

The Board of Directors' of Skandinaviska Enskilda Banken AB (publ) proposal at the Annual General Meeting on 25 March 2014 on maximum ratio between fixed and variable component of the total remuneration for certain employees

Proposal

The Board of Directors proposes that the Annual General Meeting resolves that the variable pay for a limited number of employees may be set to a maximum amount corresponding to 24 months of fixed pay. The Bank's Group Executive Committee is not affected by the proposal.

Background

According to EU's new rules on capital requirements, CRD IV, which is expected to be implemented in Sweden on 1 July 2014, credit institutions and investment firms shall set a ratio between variable and fixed component of the total remuneration. The variable remuneration ratio which also includes long-term equity based remuneration may not exceed an amount corresponding to 12 months fixed pay for each individual. The general meeting of shareholders may, however, approve an increase of the ratio to an amount corresponding to 24 months fixed pay.

Rationale

SEB operates as a leading financial institution in areas where the market praxis is to have a close alignment between the business result and the employee's total remuneration. In order to maintain SEB's position in business areas directly exposed to international competition and to maintain a high level of cost flexibility, SEB prefers to have the possibility to offer employees a remuneration structure that do not deviate substantially from standards at international peers. The alternative to increase the fixed pay for these employees would reduce flexibility and in the long-term risk to increase SEB's cost.

The proposal shall apply to employees within the business units Client Coverage, Investment Banking, Markets, Institutional Clients and Investment Management.

A maximum of 400 employees corresponding to approximately 3 per cent of SEB's total staff may be affected by the proposal. These employees, in large extent employed outside of Sweden, hold functions such as client executives, analysts, advisors, traders, asset managers and senior managers. Outside of Sweden SEB competes with banks that are not subject to the regulations expected to be implemented in Sweden.

SEB's total cost for variable remuneration, including equity based programmes but excluding the collective profit sharing system, corresponded in 2013 to approximately nine per cent of the total annual staff costs of SEK 14 billion and approximately one per cent of the capital base. The total cost for variable remuneration exceeding 12 months fixed pay during 2014 is expected to correspond to approximately one per cent of the total staff cost. The proposal is not expected to have any impact on the requirement to maintain a sound capital base.

The Board of Directors intends to annually assess and evaluate the need to maintain the scope of the proposal.



The Board of Directors' proposed decision

The Board proposes that the Annual General Meeting resolves on a maximum ratio between fixed and variable component of the total remuneration for certain employees according to the below referred.

- The maximum variable component for each individual may not exceed an amount corresponding to 24 months fixed pay, or such lower maximum level that may be set out in the Swedish rules and regulations implementing CRD IV.
- The ratio shall apply concerning remuneration to employees categorized as Specially regulated staff in the said business units and to be applied also in subsidiaries of Skandinaviska Enskilda Banken AB (publ)
- The ratio shall apply to remuneration accrued as from 1 January 2014.

There is a requirement for a resolution to be passed in accordance with the Board of Directors' proposal that the resolution of the Meeting is supported by a majority of at least 66 per cent, provided that at least 50 per cent of the shares are represented or, failing that, a majority of 75 per cent.

Stockholm in February 2014

Skandinaviska Enskilda Banken AB (publ)

THE BOARD OF DIRECTORS