

Corporate governance at SEB

SEB recognises that maintaining trust among all stakeholders is of paramount importance. The corporate governance structure distributes rights and responsibilities according to applicable laws, rules and processes. Well defined reporting lines and distribution of distinct responsibilities are essential. High ethical and professional standards and a sound risk culture remain vital.



“The main priority for the Board has been to continue the work on fulfilling the Bank’s strategic direction and targets. Finalisation of the regulatory reform in order to avoid future crises where financial institutions are involved was a continued hot topic in 2013. There are several risks in connection with the implementation of such a huge number of new regulations during a short period. To a large extent SEB already complies with the new rules.”

Marcus Wallenberg, Chairman of the Board

The importance of corporate governance

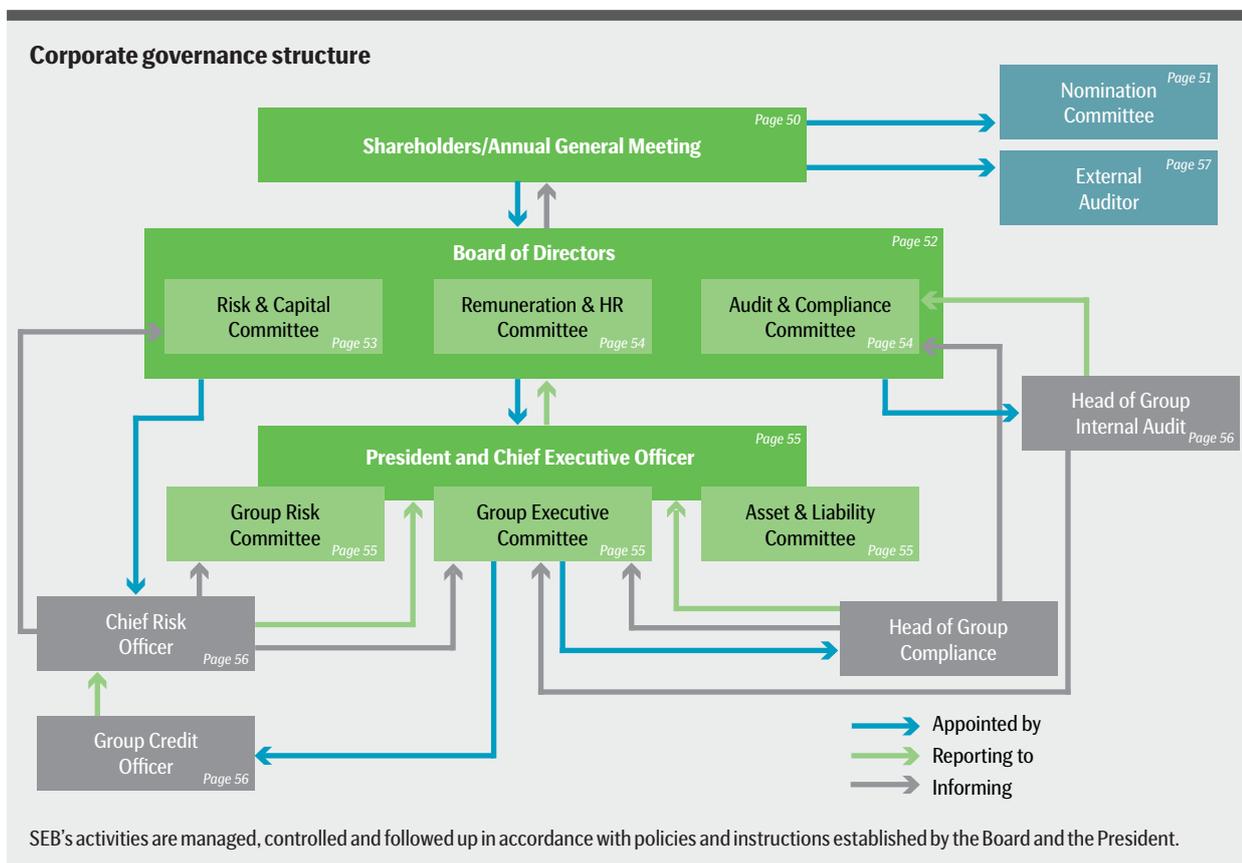
Customers, depositors, employees and many other stakeholders have for a long time put their trust in SEB. Clearly defined roles and responsibilities that are allocated to the shareholders, Board, management and other stakeholders ensure that this trust can be maintained and it prevents conflicts of interest. Corporate governance of good quality is a prerequisite for the work with the Bank’s business plan and targets, to ensure a

high ethical standard, a sound risk management and internal control.

The external framework that SEB adheres to in its corporate governance includes the following instruments, among other:

- the Companies Act
- the Annual Accounts Act
- the Nasdaq OMX Stockholm regulations
- the Swedish Code of Corporate Governance
- the Banking and Financing Business Act
- the Rules and regulations issued by the Swedish Financial Supervisory Authority.

The internal framework includes, among other things, the Articles of Association, which have been adopted by the General Meeting of Shareholders. Policies and instructions that have been drawn up to define the division of responsibility within the Group are important tools for the Board and the President and Chief Executive Officer (the President) in their governing and controlling roles. Of special importance are:



- the Rules of Procedure for the Board
- the Instructions for the President and the Group's Activities
- the Group's Credit Instruction and Risk Policy
- the Instruction for Handling of Conflicts of Interest
- the Ethics Policy
- the Instruction for Procedures Against Money Laundering and Financing of Terrorism
- the Remuneration Policy
- the Corporate Sustainability Policy.

SEB's ethical and corporate sustainability endeavours are an integral part of the business, and the Board discusses these issues on a regular basis. SEB's Code of Business Conduct describes and lays out SEB's values and standards of business conduct and provides guidance on how to live by these values. Policies and guidelines for sustainability and various Group-wide position statements and industry sector policies addressing environmental, social and governance issues are also of vital importance in this context. *The Code of Business Conduct is available on SEB's website. See also p. 14.*

SEB's Corporate Governance Report was prepared in accordance with the Annual Accounts Act and the Code of Corporate Governance. No deviations from the Code were reported for 2013. *The report and further information about corporate governance at SEB are available on SEB's website.*

New regulations

The EU Commission and the European Banking Authority (EBA) recently issued directives and guidelines covering good corporate governance, such as in the Capital Requirement Directive (CRD IV), the EBA Guidelines on Internal Governance (GL 44) and the EBA Guidelines on the assessment of the suitability of members of the management body and key function holders. These are in the progress of being implemented in Sweden. *Read more at p. 64.*

Shareholders and General Meetings of Shareholders

SEB has close to 270,000 shareholders. Approximately 170,000 of these own less than 500 shares, while slightly more than 200 hold more than 1,000,000 shares, accounting for 80 per cent of the capital and votes. SEB has two classes of shares – Class A shares, which carry one vote, and Class C shares, which carry 1/10 of a vote. SEB's largest shareholders and the shareholder structure as per 31 December 2013 are shown in the tables and graphs to the right.

The shareholders' influence in the Bank is exercised at General Meetings of Shareholders, which are the Bank's highest decision-making body. All shareholders listed in the shareholder register who have duly notified their attendance have the right to participate at General Meetings and to vote for the full number of their respective shares. Shareholders who cannot attend a General Meeting may appoint a representative.

The 2013 Annual General Meeting (AGM) was held on 21 March 2013. A total of 1,003 persons, representing 1,571 shareholders, were in attendance at the AGM, as were all Board members, the Group Executive Committee (GEC) and the Bank's auditor. *The minutes from the AGM are available on SEB's website.* An electronic system of voting modules, so-called televoters, was used for voting at the AGM. The main resolutions made at the AGM were:

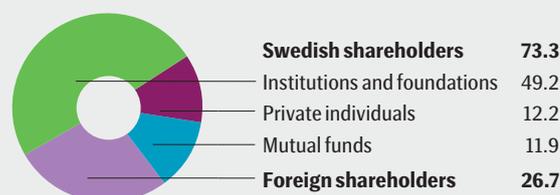
The largest shareholders

31 December 2013	No. of shares	Of which Series C shares	Share of capital. %	votes. %
Investor AB	453,364,264	2,725,000	20.8	20.9
Trygg Stiftelsen	145,573,802	0	6.6	6.7
Alecta	129,250,000	0	5.9	5.9
Swedbank Robur funds	102,475,103	0	4.7	4.7
AMF Insurance & funds	58,795,846	0	2.7	2.7
Norges Bank Investment Management	35,571,703	0	1.6	1.6
SEB funds	34,480,647	0	1.6	1.6
SHB funds	33,252,664	23,680	1.5	1.5
Wallenberg-foundations	27,186,071	5,871,173	1.5	1.3
Fourth Swedish National Pension fund	23,063,922	0	1.1	1.1
First Swedish National Pension fund	22,566,780	0	1.0	1.0
Second Swedish National Pension fund	18,516,442	0	0.8	0.9
Third Swedish National Pension fund	18,220,655	45,469	0.8	0.8
Skandia Life	16,513,827	1,925,828	0.8	0.7
Nordea Funds	15,471,376	0	0.7	0.7
Foreign owners	584,996,468	1,533,923	26.7	26.9

Source: Euroclear AB/SIS Ägarservice AB

Shareholder structure

Percentage holdings of equity on 31 December 2013

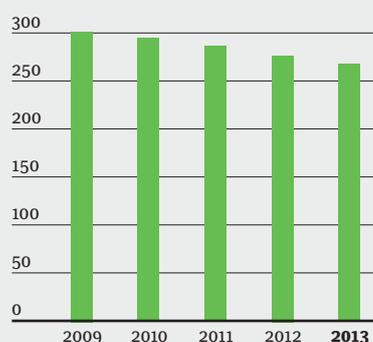


The majority of the bank's approximately 270,000 shareholders are private individuals with small holdings. The ten largest shareholders account for 50 per cent of capital and votes.

Source: Euroclear/SIS Ägarservice AB

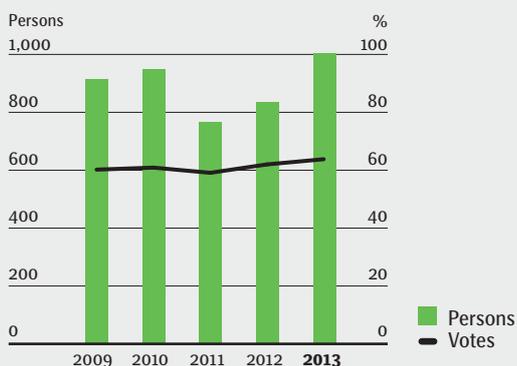
Number of shareholders

December 31. Thousands



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

Annual General Meeting attendance 2009–2013



- approval of the dividend of SEK 2.75 per share
- expansion of the Board to twelve members
- re-election of nine directors
- new election of Samir Brikho, Winnie Fok and Sven Nyman as directors
- re-election of Marcus Wallenberg as Chairman of the Board
- re-election of PricewaterhouseCoopers as auditor
- adoption of guidelines for remuneration for the President and the other members of the GEC
- approval of three long-term equity programmes
- issuance of a mandate to the Board concerning the acquisition and sale of own shares for SEB's securities business, for the long-term equity programmes and for capital management purposes.

Nomination Committee

Pursuant to a decision by the AGM, the Nomination Committee shall be composed of representatives of the Bank's four largest shareholders and the Chairman of the Board. One of the independent directors shall be appointed as additional member of the committee. The composition of the Nomination Committee meets the requirements set by the Code of Corporate Governance with respect to members' independence, among other things. The Chairman of the Board and the additional member provide the Nomination Committee with information about SEB's operations and financial and strategic position. The Nomination Committee also reviews the evaluations of the Board, the Board's work and the Chairman of the Board.

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

SEB uses an annual self assessment method, which among other things includes a questionnaire, followed by discussions within the Board. Through this process the activities and work methods of the Board, the Chairman of the Board and the respective committees are evaluated. Among the issues examined are:

- the extent to which the individual board members take an active part in discussions by the Board and its committees
- whether board members contribute independent opinions
- whether the meeting atmosphere facilitates open discussions.

Nomination committee for the 2014 AGM

Member	Representing	Votes, % 30 August 2013
Petra Hedengran, <i>Chairman</i>	Investor	20.9
William af Sandeberg	Trygg-Stiftelsen	6.7
Staffan Greffbäck	Alecta	6.0
Hans Wibom	The Knut and Alice Wallenberg Foundation	1.3
Marcus Wallenberg	SEB, Chairman of the Board	34.9
Urban Jansson, <i>additional member, appointed by the Board</i>		

The Nomination Committee is tasked with making recommendations, to be put to the AGM for decision, regarding:

- nomination of a person to preside as chairman of the AGM
- the number of directors
- nomination of directors
- nomination of the Chairman of the Board
- directors' fees, allocated among the Board members and fees for committee work
- fee to the Bank's auditor
- nomination of auditor
- when applicable, rules for the Nomination Committee.

An important principle is that the size and composition of the Board should be such as to serve the Bank in the best possible way. It is therefore crucial that the directors have requisite experience and knowledge about the financial and other sectors as well as international experience and a contact network that meet the demands that arise from the Bank's current position and future orientation. The Nomination Committee for the 2013 AGM assessed the extent to which the Board met these requirements. The assessment was based on discussions about the size of the Board and its composition with respect to such matters as industry experience, expertise, independence, diversity and future succession matters. The Nomination Committee found that the Board which was proposed to and elected at the 2013 AGM meets the requirements.

The Nomination Committee for the 2014 AGM was appointed in autumn 2013. A report on the Nomination Committee's work will be presented at the 2014 AGM. No special fee has been paid to the members of the Nomination Committee. *The Nomination Committee's proposals and a statement accompanying its nomination of directors are available on SEB's website.*

The outcome of the evaluation was presented to and discussed by the Board and the Nomination Committee. The evaluation process and its outcome contribute to further improvement of the Board's work and help the Nomination Committee to evaluate the size and composition of the Board, among other things.

The Chairman of the Board formally evaluates each individual director's work once a year. Marcus Wallenberg did not participate in the evaluation of the Chairman's work, which was directed by Urban Jansson, one of the Deputy Chairmen.

The Board evaluates the work of the President and the GEC on a continuous basis, without participation by the President or any other member of the GEC.

Board of Directors as from the 2013 AGM

Name	Position	Year elected	Independent in relation to		Risk and Capital Committee	Audit and Compliance Committee	Remuneration and HR Committee	Total remuneration SEK	Attendance at Board meetings	Attendance at committee meetings
			the Bank	the major shareholders						
Marcus Wallenberg	Chair	2002	Yes	No	●	●	●	2,400,000	9/9	20/22
Jacob Wallenberg	Deputy Chair	1997	Yes	No				580,000	7/9	
Urban Jansson	Deputy Chair	1996	Yes	Yes	●			1,090,000	9/9	11/11
Johan H. Andresen	Director	2011	Yes	Yes		●		695,000	9/9	4/4
Signhild Arnegård Hansen	Director	2010	Yes	Yes				500,000	9/9	
Samir Brikho	Director	2013	Yes	Yes				500,000	3/7	
Winnie Fok	Director	2013	Yes	Yes				500,000	6/7	
Birgitta Kantola	Director	2010	Yes	Yes		●		887,500	9/9	6/6
Tomas Nicolin	Director	2009	Yes	Yes			●	887,500	9/9	7/7
Sven Nyman	Director	2013	Yes	Yes			●	695,000	7/7	5/5
Jesper Ovesen	Director	2004	Yes	Yes	●			825,000	7/9	11/12
Annika Falkengren	Director	2005	No	Yes	●			-	9/9	12/12
Magdalena Olofsson	Director*	2012 ¹⁾						-	8/9	
Pernilla Pählman	Director*	2012 ²⁾						-	7/9	
Maria Lindblad	Deputy Director*	2012						-	8/9	
Håkan Westerberg	Deputy Director*	2011						-	9/9	

● Chair ● Deputy Chair ● Member * appointed by the employees 1) Deputy Director 2003–2007 2) Deputy Director 2010–2011

Board of Directors

The work of the Board follows a yearly plan. In 2013, nine board meetings and one risk and capital seminar were held. The directors are elected by the shareholders at the AGM for a one-year term extending through the next AGM.

Since the 2013 AGM the Board has consisted of twelve AGM-elected directors, without any deputies, and of two directors and two deputies who serve as employee representatives. In order for a quorum to exist at a Board meeting, more than half of the directors must be present. The President is the only AGM-elected executive director. The Nomination Committee has assessed the independence of the directors in relation to the Bank and the Bank's management and in relation to shareholders controlling more than 10 per cent of the shares or votes in the Bank and has found that the composition of the Board meets the requirements of the Code of Corporate Governance with respect to directors' independence. *The composition of the Board and the directors' independence are shown*

in the table above. Biographical information about the directors is presented on p. 58.

The Board has adopted Rules of Procedure that regulate the Board's role and ways of working as well as special instructions for the Board's committees. The Board has overall responsibility for the activities carried out within the Group and has the following duties, among others:

- deciding on the nature, direction and strategy of the business as well as the framework and objectives of the business activities
- regularly following up and evaluating the operations in relation to the objectives and guidelines established by the Board
- ensuring that the business is organised in such a way that the accounting, treasury management and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the business are identified, defined, measured, monitored and controlled

Board meetings 2013¹⁾

January	February	March	April	May	June
<ul style="list-style-type: none"> ● Quarterly report ● AGM notification and proposals ● Balance sheet, capital and dividend policy ● Risk position, appetite and limits ● Internal and external audit 	<ul style="list-style-type: none"> ● Annual report 2012 	<ul style="list-style-type: none"> ● AGM ● Statutory meeting ● Group talent review and succession planning 	<ul style="list-style-type: none"> ● Quarterly report ● Risk position, asset quality, credit portfolio, liquidity situation ● Review of business and market segments 	<ul style="list-style-type: none"> ● No meeting 	<ul style="list-style-type: none"> ● Review of business and market segments ● Site visit London
July	August	September	October	November	December
<ul style="list-style-type: none"> ● Quarterly report ● Risk position, asset quality, credit portfolio, liquidity situation 	<ul style="list-style-type: none"> ● No meeting 	<ul style="list-style-type: none"> ● Review of business and market segments 	<ul style="list-style-type: none"> ● Quarterly report ● Risk position, asset quality, credit portfolio, liquidity situation 	<ul style="list-style-type: none"> ● Full day risk and capital seminar 	<ul style="list-style-type: none"> ● Business plan 2014–2016, financial plans, forecasts ● Annual review of policies and instructions ● Board and CEO evaluation

1) The work of the Board follows a yearly plan. In 2013 nine board meetings were held.

in accordance with external and internal rules, including the Bank's Articles of Association

- deciding on major acquisitions and divestments as well as other major investments
- appointment or dismissal of the President, the Chief Risk Officer (CRO), the members of the GEC and the Head of Group Internal Audit, as well as these individuals' remuneration.

The Chairman of the Board organises and directs the work of the Board, ensures that the directors receive information on a regular basis and education on changes in rules concerning the activities of SEB and on responsibilities of directors of a listed financial company, etc. A full-day introductory seminar is offered for new directors.

The President attends all board meetings except those dealing with matters in which the President has an interest that may be in conflict with the interests of the Bank, such as when the President's work is evaluated. Other members of the GEC participate whenever required for the purposes of informing the Board or upon request by the Board or the President.

Directors' fees

SEB's 2013 AGM set total fees of SEK 9,560,000 for the members of the Board and decided how these fees are to be distributed among the Board and its committees. No fee for committee work is paid to the Chairman of the Board or employees of the Bank. Directors' fees are paid on a running basis during the mandate period.

Following a recommendation by the Nomination Committee, the Board has adopted a policy that recommends the Board members to use 25 per cent of the director's fee each year to purchase and hold SEB shares up to an amount corresponding to one year's fee. *Information on remuneration principles, remuneration of the President and members of the GEC, and on long-term equity programmes is provided on p. 62.*

Board committees

The overall responsibility of the Board cannot be delegated. However, the Board has established committees to handle certain defined issues and to prepare such issues for decision by the Board. At present, the Board has three such committees: the Risk and Capital Committee (RCC), the Audit and Compliance Committee (ACC), and the Remuneration and Human Resources Committee (RemCo). They report to the Board on a regular basis. Committee members are appointed for a period of one year at a time. An important principle is that as many board members as possible shall participate in committee work, also as committee chairs. The Chairman does not chair any of the three committees. Neither the President nor any other officer of the Bank is a member of the ACC or the RemCo. The President is a member of the RCC. Apart from committee work, no other delegation of duties is applied.

Risk and Capital Committee



"One very important theme that permeated the RCC's work in 2013 was the integration of structural liquidity and capital efficiency aspects and the new regulatory requirements in SEB's strategic plan. The target was to balance these aspects to ensure resilience in a worst-case scenario while maintaining flexibility to grow the business. We have also carefully monitored the mortgage portfolio from both risk and growth perspective. Another area of attention has been the financial market's anticipated development and its practical impact on SEB. The Bank acts from a position of strength in this area."

Urban Jansson, Chairman

The RCC is tasked with supporting the Board in overseeing and ensuring that the Bank's organisation is managed in such a way that all risks inherent in the Group's business are identified, defined, measured, monitored and controlled in accordance with the Board's risk tolerance statement as well as with external and internal rules. The RCC also monitors the Group's risk and capital situation on a continuous basis.

The RCC sets the principles and parameters for measuring and allocating risk and capital within the Group and oversees risk management systems and the risk tolerance and the strategy for near and long term, as well as implementation of this strategy. The Committee prepares, for decision by the Board, a recommendation for the appointment and dismissal of the CRO. The Committee also decides on individual credit matters of major importance or of importance as to principles. The RCC held twelve meetings in 2013.

The Group's Chief Financial Officer (CFO) has overall responsibility for informing and making proposals to the RCC on matters related to capital and funding. The CRO has the same overall responsibility regarding risk and credit matters. *The risk organisation is described further on p. 56. Information on risk, liquidity and capital management is provided on p. 36.*

RCC members

Urban Jansson (Chair), Marcus Wallenberg (Deputy Chair), Jesper Ovesen and Annika Falkengren.

The RCC's work during 2013:

- reviewed and recommended Group policies and strategies, for decision by the Board, such as the Risk Policy and Risk Strategy, the Credit Policy, the Credit Instruction, the Capital Policy, the Liquidity and Pledge Policy, the Trading and Investment Policy, and the CRO Instruction
- monitored the implementation of these policies and adoption of credit policies and instructions that complement the Group's Credit Policy and Credit Instruction
- monitored the Group's risk development with particular focus on the development of the long-term stability of the Swedish residential housing market
- prepared matters concerning market and liquidity risk limits for decision by the Board
- reviewed significant changes in the credit portfolio and of the credit process within the Group
- reviewed risk measurement models, methods and risk management systems; in particular a realignment of the risk classification system
- reviewed material changes in the overall capital and liquidity strategy as well as the Group's capital adequacy and liquidity position
- proposed changes in the Group's capital goals and capital management matters, such as the dividend, for decision by the Board
- held strategic discussions on comprehensive financial and balance sheet management.

Audit and Compliance Committee



"In addition to the focus on the internal controls of the Bank, in 2013 the ACC continued to monitor the Bank's compliance with rules and regulations as the regulatory environment evolved – not least due to the perceived need for tighter financial markets control in Europe and elsewhere. The interests of our customers combined with maintaining their confidence in the Bank require well functioning processes and procedures. The Bank's conduct must duly recognize the need for ensuring risk awareness of our customers."

Birgitta Kantola, Chairman

The ACC supports the Board in its work with quality assurance of the Bank's financial reporting and internal control over the financial reporting. When required, the ACC also prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Head of Group Internal Audit. The Committee maintains regular contact with the Bank's external and internal auditors and discusses the co-ordination of their activities. It ensures that any remarks and observations from the auditors are addressed. The Committee also evaluates the external auditors' work and independence.

In addition, the President's proposal for appointment or dismissal of the Head of Group Compliance is subject to the Committee's approval.

The ACC held five meetings in 2013. The CFO, the external auditors, the Head of Group Internal Audit and the Head of Group Compliance submit matters and reports for the Committee's consideration. The President regularly participates in the meetings. *The Report on Internal Control over Financial Reporting can be found on p. 57.*

ACC members

Birgitta Kantola (Chair), Marcus Wallenberg (Deputy Chair) and Johan H. Andresen.

The ACC's work during 2013:

- reviewed the annual accounts and interim reports as well as audit reports
- monitored the Group's internal audit issues
- monitored the Group's compliance issues
- monitored the internal control over the financial reporting
- monitored services, other than auditing services, procured from the external auditors
- drafted a recommendation to the Nomination Committee for election of the external auditor by the AGM
- adopted an annual audit plan for the Internal Audit function, co-ordinated with the external audit plan
- approved the annual Group Compliance Plan
- held discussions with representatives of the external auditors on several occasions, without the President or any other member of the Bank's management being present
- reviewed accounting issues related to the valuation of credit risk in derivative instruments
- reviewed the accounting for the Bank's own credit risk
- completed the monitoring of the process related to the sale of the German retail operations.

Remuneration and Human Resources Committee



"Banking is fundamentally about people and trust. Professional and committed employees are critical for the achievement of SEB's strategic objectives. SEB needs to attract and retain the right talent and provide scope for individual development by making people feel valued, engaged and included as an important part of the whole. In addition to remuneration matters, a priority for RemCo is SEB's Global Talent Review – a structured process for identifying high performing individuals who are ready to take on new challenges. At the programme's very best, the leadership needs of the Bank are matched with the right individuals, who are groomed for greater responsibility."

Tomas Nicolin, Chairman

The RemCo prepares, for decision by the Board, appointments of the President and the members of the GEC. The Committee develops, monitors and evaluates SEB's incentive programmes and how the guidelines established by the AGM for remuneration of the President and the members of the GEC are applied. An independent auditor's review report on the adherence of SEB's remuneration system to the Remuneration Policy is presented to the Committee annually.

In addition, the Committee oversees the Group's pension obligations and oversees, together with the RCC, all measures taken to secure the overall pension obligations of the Group, including development within the Bank's pension foundations. The RemCo held seven meetings in 2013.

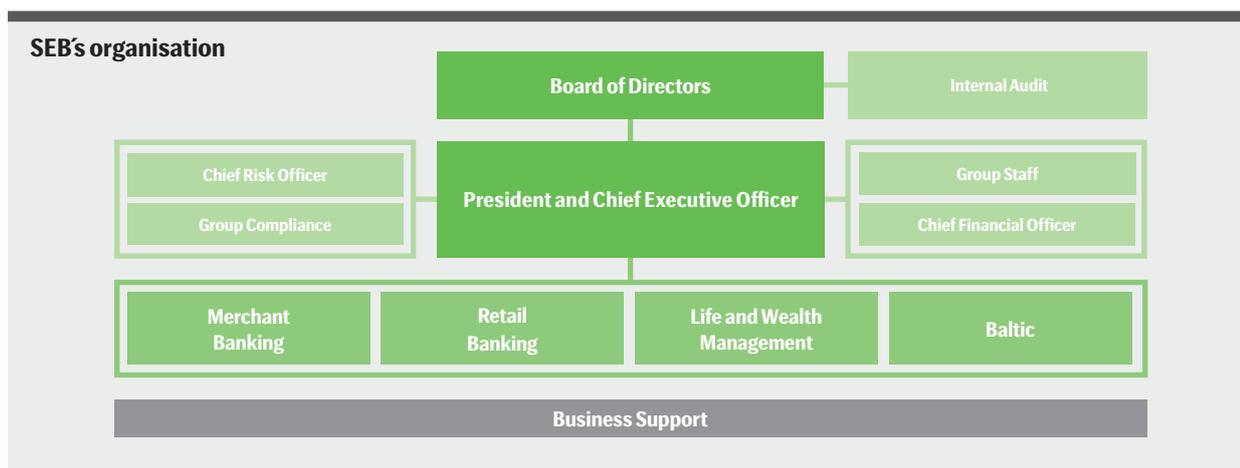
The President, together with the Head of Group Human Resources, makes presentations to the Committee on matters in which there are no conflicts of interest. *The Remuneration Report can be found on p. 62.*

RemCo members

Tomas Nicolin (Chair), Marcus Wallenberg (Deputy Chair) and Sven Nyman.

The RemCo's work during 2013:

- reviewed the Remuneration Policy, for adoption by the Board
- proposed, for approval by the Board and decision by the AGM, remuneration guidelines for the President and members of the GEC
- proposed, for adoption by the Board, that GEC's pension plans should be defined contribution instead of defined benefit
- developed long-term equity programmes, for approval by the Board and decision by the AGM
- proposed, for decision by the Board, remuneration of the President and members of the GEC in accordance with the guidelines adopted by the AGM
- proposed, for decision by the Board, remuneration of the Head of Group Internal Audit, the CRO and the Head of Group Compliance in accordance with the Remuneration Policy
- monitored remuneration principles, variable remuneration programmes and pension obligations
- followed up the annual Group Talent Review
- reviewed and discussed adaptations to upcoming regulations in the remuneration field such as the CRD IV EU Directive.



The President

The Board has adopted an instruction for the President's duties and role. The President, who is also Chief Executive Officer, is responsible for administering the Bank's business in accordance with the strategy, directives, policies and instructions established by the Board. The President reports to the Board and submits at each board meeting a report on, among other things, the performance of the business in relation to decisions made by the Board.

The President appoints the Heads of Divisions, the Head of Business Support and Heads of the various staff and Group functions that report directly to the President.

The President's committees

The President has three separate committees at her disposal for the purpose of managing the operations: the Group Executive Committee (GEC), the Asset and Liability Committee (ALCO) and the Group Risk Committee (GRC).

GEC

To safeguard the interests of the Group as a whole, the President consults with the GEC on matters of major importance or of importance as to principles. The GEC deals with, among other things, matters of common concern to several divisions, strategic issues, business plans, financial forecasts and reports. The GEC held 14 meetings in 2013. *Further information about the President and the GEC can be found on p. 60.*

ALCO

The ALCO, chaired by the President and with the CFO as deputy chair, is a Group-wide decision-making, monitoring and consultative body. The ALCO, which held 11 meetings in 2013, handled the following matters, among others:

- financial stability – especially in the new regulatory framework
- the trade-off between risk and return
- strategic capital and liquidity issues
- structural issues and issues related to the Bank's balance sheet and business volumes
- financing of wholly-owned subsidiaries.

GRC

The GRC, chaired by the President and with the CRO as deputy chair, is a Group-wide, decision-making committee that addresses all types of risk at the President level in order to evaluate portfolios, products and clients from a comprehen-

sive risk perspective. The GRC held 52 meetings in 2013. The GRC is authorised by the Board to make all credit decisions, with the exception of a few matters that are reserved for the RCC. In addition, the GRC is tasked with:

- ensuring that all risks inherent in the Group's activities are identified, defined, measured, monitored and controlled in accordance with internal and external rules
- supporting the President in ensuring that decisions regarding the Group's long-term risk appetite are followed in the business organisation
- ensuring that the Board's guidelines for risk management and risk control are adhered to and that the necessary rules and policies for risk-taking in the Group are maintained and enforced.

Divisions, business areas and business units

The Board regulates the activities of the Group through an instruction concerning the Group's operations and has laid down rules establishing how the Group's divisions, including the international activities conducted through branches and subsidiaries, are to be governed and organised.

SEB's business is organised in four divisions. Each division's operations are divided into business areas which, in turn, are divided into business units. Each division is responsible for the subsidiaries designated to the division. The Head of Division has overall responsibility for the activities of the division and appoints, after consultation with the President, heads of business areas within the division.

A Country Manager is appointed in the respective countries where SEB operates. The Country Manager co-ordinates the Group's business locally and reports to a specially designated member of the GEC.

Business Support and staff functions

Business Support is a cross-divisional function established to leverage economies of scale in processes and IT. Business Support covers such areas as transaction processing, development, maintenance and operation of IT systems, and management of SEB's IT portfolio. Business Support is also responsible for the SEB Way – a Group-wide programme for continuous improvement. A separate committee has been established by the President as a forum for the continuous management of SEB's IT development portfolio and decisions on IT-related matters. *For further information on Business Support, see p. 35.*

SEB's staff functions have global accountability and manage SEB's group-wide instructions, policies and processes.

Control functions

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

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

Primary responsibility for ensuring that the Board's intent regarding risk management and risk control is applied in practice within the Group lies with the GRC.

Management at all levels within the divisions, the Group's business support and staff functions represent the first line of defence for risks in the organisation. The Group Risk organisation and Group Compliance form the second line of defence for ensuring that the Board's intent regarding risk management and risk control is applied in practice within the Group. Group Internal Audit provides independent assurance and is the third line of defence.

Group Risk

The Group Risk organisation is independent from the business and is responsible for identifying, measuring, analysing and controlling SEB's risks. Group Risk is headed by the CRO, who is appointed by the Board and reports to the President. The CRO keeps the Board, the RCC, the GEC, the ALCO and the GRC regularly informed about risk matters. The CRO has global functional responsibility and is independent from the business organisation. The activities of the CRO are governed by and set out in an instruction adopted by the Board.

Group Risk has for several years been organised in three units that report to the CRO: Risk Control, Group Risk Center and Group Credits.

Risk Control assesses, measures and monitors risks - primarily, market, liquidity, operational, credit and insurance risks against established limits and in accordance with best practice for risk management throughout the organisation.

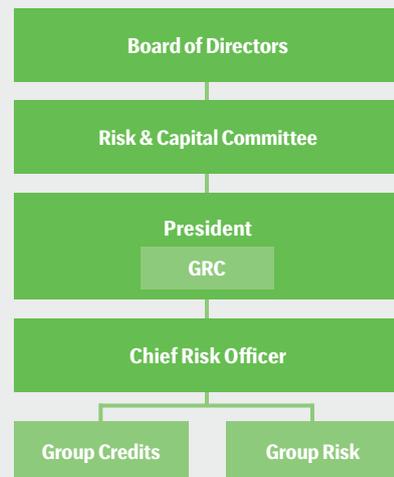
Group Risk Center aggregates and analyses consolidated risk data across risk types and the Group's credit portfolios, handles models for the risk weighting and general matters surrounding risk governance and risk disclosure. Group Risk Center provides GRC, RCC and the Board with regular reports and analysis of SEB's risk profile and on the overall risk development.

As of 20 January 2014, Group Risk Center and Risk Control are merged into one unit, gathering all resources working with the various aspects of risk measurement, control and analysis.

Group Credits is responsible for managing the credit approval process, for certain individual credit decisions and for monitoring compliance with policies set by the RCC and the Board. Its activities are regulated by the Group's Credit Instruction, adopted by the Board. The Group Credit Officer is appointed by the President, upon recommendation by the CRO, and reports to the CRO. The chairs of the respective divisional credit committees have the right to veto credit deci-

Risk organisation in SEB

As of 20 January 2014



sions. Significant exceptions to the Group's Credit Policy must be escalated to a higher level in the decision-making hierarchy. *For further information about risk, liquidity and capital management, see p. 36.*

Group Compliance

The Group Compliance function is independent from the business activities while serving as a business support function. The Compliance function shall act proactively to assure the quality of compliance in the Group through information, advice, control and follow-up within the compliance areas, thereby supporting the business activities and management. Special areas of responsibility include:

- customer protection
- market conduct
- prevention of money laundering and financing of terrorism
- regulatory compliance and control.

The Head of Group Compliance, who is appointed by the President upon approval by the ACC, reports regularly to the President and the GEC, and informs the ACC about compliance issues. Following a Group-wide compliance risk assessment and approval from the ACC, the President adopts an annual compliance plan. The Board has adopted an Instruction for Group Compliance activities.

Group Internal Audit

Group Internal Audit is an independent Group-wide function that is directly reporting to the Board. The main responsibility of Internal Audit is to provide reliable and objective assurance to the Board and the President regarding the effectiveness of controls, risk management and governance processes, with the aim of mitigating current and evolving high risks and in so doing improve the control culture within the Group. The Head of Group Internal Audit is appointed by the Board and reports to the Board through the ACC and keeps the President and GEC regularly informed about internal audit matters. The ACC adopts an annual plan for the work of Internal Audit. The Board has adopted an Instruction for Group Internal Audit's activities.

Information about the auditor

According to SEB's Articles of Association, the Bank shall have at least one and not more than two auditors with at most an equal number of deputies. A registered accounting firm may be appointed auditor.

PricewaterhouseCoopers AB has been the Bank's auditor since 2000 and was re-elected in 2013 for the period up to and including the 2014 AGM. The partner in charge, as from the 2012 AGM, is Peter Nyllinge, Authorised Public Accountant. Peter Nyllinge has auditing experience from several major Swedish companies. The co-signing auditor is Authorised Public Accountant Magnus Svensson Henryson. The fees charged by the auditor for the auditing of the Bank's annual accounts for the 2012 and 2013 financial years and for other assignments invoiced during these periods are shown in the table.

AUDITOR

Elected by the Annual General Meeting
PricewaterhouseCoopers

PETER NYLLINGE

Born 1966; Auditor of SEB, Partner in charge as of 2012. Authorised Public Accountant.



Fees to the auditors

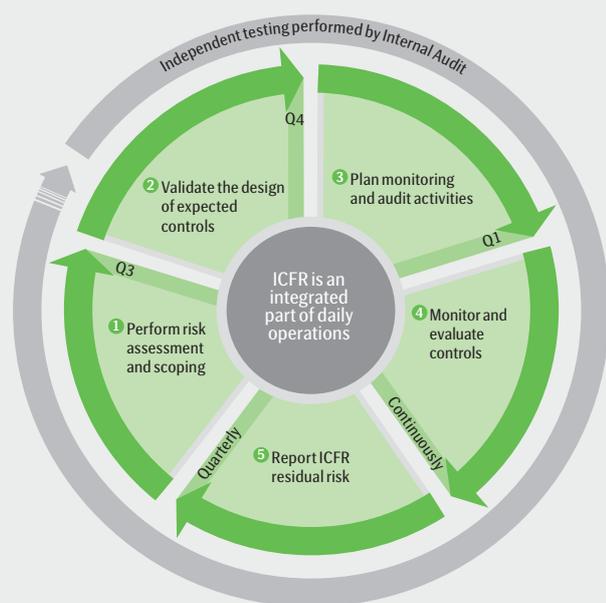
SEK m	2013	2012
Audit assignment	27	29
Audit related services	20	18
Tax advisory	14	16
Other	19	40
Total	80	103

In addition, fees and expense allowances in relation to the divestment of the German retail operations amounts to SEK 2m (38). *See also note 10.*

Internal Control over Financial Reporting

Internal control over financial reporting (ICFR) is the process established to assess the reliability of the financial reporting. The ICFR process is conducted in an annual cycle, described in

the sections below. It is based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).



1 Perform risk assessment and scoping

Yearly risk assessments are performed, at the Group and legal entity levels, to identify and understand the main risk areas related to the financial reporting process, taking into consideration both materiality and complexity aspects. The risk assessment is the basis for defining which focus areas as well as which legal entities, processes and related systems that are to be covered by the ICFR process during the coming year. The result is stated in an annual report to the ACC.

2 Validate the design of expected controls

The ICFR structure, consisting of Group-wide, process and IT controls, is designed to reduce the risk for errors in the financial reporting. The structure is validated yearly to ensure that it covers the identified risks. It involves both business and finance personnel, who together have the required process,

system and accounting expertise. Examples of controls are the validation of the valuation of financial instruments and credit exposures, reconciliation and system access controls. These control requirements are continuously communicated to involved parties to clarify roles and responsibilities.

3 Plan monitoring and audit activities

Based on the risk assessments, identified focus areas and expected controls, the ICFR monitoring plan is prepared for the coming year. The plan clarifies who is responsible for monitoring the respective controls within each legal entity, what type of monitoring activities should be conducted and how the result is to be reported. The monitoring plan is co-ordinated with the audit plans of internal and external audit.

4 Monitor and evaluate controls

Monitoring includes activities such as self-assessments of control status and key risk indicator (KRI) reporting. The monitoring aims to identify weaknesses in the ICFR process, to initiate compensating controls and remediation activities. During the year a number of system implementations were finalised, further improving the financial and risk information platform. The monitoring has also been strengthened by enhancing the KRI reporting.

5 Report ICFR residual risk

The monitoring results are analysed to assess the risk for errors in the financial reporting. This is done in connection with the quarterly external financial reporting. The summary ICFR monitoring report is reported to the CFO on a quarterly basis and to the ACC once a year. It describes the residual financial reporting risk, including a description of identified control gaps, how well these are compensated by other controls and how the work with gap remediation activities is progressing. The consolidated reporting of ICFR residual risk contributes to transparency in the organisation and enables prioritisation of remediation activities.

In addition to management's monitoring activities, Internal Audit independently tests ICFR in accordance with a plan adopted by the ACC. The audit results as well as measures taken and their current status are also reported on a regular basis to the ACC.

Board of Directors

MARCUS WALLENBERG

Born 1956; B. Sc. (Foreign Service).
Chairman since 2005.

Other assignments: Chairman of Saab, Electrolux¹⁾, LKAB and Foundation Asset Management Sweden. Director of AstraZeneca, Stora Enso¹⁾, Investor, Temasek Holding, EQT Holdings and the Knut and Alice Wallenberg Foundation.

Background: Citibank in New York, Deutsche Bank in Germany, S G Warburg Co in London and Citicorp in Hong Kong, SEB, and Stora Feldmühle in Germany. Executive Vice President of Investor and President and Group Chief Executive of Investor.

Nationality: Swedish

Own and closely related persons' shareholding: 753,584 class A-shares and 720 class C-shares.

SIGNHILD ARNEGÅRD HANSEN

Born 1960; B. Sc. (Human resources) and journalism studies.

Other assignments: Chairman of SLC-Group, Svenska LantChips, Utah Chips Corporation and SFN/Timbro. Vice Chairman of the Swedish-American Chamber of Commerce (SACC), USA. Director of SACC, New York, Business Sweden, ESBRI, King Carl XVI Gustaf's Foundation for Young Leadership, Magnora and Dagens Industri.

Background: President of the family-owned company Svenska LantChips. Chairman of the Confederation of Swedish Enterprise. Vice Chairman of Business Europe. Director of Innventia, IFL at Stockholm School of Economics, Research Institute of Industrial Economics, Loomis and University of Lund.

Nationality: Swedish

Own and closely related persons' shareholding: 2,578 class A-shares.

TOMAS NICOLIN

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

Other assignments: Director of Nordstjernan, Nobel Foundation, Axel and Margaret Ax:son Johnsons Foundation, Centre for Justice, Research Institute of Industrial Economics, the Swedish Corporate Governance Board, SFN/Timbro and SVPH. Member of the Investment Committee of NIAM Property Fund.

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

Nationality: Swedish

Own and closely related persons' shareholding: 66,000 class A-shares.

URBAN JANSSON

Born 1945; Higher bank degree (SEB).
Deputy Chairman since 2013.

Other assignments: Chairman of EAB and HMS Networks. Vice chairman of Svedbergs i Dalstorp¹⁾, Director of Clas Ohlson and Lindéngruppen.

Background: SEB in various management positions. President and CEO of HNJ Intressenter (former subsidiary of the Incentive Group). Executive Vice President of the Incentive Group. President and Group Chief Executive of Ratos. Several directorships.

Nationality: Swedish

Own and closely related persons' shareholding: 56,840 class A-shares.

SAMIR BRIKHO

Born 1958; M.Sc. (Engineering, Thermal Technology).

Other assignments: CEO of AMEC plc. UK. Chairman of Step Change Charity and World Economic Forum Disaster Resource partnership. UK Business Ambassador since 2010. Co-chair of the UK-UAE Business Council and of the UK-ROK CEO Forum. Director of the UK-Japan 21st Century Group. Member of the Advisory Boards of Stena, LIFE Lebanon and School of Oriental & African Studies. Founding Member of Palestine International Business Forum.

Background: Broad international experience from management and leadership, especially within the industrial sector. Leading positions within the international business of ABB, among others as CEO and Division Head of significant subsidiaries. Member of the GEC of ABB Ltd., Switzerland.

Nationality: Swedish

Own and closely related persons' shareholding: 0

SVEN NYMAN

Born 1959; B.Sc. (Business and Econ).

Other assignments: CEO and Founder of RAM Rational Asset Management and RAM ONE. Director of Consilio International, the Nobel Foundation Investment Committee, the Stockholm School of Economics and the Stockholm School of Economics Association.

Background: Broad experience from the financial business field. Managerial positions within Investor AB. CEO and Founder of Lancelot Asset Management and Arbitech.

Nationality: Swedish

Own and closely related persons' shareholding: 10,440 class A-shares and 10,200 class C-shares.

JACOB WALLENBERG

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

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

Background: Various positions in SEB. President and Group Chief Executive of SEB. Executive Vice President Investor. Chairman of SEB. Vice Chairman of Atlas Copco and Electrolux. Director of Stora.

Nationality: Swedish

Own and closely related persons' shareholding: 430,839 class A-shares and 136 class C shares.

WINNIE FOK

Born 1956; Bachelor of Commerce.

Other assignments: Director of Volvo Car Corporation, G4S plc, Kemira Oyj and HOPU Investments Co. Ltd. Senior Advisor to Foundation Administration Management Sweden.

Background: Broad experience from the financial business field. Certified Public Accountant in Australia and in Hong Kong. Member of the Institute of Chartered Accountants in England and Wales. Industrial advisor and Senior Advisor to Investor and Husqvarna. CEO and Senior Partner of EQT Partners Asia Limited and CEO of New Asia Partners Limited.

Nationality: British

Own and closely related persons' shareholding: 3,000 class A-shares

JESPER OVESEN

Born 1957; B. Sc. (Econ) and MBA.

Other assignments: Chairman of Nokia Solutions and Networks BV. Director of Orkla ASA.

Background: Price Waterhouse. Vice President and later on Group Chief Executive of Baltica Bank A/S. Vice President and Head of Finance of Novo Nordisk A/S. CEO of Kirkbi Group. CFO of Danske Bank A/S, LEGO Holding A/S and TDC A/S.

Nationality: Danish

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

JOHAN H. ANDRESEN

Born 1961; B.A. (Government and Policy Studies) and MBA.

Other assignments: Owner and Chairman of Ferd. Director of Junior Achievement Young Enterprise (JA-YE) Europe, JA-YE Norway, NMI-Norwegian Microfinance Initiative and Corporate Partners Advisory Board at BI Norwegian School of Management.

Background: International Paper Co. Partner of Ferd. CEO of Ferd. Director of SWIX.

Nationality: Norwegian

Own and closely related persons' shareholding: 100,000 class A-shares.

BIRGITTA KANTOLA

Born 1948; LL.M. and Econ. Dr. H.C.

Other assignments: Director of StoraEnso and Nobina.

Background: Broad experience in banking and finance, e.g. Nordic Investment Bank (Executive Vice President and Head of Finance). Vice President and CFO of International Finance Corporation (World Bank Group), Washington D.C. Deputy General Manager of Ålandsbanken, Finland.

Nationality: Finnish

Own and closely related persons' shareholding: 25,000 class A-shares.

ANNIKA FALKENGREN

Born 1962; B. Sc. (Econ).

President and CEO since 2005.

Other assignments: Chairman of the Swedish Banker's Association. Director of Securitas. Member of Supervisory Board Volkswagen AG and Munich RE¹⁾.

Background: Various positions within SEB Merchant Banking. Global Head of Trading and Head of Division Merchant Banking. Head of Division Corporate & Institutions and Executive Vice President of SEB. Deputy Chief Executive Officer of SEB.

Nationality: Swedish

Own and closely related persons' shareholding: 374,777 class A-shares, 131,578 performance shares and 209,695 conditional share rights.

1) Not available for re-election 2014.



MAGDALENA OLOFSSON MARCUS WALLEBERG URBAN JANSSON



WINNIE FOK SAMIR BRIKHO



BIRGITTA KANTOLA MARIA LINDBLAD



JACOB WALLEBERG



SVEN NYMAN ANNIKA FALKENGREN



JESPER OVESEN



TOMAS NICOLIN JOHAN H. ANDREZEN



SIGNHILD ARNEGÅRD HANSEN



PERNILLA PÅLMAN HÅKAN WESTERBERG

Directors appointed by the employees

MAGDALENA OLOFSSON

Born 1953; Studies in Economics and Accounting.

Other assignments: Chairman of Financial Sector Union of Sweden SEB Group, Regional Club Stockholm & East of the same union and of the European Works Council SEB Group. Member of the Board of Financial Sector Union Sweden.

Background: Various positions in SEB. Deputy Member of the Board of SEB. Member of the Board of Finance and Insurance Unemployment Benefit Fund and SEB BoLån.

Nationality: Swedish

Own and closely related persons' shareholding: 0.

PERNILLA PÅLMAN

Born 1958; Advanced certificate in occupational safety and health and work environment.

Other assignments: Vice Chairman of Financial Sector Union of Sweden SEB Group and of regional Club Stockholm & East. Principal Safety Representative at Group level Sweden.

Background: Work in SEB's private and corporate sector within the Retail division. Union representative and elected head occupational safety and health at work. Second Vice Chairman of the Financial Sector Union of Sweden SEB Group.

Nationality: Swedish

Own and closely related persons' shareholding: 661 class A-shares and 9 class C-shares.

Deputy Directors appointed by the employees

MARIA LINDBLAD

Born 1953; B.Sc. (Econ) Katowice School of Economics, Poland.

Other assignments: Second Deputy Chairman of Financial Sector Union of Sweden SEB Group and Chairman of Regional Club Stockholm City of the same union.

Background: SEB (FinansSkandic) and later on Division Merchant Banking. Union assignments since 2005.

Nationality: Swedish

Own and closely related persons' shareholding: 5,021 class A-shares.

Secretary to the Board of Directors



MARIE EKSTRÖM

HÅKAN WESTERBERG

Born 1968; Engineering logistics.

Other assignments: Chairman Association of University Graduates at SEB. Board member SEB Kort Bank.

Background: Sales manager at Trygg-Hansa in the property insurance business. SEB in various positions in systems management and IT development, currently Systems Management Advisor. Union representative since 2001.

Nationality: Swedish

Own and closely related persons' shareholding: 2,635 class A-shares.

CONTACT THE BOARD OF DIRECTORS:

Skandinaviska Enskilda Banken AB,
Board Secretariat
SE-106 40 Stockholm, Sweden
sebboardsecretariat@seb.se

Group Executive Committee

ANNIKA FALKENGREN

Born 1962; SEB employee since 1987; B. Sc. (Econ). President and CEO since 2005.

Other assignments: Chairman of the Swedish Bankers' Association. Director of Securitas. Member of Supervisory Board Volkswagen AG and Munich RE¹⁾.

Background: Various positions within SEB Merchant Banking. Global Head of Trading and Head of Merchant Banking. Head of Division Corporate & Institutions and Executive Vice President of SEB. Deputy Chief Executive Officer of SEB.

Own and closely related persons' shareholding: 374,777 class A-shares, 131,578 performance shares and 209,695 conditional share rights.

VIVEKA HIRDMAN-RYRBERG

Born 1963; SEB employee since 1990; B.Sc. and Lic. Sc. (Econ). Head of Group Communications since 2009. Chairman of the Corporate Sustainability Committee.

Background: Coopers & Lybrand. Various positions within Wealth Management, Retail Banking and Life. Group Press Officer and Head of CEO Office.

Own and closely related persons' shareholding: 47,679 class A-shares, 26,315 performance shares and 37,744 conditional share rights.

JOHAN ANDERSSON

Born 1957; SEB employee since 1980; B. Sc. (Econ). Chief Risk Officer since 2010. Head of Credits and Risk Control since 2004.

Background: Different positions within Merchant Banking and Group Credits. Deputy Head of Group Credits and Risk.

Own and closely related persons' shareholding: 55,883 class A-shares, 22 class C-shares.

MARTIN JOHANSSON

Born 1962; SEB employee since 2005; B.Sc. (Econ). Head of Business Support from 2011.

Background: Various assignments during 18 years in Citigroup, in Sweden and internationally. Global Head of Client Relationship Management within SEB's Merchant Banking division. Head of the Baltic division.

Own and closely related persons' shareholding: 53,885 class A-shares, 65,789 performance shares and 87,203 conditional share rights.

JAN ERIK BACK

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

Background: Svenska Handelsbanken. CFO at Skandia. First Senior Executive Vice President and CFO at Vattenfall.

Own and closely related persons' shareholding: 35,755 class A-shares, 139,694 performance shares and 108,172 conditional share rights.

ANDERS JOHNSON

Born 1959; SEB employee since 1984; Higher bank degree. Head of the Life and Wealth Management Division since 2013.

Background: Götabanken. Different positions within SEB's Merchant Banking division. Various leading positions within SEB Private Banking. Head of Trading & Capital Markets, Merchant Banking. Head of the Wealth Management division.

Own and closely related persons' shareholding: 23,515 class A-shares, 88,034 conditional share rights and 14,094 deferral rights.

MAGNUS CARLSSON

Born 1956; SEB employee since 1993; B. Sc. (Econ). Executive Vice President, Head of the Merchant Banking division since 2005.

Background: Bank of Nova Scotia. Various positions within SEB's Merchant Banking division, including Head of Project & Structured Finance, Head of Corporate Clients and Deputy Head of the division.

Own and closely related persons' shareholding: 54,255 class A-shares, 98,684 performance shares and 129,974 conditional share rights.

ULF PETERSON

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

Background: Various positions within SEB's Retail Banking division such as Branch Manager, Credit Manager, Deputy Regional Manager, Business Area Manager for Products, Processes, Operations and IT, Global Head of Private Banking, CFO & Global Head of Staff, Retail.

Own and closely related persons' shareholding: 22,645 class A-shares, 31,998 performance shares and 52,422 conditional share rights.

Additional members

MATS TORSTENDAHL

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

Background: ABB, Östgöta Enskilda Bank. Various positions within Danske Bank, such as Senior Executive Vice President and Head of Danske Bank Sweden.

Own and closely related persons' shareholding: 71,789 class A-shares, 139,694 performance shares and 109,004 conditional share rights.

PETER HØLTERMAND

Born 1963; SEB employee since 1997; B.Sc. (Econ). Country Manager SEB Denmark since 2002.

Background: SDS. Alfred Berg. SEB Merchant Banking, Trading & Capital Markets. Global Head of Fixed Income & Swaps, Global Head of Capital Markets and Head of Merchant Banking in Denmark.

Own and closely related persons' shareholding: 37,206 class A-shares and 18,265 deferral rights.

WILLIAM PAUS

Born 1967; SEB employee since 1992; M. Sc. (Econ). Country Manager SEB Norway since 2010.

Background: Various positions within SEB Trading & Capital Markets. Head of Trading and Capital Markets in Asia, Head of Merchant Banking in Germany and Head of Merchant Banking and Wealth Management in Norway.

Own and closely related persons' shareholding: 89,245 class A-shares and 24,758 deferral rights.

DAVID TEARE

Born 1963; SEB employee since 2006; B. Comm. Head of the Baltic division from 2011.

Background: Citibank. Morgan Stanley. Client Relationship Management within SEB's Merchant Banking division.

Own and closely related persons' shareholding: 65,000 class A-shares, 51,989 conditional share rights and 8,104 deferral rights.

1) Not available for re-election 2014.

1. Annika Falkengren 2. Peter Høltermand 3. Johan Andersson 4. David Teare 5. Mats Torstendahl 6. Viveka Hirdman-Ryrberg 7. Ulf Peterson 8. Jan Erik Back 9. Anders Johnson 10. William Paus 11. Magnus Carlsson 12. Martin Johansson





Remuneration report

SEB's remuneration system aims to attract and retain committed and competent employees who contribute to the Bank's long-term success. An employee's compensation should encourage high performance, sound behaviour and risk-taking that are aligned with SEB's values and thereby meet customer and shareholder expectations. Compensation is based on experience, competence, responsibility and performance, and promotes a long-term commitment to creating sustainable value.

Remuneration structure

SEB's remuneration structure consists of the components base pay, long-term equity-based compensation, pensions and other benefits.

An employee's base pay, which is the main remuneration component, shall be competitive and aligned with the employee's competence and experience. It shall also be in line with industry peers in the respective markets in which the Bank operates.

Long-term equity-based compensation is a means of attracting and retaining people with key competencies and aligning their interests with the shareholders' interests. It also creates an incentive for employees to become shareholders in SEB, which builds long-term commitment to the Bank. This compensation is based on risk-adjusted results and performance of the individual employee, the individual's respective team or business unit, and of SEB as a whole. There is a scope for risk adjustment both for current and future risks as well as for the final outcome and the remuneration can therefore subsequently be reduced in part or in full, in accordance with the Swedish Financial Supervisory Authority's regulations. SEB has a well established model for calculation and internal allocation of capital. The risk-adjusted result is based on this model.

Cash-based individual variable compensation is used only in operations where it is common market practice, such as in investment banking. In 2013, individual cash-based variable compensation accounted for 5 per cent (6) of SEB total staff costs.

Long-term equity programmes 2013

The 2013 Annual General Meeting approved three different programmes for 2013:

- All Employee Programme 2013, a profit-sharing programme for employees in most of the countries where SEB operates
- Share Matching Programme 2013 for selected key business employees with critical competences
- Share Deferral Programme 2013 for members of the GEC, certain other senior managers and key employees.

All Employee Programme 2013

The programme is offered to essentially all employees in the Group and aims to strengthen long-term commitment. The outcome of the programme is based on the Group's predetermined financial and non-financial targets in the business plan expressed in terms of return on equity, cost development and customer satisfaction. This programme replaces the collective profit-sharing programmes from previous years and aims to include as many employees as possible.

Fifty per cent of the outcome is paid out in cash and the rest is deferred for three years and is paid out in SEB shares in Sweden and in cash, adjusted for TSR (total shareholder return), outside of Sweden. The deferred amount is normally forfeited if an employee's employment ends during the three-year period. The maximum cost for the programme is estimated to SEK 900m.

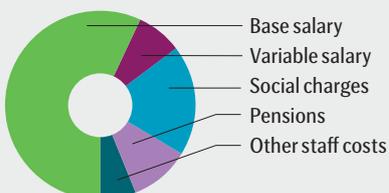
Share Matching Programme 2013

Approximately 200 selected business-critical executives participate in the programme. The participation is based on own investment in SEB shares that gives an opportunity to receive matching share rights and performance-based matching share rights. The investment amount is based on previous year's performance and is capped. The participants receive one matching share right and a maximum of three performance-based matching share rights for each SEB share purchased under the programme. Each matching share right gives the participant the right to receive one SEB Class A share. A prerequisite is that the participant remains employed by SEB during the performance period. The programme's performance period is three years, followed by a four-year exercise period.

The outcome of the programme, i.e., the number of performance-based matching share rights that the participants receive, depends on the degree to which two predetermined performance requirements are met – the total return in relation to SEB's peers (1/3 of the maximum outcome) and in relation to the long-term risk-free interest rate (2/3 of maximum outcome). The outcome is capped when both performance criteria have been met and the share price has doubled. The number of shares under the programme is limited at 4.5 million, and the expected outcome is approximately half that amount. The participants in the Share Deferral Programme do not take part in the Share Matching Programme and vice versa.

Staff costs

SEK m



2013 2012

7,993 8,335

1,091 1,201

2,666 2,709

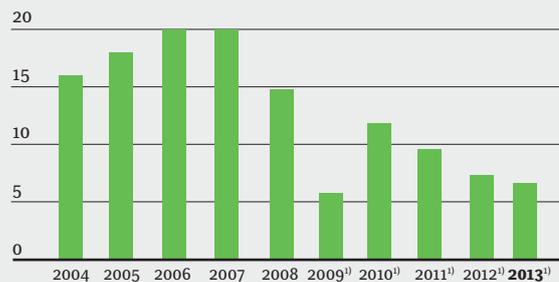
1,450 1,421

829 930

Variable compensation

Cash-based variable compensation in relation to total staff costs (incl social charges)

Per cent
25



1) Shows continuing operations from 2009

Remuneration in SEB in 2013

SEK thousand

	Base pay	Cash-based variable compensation	Expensed amount equity-based programmes	Benefits	Total	Pensions
President and CEO, Annika Falkengren	8,500	-	4,205	1,366	14,071	5,738
Other members of the GEC	34,196	-	12,653	1,299	48,148	17,243
Total	42,696	-	16,858	2,665	62,219	22,981
SEB excluding GEC	7,950,665	760,922	313,002	89,589	9,114,178	1,426,822
SEB total	7,993,361	760,922	329,860	92,254	9,176,397	1,449,803

In 2013, in average nine members of the GEC are included.

Share Deferral Programme 2013

The members of the Group Executive Committee and certain other senior managers and key employees – a total of approximately 300 persons – are granted an individually determined number of conditional share rights, based on predetermined targets in SEB's business plan on Group, divisional and individual level. The targets are set annually and are both financial (return on equity and/or business equity and cost development) and non-financial (e.g., customer satisfaction according to relevant indices and employee commitment).

Ownership of 50 per cent of the share rights are transferred after a three-year vesting period and 50 per cent after a five-year vesting period. In order for a participant to receive the share rights, he or she must remain employed with SEB during the first three years of the programme. A further requirement is that the participant owns a predetermined number of SEB shares.

Following the respective vesting periods, the participant's right of disposal is restricted for one additional year, after which the share rights may be exercised during a three-year period. Each share right gives the participant the right to receive one SEB Class A share. The outcome is adjusted for the dividends paid to the shareholders during the term of the programme. The maximum number of shares in the programme is capped at 5.8 million. *Read more about the Share Matching and Share Deferral Programmes in 2013 and previous years on the corporate governance pages of www.sebgroup.com*

Remuneration of the President and the Group Executive Committee

SEB's Board of Directors decides on the remuneration of the President and other members of the Group Executive Committee based on a recommendation by the Board's Remuneration and Human Resources Committee. Remuneration shall be in line with the guidelines set by the Annual General Meeting.

The 2013 Annual General Meeting resolved that the total remuneration for the members of the Group Executive Committee shall be based on the three main components base pay, long-term equity-based compensation (Share Deferral Programme), and pensions and other benefits. The remuneration does not include cash-based variable compensation.

As communicated in the 2012 Annual Report and at the 2013 Annual General Meeting, the aim has been that all pension agreements for the GEC shall be defined contribution based. This transition was completed in 2013 for the President and the remaining other members with defined-benefit based plans.

For termination of employment initiated by the Bank, a maximum of 12 months' severance pay is payable. SEB has the right to deduct income earned from other employment from any severance pay. Detailed information on remuneration of the President and other members of the Group Executive Committee is provided in *note 9c*. The Board's proposed guidelines for decision by the 2014 Annual General Meeting comply in all material respects with the 2013 guidelines.

The proposal is available at www.sebgroup.com

Remuneration Policy

The principles for determining, applying and following up remuneration within SEB, as well as the definition of employees classified as specially regulated staff, are laid out in SEB's Remuneration Policy, which is updated annually. The Board's Remuneration and Human Resources Committee drafts a proposed, revised version, with input from the relevant control functions, for final adoption by the Board.

In 2013 a total of 973 persons within SEB were identified as specially regulated staff. *For further information about remuneration, please see note 9.*

Status of equity-based programmes

Per cent

