decisions regarding the Group's long-term risk appetite are followed in the business organisation
- ensuring that the Board's guidelines for risk management and risk control are adhered to and that the necessary rules and policies for risk-taking in the Group are maintained and enforced.

Divisions, business areas and business units

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

SEB's business is organised in four divisions. Each division's operations are divided into business areas which, in turn, are divided into business units. Each division is responsible for the subsidiaries designated to the division. 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.

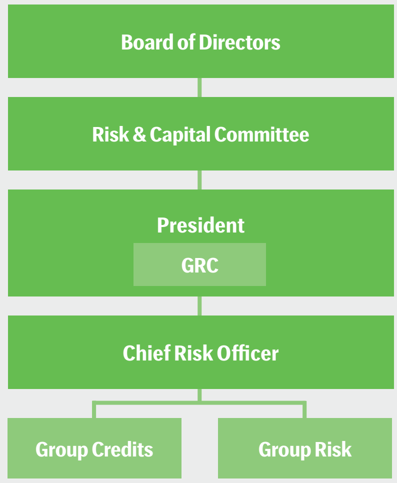
A Country Manager is appointed in the respective countries where SEB operates. The Country Manager co-ordinates the Group's business locally and reports to a specially designated member of the GEC.

Business Support and staff functions

Business Support is a cross-divisional function established to leverage economies of scale in processes and IT. Business Support covers such areas as transaction processing, development, maintenance and operation of IT systems, and management of SEB's IT portfolio. Business Support is also responsible for the SEB Way – a Group-wide programme for continuous improvement. A separate committee has been established by the President as a forum for the continuous management of SEB's IT development portfolio and decisions on IT-related matters. *For further information on Business Support, see p. 35.*

SEB's staff functions have global accountability and manage SEB's group-wide instructions, policies and processes.

Risk organisation in SEB
As of 20 January 2014



Control functions

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

The President has overall responsibility for managing all of the Group's risks in accordance with the Board's policies and instructions. The President shall ensure that SEB's organisation and administration are appropriate and that the Group's operations are in compliance with external and internal rules. In particular, the President shall present 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 within the Group lies with the GRC.

Management at all levels within the divisions, the Group's business support and staff functions represent the first line of defence for risks in the organisation. The Group Risk organisation and Group Compliance form the second line of defence for ensuring that the Board's intent regarding risk management and risk control is applied in practice within the Group. Group Internal Audit provides independent assurance and is the third line of defence.

Group Risk

The Group Risk organisation is independent from the business and is responsible for identifying, measuring, analysing and controlling SEB's risks. Group Risk is headed by the CRO, who is appointed by the Board and reports to the President. The CRO keeps the Board, the RCC, the GEC, the ALCO and the GRC regularly informed about risk matters. The CRO has global functional responsibility and is independent from the business organisation. The activities of the CRO are governed by and set out in an instruction adopted by the Board.

Group Risk has for several years been organised in three units that report to the CRO: Risk Control, Group Risk Center and Group Credits.

Risk Control assesses, measures and monitors risks - primarily, market, liquidity, operational, credit and insurance risks against established limits and in accordance with best practice for risk management throughout the organisation.

Group Risk Center aggregates and analyses consolidated risk data across risk types and the Group's credit portfolios, handles models for the risk weighting and general matters surrounding risk governance and risk disclosure. Group Risk Center provides GRC, RCC and the Board with regular reports and analysis of SEB's risk profile and on the overall risk development.

As of 20 January 2014, Group Risk Center and Risk Control are merged into one unit, gathering all resources working with the various aspects of risk measurement, control and analysis.

Group Credits is responsible for managing the credit approval process, for certain individual credit decisions and for monitoring compliance with policies set by the RCC and the Board. Its activities are regulated by the Group's Credit Instruction, adopted by the Board. The Group Credit Officer is appointed by the President, upon recommendation by the CRO, and reports to the CRO. The chairs of the respective divisional credit committees have the right to veto credit decisions. Significant exceptions to the Group's Credit Policy must be escalated to a higher level in the decision-making hierarchy. *For further information about risk, liquidity and capital management, see p. 36.*

Group Compliance

The Group Compliance function is independent from the business activities while serving as a business support function. The Compliance function shall act proactively to assure the quality of compliance in the Group through information, advice, control and follow-up within the compliance areas, thereby supporting the business activities and management. Special areas of responsibility include:
- customer protection
- market conduct
- prevention of money laundering and financing of terrorism
- regulatory compliance and control.

The Head of Group Compliance, who is appointed by the President upon approval by the ACC, reports regularly to the President and the GEC, and informs the ACC about compliance issues. Following a Group-wide compliance risk assessment and approval from the ACC, the President adopts an annual compliance plan. The Board has adopted an Instruction for Group Compliance activities.

Group Internal Audit

Group Internal Audit is an independent Group-wide function that is directly reporting to the Board. The main responsibility of Internal Audit is to provide reliable and objective assurance to the Board and the 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 improve the control culture within the Group. The Head of Group Internal Audit is appointed by the Board and reports to the Board through the ACC and keeps the President and GEC regularly informed about internal audit matters. The ACC adopts an annual plan for the work of Internal Audit. The Board has adopted an Instruction for Group Internal Audit's activities.

Information about the auditor

According to SEB's Articles of Association, the Bank shall have at least one and not more than two auditors with at most an equal number of deputies. A registered accounting firm may be appointed auditor.

PricewaterhouseCoopers AB has been the Bank's auditor since 2000 and was re-elected in 2013 for the period up to and including the 2014 AGM. The partner in charge, as from the 2012 AGM, is Peter Nyllinge, Authorised Public Accountant. Peter Nyllinge has auditing experience from several major Swedish companies. The co-signing auditor is Authorised Public Accountant Magnus Svensson Henryson. The fees charged by the auditor for the auditing of the Bank's annual accounts for the 2012 and 2013 financial years and for other assignments invoiced during these periods are shown in the table.

AUDITOR
Elected by the Annual General Meeting
PricewaterhouseCoopers

PETER NYLLINGE
Born 1966; Auditor of SEB, Partner in charge as of 2012. Authorised Public Accountant.

Fees to the auditors

SEK m	2013	2012
Audit assignment	27	29
Audit related services	20	18
Tax advisory	14	16
Other	19	40
Total	**80**	**103**

In addition, fees and expense allowances in relation to the divestment of the German retail operations amounts to SEK 2m (38). *See also note10.*

Internal Control over Financial Reporting

Internal control over financial reporting (ICFR) is the process established to assess the reliability of the financial reporting. The ICFR process is conducted in an annual cycle, described in the sections below. It is based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

1 Perform risk assessment and scoping
Yearly risk assessments are performed, at the Group and legal entity levels, to identify and understand the main risk areas related to the financial reporting process, taking into consideration both materiality and complexity aspects. The risk assessment is the basis for defining which focus areas as well as which legal entities, processes and related systems that are to be covered by the ICFR process during the coming year. The result is stated in an annual report to the ACC.

2 Validate the design of expected controls
The ICFR structure, consisting of Group-wide, process and IT controls, is designed to reduce the risk for errors in the financial reporting. The structure is validated yearly to ensure that it covers the identified risks. It involves both business and finance personnel, who together have the required process, system and accounting expertise. Examples of controls are the validation of the valuation of financial instruments and credit exposures, reconciliation and system access controls. These control requirements are continuously communicated to involved parties to clarify roles and responsibilities.

3 Plan monitoring and audit activities
Based on the risk assessments, identified focus areas and expected controls, the ICFR monitoring plan is prepared for the coming year. The plan clarifies who is responsible for monitoring the respective controls within each legal entity, what type of monitoring activities should be conducted and how the result is to be reported. The monitoring plan is co-ordinated with the audit plans of internal and external audit.

4 Monitor and evaluate controls
Monitoring includes activities such as self-assessments of control status and key risk indicator (KRI) reporting. The monitoring aims to identify weaknesses in the ICFR process, to initiate compensating controls and remediation activities. During the year a number of system implementations were finalised, further improving the financial and risk information platform. The monitoring has also been strengthened by enhancing the KRI reporting.

5 Report ICFR residual risk
The monitoring results are analysed to assess the risk for errors in the financial reporting. This is done in connection with the quarterly external financial reporting. The summary ICFR monitoring report is reported to the CFO on a quarterly basis and to the ACC once a year. It describes the residual financial reporting risk, including a description of identified control gaps, how well these are compensated by other controls and how the work with gap remediation activities is progressing. The consolidated reporting of ICFR residual risk contributes to transparency in the organisation and enables prioritisation of remediation activities.

In addition to management's monitoring activities, Internal Audit independently tests ICFR in accordance with a plan adopted by the ACC. The audit results as well as measures taken and their current status are also reported on a regular basis to the ACC.

Board of Directors

MARCUS WALLENBERG
Born 1956; B. Sc. (Foreign Service).
Chairman since 2005.
Other assignments: Chairman of Saab, Electrolux[1], LKAB and Foundation Asset Management Sweden. Director of AstraZeneca, Stora Enso[1], Investor, Temasek Holding, EQT Holdings 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 Hong Kong, SEB, and Stora Feldmühle in Germany. Executive Vice President of Investor and President and Group Chief Executive of Investor.
Nationality: Swedish
Own and closely related persons' shareholding: 753,584 class A-shares and 720 class C -shares.

URBAN JANSSON
Born 1945; Higher bank degree (SEB).
Deputy Chairman since 2013.
Other assignments: Chairman of EAB and HMS Networks. Vice chairman of Svedbergs i Dalstorp[1], Director of Clas Ohlson and Lindéngruppen.
Background: SEB in various management positions. President and CEO of HNJ Intressenter (former subsidiary of the Incentive Group). Executive Vice President of the Incentive Group. President and Group Chief Executive of Ratos. Several directorships.
Nationality: Swedish
Own and closely related persons' shareholding: 56,840 class A -shares.

JACOB WALLENBERG
Born 1956; B. Sc. (Econ) and MBA.
Deputy Chairman since 2005.
Other assignments: Chairman of Investor. Deputy Chairman of SAS and LM Ericsson. Director of ABB, the Knut and Alice Wallenberg Foundation, the Coca-Cola Company and the Stockholm School of Economics.
Background: Various positions in SEB. President and Group Chief Executive of SEB. Executive Vice President Investor. Chairman of SEB. Vice Chairman of Atlas Copco and Electrolux. Director of Stora.
Nationality: Swedish
Own and closely related persons' shareholding: 430,839 class A-shares and 136 class C shares.

JOHAN H. ANDRESEN
Born 1961; B.A. (Government and Policy Studies) and MBA.
Other assignments: Owner and Chairman of Ferd. Director of Junior Achievement Young Enterprise (JA-YE) Europe, JA-YE Norway, NMI–Norwegian Microfinance Initiative and Corporate Partners Advisory Board at BI Norwegian School of Management.
Background: International Paper Co. Partner of Ferd. CEO of Ferd. Director of SWIX.
Nationality: Norwegian
Own and closely related persons' shareholding: 100,000 class A-shares.

SIGNHILD ARNEGÅRD HANSEN
Born 1960; B. Sc. (Human resources) and journalism studies.
Other assignments: Chairman of SLC-Group, Svenska LantChips, Utah Chips Corporation and SFN/Timbro. Vice Chairman of the Swedish-American Chamber of Commerce (SACC), USA. Director of SACC, New York, Business Sweden, ESBRI, King Carl XVI Gustaf's Foundation for Young Leadership, Magnora and Dagens Industri.
Background: President of the family-owned company Svenska LantChips. Chairman of the Confederation of Swedish Enterprise. Vice Chairman of Business Europe. Director of Innventia, IFL at Stockholm School of Economics, Research Institute of Industrial Economics, Loomis and University of Lund.
Nationality: Swedish
Own and closely related persons' shareholding: 2,578 class A-shares.

SAMIR BRIKHO
Born 1958; M.Sc. (Engineering, Thermal Technology).
Other assignments: CEO of AMEC plc. UK. Chairman of Step Change Charity and World Economic Forum Disaster Resource partnership. UK Business Ambassador since 2010. Co-chair of the UK-UAE Business Council and of the UK-ROK CEO Forum. Director of the UK-Japan 21st Century Group. Member of the Advisory Boards of Stena, LIFE Lebanon and School of Oriental & African Studies. Founding Member of Palestine International Business Forum.
Background: Broad international experience from management and leadership, especially within the industrial sector. Leading positions within the international business of ABB, among others as CEO and Division Head of significant subsidiaries. Member of the GEC of ABB Ltd., Switzerland.
Nationality: Swedish
Own and closely related persons' shareholding: 0

WINNIE FOK
Born 1956; Bachelor of Commerce.
Other assignments: Director of Volvo Car Corporation, G4S plc, Kemira Oyj and HOPU Investments Co, Ltd. Senior Advisor to Foundation Administration Management Sweden.
Background: Broad experience from the financial business field. Certified Public Accountant in Australia and in Hong Kong. Member of the Institute of Chartered Accountants in England and Wales. Industrial advisor and Senior Advisor to Investor and Husqvarna. CEO and Senior Partner of EQT Partners Asia Limited and CEO of New Asia Partners Limited.
Nationality: British
Own and closely related persons' shareholding: 3,000 class A-shares

BIRGITTA KANTOLA
Born 1948; LLM and Econ. Dr. H.C.
Other assignments: Director of StoraEnso and Nobina.
Background: Broad experience in banking and finance, e.g . Nordic Investment Bank (Executive Vice President and Head of Finance). Vice President and CFO of International Finance Corporation (World Bank Group), Washington D.C. Deputy General Manager of Ålandsbanken, Finland.
Nationality: Finnish
Own and closely related persons' shareholding: 25,000 class A-shares.

TOMAS NICOLIN
Born 1954; B. Sc. (Econ) and M.Sc. (Management).
Other assignments: Director of Nordstjernan, Nobel Foundation, Axel and Margaret Ax:son Johnsons Foundation, Centre for Justice, Research Institute of Industrial Economics, the Swedish Corporate Governance Board, SFN/Timbro and SVPH. Member of the Investment Committee of NIAM Property Fund.
Background: Broad experience in the financial sector as CEO of Alecta, the Third National Swedish Pension Fund and E. Öhman J:or Fondkommission, as well as a leading position in Handelsbanken. Several directorships.
Nationality: Swedish
Own and closely related persons' shareholding: 66,000 class A-shares.

SVEN NYMAN
Born 1959; B.Sc. (Business and Econ).
Other assignments: CEO and Founder of RAM Rational Asset Management and RAM ONE. Director of Consilio International, the Nobel Foundation Investment Committee, the Stockholm School of Economics and the Stockholm School of Economics Association.
Background: Broad experience from the financial business field. Managerial positions within Investor AB. CEO and Founder of Lancelot Asset Management and Arbitech.
Nationality: Swedish
Own and closely related persons' shareholding: 10,440 class A-shares and 10,200 class C-shares.

JESPER OVESEN
Born 1957; B. Sc. (Econ) and MBA.
Other assignments: Chairman of Nokia Solutions and Networks BV. Director of Orkla ASA.
Background: Price Waterhouse. Vice President and later on Group Chief Executive of Baltica Bank A/S. Vice President and Head of Finance of Novo Nordisk A/S. CEO of Kirkbi Group. CFO of Danske Bank A/S, LEGO Holding A/S and TDC A/S.
Nationality: Danish
Own and closely related persons' shareholding: 10,000 class A-shares.

ANNIKA FALKENGREN
Born 1962; B. Sc. (Econ).
President and CEO since 2005.
Other assignments: Chairman of the Swedish Banker's Association. Director of Securitas. Member of Supervisory Board Volkswagen AG and Munich RE[1].
Background: Various positions within SEB Merchant Banking. Global Head of Trading and Head of Division Merchant Banking. Head of Division Corporate & Institutions and Executive Vice President of SEB. Deputy Chief Executive Officer of SEB.
Nationality: Swedish
Own and closely related persons' shareholding: 374,777 class A-shares, 131,578 performance shares and 209,695 conditional share rights.

1) Not available for re-election 2014.

Directors appointed by the employees

MAGDALENA OLOFSSON
Born 1953; Studies in Economics and Accounting.
Other assignments: Chairman of Financial Sector Union of Sweden SEB Group, Regional Club Stockholm & East of the same union and of the European Works Council SEB Group. Member of the Board of Financial Sector Union Sweden.
Background: Various positions in SEB. Deputy Member of the Board of SEB. Member of the Board of Finance and Insurance Unemployment Benefit Fund and SEB BoLån.
Nationality: Swedish
Own and closely related persons' shareholding: 0.

PERNILLA PÅHLMAN
Born 1958; Advanced certificate in occupational safety and health and work environment.
Other assignments: Vice Chairman of Financial Sector Union of Sweden SEB Group and of regional Club Stockholm & East. Principal Safety Representative at Group level Sweden.
Background: Work in SEB's private and corporate sector within the Retail division. Union representative and elected head occupational safety and health at work. Second Vice Chairman of the Financial Sector Union of Sweden SEB Group.
Nationality: Swedish
Own and closely related persons' shareholding: 661 class A-shares and 9 class C-shares.

Deputy Directors appointed by the employees

MARIA LINDBLAD
Born 1953; B.Sc. (Econ) Katowice School of Economics, Poland.
Other assignments: Second Deputy Chairman of Financial Sector Union of Sweden SEB Group and Chairman of Regional Club Stockholm City of the same union.
Background: SEB (FinansSkandic) and later on Division Merchant Banking. Union assignments since 2005.
Nationality: Swedish
Own and closely related persons' shareholding: 5,021 class A-shares.

HÅKAN WESTERBERG
Born 1968; Engineering logistics.
Other assignments: Chairman Association of University Graduates at SEB. Board member SEB Kort Bank.
Background: Sales manager at Trygg-Hansa in the property insurance business. SEB in various positions in systems management and IT development, currently Systems Management Advisor. Union representative since 2001.
Nationality: Swedish
Own and closely related persons' shareholding: 2,635 class A-shares.

Secretary to the Board of Directors

CONTACT THE BOARD OF DIRECTORS:
Skandinaviska Enskilda Banken AB,
Board Secretariat
SE-106 40 Stockholm, Sweden
sebboardsecretariat@seb.se

Group Executive Committee

ANNIKA FALKENGREN
Born 1962; SEB employee since 1987; B. Sc. (Econ). President and CEO since 2005.
Other assignments: Chairman of the Swedish Bankers' Association. Director of Securitas. Member of Supervisory Board Volkswagen AG and Munich RE[1].
Background: Various positions within SEB Merchant Banking. Global Head of Trading and Head of Merchant Banking. Head of Division Corporate & Institutions and Executive Vice President of SEB. Deputy Chief Executive Officer of SEB.
Own and closely related persons' shareholding: 374,777 class A-shares, 131,578 performance shares and 209,695 conditional share rights.

JOHAN ANDERSSON
Born 1957; SEB employee since 1980; B. Sc. (Econ). Chief Risk Officer since 2010. Head of Credits and Risk Control since 2004.
Background: Different positions within Merchant Banking and Group Credits. Deputy Head of Group Credits and Risk.
Own and closely related persons' shareholding: 55,883 class A-shares, 22 class C-shares.

JAN ERIK BACK
Born 1961; SEB employee since 2008; B. Sc. (Econ). Executive Vice President, Chief Financial Officer since 2008.
Background: Svenska Handelsbanken. CFO at Skandia. First Senior Executive Vice President and CFO at Vattenfall.
Own and closely related persons' shareholding: 35,755 class A-shares, 139,694 performance shares and 108,172 conditional share rights.

MAGNUS CARLSSON
Born 1956; SEB employee since 1993; B. Sc. (Econ). Executive Vice President, Head of the Merchant Banking division since 2005.
Background: Bank of Nova Scotia. Various positions within SEB's Merchant Banking division, including Head of Project & Structured Finance, Head of Corporate Clients and Deputy Head of the division.
Own and closely related persons' shareholding: 54,255 class A-shares, 98,684 performance shares and 129,974 conditional share rights.

VIVEKA HIRDMAN-RYRBERG
Born 1963; SEB employee since 1990; B.Sc. and Lic. Sc. (Econ). Head of Group Communications since 2009. Chairman of the Corporate Sustainability Committee.
Background: Coopers & Lybrand. Various positions within Wealth Management, Retail Banking and Life. Group Press Officer and Head of CEO Office.
Own and closely related persons' shareholding: 47,679 class A-shares, 26,315 performance shares and 37,744 conditional share rights.

MARTIN JOHANSSON
Born 1962; SEB employee since 2005; B.Sc. (Econ). Head of Business Support from 2011.
Background: Various assignments during 18 years in Citigroup, in Sweden and internationally. Global Head of Client Relationship Management within SEB's Merchant Banking division. Head of the Baltic division.
Own and closely related persons' shareholding: 53,885 class A-shares, 65,789 performance shares and 87,203 conditional share rights.

ANDERS JOHNSSON
Born 1959; SEB employee since 1984; Higher bank degree. Head of the Life and Wealth Management Division since 2013.
Background: Götabanken. Different positions within SEB's Merchant Banking division. Various leading positions within SEB Private Banking. Head of Trading & Capital Markets, Merchant Banking. Head of the Wealth Management division.
Own and closely related persons' shareholding: 23,515 class A-shares, 88,034 conditional share rights and 14,094 deferral rights.

ULF PETERSON
Born 1961; SEB employee since 1987; LLB. Head of Group Human Resources since 2010.
Background: Various positions within SEB's Retail Banking division such as Branch Manager, Credit Manager, Deputy Regional Manager, Business Area Manager for Products, Processes, Operations and IT, Global Head of Private Banking, CFO & Global Head of Staff, Retail.
Own and closely related persons' shareholding: 22,645 class A-shares, 31,998 performance shares and 52,422 conditional share rights.

MATS TORSTENDAHL
Born 1961; SEB employee since 2009; M.Sc. (Engineering Physics). Executive Vice President, Head of the Retail Banking division since 2009.
Background: ABB, Östgöta Enskilda Bank. Various positions within Danske Bank, such as Senior Executive Vice President and Head of Danske Bank Sweden.
Own and closely related persons' shareholding: 71,789 class A-shares, 139,694 performance shares and 109,004 conditional share rights.

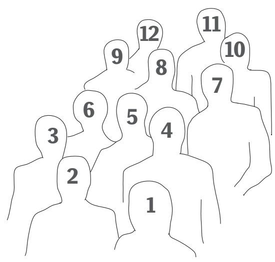
Additional members

PETER HØLTERMAND
Born 1963; SEB employee since 1997; B.Sc. (Econ). Country Manager SEB Denmark since 2002.
Background: SDS. Alfred Berg. SEB Merchant Banking, Trading & Capital Markets. Global Head of Fixed Income & Swaps, Global Head of Capital Markets and Head of Merchant Banking in Denmark.
Own and closely related persons' shareholding: 37,206 class A-shares and 18,265 deferral rights.

WILLIAM PAUS
Born 1967; SEB employee since 1992; M. Sc. (Econ). Country Manager SEB Norway since 2010.
Background: Various positions within SEB Trading & Capital Markets. Head of Trading and Capital Markets in Asia, Head of Merchant Banking in Germany and Head of Merchant Banking and Wealth Management in Norway.
Own and closely related persons' shareholding: 89,245 class A-shares and 24,758 deferral rights.

DAVID TEARE
Born 1963; SEB employee since 2006; B. Comm. Head of the Baltic division from 2011.
Background: Citibank. Morgan Stanley. Client Relationship Management within SEB's Merchant Banking division.
Own and closely related persons' shareholding: 65,000 class A-shares, 51,989 conditional share rights and 8,104 deferral rights.

1) Not available for re-election 2014.



1. Annika Falkengren 2. Peter Høltermand 3. Johan Andersson 4. David Teare 5. Mats Torstendahl 6. Viveka Hirdman-Ryrberg 7. Ulf Peterson 8. Jan Erik Back 9. Anders Johnsson 10. William Paus 11. Magnus Carlsson 12. Martin Johansson

Remuneration report

SEB's remuneration system aims to attract and retain committed and competent employees who contribute to the Bank's long-term success. An employee's compensation should encourage high performance, sound behaviour and risk-taking that are aligned with SEB's values and thereby meet customer and shareholder expectations. Compensation is based on experience, competence, responsibility and performance, and promotes a long-term commitment to creating sustainable value.

Remuneration structure

SEB's remuneration structure consists of the components base pay, long-term equity-based compensation, pensions and other benefits.

An employee's base pay, which is the main remuneration component, shall be competitive and aligned with the employee's competence and experience. It shall also be in line with industry peers in the respective markets in which the Bank operates.

Long-term equity-based compensation is a means of attracting and retaining people with key competencies and aligning their interests with the shareholders' interests. It also creates an incentive for employees to become shareholders in SEB, which builds long-term commitment to the Bank. This compensation is based on risk-adjusted results and performance of the individual employee, the individual's respective team or business unit, and of SEB as a whole. There is a scope for risk adjustment both for current and future risks as well as for the final outcome and the remuneration can therefore subsequently be reduced in part or in full, in accordance with the Swedish Financial Supervisory Authority's regulations. SEB has a well established model for calculation and internal allocation of capital. The risk-adjusted result is based on this model.

Cash-based individual variable compensation is used only in operations where it is common market practice, such as in investment banking. In 2013, individual cash-based variable compensation accounted for 5 per cent (6) of SEB total staff costs.

Long-term equity programmes 2013

The 2013 Annual General Meeting approved three different programmes for 2013:

- All Employee Programme 2013, a profit-sharing programme for employees in most of the countries where SEB operates
- Share Matching Programme 2013 for selected key business employees with critical competences
- Share Deferral Programme 2013 for members of the GEC, certain other senior managers and key employees.

All Employee Programme 2013

The programme is offered to essentially all employees in the Group and aims to strengthen long-term commitment.The outcome of the programme is based on the Group's predetermined financial and non-financial targets in the business plan expressed in terms of return on equity, cost development and customer satisfaction. This programme replaces the collective profit-sharing programmes from previous years and aims to include as many employees as possible.

Fifty per cent of the outcome is paid out in cash and the rest is deferred for three years and is paid out in SEB shares in Sweden and in cash, adjusted for TSR (total shareholder return), outside of Sweden. The deferred amount is normally forfeited if an employee's employment ends during the three-year period. The maximum cost for the programme is estimated to SEK 900m.

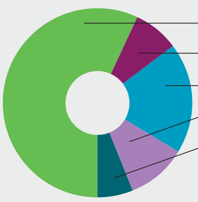
Share Matching Programme 2013

Approximately 200 selected business-critical executives participate in the programme. The participation is based on own investment in SEB shares that gives an opportunity to receive matching share rights and performance-based matching share rights. The investment amount is based on previous year's performance and is capped. The participants receive one matching share right and a maximum of three performance-based matching share rights for each SEB share purchased under the programme. Each matching share right gives the participant the right to receive one SEB Class A share. A prerequisite is that the participant remains employed by SEB during the performance period. The programme's performance period is three years, followed by a four-year exercise period.

The outcome of the programme, i.e., the number of performance-based matching share rights that the participants receive, depends on the degree to which two predetermined performance requirements are met – the total return in relation to SEB's peers (1/3 of the maximum outcome) and in relation to the long-term risk-free interest rate (2/3 of maximum outcome). The outcome is capped when both performance criteria have been met and the share price has doubled. The number of shares under the programme is limited at 4.5 million, and the expected outcome is approximately half that amount. The participants in the Share Deferral Programme do not take part in the Share Matching Programme and vice versa.

Staff costs

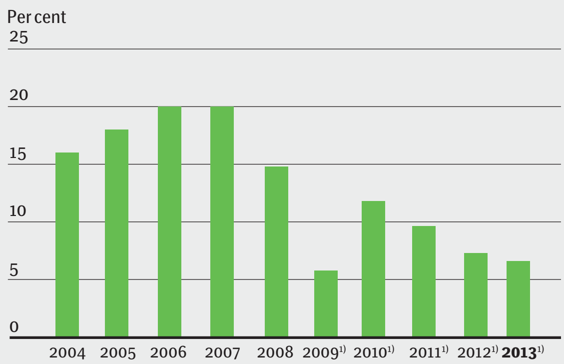
SEK m



	2013	2012
Base salary	7,993	8,335
Variable salary	1,091	1,201
Social charges	2,666	2,709
Pensions	1,450	1,421
Other staff costs	829	930

Variable compensation

Cash-based variable compensation in relation to total staff costs (incl social charges)



1) Shows continuing operations from 2009

Remuneration in SEB in 2013
SEK thousand

	Base pay	Cash-based variable compensation	Expensed amount equity-based programmes	Benefits	Total	Pensions
President and CEO, Annika Falkengren	8,500	-	4,205	1,366	14,071	5,738
Other members of the GEC	34,196	-	12,653	1,299	48,148	17,243
Total	**42,696**	**-**	**16,858**	**2,665**	**62,219**	**22,981**
SEB excluding GEC	7,950,665	760,922	313,002	89,589	9,114,178	1,426,822
SEB total	**7,993,361**	**760,922**	**329,860**	**92,254**	**9,176,397**	**1,449,803**

In 2013, in average nine members of the GEC are included.

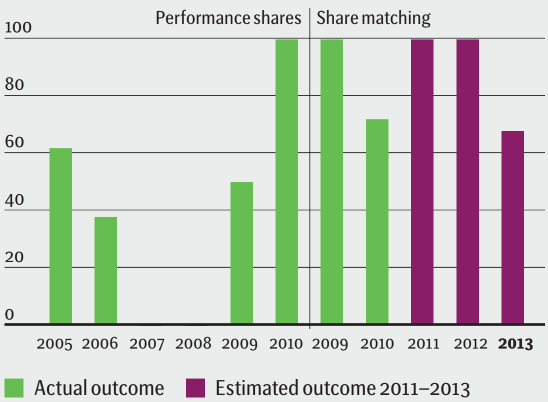
Share Deferral Programme 2013

The members of the Group Executive Committee and certain other senior managers and key employees – a total of approximately 300 persons – are granted an individually determined number of conditional share rights, based on predetermined targets in SEB's business plan on Group, divisional and individual level. The targets are set annually and are both financial (return on equity and/or business equity and cost development) and non-financial (e.g., customer satisfaction according to relevant indices and employee commitment).

Ownership of 50 per cent of the share rights are transferred after a three-year vesting period and 50 per cent after a five-year vesting period. In order for a participant to receive the share rights, he or she must remain employed with SEB during the first three years of the programme. A further requirement is that the participant owns a predetermined number of SEB shares.

Following the respective vesting periods, the participant's right of disposal is restricted for one additional year, after which the share rights may be exercised during a three-year period. Each share right gives the participant the right to receive one SEB Class A share. The outcome is adjusted for the dividends paid to the shareholders during the term of the programme. The maximum number of shares in the programme is capped at 5.8 million. *Read more about the Share Matching and Share Deferral Programmes in 2013 and previous years on the corporate governance pages of www.sebgroup.com*

Status of equity-based programmes
Per cent



Remuneration of the President and the Group Executive Committee

SEB's Board of Directors decides on the remuneration of the President and other members of the Group Executive Committee based on a recommendation by the Board's Remuneration and Human Resources Committee. Remuneration shall be in line with the guidelines set by the Annual General Meeting.

The 2013 Annual General Meeting resolved that the total remuneration for the members of the Group Executive Committee shall be based on the three main components base pay, long-term equity-based compensation (Share Deferral Programme), and pensions and other benefits. The remuneration does not include cash-based variable compensation.

As communicated in the 2012 Annual Report and at the 2013 Annual General Meeting, the aim has been that all pension agreements for the GEC shall be defined contribution based. This transition was completed in 2013 for the President and the remaining other members with defined-benefit based plans.

For termination of employment initiated by the Bank, a maximum of 12 months' severance pay is payable. SEB has the right to deduct income earned from other employment from any severance pay. Detailed information on remuneration of the President and other members of the Group Executive Committee is provided in *note 9c*. The Board's proposed guidelines for decision by the 2014 Annual General Meeting comply in all material respects with the 2013 guidelines.
The proposal is available at www.sebgroup.com

Remuneration Policy

The principles for determining, applying and following up remuneration within SEB , as well as the definition of employees classified as specially regulated staff, are laid out in SEB's Remuneration Policy, which is updated annually. The Board's Remuneration and Human Resources Committee drafts a proposed, revised version, with input from the relevant control functions, for final adoption by the Board.

In 2013 a total of 973 persons within SEB were identified as specially regulated staff. *For further information about remuneration, please see note 9.*

The new regulatory framework

The recent financial crisis increased the regulators' attention on the structure of the financial markets – their function, efficiency and stability. A number of new regulations have been or are being developed with the overriding purpose to create a more sound and safe financial system.

The purpose of the new regulations

The new regulations can, broadly speaking, be categorised into three main areas.

The first area relates to financial stability, and includes the protection of the global financial system as a whole (macro supervision) as well as the strength of each financial institution on a stand-alone basis (micro supervision). The main purpose is to prevent that the failure of one financial institution leads to domino effects - a systemic breakdown - and that the financial system shall withstand severe scenarios without the support from tax payers and central banks.

The second area relates to market conduct and market infrastructure. In this area the main focus has been on the derivatives market, especially over the counter (OTC) trading. Regulatory initiatives primarily aim at enhancing transparency and improve risk mitigation in the markets.

The third main area relates to consumer protection in terms of marketing and packaging, accessibility and overall understanding.

Implementation within SEB

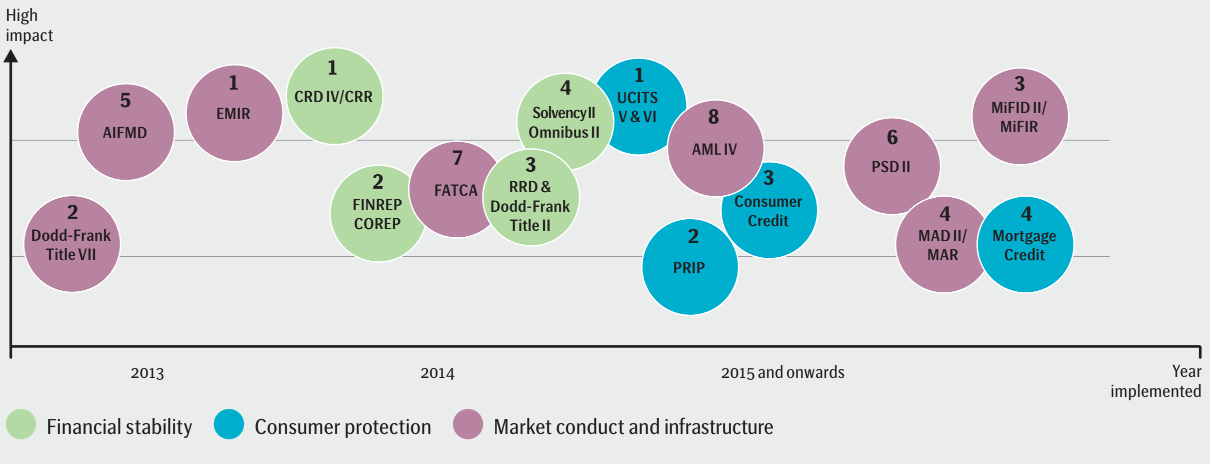
SEB monitors the regulatory developments closely, at global, European and local levels and is active in the Swedish Bankers Association, the Swedish Securities Dealers Association and other similar domestic and international associations. SEB is in frequent contact with the regulators and responds, via industry organisations, to a great number of consultations.

New regulatory requirements normally imply group-wide change in SEB procedures and processes, and require a well-structured and coordinated approach to ensure that the implementation is efficient. To this end, a regulatory office function within Group Compliance ensures that the management of the regulatory projects portfolio is structured and effective.

SEB complies with the new regulations as they evolve. The work entails more than 20 principal projects with close to 60 underlying projects, of which two thirds are ongoing. SEB's cost for the regulatory projects amounts to approximately SEK 900m over five years, the majority of which in 2013–2014.

In 2013, the Bank's costs for stability funds (within and outside Sweden), debt insurance programmes as well as fees to the Swedish Financial Supervisory Authority and other supervisory authorities amounted to SEK 1,201m.

Implementation of new regulations



High impact regulations

The following table summarises those of the new requirements which are deemed to have high impact on SEB in the coming years.

Financial stability				
1	EU	Capital Requirements Directive and Capital Requirements Regulation	(CRD IV) (CRR)	Implements the internationally agreed Basel III framework within the EU. Establishes requirements on financial institutions' capital and liquidity. Apart from changes in the definition of capital, the requirements encompass counter-cyclical buffers, liquidity and counterparty credit risk measures. Further defines the minimum capital levels and standards for the calculation of capital. Implementation in Sweden at stricter requirements *(see page 46 and 48).*
2	EU	Common supervisory reporting	(FINREP) (COREP)	Aims to harmonise supervisory reporting for all EU banks, according to the framework established by CRD IV and CRR, with regard to capital adequacy and liquidity (COREP) and IFRS-based financial reporting (FINREP).
3	EU US	Bank Recovery and Resolution Directive and Dodd-Frank Title II	(RRD)	Sets out to ensure that bank failures across the EU are managed in a way which avoids financial instability and minimises costs for tax payers. Systemically important banks, such as SEB, will be required to draw up a recovery and resolution plan to be submitted to the local supervisor. Under the Dodd-Frank act the US authorities require specific resolution plans for banks doing business in the US.
4	EU	Solvency II /Omnibus II		Implements EU-wide capital requirements and risk management standards which will replace the current solvency requirements for the insurance industry.
Market conduct and market infrastructure				
1	EU	European Market Infrastructure Regulation	(EMIR)	Introduces mandatory clearing and reporting requirements for OTC derivatives contracts as well as new authorisation and regulatory requirements for central counterparties (CCPs) and trade repositories.
2	US	Dodd-Frank Act Title VII		Establishes US regulations for OTC derivatives and swaps. The key components are mandatory clearing, position reporting and mandatory trading on a market place. Certain restrictions apply to trading with clients considered to be US persons.
3	EU	Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation	(MiFID II) (MiFIR)	Updates the regulatory framework for exchanges and other trading venues to ensure that the rules for trading in financial instruments are harmonised. It covers changes to trading venues, pre- and post-trade transparency, trade reporting requirements and recording of all orders. Also aims to harmonise the rules within the investor protection area. It will have an impact on pre-contractual information to be given to clients, introducing the notion of "independent advice" and a ban for inducements.
4	EU	Market Abuse Directive and Market Abuse Regulation	(MAD II) (MAR)	Updates the regulatory framework, ensures strengthened investigative and sanctioning powers of national regulators and increases reporting requirements.
5	EU	Alternative Investment Fund Managers Directive	(AIFMD)	Introduces authorisation for alternative investment fund managers and a broad set of rules by which they must operate including minimum capital requirements, reporting obligations and demands regarding remuneration policies.
6	EU	Payment Service Directive	(PSD II)	Aims towards an efficient European payments market and facilitates more secure internet payments services, enhances fraud protection for customers and increases customers' rights when transferring money. Introduces maximum levels of interchange fees on consumer debit and credit cards and bans surcharges on these type of cards.
7	US	Foreign Account Tax Compliance Act	(FATCA)	Aims to counteract tax evasion in the US. Requires all non-US financial institutions (FI) to assist the US tax authorities to identify and report all US tax liable persons holding off-shore accounts. Non-complying FIs will be subject to a 30 per cent withholding tax on all income from US sources.
8	EU	The Anti Money Laundering Directive	(AML)	Aims to improve transparency and provide enhanced customer information by introducing new requirements to identify politically exposed persons, deemed to be at risk for corruption, and to maintain updated information on beneficial ownership in legal entities.
Consumer protection				
1	EU	Undertakings for Collective Investments in Transferable Securities	(UCITS)	Updates the rules regarding the depositary function, UCITS managers' remuneration and introduces a new harmonised sanctions regime. Improves product rules, liquidity management, depositary, money market funds and long-term investments.
2	EU	Directive on Packaged Retail Investment Products	(PRIP)	Requires concise and highly standardised information when investment products are sold to retail investors. Defines an investment product to include investment funds, structured products and investments packaged as insurance policies. Certain pension products are also in the scope.
3	EU	Consumer Credit Directive		Aims to give consumers standard, comparable information on consumer credits with detailed pre-contractual loan information.
4	EU	Mortgage Credit Directive		Aims to ensure responsible lending, restore customer confidence and achieve greater integration of the EU internal market.

EU regulations apply as law in the member states once adopted. EU directives provide guidance for implementation through national legislation.

Definitions

Cost/income ratio
Total operating expenses in relation to total operating income.

Return on equity
Net profit attributable to shareholders in relation to average shareholders' equity.

Return on business equity
Operating profit by division, reduced by a standard tax rate, in relation to the divisions' business equity.

Return on total assets
Net profit attributable to shareholders, in relation to average total assets.

Return on risk-weighted assets
Net profit attributable to shareholders in relation to average risk-weighted assets.

Basic earnings per share
Net profit attributable to shareholders in relation to the weighted average number of shares outstanding.

Diluted earnings per share
Net profit attributable to shareholders in relation to the weighted 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 in relation to the number of shares outstanding.

Equity per share
Shareholders' equity in relation to the number of shares outstanding.

Risk-weighted assets
Total assets and off balance sheet items, weighted in accordance with capital adequacy regulation for credit risk and market risk. The operational risks are measured and are added as risk-weighted assets. Risk-weighted assets are only defined for the Financial Group of Undertakings, excluding insurance entities and items deducted from the capital base.

Tier 1 capital
Shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets (e.g. bank-related goodwill), 50% of investments in insurance companies and certain other adjustments. Tier 1 capital can also include qualifying forms of subordinated loans (Tier 1 capital contribution).

Core Tier 1 capital (common equity tier 1 capital under Basel III)
Tier 1 capital excluding Tier 1 capital contribution.

Tier 2 capital
Mainly subordinated loans not qualifying as Tier 1 capital contribution. After deduction with 50% of investments in insurance companies, a maturity-dependent reduction for dated loans and certain other items.

Capital base
The sum of Tier 1 and Tier 2 capital.

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

Core Tier 1 capital ratio (common equity tier 1 ratio under Basel III)
Core Tier 1 capital as a percentage of risk-weighted assets.

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

Leverage ratio
Tier 1 capital as a percentage of total assets including off balance sheet items with conversion factors according to the standardized approach, as defined by BIS. (Basel III leverage ratio framework.)

Liquidity Coverage Ratio (LCR)
High-quality liquid assets in relation to the estimated net cash outflows over the next 30 calendar days, as defined by Swedish regulations. (Finansinspektionen's regulatory code FFFS 2012:6 for 2013 and FFFS 2011:37 for 2012.)

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 2012 unless otherwise stated. Percentage changes refer to comparisons with 2012 unless otherwise stated.

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

		Profit and loss account			Balance sheet		
		2013	2012	Change, %	2013	2012	Change, %
DKK	Danish kroner	1.160	1.170	-1	1.192	1.153	3
EUR	Euro	8.651	8.711	-1	8.895	8.601	3
NOK	Norwegian kroner	1.109	1.165	-5	1.058	1.166	-9
LTL	Lithuanian litas	2.506	2.523	-1	2.575	2.492	3
LVL	Latvian lats	12.334	12.493	-1	12.660	12.324	3
USD	U.S. dollars	6.514	6.776	-4	6.445	6.503	-1

Financial statements – Contents

Income statement

SEB Group

SEK m	Note	2013	2012	Change, %
Interest income		*49,723*	*53,794*	*–8*
Interest expense		*–30,896*	*–36,159*	*–15*
Net interest income	3	18,827	17,635	7
Fee and commission income		*19,133*	*18,336*	*4*
Fee and commission expense		*–4,469*	*–4,716*	*–5*
Net fee and commission income	4	14,664	13,620	8
Gains (losses) on financial assets and liabilities held for trading, net		*4,231*	*4,714*	*–10*
Gains (losses) on financial assets and liabilities designated at fair value, net		*–179*	*–73*	*145*
Impairments of available-for-sale financial assets			*–62*	*–100*
Net financial income	5	4,052	4,579	–12
Premium income, net		*6,259*	*6,462*	*–3*
Income investment contracts		*1,458*	*1,420*	*3*
Investment income net		*3,099*	*7,937*	*–61*
Other insurance income		*375*	*382*	*–2*
Net insurance expenses		*–7,936*	*–12,773*	*–38*
Net life insurance income	6	3,255	3,428	–5
Dividends		*72*	*75*	*–4*
Profit and loss from investments in associates		*17*	*19*	*–11*
Gains less losses from investment securities		*352*	*–109*	
Other operating income		*314*	*–424*	*–174*
Net other income	7	755	–439	
Total operating income		**41,553**	**38,823**	**7**
Staff costs	9	–14,029	–14,596	–4
Other expenses	10	–6,299	–6,444	–2
Depreciation, amortisation and impairment of tangible and intangible assets	11	–1,959	–2,612	–25
Total operating expenses		**–22,287**	**–23,652**	**–6**
Profit before credit losses		**19,266**	**15,171**	**27**
Gains less losses from disposals of tangible and intangible assets	12	16	1	
Net credit losses	13	–1,155	–937	23
Operating profit		**18,127**	**14,235**	**27**
Income tax expense	15	–3,338	–2,093	59
Net profit from continuing operations		**14,789**	**12,142**	**22**
Discontinued operations	53	–11	–488	–98
NET PROFIT		**14,778**	**11,654**	**27**
Attributable to minority interests		7	22	–68
Attributable to shareholders		14,771	11,632	27
Basic earnings per share from continuing operations, SEK	16	6.74	5.53	
Diluted earnings per share from continuing operations, SEK	16	6.69	5.51	
Basic earnings per share from discontinued operations, SEK	16	0.00	–0.22	
Diluted earnings per share from discontinued operations, SEK	16	0.00	–0.22	
Basic earnings per share, SEK	16	6.74	5.31	
Diluted earnings per share, SEK	16	6.69	5.29	

Statement of comprehensive income

Net profit		**14,778**	**11,654**	**27**
Available-for-sale financial assets		1,105	1,276	–13
Cash flow hedges		–905	581	
Translation of foreign operations		403	–670	–160
Defined benefit plans		5,083	–2,003	
Other comprehensive income (net of tax)	17	**5,686**	**–816**	
TOTAL COMPREHENSIVE INCOME		**20,464**	**10,838**	**89**
Attributable to minority interests		6	22	–73
Attributable to shareholders		20,458	10,816	89

Balance sheet

SEB Group

31 December, SEK m	Note	2013	2012	Change, %
Cash and cash balances with central banks	20	173,950	191,445	–9
Other lending to central banks	20	9,661	17,718	–45
Loans to credit institutions	21	102,623	126,023	–19
Loans to the public	22	1,302,568	1,236,088	5
Securities held for trading		*318,329*	*276,688*	*15*
Derivatives held for trading		*129,900*	*152,687*	*–15*
Derivatives held for hedging		*12,477*	*16,992*	*–27*
Fair value changes of hedged items in a portfolio hedge		*399*	*921*	*–57*
Financial assets – policyholders bearing the risk		*234,062*	*203,333*	*15*
Other financial assets at fair value		*81,457*	*75,317*	*8*
Financial assets at fair value	23	776,624	725,938	7
Available-for-sale financial assets	24	48,903	50,599	–3
Held-to-maturity investments	25	85	82	4
Investments in associates	26	1,274	1,252	2
Intangible assets		*17,171*	*17,287*	*–1*
Property and equipment		*949*	*1,133*	*–16*
Investment properties		*10,804*	*10,074*	*7*
Tangible and intangible assets	28	28,924	28,494	2
Current tax assets		*6,702*	*6,915*	*–3*
Deferred tax assets		*1,586*	*2,010*	*–21*
Trade and client receivables		*5,840*	*35,199*	*–83*
Withheld margins of safety		*14,049*	*19,483*	*–28*
Other assets		*12,045*	*12,210*	*–1*
Other assets	29	40,222	75,817	–47
TOTAL ASSETS		**2,484,834**	**2,453,456**	**1**
Deposits from central banks and credit institutions	30	176,191	170,656	3
Deposits and borrowing from the public	31	849,475	862,260	–1
Liabilities to policyholders – investment contracts		*223,494*	*195,620*	*14*
Liabilities to policyholders – insurance contracts		*92,018*	*90,353*	*2*
Liabilities to policyholders	32	315,512	285,973	10
Debt securities	33	713,990	661,851	8
Trading liabilities		*75,786*	*77,221*	*–2*
Derivatives held for trading		*132,827*	*155,279*	*–14*
Derivatives held for hedging		*3,880*	*2,582*	*50*
Fair value changes of hedged items in portfolio hedge		*1,452*	*1,919*	*–24*
Other financial liabilities at fair value	34	213,945	237,001	–10
Current tax liabilities		*1,997*	*2,440*	*–18*
Deferred tax liabilities		*8,395*	*8,501*	*–1*
Trade and client payables		*13,760*	*31,412*	*–56*
Withheld margins of safety		*16,606*	*22,830*	*–27*
Other liabilities		*27,348*	*31,166*	*–12*
Other liabilities	35	68,106	96,349	–29
Provisions	36	1,992	5,572	–64
Subordinated liabilities	37	22,809	24,281	–6
Total liabilities		**2,362,020**	**2,343,943**	**1**
Minority interests		33	90	–63
Share capital		*21,942*	*21,942*	*0*
Other reserves		*3,135*	*–2,552*	
Retained earnings		*82,933*	*78,401*	*6*
Net profit, attributable to shareholders		*14,771*	*11,632*	*27*
Shareholders' equity		122,781	109,423	12
Total equity		**122,814**	**109,513**	**12**
TOTAL LIABILITIES AND EQUITY		**2,484,834**	**2,453,456**	**1**

Off-balance sheet items

Collateral and comparable security pledged for own liabilities	39	689,663	641,180	8
Other pledged assets and comparable collateral	39	111,914	135,372	–17
Contingent liabilities	39	103,399	94,175	10
Commitments	39	486,844	407,423	19

Statement of changes in equity

SEB Group

31 December, SEK m	2013	2012	Change, %
Minority interests	33	90	–63
Shareholders' equity	122,781	109,423	12
TOTAL EQUITY	**122,814**	**109,513**	**12**

Shareholders' equity

Share capital 1)	21,942	21,942	0
Other restricted reserves	32,746	34,454	–5
Equity, restricted	**54,688**	**56,396**	**–3**
Eliminations of repurchased shares and swaps	–1,933	–1,447	34
Other reserves	3,135	–2,552	
Other non-restricted equity	52,120	45,394	15
Net profit attributable to equity holders	14,771	11,632	27
Equity, non-restricted 2)	**68,093**	**53,027**	**28**
TOTAL	**122,781**	**109,423**	**12**

1) 2,170,019,294 Series A-shares (2,170,019,294); 24,152,508 Series C-shares (24,152,508).
2) Information about capital requirements can be found in Note 48 Capital adequacy.

Changes in equity

			Other reserves						
2013	Share capital	Retained earnings	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Defined benefit plans	Total Shareholders' equity	Minority interests	Total Equity
Opening balance	21,942	90,033	273	1,688	–2,422	–2,091	**109,423**	90	**109,513**
Net profit		14,771					**14,771**	7	**14,778**
Other comprehensive income (net of tax)			1,105	–905	404	5,083	**5,687**	–1	**5,686**
Total comprehensive income		**14,771**	**1,105**	**–905**	**404**	**5,083**	**20,458**	**6**	**20,464**
Dividend to shareholders 1)		–6,004					**–6,004**		**–6,004**
Equity-based programmes 2)		–1,127					**–1,127**		**–1,127**
Minority interests							**0**	–63	**–63**
Change in holding of own shares		31					**31**		**31**
CLOSING BALANCE	**21,942**	**97,704**	**1,378**	**783**	**–2,018**	**2,992**	**122,781**	**33**	**122,814**
2012									
Opening balance	21,942	82,272	–1,003	1,107	–1,752	–88	**102,478**	261	**102,739**
Net profit		11,632					**11,632**	22	**11,654**
Other comprehensive income (net of tax)			1,276	581	–670	–2,003	**–816**		**–816**
Total comprehensive income		**11,632**	**1,276**	**581**	**–670**	**–2,003**	**10,816**	**22**	**10,838**
Dividend to shareholders 1)		–3,795					**–3,795**		**–3,795**
Equity-based programmes 2)		–113					**–113**		**–113**
Minority interests							**0**	–193	**–193**
Change in holding of own shares		37					**37**		**37**
CLOSING BALANCE	**21,942**	**90,033**	**273**	**1,688**	**–2,422**	**–2,091**	**109,423**	**90**	**109,513**

1) Dividend paid 2013 for 2012 was per A-share SEK 2.75 (1.75) and per C-share SEK 2.75 (1.75). Proposed dividend for 2013 is SEK 4.00, further information can be found in The SEB share on page 16–17. Dividend to shareholders is reported excluding dividend on own shares.
2) As of 31 December 2011 SEB owned 2.3 million Class A-shares. In 2012 12.1 million shares were sold as stock options were exercised. During 2012, SEB also repurchased 12.0 million Class A-shares for the long-term incentive programmes as decided at the Annual General Meeting. As of 31 December 2012 SEB owned 2.2 million Class A-shares. Another 20.1 million shares have been sold as stock options were exercised in 2013. During 2013, SEB also repurchased 32.3 million Class A-shares for the long-term incentive programmes as decided at the Annual General Meeting. As of 31 December 2013 SEB owned 14.4 million Class A-shares with a market value of SEK 1,223m.

Cash flow statement

SEB Group

SEK m	2013	2012	Change, %
Interest received	49,582	54,719	–9
Interest paid	–31,171	–37,778	–17
Commission received	19,133	18,751	2
Commission paid	–4,469	–5,131	–13
Net received from financial transactions	9,552	14,746	–35
Other income	3,162	3,527	–10
Paid expenses	–20,378	–20,943	–3
Taxes paid	–3,567	–2,093	70
Cash flow from the profit and loss statement	**21,844**	**25,798**	**–15**
Increase (–)/decrease (+) in portfolios	–31,430	–20,136	56
Increase (+)/decrease (–) in issued short–term securities	52,360	72,104	–27
Increase (–)/decrease (+) in lending to credit institutions and central banks	–7,334	–1,795	
Increase (–)/decrease (+) in lending to the public	–75,177	–57,361	31
Increase (+)/decrease (–) in liabilities to credit institutions	5,620	–30,597	–118
Increase (+)/decrease (–) in deposits and borrowings from the public	–12,449	2,106	
Increase (–)/decrease (+) in insurance portfolios	–2,854	–1,938	47
Change in other assets	46,496	–17,007	
Change in other liabilities	–30,248	22,173	
Cash flow from operating activities	**–33,172**	**–6,653**	
Sales of shares and bonds	491	571	–14
Sales of intangible and tangible fixed assets	16	1	
Dividends	72	75	–4
Investments/divestments in shares and bonds	–25	165	–115
Investments in intangible and tangible assets	–2,389	–2,090	14
Cash flow from investing activities	**–1,835**	**–1,278**	**44**
Issue of securities and new borrowings	317,855	284,802	12
Repayment of securities	–319,693	–285,689	12
Dividend paid	–6,004	–3,795	58
Cash flow from financing activities	**–7,842**	**–4,682**	**67**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**–42,849**	**–12,613**	
Cash and cash equivalents at beginning of year	257,292	276,853	–7
Exchange rate differences on cash and cash equivalents	–1,055	–6,948	–85
Net increase in cash and cash equivalents	–42,849	–12,613	
CASH AND CASH EQUIVALENTS AT END OF PERIOD[1)]	**213,388**	**257,292**	**–17**

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

The divestment of the Ukrainian bank was finalised during 2012 and had an effect on cash and cash equivalents of SEK 53m.

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	2013	2012	Change, %
Interest income	3	35,740	37,954	–6
Leasing income	3	5,567	5,817	–4
Interest expense	3	–22,435	–26,293	–15
Dividends	7	4,848	2,215	119
Fee and commission income	4	9,815	8,963	10
Fee and commission expense	4	–1,532	–1,524	1
Net financial income	5	3,547	4,046	–12
Other income	7	1,990	159	
Total operating income		**37,540**	**31,337**	**20**
Administrative expenses	8	–14,062	–15,077	–7
Depreciation, amortisation and impairment of tangible and intangible assets	11	–5,024	–5,446	–8
Total operating expenses		**–19,086**	**–20,523**	**–7**
Profit before credit losses		**18,454**	**10,814**	**71**
Net credit losses	13	–451	–385	17
Impairment of financial assets		–1,691	–1,114	52
Operating profit		**16,312**	**9,315**	**75**
Appropriations	14	3,432	–3,175	
Income tax expense	15	–2,778	–1,289	116
Other taxes	15	–27	–86	–69
NET PROFIT		**16,939**	**4,765**	

Statement of comprehensive income

Net profit		**16,939**	**4,765**	
Available-for-sale financial assets		859	693	24
Cash flow hedges		–903	584	
Translation of foreign operations		–32	–72	–56
Other comprehensive income (net of tax)	17	**–76**	**1,205**	**–106**
TOTAL COMPREHENSIVE INCOME		**16,863**	**5,970**	**182**

Balance sheet

Skandinaviska Enskilda Banken

31 December, SEK m	Note	2013	2012	Change, %
Cash and cash balances with central banks	20	135,309	165,994	–18
Loans to credit institutions	21	183,312	200,189	–8
Loans to the public	22	1,013,188	937,734	8
Securities held for trading		*299,578*	*262,492*	*14*
Derivatives held for trading		*122,267*	*148,349*	*–18*
Derivatives held for hedging		*11,461*	*15,439*	*–26*
Other financial assets at fair value		*125*	*46*	*172*
Financial assets at fair value	23	433,431	426,326	2
Available-for-sale financial assets	24	17,485	17,610	–1
Held-to-maturity investments	25	85	1,636	–95
Investments in associates	26	1,055	1,044	1
Shares in subsidiaries	27	52,555	50,671	4
Intangible assets		*2,686*	*2,854*	*–6*
Property and equipment		*37,394*	*40,172*	*–7*
Tangible and intangible assets	28	40,080	43,026	–7
Current tax assets		*2,600*	*3,427*	*–24*
Trade and client receivables		*5,552*	*34,774*	*–84*
Withheld margins of safety		*13,807*	*19,483*	*–29*
Other assets		*5,699*	*7,139*	*–20*
Other assets	29	27,658	64,823	–57
TOTAL ASSETS		**1,904,158**	**1,909,053**	**0**
Deposits from central banks and credit institutions	30	210,237	199,711	5
Deposits and borrowing from the public	31	611,234	637,721	–4
Debt securities	33	704,088	641,413	10
Trading liabilities		*71,963*	*73,814*	*–3*
Derivatives held for trading		*126,472*	*156,576*	*–19*
Derivatives held for hedging		*3,270*	*1,672*	*96*
Other financial liabilities at fair value	34	201,705	232,062	–13
Current tax liabilities		*882*	*959*	*–8*
Deferred tax liabilities		*220*	*475*	*–54*
Trade and client payables		*13,093*	*30,789*	*–57*
Withheld margins of safety		*16,606*	*22,830*	*–27*
Other liabilities		*15,812*	*19,044*	*–17*
Other liabilities	35	46,613	74,097	–37
Provisions	36	92	160	–43
Subordinated liabilities	37	22,739	24,213	–6
Total liabilities		**1,796,708**	**1,809,377**	**–1**
Untaxed reserves	38	**23,694**	**26,346**	**–10**
Share capital		*21,942*	*21,942*	*0*
Other reserves		*12,661*	*12,971*	*–2*
Retained earnings		*32,214*	*33,652*	*–4*
Net profit		*16,939*	*4,765*	
Total equity		**83,756**	**73,330**	**14**
TOTAL LIABILITIES, UNTAXED RESERVES AND TOTAL EQUITY		**1,904,158**	**1,909,053**	**0**

Off-balance sheet items

Collateral and comparable security pledged for own liabilities	39	316,525	294,990	7
Other pledged assets and comparable collateral	39	98,927	119,577	–17
Contingent liabilities	39	84,767	78,565	8
Commitments	39	335,048	315,157	6

Statement of changes in equity

Skandinaviska Enskilda Banken

31 December, SEK m	2013	2012	Change, %
Share capital [1]	21,942	21,942	0
Other restricted reserves	12,260	12,260	0
Equity, restricted	**34,202**	**34,202**	**0**
Eliminations of repurchased shares and swaps	–1,933	–1,447	34
Other reserves	401	117	
Other non-restricted equity	34,147	35,693	–4
Net profit for the year	16,939	4,765	
Equity, non-restricted [2]	**49,554**	**39,128**	**27**
TOTAL	**83,756**	**73,330**	**14**

1) 2,170,019,294 Series A-shares (2,170,019,294); 24,152,508 Series C-shares (24,152,508)
2) Information about capital requirements can be found in Note 48 Capital adequacy.

Changes in equity

				Other reserves			
2013	Share capital	Restricted reserves	Retained earnings	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Total
Opening balance	21,942	12,260	39,011	–1,140	1,684	–427	**73,330**
Net profit			16,939				**16,939**
Other comprehensive income (net of tax)				859	–903	–32	**–76**
Total comprehensive income			**16,939**	**859**	**–903**	**–32**	**16,863**
Dividend to shareholders [1]			–6,004				**–6,004**
Equity-based programmes [2]			–1,182				**–1,182**
Mergers			358	169		191	**718**
Change in holding of own shares			31				**31**
CLOSING BALANCE	**21,942**	**12,260**	**49,153**	**–112**	**781**	**–268**	**83,756**

2012	Share capital	Restricted reserves	Retained earnings	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Total
Opening balance	21,942	12,260	37,628	–1,833	1,100	–355	**70,742**
Net profit			4,765				**4,765**
Other comprehensive income (net of tax)				693	584	–72	**1,205**
Total comprehensive income			**4,765**	**693**	**584**	**–72**	**5,970**
Dividend to shareholders [1]			–3,795				**–3,795**
Equity-based programmes [2]			–174				**–174**
Mergers			654				**654**
Change in holding of own shares			–67				**–67**
CLOSING BALANCE	**21,942**	**12,260**	**39,011**	**–1,140**	**1,684**	**–427**	**73,330**

1) Dividend paid 2013 for 2012 was per A-share SEK 2.75 (1.75) and per C-share SEK 2.75 (1.75). Proposed dividend for 2013 is SEK 4:00, further information can be found in The SEB share on page 16–17. Dividend to shareholders is reported excluding dividend on own shares.
2) The item includes changes in nominal amounts of equity swaps used for hedging of stock option programmes. As of 31 December 2011 SEB owned 2.3 million Class A-shares. In 2012 12.1 million shares were sold as stock options were exercised. During 2012, SEB also repurchased 12.0 million Class A-shares for the long-term incentive programmes as decided at the Annual General Meeting. As of 31 December 2012 SEB owned 2.2 million Class A-shares. Another 20.1 million shares have been sold as stock options were exercised in 2013. During 2013, SEB also repurchased 32.3 million Class A-shares for the long-term incentive programmes as decided at the Annual General Meeting. As of 31 December 2013 SEB owned 14.4 million Class A-shares with a market value of SEK 1,223m.

Cash flow statement

Skandinaviska Enskilda Banken

SEK m	2013	2012	Change, %
Interest received	35,832	44,146	–19
Interest paid	–22,813	–26,219	–13
Commission received	10,329	9,457	9
Commission paid	–2,056	–2,071	–1
Net received from financial transactions	8,144	13,720	–41
Other income	–213	186	
Paid expenses	–13,001	–17,018	–24
Taxes paid	–1,299	–306	
Cash flow from the profit and loss statement	**14,923**	**21,895**	
Increase (–)/decrease (+) in trading portfolios	–26,374	–27,049	–2
Increase (+)/decrease (–) in issued short-term securities	62,646	82,491	–24
Increase (–)/decrease (+) in lending to credit institutions	–3,038	–382	
Increase (–)/decrease (+) in lending to the public	–79,283	–59,982	32
Increase (+)/decrease (–) in liabilities to credit institutions	10,627	–33,582	–132
Increase (+)/decrease (–) in deposits and borrowings from the public	–26,272	19,298	
Change in other assets	47,776	–22,351	
Change in other liabilities	–38,473	22,794	
Cash flow from operating activities	**–37,468**	**3,132**	
Dividends	4,848	2,215	119
Investments in subsidiaries/Merger of subsidiaries	–3,626	5,535	–166
Investments/divestments in shares and bonds	2,603	1,343	94
Investments in intangible and tangible assets	–2,123	–2,404	–12
Cash flow from investment activities	**1,702**	**6,689**	
Issue of securities and new borrowings	305,642	273,155	12
Repayment of securities	–307,482	–273,746	12
Dividend paid	–6,004	–3,795	58
Cash flow from financing activities	**–7,844**	**–4,386**	
NET CHANGE IN CASH AND CASH EQUIVALENTS	**–43,610**	**5,435**	
Cash and cash equivalents at beginning of year	222,457	223,078	0
Exchange rate differences on cash and cash equivalents	–378	–6,056	–94
Net increase in cash and cash equivalents	–43,610	5,435	
CASH AND CASH EQUIVALENTS AT END OF PERIOD [1)]	**178,469**	**222,457**	**–20**

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

Notes to the financial statements

SEK m, unless otherwise stated.

Corporate information

The SEB Group provides corporate, retail, investment and private banking services. The Group also provides asset management and life insurance services.

Skandinaviska Enskilda Banken AB (publ.) is the parent company of the Group. The parent company is a Swedish limited liability company with its registered office in Stockholm, Sweden.

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

The consolidated accounts for the financial year 2013 were approved for publication by the Board of Directors on 19 February and will be presented for adoption at the 2014 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, financial assets and liabilities measured at fair value through profit or loss including derivatives and investment properties measured at fair value. 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 per cent of the votes, but are unable to exercise control due to contractual or legal reasons, are not included in the consolidated accounts.

The financial statements of the parent company and the consolidated subsidiaries refer to the same period and have been drawn up according to the accounting policies applicable to the Group. A subsidiary is included in the consolidated accounts from the time of acquisition, being the date when the parent company gains control over the subsidiary. The subsidiary is included in the consolidated accounts until the date when control over the company ceases to exist.

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

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

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

The useful life of each individual intangible asset is determined with an exception of goodwill where the useful life is indefinite. For information regarding amortisation and impairment, see intangible assets.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. The minority interest of the profit in subsidiaries is included in the reported profit in the consolidated profit and loss account, 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.

Special Purpose Entities

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

Assets held for sale and discontinued operations

Assets (or disposal groups) are classified as held for sale at the time when a non-current asset or group of assets (disposal group) are available for immediate sale in its present condition and its sale is deemed to be highly probable. At the time of the classification, a valuation of the asset or disposal group is made at the lower of its carrying amount and fair value, less costs to sell. Any subsequent impairment losses or revaluations are recognised directly in profit or loss. No gains are recognised in excess of accumulated impairment losses of the asset recognised previously. From the time of classification, no depreciation is made for property and equipment or intangible assets originating from discontinued operations. Assets and liabilities held for sale are reported separately in the balance sheet until they are sold. Discontinued operations are reported net separately in the income statement.

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 business divisions are in general identified as separate operating segments. The Life and Wealth Management division is divided in two separate operating segments. Business Support, Group Staff, Group Treasury and other items are presented in the segment Other. In the context of defining the segments the Group Executive Committee is the Group's chief operating decision maker.

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 other comprehensive income.

The income statements and balance sheets of Group entities, with a functional currency other than the Group's presentation currency, are translated to SEK in the consolidated accounts. Assets and liabilities in foreign Group entities are translated at the 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 are included in the assets and liabilities of the foreign entity in question and are translated to the presentation currency at the 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 profit or loss. 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 assets at fair value through profit and loss
Financial assets at fair value through profit or loss consist of financial assets classified as held for trading and financial assets which, upon initial recognition, have been designated at fair value through profit or loss (fair value option). Financial assets are classified as held for trading if they are held with the intention to be sold in the short-term and for the purpose of generating profits. Derivatives are classified as held for trading unless designated as hedging instruments.

The fair value option can be applied to contracts including one or more embedded derivatives, investments that are managed and evaluated on a fair value basis and situations in which such designation reduces measurement inconsistencies. The nature of the financial assets and financial liabilities which have been designated at fair value through profit or loss and the criteria for such designation are described in the relevant notes to the financial statements.

Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item Net financial income.

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. The balance sheet items Cash balances with central banks, Loans to credit institutions and Loans to the public are included in this category.

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 other comprehensive income and accumulated 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. The fair value becomes the new carrying amount. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Increases in estimates of cash flows of reclassified financial assets adjust effective interest rates prospectively, whereas decreases in the estimated cash flows are charged to the profit or loss.

Financial liabilities
Financial liabilities are measured at fair value on initial recognition. In the case of financial liabilities measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or the issuance of the financial liability are recognised in profit or loss. For other financial liabilities direct transaction cost are recognised as a deduction from the fair value.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are either classified as held for trading or designated as fair value through profit or loss on initial recognition (fair value option). The criteria for classification of financial liabilities under the fair value option are the same as for financial assets. Liabilities to policyholders and Debt securities are included in this category. Financial liabilities held for trading are primarily short positions in interest-bearing securities, equities and derivatives not designated as hedging instruments.

Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item Net financial income.

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. The balance sheet items Deposits from credit institutions, Deposits and borrowings from the public and Debt securities are included in this category.

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
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly market between market participants at the measurement date.

The fair value of financial instruments quoted in an active market, for example derivatives, financial assets and financial liabilities held for trading, and available-for-sale financial assets, is based on quoted market prices. If the asset or liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances are used.

The fair value of financial instruments that are not quoted in an active market is determined by applying various valuation techniques with maximum use of observable inputs. The valuation techniques used are for example discounted cash flows, option pricing models, valuations with reference to recent transactions in the same instrument and valuations with reference to other financial instruments that are substantially the same. When measuring financial liabilities at fair value own credit standing is reflected.

Any differences between the transaction price and the fair value calculated using a valuation technique with unobservable inputs, the day 1 profit, is amortised over the life of the transaction. Day 1 profit is then recognised in profit or loss either when realised through settlement or when inputs used to calculate fair value are based on observable prices or rates.

Fair value is generally measured for individual financial instruments, in addition portfolio adjustments are made to cover credit risk. To reflect counterparty risk and own credit risk in OTC derivatives, adjustments are made based on the net exposure towards each counterpart.

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 assets or financial liabilities 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 the hedged item and the hedging instrument as well as the risk objective and hedge strategy. The Group also documents its assessment both at inception and on an ongoing basis whether prospectively the derivatives used are expected to be, and are highly effective when assessed retrospectively, in offsetting changes in fair values or cash flows of the hedged item. The Group also assesses and documents that the likelihood of forecasted transactions to take place is highly probable. More information regarding hedge accounting can be found in the note addressing Net other income.

Hedge accounting is applied to derivatives and loans 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, is sold, terminated, or exercised;
– The hedged item matures, 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 as Net other income.

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 as Net other income.

Gains or losses on hedging instruments 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 Net interest income in the same period in which the previously hedged interest flows are recognised in profit or loss.

Net investment hedge
Hedge of a net investment is applied to protect the Group from translation differences due to net investments in foreign subsidiaries. Foreign currency loans constitute the major portion of hedging instruments in these transactions. The translation differences arising on the hedging instruments are recognised in other comprehensive income and accumulated in equity as translation of foreign operations, to the extent the hedge is effective. Any ineffective part is recognised as Net financial 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 discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount 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 the effective interest rate includes fees and points to be received and paid that are an integral part of the effective interest rate.

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 and presented in Net interest income.

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 of the loan 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 and at a predetermined date. Such securities are retained on the balance sheet and in addition included separately as collateral pledged for own liabilities 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. Payments made are 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 from the balance sheet and a corresponding receivable is recognised. Cash collateral received is recognised in the balance sheet and a corresponding obligation to return it is recognised. Securities lent remain on the balance sheet and are in addition 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 booked 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 are 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 a 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 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 including the value of the collateral do not cover outstanding exposure. Quoted debt instruments are in addition subject to appraisal for impairment if there is a significant decline in fair value or rating to establish that no change is expected in cash flows. Equity instruments are considered impaired when a significant or prolonged decline in the fair value has occurred.

Collective appraisal of impairment when assets are not individually impaired
Assets appraised for impairment on an individual basis and found not impaired are included in a collective appraisal of incurred but not identified impairment. The collective appraisal of incurred but not identified credit losses is based on the SEB counterpart rating scale.

Loans appraised on a portfolio basis
Loans with limited value and similar risk, homogenous groups, are appraised for impairment on a portfolio basis. In assessing collective impairment the Group uses statistical models based on the probability of default and the amount of loss incurred, considering collaterals and recovery rates. The outcome is adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by the models. Default rates and loss rates are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Recognition of impairment loss on assets carried at amortised cost
An impairment of an individually assessed financial asset in the category loans and receivables or in the category held-to-maturity investments carried at amortised cost is calculated on the basis of the original effective interest rate of the financial instrument. The amount of the impairment is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (recoverable amount). If the terms of an asset are restructured 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 there is a decline in the fair value 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 are recognised in other comprehensive income.

Restructured loans
Restructured loans would have been considered past due or impaired if they were not restructured. After restructuring the loan it is normally not regarded as 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 served as 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 initial recognition becomes the acquisition value . Subsequently seized assets are measured according to type of asset.

Tangible assets
Tangible assets, with the exception of investment properties held in insurance operations, are measured at cost and are depreciated according to plan on a straight line basis over the estimated useful life of the asset. The maximum depreciation period for buildings is 50 years. The depreciation period for other tangible fixed assets is between 3 and 8 years.

Tangible fixed assets are tested for impairment whenever there is an indication of impairment.

Leasing
Leasing contracts are classified as finance or operating leases.

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

Investment properties

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

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. For an intangible asset to be recognised an entity must be able to demonstrate control of the intangible asset, which implies that the entity has the ability to ensure that the future economic benefits flowing from the underlying resource will accrue to the company. Intangible assets, other than goodwill, are only recognised in the balance sheet if it is probable that the future economic benefits attributable to the asset will accrue to the Group and if the acquisition cost of the asset can be measured in a reliable manner.

Intangible assets are measured initially at acquisition cost, and thereafter at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised on a straight line basis over their useful lives and tested for impairment annually and 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.

Provisions are made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn by a debtor in financial difficulties.

Provisions are evaluated at each balance sheet date and are adjusted as necessary.

Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, which most often equals the premium received. The initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantee at the balance sheet date. Provisions and changes in provisions are recognised in the income statement as Net credit losses. The contractual amounts according to financial guarantees are not recognised in the balance sheet but disclosed as off-balance sheet items.

Employee benefits

Pensions

There are both defined contribution and defined benefit pension plans within the Group, of which most have plan assets. 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 such as age, years of service and compensation. A defined contribution plan 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.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The assumptions upon which the calculations are based are found in the note addressing staff costs. All changes in the net defined benefit liability (asset) are recognised as they occur, as follows: (i) service cost and net interest in the Income statement; and (ii) remeasurements of both defined benefit obligations and plan assets in Other comprehensive income.

Pension costs for defined contribution pension plans are recognised as an expense during the period the employees carry out the service to which the payment relates.

Share-based payments

The Group operates a number of share-based incentive programmes, under which it awards SEB equity instruments to its employees. Equity-settled share-based incentive programmes entitle employees to receive SEB equity instruments. Cash-settled share-based incentive programmes entitle employees to receive cash based on the price or value of equity instruments of SEB. Fair value of these rights is determined based by using appropriate valuation models, taking into account the terms and conditions of the award and the Group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date. Social security costs are allocated over the vesting period and the provision for social security costs is reassessed on each reporting date to ensure that the provision is based on the rights' fair value at the reporting date.

The cost of equity-settled share-based incentive programmes is measured by reference to the fair value of equity instruments on the date they are granted and recognised as an expense on a straight-line basis over the vesting period with a corresponding increase in equity. The vesting period is the period that the employees have to remain in service in SEB in order for their rights to vest. For cash-settled share-based incentive programmes, the services acquired and liability incurred are measured at the fair value of the liability and recognised as an expense over the vesting period, during which the employees render service. Until settlement, the fair value of the liability is remeasured, with changes in fair value recognised in the income statement.

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 22 per cent (22 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 comprises mainly traditional life insurance within the Danish subsidiary, SEB Pension. In the Group accounts short-term and long-term insurance are presented aggregated as Insurance contracts. Some 95 per cent of the insurance liability is related to long-term insurance contracts.

Measurement of short-term insurance contracts (non-life)

The provision for unearned premiums is intended to cover the anticipated cost of claims and operating expenses arising during the remaining policy period of the insurance contracts in force. The provision for unearned premiums is usually strictly proportional over the period of the insurance contracts. If premiums are judged to be insufficient to cover the anticipated cost for claims and operating expenses, the provision for unearned premiums is strengthened with a provision for unexpired risks.

For anticipated future claims that have been incurred but not yet paid, provision for claims outstanding is recognised. The provision is intended to cover the anticipated future payment of all claims incurred, including claims incurred but not reported (IBNR provisions). This provision should also cover all costs for claims settlement. The provision for claims outstanding is not discounted, with the exception of provisions for sickness annuities, which are discounted using standard actuarial methods.

Measurement of long-term insurance contracts (life)
For long-term life insurance contracts, a liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability equals the sum of the discounted value of expected benefit payments and future administration expenses, less any outstanding future contractual premium payments. Liabilities for long-term life insurance are discounted using standard actuarial methods.

Liability adequacy test
Swedish actuarial procedures involve performing liability adequacy tests on insurance liabilities. This is to ensure that the carrying amount of the liabilities is sufficient in the light of estimated future cash flows. The carrying amount of a liability is the value of the liability itself less any related intangible asset or asset for deferred acquisition costs. In performing these tests the current best estimates of future contractual cash flows, as well as claims handling and administration costs, are used in performing these liability adequacy tests. These cash flows are discounted and compared to the carrying amount of the liability. Any deficit is immediately reported in profit or loss.

Revenue recognition
Premiums for insurance contracts are recognised as revenue when they are paid by the policyholders. For contracts where insurance risk premiums received during a period are intended to cover insurance claims arising in that period those premiums are recognised as revenue proportionally during the period of coverage.

Recognition of expenses
Costs for insurance contracts are recognised as an expense when incurred, with the exception of commissions and other variable acquisition costs that vary with and are directly related to securing new contracts and the renewal of existing contracts. These costs are capitalised as deferred acquisition costs. These costs are mainly incremental acquisition costs paid to sales personnel, brokers and other distribution channels. Deferred acquisition costs are amortised as the related revenue is recognised. The asset is tested for impairment every accounting period, ensuring that the economic future benefits expected to arise from the contracts exceed its face amount. All other costs, such as non-incremental acquisition costs or maintenance costs, are recognised in the accounting period in which they arise. Insurance compensation is recorded as an expense when incurred.

Reinsurance
Contracts with re-insurers, whereby compensation for losses is received by the Group, are classified as ceded reinsurance. For ceded reinsurance, the benefits to which the Group is entitled under the terms of the reinsurance contract are reported as the re-insurers' share of insurance provisions. Amounts recoverable from re-insurers are measured consistently with the amounts associated with the reinsurance contracts and in accordance with the terms of each reinsurance contract.

Investment contracts
The majority of the Group's unit linked insurance is classified as investment contracts. No significant insurance risk is transferred from the policyholder to the Group. A minor part of the Group's unit linked insurance business, the portion referring to the Lithuanian insurance subsidiary, is classified as insurance contracts.

Measurement
Investment contracts are financial commitments whose fair value is dependent on the fair value of the underlying financial assets. The underlying assets and related liabilities are designated at fair value through profit or loss (fair value option). The choice to use the fair value option has been made for the purpose of eliminating the measurement inconsistency that would occur if different bases for measurement would have been used for assets and liabilities. 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 IFRS implemented 2013
The following changes have been made 2013:

IFRS 13 Fair Value Measurement – The standard defines fair value and sets out one single standard framework for measuring fair value but does not regulate which items should be measured at fair value. Further IFRS 13 requires additional disclosures about fair value measurement. The application of the new standard has not had a significant impact on the financial statements of the Group or the capital adequacy.

IFRS 7 Financial Instruments: Disclosures – New disclosure requirements regarding offsetting have been applied from 1 January 2013. The changes have not had any material impact on the financial statements of the Group or on capital adequacy.

Improvements to IFRSs (2009–2011), IFRS 1 Government loan and IFRIC 20 Stripping costs in the production phase of a surface mine – These changes have not had any material impact on the financial statements of the Group or on capital adequacy.

Future accounting developments
Consideration will be given in the future to the implications, if any, of the following new and revised standards and interpretations, if adopted by the EU. SEB has no intention to adopt any of the new or amended standards early.

Several standards have been issued and changed regarding consolidation: *IFRS 10 Consolidated Financial Statements, IFRS 11 Joint arrangements, IFRS 12 Disclosures of Interests in Other Entities, IAS 27 Separate Financial Statements, IAS 28 Investments in Associates and Joint Ventures and an amendment of IFRS 10, IFRS 12 and IAS 27 Investment entities.* The new and changed standards are according to IASB applicable from 1 January 2013, 1 January 2014 for Investment entities. In EU the standards and amendments are applicable from 1 January 2014 or later. SEB will apply the standards from 1 January 2014. The new definition of control has the potential effect that additional entities will be consolidated, including some funds. Additional consolidated entities will impact the financial statements of the Group, mainly as an increase of total assets and liabilities in the statement of financial position. The current assessment is that this impact will not be significant. The changes are not expected to have a material effect on capital adequacy. The disclosures related to consolidation in general and particularly regarding structured entities that are not consolidated will increase due to the new requirements.

IAS 32 Financial Instruments: Presentation – The requirements for when financial assets and liabilities can be offset have been clarified. The change should be applied from 1 January 2014 and will not have a material impact on the financial statements of the Group or capital adequacy.

IAS 39 Financial instruments: Recognition and measurement – An amendment of IAS 39 regulates novation of derivatives and continuation of hedge accounting. New regulations that will require some derivatives to be transacted with a clearing counterpart, CCP, implies novation (replacing one party of the derivative contract with a new party, in this case the CCP) of existing derivative contracts. The amendment of IAS 39 will make it possible to continue hedge accounting when a hedge derivative is novated. The amendment applies form 1 January 2014.

IFRIC 21 Levies –The interpretation clarifies when to recognise a liability to pay a levy imposed by governments. The impact from the interpretation on the financial statements of the Group or on capital adequacy will not be material.

IAS 36 Impairment of Assets – The disclosure requirements in IAS 36 has been amended with regard to the measurement of the recoverable amount for non-financial assets. The amendment is applicable from 1 January 2014 and has no material impact on the financial statements of the Group or on capital adequacy.

IFRS 9 Financial Instruments – The mandatory effective date is not decided pending the finalisation of IFRS 9. 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. In 2013 IASB issued the part regarding general hedge accounting. The IASB aims to replace all of IAS 39 and the remaining phase is regarding impairment methodology and an amendment regarding classification and measurement. As IFRS 9 is not yet complete it is not possible to assess the impact of the changes on the financial statements of the Group. The finalised parts of IFRS 9 are not endorsed by the EU.

SIGNIFICANT ACCOUNTING POLICIES OF THE PARENT COMPANY

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

The financial statements of SEB AB are prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the regulation and general guidelines issued by the Swedish Financial Supervisory Authority, Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25) and statements from the Swedish Financial Reporting Board, RFR 2 and the additional UFR statements.

In accordance with the Financial Supervisory Authority's regulation, 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 profit and loss account according to the Annual Accounts Act for Credit Institutions and Securities Companies is not in conformity with IFRS. Credit institutions and securities companies applying IFRS as adopted by the EU in their consolidated financial statements have the option to deviate from the presentation format for the balance sheet as stipulated by law, but may not deviate from the stipulated profit and loss account.

Holdings in subsidiaries and associated companies
Shares and participating interests in subsidiaries and associated companies are measured at cost. Dividends on shares in subsidiaries and associated companies are recognised as income in profit or loss. Merger of subsidiaries through absorption are accounted for at consolidated values. The merger effect is reported in equity.

Leasing
Leasing contracts which are classified as finance leases in the consolidated accounts are accounted for as operating leases in the parent company.

Pensions
The parent company does not apply the provisions of IAS 19 concerning accounting for defined benefit plans. Instead, pension costs are calculated on an actuarial basis in the parent company in accordance with the provisions of the Act on Safeguarding Pension Obligations and the Swedish Financial Supervisory Authority's regulations. In Sweden, actuarial pension commitments are guaranteed by a pension foundation or recognised as a liability.

The recognised net cost of pensions is calculated as pensions paid and pension premiums less any compensation from the pension foundation. The net pension cost for the year is reported under Staff costs in the parent company's profit and loss account. Excess amounts as a result of the value of the plan assets exceeding the estimated pension obligations are not recognised as an asset in the parent company's balance sheet. Deficits are recognised as a liability.

Intangible assets
In accordance with IAS 38, goodwill and other intangible assets with indefinite useful lives are not amortised in the consolidated financial statements. In the parent company financial statements goodwill is amortised as any other intangible asset on a straight line basis.

Taxes
In the parent company, untaxed reserves are recognised as a separate item in the balance sheet. Untaxed reserves comprise accelerated depreciation under tax regulations, including the deferred tax component. In the consolidated financial statements, untaxed reserves are reported in retained earnings and deferred tax liability.

Group contributions
The net of Group contributions received and paid for the purpose of optimising the Group's corporate taxes is reported in the parent company as appropriations.

CRITICAL JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Applying the Group's accounting policies requires 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 management continuously evaluates these judgements and estimates. The most significant assumptions and estimates are associated with the areas described below:

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 judgement 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 which is 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 per cent 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 financial instruments
The objective of the fair value measurement is to arrive at the price at which an orderly transaction would take place between market participants at the measurement date under current market conditions. The best evidence of fair value is a quoted price for the instrument being measured in an actively traded market. Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data. When valuing financial liabilities at fair value own credit standing is reflected. Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from the assumptions used.

For some of the Group's financial assets and liabilities, especially derivatives, quoted prices are not available, and valuation models are used to estimate fair value. As part of the fair value measurement valuation adjustments are made when valuing derivative financial instruments to incorporate counterparty and own credit risk. The methodologies for estimating valuation adjustments are continuously revised as a result of changing market practices in response to regulatory and accounting policy changes, as well as general market developments.

The Group has an established control environment for the determination of fair values of financial instruments that includes a review, independently from the business, of valuation models and 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).

For disclosure purposes, fair values are classified in a fair value hierarchy according to the level of observability of the inputs, see note 19.

Impairment testing of financial assets and goodwill

Financial assets

When calculating loan impairment allowances on both individually assessed and collectively assessed loans critical judgements and estimates are applied. Assessing 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. 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 bench marked against actual outcomes to ensure that they remain appropriate.

Adjusting models for collective impairment testing to current market situation also require a high degree of expert judgement to ensure a reliable estimate. The assessment and assumptions are regularly reviewed by the credit organisation of the Group.

Goodwill

Judgement is involved in determining the cash generating units. 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.

The estimation of future cash flows and the calculation of the rate used to discount those cash flows involves a number of judgmental areas: the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting, the assessment of the discount rate appropriate to the business, estimation of the fair value of cash generating units, and the valuation of the separable assets of each business whose goodwill is being reviewed.

Calculation of insurance liabilities

Calculation of the Group's insurance liabilities is based on a number of estimations and assumptions, both financial and actuarial, such as interest rates, mortality, health, expenses, inflation and taxes. One of the important financial assumptions is the interest rate used for discounting future cash flows.

Assumption on interest rates is based on regulations from each local Financial Supervisory Authority (FSA). All other assumptions are based on internally acquired experience.

Fair value of investment property

Investment properties in the insurance operations are 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 analysis of comparable property purchases.

Valuation of deferred tax assets

Deferred tax assets that are relying on future profitability can be recognised only to the extent they can be offset against future taxable income and the valuation of deferred tax assets is influenced by management's assessment of SEB's future profitability, future taxable profits and future reversals of existing taxable temporary differences. The expected outcome of uncertain tax positions is determined as the single most likely outcome.

Provisions

Judgement is involved in determining whether a present obligation exists, and in estimating the probability, timing and amount of any outflows. Provisions for claims in civil lawsuits and regulatory matters typically require a higher degree of judgement than other types of provisions.

Actuarial calculations of defined benefit plans

The calculation of the Group's expense and obligations for defined benefit plans is based on actuarial, demographic and financial assumptions that have a significant impact on the recognised amounts. One of the important financial assumptions is the interest rate used for discounting future cash flows. The estimation of the discount rate is subject to uncertainty around whether corporate bond markets are deep enough, of high quality and also in connection to the extrapolation of yield curves to relevant maturities. The discount rate is based on high quality corporate bonds in a deep market, in Sweden covered bonds. The covered bonds in Sweden are at least AA-rated and the maturity is in line with the estimated maturity of obligations for post benefit employment. The discount rate for the defined benefit obligation is revised quarterly and other assumptions are revised each year or when a significant change has occurred.

Note 9 b contains a list of the most critical assumptions used when calculating the defined benefit obligation.

2 Operating segments

GROUP BUSINESS SEGMENTS

Income statement, 2013	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other[1]	Eliminations	Total
Interest income	*25,283*	*14,118*	*1,389*		*2,759*	*50,412*	*–44,238*	***49,723***
Interest expense	*–17,927*	*–6,389*	*–714*	*–55*	*–767*	*–49,270*	*44,226*	***–30,896***
Net interest income	7,356	7,729	675	–55	1,992	1,142	–12	**18,827**
Fee and commission income	*6,882*	*6,186*	*6,500*		*1,411*	*5*	*–1,851*	***19,133***
Fee and commission expense	*–1,384*	*–2,141*	*–3,168*		*–427*	*–70*	*2,721*	***–4,469***
Net fee and commission income	5,498	4,045	3,332		984	–65	870	**14,664**
Net financial income	3,601	384	154		449	–536		**4,052**
Net life insurance income				4,645		7	–1,397	**3,255**
Net other income	274	85	71		–32	394	–37	**755**
Total operating income	**16,729**	**12,243**	**4,232**	**4,590**	**3,393**	**942**	**–576**	**41,553**
of which internally generated	–1,378	5,955	–1,667	1,505	–273	–3,561	–581	
Staff costs	–3,703	–2,903	–1,214	–1,186	–650	–4,422	49	**–14,029**
Other expenses	–4,456	–3,034	–1,351	–577	–992	3,584	527	**–6,299**
Depreciation, amortisation and impairment of tangible and intangible assets	–148	–63	–42	–935	–106	–665		**–1,959**
Total operating expenses	**–8,307**	**–6,000**	**–2,607**	**–2,698**	**–1,748**	**–1,503**	**576**	**–22,287**
Gains less losses on disposals of tangible and intangible assets	–18	1			40	–7		**16**
Net credit losses	–233	–501	–15		–405	–1		**–1,155**
OPERATING PROFIT	**8,171**	**5,743**	**1,610**	**1,892**	**1,280**	**–569**		**18,127**

2012	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other[1]	Eliminations	Total
Interest income	*30,193*	*14,825*	*1,818*		*4,948*	*62,568*	*–60,558*	***53,794***
Interest expense	*–23,227*	*–7,708*	*–1,151*	*–86*	*–2,978*	*–61,518*	*60,509*	***–36,159***
Net interest income	6,966	7,117	667	–86	1,970	1,050	–49	**17,635**
Fee and commission income	*6,333*	*5,931*	*7,391*		*1,345*	*–71*	*–2,593*	***18,336***
Fee and commission expense	*–1,437*	*–2,283*	*–4,147*		*–426*	*–78*	*3,655*	***–4,716***
Net fee and commission income	4,896	3,648	3,244		919	–149	1,062	**13,620**
Net financial income	3,683	339	97		423	37		**4,579**
Net life insurance income				4,707			–1,279	**3,428**
Net other income	292	76	30		–11	–775	–51	**–439**
Total operating income	**15,837**	**11,180**	**4,038**	**4,621**	**3,301**	**163**	**–317**	**38,823**
of which internally generated	–1,274	5,661	–1,104	1,388	–987	–3,191	–493	
Staff costs	–3,945	–3,024	–1,322	–1,214	–681	–4,472	62	**–14,596**
Other expenses	–4,465	–3,266	–1,379	–537	–1,080	4,028	255	**–6,444**
Depreciation, amortisation and impairment of tangible and intangible assets	–182	–85	–43	–890	–280	–1,132		**–2,612**
Total operating expenses	**–8,592**	**–6,375**	**–2,744**	**–2,641**	**–2,041**	**–1,576**	**317**	**–23,652**
Gains less losses on disposals of tangible and intangible assets	–6				9	–2		**1**
Net credit losses	–130	–452	–5		–351	1		**–937**
OPERATING PROFIT	**7,109**	**4,353**	**1,289**	**1,980**	**918**	**–1,414**		**14,235**

1) Profit and loss from associated companies accounted for under the equity method are recognised in Net other income at an amount of SEK 17m (19). The aggregated investments are SEK 173m (179).

Balance sheet, 2013	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other	Eliminations	Total
Assets	1,256,012	607,221	87,795	348,929	132,204	1,233,528	–1,180,855	**2,484,834**
Liabilities	1,204,890	579,445	78,410	338,999	123,025	1,218,106	–1,180,855	**2,362,020**
Investments	253	29	40	1,034	809	396		**2,561**

2012	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other	Eliminations	Total
Assets	1,153,569	532,328	92,759	302,605	128,260	1,036,155	–792,220	**2,453,456**
Liabilities	1,107,934	513,337	85,550	294,804	107,052	1,027,486	–792,220	**2,343,943**
Investments	95	76	102	958	913	682		**2,826**

Note 2 ctd. Operating segments

GROUP BY GEOGRAPHY

	2013			2012		
	Gross Income*	Assets	Investments	Gross Income*	Assets	Investments
Sweden	53,045	1,815,056	1,105	54,358	1,800,044	1,318
Norway	6,004	118,578	16	5,849	140,300	66
Denmark	4,139	331,073	130	4,705	268,619	271
Finland	2,817	46,679	8	2,736	64,027	3
Estonia	1,394	36,309	36	1,530	33,814	67
Latvia	1,313	38,636	132	1,505	35,433	331
Lithuania	2,125	61,457	658	2,487	58,376	522
Germany	6,944	276,417	76	8,076	298,880	34
Other countries	6,299	456,268	400	6,674	452,144	214
Group eliminations	–7,162	–695,639		–8,222	–698,181	
TOTAL	**76,918**	**2,484,834**	**2,561**	**79,698**	**2,453,456**	**2,826**

* 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. The basis for the income allocation is SEB's presence in each country. Exceptions are where the local companies / branches serve as sales offices and receive commission payments and the transaction is booked in the central unit.

PARENT COMPANY BUSINESS SEGMENTS

2013	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other incl eliminations	Total
Gross income*	21,495	10,459	1,735	31	23	27,764	**61,507**
Assets	1,007,450	569,281	22,963	5	2,326	302,133	**1,904,158**
Investments	188	29	5			198	**420**
2012							
Gross income*	21,687	8,323	1,787	95	16	27,762	**59,670**
Assets	903,122	220,794	33,907	349	38	750,843	**1,909,053**
Investments	60	19	13			647	**739**

PARENT COMPANY BY GEOGRAPHY

	2013			2012		
	Gross Income*	Assets	Investments	Gross Income*	Assets	Investments
Sweden	51,493	1,487,371	376	48,782	1,485,605	718
Norway	3,379	92,842	16	3,738	105,154	9
Denmark	2,165	133,159	2	2,531	105,194	1
Finland	1,274	18,258	7	1,033	35,502	2
Other countries	3,196	172,528	19	3,586	177,598	9
TOTAL	**61,507**	**1,904,158**	**420**	**59,670**	**1,909,053**	**739**

* 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. The basis for the income allocation is SEB's presence in each country. Exceptions are where the local companies / branches serve as sales offices and receive commission payments and the transaction is booked in the central unit.

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 and institutions. Retail Banking offers products mainly to retail customers (private customers and small and medium-sized corporates). Wealth Management performs asset management and private banking activities and Life offers life, care and pension insurance. Division Baltic offers retail, asset management and private banking services in the Baltic countries. Other consists of business support units, treasury and staff units. Eliminations of internal transactions between the business segments are reported separately.

Transfer pricing
The internal transfer pricing objective in the SEB Group is to measure net interest income, to transfer interest rate risk and liquidity and to manage liquidity. The internal price is based on SEB's actual or implied market-based cost of funds for a specific interest and liquidity term. Transactions between Business segments are conducted at arm's length.

GROSS INCOME BY PRODUCT

	Group		Parent company	
	2013	2012	2013	2012
Core banking	49,366	53,215	37,507	40,214
Capital market	11,304	12,045	9,750	9,656
Asset management	7,225	7,193	3,859	3,814
Life insurance and pension	3,255	3,428		
Other	5,768	3,817	10,204	5,986
TOTAL	**76,918**	**79,698**	**61,320**	**59,670**

Core banking consists of loan, leasing, card and payment related products. Capital market consists of trading and issues on financial markets. Asset management consists of advisory, custody and fund management. Life insurance and pension consists of unit linked and traditional life insurance products. Other consist of incomefrom treasury operations and other activities.

3 Net interest income

	Group			Parent company		
2013	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	346,906	2,674	0.77%	396,233	1,828	0.46%
Loans to the public	1,249,571	37,636	3.01%	887,265	25,685	2.89%
Interest earning securities[1)]	282,025	4,710	1.67%	233,102	3,910	1.68%
Total interest earnings assets	**1,878,502**	**45,020**	**2.40%**	**1,516,600**	**31,423**	**2.07%**
Derivatives and other assets	679,469	4,703		530,231	4,317	
Total assets	**2,557,971**	**49,723**		**2,046,831**	**35,740**	
Deposits from credit institutions	210,838	–2,328	–1.10%	332,633	–1,479	–0.44%
Deposits and borrowing from the public	888,839	–11,222	–1.26%	651,092	–4,830	–0.74%
Debt securities[2)]	739,013	–12,919	–1.75%	648,111	–12,482	–1.93%
Subordinated liabilities	23,061	–1,485	–6.44%	23,805	–1,482	–6.23%
Total interest bearing liabilities	**1,861,751**	**–27,954**	**–1.50%**	**1,655,641**	**–20,273**	**–1.22%**
Derivatives and other liabilities	583,500	–2,942		316,046	–2,162	
Equity	112,720			75,144		
Total liabilities and equity	**2,557,971**	**–30,896**		**2,046,831**	**–22,435**	
Net interest income, reclassified to discontinued operations						
Net interest income, continuing operations		**18,827**			**13,305**	
Net yield on interest earning assets, total operations			**1.00%**			**0.88%**
1) of which, measured at fair value		3,764			3,837	
2) of which, measured at fair value		–427			–394	

2012	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	301,423	2,763	0.92%	254,233	2,393	0.94%
Loans to the public	1,200,348	41,441	3.45%	858,476	27,919	3.25%
Interest earning securities[1)]	285,745	6,080	2.13%	219,593	4,621	2.10%
Total interest earnings assets	**1,787,516**	**50,284**	**2.81%**	**1,332,302**	**34,933**	**2.62%**
Derivatives and other assets	612,934	3,537		520,839	3,021	
Total assets	**2,400,450**	**53,821**		**1,853,141**	**37,954**	
Deposits from credit institutions	211,484	–2,657	–1.26%	245,659	–2,101	–0.86%
Deposits and borrowing from the public	833,252	–14,694	–1.76%	586,931	–7,066	–1.20%
Debt securities[2)]	676,314	–14,188	–2.10%	582,228	–13,233	–2.27%
Subordinated liabilities	24,127	–1,245	–5.16%	24,164	–1,236	–5.12%
Total interest bearing liabilities	**1,745,177**	**–32,784**	**–1.88%**	**1,438,982**	**–23,636**	**–1.64%**
Derivatives and other liabilities	549,899	–3,391		341,908	–2,657	
Equity	105,374			72,251		
Total liabilities and equity	**2,400,450**	**–36,175**		**1,853,141**	**–26,293**	
Net interest income, reclassified to discontinued operations		**–11**				
Net interest income, continuing operations		**17,635**			**11,661**	
Net yield on interest earning assets, total operations			**0.99%**			**0.88%**
1) of which, measured at fair value		4,719			4,578	
2) of which, measured at fair value		–290			–106	

In the table above Loans and Deposits are presented excluding debt securities. This is different from the Income statement and Balance sheet in which the classification is done based on accounting category. The reclassification was made after the publication of the Annual report 2012 and Annual accounts 2013.

Net interest income

	Parent company	
	2013	2012
Interest income	35,740	37,954
Income from leases [1)]	5,567	5,817
Interest expense	–22,435	–26,293
Depreciation of leased equipment [1)]	–4,390	–4,436
TOTAL	**14,482**	**13,042**

1) In the Group Net income from leases is classified as interest income. In the parent company depreciation of leased equipment is reported as Depreciation, amortisation and impairment of tangible and intangible assets.

4 Net fee and commission income

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Issue of securities	316	144	917	708
Secondary market	1,620	1,487	634	635
Custody and mutual funds	6,825	6,691	2,962	2,839
Securities commissions	8,761	8,322	4,513	4,182
Payments	1,537	1,580	1,155	1,186
Card fees	4,357	4,372	192	179
Payment commissions	5,894	5,952	1,347	1,365
Advisory	400	502	354	401
Lending	2,531	2,047	2,174	1,748
Deposits	143	128	66	65
Guarantees	477	451	325	334
Derivatives	381	453	385	443
Other	546	481	651	425
Other commissions	4,478	4,062	3,955	3,416
Fee and commission income	**19,133**	**18,336**	**9,815**	**8,963**
Securities commissions	–1,038	–1,286	–356	–365
Payment commissions	–2,506	–2,572	–478	–502
Other commissions	–925	–858	–698	–657
Fee and commission expense	**–4,469**	**–4,716**	**–1,532**	**–1,524**
Securities commissions, net	7,723	7,036	4,157	3,817
Payment commissions, net	3,388	3,380	869	863
Other commissions, net	3,553	3,204	3,257	2,759
TOTAL	**14,664**	**13,620**	**8,283**	**7,439**

5 Net financial income

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Gains (losses) on financial assets and liabilities held for trading, net	4,570	4,714	3,886	4,046
Gains (losses) on financial assets and liabilities designated at fair value, net	–518	–73	–339	
Impairments of available-for-sale financial assets		–62		
TOTAL	**4,052**	**4,579**	**3,547**	**4,046**

Gains (losses) on financial assets and liabilities held for trading, net

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Equity instruments and related derivatives	1,235	518	832	193
Debt instruments and related derivatives	162	1,003	34	1,151
Currency related	2,800	3,205	2,681	2,702
Other financial instruments	34	–12		
TOTAL	**4,231**	**4,714**	**3,547**	**4,046**

Gains (losses) on financial assets and liabilities held for trading is presented on different rows based on type of underlying financial instrument. Changes in the treasury result are due to changes in interest rates and spreads. The net effect from trading operations is fairly stable over time, but shows volatility between lines. Positive effect from structured products offered to the public was approximately SEK 1,070m (320) in Equity related instruments and a corresponding negative effect in Debt related instruments.

Gains (losses) on financial assets and liabilities designated at fair value, net

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Debt instruments and related derivatives	–509	–31	–339	
Currency related	–9	–42		
TOTAL	**–518**	**–73**	**–339**	

Valuation changes arising from counterparty risk and own credit standing

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Derivatives – counterparty risk	318		253	
Derivatives – own credit standing	398		340	
Issued securities designated at fair value through profit or loss – own credit standing	–551		–445	
TOTAL	**165**		**148**	

In 2013 SEB implemented valuation adjustments for own credit standing in the fair value measurement of derivatives and liabilities at fair value designated through profit or loss. The change was implemented prospectively. Together with the effect from valuation adjustments for counterparty risk in derivatives, this had a net positive effect of SEK 165m on Net financial income.

6 Net life insurance income

	Group	
	2013	2012
Premium income, net	6,259	6,462
Income investment contracts	1,458	1,420
Investment income net	3,099	7,937
Other insurance income	375	382
Net insurance expenses	–7,936	–12,773
TOTAL	**3,255**	**3,428**

Investment income, net

Direct yield [1]	3,152	2,723
Change in value on investments at fair value, net	991	6,437
Foreign exchange gain/loss, net	–543	–165
	3,600	8,995
Expenses for asset management services	–72	–75
Policyholders tax	–429	–983
TOTAL	**3,099**	**7,937**

1) Net interest income, dividends received and operating surplus from properties.

Net insurance expenses

Claims paid, net	–8,722	–7,708
Change in insurance contract provisions	786	–5,065
TOTAL	**–7,936**	**–12,773**

7 Net other income

	Group		Parent company	
	2013	2012	2013	2012
Dividends	72	75	**4,848**	**2,215**
Investments in associates	17	19		
Gains less losses from investment securities	352	–109	1,076	–139
Gains less losses from tangible assets [1]			33	65
Other income	314	–424	881	233
TOTAL	**755**	**–439**	**1,990**	**159**

1) See note 12 for the Group.

Dividends

Available-for-sale investments	72	75	59	29
Investments in associates			10	
Dividends from subsidiaries			4,779	2,186
TOTAL	**72**	**75**	**4,848**	**2,215**

Gains less losses from investment securities

Available-for-sale financial assets – Equity instruments	320	260	1,081	269
Available-for-sale financial assets – Debt instruments	148	311		
Loans	23		–5	–63
Gains	**491**	**571**	**1,076**	**206**
Available-for-sale financial assets – Equity instruments	–59	–117		
Available-for-sale financial assets – Debt instuments	–71	–563		
Loans	–9			–345
Losses	**–139**	**–680**		**–345**
TOTAL	**352**	**–109**	**1,076**	**–139**

Note 7 ctd. Net other income

Other income	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Fair value adjustment in hedge accounting	213	−68	99	40
Operating result from non-life insurance, run off	77	15		
Other income	24	−371	782	193
TOTAL	**314**	**−424**	**881**	**233**

Fair value adjustment in hedge accounting	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Fair value changes of the hedged items attributable to the hedged risk	78	−1,536	5,054	−1,697
Fair value changes of the hedging derivatives	89	1,615	−4,952	1,737
Fair value hedges	**167**	**79**	**102**	**40**
Fair value changes of the hedging derivatives	38		−3	
Cash-flow hedges – ineffectiveness	**38**		**−3**	
Fair value changes of the hedged items	−76	−772		
Fair value changes of the hedging derivatives	84	625		
Fair value portfolio hedge of interest rate risk – ineffectiveness	**8**	**−147**		
TOTAL	**213**	**−68**	**99**	**40**

Fair value hedges and portfolio hedges
The Group hedges a proportion of its existing interest rate risk, in financial assets payments and financial liabilities with fixed interest rates, against changes in fair value due to changes in the interest rates. For this purpose the Group uses interest rate swaps, cross-currency interest rate swaps and in some situations also options. The hedges are done either item by item or grouped by maturity.

Cash flow hedges
The Group uses interest rate swaps to hedge future cash flows from deposits and lending with floating interest rates. Interest flows from deposits and lending with floating interest rates are expected to be amortised in profit or loss during the period 2014 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 at an amount of SEK 38,510m (32,701) and currency forwards at an amount of SEK 2,205m (1,239) were designated as hedges of net investments in foreign operations. Ineffectiveness in the hedges has been recognised with SEK −3m (0) reported in Net financial income (note 5).

8 Administrative expenses

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Staff costs	−14,029	−14,596	−9,325	−10,160
Other expenses	−6,299	−6,444	−4,737	−4,917
TOTAL	**−20,328**	**−21,040**	**−14,062**	**−15,077**

9 Staff costs

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Base salary	−7,993	−8,335	−5,248	−5,457
Cash-based variable compensation	−761	−884	−640	−673
Long-term equity-based compensation	−330	−317	−237	−252
Salaries and other compensations	**−9,084**	**−9,536**	**−6,125**	**−6,382**
Social charges	−2,666	−2,709	−1,976	−1,944
Defined benefit retirement plans [1]	−409	−643		
Defined contribution retirement plans [1]	−1,041	−778	−760	−1,249
Benefits and redundancies [2]	−359	−452	−169	−259
Education and other staff related costs	−470	−478	−295	−326
TOTAL	**−14,029**	**−14,596**	**−9,325**	**−10,160**

1) Pension costs in the Group are accounted for according to amended IAS 19, Employee benefits. Pension costs in Skandinaviska Enskilda Banken have been calculated in accordance with the directives of the Swedish Financial Supervisory Authority, implying an actuarial calculation of imputed pension costs. Non-recurring costs of SEK 152m (128) for early retirement and SEK 0m (825) for special salary tax have been charged to the pension funds of the Bank.
2) Includes costs for redundancies with SEK 267m (350) for the Group and SEK 132m (227) for the parent company.

9 a Remuneration

Presented in note 9 a are the statement of remuneration for the Financial group of undertakings and significant units within the Group according to FFFS 2007:5 with changes in FFFS 2011:3. In the SEB Group 973 (964) positions are defined as specially regulated staff. SEB has chosen to include the remuneration also in the insurance operations that is not part of the Financial group of undertakings but part of the SEB Group.

Remuneration by division

	Group				Parent company			
	Fixed [1]		Variable [1]		Fixed [1]		Variable [1]	
2013	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Merchant Banking	–2,424	2,245	–628	2,170	–1,708	1,699	–575	1,629
Retail Banking	–2,125	3,452	–91	3,452	–1,309	2,763	–73	2,763
Wealth Management	–842	891	–141	869	–356	471	–89	449
Life	–867	1,343	–44	1,323				
Baltic	–456	2,799	–27	2,799				
Other [2]	–3,088	5,121	–160	5,032	–2,797	3,771	–140	3,682
TOTAL	**–9,802**	**15,851**	**–1,091**	**15,645**	**–6,170**	**8,704**	**–877**	**8,523**
whereof collective variable pay [3]			–310	15,645				
2012								
Merchant Banking	–2,600	2,418	–673	2,297	–1,830	1,831	–602	1,739
Retail Banking	–2,200	3,708	–99	3,523	–1,270	2,807	–23	2,667
Wealth Management	–919	940	–160	893	–376	439	–66	445
Life	–885	1,320	–43	622				
Baltic	–458	2,960	–49	2,664				
Other [2]	–3,146	5,232	–177	4,923	–3,488	3,896	–234	3,673
TOTAL	**–10,208**	**16,578**	**–1,201**	**14,922**	**–6,964**	**8,973**	**–925**	**8,524**
whereof collective variable pay [3]			–277	11,361				

	SEB AG, Germany				SEB Pank AS, Estonia			
	Fixed		Variable		Fixed		Variable	
2013	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Merchant Banking	–413	409	–43	409				
Wealth Management	–121	126	–11	126				
Baltic					–130	794	–9	794
Other	–297	333	–7	294	–62	290	–4	279
TOTAL	**–831**	**868**	**–61**	**829**	**–192**	**1,084**	**–13**	**1,073**
2012								
Merchant Banking	–511	451	–55	428				
Wealth Management	–185	168	–12	160				
Baltic					–129	855	–14	770
Other	–208	328	–10	312	–62	305	–6	274
TOTAL	**–904**	**947**	**–77**	**900**	**–191**	**1,160**	**–20**	**1,044**

	SEB Banka AS, Latvia				SEB bankas AB, Lithuania			
	Fixed		Variable		Fixed		Variable	
2013	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Baltic	–120	795	–6	795	–171	1,158	–11	1,158
Other	–46	266	–3	257	–65	359	–2	345
TOTAL	**–166**	**1,061**	**–9**	**1,052**	**–236**	**1,517**	**–13**	**1,503**
2012								
Baltic	–119	830	–15	747	–179	1,226	–21	1,104
Other	–44	281	–3	253	–71	404	–4	363
TOTAL	**–163**	**1,111**	**–18**	**1,000**	**–250**	**1,630**	**–25**	**1,467**

1) Variable pay is defined as short-term cash-based compensation and long-term equity based compensation. All other remuneration is reported as fixed remuneration and includes: base pay, pensions, severance pay, fees and benefits as e.g. company car and domestic services, in accordance with FFFS 2011:1. The reported remuneration does not include social charges.
2) Including Life and Baltic in the parent company.
3) Share Savings Programme and collective short-term and long-term compensation.

Note 9 a ctd. Remuneration

Remuneration by category

	Group						Parent company					
	Remuneration			FTEs			Remuneration			FTEs		
2013	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total
Fixed remuneration [1]	–1,070	–8,732	**–9,802**	973	14,878	**15,851**	–822	–5,348	**–6,170**	691	8,013	**8,704**
Variable pay [1]	–454	–637	**–1,091**	595	15,050	**15,645**	–392	–485	**–877**	451	8,072	**8,523**
whereof:												
Short-term cash-based	–309	–452	**–761**				–273	–340	**–613**			
Long-term equity-based [2]	–141	–189	**–330**				–119	–145	**–264**			
Deferred variable pay [3]	–269	–189	**–458**				–233	–145	**–378**			
Accrued and paid remuneration [4]	–1,771	–9,369	**–11,140**				–1,432	–5,833	**–7,265**			
Severance pay [5]			**–282**			**762**			**–133**			**161**
Agreed not yet paid severance pay			**–165**			**242**			**–66**			**80**
Highest single amount			**–6**						**–6**			
2012												
Fixed remuneration [1]	–1,079	–9,129	**–10,208**	964	15,614	**16,578**	–837	–6,127	**–6,964**	688	8,285	**8,973**
Variable pay [1]	–463	–738	**–1,201**	584	14,338	**14,922**	–394	–532	**–926**	410	8,114	**8,524**
whereof:												
Short-term cash-based	–333	–551	**–884**				–286	–388	**–674**			
Long-term equity-based [2]	–148	–169	**–317**				–126	–126	**–252**			
Deferred variable pay [3]	–285	–169	**–454**				–246	–126	**–372**			
Accrued and paid remuneration [4]	–1,674	–9,680	**–11,354**				–1,357	–9,437	**–10,794**			
Severance pay [5]			**–334**			**752**			**–235**			**206**
Agreed not yet paid severance pay			**–204**			**324**			**–111**			**111**
Highest single amount			**–7**						**–5**			

	SEB AG, Germany						SEB Pank AS, Estonia					
	Remuneration			FTEs			Remuneration			FTEs		
2013	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total
Fixed remuneration [1]	–120	–711	**–831**	108	760	**868**	–13	–179	**–192**	21	1,063	**1,084**
Variable pay [1]	–25	–36	**–61**	69	760	**829**	–2	–11	**–13**	10	1,063	**1,073**
whereof:												
Short-term cash-based	–20	–26	**–46**					–8	**–8**			
Long-term equity-based [2]	–5	–10	**–15**				–2	–3	**–5**			
Deferred variable pay [3]	–12	–10	**–22**				–2	–3	**–5**			
Accrued and paid remuneration [4]	–157	–747	**–904**				–15	–190	**–205**			
Severance pay [5]			**–6**			**34**			**–2**			**54**
2012												
Fixed remuneration [1]	–123	–781	**–904**	113	834	**947**	–11	–180	**–191**	19	1,141	**1,160**
Variable pay [1]	–30	–47	**–77**	89	811	**900**	–3	–17	**–20**	13	1,031	**1,044**
whereof:												
Short-term cash-based	–25	–36	**–61**				–1	–14	**–15**			
Long-term equity-based [2]	–5	–11	**–16**				–2	–3	**–5**			
Deferred variable pay [3]	–15	–11	**–26**				–2	–3	**–5**			
Accrued and paid remuneration [4]	–163	–817	**–980**				–12	–194	**–206**			
Severance pay [5]			**–64**			**49**			**–1**			**60**

Note 9 a ctd. Remuneration

	SEB Banka AS, Latvia						SEB bankas AB, Lithuania					
	Remuneration			FTEs			Remuneration			FTEs		
2013	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total	Specially regulated staff	Other employees	Total
Fixed remuneration 1)	–11	–155	**–166**	19	1,042	**1,061**	–17	–219	**–236**	22	1,495	**1,517**
Variable pay 1)	–2	–7	**–9**	10	1,042	**1,052**	–2	–11	**–13**	8	1,495	**1,503**
whereof:												
Short-term cash-based		–6	**–6**					–8	**–8**			
Long-term equity-based 2)	–2	–1	**–3**				–2	–3	**–5**			
Deferred variable pay 3)	–2	–1	**–3**				–2	–3	**–5**			
Accrued and paid remuneration 4)	–13	–162	**–175**				–19	–230	**–249**			
Severance pay 5)			**–2**			**54**			**–9**			**307**
2012												
Fixed remuneration 1)	–11	–152	**–163**	21	1,090	**1,111**	–15	–235	**–250**	22	1,608	**1,630**
Variable pay 1)	–3	–15	**–18**	12	988	**1,000**	–3	–22	**–25**	14	1,453	**1,467**
whereof:												
Short-term cash-based	–1	–14	**–15**				–2	–19	**–21**			
Long-term equity-based 2)	–2	–1	**–3**				–1	–3	**–4**			
Deferred variable pay 3)	–2	–1	**–3**				–1	–3	**–4**			
Accrued and paid remuneration 4)	–12	–166	**–178**				–17	–254	**–271**			
Severance pay 5)			**–3**			**8**			**–12**			**336**

1) Variable pay is defined as short-term cash-based compensation and long-term equity based compensation. All other remuneration is reported as fixed remuneration and includes: base pay, pensions, severance pay, fees and benefits as e.g. company car and domestic services, in accordance with FFFS 2011:1. The reported remuneration does not include social charges.
2) Long-term equity based compensation encompasses five different programmes; a Share Savings Programme and All Employee Programme for all employees, a Performance Shares Programme for senior managers and key employees, and also a Share Matching Programme and a Share Deferral Programme for a selected group of key employees.
3) The deferred variable pay is locked the first year. Short-term cash-based compensation can thereafter be paid pro rata over three or five years after a possible risk adjustment. Long-term equity-based programmes are locked for a minimum of three years.
4) In Accrued and paid remuneration amounts paid within the first quarter after the accrual is included. Deferred variable pay has not been subject to risk adjustment during 2012 nor 2013.
5) The amount also includes sign-on.

Loans to Executives

	Group		Parent company	
	2013	2012	**2013**	2012
Managing Directors and Deputy Managing Directors 1)	93	87	9	12
Boards of Directors 2)	283	165	91	21
TOTAL	**376**	**252**	**100**	**33**

1) Comprises current President in the parent company and Managing Directors and Deputy Managing Directors in subsidiaries. Total number of executives was 77 (80) of which 13 (16) female.
2) Comprises current Board members and their substitutes in the parent company and subsidiaries. Total number of persons was 188 (193) of which 51 (49) female.

Pension commitments to Executives

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Pension disbursements made	88	102	42	54
Change in commitments	62	93	22	33
Commitments at year-end	1,656	2,065	751	853

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 120 (122) persons.

9 b Pensions

SEB implemented the amended IAS 19 Employee Benefits for accounting of defined benefit plans in 2012.

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 benefit plan in Sweden is closed to new employees and a defined contribution plan was established during 2013. The defined contribution plans follow the local regulations in each country. Multiemployer defined benefit plans exists for employees in some parts of the Group. These plans are accounted for as defined contribution plans since sufficient information of SEB's share of the liability and cost is not available.

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 Unit Credit Method (PUCM) are performed quarterly 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. In case of a deficit in the pension obligation according to local rules SEB are obliged to meet this with contribution to the foundation. The asset allocation is determined to meet the various risks in the pension obligations and are decided by the board/trustees in the pension foundations. The assets are at market value. The pension and interest costs are presented in Staff costs.

Defined contribution plans
Defined contribution plans exist both in Sweden and abroad. In Sweden a smaller part of the closed collective retirement agreement is defined contribution based. Over a certain salary level the employees could also choose to leave the defined benefit plan and replace it by a defined contribution plan.The current plan for new employees is fully contribution based. Most other countries have defined contribution plans except for the Baltic countries where the company to a limited extent contributes to the employees retirement. The defined contribution plans are not recognised in the balance sheet but accounted for as an expense among Staff costs.

DEFINED BENEFIT PLANS IN SEB GROUP

	2013			2012		
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	19,877	5,158	**25,035**	16,923	4,610	**21,533**
Curtailment, acquisitions and reclassification	–239	–58	**–297**		23	**23**
Service costs	539	45	**584**	441	34	**475**
Interest costs	550	172	**722**	671	195	**866**
Benefits paid	–687	–256	**–943**	–717	–246	**–963**
Exchange differences		169	**169**		–187	**–187**
Remeasurements of pension obligation	–3,354	–135	**–3,489**	2,559	729	**3,288**
Defined benefit obligation at the end of the year	**16,686**	**5,095**	**21,781**	**19,877**	**5,158**	**25,035**
Special salary tax reserve at the beginning of the year	520		**520**	638		**638**
Changes in special salary tax	–516		**–516**	–118		**–118**
Special salary tax reserve at the end of the year	**4**		**4**	**520**		**520**
Fair value of plan assets at the beginning of the year	18,348	3,623	**21,971**	14,427	3,589	**18,016**
Curtailment, acquisitions and reclassification		–17	**–17**			
Calculated interest on plan assets	524	169	**693**	610	154	**764**
Benefits paid/contributions	–676	1,164	**488**	2,351	–214	**2,137**
Exchange differences		163	**163**		–114	**–114**
Valuation gains (losses) on plan assets	2,499	–56	**2,443**	960	208	**1,168**
Fair value of plan assets at the end of the year	**20,695**	**5,046**	**25,741**	**18,348**	**3,623**	**21,971**
Change in the net assets or net liabilities						
Defined benefit obligation at the beginning of the year	–2,049	–1,535	**–3,584**	–3,134	–1,021	**–4,155**
Curtailment, acquisitions and reclassification	239	41	**280**		–23	**–23**
Total expense in staff costs	–599	–48	**–647**	–568	–75	**–643**
Pension paid	687	256	**943**	717	246	**963**
Pension compensation	–676	1,164	**488**	2,351	–214	**2,137**
Exchange differences		–6	**–6**		73	**73**
Actuarial gains/losses recognised in Other Comprehensive Income	5,853	79	**5,932**	–1,599	–521	**–2,120**
Special salary tax in Other Comprehensive Income	550		**550**	184		**184**
NET AMOUNT RECOGNISED IN THE BALANCE SHEET	**4,005**	**–49**	**3,956**	**–2,049**	**–1,535**	**–3,584**

1) The net defined benefit obligation is recognised in the balance sheet either as an asset or liability depending on the situation for each legal entity.

In early 2013 a contribution of SEK 1,360m was paid to the German pension foundation. No further contribution were paid during the year and no contributions are expected during 2014. In line with the aim that all pension agreements for the GEC shall be defined contribution based a curtailment of defined benefit pensions agreements was completed during 2013. The total accrued amount for the defined benefit obligation was transformed to a defined contribution plan for six members of the GEC. For more information see note 9 c.

Principal actuarial assumptions used, %	2013 Sweden	2013 Foreign	2013 Group	2012 Sweden	2012 Foreign	2012 Group
Discount rate	3.8%	3.5%		2.8%	3.5%	
Inflation rate	1.5%	2.0%		1.5%	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%		

Note 9 b ctd. Pensions

The discount rate is based on high quality corporate bonds in a deep market, in Sweden covered bonds. The covered bonds in Sweden are at least AA-rated and the maturity is in line with the estimated maturity of obligations for post employment benefits. Mortality assumptions in Sweden follows the Swedish insurance supervisory authority (FFFS 2007:31) regulations. In Germany the Heubeck Sterbetafeln is used. Weighted average duration for the obligation is 19 years in Sweden and 13 years in Germany.

A decrease of the discount rate for Sweden of 0.5 per cent would imply an increase of the Swedish pension obligation with SEK 1,498m while the same change in the inflation assumption for Sweden would have the opposite effect and decrease the obligation with SEK 1,101m. An increase of the discount rate with same ratio would reduce the obligation with SEK 1,310m and an increased inflation rate with 0.5 per cent gives an increased obligation with SEK 1,261m. A decrease in assumption for expected salary increase in Sweden with 0.5 per cent would have a positive effect on the obligation with SEK 209m an increase would have a negative effect of SEK 237m.

The obligation in Germany would increase with SEK 328m if the discount rate was reduced with 0.5 per cent. An increase with the same percentage would decrease the obligation with SEK 311m. If the inflation assumption for Germany increase with 0.5 per cent the pension obligation would increase with SEK 102m and corresponding decrease would be SEK 98m at a lower inflation assumption. A change in expected salary increase in Germany with 0.5 per cent would with a higher rate give an increase of the obligation with SEK 182m and with a lower rate reduce the obligation with SEK 178m.

	2013			2012		
Allocation of plan assets	Sweden	Foreign	Group	Sweden	Foreign	Group
Equities	15,651	712	**16,363**	12,184	560	**12,744**
where of private equities and hedge funds	*4,704*		***4,704***	*4,166*		***4,166***
Interest-bearing securities	3,234	4,334	**7,568**	4,972	2,966	**7,938**
where of hedge funds	*851*		***851***	*596*		***596***
Properties	1,810		**1,810**	1,192	97	**1,289**
TOTAL	**20,695**	**5,046**	**25,741**	**18,348**	**3,623**	**21,971**

The pension plan assets include SEB shares with a fair value of SEK 975m (663). Properties in Sweden are occupied by SEB and 52 per cent (45) of the plan assets have a quoted market price, in addition SEK 534m (2,719) are liquid assets.

	2013			2012		
Amounts recognised in Income statement	Sweden	Foreign	Group	Sweden	Foreign	Group
Service costs	–539	–45	**–584**	–441	–34	**–475**
Interest costs	–550	–172	**–722**	–671	–195	**–866**
Calculated interest on plan assets	524	169	**693**	610	154	**764**
Special salary tax	–34		**–34**	–66		**–66**
INCLUDED IN STAFF COSTS	**–599**	**–48**	**–647**	**–568**	**–75**	**–643**
Amounts recognised in Other comprehensive income						
Remeasurements of pension obligation	3,354	135	**3,489**	–2,559	–729	**–3,288**
where of experience adjustments	*136*		***136***	*173*	*–89*	***84***
where of due to changes in financial assumptions	*3,218*	*135*	***3,353***	*–2,732*	*–640*	***–3,372***
where of due to changes in demographic assumptions						
Valuation gains (losses) on plan assets	2,499	–56	**2,443**	960	208	**1,168**
Special salary tax	550		**550**	–559		**–559**
Deferred tax pensions	–1,408	9	**–1,399**	501	175	**676**
INCLUDED IN OTHER COMPREHENSIVE INCOME	**4,995**	**88**	**5,083**	**–1,657**	**–346**	**–2,003**

DEFINED CONTRIBUTION PLANS IN SEB GROUP

	2013			2012		
Net amount recognised in the Profit and loss	Sweden	Foreign	Group	Sweden	Foreign	Group
Expense in Staff costs including special salary tax	–816	–225	**–1,041**	–548	–230	**–778**

DEFINED BENEFIT PLANS IN SKANDINAVISKA ENSKILDA BANKEN

	Parent company	
Net amount recognised in the Balance sheet	2013	2012
Defined benefit obligation at the beginning of the year	17,203	13,867
Imputed pensions premium	579	410
Interest costs and other changes	–859	3,504
Early retirement	152	128
Pension disbursements	–675	–706
DEFINED BENEFIT OBLIGATION AT THE END OF THE YEAR	**16,400**	**17,203**
Fair value of plan assets at the beginning of the year	17,757	14,014
Contribution to pension foundation		2,929
Return on assets	2,927	1,520
Benefits paid	–675	–706
FAIR VALUE OF PLAN ASSETS AT THE END OF THE YEAR	**20,009**	**17,757**

The above defined benefit obligation is calculated according to tryggandelagen. Skandinaviska Enskilda Banken consequently adopted the discount rate set by the Swedish FSA before year-end. The obligation is fully covered by assets in pension foundation and is not included in the balance sheet.

The assets in the foundation are mainly equity related SEK 15,086m (9,850) and to a smaller extent interest earning SEK 3,122m (4,245). The assets include SEB shares of SEK 942m (643) and buildings occupied by the company of SEK 1,192m (1,192). The return on asset was 16 per cent (11) before contribution and pension compensation.

Note 9 b ctd. Pensions

Amounts recognised in the Profit and loss

	Parent company	
	2013	**2012**
Pension disbursements	–675	–3,636
Compensation from pension foundations	675	706
Total included in appropriations	**0**	**–2,930**
NET PENSION COSTS FOR DEFINED BENEFIT PLANS	**0**	**–2,930**

Principal actuarial assumptions used, %

Gross interest rate	2.6%	2.2%
Interest rate after tax	2.2%	1.9%

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	**2013**	**2012**
Expense in Staff costs including special salary tax	–765	–1,249

Pension foundations

	Pension commitments		Market value of asset	
	2013	**2012**	**2013**	**2012**
SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	16,400	17,203	20,009	17,757
SEB Kort AB:s Pensionsstiftelse	581	574	686	590
TOTAL	**16,981**	**17,777**	**20,695**	**18,347**

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 2013.

The remuneration structure for the President and the other members of the GEC is in accordance with the remuneration policy for the Bank. No member of the GEC has been entitled to cash based variable compensation as of 2009. Thus, the remuneration is based upon three main components; base pay, equity based compensation and pensions. Other benefits may also be included, such as company car and domestic services.

For more information, see page 62–63.

Specially regulated staff
The President and members of the GEC are considered as specially regulated staff defined in the Swedish Financial Supervisory Authority regulations (FFFS: 2011:1).

Remuneration to the Board, SEK

2013	Base pay	Remunerations [1]	Benefits [2]	Total
Chairman of the Board, Marcus Wallenberg		2,400,000		**2,400,000**
Other members of the Board [3]		7,160,000		**7,160,000**
President and CEO, Annika Falkengren	8,500,000		1,366,143	**9,866,143**
TOTAL	**8,500,000**	**9,560,000**	**1,366,143**	**19,426,143**
2012				
Chairman of the Board, Marcus Wallenberg		2,250,000		**2,250,000**
Other members of the Board [3]		6,230,000		**6,230,000**
President and CEO, Annika Falkengren	8,000,000		1,238,642	**9,238,642**
TOTAL	**8,000,000**	**8,480,000**	**1,238,642**	**17,718,642**

1) As decided at AGM.
2) Includes benefits as domestic service and company car.
3) Remuneration to the board members on individual level is presented on page 52.

Compensation to the Group Executive Committee, SEK [1]

	Base pay	Benefits	Total
2013	34,195,652	1,298,504	**35,494,156**
2012	34,159,985	1,713,630	**35,873,615**

1) GEC excluding the President and CEO. The members partly differ between the years but in average eight (eight) members are included.

Note 9 c ctd. Remuneration to the Board and the Group Executive Committee

Long-term equity programmes
SEB first introduced a long-term equity programme in 1999. Between 2005 and 2010 the programmes included performance shares. Between 2008 and 2012 a Share Savings Programme was run. From 2009 a Share Matching Programme was introduced and from 2012 a Share Deferral Programme. An all Employee Programme was launched in 2013, see also Remuneration report page 62.

Under the Share deferral programme members of the GEC may be granted an individual number of conditional share rights based on the fulfilment of pre-determined Group, divisional and individual target levels as outlined in SEB's business plan. The targets are set on an annual basis as a mix of the financial targets Return on Equity/Return on Business Equity and cost development and the non-financial target customer satisfaction. For GEC the initial allotment may not exceed 100 per cent of the base pay.

Ownership of 50 per cent of the share rights are transferred to the participant after a vesting period of three years, 50 per cent after a vesting period of five years. After each respective vesting period there is an additional holding period of one year after which the share rights can be excercised during a period of three years. Each share right carries the right to receive one Class A-share in the Bank. There is a requirement for vesting that the participant remains with SEB during the first three years. A further requirement for vesting is that the participant holds shares in SEB equal to a predetermined amount, for GEC equivalent to one year salary net of taxes, acquired no later than on a pro-rata basis during the initial three year vesting period.

The GEC is neither participating in the Share Matching Programme 2012 and 2013 nor the All Employee Programme 2013.

The Share Matching Programme 2011 includes an own investment in Class A-shares. Matching shares and performance based matching shares in the Share Matching Programme cannot be sold nor pledged, which means that they do not have any market value. The performance based matching shares in the Share Matching Programmes that can be exercised will depend on the development of two predetermined performance criteria, total shareholder return in relation to the markets required return based on the interest of Swedish Government 10 year bonds i.e. long-term risk free interest rate (LTIR), two thirds, and the total shareholder return in relation to SEB's competitors, one third. After three years the participant receives one matching share and, if the predetermined performance criteria are fulfilled and the participant remains with SEB, the performance based matching shares are received.

The value of the Share Matching Programme is capped at full vesting under the two performance criteria and a doubled share price based on a pre-determined initial share price. If the share price at the time of vesting has more than doubled, the number of matching shares and performance based matching shares that are transferred to a participant will be reduced proportionately so that the value corresponds to the doubled share price capped value.

Long-term equity programmes (expensed amounts for ongoing programmes), SEK

2013	Share saving	Performance shares	Share matching	Share deferral	Total
President and CEO, Annika Falkengren	24,309	164,473	1,725,643	2,290,413	**4,204,838**
Other members of the GEC [1]	116,197	513,976	5,311,903	6,711,307	**12,653,383**
TOTAL	**140,506**	**678,449**	**7,037,546**	**9,001,720**	**16,858,221**
2012					
President and CEO, Annika Falkengren	93,451	1,105,918	2,321,891	969,435	**4,490,695**
Other members of the GEC [1]	256,648	2,951,950	7,744,773	2,743,468	**13,696,839**
TOTAL	**350,099**	**4,057,868**	**10,066,664**	**3,712,903**	**18,187,534**

1) GEC excluding the President and CEO. The members partly differ between the years but in average eight (eight) members are included.

Number outstanding by 2013-12-31[1]

	Number outstanding				
	President and CEO Annika Falkengren	Other members of the GEC	Total	First day of exercise	Performance criteria
2009: Performance shares	0	134,409	**134,409**	2012	actual vesting 50%
2010: Performance shares	131,578	354,364	**485,942**	2013[2]	actual vesting 100%
2011: Matching rights	35,236	107,911	**143,147**	2014[3]	current match 100%
2012: Conditional share rights	121,559	344,008	**465,567**	2016;2018[4]	–
2013: Conditional share rights	83,153	254,445	**337,598**	2017;2019[5]	–

1) Share Matching Programme 2010 vested in 2013 with 72% matching.
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.
4) The vesting period ends 2015 and 2017 respectively and are followed by a holding period of one year, thereafter there is an exercise period of three years.
5) The vesting period ends 2016 and 2018 respectively and are followed by a holding period of one year, thereafter there is an exercise period of three years.

The number of outstanding performance shares is the maximum number that may be received under the programme. The number of outstanding matching rights represents the own investment that entitles to receipt of Class A-shares and performance based matching shares.

During the year the President and CEO has exercised performance shares, savings shares and matching rights to a value of SEK 15,018,406 (2,455,844). The corresponding value for GEC excluding the President is SEK 37,702,116 (17,972,880).

Pension and severance pay
As communicated in the 2012 Annual Report and at the 2013 Annual General Meeting, the aim has been that all pension agreements for the GEC shall be defined contribution based. This transition was completed in 2013 for the President and the remaining other members with defined benefit based plans meaning that the future obligation for the bank has ceased.

The change was made with a retroactive effect and the value exchanged was neutral to the Group. With the change all GEC members have contribution based plans except for a portion in the collective agreement.

The pension agreement of the President is contribution-based and inviolable. The contribution is a fixed amount. Termination of employment by the Bank is subject to a maximum 18-month period of notice and entitles to a severance pay of 6 months' salary.

As regards pension benefits and severance pay the following is applicable to the members of the GEC excluding the President. The pension plans are inviolable and defined contribution-based except for a portion in the collective agreement. The contributions are set on individual basis to fixed amounts. Termination of employment by the Bank is subject to a maximum 12-month period of notice and entitles to a severance pay of 12 months' salary.

Note 9 c ctd. Remuneration to the Board and the Group Executive Committee

Pension costs (contributions, service costs and interest costs), SEK

	President and CEO, Annika Falkengren	Other members of the GEC [1]	Total
2013	5,738,309	17,242,664	**22,980,973**
2012	7,470,741	17,630,263	**25,101,004**

1) GEC excluding the President and CEO. The members partly differ between the years but in average eight (eight) members are included.

Related party disclosures*, SEK

	Group	
Loans to conditions on the market	**2013**	2012
The Board and the Group Executive Committee	164,381,477	87,407,561
Other related parties	9,070,560	9,238,185
TOTAL	**173,452,037**	**96,645,746**

* For information about related parties such as Group companies and Associated companies see note 47.

9 d Share-based payments

Long-term equity-based programmes

2013	All employee programme	Share deferral programme	Share matching programme	Share savings programme	Performance shares
Outstanding at the beginning of the year		1,191,725	4,795,702	7,539,357	13,918,402
Granted[1]	1,788,022	1,421,869	875,020	1,274,947	50,009
Forfeited[2]		–85,696	–9,496		–79,747
Exercised[3]			–1,356,833	–2,622,270	–8,894,221
Expired				–7,152	
OUTSTANDING AT THE END OF THE YEAR	**1,788,022**	**2,527,898**	**4,304,393**	**6,184,882**	**4,994,443**
of which exercisable					4,994,443

2012	All employee programme	Share deferral programme	Share matching programme	Share savings programme	Performance shares
Outstanding at the beginning of the year			4,829,938	6,971,338	19,080,693
Granted[1]		1,199,504	1,781,907	1,888,248	113,593
Forfeited[2]		–7,779			–724,750
Exercised[3]			–1,816,143	–1,320,185	–2,164,309
Expired				–44	–2,386,825
OUTSTANDING AT THE END OF THE YEAR		**1,191,725**	**4,795,702**	**7,539,357**	**13,918,402**
of which exercisable					1,650,073

1) Including compensation for dividend.
2) Weighted average exercise price forfeited PSP SEK 10.00 (10.00).
3) Weighted average exercise price exercised PSP SEK 10.00 (10.00) and weighted average share price at PSP exercise SEK 68.52 (48.52).

The number of outstanding performance shares is the maximum number that may be received under the programme. The number of outstanding deferral rights in SMP is the minimum outcome of the programme.

Note 9 d ctd. Share-based payments

Total long-term equity-based programmes

	Original no of holders [3]	No of issued (maximum outcome)	No of outstanding 2013	No of outstanding 2012	A-share per option/share	Exercise price	Validity	First date of exercise
2006: Performance shares	513	4,727,446		200,231	1	10	2006–2013	2009-02-12
2009: Performance shares	344	5,493,837	738,205	1,449,842	1	10	2009–2016	2012[1]
2010: Performance shares	698	18,900,000	4,256,238	12,268,329	1	10	2010–2017	2013[1]
2008: Share savings programme	7,300	3,818,031	1,161	1,554,112	1 or 2.34		2008–2013	2012-02-13
2009: Share savings programme	5,600	2,326,652	1,160,484	2,014,791	1		2009–2014	2013-02-18
2010: Share savings programme	5,200	2,285,536	2,033,148	2,131,959	1		2010–2015	2014-02-11
2011: Share savings programme	5,050	1,888,248	1,751,534	1,838,495	1		2011–2016	2015-02-16
2012: Share savings programme	4,770	1,274,947	1,238,557		1		2012–2017	2016-02-12
2010: Share matching programme	83	3,978,981		1,238,658	3, 4 or 5		2010–2013	2013[2]
2011: Share matching programme	519	7,628,150	1,722,186	1,793,084	4 or 5		2011–2014	2014[2]
2012: Share matching programme	432	7,024,168	1,723,041	1,763,960	4		2012–2019	2015[2]
2013: Share matching programme	213	3,485,088	859,164				2013–2020	2016[2]
2012: Share deferral programme	86	1,199,504	1,179,340	1,191,725	1		2012–2021	2015/2017[2]
2013: Share deferral programme	263	1,361,861	1,348,558				2013–2022	2016/2018[2]
2013: All employee programme – equity settled	8,347	1,255,838	1,255,838		1		2013–2016	2017
2013: All employee programme – cash settled	5,358	532,184	532,184				2013–2016	2017
TOTAL		**67,180,471**	**19,799,638**	**27,445,186**				

1) As soon as practically possible following the end of the performance period, the establishing of the final outcome and registration of the final number of Performance shares in Equate plus.
2) As soon as practically possible following the end of the performance period, the establishing of the outcome of number of Matching Shares and the allocation of the A-shares and, if applicable, the Matching Shares.
3) In total approximately 10,500 individuals (10,200) have participated in any of the programmes.

Long-term equity-based programmes
From 2005 to 2010 the programmes were based on performance shares. They all have a maximum term of seven years, a vesting period of three years and an exercise period of four years. The number of allotted performance shares that can be exercised depends on the development of two predetermined performance criteria of equal importance. The 2010 programme vested in 2013 with a final outcome of 100 per cent.

Between 2008 and 2012 a Share Savings Programmes for all employees in selected countries have been run. In the Share Savings Programmes the participants saved a maximum of five per cent of their gross base salary during a twelve months period. For the savings amount, Class A-shares were purchased at current stock exchange rate four times a year following the publication of the Bank's interim reports. If the shares are retained by the employee for three years and the employee remains with SEB, the employee receives one Class A-share for each retained share. It has been decided to not renew the Share Savings Programme in order to simplify SEB's all employee offering, see further informtion about the All Employee Programme below.

From 2009 a Share Matching Programme for a number of selected senior executives and other key employees has been introduced. In 2011 the programme also replaced the Performance Share Programme. The programmes are based on performance, have a vesting period of three years and are settled with SEB Class A-shares. All programmes require own investment in Class A-shares. The investment amount is pre-determined and capped for each participant. After three years, if still employed, the participant receives one Class A-share for each invested share and a conditional number of performance based matching shares for each invested share. From 2012 the settlement is in the form of share rights with an exercise period of four years.

The number of performance based matching shares will depend on the development of two pre-determined performance criteria; in the 2013 programme measured as total shareholder return (TSR) in relation to the markets required return based on the interest of Swedish government 10 year bonds i.e. long-term risk free interest rate (LTIR), two thirds, and the total shareholder return in relation to SEB's competitors, one third. The expected vesting at time of grant in 2013 year's programme is approximately 46 per cent. Maximum outcome for the participants is three performance based matching shares. The outcome is also subject to risk adjustment.

The holders are compensated for dividends to the shareholders during the exercise period. Thus, the number of share rights will be recalculated, after the Annual General Meeting each year during the exercise period, taking the dividend into account.

Matching rights are not securities that can be sold, pledged or transferred to another party. However, an estimated value per matching right has been calculated for 2013 to SEK 45 (31) and for the performance based matching rights to SEK 27 (18) (based upon an average closing price of one SEB Class A-share at the time of grant during the month of April). Other inputs to the options pricing model are; exercise price SEK 0 (0); volatility 55 (55) (based on historical values); expected dividend approximately 4 (3) per cent; risk free interest rate 1.00 (1.00) and expected early exercise of 3 (3) per cent. In the value of the option the expected outcome of the performance criteria described above are taken into account.

The programme is subject to a cap, if the share price at the time of vesting has more than doubled the number of matching shares and performance based matching shares that are transferred to a participant will be reduced proportionately so that the value corresponds to the doubled share price capped value.

As from 2012 a Share Deferral Programme has been introduced for the Group Executive Committee and certain other executive managers. The participants are granted an individual number of conditional share rights based on pre-determined Group and individual target levels, both financial (return on equity/return on Business Equity and cost development) and non-financial (customer satisfaction), set on an annual basis.

50 per cent of the share rights ownership is transferred to the participant after a vesting period of three years, 50 per cent after a vesting period of five years. The requirement for vesting is that the participant remains with SEB during the first three years and that the participant holds shares in SEB equal to a predetermined amount, acquired no later than on a pro-rata basis during the initial three year period. After each respective vesting period there is an additional holding period of one year after which the share rights can be exercised during a period of three years. Each share right carries the right to receive one Class A-share in the Bank.

The holders are compensated for dividends to the shareholders during the duration of the Programme. Thus, the number of share rights will be recalculated, after the Annual General Meeting each year, taking the dividend into account. The share rights are not securities that can be sold, pledged or transferred to others. However, an estimated value per share right has been calculated for 2013 to SEK 60 (based upon an average closing price of one SEB Class A-share at the time of grant during the month of April).

In 2013 an All Employee Programme was introduced for most employees. The previous collective cash-based profit sharing programme, SEB Resultatandel was adjusted to an all employee programme where 50 per cent is paid in cash and 50 per cent is deferred for three years and paid in SEB A-shares. Deferrals will be obtained under the condition that the employee remains with SEB. In Sweden the deferred part is paid out in SEB A-shares, adjusted for dividends, to the employee. In all other countries the deferred part is paid out in cash adjusted for Total Shareholder Return in the SEB A-share. Outcome is capped at a maximum amount for each geography and is based on the fulfilment of pre-determined Group targets outlined in SEB's business plan, both financial (return on equity and cost development) and non-financial (customer satisfaction).

Further details of the outstanding programmes are found in the table.

9 e Number of employees

Average number of employees	Group			Parent company		
2013	Men	Women	Total	Men	Women	Total
Sweden	4,191	4,362	**8,553**	3,694	3,720	**7,414**
Norway	274	187	**461**	211	107	**318**
Denmark	415	286	**701**	185	75	**260**
Finland	166	153	**319**	115	99	**214**
Estonia	315	1,005	**1,320**			
Latvia	402	1,122	**1,524**	94	179	**273**
Lithuania	637	1,566	**2,203**	144	246	**390**
Germany	582	431	**1,013**	39	10	**49**
Poland	24	41	**65**	16	22	**38**
Ukraine	33	61	**94**			
China	14	25	**39**	14	25	**39**
Great Britain	113	56	**169**	107	55	**162**
Ireland	46	58	**104**			
Luxembourg	118	109	**227**			
Russia	32	69	**101**			
Singapore	40	69	**109**	32	65	**97**
United States	36	18	**54**	26	17	**43**
Other [1]	25	15	**40**	15	4	**19**
TOTAL	**7,463**	**9,633**	**17,096**	**4,692**	**4,624**	**9,316**
2012						
Sweden	4,339	4,537	**8,876**	3,823	3,880	**7,703**
Norway	292	211	**503**	216	115	**331**
Denmark	424	303	**727**	169	76	**245**
Finland	173	162	**335**	114	98	**212**
Estonia	337	1,080	**1,417**			
Latvia	405	1,116	**1,521**	81	158	**239**
Lithuania	619	1,554	**2,173**	90	172	**262**
Germany	689	485	**1,174**	74	12	**86**
Poland	27	41	**68**	17	21	**38**
Ukraine	154	349	**503**			
China	14	22	**36**	14	22	**36**
Great Britain	129	65	**194**	116	62	**178**
Ireland	47	57	**104**			
Luxembourg	119	112	**231**			
Russia	36	70	**106**			
Singapore	42	66	**108**	34	62	**96**
United States	38	17	**55**	27	16	**43**
Other [1]	23	14	**37**	13	8	**21**
TOTAL	**7,907**	**10,261**	**18,168**	**4,788**	**4,702**	**9,490**

1) Switzerland, British Virgin Island, Brazil and Hong Kong.

Number of hours worked in parent company 14,984,074 (15,424,063).

10 Other expenses

	Group		Parent company	
	2013	2012	2013	2012
Costs for premises [1]	–1,634	–1,625	–1,052	–1,080
IT costs	–2,412	–2,910	–1,520	–1,984
Stationery	–107	–110	–73	–73
Travel and entertainment	–415	–429	–297	–298
Postage	–167	–160	–130	–117
Consultants	–733	–730	–584	–550
Marketing	–394	–430	–208	–219
Information services	–453	–444	–391	–371
Other operating costs [2]	16	394	–482	–225
TOTAL	**–6,299**	**–6,444**	**–4,737**	**–4,917**
1) Of which rental costs	–1,177	–1,174	–804	–816

2) Net after deduction for capitalised costs, see also note 28.

Note 10 ctd. Other expenses

Fees and expense allowances to appointed auditors and audit firms [1]

	Group		Parent company	
	2013	2012	2013	2012
Audit assignment	–26	–28	–10	–10
Audit related services	–20	–18	–4	–3
Tax advisory	–13	–15	–10	–8
Other services	–18	–40	–1	–18
PricewaterhouseCoopers	**–77**	**–101**	**–25**	**–39**
Audit assignment	–1	–1		
Tax advisory	–1	–1		
Other services	–1			
Other audit firms	**–3**	**–2**		
TOTAL	**–80**	**–103**	**–25**	**–39**

1) The parent company includes the foreign branches.

In addition to the above mentioned fees and expense allowances there have also been fees and expense allowances to appointed auditors and audit firms in relation to the divestment of German retail operations which amounts to SEK 2m (38) for Other services.

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 mergers and acquisitions activities, operational effectiveness and assessments of internal control.

11 Depreciation, amortisation and impairment of tangible and intangible assets

	Group		Parent company	
	2013	2012	2013	2012
Depreciation of tangible assets	–457	–486	–127	–121
Depreciation of equipment leased to clients			–4,390	–4,436
Amortisation of intangible assets	–485	–510	–491	–437
Amortisation of deferred acquisition costs	–891	–837		
Impairment of tangible assets	–34	–17		
Impairment of intangible assets	–8			–2
Retirement and disposal of intangible assets	–84	–762	–16	–450
TOTAL	**–1,959**	**–2,612**	**–5,024**	**–5,446**

12 Gains less losses from disposals of tangible and intangible assets

	Group		Parent company	
	2013	2012	2013	2012
Properties	55	7		
Other tangible assets	3		33	65
Gains from disposals	**58**	**7**	**33**	**65**
Properties	–30			
Other tangible assets	–12	–6		
Losses from disposals	**–42**	**–6**		
TOTAL	**16**	**1**	**33**	**65**

13 Net credit losses

	Group		Parent company	
	2013	2012	2013	2012
Provisions:				
Net collective provisions for individually assessed loans	59	104	53	–154
Net collective provisions for portfolio assessed loans	715	–148	52	–33
Specific provisions	–756	–532	–208	–114
Reversal of specific provisions no longer required	381	557	33	128
Net provisions for contingent liabilities	11	23	1	
Net provisions	**410**	**4**	**–69**	**–173**
Write-offs:				
Total write-offs	–3,755	–2,892	–640	–542
Reversal of specific provisions utilized for write-offs	2,067	1,814	214	259
Write-offs not previously provided for	–1,688	–1,078	–426	–283
Recovered from previous write-offs	123	137	44	71
Net write-offs	**–1,565**	**–941**	**–382**	**–212**
TOTAL	**–1,155**	**–937**	**–451**	**–385**

14 Appropriations

	Parent company	
	2013	2012
Compensation from pension funds, pension disbursements	675	706
Pension disbursements	–675	–3,636
Pension compensation	**0**	**–2,930**
Appropriations to/utilisation of untaxed reserves	1,291	–1,291
Group contribution	780	1,053
Accelerated tax depreciation	1,361	–7
Appropriations	**3,432**	**–245**
TOTAL	**3,432**	**–3,175**

15 Income tax expense

	Group		Parent company	
Major components of tax expense	2013	2012	2013	2012
Current tax	–4,148	–2,187	–2,778	–1,289
Deferred tax	817	149		
Tax for current year	–3,331	–2,038	–2,778	–1,289
Current tax for previous years	–7	–55	–27	–86
INCOME TAX EXPENSE	**–3,338**	**–2,093**	**–2,805**	**–1,375**
Relationship between tax expenses and accounting profit				
Net profit from continuing operations	14,789	12,142	16,939	4,764
Income tax expense	3,338	2,093	2,805	1,375
Accounting profit before tax	**18,127**	**14,235**	**19,744**	**6,139**
Current tax at Swedish statutory rate of 22.0 (26.3) per cent	–3,988	–3,744	–4,344	–1,615
Tax effect relating to other tax rates in other jurisdictions	92	193		
Tax effect relating to not tax deductible expenses	–251	–109	–107	–336
Tax effect relating to non taxable income	487	474	1,673	662
Tax effect relating to a previously recognised tax loss, tax credit or temporary difference	12	533		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	–500	466		
Current tax	**–4,148**	**–2,187**	**–2,778**	**–1,289**
Tax effect relating to origin and reversal of tax losses, tax credits and temporary differences	–12	–533		
Tax effect relating to changes in tax rates or the imposition of new taxes	282	1,131		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	540	–396		
Tax effect relating to impairment or reversal of previous impairments of a deferred tax asset	7	–53		
Deferred tax	**817**	**149**		
Current tax for previous years	**–7**	**–55**	**–27**	**–86**
INCOME TAX EXPENSE	**–3,338**	**–2,093**	**–2,805**	**–1,375**

See also note 29 Other assets for current and deferred tax assets and note 35 Other liabilities for current and deferred tax liabilities

Deferred tax income and expense recognised in income statement		
Accelerated tax depreciation	480	1,196
Pension plan assets, net	82	–671
Tax losses carry forwards	–160	–207
Other temporary differences	415	–169
TOTAL	**817**	**149**

Deferred tax assets and liabilites, where the change is not reported as a change in deferred tax, amount to SEK –532m (59) and is explained by the change in accounting principles for pensions implemented last year and currency translation effect.

16 Earnings per share

	Group	
Continuing operations	2013	2012
Net profit attributable to equity holders, SEKm	14,782	12,120
Weighted average number of shares, millions	2,191	2,191
Basic earnings per share, SEK	6.74	5.53
Net profit attributable to equity holders, SEKm	14,782	12,120
Weighted average number of diluted shares, millions	2,207	2,199
Diluted earnings per share, SEK	6.69	5.51
Discontinued operations		
Net profit attributable to equity holders, SEKm	–11	–488
Weighted average number of shares, millions	2,191	2,191
Basic earnings per share, SEK	0.00	–0.22
Net profit attributable to equity holders, SEKm	–11	–488
Weighted average number of diluted shares, millions	2,207	2,199
Diluted earnings per share, SEK	0.00	–0.22
Total operations		
Net profit attributable to equity holders, SEKm	14,771	11,632
Weighted average number of shares, millions	2,191	2,191
Basic earnings per share, SEK	6.74	5.31
Net profit attributable to equity holders, SEKm	14,771	11,632
Weighted average number of diluted shares, millions	2,207	2,199
Diluted earnings per share, SEK	6.69	5.29
Dilution		
Weighted average number of shares, millions	2,191	2,191
Adjustment for diluted weighted average number of additional Class A-shares, millions	16	8
Weighted average number of diluted shares, millions	2,207	2,199

17 Other comprehensive income

	Group		Parent company	
	2013	2012	2013	2012
Items that may be reclassified subsequently to profit or loss:				
Valuation gains (losses) during the year	1,238	1,821	1,038	940
Income tax on valuation gains (losses) during the year	–193	–476	–226	–247
Transferred to profit or loss for the year	73	–80	60	
Income tax on transfers to profit or loss for the year	–13	11	–13	
Available for sale assets	**1,105**	**1,276**	**859**	**693**
Valuation gains (losses) during the year	–1,467	442	–1,244	445
Income tax on valuation gains (losses) during the year	323	–33	274	–54
Transferred to profit or loss for the year	306	220	86	220
Income tax on transfers to profit or loss for the year	–67	–48	–19	–27
Cash flow hedges	**–905**	**581**	**–903**	**584**
Translation of foreign operations	75	–386	–32	–72
Taxes on translation effects	328	–284		
Translation of foreign operations	**403**	**–670**	**–32**	**–72**
Items that will not be reclassified to profit or loss:				
Remeasurement of pension obligations, including special salary tax	4,039	–3,847		
Valuation gains (losses) on plan assets during the year	2,443	1,168		
Deferred tax on pensions	–1,399	676		
Defined benefit plans	**5,083**	**–2,003**		
TOTAL	**5,686**	**–816**	**–76**	**1,205**

The method used to hedge currency risks related to foreign operations creates a tax expense (tax income) in the parent company. Fair value changes on the hedging instruments impacts the taxable result contrary to the currency revaluation of the foreign operations. In the Group this tax effect is reported in Other comprehensive income.

18 Risk disclosures

Managing risk is a core activity in a bank and therefore fundamental to long-term profitability and stability. Risk is closely related to business activities and business development and, therefore, to customer needs.

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

Further information about credit risk, market risk, operational risk, insurance risk together with liquidity risk and the management of those risks are found under the section Risk, liquidity and capital management (page 36–48) of the report of directors, which also forms part of the financial statements.

18 a Credit risk

Of the various risks that SEB assumes in providing its customers with financial solutions and products, credit risk is the most significant. Credit risk is the risk of loss due to the failure of an obligor to fulfil its obligations towards SEB. The definition also encompasses counterparty risk in the trading operations, country risk, concentration risk and settlement risk. Credit risk is calculated for all assets, both in the banking book and the trading book.

The overriding principle of SEB's credit granting is that all lending shall be based on credit analysis and be proportionate to the customer's ability to repay. For more information regarding credit risk see page 40–41.

Total credit exposure comprises the Group's credit portfolio (loans, leasing agreements, contingent liabilitites and counterparty risks arising from derivative 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 at nominal amounts, considering credit derivatives and futures. Debt instruments in the Life division are excluded.

Credit exposure by industry

	Loans		Contingent liabilities		Derivative instruments		Total	
Group	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Banks	**72,632**	**76,838**	**21,656**	**17,918**	**63,432**	**76,162**	**157,720**	**170,918**
Finance and insurance	43,875	49,006	29,300	31,893	13,998	10,616	**87,173**	**91,515**
Wholesale and retail	43,793	36,046	29,761	29,452	782	491	**74,336**	**65,989**
Transportation	31,360	32,605	14,733	12,950	947	930	**47,040**	**46,485**
Shipping	33,507	31,379	12,375	9,585	953	935	**46,835**	**41,899**
Business and household services	80,819	76,279	65,211	60,703	2,087	2,878	**148,117**	**139,860**
Construction	8,436	7,840	13,504	12,914	299	302	**22,239**	**21,056**
Manufacturing	85,138	81,509	128,795	111,479	4,789	5,916	**218,722**	**198,904**
Agriculture, forestry and fishing	9,774	9,360	2,386	1,428	202	227	**12,362**	**11,015**
Mining and quarrying	12,181	12,016	18,076	16,394	373	374	**30,630**	**28,784**
Electricity, gas and water supply	31,251	26,881	27,682	23,667	3,394	3,899	**62,327**	**54,447**
Other	25,183	23,163	8,982	6,756	346	456	**34,511**	**30,375**
Corporates	**405,317**	**386,084**	**350,805**	**317,221**	**28,170**	**27,024**	**784,292**	**730,329**
Commercial real estate management	143,899	133,698	19,424	14,471	3,881	5,553	**167,204**	**153,722**
Residential real estate management	81,312	79,826	7,235	8,712	2,819	5,284	**91,366**	**93,822**
Housing co-operative association, Sweden	40,643	36,437	2,625	4,087	27	43	**43,295**	**40,567**
Property Management	**265,854**	**249,961**	**29,284**	**27,270**	**6,727**	**10,880**	**301,865**	**288,111**
Public Administration	**54,951**	**57,670**	**22,673**	**13,723**	**4,243**	**4,970**	**81,867**	**76,363**
Household mortgage	427,142	402,052	22,928	23,412			**450,070**	**425,464**
Other	43,713	43,233	41,682	42,160	887	35	**86,282**	**85,428**
Households	**470,855**	**445,285**	**64,610**	**65,572**	**887**	**35**	**536,352**	**510,892**
Credit portfolio	**1,269,609**	**1,215,838**	**489,028**	**441,704**	**103,459**	**119,071**	**1,862,096**	**1,776,613**
Repos							**10,099**	**26,932**
Debt instruments							**255,092**	**272,481**
TOTAL							**2,127,287**	**2,076,026**

Note 18 a ctd. Credit risk

Credit portfolio by industry and geography*

Group 2013	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	72,301	22,333	10,548	4,468	209	863	526	31,876	14,596	157,720
Finance and insurance	54,591	1,257	3,923	707	384	7	464	20,368	5,472	87,173
Wholesale and retail	40,263	3,177	1,782	875	2,653	3,029	8,534	9,965	4,058	74,336
Transportation	29,463	221	3,800	191	1,317	1,903	2,473	7,523	149	47,040
Shipping	38,405	364	1,086	641	700	136	219	55	5,229	46,835
Business and household services	102,895	1,480	3,472	790	2,822	3,200	1,950	28,461	3,047	148,117
Construction	13,038	303	277	688	942	985	1,305	3,479	1,222	22,239
Manufacturing	145,214	3,390	4,661	10,043	4,216	1,971	6,566	30,963	11,698	218,722
Agriculture, forestry and fishing	7,559	173	10	33	1,762	1,963	774	65	23	12,362
Mining and quarrying	24,780	9	5,350	115	29	111	56		180	30,630
Electricity, gas and water supply	28,438	356	815	6,972	1,835	1,637	3,317	18,303	654	62,327
Other	26,467	859	851	1,472	244	259	172	1,605	2,582	34,511
Corporates	511,113	11,589	26,027	22,527	16,904	15,201	25,830	120,787	34,314	784,292
Commercial real estate management	108,658	42	1,908	738	6,207	4,547	8,208	36,896		167,204
Residential real estate management	75,234		54			451	8	15,619		91,366
Housing co-operative association, Sweden	43,295									43,295
Property Management	227,187	42	1,962	738	6,207	4,998	8,216	52,515		301,865
Public Administration	19,046	6	372	1,142	3,683	344	2,185	53,699	1,390	81,867
Household mortgage	405,522		2,183		14,148	7,248	17,327	134	3,508	450,070
Other	44,796	4,276	24,172	2,231	2,714	2,587	1,353	7	4,146	86,282
Households	450,318	4,276	26,355	2,231	16,862	9,835	18,680	141	7,654	536,352
TOTAL	1,279,965	38,246	65,264	31,106	43,865	31,241	55,437	259,018	57,954	1,862,096

2012	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	79,040	21,336	13,947	3,660	316	513	500	35,458	16,148	170,918
Finance and insurance	61,174	873	4,457	754	159	315	415	19,817	3,551	91,515
Wholesale and retail	33,497	1,707	1,436	703	2,400	3,073	8,211	9,995	4,967	65,989
Transportation	31,466	150	3,420	414	1,117	1,749	2,297	5,640	232	46,485
Shipping	33,575	178	2,118	413	520	132	223	6	4,734	41,899
Business and household services	101,919	988	2,794	946	2,419	2,258	1,927	24,739	1,870	139,860
Construction	13,110	223	716	695	934	1,193	1,117	2,209	859	21,056
Manufacturing	134,348	2,036	3,908	10,098	3,547	1,822	6,266	27,763	9,116	198,904
Agriculture, forestry and fishing	6,602	95	7	28	1,504	2,013	670	73	23	11,015
Mining and quarrying	21,743		5,489	239	22	102	70	217	902	28,784
Electricity, gas and water supply	26,817	670	1,064	5,220	2,617	1,905	2,786	12,898	470	54,447
Other	22,606	743	1,261	807	213	275	174	1,575	2,721	30,375
Corporates	486,857	7,663	26,670	20,317	15,452	14,837	24,156	104,932	29,445	730,329
Commercial real estate management	93,169	92	1,787	623	5,428	2,913	9,099	40,610	1	153,722
Residential real estate management	71,846		74			1,852	10	20,041		93,823
Housing co-operative association, Sweden	40,566									40,566
Property Management	205,581	92	1,861	623	5,428	4,765	9,109	60,651	1	288,111
Public Administration	18,075	2	823	1,334	3,542	323	2,576	48,275	1,413	76,363
Household mortgage	381,364		2,824		13,529	7,596	17,248		2,903	425,464
Other	42,462	4,191	26,704	1,629	2,552	2,674	1,376	37	3,803	85,428
Households	423,826	4,191	29,528	1,629	16,081	10,270	18,624	37	6,706	510,892
TOTAL	1,213,379	33,284	72,829	27,563	40,819	30,708	54,965	249,353	53,713	1,776,613

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Note 18 a ctd. Credit risk

Loan portfolio by industry and geography*

Group 2013	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**33,604**	**617**	**1,115**	**1,418**	**202**	**814**	**407**	**24,656**	**9,799**	**72,632**
Finance and insurance	26,466	143	1,169	24	154	6	14	10,653	5,246	**43,875**
Wholesale and retail	25,317	2,084	1,185	444	1,406	2,097	5,978	3,041	2,241	**43,793**
Transportation	19,914	97	2,785	3	959	1,700	1,993	3,778	131	**31,360**
Shipping	26,766	17	817	641	361	113	198	55	4,539	**33,507**
Business and household services	62,390	627	724	156	2,334	2,737	1,503	9,691	657	**80,819**
Construction	6,561	93	141	23	417	372	426	361	42	**8,436**
Manufacturing	56,400	1,999	755	2,919	2,585	1,566	4,589	7,225	7,100	**85,138**
Agriculture, forestry and fishing	5,660	22	1	33	1,571	1,831	653		3	**9,774**
Mining and quarrying	11,859	8	43	115	20	93	43			**12,181**
Electricity, gas and water supply	13,036	229	30	5,504	901	1,380	2,175	7,786	210	**31,251**
Other	19,369	773	511	631	191	238	167	1,457	1,846	**25,183**
Corporates	**273,738**	**6,092**	**8,161**	**10,493**	**10,899**	**12,133**	**17,739**	**44,047**	**22,015**	**405,317**
Commercial real estate management	89,477	6	1,233	467	5,713	4,377	7,465	35,161		**143,899**
Residential real estate management	66,219		49			383	8	14,653		**81,312**
Housing co-operative association, Sweden	40,643									**40,643**
Property Management	**196,339**	**6**	**1,282**	**467**	**5,713**	**4,760**	**7,473**	**49,814**		**265,854**
Public Administration	**6,104**	**6**	**100**	**1,142**	**1,492**	**105**	**1,575**	**43,037**	**1,390**	**54,951**
Household mortgage	382,868		2,183		14,068	7,230	17,152	133	3,508	**427,142**
Other	25,761	2,367	7,588	1,192	2,168	1,767	819	7	2,044	**43,713**
Households	**408,629**	**2,367**	**9,771**	**1,192**	**16,236**	**8,997**	**17,971**	**140**	**5,552**	**470,855**
TOTAL	**918,414**	**9,088**	**20,429**	**14,712**	**34,542**	**26,809**	**45,165**	**161,694**	**38,756**	**1,269,609**
Repos, credit institutions										**19,997**
Repos, general public										**87,436**
Debt instruments reclassified										**34,684**
Reserves										**–6,535**
TOTAL LENDING										**1,405,191**

2012	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**33,779**	**3,544**	**3,021**	**1,224**	**307**	**484**	**349**	**23,756**	**10,374**	**76,838**
Finance and insurance	32,774	113	1,557	4	40	176	8	11,034	3,300	**49,006**
Wholesale and retail	18,264	1,434	690	409	1,324	1,970	5,703	2,677	3,575	**36,046**
Transportation	22,608	11	2,879	3	768	1,408	1,773	2,991	164	**32,605**
Shipping	24,387	46	1,767	413	189	121	222	6	4,228	**31,379**
Business and household services	59,675	603	707	97	2,094	1,854	1,531	9,265	453	**76,279**
Construction	5,719	172	224	46	342	699	382	228	28	**7,840**
Manufacturing	52,661	1,206	418	4,063	2,053	1,525	4,463	9,739	5,381	**81,509**
Agriculture, forestry and fishing	5,546	87	5	28	1,312	1,795	580		7	**9,360**
Mining and quarrying	11,359		31	238	21	81	69	217		**12,016**
Electricity, gas and water supply	12,613	495	69	3,614	1,162	1,445	2,048	5,341	94	**26,881**
Other	17,621	742	852	101	193	253	166	1,413	1,822	**23,163**
Corporates	**263,227**	**4,909**	**9,199**	**9,016**	**9,498**	**11,327**	**16,945**	**42,911**	**19,052**	**386,084**
Commercial real estate management	78,964	5	835	618	5,089	2,629	8,574	36,983	1	**133,698**
Residential real estate management	59,640		70			1,800	10	18,306		**79,826**
Housing co-operative association, Sweden	36,437									**36,437**
Property Management	**175,041**	**5**	**905**	**618**	**5,089**	**4,429**	**8,584**	**55,289**	**1**	**249,961**
Public Administration	**3,998**	**2**	**111**	**1,317**	**1,444**	**137**	**2,131**	**47,118**	**1,412**	**57,670**
Household mortgage	358,185		2,824		13,496	7,573	17,071		2,903	**402,052**
Other	24,510	2,288	8,739	767	2,024	1,947	855	37	2,066	**43,233**
Households	**382,695**	**2,288**	**11,563**	**767**	**15,520**	**9,520**	**17,926**	**37**	**4,969**	**445,285**
TOTAL	**858,740**	**10,748**	**24,799**	**12,942**	**31,858**	**25,897**	**45,935**	**169,111**	**35,808**	**1,215,838**
Repos, credit institutions										**30,822**
Repos, general public										**75,702**
Debt instruments reclassified										**48,618**
Reserves										**–8,869**
TOTAL LENDING										**1,362,111**

* The geographical distribution is based on where the loan is booked.

Note 18 a ctd. Credit risk

Impaired loan by industry and geography*

Group 2013	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**2**	**2**						**1**		**5**
Finance and insurance	3									**3**
Wholesale and retail	67				16	79	174	32	3	**371**
Transportation	2		1			13	83	5		**104**
Shipping									158	**158**
Business and household services	87	15		1	7	8	153	6		**277**
Construction	13		1		36	30	39	46		**165**
Manufacturing	43				76	135	140	339		**733**
Agriculture, forestry and fishing	1					17	14			**32**
Mining and quarrying	1									**1**
Electricity, gas and water supply	4							28		**32**
Other	191					8		1	113	**313**
Corporates	**412**	**15**	**2**	**1**	**135**	**290**	**603**	**457**	**274**	**2,189**
Commercial real estate management	137				156	110	1,006	978	2	**2,389**
Residential real estate management	22					6				**28**
Housing co-operative association, Sweden	19									**19**
Property Management	**178**				**156**	**116**	**1,006**	**978**	**2**	**2,436**
Household mortgage	2						107			**109**
Other		6	114			53			19	**192**
Households	**2**	**6**	**114**			**53**	**107**		**19**	**301**
TOTAL	**594**	**23**	**116**	**1**	**291**	**459**	**1,716**	**1,436**	**295**	**4,931**

2012

	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**43**	**2**								**45**
Finance and insurance	3				1			3		**7**
Wholesale and retail	60				17	219	274	35	5	**610**
Transportation	1				1	17	81	5		**105**
Shipping							81		187	**268**
Business and household services	88	103			10	39	214	3	3	**460**
Construction	29	5			74	109	52	45	1	**315**
Manufacturing	53			48	133	30	167	189	7	**627**
Agriculture, forestry and fishing						63	11		8	**82**
Mining and quarrying						40				**40**
Electricity, gas and water supply	4				2					**6**
Other	200		4	1	10	39		3	32	**289**
Corporates	**438**	**108**	**4**	**49**	**248**	**556**	**880**	**283**	**243**	**2,809**
Commercial real estate management	26				217	735	2,434	804		**4,216**
Residential real estate management	9					193		416		**618**
Housing co-operative association, Sweden	11									**11**
Property Management	**46**				**217**	**928**	**2,434**	**1,220**		**4,845**
Household mortgage	10		10				86			**106**
Other		7	22			149			18	**196**
Households	**10**	**7**	**32**			**149**	**86**		**18**	**302**
TOTAL	**537**	**117**	**36**	**49**	**465**	**1,633**	**3,400**	**1,503**	**261**	**8,001**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Portfolio assessed loans past due more than 60 days*

Group 2013	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Corporates	**21**	**11**	**44**	**39**	**53**	**64**	**65**			**297**
Household mortgage	370				262	840	976			**2,448**
Household mortgage restructured					41	88	252			**381**
Other	743	240	130	23	33	109	123			**1,401**
Households	**1,113**	**240**	**130**	**23**	**336**	**1,037**	**1,351**			**4,230**
TOTAL	**1,134**	**251**	**174**	**62**	**389**	**1,101**	**1,416**			**4,527**

Note 18 a ctd. Credit risk

2012	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Corporates	**20**	**11**	**42**	**41**	**123**	**168**	**83**			**488**
Household mortgage	460				414	1,229	1,123			**3,226**
Household mortgage restructured					45	108	297			**450**
Other	661	253	278	25	49	280	129			**1,675**
Households	**1,121**	**253**	**278**	**25**	**508**	**1,617**	**1,549**			**5,351**
TOTAL	**1,141**	**264**	**320**	**66**	**631**	**1,785**	**1,632**			**5,839**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Debt instruments

At year-end 2013, the credit exposure in the bond portfolio was SEK 255bn (272).

Distribution by geography

	General governments		Corporates		Covered bonds		Asset backed securities		Financials		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Germany	27.2%	27.2%	0.5%	0.7%	1.1%	1.8%	0.1%	0.1%	0.1%	0.4%	**29.0%**	**30.2%**
Sweden	5.9%	7.1%	1.8%	1.7%	17.6%	18.1%	0.0%	0.0%	2.8%	0.8%	**28.1%**	**27.7%**
Denmark	1.8%	2.0%	0.3%	0.3%	11.0%	10.3%	0.0%	0.0%	0.0%	0.0%	**13.1%**	**12.6%**
Norway	2.3%	2.9%	0.6%	1.4%	3.1%	2.5%	0.0%	0.0%	2.1%	1.3%	**8.1%**	**8.1%**
Finland	1.9%	1.4%	0.4%	0.4%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	**2.5%**	**2.0%**
US	0.7%	0.8%	0.0%	0.0%	0.0%	0.0%	1.3%	1.7%	0.2%	0.2%	**2.2%**	**2.7%**
Netherlands	1.0%	0.8%	0.0%	0.0%	0.4%	0.5%	0.2%	0.2%	0.0%	0.0%	**1.6%**	**1.5%**
France	0.5%	0.4%	0.2%	0.1%	0.6%	2.1%	0.0%	0.0%	0.0%	0.0%	**1.3%**	**2.6%**
GIIPS 1)	0.1%	0.1%	0.0%	0.0%	2.9%	3.0%	1.0%	1.0%	0.0%	0.0%	**4.0%**	**4.1%**
Europe, other	6.2%	4.6%	0.2%	0.0%	0.3%	0.6%	2.5%	2.9%	0.1%	0.0%	**9.3%**	**8.1%**
Other	0.6%	0.2%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.0%	0.0%	**0.8%**	**0.4%**
TOTAL	**48.2%**	**47.5%**	**4.0%**	**4.6%**	**37.2%**	**39.1%**	**5.3%**	**6.1%**	**5.3%**	**2.7%**	**100.0%**	**100.0%**

1) Greece, Italy, Ireland, Portugal, Spain.

Distribution by rating

AAA	33.7%	32.8%	0.1%	0.4%	32.1%	35.0%	2.8%	3.0%	2.1%	0.2%	**70.8%**	**71.4%**
AA	8.0%	6.9%	0.0%	0.0%	0.4%	0.4%	0.7%	1.2%	0.2%	0.1%	**9.3%**	**8.6%**
A	0.6%	0.2%	0.6%	0.4%	1.8%	1.7%	0.5%	0.6%	0.7%	0.9%	**4.2%**	**3.8%**
BBB	0.8%	1.1%	0.5%	0.7%	1.0%	1.2%	0.5%	0.6%	0.1%	0.2%	**2.9%**	**3.8%**
BB/B	0.0%	0.0%	0.1%	0.2%	0.0%	0.1%	0.5%	0.3%	0.0%	0.0%	**0.6%**	**0.6%**
CCC/CC	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.0%	0.0%	**0.1%**	**0.3%**
No issue rating 1)	5.1%	6.5%	2.7%	2.9%	1.9%	0.7%	0.2%	0.1%	2.2%	1.3%	**12.1%**	**11.5%**
TOTAL	**48.2%**	**47.5%**	**4.0%**	**4.6%**	**37.2%**	**39.1%**	**5.3%**	**6.1%**	**5.3%**	**2.7%**	**100.0%**	**100.0%**

1) Mainly German local governments (Bundesländer).

Exposure on GIIPS countries

	Greece		Italy		Ireland 1)		Portugal		Spain 1) 2)	
Group	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
General government										
Nominal amount			272	281						
Book value			257	265						
Financial corporations										
Nominal amount										23
Book value										23
Covered bonds										
Nominal amount						441			7,268	7,629
Book value						456			7,306	6,447
Asset backed securities										
Nominal amount	235	275	288	355	589	603	337	358	1,204	1,396
Book value	232	272	283	345	575	597	333	352	1,160	1,338

1) The interest rate risk in the covered bonds is managed by interest rate swaps where the change in valuation is recognised as Other comprehensive income. The accumulated Other comprehensive income 2013 was SEK –821m (–1,160).
2) Short positions as of December 2013, nominal amount of SEK –146m and book value SEK –157m, are excluded in the table. Corresponding amount as of December 2012 was nominal amount SEK –468m and book value –476m.

18 b 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.

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. For more information regarding liquidity risk see page 45–46.

The tables (page 108–109) 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 derivatives are reported within < 3 months, though contractual maturity may extend over longer periods, which reflects the short-term nature of the trading activities. Derivatives are reported at fair value. Off-balance sheet items such as loan commitments are mainly reported within < 3 months to reflect the on demand character of the instruments. The following liabilities recognised 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 the gross cash flows from those contracts separately.

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 2013

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	> 5 years	No maturity	Discount effect	Total
Deposits from credit institutions	153,598	13,820	4,323	5,491	2	–1,043	**176,191**
Deposits and borrowing from the public	741,767	45,345	34,022	34,954	13	–6,626	**849,475**
Liabilities to policyholders – investment contracts	197,892	1,520	4,528	19,554			**223,494**
Debt securities	170,413	179,992	315,952	72,692		–25,059	**713,990**
Trading liabilities	73,071	260	1,275	1,364	1	–185	**75,786**
Trade and client payables	30,255				110		**30,365**
Subordinated liabilities	3,892		14,289	9,679		–5,051	**22,809**
Total	**1,370,888**	**240,937**	**374,389**	**143,734**	**126**	**–37,964**	**2,092,110**
Other liabilities (non-financial)	**107,946**	**2,087**	**4,473**	**4,274**	**2,581**		**121,361**
Off-balance sheet items							
Loan commitments	297,415	876	208	1,055			**299,554**
Acceptances and other financial facilitites	33,004	1,266	738	64			**35,072**
Operational lease commitments		192	668	324	1		**1,185**
Total	**330,419**	**2,334**	**1,614**	**1,443**	**1**		**335,811**
Total liabilities and off-balance sheet items	**1,809,253**	**245,358**	**380,476**	**149,451**	**2,708**	**–37,964**	**2,549,282**
Total financial assets (contractual maturity dates)[1]	**1,037,993**	**300,736**	**770,039**	**378,191**	**17,858**	**–70,513**	**2,434,304**
Derivatives							
Currency-related	3,294,273	133,720	39,774	1,664			**3,469,431**
Interest-related	5,425,209	843,862	1,674,699	219,650			**8,163,420**
Equity-related	295,641	199,868	1,371,046	34,616			**1,901,171**
Other-related	64,936	1,054	3,725				**69,715**
Total derivative outflows	**9,080,059**	**1,178,504**	**3,089,244**	**255,930**			**13,603,737**
Total derivative inflows	**8,534,543**	**1,120,795**	**2,132,114**	**252,515**			**12,039,967**

2012

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	> 5 years	No maturity	Discount effect	Total
Deposits from credit institutions	149,564	6,021	7,189	9,389		–1,507	**170,656**
Deposits and borrowing from the public	736,676	37,344	32,044	68,808		–12,612	**862,260**
Liabilities to policyholders – investment contracts	172,279	1,431	4,087	17,823			**195,620**
Debt securities	138,742	184,083	293,683	74,178		–28,835	**661,851**
Trading liabilities	77,281					–60	**77,221**
Trade and client payables	54,121	10	13		98		**54,242**
Subordinated liabilities	3		16,741	12,863		–5,326	**24,281**
Total	**1,328,666**	**228,889**	**353,757**	**183,061**	**98**	**–48,340**	**2,046,131**
Other liabilities (non-financial)	**111,935**	**2,315**	**3,295**	**4,813**	**1,600**		**123,958**
Off-balance sheet items							
Loan commitments	252,999	554	158	2,511			**256,222**
Acceptances and other financial facilitites	36,415	594	470	19			**37,498**
Operational lease commitments	80	2	699	326			**1,107**
Total	**289,494**	**1,150**	**1,327**	**2,856**			**294,827**
Total liabilities and off-balance sheet items	**1,730,095**	**232,354**	**358,379**	**190,730**	**1,698**	**–48,340**	**2,464,916**
Total financial assets (contractual maturity dates)[1]	**906,217**	**317,975**	**728,320**	**479,896**	**72,485**	**–100,994**	**2,403,899**
Derivatives							
Currency-related	3,128,072	112,149	53,651	1,789			**3,295,661**
Interest-related	117,485	995,578	2,392,533	1,393,842			**4,899,438**
Equity-related	48,834	15,029	1,277,069	176,415			**1,517,347**
Other-related	3,132		6,871	12,548			**22,551**
Total derivative outflows	**3,297,523**	**1,122,756**	**3,730,124**	**1,584,594**			**9,734,997**
Total derivative inflows	**3,733,753**	**1,083,390**	**2,544,696**	**1,480,321**			**8,842,160**

Note 18 b ctd. Liquidity risk

Parent company 2013

Financial liabilities (contractual maturity dates)	< 3 months	3 < 12 months	1 < 5 years	> 5 years	No maturity	Discount effect	Total
Deposits from credit institutions	173,606	14,604	11,736	10,882		**–591**	**210,237**
Deposits and borrowing from the public	581,868	14,466	7,325	8,703		**–1,128**	**611,234**
Debt securities	169,192	176,279	312,232	65,357		**–18,972**	**704,088**
Trading liabilities	72,085					**–122**	**71,963**
Trade and client payables	29,749					**–50**	**29,699**
Subordinated liabilities	3,890		12,237	6,672		**–60**	**22,739**
Total	**1,030,390**	**205,349**	**343,530**	**91,614**		**–20,923**	**1,649,960**
Other liabilities (non-financial)	**15,614**	**31**	**151**	**625**			**16,421**
Off-balance sheet items							
Loan commitments	214,982						**214,982**
Acceptances and other financial facilitites	8,914						**8,914**
Total	**223,896**						**223,896**
Total liabilities and off-balance sheet items	**1,269,900**	**205,380**	**343,681**	**92,239**		**–20,923**	**1,890,277**
Total financial assets (contractual maturity dates)[1)]	**666,410**	**288,016**	**675,164**	**269,211**		**–66,020**	**1,832,781**
Derivatives							
Currency-related	3,232,462	94,080	15,189	1,447			**3,343,178**
Interest-related	5,425,023	843,585	1,669,216	215,123			**8,152,947**
Equity-related	295,641	199,864	1,371,041	34,616			**1,901,162**
Other-related	64,936	1,054	3,725				**69,715**
Total derivative outflows	**9,018,062**	**1,138,583**	**3,059,171**	**251,186**			**13,467,002**
Total derivative inflows	**8,472,268**	**1,080,547**	**2,102,337**	**247,793**			**11,902,945**

2012

	< 3 months	3 < 12 months	1 < 5 years	> 5 years	No maturity	Discount effect	Total
Deposits from credit institutions	165,771	9,980	8,410	17,119		**–1,569**	**199,711**
Deposits and borrowing from the public	583,275	10,609	7,008	42,138		**–5,309**	**637,721**
Debt securities	138,157	173,431	287,008	71,750		**–28,934**	**641,412**
Trading liabilities	73,958					**–144**	**73,814**
Trade and client payables	53,619						**53,619**
Subordinated liabilities			16,653	12,837		**–5,277**	**24,213**
Total	**1,014,780**	**194,020**	**319,079**	**143,844**		**–41,233**	**1,630,490**
Other liabilities (non-financial)	**19,614**	**23**	**342**				**19,979**
Off-balance sheet items							
Loan commitments	196,686						**196,686**
Acceptances and other financial facilitites	12,377						**12,377**
Total	**209,063**						**209,063**
Total liabilities and off-balance sheet items	**1,243,457**	**194,043**	**319,421**	**143,844**		**–41,233**	**1,859,532**
Total financial assets (contractual maturity dates)[1)]	**601,064**	**309,647**	**668,299**	**421,303**		**–116,254**	**1,884,059**
Derivatives							
Currency-related	3,536,337	147,043	73,520	1,789			**3,758,689**
Interest-related	118,454	1,006,820	2,445,775	1,452,561			**5,023,610**
Equity-related	48,834	15,029	1,277,069	176,415			**1,517,347**
Other-related	3,132		6,871	12,548			**22,551**
Total derivative outflows	**3,706,757**	**1,168,892**	**3,803,235**	**1,643,313**			**10,322,197**
Total derivative inflows	**3,676,692**	**1,060,304**	**2,577,926**	**1,537,149**			**8,852,071**

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.

SEB has chosen to expand the information with Equity-related and Other-related derivative outflows to show the complete picture of total derivative outflows. Even if the contractual maturities of these derivatives by themselves might not be essential for an understanding of the timing of the cash flows, the complete picture of total derivatives is considered to enhance the understanding. In addition amounts of Currency-related and Interest-related derivatives that were not reported earlier has been included in the table. The presentation and figures for 2012 has for this reason been changed compared to the Annual report 2012.

18 c Interest rate risk

Interest rate risk is one form of market risk. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. To measure and limit interest rate risk, SEB uses the VaR method, complemented by Delta 1 per cent and Net interest income risk.

The Net interest income risk depends on the overall business profile, particularly mismatches between interest-bearing assets and liabilities in terms of volumes and repricing periods. For more information regarding market risk see page 42–43.

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 do not effect net interest income are placed in the column “Non rate”.

Repricing periods

Group 2013										
Assets	< 1 month	1 < 3 months	3 < 6 months	6 < 12 months	1 < 3 years	3 < 5 years	> 5 years	Non rate	Insurance	Total
Cash, cash balances and other lending to central banks	183,611									**183,611**
Loans to credit institutions	68,807	6,983	6,882	4,709	7,392	3,707	2,806	690	647	**102,623**
Loans to the public	258,500	200,289	102,427	142,016	330,615	148,777	107,272	12,672		**1,302,568**
Other financial assets	154,547	17,176	24,180	31,483	117,600	56,111	98,222	21,622	324,847	**845,788**
Other assets	11,616				535	259	328	17,897	19,609	**50,244**
TOTAL	**677,081**	**224,448**	**133,489**	**178,208**	**456,142**	**208,854**	**208,628**	**52,881**	**345,103**	**2,484,834**
Liabilities and equity										
Deposits from credit institutions	131,988	21,615	12,146	1,278	1,872	2,192	5,098	2		**176,191**
Deposits and borrowing from the public	658,331	80,242	24,339	19,207	19,464	13,933	33,711	248		**849,475**
Issued securities	47,567	127,526	151,122	28,830	172,003	140,678	69,026	47		**736,799**
Other liabilities	54,706	3,335	5,595	3,432	48,151	33,581	92,531	26,157	332,067	**599,555**
Total equity								122,814		**122,814**
TOTAL	**892,592**	**232,718**	**193,202**	**52,747**	**241,490**	**190,384**	**200,366**	**149,268**	**332,067**	**2,484,834**
Interest rate sensitive, net	–215,511	–8,270	–59,713	125,461	214,652	18,470	8,262	–96,387	13,036	
Cumulative sensitive	–215,511	–223,781	–283,494	–158,033	56,619	75,089	83,351	–13,036		

2012

Assets	< 1 month	1 < 3 months	3 < 6 months	6 < 12 months	1 < 3 years	3 < 5 years	> 5 years	Non rate	Insurance	Total
Cash, cash balances and other lending to central banks	209,163									**209,163**
Loans to credit institutions	94,014	11,470	2,911	5,794	4,167	2,264	2,291	584	2,528	**126,023**
Loans to the public	442,963	420,939	61,734	77,344	142,613	55,742	22,627	12,126		**1,236,088**
Other financial assets	395,189	43,441	6,818	6,787	31,308	23,764	30,159	10,389	283,657	**831,512**
Other assets	14,034				1	21	25	20,740	15,849	**50,670**
TOTAL	**1,155,363**	**475,850**	**71,463**	**89,925**	**178,089**	**81,791**	**55,102**	**43,839**	**302,034**	**2,453,456**
Liabilities and equity										
Deposits from credit institutions	142,402	13,244	3,131	893	904	2,501	3,927	3,153	501	**170,656**
Deposits and borrowing from the public	736,648	34,776	18,367	17,433	10,133	14,356	28,017	2,530		**862,260**
Issued securities	295,023	128,600	102,383	21,824	59,534	43,287	35,436	45		**686,132**
Other liabilities	294,975	14	870	206	1,885	1,222	809	32,604	292,310	**624,895**
Total equity								109,513		**109,513**
TOTAL	**1,469,048**	**176,634**	**124,751**	**40,356**	**72,456**	**61,366**	**68,189**	**147,845**	**292,811**	**2,453,456**
Interest rate sensitive, net	–313,685	299,216	–53,288	49,569	105,633	20,425	–13,087	–104,006	9,223	
Cumulative sensitive	–313,685	–14,469	–67,757	–18,188	87,445	107,870	94,783	–9,223		

The presentation of financial assets has changed in this table compared to the Annual report 2012 to be in line with other notes and statements. Cash, cash balances and other lending to central banks is specified. Amounts from Loans to credit institutions and Other financial assets has been reclassified to the new line item. In addition the repricing periods of some Other financial assets and Other assets has been changed to < 1 month mainly from Non rate. The presentation and figures for 2012 has for this reason been changed compared to the Annual report 2012.

19 Fair value measurement of assets and liabilities

2013	Group				Parent company			
Assets	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Financial assets								
– policyholders bearing the risk	228,772	3,365	1,925	**234,062**				
Equity instruments at fair value	116,780	27,195	9,575	**153,550**	92,342	25,032	429	**117,803**
Debt instruments at fair value	97,365	147,442	1,429	**246,236**	46,984	134,868	48	**181,900**
Derivative instruments at fair value	2,619	136,039	3,719	**142,377**	2,225	130,610	893	**133,728**
Equity instruments available-for-sale	1,402	1,965	383	**3,750**		1,720	381	**2,101**
Debt instruments available-for-sale	24,401	20,324		**44,725**	6,280	8,703		**14,983**
Investment in associates [1]			1,101	**1,101**			987	**987**
Investment properties			7,623	**7,623**				
TOTAL	**471,339**	**336,330**	**25,755**	**833,424**	**147,831**	**300,933**	**2,738**	**451,502**
Liabilities								
Liabilities to policyholders								
– investment contracts	218,914	3,119	1,461	**223,494**				
Equity instruments at fair value	43,678	64	489	**44,231**	42,748	64	489	**43,301**
Debt instruments at fair value	23,466	8,089		**31,555**	20,573	8,089		**28,662**
Derivative instruments at fair value	5,437	127,532	3,738	**136,707**	4,745	124,268	729	**129,742**
Debt securities at fair value [2]		29,997		**29,997**		25,417		**25,417**
TOTAL	**291,495**	**168,801**	**5,688**	**465,984**	**68,066**	**157,838**	**1,218**	**227,122**
2012								
Assets								
Financial assets								
– policyholders bearing the risk	189,480	12,294	1,559	**203,333**				
Equity instruments at fair value	79,114	19,229	8,627	**106,970**	57,159	17,795		**74,954**
Debt instruments at fair value	103,051	140,117	1,867	**245,035**	57,695	129,750	139	**187,584**
Derivative instruments at fair value	110	167,741	1,828	**169,679**		162,486	1,302	**163,788**
Equity instruments available-for-sale	856	2,334	40	**3,230**		2,127		**2,127**
Debt instruments available-for-sale	28,623	18,537		**47,160**		15,303		**15,303**
Investment in associates [1]			1,073	**1,073**			966	**966**
Investment properties			7,488	**7,488**				
TOTAL	**401,234**	**360,252**	**22,482**	**783,968**	**114,854**	**327,461**	**2,407**	**444,722**
Liabilities								
Liabilities to policyholders								
– investment contracts	182,293	11,827	1,500	**195,620**				
Equity instruments at fair value	32,532	1,629		**34,161**	31,948	1,629		**33,577**
Debt instruments at fair value	35,403	7,657		**43,060**	32,666	7,571		**40,237**
Derivative instruments at fair value	501	154,716	2,644	**157,861**		156,691	1,557	**158,248**
Debt securities at fair value [2]		26,323		**26,323**		20,737		**20,737**
TOTAL	**250,729**	**202,152**	**4,144**	**457,025**	**64,614**	**186,628**	**1,557**	**252,799**

1) Venture capital activities designated at fair value through profit and loss.
2) Equity index link bonds designated at fair value through profit and loss.

Fair value measurement

The objective of the fair value measurement is to arrive at the price at which an orderly transaction would take place between market participants at the measurement date under current market conditions.

The Group has an established control environment for the determination of fair values of financial instruments that includes a review, independent from the business, of valuation models and prices. If the validation principles are not adhered to, the Head of Group Finance shall be informed. Exceptions of 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. The valuation process is the same for financial instruments in all levels.

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 principal market for the instrument to which SEB has immediate access.

Fair value is generally measured for individual financial instruments, in addition portfolio adjustments are made to cover the credit risk. To reflect counterparty risk and own credit risk in OTC derivatives, adjustments are made based on the net exposure towards each counterpart. These adjustments are calculated on a counterparty level based on estimates of exposure at default, probability of default and recovery rates. Probability of default and recovery rate information is generally sourced from the CDS markets. For counterparties where this information is not available, or considered unreliable due to the nature of the exposure, alternative approaches are taken where the the probability of default is based on generic credit indices for specific industry and/or rating. The impact from these adjustments are shown in Note 5 and Note 33.

When valuing financial liabilities at fair value own credit standing is reflected. Fair values of financial assets and liabilities by class can be found in Note 41.

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the accounting policies in note 1. The valuation of the investment properties is performed semi-annually, they are presented and approved by the board in each real estate company. The valuation principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which is in accordance with international valuation principles and in accordance with IFRS.

Note 19 ctd. Fair value measurement of financial assets and liabilities

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 and reclassifications between levels
Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation/Pricing committe of each relevant division decides on material shifts between level 1 to 3. There have been no significant transfers between level 1 and level 2. The decrease in level 2 is mainly due reclassification, see below, and a decrease in business volumes.

There has been a reclassification in the amount of SEK 2.2bn of Equity instruments at the end of Q1 2013 due to enhanced classification, from level 2 to level 3, within the insurance business. At the end of Q4 2013 there has been a reclassification of assets and liabilities from level 2 to level 1 in the amount of SEK 13bn and from level 2 to level 3 in the amount of SEK 1.3bn as a result of enhanced classification.

Changes in level 3

Group 2013 Assets	Opening balance	Gain/loss in Income statement[1)2)]	Gain/loss in Other comprehensive income[4)]	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3[3)]	Reclassification	Exchange rate differences	Total
Financial assets										
– policyholders bearing the risk	1,559	511		215	−488				128	**1,925**
Equity instruments at fair value	8,627	−378		1,172	−1,744	88		1,529	281	**9,575**
Debt instruments at fair value	1,867	−327		217	−376				48	**1,429**
Derivative instruments at fair value	1,828	2,152		273	−614				80	**3,719**
Equity instruments available-for-sale	40						−38	381		**383**
Investment in associates	1,073	−8		32					4	**1,101**
Investment properties	7,488	−147		482	−451				251	**7,623**
TOTAL	**22,482**	**1,803**		**2,391**	**−3,673**	**88**	**−38**	**1,910**	**792**	**25,755**
Liabilities										
Liabilities to policyholders										
– investment contracts	1,500	−25							−14	**1,461**
Equity instruments at fair value		51			−40			478		**489**
Derivative instruments at fair value	2,644	1,086		472	−552				88	**3,738**
TOTAL	**4,144**	**1,112**		**472**	**−592**			**478**	**74**	**5,688**
2012										
Assets										
Financial assets										
– policyholders bearing the risk								1,559		**1,559**
Equity instruments at fair value								8,627		**8,627**
Debt instruments at fair value	492						−353	1,728		**1,867**
Derivative instruments at fair value	2,765	374		145	−309		−1,129		−18	**1,828**
Other financial assets at fair value	9,658	748	34	661	−81		−514	−10,355	−151	**0**
Equity instruments available-for-sale	44		2		−6					**40**
Debt instruments available-for-sale	145						−142		−3	
Investment in associates	1,145			4			−72		−4	**1,073**
Investment properties								7,488		**7,488**
TOTAL	**14,249**	**1,122**	**36**	**810**	**−396**		**−2,210**	**9,047**	**−176**	**22,482**
Liabilities										
Liabilities to policyholders										
– investment contracts								1,500		**1,500**
Derivative instruments at fair value	4,876	57					−2,247		−42	**2,644**
Debt securities at fair value[2)]	1,322						−1,293		−29	
TOTAL	**6,198**	**57**					**−3,540**	**1,500**	**−71**	**4,144**

1) Fair value gains and losses recognised in the income statement are included in the Net financial income, Net life insurance income and Net other income.

2) Gains/losses recognised in the income statement relating to instruments held as of 31 December 2013 are SEK 637m.

3) Issued structured notes have been moved from level 3 to level 2 due to a more granular approach of fair value hierarchy classification and the unobservable input not being a significant part of the value of these instrument.

4) Fair value gains and losses recognised in other comprehensive income are included as available for sale.

Note 19 ctd. Fair value measurement of financial assets and liabilities

Changes in level 3

Parent company 2013 **Assets**	Opening balance	Gain/loss in Income statement[1)2)]	Gain/loss in Other-comprehensive income	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3[3)]	Reclassification	Exchange rate differences	Total
Equity instruments at fair value		33			–40			436		**429**
Debt instruments at fair value	139	–19			–72					**48**
Derivative instruments at fair value	1,302	–409								**893**
Equity instruments available-for-sale								381		**381**
Investment in associates	966	–11		32						**987**
TOTAL	**2,407**	**–406**		**32**	**–112**			**817**		**2,738**
Liabilities										
Equity instruments at fair value		51			–40			478		**489**
Debt instruments at fair value										
Derivative instruments at fair value	1,557	–828								**729**
TOTAL	**1,557**	**–777**			**–40**			**478**		**1,218**
2012										
Assets										
Debt instruments at fair value	492						–353			**139**
Derivative instruments at fair value	2,430						–1,128			**1,302**
Investment in associates	1,038						–72			**966**
TOTAL	**3,960**						**–1,553**			**2,407**
Liabilities										
Derivative instruments at fair value	3,804						–2,247			**1,557**
TOTAL	**3,804**						**–2,247**			**1,557**

1) Fair value gains and losses recognised in the income statement are included in the Net financial income, Net life insurance income and Net other income.
2) Gains/losses recognised in the income statement relating to instruments held as of 31 December 2013 are SEK 218m.
3) Issued structured notes have been moved from level 3 to level 2 due to a more granular approach of fair value hierarchy classification and the unobservable input not being a significant part of the value of these instrument.

Sensitivity of Level 3 financial instruments to unobservable inputs
The table below illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of assets and liabilities that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, illustrated below 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. There have been no significant changes during 2013.

The largest open market risk within Level 3 financial instruments is found within the insurance business.

	2013				2012			
Group	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Structured Derivatives – interest rate[1)]	489	–684	–195	59	951	–1,504	–553	58
Capital Markets[2)]	397	–45	352	16	351	–52	299	20
CPM Portfolio[3)]	48		48	9	139		139	15
Venture Capital holding and similar holdings[4)]	1,803	–490	1,313	277	1,183		1,183	224
Insurance holdings – Financial instruments[5)]	10,752	–263	10,489	1,498	9,867	–105	9,762	1,501
Insurance holdings – Investment properties[6)]	7,623		7,623	762	7,488		7,488	749

1) Sensitivity from a shift of index-linked swap spreads by 5 basis points (5) and implied volatilities by 5 percentage points (5).
2) Sensitivity from a shift of swap spreads by 5 basis points (5) .
3) Sensitivity from a shift of credit spreads by 100 basis points (100).
4) Valuation is estimated in a range of reasonable outcomes. Sensitivity analysis is based on 20 per cent shift in market values.
5) Sensitivity analysis is based on a shift in private equity of 20 per cent (20), structured credits 10 per cent (10) and derivative market values of 10 per cent (10).
6) Sensitivity from a shift of investment properties fair values of 10 per cent (10).

20 Cash and other lending to central banks

	Group		Parent company	
	2013	2012	2013	2012
Cash	2,527	2,898	136	944
Cash balances with central banks	171,423	188,547	135,173	165,050
Cash and cash balances with central banks	**173,950**	**191,445**	**135,309**	**165,994**
Other lending to central banks	**9,661**	**17,718**		
TOTAL	**183,611**	**209,163**		

	Group		Parent company	
Remaining maturity				
– cash	2,527	2,898	136	944
– payable on demand	171,423	188,547	135,173	165,050
– maximum 3 months	9,661	17,718		
TOTAL	**183,611**	**209,163**	**135,309**	**165,994**

21 Loans to credit institutions

	Group		Parent company	
	2013	2012	2013	2012
Remaining maturity				
– payable on demand	39,438	30,511	43,160	56,463
– maximum 3 months	32,707	55,151	72,296	59,061
– more than 3 months but maximum 1 year	10,821	4,229	42,845	43,420
– more than 1 year but maximum 5 years	7,261	8,687	20,695	23,759
– more than 5 years	821	3,530	188	7,137
Accrued interest	405	555	438	639
Loans	**91,453**	**102,663**	**179,622**	**190,479**
Eligible debt instruments[1]	7,464	13,577		
Other debt instruments[1]	3,658	9,596	3,658	9,596
Accrued interest	48	187	32	114
Debt instruments	**11,170**	**23,360**	**3,690**	**9,710**
TOTAL	**102,623**	**126,023**	**183,312**	**200,189**
of which repos	19,997	30,822	16,616	28,214
Average remaining maturity for Loans (years)	0.40	0.56	0.61	0.93

1) See note 43 for maturity and note 44 for issuers.

Overnights are reported as loans with a remaining maturity of maximum 3 months from 2013.

22 Loans to the public

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Remaining maturity				
– payable on demand	8,869	57,107	41,315	56,170
– maximum 3 months	371,929	264,163	272,716	186,472
– more than 3 months but maximum 1 year	233,688	249,056	196,990	209,798
– more than 1 year but maximum 5 years	520,868	465,594	423,801	376,126
– more than 5 years	141,365	172,349	55,433	85,378
Accrued interest	2,335	2,562	1,886	1,946
Loans	**1,279,054**	**1,210,831**	**992,141**	**915,890**
Eligible debt instruments [1]	9,924	2,783	7,555	1,285
Other debt instruments [1]	13,359	22,270	13,306	20,427
Accrued interest	231	204	186	132
Debt instruments	**23,514**	**25,257**	**21,047**	**21,844**
TOTAL	**1,302,568**	**1,236,088**	**1,013,188**	**937,734**
of which repos	87,436	75,702	87,427	75,685
Average remaining maturity for Loans (years)	2.48	2.74	2.00	2.33

1) See note 43 for maturity and note 44 for issuers.

Overnights are reported as loans with a remaining maturity of maximum 3 months from 2013.

Financial leases

	2013	2012
Book value	59,828	61,029
Gross investment	66,343	70,221
Present value of minimum lease payment receivables	55,882	58,850
Unearned finance income	6,364	9,169
Reserve for impaired uncollectable minimum lease payments	–159	–603

	Group 2013			Group 2012		
	Book value	Gross investment	Present value	Book value	Gross investment	Present value
Remaining maturity						
– maximum 1 year	4,849	7,406	6,492	7,491	7,800	7,083
– more than 1 year but maximum 5 years	28,728	29,057	26,014	25,114	27,313	24,409
– more than 5 years	26,251	29,880	23,376	28,424	35,108	27,358
TOTAL	**59,828**	**66,343**	**55,882**	**61,029**	**70,221**	**58,850**

The leased assets mainly comprise transport vehicles, machinery and facilities. The largest lease engagement amounts to SEK 5.0 billion (5.0).

23 Financial assets at fair value

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Securities held for trading	318,329	276,688	299,578	262,492
Derivatives held for trading	129,900	152,687	122,267	148,349
Held for trading	**448,229**	**429,375**	**421,845**	**410,841**
Financial assets – policyholders bearing the risk	234,062	203,333		
Insurance assets at fair value	77,835	74,114		
Other financial assets at fair value	3,622	1,203	125	46
Designated at fair value through profit and loss	**315,519**	**278,650**	**125**	**46**
Derivatives held for hedging	12,477	16,992	11,461	15,439
Fair value changes of hedged items in a portfolio hedge	399	921		
TOTAL	**776,624**	**725,938**	**433,431**	**426,326**

The category Financial assets at fair value comprises 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

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Equity instruments	132,459	85,210	117,678	74,908
Eligible debt instruments [1]	53,786	59,892	50,697	56,031
Other debt instruments [1]	130,620	130,150	129,776	130,178
Accrued interest	1,464	1,436	1,427	1,375
TOTAL	**318,329**	**276,688**	**299,578**	**262,492**

1) See note 43 for maturity and note 44 for issuers.

Note 23 ctd. Financial assets at fair value

	Group		Parent company	
Derivatives held for trading	2013	2012	2013	2012
Positive replacement values of interest-related derivatives	96,173	119,425	91,363	117,625
Positive replacement values of currency-related derivatives	24,979	29,156	22,723	26,848
Positive replacement values of equity-related derivatives	5,923	2,569	5,507	2,527
Positive replacement values of other derivatives	2,825	1,537	2,674	1,349
TOTAL	**129,900**	**152,687**	**122,267**	**148,349**

Derivatives held for hedging				
Fair value hedges	8,469	12,197	8,377	12,057
Cash flow hedges	3,084	3,382	3,084	3,382
Portfolio hedges for interest rate risk	924	1,413		
TOTAL	**12,477**	**16,992**	**11,461**	**15,439**

Insurance assets at fair value				
Equity instruments	20,966	21,714		
Other debt instruments [1]	56,172	51,714		
Accrued interest	697	686		
TOTAL	**77,835**	**74,114**		

1) See note 43 for maturity and note 44 for issuers.

Other financial assets at fair value				
Equity instruments	125	46	125	46
Eligible debt instruments [1]	3,491	1,154		
Accrued interest	6	3		
TOTAL	**3,622**	**1,203**	**125**	**46**

1) See note 43 for maturity and note 44 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.

24 Available-for-sale financial assets

	Group		Parent company	
	2013	2012	2013	2012
Equity instruments at cost	428	209	401	180
Equity instruments at fair value	3,706	3,181	2,090	2,116
Eligible debt instruments [1]	22,309	25,104	6,979	6,442
Other debt instruments [1]	21,808	21,357	7,710	8,545
Seized shares	44	49	11	11
Accrued interest	608	699	294	316
TOTAL	**48,903**	**50,599**	**17,485**	**17,610**

1) See note 43 for maturity and note 44 for issuers.

Equity instruments measured at cost do not have a quoted market price in an active market. Further, it has not been possible to reliably measure the fair values of those equity instruments. Most of these investments are held for strategic reasons and are not intended to be sold in the near future.

25 Held-to-maturity investments

	Group		Parent company	
	2013	2012	2013	2012
Other debt instruments [1]	85	82	85	1,631
Accrued interest				5
TOTAL	**85**	**82**	**85**	**1,636**

1) See note 43 for maturity and note 44 for issuers.

26 Investments in associates

	Group		Parent company	
	2013	2012	2013	2012
Strategic investments	173	179	68	78
Venture capital holdings	1,101	1,073	987	966
TOTAL	**1,274**	**1,252**	**1,055**	**1,044**

Strategic investments	Assets[1]	Liabilities[1]	Revenues[1]	Profit or loss[1]	Book value	Ownership, %
Bankomat AB, Stockholm	762	531	10	–31	55	20
Bankomatcentralen AB, Stockholm	2	1	2		0	28
BDB Bankernas Depå AB, Stockholm	1,859	1,819	41	2	6	20
BGC Holding AB, Stockholm	377	131	717	12	4	33
Getswish AB, Stockholm					2	20
UC AB, Stockholm	211	91	489	30	1	28
Parent company holdings					**68**	
Holdings of subsidiaries					**7**	
Group adjustments					**98**	
GROUP HOLDINGS					**173**	

1) Retrieved from respective Annual report 2012.

	2013		2012	
Venture capital holdings	Book value	Ownership, %	Book value	Ownership, %
Actiwave, Linköping	23	32	19	34
Airsonett AB, Ängelholm	62	28	62	29
AORIAB Holding AB, Ängelholm	7	31	7	31
Apica AB, Stockholm	28	19	18	15
Askembla Growth Fund KB, Stockholm	10	25	58	25
Avaj International Holding AB, Stockholm	37	18	40	20
Capres A/S, Copenhagen	37	23	36	23
Clavister AB, Örnsköldsvik	21	15	26	14
Cobolt AB, Stockholm	37	40	37	40
Diakrit International Ltd, Hong Kong	20	39	10	30
Donya Labs AB, Linköping	15	22	0	0
Exitram AB, Stockholm	23	44	23	44
Fält Communications AB, Umeå	26	47	26	47
InDex Pharmaceuticals AB, Stockholm	146	39	108	39
Mobile Tag SAS, Paris	0	0	0	20
Neoventa Holding AB, Gothenburg	97	34	86	35
Nomad Holdings Ltd, Newcastle	75	23	73	23
NuEvolution A/S, Copenhagen	69	36	67	34
Prodacapo AB, Örnsköldsvik	5	16	5	16
Scandinova Systems AB, Uppsala	23	29	23	29
Scibase AB, Stockholm	113	39	84	26
Signal Processing Devices Sweden AB, Linköping	40	48	38	48
Tail-f Systems AB, Stockholm	53	45	45	45
Teknikintressenter i Norden AB, Stockholm	0	0	32	39
TSS Holding AB, Stockholm	10	43	10	43
Xylophane AB, Gothenburg	0	23	4	23
Zinwave Holdings Limited, Cambridge	10	29	29	25
Parent company holdings	**987**		**966**	
Holdings of subsidiaries[1]	**114**		**107**	
GROUP HOLDINGS	**1,101**		**1,073**	

1) Where of SEK 94m (91) relates to investments in a joint venture, UAB CGates.

Information about the corporate registration numbers and numbers of shares of the associates is available upon request.

Strategic investments in associates in the Group are 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, these holdings are accounted for under IAS 39.

Some entities, in which 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 participates in the policy making processes of those entities.

All financial assets within the Group's venture capital business are managed and its performance is evaluated on a fair value basis in accordance with documented risk management and investment strategies.

Fair values for investments listed in an active market are based on quoted market prices. If the market for a financial instrument is not active, fair value is established by using valuation techniques based on discounted cash flow analysis, valuation with reference to financial instruments that is substantially the same, and valuation with reference to observable market transactions in the same financial instrument.

27 Shares in subsidiaries

	Parent company	
	2013	2012
Swedish subsidiaries	16,153	15,804
Foreign subsidiaries	36,402	34,867
TOTAL	**52,555**	**50,671**
of which holdings in credit institutions	36,132	34,917

	2013			2012		
Swedish subsidiaries	Book value	Dividend	Ownership, %	Book value	Dividend	Ownership, %
Aktiv Placering AB, Stockholm	38		100	38		100
Antwerpen Properties AB, Stockholm	5		100	5		100
Enskilda Kapitalförvaltning SEB AB, Stockholm	0		100	0		100
Försäkringsaktiebolaget Skandinaviska Enskilda Captive, Stockholm	100		100	100		100
Parkeringshuset Lasarettet HGB KB, Stockholm	0		99	0		99
Repono Holding AB, Stockholm	5,406		100	5,406		100
SEB AB, Stockholm[1]	0		0	6,076	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	1	100	763		100
SEB Kort AB, Stockholm	2,260	494	100	2,260	481	100
SEB Portföljförvaltning AB, Stockholm	1,115		100	1,115	20	100
SEB Strategic Investments AB, Stockholm	24		100	24		100
SEB Trygg Liv Holding AB, Stockholm[1]	6,425	3,575	100			
Skandinaviska Kreditaktiebolaget, Stockholm	0		100	0		100
Track One Leasing AB, Stockholm	0		0	0		100
TOTAL	**16,153**	**4,070**		**15,804**	**1,351**	

1) SEB AB, formerly parent of SEB Trygg Liv Holding AB, was merged with Skandinaviska Enskilda Banken in 2013.

	2013			2012		
Foreign subsidiaries	Book value	Dividend	Ownership, %	Book value	Dividend	Ownership, %
Baltectus B.V., Amsterdam	847		100	686		100
Domena Property Sp. Z o.o.	117		100			
Interscan Servicos de Consultoria Ltda, São Paulo	0		100	0		100
Key Asset Management (UK) Limited, London	570		100	562		100
Key Capital Management Inc, Tortola	270		100	273		100
Möller Bilfinans AS, Oslo	25	65	51	27	201	51
Njord AS, Oslo	0		100	0		100
Postep Property Sp. Z o.o.	48		100			
SEB AG, Frankfurt am Main	18,798	176	100	18,187		100
SEB Asset Management America Inc, Stamford	35		100	36		100
SEB Asset Management S.A., Luxembourg	5	31	100	4	33	100
SEB Bank JSC, St Petersburg	608		100	608		100
SEB Banka, AS, Riga	1,354	170	100	1,293		100
SEB bankas, AB, Vilnius	5,791		100	5,624		100
SEB Corporate Bank, PJSC, Kiev	271		100	271		100
SEB Securities Inc (former SEB Enskilda Inc.), New York	24		100	25		100
SEB Enskilda Corporate Finance Oy Ab, Helsinki[1]				26		100
SEB Enskilda, UAB, Vilnius	22		100	25		100
SEB Fund Services S.A., Luxembourg	91		100	88		100
SEB Kapitalförvaltning Finland Ab, Helsinki	484		100	468	5	100
SEB Fondbolag Finland Ab, Helsinki	17		100	17		100
SEB Hong Kong Trade Services Ltd, Hong Kong	0		100	0		100
SEB Leasing Oy, Helsinki	3,744	86	100	3,619	333	100
SEB Leasing, CJSC, St Petersburg	118		100	131	13	100
SEB Pank, AS, Tallinn	1,514		100	1,309		100
SEB Privatbanken ASA, Oslo					63	
SIGGE S.A., Warsaw					1	
Skandinaviska Enskilda Banken S.A., Luxembourg	1,242	171	100	1,178	186	100
Skandinaviska Enskilda Ltd, London	407	10	100	410		100
TOTAL	**36,402**	**709**		**34,867**	**835**	

1) Merged with Skandinaviska Enskilda Banken in 2013.

Information about the corporate registration numbers and numbers of shares of the subsidiaries is available upon request.

28 Tangible and intangible assets

	Group		Parent company	
	2013	2012	2013	2012
Goodwill	10,408	10,460	584	755
Deferred acquisition costs	4,086	4,008		
Internally developed IT-systems	1,866	1,990	1,866	1,872
Other intangible assets	811	829	236	227
Intangible assets	**17,171**	**17,287**	**2,686**	**2,854**
Equipment	896	1,002	412	423
Equipment leased to clients [1]			36,980	39,747
Properties for own operations	53	131	2	2
Property and equipment	**949**	**1,133**	**37,394**	**40,172**
Investment properties recognised at cost	303	377		
Investment properties recognised at fair value	7,623	7,488		
Properties taken over for protection of claims	2,878	2,209		
Investment properties	**10,804**	**10,074**		
TOTAL	**28,924**	**28,494**	**40,080**	**43,026**

1) Equipment leased to clients are recognised as financial leases and presented as loans in the Group.

Group 2013	Goodwill	Deferred acquisition costs	Internally developed IT-systems [1]	Other intangible assets	Equipment	Properties for own operations	Investment properties at cost	Investment properties at fair value	Properties taken over for protection of claims	Total
Opening balance	10,460	9,539	4,860	2,137	4,262	672	661	7,488	2,325	**42,404**
Additions from acquisitions and capitalisations		942	315	88	184	21	27	89	895	**2,561**
Reclassifications			–1,831	1,357	–1,211	–72	–1		–81	**–1,839**
Retirements and disposals			–563	–80	–221	–518	–255	–79	–294	**–2,010**
Exchange rate differences	–52	53	64	61	119	1	16	251	81	**594**
Acquisition value	**10,408**	**10,534**	**2,845**	**3,563**	**3,133**	**104**	**448**	**7,749**	**2,926**	**41,710**
Opening balance		–5,531	–2,870	–1,308	–3,260	–541	–284		–116	**–13,910**
Current year's depreciations		–891	–345	–140	–411	–13	–14		–19	**–1,833**
Current year's impairments			–8		–2	–28	–2		–2	**–42**
Reclassifications			1,755	–1,281	1,227	72	1		77	**1,851**
Retirements and disposals			547	12	240	460	160		8	**1,427**
Exchange rate differences		–26	–58	–35	–31	–1	–6		4	**–153**
Accumulated depreciations		**–6,448**	**–979**	**–2,752**	**–2,237**	**–51**	**–145**		**–48**	**–12,660**
Fair value changes								**–126**		**–126**
TOTAL	**10,408**	**4,086**	**1,866**	**811**	**896**	**53**	**303**	**7,623**	**2,878**	**28,924**
2012										
Opening balance	10,487	8,843	5,346	1,874	4,746	746	753	7,901	1,579	**42,275**
Additions from acquisitions and capitalisations		740	664	127	211	21	4	212	847	**2,826**
Reclassifications			–142	197	–539				28	**–456**
Retirements and disposals			–916	–79	–157	–72	–71	–326	–68	**–1,689**
Exchange rate differences	–27	–44	–92	18	1	–23	–25	–299	–61	**–552**
Acquisition value	**10,460**	**9,539**	**4,860**	**2,137**	**4,262**	**672**	**661**	**7,488**	**2,325**	**42,404**
Opening balance		–4,712	–2,894	–1,072	–3,632	–617	–272		–60	**–13,259**
Current year's depreciations		–837	–342	–167	–433	–15	–17		–21	**–1,832**
Current year's impairments			–11	–3	–1		–8		–9	**–32**
Reclassifications			124	–188	598					**534**
Retirements and disposals			177	66	122	71	3		–27	**412**
Exchange rate differences		18	76	56	86	20	10		1	**267**
Accumulated depreciations		**–5,531**	**–2,870**	**–1,308**	**–3,260**	**–541**	**–284**		**–116**	**–13,910**
TOTAL	**10,460**	**4,008**	**1,990**	**829**	**1,002**	**131**	**377**	**7,488**	**2,209**	**28,494**

1) This class of intangible assets was in 2012 labelled IT Intangible assets. In 2013 clarified to be Internally developed IT-systems. Assets not qualifying as internally developed reclassified to Other intangible assets.

Note 28 ctd. Tangible and intangible assets

Parent company 2013	Goodwill	Internally developed IT-systems[1]	Other intangible assets	Equipment	Equipment leased to clients	Properties for own operations	Total
Opening balance	1,444	2,615	675	1,980	52,261	2	**58,977**
Additions from acquisitions and capitalisations		271	70	79	7,344		**7,764**
Retirements and disposals		–56	–14		–10,365		**–10,435**
Acquisition value	**1,444**	**2,830**	**731**	**2,059**	**49,240**	**2**	**56,306**
Opening balance	–689	–743	–448	–1,557	–12,514		**–15,951**
Current year's depreciations		–261	–60	–127	–4,390		**–4,838**
Current year's impairments	–171						**–171**
Retirements and disposals		40	12	32	4,819		**4,903**
Exchange rate differences			1	5	–175		**–169**
Accumulated depreciations	**–860**	**–964**	**–495**	**–1,647**	**–12,260**		**–16,226**
TOTAL	**584**	**1,866**	**236**	**412**	**36,980**	**2**	**40,080**

2012	Goodwill	Internally developed IT-systems[1]	Other intangible assets	Equipment	Equipment leased to clients	Properties for own operations	Total
Opening balance	863	2,597	653	2,027	52,434	3	**58,577**
Additions from acquisitions and capitalisations		610	33	95	7,078	44	**7,860**
Additions from business combinations	523		115	42			**680**
Reclassifications	58	–142	–58	–172		–1	**–315**
Retirements and disposals		–450	–68	–12	–7,251	–44	**–7,825**
Acquisition value	**1,444**	**2,615**	**675**	**1,980**	**52,261**	**2**	**58,977**
Opening balance	–530	–627	–412	–1,610	–12,034	–1	**–15,214**
Current year's depreciations	–92	–232	–101	–121	–4,436		**–4,982**
Current year's impairments		–11	–3				**–14**
Additions from business combinations	–1		–66	–41		–44	**–152**
Reclassifications	–66	126	68	236		1	**365**
Retirements and disposals			66	–21	4,122	44	**4,211**
Exchange rate differences		1			–166		**–165**
Accumulated depreciations	**–689**	**–743**	**–448**	**–1,557**	**–12,514**		**–15,951**
TOTAL	**755**	**1,872**	**227**	**423**	**39,747**	**2**	**43,026**

1) This class of intangible assets was in 2012 labelled IT Intangible assets. In 2013 clarified to be Internally developed IT-systems. Assets not qualifying as internally developed reclassified to Other intangible assets.

Goodwill is allocated between cash-generating units or groups of units. Business divisions and business areas with goodwill are Wealth Management with SEK 4,750m (4,738), Merchant Banking with SEK 1,018m (1,016), Retail Banking (excluding Card) with SEK 929m (929), Retail Banking – Card with SEK 1,087m (1,162), Life excluding Life Denmark with SEK 2,343m (2,343) and Life Denmark with SEK 281m (272). Goodwill from the Trygg Hansa acquisition, SEK 5,721m (5,721), generates cash flows in Wealth Management, Retail Banking and Life.

The impairment test of goodwill is based on the value in use, for respective group of cash generating units, with forecasted cash flows for a period of five years. The cash flows for the first three years are based on business plans as established by management. The cash flows for subsequent years are more subjective and are determined based on historical performance and market trends for key assumptions such as growth, revenue and costs. The growth rate used after five years is based upon the expected long-term inflation rate, 1.5 (1.5) per cent. The discount rates used are estimates of the post tax cost of equity for the Group. Post tax cost of equity is determined based on information from external sources and an average of 10 (10) per cent has been applied. The same discount rate is used for all of the divisions above, which is consistent with both the external and internal view. The corresponding discount rates before tax are estimated to 11–13 (11–13) per cent.

The sensitivity analyses carried out, through an increase of the discount rates by one percentage point and a decrease of the growth rates by one percentage point, did not result in calculated recoverable amounts below the carrying amounts.

Net operating earnings from investment properties

	Group	
	2013	2012
External income	521	494
Operating costs [1]	–163	–146
TOTAL	**358**	**348**

1) Direct operating expenses arising from investment property that did not generate rental income amounts to SEK 15m (21).

Net operating earnings from properties taken over for protection of claims

External income	47	23
Operating costs	–84	–54
TOTAL	**–37**	**–31**

SEB may in specific cases acquire assets used as collateral when the loan is in default and the customer can no longer meet its obligations towards SEB. Properties are held and managed during a restricted period with the intention to divest the assets when deemed appropriate.

29 Other assets

	Group		Parent company	
	2013	2012	2013	2012
Current tax assets	6,702	6,915	2,600	3,427
Deferred tax assets	1,586	2,010		
Trade and client receivables	5,840	35,199	5,552	34,774
Paid margins of safety	14,049	19,483	13,807	19,483
Other assets	12,045	12,210	5,699	7,139
TOTAL	**40,222**	**75,817**	**27,658**	**64,823**

Current tax assets

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Other	6,702	6,915	2,600	3,427
Recognised in profit and loss	**6,702**	**6,915**	**2,600**	**3,427**
TOTAL	**6,702**	**6,915**	**2,600**	**3,427**

Deferred tax assets

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Tax losses carry forwards	649	809		
Pension plan assets, net	92	–568		
Other temporary differences[1)]	412	433		
Recognised in profit and loss	**1,153**	**674**		
Pension plan assets, net	567	1,561		
Unrealised losses in available-for-sale financial assets	–134	–225		
Recognised in Shareholders' equity	**433**	**1,336**		
TOTAL	**1,586**	**2,010**		

1) Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Taxable temporary differences give rise to deferred tax assets and liabilities.

Deferred tax assets on tax losses carried forward relates mainly to the Baltic countries 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 recognised in the balance sheet amounts to SEK 5,065m (5,307) gross. These are not recognised 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 recognised is SEK 1,204m (1,255).

All losses carried forward are without time limit except for SEK 367m (645) corresponding to a deferred tax asset of SEK 55m (97) which is due 2017.

Trade and client receivables

	Group		Parent company	
	2013	2012	2013	2012
Trade receivables	238	310		
Client receivables	5,602	34,889	5,552	34,774
TOTAL	**5,840**	**35,199**	**5,552**	**34,774**

Other assets

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Pension plan assets, net	4,037			
Reinsurers share of insurance provisions	432	494		
Accrued interest income	76	72		
Other accrued income	1,332	1,230	2,042	1,705
Prepaid expenses	410	442		
Other	5,758	9,972	3,657	5,434
TOTAL	**12,045**	**12,210**	**5,699**	**7,139**

The Swiss tax authority has questioned a withholding tax refund. External experts confirm that it is probable that SEB's receivable will be settled. The legal proceeding amounts to SEK 663m (652).

30 Deposits from central banks and credit institutions

	Group		Parent company	
	2013	2012	2013	2012
Remaining maturity				
– payable on demand	25,642	86,145	130,632	95,033
– maximum 3 months	127,194	66,669	53,390	70,276
– more than 3 months but maximum 1 year	13,707	5,754	3,349	9,862
– more than 1 year but maximum 5 years	4,209	2,749	11,655	8,075
– more than 5 years	5,098	8,951	10,612	15,804
Accrued interest	341	388	599	661
TOTAL	**176,191**	**170,656**	**210,237**	**199,711**
of which repos	8,669	14,372	9,109	11,798
Average remaining maturity (years)	0.50	0.64	0.71	0.99

Overnights are reported as deposits with a remaining maturity of maximum 3 months from 2013.

31 Deposits and borrowing from the public

	Group		Parent company	
	2013	2012	2013	2012
Deposits	771,531	844,007	598,580	622,307
Borrowing	75,678	15,861	11,631	14,367
Accrued interest	2,266	2,392	1,023	1,047
TOTAL	**849,475**	**862,260**	**611,234**	**637,721**

Deposits [1]

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Remaining maturity				
– payable on demand	89,045	496,085	348,635	464,623
– maximum 3 months	570,683	223,816	219,523	106,663
– more than 3 months but maximum 1 year	46,969	36,034	14,435	10,426
– more than 1 year but maximum 5 years	32,441	29,769	7,306	6,525
– more than 5 years	32,393	58,303	8,681	34,070
TOTAL	**771,531**	**844,007**	**598,580**	**622,307**
Average remaining maturity (years)	0.68	0.86	0.24	0.61

1) Deposits are defined as the total balance on the customer accounts which is covered by the Deposit Guarantee Schemes. The amount refers to the total balance, not considering the restriction on the coverage level.

Overnights are reported as deposits with a remaining maturity of maximum 3 months from 2013.

Borrowing

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Remaining maturity				
– payable on demand		1,498		1,290
– maximum 3 months	75,474	8,678	11,631	8,491
– more than 3 months but maximum 1 year	128	1,070		2
– more than 1 year but maximum 5 years	76	4		4
– more than 5 years		4,611		4,580
TOTAL	**75,678**	**15,861**	**11,631**	**14,367**
of which repos	11,292	14,463	11,292	14,020
Average remaining maturity (years)	0.13	3.02	0.13	3.26

32 Liabilities to policyholders

	Group	
	2013	2012
Liabilities to policyholders – investment contracts	223,494	195,620
Liabilities to policyholders – insurance contracts	92,018	90,353
TOTAL	**315,512**	**285,973**

Liabilities to policyholders – investment contracts*

	2013	2012
Opening balance	195,620	180,988
Transfer of portfolios through acquisitions		
Reclassification from insurance contracts	119	357
Change in investment contract provisions [1]	27,149	15,272
Exchange rate differences	606	–997
TOTAL	**223,494**	**195,620**

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. The liabilities and the underlying assets are designated at fair value through profit or loss (fair value option).

Liabilities to policyholders – insurance contracts

	2013	2012
Opening balance	90,353	88,695
Transfer of portfolios through acquisitions	–84	–26
Reclassification from investment contracts	–119	–353
Change in collective bonus provisions	1,605	2,331
Change in other insurance contract provisions [1]	–2,448	2,760
Exchange rate differences	2,711	–3,054
TOTAL	**92,018**	**90,353**

1) The net of premiums received during the year, allocated guaranteed interest less payments to the policyholders and deduction of fees and policyholders' tax.

33 Debt securities

	Group		Parent company	
	2013	2012	2013	2012
Issued bonds	131,575	109,951	126,766	104,741
Covered bonds	309,525	286,746	304,187	271,855
Other issued securities [1]	265,751	257,794	266,037	257,748
Accrued interest	7,139	7,360	7,098	7,069
TOTAL	**713,990**	**661,851**	**704,088**	**641,413**

1) 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 29,997m (26,323), as at fair value through profit or loss, since they contain embedded derivatives. The corresponding amounts for the Parent company are SEK 25,417m (20,737). 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 28,749m (26,386) and for the Parent company SEK 23,868m (21,137). The accumulated impact from reflecting the Group's own credit standing in the fair value measurement amounts to SEK 551m, of which SEK 192m relates to 2013. The corresponding amount for the Parent company is SEK 445m, of which SEK 164m relates to 2013.

Issued bonds

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Remaining maturity				
– maximum 1 year	27,984	16,639	25,676	15,847
– more than 1 years but maximum 5 years	80,963	74,048	80,105	71,534
– more than 5 years but maximum 10 years	21,200	15,311	20,921	14,844
– more than 10 years	1,428	3,953	64	2,516
TOTAL	**131,575**	**109,951**	**126,766**	**104,741**
Average remaining maturity (years)	3.36	3.71	3.24	3.55

Covered bonds

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Remaining maturity				
– maximum 1 year	51,021	47,500	49,677	36,127
– more than 1 years but maximum 5 years	216,609	195,262	213,140	192,690
– more than 5 years but maximum 10 years	36,875	30,042	36,349	29,096
– more than 10 years	5,020	13,942	5,021	13,942
TOTAL	**309,525**	**286,746**	**304,187**	**271,855**
Average remaining maturity (years)	3.35	3.68	3.75	4.20

Other issued securities

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Remaining maturity				
– payable on demand	544	1,891	1,114	1,846
– maximum 3 months	154,356	135,761	154,072	135,760
– more than 3 months but maximum 1 year	106,179	117,902	106,179	117,902
– more than 1 year but maximum 5 years	4,672	2,240	4,672	2,240
TOTAL	**265,751**	**257,794**	**266,037**	**257,748**
Average remaining maturity (years)	0.38	0.38	0.37	0.38

34 Financial liabilities at fair value

	Group		Parent company	
	2013	2012	2013	2012
Trading liabilities	75,786	77,221	71,963	73,814
Derivatives held for trading	132,827	155,279	126,472	156,576
Held for trading	**208,613**	**232,500**	**198,435**	**230,390**
Derivatives held for hedging	3,880	2,582	3,270	1,672
Fair value changes of hedged items in portfolio hedge	1,452	1,919		
TOTAL	**213,945**	**237,001**	**201,705**	**232,062**

Financial liabilities designated at fair value through profit or loss is specified in note 32 and 33.

Trading liabilities

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Short positions in equity instruments	44,231	34,161	43,301	33,577
Short positions in debt instruments	31,474	42,609	28,629	39,848
Accrued interest	81	451	33	389
TOTAL	**75,786**	**77,221**	**71,963**	**73,814**

Derivatives held for trading

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Negative replacement values of interest-related derivatives	97,203	118,512	94,508	122,555
Negative replacement values of currency-related derivatives	26,431	31,439	23,485	29,276
Negative replacement values of equity-related derivatives	6,692	4,277	6,174	3,714
Negative replacement values of other derivatives	2,501	1,051	2,305	1,031
TOTAL	**132,827**	**155,279**	**126,472**	**156,576**

Derivatives held for hedging

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Fair value hedges	1,675	809	1,675	810
Cash flow hedges	1,595	862	1,595	862
Portfolio hedges for interest rate risk	610	911		
TOTAL	**3,880**	**2,582**	**3,270**	**1,672**

35 Other liabilities

	Group		Parent company	
	2013	2012	2013	2012
Current tax liabilities	1,997	2,440	882	959
Deferred tax liabilities	8,395	8,501	220	475
Trade and client payables	13,760	31,412	13,093	30,789
Withheld margins of safety	16,606	22,830	16,606	22,830
Other liabilities	27,348	31,166	15,812	19,044
TOTAL	**68,106**	**96,349**	**46,613**	**74,097**

Current tax liabilities

Other	1,997	2,440	710	682
Recognised in profit and loss	**1,997**	**2,440**	**710**	**682**
Group contributions			172	277
Recognised in Shareholders' equity			**172**	**277**
TOTAL	**1,997**	**2,440**	**882**	**959**

Deferred tax liabilities

Accelerated tax depreciation	6,723	7,203		
Unrealised profits in financial assets at fair value	2	–22		
Pension plan assets and obligations, net	24			
Other temporary differences 1)	258	697		
Recognised in profit and loss	**7,007**	**7,878**		
Pension plan assets and obligations, net	888			
Unrealised profits in cash flow hedges	220	475	220	475
Unrealised profits in available-for-sale financial assets	280	148		
Recognised in Shareholders' equity	**1,388**	**623**	**220**	**475**
TOTAL	**8,395**	**8,501**	**220**	**475**

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.

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. The tax rate applicable to dividends is 21 per cent (21).

Trade and client payables

Trade payables	620	400		
Client payables	13,140	31,012	13,093	30,789
TOTAL	**13,760**	**31,412**	**13,093**	**30,789**

Other liabilities

Accrued interest expense	20	15		
Other accrued expense	3,995	3,934	2,727	2,689
Prepaid income	1,167	1,183		
Other	22,166	26,034	13,085	16,355
TOTAL	**27,348**	**31,166**	**15,812**	**19,044**

36 Provisions

	Group		Parent company	
	2013	2012	2013	2012
Restructuring reserve re-organisation Germany		116		
Other restructuring and redundancy reserves	608	696	59	121
Reserve for off-balance sheet items	274	300	2	3
Pensions (note 9 b) 1)	82	3,584		
Other provisions	1,028	876	31	36
TOTAL	**1,992**	**5,572**	**92**	**160**

1) Part of net (asset) amount recognised in balance sheet to SEK 3,956m in note 9 b.

Restructuring reserve re-organisation Germany

Opening balance	116	331		
Amounts used	–104	–206		
Other movements	–13			
Exchange differences	1	–9		
TOTAL	**0**	**116**		

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 programme is now finished.

Other restructuring and redundancy reserves

Opening balance	696	457	121	
Additions	67	325		110
Amounts used	–54	–95	–62	–7
Unused amounts reversed	–113	–4		
Other movements	–8	31		18
Exchange differences	20	–18		
TOTAL	**608**	**696**	**59**	**121**

The main part of the reserve will cover redundancy costs to be used within five years.

Reserve for off-balance-sheet items

Opening balance	300	369	3	6
Additions	106	189		
Unused amounts reversed	–97	–33	–1	–3
Other movements		–211		
Exchange differences	–35	–14		
TOTAL	**274**	**300**	**2**	**3**

The reserve for off-balance sheet items is mainly referring to the German market and its corporate sector.

Other provisions

Opening balance	876	533	36	70
Additions	315	240		
Amounts used	–145	–236	–5	–34
Unused amounts reversed	–49	–35		
Other movements	18	366		
Exchange differences	13	8		
TOTAL	**1,028**	**876**	**31**	**36**

Other provisions mainly consists of costs for re-organisation within the Group to be used within one year and unsettled claims covering all operating segments; among others in the divested German retail business to be settled within 5 years and tax returns within Life U.K. branch under decommission.

37 Subordinated liabilities

	Group		Parent company	
	2013	2012	2013	2012
Debenture loans	6,740	6,516	6,672	6,451
Debenture loans, perpetual	14,863	15,894	14,863	15,894
Debenture loans, hedged positions	756	1,786	756	1,786
Accrued interest	450	85	448	82
TOTAL	**22,809**	**24,281**	**22,739**	**24,213**

Debenture loans

	Currency	Original nom. amount	Book value	Rate of interest, %
2005/2017	EUR	750	6,672	1)
Total parent company			**6,672**	
Debenture loans issued by SEB AG			68	
TOTAL GROUP			**6,740**	

Debenture loans, perpetual

	Currency	Original nom. amount	Book value	Rate of interest, %
1995	JPY	10,000	613	4.400
2004	USD	500	2,625	4.958
2005	USD	600	2,729	1)
2007	EUR	500	4,448	7.092
2009	EUR	500	4,448	9.250
TOTAL			**14,863**	

1) FRN, Floating Rate Note.

38 Untaxed reserves [1)]

	Parent company	
	2013	2012
Depreciation in excess of plan on office equipment/leased assets	23,690	25,051
Appropriation reserve		1,291
Other untaxed reserves	4	4
TOTAL	**23,694**	**26,346**

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	Appropriation reserve	Other untaxed reserves	Total
Opening balance	25,044		5	**25,049**
Appropriations	7	1,291		**1,298**
Exchange rate differencies			–1	**–1**
Closing balance 2012	**25,051**	**1,291**	**4**	**26,346**
Appropriations	–1,361	–1,291		**–2,652**
CLOSING BALANCE 2013	**23,690**		**4**	**23,694**

39 Pledged assets, contingent liabilities and commitments

	Group		Parent company	
	2013	2012	2013	2012
Collateral and comparable security pledged for own liabilities	689,663	641,180	316,525	294,990
Other pledged assets and comparable collateral	111,914	135,372	98,927	119,577
Contingent liabilities	103,399	94,175	84,767	78,565
Commitments	486,844	407,423	335,048	315,157

Collateral and comparable security pledged for own liabilities*

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Bonds	2,074	3,208	2,074	3,208
Repos	14,562	28,392	13,117	25,819
Assets collateralised for issued mortgage covered bonds	326,379	291,852	301,157	265,963
Assets collateralised for issued public covered bonds	19,223	29,007	164	
Other collateral	1,708		13	
Collateral pledged for own liabilities	**363,946**	**352,459**	**316,525**	**294,990**
Assets pledged for insurance contracts	102,222	84,879		
Assets pledged for investment contracts [1]	223,495	203,842		
Assets pledged for own liabilities to insurance polichyholders	**325,717**	**288,721**		
TOTAL	**689,663**	**641,180**	**316,525**	**294,990**

* Transfers that do not qualify for derecognition.
1) Shares in funds.

Other pledged assets and comparable collateral

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Bonds [2]	50,367	68,697	50,367	68,697
Securities lending	58,046	66,675	45,059	50,880
Other	3,501		3,501	
TOTAL	**111,914**	**135,372**	**98,927**	**119,577**

2) Pledged but unencumbered bonds.

Contingent liabilities

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Guarantee commitments, credits [3]	14,630	13,235	13,786	12,186
Guarantee commitments, other	75,695	68,253	60,973	53,583
Own acceptances	996	509	961	508
Total	**91,321**	**81,997**	**75,720**	**66,277**
Approved, but unutilised letters of credit	12,078	12,178	9,047	12,288
TOTAL	**103,399**	**94,175**	**84,767**	**78,565**

3) Of which 0.7bn (2.1) relates to liquidity facilities and term facilities to US and European conduits. SEB does not regularly securitise its assets and has no outstanding own issues.

Other contingent liabilities
The parent company has undertaken to the Monetary Authority of Singapore to ensure that its subsidiary in Luxembourg's branch in Singapore is able to fulfil its commitments.

The parent company has issued a deposit guarantee for SEB AG in Germany to the Bundesverband deutscher Banken e.V.

Legal proceedings
Within the ordinary course of business SEB is engaged in various legal proceedings, both in Sweden and in other jurisdictions. SEB does not expect these current legal proceedings to have a significant adverse effect on the financial position of the Group.

Commitments

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Granted undrawn credit	265,916	234,705	217,197	198,981
Unutilised part of approved overdraft facilities	122,325	111,565	62,752	63,666
Securities borrowing	89,605	61,153	54,406	52,510
Other commitments	8,998		693	
TOTAL	**486,844**	**407,423**	**335,048**	**315,157**

Discretionary managed assets
Discretionary managed assets in the parent company amounted to SEK 422 bn.

Note 39 ctd. Off-balance sheet items

Transferred financial assets entirely recognized [1]

Group 2013	Transferred assets			Associated liabilities			Associated collateral received [2]
	Securities lending	Repurchase agreements	Total	Securities lending	Repurchase agreements	Total	Securities lending
Financial assets held for trading							
Equity instruments	39,917		**39,917**	21,477		**21,477**	22,580
Debt securities	922	21,551	**22,473**	648	21,401	**22,049**	528
TOTAL	**40,839**	**21,551**	**62,390**	**22,125**	**21,401**	**43,526**	**23,108**
2012							
Financial assets held for trading							
Equity instruments	40,830		**40,830**	21,811		**21,811**	21,060
Debt securities	8,940	26,877	**35,817**	1,914	26,675	**28,589**	7,474
TOTAL	**49,770**	**26,877**	**76,647**	**23,725**	**26,675**	**50,400**	**28,534**

Parent company 2013	Transferred assets			Associated liabilities			Associated collateral received [2]
	Securities lending	Repurchase agreements	Total	Securities lending	Repurchase agreements	Total	Securities lending
Financial assets held for trading							
Equity instruments	30,715		**30,715**	15,014		**15,014**	17,237
Debt securities		20,115	**20,115**		19,956	**19,956**	
TOTAL	**30,715**	**20,115**	**50,830**	**15,014**	**19,956**	**34,970**	**17,237**
2012							
Financial assets held for trading							
Equity instruments	34,666		**34,666**	20,906		**20,906**	15,493
Debt securities		24,793	**24,793**		24,602	**24,602**	
TOTAL	**34,666**	**24,793**	**59,459**	**20,906**	**24,602**	**45,508**	**15,493**

1) Carrying amount and fair value are the same.
2) Other than cash collateral.

Pledged assets
Assets are transferred for repurchase agreements and securities lending agreements. The counterpart has the right to sell or repledge the assets. The assets continue to be recognised on SEB's balance sheet since SEB is still exposed to changes in the fair value of the assets. The carrying value and fair value of the assets transferred as collateral for liabilities or contingent liabilities are shown in the table above.

SEB issues covered bonds secured by mortgage loans pledged as security according to the local legislation. The pledged securities are mainly residential mortgages in single family homes, tenant owned homes or other residential apartment buildings. The loan-to-value ratio does not exceed 75 per cent. In the event of the company's insolvency, the holders of the covered bonds have priority to the assets registered as collateral.

Obtained collateral
SEB obtains collateral under reverse repurchase agreements and securities borrowing agreements. Under the terms of standard financial market agreements SEB has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transactions.

More information about the accounting of repurchase agreements and securities lending can be found in the accounting principles.

40 Current and non-current assets and liabilities

Group	2013			2012		
Assets	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Cash and cash balances with central banks	173,950		**173,950**	191,445		**191,445**
Other lending to central banks	9,661		**9,661**	17,718		**17,718**
Loans to credit institutions	84,104	18,519	**102,623**	97,745	28,278	**126,023**
Loans to the public	617,283	685,285	**1,302,568**	574,219	661,869	**1,236,088**
Securities held for trading	*318,329*		***318,329***	*140,238*	*136,450*	***276,688***
Derivatives held for trading	*129,900*		***129,900***	*152,687*		***152,687***
Derivatives held for hedging	*12,477*		***12,477***	*16,992*		***16,992***
Fair value changes of hedged items in a portfolio hedge	*399*		***399***	*921*		***921***
Financial assets – policyholders bearing the risk	*234,062*		***234,062***	*203,333*		***203,333***
Other financial assets at fair value	*81,457*		***81,457***	*28,964*	*46,353*	***75,317***
Financial assets at fair value	776,624		**776,624**	543,135	182,803	**725,938**
Available-for-sale financial assets	48,903		**48,903**	5,379	45,220	**50,599**
Held-to-maturity investments	85		**85**		82	**82**
Investments in associates	1,274		**1,274**		1,252	**1,252**
Intangible assets	*1,365*	*15,806*	***17,171***	*1,347*	*15,940*	***17,287***
Property and equipment	*457*	*492*	***949***	*486*	*647*	***1,133***
Investment properties	*10,804*		***10,804***		*10,074*	***10,074***
Tangible and intangible assets	12,626	16,298	**28,924**	1,833	26,661	**28,494**
Current tax assets	*6,702*		***6,702***	*6,915*		***6,915***
Deferred tax assets		*1,586*	***1,586***		*2,010*	***2,010***
Trade and client receivables	*5,840*		***5,840***	*35,199*		***35,199***
Withheld margins of safety	*14,049*		***14,049***	*19,483*		***19,483***
Other assets	*12,045*		***12,045***	*12,210*		***12,210***
Other assets	38,636	1,586	**40,222**	73,807	2,010	**75,817**
TOTAL	**1,763,146**	**721,688**	**2,484,834**	**1,505,281**	**948,175**	**2,453,456**

	2013			2012		
Liabilities	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Deposits from central banks and credit institutions	166,884	9,307	**176,191**	158,956	11,700	**170,656**
Deposits and borrowing from the public	784,565	64,910	**849,475**	769,573	92,687	**862,260**
Liabilities to policyholders – investment contracts	*8,573*	*214,921*	***223,494***	*6,417*	*189,203*	***195,620***
Liabilities to policyholders – insurance contracts	*11,654*	*80,364*	***92,018***	*7,965*	*82,388*	***90,353***
Liabilities to policyholders	20,227	295,285	**315,512**	14,382	271,591	**285,973**
Debt securities	347,223	366,767	**713,990**	327,053	334,798	**661,851**
Derivatives held for trading	*75,786*		***75,786***	*77,221*		***77,221***
Derivatives held for hedging	*132,827*		***132,827***	*155,279*		***155,279***
Trading liabilities	*3,880*		***3,880***	*2,582*		***2,582***
Fair value changes of hedged items in portfolio hedge	*1,452*		***1,452***	*1,919*		***1,919***
Financial liabilities at fair value	213,945		**213,945**	237,001		**237,001**
Current tax liabilities	*1,997*		***1,997***	*2,440*		***2,440***
Deferred tax liabilities		*8,395*	***8,395***		*8,501*	***8,501***
Trade and client payables	*13,760*		***13,760***	*31,412*		***31,412***
Withheld margins of safety	*16,606*		***16,606***	*22,830*		***22,830***
Other liabilities	*27,348*		***27,348***	*31,166*		***31,166***
Other liabilities	59,711	8,395	**68,106**	87,848	8,501	**96,349**
Provisions		1,992	**1,992**		5,572	**5,572**
Subordinated liabilities		22,809	**22,809**		24,281	**24,281**
TOTAL	**1,592,555**	**769,465**	**2,362,020**	**1,594,813**	**749,130**	**2,343,943**

41 Financial assets and liabilities by class

Group	Book value						Fair value			
Assets, 2013	Held for trading (note 23)	Designated at fair value through p/l (note 23)	Available-for-sale (note 24)	Loans and receivables (notes 20, 21, 22, 29)	Held-to-maturity (note 25)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Loans				1,551,591		**1,551,591**	187,069	110	1,370,590	**1,557,769**
Equity instruments	132,459	21,091	4,178			**157,728**	118,182	29,160	10,386	**157,728**
Debt instruments	185,870	60,366	44,725	34,684	85	**325,730**	121,766	167,766	36,218	**325,750**
Derivative instruments	129,900	12,477				**142,377**	2,619	136,038	3,720	**142,377**
Financial assets – policyholders bearing the risk		234,062				**234,062**	228,772	3,365	1,925	**234,062**
Other		399		22,703		**23,102**	2,527		20,575	**23,102**
Financial assets	**448,229**	**328,395**	**48,903**	**1,608,978**	**85**	**2,434,590**	**660,935**	**336,439**	**1,443,414**	**2,440,788**
Other assets (non-financial)						**50,244**				
TOTAL	**448,229**	**328,395**	**48,903**	**1,608,978**	**85**	**2,484,834**				
2012										
Loans				1,519,759		**1,519,759**	187,075	109	1,351,848	**1,539,032**
Equity instruments	85,210	21,760	3,439			**110,409**	79,970	21,563	8,876	**110,409**
Debt instruments	191,478	53,557	47,160	48,617	82	**340,894**	131,674	158,654	49,998	**340,326**
Derivative instruments	152,687	16,992				**169,679**	110	167,741	1,828	**169,679**
Financial assets – policyholders bearing the risk		203,333				**203,333**	189,480	12,294	1,559	**203,333**
Other		921		57,791		**58,712**	2,898		55,814	**58,712**
Financial assets	**429,375**	**296,563**	**50,599**	**1,626,167**	**82**	**2,402,786**	**591,207**	**360,361**	**1,469,923**	**2,421,491**
Other assets (non-financial)						**50,670**				
TOTAL	**429,375**	**296,563**	**50,599**	**1,626,167**	**82**	**2,453,456**				

	Book value				Fair value			
Liabilities, 2013	Held for trading (note 34)	Designated at fair value through p/l (note 32, 34)	Amortised costs (notes 30, 31, 33, 35, 37)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Deposits			1,025,666	**1,025,666**	24,997	1,658	1,005,898	**1,032,553**
Equity instruments	44,231			**44,231**	43,678	64	489	**44,231**
Debt instruments	31,555		736,799	**768,354**	23,513	38,086	712,148	**773,747**
Derivative instruments	132,827	3,880		**136,707**	5,437	127,532	3,738	**136,707**
Liabilities to policyholders – investment contracts		223,494		**223,494**	218,914	3,119	1,461	**223,494**
Other		1,452	30,753	**32,205**	11		32,255	**32,266**
Financial liabilities	**208,613**	**228,826**	**1,793,218**	**2,230,657**	**316,550**	**170,459**	**1,755,989**	**2,242,998**
Other liabilities (non-financial)				**131,363**				
Total equity				**122,814**				
TOTAL	**208,613**	**228,826**	**1,793,218**	**2,484,834**				
2012								
Deposits			1,032,916	**1,032,916**	25,302	1,679	1,016,958	**1,043,939**
Equity instruments	34,161			**34,161**	32,532	1,629		**34,161**
Debt instruments	43,060		686,132	**729,192**	35,447	33,980	669,768	**739,195**
Derivative instruments	155,279	2,582		**157,861**	501	154,716	2,644	**157,861**
Liabilities to policyholders – investment contracts		195,620		**195,620**	182,293	11,827	1,500	**195,620**
Other		1,919	54,661	**56,580**	24		56,661	**56,685**
Financial liabilities	**232,500**	**200,121**	**1,773,709**	**2,206,330**	**276,099**	**203,831**	**1,747,531**	**2,227,461**
Other liabilities (non-financial)				**137,613**				
Total equity				**109,513**				
TOTAL	**232,500**	**200,121**	**1,773,709**	**2,453,456**				

Note 41 ctd. Financial assets and liabilities by class

Parent company	Book value					
Assets, 2013	Held for trading (note 23)	Designated at fair value through p/l (note 23)	Available-for-sale (note 24)	Loans and receivables (notes 20, 21, 22, 29)	Held-to-maturity (note 25)	Total
Loans				1,306,936		**1,306,936**
Equity instruments	117,678	125	55,057			**172,860**
Debt instruments	181,900		14,983	24,737	85	**221,705**
Derivative instruments	122,267	11,461				**133,728**
Other				20,550		**20,550**
Financial assets	**421,845**	**11,586**	**70,040**	**1,352,223**	**85**	**1,855,779**
Other assets (non-financial)						**48,379**
TOTAL	**421,845**	**11,586**	**70,040**	**1,352,223**	**85**	**1,904,158**
2012						
Loans				1,271,419		**1,271,419**
Equity instruments	74,908	46	52,978			**127,932**
Debt instruments	187,584		15,303	31,554	1,636	**236,077**
Derivative instruments	148,349	15,439				**163,788**
Other				56,245		**56,245**
Financial assets	**410,841**	**15,485**	**68,281**	**1,359,218**	**1,636**	**1,855,461**
Other assets (non-financial)						**53,592**
TOTAL	**410,841**	**15,485**	**68,281**	**1,359,218**	**1,636**	**1,909,053**

	Book value			
Liabilities, 2013	Held for trading (note 34)	Designated at fair value through p/l (note 32, 34)	Amortised costs (notes 30, 31, 33, 35, 37)	Total
Deposits			821,471	**821,471**
Equity instruments	43,301			**43,301**
Debt instruments	28,662		726,827	**755,489**
Derivative instruments	126,472	3,270		**129,742**
Other			29,699	**29,699**
Financial liabilities	**198,435**	**3,270**	**1,577,997**	**1,779,702**
Other liabilities (non-financial)				**17,006**
Total equity				**107,450**
TOTAL	**198,435**	**3,270**	**1,577,997**	**1,904,158**
2012				
Deposits			837,432	**837,432**
Equity instruments	33,577			**33,577**
Debt instruments	40,237		665,626	**705,863**
Derivative instruments	156,576	1,672		**158,248**
Other			53,619	**53,619**
Financial liabilities	**230,390**	**1,672**	**1,556,677**	**1,788,739**
Other liabilities (non-financial)				**20,638**
Total equity				**99,676**
TOTAL	**230,390**	**1,672**	**1,556,677**	**1,909,053**

SEB has grouped its financial instruments by class taking into account the characteristics of the instruments:

Loans and deposits includes financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. Loans are further specified in note 18a and 45.

Equity instruments includes shares, rights issues and similar contractual rights of other entities.

Debt instruments includes contractual rights to receive or obligations to deliver cash on a predetermined date. These are further specified in note 18 a, 43 and 44.

Derivative instruments includes options, futures, swaps and other derived products held for trading and hedging purposes. These are further specified in note 46.

Investment contracts include 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 assets and liabilities recognised in accordance with IAS 39, i.e.Trade and client receivables/payables and Withheld/paid margins of safety.

42 Financial assets and liabilities subject to offsetting or netting arrangements

	Financial assets and liabilities subject to offsetting or netting arrangements							
				Related arrangements				
Group 2013	Gross amounts	Offset	Net amounts in balance sheet	Master netting arrangements	Collaterals received/ pledged	Net amounts	Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
Derivatives	133,062	–6,598	**126,464**	–92,576	–23,349	**10,539**	15,913	**142,377**
Reversed repo receivables	97,138	–4,148	**92,990**	–9,364	–80,707	**2,919**	17,483	**110,473**
Securities borrowing	42,728	–5,334	**37,394**	–6,801	–27,782	**2,811**	2,393	**39,787**
Client receivables	8,060	–8,060	**0**			**0**	5,601	**5,601**
Assets	**280,988**	**–24,140**	**256,848**	**–108,741**	**–131,838**	**16,269**	**41,390**	**298,238**
Derivatives	138,065	–6,598	**131,467**	–92,576	–25,612	**13,279**	5,239	**136,706**
Repo payables	14,678	–4,148	**10,530**	–9,364	–1,166	**0**	11,317	**21,847**
Securities lending	19,709	–5,334	**14,375**	–6,801	–7,574	**0**	13,686	**28,061**
Client payables	8,060	–8,060	**0**			**0**	13,140	**13,140**
Liabilities	**180,512**	**–24,140**	**156,372**	**–108,741**	**–34,352**	**13,279**	**43,382**	**199,754**
2012								
Derivatives	167,184	–12,459	**154,725**	–103,738	–43,882	**7,105**	14,954	**169,679**
Reversed repo receivables	91,422	–5,926	**85,496**	–9,370	–75,682	**444**	21,028	**106,524**
Securities borrowing	39,637	–3,905	**35,732**	–834	–32,018	**2,880**	9,426	**45,158**
Client receivables	7,576	–7,576	**0**			**0**	34,889	**34,889**
Assets	**305,819**	**–29,866**	**275,953**	**–113,942**	**–151,582**	**10,429**	**80,297**	**356,250**
Derivatives	159,697	–12,459	**147,238**	–103,738	–20,652	**22,848**	10,623	**157,861**
Repo payables	19,060	–5,926	**13,134**	–9,370	–3,764	**0**	15,701	**28,835**
Securities lending	28,362	–3,905	**24,457**	–834	–22,271	**1,352**	8,937	**33,394**
Client payables	7,576	–7,576	**0**			**0**	31,012	**31,012**
Liabilities	**214,695**	**–29,866**	**184,829**	**–113,942**	**–46,687**	**24,200**	**66,273**	**251,102**
Parent company 2013								
Derivatives	119,834		**119,834**	–90,018	–23,349	**6,467**	13,894	**133,728**
Reversed repo receivables	93,758	–4,148	**89,610**	–8,903	–80,707	**0**	17,474	**107,084**
Securities borrowing	23,994	–5,334	**18,660**	–5,549	–13,111	**0**	2,393	**21,053**
Client receivables	8,060	–8,060	**0**			**0**	5,552	**5,552**
Assets	**245,646**	**–17,542**	**228,104**	**–104,470**	**–117,167**	**6,467**	**39,313**	**267,417**
Derivatives	124,272		**124,272**	–90,018	–25,612	**8,642**	5,470	**129,742**
Repo payables	13,233	–4,148	**9,085**	–8,903	–182	**0**	11,317	**20,402**
Securities lending	18,001	–5,334	**12,667**	–5,549	–7,118	**0**	13,685	**26,352**
Client payables	8,060	–8,060	**0**			**0**	13,093	**13,093**
Liabilities	**163,566**	**–17,542**	**146,024**	**–104,470**	**–32,912**	**8,642**	**43,565**	**189,589**
2012								
Derivatives	147,347	–4,535	**142,812**	–98,930	–43,882	**0**	20,886	**163,698**
Reversed repo receivables	88,982	–5,926	**83,056**	–9,110	–73,946	**0**	20,843	**103,899**
Securities borrowing	23,327	–3,905	**19,422**	272	–19,694	**0**	9,426	**28,848**
Client receivables	7,576	–7,576	**0**			**0**	34,774	**34,774**
Assets	**267,232**	**–21,942**	**245,290**	**–107,768**	**–137,522**	**0**	**85,929**	**331,219**
Derivatives	140,301	–4,535	**135,766**	–98,930	–20,652	**16,184**	22,482	**158,248**
Repo payables	16,544	–5,926	**10,618**	–9,110	–1,508	**0**	15,200	**25,818**
Securities lending	23,487	–3,905	**19,582**	272	–19,854	**0**	8,937	**28,519**
Client payables	7,576	–7,576	**0**			**0**	30,789	**30,789**
Liabilities	**187,908**	**–21,942**	**165,966**	**–107,768**	**–42,014**	**16,184**	**77,408**	**243,374**

The table shows financial assets and liabilities that are presented net in the balance sheet or with potential rights to off-set associated with enforceable master netting arrangements or similar arrangements, together with related collateral.

Financial assets and liabilities are presented net in the balance sheet when SEB has legally enforceable rights to set-off, in the ordinary cause of business and in the case of bankruptcy, and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Repos with central counterparty clearing houses that SEB has agreements with and client receivables and client payables are examples of instruments that are presented net in the balance sheet.

Financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements that are not presented net in the statement of financial position are arrangements that are usually enforceable in the case of bankruptcy or default but not in the ordinary course of business or arrangements where SEB does not have the intention to settle the instruments simultaneously.

Assets and liabilities that are not subject to offsetting or netting arrangements, i.e those that are only subject to collateral agreements, are presented as Other instruments in balance sheet not subject to netting arrangements.

43 Debt instruments by maturities

Eligible debt instruments*

Group 2013	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 21)	578	62	45	6,779			**7,464**
Loans to the public (note 22)				9,924			**9,924**
Securities held for trading (note 23)	2,633	7,113	15,259	18,724	7,999	2,058	**53,786**
Other financial assets at fair value (note 23)	4	377	1,959	1,151			**3,491**
Available-for-sale financial assets (note 24)	9	516	980	9,945	10,456	403	**22,309**
TOTAL	**3,224**	**8,068**	**18,243**	**46,523**	**18,455**	**2,461**	**96,974**
2012							
Loans to credit institutions (note 21)		688	2,556	10,333			**13,577**
Loans to the public (note 22)	172	450		2,161			**2,783**
Securities held for trading (note 23)	5,719	3,373	6,775	27,369	14,175	2,481	**59,892**
Other financial assets at fair value (note 23)	92	134	560	368			**1,154**
Available-for-sale financial assets (note 24)	334	21	215	13,182	10,854	498	**25,104**
TOTAL	**6,317**	**4,666**	**10,106**	**53,413**	**25,029**	**2,979**	**102,510**

Parent company 2013	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to the public (note 22)				5,335	2,220		**7,555**
Securities held for trading (note 23)	2,603	7,089	14,872	16,370	7,705	2,058	**50,697**
Available-for-sale financial assets (note 24)	8		11	1,001	5,741	218	**6,979**
TOTAL	**2,611**	**7,089**	**14,883**	**22,706**	**15,666**	**2,276**	**65,231**
2012							
Loans to the public (note 22)				1,285			**1,285**
Securities held for trading (note 23)	5,718	2,835	6,456	24,571	13,969	2,482	**56,031**
Available-for-sale financial assets (note 24)				305	5,807	330	**6,442**
TOTAL	**5,718**	**2,835**	**6,456**	**26,161**	**19,776**	**2,812**	**63,758**

* Accrued interest excluded.

Eligible papers are considered as such if they, according to national legislation, are accepted by the Central bank in the country in which SEB is located.

Other debt instruments*

Group 2013	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 21)				3,658			**3,658**
Loans to the public (note 22)	213	7	11	3,490	4,595	5,043	**13,359**
Securities held for trading (note 23)	628	4,978	18,879	95,283	5,994	4,858	**130,620**
Insurance assets at fair value (note 23)	3,424	269	1,355	26,866	6,717	17,541	**56,172**
Available-for-sale financial assets (note 24)	233	742	212	2,841	16,136	1,644	**21,808**
Held-to-maturity financial assets (note 25)						85	**85**
TOTAL	**4,498**	**5,996**	**20,457**	**132,138**	**33,442**	**29,171**	**225,702**
2012							
Loans to credit institutions (note 21)			3,868	3,578	2,150		**9,596**
Loans to the public (note 22)	289	6	210	5,641	9,683	6,441	**22,270**
Securities held for trading (note 23)	858	7,965	28,901	86,923	5,408	95	**130,150**
Insurance assets at fair value (note 23)	3,822	778	1,129	24,798	5,974	15,213	**51,714**
Available-for-sale financial assets (note 24)		470	201	5,472	13,861	1,353	**21,357**
Held-to-maturity financial assets (note 25)						82	**82**
TOTAL	**4,969**	**9,219**	**34,309**	**126,412**	**37,076**	**23,184**	**235,169**

Parent company 2013	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
Loans to credit institutions (note 21)				3,658			**3,658**
Loans to the public (note 22)	213		4	3,450	4,595	5,044	**13,306**
Securities held for trading (note 23)	623	5,138	9,961	103,689	4,955	5,410	**129,776**
Available-for-sale financial assets (note 24)	136	537		1,249	4,126	1,662	**7,710**
Held-to-maturity financial assets (note 25)						85	**85**
TOTAL	**972**	**5,675**	**9,965**	**112,046**	**13,676**	**12,201**	**154,535**
2012							
Loans to credit institutions (note 21)			3,868	3,578	2,150		**9,596**
Loans to the public (note 22)	289		203	3,811	9,683	6,441	**20,427**
Securities held for trading (note 23)	852	8,069	29,019	87,062	5,176		**130,178**
Available-for-sale financial assets (note 24)		401		3,386	3,405	1,353	**8,545**
Held-to-maturity financial assets (note 25)					688	943	**1,631**
TOTAL	**1,141**	**8,470**	**33,090**	**97,837**	**21,102**	**8,737**	**170,377**

* Accrued interest excluded.

44 Debt instruments by issuers

Eligible debt instruments*

Group 2013	Swedish Government	Swedish municipalities	Other Swedish issuers – non-financial companies	Other Swedish issuers – other financial companies	Foreign Government	Other foreign issuers	Total
Loans to credit institutions (note 21)						7,464	**7,464**
Loans to the public (note 22)					8,002	1,922	**9,924**
Securities held for trading (note 23)	15,039	2,268	27	205	33,834	2,413	**53,786**
Other financial assets at fair value (note 23)					3,491		**3,491**
Available-for-sale financial assets (note 24)					7,364	14,945	**22,309**
TOTAL	**15,039**	**2,268**	**27**	**205**	**52,691**	**26,744**	**96,974**
2012							
Loans to credit institutions (note 21)						13,577	**13,577**
Loans to the public (note 22)					2,182	601	**2,783**
Securities held for trading (note 23)	21,010	1,374	16	3,351	31,330	2,811	**59,892**
Other financial assets at fair value (note 23)					1,154		**1,154**
Available-for-sale financial assets (note 24)					6,841	18,263	**25,104**
TOTAL	**21,010**	**1,374**	**16**	**3,351**	**41,507**	**35,252**	**102,510**
Parent company 2013							
Loans to the public (note 22)					7,555		**7,555**
Securities held for trading (note 23)	14,938	2,268			33,491		**50,697**
Available-for-sale financial assets (note 24)					6,979		**6,979**
TOTAL	**14,938**	**2,268**			**48,025**		**65,231**
2012							
Loans to the public (note 22)					1,285		**1,285**
Securities held for trading (note 23)	23,987	1,374			30,670		**56,031**
Available-for-sale financial assets (note 24)					6,442		**6,442**
TOTAL	**23,987**	**1,374**			**38,397**		**63,758**

* Accrued interest excluded.

Eligible papers are considered as such if they, according to national legislation, are accepted by the Central bank in the country in which SEB is located.

Other debt instruments*

Group 2013	Swedish Government	Swedish mortgage institutions	Other Swedish issuers – non-financial companies	Other Swedish issuers – other financial companies	Foreign Government	Other foreign issuers	Total
Loans to credit institutions (note 21)		1,779				1,879	**3,658**
Loans to the public (note 22)			212			13,147	**13,359**
Securities held for trading (note 23)		41,369	5,387	9,485	6	74,373	**130,620**
Insurance assets at fair value (note 23)	3,100	2,513	510	1,183	4,825	44,041	**56,172**
Available-for-sale financial assets (note 24)	87				225	21,496	**21,808**
Held-to-maturity financial assets (note 25)						85	**85**
TOTAL	**3,187**	**45,661**	**6,109**	**10,668**	**5,056**	**155,021**	**225,702**
2012							
Loans to credit institutions (note 21)		1,720				7,876	**9,596**
Loans to the public (note 22)			233			22,037	**22,270**
Securities held for trading (note 23)		42,089	5,755	2,874	1	79,431	**130,150**
Insurance assets at fair value (note 23)	5,247	1,912	335	825	5,396	37,999	**51,714**
Available-for-sale financial assets (note 24)					185	21,172	**21,357**
Held-to-maturity financial assets (note 25)						82	**82**
TOTAL	**5,247**	**45,721**	**6,323**	**3,699**	**5,582**	**168,597**	**235,169**
Parent company 2013							
Loans to credit institutions (note 21)		1,779				1,879	**3,658**
Loans to the public (note 22)			212			13,094	**13,306**
Securities held for trading (note 23)		41,369	5,387	9,485		73,535	**129,776**
Available-for-sale financial assets (note 24)						7,710	**7,710**
Held-to-maturity financial assets (note 25)						85	**85**
TOTAL		**43,148**	**5,599**	**9,485**		**96,303**	**154,535**
2012							
Loans to credit institutions (note 21)		1,720				7,876	**9,596**
Loans to the public (note 22)			233			20,194	**20,427**
Securities held for trading (note 23)		42,089	5,755	2,874		79,460	**130,178**
Available-for-sale financial assets (note 24)						8,545	**8,545**
Held-to-maturity financial assets (note 25)						1,631	**1,631**
TOTAL		**43,809**	**5,988**	**2,874**		**117,706**	**170,377**

* Accrued interest excluded.

45 Loans and loan loss provisions

	Group		Parent company	
	2013	2012	2013	2012
Loans to credit institutions[1]	102,623	126,023	183,312	200,189
Loans to the public[1]	1,302,568	1,236,088	1,013,188	937,734
TOTAL	**1,405,191**	**1,362,111**	**1,196,500**	**1,137,923**

1) Including debt instruments classified as Loans.

Loans

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Performing loans	1,402,268	1,357,140	1,195,900	1,137,289
Individually assessed impaired loans, past due > 60 days	4,609	7,234	998	1,009
Individually assessed impaired loans, performing or past due < 60 days	322	767	12	21
Portfolio assessed loans, past due > 60 days	4,146	5,389	907	1,074
Portfolio assessed loans, restructured	381	450		
Loans prior to reserves	**1,411,726**	**1,370,980**	**1,197,817**	**1,139,393**
Specific reserves for individually assessed loans	–2,521	–4,165	–492	–531
Collective reserves for individually assessed loans	–1,762	–1,790	–581	–636
Collective reserves for portfolio assessed loans	–2,252	–2,914	–244	–303
Reserves	**–6,535**	**–8,869**	**–1,317**	**–1,470**
TOTAL	**1,405,191**	**1,362,111**	**1,196,500**	**1,137,923**

Loans by category of borrower

Group 2013	Credit institutions	Corporates	Property Management	Public Administration	Households	Total
Performing loans	103,793	513,783	263,418	54,951	466,323	**1,402,268**
Individually assessed impaired loans, past due > 60 days	3	2,089	2,232		285	**4,609**
Individually assessed impaired loans, performing or past due < 60 days	2	98	204		18	**322**
Portfolio assessed loans, past due > 60 days		297			3,849	**4,146**
Portfolio assessed loans, restructured					381	**381**
Loans prior to reserves	**103,798**	**516,267**	**265,854**	**54,951**	**470,856**	**1,411,726**
Specific reserves for individually assessed loans	–4	–1,270	–1,114		–133	**–2,521**
Collective reserves for individually assessed loans	–11	–1,536	–202	–8	–5	**–1,762**
Collective reserves for portfolio assessed loans		–181			–2,071	**–2,252**
Reserves	**–15**	**–2,987**	**–1,316**	**–8**	**–2,209**	**–6,535**
TOTAL	**103,783**	**513,280**	**264,538**	**54,943**	**468,647**	**1,405,191**
2012						
Performing loans	130,975	483,748	245,115	57,670	439,632	**1,357,140**
Individually assessed impaired loans, past due > 60 days	44	2,651	4,275		264	**7,234**
Individually assessed impaired loans, performing or past due < 60 days	1	157	571		38	**767**
Portfolio assessed loans, past due > 60 days		488			4,901	**5,389**
Portfolio assessed loans, restructured					450	**450**
Loans prior to reserves	**131,020**	**487,044**	**249,961**	**57,670**	**445,285**	**1,370,980**
Specific reserves for individually assessed loans	–33	–1,723	–2,240		–169	**–4,165**
Collective reserves for individually assessed loans		–1,572	–195	–7	–16	**–1,790**
Collective reserves for portfolio assessed loans		–308			–2,606	**–2,914**
Reserves	**–33**	**–3,603**	**–2,435**	**–7**	**–2,791**	**–8,869**
TOTAL	**130,987**	**483,441**	**247,526**	**57,663**	**442,494**	**1,362,111**

Note 45 ctd. Loans and loan loss provisions

Loans by category of borrower

Parent company 2013	Credit institutions	Corporates	Property Management	Public Administration	Households	Total
Performing loans	183,322	392,080	185,181	6,576	428,741	**1,195,900**
Individually assessed impaired loans, past due > 60 days	3	583	288		124	**998**
Individually assessed impaired loans, performing or past due < 60 days	1	4	7			**12**
Portfolio assessed loans, past due > 60 days					907	**907**
Loans prior to reserves	**183,326**	**392,667**	**185,476**	**6,576**	**429,772**	**1,197,817**
Specific reserves for individually assessed loans	–4	–280	–186		–22	**–492**
Collective reserves for individually assessed loans	–10	–568		–3		**–581**
Collective reserves for portfolio assessed loans					–244	**–244**
Reserves	**–14**	**–848**	**–186**	**–3**	**–266**	**–1,317**
TOTAL	**183,312**	**391,819**	**185,290**	**6,573**	**429,506**	**1,196,500**
2012						
Performing loans	200,177	366,182	166,623	5,190	399,117	**1,137,289**
Individually assessed impaired loans, past due > 60 days	44	772	161		32	**1,009**
Individually assessed impaired loans, performing or past due < 60 days	1	11	1		8	**21**
Portfolio assessed loans, past due > 60 days					1,074	**1,074**
Loans prior to reserves	**200,222**	**366,965**	**166,785**	**5,190**	**400,231**	**1,139,393**
Specific reserves for individually assessed loans	–33	–386	–86		–26	**–531**
Collective reserves for individually assessed loans		–615	–18	–3		**–636**
Collective reserves for portfolio assessed loans					–303	**–303**
Reserves	**–33**	**–1,001**	**–104**	**–3**	**–329**	**–1,470**
TOTAL	**200,189**	**365,964**	**166,681**	**5,187**	**399,902**	**1,137,923**

Note 45 ctd. Loans and loan loss provisions

Loans by geographical region [1]

Group 2013	The Nordic region	Germany	The Baltic region	Other	Total
Performing loans	1,108,346	172,531	101,698	19,693	**1,402,268**
Individually assessed impaired loans, past due > 60 days	723	1,337	2,254	295	**4,609**
Individually assessed impaired loans, performing or past due < 60 days	12	98	212		**322**
Portfolio assessed loans, past due > 60 days	1,621		2,525		**4,146**
Portfolio assessed loans, restructured			381		**381**
Loans prior to reserves	**1,110,702**	**173,966**	**107,070**	**19,988**	**1,411,726**
Specific reserves for individually assessed loans	–384	–813	–1,215	–109	**–2,521**
Collective reserves for individually assessed loans	–840	–162	–665	–95	**–1,762**
Collective reserves for portfolio assessed loans	–556		–1,696		**–2,252**
Reserves	**–1,780**	**–975**	**–3,576**	**–204**	**–6,535**
TOTAL	**1,108,922**	**172,991**	**103,494**	**19,784**	**1,405,191**

2012	The Nordic region	Germany	The Baltic region	Other	Total
Performing loans	1,067,964	185,644	95,188	8,344	**1,357,140**
Individually assessed impaired loans, past due > 60 days	719	1,272	4,985	258	**7,234**
Individually assessed impaired loans, performing or past due < 60 days	21	230	513	3	**767**
Portfolio assessed loans, past due > 60 days	1,792		3,597		**5,389**
Portfolio assessed loans, restructured			450		**450**
Loans prior to reserves	**1,070,496**	**187,146**	**104,733**	**8,605**	**1,370,980**
Specific reserves for individually assessed loans	–428	–862	–2,787	–88	**–4,165**
Collective reserves for individually assessed loans	–973	–119	–673	–25	**–1,790**
Collective reserves for portfolio assessed loans	–603		–2,311		**–2,914**
Reserves	**–2,004**	**–981**	**–5,771**	**–113**	**–8,869**
TOTAL	**1,068,492**	**186,165**	**98,962**	**8,492**	**1,362,111**

Parent company 2013	The Nordic region	Germany	The Baltic region	Other	Total
Performing loans	1,154,151			41,749	1,195,900
Individually assessed impaired loans, past due > 60 days	723			275	998
Individually assessed impaired loans, performing or past due < 60 days	12				12
Portfolio assessed loans, past due > 60 days	907				907
Loans prior to reserves	**1 155 793**			**42 024**	**1 197 817**
Specific reserves for individually assessed loans	–384			–108	–492
Collective reserves for individually assessed loans	–487			–94	–581
Collective reserves for portfolio assessed loans	–244				–244
Reserves	**–1,115**			**–202**	**–1,317**
TOTAL	**1,154,678**			**41,822**	**1,196,500**

2012	The Nordic region	Germany	The Baltic region	Other	Total
Performing loans	1,098,007			39,282	1,137,289
Individually assessed impaired loans, past due > 60 days	707			302	1,009
Individually assessed impaired loans, performing or past due < 60 days	21				21
Portfolio assessed loans, past due > 60 days	1,074				1,074
Loans prior to reserves	**1,099,809**			**39 584**	**1,139,393**
Specific reserves for individually assessed loans	–420			–111	–531
Collective reserves for individually assessed loans	–614			–22	–636
Collective reserves for portfolio assessed loans	–303				–303
Reserves	**–1,337**			**–133**	**–1,470**
TOTAL	**1,098,472**			**39,451**	**1,137,923**

1) The geographical distribution is based on where the loan is booked.

Note 45 ctd. Loans and loan loss provisions

Credit portfolio protected by guarantees, credit derivatives and collaterals [1]

	2013				2012			
Group	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals
Banks	157,720	11,295	23,633	20,072	170,918	9,942	36,671	34,251
Corporates and Property Management	1,086,157	61,610	342,703	25,063	1,018,440	57,208	241,985	23,189
Public Administration	81,867	91			76,363	388	1	1
Households	536,352	269	438,303	294	510,892	2,141	414,226	102
TOTAL	**1,862,096**	**73,265**	**804,639**	**45,429**	**1,776,613**	**69,679**	**692,883**	**57,543**
Parent company								
Banks	108,569	8,968	23,560	20,000	115,972	7,992	36,359	33,944
Corporates and Property Management	815,593	56,662	286,391	22,968	759,695	53,559	185,680	21,301
Public Administration	20,591	32			20,115	31		
Households	435,834		310,647	1	411,149	329	373,785	5
TOTAL	**1,380,587**	**65,662**	**620,598**	**42,970**	**1,306,931**	**61,911**	**595,824**	**55,250**

1) Only risk mitigation arrangements eligible in capital adequacy reporting are represented above.

Loans reclassified current year

	Group		Parent company	
	2013	2012	2013	2012
Book value of impaired loans which have regained normal status	605	255		15
Individually assessed loans				
Impaired loans, past due > 60 days	4,609	7,234	998	1,009
Impaired loans, performing or past due < 60 days	322	767	12	21
Total impaired loans	**4,931**	**8,001**	**1,010**	**1,030**
Specific reserves	–2,521	–4,165	–492	–531
for impaired loans, past due > 60 days	–2,352	–3,783	–460	–511
for impaired loans, performing or past due < 60 days	–169	–382	–32	–20
Collective reserves	–1,762	–1,790	–581	–636
Impaired loans net	**648**	**2,046**	**–63**	**–137**
Specific reserve ratio for individually assessed impaired loans	51.1%	52.1%	48.7%	51.6%
Total reserve ratio for individually assessed impaired loans	86.9%	74.4%	106.2%	113.3%
Net level of impaired loans	0.17%	0.28%	0.04%	0.04%
Gross level of impaired loans	0.35%	0.58%	0.08%	0.09%
Portfolio assessed loans				
Loans past due > 60 days	4,146	5,389	907	1,074
Restructured loans	381	450		
Total	**4,527**	**5,839**	**907**	**1,074**
Collective reserves	–2,252	–2,914	–244	–303
Reserve ratio for portfolio assessed impaired loans	49.7%	49.9%	26.9%	28.2%

Loans past due but not determined to be impaired amounted to SEK 9,581m (14,583m) (past due up to 30 days) and SEK 1,054m (2,484m) (between 31 and 60 days). These loans represented 0.76 per cent (1.25) of the total lending volume.

Note 45 ctd. Loans and loan loss provisions

Reserves, Group

Specific loan loss reserves [1]	Loans to credit institutions 2013	Loans to credit institutions 2012	Loans to the public 2013	Loans to the public 2012	Total 2013	Total 2012
Opening balance	–32	–249	–4,133	–5,432	–4,165	–5,681
Reversals for utilisation	14	21	2,053	1,793	2,067	1,814
Provisions	–3	73	–753	–605	–756	–532
Reversals	15	122	366	435	381	557
Exchange rate differences	2	1	–50	–324	–48	–323
Closing balance	**–4**	**–32**	**–2,517**	**–4,133**	**–2,521**	**–4,165**

1) Specific reserves for individually appraised loans.

Collective loan loss reserves [2]	Loans to credit institutions 2013	Loans to credit institutions 2012	Loans to the public 2013	Loans to the public 2012	Total 2013	Total 2012
Opening balance	–11	–11	–4,693	–5,109	–4,704	–5,120
Net provisions			774	–44	774	–44
Exchange rate differences			–84	460	–84	460
Closing balance	**–11**	**–11**	**–4,003**	**–4,693**	**–4,014**	**–4,704**

2) Collective reserves for individually appraised loans, reserves for loans assessed on a portfolio basis and country risk reserves.

Contingent liabilities reserves	Loans to credit institutions 2013	Loans to credit institutions 2012	Loans to the public 2013	Loans to the public 2012	Total 2013	Total 2012
Opening balance			–299	–369	–299	–369
Net provisions			11	23	11	23
Exchange rate differences			13	47	13	47
Closing balance			**–275**	**–299**	**–275**	**–299**
TOTAL	**–15**	**–43**	**–6,795**	**–9,125**	**–6,810**	**–9,168**

Reserves, parent company

Specific loan loss reserves [1]	Loans to credit institutions 2013	Loans to credit institutions 2012	Loans to the public 2013	Loans to the public 2012	Total 2013	Total 2012
Opening balance	–32	–247	–499	–517	–531	–764
Reversals for utilisation	14	21	200	237	214	258
Provisions	–1	73	–207	–222	–208	–149
Reversals	15	121	18	6	33	127
Exchange rate differences				–3		–3
Closing balance	**–4**	**–32**	**–488**	**–499**	**–492**	**–531**

1) Specific reserves for individually appraised loans.

Collective loan loss reserves [2]	Loans to credit institutions 2013	Loans to credit institutions 2012	Loans to the public 2013	Loans to the public 2012	Total 2013	Total 2012
Opening balance	–10	–10	–929	–665	–939	–675
Net provisions			105	–153	105	–153
Exchange rate differences			9	–111	9	–111
Closing balance	**–10**	**–10**	**–815**	**–929**	**–825**	**–939**

2) Collective reserves for individually appraised loans, reserves for loans assessed on a portfolio basis and country risk reserves.

Contingent liabilities reserves	Loans to credit institutions 2013	Loans to credit institutions 2012	Loans to the public 2013	Loans to the public 2012	Total 2013	Total 2012
Opening balance			–3	–6	–3	–6
Net provisions			1	3	1	3
Closing balance			**–2**	**–3**	**–2**	**–3**
TOTAL	**–14**	**–42**	**–1,305**	**–1,431**	**–1,319**	**–1,473**

46 Derivative instruments

	Group		Parent company	
	2013	2012	2013	2012
Interest-related	108,650	136,418	102,824	133,064
Currency-related	24,979	29,156	22,723	26,848
Equity-related	5,923	2,569	5,507	2,527
Other	2,825	1,536	2,674	1,349
Positive replacement values	**142,377**	**169,679**	**133,728**	**163,788**
Interest-related	101,083	121,095	97,778	124,227
Currency-related	26,431	31,439	23,485	29,276
Equity-related	6,692	4,277	6,174	3,714
Other	2,501	1,051	2,305	1,031
Negative replacement values	**136,707**	**157,862**	**129,742**	**158,248**

	Positive replacement values		Negative replacement values	
Group, 2013	Nom. amount	Book value	Nom. amount	Book value
Options	279,992	11,312	185,249	11,258
Futures	1,798,565	1,094	1,629,053	1,391
Swaps	6,380,899	96,244	6,233,027	88,434
Interest-related	**8,459,456**	**108,650**	**8,047,329**	**101,083**
of which, cleared	709	7	16,690	6
Options	212,754	1,501	187,940	1,101
Futures	348,515	3,721	356,350	5,407
Swaps	2,915,695	19,757	2,893,726	19,923
Currency-related	**3,476,964**	**24,979**	**3,438,016**	**26,431**
of which, cleared		24		34
Options	1,793,314	3,592	419,770	2,316
Futures	1,275	158	1,257	179
Swaps	110,731	2,173	118,118	4,197
Equity-related	**1,905,320**	**5,923**	**539,145**	**6,692**
of which, cleared	1,245	282	6,087	635
Options	47,439	1,140	47,272	1,291
Futures	6,450	976	9,766	901
Swaps	26,661	709	25,664	309
Other	**80,550**	**2,825**	**82,702**	**2,501**
of which, cleared	3,627	71	2,846	74
TOTAL	**13,922,290**	**142,377**	**12,107,192**	**136,707**
of which, cleared	5,581	384	25,623	749
2012				
Options	96,044	6,513	63,397	3,678
Futures	1,273,803	1,354	1,037,517	1,583
Swaps	3,804,687	128,551	3,770,406	115,834
Interest-related	**5,174,534**	**136,418**	**4,871,320**	**121,095**
of which, cleared	1,224	5		
Options	239,743	1,944	239,456	1,661
Futures	345,065	4,476	332,608	4,965
Swaps	3,256,032	22,736	3,258,230	24,813
Currency-related	**3,840,840**	**29,156**	**3,830,294**	**31,439**
of which, cleared	9,704	82	8,429	469
Options	1,446,059	2,301	240,987	1,167
Futures	2,962	19		21
Swaps	71,838	249	77,248	3,089
Equity-related	**1,520,859**	**2,569**	**318,235**	**4,277**
of which, cleared	2,927	220		124
Options	1,819	411	1,610	49
Futures	2,425	295	5,239	264
Swaps	19,225	830	18,152	738
Other	**23,469**	**1,536**	**25,001**	**1,051**
of which, cleared	750	81	750	110
TOTAL	**10,559,702**	**169,679**	**9,044,850**	**157,862**
of which, cleared	14,605	388	9,179	703

Note 46 ctd. Derivative instruments

	Positive replacement values		Negative replacement values	
Parent company, 2013	Nom. amount	Book value	Nom. amount	Book value
Options	234,738	4,568	329,987	4,639
Futures	1,856,401	1,721	1,671,369	2,397
Swaps	6,500,703	96,535	6,500,880	90,742
Interest-related	**8,591,842**	**102,824**	**8,502,236**	**97,778**
Options	165,337	1,164	164,786	1,039
Futures	291,935	2,507	295,333	3,684
Swaps	2,885,906	19,052	2,883,442	18,762
Currency-related	**3,343,178**	**22,723**	**3,343,561**	**23,485**
of which, cleared		24		24
Options	1,792,310	3,251	409,736	1,921
Futures		156		179
Swaps	108,851	2,100	108,214	4,074
Equity-related	**1,901,161**	**5,507**	**517,950**	**6,174**
of which, cleared		272		631
Options	42,527	1,016	42,993	1,121
Futures	5,193	949	9,766	875
Swaps	26,661	709	25,664	309
Other	**74,381**	**2,674**	**78,423**	**2,305**
of which, cleared	1,820	–27	2,846	–25
TOTAL	**13,910,562**	**133,728**	**12,442,170**	**129,742**
of which, cleared	1,820	269	2,846	630
2012				
Options	91,580	3,543	62,880	3,759
Futures	1,272,747	2,113	1,037,517	2,194
Swaps	3,783,630	127,408	3,782,153	118,274
Interest-related	**5,147,957**	**133,064**	**4,882,550**	**124,227**
Options	243,036	1,913	242,310	1,627
Futures	329,149	2,592	329,935	3,695
Swaps	3,380,388	22,343	3,382,669	23,954
Currency-related	**3,952,573**	**26,848**	**3,954,914**	**29,276**
Options	1,496,471	2,298	422,934	1,139
Futures		19		21
Swaps	71,336	210	68,539	2,554
Equity-related	**1,567,807**	**2,527**	**491,473**	**3,714**
of which, cleared		220		124
Options	1,269	43	1,353	42
Futures	1,863	282	4,677	251
Swaps	19,419	1,024	18,152	738
Other	**22,551**	**1,349**	**24,182**	**1,031**
of which, cleared		64		93
TOTAL	**10,690,888**	**163,788**	**9,353,119**	**158,248**
of which, cleared		284		217

47 Related parties

	Group/Parent		Group		Parent company			
	Other related parties		Associated companies		Group companies		Associated companies	
2013	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest
Loans to credit institutions					115,090	916		
Loans to the public	12	1	2,317	31	23,498	158	2,188	27
Interest-bearing securities					661	68		
Other assets					14,014	14		
TOTAL	**12**	**1**	**2,317**	**31**	**153,263**	**1,156**	**2,188**	**27**
Deposits from credit institutions					50,125	–782		
Deposits and borrowings from the public	602	–11	27	–3	14,669	–119	3	0
Issued securities					624	–20		
Other liabilities					12,913	–71		
TOTAL	**602**	**–11**	**27**	**–3**	**78,331**	**–992**	**3**	**0**
2012								
Loans to credit institutions					122,414	1,420		
Loans to the public			408	6	22,182	373	288	5
Interest-bearing securities					2,238	99		
Other assets					13,935	2		
TOTAL			**408**	**6**	**160,769**	**1,894**	**288**	**5**
Deposits from credit institutions					49,723	–940		
Deposits and borrowings from the public	2,619	–5	19	0	14,283	–196	13	0
Issued securities					476	–18		
Other liabilities					13,161	–82		
TOTAL	**2,619**	**–5**	**19**	**0**	**77,643**	**–1,236**	**13**	**0**

Entities with significant influence or significantly influenced by key management personnel in the Group, and post-employment benefit plans are presented as other related parties. Investor AB and the pension foundation SEB-stiftelsen are within this category. In addition the Group has insurance administration and asset management agreements with Gamla Livförsäkringsbolaget SEB Trygg Liv based on conditions on the market. SEB has received SEK 143m (150) under the insurance administration agreement and SEK 345m (298) under the asset management agreement.

For more information on Gamla Livförsäkringsbolaget SEB Trygg Liv, see note 51.

The parent company is a related party to its subsidiaries and associates. See note 26 Investments in associates and note 27 Shares in subsidiaries for disclosures of investments.

Disclosures regarding key management personnel, the Board of Directors and the Group Executive Committee and their close family members, can be found in note 9 c.

48 Capital adequacy

	Financial group of undertakings[1]		Parent company	
Calculation of capital base	2013	2012	2013	2012
Total equity according to balance sheet	122,814	109,513	83,755	73,330
Proposed dividend (excl repurchased shares)	–8,719	–6,028	–8,719	–6,028
Investments outside the financial group of undertakings	–67	–64		
Other deductions outside the financial group of undertakings [2]	–2,710	–4,451		
Total equity in the capital adequacy	**111,318**	**98,970**	**75,036**	**67,302**
Untaxed reserves			18,481	19,417
Adjustment for hedge contracts	–40	–473	–38	–469
Net provisioning amount for IRB-reported credit exposures	–345		–493	–416
Unrealised value changes on available-for-sale financial assets	–1,734	–597	–250	634
Exposures where risk-weighted assets (RWA) are not calculated [3]	–647	–802	–647	–802
Goodwill [4]	–4,085	–4,147	–584	–755
Other intangible assets	–2,443	–2,559	–2,102	–2,099
Deferred tax assets	–1,576	–2,003		
Core Tier 1 capital	**100,448**	**88,389**	**89,403**	**82,812**
Tier 1 capital contribution (non-innovative)	4,448	4,300	4,448	4,300
Tier 1 capital contribution (innovative)	9,801	9,704	9,802	9,703
Investments in insurance companies	–6,538			
Tier 1 capital	**108,159**	**102,393**	**103,653**	**96,815**
Dated subordinated debt	6,739	6,515	6,671	6,451
Deduction for remaining maturity	–54	–39		
Perpetual subordinated debt	613	1,890	613	1,890
Net provisioning amount for IRB-reported credit exposures	–345	485	–493	–416
Unrealised gains on available-for-sale financial assets	1,515	990	364	314
Exposures where risk-weighted assets (RWA) are not calculated [3]	–647	–802	–647	–802
Investments outside the financial group of undertakings	–67	–64		
Investments in insurance companies	–6,538			
Tier 2 capital	**1,216**	**8,975**	**6,508**	**7,437**
Investments in insurance companies [4]		–10,501		
Pension assets in excess of related liabilities	–2,298			
CAPITAL BASE	**107,077**	**100,867**	**110,161**	**104,252**

Note 48 ctd. Capital adequacy

Calculation of risk-weighted assets	Financial group of undertakings[1] 2013	Financial group of undertakings[1] 2012	Parent company 2013	Parent company 2012
Credit risk IRB approach				
Institutions	22,454	23,879	17,415	16,714
Corporates	328,739	326,666	204,036	208,770
Securitisation positions	4,827	5,177	4,705	5,077
Retail mortgages	41,433	42,896	30,627	31,008
Other retail exposures	10,619	9,365	8,166	6,849
Other exposure classes	1,418	1,461		
Total credit risk IRB approach	**409,490**	**409,444**	**264,949**	**268,418**
Further risk-weighted assets				
Credit risk, Standardised approach	59,167	68,125	137,459	147,563
Operational risk, Advanced Measurement approach	38,313	40,219	25,968	27,635
Foreign exchange rate risk	6,485	14,042	4,105	12,635
Trading book risks	50,104	54,009	49,738	52,204
Total risk-weighted assets according to Basel II	**563,559**	**585,839**	**482,219**	**508,455**
Addition according to transitional flooring[5]	353,481	293,398	234,648	159,455
TOTAL REPORTED RISK-WEIGHTED ASSETS	**917,040**	**879,237**	**716,867**	**667,910**

Capital ratios	Financial group of undertakings 2013	Financial group of undertakings 2012	Parent company 2013	Parent company 2012
Basel II with transitional floor				
Core Tier 1 capital ratio	11.0%	10.1%	12.5%	12.4%
Tier 1 capital ratio	11.8%	11.6%	14.5%	14.5%
Total capital ratio	11.7%	11.5%	15.4%	15.6%
Capital base in relation to capital requirement	1,46	1,43	1,92	1,95
Basel II without transitional floor				
Core Tier 1 capital ratio	17.8%	15.1%	18.5%	16.3%
Tier 1 capital ratio	19.2%	17.5%	21.5%	19.0%
Total capital ratio	19.0%	17.2%	22.8%	20.5%
Capital base in relation to capital requirement	2,38	2,15	2,86	2,56

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 (5,721) is created. This is included in the deduction for insurance investments.
5) During 2009–2013 institutions were required to have a capital base not below 80 per cent of the capital requirement according to Basel I regulation. The addition is made in consequence with these transitional arrangements.

The consolidated SEB Group must 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 82.5bn (79.7), while the capital amounted to SEK 117.2bn (114.7). The capital requirement for the financial conglomerate has been calculated in accordance with the deduction and aggregation method.

49 Future minimum lease payments for operational leases*

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Year 2013		1,018		753
Year 2014	1,124	942	725	681
Year 2015	989	857	620	587
Year 2016	705	597	388	323
Year 2017	588	535	288	247
Year 2018 and later	2,259	1,340	1,247	906
TOTAL	**5,665**	**5,289**	**3,268**	**3,497**

* Leases for premises and other operational leases.

50 Assets and liabilities distributed by main currencies

Group 2013	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash, cash balances and other lending to central banks	2,386	30,649	126,620	104	1,336	11,659	10,857	**183,611**
Loans to credit institutions	17,639	42,860	26,109	1,569	6,982	1,278	6,186	**102,623**
Loans to the public	746,094	306,085	85,695	16,727	68,949	44,506	34,512	**1,302,568**
Other financial assets	347,347	235,807	42,727	28,278	116,410	59,199	16,020	**845,788**
Other assets	24,335	9,410	2,615	273	8,802		4,809	**50,244**
TOTAL ASSETS	**1,137,801**	**624,811**	**283,766**	**46,951**	**202,479**	**116,642**	**72,384**	**2,484,834**
Deposits from central banks	789	534	58,098	1,331	1,315	82	264	**62,413**
Deposits from credit institutions	30,363	27,572	21,633	1,513	22,212	6,763	3,722	**113,778**
Deposits and borrowing from the public	387,020	245,658	121,770	11,363	10,820	23,662	49,182	**849,475**
Other financial liabilities	509,424	311,987	253,559	43,033	41,695	41,187	4,106	**1,204,991**
Other liabilities	31,652	8,153	2,301	770	82,621	790	5,076	**131,363**
Total equity	122,814							**122,814**
TOTAL LIABILITIES AND EQUITY	**1,082,062**	**593,904**	**457,361**	**58,010**	**158,663**	**72,484**	**62,350**	**2,484,834**

2012	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash, cash balances and other lending to central banks	967	61,381	133,562	24	3,966	1,865	7,398	**209,163**
Loans to credit institutions	29,656	50,283	32,484	850	5,939	1,960	4,851	**126,023**
Loans to the public	689,888	302,109	93,063	16,883	54,158	48,536	31,451	**1,236,088**
Other financial assets	351,091	192,869	37,584	18,743	102,864	68,483	4,903	**776,537**
Other assets	28,105	25,745	2,435	550	15,159	28,931	4,720	**105,645**
TOTAL ASSETS	**1,099,707**	**632,387**	**299,128**	**37,050**	**182,086**	**149,775**	**53,323**	**2,453,456**
Deposits from central banks	75	856	19,640	8,754			748	**30,073**
Deposits from credit institutions	38,466	35,379	29,194	2,037	19,534	10,269	5,704	**140,583**
Deposits and borrowing from the public	354,036	243,742	163,542	13,007	19,636	24,660	43,637	**862,260**
Other financial liabilities	504,235	239,050	233,587	26,464	77,286	32,626	5,505	**1,118,753**
Other liabilities	82,901	31,293	7,278	567	37,403	29,624	3,208	**192,274**
Total equity	109,513							**109,513**
TOTAL LIABILITIES AND EQUITY	**1,089,226**	**550,320**	**453,241**	**50,829**	**153,859**	**97,179**	**58,802**	**2,453,456**

Parent company 2013	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash and balances with central banks	134	1,723	126,536		1,327	4,439	1,150	**135,309**
Loans to credit institutions	27,031	85,596	34,070	4,140	9,863	13,599	9,013	**183,312**
Loans to the public	709,077	92,354	79,569	12,328	67,848	37,769	14,243	**1,013,188**
Other financial assets	187,843	152,395	28,873	28,551	49,302	58,509	18,497	**523,970**
Other assets	12,201	12,847	15,920	2,246	389	3,214	1,562	**48,379**
TOTAL ASSETS	**936,286**	**344,915**	**284,968**	**47,265**	**128,729**	**117,530**	**44,465**	**1,904,158**
Deposits from central banks	789	533	58,098	1,331			1,662	**62,413**
Deposits from credit institutions	36,956	38,730	25,942	2,028	23,647	7,175	13,346	**147,824**
Deposits and borrowing from the public	380,007	59,232	113,811	9,979	11,649	25,319	11,237	**611,234**
Other financial liabilities	361,986	234,426	252,715	42,464	23,671	40,992	1,977	**958,231**
Other liabilities	2,141	2,049	659	1,860	1,374	5,071	3,852	**17,006**
Shareholders' equity and untaxed reserves	107,450							**107,450**
TOTAL LIABILITIES AND EQUITY	**889,329**	**334,970**	**451,225**	**57,662**	**60,341**	**78,557**	**32,074**	**1,904,158**

2012	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash and balances with central banks	940	25,116	133,479		3,957	1,831	671	**165,994**
Loans to credit institutions	37,297	99,714	37,510	4,149	7,029	7,284	7,206	**200,189**
Loans to the public	647,182	87,673	84,561	12,513	53,127	41,049	11,629	**937,734**
Other financial assets	218,417	141,814	23,151	19,258	49,089	91,639	8,176	**551,544**
Other assets	37,511	7,797	1,812	389	614	4,666	803	**53,592**
TOTAL ASSETS	**941,347**	**362,114**	**280,513**	**36,309**	**113,816**	**146,469**	**28,485**	**1,909,053**
Deposits from central banks	75	856	19,640	8,754			748	**30,073**
Deposits from credit institutions	43,507	53,705	32,744	2,621	19,711	10,585	6,765	**169,638**
Deposits and borrowing from the public	348,953	63,413	156,656	11,523	20,246	26,565	10,365	**637,721**
Other financial liabilities	399,710	206,628	235,761	26,010	18,834	60,969	3,395	**951,307**
Other liabilities	16,462	–462	2,990	599	367	–171	853	**20,638**
Shareholders' equity and untaxed reserves	99,676							**99,676**
TOTAL LIABILITIES AND EQUITY	**908,383**	**324,140**	**447,791**	**49,507**	**59,158**	**97,948**	**22,126**	**1,909,053**

51 Life insurance operations

INCOME STATEMENT	Group 2013	Group 2012
Premium income, net	6,259	6,462
Income investment contracts		
– Own fees including risk gain/loss	1,417	1,402
– Commissions from fund companies	1,440	1,320
	2,857	2,722
Net investment income	3,036	7,825
Other operating income	374	385
Total income, gross	**12,526**	**17,394**
Claims paid, net	–8,722	–7,708
Change in insurance contract provisions	786	–5,065
Total income, net	**4,590**	**4,621**
Of which from other units within the SEB group	*1,335*	*1,193*
Expenses for acquisition of investment and insurance contracts		
– Acquisition costs	–1,633	–1,401
– Change in deferred acquisition costs	51	–97
	–1,582	–1,498
Administrative expenses	–1,113	–1,138
Other operating expenses	–3	–5
Total expenses	**–2,698**	**–2,641**
OPERATING PROFIT	**1,892**	**1,980**

CHANGE IN SURPLUS VALUES IN DIVISION LIFE	2013	2012
Present value of new sales [1]	837	1,277
Return on existing policies	1,537	1,511
Realised surplus value in existing policies	–2,665	–2,580
Actual outcome compared to assumptions [2]	–1,430	358
Change in surplus values from ongoing business, gross	**–1,721**	**566**
Capitalisation of acquisition costs	–942	–740
Amortisation of capitalised acquisition costs	891	837
Change in deferred front end fees	73	8
Change in surplus values from ongoing business, net [3]	**–1,699**	**671**
Financial effects due to short-term market fluctuations [4]	1,087	1,712
Change in assumptions [5]	–957	–409
TOTAL CHANGE IN SURPLUS VALUES [6]	**–1,569**	**1,974**

Calculations of surplus value in the life insurance operations are based on assumptions of the future development of existing insurance contracts and a risk-adjusted discount rate. The most important assumptions (Swedish unit-linked – which represent 71 per cent (66) of the total surplus value).

	2013	2012
Discount rate	7.0%	7.0%
Surrender of endowment insurance contracts: contracts signed within 1 year / 1–4 years / 5 years / 6 years / thereafter	1% / 8% / 18% / 15% / 12%	1% / 8% / 16% / 15% / 11%
Lapse rate of regular premiums, unit-linked	10.3%	11%
Growth in fund units, gross before fees and taxes	5.0%	5.0%
Inflation CPI / Inflation expenses	2% / 3%	2% / 3%
Expected return on solvency margin	3%	3%
Right to transfer policy, unit-linked	3.2%	2.6%
Mortality	The Group's experience	The Group's experience

1) Sales defined as new contracts and extra premiums in existing contracts.
2) The actual outcome of previously signed contracts is compared with previous assumptions and deviations are calculated. Important components are the duration of contracts and cancellations. The large negative deviation in 2013 is due to higher internal sales commissions as a result of a new distribution agreement with the Retail division.
3) Acquisition costs are capitalised in the accounts and amortised according to plan. Certain front end fees are also recorded on the balance sheet and recognized as revenue in the income statement during several years. The reported change in surplus values is adjusted by the net effect of changes in deferred acquisition costs and deferred front end fees during the period.
4) Assumed investment return (growth in fund values) is 5.0 per cent gross before fees and taxes. Actual return results in positive or negative financial effects.
5) 2013 includes negative effects from assumed higher frequency of surrenders and transfers of some SEK 1,100m which is reduced by positive effects of lower assumed expenses. In 2012 a higher assumed transfer rate had a negative effect of some SEK 400m. The net of changes in assumed surrender and lapse rate had a negative effect but was offset by lower expected expenses.
6) The calculated surplus value is not included in the SEB Group's consolidated accounts. The surplus value is net of capitalised acquisition costs and deferred front end fees.

Note 51 ctd. Life insurance operations

SUMMARISED FINANCIAL INFORMATION FOR GAMLA LIVFÖRSÄKRINGSBOLAGET SEB TRYGG LIV*

	Group	
Income statement, condensed	**2013**	**2012**
Life insurance technical result	26,261	15,490
Other costs and appropriations	–44	–91
Taxes	–394	–539
NET RESULT	**25,823**	**14,860**
Balance sheet, condensed		
Total assets	172,041	163,590
TOTAL ASSETS	**172,041**	**163,590**
Total liabilities	85,397	98,303
Consolidation fund / equity	86,382	65,065
Untaxed reserves	262	222
TOTAL LIABILITIES AND EQUITY	**172,041**	**163,590**

* 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. Current year figures are unaudited.

52 Assets in unit-linked operations

Within the unit-linked business SEB holds, for its customers' account, a share of more than 50 per cent in 61 (47) funds, where SEB is the investment manager. The total value of those funds amounted to SEK 122,236m (100,680) of which SEB, for its customer's account, holds SEK 87,144m (72,826).

53 Discontinued operations

Impact from the sale of the retail business in Germany and Ukraine
The divestment of both the German and Ukrainian retail operations were finalised during 2012. Certain closing work was performed through 2013.

Discontinued operations are reported net on a separate line in the Group's income statement. The comparative figures in the income statement have been adjusted as if the discontinued operation had never been part of the Group's continuing operations.

	Group	
Income statement	**2013**	**2012**
Total operating income	42	305
Total operating expenses	–118	–645
Profit before credit losses	**–76**	**–340**
Net credit losses	–20	–181
Operating profit	**–96**	**–521**
Income tax expense	85	33
Net profit from discontinued operations	**–11**	**–488**
Cash flow statement		
Cash flow from operating activities	–268	65
Cash flow from investment activities		38
Cash flow from financing activities	268	87
Net increase in cash and cash equivalents from discontinued operations	**0**	**190**

54 Reclassified portfolios

	Group		Parent company	
	2013	2012	2013	2012
Opening balance	29,342	42,169	14,122	20,527
Amortisations	−6,076	−2,862	−3,517	−2,830
Securities sold	−4,993	−8,656		−2,904
Accrued coupon	−8	9	−6	−32
Exchange rate differences	580	−1,318	274	−639
CLOSING BALANCE*	**18,845**	**29,342**	**10,873**	**14,122**
* Fair value if not reclassified	18,668	28,423	10,711	13,304

Fair value impact – if not reclassified

In Other Comprehensive Income (AFS origin)	535	1,117	590	445
In Income Statement (HFT origin)	10	217	17	−271
TOTAL	**545**	**1,334**	**607**	**174**

Effect in Income Statement*

Net interest income	305	602	180	279
Net financial income	274	−639	274	−639
Other income	−34	−391	−7	−407
TOTAL	**545**	**−428**	**447**	**−767**

* 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 realised and unrealised gains and losses related to the reclassified portfolio. Other income is the realised gains or losses from sales in the portfolio.

In rare circumstances amendments to IAS 39, endorsed by the European Union in October 2008, allow financial assets to be reclassified out of the assets held for trading category. SEB considered the extreme disruption in the global financial markets and the sharp deterioration of the real economy in the second half of 2008 and continuing into 2009 to be such rare circumstances. SEB has not reclassified any assets during 2012 and 2013.

The SEB Group

Income statement

SEK m	2013	2012	2011 [1]	2010 [2]	2009 [2]
Net interest income	18,827	17,635	16,901	15,930	17,967
Net fee and commission income	14,664	13,620	14,175	14,120	13,250
Net financial income	4,052	4,579	3,548	3,148	4,453
Net life insurance income	3,255	3,428	3,197	3,255	3,597
Net other income	755	–439	–135	282	2,154
Total operating income	**41,553**	**38,823**	**37,686**	**36,735**	**41,421**
Staff costs	–14,029	–14,596	–14,325	–13,920	–13,688
Other expenses	–6,299	–6,444	–7,424	–7,213	–6,670
Depreciation, amortisation and impairment of tangible and intangible assets	–1,959	–2,612	–1,764	–1,854	–4,046
Restructuring costs				–764	
Total operating expenses	**–22,287**	**–23,652**	**–23,513**	**–23,751**	**–24,404**
Gains less losses on disposals of tangible and intangible assets	16	1	2	14	7
Net credit losses	–1,155	–937	778	–1,609	–11,370
Operating profit	**18,127**	**14,235**	**14,953**	**11,389**	**5,654**
Income tax expense	–3,338	–2,093	–2,942	–2,569	–2,478
Net profit from continuing operations	**14,789**	**12,142**	**12,011**	**8,820**	**3,176**
Discontinued operations	–11	–488	–1,155	–2,022	–1,998
NET PROFIT	**14,778**	**11,654**	**10,856**	**6,798**	**1,178**
Attributable to minority interests	7	22	37	53	64
Attributable to equity holders	14,771	11,632	10,819	6,745	1,114

1) 2011 restated for change in accounting policy for defined benefit plans.
2) 2010–2009 restated excluding Retail Germany.

Balance sheet

SEK m	2013	2012	2011 [1]	2010	2009
Cash, cash balances and other lending to central banks	183,611	209,163	228,590	67,152	36,589
Loans to credit institutions	102,623	126,023	128,763	183,524	331,460
Loans to the public	1,302,568	1,236,088	1,186,223	1,074,879	1,187,837
Other financial assets	845,788	831,512	762,334	730,935	597,413
Other assets	50,244	50,670	53,471	123,331	154,928
TOTAL ASSETS	**2,484,834**	**2,453,456**	**2,359,381**	**2,179,821**	**2,308,227**
Deposits from central banks and credit institutions	176,191	170,656	201,274	212,624	397,433
Deposits and borrowing from the public	849,475	862,260	861,682	711,541	801,088
Other financial liabilities	1,204,991	1,173,414	1,061,988	975,935	856,107
Other liabilities	131,363	137,613	131,698	180,178	153,930
Total equity	122,814	109,513	102,739	99,543	99,669
TOTAL LIABILITIES AND EQUITY	**2,484,834**	**2,453,456**	**2,359,381**	**2,179,821**	**2,308,227**

1) 2011 restated for change in accounting policy for defined benefit plans and change in fair value measurement of financial assets.

Key figures

	2013	2012	2011	2010	2009
Return on equity, %	13.11	11.06	11.12	6.84	1.17
Basic earnings per share, SEK	6,74	5,31	4,93	3,07	0,58
Cost/Income ratio [1]	0.54	0.61	0.62	0.65	0.60
Credit loss level, %	0.09	0.08	–0.08	0.15	0.92
Total reserve ratio for individually impaired loans, %	86.9	74.4	71.1	69.2	69.5
Gross level of impaired loans, %	0.35	0.58	0.84	1.28	1.46
Total capital ratio [2], %	11.68	11.47	12.50	12.40	13.50
Tier I capital ratio [2], %	11.79	11.65	13.01	12.75	12.78

1) Continuing operations.
2) Basel II (with transitional rules).

Skandinaviska Enskilda Banken

Income statement

SEK m	2013	2012	2011[1]	2010	2009
Net interest income	18,872	17,478	15,541	13,828	15,069
Net fee and commission income	8,283	7,439	7,396	6,907	6,215
Net financial income	3,547	4,046	3,133	3,239	4,065
Other income	6,838	2,374	4,620	3,346	6,466
Total operating income	**37,540**	**31,337**	**30,690**	**27,320**	**31,815**
Administrative expenses	–14,062	–15,077	–14,479	–13,935	–12,117
Depreciation, amortisation and impairment of tangible and intangible assets	–5,024	–5,446	–4,884	–4,630	–5,125
Total operating costs	**–19,086**	**–20,523**	**–19,363**	**–18,565**	**–17,242**
Profit before credit losses	**18,454**	**10,814**	**11,327**	**8,755**	**14,573**
Net credit losses	–451	–385	–457	–362	–984
Impairment of financial assets	–1,691	–1,114	–759	–442	–1,222
Operating profit	**16,312**	**9,315**	**10,111**	**7,951**	**12,367**
Appropriations including pension compensation	3,432	–3,175	–148	–1,283	–1,510
Taxes	–2,805	–1,375	–2,112	–3,095	–3,231
NET PROFIT	**16,939**	**4,765**	**7,851**	**3,573**	**7,626**

1) 2011 restated for accounting of group contributions.

Balance sheet

SEK m	2013	2012	2011[1]	2010	2009
Cash and cash balances with central banks	135,309	165,994	121,948	19,941	36,589
Loans to credit institutions	183,312	200,189	245,796	250,568	376,223
Loans to the public	1,013,188	937,734	873,335	763,441	732,475
Other financial assets	523,970	551,544	494,005	439,438	382,678
Other assets	48,379	53,592	53,204	62,940	67,951
TOTAL ASSETS	**1,904,158**	**1,909,053**	**1,788,288**	**1,536,328**	**1,595,916**
Deposits from central banks and credit institutions	210,237	199,711	229,428	195,408	386,530
Deposits and borrowing from the public	611,234	637,721	608,645	484,839	490,850
Other financial liabilities	958,231	951,307	839,355	733,044	595,032
Other liabilities	17,006	20,638	15,069	33,766	35,236
Shareholders' equity and untaxed reserves	107,450	99,676	95,791	89,271	88,268
TOTAL LIABILITIES, UNTAXED RESERVES AND SHAREHOLDERS' EQUITY	**1,904,158**	**1,909,053**	**1,788,288**	**1,536,328**	**1,595,916**

1) 2011 restated for change in fair value measurement of financial assets.

Key figures

	2013	2012	2011	2010	2009
Return on equity, %	17.7	5.2	9.2	4.3	10.7
Cost/Income ratio	0.51	0.65	0.63	0.68	0.56
Credit loss level, %	0.04	0.03	0.04	0.04	0.10
Gross level of impaired loans, %	0.08	0.09	0.10	0.20	0.18
Total capital ratio[1], %	15.4	15.6	16.8	17.1	17.2
Tier I capital ratio[1], %	14.5	14.5	16.0	16.0	14.8

1) Basel II (with transitional rules).

Proposal for the distribution of profit

Standing at the disposal of the Annual General Meeting in accordance with the balance sheet of Skandinaviska Enskilda Banken AB:

	SEK
Other reserves	399,569,678
Retained earnings	32,216,499,765
Net profit for the year	16,938,728,485
Total	**49,554,797,928** [1)]

1) The Parent Company's equity would have been SEK 668m lower if assets and liabilities had not been measured at fair value in accordance with Chapter 4, Section 14 of the Swedish Annual Accounts Act.

The board proposes that, following approval of the balance sheet of Skandinaviska Enskilda Banken AB for the financial year 2013, the Annual General Meeting should distribute the earnings as follows:

Dividend to shareholders:	SEK
– SEK 4.00 per Series A-share	8,680,077,176
– SEK 4.00 per Series C-share	96,610,032
To be carried forward to:	
– retained earnings	40,778,110,720
Total	**49,554,797,928**

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands which are imposed by the nature, scope, and risks associated with the business and the size of the Parent company's and the Group's equity and need for consolidation, liquidity and financial position in general.

The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a relevant and faithful representation of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The Report of the Directors for the Group and the Parent company provides a fair review of the development of the Group's and the Parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent company and companies included in the Group.

Stockholm 19 February 2014

Marcus Wallenberg
CHAIRMAN

Urban Jansson
DEPUTY CHAIRMAN

Jacob Wallenberg
DEPUTY CHAIRMAN

Johan H Andresen
DIRECTOR

Signhild Arnegård Hansen
DIRECTOR

Samir Brikho
DIRECTOR

Winnie Fok
DIRECTOR

Birgitta Kantola
DIRECTOR

Tomas Nicolin
DIRECTOR

Sven Nyman
DIRECTOR

Jesper Ovesen
DIRECTOR

Magdalena Olofsson
DIRECTOR
APPOINTED BY THE EMPLOYEES

Pernilla Påhlman
DIRECTOR
APPOINTED BY THE EMPLOYEES

Annika Falkengren
PRESIDENT AND CHIEF EXECUTIVE OFFICER
DIRECTOR

Auditor's report

To the annual meeting of the shareholders of Skandinaviska Enskilda Banken AB (publ), corporate identity number 502032-9081

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Skandinaviska Enskilda Banken AB (publ) for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 18-150.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. A corporate governance statement has been prepared. The statutory administration report and corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Skandinaviska Enskilda Banken AB (publ) for the year 2013.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, Banking and Financing Business Act, Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm 19 February 2014

PRICEWATERHOUSECOOPERS AB

Peter Nyllinge
AUTHORISED PUBLIC ACCOUNTANT
PARTNER IN CHARGE

Magnus Svensson Henryson
AUTHORISED PUBLIC ACCOUNTANT

SEB creates value

SEB is tightly connected to society and the Bank's stakeholders in many ways. Like all banks, SEB supports the economy and overall society by providing financial services to households, businesses, institutions and the public sector. These activities also benefit the Bank's direct stakeholders: employees, suppliers, the public sector and shareholders. This overview illustrates the value creation process.

Banks' key role as financial engines in society takes place in three main areas:

Financial intermediation
Banks provide solutions for those with money to invest and for those in need of borrowing. Banks also act as safe and efficient intermediaries between them.

Payments
Banks provide domestic and international payment services which are the basis for all economic activity.

Risk management
Banks assume risk and assist customers with financial risk management.

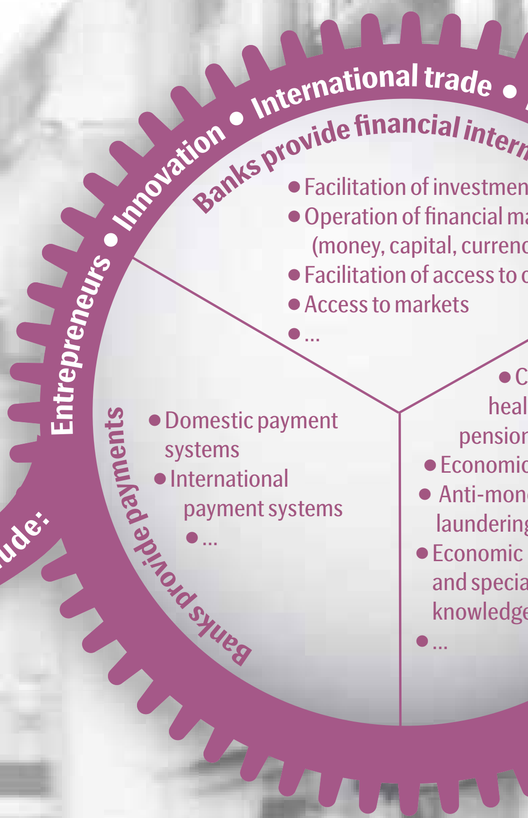
As all these areas are essential to society, banks are an integral part of the economy. Financial markets are at the core of creating economic and social value in a modern society.

Corporate, institutional a
public sector customers

Financial needs arise in do

Society at large

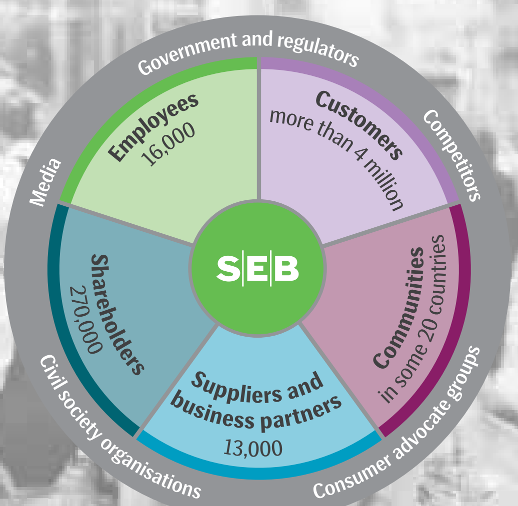
Economic needs in society include:



Private individual customers

Financial needs are part of everyd

SEB's stakeholders



While creating economic value to customers and society as a whole the Bank also distributes value to direct stakeholders (in total SEK 37,487m in 2013).

Calendar and financial information

At www.sebgroup.com the following and other extended and updated information regarding SEB is available. Key dates for reports and important events are:

Publication of 2013 **Annual Accounts**	5 Februari 2014
Publication of **Annual Report** on the Internet	4 March 2014
Annual General Meeting	25 March 2014
Interim report January – March	25 April 2014
Interim report January – June	14 July 2014
Interim report January – September	23 October 2014
Publication of 2014 **Annual Accounts**	29 January 2015

Interim reports in electronic form may be subscribed to, at www.sebgroup.com/ir

New shareholders are automatically offered a subscription of the Annual Report or the Annual Review. Printed copies of the reports may be ordered at www.sebgroup.com/ir

Other publications

Annual Review
An abbreviated version of the Annual Report.

Corporate Sustainability Report
A report on SEB's work within the sustainability area.

Capital Adequacy and Risk Management Report (Pillar 3)
A report containing public disclosure on capital adequacy and risk management in accordance with regulatory requirements.

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Annual General Meeting

The Annual General Meeting will be held on Tuesday, 25 March 2014, at 1.00 p.m. (CET) at Stockholm Concert Hall, Hötorget.

Notices convening the General Meeting including an agenda for the meeting are available on www.sebgroup.com

Shareholders who wish to attend the Annual General Meeting shall both
- be registered in the shareholders' register kept by Euroclear Sweden AB on Wednesday, 19 March 2014, at the latest
- and notify the Bank by telephone 0771-23 18 18 (+46 771 23 18 18 from outside Sweden) between 9.00 a.m. and 4.30 p.m. (CET) or via Internet on www.sebgroup.com or in writing at the following address: Skandinaviska Enskilda Banken AB, AGM, Box 7832, SE-103 98 Stockholm, Sweden, on 19 March 2014, at the latest.

Dividend

The Board proposes a dividend of SEK 4.00 per share for 2013.

The share is traded ex dividend on Wednesday, 26 March, 2014. Friday, 28 March 2014, 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 Wednesday 2 April 2014.

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Skandinaviska Enskilda Banken AB's corporate registration number: 502032-9081

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