



S|E|B

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KEY FIGURES

	2015	2014
Operating income, SEK m	44,148	46,936
Operating profit, SEK m	20,865	23,348
Return on equity, per cent	12.2	15.3
Earnings per share, SEK	7.57	8.79
Proposed dividend, SEK	5.25	4.75
Common Equity Tier 1 capital ratio, per cent	18.8	16.3
Leverage ratio, per cent	4.9	4.8
Liquidity Coverage Ratio (LCR), per cent	128	115

IMPORTANT EVENTS IN 2015

High volatility in asset prices and FX rates increased customer demand for hedging and risk management services substantially throughout the year.

The number of initial public offerings in the Nordic region was record-high but demand for other corporate transactions and large corporate credits was low.

SEB revised its long-term vision and established a three-year plan for 2016–2018.

Several European countries experienced negative interest rates and the Swedish central bank lowered the repo rate during the year from zero to minus 0.35 per cent.

SEB's German operations were streamlined and SEB Asset Management AG was divested.

The total fee amount contributed by SEB for financial stability purposes was SEK 1,201m – consisting of SEK 590m to stability funds, SEK 429m to deposit guarantee schemes and SEK 182m in resolution fees.

SEB delivered on and closed the business plan for 2013–2015.

SEB launched additional funds with positive sustainability impact, e.g. the SEB Global Sustainability and Green Bond Funds, and signed Montréal Carbon Pledge.

WHO WE ARE

*We are strongly committed to deliver customer value.
We build on our heritage of entrepreneurship, international
outlook and long-term perspective.*

Our purpose

We believe that entrepreneurial minds and innovative companies are key to creating a better world. We are here to enable them to achieve their aspirations and succeed through good times and bad.



Our vision

To deliver world-class service to our customers.



Our strategic ambition

True customer centricity in a digitised world.



Our strategic priorities

- Leading customer experience
- Maintaining resilience and flexibility
- Growing in areas of strength



SEB's financial targets

	OUTCOME 2015	OUTCOME 2014
Dividend payout ratio of >40 per cent of earnings per share	66 %¹⁾	63 %
Common Equity Tier 1 capital ratio of 150 bps > requirement	18.8 %²⁾	16.3 %
Return on equity competitive with peers	12.9 %³⁾	13.1 %

≈160

years in the service of enterprise

1) SEK 5.25 per share (4.75). Outcome excludes one-off item(s). Outcome incl. one-off item(s) is 69 % (54).

2) Regulatory requirement as of the fourth quarter of 2015: 16 %.

3) Outcome excludes one-off item(s). Outcome incl. one-off item(s) is 12.2 % (15.3).

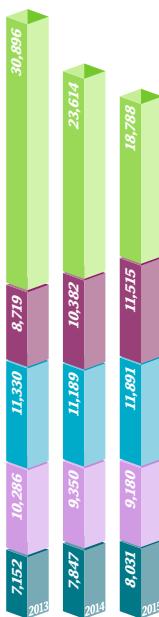
WHAT WE DO

SEB plays an active part in the development of the societies in which it is operating. In Sweden and the Baltic countries we offer financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany, our operations have a strong focus on a full-service offering to corporate and institutional clients.

SEB meets stakeholders needs...



....generating value...



DISTRIBUTED VALUE

SEK 59bn

- Interest paid to customers
- Dividends paid to 270,000 shareholders
- Salaries, pensions and benefits to 15,500 employees
- Payments to 13,000 business partners and suppliers
- Taxes and fees

...via our services...



IN AREAS LIKE:

- Commercial banking
- Investment banking
- Advisory services
- Long-term savings
- Life insurance
- Payments
- Financing

...and different channels



WHOM WE SERVE

Customers always come first. Our deeply committed 15,500 employees work together as a team to serve our customers.

LARGE CORPORATIONS

SEB's corporate customers in the Nordic region are among the largest in their respective industries. In Germany they range from large mid-corporates to large multinationals.



FINANCIAL INSTITUTIONS

The institutional clients operate both in the Nordic countries and internationally.



CORPORATE CUSTOMERS

In all, SEB serves approximately 400,000 small and medium-sized companies in Sweden and the Baltic countries. Of these, some 257,000 are home bank customers.

257,000
home bank customers



PRIVATE CUSTOMERS

SEB has approximately 4 million private individuals among its customers in Sweden and the Baltic countries. Of these some 1.3 million are home bank customers. In addition, SEB serves around 27,000 private banking customers.

1.3
million home bank
customers



A LONG-TERM PERSPECTIVE

We never compromise on safeguarding a sound financial position in order to support our customers in good times and bad.



MARCUS WALLENBERG, CHAIRMAN

In 2015, we have once again experienced the strong interdependence between the banking system and the development in the real economy. It has in many ways been a year marked by uncertainty – in terms of future global growth prospects, the geopolitical situation, high volatility in asset prices as well as also in terms of the future banking regulatory framework. Strong and profitable banks, such as SEB, who uphold transparent and liquid market mechanisms are vital for the development of the real economy and the societies we all want to be an active part of. As a Nordic corporate bank founded 160 years ago in the service of entrepreneurs and enterprise, we know how important it is to always take a long-term perspective in everything we do. It means that we take measures to ensure the highest standards for corporate governance and risk control. It means that we never compromise on safeguarding and planning for a sound financial position through capital and liquidity buffers in order to support our customers in good times and bad. It means that we continuously strive to increase efficiency, so that we, by being profitable, can invest in even better services for our customers. We are convinced that we thereby increase our chances to generate sustainable and competitive returns to you, our shareholders, over time.

The regulatory framework for the banking system continues to be both uncertain and changing. The cumulative effects on the real economy following all the regulatory initiatives on the international Basel, EU and national levels are still difficult to assess. It is important to remember, that Swedish banks, through our credit support to the large and export oriented corporate sector, contributed in a significant way in preventing the liquidity crisis in 2008 to spread to other parts of the economy.

»Strong and profitable banks, such as SEB, who uphold transparent and liquid market mechanisms are vital for the development of the real economy.«

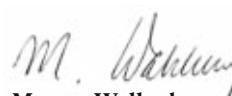
In Sweden, we are starting to see a flow of volumes from banks to other – less transparent and less regulated – parts of the financial sector. At the same time large corporates get more credit through corporate bonds than through the banking system. There is a proposal to move away from a bank specific risk-based approach to the usage of homogeneous risk weights and leverage ratios. This could further accentuate the trend of systemic risks being moved from the regulated banking system to the less supervised shadow banking system. Contrary to the regulators intentions, this could actually increase the overall risks for

the real economy. The long-term perspective is important also in this context.

Our ambition to be long-term has also been key in the work that has been undertaken over the past year in order to lay the roadmap going forward for the bank. With the strategic priorities to focus on a leading customer experience, ensure continued resilience and to grow in areas of strength, our CEO Annika Falkengren and her management, have outlined a truly ambitious vision – to deliver world-class service to our customers.

Looking back at the execution of the previous three year business plan we as shareholders have seen a total shareholder return of 23 per cent per year. Going forward, SEB maintains its financial targets and our long-term aspiration to reach a return of 15 per cent given a Common Equity Tier 1 ratio of around 150 bps above the requirement from the Swedish FSA. We are determined to work relentlessly for the best interests of our customers and thus the overall society, so that you as shareholders can expect a competitive return over time.

Stockholm, February 2016


Marcus Wallenberg
Chairman of the Board

WORLD-CLASS SERVICE

Our vision reflects our view that customer orientation and digitisation increase in importance.



ANNIKA FALKENGREN, PRESIDENT AND CEO

It is sometimes said that the speed of change has never been as rapid as we are now experiencing it. However, perhaps some day we will be looking back, saying that change was never as slow as today. Over the past years the banking industry has undergone a period of unparalleled changes. Indisputably, some of these changes originated from the global financial crisis. Real economic growth has been subdued despite unprecedented central bank liquidity measures. Banks are adapting to a continuously changing regulatory framework. However, an important driver behind the new landscape for banks has also been changing customer behaviours, demand for transparency and rapid technological development.

Times are all but normal. Just looking back on the past year when global growth reached close to 3 per cent, we still experienced that customer sentiment was cautious. In Sweden, the central bank lowered its repo rate to -0.35 per cent. Stock markets were volatile and credit spreads widened. Commodity prices dropped sharply and global tension rose on the back of war and terror attacks.

The shifting market environment impacted customer behaviours. Large corporate and institutional customers' demand for risk management services was high, while low corporate investments led to a continued low demand for credit. The activity in

the Nordic IPO market was record-high and SEB was the leading advisor. Small and medium-sized companies (SMEs) in Sweden were somewhat more optimistic and increased their demand for credit, especially towards the second half of the year. The shifting demographic trends increase the need for long-term savings. While customers increased their savings with us, they also grew more risk-averse and reallocated from equity funds to mainly balanced funds and deposits. We have developed our digital services in all areas and e.g. in life insurance, we have enabled a more simplistic approach for customers to gain insight in retirement issues.

»We have delivered on what we set out to do three years ago.«

The end of 2015 also marks the end of SEB's three-year business plan. We delivered on what we set out to do. We invested in a growing and active customer base. We continued to grow in core segments in the Nordic countries and Germany, among SMEs in Sweden and in the long-term savings area. We increased capital and cost efficiency, while investing in enhanced customer solutions at the range of SEK 1.5-2bn per year. Three years ago we communicated that our ambition was to reach a return on equity of 15 per cent on a Common

Equity Tier 1 (CET1) of 13 per cent. Since then, capital requirements have increased, and as we closed our business plan we achieved a return on equity of 12.9 per cent, excl. one-off effects, with a CET1 of 18.8 per cent.

During 2015 we have in dialogue with all employees outlined our view of what banking will look like in a ten-year perspective. Our vision to deliver world-class service reflects our view that customer orientation and digitisation increase in importance. Customer experience will be key and we see a shift towards a mix of products, tailored services and proactive advice based on customer needs. This calls for new ways of working. To clearly signal a new paradigm, we have reorganised into customer segments, revamped our corporate values and taken steps to automating end-to-end processes based on customer journeys. To us in SEB this means that whatever we do, we are always guided by first asking if this will lead to an even better customer experience. I would like to take the opportunity to thank all employees for their hard work. The whole team is deeply committed to take on this new journey in the rapidly changing environment.

Stockholm, February 2016

Annika Falkengren
President and Chief Executive Officer

MACRO ENVIRONMENT

CUSTOMERS' HIGH EXPECTATIONS FOR ACCESSIBILITY as well as insightful and user-friendly services lead to changed demands on the bank. The rapid digital transformation and regulatory requirements present both opportunities and threats. World economic growth remains fragile despite massive central bank support and falling commodity prices.



UNCERTAINTY REMAINS

The world economy remains frail and the economic development is generally weak and uncertain with deflationary fears. Central banks continue to provide liquidity and some operate with negative interest rates. Low energy prices provides support for the world economy, but is challenging for some countries and companies.

Economic fragility is accompanied by geopolitical tensions. Russia and Ukraine are in military conflict. The Middle East is torn apart by sectarian violence, resulting in a dramatic inflow of refugees to Europe.

While immigrants are a welcome addition to aging populations, many countries have difficulties integrating them

into the labour force. Social tensions are rising, aggravated by the risk of new terror attacks.

The Paris climate conference reached a non-binding accord to reduce carbon dioxide emissions. This will over time have a significant impact on business models, technology and energy consumption.

The global banking industry faces challenging market conditions with a high degree of dependence on the macroeconomic development. In the banking sector – already affected by regulations and new competition – the drawn-out period of low interest rates adds to the challenge.

»The economic development is generally weak and uncertain.«

EVOLVING CUSTOMER BEHAVIOUR

Both private and corporate customers are increasingly affected by globalisation and the rapid pace of technological change.

Corporate customers need pro-active support, efficient processes and customised advice at each development stage, from start-up to global operations. Their needs are to a large degree related to the macroeconomic development.

Many private individual customers today prefer to do their banking on their mobile phones rather than via the

internet bank or at a branch office. This means that better interfaces, greater availability and more sophisticated digital services are demanded. With the current demographic outlook, private individuals have to take greater responsibility for their long-term financial security and welfare. With this comes a need for qualified financial advice and relevant savings offerings.



DIGITISATION CHANGING THE PLAYING FIELD

The technological development leads to more digital processes and services, changing customers' behaviours and the overall customer experience. Also, the intermediary role of banks is impacted by for instance peer-to-peer lending and crowdfunding platforms.

At the same time, new technologies are enabling new market participants, often start-up companies, for instance within payment facilitation – so called FinTechs. With their focus on the front-end of banking they are showing strong capabilities in customer interaction and have an ability to



deliver solutions swiftly and efficiently. On the other hand, they seldom deliver full universal banking services.

Banks can capitalise on their main advantages – trust, access to the customers and data. They can also partner up with FinTechs and other banks to invest in common infrastructures and enhanced customer services.

Going forward, automated collection of information, analysis and proactive actions will increasingly be used for more tailored services to improve the customer's experience.

REGULATORY REQUIREMENTS STILL DEVELOPING

In the wake of the financial crisis, regulation and supervision of the financial system globally has been a clear trend. This has among other things led to increased capital requirements with higher capital quality as well as higher requirements on liquidity within the banking sector.

Regulatory development is likely to continue. Rules that focus

on investor protection and harmonised trading (MiFID and MiFIR) may impact banking business models regarding advisory services and fee transparency, as well as trade reporting.

In 2015, SEB spent around SEK 400m on the implementation of the regulatory requirements.

WORLD-CLASS SERVICE

SEB'S LONG-TERM VISION REFLECTS A FUTURE in which customer orientation and digitisation increase in importance. In this environment, the bank's ambition is to be the undisputed leading Nordic corporate and institutional bank and the top universal bank in Sweden and the Baltic countries. SEB will focus on providing a leading customer experience, investing in digital interfaces and automated processes and on being the most attractive employer.



STRATEGY, VISION AND PURPOSE

During the year, SEB focused on a long-term road map for the bank, Vision 2025. This was used as a starting point for the future strategy as well as the bank's vision and purpose – what sets SEB apart.

The three strategic priorities reflect the bank's view of its direction in a longer perspective and the three focus areas are key to realising the business plan for 2016–2018.

The strategic ambition is to achieve true customer cen-

tricity in a digitised world aiming to be the undisputed leading Nordic bank for corporations and institutions and the top universal bank in Sweden and the Baltic countries.

The targeted result from a successful pursuit of the strategy and business plan is reflected in the Board of Directors' financial targets – Common Equity Tier 1 capital ratio, return on equity and dividend.

Vision

To deliver world-class service to our customers.

Purpose

We believe that entrepreneurial minds and innovative companies are key to creating a better world. We are here to enable them to achieve their aspirations and succeed through good times and bad.

3 STRATEGIC PRIORITIES

1 LEADING CUSTOMER EXPERIENCE

Develop long-term relations based on trust so that customers feel that the services and advice offered are insightful about their needs, are convenient and accessible on their terms and that SEB shares knowledge and acts proactively in their best interest.

Performance is monitored by external and internal measurements of customer satisfaction.



2 RESILIENCE AND FLEXIBILITY

Maintain resilience and flexibility in order to adapt operations to the prevailing market conditions. Resilience is based upon capital strength. Cost efficiency provides room for new investments.

The Board's financial targets reflect the ambition to balance competitive returns with meeting regulatory requirements over time.



3 GROWTH IN AREAS OF STRENGTH

Large corporations and financial institutions

Continue to grow and enhance customer relations in the Nordic countries and Germany with a full-service offering and digital client portals and to selectively attract targeted UK corporate customers.

Small and medium-sized enterprises in Sweden

Develop and broaden the offering to small and medium-sized enterprises with a proactive advisory-driven approach also attracting new customers.

Savings offering to private individuals and corporate customers

Create growth by offering customers convenient and advisory based digital solutions including bancassurance to cater for customers' need for long-term savings.



3 FOCUS AREAS – BUSINESS PLAN 2016–2018



SERVICE LEADERSHIP

SEB's focus will be on customer journeys using digital solutions and support in order to create a leading customer experience in all segments. This includes offering personalised advice and transforming the first line of service to digital solutions and portals so that customers can choose where and in what manner they want to be served.

Goal: To achieve the leading position regarding customer experience in all targeted customer segments.



DIGITISATION

SEB aims to provide omni-channel connectivity by developing customised advisory tools and interfaces based on digital customer intelligence. SEB will also digitise and automate internal processes in order to improve efficiency.

Goal: To provide a complete remote offering and that a majority of transactions are digital.



NEXT GENERATION COMPETENCES

SEB's vision will lead to a gradual competence shift broadening the role for client executives and also develop capabilities in service design, data analytics and IT developments. SEB will continue to ensure that the right talents are attracted and provide the right training to existing employees in line with SEB's people strategy.

Goal: To be the most attractive employer.

THE 2013–2015 BUSINESS PLAN CLOSED

The business plan 2013–2015 targeted competitive profitability, high customer satisfaction and employee engagement, while complying with the new regulatory framework. Based on growth in core segments in the Nordic countries and Ger-

many, among SMEs in Sweden and in the long-term savings area, the target was to achieve an income growth of 15 per cent, a return on equity of 15 per cent on a Common Equity Tier 1 capital ratio of 13 per cent.

The bank delivered on the business plan.

Net inflow of assets under management was SEK 173bn.

Employee engagement as measured by the survey insight increased by 9 percentage points and was above industry average.

Around 200 large Nordic and German corporate and institutional customers, 28,000 smaller Swedish business customers and 90,000 private customers were added.

Operating income grew by 15 per cent.

Capital adequacy, as measured by the Common Equity Tier 1 ratio, improved to 18.8 per cent.

In terms of customer satisfaction, all segments ranked SEB highly. The trend for large customers and institutions was slightly negative, for corporates positive while for private customers the trend varied depending on the type of measurement.

Operating expenses were kept below the SEK 22.5bn cap.

Return on equity improved from 11.1 to 12.2 per cent¹⁾.

1) Capital requirements increased from 13 to 15.6 per cent. Had it remained unchanged, return on equity would have been 15 per cent.

A STRATEGY AND BUSINESS PLAN FOR ALL STAKEHOLDERS

SEB has raised its ambition and is aiming to be a role model in sustainability – contributing to better governance, protecting the environment and enhancing SEB's contribution to society at large. The bank is offering sustainable products and advice and is including sustainability aspects in the credit analysis process as well as in the investment management process.

In discussions with stakeholder representatives – complemented by an analysis of emerging societal, economic, environmental and business trends – SEB has identified the issues most material for its business. The bank and the stakeholders have a similar opinion on materiality and the issues are either directly linked to SEB's strategic priorities, or are prerequisites for a successful pursuit of them. *Refer to the Corporate Sustainability Report on www.sebgroup.com*



THE MOST MATERIAL ISSUES

- Customer experience and service
- Capacity for innovation
- Digitisation and automation
- Responsible and proactive advice
- Talent management and competence development
- Employee engagement
- Business ethics and culture
- Data protection
- Financial strength and resilience
- Sustainability in financing and investments
- Risk management

ALIGNING THE ORGANISATION

As of 2016, SEB's organisation is aligned with the customer segments in order to better support the vision. The former Wealth Management division has been split between the divisions Large Corporates & Financial Institutions, Corporate & Private Customers and the new Life & Investment Management division, which will support the customer-oriented divisions with life insurance and fund management activities. *See page 38.*



OVERALL TARGETS AND OUTCOME

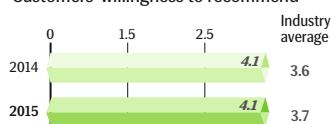
CUSTOMERS – customer experience and satisfaction



Various internal and external metrics are used to measure customer satisfaction. Customers' willingness to recommend SEB is one of the key measures of the bank's progress.

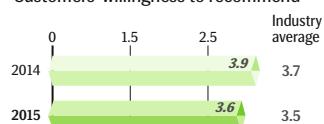
NORDIC LARGE CORPORATES

Customers' willingness to recommend¹⁾



NORDIC INSTITUTIONS

Customers' willingness to recommend¹⁾



1) According to Prospera

Target: Leading position in selected customer segments.
Measured as: Customers' willingness to recommend.

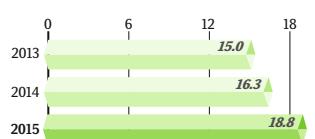
SHAREHOLDERS – financial targets



Through the resilience and flexibility that come from a strong capital base, good access to funding, high credit ratings and cost efficiency, SEB can create shareholder value in varying market conditions. The Board of Directors sets three targets which together contribute to financial strength.

COMMON EQUITY TIER 1 CAPITAL RATIO

Per cent



SEB shall maintain a Common Equity Tier 1 capital ratio according to Basel III that is around 1.5 percentage points higher than the Financial Supervisory Authority's requirement. SEB's estimate of the 2016 requirement is 16 per cent.

The bank's Common Equity Tier 1 capital ratio was 18.8 per cent at year-end.

Target: 17.5 per cent

EMPLOYEES – motivation and engagement



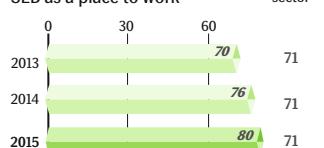
SEB's annual employee survey, Insight, measures employee engagement, efficiency and trust. It also measures employees' willingness to recommend SEB as a place to work.

Target: Most attractive employer.
Measured as: Employee survey – Insight.

EMPLOYEES

Willingness to recommend SEB as a place to work

Financial sector



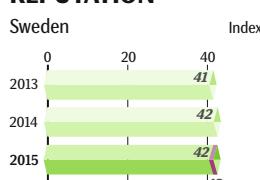
SOCIETY – reputation and sustainability



SEB monitors the results of the TNS Reputation Index, which measures the bank's reputation among consumers and business owners in Sweden and the Baltic countries.

REPUTATION¹⁾

Sweden



Baltic

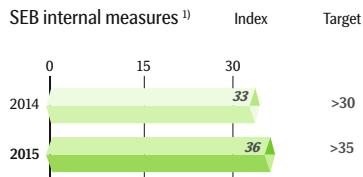


1) According to TNS Reputation Index (weighted in the Baltic countries).

Target: The strongest reputation among industry peers.

In 2015 SEB's reputation among the general public in Sweden was unchanged from 2014, and the bank retained its no.2 spot among its peers. SEB ranks as no.3 in Estonia and as no.2 in both Latvia and Lithuania.

SMALL AND MEDIUM-SIZED COMPANIES IN SWEDEN



1) According to the NPS method

PRIVATE CUSTOMERS IN SWEDEN

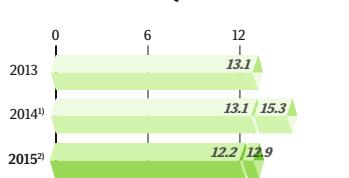


1) According to the NPS method

SME and private customer satisfaction improved according to this measure. Nordic large corporations ranked SEB as no.2 in 2014 and no.3 in 2015. In 2014 SEB shared the no.2 spot in the ranking by Nordic financial institutions, while in 2015, SEB was ranked as no.5.

SEB will work to improve overall customer satisfaction through proactive advice and convenient customer interfaces.

RETURN ON EQUITY



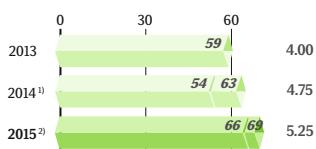
1) Incl. positive one-off items 15.3 (excl. 13.1)
2) Incl. negative one-off item 12.2 (excl. 12.9)

Target: Competitive with peers

SEB strives to generate a competitive return on equity. This means that the bank over time aspires to achieve a 15 per cent return on equity.

Return on equity was 12.2 per cent (15.3). Excluding one-off items, return on equity was 12.9 per cent (13.1).

DIVIDEND PAYOUT RATIO



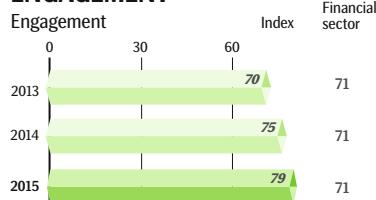
1) Incl. positive one-off items 54 (excl. 63)
2) Incl. negative one-off item 69 (excl. 66)

Target: 40 per cent or more of earnings per share.

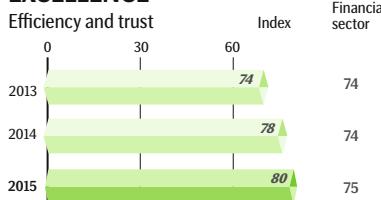
SEB strives for long-term dividend growth. The size of the dividend takes into account SEB's financial position, the prevailing economic situation, earnings, regulatory requirements and opportunities for growth.

The proposed dividend for 2015 corresponds to 69 per cent of earnings per share.

EMPLOYEE ENGAGEMENT



PERFORMANCE EXCELLENCE



In the 2015 survey, the results improved for the third year in a row and were higher than the average for the financial sector.

Going forward SEB will strive for enhanced employee engagement especially regarding the bank's new vision, values and business plan.

SEB wants to be a role model in sustainability within the financial industry. One measure of how far the sustainability work has evolved is whether the bank meets the criteria for inclusion in sustainability indexes.

Target: To be included in at least five selected sustainability indexes.

SUSTAINABILITY INDEX

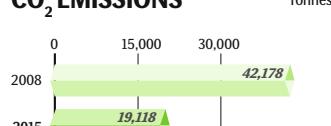
SEB meets the criteria

STOXX	✓
Ethibel	✓
FTSE4Good	✓
ECPI	✓
Dow Jones	

SEB is working to reduce its direct CO₂ impact.

Target: Reduce CO₂ emissions by 45 per cent between 2008 and 2015.

CO₂ EMISSIONS



The CO₂ emission target of 23,200 tonnes was exceeded – the emissions were reduced by 54 per cent.

SEB CREATES VALUE

CUSTOMER CENTRICITY, LONG-TERM PERSPECTIVES AND FINANCIAL STRENGTH form the foundation for meeting the expectations of customers, employees and society at large. Ultimately, this creates value for the shareholders.

STAKEHOLDERS

SERVICES

1.6 MILLION CORPORATE AND PRIVATE CUSTOMERS

The customers' needs form the foundation for the bank's business. Customers' high expectations on sustainable solutions and quality advice and service drive the bank's business development and offerings.



15,500 EMPLOYEES

SEB's employees build and deepen customer relationships. Their commitment, skills and experience are key success factors for the bank's business and future development.

270,000 SHAREHOLDERS

The capital provided by SEB's shareholders is a prerequisite for conducting the bank's business. The shareholders expect a competitive and sustainable return on their capital. Many of the major owners have a long-term perspective on their engagement in the bank.



SOCIETY AT LARGE

Banks play an integral role in society and are vital for creating economic growth and social value. With this comes expectations that the bank takes great responsibility in how it pursues its business and thus acts to enable society to continue to develop in a long-term sustainable way.

LONG-TERM STRATEGY

SEB's strategy is built on developing deep customer relationships with a long-term perspective.
See page 6.

CUSTOMER-ORIENTED OFFER

SEB provides proactive quality advice and a holistic offering at the customers' convenience, based on customer insights.
See page 14.

SECURE AND FUNCTIONAL IT

SEB's IT structure ensures stability in the daily operation and agile development of digital products and services.

VALUE

FINANCIAL STRENGTH

Financial strength gives the resilience and flexibility required to serve customers over the long-term.
See page 29.

GOOD CORPORATE GOVERNANCE

Corporate governance is based on clear allocation of responsibility, a well developed structure for internal control and ownership involvement.
See page 46.

SOUND RISK CULTURE

To meet customers' needs SEB assumes and manages risks. These are mitigated by prudence, risk awareness and expertise throughout the organisation.
See page 40.

FOR CUSTOMERS

Customers benefit from proactive advice and a wide range of financial services. SEB supports its customers over the long term as a business partner based on insight and trust.
See page 14.

FOR SHAREHOLDERS

SEB strives for increased dividends and market value over time. Since 2011 the value of SEB's Class A shares more than doubled. The dividend per share increased from SEK 1.75 in 2011 to the proposed SEK 5.25 for the year 2015. *See page 26.*

FOR EMPLOYEES

The employees are highly motivated by SEB as a place to work and show a strong commitment. They take part in and value the opportunities for learning and further development that are integrated in SEB's business.
See page 22.

FOR SOCIETY AT LARGE

The bank intermediates financial solutions, provides payment services and manages risks. SEB pays taxes and fees according to local requirements where it operates. SEB takes responsibility in its roles as a provider of financing and as an asset manager and works proactively with environmental, social and governance issues. *See page 24.*



SEB'S VALUE DISTRIBUTION

SEK 59bn

- Interest paid to customers
- Dividends paid to shareholders
- Salaries, pensions and benefits to employees
- Payments to business partners and suppliers
- Taxes and fees

»SEB is a reliable financing partner, not only in good times. The close and personal approach is vital. The bank attends to our needs and acts swiftly and flexibly when necessary.«

Carolina Dybeck Happe, CFO,
ASSA ABLOY



ASSA ABLOY

ASSA ABLOY is the global leader in door opening solutions. The corporation's long-standing relation with SEB has been broadened and developed in pace with its fast international expansion. The bank assists with everything from cash management and financing solutions to service regarding bond issuing and advice in connection with acquisitions.

LARGE CORPORATIONS

SEB's ambition is to keep its position as the leading Nordic bank for large corporations.

The number of Initial Public Offerings was unusually high during 2015, while M&A activity was down and major debt transactions were fewer in number. SEB participated in many IPOs and had the largest market share in the Nordic markets in terms of volume. Higher volatility in the fixed income and currency markets led to higher demand for risk management products in pace with customers' focus on balancing their holdings and risks. However, growth in lending volume was low, as companies took a wait-and-see approach in the uncertain market climate.

Apart from the core markets in the Nordic countries and Germany, the bank's international network plays a key role in SEB's comprehensive offering to corporate cli-

STRATEGY

SEB is the leading corporate bank in the Nordic countries and has over the course of nearly 160 years developed a business model based on long-term relationships, proximity to customers and deep insight into customers' needs. SEB offers a comprehensive range of financial services and advice for all aspects of a company's operations. The bank's broad expertise and depth of industry knowledge make SEB the preferred partner for large corporations.

SEB's strategy is – through digital client portals, personal relations, process efficiency and optimised cost and capital – focused on expanding business with the existing customer base in the Nordic countries and Germany and toward growing the number of corporate customers in the UK.

ents. During the year the international sites were brought together under joint management.

SEB is raising its ambition for operations in the UK where the target market is being broadened to also include selected British companies.

SEB continued to develop its digi-

tal client interfaces in collaboration with customers. Ahead of 2015 an updated version of C&I Online, SEB's internet bank for large corporations, was launched. It features simplified navigation, improved functions for payment registration and information access.

SUSTAINABILITY IN CUSTOMER DIALOGUE

Sustainability is an integral part of SEB's business activities. Toward this end the bank has drawn up specific sector policies and position statements on important issues such as climate change, child labour and access to fresh water. These guidelines are now a natural part of the current customer dialogue. In certain cases, SEB turned down financing deals or refrained from entering into new customer relationships.

SEB has clarified its position with respect to climate change. This entails, among other things, that the bank will not enter into new business relationships with corporates engaged in substantial coal mining activities nor finance new coal power plants. *Read more in the Sustainability Report at www.sebgroup.com*



450
new customers in five years

1
in Nordic IPOs

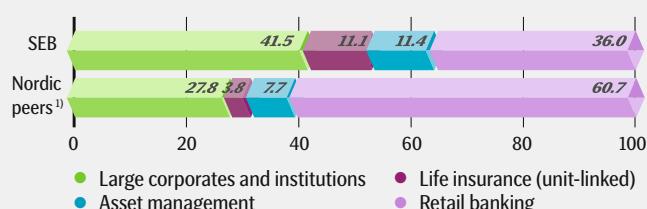
SEB'S CUSTOMERS

SEB serves some 2,300 large corporations in a wide range of industries and in most cases with an international focus. In the Nordic countries these corporations are among the largest in their respective industries, while in Germany the customers range from the large mid-corp segment to multi-national corporations.



THE LEADING NORDIC CORPORATE BANK

Share of total income 2015, per cent



¹⁾ Income breakdown for Swedbank, SHB, Nordea, Danske Bank and DNB.
Business units only (indicative).



QUESTIONS FOR...

ISABELLE CASSEL

Head of Corporate Coverage

How would you summarise 2015?

The year was characterised by low activity, with only a few major structural deals and weak demand for working capital loans. In an environment with falling prices, corporations have put investments on hold. We did however see a record year when it comes to the number of initial public offerings.

How is business?

Focus has been on broadening and deepening relationships with the many new corporate customers who joined us between 2010 and 2014 and who have become an important part of our business.

In 2015, business volumes developed positively in Norway and Denmark, while it was virtually flat in Finland and Germany. In Sweden, volume grew slightly in pace with customers' growth.

How does SEB's advice differ from others'?

Our advice is customer-centred, meaning that it is based on a comprehensive view of the customers' needs. For example, we have a Financial Strategy unit that offers strategic advice based on the customer's total financial position. This sets us apart from others and is appreciated by our customers.

AP4

The Fourth Swedish National Pension Fund (AP4) is a government agency, with a fund capital of more than SEK 300bn at year-end 2015. The fund has a broad and long-term relationship with SEB, encompassing everything from business intelligence to advice, research and transaction services for the investment portfolio.



»I appreciate your comprehensive offering and that you serve us through a variety of contacts in different parts of our organisation.«

Mats Andersson, President, AP4

FINANCIAL INSTITUTIONS

SEB serves some 700 customers in the financial institutions segment in the Nordic countries and across the globe. Financial institutions increasingly have industry-specific needs. To meet these needs SEB is further developing its specialised offering.

In 2015 the bank clarified the joint responsibility for the comprehensive

offering to institutional customers. This offering is specialised to meet the needs of the various sub-segments, such as pension and insurance companies and also banks.

Both SEB and its institutional customers will be affected to a high degree by the new MiFID II regulations, which have significant bearing on market functions and put new demands on all actors in the capital markets. SEB has dedicated great focus on advising its customers on these matters to ensure their continued access to investments and risk management via the global markets.

STRATEGY

To meet the financial institutions' needs and gather the bank's offerings throughout the value chain, SEB has a specialised customer key account organisation with a depth of expertise in the operations of its institutional clients. Focus is on digital client portals, process efficiency in addition to cost and capital efficiency.



SUSTAINABILITY INCREASINGLY IMPORTANT

Among institutional customers there is a strongly growing interest in integrating sustainability in the investment process.

To meet this interest, SEB advises institutions on sustainability issues

and suitable products. SEB is a leading expert in green bonds and participated in the issuance of SEK 22bn in this type of funding in 2015.

Micro-finance funds provide financing for individuals and small businesses in developing countries, many of which would have remained outside of the financial system without this form of funding. SEB's three micro-finance funds have SEK 2.2bn in invested capital for more than fifteen million borrowers in some 30 countries.

SEB is developing its sustainable product offering on a continuous basis. New initiatives include a structured product developed by the bank that follows a low CO₂ index. [Read more on p.25.](#)



QUESTIONS FOR...

HANS BEYER

Head of Financial Institutions Coverage

How would you summarise 2015?

Institutional customers stood strong, despite struggling with weak growth in the economy. In addition, currently we are seeing a paradoxical situation where financial organisations are borrowing to meet regulatory requirements in spite of high liquidity in the markets.

In SEB the shift from a product to a customer perspective continued as well as our adaptation to the rapid digital development.

How is business developing?

We have been able to strengthen and broaden our relations with the customers, among other things through participation in a number of large structural capital market transactions. We have also seen an increased activity in the debt capital market area and in our fund operations.

Why is demand rising for alternative investments?

The central banks' zero or negative interest policies and the large amount of liquidity that they are providing are driving a need to invest long-term in areas such as infrastructure and real estate in order to achieve necessary returns. This applies not least for pension companies, who also have to deal with demographic changes as more and more of their customers recognise the need to take greater responsibility for their retirement.



RAPID GROWTH IN DIGITAL CURRENCY TRADING

During the past two years SEB has invested in a new digital platform that will enable the bank's continued participation in the rapidly growing electronic trade in the currency market. As a result of these investments, SEB is now at the forefront in this area and has been able to increase the number

of trading partners in the market, where banks, large corporations and institutions today are increasingly trading directly with each other.

The investments have already generated tangible results and customer feedback has been positive. In 2015 electronic trading business volume and earnings doubled compared with 2014.

7,196
SEK bn
assets under custody

22
SEK bn
green bonds 2015

SEB'S CUSTOMERS

SEB serves some 700 financial institutions, consisting of pension and asset managers, hedge funds, insurance companies and other banks active in the Nordic countries and internationally. Many of them work in an environment in which new regulations are creating a need for financial restructuring and advisory-based services.



EKSPLA

EKSPLA is a Lithuanian manufacturer of lasers, laser systems and laser components for research and development as well as industrial applications. The company was established in 1992 and is now one of the market leaders in picosecond laser systems. The company is participating in ELI projects in Europe to build the most powerful laser system in the world and was announced as the winner of Prism Award (“Photonics Oscar”) in 2011.



»We feel confident working with the bank for the professional advice, honest communication and careful attention to the needs of our employees.«

Kęstutis Jasiūnas,
General Manager, UAB EKSPLA



COMPANIES

SEB serves some 400,000 small and medium-sized companies in Sweden and the Baltic countries. They continued to deepen their relationships with the bank, and the number of home bank customers continued to rise.

Customers' willingness to invest and need of financing picked up during the second half of the year.

SEB continued to increase accessibility for customers. In Sweden, the business banking app was redesigned for easier navigation, the internet bank was improved with functionality for payment registration, and the Swish payment service was opened up for

companies. In addition, an SEB function now allows businesses to manage their e-invoices via a web interface.

INNOVATING TOGETHER WITH BUSINESS CUSTOMERS

SEB supports innovation and entrepreneurship, both through own initiatives and in broad partnerships with organisations dedicated to promoting enterprise. In Sweden SEB has established collaborations with some 15 organisations that work along the entire chain from new business start-ups to mature companies. SEB has also started an innovation forum that gives newly started tech companies with ties to the research world an opportunity to meet potential investors among the bank's customers – both private and corporate.

In the Baltic countries SEB is working in the same way to promote enterprise, among other things through joint innovation projects with business

STRATEGY

The strategy is to develop SEB's offerings based on the bank's strong position among large corporations in the Nordic region. The key is to offer small and medium-sized companies convenient services and proactive advice in Sweden and the Baltic countries, based on a deep insight of their situation, including the needs of their employees and owners.

Smaller businesses are served with the help of packaged services and increased accessibility. Focus is on creating excellent customer experiences through increasingly digital interfaces.

customers. In 2015, more than 750 companies participated in SEB's Innovation Lab, a forum for knowledge-sharing and exchange of innovative ideas. The aim of these activities is to spread knowledge about how innovation can help companies grow.

SECURITY AND DIGITAL ADVICE FOR SMALL BUSINESS OWNERS

Many small business owners lack basic protection such as disability insurance. One reason is that the forms of insurance that have previously been available on the market have been complex and more adapted

to larger companies. To meet this need SEB has complemented its small business package with two new insurance solutions that are specially designed to meet small business owners' need for financial security.

To increase accessibility to these services, SEB has developed a screen-sharing function that allows customers – at their workplaces or at home – to obtain quality advice on financial security solutions and pensions. The bank's advisers share the split-screen view with customers and guide them through their individual situations.



QUESTIONS FOR...

VEINE SVENSSON

Regional Director, Retail Sweden

How would you summarise 2015?

2015 was a turbulent year with negative interest rates, continued rising housing prices and growing international tensions, which of course has affected our customers in varying ways. They have grown more cautious even though credit demand picked up towards the end of the year.

During the year we continued to strengthen our position and increase our market share in all segments, especially in the key segment represented by companies with annual sales of SEK 5-200 million.

How is SEB improving customer service?

Through digitisation and simplification of the lending process we are freeing up time that we can spend on our customers. We are striving to be a proactive partner who can create value for our customers by giving them access to the bank's combined expertise in areas such as financing, currency transactions and cash management, and not least through our international network.

Which are the key trends?

A lot is happening in the payments area, and companies want fast, secure and simple solutions. We are also seeing growing interest in sustainability, where we as a bank can provide advice and support.



265
SEKbn

lending to
companies

Approx
74,000

new SME home bank
customers in five years

SEB'S CUSTOMERS

SEB serves some 400,000 small and medium-sized companies in Sweden and the Baltic countries.

Small businesses

During the year, the number of small business customers in Sweden increased by 9,300 to 158,800. In the Baltic countries the number of home bank customers increased by 1,400 to 98,300. Many business customers are also private customers of the bank.



Mid-corp and public sector customers

This segment includes some 500 medium-sized companies based in Sweden – many with international operations – as well as government agencies, state-owned companies, municipalities and companies owned by municipalities and county councils.



TELEOPTI

Marita and Nils Bildt are the founders and owners of Teleopti, which develops IT-based workforce management and a system for optimisation of tele communication costs. As business owners their work and personal lives are entirely woven together, which makes it natural that their relationship with SEB involves both their company and their personal finances.



»We highly value the personal relationship, the empathy, and the professionalism we encounter from our contact persons at SEB, that they take time to listen and understand our needs – that they look after our interests. It's all about trust.«

Marita and Nils Bildt



PRIVATE INDIVIDUALS

SEB provides advice, products and services to meet the financial needs of some four million private customers in Sweden and the Baltic countries.

In 2015, SEB became one of the few banks in Sweden with a comprehensive pensions offering – including traditional life insurance. During the year, the bank also further developed its mobile app for private customers.

The sharp growth in home prices and the growing level of debt among households were central issues of focus during the year. For several years SEB has worked for a strengthening of households' financial resilience by promoting a stronger amortisation culture.

DIGITAL CUSTOMER MEETINGS

SEB is developing digital solutions that make it easier for customers to maintain control over their personal finances. The mobile banking app has been upgraded so that customers can now gain a comprehensive overview of their pension savings, home mortgages, insurance and card transactions.

In Sweden SEB also developed a digital signature for pension contracts to facilitate the process in connection with the discontinued tax deduction right for pension savings. In the Baltic countries the bank has developed a digital advisory support function that helps customers gain a comprehensive picture of their personal finances.

SAVINGS OFFERING

The bank's advisory model has been refined and focuses on the customer's entire life situation. Accordingly, helping customers build up a savings buffer and financial security for retirement

STRATEGY

SEB's strategy in the private market is to meet customers' needs for advice and financial services from a comprehensive perspective that covers all phases in life. SEB strives to make it easy for customers to manage their personal finances and plan for the future, with particular emphasis on savings.

Proactivity and accessibility are key in this endeavour. The ambition is to innovate convenient solutions that simplify daily life for customers and give them a financial overview and control. SEB provides advice and service 24 hours a day – digitally, by phone, or through the bank's branch network in Sweden and the Baltic countries.

are natural topics in the customer dialogue. Household mortgage amortisation is a further component.

SEB has a comprehensive offering of savings solutions, including life insurance. Traditional life insurance, which was reintroduced during the year, is a popular form of pension savings for customers who want a guarantee and do not want to be actively involved in how their capital is invested.

SUSTAINABLE SAVINGS

Among SEB's new products is the SEB Global Sustainability Fund, which relies more and more on positive screening. The fund actively searches for companies that serve as good examples with respect to carbon emissions,



use of water and handling of toxic waste. The fund already excludes companies involved in weapons, pornography, gaming, tobacco and spirits as well as companies that violate international conventions. It does not invest in companies engaged in coal, gas or oil exploration.

Approx 200,000
new customers in five years

98 per cent
amortising new mortgages
(with LTV > 70 per cent)

SEB'S CUSTOMERS

In all SEB has approximately four million private customers in Sweden and the Baltic countries. Of these 482,000 are home bank customers in Sweden and 880,000 in the Baltic countries. Many private customers are also business customers.

For private customers with sizeable capital and a need for more qualified advice, SEB offers a comprehensive range of private banking services. SEB has approximately 27,000 private banking customers in and outside Sweden.



QUESTIONS FOR...

How has the economic situation affected Estonian households?

Increased income, improved social benefits and lower income taxes have led to a strengthened position for households. This was reflected in larger business volumes – both lending to and deposits from our private customers grew by 6 per cent.

How are you working with advice?

For the second year in a row we in the Baltic region have carried out a special advisory programme aimed at raising financial literacy both in society in general and among our customers. The demand for advisory meetings has been high.



EERIKA VAIKMÄE-KOIT
Head of Retail, Estonia

QUESTIONS FOR...

How would you summarise 2015?

It was a challenging year with high volatility in both the equity and commodities markets, at the same time that we find ourselves in a unique situation with zero or negative interest rates around the world. It has therefore been extra important to work closely with our customers and carry on a dialogue about which risk level is suitable for each and every customer.



SEBASTIAN SIEGL
Head of Private Banking, Sweden

How is the customer offering developing?

Digitisation is changing customers' needs, and we are striving to develop our offering together with our customers in an effort to add value for them in all channels. For example, in 2015 we used so-called webinars to swiftly inform customers about market updates. The upgrades of our mobile apps have been well-received.

SEB ADVOCATES HOUSEHOLD MORTGAGE AMORTISATION

Since 2009 housing prices in Sweden have risen by nearly 50 per cent while interest rates have fallen to historically low levels. The main reason for the higher housing prices is a lack of new home construction over many years.

SEB's general recommendation is that customers should amortise on their household mortgages. For new mortgages with a loan-to-value (LTV) ratio higher than 50 per cent, binding guidelines exist. At year-end 2015, 98 per cent of all new household mortgages with LTVs higher than 70 per cent contained an amortisation plan.

SEB's lending is based on the borrower's repayment capacity, including the ability to manage an interest rate of 7 per cent and a mortgage that is no more than five times the household's gross income.



All employees were invited to discuss SEB's long-term vision and way forward in a ten-year perspective. Here are pictures from the event in Stockholm, at which some 3,000 employees attended.

SEB'S EMPLOYEES

IN PACE WITH CHANGES IN THE BANKING SECTOR it is becoming increasingly important to attract and retain employees with the right competence and values.
SEB offers opportunities for development in a stimulating work environment.

Working at SEB entails both individual responsibility and being part of a team. Employeeship and leadership go hand-in-hand to create an effective organisation. SEB focuses on building and strengthening teams along with cross-collaboration within the group.

PEOPLE STRATEGY

With SEB's people strategy the bank aims to ensure that it has the capabilities to meet a changing environment. The strategy is built on four cornerstones: professional people, great leaders, high performing teams and an effective organisation.

INSIGHT SURVEY

In SEB's Insight employee survey for 2015, the scores increased for the third year in a row. The survey shows that SEB has committed employees who are satisfied in their jobs

and readily recommend SEB as a good place to work. Among identified improvement areas were systems and processes for supporting customers, internal co-operation and career paths within the bank.

In recent years SEB has worked actively with the Insight survey results. In open meetings and with supporting tools for dialogue and collaboration, managers and employees in all divisions and countries have worked with the survey results to make conclusions for their respective teams.

LEARNING IN SEB

For SEB's future success it is critical that employees develop – both as individuals and as team members. Continuous learning in day-to-day activities is a key prerequisite to effectively and smoothly adapt to new circumstances, such as new customer expectations or changing demands from regulators. Modern methods and effective tools are used to facilitate

WOMEN'S MENTOR PROGRAMME

In 2015, SEB conducted a mentor programme for 17 female managers with particular development potential. Each participant was assigned a personal mentor from the Group Executive Committee. Ann Juviken (to the left), a manager at one of the bank's IT units, and Elisabeth Sterner, a manager at Investment Management, both acknowledge the importance of having a mentor who supports and encourages women to take on greater challenges. "A team is more successful if it has diversity not only of gender but also of skill, cultural background and age", they say.



learning, such as short films, interactive presentations and web-based training. With the right support, learning is largely driven by the employees themselves.

During 2015 SEB developed its own internal campus –

EMPLOYEE STATISTICS

	2015	2014	2013
Number of employees, average	16,599 ¹⁾	16,742	17,096
Sweden	8,320	8,352	8,553
Germany	789	894	1,013
Baltic countries	5,118	5,100	5,047
Employee turnover, %	9.0	8.9	11.1
Sick leave, % (in Sweden)	2.8	2.4	2.4
Female managers, %	44	43	42

1) Average number of full-time equivalents 15,605.

a venue for all development and learning in the bank. In 2016, this will be launched on a digital platform that will be easily accessible for all employees.

DIVERSITY

SEB believes that different perspectives enhance creativity and problem-solving and contribute to good decisions. This benefits both the customers and society at large. The bank strives to improve its processes in order to promote diversity – from advertising and recruiting to developing and communicating with employees.

HEALTH AND WORK ENVIRONMENT

A safe and sound work environment combined with good health and work/life balance forms the base for the employees' performance and engagement. SEB's health strategy focuses on preventive measures. It aims to motivate employees and raise their knowledge about the importance of lifestyle and the work environment – for them as individuals, for the company and for society. The strategy is based on the latest research findings and incorporates recommendations from SEB's health science council.

SEB trains and supports managers on health and work environment-related issues. In 2015, SEB offered a range of activities to inspire employees to exercise daily, such as a global step challenge. SEB has also strengthened its focus on stress-related absenteeism. Total sickness-related absenteeism at SEB in Sweden is 2.8 per cent, which is low compared with other industries as well as compared with peers.

FORWARD LOOKING

Technological development in society and customers' growing expectations for simplicity and transparency are putting new demands on SEB as an employer. Competence-sharing and development are becoming key factors, in addition to engaged leadership that facilitates learning and innovation. The ability to manage change and work across borders will be critical for SEB's continued long-term success. Therefore, SEB prioritises management training as well as employee involvement through tools for open and interactive dialogues.

SEB'S CORE VALUES

CUSTOMERS FIRST

We put our customers' needs first, always seeking to understand how to deliver real value.

COMMITMENT

We are personally dedicated to the success of our customers and are accountable for our actions.

COLLABORATION

We achieve more working together.

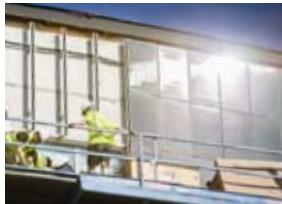
SIMPLICITY

We strive to simplify what is complex.

UPDATE OF SEB'S CORE VALUES

The core values are the foundation for everything SEB does. SEB's core values were updated during the year. The values are described in the bank's Code of Conduct which is a tool for guidance on ethical matters for all employees. See further p. 24.





Uppsalahem has invested in Frodeparken, an apartment building with the largest integrated solar panel front in the Nordic countries. SEB assisted in raising the funding – green bonds amounting to SEK 500 million.



SEB'S ROLE IN SOCIETY

BANKS PLAY AN IMPORTANT ROLE IN SOCIETY by offering solutions for financing, savings, risk management and payments, which promote economic growth and prosperity. SEB actively integrates sustainability in its business activities.

2015 was an important year for global climate and development issues. The climate agreement, adopted by 195 states at the COP 21 conference in Paris, was a milestone in keeping global warming well below 2°C. Although concrete emission targets are lacking, there is now a common view of the importance of reducing CO₂ emissions. The world's nations also committed to the UN's 17 Sustainable Development Goals. For the first time, it was recognised that business has a driving role in contributing to a more sustainable world. SEB has analysed the 17 goals and will begin integrating them in the bank's business during 2016.

During the year SEB took a stronger position on climate change and will actively work toward the goal of keeping global warming below 2°C. This entails, among other things, reducing the climate impact of fund management activities and not entering into new business relationships

with companies with substantial involvement in coal mining or financing new coal power plants.

During the year, SEB raised its ambition and set a target to become a leader in sustainability in the financial industry.

UPDATED CODE OF CONDUCT

In recent years, focus around the world has increased on corporate governance and ethics. SEB always aims to conduct business in a responsible manner. All employees are expected to work according to a strong ethical compass. Values in society evolve over time. In 2015, the bank therefore revised its Code of Conduct and further underscored the importance of maintaining SEB's culture as well as every employee's individual responsibility for their actions. *The Code of Conduct is available at sebgroup.com.*

SEB'S SUSTAINABILITY PERSPECTIVES

RESPONSIBLE BUSINESS

As a financial partner, investor and owner, SEB takes responsibility for how the business affects customers, employees, shareholders and society at large. Our ambition is to create long-term value from a financial, ethical, social and environmental perspective. During

ENVIRONMENT

SEB monitors its own, direct environmental impact. The bank exceeded the goal of reducing its CO₂ emissions by 45 per cent between 2008 and 2015, reaching 54 per cent in 2015. For 2020, the goal is to reduce its CO₂ emissions by a further 20 per cent in selected categories. During the year, the bank revised its position statement on climate change which recognises the urgency of the global climate warming.



PEOPLE AND COMMUNITY

the year the bank participated in the issue of SEK 22bn in green bonds. In addition, to date a total of SEK 2.2bn has been invested in SEB's microfinance funds, and the bank has SEK 517bn in assets managed in accordance with the PRI principles.

Banks help communities develop and prosper. Through numerous partnerships SEB works to ensure that future generations – children, youth and entrepreneurs – have the means to grow and, in turn, can contribute to sustainability in society over the long term. In 2015, SEB provided SEK 62m in support to such partnerships. As an employer

SEB focuses on manager and employee development, diversity, and proactive health initiatives.

SEB reports its sustainability work in accordance with GRI G4. For further information, see sebgroup.com



SUSTAINABILITY WITHIN THE BUSINESS

Throughout SEB, further steps were taken during the year to integrate sustainability in the business activities, such as

by ensuring that sustainability aspects are discussed as a natural part of the product development process.

SEB's mutual fund operations are also strengthening the sustainability aspects of their work. During the year SEB became a signatory of the Montreal Carbon Pledge, an initiative in which investors commit to measure and publicly disclose the carbon footprint of their investment portfolios. By the end of the first quarter of 2016, a minimum of ten SEB funds – including the SEB Sustainability Fund Sweden – will regularly measure their CO₂ impact. *Read about sustainable savings with a positive selection process on p 21.*

COMBATING FINANCIAL CRIME

SEB believes that combating financial crime is an integral part of its work on safeguarding its core business and society at large. In 2015 employee training in this area was strengthened. A dramatised film, "The Banker, the Fraudster and the Property Developer", based on actual events, made a great impact and was designed to increase aware-

ness about fraud and money laundering. The film is available on the bank's intranet. It has been viewed more than 5,500 times and has been well-received.



ACTIVE SOCIAL PARTNERSHIP

In 2015, the bank actively participated in initiatives for children and youths, among other things through the Mentor organisation, where more than 800 employees participated, and the El Sistema school orchestra concept. Clear proof of SEB's employees' willingness to engage themselves can be seen in the donation initiative for refugees in early September in collaboration with Save the Children Sweden. In the course of one week SEB employees in six countries donated a total of SEK 1.1m, which the bank then matched to SEK 2.2m.



THE SEB SHARE 2015

IN 2015, THE VALUE OF THE SEB CLASS A SHARE DECREASED by 10 per cent, to SEK 89.40, while the FTSE European Banks Index dropped by 5 per cent. Earnings per share amounted to SEK 7.57 (8.79). The Board proposes a dividend of SEK 5.25 per share for 2015 (4.75).

SHARE CAPITAL

SEB's share capital amounts to SEK 21,942m, distributed on 2,194.2 million shares. Each Class A share entitles to one vote and each Class C-share to 1/10 of a vote.

STOCK EXCHANGE TRADING

The SEB shares are listed on Nasdaq OMX Stockholm, but are also traded on other exchanges, such as BATS, CXE, Boat and Turquoise. In 2015, about half of the trading took place on these alternative exchanges. The share is also included in the FTSE4Good index, which facilitates investments in companies with globally recognised levels of responsibility.

In 2015, the value of the SEB class A share declined by 10 per cent, while the OMX Stockholm General Index was up by 7 per cent and the FTSE European Banks Index dropped by 5 per cent. Total turnover in SEB shares amounted to SEK 312bn (233), of which 142bn on Nasdaq Stockholm. Market capitalisation by year-end was SEK 196bn (218).

DIVIDEND POLICY

SEB strives to achieve long-term dividend growth without negatively impacting the group's targeted capital ratios. The annual dividend per share shall correspond to 40 per cent or

more of earnings per share. Each year's dividend is assessed in the light of prevailing economic conditions and the group's earnings, growth possibilities, regulatory requirements and capital position.

TOTAL SHAREHOLDER RETURN IN 2015

Total shareholder return (TSR) – i.e. share price development and reinvested dividends per share – was -6 per cent (+23 per cent). The average TSR for the Nordic peer group in 2015 was 3 (17) per cent. In the last three years, TSR for the SEB share has been 23 per cent on average.

DISTRIBUTION OF TRADING IN SEB CLASS A SHARES IN 2015



Per cent

	2015	2014
Nasdaq Stockholm	47	50
BATS	24	24
CXE	11	12
Boat	7	6
Turquoise	5	5
Other	6	3

DISTRIBUTION OF SHARES BY SIZE OF HOLDING

Size of holding	No. of shares	Per cent	No. of shareholders
1 – 500	32,537,448	1.5	172,317
501 – 1,000	32,764,677	1.5	42,870
1,001 – 5,000	101,814,702	4.6	46,246
5,001 – 10,000	41,844,977	1.9	5,840
10,001 – 20,000	32,231,947	1.5	2,289
20,001 – 50,000	33,447,967	1.5	1,085
50,001 – 100,000	20,833,141	0.9	291
100,001 – 500,000	74,382,798	3.4	338
500,001 – 1,000,000	47,862,897	2.2	70
1,000,001 –	1,776,451,248	81.0	162
	2,194,171,802	100.0	271,508

NUMBER OF OUTSTANDING SHARES, 31 DECEMBER 2015

	Share series A	Share series C	Total No. of shares
Total number of issued shares	2,170,019,294	24,152,508	2,194,171,802
Hedge for long-term incentive programmes ¹⁾	-850,426		-850,426
Repurchased own shares ²⁾	0	0	0
Total number of outstanding shares	2,169,168,868	24,152,508	2,193,321,376

1) Utilization of authorization from the Annual general meeting 2015 to acquire own shares for the 2009–2015 long-term equity programmes.

2) 2015 AGM decision, no repurchases made.

INVESTING IN SEB

OVER THE YEARS SEB HAS CAPITALISED on its long standing strong position as the leading corporate bank in the Nordic region and the bank's financial strength. In 2011-2015, the market value of the SEB Class A share has increased by 125 per cent.

LONG-TERM PERSPECTIVE

SEB has been a corporate bank since its establishment by A. O. Wallenberg in 1856. To this day the Wallenberg family is deeply engaged in the bank's current and future operations.

There is a clear connection between customer development and development of the bank's earnings. In addition, SEB's directed initiatives for growth in its areas of strength – corporate business and long-term savings – have had a positive effect.

An investor in SEB believes in positive economic devel-

opment in the bank's home markets – the Nordic and Baltic countries and Germany – and in the bank's ability to capitalise on this development over time and to manage negative developments in an effective manner.

RETURN ON INVESTMENT

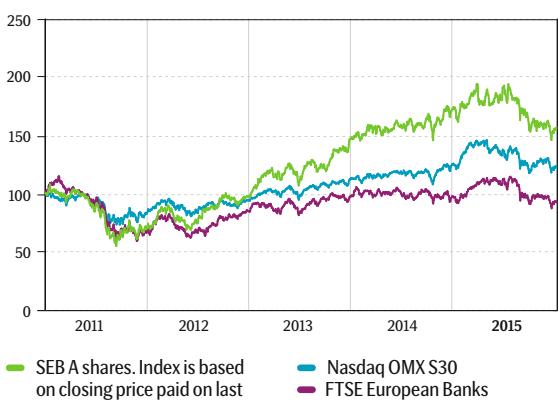
The return on the investment is not only contributable to the share price but also to the dividend. Should the market value fall, there is an opportunity for compensation through the dividend.

SEB has proposed to the Annual General Meeting that SEK 5.25, 69 per cent, of earnings per share be distributed for 2015. The dividend yield, i.e. the dividend in relation to the share price at year-end 2015, is 6 per cent based on the proposed dividend.

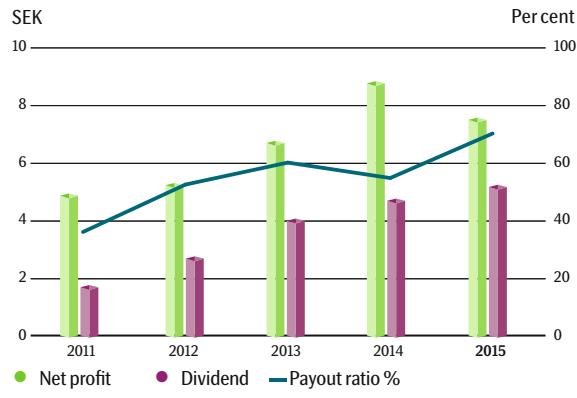
The target is to distribute 40 per cent or more of earnings per share.

SEB SHARE CLASS A

Index 1 January 2011 = 100



EARNINGS AND DIVIDEND PER SHARE



DATA PER SHARE

	2015	2014	2013	2012	2011
Basic earnings, SEK	7.57	8.79	6.74	5.31	4.93
Diluted earnings, SEK	7.53	8.73	6.69	5.29	4.91
Shareholders' equity, SEK	65.11	61.47	56.33	49.92	46.75
Net worth, SEK	72.09	68.13	62.10	56.33	51.99
Dividend per A and C share, SEK	5.25	4.75	4.00	2.75	1.75
Year-end market price					
per Class A share, SEK	89.40	99.55	84.80	55.25	40.09
per Class C share, SEK	88.85	97.65	79.90	53.40	39.00
Highest price paid during the year					
per Class A share, SEK	111.50	100.60	85.10	57.95	62.00
per Class C share, SEK	112.50	99.10	80.30	54.30	61.25
Lowest price paid during the year					
per Class A share, SEK	83.45	82.25	55.70	38.87	30.72
per Class C share, SEK	83.75	77.45	53.20	38.74	33.00
Dividend as a percentage of result for the year, %	69.4	54.0	59.3	51.8	35.5
Yield, %	5.9	4.8	4.7	5.0	4.4
P/E	11.8	11.3	12.6	10.4	8.1
Number of outstanding shares, million					
average	2,191.2	2,186.8	2,190.8	2,191.5	2,193.9
at year-end	2,193.3	2,188.7	2,179.8	2,192.0	2,191.8

Source: Euroclear/Modular Finance AB

CHANGES IN SHARE CAPITAL

Year	Transaction	SEK	Change in no. of issued shares	Accumulated no. of issued shares	Share capital SEK m
1972				5,430,900	543
1975	Rights issue 1:5	125	1,086,180	6,517,080	652
1976	Rights issue 1:6	140	1,086,180	7,603,260	760
1977	Split 2:1		7,603,260	15,206,520	760
1981	Rights issue 1B:10	110	1,520,652	16,727,172	837
1982	Bonus issue 1A:5		3,345,434	20,072,606	1,004
1983	Rights issue 1A:5	160	4,014,521	24,087,127	1,204
1984	Split 5:1		96,348,508	120,435,635	1,204
1986	Rights issue 1A:15	90	8,029,042	128,464,677	1,284 ¹⁾
1989	Bonus issue 9A+1C:10		128,464,677	256,929,354	2,569
1990	Directed issue ²⁾	88.42	6,530,310	263,459,664	2,635
1993	Rights issue 1:1	20	263,459,664	526,919,328	5,269
1994	Conversion		59,001	526,978,329	5,270
1997	Non-cash issue	91.30	61,267,733	588,246,062	5,882
1999	Rights Issue 1:5 ³⁾	35	116,311,618	704,557,680	7,046
2005	Reduction of the share capital		-17,401,049	687,156,631	6,872
2009	Rights issue 11:5	10	1,507,015,171	2,194,171,802	21,942

1) The recorded share capital as at 31 December 1986 was still SEK 1,204m, since the proceeds from the rights issue were not paid in full until early 1987.

2) The issue was directed at the member-banks of Scandinavian Banking Partners.

3) According to the instructions of the Financial Supervisory Authority, subscribed shares that have been paid will not be registered as share capital in the balance sheet until the rights issue has been registered (which took place in January 2000).

Through splits in 1977 (2:1) and 1984 (5:1), the nominal value of the shares was changed from SEK 100 to SEK 10.

THE LARGEST SHAREHOLDERS

31 December 2015

	No. of shares	Of which Series C shares	Share of capital, %	Share of votes %	2015	2014
Investor AB	456,198,927	4,000,372	20.8	20.8	20.9	
Alecta	138,400,000		6.3	6.4	5.9	
Trygg foundation	130,673,802		6.0	6.0	6.7	
Swedbank Robur funds	78,652,435		3.6	3.6	5.2	
AMF Insurance & funds	69,468,707		3.2	3.2	2.4	
SEB funds	34,707,779		1.6	1.6	1.7	
Nordea funds	25,904,487		1.2	1.2	0.8	
Third Swedish National Pension fund	24,730,533		1.1	1.1	0.6	
Fourth Swedish National Pension fund	23,086,839		1.1	1.1	1.0	
First Swedish National Pension fund	21,679,257		1.0	1.0	1.0	
Handelsbanken funds	21,618,022		1.0	1.0	1.5	
Danske Invest & Danica Pension	18,578,497	30,675	0.8	0.9	0.7	
AFA Insurance	18,083,754		0.8	0.8	0	
Norges Bank	17,837,204		0.8	0.8	1.4	
Didner & Gerge funds	17,778,514		0.8	0.8	0.4	
Foreign owners	583,656,031	1,762,704	26.5	26.8	26.8	

Source: Euroclear/Modular Finance AB

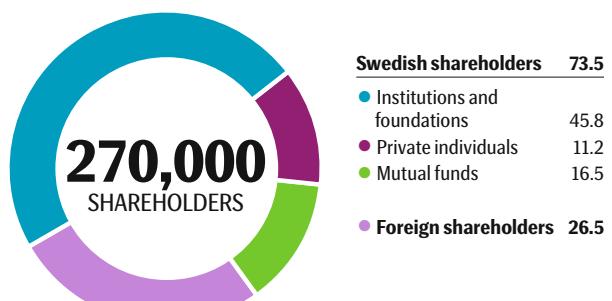
THE SEB SHARE ON THE STOCK MARKET

SEK m	2015	2014	2013	2012	2011
Year-end market capitalisation ¹⁾	196,146	218,384	185,947	121,183	87,938
Volume of shares traded	142,188	113,566	94,738	85,776	106,168

1) Based on Nasdaq OMX share price of SEK 89.40

SHAREHOLDER STRUCTURE

Percentage holdings of equity on 31 December 2015



The majority of the banks approximately 270,000 shareholders are private individuals with small holdings. The ten largest shareholders account for 46 per cent of capital and votes.

Source: Euroclear/Modular Finance AB

FINANCIAL REVIEW OF THE GROUP

THE MAIN POSITIVE DRIVERS OF SEB'S RESULT were customer demand for risk management, high asset quality and a large number of Nordic initial public offerings. Negative interest rates counteracted. Net profit, excluding one-off items, increased by 6 per cent and a dividend of SEK 5.25 per share is proposed.

IMPORTANT EVENTS AND TRENDS IN 2015

First quarter – negative interest rates

- The Swedish central bank set its policy rate at below zero and several European countries experienced negative interest rates.
- There was high uncertainty around Greece exiting the eurozone and the potential ramifications.
- The market for initial public offerings was very favourable.
- SEB entered an agreement to divest SEB Asset Management AG to Savills plc.

Second quarter – high corporate transaction activity

- The market for initial public offerings continued to be favourable.
- The Swiss Supreme court denied SEB's application for a refund of withholding tax for the years 2006 through 2008.

Third quarter – unusually low corporate activity

- Corporate activity was low with no initial public offerings.
- Private customers were more risk-averse and reallocated savings from equity to balanced funds and savings.

Fourth quarter – strategic review and business planning

- SEB established a long-term road map, Vision 2025, and a new three-year business plan.
- The business plan 2013-2015 was completed.
- In the USA, the Federal Reserve decided to hike interest rates for the first time since 2006.
- Credit demand among small and medium-sized companies picked up.

Full year

- Due to volatility in many financial markets, customer demand for hedging and risk management products was high.
- The Swedish central bank lowered the policy rate three times during the year, from zero to -0.35 per cent.

RESULT AND PROFITABILITY

Operating profit amounted to SEK 20,865m (23,348). Net profit (after tax) amounted to SEK 16,581m (19,219).

One-off items in both 2015 and 2014 affect the year-on-year comparison. In 2015, a withholding tax refund application dating back to 2006–2008 was denied by the Swiss Supreme Court. The one-off negative effect was SEK 902m. In 2014, Euroline AB was divested at a capital gain of SEK 1,661m and shares in MasterCard Inc. were sold at a gain of SEK 1,321m.

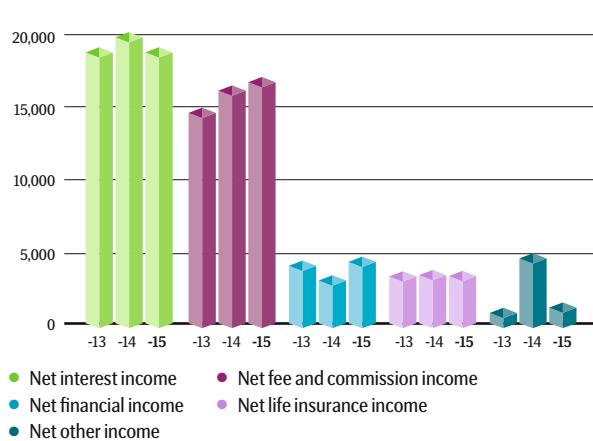
Excluding the one-off items, operating profit for 2015 amounted to SEK 21,767m (20,366), an increase of 7 per cent. Net profit, excluding the one-off items, increased by 6 per cent to SEK 17,483m (16,419).

Operating income

Total operating income amounted to SEK 44,148m (46,936).

Net interest income decreased by 5 per cent to SEK 18,938m (19,943). The repo interest rates decreased by around 0.7 percentage points on average year-on-year. This affected net interest income negatively by around SEK 2.5bn. Customer-driven net interest income decreased by SEK 222m year-on-year. Lending-related net interest income

OPERATING INCOME



increased due to margins and volumes to an equal degree. The deposit side was affected by the low interest rates.

Net interest income from other activities decreased by SEK 783m due primarily to the lower interest rates. Net interest income included a one-off interest expense in the amount of SEK 82m related to the Swiss withholding tax decision.

Net interest income also included regulatory fees for financial stability purposes at an amount of SEK 1,201m (1,147). It consisted of fees to stability funds, SEK 590m (677), to deposit guarantee schemes, SEK 429m (470), as well as resolution fees in the amount of SEK 182m.

Net fee and commission income grew by 4 per cent to SEK 16,877m (16,306). There was a high level of initial public offerings. Lending fees were down compared to last year reflecting that the high customer activity in 2014 subsided in 2015. The asset management business had a good year and performance and transaction fees grew by SEK 220m to SEK 679m due to strong fund performance. Payment and card fees decreased compared to 2014, mainly due to effects from the divestment of Euroline AB.

Net financial income increased to SEK 4,118m (2,921). The foreign exchange business experienced high client activity throughout the year. Activity within the fixed income business returned to normal levels and the equities business benefited from the many initial public offerings during the year. In addition, the valuation adjustments of counterparty risk (CVA), own credit standing in derivatives (DVA) and own credits (OCA) was negative in 2014 and positive in 2015, corresponding to a net positive change of SEK 904m. The one-off cost relating to the Swiss withholding tax decision in the amount of SEK 820m was also reflected in the 2015 net financial income.

Net life insurance income was virtually unchanged compared to 2014 and amounted to SEK 3,300m (3,345) where income from unit-linked insurance increased and income from traditional and risk insurance decreased.

Net other income was SEK 915m (4,421) and consisted of hedge accounting effects, capital gains, dividend income and other items. There was a negative effect from the goodwill allocation on the divestment of SEB Asset Management AG amounting to SEK 187m. The 2014 income included two one-off gains – SEK 1,321m from the sale of shares in MasterCard Inc. and SEK 1,661m from the divestment of Euroline AB.

Operating expenses

Total operating expenses were virtually unchanged from 2014 and amounted to SEK 22,187m (22,143). Higher salary and pension costs were offset by lower consultancy and premises costs. The operating expenses were below the cost cap of SEK 22.5bn despite increased pension costs and currency effects amounting to SEK 615m, corresponding to an underlying cost efficiency of 2.7 per cent.

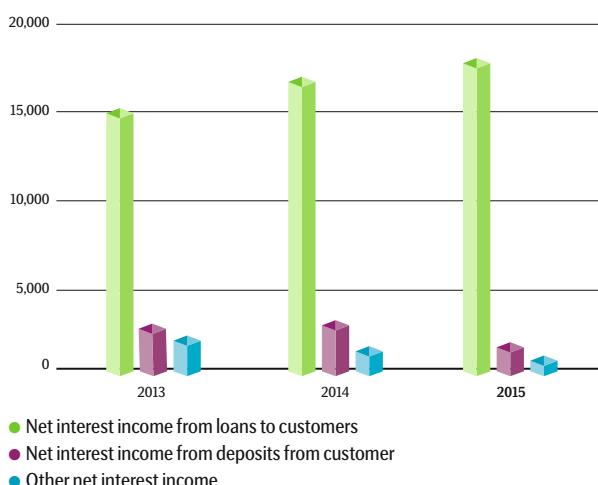
Over the past six years, two three-year business plans have been completed. Both plans have included a cap for operating expenses. Initially the cap amounted to SEK 24bn and it was subsequently lowered step by step to reach the current level of SEK 22.5bn.

The cost cap has proven to be an efficient method to control costs and to efficiently prioritise amongst investment alternatives. The cost/income ratio has improved from 0.65 to 0.50.

As part of the new business plan 2016-2018, management has decided to prolong the cost cap through 2017 at an unchanged level, SEK 22.5 bn.

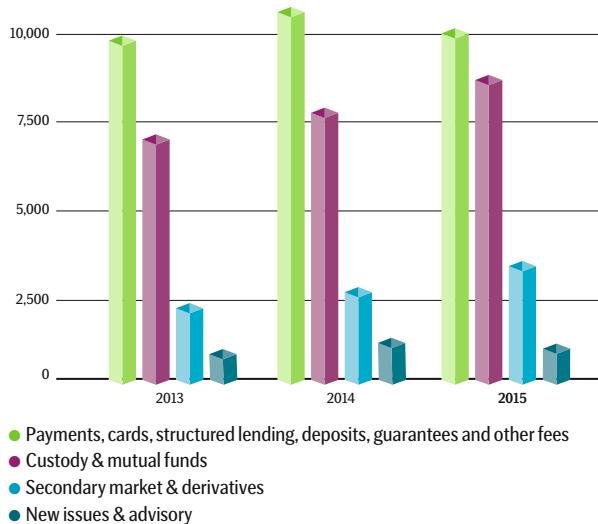
NET INTEREST INCOME

SEK m



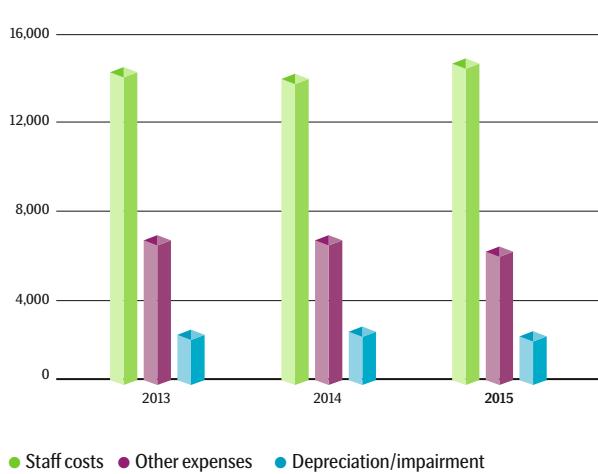
FEES AND COMMISSION INCOME

SEK m



OPERATING EXPENSES

SEK m



Gains less losses from tangible and intangible assets

The net loss from tangible and intangible assets amounted to SEK 213m (121). The main reason for the higher loss was impairments on properties held for sale by the bank's Baltic real estate holding companies.

Net credit losses

Net credit losses amounted to SEK 883m (1,324). Asset quality remained robust and the overall credit loss level was 6 basis points (9).

Income tax expense

Total income tax amounted to SEK 4,284m (4,129), corresponding to an effective tax rate of 21 per cent (18).

The effective tax rate depends on the current geographical earnings mix where the statutory tax rate both in Sweden and expressed as an average for the SEB group is 22 per cent. In 2014 the effective tax rate was affected by tax exempt capital gains of SEK 2.9bn, corresponding to a tax value of approximately SEK 0.6bn.

Profitability

Return on equity amounted to 12.2 per cent (15.3). *Return on equity* excluding the one-time items was 12.9 per cent (13.1).

Other comprehensive income

Other comprehensive income amounted to SEK 2,219m (1,030). The net revaluation of the defined benefit pension plans had a positive effect of SEK 4,178m (-2,700). The revaluation change was a net of the decreased pension liability, an effect from increased discount rates, and an increase in the value of the plan assets.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement was negative in the amount of SEK -1,959m (3,730). The main reason was the revaluation of cash flow hedges.

Effects from planned Visa Inc. acquisition

On November 2, 2015, Visa Inc. announced its planned acquisition of Visa Europe (a membership-owned organisation) creating a single global Visa company. The transaction consists of a combination of upfront consideration with the potential for an additional earn-out following the fourth anniversary of closing. SEB is member of Visa Europe through several direct and indirect memberships.

The transaction is subject to regulatory approvals and is expected to close during the second quarter of 2016. SEB will receive the proceeds as soon as possible after closing, but exact timing and final allocation of distribution proceeds remains uncertain.

KEY FIGURES

	2015	2014	2013	2012	2011
Return on equity, %	12.24	15.25	13.11	11.06	11.12
Return on total assets, %	0.57	0.71	0.58	0.48	0.49
Return on risk exposure amount, %	2.71	3.23	2.38		
Basic earnings per share, SEK	7.57	8.79	6.74	5.31	4.93
Weighted average number of shares ¹⁾ , millions	2,191	2,187	2,191	2,191	2,194
Diluted earnings per share, SEK	7.53	8.73	6.69	5.29	4.91
Weighted average number of diluted shares ²⁾ , millions	2,203	2,202	2,207	2,199	2,204
Credit loss level, %	0.06	0.09	0.09	0.08	-0.08
Total reserve ratio individually assessed impaired loans, %	68.3	62.2	86.9	74.4	71.1
Net level of impaired loans, %	0.20	0.29	0.17	0.28	0.39
Gross level of impaired loans, %	0.35	0.49	0.35	0.58	0.84
Liquidity Coverage Ratio (LCR) ³⁾ , %	128	115	129		
Own funds requirement, Basel III					
Risk exposure amount, SEK m	570,840	616,531	598,324		
Expressed as own funds requirement, SEK m	45,667	49,322	47,866		
Common Equity Tier 1 capital ratio, %	18.8	16.3	15.0		
Tier 1 capital ratio, %	21.3	19.5	17.1		
Total capital ratio, %	23.8	22.2	18.1		
Leverage ratio, %	4.9	4.8	4.2		
Number of full-time equivalents ⁴⁾	15,605	15,714	15,870	16,925	17,633
Assets under custody, SEK billion	7,196	6,763	5,958	5,191	4,490
Assets under management, SEK billion	1,700	1,708	1,475	1,328	1,261

1) The number of issued shares was 2,194,171,802. SEB owned 5,495,862 Class A shares for the equity based programmes at year end 2014. During 2015 SEB has purchased 3,370,000 shares and 8,015,436 shares have been sold. Thus, as at December 31 2015 SEB owned 850,426 Class A shares with a market value of SEK 76m.

2) Calculated dilution based on the estimated economic value of the long-term incentive programmes.

3) According to Swedish FSA regulations for respective period.

4) Average for the year.

A five year summary of the Group and the Parent bank's income statements and balance sheets can be found in the financial statements page 152. Definitions can be found on page 62.

FINANCIAL STRUCTURE

Total assets at 31 December 2015 were SEK 2,496bn, a decrease of SEK 145bn compared to 2014 (2,641). The balance sheet was adapted to a lower volume of trading of repos and financial instruments which led to lower issuance of commercial papers and certificates of deposits and less need for short-term deposits. The decrease of the balance sheet had a positive effect on the bank's capital and liquidity position.

Loan portfolio

Loans to the public amounted to SEK 1,353bn, a decrease of SEK 3bn year-on-year. Excluding repos and debt securities, loans to the public increased by SEK 18bn.

SEB's total credit portfolio, which includes both on-and off balance sheet items, amounted to SEK 2,065bn (2,094). During the year total household loans and commitments increased by 2 per cent or SEK 13bn. The combined corporate and property management loans and contingent liabilities decreased by 1 per cent, or SEK 14bn. *See p. 42 and note 18a.*

Fixed income securities

SEB's net position in fixed income securities amounted to SEK 218bn (246). SEK 3bn of the total holdings was GIIPS-related (6). *See note 18a.*

Derivatives

The replacement values of the derivative contracts are booked as assets and liabilities in the balance sheet. They amounted to SEK 216bn and SEK 190bn respectively.

The mix and volumes of derivatives reflect the demand for derivatives of the bank's customers for management of their financial risk. The bank is a market maker for derivatives and also uses derivatives for the purpose of protecting the cash-flows and fair value of its financial assets and liabilities from for instance interest rate fluctuations. *See note 42.*

Insurance assets and liabilities

Financial assets within the insurance operations amounted to SEK 367bn (360). Out of this, financial assets where policyholders carry the risk (mostly unit-linked insurance), amounted to SEK 272bn (259) and other assets (mostly traditional and risk insurance) amounted to an additional SEK 95bn (101).

Liabilities in the insurance operations amounted to SEK 371bn (364). Out of this, SEK 272bn (259) was related to financial commitments for investment contracts (mostly unit-linked insurance), while SEK 99bn (105) was related to insurance contracts (mostly traditional and risk insurance). Insurance liabilities are mainly covered by financial assets but also by non-financial assets such as investment properties. The value of investment properties amounted to SEK 7bn (7).

Tangible and intangible assets

The major part of the tangible assets consists of real estate properties at a total amount of SEK 8.4bn (9.5).

Intangible assets totalled SEK 17.1bn (17.2), of which 59 per cent represents goodwill. Goodwill items are subject to a yearly impairment test. No impairments occurred during 2015.

RATING

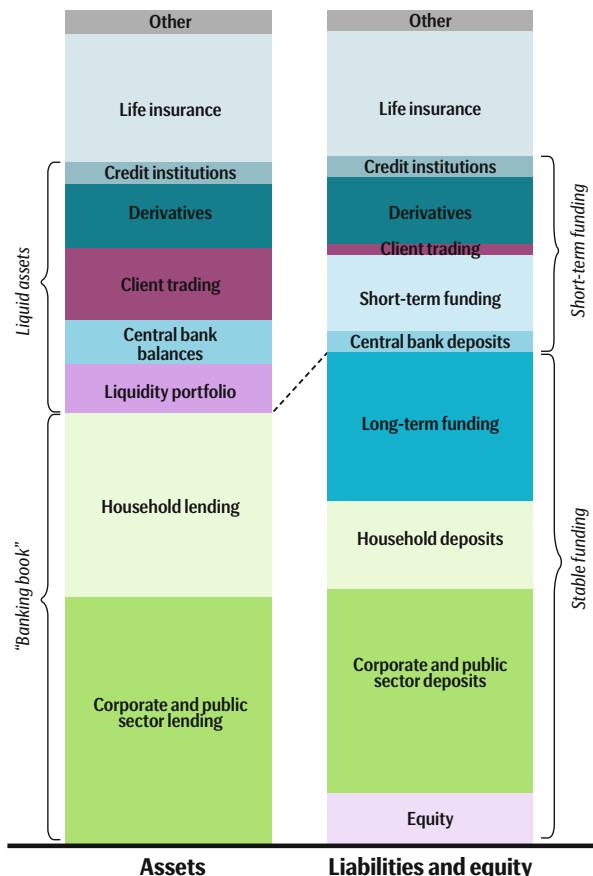
Moody's rating of SEB's long-term senior unsecured debt is based on the bank's asset quality, earnings stability and diversification as well as increased efficiency.

Fitch's rating of SEB's long-term senior unsecured debt reflects the bank's strong domestic franchise, particularly in corporate banking, its solid capitalisation, sound asset quality and robust revenue generation.

S&P completed its review of the implementation of the Bank Recovery and Resolution Directive in Sweden. All Swedish banks, except SEB, were put on negative outlook due to the heightened economic risks in Sweden. S&P's view on SEB is based on the bank's positive capital and earnings development which may off-set the effect of the heightened economic risks.

BALANCE SHEET STRUCTURE

31 December 2015



		Moody's Outlook stable ¹⁾		Standard & Poor's Outlook stable ¹⁾		Fitch Outlook Positive ¹⁾	
Short	Long	Short	Long	Short	Long	Short	Long
P-1	Aaa	A-1+	AAA	F1+	AAA		
P-2	Aa1	A-1	AA+	F1	AA+		
P-3	Aa2	A-2	AA	F2	AA		
	Aa3	A-3	AA-	F3	AA-		
	A1		A+		A+		A+
	A2		A		A		A
	A3		A-		A-		A-
	Baa1		BBB+		BBB+		BBB+
	Baa2		BBB		BBB		BBB
	Baa3		BBB-		BBB-		BBB-

1) Confirmed in December 2015

As a consequence of SEB's recent reorganisation, goodwill will be reallocated to the appropriate cash-generating units. Deferred acquisition costs in insurance operations amounted to SEK 4.2bn (4.2).

Deposits, borrowings and issued securities

The financing of the group consists of deposits from the public (households, corporates etc.), borrowings from Swedish, German and other financial institutions and issuance of money market instruments, bonds, covered bonds and subordinated debt. *See p. 43 and note 18f for information on liquidity management.*

Deposits and borrowing from the public amounted to SEK 884bn (943). Compared to 2014, deposits from households were SEK 16bn higher while corporate deposits decreased by SEK 43bn due to the structural changes in the balance sheet described on *page 32*.

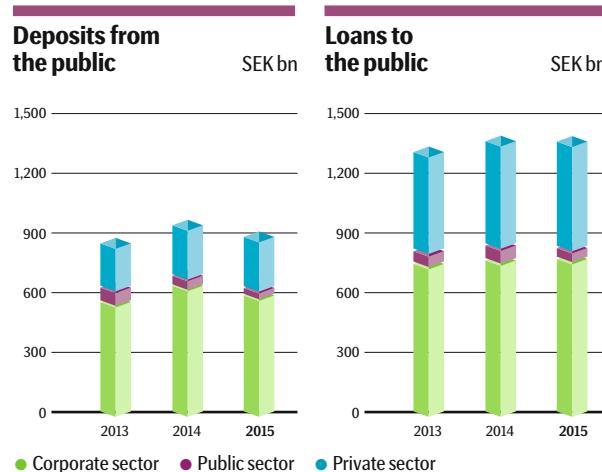
Issued securities with short and long maturities amounted to SEK 639bn (690). During the year SEK 79bn in long-term funding matured. The bank was able to use its favourable position from a credit risk point of view to raise new funding at an amount of SEK 95bn, in line with the liquidity strategy. Issued subordinated debt amounted to SEK 31bn (40).

Total equity

Total equity at the opening of 2015 amounted to SEK 135bn. In accordance with a resolution of the Annual General Meeting in 2015, SEK 10.4bn of equity was used for the dividend (8.7). Net profit amounted to SEK 16.6bn and other comprehensive income amounted to SEK 2.2bn. At year-end 2015, total equity amounted to SEK 143bn.

Dividend

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 5.25 per Class A and Class C share respectively (4.75), which corresponds to a 69 per cent pay-out ratio (54). The total proposed dividend amounts to SEK 11.5bn (10.4), calculated on the total number of issued shares as per 31 December 2015, excluding repurchased shares. The SEB share will be traded ex-divi-



ASSETS UNDER MANAGEMENT

	2015	2014	2013
Start of period	1,708	1,475	1,328
Inflow	280	304	203
Outflow	-220	-212	-182
Divestment	-75	0	0
Change in value	7	141	126
End of period	1,700	1,708	1,475

dend on 23 March 2016. The proposed record date for the dividend is 24 March 2016 and dividend payments will be disbursed on 31 March 2016.

Assets under management and custody

At year-end, assets under management amounted to SEK 1,700bn (1,708). The net inflow of new volumes was SEK 60bn. As part of the divestment of SEB Asset Management AG, assets under management decreased at an amount of SEK 75bn. The increase in value was SEK 7bn.

Assets under custody amounted to SEK 7,196bn (6,763).

AHEAD OF 2016

In 2016, the bank will continue its work in accordance with the strategic direction and the new business plan. This means pursuing income growth through cross-selling, utilising digital tools and services and expanding employee skills, while at the same time keeping costs below SEK 22.5bn.

The macroeconomic development remains uncertain, the large global economic imbalances remain and the potential reduction of liquidity support to financial markets from central banks world-wide may create direct and indirect effects that are difficult to assess. The market uncertainty has been impacted by the unfolding geopolitical development, the sharp drop in oil prices and the potential ramifications of the stock market development in China following more subdued GDP-growth. In addition, there is uncertainty around the effects from a potential prolongation of the current low or negative interest rates.

In SEB credit, market, liquidity, IT and operational

and insurance risks affect the business. *SEB's risk composition and risk management are further described on p. 40-45 and in note 18.*

The international Basel III regulatory framework in relation to capital, liquidity and funding standards may lead to long-term effects on asset and liability management and profitability of the banking sector. Major parts of the framework have been implemented but important issues remain to be decided.

In 2016, the current requirements on Swedish banks to pay a fee to a national stability fund will be replaced by a fee, based on business volumes and risk parameters in accordance with the EU's Bank Recovery and Resolution Directive. Half of the new fee will be charged in 2016 and it will be fully implemented in 2017. *See p. 44 for information on upcoming regulatory requirements.*

A special banking tax is being discussed both in Sweden and internationally. SEB is monitoring the development.

CUSTOMER NEED IS THE SOURCE OF SEB'S RESULT

Customers' need to borrow, pay, save, hedge risks, invest or trade in financial instruments is the source of SEB's business volumes and result. On these pages the general relationships between customer-driven business volumes on and off- the balance sheet, income statement and the external factors are outlined briefly.

The macroeconomic situation is of great importance for SEB's customers and is thus a key factor impacting the business and result. Both businesses and private individuals are more likely to invest and consume in an environment of positive economic indicators, and this normally leads to increased lending, more payments, a higher number of transactions in the financial markets, etcetera.

In an unfavourable part of the business cycle, customers may be more restrictive and growth in business and transaction volumes may level out while credit losses may increase.

Net interest income is the difference between income from lending and expenses associated with deposits and borrowings. Interest margins differ in various markets, mainly due to varying maturities and risk. Margin changes and business volumes have a major bearing on net interest income.

Fee income increases with growing business and transaction volumes. Fund related commissions increase with higher market values.

Regarding net financial income, the market value of certain fair value assets and liabilities affect the result as does the realised gains and losses associated with transactions with financial instruments. The trend in the financial markets plays a great role in this context.

Credit losses consist of incurred losses as well as provisions for probable losses, where SEB has determined that the counterparty will likely be unable to fulfil its payment obligations. In case of recovery, net credit losses are affected positively.

Certain business volumes are reported in the balance sheet and some are reported outside – as prescribed in applicable accounting rules.

INCOME STATEMENT, SIMPLIFIED

SEK m	2015
(A) Net interest income	18,938
(B) Net fee and commission income	16,877
(C) Net financial income	4,118
(D) Net life insurance income	3,300
(E) Net other income	915
Total operating income	44,148
Total operating expenses	- 22,187
(2) Credit losses and other	- 1,096
(4) Income tax expense	- 4,284
Net profit	16,581

BUSINESS VOLUMES IN THE BALANCE SHEET

ASSETS, SEK m	2015
① Central banks	133,651
② Loans to other credit institutions	58,542
③ of which Debt securities	2,833
④ Loans to the public	1,353,386
⑤ of which Debt securities	18,168
6 Debt securities	172,368
7 Equity instruments	67,538
8 Derivatives	215,551
9 Insurance assets	371,488
Financial assets at fair value	826,945
10 Debt securities	34,963
11 Equity instruments	2,405
Available-for-sale financial assets	37,368
Other assets	86,072
Total assets	2,495,964

LIABILITIES AND EQUITY, SEK m	2015
12 Central banks	58,273
13 Deposits from credit institutions	60,233
14 Deposits and borrowings from the public	883,785
15 Liabilities to policyholders	370,709
16 Commercial papers/Certificate of deposit	146,150
17 Long term debt	493,294
Debt securities issued	639,444
18 ¹⁾ Debt instruments	10,442
19 ¹⁾ Equity instruments	12,927
20 Derivatives and other	207,416
Financial liabilities at fair value	230,785
Other liabilities	78,565
Subordinated debt	31,372
Total equity	142,798
Total liabilities and equity	2,495,964

BUSINESS VOLUMES OUTSIDE THE BALANCE SHEET (examples)

22 Assets under management	Customers invest in for instance mutual funds. SEK bn	1,700
22 Assets under custody	The bank safekeeps securities and collects dividends and interest on customers' behalf. SEK bn	7,196
22 Commitments	Customers are provided with preapproved credits. SEK bn	485
22 Guarantees	The bank assists customers with credit risk management. SEK bn	99
22 Stock lending	Customers borrow/lend equities. SEK bn	64/125

22 Payments and cash management	Customers need to make payments and manage account balances.
22 Card transactions	Customers make card payments
22 Securities transactions	Customers use the bank as an intermediary in securities transactions, for instance equities.
22 Corporate transactions	Corporate customers seek advice and assistance for various corporate transactions, such as acquisitions, IPO's etc.

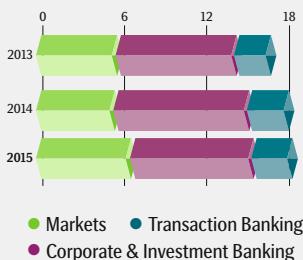
CUSTOMER BUSINESS VOLUMES AND INCOME

		Net interest income A	Net fee and commission income B	Net financial income C	Net life insurance income D	Net other income E
Loans	Customer loans generate interest income over the life of the transaction. 1 2 4	SEB participates in or leads syndications of loans leading to net fee and commission income. In addition, there are up-front fees for new loans. 4				
Debt instruments	SEB maintains an inventory of debt instruments – interest bearing securities and bonds – for liquidity management and customer trades. They accrue interest over life. 3 5 6 10 18¹⁾		SEB holds debt instruments for customer trading and liquidity management. The customer trading activity as well as the market value of the inventory affects net financial income. 6 18¹⁾		Sales from the bank's inventory of debt instruments held for liquidity management or investment affect the result. 3 5 10	
Equity instruments		Brokerage fees occur in equity trading. 22	SEB holds equity instruments for customer trading and is a counterpart in equity swaps. The customer trading as well as the market value of the inventory affect net financial income. 7 19¹⁾ Dividends from equity holdings. 7		Sales from the bank's equity holdings 11 affect the result. Dividends from equity holdings are reported here. 11	
Derivatives	Interest rate derivatives that are used by SEB to reduce volatility in the result (hedge), accrue interest over life. 8 20	In certain cases, SEB charges fees when trading derivatives. 8 20	SEB is a counterparty for customers wishing to manage risk (for instance interest rate risk) using derivative instruments. Both customer trades and the market value of the holdings affect financial income. 8 20		The market value of derivatives that are used for hedging (and the hedged item) when the hedge is not perfectly matched. 8 20	
Savings: deposits, borrowings and insurance	Customer deposits generate interest expense. 12 13 14	Certain bank accounts generate fee income. 14		Customers wishing to invest in unit-linked and traditional insurance are served by SEB. The customer commitments and the corresponding assets are reported in the balance sheet. 9 15		
Issued securities and subordinated debt	SEB's operations are funded by long and short-term interest-bearing securities, all of which generate interest expense. 16 17 21	Index-linked bonds generating fee income are provided for the purpose of customer investment. 16 17	The market value including the credit risk in SEB's issued index-linked bonds affect the result. 17		Early redemption by SEB of its debt instruments affects the result. 16 17 21	
Business volumes outside the balance sheet		Various fee-based services are provided to customers. Most fees are fixed and transaction based; some are market value based. 22				

1) Short position – a negative item in the inventory held for customer trades.

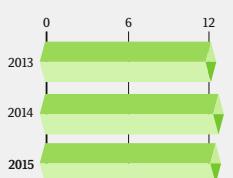
SEB'S DIVISIONS 2015

DIVISION	BUSINESS OFFERING	2015 EVENTS
MERCHANT BANKING	 <p>Co-heads: Johan Torgeby and Joachim Alpen</p> <p>Merchant Banking offers advisory-driven commercial and investment banking services to large corporations and financial institutions, in the Nordic region and Germany and through an extensive international presence. Customer-driven trading, liquidity management, financing, capital markets and custody services are part of the offering.</p>	SEB was the first Nordic bank to offer corporate customers the ability to make excess liquidity in Chinese currency available, to handle within the framework of their global cash pools. SEB hosted its first-ever Climate Finance Summit in Frankfurt. The bank also continued to develop its client interface by enabling multiple device connectivity.
RETAIL BANKING	 <p>Head: Mats Torstendahl</p> <p>Retail Sweden serves 1.7 million private customers and 200,000 small and medium-sized companies with advisory services and products from 160 branch offices as well as through the telephone, internet and mobile banking services. It also issues cards in the four Nordic countries under SEB's own brand as well as for Eurocard and Diners Club.</p>	In a comprehensive savings offering based on customer needs the smart phone app for private customers was updated with functionality to manage pension, savings and insurance. SWISH, the mobile payment service, was extended to include payments between companies and individuals. A digital wallet, Master Pass, where customers can easily and safely shop online from any mobile device was launched.
WEALTH MANAGEMENT	 <p>Head: Christoffer Malmer</p> <p>Wealth Management offers asset management and advisory services to institutions, life insurance companies and private individuals. It also includes a leading Nordic private banking offering to high net-worth individuals and foundations with a broad range of services in legal advice, investment, financing, insurance and everyday banking services in Sweden and abroad.</p>	Efforts to integrate sustainability factors into investments and portfolio management processes were intensified over the year and SEB launched sustainable fund products and signed Montréal Carbon Pledge. SEB was awarded as the best Private Banking provider in Sweden and best fund management company in the Swedish market. The bank divested its German real estate investment management business.
LIFE	 <p>Head: Peter Dahlgren</p> <p>Life provides insurance and pension solutions for private individuals and companies. SEB's life division is one of the leading life insurance providers and one of the three largest providers of unit-linked insurance solutions in the combined Nordic and Baltic region.</p>	SEB launched traditional life insurance that was well received by the customers. A new product package covering sickness insurance and other insurance solutions for newly started and small companies was also launched. The ambition to digitalise both customer interface and advisory tools continued with advice for pension and life insurance now available via screen sharing.
BALTIC	 <p>Head: David Teare</p> <p>Banking and advisory services are provided in Estonia, Latvia and Lithuania to 1.8 million private customers and 140,000 small and medium-sized corporate customers through the network of 92 branch offices, online or through mobile solutions. Baltic real estate holding companies are also part of the division.</p>	The home bank strategy was further improved, with a tool to provide individually tailored financial advice. A CFO Forum was held in each Baltic country. The division focused on corporate sustainability and in Estonia, paperless services are now available in all SEB's branches. SEB was bookrunner on the first-ever green bond issue in Latvia from the electricity utility Latvenergo.

OPERATING INCOME (SEK bn)**COMMENTS ON THE RESULT 2015**

Operating income increased by 1 per cent to SEK 18,367m. Operating expenses increased by 2 per cent to SEK 8,610m, mainly related to currency effects. Net credit losses amounted to SEK 299m, reflecting a continued high asset quality. Operating profit increased by 4 percent.

High demand for risk management products and the many initial public offerings contributed to the positive result.



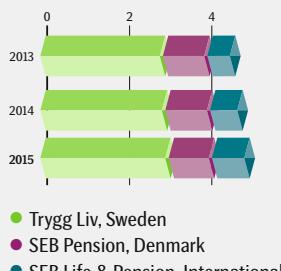
Operating profit decreased by 5 per cent to SEK 6,260m, primarily driven by the low interest rates which put pressure on deposit margins. Net interest income decreased by 5 per cent. Operating expenses rose by 2 percent, primarily due to increased pension costs. Net credit losses remained stable and amounted to SEK 459m.

Both lending and deposit volumes as well as assets under management grew.



The operating profit increased by 8 per cent to SEK 2,446m. Base commissions increased to SEK 3,273m (3,061), driven by higher average asset volumes in 2015. The performance and transaction fees increased to SEK 628m. Operating expenses were 2 per cent lower.

Private customers reallocated their savings from equity to balanced funds and savings accounts.



In total, operating income increased by 3 per cent to SEK 4,945m, while expenses rose by 1 per cent. Operating profit increased by 6 per cent to SEK 2,198m.

Income in the unit-linked related business grew by 12 per cent due to higher fund values. Income from traditional insurance products decreased as a consequence of unfavourable financial markets and a decline in risk insurance in Sweden.



Operating profit decreased by 11 per cent to SEK 1,281m, due in part to the low interest environment and due to property impairments in the real estate holding companies. The non-performing loans and credit losses both declined.

The local economic growth in the Baltic region counteracted the effects from the sanctions related to the conflict between Russia and Ukraine. Credit demand increased in Estonia and Lithuania.

SHARE OF GROUP TOTAL**TOTAL OPERATING INCOME¹⁾****TOTAL OPERATING PROFIT¹⁾****EMPLOYEES**

Number of full-time equivalents (15,605)



¹⁾ Excluding other and eliminations

²⁾ Staff and business support

SEB'S DIVISIONS AS FROM 1 JANUARY 2016

According to a decision made by the Board of Directors in 2015, SEB's business is as from the beginning of 2016 organised in four divisions.

LARGE CORPORATES & FINANCIAL INSTITUTIONS	CORPORATE & PRIVATE CUSTOMERS	BALTIC
 <p>Co-heads: Johan Torgeby (large corporates) and Joachim Alpen (financial institutions)</p> <p>The division serves 2,300 corporate customers and 700 financial institutions and offers advisory-driven commercial and investment banking services in the Nordic region, Germany and through an extensive international presence. Customer-driven trading, liquidity management, financing, capital markets, custody services and asset management sales (which in 2015 was part of the Wealth Management division) are part of the offering.</p> <p>Going forward focus will be on expanding the Nordic and German business as well as the UK presence. Digital technology will be used to streamline operations and improve customer service.</p>	 <p>Co-heads: Christoffer Malmer (private customers) and Mats Torstendahl (corporate)</p> <p>The division serves some 1.7 million private customers and 200,000 companies in Sweden with advisory services and products from 160 branch offices as well as through SEB's telephone bank, internet bank and mobile bank. SEB Kort – which issues cards in the Nordic countries under SEB's own brand as well as for Eurocard and Diners Club – and SEB Private Banking (which in 2015 was part of the Wealth Management division) are two stand-alone units in the division.</p> <p>Going forward, changing customer needs and behaviours, new competition and the need for higher efficiency will lead to a focus on digital customer service.</p>	 <p>Head: Riho Unt</p> <p>The division provides bank products and advisory services in Estonia, Latvia and Lithuania to around 1.8 million private customers and 140,000 companies through the network of 92 branch offices, online or through mobile solutions. SEB's Baltic real estate holding companies are also part of the division.</p> <p>Going forward, changing customer needs and behaviours will lead to an increase in advisory and digital services and the focus on sustainability issues (which in the Baltic division has been of particular importance) will continue.</p>

LIFE & INVESTMENT MANAGEMENT

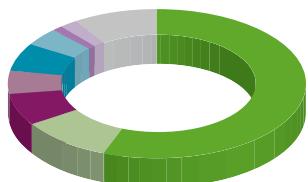
The division's life business provides insurance and pension products and solutions for private individuals and companies. The investment management business unit (which in 2015 was part of the Wealth Management division) is responsible for the investment portfolios which also include mutual funds. The division supports the other divisions with investment and insurance expertise.

Going forward, SEB aims to leverage its banc-assurance model in Sweden and the Baltic region offering advice to private customers on managing debt while planning for retirement. In order to reduce complexity and improve efficiency, the number of funds and fund companies will be decreased. Competences will shift in line with the product range, to better meet client demand for both passive and traditional active portfolio management.



Head: Peter Dahlgren

SEB'S GEOGRAPHIC MARKETS 2015



SHARE OF SEB'S OPERATING PROFIT 2015

Sweden	56 %	Germany	6 % ¹⁾	Lithuania	2 %
Norway	10 %	Estonia	4 %	International network and other	
Denmark	7 %	Latvia	1 %		
Finland	5 %				9 %

1) Excluding centralised treasury operations

Customer offerings



SWEDEN

ANNIKA FALKENGREN
President and CEO

Universal bank

In Sweden, SEB is the leading wholesale bank among large corporate and institutional clients and has an advanced position among small and medium-sized enterprises. In the private market, the customer base is growing, and SEB has a strong position in savings. SEB is a leader in private banking and strong in asset management and life insurance.



ESTONIA

ALLAN PARIK
Country manager

Universal bank

SEB is the second largest bank in Estonia, with a comprehensive offering of banking services. The bank holds a strong position in private and corporate banking, particularly in asset management and life insurance.



LATVIA

IEVA TETERĒ
Country manager

Universal bank

SEB is the second largest bank in Latvia, with a comprehensive offering of banking services. The bank holds a strong position in private and corporate banking, particularly within corporate lending, and asset management.



LITHUANIA

RAIMONDAS KVEDARAS
Country manager

Universal bank

SEB is the largest bank in Lithuania, with a comprehensive offering of banking services. The bank holds a strong position in private and corporate banking, particularly in corporate lending and deposits.



DENMARK

PETER HØLTERMAND
Country manager

Corporate bank

In Denmark, SEB provides comprehensive solutions for corporate and institutional clients and holds top positions in corporate and investment banking. As a significant participant in the private banking, asset management, life insurance and card markets, SEB is regarded as one of the leading banks.



NORWAY

WILLIAM PAUS
Country manager

Corporate bank

In Norway, SEB is a leading corporate and investment bank with longstanding relationships with the largest corporations and institutions. SEB also has a leading position in the corporate card market and is growing its private banking business.



FINLAND

MARCUS NYSTÉN
Country manager

Corporate bank

In Finland, SEB provides comprehensive solutions for corporate and institutional clients and holds a top position as provider of asset management services for institutions. SEB is the clear challenger to the dominant, domestic bank. SEB is also a leading participant in the private banking market.



GERMANY

JOHAN ANDERSSON
Country manager¹⁾

Corporate bank

In Germany, SEB provides comprehensive solutions for corporate and institutional clients. SEB is the largest Nordic bank in Germany with a growing position as core bank in the targeted mid-corporate segment and for large corporations. SEB's offering in Asia is important to German customers that are active internationally.



THE INTERNATIONAL NETWORK

Corporate bank

SEB's home market customers are served around the world via the bank's offices in international financial centres such as London and New York and in Asia via offices in Hong Kong, Beijing, Shanghai and Singapore. As Nordic and German customers expand, SEB's international network is instrumental in meeting their needs and expectations.

1) As from January 2016.

RISK, LIQUIDITY AND CAPITAL MANAGEMENT

SEB SAFEGUARDS A STRONG FINANCIAL POSITION so that customers' and other stakeholders' requirements can be met. Risk, liquidity and capital management are about maintaining SEB's resilience in all potential circumstances.

SEB strives for an integrated view on strategy, risk tolerance, capital and funding and performance management. The financial consequences of business decisions are managed by focusing on three main aspects:

- (1) risk, mix and growth of business volumes,
- (2) capital, funding and liquidity development driven both by the business and by regulatory requirements, and
- (3) pricing and profitability.

Targets are set and reviewed on a regular basis to manage and optimise resources in these three aspects. Holistic management is fundamental to generating consistent and sustainable profits.

STRATEGY AND RISK TOLERANCE

The Board of Directors decides on the strategic direction of the bank and sets the overall level of risk that SEB is willing to accept based on the guiding principle that risk-taking is not an end in itself, but is done for the purpose of creating customer value and sustainable shareholder value. In its

overarching risk tolerance statements, the Board lays out its long-term view of the bank's overall risk level, funding structure, necessary liquidity buffers and capital targets.

Risk tolerance levels and limits are set based on the Board's risk tolerance and are followed up regularly by the risk organisation, management and the Board. The risk tolerance framework is reviewed annually in connection with the business planning.

SEB'S RISK PROFILE

The main risk in SEB is credit risk which arises in lending and commitments to customers. Over the past ten years, which includes the latest financial crisis, SEB's credit losses have averaged 0.19 per cent of total lending.

Risks in SEB's operations also include market risk, operational risk, business risk, pension risk and insurance risk. To cover these risks, SEB must hold sufficient capital. SEB's capitalisation is among the strongest in Europe. Liquidity risk is covered by a liquidity reserve as capital is not a direct risk mitigant.

SEB – SECOND STRONGEST BANK IN EUROPE

According to a compilation done by Bloomberg Markets magazine, SEB was the second strongest bank in Europe and number 12 globally. Hong Kong-based Hang Seng Bank was number one worldwide. According to the study, SEB had the highest ranking among its Swedish peers.

The ranking is based on a review of all banks with total assets of USD 100bn or more. Financial strength was evaluated in five categories; the ratio of tier 1 capital to risk-weighted assets, the ratio of non-performing assets to total assets, reserves for loan losses to non-performing assets, the ratio of deposits to funding and a cost efficiency ratio. All data were for the banks' 2014 fiscal year.



PEER COMPARISON

Common Equity Tier 1 capital ratio



● SEB

● Nordic peer average (SHB, Swedbank, Nordea, Danske Bank, DNB)

● European peer average (HSBC, BNP, UBS, Barclays, Credit Suisse, Société Générale, Deutsche Bank, Commerzbank)

ROBUST CAPITAL POSITION

Risk tolerance statement: SEB shall maintain satisfactory capital strength in order to sustain its aggregated risks and guarantee the bank's long-term survival and position as a financial counterparty while operating safely within regulatory requirements and meeting rating targets.

Despite strong risk management and risk culture, unexpected losses occur in banking. SEB's capital management shall ensure that the bank has sufficient capital to absorb such unexpected losses. Risks are quantified in order to arrive at a minimum capital that is needed. External parties, including regulators and rating agencies, make requirements on the level of capital. This needs to be balanced with the shareholders' required rate of return.

Capital target and regulatory requirements

The Board of Directors sets SEB's capital target based on regulatory requirements, internal views of capital need and rating ambition.

The Swedish FSA's requirement for the Common Equity Tier 1 (CET1) capital ratio consists of Pillar 1, which is a general minimum requirement for all institutions, and Pillar 2, which is a specific requirement based on an individual assessment of SEB's risk, liquidity and capital position (the Supervisory Review and Evaluation Process). SEB estimates the FSA's 2016 capital requirement to 16 per cent.

The Board's capital target is to maintain a CET1 capital ratio of around 150 basis points above the Swedish requirement in order to have a buffer against potential variability in the capital position deriving from, in particular, changes in foreign exchange rates and the defined benefit plan. This means that the CET1 capital ratio target is 17.5 per cent.

Capital management

SEB's capital adequacy target, capital allocation and return on allocated capital are risk-based measures built on an assessment of all identified risks incurred in the operations. Capital management is forward-looking and aligned with short- and long-term business plans and the macroeconomic environment. SEB uses an internal model to calculate how much capital is necessary to cover its risks (so called Economic Capital). Stress testing is an important parameter when assessing capital adequacy and setting capital targets. This is evaluated in the annual internal capital adequacy assessment process (ICAAP).

As part of the capital planning, SEB maintains a recovery plan which assesses possible capital contingency measures and outlines governance in the event of a stressed capital situation.

Capital management ensures that capital is used where it can generate the best risk-adjusted returns. SEB uses an internal capital allocation framework (business equity) that allocates the capital needed based on the risks taken by the business units.

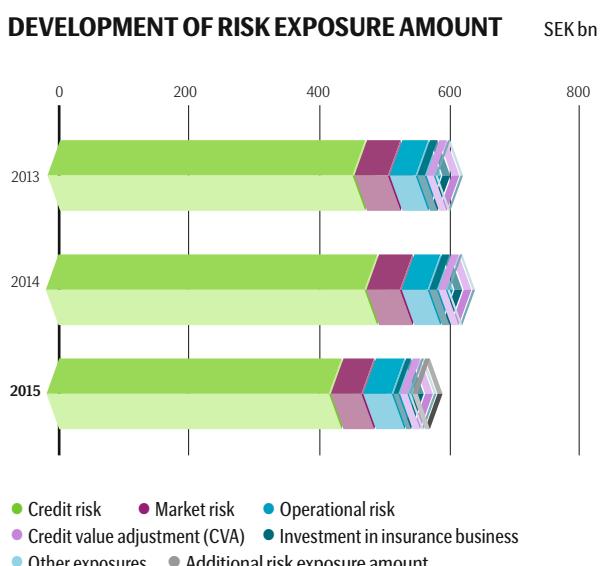
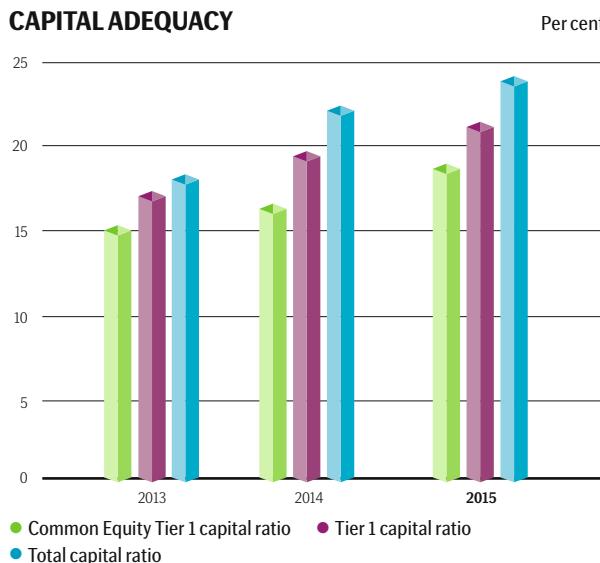
Capital strength

SEB has one of the highest CET1 capital ratios in Europe. In 2015, SEB continued to strengthen its capital position, resulting in a CET1 capital ratio of 18.8 (16.3). The CET1 capital base increased to SEK 107.5bn (100.6). The risk exposure amount (REA) decreased to SEK 571bn (617). Credit risk REA decreased mainly due to changes in vol-

CURRENT CET1 REQUIREMENT FOR SEB	Per cent
Minimum requirements	4.5
Capital conservation buffer	2.5
Systemic risk buffer	3.0
Countercyclical buffer	0.5
Total Pillar 1	10.5

Systemic risk requirement under Pillar 2	2.0
Swedish mortgage risk weight floor, 25 %	1.9
Credit related concentration risk	0.4
Interest rate risk in the banking book	0.4
Pension risk	0.7
Sovereign risk	0.1
Total Pillar 2	5.5

Total CET1 requirement for SEB	16.0
---------------------------------------	-------------



umes and risk composition. The decrease is also due to effects of model approvals by the Swedish FSA relating to both credit and counterparty risk. Based on the upcoming regulatory review of corporate risk weights and as a measure of prudence, SEB agreed with the FSA to increase REA by SEK 9bn. *Read more about capital in note 20.*

SOUND AND STABLE ASSET QUALITY

Risk tolerance statement: SEB shall have a high-quality credit portfolio as well as a robust credit culture based on long-term relationships, knowledge about the customers and with focus on their repayment ability.

Long-term relations and deep knowledge about the customers is the core of SEB's risk philosophy and the foundation for a stable and well balanced credit portfolio. All lending shall be based on the customer's cash flow and repayment ability. The bank shall have good insight in the customers' business and financial position on an ongoing basis. SEB's credit policy reflects the bank's corporate sustainability strategy.

In 2015, **SEB's credit portfolio** was stable at SEK 2,065bn (2,094). Asset quality remained robust and the credit loss level continued to be low at 6 basis points (9). Non-performing loans amounted to SEK 8.0bn (10.6), of which SEK 3.8bn (4.3) pertained to the Baltic portfolio. The overall portfolio is diversified in terms of foreign currencies – approximately half of the portfolio is denominated in currencies other than the Swedish krona, mainly euro.

The **corporate portfolio** is dominated by financially strong Nordic and German large corporates mainly with international operations. The portfolio is spread across a wide range of industries, the largest being manufacturing. Credit demand among large corporates was slightly lower

in 2015, while it increased among small and medium-sized companies. The corporate portfolio amounted to SEK 936bn (952) at year-end. This is 45 per cent of the credit portfolio which makes SEB unique among its peers.

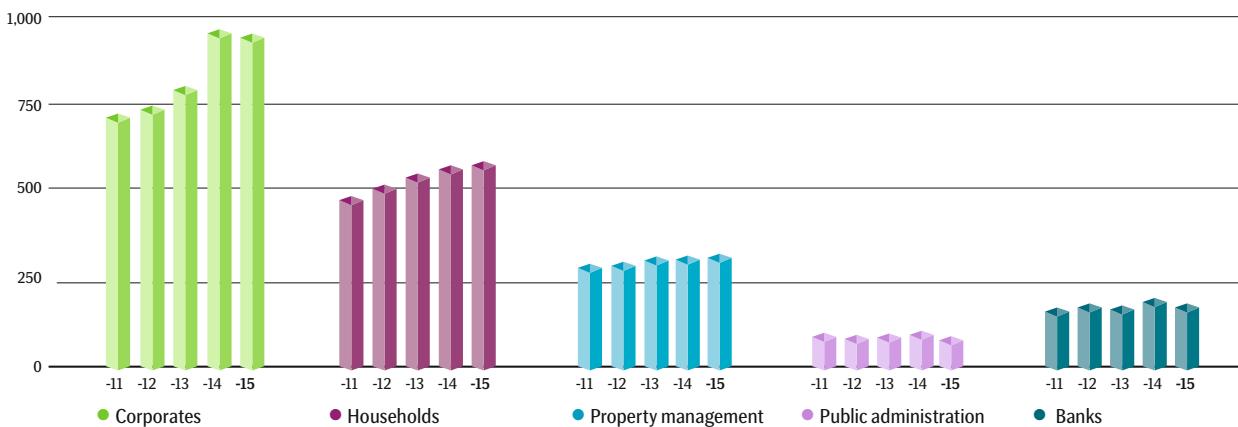
The **property management portfolio** is well balanced between commercial and residential real estate including housing co-operative associations in Sweden. The commercial real estate portfolio consists of strong counterparties with sound financing structures in the Nordic region and Germany. Increasing investments in residential housing in Sweden contributed to growth in the multi-family housing portfolio during the year, while the commercial real estate portfolio somewhat reduced. The property management portfolio was largely unchanged at SEK 307bn (305).

The **Swedish household mortgage portfolio** grew by 3 per cent to SEK 443bn at year-end (429) which was slightly below market growth at 7 per cent. Home prices continued to rise, driven by the low interest rates and structural challenges in the housing market. The Swedish government and the FSA are working towards a mandatory requirement for amortisation on mortgages to be implemented during 2016. SEB has encouraged mortgage amortisation for some time. In 2015, 98 per cent of all new loans with a loan-to-value above 70 per cent contained an amortisation plan.

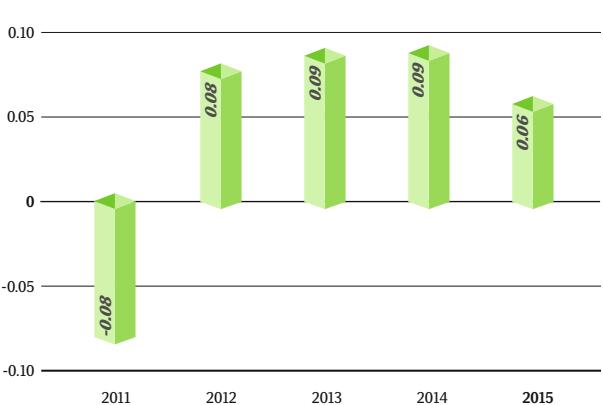
During the year, the Baltic economies grew moderately driven mainly by private consumption. The **Baltic portfolio** was stable at SEK 134bn (135) and asset quality was robust.

Read more about the credit portfolio in note 18a and 19.

CREDIT PORTFOLIO DEVELOPMENT BY INDUSTRY



CREDIT LOSS LEVEL DEVELOPMENT



CREDIT PORTFOLIO, DISTRIBUTION BY INDUSTRY 2015



THREE LINES OF DEFENCE AGAINST RISK

As the **first line of defence**, business units are responsible for their risks. Initial risk assessments, both of the customer relationship and the individual proposed transaction, ensure that the correct decision is made. The business units ensure that transactions are correctly priced and that the resulting risks are managed throughout the life of the transaction. Larger transactions are reviewed by the bank's credit organisation. The business units are responsible for ensuring that the activities comply with applicable rules. They are supported by group-wide rules and a decision-making hierarchy.

The risk and compliance organisations constitute the **second line of defence** and are independent from business activities. The risk organisation is responsible for identifying, measuring, controlling and reporting risk. Risks are measured both on detailed and aggre-

gated levels. SEB has developed advanced internal measurement models for a major part of the credit portfolio as well as for market and operational risk and has approval from the Swedish FSA to use the models for calculating capital requirements. Risks are controlled through limits, and asset quality is monitored and analysed continuously, for example through stress testing. The compliance organisation ensures compliance quality and focuses on issues such as legal risk, implementation of new regulatory requirements and internal controls under the direction of the Board and management.

The quality of risk management is reviewed on a regular basis by internal audit – the **third line of defence**.

See p. 56-57 for a description of the Chief Risk Officer and the risk, compliance and internal audit functions and organisation.

LOW RISK IN VOLATILE MARKETS

Risk tolerance statement: SEB shall achieve low earnings volatility by generating revenues based on customer-driven business.

Earnings stability creates predictability and solid internal capital generation. Volatility in earnings normally occurs in the customer-driven business and is measured in the market and credit risk dimensions. *Credit risk is described on page 42.* Other earnings volatility is managed and measured as business risk. *See page 45 and note 18d.*

Market risk arises in SEB's customer-driven trading book and in the bank's liquidity portfolio. In 2015, the financial markets were characterised by high volatility and low liquidity. SEB's market risk was relatively low throughout the year, despite high customer activity. The main risk drivers are credit spreads and interest rates. Risk in the trading with customers is measured as Value-at-Risk, VaR. On average, VaR amounted to SEK 117m in 2015 (98). High vol-

atility in for instance interest rate and equity trading caused the increase, which still was relatively low in a longer perspective.

Market risk also arises when there is a mismatch between assets and liabilities on the balance sheet in terms of currencies, interest rates and maturities. The market risk in the banking book increased gradually during the second half of 2015, mainly due to higher mortgage volumes.

Most of SEB's insurance business consists of unit-linked products where the market risk is primarily borne by the customers. In the traditional life insurance products with a guaranteed return, SEB bears the risk of not fulfilling the financial guarantees of the insurance contracts. Market risk arises in the management of traditional investment assets and from the interest rate sensitivity of the liabilities. The buffer, or difference between assets and liabilities, remained satisfactory in all life companies. The risk related to SEB's pension plan assets are similar in nature.

Read more on p. 45, in note 9b, 18b and e.

CONTINUED LOW OPERATIONAL RISK

Risk tolerance statement: SEB shall strive to mitigate operational risks in all business activities and maintain the bank's excellent reputation.

SEB takes a structured approach to mitigate operational risks. Important processes and tools include a New Product Approval Process, risk self-assessments for the purpose of identifying and reducing large risks, system authority management, managing specific operational incidents, business continuity management and regular mandatory staff training.

Continuous improvements are essential in order to miti-

gate operational risks. In 2015, one important focus area was the definition, selection and implementation of significant processes for risk assessment purposes, for example customer-related processes such as payments and mortgage loans, as well as supporting processes such as financial reporting and risk management. Cybercrime and organised crime continue to be an increasing threat and mitigating processes and tools are regularly reviewed, updated and communicated. There were few IT operational disturbances during the year.

In 2015, operational losses were slightly lower than the previous year. Historically, SEB's operational losses have been below peers in the ORX benchmark. *Read more in note 18c.*

STRENGTHENED LIQUIDITY POSITION

Risk tolerance statement: SEB shall have a soundly structured liquidity position, a balanced wholesale funding dependence and sufficient liquid reserves to meet potential net outflows in a stressed scenario.

Access to liquidity and funding markets is vital in all circumstances. With that in mind, SEB approaches liquidity management and its funding strategy from three perspectives:

- (1) optimise the liquidity structure of the balance sheet to ensure that less liquid assets are matched with stable funding,
- (2) monitor wholesale funding dependence, and

- (3) increase tolerance to ensure that the bank has sufficient liquidity to withstand a severely stressed scenario (survival horizon).

SEB's liquidity adequacy is assessed annually in the internal liquidity adequacy assessment process (ILAAP), which is also evaluated by the regulators.

In 2015, SEB saw continued strong market demand for its new issues of short- and long-term funding. The funding cost for both senior unsecured and covered bond funding increased during 2015, but are still at the same low levels seen in the end of 2014. SEB's **liquidity reserve**, as defined by the Swedish Bankers' Association, amounted to SEK 352bn at year-end (410). The size and composition of the liquidity reserve is regularly analysed and assessed against estimated contingency needs.

SEB's **Core Gap Ratio**, which is a measure of how well long-term lending is funded long-term, was 111 (119) per

cent, which is well within the bank's risk tolerance of a soundly structured liquidity position.

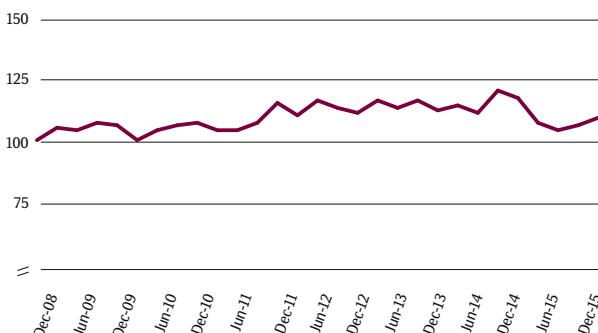
SEB is on a migratory path to achieve a comfortable safety margin above the upcoming regulatory **Net Stable Funding Ratio** (NSFR) requirement of 100 per cent, which is likely to be effective as of January 2018. The work includes ensuring that mitigating actions are in place to manage the volatility in the measure on a daily basis once the requirement is introduced.

The Swedish FSA's **Liquidity Coverage Ratio** (LCR), measures to what extent SEB's liquid assets are sufficient to cover short-term cash outflows in a stressed scenario. The ratio amounted to 128 per cent in aggregate (115), and 230 (150) and 226 (171) for US dollars and euros, respectively. This is in compliance with the Swedish FSA's minimum requirement of 100 per cent.

Read more in note 18.

CORE GAP RATIO

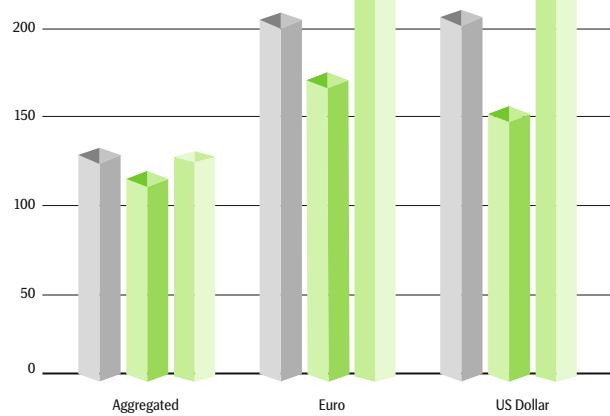
Per cent



Core Gap ratio is a measure defined by SEB similar to the regulatory-defined NSFR measure, but based on internal behavioural modelling. It measures the amount of stable funding in relation to illiquid assets maturing in more than 1 year.

LIQUIDITY COVERAGE RATIO¹⁾

Per cent



● 2013 ● 2014 ● 2015

1) as defined by the Swedish FSA

NEW REGULATORY REQUIREMENTS

There are several ongoing regulatory considerations that could have an impact on the composition and level of SEB's capital base going forward.

- The leverage ratio requirement of the Basel III framework (a non-risk based requirement) is a ratio between Tier 1 capital and total assets. It is being reviewed during an observation period, with a view to migrating it to a Pillar 1 requirement in 2018. SEB's leverage ratio was 4.9 per cent at year-end (4.8).
- The Basel Committee plans to address the issue of variability of risk exposure amounts among banks by introducing capital floors and greater restrictions on modelling parameters and assumptions during 2016. SEB is actively participating in discussions on this issue.
- Fundamental Review of the Trading Book is expected to be implemented in 2019. The framework was finalised by the Basel Committee in January 2016 and covers measuring and reporting regulatory capital for market risk. The effect on SEB's capital requirement is being reviewed.

- A new accounting principle, IFRS9, will be implemented in 2018, in which loan loss provisions will move from an 'incurred loss' concept to a 'probable future loss' for all exposures. Expected effects include a one-off deduction from capital when the requirement is implemented as well as increased volatility in net profit going forward.
- The Basel Committee has proposed revisions to the standardised approach for operational risk and is also expected to go forward with a proposal to remove the Advanced Measurement Approach (AMA) for operational risk from the regulatory framework. The effect of this removal for the AMA banks, SEB included, is still uncertain.
- The EU's Bank Recovery and Resolution directive was implemented in February 2016. It sets the crisis management procedure for failing banks in terms of capital, bailing-in or selling assets, and using resolution funds. It also covers the minimum requirements on banks' total loss absorbing capacity and requirements that certain debt investors shall absorb losses in certain circumstances.

SEB'S RISK PROFILE IN SHORT

	The risk is identified, measured and managed	The risk is controlled with internal limits	The risk is subject to regulatory capital requirements	Risk characteristics	Development 2015
CREDIT RISK					
Credit		✓	✓	✓	Robust and stable asset quality with continued low credit losses. Volume growth mainly in low risk areas.
MARKET RISK					
Market risk	Market risk is the risk of loss or reduction of future net income following changes in interest rates, foreign exchange rates, credit spreads, commodity and equity prices, including price risk in connection with the sale of assets or closing of positions.	In general, market risk tolerance in SEB is low. Banking book market risk arises naturally in the banking book since customers demand various maturity dates and currencies. Trading book market risk is also customer driven. This is confirmed by the fact that there were only eight loss-making days during 2015.	Low market risk utilisation in a volatile market.		
Trading book		✓	✓	✓	
Banking book		✓	✓	✓	
OPERATIONAL RISK					
Operational risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems (e.g. breakdown of IT systems, fraud, or other deficiencies in internal control), human error or from external events (natural disasters, external crime, etc.). Operational risk also includes legal and compliance risks.	Operational risks are an inherent part of all business. It is neither possible nor cost-efficient to eliminate all operational risks. Therefore, smaller losses are a normal part of SEB's operations. SEB continuously works to minimise operational losses and, in particular, to avoid larger loss incidents. Benchmarking against members of the Operational Risk Data Exchange Association (ORX) shows that SEB's loss level has historically been below the ORX average.	Low operational losses. Focus on continuous improvements in operational risk management.		
Processes, etc.		✓		✓	
INSURANCE RISK					
Insurance risk	Insurance risk consists of all risks related to SEB's insurance operations, mainly market risk, underwriting risk and operational risk. Underwriting risk pertains to losses or adverse changes in the value of insurance liabilities (technical provisions) due to inadequate pricing and/or provisioning assumptions.	SEB's insurance activities consist mainly of unit-linked insurance where the market risk is borne by the customer. SEB also offers traditional life insurance products with guaranteed returns as well as sickness and health insurance solutions. Market risk and underwriting risk are closely monitored and managed through traditional asset and liability and actuarial analysis.	Satisfactory capital buffers in life insurance companies.		
Pension risk		✓		✓	
PENSION RISK¹⁾					
Pension risk	Pension risk is the risk of a mismatch between employee pension liabilities and designated assets. It is related in nature to underwriting risk and contains an element of market risk.	In its defined benefits plans, SEB bears the risk of deviations in projected plan payments due to changes in expected lifetime and future salary increases. SEB also bears the market risk from the plan's investments and the discount rate for the liabilities. These risks are counteracted by prudent risk management procedures. The Swedish defined benefit plan is closed for new participants.	Stable development of long-term pension plans.		
Liquidity risk		✓	✓	✓	
LIQUIDITY RISK					
Liquidity risk	Liquidity risk is the risk that the group is unable to refinance its existing assets or is unable to meet the demand for additional liquidity. Liquidity risk also entails the risk that the bank is being forced to borrow at unfavourable rates or to sell assets at a loss in order to meet its payment commitments.	The primary sources of funding are customer deposits, which to a large extent are stable, and wholesale funding. SEB has a diversified funding base – short- and long-term programmes in multiple capital markets in multiple currencies – to ensure that payment obligations are met as they fall due. Various risk management tools, including stress tests, ensure that liquid assets are sufficient.	Continued strengthening of the liquidity position.		
Activities		✓			
BUSINESS RISK²⁾					
Business risk	Business risk is the risk of lower revenues due to reduced volumes, price pressure or competition. The definition includes venture decision risk, i.e. risks related to large undertakings such as acquisitions, large IT projects, reorganisations, outsourcing etc. Related risks include strategic and reputational risks.	Business, strategic and reputational risks are fundamental to doing business. Digitisation of the banking industry is accelerating and new types of competitors are emerging. The extensive new regulatory framework for banking and financial institutions is significantly impacting the industry. Corporate sustainability plays an increasingly important part of a company's reputation. SEB continuously works to mitigate business, strategic and reputational risks in many ways, for example, with strategic business reviews, proactive cost management, an agile step-by-step IT development approach, ambitious corporate sustainability agenda and an active dialogue on regulatory matters.	Stable earnings generation despite low interest rates.		
Activities		✓			

¹⁾ Read more in note 9b. ²⁾ Read more in note 18d.

“Central areas of focus in the Board’s work during the year were the digital development in the financial sector and the possibilities and challenges for the bank therefrom, as well as the long-term vision for SEB’s business. IT security issues have also been discussed. The macroeconomic situation – with a negative interest rate situation and geopolitical unease – has been followed. The many far-reaching proposals for new regulations for financial business such as the new capital requirements were also a topic of focus. In this environment SEB has continued to hold its course in order to create long-term, sustainable growth and customer benefit, which are the foundations for achieving the bank’s financial targets.

Marcus Wallenberg, Chairman of the Board



CORPORATE GOVERNANCE

TO MAINTAIN THE IMPORTANT SOCIAL FUNCTION AS A BANK it is of paramount importance for SEB that all stakeholders have great confidence in the bank’s operations. High ethical and professional demands are crucial as is maintaining a sound risk culture.

THE IMPORTANCE OF CORPORATE GOVERNANCE

Corporate governance is the system through which companies are directed and controlled.

To maintain trust among customers, employees, shareholders and other stakeholders and prevent conflicts of interest, roles and responsibilities are clearly defined for shareholders, directors, management and other stakeholders.

SEB’s work with corporate governance is focused on ensuring smooth

and effective operations with high ethical standards, sound risk management and internal control.

RULES AND REGULATIONS

As a Swedish public limited liability financial institution with securities quoted on Nasdaq Stockholm, SEB is subject to numerous rules. The external framework for SEB’s corporate governance includes the following rules and guidelines:

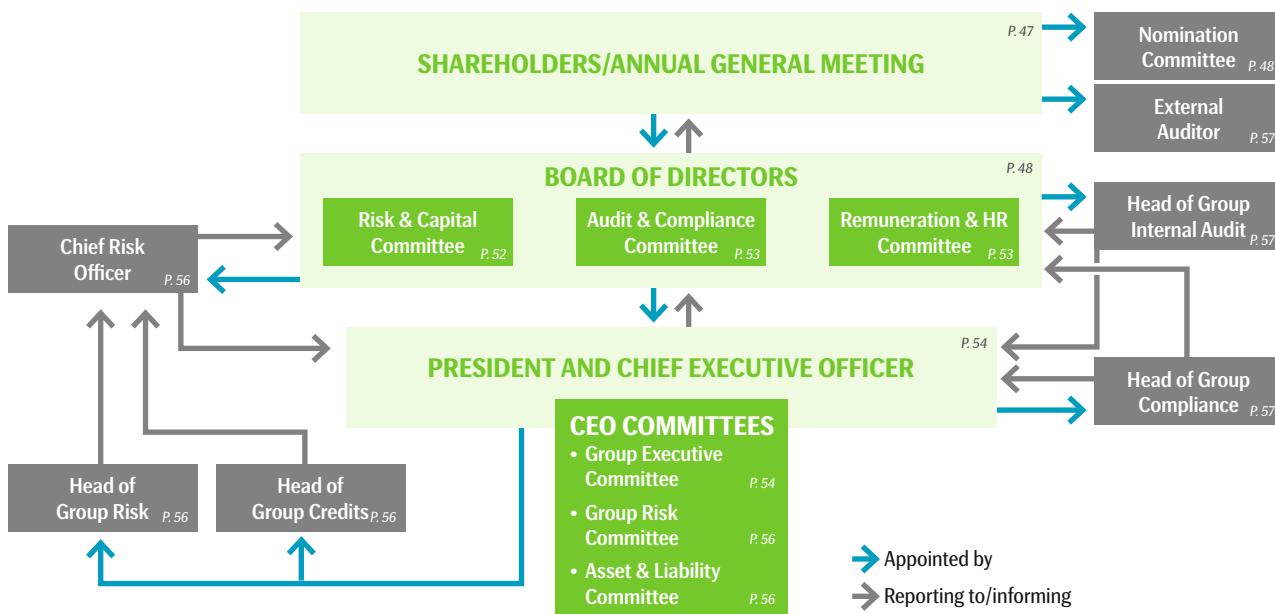
- the Companies Act
- the Annual Accounts Act
- the Nasdaq Stockholm Issuer Rules

- the Swedish Code of Corporate Governance (the Code)
- the Banking and Financing Business Act
- the rules and guidelines issued by the Swedish Financial Supervisory Authority and other authorities (*see further on page 61*).

In addition, SEB applies an internal framework, which among other things includes the Articles of Association, adopted by the General Meeting of Shareholders. Policies and instructions that have been drawn up to define the division of responsibility

CORPORATE GOVERNANCE STRUCTURE

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



within the group are important tools for the Board and the President and Chief Executive Officer (the President) in their governing and controlling roles, including among other:

- the Rules of Procedure for the Board and the Instructions for the Board Committees
 - 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 Instruction for Procedures Against Money Laundering and Financing of Terrorism
 - the Remuneration Policy
 - the Corporate Sustainability Policy
 - the Policies on Assessment of Suitability of Directors, members of the Group Executive Committee (GEC) and other key function holders.

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 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 Conduct is available on SEB's website.*

The Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance. SEB strives to follow the Code where appropriate and has no deviations to report for 2015. *The report and information about corporate governance at SEB are also available on SEB's website.*

SHAREHOLDERS AND GENERAL MEETINGS OF SHAREHOLDERS

The shareholders influence is exercised at General Meetings of shareholders by, among other things, electing members of the Board and the bank's auditor.

SEB has approximately 270,000 shareholders. Around 170,000 of these own less than 500 shares, while 160 hold more than 1,000,000 shares, accounting for 80 per cent of the capital and votes. SEB's share capital consists of two classes of shares – A shares and C shares. Each Class A share carries one vote and each Class C share carries one-tenth of a vote. SEB's largest shareholders and the shareholder structure as per 31 December 2015 are shown in the tables and graphs *on page 28*.

The Annual General Meeting

(AGM) of shareholders is held in Stockholm. 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 Annual General Meeting is held in Swedish. The 2015 AGM was held on 25 March. A total of 1,193 persons, representing 1,797 shareholders, were in attendance at the AGM.

The minutes from the AGM are available on SEB's website.

An electronic system for televoters, was used at the AGM. The main resolutions made at the AGM were:

- approval of the dividend of SEK 4.75 per share
 - re-election of eleven 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 two 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.

BOARD OF DIRECTORS (page 48–51)

MARCUS WALLENBERG**URBAN JANSSON****JESPER OVESEN**

Position	Chairman since 2005	Deputy Chairman since 2013	Deputy Chairman since 2014
Committee	● RCC ● ACC ● RemCo	● RCC	● RCC
Year elected	2002	1996	2004
Born	1956	1945	1957
Education	B. Sc. (Foreign Service)	Higher bank degree (SEB)	B. Sc. (Econ.) and MBA
Other assignments	Chairman of Saab AB and FAM AB. Director of AstraZeneca PLC, Investor AB, Temasek Holdings Ltd and the Knut and Alice Wallenberg Foundation.	Chairman of EAB AB and 365 id AB. Director of Lindénggruppen.	Director of Sunrise Communication Group AG (Switzerland) and Lundbeck A/S (Denmark).

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. Several assignments as Chairman and Director of large publicly noted companies.	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 assignments as Chairman and Director of large publicly noted companies.	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 Den Danske Bank A/S, LEGO Holding A/S and TDC A/S. Several directorships.
Nationality	Swedish	Swedish	Danish
Own and closely related persons' shareholdings	753,584 Class A shares and 720 Class C shares	56,840 Class A shares	25,000 Class A shares
Independent in relation to bank/major shareholders	Yes/No	Yes/Yes	Yes/Yes
Attendance at board/committee meetings	10 of 10 / 33 of 34	10 of 10 / 21 of 21	9 of 10 / 20 of 20
Remuneration, Board meetings, SEK	2,750,000	825,000	825,000
Remuneration, Committee meetings, SEK	715,000	510,000	325,000

● Chair ● Deputy Chair ● Member

NOMINATION COMMITTEE

The Nomination Committee's primary task is to make recommendations for the Chairman of the Board and other directors.

As the starting point for its work, the Nomination Committee is tasked with assessing the degree to which the Board meets the demands that will be placed on the Board as a result of the bank's operations and organisation, position and future direction, as well as criteria set out in new rules and guidelines. Among other things, the Board's size and composition is reviewed. This discussion covers such areas as industry experience and expertise as well as diversity perspectives, for example gender, age and geographic origin. The Nomination Committee adheres to the Policy on Diversity and Assessment of Suitability of Directors, adopted by the Board. The Nomination Committee also makes recommendations regarding directors' fees, allocated among the board members, and fees for committee work.

Pursuant to a decision by the AGM, the Nomination Committee is to be composed of the Chairman of the Board along with representatives of the bank's four largest shareholders, interested in appointing a member. One of the independent directors shall be appointed as additional member of the committee. The composition of the Nomination Committee meets the requirements laid out in the Code with respect to directors' independence, among other things. The Nomination Committee has access to relevant information about SEB's operations and financial and strategic position provided by the Chairman of the Board and the additional member. The Nomination Committee also reviews the evaluations of the Board, the Board's work and the Chairman of the Board.

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

JOHAN H. ANDRESEN**SIGNHIILD ARNEGÅRD HANSEN****SAMIR BRIKHO****ANNIKA FALKENGREN**

Director	Director ● RemCo	Director	Director (President and CEO)
2011	2010	2013	2005
1961	1960	1958	1962
B.A. (Government and Policy Studies) and MBA	B.Sc. (Human Resources) and journalism studies	M.Sc. (Engineering, Thermal Technology)	B.Sc. (Econ.)
Owner and Chairman of Ferd AS. Chair, Council on Ethics, Norwegian Pension Fund Global. Director of SWIX Sport AS, NMI—Norwegian Microfinance Initiative and Junior Achievement Europe.	Chairman of SLC-Group AB with Svenska LantChips AB. Director of Magnora AB. Vice Chairman of the Swedish-American Chamber of Commerce (SACC), USA. Director of SACC, New York, Business Sweden, ESBRI and King Carl XVI Gustaf's Foundation for Young Leadership.	UK Business Ambassador since 2010. Co-Chairman of the UK-UAE Business Council and of the UK-Korea Global CEO Forum. Member of the Stena Advisory Board. Co-Chairman of the World Economic Forum Infrastructure and Urban Development Industries committee and of the Step Change Charity.	Chairman of the Swedish Bankers' Association. Director of Securitas AB, Scania CV AB (subsidiary to Volkswagen) and FAM AB. Member of the Supervisory Board of Volkswagen AG.
International Paper Co. Partner of Ferd AS. CEO of Ferd AS.	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 Sverige AB and University of Lund.	Broad international experience from management and leadership, especially within the industrial sector. Leading positions within ABB, e.g. as Division Head and CEO of significant subsidiaries. Member of the GEC of ABB Ltd, Switzerland. CEO of Amec Foster Wheeler plc, UK.	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.
Norwegian	Swedish	Swedish	Swedish
100,000 Class A shares	5,387 Class A shares	0 shares	378,123 Class A shares, 72,675 performance shares, 294,190 conditional share rights and 69,187 share rights.
Yes/Yes	Yes/Yes	Yes/Yes	No/Yes
10 of 10 / –	10 of 10 / 8 of 8	8 of 10 / –	9 of 9 / 25 of 26 ¹⁾
650,000	650,000	650,000	-
-	195,000	-	-

1) In her capacity as President.

Nomination Committee has found that the Board that was proposed to and elected by the 2015 AGM meets the requirements.

The Nomination Committee for the 2016 AGM was appointed in the autumn of 2015. No special fee has been paid to the members of the Nomination Committee. *The Nomination Committee's proposals and a statement supporting its nomination of directors are available on SEB's website.*

BOARD OF DIRECTORS

The Board has overall responsibility for the organisation, management and operations of the group.

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 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 as well as the risks inherent in the business are controlled in a satisfactory manner in accordance with external and internal rules
- deciding on major acquisitions and divestments as well as other major investments

NOMINATION COMMITTEE FOR THE 2016 AGM

Member	Representing	Votes, % 31 Aug. 2015
Petra Hedengran, Chairman	Investor	20.9
Staffan Grefbäck	Alecta	6.1
Lars Heikensten	Trygg-Stiftelsen	6.0
Peder Hasslev	AMF Insurance and Funds	2.5
Marcus Wallenberg	SEB, Chairman of the Board	35.5

Urban Jansson, additional member, appointed by the Board

BOARD OF DIRECTORS (page 48–51)**WINNIE FOK****BIRGITTA KANTOLA****TOMAS NICOLIN****SVEN NYMAN**

Position	Director	Director	Director	Director
Committee	● ACC	● ACC	● RCC	● RemCo
Year elected	2013	2010	2009	2013
Born	1956	1948	1954	1959
Education	Bachelor of Commerce	LLM and Econ. Dr. H.C.	B. Sc. (Econ) and M.Sc. (Management)	B.Sc. (Business and Econ.)
Other assignments	Director of Volvo Car Corporation, G&S plc and Kemira Oyj. Member of the Investment Committee of HOPU Investments Co, Ltd. Senior Advisor to FAM AB.	Director of Nobina AB.	Chairman of Centre for Justice. Director of Nordstjerna AB, Nobel Foundation, Axel and Margaret Ax:son Johnsons Foundation and Research Institute of Industrial Economics.	Chairman of RAM Rational Asset Management AB. Director of RAM ONE AB, Consilio International AB, Nobel Foundation Investment Committee, Stockholm School of Economics and Stockholm School of Economics Association.
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 Ltd and CEO of New Asia Partners Ltd.	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.	Broad experience in the financial sector as CEO of Alecta, Third National Swedish Pension Fund and E. Öhman Jor Fond-kommision as well as a leading position in Handelsbanken. Several directorships.	Broad experience from the financial business field. Managerial positions within Investor. CEO and founder of Lancelot Asset Management and Arbitech. Several directorships.
Nationality	British	Finnish	Swedish	Swedish
Own and closely related persons' shareholdings	3,000 Class A shares.	30,000 Class A shares	66,000 Class A shares	10,440 Class A shares and 10,200 Class C shares
Independent in relation to bank/major shareholders	Yes/Yes	Yes/Yes	Yes/Yes	Yes/Yes
Attendance at board/committee meetings	10 of 10 /4 of 5	9 of 10 /6 of 6	10 of 10 / 21 of 21	10 of 10 / 8 of 8
Remuneration, Board meetings, SEK	650,000	650,000	650,000	650,000
Remuneration, Committee meetings, SEK	195,000	387,500	325,000	387,500

● Chair ● Deputy Chair ● Member 1) Deputy Director 2003–2007 2) Deputy Director 2011–2014 3) Deputy Director 2012–2013, Director 2013–2014

- 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 and ensures among other things that the directors on a regular basis receive information and education on changes in rules concerning the activities of SEB and on responsibilities of directors of a listed financial company. Educational and specialisation seminars are held each year and new directors are offered seminars with information on and discussion about the group's various operations, including information about the control functions.

The directors are elected by the shareholders at the AGM for a one-year term. Since the 2015 AGM the Board has consisted of eleven AGM-elected directors, without 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 director employed by the bank. The Nomination Committee has assessed the directors' independence in relation to the bank and the bank's management as well as in relation to shareholders controlling more than 10 per cent of the shares or votes and has found that the composition of the Board meets the requirements of the Code.

CONTACT THE BOARD OF DIRECTORS:

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

REPORT OF THE DIRECTORS

Corporate Governance

Appointed by the employees:

MAGDALENA OLOFSSON



HÅKAN WESTERBERG



MARIA LINDBLAD



CHARLOTTA LINDHOLM



Director, appointed by the employees.	Director, appointed by the employees.	Deputy Director, appointed by the employees.	Deputy Director, appointed by the employees.
2012 ¹⁾ 1953 Studies in Economics and Accounting Chairman of Financial Sector Union of Sweden SEB Group and the European Works Council SEB Group. Vice chairman of Financial Sector Union Sweden Regional Club Stockholm and East. Director of Financial Sector Union Sweden.	2015 ²⁾ 1968 Engineering logistics Chairman of the Association of University Graduates at SEB.	2012 ³⁾ 1953 B.Sc. (Econ) Katowice School of Economics, Poland First Deputy Chairman of Financial Sector Union of Sweden SEB Group and Chairman of Financial Sector Union of Sweden Regional Club Stockholm City SEB Group.	2015 1959 LLB Vice Chairman of the Association of University Graduates at SEB. Director of the Foundation of Alma Detthows.
Various positions in SEB. Director of Finance and Insurance Unemployment Benefit Fund and SEB BoLän.	Sales manager at Trygg-Hansa in the property insurance business. SEB in various positions in systems management and IT development, currently Systems Management Advisor.	SEB - FinansSkandic and the Merchant Banking division.	Various client responsibility positions in several divisions and subsidiaries in the SEB Group. Presently, client executive at Wealth Management, Private Banking, Foundations.
Swedish 0 shares	Swedish 3,224 Class A shares	Swedish 5,789 Class A shares	Swedish 5,001 Class A shares
-	-	-	-
9 of 10 / -	10 of 10 / -	10 of 10 / -	8 of 8 / -
-	-	-	-
-	-	-	-

— BOARD MEETINGS 2015 —

FEBRUARY	MARCH	APRIL	JUNE	SEPTEMBER	OCTOBER	DECEMBER
<ul style="list-style-type: none"> Annual accounts AGM notification and AGM proposals Balance sheet, capital and dividend policy Risk position, asset quality, credit portfolio, liquidity situation Internal and external audit, compliance Macroeconomic review IT business review 2014 annual report 	<ul style="list-style-type: none"> AGM Statutory meeting Remuneration issues 	<ul style="list-style-type: none"> Quarterly report Risk position, asset quality, credit portfolio, liquidity situation Risk tolerance and limits Internal capital and liquidity review Business review of Payments Business review small and medium-sized companies Corporate sustainability Group talent review and succession planning 	<ul style="list-style-type: none"> Vision 2025 – discussion on long-term development for the bank, innovation and new digital landscape Review of employee survey (Insight) 	<ul style="list-style-type: none"> Business review of operations in Germany and visit to Germany IT security Appointment of new Chief Risk Officer (CRO) 	<ul style="list-style-type: none"> Macroeconomic review Quarterly report Risk position, asset quality, credit portfolio, liquidity situation Recovery and Resolution Plan Vision 2025 – update Customer-centric organisation – discussion 	<ul style="list-style-type: none"> Business plan, financial plans, forecasts Annual review of policies and instructions Board and CEO evaluation US Resolution Plan
JULY						
<ul style="list-style-type: none"> Macroeconomic review Quarterly report Risk position, asset quality, credit portfolio, liquidity situation 						

The work of the Board follows a yearly plan. In 2015, ten board meetings were held. 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 management participate whenever required.

Directors' fees

SEB's 2015 AGM set total fees of SEK 11,990,000 for the members of the Board and decided how these fees are to be distributed among the Board and its committees. 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 that board members use 25 per cent of the director's fee to purchase and hold own SEB shares up to an amount corresponding to one year's fee.

Board committees

The Board's overall responsibility 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, there are three committees: the Risk and Capital Committee (RCC), the Audit and Compliance Committee (ACC), and the Remuneration and Human Resources Committee (RemCo). These committees report to the Board on a regular basis. An important principle is that as many board members as possible shall participate in committee work, also as chairs. The Chairman of the Board is deputy chairman in the three committees. Neither the President nor any other officer of the bank is a member of the committees.

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.

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.

RISK AND CAPITAL COMMITTEE



"Important areas in 2015 were new capital requirements and SEB's adaptation to these as well as the internal capital and liquidity assessment. RCC has continued to follow the bank's credit portfolio and risk tolerance as well as developments in the household mortgage market. The macroeconomic situation, with specific focus on Greece and implications for the euro cooperation, and the impact from negative interest rates has been monitored. RCC has also reviewed the qualification criteria for an executive in relation to the internal recruitment of new CRO."

Urban Jansson, Chairman

The RCC supports the Board in ensuring that SEB is organised and managed in such a way that all risks inherent in the group's business are 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 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 strategy for near and long term. The RCC prepares a recommendation for the appointment and dismissal of the CRO. It also decides on individual credit matters of major importance or of importance as to principles and assists the RemCo in providing a risk and capital based view on the remuneration system. The RCC held 21 meetings in 2015.

The group's Chief Financial Officer (CFO) has overall responsibility for informing and submitting proposals to the RCC on matters related to capital and funding. The CRO has the same overall responsibility regarding risk and credit matters. The President, the CFO and the CRO regularly participate in the meetings. *The risk organisation is described on p. 56. Information on risk, liquidity and capital management is provided on p. 40.*

RCC members

Urban Jansson (Chairman), Marcus Wallenberg (Deputy Chairman), Jesper Ovesen and Tomas Nicolin.

The RCC's work during 2015:

- monitored the implementation of group policies and adoption of credit policies and instructions
- monitored the risk development with focus on long-term stability of the Swedish residential housing market
- monitored the macroeconomic development
- prepared matters concerning market and liquidity risk limits
- reviewed significant changes in the credit portfolio and of the credit process
- reviewed models and methods for risk measurement
- discussed adaptation to new capital requirements
- reviewed the overall capital and liquidity strategy and position including internal capital and liquidity assessment
- prepared matters concerning the group's capital goals and capital management, such as the dividend proposal
- prepared a proposal to the Board for new Chief Risk Officer
- reviewed reports from internal audit and compliance
- held strategic discussions on holistic financial and balance sheet management
- discussed negative interest rates implications.

AUDIT AND COMPLIANCE COMMITTEE

"ACC has during 2015 been occupied with the changing regulatory environment both in the European and other markets. The committee continued to focus on the quality of the financial reporting. The accounting policy for negative interest rates were among others issues dealt with. In focus were also the bank's internal control over financial reporting and other processes in order to maintain customers' and other stakeholders' confidence in the bank. The work included SEB's procedures against money laundering and financing of terrorism. ACC has specifically reviewed the implementation of enhanced routines for documentation of investment advice. New regulations on auditing and auditors' independence have also been dealt with."

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 and reporting to supervisors. 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 six meetings in 2015. 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, the CFO and the CRO regularly participate in the meetings. *The Report on Internal Control over Financial Reporting can be found on p.60.*

ACC members

Birgitta Kantola (Chairman), Marcus Wallenberg (Deputy Chairman) and Winnie Fok.

The ACC's work during 2015:

- reviewed the annual accounts and interim reports as well as audit reports
- monitored the group's internal audit
- monitored compliance issues
- monitored the internal control over financial reporting
- monitored internal control over supervisory 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.

REMUNERATION AND HUMAN RESOURCES COMMITTEE

"Ensuring sourcing of future leaders as well as business critical specialists is of vital importance for SEB's success and development. RemCo therefore puts large efforts in developing stable remuneration systems and a good remuneration practice to support this work. In 2015 remuneration matters, succession planning, group talent review and other human resources issues were prepared by RemCo. During the year RemCo has also assessed the suitability of executives among others in relation to internal recruitments of a new CRO and members of the GEC."

Sven Nyman, 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 remuneration system and remuneration practice, incentive programmes, risk adjustment of deferred variable pay 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.

RemCo reviews, in consultation with the RCC, SEB's Remuneration Policy and investigates if the bank's incentive structure takes into account the risks and the cost of capital and liquidity. The analysis is among other things based on the risk analysis performed jointly by Group Risk, Group Compliance and Group HR.

In addition, the Committee oversees the group's pension obligations and, 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 eight meetings in 2015.

The President, together with the Head of Group HR, makes presentations to the Committee on matters in which there are no conflicts of interest. *The Remuneration Report can be found on p. 58.*

RemCo members

Sven Nyman (Chairman), Marcus Wallenberg (Deputy Chairman) and Signhild Arnegård Hansen.

The RemCo's work during 2015:

- reviewed the Remuneration Policy including the definition of categories of staff who have a material impact on SEB's risk profile
- proposed remuneration guidelines for the President and members of the GEC
- developed long-term equity programmes
- proposed remuneration of the President and members of the GEC in accordance with the guidelines adopted by the AGM
- preparation for decision by the Board on proposed new CRO
- proposed 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 and implementation of regulations affecting the bank's remuneration structure.

GROUP EXECUTIVE COMMITTEE



	ANNIKA FALKENGREN	MAGNUS CARLSSON	JOACHIM ALPEN	JAN ERIK BACK
Position	President and CEO since 2005	Deputy President & CEO since 2014	Co-head of the Large Corporates & Financial Institutions division since 2016	Executive Vice President, Chief Financial Officer since 2008
GEC member since	2000	2005	2014	2008
SEB employee since	1987	1993	2001	2008
Born	1962	1956	1967	1961
Education	B.Sc. (Econ)	B.Sc. (Econ)	M.A. (International relations)	B.Sc. (Econ)
Nationality	Swedish	Swedish	Swedish	Swedish
Own and closely related persons' shareholding	378,123 Class A shares, 72,675 performance shares, 294,190 conditional share rights and 69,187 share rights.	54,998 Class A shares, 173,745 conditional share rights and 41,512 share rights.	5,933 Class A shares, 13,469 conditional share rights, 18,431 deferral rights and 49,111 share rights.	60,968 Class A shares, 152,949 conditional share rights and 34,593 share rights.

	ULF PETERSON	DAVID TEARE	JOHAN TORGEBY	MATS TORSTENDAHL
Position	Head of Group Human Resources since 2010	Chief Risk Officer since 2016	Co-head of the Large Corporates & Financial Institutions division since 2016	Executive Vice President, Co-head of the Corporate & Private Customers division since 2016
GEC member since	2010	2011	2014	2009
SEB employee since	1987	2006	2009	2009
Born	1961	1963	1974	1961
Education	LLB	B. Comm.	B.Sc. (Econ).	M.Sc. (Engineering Physics).
Nationality	Swedish	British	Swedish	Swedish
Own and closely related persons' shareholding	11,489 Class A shares, 13,253 performance shares, 74,007 conditional share rights and 17,296 share rights.	54,677 Class A shares, 76,895 conditional share rights and 16,605 share rights.	5,390 Class A shares, 11,306 deferral rights, 10,717 conditional share rights and 19,707 share rights.	114,219 Class A shares, 151,277 conditional share rights and 34,593 share rights.

THE PRESIDENT

The Board has adopted an instruction for the President's duties and role. The President, who is also the Chief Executive Officer, is responsible for administrating the bank's business, risk and compliance matters 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 support functions that report directly to the President.

The President's committees

The President has three main committees at her disposal for the purpose of managing the operations:

The Group Executive Committee (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 22 meetings in 2015.



CHRISTOFFER MALMER



ULF PETERSON



MATS TORSTENDAHL



RASMUS JÄRBORG



DAVID TEARE



JOHAN ANDERSSON



PETER HÖLTERMAND

PETER DAHLGREN**VIVEKA HIRDMAN-RYRBERG****MARTIN JOHANSSON****CHRISTOFFER MALMER**

Head of the Life & Investment Management division since 2016	Head of Group Communications since 2009. Chairman of the Corporate Sustainability Committee.	Head of Business Support since 2011	Co-head of the Corporate & Private Customers division since 2016
2014	2009	2009	2014
2008	1990	2005	2011
1972	1963	1962	1975
Swedish	B.Sc. and Lic. Sc. (Econ).	B.Sc. (Econ).	B.A. (International business)
58,341 Class A shares, 5,296 deferral rights and 30,508 conditional share rights.	62,761 Class A shares, 50,756 conditional share rights and 12,453 share rights.	44,237 Class A shares, 123,459 conditional share rights and 27,674 share rights.	59,142 Class A shares, 17,023 conditional share rights and 11,306 deferral rights.

Additional members:

JOHAN ANDERSSON**PETER HÖLTERMAND****RASMUS JÄRBORG****MARCUS NYSTÉN****WILLIAM PAUS**

Country Manager SEB Germany since 2016	Country Manager SEB Denmark since 2002	Chief Strategy Officer since 2015	Country Manager SEB Finland since 2010	Country Manager SEB Norway since 2010
2009	2011	2015	2014	2011
1980	1997	2008	1998	1992
1957	1963	1976	1960	1967
B.Sc. (Econ)	B.Sc. (Econ)	M.Sc. (Econ)	M.Sc. (Econ)	M.Sc. (Econ)
Swedish	Danish	Swedish	Finnish	Norwegian
49,760 Class A shares and 22 Class C shares.	25,239 Class A shares, 12,096 deferral rights and 13,227 conditional phantom shares.	5,419 Class A shares, 20,903 conditional share rights, 2,648 deferral rights and 8,953 share rights.	102,354 Class A shares, 11,690 deferral rights and 12,133 conditional phantom shares.	34,312 Class A shares, 15,425 deferral rights and 11,261 conditional phantom shares.

— ON THE GEC AGENDA 2015 —

- Macroeconomic updates
- Annual accounts and quarterly reports
- AGM preparations
- Vision 2025 – discussion on long term development for the bank, innovations and the new digital landscape
- Business Plan 2016 – 2020
- Establishment of an Innovation Lab to accommodate in-house innovation
- Reviews of the bank's different businesses and home markets
- Discussions on a new customer-centric organisation
- Nordic branding and image position
- Negative interest rates
- Review of IT and IT security
- Employee Insight survey 2015 – actions
- Corporate sustainability
- Handling of customer complaints
- Discussion on capital requirements, asset quality and risk
- Internal Audit and Compliance
- Annual review of policies and instructions
- The bank's purpose, vision and values

The Asset and Liability Committee (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 twelve meetings in 2015, handles the following matters, among others:

- financial stability – particularly in the new regulatory framework
- strategic capital and liquidity issues – including internal capital allocation and principles for internal pricing
- structural issues and issues related to the bank's balance sheet and business volumes
- financing of wholly-owned subsidiaries
- the balance sheet and funding strategy for the SEB Group.

The Group Risk Committee (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 group level in order to evaluate portfolios, products and clients from a comprehensive risk perspective. The GRC held 57 meetings in 2015.

The GRC is tasked with:

- making important credit decisions
- 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 tolerance 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 AND BUSINESS AREAS

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 as from January 1, 2016 organised in four divisions. Each division is responsible for the subsidiaries designated to the division. The Head or Co-heads of Division have overall responsibility for the activities in the business areas and appoints, after consultation with the President, heads of the business units 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. 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.

SEB's staff functions have global accountability and support the organisation.

THE CRO FUNCTION

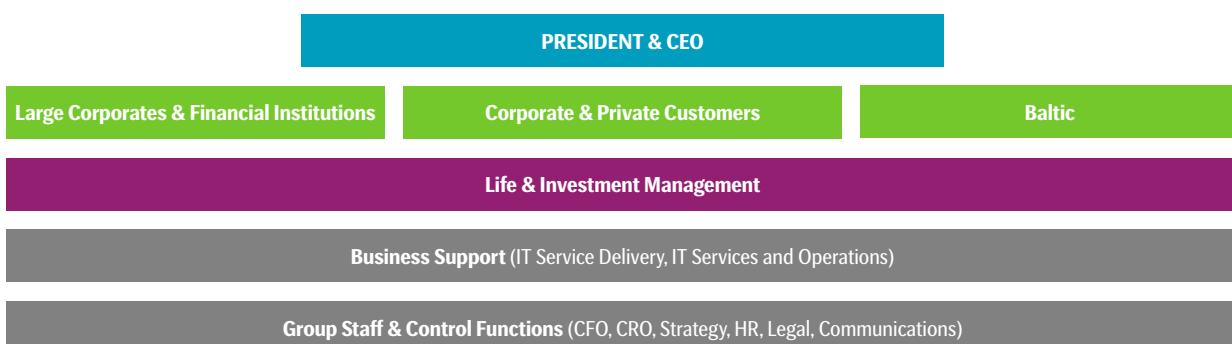
The CRO function is independent from the business and is responsible for identifying, measuring, analysing and controlling SEB's risks. The Chief Risk Officer (CRO) is appointed by the Board and reports to the President. The CRO keeps the Board, the RCC, the ACC, the GEC, the ALCO and the GRC regularly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

The CRO function is organised in two units: Group Risk and Group Credits.

Group Risk handles the group's risks. It 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 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 chairs of the respective divisional credit committees have the right to veto credit decisions. Significant exceptions to the group's Credit Policy must be escalated to a higher level in the decision-making hierarchy. The Head of Group Risk and the Group Credit Officer are appointed by the President, upon recommendation by the CRO, and report to the CRO. *For further information about risk, liquidity and capital management. see p. 40.*

SEB'S ORGANISATION (as from 1 January 2016)



GROUP COMPLIANCE

The Group Compliance function is independent from the business activities while serving as a support function. The Compliance function shall act proactively to assure the quality of compliance in the group. 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 after approval by the ACC, reports regularly to the President and the GEC, and informs the ACC, the RCC and the Board about compliance issues. Following a group-wide compliance risk assessment and approval by the ACC, the President adopts an annual compliance plan.

GROUP INTERNAL AUDIT

Group Internal Audit is a group-wide assurance and control function commissioned by the Board to independently eval-

uate the group's activities. The Head of Group Internal Audit is appointed by the Board. The main task of Group Internal Audit is to evaluate and give assurance to the Board and President that governance, risk management and internal controls are adequate and effective. The work is performed with a risk-based approach in accordance with the methodology developed by the Institute of Internal Auditors. Each year ACC adopts a plan for the work of Internal Audit. The Head of Internal Audit reports the findings of completed audits, actions taken and the status of previously reported findings quarterly to the ACC and also provides reports to the RCC and the Board. The President and GEC are regularly informed about internal audit matters. Group Internal Audit's work is evaluated in a quality assessment, at least every fifth year, by an independent party. Group Internal Audit co-ordinates its work covering the bank's financial reporting with the bank's external auditors. The bank's external auditors rely to some extent on the work of Group Internal Audit in its assignment to review the group's financial reporting. This requires that the external auditors evaluate Group Internal Audit's work. The conclusion of this evaluation is reported to the ACC and Group Internal Audit.

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 2015 for the period up

to and including the 2016 AGM. The partner in charge, as from the 2012 AGM, is Peter Nyllinge, Authorised Public Accountant. The fees charged by the auditors for the auditing of 2014 and 2015 financial years and for other assignments invoiced during these periods are shown in the table below.

FEES TO THE AUDITORS

SEKm	2015	2014
Audit assignment	26	27
Audit related services	20	30
Tax advisory	20	13
Other	5	6
Total¹⁾	71	76

1) Of which PricewaterhouseCoopers SEK 69m (74). See also note 10.

AUDITOR

Elected by the Annual General Meeting PricewaterhouseCoopers



Peter Nyllinge

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

Other assignments: Ericsson and Fagerhult. Previous assignments: Securitas and Assa Abloy.

REMUNERATION REPORT

SEB aims to attract and retain committed and competent employees who contribute to the bank's long-term success. Employee remuneration should encourage high performance, sound responsible behaviour and risk-taking that is aligned with SEB's values and the level of risk tolerance set by the Board of Directors. It should promote the employees' long-term commitment to creating sustainable value for customers and shareholders. The total remuneration reflects the complexity, responsibility and leadership skills required in each position as well as the performance of the individual employee. Performance is evaluated on the basis of financial and non-financial goals, with SEB's values as a starting point.

REMUNERATION POLICY

The principles for determining, applying and following up remuneration at SEB are laid out in SEB's Remuneration Policy, which is revised annually. The Board's Remuneration and Human Resources Committee (RemCo) drafts a proposed, revised version for adoption by the Board. The policy aims to ensure that remuneration is aligned with the bank's strategy, goals, values and long-term interests, and that conflicts of interest are avoided. The policy also reflects Swedish and international rules and regulations. The Performance and Development Discussion (PDD) process applied by the bank, with transparent and personalised goals and evaluation for every individual employee, is one cornerstone. In consultation with the Risk and Capital Committee (RCC), the RemCo reviews SEB's Remuneration Policy and performs an assessment to ensure that the remuneration structure takes into account the risks and the cost of capital and liquidity. This assessment is based on, among other things, the risk analysis performed jointly by Group Risk, Group Compliance and Group HR. *For further information about the RemCo and its work, please see page 53.*

The Remuneration Policy also lays out the principles for identifying categories of staff with a material impact on the Group's risk profile (Identified Staff). In 2015, a total of 1,193 positions at SEB were categorised as Identified Staff.

REMUNERATION STRUCTURE

SEB's remuneration structure consists of base pay, equity-based remuneration and collective profit-sharing programmes as well as pensions and other benefits.

Base pay, which is the main remuneration component, shall be competitive and commensurate with the employee's experience, responsibility and long-term performance. It shall also be in line with industry peers in the respective geographical markets in which SEB operates.

STAFF COSTS



SEK m

2015

Base salary	8,368
Variable salary	760
All Employee Programme	562
Social charges	2,546
Pensions	1,372
Other staff costs	828

Equity-based remuneration is a means to attract and retain staff with key competencies at SEB. It is also an incentive for employees to become shareholders of SEB, which creates a long-term commitment aligned with shareholder interest. Furthermore, regulatory requirements for financial institutions require that variable remuneration to a large extent shall consist of equity or equity-related instruments.

All equity-based programmes have predetermined, quantitative performance targets which allow for risk adjustment for current as well as future risks. The final outcome may subsequently be reduced in accordance with the applicable rules, among other things taking into account the bank's sustainable earnings and capital base over time.

All variable remuneration is based on SEB's risk-adjusted performance. The variable remuneration models are adapted to applicable rules governing, among other things, the maximum level in relation to the employee's base pay, the deferred portion of remuneration, and the right to reduce and withhold deferred remuneration that has not yet been paid out. For Identified Staff, variable remuneration may not exceed 100 per cent of their base pay.

A small share of employees is eligible for individual, cash-based variable remuneration (Short-Term Incentive – STI), but only in operations where it is common market practice, such as in investment banking. STI is only used when it entails low or no residual risk for SEB. For employees who receive variable remuneration above a certain level, a certain portion of this remuneration must be deferred. In 2015, STI accounted for 2 per cent (4) of SEB's total staff costs.

The STI models are based on annual performance and behaviours at the Group, unit and individual levels. Individual performance shall reflect the individual's compliance with rules and policies for risk-taking in the Group, SEB's Code of Conduct, and demands on the business areas' internal controls. Payment of the deferred portion of variable remuneration normally requires that the employee remains employed by SEB during the first three years of the programme, with an additional period of restricted right of disposal. The award may be forfeited if the results on which it is based are not sustainable and/or the individual has been found responsible for actions that are incompatible with internal rules and regulations, such as by not adhering to SEB's risk management process and thereby causing a particular risk-taking.

Employees within control functions are compensated in a manner that is independent of the business areas that they oversee, commensurate with their key role in the organisation and based on objectives linked to their functions.

ALL EMPLOYEE PROGRAMMES (profit-sharing programmes)

	2013 ¹⁾	2014 ²⁾	2015 ³⁾
Number of participants	13,700	13,900	15,000
Outcome in relation to maximum amount, %	48	76	85
Shares allotted, thousands	1,788	2,751	3,511
Market value per 31 Dec 2015, SEKm	160	246	314

Payout year: 1) 2017 2) 2018 3) 2019

REMUNERATION IN SEB IN 2015 (SEK thousands)

	Base pay	Cash-based variable compensation	Expensed amount equity-based programmes	Benefits	Total	Pensions
President and CEO, Annika Falkengren	10,500		5,792	1,262	17,554	5,000
Other members of the GEC ¹⁾	33,306		15,060	1,260	49,626	13,557
Total	43,806	0	20,852	2,522	67,180	18,557
SEB excluding GEC	8,324,246	660,226	641,105	107,723	9,733,299	1,353,661
SEB Total	8,368,052	660,226	661,957	110,245	9,800,479	1,372,218

1) The number and composition differ somewhat during the year but on average eight members (eight) are included.

During the year the President and CEO has exercised share rights to a value of SEK 6,327,622.

The corresponding value for the GEC excluding the President is SEK 5,271,357.

Long-term equity programmes 2015

SEB's long-term equity programmes are evaluated on a continuous basis throughout the year by the RemCo. The RemCo also monitors the employees' participation in the programmes. Dialogues are held with institutional investors on the structure and content of the programmes. The 2015 Annual General Meeting (AGM) resolved in favour of two separate programmes for the year, a profit-sharing programme (All Employee Programme – AEP) and a Share Deferral Programme (SDP).

The **SEB All Employee Programme 2015** is a profit-sharing programme for all employees in most of the countries where SEB operates. Fifty per cent of the outcome is paid in cash, and 50 per cent is deferred for three years. The deferred amount is paid out in SEB A shares to employees in Sweden and in cash, adjusted for the total shareholder return on SEB's A shares, to employees outside of Sweden.

The **SEB Share Deferral Programme 2015** is a programme for members of the Group Executive Committee (GEC), certain other senior managers and a number of other key employees, approximately 1,500 in total. The participants are granted an individual number of conditional share rights based on the fulfilment of predetermined Group, business unit and individual targets outlined in SEB's business plan. The targets are set annually and consist of the financial target Return on Equity/Return on Business Equity and cost development as well as on e.g. customer satisfaction and parameters such as compliance, employee commitment, SEB's corporate sustainability and risk. For members of the GEC the initial allotment may not exceed 100 per cent of base pay. For senior managers, ownership of 50 per cent of the share rights is transferred to the participant after a three-year qualification period, and 50 per cent after five years. For other participants, ownership of the share rights is transferred after three years. After each respective qualification period there is an additional holding period of one year after which the share rights may be exercised during a period of three years. For participants outside of Sweden, the final outcome is paid out in cash adjusted for the total shareholder return for SEB's A shares. *For further information about the programmes, please see note 9 and the corporate governance pages on www.sebgroup.com*

Remuneration to the President and members of the Group Executive Committee (GEC)

SEB's Board of Directors decides on the remuneration for the President and other members of the GEC based on a recommendation by the RemCo. Their remuneration shall be in line with the guidelines set by the Annual General Meeting.

According to the guidelines set by the 2015 AGM, the total remuneration for the members of the GEC is based on the three main components base pay, long-term equity-based remuneration (Share Deferral Programme), and pensions and other benefits. No cash-based variable remuneration is paid and the members of the GEC are not eligible for the AEP. The pension plans for the members of the GEC are defined contribution solutions, with the exception of a defined benefit component provided under a collective agreement. The pension plans are in line with the SEB Group's Pension Policy.

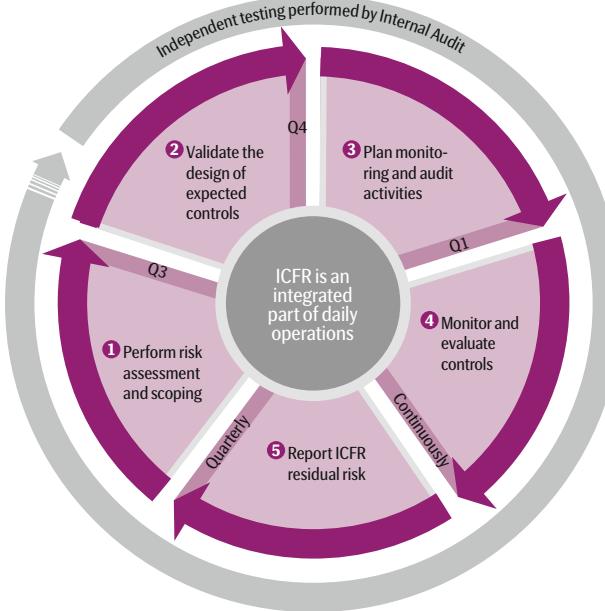
For termination of employment initiated by the bank, a maximum of 12 months' severance pay is payable. SEB has the right to deduct income earned from other employment from any severance pay. *Detailed information about executives' remuneration is provided in note 9 c.*

The RemCo evaluates the guidelines for salary and other benefits paid to the President and other GEC members on a continuous basis throughout the year. To perform this evaluation, the RemCo obtains information from the Head of Group Human Resources and the external auditors, and with respect to GEC members, also from the President. This internal and external information facilitates the RemCo in its work on ensuring that remuneration at SEB is aligned with the market and is competitive. In addition, comparative studies are made yearly with relevant sectors and markets. The result of such studies is a significant factor in setting the total level of remuneration for members of the GEC. Prior to the 2015 AGM the bank's external auditor issued a statement to the Board assuring that SEB has adhered to the guidelines for salary and other remuneration for the President and other GEC members set by the 2014 AGM. *The proposal is available at www.sebgroup.com*

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal Control over Financing Reporting (ICFR) is an established process for assessing the reliability of the financial reporting. It is based on the framework established by

the Committee of Sponsoring Organizations of the Treadway Commission (COSO). ICFR is conducted in an annual cycle, described in the sections below.



1 Perform risk assessment and scoping

The ICFR framework is designed to reduce the risk for misstatement in the financial reporting. To identify and understand risk areas in the financial reporting process, risk assessments are performed, at the group and legal entity levels, taking materiality and complexity aspects into consideration. The risk assessments form the basis for defining which focus areas, legal entities, processes and related systems that are to be covered by the ICFR next year. The result is stated in an annual report to the Audit and Compliance Committee (ACC).

2 Validate the design of expected controls

The framework consists of group-wide as well as process and IT-controls, for example validation of valuation of financial instruments, account reconciliations and system access. The controls are validated with the help of expertise from the business and finance functions to ensure that they cover the identified risks. The expected controls are continuously communicated to involved parties to clarify expectations and responsibilities.

3 Plan monitoring and audit activities

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

4 Monitor and evaluate controls

The evaluation of the controls aims to identify weaknesses and thereby initiate compensating controls and improvements. Monitoring is carried out through self-assessments and reporting of risk indicators.

5 Report ICFR residual risk

The monitoring results are analysed to assess the risk for misstatements in the financial reporting. This is done in connection with the quarterly external financial reporting. The group ICFR monitoring report is reported to the CFO on a quarterly basis and to the ACC once a year. It describes the residual 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 reporting of ICFR residual risk on a group level contributes to transparency in the organisation and enables prioritisation of improvement activities. In 2015, the process resulted in increased control over internal accounts and intragroup transactions.

In addition to management's evaluation 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.

THE REGULATORY FRAMEWORK

NEW RULES AND REGULATIONS HAVE A COMMON OVERALL PURPOSE – to ensure a sound and less vulnerable financial system. However, the regulatory framework is still evolving, implying large costs for the banking system as it adapts to the new regulations.

SEB complies with the regulations as they evolve. The work involves around 26 main projects with 50 underlying projects. In 2015, capital and liquidity levels increased to exceed regulatory standards. SEB's costs for implementation of the requirements during the year was about

SEK 400m. The bank's costs for stability funds, deposit guarantee programmes and fees to the Swedish Financial Supervisory Authority (FSA) and other authorities, amounted to SEK 1,334m for 2015 (1,257).

THREE MAIN AREAS OF REGULATORY ACTION

	FINANCIAL STABILITY	MARKET CONDUCT & INFRASTRUCTURE	CUSTOMER PROTECTION
MAIN PURPOSE	The overall purpose of the regulations is to prevent that the failure of one financial institutions leads to a systemic breakdown and to ensure the system can withstand severe scenarios without the support of taxpayers and central banks.	Regulatory initiatives are aimed primarily at enhancing transparency and improving risk mitigation in the market as well as preventing market manipulation and enhanced cross-border tax reporting. New regulations affect all asset classes. A specific focus has been on derivatives, especially over-the-counter trading.	Overall purpose is to further ensure fair treatment of customers and to ensure adequate information to investors and other customers. This means increased consumer protection in terms of marketing and packaging, accessibility and overall understanding, pre- and post-investment information, investment advice and management services.
KEY REGULATIONS	CRD IV/CRR, BRRD, SRM, Solvency II/Omnibus II, Deposit Guarantee Schemes Directive.	MiFID II/MiFIR, MAD II/MAR, EMIR, Transparency Directive, AML4, PSD2, FATCA/CRS.	MiFID II/MiFIR, Data Protection Regulation / Directive, PAD, PRIIPS, Mortgage Directive, IDD.

DEFINITIONS

Cost/income ratio

Total operating expenses in relation to total operating income.

Return on equity

Net profit attributable to shareholders in relation to average shareholders' equity.

Return on business equity

Operating profit by division, reduced by a standard tax rate, in relation to the divisions' business equity.

Return on total assets

Net profit attributable to shareholders, in relation to average total assets.

Return on risk exposure amount

Net profit attributable to shareholders in relation to average risk exposure amount.

Basic earnings per share

Net profit attributable to shareholders in relation to the weighted average number of shares outstanding.

Diluted earnings per share

Net profit attributable to shareholders in relation to the weighted average diluted number of shares.

Equity per share

Shareholders' equity in relation to the number of shares outstanding.

Net worth per share

Shareholders' equity plus the equity portion of any surplus values in the holdings of interest-bearing securities and surplus value in life insurance operations in relation to the number of shares outstanding.

Risk exposure amount

Total assets and off balance sheet items, weighted in accordance with capital adequacy regulation for credit risk and market risk. The operational risks are measured and added as a risk exposure amount. Risk exposure amounts are only defined for the consolidated situation, excluding insurance entities and items deducted from own funds.

Common Equity Tier 1 capital

Shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets and certain other regulatory adjustments defined in Regulation (EU) No 575/2013 (CRR).

Tier 1 capital

Common Equity Tier 1 capital plus qualifying forms of subordinated loans.

Tier 2 capital

Mainly subordinated loans not qualifying as Tier 1 capital contribution.

Own funds

The sum of Tier 1 and Tier 2 capital.

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount.

Common Equity Tier 1 capital ratio

Common Equity Tier 1 capital as a percentage of risk exposure amount.

Total capital ratio

Total own funds as a percentage of risk exposure amount.

Leverage ratio

Tier 1 capital as a percentage of total assets including off balance sheet items with conversion factors according to the standardised approach.

Liquidity Coverage Ratio (LCR)

High-quality liquid assets in relation to the estimated net cash outflows over the next 30 calendar days. (Finansinspektionen's regulatory code FFFS 2012:6 and EU Regulation 575/2013.)

Credit loss level

Net credit losses as a percentage of the opening balance of loans to the public, loans to credit institutions and loan guarantees less specific, collective and off balance sheet reserves.

Gross level of impaired loans

Individually assessed impaired loans, gross, as a percentage of loans to the public and loans to credit institutions before reduction of reserves.

Net level of impaired loans

Individually assessed impaired loans, net (less specific reserves) as a percentage of net loans to the public and loans to credit institutions less specific reserves and collective reserves.

Specific reserve ratio for individually assessed impaired loans

Specific reserves as a percentage of individually assessed impaired loans.

Total reserve ratio for individually assessed impaired loans

Total reserves (specific reserves and collective reserves for individually assessed loans) as a percentage of individually assessed impaired loans.

Reserve ratio for portfolio assessed loans

Collective reserves for portfolio assessed loans as a percentage of portfolio assessed loans past due more than 60 days or restructured.

Non-performing loans (NPL)

SEB's term for loans that are either impaired or not performing according to the loan contract. Includes Individually assessed impaired loans, Portfolio assessed loans, past due > 60 days and Restructured portfolio assessed loans (based on IFRS concessions).

NPL coverage ratio

Total reserves (specific, collective and off balance sheet reserves) as a percentage of non-performing loans.

NPL per cent of lending

Non-performing loans as a percentage of loans to the public and loans to credit institutions before reduction of reserves.

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INCOME STATEMENT

SEB GROUP

SEK m	Note	2015	2014	Change, %
<i>Interest income</i>		37,726	43,557	-13
<i>Interest expense</i>		-18,788	-23,614	-20
Net interest income	3	18,938	19,943	-5
<i>Fee and commission income</i>		22,340	21,418	4
<i>Fee and commission expense</i>		-5,463	-5,112	7
Net fee and commission income	4	16,877	16,306	4
Net financial income	5	4,118	2,921	41
Net life insurance income	6	3,300	3,345	-1
<i>Dividends</i>		169	78	117
<i>Profit and loss from investments in associates</i>		68	23	196
<i>Gains less losses from investment securities</i>		553	4,543	-88
<i>Other operating income</i>		125	-223	-156
Net other income	7	915	4,421	-79
Total operating income		44,148	46,936	-6
Staff costs	9	-14,436	-13,760	5
Other expenses	10	-5,759	-6,310	-9
Depreciation, amortisation and impairment of tangible and intangible assets	11	-1,992	-2,073	-4
Total operating expenses		-22,187	-22,143	0
Profit before credit losses		21,961	24,793	-11
Gains less losses from tangible and intangible assets	12	-213	-121	76
Net credit losses	13	-883	-1,324	-33
Operating profit		20,865	23,348	-11
Income tax expense	15	-4,284	-4,129	4
NET PROFIT		16,581	19,219	-14
Attributable to minority interests			1	-100
Attributable to shareholders		16,581	19,218	-14
Basic earnings per share, SEK	16	7.57	8.79	
Diluted earnings per share, SEK	16	7.53	8.73	
Statement of comprehensive income				
Net profit		16,581	19,219	-14
Items that may subsequently be reclassified to the income statement:				
Available-for-sale financial assets		-719	-11	
Cash flow hedges		-667	3,094	-122
Translation of foreign operations		-573	647	-189
Items that will not be reclassified to the income statement:				
Defined benefit plans		4,178	-2,700	
Other comprehensive income (net of tax)	17	2,219	1,030	115
TOTAL COMPREHENSIVE INCOME		18,800	20,249	-7
Attributable to minority interests				
Attributable to shareholders		18,800	20,249	-7

BALANCE SHEET

SEB GROUP

31 December, SEK m	Note	2015	2014	Change, %
Cash and cash balances with central banks		101,429	103,098	-2
Other lending to central banks		32,222	16,817	92
Loans to credit institutions	19	58,542	90,945	-36
Loans to the public	19	1,353,386	1,355,680	0
<i>Securities held for trading</i>		239,906	298,300	-20
<i>Derivatives held for trading</i>		199,085	250,965	-21
<i>Derivatives held for hedging</i>		16,466	22,546	-27
<i>Financial assets – policyholders bearing the risk</i>		271,613	258,945	5
<i>Other financial assets at fair value through profit and loss</i>		99,875	105,915	-6
Financial assets at fair value through profit or loss	22	826,945	936,671	-12
Fair value changes of hedged items in a portfolio hedge		104	173	-40
Available-for-sale financial assets	23	37,368	46,014	-19
Held-to-maturity investments	24		91	-100
Assets held for sale	49	801	841	-5
Investments in associates	25	1,181	1,251	-6
<i>Intangible assets</i>		17,069	17,234	-1
<i>Property and equipment</i>		825	830	-1
<i>Investment properties</i>		8,309	9,460	-12
Tangible and intangible assets	29	26,203	27,524	-5
<i>Current tax assets</i>		6,966	8,859	-21
<i>Deferred tax assets</i>		1,516	1,637	-7
<i>Trade and client receivables</i>		13,124	9,550	37
<i>Other financial assets</i>		22,363	31,967	-30
<i>Other non-financial assets</i>		13,814	10,128	36
Other assets	30	57,783	62,141	-7
TOTAL ASSETS		2,495,964	2,641,246	-6
Deposits from central banks and credit institutions		118,506	115,186	3
Deposits and borrowing from the public		883,785	943,114	-6
<i>Liabilities to policyholders – investment contracts</i>		271,995	259,275	5
<i>Liabilities to policyholders – insurance contracts</i>		98,714	105,079	-6
Liabilities to policyholders	31	370,709	364,354	2
Debt securities issued		639,444	689,863	-7
<i>Liabilities held for trading</i>		40,746	41,052	-1
<i>Derivatives held for trading</i>		188,062	234,745	-20
<i>Derivatives held for hedging</i>		1,977	2,967	-33
Financial liabilities at fair value through profit or loss	32	230,785	278,764	-17
Fair value changes of hedged items in a portfolio hedge		1,608	1,999	-20
<i>Current tax liabilities</i>		2,082	3,000	-31
<i>Deferred tax liabilities</i>		9,468	8,479	12
<i>Trade and client payables</i>		11,496	7,712	49
<i>Other financial liabilities</i>		29,138	25,706	13
<i>Other non-financial liabilities</i>		22,900	25,360	-10
Other liabilities	33	75,084	70,257	7
Provisions	34	1,873	2,868	-35
Subordinated liabilities	35	31,372	40,265	-22
Total liabilities		2,353,166	2,506,670	-6
Minority interests			33	-100
<i>Share capital</i>		21,942	21,942	
<i>Other reserves</i>		6,385	4,166	53
<i>Retained earnings</i>		97,890	89,217	10
<i>Net profit, attributable to shareholders</i>		16,581	19,218	-14
Shareholders' equity		142,798	134,543	6
Total equity		142,798	134,576	6
TOTAL LIABILITIES AND EQUITY		2,495,964	2,641,246	-6
Off-balance sheet items				
Collateral and comparable security pledged for own liabilities	37	867,534	802,345	8
Other pledged assets and comparable collateral	37	146,521	127,792	15
Contingent liabilities	37	109,297	116,566	-6
Commitments	37	609,872	559,575	9

STATEMENT OF CHANGES IN EQUITY

SEB GROUP

31 December, SEK m	2015	2014	Change, %
Minority interests		33	-100
Shareholders' equity	142,798	134,543	6
TOTAL EQUITY	142,798	134,543	6
Shareholders' equity			
Share capital ¹⁾	21,942	21,942	
Other restricted reserves	33,023	32,603	1
Equity, restricted	54,965	54,545	1
Eliminations of repurchased shares and swaps	-2,568	-2,711	-5
Other reserves	6,385	4,166	53
Other non-restricted equity	67,435	59,325	14
Net profit attributable to equity holders	16,581	19,218	-14
Equity, non-restricted	87,833	79,998	10
TOTAL²⁾	142,798	134,543	6

1) 2,170,019,294 Series A-shares (2,170,019,294); 24,152,508 Series C-shares (24,152,508).

2) Information about capital requirements can be found in note 20 Capital adequacy.

Changes in equity

2015	Other reserves							Total Shareholders' equity	Minority interests	Total Equity
	Share capital	Retained earnings ³⁾	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Defined benefit plans				
Opening balance	21,942	108,435	1,367	3,877	-1,370	292	134,543	33	134,576	
Net profit		16,581					16,581		16,581	
Other comprehensive income (net of tax)			-719	-667	-573	4,178	2,219		2,219	
Total comprehensive income	16,581	-719	-667	-573	4,178		18,800		18,800	
Dissolution of minority interest								-33	-33	
Dividend to shareholders ¹⁾		-10,400					-10,400		-10,400	
Equity-based programmes ²⁾		-164					-164		-164	
Change in holding of own shares		19					19		19	
CLOSING BALANCE	21,942	114,471	648	3,210	-1,943	4,470	142,798		142,798	
2014										
Opening balance	21,942	97,704	1,378	783	-2,018	2,992	122,781	33	122,814	
Net profit		19,218					19,218	1	19,219	
Other comprehensive income (net of tax)			-11	3,094	648	-2,700	1,031	-1	1,030	
Total comprehensive income	19,218	-11	3,094	648	-2,700		20,249		20,249	
Dividend to shareholders ¹⁾		-8,725					-8,725		-8,725	
Equity-based programmes ²⁾		485					485		485	
Change in holding of own shares		-247					-247		-247	
CLOSING BALANCE	21,942	108,435	1,367	3,877	-1,370	292	134,543	33	134,576	

1) Dividend paid in 2015 for 2014 was per A-share SEK 4.75 (4.00) and per C-share SEK 4.75 (4.00). Proposed dividend for 2015 is SEK 5.25. Further information can be found in the chapter Shareholders and the SEB share on page 26-28. Dividend to shareholders is reported excluding dividend on own shares.

2) The item includes changes in nominal amounts of equity swaps used for hedging of stock option programmes. As of 31 December 2013 SEB owned 14.4 million Class A-shares for the long-term incentive programmes. In 2014 11.2 million Class A-shares have been sold as stock options were exercised. During 2014, SEB also repurchased 2.3 million Class A-shares. As of 31 December 2014 SEB owned 5.5 million Class A-shares with a market value of SEK 547m. Another 8.0 million Class A-shares have been sold during 2015 as stock options were exercised. During 2015, SEB also repurchased 3.4 million Class A-shares. As of 31 December 2015 SEB owned 0.9 million Class A-shares with a market value of SEK 76m.

3) Including Net profit attributable to share holders.

CASH FLOW STATEMENT

SEB GROUP

SEK m	2015	2014	Change, %
Interest received	38,652	49,492	-22
Interest paid	-20,007	-29,069	-31
Commission received	22,340	21,418	4
Commission paid	-5,463	-5,112	7
Net received from financial transactions	13,218	-36,722	
Other income	2,826	3,376	-16
Paid expenses	-20,682	-19,766	5
Taxes paid	-3,309	-5,283	-37
Cash flow from the profit and loss statement	27,575	-21,666	
Increase (-)/decrease (+) in portfolios	75,834	-40,565	
Increase (+)/decrease (-) in issued short-term securities	-49,679	-23,588	111
Increase (-)/decrease (+) in lending to credit institutions and central banks	16,967	-35,297	
Increase (-)/decrease (+) in lending to the public	-2,664	-57,007	-95
Increase (+)/decrease (-) in liabilities to credit institutions	3,408	-61,053	
Increase (+)/decrease (-) in deposits and borrowings from the public	-59,128	93,740	
Increase (-)/decrease (+) in insurance portfolios	52	10,897	-100
Change in other assets	8,645	-31,488	
Change in other liabilities	-8	17,527	
Cash flow from operating activities	21,002	-148,500	
Sales of shares and bonds	1,180	4,808	-75
Sales of intangible and tangible fixed assets	84	79	6
Dividends received	169	78	117
Investments/divestments in shares and bonds	161	18	
Investments in intangible and tangible assets	-691	-673	3
Cash flow from investing activities	903	4,310	-79
Issue of securities and new borrowings	275,501	357,336	-23
Repayment of securities	-284,203	-340,084	-16
Dividend paid	-10,400	-8,725	19
Cash flow from financing activities	-19,102	8,527	
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,803	-135,663	
Cash and cash equivalents at beginning of year	105,848	213,388	-50
Exchange rate differences on cash and cash equivalents	2,119	28,123	-92
Net increase in cash and cash equivalents	2,803	-135,663	
CASH AND CASH EQUIVALENTS AT END OF PERIOD¹⁾	110,770	105,848	5

1) Cash and cash equivalents at end of period include Cash and cash balances with central banks and Loans to credit institutions – payable on demand.

INCOME STATEMENT

In accordance with the Swedish Financial Supervisory Authority regulations

SKANDINAViska ENSKILDA BANKEN

SEK m	Note	2015	2014	Change, %
Interest income	3	30,092	34,788	-13
Leasing income	3	5,439	5,442	0
Interest expense	3	-16,043	-20,447	-22
Dividends	7	8,028	3,375	138
Fee and commission income	4	12,258	11,090	11
Fee and commission expense	4	-3,058	-1,855	65
Net financial income	5	3,428	2,121	62
Other income	7	1,137	1,714	-34
Total operating income		41,281	36,228	14
Administrative expenses	8	-13,458	-13,909	-3
Depreciation, amortisation and impairment of tangible and intangible assets	11	-5,447	-5,157	6
Total operating expenses		-18,905	-19,066	-1
Profit before credit losses		22,376	17,162	30
Net credit losses	13	-520	-1,065	-51
Impairment of financial assets		-775	-2,721	-72
Operating profit		21,081	13,376	58
Appropriations	14	781	966	-19
Income tax expense	15	-3,679	-2,072	78
Other taxes	15	-138	19	
NET PROFIT		18,045	12,289	47
Statement of comprehensive income				
Net profit		18,045	12,289	47
Items that may subsequently be reclassified to the income statement:				
Available-for-sale financial assets		-423	863	
Cash flow hedges		-665	3,095	
Translation of foreign operations		-41	-3	
Other comprehensive income (net of tax)	17	-1,129	3,955	
TOTAL COMPREHENSIVE INCOME		16,916	16,244	4

BALANCE SHEET

SKANDINAViska ENSKILDA BANKEN

31 December, SEK m	Note	2015	2014	Change, %
Cash and cash balances with central banks		55,712	59,170	-6
Loans to credit institutions	19	166,267	194,285	-14
Loans to the public	19	1,080,438	1,056,807	2
<i>Securities held for trading</i>		234,106	269,447	-13
<i>Derivatives held for trading</i>		165,964	221,150	-25
<i>Derivatives held for hedging</i>		15,042	20,899	-28
<i>Other financial assets at fair value through profit and loss</i>		209	242	-14
Financial assets at fair value through profit and loss	22	415,321	511,738	-19
Available-for-sale financial assets	23	12,985	16,042	-19
Held-to-maturity investments	24		91	-100
Investments in associates	25	1,001	921	9
Shares in subsidiaries	26	52,398	54,294	-3
<i>Intangible assets</i>		2,424	2,531	-4
<i>Property and equipment</i>		38,153	38,940	-2
Tangible and intangible assets	29	40,577	41,471	-2
<i>Current tax assets</i>		1,643	3,569	-54
<i>Trade and client receivables</i>		12,871	9,348	38
<i>Other financial assets</i>		22,132	31,486	-30
<i>Other non-financial assets</i>		5,260	6,920	-24
Other assets	30	41,906	51,323	-18
TOTAL ASSETS		1,866,605	1,986,142	-6
Deposits from central banks and credit institutions		134,816	144,776	-7
Deposits and borrowing from the public		690,301	706,452	-2
Debt securities issued		632,403	682,519	-7
<i>Liabilities held for trading</i>		40,487	35,872	13
<i>Derivatives held for trading</i>		160,619	209,079	-23
<i>Derivatives held for hedging</i>		1,685	2,559	-34
Financial liabilities at fair value through profit and loss	32	202,791	247,510	-18
<i>Current tax liabilities</i>		835	800	4
<i>Deferred tax liabilities</i>		906	1,093	-17
<i>Trade and client payables</i>		11,011	7,282	51
<i>Other financial liabilities</i>		28,044	25,260	11
<i>Other non-financial liabilities</i>		12,736	15,521	-18
Other liabilities	33	53,532	49,956	7
Provisions	34	144	173	-17
Subordinated liabilities	35	31,372	40,191	-22
Total liabilities		1,745,359	1,871,577	-7
Untaxed reserves	36	23,466	23,102	2
<i>Share capital</i>		21,942	21,942	
<i>Other reserves</i>		15,484	16,614	-7
<i>Retained earnings</i>		42,309	40,618	4
<i>Net profit</i>		18,045	12,289	47
Total equity		97,780	91,463	7
TOTAL LIABILITIES, UNTAXED RESERVES AND TOTAL EQUITY		1,866,605	1,986,142	-6
Off-balance sheet items				
Collateral and comparable security pledged for own liabilities	37	399,047	366,518	9
Other pledged assets and comparable collateral	37	135,864	116,228	17
Contingent liabilities	37	87,798	98,966	-11
Commitments	37	434,656	382,324	14

STATEMENT OF CHANGES IN EQUITY

SKANDINAViska ENSKILDA BANKEN

31 December, SEK m	2015	2014	Change, %
Share capital ¹⁾	21,942	21,942	
Other restricted reserves	12,260	12,260	
Equity, restricted	34,202	34,202	
Eliminations of repurchased shares and swaps	-2,568	-2,711	-5
Other reserves	3,225	4,354	-26
Other non-restricted equity	44,876	43,329	4
Net profit for the year	18,045	12,289	47
Equity, non-restricted²⁾	63,578	57,261	11
TOTAL	97,780	91,463	7

1) 2,170,019,294 Series A-shares (2,170,019,294); 24,152,508 Series C-shares (24,152,508).

2) The opening balance is equivalent to Distributable items according to Regulation (EU) No 575/2013 (CRR).

Changes in equity

2015	Share capital	Restricted reserves	Retained earnings	Other reserves			Total
				Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	
Opening balance	21,942	12,260	52,905	751	3,876	-271	91,463
Net profit			18,045				18,045
Other comprehensive income (net of tax)				-423	-665	-41	-1,129
Total comprehensive income			18,045	-423	-665	-41	16,916
Dividend to shareholders ¹⁾			-10,400				-10,400
Equity-based programmes ²⁾			-218				-218
Change in holding of own shares			19				19
CLOSING BALANCE	21,942	12,260	60,351	328	3,211	-312	97,780
2014							
Opening balance	21,942	12,260	49,153	-112	781	-268	83,756
Net profit			12,289				12,289
Other comprehensive income (net of tax)				863	3,095	-3	3,955
Total comprehensive income			12,289	863	3,095	-3	16,244
Dividend to shareholders ¹⁾			-8,725				-8,725
Equity-based programmes ²⁾			435				435
Change in holding of own shares			-247				-247
CLOSING BALANCE	21,942	12,260	52,905	751	3,876	-271	91,463

1) Dividend paid in 2015 for 2014 was per A-share SEK 4.75 (4.00) and per C-share SEK 4.75 (4.00). Proposed dividend for 2015 is SEK 5.25. Further information can be found in the chapter The Shareholders and the SEB share on page 26–28. Dividend to shareholders is reported excluding dividend on own shares.

2) The item includes changes in nominal amounts of equity swaps used for hedging of stock option programmes. As of 31 December 2013 SEB owned 14.4 million Class A-shares for the long-term incentive programmes. In 2014 11.2 million Class A-shares have been sold as stock options were exercised. During 2014, SEB also repurchased 2.3 million Class A-shares. As of 31 December 2014 SEB owned 5.5 million Class A-shares with a market value of SEK 547m. Another 8.0 million Class A-shares have been sold during 2015 as stock options were exercised. During 2015, SEB also repurchased 3.4 million Class A-shares. As of 31 December 2015 SEB owned 0.9 million Class A-shares with a market value of SEK 76m.

CASH FLOW STATEMENT

SKANDINAViska ENSKILDA BANKEN

SEK m	2015	2014	Change, %
Interest received	31,831	37,623	-15
Interest paid	-16,607	-21,027	-21
Commission received	12,878	12,137	6
Commission paid	-3,649	-2,929	25
Net received from financial transactions	11,194	-35,840	
Other income	-1,104	-1,302	-15
Paid expenses	-12,399	-13,223	-6
Taxes paid	-1,684	-2,893	-42
Cash flow from the profit and loss statement	20,460	-27,454	
Increase (-)/decrease (+) in trading portfolios	47,842	-8,543	
Increase (+)/decrease (-) in issued short-term securities	-49,371	-21,052	135
Increase (-)/decrease (+) in lending to credit institutions	45,016	-54,637	
Increase (-)/decrease (+) in lending to the public	-28,990	-47,970	-40
Increase (+)/decrease (-) in liabilities to credit institutions	-9,847	-65,519	-85
Increase (+)/decrease (-) in deposits and borrowings from the public	-15,991	95,302	
Change in other assets	12,808	-32,949	
Change in other liabilities	2,074	7,518	-72
Cash flow from operating activities	24,001	-155,304	-115
Dividends received	8,028	3,376	138
Investments/divestments in shares and bonds	773	1,480	-48
Investments in intangible and tangible assets	-810	-1,929	-58
Cash flow from investment activities	7,991	2,927	173
Issue of securities and new borrowings	283,182	353,965	-20
Repayment of securities	-291,813	-336,718	-13
Dividend paid	-10,400	-8,725	19
Cash flow from financing activities	-19,031	8,522	
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,961	-143,855	
Cash and cash equivalents at beginning of year	60,745	178,469	-66
Exchange rate differences on cash and cash equivalents	3,787	26,131	-86
Net increase in cash and cash equivalents	12,961	-143,855	
CASH AND CASH EQUIVALENTS AT END OF PERIOD¹⁾	77,493	60,745	28

1) Cash and cash equivalents at end of period include Cash and cash balances with central banks and Loans to other credit institutions – payable on demand.

NOTES TO THE FINANCIAL STATEMENTS

SEK m, unless otherwise stated.

CORPORATE INFORMATION

The SEB Group provides corporate, retail, investment and private banking services. The Group also provides asset management and life insurance services.

Skandinaviska Enskilda Banken AB (publ.) is the parent company of the Group. The parent company is a Swedish limited liability company with its registered office in Stockholm, Sweden.

The parent company is included in the Large Cap segment of the NASDAQ OMX Stockholm stock exchange.

The consolidated accounts for the financial year 2015 were approved for publication by the Board of Directors on 22 February and will be presented for adoption at the 2016 Annual General Meeting.

Exchange rates used for converting main currencies in the Group Consolidation

	Profit and loss account			Balance sheet		
	2015	2014	Change, %	2015	2014	Change, %
DKK	1.254	1.220	3	1.232	1.270	-3
EUR	9.356	9.096	3	9.195	9.458	-3
NOK	1.047	1.089	-4	0.955	1.044	-9
USD	8.433	6.857	23	8.416	7.769	8

1 ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES FOR THE GROUP

STATEMENT OF COMPLIANCE

The Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the European Commission. The accounting follows the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulation and general guidelines issued by the Swedish Financial Supervisory Authority, Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25). In addition to this the Supplementary Accounting Rules for Groups RFR 1 and the additional UFR statements issued by the Swedish Financial Reporting Board have been applied.

BASIS OF PREPARATION

The consolidated accounts are based on amortised cost, except for the fair value measurement of available-for-sale financial assets, financial assets and liabilities measured at fair value through profit or loss including derivatives and investment properties measured at fair value. The carrying amount of financial assets and liabilities subject to hedge accounting at fair value has been adjusted for changes in fair value attributable to the hedged risk. The financial statements are presented in Swedish kronor (SEK).

CONSOLIDATION

Subsidiaries

The consolidated accounts combine the financial statements of the parent company and its subsidiaries. Subsidiaries are companies, over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement and has the ability to affect the amount of the returns. Control is deemed to exist when the parent company holds, directly or indirectly, more than 50 per cent of

the voting rights, unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities of the entity. Companies in which the parent company or its subsidiaries hold more than 50 per cent of the votes, but are unable to exercise control due to contractual or legal reasons, are not included in the consolidated accounts. The Group also assesses if control exists when it holds less than 50 per cent of the voting rights. This may arise if the Group has contractual arrangements with other vote holders. The size and dispersion of holdings of other vote holders may also indicate that the Group has the practical ability to direct the relevant activities of the investee.

When voting rights are not relevant in deciding who has power over an entity, such as interests in some funds or special purpose entities (SPE), all facts and circumstances are considered in determining who controls the entity. In the assessment whether to consolidate SPEs and any entities where there is not immediately clear where control rests, an analysis is made to identify which party has power over the activities which most affects the returns of the entity and if that party is significantly exposed or have significant rights to the returns from that entity.

The financial statements of the parent company and the consolidated subsidiaries refer to the same period and have been drawn up according to the accounting policies applicable to the Group. A subsidiary is included in the consolidated accounts from the time of acquisition, being the date when the parent company gains control over the subsidiary. The subsidiary is included in the consolidated accounts until the date when control over the company ceases to exist.

The consolidated accounts are prepared in accordance with the acquisition method. The acquisition value is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on acquisition date, irrespective of any minority interest. The excess of the con-

sideration transferred for the acquisition over the fair value of the Group's share of the identifiable acquired net assets is recorded as goodwill. If the consideration transferred is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly against profit or loss.

Goodwill is allocated between the cash-generating units or groups of units which are expected to gain benefits from an acquisition through synergies. The cash-generating units to which goodwill is allocated correspond to the lowest level within the Group in which goodwill is monitored for internal management purposes.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. The minority interest of the profit in subsidiaries is included in the reported profit in the consolidated profit and loss account, while the minority share of net assets is included in equity.

Associated companies

The consolidated accounts also include associated companies that are companies in which the Group has significant influence, but not control. Significant influence means that the Group can participate in the financial and operating policy decisions of the company, whilst not determining or controlling such financial and operating policies. A significant influence is generally deemed to exist if the Group, directly or indirectly, holds between 20 and 50 per cent of the voting rights of an entity.

According to the main principle, associated companies are consolidated in accordance with the equity method. This means that the holding is initially reported at its acquisition cost. The associate company is subsequently carried at a value that corresponds to the Group's share of the net assets. However, the Group has chosen to designate investments in associates held by the Group's venture capital organisation at fair value through profit or loss on the basis that these are managed and evaluated based on fair value.

ASSETS HELD FOR SALE

Assets (or disposal groups) are classified as held for sale at the time when a non-current asset or group of assets (disposal group) are available for immediate sale in its present condition and its sale is deemed to be highly probable. At the time of the classification, a valuation of the asset or disposal group is made at the lower of its carrying amount and fair value, less costs to sell. Any subsequent impairment losses or revaluations are recognised directly in profit or loss. No gains are recognised in excess of accumulated impairment losses of the asset recognised previously. From the time of classification, no depreciation is made for property and equipment or intangible assets originating from assets held for sale. Assets and liabilities held for sale are reported separately in the balance sheet until they are sold.

SEGMENT REPORTING

An operating segment is identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The business divisions are identified as separate operating segments. Business Support, Group Staff, Group Treasury and other items are included in the segment Other. In the context of defining the segments the Group Executive Committee is the Group's chief operating decision maker.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. On subsequent balance sheet dates monetary items in foreign currency are translated using the closing rate. Non-monetary items, which are measured in terms of historical cost in foreign currency, are translated using the exchange rate on the date of the transaction. Non-monetary items, which are measured at fair value in a foreign currency, are translated applying the exchange rate on the date on which the fair value is determined.

Gains and losses arising as a result of exchange rate differences on settlement or translation of monetary items are recognised in profit or loss. Translation differences on non-monetary items, classified as financial assets or financial liabilities at fair value through profit or loss, are included in the change in fair value of those items. Translation differences from non-monetary items, classified as available-for-sale financial assets, are recognised in other comprehensive income. Exchange rate differences referring to monetary items comprising part of a net investment in a foreign operation are reported in other comprehensive income.

The income statements and balance sheets of Group entities, with a functional currency other than the Group's presentation currency, are translated to SEK in the consolidated accounts. Assets and liabilities in foreign Group entities are translated at the closing rate and income and expenses in the income statement are translated at the average exchange rate for the year. The exchange rate differences are recognised as a separate component of other comprehensive income.

Goodwill arising in conjunction with acquisitions of foreign Group entities, as well as adjustments to the fair value of assets and liabilities made in conjunction with acquisitions are included in the assets and liabilities of the foreign entity in question and are translated to the closing rate.

FINANCIAL ASSETS AND LIABILITIES

Financial assets

Financial assets are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument and are measured at fair value on initial recognition. Transaction costs are included in the fair value on initial recognition except for financial assets designated at fair value through profit or loss where transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all risks and rewards. Transfers of financial assets with retention of all or substantially all risks and rewards include for example repurchase transactions and securities lending transactions.

The Group classifies its financial assets in the following categories: financial instruments at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets.

Financial assets are recognised on the balance sheet on the trade date, with exception of loans and receivables, which are recognised on the settlement date.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss consist of financial assets classified as held for trading and financial assets which, upon initial recognition, have been designated at fair value through profit or loss (fair value option). Financial assets are classified as held for trading if they are held with the intention to be sold in the short-term and for the purpose of generating profits. Derivatives are classified as held for trading unless designated as hedging instruments.

The fair value option can be applied to contracts including one or more embedded derivatives, investments that are managed and evaluated on a fair value basis and situations in which such designation reduces measurement inconsistencies. The nature of the financial assets which have been designated at fair value through profit or loss and the criteria for such designation are described in the relevant notes to the financial statements.

Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item Net financial income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method. The balance sheet items Cash balances with central banks, Loans to credit institutions and Loans to the public are included in this category.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets designated with the intention and ability to hold until maturity. This category consists of financial assets with fixed or determinable payments and fixed maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are not classified into any of the other categories described above. Available-for-sale financial assets are measured at fair value. Gains and losses arising from changes in fair value are reported in other comprehensive income and accumulated in equity. In the case of sale or impairment of an available-for-sale financial asset, the accumulated gains or losses previously reported in equity are recognised in profit or loss. Interest on interest-bearing available-for-sale financial assets is recognised in profit or loss, applying the effective interest method. Dividends on equity instruments, classified as available-for-sale, are also recognised in profit or loss.

Investments in equity instruments without a quoted market price in an active market are measured, if possible, at fair value on the basis of a recognised valuation method. Investments in equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Reclassification

In rare circumstances non-derivative trading financial assets that are no longer held for the purpose of selling it in the near term may be reclassified out of the held for trading category. Financial assets held in the available-for-sale category may be reclassified to loans and receivables or held-to-maturity if SEB has the intention and ability to hold the financial asset for the foreseeable future or until maturity. The reclassified assets must meet the definition of the category to which it is reclassified at the reclassification date. The prerequisite to reclassify to held-to-maturity is an intent and ability to hold to maturity.

Reclassifications are made at fair value as of the reclassification date. The fair value becomes the new carrying amount. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Increases in estimates of cash flows of reclassified financial assets adjust effective interest rates prospectively, whereas decreases in the estimated cash flows are charged to the profit or loss.

Financial liabilities

Financial liabilities are measured at fair value on initial recognition. In the case of financial liabilities measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or the issuance of the financial liability are recognised in profit or loss. For other financial liabilities direct transaction cost are recognised as a deduction from the fair value.

Financial liabilities are derecognised when extinguished, that is, when the obligation is discharged, cancelled or expired.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are either classified as held for trading or designated as fair value through profit or loss on initial recognition (fair value option). The criteria for classification of financial liabilities under the fair value option are the same as for financial assets. Liabilities to policyholders and some Debt securities are included in this category. Financial liabilities held for trading are primarily short positions in interest-bearing securities, equities and derivatives not designated as hedging instruments.

Gains and losses arising from changes in fair value are reported in the income statement on an ongoing basis under the item Net financial income.

Other financial liabilities

The category other financial liabilities primarily include the Group's short-term and long-term borrowings. After initial recognition other financial liabilities are measured at amortised cost, using the effective interest method. The

balance sheet items Deposits from credit institutions, Deposits and borrowings from the public and Debt securities are included in this category.

Offsetting financial transactions

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legal right to offset transactions and an intention to settle net or realise the asset and settle the liability simultaneously.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly market between market participants at the measurement date.

The fair value of financial instruments quoted in an active market is based on quoted market prices. If the asset or liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances is used.

The fair value of financial instruments that are not quoted in an active market is determined by applying various valuation techniques with maximum use of observable inputs. The valuation techniques used are for example discounted cash flows, option pricing models, valuations with reference to recent transactions in the same instrument and valuations with reference to other financial instruments that are substantially the same. When valuing financial liabilities at fair value own credit standing is reflected.

Any differences between the transaction price and the fair value calculated using a valuation technique with unobservable inputs, the Day 1 profit, is amortised over the life of the transaction. Day 1 profit is then recognised in profit or loss either when realised through settlement or when inputs used to calculate fair value are based on observable prices or rates.

Fair value is generally measured for individual financial instruments. In addition portfolio adjustments are made to cover market risks and the credit risk of each of the counterparties on groups of financial assets and liabilities on the basis of the net exposure to these risks. When assets and liabilities have offsetting market risks mid-market prices are used for establishing fair value of the risk positions that offset each other. To reflect counterparty risk and own credit risk in OTC derivatives, adjustments are made based on the net exposure towards each counterpart.

Embedded derivatives

Some combined contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and reported at fair value with gains and losses being recognised in the income statement.

Certain combined instruments are classified as financial assets or financial liabilities at fair value through profit or loss according to the fair value option. The designation implies that the entire combined instrument is measured at fair value through profit and loss.

Hedge accounting

Derivatives are used to hedge interest rate, exchange rate and equity exposures. Where derivatives are held for risk management purposes and when transactions meet the required criteria, the Group applies fair value hedge accounting, cash flow hedge accounting or hedging of a net investment in a foreign operation as appropriate to the risks being hedged. The Group documents and designates at inception the relationship between the hedged item and the hedging instrument as well as the risk objective and hedge strategy. The Group also documents its assessment, both at inception and on an ongoing basis, whether the derivatives used are both prospectively, and retrospectively highly effective in offsetting the hedged risk. As part of the prospective test the Group also assesses and documents that the likelihood of forecasted transactions to take place is highly probable. *More information regarding hedge accounting can be found in note 7 Net other income.*

Hedge accounting is applied when derivatives are used to reduce risks such as interest rate risks and currency risks in financial instruments. Furthermore, hedge accounting is applied to liabilities hedging currency risk in net investments in subsidiaries. The Group applies different hedge accounting models depending on the purpose of the hedge:

- Hedges of fair value of recognised assets or liabilities (fair value hedge)
- Hedges of the fair value of the interest rate risk of a portfolio (portfolio hedge)
- Hedges of highly probable future cash flows attributable to recognised assets or liabilities (cash flow hedge)
- Hedges of a net investment in a foreign operation (net investment hedge).

The Group discontinues hedge accounting when:

- The derivative has ceased to be highly effective as a hedging instrument;
- The derivative expires, is sold, terminated, or exercised;
- The hedged item matures, is sold or repaid; or
- The forecast transaction is no longer deemed highly probable.

Fair value hedge

Fair value hedges are used to protect the Group against undesirable exposures to changes in the market prices of recognised assets or liabilities. Changes in fair value of derivatives that qualify and are designated as hedging instruments are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk as Net other income.

Where the Group hedges the fair value of interest rate exposure in a portfolio including financial assets or financial liabilities, so called portfolio hedging of interest rate risk, the gains or losses attributable to the hedged item are reported as a separate item under assets or as a separate item under liabilities in the balance sheet.

When hedge relationships are discontinued, any adjustment to the carrying amount of the hedged item is amortised to profit or loss over the period to maturity of the hedged item.

Cash flow hedge

Cash flow hedging is applied for the hedging of exposure to variations in future interest payments on assets or liabilities with variable interest rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss as Net other income.

Gains or losses on hedging instruments that have been accumulated in equity are recognised in profit or loss in the same period as interest income and interest expense from the hedged asset or liability.

When cash flow hedges are discontinued but future cash-flows still are expected to occur, accumulated gains or losses from the hedging instrument will remain as a separate item in equity until the hedged future cash flows occur. Accumulated gains or losses are subsequently reported in profit or loss in Net interest income in the same period in which the previously hedged interest flows are recognised in profit or loss.

Net investment hedge

Hedge of a net investment is applied to protect the Group from translation differences due to net investments in foreign subsidiaries. Foreign currency loans constitute the major portion of hedging instruments in these transactions. The translation differences arising on the hedging instruments are recognised in other comprehensive income and accumulated in equity as translation of foreign operations, to the extent the hedge is effective. Any ineffective part is recognised as Net financial income. When a foreign operation is partially disposed of or sold, exchange differences accumulated in equity are recognised in the income statement as part of the gain or loss on the sale.

INTEREST INCOME AND INTEREST EXPENSE

The effective interest method is applied to recognise interest income and interest expenses in profit or loss for financial assets and financial liabilities measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating interest income and interest expenses. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument. When calculating future payments, all payments included in the terms and conditions of the contracts, such as advance payments, are taken into consideration. However, future credit losses are not taken into account. The calculation of the effective interest rate includes fees and points to be received and paid that are an integral part of the effective interest rate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is subsequently recognised applying the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

COMMISSIONS AND FEES

Commission income and income in the form of fees on financial instruments are accounted for differently, depending upon the financial instrument from which the income is derived. When commission income and fees are included in the calculation of the effective interest rate of a financial instrument measured at amortised cost, such interest and fees are allocated over the expected tenor of the instrument applying the effective interest method and presented in Net interest income.

Commission income and fees from asset management and advisory services are reported in accordance with the economic substance of each agreement. This income is recognised during the period in which the service is provided. Commission and fees from negotiating a transaction for a third party, such as arrangement of acquisitions or purchase or sale of a business, is recognised on completion of the transaction. Performance-based fees are reported when the income can be reliably calculated.

Fees from loan syndications in which SEB acts as arranger are reported as income fee when the syndication is completed and the Group has retained no part of the loan or retained a part of the loan at the same effective interest rate as other participants.

DIVIDEND INCOME

Dividends are recognised when the entity's right to receive payment is established.

REPURCHASE AGREEMENTS

Securities may be lent or sold subject to a commitment to repurchase them (a 'repo') at a fixed price and at a predetermined date. Such securities are retained on the balance sheet and in addition included separately as collateral pledged for own liabilities when cash consideration is received. Depending on the counterparty, payment received is recognised under Deposits by credit institutions or as Deposits and borrowing from the public.

Similarly, where the Group borrows or purchases securities subject to a commitment to resell them (a 'reverse repo') the securities are not included in the balance sheet. Payments made are recognised as Loans to credit institutions or as Loans to the public.

The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest method.

SECURITIES BORROWING AND LENDING

Securities borrowing and lending transactions are entered into on a collateralised basis. Fair values of securities received or delivered are monitored on a daily basis to require or provide additional collateral. Cash collateral delivered is derecognised from the balance sheet and a corresponding receivable is recognised. Cash collateral received is recognised in the balance sheet and a corresponding obligation to return it, is recognised. Securities lent remain on the balance sheet and are in addition reported as pledged assets. Borrowed securities are not recognised as assets. When borrowed securities are sold (short position), an amount corresponding to the fair value of the securities is booked as a liability. Securities received in a borrowing or lending transaction are disclosed as off-balance sheet items.

IMPAIRMENT OF FINANCIAL ASSETS

All financial assets, except those classified at fair value through profit or loss, are tested for impairment.

At each balance sheet date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets are impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset, and if that loss event will have an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably measured.

Examples of objective evidence that one or more events have occurred which may affect estimated future cash flows include:

- significant financial difficulty of the issuer or obligor,
- concession granted to the borrower as a consequence of financial difficulty, which normally would not have been granted to the borrower,
- a breach of contract, such as a default or delinquency in the payment of interest or principal,
- the probability that the borrower will go bankrupt or undergo some other kind of financial reconstruction
- deterioration in the value of collateral and
- a significant or prolonged decline in the fair value of an equity instrument below its cost

An impairment loss is reported as a write off, if it is deemed impossible to collect the contractual amounts that have not been paid and/or are expected to remain unpaid, or if it is deemed impossible to recover the acquisition cost by selling any collateral provided. In other cases, a specific provision is recorded in an allowance account. As soon as the non-collectible amount can be determined and the asset is written off, the amount reported in the allowance account is dissolved. Similarly, the provision in the allowance account is reversed if the estimated recovery value exceeds the carrying amount.

Assessment of impairment

Individual assessment of impairment

The following events are applied to establish objective evidence of impairment of individually assessed assets. Material breach of contract occurs when scheduled payments are past due by more than 60 days. The debt instrument is impaired if the cash flows including the value of the collateral does not cover outstanding exposure.

Collective assessment of impairment

when assets are not individually impaired

Assets assessed for impairment on an individual basis and found not impaired are included in a collective assessed of incurred but not identified impairment. The collective assessment of incurred but not identified credit losses is based on the SEB counterpart rating scale.

Loans assessed on a portfolio basis

Loans with limited value and similar risk, homogenous groups, are assessed for impairment on a portfolio basis. In assessing collective impairment the Group uses statistical models based on the probability of default and the amount of loss incurred, considering collaterals and recovery rates. The outcome is adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by the models. Default rates and loss rates are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Recognition of impairment loss on assets carried at amortised cost

An impairment of an individually assessed financial asset in the category loans and receivables or in the category held-to-maturity investments carried at amortised cost is calculated on the basis of the original effective interest rate of the financial instrument. The amount of the impairment is measured as the difference between the carrying amount of the asset and the present value of

estimated future cash flows (recoverable amount). If the terms of an asset are restructured or otherwise modified due to financial difficulties on behalf of the borrower or issuer, impairment is measured using the original effective interest rate before modification of the terms and conditions. Cash flows relating to short-term receivables are not discounted if the effect of the discounting is immaterial. The entire outstanding amount of each loan for which a specific provision has been established is included in impaired loans, i.e. including the portion covered by collateral.

Recognition of impairment loss on Available-for-sale financial assets

When there is a decline in the fair value and there is objective evidence of impairment in an available-for-sale financial instrument, the accumulated loss shall be reclassified from equity to profit or loss. Equity instruments are considered impaired when a significant or prolonged decline in the fair value has occurred. The amount of the accumulated loss that is transferred from equity and recognised in profit or loss is equal to the difference between the acquisition cost and the current fair value, with a deduction of any impairment losses on that financial asset which had been previously recognised in profit or loss.

The incurred impairment of unquoted equities, measured at acquisition cost, is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar equities.

Impairment losses on bonds or other interest-bearing instruments classified as available-for-sale are reversed via profit or loss if the increase in fair value can be objectively attributed to an event taking place subsequent to the write-down. Impairment losses for equity instruments classified as available-for-sale are not reversed through profit or loss following an increase in fair value but are recognised in other comprehensive income.

Restructured loans

Portfolio assessed loans that would have been considered past due more than 60 days if they were not restructured.

SEIZED ASSETS

Seized assets are assets taken over to protect a claim. SEB may refrain from a loan receivable and instead seize the asset that served as collateral for the loan. Seized assets may consist of financial assets, properties and other tangible assets. Seized asset are recognised on the same line item in the balance sheet as similar assets that have been acquired otherwise. Seized financial assets are categorised as Available-for-sale financial assets. At inception seized assets are measured at fair value. The fair value at initial recognition becomes the acquisition value. Subsequently seized assets are measured according to type of asset with the exception of impairment on tangible seized assets that is reported as Gains less losses from tangible and intangible assets rather than as Depreciation, amortisation and impairment of tangible and intangible assets. The purpose is to better reflect the similar character of impairment of assets that are taken over to protect claims on counterparties and credit losses.

TANGIBLE ASSETS

Tangible assets, with the exception of investment properties held in insurance operations, are measured at cost and are depreciated according to plan on a straight line basis over the estimated useful life of the asset. The maximum depreciation period for buildings is 50 years. The depreciation period for other tangible fixed assets is between 3 and 8 years.

Tangible fixed assets are tested for impairment whenever there is an indication of impairment.

LEASING

A finance lease is a lease that transfers, from the lessor to the lessee, substantially all risks and rewards incidental to the ownership of an asset. In the Group, essentially all leasing contracts in which the Group is the lessor are classified as finance leases. Finance leases are reported as lending, which implies that the leasing income is reported within net interest income.

INVESTMENT PROPERTIES

Investments in properties held in order to receive rental income and/or for capital appreciation are reported as investment properties. The recognition and measurement of such properties differs, depending upon the entity owning the property. Investment properties held in the insurance operations, used to match liabilities providing a yield directly associated with the fair values of specified assets, including the investment properties themselves, are accounted for using the fair value model. Holdings of investment properties in the banking operations are measured at depreciated cost.

INTANGIBLE ASSETS

Intangible assets are identifiable, non-monetary assets without physical substance. For an intangible asset to be recognised an entity must be able to demonstrate control of the intangible asset, which implies that the entity has the ability to ensure that the future economic benefits flowing from the underlying resource will accrue to the company. Intangible assets, other than goodwill, are only recognised in the balance sheet if it is probable that the future economic benefits attributable to the asset will accrue to the Group and if the acquisition cost of the asset can be measured in a reliable manner.

Intangible assets are measured initially at acquisition cost, and thereafter at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised on a straight line basis over their useful lives and tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Customer lists are amortised over 20 years and internally generated intangible assets, such as software development, are amortised over a period of between 3 and 8 years.

Intangible assets with indefinite useful lives, such as goodwill, are not amortised but tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. As regards goodwill, an impairment loss is recognised in profit or loss whenever the carrying amount, with respect to a cash-generating unit or a group of cash-generating units to which the goodwill is attributed, exceeds the recoverable amount. Impairment losses attributable to goodwill are not reversed, regardless of whether the cause of the impairment has ceased to exist.

The recoverable amount of an intangible asset is determined if there is indication of a reduction in the value of the asset. An impairment loss is recognised if the carrying amount exceeds the recoverable amount of the asset.

PROVISIONS

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn by a debtor in financial difficulties.

Provisions are evaluated at each balance sheet date and are adjusted as necessary.

FINANCIAL GUARANTEES

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debt or fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, which most often equals the premium received. The initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantee at the balance sheet date. Provisions and changes in provisions are recognised in the income statement as Net credit losses. The contractual amounts according to financial guarantees are not recognised in the balance sheet but disclosed as off-balance sheet items.

EMPLOYEE BENEFITS

Pensions

There are both defined contribution and defined benefit pension plans within the Group, of which most have plan assets. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will get on retirement depending on factors such as age, years of service and compensation. A defined contribution plan is a pension plan where the Group pays a contribution to separate entities and has no further obligation once the contribution is paid.

The pension commitments of the Group with respect to defined benefit plans are covered by the pension funds of the Group or through insurance solutions.

The defined benefit obligation is calculated quarterly by independent actuaries using the Projected Unit Credit Method. *The assumptions upon which the calculations are based are found in note 9b addressing Staff costs.* All changes in the net defined benefit liability (asset) are recognised as they occur, as follows: (i) service cost and net interest in the income statement; and (ii) remeasurements of both defined benefit obligations and plan assets in other comprehensive income.

Pension costs for defined contribution pension plans are recognised as an expense during the period the employees carry out the service to which the payment relates.

Share-based payments

The Group operates a number of share-based incentive programmes, under which it awards SEB equity instruments to its employees. Equity-settled share-based incentive programmes entitle employees to receive SEB equity instruments. Cash-settled share-based incentive programmes entitle employees to receive cash based on the price or value of equity instruments of SEB. Fair value of these rights is determined by using appropriate valuation models, taking into account the terms and conditions of the award and the Group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date. Social security costs are accounted for over the vesting period and the provision for social security costs is reassessed on each reporting date to ensure that the provision is based on the rights' fair value at the reporting date.

The cost of equity-settled share-based incentive programmes is measured by reference to the fair value of equity instruments on the date they are granted and recognised as an expense on a straight-line basis over the vesting period with a corresponding increase in equity. The vesting period is the period that the employees have to remain in service in SEB in order for their rights to vest. For cash-settled share-based incentive programmes, the services acquired and liability incurred are measured at the fair value of the liability and recognised as an expense over the vesting period, during which the employees render service. Until settlement, the fair value of the liability is remeasured, with changes in fair value recognised in the income statement.

TAXES

The Group's tax for the period consists of current and deferred tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or from tax authorities using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Current tax is calculated based on the taxable results for the period. Deferred tax arises due to temporary differences between the tax bases of assets and liabilities and their carrying amounts.

Current tax and deferred tax are generally recognised in profit or loss. However, tax that relates to items recognised in other comprehensive income is also reported directly in other comprehensive income. Examples of such items are changes in the fair value of available-for-sale financial assets and gains or losses on hedging instruments in cash flow hedges.

Deferred tax assets are recognised in the balance sheet to the extent that it is probable that future taxable profits will be available against which they can be utilized. The Group's deferred tax assets and tax liabilities have been calculated at the tax rate of 22 per cent (22 per cent) in Sweden and at each respective country's tax rate for foreign companies.

INSURANCE AND INVESTMENT CONTRACTS

Insurance contracts are contracts under which the Group accepts significant insurance risk – defined as a transfer of an absolute risk of minimum 5 percent of the underlying value – from the policyholder by agreeing to compensate the policyholder or other beneficiaries on the occurrence of a defined insured event. Investment contracts are financial instruments that do not meet the definition of an insurance contract, as they do not transfer significant insurance risk from the policyholder to the Group.

Insurance contracts

Insurance contracts are classified as short-term (non-life) or long-term (life). Short-term insurance comprise sickness, disability, health-care, and rehabilitation insurance. Long-term insurance comprises mainly traditional life insurance within the Danish subsidiary, SEB Pension. In the Group accounts short-term and long-term insurance are presented aggregated as Insurance contracts. Some 95 per cent of the insurance liability is related to long-term insurance contracts.

Measurement of short-term insurance contracts (non-life)

The provision for unearned premiums is intended to cover the anticipated cost of claims and operating expenses arising during the remaining policy period of the insurance contracts in force. The provision for unearned premiums is usually strictly proportional over the period of the insurance contracts. If premiums are judged to be insufficient to cover the anticipated cost for claims and operating expenses, the provision for unearned premiums is strengthened with a provision for unexpired risks.

For anticipated future claims that have been incurred but not yet paid, provision for claims outstanding is recognised. The provision is intended to cover the anticipated future payment of all claims incurred, including claims incurred but not reported (IBNR provisions). This provision should also cover all costs for claims settlement. The provision for claims outstanding is not discounted, with the exception of provisions for sickness annuities, which are discounted using standard actuarial methods.

Measurement of long-term insurance contracts (life)

For long-term life insurance contracts, a liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability equals the sum of the discounted value of expected benefit payments and future administration expenses, less any outstanding future contractual premium payments. Liabilities for long-term life insurance are discounted using standard actuarial methods.

Liability adequacy test

Swedish actuarial procedures involve performing liability adequacy tests on insurance liabilities. This is to ensure that the carrying amount of the liabilities is sufficient in the light of estimated future cash flows. The carrying amount of a liability is the value of the liability itself less any related intangible asset or asset for deferred acquisition costs. The current best estimates of future contractual cash flows, as well as claims handling and administration costs, are used in performing these liability adequacy tests. These cash flows are discounted and compared to the carrying amount of the liability. Any deficit is immediately recognised in profit or loss.

Revenue recognition

Premiums for insurance contracts are recognised as revenue when they are paid by the policyholders. For contracts where insurance risk premiums received during a period are intended to cover insurance claims arising in that period those premiums are recognised as revenue proportionally during the period of coverage.

Recognition of expenses

Costs for insurance contracts are recognised as an expense when incurred, with the exception of commissions and other variable acquisition costs that vary with and are directly related to securing new contracts and the renewal

of existing contracts. These costs are capitalised as deferred acquisition costs. These costs are mainly incremental acquisition costs paid to sales personnel, brokers and other distribution channels. Deferred acquisition costs are amortised as the related revenue is recognised. The asset is tested for impairment every accounting period, ensuring that the economic future benefits expected to arise from the contracts exceed its face amount. All other costs, such as non-incremental acquisition costs or maintenance costs, are recognised in the accounting period in which they arise. Insurance compensation is recorded as an expense when incurred.

Reinsurance

Contracts with re-insurers, whereby compensation for losses is received by the Group, are classified as ceded reinsurance. For ceded reinsurance, the benefits to which the Group is entitled under the terms of the reinsurance contract are reported as the re-insurers' share of insurance provisions. Amounts recoverable from re-insurers are measured consistently with the amounts associated with the reinsurance contracts and in accordance with the terms of each reinsurance contract.

Investment contracts

The majority of the Group's unit linked insurance is classified as investment contracts. No significant insurance risk is transferred from the policyholder to the Group. A minor part of the Group's unit linked insurance business, the portion referring to the Lithuanian insurance subsidiary, is classified as insurance contracts.

Measurement

Investment contracts are financial commitments whose fair value is dependent on the fair value of the underlying financial assets. The underlying assets and related liabilities are designated at fair value through profit or loss (fair value option). The choice to use the fair value option has been made for the purpose of eliminating the measurement inconsistency that would occur if different bases for measurement would have been used for assets and liabilities. The fair value of the unit linked financial liabilities is determined using the fair value of the financial assets linked to the financial liabilities attributed to the policyholder on the balance sheet date. However, if the liability is subject to a surrender option, the fair value of the financial liability is never less than the amount payable on surrender.

Revenue recognition

Amounts received from and paid to policyholders are reported in the balance sheet as deposits or withdrawals. Fees charged for managing investment contracts are recognised as revenue. The revenue for these management services is evenly distributed over the tenor of the contracts.

Recognition of expenses

Variable expenses directly attributable to securing a new investment contract are deferred. These costs are primarily variable acquisition costs paid to sales personnel, brokers and other distribution channels. Deferred acquisition costs are reported in profit or loss as the related revenue is recognised. The asset is tested for impairment during each accounting period to ensure that the future economic benefits expected to arise from the contract exceed the carrying amount of the asset. All other costs, such as fixed acquisition costs or ongoing administration costs, are recognised in the accounting period in which they arise.

CONTRACTS WITH DISCRETIONARY PARTICIPATION FEATURES (DPF)

Traditional saving contracts include a discretionary participation feature. This feature entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses. All contracts that include a discretionary participation feature are reported as insurance contracts. The amounts referring to the guaranteed element and to the discretionary participation feature are reported as liabilities to policyholders.

CHANGES IN IFRS IMPLEMENTED 2015

The following changes have been implemented during 2015:

IFRIC 21 Levies is an interpretation of *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* and clarifies when to recognise a liability to pay a levy imposed by governments. The impact from the interpretation on the financial statements of the Group or on capital adequacy and large exposures has not been material.

IAS 19 Employee Benefits has been amended regarding employee contributions in defined benefit plans. The amendment has not had an impact on the financial statements of the Group or on capital adequacy and large exposures.

Annual Improvements 2010–2012 and 2011–2013 Cycle – Annual Improvements are narrow scope amendments to several standards. The improvements have not had an impact on the financial statements of the Group or on capital adequacy and large exposures.

FUTURE ACCOUNTING DEVELOPMENTS

Consideration will be given in the future to the implications, if any, of the following new and revised standards and interpretations, if adopted by the EU. SEB has, at this stage, no intention to early adopt any of the new or amended standards.

IFRS 9 Financial Instruments – IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and was issued 2014. The standard includes requirements for recognition, classification and measurement, impairment, derecognition and general hedge accounting. IFRS 9 is mandatorily effective from 1 January 2018, with early adoption permitted. The standard has not been endorsed by the EU. New rules on the classification and measurement of financial assets reduce the number of valuation categories and instead focus on the bank's business model with respect to how its financial assets are used and whether contractual cash flows represent only nominal amounts and interest. Requirements for financial liabilities remain largely unchanged from IAS 39. IFRS 9 also introduces an expected credit loss model with a three-stage approach based on whether significant changes in credit risk have occurred. The assessment of credit risk, and the estimation of expected credit loss, are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. For general hedge accounting, IFRS 9 introduces a model based on the risk management activities. The impact on the Group's financial reports is being assessed by the Group and it is not practicable to provide a reasonable estimate of the effects of IFRS 9 until a detailed review is performed. However, our assessment is that the new requirements on expected credit loss, rather than incurred loss, may increase loan loss provisions, decrease equity and have a negative impact on capital adequacy at transition.

IFRS 15 Revenue from contracts with customers – replaces all present revenue standards and interpretations in IFRS including *IAS 11 Construction Contracts*, *IAS 18 Revenue* and related interpretations but does not apply to financial instruments, insurance contracts or leasing contracts. The standard introduces a five-step revenue recognition model. IFRS 15 should be applied from 1 January 2018, early adoption is permitted. SEB is currently evaluating the nature and impact of the change to the financial statements of the Group. No major impact is expected. IFRS 15 is not endorsed by the EU.

IFRS 16 Leases was published in January 2016 and supersedes IAS 17 *Leases* and related interpretations. The most significant effect of the new requirements is that a lessee will recognise a lease asset (right-of-use asset) and a financial liability, representing mainly the present value of leased premises, in the balance sheet. In the income statement the straight-line operating lease expense will be replaced by a depreciation charge for the lease asset and an interest expense on the financial liability. Currently the lessees' operating leases are not recorded in the balance sheet. SEB is currently evaluating the impact of the change to the financial statements of the Group. The Standard should be applied from 1 January 2019 and is not endorsed by EU.

IAS 27 Separate Financial Statements have been amended regarding the equity method in separate financial statements. *IFRS 11 Joint Arrangements* have been amended regarding accounting for Acquisitions of Interests in Joint

Operations. *IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets* have been clarified regarding acceptable methods of depreciation and amortisation. *IAS 1 Presentation of Financial Statements* has been amended with clarifications. The amendments, among other things, clarify materiality and disclosure requirements. *Annual Improvements 2012–2014 Cycle* has narrowly amended several standards. These amendments should be applied from 1 January 2016 and have been endorsed by EU. The changes will not have a material effect on the financial statements of the Group or on capital adequacy and large exposures.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and Joint Ventures together with *IFRS 12 Disclosure of Interests in Other Entities* have been amended with clarifications to the accounting for interests in investment entities and applying the consolidation exemption. *IFRS 14 Regulatory Deferral Accounts* has been published. These amendments and standards should be applied from 1 January 2016 and have not been endorsed by EU. The changes will not have a material effect on the financial statements of the Group or on capital adequacy and large exposures.

SIGNIFICANT ACCOUNTING POLICIES OF THE PARENT COMPANY

Skandinaviska Enskilda Banken (SEB) AB is a public limited liability company with corporate number 502032-9081 and with registered office in Stockholm, Sweden.

The financial statements of SEB AB are prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the regulation and general guidelines issued by the Swedish Financial Supervisory Authority, Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25) and statements from the Swedish Financial Reporting Board, RFR 2 and the additional UFR statements.

In accordance with the Financial Supervisory Authority's regulation, the parent company applies statutory IFRS. This means that the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the EU have been applied to the extent that is possible within the framework of Swedish legislation and considering the close tie between financial reporting and taxation. The accounting principles of the parent company differ, in certain aspects, from the accounting principles applied by the SEB Group. The essential differences are described below.

CHANGED ACCOUNTING POLICIES

The changed Group accounting policies also applies to the parent company. In all other material aspects the accounting policies, basis for preparation and presentation for the parent company are unchanged in comparison with the annual report for 2014.

PRESENTATION FORMAT

The presentation format for the balance sheet and the profit and loss account according to the Annual Accounts Act for Credit Institutions and Securities Companies is not in conformity with IFRS. Credit institutions and securities companies applying IFRS as adopted by the EU in their consolidated financial statements have the option to deviate from the presentation format for the balance sheet as stipulated by law, but may not deviate from the stipulated profit and loss account.

HOLDINGS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Shares and participating interests in subsidiaries and associated companies are measured at cost. Dividends on shares in subsidiaries and associated companies are recognised as income in profit or loss. Merger of subsidiaries through absorption are accounted for at consolidated values. The merger effect is reported in equity.

LEASING

Leasing contracts which are classified as finance leases in the consolidated accounts are accounted for as operating leases in the parent company.

PENSIONS

The parent company does not apply the provisions of IAS 19 concerning accounting for defined benefit plans. Instead, pension costs are calculated on an actuarial basis in the parent company in accordance with the provisions of the Act on Safeguarding Pension Obligations and the Swedish Financial Supervisory Authority's regulations. In Sweden, actuarial pension commitments are guaranteed by a pension foundation.

The recognised net cost of pensions is calculated as pensions paid and pension premiums less any compensation from the pension foundation. The net pension cost for the year is reported under Staff costs in the parent company's profit and loss account. Excess amounts as a result of the value of the plan assets exceeding the estimated pension obligations are not recognised as an asset in the parent company's balance sheet. Deficits are recognised as a liability.

GOODWILL AND OTHER INTANGIBLE ASSETS

In accordance with IAS 38, goodwill and other intangible assets with indefinite useful lives are not amortised in the consolidated financial statements. In the parent company financial statements goodwill is amortised as any other intangible asset on a straight line basis.

TAXES

In the parent company, untaxed reserves are recognised as a separate item in the balance sheet. Untaxed reserves comprise accelerated depreciation under tax regulations, including the deferred tax component. In the consolidated financial statements, untaxed reserves are reported in retained earnings and deferred tax liability.

GROUP CONTRIBUTIONS

The net of Group contributions received and paid is reported in the parent company as appropriations.

CRITICAL JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

Applying the Group's accounting policies requires in some cases the use of estimates and assumptions that have a material impact on the amounts reported in the financial statements. The estimates are based on expert judgements and assumptions that management believes are true and fair. The management continuously evaluates these judgements and estimates. The most significant assumptions and estimates are associated with the areas described below:

CONSOLIDATION OF MUTUAL LIFE INSURANCE COMPANIES AND FUNDS

Within the life insurance operations of the SEB Group Gamla Livförsäkrings AB SEB Trygg Liv operates as a mutual life insurance company. The entity is not consolidated, as the judgement of the Group is that it does not have control of the entity. Control is seen to imply the power to govern the financial and operating policies of an entity in order to affect the amount of its returns from the entity. Life insurance entities operated as mutual life insurance companies cannot pay dividends which is why the Group deems that it cannot obtain benefits. In Gamla Livförsäkrings AB SEB Trygg Liv there are specific policies specifying the composition of the board, which implies that the SEB Group is not able to govern the financial and operating policies of the entity.

In the assessment whether to consolidate funds an assessment is made whether the Group is considered to be an agent or a principal. The Group is considered a principal and hence, controls the fund, when it is the fund manager, cannot be removed without cause, has significant right to returns from the fund by holding units and earning fee income and has the practical ability to influence its return by using its power. Funds managed by the Group in which entities within the Group owns more than 20 per cent are analysed further for consolidation.

The policyholders in SEB's unit-linked company choose to invest in a variety of funds. The insurance company providing unit-linked products invests in the

funds chosen by the customers. By doing so SEB might, in some cases, hold more than 50 per cent of the funds, which it holds on behalf of the customers for whom it acts as investment manager. Due to the legislation regarding fund operations, SEB considers that it does not have the power to govern the financial and operating policies of such investment funds to obtain benefits. This applies irrespective of whether the funds held on behalf of customers are greater or less than 50 per cent of a fund. It is the policyholders who carry the investment risk, not SEB. Consequently, the policyholders are entitled to all of the returns generated by the funds. SEB only charges fees, on market conditions, for managing the funds. SEB has come to the conclusion that these funds which it manages should not be consolidated. However, the shares that the Group holds in such funds on behalf of its customers are recognised in the balance sheet.

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The objective of the fair value measurement is to arrive at the price at which an orderly transaction would take place between market participants at the measurement date under current market conditions. The best evidence of fair value is a quoted price for the instrument being measured in an actively traded market. Where the market for a financial instrument is not active, fair value is calculated using an established valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data. When valuing financial liabilities at fair value own credit standing is reflected. Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from the assumptions used.

For some of the Group's financial assets and liabilities, especially for certain derivatives, quoted prices are not available, and valuation models are used to estimate fair value. As part of the fair value measurement, valuation adjustments are made when valuing derivative financial instruments, to incorporate counterparty and own credit risk. The methodologies for estimating valuation adjustments are continuously revised as a result of changing market practices in response to regulatory and accounting policy changes, as well as general market developments.

The Group has an established control environment for the determination of fair values of financial instruments that includes a review, independently from the business, of valuation models and prices. If the validation principles are not adhered to, the Head of Group Finance shall be informed. Exceptions with material and principal importance require approval from the GRMC (Group Risk Measurement Committee) and the ASC (Accounting Standards Committee).

For disclosure purposes, fair values are classified in a fair value hierarchy according to the level of observability of the inputs, see note 21 Fair value measurement.

IMPAIRMENT TESTING OF FINANCIAL ASSETS AND GOODWILL

Financial assets

When calculating loan impairment allowances on both individually assessed and collectively assessed loans critical judgements and estimates are applied. Assessing financial assets individually for impairment requires judgement to establish the counterparty's repayment capacity and the realisable value of any collateral. The most important aspect when testing a group of financial assets collectively for impairment is to identify the events that indicate incurred losses. In assessing collective impairment the Group uses statistical models based on the probability of default and the amount of loss incurred, considering collaterals and recovery rates. The outcome is adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by the models. Default rates and loss rates are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Adjusting models for collective impairment testing to current market situation also require a high degree of expert judgement to ensure a reliable estimate. The assessment and assumptions are regularly reviewed by the credit organisation of the Group.

Goodwill

Judgement is involved in determining the cash generating units. The annual impairment test of goodwill is based on the value in use with forecasted cash flows for five years. The cash flows beyond five years are determined based on historical performance and market trends for key assumptions such as growth, revenue and costs for cash generating units to which goodwill is allocated.

The estimation of future cash flows and the calculation of the rate used to discount those cash flows involves a number of judgmental areas: the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting, the assessment of the discount rate appropriate to the business, estimation of the fair value of cash generating units, and the valuation of the separable assets of each business whose goodwill is being reviewed.

CALCULATION OF INSURANCE LIABILITIES

Calculation of the Group's insurance liabilities is based on a number of estimations and assumptions, both financial and actuarial, such as interest rates, mortality, health, expenses, inflation and taxes. One of the important financial assumptions is the interest rate used for discounting future cash flows. Assumption on interest rates is based on regulations from each local Financial Supervisory Authority (FSA). All other assumptions are based on internally acquired experience.

FAIR VALUE OF INVESTMENT PROPERTY

Investment properties in the insurance operations are fair valued with the assistance of external expertise. The valuation method applied means that the related expected cash flows are discounted to present value. The assumptions concerning expected cash flows are based on assumptions on future rents, vacancy levels, operating and maintenance costs, yield requirement and market interest. Assumptions are in line with the assessments that the market can be expected to make under current market conditions. The yield requirement is based on local analysis of comparable property purchases.

VALUATION OF DEFERRED TAX ASSETS

Deferred tax assets that are relying on future profitability can be recognised only to the extent they can be offset against future taxable income and the valuation of deferred tax assets is influenced by management's assessment of SEB's future profitability, future taxable profits and future reversals of existing taxable temporary differences. The expected outcome of uncertain tax positions is determined as the single most likely outcome.

PROVISIONS

Judgement is involved in determining whether a present obligation exists, and in estimating the probability, timing and amount of any outflows. Provisions for claims in civil lawsuits and regulatory matters typically require a higher degree of judgement than other types of provisions.

ACTUARIAL CALCULATIONS OF DEFINED BENEFIT PLANS

The calculation of the Group's expense and obligations for defined benefit plans is based on actuarial, demographic and financial assumptions that have a significant impact on the recognised amounts. One of the important financial assumptions is the interest rate used for discounting future cash flows. The estimation of the discount rate is subject to uncertainty around whether corporate bond markets are deep enough, of high quality and also in connection to the extrapolation of yield curves to relevant maturities. The discount rate is based on high quality corporate bonds in a deep market, in Sweden covered bonds. The covered bonds in Sweden are at least AA-rated and the maturity is in line with the estimated maturity of obligations for post benefit employment. The discount rate for the defined benefit obligation is revised quarterly and other assumptions are revised each year or when a significant change has occurred.

Note 9b describing staff costs contain a list of the most critical assumptions used when calculating the defined benefit obligation.

2 OPERATING SEGMENTS

Group business segments

Income statement, 2015	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other ¹⁾	Eliminations	Total
Interest income	14,529	9,200	844		2,596	22,448	-11,891	37,726
Interest expense	-6,530	-1,451	-286	-41	-591	-21,751	11,862	-18,788
Net interest income	7,999	7,749	558	-41	2,005	697	-29	18,938
Fee and commission income	9,140	5,926	8,166		1,644	131	-2,667	22,340
Fee and commission expense	-3,249	-1,502	-3,926		-529	-84	3,827	-5,463
Net fee and commission income	5,891	4,424	4,240		1,115	47	1,160	16,877
Net financial income	3,962	341	197		241	-623		4,118
Net life insurance income				4,986			-1,686	3,300
Net other income	515	42	46		29	296	-13	915
Total operating income	18,367	12,556	5,041	4,945	3,390	417	-568	44,148
of which internally generated	503	6,102	-2,519	1,840	-76	-5,282	-568	
Staff costs	-3,715	-2,775	-1,245	-1,212	-729	-4,810	50	-14,436
Other expenses	-4,787	-2,995	-1,265	-514	-967	4,251	518	-5,759
Depreciation, amortisation and impairment of tangible and intangible assets	-108	-67	-85	-1,021	-69	-642		-1,992
Total operating expenses	-8,610	-5,837	-2,595	-2,747	-1,765	-1,201	568	-22,187
Gains less losses on disposals of tangible and intangible assets	1				-216	2		-213
Net credit losses	-299	-459			-128	3		-883
OPERATING PROFIT	9,459	6,260	2,446	2,198	1,281	-779		20,865
Business equity, SEK bn	60.9	34.4	9.5	8.4	7.9			
Return on business equity, %	12.0	14.0	19.8	22.7	14.4			
Risk exposure amount, SEK bn	350	93	19		64	45		571
Lending to the public ²⁾ , SEK bn	501	629	41		104	1		1,276
Deposits from the public ²⁾ , SEK bn	357	263	83		94	80		877
2014								
Interest income	20,766	11,232	1,175		2,872	39,387	-31,875	43,557
Interest expense	-12,451	-3,091	-490	-46	-669	-38,721	31,854	-23,614
Net interest income	8,315	8,141	685	-46	2,203	666	-21	19,943
Fee and commission income	8,352	6,290	7,414		1,543	134	-2,315	21,418
Fee and commission expense	-2,183	-2,058	-3,530		-478	-138	3,275	-5,112
Net fee and commission income	6,169	4,232	3,884		1,065	-4	960	16,306
Net financial income	2,817	318	152		295	-661		2,921
Net life insurance income				4,833			-1,488	3,345
Net other income	808	121	193		-32	3,351	-20	4,421
Total operating income	18,109	12,812	4,914	4,787	3,531	3,352	-569	46,936
of which internally generated	-1,716	6,068	-1,864	1,614	-140	-3,393	-569	
Staff costs	-3,654	-2,701	-1,216	-1,225	-704	-4,312	52	-13,760
Other expenses	-4,624	-2,943	-1,382	-508	-965	3,595	517	-6,310
Depreciation, amortisation and impairment of tangible and intangible assets	-126	-63	-39	-988	-93	-764		-2,073
Total operating expenses	-8,404	-5,707	-2,637	-2,721	-1,762	-1,481	569	-22,143
Gains less losses on disposals of tangible and intangible assets	-13				-107	-1		-121
Net credit losses	-604	-483	-19		-217	-1		-1,324
OPERATING PROFIT	9,088	6,622	2,258	2,066	1,445	1,869		23,348
Business equity, SEK bn	52.3	24.6	8.6	8.2	8.9			
Return on business equity, %	13.4	20.7	20.3	21.9	14.5			
Risk exposure amount, SEK bn	383	92	23		70	49		617
Lending to the public ²⁾ , SEK bn	500	606	41		105	6		1,258
Deposits from the public ²⁾ , SEK bn	395	241	77		92	132		937

1) Profit and loss from associated companies accounted for under the equity method are recognised in Net other income at an amount of SEK 68m (23). The aggregated investments are SEK 223m (202).

2) Excluding repos and debt securities.

Balance sheet, 2015

Assets	1,216,889	662,993	121,327	436,480	132,615	1,017,312	-1,091,652	2,495,964
Liabilities	1,145,568	622,277	110,553	426,003	124,790	1,015,627	-1,091,652	2,353,166
Investments	139	28	10	1,356	103	804		2,440

2014

Assets	1,348,379	632,540	119,395	424,276	137,281	1,255,290	-1,275,915	2,641,246
Liabilities	1,287,676	600,406	108,867	413,897	128,764	1,242,975	-1,275,915	2,506,670
Investments	440	7	21	1,108	417	398		2,391

Note 2 ctd. Operating segments

Group by geography

	2015					2014				
	Gross income ¹⁾	Operating profit ²⁾	Income tax expense ³⁾	Assets	Investments	Gross income ¹⁾	Operating profit ²⁾	Income tax expense ³⁾	Assets	Investments
Sweden	44,314	11,682	-2,344	1,967,473	1,415	51,324	12,934	-2,096	2,072,406	1,271
Norway	5,531	2,126	-539	100,024	79	6,348	2,733	-574	144,345	53
Denmark	3,309	1,423	-477	342,779	382	4,097	1,711	-360	401,278	133
Finland	2,335	1,081	-221	73,695	6	2,455	1,100	-232	53,114	150
Estonia ⁴⁾	1,531	727	-20	43,702	52	1,502	687	44,986	74	
Latvia	1,194	256	-45	32,116	56	1,236	212	-33	34,005	154
Lithuania	2,067	495	-95	62,406	92	2,279	772	-200	63,984	244
Germany ⁴⁾⁽⁶⁾	4,345	1,255	-112	44,095	6	6,941	1,568	-258	70,870	24
Poland	164	24	-17	4,899	1	157	41	-11	4,784	2
Ukraine	68	13	-6	311		60	3		681	
China	435	149	-28	11,693		368	107	-29	11,631	
Great Britain	1,748	714	-156	56,936	103	1,483	480	-107	49,903	1
Ireland	583	185	-22	60,325	183	493	150	-22	57,835	268
Luxembourg	3,319	369	-81	27,949	5	2,591	431	-96	32,494	9
Russia	304	12	-15	2,856	2	223	3	-10	2,185	2
Singapore	585	131	-25	19,213		494	126	-21	23,977	2
United States	1,093	319	-107	83,959		879	184	-104	93,940	4
Other countries ⁵⁾⁽⁶⁾	2,995	-96	26	208,290	58	863	106	24	302,575	44
Group eliminations	-7,521			-646,757		-8,131			-823,747	
TOTAL	68,399	20,865	-4,284	2,495,964	2,440	75,662	23,348	-4,129	2,641,246	2,391

- 1) Gross income in the Group is defined as the sum of Interest income, Fee and commission income, Net financial income, Net life insurance income and Net other income according to IFRS. The basis for the income allocation is SEB's presence in each country. With the exception of when the local companies / branches serve as sales offices and receive commission payments and the transaction is booked in the central unit.
- 2) Before tax.
- 3) For more information about tax see note 15, 30 and 33.
- 4) Excluding treasury operations.
- 5) Cayman Island, Hong Kong, Netherlands, Switzerland and treasury operations in Germany.
- 6) In Estonia no income tax is paid unless profit is distributed as dividend. In Germany tax losses carry forward, not previously recognised, have been utilized both in 2014 and 2015.
On Cayman Island the parent is represented by a branch office and therefore tax is payable in Sweden.

Parent company business segments

2015	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other	Eliminations	Total
Gross income ¹⁾	24,286	11,393	5,647	182	14	19,678	-818	60,382
Assets	1,174,266	611,102	90,384	126	1,319	1,538,058	-1,548,650	1,866,605
Investments	131	27	2			661		821
TOTAL								
Gross income ¹⁾	29,130	14,746	5,496	157	25	42,239	-33,263	58,530
Assets	1,286,200	587,214	72,599	81	2,318	1,875,249	-1,837,519	1,986,142
Investments	231	6				267		504

Parent company by geography

	2015			2014		
	Gross Income ¹⁾	Assets	Investments	Gross Income ¹⁾	Assets	Investments
Sweden	50,160	1,575,142	634	48,289	1,645,218	485
Norway	3,226	66,763	79	3,386	93,410	2
Denmark	1,586	106,365		2,121	135,310	1
Finland	1,301	26,714	4	1,322	13,689	8
Other countries	4,109	91,621	104	3,412	98,515	8
TOTAL	60,382	1,866,605	821	58,530	1,986,142	504

- 1) Gross income in the parent company is defined as the sum of Interest income, Leasing income, Dividends, Fee and commission income, Net Financial income and Other income according to SFSA accounting regulations. The basis for the income allocation is SEB's presence in each country. With the exception of when the local companies / branches serve as sales offices and receive commission payments and the transaction is booked in the central unit.

Business segment

The Business segments are presented on a management reporting basis. The different divisions assist different groups of customers. The customers' demands decide the type of products that are offered. Merchant Banking offers wholesale and investment banking services to large corporations and institutions. Retail Banking offers products mainly to retail customers (private customers and small and medium-sized corporates). Wealth Management performs asset management and private banking activities and Life offers life, care and pension insurance. Division Baltic offers products mainly to retail customers (private customers and small and medium-sized corporates) and private banking services

in the Baltic countries. Other consists of business support units, treasury and staff units. Eliminations of internal transactions between the business segments are reported separately.

Transfer pricing

The internal transfer pricing objective in the SEB Group is to measure net interest income, to transfer interest rate risk and liquidity and to manage liquidity. The internal price is based on SEB's actual or implied market-based cost of funds for a specific interest and liquidity term. Transactions between Business segments are conducted at arm's length.

Note 2 ctd. Operating segments

Gross income by product for external customers

	Group		Parent company	
	2015	2014	2015	2014
Core banking	36,072	42,134	24,189	32,124
Capital market	11,736	17,760	8,903	12,492
Asset management	8,777	7,984	2,579	2,517
Life insurance and pension	3,300	3,345		
Other	8,514	4,439	24,711	11,397
TOTAL	68,399	75,662	60,382	58,530

Core banking consists of loan, leasing, card and payment related products. Capital market consists of trading and issues on financial markets. Asset management consists of advisory, custody and fund management. Life insurance

and pension consists of unit linked and traditional life insurance products. Other consist of income from treasury operations and other activities.

3 NET INTEREST INCOME

2015	Group			Parent company		
	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	402,886	1,285	0,32%	608,397	1,558	0,26%
Loans to the public	1,376,765	26,808	1,95%	1,022,141	19,563	1,91%
Interest earning securities ¹⁾	282,174	2,927	1,04%	174,146	2,417	1,39%
Total interest earnings assets	2,061,825	31,020	1,50%	1,804,684	23,538	1,30%
Derivatives and other assets	853,535	6,706		538,283	6,554	
Total assets	2,915,360	37,726		2,342,967	30,092	
Deposits from credit institutions	184,494	-395	-0,21%	285,388	-728	-0,26%
Deposits and borrowing from the public	1,082,106	-4,219	-0,39%	922,888	-1,932	-0,21%
Debt securities issued ²⁾	736,754	-11,633	-1,58%	507,781	-11,367	-2,24%
Subordinated liabilities	34,417	-1,556	-4,52%	4,802	-1,556	-32,40%
Total interest bearing liabilities	2,037,771	-17,803	-0,87%	1,720,859	-15,583	-0,91%
Derivatives and other liabilities	742,117	-985		532,435	-460	
Equity	135,472			89,673		
Total liabilities and equity	2,915,360	-18,788		2,342,967	-16,043	
Net interest income		18,938			14,049	
Net yield on interest earning assets			0,92%			0,78%
1) of which, measured at fair value		2,442			2,346	
2) of which, measured at fair value		-569			-406	

2014³⁾

2014 ³⁾	Group			Parent company		
	Average balance	Interest	Interest rate	Average balance	Interest	Interest rate
Loans to credit institutions and central banks	355,741	1,478	0,42%	417,332	1,984	0,48%
Loans to the public	1,335,160	32,331	2,42%	990,042	24,166	2,44%
Interest earning securities ¹⁾	289,943	4,565	1,57%	247,896	3,611	1,46%
Total interest earnings assets	1,980,844	38,374	1,94%	1,655,270	29,761	1,80%
Derivatives and other assets	735,636	5,183		480,139	5,027	
Total assets	2,716,480	43,557		2,135,409	34,788	
Deposits from credit institutions	192,095	-870	-0,45%	258,462	-1,375	-0,53%
Deposits and borrowing from the public	966,529	-6,055	-0,63%	731,329	-3,339	-0,46%
Debt securities issued ²⁾	780,108	-12,966	-1,66%	705,206	-12,296	-1,74%
Subordinated liabilities	28,611	-1,553	-5,43%	28,003	-1,550	-5,54%
Total interest bearing liabilities	1,967,343	-21,444	-1,09%	1,723,000	-18,560	-1,08%
Derivatives and other liabilities	623,046	-2,170		328,195	-1,887	
Equity	126,091			84,214		
Total liabilities and equity	2,716,480	-23,614		2,135,409	-20,447	
Net interest income		19,943			14,341	
Net yield on interest earning assets			1,01%			0,87%
1) of which, measured at fair value		3,891			3,530	
2) of which, measured at fair value		-912			-412	

3) An adjustment has been made in the presentation of finance lease agreements within Net interest income. The comparative information have been restated.

In the table above Loans and Deposits are presented excluding debt securities. This is different from the Income statement and Balance sheet in which the classification is done based on accounting category.

Note 3 ctd. Net interest income

Net interest income

	Parent company	
	2015	2014
Interest income	30,092	34,788
Income from leases ¹⁾	5,439	5,442
Interest expense	-16,043	-20,447
Depreciation of leased equipment ¹⁾	-4,598	-4,413
TOTAL	14,890	15,370

1) In the Group Net income from leases is classified as interest income. In the parent company depreciation of leased equipment is reported as Depreciation, amortisation and impairment of tangible and intangible assets.

4 NET FEE AND COMMISSION INCOME

	Group		Parent company	
	2015	2014	2015	2014
Issue of securities	602	658	1,020	1,177
Secondary market	2,817	2,058	2,025	834
Custody and mutual funds	8,500	7,573	3,923	3,505
Securities commissions	11,919	10,289	6,968	5,516
Payments	1,634	1,626	1,270	1,208
Card fees	3,887	4,421	266	231
Payment commissions	5,521	6,047	1,536	1,439
Advisory	232	342	213	320
Lending	2,445	2,785	2,042	2,333
Deposits	172	150	64	64
Guarantees	529	505	367	344
Derivatives	380	381	377	377
Other	1,142	919	691	697
Other commissions	4,900	5,082	3,754	4,135
Fee and commission income	22,340	21,418	12,258	11,090
Securities commissions	-2,620	-1,744	-1,519	-415
Payment commissions	-2,086	-2,631	-542	-519
Other commissions	-757	-737	-997	-921
Fee and commission expense	-5,463	-5,112	-3,058	-1,855
Securities commissions, net	9,299	8,545	5,449	5,101
Payment commissions, net	3,435	3,416	994	920
Other commissions, net	4,143	4,345	2,757	3,214
TOTAL	16,877	16,306	9,200	9,235

5 NET FINANCIAL INCOME

	Group		Parent company	
	2015	2014	2015	2014
Gains (losses) on financial assets and liabilities held for trading, net	3,939	4,845	3,167	3,874
Gains (losses) on financial assets and liabilities designated at fair value through profit and loss, net	179	-1,924	261	-1,753
TOTAL	4,118	2,921	3,428	2,121

Gains (losses) on financial assets and liabilities held for trading, net

Equity instruments and related derivatives	-29	1,999	-223	1,822
Debt securities and related derivatives	-3	-436	-27	-368
Currency related	3,831	3,091	3,263	2,577
Other	140	191	154	-157
TOTAL	3,939	4,845	3,167	3,874

Gains (losses) on financial assets and liabilities held for trading is presented on different rows based on type of underlying financial instrument. Changes in the treasury result are due to changes in interest rates and spreads. The net effect from trading operations is fairly stable over time, but shows volatility between lines. There were effects from structured products offered to the

public in the amounts of approximately SEK 215m (1,350) in equity related derivatives and credit related derivatives (within Other financial instruments) SEK 75m (485) and a corresponding effect in Debt securities of SEK -255m (-1,880).

Note 5 ctd. Net financial income

Gains (losses) on financial assets and liabilities designated at fair value through profit and loss, net

	Group		Parent company	
	2015	2014	2015	2014
Equity instruments and related derivatives	-111	-100		
Debt securities and related derivatives	290	-1,824	261	-1,753
TOTAL	179	-1,924	261	-1,753

Valuation changes arising from counterparty risk and own credit standing

Derivatives – counterparty risk	60	-62	101	-194
Derivatives – own credit standing	129	-205	101	-74
Issued securities designated at fair value through profit or loss – own credit standing	414	-35	371	-24
TOTAL	603	-302	573	-292

6 NET LIFE INSURANCE INCOME

	Group	
	2015	2014
Premium income, net	7,244	7,628
Income investment contracts	1,686	1,494
Investment income net	1,955	9,636
Other insurance income	473	460
Net insurance expenses	-8,058	-15,873
TOTAL	3,300	3,345

Investment income, net

Direct yield ¹⁾	4,054	5,009
Change in value on investments at fair value, net	-3,764	4,294
Foreign exchange gain/loss, net	1,970	1,773
	2,260	11,076
Expenses for asset management services	-217	-148
Policyholders tax	-88	-1,292
TOTAL	1,955	9,636

1) Net interest income, dividends received and operating surplus from properties.

Net insurance expenses

Claims paid, net	-11,228	-8,510
Change in insurance contract provisions	3,170	-7,363
TOTAL	-8,058	-15,873

7 NET OTHER INCOME

	Group		Parent company	
	2015	2014	2015	2014
Dividends	169	78	8,028	3,375
Investments in associates	68	23		
Gains less losses from investment securities	862	2,882	361	765
Gains less losses from tangible assets ¹⁾			28	38
Gains less losses from divestment of shares in subsidiaries ²⁾	-309	1,661		
Other income	125	-223	748	911
TOTAL	915	4,421	1,137	1,714

1) See note 12 for the Group.

2) Includes the sale of SEB Asset Management AG 2015 and Euroline AB 2014.

Dividends

Available-for-sale investments	169	78	56	55
Investments in associates			8	16
Dividends from subsidiaries			7,964	3,304
TOTAL	169	78	8,028	3,375

Note 7 ctd. Net other income

Gains less losses from investment securities

	Group		Parent company	
	2015	2014	2015	2014
Available-for-sale financial assets – Equity instruments ¹⁾	530	2,266	448	771
Available-for-sale financial assets – Debt securities	653	899		
Gains	1,183	3,165	448	771
Available-for-sale financial assets – Equity instruments	-13	-174		
Available-for-sale financial assets – Debt securities	-140	-67		
Loans	-168	-42	-87	-6
Losses	-321	-283	-87	-6
TOTAL	862	2,882	361	765

1) Including divestment in Group 2014 of shares in Mastercard Inc. 1,321m.

Other income

Fair value adjustment in hedge accounting	-211	-455	-346	-646
Operating result from non-life insurance, run off	69	70	1,094	1,557
Other income	267	162		
TOTAL	125	-223	748	911

Fair value adjustment in hedge accounting

Fair value changes of the hedged items attributable to the hedged risk	-31	-18	1,870	-5,691
Fair value changes of the hedging derivatives	-335	-583	-2,227	5,036
Fair value hedges	-366	-601	-357	-655
Fair value changes of the hedging derivatives	11	9	11	9
Cash-flow hedges – ineffectiveness	11	9	11	9
Fair value changes of the hedged items	223	-653	-50	
Fair value changes of the hedging derivatives	-79	790	50	
Fair value portfolio hedge of interest rate risk – ineffectiveness	144	137		
TOTAL	-211	-455	-346	-646

Fair value hedges and portfolio hedges

The Group hedges a proportion of its existing interest rate risk in financial assets, payments and financial liabilities with fixed interest rates against changes in fair value due to changes in the interest rates. For this purpose the Group uses interest rate swaps, cross-currency interest rate swaps and in some situations also options. The hedges are done either item by item or grouped by maturity.

Cash flow hedges

The Group uses interest rate swaps to hedge future cash flows from deposits and lending with floating interest rates. Interest flows from deposits and lending

with floating interest rates are expected to be amortised to profit or loss during the period 2016 to 2037.

Net investment hedges

The Group hedges the currency translation risk of net investments in foreign operations through currency borrowings and currency forwards. Borrowing in foreign currency at an amount of SEK 38,839m (40,238) and currency forwards at an amount of SEK 3,043m (2,884) were designated as hedges of net investments in foreign operations. Ineffectiveness in the hedges has been recognised with SEK -3m (-10) reported in Net financial income (note 5).

8 ADMINISTRATIVE EXPENSES

	Group		Parent company	
	2015	2014	2015	2014
Staff costs	-14,436	-13,760	-8,999	-9,174
Other expenses	-5,759	-6,310	-4,459	-4,735
TOTAL	-20,195	-20,070	-13,458	-13,909

9 STAFF COSTS

	Group		Parent company	
	2015	2014	2015	2014
Base salary	-8,368	-8,278	-5,544	-5,451
Cash-based variable compensation	-660	-780	-324	-586
Long-term equity-based compensation	-662	-373	-342	-296
Salaries and other compensations	-9,690	-9,431	-6,210	-6,333
Social charges	-2,546	-2,571	-1,768	-1,881
Defined benefit retirement plans ¹⁾	-606	-261		
Defined contribution retirement plans ¹⁾	-766	-753	-525	-541
Benefits and redundancies ²⁾	-321	-234	-160	-75
Education and other staff related costs	-507	-510	-336	-344
TOTAL	-14,436	-13,760	-8,999	-9,174

1) Pension costs in the Group are accounted according to IAS 19 Employee benefits. Pension costs in Skandinaviska Enskilda Banken are calculated in accordance with the Act on Safeguarding Pensions Obligations and the Swedish Financial Supervisory Authority's regulations. Non-recurring costs of SEK 169m (168) for early retirement have been charged to the pension funds of the Bank.

2) Includes costs for redundancies with SEK 211m (138) for the Group and SEK 112m (42) for the parent company.

9 a REMUNERATION

Presented in note 9a is the statement of remuneration for the Consolidated situation and significant units within the Group according to Regulation on prudential requirements for credit institutions and investment firms. In the SEB Group

1,193 (1,201) positions are defined as Identified Staff. SEB has chosen to include the remuneration also in the insurance operations that is not part of the Financial group of undertakings but part of the SEB Group.

Remuneration by division

2015	Group				Parent company			
	Fixed ¹⁾		Variable ¹⁾		Fixed ¹⁾		Variable ¹⁾	
	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Merchant Banking	-2,673	2,212	-546	2,075	-1,914	1,709	-392	1,572
Retail Banking	-2,011	3,304	-124	3,207	-1,291	2,681	-95	2,579
Wealth Management	-880	842	-138	800	-410	474	-17	456
Life	-914	1,285	-40	1,227				
Baltic	-498	2,678	-49	2,599				
Other ²⁾	-3,086	5,284	-425	4,768	-2,613	3,947	-162	3,677
TOTAL	-10,062	15,605	-1,322	14,676	-6,228	8,811	-666	8,284
whereof collective variable pay ³⁾								
			-599	14,676				
2014								
Merchant Banking	-2,450	2,212	-555	1,938	-1,814	1,690	-513	1,445
Retail Banking	-1,930	3,370	-110	3,370	-1,278	2,711	-87	2,711
Wealth Management	-825	882	-141	810	-410	481	-94	440
Life	-915	1,309	-35	1,276				
Baltic	-489	2,783	-35	2,770				
Other ²⁾	-2,917	5,158	-277	4,711	-2,565	3,818	-188	3,614
TOTAL	-9,526	15,714	-1,153	14,875	-6,067	8,700	-882	8,210
whereof collective variable pay ³⁾								
			-466	14,875				

2015	SEB AG, Germany				SEB Pank AS, Estonia			
	Fixed		Variable ¹⁾		Fixed		Variable ¹⁾	
	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Merchant Banking	-462	381	-43	355				
Wealth Management	-84	84	-16	78				
Baltic					-148	767	-15	758
Other	-282	287	-16	237	-76	305	-8	290
TOTAL	-828	752	-75	670	-224	1,072	-23	1,048
2014								
Merchant Banking	-412	398	-36	366				
Wealth Management	-124	125	-16	111				
Baltic					-141	780	-11	774
Other	-291	297	-9	265	-70	301	-6	285
TOTAL	-827	820	-61	742	-211	1,081	-17	1,059

NOTES TO THE FINANCIAL STATEMENTS

Note 9 a ctd. Remuneration by division

2015	SEB Banka AS, Latvia				SEB bankas AB, Lithuania			
	Fixed		Variable ¹⁾		Fixed		Variable ¹⁾	
	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Baltic	-119	704	-11	690	-194	1,154	-16	1,142
Other	-50	258	-5	240	-75	365	-9	343
TOTAL	-169	962	-16	930	-269	1,519	-25	1,485

2014	SEB Banka AS, Latvia				SEB bankas AB, Lithuania			
	Fixed		Variable ¹⁾		Fixed		Variable ¹⁾	
	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs	Remuneration	FTEs
Baltic	-129	782	-9	772	-183	1,166	-14	1,154
Other	-47	261	-3	245	-70	364	-3	349
TOTAL	-176	1,043	-12	1,017	-253	1,530	-17	1,503

1) Variable pay is defined as short-term cash-based remuneration and long-term equity based remuneration. All other remuneration is reported as fixed remuneration and includes: base pay, pensions, severance pay, fees and benefits as e.g. company car and domestic services, in accordance with FFFS 2011:1. The reported remuneration does not include social charges.

2) Including Life and Baltic in the parent company.

3) Share Savings Programme and collective short-term and long-term remuneration. Collective short term and long term remuneration compared to expected outcome is reported in Other.

Remuneration by category

2015	Group						Parent company					
	Remuneration			FTEs			Remuneration			FTEs		
	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total
Fixed remuneration ¹⁾	-1,263	-8,799	-10,062	1,063	14,542	15,605	-994	-5,234	-6,228	808	8,003	8,811
Variable pay ¹⁾ whereof:	-376	-946	-1,322	616	14,060	14,676	-313	-353	-666	481	7,803	8,284
Short-term cash-based	-166	-494	-660				-131	-193	-324			
Long-term equity-based ²⁾	-210	-452	-662				-182	-160	-342			
Deferred variable pay ³⁾	-225	-452	-677				-182	-160	-342			
Accrued and paid remuneration ⁴⁾	-1,711	-9,745	-11,456				-1,366	-5,586	-6,952			
Severance pay ⁵⁾			-215						-117			146
Agreed not yet paid severance pay			-146							-80		106
Highest single amount			-5							-5		

2014

Fixed remuneration ¹⁾	-1,222	-8,304	-9,526	1,038	14,676	15,714	-885	-5,182	-6,067	776	7,924	8,700
Variable pay ¹⁾ whereof:	-371	-782	-1,153	620	14,255	14,875	-294	-588	-882	474	7,736	8,210
Short-term cash-based	-152	-628	-780				-131	-455	-586			
Long-term equity-based ²⁾	-219	-154	-373				-163	-133	-296			
Deferred variable pay ³⁾	-205	-171	-376				-167	-133	-300			
Accrued and paid remuneration ⁴⁾	-1,696	-9,103	-10,799				-1,282	-5,770	-7,052			89
Severance pay ⁵⁾			-141						-44			
Agreed not yet paid severance pay			-354						-30			38
Highest single amount			-8						-6			

2015	SEB AG, Germany						SEB Pank AS, Estonia					
	Remuneration			FTEs			Remuneration			FTEs		
	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total
Fixed remuneration ¹⁾	-121	-707	-828	100	652	752	-13	-211	-224	19	1,053	1,072
Variable pay ¹⁾ whereof:	-21	-54	-75	51	619	670	-1	-22	-23	7	1,041	1,048
Short-term cash-based	-11	-38	-49						-13			-13
Long-term equity-based ²⁾	-10	-16	-26				-1	-9	-10			-7
Deferred variable pay ³⁾	-10	-16	-26				-1	-9	-10			-7
Accrued and paid remuneration ⁴⁾	-146	-761	-907				-14	-233	-247			31
Severance pay ⁵⁾			-42						-1			
Highest single amount			-42						-1			

2014

Fixed remuneration ¹⁾	-117	-710	-827	107	713	820	-13	-198	-211	19	1,062	1,081
Variable pay ¹⁾ whereof:	-26	-35	-61	53	689	742	-2	-15	-17	9	1,050	1,059
Short-term cash-based	-13	-31	-44						-10			-10
Long-term equity-based ²⁾	-13	-4	-17				-2	-5	-7			-7
Deferred variable pay ³⁾	-13	-4	-17				-2	-5	-7			-7
Accrued and paid remuneration ⁴⁾	-150	-745	-895				-15	-213	-228			30
Severance pay ⁵⁾			-49						-1			
Highest single amount			-49						-1			

NOTES TO THE FINANCIAL STATEMENTS

Note 9 a ctd. Remuneration by category

2015	SEB Banka AS, Latvia						SEB bankas AB, Lithuania					
	Remuneration			FTEs			Remuneration			FTEs		
	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total	Identified Staff ⁶⁾	Other employees	Total
Fixed remuneration ¹⁾	-13	-156	-169	29	933	962	-18	-251	-269	26	1,493	1,519
Variable pay ¹⁾	-1	-15	-16	10	920	930	-2	-23	-25	11	1,474	1,485
whereof:												
Short-term cash-based		-9	-9					-15	-15			
Long-term equity-based ²⁾	-1	-6	-7				-2	-8	-10			
Deferred variable pay ³⁾	-1	-6	-7				-2	-8	-10			
Accrued and paid remuneration ⁴⁾	-14	-171	-185				-20	-274	-294			
Severance pay ⁵⁾								-13				302
2014												
Fixed remuneration ¹⁾	-15	-161	-176	25	1,018	1,043	-18	-235	-253	23	1,507	1,530
Variable pay ¹⁾	-2	-10	-12	11	1,006	1,017	-2	-15	-17	9	1,494	1,503
whereof:												
Short-term cash-based		-8	-8					-10	-10			
Long-term equity-based ²⁾	-2	-2	-4				-2	-5	-7			
Deferred variable pay ³⁾	-2	-2	-4				-2	-5	-7			
Accrued and paid remuneration ⁴⁾	-17	-171	-188				-20	-250	-270			
Severance pay ⁵⁾			-4						-10			220
100												

1) Variable pay is defined as short-term cash-based remuneration and long-term equity based remuneration. All other remuneration is reported as fixed remuneration and includes: base pay, pensions, severance pay, fees and benefits as e.g. company car and domestic services, in accordance with FFFS 2011:1. The reported remuneration does not include social charges.

2) Long-term equity based remuneration encompasses four different programmes; a Share Savings Programme and All Employee Programme for all employees and also a Share Matching Programme and a Share Deferral Programme for a selected group of key employees.

3) The deferred variable pay is locked the first year. Short-term cash-based remuneration can thereafter be paid pro rata over three or five years after a possible risk adjustment. Long-term equity-based programmes are locked for a minimum of three years.

4) In Accrued and paid remuneration amounts paid within the first quarter after the accrual is included. Deferred variable pay has been subject to risk adjustment during 2015, but was not subject to risk adjustment during 2014.

5) The amount also includes sign-on.

6) Employees with material impact on SEB's risk profile, in accordance with FFFS 2014:22.

Loans to Executives

	Group		Parent company	
	2015	2014	2015	2014
Managing Directors and Deputy Managing Directors ¹⁾	124	119	25	25
Boards of Directors ²⁾	400	271	130	102
TOTAL	524	390	155	127

1) Comprises current President and Deputy President in the parent company and Managing Directors and Deputy Managing Directors in subsidiaries. Total number of executives was 64 (76) of which 18 (15) female.

2) Comprises current Board members and their substitutes in the parent company and subsidiaries. Total number of persons was 177 (177) of which 50 (51) female.

Pension commitments to Executives

Pension disbursements made	130	104	54	42
Change in commitments	41	58	22	19
Commitments at year-end	1,651	1,910	762	839

The above commitments are covered by the Bank's pensions funds or through Bank-owned endowment assurance schemes. They include active and retired Presidents and vice Presidents in the parent company and Managing directors and Deputy Managing directors in subsidiaries, in total 115 persons (120).

9 b PENSIONS

Retirement benefit obligations

The Group has established pension schemes in the countries where business is performed. There are both defined benefit plans and defined contribution plans. The major pension schemes are final salary defined benefit plans and are funded. The defined benefit plan in Sweden is closed to new employees and a defined contribution plan was established during 2013. The defined contribution plans follow the local regulations in each country. Multiemployer defined benefit plans exists for employees in some parts of the Group. These plans are accounted for as defined contribution plans since sufficient information of SEB's share of the liability/asset and cost is not available.

Defined benefit plans

The major defined benefit plans exist in Sweden and Germany and covers most employees in these countries. Independent actuarial calculations according to the Projected Unit Credit Method (PUCM) are performed quarterly to decide the value of the defined benefit obligation. The benefits covered include retirement benefits, disability, death and survivor pensions according to the respective

countries collective agreements. The plan assets are kept separate in specific pension foundations. In case of a deficit in the pension obligation according to local rules SEB is obliged to meet this with contribution to the foundation. The asset allocation is determined to meet the various risks in the pension obligations and are decided by the board/trustees in the pension foundations. The assets are at market value. The pension and interest costs are presented in Staff costs.

Defined contribution plans

Defined contribution plans exist both in Sweden and abroad. In Sweden a smaller part of the closed collective retirement agreement is defined contribution based. Over a certain salary level the employees could also choose to leave the defined benefit plan and replace it by a defined contribution plan. The current plan for new employees is fully contribution based. Most other countries have defined contribution plans except for the Baltic countries where the company to a limited extent contributes to the employees retirement. The defined contribution plans are not recognised in the balance sheet but accounted for as an expense among Staff costs.

DEFINED BENEFIT PLANS IN SEB GROUP

	2015			2014		
	Sweden ¹⁾	Foreign ¹⁾	Group ¹⁾	Sweden ¹⁾	Foreign ¹⁾	Group ¹⁾
Net amount recognised in the Balance sheet						
Defined benefit obligation at the beginning of the year	22,480	6,210	28,690	16,686	5,095	21,781
Curtailment, acquisitions and reclassification		-153	-153		-42	-42
Service costs	570	48	618	381	40	421
Interest costs	515	116	631	627	174	801
Benefits paid	-686	-258	-944	-675	-259	-934
Exchange differences		-96	-96		223	223
Remeasurements of pension obligation	-3,186	-501	-3,687	5,461	979	6,440
Defined benefit obligation at the end of the year	19,693	5,366	25,059	22,480	6,210	28,690
Special salary tax reserve at the beginning of the year				4		4
Changes in special salary tax				-4		-4
Special salary tax reserve at the end of the year						
Fair value of plan assets at the beginning of the year	23,683	5,271	28,954	20,695	5,046	25,741
Curtailment, acquisitions and reclassification		-1	-1		-53	-53
Calculated interest on plan assets	545	98	643	787	174	961
Benefits paid/contributions	-670	-256	-926	-659	-217	-876
Exchange differences		-148	-148		316	316
Valuation gains (losses) on plan assets	1,694	18	1,712	2,860	5	2,865
Fair value of plan assets at the end of the year	25,252	4,982	30,234	23,683	5,271	28,954
Change in the net assets or net liabilities						
Defined benefit obligation at the beginning of the year	1,203	-939	264	4,005	-49	3,956
Curtailment, acquisitions and reclassification		152	152		-11	-11
Total expense in staff costs	-540	-66	-606	-221	-40	-261
Pension paid	686	258	944	675	259	934
Benefits paid/contributions	-670	-256	-926	-659	-217	-876
Exchange differences		-52	-52		93	93
Remeasurements	4,880	519	5,399	-2,601	-974	-3,575
Special salary tax in Other Comprehensive Income				4		4
NET AMOUNT RECOGNISED IN THE BALANCE SHEET	5,559	-384	5,175	1,203	-939	264

1) The net defined benefit obligation is recognised in the balance sheet either as an asset or liability depending on the situation for each legal entity.

In 2015 a contribution of SEK 45m (36) was paid to the German pension foundation. Contribution to the foundations can not be ruled out in 2016 due to uncertainty in interest rate levels. During 2014 one defined benefit plan outside Sweden were amended and shifted to defined contribution plan.

Note 9 b ctd. Pensions

Principal actuarial assumptions used, %	2015			2014		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Discount rate	3.1%	2.4%		2.3%	2.0%	
Inflation rate	1.5%	1.8%		1.5%	1.8%	
Expected rate of salary increase	3.5%	3.0%		3.5%	3.0%	
Expected rate of increase in the income basis amount	3.0%			3.0%		

The discount rate is based on high quality corporate bonds in a deep market, in Sweden covered bonds which are at least AA-rated. An extrapolation of the maturity of the covered bonds is made based on government bonds and checked against swaps. This extrapolated maturity is in line with the estimated maturity of obligations for post employment benefits. Mortality assumptions in Sweden follows the Swedish insurance supervisory authority (FFFS 2007:31) regulations. In Germany the Heubeck Sterbetafel is used. Weighted average duration for the obligation is 19 years in Sweden and 14 years in Germany.

A decrease of the discount rate for Sweden of 0.5 per cent would imply an increase of the Swedish pension obligation with SEK 1,891m while the same change in the inflation assumption for Sweden would have the opposite effect and decrease the obligation with SEK 1,376m. An increase of the discount rate with same ratio would reduce the obligation with SEK 1,644m and an increased

inflation rate with 0.5 per cent gives an increased obligation with SEK 1,601m. A decrease in assumption for expected salary increase in Sweden with 0.5 per cent would have a positive effect on the obligation with SEK 253m an increase would have a negative effect of SEK 307m.

The obligation in Germany would increase with SEK 376m if the discount rate was reduced with 0.5 per cent. An increase with the same percentage would decrease the obligation with SEK 343m. If the inflation assumption for Germany increases by 0.25 per cent the pension obligation would increase with SEK 38m and corresponding decrease would be SEK 26m at a lower inflation assumption. A change in expected salary increases in Germany by 0.25 per cent would with a higher rate give an increase of the obligation with SEK 101m and with a lower rate reduce the obligation with SEK 101m.

Allocation of plan assets

	2015			2014		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Cash and cash equivalents	423	90	513	942	315	1,257
Equity instruments with a quoted market price in an active market	15,031	833	15,864	13,067	855	13,922
Equity instruments not listed in an active market	4,763		4,763	5,385		5,385
Debt instruments with a quoted market price in an active market				55		55
Debt instruments not listed in an active market	2,904	4,059	6,963	2,455	4,101	6,556
Properties	2,131		2,131	1,779		1,779
TOTAL	25,252	4,982	30,234	23,683	5,271	28,954

The pension plan assets include SEB shares with a fair value of SEK 1,013m (1,095). Properties in Sweden are occupied by SEB.

Amounts recognised in Income statement

	2015			2014		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Service costs	-570	-48	-618	-381	-40	-421
Interest costs	-515	-116	-631	-627	-174	-801
Calculated interest on plan assets	545	98	643	787	174	961
INCLUDED IN STAFF COSTS	-540	-66	-606	-221	-40	-261

Amounts recognised in Other comprehensive income

	2015			2014		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Remeasurements of pension obligation <i>where of experience adjustments</i>	3,186	501	3,687	-5,461	-979	-6,440
<i>where of due to changes in financial assumptions</i>	-1	106	105	154		154
<i>where of due to changes in demographic assumptions</i>	3,187	395	3,582	-5,615	-979	-6,594
Valuation gains (losses) on plan assets	1,694	18	1,712	2,860	5	2,865
Special salary tax			4			4
Deferred tax pensions	-1,073	-148	-1,221	571	300	871
INCLUDED IN OTHER COMPREHENSIVE INCOME	3,807	371	4,178	-2,026	-674	-2,700

DEFINED CONTRIBUTION PLANS IN SEB GROUP

Net amount recognised in Income statement	2015			2014		
	Sweden	Foreign	Group	Sweden	Foreign	Group
Expense in Staff costs including special salary tax	-512	-254	-766	-559	-193	-752

Note 9 b ctd. Pensions

DEFINED BENEFIT PLANS IN SKANDINAViska ENSKILDA BANKEN

	Parent company	
	2015	2014
Net amount recognised in the Balance sheet		
Defined benefit obligation at the beginning of the year	18,859	16,400
Imputed pensions premium	357	373
Interest costs and other changes	3,984	2,578
Early retirement	169	168
Pension disbursements	-670	-660
DEFINED BENEFIT OBLIGATION AT THE END OF THE YEAR	22,699	18,859
Fair value of plan assets at the beginning of the year	22,899	20,009
Return on assets	2,142	3,552
Benefits paid	-673	-662
FAIR VALUE OF PLAN ASSETS AT THE END OF THE YEAR	24,368	22,899

The above defined benefit obligation is calculated according to Tryggandelagen. Skandinaviska Enskilda Banken consequently adopts the discount rate set by the Swedish FSA before year-end. The obligation is fully covered by assets in the pension foundation and is not included in the balance sheet.

The assets in the foundation are mainly equity related SEK 19,036m (15,244)

and to a smaller extent interest earning SEK 2,793m (2,427). The assets include SEB shares of SEK 975m (1,059) and buildings occupied by the company of SEK 2,131m (1,779). The return on asset was 9 per cent (18) before pension compensation.

Amounts recognised in Income statement

	Parent company	
	2015	2014
Pension disbursements	-670	-660
Compensation from pension foundations	673	662
Total included in appropriations	3	2
NET PENSION COSTS FOR DEFINED BENEFIT PLANS	3	2

Principal actuarial assumptions used, %

Gross interest rate	0.8%	1.9%
Interest rate after tax	0.7%	1.6%

The actuarial calculations are based on salaries and pensions on the balance sheet date.

DEFINED CONTRIBUTION PLANS IN SKANDINAViska ENSKILDA BANKEN

	Parent company	
	2015	2014
Net amount recognised in Income statement		
Expense in Staff costs including special salary tax	-525	-541

Pension foundations

	Pension commitments		Market value of asset	
	2015	2014	2015	2014
SEB-Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	22,699	18,859	24,368	22,899
SEB Kort AB:s Pensionsstiftelse	871	700	884	784
TOTAL	23,570	19,559	25,252	23,683

9 c REMUNERATION TO THE BOARD AND THE GROUP EXECUTIVE COMMITTEE

Guidelines for remuneration

The guidelines for remuneration to the President and the other members of the Group Executive Committee (GEC) were prepared by the Board of Directors and its Remuneration and Human Resources Committee and approved by the Annual General Meeting 2015.

The remuneration structure for the President and the other members of the GEC is in accordance with the remuneration policy for the Bank. No member of the GEC has been entitled to cash based variable remuneration since 2009. Thus, the remuneration is based upon three main components; base pay, equity

based remuneration and pensions. Other benefits may also be included, such as company car and domestic services.

For more information, see page 58.

Identified staff

The President and all other members of the GEC are considered employees who have a material impact on SEB's risk profile according to the Swedish Financial Supervisory Authority regulations (FFFS 2014:22).

Remuneration to the Board, SEK

	Base pay	Directors' fee ¹⁾	Benefits ²⁾	Total
2015				
Chairman of the Board, Marcus Wallenberg		3,465,000		3,465,000
Other members of the Board ³⁾		8,525,000		8,525,000
President and CEO, Annika Falkengren	10,500,000		1,262,267	11,762,267
TOTAL	10,500,000	11,990,000	1,262,267	23,752,267
2014				
Chairman of the Board, Marcus Wallenberg		3,465,000		3,465,000
Other members of the Board ³⁾		8,200,000		8,200,000
President and CEO, Annika Falkengren	9,000,000		1,580,143	10,580,143
TOTAL	9,000,000	11,665,000	1,580,143	22,245,143

1) As decided by AGM.

2) Includes benefits as domestic services and company car.

3) Directors' fee to the Board members on individual level is presented on page 48–51.

Magnus Carlsson was appointed deputy President and CEO 1 November 2014. During 2015 he has not acted in that role.

Remuneration to the GEC, SEK¹⁾

	Base pay	Benefits	Total
2015	33,306,041	1,260,287	34,566,328
2014	34,329,597	1,300,791	35,630,388

1) GEC excluding the President and CEO. The members partly differ between the years but in average eight (eight) members are included.

At the end of the year the number of members were eleven (seven).

Long-term equity programmes

Under the *Share Deferral Programme* members of the GEC may be granted an individual number of conditional share rights based on the fulfilment of pre-determined Group, business unit and individual target levels as outlined in SEB's business plan. The targets are set on an annual basis as a mix of the financial targets Return on Equity/Return on Business Equity and cost development and the non-financial target customer satisfaction among others. For GEC the initial allotment may not exceed 100 per cent of the base pay.

For senior managers, ownership of 50 per cent of the share rights is transferred to the participant after a three-year qualification period, and 50 per cent after five years. For other participants, ownership of the share rights is transferred after three years. After each respective qualification period there is an

additional holding period of one year after which the share rights can be exercised during a period of three years. Each share right carries the right to receive one Class A-share in the Bank. There is a requirement for vesting that the participant remains with SEB during the first three years. A further requirement for vesting is that the participant holds shares in SEB equal to a predetermined amount, for GEC equivalent to one year salary net of taxes, acquired no later than on a pro-rata basis during the initial three year vesting period.

The *Share Matching Programme (SMP)* 2012 vested in 2015 with 100 per cent matching. GEC is not participating in the SMP 2012–2014 nor the All Employee Programme (AEP) except for outstanding rights earned before being member of GEC.

Long-term equity programmes (expensed amounts for ongoing programmes), SEK

	Share matching	Share deferral	Total
2015			
President and CEO, Annika Falkengren		5,791,905	5,791,905
Other members of the GEC ¹⁾	551,466	14,508,343	15,059,809
TOTAL	551,466	20,300,248	20,851,714
2014			
President and CEO, Annika Falkengren	381,723	4,447,384	4,829,107
Other members of the GEC ¹⁾	1,169,036	12,242,229	13,411,265
TOTAL	1,550,759	16,689,613	18,240,372

1) GEC excluding the President and CEO. The members partly differ between the years but in average eight (eight) members are included.

At the end of the year the number of members were eleven (seven).

Some of the GEC members that have been appointed during the year have previously received rights in the AEP programme and participated in the Share Savings Programme. The corresponding calculated costs and number of outstanding rights/shares are not included in the tables.

Note 9 c ctd. Remuneration to the Board and the Group Executive Committee

Number outstanding by 2015-12-31

	Number outstanding			First day of exercise	Performance criteria
	President and CEO Annika Falkengren	Other members of the GEC	Total		
2010: Performance shares	72,675	13,253	85,928	2013 ²⁾	final vesting 100%
2012: Share matching rights		69,702	69,702	2014 ²⁾	final vesting 100% ¹⁾
2013: Share matching rights		31,020	31,020	2015 ²⁾	vesting level 88%
2014: Share matching rights		15,319	15,319	2016 ²⁾	vesting level 0%
2012: Conditional share rights	138,371	336,232	474,603	2016;2018 ³⁾	–
2013: Conditional share rights	90,925	237,309	328,234	2017;2019 ³⁾	–
2014: Conditional share rights	71,023	174,328	245,351	2018;2020 ³⁾	–
2015: Conditional share rights	63,058	216,566	279,624	2019;2021 ³⁾	–

1) Share Matching Programme 2012 vested in 2015 with 100% matching, since the programme had reached its cap the outcome after adjustment related to the cap was 92%.

2) As soon as practically possible following the end of the performance period.

3) The qualification period ends after three or five years respectively and are followed by a holding period of one year, thereafter there is an exercise period of three years.

During the year the President and CEO has exercised share rights to a value of SEK 6,327,622 (15,741,683). The corresponding value for the GEC excluding the President is SEK 5,271,357 (69,660,744).

Pension and severance pay

The pension agreement of the President is contribution-based and inviolable. The pension contribution is a fixed amount.

Termination of employment by the Bank is subject to a maximum 18-month period of notice and entitles to a severance pay of 6 months' salary.

As regards pension benefits and severance pay the following is applicable to the members of the GEC excluding the President. The pension plans are

inviolable and defined contribution-based except for a portion in the collective agreement.

Termination of employment by the Bank is subject to a maximum 12-month period of notice and entitles to a severance pay of 12 months' salary.

SEB has the right to deduct income earned from other employment from any severance pay, for both the President and CEO, and the members of GEC.

Pension costs (service costs, interest costs and defined contribution premiums)

	President and CEO, Annika Falkengren	Other members of the GEC ¹⁾	Total
2015		5,000,000	18,556,900
2014		4,500,000	19,179,661

1) GEC excluding the President and CEO. The members partly differ between the years but in average eight (eight) members are included.
At the end of the year the number of members were eleven (seven).

For information about related parties see note 28.

9 d SHARE-BASED PAYMENTS

Long-term equity-based programmes

2015	All employee programme	Share deferral programme	Share matching programme ¹⁾	Share savings programme	Performance shares
Outstanding at the beginning of the year	4,485,839	4,484,102	2,811,500	4,077,914	3,200,069
Granted ²⁾	3,698,872	4,538,945	5,843,614		137,718
Forfeited ³⁾	-261,945	-387,528	-7,212		
Exercised ⁴⁾	-115,447	-20,894	-5,602,928	-1,956,945	-1,194,874
Expired				-31	-7,266
OUTSTANDING AT THE END OF THE YEAR	7,807,319	8,614,625	3,044,974	2,120,938	2,135,647
<i>of which exercisable</i>			1,875,248		2,135,647
2014					
Outstanding at the beginning of the year	1,788,022	2,527,898	4,304,393	6,184,882	4,994,443
Granted ²⁾	2,826,214	2,086,747	329,354		205,254
Forfeited ³⁾	-128,397	-130,543	-506,241		
Exercised ⁴⁾			-1,316,006	-2,106,090	-1,999,628
Expired				-878	
OUTSTANDING AT THE END OF THE YEAR	4,485,839	4,484,102	2,811,500	4,077,914	3,200,069
<i>of which exercisable</i>			1,875,248		3,200,069

1) Values include investments done by participants, as well as allocated matching share rights. As of 2012 exercisable share rights are allocated at vesting instead of SEB A-shares.

2) Including compensation for dividend.

3) Weighted average exercise price forfeited SMP, SDP SEK 0.00 (0.00).

4) Weighted average exercise price exercised SMP, SDP SEK 0.00 (0.00) and PSP SEK 10.00 (10.00). Weighted average share price for PSP, SMP and SDP at exercise SEK 104.88 (89.29).

Note 9 d ctd. Share-based payments

Total Long-term equity-based programmes

	Original no of holders ³⁾	No of issued (maximum outcome)	No of outstanding 2015 ⁴⁾	No of outstanding 2014 ⁵⁾	A-share per option/share	Exercise price	Validity	First date of exercise
2009: Performance shares	344	5,493,837	207,892	404,132	1	10	2009–2016	2012 ¹⁾
2010: Performance shares	698	18,900,000	1,927,755	2,795,937	1	10	2010–2017	2013 ¹⁾
2009: Share savings programme	5,600	2,326,652	3,677	3,677	1		2009–2014	2013-02-18
2010: Share savings programme	5,200	2,285,536	7,444	1,195,722	1		2010–2015	2014-02-11
2011: Share savings programme	5,050	1,888,248	981,551	1,685,407	1		2011–2016	2015-02-16
2012: Share savings programme	4,770	1,274,947	1,128,266	1,193,108	1		2012–2017	2016-02-12
2012: Share matching programme	432	7,024,168	1,875,248	1,636,995	4		2012–2019	2015 ²⁾
2013: Share matching programme	213	3,485,088	849,433	849,433	4		2013–2020	2016 ²⁾
2014: Share matching programme	96	1,300,288	320,293	325,072	4		2014–2021	2017 ²⁾
2012: Share deferral programme	86	1,199,504	1,095,470	1,175,331	1		2012–2021	2015/2017 ²⁾
2013: Share deferral programme	263	1,361,861	1,387,754	1,430,426	1		2013–2022	2016/2018 ²⁾
2014: Share deferral programme	622	1,909,849	1,889,398	1,878,345	1		2014–2023	2017/2019 ²⁾
2015: Share deferral programme – equity settled	816	2,603,843	2,540,609		1		2015–2024	2018/2020 ²⁾
2015: Share deferral programme – cash settled	513	1,717,150	1,701,394		1		2015–2021	2018/2020 ²⁾
2013: All employee programme – equity settled	8,347	1,255,838	1,202,698	1,232,573	1		2013–2016	2017
2013: All employee programme – cash settled	5,358	532,184	482,096	502,359			2013–2016	2017
2014: All employee programme – equity settled	8,709	1,786,471	1,730,683	1,786,471	1		2014–2017	2018
2014: All employee programme – cash settled	5,216	964,436	881,020	964,436			2014–2017	2018
2015: All employee programme – equity settled	8,319	2,290,359	2,290,359		1		2015–2018	2019
2015: All employee programme – cash settled	6,745	1,220,463	1,220,463				2015–2018	2019
TOTAL		60,820,722	23,723,502	19,059,424				

1) As soon as practically possible following the end of the performance period, the establishing of the final outcome and registration of the final number of Performance shares in Equate plus.

2) As soon as practically possible following the end of the performance period, the establishing of the outcome of number of Matching Shares and the allocation of the A-shares and, if applicable, the Matching Shares.

3) In total approximately 10,800 individuals (10,500) participated in any of the programmes, All Employee Programme excluded.

4) Including additional deferral rights for dividend compensation.

Long-term equity-based programmes

The Annual General meeting 2015 decided on two Long-term equity based programmes, one Share Deferral Programme and one All Employee Programme.

The first Share Deferral Programme was introduced in 2012 for the Group Executive Committee and certain other executive managers and key employees with critical competences. The participants are granted an individual number of conditional share rights based on pre-determined Group, division/business unit and individual target levels, both financial (Return on Equity/Return on Business Equity and cost development) and non-financial (customer satisfaction), set on an annual basis.

50 per cent of the share rights ownership is transferred to the participant after a qualification period of three years, 50 per cent after a qualification period of five years for GEC members and other senior executives for other participants the qualification period is three years. The requirement for vesting is that the participant remains with SEB during the first three years and that the participant holds shares in SEB equal to a predetermined amount, acquired no later than on a pro-rata basis during the initial three year period. After each respective qualification period there is an additional holding period of one year after which the share rights can be exercised during a period of three years. Each share right carries the right to receive one Class A-share in the Bank. Outside Sweden the participants receives so called phantom shares that gives the right to receive cash adjusted for total shareholder return in the SEB A-share at the end of the holding period.

The holders are compensated for dividends to the shareholders during the duration of the Programme. Thus, the number of share rights will be recalculated, after the Annual General Meeting each year, taking the dividend into account. The share rights are not securities that can be sold, pledged or transferred to others. However, an estimated value per share right has been calculated for 2015 to SEK 79 (81) (based upon an average closing price of one SEB Class A-share at the time of grant).

In 2013 an All Employee Programme was introduced for most employees, where 50 per cent of the outcome is paid in cash and 50 per cent is deferred for three years and paid in SEB A-shares. Deferrals will normally only be obtained under the condition that the employee remains with SEB. In Sweden the deferred part is paid out in SEB A-shares, adjusted for dividends. In all other countries the deferred part is paid out in cash adjusted for total shareholder return in the SEB A-share. Outcome is capped at a maximum amount for each geography and is based on the fulfilment of pre-determined Group targets outlined in SEB's business plan, both financial (Return on Equity and cost development) and non-financial (customer satisfaction). The outcome in 2015 year's programme was 85 per cent (76) of the maximum amount.

Previously allotted programmes

From 2005 to 2010 the programmes were based on performance shares. They all have a maximum term of seven years, a vesting period of three years and an exercise period of four years. The number of allotted performance shares that can be exercised depends on the development of two predetermined performance criteria of equal importance. All programmes are vested and the exercise period for the 2010 years programme ends in 2017.

Between 2008 and 2012 a Share Savings Programme for all employees in selected countries has been run. In the Share Savings Programmes the participants saved a maximum of five per cent of their gross base salary during a twelve months period. For the savings amount, Class A-shares were purchased at current stock exchange rate four times a year following the publication of the Bank's interim reports. If the shares are retained by the employee for three years and the employee remains with SEB, the employee receives one Class A-share for each retained share. All programmes are vested and the exercise period for the 2012 years programme ends in 2017.

Between 2009 and 2014 a Share Matching Programme for a number of selected senior executives and other key employees has been run. The programmes are based on performance, have a vesting period of three years and are settled with SEB Class A-shares. All programmes require own investment in Class A-shares. The investment amount is pre-determined and capped for each participant. After three years, if still employed, the participant receives one Class A-share for each invested share and a conditional number of performance based matching shares for each invested share. From 2012 the settlement is in the form of share rights with an exercise period of four years. The 2012 programme was closed in 2015 with 100 per cent matching, since the programme had reached its cap the outcome after adjustment related to the cap was 92 per cent.

In the 2014 years programme the number of performance based matching shares depend on the development of two pre-determined performance criteria; measured as total shareholder return (TSR) in relation to the markets required return based on the interest of Swedish government 10 year bonds i.e. long-term risk free interest rate (LTFR), two thirds, and the total shareholder return in relation to SEB's competitors, one third. The expected vesting at time of grant in 2014 year's programme is approximately zero per cent. Maximum outcome for the participants is three performance based matching shares. The outcome is also subject to risk adjustment.

The holders are compensated for dividends to the shareholders during the exercise period. Thus, the number of share rights will be recalculated, after the Annual General Meeting each year during the exercise period, taking the dividend into account.

Matching rights are not securities that can be sold, pledged or transferred to another party. However, an estimated value per matching right has been calculated for 2014 to SEK 65 and for the performance based matching rights to SEK 39. Other inputs to the options pricing model are; exercise price SEK 0; volatility 46 (based on historical values); expected dividend approximately 4 per cent; risk free interest rate 1.13 and expected early exercise of 3 per cent. In the value of the option the expected outcome of the performance criteria described

above are taken into account.

The programme is subject to a cap, if the share price at the time of vesting has more than doubled the number of matching shares and performance based matching shares that are transferred to a participant will be reduced proportionately so that the value corresponds to the doubled share price capped value.

Further details of the outstanding programmes are found in the table above.

9 e NUMBER OF EMPLOYEES

Average number of employees 2015	Group			Parent company		
	Men	Women	Total	Men	Women	Total
Sweden	4,104	4,216	8,320	3,627	3,630	7,257
Norway	261	170	431	207	98	305
Denmark	385	272	657	169	67	236
Finland	160	156	316	112	99	211
Estonia	310	947	1,257			
Latvia	402	1,117	1,519	115	216	331
Lithuania	705	1,637	2,342	233	356	589
Germany	447	342	789	3	1	4
Poland	21	47	68	14	29	43
Ukraine	24	42	66			
China	14	30	44	14	30	44
Great Britain	103	55	158	102	56	158
Ireland	52	60	112			
Luxembourg	121	111	232			
Russia	25	67	92			
Singapore	37	68	105	32	61	93
United States	36	19	55	26	17	43
Other countries ¹⁾	21	15	36	15	11	26
TOTAL	7,228	9,371	16,599	4,669	4,671	9,340
2014						
Sweden	4,113	4,239	8,352	3,627	3,633	7,260
Norway	260	169	429	206	99	305
Denmark	393	274	667	174	68	242
Finland	162	153	315	113	101	214
Estonia	310	964	1,274			
Latvia	396	1,138	1,534	105	204	309
Lithuania	677	1,615	2,292	200	317	517
Germany	502	392	894	6	1	7
Poland	23	45	68	15	26	41
Ukraine	27	47	74			
China	14	28	42	14	28	42
Great Britain	107	55	162	106	55	161
Ireland	50	59	109			
Luxembourg	120	111	231			
Russia	27	68	95			
Singapore	39	71	110	33	65	98
United States	35	19	54	25	17	42
Other countries ²⁾	24	16	40	14	10	24
TOTAL	7,279	9,463	16,742	4,638	4,624	9,262

1) Switzerland, Brazil and Hong Kong.

2) Switzerland, British Virgin Island, Brazil and Hong Kong.

Number of hours worked in parent company 15,208,572 (15,020,788).

10 OTHER EXPENSES

	Group		Parent company	
	2015	2014	2015	2014
Costs for premises ¹⁾	-1,572	-1,685	-1,108	-1,187
Data costs	-2,756	-2,591	-1,746	-1,528
Stationery	-78	-81	-46	-44
Travel and entertainment	-414	-456	-292	-323
Postage	-149	-143	-123	-116
Consultants	-687	-824	-494	-580
Marketing	-371	-427	-196	-235
Information services	-533	-453	-474	-403
Other operating costs ²⁾	801	350	20	-319
TOTAL	-5,759	-6,310	-4,459	-4,735
1) Of which rental costs		-1,146	-1,247	-938
2) Net after deduction for capitalised costs, see also note 29.				

1) Of which rental costs

2) Net after deduction for capitalised costs, see also note 29.

Note 10 ctd. Other expenses

Fees and expense allowances to appointed auditors and audit firms¹⁾

	Group		Parent company	
	2015	2014	2015	2014
Audit assignment	-26	-26	-10	-10
Audit related services	-20	-30	-3	-6
Tax advisory	-19	-12	-13	-8
Other services	-4	-6	-4	-1
PricewaterhouseCoopers	-69	-74	-30	-25
Audit assignment		-1		
Tax advisory	-1	-1		
Other services	-1			
Other audit firms	-2	-2		
TOTAL	-71	-76	-30	-25

1) The parent company includes the foreign branches.

Audit assignment is defined as the audit of annual financial statements, the administration of the Board of Directors and the President, other tasks resting upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing audit work or implementation of such tasks. The audit related services include quarterly reviews, regulatory reporting

and services in connection with issuing of certificates and opinions. Tax advisory include general expatriate services and other tax services work. Other services include consultation on financial accounting, services related to mergers and acquisitions activities, operational effectiveness and assessments of internal control.

11 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

	Group		Parent company	
	2015	2014	2015	2014
Depreciation of tangible assets	-410	-416	-165	-123
Depreciation of equipment leased to clients			-4,598	-4,413
Amortisation of intangible assets	-559	-521	-600	-550
Amortisation of deferred acquisition costs	-981	-944		
Impairment of tangible assets	-1	-3		
Impairment of intangible assets	-17	-51		
Retirement and disposal of intangible assets	-24	-138	-84	-71
TOTAL	-1,992	-2,073	-5,447	-5,157

12 GAINS LESS LOSSES TANGIBLE AND INTANGIBLE ASSETS

	Group		Parent company	
	2015	2014	2015	2014
Properties	77	74		
Other tangible assets	7	5	28	38
Gains	84	79	28	38
Properties	-295	-197		
Other tangible assets	-2	-3		
Losses	-297	-200		
TOTAL	-213	-121	28	38

13 NET CREDIT LOSSES

	Group		Parent company	
	2015	2014	2015	2014
Provisions:				
Net collective provisions for individually assessed loans	74	459	-165	105
Net collective provisions for portfolio assessed loans	362	414		-28
Specific provisions	-1,058	-1,448	-481	-1,010
Reversal of specific provisions no longer required	507	279	362	58
Net provisions for contingent liabilities	3	-42		2
Net provisions	-112	-338	-284	-873
Write-offs:				
Total write-offs	-2,256	-2,401	-1,031	-352
Reversal of specific provisions utilized for write-offs	1,301	1,229	723	95
Write-offs not previously provided for	-955	-1,172	-308	-257
Recovered from previous write-offs	184	186	72	65
Net write-offs	-771	-986	-236	-192
TOTAL	-883	-1,324	-520	-1,065

14 APPROPRIATIONS

	Parent company	
	2015	2014
Compensation from pension funds, pension disbursements	673	662
Pension disbursements	-670	-660
Pension compensation	3	2
Group contribution	1,141	371
Accelerated tax depreciation	-363	593
Appropriations	778	964
TOTAL	781	966

15 INCOME TAX EXPENSE

Major components of tax expense	Group		Parent company	
	2015	2014	2015	2014
Current tax	-3,997	-4,009	-3,679	-2,072
Deferred tax	-176	-60		
Tax for current year	-4,173	-4,069	-3,679	-2,072
Current tax for previous years	-111	-60	-138	19
INCOME TAX EXPENSE	-4,284	-4,129	-3,817	-2,053
Relationship between tax expenses and accounting profit				
Net profit	16,581	19,219	18,045	12,289
Income tax expense	4,284	4,129	3,817	2,053
Accounting profit before tax	20,865	23,348	21,862	14,342
Current tax at Swedish statutory rate of 22.0 per cent	-4,590	-5,137	-4,810	-3,155
Tax effect relating to other tax rates in other jurisdictions	83	28		
Tax effect relating to not tax deductible expenses	-727	-201	-782	-398
Tax effect relating to non taxable income	797	1,082	1,913	1,481
Tax effect relating to a previously recognised tax loss, tax credit or temporary difference	55	158		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	385	61		
Current tax	-3,997	-4,009	-3,679	-2,072
Tax effect relating to origin and reversal of tax losses, tax credits and temporary differences	-56	-158		
Tax effect relating to changes in tax rates or the imposition of new taxes	4	4		
Tax effect relating to a previously unrecognised tax loss, tax credit or temporary difference	-138	106		
Tax effect relating to impairment or reversal of previous impairments of a deferred tax asset	14	-12		
Deferred tax	-176	-60		
Current tax for previous years	-111	-60	-138	19
INCOME TAX EXPENSE	-4,284	-4,129	-3,817	-2,053

See also note 30 Other assets for current and deferred tax assets and note 33 Other liabilities for current and deferred tax liabilities.

Deferred tax income and expense recognised in income statement

Accelerated tax depreciation	-88	-14
Pension plan assets, net	145	-17
Tax losses carry forwards	-73	-46
Other temporary differences	-95	17
TOTAL	-111	-60

Deferred tax assets and liabilities, where the change is not reported as a change in deferred tax, amount to SEK 7m (49) and is explained by a currency translation effect.

16 EARNINGS PER SHARE

	Group	
	2015	2014
Net profit attributable to shareholders, SEKm	16,581	19,218
Weighted average number of shares, millions	2,191	2,187
Basic earnings per share, SEK	7.57	8.79
Net profit attributable to shareholders, SEKm	16,581	19,218
Weighted average number of diluted shares, millions	2,203	2,202
Diluted earnings per share, SEK	7.53	8.73
Dilution		
Weighted average number of shares, millions	2,191	2,187
Adjustment for diluted weighted average number of additional Class A-shares, millions	12	15
Weighted average number of diluted shares, millions	2,203	2,202

17 OTHER COMPREHENSIVE INCOME

	Group		Parent company	
	2015	2014	2015	2014
Items that may be reclassified subsequently to profit or loss:				
Valuation gains (losses) during the year	-963	-689	-798	344
Income tax on valuation gains (losses) during the year	215	103	176	-76
Transferred to profit or loss for the year	13	743	256	763
Income tax on transfers to profit or loss for the year	16	-168	-57	-168
Available-for-sale financial assets	-719	-11	-423	863
Valuation gains (losses) during the year	-971	3,744	-969	4,052
Income tax on valuation gains (losses) during the year	214	-824	213	-892
Transferred to profit or loss for the year	116	223	116	-84
Income tax on transfers to profit or loss for the year	-26	-49	-25	19
Cash flow hedges	-667	3,094	-665	3,095
Translation of foreign operations	-239	-32	-41	-3
Taxes on translation effects	-334	679		
Translation of foreign operations	-573	647	-41	-3
Items that will not be reclassified to profit or loss:				
Remeasurement of pension obligations, including special salary tax	3,687	-6,436		
Valuation gains (losses) on plan assets during the year	1,713	2,865		
Deferred tax on pensions	-1,222	871		
Defined benefit plans	4,178	-2,700		
TOTAL	2,219	1,030	-1,129	3,955

The method used to hedge currency risks related to foreign operations creates a tax expense (tax income) in the parent company. Fair value changes on the hedging instruments impacts the taxable result contrary to the currency revaluation

of the foreign operations. In the Group this tax effect is reported in Other comprehensive income.

18 RISK DISCLOSURES

SEB's profitability is directly dependent upon its ability to evaluate, manage and price the risks encountered, while maintaining an adequate capitalisation and liquidity to meet unforeseen events. Risk and capital-related issues are identified, monitored and managed at an early stage in order to secure the Group's financial stability. Risk and capital management is an integral part

of the long-term strategic planning and business planning processes.

Further information about SEB's risk, liquidity and capital management is available on pages 40–45, notes 19–20 and in SEB's report under Pillar 3: Capital Adequacy and Risk Management Report (available on www.sebgroup.com).

18a CREDIT RISK

Definition

Credit risk is the risk of loss due to the failure of an obligor to fulfil its obligations towards SEB. The definition also comprises counterparty risk derived from the trading operations, country risk and settlement risk. Credit concentration risk is also considered.

The predominant risk in SEB is credit risk, which arises in lending activities and through commitments to customers, including corporations, financial institutions, public sector entities and private individuals. In addition to the credit portfolio, SEB's credit exposure consists of debt instruments and repos.

Risk management

Credit policy and approval process

The main principle in SEB's credit policy is that all lending is based on credit analysis and is proportionate to the customer's cash flow and ability to repay. Customers shall be known by the bank and the purpose of the loan shall be fully understood.

A credit approval is based on an evaluation of the customer's creditworthiness and type of credit. Relevant factors include the customer's current and anticipated financial position and protection provided by covenants and collateral. A credit approval takes the proposed transaction into account as well as the customer's total business with the bank. The process differs depending on the type of customer (e.g., retail, corporate or institutional), the customer's risk level, and the size and type of transaction. Independent and professional credit analysis is particularly important for large corporate customers. For households and small businesses, the credit approval is often based on credit scoring systems. Every credit decision of significance requires approval from an independent credit officer.

SEB's credit policies reflect the Group's approach to corporate sustainability as described in the Corporate Sustainability Policy, the Environmental Policy and the Credit Policy on Corporate Sustainability. Position statements on climate change, child labour and access to fresh water as well as industry sector policies are part of the credit granting process and are used in customer dialogues.

Risk mitigation

SEB uses a number of methods to mitigate risk in its credit portfolio. The method used depends on its suitability for the product and the customer in question, its legal enforceability, and on the experience and capacity to manage and control the particular technique. The most important credit risk mitigation techniques are pledges, guarantees and netting agreements. The most common types of pledges are real estate, floating charges and financial securities. In the trading operations, daily margin arrangements are frequently used to mitigate net open counterparty exposures at any point in time. For large corporate customers, credit risk is often mitigated by the use of restrictive covenants in the credit agreements.

Limits and monitoring

To manage the credit risk for each individual customer or customer group, a limit is established that reflects the maximum exposure that SEB is willing to accept. Limits are also established for total exposure in countries in certain risk classes, certain customer segments and for settlement risks in the trading operations.

SEB continuously reviews the quality of its credit exposures. All total limits and risk classes are reviewed at least annually by a credit approval body (a credit committee consisting of at least two bank officers as authorised by the Group's Credit Instruction, adopted by the Board). Weak and impaired exposures are monitored closely and reviewed at least quarterly in terms of performance, outlook, debt service capacity and possible need for provisions. The objective is to identify at an early stage credit exposures with an elevated risk of loss and to work together with the customer towards a solution that enables the customer to meet its financial obligations and SEB to reduce or avoid credit losses.

Loans where the contractual terms have been amended in favour of the cus-

tomer due to the customer's financial difficulties are referred to as forbearance loans. Forbearance measures range from amortization holidays (the most common measure) to refinancing with new terms and debt forgiveness. Changes in contractual terms may be so significant that the loan is also considered impaired. A relevant credit approval body shall approve the forbearance measures as well as the classification of the loan as being forbearance or not.

In its core markets, SEB maintains local workout teams that are engaged in problem exposures. These are supported by a global workout function with overall responsibility for managing problem exposures.

Impairment provisioning process

Provisions are made for probable credit losses on individually assessed loans and for portfolio assessed loans. Loans to corporate, real estate and institutional counterparties are primarily individually assessed and specific provisions are made for identified impaired loans (individually assessed impaired loans). Loans that have not been deemed to be impaired on an individual basis and which have similar credit risk characteristics are grouped together and assessed collectively for impairment. Valuations of loans to private individuals and small businesses are to a large extent made on a portfolio basis (portfolio assessed loans). *For a further description of the different categories of impaired loans, refer to note 1.*

Credit portfolio analysis and stress tests

The aggregate credit portfolio is reviewed and assessed regularly based on industry, geography, risk class, product type, size and other parameters. Risk concentrations in geographic and industry sectors as well as in large single names are thoroughly analysed, both in respect of direct and indirect exposures and in the form of collateral, guarantees and credit derivatives. As of year-end, the 20 largest corporate exposures (including property management) corresponded to 87 per cent of the capital base (92).

Stress tests of the credit portfolio, including reverse stress tests, are performed regularly as a part of SEB's annual internal capital adequacy assessment process. Specific analyses and stress tests of certain sectors or sub-portfolios are performed as required.

Risk measurement

Credit risk is measured for all exposures, both in the banking book and the trading book. An internal ratings-based (IRB) risk classification system approved by the regulator is used for the majority of the bank's portfolios and reflects the risk of default on payment obligations. In the end of 2015, SEB received approval for a significant change of its risk classification system for the non-retail portfolio in SEB AB. The approvals for SEB AG and SEB's Baltic subsidiaries are still pending. The enhanced risk classification system contains specific rating tools and PD (probability of default) scales for each non-retail segment, e.g. large corporates, property management and SMEs. The wholesale segments are measured on scales of 16 risk classes while the SME portfolios are measured on scales of 12 risk classes. The highest risk class is for defaulted counterparties and the three risk classes prior to default are defined as "watch list" risk classes. The segment-specific risk class system enables more accurate risk measurement in each segment based on SEB-specific historical portfolio data.

For each risk class scale, SEB makes individual one-year through-the-cycle probability of default estimates using up to 20 years of internal default history and 27 years of external corporate benchmarking and bankruptcy data. *The risk distribution of SEB's credit portfolio excluding households is shown on page 104.*

For private individuals and small businesses, SEB uses credit scoring systems to estimate PD for the customer. SEB uses different credit scoring models for different regions and product segments, as both data accessibility and customer characteristics normally vary by country and product. PD for the households portfolio is estimated to 0.49 per cent through the cycle. *The risk distribution of the household portfolio is shown on page 104.*

The exposure weighted PD of the total credit portfolio improved to 0.58 per cent at year-end (0.67).

Note 18 a ctd. Credit risk

Counterparty risk in derivative contracts

SEB enters into derivatives contracts primarily to offer clients products for management of their financial exposures. SEB also uses derivatives to protect cash flows and fair values of financial assets and liabilities in its own book from market fluctuations.

Counterparty risk in derivative contracts is the risk of a counterparty not living up to its contractual obligations where SEB has a claim on the counterparty. The claim on the counterparty corresponds to a net positive market value in favour of SEB. As market values fluctuate during the term to maturity, the uncertainty of future market conditions must be taken into account. This is done by applying an add-on to current market value, either generated through simulation or set by a fixed value depending on product type and time to maturity which reflects potential market movements for the specific contract. Counterparty risk in derivative contracts is reduced through the use of close-out netting agreements, where all positive and negative market values under an agreement can be netted at the counterparty level, and through collateral arrangements. The credit expo-

sure on the counterparty is measured through a combination of net current market values of the contracts and the potential future exposure.

As of 31 December 2015, SEB's derivatives exposure amounted to SEK 192 billion (202) when taking netting agreements into accounts but before collateral arrangements.

In December 2015, the Swedish FSA approved SEB's simulation-based approach for calculating potential future exposure (internal model method) for external capital reporting of counterparty credit risk of repos, interest rate derivatives and FX derivatives.

Counterparty risk in derivative contracts also affects the profit and loss through credit/debit valuation adjustments (CVA/DVA) reflecting the credit risk associated with derivative positions. These adjustments depend on market risk factors such as interest rate, foreign exchange rates and credit spreads. There is also an external capital requirement for credit valuation adjustments under Basel III.

Credit exposure by industry

Total credit exposure comprises the Group's credit portfolio (loans, leasing agreements, contingent liabilities and counterparty risks arising from derivative contracts), repos and debt instruments. Exposures are presented before reserves. Derivatives and repos are reported after netting of market values but

before collateral arrangements and include add-ons for potential future exposure. Debt instruments comprise all interest-bearing instruments at nominal amounts, considering credit derivatives and futures. Debt instruments in the Life division are excluded.

Group	Loans		Contingent liabilities		Derivative instruments		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Banks	50,369	71,778	17,417	20,814	100,667	90,614	168,453	183,206
Finance and insurance	57,838	42,660	33,271	36,526	37,179	49,931	128,288	129,117
Wholesale and retail	48,792	51,640	31,143	31,980	981	1,136	80,916	84,756
Transportation	28,038	29,799	19,332	20,226	5,021	3,731	52,391	53,756
Shipping	50,889	45,186	17,875	22,004	2,504	2,422	71,268	69,612
Business and household services	85,011	87,881	75,889	71,599	4,387	5,205	165,287	164,685
Construction	10,797	9,102	15,400	16,965	692	841	26,889	26,908
Manufacturing	87,143	90,765	138,909	156,768	13,756	13,499	239,808	261,032
Agriculture, forestry and fishing	11,580	10,517	1,827	1,989	285	384	13,692	12,890
Mining, oil and gas extraction	22,248	17,250	24,941	23,640	2,686	1,826	49,875	42,716
Electricity, gas and water supply	41,857	38,778	30,039	32,211	5,863	5,314	77,759	76,303
Other	24,072	23,410	5,783	6,525	355	608	30,210	30,543
Corporates	468,265	446,988	394,409	420,433	73,709	84,897	936,383	952,318
Commercial real estate management	142,023	146,657	15,098	15,236	6,509	8,264	163,630	170,157
Residential real estate management	80,981	75,784	7,125	8,114	5,638	6,886	93,744	90,784
Housing co-operative associations, Sweden	45,864	42,163	4,022	1,758	15	26	49,901	43,947
Property Management	268,868	264,604	26,245	25,108	12,162	15,176	307,275	304,888
Public Administration	40,069	52,510	31,642	26,889	5,299	10,989	77,010	90,388
Household mortgage	466,682	453,677	25,820	25,722			492,502	479,399
Other	41,236	42,176	41,616	41,272	36	36	82,888	83,484
Households	507,918	495,853	67,436	66,994	36	36	575,390	562,883
Credit portfolio	1,335,489	1,331,733	537,149	560,238	191,873	201,712	2,064,511	2,093,683
Repos							1,367	8,401
Debt instruments							228,612	263,838
TOTAL							2,294,490	2,365,922

Note 18 a ctd. Credit risk

Credit portfolio by industry and geography*

Total credit portfolio comprises the Group's loans, leasing agreements, contingent liabilities and counterparty risks arising from derivative contracts. Exposures are presented before reserves. Derivatives are reported after netting of

market values but before collateral arrangements and includes add-ons for potential future exposure.

Group, 2015	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	72,019	51,151	7,801	2,659	233	226	933	18,885	14,546	168,453
Finance and insurance	80,221	1,553	3,314	1,575	310	12	250	19,783	21,270	128,288
Wholesale and retail	38,989	5,506	1,395	1,021	4,846	2,394	10,851	9,217	6,697	80,916
Transportation	32,546	611	2,981	1,716	1,134	1,598	2,382	9,310	113	52,391
Shipping	59,264	1,640	1,332	372	257	126	126	45	8,106	71,268
Business and household services	114,950	1,124	5,041	578	2,342	2,434	2,502	33,634	2,682	165,287
Construction	16,124	423	1,161	788	1,086	740	1,093	3,563	1,911	26,889
Manufacturing	161,363	3,979	3,846	9,962	3,872	2,091	4,862	34,762	15,071	239,808
Agriculture, forestry and fishing	8,645	66	5	57	1,666	2,023	1,120	87	23	13,692
Mining, oil and gas extraction	42,084	15	5,862	229	1,284	114	27		260	49,875
Electricity, gas and water supply	41,689	276	586	9,674	2,484	1,487	4,581	16,043	939	77,759
Other	24,005	802	1,290	634	181	166	160	690	2,282	30,210
Corporates	619,880	15,995	26,813	26,606	19,462	13,185	27,954	127,134	59,354	936,383
Commercial real estate management	110,204	101	1,673	1,298	6,049	3,940	7,933	32,430	2	163,630
Residential real estate management	86,139		8			358	6	7,233		93,744
Housing co-operative associations, Sweden										49,901
Property Management	246,244	101	1,681	1,298	6,049	4,298	7,939	39,663	2	307,275
Public Administration	22,140	9	418	1,319	3,731	728	1,107	46,877	681	77,010
Household mortgage	442,960		4,270		15,893	6,606	17,673		5,100	492,502
Other	44,866	4,376	21,093	1,949	2,960	2,315	2,277	34	3,018	82,888
Households	487,826	4,376	25,363	1,949	18,853	8,921	19,950	34	8,118	575,390
TOTAL	1,448,109	71,632	62,076	33,831	48,328	27,358	57,883	232,593	82,701	2,064,511

2014

Banks	83,177	45,500	9,747	5,809	273	566	453	21,181	16,500	183,206
Finance and insurance	75,993	2,222	3,727	1,682	442	12	697	20,642	23,700	129,117
Wholesale and retail	47,668	3,881	1,725	1,065	3,053	2,496	9,592	9,888	5,388	84,756
Transportation	31,567	476	3,412	1,828	1,103	1,811	2,917	10,535	107	53,756
Shipping	57,669	1,081	1,263	683	1,016	132	213	48	7,507	69,612
Business and household services	107,420	4,680	7,564	1,069	3,162	2,921	2,311	31,960	3,598	164,685
Construction	14,164	352	779	1,114	1,192	787	1,419	5,705	1,396	26,908
Manufacturing	173,758	5,007	4,907	11,352	4,583	2,413	4,934	40,316	13,762	261,032
Agriculture, forestry and fishing	7,569	88	8	40	2,062	2,086	921	90	26	12,890
Mining, oil and gas extraction	36,353	172	5,696	111	43	111	30		200	42,716
Electricity, gas and water supply	37,200	955	1,045	11,616	1,742	1,509	4,715	16,788	733	76,303
Other	22,973	827	1,055	920	422	244	176	1,087	2,839	30,543
Corporates	612,334	19,741	31,181	31,480	18,820	14,522	27,925	137,059	59,256	952,318
Commercial real estate management	109,580	133	2,056	1,009	6,425	4,549	8,250	38,155		170,157
Residential real estate management	80,729		53			378	8	9,616		90,784
Housing co-operative associations, Sweden										43,947
Property Management	234,256	133	2,109	1,009	6,425	4,927	8,258	47,771		304,888
Public Administration	25,422	8	377	1,381	3,374	393	1,805	56,945	683	90,388
Household mortgage	428,943		4,978		15,459	7,136	18,235		4,648	479,399
Other	44,508	4,559	23,209	2,038	2,878	2,511	1,330		2,451	83,484
Households	473,451	4,559	28,187	2,038	18,337	9,647	19,565		7,099	562,883
TOTAL	1,428,640	69,941	71,601	41,717	47,229	30,055	58,006	262,956	83,538	2,093,683

* The geographical distribution is based on where the loan is booked. Amounts before provisions for credit losses.

NOTES TO THE FINANCIAL STATEMENTS

Note 18 a ctd. Credit risk

Credit portfolio by risk class

Group, 2015 ¹⁾			Total, excluding households						Households ³⁾		
Category	PD Range	S&P/Moody's ²⁾	Banks	Corporates	Property Management	Public Admin.	Total	PD Range	Households		
Investment grade	0 < 0.01%	AAA/Aaa	3.5%	0.4%	0.0%	19.2%	1.7%	0 < 0.2%	66.8%		
	0.01 < 0.03%	AA/Aa	43.1%	13.0%	4.5%	71.3%	17.4%				
	0.03 < 0.12%	A/A	19.6%	24.0%	16.9%	6.3%	21.1%				
	0.12 < 0.46%	BBB/Baa	31.2%	39.5%	58.4%	2.3%	40.5%				
Ongoing business	0.46 < 1.74%	BB/Ba	0.9%	18.2%	16.4%	0.0%	15.1%	0.6 < 1%	10.1%		
	1.74 < 7%	B/B	0.9%	3.6%	2.2%	0.2%	2.9%				
Watch-list	7 < 9%	B/B	0.0%	0.0%	0.0%	0.0%	0.0%	5 < 10%	1.0%		
	9 < 22%	CCC/Caa	0.6%	0.6%	0.6%	0.7%	0.6%				
	22 < 100%	C/C	0.2%	0.1%	0.1%	0.0%	0.1%				
TOTAL			100%	100%	100%	100%	100%	TOTAL		100%	
2014¹⁾											
Investment grade	0 < 0.01%	AAA/Aaa	3.1%	0.6%	0.4%	19.9%	2.0%	0 < 0.2%	61.6%		
	0.01 < 0.03%	AA/Aa	35.4%	11.9%	4.9%	70.9%	16.6%				
	0.03 < 0.12%	A/A	20.4%	19.3%	14.3%	5.4%	17.6%				
	0.12 < 0.46%	BBB/Baa	38.7%	49.8%	65.7%	3.0%	49.0%				
Ongoing business	0.46 < 1.74%	BB/Ba	0.5%	10.4%	8.1%	0.0%	8.2%	0.6 < 1%	6.3%		
	1.74 < 7%	B/B	1.6%	6.2%	4.2%	0.2%	4.9%				
Watch-list	7 < 9%	B/B	0.0%	0.0%	0.0%	0.0%	0.0%	5 < 10%	1.1%		
	9 < 22%	CCC/Caa	0.3%	0.9%	0.9%	0.6%	0.8%				
	22 < 100%	C/C	0.0%	0.2%	0.3%	0.0%	0.2%				
TOTAL			100%	100%	100%	100%	100%	TOTAL		100%	

1) Compilation is based on credit portfolio including repos. The figures are not fully comparable between years due to the implementation of the enhanced risk classification system.

2) Estimated link between internal PDs and external ratings based on comparison of historical default outcomes.

3) Household exposure based on internal ratings based (IRB) reported exposure in the event of a default (EAD – exposure at default).

Credit portfolio protected by guarantees, credit derivatives and collaterals¹⁾

	Group				Parent company			
	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals	Credit portfolio	Protection via guarantees and credit derivatives	Protection via pledged collaterals	Of which, financial collaterals
2015								
Banks	168,453	4,020	15,259	13,376	105,849	1,766	13,877	12,559
Corporates and Property Management	1,243,658	44,252	429,992	29,013	970,221	42,934	357,491	26,738
Public Administration	77,010	35,413	849	849	22,957	29,482	228	228
Households	575,390	2,673	479,627	2,612	470,152	433,047		33
TOTAL	2,064,511	86,358	925,727	45,850	1,569,179	74,182	804,643	39,558
2014								
Banks	183,206	3,517	32,271	28,118	123,317	1,316	28,846	25,554
Corporates and Property Management	1,257,206	34,539	390,611	30,771	958,937	33,379	318,698	28,250
Public Administration	90,388	35,179	252	252	23,246	30,566		
Households	562,883	3,036	464,977	254	457,742		420,678	36
TOTAL	2,093,683	76,271	888,111	59,395	1,563,242	65,261	768,222	53,840

1) Only risk mitigation arrangements eligible in capital adequacy reporting are represented above.

Note 18 a ctd. Credit risk

Loan portfolio by industry and geography*

The loan portfolio comprises the Group's loans and leasing agreements.

2015	Sweden	Denmark	Norway	Finland	Estonia	Latvia	Lithuania	Germany	Other	Total
Banks	20,883	3,107	278	463	179	211	869	13,392	10,987	50,369
Finance and insurance	41,576	41	791	58	149	10	66	6,397	8,750	57,838
Wholesale and retail	24,200	4,654	981	374	2,689	1,458	7,065	2,510	4,861	48,792
Transportation	16,548	415	2,091	1,310	828	1,473	1,918	3,397	58	28,038
Shipping	43,216	288	683	372	255	123	125	45	5,782	50,889
Business and household services	64,418	871	845	154	2,095	2,197	1,374	12,457	600	85,011
Construction	8,707	287	104	6	455	190	398	647	3	10,797
Manufacturing	55,291	3,061	802	3,205	2,531	1,525	3,093	8,377	9,258	87,143
Agriculture, forestry and fishing	7,209	11		37	1,584	1,832	904		3	11,580
Mining, oil and gas extraction	21,099	15	100	229	686	92	27			22,248
Electricity, gas and water supply	22,833	35	5	7,571	1,426	897	3,831	5,051	208	41,857
Other	19,660	769	444	471	163	153	145	583	1,684	24,072
Corporates	324,757	10,447	6,846	13,787	12,861	9,950	18,946	39,464	31,207	468,265
Commercial real estate management	93,945	6	932	358	5,755	3,850	7,184	29,993		142,023
Residential real estate management	73,738		2			313	6	6,922		80,981
Housing co-operative associations, Sweden	45,864									45,864
Property Management	213,547	6	934	358	5,755	4,163	7,190	36,915		268,868
Public Administration	5,346	9	81	1,111	1,205	354	789	30,493	681	40,069
Household mortgage	418,420		3,559		15,683	6,578	17,343		5,099	466,682
Other	24,977	2,354	4,798	993	2,402	1,714	1,717	34	2,247	41,236
Households	443,397	2,354	8,357	993	18,085	8,292	19,060	34	7,346	507,918
TOTAL	1,007,930	15,923	16,496	16,712	38,085	22,970	46,854	120,298	50,221	1,335,489
Reverse repos										60,316
Debt instruments reclassified										21,001
Reserves										-4,878
TOTAL LENDING										1,411,928
2014										
Banks	41,245	700	1,240	1,287	254	529	398	15,438	10,687	71,778
Finance and insurance	25,223	76	634	64	244	10	41	7,576	8,792	42,660
Wholesale and retail	30,496	3,004	1,109	372	1,661	1,571	6,570	3,403	3,454	51,640
Transportation	17,068	272	2,414	1,416	853	1,590	2,075	4,074	37	29,799
Shipping	37,128	158	772	683	793	129	151	48	5,324	45,186
Business and household services	60,958	928	3,793	247	2,430	2,451	1,848	14,345	881	87,881
Construction	6,849	169	136	9	432	286	413	710	98	9,102
Manufacturing	59,096	3,223	1,176	3,371	3,207	1,403	3,239	7,755	8,295	90,765
Agriculture, forestry and fishing	6,007	11		40	1,867	1,837	749		6	10,517
Mining, oil and gas extraction	16,681	172	108	111	18	98	25		37	17,250
Electricity, gas and water supply	18,389	619	15	7,790	925	1,032	3,329	6,466	213	38,778
Other	17,778	802	477	552	318	222	165	975	2,121	23,410
Corporates	295,673	9,434	10,634	14,655	12,748	10,629	18,605	45,352	29,258	446,988
Commercial real estate management	91,736	6	1,131	437	6,242	4,465	7,074	35,566		146,657
Residential real estate management	66,634		46			308	7	8,789		75,784
Housing co-operative associations, Sweden	42,163									42,163
Property Management	200,533	6	1,177	437	6,242	4,773	7,081	44,355		264,604
Public Administration	4,986	8	94	1,166	1,262	99	1,266	42,947	682	52,510
Household mortgage	404,268		4,310		15,300	7,119	18,032		4,648	453,677
Other	25,668	2,471	5,967	961	2,305	1,817	784		2,203	42,176
Households	429,936	2,471	10,277	961	17,605	8,936	18,816		6,851	495,853
TOTAL	972,373	12,619	23,422	18,506	38,111	24,966	46,166	148,092	47,478	1,331,733
Reverse repos										89,926
Debt instruments reclassified										31,123
Reserves										-6,157
TOTAL LENDING										1,446,625

* The geographical distribution is based on where the loan is booked.

Note 18 a ctd. Credit risk

Debt instruments

At year-end 2015, SEB's credit exposure in the bond portfolio amounted to SEK 229bn (263). The exposure comprises all interest-bearing instruments at nominal amounts including certain credit derivatives and futures.

Distribution by geography

	Central & local governments		Corporates		Covered bonds		Structured credits		Financials		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Sweden	25.4%	15.3%	0.3%	1.4%	20.0%	21.4%	0.0%	0.0%	0.4%	0.5%	46.1%	38.6%
Germany	20.9%	24.5%	0.1%	1.2%	0.4%	0.9%	0.0%	0.0%	0.1%	0.2%	21.5%	26.8%
Denmark	0.2%	0.5%	0.2%	0.1%	9.7%	11.1%	0.0%	0.0%	0.3%	0.3%	10.4%	12.0%
Norway	3.6%	1.1%	0.3%	0.3%	0.0%	3.6%	0.6%	0.0%	0.0%	1.7%	4.5%	6.7%
Finland	0.7%	1.6%	0.1%	0.3%	1.5%	0.2%	0.0%	0.0%	0.7%	0.0%	3.0%	2.1%
US	2.0%	1.6%	0.3%	0.0%	0.0%	0.0%	0.0%	0.9%	0.0%	0.0%	2.3%	2.5%
Netherlands	0.5%	0.7%	0.1%	0.0%	0.3%	0.3%	0.1%	0.2%	0.3%	0.0%	1.3%	1.2%
Spain	0.0%	0.0%	0.0%	0.0%	0.6%	1.0%	0.4%	0.4%	0.1%	0.1%	1.1%	1.5%
France	0.1%	0.2%	0.8%	0.1%	0.0%	0.4%	0.0%	0.0%	0.1%	0.0%	1.0%	0.7%
Ireland	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	0.0%	0.1%	0.2%
Italy	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.2%	0.2%
Portugal	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%
Greece	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%
Europe, other	4.6%	4.7%	0.1%	0.1%	0.0%	0.1%	2.9%	2.1%	0.0%	0.0%	7.6%	7.0%
Other	0.8%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.8%	0.3%
TOTAL	58.9%	50.5%	2.3%	3.5%	32.5%	39.0%	4.3%	4.2%	2.0%	2.8%	100.0%	100.0%

Distribution by rating

AAA	46.9%	32.7%	0.2%	0.1%	31.7%	37.1%	2.9%	2.4%	0.6%	0.3%	82.3%	72.6%
AA	6.7%	7.0%	0.0%	0.1%	0.3%	0.6%	0.2%	0.4%	0.1%	0.1%	7.3%	8.2%
A	2.1%	1.7%	0.3%	0.5%	0.5%	0.2%	0.7%	0.5%	0.5%	0.5%	4.1%	3.4%
BBB	0.1%	0.1%	0.5%	0.6%	0.0%	0.6%	0.3%	0.4%	0.1%	0.1%	1.0%	1.8%
BB/B	0.0%	0.0%	0.1%	0.2%	0.0%	0.2%	0.2%	0.3%	0.0%	0.0%	0.3%	0.7%
CCC/CC	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%
No issue rating ¹⁾	3.1%	9.0%	1.2%	2.0%	0.0%	0.3%	0.0%	0.1%	0.7%	1.8%	5.0%	13.2%
TOTAL	58.9%	50.5%	2.3%	3.5%	32.5%	39.0%	4.3%	4.2%	2.0%	2.8%	100.0%	100.0%

1) Mainly German local governments (Bundesländer).

18 b MARKET RISK

Definition

Market risk is the risk of loss or reduction of future net income following changes in interest rates, foreign exchange rates, credit spreads, commodity and equity prices, including price risk in connection with the sale of assets or closing of positions. A clear distinction is made between market risks related to trading activity, i.e., trading book risks, and structural market and net interest income risks, i.e., banking book risks. Whereas the trading book is under a daily mark-to-market regime, positions in the banking book are typically held at amortised cost.

Risk management

Market risks in the trading book arise from SEB's customer-driven trading activity and in the liquidity portfolio. The trading activity is carried out by Merchant Banking in its capacity as market maker in international foreign exchange, equity and debt capital markets. The liquidity portfolio, which is managed by the treasury function, consists of investments in pledgeable and highly liquid bonds.

Market risk in the banking book arises as a result of balance sheet mismatches in currencies, interest terms and interest rate periods. The treasury function has overall responsibility for managing these risks, which are consolidated centrally.

Market risk also arises in the bank's pension obligations as a result of mismatches between defined benefit plan assets and liabilities. The market value

of plan assets fluctuates with changes in, e.g., equity prices, while the present value of pension liabilities is affected by changes in interest rates. Lower interest rates increase the present value of future obligations and vice versa. Market risks in the pension obligations and the life insurance business are not included in the market risk figures below. [Refer to note 18e for information on market risk in the life insurance business](#).

The Board of Directors defines how much market risk is acceptable by setting the overall market risk tolerance, risk limits and general instructions. The market risk tolerance and limits are defined for the trading book, banking book and defined benefit plans. The Group Risk Committee delegates the market risk mandate to the divisions and the treasury function, which in turn further allocate the limits internally. The trading book risks are managed at the different trading locations within a comprehensive set of limits in VaR, sensitivities, stop-loss and stress tests.

The risk control function measures, follows up and reports the market risk taken by the various units within the Group on a daily basis. Market risks are reported at least on a monthly basis to the Group Risk Committee and the Board's Risk and Capital Committee. The risk control function is present in the trading rooms and follows up the risks including limit compliance, market, counterparty and operational issues.

SEB is exposed to the following market risk types:

Risk type	Defined as the risk of loss or reduced income due to	Source
Interest rate risk	Changes in interest rates	Inherent in all banking business
Credit spread risk	A change in the creditworthiness of an issuer of, for instance, a bond or a credit derivative	Primarily present in the bank's bond holdings
Foreign exchange risk	Variations in the exchange rates	Foreign exchange trading and the bank's operations in various markets
Equity price risk	Variations in equity prices	Market making and customer activity in equities and equity derivatives
Commodity price risk	Variations in commodity prices	Customer-driven activities in commodities
Volatility risk	Changes in implied volatility	Market making and customer activity of options across all asset classes
Credit value adjustment*	Variations in the counterparty credit risk based on the expected future exposure	OTC derivative contracts

* Credit value adjustment is fundamentally credit risk, but the exposure is calculated using market risk drivers (interest rate, currency, etc.).

Note 18 b ctd. Market risk

Risk measurement

When assessing market risk exposure, SEB uses measures that capture losses under normal market conditions as well as measures that focus on extreme market situations. Market risks under normal market circumstances are measured using Value at Risk (VaR) as well as specific measures that are relevant for the various types of risk. These measures are complemented by stress tests and scenario analyses, in which potential losses under extreme market conditions are estimated. Since no measurement method can cover all risks at all times, several approaches are used, and the results are assessed based on judgment and experience.

Value at Risk and Stressed Value at Risk

VaR expresses the maximum potential loss that could arise during a certain time period with a given degree of probability. SEB uses a historical simulation VaR model with a ten-day time horizon and 99 per cent confidence interval to

measure, limit and report VaR. The model aggregates market risk exposure for all risk types and covers a wide range of risk factors in all asset classes. SEB also uses a stressed VaR measure, where VaR is calculated for the current portfolio using market data from a historic, turbulent time period covering the Lehman Brothers default.

A limitation of SEB's VaR model is that it uses historical data to estimate potential market changes. As such it may not predict all outcomes, especially in a rapidly changing market. Also, VaR does not take into account any actions to reduce risk as the model assumes that the portfolio is unchanged. SEB's VaR and stressed VaR models have been approved by the Swedish Financial Supervisory Authority for calculation of regulatory capital requirements for all the general market risks in the bank's trading book in the parent bank and the subsidiary Skandinaviska Enskilda Banken S.A in Luxembourg. The VaR model is validated using back-testing analysis.

Value at Risk

Trading Book (99%, ten days)	2015		31 Dec 2015	Average 2015	Average 2014
	Min	Max			
Interest rate risk	46	149	46	95	60
Credit spread risk	52	111	60	66	70
Foreign exchange rate risk	12	76	17	34	31
Equity price risk	8	74	23	29	23
Commodities risk	5	67	10	17	14
Volatilities risk	16	90	32	34	34
Diversification			-113	-158	-134
TOTAL	75	160	75	117	98
Banking Book (99%, ten days)					
Interest rate risk	125	330	330	189	198
Credit spread risk	78	111	78	97	143
Foreign exchange rate risk		7	1	1	1
Equity price risk	21	39	39	28	28
Volatilities risk		1			
Diversification			-134	-98	-110
TOTAL	164	314	314	217	260

Stress tests and scenario analysis

Scenario analysis and stress tests are a key part of the risk management framework, complementing the VaR measure, which is not designed to identify worst case losses. In particular, they test the portfolios using scenarios other than those available in the VaR simulation window, and cover longer time horizons. SEB stresses its portfolios by applying extreme movements in market factors which have been observed in the past (historical scenarios) as well as extreme movements that could potentially happen in the future (hypothetical or forward-looking scenarios). Reverse stress tests are also used for the total trading portfolio as well as for individual divisions and business units, to identify scenarios that would lead to a given significant loss, for instance, the breach of a stop loss limit.

Specific risk measures

VaR and stress tests are complemented by specific risk measures including Delta 1% for interest risk, and single and aggregated FX for currency risk. Delta 1% is a measure of interest rate risk that is calculated for all interest rate-based products and is defined as the change in market value arising from an adverse one percentage point parallel shift in all interest rates in each currency.

In addition, all units that handle risk for financial instruments valued at market are limited by a stop-loss limit. The stop-loss limit indicates the maximum loss a unit can incur before mitigating actions are taken.

Counterparty risk in derivative contracts

The credit and debit valuation adjustments (CVA/DVA) are sensitive to market movements, in particular to movements in interest rates, credit spreads and foreign exchange rates.

In order to monitor this sensitivity, SEB stresses these asset classes on a regular basis and calculates the impact on the valuation adjustments. This is done by

comparing the original CVA/DVA numbers with the stressed CVA/DVA numbers where the current rates and credit spreads have been moved up 100bp and where SEK has appreciated 5% to all other currencies compared to the current level.

2015	CVA	DVA	Total
Interest rates up 100bp	169	85	254
Credit spreads up 100bp	-798	392	-406
SEK appreciates 5%	11		11
2014			
Interest rates up 100bp	135	39	174
Credit spreads up 100bp	-1,070	360	-710
SEK appreciates 5%	15	3	18

Note 18 b ctd. Market risk

Interest rate risk

Interest rate risk refers to the risk that the value of the Group's assets, liabilities and interest-related derivatives will be negatively affected by changes in interest rates or other relevant risk factors.

The majority of the Group's interest rate risks are structural and arise within the banking operations when there is a mismatch between the interest fixing

periods of assets and liabilities, including derivatives.

The table below shows the sensitivity to a +100bp change in the interest rates on the banking and trading book by currency and in different buckets of maturity. This is calculated as the value change for a shift of 1 bp and then scaled up to reflect a 100 bp move.

Trading book per time buckets

	<3 months	3-12 months	1-2 years	2-5 years	>5 years	Total
2015						
EUR	-20	255	38	-11	-1	261
SEK	-118	179	-22	97	-65	71
USD	-41	-43	-11	17	3	-75
Other	14	-158	-196	10	112	-218
TOTAL	-165	233	-191	113	49	39
2014						
EUR	45	-300	717	-43	-67	352
SEK	-119	231	-78	330	-24	340
USD	-121	-48	41	13	4	-111
Other	-2	176	-455	40	79	-162
TOTAL	-197	59	225	340	-8	419

Banking book per time buckets*

	<3 months	3-12 months	1-2 years	2-5 years	>5 years	Total
2015						
EUR	-56	-222	-181	-224	267	-416
SEK	-665	-172	-399	-505	-143	-1,884
USD	209	1	11	32	134	387
Other	-58	-12	-5	-28	-7	-110
TOTAL	-570	-405	-574	-725	251	-2,023
2014						
EUR	-96	-183	-142	-337	277	-481
SEK	-442	-235	-360	-588	-145	-1,770
USD	230	73	9	26	163	501
Other	-50	47	-5	-25	-7	-40
TOTAL	-358	-298	-498	-924	288	-1,790

* by currency SEKm/100 bp

18 c OPERATIONAL RISK

Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems (e.g., breakdown of IT systems, mistakes, fraud, other deficiencies in internal control) or from external events (natural disasters, external crime, etc.).

Risk management

SEB uses an IT-based infrastructure for managing operational risk, security issues and compliance. All employees are required to register risk-related events or incidents so that risks can be properly identified, assessed, monitored and mitigated. All business and support units regularly perform risk self-assessments according to a group-wide methodology in order to identify and mitigate significant risks embedded in the organisation's various business and support processes. Through a group-wide New Product Approval Process (NPAP) for all new or changed products, processes and/or systems, operational risks are identified and mitigated to protect SEB from entering into unintended risk-taking that cannot be immediately managed by the organisation.

The Business Continuity Management program in SEB ensures that the organisation is prepared to respond to and operate throughout a period of major disruption by identifying critical activities and maintaining updated and tested plans in a group-wide system for this purpose.

SEB conducts regular training and education in key areas, including information security, fraud prevention, anti-money laundering, know-your-customer

procedures and SEB's Code of Business Conduct. SEB has a formal whistleblower procedure that encourages employees to report improprieties and unethical or illegal conduct.

SEB's structured approach to working with operational risk has resulted in improved processes over the years; however, it is essential to make continuous improvements in order to mitigate operational risks. A focus area in 2015 was the definition, selection and implementation of significant processes for risk assessment purposes. Significant processes are such processes that are considered significant for the bank's ability to conduct its business, for example the payment process, the process for mortgage lending, the credit granting process.

The threat from cybercrime and organised crime are continuously increasing and mitigating processes and tools are regularly reviewed, updated and communicated.

The risk control function is responsible for measuring and reporting SEB's operational risk. The risk level is analysed and reported monthly to the Group Executive Committee, the Group Risk Committee and the Board's Risk and Capital Committee as well as locally. The total operational losses in 2015 amounted to SEK 291m (311).

Risk measurement

SEB uses the Advanced Measurement Approach (AMA) to calculate the capital requirement for operational risk.

18 d BUSINESS RISK

Definition

Business risk is the risk of lower revenues due to reduced volumes, price pressure or competition.

Business risk includes venture decision risk (related to undertakings such as acquisitions, large IT projects, transformations, outsourcing, etc.). Strategic risk is close in nature to business risk, but focuses on large-scale or structural risk factors. Reputational risk is the risk arising from negative perception of SEB or the industry in general.

Risk management

Business, strategic and reputational risks are fundamental to doing business. Digitisation of the banking industry is accelerating and new types of competitors are emerging. The extensive new regulatory framework for banking and financial institutions is significantly impacting the industry. Corporate sustainability plays an increasingly important part of a company's reputation. SEB continuously works to mitigate business, strategic and reputational risks in many ways, for example, with regular strategic business reviews, proactive cost management, an agile step-by-step IT development approach, ambitious corporate sustainability agenda and in active dialogues on regulatory matters.

18 e INSURANCE RISK

Definition

Insurance risk in SEB consists of all risk related to the Group's insurance operations. SEB's life insurance operations consist of unit-linked insurance and traditional life insurance. The main risks include market risk, underwriting risk and operational risk.

Market risk in the insurance business is the risk for losses on traditional life insurance policies with guaranteed benefits due to changes in fair value of assets and liabilities. Such changes in fair value can be caused by changes in interest rates, credit spreads, equity prices, property values, exchange rates and implied volatilities.

Underwriting risk pertains to the risk of loss or of negative changes in the value of insurance liabilities (technical provisions) due to inadequate pricing and/or provisioning assumptions. It includes factors such as average mortality, longevity, disability/morbidity (including risks that result from fluctuation in the timing and amount of claim settlements), catastrophe risk (e.g., extreme or irregular events), expense risk and lapse risk (i.e., policyholder behaviour risk).

In unit-linked insurance, the market risk is borne by the policyholder, while the underwriting risk is limited. However, there is an indirect exposure to market risk through the policyholders' investments, since a significant part of life insurance business' future income stream is based on assets under management.

Insurance risk management and measurement

Market risk in the traditional life insurance products with guaranteed returns is mitigated through standard market risk hedging schemes and monitored through asset/liability management (ALM) risk measures and stress tests. This is supplemented by market risk tools such as VaR and scenario analysis.

Underwriting risks are controlled through the use of actuarial analysis and

stress tests of the existing insurance portfolio. Mortality and disability/morbidity risks are reinsured for large individual claims or for several claims attributable to the same event. Underwriting risk parameters are validated annually.

Policyholders within certain traditional life insurance products are free to move their policies from SEB. The utilisation of this option has been very low historically. Nevertheless, to safeguard against unplanned cash outflows the bank maintains sufficient liquid investments. Furthermore, continuous cash flow analysis is conducted to mitigate this risk.

In the traditional products, the difference between asset values and the guaranteed obligations constitutes a buffer which is intended to cover SEB's risk. In the unit-linked business, the profitability for existing and new business is closely monitored, and look-through of funds is implemented to the extent possible for better calculation of capital requirements under the Solvency regime.

The risk control function is responsible for identifying, monitoring, measuring and controlling the risks in SEB's life insurance operations and reports the most important risks on a regular basis to the Group Risk Committee, the Board's Risk and Capital Committee and to the boards of SEB's respective insurance companies.

The Swedish and Danish Financial Supervisory Authorities use a "traffic light system" to evaluate the ALM risk in life insurance companies. These systems are regulatory tools for identifying insurance companies in need of closer monitoring of the relation between their assets and liabilities. None of SEB's Swedish and Danish companies have been identified for such closer monitoring.

Solvency II, the new regulatory framework for insurance companies, applies from 1 January 2016. SEB has prepared and implemented the framework in accordance with the guidelines for the insurance industry issued by the European Insurance and Occupational Pension Authority (EIOPA).

18 f LIQUIDITY RISK

Definition

Liquidity risk is the risk that the Group is unable to refinance its existing assets or is unable to meet the demand for additional liquidity. Liquidity risk also entails the risk that the Group is forced to borrow at unfavourable rates or is forced to sell assets at a loss in order to meet its payment commitments.

Liquidity management and risk measurement

The Board of Directors has established a comprehensive framework for managing the bank's liquidity requirements in the short- and long-term. The aim of SEB's liquidity risk management is to ensure that the Group has a controlled liquidity risk situation, with adequate volumes of liquid assets in all relevant currencies to meet its liquidity requirements in all foreseeable circumstances, without incurring substantial cost.

The liquidity risk is managed through the limits set by the Board which are further allocated by the Group Risk Committee. Liquidity limits are set for the Group, branches and specific legal entities, as well as for exposures in certain currencies. The treasury function has the overall responsibility for liquidity management and funding, supported by local treasury centres in the Group's major markets. The risk function regularly measures and reports limit utilisation as well as liquidity stress tests to the Group Risk Committee and the Board's Risk and Capital Committee.

Liquidity management and the structuring of the balance sheet from a liquidity point of view are built on three basic perspectives: (i) the structural liquidity perspective, in which stable funding is put in relation to illiquid assets; (ii) the bank's tolerance for short-term stress in the form of a shutdown of the wholesale and interbank funding markets (wholesale funding dependence); and, (iii) the bank's

tolerance to a severe stress scenario where, in addition to a shutdown of the funding market, the bank experiences a severe outflow of deposits.

Structural liquidity risk

In order to maintain a sound structural liquidity position, the structure of the liability side should be based on the composition of assets. The more long-term lending and other illiquid assets, the more stable funding is required. In SEB, this is measured as the Core Gap ratio, which is conceptually equivalent to the Basel Committee's Net Stable Funding Ratio (NSFR), i.e., a ratio between stable funding (over 1 year maturity) and illiquid assets (over 1 year maturity). The difference between the internal Core Gap ratio and the external NSFR is that the Core Gap ratio is calculated and parameterised on a more detailed level based on internal statistics and that the weightings of available stable funding and required stable funding differ.

Wholesale funding dependence

One way of measuring tolerance for deteriorating market conditions is to assess the time that SEB's liquid assets would last if the wholesale and interbank funding markets were closed. This measure, the maturing funding ratio, captures the bank's liquid assets in relation to wholesale funding and net interbank borrowings that come to maturity over the coming months, or as the number of months it would take to deplete the liquid assets in a scenario where all maturing funding must be repaid from liquid assets. The main advantage of this measure is that only contractual information is used and no assumptions are required. Wholesale funding dependence is also measured as the loan to deposit ratio, excluding repos and reclassified debt securities.

Note 18 f ctd. Liquidity risk

Stressed survival horizon

Severe stress can be modelled by combining assumptions of a wholesale funding market shutdown with assumptions of deposit outflows and drawdowns on commitments, etc. The outcome is captured by the regulatory defined Liquidity Coverage Ratio (LCR) where, in a stressed scenario, modelled net outflows during a 30-day period are related to the amount of total liquid assets. SEB also measures the time it would take for the liquid assets to be depleted in a severely stressed scenario expressed as the survival horizon. In addition, SEB monitors various rating agencies' survival metrics.

Internal liquidity adequacy assessment process

Liquidity risk is not primarily mitigated by capital. However, there are strong links between a bank's capital and liquidity position. Hence, an internal liquidity adequacy assessment process (ILAAP) complements the ICAAP. The ILAAP is designed to identify potential gaps against SEB's long-term desired level of liquidity adequacy, taking into account that effective liquidity management is an ongoing improvement process.

Liquidity reserve¹⁾

	2015					2014				
	SEK	EUR	USD	Other	Total	SEK	EUR	USD	Other	Total
Cash and holdings in central banks	25,136	53,378	46,678	8,459	133,651	1,045	37,822	51,666	29,382	119,915
Deposits in other banks available overnight	1,143	2,997	3,963	5,392	13,495	1,182	4,096	6,986	9,161	21,425
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks		28,193	6,962	2,560	37,715	17,244	22,786	6,184	5,367	51,581
Securities issued or guaranteed by municipalities or other public sector entities	6,687	18,937	8,650	194	34,468	10,883	39,599	2,837	7	53,326
Covered bonds issued by other institutions	53,974	4,874	69	64,372	123,289	61,294	12,743	95	77,880	152,012
Covered bonds issued by SEB	1,576	190			1,766	2,214	260		110	2,584
Securities issued by non-financial corporations	51	4,883	458	2	5,394	76	2,666	814		3,556
Securities issued by financial corporations (not including covered bonds)		1,142	1,003		2,145		4,727	885		5,612
TOTAL	88,567	114,594	67,783	80,979	351,923	93,938	124,699	69,467	121,907	410,011

1) The liquidity reserve is presented in accordance with the template defined by the Swedish Bankers' Association. Assets included in the liquidity reserve should comply with the following: Assets shall be under the control of the Treasury function in the bank, not be encumbered and be pledgeable with central banks. Furthermore, bonds shall have a maximum risk weight of 20 per cent under the standardised approach to credit risk of the Basel II framework and a lowest rating of Aa2/AA-. Assets are disclosed using market values.

Liquidity risk management measures

	2015	2014
Core Gap ratio ¹⁾	111%	119%
Loan to deposit ratio	146%	134%
Liquidity Coverage Ratio (defined by the Swedish FSA)	128%	115%

1) Core Gap ratio represents the parent company, SEB AG, SEB Pank AS (Estonia), SEB Banka (Latvia) and SEB bankas AB (Lithuania).

Contractual maturities

The following tables present cash flows by remaining contractual maturities at the balance sheet date and applies the earliest date which the Group can be required to pay regardless of probability assumptions. The cash flows are not

discounted. Derivatives are reported at fair value. Off-balance sheet items such as loan commitments are reported as when the obligation matures.

Note 18 f ctd. Liquidity risk

Group, 2015

Balance sheet (contractual maturity dates)	Payable on demand	<3 months¹⁾	3-12 months	1-5 years	>5 years	Not distributed	Insurance³⁾	Subtotal	Discount effect	Total
Cash and cash balances with central banks	101,429							101,429		101,429
Loans to central banks	20	32,053	123					32,196	26	32,222
Loans to credit institutions	10,095	28,038	8,014	7,746	1,328		3,188	58,409	133	58,542
of which eligible debt securities		1,046		357				1,403	12	1,415
of which other debt securities		95		1,281				1,376	10	1,386
of which repos		1,754						1,754	1	1,755
General governments	5,129	3,796	11,093	17,953	7,022			44,993	2,211	47,204
Households	721	67,434	143,604	261,702	35,434			508,895	21,447	530,342
Corporates	41,159	159,950	142,936	311,085	87,999			743,129	32,711	775,840
Loans to the public	47,009	231,180	297,633	590,740	130,455			1,297,017	56,369	1,353,386
of which eligible debt securities		432	1,368	5,663	5,736			13,199	612	13,811
of which other debt securities		7	196	717	2,965			3,885	253	4,138
of which repos		58,274	1					58,275	285	58,560
Debt securities		59,852	21,240	111,647	14,343		67,452	274,534	4,408	278,942
of which eligible debt securities		49,495	4,432	30,189	6,544		38,992	129,652	1,480	131,132
of which other debt securities		9,366	16,800	81,319	7,757		27,879	143,121	2,928	146,049
Equity instruments						82,058	16,149	98,207		98,207
Derivatives		45,396	20,982	59,919	51,504		37,750	215,551		215,551
Financial assets – policyholders bearing the risk							271,613	271,613		271,613
Financial assets at fair value	105,248	42,222	171,566	65,847	82,058	392,964	859,905	4,408	864,313	
Other	36,637	74	1,551	136	26,867	20,778	86,043	29	86,072	
of which other financial assets	35,336	10	73	19	10	113	35,561	29	35,590	
Total assets	158,553	433,156	348,066	771,603	197,766	108,925	416,930	2,434,999	60,965	2,495,964
of which accrued interests loans								1,895		1,895
of which accrued interests debt securities								2,011		2,011
Deposits from central banks and credit institutions	30,419	54,186	27,979	2,303	2,641		1,103	118,631	-125	118,506
of which repos		1,569					877	2,446	-1	2,445
General governments	17,456	5,197	1,953	189	4,736			29,531	-139	29,392
Households	217,057	34,859	8,175	1,499	4			261,594	-72	261,522
Corporates	452,066	83,953	11,799	28,136	17,777			593,731	-860	592,871
Deposits and borrowings from the public	686,579	124,009	21,927	29,824	22,517			884,856	-1,071	883,785
of which deposits	303,497	87,287	9,666	2,817	9,664			412,931	-397	412,534
of which borrowing		7,501	1	20	185			7,707	-12	7,695
of which repos		7,171						7,171	-7	7,164
Liabilities to policyholders						271,995	271,995			271,995
Certificates		113,283	30,709	2,869	168	45		147,074	-931	146,143
Covered bonds		12,536	48,196	226,149	50,382			337,263	-14,216	323,047
Other bonds ²⁾		10,975	18,287	130,654	17,278			177,194	-6,940	170,254
Debt securities issued	136,794	97,192	359,672	67,828	45			661,531	-22,087	639,444
Debt securities		128	111	5,720	5,222			11,181	-739	10,442
Equity instruments								12,927		12,927
Derivatives		47,062	19,572	51,197	36,781		35,427	190,039		190,039
Other liabilities		15,757	1,640					17,397	-20	17,377
Financial liabilities at fair value	62,947	21,323	56,917	42,003	12,927	35,427	231,544	-759	230,785	
Other	43,096	297	740	1,964	25,836	105,387	177,320	-41	177,279	
of which other financial liabilities	39,383	94	481	1,140	2	87	41,187	-41	41,146	
Subordinated liabilities	802				40,256			41,058	-9,686	31,372
Equity						142,798		142,798		142,798
Total Liabilities and Equity	716,998	421,834	168,718	449,456	177,209	181,606	413,912	2,529,733	-33,769	2,495,964
of which accrued interests deposits and borrowing								1,235		1,235
of which accrued interests issued securities								7,138		7,138
Off balance sheet items										
Loan commitments		227,039	25,062	201,840	29,235			483,176		483,176
Acceptances and other financial facilities		53,591	30,407	13,851	21,484			119,333		119,333
Operating lease commitments		250	863	843	156			2,112		2,112
Total liabilities, equity and off-balance sheet items	716,998	702,714	225,050	665,990	228,084	181,606	413,912	3,134,354	-33,769	3,100,585

NOTES TO THE FINANCIAL STATEMENTS

Note 18 f ctd. Liquidity risk

Group, 2014

Balance sheet (contractual maturity dates)	Payable on demand	< 3 months ¹⁾	3–12 months	1–5 years	>5 years	Not distributed	Insurance ²⁾	Subtotal	Discount effect	Total
Cash and cash balances with central banks	103,098							103,098		103,098
Loans to central banks	16,854							16,854	-37	16,817
Loans to credit institutions	19,231	42,879	14,637	12,434	1,413	6	888	91,488	-543	90,945
of which eligible debt securities	427		3,023	2,146				5,596	-118	5,478
of which other debt securities			2,131	1,575				3,706	-85	3,621
of which repos		14,199						14,199	-31	14,168
General governments	26,972	10,283	3,603	16,666	9,460	1		66,985	-2,677	64,308
Households	6,513	145,745	132,618	209,025	48,726	312		542,939	-24,377	518,562
Corporates	41,426	136,246	147,566	372,558	120,464	730		818,990	-46,180	772,810
Loans to the public	74,911	292,274	283,787	598,249	178,650	1,043		1,428,914	-73,234	1,355,680
of which eligible debt securities				7,762	4,494			12,256	-740	11,516
of which other debt securities		54	2,921	752	7,269			10,996	-784	10,212
of which repos		76,265	1					76,266	-507	75,759
Debt securities	30,085	48,955	138,981	36,244			76,433	330,698	-9,543	321,155
of which eligible debt securities	18,739	17,659	33,353	20,723				90,474	-3,600	86,874
of which other debt securities	9,914	30,966	105,635	15,519			75,665	237,699	-5,942	231,757
Equity instruments						116,107	12,967	129,074		129,074
Derivatives	68,545	24,298	69,738	76,189			34,741	273,511		273,511
Financial assets – policyholders bearing the risk							258,945	258,945		258,945
Financial assets at fair value	98,630	73,253	208,719	112,433	116,107		383,086	992,228	-9,543	982,685
Other	33,532	240	5,749	5,250	27,043		20,621	92,435	-414	92,021
of which other financial assets	32,462	140	5,742	3,720	3		128	42,195	-414	41,781
of which other debt securities				101				101	-10	91
Total assets	197,240	484,169	371,917	825,151	297,746	144,199	404,595	2,725,017	-83,771	2,641,246
of which accrued interests loans								2,201		2,201
of which accrued interests debt securities								2,818		2,818
Deposits from central banks and credit institutions	37,014	53,417	14,727	4,029	5,448	3	1,459	116,097	-911	115,186
of which repos	5,555							5,555	-18	5,537
General governments	25,192	25,867	13,301	295	1,991			66,646	-295	66,351
Households	172,010	58,649	13,701	2,369	3			246,732	-300	246,432
Corporates	387,149	171,121	15,540	37,632	21,709			633,151	-2,820	630,331
Deposits and borrowings from the public	584,351	255,637	42,542	40,296	23,703			946,529	-3,415	943,114
of which deposits	489,049	196,712	18,851	4,716	10,397			719,725	-1,396	718,329
of which borrowing		6,246	23	24	214			6,507	-30	6,477
of which repos		5,900						5,900	-14	5,886
Liabilities to policyholders							259,275	259,275		259,275
Certificates	156,086	55,986	2,992			46		215,110	-1,456	213,654
Covered bonds		48,869	242,496	50,875				342,240	-15,580	326,660
Other bonds ²⁾	9,928	13,334	112,313	20,831				156,406	-6,857	149,549
Issued securities	166,014	118,189	357,801	71,706	46			713,756	-23,893	689,863
Debt securities		2,857	225	14,909	9,415			27,406	-1,591	25,815
Equity instruments						15,237		15,237		15,237
Derivatives	63,936	24,157	58,955	59,459			31,205	237,712		237,712
Financial liabilities at fair value	66,793	24,382	73,864	68,874	15,237		31,205	280,355	-1,591	278,764
Other	29,450	899	4,825	4,956	28,350		111,723	180,203		180,203
of which other financial liabilities	25,645	65	4,980	4,864	11		63	35,628	-657	34,971
Subordinated liabilities	5,126	5,601	13,427	24,844				48,998	-8,733	40,265
Equity							134,576	134,576		134,576
Total Liabilities and Equity	621,365	576,437	206,340	494,242	199,531	178,212	403,662	2,679,789	-38,543	2,641,246
of which accrued interests deposits and borrowing								2,330		2,330
of which accrued interests issued securities								7,256		7,256
Off balance sheet items										
Loan commitments	41,307	116,432	230,076	4,697	15	1,291		393,818		393,818
Acceptances and other financial facilities	1,951	74,778	24,618	11,746	12,551			125,644		125,644
Operating lease commitments		109	1,572	1,492	287			3,460		3,460
Total liabilities, equity and off-balance sheet items	664,623	767,756	462,606	512,177	212,384	179,503	403,662	3,202,711	-38,543	3,164,168

1) Includes items available overnight (O/N).

2) The Group issues equity index linked bonds, which contains both a liability and an equity component. The Group has chosen to designate issued equity index linked bonds, with fair values amounting to SEK 34,774m (31,547), as at fair value through profit or loss, since they contain embedded derivatives. The corresponding amounts for the Parent company are SEK 32,315m (27,968). This choice implies that the entire hybrid contract is measured at fair value through profit or loss. Fair value for those financial instruments is calculated using a valuation technique, exclusively based on quoted market prices. The Group's contractual liability is SEK 32,356m (28,719) and for the Parent company SEK 30,199m (25,519). The accumulated impact from reflecting the Group's own credit standing in the fair value measurement amounts to SEK 177m (594), of which SEK -417m (35) relates to 2015. The corresponding amount for the Parent company is SEK 98m (469), of which SEK -371m (24) relates to 2015.

3) The cash flows from insurance assets are monitored on a regular basis in order to be sufficient to meet the cash flows from the insurance liabilities at all times..

NOTES TO THE FINANCIAL STATEMENTS

Note 18 f ctd. Liquidity risk

Parent company, 2015

Balance sheet (contractual maturity dates)	Payable on demand	< 3 months¹⁾	3–12 months	1–5 years	>5 years	Not distributed	Subtotal	Discount effect	Total
Cash and cash balances with central banks	55,857						55,857	-145	55,712
Loans to credit institutions	22,065	65,167	26,608	52,805	116		166,761	-494	166,267
of which other debt securities	95		1,294				1,389	-3	1,386
of which repos		1,439					1,439	-1	1,438
General governments	177	905	2,389	4,981	2,691		11,143	-589	10,554
Households	674	53,743	144,060	269,468	10,738		478,683	-15,929	462,754
Corporates	42,342	142,443	113,298	265,689	66,491		630,263	-23,133	607,130
Loans to the public	43,193	197,091	259,747	540,138	79,920		1,120,089	-39,651	1,080,438
of which eligible debt securities		1,399	4,336	2,608			8,343	-527	7,816
of which other debt securities		194	757	3,628			4,579	-468	4,111
of which repos		58,836					58,836	-281	58,555
Debt securities	57,770	20,157	97,449	11,813			187,189	-4,955	182,234
of which eligible debt securities	47,836	3,415	19,823	5,101			76,175	-1,383	74,792
of which other debt securities	8,952	16,743	77,626	6,712			110,033	-3,570	106,463
Equity instruments						117,464	117,464		117,464
Derivatives	45,894	21,024	59,850	54,238			181,006		181,006
Financial assets at fair value	103,664	41,181	157,299	66,051	117,464		485,659	-4,955	480,704
Other	36,068	2,861	14,712	20,219	9,624		83,484		83,484
of which other financial assets	34,935	2,861	14,712	20,219			72,727		72,727
Total assets	121,115	401,990	330,397	764,954	166,306	127,088	1,911,850	-45,245	1,866,605
of which accrued interests loans							1,482		1,482
of which accrued interests debt securities							1,161		1,161
Deposits by credit institutions	34,253	55,666	30,024	10,180	5,032		135,155	-339	134,816
of which repos		1,569					1,569	-1	1,568
General governments	7,097	487	951	83	2,455		11,073	-53	11,020
Households	177,306	19,896	3,136	507			200,845	-389	200,456
Corporates	392,036	72,649	5,449	2,580	7,095		479,809	-984	478,825
Deposits and borrowings from the public	576,439	93,032	9,536	3,170	9,550		691,727	-1,426	690,301
of which deposits	576,439	85,537	9,536	3,170	9,550		684,232	-1,423	682,809
of which borrowing		7,496					7,496	-4	7,492
of which repos		7,168					7,168	-4	7,164
Certificates	113,437	30,718	2,871	175			147,201	-1,315	145,886
Covered bonds	12,102	46,977	227,281	52,235			338,595	-19,885	318,710
Other bonds ¹⁾	10,919	18,155	132,395	15,871			177,340	-9,533	167,807
Issued securities	136,458	95,850	362,547	68,281			663,136	-30,733	632,403
Debt securities		127	109	5,340	4,703		10,279		10,279
Equity instruments						12,831	12,831		12,831
Derivatives	49,096	19,694	52,404	41,110			162,304		162,304
Other liabilities	15,742	1,635					17,377		17,377
Financial liabilities at fair value	64,965	21,438	57,744	45,813	12,831		202,791		202,791
Other	39,028	17	9		14,622		53,676		53,676
of which other financial liabilities	39,028	17	9				39,054		39,054
Subordinated liabilities		802			41,317		42,119	-10,747	31,372
Untaxed reserves							23,466	23,466	23,466
Equity							97,780	97,780	97,780
Total Liabilities and Equity	610,692	389,951	156,865	433,650	169,993	148,699	1,909,850	-43,245	1,866,605
of which accrued interests deposits and borrowing							1,205		1,205
of which accrued interests issued securities							5,837		5,837
Off balance sheet items									
Loan commitments		140,699	20,687	163,462	26,072		350,920		350,920
Acceptances and other financial facilities		43,353	19,425	9,256	14,274		86,308		86,308
Total liabilities, equity and off-balance sheet items	610,692	574,003	196,977	606,368	210,339	148,699	2,347,078	-43,245	2,303,833

NOTES TO THE FINANCIAL STATEMENTS

Note 18 f ctd. Liquidity risk

Parent company, 2014

Balance sheet (contractual maturity dates)	Payable on demand	< 3 months ¹⁾	3–12 months	1–5 years	>5 years	Not distributed	Subtotal	Discount effect	Total
Cash and cash balances with central banks	59,454						59,454	-284	59,170
Loans to credit institutions	1,327	124,856	43,147	25,251	375		194,956	-671	194,285
of which other debt securities			1,912	1,570			3,482	-76	3,406
of which repos		10,099					10,099	-13	10,086
General governments	531	6,013	509	6,583	2,857		16,493	-854	15,639
Households	4,945	135,836	121,065	191,895	11,691		465,432	-15,855	449,577
Corporates	41,665	152,294	115,263	241,860	68,376		619,458	-27,867	591,591
Loans to the public	47,141	294,143	236,837	440,338	82,924		1,101,383	-44,576	1,056,807
of which eligible debt securities			5,876	2,606			8,482	-449	8,033
of which other debt securities		47	2,911	721	7,217		10,896	-726	10,170
of which repos		76,209					76,209	-462	75,747
Debt securities	27,590	43,671	114,776	27,695			213,732	-7,183	206,549
of which eligible debt securities		16,299	12,869	18,517	14,061		61,746	-2,313	59,433
of which other debt securities		9,740	30,212	89,611	11,066		140,629	-4,768	135,861
Equity instruments						133,565	133,565		133,565
Derivatives		69,032	24,524	70,110	78,383		242,049		242,049
Financial assets at fair value	96,622	68,195	184,886	106,078	133,565		589,346	-7,183	582,163
Other	21,875	1,666	15,612	23,026	31,538		93,717		93,717
of which other financial assets	21,875	1,666	15,612	23,026			62,179		62,179
Total assets	107,922	537,496	349,845	666,087	212,403	165,103	2,038,856	-52,714	1,986,142
of which accrued interests loans							1,669		1,669
of which accrued interests debt securities							1,658		1,658
Deposits by credit institutions	43,303	54,961	27,720	10,042	9,637		145,663	-887	144,776
of which repos		5,493					5,493	-7	5,486
General governments	5,874	5,389	261	245	1,717		13,486	-90	13,396
Households	138,200	41,679	6,978	1,056			187,913	-717	187,196
Corporates	330,442	155,427	10,180	3,490	8,348		507,887	-2,027	505,860
Deposits and borrowings from the public	474,516	202,495	17,419	4,791	10,065		709,286	-2,834	706,452
of which deposits	474,515	196,260	17,419	4,791	10,065		703,050	-2,827	700,223
of which borrowing		6,229					6,229	-7	6,222
of which repos		5,892					5,892	-7	5,885
Certificates	156,950	55,982	2,743				215,675	-1,515	214,160
Covered bonds	6,969	49,369	232,877	48,888			338,103	-15,682	322,421
Other bonds ²⁾	11,517	13,246	108,681	19,345			152,789	-6,851	145,938
Issued securities		175,436	118,597	344,301	68,233		706,567	-24,048	682,519
Debt securities		2,561	104	12,254	7,430		22,349		22,349
Equity instruments		145			13,378		13,523		13,523
Derivatives		63,657	24,385	59,011	64,585		211,638		211,638
Financial liabilities at fair value		66,363	24,489	71,265	85,393		247,510		247,510
Other		25,326	2	4,817	2,457	17,527	50,129		50,129
of which other financial liabilities		25,326	2	4,817	2,457		32,602		32,602
Subordinated liabilities		5,053	5,605	13,460	24,985		49,103	-8,912	40,191
Untaxed reserves							23,102	23,102	23,102
Equity							91,463	91,463	91,463
Total Liabilities and Equity	517,819	529,634	193,832	448,676	200,770	132,092	2,022,823	-36,681	1,986,142
of which accrued interests deposits and borrowing							1,036		1,036
of which accrued interests issued securities							7,303		7,303
Off balance sheet items									
Loan commitments	2,056	39,576	21,561	172,829	21,738		257,760		257,760
Acceptances and other financial facilities	270	6,667	1,481	821	591		9,830		9,830
Total liabilities, equity and off-balance sheet items	520,145	575,877	216,874	622,326	223,099	132,092	2,290,413	-36,681	2,253,732

1) Includes items available overnight (O/N).

2) The Group issues equity index linked bonds, which contains both a liability and an equity component. The Group has chosen to designate issued equity index linked bonds, with fair values amounting to SEK 34,774m (31,547), as at fair value through profit or loss, since they contain embedded derivatives. The corresponding amounts for the parent company are SEK 32,315m (27,968). This choice implies that the entire hybrid contract is measured at fair value through profit or loss. Fair value for those financial instruments is calculated using a valuation technique, exclusively based on quoted market prices. The Group's contractual liability is SEK 32,356m (28,719) and for the parent company SEK 30,199m (25,519). The accumulated impact from reflecting the Group's own credit standing in the fair value measurement amounts to SEK 177m (594), of which SEK -417m (35) relates to 2015. The corresponding amount for the parent company is SEK 98m (469), of which SEK -371m (24) relates to 2015.

Note 18 f ctd. Liquidity risk

Average remaining maturity (years)	Group		Parent company	
	2015	2014	2015	2014
Loans to credit institutions	0.78	0.71	1.27	0.63
Loans to the public	2.65	2.51	2.35	2.12
Deposits from credit institutions	0.48	0.67	1.05	1.03
Deposits from the public	0.29	0.21	1.12	0.73
Borrowing from the public	0.36	0.44	0.13	0.13
Certificates	0.29	0.29	0.29	0.29
Covered bonds	3.52	3.63	3.52	3.71
Other bonds	3.20	3.47	3.13	3.47

19 LOANS

	Group		Parent company	
	2015	2014	2015	2014
Loans to credit institutions ¹⁾	58,542	90,945	166,267	194,285
Loans to the public ¹⁾	1,353,386	1,355,680	1,080,438	1,056,807
TOTAL	1,411,928	1,446,625	1,246,705	1,251,092

1) Including debt instruments classified as Loans.

Loans

Performing loans	1,408,779	1,442,183	1,245,585	1,248,439
Individually assessed impaired loans	4,900	6,791	2,060	3,930
Portfolio assessed loans, past due > 60 days	2,922	3,534	805	901
Portfolio assessed loans, restructured	205	274		
Loans prior to reserves	1,416,806	1,452,782	1,248,450	1,253,270
Specific reserves for individually assessed loans	-2,044	-2,834	-775	-1,386
Collective reserves for individually assessed loans	-1,304	-1,387	-698	-520
Collective reserves for portfolio assessed loans	-1,530	-1,936	-272	-272
Reserves	-4,878	-6,157	-1,745	-2,178
TOTAL	1,411,928	1,446,625	1,246,705	1,251,092

Loans by category of borrower

Group, 2015	Credit institutions	Corporates	Property Management	Public Administration	Households	Total
Performing loans	58,548	506,221	267,997	47,211	528,802	1,408,779
Individually assessed impaired loans	1	3,065	1,657		177	4,900
Portfolio assessed loans, past due > 60 days		229			2,693	2,922
Portfolio assessed loans, restructured					205	205
Loans prior to reserves	58,549	509,515	269,654	47,211	531,877	1,416,806
Specific reserves for individually assessed loans		-1,243	-696		-105	-2,044
Collective reserves for individually assessed loans	-7	-1,192	-90	-8	-7	-1,304
Collective reserves for portfolio assessed loans		-107			-1,423	-1,530
Reserves	-7	-2,542	-786	-8	-1,535	-4,878
TOTAL	58,542	506,973	268,868	47,203	530,342	1,411,928

2014

Performing loans	90,951	543,801	262,777	52,510	492,144	1,442,183
Individually assessed impaired loans	3	4,772	1,827		189	6,791
Portfolio assessed loans, past due > 60 days		288			3,246	3,534
Portfolio assessed loans, restructured					274	274
Loans prior to reserves	90,954	548,861	264,604	52,510	495,853	1,452,782
Specific reserves for individually assessed loans	-2	-1,937	-780		-115	-2,834
Collective reserves for individually assessed loans	-7	-1,167	-201	-9	-3	-1,387
Collective reserves for portfolio assessed loans		-151			-1,785	-1,936
Reserves	-9	-3,255	-981	-9	-1,903	-6,157
TOTAL	90,945	545,606	263,623	52,501	493,950	1,446,625

NOTES TO THE FINANCIAL STATEMENTS

Note 19 ctd. Loans

Loans by category of borrower

Parent company, 2015	Credit institutions	Corporates	Property Management	Public Administration	Households	Total
Performing loans	166,137	403,552	203,127	10,562	462,207	1,245,585
Individually assessed impaired loans	137	1,715	153		55	2,060
Portfolio assessed loans, past due > 60 days					805	805
Loans prior to reserves	166,274	405,267	203,280	10,562	463,067	1,248,450
Specific reserves for individually assessed loans		-612	-122		-41	-775
Collective reserves for individually assessed loans	-7	-682	-5	-4		-698
Collective reserves for portfolio assessed loans					-272	-272
Reserves	-7	-1,294	-127	-4	-313	-1,745
TOTAL	166,267	403,973	203,153	10,558	462,754	1,246,705

2014

Performing loans	194,160	399,261	190,442	15,648	448,928	1,248,439
Individually assessed impaired loans	134	3,677	87		32	3,930
Portfolio assessed loans, past due > 60 days					901	901
Loans prior to reserves	194,294	402,938	190,529	15,648	449,861	1,253,270
Specific reserves for individually assessed loans	-2	-1,272	-100		-12	-1,386
Collective reserves for individually assessed loans	-7	-509		-4		-520
Collective reserves for portfolio assessed loans					-272	-272
Reserves	-9	-1,781	-100	-4	-284	-2,178
TOTAL	194,285	401,157	190,429	15,644	449,577	1,251,092

Loans by geographical region¹⁾

Group, 2015	The Nordic region	Germany	The Baltic region	Other	Total
Performing loans	1,126,933	126,751	104,654	50,441	1,408,779
Individually assessed impaired loans	1,849	910	2,067	74	4,900
Portfolio assessed loans, past due > 60 days	1,414		1,508		2,922
Portfolio assessed loans, restructured			205		205
Loans prior to reserves	1,130,196	127,661	108,434	50,515	1,416,806
Specific reserves for individually assessed loans	-696	-357	-963	-28	-2,044
Collective reserves for individually assessed loans	-923	-73	-199	-109	-1,304
Collective reserves for portfolio assessed loans	-554		-976		-1,530
Reserves	-2,173	-430	-2,138	-137	-4,878
TOTAL	1,128,023	127,231	106,296	50,378	1,411,928

2014

Performing loans	1,130,487	158,741	105,556	47,399	1,442,183
Individually assessed impaired loans	3,661	845	2,030	255	6,791
Portfolio assessed loans, past due > 60 days	1,579		1,955		3,534
Portfolio assessed loans, restructured			274		274
Loans prior to reserves	1,135,727	159,586	109,815	47,654	1,452,782
Specific reserves for individually assessed loans	-1,291	-471	-997	-75	-2,834
Collective reserves for individually assessed loans	-751	-110	-417	-109	-1,387
Collective reserves for portfolio assessed loans	-584		-1,352		-1,936
Reserves	-2,626	-581	-2,766	-184	-6,157
TOTAL	1,133,101	159,005	107,049	47,470	1,446,625

Parent company, 2015	The Nordic region	Germany	The Baltic region	Other	Total
Performing loans	1,205,329			40,256	1,245,585
Individually assessed impaired loans	1,849			211	2,060
Portfolio assessed loans, past due > 60 days	805				805
Loans prior to reserves	1,207,983			40,467	1,248,450
Specific reserves for individually assessed loans	-663			-112	-775
Collective reserves for individually assessed loans	-589			-109	-698
Collective reserves for portfolio assessed loans	-272				-272
Reserves	-1,524			-221	-1,745
TOTAL	1,206,459			40,246	1,246,705

NOTES TO THE FINANCIAL STATEMENTS

Note 19 ctd. Loans

Loans by geographical region¹⁾

Parent company, 2014	The Nordic region	Germany	The Baltic region	Other	Total
Performing loans	1,206,426			42,013	1,248,439
Individually assessed impaired loans	3,661			269	3,930
Portfolio assessed loans, past due > 60 days	901				901
Loans prior to reserves	1,210,988			42,282	1,253,270
Specific reserves for individually assessed loans	-1,291			-95	-1,386
Collective reserves for individually assessed loans	-411			-109	-520
Collective reserves for portfolio assessed loans	-272				-272
Reserves	-1,974			-204	-2,178
TOTAL	1,209,014			42,078	1,251,092

1) The geographical distribution is based on where the loan is booked.

Non-performing loans

Individually assessed loans	Group		Parent company	
	2015	2014	2015	2014
Impaired loans	4,900	6,791	2,060	3,930
Specific reserves	-2,044	-2,834	-775	-1,386
Collective reserves	-1,304	-1,387	-698	-520
Impaired loans net	1,552	2,570	587	2,024
Specific reserve ratio for individually assessed impaired loans	41.7%	41.7%	37.6%	35.3%
Total reserve ratio for individually assessed impaired loans	68.3%	62.2%	71.5%	48.5%
Net level of impaired loans	0.20%	0.29%	0.10%	0.19%
Gross level of impaired loans	0.35%	0.49%	0.17%	0.30%
Portfolio assessed loans				
Loans past due > 60 days	2,922	3,534	805	901
Restructured loans	205	274		
Collective reserves	-1,530	-1,936	-272	-272
Reserve ratio for portfolio assessed loans	48.9%	50.8%	33.8%	30.2%
Non-performing loans¹⁾	8,027	10,599	2,865	4,831
Total reserves	-4,959	-6,244	-1,767	-2,178
NPL coverage ratio	61.8%	58.9%	61.7%	45.1%
NPL per cent of lending	0.6%	0.7%	0.2%	0.4%

1) Consists of impaired loans, portfolio assessed loans past due more than 60 days and restructured portfolio assessed loans.

Past due loans that are not impaired

2015	Group				Parent company			
	Corporates	Households	Other	Total	Corporates	Households	Other	Total
<30 days	3,071	1,764	24	4,859	1,602	345	8	1,955
31–60 days	463	744	1	1,208	184	367		551
>60 days ¹⁾	411	94	1	506	227	13		240
TOTAL	3,945	2,602	26	6,573	2,013	725	8	2,746
2014								
<30 days	3,844	2,067	40	5,951	2,203	286	24	2,513
31–60 days	265	913	1	1,179	38	451		489
>60 days ¹⁾	1,002	274	12	1,288	191	36	1	228
TOTAL	5,111	3,254	53	8,418	2,432	773	25	3,230

1) Excluding portfolio assessed loans past due more than 60 days which are included in previous table.

NOTES TO THE FINANCIAL STATEMENTS

Note 19 ctd. Loans

Reserves, Group

	Loans to credit institutions		Loans to the public		Total	
	2015	2014	2015	2014	2015	2014
Specific loan loss reserves¹⁾						
Opening balance	-1	-4	-2,833	-2,517	-2,834	-2,521
Reversals for utilisation	2		1,299	971	1,301	971
Provisions			-1,058	-1,448	-1,058	-1,448
Reversals	3		507	276	507	279
Exchange rate differences			40	-115	40	-115
Closing balance	1	-1	-2,045	-2,833	-2,044	-2,834
1) Specific reserves for individually appraised loans.						
Collective loan loss reserves²⁾						
Opening balance	-7	-11	-3,316	-4,003	-3,323	-4,014
Net provisions		2	436	870	436	872
Exchange rate differences	-1	2	54	-183	53	-181
Closing balance	-8	-7	-2,826	-3,316	-2,834	-3,323
2) Collective reserves for individually appraised loans, reserves for loans assessed on a portfolio basis and country risk reserves.						
Contingent liabilities reserves						
Opening balance			-87	-275	-87	-275
Net provisions			3	-42	3	-42
Reversal for utilisation			5	258	5	258
Exchange rate differences			-2	-28	-2	-28
Closing balance			-81	-87	-81	-87
TOTAL	-7	-8	-4,952	-6,236	-4,959	-6,244

Reserves, parent company

	Loans to credit institutions		Loans to the public		Total	
	2015	2014	2015	2014	2015	2014
Specific loan loss reserves¹⁾						
Opening balance	-2	-4	-1,384	-488	-1,386	-492
Reversals for utilisation	2		695	95	697	95
Provisions			-431	-1,010	-431	-1,010
Reversals		2	360	56	360	58
Exchange rate differences			-15	-37	-15	-37
Closing balance	0	-2	-775	-1,384	-775	-1,386
1) Specific reserves for individually appraised loans.						
Collective loan loss reserves²⁾						
Opening balance	-7	-10	-785	-815	-792	-825
Net provisions		1	-165	76	-165	77
Exchange rate differences	-1	2	-12	-46	-13	-44
Closing balance	-8	-7	-962	-785	-970	-792
2) Collective reserves for individually appraised loans, reserves for loans assessed on a portfolio basis and country risk reserves.						
Contingent liabilities reserves						
Opening balance			0	-2	0	-2
Net provisions			-22	2	-22	2
Closing balance			-22	0	-22	0
TOTAL	-8	-9	-1,759	-2,169	-1,767	-2,178

Forborne loans

	Group		Parent company	
	2015	2014	2015	2014
Total forborne loans of which performing ¹⁾	11,980	13,237	5,399	5,505
	5,096	6,672	2,031	2,068

1) According to EBA definition.

20 CAPITAL ADEQUACY

Capital management

In competing for customers and business, SEB takes various types of risks in line with the bank's strategy and business plan. In order to sustain these risks and guarantee SEB's long-term survival, the bank must maintain satisfactory capital strength. At the same time, SEB must balance the trade-off between financial reward and overall risk tolerance. In particular, SEB's capital management balances the following dimensions:

1. regulatory: the minimum capital levels, and the supervisory expectation that banks operate safely above this minimum level, established by the EU directives through Swedish law on capital adequacy,
2. access to debt investors: the capitalisation level required to support a certain rating level in order to reach a debt investor base necessary for conducting SEB's business activities,
3. access to financial products: the capital level required by corporate clients and other counterparties to facilitate the bank's activity in the capital markets, including derivatives and foreign exchange, and
4. optimal return on equity: the balance between the shareholders' expected return on capital and risks taken.

To meet expectations of shareholders, supervisors and market participants, SEB's capitalisation is based on an assessment of all risks incurred in SEB's business, and forward-looking, aligned with long- and short-term business plans and with expected macroeconomic developments. Furthermore, the capitalisation is stress-tested to identify the potential effect of adverse changes to SEB's financial situation.

Internal capital adequacy assessment process

The internal capital adequacy assessment process (ICAAP) encompasses SEB's internal views on material risks and their development as well as risk measurement models, risk governance and risk mitigants. It is linked to overall business planning and establishes a strategy for maintaining appropriate capital levels. Together with continuous monitoring and reporting of the capital adequacy to the Board, this ensures that the relationship between shareholders' equity, economic capital, regulatory and rating-based requirements are managed so that the bank's survival is not jeopardised. Thus, the ICAAP is integrated with SEB's business planning, internal governance framework and internal control systems.

SEB's capital plan covers the strategic planning horizon and projects economic and legal capital requirements, as well as available capital resources and relevant ratios. It is forward-looking, taking into account current and planned business volumes as well as strategic initiatives. The capital plan is stress tested to potential down-turns in the macroeconomic environment, to strategic risk factors identified in the business planning, and to other relevant scenarios. The capital plan is established annually, and updated as needs arise during the year.

Economic capital constitutes an important part of capital adequacy assessment. It is an internal measurement of risk, similar to the rules for capital adequacy in that many of the underlying risk components are the same. The economic capital calculation is based on a confidence level of 99.97 per cent, which is equivalent to the capital requirement for a very high rating.

SEB employs an internal capital allocation framework for measuring return on

risk, named business equity. It is similar to regulatory capital models including Pillar 2 requirements and is calibrated with SEB's capital targets.

The ICAAP is used by the regulatory supervisors to assess SEB in accordance with the parameters of the SREP – Supervisory Review and Evaluation Process. The supervisor has assessed SEB's capital adequacy, risk measurement models and risk governance, among other things, and concluded that SEB is sufficiently capitalised and adequately measures and manages risks.

Regulatory requirements

The requirements have evolved in the last few years, both in terms of which risks that are covered and in terms of the capital base components. The regulatory capital requirements are split into Pillar 1 (general minimum requirements for all institutions) and Pillar 2 (requirements based on an individual assessment of each institution).

Pillar 1 requirements for CET1 is expressed as a REA ratio requirement and consists of the following components:

- i) a legal minimum requirement of 4.5 per cent,
- ii) a capital conservation buffer of 2.5 per cent,
- iii) a systemic risk buffer of 3.0 per cent, and
- iv) countercyclical buffers applied by the regulators in Sweden and Norway, together amounting to around 0.5 per cent for SEB at present. The countercyclical buffer is currently calculated as 1 per cent of the relative exposures in Sweden and Norway, but will increase to 1.5 per cent in the second quarter of 2016. The Swedish FSA has proposed that the countercyclical buffer for Sweden should be increased to 2 per cent as of 19 March 2017.

Consequently, the total Pillar 1 CET1 capital requirement for SEB is at present 10.5 per cent.

As opposed to Pillar 1, the Pillar 2 requirements for CET1 is not expressed as a percentage of the total REA a result the Pillar 2 requirements, expressed as capital ratio requirement (except the systemic risk requirement), are likely to vary in relation to REA over time. The Pillar 2 requirements consist of the following components:

- v) specific own funds requirement for systemic risk ("Systemic risk requirement") expressed as a pure CET1 ratio requirement of 2.0 per cent;
- vi) risk weight floor for Swedish residential mortgages. The requirement corresponds to a capital requirement on the difference between REA using a 25 per cent risk weight on residential mortgage loans and actual Pillar 1 REA for these loans (where the risk weight for SEB at present is around 5 per cent, based on internal models), and
- vii) other specific risks. The risks currently identified by the Swedish FSA that apply to all Swedish banks are a) credit concentration risks, b) interest rate risk in the banking book, c) pension risk, and d) sovereign credit risk. In addition to this, SEB-specific requirements for other risks can be added as part of the SREP.

Total Pillar 2 CET1 capital requirement for SEB is consequently at present 5.5 per cent.

Ratio requirement (explicit or implicit)

Pillar 1	CET1	AT1	Tier 2	Total
Minimum requirement	4.5%	1.5%	2.0%	8.0%
Capital conservation buffer	2.5%			2.5%
Systemic risk buffer	3.0%			3.0%
Subtotal	10.0%	1.5%	2.0%	13.5%
Countercyclical buffer	0.5%			0.5%
TOTAL	10.5%	1.5%	2.0%	14.0%
Pillar 2	CET1	AT1	Tier 2	Total
Systemic risk requirement	2.0%			2.0%
Mortgage floor	1.9%	0.2%	0.3%	2.4%
Credit concentration risk	0.4%	0.1%	0.1%	0.6%
Interest rate risk in the banking book	0.4%	0.1%	0.1%	0.6%
Pension risk	0.7%	0.1%	0.1%	0.9%
Sovereign risk	0.1%	0.0%	0.0%	0.1%
TOTAL	5.5%	0.5%	0.6%	6.6%
Total requirement	16.0%	2.0%	2.6%	20.6%

Note 20 ctd. Capital adequacy

Capital adequacy analysis

	Consolidated situation		Parent company	
	2015	2014	2015	2014
Own funds				
Common Equity Tier 1 capital	107,535	100,569	91,951	83,027
Tier 1 capital	121,391	120,317	105,806	102,775
Total own funds	135,782	136,899	119,472	118,480
Own funds requirement				
Risk exposure amount	570,840	616,531	478,376	513,426
Expressed as own funds requirement	45,667	49,322	38,270	41,074
Common Equity Tier 1 capital ratio	18.8%	16.3%	19.2%	16.2%
Tier 1 capital ratio	21.3%	19.5%	22.1%	20.0%
Total capital ratio	23.8%	22.2%	25.0%	23.1%
Own funds in relation to own funds requirement	2.97	2.78	3.12	2.88
Regulatory Common Equity Tier 1 capital requirement including buffer <i>of which capital conservation buffer requirement</i>	10.5%	7.0%	7.6%	7.0%
<i>of which systemic risk buffer requirement</i>	2.5%	2.5%	2.5%	2.5%
<i>of which countercyclical capital buffer requirement</i>	3.0%	0.5%	0.6%	
Common Equity Tier 1 capital available to meet buffer ¹⁾	14.3%	11.8%	14.7%	11.7%
Transitional floor 80% of capital requirement according to Basel I				
Minimum floor own funds requirement according to Basel I	79,123	79,581	63,167	63,103
Own funds according to Basel I	135,478	136,015	119,322	117,658
Own funds in relation to own funds requirement Basel I	1.71	1.71	1.89	1.86
Leverage ratio				
Exposure measure for leverage ratio calculation	2,463,479	2,505,146		
<i>of which on balance sheet items</i>	2,094,445	2,165,651		
<i>of which off balance sheet items</i>	369,034	339,495		
Leverage ratio	4.9%	4.8%		

1) CET1 ratio less minimum capital requirement of 4.5% excluding buffers. In addition to the CET1 requirements there is a total capital requirement of additional 3.5%.

Own funds

	Consolidated situation		Parent company	
	2015	2014	2015	2014
Shareholders equity	21,942	21,942	21,942	21,942
Retained earnings	53,458	45,167	42,648	41,389
Accumulated other comprehensive income and other reserves	50,817	48,215	34,055	34,614
Independently reviewed profit for the year	16,581	19,219	17,439	11,538
Minority interests		33		
Total equity according to balance sheet¹⁾	142,798	134,576	116,084	109,483
Deductions related to the consolidated situation and other foreseeable charges	-14,808	-12,743	-11,515	-10,396
Common Equity Tier 1 capital before regulatory adjustments²⁾	127,990	121,833	104,569	99,087
Additional value adjustments	-937	-1,314	-866	-1,169
Intangible assets	-11,942	-12,168	-8,145	-8,252
Deferred tax assets that rely on future profitability	-501	-603		
Fair value reserves related to gains or losses on cash flow hedges	-3,210	-3,877	-3,210	-3,876
Negative amounts resulting from the calculation of expected loss amounts	-571	-188		-345
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-145	400	-175	294
Defined-benefit pension fund assets	-2,927			
Direct and indirect holdings of own CET1 instruments	-179	-1,294	-179	-1,294
Securitisation positions with 1.250% risk weight	-43	-594	-43	-594
Adjustments relating to unrealised gains (AFS)		-1,626		-824
Total regulatory adjustments to Common Equity Tier 1	-20,455	-21,264	-12,618	-16,060
Common Equity Tier 1 capital	107,535	100,569	91,951	83,027
Additional Tier 1 instruments	9,258	8,545	9,258	8,545
Grandfathered additional Tier 1 instruments	4,598	11,203	4,597	11,203
Tier 1 capital	121,391	120,317	105,806	102,775
Tier 2 instruments	16,091	16,552	16,091	16,552
Grandfathered Tier 2 instruments		1,533		1,533
Net provisioning amount for IRB-reported exposures	875	1,072	150	195
Holdings of Tier 2 instruments in financial sector entities	-2,575	-2,575	-2,575	-2,575
Tier 2 capital	14,391	16,582	13,666	15,705
TOTAL	135,782	136,899	119,472	118,480

1) For Parent bank Total equity includes Untaxed reserves net of tax.

2) The Common Equity Tier 1 capital is presented on a consolidated basis, and differs from total equity according to IFRS. The insurance business contribution to equity is excluded and there is a dividend deduction calculated according to Regulation (EU) No 575/2013 (CRR).

Note 20 ctd. Capital adequacy

Risk exposure amount

Credit risk IRB approach	Consolidated situation				Parent company			
	2015		2014		2015		2014	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Exposures to institutions	22,701	1,816	34,013	2,721	19,566	1,565	28,300	2,264
Exposures to corporates	307,618	24,609	344,576	27,566	202,710	16,217	224,882	17,990
Retail exposures	53,163	4,253	51,826	4,146	30,533	2,443	29,861	2,389
<i>of which secured by immovable property</i>	32,784	2,623	31,905	2,552	24,394	1,952	22,130	1,770
<i>of which qualifying revolving retail exposures</i>	248	20	1,498	120				
<i>of which retail SME</i>	3,255	260	3,099	248				
<i>of which other retail exposures</i>	16,876	1,350	15,324	1,226				
Securitisation positions	4,114	329	5,035	403	6,139	491	7,731	619
Total IRB approach	387,596	31,007	435,450	34,836	256,784	20,543	287,954	23,036
Credit risk standardised approach								
Exposures to central governments or central banks	1,425	114	743	59	537	43	463	37
Exposures to regional governments or local authorities	51	4	40	3				
<i>Exposures to public sector entities</i>	5	7	1					
Exposures to institutions	1,062	85	1,222	98	39,884	3,191	50,172	4,015
Exposures to corporates	15,568	1,245	16,743	1,339	7,994	640	7,928	634
Retail exposures	14,821	1,186	16,593	1,327	10,914	873	11,154	892
Exposures secured by mortgages on immovable property	4,159	333	4,161	333	2,391	191	2,675	214
Exposures in default	520	42	634	51	442	35	317	25
Exposures associated with particularly high risk	1,823	146	1,791	143	1,823	146	1,791	143
Securitisation positions	208	17	40	3				
Exposures in the form of collective investment undertakings (CIU)	56	4	48	4				
Equity exposures	2,182	175	2,371	190	40,962	3,277	42,614	3,409
Other items	6,364	509	10,216	817	3,824	306	5,912	473
Total standardised approach	48,244	3,860	54,609	4,368	108,771	8,702	123,026	9,842
Market risk								
Trading book exposures where internal models are applied	34,233	2,739	25,144	2,012	34,216	2,737	25,099	2,008
Trading book exposures applying standardised approaches	11,608	929	18,813	1,505	11,160	893	17,590	1,407
Foreign exchange rate risk	4,778	382	5,010	401	4,749	380	3,909	313
Total market risk	50,619	4,050	48,967	3,918	50,125	4,010	46,598	3,728
Other own funds requirements								
Operational risk advanced measurement approach	47,804	3,824	48,126	3,850	32,685	2,615	32,326	2,587
Settlement risk	1		42	3	1		42	3
Credit value adjustment	6,910	553	9,286	743	5,780	462	7,955	636
Investment in insurance business	15,525	1,242	15,525	1,242	15,525	1,242	15,525	1,242
Other exposures	5,243	419	4,526	362	8,705	696		
Additional risk exposure amount ²⁾	8,898	712						
Total other own funds requirements	84,381	6,750	77,505	6,200	62,696	5,015	55,848	4,468
TOTAL	570,840	45,667	616,531	49,322	478,376	38,270	513,426	41,074

1) Own funds requirement 8% of risk exposure amount according to Regulation (EU) No 575/2013 (CRR).

2) Regulation (EU) No 575/2013 (CRR) Article 3.

Average risk-weight

	Consolidated situation		Parent company	
	2015	2014	2015	2014
Exposures to institutions	24.4%	23.5%	23.5%	23.6%
Exposures to corporates	32.3%	36.2%	27.2%	30.9%
Retail exposures	9.8%	9.7%	6.8%	6.7%
<i>of which secured by immovable property</i>	6.9%	6.9%	5.6%	5.3%
<i>of which qualifying revolving retail exposures</i>	42.4%	7.5%		
<i>of which retail SME</i>	62.9%	54.6%		
<i>of which other retail exposures</i>	28.4%	35.0%	32.2%	34.4%
Securitisation positions	46.5%	43.5%	55.5%	48.6%

The consolidated SEB Group must also comply with capital requirements concerning combined banking and insurance groups, i.e. financial conglomerates. The combined capital requirements for the SEB financial conglomerate were

SEK 55.4bn (59.3), while the capital amounted to SEK 150.2bn (148.1). The capital requirement for the financial conglomerate has been calculated in accordance with the deduction and aggregation method.

21 FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

2015	Group				Parent company			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total
Assets								
Financial assets								
– policyholders bearing the risk	255,175	13,831	2,607	271,613				
Equity instruments at fair value through profit and loss	75,226	10,290	10,286	95,802	58,243	4,394	298	62,935
Debt securities at fair value through profit and loss	114,903	127,872	1,204	243,979	62,321	109,059		171,380
Derivative instruments at fair value	2,061	202,261	11,229	215,551	1,359	178,728	918	181,005
Equity instruments available-for-sale	128	1,179	648	1,955	67	1,153	507	1,727
Debt securities available-for-sale	17,886	17,076		34,962	6,324	4,530		10,854
Assets held for sale		801		801				
Investment in associates ¹⁾	211	4	743	958	211		712	923
Investment properties			7,169	7,169				
TOTAL	465,590	373,314	33,886	872,790	128,525	297,864	2,435	428,824
Liabilities								
Liabilities to policyholders								
– investment contracts	255,581	13,812	2,602	271,995				
Equity instruments at fair value through profit and loss	12,445	37	445	12,927	12,349	37	445	12,831
Debt securities at fair value through profit and loss	7,025	3,417		10,442	6,862	3,417		10,279
Derivative instruments at fair value	2,534	176,103	11,401	190,038	1,452	160,039	813	162,304
Other financial liabilities		17,377		17,377		17,377		17,377
Debt securities at fair value through profit and loss ²⁾		34,774		34,774		32,315		32,315
TOTAL	277,585	245,520	14,448	537,553	20,663	213,185	1,258	235,106
2014								
Assets								
Financial assets								
– policyholders bearing the risk	249,543	7,335	2,067	258,945				
Equity instruments at fair value	101,741	13,477	10,948	126,166	66,514	9,757	467	76,738
Debt securities at fair value	122,935	153,916	1,198	278,049	56,426	136,525		192,951
Derivative instruments at fair value	5,020	258,520	9,971	273,511	3,560	237,346	1,143	242,049
Equity instruments available-for-sale	73	1,662	638	2,373	21	1,374	634	2,029
Debt securities available-for-sale	22,768	20,339		43,107	6,667	6,842		13,509
Assets held for sale		841		841				
Investment in associates ¹⁾			1,049	1,049			853	853
Investment properties			7,497	7,497				
TOTAL	502,080	456,090	33,368	991,538	133,188	391,844	3,097	528,129
Liabilities								
Liabilities to policyholders								
– investment contracts	249,914	7,305	2,056	259,275				
Equity instruments at fair value through profit and loss	14,714	48	475	15,237	13,000	48	475	13,523
Debt securities at fair value through profit and loss	16,657	9,158		25,815	13,191	9,158		22,349
Derivative instruments at fair value	6,826	221,226	9,660	237,712	6,248	204,407	983	211,638
Debt securities at fair value through profit and loss ²⁾		31,547		31,547		27,968		27,968
TOTAL	288,111	269,284	12,191	569,586	32,439	241,581	1,458	275,478

1) Venture capital activities designated at fair value through profit and loss.

2) Equity index link bonds designated at fair value through profit and loss.

Fair value measurement

The objective of the fair value measurement is to arrive at the price at which an orderly transaction would take place between market participants at the measurement date under current market conditions.

The Group has an established control environment for the determination of fair values of financial instruments that includes a review, independent from the business, of valuation models and prices. If the validation principles are not adhered to, the Head of Group Finance shall be informed. Exceptions of material and principal importance require approval from the GRMC (Group Risk Measurement Committee) and the ASC (Accounting Standards Committee).

In order to arrive at the fair value of a financial instrument SEB uses different methods; quoted prices in active markets, valuation techniques incorporating observable data and valuation techniques based on internal models. For disclosure purposes, financial instruments carried at fair value are classified in a fair value hierarchy according to the level of market observability of the inputs. Risk Control classifies and continuously reviews the classification of financial instruments in

the fair value hierarchy. The valuation process is the same for financial instruments in all levels.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. The objective is to arrive at a price at which a transaction without modification or repackaging would occur in the principal market for the instrument to which SEB has immediate access.

Fair value is generally measured for individual financial instruments, in addition portfolio adjustments are made to cover the credit risk. To reflect counterparty risk and own credit risk in OTC derivatives, adjustments are made based on the net exposure towards each counterpart. These adjustments are calculated on a counterparty level based on estimates of exposure at default, probability of default and recovery rates. Probability of default and recovery rate information is generally sourced from the CDS markets. For counterparties where this information is not available, or considered unreliable due to the nature of the exposure, alternative approaches are taken where the probability of default is based on generic credit

indices for specific industry and/or rating. The impact from these adjustments are shown in Note 5 and note 18f.

When valuing financial liabilities at fair value own credit standing is reflected. Fair values of financial assets and liabilities by class can be found in note 39.

In order to arrive at the fair value of investment properties a market participant's ability to generate economic benefit by using the asset in its highest and best use are taken into account. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible. The current use of the investment properties in SEB is in accordance with the highest and best use. The valuation of investment properties is described in the accounting policies in note 1. The valuation of the investment properties is performed semi-annually, they are presented and approved by the board in each real estate company. The valuation principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which is in accordance with international valuation principles and in accordance with IFRS.

Level 1: Quoted market prices

Valuations in Level 1 are determined by reference to unadjusted quoted market prices for identical instruments in active markets where the quoted prices are readily available and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Examples of Level 1 financial instruments are listed equity securities, debt securities, and exchange-traded derivatives. Instruments traded in an active market for which one or more market participants provide a binding price quotation on the balance sheet date are also examples of Level 1 financial instruments.

Level 2: Valuation techniques with observable inputs

In Level 2 valuation techniques, all significant inputs to the valuation models are observable either directly or indirectly. Level 2 valuation techniques include using discounted cash flows, option pricing models, recent transactions and the price of another instrument that is substantially the same.

Examples of observable inputs are foreign currency exchange rates, binding securities price quotations, market interest rates (Stibor, Libor, etc.), volatilities implied from observable option prices for the same term and actual transactions with

one or more external counterparts executed by SEB. An input can transfer from being observable to being unobservable during the holding period due to e.g. illiquidity of the instrument.

Examples of Level 2 financial instruments are most OTC derivatives such as options and interest rate swaps based on the Libor swap rate or a foreign-denominated yield curve. Other examples are instruments for which SEB recently entered into transactions with third parties and instruments for which SEB interpolates between observable variables.

Level 3: Valuation techniques with significant unobservable inputs

Level 3 valuation techniques incorporate significant inputs that are unobservable. These techniques are generally based on extrapolating from observable inputs for similar instruments, analysing historical data or other analytical techniques. Examples of Level 3 financial instruments are more complex OTC derivatives, long dated options for which the volatility is extrapolated or derivatives that depend on an unobservable correlation. Other examples are instruments for which there is currently no active market or binding quotes, such as unlisted equity instruments and Private Equity holdings.

If the fair value of financial instruments includes more than one unobservable input, the unobservable inputs are aggregated in order to determine the classification of the entire instrument. The level in the fair value hierarchy within which a financial instrument is classified is determined on the basis of the lowest level of input that is significant to the fair value in its entirety.

Significant transfers and reclassifications between levels

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. The Valuation/Pricing committee of each relevant division decides on material shifts between levels. The increase in all levels is mainly due to an increase in business volumes.

At the end of the second quarter Assets for sale classified Equity instruments in the amount of SEK 247m has been reclassified from level 2 to level 3 due to reassessment of valuation method. During the third quarter Debt Instruments, Swedish and Norwegian Municipalities, in the amount of SEK 11 bn has been transferred from Level 1 to Level 2 as the market deemed not as active as required.

Changes in level 3

Group, 2015	Assets	Opening balance	Gain/loss in Income statement ¹⁾ ²⁾	Gain/loss in Other comprehensive income ⁴⁾		Purchases	Sales	Settlem-	Transfers into Level 3	Transfers out of Level 3 ³⁾	Reclassifi-	Exchange rate differences	Total
				Purchases	Sales								
Financial assets													
– policyholders bearing the risk		2,067	38			2,100	-1,606		81			-73	2,607
Equity instruments at fair value		10,948	-302			2,451	-2,510					-301	10,286
Debt securities at fair value		1,198	117			641	-723					-29	1,204
Derivative instruments at fair value		9,971	1,266			947	-618	-32				-305	11,229
Equity instruments available-for-sale		638	62	-156		69	-217		12		247	-7	648
Investment in associates		1,049	51			91	-332			-117		1	743
Investment properties		7,497	170			64	-339					-223	7,169
TOTAL		33,368	1,402	-156		6,363	-6,345	-32	93	-117	247	-937	33,886
Liabilities													
Liabilities to policyholders													
– investment contracts		2,056	38			2,094	-1,596		81			-71	2,602
Equity instruments at fair value		475	90			-114						-6	445
Derivative instruments at fair value		9,660	1,260			954	-184	19				-308	11,401
TOTAL		12,191	1,388			2,934	-1,780	19	81			-385	14,448
2014													
Assets													
Financial assets													
– policyholders bearing the risk		1,925	-58			1,563	-66		73		-1,483	113	2,067
Equity instruments at fair value		9,575	-117			2,681	-3,186			-47	1,423	619	10,948
Debt securities at fair value		1,429	-127			944	-1,183				60	75	1,198
Derivative instruments at fair value		3,719	5,510			457	-404	263				426	9,971
Equity instruments available-for-sale		383	187	-43		105	-300		268		2	36	638
Investment in associates		1,101	124			102	-310					32	1,049
Investment properties		7,623	-539			80	-142					475	7,497
TOTAL		25,755	4,980	-43		5,932	-5,591	263	341	-47	2	1,776	33,368
Liabilities													
Liabilities to policyholders													
– investment contracts		1,461	-58			1,492	-66		73		-953	107	2,056
Equity instruments at fair value		489	32				-66					20	475
Derivative instruments at fair value		3,738	5,327			296	-202	74				427	9,660
TOTAL		5,688	5,301			1,788	-334	74	73		-953	554	12,191

1) Fair value gains and losses recognised in the income statement are included in Net financial income, Net life insurance income and Net other income.

2) Gains/losses recognised in the income statement relating to instruments held as of 31 December are SEK 746m (-419).

3) Issued structured notes have been moved from level 3 to level 2 due to a more granular approach to fair value hierarchy classification and since the unobservable input is not a significant part of the value of these instrument.

4) Fair value gains and losses recognised in other comprehensive income are included as available for sale.

NOTES TO THE FINANCIAL STATEMENTS

Note 21 ctd. Fair value measurement of assets and liabilities

Changes in level 3

Parent company, 2015	Opening balance	Gain/loss in Income statement ¹⁾²⁾	Gain/loss in Other-comprehensive income		Sales	Settlements	Transfers into Level 3	Transfers out of Level 3 ³⁾	Reclassification	Exchange rate differences	Total
			Purchases	Sales							
Assets											
Equity instruments at fair value	467	67			-228					-8	298
Debt securities at fair value											
Derivative instruments at fair value	1,143	-117			-69	-32				-7	918
Equity instruments available-for-sale	634	62	-158	69	-217		12		109	-4	507
Investment in associates	853	51		88	-169		-113			2	712
TOTAL	3,097	63	-158	157	-683	-32	-101		109	-17	2,435
Liabilities											
Equity instruments at fair value	475	90			-114					-6	445
Derivative instruments at fair value	983	-98			-84		19			-7	813
TOTAL	1,458	-8			-198		19			-13	1,258
2014											
Assets											
Equity instruments at fair value	429	84			-66					20	467
Debt securities at fair value	48				-48						
Derivative instruments at fair value	893	-25				263				12	1,143
Equity instruments available-for-sale	381	144	105		-300		268			36	634
Investment in associates	987	52		102	-310					22	853
TOTAL	2,738	255	105	102	-724	263	268			90	3,097
Liabilities											
Equity instruments at fair value	489	32			-66					20	475
Derivative instruments at fair value	729	165				74				15	983
TOTAL	1,218	197			-66		74			35	1,458

1) Fair value gains and losses recognised in the income statement are included in Net financial income, Net life insurance income and Net other income.

2) Gains/losses recognised in the income statement relating to instruments held as of 31 December are SEK -15m (-137).

3) Issued structured notes have been moved from level 3 to level 2 due to a more granular approach of fair value hierarchy classification and the unobservable input not being a significant part of the value of these instrument.

Sensitivity of Level 3 financial instruments to unobservable inputs
The table below illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of assets and liabilities that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, illustrated

below by changes in index-linked swap spreads, implied volatilities, credit spreads or comparator multiples. It is unlikely that all unobservable inputs would be simultaneously at the extremes of their ranges of reasonably possible alternatives. There have been no significant changes during 2015.

Group	2015				2014			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments AFV ^{1)2) 4)}	919	-813	106	97	1,143	-983	160	50
Equity instruments AFV ³⁾	298	-445	-147		467	-475	-8	
Equity instruments AFS ³⁾⁶⁾	507		507	91	544		544	109
Investments in associates ³⁾	712		712	142	853		853	171
Insurance holdings – Financial instruments ⁵⁾⁷⁾	21,415	-10,595	10,820	1,539	10,989	-128	10,861	1,524
Insurance holdings – Investment properties ⁶⁾⁷⁾	7,169		7,169	717	7,497		7,497	750

1) Sensitivity from a shift of inflation linked swap spreads by 16 basis points (5) and implied volatilities by 5 percentage points (5).

2) Sensitivity from a shift of swap spreads by 5 basis points (5).

3) Valuation is estimated in a range of reasonable outcomes. Sensitivity analysis is based on 20 per cent (20) shift in market values.

4) Shift in implied volatility down by 10 percentage points (10).

5) Sensitivity analysis is based on a shift in private equity of 20 per cent (20), structured credits 10 per cent (10) and derivative market values of 10 per cent (10).

6) Sensitivity from a shift of investment properties/real estate funds market values of 10 per cent (10).

7) The sensitivity show changes in the value of the insurance holdings which do not at all times affect the P/L of the Group since any surplus in the traditional life portfolios are consumed first.

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Parent company	
	2015	2014	2015	2014
Securities held for trading	239,906	298,300	234,106	269,447
Derivatives held for trading	199,085	250,965	165,964	221,150
Held for trading	438,991	549,265	400,070	490,597
Financial assets – policyholders bearing the risk	271,613	258,945		
Insurance assets at fair value	95,506	101,305		
Other financial assets at fair value	4,369	4,610		
Designated at fair value through profit or loss	371,488	364,860	209	242
Derivatives held for hedging	16,466	22,546	15,042	20,899
TOTAL	826,945	936,671	415,321	511,738

The category Financial assets at fair value through profit and loss comprises financial instruments either classified as held for trading or financial assets designated

nated to this category upon initial recognition. These financial assets are recognised at fair value and the value change is recognised through profit and loss.

Securities held for trading

Equity instruments	67,538	101,052	62,726	76,496
Eligible debt securities ¹⁾	68,732	57,909	68,315	54,886
Other debt securities ¹⁾	102,805	138,070	102,239	136,831
Accrued interest	831	1,269	826	1,234
TOTAL	239,906	298,300	234,106	269,447

1) See note 41 for issuers.

Derivatives held for trading

Positive replacement values of interest-related derivatives	121,724	152,934	93,492	124,921
Positive replacement values of currency-related derivatives	59,852	80,770	57,308	80,831
Positive replacement values of equity-related derivatives	6,037	5,521	4,758	4,567
Positive replacement values of other derivatives	11,472	11,740	10,406	10,831
TOTAL	199,085	250,965	165,964	221,150

Insurance assets at fair value

Equity instruments	28,054	24,872		
Eligible debt securities ¹⁾	38,992			
Other debt securities ¹⁾	27,879	75,665		
Accrued interest	581	768		
TOTAL	95,506	101,305		

1) See note 41 for issuers.

Other financial assets at fair value

Equity instruments	209	242	209	242
Eligible debt securities ¹⁾	3,850	4,357		
Other debt securities ¹⁾	292			
Accrued interest	18	11		
TOTAL	4,369	4,610	209	242

1) See note 41 for issuers.

Derivatives held for hedging

Fair value hedges	9,530	13,377	9,493	13,318
Cash flow hedges	5,550	7,581	5,550	7,581
Portfolio hedges for interest rate risk	1,386	1,588		
TOTAL	16,466	22,546	15,043	20,899

To eliminate to the extent possible inconsistency in measurement and accounting the Group has chosen to designate financial assets and financial liabilities, which the unit linked insurance business give rise to, at fair value through profit or loss. This implies that changes in fair value on those investment assets (pref-

erably funds), where the policy-holders bear the risk and the corresponding liabilities, are recognised in profit or loss. Fair value on those assets and liabilities are set by quoted market price in an active market.

23 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Parent company	
	2015	2014	2015	2014
Equity instruments at cost	450	534	404	504
Equity instruments at fair value	1,916	2,325	1,714	2,017
Eligible debt securities ¹⁾	19,558	24,698	6,477	6,861
Other debt securities ¹⁾	15,073	17,932	4,224	6,449
Seized shares	39	48	13	12
Accrued interest	332	477	153	199
TOTAL	37,368	46,014	12,985	16,042

1) See note 41 for issuers.

Equity instruments measured at cost do not have a quoted market price in an active market. Further, it has not been possible to reliably measure the fair values of those equity instruments. Most of these investments are held for strategic reasons and are not intended to be sold in the near future.

24 HELD-TO-MATURITY INVESTMENTS

	Group		Parent company	
	2015	2014	2015	2014
Other debt securities ¹⁾		91		91
TOTAL		91		91

1) See note 41 for issuers.

25 INVESTMENTS IN ASSOCIATES

	Group		Parent company	
	2015	2014	2015	2014
Strategic investments	223	202	78	68
Venture capital holdings	958	1,049	923	853
TOTAL	1,181	1,251	1,001	921

Strategic investments	Assets ¹⁾	Liabilities ¹⁾	Revenues ¹⁾	Profit or loss ¹⁾	Book value	Ownership, %
Bankomat AB, Stockholm	4,606	4,361	836	14	55	20
Bankomatcentralen AB, Stockholm	1					28
BDB Bankernas Depå AB, Stockholm	3,523	3,474	90	6	6	20
BGC Holding AB, Stockholm	374	110	725	13	4	33
Getswish AB, Stockholm	136	129	5	-6	12	20
UC AB, Stockholm	250	89	587	48	1	28
Parent company holdings					78	
Holdings of subsidiaries					30	
Group adjustments					115	
GROUP HOLDINGS					223	

1) Retrieved from respective Annual report 2014.

Venture capital holdings	2015		2014	
	Book value	Ownership, %	Book value	Ownership, %
Actiwave, Linköping	31	37	23	32
Airsonett AB, Ängelholm	80	32	72	31
Apica AB, Stockholm	36	20	28	19
Avaj International Holding AB, Stockholm	39	18	37	18
Avidicare Holding AB (former AORIAB Holding AB), Ängelholm	13	36	7	31
Capres A/S, Copenhagen	35	40	40	33
Cobolt AB, Stockholm	0	0	37	40
Diakrit International Ltd, Hong Kong	46	40	26	38
Donya Labs AB, Linköping	16	22	15	22
Extram AB, Stockholm	0	44	23	44
Fält Communications AB, Umeå	42	46	26	46
InDex Pharmaceuticals AB, Stockholm	73	35	146	35
Innometrics AB, Stockholm	24	26	24	26
Neoventa Holding AB, Gothenburg	0	24	0	34
Nomad Holdings Ltd, Newcastle	98	22	85	22
NuEvolution A/S, Copenhagen	0	0	73	36
NuEvolution AB, Stockholm	152	24	0	0
OssDsign AB, Uppsala	25	20	0	0
Prodacapo AB, Örnsköldsvik	7	22	5	22
Scandinova Systems AB, Uppsala	48	29	23	29
Scibase AB, Stockholm	58	23	113	30
SenionLab AB, Linköping	15	27	0	0
Signal Processing Devices Sweden AB, Linköping	34	48	40	48
TSS Holding AB, Stockholm	51	43	10	43
Xylophane AB, Gothenburg	0	0	0	44
Parent company holdings	923		853	
Holdings of subsidiaries	35		196	
GROUP HOLDINGS	958		1,049	

Information about the corporate registration numbers and numbers of shares of the associates is available upon request.

Strategic investments in associates in the Group are accounted for using the equity method.

Investments in associates held by the venture capital organisation of the Group have, in accordance with IAS 28, been designated as at fair value through profit and loss. Therefore, these holdings are accounted for in accordance with IAS 39.

Some entities, in which the Bank has an ownership of less than 20 per cent, has been classified as investments in associates. The reason is that the Bank is represented in the board of directors and participates in the policy making processes of those entities.

All financial assets within the Group's venture capital business are managed and its performance is evaluated on a fair value basis in accordance with documented risk management and investment strategies.

Fair values for investments listed in an active market are based on quoted market prices. If the market for a financial instrument is not active, fair value is established by using valuation techniques based on discounted cash flow analysis, valuation with reference to financial instruments that is substantially the same, and valuation with reference to observable market transactions in the same financial instrument.

26 SHARES IN SUBSIDIARIES

	Parent company		
	2015	2014	
Swedish subsidiaries	16,148	16,148	
Foreign subsidiaries	36,250	38,146	
TOTAL	52,398	54,294	
of which holdings in credit institutions	32,768	34,380	

Swedish subsidiaries	Country	2015			2014		
		Book value	Dividend	Ownership, %	Book value	Dividend	Ownership, %
Aktiv Placering AB, Stockholm	Sweden	38		100	38	18	100
Enskilda Kapitalförvaltning SEB AB, Stockholm	Sweden	0		100	0		100
Försäkringsaktiebolaget Skandinaviska Enskilda							
Captive, Stockholm	Sweden	100		100	100		100
Parkeringshuset Lasarettet HGB KB, Stockholm	Sweden	0		99	0		99
Repono Holding AB, Stockholm	Sweden	5,406		100	5,406		100
SEB Förvaltnings AB, Stockholm	Sweden	5		100	5		100
SEB Internal Supplier AB, Stockholm	Sweden	12		100	12		100
SEB Investment Management AB, Stockholm	Sweden	763		100	763		100
SEB Kort Bank AB, Stockholm	Sweden	2,260	3,759	100	2,260	627	100
SEB Life and Pension Holding AB, Stockholm (former SEB Trygg Liv Holding AB)	Sweden	6,425	1,000	100	6,425	1,950	100
SEB Portföljförvaltning AB, Stockholm	Sweden	1,115		100	1,115		100
SEB Strategic Investments AB, Stockholm	Sweden	24	1,175	100	24		100
Skandinaviska Kreditaktiebolaget, Stockholm	Sweden	0		100	0		100
TOTAL		16,148	5,934		16,148	2,595	

Foreign subsidiaries

Baltectus B.V., Amsterdam	Netherland	538		100	1,042		100
Domena Property Sp. Z o.o., Warsaw	Poland	119		100	121		100
Key Asset Management (UK) Limited, London	Great Britain	0		100	31		100
Möller Bilfinans AS, Oslo	Norway	0	11	0	25		51
Postep Property Sp. Z o.o., Warsaw	Poland	50		100	51		100
SEB AG, Frankfurt am Main	Germany	19,420	918	100	19,966	86	100
SEB Asset Management America Inc, Stamford	Great Britain	0		100	17	26	100
SEB Asset Management S.A., Luxembourg	Luxembourg	5	101	100	5	18	100
SEB Bank JSC, St Petersburg	Russia	457		100	457		100
SEB Banka, AS, Riga	Latvia	1,455	216	100	1,568	188	100
SEB bankas, AB, Vilnius	Lithuania	6,027	607	100	6,221	267	100
SEB Corporate Bank, PJSC, Kiev	Ukraine	138		100	173		100
SEB do Brasil Representações LTDA, Sao Paulo (former Interscan Servicos de Consultoria Ltda)	Brazil	0		100	0		100
SEB Enskilda, UAB, Vilnius	Lithuania	0		0	0		100
SEB Fondbolag Finland Ab, Helsinki	Finland	18		100	18		100
SEB Fund Services S.A., Luxembourg	Luxembourg	94		100	96		100
SEB Hong Kong Trade Services Ltd, Hong Kong	China	0		100	0		100
SEB Kapitalförvaltning Finland Ab, Helsinki	Finland	500		100	514		100
SEB Leasing Oy, Helsinki	Finland	3,915		100	4,070		100
SEB Leasing, CJSC, St Petersburg	Russia	0		0	0	89	0
SEB Njord AS, Oslo	Norway	0		100	0		100
SEB Pank, AS, Tallinn	Estonia	1,700	93	100	1,929		100
SEB Securities Inc (former SEB Enskilda Inc.), New York	USA	42		100	36		100
Skandinaviska Enskilda Banken S.A., Luxembourg	Luxembourg	1,311	84	100	1,364		100
Skandinaviska Enskilda Ltd, London	Great Britain	461		100	442	35	100
TOTAL		36,250	2,030		38,146	709	

Information about the corporate registration numbers and numbers of shares of the subsidiaries is available upon request.

Significant restrictions on the ability to use assets and settle liabilities of the Group

Skandinaviska Enskilda Banken AB Publ can obtain distributions of capital, use assets and settle liabilities of members of the Group within the limitation of some regulatory, statutory and contractual restrictions. These restrictions are:

Regulatory requirements

Regulated subsidiaries are subject to prudential regulatory capital requirements in the countries in which they are regulated. These subsidiaries are required to maintain a certain level of own funds in relation to their exposures, restricting their ability to distribute cash or other assets to the parent company. To meet these requirements the subsidiaries hold capital instruments and other forms of subordinated liabilities.

Statutory requirements

Subsidiaries are required to have a certain level of solvency and are restricted to make distributions of capital and profits leading to a solvency below that level.

Contractual requirements

The Group pledges some of its financial assets as collateral for financing and liquidity purposes. Encumbered assets can't be transferred within the Group. Such assets are described further in the note Pledged assets, contingent liabilities and commitments.

27 INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

	Group			Parent company		
	Special purpose entities	Asset management ¹⁾	Total	Special purpose entities	Asset management ¹⁾	Total
2015, Assets						
Loans to the public	8,869	20	8,889	7,329	20	7,349
Financial assets at fair value through profit and loss of which: securities held for trading	4,008	245,179	249,187	4,008	97	4,105
of which: derivatives	4,002	82	4,084	4,002	83	4,085
6	14	20		6	14	20
Available-for-sale financial assets	153	1,313	1,466	153	1,257	1,410
TOTAL	13,030	246,512	259,542	11,490	1,374	12,864
Liabilities						
Deposits and borrowings from the public	374	71	445	73	71	144
Financial liabilities at fair value through profit or loss of which: derivatives	36	36	36	36	36	36
	36	36	36		36	36
TOTAL	374	107	481	73	107	180
Off balance sheet exposures	623		623		380	
The Group's maximum exposure to loss	13,653	19,418	33,071	11,870	1,374	13,244

1) Investments in SEB- and non-SEB managed funds

2014, Assets

Loans to the public	9,351	179	9,530	7,434	179	7,613
Financial assets at fair value through profit and loss of which: securities held for trading	7,313	232,986	240,299	7,313	929	8,242
of which: derivatives	7,306	878	8,184	7,306	878	8,184
7	51	58		7	51	58
of which: financial assets at fair value – policyholders bearing the risk		218,247	218,247			
of which: other financial assets at fair value		13,811	13,811			
Available-for-sale financial assets	193	48	241	193		193
TOTAL	16,857	233,213	250,070	14,940	1,108	16,048
Liabilities						
Deposits and borrowings from the public	265	20	285	36	20	56
Financial liabilities at fair value through profit or loss of which: derivatives	17	17	17	17	17	17
	17	17	17		17	17
TOTAL	265	37	302	36	37	73
Off balance sheet exposures	317		317		267	
The Group's maximum exposure to loss	17,174	14,967	32,141	15,207	1,108	16,315

1) Investments in SEB- and non-SEB managed funds

Interests in unconsolidated structured entities refers to when the Group has interests in structured entities which it does not control. A structured entity is an entity that is designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Group enters into transactions with structured entities in the normal cause of business for various reasons. Depending on the type of structured entity the purpose is to support customer transactions, to engage in specific investment opportunities and to facilitate the start-up of certain entities.

The Group has interests in the following types of structured entities:

Interests in funds

The Group establishes and manages funds to provide customers with investment opportunities, SEB is considered to be the sponsor of those funds. Total assets under management represent the size of a fund. Total assets under management of funds managed by SEB are SEK 543bn (583). The total assets of Non-SEB managed funds are not publicly available and not considered meaningful for understanding related risks, and have therefore not been presented. In some cases the Group facilitates the start-up of funds by holding units and it may hold units in funds managed by the Group or by a third party for investment purposes within the life business. The funds managed by the Group generate income in the form of management fees and performance fees based on the assets under management. The income from asset management is presented in note 4. The maximum exposure to loss is limited to the carrying amount of units held by the Group. This amount does not reflect the probable loss.

Interests in other structured entities

The Group has had a role in establishing structured entities to support customer transactions. The purpose of these entities is to provide alternative funding and liquidity improvement to the sellers and investment opportunities to investors by purchasing assets and obtain funding for the purchases with the assets as collateral. The Group provides senior revolving credit facilities and administrative services to the entities and earn fee and interest income on market based conditions.

The Group holds the most senior investments in debt instruments issued by banks, through securitisation vehicles (SPV) whose purpose is to provide alternative funding to the issuers and investment opportunities to investors. The SPVs purchase pools of asset from the originating banks balance sheet, e.g. credit card loans, residential mortgage loans, loans to small and medium sized enterprises and fund these purchases by issuing debt securities with the assets as collateral. The securities have multiple tranches of subordination.

The maximum exposure to loss regarding investments in other structured entities is limited to the carrying amount of the investments and may occur only after losses by creditors with junior exposures. The maximum exposure to loss does not reflect the probability of loss and hedging or collateral arrangements are not considered. The total assets for these entities are not considered meaningful information for the purpose of understanding the related risks and therefore have not been presented.

28 RELATED PARTIES

	Group					
	Associated companies		Key management		Other related parties	
	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest
2015						
Loans to the public	796	21	212	3	75	4
Deposits and borrowings from the public	336		79		569	
2014						
Loans to the public	1,693	36	154	2	39	3
Deposits and borrowings from the public	107	-1	78		668	-3
	Parent company					
	Associated companies		Group companies			
	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest
2015						
Loans to credit institutions					90,620	551
Loans to the public			692	28	20,003	112
Interest-bearing securities					2,613	56
Other assets					27,063	
TOTAL	692	28	140,299		719	
					26,574	-568
Deposits from credit institutions				4	12,171	-34
Deposits and borrowings from the public					19	
Issued securities					15,338	-7
Other liabilities						
TOTAL		4	54,102		-609	
2014						
Loans to credit institutions					127,038	783
Loans to the public			1,611	36	20,828	167
Interest-bearing securities					2,745	80
Other assets					15,790	
TOTAL		1,611	36	166,401	1,030	
					46,643	-778
Deposits from credit institutions				97	11,738	-53
Deposits and borrowings from the public					973	
Issued securities					14,383	-41
Other liabilities						
TOTAL		97	1	73,737	-872	

Key management above refers to the Board of Directors and the Group Executive Committee. Entities with significant influence or significantly influenced by key management in the Group, and post-employment benefit plans are presented as other related parties. Investor AB and the pension foundation SEB-stiftelsen are within this category as well as the close family member to key management. In addition the Group has insurance administration and asset management agreements with Gamla Livförsäkringsbolaget SEB Trygg Liv based on condi-

tions on the market. SEB has received SEK 125m (133) under the insurance administration agreement and SEK 329m (265) under the asset management agreement. For more information on Gamla Livförsäkringsbolaget SEB Trygg Liv, see note 46.

The parent company is a related party to its subsidiaries and associates. See note 25 Investments in associates and note 26 Shares in subsidiaries for disclosures of investments.

29 TANGIBLE AND INTANGIBLE ASSETS

	Group		Parent company	
	2015	2014	2015	2014
Goodwill	10,003	10,287	243	414
Deferred acquisition costs	4,249	4,231		
Internally developed IT-systems	1,995	1,736	1,834	1,786
Other intangible assets	822	980	347	331
Intangible assets	17,069	17,234	2,424	2,531
Equipment	771	762	408	337
Equipment leased to clients ¹⁾	54	68	37,743	38,601
Properties for own operations			2	2
Property and equipment	825	830	38,153	38,940
Investment properties recognised at cost	38	30		
Investment properties recognised at fair value	7,169	7,497		
Properties taken over for protection of claims	1,102	1,933		
Investment properties	8,309	9,460		
TOTAL	26,203	27,524	40,577	41,471

1) Equipment leased to clients are recognised as financial leases and presented as loans in the Group. See note 44.

Intangible assets

2015	Group					Parent company			
	Goodwill	Deferred acquisition costs	Internally developed IT-systems	Other intangible assets	Total	Goodwill	Internally developed IT-systems	Other intangible assets	Total
Opening balance	10,287	11,189	3,044	3,838	28,358	1,444	3,094	759	5,297
Additions from acquisitions and capitalisations		1,027	618	103	1,748	577	89		666
Reclassifications			41	176	217				
Retirements and disposals	-187		-9	-188	-384		-202	-28	-230
Exchange rate differences	-97	-53	6	-90	-234	9			9
Acquisition value	10,003	12,163	3,700	3,839	29,705	1,444	3,478	820	5,742
Opening balance		-6,958	-1,308	-2,858	-11,124	-1,030	-1,308	-428	-2,766
Current year's depreciations		-981	-365	-194	-1,540	-362	-66		-428
Current year's impairments				-17	-17	-171			-171
Reclassifications			-33	-180	-213				
Retirements and disposals				147	147		26	3	29
Exchange rate differences		25	1	85	111		18		18
Accumulated depreciations	-7,914	-1,705	-3,017	-3,017	-12,636	-1,201	-1,644	-473	-3,318
TOTAL	10,003	4,249	1,995	822	17,069	243	1,834	347	2,424
2014									
Opening balance	10,408	10,534	2,845	3,563	27,350	1,444	2,830	731	5,005
Additions from acquisitions and capitalisations		1,036	345	375	1,756	329	137		466
Reclassifications		-114	-2	169	53				
Retirements and disposals	-187	-368	-145	-401	-1,101		-65	-109	-174
Exchange rate differences	66	101	1	132	300				
Acquisition value	10,287	11,189	3,044	3,838	28,358	1,444	3,094	759	5,297
Opening balance		-6,448	-979	-2,752	-10,179	-860	-964	-495	-2,319
Current year's depreciations		-944	-340	-181	-1,465	-340	-39		-379
Current year's impairments				-51	-51	-170			-170
Reclassifications		114	4	-169	-51				
Retirements and disposals		368	7	401	776		-4	107	103
Exchange rate differences		-48		-106	-154		-1		-1
Accumulated depreciations	-6,958	-1,308	-2,858	-2,858	-11,124	-1,030	-1,308	-428	-2,766
TOTAL	10,287	4,231	1,736	980	17,234	414	1,786	331	2,531

Goodwill is allocated between cash-generating units or groups of units. Business divisions and business areas with goodwill are Wealth Management with SEK 4,595m (4,789), Merchant Banking with SEK 1,020m (1,022), Retail Banking (excluding Card) with SEK 929m (929), Retail Banking – Card with SEK 827m (905), Life excluding Life Denmark with SEK 2,334m (2,343) and Life Denmark with SEK 299m (299). Goodwill from the Trygg Hansa acquisition, SEK 5,721m (5,721), resides in Wealth Management, Retail Banking and Life.

The impairment test of goodwill is based on the value in use, for respective group of cash generating units, with forecasted cash flows for a period of five years. The cash flows for the first three years are based on business plans as established by management. The cash flows for subsequent years are more subjective and are determined based on historical performance and market trends

for key assumptions such as growth, revenue and costs. The growth rate used after five years is based upon the expected long-term inflation rate, 1.5 (1.5) per cent. The discount rates used are estimates of the post tax cost of equity for the Group. Post tax cost of equity is determined based on information from external sources and an average of 9.5 (10) per cent has been applied. The same discount rate is used for all of the divisions above, which is consistent with both the external and internal view. The corresponding discount rates before tax are estimated to 11–12.5 (11–13) per cent.

The sensitivity analyses carried out, through an increase of the discount rates by one percentage point and a decrease of the growth rates by one percentage point, did not result in calculated recoverable amounts below the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

Note 29 ctd. Tangible and intangible assets

Property and equipment

2015	Group			Parent company			
	Equipment	Properties for own operations	Total	Equipment	Equipment leased to clients ¹⁾	Properties for own operations	
				Total	2	Total	
Opening balance	3,316	120	3,436	1,934	50,761	2	52,697
Additions from acquisitions and capitalisations	244	10	254	156	5,960		6,116
Reclassifications	77	-17	60				
Retirements and disposals	-531	-2	-533	-252	-6,333		-6,585
Exchange rate differences	-1	-14	-15	50			50
Acquisition value	3,105	97	3,202	1,888	50,388	2	52,278
Opening balance	-2,554	-52	-2,606	-1,597	-12,160		-13,757
Current year's depreciations	-393	-10	-403	-165	-4,598		-4,763
Current year's impairments	-1		-1				
Reclassifications	25	8	33				
Retirements and disposals	517	2	519	252	4,463		4,715
Exchange rate differences	72	9	81	30	-350		-320
Accumulated depreciations	-2,334	-43	-2,377	-1,480	-12,645		-14,125
TOTAL	771	54	825	408	37,743	2	38,153
2014							
Opening balance	3,133	104	3,237	2,059	49,240	2	51,301
Additions from acquisitions and capitalisations	224	31	255	38	8,608		8,646
Reclassifications	587	46	633				
Retirements and disposals	-720	-37	-757	-163	-7,087		-7,250
Exchange rate differences	92	-24	68				
Acquisition value	3,316	120	3,436	1,934	50,761	2	52,697
Opening balance	-2,237	-51	-2,288	-1,647	-12,260		-13,907
Current year's depreciations	-377	-11	-388	-123	-4,413		-4,536
Current year's impairments	-3		-3				
Reclassifications	-581	-45	-626				
Retirements and disposals	713	36	749	213	3,943		4,156
Exchange rate differences	-69	19	-50	-40	570		530
Accumulated depreciations	-2,554	-52	-2,606	-1,597	-12,160		-13,757
TOTAL	762	68	830	337	38,601	2	38,940

1) Equipment leased to clients are recognised as financial leases and presented as loans in the Group. See note 44.

Investment properties, Group

	2015				2014			
	Investment properties at cost	Investment properties at fair value	Properties taken over for protection of claims	Total	Investment properties at cost	Investment properties at fair value	Properties taken over for protection of claims	Total
Opening balance	35	7,497	2,024	9,556	448	7,623	2,926	10,997
Additions from acquisitions and capitalisations	27	326	85	438	10	71	299	380
Reclassifications	1		-616	-615			-975	-975
Retirements and disposals	-18	-332	-171	-521	-435	-449	-309	-1,193
Exchange rate differences	-2	-223	-74	-299	12	475	83	570
Acquisition value	43	7,268	1,248	8,559	35	7,720	2,024	9,779
Opening balance	-5		-91	-96	-145		-48	-193
Current year's depreciations	-1		-6	-7	-6		-22	-28
Current year's impairments			-148	-148			-148	-148
Reclassifications			89	89			113	113
Retirements and disposals	1		5	6	149		13	162
Exchange rate differences			5	5	-3		1	-2
Accumulated depreciations	-5		-146	-151	-5		-91	-96
Fair value changes		-99		-99			-223	-223
TOTAL	38	7,169	1,102	8,309	30	7,497	1,933	9,460

Note 29 ctd. Tangible and intangible assets

Net operating earnings from investment properties

	Group	
	2015	2014
External income	548	532
Operating costs ¹⁾	-182	-181
TOTAL	366	351

1) Direct operating expenses arising from investment property that did not generate rental income amounts to SEK 12m (20).

Net operating earnings from properties taken over for protection of claims

	49	59
External income	49	59
Operating costs	-83	-105
TOTAL	-34	-46

SEB may in specific cases acquire assets used as collateral when the loan is in default and the customer can no longer meet its obligations towards SEB. Properties are held and managed during a period with the intention to divest the assets when deemed appropriate.

30 OTHER ASSETS

	Group		Parent company	
	2015	2014	2015	2014
Current tax assets	6,966	8,859	1,643	3,569
Deferred tax assets	1,516	1,637		
Trade and client receivables	13,124	9,550	12,871	9,348
Margin collateral paid	22,132	31,698	22,132	31,486
Other assets	14,045	10,397	5,260	6,920
TOTAL	57,783	62,141	41,906	51,323
Current tax assets				
Other	6,966	8,859	1,643	3,569
Recognised in profit and loss	6,966	8,859	1,643	3,569
TOTAL	6,966	8,859	1,643	3,569
Deferred tax assets				
Tax losses carry forwards	530	603		
Pension plan assets, net	-16	-24		
Other temporary differences ¹⁾	436	391		
Recognised in profit and loss	950	970		
Pension plan assets, net	730	925		
Unrealised losses in available-for-sale financial assets	-164	-258		
Recognised in Shareholders' equity	566	667		
TOTAL	1,516	1,637		

1) Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base.
Taxable temporary differences give rise to deferred tax assets and liabilities.

Deferred tax assets on tax losses carried forward relates mainly to the Baltic countries and Germany and are based on SEB's assessment of future earnings in respective entity.

Tax losses carried forward in the SEB Group for which the tax asset are not recognised in the balance sheet amounts to SEK 3,545m (4,981) gross. These

are not recognised due to the uncertainty of possibility to use them. This includes losses where the amount only can be used for trade tax. The potential tax asset not recognised is SEK 626m (1,092).

All losses carried forward are without time limit.

Trade and client receivables

	Group		Parent company	
	2015	2014	2015	2014
Trade receivables	1,370	1,146	1,262	994
Client receivables	11,754	8,404	11,609	8,354
TOTAL	13,124	9,550	12,871	9,348

Other assets

	2015	2014	2015	2014
Pension plan assets, net	5,558	1,258		
Reinsurers share of insurance provisions	499	465		
Accrued interest income	66	74		
Other accrued income	1,477	1,201	1,408	2,118
Prepaid expenses	485	502		
Other	5,960	6,897	3,852	4,802
TOTAL	14,045	10,397	5,260	6,920

31 LIABILITIES TO POLICYHOLDERS

	Group	
	2015	2014
Liabilities to policyholders – investment contracts	271,995	259,275
Liabilities to policyholders – insurance contracts	98,714	105,079
TOTAL	370,709	364,354

Liabilities to policyholders – investment contracts*

Opening balance	259,275	223,494
Reclassification to/from insurance contracts	-114	-119
Change in investment contract provisions ¹⁾	15,340	32,666
Exchange rate differences	-2,506	3,234
TOTAL	271,995	259,275

1) The net of premiums received during the year, return on investment funds less payments to the policyholders and deduction of fees and policyholders' tax.

* Insurance provisions where the policyholders are carrying the risk. The liabilities and the underlying assets are designated at fair value through profit or loss (fair value option).

Liabilities to policyholders – insurance contracts

Opening balance	105,079	92,018
Transfer of portfolios through divestments		-56
Reclassification from/to investment contracts	114	119
Change in collective bonus provisions	-578	1,857
Change in other insurance contract provisions ¹⁾	-3,138	5,531
Exchange rate differences	-2,763	5,610
TOTAL	98,714	105,079

1) The net of premiums received during the year, allocated guaranteed interest less payments to the policyholders and deduction of fees and policyholders' tax.

32 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Parent company	
	2015	2014	2015	2014
Liabilities held for trading	40,746	41,052	40,487	35,872
Derivatives held for trading	188,062	234,745	160,619	209,079
Held for trading	228,808	275,797	201,106	244,951
Derivatives held for hedging	1,977	2,967	1,685	2,559
Designated at fair value through profit or loss	1,977	2,967	1,685	2,559
TOTAL	230,785	278,764	202,791	247,510

Liabilities held for trading

Short positions in equity instruments	12,927	15,237	12,831	13,523
Short positions in debt securities	10,419	25,712	10,262	22,298
Other financial liabilities	17,377		17,377	
Accrued interest	23	103	17	51
TOTAL	40,746	41,052	40,487	35,872

Derivatives held for trading

Negative replacement values of interest-related derivatives	111,651	143,232	87,718	120,785
Negative replacement values of currency-related derivatives	58,137	73,431	56,475	72,375
Negative replacement values of equity-related derivatives	5,123	5,909	4,773	5,184
Negative replacement values of other derivatives	13,151	12,173	11,653	10,735
TOTAL	188,062	234,745	160,619	209,079

Derivatives held for hedging

Fair value hedges	475	975	475	975
Cash flow hedges	1,210	1,584	1,210	1,584
Portfolio hedges for interest rate risk	292	408		
TOTAL	1,977	2,967	1,685	2,559

33 OTHER LIABILITIES

	Group		Parent company	
	2015	2014	2015	2014
Current tax liabilities	2,082	3,000	835	800
Deferred tax liabilities	9,468	8,479	906	1,093
Trade and client payables	11,496	7,712	11,011	7,282
Margin collateral received	28,044	25,261	28,044	25,260
Other liabilities	23,994	25,805	12,736	15,521
TOTAL	75,084	70,257	53,532	49,956
Current tax liabilities				
Other	2,082	3,000	584	718
Recognised in profit and loss	2,082	3,000	584	718
Group contributions			251	82
Recognised in Shareholders' equity			251	82
TOTAL	2,082	3,000	835	800
Deferred tax liabilities				
Accelerated tax depreciation	6,825	6,737		
Unrealised profits in financial assets at fair value	30	16		
Pension plan assets and obligations, net	-212	-75		
Other temporary differences ¹⁾	350	236		
Recognised in profit and loss	6,993	6,914		
Pension plan assets and obligations, net	1,446	353		
Unrealised profits in cash flow hedges	905	1,093	906	1,093
Unrealised profits in available-for-sale financial assets	124	119		
Recognised in Shareholders' equity	2,475	1,565	906	1,093
TOTAL	9,468	8,479	906	1,093
1) Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Taxable temporary differences give rise to deferred tax assets and liabilities.				
In Estonia no income tax is paid unless profit is distributed as dividend. No deferred tax liability is recognised related to possible future tax costs on dividends from Estonia. The tax rate applicable to dividends is 20 per cent (21).				
Trade and client payables				
Trade payables	1,684	932	1,361	622
Client payables	9,812	6,780	9,650	6,660
TOTAL	11,496	7,712	11,011	7,282
Other liabilities				
Accrued interest expense	2	16		
Other accrued expense	3,595	3,702	2,357	2,415
Prepaid income	1,673	1,983		
Other	18,724	20,104	10,379	13,106
TOTAL	23,994	25,805	12,736	15,521

34 PROVISIONS

	Group		Parent company	
	2015	2014	2015	2014
Other restructuring and redundancy reserves	515	588	42	50
Reserve for off-balance sheet items	81	87	22	
Pensions (note 9 b) ¹⁾	384	995		
Other provisions	893	1,198	80	123
TOTAL	1,873	2,868	144	173

1) Part of the net (asset) amount recognised in balance sheet amounting to SEK 5,175m (264) in note 9b.

Other restructuring and redundancy reserves

Opening balance	588	608	50	59
Additions	45	314		
Amounts used	-101	-114	-8	-9
Unused amounts reversed	-2	-267		
Other movements	1	11		
Exchange differences	-16	36		
TOTAL	515	588	42	50

The main part of the reserve will cover redundancy costs to be used within five years.

Reserve for off-balance-sheet items

Opening balance	87	274	0	2
Additions	62	51	22	
Amounts used	-5	-258		
Unused amounts reversed	-33	-8		-2
Other movements	-26	16		
Exchange differences	-4	12		
TOTAL	81	87	22	0

Other provisions

Opening balance	1,198	1,028	123	31
Additions	67	298	-43	
Amounts used	-60	-121		92
Unused amounts reversed	-305	-38		
Other movements	5	-13		
Exchange differences	-12	44		
TOTAL	893	1,198	80	123

Other provision mainly consists of costs for re-organisation within the Group to be used within three years and unsettled claims covering all operating segments; among others in the divested German retail business to be settled within three years and tax returns within Life U.K. branch under decommission.

35 SUBORDINATED LIABILITIES

	Group		Parent company	
	2015	2014	2015	2014
Debenture loans	16,092	16,624	16,092	16,552
Debenture loans, perpetual	13,855	21,945	13,855	21,945
Debenture loans, hedged positions	960	1,041	960	1,041
Accrued interest	465	655	465	653
TOTAL	31,372	40,265	31,372	40,191

Debenture loans

	Currency	Original nom. amount	Book value	Rate of interest, %
2012/2022	EUR	750	6,896	4.000
2014/2021	EUR	1,000	9,196	1)
TOTAL	16,092			

Debenture loans, perpetual

	Currency	Original nom. amount	Book value	Rate of interest, %
2007	EUR	500	4,598	7.092
2014	USD	1,100	9,257	5.750
TOTAL	13,855			

1) FRN, Floating Rate Note.

36 UNTAXED RESERVES¹⁾

	Parent company	
	2015	2014
Depreciation in excess of plan on office equipment/leased assets	23,460	23,097
Other untaxed reserves	6	5
TOTAL	23,466	23,102

1) In the balance sheet of the Group untaxed reserves are reclassified partly as deferred tax liability and partly as restricted equity.

Parent company

	Excess depreciation	Other untaxed reserves	Total
Opening balance	23,690	4	23,694
Appropriations	-593	1	-592
Closing balance 2014	23,097	5	23,102
Appropriations	363		363
CLOSING BALANCE 2015	23,460	5	23,465

37 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

	Group		Parent company	
	2015	2014	2015	2014
Collateral and comparable security pledged for own liabilities	867,534	802,345	399,047	366,518
Other pledged assets and comparable collateral	146,521	127,792	135,864	116,228
Contingent liabilities	109,297	116,566	87,798	98,966
Commitments	609,872	559,575	434,656	382,324

Collateral and comparable security pledged for own liabilities*

Repos	8,733	9,329	8,733	9,278
Assets collateralised for issued mortgage covered bonds	339,652	340,571	319,392	315,483
Assets collateralised for issued public covered bonds	14,999	18,705	70,908	41,743
Other collateral	133,441	69,386	14	14
Collateral pledged for own liabilities	496,825	437,991	399,047	366,518
Assets pledged for insurance contracts	98,714	105,079		
Assets pledged for investment contracts ¹⁾	271,995	259,275		
Assets pledged for own liabilities to insurance policyholders	370,709	364,354		
TOTAL	867,534	802,345	399,047	366,518

* Transfers that do not qualify for derecognition.

1) Shares in funds.

Other pledged assets and comparable collateral

Bonds ²⁾	73,781	73,496	73,782	73,496
Securities lending	63,528	51,722	52,870	40,158
Other	9,212	2,574	9,212	2,574
TOTAL	146,521	127,792	135,864	116,228

2) Pledged but unencumbered bonds.

Contingent liabilities

Guarantee commitments, credits ³⁾	33,855	34,875	11,947	14,733
Guarantee commitments, other	64,812	69,048	68,603	73,540
Own acceptances	746	900	701	862
Total	99,413	104,823	81,251	89,135
Approved, but unutilised letters of credit	9,884	11,743	6,547	9,831
TOTAL	109,297	116,566	87,798	98,966

3) SEB does not regularly securitise its assets and has no outstanding own issues. For liquidity facilities and other facilities to conduits see note 27.

Other contingent liabilities

The parent company has undertaken to the Monetary Authority of Singapore to ensure that its subsidiary in Luxembourg's branch in Singapore is able to fulfil its commitments.

The parent company has issued a deposit guarantee for SEB AG in Germany to the Bundesverband deutscher Banken e.V.

Legal proceedings

Within the ordinary course of business SEB is engaged in various legal proceedings, both in Sweden and in other jurisdictions. SEB does not expect these current legal proceedings to have a significant adverse effect on the financial position of the Group.

Commitments

Granted undrawn credit	319,045	305,411	237,292	246,304
Unutilised part of approved overdraft facilities	135,809	138,463	70,039	70,412
Securities borrowing	125,314	99,263	102,190	64,322
Other commitments	29,704	16,438	25,135	1,286
TOTAL	609,872	559,575	434,656	382,324

Discretionary managed assets

Discretionary managed assets in the parent company amounted to SEK 446 bn (440).

Note 37 ctd. Pledged assets, contingent liabilities and commitments

Transferred financial assets entirely recognized¹⁾

Group, 2015	Transferred assets				Associated liabilities				Associated collateral received ²⁾ Securities lending
	Securities lending	Repurchase agreements	Other ³⁾	Total	Securities lending	Repurchase agreements	Other ³⁾	Total	
Financial assets held for trading									
Equity instruments	17,719		13,968	31,687	1,852		13,667	15,519	15,249
Debt securities	12,396	7,588	949	20,933	625	7,090		7,715	11,099
TOTAL	30,115	7,588	14,917	52,620	2,477	7,090	13,667	23,234	26,348

2014

Financial assets held for trading	Transferred assets				Associated liabilities				Associated collateral received ²⁾ Securities lending
	Securities lending	Repurchase agreements	Other ³⁾	Total	Securities lending	Repurchase agreements	Other ³⁾	Total	
Equity instruments									
Equity instruments	35,821		15,277	51,098	5,207		15,277	20,484	28,191
Debt securities	6,703	6,715	5,210	18,628	640	6,238	5,390	12,268	6,063
TOTAL	42,524	6,715	20,487	69,726	5,847	6,238	20,667	32,752	34,254

Parent company, 2015	Transferred assets				Associated liabilities				Associated collateral received ²⁾ Securities lending
	Securities lending	Repurchase agreements	Other ³⁾	Total	Securities lending	Repurchase agreements	Other ³⁾	Total	
Financial assets held for trading									
Equity instruments	14,232		13,520	27,752	2,182		13,220	15,402	11,288
Debt securities	11,230	7,588	901	19,719	171	7,090		7,261	10,439
TOTAL	25,462	7,588	14,421	47,471	2,353	7,090	13,220	22,663	21,727

2014

Financial assets held for trading	Transferred assets				Associated liabilities				Associated collateral received ²⁾ Securities lending
	Securities lending	Repurchase agreements	Other ³⁾	Total	Securities lending	Repurchase agreements	Other ³⁾	Total	
Equity instruments									
Equity instruments	16,138		15,109	31,247	3,582		15,109	18,691	11,562
Debt securities	5,520	6,750	5,234	17,504	640	6,300	5,415	12,355	4,881
TOTAL	21,658	6,750	20,343	48,751	4,222	6,300	20,524	31,046	16,443

1) Carrying amount and fair value are the same.

2) Other than cash collateral.

3) Assets provided as collateral for derivatives trading, clearing etc.

Pledged assets

Assets are transferred for repurchase agreements and securities lending agreements. The counterpart has the right to sell or repledge the assets. Other transferred assets refer to assets provided as collateral for derivatives trading, clearing etc., where the title to the instrument has been transferred to the counter-party. The assets continue to be recognised on SEB's balance sheet since SEB is still exposed to changes in the fair value of the assets. The carrying value and fair value of the assets transferred as collateral for liabilities or contingent liabilities are shown in the table above.

SEB issues covered bonds secured by mortgage loans pledged as security according to the local legislation. The pledged securities are mainly residential mortgages in single family homes, tenant owned homes or other residential

apartment buildings. The loan-to-value ratio does not exceed 75 per cent. In the event of SEB's insolvency, the holders of the covered bonds have priority to the assets registered as collateral.

Obtained collateral

SEB obtains collateral under reverse repurchase agreements and securities borrowing agreements. Under the terms of standard financial market agreements SEB has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transactions.

More information about the accounting of repurchase agreements and securities lending can be found in the accounting principles.

38 CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

Group	2015			2014		
	Current assets	Non-current assets	Total	Current assets	Non-current assets	Total
Assets						
Cash and cash balances with central banks	101,429		101,429	103,098		103,098
Other lending to central banks	32,222		32,222	16,817		16,817
Loans to credit institutions	46,188	12,354	58,542	76,555	14,390	90,945
Loans to the public	581,376	772,010	1,353,386	683,732	671,948	1,355,680
<i>Securities held for trading</i>	239,906		239,906	298,300		298,300
<i>Derivatives held for trading</i>	199,085		199,085	250,965		250,965
<i>Derivatives held for hedging</i>	16,466		16,466	22,546		22,546
<i>Financial assets – policyholders bearing the risk</i>	271,613		271,613	258,945		258,945
<i>Other financial assets at fair value through profit and loss</i>	99,875		99,875	105,915		105,915
Financial assets at fair value through profit and loss	826,945		826,945	936,671		936,671
Fair value changes of hedged items in a portfolio hedge	104		104	173		173
Available-for-sale financial assets	37,368		37,368	46,014		46,014
Held-to-maturity investments				91		91
Assets held for sale	801		801	841		841
Investments in associates		1,181	1,181		1,251	1,251
<i>Intangible assets</i>	1,540	15,529	17,069	1,465	15,769	17,234
<i>Property and equipment</i>	410	415	825	416	414	830
<i>Investment properties</i>	8,309		8,309	9,460		9,460
Tangible and intangible assets	10,259	15,944	26,203	11,341	16,183	27,524
<i>Current tax assets</i>	6,966		6,966	8,859		8,859
<i>Deferred tax assets</i>		1,516	1,516		1,637	1,637
<i>Trade and client receivables</i>	13,124		13,124	9,550		9,550
<i>Other financial assets</i>	22,363		22,363	31,967		31,967
<i>Other non-financial assets</i>	13,814		13,814	10,128		10,128
Other assets	56,267	1,516	57,783	60,504	1,637	62,141
TOTAL	1,692,959	803,005	2,495,964	1,935,837	705,409	2,641,246

Liabilities	2015			2014		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Deposits from central banks and credit institutions	112,509	5,997	118,506	105,091	10,095	115,186
Deposits and borrowing from the public	832,331	51,454	883,785	881,596	61,518	943,114
<i>Liabilities to policyholders – investment contracts</i>	9,100	262,895	271,995	9,064	250,211	259,275
<i>Liabilities to policyholders – insurance contracts</i>	10,100	88,614	98,714	15,975	89,104	105,079
Liabilities to policyholders	19,200	351,509	370,709	25,039	339,315	364,354
Debt securities issued	227,951	411,493	639,444	282,057	407,806	689,863
<i>Liabilities held for trading</i>	40,746		40,746	41,052		41,052
<i>Derivatives held for trading</i>	188,062		188,062	234,745		234,745
<i>Derivatives held for hedging</i>	1,977		1,977	2,967		2,967
Financial liabilities at fair value through profit and loss	230,785		230,785	278,764		278,764
Fair value changes of hedged items in portfolio hedge	1,608		1,608	1,999		1,999
<i>Current tax liabilities</i>	2,082		2,082	3,000		3,000
<i>Deferred tax liabilities</i>		9,468	9,468		8,479	8,479
<i>Trade and client payables</i>	11,496		11,496	7,712		7,712
<i>Other financial liabilities</i>	29,138		29,138	25,706		25,706
<i>Other non-financial liabilities</i>	22,900		22,900	25,360		25,360
Other liabilities	65,616	9,468	75,084	61,778	8,479	70,257
Provisions		1,873	1,873		2,868	2,868
Subordinated liabilities	793	30,579	31,372		40,265	40,265
TOTAL	1,490,793	862,373	2,353,166	1,636,324	870,346	2,506,670

Assets and liabilities are classified as current assets and current liabilities when they are cash or cash equivalents, are held for trading purposes, are expected to be sold, settled or consumed in normal business, and are expected to be realised within twelve months. All other assets and liabilities are classified as non-current.

39 FINANCIAL ASSETS AND LIABILITIES BY CLASS

Group	Book value					Fair value							
	Designated at fair value through p/l / Hedge instruments			Available-for-sale	Loans and receivables	Held-to-maturity	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)	Total			
Assets, 2015	Held for trading	Designated at fair value through p/l / Hedge instruments	Available-for-sale	Loans and receivables	Held-to-maturity	Total							
Loans				1,522,503		1,522,503	42,955	290	1,485,907	1,529,152			
Equity instruments	67,538	28,264	2,405		98,207		75,354	11,469	11,384	98,207			
Debt securities	172,368	71,611	34,963	21,001		299,943	134,826	159,177	6,103	300,106			
Derivative instruments	199,085	16,466				215,551	2,061	202,261	11,229	215,551			
Financial assets – policyholders bearing the risk		271,613				271,613	255,175	13,831	2,607	271,613			
Other		104		37,562		37,666	2,075		35,591	37,666			
Financial assets	438,991	388,058	37,368	1,581,066		2,445,483	512,446	387,028	1,552,821	2,452,295			
Other assets (non-financial)						50,481							
TOTAL	438,991	388,058	37,368	1,581,066		2,495,964							
2014													
Loans				1,533,550		1,533,550	45,188	151	1,504,165	1,549,504			
Equity instruments	101,052	25,115	2,907		129,074		101,814	15,139	12,121	129,074			
Debt securities	197,248	80,800	43,107	31,123		352,369	145,703	174,255	32,615	352,573			
Derivative instruments	250,965	22,546				273,511	5,020	258,520	9,971	273,511			
Financial assets – policyholders bearing the risk		258,945				258,945	249,543	7,335	2,067	258,945			
Other		173		43,384		43,557	1,866	173	41,518	43,557			
Financial assets	549,265	387,579	46,014	1,608,057		91	2,591,006			549,134	455,573	1,602,457	2,607,164
Other assets (non-financial)						50,240							
TOTAL	549,265	387,579	46,014	1,608,057		91	2,641,246						
Liabilities, 2015	Held for trading	Designated at fair value through p/l / Hedge instruments	Other financial liabilities		Total		Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non-observable inputs (Level 3)		Total		
Deposits			957,599		957,599		26,908	182	930,805	957,895			
Equity instruments	12,927				12,927		12,445	37	445	12,927			
Debt securities	10,442	34,774	680,734		725,950		7,071	693,674	44,625	745,370			
Derivative instruments	188,062	1,977			190,039		2,534	176,104	11,401	190,039			
Liabilities to policyholders – investment contracts		271,995			271,995		255,581	13,812	2,602	271,995			
Other	17,377	1,608	40,634		59,619		408	17,413	41,798	59,619			
Financial liabilities	228,808	310,354	1,678,967		2,218,129		304,947	901,222	1,031,676	2,237,845			
Other liabilities (non-financial)					135,037								
Total equity					142,798								
TOTAL	228,808	310,354	1,678,967		2,495,964								
2014													
Deposits			1,007,257		1,007,257		29,324	98	976,092	1,005,514			
Equity instruments	15,237				15,237		14,714	48	475	15,237			
Debt securities	25,815	31,547	749,624		806,986		16,703	750,379	59,970	827,052			
Derivative instruments	234,745	2,967			237,712		6,826	221,226	9,660	237,712			
Liabilities to policyholders – investment contracts		259,275			259,275		249,914	7,305	2,056	259,275			
Other		1,999	33,418		35,417			1,999	33,418	35,417			
Financial liabilities	275,797	295,788	1,790,299		2,361,884		317,481	981,055	1,081,671	2,380,207			
Other liabilities (non-financial)					144,786								
Total equity					134,576								
TOTAL	275,797	295,788	1,790,299		2,641,246								

Note 39 ctd. Financial assets and liabilities by class

Parent company	Book value					
	Held for trading	Designated at fair value through p/l / Hedge instruments	Available-for-sale	Loans and receivables	Held-to-maturity	Total
Assets, 2015						
Loans				1,288,753		1,288,753
Equity instruments	62,726	209	54,529			117,464
Debt securities	171,380		10,702	13,496		195,578
Derivative instruments	165,964	15,042				181,006
Other				36,324		36,324
Financial assets	400,070	15,251	65,231	1,338,573		1,819,125
Other assets (non-financial)						47,480
TOTAL	400,070	15,251	65,231	1,338,573		1,866,605

2014

	Book value				
	Held for trading	Designated at fair value through p/l / Hedge instruments	Available-for-sale	Loans and receivables	Total
Loans				1,288,060	1,288,060
Equity instruments	76,496	242	56,827		133,565
Debt securities	192,951		13,509	22,051	228,602
Derivative instruments	221,150	20,899			242,049
Other				41,906	41,906
Financial assets	490,597	21,141	70,336	1,352,017	1,934,182
Other assets (non-financial)					51,960
TOTAL	490,597	21,141	70,336	1,352,017	1,986,142

Liabilities, 2015	Book value			
	Held for trading	Designated at fair value through p/l / Hedge instruments	Other financial liabilities	Total
Deposits			825,117	825,117
Equity instruments	12,831			12,831
Debt securities	27,656		663,775	691,431
Derivative instruments	160,619	1,685		162,304
Other			39,055	39,055
Financial liabilities	201,106	1,685	1,527,947	1,730,738
Other liabilities (non-financial)				14,621
Total equity				121,246
TOTAL	201,106	1,685	1,527,947	1,866,605

2014

	Book value			
	Held for trading	Designated at fair value through p/l / Hedge instruments	Other financial liabilities	Total
Deposits			851,228	851,228
Equity instruments	13,523			13,523
Debt securities	22,349		722,710	745,059
Derivative instruments	209,079	2,559		211,638
Other			32,542	32,542
Financial liabilities	244,951	2,559	1,606,480	1,853,990
Other liabilities (non-financial)				17,587
Total equity				114,565
TOTAL	244,951	2,559	1,606,480	1,986,142

SEB has grouped its financial instruments by class taking into account the characteristics of the instruments:

Loans and deposits includes financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. Loans are further specified in note 18 a and 19.

Equity instruments includes shares, rights issues and similar contractual rights of other entities.

Debt instruments includes contractual rights to receive or obligations to deliver cash on a predetermined date. These are further specified in note 18 f and 41.

Derivative instruments includes options, futures, swaps and other derived products held for trading and hedging purposes. These are further specified in notes 22, 32 and 42.

Investment contracts include those assets and liabilities in the Life insurance operations where the policyholder is carrying the risk of the contractual agreement (is not qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 46.

Insurance contracts includes those assets and liabilities in the Life insurance operations where SEB is carrying the insurance risk of a contractual agreement (is qualified as an insurance contract under IFRS 4). The Life insurance operations are further specified in note 46.

Other includes other financial assets and liabilities recognised in accordance with IAS 39, i.e. Trade and client receivables/payables and Withheld/paid margins of safety.

40 FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING OR NETTING ARRANGEMENTS

Group, 2015	Financial assets and liabilities subject to offsetting or netting arrangements						Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet		
	Gross amounts	Offset	Net amounts in balance sheet	Related arrangements		Net amounts				
				Master netting arrangements	Collaterals received/ pledged					
Derivatives	219,186	-4,514	214,672	-133,854	-33,135	47,683	879	215,551		
Reversed repo receivables	71,161	-10,850	60,311	-4,604	-55,468	239	5	60,316		
Securities borrowing	22,582	-75	22,507	-5,976	-16,531		5,984	28,491		
Client receivables	335	-333	2			2	11,752	11,754		
Assets	313,264	-15,772	297,492	-144,434	-105,134	47,924	18,620	316,112		
Derivatives	192,675	-4,514	188,161	-133,854	-49,311	4,996	1,878	190,039		
Repo payables	20,459	-10,850	9,609	-4,604	-4,128	877		9,609		
Securities lending	17,538	-75	17,463	-5,976	-11,260	227	6	17,469		
Client payables	333	-333					9,812	9,812		
Liabilities	231,005	-15,772	215,233	-144,434	-64,699	6,100	11,696	226,929		
2014										
Derivatives	278,687	-6,916	271,771	-194,316	-46,678	30,777	1,740	273,511		
Reversed repo receivables	93,230	-9,412	83,818	-7,130	-73,562	3,126	6,961	90,779		
Securities borrowing	24,599		24,599	-10,979	-10,719	2,901	5,835	30,434		
Client receivables	5,915	-5,915					9,398	9,398		
Assets	402,431	-22,243	380,188	-212,425	-130,959	36,804	23,934	404,122		
Derivatives	243,719	-6,916	236,803	-194,316	-35,519	6,968	909	237,712		
Repo payables	16,623	-9,412	7,211	-7,130	-81		4,211	11,422		
Securities lending	23,417		23,417	-10,979	-9,318	3,120	11,045	34,462		
Client payables	5,915	-5,915					7,402	7,402		
Liabilities	289,674	-22,243	267,431	-212,425	-44,918	10,088	23,567	290,998		
Parent company, 2015										
Derivatives	181,006		181,006	-103,579	-23,757	53,670		181,006		
Reversed repo receivables	70,844	-10,850	59,994	-4,604	-55,058	332		59,994		
Securities borrowing	11,308		11,308	-5,976	-5,332		22,103	33,411		
Client receivables	333	-333					11,609	11,609		
Assets	263,491	-11,183	252,308	-114,159	-84,147	54,002	33,712	286,020		
Derivatives	162,304		162,304	-103,579	-43,422	15,303		162,304		
Repo payables	19,582	-10,850	8,732	-4,604	-4,128			8,732		
Securities lending	15,027		15,027	-5,976	-9,051			15,027		
Client payables	333	-333					9,650	9,650		
Liabilities	197,246	-11,183	186,063	-114,159	-56,601	15,303	9,650	195,713		
2014										
Derivatives	228,073		228,073	-167,405	-37,016	23,652	13,976	242,049		
Reversed repo receivables	90,071	-9,412	80,659	-7,097	-73,562		6,949	87,608		
Securities borrowing	12,987		12,987	-7,542	-5,445		3,588	16,575		
Client receivables	5,915	-5,915					9,348	9,348		
Assets	337,046	-15,327	321,719	-182,044	-116,023	23,652	33,861	355,580		
Derivatives	197,493		197,493	-167,405	-30,088		14,145	211,638		
Repo payables	16,572	-9,412	7,160	-7,097	-63		4,211	11,371		
Securities lending	15,265		15,265	-7,542	-7,723		11,033	26,298		
Client payables	5,915	-5,915					7,282	7,282		
Liabilities	235,245	-15,327	219,918	-182,044	-37,874	0	36,671	256,589		

The table shows financial assets and liabilities that are presented net in the balance sheet or with potential rights to off-set associated with enforceable master netting arrangements or similar arrangements, together with related collateral.

Financial assets and liabilities are presented net in the balance sheet when SEB has legally enforceable rights to set-off, in the ordinary course of business and in the case of bankruptcy, and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Repos with central counterparty clearing houses that SEB has agreements with and client receivables and client payables are examples of instruments that are presented net in the balance sheet.

Financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements that are not presented net in the balance sheet are arrangements that are usually enforceable in the case of bankruptcy or default but not in the ordinary course of business or arrangements where SEB does not have the intention to settle the instruments simultaneously.

Assets and liabilities that are not subject to offsetting or netting arrangements, i.e those that are only subject to collateral agreements, are presented as Other instruments in balance sheet not subject to netting arrangements.

41 DEBT SECURITIES BY ISSUERS

Eligible debt securities*						
Group, 2015	Swedish Government	Swedish municipalities	Other Swedish issuers – non-financial companies	Other Swedish issuers – other financial companies	Foreign Government	Other foreign issuers
Loans to credit institutions					1,415	1,415
Loans to the public					8,248	5,563
Securities held for trading	8,832	5,374			54,382	144
Insurance assets at fair value	1,385	517	1	2,974	4,859	29,256
Financial assets at fair value through profit or loss					3,850	3,850
Available-for-sale financial assets	99				17,596	1,863
TOTAL	10,316	5,891	1	2,974	88,935	38,241
2014						
Loans to credit institutions					5,478	5,478
Loans to the public					8,496	3,021
Securities held for trading	19,653	4,095		309	32,334	1,518
Financial assets at fair value through profit or loss					3,390	967
Available-for-sale financial assets	103				23,774	821
TOTAL	19,756	4,095		309	67,994	11,805
Parent company, 2015						
Loans to the public					7,816	7,816
Securities held for trading	8,832	5,374		41,002	13,107	68,315
Available-for-sale financial assets					6,477	6,477
TOTAL	8,832	5,374		41,002	27,400	82,608
2014						
Loans to the public					8,034	8,034
Securities held for trading	19,651	4,095		13,463	17,677	54,886
Available-for-sale financial assets					6,861	6,861
TOTAL	19,651	4,095		13,463	32,572	69,781

* Accrued interest excluded.

Eligible papers are considered as such if they, according to national legislation, are accepted by the Central bank in the country in which SEB is located.

Other debt securities*						
Group, 2015	Swedish Government and municipalities	Swedish mortgage institutions	Other Swedish issuers – non-financial companies	Other Swedish issuers – other financial companies	Foreign Government	Other foreign issuers
Loans to credit institutions					1,386	1,386
Loans to the public			191		3,947	4,138
Securities held for trading		40,071	3,030	7,790	569	51,345
Insurance assets at fair value	339	34	1,037	1,203	1,640	23,626
Financial assets at fair value through profit or loss					292	292
Available-for-sale financial assets	217				11,821	3,035
TOTAL	556	40,105	4,258	8,993	14,322	83,339
2014						
Loans to credit institutions		1,892			1,729	3,621
Loans to the public			209		10,003	10,212
Securities held for trading		51,671	3,399	10,053	883	72,064
Insurance assets at fair value	2,440	2,754	674	1,466	9,906	58,425
Available-for-sale financial assets	223				12,518	5,191
Held-to-maturity financial assets						91
TOTAL	2,663	56,317	4,282	11,519	23,307	147,503
Parent company, 2015						
Loans to credit institutions					1,386	1,386
Loans to the public			191		3,920	4,111
Securities held for trading		40,071	3,030	7,789		51,349
Available-for-sale financial assets						4,224
TOTAL	40,071		3,221	7,789	60,879	111,960
2014						
Loans to credit institutions		1,892			1,729	3,621
Loans to the public			209		9,961	10,170
Securities held for trading		51,654	3,399	10,053		71,725
Available-for-sale financial assets						136,831
Held-to-maturity financial assets						6,449
TOTAL	53,546		3,608	10,053	89,954	157,161

* Accrued interest excluded.

42 DERIVATIVE INSTRUMENTS

	Group		Parent company	
	2015	2014	2015	2014
Interest-related	138,190	175,480	108,534	145,820
Currency-related	59,852	80,770	57,308	80,831
Equity-related	6,037	5,521	4,758	4,567
Other	11,472	11,740	10,406	10,831
Positive replacement values	215,551	273,511	181,006	242,049
Interest-related	113,628	146,199	89,403	123,344
Currency-related	58,137	73,431	56,475	72,375
Equity-related	5,123	5,909	4,773	5,184
Other	13,151	12,173	11,653	10,735
Negative replacement values	190,039	237,712	162,304	211,638

Group, 2015	Positive replacement values		Negative replacement values	
	Nom. amount	Book value	Nom. amount	Book value
Options	481,062	20,357	655,165	21,674
Futures	1,467,441	1,036	4,650,862	1,150
Swaps	3,438,368	116,797	3,197,944	90,804
Interest-related <i>of which, cleared</i>	5,386,871	138,190	8,503,971	113,628
Options	1,467,033	1,045	4,650,787	1,150
Futures	193,854	5,839	168,689	4,585
Swaps	389,474	14,841	480,267	10,819
1,630,730	39,172		1,563,932	42,733
Currency-related <i>of which, cleared</i>	2,214,058	59,852	2,212,888	58,137
Options	29,889	3,603	28,128	1,528
Futures	3,022	14	1,495	23
Swaps	92,927	2,420	94,972	3,572
Equity-related <i>of which, cleared</i>	125,838	6,037	124,595	5,909
Options	3,130	635	1,654	269
Futures	54,401	2,851	57,336	2,895
Swaps	39,887	6,506	25,952	7,280
16,974	2,115		37,762	2,976
Other <i>of which, cleared</i>	111,262	11,472	121,050	12,173
Options	29,774	735	7,329	1,500
TOTAL <i>of which, cleared</i>	7,838,029	215,551	10,962,504	190,039

2014

Options	292,333	19,202	336,081	20,539
Futures	1,697,437	2,343	1,686,800	2,641
Swaps	6,827,262	153,935	6,819,020	123,019
Interest-related <i>of which, cleared</i>	8,817,032	175,480	8,841,901	145,820
Options	4,490		9,376	49
Futures	309,082	3,692	310,952	3,454
Swaps	648,481	15,181	637,037	10,569
4,080,760	61,897		4,055,128	59,408
Currency-related	5,038,323	80,770	5,003,117	73,344
Options	53,205	4,349	11,264	2,197
Futures	3,927	170	3,098	188
Swaps	87,624	1,002	93,057	3,524
Equity-related <i>of which, cleared</i>	144,756	5,521	107,419	5,909
Options	3,898	435	3,098	203
Futures	104,013	4,336	103,980	4,098
Swaps	14,944	4,664	17,208	4,973
45,798	2,740		40,225	3,102
Other <i>of which, cleared</i>	164,755	11,472	161,413	12,173
Options	3,174	639	1,833	1,500
TOTAL <i>of which, cleared</i>	14,164,866	273,511	14,113,850	237,712

NOTES TO THE FINANCIAL STATEMENTS

Note 42 ctd. Derivative instruments

Parent company, 2015	Positive replacement values		Negative replacement values	
	Nom. amount	Book value	Nom. amount	Book value
Options	96,923	4,046	86,809	4,140
Futures	1,467,272	1,035	4,650,470	1,150
Swaps	3,395,516	103,453	3,294,071	84,113
Interest-related <i>of which, cleared</i>	4,959,711	108,534	8,031,350	89,403
Options	1,466,794	1,035	4,650,470	1,150
Futures			165,845	3,838
Swaps			475,683	10,342
Currency-related <i>of which, cleared</i>	2,492,991	57,308	2,393,381	56,475
Options		2		24
Futures	30,149	2,876	28,430	1,325
Swaps		14		19
	76,952	1,868	87,901	3,429
Equity-related <i>of which, cleared</i>	107,101	4,758	116,331	4,773
Options		206		180
Futures	51,945	2,701	54,867	2,745
Swaps	39,870	6,504	25,935	7,279
	15,442	1,201	26,930	1,629
Other <i>of which, cleared</i>	107,257	10,406	107,732	11,653
	27,287	584	4,843	3,392
TOTAL <i>of which, cleared</i>	7,667,060	181,006	10,648,794	162,304
	1,494,081	1,827	4,655,313	4,746
2014				
Options	164,135	5,563	109,642	5,832
Futures	1,692,946	2,343	1,677,810	2,585
Swaps	6,845,111	137,914	6,844,994	114,927
Interest-related	8,702,192	145,820	8,632,446	123,344
Options	312,450	3,231	311,916	3,363
Futures	648,763	14,548	643,144	9,663
Swaps	4,236,151	63,052	4,232,870	59,349
Currency-related	5,197,364	80,831	5,187,930	72,375
Options	53,306	3,580	11,989	1,929
Futures		180		188
Swaps	87,602	807	87,175	3,067
Equity-related <i>of which, cleared</i>	140,908	4,567	99,164	5,184
Options		202		202
Futures	103,632	4,224	103,854	3,985
Swaps	14,928	4,663	17,191	4,972
	40,563	1,944	34,757	1,778
Other <i>of which, cleared</i>	159,123	10,831	155,802	10,735
	2,762	525	1,690	1,386
TOTAL <i>of which, cleared</i>	14,199,587	242,049	14,075,342	211,638
	2,762	727	1,690	1,588

43 FUTURE MINIMUM LEASE PAYMENTS FOR OPERATIONAL LEASES*

	Group		Parent company	
	2015	2014	2015	2014
Year 2015		1,139		754
Year 2016	1,218	1,045	821	688
Year 2017	1,259	1,105	912	765
Year 2018	1,232	1,075	936	783
Year 2019	715	706	445	448
Year 2020 and later ¹⁾	5,499	5,162	4,537	4,290
TOTAL	9,923	10,232	7,651	7,728

* Leases for premises and other operational leases.

1) In 2014 SEB signed a long-term rental agreement for new premises in Stockholm replacing several agreements expiring shortly.

44 FINANCE LEASES*

	Group	
	2015	2014
Book value	62,097	64,302
Gross investment	67,126	70,203
Present value of minimum lease payment receivables	60,153	60,427
Unearned finance income	4,881	5,727
The unguaranteed residual value	431	475
Reserve for impaired uncollectable minimum lease payments	-187	-255

* Financial leases where SEB is the lessor.

	Group 2015			Group 2014		
	Book value	Gross investment	Present value	Book value	Gross investment	Present value
Remaining maturity						
– maximum 1 year	7,162	7,968	7,153	6,972	6,771	6,458
– more than 1 year but maximum 5 years	25,528	26,481	25,273	28,235	30,848	27,407
– more than 5 years	29,407	32,677	27,727	29,095	32,584	26,562
TOTAL	62,097	67,126	60,153	64,302	70,203	60,427

The leased assets mainly comprise transport vehicles, machinery and facilities. The largest lease engagement amounts to SEK 7.9 billion (6.7).

45 ASSETS AND LIABILITIES DISTRIBUTED BY MAIN CURRENCIES

Group, 2015	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash and cash balances and loans to central banks	25,135	53,378	46,678	145	3	6,703	1,609	133,651
Loans to credit institutions	4,464	21,928	21,441	2,798	4,163	394	3,354	58,542
Loans to the public	776,912	302,968	121,115	18,924	70,616	43,636	19,215	1,353,386
Other financial assets	444,596	211,514	86,389	21,924	102,974	17,502	15,005	899,904
Other assets	26,801	11,992	754	360	9,909	249	416	50,481
TOTAL ASSETS	1,277,908	601,780	276,377	44,151	187,665	68,484	39,599	2,495,964
Deposits from central banks	880	1,534	49,347	1,254	942	3,532	783	58,272
Deposits from credit institutions	14,512	15,387	11,892	440	8,877	5,630	3,496	60,234
Deposits and borrowing from the public	448,094	257,489	105,192	20,726	15,520	24,116	12,648	883,785
Other financial liabilities	566,395	331,523	223,726	32,250	48,239	10,540	3,165	1,215,838
Other liabilities	34,172	3,529	4,749	1,841	87,845	1,194	1,707	135,037
Total equity	142,798							142,798
TOTAL LIABILITIES AND EQUITY	1,206,851	609,462	394,906	56,511	161,423	45,012	21,799	2,495,964
2014								
Cash and cash balances and loans to central banks	1,045	37,822	51,666	103	4,308	12,134	12,837	119,915
Loans to credit institutions	12,485	38,056	25,342	2,163	2,361	4,748	5,790	90,945
Loans to the public	754,455	324,408	111,411	19,151	72,093	43,906	30,256	1,355,680
Other financial assets	477,636	266,728	82,527	14,359	123,572	38,715	20,929	1,024,466
Other assets	24,612	10,928	1,382	373	9,459	798	2,688	50,240
TOTAL ASSETS	1,270,233	677,942	272,328	36,149	211,793	100,301	72,500	2,641,246
Deposits from central banks	1,560	21,857	18,862	121	1	8,422	2,098	42,401
Deposits from credit institutions	22,460	23,554	5,433	2,463	8,355	34,116	46,503	72,785
Deposits and borrowing from the public	422,820	247,632	158,145	15,668	18,230	4,518	943,114	
Other financial liabilities	622,957	312,463	264,494	28,344	46,429	24,379	1,303,584	
Other liabilities	27,587	12,440	5,806	282	95,190	1,051	2,430	144,786
Total equity	134,576							134,576
TOTAL LIABILITIES AND EQUITY	1,231,960	617,946	452,740	46,878	168,205	67,968	55,549	2,641,246
Parent company, 2015								
	SEK	EUR	USD	GBP	DKK	NOK	Other	Total
Cash and cash balances with central banks	171	7,688	46,594			3	1,256	55,712
Loans to credit institutions	32,290	94,102	17,465	1,615	4,707	11,530	4,558	166,267
Loans to the public	735,993	95,456	113,708	13,106	69,754	36,476	15,945	1,080,438
Other financial assets	241,826	125,893	59,786	19,333	37,933	17,425	14,512	516,708
Other assets	20,460	19,959	898	1,771	1,166	2,918	308	47,480
TOTAL ASSETS	1,030,740	343,098	238,451	35,825	113,560	68,352	36,579	1,866,605
Deposits from credit institutions	20,750	26,887	62,287	1,795	8,994	10,235	3,868	134,816
Deposits and borrowing from the public	439,284	86,280	94,163	19,197	17,673	22,692	11,012	690,301
Other financial liabilities	386,022	235,157	220,115	31,017	20,335	10,286	2,689	905,621
Other liabilities	4,589	3,734	1,752	442	1,352	1,302	1,450	14,621
Shareholders' equity and untaxed reserves	121,246							121,246
TOTAL LIABILITIES AND EQUITY	971,891	352,058	378,317	52,451	48,354	44,515	19,019	1,866,605
2014								
Cash and cash balances with central banks	147	4	51,596		496	5,857	1,070	59,170
Loans to credit institutions	18,745	98,670	36,883	4,985	9,348	16,253	9,401	194,285
Loans to the public	713,460	104,606	104,517	13,256	70,821	35,450	14,697	1,056,807
Other financial assets	286,475	155,990	56,028	12,935	50,290	38,578	23,624	623,920
Other assets	23,768	17,795	1,691	1,388	884	4,036	2,398	51,960
TOTAL ASSETS	1,042,595	377,065	250,715	32,564	131,839	100,174	51,190	1,986,142
Deposits from credit institutions	36,451	56,261	29,667	2,762	7,033	9,539	3,063	144,776
Deposits and borrowing from the public	412,452	65,895	147,144	13,871	19,639	32,841	14,610	706,452
Other financial liabilities	423,021	241,178	261,570	26,649	23,422	24,112	2,810	1,002,762
Other liabilities	2,933	3,029	2,016	1,022	1,586	4,277	2,724	17,587
Shareholders' equity and untaxed reserves	114,565							114,565
TOTAL LIABILITIES AND EQUITY	989,422	366,363	440,397	44,304	51,680	70,769	23,207	1,986,142

46 LIFE INSURANCE OPERATIONS

	Group	
	2015	2014
INCOME STATEMENT		
Premium income, net	7,244	7,628
Income investment contracts		
– Own fees including risk gain/loss	1,556	1,427
– Commissions from fund companies	1,811	1,568
	3,367	2,995
Net investment income	1,876	9,542
Other operating income	516	495
Total income, gross	13,003	20,660
Claims paid, net	-11,228	-8,510
Change in insurance contract provisions	3,170	-7,363
Total income, net	4,945	4,787
<i>Of which from other units within the SEB group</i>	1,645	1,442
Expenses for acquisition of investment and insurance contracts		
– Acquisition costs	-1,765	-1,817
– Change in deferred acquisition costs	46	92
	-1,719	-1,725
Administrative expenses	-1,028	-996
Total expenses	-2,747	-2,721
OPERATING PROFIT	2,198	2,066
CHANGE IN SURPLUS VALUES IN DIVISION LIFE		
Present value of new sales ¹⁾	950	891
Return on existing policies	1,655	1,461
Realised surplus value in existing policies	-2,907	-2,711
Actual outcome compared to assumptions ²⁾	402	230
Change in surplus values from ongoing business, gross	100	-129
Capitalisation of acquisition costs	-1,027	-1,036
Amortisation of capitalised acquisition costs	981	944
Change in deferred front end fees	16	113
Change in surplus values from ongoing business, net³⁾	70	-108
Financial effects due to short-term market fluctuations ⁴⁾	42	2,554
Change in assumptions ⁵⁾	571	-63
TOTAL CHANGE IN SURPLUS VALUES⁶⁾	683	2,383

Calculations of surplus value in the life insurance operations are based on assumptions of the future development of existing insurance contracts and a risk-adjusted discount rate. The most important assumptions (Swedish unit-linked – which represent 71 per cent (71) of the total surplus value).

Discount rate	7.0%	7.0%
Surrender of endowment insurance contracts: contracts signed within 1 year / 1–4 years / 5 years / 6 years / thereafter	1% / 7% / 22% / 18% / 11%	1% / 8% / 20% / 15% / 12%
Lapse rate of regular premiums, unit-linked	8.2	9.2
Growth in fund units, gross before fees and taxes	5.0%	5.0%
Inflation CPI / Inflation expenses	2% / 3%	2% / 3%
Expected return on solvency margin	3%	3%
Right to transfer policy, unit-linked	3.2%	3.2%
Mortality	The Group's experience	The Group's experience

1) Sales defined as new contracts and extra premiums in existing contracts.

2) The actual outcome of previously signed contracts is compared with previous assumptions and deviations are calculated. Important components are the duration of contracts and cancellations.

3) Acquisition costs are capitalised and amortised according to plan. Certain front end fees are also recorded on the balance sheet and recognized as revenue in the income statement during several years. The reported change in surplus values is adjusted by the net effect of changes in deferred acquisition costs and front end fees during the period.

4) Assumed investment return (growth in fund values) is 5.0 per cent gross before fees and taxes. Actual returns results in positive or negative financial effects.

5) Effect of changes in assumptions such as frequency of surrenders, transfers out and assumed expenses.

6) The calculated surplus value is not included in the SEB Group's consolidated accounts. The surplus value is net of capitalised acquisition costs and deferred front end fees.

Note 46 ctd. Life insurance operations

SUMMARISED FINANCIAL INFORMATION FOR GAMLA LIVFÖRSÄKRINGSBOLAGET SEB TRYGG LIV*

	Group	
	2015	2014
Income statement, condensed		
Life insurance technical result	7,511	6,006
Other costs and appropriations	95	-17
Taxes	-501	-622
NET RESULT	7,105	5,367
Balance sheet, condensed		
Total assets	177,100	185,808
TOTAL ASSETS	177,100	185,808
Total liabilities	87,481	98,284
Consolidation fund / equity	89,435	87,244
Untaxed reserves	184	280
TOTAL LIABILITIES AND EQUITY	177,100	185,808

* SEB owns all shares of Gamla Livförsäkringsbolaget SEB Trygg Liv except for a golden share owned by Trygg-Stiftelsen. Gamla Livförsäkringsbolaget SEB Trygg Liv is not consolidated as subsidiary of the Group, since the ownership of SEB in Gamla Livförsäkringsbolaget SEB Trygg Liv does not result in control. Current year figures are unaudited.

47 ASSETS IN UNIT-LINKED OPERATIONS

Within the unit-linked business SEB holds, for its customers' account, a share of more than 50 per cent in 29 (34) funds, where SEB is the investment manager.

The total value of those funds amounted to SEK 100,879m (102,255) of which SEB, for its customers' account, holds SEK 70,777m (73,491).

48 RECLASSIFIED PORTFOLIOS

	Group		Parent company	
	2015	2014	2015	2014
Opening balance	13,428	18,845	7,420	10,873
Amortisations	-7,081	-4,340	-3,718	-4,258
Securities sold	-620	-2,294		-4
Accrued coupon	-15	-7	-2	-5
Exchange rate differences	125	1,224	223	814
CLOSING BALANCE*	5,837	13,428	3,923	7,420
* Fair value if not reclassified	5,785	13,537	3,988	7,518

Fair value impact – if not reclassified

In Other Comprehensive Income (AFS origin)	-34	168	-20	231
In Income Statement (HFT origin)	-64	-25	-61	-21
TOTAL	-98	143	-81	210

Effect in Income Statement*

Net interest income	115	199	20	38
Net financial income	224	814	56	96
Other income	-93	-1	-87	-6
TOTAL	246	1,012	-11	128

* The effect in Income Statement consists of profit or loss transactions from the reclassified portfolio reported gross. Net interest income is the interest income from the portfolio without taking into account the funding costs. Net financial income is the realised and unrealised gains and losses related to the reclassified portfolio. Other income is the realised gains or losses from sales in the portfolio.

In rare circumstances amendments to IAS 39, endorsed by the European Union in October 2008, allow financial assets to be reclassified out of the assets held for trading category. SEB considered the extreme disruption in the global finan-

cial markets and the sharp deterioration of the real economy in the second half of 2008 and continuing into 2009 to be such rare circumstances. SEB has not reclassified any assets during 2014 and 2015.

49 ASSETS HELD FOR SALE

	Group	
	2015	2014
Other assets	801	841
TOTAL ASSETS HELD FOR SALE	801	841

During 2014 SEB decided to adopt a divestment plan for investment properties within Baltic Division. At the commencement of sales activities for individual properties, the properties are reclassified as assets held for sale, until the

derecognition at concluded sales agreement. The impairment loss recognised in association with the reclassifications amounted to SEK 174m (95).

THE SEB GROUP

INCOME STATEMENT

SEK m	2015	2014	2013	2012	2011 ¹⁾
Net interest income	18,938	19,943	18,827	17,635	16,901
Net fee and commission income	16,877	16,306	14,664	13,620	14,175
Net financial income	4,118	2,921	4,052	4,579	3,548
Net life insurance income	3,300	3,345	3,255	3,428	3,197
Net other income	915	4,421	755	-439	-135
Total operating income	44,148	46,936	41,553	38,823	37,686
Staff costs	-14,436	-13,760	-14,029	-14,596	-14,325
Other expenses	-5,759	-6,310	-6,299	-6,444	-7,424
Depreciation, amortisation and impairment of tangible and intangible assets	-1,992	-2,073	-1,959	-2,612	-1,764
Total operating expenses	-22,187	-22,143	-22,287	-23,652	-23,513
Gains less losses on disposals of tangible and intangible assets	-213	-121	16	1	2
Net credit losses	-883	-1,324	-1,155	-937	778
Operating profit	20,865	23,348	18,127	14,235	14,953
Income tax expense	-4,284	-4,129	-3,338	-2,093	-2,942
Net profit from continuing operations	16,581	19,219	14,789	12,142	12,011
Discontinued operations			-11	-488	-1,155
NET PROFIT	16,581	19,219	14,778	11,654	10,856
Attributable to minority interests		1	7	22	37
Attributable to equity holders	16,581	19,218	14,771	11,632	10,819

1) 2011 restated for change in accounting policy for defined benefit plans.

BALANCE SHEET

SEK m	2015	2014	2013	2012	2011 ¹⁾
Cash and cash balances and loans to central banks	133,651	119,915	183,611	209,163	228,590
Loans to credit institutions	58,542	90,945	102,623	126,023	128,763
Loans to the public	1,353,386	1,355,680	1,302,568	1,236,088	1,186,223
Other financial assets	899,904	1,024,466	845,788	831,512	762,334
Other assets	50,481	50,240	50,244	50,670	53,471
TOTAL ASSETS	2,495,964	2,641,246	2,484,834	2,453,456	2,359,381
Deposits from central banks and credit institutions	118,506	115,186	176,191	170,656	201,274
Deposits and borrowing from the public	883,785	943,114	849,475	862,260	861,682
Other financial liabilities	1,215,838	1,303,584	1,204,991	1,173,414	1,061,988
Other liabilities	135,037	144,786	131,363	137,613	131,698
Total equity	142,798	134,576	122,814	109,513	102,739
TOTAL LIABILITIES AND EQUITY	2,495,964	2,641,246	2,484,834	2,453,456	2,359,381

1) 2011 restated for change in accounting policy for defined benefit plans and change in fair value measurement of financial assets.

KEY FIGURES

	2015	2014	2013	2012	2011
Return on equity, %	12.24	15.25	13.11	11.06	11.12
Basic earnings per share, SEK	7.57	8.79	6.74	5.31	4.93
Cost/Income ratio	0.50	0.47	0.54	0.61	0.62
Credit loss level, %	0.06	0.09	0.09	0.08	-0.08
Total reserve ratio for individually impaired loans, %	68.3	62.2	86.9	74.4	71.1
Gross level of impaired loans, %	0.35	0.49	0.35	0.58	0.84
Common Equity Tier 1 capital ratio ¹⁾ , %	18.8	16.3	15.0		
Tier 1 capital ratio ¹⁾ , %	21.3	19.5	17.1		
Total capital ratio ¹⁾ , %	23.8	22.2	18.1		

1) Basel III.

SKANDINAVISKA ENSKILDA BANKEN

INCOME STATEMENT

SEK m	2015	2014	2013	2012	2011 ¹⁾
Net interest income	19,488	19,783	18,872	17,478	15,541
Net fee and commission income	9,200	9,235	8,283	7,439	7,396
Net financial income	3,428	2,121	3,547	4,046	3,133
Other income	9,165	5,089	6,838	2,374	4,620
Total operating income	41,281	36,228	37,540	31,337	30,690
Administrative expenses	-13,458	-13,909	-14,062	-15,077	-14,479
Depreciation, amortisation and impairment of tangible and intangible assets	-5,447	-5,157	-5,024	-5,446	-4,884
Total operating costs	-18,905	-19,066	-19,086	-20,523	-19,363
Profit before credit losses	22,376	17,162	18,454	10,814	11,327
Net credit losses	-520	-1,065	-451	-385	-457
Impairment of financial assets	-775	-2,721	-1,691	-1,114	-759
Operating profit	21,081	13,376	16,312	9,315	10,111
Appropriations including pension compensation	781	966	3,432	-3,175	-148
Taxes	-3,817	-2,053	-2,805	-1,375	-2,112
NET PROFIT	18,045	12,289	16,939	4,765	7,851

1) 2011 restated for accounting of group contributions.

BALANCE SHEET

SEK m	2015	2014	2013	2012	2011 ¹⁾
Cash and cash balances with central banks	55,712	59,170	135,309	165,994	121,948
Loans to credit institutions	166,267	194,285	183,312	200,189	245,796
Loans to the public	1,080,438	1,056,807	1,013,188	937,734	873,335
Other financial assets	516,708	623,920	523,970	551,544	494,005
Other assets	47,480	51,960	48,379	53,592	53,204
TOTAL ASSETS	1,866,605	1,986,142	1,904,158	1,909,053	1,788,288
Deposits from central banks and credit institutions	134,816	144,776	210,237	199,711	229,428
Deposits and borrowing from the public	690,301	706,452	611,234	637,721	608,645
Other financial liabilities	905,621	1,002,762	958,231	951,307	839,355
Other liabilities	14,621	17,587	17,006	20,638	15,069
Shareholders' equity and untaxed reserves	121,246	114,565	107,450	99,676	95,791
TOTAL LIABILITIES, UNTAXED RESERVES AND SHAREHOLDERS' EQUITY	1,866,605	1,986,142	1,904,158	1,909,053	1,788,288

1) 2011 restated for change in fair value measurement of financial assets.

KEY FIGURES

	2015	2014	2013	2012	2011
Return on equity, %	16.5	11.8	17.7	5.2	9.2
Cost/Income ratio	0.46	0.53	0.51	0.65	0.63
Credit loss level, %	0.04	0.09	0.04	0.03	0.04
Gross level of impaired loans, %	0.17	0.31	0.08	0.09	0.10
Common Equity Tier 1 capital ratio ¹⁾ , %	19.2	16.2	16.3		
Tier 1 capital ratio ¹⁾ , %	22.1	20.0	18.9		
Total capital ratio ¹⁾ , %	25.0	23.1	20.0		

1) Basel III.

PROPOSAL FOR THE DISTRIBUTION OF PROFIT

Standing at the disposal of the Annual General Meeting in accordance with the balance sheet of Skandinaviska Enskilda Banken AB:

	SEK
Other reserves	3,225,283,243
Retained earnings	42,308,751,029
Net profit for the year	18,045,282,595
Total	63,579,316,867¹⁾

1) The Parent Company's equity would have been SEK 5,206m lower if assets and liabilities had not been measured at fair value in accordance with Chapter 4, Section 14 of the Swedish Annual Accounts Act.

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands which are imposed by the nature, scope, and risks associated with the business and the size of the Parent company's and the Group's equity and need for consolidation, liquidity and financial position in general.

The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a relevant and faithful representation of the Group's financial position and results of operations. The financial state-

The board proposes that, following approval of the balance sheet of Skandinaviska Enskilda Banken AB for the financial year 2015, the Annual General Meeting should distribute the earnings as follows:

Dividend to shareholders:	SEK
– SEK 5.25 per Series A share	11,392,601,294
– SEK 5.25 per Series C share	126,800,667
To be carried forward to:	
– retained earnings	52,059,914,906
Total	63,579,316,867

ments of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The Report of the Directors for the Group and the Parent company provides a fair review of the development of the Group's and the Parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent company and companies included in the Group.

Stockholm 22 February 2016

Marcus Wallenberg
CHAIRMAN

Urban Jansson
DEPUTY CHAIRMAN

Jesper Ovesen
DEPUTY CHAIRMAN

Johan H. Andresen
DIRECTOR

Signhild Arnegård Hansen
DIRECTOR

Samir Brikho
DIRECTOR

Winnie Fok
DIRECTOR

Birgitta Kantola
DIRECTOR

Tomas Nicolin
DIRECTOR

Sven Nyman
DIRECTOR

Magdalena Olofsson
DIRECTOR
APPOINTED BY THE EMPLOYEES

Håkan Westerberg
DIRECTOR
APPOINTED BY THE EMPLOYEES

Annika Falkengren
PRESIDENT AND CHIEF EXECUTIVE OFFICER
DIRECTOR

AUDITOR'S REPORT

To the annual meeting of the shareholders of Skandinaviska Enskilda Banken AB (publ), corporate identity number 502032-9081

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Skandinaviska Enskilda Banken AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 29–154.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of

31 December 2015 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. A corporate governance statement has been prepared. The statutory administration report and corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Skandinaviska Enskilda Banken AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies and the Banking and Financing Business Acts.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, Banking and Financing Business Act, Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm 22 February 2016
PricewaterhouseCoopers AB

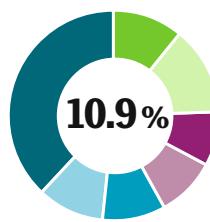
Peter Nyllinge
AUTORISED PUBLIC ACCOUNTANT
PARTNER IN CHARGE

MARKET SHARES

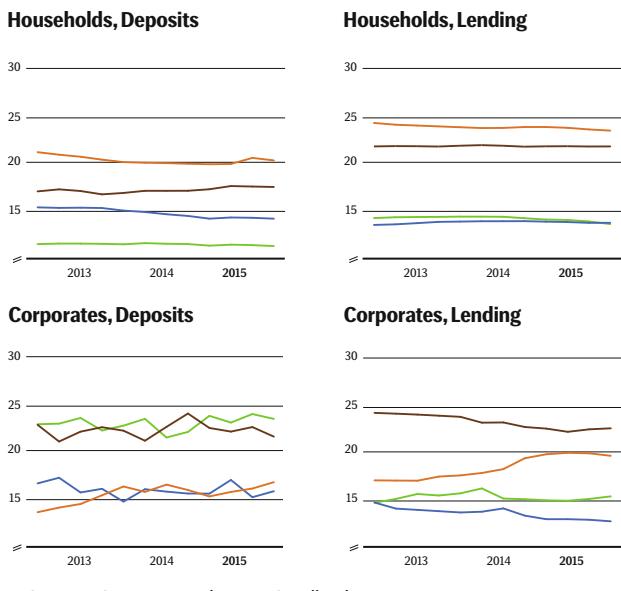
Per cent	2015	2014	Total market, SEK bn, 2015
Lending to the public			
Sweden	14.3	14.6	5,279
lending to households	13.7	14.3	3,285
lending to companies	15.4	15.1	1,994
Estonia ¹⁾	23.8	24.0	135
Latvia ¹⁾	16.7	17.5	137
Lithuania ¹⁾	28.8	29.3	159
Deposits from the public			
Sweden	15.6	15.3	2,356
deposits from households	11.4	11.6	1,527
deposits from companies	23.4	22.1	830
Estonia ¹⁾	21.6	21.2	130
Latvia ¹⁾	8.7	9.4	220
Lithuania ¹⁾	27.0	27.6	151
Equity trading			
Stockholm	7.0	7.7	8,404
Oslo	3.7	5.9	2,216
Helsinki	3.5	5.0	2,363
Copenhagen	4.2	5.5	3,257
SEK-denominated corporate bonds			
	18.9	25.7	105
Mutual funds, total volumes ²⁾			
Sweden	12.2	12.2	3,246
Finland	3.7	4.2	891
Unit-linked insurance, premium income			
Sweden	16.5	17.0	62
Life insurance, premium income			
Sweden	7.7	7.7	203
Denmark	N/A	10.8	

1) Excl. financial institutions & leasing. Estonia and Latvia per November 2015, Lithuania per September 2015. 2) Excluding third-party funds.

Sources: Statistics Sweden, Commercial Bank Associations in Latvia and Lithuania, Bank of Estonia, Swedish Insurance Federation, OMX etc.

TOTAL HOUSEHOLD SAVINGS, SWEDEN 2015

Total household savings – savings accounts, mutual funds, traditional and unit-linked insurance and bonds but excluding directly owned equities – in Sweden 2015 amounted to SEK 6,882bn as of 30 September 2015. SEB is the second largest in this area.

MARKET SHARES, SWEDEN, %

● SEB ● SHB ● Nordea ● Swedbank

INTERFACES AND CUSTOMER CONTACTS

	2015	2014	2013
Number of syndicated loans in Nordic countries	65	77	70
Number of equity capital market transactions in the Nordic region	19	19	19
Number of Nordic M&A related transactions	17	32	34
Number of branch offices	252	277	286

	2015	2014	2013
International private banking branches	12	13	13
Online bank, number of visits (million)	158	173	162
Mobile bank, number of sessions (million)	165	95	59
Telephone bank, number of calls (million)	4.3	4.2	4.0
Number of life insurance intermediaries and brokers	2,550	2,600	2,100

CUSTOMERS' AND MARKETS' OPINIONS – SEB'S MOST IMPORTANT RANKINGS 2011–2015

SEB's performance within different areas is every year evaluated and ranked by numerous companies and financial magazines.

Area	2015	2014	2013	2012	2011	Organisation / publication etc
Best Nordic bank for corporations	2	1	2	1	4	Prospera
Best Corporate bank in Sweden	1	1	2	1	1	Prospera
Best private bank in Sweden	1	1	1			Euromoney
SME bank of the year in Sweden			1	1	1	Privata affärer
Best Stockbroker in the Nordic region	2	1	1	1	1	Prospera
Best Corporate Finance house, Nordic region ¹⁾	4	4	3	N/A	1	Prospera
Best Corporate Bank in the Baltic region	²⁾	1	³⁾	1	⁴⁾	The Banker

1) Global investment banks are included as from 2013. 2) Best bank in Estonia.

3) Best bank in Estonia and Lithuania.

4) Best bank in Estonia and Latvia.

CALENDAR AND FINANCIAL INFORMATION

The following and other extended and updated information regarding SEB is available at www.sebgroup.com. Key dates for reports and important events are:

Publication of 2015 Annual Accounts	4 February 2016
Publication of Annual Report on the Internet	1 March 2016
Annual General Meeting	22 March 2016
Interim report January – March	27 April 2016
Interim report January – June	14 July 2016
Interim report January – September	20 October 2016
Publication of 2016 Annual Accounts	1 February 2017

Interim reports in electronic form and press releases may be subscribed to, at www.sebgroup.com/press

Follow us on twitter @SEBgroup.com

New shareholders are automatically offered a subscription of the Annual Report or the Annual Review.
Printed copies of the reports may be ordered at www.sebgroup.com/ir

OTHER PUBLICATIONS

Annual Review

An abbreviated version of the Annual Report.

Corporate Sustainability Report

A report on SEB's work within the sustainability area.

Capital Adequacy and Risk Management Report (Pillar 3)

A report containing public disclosure on capital adequacy and risk management in accordance with regulatory requirements.



ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 22 March 2016, at 1.00 p.m. (CET) at Stockholm Concert Hall, Hötorget.

Notice convening the General Meeting including an agenda for the meeting are available on www.sebgroup.com

Shareholders who wish to attend the Annual General Meeting shall both

- be registered in the shareholders' register kept by Euroclear Sweden AB on Wednesday, 16 March 2016, at the latest and
- notify the Bank by telephone 0771-23 18 18 (+46 771 23 18 18 from outside Sweden) between 9.00 a.m. and 4.30 p.m. (CET) or via Internet on www.sebgroup.com or in writing at the following address: Skandinaviska Enskilda Banken AB, AGM, Box 7832, SE-103 98 Stockholm, Sweden, on 16 March 2016, at the latest.

Dividend

The Board proposes a dividend of SEK 5.25 per share for 2015.

The share is traded ex dividend on Wednesday, 23 March 2016. Thursday, 24 March 2016, is proposed as record date for the dividend payments. If the Annual General Meeting resolves in accordance with the proposals, dividend payments are expected to be distributed by Euroclear Sweden AB on Thursday 31 March 2016.

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Skandinaviska Enskilda Banken AB's corporate registration number: 502032-9081