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PRESS RELEASE

# SEB restructures its German business

## Sells German retail banking to Santander and invests in its corporate and institutional business

SEB has signed an agreement to sell its retail banking business in Germany to Banco Santander for EUR 555m. The strategic benefits and the long term financial impact are positive for SEB. Strategically this allows SEB to concentrate on its core areas of competitive advantage in Germany. Key group financial ratios will improve – the cost to income ratio will improve by 0.04, return on equity increase by 0.60 percentage points and the core capital ratio will be strengthened by 0.50 percentage points.

"The sale of our German retail banking business will free up capital that will be reinvested in SEB's core strategic growth areas. Germany, the largest economy in Europe, remains an important market for us. We have been present there for nearly 35 years and going forward we will focus on Merchant Banking and Wealth Management – both profitable and growing businesses in Germany, " says **Annika Falkengren, SEB President and Group Chief Executive.**

"I am pleased that in the present economic climate we together with Banco Santander have concluded a mutually beneficial deal. The retail business has one of the highest customer satisfaction rankings in Germany and serves one million customers," says Annika Falkengren. "We have spent significant time and effort restructuring the business since it was acquired more than ten years ago. I am convinced that Banco Santander, as one of the largest banks in Europe and with a strong retail track record will be the best possible home for our retail banking business."

The transaction encompasses all 173 branch offices, 1 million private customers and some 2,000 employees. As per year end 2009, loan and deposit volumes amounted to EUR 8.5bn and EUR 4.6bn, respectively, and risk-weighted assets to EUR 4.7bn.

The transaction price of EUR 555m is at a premium to allocated equity of EUR 420m. Transaction costs, including related funding and hedge accounting effects are estimated at EUR 375m. The net negative financial impact up until closing, including transaction costs is expected to be EUR 240m pre-tax. Restructuring costs for the remaining German business are estimated to EUR 80m. In addition, there will be further negative funding effects from the date of closing. For 2011 these effects are estimated to EUR 65m.

The divested retail banking business constitutes as per year end 2009, 6 per cent of SEB Group's income, 11 per cent of costs and 8 per cent of Group lending. In relation to SEB's German business, it constitutes 45 per cent of income, 60 per cent of costs and 33 per cent of lending. SEB's German retail banking business made an operating loss of EUR 117m in 2009.

A conference call on the financial effects will be held at 10.00 CET. Please call in on +44 (0)20 7162 0025 at least 15 minutes in advance.

Please also see the presentation material on www.sebgroup.com/ir.

The completion of the sale is conditional upon regulatory approvals and certain preparations for separation and is currently expected to close around year end 2010.

SEB is a North European financial group serving some 400,000 corporate customers and institutions and five million private individuals. SEB offers universal banking services in Sweden and the Baltic countries - Estonia, Latvia and Lithuania. It also has local presence in the other Nordic countries and in Germany and a global presence through its international network in major financial centres. On 31 March 2010, the Group's total assets amounted to SEK 2,285bn (~EUR 236bn) while its assets under management totalled SEK 1,382bn (~EUR 143bn). The Group has about 21,000 employees. Read more about SEB at www.sebgroup.com.

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