

Annual Review 08

S|E|B

SEB is an advisory bank. Earnings are based upon high activity and skilful employees working closely with customers.



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Round-table conversation about the financial crisis

How well prepared is SEB for the global recession and what can be done to strengthen the Bank? SEB's Executive Management discusses 2008 and the future.



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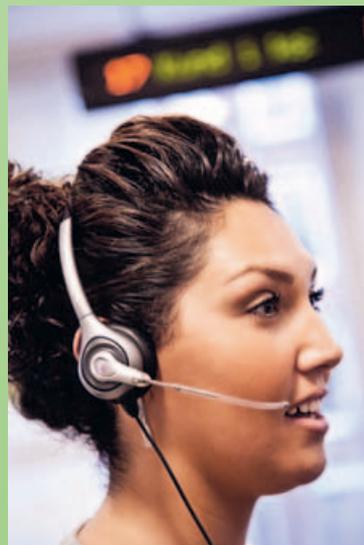
SEB's new environmental bond

Towards the end of 2008 the World Bank together with SEB issued a "green bond", linked to a specific World Bank programme. The United Nations Pension Fund and the Swedish Second and Third AP-funds were among the investors.

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SEB – a leading corporate bank

Small corporate customers can also benefit from SEB's long experience as a financial partner to large companies and institutions.



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Alternative meeting places

SEB's customers can stay in contact with the Bank around the clock via its branch offices, Internet and by telephone. But the Bank also meets its customers at seminars, on travels and at various sponsoring events.



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SEB's Trainee programme

Every year more than 20 young people from SEB's core markets are selected to participate in the Bank's trainee programme. This is one way of showing that the Bank has the ambition of being the best employer in the financial sector.



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SEB's result

As a result of intense customer activity the SEB Group's operating income for 2008 increased. After provisions for credit losses the result totalled SEK 12.5bn, while earnings per share were SEK 14.66.

SEB's Annual Report is found at www.sebgroup.com

Financial information during 2009

Publication of Annual Accounts	5 February
Publication of Annual Report on the Internet	20 February
Annual General Meeting	6 March
Interim report January–March	6 May
Interim report January–June	20 July
Interim report January–September	21 October

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SEB in brief

SEB is a North European financial banking group that serves over 400,000 companies and institutions and more than five million private individuals. The main activities are banking services, but SEB also conducts important life insurance operations. In Sweden, Estonia, Latvia, Lithuania and Germany SEB is a universal bank. SEB also carries on activities in the rest of the Nordic area and in Ukraine as well as in about ten strategic financial centres around the world. More than half of SEB's approximately 21,000 employees work outside Sweden.

Key figures

	2008	2007
Return on equity, %	13.1	19.3
Basic earnings per share, SEK	14.66	19.97
Cost/income ratio	0.62	0.57
Credit loss level, %	0.30	0.11
Total capital ratio, % ¹⁾	10.62	11.04
Core capital ratio, % ¹⁾	8.36	8.63
Risk-weighted assets, SEKbn ¹⁾	986	842
Number of full time equivalents, average	21,291	19,506
Assets under custody, SEKbn	3,891	5,314
Assets under management, SEKbn	1,201	1,370
Total assets, SEKbn	2,511	2,344

1) Basel II (Legal reporting with transitional floor).

For further information on the SEB share, please see page 32.

Customers and organisation



Since 1 January 2007 SEB serves its customers through four customer-oriented divisions, assisted by three global support functions.

Business concept

SEB's business concept is to offer financial services and to handle financial risks and transactions for companies and private individuals in a way that creates customer satisfaction, gives shareholders a competitive return and makes SEB a good corporate citizen.

Goals and strategy

SEB's long-term objective is to be top-ranked by its customers in its selected markets in Northern Europe and leading in terms of profit-

ability. Return on equity shall exceed the average for comparable banks, while profit growth shall be sustainable. SEB's rating should not be lower than AA.

These goals will be achieved with the help of motivated employees, increased co-operation between the Group's various areas of activity and Group-wide staff and business support functions. Through the concept of "One SEB", customers shall have easy access to SEB's collective competence and service offer.

Return on equity

Per cent

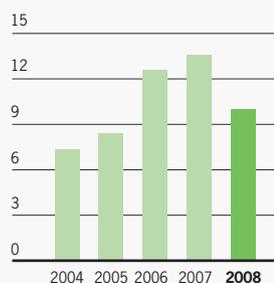


Target: Highest among its peers

— Peer average (excl. SEB)

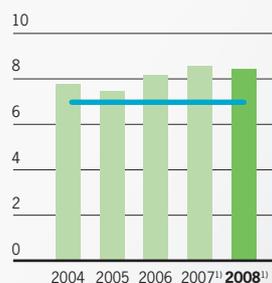
Net profit

SEKbn



Tier I capital ratio

Per cent



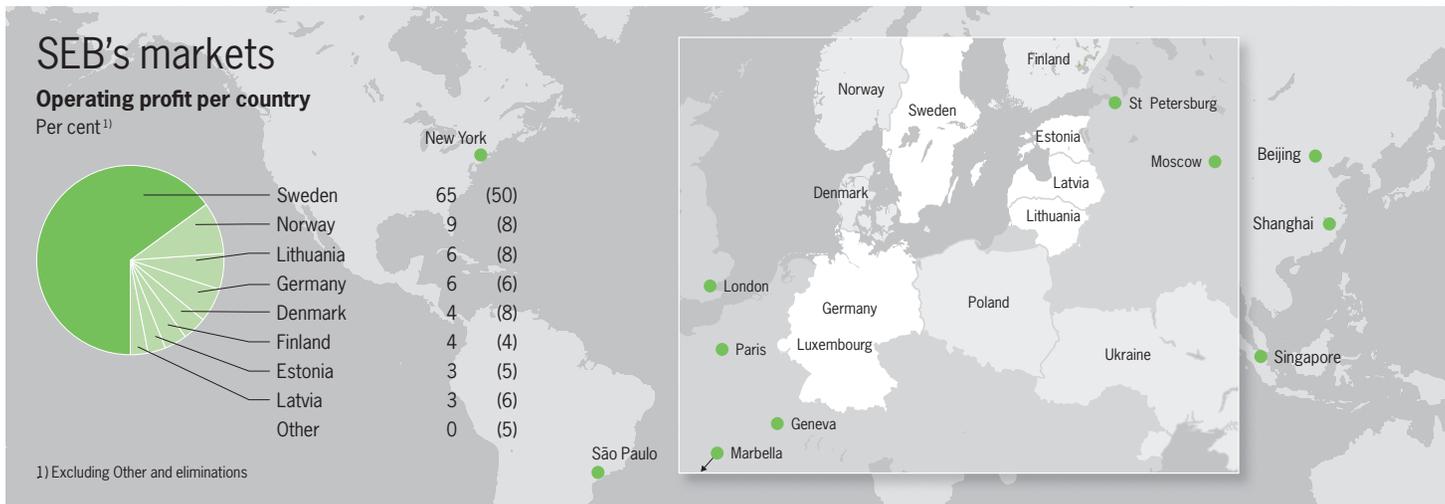
— Target: at least 7% until 2008

1) Basel II transition rules.

Rating

SEB's long-term rating for long-term borrowing in February 2009

S&P	A
Moody's	Aa2
Fitch	A+
DBRS	AA (low)



Customer meetings via many different channels

660 branch offices in Northern Europe

Since the middle of the 1990s SEB has more than doubled its network of branch offices, mainly through bank acquisitions in Germany and Eastern Europe. 24 new branch offices were opened in Ukraine during 2008.

2,000 ATMs in Northern Europe

18 subsidiaries and representative offices

SEB's corporate customers get assistance around the world – from New York to Shanghai.

2,000 Client Executives

SEB's large corporate customers and financial institutions are serviced by special Client Executives and their teams as well as by product experts, analysts and dealers.

5.7 million calls to SEB's customer centre

SEB's customers are offered personal service by telephone in Sweden, the Baltic countries and Germany – in Sweden and Estonia around the clock and in Sweden in more than 20 different languages.

3.2 million Internet users

In addition to Internet services for private individuals and small companies SEB offers such special Internet services as foreign exchange and fixed income trading via Internet, primarily to large companies.

526 million card transactions

During 2008, 526 million transactions were carried out by using SEB's credit and charge cards, an increase of 60 per cent in two years.

12 international offices for private banking customers

Private customers residing outside their home countries can turn to SEB's private banking offices in Luxembourg, Switzerland, Marbella and London, for example.

2,000 insurance brokers and 350 own insurance salespeople

SEB co-operates with a large number of insurance brokers and has a total of about 350 own salespeople in Sweden, Denmark and the Baltic countries. In Germany SEB co-operates with the insurance company AXA.

Divisions

The Merchant Banking division reported its best result ever, while the Retail division's result was negatively affected by provisions in the Baltic countries. The Asset Management and Life divisions were negatively affected by falling asset values.

Operating result per division

Market shares

Per cent	2008	2007	2006
Deposit from general public			
Sweden	20.7	20.2	20.5
Estonia	24.2	26.1	27.1
Latvia	21.2	24	23
Lithuania	27.0	27.4	29.2
Lending to general public			
Sweden	14.9	15.0	14.4
Estonia	24.3	26.3	29.1
Latvia	14.4	15.5	18.3
Lithuania	30.1	31.3	34.4
Mutual funds, new business			
Sweden	N/a ¹⁾	70.3	26.1
Finland	N/a ¹⁾	11.2	4.4
Unit-linked insurance, new business			
Sweden	24.4	22.1	29.1
Equity trading			
The Nordic region	9.2	7.5	7.6

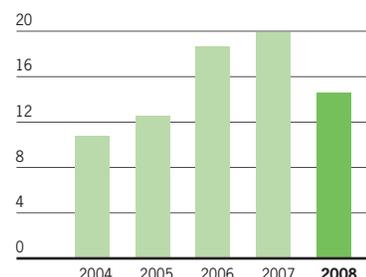
1) New sales in SEB increased, while new sales in the total market were negative.

2008 in brief

- Operating profit decreased by 27 per cent, to SEK 12,471m.
- Net profit amounted to SEK 10,050m, or SEK 14.66 per share.
- The credit loss level was 0.30 per cent (0.11).
- Return on equity was 13.1 per cent.
- In conjunction with other capital measures, the Board proposes no dividend for 2008 (SEK 6.50 for 2007).

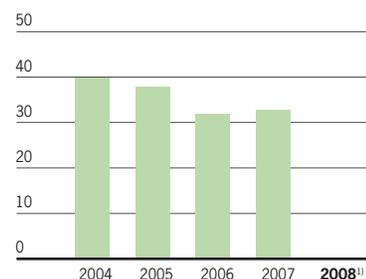
Basic earnings

Per SEB share, SEK



Dividend

Per cent of earnings per share



1) The board proposes no dividend for 2008.

Capital measures to strengthen SEB

The Board of SEB believes it to be prudent and in the best interest of all stakeholders to proactively strengthen SEB's capital base. As a result, the Board proposes to strengthen the capital base by SEK 15bn and not to pay any dividend for the financial year 2008. These measures will have a combined positive effect on the Group's capital base of SEK 19.5bn and give SEB a strong capital buffer to meet the impact of an uncertain economic environment.

The proposed capital measures should be seen in the light of today's turbulent markets. The capital measures will provide a comfortable buffer well above the Board's increased long-term Tier I capital target ratio of 10 per cent, which is essential in the effort to maintain prudent capital management in the current market environment. Calculated on the accounts for 2008, the capital measures would increase SEB's Tier I capital ratio to 12.1 per cent and total capital ratio to 14.6 per cent.

Customer relationships key in new financial landscape

In a year of unprecedented turbulence we have continued to generate income growth, reflecting a solid customer business. The work to enhance efficiency and strengthen customer relations continues. With the proposed capital measures to further strengthen our capital base, SEB is well equipped to meet the challenging macro-economic conditions.

The past year was a year of unprecedented financial turbulence on a global scale, exacerbated by the downward spiral of faltering confidence that followed on the Lehman Brothers' default in September. In this extremely difficult environment, SEB maintained income growth and reached an operating result of SEK 12.5bn.

The rapid development of events and increased uncertainty has created substantial challenges for the organisation. I am proud of the commitment of SEB's staff and the way in which we have interacted with our customers during a trying year.

“ All through the turbulent year SEB's underlying business was robust.

A new financial landscape

A year ago there were still expectations that the world economy would be more resilient to a downturn, triggered by the U.S. sub-prime default. However, during 2008 the interdependencies of the financial system, and towards the real economy, became evident. Hopes of a decoupling scenario were put down.

The functioning of global credit markets has been severely impaired, the supply of credit has been reduced, funding costs have increased and asset prices have fallen significantly. These factors have put significant strain on the banking sector. Several major international banks have been rescued, in some cases through government interventions, resulting in a crisis of confidence among market participants and customers.

Despite massive efforts from central banks and governments to remedy the effects, the global economic outlook has turned into a prolonged recessionary mode. We are entering uncharted territories, where the divergence of opinion among experts on where the world economy is heading is unusually broad.

Northern Europe, SEB's core market, has also been affected. GDP-growth in the Nordic countries has come to a halt. In the Baltic coun-

tries, the macro-economic outlook markedly worsened towards the end of the year. Latvia was granted support of EUR 7.5bn in an IMF led bailout. Our view is that there will be a protracted period of declining GDP in Estonia and Latvia, but also in Lithuania over the next few years. The austerity measures taken by the governments are necessary to address the imbalances.

Strong customer relations generated income growth

All through the turbulent year SEB's underlying business was robust. Business activity was high overall despite partly dysfunctional capital markets.

This was evident particularly within Merchant Banking. With its diverse business-mix Merchant Banking could balance a subdued year within Corporate Finance and Fixed Income with record high customer activity in areas such as foreign exchange and cash management. Within Retail Banking, income held up well, especially in Sweden. However, due to the sharply deteriorated economic outlook, we continued to increase provisions for credit losses in the Baltic countries. We have also continued to proactively address asset quality through joint local and Group work-out teams.

In the long-term savings area business was affected by lower equity values, but activity remained high with net inflows into Wealth Management and higher premium income in the Life division compared to last year.

Capital measures to further enhance necessary buffers

SEB entered this downturn as a more integrated bank with a diversified business mix. Maintaining a robust capital adequacy well in excess of minimum levels has been a principal priority for SEB.

In the new financial landscape, it will be even more important for a bank to be strong. The market standard for what is considered an adequate capitalisation has been reset. The proposed capital measures of

“ The market standard for what is considered an adequate capitalisation has been reset.

“ We are well prepared for a more challenging economic environment. In the next few years we will strengthen relationships even more with our existing customers.

SEK 19.5bn, taking SEB to a top European position in terms of Core Tier I capital ratio, will give us the necessary buffer to cope with the severe downturn that lies ahead. These measures will further enhance SEB's ability to be a strong long-term business partner for our customers and counterparties.

A robust platform and business model

I am confident that we are well prepared for a more challenging economic environment.

We have a proven robust platform with a business mix based on long-term customer relationships and product excellence. Our strategy to reach leadership in terms of customer satisfaction and financial performance long-term remains. For the next few years it will imply increased efforts to enhance efficiency and to strengthen relationships even more with our existing customer base.

Stockholm in February 2009



Annika Falkengren
President and Chief Executive Officer



Executive round-table discussion

The year 2008 was certainly an *Annus Horribilis* for the financial sector. What does the coming year look like? How well prepared is SEB for facing the global recession and what could it do to strengthen its resources? The Executive Management of the Bank gathered on the eve of 2009 to discuss the Bank's future prospects.

Annika Falkengren: What was so striking about 2008 was how quickly and brutally the financial markets collapsed after the bankruptcy of Lehman Brothers last September. After all, up to then the crisis seemed to be manageable. The central banks injected liquidity and it seemed reasonable to expect that a global system crisis could be avoided.

However, Lehman's bankruptcy created enormous uncertainty and it became clear, all of a sudden, that no bank was safe. There was a dramatic rise in anxiety. Liquidity dried up. Interest spreads came apart

with lightning rapidity and the stock markets plummeted. And Iceland – whose banks' balance sheet turnover exceeded the BNP of the country many times over – was so close to suspending its payments as a country ever can come. For us, these weeks meant that we had to change gear very fast to face an acute crisis situation. It was a matter of making quick decisions and of finding solutions. Parts of the global financial sector stopped functioning. Payments did not come through as some banks did not trust that their counterparts would survive the crisis.

The financial crisis

The global financial crisis started insidiously in the summer of 2007, through widening interest rate differences on securities with different risks and a deteriorating liquidity situation. The reason for this was uncertainty about the value of a series (often complex) securities, based upon U.S. property loans. During 2007 and in early 2008, central banks across the world used several instruments to keep up liquidity and to support financial market activities. The U.S. central bank lowered its key rate interest in several stages, among other things.

However, the underlying problems were not solved. A decent liquidity situation and lower interest rates could not eliminate uncertainties about the underlying problems, particularly not as the state of the market deteriorated. Gradually, the problems of the U.S. banking system grew worse. During the spring, the liquidity problems increasingly turned into solvency problems, which, in turn, created a confidence crisis among the banks. The U.S. Federal Reserve and Treasury were forced to intervene with direct support measures in order to rescue the capital base of a number of financial companies.

OMX Stockholm 2008



17 March: JP Morgan saves Bear Stearns.

7 April: IMF: "Looming world recession".

7 July: Freddie Mac and Fannie Mae are saved.

15 Sept: Collapse of Lehman Brothers.

29 Sept: U.S. Congress: no to stabilisation plan.

20 Oct: Swedish stabilisation plan.

9 Nov: Chinese stabilisation plan.

This strategy was quite hesitant at the beginning. A few companies were rescued, others not. When the investment bank Lehman Brothers went bankrupt in September 2008, several markets panicked. Interest spreads diverged widely and the stock markets plummeted. The problems quickly spread outside the U.S. In this situation the authorities were compelled to resort to more comprehensive interventions, first in the European Union and then in the U.S.A. Far-reaching guarantees were issued to protect, not only deposits but also loans. Many banks were taken over by the government. The drama increased when the

American Congress first declined to grant the proposed support measures. They were only accepted after corporate managements, including their compensation levels, had been exposed to tough demands.

The credit market turbulence had severe consequences both for the stock markets and the business cycle, and the belief in the future got a terrible blow. The order intake fell abruptly within most lines of business, profit forecasts were written down and there was a strong increase in the number of notices given. Business forecasts were quickly re-written, not only in the U.S. On the contrary, pessimism about the

business climate spread throughout the rest of the world. Earlier hopes about a de-coupling from the U.S. market came to nought and the world economy was facing the worst recession since World War II.

This, in turn, led to a number of packages of economic policy stimulation measures. Around the world, governments presented tax reduction proposals and support measures for particularly exposed industries. The Baltic countries represented an exception, choosing instead to pursue a strict policy in defence of their fixed currency rates.



“ In retrospect we can note that in spite of taking early action, the economic downturn in the Baltic countries was much deeper than we anticipated.

Bo Magnusson

Deputy President and Group Chief Executive; head of SEB's Staff Functions and Business Support

“ Our long-term strategy remains intact. But we cannot avoid drawing the conclusion that 2009 will be something of a year of hibernation. We have prepared ourselves for a tougher climate.

Annika Falkengren

President and Group Chief Executive

“ We have held on to a traditional banking model, based upon our strong customer relations.

Magnus Carlsson

Head of the Merchant Banking division

“ We have made substantial investments in our risk and compliance organisation, which will benefit us now.

Jan Erik Back

Chief Financial Officer

“ The market downturn has a negative impact on the values of our life portfolios. The recipe for the next few years is spelt risk profile, greater discipline and focus on our core areas.

Anders Mossberg

Head of the Life division

For us, it was important to be there for our customers, by providing information about the development of events and by offering advice and liquidity to our corporate customers.

Jan Erik Back: It was an incredible experience to see how fast the global financial markets weakened. As for myself, I was astonished at the speed with which the contagion spread, even to countries and regions that had seemed stable up till then.

However, SEB stands well prepared, even if we naturally are affected by the crisis, too. We started strengthening our capital base already at the top of the business cycle – and have injected SEK 27 billion since 2005. Our capital base is stronger than it was during the crisis of the 1990s and both our cost/income ratio and return are better.

Magnus Carlsson: We must not allow ourselves to get paralysed. It is a fact that this crisis creates opportunities in some important respects. A market full of risks also opens up for opportunities, particularly for those who have a good capital base and good liquidity. We have been consciously conservative in our credit-granting activities. During 2006 and 2007 we declined a number of transactions that we deemed to be too risky.

During the boom years it was common practice for some international players to sell on all or large parts of the risks inherent in their loans through a number of different package products. We have stood by the traditional banking model, only lending to businesses that we believe in where we keep a significant part of the risk ourselves. This is equal to a quality check.

Hans Larsson: The strategic opportunities that now open up to healthy banks are greater than in a long time. Traditional values and products are back and the pricing of risks has changed radically. Long-range views and relations are now setting the tune and all this is positive for a bank like ours.

Magnus Carlsson: Nevertheless, all expansion must of course take place within the limits that a good capitalisation sets, applying solid risk assessment routines.

Fredrik Boheman: At the same time, we are facing great challenges. Asset management is naturally hard hit when stock markets plummet as much as they did in 2008. Don't forget that last year was actually one of the worst stock market years ever for the world economy as a whole. Customers become more wary in such circumstances.

But at the same time customers need even more investment advice and assistance, not least when the surrounding world is as turbulent as it is. In this respect I feel that we have succeeded comparatively well. Compared with our Nordic competitors our assets under management dropped less than theirs. As a matter of fact, we had a significant net inflow into our funds thanks to our supply of absolute return funds.

Bo Magnusson: Yes, we should not pretend that 2009 will be an easy year. The activities of a bank are very much a reflection of the general state of the market. Also here in the Nordic countries the setback was very abrupt towards the end of 2008.

In the Baltic countries, which form part of our home market, we foresaw that the overheating was going to cause problems earlier than others. We reduced our lending and focused on credit quality long before our competitors. All the same, it is obvious that the Baltic recession is going to be painful. Even though we started to act early on we can now see, in retrospect, that the recession has become much deeper than we anticipated.

We have strengthened our local work-out teams and supplemented them with experts from Sweden. Many members of that team experienced the Swedish crisis in the early 1990s.

Our Baltic engagement is for the long term. One of the lessons we learnt from the Swedish crisis of the 1990s is how important it is for us as



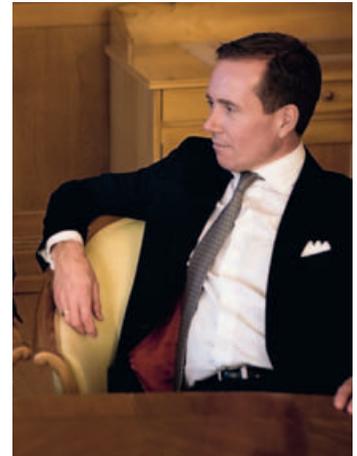
“ Last year was one of the worst stock market years ever for the global economy as a whole. Customers become more wary in situations like these.

Fredrik Boheman
Head of the Asset Management division



“ The pricing of risks has undergone drastic changes. Long-term perspectives and relations are setting the tone these days.

Hans Larsson
Head of Group Strategy and Business Development



“ In times of recession it is particularly important to meet the customer proactively. Accessibility will be an important competitive tool and we have come quite far in this respect.

Mats Torstendahl
Head of the Retail division

a bank to come in early when customers start having problems. To have a long-term perspective is the best both for the Bank and the customer!

Mats Torstendahl: We can clearly see how customers are getting more cautious on the retail side, which has a negative impact on commissions. It is particularly important to meet the customer proactively in times of recession. And we can certainly improve when it comes to personal service. Accessibility will be an essential competitive tool and this is an area where we are far ahead. Our Customer Centre is unique in Sweden in offering personal service around the clock. At the same time, we must increase our cost effectiveness and invest in new products.

Ingrid Engström: The staff becomes even more important in difficult times. As Bo says, crisis times are painful, but they also offer opportunities for change and renewal. Just like many other companies we will have to reduce our workforce in 2009. To have the right person at the right place will be more important than ever.

Annika Falkengren: Yes, we saw that clearly, not least during last autumn's chaos. Our employees toiled hard during long days and late evenings, making extra checks and partly resorting to manual routines. In the midst of all this I really felt very proud of our staff and their commitment to the Bank and our customers!

Ingrid Engström: Yes indeed, we have excellent staff at SEB. And that is really necessary in such tough times as these.

Anders Mossberg: The recession affects our life portfolio values. The recipe for the next year will be risk profile, increased discipline and focus on our core areas. In order to manage this, the competence and loyalty of our employees will be of crucial importance. Our skilled sales-force is an asset for the Life division. Another great advantage is the fact that we can use the Bank's network of branch offices for our sales efforts. I am happy that we started our SEB Way project early on. This is of great benefit for us today.

Bo Magnusson: I think we should stop for a moment and look back a couple of years. We have re-organised and rationalised our staff functions, IT activities and business support over the last couple of years. This has been a strenuous process, but as a bank we are better prepared this time than we were in earlier recessions.

Hans Larsson: Compare the Nordic banks with the big European and American megabanks – some of them hardly exist any longer – or have been nationalised!

Jan Erik Back: The recession was sudden and seems to deepen. Like other banks, we are not likely to avoid rising credit losses during 2009. However, we have made substantial investments in our compliance and risk organisation, which will benefit us now.

Priorities

- Revenue growth from existing customers through high interaction and increased share of wallet.
- Continued focus on efficiency measures in areas which are not directly related to customer interaction.
- Support customers' long-term financial needs while maintaining sound risk management.
- Take action to maintain a strong capital and liquidity position.

The Baltic countries

The Baltic is part of SEB's home market since the late 1990s, when the Bank acquired three local banks in Estonia, Latvia and Lithuania. Today, these three banks are fully integrated with SEB, offering a broad range of banking services to private individuals and small and medium-sized companies. SEB in the Baltic also offers its services to large companies and institutions, for example cash management, foreign exchange trading, securities trading, asset management, private banking and life insurance services.

The combined profits from SEB's Baltic operations during the years 2001–2008 – after credit loss provisions – amounted to SEK 13.1 bn.

After several years of very high growth and increasing economic imbalances, the Estonian and Latvian economies came to a quick halt during 2008. Towards the end of the year the economic outlook for Lithuania deteri-

orated strongly, too. The deepened recession in the three countries led to difficulties for both companies and households to repay their loans on time and the share of doubtful claims increased to 1.33 per cent, net, while the provisions for credit losses totalled SEK 1.8 bn.

SEB started to see signs of overheating in the Baltic economies as early as in 2006 and slowed down its credit-granting activities, which has led to a gradual decline of its market shares.

In order to mitigate the effects of the economic crisis the Bank increased its efforts during 2008. Local work-out teams were supplemented with a new Group-wide function, established in order to lead the work on problem loans and to share its experiences of the Swedish financial crisis of the early 1990s.

SEB's Baltic lending relative to the market¹⁾

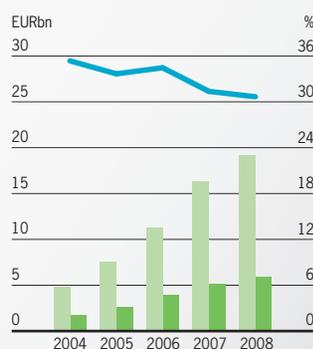
Estonia



Latvia



Lithuania



■ SEB lending, EURbn
■ Total market lending, EURbn
— SEB market share, %

1) Excluding Leasing portfolio.

For the future, we must reckon that the authorities will call for tightened requirements for the banking sector. I expect that the capital adequacy requirements will increase.

Fredrik Boheman: And the requirements for consumer information on banking products will certainly be made more stringent. By and large, I think that this is good. The type of lending that took place in the U. S. and burst the bubble did not take the repayment capacity of the borrowers into account, as here in the Nordic countries..

Annika Falkengren: Global banking is bound to change. The cunning American strategy to re-package and sell on securities in ever more complex packages has collapsed. The independent investment banks have partly disappeared. It is now a matter of back to traditional banking activities that are built upon deep and long-term customer relations.

Magnus Carlsson: Yes, it is fascinating to see how the 'shadow-banking system' – all the different units that the banks have placed outside their balance sheets – is now being brought back into the banks' balance sheets. All the heavily mortgaged units – conduits or SIVs – that lay behind the lending explosion are now disappearing. This is a hard blow for those banks which have exploited the opportunities of taking on risk outside the regulations.

We have a unique position among the large corporations and insti-

tutions here in the Nordic area. I can foresee that we have a number of opportunities to strengthen our relations with precisely these groups in today's new financial landscape.

Bo Magnusson: The whole banking system must engage itself in deleveraging, particularly in the U.S.

Too much lending has been made, and risks have not been properly priced. Many households, in turn, have borrowed too much. Now that the balance sheets must be reconstructed, it will be necessary to check credit-granting activities and to repay old loans. This will take its time and implies lower economic growth.

Ingrid Engström: ...and lower growth will result in higher unemployment, which will reduce growth even further and lead to more risk aversion.

Annika Falkengren: Yes, winter was quick in hitting us and nobody knows for how long the snow will stay. The only conclusion we can make is that 2009 will be something of a year of hibernation for many people.

We will stick to our long-term strategy – we will focus on our core activities and continue our quality and productivity improvement work. We have prepared ourselves well for a tougher climate. We will keep digging where we stand, in our home markets, and work hard to strengthen the relations with our customers even more.

Increased activity to support customers

By means of intensified customer activity and continued product development SEB intends to reach its goal of having the most satisfied customers within its chosen areas in Northern Europe. Already today, SEB's products and services are top-ranked within several areas, also internationally.

During 2008, SEB consolidated its position as a financial partner to large corporations and institutions within a number of areas. The Bank strengthened its position in the equity area in all the Nordic countries, among other things, and was appointed the best equity broker in the Nordic area in total (by the research company Prospera). In the area of trade finance SEB was ranked No. 1 in the Nordic area (by the magazine Global Finance) and was appointed the best cash management bank in the world (see article).

The Bank's continued focus on small and medium-sized companies resulted in the award "Bank of the Year for Small Companies", among other things (see below).

As far as private individuals are concerned the Bank strives both to improve and simplify its basic supply of services as well as to develop alternative investment products (see article on the successful Asset Selection fund).

SEB appointed "Bank of the Year for Small Companies"

"Entrepreneurs do not work just between nine and five and this is one thing that the Bank of the Year for Small Companies has realised. Year after year, the Bank has developed its services to make life easier for the small entrepreneurs of the country."

That is how the motivation was worded when SEB got the award as "The Bank of the Year for Small Companies" by the business magazine Privata Affärer. "Enkla Firman", a tailor-made offering to self-employed entrepreneurs that makes it easier to separate the funds of the company from the entrepreneur's private money, among other things, strongly contributed to the award. "Enkla Firman" received the "Small En-



trepreneur's Product" award as early as in 2007. However, the "Bank of the Year for Small Companies" award in 2008 concerned SEB's total focus on small companies, i.e. not only on self-employed entrepreneurs. During the year SEB continued to develop loan alternatives for small companies and Customer's Corporate Centre has increased its opening hours, serving corporate customers around the clock in 20 languages throughout the year. Furthermore, SEB has gathered a number of external offerings to develop free enterprise and to save costs with the help of accounting programmes and various IT-services.

SEB beats all its competitors within Cash Management

Just like in 2007, SEB topped Euromoney's Cash Management customer survey in 2008.

SEB reached the top position on a global basis in 12 out of 22 quality categories, including customer satisfaction, commitment to the cash management area and industry experience.

Thus, SEB gets clearly better customer opinions than such global banks as Citi, HSBC and Deutsche Bank. As in previous years SEB was ranked the best cash management bank in the Nordic area by Euromoney, Global Finance and Treasury Management International.

The result of Euromoney's eighth annual survey of Cash Management was based upon 6,300 answers, of which 4,900 came from corporations and 1,400 from financial institutions.

"This is an amazing achievement by all SEB units involved that deliver world-class cash management solutions to our customers. We are strongly engaged in the quality aspect of our work, focusing on customers' total experience. It is very gratifying that our customers feel and appreciate this. The whole purpose of our efforts is to meet their high expectations, thus supporting their activities", says Erik Zingmark, Global Head of Cash Management.

SEB's cash management activities comprise those parts of SEB which help companies and institutions to achieve an efficient handling of their liquidity and payments.

"By working very closely with our customers, acting quickly and flexibly, we keep competing successfully in the global market. The more we manage to integrate the various parts of the Group, delivering comprehensive solutions to our customers, the higher the customer value achieved", says Erik Zingmark.

Euromoney's global cash management 2008

- No. 1** Overall customer satisfaction
- No. 1** Level of commitment to the cash management business
- No. 1** Industry expertise and knowledge
- No. 1** Effective use of up-to-date technology
- No. 1** Competitive pricing
- No. 1** Access to all applicable clearing systems
- No. 1** Global liquidity capabilities
- No. 1** In-country client service
- No. 1** Robustness of electronic banking platforms
- No. 1** Quality of electronic banking security
- No. 1** Innovative payment and collection methods
- No. 1** Low error rates

Successful fund conquers Europe

Right in the middle of the financial turmoil and collapsing stock markets SEB's successful Asset Selection Fund managed to yield a very good return, +26 per cent. As a result of its Management team's achievement, the Asset Selection Fund was not only one of the top European funds in terms of return, but also one of the most sought-after funds in Europe.

SEB Asset Selection invests in shares, interest instruments, currencies and commodities and has made money since it was started in October 2006, both in upward and downward equity markets as well as in times of rising and falling dollar and commodity prices and interest rates.

"Compared with many other management teams we have adopted a different approach to the choice of investments. We have created an investment model that attempts to anticipate whether the various parts of the capital market will show an upward or downward trend in the nearest future", says Hans-Olov Bornemann, Head of Global Quant Team and responsible Fund Manager.

The SEB Asset Selection Fund concept was conceived by Hans-Olov Bornemann and his Global Quant Team during a train journey in the spring of 2005. They had a vision of creating a fund that could meet the needs of both private individuals and institutional clients. It should combine the best properties of hedge funds with those of traditional funds.

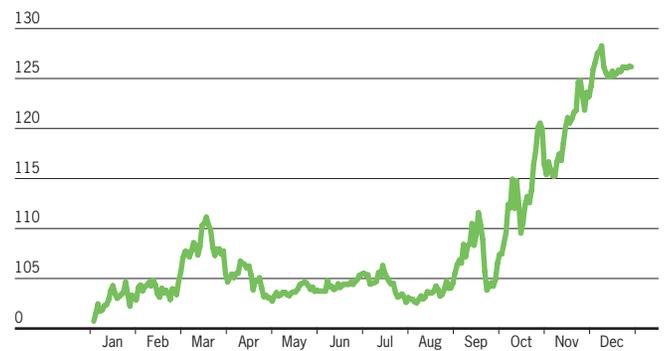
"We created a fund to offer our customers a comprehensive solution and a fund in which we would invest our own money."

Just like hedge funds, SEB Asset Selection is focused on absolute return, i.e. on increasing the fund's capital regardless of market trends. As opposed to hedge funds, which in the best of cases offer monthly trading, the Fund is able to trade on a daily basis, which means that the customer does not get locked up in the Fund. In addition, SEB Asset Selection adheres to a stricter legal framework than normal hedge funds.

After its start in October 2006 SEB Asset Selection has been open to investors since March, 2007. In two years, the Fund has not only become the fastest-

SEB Asset Selection Fund, +26 per cent in 2008

SEB Asset Selection invests in equities, interest instruments, currencies and commodities and has made money in both upward and downward equity markets as well as in times of rising and falling dollar and commodity prices and interest rates.



growing fund in SEB's 150-year old history, beyond comparison, but also the largest Nordic hedge fund. During 2008, the Fund capital increased from SEK 3.5bn to over SEK 15bn (1 December, 2008), a development that has aroused great interest not only in the Nordic countries but also internationally.

Hans-Olov Bornemann, who was elected Fund Manager of the Year in Germany in 2008, is satisfied with the development, but says there is still potential for further growth.

Environment-bond issued by SEB and the World Bank

In early November 2008, the World Bank and SEB announced that they were co-operating on a finance project for the purpose of mitigating the effects of climate change. Together with several important Scandinavian institutional investors they introduced a World Bank "green bond issue".

This is the first time that the World Bank and SEB together offer bonds that are linked to a specific World Bank programme. The bonds are denominated in Swedish kronor and the amount issued totals SEK 2.7 bn.

SEB is the arranger and will offer the bonds to investors via its own distribution channels. The majority of the bonds has already been placed with investors from SEB's institutional client base in

Stockholm, Gothenburg, Oslo and Copenhagen, including Länsförsäkringar, Skandia and both the Second and Third Pension Funds.

The fact that the Pension Fund of the United Nations Staff chose to invest SEK 375 million in these green bonds was a great success and a telling argument that a socially responsible investment with a good yield is a working concept.

"We are very pleased to be part of this transaction, which is important both for SEB and its customers and a significant contribution to the climate issue", says Einar Thodal-Ness, responsible for corporate relations with financial institutions in North America and Japan within Merchant Banking.

Long-term relations, high market share

SEB is a leading commercial bank in the Nordic area with approximately 2,500 large corporate customers and institutions. In many areas, SEB strengthened its position during 2008.

Over the years, SEB has steadily invested in the build-up and maintenance of long-term relations with its large corporate customers and institutions in the Bank's markets in Northern Europe. SEB has a strong position today among this group of customers thanks to its continuous development of new techniques and processes that facilitate customers' activities and its offerings of tailor-made solutions, qualified advice and personal commitment. The Bank has a high market share within such areas as cash management, foreign exchange trading, custody services, corporate advice and equity trading.

By handling a company's payment flows – and financing – the Bank ties a unifying bond with its corporate customers, laying the foundation for a "house bank relationship". During a number of years, SEB has been ranked as a world leader within cash management in terms of customer satisfaction, trade knowledge and degree of innovation, among other things (see page 8).

"We have a very close relationship with our customers, giving them personal service and daily support in the local language. In our line of business this is rather unique", says Erik Zingmark, Global head of SEB's cash management activities.

"The basis for our work is always to help our customers in becoming the best within their industry. In order to do that we must have a real understanding of their business model and their processes. The customer should feel that SEB is the natural partner."

The world's No 1 trader in Swedish krona

When it comes to foreign exchange trading SEB ranks number one in Sweden and – as far as trading in Swedish kronor is concerned – in the world. SEB carries on foreign exchange trading in 14 countries and has expanded its operations internationally in recent years, primarily in Asia and North America.

“ The basis for our work is always to help our customers in becoming the best within their industry.

Erik Zingmark
Global head of Cash Management

“ Together with SEB's various product areas we can offer our customers comprehensive solutions and act as professional advisers and partners on the basis of our customers' needs.

Karin Lindblad
Global head of
Financial Institutions



During the financial crisis year 2008 the number of foreign exchange transactions in SEB increased by approximately 20 per cent and the Bank's market position was consolidated. The foreign currency transactions – which are handled by the Bank's electronic trading system SEB Trading Station to a great extent – accounted for an increasing share of the Bank's income in 2008.

"In times of turbulent markets our role is particularly important. When some banks more or less 'disappeared' from the market in the autumn of 2008, we kept quoting prices, providing our customers with top service. The monthly number of customer calls almost doubled", says Joachim Alpen, Global head of SEB's foreign exchange trading.

"Approximately 80 per cent of today's transactions are processed via our electronic trading system. This means we can dedicate much of our time to advising clients – and that is of course much demanded in times like these", says Joachim Alpen.

SEB improved its position within the large corporate sector in most markets where the Bank operates during 2008.

"SEB was the fastest-growing commercial bank in Norway in 2008 and we increased our lending to the corporate sector significantly. We participated in many large and important loan transactions during the year, either alone or as leaders of syndicated loans", says William Paus, Head of Merchant Banking in Norway.

"We have invested in improved quality in all areas, which has strengthened our position within capital markets and investment bank-

ing, among other things. For the second consecutive year, SEB was ranked number one on the Oslo Stock Exchange and also for the Nordic area as a whole.

SEB's Merchant Banking division includes a special unit, Financial Institutions, which is responsible for the Bank's global relations with, and counterparty risks on, pension funds, asset managers, insurance companies, international banks and central banks, among others.

"By staying in close contact with all parts of the SEB Group and together with the Bank's various product areas, we are able to offer our customers comprehensive solutions. We can thus act as professional advisers and partners on the basis of our customers' needs", says Karin Lindblad, Global head of Financial Institutions.



“ Our lending to corporate customers in Norway increased significantly during 2008 and the Bank strengthened its position in several areas, such as capital markets and investment banking.

William Paus
Head of Merchant Banking in Norway



“ When some banks more or less 'disappeared' from the market during the turbulent autumn of 2008 we kept quoting prices, and serving our customers.

Joachim Alpen
Global head of SEB's foreign exchange trading.





We have never lent more to small companies than in the autumn of 2008, but naturally on the basis of customers' repayment capacity, as always.

Ingrid Jönsson

Head of Region South in Sweden



The small companies are important for us and we know that many of them are interested in banking services that make it easier to keep the funds of the company separate from the owners' private finances.

Stefan Andersson

Head of Sales, SME segment



Focus on accessibility and support for small companies

SEB may be best known as a bank for large companies. However, the Group serves some 400,000 small and medium-sized companies, of which more than 200,000 are found in Sweden and 190,000 in the Baltic countries. During 2008, the inflow of new small corporate customers increased substantially.

One factor that explains this important growth is the Bank's strong focus on the growing group of small enterprises in recent years. During two months of campaign in Sweden in the autumn of 2008 alone, 8,500 small companies concluded agreements with SEB. In total, SEB had a net inflow of 17,000 small and medium-sized corporate customers, of whom 10,000 in Sweden during the year. Among newly started self-employed entrepreneurs SEB trebled its market share last year, to 11 per cent. This increase was primarily due to the successful package offer "Enkla firman". This concept offers self-employed entrepreneurs a number of basic products like corporate accounts, payment services via the Internet, bank cards, financing and advisory services, while allowing them to keep the finances of their firm separate from their private finances.

A package similar to Enkla firman had previously been launched to great success in Estonia, and the experiences gained were useful input to the development of the Swedish offering.

"Many self-employed entrepreneurs are interested in an inexpensive and easy-to-grasp banking service that makes it easier to separate the company's funds from their own", says Stefan Andersson, Head of Corporate Sales, Retail Sweden. "The focus on this particular group of companies is important to us at the Bank for several reasons. The vast majority of Swedish companies belongs to this group and constitutes an important customer group in itself. Also, it is important for us to establish contacts with them at an early stage. After all, all large companies started out as small ones at the beginning."

Furthermore, SEB's small corporate customers are growing faster than the Swedish average, which has led to an increase in the number of slightly larger customers (more than SEK 5m turnover) by close to 2,000 (+23 per cent) between 2006 and 2008.

Generally speaking, SEB's market share among large companies is larger than among the really small ones. This is true both for Sweden and the Baltic countries. This also explains why SEB continues to concentrate on attracting small corporate customers in Sweden through further development of offerings and products that facilitate and support free enterprise, among other things. In the Baltic countries, where SEB has a market share in this segment of about 25 per cent, as well as in Ukraine, the best business opportunities present themselves in offering existing corporate customers increasingly sophisticated products.

"All the work that SEB has spent on developing and constantly improving its services for the large, internationally active companies will also benefit our small and medium-sized corporate customers", says Stefan Andersson. "Increasingly, our small corporate customers are now using our services within cash management, foreign exchange, import and export transactions."

In 2007 SEB's "Enkla Firman" was given the "Small Companies Product of the Year"-award by the magazine *Privata Affärer* and another confirmation of the Bank's commitment to this sector was manifested through the award it was granted in 2008 as "The Bank of the Year for Small Companies". (See article on page 8).

Reliable partner in all kinds of situations

Over the years, SEB has served and supported its corporate customers in both prosperity and adversity. This covers everything, from helping newly started companies to being adviser on succession issues. Above all, however, it is a matter of being a reliable financial partner also when customers are in trouble.

During the last few months of 2008, for example, small companies had difficulties in obtaining credit and this was a big issue in the public debate. However, SEB has not changed its conditions, nor reduced its credit-granting activities.

"No, we are a corporate bank and credits represent an important part of our total offering. We have never lent more to small companies than we did during the autumn of 2008", says Ingrid Jönsson, Head of Region South within the Swedish Retail organisation.

"But naturally, the strong deterioration of the business cycle has made its imprint. As previously, a deterioration of the customer's repayment capacity is obviously taken into account when we make our credit assessment."

Service offer to companies and institutions

SEB is advisor to 2,500 large companies and institutions. SEB's 400,000 small and medium-sized corporate customers can benefit from the competence and products that have been developed in co-operation with the large companies, adapted to the needs of the smaller companies. In addition, SEB's customers have access to numerous services that are specifically designed for small companies and entrepreneurs.

Small and medium-sized companies



“Enkla firman” – Easy firm

“Enkla firman” is a comprehensive solution for people running unregistered firms. This service includes the Internet office, private and bank giro payments, payment services via Internet, corporate cards, corporate accounts offering higher interest and free withdrawals, advisory services and pension solutions.

“Enkla lånet” – Easy loan for companies

“Enkla lånet” is a fast and smooth way of borrowing money for minor companies – from SEK 30,000 up to SEK 300,000. Applications are made via Internet, by telephone or by visiting a branch office.

Internet Office for companies

By having the company's finances gathered in one single place it will only take a minute to get an overview of accounts, payments, mutual funds, loans and shareholdings, for example. The Internet office is open around the clock every day of the year. Corporate advisers are available by telephone as well.

Payments

Payments are fetched automatically from the company's finance system or via Internet. Monitoring of due dates is included.

Payroll administration

SEB offers simple and smooth solutions for companies' payroll administration, including monitoring of due dates, etc.

Assistance in connection with ownership changes

Whether it is a matter of buying or selling a company or a change of generation, SEB has all the expertise and network of contacts that may be needed for the planning and implementation of the transaction.

Card payments and redemption of cards

By signing card redemption agreements with SEB for MasterCard, VISA and Diners Club our corporate customers are able to offer their clients a safe and smooth way of payment.

Pension solutions

SEB has designed a flexible pension plan for small and medium-sized companies, “Tryggplan”, that can be adjusted to the needs and wishes of the employer and his/her staff.

Large companies and institutions



Cash management

SEB can help its customers develop and rationalise their liquidity processes in order to lower their total costs. Our offering includes everything from payments and accounts to advanced advisory services and research. Our success is built upon our ability to recognize our customers' needs, developing new solutions in close co-operation with them. This is confirmed through a number of international awards. For example, SEB has been appointed 'Best bank for cash management in the Nordic and Baltic regions' by Euromoney.

Insurance

By offering insurance solutions including associated services in several markets in the Nordic area, the Baltic countries and Germany, SEB is able to meet corporate needs for occupational pensions and employee benefits, for example. In addition, SEB offers insurance solutions to help companies decrease illness absence and thus reduce the costs involved. Administration of pension funds is another service in which field SEB is the leading player in the Swedish market.

Leasing

SEB's corporate customers have access to services that release capital and create space for growth.

Financing

SEB provides companies with financing in the form of different products such as overdraft facilities, loans, credit and charge cards, factoring, export financing and guarantees, for example. After having analysed the needs of the company we will suggest which products that are best suited, considering the company's current situation and development plans.

Special financing

SEB assists its customers in complex financings which require exhaustive research and documentation, often aimed at specific lines of business. Our offering is based upon both deep knowledge about different industrial sectors and our customers' activities and processes. This allows us to make well-founded risk assessments, thus offering competitive financial solutions

Real estate advisory services and financing

The property market is growing ever more international, demanding increased specialization. This means an increased demand for sophisticated and tailor-made banking, advisory and financing services. In 2008 Euromoney appointed SEB as the best bank in the Nordic area and the Baltic countries and as number three in the world in terms of real estate services.

Foreign exchange and securities trading

SEB's offering in terms of customer trading is complete. In order to meet our customers' needs for integrated, financial solutions in the best way possible we have concentrated everything concerning equity, interest, debt and foreign exchange activities, including research, in one and the same place within the Group. 80 per cent of all our foreign exchange transactions are handled electronically. SEB is number one in the world in terms of Swedish krona-trading.

Wealth management

Wealth management targeted at companies is a tailor-made service for companies and financial institutions. Wealth management offers discretionary and advisory asset management specially tailored to the customer's needs. The investment horizon should not be shorter than one year. It is our ambition to offer the highest possible return in relation to the risk that the customer chooses.

Custody services

SEB is the leading custodian bank in the Nordic and Baltic countries and provides financial institutions and companies with efficient solutions for the settlement and custody of securities. SEB's success builds upon its knowledge of its customers' needs. This enables the Bank to optimize its customers' access to professional information, thus creating a solid basis for prudent investment decisions. International Custody and Fund Administration appointed SEB as the Custody Bank of the Year in 2008.

Corporate finance

SEB offers comprehensive advisory services with respect to corporate acquisitions, sales and mergers as well as issuing and listing activities.



The fact that we have improved our regular supply of services and been quite successful in launching alternative investments explains why we managed better than our competitors.

Tove Bångstad,
Head of Mutual Funds at SEB



Customers appreciate the simplicity of the everyday finance package that SEB Plans offers.

Riho Unt,
Head of Retail operations, Estonia



Accessibility and advisory service in focus

SEB serves more than five million private individuals in Northern Europe by offering both advisory services and products for daily finances and savings.

In the last couple of years SEB has intensified its efforts at reaching the goal of having the most satisfied private customers by increasing its customer activities and by focusing on advisory services. The Bank's range of products has been broadened through a number of straightforward, clear and inexpensive products such as Enkla sparkontot, Enkla lånet, Enkla depån and Enkla fondvalet (Easy-to-grasp savings account, loan, custody deposit account and mutual fund selection).

Extensive work has been devoted to the rationalisation of administrative processes, thus releasing time for customer meetings and advisory services.

Accessibility is a key word for successful banking operations. At SEB customers can access the Bank round the clock by visiting any of its branch offices, by using its Internet and mobile services or by contacting the Bank's Customer Centres in Sweden, the Baltic countries and Germany. In Sweden and Estonia, personal service is offered round the clock via telephone every day of the week and in Sweden in more than 20 languages.

During 2008, Sweden increased its market share of total savings – that is bank savings, mutual funds and unit-linked insurance – as well as of mortgage loans.

In the Baltic countries, where SEB has approximately 2.6 million private customers, and in Germany, the Bank is mainly focused on increasing the number of products per existing customer.

The sales of savings products in the Baltic countries has increased continually in recent years, but slowed down during 2008 following the financial crisis. SEB has high market shares of such savings products as unit-linked and life insurance in the Baltic countries.

In Estonia, SEB launched a number of packages during 2008 with the most common banking services such as cards, Internet payments etc. to private customers under the generic term SEB Plans. Customers pay a fixed monthly fee instead of being debited with various costs for different products and services.

“At year-end, more than 50,000 customers had subscribed to this service and 15,000 of these were new customers to the Bank”, says Riho Unt, Head of the Retail operations in Estonia.

“Pension Plan is another novelty, where we help our customers to plan their pension savings and give them advice concerning different sorts of investments.”

Number one within private banking and mutual fund sales in Sweden

By tradition, SEB is a bank for financially active people in need of asset management and financial advice. These customers are served through special Private Banking units in twelve countries around the world and offered a personal asset manager or stockbroker as a key to the Bank's collective knowledge and expertise. Asset management services and investment advice are supplemented with legal assistance, tax advice and pension solutions.

In early 2009 SEB was appointed Best Private Bank in Sweden by Euromoney.

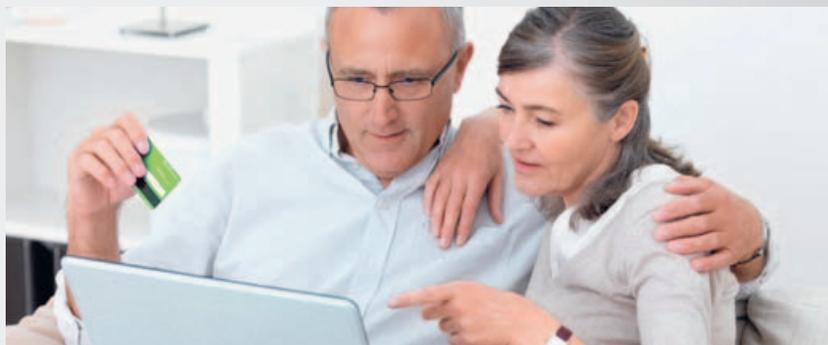
For the third consecutive year, SEB came out as number one in terms of new sales of mutual funds in Sweden in 2008. The net inflow into the Bank amounted to SEK 6.5 billion, in a market that declined by SEK 17.5 billion in total.

“To a large extent, the fact that we have improved our regular supply of mutual fund and unit-linked insurance, while introducing alternative investments in the form of hedge and guarantee funds with great success, explains why we managed better than our competitors”, says Tove Bångstad, Head of mutual funds at SEB.

“Our focus on advisory services and our access to a greater number of distribution channels than many other players have also been important in this connection”, she adds.

The hedge fund SEB Asset Selection did particularly well (see article on page 9).

Our offerings to private individuals



The Enkla assortment

SEB's Enkla assortment consists of competitive products that are designed to cover customers' total needs and associate SEB with simplicity, availability and straightforwardness. The assortment comprises Enkla lånet (loan), Enkla pensionen (pension), Enkla sparkontot (savings account) and Enkla depån (custody account). The Enkla concept is equally appreciated by customers with complicated needs and those with less sophisticated demands.

Internet and telephone services around the clock

For those who wish to handle their banking transactions at home via the pc or while travelling, SEB's Internet bank is always open. Via the web SEB's customers can see their account balances and loans, pay their bills and trade in equities and mutual funds, among other things. In Sweden, the Baltic countries and Germany customers are offered personal service by telephone – in Sweden and Estonia around the clock. They can also manage their banking transactions via an automatic telephone service, whenever it suits them.

Cards

SEB's assortment of cards – Visa, Eurocard, MasterCard and Diners Club – offers a convenient way of payment of purchases and travel. They can be used in shops and ATMs all over the world. SEB is the leading issuer of credit and charge cards in the Nordic area and is now expanding into the Baltic countries.

Mortgage loans and other types of financing

There has been a strong increase in SEB's mortgage loans in recent years, comprising the financing of private houses, co-operative flats and summer houses, particularly in Sweden and the Baltic countries. With its broad range of loans and credits such as car/boat loans and overdraft facilities, SEB is able to offer solutions that meet customers' varying needs.

Savings in bank, securities and mutual funds

SEB has a broad supply of savings products that are adapted to different needs. On a savings account the funds will grow safely and are always available. Equity-indexed bonds give savers back most of their invested capital, offering them the opportunity of benefiting from an upward price development, at the same time. SEB has managed assets on behalf of private individuals in Sweden since the mid-1800s and is today one of the major mutual fund companies in Northern Europe, with approximately 200 own interest and equity funds in the Nordic and Baltic countries, in Germany and Poland.

Payments

Our customers can both pay their bills and make money transfers conveniently with the help of our payment services. Worth mentioning are payments via Internet, by envelope, autogiro and foreign payments.

Insurance and pension savings

SEB offers its customers in Sweden, Denmark, the Baltic and Ukraine a complete assortment of life and pensions insurance. In addition, SEB has a broad range of products that complement public welfare products such as sickness and health insurance. In Germany SEB offers insurance solutions from other companies.

Private banking

SEB's more demanding customers have access to their own private advisers, assisting them with everything from tax advice to asset management with a long-term investment horizon. Customers who wish to make short-term investments can get help from their "own" stock-broker. Apart from Sweden and the Nordic countries, SEB's private banking services are provided to Scandinavians residing abroad via offices in Luxembourg, London, Zurich and Singapore and through representative offices in Marbella, Nice and Geneva.

Many alternative meeting places

SEB has the ambition of offering its customers individual, active and developing banking relations at the time and place of their discretion.

SEB's customers can stay in contact with the Bank round the clock through approximately 600 branch offices, via Internet and by telephone.

SEB is the only bank in Sweden that has a Customer Centre, offering both private and small/medium-sized companies personal service round the clock 365 days of the year in more than 20 different languages. In Estonia, too, SEB's services are on offer night and day, while the Customer Centre's opening hours in the rest of the Baltic countries and Germany are a little more restricted. During 2008 SEB's Customer Centre answered 5.7 million telephone calls and 635,000 e-mails in total.

During 2008, 526 million transactions were carried out by using credit and charge cards issued by SEB, of which about 70 per cent in the Nordic area.

Private individuals in need of asset management and advisory services are served by SEB Private Banking and its special units in Sweden and the rest of the Nordic area, the Baltic and Germany. Customers residing outside their home countries can turn to the Bank's private banking units in twelve countries in addition to Sweden, including Luxembourg, Switzerland, Spain and England.

In the area of life insurance, SEB co-operates with approximately 2,000 insurance brokers in Sweden, Denmark, the Baltic countries and Germany. SEB has its own sales-force of insurance brokers that includes 150 in Sweden, 70 in Denmark and 150 in the Baltic countries. In Germany SEB co-operates with the insurance company AXA.

About 1,250 people work as client executives with their own respective teams, serving large corporations and institutions, in close contact with the Bank's 750 product experts, analysts, foreign exchange dealers and equity brokers, etc.

Internationally the large companies and institutions are served by

18 branches and representative offices – from New York and Sao Paulo to Shanghai and Singapore.

Seminars and travel

In addition to the traditional meeting places and contacts SEB participates in seminars, study tours, fairs and customer meetings in connection with sponsoring events within sports and culture.

SEB's commitment to small companies and entrepreneurs has for example led to a co-operation with Ernst & Young in the competition "Entrepreneur of the Year". SEB is one of the main sponsors of DI Gasellen, the business paper Dagens Industri's competition for fast-growing companies, with conferences around Sweden.

Last year's study tours for small and medium-sized companies went to Ukraine and Poland, for example.

In the autumn of 2008, a new forum was added to the events for large corporate customers, SEB Asia Council, where top managers from large and medium-sized companies can meet with invited speakers, managers and experts from SEB to discuss selected areas related to the economic development of Asia.

Among other seminars the annual Nordic Seminar may be mentioned. At the last meeting, SEB Enskilda gathered professional investors in Copenhagen for meeting with executive management representatives from some 90 listed Nordic companies. This seminar is the biggest of its kind in the Nordic area.

The launching of SEB Benche, an Internet forum for trade finance professionals and other corporate representatives engaged in international trade, was a new feature of the Bank's contacts with large corporate customers.

Approximately 360 people work at SEB's Customer Centre in Gothenburg, mainly answering incoming telephone conversations and e-mail messages from private customers and companies, day and night, in more than 20 languages. The questions can be about just everything – from interest information to the meaning of some specific expression in the annual report.



SEB's trainee programme

SEB is an attractive employer. A total of 1,800 people applied for its 2007–2008 Trainee Programme. The selection process is made in several stages and is very thorough. "A trainee becomes an SEB ambassador in several ways and must be curious and very go-ahead, but also interested in other people and willing to learn from them", says Helena Dahlström, Group Human Resources and responsible for the Trainee Programme.

Last September, 23 trainees completed the one-year trainee programme. About half of the participants were Swedish and the others from Germany, Finland, Estonia, Latvia and Lithuania.

"The programme provides a good platform for continued work in the Bank. Our trainees do not only learn about the Bank, but are also offered the opportunity of seeing the different parts that it consists of, which gives them a wide range of contacts", says SEB Trainee Programme Manager Helena Dahlström.

Potential applicants are found among young academics, particularly Masters of business administration and Masters of engineering. In order to reach this target group, SEB appears on the job fairs that the universities arrange as well as on various student and job sites.

"We even market ourselves on our ATM-receipts, which is kind of cool and a little dif-

ferent. It goes without saying that we spread information about the programme on our own homepage as well", continues Helena Dahlström.

Open House invitation

Since the number of highly qualified applicants is great, there is a very thorough and elaborate selection process to pick the right people.

"For each trainee position offered, we will invite ten candidates to a so-called Open House. Besides finding the most suitable candidates this gives us an opportunity to talk about SEB and to show what the Group stands for. It is our ambition to give all the participants a positive image of SEB, as part of our Employee Branding, and we have also received a very positive response from many candidates after these Open House days", says Helena Dahlström.

Insight into the various parts of the Bank

Pernilla Franck is one of the 23 participants that completed the programme last September. She is now working as a corporate adviser within Retail Banking at Kristianstad, which is also where she had her base during her trainee year.

"During my studies at the International School of Business at Jönköping I used to do extra work at SEB, which I liked very much and realised that there was a potential for development here. I found the international outlook particularly attractive. I therefore aimed at getting into the Bank's international trainee programme, and was successful.

Gaining insight into what the different parts of the Bank are doing was the best part of the programme", according to Pernilla Franck.

"Everyone I have met at SEB has been very accommodating and generous. They really shared their knowledge with us trainees. I have created an incredible network of contacts", she says.

Getting to know all the other participants is another great advantage.

"We have become so closely united and have had so much fun together. Several of my very best friends now come from this group."

Pernilla Franck is now looking forward to beginning to find her feet in her new role as a corporate adviser.

"I feel enthusiastic about the Retail area and that is where I want to work. I have a lot to learn yet, but I can certainly envisage some



SEB's trainee programme gives the participants from Sweden, the other Nordic countries, Germany and the Baltic countries a good knowledge and understanding of the Bank's operations.

A performance culture

leadership role in the future. I am full of energy and would love to motivate other people!"

Invaluable network

Matthias Riekle from Germany is very satisfied with his trainee year, too. Like Pernilla Franck he thinks that visiting and working within the different parts of the Bank was the best part of the programme.

"This offered me an opportunity of understanding the structure of the Bank and provided me with an invaluable network of contacts. I now know who to contact on any issue", he says.

Matthias Riekle has a Master of Business Administration degree from the University of Constanze in Germany. He did his practice at Deutsche Bank and also worked there for a while.

"I got interested in SEB's Trainee Programme, since I found that it was very well set up. As opposed to many other similar programmes it was very flexible, too.

Since two months Matthias Riekle is now working at Merchant Banking's MidCorporate & Institutions department at SEB Frankfurt.

"I am doing exactly what I aimed for and this is what I want to do for the next couple of years. After that, I look forward to new challenges!"

SEB's Trainee programme

■ SEB started its present form of Trainee Programme in 2006. Interest in the programme has grown steadily. In 2007, it attracted 1,800 applicants, of whom approximately 1,100 were from Sweden and 700 from Germany, the Baltic countries and the Nordic area.

■ Each trainee is placed in a 'home department', where they have their own tutor. During their trainee year they will be temporarily employed in a suitable position, which will lead to permanent employment later on.

■ The trainees will spend approximately one third of the time at their respective 'home departments' and take part in the day-to-day operations there. They will spend as much of the time visiting other departments and divisions of the Bank. During a number of weeks, spread out over the year, the whole group will convene for training and for an exchange of experiences. One month is devoted to practice abroad.

SEB's seeks to be the leading bank in Northern Europe in terms of satisfied customers and profitability and also to be the best employer in the financial sector. In order to reach these goals it is vital that SEB attracts and develops the best talents, giving them clear and inspiring goals that are measured, followed up and rewarded.

SEB strives actively to build a culture that measures and rewards performance in order to reach the Bank's strategic goals. It is not only a matter of which results that are delivered, but also of how they are created – how well the employees adhere to SEB's core values: Commitment, Continuity, Professionalism and Mutual Respect.

It is also important to have the right people with the right competence in the right place. SEB shall be in the forefront, ahead of its competitors, when it comes to finding and developing talents that in the long run will contribute to successful business results and customer satisfaction. During 2008, SEB conducted a Global Talent Review, assessing a large number of employees and leaders in order to identify their ability to take on larger roles in the future.

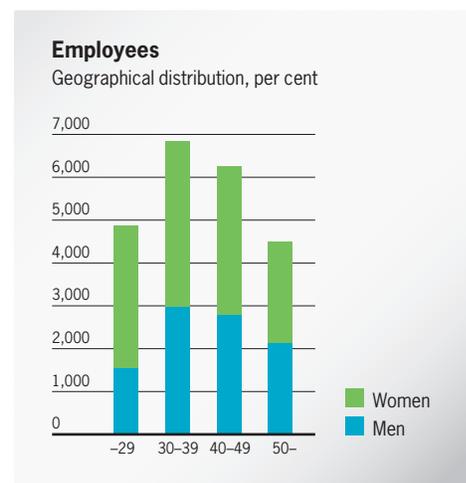
During 2008 a total of SEK 245m was invested in competence development. Almost all employees participated in some form of training and 1,700 managers took part in the Group's various leadership programmes.

SEB strives continuously to build long-term relations with academics with a couple of years' work experience and with last-year university graduates. According to attitude surveys in Sweden, SEB is seen as a very attractive employer and is ranked number one among the banks by business economics students.

Regardless of sex, nationality, ethnic origin, age, sexual inclination or faith, every SEB employee has the same opportunities to develop and make a career within the Bank. According to the Group's diversity plan, the long-term goal is an equal distribution between men and women so that each sex shall be represented by at least 40 per cent at each level.

During 2008, 44 per cent (40) of all the Group's managers were women. The share for group and customer service managers was 54 per cent (46), while it was 36 per cent (36) for department and branch office heads.

SEB's overall remuneration consists of base salary, short-term incentive compensation, long-term incentive compensation to



senior leaders/other key employees, pension and benefits.

The base salary depends on job complexity, experience, competence, work performance and individual responsibility. Most SEB employees are eligible for short-term incentive compensation, which is based upon achievement of pre-determined goals. In 2008, the total short-term incentive compensation, including social charges, accounted for 16 per cent (21) of the Group's total staff costs.

During the year, a share savings programme for the employees was launched for the purpose of increasing employee commitment and of strengthening the relations between employees and shareholders. According to this scheme, each employee can save maximum 5 per cent of his/her annual gross salary and buy shares for the corresponding amount. After three years, employees will receive one share for each share purchased for the saved amount. 7,000, or 33 per cent of the SEB Group's staff, have started saving under this programme.

During 2008 approximately 500 senior officers and other key employees were granted long-term incentive compensation in the form of so-called performance shares.

A trusted partner and corporate citizen

As a major provider of credit, payment systems and other financial services, SEB plays an important role in society. Corporate responsibility efforts are increasingly integrated in our day-to-day business.

SEB's core values – Commitment, Continuity, Mutual Respect and Professionalism – form the basis for our approach to corporate responsibility. To be considered a good corporate citizen is part of SEB's mission statement.

SEB's ambition is to meet the foremost international standards within corporate responsibility. Reducing our carbon footprint is a major priority, through further reductions in energy consumption, increased use of renewable sources and improved processes.

SEB's role in society

As a leading bank in the Nordic and Baltic countries, SEB plays an important role for the development of enterprises, the fostering of trade and the functioning of financial systems in these countries. SEB is a universal bank that provides a wide range of financial services to corporate customers, institutions and households, with leading positions in areas including corporate and private lending, equities trading, asset management and investment banking.

Our position as a facilitator of international trade is particularly strong. For instance, SEB provides cash management services to the majority of the largest Nordic companies and we operate one of the world's largest foreign exchange desks.

Responsibilities and impact

We are fully committed to the view that organisations must take responsibility for the long-term impact of their activities on its various stakeholders.

SEB's foremost responsibility is to assist our customers – 400,000 corporate and institutional clients and five million private customers – in reaching their business objectives and financial goals. Building and maintaining strong customer relationships requires a long-term approach, a genuine understanding of customer needs and constant work to maintain and improve customer satisfaction. In our role as a provider of financing and as an investment manager, we have important indirect sustainability impact.

Responsibility for SEB also entails being an employer that provides equal opportunities for professional development and family-work life balance, and which actively encourages ethnic diversity. Our goal is to be the most attractive employer in the financial sector.

Providing a competitive return to shareholders and addressing the challenges posed by climate change are other important aspects of our corporate responsibility efforts. Not least, it is important that we fulfil our role as an active corporate citizen.

We closely monitor SEB's direct impact on sustainability and further progress was made in 2008. Our total energy consumption in buildings was reduced by 14 per cent, while air travel decreased and train travel increased, the latter by 40 per cent. Indicators related to human resources also improved, as shown by the reduced sick leave rate and the improved health index. The share of female managers rose to 44 per cent.

We address SEB's indirect impact in a number of ways. This involves adherence to internal policies and guidelines as well as international standards and principles for sustainability. For example, SEB is a

Corporate Responsibility at SEB – Commitments and Priorities

Commitment to ethics

Priorities:

- Emphasising core values (Commitment, Continuity, Mutual Respect, Professionalism).
- Ensuring a strong compliance framework.
- Integrating ethics in management training.

Commitment to customers

Priorities:

- Achieving and maintaining top rank in customer satisfaction.
- Providing products and solutions adapted to our customers different needs.

Commitment to employees

Priorities:

- Having the most motivated employees in relation to our peer group.
- Achieving diversity in our workforce.
- Providing our employees with opportunities for career development, learning and work-life balance.

Commitment to shareholders

Priorities:

- Leading our peer group in terms of financial performance.
- Maintaining our position as a leader in governance reporting.

Commitment to the environment

Priorities:

- Ensuring compliance of SEB's environmental standards in all parts of our operations.
- Engaging with our suppliers on environmental issues.
- Developing new products that live up to the environmental preferences of our customers.
- Reducing SEB's carbon footprint.

Commitment to society

Priorities:

- Contributing to economic development in the societies where we operate.
- Engaging in projects to support entrepreneurship.
- Promoting financial and economic understanding.

member of the United Nations Global Compact and supports the OECD guidelines for Multinational Enterprises. As signatory to the UN Global Compact, SEB has made a commitment to human rights, anti-corruption and sustainable development, and is required to communicate its progress in corporate responsibility on a yearly basis.

Code of Business Conduct

At SEB, we believe that high ethical standards are of fundamental importance to sustainable banking. Our ethical standards are expressed in SEB's Code of Business Conduct, which has been adopted by the Board of Directors.

The Code is a guideline that expresses the values that drive our behaviour and how SEB conducts its business. All of our employees are expected to live by these values and each individual is personally accountable for acting ethically.

Achievements 2008

- SEB published its first comprehensive Corporate Responsibility Report, in compliance with GRI G3 Guidelines.
- SEB adopted the United Nations Principles for Responsible Investments (PRI) within the category Investment Manager. This, we believe, is an important step in contributing to the United Nations efforts to promote good corporate citizenship and to build a more stable, sustainable and inclusive global economy. The adoption of PRI means additional emphasis on environmental, social, and corporate governance issues in SEB's ownership policies and practices.
- SEB assisted the World Bank in issuing its first Green Bond (see article on page 9).

Interchange of SEB's Mentor Programme

Since 1997, SEB co-operates with Mentor Sweden, a non-profit foundation engaged in anti-violence and drug-prevention activities among youth. This co-operation gives SEB's employees an opportunity of making a social contribution and of developing themselves at the same time. For the participants, the programme means important contacts with grown-ups.



Dario Sanchez and Tobias Nilsson have a positive experience of SEB's Mentor Programme.

So far, the mentorship programme has given 350 young people in Sweden and Lithuania support by a mentor from SEB. Tobias Nilsson, Branch office manager at one of SEB's branch offices in Stockholm, and Dario Sanchez, pupil in class 9 at the Ärvinge School, are one of the mentor couples. They have found time for several activities since their first meeting in February of 2008, including many involving music, which is an interest that they have in common.

"During my own adolescence I had the privilege of having a large network of grown-ups around me, which has meant a lot to me", says Tobias Nilsson. Seen from that perspective, I feel that I wish to share my experiences with other people. Besides, I am convinced that you can always learn new things, particularly from young people.

Also for Dario Sanchez learning from others was one of the reasons for his wish to apply for a mentor.

"I hope that Tobias can help me out with my English and social studies,

among other things. Above all, however, it is cool to have an adult to talk with", he says.

Like his mentor, Dario Sanchez is very goal-oriented and his next target is to get grades good enough to allow him to enter the Rytmus senior high music school, an upper secondary school education in line with the national music and drama programme, with a focus on music.

They have met approximately every third week over the past year, both on their own and through common activities with the other participants in SEB's mentor programme, including a sailing-race.

Both Tobias Nilsson and David Sanchez have only had positive experiences of the programme. Tobias Nilsson recommends others to take the chance of becoming mentors if the occasion arises. Moreover, both are completely agreed that they will keep staying in contact.

"It is a wonderful opportunity to serve as a mentor, I am learning new things all the time and do things that I perhaps never would have done otherwise. David and I have formed a bond of friendship that we just cannot cut off", concludes Tobias Nilsson.

Facts about SEB's Mentor Programme

Mentor is a non-profit organisation designed to give youth the strength of resisting from violence and drugs. It was founded in 1994 and consists today of a number of national Mentor foundations in Sweden, Great Britain, Germany, the U.S.A. Colombia, Lithuania, Lebanon/Dubai and Belgium. SEB's Mentor Programme is composed of three parts:



- **The Mentorship Programme** is a co-operation between pupils at senior-level schools and actively working grown-ups, based upon mutual give and take. This means regular meetings during one year, giving the mentors rewarding experiences and support to the pupils.
- **The Parental Programme** has been designed to give parents the tools they need in order to develop and support their children prior to and throughout their teens. Improved communication skills make it easier to handle the various situations that may arise within families. SEB offers all its employees to take part in the parental programmes.
- SEB employees may also be **mentor inspirers**, which means that they will receive young people on three occasions per year, at their place of work, for the purpose of creating positive meetings between young people and adults.

Profit and loss account

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

Income statement		2008	2007	Change, %
SEKm				
Income				
1	Net interest income	18,710	15,998	17
2	Net fee and commission income	15,254	17,051	-11
3	Net financial income	2,970	3,239	-8
4	Net life insurance income	2,375	2,933	-19
5	Net other income	1,831	1,219	50
	Total operating income	41,140	40,440	2
Costs				
6	Staff costs	-16,241	-14,921	9
	Other expenses	-7,642	-6,919	10
	Depreciation of assets	-1,524	-1,354	13
	Total operating expenses	-25,407	-23,194	10
	Gains less losses from tangible and intangible assets	6	788	-99
7	Net credit losses including changes in value of seized assets	-3,268	-1,016	
8	Operating profit	12,471	17,018	-27
	Income tax expense	-2,421	-3,376	-28
9	Net profit	10,050	13,642	-26
	Attributable to minority interests	9	24	-63
	Attributable to equity holders	10,041	13,618	-26

1) Incl. changes in value of seized assets.

accounts with different maturities, short-term deposits can also be used for long-term lending.

Customers' requirements vary strongly as far as loan amount, maturity and other conditions are concerned. Furthermore, the interest margins of the banks differ depending upon the market, different handling costs and the business risk involved. Changes in margins as well as in deposit and lending volumes are naturally of great importance for the development of the Group's net interest income, which is primarily made up of the difference between SEB's earnings on lending to the general public (households, companies, etc.) and credit institutions, on the one hand, and its costs for deposits and borrowings from the public and credit institutions, on the other.

During 2008, SEB's net interest income improved by 17 per cent, to SEK 18.7bn. This increase was primarily due to volume increases, both in deposits and lending. Falling interest rates towards the end of the year had a negative impact on deposit margins, while they were positive for the lending margins.

2 Net fee and commission income

By tradition, commission income from various services such as equity trading, advisory services and credit and charge cards weighs more heavily in SEB than in other Swedish banks. This is due to the fact that the Bank, more than its competitors, has focused on providing services to large corporations and on wealth management.

During 2008, SEB's net commission income dropped by 11 per cent following declining income from equity trading, other capital market-related activities as well as from asset management and life insurance operations

3 Net financial income

This item includes both realised gains/losses in connection with the sale of shares, bonds and other financial instruments and the market value of unrealised changes in the value of the Group's trading stock of securities. This item also includes the result from foreign exchange trading, where SEB is the market leader in Sweden.

Net financial income was negatively affected by the turbulent credit markets in 2008, which led to a decrease in the value of the Bank's interest-bearing portfolios of approximately SEK 1bn. New rules were introduced during the year, according to which the banks could reclassify parts of these holdings as loans. As a result of high customer activity, income from the Bank's foreign exchange trading rose significantly in 2008.

Income

SEB's total income increased by 2 per cent to SEK 41.1bn. The weakening of the Swedish krona had a positive effect on income of approximately SEK 0.5 bn.

1 Net interest income

Put simply, arranging loans between customers with a surplus of capital and customers with borrowing needs is what traditional banking activity is all about. Acting as an intermediary, the Bank may for example use long-term household savings for short-term corporate lending. On the other hand, thanks to the great number of

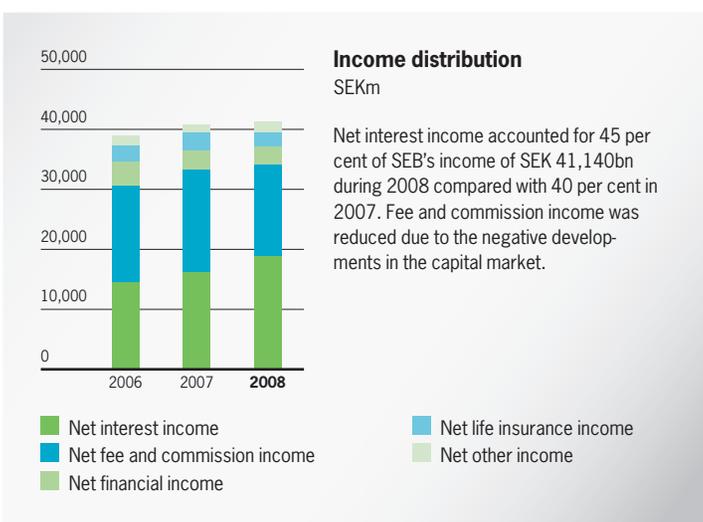
4 Life insurance income, net

This item shows the result of sales of life insurance products, of which unit-linked insurance accounts for a very large share.

Life insurance income, net, dropped by 19 per cent compared with 2007, mainly as a result of the decline in unit-linked insurance values that followed the general stock market slump.

5 Other income, net

Under this heading we find capital gains and dividends, among other things. SEB sold its share of VPC at the end of 2008, which resulted in a capital gain of SEK 780m.

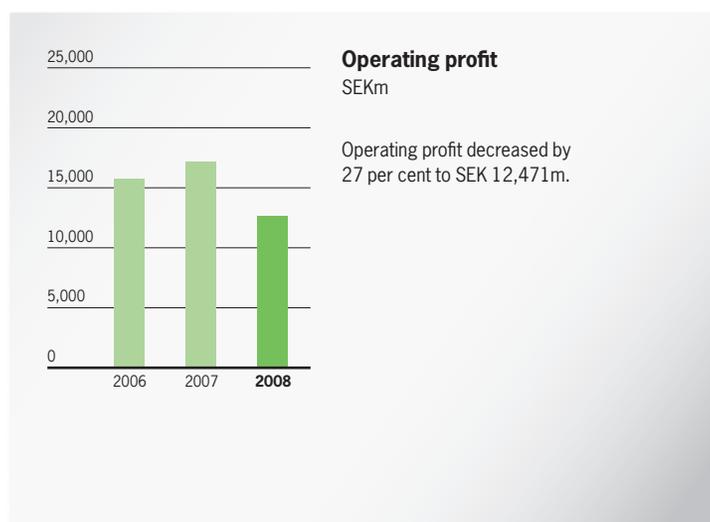


7 Credit losses, net

Credit losses to a large extent refer to provisions for probable loss rather than incurred loss. Both specific and collective provisions are made. Provisions increased strongly during 2008 and the credit loss level rose to 0.30 per cent of lending. The rising provisions were primarily related to the Baltic countries. Higher provisions were also made within the Merchant Banking division.

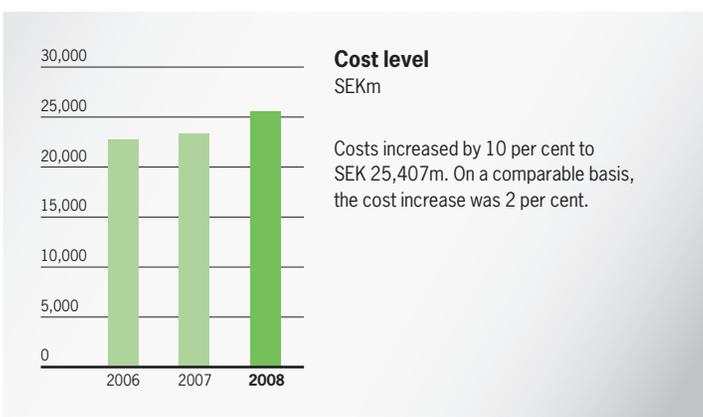
8 Operating profit

The operating profit dropped by 27 per cent, to SEK 12,471m. 65 per cent of SEB's operating result was generated in Sweden.



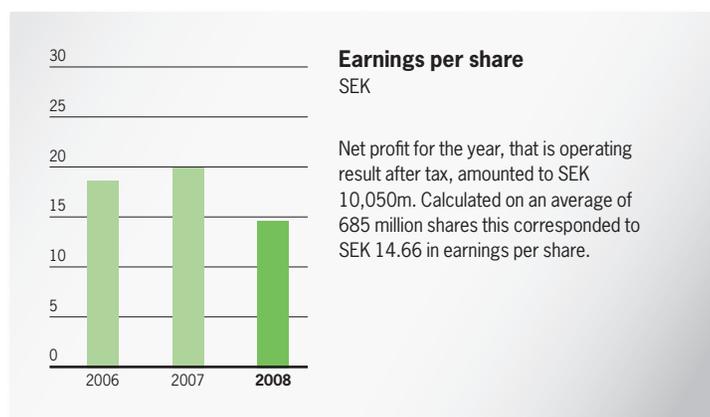
6 Expenses

Total costs increased by 10 per cent during 2008. On a comparable basis – excluding increased redundancy costs, provisions for pensions, investments in the Bank's so-called One IT Roadmap and acquisitions – costs rose by 2 per cent.



9 Net profit

Net profit for the year decreased by 26 per cent, to SEK 10,050m. This amount forms the basis for calculating earnings per share.



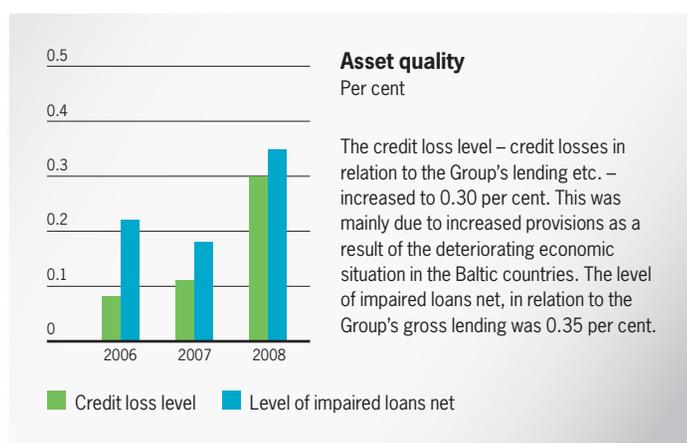
Balance sheet

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

Balance sheet			
SEKm	2008	2007	Change, %
1 Assets			
Cash and cash balances with central banks	44,852	96,871	-54
Loans to credit institutions	266,363	263,012	1
Loans to the public	1,296,777	1,067,341	21
Financial assets at fair value ¹⁾	635,454	661,223	-4
Available-for-sale financial assets ¹⁾	163,115	170,137	-4
Held-to-maturity investments ¹⁾	1,997	1,798	11
Investments in associates	1,129	1,257	-10
Tangible and intangible assets	29,511	24,697	19
Other assets	71,504	58,126	23
Total assets	2,510,702	2,344,462	7
2 Liabilities and equity			
Deposits by credit institutions	429,425	421,348	2
Deposits and borrowing from the public	841,034	750,481	12
Liabilities to policyholders	211,070	225,916	-7
Debt securities	525,219	510,564	3
Financial liabilities at fair value	295,533	216,390	37
Other liabilities	71,565	97,519	-27
Provisions	1,897	1,536	24
Subordinated liabilities	51,230	43,989	16
Total equity	83,729	76,719	9
Total liabilities and equity	2,510,702	2,344,462	7
¹⁾ Of which bonds and other interest bearing securities inclusive derivatives.	628,675	608,016	3

1 Assets

The most important items are lending to the general public (households, companies etc.) and credit institutions, respectively, which together account for a little over 50 per cent of assets. Another important item consists of holdings of interest-bearing securities.



2 Liabilities and equity

Here, the most important items are liabilities to credit institutions and deposits/borrowings from the general public. Securities issued by SEB are important liabilities, too.

Total equity consists of the original share capital, capital contributions through new issues, net profit for the year and retained earnings (see further under Section on Capital adequacy).

Use of profits

The size of the dividend is determined by the SEB Group's financial position and opportunities. For 2008 the net profit after tax amounted to SEK 10,041m, corresponding to SEK 14.66 per share. The Board of Directors proposes that no dividend be paid for 2008. This means that all retained earnings are brought forward to next year.

Some important key figures

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

Key ratios (excerpt from table on the inside cover)	2008	2007
Return on equity, %	13.1	19.3
Cost/Income ratio	0.62	0.57
Total capital ratio, incl. net profit, % ¹⁾	10.62	11.04

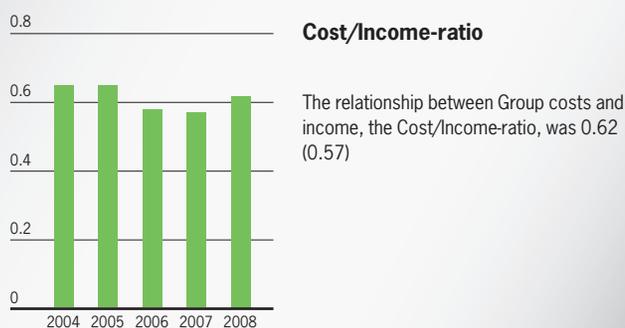
1) According to Basel II with transitional rules.

Return on equity

The goal of the SEB Group is that its earnings capacity or return on shareholders' equity shall be the highest among comparable banks and that its profit growth shall be sustainable.

Calculated as follows, the earnings capacity for 2008 was 13.1 per cent:

$$\frac{\text{SEK 10.0bn (net profit for the year, that is profit after tax)}}{\text{SEK 76.4bn (average capital)}} = 13.1 \text{ per cent}$$



Cost/Income ratio

The ratio between costs and income is an important measurement of the Group's efficiency. During 2008 the Cost/Income-ratio was 0.62 (0.57).

Capital adequacy

Shareholders' equity constitutes the core of the capital base. In addition, SEB works with borrowed capital in the form of subordinated debt and bond loans that have been raised in the international capital market. Part of the subordinated debt may be included in the Bank's capital base according to special rules. The size of the capital base is of decisive importance for how much the Bank is able to lend and invest in total.

The capital adequacy ratio shows the Group's capital base (excluding insurance operations) in relation to business volumes (weighted according to special risk classes). The capital base consists mainly of two parts:

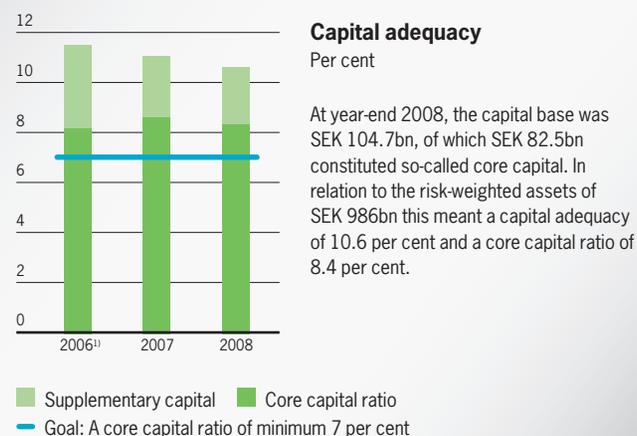
1. Shareholders' equity, adjusted in accordance with the capital adequacy rules.

2. Borrowed capital in the form of subordinated debt that SEB has raised in the international capital market. This, too, is subject to special rules.

The legal requirement for the total capital ratio is 8 per cent and 4 per cent for the core capital ratio. SEB meets these requirements by a wide margin: At year-end 2008, the Group had a total capital ratio of 10.6 per cent and a core capital ratio of 8.4 per cent. The total capital ratio is calculated as follows:

$$\frac{\text{SEK 104.7bn (capital base¹⁾)}}{\text{SEK 986.0bn (risk-weighted volumes)}} = 10.6 \text{ per cent}$$

1) Of which, SEK 82.5bn was core capital.



1) Basel I has been used.

Clear distribution of responsibilities

It is essential to have a clear and effective structure for responsibility distribution and governance in order to maintain confidence in SEB among all interested parties.

SEB attaches great importance to the creation of clearly defined roles for officers and decision-making bodies. The structure of responsibility distribution and governance comprises:

- The Annual General Meeting.
- The Board of Directors.
- The President.
- The divisions and support functions.
- Internal Audit, Compliance and Risk Control.

Annual General Meeting

Shareholders' influence on the Bank is exercised at the Annual General Meeting, which is the highest decision-making body of the Bank. All shareholders, who are registered in the Shareholders' Register and have notified their attendance in time, have the right to participate in the Meeting and to vote for the full number of their respective shares. Information about SEB's largest shareholders is found on page 32.

Board of Directors

The Board members are appointed by the shareholders at the Annual General Meeting for a term of office that lasts until the next Annual General Meeting. During 2007, twelve Board meetings were held. Essential matters dealt with included the following:

- Strategic direction of Group activities.
- Development of credit portfolio.
- Capital, risk and financing issues.
- Short/long-term compensation issues, succession planning, management supply.
- Issues concerning customer and staff satisfaction.
- Major investments and business acquisitions.
- Interim reports and annual report.
- Board committee reports.
- Evaluation of the work of the Board of Directors, the President and the Group Executive Committee.

Certain tasks of the Board of Directors are carried out in committee form. The *Risk and Capital Committee* is responsible for credit processes, credit policies and capital issues, among other things. The *Audit and Compliance Committee* is responsible for ensuring the quality of the Bank's financial reporting and maintains contact with the external auditors of the Bank, etc. The *Remuneration and Human Resources Committee* handles issues concerning compensation to the President and certain other senior officers, incentive programmes, pension plans and management supply issues, among other things.

The President

The President is appointed by, and reports to, the Board of Directors. The President is responsible for the day-to-day management of Group activities in accordance with the guidelines of the Board of Directors and established policies. The President has three different committees at her disposal; the *Group Executive Committee* for business issues, the *Group Credit Committee* for credit issues and the *Asset and Liability Committee* for capital and risk issues.

Divisions and support functions

As from 1 January 2007 SEB's activities are organised in four divisions, with underlying business areas: *Large Corporations and Institutions*, *Retail Banking*, *Wealth Management* and *Liv*, plus three support functions which the

divisions are sharing: *Business support*, *Group IT* and *Group Staff functions*.

Control functions

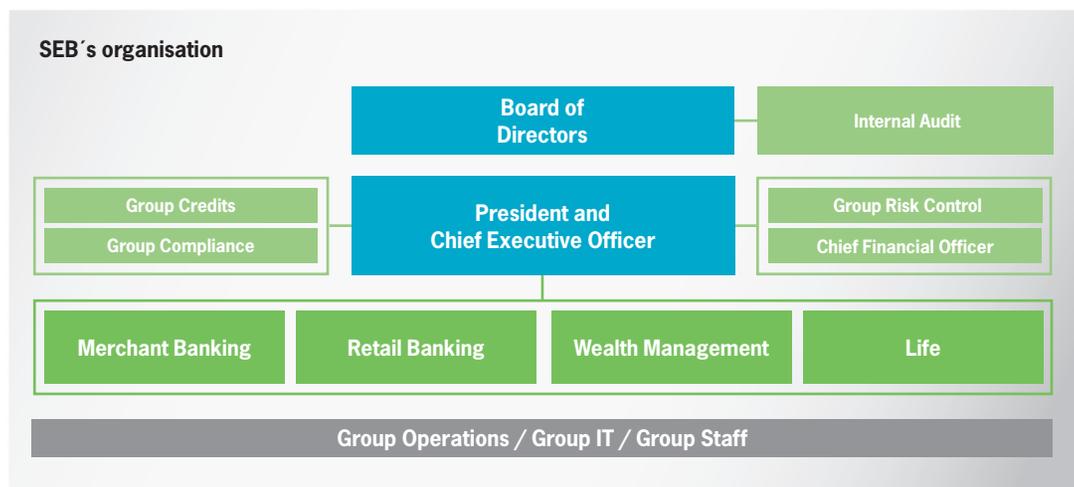
The Group has three control functions: *Internal Audit*, *Compliance Officers/Group Compliance Officer* (compliance with rules and ethics) and *Group Risk Control* (supervision of credit, market, operational and liquidity risks).

Compensation to the Board of Directors and Senior Officers

SEB's 2008 Annual General Meeting fixed a total remuneration amount of SEK 8,070,000 for the members of the Board, of which SEK 2,600,000 for the Chairman of the Board and SEK 1,800,000 for committee work.

The Annual General Meeting furthermore approved the Board's proposal concerning compensation principles and other terms of employment for the President and the Group Executive Committee.

In addition, the Meeting decided to launch a long-term, performance-based incentive programme for 2008. The programme, which is based upon so-called performance shares, was directed at approximately 500 senior officers. *SEB applies the Swedish Code of Corporate Governance that became effective on 1 July, 2005. The entire corporate governance report is found in SEB's annual report and on the Group's homepage, www.sebgroup.com*



Risk and Capital Management

Comprehensive risk management is fundamental to the long-term profitability and stability of the SEB Group.

Risk management objectives

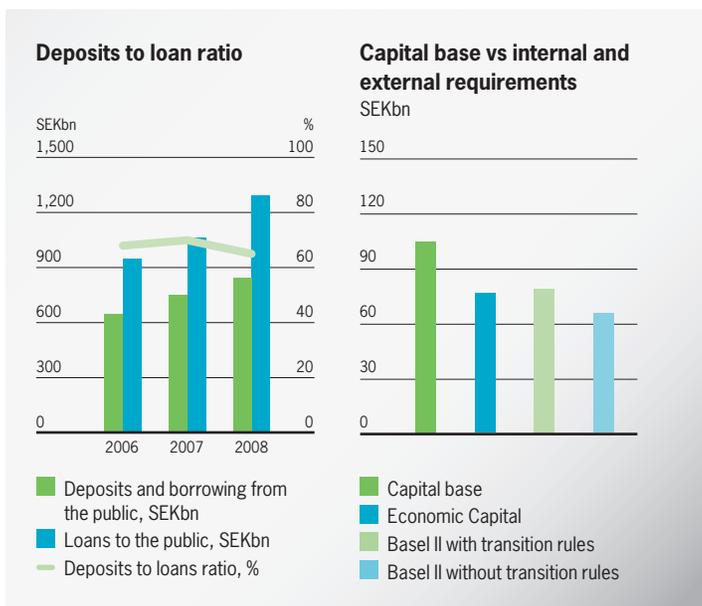
Managing risk is a core activity in a bank. In providing its customers with financial solutions and products SEB assumes various risks, mainly credit risk. Risk is closely related to business activities and business development and, therefore, to customer needs.

SEB's profitability is directly dependent upon its ability to evaluate, manage and price the risks encountered, while maintaining an adequate capitalization to meet unforeseen events. To secure the Group's financial stability, risk and capital-related issues are identified, monitored and managed at an early stage. They also form an integral part of the long-term strategic planning and operational business planning processes performed throughout the Group.

The Group applies a modern framework for its risk management, having long since established independent risk control, credit analysis and credit approval functions. Board supervision, an explicit decision-making structure, a high level of risk awareness among staff, common definitions and principles, controlled risk-taking within established limits and a high degree of transparency in external disclosures are the cornerstones of SEB's risk and capital management.

Risk management 2008

2008 was a year of continued exceptional turbulence on the financial markets, culminating in the third and fourth quarters with the aftermaths of the Lehman Brothers default. The stress on the financial markets reached extreme levels on several occasions and many markets were affected by a drying-up of liquidity. The year was also characterized by a loss of market confidence in bank disclosures and in previously established capitalisation benchmarks.



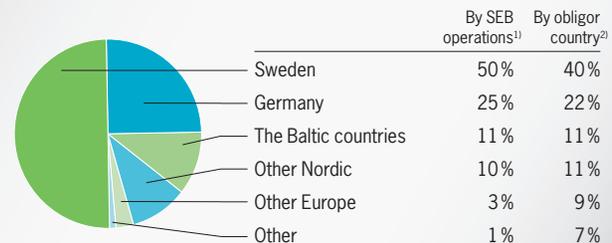
Credit portfolio – by industry

Share of total (SEK 1,934bn)



Credit portfolio – geographical distribution

Share of total (SEK 1,934bn)



1) Geographical distribution by SEB operations (chart).

2) Geographical distribution according to obligor's country of domicile.

In this challenging climate, SEB maintained a stable financial position, supported by its actions to raise SEK 160 billion in long-term funds, including SEK 100 billion in covered bonds and the remainder in unsecured senior debt, and a net inflow of SEK 90 billion in deposits and borrowings from the public. Throughout the year, SEB maintained good access to the capital markets for its short-term financing needs, while the market for long-term financing was severely disrupted following the Lehman Brothers default.

SEB took a number of steps to proactively address the increased credit risk in its markets, with a particular focus on the Baltic markets. This included the establishment of a management forum that focuses exclusively on work-out and/or restructuring matters, and Special Credits Management, a new function with Group-wide responsibility for managing problem credits. The Group decided to set up specific entities in the Baltic countries charged with work-out of distressed assets.

By year-end, the deteriorating economic climate had not materially impacted impaired loan levels in the Group's Nordic operations, while impaired loan levels rose significantly in the Baltic countries because of the macroeconomic slowdown.

Board of Directors



Marcus Wallenberg



Tuve Johannesson



Jacob Wallenberg



Penny Hughes



Urban Jansson



Dr Hans-Joachim Körber



Christine Novakovic



Jesper Ovesen



Carl Wilhelm Ros



Annika Falkengren



Göran Lilja



Cecilia Mårtensson



Göran Arrius



Ulf Jensen

Marcus Wallenberg^{2) 5) 7)}
Born 1956; elected 2002, B. Sc. of Foreign Service.
Chairman since 2005.
Other assignments: Chairman Saab and Electrolux. Honorary Chairman ICC (International Chamber of Commerce). Deputy Chairman Ericsson. Director AstraZeneca, Stora Enso, Temasek Holding Ltd and the Knut and Alice Wallenberg Foundation.
Own and closely related persons' shareholding: 235,638 A-shares and 1,473 C-shares.

Tuve Johannesson⁸⁾
Born 1943; elected 1997, B. Sc., MBA and Econ. Dr. H.C.
Deputy Chairman since 2007.
Other assignments: Chairman Ecolean International A/S, IBX Integrated Business Exchange AB and the Lund University School of Economics and Management Advisory Board. Director Incentive AB, Cardo AB and Meda AB. Industrial Advisor to EQT and JC Bamford Excavators Ltd.
Own and closely related persons' shareholding: 42,700 A-shares.

Jacob Wallenberg
Born 1956; elected 1997, B. Sc. (Econ) and MBA.
Deputy Chairman since 2005 (Chairman 1998–2005)
Other assignments: Chairman Investor and Air Plus TV. Deputy Chairman Atlas Copco and SAS. Director ABB, the Knut and Alice Wallenberg Foundation, the Coca-Cola Company, the

Nobel Foundation and Stockholm School of Economics.
Own and closely related persons' shareholding: 133,960 A-shares and 2,640 C-shares.

Penny Hughes⁶⁾
Born 1959; elected 2000, B. Sc (Chemistry)
Other assignments: Director GAP Inc and Home Retail Group Plc.
Own and closely related persons' shareholding: 1,550 A-shares.

Urban Jansson¹⁾
Born 1945; elected 1996, Higher bank degree (Skandinaviska Enskilda Banken).
Other assignments: Chairman EAB, JetPak Group, Global Health Partner, HMS Networks, Rezidor Hotel Group and OMX Nordic Exchange Stockholm AB Listing Committee. Director Adtech, W. Becker, Clas Ohlson, Ferd A/S and Höganäs.
Own and closely related persons' shareholding: 13,000 A-shares.

Dr Hans-Joachim Körber
Born 1946; elected 2000; Ph.D.
Other assignments: Director Air Berlin PLC, Bertelsmann AG, Esprit Holdings Ltd and Sysco Corporation.
Own and closely related persons' shareholding: 0

Christine Novakovic⁹⁾
Born 1964; elected 2008; B. Sc. (Econ)
Other assignments: Director Earth Council, Genève and DEAG Deutsche Entertainment AG, Berlin
Own and closely related persons' shareholding: 0

Jesper Ovesen³⁾
Born 1957, elected 2004, Bachelor of Commerce Degree (Econ) and MBA.
Other assignments: Chief Financial Officer TDC A/S. Director FL Smidth & Co A/S.
Own and closely related persons' shareholding: 1,405 A-shares.

Carl Wilhelm Ros⁴⁾
Born 1941, elected 1999, M.Sc. (Pol. and Econ).
Other assignments: Director Anders Wilhelmsen & Co A/S, Bonnier, Camfil, INGKA (Ikea) Holding and Bisnode.
Own and closely related persons' shareholding: 5,229 A-shares and 38 C-shares.

Annika Falkengren³⁾
Born 1962; elected 2005 (effective as of 1 January 2006), SEB employee since 1987; B. Sc. (Econ).
President and Group Chief Executive as of 10 November 2005.
Other assignments: Director Securitas, Ruter Dam, IMD Foundation and the Mentor Foundation.
Own and closely related persons' shareholding: 114,920 A-shares, 323,530 employee stock options and an initial allotment of 107 817 performance shares.

Directors appointed by the employees

Göran Lilja
Born 1963; appointed 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 in 2006.
Own and closely related persons' shareholding: 644 A-shares.

Cecilia Mårtensson
Born 1971; appointed 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: 1,000 A-shares, 120 C-shares.

Deputy Directors appointed by the employees

Göran Arrius
Born 1959; appointed 2002, Naval Officer. Chairman Association of University Graduates at SEB and JUSEK.
Own and closely related persons' shareholding: 87

Ulf Jensen
Born 1950; appointed 1997 (1995), university studies economics and law.
Deputy Chairman Financial Sector Union of Sweden SEB Group. Director Financial Sector Union of Sweden.
Own and closely related persons' shareholding: 0

- 1) Chairman of Risk and Capital Committee of the Board of Directors.
- 2) Deputy Chairman of Risk and Capital Committee of the Board of Directors.
- 3) Member of Risk and Capital Committee of the Board of Directors.
- 4) Chairman of Audit and Compliance Committee of the Board of Directors.
- 5) Deputy Chairman of Audit and Compliance Committee of the Board of Directors.
- 6) Chairman of Remuneration and HR Committee of the Board of Directors.
- 7) Deputy Chairman of Remuneration and HR Committee of the Board of Directors.
- 8) Member of Remuneration and HR Committee of the Board of Directors.
- 9) Member of the Audit and Compliance Committee of the Board of Directors.

Group Executive Committee and Auditors



Annika Falkengren



Jan Erik Back



Fredrik Boheman



Magnus Carlsson



Ingrid Engström



Hans Larsson



Bo Magnusson



Anders Mossberg



Mats Torstendahl

Annika Falkengren

Born 1962; SEB employee since 1987; B. Sc. (Econ). President and Group Chief Executive as of 10 November 2005.

Other assignments: Director Securitas, Ruter Dam, IMD Foundation and the Mentor Foundation.

Background: Started as SEB trainee 1987 and worked in 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 2001–2005.

Own and closely related persons' shareholding: 114,920 A-shares, 323,530 employee stock options and an initial allotment of 107,817 performance shares.

Jan Erik Back

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

Executive Vice President, Chief Financial Officer since 15 August 2008.

Background: Back started his career at Svenska Handelsbanken, where he held various positions within finance between 1986 and 1998. He then moved to the insurance company Skandia, where he, after four years within various positions, was appointed Chief Financial Officer. 2007–2008, Jan Erik Back was First Senior Executive Vice President and CFO of Vattenfall.

Own and closely related persons' shareholding: 5,915 A-shares, 0 employee stock options and an initial allotment of 8,400 performance shares.

Fredrik Boheman

Born 1956; SEB employee since 1985; M.A. Executive Vice President, Head of Wealth Management since 1 January 2007.

Other assignments: Director Teleopti.
Background: Started as SEB trainee. SEB in Sao Paulo and Branch Manager in Hong Kong 1994–1998. Thereafter Head of Corporate Clients and Head of Trade and Project Finance. 2002–2006 in Germany, first as Head of Merchant Banking, thereafter as CEO of SEB AG. Head of Asset Management October 2006.

Own and closely related persons' shareholding: 13,754 A-shares, 2 C-shares, 0 employee stock options and an initial allotment of 53,034 performance shares.

Magnus Carlsson

Born 1956; SEB employee since 1993; M. Sc.

Executive Vice President, Head of Merchant Banking since 2005.

Background: Bank of Nova Scotia in 1980–93, 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 and Head of the SEB Merchant Banking division and Executive Vice President of SEB in 2005.

Own and closely related persons' shareholding: 8,844 A-shares, 12,250 employee stock options and an initial allotment of 77,310 performance shares.

Ingrid Engström

Born 1958; SEB employee since 2007; M. Psychology.

Executive Vice President, Head of Human Resources & Organisational Development since 26 March 2007.

Background: President ComHem 1998–2000, President and Chief Executive Officer KnowIT 2000–2003, and Executive Vice president Eniro with responsibility for Operations, Purchase and Human Resources 2003–2007.

Other assignments: Board member Teracom and Springtime.

Own and closely related persons' shareholding: 603 A-shares, 0 employee stock options and an initial allotment of 32,392 performance shares.

Hans Larsson

Born 1961; SEB employee since 1984; B. Sc. (Econ).

Head of Group Strategy and Business Development as from January 2009.

Background: Started in SEB within Trading & Capital Markets, 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 2005–06 and Head of SEB Group Staff October 2006–December 2008.

Own and closely related persons' shareholding: 5,613 A-shares, 17 C-shares, 20,000 employee stock options and an initial allotment of 39,909 performance shares.

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 January 2009.

Head of Retail Banking up to year-end 2008.

Background: Started his career at SEB Trading & Capital Markets, 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. Later on 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 and Head of Retail Banking 2007–2008.

Other assignments: Director Swedish Bankers' Association.

Own and closely related persons' shareholding: 6,844 A-shares, 25,000 employee stock options and an initial allotment of 63,447 performance shares.

Anders Mossberg

Born 1952; SEB employee since 1985. Executive Vice President, Head of the Life division since 2007.

Background: Head of the bank's life insurance operations in 1990. Head of SEB Trygg Liv since 1997. 1998 Executive Vice President of SEB and Head of the Asset Management & Life division. 2001 General Manager and CEO SEB Trygg Liv. Anders Mossberg started his career at Skandia Försäkring AB in 1981.

Other assignments: Deputy Chairman Sveriges Försäkringsförbund.

Own and closely related persons' shareholding: 7,804 A-shares, 185,088 employee stock options and an initial allotment of 76,907 performance shares.

Mats Torstendahl

Born 1961; SEB employee since 1 January 2009. M.Sc. (Engineering Physics).

Executive Vice President, Head of Retail Banking since 1 January 2009.

Background: Started his career at ABB in 1985. In 1987 he moved to Östgöta Enskilda Bank, where he was i.a. branch manager in Stockholm 1996–2000. Appointed Executive Vice President of Danske Bank in Sweden in 2001. Senior Executive Vice President, Danske Bank Sweden and member of Danske Bank Group Executive Committee since 2004.

Own and closely related persons' shareholding: 0 A-shares, 0 employee stock options and an initial allotment of 20,000 performance shares.

AUDITORS

Auditors elected by the Annual General Meeting

PricewaterhouseCoopers

Peter Clemetsson

Born 1956; Signing auditor in SEB as of 2006.

Authorised Public Accountant.

Peter Nyllinge

Born 1966; co-signing auditor in SEB as of 2006.

Authorised Public Accountant.

The SEB share development in 2008

In 2008 the SEB Class A share dropped by 63 per cent. Earnings per share were SEK 14.66 (19.97). The Board proposes no dividend for 2008.

Share capital

The SEB share is listed on the Nasdaq OMX Stockholm Stock Exchange. The share capital amounts to SEK 6,872m, distributed on 687.2 million shares. The Class A share entitles to one vote and the Class C share to 1/10 of a vote.

Stock Exchange trading

2008 was the weakest year to date on the Nasdaq OMX Stockholm Stock Exchange and the Swedish OMX General Index went down by 42 per cent. The value of the SEB share decreased by 63 per cent, while the European Banking Index fell by 64 per cent. During the year, the total turnover in SEB shares amounted to SEK 190bn. SEB thus remained one of the most traded companies on the Stockholm Stock Exchange. Market capitalisation by year-end was SEK 41.6bn.

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 a long-term growth based upon the capital base for the financial group of undertakings. SEB has traditionally had the objective that the annual dividend per share shall, over a business cycle, correspond to around 40 percent of earnings per share.

SEB maintains this long-term dividend policy, although future dividends will be assessed in the light of prevailing economic conditions and the Bank's earnings and capital position.

SEB share

Data per share	2008	2007	2006	2005	2004
Basic earnings, SEK	14.66	19.97	18.72	12.58	10.83
Diluted earnings, SEK	14.65	19.88	18.53	12.47	10.82
Shareholders' equity, SEK	121.96	111.97	98.98	84.84	77.31
Adjusted shareholders' equity	134.10	127.24	112.66	96.44	85.66
Net worth, SEK	135.00	127.44	115.90	102.19	89.50
Cash flow, SEK	-28.97	177.15	6.32	21.07	4.95
Dividend per A and C share, SEK	0.00	6.50	6.00	4.75	4.35
Year-end market price					
per Class A share, SEK	60.75	165.50	217.50	163.50	128.50
per Class C share, SEK	55.00	154.00	209.00	158.00	124.50
Highest price paid during the year					
per Class A share, SEK	171.00	250.50	220.00	165.50	131.00
per Class C share, SEK	159.50	240.00	212.50	159.50	126.50
Lowest price paid during the year					
per Class A share, SEK	51.00	156.50	152.50	122.50	99.50
per Class C share, SEK	51.00	147.50	145.50	118.00	92.50
Dividend as a percentage of result for the year, %	0.0	32.6	32.0	37.8	40.2
Yield, %	0.0	3.9	2.8	2.9	3.4
P/E	4.1	8.3	11.6	13.0	11.9
Number of issued shares					
average, million	684.8	682.0	673.3	667.8	679.8
at year-end, million	685.0	683.5	678.3	668.8	668.5

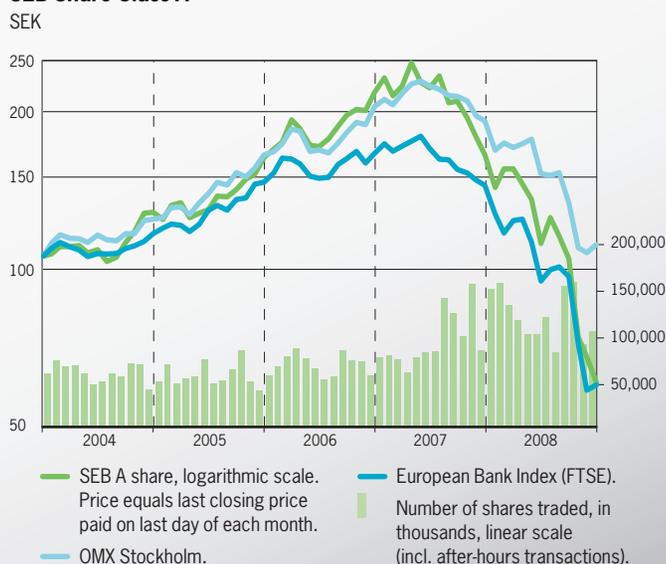
Largest shareholders¹⁾

December 31, 2008	No. of shares	Of which Series C shares	Per cent of number of all shares	Per cent of votes
Investor AB	142,527,895	2,725,000	20.7	21.1
Trygg-Stiftelsen	65,677,962		9.6	9.9
Alecta	36,148,611	733,611	5.3	5.4
Swedbank/Robur Funds	26,151,625		3.8	3.9
AFA Insurance	18,758,325	875,560	2.7	2.7
SEB Funds	13,137,692		1.9	2.0
Fourth Swedish National Pension Fund	12,728,700		1.9	1.9
AMF Pension	11,000,000		1.6	1.7
Wallenberg foundations	10,330,389	5,871,173	1.5	0.8
SHB Funds	9,476,321		1.4	1.4
Skandia Life Insurance	8,892,926	3,452,219	1.3	0.9
Nordea Funds	8,184,736		1.2	1.2
Capital Group Funds	7,560,000		1.1	1.1
Second Swedish National Pension Fund	7,263,531		1.1	1.1
First Swedish National Pension Fund	7,263,531		1.1	1.1
Foreign shareholders	127,867,255	1,132,651	18.6	19.1

1) Excluding SEB as shareholder through repurchased shares to hedge employee stock option programme and for capital management.

Source: VPC/SIS Ågarservice.

SEB Share Class A



The Annual Report is available on www.sebgroup.com

Annual General Meeting

The Annual General Meeting will be held on Friday 6 March, 2009 at 3 p.m. (Swedish time) at Cirkus, Stockholm.

Notices convening the General Meeting including an agenda for the Meeting were published in the major Swedish daily newspapers and on www.sebgroup.com on Friday 6 February 2009.

Shareholders wishing to attend the Annual General Meeting shall

- both be registered in the shareholders' register kept by VPC (the Swedish Securities Register Centre) on Friday 27 February, 2009, at the latest
- and notify the Bank in writing under address 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, on Monday 2 March, 2009, at the latest.

Dividend

The Board proposes no dividend for 2008.

SEB in brief

- SEB assists 2,500 large companies and institutions, 400,000 small and medium-sized companies and five million private customers with financial solutions.
- SEB is represented in 20 countries, with 21,000 employees, of whom half are working outside Sweden.
- SEB has received top rankings within several areas such as cash management (SEB ranked number one in the world), equity research, private banking and mutual fund management.
- SEB is the most important broker on the Nordic stock exchanges in total.
- SEB has a leading position as a financial partner to major companies, financial institutions and financially active private individuals in the Nordic area. SEB is also a leading unit-linked insurance company and card issuer in the Nordic countries as well as one of the largest asset managers in both the Nordic and Baltic countries. In Germany, SEB has a nation-wide network of branch offices.

