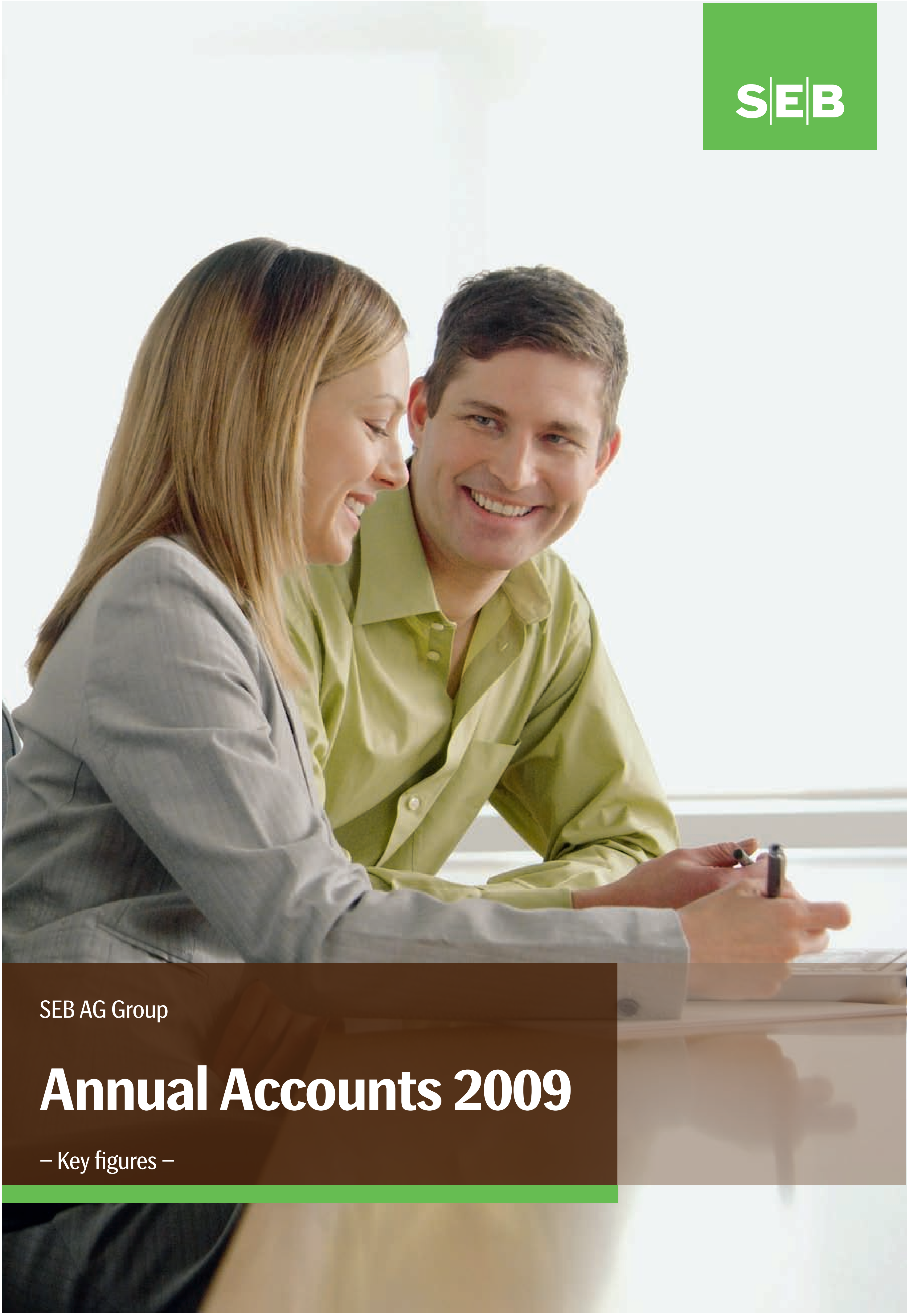

SEB

SEB AG Group

Annual Accounts 2009

– Key figures –

SEB's Profile in Europe and Germany

The SEB Group is one of the most important and biggest financial services providers in Sweden and Northern Europe. The Bank was founded as Stockholms Enskilda Bank by André Oscar Wallenberg in 1856. In 1972, the Bank merged with Skandinaviska Banken to become SEB.

Owing to the merger with the insurance company Trygg Hansa (later Trygg Liv), SEB joined the insurance business in 1997. At the end of the 90ies, SEB followed a specific expansion strategy in Europe. During this time, the number of customers and employees doubled. At the beginning of the year 2000, SEB acquired BfG Bank AG in Germany and renamed them to SEB AG in April 2001. In addition to this, the group took over three banks in Estonia, Latvia and Lithuania and today belongs to the market leaders in the Baltic states. By taking over the Ukraine banks Agio in October 2004 and Factorial in the year 2007, the SEB Group continued its expansion in Eastern Europe.

In Norway, Denmark and Finland, SEB is active in various fields of business – inter alia in the credit card business, commercial real estate business, in brokerage as well as in the securities business. In Luxembourg and Switzerland, SEB focuses on extending the business with wealthy retail customers (Private Banking). All over Europe, the SEB Group services more than five million customers and has approximately 20,000 employees. The Bank operates in 21 countries worldwide. In Germany, SEB has about one million customers and operates in the business lines Retail Banking (private customers), Merchant Banking (corporate customers), Commercial Real Estate (commercial real estate customers) and Asset Management.

The core of the Retail Banking in Germany is a network of 174 branches all over the country. With Internet and telephone banking, Call Centres as well as its branches, the Bank has an efficient multi-channel distribution structure. With the AXA Group as exclusive partner in the insurance business, SEB is a strong all-finance supplier in Germany. SEB positions itself in Germany as particularly customer-friendly Swedish financial services provider with outstanding counselling and service quality. The Bank is traditionally at the top of customer satisfaction in Germany.

The business line Merchant Banking is responsible for customer relationships to multinational and medium-sized companies, institutions, banks and financial institutes. The range of products includes Global Transaction Services, Trading and Captial Markets as well as Structured Finance. It is aimed at establishing the Bank as core bank in selective customer groups. For multinational companies, SEB AG is a professional niche supplier for solutions in the Northern and Eastern European business. Integration into the global structure of the SEB Group makes it possible to combine the international range on offer with local presence.

In Commercial Real Estate, Germany is the market with the biggest potential for the SEB Group. CRE constitutes its own business line within SEB AG. On corporate level, CRE is a product area within the Merchant Banking (MB) Organisation. Since 2004, the group-wide activities have been controlled from Frankfurt. The products offered to customers (national and international real estate investors as well as housing companies) includes classical financing as well as additional services such as Cash Management, interest rate derivatives and asset management. Furthermore, SEB in Germany is also active in the area Structured Finance Commercial Real Estate, e.g. in the financing of large-scale real estate portfolios. Apart from locations in Germany's important real estate centres (Frankfurt, Hamburg, Berlin, Düsseldorf, Munich), CRE is also represented in Sweden, Finland, Norway, Denmark and Poland.

Within the subsidiary SEB Asset Management AG, the Bank consolidates its real estate and securities business under the umbrella of the investment trust company SEB Investment GmbH. Being part of the division "Wealth Management" of the SEB Group, SEB Asset Management has a far-reaching expertise in the relevant asset categories. The subsidiary belongs to the biggest and most successful suppliers of real estate funds and property share funds in the German market. SEB Asset Management successfully specializes in total-return approaches with regard to real estate and fixed income. About 60 percent of the assets under management are based on these concepts.

Financial Review

In the previous business year, the SEB Group could not completely hold its ground against the effects of the continuing financial and economic crisis. After the SEB Group in comparison with other banks reached a very good result in the year 2008, this year the Bank had to join the group of companies which was not completely able to escape from the maelstrom. Particularly the continuing economic crisis which was caused by the financial crisis was the reason for the fact that the SEB Group could not reach the desired result, mainly because of the decline in earnings and the increased provision for risks.

In the following, the individual components of the result will be explained. These statements partly refer to the individual accounts of SEB AG (SEB AG) and partly to the financial accounts of the German SEB sub-group (SEB Group).

SEB AG Group	Jan – Dec 2009	Δ 2008 in %
Total operating income	566,8	−20 %
Net interest income	358,8	−7 %
Net fee and commission income	235,2	−19 %
Total operating expenses	−512,0	1 %
Net credit losses	−69,3	128 %
Operating result	−14,9	−109 %
	2009	**2008**
RoE (after tax)	−0,5 %	5,1 %
C/I	0,90	0,83

Profit situation

In the year 2009, the SEB Group in Germany had an operative result to the amount of −14.9 million Euros, that is a result reduced by 187.3 million Euros compared to the previous year.

This result on the one hand is to be put down to the still continuing restraint by the customers in the securities and insurance sector and on the other hand to the negative effects of the market interest rate level on the deposit business. This is also reflected by the corresponding result components: the net interest income of the SEB Group deteriorated by 27.2 million Euros to 358.8 million Euros compared to the previous year. The commission result also declined by 55.0 million Euros to 235.2 million Euros.

The trading performance for the business year 2009 amounts to −44.5 million Euros. This is a deterioration by 58.9 million Euros in comparison to the previous year. This decline mainly resulted from the consequences of a continuing difficult market situation which has a negative effect on the valuation of securities of the commercial stock as well as on the derivative business of SEB AG.

The result regarding financial assets has significantly improved compared to the previous year, having increased by 36.6 million Euros to 9.9 million Euros. This effect is mainly based on the extraordinarily negative result of the previous year which was to be put down to the high depreciations with regard to the Lehman Brothers securities. In addition to this, it was possible to generate respective profits by selling securities this year.

The 2009 hedge result records a decline by 20.8 million Euros to −26.1 million Euros compared to the previous year. This deterioration has to be put down to realized capital gains from sold securities from the corresponding dissolved hedge transactions.

The other operational revenues dropped by 19.2 million Euros to 28.5 million Euros in comparison with the previous year. This decline on the one hand results from the sale of the broking agency to the SEB mother company which positively effected the result in 2008 and on the other hand from smaller effects caused by the consolidation of Asset Management Potsdamer Platz (AMPP) and from less proceeds from the repayment of written-off credits in 2009 compared to the previous year.

The sum of personnel expenses and other administrative expenditures increased by 6.9 million Euros to 491.4 million Euros compared to the previous year.

With 69.3 million Euros, net allocation to risk provision was above the value of the previous year by 38.9 million Euros. In 2009, this position was burdened by an increased loss rate owing to the market environment as well as by specific individual cases.

Altogether, the SEB AG Group in Germany records an annual deficit of 14.2 million Euros according to the IFRS accounting, compared to a surplus to the amount of 108.2 million Euros in the previous year.

Financial situation

In 2009, the balance sheet total of the SEB Group reduced from 60.2 thousand million Euros to 52.8 thousand million Euros compared to the previous year.

The decline on the active side mainly results from the change with regard to the financial assets amounting altogether to 5.3 thousand million Euros. On the one hand, this change can be put down to the sale of securities which was carried out within the framework of SEB AG's risk policy. On the other hand, some parts of the investment portfolio were transferred to the category Loans and Receivables in the course of the reclassification carried out on 2 January 2009. The accounts receivable with regard to credit institutes increased by 3.7 thousand million Euros, but accounts receivable with regard to customers at the same time declined by 2.9 thousand million Euros. This can above all be explained by the Bank's increased risk awareness when granting new credits. Furthermore, the already mentioned reclassification of AfS and HfT securities to the IFRS category LaR caused a shift in favour of the accounts receivable with regard to credit institutes and customers to the amount of 4.7 thousand million Euros. On the passive side, there were significant reductions regarding the liabilities with regard to customers as well as securitized liabilities. In total, liabilities were reduced by 7.6 thousand million Euros (see notes (19), (65) to (67)). This results above all from the fact that SEB AG did not prolong outstanding issues, particularly in the area of public bonds. This was a strategic decision by the Bank within the framework of its risk policy. In order to service issues that became due, respective asset items were sold. Deposit banking, particularly with regard to institutional and private customers also declined, because SEB AG – owing to its good liquidity structure – followed a more moderate terms policy than their competitors in the distorted market structure und thus lost deposits.

The assets under management increased by 12.8 thousand million Euros to 13.1 thousand million Euros in comparison with the previous year, owing to a slight recovery of this business sector.

The number of funds under management was reduced by 4 to 63 units compared to the previous year.

The Bank continues to have an appropriate equity position. The regulatory own resources in the SEB Group amount to 2.3 thousand million Euros according to Basel II. These are made up of 1.5 thousand million Euros core capital and 0.8 thousand million Euros cushion capital.

The corresponding equity ratio is 13.3 percent (previous year: 10.2 percent).

The Bank's medium-term target to reach a rate of return on equity of more than 10 percent could not be realized this year, the continuing poor economic situation being one reason for this.

SEB AG (IFRS Individual Accounts)

Profit situation and financial position

SEB AG had an operative result before taxes of –15.6 million Euros compared to 171.4 million Euros in 2008. According to the individual accounts, SEB AG had an annual deficit of 15.1 million Euros in the business year 2009, compared to 107.9 million Euros annual surplus in the previous year.

SEB AG's allocations to the provision for risks increased by 37.9 million Euros to 69.3 million Euros compared to the previous year.

Considering the IFRS individual accounts of SEB AG, the balance sheet total dropped to 52.7 thousand million Euros in 2009 (previous year: 60.1 thousand million Euros).

The effects on the result discussed in the statements on the SEB Group also play a decisive role with regard to SEB AG.

The Merchant Banking Segment

Merchant Banking	Jan – Dec 2009	Δ 2008 in %
Total operating income	240,0	–13 %
Net interest income	141,1	39 %
Net fee and commission income	77,9	–26 %
Total operating expenses	–120,7	2 %
Net credit losses	–18,3	2 %
Operating result	100,8	–24 %
	2009	**2008**
RoE (after tax)	11,2 %	15,3 %
C/I	0,50	0,45

The Merchant Banking division of SEB Group is responsible for customer relations to multinational and medium-sized companies, institutions, banks and financial institutes as well as for the operating area Commercial Real Estate (CRE). In corporate business, SEB AG offers a complete range of banking services and financial solutions to selected medium-sized companies and institutions. The strategic aim is to establish itself as main bank for the target customers. For multinational companies, SEB AG is a professional niche supplier for product solutions in the Northern and Eastern European business. The far-reaching integration in the global structure makes it possible for the Bank to combine the international product range with local presence. This considerably strengthens its position in the German market.

In the last year, Merchant Banking again positioned itself as financially strong and reliable banking partner. The strategy to deepen its business relations to old customers, on the one hand, and to attract new interesting customers, on the other hand, together with an established risk management, excellent counselling and a well-balanced product portfolio led to an altogether extremely satisfying result.

What has to be emphasized in particular is the positive business development in the customer business with multinational companies. In the product area Trading & Capital Markets, earnings growths were especially generated in Trading & Capital Markets. The earnings in the product areas Structured Finance and Trade Finance could also be increased compared to the previous year.

Merchant Banking has extended its Advisory Banking offer: apart from the further successful establishing of the sector "Global Financial Solutions" for tailor-made (risk) counselling of mainly internationally operating companies, a Cash Management Advisory Function was built up. This particularly concentrates on the counselling right around the improvement of the liquidity processes of customers.

According to schedule, costs were stable in comparison with the previous year; in addition, the provision for risks could be reduced. The return on equity reached 11 percent. The net result was considerably above target.

Studies on customer satisfaction and awards again confirmed the quality of the products and services in the business year 2009.

Trading & Capital Markets

In the year 2009, trading again had to face the turmoil on the financial markets. Thanks to the favourable fundamental market data and the ability of the staff to adjust to the new challenges within a short period of time, a sound result could be achieved.

This sector all in all benefited from the close customer relations. The teams Financial Solutions, Capital Markets and Exchange Dealings worked together even more intensive in order to advise the customers optimally. The teams Foreign Exchange Sales and Capital Markets achieved a good result. Traditional share deal with products traded on the stock exchange correlated with the general BIP development and therefore moved in a difficult environment. Products connected with equity capital including Securities Lending were subject to a good demand.

In 2010, Trading & Capital Markets will diversify their sources of earning and continue to strengthen the counselling business. It will remain the prime aim to provide the customers with financial services focussed on the increase of value, based on counselling, risk management and transaction technology. It is intended to offer an improved and extended range of products and to gain additional new customers. At the same time, the focus on risk management and "Operational Excellence" will be maintained. The sector is well prepared for the stricter regulation of the financial markets, particularly due to new IT developments and their application. All these factors support the long-term objectives and positively influence the market position of Merchant Banking.

Global Transaction Services

Custody Services

The deposit volumes in the Custody Services sector have increase by about 11 percent compared to the previous year. A slight increase in the transaction activities in the Global Custody sector could also be recorded, while the activity in the Sub-Custody sector – which is stronger in terms of transactions – remained unchanged in comparison with the previous year. The increased demand for deposit bank solutions had a positive effect in the real estate sector. In addition to this, the industry noted an increasing interest by the market in Collateral Management solutions which will be dealt with more intensely in 2010.

Cash Management

As a result of the economic uncertainties, many corporate customers and institutions have put the optimisation of their liquidity into the centre of their management activities. The Cash Management sector has made use of the demand resulting from this and won more than 120 additional German and international Cash Management mandates in 2009, including significant deals in the Nordic and Baltic countries as well as in Great Britain. The volume growth achieved could nevertheless not compensate the base lending rates which were strongly declining compared to 2008 nor the involved decline of the interest earnings development. In view of the expected stabilisation of the market conditions, in the year of crisis, the exposure in and awareness on the market of the whole Group as European and Nordic-Baltic Cash Management service provider was extended, the new Advisory function implemented as well as – in cooperation with other GTS product areas – the Cross-Selling activities intensified. This preparation of the business foundation is continued consistently and will lead to an extension of earnings if market interest rates start to increase again.

In the year under review, product development mainly concentrated on the punctual implementation of the regulatory measures such as the Single Euro Payments Area (SEPA) and the Payment Services Directive (PSD) as well as on the satisfaction of the needs of our customers from the area of social insurance institutions in view of the changes owing to the health fund.

Trade Finance

In spite of a considerable decline in the German foreign trade, the product area Trade Finance was able to further extend its business with the customers in Germany, Switzerland and chain store companies in Scandinavia in 2009. In addition to this, the customer basis, particularly in the German medium-sized customer segment, could be extended. Important components for the increase of earnings by 16 percent were risk covering for exports to Asia and acceptance of guarantees worldwide. And not least because of positive signals by the market, Trade Finance expects an extension of its business also for 2010, while an increase in financing is to be expected.

Leasing & Factoring

The negative development of the new business in the fourth quarter 2004 continued with regard to movable property leasing in 2009. The recession had an undamped effect on the leasing industry. According to trend surveys by the Federal Association of German Leasing Companies, the new business in leasing of movable assets declined by about 24 percent from January to September. Fortunately, SEB's volume development was not that negative. Although the current investment cycle passed its bottom in the year 2009, there are only slight prospects for a soon increase in investments. For this reason, we do not expect fast recovery of the leasing market in 2010.

Contrary to the considerably declining factoring volume on the overall market due to the recession, SEB was able to continue its growth in factoring in 2009. Particularly in the second half-year it was possible to realize some interesting new acquisitions. We expect this positive trend to continue also in the year 2010.

Structured Finance

Project, Asset & Export Finance

Since the beginning of the year, the former sector Export & Project Financing has traded under the new name of Project, Asset & Export Finance (PAEF), extended by the product segment Structured Asset Finance. In spite of the difficult market environment, PAEF could realize some important transactions even in 2009. This includes two large-scale project financings in the USA as well as an important power station financing in Germany.

In 2010 and in the following years, PAEF will increasingly concentrate on transactions structured and led by itself in Germany as well as in the SEB home markets. The energy sector in the area of renewable energy (particularly wind and solar) as well as projects in the infrastructure sector (roads and railway projects, schools, hospitals, public buildings) will play a central part in this.

Acquisition Finance

As expected, there were only extremely few occasions to finance business takeovers for financial investors by third-party funds in 2009. One reason for this are the company valuations which – due to the companies' economic prospects which are hard to assess – are generally low and unattractive for sellers and another reason is the restrictive lending policy by many credit grantors. Nevertheless, 2009 was successful for this sector. The market-induced focussing on the portfolio which is healthy in essence was an opportunity to deepen the relations to the existing customers as well as to adjust the running financing to the new economic conditions and market situation in order to generate higher proceeds by this.

For 2010, a significant change of these circumstances is not to be expected, although some transactions – and even larger ones – are already in the pipeline. Accordingly, it cannot be excluded that the market situation will continue to be challenging in the year 2010, but will offer good business and earnings opportunities to circumspect market participants at the same time.

Client Relationship Management (CRM)

Large Corporates, financial institutions and banks

In spite of the continued difficult market environment, especially in the first two quarters, this market segment generated clear earnings growths in the year under review. The integrated Nordic-Baltic Cash Management System contributed to the winning of market shares. In addition to this, a significant increase in the credit margins could be recorded in the market. In the area of financial institutions, the market share could considerably be increased during the crisis of the financial market by winning a large number of new customers. The employment of customer advisors and analysts experienced in the respective line of business as well as the close cooperation with highly qualified product specialists continued to prove its worth in 2009.

This sector also expects a stable development for 2010. Owing to the improvement of the economic environment, an increase in the demand for credits should meet a slight reduction of the margin level.

Corporate customers/small and medium-sized businesses

The previous business year was successful in spite of the economic and financial crisis. Arrangements regarding provision for risks remained on a low level. Furthermore, this sector succeeded in extending its business with existing customers. It was particularly the challenging market environment which offered excellent growth opportunities in the corporate customer segment to this business model. In the following years, the Bank will therefore increase the market share in this segment.

Institutional customers

The business with institutional customers was very satisfying in the full year 2009. The short-term deposit volume could be kept on a high level in spite of declining market interest rates and fierce competition. The securities turnovers in the area of fixed-yield securities developed within the scope of the demanding anticipations data. With innovative product solutions, the Bank was able to further strengthen its leading position in the segment of social insurances. In the Public Sector, the professed growth aims could clearly be outperformed. Short-term refinancing of municipalities were to the fore. With regard to the municipality-related energy supply companies, the sector achieved a significant improvement of its result, owing to individual financing and structuring concepts in cooperation with our specialists.

The sector is confident that its ambitious targets will also be reached in 2010 – in cooperation with the product specialists.

Commercial Real Estate

Commercial Real Estate (CRE) is a global line of business within the Merchant Banking Division of the SEB Group. Both for SEB in Germany as well as for SEB AB, CRE is a stable and profitable pillar.

Germany is one of the key markets of SEB AB, because Germany is not only the biggest market with regard to the existing business, but also the market with the greatest potential for the real estate business of SEB AB. Compared to this, Sweden is rather the main market for the other business lines of SEB AB. Therefore, any group-wide activities concerning the commercial real estate business of SEB AB have been managed from Germany since 2004. Within the German Organisation, CRE is run as separate business unit because of its importance. SEB AG is one of the few foreign banks with a German bond licence.

CRE's strategy is based on long-term customer relations. Knowing the customers very well and jointly establishing a basis for a long-term business relationship is one of the basic principles of this sector.

The customers in Germany include investors (in the sectors Residential, Office and Retail) and housing companies. The range of services offered comprises financing as well as additional products of SEB such as, for example, Cash Management, interest derivates and asset management.

Since the middle of 2006, SEB in Germany has also been operating in the sector Structured Finance Commercial Real Estate. With its small team of specialists, Structured Finance has obtained the mandate for some major real estate transactions since then and successfully structured them. The main emphasis of the activity is put on the structuring of financing with regard to portfolio transactions.

With qualified teams having years of experience in commercial real estate financing, Commercial Real Estate is represented in the most important real estate centres of Germany (Frankfurt, Hamburg, Berlin, Düsseldorf, Munich) as well as in Sweden, Finland, Norway, Denmark and Poland through SEB AB. Approximately two thirds of the total credit portfolio in CRE, MB are to be apportioned to Germany.

Owing to the difficult market situation, CRE was purposefully restrained in its activities in 2009. The primary target was to support its core customers. As expected, this adjustment of the business strategy led to lower proceeds in 2009. Particularly decreased commission earnings owing to the reduced business activity were of consequence. With regard to interest yield, a positive development could be recorded. Risk-induced costs had to be adjusted to the generally declining market values of properties. In addition to this, the business unit carried out internal optimisation measures and strategy adjustments in Germany. The implementation of the focus strategy which means increased concentration on the cooperation with bigger customers will be one of the main subjects in 2010.

CRE could maintain or even reinforce its strong position in the market for commercial real estate financing in Germany as well as in the Nordic countries and continues to be a strong and reliable partner for its customers.

In 2009, CRE was again awarded the Euromoney Awards, among other things as best real estate bank in Nordic & Baltic, as No. 2 in Germany and as No. 3 globally. In an independent study by the Premise Group, SEB was awarded the title as most valuable real estate brand in the category of banks.

SEB's programme for a continuous improvement of operative processes, products and services (SEB Way) which was started last year was successfully continued in 2009, as well. Within the scope of various initiatives, measures are being implemented which will lead to an improvement of Operational Excellence in future.

The Retail Banking Segment

Retail Banking	Jan – Dec 2009	Δ 2008 in %
Total operating income	249,2	–26 %
Net interest income	137,1	–33 %
Net fee and commission income	110,6	–14 %
Total operating expenses	–316,6	1 %
Net credit losses	–49,8	–730 %
Operating result	–117,4	–945 %
	2009	**2008**
RoE (after tax)	–20,0 %	2,4 %
C/I	1,27	0,94

The financial crisis caused considerable uncertainties among retail customers in the business year 2009. Whereas in the year 2008, dwindling confidence in the stability of banks and in the safety of the deposits led to clear restraint by the customers, in the year under review, it was the discussion about the quality of the banks' advisory service and the weak economic development that affected the result adversely. Restraint by the customers was particularly noticeable in the securities business. The commission result reflects this with a decline by 14 percent. Higher earnings in other product areas such as, for example, residual debt insurances and building society savings agreements could not compensate this decline. Apart from this, the historically low interest rate level which dropped by 33 percent led to additional pressure on the net interest income. Total proceeds were reduced by 26 percent. Finally, the difficult economic framework conditions and the involved general increase in loss rates as well as specific individual cases which had to be taken into account led to a considerably increased provision for risks which resulted in an increase in risk-induced costs compared to the previous year. All in all, these factors clearly had a negative effect on the result of the retail banking business: the operative result before taxes dropped by 131.3 million Euros to –117.4 million Euros in the full year 2009.

The branch network of SEB again remained the central channel of distribution in the business year 2009. The Internet presence of SEB supplemented the activities on spot and was several times awarded with prizes for its user friendliness last year. In the "ibi Website Rating 2009" by the University of Regensburg, the SEB Bank even two times reached the Top Ten with its Internet presence (www.seb-bank.de). In the rating of banks of all institute groups, SEB Bank took eight place. Among the private credit institutes SEB AG even reached second place. The ibi Research Team investigated Websites of 150 banks from Germany, Austria and Switzerland. The "YouGovPsychonomics Onsite Study 2009" also confirmed that the SEB Bank has a high-quality Internet presence. Within the framework of the annual study "Site-cockpit for Banks and Saving Banks", the YouGovPsychonomics AG determines customers' satisfaction with regard to quality and attractiveness of the Internet pages of financial services providers. According to up-to-date online surveys, users judge the Internet presence of the SEB Bank to be "very good".

Successful Partnerships

The Bank successfully continues the cooperation with AXA, the exclusive partner in the insurance business. This strategic partnership was prematurely prolonged until the year 2016. Cooperation started in the year 2007 and was agreed upon for five years in the first step. Owing to the successful development, both partners decided to extend their cooperation by another five years in due time.

The Bank entered into another marketing cooperation with the member service of the trade union "ver.di", that is with ver.di Service GmbH. Thanks to this cooperation, about 2.2 million members and their relatives as well as 5.000 trade union employees benefit from the exclusive offers by the Bank. SEB has already had a close relationship to ver.di in the Institutional Customers sector for many years.

The sale of SEB gift cards increased to 20.000 units in the business year 2009. In addition, the Bank sold 5,000 gift cards from partner companies such as Ikea, Saturn or Tchibo through its branch network. Premium coupons of the Bank were offered at approximately 4,000 points of sale, including the distribution network of the petrol station market leader Aral as well as the specialized flower shops of the Fleurop partner. The selling of SEB gift cards alone enabled the Bank to sell about 30,000 additional products and provided it with 6,000 new customers. Since 2008, SEB AG has been the banking partner of Retailo AG, supplier of a distribution system for gift coupons, which has a trendsetting function in the German market. Retailo is also corporate customer of SEB and settles all cash flows from any coupon transactions of the total partner network through the Bank.

Public awareness of SEB AG could further be increased again in the year 2009. The successful marketing activities on occasion of the traditional Swedish public holidays Midsommar at the end of June and the festival of light, St. Lucia, in December contributed to this above all. Being the only Swedish retail bank in Germany, SEB makes use of its distinctive Swedish roots as valuable feature of differentiation in competition. Attention was also drawn to the award of SEB AG as best branch bank for financing of 90 percent, related to the purchase price. With the award “best building financer 2009”, FMH-Finanzberatung emphasizes banks which evidently have taken a top position during the whole year. What is taken into account are the real interest rates including corresponding surcharges on interest rates for extraordinary redemption payments, lending ceilings and redemption amounts.

To the uncertainty of the customers with regard to the trustworthiness and counselling quality of banks, SEB reacted with a new, even more efficient counselling concept, the SEB FinanzKonzept. It is used to register the targets and wishes of the customer, to thoroughly analyse the financial circumstances and to point out supply gaps that might exist. Each step is vividly presented by computer-assisted simulations. On this basis, a tailor-made and demand-orientated financial planning is drawn up, orientated at the customer’s phase of life. Additional transparency is provided by the counselling report which will be handed out at the end of the interview. This counselling report and any entries made in the SEB FinanzKonzept are stored and offer a very sound starting base for all following interviews.

Focussing the Retail Business

In order to make the Bank permanently capable of meeting competition, the Retail Business was comprehensively being tested in the year under review. The aim is to focus business and to increase marketing efficiency. First important measures were decided on and implemented by the Bank. The subsidiary SEB Card Service GmbH was for example sold to walter services, a leading supplier of call centre services in Germany. This sale reduces the complexity of the Retail business. Furthermore, it reduces the cost structure in the sector of call centre services and makes it more flexible. For the employees of SEB Card Service GmbH the Bank arranged a location guarantee of several years. The SEB customers in Germany continue to benefit from the so far high SEB quality standard with regard to call centre services. For this purpose, the Bank entered into a long-term service contract with walter services. The card business and eBusiness (Internet technology) which is run under the umbrella of SEB Card Service GmbH will not be affected by the outsourcing of the call centre activities. These activities remain with the Bank.

Another measure taken by the Bank was the closure of the distribution channel Mobile Financial Counselling. With about 80 employees, SEB’s Mobile Financial Counselling had not reached the necessary size in order to render a significant contribution to the result. This would have required far-reaching investments into this channel of distribution. This decision was not taken by the Bank. Instead, the Bank increasingly concentrates on the traditionally strong channels of distribution, i. e. the branches as well as the Internet. The customers of Mobile Financial Counselling are personally being serviced by the 174 branches of SEB in Germany with an unchanged quality.

The Asset Management Segment

Asset Management	Jan – Dec 2009	Δ 2008 in %
Total operating income	57,4	−19 %
Net interest income	0,2	−94 %
Net fee and commission income	56,2	−16 %
Total operating expenses	−34,2	5 %
Net credit losses	0,0	0 %
Operating result	23,2	−33 %
	2009	**2008**
RoE (after tax)	116,0 %	59,2 %
C/I	0,60	0,51

SEB Asset Management held its profitable course in the business year 2009 again, although the difficult conditions at the capital markets as well as the economic environment adversely affected the business in the whole financial services industry. With 23.2 million Euros, the net profit was 33 percent below the result of the previous year, but total costs could nevertheless be reduced by 5 percent. With 57.4 million Euros, total revenues were below last year’s figure by 19 percent. The high out-performance fees in the securities fund business could not compensate the declining volume-based proceeds nor the declining building and buying remunerations for real estate transactions.

The agency fund of all German, German-Luxembourg and Swedish-Luxembourg public and special funds (holding funds, including advisory and discretionary mandates) increased by 1.8 thousand million Euros to approximately 18.1 thousand million Euros compared to the previous year.

Across all asset categories, the company recorded a net inflow of funds of 458.8 million Euros. This result reflects the positive market performance of the institutional real estate fund business. In the area of institutional real estate solutions, which came into being at the beginning of 2008, SEB Asset Management finally established itself as a steady parameter in the market. One example for this is the issue of a special real estate fund with a volume of more than one thousand million Euros. In addition, there was a positive sales balance to the amount of net 152.2 million Euros on the side of the public real estate fund; in spite of the generally difficult situation and temporary suspension of the repurchase of shares with regard to SEB ImmoInvest: the flagship product has had vivid inflows since the reopening at the end of May 2009 and found the way back to its old strength in the second half-year; its new institutional share certificate class had a good start, as well.

A considerable contribution to the year-end results was made by the excellent value development of the 66 funds managed in Frankfurt/Germany: measured by the fund volume, 99 percent of the public funds and 63 percent of the special funds were above their comparative indices (volume-weighted value development in comparison with the respective comparative index of all funds managed by SEB Asset Management). The investment company stuck to its course of focussing on total-return products: about 61 percent of the "assets under management" are based on concepts which generate positive yields irrespective of the market situation.

Good marks by independent rating agencies confirm the sustained success of the funds. The SEB Total Return Quant Fund and SEB deLuxe classic plus were for the first time assessed with "B" by Feri EuroRatings in January 2009, for example. Feri even upgraded SEB deLuxe balance to the best mark "A". The SEB share fund was for the first time marked "Superior" in the qualitative rating by Morningstar. The fund successfully defended its A rating in the S&P Fund Management Rating. The same applies to its fund manager Dr. Jürgen Meyer who again was awarded the Sauren Gold Medal for "very good fund management".

In order to continue its concentration on the core competence as Asset Manager, SEB Asset Management transferred the quarters management for Potsdamer Platz in Berlin to ECE Projektmanagement GmbH. The administration of the investment account business was also outsourced by the sale of SEB Investmentservice GmbH to the FondsService Bank.

Outlook

Almost all major national economies suffered from the effects of the worldwide financial crisis in the business year 2009. The economic crisis has struck a hard blow and toppled leading industrial nations into a slump. The economic crisis was also a decisive factor for Germany in 2009. Dropping exports, short-time working and decreasing consumption resulted in a dramatic breakdown of the economic performance. Forecasts for the year 2010 have a positive tendency, but on a rather low level. The Bank expects that the recovery of the international economic activity will continue in 2010 and 2011, also because of the continued expansive money policy of the note-issuing banks. But the important impacts come above all from the threshold countries. In the industrial countries, the economic recovery will be weaker. As a result of some influencing factors such as the high level of unemployment which will even continue to increase in some countries for the time being, the phasing out of the stocking cycle and declining impetus by the economic policy, temporary setbacks have to be expected.

The note-issuing banks in the major industrial countries will keep to the record low level of interest rates for the time being. This will continue to burden the interest margin of the Bank. As first steps for a less loose money policy they will discontinue unconventional measures such as the buying of government bonds or covered bonds in the following months. The note-issuing banks have scope for a cheap money policy which will still be maintained for many months because there are hardly any risks of inflation at the moment, resulting from a continuing low capacity utilization and moderate increases in wages. Yields at the bond markets will probably continue to move sideways in 2010, being subject to fluctuations at first. Continued low capital market interest rates can mainly be expected because of unchanged low base rates and steep yield curves. In the course of the year, burdening factors like the intensive recourse to the capital markets by the states and an increased demand for credits by the companies should lead to moderately increasing yields.

In the foreign exchange markets, the Euro could for some time continue to diminish in value with regard to the US dollar after the considerable decline since the end of 2009. It should then recover again, however, when the economic recovery in the Euro zone will intensify. The share markets could now have completed the correction phase. The assumption that the share prices will increase in the medium term is not only based on the improved economic perspectives and the favourable long-term assessment after corrections have been made, but also on the considerably increasing corporate profits that are being expected and the lack of investment alternatives. In addition to this, many share markets show an attractive dividend yield. The Bank therefore expects the DAX 30 to be at 6,500 points at the end of the year. On the basis of this scenario, the customers' restraint with regard to securities transactions should also relax and lead to increasing commission earnings again.

As a result from the financial crisis, financial institutes will be confronted with new challenges with regard to capital and liquidity equipment in the following years. Leading central banks and regulatory authorities work on measures for stabilizing the international banking system. With the help of new standards for banking regulations, the seriousness and frequency of financial crises shall be reduced. Being part of a financially sound and broadly positioned financial group of companies, SEB AG is well prepared for this.

The Merchant Banking sector still aims at continuing its successful expansion policy of the last few years and at purposefully winning new customers and market shares in selected lines of business. Particularly the business with medium-sized companies will further be extended in the following years. On the one hand, some competitors act very restrained in the corporate business, on the other hand, more and more companies extend their financing over several financial partners. Merchant Banking will consistently make use of these marketing opportunities. Merchant Banking will put particular focus on risk management. In view of the high credit quality, a relatively stable development of the risk-induced costs is to be expected. Furthermore, one main emphasis of the activities in the time to come will be put on the consolidation of existing customer relations. Owing to the global financial crisis, the terms of financing have considerably deteriorated for many companies. In this phase, the Merchant Banking sector positions itself as reliable financial partner. This will strengthen the Bank's position permanently.

The sector Trading & Capital Markets will diversify its sources of income and further intensify its counselling business in the new business year. This sector is well prepared for the tightened regulations on the financial markets, particularly thanks to new IT developments and their application.

In the product areas Global Transaction Services and Structured Finance, opportunities offered will also be seized purposefully in order to extend the business activities.

After a year with only little new business, the Commercial Real Estate (CRE) sector looks positively into the future. Since the last quarter of the previous year, there are signs of a recovery of the commercial real estate market in Germany. It is expected that this trend will continue and that the transaction volume will continue to increase. Implementation of the focus strategy – meaning a stronger concentration on cooperation with larger customers – will be one of the main subjects in the business year 2010. CRE intends to grow permanently and profitably in this target segment. Apart from this, the sector continues to focus on the improvement of profitability, cost efficiency and optimisation of equity capital utilization. In view of the stable quality of the assets and the slightly improved framework conditions, unchanged low risk-induced costs can be expected for the next time.

In Retail Business, the result considerably deteriorated in the course of the business year 2009. The Bank will increasingly take measures for putting this line of business on a permanently competitive basis again. First decisions have already been translated into action by discontinuing mobile financial counselling and outsourcing of the Call Centres in the business year 2009. This focussing of the Retail Business will consistently be continued in future. In addition to this, the Bank checks different options for the Retail Business. This includes acquisitions, disposals, cooperations, alliances or other opportunities. By the organisational separation of the business field Retail Banking from Merchant Banking/Commercial Real Estate, the Bank laid the foundations for making even better use of the marketing opportunities offered in the German banking sector.

On the basis of the strong investment performance and the extension of the institutional business, SEB Asset Management expects profitable growth in the following year, as well. After the successful reopening of SEB ImmoInvest, the positive momentum in the market shall be used for the strengthening of the acquisition activities of all real estate funds. "Quality before quantity" is the motto on the securities side whose range of funds will further be streamlined.

In view of the continued difficult market environment, reliable forecasts for the following years are connected with great uncertainties. The prime objective of the SEB group for the forecast period of the next two business years is still aimed at further growth in the core lines of business and at increasing profitability. The introduced internal organisational and strategic measures of change create a positive setting for this. It is the professed aim to reach a positive overall result in the business year 2010 again. Based on moderate growth, this result tendency should intensify in the following years.

Supplementary report

After close of the financial year, events of particular importance did not occur.

Key Figures of the SEB AG Group

	01/01 - 12/31/2009	01/01 - 12/31/2008
Profit and Loss Account		
in million Euros		
Operating result before taxes	–14.9	172.4
Annual net profit or loss before expenses from profit and loss transfer agreement	–14.2	108.2
Expenses from profit and loss transfer agreement	–74.0	0.0
Annual net profit / net loss	–88.2	108.2
Cost-income ratio in the operative business (Management Reporting)*	0.9	0.8
ROE after taxes 20 % (Management Reporting) in %	–0.5	5.1
	12/31/2009	**12/31/2008**
Balance sheet		
in million Euros		
Balance sheet total	52,813.2	60,188.5
Risk-bearing assets according to Basel II	17,463.0	21,400.0
Balance sheet equity capital	2,313.9	2,360.3
Balance sheet equity capital including subordinated capital (m Euro)	2,388.8	2,446.1
Capital quotas according to Basel II		
Core capital quota with market risk positions (%)	8.8	7.2
Equity ratio (%)	13.3	10.2
	12/31/2009	**12/31/2008**
Employees		
(average of the period from January to December)		
Employees (without trainees)	3,613.0	3,726.0
thereof full-time employees	2,977.0	3,099.0
thereof part-time employees	636.0	627.0
Trainees	172.0	152.0
	12/31/2009	**12/31/2008**
Short-term/long-term rating		
Moody's Investors Service	P-2/Baa1	P-1/A1

* Adjustment of the ratio owing to Enskilda Branch, cf. note (31)

Profit and Loss Account
for the period from 01 January to 31 December 2009

SEB Group

Item	Notes	01/01 - 12/31/2009 m Euros	01/01 - 12/31/2008 m Euros	Comparison 2008 / 2009 m Euros	Comparison 2008 / 2009 %
Interest income		1,647.0	2,754.7	–1,107.7	–40.2
Interest expenditures		–1,288.2	–2,368.7	1,080.5	–45.6
Net interest income	**32**	**358.8**	**386.0**	**–27.2**	**–7.0**
Commission earnings		340.3	407.7	–67.4	–16.5
Commission paid		–105.1	–117.5	12.4	–10.6
Net commission income	**33**	**235.2**	**290.2**	**–55.0**	**–19.0**
Net income from financial instruments valued at Fair Value	**34**	**–44.5**	**14.4**	**–58.9**	**>100.0**
Net investment income	35	2.0	2.4	–0.4	–16.7
Result from financial investments and from liabilities valued on the basis of continued acquisition costs	36	9.9	–26.7	36.6	>100.0
Other operating income	38	28.5	47.7	–19.2	–40.3
Result from land and buildings hold as financial investments	39	3.0	3.0	0.0	0.0
Result from security provisions (Hedge Accounting)	40	–26.1	–5.3	–20.8	>100.0
Other profit or loss		**17.3**	**21.1**	**–3.8**	**–18.0**
Total operating income		**566.8**	**711.7**	**–144.9**	**–20.4**
Salaries and wages	41	–304.6	–300.8	–3.8	1.3
Other administrative costs	42	–186.8	–183.7	–3.1	1.7
Depreciation and value adjustment on intangible and tangible fixed assets	43	–20.6	–23.8	3.2	–13.4
Total operating expenses		**–512.0**	**–508.3**	**–3.7**	**0.7**
Result from the sale of fixed capital assets*	44	–0.4	–0.6	0.2	–33.3
Provision for risks*	45	–69.3	–30.4	–38.9	>100.0
Operating result before taxes		**–14.9**	**172.4**	**–187.3**	**>100.0**
Tax on income and property	46	0.7	–64.2	64.9	>100.0
Result after taxes		**–14.2**	**108.2**	**–122.4**	**>100.0**
Net income/net loss for the financial year before expenses from profit and loss transfer agreement		**–14.2**	**108.2**	**–122.4**	**>100.0**
Expenses from profit and loss transfer agreement	48	–74.0	0.0	–74.0	--
Net income/net loss for the financial year		**–88.2**	**108.2**	**–122.4**	**>100.0**
thereof: minority interests		0.0	0.0	0.0	--
thereof: shareholders of the mother company		–88.2	108.2	–196.4	>100.0

* Value reduction and results from sales in connection with rescue acquisitions were shown under the item "Provision for risks" in the past. In the year under review, this state of facts was transferred to the item "Result from the sale of fixed capital assets".

Combined profit and loss account for the period from 01 January to 31 December 2009

SEB Group				
Item	**01/01 - 12/31/2009 m Euros**	**01/01 - 12/31/2008 m Euros**	**Comparison 2008 / 2009 m Euros**	**Comparison 2008 / 2009 %**
Net income/net loss for the financial year before expenses from profit and loss transfer agreement	**–14.2**	**108.2**	**–122.4**	**>100.0**
Expenses from profit and loss transfer agreement	–74.0	0.0	–74.0	--
Net income/net loss for the financial year	**–88.2**	**108.2**	**–196.4**	**>100.0**
Change of the revaluation reserve for financial assets available for sale	59.5	–35.1	94.6	>100.0
Change of latent taxes from the revaluation reserve	–18.7	10.9	–29.6	>100.0
Other period result	**40.8**	**–24.2**	**65.0**	**>100.0**
Total result	**–47.4**	**84.0**	**–131.4**	**>100.0**
thereof: minority interests	0.0	0.0	0.0	--
thereof: shareholders of the mother company	–47.4	84.0	–131.4	>100.0

Balance Sheet as per 31 December 2009

SEB Group					
		12/31/2009	12/31/2009	Comparison 2008 / 2009	Comparison 2008 / 2009
Item	**Notes**	**m Euros**	**m Euros**	**m Euros**	**%**
Cash reserve	7, 49	414.0	1,896.4	–1,482.4	–78.2
Due from banks	8, 50	15,244.1	11,560.7	3,683.4	31.9
thereof: provision for risks	9, 53	–0.1	–0.5	0.4	80.0
Trade accounts receivable	8, 51	26,347.8	29,245.7	–2,897.9	–9.9
thereof: provision for risks	9, 53	–303.5	–303.7	0.2	0.1
thereof: pledged accounts receivable	51	43.8	0.0	43.8	--
Asset-side financial instruments valued at Fair Value	10, 54	3,325.1	4,828.8	–1,503.7	–31.1
thereof: deposited as security	30	279.7	1,380.6	–1,100.9	–79.7
Positive market values from derivative security instruments	11, 55	202.3	101.8	100.5	98.7
Fair Value changes from underlying transactions (Portfolio Hedge)	12, 56	392.4	320.3	72.1	22.5
Financial investments (equity investments and AfS securities)	13, 57	6,401.1	11,699.5	–5,298.4	–45.3
Intangible assets	14, 58	36.3	35.8	0.5	1.4
Tangible fixed assets	15, 59	66.4	75.2	–8.8	–11.7
Properties held as financial investments	16, 60	17.5	20.0	–2.5	–12.5
Earnings-tax claims from current taxes	29, 61	217.3	243.8	–26.5	–10.9
Earnings-tax claims from latent taxes	29, 61	33.4	30.3	3.1	10.2
Assets held for sale	2, 62	60.0	77.6	–17.6	–22.7
Other assets	17, 63	55.5	52.6	2.9	5.5
thereof: pension		0.0	6.8	–6.8	–100.0
Balance sheet total – Assets		**52,813.2**	**60,188.5**	**–7,375.3**	**–12.3**
Liabilities to banks	19, 65	16,842.4	16,159.1	683.3	4.2
Current deposits and other accounts	19, 66	22,025.4	26,171.5	–4,146.1	–15.8
Bonded liabilities	19, 67	7,892.9	11,408.1	–3,515.2	–30.8
Liabilities-side financial instruments valued at Fair Value	20, 68	2,642.6	3,214.7	–572.1	–17.8
Negative market values from derivative security instruments	21, 69	519.5	360.4	159.1	44.1
Fair Value changes from underlying transactions (Portfolio Hedge)	22, 70	146.1	147.5	–1.4	–0.9
Earnings-tax liabilities from current taxes	29, 71	16.7	0.1	16.6	>100.0
Earnings-tax liabilities from latent taxes	29, 71	0.0	0.0	0.0	--
Liabilities in connection with assets held for sale	2, 72	19.7	37.0	–17.3	–46.8
Other liabilities	23, 73	205.2	174.7	30.5	17.5
Provisions for pensions from similar liabilities	24, 74, 75	2.7	0.0	2.7	--
Other provisions	25, 74, 76	111.2	69.3	41.9	60.5
Subordinated capital	26, 78	74.9	85.8	–10.9	–12.7
Equity capital	81	2,313.9	2,360.3	–46.4	–2.0
thereof: subscribed capital	81	775.2	775.2	0.0	0.0
thereof: share premium account	81	581.9	581.0	0.9	0.2
thereof: retained income	81	882.6	882.5	0.1	0.0
thereof: revaluation reserves	81	–9.6	–50.4	40.8	81.0
thereof: profit/loss brought forward	81	171.8	63.6	108.2	>100.0
thereof: net income/net loss for the financial year		–88.2	108.2	–196.4	>100.0
thereof: minority interests	80	0.2	0.2	0.0	0.0
Balance sheet total - Liabilities		**52,813.2**	**60,188.5**	**–7,375.3**	**–12.3**

In accordance with the requirements of IAS 1.39, a company renders a third balance sheet at the beginning of the comparative period, if it makes retrospective use of a change with regard to an accounting method. The application of the new standards for the first time in 2009 does not lead to any changes regarding the retained income. It is therefore not necessary to prepare a comparative balance sheet as per 1 January 2008.