

A man and a woman in business attire are standing in a warehouse, smiling and talking. The woman is leaning on a large cardboard box. The man is standing next to her, gesturing with his hand. The warehouse is filled with stacks of cardboard boxes and appliances. A washing machine is visible in the background, and a refrigerator is in the foreground. The scene is lit with warm, golden light.

S|E|B

Annual Review

10

# Content



## Page 6

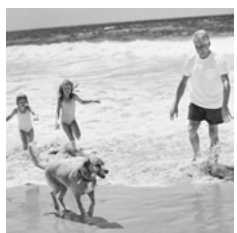
### Large corporate and institutional customers

Providing advice is at the core of our business and most services are customised for and developed in close co-operation with customers. In 2010, SEB's expansion on the corporate markets in the Nordic countries and Germany gained momentum.

## Page 10

### Small and medium-sized companies

In recent years, SEB has taken several steps on the path toward even stronger relations with the small and medium-sized companies. Examples are the establishment of dedicated corporate service centres and different activities aimed at stimulating businesses and entrepreneurship.



## Page 14

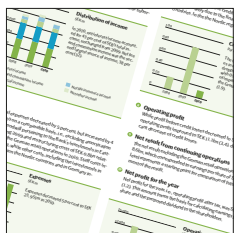
### Private individuals

We offer our customers everything from practical, everyday services to advice on investment solutions, loans and insurance and help our customers improve their personal finances in all stages in life.

## Page 18

### The Baltic countries

The Baltic region took a severe blow with the downturn in the global economy. The situation has now stabilised. In the second half of the year, SEB's Baltic operations were back in black. Now we focus on developing our strong customer base in the Baltic countries.



## Page 26

### The year in brief

SEB's operating profit improved by SEK 6.8bn in 2010, mainly due to significantly lower provisions for credit losses in the Baltic countries.

# 2010 in brief

- Operating income: SEK 36,879m (41,575)
- Profit before credit losses: SEK 12,928m (16,377)
- Operating profit: SEK 11,105m (4,351)
- Net profit from continuing operations: SEK 8,584m (1,869)
- Return on equity, continuing operations: 8.65 per cent (1.89)
- Earnings per share, continuing operations: SEK 3.88 (0.95)
- Proposed dividend: SEK 1.50 (1.00)
- Core Tier I capital ratio<sup>1)</sup>: 12.2 per cent (11.7)
- Tier I capital ratio<sup>1)</sup>: 14.2 per cent (13.9)

<sup>1)</sup> without Basel II transitional floor

## The most important events in 2010:

- In July, SEB reached an agreement to divest its retail operations in Germany to Banco Santander. The long-term financial impact is positive for SEB. Strategically the divestment allows SEB to concentrate on its core areas of competitive advantage in Germany. The divestment was finalised as of 31 January, 2011.
- SEB's operations in the Baltic region experienced a significant improvement during the year. For the first time since 2008, SEB published positive operating profit for its Baltic operations in the third and fourth quarters of 2010
- The final version of Basel III, the capital and liquidity related regulatory framework, was announced by the Basel Committee in December 2010. The regulations will be in force starting from 2013.

## SEB's financial information is available on [www.sebgroup.com](http://www.sebgroup.com)

### Financial information during 2011

|  |             |                                    |            |
|--|-------------|------------------------------------|------------|
| Publication of Annual Accounts               | 4 February  | Interim report January – March     | 3 May      |
| Publication of Annual Report on the Internet | 28 February | Interim report January – June      | 14 July    |
| Annual General Meeting                       | 24 March    | Interim report January – September | 27 October |

### For further information please contact

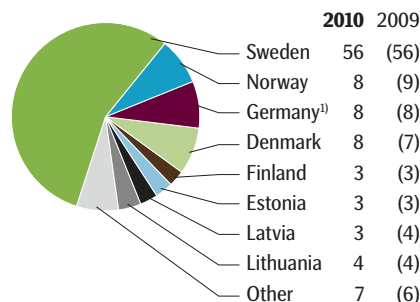
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|--|--|---|--|
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|--|--|---|--|

SEB is a leading Nordic financial services group. As a relationship bank, SEB in Sweden and the Baltic countries offers financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany the bank's operations have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients. The international nature of SEB's business is reflected in its presence in some 20 countries worldwide. The Group has about 17,000 employees.

## Markets

### Operating income

Geographical distribution, per cent



### Branches and representative offices

SEB representation worldwide

|           |            |
|-----------|------------|
| Beijing   | Geneva     |
| Kiev      | New Delhi  |
| Warsaw    | Singapore  |
| Shanghai  | Nice       |
| New York  | Luxembourg |
| Sao Paulo | Moscow     |
| London    | Hong Kong  |

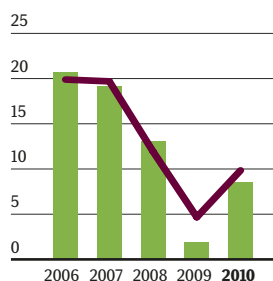
SEB's activities principally embrace customers based in the Nordic and Baltic countries and Germany. Sweden is the single largest market, accounting for more than half of the operating profit in 2010.

1) Excluding centralised treasury operations

## Key figures

### Return on equity<sup>1)</sup>

Per cent

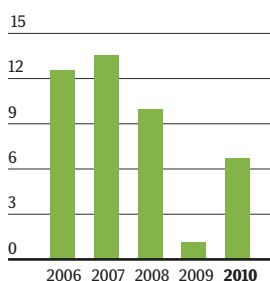


Peer average

1) Continuing operations  
Target: Highest among peers

### Net profit

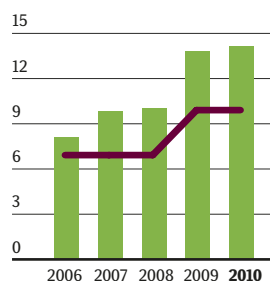
SEK bn



Target: Sustainable profit growth

### Tier 1 capital ratio<sup>1)</sup>

Per cent

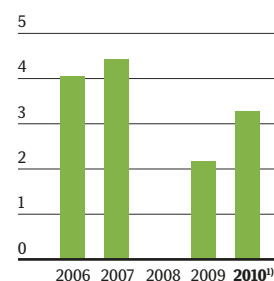


Target: at least 7 per cent up to and including 2008, 10 per cent as from 2009, an interim until Basel III effects have been analysed.

1) 2006 Basel I, 2007–2010 Basel II without transitional rules.

### Dividend

SEK bn



Target: 40 per cent of net profit per share over a business cycle

1) A dividend of SEK 1.50 per share is proposed for 2010, corresponding to a pay-out ratio of 49 per cent.

## SEB's Customers

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



# 2,600

### Corporates and institutions

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



# 400,000

### SME customers

SEB offers small and medium-sized corporate customers several customized products that were initially developed in co-operation with SEB's large corporate clients. In addition, numerous services are specifically designed for small companies and entrepreneurs.



# 4,000,000

### Private customers

SEB provides some four million individuals with products and services to meet their financial needs. These include products and services for daily finances, savings, wealth management and life insurance. SEB strives for excellence in customer service and telephone service is available to most of our customers around-the-clock, all-year round – in Sweden in more than 20 languages.

## Meeting places and customer interaction 2010

|   |             |  |       |
|---|-------------|--|-------|
| Branch offices <sup>1)</sup>                        | 375         | Number of syndicated loans in the Nordic region (value USD 4.8bn)                    | 21    |
| International branches and representative offices   | 20          | Number of equity capital markets transactions in the Nordic region (value EUR 4.8bn) | 32    |
| Automatic bank service machines <sup>1)2)</sup>     | 1,500       | Number of M&A transactions in Sweden (value EUR 2.7bn)                               | 20    |
| International private banking branches              | 12          | Life insurance intermediaries and brokers  | 2,000 |
| Card transactions                                   | 435 million |  |       |
| Users of SEB's Internet bank services <sup>1)</sup> | 3.4 million |  |       |
| Answered no. of telephone calls <sup>1)</sup>       | 4.6 million |  |       |

1) Excl. Retail Germany

2) ATMs, machines for cash deposits, transfers and foreign exchange.

## SEB's Business divisions

**Merchant Banking** – Commercial and investment banking services to large corporate and institutional clients in 17 countries, mainly in the Nordic region and Germany.

**Retail Banking** – Banking and life insurance services to private individuals and small and medium-sized corporate customers in Sweden as well as card operations in the Nordic countries.

**Wealth Management** – Asset management, investment management, including mutual funds, and private banking services to institutional clients and high net worth individuals.

**Life** – Life insurance products for private individuals and corporate customers, mainly in the Nordic and Baltic countries.

**Baltic** – Banking and life insurance services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania.

| Operating income     | Operating profit    |
|----------------------|---------------------|
| SEK 17,130m (20,052) | SEK 8,498m (11,428) |
| SEK 8,569m (9,034)   | SEK 2,484m (2,891)  |
| SEK 4,384m (3,646)   | SEK 1,651m (1,142)  |
| SEK 4,539m (4,425)   | SEK 2,202m (2,115)  |
| SEK 2,846m (3,794)   | SEK -121m (-10,363) |



The deep financial crisis sent a shock wave through economies around the world. The area of northern Europe in which SEB has its base was also severely affected. Three years later, it is now time to sum up the experiences gained and look to the future.

On pages 2–3, SEB President and CEO Annika Falkengren discusses how the Bank has succeeded in strengthening its position in past few years by prioritising stability and customer relationships.

## A strong platform as Relationship Bank

As we now close the books on 2010, it is time to summarise the long period of exceptional market conditions and severe macro-economic challenges over the last three years. Throughout this period, SEB's priorities and decisions were to safeguard long-term financial stability in order to support our customers and enhance our position as the Relationship Bank.

Looking forward, it appears that the outlook for the global economy is more promising than the more fragile sentiment that characterised the start of the year. Summing up 2010, operating profit for the full year amounted to SEK 11.1bn. Asset quality improved significantly, customer activity geared up, and we strategically aligned our business mix following the divestment of German Retail.

### Unique customer relationships

A modern society could not function without its financial institutions. Banks are at the centre of the credit intermediation process, through our role as lenders, payment services and providers for savings and risk management. This also means that financial stability, trust and relationships are crucial success factors for a bank.

SEB plays a unique role in supporting businesses and institutions as a financial partner. We continuously take numerous measures to further deepen our customer relationships. Since the start of the global financial crisis in summer 2007, the corporate credit portfolio has increased by SEK 127bn, or 24 per cent.

**“Our position is stronger today than before the turbulence, which is a testimony to our long-term customer orientation.”**

In several rankings performed during the year, such as Propera's equity research survey and corporate relationship banking survey, our customers have reaffirmed our Nordic top position. In Sweden, SEB was named the Business Bank of the year. SEB strengthened its position in the SME segment from a market share of 10 to 11 per cent. On the back of a more positive corporate sentiment, SEB was the number one M&A house in Sweden.

### Broad savings offering

SEB's ambition is to offer a holistic perspective on savings for all horizons and risk profiles based on individual financial advice to our customers. Our savings business includes deposit gathering, asset management, unit-linked insurance and private banking offerings.

Over the last year, we have clarified our mutual fund profile with a portfolio of index managed and actively managed funds. Net sales amounted to SEK 55bn, bringing assets under management to an all time high.



In line with the emerging new financial landscape, deposit gathering is becoming increasingly important. SEB's time deposit account, Placeringskontot, attracted SEK25 bn as customers appreciated the competitive interest rate.

### **Baltic operations back in black**

The Baltic operations displayed a marked improvement – with reduced non-performing loans and thereby decreased provisions for credit losses. Operating profit for all three countries turned positive towards year-end.

Throughout the severe economic downturn, we maintained a proactive and conservative stance in order to safeguard financial stability, asset quality and long-term customer relationships. We have strived for solutions that enable borrowers to stay in their homes.

We are proud that despite a difficult period for the region, SEB has been ranked as the most customer-friendly bank in Estonia and as the most respected bank in Latvia by independent observers.

### **Flexibility and resilience**

We continue to safeguard long-term stability, which is a hallmark for SEB. This gives us the flexibility, resilience and capacity to grow our customers' businesses as well as accommodate the new regulatory framework in an environment that must still address a host of macro-economic challenges.

Banking is all about trust and must be characterised by predictability and long-term customer orientation. We pride ourselves with having the ambition to be leader in every segment in which we operate.

Moving forward, we are confident that we have the desired platform to grow from. Our strategy remains unchanged. SEB is *the* Relationship Bank. With our focus fixed firmly on our customers, we will continue to build the leading corporate bank in the Nordic countries, grow our corporate business in Germany, and offer a comprehensive range of universal banking services in Sweden and the Baltic countries.

Stockholm February 2011

Annika Falkengren  
President and Chief Executive Officer

# Strategy

SEB continues to adhere to its strategic direction: SEB is to be **the Relationship Bank** in our part of the world, with growing focus on corporate banking and wealth management in the Nordic region and Germany while strengthening its universal banking offering in Sweden and the Baltic countries.

## SEB – the Relationship Bank



### MISSION

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



### VISION

To be **the** trusted partner for customers with aspirations.

Founded in the service of enterprise more than 150 years ago, SEB has long been the bank of choice for large companies and institutions in Sweden and, increasingly, in the rest of the Nordic and Baltic countries. This is evident not only in the business mix, which clearly reflects the Bank's focus on large corporate and institutional clients, but also in SEB's heritage, in the way the business is conducted and in the Bank's long-term relationships.

As the Relationship Bank in the region, SEB will fulfil its mission to help people and businesses thrive by providing quality advice and financial resources and reach its vision to be the trusted partner for customers with aspirations. At SEB, the customer always comes first.

### Firm commitment to develop long-term relationships

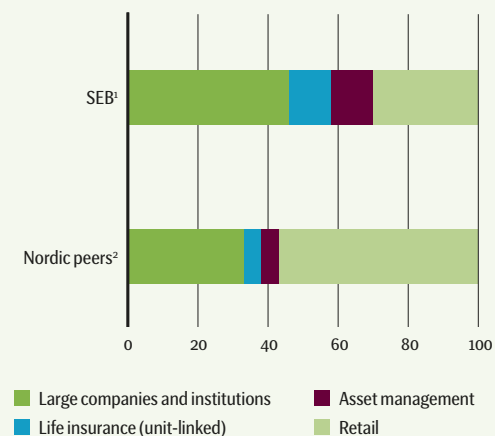
Throughout the turbulent last few years, characterised by both a financial crisis and a fragile global economy, SEB's actions were guided by its relationship focus. In a highly uncertain environment, SEB provided financing, risk management products and advisory services to customers at a time when the markets were partly closed during the more acute phase of the crisis. Parallel with this, SEB developed its offering of savings products in asset management along with private banking and life insurance solutions to hedge downside risk. The rights issue and long-term funding raised in 2009 safeguarded the Bank's capacity to extend support at a time when the banking system was experiencing major difficulties. In the Baltic countries, SEB persevered in its efforts to build a robust banking platform and strong customer franchise.

### Customer excellence

The experience gained in recent years supports the merit of SEB's on-going evolution towards a truly customer-centric bank. This development represents a progression of the "Road to Excellence" pro-

### The leading Nordic corporate bank

Share of total income 2010, per cent



1) Excluding Retail Germany, which was divested as of 31 Jan. 2011  
 2) Aggregated income distribution of Swedbank, SHB, Nordea, Danske Bank and DnB NOR. Business units only (indicative)



gramme that was established in 2006 with an initial focus on increased integration of SEB's organisation and movement away from a holding company-like structure toward providing operational excellence through enhanced productivity and efficiency. The customers shall be able to reach the whole bank – One SEB – regardless of how they elect to conduct their business with the Bank.

SEB is continuing its work on integration within the Group in order to increase cross-selling and extract cost synergies through more efficient use of common resources. Toward this end, SEB has established a Group-wide programme, called SEB Way, which streamlines processes so that resources can be freed up and used more productively to generate further business. The programme has been implemented in all parts of the Group and has already established a favourable track record for both sales and support functions.

Customer excellence is achieved by ensuring that the customer's perspective is taken into account in everything SEB does, by empowering employees to make the right decisions for the customer and SEB, and by adhering to the fundamental tenet that customer loyalty leads to long-term profitability. At SEB, customer excellence is all about meeting the customer's expectations in all situations.

### Resilience and flexibility

The macroeconomic recovery remains fragile and continues to require a strong and resilient foundation on which SEB can pursue its strategic direction. Having the required flexibility to accelerate or temper growth as needed, together with the capacity and focus to execute the strategy, will remain key success factors.

SEB's strong capital base and funding, solid market positions and favourable competitive edge in the Nordic corporate market are all advantages that will help the Bank seize opportunities in the market as they arise.

### SEB's geographic reach

SEB's strategic priority for the coming years will be to further expand its merchant banking and wealth management activities in the Nordic countries and Germany. In Sweden, Estonia, Latvia and Lithuania, SEB will continue to develop its universal banking offering. In life insurance and the card business, SEB will grow and invest in its business also outside the Nordic countries. In the light of the challenges experienced in the Baltic countries in recent years, it is important to emphasise SEB's long-term ambition in the region.

SEB is approaching this challenge from a strong starting point. In Sweden, this encompasses SEB's traditional large corporate client base and the Bank's enhanced position on the small and medium-sized business market as well as the Bank's market leading position in private banking and unit linked insurance. Outside Sweden, SEB is pursuing expansion of its wholesale business in Denmark, Finland and Norway. In Germany, where SEB has served as a wholesale bank for 35 years, the Bank is now pursuing expansion also in the Mittelstand segment, made up of small and medium-sized companies. During the past year, SEB further refined its strategic direction through the divestment of its retail business in Germany.

SEB's expansion will be primarily organic, driven by increased market share and share of wallet, loan growth and increased customer activity. Expansion will be balanced by continued solid risk management and thorough risk/reward analysis.

In view of the export-oriented nature of the pan-Nordic and Baltic regions as well as German corporates, SEB offers dedicated support to customers pursuing international business. This support is provided through establishment in strategic locations and is backed by strategic partnerships with regional leaders. It is a strategy that has been successful over the years. The latest additions to SEB's international presence include the announced opening of the Hong Kong branch and the continued development of the Shanghai branch.

## SEB's expansion plans

### More Nordic

Grow as corporate bank in Denmark, Finland, Norway and Sweden



### More wholesale

Grow within wholesale banking in the Nordic countries and on the market for medium-sized companies in Germany



### More organic

Grow organically through increased market shares and larger share of customers' business



# Trusted partner for corporate customers

*For 154 years, corporate customers and institutions have entrusted SEB not only with their financial assets, but also with their future plans and visions. As our customers have grown, so has SEB. Today 2,600 corporations, institutions, banks and commercial real estate companies in the Nordic region, Baltic countries and Germany do business with SEB.*

“Building long-term and mutual relationships is the essence of what we do in Merchant Banking,” says Magnus Carlsson, head of the Merchant Banking division.

“Providing advice is at the core of our business, and our customer relations unit serves as a portal to SEB’s total offering. Within the unit, we gather extensive knowledge about our customers’ businesses and needs, so that we can be sure that we provide them with the right expertise, products and services.”

## Custom-tailored services

This aspiration to build rewarding relationships can also be seen in the fact that most products and services are customised for and further developed in close co-operation with customers. Apart from traditional corporate services, SEB’s corporate and institutional customers use the Bank’s trading and capital market services, international transaction services, and pension and asset management solutions.

On average, the Bank’s corporate and institutional customers use seven more or less complex product areas, and SEB’s staff members interact with and train their customers daily. In some cases, this is done with up to 50 different contacts – from the CEO down to payroll administrators.



## The direct debit system of the future is here

As one of the first banks in northern Europe and the Baltic region, since 2010 SEB has been offering direct debit solutions at the European level through four new Single Euro Payments Area (SEPA) products.

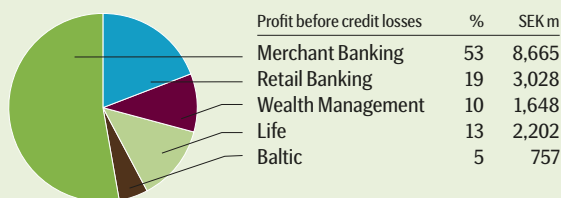
SEPA Direct Debit is a fast, secure and convenient way to make direct debit payments, both domestically as well as across the 27 EU countries along with Norway, Iceland, Liechtenstein, Switzerland and Monaco. For example, a person in Germany can use Sepa Direct Debit to pay an electricity bill for a summer home in Spain.

In the future, all domestic direct debit payments in euros will be transacted through Sepa. [www.sebgroup.com/sepa](http://www.sebgroup.com/sepa)



## Large corporate customers

...account for the major part of SEB’s operating income. They play a important part not only for the Merchant Banking division but also for card, life insurance and wealth operations.



In Sweden SEB is the only truly integrated bank that can handle complex transactions related to, e.g., company acquisitions, divestments, M&As, syndications and hedging – to protect customers from, say, a sudden drop in the value of the Swedish krona or a strengthening of other currencies.

## Developing the new payments market

Global solutions for liquidity management are an important area for SEB. In particular, development of an effective market for euro payments through a Single Euro Payments Area (SEPA) has long been and continues to be a strategically important matter.

“Thanks to close relationships and solid knowledge about our customers’ needs, our employees have been able to innovate a number of new solutions for liquidity management,” explains Carlsson. “A current example can be seen in our Transaction Services, which give large corporates an opportunity to measure their administrative and financial capacity, from purchasing and invoicing to liquidity positioning and payments.”

“It can involve speeding up external and internal flows, improving co-ordination within a company and controlling time spent.”

Since 2004 Euromoney magazine has ranked SEB as the top cash management bank in the Nordic and Baltic regions.

## Gearing up in the Nordic countries and Germany

SEB’s expansion in Germany and the Nordic countries gained new momentum in 2010. In these countries, SEB is a “big small bank”,

## SEB's most important rankings in the corporate market in 2010

SEB's performance within different business areas is evaluated and ranked by companies and magazines. The most important surveys are conducted by the market research institutes Greenwich Consulting – with strict contracted limitations on reporting externally – and Prospera.

| Area   | Organisation / publication etc       |
|--|--------------------------------------|
| Best relationship bank in Sweden                                   | Prospera                             |
| <b>Investment banking</b>  |                                      |
| Best Stockbroker in the Nordic region                              | Prospera                             |
| Financial Adviser of the Year in the Nordic region                 | Financial Times and Mergermarket     |
| <b>Corporate Banking</b>   |                                      |
| Business Bank of the Year, Sweden                                  | Finansbarometern                     |
| Best Bank for Cash Management in the Nordic and Baltic region      | Euromoney                            |
| Best Bank for Real Estate products in the Nordic and Baltic region | Euromoney                            |
| Best Trade Bank in Western Europe                                  | Trade & Forfaiting Revue             |
| No. 1 FX House in the Nordic region                                | Prospera and Global Finance Magazine |



with strong business and a wealth of expertise in liquidity management, custody services, currency trading, and as a house bank for hedge funds.

A growing number of German institutions and companies – especially medium-sized companies in the so-called Mittelstand segment – are turning to SEB as their house bank. To be able to serve new customers in these areas, in 2010 the division began recruiting additional highly qualified employees and also reviewed and streamlined its processes.

In the Nordic countries as well, SEB consolidated its role in corporate and institutional banking. In Denmark, Finland and Norway, the Bank took a major leap forward and is ranked highly as a conceivable business partner alongside local players. In Finland, SEB was named

the Best Investment Bank 2010 by Euromoney magazine, and according to a survey conducted by Prospera, SEB was number one in the Nordic region in both equities and currency analysis.

As growing numbers of Nordic and German companies have their eyes set on the Asian market, SEB's plans to open offices in Hong Kong took concrete shape during the year. Around 25 employees will be on hand during the start-up phase, which is aimed at supporting corporate and institutional customers with interests in the region. The Hong Kong office will complement SEB's operations in Beijing, Shanghai and Singapore and create a regional offering, where the Asian offices will work together to support existing Nordic and German interests.

## Green Bonds for a better climate

Offering a financially sound investment with a specific focus on climate issues – that is the idea behind the Green Bonds developed by the World Bank in partnership with SEB's Merchant Banking division. The bonds support projects that combat the causes of and consequences of climate change in developing countries.

The bonds also provide funding for projects in developing countries and thereby support progress in developing regions. The most recent issue of the World Bank's Green Bonds in 2010 increased the total invested amount to more than USD 1 billion. [www.worldbank.org](http://www.worldbank.org)







## “ SEB always deliver what they promise

“Kemira and SEB work together not only in Finland, but elsewhere in Europe as well as in countries like Brazil and China, where we are expanding our water treatment operations. During the last few years we have carried out major structural changes at Kemira. Among other things, SEB Enskilda advised us on our EUR 200 million rights issue in late 2009 and on the spin-off of our subsidiary Tikkurila in March 2010.”

“We prefer a partner who we know well and who we can trust. SEB has always delivered what they have promised. We have worked together very closely on big deals over the years, but we have also come to know each other in everyday situations. For us, it has been very important that they listen to us and ask us what we want – over the years it has been a partnership in the truest sense of the word.”

“We are a small team working together – our contact person at SEB, myself and our treasurer. I know that I can always ring SEB. We have known each other a long time. “We have a mutually beneficial relationship – when a project goes well it gives both parties valuable knowledge, and we learn from each other.”

Jyrki Mäki-Kala, Chief Financial Officer for Kemira

**Kemira** is a global chemicals company that is focused on serving customers in water-intensive industries. The company offers water quality and quantity management that improves customers' energy, water, and raw material efficiency.



## “ An open dialogue

“Our relationship with Kemira goes back a long way and has grown stronger during the last two to three years. We know each other in a business context, but also on a personal level. Both of us take a long-term view in everything we do, and we both have organisations that focus firmly on the client. So we have several things in common.”

“We really appreciate Kemira’s approach – we have an open dialogue and we share information and ideas. We trust each other.”

“Our approach is to be an adviser and in a co-ordinated way give Kemira access to SEB’s full range of expertise.”

“We work together on a daily basis with everything from cash management and financing to large, strategic projects.”

Timo Uotinen, SEB client executive for Kemira

*Timo Uotinen (left) and Jyrki Mäki-Kala at Kemira in Helsinki.*



# Strengthened relations with small businesses

*SEB is a bank with uniquely strong business relations with large companies and institutions. Drawing from this tradition, the Bank is now extending the reach of its expertise and offerings to small and medium-sized companies in its home markets in Sweden and the Baltic countries. In 2010 SEB made a concerted effort to more tangibly apply the strengths it has acquired from its corporate business to its relations with small and medium-sized companies.*

During the last five years, SEB has seen good growth in the number of customers among small and medium-sized companies, and today the Bank serves some 400,000 such companies, mainly in Sweden and the Baltic countries.

“Our ambition is to make doing business a little easier and a little better, but we also want to help more people take the step to start their own business or further develop their existing business,” says Mats Torstendahl, head of Retail Banking.

“Our goal is to forge strong, long-term relationships with our customers, so that we can be a business partner with knowledge and insight into the companies’ needs. This means, among other things, that we stand beside our customers – in good times and in bad.”

SEB’s strength in its relations with customers is rooted in its breadth and ability to build total solutions for companies, small business owners and their employees. SEB combines its expertise in corporate business with personal finance solutions for business owners and their employees, while its life insurance products provide solutions for future pensions and financial security.

In 2010 SEB took several important steps on the path toward even stronger relations with its small and medium-sized corporate customers. In Sweden the Bank established a dedicated Corporate Services Centre for companies with sales in excess of SEK 200m, improved the functionality on its Internet and mobile channels and conducted extensive recruitment and competence development in its advisory staff.

In the Baltic countries, SEB continued work on conveying its offering to corporate customers, improving its services, and strengthening its customer relationships. For example, in Latvia SEB launched special, packaged services for corporate customers, while in Lithuania, the Bank has established a separate organisation for corporate business.

## Focus on entrepreneurs

SEB supports companies the whole way – from a brilliant business concept to international expansion. The Bank sponsors many initiatives and activities aimed at stimulating and promoting business and entrepreneurship. A few Swedish examples include Junior Achievement in high schools, providing advice at NyföretagarCentrum and IFS/ALMI, networking and advisory services for growing companies via Connect, and offering recognition for the country’s leading entrepreneurs in the Entrepreneur of the Year contest.

In Latvia and Lithuania, SEB runs the “Help Young Business to

## Diversity – a business matter

Immigrants make up an ever-growing share of Sweden’s population, and many new entrepreneurs are also “new Swedes”. For SEB it is an important business matter to address customers’ needs in this category. To contribute to knowledge-sharing and an improved understanding between banks and small business owners, we have worked together with the Swedish Agency for Economic and Regional Growth and the International Entrepreneur Association in Sweden on the development of two web-based training programmes – “the Cultural Bank” and “the Financing Game”.



## Business Bank of the Year

In Sweden, SEB was named as the Business Bank of the year by Finansbarometern, an independent survey of the bank-, finance- and insurance markets. The survey canvassed 1,000 companies, which were asked to give their overall impressions of their business bank and also to rate certain specific features, such as price, quality of advice, electronic services, product range and overall service. Pictured here, from left: Kristian Sundberg, Finansbarometern, Annika Falkengren, CEO of SEB, and Mats Torstendahl, head of SEB’s Retail division.



**300 persons  
with cutting-edge  
competence**

## SEB's Corporate Centre

Our three Corporate Centres in Stockholm, Gothenburg and Malmö focus on companies with annual sales in excess of SEK 200m. At SEB's Business Centres, corporate customers gain access to what is SEB's true cutting edge expertise – staff who can meet their complex needs. In the Baltic countries we offer similar service through our "local corporate" offices – one in Tallinn, one in Riga and three in Lithuania. These offices also provide support to the rest of the branch operations and help raise expertise throughout the organisation.

"Grow" project, aimed at small and medium-sized companies that participate in the project are offered a package of services for starting a new business. They also receive a special green stamp that identifies them as a newly started business during their first year. By putting this green stamp on their invoices, the companies show that they are in their infancy, and the aim is to give them higher priority for their invoices and faster payments.

In Latvia, SEB is working with the Riga City Council in the DUKA project, which among other things helps newly started companies find vacant premises at a reasonable cost. Also in Latvia, SEB is a partner in the Kurzeme company incubator and sponsors the business daily Dienas Bizness's award to the country's fast-growing "gazelle companies".

In Estonia, SEB continues to serve as the main sponsor for Brainhunt, a competition for entrepreneurs with innovative business ideas.

### Developed service for small businesses

During the year, SEB continued to develop its small business offering. In Sweden the Bank launched "Trygga Företagaren" – an insurance

package for small business owners – as well as two new charge cards. At the same time, SEB upgraded its "Enkla Firman" and "Företagspaketet" small business solutions.

In the Baltic countries, SEB further developed its offering, such as creating a special service package for both existing and newly started companies – solutions that make it easier for them to manage their day-to-day needs.

### Co-operation with EIF in Latvia

In 2010 SEB signed an agreement in Latvia with the European Investment Fund (an EU institution owned by the European Investment Bank), under which SEB can provide loans of up to EUR 60m to small and medium-sized companies in the country. The agreement opens up opportunities to increase lending to local businesses in normal market conditions.



## Customer communication on euro transition in Estonia

In Estonia, most of our customer communication in 2010 focused on the transition to the euro in 2011. Among other activities, we hosted roundtable discussions with customers to discuss potential problems that could arise and what solutions we can offer. For corporate customers, we also offered free training in euro cash management.

To increase the volume of card payments, SEB is offering payments free of charge in card terminals between September 2010 and March 2011.





## “ Creative solutions

“Parks & Resorts has a great need to invest surplus liquidity during the late summer and autumn, while during the spring and summer they need access to overdraft facilities. In addition, they have a need to make quite substantial investments in two to three year intervals. Since they also have quite a large volume of card transactions, the result is that we provide multifaceted services which involve many parts of the bank.”

“I believe we landed this account because we showed a genuine interest in the company and came up with some creative solutions for their needs.”

“As a client executive I maintain a regular and close dialogue with the client. I want to be a partner in their future undertakings. For Parks & Resorts it is important to be able to carry on a discussion with the bank at an early stage ahead of their investment decisions. They must feel confident that their bank is truly on board with their plans.”

Anders Willis, client executive, SEB



## “ SEB understands our business

“We want a bank that takes a genuine interest in our business – that is engaged. Our business is seasonal, and most our revenues are earned from May through August. At the same time, we work in an investment-intensive industry. This requires that we have an insightful bank that makes an effort to understand our specific conditions. We definitely feel that SEB has lived up to this. They’ve shown that they are engaged and take an interest – it feels more like a partnership than a bank that exists in the background.”

“Surprises happen in all businesses – some that are not so much fun. But it is much easier to deal with them if you have an open dialogue with your bank. SEB’s ability to understand the unique characteristics of our business has been critical for our relationship. They don’t look only at a few months, but several years ahead.”

“This relationship has every reason to go well also in the future. I look forward to a continued deepening of our dialogue and partnership.”

Jan Roy, CEO, Parks & Resorts

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**Parks & Resorts** is one of the Nordic region’s leading players in the experience industry and currently runs the Gröna Lund amusement park, Destination Kolmården together with its Wildlife Park and Wildlife Hotel, the Skara Sommarland amusement park, and the Aquaria Water Museum.



# Holistic solutions for private customers' needs

*At SEB we provide advice, financial services and products to some four million private individuals mainly in Sweden and the Baltic countries to help them achieve their goals and aspirations. We attend to our customers' financial needs in important life situations – our ultimate ambition is to be the bank that has the most satisfied customers.*

Combined with cutting edge expertise in a number of different areas, our offering has a level of breadth and depth that gives us an opportunity to create holistic financial solutions for the specific needs of every customer. We offer our customers everything from practical, everyday services to advice on investment solutions, loans and insurance.

"We build enduring, strong relationships with our customers, using each customer's life situation and priorities as a foundation," says Mats Torstendahl, head of SEB's Retail Banking division. "We work hard at ensuring that our customers feel that their relationship with us adds so much that we are deserving of their confidence".

At SEB we have the knowledge, products and services needed to improve our customers' personal finances in all stages in life. Customers with a little extra to invest, or who need more qualified investment advice, are attended to by an asset management adviser who has extensive expertise in investments, taxes and family law, and who works closely with our insurance specialists.

## Leader in Private Banking

For private individuals interested in personally tailored financial solutions, or who have a complex financial situation, SEB offers its most advanced advisory service – Private Banking. With Private Banking, customers gain access to both a personal team and expert assistance in most areas of personal finance, plus an array of specially designed investment services and products. SEB offers Private Banking in Sweden, Denmark, Finland, Norway, Estonia, Geneva, Latvia, Lithuania, Luxembourg and Singapore.

"SEB has a strong tradition of private banking and has offered financial services to high net worth individuals since the Bank's start

in 1856," notes Gerth Svensson, global head of SEB Private Banking. "Today SEB is a leader in private banking in Sweden and is growing strongly in the other Nordic and the Baltic countries. The customer's own private banker and client assistant plays a central role in our ambition to offer advice about the customer's total financial picture."

## Different interfaces for different needs

Being a customer at SEB should be simple. We believe it is important that our customers can decide for themselves when and in which manner they want to interface with the Bank – and we will be there when and however they prefer. At our branches we are there for customers who want professional advice at a personal meeting – often focusing on more complex matters. And of course, our online banking, telephone banking and mobile services are vital tools at our customers' fingertips.

Via the Telephone Bank, our customers can obtain personal assistance for all of their banking matters, just like at an ordinary branch. In Sweden, the Telephone Bank is open 24 hours a day every day and provides service in more than 20 languages.

In Estonia, during the year SEB launched a new website and upgraded online banking service, where customers are offered a personal planning function to keep track of their daily finances.

Our Mobile Bank features a high level of security and user friendliness for smart phones and PDAs. In 2010 we increased accessibility through the launch of several new apps for iPhone and Android device users.

And since autumn 2010, SEB has its own customer service page on Facebook, where our customers can get answers to general questions along with tips and advice from our experts.

## Promoting sound borrowing

The debate about the Swedish housing market and household borrowing was at times heated in 2010. At SEB we took a number of measures at an early stage to ensure as far as possible that our customers do not become overleveraged. We want our customers to be sure they can manage home mortgage rates a couple percentage points higher than their current level, and we discourage households from borrowing more than five times their combined gross income. In addition, we strongly urge our customers – especially those with a high level of debt – to amortise or create a buffer for future interest rate increases.

We were also the first Swedish bank to publish our own borrowing rates on our website, [www.seb.se](http://www.seb.se). We feel it is important to be open and transparent – we want our customers to know what they are paying for.







## Numerous awards to SEB

### Private Banking...

SEB Private Banking received several distinctions in 2010. In an annual ranking by Euromoney magazine, competitors grade each other. For 2010, SEB kept its rating as the leader in private banking in Sweden for the third year in a row. First place distinctions were also awarded to our operations in Finland and Lithuania. In late October SEB was named as the Best Nordic Bank for private banking services by the trade journals The Banker and Professional Wealth Management, both part of the Financial Times group.



### ... and SEB in the Baltic countries

In Estonia, SEB scored a number one ranking for customer satisfaction during the year by the international market research company EPSI. From private customers we received top scores for our products and service, and also in other areas SEB received higher scores than our competitors. SEB was also at the top of the list in TNS Emor's ranking of service quality for service companies in various industries.



## A partner also on a rainy day

Early on, SEB decided to strive for solutions that enabled borrowers in the Baltic countries to remain in their residential homes. In 2010, a full 90 per cent of all mortgage holders in the Baltic countries continued to pay on their loans – and only 123 out of 109, 000 mortgaged homes entered into forced liquidation.



## “Enkla vardagen”

In line with our emphasis on simplicity, clarity and accessibility, we launched our new “Enkla vardagen” concept in Sweden in 2010. Enkla vardagen is a packaged solution designed to simplify customers' everyday finances. For a monthly fee of SEK 25, customers gain access to a transaction account, a savings account, a debit and credit card, and access to our Internet Bank and Telephone Bank with 24-hour personal service. The new package has become highly appreciated among our customers. Today there are more than 370,000 subscribers.



## “ SEB a proactive partner

“We have been customers of SEB for both business and private purposes since the start. They have been at our side the entire way on our journey from a newly started company to an operation spanning some 20 countries.”

“We have settled into our new role with SEB’s support. They have the full range of services we need – they are attentive and they are always there when we need them. What’s more, they have been proactive and kept us informed about new developments in both the business and private areas.”

Kristina Lindhe, CEO and founding partner of Lexington Company

**Lexington Company** was established in 1997 by Kristina Lindhe – a teacher with a strong interest in textiles and with entrepreneurial spirit – together with her husband Tommy Lindhe and three other partners. Today, Lexington is a strong international trademark and the company’s bedclothes, cushions and dressing gowns in American New England-style are available in 570 selected department stores and boutiques around the world.



Lexington's President Kristina Lindhe (to the left) and SEB's Susanna Dammgård at Lexington's head office (show-room) in Stockholm.





## “ Rewarding co-operation

“Our relationship and co-operation with each customer grows steadily stronger over time. It is incredibly rewarding and inspiring to have the opportunity to work together and build solutions with creative and driven entrepreneurs. It challenges my own perspective and knowledge, and contributes to my own personal development.”

“In my relationships with customers, I get a great sense of security knowing that SEB has a strong and broad offering of services and products, and that we put a great deal of energy and commitment into devising genuine, custom-tailored solutions.”

Susanna Dammgård, Private Banker, Family Office, Private Banking

# SEB's history in the Baltic region

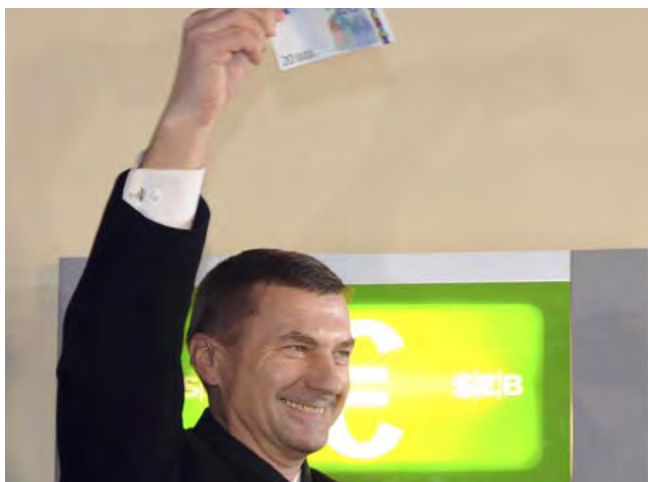
Sweden has strong historical and cultural ties to the Baltic countries. This is one reason why it feels entirely natural for SEB to have a presence in this neighbouring geographical region. The Baltic region took a severe blow with the downturn in the global economy. The situation has now stabilised and SEB has its sights set on developing its strong customer base in the Baltic countries.

"Sweden has strong historical and cultural ties to the Baltic countries," says Annika Falkengren, President and CEO of SEB. "For us at SEB it felt entirely natural to establish a presence there in the late 1990s and contribute to the build-up of the young democracies in our neighbouring countries on the Baltic Sea. As a bank, we have played an important role in the Baltic countries' economical development and infrastructure."

Economic growth in the region during the '00s up to 2008 was fast – too fast. In early 2006 SEB was the first financial player to warn about overheating. At that time the Bank also established a lending cap and sharpened its credit policy to protect its balance sheet, thereby contributing to a more balanced economic development in the region.




"In retrospect, we should have applied the brakes even earlier and harder," notes Falkengren. "We received a lot of criticism for being too cautious, and SEB lost market shares as other banks seized the opportunity to increase their lending volumes. Looking back, we realise that it is not possible to tackle such problems alone. It must be done in concert with the monetary and finance policies that are adopted and in co-operation with other players."

Meanwhile, the overheating of the Baltic economies continued, and in 2007 the trade balance deficit accounted for 14–22 per cent of GDP. The situation was exacerbated by the fact that the countries had pegged their currencies to the euro. Sooner or later, the major imbalances in the countries' economies would have led to an economic crisis even without any external influence. But with the global financial crisis that ensued in the wake of the collapse of Lehman Brothers in autumn 2008, the Baltic countries quickly found them-



As of 1 January 2011, Estonia changed its currency from kroon to euro. Estonia's Prime Minister Andrus Ansip shows a euro note withdrawn from one of SEB's ATMs in Tallinn just after midnight.

## A change for the better

| %   | 2006 | 2007 | 2008 | 2009  | 2010 | 2011* | 2012* |
|---|------|------|------|-------|------|-------|-------|
| <b>Estonia</b>    |      |      |      |       |      |       |       |
| GDP-growth  | 10.6 | 6.9  | -5.1 | -13.9 | 3.1  | 4.5   | 4.0   |
| Unemployment  | 5.9  | 4.7  | 5.5  | 13.8  | 16.9 | 13.0  | 12.0  |
| <b>Latvia</b>     |      |      |      |       |      |       |       |
| GDP-growth  | 12.2 | 10.0 | -4.2 | -18.0 | -0.2 | 4.0   | 5.0   |
| Unemployment  | 6.8  | 6.0  | 7.5  | 16.9  | 18.7 | 16.8  | 15.0  |
| <b>Lithuania</b>  |      |      |      |       |      |       |       |
| GDP-growth  | 7.8  | 9.8  | 2.9  | -14.7 | 1.3  | 4.0   | 4.5   |
| Unemployment  | 5.6  | 4.3  | 5.8  | 13.7  | 17.8 | 16.0  | 15.0  |

\* Forecast

selves in a very deep recession. The Central Bank of Sweden, the EU and the International Monetary Fund were sources that stepped in to assist with various types of loans and agreements.

SEB began making provisions for possible credit losses in the Baltic region at an early stage. In 2009 SEB's provisions quadrupled to approximately SEK 10bn. During the same year, the Bank also wrote down its acquisition goodwill in the Baltic countries by approximately SEK 2.3bn as a result of the serious economic situation in the Baltic region.

### Problem-solving in co-operation with customers

As early as 2007 SEB established a unit for problem loans, with as many as 200 staff active in or focusing on the Baltic region. Among other things, this unit has analysed all Baltic credits and assessed the portfolio of commercial properties and homes. Throughout this process SEB has been committed to working together with its customers to find common ground and viable solutions to the problems.

Among other things, SEB has sought solutions that would enable private borrowers to stay in their homes, such as by granting waivers from amortisation. The vast majority – approximately 90 per cent – of home mortgage customers are making payments on their loans.

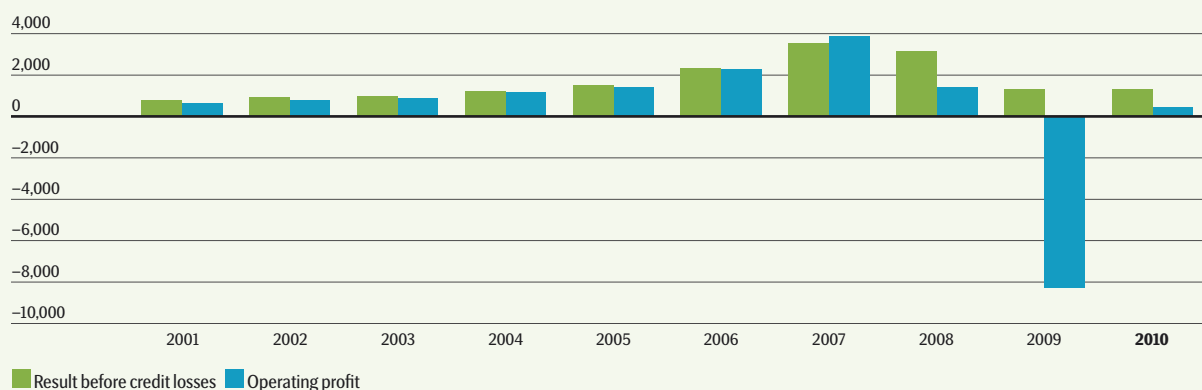
Besides mortgage loans, SEB's non-performing loans in the Baltic region mainly consist of leasing and commercial real estate.

SEB's leasing portfolio in the Baltic region includes cars and trucks as well as transportation vehicles and equipment. At year-end 2010 this portfolio was SEK 11bn, compared with SEK 15bn a year earlier, as a result of the Bank's continuous sale of repossessed vehicles both within and outside the Baltic region.



## SEB's result before provisions for credit losses and operating profit

The Baltic region, geography, SEK m, 2001–2010



An important lesson from the Nordic financial crisis in the 1990's is that shareholder value can be protected if the Bank incubates properties and manages them professionally until demand picks up again.

At year-end 2010, the holding companies that SEB has established in each of the Baltic countries had repossessed assets worth SEK 400m. The number of repossessed assets will increase, but at a slow pace, since the foreclosure and auction process takes time.

As per 31 December 2010, SEB's lending to real estate companies in the Baltic countries amounted to SEK 22bn, of which 39 per cent consisted of impaired loans. At year-end 2009 the corresponding figures were SEK 27bn and 30 per cent.

## Back in the black

Throughout the severe economic downturn in the Baltic countries, SEB has maintained a proactive and conservative stance. In pace with the economic upswing in the Baltic countries in 2010, the volume of problem credits has decreased. In the third and fourth quarters, the Baltic operations posted positive quarterly operating profit for the first time in two years. This is mainly due to the fact that the Bank was able to dissolve provisions for credit losses made during 2010. The result before provisions for credit losses improved, too.

Annika Falkengren summarises: "The Baltic countries, which in a short period of time have evolved to become modern nations and EU members, today account for approximately 8 per cent of SEB's lending. When we entered these markets in the late 1990s we believed that they would be profitable for SEB over the long term. We still believe this."

## Close ties – then and now

Since regaining their independence in 1991 after 50 years of Soviet rule, Estonia, Latvia and Lithuania have experienced very rapid development. Today the three Baltic countries are modern economies with strong ties to Sweden and the other Nordic countries.

However, Sweden's involvement in the Baltic countries dates much further back in time. Through the medieval Hanseatic League, Sweden had strong relations with the major trade city Riga (today the capital of Latvia), and in 1561 Estonia became part of Sweden. During Sweden's time as a major power in the 17th century – under the rule of King Gustav II Adolf – the Swedes conquered Riga and the region then known as Livonia. A number of measures were taken during Swedish rule: among other things, a university was founded in Dorpat (today Tartu), schools were established, and the legal system was reformed. Following the battle of Poltava in 1709, Sweden gradually lost control of the Baltic region to Russia.

Following a few years as sovereign nations after the World War I, in the summer of 1940 Estonia, Latvia and Lithuania were annexed by the Soviet Union. For twenty years now, the Baltic countries have been free nations.





# “ SEB helps us realise our dreams

“Our business relationship with SEB is a win-win situation. SEB has been our partner for more than five years and has supported us in our ambitions and believed in us. Even during hard times, they have helped us realise our dreams.”

Raul Kaljuraid, part owner and board member, Ferroline Group.

**Ferroline Group Ltd** is a freight forwarding and logistics company established in 2000 in the Estonian capital Tallinn. Ferroline offers a comprehensive range of domestic and international transport solutions, warehousing and storage.



Kätlin Kruuseja, Senior Client Executive at SEB in Tallinn in discussion with Raul Kaljuraid, part owner and board member of Ferroline Group in Estonia.





## “ Close relations important in times of crises

“We have a close relationship with the Ferroline Group, and I believe this is why we work so well together. We have keen insight into their daily activities as well as their development plan, and can provide high-level advice and bring in the right expertise at the right time. During the recent financial crisis this insight enabled us to help them with financing and other solutions at a time when such help was hard to find.”

Kätlin Kruusojä, client executive SEB in Tallinn

# Improving relations and profitability

*Banks have a fundamental role and can contribute to sustainable growth in society. By providing financing, investments, secure payments and asset management, banks support economic activity, international trade and financial security. SEB has a broad approach to sustainability, with efforts targeting governance and business ethics, environmental responsibility, social issues and investments in communities, among others.*

The role of banks in sustainable development is different than other industrial sectors. As a services company, banks have relatively limited impact on the environment or local communities. However, in their role as financial intermediaries, banks have significant indirect impact.

Through its business activities, SEB has supported economic and social progress for more than 150 years. We have now raised our ambitions in this area and are committed to making sustainability a fully integrated part of our business, a core capability, by 2012. This means addressing sustainability from every angle, ranging from how we interact with our customers and manage our supplier relations, to how we help to address global social and environmental challenges.

The purpose of SEB's engagement is to continue to be a successful company, to assist and enable the Bank's stakeholders to become more sustainable and to contribute to the communities in which SEB is present.

## Integrating sustainability into the daily activities

Supported by the Bank's Corporate Sustainability Committee and the Group Corporate Sustainability team, SEB continued to strengthen the integration of sustainability into the daily activities. The operative governance structure was complemented in several ways. SEB appointed dedicated corporate sustainability officers to four business divisions and country managers for sustainability to the Baltic division and SEB's German operation. We also added our Senior Economist to the Corporate Sustainability Committee and established a Sector Policy Committee.

A number of employee engagement activities were held, including the launch of a social media web site for sustainability, [www.sebgroup.com/sustainableperspectives](http://www.sebgroup.com/sustainableperspectives). SEB also conducted a Sustainability Day at the largest site in Rissne, Stockholm, where some 3,000 SEB employees work.

All ongoing activities are based on the corporate sustainability

strategy adopted in 2009. The strategy is focused on eight business priorities in three responsibility areas: Governance, Environment and Social.

## Business progress 2010

SEB wants to take responsibility and work together with customers and portfolio companies on sustainability issues. During 2010, we worked on developing our first sector policies and position statements, which highlight the social and environmental standards that we expect in order to provide services or make investments. A number of our largest clients, suppliers and civil society organizations have been involved in this effort. The first policies will be introduced and implemented throughout the business divisions during 2011.

SEB continued to issue green bonds for the World Bank and also for its affiliate the International Finance Corporation, and has assisted the World Bank in issuing USD 1.6bn in green bonds at year-end. Assets under management with a socially responsible investment profile rose by 46 per cent to SEK 14.9bn (10.2) during the year.

## Carbon chasing at SEB

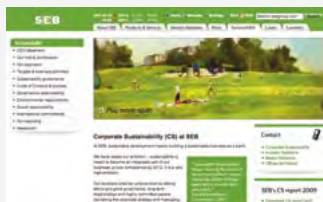
SEB aims to reduce the CO<sub>2</sub> emissions from its operations by 45 per cent by 2015, and fully compensates remaining emissions through investments in verified emissions reductions projects. Total CO<sub>2</sub> emissions in 2010 were reduced by 18 per cent to 38,598 tonnes (47,320). This was mainly due to the switch to green electricity in Germany, Estonia and Finland. Climate compensation was made by investing SEK 10 million in the reforestation of degraded land in Tanzania and the provision of solar cookers to households in a rural region in China. This compensation related to 2009 emissions of 47,320 tonnes CO<sub>2</sub>.

In 2010, SEB was named by the Carbon Disclosure Project as one of the leading Nordic companies in performance and disclosure related to CO<sub>2</sub> activities.

## More information online

### Corporate website

SEB's complete reporting, including all KPIs and Corporate Sustainability Report 2010  
[www.sebgroup.com/sustainability](http://www.sebgroup.com/sustainability)



### Social media site

Stories on sustainability from SEB and other companies, Quiz, etc.  
[www.sebgroup.com/sustainableperspectives](http://www.sebgroup.com/sustainableperspectives)



### Microsite

For information on Carbon Chasing and SEB's CO<sub>2</sub> reduction programme  
[www.carbonchaser.com](http://www.carbonchaser.com)



→ SEB welcomes your questions and feedback! [cs@seb.se](mailto:cs@seb.se)

# Competent employees put customers first

*Having knowledgeable, dedicated employees who take a genuine interest in their customers is of utmost importance for SEB. It instils confidence, leads to long-term relationships with our customers which increases their loyalty. Through supportive and communicative leadership, SEB's employees are encouraged to take responsibility for their personal development. SEB strives to be a workplace that attracts talented people and encourages them to pursue the opportunities we offer.*

For a bank like SEB, business is permeated by long-term relationships with customers, shareholders and others in the operating environment. At SEB there is no question that employees shall act professionally, be engaged and treat customers and colleagues with respect.

At SEB we promote a culture that always puts the customer's best interest first. Fundamental values for SEB employees are therefore professionalism, commitment, mutual respect and continuity. By listening and recommending solutions based on solid knowledge about the Bank's services, we help customers realise their ambitions. This inspires confidence and loyalty among our customers and by extension also the Bank's business over the long term.

## Business-oriented leadership

We are firm believers that people want to and can develop in their work, and we nurture and develop the strengths of employees and managers alike. At SEB, individuals are expected to take responsibility for their work and personal development. There is a large array of development opportunities at every level for generalists, specialists and managers.

Business-oriented leadership is of central importance for SEB. We strive to develop leaders who take long-term business responsibility and who create the conditions for employees to fully realise their potential. Numerous leadership programmes are offered for managers at various levels, focusing on communicative leadership, greater cross-border collaboration and managing change.

## Future talent management

To ensure SEB's long-term success, it is essential that we plan for our future competency needs. We work actively on identifying and attracting prospective employees we believe will be needed in the Bank tomorrow. SEB's talent pool lays the foundation for leadership succession, where we provide avenues for existing employees who we believe are particularly talented and have what it takes to accept greater responsibility while at the same time serve as a good ambassador for SEB as a whole.

## Diversity and equal opportunity

SEB is committed to increasing equality in the Bank in order to give all employees the same opportunities to develop and pursue a career regardless of their gender, ethnic origin, age, sexual orientation or faith. Having a diversified talent pool increases our ability to offer services that tend to our customers' varying needs. For example, we take diversity into account when selecting employees for management and leadership training. For senior management positions, there must always be at least one female candidate. And in the Group's internal management development programmes, the goal is that at least one third of the participants should be women. Our long-term goal is that each gender shall be represented by at least 40 per cent at every level of the organisation.





# Clear division of responsibilities

*Having a clear and effective structure for division of responsibility and governance essential for maintaining confidence among customers, shareholders and others.*

SEB attaches great importance to creating clearly defined roles for officers and decision-making bodies, and to having policies and instructions that clearly lay out the division of responsibilities within the Group.

## Shareholders and AGM

The shareholders' influence in the Bank is exercised at the General Meetings of Shareholders, which are the highest decision-making body within the Bank. General Meetings decide, among other things, on amendments to the Articles of Association and how the Bank's profits are to be used, they elect the Board of Directors and auditor, and they set the level of remuneration for these.

SEB's largest shareholders as per 31 December 2010 are shown on page 32.

## Board of Directors

Board members are elected by the shareholders at the Annual General Meeting for a one-year term of office extending through the next Annual General Meeting. In 2010 the Board held 12 meetings. Important matters addressed by the Board included:

- Strategic direction of Group activities.
- Capital and financing issues, including risk limits.

- Thorough review of business areas and market segments.
- Long-term incentive programmes, succession planning and talent management
- Interim reports and the Annual Report.

Some of the Board's duties are handled in committee form. The *Risk and Capital Committee* is responsible for credit processes, credit policies and capital matters, among other things. The *Audit and Compliance Committee* assures the quality of the Bank's financial reporting and maintains regular contact with the Bank's external auditors. The *Remuneration and Human Resources Committee* deals with matters related to remuneration of the CEO and certain other senior executives, incentive programmes, pension plans and talent management.

## President and Chief Executive Officer

The President and Chief Executive Officer (CEO) is appointed by and reports to the Board of Directors. The CEO is responsible for the day-to-day management of the Group's activities in accordance with the guidelines and policies established by the Board.

Assisting the CEO are three committees: the *Group Executive Committee* (business matters), the *Group Credit Committee* (credit matters) and the *Asset and Liability Committee* (capital and risk matters).

## The Bank's organisation

SEB's operations are organised into five divisions: *Merchant Banking*, *Retail Banking*, *Wealth Management*, *Life* and *Baltic*, plus cross-divisional support functions – *Group Operations & IT* and *Group Staff*.

The Group also has three control functions: *Internal Audit*, *Group Compliance* (regulatory compliance and ethics) and *Group Risk Control* (monitoring of credit and market risks, operational risks and liquidity risks).

## Remuneration of the Board of Directors and senior executives

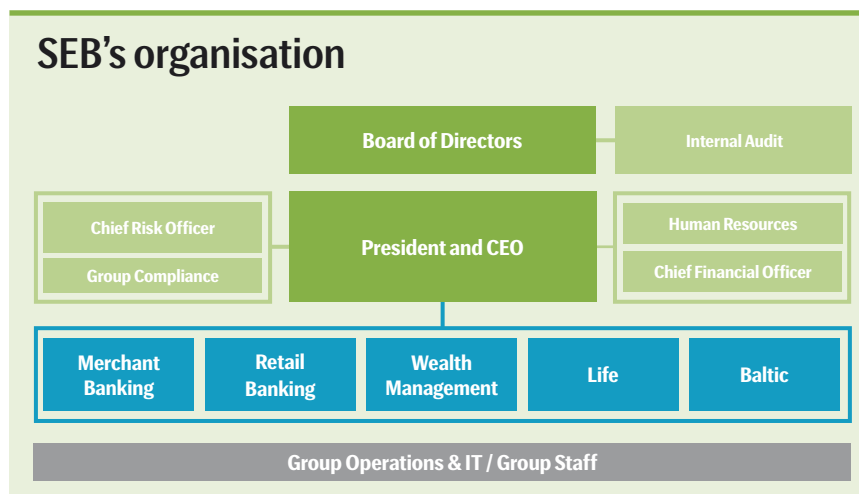
SEB's 2010 Annual General Meeting set total fees of SEK 7,587,500 for the members of the Board of Directors, of which SEK 2,062,500 is for the Chairman of the Board.

The AGM approved the Board's proposed guidelines for remuneration of the CEO and other members of the executive management.

In addition, the AGM decided on three long-term incentive programmes for 2010.

Most countries in the Western world have adopted guiding rules and regulations concerning how companies are to be governed. In Sweden these rules and regulations are laid out in the Swedish Code of Corporate Governance, which was established in 2004.

SEB's complete corporate governance report, which has been audited by the Bank's auditor, is part of SEB's Annual Report and is available for viewing/downloading on the Group's website: [www.sebgroup.com](http://www.sebgroup.com).





# A new financial regulatory framework

*The effects of the global financial crisis were great on the real economy. In an effort to increase stability in the financial system, starting in 2013 a new, global regulatory framework will be introduced – Basel III. The new rules and regulations are designed to improve the banking sector's ability to absorb shocks arising from financial stress.*

The financial crisis, precipitated by the collapse of the US subprime housing loans, had a major impact on banks and financial actors around the globe. Several banks in the US and Europe were put under state control or on the brink of failure. As the banking system fulfils a central role as the life-blood of the broader economy, the ripple effects on the real economy were substantial.

The exceptional circumstances in the financial markets also required exceptional measures from central banks and governments. In Sweden, all previous support to the financial market was disbanded in 2010.

## Gradual introduction

To avoid similar situations in the future, a new, internationally harmonised regulatory framework for banks, called Basel III, was completed in major respects in 2010 by the Basel Committee. The overall ambition of the new regime is to raise capital adequacy levels in banks, improve the quality of assets and increase the share of long-term financing – all in the aim of increasing the banking system's stability and resilience. The new Basel III rules will begin to be introduced gradually in 2013, with full implementation planned for 2019.

## Stricter capital regulations

With respect to the level of capital in banks and the quality of assets, Basel III represents significantly more stringent rules compared with those that have applied to date. For all banks, at least 4.5 per cent of their risk-weighted assets must consist of equity and retained earnings (core tier 1 capital). In addition, banks will be required to maintain an adequate buffer in order to have full freedom to pay dividends and absorb potential credit losses. A countercyclical capital buffer is also being introduced, which will vary in size over an economic cycle. On the whole the new framework entails that banks will have a high-quality level of capital adequacy – consisting mainly of equity – of nearly 10 per cent. Deliberations are currently held within the Basel Committee to – on top of this – add a further capital requirement for

banks that are considered to be vital for the financial system.

Even though Basel III is expected to put higher demands on banks' capital levels, SEB and other Swedish banks according to The Swedish Central Bank's calculations, already have capital in a scope that is higher than the new required levels.

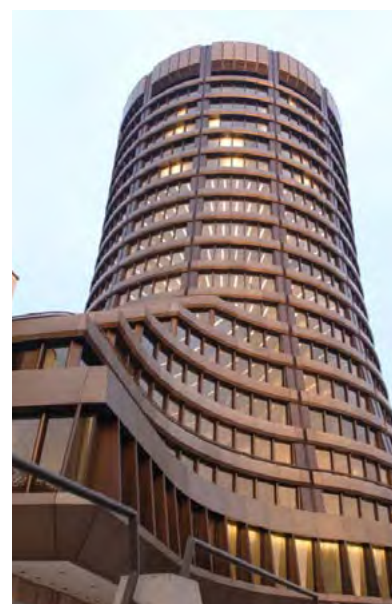
## Clear liquidity regulations

The other important part of the Basel III framework aims to reduce the banking system's dependence on short-term borrowing in the market. This entails primarily that long-term lending must be matched by long-term funding. In addition, banks are being compelled to maintain liquidity reserves that are sufficiently large to manage a larger than normal cash outflow for at least 30 days.

The new liquidity rules present a number of challenges to SEB and other Swedish banks, since the rules have been formulated in a way that is not optimal for the Swedish market. For example, the Swedish banks' way of financing mortgage lending results in a poorer outcome in the Basel Committee's measurement tool than using the financing methods that are used in the rest of Europe. Even corporate deposits, which are a stable and significant component in a business bank such as SEB, are assigned a lower weight than household deposits in the Basel Committee's measurement tool. However, according to Riksbanken, the banks' current, additional funding need to meet the new requirements is manageable. SEB has chosen to gradually close the gap by changing the balance between long-term and short-term borrowing and now has a larger share of borrowing with long maturities.

## Strong balance sheet

In general, SEB has a positive view of the intentions of the new Basel rules, which are also aimed at harmonising the rules and regulations and create a level playing field. The fact that SEB is already acting from a strong position is confirmed by narrowed credit spreads for the bank's borrowing in 2010



Bank for International Settlements (BIS) office in Basel, Schweiz.

and the result of the stress test that the European regulatory authorities jointly introduced in 2010. The aim of the stress test is to study the European banks' resilience to shocks to the financial system. SEB and other Swedish major banks passed the stress test with good margins.

A number of evaluations will be carried out in the years immediately ahead and up until the new regulatory framework is fully implemented, so that the Basel Committee can see how financial businesses are affected by the rules. This will provide an opportunity for corrections or modifications during the course of the banks' process of complying with the new framework. In this regard it is important that Sweden, as a country, also acts in a uniform manner to ensure that the specific conditions that apply in Sweden are taken into account.

# Income statement

The Group's income and expenses for the year are reported in the income statement. When calculating the operating result, credit losses (both incurred and probable losses) and write-downs are taken into account.

| Income statement   |                |                    |  | Change,    |
|--|----------------|--------------------|--|------------|
| SEK m  | 2010           | 2009 <sup>1)</sup> |  | %          |
| <b>Income</b>  |                |                    |  |            |
| 1 Net interest income  | 16,010         | 18,046             |  | -11        |
| 2 Net fee and commission income                                  | 14,160         | 13,285             |  | 7          |
| 3 Net financial income   | 3,166          | 4,488              |  | -29        |
| 4 Net life insurance income                                      | 3,255          | 3,597              |  | -10        |
| 5 Net other income   | 288            | 2,159              |  | -87        |
| <b>Total operating income</b>                                    | <b>36,879</b>  | <b>41,575</b>      |  | <b>-11</b> |
| <b>Expenses</b>  |                |                    |  |            |
| 6 Staff costs  | -14,004        | -13,786            |  | 2          |
| Other expenses   | -7,303         | -6,740             |  | 8          |
| Depreciation of assets   | -1,880         | -4,672             |  | -60        |
| Restructuring costs  | -764           |                    |  |            |
| <b>Total operating expenses</b>                                  | <b>-23,951</b> | <b>-25,198</b>     |  | <b>-5</b>  |
| <b>Profit before credit losses</b>                               | <b>12,928</b>  | <b>16,377</b>      |  | <b>-21</b> |
| Gains less losses on disposals of tangible and intangible assets | 14             | 4                  |  |            |
| 7 Net credit losses  | -1,837         | -12,030            |  | -85        |
| <b>8 Operating profit</b>  | <b>11,105</b>  | <b>4,351</b>       |  | <b>155</b> |
| Income tax expense   | -2,521         | -2,482             |  | 2          |
| <b>9 Net result from continuing operations</b>                   | <b>8,584</b>   | <b>1,869</b>       |  |            |
| Discontinued operations  | -1,786         | -691               |  | 158        |
| <b>10 Net profit</b>   | <b>6,798</b>   | <b>1,178</b>       |  |            |
| <b>Attributable to minority interests</b>                        | <b>53</b>      | <b>64</b>          |  | <b>-17</b> |
| <b>Attributable to equity holders</b>                            | <b>6,745</b>   | <b>1,114</b>       |  |            |

1) The income statement is recalculated for the divestment of the German retail business.

## Income

### 1 Net interest income

Simply put, traditional banking is a matter of mediating capital between customers with surplus capital and customers in need of loans. Customers' needs vary widely with respect to loan size, maturity and other loan terms. In its role as a mediator, the bank can, for example, use household savings and short-term deposits for corporate and mortgage lending. Due to the large number of accounts with varying due dates, savings and deposits serve as a stable funding base.

The bank's interest margins differ in various parts of the market, depending on handling costs and business risk. Changes in margins as well as in volumes of SEB's borrowing and lending activities are of great importance for the development of the net interest income, which essentially consists of the difference between earnings on lending to the general public (households, companies) and credit institutions, and the costs for deposits and borrowings from the general public and credit institutions.

In addition, net interest income is affected by the return from the Group's portfolios of fixed-income securities. Costs related to the Bank's issuance of securities also affect net interest income.

In 2010 SEB's net interest income decreased 11 per cent to SEK 16.0bn. The main reasons for the decrease are lower average volumes and decreased deposit margins. The net interest income was also negatively affected by foreign exchange effects.

### 2 Net fee and commission income

Fee and commission income from various services such as equity trading, advisory services and cards contributes more to the operating result in SEB than in other Swedish banks. This is because the Bank has always focused more than other banks on servicing large companies and on wealth management.

In 2010 net commission income increased by 7 per cent, to SEK 14.2bn, as a result of increased securities commissions in the wealth management and custody business. Assets under management amounting to SEK 1,399bn have returned to the pre-financial crises level. Income from payments and cards was largely unchanged.

### 3 Net financial income

Net financial income includes both realised gains and losses in connection with the sale of shares, bonds and other financial instruments, and unrealised changes in the market value of the Group's customer trading stock of securities. The trend in the financial markets is of great importance in this context. This item also includes the result of foreign exchange activities, where SEB is in a leading position in Sweden.

In 2010 net financial income was hurt by lower income from foreign exchange activities due to lower volatility.

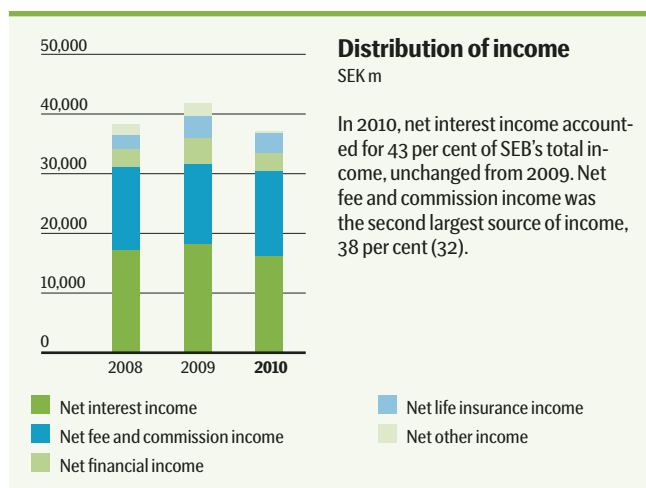
#### 4 Net life insurance income

This item includes sales of life insurance products of which unit-linked insurance accounts for a very large share.

Net life insurance income decreased by 10 per cent compared to 2009.

#### 5 Net other income

The main items of net other income include capital gains and share dividends. The decrease in net other income is mainly attributable to a one-time capital gain of SEK 1.6bn from the buy-back of subordinated debt in 2009.



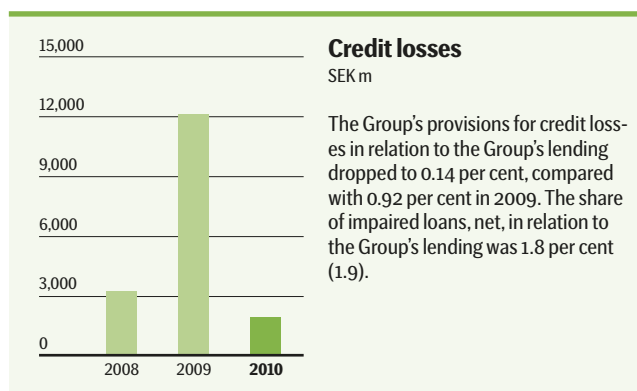
#### 6 Expenses

Reported total expenses decreased by 5 per cent in 2010. On a comparable basis, i.e., excluding an amortisation in 2009 of SEK 3bn of goodwill pertaining to the Bank's investments in Eastern Europe and the write-off of restructuring costs in 2010 of SEK 0.8bn related to the sale of the German retail operations, expenses increased by 4 per cent in 2010. Staff costs increased 2 per cent, while other costs, including the investments in the corporate section the Nordic countries and in Germany increased 8 per cent.



#### 7 Net credit losses

The Group's credit losses consist of both incurred losses and probable losses where SEB has established that the counterparty will probably be unable to fulfil its payment obligations. Any recoveries have a positive impact on net credit losses. In 2010, provisions for credit losses decreased by 85 per cent compared to year end 2009, and the credit loss level fell to 0.14 per cent of lending, mainly due to the financial turnaround in the Baltic countries. In the Nordic region, credit quality remained high.



#### 8 Operating profit

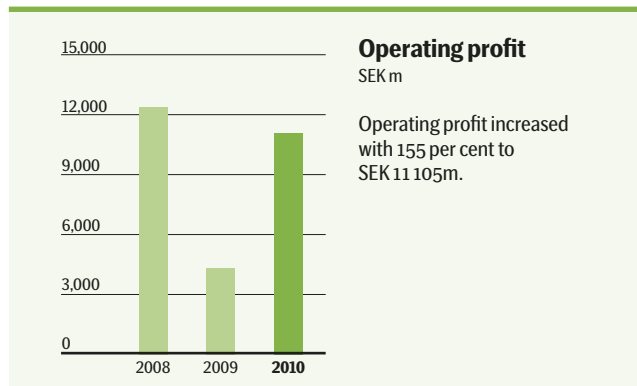
While profit before credit losses decreased to SEK 12.9bn (16.4), operating profit improved to SEK 11.1bn (4.4), due to the significant decrease of credit losses.

#### 9 Net result from continuing operations

The net result excluding the German retail operations was SEK 8.6bn, which corresponded to earnings per share of SEK 3.88. This level represents a starting point for comparison of future development of the result.

#### 10 Net profit for the year

Net profit for the year, i.e., operating profit after tax, was SEK 6.8bn (1.2). This amount forms the basis for calculating earnings per share and the proposed dividend to the shareholders.





# Balance sheet

The book value of the Group's assets, liabilities and equity is shown here.

| Balance sheet   |                  |                  |  | Change,   |
|---|------------------|------------------|--|-----------|
| SEK m   | 2010             | 2009             |  | %         |
| <b>1 Assets</b>   |                  |                  |  |           |
| Cash and cash balances with central banks   | 46,488           | 36,589           |  | 27        |
| Loans to credit institutions  | 204,188          | 331,460          |  | -38       |
| Loans to the public   | 1,074,879        | 1,187,837        |  | -10       |
| Financial assets at fair value <sup>1)</sup>  | 617,746          | 581,641          |  | 6         |
| Available-for-sale financial assets <sup>1)</sup>   | 66,970           | 87,948           |  | -24       |
| Held-to-maturity investments <sup>1)</sup>  | 1,451            | 1,332            |  | 9         |
| Assets held for sale <sup>2)</sup>  | 74,951           | 596              |  |           |
| Investments in associates   | 1,022            | 995              |  | 3         |
| Tangible and intangible assets  | 27,035           | 27,770           |  | -3        |
| Other assets  | 65,091           | 52,059           |  | 25        |
| <b>Total assets</b>   | <b>2,179,821</b> | <b>2,308,227</b> |  | <b>-6</b> |
| <b>2 Liabilities and equity</b>   |                  |                  |  |           |
| Deposits by credit institutions   | 212,624          | 397,433          |  | -47       |
| Deposits and borrowing from the public  | 711,541          | 801,088          |  | -11       |
| Liabilities to policyholders  | 263,970          | 249,009          |  | 6         |
| Debt securities   | 530,483          | 456,043          |  | 16        |
| Financial liabilities at fair value   | 200,690          | 191,440          |  | 5         |
| Liabilities held for sale <sup>2)</sup>   | 48,339           | 165              |  |           |
| Other liabilities   | 85,331           | 74,984           |  | 14        |
| Provisions  | 1,748            | 2,033            |  | -14       |
| Subordinated liabilities  | 25,552           | 36,363           |  | -30       |
| Total equity  | 99,543           | 99,669           |  | 0         |
| <b>Total liabilities and equity</b>   | <b>2,179,821</b> | <b>2,308,227</b> |  | <b>-6</b> |
| 1) Of which bonds and other interest bearing securities including derivatives   | 416,864          | 457,209          |  | -9        |
| 2) Assets and liabilities held for sale represent the German retail operations which have been sold to Banco Santander. The transaction closed in January 2011. |                  |                  |  |           |

## 1 Assets

The most important items are loans to the public (households, companies, etc.) and lending to credit institutions, which together account for more than 50 per cent of total assets. Another important item consists of holdings of fixed-income securities.

### Lending

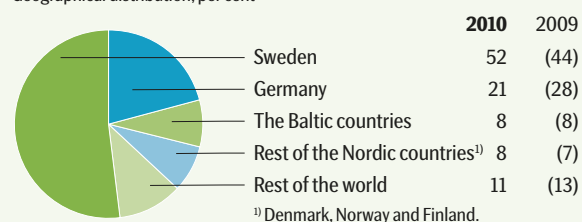
Geographical distribution, per cent



Total lending in Sweden amounted to SEK 697bn, whereof 58 per cent was attributable to corporate customers, property management etc., and 42 per cent to households. SEB's lending in the Baltic countries amounted to SEK 112bn, of which corporate lending, etc. accounted for 57 per cent and households for 43 per cent.

### Deposits

Geographical distribution, per cent



## 2 Liabilities and shareholders' equity

The main items are liabilities to credit institutions and deposits and borrowing from the public. Debt securities issued by SEB are important liabilities, too.

Shareholders' equity consists of the original share capital, capital contributions through new issues, net profit for the year and retained earnings (see further the section on Capital strength).

### Use of profits

The size of the dividend is determined by the SEB Group's financial position and opportunities.

For 2010, net profit of total operations (including the discontinued operations) was SEK 6,798m, corresponding to SEK 3.07 per share. The Board of Directors proposes that SEK 3,291m, or SEK 1.50 per share, shall be distributed to the shareholders. This decision should be seen against the background of the improved economic climate and the strong capital situation of the Bank.

# Some important key figures

Some key figures of importance for analysing the result are shown here.

## Key figures

|  | 2010  | 2009  | 2008  |
|--|-------|-------|-------|
| Return on equity, % <sup>1)</sup>              | 8.65  | 1.89  | 13.19 |
| Cost/income ratio <sup>1)</sup>                | 0.65  | 0.61  | 0.59  |
| Tier 1 capital ratio, %, according to Basel II | 14.24 | 13.91 | 10.08 |

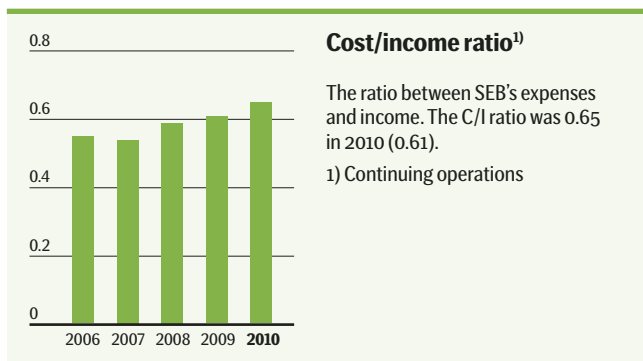
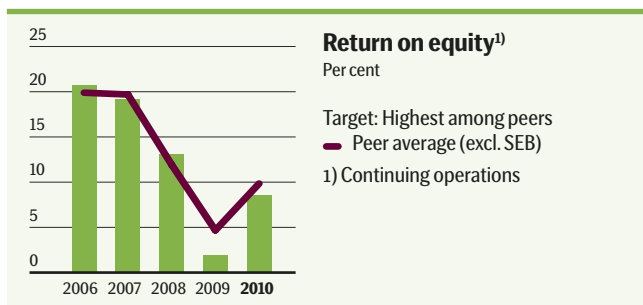
1) Continuing operations

## Return on equity

The SEB Group's goal is to achieve a profitability, or return on shareholders' equity, that is among the highest of its peer banks and that profit growth shall be sustainable.

Calculated as follows, the return on shareholders' equity for the continuing operations in 2010 was 8.65 per cent:

$$\frac{\text{SEK 8,584m (net profit for the year)}}{\text{SEK 98.7bn (average equity)}} = 8.65 \text{ per cent}$$



## Cost/income ratio

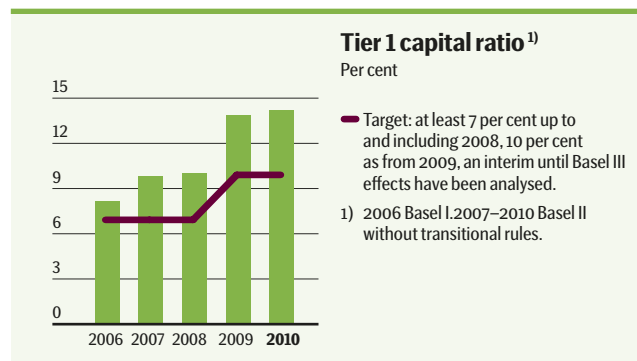
The cost/income ratio, i.e., the ratio between costs and income, is an important measurement of the Group's efficiency. In 2010 the C/I-ratio was 0.65 (0.61) for the continued operations, i.e. adjusted for the sale of the German retail operations.

## Capital strength

Shareholders' equity is the core of the Group's capital base, upon which the Bank's capital ratio is calculated. In addition, SEB works with other forms of capital: subordinated debt and hybrid capital, that are raised in the international capital market. Subject to special rules, some of this capital may be included in the Bank's Tier 1 and total capital bases, upon which the capital ratios are calculated. The size of the capital base determines how much the Bank is able to lend and invest in total. All capital ratios are calculated in accordance with the so-called Basel II rules that govern the financial industry.

Currently SEB fulfils the regulatory capital adequacy requirements by a wide margin. At year-end 2010, SEB was one of the financially strongest banks in Europe, with a Tier I capital ratio of 14.2 per cent and a core Tier 1 capital ratio of 12.2 per cent. The Tier I capital ratio is calculated as follows:

$$\frac{\text{SEK 101,980m (Tier 1 capital base)}}{\text{SEK 716,126m (risk-weighted volumes)}} = 14.24 \text{ per cent}$$





# Board of Directors



MARCUS WALLENBERG



TUVE JOHANNESSEN



JACOB WALLENBERG



SIGNHILD ARNEGÅRD HANSEN



URBAN JANSSON



BIRGITTA KANTOLA



TOMAS NICOLIN



CHRISTINE NOVAKOVIC



JESPER OVESEN



CARL WILHELM ROS



ANNIKA FALKENGREN



GÖRAN LILJA



CECILIA MÅRTENSSON



GÖRAN ARRIUS



PERNILLA PÅHLMAN

## MARCUS WALLENBERG

Born 1956; elected 2002; B. Sc. of Foreign Service. Chairman since 2005.

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

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

## TUVE JOHANNESSEN

Born 1943; elected 1997; Sc., MBA and Econ. Dr. H.C. Deputy Chairman since 2007.

**Other assignments:** Chairman of Ecolan International A/S. Director of Cardo and Meda. Industrial advisor to EQT and JCB Excavators.

**Own and closely related persons' shareholding:** 200,000 class A-shares.

## JACOB WALLENBERG

Born 1956; elected 1997; B. Sc. (Econ) and MBA. Deputy Chairman since 2005.

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

**Own and closely related persons' shareholding:** 421,785 class A-shares.

## SIGNHILD ARNEGÅRD HANSEN

Born 1960; elected 2010; B.A. of Science (Human resources) and Journalist.

**Other assignments:** Chairman of Svenska LantChips, Utah Chips Corporation and Les Artisans du Gout. Director of e.g. Innventia AB and Loomis AB and others.

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

## URBAN JANSSON

Born 1945; elected 1996; Higher bank degree. Chairman of the Board's Risk and Capital Committee.

**Other assignments:** Chairman of Bergendahls, Global Health Partner, HMS Networks, Rezidor Hotel Group and others. Director of Clas Ohlson, Höganäs and others.

**Own and closely related persons' shareholding:** 53,840 class A-shares.

## BIRGITTA KANTOLA

Born 1948; elected 2010; LL.M.

**Other assignments:** Managing Partner of Birka Consulting, Helsinki, Director of Nasdaq OMX (New York), StoraEnso and Nobina AB.

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

## TOMAS NICOLIN

Born 1954; elected 2009; B. Sc. (Econ) and M. Sc. (Management). Chairman of the Board's Remuneration and HR Committee.

**Other assignments:** Director of Nordstjernan, Active Biotech, Nobel Foundation, Axel and Margaret Ax:son Johnson Foundation and others.

**Own and closely related persons' shareholding:** 65,000 Class A-shares.

## CHRISTINE NOVAKOVIC

Born 1964; elected 2008; B. Sc. (Econ).

**Other assignments:** Director of Earth Council, Genève and DEAG Deutsche Entertainment, Berlin.

**Own and closely related persons' shareholding:** 5,700 Class A-shares.

## JESPER OVESEN

Born 1957; elected 2004; B. Com. (Econ) and MBA.

**Other assignments:** Chief Financial Officer (CFO) of TDC A/S. Director of FLSmidth & Co A/S, Danisco A/S and Orkla A/S.

**Own and closely related persons' shareholding:** 5,000 class A-shares.

## CARL WILHELM ROS

Born 1941; elected 1999; M.Sc. (Econ). Chairman of the Board's Audit and Compliance Committee.

**Other assignments:** Chairman of Martin Olsson. Director of Anders Wilhelmsen & Co, Camfil, INGKA (Ikea) Holding and Bisnode.

**Own and closely related persons' shareholding:** 16,816 class A-shares and 38 class C-shares.

## ANNIKA FALKENGREN

Born 1962; elected 2005; B. Sc. (Econ). President and Group Chief Executive as of November 2005.

**Other assignments:** Deputy Chairman of Swedish Bankers' Association. Director of Securitas, Ruter Dam and the Mentor Foundation.

**Own and closely related persons' shareholding:** 384,423 class A-shares and 616,819 performance shares.

Directors appointed by the employees

## GÖRAN LILJA

Born 1963; elected 2006; Higher bank degree. Chairman Financial Sector Union of Sweden SEB Group. Chairman Regional Club Väst of the same union. Director of the European Works Council SEB Group 2006.

**Own and closely related persons' shareholding:** 2,688 class A-shares.

## CECILIA MÅRTENSSON

Born 1971; elected 2008; Education in economy and labour law, certificate in personnel strategies. Deputy Chairman Financial Sector Union of Sweden SEB Group. Chairman local Club Group Operations of the same union. Director Financial Sector Union of Sweden.

**Own and closely related persons' shareholding:** 3,836 class A-shares and 120 class C-shares.

Deputy Directors appointed by the employees

## GÖRAN ARRIUS

Born 1959; elected 2002; Naval Officer. Chairman Association of University Graduates at SEB and JUSEK.

**Other assignments:** Member of the Board of SACO.

**Own and closely related persons' shareholding:** 978 class A-shares.

## PERNILLA PÅHLMAN

Born 1958; elected 2010; Advanced certificate in occupational safety and health and work environment. Second vice Chairman of the Financial Sector Union of Sweden SEB Group.

**Own and closely related persons' shareholding:** 559 class A-shares and 9 class C-shares.

# Group Executive Committee and Auditor



ANNIKA FALKENGREN



JOHAN ANDERSSON



JAN ERIK BACK



MAGNUS CARLSSON



VIVEKA HIRDMAN-RYRBERG



MARTIN JOHANSSON



ANDERS JOHANSSON



HANS LARSSON



BO MAGNUSSON



ULF PETERSON



JAN STJERNSTRÖM



MATS TORSTENDAHL



PIA WARNERMAN

## ANNIKA FALKENGREN

Born 1962; SEB employee since 1987; B. Sc. (Econ). President and Group Chief Executive as of November 2005.

**Other assignments:** Deputy Chairman of Swedish Bankers' Association. Director of Securitas, Ruter Dam and the Mentor Foundation.

**Own and closely related persons' shareholding:** 384,423 class A-shares and 616,819 performance shares.

## JOHAN ANDERSSON

Born 1957; SEB employee since 1980; B. Sc. (Econ). Chief Risk Officer since November 2010.

**Own and closely related persons' shareholding:** 30,930 class A-shares, 154 class C-shares, 101,374 performance shares and 6,695 deferral rights.

## JAN ERIK BACK

Born 1961; SEB employee since August 2008; B. Sc. (Econ). Executive Vice President, Chief Financial Officer since August 2008.

**Own and closely related persons' shareholding:** 33,780 class A-shares and 227,078 performance shares.

## MAGNUS CARLSSON

Born 1956; SEB employee since 1993; M. Sc. Executive Vice President, Head of Merchant Banking since 2005.

**Own and closely related persons' shareholding:** 44,523 class A-shares and 313,093 performance shares.

## VIVEKA HIRDMAN-RYRBERG

Born 1963; SEB employee since 1990. Licentiate of Science in Economics. Head of Communications since September 2009.

**Own and closely related persons' shareholding:** 15,427 class A-shares and 70,428 performance shares.

## MARTIN JOHANSSON

Born 1962; SEB employee since 2005; B.Sc. (Econ). Head of the SEB Baltic division since June 2009.

**Own and closely related persons' shareholding:** 16,625 class A shares, 144,527 performance shares and 17,511 deferral rights.

## ANDERS JOHANSSON

Born 1959; SEB employee since 1984; Higher bank degree. Head of Wealth Management since November 2010.

**Own and closely related persons' shareholding:** 26,109 class A-shares, 26,880 performance shares and 56,654 deferral rights.

## HANS LARSSON

Born 1961; SEB employee since 1984; B. Sc. (Econ). Head of Group Strategy and Business Development since January 2009.

**Own and closely related persons' shareholding:** 22,669 class A-shares, 17 Series C shares, 181,555 performance shares and 20,601 deferral rights.

## BO MAGNUSSON

Born 1962; SEB employee since 1982; Higher bank degree. Deputy President and CEO as from July 2008 and Head of Group Staff and Business Support as from 2009.

**Own and closely related persons' shareholding:** 34,650 class A-shares and 280,198 performance shares.

## ULF PETERSON

Born 1961; SEB employee since 1987; LLB. Head of Human Resources since November 2010.

**Own and closely related persons' shareholding:** 5,254 class A-shares and 96,401 performance shares.

## JAN STJERNSTRÖM

Born 1955; SEB employee since 2004; BA and MBA (Econ). Head of the Life division since November 2010.

**Own and closely related persons' shareholding:** 5,507 class A-shares, 167,589 performance shares and 13,277 deferral rights.

## MATS TORSTENDAHL

Born 1961; SEB employee since 2009; M.Sc. (Engineering Physics). Executive Vice President, Head of Retail Banking since 2009.

**Own and closely related persons' shareholding:** 17,825 class A-shares and 264,198 performance shares.

## PIA WARNERMAN

Born 1959; B.Sc. (Econ). Global Head of Operations & IT since December 2010.

**Other assignments:** Director of NASDAQ OMX Nordic Ltd.

**Own and closely related persons' shareholding:** 3,524 class A-shares, 131,649 performance shares and 7,210 deferral rights.

## Auditor

Auditor elected by the Annual General Meeting

## PETER CLEMEDTSON

Born 1956; Signing auditor in SEB since 2006. Authorised Public Accountant.



# The SEB shares development in 2010

In 2010 the SEB Class A shares rose by 27 per cent, which can be compared with a decrease of 10 per cent for the FTSE European Banks Index. Earnings per share amounted to SEK 3.07 (0.58). The Board proposes a dividend of SEK 1.50 for 2010 (1.00).

## Share capital

The SEB shares are listed on the Nasdaq OMX Stockholm Exchange. Following the rights issue of SEK 15.1bn during the spring of 2009, the share capital amounts to SEK 21,942m, distributed on 2,194.2 billion shares. Each Class A-share entitles to one vote and each Class C-share to 1/10 of a vote.

## Stock Exchange trading

2010 was a strong year on the Nasdaq OMX Stockholm Exchange and the Swedish OMX General Index increased by 23 per cent. The value of the SEB class A shares was up by 27 per cent, while the FTSE European Banks Index dropped by 10 per cent. During the year, the total turnover in SEB shares amounted to SEK 130bn. SEB thus remained one of the most traded companies on the Stockholm Stock Exchange. Market capitalisation by year-end was SEK 123bn.

## Dividend policy

The size of the dividend in SEB is determined by the economic environment as well as the financial position and growth potential of the Group. SEB strives to achieve long-term growth while maintaining the capital targets. The dividend per share shall, over a business cycle, correspond to around 40 per cent of earnings per share.

## The largest shareholders

| 31 December, 2010                    | 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                               | 153,125,000   | 0                        | 7.0                 | 7.1               |
| Swedbank/Robur Funds                 | 79,406,296    | 0                        | 3.6                 | 3.7               |
| SHB                                  | 37,885,353    | 36                       | 1.7                 | 1.7               |
| AMF Insurance & Funds                | 36,000,000    | 0                        | 1.6                 | 1.7               |
| SHB Funds                            | 34,392,681    | 0                        | 1.6                 | 1.6               |
| Wallenberg Foundations               | 33,057,244    | 5,871,173                | 1.5                 | 1.3               |
| SEB Funds                            | 30,893,952    | 0                        | 1.4                 | 1.4               |
| AFA Insurance                        | 30,014,339    | 874,280                  | 1.4                 | 1.3               |
| Second Swedish National Pension Fund | 25,589,704    | 0                        | 1.2                 | 1.2               |
| Skandia Life Insurance               | 24,051,596    | 2,096,832                | 1.1                 | 1.0               |
| Government of Norway                 | 22,889,603    | 0                        | 1.0                 | 1.1               |
| Nordea Funds                         | 21,548,406    | 0                        | 1.0                 | 1.0               |
| Fourth Swedish National Pension Fund | 20,819,667    | 0                        | 0.9                 | 1.0               |
| Foreign shareholders                 | 467,171,193   | 1,541,965                | 21.3                | 21.4              |

Source: Euroclear AB/SIS Ägarservice AB

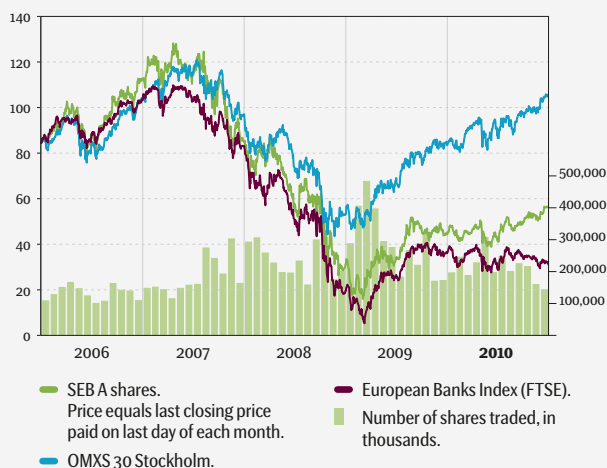
## SEB shares

| Data per share <sup>1)</sup>                              | 2010    | 2009    | 2008   | 2007   | 2006   |
|---|---------|---------|--------|--------|--------|
| Basic earnings, SEK                                       | 3.07    | 0.58    | 10.36  | 14.12  | 13.24  |
| Diluted earnings, SEK                                     | 3.06    | 0.58    | 10.36  | 14.05  | 13.10  |
| Shareholders' equity, SEK                                 | 45.25   | 45.33   | 86.22  | 79.16  | 70.11  |
| Adjusted shareholders' equity                             | 50.34   | 49.91   | 94.81  | 89.96  | 79.78  |
| Net worth, SEK  | 50.34   | 50.17   | 95.44  | 92.23  | 82.08  |
| Cash flow, SEK  | -11.60  | -44.86  | -20.48 | 125.24 | 4.26   |
| Paid dividend per A and C share, SEK                      | 1.50    | 1.00    | 0.00   | 6.50   | 6.00   |
| Restated dividend per A and C share, SEK                  | 1.50    | 1.00    | 0.00   | 4.60   | 4.24   |
| Year-end market price per Class A share, SEK              | 56.10   | 44.34   | 42.95  | 117.01 | 153.77 |
| per Class C share, SEK                                    | 53.20   | 46.00   | 38.88  | 108.88 | 147.76 |
| Highest price paid during the year per Class A share, SEK | 56.55   | 53.00   | 120.90 | 177.10 | 155.54 |
| per Class C share, SEK                                    | 53.95   | 55.00   | 112.77 | 169.68 | 150.24 |
| Lowest price paid during the year per Class A share, SEK  | 38.84   | 15.48   | 36.06  | 110.64 | 107.82 |
| per Class C share, SEK                                    | 42.18   | 15.22   | 36.06  | 103.93 | 102.87 |
| Dividend as a percentage of re-sult for the year, %       | 48.0    | 172.0   | 0.0    | 32.6   | 32.0   |
| Yield, %  | 2.7     | 2.3     | 0.0    | 3.9    | 2.8    |
| P/E   | 18.2    | 75.8    | 4.1    | 8.3    | 11.6   |
| Number of issued shares, million average                  | 2,194.0 | 1,905.5 | 968.5  | 964.7  | 952.3  |
| at year-end   | 2,193.9 | 2,194.2 | 968.9  | 966.8  | 959.4  |

<sup>1)</sup> Previous years restated after the rights issue 2009.

## SEB share Class A

SEK



## **SEB's Annual Report is available on [www.sebgroup.com](http://www.sebgroup.com)**

### **The Annual General Meeting**

The Annual General Meeting will be held on Thursday 24 March, 2011, at 2 p.m. (Swedish time) at City Conference Centre, Stockholm.

Notices convening the General Meeting including an agenda for the Meeting is available on [www.sebgroup.com](http://www.sebgroup.com).

Shareholders wishing to attend the Annual General Meeting shall both

- be registered in the shareholders' register kept by Euroclear Sweden AB on Friday 18 March, 2011, at the latest,
- and notify the Bank in writing to Skandinaviska Enskilda Banken AB, AGM, Box 7832, SE-103 98 Stockholm, or by telephone 0771-23 18 18 between 9.00 a.m. and 4.30 p.m. in Sweden or, from abroad, at +46 771 23 18 18, or via Internet on the home page of the Bank, [www.sebgroup.com](http://www.sebgroup.com), on Friday 18 March, 2011, at the latest.

### **Dividend**

The Board proposes a dividend of SEK 1.50 per share for 2010. The share is traded ex dividend on Friday 25 March, 2011. Tuesday 29 March, 2011 is proposed as record date for the dividend payments. If the Annual General Meeting resolves in accordance with the proposals, dividend payments are expected to be distributed by VPC on Friday 1 April, 2011.



# Welcome to SEB!

SEB assists 2,600 large corporations and financial institutions, 400,000 small and medium-sized companies and four million private individuals with financial solutions.

SEB is present in some 20 countries, with 17,000 employees, of whom half are outside Sweden.

SEB is a relationship bank. In Sweden and the Baltic countries, SEB offers financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany, SEB has a strong focus on a full-service offering to large corporate and institutional customers. SEB is furthermore a leading unit-linked insurance company and card issuer in the Nordic countries and one of the most important asset managers in the Nordic and Baltic countries.

SEB is ranked No.1 in several areas: relationship banking, investment banking, foreign exchange trading, private banking and unit-linked insurance, for example.