

Remuneration report 2022

SEB's competitive remuneration structure aims to attract and retain committed and competent employees who contribute to SEB's long-term success.

Remuneration in SEB

Employee remuneration shall encourage high performance, sound and responsible behaviour and risk-taking that is aligned with SEB's behaviours and the level of risk tolerance set by the Board. It shall promote the employees' long-term commitment to create sustainable value for customers and shareholders. Remuneration is based on experience, responsibility and performance. Performance is evaluated on the basis of financial and non-financial goals, with SEB's behaviours as a starting point.

Remuneration policy

Remuneration is an important component of SEB's total employee offering where the aim is to attract and retain ambitious employees who are eager to continuously develop and embrace new ways of working. SEB's remuneration principles, structure and governance are laid out in the Remuneration Policy. An integral part of the policy is the emphasis on the alignment between remuneration and the bank's strategy, goals, behaviours and long-term interests, as well as the connection to individual performance. The goal is to build value for both SEB and the shareholders while promoting the best interest of the customers, encourage high performance and a level of risk-taking that is aligned with the level of risk tolerance set by the Board, as well as sound and responsible behaviour based on SEB's behaviours.

SEB believes in the total remuneration philosophy where each employee's position, sustained performance and value creation shall be reflected in an appropriate total remuneration. Consequently, the remuneration offering and its components are structured in different ways for different employee categories to create the best balance, taking interest of both customers and shareholders into account. Remuneration shall be competitive in the markets and segments where SEB operates in order to reward high performing employees.

SEB's remuneration structure, processes and reviews shall always support equal opportunities and secure non-bias, fair and transparent remuneration decision-making.

An employee's individual remuneration shall reflect the complexity, responsibility and leadership qualities required of the role as well as the individual's own performance. SEB regularly evaluates employee performance and development based on transparent and individual financial and non-financial targets, derived from the business plan and with SEB's behaviours as the starting point.

The policy also sets the requirements for all remuneration decisions, both in general and at the individual level. All decisions are to be approved at least at a level corresponding to the remuneration-setting managers' manager (grand-parent principle).

Remuneration structure

SEB's remuneration structure consists mainly of base salary, variable remuneration, pension and other benefits.

Base salary

The base salary is the foundation of an employee's remuneration. It shall be market aligned and reflect the requirements on the position and the employee's long-term performance. SEB conducts annual equal pay reviews to identify and close potential gaps in terms of gender-neutral pay. The outcome of the review is published internally.

Variable remuneration

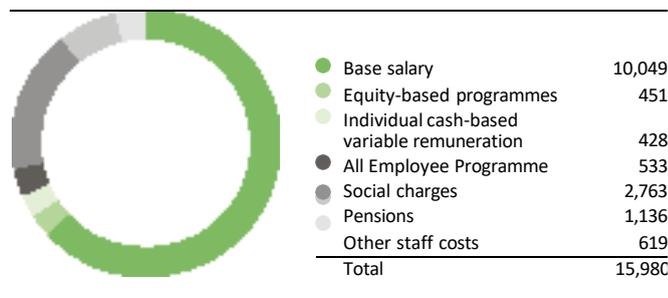
All variable remuneration is based on SEB's risk-adjusted performance and is adapted to applicable rules governing the maximum ratio of variable remuneration to an employee's base salary, the deferred portion of remuneration, shares and fund units, and the right to withhold and reduce remuneration that has not yet been paid. SEB complies with the Swedish Financial Supervisory Authority (FSA) regulations on remuneration in financial companies, the Swedish Corporate Governance Code and Swedish and international regulations and guidelines in relevant parts. According to the regulations, SEB shall identify categories of staff whose professional activities have a material impact on the SEB's risk profile (Identified staff).

→ See the Capital Adequacy and Risk Management Report for detailed information.

The models for individual variable remuneration are based on financial and non-financial key performance indicators at group, unit and individual level, including an evaluation of the employee's conduct. Non-financial goals take into account factors such as customer satisfaction, compliance and sustainability performance related to, for example, the bank's own environmental impact and integration of sustainability risks into the business model. SEB's established sustainability ambitions and goals are part of the criteria for potential allocation of the programmes, as applicable. At the individual level, key parameters include compliance with rules and policies for risk-taking in the Group, SEB's Code of Conduct and the requirements on internal controls in the respective business area. Performance is evaluated over several years.

Staff costs, 2022

SEK m



Collective profit-sharing

The largest variable remuneration programme is the SEB All Employee Programme 2022 (AEP), which covers essentially all employees. The programme's targets are linked to SEB's business plan and consist of the financial targets for return on equity and SEB's cost development, which are also communicated externally, and the non-financial targets for customer satisfaction and sustainability. The outcome for 2022 was determined to be 66.7 per cent (66.7) of the maximum amount, which in Sweden is SEK 75,000.

Individual variable remuneration

Senior managers, other key employees and employees in certain business units where it is standard market practice, are offered individual variable remuneration. The ambition is that part of the remuneration is deferred and paid out in SEB shares.

Equity-based remuneration is a mean to attract and retain employees with key competence. It also provides an incentive for employees to be shareholders of SEB which promotes long-term commitment that is aligned with the shareholders' interests. In addition, financial industry regulations require that a portion of variable remuneration is paid out in the form of shares or fund units.

SEB has two individual equity-based programmes: (i) the SEB Share Deferral Programme 2022 for members of the Group Executive Committee, certain other senior managers and a number of other key employees, and (ii) the SEB Restricted Share Programme 2022, for employees in certain business units.

All Employee Programmes (AEP)

	2022 ³⁾	2021 ²⁾
Number of participants	16,400	15,570
Outcome in relation to maximum amount ³⁾ , %	66.7	66.7
Shares allotted, thousands	2,659	2,445
Market value per 31 December, SEK m	319	308
Total outcome per participant ⁴⁾ , SEK	50,000	50,000

Payout year: 1) 2026 2) 2025 3) SEK 75,000 in Sweden 4) in Sweden.

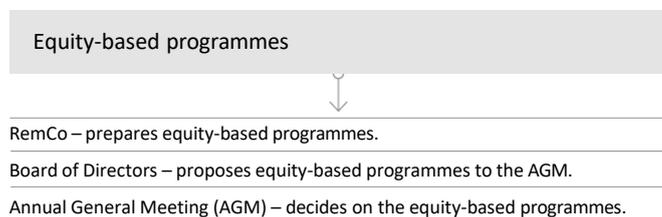
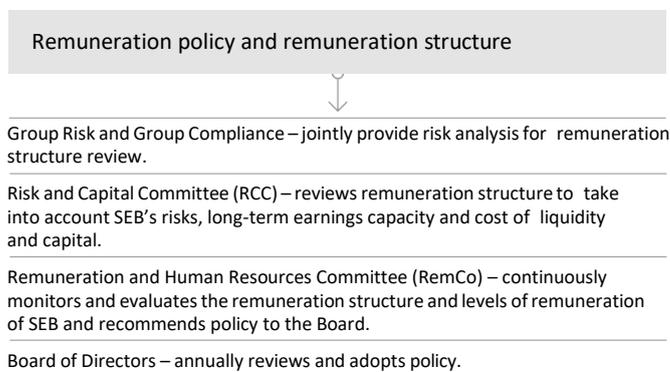
For regulatory reasons, the latter programme also exists in a form where the outcome is linked to the performance of mutual funds. Both programmes include scope for risk adjustment for current and future risks. The final outcome may subsequently be reduced or cancelled entirely in accordance with applicable rules, such as taking into account SEB's earnings and the capital and liquidity required for its operations. Approximately 12 per cent of employees are offered individual variable remuneration. Approximately 7 per cent of the employees – such as those in investment banking – receive variable remuneration with a cash component, but only in cases where it entails low or no residual risk for SEB. Variable remuneration above a certain level is always partly deferred and revocable.

In 2022, individual cash-based variable remuneration accounted for approximately 3 per cent (4) of SEB's total staff costs.

SEB Restricted Share Programmes and Share Deferral Programmes

	2022			2021		
	Restricted Share Programme	Share Deferral Programme	Total	Restricted Share Programme	Share Deferral Programme	Total
Number of participants	320	1,024	1,344	441	1,062	1,503
Shares allotted, thousands	1,005	4,067	5,072	926	3,063	3,989
Market value, 31 December, SEK m	121	488	609	117	385	502

Governance model for remuneration in SEB



→ For AGM information see sebgroup.com

Remuneration of the President, the Deputy President and members of the Group Executive Committee

The Annual General Meeting has established guidelines for salary and other remuneration for the President and CEO and members of the Group Executive Committee (Guidelines). Remuneration of the President, the Deputy President as well as the other members of the Group Executive Committee (Executives) shall be in line with the Guidelines. Additionally, the Annual General Meeting may – irrespective of the Guidelines – resolve on, among other things, equity-based remuneration. The total remuneration shall reflect the complexity, responsibility and leadership skills required as well as the performance of the individual Executive.

The Guidelines cover base salary, equity-based remuneration, pension and other benefits. No cash-based variable remuneration is paid to the Executives, nor are they eligible for the SEB All Employee Programme. The pension plans are defined-contribution based, except for a defined-benefit component provided under collective agreements. For termination of employment initiated by SEB, a maximum of 12 months' severance pay is payable, after the agreed notice period of maximum 12 months. SEB has the right to deduct income earned from other employment from any severance pay.

SEB complies with the Swedish FSA's regulations on remuneration in financial companies, the Swedish Corporate Governance Code and Swedish and international regulations and guidelines in relevant parts. The Executives' positions are among those identified as having a material impact on the risk profile of the SEB Group, in line with relevant regulations.

There has been no use of the right to reclaim variable remuneration in 2022 and there has been no expressed views at the Annual General Meetings in relation to previous Remuneration reports.

Long-term equity-based programmes

The President participates in the SEB Share Deferral Programmes 2018–2022 that was allotted in the current position and that have remaining vesting or other conditions before becoming fully exercisable. The Deputy President has no variable remuneration components in his current position.

The Share Deferral Programmes are performance based with pre-determined quantitative performance criteria. The participants are granted an initial number of conditional share rights. Each share right entitles to an SEB A-share subject to the fulfilment of certain vesting, restriction and holding requirements. The vesting of the share rights is normally conditional upon maintained employment during a three-year period. 50 per cent of the share right is subject to a risk adjustment three years after the initial allotment, and the remaining 50 per cent after five years. These restriction periods are followed by a mandatory one-year holding period. The programmes allow for risk adjustment for current as well as future risks and the final outcome may therefore be cancelled partly or entirely in accordance with regulations, among other things taking SEB's result and capital and liquidity required in the business into account. Further information on the long-term equity programmes such as outcome, participation ratio, and number of issued and outstanding instruments are found in note 8c of the Annual and Sustainability Report 2022 (the Annual Report).

Board's overall view on remuneration of the President, Deputy President and other Executives

The Board's view is that the remuneration of the President, Deputy President and other Executives strikes an appropriate balance between motivating the Executives and achieving a long-term, well-balanced and competitive remuneration. The total remuneration of the Executives during 2022 has complied with the Guidelines. There are no deviations from the procedure for the implementation of the Guidelines and no derogations from the application of the Guidelines in 2022 to report.

Board's view on Share Deferral Programmes

The Board's view is that the Share Deferral Programmes fulfil the function to attract and in the long run retain the most qualified and committed President and that it strengthens the long-term commitment in the interests of the shareholders.

About the Remuneration report

This Remuneration report (the Report) provides an outline of how SEB's guidelines for salary and other remuneration for the President and members of the Group Executive Committee (the Guidelines), adopted by the Annual General Meeting 2020, have been implemented in 2022. The Report also provides information on the remuneration of SEB's President and CEO (President) and Deputy President and CEO (Deputy President).

The Report has been prepared in accordance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and the remuneration rules issued by the Stock Market Self-Regulation Committee.

Information required by Chapter 5, Sections 40-44 of the Annual Accounts Act (1995:1554) is available in note 8c of the Annual Report. Information on the work of the Remuneration and Human Resources Committee in 2022 is set out in the corporate governance report (see p. 100 of the Annual Report).

Remuneration of the Board of Directors (Board) is not covered by this Report. Board remuneration is resolved on annually by the Annual General Meeting and disclosed in note 8c of the Annual Report. No other remuneration than board fees have been paid to the board members during 2022.

The Guidelines adopted by the Annual General Meeting 2020 can be found on SEB's website sebgroup.com. There have been no deviations from the procedure for the implementation of the Guidelines and no derogations from the application of the Guidelines in 2022.

The auditor's report stating that SEB has complied with the Guidelines is available on SEB's website sebgroup.com.

In addition to remuneration covered by the Guidelines, the Annual General Meeting 2022 resolved to implement long-term equity-based programmes which can be found on SEB's website sebgroup.com.

Total remuneration of the President and Deputy President

SEK thousands

Name and position	Financial year	Fixed remuneration		Variable remuneration ¹⁾		Extraordinary items	Pension expense ²⁾	Total remuneration	Proportion of fixed and variable remuneration
		Base salary	Other benefits ²⁾	One-year variable	Multi-year variable				
Johan Torgeby, President	2021	12,500	181	N/A	2,512	N/A	4,000	19,193	87%
	2022	13,500	197	N/A	3,919	N/A	4,400	22,066	82%
Mats Torstendahl, Deputy President	2021	9,500	384	N/A	N/A	N/A	1,377	11,261	100%
	2022	10,456	320	N/A	N/A	N/A	0	10,776	100%

1) The President has no cash-based or one-year variable remuneration. Only variable remuneration allocated for the position as President is included. The programme that vested in 2022 was granted in 2019 at a grant value of SEK 2m. During 2022, the President also received additional dividend sharerights with immediate vesting in the 2018 programme. The value of the vested programmes is based on the SEB A share price on 1 April 2022, that is SEK 103.20. The Deputy CEO has no variable remuneration components in his current position.

2) Other benefits consist of vacation allowance, car and travel related benefits, interest subsidy, insurances and meals. The President was reimbursed in 2022 for travel costs incurred due to urgent business matters. The cost reimbursement is not included in the amount.

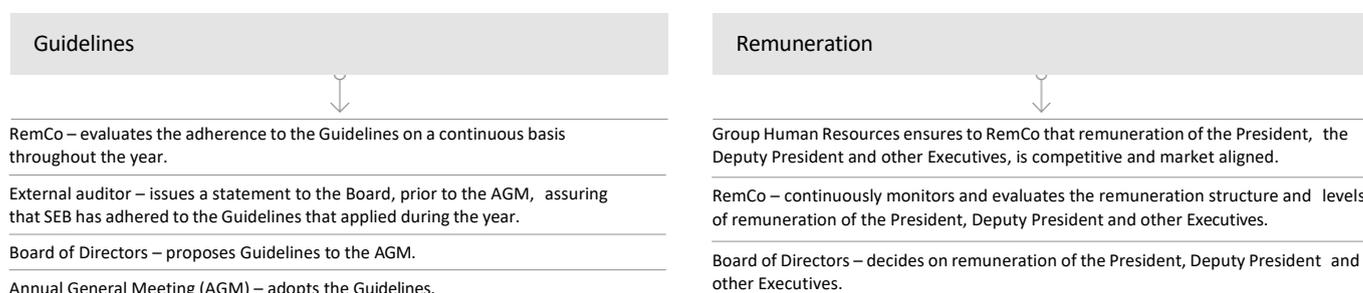
3) The pension expense reflects the premium pension contributions allocated for 2022. Interest cost for benefit pension plans prior to the appointment as President is not included. The Deputy President has no pension accruals.

Remuneration of the President in shares¹⁾

The main conditions of share award plans					Information regarding the reported financial year					
					Opening balance		During the year		Closing balance	
Specification of plan	Performance period	Award date	Vesting Date	End of retention period	Shares held at the beginning of the year	Shares awarded	Shares vested	Shares subject to a performance condition	Shares awarded and unvested at year end	
SDP 2018	Q2–Q4 2017	2018	2021	2022	23,478	2,074	25,552			
	Q2–Q4 2017	2018	2023	2024	23,478				23,478	
SDP 2019	2018	2019	2022	2023	35,906		35,906			
	2018	2019	2024	2025	35,906				35,906	
SDP 2020	2019	2020	2023	2024	37,626				37,626	
	2019	2020	2025	2026	37,626				37,626	
SDP 2021	2020	2021	2024	2025	31,569				31,569	
	2020	2021	2026	2027	31,569				31,569	
SDP 2022	2021	2022	2025	2026		48,579			48,579	
	2021	2022	2027	2028		48,578			48,578	
Total					257,158	99,231	61,458		294,931	

1) Only shares allocated in the position as President are included in the table.

Governance model for the remuneration of the President, the Deputy President and other Executives



Application of performance criteria for the President's remuneration

The Board's view is that the President's total remuneration to a large extent should be based on fixed pay which is evaluated annually and set on a market competitive level, in light of the President's and the Bank's short- and long-term performance. At the same time, there is a strong desire to link the President's pay to the interest of the shareholders' and strive towards a sustainable and long-term alignment. Consequently, the President's total remuneration also contains pay in form of deferred shares on a moderate level relative to the total remuneration, as described in the above sections. These shares are restricted, link to certain vesting and risk adjustment conditions and follows the SEB A share's development without any leverage structures. Even though the pay structure is seen as mainly fixed, the actual annual deferred share allocation, but not the final outcome, is linked to certain performance criteria as outlined in SEB's three-year business plan. 50 per cent of the shares are deferred for a minimum of four years, the remaining part for a minimum of six years.

The performance measures for the President's remuneration have been selected to deliver SEB's strategy and to encourage

behaviour which is in the long-term interest of SEB. In the selection of performance measures, the strategic objectives and both short- and long-term business priorities for 2022 have been taken into account. The financial performance evaluation includes factors such as SEB's profitability and cost management. The non-financial performance evaluation includes the development of for example customer satisfaction, the employee's engagement and the IT and digitalisation agenda. Further, they include measures to strengthen SEB's sustainability work and conduct.

The evaluation of the President is made in a multi-year perspective without a relative weighting of the different performance criteria, rather an aggregated and holistic evaluation of the performance relative the three-year business plan. This resonates well with the remuneration structure of the President, which is based on a pre-defined and communicated total target fixed pay, including the allocation of deferred and conditional shares to secure long-term alignment with the shareholders' interests. The actual annual allocation level of the shares is not expected to deviate from the communicated target level, but allows for an adjustment (both up and down). It also allows for reclaim in extraordinary situations.

Focus areas	Measurements	Description	Evaluation
Financial	Operating income, cost and profit	Measured as long-term development, versus set targets in the business plan and versus peers	Development on track
	Return on equity	Outcome in table below	
Customer satisfaction	External ratings	Prospera ratings for large Nordic Corporate and Institutions and Swedish Quality Index for Corporates and Private individuals	No 1 and No 2 – on track
Environmental, social and governance	Sustainability	Sustainability advice, Prospera Sweden and Nordics	No 1 – on track
	Environment	The Brown (reduction of CO2 emission) and the Green (activities that support sustainable development)	Trajectory on track
	People	Employee engagement index and gender balance	Above financial sector average and on track
	Risk, compliance and conduct	Mandatory trainings, average	Toward 100% – on track
In summary			On track

Comparative information on the change of remuneration and company performance

	2022			2021			2020
	Outcome	Change year on year	Change year on year, %	Outcome	Change year on year	Change year on year, %	Outcome
Johan Torgeby, total remuneration, SEK m	22.1	2.9 ³⁾	15	19.2	2.3 ³⁾	14	16.9
Mats Torstendahl, total remuneration, SEK m	10.8	-0.5 ³⁾	-4	11.3			
Group operating profit, SEK m, excluding items affecting comparability	35,249	4,385 ³⁾	14	30,864	10,018 ³⁾	48	20,846
Average remuneration per full-time equivalent, SEK ^{m12)}	0.9	0.04 ³⁾	5	0.86	0.02 ³⁾	2	0.84
Group return on equity, %, excluding items affecting comparability	14.5	0.6 ⁴⁾	4	13.9	3.6 ⁴⁾	35	10.3

1) The President's remuneration is excluded but the other members of the Group Executive Committee are included.

2) The remuneration is calculated based on SEB's Swedish employees in 2022 and includes the estimated premium pension contribution according to the BTP-1 plan for an employee at the average fixed pay level, participation in SEB All Employee Programme, paid out short- and invested long-term individual performance based variable remuneration in 2022 and the estimated value of other benefits such as subsidised meals, vacation allowance and health promoting benefits.

3) SEK m

4) Percentage points