

# Corporate Governance at SEB

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

## Focus areas during 2011

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

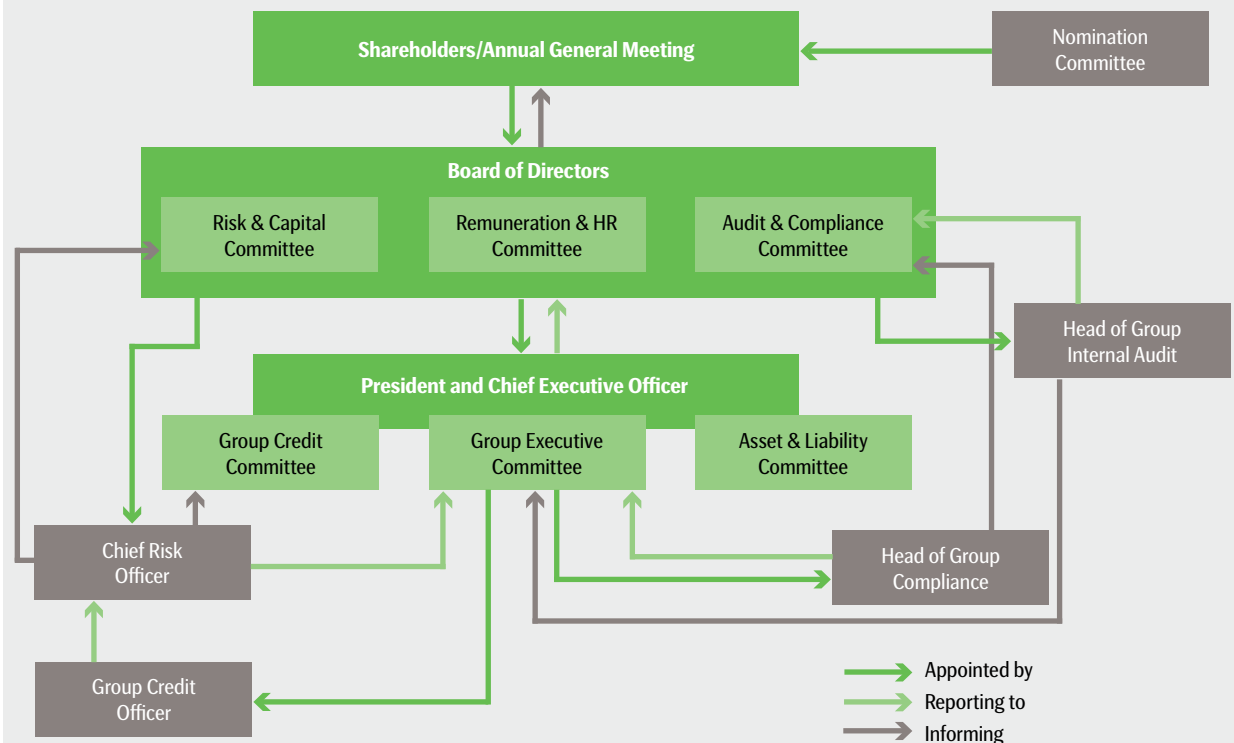
## Corporate governance at SEB

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

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

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

## Corporate governance structure



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

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

### Shareholders and the Annual General Meeting

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

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

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

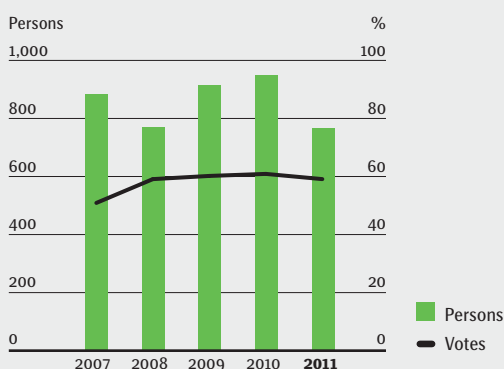
The 2011 Annual General Meeting (AGM) was held on 24 March 2011. The minutes from the AGM are available on SEB's website. Following are some of the decisions made at the AGM:

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

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

### Annual General Meeting attendance

2007-2011



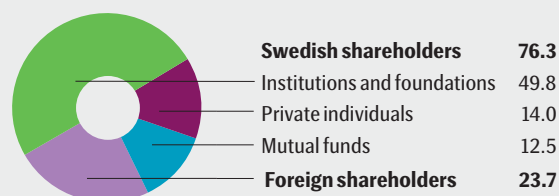
### The largest shareholders

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

Source: Euroclear AB/SIS Ägarservice AB

### Shareholder structure

Percentage holdings of equity on 31 December 2011

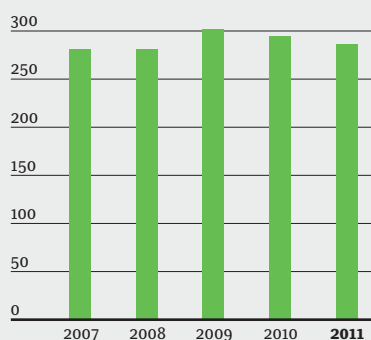


The majority of the Bank's approximately 290,000 shareholders are private individuals with small holdings. The ten largest shareholders account for 50.0 per cent of capital and votes.

Source: VPC/SIS Ägarservice

### Number of shareholders

31 December, thousands



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

## Nomination Committee

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

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

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

## Board of Directors

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

An important principle is that the size and composition of the Board should be such as to serve the Bank in the best possible way. It is therefore crucial that the directors have requisite expe-

rience and knowledge about the financial and other sectors as well as international experience and a contact network that meet the demands that arise from the Bank's position and future orientation.

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

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

The Board appoints and dismisses the President, the Chief Risk Officer, the members of the Group Executive Committee and the Head of Group Internal Audit.

The Chairman of the Board organises and manages the work of the Board by, among other things, convening board meetings, setting the agenda and preparing the matters to be discussed at meetings, after consulting with the President.

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

### Nomination committee for the 2012 AGM

Member	Representing	Votes, % 31 August 2011
Petra Hedengran, <i>Chairman</i>	Investor	20.9
William af Sandeberg	Trygg-Stiftelsen	8.2
Staffan Grefbäck	Alecta	7.2
Lars Wedenborn	The Knut and Alice Wallenberg Foundation	1.3
Marcus Wallenberg	SEB, Chairman of the Board	
		<b>37.6</b>
Ossian Ekdahl	First Swedish National Pension Fund, <i>Additional as from 16 January 2012</i>	
Urban Jansson	<i>Additional, appointed by the Board</i>	

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

SEB uses an annual self-assessment method, which among other things includes a questionnaire, followed by discussions within the Board. Through this process the activities and work methods of the Board, the Chairman of the Board and the respective committees are evaluated. Among the issues examined are: how to further improve the work of the Board, the extent to which the individual board members take an active part in discussions by the Board and its committees, whether board members contribute independent opinions and whether the meeting atmosphere facilitates open discussions. The outcome of the evaluation has been presented to and discussed by the Board and the Nomination Committee.

The Chairman of the Board formally evaluates each individual director's work once a year. Marcus Wallenberg did not participate in the evaluation of the Chairman's work which was conducted by Tuve Johansson.

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

## Work of the Board of Directors 2011

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

### First quarter

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

### Second quarter

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

### Third quarter

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

### Fourth quarter

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

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

## Board committees

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

## Board of Directors

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

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

Human Resources Committee (RemCo). Minutes are recorded of each committee meeting and communicated to the other board members promptly after the meetings. The committees report on a regular basis to the Board. Committee members are appointed for a period of one year at a time. It is an important principle that as many board members as possible shall participate in committee work, also as committee chairs. Although the Chairman of the Board is a member of all three committees, he does not chair any of them. Neither the President nor any other officer of the Bank is a member of ACC or RemCo. The President is a member of RCC. Apart from the committee work, no other distribution of duties is applied within the Board.

### Risk and Capital Committee

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

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

### The Committees' work during 2011

	Risk and Capital Committee	Audit and Compliance Committee	Remuneration and Human Resources Committee
<b>Members</b>	Urban Jansson (Chairman) Marcus Wallenberg (Dep. Chairman) Jesper Ovesen Annika Falkengren	Carl Wilhem Ros (Chairman) Marcus Wallenberg (Dep. Chairman) Birgitta Kantola	Tomas Nicolin (Chairman) Marcus Wallenberg (Dep. Chairman) Tuve Johannesson
<b>Number of Meetings</b>	13	5	8
<b>Major issues during 2011</b>	<ul style="list-style-type: none"> <li>• Reviews of proposals for Group policies and strategies, such as the Risk Policy and Risk Strategy, the Credit Policy, the Credit Instruction, the Capital Policy, the Liquidity and Pledge Policy, the Trading and Investment Policy and the CRO Instruction, for decision by the Board</li> <li>• Monitoring of the implementation of these policies</li> <li>• Follow-up of the development of the risks of the Group</li> <li>• Preparation for Board decisions concerning limits for market and liquidity risks</li> <li>• Adoption of credit policies and instructions that supplement the Group's Credit Policy and Credit Instruction</li> <li>• Decisions on individual credit matters</li> <li>• Reviews of significant developments in the credit portfolio and of the credit process within the Group</li> <li>• Reviews of risk measurement models and methods</li> <li>• Examination of matters relating to operational risk, market and liquidity risk, and insurance risk</li> <li>• Review of material changes in the overall capital and liquidity situation and in the Group's capital adequacy situation</li> <li>• Preparation for changes in the Group's capital goals and capital management matters, such as the dividend level, for Board decision</li> <li>• The structure and utilisation of share repurchase programmes</li> <li>• Strategic discussions on comprehensive financial and balance sheet management.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews of the instructions for Internal Audit and Compliance, for adoption by the Board</li> <li>• Handling of annual and interim accounts as well as audit reports</li> <li>• Follow-up of the Group's internal audit</li> <li>• Follow-up of Compliance issues</li> <li>• Follow-up of the internal control over financial reporting</li> <li>• Follow-up of the Group's IT strategy and structure</li> <li>• Follow-up of other than auditing services, procured from the external auditors</li> <li>• Adoption of an annual audit plan for the Internal Audit function co-ordinated with the external audit plan</li> <li>• Approval of the annual Group Compliance Plan</li> <li>• Discussions with representatives of the external auditors on several occasions, without the President or any other member of the executive management of the Bank being present</li> <li>• Discussions on changes in accounting rules.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of the Remuneration Policy for the SEB Group, for adoption by the Board</li> <li>• Proposal, for approval by the Board and decision by the AGM, of remuneration guidelines for the President and members of the Group Executive Committee</li> <li>• Proposals, for decision by the Board, on remuneration of the President and members of the Group Executive Committee in accordance with the guidelines established by the AGM</li> <li>• Proposals, for decision by the Board, on remuneration of the Head of Group Internal Audit and the Head of Group Compliance in accordance with the Remuneration Policy adopted by the Board.</li> <li>• Proposals for and follow-up of long-term equity programmes</li> <li>• Follow-up of remuneration principles, variable cash-based compensation schemes and pension obligations</li> <li>• Follow-up on the yearly Group Talent Review, SEB's process for ensuring leadership succession in the Bank.</li> </ul>

### Audit and Compliance Committee

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

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

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

### Remuneration and Human Resources Committee

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

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

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

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

### The President and Chief Executive Officer

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

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

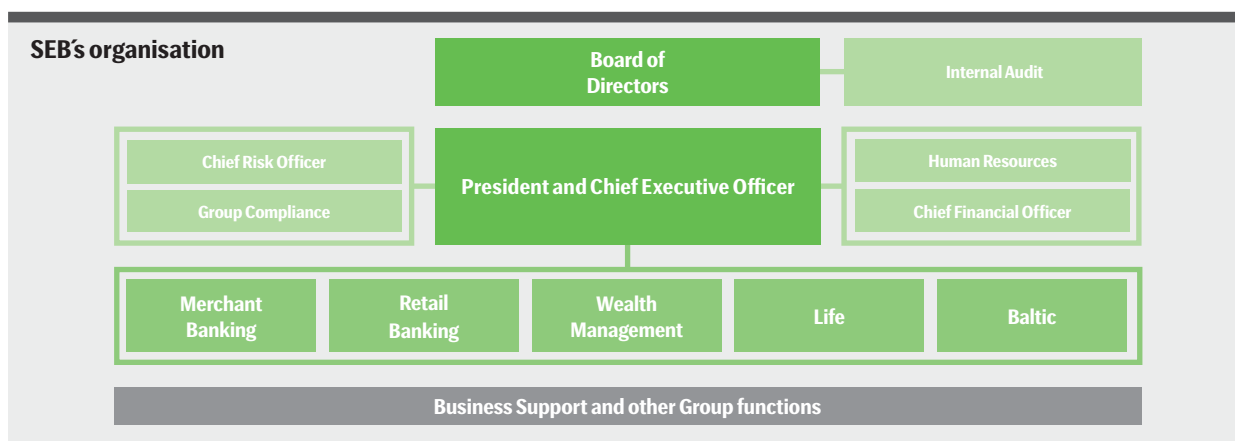
The President appoints the Heads of Divisions, the Head of Business Support and Heads of the various staff and group functions. The Group's Chief Financial Officer is appointed in consultation with the Chairman of the Board.

The President has three separate committees at her disposal for the purpose of managing the operations: the GEC, the Asset and Liability Committee (ALCO, page 60) and the Group Credit Committee (GCC, page 60). In order to safeguard the interests of the Group as a whole, the President consults with the GEC and, when applicable, its New Product Approval Committee (NPAC) on matters of major importance or of importance as to principles. The GEC deals with, among other things, matters of common concern to several divisions, strategic issues, business plans, financial forecasts and reports. The GEC held 15 meetings in 2011. *Further information about the President and the GEC can be found on pages 64-65.*

### Divisions, business areas and business units

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

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



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

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

### SEB's five divisions

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

### Business Support and other staff functions

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

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

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

### Risk organisation and responsibility

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

The President has overall responsibility for managing SEB's risks in accordance with the Board's policies and instructions.

The President shall ensure that the organisation and administration of SEB are appropriate and that activities undertaken are in compliance with external and internal rules. In particular, the President shall present any essential risk information regarding SEB to the Board, including the utilisation of limits.

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

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

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

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

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

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

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

## Information about the auditor

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

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



### AUDITOR

Elected by the Annual General Meeting  
PricewaterhouseCoopers

### PETER CLEMEDTSON

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

### Fees to the auditors

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

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

The majority of the fees relates to PricewaterhouseCoopers.

Group's Credit Policy must be referred to a higher level in the decision-making hierarchy.

Responsibility for day-to-day risk management in the Group rests with the divisions and Treasury Operations. Each division and Head of Division is responsible for ensuring that the risks are managed and controlled in a satisfactory way on a daily basis, within established Group guidelines. It is a fundamental principle that all control functions shall be independent from the business activities.

### Internal Audit and Compliance

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

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

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

### Directors' fees

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

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



## Board of Directors



MARCUS WALLENBERG

Born 1956; B. Sc. (Foreign Service). Chairman since 2005.

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

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

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



TUVE JOHANNESON

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

Deputy Chairman since 2007.

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

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

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



JACOB WALLENBERG

Born 1956; B. Sc. (Econ) and MBA. Deputy Chairman since 2005.

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

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

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



JOHAN H. ANDRESEN, JR.

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

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

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

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



SIGNHILD ARNEGÅRD HANSEN

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

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

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

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



URBAN JANSSON

Born 1945; Higher bank degree (SEB).

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

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

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



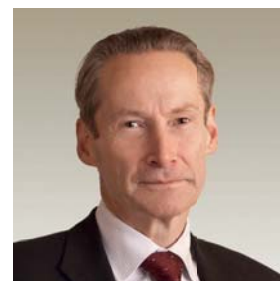
BIRGITTA KANTOLA

Born 1948; LL.M. Econ.Dr. H.C.

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

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

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



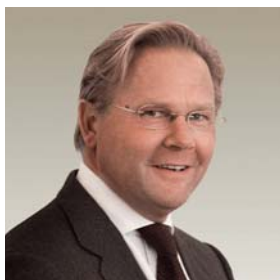
TOMAS NICOLIN

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

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

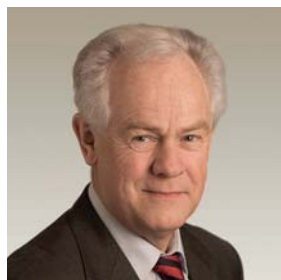
**Background:** Broad experience in the financial sector as CEO of Alecta, the Third National Swedish Pension Fund and E. Öhman J:or Fondkommission, as well as a leading position in Handelsbanken.

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



JESPER OVESEN

Born 1957; B. Sc. (Econ) and MBA.  
**Other assignments:** Chairman of Nokia Siemens Networks BV. Director of FLSmidth & Co A/S and Orkla ASA.  
**Background:** Price Waterhouse 1979–1989. Vice President and later on Group Chief Executive of Baltica Bank A/S 1989–1994. Vice President and Head of Finance of Novo Nordisk A/S 1994–1998. CFO of Den Danske Bank A/S 1998–2002. CFO of LEGO Holding A/S 2003–2006. CEO of Kirkbi Group 2007. CFO of TDC A/S 2008–2011.  
**Own and closely related persons' shareholding:** 10,000 class A shares.



CARL WILHELM ROS

Born 1941; M.Sc. (Politics and Econ).  
**Other assignments:** Director of Anders Wilhelmsen & Co, Camfil, INGKA (Ikea) Holding and Bisnode.  
**Background:** Astra 1967–1975. Alfa Laval 1975–1984, Group Controller from 1978. Senior Executive Vice President of Ericsson 1985–1999. Since then held several directorships.  
**Own and closely related persons' shareholding:** 17,816 class A shares and 38 class C shares.



ANNIKA FALKENGREN

Born 1962; B. Sc. (Econ).  
President and CEO since 2005.  
**Other assignments:** Deputy chairman of the Swedish Banker's Association. Director of Securitas. Member of Supervisory Board Volkswagen AG and Munich RE.  
**Background:** Various positions within SEB Merchant Banking since 1987. Global Head of Trading in 1997 and Head of Merchant Banking in 2000. Head of the Corporate & Institutions division and Executive Vice President of SEB 2001–2005. Deputy Chief Executive Officer 2004–2005.  
**Own and closely related persons' shareholding:** 385,715 class A shares and 458,733 performance shares.

#### Directors appointed by the employees



GÖRAN LILJA

Born 1963; Higher bank degree.  
**Assignments:** Chairman Financial Sector Union of Sweden SEB Group. Chairman Regional Club West of the same union. Director of the European Works Council SEB Group.  
**Background:** SEB in various positions since 1984. Vice Chairman of Financial Sector Union of Sweden SEB Group. Union representative since 2003.  
**Own and closely related persons' shareholding:** 3,208 class A shares.



CECILIA MÅRTENSSON

Born 1971; Education in economy and labour law, certificate in personnel strategies.  
**Assignments:** Deputy Chairman Financial Sector Union of Sweden SEB Group. Chairman local Club Group Operations of the same union. Director Financial Sector Union of Sweden.  
**Background:** SEB since 1990 and a union representative since 1995.  
**Own and closely related persons' shareholding:** 4,236 class A shares and 120 class C shares.



PERNILLA PÅLMAN

Born 1958; Advanced certificate in occupational safety and health and work environment.  
**Assignments:** Second Deputy Chairman Financial Sector Union of Sweden SEB. Vice Chairman of Financial Sector Union of Sweden in SEB's local club Stockholm and East.  
**Background:** SEB since 1981, up to 2000 within the Retail division, after that within IT. Union representative since 1990.  
**Own and closely related persons' shareholding:** 559 class A shares and 9 class C shares.



HÅKAN WESTERBERG

Born 1968; Engineering logistics.  
**Assignments:** Chairman Association of University Graduates at SEB and of Regional Association Stockholm of the same Association.  
**Background:** Sales Manager at Trygg-Hansa in the property insurance business 1994. SEB since 1998 in various positions in systems management and IT development, currently Systems Management Advisor. Union representative starting from 2001.  
**Own and closely related persons' shareholding:** 1,118 class A shares.  
*Elected as from 27 September 2011.*

#### GÖRAN ARRIUS

*Resigned as from 27 September 2011.*

## Group Executive Committee



ANNIKA FALKENGREN

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

President and Group Chief Executive since 2005.

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

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

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



JOHAN ANDERSSON

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

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

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

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



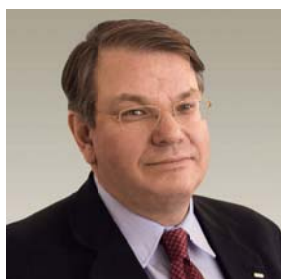
JAN ERIK BACK

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

Executive Vice President, Chief Financial Officer since 2008.

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

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



MAGNUS CARLSSON

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

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

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

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



VIVEKA HIRDMAN-RYRBERG

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

Head of Group Communication since 2009.

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

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



MARTIN JOHANSSON

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

Head of Business Support from November 2011

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

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



ANDERS JOHANSSON

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

Head of Division Wealth Management since 2010.

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

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



ULF PETERSON

Born 1961; SEB employee since 1987; LLB.

Head of Group Human Resources since 2010.

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

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



MATS TORSTENDAHL

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

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

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

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

## Deputy Members



PETER HØLTERMAND

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

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

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

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



WILLIAM PAUS

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

Country Manager SEB Norway since 2010.

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

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



DAVID TEARE

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

Head of Division Baltic from November 2011.

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

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

**BO MAGNUSSON**  
Resigned as from October 2011.

**HANS LARSSON**  
Left GEC in February 2012.

**JAN STJERNSTRÖM**  
Left GEC in February 2012.

**PIA WARNERMAN**  
Left GEC in February 2012.

## Internal Control over Financial Reporting

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

The process for ICFR in SEB is defined by an annual cycle that is based on the framework established by the Committee

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



### 1 Perform risk assessment and scoping

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

### 2 Validate the design expected controls

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

### 3 Plan monitoring and audit activities

Based on the risk assessment, identified focus areas and expected controls an ICFR monitoring plan is compiled for the coming year. The plan describes who is responsible for monitoring the respective controls within the respective legal entity, what type of monitoring activities that should

be performed and how the result is to be reported. The plan includes daily, monthly and quarterly monitoring of control activities as well as periodic, more in-depth evaluations of the effectiveness of specific controls. The aim is to ensure a well structured and complete monitoring of the ICFR framework and to co-ordinate these activities with the audit activities performed by Internal and External Audit.

### 4 Monitor and evaluate controls

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

### 5 Report ICFR residual risk

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

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

## Remuneration report

### Remuneration strategy

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

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

### Remuneration structure

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

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

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

### Cash-based variable compensation

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

### Equity-based variable compensation

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

The 2011 AGM approved two different programmes for 2011:

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

Participation in the programmes requires employees' own investment.

### Share Savings Programme

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

### Share Matching Programme

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

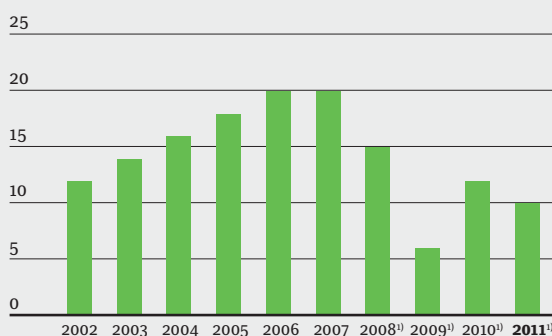
### Staff costs

SEK m

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

### Variable compensation

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



1) Shows continuing operations from 2008

## Remuneration to the Group Executive Committee and Total SEB Group

2011

in thousand SEK

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

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

2010

in thousand SEK

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

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

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

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

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

### Remuneration to the President and the Group Executive Committee

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

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

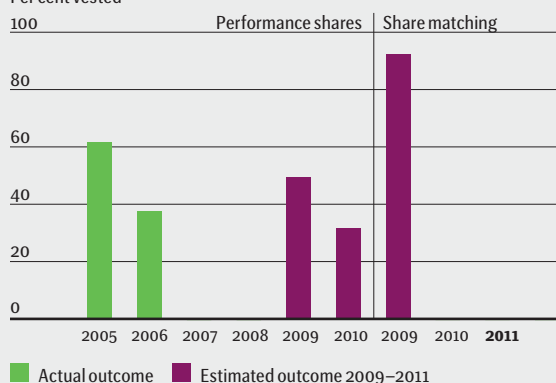
The total remuneration to the President and the members of the Group Executive Committee in 2011 was based upon three main components:

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

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

### Status of equity-based programmes

Per cent vested



### Review and adoption of SEB's Remuneration Policy

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

### New regulatory framework

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

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

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

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

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