

Corporate Governance at SEB

SEB's Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance (Bolagsstyrningskoden). The Report has been audited by the Bank's auditors.

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

Clear division of responsibilities

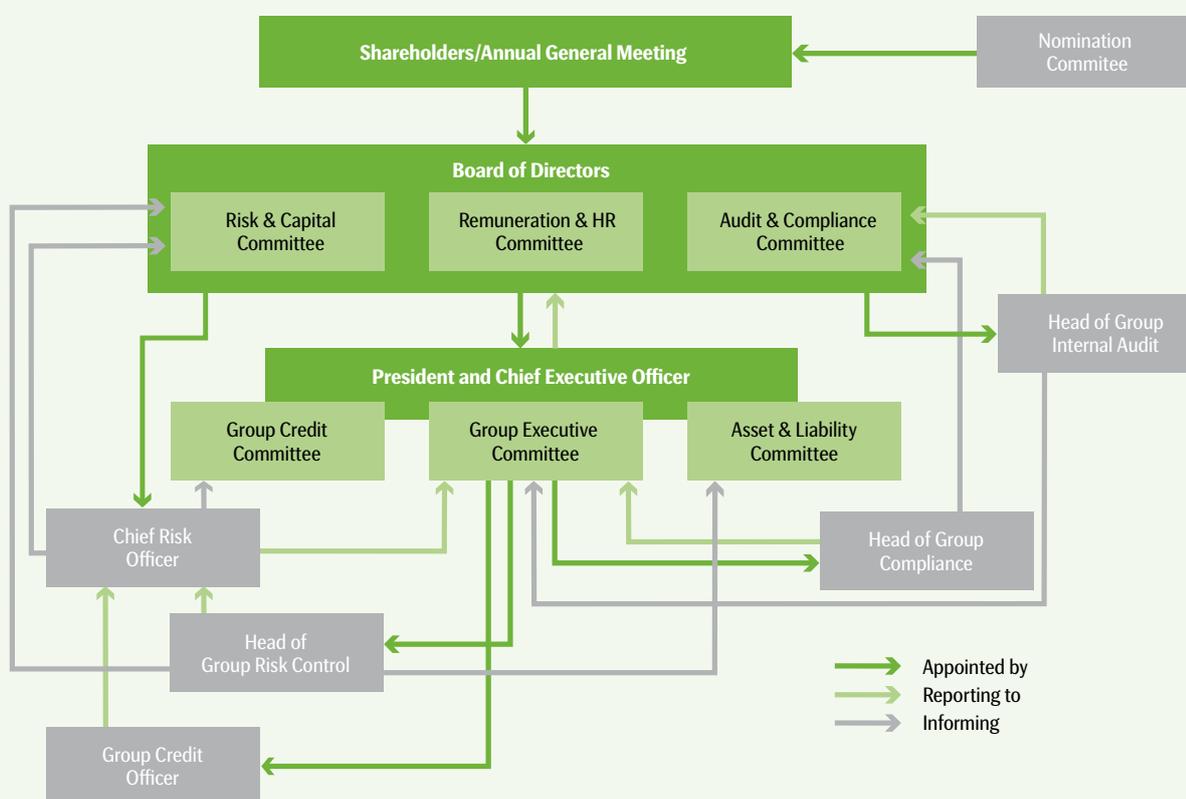
SEB attaches great importance to the creation of clearly defined roles for officers and decision-making bodies within credit-granting, corporate finance activities, asset management and insurance operations, for example.

Policies and instructions that have been drawn up to clearly define the division of responsibility form important parts of the Board of Directors' and the President's governing and controlling roles. Of special importance in this context are the Rules of Procedure for the Board of Directors, the Instruction for the Presi-

dent and Chief Executive Officer, the Instruction for the Activities, the Group's Credit Instruction, Instruction for Handling of Conflicts of Interest, Ethics Policy, Risk Policy, Instruction for Procedures Against Money Laundering and Financing of Terrorism, the Remuneration Policy, the Code of Business Conduct and the Corporate Sustainability Policy.

This Corporate Governance Report and further information on corporate governance at SEB are available on SEB's website: www.sebgroup.com.

Corporate Governance structure



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

Shareholders and Annual General Meeting

SEB has approximately 300,000 shareholders. Around 180,000 of these have holdings of less than 500 shares. 650 shareholders own more than 100,000 shares.

SEB's major shareholders and shareholder structure as per 31 December 2010 are shown in the tables and graphs below.

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

The 2010 Annual General Meeting (AGM) was held on 11 May 2010. The minutes from the AGM are available on SEB's website. Following are some of the decisions made at the AGM:

- Distribution of profits of SEK 1 (one) per share;
- Directors' fees;
- Election of eleven directors, Signhild Arnegård Hansen and Birgitta Kantola as new members;
- Decision on Nomination Committee for the 2011 AGM;
- Adoption of guidelines for remuneration of the President and the other members of the Group Executive Committee;
- Decision on three long-term equity-based programmes; the Share Savings Programme, the Performance Share Programme and the Share Matching Programme;
- Decision issuing a mandate to the Board concerning acquisition and sale of own shares for the Bank's securities business, for the long-term equity-based programmes and for capital purposes; and
- Amendments to the Articles of Association as an adaptation to new regulations in the Swedish Companies Act regarding notices of General Meetings of Shareholders.

At the AGM an electronic system of voting units, so-called televoters, was used for voting.

Annual General Meeting attendance

2006–2010



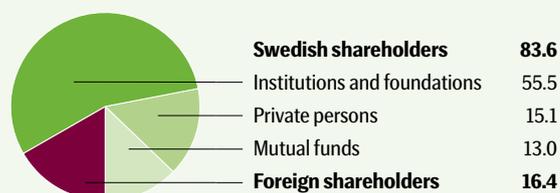
The largest shareholders

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

Shareholder structure

Percentage holdings of equity on 31 December 2010

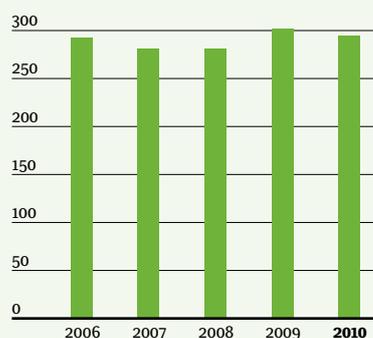


The majority of the Bank's approximately 300,000 shareholders are private individuals with small holdings. The ten largest shareholders account for 49 per cent of capital and votes.

Source: VPC/SIS Ägarservice

Number of shareholders

31 December, thousands



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



SEB's Annual General Meeting 2010

On the podium, from the left: Ulf Thornander, Head of SEB's Group Legal, Sven Unger, Chairman of the Annual General Meeting, Marcus Wallenberg, Chairman of the Board and Annika Falkengren, SEB's President and Chief Executive Officer.

The Annual General Meeting, for the first time held at City Conference Centre in Stockholm, attracted 950 participants.



Nomination Committee

According to a decision by the 2010 AGM, the members of the Nomination Committee for the 2011 AGM were appointed in autumn 2010. Four of the Bank's major shareholders have appointed one representative each to the Nomination Committee. The composition of the Nomination Committee is shown in the table below.

The Nomination Committee is tasked with issuing recommendations for a person to serve as chairman of the AGM, the number of directors, fees to be paid to the Board of Directors and the auditors, appointment of directors and the Chairman of the Board, distribution of fees among the directors including fees for committee work, auditors (when applicable), and with deciding on the composition of the Nomination Committee for the next AGM, to be presented at the AGM for decision.

The size and composition of the Board of Directors should be such as to serve the Bank in the best possible way. It is therefore crucial that the directors have requisite experience and knowledge about the financial and other sectors as well as international experience and a contact network that meet the demands that arise from the Bank's position and future orientation.

The Nomination Committee for the 2011 AGM held five meetings and maintained contact between the meetings. The Nomination Committee's recommendations and a statement accompanying its recommendation for board members can be found on SEB's website. A report on the Nomination Committee's work will be presented at the 2011 AGM. No special compensation has been paid to the members of the Nomination Committee.

Nomination committee for the 2011 AGM

Member	Representing	Votes, % 31 August 2010
Petra Hedengran, <i>Chairman</i>	Investor	20.9
William af Sandeberg	Trygg Foundation	8.2
Staffan Grefbäck	Alecta	7.0
Maj-Charlotte Wallin	AFA Insurance	1.6
Marcus Wallenberg, <i>Chairman of the Board</i>	SEB	
Urban Jansson, <i>Additional member appointed by the Board</i>		
		37.7

Board of Directors

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

Since the 2010 AGM the Board of Directors consisted of eleven AGM-elected directors, without any deputies, and of two directors and two deputies appointed by the employees. In order for the Board to form a quorum more than half of the directors must be present. The President, Annika Falkengren, is the only AGM-elected director who is also an employee of the Bank. The composition of the Board of Directors as from the 2010 AGM is shown in the table on p 59, and information about the directors is presented on pp 64–65.

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

The Board appoints and dismisses the President and his/her deputy, Executive Vice Presidents, the Chief Risk Officer, the members of the Group Executive Committee and the Head of Group Internal Audit. The Board also nominates managing directors and board members in major subsidiaries.

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

The directors receive regular information about and, where necessary, training in changes in rules concerning the activities of the Bank and responsibilities of directors of a listed company. They are regularly offered the opportunity to discuss matters with the Chairman of the Board, the President and the Secretary to the Board of Directors.

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

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

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

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

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

Work of the Board of Directors 2010

The work of the Board follows a yearly plan. In 2010, twelve board meetings were held. Important matters dealt with during the year included the following:

First quarter

- Annual Accounts
- Annual Report
- External auditors' presentation of the audit of the Annual Accounts and the Annual Report
- Guidelines for remuneration of the President and the other members of the Group Executive Committee
- Long-term equity-based programmes
- Capital and financing issues, including risk limits
- Group risk position, including asset quality and development of credit portfolio and liquidity situation

Second quarter

- Q1 interim report
- Capital and financing issues, including risk limits
- Group risk position, including asset quality and development of credit portfolio and liquidity situation
- Thorough penetration of business and market segments

Third quarter

- Q2 interim report
- Capital and financing issues, including risk limits; Basel III
- Group risk position, including asset quality and development of credit portfolio and liquidity situation
- Thorough penetration of business and market segments

Fourth quarter

- Q3 interim report
- Capital and financing issues, including risk limits
- Group risk position, including asset quality and development of credit portfolio and liquidity situation
- Strategic direction of Group activities
- Overall long-term goals for the activities
- Annual review and revision of policies and instructions
- Business plans, financial plans and forecasts
- Evaluation of the Board, the Chairman of the Board and the President

conflict with the interests of the Bank, such as those during which the President's work is evaluated. Other members of the Bank's executive management participate whenever required for purposes of informing the Board or upon request by the Board or the President. The General Legal Counsel of the Bank and the Group serves as the Secretary to the Board of Directors.

Board Committees

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

the Audit and Compliance Committee and the Remuneration and Human Resources Committee. Minutes are recorded of each committee meeting and communicated to the other board members promptly after the meetings. The committees report regularly to the Board of Directors. Committee members are appointed for a period of one year at a time. It is an important principle that as many board members as possible shall participate in committee work, also as committee chairs. Although the Chairman of the Board is a member of all three committees, he does not chair any of them. Neither the President nor any other officer of the Bank is a member of the Audit and Compliance Committee or the Remuneration and Human Resources Committee. The President is a member of the Risk and Capital Com-

Board of Directors

Name	Position	Elected	Independent in relation to		Risk and Capital Committee	Audit and Compliance Committee	Remuneration and HR Committee	Total remuneration SEK	Presence Board Meetings	Presence Committee Meetings
			the Bank	the major shareholders						
Marcus Wallenberg	Chairman	2002	Yes	No	●	●	●	2,062,500	100%	100%
Jacob Wallenberg	Deputy Chairman	1997	Yes	No				450,000	100%	–
Tuve Johannesson	Deputy Chairman	1997	Yes	Yes			●	645,000	100%	100%
Signhild Arnegård Hansen	Director	2010	Yes	Yes				375,000	100%	–
Urban Jansson	Director	1996	Yes	Yes	●			885,000	92%	100%
Birgitta Kantola	Director	2010	Yes	Yes				375,000	88%	–
Tomas Nicolin	Director	2009	Yes	Yes			●	762,500	100%	100%
Christine Novakovic	Director	2008	Yes	Yes		●		570,000	90%	80%
Jesper Ovesen	Director	2004	Yes	Yes	●			700,000	92%	81%
Carl Wilhelm Ros	Director	1999	Yes	Yes		●		762,500	100%	100%
Annika Falkengren	Director	2005	No	Yes	●			–	100%	95%
Göran Lilja	Director*	2006						–	100%	–
Cecilia Mårtensson	Director*	2008						–	83%	–
Göran Arrius	Deputy Director*	2002						–	100%	–
Pernilla Pählman	Deputy Director*	2010						–	100%	–

● Chairman ● Deputy Chairman ● Member * appointed by the employees

mittee. The work of the board committees is regulated by instructions adopted by the Board. Apart from the committee work, no other distribution of duties is applied by the Board.

Risk and Capital Committee

The Board's *Risk and Capital Committee* is tasked with supporting the Board in establishing and reviewing the Bank's organisation to ensure that it is managed in such a way that all risks inherent in the Group's activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules. The Committee sets the principles and parameters for measuring and allocating risk and capital within the Group. The Committee prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Chief Risk Officer. In addition, the President's proposal for the appointment or dismissal of the Head of Group Risk Control is subject to the Committee's approval.

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

Audit and Compliance Committee

The Board's *Audit and Compliance Committee* supports the work of the Board in terms of quality control of the Bank's financial reports and internal control of the financial reporting. When required, the Committee also prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Head of Group Internal Audit. The Committee maintains regular contact with the Bank's external and internal auditors and discusses the co-ordination of external and internal audit activities. It ensures that any remarks and observations from the auditors are addressed. Furthermore, the Committee sets guide-

The Committees's work during 2010

	Risk- and Capital Committee	Audit and Compliance Committee	Remuneration and Human Resources Committee
Members	Urban Jansson (Chairman) Marcus Wallenberg (Dep. Chairman) Jesper Ovesen Annika Falkengren	Carl Wilhem Ros (Chairman) Marcus Wallenberg (Dep. Chairman) Christine Novakovic	Tomas Nicolin (Chairman) Marcus Wallenberg (Dep. Chairman) Tuve Johannesson
Number of Meetings	21	7	14
Major issues during 2010	<ul style="list-style-type: none"> • Reviews and proposals for Group policies and strategies, such as the Risk Policy and Risk Strategy, the Credit Policy, the Credit Instruction, the Capital Policy, the Liquidity and Pledge Policy, and the Trading and Investment Policy, for decision by the Board • Monitoring of the implementation of these policies • Follow-up of the development of the risks of the Group • Preparation for Board decisions concerning limits for market and liquidity risks • Adoption of credit policies and instructions that supplement the Group's Credit Policy and Credit Instruction • Decisions on individual credit matters (matters of major importance or of importance as to principles) • Reviews of significant developments in the credit portfolio and of the credit process within the Bank and Group • Examination of matters relating to operational risk, market and liquidity risk, and insurance risk • Review of material changes in the overall capital and liquidity situation and in the Group's capital adequacy situation, including preparations for the implementation of Basel III • Preparation for changes in the Group's capital goals and asset management matters, such as the dividend level • The structure and utilisation of share repurchase programmes • Discussions on strategic view on holistic financial steering and balance sheet management. 	<ul style="list-style-type: none"> • Handling of accounts and interim reports as well as audit reports and interim audit reports • Follow-up of the Internal Audit of the Bank and the Group • Follow-up of Compliance issues • Follow-up of the internal control over financial reporting • Follow-up of the Group's IT strategy and structure • Follow-up of services, other than auditing services, procured from the external auditors • Adoption of an annual audit plan for the internal audit function co-ordinated with the external audit plan • Approval of the Group Compliance Plan • Discussions with representatives of the external auditors on several occasions, without the President or any other member of the executive management of the Bank being present • Discussions on changes in accounting rules. 	<ul style="list-style-type: none"> • Annual review of the Remuneration Policy for the SEB Group, for adoption by the Board • Proposal, for approval by the Board and decision by the AGM, of remuneration guidelines for the President and members of the Group Executive Committee • Proposals, for decision by the Board, on remuneration of the President and members of the Group Executive Committee, in accordance with the guidelines established by the AGM • Proposal, for decision by the Board, on remuneration of the Head of Group Internal Audit • Proposal, for decision by the Board, on remuneration of the Chief Risk Officer • Approval of proposals for remuneration of the Head of Group Compliance and Head of Group Risk Control • Proposals for and follow-up of long-term equity-based programmes • Follow-up of remuneration principles, short-term incentive schemes and pension liabilities • Follow-up on the yearly Group Talent Review, SEB's process for ensuring the leadership succession in the Bank.

lines for which services other than auditing services may be procured by the Bank and the Group from the external auditors. It assesses the external auditors' work and independence and makes recommendations for new auditors to the Nomination Committee prior to the AGM's election of auditor.

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

The external auditors attended all of the Committee meetings in 2010. The Head of Group Internal Audit and Head of Group Compliance present reports at Committee meetings.

Remuneration and Human Resources Committee

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

The Committee prepares, for decision by the Board, long-term equity-based programmes for employees and pension plans for the President and the members of the Group Executive Committee. It also prepares, for decision by the Board, appointments of the President and Deputy President, Executive Vice Presidents and members of the Group Executive Committee. The Committee monitors and evaluates the Bank's incentive programmes and how the guidelines established by the AGM for remuneration of the President and the members of the Group Executive Committee are applied as well as monitors and evaluates other remuneration practices, structures and levels in the Bank. A report on the review of adherence of remuneration in the SEB Group to the Remuneration Policy shall be presented to the Committee yearly.

Furthermore, the Committee monitors the overall pension liabilities of the Group and monitors, together with the Board's Risk and Capital Committee, all measures taken to secure the overall pension liabilities of the Group, including developments within the Bank's pension foundations. It also discusses personnel matters of strategic importance, such as succession planning for strategically important positions and other talent management issues.

The President presents proposals, reports and information to the Committee, together with the Head of Group Human Resources, on matters in which there are no conflicts of interests.

The President and Chief Executive Officer

The Board of Directors has adopted an instruction for the President and Chief Executive Officer's work and duties. The President is responsible for the day-to-day management of the Group's activities in accordance with the guidelines, policies and instructions established by the Board. The President reports to the Board of Directors and submits a monthly CEO report to the Board on the development of the business in relation to decisions made by the Board, among other things.

The President appoints the Group's Chief Financial Officer, the Heads of Divisions, the Head of Business Support and Group Staff and Heads of the different staffs and Group functions. The Group's Chief Financial Officer is appointed in consultation with the Chairman of the Board, while appointment of the Head of Group Compliance is done in consultation with the Board's Audit and Compliance Committee, the Head of Group Risk Control in consultation with the Board's Risk and Capital Committee, and the Group Credit Officer in consultation with the Chief Risk Officer.

The President and Chief Executive Officer is Annika Falkengren. The Deputy President and Chief Executive Officer is Bo Magnusson.

The President has three separate committees at her disposal for the purpose of managing the operations: the Group Executive Committee, the Group Credit Committee (page 62) and the Asset and Liability Committee (page 62).

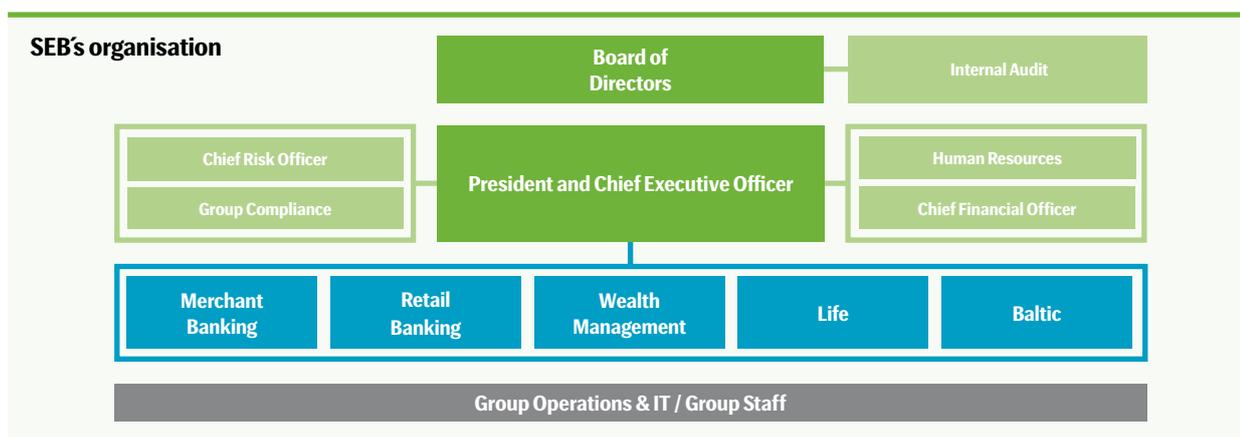
In order to safeguard the interests of the Group as a whole, the President consults with the Group Executive Committee (GEC) and its New Product Approval Committee (NPAC) on matters of major importance or of importance as to principles. The GEC deals with, among other things, matters of common concern to several divisions, strategic issues, business plans, financial forecasts and reports. The GEC held 22 meetings in 2010.

During the autumn of 2010, Fredrik Boheman was succeeded by Anders Johnsson as Head of the Wealth Management division, Anders Mossberg by Jan Stjernström as Head of the Life division and Ingrid Engström by Ulf Peterson as Head of Group Human Resources. Pia Warnerman was appointed Global Head of Group Operations & IT and member of the GEC in December 2010.

Further information about the President and the GEC can be found on page 66–67.

Divisions, business areas and business units

The Board of Directors regulates the activities of the Group in an instruction concerning the Group's operations and has laid down rules establishing how the Group's divisions, including the



international activities through branches and subsidiaries, shall be managed and organised.

SEB's activities are organised in five divisions. Each division's operations are divided into business areas which, in turn, are divided into business units. The Head of Division has overall responsibility for the activities of the division and appoints, after consultation with the President, heads of business areas within the division and of those subsidiaries for which the division is responsible. Within each division is a management group, which includes the Head of Division and a number of heads of business areas and subsidiaries pertaining to the division. The business areas and business units also have their own management groups.

A Country Manager has been appointed for co-ordination of activities in some countries outside Sweden in which several divisions carry out activities, such as Denmark, Norway and Finland. The Country Manager reports to a member of the Group Executive Committee.

SEB's five divisions

- **Merchant Banking**, with Magnus Carlsson as Head, for SEB's relations with large companies, financial institutions and real estate companies
- **Retail Banking**, with Mats Torstendahl as Head, for SEB's retail operations in Sweden and card activities
- **Wealth Management**, with Anders Johnsson as Head, for SEB's mutual fund and asset management activities and private banking
- **Life**, with Jan Stjernström as Head, for SEB's life insurance activities
- **Baltic**, with Martin Johansson as Head, for SEB's Baltic operations

Staff and business support

SEB's *Group Staff and Business Support* includes two cross-divisional support functions designed to streamline operations and front office support: Group Operations & IT and Group Staff. SEB has a number of staff and support functions. In general the staff functions within SEB have global functional accountability and own and manage the SEB Group's common instructions and policies, processes and procedures for the purpose of proactively supporting the President, the Group Executive Committee, managers and staff as well as all business units of the Group.

Risk organisation and responsibility

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

The President and CEO has overall responsibility for managing SEB's risks in accordance with the Board's policies and instructions. The President and CEO shall ensure that the organisation and administration of SEB are appropriate and that activities undertaken are in compliance with external and internal rules. In particular, the President and CEO shall present any essential risk information regarding SEB to the Board, including the utilisation of limits.

Primary responsibility for ensuring that the Board's intent regarding risk management and risk control is applied in practice at SEB lies with the *Asset and Liability Committee (ALCO)* and the Group Credit Committee. The ALCO, chaired by the President and CEO, deals with issues relating to the Group's and the various divisions' overall risk level and decides on, among other things, risk limits, risk-measuring methods and capital allocation. Within the framework of the Group Capital Policy and the Group Risk Policy, which are set by the Board of Directors, the ALCO has established policy documents for responsibility and management of the various types of risk within the Group and for the relationship between risk and capital. The ALCO held 15 meetings in 2010.

The *Group Credit Committee (GCC)* is authorised by the Board to make all credit decisions, with the exception of a few matters that are reserved for the Risk and Capital Committee. In addition, the GCC is responsible for reviewing the credit-granting rules on a regular basis and for presenting proposals for changes to the Risk and Capital Committee, where necessary. The President serves as chair of the GCC, and the Chief Risk Officer serves as the deputy chair. The GCC held 56 meetings in 2010.

In October 2010 the Board approved a new structure formally combining the risk control and credit organisations under the leadership of a Chief Risk Officer (CRO). This structure is in line with industry standards. The CRO is appointed by the Board and reports to the President. The CRO regularly delivers reports to the Board, the Risk and Capital Committee, the Group Executive Committee, the ALCO and the GCC. The CRO is responsible for the overall direction of and rules governing risk management as well as for overall oversight of risk management and risk control functions in the SEB Group and for ensuring that the risk management functions in the business areas have sufficient resources. The activities of the CRO are governed by and set out in an instruction adopted by the Board. The Group's Risk Control function is further described on page 63.

The credit organisation is independent from the business activities. Group Credits is responsible for management of the credit approval process and for important individual credit decisions. It is also responsible for analysis and follow-up of the composition of the credit portfolio and ensuring adherence to policies established by the Risk and Capital Committee and the Board of Directors. Its activities are regulated in the Group's Credit Instruction, adopted by the Board of Directors.

The Group Credit Officer is appointed by the President, following a proposal by the CRO, and reports to the CRO. The Risk and Capital Committee and the Board receive information on the composition of the credit portfolio, including large exposures and credit losses, at least once per quarter. The chair of divisional credit committees has the right to veto credit decisions. The credit organisation is kept separate from the business units and handles credit matters exclusively. Significant exceptions to the Group's credit policy must be referred to a higher level in the decision-making hierarchy.

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

Information about the auditor

According to its Articles of Association, the Bank shall have at least one and not more than two auditors with at most an equal number of deputies. A registered accounting firm may be appointed auditor. The auditors are appointed for a period of four years, in accordance with Swedish law.

PricewaterhouseCoopers AB has been the Bank's auditor since 2000 and was re-elected in 2008 for the period up to and including the 2012 AGM. The Chief Auditor has been Peter Clemedtson, Authorised Public Accountant, as from the 2006 AGM. Peter Clemedtson has auditing experience from several major Swedish companies and is currently auditor in Ericsson. The fees charged by the auditor for the auditing of the Bank's annual accounts for the financial year ending 31 December 2010 and for 2009, respectively, and for other assignments invoiced during these periods, are shown in the table.



AUDITOR

Elected by the Annual General Meeting
PricewaterhouseCoopers

PETER CLEMEDTSON

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

Fees to the auditors

SEK m	2010	2009
Audit assignment	31	34
Audit related services	19	17
Tax advisory	14	12
Other	19	21
Total	83	84

In addition to the above-mentioned there have also been fees and expense allowances to appointed auditors and audit firms during 2010 in relation to divestment of German retail operations, which amounts to SEK 123m (11).

The majority of the fees relates to PricewaterhouseCoopers.

Internal Audit, Compliance and Risk Control

The Group has three control functions, which are independent from the business operations: Internal Audit, Compliance, and Risk Control.

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

The *Group Compliance* function is fully independent from the business operations, although it serves as a support function for the business operations. It is also separated from the legal functions of the Group. Compliance shall act proactively for compliance quality in the Group through information, advice, control and follow-up within the compliance areas, thereby supporting business and management. Areas of responsibility are Customer Protection, Market Conduct, Prevention of Money Laundering and Financing of Terrorism, and Regulatory Systems and Control. The duties of the Compliance function are risk management, monitoring, reporting, development of internal rules within the compliance area, training and communication, and contacts with regulators. The Head of Group Compliance, appointed by the President following approval by the Audit and Compliance Committee, reports regularly to the President and Group Executive Committee and informs the Audit and Compliance Committee about compliance issues. Following a Group-wide Compliance Risk Assessment and approval from the Audit and Compliance Committee, the President adopts an annual Compliance Plan.

The Group's risk control function (*Group Risk Control*) carries out risk control within the Group and monitors the risks of the

Group, primarily credit risk, market risk, insurance risk, operational risk and liquidity risk (see further on pp 38–54). Group Risk Control is segregated from the business units. Thus, the Head of Group Risk Control, who is appointed by the President following approval by the Risk and Capital Committee, reports to the Chief Risk Officer.

The Board of Directors has adopted instructions for the Internal Audit and Compliance activities of the Group. The President has adopted an instruction for the Group Risk Control activities.

Fees to the Board of Directors

SEB's 2010 AGM set total fees of SEK 7,587,500 for the members of the Board of Directors, to be distributed as follows: SEK 2,062,500 for the Chairman of the Board, SEK 3,525,000 for the other non-executive AGM-elected directors (of which, SEK 450,000 each for the Vice Chairmen and SEK 375,000 for the other directors), and SEK 2,000,000 for committee work. Fees for committee work shall be distributed as follows: Risk and Capital Committee – chair SEK 510,000, other member SEK 325,000; Audit and Compliance Committee – chair SEK 387,500, other member SEK 195,000; and Remuneration and Human Resources Committee: chair SEK 387,500, other member SEK 195,000. No fee for committee work is paid either to the Chairman of the Board or employees of the Bank.

The fees are paid on a running basis during the mandate period.

Following a recommendation by SEB's Nomination Committee, the Board of Directors has adopted a Share Ownership Policy for the Board. The policy recommendation is that each director shall use 25 per cent net after tax of his or her annual remuneration (excluding fees for committee work) to buy shares in SEB.

Information on remuneration principles, remuneration of the President and members of the Group Executive Committee and on long-term equity-based programmes is provided on pp 70–72.

Board of Directors



MARCUS WALLENBERG

Born 1956; B. Sc. (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.

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

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



TUVE JOHANNESON

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

Deputy Chairman since 2007.

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

Background: Tetra Pak 1969–1983 in various senior positions in South Africa, Australia and Sweden. Executive Vice President of Tetra Pak 1983–1988. President of VME, presently Volvo Construction Equipment 1988–1995. President of Volvo Car Corporation 1995–2000. Vice Chairman of the Board of Volvo Car Corporation 2000–2004.

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



JACOB WALLENBERG

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

(Chairman 1998–2005)

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.

Background: JP Morgan in New York 1981–1982. Hambros Bank 1983. SEB 1984–1990, first in London, thereafter in various positions in Singapore, Hong Kong and primarily in Sweden. Executive Vice President Investor 1990–1992. Rejoined SEB in 1993, appointed President and Group Chief Executive in 1997. Chairman of the Board 1998–2005.

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



SIGNHILD ARNEGÅRD HANSEN

Born 1960; B. Sc. (Human resources) and Journalist.

Other assignments: Chairman of Svenska LantChips, Utah Chips Corporation and Les Artisans du Gout Spr. Director in e.g. Innventia, Loomis, IFL (at Stockholm School of Economics), Lund University, Swedish-American Chamber of Commerce, New York, and the Research Institute of Industrial Economics of Sweden.

Background: President of the family-owned company Svenska LantChips from the start 1992 to 2006. Chairman of the Confederation of Swedish Enterprise 2007–2010.

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



URBAN JANSSON

Born 1945; Higher bank degree (Skandinaviska Enskilda Banken).

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

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

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



BIRGITTA KANTOLA

Born 1948, LL.M.

Other assignments: Managing Partner of Birka Consulting, Helsinki, Director of NasdaqOMX (New York), StoraEnso and Nobina.

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

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



TOMAS NICOLIN

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

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

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

Own and closely related persons' shareholding in SEB: 65,000 class A-shares.



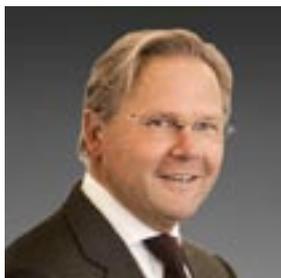
CHRISTINE NOVAKOVIC

Born 1964; B. Sc. (Econ)

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

Background: Dresdner Bank 1990–1992. UBS AG in Germany 1992–1996 (Head of Treasury and Chief of Staff). 1996–2004 leading positions in Citibank; Frankfurt (Board of Managing Directors), Hong Kong (Global Head of Warrants and Head of Corporate Finance Asia) and Düsseldorf (CEO of Citibank Privatkunden AG). 2005 HypoVereinsbank AG in Germany (member of the Group Board of Directors, Konzernvorstand).

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



JESPER OVESEN

Born 1957; 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 ASA.
Background: Price Waterhouse 1979–1989. Vice President and later on Group Chief Executive of Baltica Bank A/S 1989–1994. Vice President and Head of Finance, Novo Nordisk A/S 1994–1998. CFO of Den Danske Bank A/S 1998–2002. CFO of LEGO Holding A/S 2003–2006. CEO of Kirkbi Group 2007. CFO of TDC A/S since January 2008.
Own and closely related persons' shareholding: 5,000 class A-shares



CARL WILHELM ROS

Born 1941; M.Sc. (Politics and Econ).
Other assignments: Chairman of Martin Olsson. Director of Anders Wilhelmson & Co, Camfil, INGKA (Ikea) Holding and Bisnode.
Background: Astra 1967–1975. Alfa Laval 1975–1985, Group Controller from 1978. Senior Executive Vice President of Ericsson 1985–1999. Since then held several directorships.
Own and closely related persons' shareholding: 16,816 class A-shares and 38 class C-shares.



ANNIKA FALKENGREN

Born 1962; 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.
Background: SEB trainee 1987. Trading & Capital Markets 1988–2000. Appointed Global Head of Fixed Income in 1995, Global Head of Trading in 1997 and Head of Merchant Banking in 2000. Head of the Corporate & Institutions division and Executive Vice President of SEB 2001–2005 and Deputy Chief Executive Officer 2004–2005.
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; 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 in 2006.
Background: SEB in various positions since 1984. Vice Chairman of Financial Sector Union of Sweden Group and Chairman Regional Club Väst of the same union 2006–2008. Elected Chairman Financial Sector Union of Sweden SEB Group in 2008.
Own and closely related persons' shareholding: 2,688 class A-shares.



CECILIA MÅRTENSSON

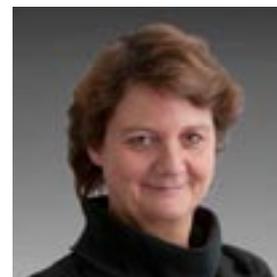
Born 1971; Education in economy and labour law, certificate in personnel strategies.
Deputy Chairman Financial Sector Union of Sweden SEB Group. Chairman local Club Group Operations of the same union. Director Financial Sector Union of Sweden.
Background: SEB since 1990 and a union representative since 1995. In 2004 elected vice Chairman of Financial Sector Union of Sweden SEB Group; in 2007 elected Chairman of local Club Group Operations of the same union.
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; Naval Officer.
Chairman Association of University Graduates at SEB and JU SEK.
Other assignments: Member of the Board of SACO.
Background: Began his career as a Naval Officer. Trygg Hansa Liv since 1988 in various positions in the life insurance business. Today a Product Specialist for occupational pensions at SEB Trygg Liv.
Own and closely related persons' shareholding: 978 class A-shares.



PERNILLA PÅLMAN

Born 1958; Advanced certificate in occupational safety and health and work environment.
Second Deputy Chairman Financial Sector Union of Sweden SEB.
Background: SEB since 1981, up to 2000 within the Retail division, after that within IT. Union representative since 1990. Since 2008 vice Chairman of Financial Sector Union of Sweden in SEB's local club Stockholm and East.
Own and closely related persons' shareholding: 559 class A-shares and 9 class C-shares.

Group Executive Committee



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.

Background: SEB trainee 1987. Trading & Capital Markets 1988–2000. Appointed Global Head of Fixed Income in 1995, Global Head of Trading in 1997 and Head of Merchant Banking in 2000. Head of the Corporate & Institutions division; Executive Vice President 2001–2005 and Deputy Chief Executive Officer 2004–2005.

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



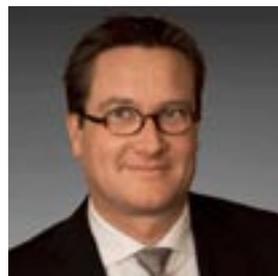
JOHAN ANDERSSON

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

Chief Risk Officer since November 2010.

Background: Different positions within the Merchant Banking division in Stockholm, New York and London 1980–1994. Group Credits since 1995; Deputy Head of Group Credits and Risk 2000–2003. Head of Group Credits and Risk 2004–2010.

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.

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

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. (Econ).

Executive Vice President, Head of Merchant Banking since 2005.

Background: Bank of Nova Scotia in 1980–1993, holding several leading positions in London. Head of Project & Structured Finance, SEB Merchant Banking in 1996, Head of Corporate Clients in 1999, later on Deputy Head of SEB Merchant Banking, Head of the SEB Merchant Banking division and Executive Vice President of SEB in 2005.

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



VIVEKA HIRDMAN-RYBERG

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

Head of Group Communications since September 2009.

Background: Coopers and Lybrand 1987–1990. SEB Wealth Management 1990–1994. SEB's first Household Economist 1994–2000. Head of Products at the Life division 2001–2004. Group Press Officer 2004–2006. Advisor and Head of CEO Office 2007–2009.

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 Baltic division since June 2009.

Background: Citigroup 1987–2005 in various assignments around the world, including Country Head in Portugal (1999–2002) and Country Head in Canada (2002–2005). Prior to that, three years in Indonesia as responsible for the Corporate Banking business and Corporate Finance and four years in Brazil as a Senior Banker. Global Head of Client Relationship Management within Merchant Banking, SEB 2005–2009.

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



ANDERS JOHNSSON

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

Head of Wealth Management since November 2010

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

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 2009.

Background: SEB Trading & Capital Markets 1984–2002: Head of Fixed Income 1986. TCM in New York 1988–1992. Head of Debt Capital Markets from 1994. In 2002 appointed Deputy Global Head of Client Relationship Management. Head of SEB's Business Development and the CEO-office 2005–2006 and Head of SEB Group Staff October 2006–December 2008.

Own and closely related persons' shareholding: 22,669 class A-shares, 17 class 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 since 2009.

Background: SEB Trading & Capital Markets 1982–1998, holding several leading positions as Head of Accounting and Controller within both Trading & Capital Markets, SEB Group Finance and Enskilda Securities. Chief Financial Officer of SEB Merchant Banking in 1998, Head of Staff Functions in 2000. Global Head of Cash Management & Securities Services in 2003 and Deputy Head of SEB Merchant Banking in 2005. Head of Nordic Retail & Private Banking 2005–2006, Head of Retail Banking 2007–2008.

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



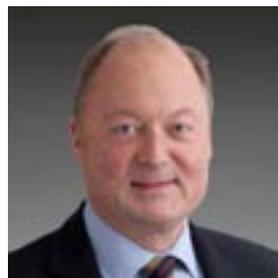
ULF PETERSON

Born 1961; SEB employee since 1987; LLB.

Head of Group Human Resources since November 2010.

Background: Branch Manager, Uppsala 1992–1995; Credit Manager, Region North 1995–1996, Deputy Regional Manager, Region North 1997; Credit Manager, Region East 1998; Deputy Regional Manager, Region East 1999; Business Area Manager, Operations 2000–2002; Global Head of Private Banking 2002–2006. Global Head of Staff, Retail 2007–2010.

Own and closely related persons' shareholding: 5,294 class A-shares and 96,401 performance shares.



JAN STJERNSTRÖM

Born 1955; SEB employee since 2004; BA and MBA (Econ).

Head of Life since November 2010

Background: Svenska Finans 1978–1983; Citigroup 1983–2004, Deputy Managing Director Citibank Stockholm until 1990, Managing Director and Senior Credit officer Citibank London Branch 1990–2001; Market Manager and Country Corporate Officer in Finland 2001–2003 and European Industry Head within Citigroup in London 2003–2004; Head of Merchant Banking and Country Head of SEB in Finland 2004–2007; CEO of SEB Trygg Liv Sweden 2007–2010.

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.

Background: ABB 1985–1987. Östgöta Enskilda Bank 1987–2000, branch manager in Stockholm 1996–2000. Executive Vice President of Danske Bank in Sweden 2001–2003. Senior Executive Vice President of Danske Bank Sweden and member of Danske Bank Group Executive Committee 2004–2008.

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



PIA WARNERMAN

Born 1959; SEB employee since 1987. B.Sc. (Econ).

Global Head of Operations & IT since December 2010.

Other assignments: Director of NASDAQ OMX Nordic Ltd.

Background: ABB 1984–1987. SEB's Trading Capital Markets 1987–1992. Credit Analyst 1992–1996. Responsible for credit administration in Merchant Banking in Stockholm 1997–1999. SEB Tokyo branch 1999–2000. Head of Operations at Merchant Banking 2000–2005, Head of Global Transaction Services in Merchant Banking 2005–2007. Head of Group Operations 2007–2010.

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

Internal Control over Financial Reporting for 2010

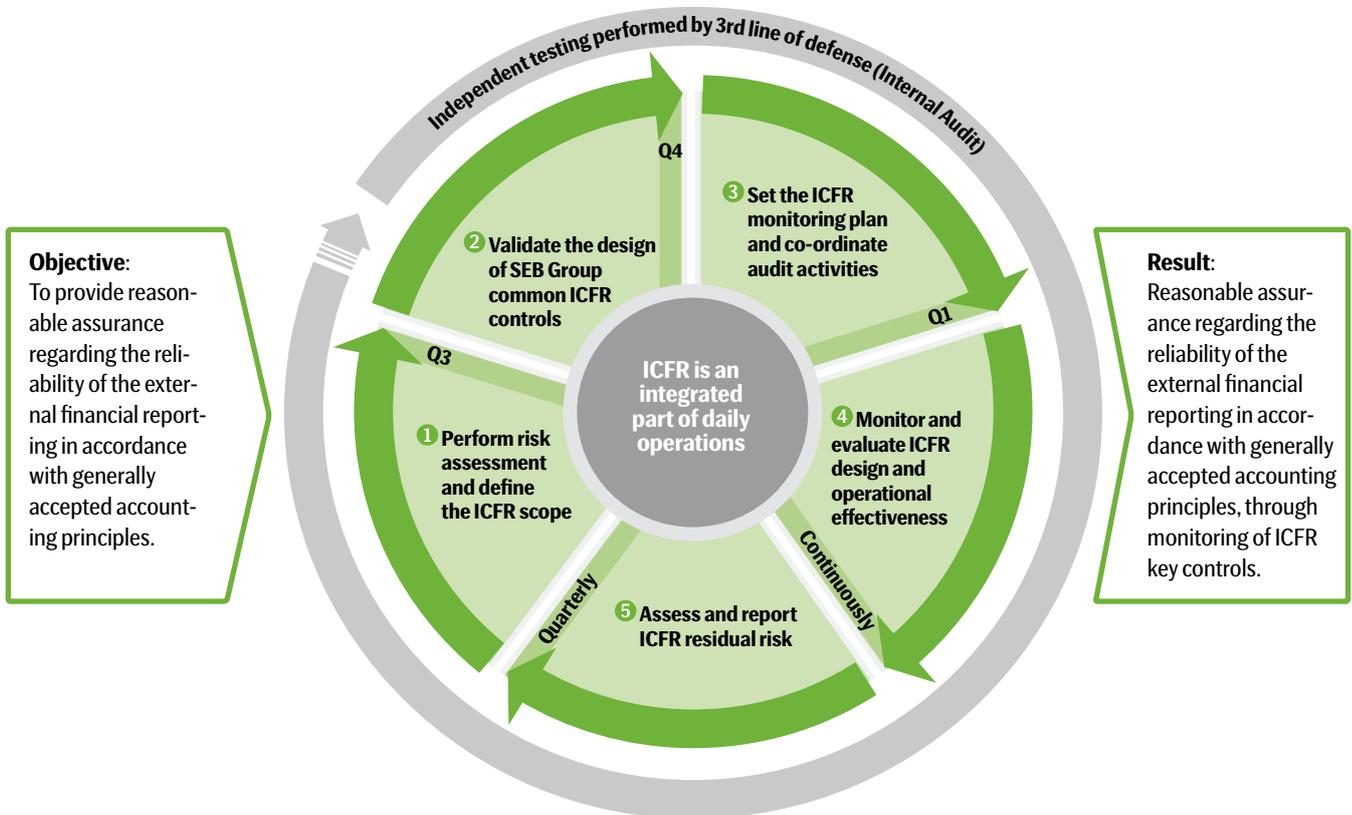
Internal control over financial reporting (ICFR) is defined as a process, performed by the Board, management and other personnel, designed to provide reasonable assurance regarding reliability of the financial reporting.

The work with internal control over financial reporting at SEB is based on the framework issued by the Committee of Sponsoring Organizations (COSO). With reference to this framework the objective for ICFR at SEB is to run an annual cycle including the following activities:

- Annually a financial reporting risk assessment is performed, with the objective to identify and set legal entities, processes and systems in scope for ICFR
- Annually, processes in scope are reviewed from a design perspective in order to validate the current design of SEB Group-common ICFR controls

- Planned monitoring activities and ICFR related audit activities are coordinated
- ICFR control execution and gap remediation activities are an integrated part of daily operations
- Monitoring activities are performed, including both separate evaluations and ongoing monitoring, in order to evaluate ICFR design and operating effectiveness
- Quarterly status reporting of ICFR residual risk, including assessment of identified gaps and reliance of compensating controls.

The COSO framework is structured around five internal control components; Control Environment, Risk Assessment, Control Activities, Information and Communications and Monitoring. How these five components interrelate in the annual cycle for ICFR at SEB, to secure monitoring of ICFR, is described in the illustration and sections below.



1 Perform risk assessment and define the ICFR scope

To ensure an efficient ICFR framework it is important to focus on risks in entities and processes that are relevant and material for the financial reporting. In order to identify all relevant and material risks and to define the ICFR scope the following four steps are performed annually: Top-down risk assessments, Legal entity scoping, Process scoping and IT environment scoping.

Annual ICFR top-down risk assessments, with the purpose to identify the most critical financial reporting risks that need to be addressed at SEB, are facilitated by Group Finance both at the SEB Group level and the local level. The outcome is used as input both in the scoping of ICFR and in the design of key controls and monitoring routines.

The scoping of ICFR in SEB starts with a high level quantitative and qualitative analysis of the financial statements for the SEB Group to identify which legal entities should be in scope for the coming year. When the legal entity scope is set and approved, the next step is to identify significant and relevant processes within each entity. The last step is to identify the IT environment in scope for ICFR, which is based on the process scoping.

The outcome from this risk assessment and scoping exercise is summarised in an annual ICFR scoping report for the coming year, which is presented to the Audit and Compliance Committee.

2 Validate the design of SEB Group common ICFR controls

Once a year, processes in scope are reviewed from a design perspective in order to validate the current design of SEB Group-common ICFR controls, i.e. to secure that the control structure mitigates identified financial reporting risks in respective process. This review is performed in annual workshops, involving finance and business expertise from divisions and support functions within SEB.

Financial reporting risks at SEB are mitigated through a control structure that is divided into three different control categories:

- *Entity-wide controls*: Examples include such procedures as the Management Country Visit Programme, which evaluates the governance structure and the control environment from a financial reporting perspective, the Country CFO Assertion, which is used to monitor process level controls, and Analytical reviews performed at the Group level.
- *Process level controls*: Examples include registration controls, and various types of reconciliations and validations of transactional data and master data used in the financial reporting.
- *IT controls*: Examples include controls related to the approval process for system access rights and the system change process.

In addition to these three control categories, the ICFR framework also includes evaluations of Control Environment Fundamentals (such as the governance and integrity within the organisation), and IT Environment Fundamentals (such as the Financial System Platform functionality). These environment fundamentals are the foundation upon which all other ICFR components are based.

3 Set the ICFR monitoring plan and co-ordinate audit activities

Based on scoping and the design of ICFR controls and fundamentals, an ICFR monitoring plan is prepared for the coming year. The plan includes an expected monitoring approach per control, when and by whom these monitoring activities should be performed for legal entities and processes in scope. The monitoring plan includes both ongoing monitoring activities and separate evaluations, to be performed on different levels within SEB, in order to ensure a reliable external financial reporting.

Before the monitoring report is finalised, the listed ICFR monitoring activities are communicated and agreed with Internal and External Audit in order to co-ordinate audit activities. The annual ICFR monitoring plan is presented to the Audit and Compliance Committee.

4 Monitor and evaluate ICFR design and operational effectiveness

Monitoring of ICFR controls to evaluate and assess the control design and operational effectiveness is performed on a continuous basis, and is in most cases built into the daily operations of the respective departments. Monitoring is performed through a combination of continuous monitoring activities and separate evaluations, in accordance with the monitoring plan.

Examples of continuous monitoring activities are regular validation of asset quality related to valuation of financial instruments and credit exposures, and quarterly assessment of Key Risk Indicators for account reconciliations and other process controls. Examples of separate evaluations are the management Operational Risk Self Assessment, performed at the business process level and the ICFR gap analysis of finance processes. The purpose of these monitoring activities is to identify and assess financial reporting risks and potential deviations from agreed SEB Group-common ICFR controls, and if needed initiate remediation activities.

5 Assess and report ICFR residual risk

The result of the monitoring activities is consolidated and analyzed in order to assess ICFR residual risk. This is done on a quarterly basis in connection with the preparation of interim and annual reports and is summarised in an ICFR monitoring report which describes the residual financial reporting risk level in SEB, including an assessment of identified control gaps and reliance of compensating controls. This report is reviewed by the Group CFO on a quarterly basis and presented to the Audit and Compliance Committee on an annual basis.

In addition, the Group's Internal Audit function reviews the internal control over the financial reporting according to the Group's Internal Audit Plan adopted by the Audit and Compliance Committee. The result of Internal Audit's reviews and of all measures taken and their current status are regularly reported to the Audit and Compliance Committee.

Remuneration report

Remuneration strategy

SEB has a clear remuneration strategy. It promotes an internal culture that long-term steers in the benefit of the customers and thus over time will give the Bank's shareholders the best return. The competence and commitment of SEB's employees are crucial to the Bank's development. SEB believes in encouraging strong performance, desired behaviours and balanced risk-taking aligned with the customers' and shareholders' expectations.

The remuneration system also reflects sound risk management by taking into account the cost of capital employed and liquidity required.

In SEB it is important that the remuneration is competitive in the markets and segments where the Bank operates in order to motivate high performing employees. The Bank's competitors consist of both local and regional financial institutions as well as global firms in the markets where SEB is present. As more than half of SEB's income is attributable to business with large companies and financial institutions, the remuneration model within these business areas reflects the international market in which the Bank competes as well as the country of operation.

Remuneration structure

SEB has a remuneration structure based upon three major components:

- Base pay
- Variable pay – short-term cash-based compensation and long-term equity-based compensation
- Pension and other benefits.

These components are used to achieve an adequate total remuneration with a sound balance between fixed and variable remuneration, and short- and long-term remuneration. The total remuneration reflects the complexity, responsibility and leadership skills required in each position as well as the performance of the employee.

Variable pay aims to drive and reward performance and behaviours that create short and long term shareholder value, and is also an essential way of achieving flexibility in the remuneration cost. In SEB the pay-out horizon of variable pay is always aligned with the risk horizon.

The construction of pension plans and benefits for all employees is dependent on country specific requirements and on various collective agreements.

Short-term variable cash-based compensation

Short-term variable cash-based compensation in SEB is based on the annual performance and behaviours of the individual as

well as the team/business unit and the Bank as a whole. In 2010, the short-term variable cash-based compensation corresponded to 12 per cent of SEB's total staff costs compared with 6 per cent in 2009. The increase reflects the higher operating result for the Group for 2010.

Long-term variable equity-based compensation

The purpose of the long-term equity-based compensation is to stimulate employees to become shareholders as well as to reward senior managers, key employees and top performers, and thereby align their interests and perspectives with those of the shareholders. Long-term equity-based programmes are, except for all-employee programmes, performance-based.

The 2010 AGM resolved on three different programmes for 2010 with different aims and partly overlapping target groups:

- a Share Savings Programme for all employees
- a Performance Share Programme for senior officers and other key employees and
- a Share Matching Programme for a small number of selected key employees.

All three Programmes are share-based and require that the participants remain with SEB for a specified period of time.

More information on the long-term equity-based programmes is presented in Note 9d and at www.sebgroup.com as well as in Annual Reports of previous years.

Share Savings Programme

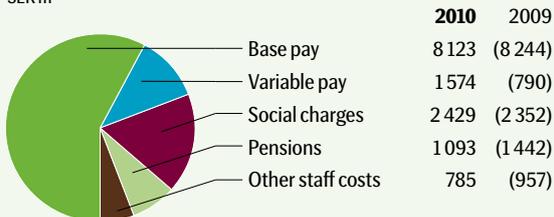
The Share Savings Programme is available to all employees and is designed to support "One SEB" and create a long-term commitment to SEB. The employees are offered to purchase SEB A-shares for an amount corresponding to five per cent of their gross base pay. For the amount, at current stock exchange rate,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

Performance share programme

The Programme aims to attract and retain senior officers and other key employees, to create a long-term commitment to SEB, to strengthen the overall perspective on SEB and to create an incentive for the participants to become shareholders in SEB. A performance share under the Programme is a conditional right to acquire one SEB A-share at a future date. The outcome

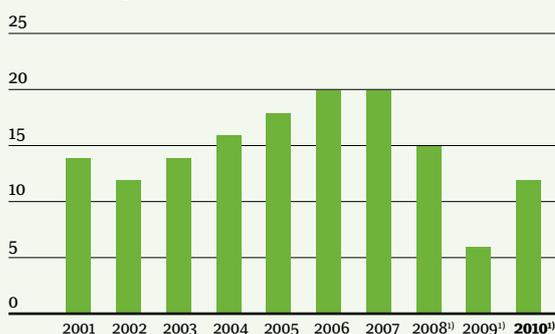
Staff costs

SEK m



Variable remuneration

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



¹⁾ Shows continuing operations from 2008

Remuneration in SEB 2010

in thousand SEK

2010	Base pay	Short-term cash-based compensation	Expensed amount LTI programmes	Benefits and other	Total	Pensions
SEB Group	8,123,083	1,392,125	182,226	96,709	9,794,143	1,092,833
<i>Whereof</i>						
President and CEO, Annika Falkengren	7,000	—	2,682	1,278	10,960	6,368
Other members of the GEC	57,412	—	11,337	2,279	71,028	21,440

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

of the Programme, i.e. the final number of allotted performance shares that can be utilised, is dependent on how pre-determined performance criteria are fulfilled (see page 72). The performance criteria are measured during an initial three-year period. A further requirement is that the participant remains with SEB. The Programme has a duration of seven years, including the performance period.

Share Matching Programme

The Programme comprises a selected group of key employees in SEB including members of the Group Executive Committee.

For participants that received short-term variable cash compensation for 2010, 25 per cent of this cash-based compensation is mandatory deferred for three years. The deferred amounts are allocated to a deferral incentive pool. A determined number of deferral rights are registered for each participant in the pool. One deferral right corresponds to the fair market value of one SEB A-share at the time of allocation to the pool.

After three years the participant receives one SEB A-share for each deferral right and may furthermore receive a conditional number of additional matching SEB A-shares. The number of additional matching SEB A-shares received is dependent on how well the performance criterion (see page 72) is fulfilled during the three-year period, and is subject to a cap, which ultimately limits the number of such matching SEB A-shares.

The President, members of the Group Executive Committee and participants who do not receive any short-term variable cash-based compensation can invest in SEB A-shares to a pre-determined amount. After three years the participant receives one SEB A-share per retained share by the bank. In addition to these shares every participant gets a conditional number of matching SEB A-shares for the retained and the received shares. The participants must remain with SEB during the three-year period.

Remuneration to the President and the Group Executive Committee

SEB's Board of Directors has prepared proposals for guidelines for the salary and other remuneration to the President and the Group Executive Committee, which were approved by the 2010 AGM. In accordance with these guidelines, the Board decides on the actual remuneration to the President and the other members of the Group Executive Committee following a proposal from the Remuneration and Human Resources Committee.

At the 2010 AGM the external auditors reported that SEB during

2009 has complied with the guidelines for compensation to members of the Group Executive Committee as adopted by the 2009 AGM.

The total remuneration to the President and the members of the Group Executive Committee in 2010 was based upon three main components: base pay, long-term equity-based compensation and pension. Thus, the remuneration does not include short-term variable cash-based compensation. In addition, other benefits such as company car may be offered according to market practice.

The pension plans for the members of the Group Executive Committee consist of defined-benefit plans or defined-contribution plans and are inviolable. SEB strives to increase the numbers of defined-contribution plans. The defined-benefit plans have a cap in the pensionable salary. Termination of employment by the Bank entitles to a severance payment of up to twelve months base pay. SEB has the right to deduct any income from other employments or own business operations from the severance pay. The remuneration to the President and the members of the Group Executive Committee in 2010 is specified in Note 9 c.

Review and adoption of SEB's Remuneration Policy

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

In Sweden a new regulatory framework for remuneration within the financial sector came into force on 1 January 2010. SEB adheres to this framework and has defined employees whose actions can have a material impact on the risk exposure of the Bank. As risk takers, SEB has defined all positions that have a mandate to expose the bank to significant risk, or have a material influence on decisions which can lead to significant risk exposure for the bank. In total, 483 positions across the SEB Group were identified as risk takers in 2010. The first updates of this framework take effect on 1 March 2011. The full remuneration report according to the new regulation is presented on www.sebgroup.com.

Status of outstanding LTI programmes

31 December 2010

Performance shares programmes

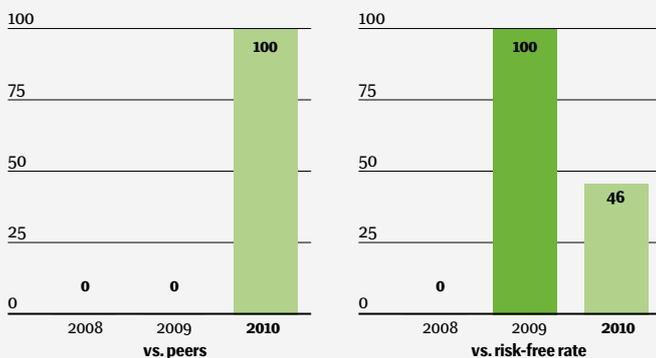
Performance criteria

To reach full outcome of Performance Shares under the Programme, two performance criteria, Total Shareholders' Return (TSR) compared to SEB's competitors and TSR compared to long-term interest rate (LTIR), must be met:

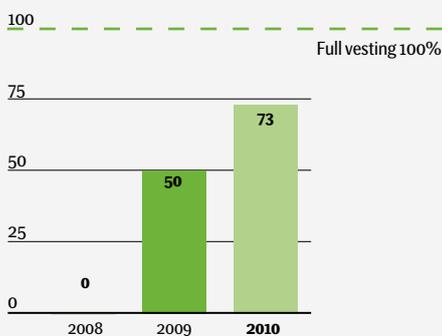
- 1) The criterion **TSR compared to SEB's competitors** implies a minimum outcome if the TSR increase for SEB reaches a weighted Banking Index. The outcome is then 10 per cent of the maximum allotment. Above that level, the number of Performance Shares that can be exercised increases until a ceiling of 7 per cent increase above the Banking Index is reached. At that level the maximum outcome under this criterion is reached (i.e. 50 per cent of total maximum allotment).
- 2) The criterion **TSR compared to LTIR** implies a minimum outcome if the TSR for SEB reaches LTIR + 2 per cent per year. The outcome is then set at 10 per cent of the maximum allotment. Maximum outcome under this criterion (i.e. 50 per cent of total maximum allotment) is achieved if the TSR reaches LTIR + 11 per cent per year.

If one of the performance criteria is completely fulfilled, only half of the total number of Performance Shares can be exercised. For full exercise both performance criteria have to be completely fulfilled.

Performance criteria (status %)



Vesting status (%)



Share matching programmes

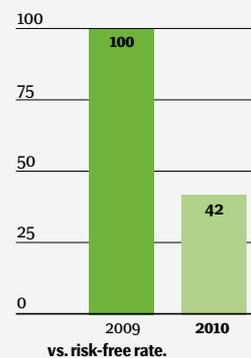
Performance criterion

To reach full matching under the Programme, Total Shareholders' Return (TSR) compared to long-term interest rate (LTIR), must be met:

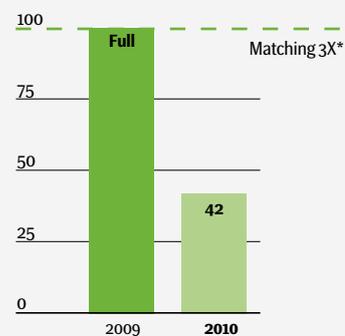
TSR compared to LTIR implies a minimum outcome of matching shares if the TSR for SEB reaches LTIR + 2 per cent per year. The outcome is then one matching share. Maximum outcome, with a linear distribution within the interval achieved if the TSR reaches LTIR + 23 per cent per year.

The maximum outcome for the participants under the programme is five matching shares for the President and CEO, four matching shares for other members of the Group Executive Committee and three matching shares for other participants.

Performance criteria (status %)



Vesting status (%)



All years refer to year of introduction
*) 4X for GEC