
SEB
Annual Report
12

Contents

2012 in brief

	2012	2011
Operating income, SEK m	38,823	37,686
Profit before credit losses, SEK m	15,171	14,173
Operating profit, SEK m	14,235	14,953
Net profit from continuing operations, SEK m	12,142	12,011
Return on equity, continuing operations, per cent	11.5	12.3
Earnings per share, continuing operations, SEK	5.53	5.46
Proposed dividend, SEK	2.75	1.75
Core Tier I capital ratio[1], per cent	15.1	13.7
Tier I capital ratio[1], per cent	17.5	15.9

1) without Basel II transitional floor

The most important events in 2012:

- Incessant anxiety regarding the sovereign debt situation in many countries and the global imbalances led to continued uncertainty in the financial markets. Interest rates were historically low.
- SEB's investments in the corporate segments resulted in 100 new large corporate customers and 13,000 new SME customers. The number of private customers increased by some 50,000.
- The Board and Management announced new financial targets.
- SEB was awarded as the best bank in Sweden, Estonia, Latvia and Lithuania (The Banker).
- For the first time SEB was named best bank for large corporations in the Nordic countries (Prospera).
- For the third year in a row SEB received Global Private Banking Award as the best Nordic bank for private banking services (The Banker and PWM).
- SEB was ranked as No. 1 in Sweden regarding openness and anti-corruption work (Transparency International).

SEB's most important rankings 2008–2012

SEB's performance within different business 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	2012	2011	2010	2009	2008	Organisation / publication etc
Best bank in Sweden	1			1	1	The Banker 2012/Euromoney 2008 – 2009
Best client relationship bank in Sweden	1	1	1			Prospera
Private Banking						
Best private bank in the Nordic region	1	1	1			The Banker and Professional Wealth Management
Investment banking						
Best bank at risk management, Nordic region		1	1	1	1	Global Finance
Best M&A house in the Nordic region		1	1	1	1	Euromoney
Best Stockbroker in the Nordic region	1	1	1	1	1	Prospera
Best Corporate Finance house, Nordic region	N/A	1	N/A	1	N/A	Prospera
Corporate banking						
SME Bank of the Year in Sweden	1	1	N/A	1	1	Finansbarometern 2012/Privata Affärer 2008 – 2011
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		Prospera
Best Supply Chain Finance Provider in the Nordic region	1	1	1	1	1	Treasury Management International (TMI), Global Finance
Best FX provider in the Nordic region			1	1	N/A	Prospera
Financial advisor of the year, Nordic region	1		1			Financial Times och Mergermarket

Front cover Christina Ståhl, President of Mio, and Björn Johansson, Client Executive, SEB. Read more in SEB's Annual Review.

SEB is a leading Nordic financial services group. As a relationship bank strongly committed to deliver customer value, SEB in Sweden and the Baltic countries offers financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany the Bank's operations have a strong focus on a full-service offering to corporate and institutional clients. SEB's activities are carried out with a long-term perspective to fulfil the Bank's role to assist businesses and markets to thrive. The international nature of SEB's business is reflected in its presence in some 20 countries worldwide. SEB serves more than 4 million customers and has around 16,500 employees.

SEB's customers

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

2,800
Corporates and institutions

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

400,000
SME customers

SEB offers small and medium-sized corporate customers several 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.

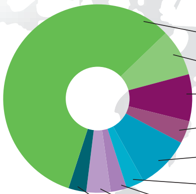
4,000,000
Private customers

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.

SEB's markets

Operating income

Geographical distribution, per cent



	2012	2011
Sweden	57	(59)
Norway	8	(8)
Denmark	8	(8)
Finland	4	(4)
Germany[1)]	7	(9)
Estonia	3	(3)
Latvia	3	(3)
Lithuania	4	(4)
Other	6	(2)

Subsidiaries, branches and representative offices

SEB representation worldwide

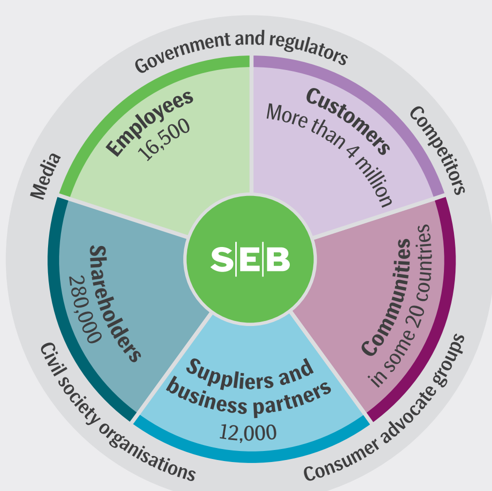
SEB's activities principally embrace customers based in the Nordic and Baltic countries and Germany. The Bank has 292 branch offices in Sweden and the Baltic countries. SEB's growth plan has resulted in higher operating income in all Nordic countries in 2012.

1) Excluding centralised treasury operations

SEB's divisions

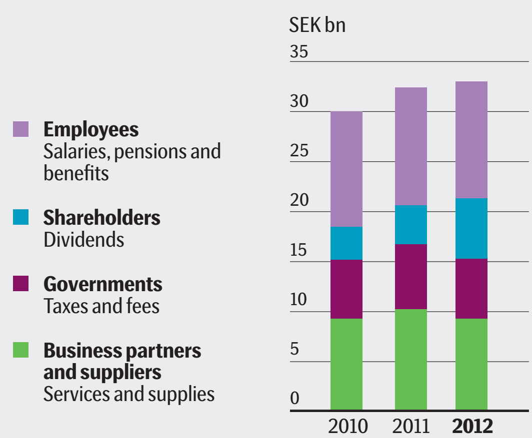
	Operating income	Operating profit
Merchant Banking – Commercial and investment banking services to large corporate and institutional clients in 18 countries, mainly in the Nordic region and Germany.	SEK 15,837m (16,666)	SEK 7,109m (7,481)
Retail Banking – Banking and advisory services to private individuals and small and medium-sized corporate customers in Sweden as well as card operations in the Nordic countries.	SEK 11,180m (10,237)	SEK 4,353m (3,128)
Wealth Management – Asset management, including mutual funds, and private banking services to institutional clients and high net worth individuals.	SEK 4,038m (4,318)	SEK 1,289m (1,371)
Life – Life insurance products for private individuals and corporate customers, mainly in Sweden, Denmark and the Baltic countries.	SEK 4,621m (4,471)	SEK 1,980m (1,957)
Baltic – Banking and advisory services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania.	SEK 3,301m (3,383)	SEK 918m (2,917)

SEB's stakeholders



SEB's value distribution

SEB distributes economic value to many stakeholders in addition to the customers.



SEB's mission, vision and brand promise

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

SEB's corporate objectives and strategic priorities

Corporate objectives:
- The leading Nordic bank for corporates and institutions
- 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 financial targets

Dividend of earnings per share	≥40 %
Common Equity Tier 1 capital ratio Basel III	13 %
Competitive return in relation to peers	

...aspiring to 15 per cent Return on Equity long-term

SEB's outcome 2012

Dividend	52 %
CET 1	13.1 %[1)]
Return on Equity	11.1 %

1) Subject to the approval by the AGM of the proposed dividend

By creating long-term values for our customers we will generate competitive returns for our shareholders.

At SEB we are proud of our history. Almost 160 years ago the Bank was founded in the service of entrepreneurs and enterprise. Through the years this has been an undertaking that involves great responsibility and dependence on our capacity to earn our customers' trust long-term by providing high quality services, financial advice and products. Important prerequisites have been to safeguard resilience through a strong balance sheet and take a long-term perspective. Deep customer relationships are SEB's way of doing banking. By creating value for our customers, we aspire to generate sustainable and competitive returns for our shareholders over the long-term.

Slowly returning to global growth...

Although the world economy slowly started to move in the right direction during 2012, global growth is being held back by a continued risk regarding economic policies in Europe and the US and the need for banks and sovereign states to restore balance sheets. Indebtedness in the Western world is today at a 130 year peak level and the past years we have seen large values being eroded – financially, socially and in the real economy. Up to now central banks have been providing the major remedy to these global challenges. Increasingly more flexibility is seen in terms of fiscal austerity measures at the same time as the new international regulatory framework for the banking system, Basel III, is allowing a more gradual implementation. Hopefully, this will support the much needed growth, not least in Europe.

...while the Nordic region has shown resilience

In SEB's markets - the Nordic and Baltic countries and Germany - the macroeconomic development has been less subdued on the back of low sovereign debt levels and a tradition of a strong manufacturing industry and export sector. However, as small open economies, the Nordic countries were negatively affected towards the end of the year. SEB continued to support its customers and in 2012 increased average customer-related lending and deposit volumes by 7 and 10 per cent respectively.

A different financial landscape

The Swedish banking system is robust. Capitalisation levels are among the highest in Europe and profitability is sound. SEB's business model is based on meeting customer needs and credit is extended on a basis of customer repayment capacity. The importance of a stable and resilient financial system supporting growth in the real economy cannot be underestimated. Presently, a large number of new regulations are being implemented both on the international, regional and national level. The accumulated effects on the real economy are difficult to oversee. Therefore, it is vital that regulations are introduced gradually and that the principles of a level playing field are maintained in order to not hamper the fragile economic upturn.

SEB in a strong position

SEB is well positioned in the new financial landscape that is emerging. We are compliant with the new harsher Swedish rules on capital and liquidity. The Bank's management has navigated SEB well through the challenging environment of the past years and has delivered on a focused growth plan while strengthening SEB's resilience further.

Today SEB has a strong platform to further grow as a corporate bank in the Nordic countries and Germany and aspires to excel as a universal bank in Sweden and the Baltic countries. The Board and management have thus reviewed SEB's financial targets. Going forward SEB will aim to:

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

This means that we in the long-term aspire to reach a return on equity of 15 per cent. We believe that the clarification of the financial targets creates an increased transparency towards our shareholders, and on the expectations you should have on SEB.

On behalf of the Board, I want to express our appreciation and warm thanks to the Bank's management. The determination to deliver customer value is relentless. SEB will continue to work tirelessly for the best interests of customers and our shareholders.

Stockholm, February 2013

M. Wallenberg

Marcus Wallenberg
Chairman of the Board

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

The past years have indeed been challenging for the global banking system and its ability to fulfil its important role as the centre of the credit intermediation process – as lenders, market makers, providers of backstop liquidity and payment services. For a bank to operate in this environment, resilience and a long-term perspective to serve its customers are key factors. SEB has that.

Strong franchise attracting more customers

The end of 2012 marks the end of SEB's three-year business plan, which has focused on strengthening long-term customer relations and disciplined growth in targeted markets while increasing resilience and flexibility through even stronger capital and liquidity buffers.

Looking back at these years, SEB has strengthened its position as the corporate bank in the Nordic countries with investments in our Nordic and German corporate franchise as well as in the Swedish SME segment. Earnings volatility has been reduced, and we have divested non-core business such as the retail operations in Germany and Ukraine. We have increased cost efficiency by introducing a cost-cap and lowered our underlying operating costs. In addition, we have built a strong balance sheet in terms of capital, liquidity reserves, funding structure and asset quality and we have adapted to the new regulatory framework. This has also been recognised by the rating agencies.

Perhaps the achievement that makes the whole SEB team most proud is the evidence of deeper relationships with our existing customers, while we at the same time gained 300 new large corporations, more than 30,000 new SMEs and some 123,000 new private individuals as our customers.

A unique corporate culture

At SEB we believe that the foundation for long-term profitability is built by committed employees who co-operate, reuse best practice and strive for continuous improvement – always with a mindset of putting the customer first. We strive to be transparent and accessible to ensure that our stakeholders know why and what we do and understand our inner compass. This is not possible to achieve without being very clear on the values that govern the way we do business. I think that the people who work at SEB are among the best in the industry. Our employees really "live" our values – professionalism, commitment, mutual respect and continuity – on a day-to-day basis . Together this boils down to a culture of rewarding relationships, where working at SEB is so much more than just a job. It is about having a long-term perspective and acting accordingly. It is about avoiding short-cuts and wanting to be part of a team where everyone counts in our strong commitment to deliver added value to our customers.

The leading Nordic corporate bank

As we now move forward with a new three-year plan, our aspiration is to have the most committed employees, the strongest brand in all our core markets and thus the most loyal customers. This is our way forward for achieving our long-term profitability ambitions. We aim to preserve our unique corporate profile in the Nordic region. We strive to be the leading Nordic bank for corporates and financial institutions as well as the top universal bank in Sweden and the Baltic countries.

On an operational level this means that we will use our established corporate platform in the Nordic countries and Germany to increase cross-selling with existing and new clients. In addition, we will further consolidate our presence with international and Nordic financial institutions, and continue our growth in the Swedish SME segment, become a leader in savings in Sweden and leverage the strong SEB brand in the Baltic region. All of these activities will be accompanied by continued cost efficiency and regulatory compliance.

Long-term orientation remains key

The last three-year plan clearly showed the potential for SEB and our relationship banking model. Our increased customer base gives us a strong platform to continue our focused expansion. With the experience gained in operational and customer excellence during the past years, SEB's focus with the new business plan is to have the most satisfied customers and to close the financial performance gap to our peers.

Together with all of SEB's fantastic employees I am convinced that our direction to be *the* relationship bank in our part of the world is the right one.

Stockholm, February 2013

Annika Falkengren
President and Chief Executive Officer

Long-term perspective and relationships

At SEB the customer always comes first. Long-term relationships built upon a strong financial position are the foundation for sustainable profitability. The ambition is to be able to meet customers' every needs for financial services. Customers should be able to benefit from the Bank's expertise and services at their convenience through a multitude of channels.

SEB – the Relationship Bank

Founded in the service of enterprise nearly 160 years ago, through the years SEB has played an active part in societal development in the 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. This is evident not only in the business mix but also in the way business is conducted. SEB offers not only transactions, but builds enduring relationships with large corporations and financial institutions as well as with small and medium-sized companies and private individuals by sharing its expertise and know-how. This contributes to competitive and sustainable profitability, to the benefit of the Bank's shareholders.

Strategic priorities

As signs of an impending global financial crisis first began to show, SEB took action to become an even stronger bank. As a result, the Bank now has more customers in selected markets, lower volatility in earnings, continued high asset quality and a lower level of risk. Today SEB has greater flexibility and resilience through a strong balance sheet and higher cost efficiency. Added to this, the Bank has adapted to the new regulatory framework. To achieve competitive and sustainable profitability over the long term, SEB has set a number of strategic priorities:

- Build and develop relationships based on the customers' long-term needs with a holistic perspective.
- Pursue growth in three selected core areas – large corporations and financial institutions in the Nordic countries and Germany, small and medium-sized companies in Sweden, and a holistic savings offering.
- Ensure the financial strength needed to demonstrate stability and resilience as well as the flexibility to adapt operations in a cost-efficient manner to the prevailing market conditions.

The ambition is to be the leading Nordic bank for corporates and institutions and the top universal bank in Sweden and the Baltic countries.

Long-term customer relationships

Growth in areas of strength
- large corporate business in the Nordic countries and Germany
- small and medium-sized companies in Sweden
- savings

Resilience and flexibility

Long-term customer relationships

Strategy

In its aspiration to be the Relationship Bank, SEB takes the customer's perspective into account in everything it does. This requires empowering employees to make the right decisions for the customer and for SEB, based on the Bank's fundamental belief that customer loyalty leads to long-term profitability. SEB therefore focuses on areas in which it is or can be a leader, and where the Bank's advice and services can create value-added for the customers. Accordingly, in Sweden and the Baltic countries, SEB offers a wide range of financial services to customers who choose SEB as their home bank. In the other Nordic countries and Germany, SEB's operations have a strong focus on a full service offering to corporate clients and institutional customers looking for a long-term banking relationship. Customers should encounter an integrated bank with short decision-making channels, where it is easy to interface and do business.

Performance through 2012

SEB is actively striving to fulfil its customers' financial services needs. Since 2009, when the last three-year plan was drawn up, more than 30,000 new small and medium-sized companies and 123,000 new private customers have chosen SEB as their home bank in Sweden and the Baltic countries. In Private Banking, SEB has attracted 3,700 new customers. During the same period of time, 300 new large corporations and institutions have turned to SEB as their financial partner.

Through increased integration within the Bank, customers have access to everything SEB has to offer – One SEB – regardless of how and in which channels they do business with the Bank. SEB in Sweden offers personal service and advice by phone 24 hours a day in 23 languages. The Bank's mobile services have been further developed, and during the year 31 million log-ins were recorded.

Marie and Thomas Esbjörnsson *with Malin Westlund Thelander, adviser at SEB's branch in Nacka. Read more in SEB's Annual Review.*

Customer satisfaction

Customer loyalty in SEB is continuously monitored through internal and external surveys. Customer satisfaction is also measured yearly by various research firms and financial magazines – both internationally and in the individual countries in which the Bank works. The general picture in 2012 indicates that the Bank's customer focus is generating tangible results. SEB receives top scores in the market for customer satisfaction among large corporations and institutions in the Nordic countries. Among small and medium-sized companies, customer satisfaction has increased, and SEB is today ranked second out of the five major banks in Sweden according to Swedish Quality Index (SKI). The Bank has yet to reach the goal to be ranked as leading in the private market in Sweden. For the first time SEB was named by The Banker magazine as Bank of the Year in all of the countries – Sweden, Estonia, Latvia and Lithuania – in which the Bank offers universal banking service.

Future development

SEB will continue its strategy by enabling customers to benefit from the Bank's full range of services, regardless of channel. The "You are SEB" programme, which aims to instil greater insight into the customers' perspective and ambassadorship among employees, is continuing. Governance of IT has been changed to create more business-oriented and flexible IT development based on shared priorities. Progress will be measured in terms of external customer rankings (Prospera, SKI), number of home-banking customers, employer brand position (Universum) and internal employee surveys.

Interfaces and customer contacts 2012

Number of syndicated loans in Nordic countries	45	Online bank, number of visits in Sweden	62 million
Number of equity capital market transactions in the Nordic region	10	Mobile bank, number of visits in Sweden	30.8 million
Number of M&A related transactions in Sweden	26	Telephone bank, number of calls in Sweden	2.6 million
Number of branch offices	292	Facebook, number of visits in Sweden	140,000
International private banking branches	13	Number of ATMs in Sweden	432
		Number of life insurance intermediaries and brokers	2,000

Growth area: Large corporate business in the Nordic countries and Germany

Strategy

SEB has the number one position in the large corporate segment in the Nordic countries. Traditionally its market position as a relationship bank has been particularly strong in Sweden, where corporate customers that have SEB as their home bank use an average of seven to eight different product areas. Previously, the Bank's established positions in the other Nordic countries and Germany were built upon cutting edge positions in specific product areas. In the wake of the financial crisis, new opportunities were opened up to both grow the customer base and broaden existing relationships with large corporate customers and financial institutions in the Nordic countries and Germany. In recent years, SEB has therefore invested in a scalable platform in these markets. SEB shall continue to be the leading bank for large corporations in the Nordic countries, the preferred bank among medium-sized companies in Germany (the so-called Mittelstand segment), and the premier Nordic bank for financial institutions.

Performance through 2012

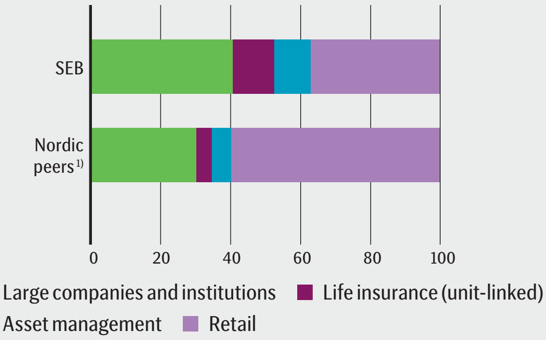
Work on growth from 2010 to 2012 was focused on attracting select corporate customers, where the Bank's analyses have shown particularly favourable opportunities to build deeper customer relationships. Since the start of this work in the Nordic countries and Germany in 2010, 300 new relationships have been established with large corporate clients, and lending volume has increased by SEK 130bn. New customers often demand payment services and loans. As the relationship deepens, companies choose to use more services, such as in trade finance, currency trading, capital market services, corporate cards and leasing.

In the wake of the financial crisis, more companies are turning directly to the bond market for funding. This has resulted in higher demand for credit analysis. SEB is actively developing this market and is the leader in the Nordic countries in terms of issue volume, SEK 17.7bn.

Since 2009 SEB has expanded its presence in Asia by opening a new branch in Hong Kong. Today SEB is the Nordic bank with the strongest presence in Asia and serves both Nordic and German companies doing business in Asia as well as Asian institutions interested in the Nordic countries.

The leading Nordic corporate bank

Share of total income 2012, per cent



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

Customer satisfaction

SEB's strategy to grow organically as a relationship bank in the Nordic countries has been successful. As confirmation of this, during the year SEB was named as the Best Nordic Bank for large corporations, based on a market survey among Nordic corporates conducted by Prospera.

Best Nordic Bank

for large corporates according to Prospera 2012 survey

Future development

SEB is now benefiting from the opportunities created by the scalable platform that has been built in the Nordic countries and Germany, which enables cross-selling among existing customers. This will be achieved through capital-efficient advisory-based solutions that will expand the Bank's role as home bank for these customers. SEB will continue to cultivate the corporate bond market in the Nordic countries and increase its involvement with the Bank's Nordic and German customers in growth markets. In addition, a strong effort will be dedicated to developing business with financial institutions. A first step has been taken in this direction through formation of a more cohesive customer responsibility organisation within the Bank. Progress will be measured in terms of number of Tier 1 clients and clients' "willingness to recommend" according to Prospera.

Jan Nordstrøm, *Director, Group Treasury, Danish Crown, and Torben With, client executive, SEB Denmark.* *Read more in SEB's Annual Review.*

Growth area: Small and medium-sized companies in Sweden

Strategy

SEB has historically had a very strong position among large corporate customers in Sweden. SEB is prioritising to develop and expand its offering to small and medium-sized companies, based on its reputation as the business bank in Sweden. For small businesses, this is being done through packaged services, while for medium-sized companies the strategy is to adapt the Bank's services and advice from the large corporate segment to suit the needs of smaller organisations. The key is to develop enduring relationships and to take a holistic approach to each company's situation, including the needs of its employees and owners.

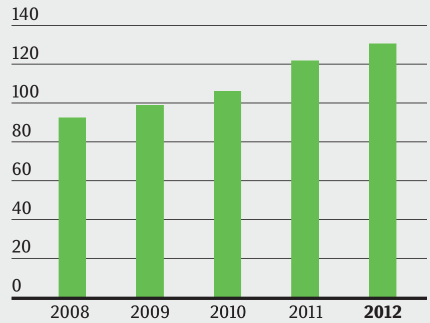
Performance through 2012

In recent years, SEB has clearly signalled its prioritisation of this customer group through investments in expertise, distribution capacity and reduced complexity. The Bank's corporate business has been growing steadily, and since the start of 2006 the number of customers in the Swedish SME segment has grown from 65,000 to 130,000. According to Nyföretagarcentrum (Enterprise Agency) almost every fourth new company chooses to be customer at SEB. SEB's market share has grown by one percentage point per year and is now approximately 13 per cent.

SEB has carried out a multitude of activities to improve its service for small businesses, including everything from the Enkla Firman package solution to increasing the number of corporate advisers and establishing business centres in Sweden's three major cities. The Bank caters to small and medium-sized companies through easily accessible packaged solutions. All customer-companies with sales of up to SEK 5bn are now served through the Retail Banking division, thereby strengthening the Bank's local presence and proximity to customers. The Bank's advice and services for large corporates have been adapted to meet the needs of small and medium-sized companies as well. Availability for customers is high through personal advice that is accessible 24 hours a day as well as through online services and mobile apps.

SME customers in Sweden

Thousands



Customer satisfaction

Customer satisfaction in the SME segment is high and increased during the year. Today SEB is ranked number two out of the five major banks in Sweden, according to Swedish Quality Index. In addition, SEB received accolades from Finansbarometern, ranking number two as Business Bank of the Year and as Small Business Bank of the Year.

Small business bank of the year

in Sweden according to Finansbarometern

Future development

The Bank will continue along its beaten path by working with a strong local presence to meet companies' financial needs while investing further in e-services and mobile banking services for corporate customers. The goal is to attgain a market share of 15 per cent and become top-ranked in terms of customer satisfaction. Progress will be measured by number of home-banking customers, internal net promoter score surveys and overall customer ranking according to SKI.

Christina Ståhl, *CEO Mio, and Björn Johansson, Client Executive, SEB.* *Read more in SEB's Annual Review.*

Growth area: Savings

Strategy

Customers act in an environment characterised by high volatility in the financial markets combined with a gradually progressing shift in demographics and need among individuals to build up financial security for retirement. This is creating a need for comprehensive, qualified advice and guidance. SEB has long had a comprehensive offering of savings products that meet all conceivable customer needs, but which from the customers' perspective may have come across as fragmented and product-oriented. To better meet customers' needs for savings solutions, the Bank has laid out a clearer and more cohesive advisory-based savings offer to its customers.

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, along with a growing deposit base from private individuals, companies and institutions. In the Baltic countries as well, the Bank has a broad offering of savings products and services, with the goal of increasing the number of home bank customers.

Performance through 2012

During the year, all advice and product development surrounding deposits, mutual funds, life insurance and so-called structured products were brought together in a single organisation in order to better meet customers' needs for short- and long-term savings, regardless of how they interface with SEB. A number of changes have been made in the Bank's advisory offering in recent years, including a strengthening of advisory competence at the Bank's branch offices. The fund offering has been streamlined, and customers are now offered index funds – including one with no fee – as well as actively managed funds, including strategy funds. The Bank has also developed exchange-traded funds and expanded its deposit offering through the introduction of a fixed-interest deposit account. During the year, for example, deposits from private individuals increased by SEK 11bn and new assets under management within Private Banking increased by SEK 28bn, net.

Customer satisfaction

During the year, SEB received recognition in The Banker's Global Private Banking Awards as the Best Private Bank in the Nordics and from Euromoney magazine as the Best Private Bank in Sweden and Finland.

Best Nordic Private Bank
2010–2012 according to The Banker and PWM

Future development

SEB will continue to offer comprehensive advisory offerings. Increased transparency and simplified information regarding savings offerings form part of this. Increased distribution power through development of new solutions as e-pension service is another example. Progress will be measured by total assets under management and customers' share of wallet.

Market shares

Per cent	2012	2011	2010
Deposits from the general public			
Sweden	15.9	16.0	15.8
deposits from households	12.2	12.1	11.7
deposits from companies	22.9	23.1	22.8
Estonia [1]	20.3	20.9	20.4
Latvia	9.9	9.3	9.5
Lithuania [1]	27.2	29.3	21.8
Lending to the general public			
Sweden	14.3	13.6	12.5
lending to households	14.2	13.4	12.1
lending to companies	14.5	13.9	13.0
Estonia [2]	23.2	23.5	23.4
Latvia [2]	16.8	14.9	14.8
Lithuania [2]	30.6	29.8	28.3

1) In Estonia and Lithuania excl. financial institutions
2) Total lending (excl. leasing; in Lithuania also excl. financial institutions). Lithuania from November 2012.

Per cent	2012	2011	2010
Mutual funds, total volumes [3]			
Sweden	13.6	14.9	15.0
Finland	6.5	7.8	5.8
Unit-linked insurance, premium income			
Sweden	17.2	19.0	24.9
Life insurance, premium income			
Sweden	8.8	9.7	10.3
Denmark	N/A	9.6	10.4
Equity trading			
Stockholm	9.1	10.4	11.1
Oslo	7.7	8.4	7.7
Helsinki	4.9	5.8	8.3
Copenhagen	3.9	5.9	7.5
Corporate bonds, in SEK	28.2	27.7	51.8

3) Excluding third-party funds.

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

Resilience and flexibility

Strategy

Recent years' developments in the operating environment combined with the emergence of a new, global financial landscape point to the importance of a strong and resilient foundation for pursuing profitable growth in the long term. During the entire, protracted period of uncertainty and volatility in the wake of the financial and sovereign debt crisis, SEB has held fast to its guiding principles of resilience and flexibility. Accordingly, the Bank has managed to capitalise on growth opportunities by maintaining a strong capital position and ready access to funding, a stable market position with high credit quality and an advantageous competitive position in the Nordic corporate market.

New regulatory framework

A key aspect in assessing SEB's financial strength is the regulatory development that is taking place internationally through the Basel III rules and the EU's Capital Adequacy Directive and nationally through the special Swedish rules surrounding capital and liquidity of systemic banks. Today SEB already meets all future capital adequacy requirement as well as the special requirement regarding liquidity. Internationally, the introduction of the Liquidity Coverage Ratio has been postponed.

Cost efficiency

This new financial landscape is giving rise to higher costs for conducting banking business. It puts high demands on cost efficiency. To further strengthen the Bank's resilience and improve profitability over the long term, in 2011 SEB communicated that the Bank's goal was to keep its costs unchanged until 2014.

Performance through 2012

Important steps have been taken in recent years to reduce volatility in earnings, including the divestment of non-core businesses, reducing the investment portfolio, building up a larger liquidity buffer and maintaining high quality in the credit portfolio. The anxiety in the market economy continued in 2012. SEB has continued to uphold its capital strength and liquidity, and has continued to have very good market access to funding.

As part of efforts to increase capital efficiency, additional capital has been allocated to the business divisions.

The work on increasing cost efficiency has been successful. Important contributions to this included clearer prioritisation of investments, the relocation of certain support functions to the Baltic countries, and acceleration of the pace of IT development.

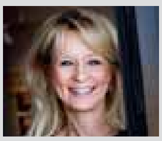
Liquidity Coverage Ratio 113%

Core Tier I Capital Ratio 15.1%

Future development

Maintaining robust financial strength will continue to have top priority. In pace with implementation of the new international and national capital and liquidity rules, the Bank will be adapting its balance sheet to ensure that it meets the requirements of the new regulatory framework and that the Bank's products and pricing will be structured in such a way as to promote capital efficiency and profitability in the new environment. SEB aspires to reach a competitive return on equity of 15 per cent. The cost cap for 2013 and 2014 is set to SEK 22.5bn.

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 Corporate Finance and Markets and a significant player in private banking, asset management, life insurance and cards. Strengthened position as relationship bank for companies and now 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 second largest broker on the Oslo Stock Exchange. Very strong position 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 player 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 particular focus on medium-sized companies in Germany's so-called *Mittelstand* segment. Largest Nordic bank in Germany's fragmented bank market, with strong position in the public sector, including financial services for social insurance sector.	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. Largest player on the Tallinn Stock Exchange. Front-runner in development of mobile banking services.	Major Nordic and Baltic banks
Latvia Ainārs Ozols 	**Universal bank.** 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, 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

Operating income (million)	Operating profit (million)	Selected rankings per country	Macro-economic development	GDP 2012 actual (2013 estimate) per cent
SEK 22,239 (22,262)	SEK 6,777 (6,102)	• Best bank of the year (The Banker) • No. 1 corporate bank in the Nordic region according to Prospera (no. 1 in Sweden) • Small business bank of the year (Finansbarometern) • Best relationship bank (Prospera)	Stagnation during second half of the year due to lower export and increased unemployment. Continued strong private consumption.	+0.8 (+1.2)
SEK 3,046 (2,909) DKK 2,603 (2,400)	SEK 1,599 (1,349) DKK 1,366 (1,113)	• No. 1 corporate bank in the Nordic region according to Prospera (no 2. in Denmark) • Highest customer satisfaction among pension companies (Aalund)	Growth with slightly higher private and public consumption as well as increased export.	−0.5 (+0.7)
SEK 3,272 (2,906) NOK 2,808 (2,508)	SEK 1,902 (1,648) NOK 1,633 (1,423)	• No. 1 corporate bank in the Nordic region according to Prospera (no. 2 in Norway) • SEB Equities best at domestic equities (Prospera) • Best custody bank (Global Investor)	Strong growth where fundamental economics support increased domestic demand.	+3.0 (+2.4)
SEK 1,421 (1,372) EUR 163 (152)	SEK 789 (724) EUR 91 (80)	• No. 1 corporate bank in the Nordic region according to Prospera (no. 1 in Finland) • Best asset manager (SFR) • Best at FX-trading, domestic equities and cash management (Prospera)	Low growth and export while some resilience in domestic demand remains.	−0.1 (+0.4)
SEK 2,875 (3,262) EUR 330 (361)	SEK 1,074 (1,334) EUR 123 (149)	• Most valuable property trade mark (Eugimb) • The EMEA transaction of the year (International Trade Finance Magazine)	Export-led growth, resistant retail segment and sovereign finances under control.	+0.7 (+0.6)
SEK 1,163 (1,214) EUR 133 (134)	SEK 636 (852) EUR 73 (94)	• Best bank of the year (The Banker) • Best at private banking (Euromoney) • Best trade finance bank (Global Finance)	Lower growth as an export-led economy in a slower growing environment. Domestic support and unemployment below 10 per cent.	+3.1 (+3.3)
SEK 1,028 (1,006) LVL 82 (77)	SEK 199 (861) LVL 16 (67)	• Best bank of the year (The Banker) • Best bank (Euromoney) • Best at FX and trade finance (Global Finance)	Stable growth – highest in the EU. On the way to fulfil the budget and inflation requirements for euro membership 2014.	+5.3 (+3.8)
SEK 1,410 (1,442) LTL 559 (552)	SEK 269 (1,377) LTL 107 (527)	• Best bank of the year (The Banker) • Best bank (Euromoney) • Best at FX and trade finance (Global Finance)	Moderate growth decrease due to relatively good export. Strengthened consumption during second half of 2012 but low investments.	+3.6 (+3.2)

People and culture in SEB

In order for SEB to meet customer expectations and to maintain a strong market position, it is vital that its employees are motivated, have the right competence and opportunities to develop.

SEB's core values – commitment, mutual respect, professionalism and continuity – as well as a long-term perspective in all relationships, permeate the Bank's operations in order to serve the customers in the best way and thus create sustainable shareholder value. The values and behaviours of the people in SEB contribute to shaping stakeholders' perceptions of SEB. Customers, suppliers, shareholders and employees should all feel that these values are part of SEB's distinct character. Together with SEB's people strategy, which is built upon four corner stones – great leaders, professional people, high performing teams and efficient organisation – they provide the Bank with a solid and important foundation and equip the organisation to meet an ever-changing business environment.

Customer focus

SEB always strives to take a holistic customer perspective by being responsive to customers' short and long-term needs and providing clear advice about products and services. Through the Group-wide "You are SEB" initiative, SEB works continuously to strengthen the employees' insight about customers and thereby increase awareness of how employees' behaviours affect all customer relationships. In 2012 this was done through so-called dialogue meetings throughout the organisation, as well as through a customer insight portal on SEB's intranet, where the results of various customer surveys are compiled. The ambition is that all employees – even those who do not have daily customer contact – will understand their role and its importance to customers' perceptions of the Bank.

Attracting talent

Attracting top talent is a key success factor for SEB. The Bank has long been considered to be one of the most attractive employers in Sweden as well as in the Baltic countries. Among young professionals with a business degree, in 2012 SEB was once again ranked as the most popular employer, among banks, in Sweden. SEB was ranked No. 2 in Estonia, No. 3 in Latvia and No. 1 in Lithuania among banks.

SEB offers a number of development programmes for students and young professionals as a first step to a career with the Bank. The global Trainee Programme provides a unique opportunity to gain a basic understanding of SEB. For graduates in business and system science, SEB offers the IT Young Professional Programme and through the Merchant Banking Summer Internship, SEB offers ten weeks of intensive training in the financial field. In all, approximately 75 people attended one of these programmes in 2012.

Development and mobility

To work for SEB, is to act in an environment that is undergoing constant development. Mobility within the Group is encouraged. All job vacancies are published on SEB's intranet and employees are invited to make new contacts through the internal career days that are organised several times a year in Sweden, Germany and in the Baltic countries.

The Bank works continuously to build a successful organisation for the benefit of the customers and thus creating long-term shareholder value. While SEB's employees are expected to take a large share of the responsibility for their own development, there is a formal individual performance development process. Every year each employee, in dialogue meetings with his or her closest manager, sets individual targets and makes a plan for personal development and continuous training in order to enhance skills. Training is conducted both in terms of job training and formal training. Employees' targets are followed up on a regular basis and are evaluated through personal feedback and coaching. The development plan has a long-term perspective, and puts great emphasis on ensuring that the employee's goals are aligned with the Bank's overall targets.

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.

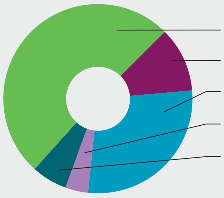
Mutual respect

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.

Educational level
Per cent



	2012	2011
University > 3 years	51	(52)
University ≤ 3 years	11	(10)
Upper secondary school	28	(28)
Compulsory school	4	(4)
Other/unspecified	6	(6)

Employee statistics

	2012	2011	2010
Number of employees, average	18,168 [1]	18,912	20,717
Sweden	8,876	8,839	8,545
Germany [2]	1,174	1,426	3,396
Baltic countries	5,111	5,226	5,307
Employee turnover, %	9.3	9.3	10.9
Sick leave, % (in Sweden)	2.6	2.5	2.7

1) Average number of full-time equivalents 16,578.
2)SEB's retail operations in Germany were divested in January 2011

Ranking of SEB as an employer
Universum survey "Ideal employer" 2012

	Sweden	Estonia	Latvia	Lithuania
Young Professional , banks	1	2	3	1
Young Professional, total	9	4	10	2
Students, banks	2	2	2	2
Students, total	7	6	5	3

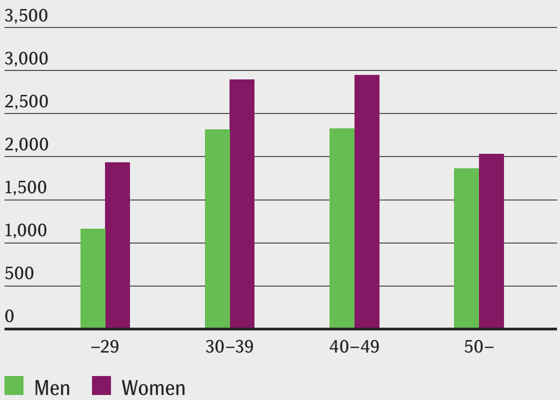
Diversity and equal opportunity
SEB has a plan for developing and retaining diversified talent within the company. SEB's ambition is to ensure that all employees have the same opportunities to develop and pursue a career regardless of their gender, ethnic origin, age, sexual orientation or faith. The diversity aspect is also included when employees are considered for managerial training. In 2012 special focus was dedicated to supporting women's talent. A new mentoring programme for women managers was started with members from the Group Executive Committee as mentors. The Bank supports several networks to enhance professional women. SEB's goal is that 50 per cent of all managers in the Bank will be women. At year-end the figure was 42 per cent.

Manager profile clarifies expectations
To clarify expectations on managers and facilitate a shared understanding in this area, a manager profile has been developed. It describes desired behaviours that are important to SEB to meet future requirements. The profile permeates several of the company's processes, including recruitment and the recently upgraded leadership development programmes.

A great effort has been made on upgrading basic training for new managers. One example is the programme Management in Practice, a one-year training initiative that lays a solid ground for future successful leadership. For middle management as well as for experienced specialists and project managers, a special training concept has been developed which is coupled to the manager profile. Supporting the Bank's leaders through coaching, change support and development programmes will continue to be an important part of SEB's leadership culture. About 450 people completed such trainings in 2012.

During the year, the Group-wide education programmes were reviewed in order to align them with SEB's business plan and to show which training and development initiatives are available.

Employees
Age and gender



Responsible adjustment
It is important that the Bank handles staff reassignments responsibly, especially in times of great change. SEB works constantly to increase efficiency and takes responsibility for supporting employees who may need to find new challenges. When possible, SEB offers positions in other parts of the Bank and thereby matches existing needs with the individuals who are open for new opportunities. If this proves unsuccessful, the Bank supports the individuals in pursuing other options.

Preventive health work
It is crucial that SEB's employees are given opportunities to stay healthy and achieve a sound work/life balance. In 2012 SEB launched an initiative to strengthen the preventive health efforts and strengthen employees' awareness of the importance of both physical and mental health. For example, the Bank offers health examinations and individualised benefits, such as various wellness and health promotion activities.

Compensation and benefits
SEB's remuneration system aims to attract, retain and motivate employees with the right competence who thereby contribute to the Bank's long-term success. Employees' compensation should encourage good performance, sound behaviour and risk-taking that are aligned with customer and shareholder expectations. SEB is also working actively to ensure that compensation is set based on experience and performance and without regard to gender, ethnic background or any other form of discriminatory factors.

Employees have the opportunity to participate in the Bank's success through a Group-wide Share Savings Programme which aims to strengthen employees' long-term commitment to SEB. 43 per cent of employees now participate in one or more of the Share Savings Programmes that have been offered between 2009 and 2012. *For further information on SEB's remuneration see page 67.*

Sustainable perspectives on banking

Banks have a fundamental role in society and contribute to sustainable economic growth. SEB's vision is to be the trusted partner for customers with aspirations. Thus, SEB continuously works to ensure that the business is conducted responsibly, is transparent and adheres to high ethical standards. By doing this successfully, SEB creates long-term shareholder value.

SEB's role in society

Since 1856 SEB has promoted economic growth and social progress by supporting companies, entrepreneurship and innovation.

Banks are in their role as financial intermediaries a central part of the economy. By providing financing, investments, secure payments and asset management services, SEB supports economic development, international trade and financial security. For example, SEB administered 747 million payments and increased its lending to households and corporates by SEK 60bn during the year. 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 generates shareholder value over time.

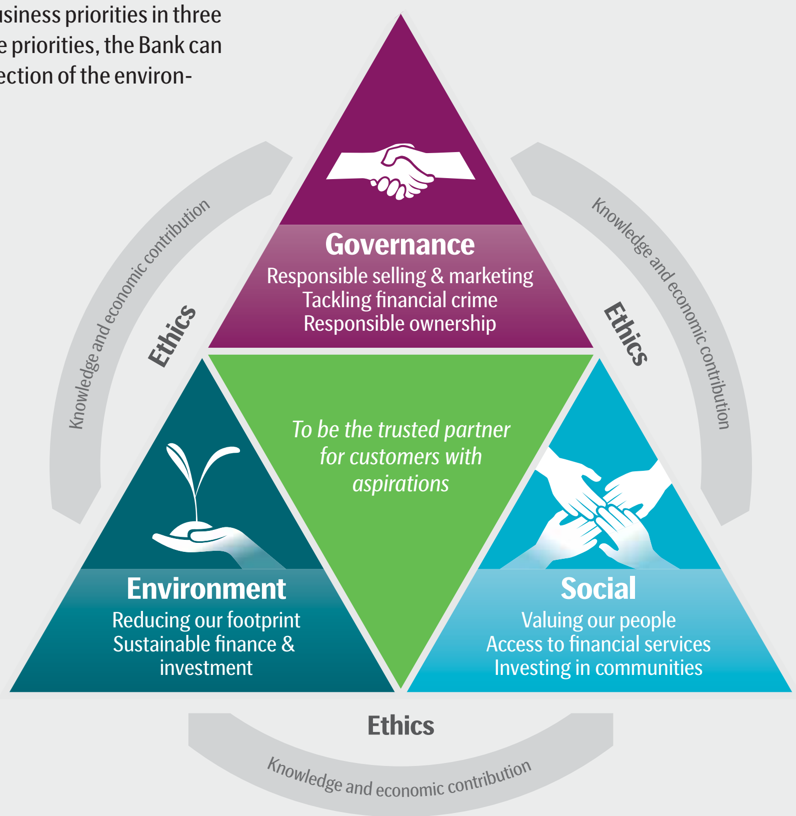
SEB's approach to corporate sustainability

SEB strives for long-term relationships with its customers and other stakeholders and works to integrate sustainability in all of its activities. The corporate sustainability work involves all parts of the Group and extends to all markets in which SEB does business. The economic uncertainty around the world and growing social imbalances present numerous challenges. In recent years, issues involving ethics, corruption, working conditions and human rights have come increasingly into focus. Environmental issues remain high on the agenda.

SEB has a significant indirect impact in sustainable development in its role as a financial partner to corporate and institutional customers and their invitations to submit tenders for business. Dialogue and discussions as well as their expectations on us are crucial. The same expectations can be seen among private customers, business partners and politicians – as well as among employees and shareholders. In 2012 the importance of increased transparency regarding business models, processes and pricing was highlighted.

Eight business priorities within three areas of responsibility

SEB's sustainability strategy is focused on eight business priorities in three areas of responsibility. By focusing efforts on these priorities, the Bank can contribute to better banking governance and protection of the environment, while enhancing its social commitment.



Purpose of SEB's sustainability work

The purpose of SEB's sustainability work is to contribute to the Bank's continued success, to help the Bank's stakeholders achieve their objectives and to contribute to the communities in which SEB does business. The work is long-term and is constantly evolving to reflect changes in the business environment. SEB's efforts are focused on eight business priorities in three areas of responsibility – governance, environmental and social. These priorities reflect the issues that SEB's stakeholders see as the most significant.

Important events during the year

In 2009 SEB set the goal that sustainability should be an integrated part of the way business is done by 2012. Sustainability issues are now a part of SEB's on-going dialogue in all markets with large corporate customers, and also many smaller ones. The Bank's three position statements and six sector policies serve as the foundation for these discussions. These dialogue complements the established procedures for knowing and understanding the customers and for making relevant business decisions.

Wealth Management has established a structured way to include sustainability in the regular investment analysis. SEB's position statements and sector policies form a part of that evaluation. SEB is also increasingly more transparent as regards voting on AGMs and issues for owner engagement.

SEB has strengthened the process for ensuring responsibility throughout the supply chain, including development of a self assessment tool for suppliers. A risk assessment of the supply chain has been conducted and has been applied for the fifty most important suppliers, representing approximately 40 per cent of SEB's total spend on suppliers. SEB has reduced its CO_2 emissions by 36 per cent since 2008 and has the ambition to reduce emissions by 45 per cent by 2015.

The Bank has initiated an internal review to ensure that SEB meets the United Nations Guiding Principles on Business and Human Rights. Parallel with this, work has begun on formulating a Human Rights policy. This work is expected to be completed in the first half of 2013.

SEB's community investments are aimed at supporting the next generation by providing knowledge, resources and money. Focus lies on children and youth, entrepreneurship and financial literacy.

The Bank also updated its Code of Conduct clarifying among other things the independent whistle blowing process.

Guidelines and reporting

The work is based on international conventions and guidelines, such as the UN Global Compact, the UN Principles for Responsible Investment (UN PRI), the UN Environment Programme Financial Initiative (UNEP FI), the OECD Guidelines for Multinational Enterprises and the Equator Principles.

SEB is committed to ensuring transparent and responsible business practices. SEB reports in accordance with the GRI G.1 guidelines and the Financial Services Supplement, level B. The Corporate Sustainability Report for 2012, which will be SEB's sixth in order, serves as the annual communication on progress on the UN Global Compact and other international initiatives. SEB was ranked as No.1 in Sweden regarding openess and anti-corruption work by Transparency International. *The reports are available at www.sebgroup.com/en/sustainability*

Selected important activities and results during 2012

Environmental

- USD 2.5 bn raised for Green Bonds on behalf of the World Bank, the EIB and the NIB since the start in 2008.
- Nine out of ten of pertinent customers in the large and mid-corporate segments evaluated according to position statements and sector policies.
- Financed 210 eco-renovation projects in the Baltic countries, making apartment buildings energy efficient.
- Reduction of SEB's carbon emissions by 36 per cent since the base year 2008 and by 18 per cent during 2012. The target is 45 per cent by 2015.
- Increase in renewable electricity as a share of total electricity consumption to 90 per cent. Decrease in total electricity consumption by 13 per cent.

Governance

- Revised Code of Business Conduct.
- Updated whistleblowing process.
- All of SEB's customer advisors now licensed or certified. (Sweden, Estonia, Latvia, and Lithuania).
- Two thirds of applicable Assets under management have been assessed according to sustainability criteria.
- 21 owner engagement dialogues with portfolio companies focused on anti-corruption. In total 247 dialogues were conducted (259).
- Stronger focus on antimoney laundering resulted in an increased number of reports to the Swedish Finance Police.
- In the Baltic countries SEB has supported 3,500 households by adjusting payment scheme for interest and amortisations.

Social

- Co-operation with Mentor broadened and extended until 2015.
- 950 SEB employees participated in Mentor activities.
- Launch of SSE Riga Sustainable Business Centre. The centre is supported by SEB and is active in Latvia, Lithuania and Estonia.
- Broadened co-operation with Young Entrepreneurs in Sweden, now reaching more than 7,000 high school students and 700 teachers in Sweden.
- SEB's Household Economist in Lithuania has lectured across the country, reaching teachers and pupils.
- Participation in the "Shortcuts" network (Korta Vägen), which helps foreign university graduates gain entry to the Swedish job market.

The SEB share development in 2012

In 2012 the value of the SEB Class A shares increased by 38 per cent while the FTSE European Banks Index rose by 26 per cent. Earnings per share amounted to SEK 5.31 (4.93). The Board proposes a dividend of SEK 2.75 for 2012 (1.75).

Share capital

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

Stock Exchange trading

2012 was a relatively strong year on the Nasdaq OMX Stockholm Exchange and the OMX Stockholm General Index rose by 12 per cent. The value of the SEB class A shares was up by 38 per cent, while the FTSE European Banks Index increased by 26 per cent. During the year, the total turnover in SEB shares amounted to SEK 86bn. The SEB share thus remained one of the most traded shares on the Stockholm Stock Exchange. Market capitalisation by year-end was SEK 121bn.

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.

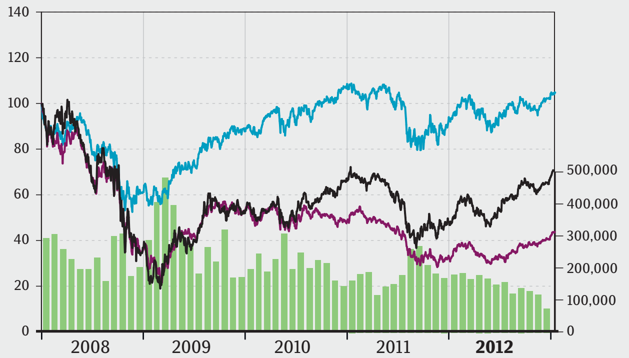
SEB's Class C shares

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.

SEB share Class A

SEK



SEB A shares. Price equals last closing price paid on last day of each month.

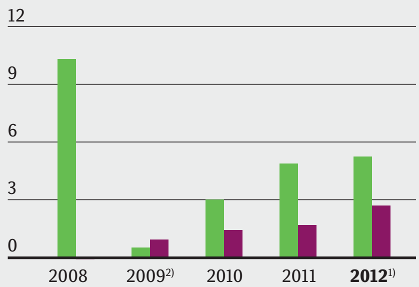
OMXS 30 Stockholm.

European Banks Index (FTSE).

Number of shares traded, in thousands.

Earnings and dividend per share

SEK



Net profit Dividend

1) A dividend of SEK 2.75 per share is proposed for 2012, corresponding to a pay-out ratio of 52 per cent.
2) In March 2009, SEB made a rights issue 5:11, which decreased earnings per share.

SEB shares

Data per share[1]	2012	2011	2010	2009	2008
Basic earnings, SEK	5.31	4.93	3.07	0.58	10.36
Diluted earnings, SEK	5.29	4.91	3.06	0.58	10.36
Shareholders' equity, SEK	49.92	46.75	45.25	45.33	86.22
Adjusted shareholders' equity	56.33	51.99	50.34	49.91	94.81
Net worth, SEK	56.33	51.99	50.34	50.17	95.44
Cash flow, SEK	-8.92	97.27	-11.60	-44.86	-20.48
Paid dividend per A and C share, SEK	2.75	1.75	1.50	1.00	0.00
Year-end market price					
per Class A share, SEK	55.25	40.09	56.10	44.34	42.95
per Class C share, SEK	53.40	39.00	53.20	46.00	38.88
Highest price paid during the year					
per Class A share, SEK	57.95	62.00	56.55	53.00	120.90
per Class C share, SEK	54.30	61.25	53.95	55.00	112.77
Lowest price paid during the year					
per Class A share, SEK	38.87	30.72	38.84	15.48	36.06
per Class C share, SEK	38.74	33.00	42.18	15.22	36.06
Dividend as a percentage of result for the year, %	51.8	35.5	48.0	172.0	0.0
Yield, %	5.0	4.4	2.7	2.3	0.0
P/E	10.4	8.1	18.2	75.8	4.1
Number of outstanding shares, million					
average	2,191.5	2,193.9	2,194.0	1,905.5	968.5
at year-end	2,192.0	2,191.8	2,193.9	2,194.2	968.9

1) Previous years restated after the rights issue 2009.

Change in share capital

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

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

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

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

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

Distribution of shares by size of holding

Size of holding	No. of shares	Per cent	No. of shareholders
1–500	33,588,294	1,6	173,451
501–1,000	33,816,978	1,5	44,614
1,001–2,000	42,150,238	1,9	28,075
2,001–5,000	63,730,524	2,9	19,919
5,001–10,000	44,388,648	2,0	6,163
10,001–20,000	34,912,011	1,6	2,457
20,001–50,000	34,943,605	1,6	1,112
50,000–100,000	23,592,657	1,1	326
100,000–	1,883,048,847	85,8	619
	2,194,171,802	**100**	**276,736**

Number of outstanding shares, 31 Dec., 2012

	Share series A	Share series C	Total No. of shares
Total number of issued shares	**2,170,019,294**	**24,152,508**	**2,194,171,802**
Hedge for long-term incentive programmes[1]	–2,188,734	0	**–2,188,734**
Repurchased own shares[2]	0	0	**0**
Total number of outstanding shares	**2,167,830,560**	**24,152,508**	**2,191,983,068**

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

The SEB share on the Nasdaq OMX Stockholm Stock Exchange

SEK m	2012	2011	2010	2009	2008
Year-end market capitalisation	121,183	87,938	123,023	97,330	41,606
Volume of shares traded	85,776	106,168	129,626	126,462	191,011

The largest shareholders[1]

31 December, 2012	Share of capital, per cent
Investor AB	20.8
Trygg Foundation	8.1
Alecta	6.2
Swedbank Robur funds	3.9
Norges Bank	2.6
Nordea funds	2.1
SEB funds	2.0
SHB funds	1.5
Wallenberg-foundations	1.5
AMF Insurance & funds	1.3
SHB	1.1
Foreign owners	24.2

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

Report of the Directors

In a macro-economic environment marked by continued uncertainty, SEB deepened the relationships with its customers. Business volumes grew and the number of customers increased while credit losses were low. Profit before credit losses increased by 7 per cent compared to one year ago. The financial targets were revised and a dividend in the amount of SEK 2.75 per share is proposed.

Financial review of the Group

Important corporate events and trends in 2012

First quarter

- The uncertain macro-economic situation from previous years remained despite the pick-up in the beginning of the year. Central banks provided further liquidity support, as the world slowly navigated away from the brink of recession. The Nordic region represented a safe haven.
- The number of new customers increased and the business volumes grew though mergers and acquisitions activities were low.
- SEB improved its customer savings offer by integrating savings accounts, funds and life insurance products.

Second quarter

- Moody's affirmed its A1 rating of SEB following a review of more than 100 of the largest European banks.
- Business volumes in such areas as cash management, custody services and capital markets increased. Retail and SME loans and deposits volumes increased in Sweden.
- The sale of the Ukrainian retail business was completed. SEB will continue to serve the German and Nordic international customers through its new Ukrainian subsidiary.
- It was decided to dissolve the SEB ImmoInvest real estate fund in Germany.
- A private banking office in London was opened.
- SEB was named best Nordic bank for large corporates and institutions by TNS SIFO Prospera.

Third quarter

- Uncertainty continued to dominate the world economy. The outlook for the euro-zone worsened and the Asian economies slowed down. The Nordic economies showed resilience. The ECB announced their unlimited support of the euro.
- Negative short term rates and bond yields became a reality in several countries, such as Denmark, Germany and Switzerland.
- Credit demand for bank financing was low, while corporate appetite for bond market financing increased in importance.

Fourth quarter

- The world economy continued to be in great need of support and political resolve.
- SEB opted for early implementation of IAS 19, Employee benefits.
- A change in the valuation methodology for the credit risk in derivatives was implemented.
- A one-time cost relating to the repurchase of covered bonds and a write-off of parts of IT-infrastructure development were counteracted by a deferred tax revaluation effect due to the new Swedish corporate tax rate.
- SEB announced a new set of financial targets as a part of the new three-year business plan.
- SEB was named Bank of the Year in Sweden, Estonia, Latvia and Lithuania by the Banker.

Restatements of the financial reporting

SEB opted for early implementation of the amendments in IAS 19 Employee benefits regarding defined benefit plans. The amendment eliminates the possibility to use the corridor method and requires that the funding cost on the net of the defined benefit liabilities and the pension trust assets is calculated using the discount rate. The accumulated effect on the Group's equity amounted to SEK 7.9bn, after tax, per 31 December 2012. It was booked in retained earnings per 1 January 2011 and thereafter as staff costs and in Other comprehensive income.

Furthermore, a change in the measurement methodology for valuation of the counterparty risk in certain derivatives (credit value adjustment) was implemented. The revaluation amounted to SEK 712m, after tax, and was booked in retained earnings per year-end 2011. The effect 2012 was immaterial.

In 2012 SEB further integrated its savings and corporate offering in Sweden. The responsibility for the mid-corporate customers was moved from the Merchant Banking to the Retail division and the savings organisation within Wealth Management was merged with the Retail division.

The financial reporting for 2011 has been restated in accordance with the changes outlined above – with the exception of the capital adequacy. *For further information see the Statement of changes in shareholders' equity on p. 72, the accounting principles on p. 78 and note 54.*

Result and profitability

Operating profit amounted to SEK 14,235m (14,953). Profit before credit losses increased by 7 per cent to SEK 15,171m (14,173). Net profit from continuing operations was SEK 12,142m (12,011). Net profit (after tax), including the net result from discontinued operations, was SEK 11,654m (10,856).

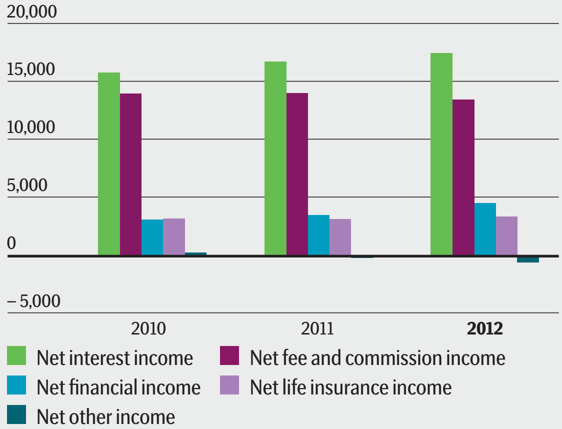
Operating income

Total operating income amounted to SEK 38,823m (37,686), an increase of 3 per cent compared to the full year 2011.

Net interest income amounted to SEK 17,635m (16,901). Net interest income from customer loans and deposits combined increased by SEK 703m, due to increases in the average lending and deposit volumes of 7 and 10 per cent, respectively. Lending margins were up somewhat, but were offset by lower deposit margins following lower short-term interest rates. Net interest income from other activities was SEK 31m higher compared with 2011. This related primarily to lower average cost of funding as SEB's credit spreads tightened during 2012. The lower funding costs were partly offset by increased volumes of long-term funding and decreasing short-term rates. Both the fee to the Swedish stability fund, SEK 602m (515) and the contribution to the deposit guarantee scheme, SEK 440m (398), reduced net interest income.

Operating income

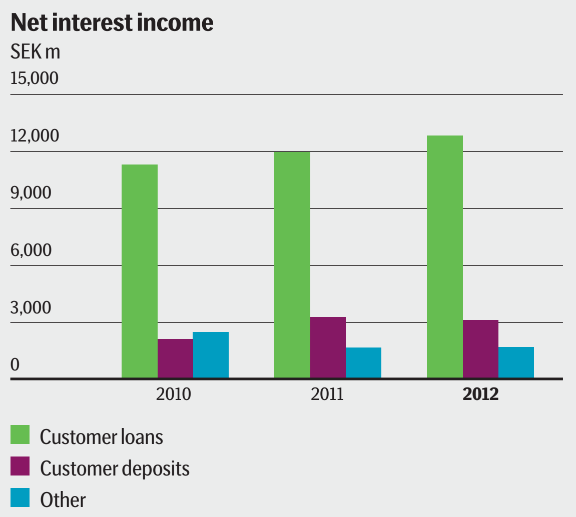
SEK m

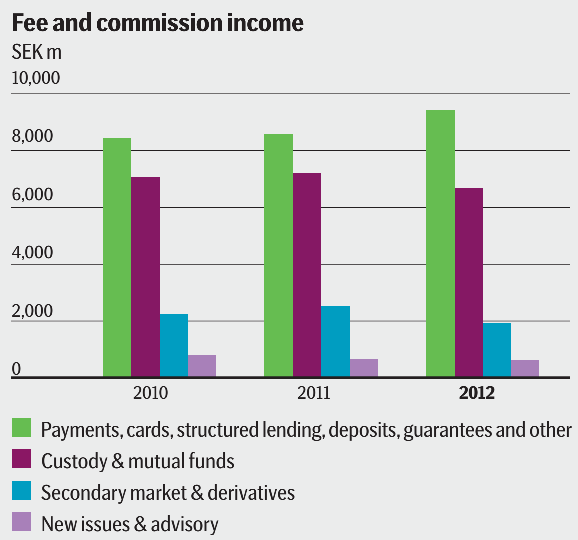


Net fee and commission income amounted to SEK 13,620m (14,175). Commissions and fees from mutual funds decreased primarily because the average volumes of assets under management were lower than 2011. Turnover on the Nordic stock exchanges was low which affected commission income. Lower customer activity in areas such as securities, derivatives and

Income statement on quarterly basis

SEK m	2012:4	2012:3	2012:2	2012:1	2011:4
Net interest income	4,458	4,466	4,530	4,181	4,318
Net fee and commission income	3,715	3,192	3,449	3,264	3,637
Net financial income	982	1,091	1,127	1,379	589
Net life insurance income	831	861	821	915	992
Net other income	- 349	71	- 11	- 150	- 202
Total operating income	**9,637**	**9,681**	**9,916**	**9,589**	**9,334**
Staff costs	-3,672	-3,602	-3,704	-3,618	-3,527
Other expenses	-1,628	-1,573	-1,590	-1,653	-2,030
Depreciation, amortisation and impairment of tangible and intangible assets	-1,224	- 464	- 460	- 464	- 475
Total operating expenses	**-6,524**	**-5,639**	**-5,754**	**-5,735**	**-6,032**
Profit before credit losses	3,113	4,042	4,162	3,854	3,302
Gains less losses on disposals of tangible and intangible assets	2	1	-4	2	-1
Net credit losses	- 276	- 186	- 269	- 206	- 240
Operating profit	**2,839**	**3,857**	**3,889**	**3,650**	**3,061**
Income tax expense	401	- 868	- 833	- 793	- 504
Net profit from continuing operations	**3,240**	**2,989**	**3,056**	**2,857**	**2,557**
Discontinued operations	- 1	- 155	- 86	- 246	- 300
Net profit	**3,239**	**2,834**	**2,970**	**2,611**	**2,257**
Attributable to minority interests	7	4	6	5	10
Attributable to equity holders	3,232	2,830	2,964	2,606	2,247
Continuing operations					
Basic earnings per share, SEK	1.47	1.36	1.39	1.30	1.16
Diluted earnings per share, SEK	1.47	1.36	1.39	1.30	1.16
Total operations					
Basic earnings per share, SEK	1.47	1.29	1.35	1.19	1.02
Diluted earnings per share, SEK	1.47	1.29	1.35	1.19	1.02





new issues reflected the subdued macroeconomic environment and lowered the fee and commission income compared to 2011. There was an offsetting effect from lending, advisory and guarantee fees.

Net financial income increased by 29 per cent to SEK 4,579m (3,548). There was a GIIPS portfolio market valuation loss of SEK 612 in 2011. The corresponding loss in 2012 was SEK 10m and there were also positive valuations in the liquidity portfolio. Income in the trading operations, which is customer driven, as well as in the other business areas, was stable.

Net life insurance income increased to SEK 3,428m (3,197), partly due to higher income from unit-linked insurance which was mainly related to the acquisition of SEB Life International. Equity valuations improved, but there was a negative impact from lower long-term interest rates on insurance liabilities.

Net other income was negative at SEK –439m (–135m) including a one-time cost of SEK 402m relating to certain repurchases of SEB covered bonds with short remaining maturities.

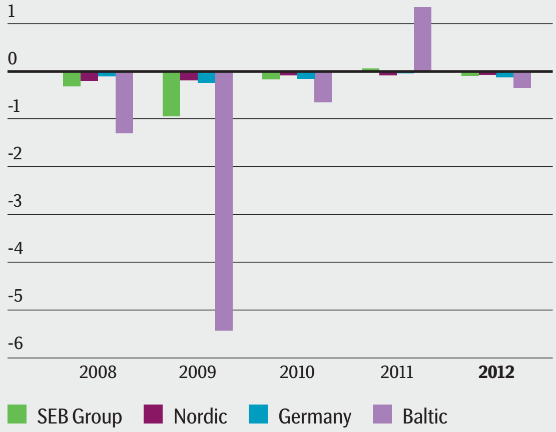
Key figures

	2012	2011[3]	2010	2009	2008
Continuing operations[1]					
Return on equity, %	11.52	12.31	8.89	3.26	13.19
Basic earnings per share, SEK	5.53	5.46	4.00	1.63	10.40
Diluted earnings per share, SEK	5.51	5.43	3.98	1.63	10.39
Cost/income ratio	0.61	0.62	0.65	0.60	0.59
Number of full time equivalents	16,578	16,704	16,323	17,970	18,933
Total operations					
Return on equity, %	11.06	11.12	6.84	1.17	13.15
Return on total assets, %	0.48	0.49	0.30	0.05	0.42
Return on risk-weighted assets, %	1.36	1.35	0.83	0.13	1.13
Basic earnings per share, SEK	5.31	4.93	3.07	0.58	10.36
Weighted average number of shares, millions	2,191	2,194	2,194	1,906	969
Diluted earnings per share, SEK	5.29	4.91	3.06	0.58	10.36
Weighted average number of diluted shares, millions	2,199	2,204	2,202	1,911	970
Credit loss level, %	0.08	-0.08	0.15	0.92	0.30
Total reserve ratio individually assessed impaired loans, %	74.4	71.1	69.2	69.5	68.5
Net level of impaired loans, %	0.28	0.39	0.63	0.76	0.41
Gross level of impaired loans, %	0.58	0.84	1.28	1.46	0.73
Risk-weighted assets[2], SEK billion	879	828	800	795	986
Core Tier 1 capital ratio[2], %	10.05	11.25	10.93	10.74	7.11
Tier 1 capital ratio[2], %	11.65	13.01	12.75	12.78	8.36
Total capital ratio[2], %	11.47	12.50	12.40	13.50	10.62
Number of full time equivalents	16,925	17,633	19,125	20,233	21,291
Assets under custody, SEK billion	5,191	4,490	5,072	4,853	3,891
Assets under management, SEK billion	1,328	1,261	1,399	1,356	1,201

1) 2011–2009 restated and 2008 pro forma calculated exclusive Retail Germany.
2) Basel II, Regulatory reporting with transitional floor.
3) 2011 restated for the effect of IAS 19, except for capital adequacy key figures.

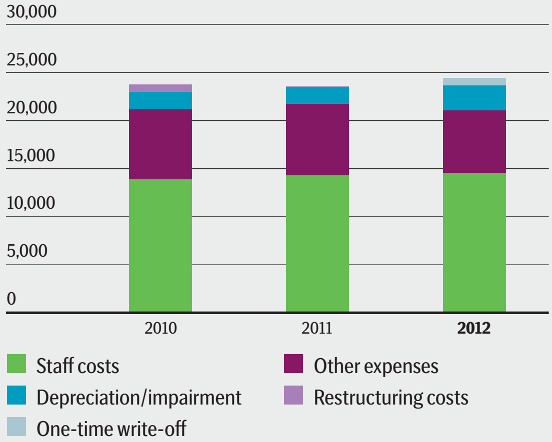
Credit loss level

Per cent



Expenses

SEK m



Operating expenses

Total *operating expenses* amounted to SEK 23,652m (23,513). There was a one-time charge of SEK 753m from a strategic review of IT infrastructure projects. An antitrust penalty fee in the amount of SEK 63m, which SEB will appeal, was incurred in Lithuania. Staff costs increased by 2 per cent due to higher redundancy costs. The effect from implementing IAS 19 was SEK 225m (392). Other expenses, such as marketing, IT, consultants, travel and premises costs, decreased. Excluding the one-off IT-cost, total expenses amounted to SEK 22,899m which was below the cost cap for 2012. The cost cap for 2013 and 2014 is SEK 22.5bn.

Credit losses and provisions

Net credit losses amounted to SEK 937m. In 2011 there was a reversal of SEK 778m following releases of provisions in the Baltic region. *See further p 45.*

Income tax expense

Total *income tax* amounted to SEK 2,093m (2,942) corresponding to an effective tax rate of 15 per cent (20). The decrease is a result of the reduction of the Swedish corporate tax rate from 26.3 to 22 per cent which is applicable from 1 January 2013. In 2012, the deferred taxes related to Swedish income tax were revalued at 22 per cent, resulting in a positive one-off effect of SEK 1.1bn.

Discontinued operations

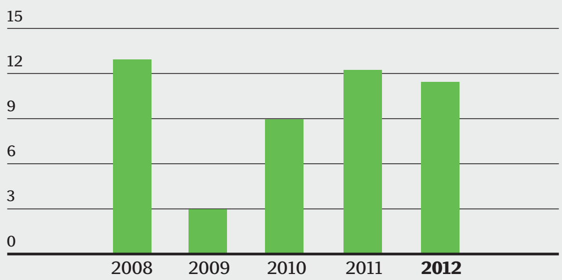
The net result from the *discontinued operations*, improved to a cost of SEK 488m (1,155m). The divestment of both the German and Ukrainian retail operations were finalised during 2012. Certain closing work remains.

Profitability

Return on equity for total operations amounted to 11.1 per cent (11.1). Return on equity for the continuing operations (excluding the Ukrainian and German businesses that were sold) amounted to 11.5 per cent (12.3).

Return on equity [1)]

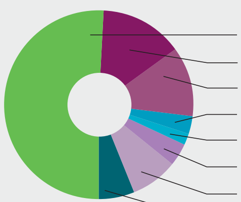
Per cent



1) Continuing operations

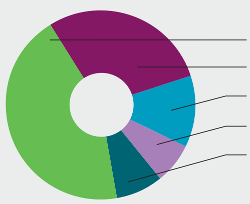
Profit before credit losses [1)]

Geographical distribution, 2012



	Per cent	SEK m
Sweden	51	7,187
Norway	14	1,933
Denmark	12	1,659
Latvia	3	499
Lithuania	2	329
Estonia	4	617
Germany [2)]	8	1,123
Finland	6	796

Divisional distribution, 2012



	Per cent	SEK m
Merchant Banking	44	7,245
Retail Banking	29	4,805
Life	12	1,980
Baltic	7	1,260
Wealth Management	8	1,294

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

Financial structure

The Group's total assets increased 4 per cent during the year and amounted to SEK 2,453bn as per 31 December 2012 (2,359).

Loan portfolio

Loans to the public increased to SEK 1,236bn, an increase of SEK 50bn for the year. SEB's total credit portfolio increased to SEK 1,777bn (1,702). *For further information see p. 42 and note 18.*

Insurance assets

Financial assets within insurance operations are classified as financial assets at fair value. Investment contracts where the insurance policyholders carry the risk (unit-linked insurance), amounted to SEK 203bn (187). Insurance contracts (traditional insurance operations) amounted to SEK 74bn (83).

Fixed income securities

SEB's net position in fixed income securities amounted to SEK 244bn (247). Five per cent of the total holdings, SEK 11.3bn, was GIIPS-related (14). *See further p. 45 and note 5.*

Derivatives

The replacement values of the derivative contracts are booked as assets and liabilities in the balance sheet. They amounted to SEK 170bn and SEK 158bn respectively. The mix and volumes of derivatives largely reflects 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 interest rate fluctuations. *For further information see note 45. The credit risk of derivatives is discussed on p. 44.*

Intangible fixed assets, including goodwill

Intangible assets totalled SEK 17.3bn (17.9), of which 61 per cent consists of goodwill. The most important goodwill items were related to the acquisition of the Trygg-Hansa group in 1997, at SEK 5.7bn, and investments in the card business in Norway and Denmark, at SEK 1.2bn. Goodwill items are not amortised, but are subject to a yearly impairment test.

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

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. 50 for information on liquidity management.*

Deposits and borrowing from the public was virtually unchanged during the year, at SEK 862bn. Deposits from credit institutions decreased by 15 per cent, to SEK 171bn (201). Issued securities amounted to SEK 662bn at year end, an increase of 12 per cent. The Bank was able to use its favourable position to raise funding in excess of what matured – in line with the liquidity strategy. Issued subordinated debt amounted to SEK 24bn.

Liabilities in insurance operations

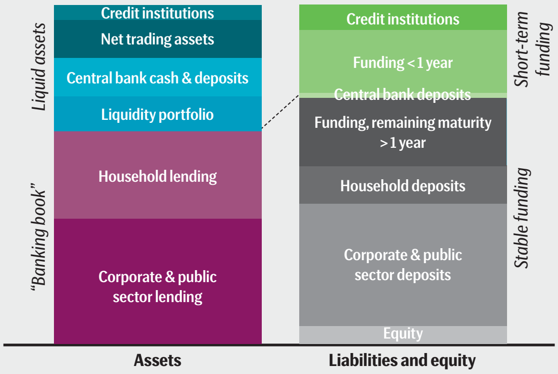
At year-end, liabilities in insurance operations amounted to SEK 286bn (270). Out of this, SEK 196bn (181) was related to investment contracts (unit-linked insurance) and SEK 90bn (89) to insurance contracts (traditional insurance).

Total equity

Total equity at the opening of 2012 amounted to SEK 103bn. The cumulative effect of the implementation of the amendments to IAS 19 Employee benefits, at an amount of SEK 7.9bn decreased equity at year-end. The major reason for the IAS 19 adjustment is the sharp fall of the discount rate in the past several years. If interest rates increase, this value may be partly

Balance sheet structure

31 December 2012



Rating

In November 2012 Moody's upgraded the outlook for the Swedish banking system to stable from negative outlook. The revision was based on the banks' strong asset quality, strengthened capital levels, moderate lending growth and low credit losses which support profitability. Moody's warned that the new outlook could be revised by an economic downturn in Europe. S&P on the other hand put all major Swedish banks on negative outlook in November 2012 due to the weakening economic outlook for Sweden and thereby increasing risks for Swedish banks. The rating table shows the ratings of SEB as of February 2013.

Moody's Outlook Stable (November 2012)		Standard &Poor's Outlook Negative (November 2012)		Fitch Outlook Stable (July 2012)	
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–

recovered. In accordance with a resolution of the Annual General Meeting in 2012, SEK 3,836m of equity was provided for the dividend. At year-end 2012, total equity amounted to SEK 110bn.

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 2012, the core Tier 1 capital ratio was 15.1 per cent (13.7), the Tier 1 capital ratio was 17.5 per cent (15.9). The Group's Basel II risk-weighted assets (RWA) amounted to SEK 586bn (679).

Adjusted for the supervisory Basel II transitional rules, RWA amounted to SEK 879bn (828), a core Tier 1 capital ratio of 10.1 per cent (11.2) and a Tier 1 capital ratio of 11.6 per cent (13.0). *Further information is available on p. 52 and in note 47.*

Dividend

The Board proposes to the AGM a dividend of SEK 2.75 per Class A and Class C share respectively, which corresponds to a 52 per cent pay-out ratio. The total proposed dividend amounts to SEK 6,028m (3,836), calculated on the total number of issued shares as per 31 December 2012, including repurchased shares. The SEB share will be traded ex dividend on 22 March 2013. The proposed record date for the dividend is 26 March and dividend payments will be made on 2 April 2013.

Assets under management and custody

At year-end, assets under management amounted to SEK 1,328bn (1,261). The net inflow of assets was SEK 29bn. The increase in value was SEK 38bn. Unit-linked insurance assets under management are also reported in the balance sheet.

Assets under custody amounted to SEK 5,191bn (4,490).

Outlook for 2013

The Bank's target for 2013 is to increase operating leverage through growing the customer base and increasing the product penetration with existing customers while at the same time keeping costs below SEK 22.5bn.

The outlook for the global economy is characterised by uncertainty. The global policy measures that were designed to limit the risk of severe shocks to the economy, created more stability to the financial system. However, a prolonged period of weak economic growth cannot be ruled out. The macroeconomic environment is the major driver of earnings, risk and financial stability. In particular, it affects the asset quality and thereby the credit risk of the Group.

As the economic environment is expected to remain subdued, proactivity in terms of financial strength and resilience is a requirement for future success.

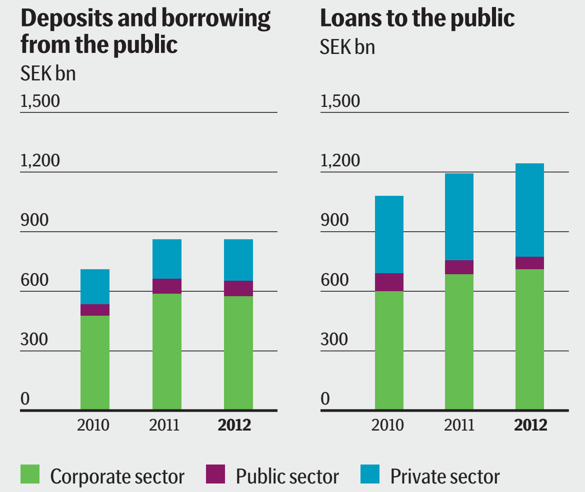
The Swedish tailoring and earlier implementation of the international Basel III regulatory framework in relation to capital, liquidity and funding standards could have long-term effects on asset and liability management and profitability of the banking sector. The final outcome of the Basel III framework and its implementation within the EU are not yet finalised. *The risk composition of the Group, and risk management,is further described on p. 38.*

Revised long-term financial targets

The Board of Directors and management have reviewed SEB's long-term financial targets in light of 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 in the long-term aspires to reach a return on equity of 15 per cent.



Assets under management

SEK bn	2012	2011	2010
Start of period	**1,261**	**1,399**	**1,356**
Inflow	203	273	287
Outflow	-174	-230	-232
Acquisition/disposal net	0	17	-1
Change in value	38	-198	-11
End of period	**1,328**	**1,261**	**1,399**

Merchant Banking

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

The division's main areas of activity are:

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

Trading and 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

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

	2012	2011
Percentage of SEB's total income	41	43
Percentage of SEB's operating profit	45	44
Percentage of SEB's staff	14	14

Income statement

SEK m	2012	2011	Change, per cent
Net interest income	6,966	7,139	-2
Net fee and commission income	4,896	4,908	0
Net financial income	3,683	4,002	-8
Net other income	292	617	-53
Total operating income	**15,837**	**16,666**	**-5**
Staff costs	-3,945	-3,926	0
Other expenses	-4,465	-4,771	-6
Depreciation of assets	-182	-227	-20
Total operating expenses	**-8,592**	**-8,924**	**-4**
Profit before credit losses etc	**7,245**	**7,742**	**-6**
Gains less losses on disposals of assets	-6	-1	
Net credit losses	-130	-260	-50
Operating profit	**7,109**	**7,481**	**-5**
Cost/Income ratio	0.54	0.54	
Business equity, SEK bn	36.7	26.1	
Return on business equity, %	14.3	20.6	
Number of full time equivalents, average	2,418	2,398	
Risk-weighted assets, Basel II, SEK bn	335	387	-13
Lending to the public[1], SEK bn	444	442	1
Deposits from the public[2], SEK bn	446	447	0

1) Excluding repos and debt instruments
2) Excluding repos

Business model

SEB has long been established as the premier corporate bank in Sweden, with a long tradition of serving as a financial partner for large corporations and institutions in Sweden. 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 maintaining a long-term perspective, proximity to customers and an intrinsic understanding of their businesses. This is coupled with a depth of 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.

Growth potential

The Merchant Banking division's greatest potential for growth is in the Nordic countries and Germany. In these markets the business volumes from existing customers grew and new customers were attracted – with limited increase in cost. Since the start of the growth initiative 2010, when the number of corporate customers was 1,800, around 300 new customers have been brought in and the credit portfolio has grown by around SEK 130bn. The initiative also resulted in a stronger local franchise and more visibility in landmark transactions.

The average Swedish large corporate customer uses seven or eight of SEB's product areas. This is one of the highest product penetration levels in Europe, based on a study conducted by the research firm Greenwich Associates. A new customer typically starts off using a handful of products, often payment services and loans. As the relationship develops, more specialised products such as cash management, bank financing, trade financing, foreign exchange trading and capital market services give customers added benefit while increasing the Bank's earnings to a corresponding degree.

Financial institutions

In 2012, the division established a client coverage organisation for the important and growing financial institutions customer segment. The aim is to offer even more customer-oriented services to banks, global asset managers, central banks and government investment funds. By establishing a new office in Hong Kong, SEB has increased its opportunities to assist Asian institutions to diversify through investments in the Nordic capital markets.

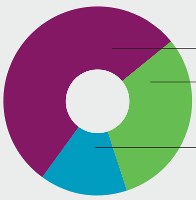
Demand for corporate bonds

In recent years, demand among large corporates for bank financing has been limited. At the same time, larger corporations in particular have shown increased interest in obtaining funding by issuing corporate bonds. In 2012, Nordic companies almost doubled their borrowing via issues compared with 2011. The trend toward greater borrowing via corporate bonds has been going on for ten years.

The shift from traditional bank borrowing to corporate bonds as a source of funding

Operating profit by business area

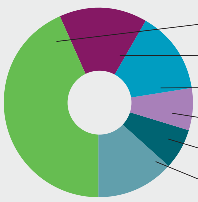
2012, per cent of total (SEK 7,109m)



	2012	2011
Corporate Banking	54	(53)
Trading and Capital Markets	31	(31)
Global Transaction Services	15	(16)

Operating income by country

2012, per cent of total (SEK 15,837m)



	2012	2011
Sweden	43	(45)
Germany	15	(16)
Norway	14	(12)
Finland	7	(6)
Denmark	7	(6)
Other	14	(15)

Merchant Banking's most important rankings in 2012

No. 1 Corporate bank in the Nordic region	Prospera
No. 1 Bank in the Nordic & Baltic region	Euromoney
No. 1 Nordic equity provider for all institutions	Prospera
No. 1 Equity research house in the Nordics	Prospera
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

How would you summarise 2012?

It was a year characterised by continued uncertainty surrounding the sovereign debt crisis in Europe, which resulted in a lower level of activity and a diminished willingness to invest among our customers. However, we continued to grow in our targeted markets.

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 and find new customers.

The economic situation is uncertain. How is it going for the Bank's customers?

We see a clear difference compared with the autumn of 2008, when the economic situation changed abruptly, which was evident among our customers. This time, our corporate customers were well-prepared and they now have strong positions. They have a potential to benefit from the transformation that is following in the wake of the crisis. Our institutional clients have a high level of liquidity and are addressing the challenge of finding alternative opportunities for return on capital.

What does it require to be a relationship bank for corporate and institutional customers?

We devote great energy and impetus into understanding our customers' business before we enter into a customer relationship. It is a time-consuming work method, but it also means that once we have established a relationship, our customers know that they will have our support in all conditions.

What are the greatest challenges and opportunities going forward?

Our main challenge is to continue growing our relationship bank model in a climate that is still characterised by uncertainty. The greatest opportunities lie in the platform that we have built up in our home markets. We can handle considerably larger business volumes than what the current low level of activity is generating. Once customers become more willing to invest again, we will be able to leverage the investments made during the crisis years.

for corporations provides an opportunity for SEB as an underwriter and market maker. SEB has a market-leading position as a bank for issuing corporate bonds in Sweden (28 per cent market share) and the other Nordic countries. In 2012 SEB acted as lead manager in several corporate bond issues including Telia Sonera, Atlas Copco, SKF, Stora Enso, Scania, Maersk and Neste Oil.

Macroeconomic environment 2012

2012 was characterised by continued market uncertainty and a number of calming measures. The Nordic region continued to be seen as a safe haven; however, the overall slowdown towards the end of the year naturally affected the Nordic region as well.

Corporate investment levels including M&A activities remained subdued, which resulted in lower customer activity. SEB continued to focus on strengthening the customer franchise in spite of the rather turbulent market environment.

Comments to the 2012 result

Operating income, which amounted to SEK 15,837m, decreased by 5 per cent year-on-year (16,666). This was driven by lower customer activity in most business areas. Operating expenses, SEK 8,592m, were down by 4 per cent compared with 2011 (8,924). Asset quality remained strong and net credit losses at SEK 130m consequently low (260). Operating profit amounted to SEK 7,109m, down 5 per cent year-on-year (7,481).

SEB's low trading risk profile, in combination with higher customer activity in capital markets as the disintermediation trend continued, generated stable operating profits for *Trading and Capital Markets*.

Global Transaction Services managed to broaden the customer base and could therefore offset most of the effects from lower interest rates and lower export and import volumes. Assets under custody amounted to SEK 5,191bn (4,490).

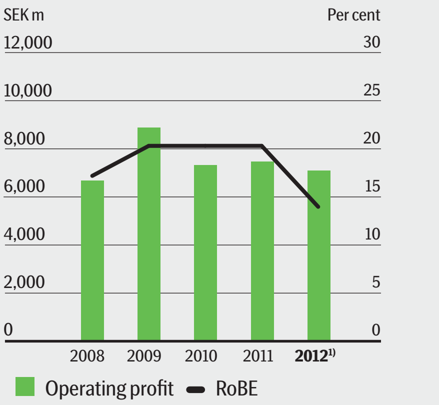
Corporate Banking continued the healthy performance in 2012 and delivered a solid result across all areas.

Sustainability

Sustainability aspects that are based on sector policies and Group-wide principles are an integrated part of the division's business activities.

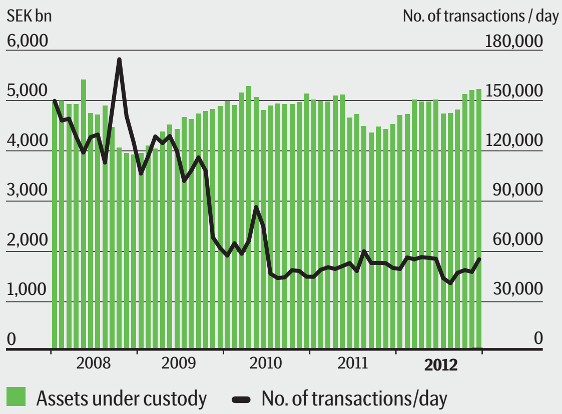
Financial development

Operating profit and return on business equity



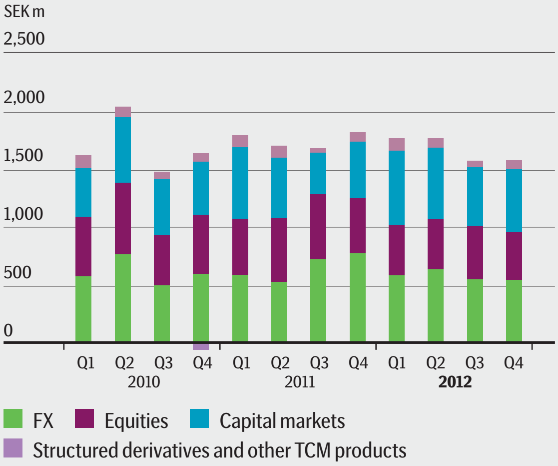
1) New allocation method increased business equity in 2012.

Custody volume development



Trading and Capital Markets – income

By main product cluster, excl. investment portfolios



Corporate Banking – income

Retail Banking

The Retail Banking division provides advice and financial services to private individuals and small and medium-sized companies in Sweden, and is also responsible for SEB's card business in the Nordic countries. Customers have access to SEB's comprehensive offering of financial services through any of the Bank's branches or by phone, the Internet and mobile applications.

The Retail Banking division has two business areas:

- **Retail Sweden**, which serves some 1.6 million private customers and 190,000 small and medium-sized companies from 165 branch offices as well as through SEB's Telephone Bank, Internet Bank and mobile apps. Of the total number of SME customers, some 130,000 are active users of SEB's payment services.
- **Card**, which issues cards and arranges acquiring agreements in Sweden, Denmark, Norway, Finland and Latvia under SEB's own brand as well as for Eurocard and Diners Club cards. In all, the business comprises approximately 3.5 million cards issued to private customers and companies as well as acquiring agreements with some 180,000 participating merchants.

	2012	2011
Percentage of SEB's total income	29	26
Percentage of SEB's operating profit	28	19
Percentage of SEB's staff	22	21

Income statement

SEK m	2012	2011	Change, per cent
Net interest income	7,117	6,063	17
Net fee and commission income	3,648	3,775	-3
Net financial income	339	302	12
Net other income	76	97	-22
Total operating income	**11,180**	**10,237**	**9**
Staff costs	-3,024	-2,951	2
Other expenses	-3,266	-3,638	-10
Depreciation of assets	-85	-79	8
Total operating expenses	**-6,375**	**-6,668**	**-4**
Profit before credit losses etc	**4,805**	**3,569**	**35**
Gains less losses on disposals of assets			
Net credit losses	-452	-441	2
Operating profit	**4,353**	**3,128**	**39**
Cost/Income ratio	0.57	0.65	
Business equity, SEK bn	14.4	10.8	
Return on business equity, %	22.3	21.4	
Number of full time equivalents, average	3,708	3,659	
Risk-weighted assets, Basel II, SEK bn	114	136	-16
Lending to the public[1)], SEK bn	543	495	10
Deposits from the public[2)], SEK bn	216	199	9

1) Excluding repos and debt instruments
2) Excluding repos

Continued challenging environment

There were sluggish signs in the macro-economic situation in Sweden in the year. For instance statistics on corporate defaults increased somewhat. The Swedish mortgage market was resilient but slowed somewhat during the year. However, the Retail division customers remained active. In the turbulent stock markets, the customers selected deposits for their savings to a greater extent than equity related investments.

Focus on growth in the corporate customer segment

High quality in the customer relationship is a priority to SEB and the Bank strives to build long-term and mutually rewarding relationships with the clients. In 2012 the internal customer loyalty measures showed a positive trend and SEB was named as Sweden's SME Bank of the Year in the Finansbarometern customer survey. Furthermore, the external survey Swedish Quality Index showed that SEB improved its position within the corporate segments.

SEB offers a complete advisory service for both the company, the employees and the owner. The strategy to grow in the SME segment remains, with the goal of attaining a 15 per cent market share by year-end 2014. In 2012, SEB further grew its market share, and by year-end 13 per cent of small and medium-sized companies in Sweden had SEB as their home bank (companies that use SEB's payment services). Corporate credits grew by 8 per cent to reach

SEK 152bn. The growth continues with high portfolio quality – in some segments with better asset quality – and the increase was slightly above the overall market growth. The number of SME customers using SEB's payment services increased by 8,750 to 130,000.

Better services lead to more home bank customers

Also with respect to private customers, SEB is adhering to its strategic focus on building long-term customer relationships and on being a modern relationship bank. The goal is to increase the number of customers who choose SEB for all of their banking needs. At year-end 2012 the Bank had approximately 438,000 home bank customers. They have access to proactive individual advice.

Accessibility and simplicity are important for SEB's customers, and the Bank offers numerous channels for customers to conduct their business. Simple day-to-day banking services can be conducted online, via mobile apps, or using the Telephone Bank, where customers can obtain personal service 24 hours a day in more than 20 languages, while more complex matters and more in-depth advice are offered face-to-face at SEB branch offices.

A new service, Swish, was introduced during the year, enabling person-to-person money transfers from mobile devices in real time. SEB continued to develop the offering towards young adults, such as an offered meeting to persons who just turned 18 years old and a strong student offering. The mobile banking applications were further developed enabling the customers to search for branch offices and ATMs with their smart phones. Some branch offices display the current queues. The number of visits to SEB's mobile banking application increased markedly during the year and reached 31 million for the year. There are around 300 000 active users.

In line with the ambition to provide responsible advice which aim to protect customers' long-term financial security, SEB introduced a amortisation requirement for all new mortgages – which starts in 2013. All mortgages should be amortised, but for mortgages with loan-to-value over 70 per cent, it will become a strict requirement. The reason is to ensure a margin of safety between the customer's mortgage and the property value.

At the end of 2012 SEB finalised an agreement with one of the large Swedish union confederations (TCO) to offer a home banking relationship to its 1.2 million members. The offer includes mortgage products, advice and favourable consumer credits.

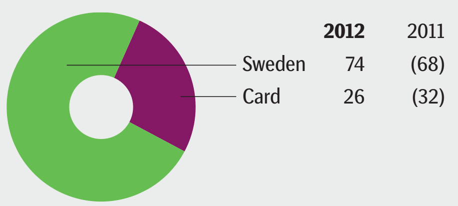
More cohesive savings offering

Savings is a strategic growth area for SEB, and in pace with an ageing population who is taking greater responsibility for their future financial security, the market is growing along with the need for advice on long-term savings.

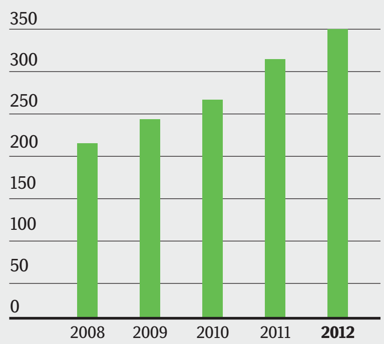
SEB continues to simplify and improve the savings offering to relate to the customers needs and life situations. There are both index and strategy funds, created to suit different risk profiles. In 2012 the new Investment Savings Account was launched and was well received by the customers.

In 2012 an important step was taken to meet customers' needs for savings advice in a more cohesive way by integrating

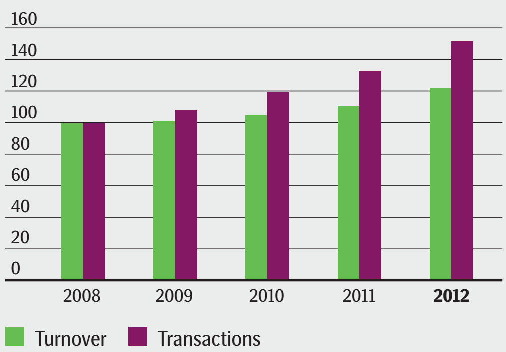
Operating profit by business area
2012, per cent of total (SEK 4,353 m)



Residential mortgage loans in Sweden
Excluding commitments, SEK bn



Card development
2008 = index 100



Development of deposit volumes
SEK bn

the expertise of the Wealth Management division in the Retail Banking division.

A strong result

Retail Banking showed continued strength in 2012. Operating income increased by 9 per cent to SEK 11,180m compared with 2011 (10,237). The enhanced efficiency focus led to a decrease of operating expenses, which amounted to SEK 6,375m, by 4 per cent (6,668), and the division's operating profit increased by 39 per cent from SEK 3,128m to SEK 4,353m.

Volatile stock markets led customers to lower their risk profiles by reallocating their savings towards deposits. This pressured commission income from life insurance and mutual funds. Deposits increased by SEK 16bn to SEK 216bn. The mortgage portfolio grew by SEK 36bn to SEK 350bn, and margins increased somewhat.

Several major agreements for Card

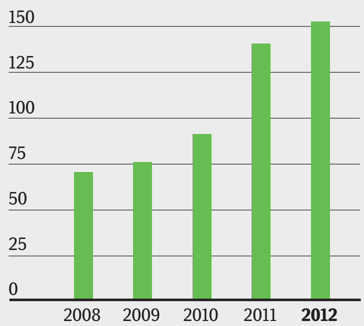
Focus on card issuing activities in the Card business area in 2012 was primarily on the Corporate, Co-branding and Consumer customer segments. Noteworthy business events during the year included several major contracts with corporate customers, implementation of the enlarged co-branded business with Statoil Fuel & Retail, and an award won by Eurocard Sweden for best customer service in banking and finance.

The underlying business was characterised by a high level of business activity and improved cost efficiency.

Card turnover increased by 11 per cent and the average transaction amount continued to fall, reflecting that cards are increasingly used for sundry expenses. The number of cards increased by 8 per cent, to 3.5 million.

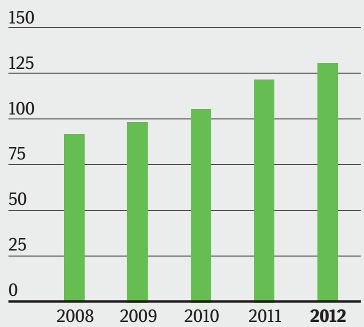
Corporate credits, Sweden

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



Number of small and medium-sized corporate customers, Sweden

Thousands (cash management customers)



Mats Torstendahl

How would you summarise 2012?

It was a good year for the Retail Banking division. We had the opportunity to help even more customers with their entire economy, from savings and financing to other banking services – both on the private and business side.

How will you become the bank with the most satisfied customers?

We will continue along the beaten path – to be a relationship bank with a holistic approach to providing advice and guidance for both corporate and private customers. Our customers clearly appreciate this, especially on the corporate side, as shown in various customer surveys. For private customers, it is a more challenging journey for us as well as for all banks. We need to be better at explaining our role and the benefits that our services create.

Where do you stand among medium-sized companies?

We are clearly on the right track in all company segments – this can be seen in customer surveys and is shown in the higher market shares we have attained also among medium-sized enterprises. We see continued good potential for growth here.

What is SEB's role in mobile banking?

As a bank we have an important role to play in the area of mobile payments, since we can offer infrastructure, knowledge and credibility. We provide many mobile services. Recently the joint-bank mobile service Swish was launched, which enables private persons to transfer money to each other – quickly and securely.

What are the greatest challenges and opportunities going forward?

The macro-economic development is challenging, and recently we have seen how Swedish companies are affected by the subdued global growth. Our challenge, and opportunity, is to maintain our strength and build enduring relationships within the private and corporate segments. We feel a strong level of confidence from our customers.

Wealth Management

The Wealth Management division offers a full spectrum of asset management and advisory services, including a private banking offering in the Nordic countries, to high net-worth individuals and institutions.

The Wealth Management division has two business areas:

- **Institutional Clients** – offering asset management services to institutions and life insurance companies
- **Private Banking** – the leading private banking service in the Nordic region, providing a comprehensive range of services in asset management, legal and tax advice, insurance, financing and banking to foundations and high net-worth private individuals in Sweden and abroad.

The division's services are distributed mainly via its institutional client sales force, SEB Trygg Liv, SEB's retail network, its own private banking units and through third party distributors. The division's **Investment Management** organisation has 25 investment teams which are responsible for management of mutual funds and investor mandates.

	2012	2011
Percentage of SEB's total income	10	11
Percentage of SEB's operating profit	8	8
Percentage of SEB's staff	6	5

Income statement

SEK m	2012	2011	Change, per cent
Net interest income	667	635	5
Net fee and commission income	3,244	3,589	-10
Net financial income	97	87	11
Net other income	30	7	
Total operating income	**4,038**	**4,318**	**-6**
Staff costs	-1,322	-1,388	-5
Other expenses	-1,379	-1,501	-8
Depreciation of assets	-43	-49	-12
Total operating expenses	**-2,744**	**-2,938**	**-7**
Profit before credit losses	**1,294**	**1,380**	**-6**
Gains less losses on disposals of assets			
Net credit losses	-5	-9	-44
Operating profit	**1,289**	**1,371**	**-6**
Cost/Income ratio	0.68	0.68	
Business equity, SEK bn	6.0	5.0	
Return on business equity, %	16.0	19.7	
Number of full time equivalents, average	940	973	
Risk-weighted assets, Basel II, SEK bn	26	32	-19
Lending to the public [1], SEK bn	36	34	13
Deposits from the public [2], SEK bn	57	51	12
Assets under management, SEK bn	**1,228**	1,175	5

1) Excluding repos and debt instruments
2) Excluding repos

Business model

The Wealth Management division's strategy is focused on cultivating long-term customer relationships in which advice and services are based on a comprehensive view of the customer's 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.

The division has a broad fund offering, from passively managed index funds – including a European index fund with no fee – to actively managed funds, including strategic funds comprising all asset classes.

Institutional clients range from large pension funds to small institutions. SEB can use the Bank's aggregate expertise across all divisions to meet the most complex customer needs.

Customer activities

During the year Private Banking attracted 1,214 new customers (1,335). New volumes of assets under management amounted to SEK 28bn (27). To further improve customer service, a Private Banking office was opened in London.

Within Institutional Clients, there was focus on products that offer alternatives to the volatile stock markets. Customer interest in closed-end funds as well as SEB's first institutional real estate fund in Sweden, was high. Within the fund offering, products such as corporate bonds, high yield funds, allocation and strategy funds have drawn customers' attention.

Financial development

After the somewhat turbulent first six months in the equity market, the latter part of the year developed more positively and the markets recovered. However, risk appetite and customer activity in equity-related products were low during the year due to the uncertainty in the equity markets.

The operating profit of SEK 1,289m was down by 6 per cent compared with last year (1,371). Base commissions were down 6 per cent, partially because the average market values on assets under management were lower compared to 2011. There was a negative impact from the decision to liquidate the ImmoInvest fund in Germany. Performance and transaction fees amounted to SEK 264m (399) mainly due to lower transaction fees from the real estate fund in Germany and lower performance fees from mutual funds and mandates. Operating expenses, which amounted to SEK 2,744m, decreased by 7 per cent compared to 2011 despite restructuring costs during the year (2,938).

Total assets under management amounted to SEK 1,228bn (1,175).

Sustainable investments

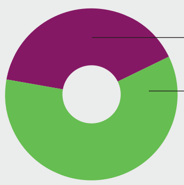
Sustainability work surrounding portfolio companies continued. With respect to corporate governance this encompassed issues such as incentive programmes and board diversity with particular focus on female board representation. In the areas of environmental and social issues, work continued regarding climate change by focusing on the quality of climate reporting from portfolio companies. SEB actively supported the CDP Water Disclosure program by encouraging companies to be transparent about how they manage risks and opportunities related to water. The Bank also participated in the PRI working group on anticorruption by encouraging 21 selected companies to disclose information on their anti-corruption management systems. The sustainability strategy has been implemented for approximately two-thirds of applicable assets under management, in the asset classes equities, corporate bonds, real estate and private equity.

Distinctions

For the third year in a row, SEB received the Global Private Banking Award as Best Nordic Bank for Private Banking Services (The Banker/Professional Wealth Management).

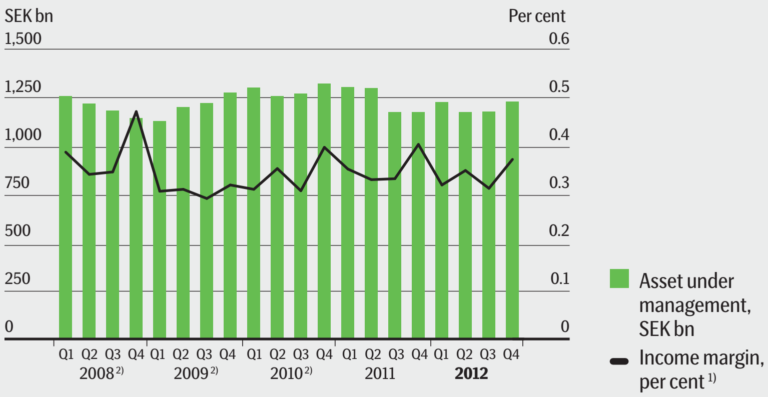
Operating profit by business area

Per cent of total (SEK 1,289m)



	2012	2011
Institutional Clients	40	(52)
Private Banking	60	(48)

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.

5 questions for Anders Johnsson

How would you summarise 2012?

The year was characterised by an uncertain market situation with ambiguous signs. This has made it hard to stick to a clear investment strategy. The only thing that has been consistent is customers' preference for corporate bonds, while the stock market has been more volatile. At the same time, we have seen a positive trend in Private Banking, where we continued to win market shares. And for the third year in a row we were awarded as the Best Private Bank in the Nordic region.

How do you give advice to customers in the current low interest environment?

It is becoming increasingly important to have a long-term approach and to diversify investments across many asset classes, which we convey in our advice to customers. The uncertain market climate is reflected in the allocation models that we applied during the year. We advise our customers not to go too far out on the risk curve.

What is SEB's view on actively managed assets?

We believe in active management. Over time and with the right strategy, it can definitely offer added value. But we also offer all types of savings products, from passive to active management, and from low-priced index funds to active, cutting edge products.

What is the best reason for customers to choose SEB?

We take a long-term approach and always work from a holistic perspective for the customer. For example, in Private Banking we offer – in contrast to some other banks – an effective structure featuring an entire pallet of peripheral services, such as tax consulting, law services and estate planning.

What are the greatest challenges and opportunities going forward?

The greatest challenge will be to navigate in the uncertain investment climate. As always, in uncertain times there are also opportunities to find really good deals both for our customers and ourselves.

Life

The Life division is responsible for all of SEB's life insurance and pension business and is one of the leading life insurance groups in the Nordic region. The division has 1.8 million customers and is one of the top three providers of unit-linked insurance in northern Europe.

The Life division has three business areas:

- **SEB Trygg Liv in Sweden**
- **SEB Pension in Denmark**
- **SEB Life & Pension International** in Finland, Ireland, Luxembourg, Estonia, Latvia, Lithuania and Ukraine.

The business revolves around providing insurance solutions, mainly unit-linked insurance for savings and financial security, to private individuals and companies. Unit-linked insurance is the main focus of new business, accounting for slightly more than 80 per cent of total sales. The division is active in Sweden, Denmark, Finland, Ireland, Luxembourg, Estonia, Latvia, Lithuania and Ukraine and also conducts business in several markets in continental Europe through insurance brokers.

SEB's traditional life insurance business in Sweden is mainly conducted through the mutually operated insurance company Gamla Livförsäkringsaktiebolaget SEB Trygg Liv. This company is not consolidated in SEB and is closed for new business.

	2012	2011
Percentage of SEB's total income	12	11
Percentage of SEB's operating profit	13	12
Percentage of SEB's staff	8	7

Income statement

SEK m	2012	2011	Change, per cent
Net interest income	-86	-33	161
Net life insurance income	4,707	4,504	5
Total operating income	**4,621**	**4,471**	**3**
Staff costs	-1 214	-1 193	2
Other expenses	-537	-536	0
Depreciation of assets	-890	-785	13
Total operating expenses	**-2,641**	**-2,514**	**5**
Operating profit	**1,980**	**1,957**	**1**
Change in surplus values, net	671	1,188	-44
Business result	**2,651**	**3,145**	**-16**
Change in assumptions	-409	-179	128
Financial effects of short-term market fluctuations	1 712	-1 897	
Total result	**3,954**	**1,069**	
Cost/Income ratio	0.57	0.56	
Business equity, SEK bn	6.5	6.4	
Return on business equity, %			
based on operating profit	26.5	26.9	
based on business result	35.5	43.2	
Number of full time equivalents, average	1,320	1,270	
Assets under management (net assets), SEK bn	442,7	420,0	5
Of which:			
Traditional life and disability/health insurance	238.9	233.2	2
Unit-linked insurance	203.8	186.8	9

Mature Swedish market

SEB is a market leader in unit-linked insurance in Sweden. Pension savings account for nearly half of the Swedish households´ financial assets. Individuals today are given a greater responsibility to secure their own pensions. For SEB, this makes it even more important to provide qualified advice to both private and corporate customers.

While the Swedish market is mature, interest is growing among corporate clients to use SEB's bancassurance concept to combine financial services with pension, sickness and health insurance solutions. Another area of growth in the large corporate segment is the occupational pensions market. Products and services are distributed through SEB's sales organisation, branch offices, insurance intermediaries and on-line.

The Danish market

In Denmark, SEB Pension sells pension savings, life, disability and health care insurance to private individuals and companies through its own sales force, insurance intermediaries and Codan Forsikring. Savings insurance is available both as unit-linked and traditional life insurance. While traditional life insurance is dominant for business in the Danish private market, unit-linked insurance accounts for the majority of new sales. Certain collective agreements do not allow occupational pension plans based solely on unit-linked insurance.

However, the trend in the market points to growth in unit-linked insurance in the corporate market. SEB in Denmark is at the forefront in developing simple e-solutions designed to help private individuals make decisions regarding how to invest their pension savings.

SEB Pension was ranked as number one in terms of customer satisfaction (according to the Aalund report).

International potential

The life insurance business in Ireland is focused on unit-linked sales throughout Europe. In Luxembourg SEB sells insurance solutions to Swedish expatriates in co-operation with Private Banking.

In the Baltic countries, the occupational pensions market is growing as employers are becoming obligated to offer occupational pensions. Sickness and health care insurance are also growing markets.

A number of new products were launched during the year, for example loan protection in Estonia, Latvia and Lithuania and family insurance in Latvia.

Robust result

The operating profit increased by 1 per cent. Unit-linked income, which represents 59 per cent of total income and 83 per cent of sales, increased by 7 per cent, due to the acquisition of SEB Life International. Operating income from traditional and risk insurance increased by 3 per cent. Operating expenses decreased by 2 per cent adjusted for SEB Life International.

In *Sweden*, operating profit amounted to SEK 1,307m which was virtually unchanged from last year. During the year the total fund value increased by SEK 11bn to SEK 138bn.

Operating profit in *Denmark* amounted to SEK 585m which was 2 per cent higher than last year.

Operating profit for *International* improved from last year's SEK 91m to SEK 168m.

The premium income relating to new and existing policies amounted to SEK 27bn. The weighted sales volume of new policies decreased to SEK 39bn and reflected lower volumes in the Swedish endowment market. The share of corporate paid policies increased to 76 per cent (68).

Assets under management

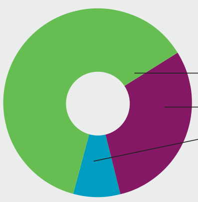
The total fund value in unit-linked insurance increased by SEK 17bn to 204bn. The net inflow was SEK 3bn and the appreciation in value was SEK 14bn or 7 per cent. Total net assets under management amounted to SEK 443bn.

Volumes

	2012	2011
Sales volume (weighted), SEK m		
Traditional life and sickness/health insurance	6,618	6,743
Unit-linked insurance	31,925	35,394
Totalt	**38,543**	**42,137**
Premium income, SEK m		
Traditional life and sickness/health insurance	6,388	6,696
Unit-linked insurance	20,797	22,238
Total	**27,185**	**28,934**

Operating profit by business area

Per cent of total (SEK 1,980 m)



	2012	2011
SEB Trygg Liv, Sweden	62	(66)
SEB Pension, Denmark	30	(29)
SEB Life & Pension, International	8	(5)

Jan Stjernström

How would you summarise 2012?

In Sweden we have grown in occupational pensions, from collectively negotiated solutions to customised pension solutions for smaller companies. We also saw growing demand for various types of risk insurance. In both Denmark and the Baltic countries, we continued to develop customer-friendly solutions, which have been well-received.

What is SEB's view on extended transfer rights in Sweden?

With the changeover to defined contribution pension solutions, it is the individual policyholder who bears the investment risk, and thus must also be able to take responsibility and have the right to decide. We are in favour of full transfer rights for pension capital. But this is conditional upon sound advice that is in the customers' best interests.

How can SEB contribute to greater financial security to an ageing population?

Among other things, we are working on developing savings products that strike a balance between risk and return over a long period of time. We also see a growing need for risk insurance products, such as disability and healthcare insurance, survivors' protection, loan protection, and various types of life insurance, to protect families and survivors.

How can pension matters contribute to SEB's efforts to be a business bank even for small and medium-sized companies?

Insurance solutions can be used to create protection for business owners and for making their companies attractive places to work, such as by offering attractive pension solutions for the employees.

What are the greatest challenges and opportunities going forward?

Our greatest challenge is to explain financial matters for customers so that they can make sound and conscious choices. The opportunities lie, above all, in the occupational pensions area, which is poised for steady growth – both in mature markets in Sweden and Denmark as well as in the Baltic countries, where we are seeing the fastest growth.

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 Baltic division has three main business areas:

- **Estonia**, with a network of 33 branch offices
- **Latvia**, with a network of 47 branch offices
- **Lithuania**, with a network of 48 branch offices

The Baltic division, is active in three main business areas, serving 1.8 million private customers and 130,000 small and medium-sized corporate customers. The customers have access to SEB's full range of financial services via the Bank's retail branch offices, the Telephone Bank and online.

	2012	2011
Percentage of SEB's total income	8	9
Percentage of SEB's operating profit	6	17
Percentage of SEB's staff	17	18

Income statement

SEK m	2012	2011	Change per cent
Net interest income	1,970	2,162	-9
Net fee and commission income	919	889	3
Net financial income	423	365	16
Net other income	-11	-33	-67
Total operating income	**3,301**	**3,383**	**-2**
Staff costs	-681	-701	-3
Other expenses	-1,080	-1,119	-3
Depreciation of assets	-280	-133	111
Total operating expenses	**-2,041**	**-1,953**	**5**
Profit before credit losses etc	**1,260**	**1,430**	**-12**
Gains less losses on disposals of assets	9	2	
Net credit losses	-351	1 485	
Operating profit	**918**	**2 917**	**-69**
Cost/Income ratio	0.62	0.58	
Business equity, SEK bn	8.8	8.8	
Return on business equity, %	9.7	29.6	
Number of full time equivalents, average	2,960	3,148	
Risk-weighted assets, Basel II, SEK bn	76	78	-2
Lending to the public[1)], SEK bn	97	100	-3
Deposits from the public[2)], SEK bn	68	66	3

1) Excluding repos and debt instruments
2) Excluding repos

Home bank customers

The Baltic division's strategy focuses on building long-term relationships with the customers based on a comprehensive view of their needs. The home bank customers, who have chosen SEB as their main bank, are likely to take advantage of a greater number of products offered by SEB. The high standard of personal service offered by SEB was appreciated by customers during the year. In 2012 the Baltic division gained some 43,000 new home bank customers.

To provide convenient and accessible banking, customers are given a range of options for how they want to interface with the Bank – through any of the Bank's branch offices, online or through mobile solutions. During the year, SEB continued development of its Baltic internet platform and improved its mobile banking services while taking further measures to integrate the various channels.

Also during the year, SEB improved its offering with the launch of Baltic Online, a cash management tool that allows corporate customers to manage all of their SEB bank accounts in the three Baltic countries through a single interface.

Economic recovery

Economic indicators such as GDP growth, exports, unemployment and consumer confidence are all pointing in a positive direction in the Baltic countries.

In recent years the Bank has focused on training employees, implementing criteria for accepting new business and developing the credit culture in the Bank in an effort to keep a balanced risk profile once business begins to pick up again.

The rapid recovery of the economy in Estonia has helped to reduce the NPL portfolio to a level commensurate with SEB's risk appetite. Latvia and Lithuania are both showing good progress in reducing NPLs, although the work-out process will need to continue in the coming years to normalise loss levels and leave the crisis behind.

Financial results for 2012

The operating profit of SEK 918m (2,917) included net credit losses of SEK 351m (net recovery of SEK 1,485m in 2011). There was an increase in credit losses in Latvia during the year due to legacy issues.

Operating expenses increased by 5 per cent. There were two one-off operating expense items. SEK 148m was provided for a write-down of a core banking system and SEK 63m was provided for an anti-trust penalty fee, which SEB will appeal. Excluding these two items, operating expenses decreased by 6 per cent.

The loan volumes of SEK 97bn grew in local currency terms during the year, with relatively stable lending margins. Non-performing loans (NPL) decreased by 22 per cent in 2012 and the NPL coverage ratio rose slightly to 61 per cent. The inflow of new NPLs was rather small in 2012, and the work-out teams maintained focus on the NPLs dating from the Baltic crisis. A key aspect of this process has involved finding solutions that benefit customers while protecting SEB's interests.

Total deposit volumes of SEK 68bn increased by 7 per cent in the year in local currency terms. Overall deposit margins declined in each of the Baltic countries, reflecting the low prevailing interest rate environment throughout the year.

At year-end, SEB's Baltic real estate holding companies held assets with a total book value of SEK 2,162m (1,455). The operating loss for 2012 was SEK 98m (63).

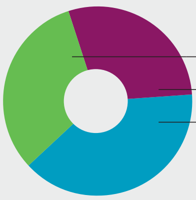
SEB recognition

SEB was named Best Bank in Estonia, Latvia and Lithuania by The Banker magazine.

SEB's work in the corporate sustainability field was awarded in Latvia by the Golden standard of sustainability and the award Family Friendly Company by the Latvian Ministry of Welfare. In Lithuania, SEB was awarded Most attractive Employer by Verslo Zinio for the 4th year in a row and the Most desirable Employer by CV Narjet.

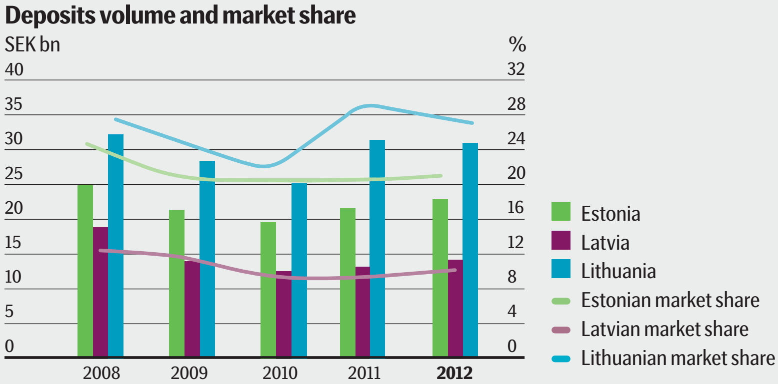
Operating income by main business area

Per cent of total (SEK 3,301 m)



	2012	2011
Estonia	32	(33)
Latvia	29	(28)
Lithuania	39	(39)

Deposits volume and market share



5 questions for David Teare

How would you summarise 2012?

Our earnings were stable in an economic environment in which the Baltic economies experienced higher GDP growth than average in the euro-zone, albeit at a lower level than before the crisis. The number of active home bank customers continues to rise which contributes to improved profitability.

Why are you aligning the customer offers across the three Baltic countries?

By bringing our competencies together we can offer the best of the three countries to our customers. The customers' needs are broadly the same, so if we come up with a good solution in one country, it can be applied for the benefit of all customers.

What are the priorities in the Baltic region?

We continue to invest in competence development and training along with the ongoing efficiency improvement initiative. We want to continue serving our customers in the long-term perspective by providing the best advice. This has been clearly appreciated. As a reflection of this we were named Bank of the Year in Estonia, Latvia and Lithuania by The Banker magazine.

How would an adoption of the euro in Latvia and Lithuania affect business?

In spite of the current challenges facing several euro-zone countries, experience from Estonia indicates that both countries would benefit from adoption of the euro. Anticipated effects include improved stability and more efficient trade and payments. This would be positive for our customers and thus for SEB.

What are the greatest opportunities and challenges going forward?

The Baltic economies are expected to continue their recovery during 2013. Our corporate customers will need our continued support and advice in meeting their strategic export and domestic growth targets. Consumer behaviours are turning more in favour of mobile banking, e-channels, cards and ATMs. Meeting these demands will be a major challenge and opportunity.

Business support

Few areas are so closely intertwined with IT as the financial sector. Due to the rapid pace of technological development, a majority of SEB's transactions today are entirely automated. Customers' contacts with the Bank are largely and speedily conducted via SEB's different electronic channels and IT platforms.

Business support includes:

- **Transaction processing** – e.g. booking, settling, reconciling and customer support
- **Development** – maintenance and operations of SEB's IT strategy and IT portfolio
- **SEB Way** – a Group-wide function supporting new initiatives

Business Support is a cross-divisional function responsible for leveraging economies of scale in operations and IT. The unit has 3,892 employees.

Ten years ago, 22 per cent of SEB's payments were entirely automated. In 2012 the corresponding share was 97 per cent.

A similar trend can be seen in many other areas of SEB's operations, even though naturally there are still areas where a physical meeting and personal handling are warranted.

Today IT is an integrated part of doing business, and IT-based solutions account for most of the services we provide to our customers. For example, today some 85 per cent of the Bank's contacts with private individuals and small businesses are handled online. Among SEB's large corporate and institutional customers75 per cent of foreign exchange transactions is carried out via the Bank's IT platforms.

Clear and simplified governance systems

Towards the end of 2012, SEB took another step towards creating a more business-oriented and effective IT operation through the establishment of a new development and maintenance organisation. The purpose is to get business and IT organisations to work closer to each other.

Lowered transaction costs...

SEB's transaction processes are very cost effective and run with a high quality. In 2012, SEB's cost per transaction decreased by a total of 30 per cent. This was achieved through streamlining, increased use of automated solutions by customers, greater co-operation with international partners and the migration of back office services to the Baltic countries.

SEB made the decision to move parts of its back office to the Baltic region in 2004. Today processes and back office routines for trading, payments and securities are handled by Riga Operations Centre in Latvia, with 250 employees. Parts of the home mortgage process, account handling, and Finance, HR and IT processes are handled by Vilnius Operations Centre in Lithuania, with 300 employees. As a result of the transfer of these operations, not only can we handle greater volumes at a lower cost, but the processes for the Bank's global operations have been improved.

...but overall high costs for IT operations

In spite of the cost-effective transaction processes, SEB's total IT costs are relatively high in an international perspective. This is partly due to our legacy of a large number of applications, a high degree of complexity and a large share of tailor-made solutions.

Renewed base systems and changed regulations

In 2012, SEB's IT investments amounted to SEK 1.6bn, compared with SEK 1.9bn in 2011.

One fourth of these investments is related to new rules and regulations associated with Basel III, OTC and derivative trading, and international direct debit payments SEPA (the Single Euro Payments Area), which have been created to protect consumers and increase transparency.

A large share of other investments pertains to the base systems that make up the core of the Bank's operations and which require continuous upgrading. One such project involves a change in the systems for handling customers' fund holdings.

In Germany, SEB continued to manage certain parts of the IT operations following the sale of the retail business to Banco Santander 2011. The migration was very successful. Parallel with this, work continued on adapting the Bank's IT systems to its future business activities.

During the year, SEB put a hold on its new Internet bank project as the initial requirement as defined five years ago have not been met. In addition, over the past five years there have been major changes in customers' demands on banking services, not least in terms of mobile banking. Parts of the development will not be reused; hence a cost of SEK 753m has been recognised *(see further p. 21)*.

Going forward, a stepwise development of Internet banking services will be launched.

Dramatic increase in mobile banking services

SEB introduced its Mobile Bank as early as 2001, but it was not until the Bank launched its iPhone app in May 2010 that the use of mobile banking services really took off. Since then, there has been a constant stream of service innovations.

In Sweden, customers can now handle payments, check their bank balances etc via their mobile phones. Together with five other banks in Sweden, SEB is also behind a service that makes it possible for private individuals to transfer money in real time using their mobile devices.

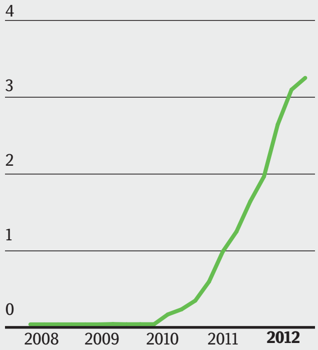
In Estonia, SEB has started a pilot project in co-operation with other leading banks and technology companies in which the functionality of payment card chips has been transferred to mobile phone SIM cards.

Quality and security front and centre

SEB is working continuously to strengthen its critical business processes, minimise risks for customers and raise the security of its computer operations. In the Bank's two largest computer rooms in Stockholm (Rissne and City), together covering 4,000 sq. m., 1,700 TB of data are stored on some 2,500 servers. The computer rooms meet high standards of security and operation. The walls are fireproofed as well as furnished with special protection against electromagnetic disruption. The electrical and cooling systems both have back-up functions to ensure continuous operation in the event of a power outage. Robust communication links make it possible to transfer traffic in the event one of the halls was to be destroyed.

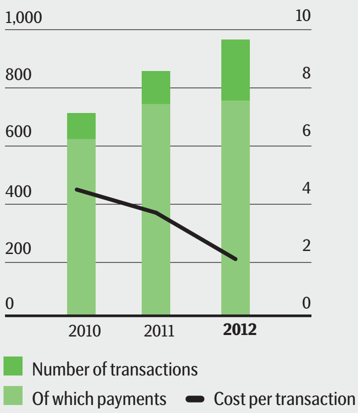
To contribute to a cleaner environment, SEB uses surplus heat from the computer rooms to heat its offices in wintertime.

Number of visits to SEB's mobile apps



SEB introduced its iPhone app in May 2010

Number of transactions



IT– an integrated part of SEB's business

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

- FX platforms – USD 1.2 trillion in annual volume
- Securities trading platforms – 2 million transactions per day
- 747 million payments per year
- Electronic channels for large corporate and institutional customers – 50,000 customers internationally, SEK 26 trillion in annual volume
- Internet and mobile banking services in Sweden – 5.2 million Internet bank log-ins and 2.6 million mobile banking visits per month

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

- Fully automated processes and efficient workflows
- Management information
- Monitoring, control and security

5 questions for Martin Johansson

How would you summarise 2012?

We accomplished a major changeover to create more effective, customer-centred IT governance and have thereby laid the foundation for simpler and more agile IT development. In doing so, we have achieved significant cost-savings while still maintaining high quality and stability in our daily performance.

What are you trying to achieve with the new governance model?

Most important of all is to forge a closer working relationship between IT and the business activities and thereby ensure that all IT development is aligned with the Bank's business priorities. To achieve this, we have gathered the Bank's IT administration and development in a fewer number of joint-bank areas, where we can set more overarching priorities for how we will develop and manage our systems in order to create the greatest possible customer benefit.

What was the most significant improvement during the year?

We managed to carry out these major strategic steps at the same time that we boosted cost efficiency and completed several large, business-critical IT projects, such as a new, modern back office system for our trading, which has led to shorter lead times and reduced the amount of manual work.

What is SEB doing to stay abreast of the rapid pace of mobile development?

To be sure, we are working to meet the rising demand for mobile apps from our customers. We are keeping our focus on solutions that truly add value, so that we don't launch mobile services that add complexity and costs without adding much customer value. Again, the solution is to work in close dialogue with the business units.

What are the greatest challenges and opportunities going forward?

The greatest opportunity lies in drawing benefit from the work on change that we carried out in 2012. We laid the foundation for so-called agile development, which is the ability to work with IT development in a more iterative, customer-centred manner. The challenge will be to sustain the positive pressure for change that we have created within the organisation.

Risk, liquidity and capital management

Managing risk is an integral part of banking at all times. In order to always support customers and create shareholder value, also in a subdued economic environment, SEB decided early on to build buffers. The strong liquidity and capital positions were the result which, combined with the robust asset quality, provides the desired flexibility and resilience.

Holistic risk management

SEB strives for a holistic management process where business and financial planning, risk management, capital management, liquidity and funding planning and result and performance management are interconnected, continuous and interactive. SEB manages the financial consequences of business decisions in 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 aspects.

Managing risk is a fundamental part of banking. In SEB risks are controlled, limited and managed. The overall level of risk tolerance is defined each year by the Board, in a risk appetite statement, based on the guiding principle that risk taking is not an end in itself but is done for the purpose of providing customer value and sustainable shareholder value. In the overall risk statements, the Board defines the structure of the required financing, the required liquidity buffers and the amount of capital needed to meet the aggregated credit, market, insurance, operational and business risks. Regulatory development in risk and capital requirements is also taken into consideration.

SEB's Chief Risk Officer, appointed by the Board, is overall responsible for risk control and risk management and serves as a conduit for risk issues in the Group.

SEB's risk management in practice

The front-line is responsible for its risk-taking as the best defence against future losses is to make the right business decisions from the start. SEB's business model, which is based on long experience and sound banking principles in which the relationship with the customer is at the core, provides a solid foundation for making the right decisions. The front-line is supported by group-wide rules and an established decision-making hierarchy. It is the front-line's responsibility to make an initial assessment of risk in a customer relationship as well as in individual, proposed transactions. This assessment is then reviewed by the risk organisation as part of the way SEB works with a comprehensive view of the client.

The aggregate risk-taking within SEB is measured regularly. Risks are measured in many different dimensions, both on a detailed level and on an aggregated level. Risks are controlled through limit structures, from transactional levels up to portfolio composition limits. All material risks are monitored and controlled. The asset quality in the credit portfolio is monitored on a continuous basis, among other ways through the use of stress tests and, in particular, reverse stress testing. Reserves are made according to conservative principles to cover possible losses.

The quality of risk management is reviewed by both internal and external auditors. SEB has approval from the Swedish Financial Supervisory Authority to use advanced methods of risk measurement for the majority of the credit portfolio, for market risk and for operational risk.

Access to liquidity and funding

Since 2008, SEB has decreased its liquidity risk by extending the maturity profile, increasing the share of stable funding and by strengthening its liquidity buffers. In 2012 SEB had access to funding at the desired volumes and maturities despite the challenging market conditions. The overall funding strategy has been to utilise both the covered bond and senior unsecured bond markets for long maturities and commercial paper programmes for the shorter maturities.

Risk management in brief

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

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

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

The quality of the Bank's liquidity reserve is high with most of the buffer consisting of cash and Nordic and German government bonds. Liquid assets according to the Swedish Bankers' Association definition, amounted to SEK 373bn. The liquidity coverage ratio was 113 per cent. *Read more on p. 50.*

Strong capital position

Since 2008, a plethora of different methods to evaluate capital has developed. They can be standardised or bank-specific and sometimes a mix of the two. Consequently, SEB monitors and manages many aspects of capital including the evolving Swedish implementation of the international Basel III framework. SEB has a strong capital position regardless of which measure is used. SEB has a solid capital base, which amounted to SEK 101bn at year-end. Core tier 1 capital amounted to SEK 88bn. The core tier 1 capital ratio was 15.1 per cent.

SEB's capital plan is designed to ensure that the Bank has sufficient capital to absorb unexpected losses. 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.

SEB works with so-called economic capital for the purposes of internal capital adequacy requirements and profitability. This internal model is similar to the Basel III rules for capital adequacy in that many of the underlying risk factors are the same. The economic capital calculation is based on a confidence level of 99.97 per cent, which is the equivalent of the capital requirement for an AA-rating. At the end of 2012, the internal capital requirement expressed in economic capital terms was SEK 55bn (58). Diversification effects, between risks and divisions, result in a lower capital requirement for the Group than if the divisions had been separate legal entities. *Read more about capital management on p. 52.*

External evaluations

SEB's financial strength was confirmed in 2012. Moody's and Fitch affirmed their A1 ratings, with stable outlooks. In late 2011, SEB was one of Standard and Poor's five upgrades within the top 50 European banks. The Financial Stability Report published by the Swedish Central Bank in November 2012 declared that the major Swedish banks are financially strong. *See also the rating table on p. 22.*

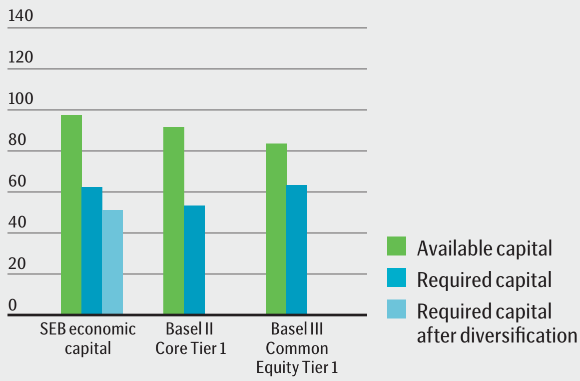
SEB's risk in economic capital terms

SEK bn	2012	2011 [1]
Credit risk	44	48
Market risk	5	5
Insurance risk	17	15
Operational risk	7	7
Business risk	7	7
Diversification	-25	-24
Total economic capital	**55**	**58**

1) Economic capital 2011 recalculated according to 2012 methodology.

Available capital base vs. internal and external requirements

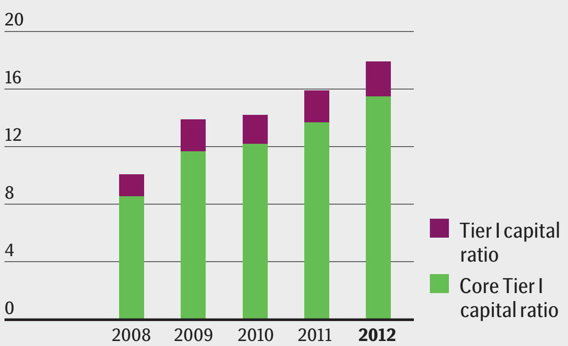
SEK bn



Required capital based on 9 per cent of Basel II RWA and 10 per cent of unfloored Basel III RWA, both without transitional rules.

Capital adequacy[1)]

Per cent

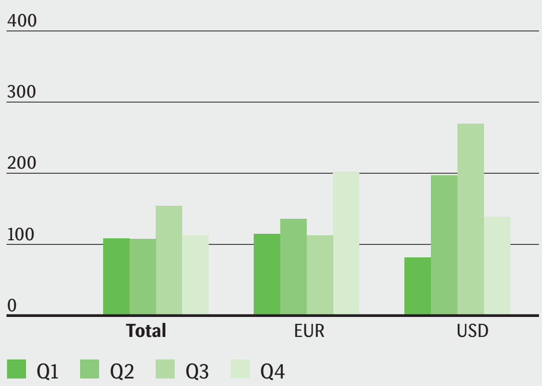


Total capital ratio:				
12.8	*14.7*	*13.8*	*15.2*	*17.2*

1) Basel II (without transitional rules).

Liquidity coverage ratio development 2012

Per cent



Focus areas in 2012

At the beginning of the year, the financial markets were significantly affected by the sovereign debt crisis, which led to higher risk premiums and slower liquidity markets. Anxieties in the market were gradually eased by actions and commitments by central banks and authorities. Instead focus has more and more shifted to how quickly and to what degree the crisis impacts the real economies, also in the Nordic countries.

As in previous years, the risk agenda was characterised by an analysis of the effects of the euro crisis on the financial markets and on SEB. Liquidity management was the main priority. Other prioritised areas were the new regulatory requirements and SEB's risk capacity.

The euro crisis

SEB continued to maintain its resilience throughout the euro crisis and was proactive in managing long-term funding and liquidity buffers. Stress tests carried out during the year show that SEB's liquidity is sufficient to handle a severely stressed environment for a period of three to six months.

Major planning was also done to identify the effects and to prepare for operational management in the event that one or several countries were to leave the euro zone.

As a result of investor demand for safe treasury bills, negative yields started to become a reality, such as in Denmark, where the central bank limited the amount of short-term deposits that it will accept. During the year, SEB analysed this situation and drew up guidelines for the operational management of deposits that are at risk of resulting in negative yields.

Macro-economic effects on the credit portfolio

SEB's asset quality remained high. Problem loans continued to decrease in the Baltic countries. Although no signs can be seen of a deteriorated risk profile in the Bank's credit portfolios, the effects of the euro crisis on macro-economic indicators are showing up. Bankruptcies in Sweden increased and the number of companies announcing potential lay-offs are on the rise.

During the year, SEB's credit analysis had a special focus on the shipping sector, which has been hurt by lower cargo fees and overcapacity. SEB's lending to this sector is deemed to be of good credit quality and has not resulted in increased credit losses, largely because of the Bank's conservative know-your-customer and countercyclical approach.

Despite the international macro-economic development, the Swedish retail mortgage market remained resilient. SEB's Swedish mortgage lending portfolio increased by 10 per cent during the year, while there are no clear signs of a decrease in asset quality. The average loan-to-value is around 65 per cent, which is in line with market average.

The public debate has focused on the risk that the current low interest rates may result in unhealthy growth in mortgage volumes. SEB evaluated the mortgage portfolio in this respect and is of the view that the volume and risk development in the mortgage business is reasonable and manageable. Credit policy is firmly rooted in cash flows and the repayment capacity of the borrower. SEB has increased the requirements on amortisation of new mortgage loans.

New regulatory requirements

The new regulatory requirements that are being implemented at the European and national levels continued to be an area of priority and source of uncertainty. Even though the main principles were clarified in 2012, the final details and adoption by the relevant European bodies were not completed. As a consequence, it is not possible to quantify the full effect in terms of liquidity, funding and capital planning. For example, the Liquidity Coverage Ratio, which will take effect in Sweden from 2013, is still a topic on the international agenda and uncertainty remains with respect to how countercyclical buffer requirements will be designed.

In the absence of regulatory clarity, the Bank took steps to align its internal financial and risk frameworks with the regulatory initiatives in process. More capital was allocated to business activities and liquidity and funding costs clearly impact business decisions.

Risk-based pricing

The euro crisis, the macro-economy and the regulatory requirements all reinforce the value of risk-based pricing. Interest rates and fees should reflect the cost of capital and liquidity in each transaction as far as possible. In the end, this leads to allocation of capital to products and customers with the best return and facilitates customer pricing negotiations. During 2012, SEB focused on the internal allocation of costs in order to improve the basis for pricing. Awareness and knowledge about the importance of risk-based pricing was reinforced through discussions with management, within the operations and with customers.

SEB's risk taxonomy

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

Regulatory environment

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

Rule and purpose	Method	Implementation	Status in SEB
Core Tier 1 and Tier 1 capital ratios, Basel II, for banks			
Implement a more risk-sensitive capital framework than Basel I and promote the adoption of stronger risk management practices by the banking industry.	Greater use of banks' internal risk models as input for capital requirement calculations. Provides banks with a range of options for determining capital requirement for credit risk and operational risk.	Swedish banks started to apply Basel II in 2007. However, Basel I floors are still applicable for banks using advanced internal risk models.	Implemented. SEB's core Tier 1 ratio of 15.1 per cent at year-end is one of the highest in Europe.
Core (common equity) Tier 1 and Tier 1 capital ratios, Basel III, for banks			
Raise the quality, quantity and transparency of the capital base as well as enhance the risk coverage of the capital framework. Move from protection of 'gone concern' to 'going concern'.	Common equity must be the predominant form of Tier 1 capital. Introduction of capital buffers above minimum requirements. Higher capital requirement for OTC derivatives, etc.	The new EU framework has been delayed and is now expected to be implemented by 1 January 2014. As a result, Swedish authorities were not able to implement its stricter CET 1 requirement of 10 per cent by 1 January 2013 (12 per cent in 2015) as planned.	Meets the required capital levels as currently defined including specific Swedish requirements. SEB's common equity Tier 1 ratio of 13.1 per cent at year-end is one of the highest in Europe.
Leverage ratio, Basel III, for banks			
Constrain build-up of leverage, thus helping to mitigate the risk of destabilising deleveraging processes and providing additional safeguards against model risk.	Introduce a simple, non-risk-based, backstop measure which is proposed to relate Tier 1 capital according to Basel III, to the bank's total balance sheet (both on- and off-balance sheet items).	Supervisory reporting of leverage ratio starts on 1 January 2013. Disclosure of leverage ratio starts on 1 January 2015. It is still unclear if the leverage ratio will become a binding minimum requirement.	Meets the requirements as currently defined.
Liquidity coverage ratio (LCR), Basel III, for banks			
Ensure that banks maintain adequate liquidity reserves to withstand periods of stress.	Require banks to hold an adequate level of high-quality liquid assets that can be converted to cash to meet liquidity needs under a 30 day stressed scenario specified by supervisors.	A Swedish LCR requirement was implemented as of 1 January 2013. The Basel Committee has softened the internationally agreed LCR requirement but it is unclear how and when this revised LCR will be transformed into an EU harmonised requirement.	Meets the requirements as currently defined.
Net stable funding ratio (NSFR), Basel III, for banks			
Limit overreliance on short-term wholesale funding.	Introduce a standard that is structured to ensure that long-term assets are funded with at least a minimum amount of stable funding.	Supervisory reporting of NSFR has already started for Swedish banks. The EU will evaluate NSFR and may submit a legislative proposal in a few years.	Actively monitors international regulatory developments. In disagreement with many of the regulatory assumptions, in particular regarding the treatment of corporate deposits.
Solvency II, for insurance companies			
To protect policyholders by creating pan-European rules for governance, internal control and capital requirement to ensure the ability to meet all obligations.	Detailed requirements regarding governance, documentation and reporting. More risk-sensitive models, comprising relevant risks, can be used to measure capital requirement.	The implementation of the framework was delayed. The final dates for implementation of the EU directive and possible domestic interim requirements are expected during 2013.	In the process of implementing required changes. SEB's insurance business is focused on the unit-linked segment, which limits the impact on capital requirements.

Further regulatory measures are underway in the form of, for example, the bail-in instrument, which will allow authorities to convert debt into equity, mandatory clearing of standardised OTC-derivatives and the size and level of capital required for trading assets. In SEB's judgement, due to its conservative risk-taking strategy there will not be a significant impact for the Bank.

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.

Asset quality in 2012

During 2012, asset quality was stable with low credit loss levels and a steady reduction in impaired loans. In the Nordic countries and Germany, portfolios continued to show robust asset quality with limited loan losses. Asset quality in the Baltics continued to improve throughout the year, with a significant decline in impaired loans, primarily as a result of write-offs of loans against reserves.

Individually assessed impaired loans decreased by SEK 3.1bn to SEK 8.0bn. In the Baltic countries impaired loans decreased by SEK 1.8bn, or 25 per cent. Portfolio assessed loans past due more than 60 days amounted to SEK 5.4bn at year-end, of which the Baltic region accounted for two thirds. The total reserve ratio for individually assessed impaired loans in the Group remained strong at 74 per cent. The total non-performing loans coverage ratio was 66 per cent for the group.

Total non-performing loans peaked at year-end 2009 and have since then declined by SEK 14.7bn to SEK 13.8bn.

Credit portfolio

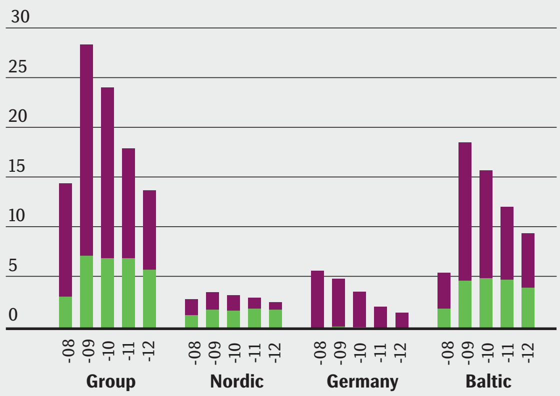
The Group's credit exposure, comprising the credit portfolio, repos and debt instruments, amounted to SEK 2,076bn at year-end (1,993).

The credit portfolio, which includes lending, contingent liabilities and derivative instruments, amounted to SEK 1,777bn at year-end, an increase of SEK 75bn. The total credit portfolio grew by 4 per cent.

The credit portfolio is dominated by high quality assets based on long-term client relationships. The Nordic countries account for 76 per cent of the portfolio (74) and Germany accounts for 14 per cent (16). The Baltic credit portfolio was largely unchanged during the year and the share of the total portfolio amounted to 7 per cent (7).

Non-performing loans

SEK bn



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

The *corporate* credit portfolio is the largest segment accounting for 41 per cent of the total credit portfolio (42). The portfolio is dominated by exposure to larger Nordic and German investment grade corporates, well distributed over a wide range of industry sectors, the two largest being manufacturing and business and household services. The corporate credit portfolio increased by SEK 22bn during the year to SEK 730bn.

The *property management* credit portfolio is well distributed between commercial real estate (53 per cent) and residential exposures (47 per cent). Some 72 per cent of the portfolio refers to exposures in the Nordic countries while Germany accounts for 21 per cent. The Nordic residential segment relates to Sweden and comprises to a large extent exposures to public housing companies and housing co-operative associations, deemed to be low risk. The Nordic commercial real estate portfolio is characterised by strong counterparties and sound structures. The property management portfolio increased by SEK 9bn to SEK 289bn during the year. The growth was mainly related to Sweden. The Baltic property management portfolio, with about half of the exposures in Lithuania, declined 7 per cent during 2012 to SEK 19bn.

The *household* credit portfolio is the second largest segment amounting to SEK 511bn (475). Swedish households account for 83 per cent of the exposure, whereof Swedish household mortgages stand for the vast majority. Baltic households account for 9 per cent of SEB's total household exposure. The Swedish household mortgage portfolio recorded continued

Credit exposure development

SEK bn	2012	2011	2010
Lending	1,216	1,165	1,162
Contingent liabilities	442	429	430
Derivative instruments	119	108	90
Credit portfolio	**1,777**	**1,702**	**1,682**
Repos	27	41	36
Debt instruments	272	250	304
Total	**2,076**	**1,993**	**2,022**

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

SEK bn	2012	2011	2010
Banks	171	155	185
Corporates	730	708	666
Property management	289	280	247
Public administration	76	84	75
Households	511	475	509
Total	**1,777**	**1,702**	**1,682**

growth during the year, increasing by SEK 35bn to SEK 381bn. Growth was achieved despite stricter underwriting criteria and the strong asset quality of the portfolio was maintained. Credit losses remained negligible and the level of past due loans is low and stable. Stress tests based on historical default and loss rates indicate that the estimated lending losses would be moderate, even under a scenario of higher interest rates and increasing unemployment in combination with falling house prices.

The *bank* credit portfolio is closely monitored and proactively managed. Counterparty risk arising from derivatives, securities lending and repo exposures is largely mitigated by the use of collateral arrangements. The bank credit portfolio increased by 10 per cent to SEK 171bn, not considering collateral mitigating factors. *For more information on the credit portfolio, refer to note 18.*

Credit policies

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

SEB's credit policies reflect the Bank's approach to sustainability, where 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 used in customer dialogues.

Credit portfolio by industry and geography

SEK bn	2012	2011	2010
Banks	**171**	**155**	**185**
Corporates	**730**	**708**	**666**
Nordic countries	542	521	484
Germany	105	102	106
Baltic countries	54	53	51
Other	29	32	25
Commercial property management	**154**	**150**	**136**
Nordic countries	96	87	69
Germany	41	44	46
Baltic countries	17	19	20
Other	0	0	1
Residential real estate management	**94**	**92**	**84**
Nordic countries	72	65	56
Germany	20	25	26
Baltic countries	2	2	2
Other	0	0	0
Housing co-operative associations Sweden	**41**	**38**	**27**
Public administration	**76**	**84**	**75**
Households	**511**	**475**	**509**
Nordic countries	459	418	369
Germany	0	0	84
Baltic countries	45	48	50
Other	7	9	6
Total credit portfolio	**1,777**	**1,702**	**1,682**

Credit approval process

The Group's 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 small enterprises and households the approval process is often based on credit scoring systems.

Credit risk classification and measurement

Credit risk is calculated for all assets, both in the banking book and the trading book. The methodology is aligned with the Basel II framework and addresses Probability of Default (PD), Exposure at Default (EAD), Maturity (M) and Loss Given Default (LGD). IRB-approved risk classification systems are used for the vast majority of the Bank's portfolios.

SEB has a group-wide internal risk classification (PD) system for banks, large and medium-sized corporate customers and public entities that reflects the risk of default on payment obligations. 16 risk classes have been identified, with 1 representing the lowest default risk and 16 representing an already defaulted counterparty. For each risk class, SEB makes one-year PD estimates through the cycle using 15 years of internal default history and 23 years of external corporate bankruptcy data. The risk classification system is based on credit analysis, covering business and financial risk. Financial ratios and peer group comparisons are also used in the risk assessment. The exposure weighted average risk class for the Group, excluding households and banks, was 6.95 at year-end (6.92).

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

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

LGD represents an estimation of loss on an outstanding exposure in case of default, and takes into account collateral provided, customer segment, etc. SEB bases its estimates on internal and external historical experience from at least 11 years and the specific details of each relevant transaction.

The Maturity parameter (M) is calculated as the effective maturity of every transaction.

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

Limits and monitoring

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 subject to a minimum of one review annually by a credit approval authority (a credit committee consisting of at least two bank officers as authorised by the SEB Group Credit Instruction, adopted by the Board). High-risk exposures (risk classes 13–16) are subject to more frequent reviews. The objective is to identify, at an early stage, credit exposures with an elevated risk of loss and to work together with the customer towards a solution that enables SEB to reduce or avoid credit losses.

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

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

Counterparty risk in derivative contracts

Counterparty risk in derivative contracts is the risk of a counterparty not living up to its contractual obligations to SEB when a contract has a positive market value. Since market values fluctuate during the term to maturity, the uncertainty of future market conditions must be taken into account. This is done by applying an add-on to the current market value that reflects potential market movements for the specific contract. The total credit exposure on the counterparty, the credit risk equivalent, is the sum of the market value of the contract and the add-on.

Counterparty risk is reduced through the use of close-out netting agreements, where all positive and negative market values under an agreement can be netted at the counterparty level. The netting agreement is often supplemented with a collateral agreement where the net market value exposure is reduced further by postings of collateral. Close-out netting is in place for the vast majority of counterparties, and collateral arrangements are used to a large extent. As per year-end, SEB's derivatives exposure, measured as the total credit risk equivalent, was SEK 89bn, net of netting and collateral agreements (93).

Credit loss level by geography

%	2012	2011	2010	2009	2008
Nordic	0.05	0.07	0.06	0.17	0.18
Germany [1]	0.11	0.02	0.14	0.22	0.09
Baltic	0.33	-1.37	0.63	5.43	1.28
SEB Group	**0.08**	**-0.08**	**0.15**	**0.92**	**0.30**

1) The credit loss level in the continuing operations in Germany was 0.02 per cent in 2012.

Concentration risk

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

Credit risk mitigation

SEB uses a number of credit risk mitigation techniques to reduce risk in its credit portfolio. The particular technique chosen is based on its suitability for the product and the customer in question, its legal enforceability, and on the organisation's experience and capacity to manage and control the particular technique.

The most important credit risk mitigation techniques are pledges, guarantees and netting agreements. 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.

Credit portfolio by risk class, 2012 [1]

			Total, excluding households						Households [3]	
Category	Risk class	PD Range	Moody's / S&P [2]	Banks	Corporates	Property Management	Public Admin.	Total	PD Range	Households
Investment grade	1–4	0–0.07%	Aaa to A3 / AAA to A-	85.1%	21.2%	11.4%	91.3%	31.1%	0-0.2%	**49.5%**
	5–7	0.07–0.26%	Baa / BBB	10.4%	28.7%	27.5%	6.4%	24.8%	0.2-0.4%	**24.0%**
									0.4-0.6%	**0.2%**
Ongoing business	8–10	0.26–1.61%	Ba / BB	3.4%	41.5%	52.4%	1.9%	36.9%	0.6-1%	**13.7%**
	11–12	1.61–6.93%	B1,B2 / B+,B	0.6%	6.3%	4.8%	0.4%	4.9%	1-5%	**8.0%**
									5-10%	**1.8%**
Watch list	13–16	6.93–100%	B3 to C / B- to D	0.5%	2.3%	3.9%	0.0%	2.3%		
Total				**100%**	**100%**	**100%**	**100%**	**100%**	10-30%	**1.2%**
									30-50%	**0.5%**
									50-100%	**1.1%**
									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).

Debt instruments

SEB primarily holds interest-bearing instruments for liquidity management and client facilitation purposes. The strategic target for the liquidity portfolio is to hold the highest quality sovereign and covered bonds with full central bank pledgeability. For this reason, the structured bond holdings have been further reduced during the year.

At year-end 2012, the credit exposure in the bond portfolio was SEK 272bn (250). The net position in fixed income securities amounted to SEK 244bn (247). *Additional information is found in notes 42 and 43.*

Distribution by geography

SEK 272bn [1]	Central & local governments	Corporates	Covered bonds	Structured credits	Financials	Total
Germany	27.2%	0.7%	1.8%	0.1%	0.4%	30.2%
Sweden	7.1%	1.7%	18.1%	0.0%	0.8%	27.7%
Denmark	2.0%	0.3%	10.3%	0.0%	0.0%	12.6%
Europe, other	4.6%	0.0%	0.6%	2.9%	0.0%	8.1%
Norway	2.9%	1.4%	2.5%	0.0%	1.3%	8.1%
Spain	0.0%	0.0%	2.8%	0.5%	0.0%	3.3%
USA	0.8%	0.0%	0.0%	1.7%	0.2%	2.7%
France	0.4%	0.1%	2.1%	0.0%	0.0%	2.6%
Finland	1.4%	0.4%	0.2%	0.0%	0.0%	2.0%
Netherlands	0.8%	0.0%	0.5%	0.2%	0.0%	1.5%
Ireland	0.0%	0.0%	0.2%	0.2%	0.0%	0.4%
Italy	0.1%	0.0%	0.0%	0.1%	0.0%	0.2%
Portugal	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Greece	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Other	0.2%	0.0%	0.0%	0.2%	0.0%	0.4%
Total	**47.5%**	**4.6%**	**39.1%**	**6.1%**	**2.7%**	**100.0%**

Distribution by rating

SEK 272bn [1]						
AAA	0.2%	0.4%	1.7%	0.6%	0.9%	3.8%
AA	6.9%	0.0%	0.4%	1.2%	0.1%	8.6%
A	32.8%	0.4%	35.0%	3.0%	0.2%	71.4%
BBB	0.0%	0.2%	0.1%	0.3%	0.0%	0.6%
BB/B	1.1%	0.7%	1.2%	0.6%	0.2%	3.8%
CCC/CC	0.0%	0.0%	0.0%	0.3%	0.0%	0.3%
Not rated [2]	6.5%	2.9%	0.7%	0.1%	1.3%	11.5%
Total	**47.5%**	**4.6%**	**39.1%**	**6.1%**	**2.7%**	**100.0%**

1) Excludes debt instruments in the Life division of SEK 52bn (60).
2) Mainly German local governments (Bundesländer).

The impairment provisioning process

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

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

Exposure on GIIPS countries

SEK m	Greece	Italy	Portugal	Spain	Ireland
December 2012					
Nominal amount	275	636	358	9,025	1,044
Fair value	272	610	352	7,786	1,052
December 2011					
Nominal amount	1,107	968	493	10,613	1,108
Fair value	520	874	473	8,951	966

Market risk

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

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

Market risk in the trading book arises from the Group's customer-driven trading activity as well as from maintenance of the Group's liquidity portfolio. Most of the trading activity is performed by Merchant Banking in its capacity as market maker in international foreign exchange, equity and capital markets. The liquidity portfolio consists of investments in pledgeable and highly liquid bonds. Treasury Operations 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 rate terms and periods. Treasury Operations has overall responsibility for managing these risks, which are consolidated centrally.

Outside of the trading and banking book activities, market risks also arise in the Bank's pension obligations as a result of mismatches between defined benefit plan assets and liabilities. The value of plan assets fluctuates with market movements in for instance equity prices. The net present value of pension liabilities is sensitive to changes in the interest rates. Lower interest rates increase the present value of future obligations.

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

Market risk limits and control

The Board of Directors defines its market risk tolerance by setting the overall risk limits for the Group based on recommendations from the Risk and Capital Committee upon proposal from the Chief Risk Officer. The Group Risk Committee delegates the market risk mandate set by the Board to the divisions and Treasury Operations, who in turn further delegate the limits internally.

On a daily basis the Market Risk Control function measures, follows up and reports the market risk taken by the various units within the Group. Market risks are reported on a monthly basis in the 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) combined with specific measures appropriate for the risk type. These measures are further complemented by estimates of losses during extreme market situations through the use of stress tests and scenario analyses. Since no measurement methods can cover all risk at all times, several approaches are used, the results of which are evaluated based on professional judgement.

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

SEK m	Min	Max	31 Dec. 2012	Average 2012	Average 2011
Commodities risk	4	31	12	12	2
Credit spread risk	100	166	115	138	189
Equity risk	12	147	17	66	32
Foreign exchange risk	16	108	17	47	44
Interest rate risk	51	203	51	118	80
Volatilities risk	34	87	39	53	28
Diversification	-	-	-128	-272	-164
Total	**113**	**238**	**123**	**162**	**211**

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

SEK m	Min	Max	31 Dec. 2012	Average 2012	Average 2011
Credit spread risk	81	317	188	248	96
Equity risk	21	39	26	29	26
Foreign exchange risk	0	3	0	1	1
Interest rate risk	282	391	304	340	249
Volatilities risk	1	3	1	2	1
Diversification	-	-	-152	-160	-75
Total	**349**	**550**	**367**	**460**	**298**

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 ten-day time horizon and 99 per cent probability for measurement, limit monitoring and reporting purposes. In the day-to-day risk management of trading positions, limits and exposures are followed up with a one-day time horizon. VaR aggregates market risk exposure across all risk types.

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

VaR is the basis for calculating economical capital for market risk.

Specific measures of risk

As a complement to VaR, the Group uses various sensitivity and volume-based measures that are specific to various instruments and types of risk. Both net and gross risks are captured through the Delta 1 per cent for interest rate risk and single and aggregated FX measures for currency risk.

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

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

Market risk in 2012

Trading book

In 2012, the Group VaR in the trading operations averaged SEK 162m (211). The decrease compared with 2011 is mainly due to the gradually reduced risk in the Merchant Banking portfolio during the second half of the year. The risk levels in the trading book decreased, mostly as a result of decreased risk appetite caused by lower market turnover and increased uncertainty due to the euro zone debt crisis. The total VaR limit for the trading book was decreased accordingly from SEK 1,300m to SEK 800m.

Banking book

The average banking book VaR increased by approximately 50 per cent compared to average VaR 2011, mainly due to the inclusion in the risk measurement of issuer risk in run-off portfolios. However, during the second half of the year, risk levels decreased because of lower market credit spread volatility as well as divestments in the run-off portfolios.

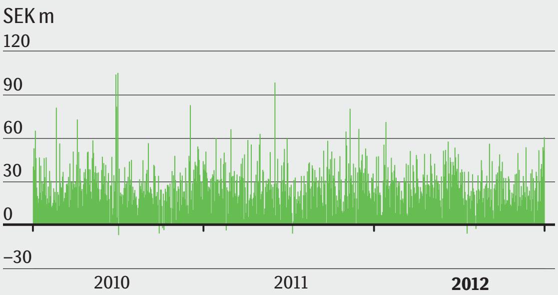
Stress tests and scenario analyses

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

The stress testing methodology makes it possible to discover potential losses beyond the 99 per cent confidence level by using a more extensive set of market data scenarios than available in the VaR-model. SEB stresses the portfolios by applying extreme market movements that have taken place (historical scenarios) as well as extreme movements that are believed could occur in the future (hypothetical scenarios). SEB also performs reverse stress tests that identifies the scenarios that would lead to a given result, for instance a breach of a stop loss limit. One example of an historical stress test is the stressed VaR measure, where VaR calculations for the current portfolio are performed using market data from past turbulent time periods. SEB's stressed VaR model is approved by the Swedish Financial Supervisory Authority and is estimated for the 250-banking day time period surrounding the Lehman default (April 2008-April 2009).

Low risk trading orientation

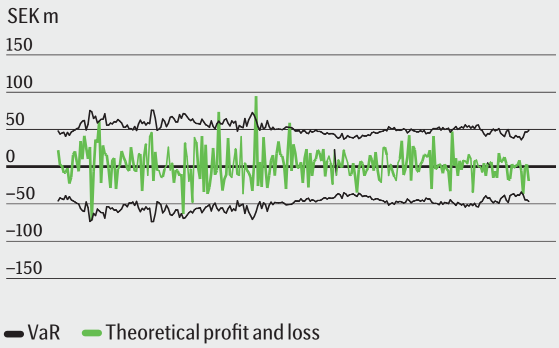
Daily trading income[1] 2010 – 2012. 8 negative out of 755 trading days, average loss SEK 5m.



1) Excluding bond investment portfolio.

Trading book back testing 2012

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



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).

Advanced Measurement Approach

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

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

Operational risk in 2012

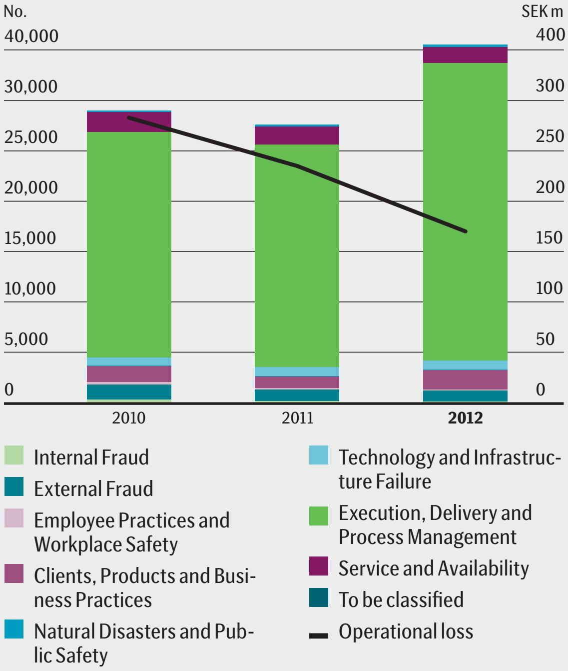
SEB has experienced a trend of decreasing operational losses in recent years. Benchmarking against members of the Operational Riskdata eXchange Association (ORX) shows that SEB's historical loss levels are somewhat below the ORX average. Operational losses are accounted for as credit losses or expenses.

Managing operational risk and losses

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

Operational risk

Incidents registered and analysed



Business and strategic risk

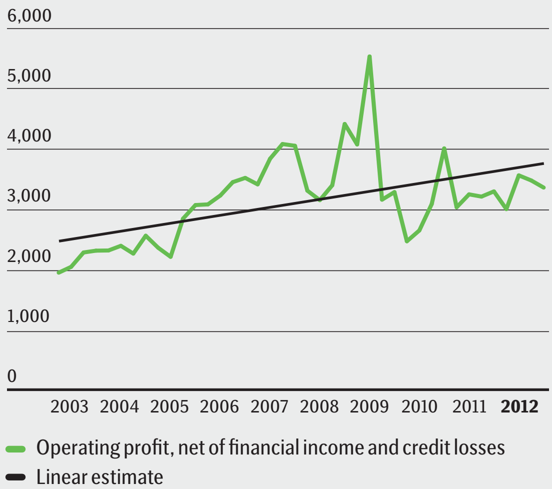
Business risk is the risk of lower revenues, higher operating costs, or both, due to reduced volumes, price pressure or competition.

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

SEB measures business risk as the volatility in income and cost that is not directly attributable to other types of risk. Economic capital is calculated for business risk.

Business risk

SEB quarterly operating profit 2003–2012, SEK m



Insurance risk

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

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

Underwriting risk pertains to the risk of loss or of adverse change in the value of insurance liabilities (technical provisions) due to inadequate pricing and/or provisioning assumptions. It includes such factors as 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).

Operational risk in the insurance business is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

SEB's life insurance operations consist of unit-linked insurance and traditional life insurance. The sales focus is on unit-linked, which accounted for approximately 83 per cent of total sales in 2012 (83). In unit-linked insurance, the market risk is borne by the policyholder. Underwriting risk is negligible in unit-linked portfolios, while it is more pronounced for traditional life insurance business.

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

Insurance risk in 2012

During the first half of the year interest rates fell which had a negative impact on shareholder buffers since the guaranteed benefits in the traditional life business are marked to market. Regardless of this, the capital situation in SEB's Life operations remained strong throughout the year. The negative market situation led to certain changes to rules governing how the guaranteed benefits are to be valued which provided relief for the life insurance industry.

Economic capital for insurance risk decreased in 2012 because the methodology was aligned with the risk-based principles for capital requirements that will be used when the Solvency II framework comes into force.

Insurance risk mitigation

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

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

Insurance risk control

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

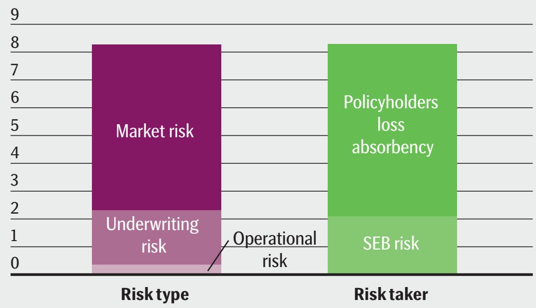
Solvency II

Solvency II, the new regulatory framework for insurance companies that was expected to come into force in the EU on 1 January 2014, was delayed. The new dates for implementation of the EU directive and possible domestic interim regulatory requirements are expected to be determined during 2013.

The purpose of Solvency II is to create a harmonised regulatory framework with respect to governance, internal control and capital requirements across Europe. This will facilitate transparency and comparability and ensure insurance companies' ability to meet their obligations and thus increase protection for policyholders.

Under Solvency II, an insurance company's capital requirement will be risk-based, rather than the current application of a fixed percentage of the company's technical provisions. All risks must be taken into account, including market risk, underwriting risk and operational risk. The company's resilience to sudden changes in assets or liabilities is to be stress-tested according to the capital requirements stipulated by the rules and regulations. In addition, the new regulatory framework puts greater demands on company boards to ensure good risk management and more extensive reporting to the regulatory authorities and the public. The work conducted within the SEB Life Division to adopt and comply with the Solvency II requirements is progressing according to plan.

Risks in SEB Life Division
Dec. 31, 2012. SEK bn



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.

Liquidity situation 2012

Following a turbulent 2011, the start of 2012 was characterised by a high degree of uncertainty in the market. However, following central bank intervention at the beginning of the year, sentiment changed and the market had excess liquidity for the remainder of 2012. Despite these quantitative easing measures, the underlying problems for the euro area remained.

SEB continued to strengthen the position in both the liquidity and funding areas. Specifically, SEB continued to build liquidity reserves, increased retail deposit funding, prolonged the average duration of the outstanding short term funding as well as finalised the adaptation to new local regulatory requirements. The stable funding base consisting of equity, customer deposits and wholesale funding maturing in more than one year exceeded SEB's total loan portfolio with a comfortable margin even though SEB has increased lending volumes during the year. Following strong growth in retail mortgage lending, the Group's loan-to-deposit ratio remained at a comfortable level and amounted to 134 per cent at year-end (129), excluding repos and debt securities.

For the fourth consecutive year and in line with its long-term funding strategy, SEB issued more long-term debt than what matured during the year. Due to the growth in retail mortgage volumes, SEB has primarily focused on covered bond issuance as a source of funding in 2012 which accounted for approximately three quarters of total issued long-term funding of SEK 124bn (126). SEB has also been able to utilise the low interest rate environment in the senior funding markets which has enabled SEB to issue senior debt without incurring higher costs.

Swedish liquidity requirements in 2013

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

Under the upcoming EU regulations, the LCR is proposed to be implemented as a binding requirement in 2015. The Basel Committee published an updated version of the LCR in January 2013, proposing that the binding requirement should be phased-in during the period 2015 through 2019.

A similar quantitative requirement based on but not equal to the LCR was implemented by the Swedish FSA as a minimum standard as of 1 January 2013. According to the specific Swedish regulation, the Swedish FSA liquidity ratio has to be fulfilled both in euro and US-dollars separately as well as in total for all currencies.

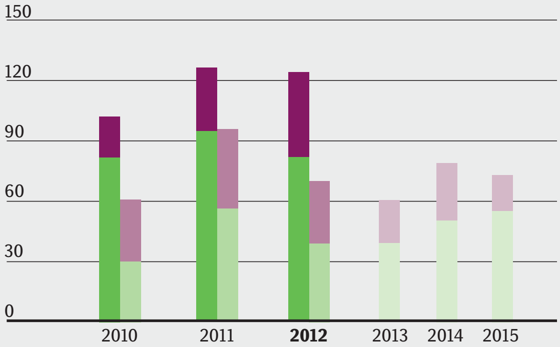
It is unclear how and when the recently proposed updated LCR standard from the Basel Committee will be taken into account in the upcoming EU regulation and in the Swedish specific regulation.

Although the NSFR was proposed by the Basel Committee to be introduced in 2018, it is currently under review by the Basel Committee. SEB is taking an active part in that regulatory work and will be positioned to meet any new additional regulations in due time.

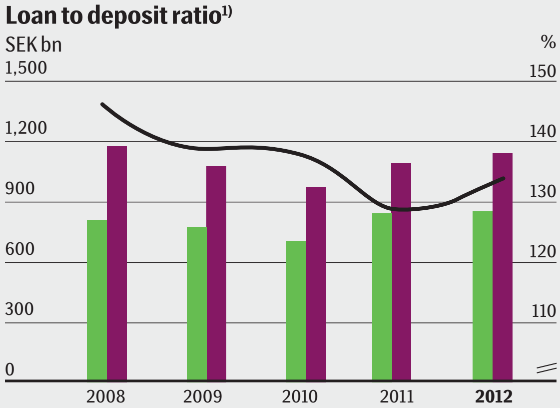
Liquidity reserve and liquidity ratio

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 373bn (377). SEB's total liquid resources, which include net trading assets and unutilised collateral in the cover pool, increased to SEK 632bn (556). The Group's aggregate LCR was 113 per cent at year-end (95), while the LCR ratios in US dollar and euro were above 100 per cent.

Issued vs maturing long-term debt

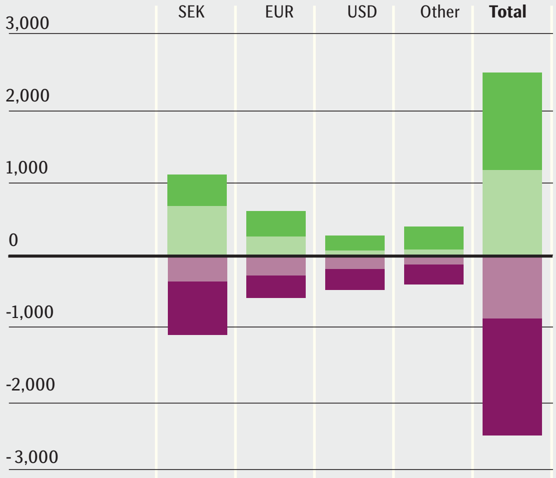


Loan to deposit ratio[1]



1) Excl. repos and debt securities

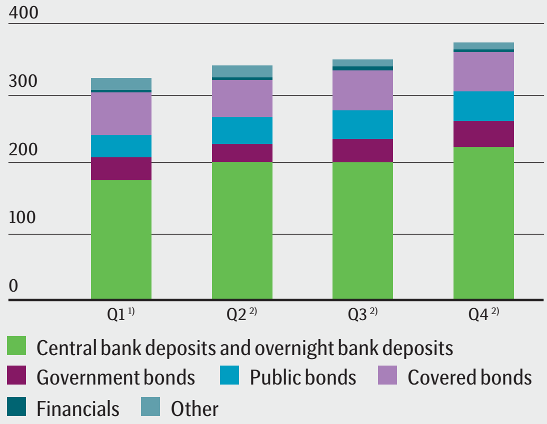
Structural liquidity risk by currency
SEK bn



	SEK	EUR	USD	Other	Total
Loan/deposit ratio	193 %	114 %	57 %	108 %	**134 %**
Liquidity reserve	40	168	144	21	**373**

Assets excl. lending · Deposits · Lending · Equity & Liabilities excl. deposits

Liquidity reserve by asset type, 2012[1)]
SEK bn



1) According to the Swedish Bankers' Association definition.

Structural liquidity risk by currency

The breakdown of SEB's balance sheet by currency is consistent with the currency distribution of SEB's core liquidity reserve. Swedish kronor, euro and US dollar are the main currencies in SEB's core liquidity reserve. The loan-to-deposit ratio in these currencies amounted to 193 (189), 114 (102) and 57 (63) per cent respectively at year-end.

Liquidity risk management and reporting

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

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

Liquidity risk measurement and control

Liquidity risk is measured using a range of customised metrics, as no single method can comprehensively quantify this type of risk. The methods applied by SEB include short-term pledging capacity, analysis of future cash flows in relation to cash flow limits, scenario analyses and balance sheet key ratios, complemented by the Basel III metrics described above.

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

Furthermore, a core gap ratio is measured for a time horizon extending over one year. This ratio measures the extent to which the Group is funding illiquid assets with stable long-term funds. Stable liabilities (including equity) should always amount to more than 90 per cent of illiquid assets; the average level during the year was 115 percent (108). As of year-end, the level was 113 per cent (117).

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

Capital management

The Group'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, including rating agencies.

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

To ensure that capital is used where it gives the best 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.

Capital measures

SEB's strategic focus is to increase Tier 1 capital and improve the matching of the capital base currencies with those of risk-weighted assets. In 2012 an issue of subordinated debt with a nominal amount of EUR 750m and the repurchase of subordinated debt with a nominal amount of EUR 500m raised the level of Tier 2 capital. At year-end 2012, the Group reported a core Tier 1 capital ratio of 15.1 per cent (13.7) and a Tier 1 capital ratio of 17.5 per cent (15.9.), without transitional floors. The implementation of IAS 19 decreased equity with SEK 7.9bn. The financial reporting for 2011 was restated accordingly, except for the capital adequacy reports. Therefore, the capital base in 2011 is higher than in 2012. *For detailed information, see note 47 and the Capital Adequacy and Risk Management Report (Pillar 3) at www.sebgroup.com.*

Dividends

In 2012, the Board and management reviewed the Bank's financial targets and determined that the dividend per share shall be 40 per cent or more of earnings per share.

Capital base – summary

SEK m	2012	2011
Equity	109,513	109,161
Deduction for dividends	-6,028	-3,836
Goodwill in banking operations	-4,147	-4,147
IRB excess/shortfall	0	-108
Deductions for non-banking operations	-4,515	-3,770
Other adjustments	-6,434	-4,204
Core Tier 1 capital	**88,389**	**93,097**
Tier 1 capital contribution	14,004	14,614
Tier 1 capital	**102,393**	**107,711**
Tier 2 debt	8,366	6,719
IRB excess/shortfall	485	-108
Deductions for non-banking operations	-10,565	-10,541
Other adjustments	188	-336
Capital base	**100,867**	**103,445**

Capitalisation targets

SEB's capitalisation targets are set to ensure that the Group's capital strength is sufficient to meet the risks in the operations, to support the decided business strategy, to maintain capital ratios above the minimum levels established by the Board and the regulators even in less favourable economic circumstances and to ensure that the Group's capital strength is sufficient

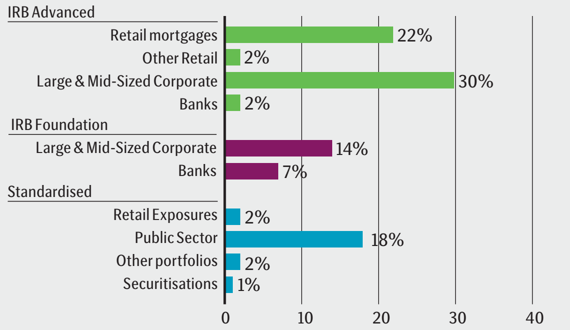
Capital adequacy

	2012	2011
Without transitional floor (Basel II)		
Core Tier 1 capital ratio	15.1%	13.7%
Tier 1 capital ratio	17.5%	15.9%
Total capital ratio	17.2%	15.2%
Capital base in relation to capital requirement	2.15	1.90
With transitional floor (Basel II)		
Transitional floor applied	80%	80%
Core Tier 1 capital ratio	10.1%	11.2%
Tier 1 capital ratio	11.6%	13.0%
Total capital ratio	11.5%	12.5%
Capital base in relation to capital requirement	1.43	1.56
With risk-weighting according to Basel I		
Core Tier 1 capital ratio	8.1%	9.0%
Tier 1 capital ratio	9.4%	10.4%
Total capital ratio	9.2%	10.0%
Capital base in relation to capital requirement	1.16	1.25

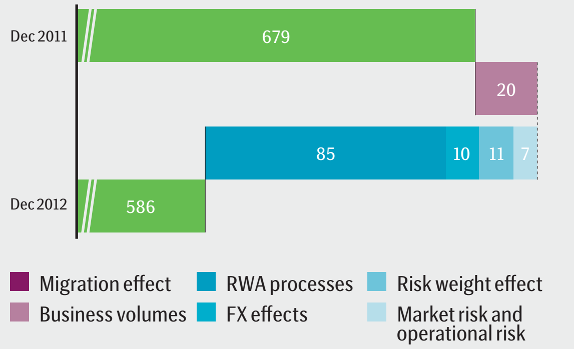
Risk-weighted assets

SEK m	2012	2011
Credit risk IRB reported exposures		
Institutions	23,879	29,552
Corporates	326,666	394,094
Securitisation positions	5,177	6,515
Retail mortgages	42,896	45,241
Other retail exposures	9,365	9,460
Other exposure classes	1,461	1,651
Total	**409,444**	**486,513**
Further risk-weighted assets		
Credit risk, Standardised approach	68,125	77,485
Operational risk, Advanced Measurement approach	40,219	42,267
Foreign exchange rate risk	14,042	13,173
Trading book risks	54,009	59,403
Total	**585,839**	**678,841**
Summary		
Credit risk	477,569	563,998
Operational risk	40,219	42,267
Market risk	68,051	72,576
Total	**585,839**	**678,841**
Adjustment for flooring rules		
Addition according to transitional flooring	293,398	148,774
Capital base	**879,237**	**827,615**

Distribution of exposure (EAD) per Basel II method
Share of Group exposure, per cent



Development of risk-weighted assets, 2012
SEK bn



given the Group's chosen risk appetite. SEB's Common Equity Tier 1 capital ratio target is 13 per cent, based on a fully implemented Basel III framework. It is SEB's view that the current strong capital position will be sufficient to meet the future requirements from the Board, regulators and other stakeholders.

Development of risk-weighted assets (RWA)

Overall Basel II RWA (before the effect of transitional flooring) decreased by 14 per cent, or SEK 93bn, during the year. The largest factors behind the change are the implementation of LGD models for non-retail real estate and shipping related lending, and process and currency related changes.

Including the effect of transitional flooring, RWA increased to SEK 879bn (828bn).

New capital requirement regime

The Basel III framework is in the process of being incorporated into EU legislation through the CRD IV package. Due to delays in the EU process the planned implementation date of 1 January 2013 was not met and as a consequence, the Swedish transition rules were extended to include 2013.

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. The minimum requirement for CET1 ratio will be 4.5 per cent. On top of that there will be a capital conservation buffer of 2.5 per cent, a countercyclical buffer that will be in the range of 0-2.5 per cent and a buffer for systemically important banks. The countercyclical and systemic risk buffers are still being negotiated. If banks do not meet these buffer requirements, capital distribution constraints will be imposed on dividends, share buy-backs, bonuses, etc.

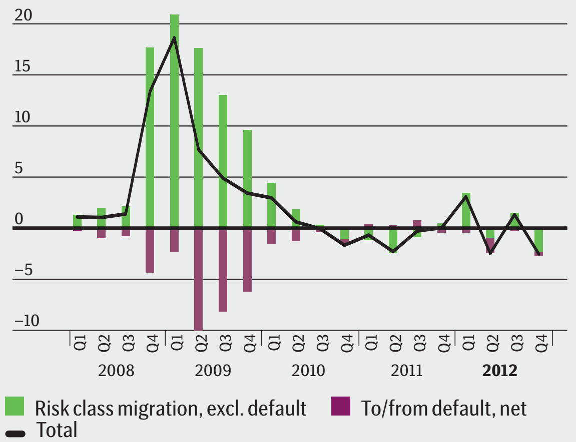
RWA under CRD IV will mainly be affected by a credit value adjustment requirement for OTC-derivatives, new requirements for exposures to central clearing counterparties and higher risk-weights for exposures to financial institutions.

It is also proposed that the risk-sensitive capital requirements should be complemented by a non-risk based measure, the leverage ratio requirement (capital/total assets), of 3 per cent. The effect of this measure will be reviewed during an observation period in order to evaluate whether it can be binding in 2018.

In 2011, the Swedish regulatory authorities communicated that large Swedish banks, based on their systemic importance, would be required to comply with a CET1 ratio of 10 per cent from 1 January 2013 and of 12 per cent from 1 January 2015. This proposal goes beyond the CRD IV requirements both in terms of level and timing. However, the final outcome of the EU negotiations was delayed. Since the implementation of the Swedish requirements was dependent on the outcome of the EU level agreement, this too was delayed, probably until 1 January 2014. The Swedish Financial Supervisory Authority is also planning to increase the capital requirement for Swedish mortgage loans, through a minimum risk weight of 15 per cent and a capital requirement under Pillar 2. This would reduce SEB's core tier 1 ratio by 400 basis points.

SEB's estimated CET1 ratio as of 31 December 2012 was 13.1 per cent, taking into account the Swedish authorities' proposed rules for 2013.

Risk class migration, RWA effect by quarter
Corporate and bank portfolios, SEK bn



Basel II and Basel III roll-out

Internally, capital adequacy analyses and capital allocation are based on the advanced IRB approach. A long-term goal is that supervisory reporting will be consistent with the internal measurement, which is more risk-sensitive. SEB has pursued supervisory approval for advanced IRB for many years. The Swedish Financial Supervisory Authority has approved the advanced IRB approach for approximately 85 per cent of the credit portfolio.

Corporate governance at SEB

The ability to maintain trust among customers, shareholders and other stakeholders is of vital importance for SEB. A clear and effective structure for governance and division of responsibility is essential, among other things, in order to avoid the risk for conflicts of interest.

"During 2012, one of many important focus areas for the Board has been to find an appropriate balance between the increased costs for maintaining financial buffers in accordance with new regulations versus the profitability and growth of the business. The Board has also focused on securing long-term resilience, enabling us to support the Bank's customers in good and bad times, and thus create long- term shareholder value."
Marcus Wallenberg, Chairman of the Board

Corporate governance framework

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

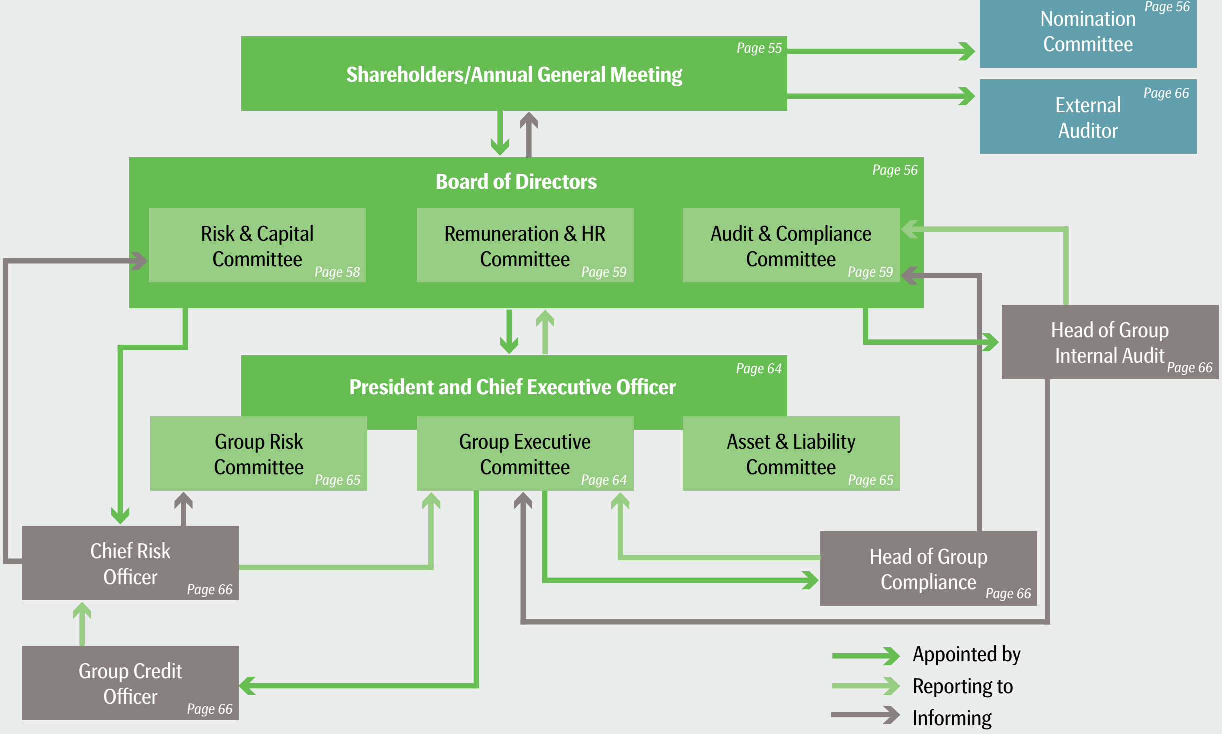
The external framework that SEB adheres to in its corporate governance, includes, among other things, the:

- Companies Act
- Annual Accounts Act
- NASDAQ OMX Stockholm regulations
- Swedish Code of Corporate Governance
- Banking and Financing Business Act

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

- Rules of Procedure for the Board
- Instructions for the President and the Group's Activities
- Group's Credit Instruction and Risk Policy
- Instruction for Handling of Conflicts of Interest
- Ethics Policy

Corporate governance structure



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

- Instruction for Procedures Against Money Laundering and Financing of Terrorism
- Remuneration Policy

SEB's Code of Business Conduct describes and lays out SEB's values and standards of business conduct and provides guidance on how to live by these values. Policies and guidelines for sustainability, such as the Corporate Sustainability Policy and various group-wide position statements and industry sector policies addressing environmental, social and governance issues are also of vital importance in this context. *The Code of Business Conduct and details on sustainability governance can be found on SEB's website: www.sebgroup.com. Further information on SEB's sustainability work is provided on p. 14.*

SEB's Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code of Corporate Governance. No deviations from the Code are reported for 2012. *The report and further information on corporate governance at SEB are available on SEB's website.*

Shareholders and General Meetings of Shareholders

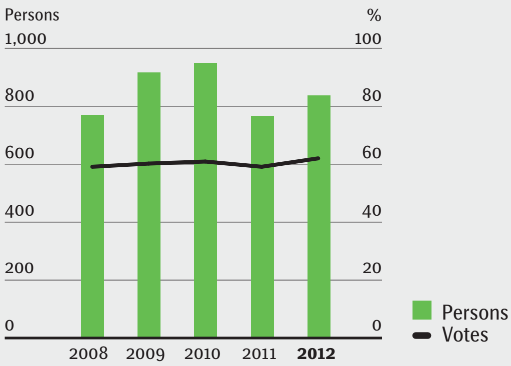
SEB has close to 280 000 shareholders. Approximately 175,000 of these have holdings of less than 500 shares while about 600 hold more than 100,000 shares, accounting for 85 per cent of capital and votes. SEB has two classes of shares – Class A-shares, which carry one vote, and Class C-shares, which carry 1/10 of a vote. SEB's largest shareholders and the shareholder structure as per 31 December 2012 are shown in the tables and graphs below.

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 2012 Annual General Meeting (AGM) was held on 29 March 2012. A total of 836 persons, representing 1,231 shareholders, all Board members, the Group Executive Committee and the Bank's auditor were present at the AGM. The minutes from the AGM are available on SEB's website. The main decisions made at the AGM were:

Annual General Meeting attendance

2008–2012



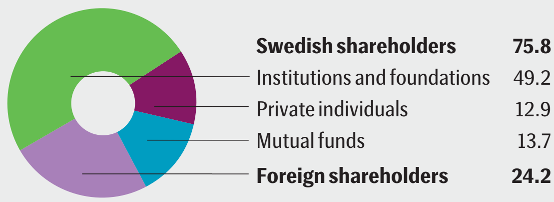
The largest shareholders

31 December 2012	No. of shares	Of which Series C shares	Share of capital, %	votes, %
Investor AB	456,089,264	2,725,000	20.8	20.9
Trygg Foundation	177,447,478		8.1	8.2
Alecta	135,540,000		6.2	6.2
Swedbank Robur funds	86,631,649		3.9	4
Norges Bank	57,046,951		2.6	2.6
Nordea funds	46,051,601		2.1	2.1
SEB funds	43,953,154		2.0	2
SHB funds	33,457,943	23,680	1.5	1.5
Wallenberg-foundations	33,057,244	5,871,173	1.5	1.3
AMF Insurance & funds	28,092,620		1.3	1.3
SHB	24,095,965		1.1	1.1
First Swedish National Pension fund	22,903,527		1.0	1.1
Fourth Swedish National Pension fund	22,894,451		1.0	1.1
Second Swedish National Pension fund	18,149,825		0.8	0.8
Skandia Life	17,796,495		0.8	0.8
Foreign owners	531,062,397	1,611,582	24.2	24.4

Source: Euroclear AB/SIS Ägarservice AB

Shareholder structure

Percentage holdings of equity on 31 December 2012

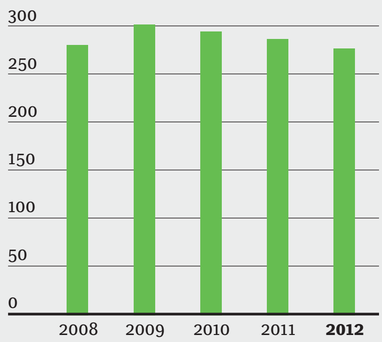


The majority of the banks approximately 280 000 shareholders are private individuals with small holdings. The ten largest shareholders account for 50 per cent of capital and votes.

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.

- a dividend of SEK 1.75 per share
- re-election of all eleven directors
- re-election of Marcus Wallenberg as Chairman of the Board
- re-election of PricewaterhouseCoopers as auditor
- procedures for appointment of the Nomination Committee and for its work
- adoption of guidelines for remuneration of the President and the other members of the Group Executive Committee
- 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.

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

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 Nomination Committee has access to information on SEB's operations and financial and strategic position, which is provided by the Chairman of the Board and the additional member. In addition, the Nomination Committee reviews the evaluation of the Board and the Board's work as well as of the Chairman of the Board.

The Nomination Committee is tasked with making recommendations in the following areas, to be put to the AGM for decision:

- nomination of a person to preside as AGM chairman
- 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
- auditor's fee
- nomination of auditor
- when applicable, rules for the Nomination Committee

Nomination committee for the 2013 AGM

Member	Representing	Votes, % 31 August 2012
Petra Hedengran, *Chairman*	Investor	20.9
William af Sandeberg	Trygg-Stiftelsen	8.2
Staffan Grefbäck	Alecta	6.5
Hans Wibom	The Knut and Alice Wallenberg Foundation	1.3
Marcus Wallenberg	SEB, Chairman of the Board	
		36.9

Urban Jansson *Additional member, appointed by the Board*

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 2012 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 proposed to and elected at the 2012 AGM meets the requirements.

The Nomination Committee for the 2013 AGM was appointed in autumn 2012. A report on the Nomination Committee's work will be presented at the 2013 AGM. No special fee has been paid to the members of the Nomination Committee. *The Nomination Committee's recommendations and a statement accompanying its nomination of directors can be found on SEB's website.*

Board of Directors

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

Since the 2012 AGM the Board has consisted of eleven AGM-elected directors, without any deputies, and of two directors and two deputies appointed by the employees. In order for a quorum to exist at a Board meeting, more than half

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:

- how to further improve the work of the Board
- the extent to which the individual board members take an active part in discussions by the Board and its committees
- whether board members contribute independent opinions
- whether the meeting atmosphere facilitates open discussions

The outcome of the evaluation has been presented to and discussed by the Board and the Nomination Committee. The evaluation process and its outcome contribute to further improvement of the Board's work and helps 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 Tuve Johannesson, one of the Deputy Chairmen of the Board.

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

Work of the Board of Directors in 2012

The work of the Board follows a yearly plan. In 2012, nine board meetings were held. SEB's position in the macro-economic climate was discussed in some context at each Board meeting during the year. Other important matters dealt with during the year included the following:

- approval of the Annual Accounts and Annual Report for 2011
- approval of the interim reports
- proposal for the dividend for 2011
- presentation by the external auditors and the Head of Internal Audit on the external and internal audit in 2011
- proposal to the AGM on guidelines for remuneration for the President and the other members of the GEC
- proposal to the AGM on long-term equity programmes
- decision on SEB's risk appetite and risk limits, including capital and funding issues
- information and discussions about the Group's risk position, including asset quality, development of the credit portfolio and the liquidity situation
- review of IT development
- evaluation of the President's work
- review of business and market segments, including a visit to SEB's offices in Malmö
- risk seminar
- decision on the strategic direction of the Group's activities and overall long-term goals
- annual review and revision of policies and instructions
- business plans, financial plans and forecasts
- evaluation of the Board's work
- decisions on remuneration issues
- discussions on talent review and succession planning

of the directors must be present. The President and Chief Executive Officer is the only AGM-elected director who is also an employee of the Bank. The Nomination Committee has assessed the independence of the directors in relation to the Bank and the Bank's management and in relation to shareholders controlling more than ten per cent of the shares or votes in the Bank and has found that the composition of the Board meets the requirements of the Code of Corporate Governance with respect to directors' independence. *The composition of the Board as from the 2012 AGM and the directors' independence are shown in the table below, and biographical information about the directors is presented on p. 60–61.*

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 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 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 as well as remuneration of the President, the Chief Risk Officer, the members of the Group Executive Committee and the Head of Group Internal Audit.

The Chairman of the Board organises and directs the work of the Board.

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

Board of Directors

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	Remuneration and HR Committee	Total remuneration SEK	Attendance at Board meetings	Attendance at committee meetings
Marcus Wallenberg	Chair	2002	Yes	No	● Deputy Chair	● Deputy Chair	● Deputy Chair	2,250,000	9/9	25/25
Jacob Wallenberg	Deputy Chair	1997	Yes	No				540,000	9/9	
Tuve Johannesson	Deputy Chair	1997	Yes	Yes			● Member	735,000	9/9	7/8
Johan H. Andresen	Director	2011	Yes	Yes				450,000	8/9	
Signhild Arnegård Hansen	Director	2010	Yes	Yes				450,000	8/9	
Urban Jansson	Director	1996	Yes	Yes	● Chair			960,000	8/9	14/14
Birgitta Kantola	Director	2010	Yes	Yes		● Member		645,000	9/9	5/5
Tomas Nicolin	Director	2009	Yes	Yes			● Chair	837,500	9/9	8/8
Jesper Ovesen	Director	2004	Yes	Yes	● Member			775,000	8/9	13/14
Carl Wilhelm Ros	Director	1999	Yes	Yes		● Chair		837,500	9/9	6/6
Annika Falkengren	Director	2005	No	Yes	● Member			–	9/9	15/15
Magdalena Olofsson	Director*	2012[1)]						–	7/7	
Pernilla Påhlman	Director*	2012[2)]						–	9/9	
Maria Lindblad	Deputy Director*	2012						–	7/7	
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 conflict with the interests of the Bank, such as when the President's work is evaluated. Other members of the Bank's executive management participate whenever required for purposes of informing the Board or upon request by the Board or the President. SEB's General Legal Counsel serves as the Secretary to the Board.

Directors' fees

SEB's 2012 AGM set total fees of SEK 8,480,000 for the members of the Board and decided how these fees were to be distributed among the Board and its committees. No fee for committee work is paid either 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 SEB's Nomination Committee, the Board has adopted a policy that requires the Board members to purchase and hold certain quantities of SEB shares. *Information on remuneration principles, remuneration of the President and members of the GEC and on long-term equity programmes is provided on p. 67.*

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). These committees report on a regular basis to the Board. 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. Although the Chairman of the Board is a member of all three committees, he does not chair any of them. Neither the President nor any other officer of the Bank is a member of the ACC or RemCo. The President is a member of the RCC. Apart from committee work, no other delegation of duties is applied within the Board.

Risk and Capital Committee

"During my years as chairman of the RCC, financial markets have undergone extreme unrest and volatility. At the same time, regulators have significantly increased the supervisory requirements – a process which is ongoing. During 2012, much of RCC's work focused on the effect of these matters on SEB. Furthermore, the RCC is deeply involved in defining SEB's risk strategy."
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 external and internal rules. The RCC also monitors the Group's risk and capital situation on a continuous basis.

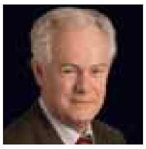
The RCC sets the principles and parameters for measuring and allocating risk and capital within the Group and oversees risk management systems and the overall risk tolerance/appetite and strategy for the near and long term, as well as implementation of this strategy. The Committee prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Chief Risk Officer (CRO). The Committee also decides on individual credit matters of major importance or of importance as to principles. The RCC held fifteen meetings in 2012.

The Group's Chief Financial Officer has overall responsibility for information and presentations to the Committee on matters related to capital and funding. The CRO has overall responsibility for information and presentations on risk and credit matters. *The risk organisation is described in further detail on p. 64 and the risk, liquidity and capital management on p. 38.*

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

The RCC's work during 2012:
- reviews and recommendation for the decision by the Board of Group policies and strategies, such as the Risk Policy and Risk Strategy, the Credit Policy, the Credit Instruction, the Capital Policy, the Liquidity and Pledge Policy, the Trading and Investment Policy and the CRO Instruction
- monitoring of the implementation of these policies and adoption of credit policies and instructions that complement the Group's Credit Policy and Credit Instruction
- monitoring of the risk development of the Group
- preparation for decision by the Board of matters concerning limits for market and liquidity risks
- discussions on the effects on the capital base from changes in accounting principles for defined benefit pension plans
- review of significant changes in the credit portfolio and of the credit process within the Group
- review of risk measurement models, methods and risk management systems
- review of material changes in the overall capital and liquidity situation and in the Group's capital adequacy situation
- preparation for decision by the Board of changes in the Group's capital goals and capital management matters, such as the dividend level
- strategic discussions on comprehensive financial and balance sheet management.

Audit and Compliance Committee



"The internal controls of the Bank and compliance with regulatory requirements are of utmost importance. The ACC monitors the effectiveness of SEB's internal control and internal and external audit, as well as the compliance work continuously. One focus area of the ACC has been to monitor the implementation of an enhanced process for internal control over financial reporting, in order to ensure that the financial reporting is accurate and timely."
Carl Wilhelm Ros (Chairman)

The ACC supports the Board in its work with quality control 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 external and internal audit activities. It ensures that any remarks and observations from the auditors are addressed. Furthermore, the Committee 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 2012. The external auditors attended all of the Committee meetings and one Board meeting in 2012. The external auditors, the Head of Group Internal Audit and Head of Group Compliance present reports at Committee meetings. The President and the CFO regularly participate at the meetings. *The Report on Internal Control over Financial Reporting can be found on p. 65.*

Remuneration and Human Resources Committee

"Professional and committed employees are critical for SEB's future business result. It is therefore of utmost importance for the RemCo to support the Board on issues regarding remuneration, succession planning and other human resource issues. This enables SEB to recruit, retain and reward employees in a sound and competitive manner. The RemCo also continuously monitors and evaluates remuneration practices, structures and levels in SEB."
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 remuneration in SEB to the Remuneration Policy is presented to the Committee annually.

In addition, the Committee monitors the Group's pension obligations and monitors, 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 eight meetings in 2012.

The President, together with the Head of Group Human Resources, makes presentations on matters in which there are no conflicts of interest. *The Remuneration Report can be found on p. 67.*

ACC members
Carl Wilhelm Ros (Chair), Marcus Wallenberg (Deputy Chair) and Birgitta Kantola.

The ACC's work during 2012:
- handling of annual accounts and interim reports as well as audit reports
- monitoring of the Group's internal audit and of compliance issues
- monitoring of the internal control over financial reporting *(see page 65)*
- monitoring of other services than auditing services, procured from the external auditors
- discussions on the effects from changes in accounting principles for defined benefit pension plans
- recommendation to the Nomination Committee of external auditor to be elected at the AGM
- adoption of an annual audit plan for the Internal Audit function, co-ordinated with the external audit plan
- approval of the annual Group Compliance Plan
- discussions with representatives of the external auditors on several occasions, without the President or any other member of the Bank's management being present

RemCo members
Tomas Nicolin (Chair), Marcus Wallenberg (Deputy Chair) and Tuve Johannesson.

The RemCo's work during 2012:
- review of the Remuneration Policy for the SEB Group, for adoption by the Board
- proposal, for approval by the Board and decision by the AGM, for remuneration guidelines for the President and members of the GEC
- development of long-term equity programmes, for approval by the Board and decision by the AGM
- proposals, for decision by the Board, for remuneration of the President and members of the GEC in accordance with the guidelines established by the AGM
- proposals, for decision by the Board, for remuneration of the Head of Group Internal Audit, the Chief Risk Officer and the Head of Group Compliance in accordance with the Remuneration Policy adopted by the Board
- discussions on the effects on the overall pension obligations from changes in accounting principles for defined benefit pension plans
- monitoring of remuneration principles, variable remuneration programmes and pension obligations
- follow-up on the yearly Group Talent Review, SEB's process for ensuring leadership succession in the Bank

Board of Directors

MARCUS WALLENBERG

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

Chairman since 2005.

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

Background: Citibank in New York, Deutsche Bank in Germany, S G Warburg Co in London and Citicorp in Hong Kong, SEB and Stora Feldmühle in Germany. Executive Vice President of Investor and President and Group Chief Executive of Investor.

Own and closely related persons' shareholding: 753,584 class A-shares and 720 class C-shares.

TUVE JOHANNESSON

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

Deputy Chairman since 2007.

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

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

Own and closely related persons' shareholding: 204,000 class A-shares.

JACOB WALLENBERG

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

Deputy Chairman since 2005.

Other assignments: Chairman of Investor. Deputy Chairman of SAS and 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 AB and Electrolux AB. Director of Stora AB.

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 SWIX, Junior Achievement Young Enterprise (JA-YE) Europe, JA-YE Norway, NMI–Norwegian Microfinance Initiative, Corporate Assembly of Orkla ASA and Corporate Partners Advisory Board at BI Norwegian School of Management.

Background: International Paper Co. Partner and owner of Ferd. CEO of Ferd.

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

SIGNHILD ARNEGÅRD HANSEN

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

Other assignments: Chairman of SLC-Group AB, Svenska LantChips, Utah Chips Corporation and SFN/Timbro. Vice Chairman of Swedish-American Chamber of Commerce (SACC), USA. Director of Loomis, University Board of Lund University, SACC, New York, Swedish Trade Council, ESBRI, King Carl XVI Gustaf's Foundation for Young Leadership, Magnora AB and Dagens Industri AB.

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 and Research Institute of Industrial Economics.

Own and closely related persons' shareholding: 2,578 class A-shares.

URBAN JANSSON

Born 1945; Higher bank degree (SEB).

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

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.

Own and closely related persons' shareholding: 56,840 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, Washington D.C. Deputy General Manager of Ålandsbanken, Finland.

Own and closely related persons' shareholding: 22,000 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 and SFN/Timbro. Member of the Advisory Board Stockholm School of Economics and the Investment Committee of NIAM Property Fund.

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

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

JESPER OVESEN

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

Other assignments: Chairman of Nokia Siemens Networks BV. Director of 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. CFO of Den Danske Bank A/S and of LEGO Holding A/S. CEO of Kirkbi Group and CFO of TDC A/S.

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

CARL WILHELM ROS

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

Other assignments: Director of Camfil and INGKA (Ikea) Holding.

Background: Astra, Alfa Laval as Group Controller and Senior Executive Vice President of Ericsson. Several directorships.

Own and closely related persons' shareholding: 18,816 class A-shares and 38 class C-shares.

ANNIKA FALKENGREN

Born 1962; B. Sc. (Econ).

President and CEO since 2005.

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

Background: Various positions within 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.

Own and closely related persons' shareholding: 393,541 class A-shares, 272,479 performance shares and 121,559 conditional share rights.

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: Held various positions in SEB. Deputy Member of the Board of SEB. Member of the Board of Finance and Insurance Unemployment Benefit Fund. Member of the Board of SEB BoLån.

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 local Club Stockholm and East. Representative at Group level Sweden.

Background: Worked within the private and corporate sector within Retail as well as in internet support for both the private and corporate sector. Union representative and elected to head occupational safety and health at work. Vice Chairman of Finansförbundet in SEB's local club Stockholm and East. Second Vice Chairman of the Financial Sector Union of Sweden SEB Group.

Own and closely related persons' shareholding: 609 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 in the Merchant Banking division. Union assignments since 2005.

Own and closely related persons' shareholding: 4,462 class-A shares.

HÅKAN WESTERBERG

Born 1968; Engineering logistics.

Other assignments: Chairman Association of University Graduates at SEB and of Regional Association Stockholm of the same Association. Board member SEB Kort Bank AB.

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 from 2001.

Own and closely related persons' shareholding: 1,842 class A-shares.

Contact the Board of Directors:

Skandinaviska Enskilda Banken AB, Board Secretariat
Group Legal, KA2 , SE-106 40 Stockholm
boardsecretariat@seb.se

Group Executive Committee

ANNIKA FALKENGREN

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

President and CEO since 2005.

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

Background: Various positions within 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.

Own and closely related persons' shareholding: 393,541 class A-shares, 272,479 performance shares and 121,559 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: 54,811 class A-shares, 22 class C-shares and 32,894 performance 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: 39,121 class A-shares, 136,241 performance shares and 60,779 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: 53,632 class A-shares, 169,136 performance shares and 72,935 conditional share rights.

VIVEKA HIRDMAN-RYRBERG

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

Head of Group Communications since 2009.

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

Own and closely related persons' shareholding: 20,171 class A-shares, 39,734 performance shares and 21,880 conditional share rights.

MARTIN JOHANSSON

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

Head of Business Support from 2011.

Background: Citigroup in Sweden and in various assignments around the world. Global Head of Client Relationship Management within SEB's Merchant Banking division. Head of the Baltic division.

Own and closely related persons' shareholding: 50,843 class A-shares, 87,594 performance shares and 48,623 conditional share rights.

ANDERS JOHNSSON

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

Head of the Wealth Management division since 2010.

Background: Götabanken. Different positions within SEB's Merchant Banking division. Various leading positions within SEB Private Banking. Head of Trading & Capital Markets, Merchant Banking.

Own and closely related persons' shareholding: 55,798 class A-shares, 14,094 deferral rights and 48,623 conditional share 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: 20,030 class A-shares, 69,340 performance shares and 30,389 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: 36,975 class A-shares, 136,241 performance shares and 60,779 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: 87,005 class A-shares and 10,666 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 Merchant Banking in Germany and Head of Merchant Banking and Wealth Management in Norway.

Own and closely related persons' shareholding: 105,185 class A-shares and 14,112 deferral rights.

DAVID TEARE

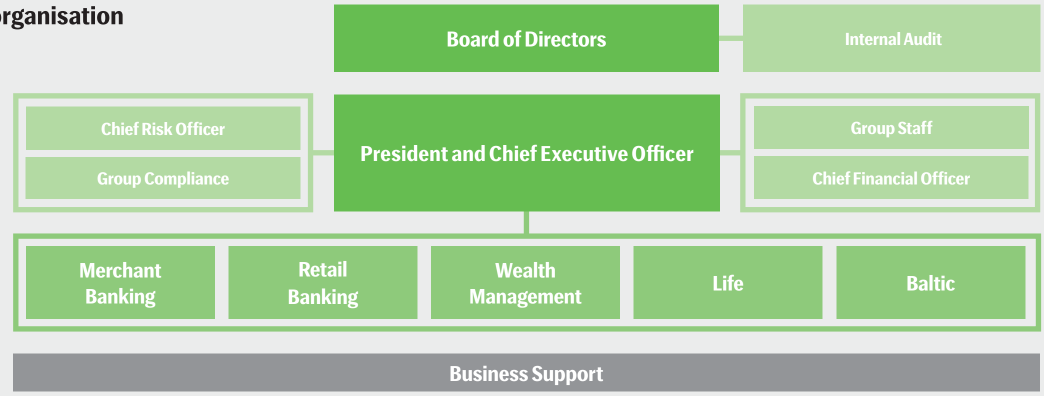
Born 1963; SEB employee since 2006; B. Comm.

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: 94,904 class A-shares, 2,921 performance shares, 8,104 deferral rights and 29,174 conditional share rights.

SEB's organisation



The President and Chief Executive Officer

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

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

The President appoints the Heads of Divisions, the Head of Business Support and Heads of the various staff and group functions with direct reporting to the CEO.

The President has three separate committees at her disposal for the purpose of managing the operations: the GEC, the ALCO, *p. 65* and the GRC, *p. 65*. 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 thirteen meetings in 2012. *Further information about the President and the GEC can be found on p. 62*.

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 five divisions. Each division's operations are divided into business areas which, in turn, are divided into business units. The Head of Division has overall responsibility for the activities of the division and appoints, after consultation with the President, heads of business areas within the division and of the subsidiaries that the division is responsible for.

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 benefits of scale in operations and IT. Business Support covers areas, such as transaction processing, development, maintenance and operation of IT systems and management of SEB's IT strategy and IT portfolio. Business Support also includes SEB Way – a Group-wide programme for continuous improvement. A separate board has been established by the President as a forum for the continuous management of SEB's IT product development portfolio and decisions in IT-related matters. *For further information on Business Support see p. 36.*

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

Risk organisation

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

The President has overall responsibility for managing 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 any essential risk

Risk organisation in SEB

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 Asset and Liability Committee (ALCO) and the Group Risk Committee (GRC).

The ALCO, chaired by the President and with the Chief Financial Officer as deputy chair, is a Group-wide decision-making, monitoring and consultative body that handles the following matters, among others:

- financial stability
- the trade-off between financial reward and risk appetite
- strategic capital and liquidity issues
- structural issues and issues concerning the development of the balance sheet and other business volumes
- financing issues involving wholly-owned subsidiaries.

The ALCO held thirteen meetings in 2012.

To strengthen management's risk oversight, in 2012 the former Group Credit Committee was broadened to form a group-wide, decision-making unit, the Group Risk Committee, covering all types of risk at the CEO-level and making it possible to evaluate portfolios, products and clients from a comprehensive risk perspective. 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:

Internal Control over Financial Reporting

Reliability in the financial reporting is essential to SEB. The internal control over financial reporting (ICFR) process is designed to ensure such reliability. The ICFR process at SEB 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), built upon five internal control components: Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring.

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 result is summarised in an ICFR scoping report to the ACC. It describes identified focus areas as well as the legal entities, processes and related systems that are to be covered by the ICFR process during the coming year.

2 Validate the design of expected controls

The ICFR control structure defined is specific for SEB and consists of Group-wide process and IT controls. Examples of these controls are regular validation of the valuation of financial instruments and credit exposures, reconciliation and system access controls. Yearly validation is performed to ensure that the control structure mitigates the identified risks in the financial reporting process. This is done in workshops involving both business and finance personnel, who together have the required process, system and accounting expertise. The control requirements are continuously communicated to involved parties to ensure that the responsibilities are clear.

3 Plan monitoring and audit activities

Based on 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 to ensure a structured and complete monitoring of the ICFR process.

4 Monitor and evaluate controls

Monitoring is carried out continuously to evaluate control status. Examples of monitoring activities include assessments to ensure that the controls implemented within a department meet the requirements set at the group level, internal control checklists and reporting of defined key risk indicators. The IT and control environment is monitored both according to the plan and in connection with the introduction of new products or systems. The monitoring ensures that weaknesses in the ICFR process are identified and that compensating controls and remediation activities can be initiated – all in the aim of managing the risk for material errors in the financial reporting.

5 Report ICFR residual risk

The 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 level, including a description of identified control gaps and how well these are compensated by other controls. 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.

- ensuring that all risks inherent in the activities of the SEB Group are identified, defined, measured, monitored and controlled in accordance with internal and external rules
- supporting the President in ensuring that decisions regarding the SEB Group's long term risk appetite/ambition 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 SEB Group are maintained and enforced.

The President serves as chair of the GRC, with the Chief Risk Officer (CRO) as the deputy chair. The GRC held 59 meetings in 2012.

The Group Risk organisation, led by the CRO, is responsible for identifying, measuring and controlling SEB's risks. Its work is carried out in three different functions or work streams that report to the CRO: Risk Control, Group Risk Center and Group Credits.

The CRO 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.

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

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

Group Credits is responsible for managing the credit approval process and for major individual credit decisions. It is also responsible for analysis and oversight of the composition of the credit portfolio and for monitoring compliance with policies set by the RCC and the Board. Its activities are regulated by the Group's Credit Instruction, adopted by the Board. The Group Credit Officer is appointed by the President, upon recommendation by the CRO, and reports to the CRO. The RCC and the Board receive information on the composition of the credit portfolio, including large exposures and credit losses, at least once per quarter. The credit organisation is independent from the business units and deals with credit matters exclusively. 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 referred to a higher level in the decision-making hierarchy. *Further information about risk, liquidity and capital management can be found on p. 38.*

Internal Audit and Compliance

Management at all levels within the divisions, support functions and Group Credits represent the first line of defence for risks in the organisation. The Group Risk organisation and Group Compliance form the second line of defence. Group Internal Audit is the third line of defence.

Group Internal Audit is an independent Group-wide function that is directly subordinate to the Board. The main responsibility of Internal Audit is to provide reliable and objective assurance to the Board and President regarding the effectiveness of controls, risk management and governance processes, with the aim of mitigating current and evolving high risks and in so doing enhance the control culture within the Group. The Head of Group Internal Audit 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 Group Compliance function is independent from the business activities while serving as a business support function. It is separated from the legal functions of the Group. 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 is appointed by the President upon approval by the ACC and reports regularly to the President and the GEC and informs the ACC about compliance issues. Following a group-wide compliance risk assessment and approval from the ACC, the President adopts an annual compliance plan.

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

Information about the auditor

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

PricewaterhouseCoopers AB has been the Bank's auditor since 2000 and was re-elected in 2012 for the period up to and including the 2013 AGM. The partner in charge as from the 2012 AGM, has been Peter Nyllinge, Authorised Public Accountant. The co-signing auditor has been Authorised Public Accountant Magnus Svensson Henryson. Peter Nyllinge has auditing experience from several major Swedish companies. The fees charged by the auditor for the auditing of the Bank's annual accounts for the financial year 2012 and 2011, respectively, 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	2012	2011
Audit assignment	29	29
Audit related services	18	21
Tax advisory	16	11
Other	40	24
Total	**103**	**85**

In addition, fees and expense allowances in relation to the divestment of the German retail operations amounts to SEK 38m (119). *See also note10.*

Remuneration report

Remuneration strategy

SEB's remuneration system aims to attract, retain and motivate employees with the right competence who thereby contribute to the Bank's long-term success. Employees' compensation should encourage good performance, sound behaviour and risk-taking that are aligned with customer and shareholder expectations. The compensation is based on experience and performance and promotes a long-term commitment to creating value.

Remuneration structure

SEB's remuneration structure is based on the components base pay, long-term equity-based compensation and pensions and other benefits. The components are used to achieve an overall remuneration structure. Most employees in SEB also take part in collective profit-sharing programmes based on group performance.

The fixed salary SEB offers shall be competitive and reflect the employee's competence and experience. It should also be in line with comparable industries in each geographic market in which the Bank operates.

SEB has reduced the share of employees who are eligible for individual cash-based variable compensation. This decrease reflects the gradually changing market practice and the shift from variable to fixed compensation. Cash-based variable compensation is only used where it is common market practice, for example within investment banking. In 2012 the cash-based variable compensation corresponded to 7 per cent of SEB's total staff costs (10).

At SEB, cash-based variable compensation is based on the risk-adjusted results and performance of the individual employee, of the individual's respective team/business unit and of SEB as a whole. SEB has a well-established model for calculation and internal allocation of capital. The risk-adjusted result is based on this model.

Long-term equity-based compensation is a means to attract and retain staff with key competencies. It also builds long-term commitment to SEB and creates an incentive for the employees to become SEB shareholders. The equity-based programmes provide scope for risk adjustment for both current and future risks, and thus the final outcome can subsequently be reduced in part or in full, in compliance with the rules of the Swedish Financial Supervisory Authority.

Long-term equity programmes 2012

The 2012 Annual General Meeting approved three different programmes for 2012:

- a four-year Share Savings Programme for all employees in selected countries
- a seven-year Share Matching Programme for selected senior managers and key employees
- a ten-year Share Deferral Programme for the Group Executive Committee and certain other executive managers

Share Savings Programme

The Share Savings Programme is offered to all employees in selected countries and aims to strengthen long-term commitment to SEB. The programme runs for four years in total. Employees are offered to invest in SEB class A-shares at the current market price for a maximum amount of 5 per cent of one year's gross base salary. If the shares are retained for three years and the participant remains with SEB during this time, the employee will receive the corresponding number of class A-shares. 43 percent of employees participate in one or more of the Share Savings Programmes offered between 2009 and 2012.

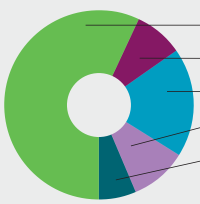
Share Matching Programme

The Share Matching Programme is a seven year incentive programme with predetermined performance criteria. Approximately 400 selected senior executives and other key employees are offered to participate. Participation requires own investment in SEB class A–shares. After three years, there is a possibility to receive matching share rights and performance-based matching share rights.

The individual investment amount is predetermined and limited. For each share held for three years the participant will receive one matching share right and a maximum of three performance-based matching share rights. Each matching share right provides the participant with the right to receive one SEB A-share. A prerequisite is that the participant remains employed by SEB during the performance period. The programme has a cap. The performance criteria is based on the total return for SEB's shares in comparison with the Bank's peers and the risk-free interest rate. The allocation is maximised when both performance criteria are fulfilled and the share price has doubled. The participants in the 2012 share matching programme do not participate in any other 2012 equity-based programmes.

Staff costs

SEK m



	2012	2011
Base salary	8,335	(8,265)
Variable salary	1,201	(1,411)
Social charges	2,709	(2,487)
Pensions	1,421	(1,412)
Other staff costs	930	(750)

Variable compensation

Short-term cash-based compensation in relation to total staff costs (including social charges),

1) Shows continuing operations from 2008

Remuneration in SEB 2012
SEK thousand

	Base pay	Cash-based variable compensation	Expensed amount equity-based programmes	Benefits	Total	Pensions
President and CEO, Annika Falkengren	8,000	–	4,491	1,239	13,730	7,471
Other members of the GEC	34,160	–	13,697	1,714	49,571	17,630
Total	**42,160**	**–**	**18,188**	**2,953**	**63,301**	**25,101**
SEB excluding GEC	8,292,586	883,945	299,258	98,495	9,574,284	1,396,111
SEB total	**8,334,746**	**883,945**	**317,446**	**101,448**	**9,637,585**	**1,421,212**

In 2012, in average nine members of the GEC are included.

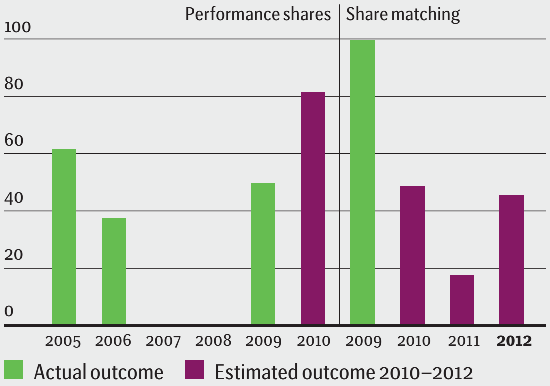
Share Deferral Programme
The Share Deferral Programme is a ten-year incentive programme directed to the members of the Group Executive Committee and selected executive managers, approximately 100 in total. Based on predetermined Group and individual targets, the participants are granted an individually set number of share rights. The targets are set annually and are both financial and non-financial. 50 per cent of the share rights are earned after a three-year vesting period and 50 per cent after five years.

A requirement for vesting is that the participant remains employed by SEB during the first three years of the programme and that the participant already owns a pre-determined number of SEB shares. Following the vesting period the share rights must be held for at least one more year, after which they can be exercised during a three-year period. The programme aims to put the participants on equal footing with SEB's shareholders. The participants are therefore compensated for the value of dividends paid during the term of the programme.

Participants in the 2012 Share Deferral Programme do not participate in any other 2012 equity-based programmes.

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

Status of equity-based programmes
Per cent vested



The 2012 Annual General Meeting resolved that the total remuneration for Group Executive Committee shall be based on the components base pay, long-term equity-based compensation (Share Deferral Programme) and pension and other benefits.

The remuneration does not include cash-based variable compensation. The pension plans for the members of the Group Executive Committee consist of defined benefit plans or defined contribution solutions and are inviolable. As with the other employees, the aim is to increase the number in defined contribution plans. The defined benefit plans have a cap for the employees' pensionable salary. For termination of employment in which the Bank serves notice, twelve months' severance pay is payable. SEB has the right to deduct any income earned from other employment from the severance pay. Detailed information on remuneration of the President and the members of the Group Executive Committee in 2012 is provided in Note 9c.

The Board's proposed guidelines for decision by the 2013 AGM correspond in all material respects to the 2012 guidelines. The proposal is available on www.sebgroup.com.

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

In 2012, the number of specially regulated staff was 964.

Read more about remuneration in note 9.

Financial statements – Contents

Income statement

SEB Group

SEK m	Note	2012	2011	Change, %
Interest income		*53,794*	*56,163*	*–4*
Interest expense		*–36,159*	*–39,262*	*–8*
Net interest income	3	17,635	16,901	4
Fee and commission income		*18,336*	*19,023*	*–4*
Fee and commission expense		*–4,716*	*–4,848*	*–3*
Net fee and commission income	4	13,620	14,175	–4
Gains (losses) on financial assets and liabilities held for trading, net		*4,714*	*4,072*	*16*
Gains (losses) on financial assets and liabilities designated at fair value, net		*–73*	*–53*	*38*
Impairments of available-for-sale financial assets		*–62*	*–471*	*–87*
Net financial income	5	4,579	3,548	29
Premium income, net		*6,462*	*6,467*	*0*
Income investment contracts		*1,420*	*1,180*	*20*
Investment income net		*7,937*	*4,673*	*70*
Other insurance income		*382*	*425*	*–10*
Net insurance expenses		*–12,773*	*–9,548*	*34*
Net life insurance income	6	3,428	3,197	7
Dividends		*75*	*115*	*–35*
Profit and loss from investments in associates		*19*	*48*	*–60*
Gains less losses from investment securities		*–109*	*–27*	
Other operating income		*–424*	*–271*	*56*
Net other income	7	–439	–135	
Total operating income		**38,823**	**37,686**	**3**
Staff costs	9	–14,596	–14,325	2
Other expenses	10	–6,444	–7,424	–13
Depreciation, amortisation and impairment of tangible and intangible assets	11	–2,612	–1,764	48
Total operating expenses		**–23,652**	**–23,513**	**1**
Profit before credit losses		**15,171**	**14,173**	**7**
Gains less losses from disposals of tangible and intangible assets	12	1	2	–50
Net credit losses	13	–937	778	
Operating profit		**14,235**	**14,953**	**–5**
Income tax expense	15	–2,093	–2,942	–29
Net profit from continuing operations		**12,142**	**12,011**	**1**
Discontinued operations		–488	–1,155	–58
NET PROFIT		**11,654**	**10,856**	**7**
Attributable to minority interests		22	37	–41
Attributable to shareholders		11,632	10,819	8
Basic earnings per share from continuing operations, SEK	16	5.53	5.46	
Diluted earnings per share from continuing operations, SEK	16	5.51	5.43	
Basic earnings per share from discontinued operations, SEK	16	–0.22	–0.53	
Diluted earnings per share from discontinued operations, SEK	16	–0.22	–0.52	
Basic earnings per share, SEK	16	5.31	4.93	
Diluted earnings per share, SEK	16	5.29	4.91	

Statement of comprehensive income

Net profit		**11,654**	**10,856**	**7**
Available-for-sale financial assets		1,276	722	77
Cash flow hedges		581	1,529	–62
Translation of foreign operations		–386	–134	188
Deferred taxes on translation effects		–284	–76	
Defined benefit plans		–2,003	–88	
Other			–454	–100
Other comprehensive income (net of tax)	17	**–816**	**1,499**	**–154**
TOTAL COMPREHENSIVE INCOME		**10,838**	**12,355**	**–12**
Attributable to minority interests		22	36	–39
Attributable to shareholders		10,816	12,319	–12

Balance sheet

SEB Group

31 December, SEK m	Note	2012	2011	Change, %	Opening balance 2011
Cash and cash balances with central banks	20	191,445	148,042	29	46,488
Other lending to central banks	20	17,718	80,548	–78	20,664
Loans to other credit institutions	21	126,023	128,763	–2	183,524
Loans to the public	22	1,236,088	1,186,223	4	1,074,879
Securities held for trading		*276,688*	*231,932*	*19*	*221,791*
Derivatives held for trading		*152,687*	*148,662*	*3*	*116,008*
Derivatives held for hedging		*16,992*	*17,812*	*–5*	*11,631*
Fair value changes of hedged items in a portfolio hedge		*921*	*1,347*	*–32*	*3,419*
Financial assets – policyholders bearing the risk		*203,333*	*186,763*	*9*	*179,432*
Other financial assets at fair value		*75,317*	*83,162*	*–9*	*85,465*
Financial assets at fair value	23	725,938	669,678	8	617,746
Available-for-sale financial assets	24	50,599	57,377	–12	66,970
Held-to-maturity investments	25	82	282	–71	1,451
Assets held-for-sale	52		2,005	–100	74,951
Investments in associates	26	1,252	1,289	–3	1,022
Intangible assets		*17,287*	*17,872*	*–3*	*16,922*
Property and equipment		*1,133*	*1,243*	*–9*	*1,588*
Investment properties		*10,074*	*9,901*	*2*	*8,525*
Tangible and intangible assets	28	28,494	29,016	–2	27,035
Current tax assets		*6,915*	*6,403*	*8*	*4,580*
Deferred tax assets		*2,010*	*2,562*	*–22*	*2,706*
Trade and client receivables		*35,199*	*14,562*	*142*	*30,434*
Withheld margins of safety		*19,483*	*19,576*	*0*	*13,989*
Other assets		*12,210*	*13,055*	*–6*	*10,340*
Other assets	29	75,817	56,158	35	62,049
TOTAL ASSETS		**2,453,456**	**2,359,381**	**4**	**2,176,779**
Deposits from credit institutions	30	170,656	201,274	–15	212,624
Deposits and borrowing from the public	31	862,260	861,682	0	711,541
Liabilities to policyholders – investment contracts		*195,620*	*180,988*	*8*	*174,753*
Liabilities to policyholders – insurance contracts		*90,353*	*88,695*	*2*	*89,217*
Liabilities to policyholders	32	285,973	269,683	6	263,970
Debt securities	33	661,851	589,873	12	530,483
Trading liabilities		*77,221*	*79,817*	*–3*	*78,467*
Derivatives held for trading		*155,279*	*145,381*	*7*	*113,597*
Derivatives held for hedging		*2,582*	*5,391*	*–52*	*7,262*
Fair value changes of hedged items in portfolio hedge		*1,919*	*1,658*	*16*	*1,364*
Other financial liabilities at fair value	34	237,001	232,247	2	200,690
Liabilities related to assets held-for-sale	52		1,962	–100	48,339
Current tax liabilities		*2,440*	*1,605*	*52*	*4,021*
Deferred tax liabilities		*8,501*	*9,367*	*–9*	*8,878*
Trade and client payables		*31,412*	*13,043*	*141*	*29,960*
Withheld margins of safety		*22,830*	*18,489*	*23*	*13,963*
Other liabilities		*31,166*	*26,463*	*18*	*27,535*
Other liabilities	35	96,349	68,967	40	84,357
Provisions	36	5,572	5,845	–5	5,020
Subordinated liabilities	37	24,281	25,109	–3	25,552
Total liabilities		**2,343,943**	**2,256,642**	**4**	**2,082,576**
Minority interests		90	261	–66	266
Share capital		*21,942*	*21,942*	*0*	*21,942*
Other reserves		*–2,552*	*–1,736*	*47*	*–3,236*
Retained earnings		*78,401*	*71,453*	*10*	*68,486*
Net profit, attributable to shareholders		*11,632*	*10,819*	*8*	*6,745*
Shareholders' equity		109,423	102,478	7	93,937
Total equity		**109,513**	**102,739**	**7**	**94,203**
TOTAL LIABILITIES AND EQUITY		**2,453,456**	**2,359,381**	**4**	**2,176,779**

Off-balance sheet items

Collateral and comparable security pledged for own liabilities	39	641,180	621,096	3	
Other pledged assets and comparable collateral	39	135,372	130,156	4	
Contingent liabilities	39	94,175	94,004	0	
Commitments	39	407,423	390,352	4	

Statement of changes in equity

SEB Group

31 December, SEK m	2012	2011	Change, %	Opening balance 2011
Minority interests	90	261		266
Shareholders' equity	109,423	102,478	7	93,937
TOTAL EQUITY	**109,513**	**102,739**	**7**	**94,203**

Shareholders' equity

	2012	2011	Change, %	Opening balance 2011
Share capital [1]	21,942	21,942		21,942
Other restricted reserves	34,454	29,837	15	34,451
Equity, restricted	**56,396**	**51,779**	**9**	**56,393**
Eliminations of repurchased shares and swaps	–1,447	–1,621	–11	–1,439
Other reserves	–2,552	–1,736	47	–3,236
Other non-restricted equity	45,394	43,237	5	35,474
Net profit attributable to equity holders	11,632	10,819	8	6,745
Equity, non-restricted [2]	**53,027**	**50,699**	**5**	**37,544**
TOTAL	**109,423**	**102,478**	**7**	**93,937**

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 47 Capital adequacy.

Changes in equity

			Other reserves							
2012	Share capital	Retained earnings	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Defined benefit plans	Other	Total Shareholders' equity	Minority interests	Total Equity
Opening balance	21,942	82,272	–1,003	1,107	–1,279	–88	–473	**102,478**	261	**102,739**
Net profit		11,632						**11,632**	22	**11,654**
Other comprehensive income (net of tax)			1,276	581	–386	–2,003	–284	**–816**		**–816**
Total comprehensive income		**11,632**	**1,276**	**581**	**–386**	**–2,003**	**–284**	**10,816**	**22**	**10,838**
Dividend to shareholders [1]		–3,795						**–3,795**		**–3,795**
Employee share programmes [2]		–113						**–113**		**–113**
Minority interests									–193	**–193**
Change in holding of own shares		37						**37**		**37**
CLOSING BALANCE	**21,942**	**90,033**	**273**	**1,688**	**–1,665**	**–2,091**	**–757**	**109,423**	**90**	**109,513**
2011										
Opening balance	21,942	80,571	–1,725	–422	–1,145		56	**99,277**	266	**99,543**
Change in accounting policy for defined benefit plans		–5,340						**–5,340**		**–5,340**
Adjusted opening balance	**21,942**	**75,231**	**–1,725**	**–422**	**–1,145**		**56**	**93,937**	**266**	**94,203**
Net profit		10,819						**10,819**	37	**10,856**
Other comprehensive income (net of tax)			722	1,529	–134	–88	–529	**1,500**	–1	**1,499**
Total comprehensive income		**10,819**	**722**	**1,529**	**–134**	**–88**	**–529**	**12,319**	**36**	**12,355**
Dividend to shareholders [1]		–3,242						**–3,242**		**–3,242**
Employee share programmes [2]		189						**189**		**189**
Minority interests		15						**15**	–41	**–26**
Change in holding of own shares		–28						**–28**		**–28**
CLOSING BALANCE	**21,942**	**82,984**	**–1,003**	**1,107**	**–1,279**	**–88**	**–473**	**103,190**	**261**	**103,451**
Change in fair value measurement of financial assets		–712						**–712**		**–712**
ADJUSTED CLOSING BALANCE	**21,942**	**82,272**	**–1,003**	**1,107**	**–1,279**	**–88**	**–473**	**102,478**	**261**	**102,739**

1) Dividend paid 2012 for 2011 was per A-share SEK 1.75 (1.50) and per C-share SEK 1.75 (1.50). Proposed dividend for 2012 is SEK 2.75, further information can be found in The SEB share on page 16–17.
2) The item includes changes in nominal amounts of equity swaps used for hedging of stock option programmes. During 2011, SEB repurchased 3.0 million Series A-shares for the long-term incentive programmes as decided at the Annual General Meeting. As stock options were exercised, 1.0 million shares were sold in 2011. As of 31 December 2011 SEB owned 2.3 million Class A-shares with a market value of SEK 94m. Another 12.1 million shares have been sold as stock options were exercised in 2012. During 2012, SEB also repurchased 12.0 million Series 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 with a market value of SEK 121m.

Cash flow statement

SEB Group

SEK m	2012	2011	Change, %
Interest received	54,719	55,904	–2
Interest paid	–37,778	–37,783	0
Commission received	18,751	19,023	–1
Commission paid	–5,131	–4,848	6
Net received from financial transactions	14,746	–5,514	
Other income	3,527	1,226	188
Paid expenses	–20,943	–23,065	–9
Taxes paid	–2,093	–3,046	–31
Cash flow from the profit and loss statement	**25,798**	**1,897**	
Increase (–)/decrease (+) in portfolios	–20,136	41,611	–148
Increase (+)/decrease (–) in issued short-term securities	72,104	58,272	24
Increase (–)/decrease (+) in lending to credit institutions and central banks	–1,795	85,416	–102
Increase (–)/decrease (+) in lending to the public	–57,361	–121,991	–53
Increase (+)/decrease (–) in liabilities to credit institutions	–30,597	–9,913	
Increase (+)/decrease (–) in deposits and borrowings from the public	2,106	150,489	–99
Increase (–)/decrease (+) in insurance portfolios	–1,938	–1,096	77
Change in other assets	–17,007	77,583	
Change in other liabilities	22,173	–63,206	
Cash flow from operating activities	**–6,653**	**219,062**	**–103**
Sales of shares and bonds	571	1,258	–55
Sales of intangible and tangible fixed assets	1	2	–50
Dividends	75	115	–35
Investments/divestments in shares and bonds	165	418	–61
Investments in intangible and tangible assets	–2,090	–3,745	–44
Cash flow from investing activities	**–1,278**	**–1,952**	**–35**
Issue of securities and new borrowings	284,802	289,634	–2
Repayment of securities	–285,689	–290,063	–2
Dividend paid	–3,795	–3,242	17
Cash flow from financing activities	**–4,682**	**–3,671**	**28**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**–12,613**	**213,439**	**–106**
Cash and cash equivalents at beginning of year	276,853	63,646	
Exchange rate differences on cash and cash equivalents	–6,948	–232	
Net increase in cash and cash equivalents	–12,613	213,439	
CASH AND CASH EQUIVALENTS AT END OF PERIOD [1)]	**257,292**	**276,853**	**–7**

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 52.

Income statement

In accordance with the Swedish Financial Supervisory Authority regulations

Skandinaviska Enskilda Banken

SEK m	Note	2012	2011	Change, %
Interest income	3	37,954	36,818	3
Leasing income	3	5,817	5,756	1
Interest expense	3	–26,293	–27,034	–3
Dividends	7	2,215	3,438	–36
Fee and commission income	4	8,963	9,030	–1
Fee and commission expense	4	–1,524	–1,634	–7
Net financial income	5	4,046	3,133	29
Other income	7	159	1,183	–87
Total operating income		**31,337**	**30,690**	**2**
Administrative expenses	8	–15,077	–14,479	4
Depreciation, amortisation and impairment of tangible and intangible assets	11	–5,446	–4,884	12
Total operating expenses		**–20,523**	**–19,363**	**6**
Profit before credit losses		**10,814**	**11,327**	**–5**
Net credit losses	13	–385	–457	–16
Impairment of financial assets		–1,114	–759	47
Operating profit		**9,315**	**10,111**	**–8**
Appropriations	14	–3,175	–148	
Income tax expense	15	–1,289	–2,122	–39
Other taxes	15	–86	10	
NET PROFIT		**4,765**	**7,851**	**–39**

Statement of comprehensive income

	Note	2012	2011	Change, %
Net profit		**4,765**	**7,851**	**–39**
Available-for-sale financial assets		693	36	
Cash flow hedges		584	1,536	–62
Translation of foreign operations		–72	44	
Other			–452	–100
Other comprehensive income (net of tax)	17	**1,205**	**1,164**	**4**
TOTAL COMPREHENSIVE INCOME		**5,970**	**9,015**	**–34**

Balance sheet

Skandinaviska Enskilda Banken

31 December, SEK m	Note	2012	2011	Change, %
Cash and cash balances with central banks	20	165,994	121,948	36
Loans to credit institutions	21	200,189	245,796	–19
Loans to the public	22	937,734	873,335	7
Securities held for trading		*262,492*	*224,322*	*17*
Derivatives held for trading		*148,349*	*145,106*	*2*
Derivatives held for hedging		*15,439*	*16,271*	*–5*
Other financial assets at fair value		*46*	*368*	*–88*
Financial assets at fair value	23	426,326	386,067	10
Available-for-sale financial assets	24	17,610	16,739	5
Held-to-maturity investments	25	1,636	2,771	–41
Investments in associates	26	1,044	1,092	–4
Shares in subsidiaries	27	50,671	53,686	–6
Intangible assets		*2,854*	*2,544*	*12*
Property and equipment		*40,172*	*40,819*	*–2*
Tangible and intangible assets	28	43,026	43,363	–1
Current tax assets		*3,427*	*2,170*	*58*
Deferred tax assets			*4*	*–100*
Trade and client receivables		*34,774*	*14,074*	*147*
Withheld margins of safety		*19,483*	*19,576*	*0*
Other assets		*7,139*	*7,667*	*–7*
Other assets	29	64,823	43,491	49
TOTAL ASSETS		**1,909,053**	**1,788,288**	**7**
Deposits from credit institutions	30	199,711	229,428	–13
Deposits and borrowing from the public	31	637,721	608,645	5
Debt securities	33	641,413	558,747	15
Trading liabilities		*73,814*	*77,163*	*–4*
Derivatives held for trading		*156,576*	*145,373*	*8*
Derivatives held for hedging		*1,672*	*4,181*	*–60*
Other financial liabilities at fair value	34	232,062	226,717	2
Current tax liabilities		*959*	*800*	*20*
Deferred tax liabilities		*475*	*393*	*21*
Trade and client payables		*30,789*	*10,675*	*188*
Withheld margins of safety		*22,830*	*18,489*	*23*
Other liabilities		*19,044*	*13,800*	*38*
Other liabilities	35	74,097	44,157	68
Provisions	36	160	76	111
Subordinated liabilities	37	24,213	24,727	–2
Total liabilities		**1,809,377**	**1,692,497**	**7**
Untaxed reserves	38	**26,346**	**25,049**	**5**
Share capital		*21,942*	*21,942*	*0*
Other reserves		*12,971*	*11,168*	*16*
Retained earnings		*33,652*	*29,781*	*13*
Net profit		*4,765*	*7,851*	*–39*
Shareholders' equity		**73,330**	**70,742**	**4**
TOTAL LIABILITIES, UNTAXED RESERVES AND SHAREHOLDERS' EQUITY		**1,909,053**	**1,788,288**	**7**

Off-balance sheet items

Collateral and comparable security pledged for own liabilities	39	294,990	281,967	5
Other pledged assets and comparable collateral	39	119,577	113,185	6
Contingent liabilities	39	78,565	74,435	6
Commitments	39	315,157	303,315	4

Statement of changes in equity

Skandinaviska Enskilda Banken

31 December, SEK m	2012	2011	Change, %
Share capital [1]	21,942	21,942	
Other restricted reserves	12,260	12,260	
Equity, restricted	**34,202**	**34,202**	
Eliminations of repurchased shares and swaps	–2,101	–1,603	31
Available-for-sale financial assets	–1,140	–1,833	–38
Cash flow hedges	1,684	1,100	53
Translation of foreign operations	–427	–355	20
Change in fair value measurement of financial assets		–562	–100
Profit brought forward	36,347	31,942	14
Net profit for the year	4,765	7,851	–39
Equity, non-restricted	**39,128**	**36,540**	**7**
TOTAL	**73,330**	**70,742**	**4**

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

Changes in equity

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**
Employee share 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**

2011	Share capital	Restricted reserves	Retained earnings	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Total
Opening balance	21,942	12,260	33,844	–1,870	–436	–399	**65,341**
Net profit			7,851				**7,851**
Other comprehensive income (net of tax)			–452	37	1,536	44	**1,165**
Total comprehensive income			**7,399**	**37**	**1,536**	**44**	**9,016**
Dividend to shareholders [1]			–3,242				**–3,242**
Employee share programmes [2]			98				**98**
Mergers			124				**124**
Change in holding of own shares			–33				**–33**
CLOSING BALANCE	**21,942**	**12,260**	**38,190**	**–1,833**	**1,100**	**–355**	**71,304**
Change in fair value measurement of financial assets			**–562**				**–562**
ADJUSTED CLOSING BALANCE	**21,942**	**12,260**	**37,628**	**–1,833**	**1,100**	**–355**	**70,742**

1) Dividend paid 2012 for 2011 was per A-share SEK 1.75 (1.50) and per C-share SEK 1.75 (1.50). Proposed dividend for 2012 is SEK 2.75, further information can be found in The SEB share on page 16–17.
2) The item includes changes in nominal amounts of equity swaps used for hedging of stock option programmes.
During 2011, SEB repurchased 3.0 million Series A-shares for the long-term incentive programmes as decided at the Annual General Meeting. As stock options were exercised, 1.0 million shares were sold in 2011. As of 31 December 2011 SEB owned 2.3 million Class A-shares with a market value of SEK 94m. Another 12.1 million shares have been sold as stock options were exercised in 2012. During 2012, SEB also repurchased 12.0 million Series 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 with a market value of SEK 121m.

Cash flow statement

Skandinaviska Enskilda Banken

SEK m	2012	2011	Change, %
Interest received	44,146	42,473	4
Interest paid	–26,219	–25,994	1
Commission received	9,457	8,937	6
Commission paid	–2,071	–2,129	–3
Net received from financial transactions	13,720	–3,536	
Other income	186	1,883	–90
Paid expenses	–17,018	–15,473	10
Taxes paid	–306	–3,022	–90
Cash flow from the profit and loss statement	**21,895**	**3,139**	
Increase (–)/decrease (+) in trading portfolios	–27,049	11,187	
Increase (+)/decrease (–) in issued short-term securities	82,491	37,765	118
Increase (–)/decrease (+) in lending to credit institutions	–382	52,091	
Increase (–)/decrease (+) in lending to the public	–59,982	–120,756	–50
Increase (+)/decrease (–) in liabilities to credit institutions	–33,582	33,696	
Increase (+)/decrease (–) in deposits and borrowings from the public	19,298	123,813	–84
Change in other assets	–22,351	–35,022	–36
Change in other liabilities	22,794	18,595	23
Cash flow from operating activities	**3,132**	**124,508**	**–97**
Dividends	2,215	4,409	–50
Investments in subsidiaries/Merger of subsidiaries	5,535	3,623	53
Investments/divestments in shares and bonds	1,343	982	37
Investments in intangible and tangible assets	–2,404	–7,339	–67
Cash flow from investment activities	**6,689**	**1,675**	
Issue of securities and new borrowings	273,155	117,604	
Repayment of securities	–273,746	–86,720	
Dividend paid	–3,795	–3,242	
Cash flow from financing activities	**–4,386**	**27,642**	
NET CHANGE IN CASH AND CASH EQUIVALENTS	**5,435**	**153,825**	**–96**
Cash and cash equivalents at beginning of year	223,078	69,246	
Exchange rate differences on cash and cash equivalents	–6,056	7	
Net increase in cash and cash equivalents	5,435	153,825	–96
CASH AND CASH EQUIVALENTS AT END OF PERIOD [1]	**222,457**	**223,078**	**0**

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 2012 were approved for publication by the Board of Directors on 22 February and will be presented for adoption at the 2013 Annual General Meeting.

1 Accounting policies

SIGNIFICANT ACCOUNTING POLICIES FOR THE GROUP

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

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

Consolidation
Subsidiaries
The consolidated accounts combine the financial statements of the parent company and its subsidiaries. Subsidiaries are companies, over which the parent company has control and consequently the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Such influence is deemed to exist when, amongst other circumstances, the parent company holds, directly or indirectly, more than 50 per cent of the voting power of an entity. Companies in which the parent company or its subsidiary hold more than 50 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 though the useful life of goodwill is indefinite. For information regarding amortisation and impairment, see further comments under intangible assets.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. The minority interest of the results in subsidiaries is included in the reported results in the consolidated profit and loss account, while the minority 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. The comparative figures for the previous year in the income statement and related notes for the previous year have been adjusted as if the discontinued operations had never been part of the continuing operations.

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

Foreign currency translation
Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. On subsequent balance sheet dates monetary items in foreign currency are translated using the closing rate. Non-monetary items, which are measured in terms of historical cost in foreign currency, are translated using the exchange

rate on the date of the transaction. Non-monetary items, which are measured at fair value in a foreign currency, are translated applying the exchange rate on the date on which the fair value is determined.

Gains and losses arising as a result of exchange rate differences on settlement or translation of monetary items are recognised in profit or loss. Translation differences on non-monetary items, classified as financial assets or financial liabilities at fair value through profit or loss, are included in the change in fair value of those items. Translation differences from non-monetary items, classified as available-for-sale financial assets, are recognised in other comprehensive income. Exchange rate differences referring to monetary items comprising part of a net investment in a foreign operation are reported in the same way.

The income statements and balance sheets of Group entities, with a functional currency other than the Group's presentation currency, are translated to Swedish kronor (SEK) in the consolidated accounts. Assets and liabilities in foreign Group entities are translated at closing rate and income and expenses in the income statement are translated at the average exchange rate for the year. Resulting exchange rate differences are recognised as a separate component of other comprehensive income.

Goodwill arising in conjunction with acquisitions of foreign Group entities, as well as adjustments to the fair value of assets and liabilities made in conjunction with acquisitions is included in assets and liabilities in the foreign entity in question and is translated to the presentation currency at closing rate.

Financial assets and liabilities

Financial assets

Financial assets are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument and are measured at fair value on initial recognition. Transaction costs are included in the fair value on initial recognition except for financial assets designated at fair value through profit or loss where transaction costs are expensed in the profit and loss statement. Financial assets are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all risks and rewards. Transfers of financial assets with retention of all or substantially all risks and rewards include for example repurchase transactions and securities lending transactions.

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

Trade date accounting is applied to financial assets classified in the categories, financial assets at fair value through profit or loss and available-for-sale financial assets. Settlement date accounting is applied to the other categories of financial assets.

Financial instruments at fair value through profit and loss

Financial assets at fair value through profit or loss consist of financial assets classified as held for trading and financial assets which, upon initial recognition, have been designated at fair value through profit or loss (fair value option). Financial assets are classified as held for trading if they are held with the intention to be sold in the short-term and for the purpose of generating profits. Derivatives are classified as held for trading unless designated as hedging instruments.

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method. 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 the revaluation reserve in equity. In the case of sale or impairment of an available-for-sale financial asset, the accumulated gains or losses previously reported in equity are recognised in profit or loss. Interest on interest-bearing available-for-sale financial assets is recognised in profit or loss, applying the effective interest method. Dividends on equity instruments, classified as available-for-sale, are also recognised in profit or loss.

Investments in equity instruments without a quoted market price in an active market are measured, if possible, at fair value on the basis of a recognised valuation method. Investments in equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Reclassification

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

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

Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are either classified as held for trading or designated as fair value through profit or loss on initial recognition (fair value option). The criteria for classification of financial liabilities under the fair value option are the same as for financial assets. 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. Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item Net income from financial transactions.

Other financial liabilities

The category other financial liabilities primarily include the Group's short-term and long-term borrowings. After initial recognition other financial liabilities are measured at amortised cost, using the effective interest method. 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

The fair value of financial instruments quoted in an active market, for example derivatives, financial assets and financial liabilities held for trading, and available-for-sale financial assets, is based on quoted market prices. The current bid price is used for financial assets and the current offer price for financial liabilities. When assets and liabilities has offsetting market risks mid market prices are used for establishing fair value.

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

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

Embedded derivatives
Some combined contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and reported at fair value with gains and losses being recognised in the income statement.

Certain combined instruments are classified as financial asset or financial liability at fair value through profit or loss according to the fair value option. The designation implies that the entire combined instrument is measured at fair value through profit and loss.

Hedge accounting
Derivatives are used to hedge interest rate, exchange rate, and equity exposures. Where derivatives are held for risk management purposes, and when transactions meet the required criteria, the Group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation as appropriate to the risks being hedged. The Group documents and designates at inception the relationship between 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 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 exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When calculating future payments, all payments included in the terms and conditions of the contracts, such as advance payments, are taken into consideration. However, future credit losses are not taken into account. The calculation of effective interest rate includes fees and points to be received and paid that are an integral part of the effective interest rate, transaction costs and other premiums and discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is subsequently recognised applying the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Commissions and fees
Commission income and income in the form of fees on financial instruments are accounted for differently, depending upon the financial instrument from which the income is derived. When commission income and fees are included in the calculation of the effective interest rate of a financial instrument measured at amortised cost, such interest and fees are usually allocated over the expected tenor of the instrument applying the effective interest method.

Commission income and fees from asset management and advisory services are reported in accordance with the economic substance of each agreement. This income is usually recognised during the period in which the service is provided. Commission and fees from negotiating a transaction for a third party, such as arrangement of acquisitions or purchase or sale of a business, is recognised on completion of the transaction. Performance-based fees are reported when the income can be reliably calculated.

Fees from loan syndications in which SEB acts as arranger are reported as income when the syndication is completed and the Group has retained no part of the loan or retained a part at the same effective interest rate as other participants.

Dividend income
Dividends are recognised when the entity's right to receive payment is established.

Repurchase agreements
Securities may be lent or sold subject to a commitment to repurchase them (a 'repo') at a fixed price. Such securities are retained on the balance sheet and included separately as collateral pledged when cash consideration is received. Depending on the counterparty, payment received is recognised under Deposits by credit institutions or as Deposits and borrowing from the public.

Similarly, where the Group borrows or purchases securities subject to a commitment to resell them (a 'reverse repo') the securities are not included in the balance sheet. Payment made is recognised as Loans to credit institutions or as Loans to the public.

The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest method.

Securities borrowing and lending
Securities borrowing and lending transactions are entered into on a collateralised basis. Fair values of securities received or delivered are monitored on a daily basis to require or provide additional collateral. Cash collateral delivered is derecognised with a corresponding receivable and cash collateral received is recognised with a corresponding obligation to return it. Securities lent remain on the balance sheet and are reported as pledged assets. Borrowed securities are not recognised as assets. When borrowed securities are sold (short position), an amount corresponding to the fair value of the securities is entered as a liability. Securities received in a borrowing or lending transaction are disclosed as off-balance sheet items.

Impairment of financial assets
All financial assets, except those classified at fair value through profit or loss, are tested for impairment.

At each balance sheet date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset, and if that loss event will have an impact on the estimated future cash flows of the financial asset or 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 due that have not been paid and/or are expected to remain unpaid, or if it is deemed impossible to recover the acquisition cost by selling any collateral provided. In other cases, a specific provision is recorded in an allowance account. As soon as the non-collectible amount can be determined and the asset is written off, the amount reported in the allowance account is dissolved. Similarly, the provision in the allowance account is reversed if the estimated recovery value exceeds the carrying amount.

Appraisal of impairment

Individual appraisal of impairment

The following events are applied to establish objective evidence of impairment of individually appraised assets. Material breach of contract occurs when scheduled payments are past due by more than 60 days. The debt instrument is impaired if the cash flow or liquidity projections including the value of the collateral do not cover outstanding exposure. Quoted debt instruments are in addition subject to appraisal for impairment if there is a significant decline in fair value or rating to establish that no change is expected in cash flows. Equity instruments are considered impaired when a significant or prolonged decline in the fair value has occurred.

Collective appraisal of impairment when assets are not individually impaired

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

Loans appraised on a portfolio basis

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

Recognition of impairment loss on assets carried at amortised cost

An impairment of an individually assessed financial asset in the category loans and receivables or in the category held to maturity investments carried at amortised cost is calculated on the basis of the original effective interest rate of the financial instrument. The amount of the impairment is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (recoverable amount). If the terms of an asset are 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 a decline in the fair value is recognised and there is objective evidence of impairment in an available-for-sale financial instrument, the accumulated loss shall be reclassified from equity to profit or loss. The amount of the accumulated loss that is transferred from equity and recognised in profit or loss is equal to the difference between the acquisition cost and the current fair value, with a deduction of any impairment losses on that financial asset which had been previously recognised in profit or loss.

The incurred impairment of unquoted equities, measured at acquisition cost, is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar equities.

Impairment losses on bonds or other interest-bearing instruments classified as available-for-sale are reversed via profit or loss if the increase in fair value can be objectively attributed to an event taking place subsequent to the write down. Impairment losses for equity instruments classified as available-for-sale are not reversed through profit or loss following an increase in fair value but recognised in other comprehensive income.

Restructured loans

Restructured loans would have been considered past due or impaired if they were not restructured. After restructuring the loan it is normally regarded as not impaired.

Seized assets

Seized assets are assets taken over to protect a claim. SEB may refrain from a loan receivable and instead seize the asset that has been collateral for the loan. Seized assets may consist of financial assets, properties and other tangible assets. Seized asset are recognised on the same line item in the balance sheet as similar assets that have been acquired otherwise. Seized financial assets are categorised as available-for-sale assets. At inception seized assets are measured at fair value. The fair value at inception becomes the acquisition value or the amortised cost value. Subsequently seized assets are measured according to type of asset.

Tangible assets

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

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

Leasing

Leasing contracts are classified as finance or operating leases.

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

Investment properties

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

Intangible assets

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

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

Intangible assets with finite useful lives are amortised on a straight line basis over their useful lives and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Customer lists are amortised over 20 years and internally generated intangible assets, such as software development, are amortised over a period of between 3 and 8 years.

Intangible assets with indefinite useful lives, such as goodwill, are not amortised but tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. As regards goodwill, an impairment loss is recognised in profit or loss whenever the carrying amount, with respect to a cash-generating unit or a group of cash-generating units to which the goodwill is attributed, exceeds the recoverable amount. Impairment losses attributable to goodwill are not reversed, regardless of whether the cause of the impairment has ceased to exist.

The recoverable amount of an intangible asset is determined if there is indication of a reduction in the value of the asset. An impairment loss is recognised if the carrying amount exceeds the recoverable amount of the asset.

Provisions
Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

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

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

Employee benefits
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 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
Group company employees receive compensation through share-based incentive programmes. The compensation consists of employee stock options (equity instruments), entitling the holder to subscribe for shares in the parent company at a future date and at a predetermined price.

The total value of issued stock options is amortised over the vesting period. The vesting period is comprised of the period from the date on which the options are issued until the stipulated vesting conditions are satisfied. The total value of issued stock options equals the fair value per option, multiplied by the number of options that are expected to become exercisable, taking the vesting conditions into consideration. The allocation of this amount implies that profit and loss are impacted at the same time as the corresponding increase in equity is recognised. At each balance sheet date an assessment is made to determine if the vesting conditions will be fulfilled and the extent to which they will be fulfilled. If the conclusion of this assessment is that a lower number of options are expected to be vested during the vesting period, then the previously expensed amounts are reversed through profit or loss. This implies that in cases in which the vesting conditions are not fulfilled, no costs will be reported in profit or loss, seen over the entire vesting period.

The employee stock option programmes are hedged through the repurchase of own equity instruments (treasury shares) or through contracts to buy own equity instruments (equity swaps). However, hedge accounting is not applied, as it is deemed that such hedges do not qualify for hedge accounting under IAS 39.

Treasury shares are eliminated against equity. No gains or losses on the sale of treasury shares are recognised in profit or loss but are, instead, recognised as changes in equity.

Total return swap contracts entered into with third parties represent an obligation for the parent company to purchase its own equity instruments (own shares) at a predetermined price. Consequently, the swap contracts are classified as equity instruments. Contracts with an obligation to purchase own equity instruments give rise to a financial liability for the present value of the redemption amount, and an amount equivalent to this liability is reported as a decrease in equity.

Interest paid under the swap contracts is recognised in profit or loss and dividends received are regarded as dividends on own shares and are recognised in equity.

Taxes
The Group's tax for the period consists of current and deferred tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or from tax authorities using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Current tax is calculated based on the taxable results for the period. Deferred tax arises due to temporary differences between the tax bases of assets and liabilities and their carrying amounts.

Current tax and deferred tax are generally recognised in profit or loss. However, tax that relates to items recognised in other comprehensive income is also reported directly in other comprehensive income. Examples of such items are changes in the fair value of available-for-sale financial assets and gains or losses on hedging instruments in cash flow hedges.

Deferred tax assets are recognised in the balance sheet to the extent that it is probable that future taxable profits will be available against which they can be utilized. The Group's deferred tax assets and tax liabilities have been calculated at the tax rate of 22 per cent (26.3 per cent) in Sweden and at each respective country's tax rate for foreign companies.

Insurance and investment contracts
Insurance contracts are contracts under which the Group accepts significant insurance risk – defined as a transfer of an absolute risk of minimum 5 percent of the underlying value – from the policyholder by agreeing to compensate the policyholder or other beneficiaries on the occurrence of a defined insured event. Investment contracts are financial instruments that do not meet the definition of an insurance contract, as they do not transfer significant insurance risk from the policyholder to the Group.

Insurance contracts
Insurance contracts are classified as Short-term (non-life) or Long-term (life). Short-term insurance comprise sickness, disability, health-care, and rehabilitation insurance. Long-term insurance comprise mainly traditional life insurance within the Danish subsidiary, SEB Pension. In the Group accounts Short-term and Long-term insurance are presented aggregated as Insurance contracts. Some 95 per cent of the insurance liability is related to Long-term insurance contracts.

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

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

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

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

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

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

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

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

Measurement
Investment contracts are financial commitments whose fair value is dependent on the fair value of the underlying financial assets. The underlying assets and related liabilities are 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 to eliminate 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 accounting policies 2012
The following changes have been made 2012 with respect to this Group's accounting policies:
IAS 19 Employee Benefits – The amendment removes the possibility to use the corridor method and amortisation of actuarial gains and losses on defined benefit plans. The standard also requires an entity to apply the discount rate on the net defined benefit liability (asset) in order to calculate the net interest expense (income). The standard thereby removes the use of an expected return on the plan assets. The deficit at transition is reported in Retained earnings (equity). Subsequent remeasurements of obligations and assets are recognised in Other comprehensive income. All changes in the net defined benefit liability (asset) are recognized as they occur, as follows: (i) service cost and net interest in the Income statement; and (ii) remeasurement effects in Other comprehensive income. In connection with the change of IAS 19 the statement UFR 9, regarding accounting of tax on returns on pension funds, issued by the Swedish Financial Reporting Board has been applied. According to UFR 9 taxes related to provisions in the Statement of financial position should continuously be reported as cost in the period the tax is attributable to. For funded pension plans the tax affects Other comprehensive income in the period the tax is attributable. The new requirements are applicable from 1 January 2013 but can be applied earlier. SEB has chosen to apply the amended IAS 19 earlier. The change has a material impact on the consolidated financial statements of the Group. Since the amendment of IAS 19 affects the capital base it also has an impact on the capital adequacy.
IFRS 7 Financial instruments: Disclosures-Transfers of Financial Assets – The amendment implies new disclosures of transferred financial assets.
IAS 12 Income Taxes – The amendment describes how deferred taxes should be determined when investment properties are measured at fair value and have not had a material effect on the financial statements of the Group.
IFRS 1 Severe hyperinflation and removal of fixed dates for first-time adopters – The changes do not have any effect on the financial reports of the Group.

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 early adopt any of the new or amended standards.
IFRS 13 Fair Value Measurement – The standard defines fair value and sets out one single standard framework for measuring fair value and requires disclosures about fair value measurement. The standard should be applied from 1 January 2013. The new standard will not have a significant impact on the consolidated financial statements of the Group or its capital adequacy.
IAS 1 Presentation of Financial Statements regarding presentation of items of Other Comprehensive Income – The amendment implies that an entity should specify if the items in Other Comprehensive Income should be recycled through the income statement or not. SEB will change the Group's presentation of items of Other Comprehensive Income in 2013.
IFRS 7 Financial Instruments: Disclosures – New disclosure requirements regarding offsetting should be applied from 1 January 2013.
Improvements to IFRSs (2009–2011), IFRS 1 Government loan and IFRIC 20 Stripping costs in the production phase of a surface mine – These changes should be applied from 1 January 2013 and will not have a material impact on the financial statements of the Group.

Several standards have been issued and changed regarding consolidation: *IFRS 10 Consolidated Financial Statements, IFRS 11 Joint arrangements, IFRS 12 Disclosures of Interests in Other Entities, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.* The new and changed standards are according to IASB applicable from 1 January 2013. In EU the standards are applicable from 1 January 2014 or later. The changes will increase the disclosures in general and particularly regarding structured entities that are not consolidated. The changes are not expected to have a material effect on the Group's consolidated financial statements or on the capital adequacy.
IAS 32 Financial Instruments: Classification – 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 an impact on the financial statements of the Group.
IFRS 9 Financial Instruments – official effective date is for annual periods beginning 1 January 2015. As part of the IASB's project to replace IAS 39 Financial Instruments the IASB issued the first part of the new standard in 2009 concerning Classification and measurement. The IASB aims to replace all of IAS 39 and the two remaining phases are: Impairment methodology and Hedge accounting. As IFRS 9 is not yet complete it is not possible to assess the impact of the changes on the financial statements of the Group.

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 general advice, the parent company applies statutory IFRS. This means that the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the EU have been applied to the extent that is possible within the framework of Swedish legislation and considering the close tie between financial reporting and taxation. The accounting principles of the parent company differ, in certain aspects, from the accounting principles applied by the SEB Group. The essential differences are described below.

Presentation format
The presentation format for the balance sheet and the 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 are reported in the parent company as appropriations.

CRITICAL JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Applying the Group's accounting policies require in some cases the use of estimates and assumptions that have a material impact on the amounts reported in the financial statements. The estimates are based on expert judgements and assumptions that management believes are true and fair. The most significant assumptions and estimates are associated with the 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 judgment of the Group is that it does not have control of the entity. Control is seen to imply the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. Life insurance entities operated as mutual life insurance companies cannot pay dividends why the Group deems that it cannot obtain benefits. In Gamla Livförsäkrings AB SEB Trygg Liv there are specific policies specifying the composition of the board, which implies that the SEB Group is not able to govern the financial and operating policies of the entity.

The policyholders in SEB's unit-linked company choose to invest in a variety of funds. The insurance company providing unit-linked products invests in the funds chosen by the customers. By doing so SEB might, in some cases, hold more than 50 per cent of the funds, which it holds on behalf of the customers for whom it acts as investment manager. Due to the legislation regarding fund operations, SEB considers that it does not have the power to govern the financial and operating policies of such investment funds to obtain benefits. This applies irrespective of whether the funds held on behalf of customers are greater or less than 50 percent of a fund. It is the policyholders who carry the investment risk, not SEB. Consequently, the policyholders are entitled to all of the returns generated by the funds. SEB only charges fees, on market conditions, for managing the funds. SEB has come to the conclusion that the funds which it manages should not be consolidated. However, the shares that the Group holds in such funds on behalf of its customers are recognised in the balance sheet.

Fair value measurement of certain financial instruments
Financial assets and liabilities are primarily measured at fair value by utilising quoted prices on active markets. In the absence of quoted prices, generally accepted and well established valuation techniques based on maximum use of observable information is used. Valuation techniques applied are for example discounted cash flows, third party indicative quotes, benchmarking to instrument with similar characteristics and option pricing models. Valuation techniques are subject to regular reviews by the risk control function of the Group to ensure reliability.

Impairment testing of financial assets and goodwill
Financial assets
Testing financial assets individually for impairment requires judgement to establish the counterparty's repayment capacity and the realisable value of any collateral. The most important aspect when testing a group of financial assets collectively for impairment is to identify the events that indicate incurred losses. Adjusting models for collective impairment testing to current market situation also require a high degree of expert judgement to ensure a reliable estimate. The assessment and assumptions are regularly reviewed by the credit organisation of the Group.

Goodwill
The annual impairment test of goodwill is based on the value in use with forecasted cash flows for five years. The cash flows beyond five years are determined based on historical performance and market trends for key assumptions such as growth, revenue and costs for cash generating units to which goodwill is allocated.

Calculation of insurance liabilities
Calculation of the Group's insurance liabilities is based on a number of assumptions such as interest rates, mortality, health, expenses, persistency, inflation and taxes.

Assumption on interest rates is based on regulations from each local Financial Supervisory Authority (FSA). All other assumptions are based on internally acquired experience.

Market valuation of real estate property
Real estate properties in the insurance operations have been fair valued with the assistance of external expertise. The valuation method applied means that the related expected cash flows are discounted to present value. The assumptions concerning expected cash flows are based on assumptions on future rents, vacancy levels, operating and maintenance costs, yield requirement and market interest. Assumptions are in line with the assessments that the market can be expected to make under current market conditions. The yield requirement is based on local analyses of comparable property purchases.

Reporting of tax assets
The expected outcome of uncertain tax positions is determined as the single most likely outcome.

Actuarial calculations of pension liabilities
Valuation of the Group's pension liabilities is based on actuarial, demographic and financial assumptions. Note 9 b contains a list of the most critical assumptions used when calculating the provision.

CHANGES THAT HAVE HAD A MATERIAL EFFECT ON THE FINANCIAL REPORTS 2012

SEB opted for early adoption of the amendments in IAS 19 Employee Benefits, regarding defined benefit plans. See the section Changes in accounting policies 2012 for more information.

SEB has further developed both the valuation model and the risk measurement of counterparty credit risk. The change implies a material adjustment for counterparty credit risk (Credit Value Adjustment, CVA) that reduces the asset value of OTC derivatives. Almost the entire effect is attributable to 2011 and earlier periods. The adjustment is recognised as a change in retained earnings as of 31 December 2011 since SEB has concluded that period-specific effects for previous periods are impracticable to determine, as CVA is based on a significant amount of historical data that is not available. The effect attributable to 2012 isolated is not material. Changes attributable to the CVA effect will be recognised as Net financial income in the income statement.

In 2012 SEB's organisation was changed. The responsibility for the mid-corporate customers was moved from the Merchant Banking to the Retail division and the savings organisation within Wealth management was merged with the Retail division. In addition some minor organisational changes have been done.

The financial reporting for 2011 has been restated in accordance with the changes outlined above. For more information see note 54.

2 Operating segments

GROUP BUSINESS SEGMENTS

Income statement, 2012	Merchant Banking	Retail Banking	Wealth Management	Life [1]	Baltic	Other incl. eliminations [2]	Total
Interest income	*30,193*	*14,825*	*1,818*		*4,948*	*2,010*	**53,794**
Interest expense	*–23,227*	*–7,708*	*–1,151*	*–86*	*–2,978*	*–1,009*	**–36,159**
Net interest income	6,966	7,117	667	–86	1,970	1,001	**17,635**
Fee and commission income	*6,333*	*5,931*	*7,391*		*1,345*	*–2,664*	**18,336**
Fee and commission expense	*–1,437*	*–2,283*	*–4,147*		*–426*	*3,577*	**–4,716**
Net fee and commission income	4,896	3,648	3,244		919	913	**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	–826	**–439**
Total operating income	**15,837**	**11,180**	**4,038**	**4,621**	**3,301**	**–154**	**38,823**
of which internally generated	–1,274	5,661	–1,104	1,388	–987	–3,684	
Staff costs	–3,945	–3,024	–1,322	–1,214	–681	–4,410	**–14,596**
Other expenses	–4,465	–3,266	–1,379	–537	–1,080	4,283	**–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**	**–1,259**	**–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**

2011	Merchant Banking	Retail Banking	Wealth Management	Life [1]	Baltic	Other incl. eliminations [2]	Total
Interest income	*34,475*	*12,236*	*1,755*		*6,307*	*1,390*	**56,163**
Interest expense	*–27,336*	*–6,173*	*–1,120*	*–33*	*–4,145*	*–455*	**–39,262**
Net interest income	7,139	6,063	635	–33	2,162	935	**16,901**
Fee and commission income	*6,845*	*5,725*	*8,605*		*1,311*	*–3,463*	***19,023***
Fee and commission expense	*–1,937*	*–1,950*	*–5,016*		*–422*	*4,477*	***–4,848***
Net fee and commission income	4,908	3,775	3,589		889	1,014	**14,175**
Net financial income	4,002	302	87		365	–1,208	**3,548**
Net life insurance income				4,504		–1,307	**3,197**
Net other income	617	97	7		–33	–823	**–135**
Total operating income	**16,666**	**10,237**	**4,318**	**4,471**	**3,383**	**–1,389**	**37,686**
of which internally generated	–480	4,407	–1,270	1,406	–1,428	–2,635	
Staff costs	–3,926	–2,951	–1,388	–1,193	–701	–4,166	**–14,325**
Other expenses	–4,771	–3,638	–1,501	–536	–1,119	4,141	**–7,424**
Depreciation, amortisation and impairment of tangible and intangible assets	–227	–79	–49	–785	–133	–491	**–1,764**
Total operating expenses	**–8,924**	**–6,668**	**–2,938**	**–2,514**	**–1,953**	**–516**	**–23,513**
Gains less losses on disposals of tangible and intangible assets	–1				2	1	**2**
Net credit losses	–260	–441	–9		1,485	3	**778**
OPERATING PROFIT	**7,481**	**3,128**	**1,371**	**1,957**	**2,917**	**–1,901**	**14,953**

1) Business result in Life amounted to SEK 2,651m (3,145), of which change in surplus values was net SEK 671m (1,188).
2) Profit and losses from associated companies accounted for under the equity method are recognised in Net other income by SEK 19m (48). The aggregated investments are SEK 179m (144).

Balance sheet, 2012	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other incl. eliminations	Total
Assets	1,153,569	523,328	92,759	302,605	128,260	252,935	**2,453,456**
Liabilities	1,107,934	513,337	85,550	294,804	107,052	235,266	**2,343,943**
Investments	95	76	102	958	913	682	**2,826**

2011	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other incl. eliminations	Total
Assets	1,168,186	484,595	76,643	292,413	133,364	204,180	**2,359,381**
Liabilities	1,135,811	469,184	70,736	284,534	112,138	184,239	**2,256,642**
Investments	35	49	154	1,526	746	1,468	**3,978**

Note 2 ctd. Operating segments

GROUP BY GEOGRAPHY

	2012			2011		
	Gross Income*	Assets	Investments	Gross Income*	Assets	Investments
Sweden	54,358	1,800,044	1,318	55,549	1,822,085	1,757
Norway	5,849	140,300	66	6,177	95,313	17
Denmark	4,705	268,619	271	4,955	213,648	697
Finland	2,736	64,027	3	2,817	27,583	
Estonia	1,530	33,814	67	1,741	35,262	120
Latvia	1,505	35,433	331	1,605	35,608	581
Lithuania	2,487	58,376	522	2,820	69,812	535
Germany	8,076	298,880	34	9,544	379,671	25
Other countries	6,674	452,144	214	7,069	503,109	246
Group eliminations	–8,222	–698,181		–10,481	–822,710	
TOTAL	**79,698**	**2,453,456**	**2,826**	**81,796**	**2,359,381**	**3,978**

* 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

2012	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other incl. eliminations	Total
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**
2011							
Gross income*	21,582	6,830	1,775	92	8	30,043	**60,330**
Assets	831,462	201,143	29,821	1,021	30	725,373	**1,788,850**
Investments	30	48	12			992	**1,082**

PARENT COMPANY BY GEOGRAPHY

	2012			2011		
	Gross Income*	Assets	Investments	Gross Income*	Assets	Investments
Sweden	48,782	1,485,605	718	50,151	1,469,958	1,017
Norway	3,738	105,154	9	3,147	64,176	15
Denmark	2,531	105,194	1	2,216	95,515	5
Finland	1,033	35,502	2	929	5,865	
Other countries	3,586	177,598	9	3,887	153,336	45
TOTAL	**59,670**	**1,909,053**	**739**	**60,330**	**1,788,850**	**1,082**

* 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, institutions and real estate companies. Retail Banking offers products mainly to retail customers (private customers and small corporates). Wealth Management performs asset management and private banking activities and Life offers life, care and pension insurance. Division Baltic offers retail, asset management and private banking services in the baltic countries. Other incl eliminations consists of business support units, treasury and staff units as well as eliminations of internal transactions.

In 2012 SEB's internal organisation was changed. The responsibility for the mid-corporate customer segment was moved from the Merchant Banking to the Retail division and the savings organisation within Wealth management was merged with the Retail division.

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.

3 Net interest income

	Group			Parent company		
2012	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	163,389	2,763	1.69%	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]	426,348	6,080	1.43%	219,593	4,621	2.10%
Total interest earnings assets	**1,790,085**	**50,284**	**2.81%**	**1,332,302**	**34,933**	**2.62%**
Derivatives		3,537			3,021	
Other assets	610,365			520,839		
Total assets	**2,400,450**			**1,853,141**		
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]	712,532	–14,150	–1.99%	582,228	–13,233	–2.27%
Subordinated liabilities	24,127	–1,244	–5.16%	24,164	–1,236	–5.12%
Total interest bearing liabilities	**1,781,395**	**–32,745**	**–1.84%**	**1,438,982**	**–23,636**	**–1.64%**
Derivatives		–3,430			–2,657	
Other liabilities	513,681			341,908		
Equity	105,374			72,251		
Total liabilities and equity	**2,400,450**			**1,853,141**		
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	

2011	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	148,522	3,890	2.62%	264,463	3,906	1.48%
Loans to the public	1,121,399	41,010	3.66%	783,668	25,323	3.23%
Interest earning securities [1]	383,531	8,321	2.17%	235,977	5,442	2.31%
Total interest earnings assets	**1,653,452**	**53,221**	**3.22%**	**1,284,108**	**34,671**	**2.70%**
Derivatives		3,119			2,147	
Other assets	566,969			384,545		
Total assets	**2,220,421**			**1,668,653**		
Deposits from credit institutions	215,361	–4,025	–1.87%	275,148	–3,258	–1.18%
Deposits and borrowing from the public	757,098	–15,652	–2.07%	509,418	–7,127	–1.40%
Debt securities [2]	648,675	–14,482	–2.23%	502,521	–12,293	–2.45%
Subordinated liabilities	25,210	–1,354	–5.37%	24,635	–1,328	–5.39%
Total interest bearing liabilities	**1,646,344**	**–35,513**	**–2.16%**	**1,311,722**	**–24,006**	**–1.83%**
Derivatives		–3,788			–3,028	
Other liabilities	476,502			289,154		
Equity	97,575			67,777		
Total liabilities and equity	**2,220,421**			**1,668,653**		
Net interest income, reclassified to discontinued operations		**–138**				
Net interest income, continuing operations		**16,901**			**9,784**	
Net yield on interest earning assets, total operations			**1.03%**			**0.76%**
1) of which, measured at fair value		5,927			5,424	
2) of which, measured at fair value		–321			–168	

Net interest income

	Parent company	
	2012	**2011**
Interest income	37,954	36,818
Income from leases [1]	5,817	5,756
Interest expense	–26,293	–27,034
Depreciation of leased equipment [1]	–4,436	–4,287
TOTAL	**13,042**	**11,253**

1) In the Group Net income from leases is reclassified to interest income. In the parent company depreciation of leased equipment is reported as Depreciation, amortisation and impairment of tangible and intangible assets.

4 Net fee and commission income

	Group		Parent company	
	2012	2011	2012	2011
Issue of securities	144	252	708	1,039
Secondary market	1,487	1,821	635	690
Custody and mutual funds	6,691	7,218	2,839	2,509
Securities commissions	8,322	9,291	4,182	4,238
Payments	1,580	1,575	1,186	1,154
Card fees	4,372	4,034	179	164
Payment commissions	5,952	5,609	1,365	1,318
Advisory	502	432	401	347
Lending	2,047	1,963	1,748	1,635
Deposits	128	106	65	65
Guarantees	451	398	334	266
Derivatives	453	715	443	669
Other	481	509	425	492
Other commissions	4,062	4,123	3,416	3,474
Fee and commission income	**18,336**	**19,023**	**8,963**	**9,030**
Securities commissions	–1,286	–1,385	–365	–219
Payment commissions	–2,572	–2,301	–502	–540
Other commissions	–858	–1,162	–657	–875
Fee and commission expense	**–4,716**	**–4,848**	**–1,524**	**–1,634**
Securities commissions, net	7,036	7,906	3,817	4,019
Payment commissions, net	3,380	3,308	863	778
Other commissions, net	3,204	2,961	2,759	2,599
TOTAL	**13,620**	**14,175**	**7,439**	**7,396**

5 Net financial income

	Group		Parent company	
	2012	2011	2012	2011
Gains (losses) on financial assets and liabilities held for trading, net	4,714	4,072	4,046	3,133
Gains (losses) on financial assets and liabilities designated at fair value, net	–73	–53		
Impairments of available-for-sale financial assets	–62	–471		
TOTAL	**4,579**	**3,548**	**4,046**	**3,133**

Gains (losses) on financial assets and liabilities held for trading, net

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Equity instruments and related derivatives	518	–21	193	–188
Debt instruments and related derivatives	1,003	1,126	1,151	948
Currency related	3,205	2,965	2,702	2,373
Other financial instruments	–12	2		
TOTAL[1]	**4,714**	**4,072**	**4,046**	**3,133**

Gains (losses) on financial assets and liabilities designated at fair value, net

	Group 2012	Group 2011
Debt instruments and related derivatives	–31	–69
Currency related	–42	16
TOTAL	**–73**	**–53**

1) Includes ineffectiveness for net investment hedges in foreign operations of SEK 0m (0).

The result within Net financial income is presented based on type of underlying financial instrument. Treasury related activities are volatile due to changes in interest rates and spreads. The net effect from trading operations is fairly stable over time but shows volatility between lines. In 2011, SEB recognised an impairment loss and decline in fair value in its GIIPS debt holdings amounting to SEK 612m. The corresponding amount for 2012 was SEK 10m.

6 Net life insurance income

	Group 2012	Group 2011
Premium income, net	6,462	6,467
Income investment contracts	1,420	1,180
Investment income net	7,937	4,673
Other insurance income	382	425
Net insurance expenses	–12,773	–9,548
TOTAL	**3,428**	**3,197**

Investment income, net

	Group 2012	Group 2011
Direct yield [1]	2,723	2,939
Change in value on investments at fair value, net	6,437	1,816
Foreign exchange gain/loss, net	–165	469
	8,995	5,224
Expenses for asset management services	–75	–45
Policyholders tax	–983	–506
TOTAL	**7,937**	**4,673**

1) Net interest income, dividends received and operating surplus from properties.

Net insurance expenses

	Group 2012	Group 2011
Claims paid, net	–7,708	–9,237
Change in insurance contract provisions	–5,065	–311
TOTAL	**–12,773**	**–9,548**

7 Net other income

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Dividends	75	115	**2,215**	**3,438**
Investments in associates	19	48		
Gains less losses from investment securities	–109	–27	–139	127
Gains less losses from tangible assets[1]			65	25
Other income	–424	–271	233	1,031
TOTAL	**–439**	**–135**	**159**	**1,183**

1) See note 12 for the Group.

Dividends

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Available-for-sale investments	75	115	29	10
Dividends from subsidiaries			2,186	3,428
TOTAL	**75**	**115**	**2,215**	**3,438**

Gains less losses from investment securities

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Available-for-sale financial assets – Equity instruments	260	536	269	431
Available-for-sale financial assets – Debt instruments	311	718		
Loans		4	–63	20
Gains	**571**	**1,258**	**206**	**451**
Available-for-sale financial assets – Equity instruments	–117	–55		
Available-for-sale financial assets – Debt instuments	–563	–1,180		
Loans		–50	–345	–324
Losses	**–680**	**–1,285**	**–345**	**–324**
TOTAL	**–109**	**–27**	**–139**	**127**

Note 7 ctd. Net other income

Other income	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Fair value adjustment in hedge accounting	–68	–526	40	15
Operating result from non-life insurance, run off	15	38		
Other income	–371	217	193	1 016
TOTAL	**–424**	**–271**	**233**	**1,031**

Fair value adjustment in hedge accounting	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Fair value changes of the hedged items attributable to the hedged risk	–1,536	–5,152	–1,697	–5,234
Fair value changes of the hedging derivatives	1,615	5,040	1,737	5,201
Fair value hedges	**79**	**–112**	**40**	**–33**
Fair value changes of the hedging derivatives		48		48
Cash-flow hedges – ineffectiveness		**48**		**48**
Fair value changes of the hedged items	–772	–912		
Fair value changes of the hedging derivatives	625	450		
Fair value portfolio hedge of interest rate risk – ineffectiveness	**–147**	**–462**		
TOTAL	**–68**	**–526**	**40**	**15**

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 2013 to 2037.

Net investment hedges
The Group hedges the currency translation risk of net investments in foreign operations through currency borrowings and currency forwards. Borrowing in foreign currency to an amount of SEK 32,701m (36,313) and currency forwards to an amount of SEK 1,239m (1,139) was designated as hedges of net investments in foreign operations. Ineffectiveness has been recognised with SEK 0m (0) reported in Net financial income (note 5).

8 Administrative expenses

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Staff costs	–14,596	–14,325	–10,160	–9,021
Other expenses	–6,444	–7,424	–4,917	–5,458
TOTAL	**–21,040**	**–21,749**	**–15,077**	**–14,479**

9 Staff costs

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Base salary	–8,335	–8,265	–5,457	–5,258
Short-term variable cash-based compensation	–884	–1,124	–673	–861
Long-term equity-based compensation	–317	–287	–252	–216
Salaries and other compensations	**–9,536**	**–9,676**	**–6,382**	**–6,335**
Social charges	–2,709	–2,487	–1,944	–1,751
Defined benefit retirement plans [1]	–643	–691		
Defined contribution retirement plans [1]	–778	–721	–1,249	–485
Benefits and redundancies [2]	–452	–218	–259	–84
Education and other staff related costs	–478	–532	–326	–366
TOTAL	**–14,596**	**–14,325**	**–10,160**	**–9,021**

1) Pension costs in the Group are accounted for according to amended IAS 19, Employee benefits. Figures for 2011 have been restated accordingly. 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 128m (149) for early retirement and SEK 825m (95) for special salary tax have been charged to the pension funds of the Bank.
2) Includes costs for redundancies with SEK 350m (116) for the Group and SEK 227m (57) 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 964 (942) 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]	
2012	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
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				
2011								
Merchant Banking	–2,390	2,398	–832	2,368	–1,647	1,723	–758	1,637
Retail Banking	–2,139	3,659	–103	3,355	–1,221	2,756	–73	2,618
Wealth Management	–906	973	–223	956	–324	430	–94	409
Life	–869	1,270	–42	650				
Baltic	–489	3,148	–36	2,830				
Other [2]	–3,101	5,256	–175	4,946	–2,626	3,812	–150	3,621
TOTAL	**–9,894**	**16,704**	**–1,411**	**15,105**	**–5,818**	**8,721**	**–1,075**	**8,285**
whereof collective variable pay [3]			–219	7,854				

	SEB AG, Germany				SEB Pank AS, Estonia			
	Fixed		Variable		Fixed		Variable	
2012	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
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**
2011								
Merchant Banking	–483	505	–66	460				
Wealth Management	–158	182	–26	173				
Baltic					–142	946	–12	852
Other	–237	330	–9	334	–67	311	–6	280
TOTAL	**–878**	**1,017**	**–101**	**967**	**–209**	**1,257**	**–18**	**1,132**

	SEB Banka AS, Latvia				SEB bankas AB, Lithuania			
	Fixed		Variable		Fixed		Variable	
2012	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
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**
2011								
Baltic	–127	863	–11	777	–189	1,299	–16	1,169
Other	–44	292	–1	263	–77	419		377
TOTAL	**–171**	**1,155**	**–12**	**1,040**	**–266**	**1,718**	**–16**	**1,546**

1) Variable pay is defined as short-term cash-based compensation and long-term equity based compensation. All other remuneration is reported as fixed remuneration and includes: base pay, pensions, severance pay, fees and benefits as e.g. company car and domestic services, in accordance with FFFS 2011:1. The reported remuneration does not include social charges.
2) Including Life and Baltic in the parent company.
3) Share Savings Programme and collective short-term cash-based compensation.

Note 9 a ctd.

Remuneration by category

	Group						Parent company					
	Remuneration			FTEs			Remuneration			FTEs		
2012	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)	–1,079	–9,129	**–10,208**	964	15,614	**16,578**	–837	–9,049	**–9,886**	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**			
2011												
Fixed remuneration 1)	–1,129	–8,765	**–9,894**	942	15,762	**16,704**	–886	–4,932	**–5,818**	699	8,022	**8,721**
Variable pay 1)	–631	–780	**–1,411**	810	14,295	**15,105**	–533	–542	**–1,075**	597	7,688	**8,285**
whereof:												
Short-term cash-based	–476	–648	**–1,124**				–400	–459	**–859**			
Long-term equity-based 2)	–155	–132	**–287**				–133	–83	**–216**			
Deferred variable pay 3)	–368	–132	**–500**				–314	–83	**–397**			
Accrued and paid remuneration 4)	–1,426	–9,021	**–10,447**				–1,139	–5,391	**–6,530**			
Severance pay 5)			**–160**			**632**			**–64**			**154**
Agreed not yet paid severance pay			**–50**			**125**			**–32**			**39**
Highest single amount			**–4**						**–4**			

	SEB AG, Germany						SEB Pank AS, Estonia					
	Remuneration			FTEs			Remuneration			FTEs		
2012	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)	–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**
2011												
Fixed remuneration 1)	–136	–742	**–878**	112	905	**1,017**	–13	–196	**–209**	20	1,237	**1,257**
Variable pay 1)	–38	–63	**–101**	99	868	**967**	–4	–14	**–18**	20	1,112	**1,132**
whereof:												
Short-term cash-based	–35	–50	**–85**				–2	–12	**–14**			
Long-term equity-based 2)	–3	–13	**–16**				–2	–2	**–4**			
Deferred variable pay 3)	–19	–13	**–32**				–2	–2	**–4**			
Accrued and paid remuneration 4)	–155	–792	**–947**				–15	–208	**–223**			
Severance pay 5)			**–6**			**6**			**–4**			**97**

Note 9 a ctd.

Remuneration by category

	SEB Banka AS, Latvia						SEB bankas AB, Lithuania					
	Remuneration			FTEs			Remuneration			FTEs		
2012	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	–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	**–3**			**8**		–12	**–12**			**336**
2011												
Fixed remuneration [1]	–12	–159	**–171**	24	1,131	**1,155**	–17	–249	**–266**	23	1,695	**1,718**
Variable pay [1]	–3	–9	**–12**	24	1,016	**1,040**	–4	–12	**–16**	23	1,523	**1,546**
whereof:												
Short-term cash-based	–1	–8	**–9**				–2	–10	**–12**			
Long-term equity-based [2]	–2	–1	**–3**				–2	–2	**–4**			
Deferred variable pay [3]	–2	–1	**–3**				–2	–2	**–4**			
Accrued and paid remuneration [4]	–13	–167	**–180**				–19	–259	**–278**			
Severance pay [5]			**–4**			**68**			**–10**			**251**

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 four different programmes; a Share Savings Programme for all employees, a Performance Shares Programme for senior managers and key employees, 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 2011 nor 2012.
5) The amount also includes sign-on.

Loans to Executives

	Group		Parent company	
	2012	2011	**2012**	2011
Managing Directors and Deputy Managing Directors [1]	87	96	12	14
Boards of Directors [2]	165	256	21	32
TOTAL	**252**	**352**	**33**	**46**

1) Comprises current President in the parent company and Managing Directors and Deputy Managing Directors in subsidiaries. Total number of executives was 80 (77) of which 16 (17) female.
2) Comprises current Board members and their substitutes in the parent company and subsidiaries. Total number of persons was 193 (221) of which 49 (51) female.

Pension commitments to Executives

Pension disbursements made	102	92	54	45
Change in commitments	93	109	33	30
Commitments at year-end	2,065	1,705	853	698

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 122 (121) persons.

9 b Retirement benefit obligations

From 2012 SEB has chosen to adopt the amended IAS 19 Employee Benefits for accounting of defined benefit plans. Comparative information have been restated. The amendment removes the possibility to use the corridor method and to amortise actuarial gains and losses on defined benefit plans. The standard also requires an entity to apply the discount rate on the net defined benefit liability (asset) in order to calculate the net interest expense (income). Remeasurements of pension obligations and assets are recognised in Other comprehensive income.

DEFINED BENEFIT PLANS IN SEB GROUP

	2012			2011		
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	16,923	4,610	**21,533**	17,293	4,653	**21,946**
Curtailment, acquisitions and reclassification		23	**23**		–18	**–18**
Service costs	441	34	**475**	488	39	**527**
Interest costs	671	195	**866**	676	217	**893**
Benefits paid	–717	–246	**–963**	–726	–317	**–1,043**
Exchange differences		–187	**–187**		–40	**–40**
Remeasurements of pension obligation	2,559	729	**3,288**	–808	76	**–732**
Defined benefit obligation at the end of the year	**19,877**	**5,158**	**25,035**	**16,923**	**4,610**	**21,533**
Fair value of plan assets at the beginning of the year	14,427	3,589	**18,016**	15,472	3,951	**19,423**
Curtailment, acquisitions and reclassification					–25	**–25**
Calculated interest on plan assets	610	154	**764**	602	185	**787**
Benefits paid/contributions	2,351	–214	**2,137**	–693	–290	**–983**
Exchange differences		–114	**–114**		–28	**–28**
Valuation gains (losses) on plan assets	960	208	**1,168**	–954	–204	**–1,158**
Fair value of plan assets at the end of the year	**18,348**	**3,623**	**21,971**	**14,427**	**3,589**	**18,016**
Change in the net assets or net liabilities						
Defined benefit obligation at the beginning of the year	–2,496	–1,021	**–3,517**	–1,821	–702	**–2,523**
Curtailment, acquisitions and reclassification		–23	**–23**		–7	**–7**
Total expense in staff costs (excluding special salary tax)	–502	–75	**–577**	–562	–71	**–633**
Pension paid	717	246	**963**	726	317	**1,043**
Pension compensation	2,351	–214	**2,137**	–693	–290	**–983**
Exchange differences		73	**73**		12	**12**
Actuarial gains/losses recognised in Other Comprehensive Income	–1,599	–521	**–2,120**	–146	–280	**–426**
NET AMOUNT RECOGNISED IN THE BALANCE SHEET	**–1,529**	**–1,535**	**–3,064**	**–2,496**	**–1,021**	**–3,517**

1) Defined benefit obligations and plan assets are disclosed gross in the table. There exist no legal right to offset obligations and assets between entities in the Group, but in the balance sheet the net amount is recognised for each entity either as an asset or liability.

In 2012 SEB paid a contribution to the Swedish pension foundation of SEK 3,068m (36) which net of compensation for benefits paid amounted to SEK 2,351m. In Germany the contribution amounted to SEK 31m (35) which net gave a compensation of SEK 214m. An additional contribution of SEK 1,360m was paid to the German pension foundation in early 2013. No further contributions are expected during 2013.

Principal actuarial assumptions used, %						
Discount rate	2.8%	3.5%		4.0%	4.6%	
Inflation rate	1.5%	2.0%		2.0%	2.0%	
Expected rate of salary increase	3.5%	3.0%		3.5%	3.0%	
Expected rate of increase in the income basis amount	3.0%			3.0%		

The discount rate is based on high quality corporate bonds in a deep market, in Sweden covered bonds. The covered bonds in Sweden is at least AA-rated and the maturity is in line with the estimated maturity of obligations for post benefit employment.

A decrease of the discount rate for Sweden of 0.5% would imply an increase of the Swedish pension obligation with SEK 1,994m while the same change in inflation assumption for Sweden would have the opposite effect and decrease the obligation with SEK 1,436m. An increase of the discount rate with same ratio would reduce the obligation with SEK 1,726m and an increased inflation rate with 0.5% gives an increased obligation with SEK 1,655m. A change in expected salary increase in Sweden with –0.5% would have a positive effect on the obligation with SEK 296m and the negative effect would be SEK 332m.

The obligation in Germany would increase with SEK 168m if the discount rate was reduced with 0.25%. An increase with the same percentage would decrease the obligation with SEK 159m. If the inflation assumption for Germany increase with 0.25% the pension obligation would increase with SEK 52m and corresponding decrease would be SEK 50m at a lower inflation assumption. A change in expected salary increase in Germany with 0.25% would with a higher rate give an increase of the obligation with SEK 94m and with a lower rate reduce the obligation with SEK 91m.

	2012			2011		
Allocation of plan assets	Sweden	Foreign	Group	Sweden	Foreign	Group
Equities	12,184	560	**12,744**	11,057	502	**11,559**
where of private equities and hedge funds	*4,166*		***4,166***	*4,323*		***4,323***
Interest-bearing securities	4,972	2,966	**7,938**	2,178	2,998	**5,176**
where of hedge funds	*596*		***596***	*552*		***552***
Properties	1,192	97	**1,289**	1,192	89	**1,281**
TOTAL	**18,348**	**3,623**	**21,971**	**14,427**	**3,589**	**18,016**

The pension plan assets include SEB shares with a fair value of SEK 663m (441). Properties in Sweden are occupied by SEB. 45 per cent of the plan assets have a quoted market price, in addition to that SEK 2,719m is liquid assets.

Note 9 b ctd. Retirement benefit obligations

Amounts recognised in Income statement	2012			2011		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Service costs	–441	–34	**–475**	–488	–39	**–527**
Interest costs	–671	–195	**–866**	–676	–217	**–893**
Calculated interest on plan assets	610	154	**764**	602	185	**787**
Special salary tax	–66		**–66**	–77		**–77**
INCLUDED IN STAFF COSTS	**–568**	**–75**	**–643**	**–639**	**–71**	**–710**

Amounts recognised in Other comprehensive income						
Remeasurements of pension obligation	–2,559	–729	**–3,288**	808	–76	**732**
where of experience adjustments	*173*	*–89*	***84***	*58*	*61*	***119***
where of due to changes in actuarial assumptions	*–2,732*	*–640*	***–3,372***	*750*	*–137*	***613***
Valuation gains (losses) on plan assets	960	208	**1,168**	–954	–204	**–1,158**
INCLUDED IN OTHER COMPREHENSIVE INCOME	**–1,599**	**–521**	**–2,120**	**–146**	**–280**	**–426**

DEFINED CONTRIBUTION PLANS IN SEB GROUP

Net amount recognised in the Profit and loss	2012			2011		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Expense in Staff costs	–548	–230	**–778**	–551	–170	**–721**

DEFINED BENEFIT PLANS IN SKANDINAVISKA ENSKILDA BANKEN

Net amount recognised in the Balance sheet	Parent company	
	2012	2011
Defined benefit obligation at the beginning of the year	13,867	13,407
Imputed pensions premium	410	416
Interest costs and other changes	3,504	621
Early retirement	128	149
Pension disbursements	–706	–726
DEFINED BENEFIT OBLIGATION AT THE END OF THE YEAR	**17,203**	**13,867**
Fair value of plan assets at the beginning of the year	14,014	15,082
Contribution to pension foundation	2,929	–342
Return on assets	1,520	
Benefits paid	–706	–726
FAIR VALUE OF PLAN ASSETS AT THE END OF THE YEAR	**17,757**	**14,014**

The above defined benefit obligation is calculated according to tryggandelagen. Skandinaviska Enskilda Banken has chosen to adopt the lower discount rate of 2.2 per cent early. The lower discount rate effected the net obligation negatively and led to an additional contribution to the foundation of SEK 2,929m. 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 9,850m (10,729) and to a smaller extent interest earning SEK 4,245m (3,268). The assets include SEB shares of SEK 643m (428) and buildings occupied by the company of SEK 1,192m (1,192). The return on asset was 11 per cent (–2) before contribution and pension compensation.

Amounts recognised in the Profit and loss

	Parent company	
	2012	2011
Pension disbursements	–3,636	–726
Compensation from pension foundations	706	726
Total included in appropriations	**–2,930**	
NET PENSION COSTS FOR DEFINED BENEFIT PLANS	**–2,930**	

Principal actuarial assumptions used, %		
Gross interest rate	2.2%	3.5%
Interest rate after tax	1.9%	3.0%

The actuarial calculations are based on salaries and pensions on the balance sheet date.

Note 9 b ctd. Retirement benefit obligations

DEFINED CONTRIBUTION PLANS IN SKANDINAVISKA ENSKILDA BANKEN

	Parent company	
Net amount recognised in the Profit and loss	**2012**	**2011**
Expense in Staff costs	–1,249	–485

Pension foundations

	Pension commitments		Market value of asset	
	2012	**2011**	**2012**	**2011**
SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	17,203	13,867	17,757	14,014
SEB Kort AB:s Pensionsstiftelse	574	425	590	417
TOTAL	**17,777**	**14,292**	**18,347**	**14,431**

Retirement benefit obligations
The Group has established pension schemes in the countries where business is performed. There are both defined benefit plans and defined contribution plans. The major pension schemes are final salary defined benefit plans and are funded. The defined contribution plans follow the local regulations in each country.

Defined benefit plans
The major defined benefit plans exist in Sweden and Germany and covers substantially all employees in these countries. Independent actuarial calculations according to the Projected 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. The assets are at market value. 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 pension costs and the return on plan assets are accounted for among Staff costs.

Defined contribution plans
Defined contribution plans exist both in Sweden and abroad. In Sweden a smaller part of the retirement collective agreement is defined contribution plans. Over a certain salary level the employees can also choose to leave the defined benefit plan and replace it by a defined contribution plan. Most other countries have full defined contribution plans except for the Baltic countries where the company to a limited extent contributes to the employees retirement. The defined contribution plans are accounted for as an expense among Staff costs.

9 c Remuneration to the Board and the Group Executive Committee

Guidelines for remuneration
The guidelines for remuneration to the President and the other members of the Group Executive Committee (GEC) were prepared by the Board of Directors and its Remuneration and Human Resources Committee and approved by the Annual General Meeting 2012.

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 2012. 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 67–68.

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 and to the President and CEO, SEK

2012	Base pay	Remunerations [1]	Benefits [2]	Total
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**
2011				
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	7,000,000		1,305,801	**8,305,801**
TOTAL	**7,000,000**	**8,480,000**	**1,305,801**	**16,785,801**

1) As decided at AGM.
2) Includes benefits as domestic service and company car.
3) Remunertion to the board members on individual level is presented on page 57.

Compensation to the Group Executive Committee, SEK [1]

	Base pay	Benefits	Total
2012	34,159,985	1,713,630	**35,873,615**
2011	62,983,924	2,403,698	**65,387,622**

1) GEC excluding the President and CEO. The members partly differ between the years but in average eight (twelwe) members are included, at year end 2012 eight members were 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. In 2008 a share savings programme was introduced and from 2009 a share matching programme was included. In 2012 a share deferral programme was introduced.

Under the Share deferral programme each member of the GEC is granted an individual number of conditional share rights based on pre-determined Group and individual targets. The targets are set on an annual basis and are both financial and non-financial. 50 per cent of the share rights are delivered 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.

There is no allotment to the GEC in the Share Matching Programme 2012.

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 pre-determined performance criteria, total shareholder return in relation to the markets required return based on the interest rate of Swedish Government 10 year bonds i.e. long-term risk free interest rate (LTIR), two thirds, and the total shareholder return in relation to SEB's competitors, one third.

The share matching programme 2011 includes an own investment in Class A-shares. After three years the participant receives one matching share and, if the pre-determined performance criteria are fulfilled and the participant remains with SEB, the maximum matching is four shares for the GEC. 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

2012	Share saving	Performance shares	Share matching	Share deferral	Total
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**
2011					
President and CEO, Annika Falkengren	117,731	2,078,942	1,940,168		**4,136,841**
Other members of the GEC [1]	647,937	7,570,316	9,549,416		**17,767,669**
TOTAL	**765,668**	**9,649,258**	**11,489,584**		**21,904,510**

1) GEC excluding the President and CEO. The members partly differ between the years but in average eight (twelwe) members are included, at year end 2012 eight members were included.

Number outstanding by 2012-12-31 [1]

	Number outstanding				
	President and CEO Annika Falkengren	Other members of the GEC	Total	First day of exercise	Performance criteria
2009: Performance shares	134,409	248,015	**382,424**	2012	actual vesting 50%
2010: Performance shares	131,578	411,181	**542,759**	2013 [2]	current vesting 82%
2009: Savings shares	5,174	11,780	**16,954**	2013-02-18	–
2010: Matching rights	28,909	92,146	**121,055**	2013 [3]	current match 1.70
2011: Matching rights	35,236	107,911	**143,147**	2014 [3]	current match 0.74
2012: Share rights	121,559	344,008	**465,567**	2015;2017 [4]	–

1) Share matching programme 2009 vested in 2012 with maximum 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 Exercise period starts 2015, shares are restriced until 2016.

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 to a value of SEK 2,455,844 (0). The corresponding value for GEC excluding the President is SEK 17,972,880 (2,440,232).

Pension and severance pay

Under the pension agreement of the President pension is payable from the age of 60. The pension plan is defined benefit-based and inviolable. Pension is paid at the rate of 65 per cent of the pensionable income. Pensionable income is a fixed amount. Termination of employment by the Bank is subject to a maximum 18-month period of notice and entitles to a severance pay of 6 months' salary.

As regards pension benefits and severance pay the following is applicable to the members of the GEC excluding the President. The pension plans are inviolable and defined benefit-based except for three that are defined contribution-based. In the defined benefit plans the pension is payable from the age of 60 or 65, the rate is maximum 65 per cent of pensionable income. Pensionable income is limited to individual ceilings. Termination of employment by the Bank is subject to a maximum 12-month period of notice and entitles to a severance pay of 12 months' salary.

The aim is that all pension agreements shall be defined contribution based and a transition in that direction has started for both new and existing members of the Group Executive Committee.

Pension costs (service costs and interest costs), SEK

	President and CEO, Annika Falkengren	Other members of the GEC [1]	Total
2012	7,470,741	17,630,263	**25,101,004**
2011	6,735,388	24,077,034	**30,812,422**

1) GEC excluding the President and CEO. The members partly differ between the years but in average eight (twelwe) members are included, at year end 2012 eight members were included.

Note 9 c ctd. Remuneration to the Board and the Group Executive Committee

Related party disclosures*, SEK

Loans to conditions on the market	Group 2012	Group 2011
The Board and the Group Executive Committee	87,407,561	96,297,150
Other related parties	9,238,185	17,764,250
TOTAL	**96,645,746**	**114,061,400**

* For information about related parties such as Group companies and Associated companies see note 46.

9 d Share-based payments

Long-term equity-based programmes	2012 Share deferral programme	2012 Share matching programme	2012 Share savings programme	2012 Performance shares	2011 Share matching programme	2011 Share savings programme	2011 Performance shares
Outstanding at the beginning of the year		4,829,938	6,971,338	19,080,693	2,984,111	5,133,685	24,945,108
Granted	1,199,504	1,781,907	1,888,248	113,593	1,880,143	2,285,536	491,970
Forfeited 1)	–7,779			–724,750			–1,440,673
Exercised 2)		–1,816,143	–1,320,185	–2,164,309	–34,316	–447,828	–708,383
Expired			–44	–2,386,825		–55	–4,207,329
OUTSTANDING AT THE END OF THE YEAR	**1,191,725**	**4,795,702**	**7,539,357**	**13,918,402**	**4,829,938**	**6,971,338**	**19,080,693**
of which exercisable				1,650,073			1,333,959

1) Weighted average exercise price forfeited PSP SEK 10.00 (10.00).
2) Weighted average exercise price exercised PSP SEK 10.00 (10.00) and weighted average share price at PSP exercise SEK 48.52 (50.42).

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.

Total Long-term equity-based programmes

	Original no of holders 3)	No of issued (maximum outcome)	No of outstanding 2012	No of outstanding 2011	A-share per option/share	Exercise price	Validity	First date of exercise
2005: Performance shares	537	5,725,120		653,898	1	10	2005–2012	2008-02-14
2006: Performance shares	513	4,727,446	200,231	680,061	1	10	2006–2013	2009-02-12
2007: Performance shares	509	4,044,928			1	10	2007–2014	2010-02-17
2008: Performance shares	485	4,669,706			1	10	2008–2015	2011-02-11
2009: Performance shares	344	5,493,837	1,449,842	4,843,435	1	10	2009–2016	2012 1)
2010: Performance shares	698	18,900,000	12,268,329	12,903,299	1	10	2010–2017	2013 1)
2008: Share savings programme	7,300	3,818,031	1,554,112	2,621,726	1 or 2.34		2008–2013	2012-02-13
2009: Share savings programme	5,600	2,326,652	2,014,791	2,116,923	1		2009–2014	2013-02-18
2010: Share savings programme	5,200	2,285,536	2,131,959	2,232,690	1		2010–2015	2014-02-11
2011: Share savings programme	5,050	1,888,248	1,838,495		1		2011–2016	2015-02-16
2009: Share matching programme – deferral rights	58	5,265,689		1,715,401	3 or 4		2009–2012	2012 2)
2010: Share matching programme – deferral rights	39	2,592,546	864,182	864,182	3		2010–2013	2013 2)
2010: Share matching programme – own investment	44	1,386,435	374,476	389,231	3 or 4 or 5		2010–2013	2013 2)
2011: Share matching programme – deferral rights	118	2,053,722	508,850	508,850	4 or 5		2011–2014	2014 2)
2011: Share matching programme – own investment	401	5,574,428	1,284,234	1,352,274	4 or 5		2011–2014	2014 2)
2012: Share matching programme – deferral rights	147	3,718,360	935,353	0	4		2012–2019	2015 2)
2012: Share matching programme – own investment	285	3,305,808	828,607	0	4		2012–2019	2015 2)
2012: Share deferral programme	86	1,199,504	1,191,725	0	1		2012–2021	2015/2017 2)
TOTAL		**78,975,996**	**27,445,186**	**30,881,970**				

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.

There are no outstanding options from employee stock options 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 2009 programme vested in 2012 with a final outcome of 50 per cent.

As from 2008 Share Savings Programmes for all employees in selected countries have been introduced. In the Share Savings Programmes the participants may save a maximum of five per cent of their gross base salary during a twelve months period. For the savings amount, Class A-shares are purchased at current stock exchange rate four times a year following the publication of the Bank's interim reports. If the shares are retained by the employee for three years and the employee remains with SEB, the employee will receive one Class A-share for each retained share. The first purchase in the 2012 programme was performed after the publication of the annual accounts in January 2013. Twelve countries are included in the 2012 programme.

From 2009 a Share Matching Programme for a number of selected senior executives and other key employees has been introduced. In 2011 the programme also replaced the Performance Share Programme. The programmes are based on performance, have a vesting period of three years and are settled with SEB Class A-shares. All programmes require own investment in Class A-shares. The investment amount is pre-determined and capped for each participant.

After three years, if still employed, the participant receives one Class A-share for each invested share and a conditional number of performance based matching shares for each invested share.

The number of performance based matching shares will depend on the development of two pre-determined performance criteria; in the 2012 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 2012 year's programme is approximately 41 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 2012 to SEK 31 (38) and for the performance based matching rights to SEK 18 (23) (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 (54) (based on historical values); expected dividend approximately 3 (3) per cent; risk free interest rate 1.00 (1.88) 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.

In 2012 a Share Deferral Programme was 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 and non-financial, set on an annual basis.

50 per cent of the share rights are delivered 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 2012 to SEK 41 for vesting after three years and SEK 38 for vesting after five years (based upon an average closing price of one SEB Class A-share at the time of grant during the month of April).

Further details of the outstanding programmes are found in the table.

9 e Number of employees

Average number of employees	Group			Parent company		
2012	Men	Women	Total	Men	Women	Total
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**
2011						
Sweden	4,293	4,546	**8,839**	3,763	3,890	**7,653**
Norway	292	216	**508**	175	104	**279**
Denmark	416	315	**731**	141	72	**213**
Finland	165	174	**339**	99	99	**198**
Estonia	366	1,166	**1,532**			
Latvia	400	1,119	**1,519**	66	137	**203**
Lithuania	616	1,559	**2,175**	54	129	**183**
Germany	742	684	**1,426**	77	13	**90**
Poland	31	39	**70**	18	18	**36**
Ukraine	279	651	**930**			
China	11	18	**29**	11	18	**29**
Great Britain	138	71	**209**	119	65	**184**
France	1		**1**	1		**1**
Ireland	30	37	**67**			
Luxembourg	120	116	**236**			
Russia	39	78	**117**			
Singapore	42	61	**103**	36	59	**95**
United States	38	18	**56**	27	17	**44**
Other[1)]	14	11	**25**	7	5	**12**
TOTAL	**8,033**	**10,879**	**18,912**	**4,594**	**4,626**	**9,220**

1) Switzerland, British Virgin Island, Brazil and Hong Kong.

Number of hours worked in parent company 15,424,063 (15,214,657).

10 Other expenses

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Costs for premises [1]	–1,625	–1,680	–1,080	–1,083
Data costs	–2,910	–3,907	–1,984	–2,833
Stationery	–110	–112	–73	–68
Travel and entertainment	–429	–493	–298	–338
Postage	–160	–168	–117	–117
Consultants	–730	–946	–550	–689
Marketing	–430	–511	–219	–292
Information services	–444	–445	–371	–363
Other operating costs [2]	394	838	–225	325
TOTAL	**–6,444**	**–7,424**	**–4,917**	**–5,458**
1) Of which rental costs	–1,174	–1,186	–816	–804

2) Net after deduction for capitalised costs, see also note 27.

Fees and expense allowances to appointed auditors and audit firms [1]

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Audit assignment	–28	–28	–10	–7
Audit related services	–18	–21	–3	–7
Tax advisory	–15	–10	–8	–1
Other services	–40	–23	–18	–4
PricewaterhouseCoopers	**–101**	**–82**	**–39**	**–19**
Audit assignment	–1	–1		
Tax advisory	–1	–1		
Other services		–1		
Other audit firms	**–2**	**–3**		
TOTAL	**–103**	**–85**	**–39**	**–19**

1) The parent company includes the foreign branches.

In addition to the above mentioned there have also been fees and expense allowances to appointed auditors and audit firms during 2012 and 2011 in relation to divestment of German retail operations which amounts to SEK 38m (119) for Other services. These fees relate to a number of services in relation to the Retail Germany divestment project such as dataroom and project management, advice on separation issues, IT and accounting.

Audit assignment is defined as the audit of annual financial statements, the administration of the Board of Directors and the President, other tasks resting upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing audit work or implementation of such tasks. The audit related services include quarterly reviews, regulatory reporting and services in connection with issuing of certificates and opinions. Tax advisory include general expatriate services and other tax services work. Other services include consultation on financial accounting, services related to M&A activities, operational effectiveness and assessments of internal control.

11 Depreciation, amortisation and impairment of tangible and intangible assets

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Depreciation of tangible assets	–486	–484	–121	–109
Depreciation of equipment leased to clients			–4,436	–4,287
Amortisation of intangible assets	–510	–505	–437	–318
Amortisation of deferred acquisition costs	–837	–745		
Impairment of tangible assets	–17	–4		
Impairment of intangible assets		–26	–2	–60
Impairment of goodwill				–110
Retirement and disposal of intangible assets [1]	–762		–450	
TOTAL	**–2,612**	**–1,764**	**–5,446**	**–4,884**

1) Whereof –753 as a result of a strategic review of IT-infrastructure projects. Parts of the development have no expected future economic benefits, and are therefore derecognised.

12 Gains less losses from disposals of tangible and intangible assets

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Properties	7			
Other tangible assets		8	65	25
Gains from disposals	**7**	**8**	**65**	**25**
Properties		–2		
Other tangible assets	–6	–4		
Losses from disposals	**–6**	**–6**		
TOTAL	**1**	**2**	**65**	**25**

13 Net credit losses

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Provisions:				
Net collective provisions for individually assessed loans	104	707	–154	–31
Net collective provisions for portfolio assessed loans	–148	68	–33	–35
Specific provisions	–532	–800	–114	–316
Reversal of specific provisions no longer required	557	1,421	128	78
Net provisions for contingent liabilities	23	68		
Net provisions	**4**	**1,464**	**–173**	**–304**
Write-offs:				
Total write-offs	–2,892	–2,705	–542	–718
Reversal of specific provisions utilized for write-offs	1,814	1,909	259	541
Write-offs not previously provided for	–1,078	–796	–283	–177
Recovered from previous write-offs	137	110	71	24
Net write-offs	**–941**	**–686**	**–212**	**–153**
TOTAL	**–937**	**778**	**–385**	**–457**

14 Appropriations

	Parent company 2012	Parent company 2011
Compensation from pension funds, pension disbursements	706	726
Pension disbursements	–3,636	–726
Pension compensation	**–2,930**	**0**
Appropriations to/utilisation of untaxed reserves	–1,291	
Group contribution	1,053	971
Accelerated tax depreciation	–7	–1,119
Appropriations	**–245**	**–148**
TOTAL	**–3,175**	**–148**

15 Income tax expense

Major components of tax expense	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Current tax	–2,187	–2,601	–1,289	–2,122
Deferred tax	149	–400		
Tax for current year	–2,038	–3,001	–1,289	–2,122
Current tax for previous years	–55	59	–86	10
INCOME TAX EXPENSE	**–2,093**	**–2,942**	**–1,375**	**–2,112**

Relationship between tax expenses and accounting profit

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Net profit from continuing operations	12,142	12,011	4,764	7,851
Income tax expense	2,093	2,942	1,375	2,112
Accounting profit before tax	**14,235**	**14,953**	**6,139**	**9,963**
Current tax at Swedish statutory rate of 26.3 per cent	–3,744	–3,932	–1,615	–2,620
Tax effect relating to other tax rates in other jurisdictions	193	495		
Tax effect relating to not tax deductible expenses	–109	–110	–336	–417
Tax effect relating to non taxable income	474	448	662	915
Tax effect relating to a previously recognised tax loss, tax credit or temporary difference	533	180		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	466	318		
Current tax	**–2,187**	**–2,601**	**–1,289**	**–2,122**
Tax effect relating to origin and reversal of tax losses, tax credits and temporary differences	–533	–180		
Tax effect relating to changes in tax rates or the imposition of new taxes	1,131	84		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	–396	–291		
Tax effect relating to impairment or reversal of previous impairments of a deferred tax asset	–53	–13		
Deferred tax	**149**	**–400**		
Current tax for previous years	**–55**	**59**	**–86**	**10**
INCOME TAX EXPENSE	**–2,093**	**–2,942**	**–1,375**	**–2,112**

See also note 29 Other assets for current and deferred tax assets and note 35 Other liabilities for current and deferred tax liabilities

Note 15 ctd. Income tax expense

Deferred tax income and expense recognised in income statement	Group 2012	Group 2011
Accelerated tax depreciation	1,196	–207
Pension plan assets, net	–671	164
Tax losses carry forwards	–207	–153
Other temporary differences	–169	–204
TOTAL	**149**	**–400**

Deferred tax assets and liabilites where the change is not reported as change in deferred tax amounts to SEK 59m (7) and is explained by currency translation effect.

16 Earnings per share

Continuing operations	Group 2012	Group 2011
Net profit attributable to equity holders, SEKm	12,120	11,974
Weighted average number of shares, millions	2,191	2,194
Basic earnings per share, SEK	5.53	5.46
Net profit attributable to equity holders, SEKm	12,120	11,974
Weighted average number of diluted shares, millions	2,199	2,204
Diluted earnings per share, SEK	5.51	5.43
Discontinued operations		
Net profit attributable to equity holders, SEKm	–488	–1,155
Weighted average number of shares, millions	2,191	2,194
Basic earnings per share, SEK	–0.22	–0.53
Net profit attributable to equity holders, SEKm	–488	–1,155
Weighted average number of diluted shares, millions	2,199	2,204
Diluted earnings per share, SEK	–0.22	–0.52
Total operations		
Net profit attributable to equity holders, SEKm	11,632	10,819
Weighted average number of shares, millions	2,191	2,194
Basic earnings per share, SEK	5.31	4.93
Net profit attributable to equity holders, SEKm	11,632	10,819
Weighted average number of diluted shares, millions	2,199	2,204
Diluted earnings per share, SEK	5.29	4.91

Dilution	Group 2012	Group 2011
Weighted average number of shares, millions	2,191	2,194
Adjustment for diluted weighted average number of additional Class A-shares, millions	8	10
Weighted average number of diluted shares, millions	2,199	2,204

17 Other comprehensive income

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Items that may be reclassified subsequently to profit or loss:				
Valuation gains (losses) during the year	1,821	715	940	74
Income tax on valuation gains (losses) during the year	–476	–87	–247	–19
Transferred to profit or loss for the year	–80	255		–26
Income tax on transfers to profit or loss for the year	11	–161		7
Available for sale assets	**1,276**	**722**	**693**	**36**
Valuation gains (losses) during the year	442	1,960	445	1,969
Income tax on valuation gains (losses) during the year	–33	–516	–54	–518
Transferred to profit or loss for the year	220	115	220	115
Income tax on transfers to profit or loss for the year	–48	–30	–27	–30
Cash flow hedges	**581**	**1,529**	**584**	**1,536**
Translation of foreign operations	–386	–134	–72	44
Translation of foreign operations	**–386**	**–134**	**–72**	**44**
Taxes on translation effects	–284	–76		
Taxes on translation effects	**–284**	**–76**		

Note 17 ctd. Other comprehensive income

	Group		Parent company	
	2012	2011	2012	2011
Items that will not be reclassified to profit or loss:				
Remeasurement of pension obligations, including special salary tax	–3,847	1,019		
Valuation gains (losses) on plan assets during the year	1,168	–1,158		
Deferred tax on pensions	676	51		
Defined benefit plans	**–2,003**	**–88**		
Other		–454		–452
Other		**–454**		**–452**
TOTAL	**–816**	**1,499**	**1,205**	**1,164**

The method used to hedge currency risks related to foreign operations creates a tax expense (tax income) in the parent company. Fair value changes on the hedging instruments impacts taxable result contrary to the currency revaluation of the foreign operations. In the Group this tax effect is reported in Other comprehensive income.

18 Risk disclosures

Managing risk is a core activity in a bank and therefore fundamental to long-term profitability and stability. Risk is closely related to business activities and business development and, therefore, to customer needs.

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

Further information about credit risk, market risk, insurance risk, operational risk, business and strategic risk together with liquidity risk and the management of those risks are found under the section Risk, liquidity and capital management (page 38–53) of the report of directors, which also forms part of the financial statements .

18 a Credit risk

Of the various risks that SEB assumes in providing its customers with financial solutions and products, credit risk is the most significant. Credit risk is the risk of loss due to the failure of an obligor to fulfil its obligations towards SEB. The definition also encompasses counterparty risk in the trading operations, country risk, concentration risk and settlement risk. Credit risk is calculated for all assets, both in the banking book and the trading book.

The overriding principle of SEB's credit granting is that all lending shall be based on credit analysis and be proportionate to the customer's ability to repay.

For more information regarding credit risk see page 42–44.

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	2012	2011	2012	2011	2012	2011	2012	2011
Banks	**76,838**	**72,114**	**17,918**	**18,215**	**76,162**	**64,319**	**170,918**	**154,648**
Finance and insurance	49,006	40,538	31,893	31,265	10,616	13,089	**91,515**	**84,892**
Wholesale and retail	36,046	38,623	29,452	30,185	491	368	**65,989**	**69,176**
Transportation	32,605	29,591	12,950	11,972	930	503	**46,485**	**42,066**
Shipping	31,379	29,427	9,585	11,165	935	759	**41,899**	**41,351**
Business and household services	76,279	72,451	60,703	55,788	2,878	3,127	**139,860**	**131,366**
Construction	7,840	7,766	12,914	11,442	302	232	**21,056**	**19,440**
Manufacturing	81,509	81,681	111,479	110,342	5,916	6,493	**198,904**	**198,516**
Agriculture, forestry and fishing	9,360	7,342	1,428	1,629	227	93	**11,015**	**9,064**
Mining and quarrying	12,016	13,000	16,394	17,656	374	629	**28,784**	**31,285**
Electricity, gas and water supply	26,881	22,648	23,667	25,633	3,899	4,017	**54,447**	**52,298**
Other	23,163	25,419	6,756	2,503	456	560	**30,375**	**28,482**
Corporates	**386,084**	**368,486**	**317,221**	**309,580**	**27,024**	**29,870**	**730,329**	**707,936**
Commercial real estate management	133,698	131,658	14,471	13,419	5,553	5,393	**153,722**	**150,470**
Residential real estate management	79,826	80,575	8,712	6,591	5,284	4,799	**93,822**	**91,965**
Housing co-operative association, Sweden	36,437	34,966	4,087	2,859	43	44	**40,567**	**37,869**
Property Management	**249,961**	**247,199**	**27,270**	**22,869**	**10,880**	**10,236**	**288,111**	**280,304**
Public Administration	**57,670**	**64,448**	**13,723**	**15,839**	**4,970**	**4,017**	**76,363**	**84,304**
Household mortgage	402,052	368,346	23,412	24,432			**425,464**	**392,778**
Other	43,233	44,567	42,160	37,635	35	26	**85,428**	**82,228**
Households	**445,285**	**412,913**	**65,572**	**62,067**	**35**	**26**	**510,892**	**475,006**
Credit portfolio	**1,215,838**	**1,165,160**	**441,704**	**428,570**	**119,071**	**108,468**	**1,776,613**	**1,702,198**
Repos							**26,932**	**40,623**
Debt instruments							**272,481**	**249,681**
TOTAL							**2,076,026**	**1,992,502**

The table includes volumes from retail in Ukraine 2011 reclassified to Assets held for sale in the balance sheet.

Note 18 a ctd. Credit risk

Credit portfolio by industry and geography*

Group 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**

2011	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**75,407**	**14,537**	**11,243**	**1,262**	**119**	**529**	**574**	**37,854**	**13,123**	**154,648**
Finance and insurance	57,651	799	4,613	478	174	520	446	17,302	2,909	**84,892**
Wholesale and retail	36,339	1,549	840	520	2,563	3,384	7,476	11,353	5,152	**69,176**
Transportation	27,941	304	1,475	118	1,114	1,897	2,216	6,703	298	**42,066**
Shipping	33,573	149	447	193	591	149	260	14	5,975	**41,351**
Business and household services	95,486	954	6,698	543	2,155	2,094	2,167	19,671	1,598	**131,366**
Construction	11,663	174	482	252	938	1,254	1,047	2,844	786	**19,440**
Manufacturing	135,083	2,203	4,212	4,469	3,693	1,868	6,762	30,965	9,261	**198,516**
Agriculture, forestry and fishing	4,720	358	10	31	1,098	1,932	568	35	312	**9,064**
Mining and quarrying	20,255	105	10,346	267	25	128	95		64	**31,285**
Electricity, gas and water supply	29,492	242	585	3,455	2,468	1,627	1,884	11,810	735	**52,298**
Other	18,813	746	2,433	182	262	297	228	1,055	4,466	**28,482**
Corporates	**471,016**	**7,583**	**32,141**	**10,508**	**15,081**	**15,150**	**23,149**	**101,752**	**31,556**	**707,936**
Commercial real estate management	85,057	304	1,718	546	5,449	2,905	10,508	43,982	1	**150,470**
Residential real estate management	65,284		81			1,845	14	24,741		**91,965**
Housing co-operative association, Sweden	37,869									**37,869**
Property Management	**188,210**	**304**	**1,799**	**546**	**5,449**	**4,750**	**10,522**	**68,723**	**1**	**280,304**
Public Administration	**19,107**	**17**	**219**	**1,210**	**1,806**	**158**	**2,622**	**57,589**	**1,576**	**84,304**
Household mortgage	346,117		3,037		14,122	8,289	18,431		2,782	**392,778**
Other	41,639	4,488	21,974	1,192	2,676	2,932	1,553	7	5,767	**82,228**
Households	**387,756**	**4,488**	**25,011**	**1,192**	**16,798**	**11,221**	**19,984**	**7**	**8,549**	**475,006**
TOTAL	**1,141,496**	**26,929**	**70,413**	**14,718**	**39,253**	**31,808**	**56,851**	**265,925**	**54,805**	**1,702,198**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

The table includes volumes from the retail in SEB Ukraine reclassified to Assets held for sale in the balance sheet.

Note 18 a ctd. Credit risk

Loan portfolio by industry and geography*

Group 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**

2011	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**28,206**	**3,981**	**3,044**	**193**	**112**	**493**	**344**	**25,581**	**10,160**	**72,114**
Finance and insurance	26,160	105	1,593	2	38	349	8	9,674	2,609	40,538
Wholesale and retail	19,616	1,046	419	407	1,769	2,247	5,524	3,970	3,625	38,623
Transportation	21,676	152	1,118	5	677	1,524	1,989	2,196	254	29,591
Shipping	23,307	50	45	193	289	147	259	14	5,123	29,427
Business and household services	55,067	462	2,699	356	1,889	1,445	1,574	7,915	1,044	72,451
Construction	5,234	163	247	52	376	784	534	330	46	7,766
Manufacturing	54,145	981	624	4,186	2,313	1,582	4,548	8,275	5,027	81,681
Agriculture, forestry and fishing	3,716	104	7	31	983	1,691	507		303	7,342
Mining and quarrying	12,483		13	267	23	114	95		5	13,000
Electricity, gas and water supply	11,335	35	95	3,434	1,154	1,027	1,523	3,663	382	22,648
Other	16,828	744	2,110	156	245	278	212	965	3,881	25,419
Corporates	**249,567**	**3,842**	**8,970**	**9,089**	**9,756**	**11,188**	**16,773**	**37,002**	**22,299**	**368,486**
Commercial real estate management	72,147	89	856	525	5,252	2,828	10,094	39,866	1	131,658
Residential real estate management	55,571		79			1,798	14	23,113		80,575
Housing co-operative association, Sweden	34,966									34,966
Property Management	**162,684**	**89**	**935**	**525**	**5,252**	**4,626**	**10,108**	**62,979**	**1**	**247,199**
Public Administration	**4,909**	**18**	**127**	**1,210**	**1,493**	**89**	**2,067**	**52,959**	**1,576**	**64,448**
Household mortgage	321,932		3,037		14,088	8,260	18,247		2,782	368,346
Other	24,496	2,533	8,940	744	2,120	2,174	1,031	6	2,523	44,567
Households	**346,428**	**2,533**	**11,977**	**744**	**16,208**	**10,434**	**19,278**	**6**	**5,305**	**412,913**
TOTAL	**791,794**	**10,463**	**25,053**	**11,761**	**32,821**	**26,830**	**48,570**	**178,527**	**39,341**	**1,165,160**
Repos, credit institutions										30,201
Repos, general public										72,244
Debt instruments reclassified										60,327
Reserves										–10,801
Retail SEB Ukraine, gross										–2,145
TOTAL LENDING										**1,314,986**

* The geographical distribution is based on where the loan is booked.

Note 18 a ctd. Credit risk

Impaired loan by industry and geography*

Group 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**
Public Administration										
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**

2011	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	**345**	**4**					**1**	**1**		**351**
Finance and insurance	22		3	4	1					**30**
Wholesale and retail	67				72	246	334	112		**831**
Transportation	15		3		3	50	170	4		**245**
Shipping	4						87			**91**
Business and household services	105	107			43	57	270	11	5	**598**
Construction	41	5	1		94	199	118	51	19	**528**
Manufacturing	84	5	8		221	68	313	199	33	**931**
Agriculture, forestry and fishing	3				3	54	12		14	**86**
Mining and quarrying						22			12	**34**
Electricity, gas and water supply					3	1				**4**
Other	127		9		15	16		4	240	**411**
Corporates	**468**	**117**	**24**	**4**	**455**	**713**	**1,304**	**381**	**323**	**3,789**
Commercial real estate management	48				340	839	3,209	1,471		**5,907**
Residential real estate management	25					177		216		**418**
Housing co-operative association, Sweden	12									**12**
Property Management	**85**				**340**	**1,016**	**3,209**	**1,687**		**6,337**
Public Administration										
Household mortgage			10				94			**104**
Other		3	43			194		2	267	**509**
Households		**3**	**53**			**194**	**94**	**2**	**267**	**613**
TOTAL	**898**	**124**	**77**	**4**	**795**	**1,923**	**4,608**	**2,071**	**590**	**11,090**
whereof Retail, SEB Ukraine										**–445**
Total excl Retail, SEB Ukraine										**10,645**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Note 18 a ctd. Credit risk

Portfolio assessed loans past due more than 60 days*

Group 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**

2011	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Corporates	**20**	**11**	**47**	**7**	**192**	**207**	**135**		**2**	**621**
Household mortgage	481				537	1,480	1,231		94	**3,823**
Household mortgage restructured					47	128	326			**501**
Other	672	269	330	59	99	336	149		125	**2,039**
Households	**1,153**	**269**	**330**	**59**	**683**	**1,944**	**1,706**		**219**	**6,363**
TOTAL	**1,173**	**280**	**377**	**66**	**875**	**2,151**	**1,841**		**221**	**6,984**
whereof Retail, SEB Ukraine										**–219**
Total excl Retail, SEB Ukraine										**6,765**

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

Exposure on GIIPS countries

	Greece		Italy		Portugal		Spain [1) 2)]		Ireland [1)]	
Group 2012	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Sovereign bonds										
Nominal amount		757	281	303						
Fair Value		181	265	235						
Covered bonds										
Nominal amount							7,629	8,839	441	457
Fair Value							6,447	7,286	456	348
Asset backed securities										
Nominal amount	275	349	355	665	358	493	1,396	1,751	603	651
Fair Value	272	339	345	639	352	473	1,338	1,642	597	618
Banks										
Nominal amount								23		
Fair Value								23		

1) The interest rate risk in the covered bonds is managed by intererst rate swaps where the change in valuation is recognised as other comprehensive income. The accumulated OCI 2012 was SEK –1,160m (–821).
2) Short positions as of December 2012, nominal amount of SEK –468m and book value SEK –476m, are excluded in the table. Corresponding amount as of December 2011 was nominal amount SEK –618m and book value –582m.

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 50–51.

The tables (page 107–108) presents cash flows by remaining contractual maturities at the balance sheet date and applies the earliest date which the Group can be required to pay regardless of probability assumptions. The amounts disclosed in maturities are un-discounted cash flows. Trading positions, excluding derivative fair values based on discounted cash flows, are reported within < 3 months, though contractual maturity may extend over longer periods, which reflects the short-term nature of the trading activities. Off-balance sheet items such as loan commitments are mainly reported within < 3 months to reflect the on demand character of the instruments. The following liabilities recognized on the balance sheet are excluded as the bank does not consider them to be contractual; provisions, deferred tax and liabilities to employees for share-based incentive programmes. Derivative contracts that settle on a gross basis are part of the Group's liquidity management and the table below includes separately the gross cash flows from those contracts.

The Group's derivatives that will be settled on a gross basis include:
– Foreign exchange derivatives: currency forward deals, currency swaps and
– Interest rate derivatives: cross currency interest rate swaps.

Note 18 b ctd. Liquidity risk

Group 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

	< 3 months	3 < 12 months	1 < 5 years	> 5 years	No maturity	Discount effect	Total
Currency-related	2,096,181	789,225	152,770	48,532			**3,086,708**
Interest-related	3,960	6,186	45,991	50,760			**106,897**
Total derivative outflows	**2,100,141**	**795,411**	**198,761**	**99,292**			**3,193,605**
Total derivative inflows	**2,217,367**	**859,281**	**192,160**	**49,489**			**3,318,297**

2011

	< 3 months	3 < 12 months	1 < 5 years	> 5 years	No maturity	Discount effect	Total
Deposits from credit institutions	176,773	4,556	5,893	18,523		–4,471	**201,274**
Deposits and borrowing from the public	740,219	42,282	30,468	62,231	6	–13,524	**861,682**
Liabilities to policyholders – investment contracts	157,961	1,424	3,881	17,722			**180,988**
Debt securities	212,214	76,972	271,081	54,641		–25,035	**589,873**
Trading liabilities	80,156					–339	**79,817**
Trade and client payables	31,440	12	14		66		**31,532**
Subordinated liabilities	94	231	12,614	18,813		–6,643	**25,109**
Total	**1,398,857**	**125,477**	**323,951**	**171,930**	**72**	**–50,012**	**1,970,275**
Other liabilities (non-financial)	**107,217**	**1,740**	**2,828**	**4,950**	**1,990**		**118,725**
Off-balance sheet items							
Loan commitments	246,515	743	584	2,418			**250,260**
Acceptances and other financial facilitites	43,088	466	699	16			**44,269**
Operational lease commitments	33	31	639	78			**781**
Total	**289,636**	**1,240**	**1,922**	**2,512**			**295,310**
Total liabilities and off-balance sheet items	**1,795,710**	**128,457**	**328,701**	**179,392**	**2,062**	**–50,012**	**2,384,310**
Total financial assets (contractual maturity dates)[1)]	**871,377**	**260,812**	**715,032**	**550,278**	**24,510**	**–114,665**	**2,307,344**

Derivatives

	< 3 months	3 < 12 months	1 < 5 years	> 5 years	No maturity	Discount effect	Total
Currency-related	1,976,528	746,167	145,521	46,270			**2,914,486**
Interest-related	2,318	5,691	30,013	59,278			**97,300**
Total derivative outflows	**1,978,846**	**751,858**	**175,534**	**105,548**			**3,011,786**
Total derivative inflows	**2,114,399**	**820,852**	**225,461**	**103,498**			**3,264,210**

Note 18 b ctd. Liquidity risk

Parent company 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	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	2,207,664	824,119	172,639	345,314			3,549,736
Interest-related	4,929	17,428	99,233	109,479			231,069
Total derivative outflows	**2,212,593**	**841,547**	**271,872**	**454,793**			**3,780,805**
Total derivative inflows	**2,160,306**	**836,195**	**225,390**	**106,317**			**3,328,208**

2011

Deposits from credit institutions	187,629	7,730	15,086	25,183		–6,200	229,428
Deposits and borrowing from the public	568,294	11,025	7,098	29,208		–6,980	608,645
Debt securities	203,897	73,345	252,979	52,104		–23,578	558,747
Trading liabilities	77,491					–328	77,163
Trade and client payables	29,164						29,164
Subordinated liabilities			12,538	18,813		–6,624	24,727
Total	**1,066,475**	**92,100**	**287,701**	**125,308**		**–43,710**	**1,527,874**
Other liabilities (non-financial)	**14,185**	**19**	**390**				**14,594**
Off-balance sheet items							
Loan commitments	185,003						185,003
Acceptances and other financial facilitites	19,608						19,608
Total	**204,611**						**204,611**
Total liabilities and off-balance sheet items	**1,285,271**	**92,119**	**288,091**	**125,308**		**–43,710**	**1,747,079**
Total financial assets (contractual maturity dates)[1]	**591,934**	**287,908**	**588,302**	**412,937**		**–105,152**	**1,775,929**

Derivatives

Currency-related	2,453,745	869,411	182,127	51,698			3,556,981
Interest-related	12,972	14,246	150,306	125,653			303,177
Total derivative outflows	**2,466,717**	**883,657**	**332,433**	**177,351**			**3,860,158**
Total derivative inflows	**2,077,045**	**832,517**	**429,045**	**163,985**			**3,502,592**

1) Financial assets available to meet liabilities and outstanding commitments include cash, central banks balances, eligible debt instruments and loans and advances to banks and customers. Trading assets are reported within < 3 months, though contractual maturity may extend over longer periods, and insurance contracts as 5 years < reflecting the nature of trading and insurance activities.

18 c Interest rate risk

Interest rate risk is one part of market risk. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. To measure and limit interest rate risk, SEB uses the VaR method, complemented by Delta 1 per cent and Net interest income.

The Net interest income risk depends on the overall business profile, particularly mismatches between interest-bearing assets and liabilities in terms of volumes and repricing periods. For more information regarding market risk see page 46–47.

The net interest income sensitivity is calculated based on the contractual repricing periods. In the table assets and liabilities which influence the net interest income have been allocated to time-slots based on remaining maturity. An exception has been made for the assets and liabilities in the life insurance business which are placed in the column "Insurance". Assets and liabilities without contractual repricing periods are placed in the column "< 1 month" while assets and liabilities that does not effect net interest income are placed in column "Non rate".

Repricing periods

Group 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
Loans to credit institutions and central banks	111,732	11,470	2,911	5,794	4,167	2,264	2,291	584	2,528	**143,741**
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	632,653	43,441	6,818	6,787	31,308	23,764	30,159	–35,630	283,657	**1,022,957**
Other assets	15,730	–821	–692	–183	1	21	25	20,740	15,849	**50,670**
TOTAL	**1,203,078**	**475,029**	**70,771**	**89,742**	**178,089**	**81,791**	**55,102**	**–2,180**	**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	–265,970	298,395	–53,980	49,386	105,633	20,425	–13,087	–150,025	9,223	
Cumulative sensitive	–265,970	32,425	–21,555	27,831	133,464	153,889	140,802	–9,223	0	

2011										
Assets	< 1 month	1 < 3 months	3 < 6 months	6 < 12 months	1 < 3 years	3 < 5 years	> 5 years	Non rate	Insurance	Total
Loans to credit institutions and central banks	172,531	15,286	4,172	723	9,305	1,772	2,648	437	2,437	**209,311**
Loans to the public	462,671	388,207	78,987	52,928	127,518	43,877	21,251	10,784		**1,186,223**
Other financial assets	541,568	33,885	16,434	10,877	6,786	21,017	36,554	–30,729	273,250	**909,642**
Other assets	11,056	155	363	127	97	6	8	26,163	16,230	**54,205**
TOTAL	**1,187,826**	**437,533**	**99,956**	**64,655**	**143,706**	**66,672**	**60,461**	**6,655**	**291,917**	**2,359,381**
Liabilities and equity										
Deposits from credit institutions	153,583	33,427	1,433	1,563	675	1,373	4,998	1,263	2,959	**201,274**
Deposits and borrowing from the public	723,470	50,064	16,214	13,806	8,623	14,454	32,746	2,305		**861,682**
Issued securities	315,428	133,539	21,573	8,647	53,640	48,729	33,378	48		**614,982**
Other liabilities	252,308	4,827	3,914	1,485	3,680	420	769	34,780	276,521	**578,704**
Total equity								102,739		**102,739**
TOTAL	**1,444,789**	**221,857**	**43,134**	**25,501**	**66,618**	**64,976**	**71,891**	**141,135**	**279,480**	**2,359,381**
Interest rate sensitive, net	–256,963	215,676	56,822	39,154	77,088	1,696	–11,430	–134,480	12,437	
Cumulative sensitive	–256,963	–41,287	15,535	54,689	131,777	133,473	122,043	–12,437	0	

19 Fair value measurement of financial assets and liabilities

2012	Group				Parent company			
Assets	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Equity instruments at fair value	67,508	17,702		**85,210**	57,159	17,749		**74,908**
Debt instruments at fair value	62,745	128,594	139	**191,478**	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**
Other financial assets at fair value	51,912	13,050	10,355	**75,317**		46		**46**
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**
TOTAL	**211,754**	**347,958**	**13,435**	**573,147**	**114,854**	**327,461**	**2,407**	**444,722**
Liabilities								
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	**68,436**	**190,325**	**2,644**	**261,405**	**64,614**	**186,628**	**1,557**	**252,799**

2011								
Assets								
Equity instruments at fair value	36,944	18,987		**55,931**	32,581	18,986		**51,567**
Debt instruments at fair value	63,616	111,893	492	**176,001**	60,085	112,178	492	**172,755**
Derivative instruments at fair value	1,149	162,560	2,765	**166,474**		158,947	2,430	**161,377**
Other financial assets at fair value	61,203	12,301	9,658	**83,162**		368		**368**
Equity instruments available-for-sale	907	1,733	44	**2,684**		1,486		**1,486**
Debt instruments available-for-sale	24,460	29,969	145	**54,574**		15,134		**15,134**
Investment in associates [1]			1,145	**1,145**			1,038	**1,038**
TOTAL	**188,279**	**337,443**	**14,249**	**539,971**	**92,666**	**307,099**	**3,960**	**403,725**
Liabilities								
Equity instruments at fair value	35,233			**35,233**	34,289			**34,289**
Debt instruments at fair value	31,712	12,872		**44,584**	30,002	12,872		**42,874**
Derivative instruments at fair value	793	145,103	4,876	**150,772**	637	145,113	3,804	**149,554**
Debt securities at fair value [2]		23,792	1,322	**25,114**		19,832		**19,832**
TOTAL	**67,738**	**181,767**	**6,198**	**255,703**	**64,928**	**177,817**	**3,804**	**246,549**

1) Venture capital activities designated at fair value through profit and loss.
2) Equity index link bonds designated at fair value through profit and loss.

Fair value measurement
The objective of the fair value measurement is to arrive at the price at which an orderly transaction would take place between knowledgeable parties in an arm's length transaction motivated by normal business considerations.

The Group has an established control environment for the determination of fair values of financial instruments that includes an independent review of valuation models. In order to ensure accurate market valuations of financial instruments Risk Control independently, at least on a monthly basis, validates all prices. If the validation principles are not adhered to, the Head of Group Finance shall be informed. Exceptions with material and principal importance require approval from the GRMC (Group Risk Measurement Committee) and the ASC (Accounting Standards Committee).

In order to arrive at the fair value of a financial instrument SEB uses different methods; quoted prices in active markets, valuation techniques incorporating observable data and valuation techniques based on internal models. For disclosure purposes, financial instruments carried at fair value are classified in a fair value hierarchy according to the level of market observability of the inputs. Risk Control classifies and continuously reviews the classification of financial instruments in the fair value hierarchy.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. The objective is to arrive at a price at which a transaction without modification or repackaging would occur in the most advantageous active market to which SEB has immediate access.

As part of the fair value measurement credit value adjustments (CVAs) are incorporated into the derivative valuations for OTC-derivatives on a portfolio level to reflect the counterparty credit risk. The CVA is 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.

Fair values of financial assets and liabilities by class can be is found in Note 41.

Level 1: Quoted market prices
Valuations in Level 1 are determined by reference to unadjusted quoted market prices for identical instruments in active markets where the quoted prices are readily available and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Examples of Level 1 financial instruments are listed equity securities, debt securities, and exchange-traded derivatives. Instruments traded in an active market for which one or more market participants provide a binding price quotation on the balance sheet date are also examples of Level 1 financial instruments.

Note 19 ctd. Fair value measurement of financial assets and liabilities

Level 2: Valuation techniques with observable inputs
In Level 2 valuation techniques, all significant inputs to the valuation models are observable either directly or indirectly. Level 2 valuation techniques include using discounted cash flows, option pricing models, recent transactions and the price of another instrument that is substantially the same.

Examples of observable inputs are foreign currency exchange rates, binding securities price quotations, market interest rates (Stibor, Libor, etc.), volatilities implied from observable option prices for the same term and actual transactions with one or more external counterparts executed by SEB. An input can transfer from being observable to being unobservable during the holding period due to e.g. illiquidity of the instrument.

Examples of Level 2 financial instruments are most OTC derivatives such as options and interest rate swaps based on the Libor swap rate or a foreign-denominated yield curve. Other examples are instruments for which SEB recently entered into transactions with third parties and instruments for which SEB interpolates between observable variables.

Level 3: Valuation techniques with significant unobservable inputs
Level 3 valuation techniques incorporate significant inputs that are unobservable. These techniques are generally based on extrapolating from observable inputs for similar instruments, analysing historical data or other analytical techniques.

Examples of Level 3 financial instruments are more complex OTC derivatives, long dated options for which the volatility is extrapolated or derivatives that depend on an unobservable correlation. Other examples are instruments for which there is currently no active market or binding quotes, such as unlisted equity instruments and Private Equity holdings. If the fair value of financial instruments includes more than one unobservable input, the unobservable inputs are aggregated in order to determine the classification of the entire instrument. The level in the fair value hierarchy within which a financial instrument is classified is determined on the basis of the lowest level of input that is significant to the fair value in its entirety.

Significant transfers of financial instruments between Level 1 and Level 2
There have been no significant transfers between level 1 and level 2. The increase in level 2 is mainly due to an increase in business volumes.

Reclassification of financial instruments between Levels
Assets and liabilities for 2011 have been reclassified due to a correction of the previous classification.

Changes in level 3

Group 2012	Opening balance	Gain/loss in Income statement[1]	Gain/loss in Other-comprehensive income	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	Reclassification	Exchange rate differences	Total
Assets										
Debt instruments at fair value	492						–353			**139**
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	81,337	–80,757		–514		–151	**10,355**
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**
TOTAL	**14,249**	**1,122**	**36**	**81,486**	**–81,072**		**–2,210**		**–176**	**13,435**
Liabilities										
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**		**–71**	**2,644**
2011										
Assets										
Equity instruments at fair value	20						–20			
Debt instruments at fair value	1,064						–572			**492**
Derivative instruments at fair value	7,241						–4,811	335		**2,765**
Other financial assets at fair value	255			84		88		9,231		**9,658**
Equity instruments available-for-sale	7		–2	4	–1	36				**44**
Debt instruments available-for-sale	725	–440	458			130	–725		–3	**145**
Investment in associates	920					227			–2	**1,145**
TOTAL	**10,232**	**–440**	**456**	**88**	**–1**	**481**	**–6,128**	**9,566**	**–5**	**14,249**
Liabilities										
Debt instruments at fair value	441						–441			
Derivative instruments at fair value	2,338					1,466		1,072		**4,876**
Debt securities at fair value[2]	16,969	19		33			–15,681		–18	**1,322**
TOTAL	**19,748**	**19**		**33**		**1,466**	**–16,122**	**1,072**	**–18**	**6,198**

1) Fair value gains and losses recognised in the income statement are included in the Net financial income, Net life insurance income and Net other income.
2) Issued structured notes have been moved from level 3 to level 2 due to a more granular approach of fair value hierarchy classification and the unobservable input not being a significant part of the value of these instrument.

Note 19 ctd. Fair value measurement of financial assets and liabilities

Changes in level 3

Parent company 2012	Opening balance	Gain/loss in Income statement [1]	Gain/loss in Other comprehensive income	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3 [2]	Exchange rate differences	Total
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**
2011									
Assets									
Debt instruments at fair value	1,064						–572		**492**
Derivative instruments at fair value	7,241						–4,811		**2,430**
Debt instruments available-for-sale	725						–725		
Investment in associates	920					118			**1,038**
TOTAL	**9,950**					**118**	**–6,108**		**3,960**
Liabilities									
Debt instruments at fair value	441						–441		
Derivative instruments at fair value	2,338					1,466			**3,804**
Debt securities at fair value [2]	16,969						–16,969		
TOTAL	**19,748**					**1,466**	**–17,410**		**3,804**

1) Fair value gains and losses recognised in the income statement are included in the Net financial income, Net life insurance income and Net other income.
2) Issued structured notes have been moved from level 3 to level 2 due to a more granular approach of fair value hierarchy classification and the unobservable input not being a significant part of the value of these instrument.

Sensitivity of Level 3 financial instruments to unobservable inputs
The below table illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of financial instruments that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, below illustrated by changes in index-linked swap spreads, implied volatilities, credit spreads or comparator multiples. It is unlikely that all unobservable inputs would be simultaneously at the extremes of their ranges of reasonably possible alternatives.

There have been no significant changes during 2012.

The largest open market risk within Level 3 financial instruments is found within the insurance business.

	2012				2011			
Group	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Structured Derivatives – interest rate [1]	951	–1,504	–553	58	1,133	–1,690	–557	60
Equity Options [2]	351	–52	299	20	310	–70	240	20
CPM Portfolio [3]	139		139	15	492		492	25
Venture Capital holdings [4]	1,183		1,183	224	1,038		1,038	196
Insurance holdings [5]	9,867	–105	9,762	1,501	9,939	–93	9,846	1,654

1) Shift of index-linked swap spreads by 5 basis points and implied volatilities by 5 percentage points would have a profit or loss impact of +/– SEK 58m.
2) A 5 basis points shift of swap spreads would have a profit or loss impact of +/– SEK 20m.
3) Shift of credit spreads by 100 basis points would have a profit or loss impact of +/– SEK 15m.
4) Valuation is estimated in a range of reasonable outcomes, where the potential profit or loss impact is shown in the sensitivity analysis. Thus, a shift in valuation parameters such as comparator multiples would in the lower value range have a profit or loss impact of –SEK 224m.
5) A shift of Private equity of 20%, structured credit 10% and derivative market values of 10 %.

20 Cash and other lending to central banks

	Group		Parent company	
	2012	2011	2012	2011
Cash	2,898	3,304	944	813
Cash balances with central banks	188,547	144,738	165,050	121,135
Cash and cash balances with central banks	**191,445**	**148,042**	**165,994**	**121,948**
Other lending to central banks	**17,718**	**80,548**		
TOTAL	**209,163**	**228,590**		
Remaining maturity				
– cash	2,898	3,304	944	813
– payable on demand	188,547	144,738	165,050	121,135
– maximum 3 months	17,718	80,548		
TOTAL	**209,163**	**228,590**	**165,994**	**121,948**

21 Loans to credit institutions

	Group		Parent company	
	2012	2011	2012	2011
Remaining maturity				
– payable on demand	30,511	48,627	56,463	101,130
– maximum 3 months	55,151	31,072	59,061	40,967
– more than 3 months but maximum 1 year	4,229	7,586	43,420	59,097
– more than 1 year but maximum 5 years	8,687	9,730	23,759	26,184
– more than 5 years	3,530	3,432	7,137	6,501
Accrued interest	555	510	639	798
Loans	**102,663**	**100,957**	**190,479**	**234,677**
Eligible debt instruments[1]	13,577	16,585		
Other debt instruments[1]	9,596	10,993	9,596	10,993
Accrued interest	187	228	114	126
Debt instruments	**23,360**	**27,806**	**9,710**	**11,119**
TOTAL	**126,023**	**128,763**	**200,189**	**245,796**
of which repos	30,822	30,201	28,214	26,527
Average remaining maturity for Loans (years)	0.56	0.71	0.93	0.79

1) See note 42 for maturity and note 43 for issuers.

22 Loans to the public

	Group		Parent company	
	2012	2011	2012	2011
Remaining maturity				
– payable on demand	57,107	99,025	56,170	61,475
– maximum 3 months	264,163	217,740	186,472	183,868
– more than 3 months but maximum 1 year	249,056	211,616	209,798	178,408
– more than 1 year but maximum 5 years	465,594	439,746	376,126	339,047
– more than 5 years	172,349	182,657	85,378	80,825
Accrued interest	2,562	2,918	1,946	2,146
Loans	**1,210,831**	**1,153,702**	**915,890**	**845,769**
Eligible debt instruments [1]	2,783	6,163	1,285	
Other debt instruments [1]	22,270	26,068	20,427	27,426
Accrued interest	204	290	132	140
Debt instruments	**25,257**	**32,521**	**21,844**	**27,566**
TOTAL	**1,236,088**	**1,186,223**	**937,734**	**873,335**
of which repos	75,702	72,244	75,685	69,704
Average remaining maturity for Loans (years)	2.74	2.87	2.33	2.32

1) See note 42 for maturity and note 43 for issuers.

Financial leases

Book value	61,029	62,983
Gross investment	70,221	72,654
Present value of minimum lease payment receivables	58,850	59,014
Unearned finance income	9,169	9,869
Reserve for impaired uncollectable minimum lease payments	–603	–872

	Group 2012			Group 2011		
	Book value	Gross investment	Present value	Book value	Gross investment	Present value
Remaining maturity						
– maximum 1 year	7,491	7,800	7,083	6,855	7,249	6,638
– more than 1 year but maximum 5 years	25,114	27,313	24,409	24,483	25,630	22,895
– more than 5 years	28,424	35,108	27,358	31,645	39,775	29,480
TOTAL	**61,029**	**70,221**	**58,850**	**62,983**	**72,654**	**59,013**

The leased assets mainly comprise of transport vehicles, machinery and facilities. The largest lease engagement amounts to SEK 5.0 billion (5.1).

23 Financial assets at fair value

	Group		Parent company	
	2012	2011	2012	2011
Securities held for trading	276,688	231,932	262,492	224,322
Derivatives held for trading	152,687	148,662	148,349	145,106
Held for trading	**429,375**	**380,594**	**410,841**	**369,428**
Financial assets – policyholders bearing the risk	203,333	186,763		
Insurance assets at fair value	74,114	82,794		
Other financial assets at fair value	1,203	368	46	368
Designated at fair value through profit and loss	**278,650**	**269,925**	**46**	**368**
Derivatives held for hedging	16,992	17,812	15,439	16,271
Fair value changes of hedged items in a portfolio hedge	921	1,347		
TOTAL	**725,938**	**669,678**	**426,326**	**386,067**

The category Financial assets at fair value comprises of financial instruments either classified as held for trading or financial assets designated to this category upon initial recognition. These financial assets are recognised at fair value and the value change is recognised through profit and loss.

Securities held for trading

Equity instruments	85,210	55,931	74,908	51,567
Eligible debt instruments[1]	59,892	43,938	56,031	41,142
Other debt instruments[1]	130,150	130,394	130,178	130,015
Accrued interest	1,436	1,669	1,375	1,598
TOTAL	**276,688**	**231,932**	**262,492**	**224,322**

1) See note 42 for maturity and note 43 for issuers.

Derivatives held for trading

Positive replacement values of interest-related derivatives	119,425	105,300	117,625	102,250
Positive replacement values of currency-related derivatives	29,156	39,684	26,848	39,123
Positive replacement values of equity-related derivatives	2,569	3,234	2,527	3,389
Positive replacement values of other derivatives	1,537	444	1,349	344
TOTAL	**152,687**	**148,662**	**148,349**	**145,106**

Derivatives held for hedging

Fair value hedges	12,197	11,692	12,057	11,375
Cash flow hedges	3,382	4,896	3,382	4,896
Portfolio hedges for interest rate risk	1,413	1,224		
TOTAL	**16,992**	**17,812**	**15,439**	**16,271**

Insurance assets at fair value

Equity instruments	21,714	22,330		
Other debt instruments[1]	51,714	59,583		
Accrued interest	686	881		
TOTAL	**74,114**	**82,794**		

1) See note 42 for maturity and note 43 for issuers.

Other financial assets at fair value

Equity instruments	46	368	46	368
Eligible debt instruments[1]	1,154			
Accrued interest	3			
TOTAL	**1,203**	**368**	**46**	**368**

1) See note 42 for maturity and note 43 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	
	2012	2011	**2012**	2011
Equity instruments at cost	209	119	180	119
Equity instruments at fair value	3,181	2,631	2,116	1,471
Eligible debt instruments [1)]	25,104	33,949	6,442	6,570
Other debt instruments [1)]	21,357	19,944	8,545	8,231
Seized shares	49	53	11	15
Accrued interest	699	681	316	333
TOTAL	**50,599**	**57,377**	**17,610**	**16,739**

1) See note 42 for maturity and note 43 for issuers.

Equity instruments measured at cost do not have a quoted market price in an active market. Further, it has not been possible to reliably measure the fair values of those equity instruments. Most of these investments are held for strategic reasons and are not intended to be sold in the near future.

25 Held-to-maturity investments

	Group		Parent company	
	2012	2011	**2012**	2011
Other debt instruments [1)]	82	282	1,631	2,758
Accrued interest			5	13
TOTAL	**82**	**282**	**1,636**	**2,771**

1) See note 42 for maturity and note 43 for issuers.

26 Investments in associates

	Group		Parent company	
	2012	2011	2012	2011
Strategic investments	179	144	78	54
Venture capital holdings	1,073	1,145	966	1,038
TOTAL	**1,252**	**1,289**	**1,044**	**1,092**

Strategic investments	Assets[1]	Liabilities[1]	Revenues[1]	Profit or loss[1]	Book value	Ownership, %
Bankomat AB (f d BAB Bankernas Automatbolag AB), Stockholm	130	7	0	–12	55	20
Bankomatcentralen AB, Stockholm	5	4	0	0	0	28
Bankpension AB, Stockholm	27	2	23	1	10	40
BDB Bankernas Depå AB, Stockholm	3,013	2,975	46	2	7	20
BGC Holding AB, Stockholm	376	142	759	39	4	33
UC AB, Stockholm	172	82	448	0	1	28
Vikström & Andersson Asset Management AB, Stockholm	5	1	6	1	1	27
Parent company holdings					**78**	
Holdings of subsidiaries					**5**	
Group adjustments					**96**	
GROUP HOLDINGS					**179**	

1) Retrieved from respective Annual report 2011.

	2012		2011	
Venture capital holdings	Book value	Ownership, %	Book value	Ownership, %
Actiwave, Linköping	19	34	17	39
Airsonett AB, Ängelholm	62	29	55	28
AORIAB Holding AB, Ängelholm	7	31	0	0
Apica AB, Stockholm	18	15	0	0
Ascade Holding AB, Stockholm	0	0	63	45
Askembla Growth Fund KB, Stockholm	58	25	73	25
Avaj International Holding AB, Stockholm	40	20	0	0
Capres A/S, Copenhagen	36	23	37	23
Clavister AB, Örnsköldsvik	26	14	0	0
Cobolt AB, Stockholm	37	40	37	40
Coresonic AB, Linköping	0	0	17	34
Diakrit International Ltd, Hong Kong	10	30	4	13
Exitram AB, Stockholm	23	44	23	44
Fält Communications AB, Umeå	26	47	26	47
InDex Pharmaceuticals AB, Stockholm	108	39	108	39
Mobile Tag SAS, Paris	0	20	18	15
Neoventa Holding AB, Gothenburg	86	35	86	35
Nomad Holdings Ltd, Newcastle	73	23	75	23
NuEvolution A/S, Copenhagen	67	34	52	47
PhaseIn AB, Stockholm	0	0	73	45
Prodacapo AB, Örnsköldsvik	5	16	5	16
Quickcool AB, Lund	0	0	0	36
Scandinova Systems AB, Uppsala	23	29	23	29
Scibase AB, Stockholm	84	26	84	24
Signal Processing Devices Sweden AB, Linköping	38	48	38	48
Tail-f Systems AB, Stockholm	45	45	45	45
Teknikintressenter i Norden AB, Stockholm	32	39	32	39
TSS Holding AB, Stockholm	10	43	10	43
Xylophane AB, Gothenburg	4	23	15	23
Zinwave Holdings Limited, Cambridge	29	25	22	21
Parent company holdings	**966**		**1,038**	
Holdings of subsidiaries [1]	**107**		**107**	
GROUP HOLDINGS	**1,073**		**1,145**	

1) Where of SEK 91m (94) relates to investments in a joint venture, UAB CGates.

Information about the corporate registration numbers and numbers of shares of the associates is available upon request.

Strategic investments in associates are in the Group accounted for using the equity method.

Investments in associates held by the venture capital organisation of the Group have in accordance with IAS 28 been designated as at fair value through profit or loss. Therefore, these holdings are accounted for under IAS 39.

Some entities where the bank has an ownership of less than 20 per cent, has been classified as investments in associates. The reason is that the bank is represented in the board of directors and participating in the policy making processes of those entities.

All financial assets within the Group's venture capital business are managed and its performance is evaluated on a fair value basis in accordance with documented risk management and investment strategies.

Fair values for investments listed in an active market are based on quoted market prices. If the market for a financial instrument is not active, fair value is established by using valuation techniques based on discounted cash flow analysis, valuation with reference to financial instruments that is substantially the same, and valuation with reference to observable market transactions in the same financial instrument.

27 Shares in subsidiaries

	Parent company	
	2012	**2011**
Swedish subsidiaries	15,804	15,804
Foreign subsidiaries	34,867	37,882
TOTAL	**50,671**	**53,686**
of which holdings in credit institutions	34,917	38,081

	2012			2011		
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)]	6,076	850	100	6,076	1,000	100
SEB Förvaltnings AB, Stockholm	5		100	5		100
SEB Internal Supplier AB, Stockholm	12		100	12		100
SEB Investment Management AB, Stockholm	763		100	763		100
SEB Kort AB, Stockholm	2,260	481	100	2,260	243	100
SEB Portföljförvaltning AB, Stockholm	1,115	20	100	1,115		100
SEB Strategic Investments AB, Stockholm	24		100	24		100
Skandinaviska Kreditaktiebolaget, Stockholm	0		100	0		100
Track One Leasing AB, Stockholm	0		100	0		100
TOTAL	**15,804**	**1,351**		**15,804**	**1,243**	

1) Includes also group contribution received directly from SEB AB's subsidiary SEB Trygg Liv Holding AB.

	2012			2011		
Foreign subsidiaries	Book value	Dividend	Ownership, %	Book value	Dividend	Ownership, %
Baltectus B.V., Amsterdam	686		100	461		100
Interscan Servicos de Consultoria Ltda, São Paulo	0		100	0		100
Key Asset Management (Switzerland) SARL, Geneva				0		100
Key Asset Management (UK) Limited, London	562		100	571		100
Key Asset Management Norge ASA, Oslo					4	
Key Capital Management Inc, Tortola	273		100	288		100
Möller Bilfinans AS, Oslo	27	201	51	26	27	51
Njord AS, Oslo	0		100	0		100
PuJSC SEB Bank, Kiev				0		100
SEB AG, Frankfurt am Main	18,187		100	18,827		100
SEB Asset Management America Inc, Stamford	36		100	38		100
SEB Asset Management S.A., Luxembourg	4	33	100	5	45	100
SEB Bank JSC, St Petersburg	608		100	608		100
SEB Banka, AS, Riga	1,293		100	1,359		100
SEB bankas, AB, Vilnius	5,624		100	5,624		100
SEB Corporate Bank, PJSC, Kiev	271		100			
SEB Enskilda AS, Oslo				0	80	
SEB Enskilda Inc., New York	25		100	28		100
SEB Enskilda Corporate Finance Oy Ab, Helsinki	26		100	23		100
SEB Enskilda, AS, Tallinn				18		100
SEB Enskilda, SIA IBS, Riga				11		100
SEB Enskilda, UAB, Vilnius	25		100	26		100
SEB Fund Services S.A., Luxembourg	88		100	91		100
SEB Kapitalförvaltning Finland Ab, Helsinki	468	5	100	484		100
SEB Fondbolag Finland Ab, Helsinki	17		100	17		100
SEB Hong Kong Trade Services Ltd, Hong Kong			100	0		100
SEB Leasing Oy, Helsinki	3,619	333	100	3,747		100
SEB Leasing, CJSC, St Petersburg	131	13	100	131		100
SEB Pank, AS, Tallinn	1,309		100	1,441		100
SEB Privatbanken ASA, Oslo		63		1,340	62	100
SIGGE S.A., Warsaw		1		0	102	100
Skandinaviska Enskilda Banken A/S, Copenhagen				1,075	1,686	100
Skandinaviska Enskilda Banken S.A., Luxembourg	1,178	186	100	1,224	179	100
Skandinaviska Enskilda Ltd, London	410		100	419		100
TOTAL	**34,867**	**835**		**37,882**	**2,185**	

Information about the corporate registration numbers and numbers of shares of the subsidiaries is available upon request.

28 Tangible and intangible assets

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Goodwill	10,460	10,487	755	333
Deferred acquisition costs	4,008	4,131		
IT intangible assets	1,990	2,452	1,872	1,970
Other intangible assets	829	802	227	241
Intangible assets	**17,287**	**17,872**	**2,854**	**2,544**
Office, IT and other tangible assets	1,002	1,114	423	417
Equipment leased to clients[1)]			39,747	40,400
Properties for own operations	131	129	2	2
Property and equipment	**1,133**	**1,243**	**40,172**	**40,819**
Investment properties recognised at cost	377	481		
Investment properties recognised at fair value	7,488	7,901		
Properties taken over for protection of claims	2,209	1,519		
Investment properties	**10,074**	**9,901**		
TOTAL	**28,494**	**29,016**	**43,026**	**43,363**

1) Equipment leased to clients are recognised as financial leases and presented as loans in the Group.

Group 2012	Goodwill	Deferred acquisition costs	IT intangible assets	Other intangible assets	Office, IT and other tangible assets	Properties for own operations	Investment properties at cost	Investment properties at fair value	Properties taken over for protection of claims	Total
Opening balance	10,487	8,843	5,346	1,874	4,746	746	753	7,901	1,579	**42,275**
Acquisitions			45	57	211	21	4	212	847	**1,397**
Additions from capitalisations		740	619	70						**1,429**
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**
2011										
Opening balance	10,491	7,602	4,718	1,653	5,751	1,116	855	7,473	506	**40,165**
Acquisitions					310	13	26	617	1,122	**2,088**
Additions from capitalisations		789	709	391						**1,889**
Additions from business combinations		464	40		19					**523**
Reclassifications	127		1	–126	5	–257			28	**–222**
Retirements and disposals			–102	–2	–1,423	–107	–123	–144	–61	**–1,962**
Exchange rate differences	–131	–12	–20	–42	84	–19	–5	–45	–16	**–206**
Acquisition value	**10,487**	**8,843**	**5,346**	**1,874**	**4,746**	**746**	**753**	**7,901**	**1,579**	**42,275**
Opening balance		–3,971	–2,539	–1,032	–4,658	–621	–293		–16	**–13,130**
Current year's depreciations		–745	–372	–133	–434	–18	–20		–12	**–1,734**
Current year's impairments			–43	17			–3		–1	**–30**
Reclassifications			–3	102	5					**104**
Retirements and disposals			77		1,411	19	42		–33	**1,516**
Exchange rate differences		4	–14	–26	44	3	2		2	**15**
Accumulated depreciations		**–4,712**	**–2,894**	**–1,072**	**–3,632**	**–617**	**–272**		**–60**	**–13,259**
TOTAL	**10,487**	**4,131**	**2,452**	**802**	**1,114**	**129**	**481**	**7,901**	**1,519**	**29,016**

Note 28 ctd. Tangible and intangible assets

Parent company 2012	Goodwill	IT intangible assets	Other intangible assets	Office, IT and other tangible assets	Equipment leased to clients[1]	Properties for own operations	Total
Opening balance	863	2,597	653	2,027	52,434	3	**58,577**
Acquisitions		18		95	7,078	44	**7,235**
Additions from capitalisations		592	33				**625**
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**
2011							
Opening balance	524	1,943	382	2,972	50,288	3	**56,112**
Acquisitions				206	7,973		**8,179**
Additions from capitalisations		654	247				**901**
Additions from business combinations	363			69			**432**
Reclassifications	–24		24				
Retirements and disposals				–1,220	–5,827		**–7,047**
Acquisition value	**863**	**2,597**	**653**	**2,027**	**52,434**	**3**	**58,577**
Opening balance	–419	–341	–302	–2,662	–11,480	–1	**–15,205**
Current year's depreciations	–110	–243	–75	–109	–4,287		**–4,824**
Current year's impairments		–43	–17				**–60**
Additions from business combinations	–9		–10	–59			**–78**
Reclassifications	8		–8				
Retirements and disposals				1,220	3,733		**4,953**
Accumulated depreciations	**–530**	**–627**	**–412**	**–1,610**	**–12,034**	**–1**	**–15,214**
TOTAL	**333**	**1,970**	**241**	**417**	**40,400**	**2**	**43,363**

Goodwill is allocated between cash-generating units or groups of units. Business divisions and business areas with goodwill are Wealth Management with SEK 4,738m (4,766), Merchant Banking with SEK 1,016m (1,009) Retail Banking (excluding Card) with SEK 929m (929), Retail Banking – Card with SEK 1,162m (1,158), Life excluding Life Denmark with SEK 2,343m (2,343) and Life Denmark with SEK 272m (262). Goodwill in connection with 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 (2) 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	
	2012	**2011**
External income	494	435
Operating costs[1]	–146	–161
TOTAL	**348**	**274**

1) Direct operating expenses arising from investment property that did not generate rental income amounts to SEK 21m (38).

Net operating earnings from properties taken over for protection of claims

External income	23	11
Operating costs	–54	–33
TOTAL	**–31**	**–22**

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 2012	Group 2011	Parent company 2012	Parent company 2011
Current tax assets	6,915	6,403	3,427	2,170
Deferred tax assets	2,010	2,562		4
Trade and client receivables	35,199	14,562	34,774	14,074
Paid margins of safety	19,483	19,576	19,483	19,576
Other assets	12,210	13,055	7,139	7,667
TOTAL	**75,817**	**56,158**	**64,823**	**43,491**

Current tax assets

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Other	6,915	6,403	3,427	2,170
Recognised in profit and loss	**6,915**	**6,403**	**3,427**	**2,170**
TOTAL	**6,915**	**6,403**	**3,427**	**2,170**

Deferred tax assets

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Tax losses carry forwards	809	1,016		
Pension plan assets, net	–568	103		
Other temporary differences[1]	433	433		4
Recognised in profit and loss	**674**	**1,552**		**4**
Pension plan assets, net	1,561	1,101		
Unrealised losses in available-for-sale financial assets	–225	–91		
Recognised in Shareholders' equity	**1,336**	**1,010**		
TOTAL	**2,010**	**2,562**		**4**

1) Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Taxable temporary differences give rise to deferred tax assets and liabilities.

Deferred tax assets on tax losses carried forward relates mainly to the Baltics and Germany and is based on SEB's assessment of future earnings in respective entity.

Tax losses carried forward in the SEB Group for which the tax asset are not recognised in the balance sheet amounts gross to SEK 5,307m (5,611). 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 1,255m (1,340).

All losses carried forward are without time limit except for SEK 645m (1,060) corresponding to a deferred tax asset of SEK 97m (159) which is due 2017.

Trade and client receivables

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Trade receivables	310	377		
Client receivables	34,889	14,185	34,774	14,074
TOTAL	**35,199**	**14,562**	**34,774**	**14,074**

Other assets

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Pension plan assets, net				
Reinsurers share of insurance provisions	494	464		
Accrued interest income	72	49		
Other accrued income	1,230	2,363	1,705	2,715
Prepaid expenses	442	391		
Other	9,972	9,788	5,434	4,952
TOTAL	**12,210**	**13,055**	**7,139**	**7,667**

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 652m.

30 Deposits from credit institutions

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Remaining maturity				
– payable on demand	86,145	75,601	95,033	76,640
– maximum 3 months	66,669	102,686	70,276	109,587
– more than 3 months but maximum 1 year	5,754	4,588	9,862	7,522
– more than 1 year but maximum 5 years	2,749	4,463	8,075	13,961
– more than 5 years	8,951	13,526	15,804	21,024
Accrued interest	388	410	661	694
TOTAL	**170,656**	**201,274**	**199,711**	**229,428**
of which repos	14,372	26,317	11,798	18,504
Average remaining maturity (years)	0.64	0.82	0.99	1.18

31 Deposits and borrowing from the public

	Group		Parent company	
	2012	2011	2012	2011
Deposits	844,007	840,842	622,307	589,860
Borrowing	15,861	18,070	14,367	17,594
Accrued interest	2,392	2,770	1,047	1,191
TOTAL	**862,260**	**861,682**	**637,721**	**608,645**

Deposits [1]

Remaining maturity				
– payable on demand	496,085	418,297	464,623	325,843
– maximum 3 months	223,816	297,529	106,663	221,519
– more than 3 months but maximum 1 year	36,034	41,568	10,426	10,775
– more than 1 year but maximum 5 years	29,769	28,694	6,525	6,563
– more than 5 years	58,303	54,754	34,070	25,160
TOTAL	**844,007**	**840,842**	**622,307**	**589,860**

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.

Average remaining maturity (years)	0.86	0.83	0.61	0.52

Borrowing

Remaining maturity				
– payable on demand	1,498	709	1,290	443
– maximum 3 months	8,678	16,976	8,491	16,932
– more than 3 months but maximum 1 year	1,070	134	2	1
– more than 1 year but maximum 5 years	4	4	4	4
– more than 5 years	4,611	247	4,580	214
TOTAL	**15,861**	**18,070**	**14,367**	**17,594**
of which repos	14,463	24,058	14,020	
Average remaining maturity (years)	3.02	0.26	3.26	0.24

32 Liabilities to policyholders

	Group	
	2012	2011
Liabilities to policyholders – investment contracts	195,620	180,988
Liabilities to policyholders – insurance contracts	90,353	88,695
TOTAL	**285,973**	**269,683**

Liabilities to policyholders – investment contracts*

Opening balance	180,988	174,753
Transfer of portfolios through acquisitions		17,626
Reclassification from insurance contracts	357	417
Change in investment contract provisions [1]	15,272	–11,789
Exchange rate differences	–997	–19
TOTAL	**195,620**	**180,988**

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

Opening balance	88,695	89,217
Transfer of portfolios through acquisitions	–26	
Reclassification from investment contracts	–353	–417
Change in collective bonus provisions	2,331	–1,128
Change in other insurance contract provisions [1]	2,760	1,442
Exchange rate differences	–3,054	–419
TOTAL	**90,353**	**88,695**

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	
	2012	2011	2012	2011
Issued bonds	109,951	104,185	104,741	98,916
Covered bonds	286,746	260,423	271,855	235,207
Other issued securities [1]	257,794	217,778	257,748	217,730
Accrued interest	7,360	7,487	7,069	6,894
TOTAL	**661,851**	**589,873**	**641,413**	**558,747**

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 26,323m (25,114), as at fair value through profit or loss, since they contain embedded derivatives. The corresponding amounts for the parent company are SEK 20,737m (19,832). 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 26,386m (25,199) and for the parent company SEK 21,137m (19,912).

Issued bonds

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Remaining maturity				
– maximum 1 year	16,639	22,435	15,847	21,237
– more than 1 years but maximum 5 years	74,048	68,739	71,534	65,876
– more than 5 years but maximum 10 years	15,311	6,470	14,844	6,044
– more than 10 years	3,953	6,541	2,516	5,759
TOTAL	**109,951**	**104,185**	**104,741**	**98,916**
Average remaining maturity (years)	3.71	3.53	3.55	3.44

Covered bonds

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Remaining maturity				
– maximum 1 year	47,500	45,476	36,127	34,779
– more than 1 years but maximum 5 years	195,262	181,838	192,690	168,298
– more than 5 years but maximum 10 years	30,042	22,900	29,096	22,455
– more than 10 years	13,942	10,209	13,942	9,675
TOTAL	**286,746**	**260,423**	**271,855**	**235,207**
Average remaining maturity (years)	3.68	3.46	4.20	3.98

Other issued securities

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Remaining maturity				
– payable on demand	1,891	461	1,846	413
– maximum 3 months	135,761	199,136	135,760	199,136
– more than 3 months but maximum 1 year	117,902	18,181	117,902	18,181
– more than 1 year but maximum 5 years	2,240		2,240	
TOTAL	**257,794**	**217,778**	**257,748**	**217,730**
Average remaining maturity (years)	0.38	0.17	0.38	0.17

34 Financial liabilities at fair value

	Group		Parent company	
	2012	2011	2012	2011
Trading liabilities	77,221	79,817	73,814	77,163
Derivatives held for trading	155,279	145,381	156,576	145,373
Held for trading	**232,500**	**225,198**	**230,390**	**222,536**
Derivatives held for hedging	2,582	5,391	1,672	4,181
Fair value changes of hedged items in portfolio hedge	1,919	1,658		
TOTAL	**237,001**	**232,247**	**232,062**	**226,717**

Financial liabilities designated at fair value through profit or loss is specified in note 32 and 33.

Trading liabilities

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Short positions in equity instruments	34,161	35,233	33,577	34,289
Short positions in debt instruments	42,609	44,147	39,848	42,437
Accrued interest	451	437	389	437
TOTAL	**77,221**	**79,817**	**73,814**	**77,163**

Derivatives held for trading

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Negative replacement values of interest-related derivatives	118,512	104,297	122,555	104,674
Negative replacement values of currency-related derivatives	31,439	37,036	29,276	36,717
Negative replacement values of equity-related derivatives	4,277	3,753	3,714	3,792
Negative replacement values of other derivatives	1,051	295	1,031	190
TOTAL	**155,279**	**145,381**	**156,576**	**145,373**

Derivatives held for hedging

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Fair value hedges	809	1,516	810	1,514
Cash flow hedges	862	2,667	862	2,667
Portfolio hedges for interest rate risk	911	1,208		
TOTAL	**2,582**	**5,391**	**1,672**	**4,181**

35 Other liabilities

	Group		Parent company	
	2012	2011	2012	2011
Current tax liabilities	2,440	1,605	959	800
Deferred tax liabilities	8,501	9,367	475	393
Trade and client payables	31,412	13,043	30,789	10,675
Withheld margins of safety	22,830	18,489	22,830	18,489
Other liabilities	31,166	26,463	19,044	13,800
TOTAL	**96,349**	**68,967**	**74,097**	**44,157**

Current tax liabilities

Other	2,440	1,605	682	545
Recognised in profit and loss	**2,440**	**1,605**	**682**	**545**
Group contributions			277	255
Recognised in Shareholders' equity			**277**	**255**
TOTAL	**2,440**	**1,605**	**959**	**800**

Deferred tax liabilities

Accelerated tax depreciation	7,203	8,399		
Unrealised profits in financial assets at fair value	–22	50		
Other temporary differences [1]	697	409		
Recognised in profit and loss	**7,878**	**8,858**		
Unrealised profits in cash flow hedges	475	392	475	393
Unrealised profits in available-for-sale financial assets	148	117		
Recognised in Shareholders' equity	**623**	**509**	**475**	**393**
TOTAL	**8,501**	**9,367**	**475**	**393**

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	400	323		
Client payables	31,012	12,720	30,789	10,675
TOTAL	**31,412**	**13,043**	**30,789**	**10,675**

Other liabilities

Accrued interest expense	15	13		
Other accrued expense	3,934	4,193	2,689	2,846
Prepaid income	1,183	1,370		
Other	26,034	20,887	16,355	10,954
TOTAL	**31,166**	**26,463**	**19,044**	**13,800**

36 Provisions

	Group		Parent company	
	2012	2011	2012	2011
Restructuring reserve re-organisation Germany	116	331		
Other restructuring and redundancy reserves	696	457	121	
Reserve for off-balance-sheet items	300	369	3	6
Pensions and other post retirement benefit obligations (note 9b)[1) 2)]	3,584	4,155		
Other provisions	876	533	36	70
TOTAL	**5,572**	**5,845**	**160**	**76**

1) Restated amount due to implementation of amended IAS 19 Employee Benefits for accounting of defined benefit plans.
2) Whereof SEK 521m (638) special salary tax on pension obligation.

Restructuring reserve re-organisation Germany

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Opening balance	331	420		
Amounts used	–206	–97		
Other movements		12		
Exchange differences	–9	–4		
TOTAL	**116**	**331**		

During 2010 SEB announced a restructuring plan relating to the sale of the German retail banking business and the fundamental re-organisation of the remaining business in Germany. The main part of the reserve is for redundancies and is expected to be used within one year.

Other restructuring and redundancy reserves

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Opening balance	457	277		42
Additions	325	315	110	
Amounts used	–95	–66	–7	–42
Unused amounts reversed	–4			
Other movements	31	–64	18	
Exchange differences	–18	–5		
TOTAL	**696**	**457**	**121**	

The main part of the reserve will cover redundancy costs to be used within four years.

Reserve for off-balance-sheet items

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Opening balance	369	476	6	24
Additions	189	29		4
Unused amounts reversed	–33	–97	–3	–22
Other movements	–211	–37		
Exchange differences	–14	–2		
TOTAL	**300**	**369**	**3**	**6**

The reserve for off-balance sheet items is mainly referring to the German market and its corporate sector.

Other provisions

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Opening balance	533	476	70	114
Additions	240	272		
Amounts used	–236	–224	–34	–44
Unused amounts reversed	–35	–62		
Other movements	366	116		
Exchange differences	8	–45		
TOTAL	**876**	**533**	**36**	**70**

The other provisions mainly consists of costs for reorganisation within the Group to be used within two years, unsettled claims; among others in the U.K. market to be settled within 5 years, in divested German retail business to be settled within 5 years and tax returns within Life U.K. branch under decommission.

37 Subordinated liabilities

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Debenture loans	6,516	4,814	6,451	4,454
Debenture loans, perpetual	15,894	16,839	15,894	16,839
Debenture loans, hedged positions	1,786	3,429	1,786	3,429
Accrued interest	85	27	82	5
TOTAL	**24,281**	**25,109**	**24,213**	**24,727**

Debenture loans

	Currency	Original nom. amount	Book value	Rate of interest, %
2005/2017	EUR	750	6,451	1)
Total parent company			**6,451**	
Debenture loans issued by SEB AG			65	
TOTAL GROUP			**6,516**	

Debenture loans, perpetual

	Currency	Original nom. amount	Book value	Rate of interest, %
1995	JPY	10,000	756	4.400
1997	JPY	15,000	1,134	5.000
2004	USD	500	2,650	4.958
2005	USD	600	2,754	1)
2007	EUR	500	4,300	7.092
2009	EUR	500	4,300	9.250
TOTAL			**15,894**	

1) FRN, Floating Rate Note.

38 Untaxed reserves [1]

	Parent company 2012	Parent company 2011
Depreciation in excess of plan on office equipment/leased assets	25,051	25,044
Appropriation reserve	1,291	
Other untaxed reserves	4	5
TOTAL	**26,346**	**25,049**

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	23,925		5	**23,930**
Appropriations	1,119			**1,119**
Closing balance 2011	**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**

39 Off-balance sheet items

	Group		Parent company	
	2012	2011	2012	2011
Collateral and comparable security pledged for own liabilities	641,180	621,096	294,990	281,967
Other pledged assets and comparable collateral	135,372	130,156	119,577	113,185
Contingent liabilities	94,175	94,004	78,565	74,435
Commitments	407,423	390,352	315,157	303,315

Collateral and comparable security pledged for own liabilities*

Bonds	3,208	5,781	3,208	5,781
Repos [1]	28,392	51,612	25,819	36,607
Assets collateralised for issued mortgage covered bonds	291,852	269,564	265,963	239,579
Assets collateralised for issued public covered bonds	29,007	38,827		
Collateral pledged for own liabilities	**352,459**	**365,784**	**294,990**	**281,967**
Assets pledged for insurance contracts	84,879	84,764		
Assets pledged for investment contracts [2]	203,842	170,548		
Assets pledged for liabilities to insurance polichyholders	**288,721**	**255,312**		
TOTAL	**641,180**	**621,096**	**294,990**	**281,967**

* Transfers that do not qualify for derecognition.
1) The underlying asset is on- and off-balance item.
2) Shares in funds.

Other pledged assets and comparable collateral

Bonds [3]	68,697	62,108	68,697	62,108
Securities lending	66,675	68,048	50,880	51,077
TOTAL	**135,372**	**130,156**	**119,577**	**113,185**

3) Pledged but unencumbered bonds

Contingent liabilities

Guarantee commitments, credits [4]	13,235	10,184	12,186	9,978
Guarantee commitments, other	68,253	60,020	53,583	44,899
Own acceptances	509	374	508	374
Total	**81,997**	**70,578**	**66,277**	**55,251**
Approved, but unutilised letters of credit	12,178	23,426	12,288	19,184
TOTAL	**94,175**	**94,004**	**78,565**	**74,435**

4) Of which 2.1bn (1.5) relates to liquidity facilities and term facilities to US and European conduits. SEB does not regularly securitise its assets and has no outstanding own issues.

Other contingent liabilities
The parent company has undertaken to the Monetary Authority of Singapore to ensure that its subsidiary in Luxembourg's branch in Singapore is able to fulfil its commitments.

The parent company has issued a deposit guarantee for SEB AG in Germany to the Bundesverband deutscher Banken e.V.

Legal proceedings
Within the ordinary course of business SEB is engaged in various legal proceedings, both in Sweden and in other jurisdictions. SEB does not expect these current legal proceedings to have a significant adverse effect on the financial position of the Group.

Commitments

Granted undrawn credit	234,705	222,804	198,981	185,230
Unutilised part of approved overdraft facilities	111,565	108,830	63,666	64,371
Securities borrowing	61,153	58,718	52,510	53,714
TOTAL	**407,423**	**390,352**	**315,157**	**303,315**

Note 39 ctd. Off-balance sheet items

Transferred financial assets entirely recognized [1]

Group 2012	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	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 2012	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	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.

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 the 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 obtains collateral under reverse repurchase 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	2012			2011		
Assets	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Cash and cash balances with central banks	191,445		**191,445**	148,042		**148,042**
Other lending to central banks	17,718		**17,718**	80,548		**80,548**
Loans to other credit institutions	97,745	28,278	**126,023**	88,610	40,153	**128,763**
Loans to the public	574,219	661,869	**1,236,088**	535,008	651,215	**1,186,223**
Securities held for trading	*140,238*	*136,450*	***276,688***	*98,604*	*133,328*	***231,932***
Derivatives held for trading	*152,687*		***152,687***	*148,662*		***148,662***
Derivatives held for hedging	*16,992*		***16,992***	*17,812*		***17,812***
Fair value changes of hedged items in a portfolio hedge	*921*		***921***	*1,347*		***1,347***
Financial assets – policyholders bearing the risk	*203,333*		***203,333***	*186,763*		***186,763***
Other financial assets at fair value	*28,964*	*46,353*	***75,317***	*29,415*	*53,747*	***83,162***
Financial assets at fair value	543,135	182,803	**725,938**	482,603	187,075	**669,678**
Available-for-sale financial assets	5,379	45,220	**50,599**	11,822	45,555	**57,377**
Held-to-maturity investments		82	**82**	197	85	**282**
Assets held-for-sale				2,005		**2,005**
Investments in associates		1,252	**1,252**		1,289	**1,289**
Intangible assets	*1,347*	*15,940*	***17,287***	*1,250*	*16,622*	***17,872***
Property and equipment	*486*	*647*	***1,133***	*484*	*759*	***1,243***
Investment properties		*10,074*	***10,074***		*9,901*	***9,901***
Tangible and intangible assets	1,833	26,661	**28,494**	1,734	27,282	**29,016**
Current tax assets	*6,915*		***6,915***	*6,403*		***6,403***
Deferred tax assets		*2,010*	***2,010***		*2,562*	***2,562***
Trade and client receivables	*35,199*		***35,199***	*14,562*		***14,562***
Withheld margins of safety	*19,483*		***19,483***	*19,576*		***19,576***
Other assets	*12,210*		***12,210***	*13,055*		***13,055***
Other assets	73,807	2,010	**75,817**	53,596	2,562	**56,158**
TOTAL	**1,505,281**	**948,175**	**2,453,456**	**1,404,165**	**955,216**	**2,359,381**

	2012			2011		
Liabilities	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Deposits from credit institutions	158,956	11,700	**170,656**	183,285	17,989	**201,274**
Deposits and borrowing from the public	769,573	92,687	**862,260**	777,983	83,699	**861,682**
Liabilities to policyholders – investment contracts	*6,417*	*189,203*	***195,620***	*7,424*	*173,564*	***180,988***
Liabilities to policyholders – insurance contracts	*7,965*	*82,388*	***90,353***	*7,668*	*81,027*	***88,695***
Liabilities to policyholders	14,382	271,591	**285,973**	15,092	254,591	**269,683**
Debt securities	327,053	334,798	**661,851**	293,176	296,697	**589,873**
Derivatives held for trading	*77,221*		***77,221***	*79,817*		***79,817***
Derivatives held for hedging	*155,279*		***155,279***	*145,381*		***145,381***
Trading liabilities	*2,582*		***2,582***	*5,391*		***5,391***
Fair value changes of hedged items in portfolio hedge	*1,919*		***1,919***	*1,658*		***1,658***
Financial liabilities at fair value	237,001		**237,001**	232,247		**232,247**
Liabilities held-for-sale				1,962		**1,962**
Current tax liabilities	*2,440*		***2,440***	*1,605*		***1,605***
Deferred tax liabilities		*8,501*	***8,501***		*9,367*	***9,367***
Trade and client payables	*31,412*		***31,412***	*13,043*		***13,043***
Withheld margins of safety	*22,830*		***22,830***	*18,489*		***18,489***
Other liabilities	*31,166*		***31,166***	*26,463*		***26,463***
Other liabilities	87,848	8,501	**96,349**	59,600	9,367	**68,967**
Provisions		5,572	**5,572**		5,845	**5,845**
Subordinated liabilities		24,281	**24,281**		25,109	**25,109**
TOTAL	**1,594,813**	**749,130**	**2,343,943**	**1,563,345**	**693,297**	**2,256,642**

41 Financial assets and liabilities by class

Group 2012	Loans and receivables									
Assets	Cash and central banks (note 20)	Loans to credit institutions (note 21)	Loans to the public (note 22)	Other assets (note 29)	Held for trading (note 23)	Designated at fair value through p/l (note 23)	Available-for-sale (note 24)	Held-to-maturity (note 25)	Total	Fair value
Loans	206,265	102,663	1,210,831						**1,519,759**	**1,539,032**
Equity instruments					85,210	21,760	3,439		**110,409**	**110,409**
Debt instruments		23,360	25,257		191,478	53,557	47,160	82	**340,894**	**340,326**
Derivative instruments					152,687	16,992			**169,679**	**169,679**
Financial assets – policyholders bearing the risk						203,333			**203,333**	**203,333**
Other	2,898			54,893		921			**58,712**	**58,712**
Financial assets	**209,163**	**126,023**	**1,236,088**	**54,893**	**429,375**	**296,563**	**50,599**	**82**	**2,402,786**	**2,421,491**
Other assets (non-financial)									**50,670**	**50,670**
TOTAL	**209,163**	**126,023**	**1,236,088**	**54,893**	**429,375**	**296,563**	**50,599**	**82**	**2,453,456**	**2,472,161**

	Amortised costs					Designated at fair value through p/l				
Liabilities	Deposits from credit institutions (note 30)	Deposits and borrowing from the public (note 31)	Debt securities (note 33)	Subordinated liabilities (note 37)	Other liabilities (note 35)	Held for trading (note 34)	Financial liabilities (note 34)	Liabilities to policyholders (note 32)	Total	Fair value
Deposits	170,656	862,260							**1,032,916**	**1,043,939**
Equity instruments						34,161			**34,161**	**34,161**
Debt instruments			661,851	24,281		43,060			**729,192**	**739,195**
Derivative instruments						155,279	2,582		**157,861**	**157,861**
Liabilities to policyholders – investment contracts								195,620	**195,620**	**195,620**
Other					54,661		1,919		**56,580**	**56,685**
Financial liabilities	**170,656**	**862,260**	**661,851**	**24,281**	**54,661**	**232,500**	**4,501**	**195,620**	**2,206,330**	**2,227,461**
Other liabilities (non-financial)									**137,613**	**137,613**
Total equity									**109,513**	**109,513**
TOTAL	**170,656**	**862,260**	**661,851**	**24,281**	**54,661**	**232,500**	**4,501**	**195,620**	**2,453,456**	**2,474,587**

2011

	Loans and receivables									
Assets	Cash and central banks (note 20)	Loans to credit institutions (note 21)	Loans to the public (note 22)	Other assets (note 29)	Held for trading (note 23)	Designated at fair value through p/l (note 23)	Available-for-sale (note 24)	Held-to-maturity (note 25)	Total	Fair value
Loans	225,286	100,957	1,153,702						**1,479,945**	**1,486,938**
Equity instruments					55,931	22,698	2,803		**81,432**	**81,432**
Debt instruments		27,806	32,521		176,001	60,464	54,574	282	**351,648**	**349,877**
Derivative instruments					148,662	17,812			**166,474**	**166,474**
Financial assets – policyholders bearing the risk						186,763			**186,763**	**186,763**
Other	3,304			34,997		1,347			**39,648**	**39,648**
Financial assets	**228,590**	**128,763**	**1,186,223**	**34,997**	**380,594**	**289,084**	**57,377**	**282**	**2,305,910**	**2,311,132**
Other assets (non-financial)									**53,471**	**53,464**
TOTAL	**228,590**	**128,763**	**1,186,223**	**34,997**	**380,594**	**289,084**	**57,377**	**282**	**2,359,381**	**2,364,596**

	Amortised costs					Designated at fair value through p/l				
Liabilities	Deposits from credit institutions (note 30)	Deposits and borrowing from the public (note 31)	Debt securities (note 33)	Subordinated liabilities (note 37)	Other liabilities (note 35)	Held for trading (note 34)	Financial liabilities (note 34)	Liabilities to policyholders (note 32)	Total	Fair value
Deposits	201,274	861,682							**1,062,956**	**1,070,879**
Equity instruments						35,233			**35,233**	**35,233**
Debt instruments			589,873	25,109		44,584			**659,566**	**663,086**
Derivative instruments						145,381	5,391		**150,772**	**150,772**
Liabilities to policyholders – investment contracts								180,988	**180,988**	**180,988**
Other					33,771		1,658		**35,429**	**35,931**
Financial liabilities	**201,274**	**861,682**	**589,873**	**25,109**	**33,771**	**225,198**	**7,049**	**180,988**	**2,124,944**	**2,136,889**
Other liabilities (non-financial)									**131,698**	**131,707**
Total equity									**102,739**	**102,739**
TOTAL	**201,274**	**861,682**	**589,873**	**25,109**	**33,771**	**225,198**	**7,049**	**180,988**	**2,359,381**	**2,371,335**

Note 41 ctd. Financial assets and liabilities by class

SEB has grouped its financial instruments by class taking into account the characteristics of the instruments:

Loans and deposits includes financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. Loans are further specified in note 18 a and 44. Equity 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, 42 and 43. Derivative instruments includes options, futures, swaps and other derived products held for trading and hedging purposes. These are further specified in note 45. Investment contracts 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 50. Insurance contracts includes those assets and liabilities in the Life insurance operations where SEB is carrying the insurance risk of a contractual agreement (is qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 50. Other includes other financial assets and liabilities recognised in accordance with IAS 39, i.e.Trade and client receivables and Withheld margins of safety.

Parent company 2012

	Loans and receivables								
Assets	Cash and central banks (note 20)	Loans to credit institutions (note 21)	Loans to the public (note 22)	Other assets (note 29)	Held for trading (note 23)	Designated at fair value through p/l (note 23)	Available-for-sale (note 24, 27)	Held-to-maturity (note 25)	Total
Loans	165,050	190,479	915,890						**1,271,419**
Equity instruments					74,908	46	52,978		**127,932**
Debt instruments		9,710	21,844		187,584		15,303	1,636	**236,077**
Derivative instruments					148,349	15,439			**163,788**
Other	944			55,301					**56,245**
Financial assets	**165,994**	**200,189**	**937,734**	**55,301**	**410,841**	**15,485**	**68,281**	**1,636**	**1,855,461**
Other assets (non-financial)									**53,592**
TOTAL	**165,994**	**200,189**	**937,734**	**55,301**	**410,841**	**15,485**	**68,281**	**1,636**	**1,909,053**

	Amortised costs							
Liabilities	Deposits from credit institutions (note 30)	Deposits and borrowing from the public (note 31)	Debt securities (note 33)	Subordinated liabilities (note 37)	Other liabilities (note 35)	Held for trading (note 34)	Designated at fair value through p/l (note 34)	Total
Deposits	199,711	637,721						**837,432**
Equity instruments						33,577		**33,577**
Debt instruments			641,413	24,213		40,237		**705,863**
Derivative instruments						156,576	1,672	**158,248**
Other					53,619			**53,619**
Financial liabilities	**199,711**	**637,721**	**641,413**	**24,213**	**53,619**	**230,390**	**1,672**	**1,788,739**
Other liabilities (non-financial)								**20,638**
Total equity								**99,676**
TOTAL	**199,711**	**637,721**	**641,413**	**24,213**	**53,619**	**230,390**	**1,672**	**1,909,053**

2011

	Loans and receivables								
Assets	Cash and central banks (note 20)	Loans to credit institutions (note 21)	Loans to the public (note 22)	Other assets (note 29)	Held for trading (note 23)	Designated at fair value through p/l (note 23)	Available-for-sale (note 24, 27)	Held-to-maturity (note 25)	Total
Loans	121,135	234,677	845,769						**1,201,581**
Equity instruments					51,567	368	55,291		**107,226**
Debt instruments		11,119	27,566		172,755		15,134	2,771	**229,345**
Derivative instruments					145,106	16,271			**161,377**
Other	813			34,742					**35,555**
Financial assets	**121,948**	**245,796**	**873,335**	**34,742**	**369,428**	**16,639**	**70,425**	**2,771**	**1,735,084**
Other assets (non-financial)									**53,204**
TOTAL	**121,948**	**245,796**	**873,335**	**34,742**	**369,428**	**16,639**	**70,425**	**2,771**	**1,788,288**

	Amortised costs							
Liabilities	Deposits from credit institutions (note 30)	Deposits and borrowing from the public (note 31)	Debt securities (note 33)	Subordinated liabilities (note 37)	Other liabilities (note 35)	Held for trading (note 34)	Designated at fair value through p/l (note 34)	Total
Deposits	229,428	608,645						**838,073**
Equity instruments						34,289		**34,289**
Debt instruments			558,747	24,727		42,874		**626,348**
Derivative instruments						145,373	4,181	**149,554**
Other					29,164			**29,164**
Financial liabilities	**229,428**	**608,645**	**558,747**	**24,727**	**29,164**	**222,536**	**4,181**	**1,677,428**
Other liabilities (non-financial)								**15,069**
Total equity								**95,791**
TOTAL	**229,428**	**608,645**	**558,747**	**24,727**	**29,164**	**222,536**	**4,181**	**1,788,288**

42 Debt instruments by maturities

Eligible debt instruments*

Group 2012	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
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**
2011							
Loans to credit institutions (note 21)		45		14,778	1,762		**16,585**
Loans to the public (note 22)		131	2,924	3,098	10		**6,163**
Securities held for trading (note 23)	68	1,978	4,978	20,880	6,816	9,218	**43,938**
Available-for-sale financial assets (note 24)		101	2,537	14,161	16,499	651	**33,949**
TOTAL	**68**	**2,255**	**10,439**	**52,917**	**25,087**	**9,869**	**100,635**

Other debt instruments*

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 (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**
2011							
Loans to credit institutions (note 21)			770	7,963	2,227	33	**10,993**
Loans to the public (note 22)	451	203		5,157	8,877	11,380	**26,068**
Securities held for trading (note 23)	22	3,118	30,840	82,395	13,919	100	**130,394**
Insurance assets (note 23)	3,436	292	2,108	24,039	10,404	19,304	**59,583**
Available-for-sale financial assets (note 24)	5,303	174	223	8,289	4,716	1,239	**19,944**
Held-to-maturity financial assets (note 25)			197			85	**282**
TOTAL	**9,212**	**3,787**	**34,138**	**127,843**	**40,143**	**32,141**	**247,264**

Eligible debt instruments*

Parent company 2012	< 1 month	1 < 3 months	3 months < 1 year	1 < 5 years	5 < 10 years	> 10 years	Total
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**
2011							
Securities held for trading (note 23)	11	1,605	4,459	19,375	6,475	9,217	**41,142**
Available-for-sale financial assets (note 24)				3	6,063	504	**6,570**
TOTAL	**11**	**1,605**	**4,459**	**19,378**	**12,538**	**9,721**	**47,712**

Other debt instruments*

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**
2011							
Loans to credit institutions (note 21)			770	7,963	2,227	33	**10,993**
Loans to the public (note 22)	451	204		5,157	8,876	12,738	**27,426**
Securities held for trading (note 23)	36	3,118	30,962	82,153	13,746		**130,015**
Available-for-sale financial assets (note 24)		134		3,449	3,410	1,238	**8,231**
Held-to-maturity financial assets (note 25)				223	1,559	976	**2,758**
TOTAL	**487**	**3,456**	**31,732**	**98,945**	**29,818**	**14,985**	**179,423**

* Accrued interest excluded.

43 Debt instruments by issuers

Eligible debt instruments*

Group 2012	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)						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**
2011							
Loans to credit institutions (note 21)						16,585	**16,585**
Loans to the public (note 22)					5,321	842	**6,163**
Securities held for trading (note 23)	25,228	317		335	15,741	2,317	**43,938**
Available-for-sale financial assets (note 24)	100				6,937	26,912	**33,949**
TOTAL	**25,328**	**317**		**335**	**27,999**	**46,656**	**100,635**

Other debt instruments*

Group 2012	Swedish Government and municipalities	Swedish mortgage institutions	Other Swedish issuers – non-financial companies	Other Swedish issuers – other financial companies	Foreign Government	Other foreign issuers	Total
Loans to credit institutions (note 21)		1,720				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 (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**
2011							
Loans to credit institutions (note 21)		1,783		7		9,203	**10,993**
Loans to the public (note 22)			429			25,639	**26,068**
Securities held for trading (note 23)		45,911	3,647	5,068	16	75,752	**130,394**
Insurance assets (note 23)	7,104	762	629	1,261	5,363	44,464	**59,583**
Available-for-sale financial assets (note 24)	536				5,486	13,922	**19,944**
Held-to-maturity financial assets (note 25)						282	**282**
TOTAL	**7,640**	**48,456**	**4,705**	**6,336**	**10,865**	**169,262**	**247,264**

Eligible debt instruments*

Parent company 2012	Swedish Government	Swedish municipalities	Other Swedish issuers – non-financial companies	Foreign Government	Other foreign issuers	Total
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**
2011						
Securities held for trading (note 23)	25,228	317		15,597		**41,142**
Available-for-sale financial assets (note 24)				6,570		**6,570**
TOTAL	**25,228**	**317**		**22,167**		**47,712**

Note 43 ctd. Debt instruments by issuers

Other debt instruments*

Parent company 2012	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)	1,720				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**
2011						
Loans to credit institutions (note 21)	1,783	7			9,203	**10,993**
Loans to the public (note 22)		430		1,333	25,663	**27,426**
Securities held for trading (note 23)	45,911	3,646	5,067		75,391	**130,015**
Available-for-sale financial assets (note 24)					8,231	**8,231**
Held-to-maturity financial assets (note 25)					2,758	**2,758**
TOTAL	**47,694**	**4,083**	**5,067**	**1,333**	**121,246**	**179,423**

* Accrued interest excluded.

Eligible papers are considered as such if they, according to national legislation, are accepted by the Central bank where SEB is located.

44 Loans and loan loss provisions

	Group		Parent company	
	2012	2011	2012	2011
Loans to credit institutions[1)]	126,023	128,763	200,189	245,796
Loans to the public[1)]	1,236,088	1,186,223	937,734	873,335
TOTAL	**1,362,111**	**1,314,986**	**1,137,923**	**1,119,131**

1) Including debt instruments classified as Loans.

Loans

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Performing loans	1,357,140	1,308,377	1,137,289	1,118,919
Individually assessed impaired loans, past due > 60 days	7,234	9,410	1,009	1,027
Individually assessed impaired loans, performing or past due < 60 days	767	1,234	21	143
Portfolio assessed loans, past due > 60 days	5,389	6,265	1,074	481
Portfolio assessed loans, restructured	450	501		
Loans prior to reserves	**1,370,980**	**1,325,787**	**1,139,393**	**1,120,570**
Specific reserves for individually assessed loans	–4,165	–5,681	–531	–764
Collective reserves for individually assessed loans	–1,790	–1,938	–636	–482
Collective reserves for portfolio assessed loans	–2,914	–3,182	–303	–193
Reserves	**–8,869**	**–10,801**	**–1,470**	**–1,439**
TOTAL	**1,362,111**	**1,314,986**	**1,137,923**	**1,119,131**

Loans by category of borrower

Group 2012	Credit institutions	Corporates	Property Management	Public Administration	Households	Total operations	Reclassified to Discontinued operations	Continuing operations
Performing loans	130,975	483,748	245,115	57,670	439,632	**1,357,140**		**1,357,140**
Individually assessed impaired loans, past due > 60 days	44	2,651	4,275		264	**7,234**		**7,234**
Individually assessed impaired loans, performing or past due < 60 days	1	157	571		38	**767**		**767**
Portfolio assessed loans, past due > 60 days		488			4,901	**5,389**		**5,389**
Portfolio assessed loans, restructured					450	**450**		**450**
Loans prior to reserves	**131,020**	**487,044**	**249,961**	**57,670**	**445,285**	**1,370,980**		**1,370,980**
Specific reserves for individually assessed loans	–33	–1,723	–2,240		–169	**–4,165**		**–4,165**
Collective reserves for individually assessed loans		–1,572	–195	–7	–16	**–1,790**		**–1,790**
Collective reserves for portfolio assessed loans		–308			–2,606	**–2,914**		**–2,914**
Reserves	**–33**	**–3,603**	**–2,435**	**–7**	**–2,791**	**–8,869**		**–8,869**
TOTAL	**130,987**	**483,441**	**247,526**	**57,663**	**442,494**	**1,362,111**		**1,362,111**

Note 44 ctd. Loans and loan loss provisions

Loans by category of borrower

Group 2011	Credit institutions	Corporates	Property Management	Public Administration	Households	Total operations	Reclassified to Discontinued operations	Continuing operations
Performing loans	129,770	468,841	240,862	64,448	405,937	**1,309,858**	–1,481	**1,308,377**
Individually assessed impaired loans, past due > 60 days	345	3,261	5,659		566	**9,831**	–421	**9,410**
Individually assessed impaired loans, performing or past due < 60 days	6	528	678		47	**1,259**	–25	**1,234**
Portfolio assessed loans, past due > 60 days		621			5,862	**6,483**	–218	**6,265**
Portfolio assessed loans, restructured					501	**501**		**501**
Loans prior to reserves	**130,121**	**473,251**	**247,199**	**64,448**	**412,913**	**1,327,932**	**–2,145**	**1,325,787**
Specific reserves for individually assessed loans	–246	–2,494	–2,894		–304	**–5,938**	257	**–5,681**
Collective reserves for individually assessed loans	–14	–1,583	–325	–7	–20	**–1,949**	11	**–1,938**
Collective reserves for portfolio assessed loans		–420			–2,931	**–3,351**	169	**–3,182**
Reserves	**–260**	**–4,497**	**–3,219**	**–7**	**–3,255**	**–11,238**	**437**	**–10,801**
TOTAL	**129,861**	**468,754**	**243,980**	**64,441**	**409,658**	**1,316,694**	**–1,708**	**1,314,986**

Loans by category of borrower

Parent company 2012	Credit institutions	Corporates	Property Management	Public Administration	Households	Total operations
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**
2011						
Performing loans	245,706	361,740	154,042	**5,181**	352,250	**1,118,919**
Individually assessed impaired loans, past due > 60 days	345	486	195		1	**1,027**
Individually assessed impaired loans, performing or past due < 60 days	4	132	7			**143**
Portfolio assessed loans, past due > 60 days					481	**481**
Loans prior to reserves	**246,055**	**362,358**	**154,244**	**5,181**	**352,732**	**1,120,570**
Specific reserves for individually assessed loans	–245	–436	–83			**–764**
Collective reserves for individually assessed loans	–14	–464		**–4**		**–482**
Collective reserves for portfolio assessed loans					–193	**–193**
Reserves	**–259**	**–900**	**–83**	**–4**	**–193**	**–1,439**
TOTAL	**245,796**	**361,458**	**154,161**	**5,178**	**352,539**	**1,119,131**

Note 44 ctd. Loans and loan loss provisions

Loans by geographical region [1]

Group 2012	The Nordic region	Germany	The Baltic region	Other	Total operations	Reclassified to Discontinued operations	Continuing operations
Performing loans	1,067,964	185,644	95,188	8,344	**1,357,140**		**1,357,140**
Individually assessed impaired loans, past due > 60 days	719	1,272	4,985	258	**7,234**		**7,234**
Individually assessed impaired loans, performing or past due < 60 days	21	230	513	3	**767**		**767**
Portfolio assessed loans, past due > 60 days	1,792		3,597		**5,389**		**5,389**
Portfolio assessed loans, restructured			450		**450**		**450**
Loans prior to reserves	**1,070,496**	**187,146**	**104,733**	**8,605**	**1,370,980**		**1,370,980**
Specific reserves for individually assessed loans	–428	–862	–2,787	–88	**–4,165**		**–4,165**
Collective reserves for individually assessed loans	–973	–119	–673	–25	**–1,790**		**–1,790**
Collective reserves for portfolio assessed loans	–603		–2,311		**–2,914**		**–2,914**
Reserves	**–2,004**	**–981**	**–5,771**	**–113**	**–8,869**		**–8,869**
TOTAL	**1,068,492**	**186,165**	**98,962**	**8,492**	**1,362,111**		**1,362,111**
2011							
Performing loans	967,797	201,702	100,168	40,191	**1,309,858**	–1,481	**1,308,377**
Individually assessed impaired loans, past due > 60 days	960	1,714	6,604	553	**9,831**	–421	**9,410**
Individually assessed impaired loans, performing or past due < 60 days	143	358	721	37	**1,259**	–25	**1,234**
Portfolio assessed loans, past due > 60 days	1,899		4,365	219	**6,483**	–218	**6,265**
Portfolio assessed loans, restructured			501		**501**		**501**
Loans prior to reserves	**970,799**	**203,774**	**112,359**	**41,000**	**1,327,932**	**–2,145**	**1,325,787**
Specific reserves for individually assessed loans	–716	–1,205	–3,683	–334	**–5,938**	257	**–5,681**
Collective reserves for individually assessed loans	–846	–120	–956	–27	**–1,949**	11	**–1,938**
Collective reserves for portfolio assessed loans	–617		–2,544	–190	**–3,351**	169	**–3,182**
Reserves	**–2,179**	**–1,325**	**–7,183**	**–551**	**–11,238**	**437**	**–10,801**
TOTAL	**968,620**	**202,449**	**105,176**	**40,449**	**1,316,694**	**–1,708**	**1,314,986**

Loans by geographical region [1]

Parent company 2012	The Nordic region	Germany	The Baltic region	Other	Total operations
Performing loans	1,098,007		4	39,278	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**		**4**	**39,580**	**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**		**4**	**39,447**	**1,137,923**
2011					
Performing loans	1,083,431		4	35,484	1,118,919
Individually assessed impaired loans, past due > 60 days	896			131	1,027
Individually assessed impaired loans, performing or past due < 60 days	143				143
Portfolio assessed loans, past due > 60 days	481				481
Loans prior to reserves	**1,084,951**		**4**	**35,615**	**1,120,570**
Specific reserves for individually assessed loans	–680			–84	–764
Collective reserves for individually assessed loans	–470			–12	–482
Collective reserves for portfolio assessed loans	–193				–193
Reserves	**–1,343**			**–96**	**–1,439**
TOTAL	**1,083,608**		**4**	**35,519**	**1,119,131**

1) The geographical distribution is based on where the loan is booked.

Note 44 ctd. Loans and loan loss provisions

Credit portfolio protected by guarantees, credit derivatives and collaterals [1)]

	2012				2011			
Group	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals
Banks and corporates	170,918	9,942	36,671	34,251	154,648	7,182	50,531	47,906
Property Management	1,018,435	57,208	241,985	23,189	988,240	48,087	231,950	27,269
Public Administration	76,363	388	1	1	84,304	127	477	
Households	510,892	2,141	414,226	102	475,006	1,918	377,097	247
TOTAL	**1,776,608**	**69,679**	**692,883**	**57,543**	**1,702,198**	**57,314**	**660,055**	**75,422**
Parent company								
Banks and corporates	115,972	7,992	36,359	33,944	108,595	4,030	50,186	47,906
Property Management	759,695	53,559	185,680	21,301	720,191	44,334	172,808	25,618
Public Administration	20,115	31			20,582	41	477	
Households	411,149	329	373,785	5	368,533	1	333,761	
TOTAL	**1,306,931**	**61,911**	**595,824**	**55,250**	**1,217,901**	**48,406**	**557,232**	**73,524**

1) Only risk mitigation arrangements eligible in capital adequacy reporting are represented above.

Loans reclassified current year

	Group		Parent company	
	2012	2011	2012	2011
Book value of impaired loans which have regained normal status	255	1,125	15	31

Individually assessed loans

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Impaired loans, past due > 60 days	7,234	9,831	1,009	1,027
Impaired loans, performing or past due < 60 days	767	1,259	21	143
Total impaired loans	**8,001**	**11,090**	**1,030**	**1,170**
Specific reserves	–4,165	–5,938	–531	–764
for impaired loans, past due > 60 days	–3,783	–5,311	–511	–633
for impaired loans, performing or past due < 60 days	–382	–627	–20	–131
Collective reserves	–1,790	–1,949	–636	–482
Impaired loans net	**2,046**	**3,203**	**–137**	**–76**
Specific reserve ratio for individually assessed impaired loans	52.1%	53.5%	51.6%	65.3%
Total reserve ratio for individually assessed impaired loans	74.4%	71.1%	113.3%	106.5%
Net level of impaired loans	0.28%	0.39%	0.04%	0.04%
Gross level of impaired loans	0.58%	0.84%	0.09%	0.10%

Portfolio assessed loans

	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Loans past due > 60 days	5,389	6,483	1,074	481
Restructured loans	450	501		
Total	**5,839**	**6,984**	**1,074**	**481**
Collective reserves	–2,914	–3,351	–303	–193
Reserve ratio for portfolio assessed impaired loans	49.9%	48.0%	28.2%	40.1%

All loans past due but not determined to be impaired amounted to SEK 14,583m (11,382m) (past due up to 30 days) and SEK 2,484m (1,737m) (between 31 and 60 days). These loans represented 1.25 per cent (1.00) of the total lending volume.

Note 44 ctd. Loans and loan loss provisions

Reserves, Group

	Loans to credit institutions		Loans to the public		Total	
Specific loan loss reserves [1]	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Opening balance	–101	–42	–5,580	–8,490	–5,681	–8,532
Reversals for utilisation	21	24	1,793	1,840	1,814	1,864
Provisions	73	–65	–605	–698	–532	–763
Reversals	122		435	1,360	557	1,360
Exchange rate differences	1	–18	–324	151	–323	133
Closing balance	**116**	**–101**	**–4,281**	**–5,837**	**–4,165**	**–5,938**
Reclassified to Discontinued operations				257		257
Continuing operations	**116**	**–101**	**–4,281**	**–5,580**	**–4,165**	**–5,681**

1) Specific reserves for individually appraised loans.

Collective loan loss reserves [2]						
Opening balance	–11	–20	–5,109	–6,367	–5,120	–6,387
Net provisions		–12	–44	783	–44	771
Exchange rate differences		23	460	293	460	316
Closing balance	**–11**	**–9**	**–4,693**	**–5,291**	**–4,704**	**–5,300**
Reclassified to Discontinued operations		–2		182		180
Continuing operations	**–11**	**–11**	**–4,693**	**–5,109**	**–4,704**	**–5,120**

2) Collective reserves for individually appraised loans, reserves for loans assessed on a portfolio basis and country risk reserves.

Contingent liabilities reserves						
Opening balance			–369	–476	–369	–476
Net provisions			23	68	23	68
Exchange rate differences			47	39	47	39
Closing balance			**–299**	**–369**	**–299**	**–369**
TOTAL	**105**	**–110**	**–9,273**	**–11,497**	**–9,168**	**–11,607**
Reclassified to Discontinued operations		–2		439		437
Continuing operations	**105**	**–112**	**–9,273**	**–11,058**	**–9,168**	**–11,170**

Reserves, Parent company

	Loans to credit institutions		Loans to the public		Total	
Specific loan loss reserves [1]	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Opening balance	–247	–190	–517	–840	–764	–1,030
Reversals for utilisation	21	24	237	424	258	448
Provisions	73	–65	–222	–146	–149	–211
Reversals	121		6	47	127	47
Exchange rate differences		–16	–3	–2	–3	–18
Closing balance	**–32**	**–247**	**–499**	**–517**	**–531**	**–764**

1) Specific reserves for individually appraised loans.

Collective loan loss reserves [2]						
Opening balance	–10	–10	–665	–600	–675	–610
Net provisions			–153	–66	–153	–66
Exchange rate differences			–111	1	–111	1
Closing balance	**–10**	**–10**	**–929**	**–665**	**–939**	**–675**

2) Collective reserves for individually appraised loans, reserves for loans assessed on a portfolio basis and country risk reserves.

Contingent liabilities reserves						
Opening balance			–6	–24	–6	–24
Net provisions			3	18	3	18
Exchange rate differences						
Closing balance			**–3**	**–6**	**–3**	**–6**
TOTAL	**–42**	**–257**	**–1,431**	**–1,188**	**–1,473**	**–1,445**

45 Derivative instruments

	Group		Parent company	
	2012	2011	2012	2011
Interest-related	136,418	123,111	133,064	118,521
Currency-related	29,156	39,685	26,848	39,123
Equity-related	2,569	3,230	2,527	3,389
Other	1,536	448	1,349	344
Positive replacement values	**169,679**	**166,474**	**163,788**	**161,377**
Interest-related	121,095	109,688	124,227	108,855
Currency-related	31,439	37,036	29,276	36,717
Equity-related	4,277	3,713	3,714	3,792
Other	1,051	335	1,031	190
Negative replacement values	**157,862**	**150,772**	**158,248**	**149,554**

	Positive replacement values		Negative replacement values	
Group 2012	Nom. amount	Book value	Nom. amount	Book value
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

2011				
Options	547,664	5,130	500,163	5,074
Futures	1,385,575	4,563	1,538,433	3,568
Swaps	3,625,456	113,418	3,583,025	101,046
Interest-related	**5,558,695**	**123,111**	**5,621,621**	**109,688**
of which, cleared	178	4	526	
Options	194,589	1,962	196,946	1,939
Futures	345,060	5,862	306,225	4,196
Swaps	3,083,670	31,861	3,090,721	30,901
Currency-related	**3,623,319**	**39,685**	**3,593,892**	**37,036**
of which, cleared	26,409	568	33,564	626
Options	1,598,025	2,264	236,321	1,961
Futures	34	370	2,453	174
Swaps	51,432	596	55,538	1,578
Equity-related	**1,649,491**	**3,230**	**294,312**	**3,713**
of which, cleared		579	2,453	302
Options	299	27	299	27
Futures	797	73	797	73
Swaps	13,411	348	13,411	235
Other	**14,507**	**448**	**14,507**	**335**
of which, cleared	1,096	100	1,096	100
TOTAL	**10,846,012**	**166,474**	**9,524,332**	**150,772**
of which, cleared	27,683	1,251	37,639	1,028

Note 45 ctd. Derivative instruments

	Positive replacement values		Negative replacement values	
Parent company 2012	Nom. amount	Book value	Nom. amount	Book value
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

2011				
Options	545,723	5,167	497,723	5,201
Futures	1,384,392	3,380	1,537,971	3,568
Swaps	3,588,985	109,974	3,587,397	100,086
Interest-related	**5,519,100**	**118,521**	**5,623,091**	**108,855**
Options	196,175	1,962	198,106	1,939
Futures	308,319	4,531	307,242	3,575
Swaps	3,184,212	32,630	3,183,249	31,203
Currency-related	**3,688,706**	**39,123**	**3,688,597**	**36,717**
Options	1,663,215	2,433	468,185	2,162
Futures		370		174
Swaps	51,291	586	50,781	1,456
Equity-related	**1,714,506**	**3,389**	**518,966**	**3,792**
of which, cleared		579		302
Swaps	13,411	344	13,411	190
Other	**13,411**	**344**	**13,411**	**190**
TOTAL	**10,935,723**	**161,377**	**9,844,065**	**149,554**
of which, cleared		579		302

46 Related party disclosures*

Parent company 2012	Group companies Assets/ Liabilities	Group companies Interest	Associated companies Assets/ Liabilities	Associated companies Interest	Total Assets/ Liabilities	Total Interest
Loans to credit institutions	122,414	1,420			**122,414**	**1,420**
Loans to the public	22,182	373	288	5	**22,470**	**378**
Bonds and other interest-bearing securities	2,238	99			**2,238**	**99**
Other assets	13,935	2			**13,935**	**2**
TOTAL	**160,769**	**1,894**	**288**	**5**	**161,057**	**1,899**
Deposits from credit institutions	49,723	–940			**49,723**	**–940**
Deposits and borrowings from the public	14,283	–196	13		**14,296**	**–196**
Issued securities	476	–18			**476**	**–18**
Other liabilities	13,161	–82			**13,161**	**–82**
TOTAL	**77,643**	**–1,236**	**13**		**77,656**	**–1,236**
2011						
Loans to credit institutions	168,681	2,189			**168,681**	**2,189**
Loans to the public	33,700	665	350	6	**34,050**	**671**
Bonds and other interest-bearing securities	3,383	151			**3,383**	**151**
Other assets	14,350	3			**14,350**	**3**
TOTAL	**220,114**	**3,008**	**350**	**6**	**220,464**	**3,014**
Deposits from credit institutions	60,070	–938	9		**60,079**	**–938**
Deposits and borrowings from the public	12,759	–277			**12,759**	**–277**
Issued securities	629	–17			**629**	**–17**
Other liabilities	11,065	–36			**11,065**	**–36**
TOTAL	**84,523**	**–1,268**	**9**		**84,532**	**–1,268**

* For information about Top management, The Group Executive Committee and Other related parties see note 9c.

The Group has insurance administration and asset management agreements with Gamla Livförsäkringsbolaget SEB Trygg Liv to conditions on the market. SEB has received SEK 150m (154) regarding the insurance administration agreement and SEK 298m (297) regarding the asset management agreement. For more information on Gamla Livförsäkringsbolaget SEB Trygg Liv, see note 50.

47 Capital adequacy

Calculation of capital base	Financial group of undertakings[1] 2012	Financial group of undertakings[1] 2011	Parent company 2012	Parent company 2011
Total equity according to balance sheet	109,513	109,161	73,330	71,304
Proposed dividend (excl repurchased shares)	–6,028	–3,836	–6,028	–3,836
Investments outside the financial group of undertakings	–64	–41		
Other deductions outside the financial group of undertakings [2]	–4,451	–3,728		
Total equity in the capital adequacy	**98,970**	**101,556**	**67,302**	**67,468**
Untaxed reserves			19,417	18,461
Adjustment for hedge contracts	–473	229	–469	233
Net provisioning amount for IRB-reported credit exposures		–108	–416	–765
Unrealised value changes on available-for-sale financial assets	–597	717	634	1,549
Exposures where risk-weighted assets (RWA) are not calculated [3]	–802	–914	–802	–914
Goodwill [4]	–4,147	–4,147	–755	–333
Other intangible assets	–2,559	–2,943	–2,099	–2,211
Deferred tax assets	–2,003	–1,293		–4
Core Tier 1 capital	**88,389**	**93,097**	**82,812**	**83,484**
Tier 1 capital contribution (non-innovative)	4,300	4,455	4,300	4,455
Tier 1 capital contribution (innovative)	9,704	10,159	9,703	10,159
Tier 1 capital	**102,393**	**107,711**	**96,815**	**98,098**
Dated subordinated debt	6,515	4,815	6,451	4,454
Deduction for remaining maturity	–39	–320		
Perpetual subordinated debt	1,890	2,225	1,890	2,225
Net provisioning amount for IRB-reported credit exposures	485	–108	–416	–765
Unrealised gains on available-for-sale financial assets	990	799	314	95
Exposures where risk-weighted assets (RWA) are not calculated [3]	–802	–914	–802	–914
Investments outside the financial group of undertakings	–64	–41		
Tier 2 capital	**8,975**	**6,456**	**7,437**	**5,095**
Investments in insurance companies [4]	–10,501	–10,500		
Pension assets in excess of related liabilities [5]		–222		
CAPITAL BASE	**100,867**	**103,445**	**104,252**	**103,193**

Note 47 ctd. Capital adequacy

Calculation of risk-weighted assets	Financial group of undertakings[1]		Parent company	
	2012	2011	2012	2011
Credit risk IRB approach				
Institutions	23,879	29,552	16,714	21,002
Corporates	326,666	394,094	208,770	275,598
Securitisation positions	5,177	6,515	5,077	6,408
Retail mortgages	42,896	45,241	31,008	32,207
Other retail exposures	9,365	9,460	6,849	6,709
Other exposure classes	1,461	1,651		
Total credit risk IRB approach	**409,444**	**486,513**	**268,418**	**341,924**
Further risk-weighted assets				
Credit risk, Standardised approach	68,125	77,485	147,563	171,668
Operational risk, Advanced Measurement approach	40,219	42,267	27,635	27,974
Foreign exchange rate risk	14,042	13,173	12,635	13,103
Trading book risks	54,009	59,403	52,204	58,004
Total risk-weighted assets according to Basel II	**585,839**	**678,841**	**508,455**	**612,673**
Addition according to transitional flooring[6]	293,398	148,774	159,455	
TOTAL REPORTED RISK-WEIGHTED ASSETS	**879,237**	**827,615**	**667,910**	**612,673**

Capital ratios				
Basel II with transitional floor				
Core Tier 1 capital ratio	10.1%	11.2%	12.4%	13.6%
Tier 1 capital ratio	11.6%	13.0%	14.5%	16.0%
Total capital ratio	11.5%	12.5%	15.6%	16.8%
Capital base in relation to capital requirement	1,43	1,56	1,95	2,11
Basel II without transitional floor				
Core Tier 1 capital ratio	15.1%	13.7%	16.3%	13.6%
Tier 1 capital ratio	17.5%	15.9%	19.0%	16.0%
Total capital ratio	17.2%	15.2%	20.5%	16.8%
Capital base in relation to capital requirement	2,15	1,90	2,56	2,11

1) The capital adequacy reporting comprises the financial group of undertakings which includes non-consolidated associated companies and excludes insurance companies. The capital base as per 31 December 2011 has not been restated to reflect the changes in IAS 19 Employee benefits.
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) The implementation of the amendments to IAS 19 Employee benefits affects capital base through the equity in the balance sheet. This deduction is no longer required.
6) During 2009–2012 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 should also comply with capital requirements concerning combined banking and insurance groups, i.e. financial conglomerates. The combined capital requirements for the SEB financial conglomerate were SEK 79.7bn (75.7), while the capital amounted to SEK 114.7bn (116.3). The capital requirement for the financial conglomerate has been calculated in accordance with the deduction and aggregation method.

48 Future minimum lease payments for operational leases*

	Group		Parent company	
	2012	2011	2012	2011
Year 2012		1,059		754
Year 2013	1,018	916	753	670
Year 2014	942	812	681	601
Year 2015	857	731	587	508
Year 2016	597	512	323	283
Year 2017 and later	1,875	1,187	1,153	782
TOTAL	**5,289**	**5,217**	**3,497**	**3,598**

* Leases for premises and other operational leases.

49 Assets and liabilities distributed by main currencies

Group 2012	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash and balances with 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	222,714	227,606	26,464	77,286	32,626	3,541	**1,094,472**
Other liabilities	82,901	31,293	7,278	567	37,403	29,624	3,208	**192,274**
Subordinated liabilities		16,336	5,981				1,964	**24,281**
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**

2011	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash and balances with central banks	1,154	93,670	114,735	39	966	4,561	13,465	**228,590**
Loans to credit institutions	23,537	59,552	24,508	1,149	13,081	4,050	2,886	**128,763**
Loans to the public	650,837	315,863	100,262	15,128	30,977	42,248	30,908	**1,186,223**
Other financial assets	358,975	185,443	31,256	2,697	100,546	43,276	4,862	**727,055**
Other assets	34,956	25,000	5,093	1,272	14,053	1,309	7,067	**88,750**
TOTAL ASSETS	**1,069,459**	**679,528**	**275,854**	**20,285**	**159,623**	**95,444**	**59,188**	**2,359,381**
Deposits from central banks	118	11,863	20,974	213	92	1,171	1,526	**35,957**
Deposits from credit institutions	48,541	56,237	29,606	1,305	23,607	4,523	1,498	**165,317**
Deposits and borrowing from the public	337,258	284,723	150,665	9,231	13,211	24,367	42,227	**861,682**
Other financial liabilities	447,288	270,602	156,345	22,367	76,540	26,343	3,623	**1,003,108**
Other liabilities	81,533	27,516	7,932	1,283	38,855	2,411	5,939	**165,469**
Subordinated liabilities	4	15,774	6,466	454		23	2,388	**25,109**
Total equity	102,739							**102,739**
TOTAL LIABILITIES AND EQUITY	**1,017,481**	**666,715**	**371,988**	**34,853**	**152,305**	**58,838**	**57,201**	**2,359,381**

Parent company 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	190,360	229,780	26,010	18,834	60,969	1,431	**927,094**
Other liabilities	16,462	–462	2,990	599	367	–171	853	**20,638**
Subordinated liabilities		16,268	5,981				1,964	**24,213**
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**

2011	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash and balances with central banks	812	603	114,625		803	4,522	583	**121,948**
Loans to credit institutions	31,289	154,778	29,437	3,255	11,500	8,782	6,755	**245,796**
Loans to the public	610,725	81,336	92,827	11,938	34,660	30,289	11,560	**873,335**
Other financial assets	228,449	149,874	20,672	4,117	36,448	44,780	9,665	**494,005**
Other assets	38,382	5,265	2,703	11	1,817	4,424	602	**53,204**
TOTAL ASSETS	**909,657**	**391,856**	**260,264**	**19,321**	**85,228**	**92,797**	**29,165**	**1,788,288**
Deposits from central banks	118	11,863	20,974	213	92	1,171	1,526	**35,957**
Deposits from credit institutions	51,753	72,203	34,399	1,596	22,781	4,400	6,339	**193,471**
Deposits and borrowing from the public	334,907	80,999	143,083	8,106	9,397	22,576	9,577	**608,645**
Other financial liabilities	348,647	228,577	162,207	22,476	22,471	27,865	2,385	**814,628**
Other liabilities	10,908	1,350	1,203	893	294	–151	572	**15,069**
Subordinated liabilities	4	15,391	6,467	454		23	2,388	**24,727**
Shareholders' equity and untaxed reserves	95,791							**95,791**
TOTAL LIABILITIES AND EQUITY	**842,128**	**410,383**	**368,333**	**33,738**	**55,035**	**55,884**	**22,787**	**1,788,288**

50 Life insurance operations

INCOME STATEMENT	Group 2012	Group 2011
Premium income, net	6,462	6,467
Income investment contracts		
– Own fees including risk gain/loss	1,402	1,219
– Commissions from fund companies	1,320	1,317
	2,722	2,536
Net investment income	7,825	4,580
Other operating income	385	437
Total income, gross	**17,394**	**14,020**
Claims paid, net	–7,708	–9,237
Change in insurance contract provisions	–5,065	–312
Total income, net	**4,621**	**4,471**
Of which from other units within the SEB group	*1,193*	*1,274*
Expenses for acquisition of investment and insurance contracts		
– Acquisition costs	–1,401	–1,414
– Change in deferred acquisition costs	–97	44
	–1,498	–1,370
Administrative expenses	–1,138	–1,117
Other operating expenses	–5	–27
Total expenses	**–2,641**	**–2,514**
OPERATING PROFIT	**1,980**	**1,957**

CHANGE IN SURPLUS VALUES IN DIVISION LIFE

	2012	2011
Present value of new sales 1)	1,277	1,318
Return on existing policies	1,511	1,657
Realised surplus value in existing policies	–2,580	–2,453
Actual outcome compared to assumptions 2)	358	710
Change in surplus values from ongoing business, gross	**566**	**1,232**
Capitalisation of acquisition costs	–740	–789
Amortisation of capitalised acquisition costs	837	745
Change in deferred front end fees	8	
Change in surplus values from ongoing business, net 3)	**671**	**1,188**
Financial effects due to short-term market fluctuations 4)	1,712	–1,897
Change in assumptions 5)	–409	–179
TOTAL CHANGE IN SURPLUS VALUES 6)	**1,974**	**–888**

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 66 per cent of the total surplus value).

	2012	2011
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% / 16% / 15% / 11%	1% / 8% / 17% / 15% / 10%
Lapse rate of regular premiums, unit-linked	11%	12%
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%	4%
Right to transfer policy, unit-linked	2.6%	2%
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 can be compared with earlier assumptions and deviations can be calculated. The most important components consist of extensions of contracts as well as cancellations.
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) 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. In 2011 a lowering of the discount rate had a positive effect of some SEK 800m but lower expected growth in fund values had a negative effect of some SEK 300m. A higher frequency of surrenders, lapse and transfers had a negative effect of some SEK 700m.
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.

SUMMARISED FINANCIAL INFORMATION FOR GAMLA LIVFÖRSÄKRINGSBOLAGET SEB TRYGG LIV*

Income statement, condensed	Group 2012	Group 2011
Life insurance technical result	15,326	–17,405
Appropriations	5	78
Taxes	–602	–748
NET RESULT	**14,729**	**–18,075**

Note 50 ctd. Life insurance operations

SUMMARISED FINANCIAL INFORMATION FOR GAMLA LIVFÖRSÄKRINGSBOLAGET SEB TRYGG LIV*

	Group	
Balance sheet, condensed	**2012**	**2011**
Total assets	163,590	156,976
TOTAL ASSETS	**163,590**	**156,976**
Total liabilities	98,366	101,691
Consolidation fund / equity	64,935	54,991
Untaxed reserves	289	294
TOTAL LIABILITIES AND EQUITY	**163,590**	**156,976**

* SEB owns all shares of Gamla Livförsäkringsbolaget SEB Trygg Liv except for a golden share owned by Trygg-Stiftelsen. Gamla Livförsäkringsbolaget SEB Trygg Liv is not consolidated as as subsidiary of the Group, since the ownership of SEB in Gamla Livförsäkringsbolaget SEB Trygg Liv does not result in control.

51 Assets in unit-link operations

Within the unit-linked business SEB holds, for its customer's account, a share of more than 50 per cent in 47 (45) funds, where SEB is the investment manager. The total value of those funds amounted to SEK 100,680m (93,940) of which SEB, for its customer's account, holds SEK 72,826m (66,150).

52 Assets and liabilities classified as held-for-sale and 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 will be 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. In the consolidated balance sheet, assets and liabilities held for sale are reported on a separate line from other assets and liabilities.

	Group	
Income statement	**2012**	**2011**
Total operating income	305	–535
Total operating expenses	–645	–1,093
Profit before credit losses	**–340**	**–1,628**
Net credit losses	–181	180
Operating profit	**–521**	**–1,448**
Income tax expense	33	293
Net profit from discontinued operations	**–488**	**–1,155**
Balance sheet		
Loans to the public		734
Other assets		1,271
Total assets held-for-sale		**2,005**
Deposits from credit institutions		1,275
Deposits and borrowing from the public		663
Other liabilities		24
Total liabilities held-for-sale		**1,962**
Cash flow statement		
Cash flow from operating activities	65	27,387
Cash flow from investment activities	38	423
Cash flow from financing activities	87	–27,800
Net increase in cash and cash equivalents from discontinued operations	**190**	**10**

53 Reclassified portfolios

	Group		Parent company	
	2012	**2011**	**2012**	**2011**
Opening balance	42,169	78,681	20,527	39,574
Amortisations	–2,862	–6,360	–1,986	–5,973
Securities sold	–8,656	–29,058	–1,640	–12,063
Accrued coupon	9	–4	–28	–12
Exchange rate differences	–1,318	–1,090	–1,336	–999
CLOSING BALANCE*	**29,342**	**42,169**	**15,537**	**20,527**
* Fair value if not reclassified	28,423	39,284	14,430	17,922

Note 53 ctd. Reclassified portfolios

Fair value impact – if not reclassified	Group 2012	Group 2011	Parent company 2012	Parent company 2011
In Equity (AFS origin)	1,117	21	836	100
In Income Statement (HFT origin)	217	127	87	13
TOTAL	**1,334**	**148**	**923**	**113**
Effect in Income Statement*				
Net interest income	602	1,214	149	347
Net financial income	–639	–1,147	–1,253	–1,147
Other income	–391	–473	–402	–307
TOTAL	**–428**	**–406**	**–1,506**	**–1,107**

* 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.

Amendments to IAS 39, endorsed by the European Union in October 2008, allow in rare circumstances financial assets to be reclassified out of the assets held for trading category. SEB considered the extreme disruption in the global financial markets and the sharp deterioration of the real economy in the second half of 2008 and continuing into 2009 to be such rare circumstances. SEB has not reclassified any assets during 2011 and 2012.

54 Restatement of Financial Statements 2011 – SEB Group

Income statement*	Previously reported 2011	Changes	Restated 2011
Total operating income	37,686		37,686
Staff costs	–13,933	–392	–14,325
Total operating expenses	**–23,121**	**–392**	**–23,513**
Operating profit	15,345	–392	14,953
Income tax expense	–3,046	104	–2,942
Net profit from continuing operations	**12,299**	**–288**	**12,011**
NET PROFIT	**11,144**	**–288**	**10,856**
Continuing operations			
Basic earnings per share, SEK	5.59	–0.13	5.46
Diluted earnings per share, SEK	5.56	–0.13	5.43
Total operations			
Basic earnings per share, SEK	5.06	–0.13	4.93
Diluted earnings per share, SEK	5.04	–0.13	4.91
Statement of comprehensive income*			
Net profit	**11,144**	**–288**	**10,856**
Defined benefit plans		–88	–88
Translation of foreign operations	–140	6	–134
Other comprehensive income (net of tax)	**1,581**	**–82**	**1,499**
TOTAL COMPREHENSIVE INCOME	**12,725**	**–370**	**12,355**
Balance sheet*			
Financial assets at fair value	670,633	–955	669,678
Other assets	58,475	–2,317	56,158
Total assets	**2,362,653**	**–3,272**	**2,359,381**
Other liabilities	69,883	–916	68,967
Provisions	1,779	4,066	5,845
Total equity	109,161	–6,422	102,739
TOTAL LIABILITIES AND EQUITY	**2,362,653**	**–3,272**	**2,359,381**
Statement of changes in equity*			
Change in accounting policy for defined benefit plans		–5,710	–5,710
Change in fair value measurement of financial assets		–712	–712
TOTAL EQUITY	**109,161**	**–6,422**	**102,739**

* Condensed version

The restatement is related to the accounting of defined benefit plans due to amendments in IAS 19 Employee benefits. The amendment removes the possibility to use the corridor method. The standard also requires an entity to apply the discount rate on the net defined benefit liability in order to calculate the net interest expense. The initial effect is reported against retained earnings as of 1 January 2011 and subsequent changes are reported in Staff costs and OCI.

The restatement also reflects changes in the measurement of fair value of financial assets from development of the valuation model and risk measurement of Credit Value Adjustment (CVA). The adjustment is recognised as a change in retained earnings as of 31 December 2011. The effect attributable to 2012 isolated is not material.

The SEB Group

Income statement

SEK m	2012	2011 1)	2010 2)	2009 2)	2008 2)
Net interest income	17,635	16,901	15,930	17,967	16,940
Net fee and commission income	13,620	14,175	14,120	13,250	14,027
Net financial income	4,579	3,548	3,148	4,453	2,970
Net life insurance income	3,428	3,197	3,255	3,597	2,375
Net other income	–439	–135	282	2,154	1,751
Total operating income	**38,823**	**37,686**	**36,735**	**41,421**	**38,063**
Staff costs	–14,596	–14,325	–13,920	–13,688	–14,513
Other expenses	–6,444	–7,424	–7,213	–6,670	–6,510
Depreciation, amortisation and impairment of tangible and intangible assets	–2,612	–1,764	–1,854	–4,046	–1,456
Restructuring costs			–764		
Total operating expenses	**–23,652**	**–23,513**	**–23,751**	**–24,404**	**–22,479**
Gains less losses on disposals of tangible and intangible assets	1	2	14	7	5
Net credit losses	–937	778	–1,609	–11,370	–3,155
Operating profit	**14,235**	**14,953**	**11,389**	**5,654**	**12,434**
Income tax expense	–2,093	–2,942	–2,569	–2,478	–2,351
Net profit from continuing operations	**12,142**	**12,011**	**8,820**	**3,176**	**10,083**
Discontinued operations	–488	–1,155	–2,022	–1,998	–33
NET PROFIT	**11,654**	**10,856**	**6,798**	**1,178**	**10,050**
Attributable to minority interests	22	37	53	64	9
Attributable to equity holders	11,632	10,819	6,745	1,114	10,041

1) 2011 restated for change in accounting policy for defined benefit plans.
2) 2010–2009 restated and 2008 pro forma calculated excluding Retail Germany.

Balance sheet

SEK m	2012	2011 1)	2010	2009	2008
Loans to credit institutions and central banks	143,741	209,311	204,188	331,460	266,363
Loans to the public	1,236,088	1,186,223	1,074,879	1,187,837	1,296,777
Other financial assets	1,022,957	910,376	777,423	634,002	765,131
Other assets	50,670	53,471	123,331	154,928	182,431
TOTAL ASSETS	**2,453,456**	**2,359,381**	**2,179,821**	**2,308,227**	**2,510,702**
Deposits from credit institutions	170,656	201,274	212,624	397,433	429,425
Deposits and borrowing from the public	862,260	861,682	711,541	801,088	841,034
Other financial liabilities	1,173,414	1,061,988	975,935	856,107	996,590
Other liabilities	137,613	131,698	180,178	153,930	159,924
Total equity	109,513	102,739	99,543	99,669	83,729
TOTAL LIABILITIES AND EQUITY	**2,453,456**	**2,359,381**	**2,179,821**	**2,308,227**	**2,510,702**

1) 2011 restated for change in accounting policy for defined benefit plans and change in fair value measurement of financial assets.

Key figures

	2012	2011	2010	2009	2008
Return on equity, %	11.06	11.12	6.84	1.17	13.15
Basic earnings per share, SEK	5.31	4.93	3.07	0.58	10.36
Cost/Income ratio 1)	0.61	0.62	0.65	0.60	0.59
Credit loss level, %	0.08	–0.08	0.15	0.92	0.30
Total reserve ratio for individually impaired loans, %	74.4	71.1	69.2	69.5	68.5
Gross level of impaired loans, %	0.58	0.84	1.28	1.46	0.73
Total capital ratio 2), %	11.47	12.50	12.40	13.50	10.62
Tier I capital ratio 2), %	11.65	13.01	12.75	12.78	8.36

1) Continuing operations.
2) Basel II (with transitional rules).

Skandinaviska Enskilda Banken

Income statement

SEK m	2012	2011[1]	2010	2009	2008
Net interest income	17,478	15,541	13,828	15,069	13,171
Net commission income	7,439	7,396	6,907	6,215	5,994
Net result of financial transactions	4,046	3,133	3,239	4,065	3,236
Other income	2,374	4,620	3,346	6,466	6,346
Total operating income	**31,337**	**30,690**	**27,320**	**31,815**	**28,747**
Administrative expenses	–15,077	–14,479	–13,935	–12,117	–13,304
Depreciation, amortisation and impairment of tangible and intangible assets	–5,446	–4,884	–4,630	–5,125	–4,820
Total operating costs	**–20,523**	**–19,363**	**–18,565**	**–17,242**	**–18,124**
Profit before credit losses	**10,814**	**11,327**	**8,755**	**14,573**	**10,623**
Net credit losses	–385	–457	–362	–984	–773
Impairment of financial assets	–1,114	–759	–442	–1,222	–121
Operating profit	**9,315**	**10,111**	**7,951**	**12,367**	**9,729**
Appropriations including pension compensation	–3,175	–148	–1,283	–1,510	–2,117
Taxes	–1,375	–2,112	–3,095	–3,231	–1,106
NET PROFIT	**4,765**	**7,851**	**3,573**	**7,626**	**6,506**

1) 2011 restated for accounting of group contributions.

Balance sheet

SEK m	2012	2011[1]	2010	2009	2008
Loans to credit institutions	200,189	245,796	250,568	376,223	349,073
Loans to the public	937,734	873,335	763,441	732,475	768,737
Other financial assets	717,538	615,953	459,379	419,267	501,023
Other assets	53,592	53,204	62,940	67,951	89,667
TOTAL ASSETS	**1,909,053**	**1,788,288**	**1,536,328**	**1,595,916**	**1,708,500**
Deposits from credit institutions	199,711	229,428	195,408	386,530	410,105
Deposits and borrowing from the public	637,721	608,645	484,839	490,850	453,697
Other financial liabilities	951,307	839,355	733,044	595,032	731,958
Other liabilities	20,638	15,069	33,766	35,236	48,445
Shareholders' equity and untaxed reserves	99,676	95,791	89,271	88,268	64,295
TOTAL LIABILITIES, UNTAXED RESERVES AND SHAREHOLDERS' EQUITY	**1,909,053**	**1,788,288**	**1,536,328**	**1,595,916**	**1,708,500**

1) 2011 restated for change in fair value measurement of financial assets.

Key figures

	2012	2011	2010	2009	2008
Return on equity, %	6.5	11.6	5.4	10.6	19.0
Cost/Income ratio	0.65	0.63	0.68	0.56	0.65
Credit loss level, %	0.03	0.04	0.04	0.10	0.08
Gross level of impaired loans, %	0.09	0.10	0.20	0.18	0.14
Total capital ratio[1], %	20.5	16.8	17.1	17.2	15.3
Tier I capital ratio[1], %	19.0	16.0	16.0	14.8	9.9

1) Basel II (with transitional rules).

Proposal for the distribution of profit

Standing at the disposal of the Annual General Meeting in accordance with the balance sheet of Skandinaviska Enskilda Banken AB:

	SEK
Retained earnings	33,652,293,676
Net profit for the year	4,764,794,744
Total	**38,417,088,420**

The Board proposes that, following approval of the balance sheet of Skandinaviska Enskilda Banken AB for the financial year 2012, the Annual General Meeting should distribute the earnings as follows:

Dividend to shareholders:	SEK
SEK 2.75 per Series A-share	5,967,553,059
SEK 2.75 per Series C-share	66,419,397
To be carried forward to:	
– retained earnings	32,383,115,965
Total	**38,417,088,420**

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 22 February 2013

Marcus Wallenberg
CHAIRMAN

Tuve Johannesson
DEPUTY CHAIRMAN

Jacob Wallenberg
DEPUTY CHAIRMAN

Johan H Andresen
DIRECTOR

Signhild Arnegård Hansen
DIRECTOR

Urban Jansson
DIRECTOR

Birgitta Kantola
DIRECTOR

Tomas Nicolin
DIRECTOR

Magdalena Olofsson
DIRECTOR
APPOINTED BY THE EMPLOYEES

Jesper Ovesen
DIRECTOR

Pernilla Påhlman
DIRECTOR
APPOINTED BY THE EMPLOYEES

Carl Wilhelm Ros
DIRECTOR

Annika Falkengren
PRESIDENT AND CHIEF EXECUTIVE OFFICER
DIRECTOR

Auditor's report

To the annual meeting of the shareholders of Skandinaviska Enskilda Banken AB (publ), corporate identity number 502032-9081

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Skandinaviska Enskilda Banken AB (publ) for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 16-150.

Responsibilities of the Board of Directors and the 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 2012 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 2012 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 2012.

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 22 February 2013
PRICEWATERHOUSECOOPERS AB

Peter Nyllinge	Magnus Svensson Henryson
AUTHORISED PUBLIC ACCOUNTANT	AUTHORISED PUBLIC ACCOUNTANT
PARTNER IN CHARGE	

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

Capital base
The sum of Tier 1 and Tier 2 capital. Deductions should be made for investments in insurance companies and pension surplus values. From December 2012 the deduction for pension surplus values is not applicable, as new accounting principles for pensions have been implemented (IAS 19, Employee benefits).

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

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

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

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

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

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

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

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

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

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

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

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

All figures within brackets refer to 2011 unless otherwise stated. Percentage changes refer to comparisons with 2011 unless otherwise stated.

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

		Profit and loss account			Balance sheet		
		2012	2011	Change, %	2012	2011	Change, %
DKK	Danish kroner	1.170	1.212	-3	1.153	1.199	-4
EUR	Euro	8.711	9.032	-4	8.601	8.909	-3
NOK	Norwegian kroner	1.165	1.158	1	1.166	1.148	2
LTL	Lithuanian litas	2.523	2.616	-4	2.492	2.581	-3
LVL	Latvian lats	12.493	12.789	-2	12.324	12.729	-3
USD	U.S. dollars	6.776	6.495	4	6.503	6.867	-5

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 2012 **Annual Accounts**	31 January 2013
Publication of **Annual Report** on the Internet	28 February 2013
Annual General Meeting	21 March 2013
Interim report January – March	23 April 2013
Interim report January – June	15 July 2013
Interim report January – September	24 October 2013
Publication of 2013 **Annual Accounts**	5 February 2014

Interim reports in electronic form may be subscribed to at www.sebgroup.com/ir

New shareholders are automatically offered a subscription of the Annual Report or the Annual Review. Printed copies of the reports may be ordered at www.sebgroup.com/ir

Other publications

Annual Review
An abbreviated version of the Annual Report.

Corporate Sustainability Report
A report on SEB's work within the sustainability area.

Capital Adequacy and Risk Management Report (Pillar 3)
A report containing public disclosure on capital adequacy and risk management in accordance with regulatory requirements.

Annual General Meeting

The Annual General Meeting will be held on Thursday, 21 March 2013, at 1 p.m. (CET) at Stockholm Concert Hall, Hötorget.

Notices convening the General Meeting including an agenda for the meeting are available on www.sebgroup.com

Shareholders who wish to attend the Annual General Meeting shall both
- be registered in the shareholders' register kept by Euroclear Sweden AB on Friday, 15 March 2013, 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 15 March 2013, at the latest.

Dividend

The Board proposes a dividend of SEK 2.75 per share for 2012.
The share is traded ex dividend on Friday, 22 March, 2013. Tuesday, 26 March 2013, is proposed as record date for the dividend payments. If the Annual General Meeting resolves in accordance with the proposals, dividend payments are expected to be distributed by Euroclear Sweden AB on Tuesday 2 April 2013.

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