

# Interim Report

## January – June 2015

STOCKHOLM 14 JULY 2015

“Customer activity was high in this exceptional market environment. With our diversified business-mix and strong balance sheet, we can continue to support and grow with our customers.”

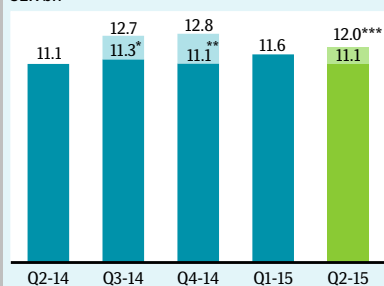
Annika Falkengren



**SEB**

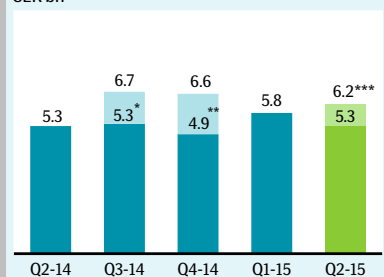
# Interim report January–June 2015

## Operating income SEK bn



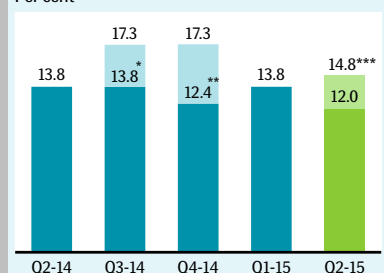
\* Excluding divestment of shares in MasterCard Inc.  
 \*\* Excluding divestment of Euroline  
 \*\*\* Excluding Swiss withholding tax decision

## Operating profit SEK bn



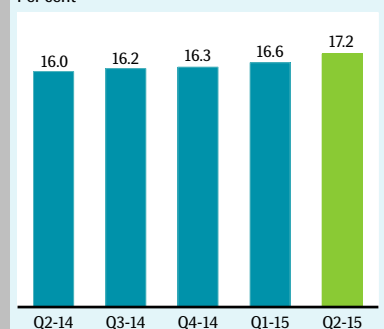
\* Excluding divestment of shares in MasterCard Inc.  
 \*\* Excluding divestment of Euroline  
 \*\*\* Excluding Swiss withholding tax decision

## Return on Equity Per cent



\* Excluding divestment of shares in MasterCard Inc.  
 \*\* Excluding divestment of Euroline  
 \*\*\* Excluding Swiss withholding tax decision

## Common Equity Tier 1 capital ratio (Basel III) Per cent



As indicated in SEB's press release dated 5 May 2015, the second quarter result includes a negative one-off item of SEK 902m. Excluding this item, the operating income for the first six months would have been SEK 23.6bn, net profit SEK 9.5bn and return on equity 14.2 per cent. The second quarter operating income would have been SEK 12.0bn, net profit SEK 6.2bn and return on equity 14.8 per cent.

## First six months 2015

(Numbers compared with the first six months 2014)

- Operating profit SEK 11.0bn (10.1). Net profit SEK 8.6bn (8.1).
- Operating income SEK 22.7bn (21.5) and operating expenses SEK 11.2bn (10.9).
- Net credit losses SEK 0.4bn (0.5). Credit loss level 0.06 per cent (0.08).
- Return on equity 12.9 per cent (13.1) and earnings per share SEK 3.92 (3.67).

## Second quarter 2015

(Numbers compared with the second quarter 2014)

- Operating profit SEK 5.3bn (5.3). Net profit SEK 3.9bn (4.2).
- Operating income SEK 11.1bn (11.1) and operating expenses SEK 5.6bn (5.5).
- Net credit losses SEK 0.2bn (0.3). Credit loss level 0.06 per cent (0.08).
- Return on equity 12.0 per cent (13.8) and earnings per share SEK 1.79 (1.90).

## Volumes

(Numbers compared with 31 December 2014)

- Lending to the public amounted to SEK 1,395bn (1,356).
- Deposits from the public amounted to SEK 970bn (943).
- Assets under management amounted to SEK 1,780bn (1,708).

## Capital and liquidity

(Numbers compared with 31 December 2014)

- The Common Equity Tier 1 capital ratio was 17.2 per cent (16.3).
- The leverage ratio was 4.4 per cent (4.8).
- The Liquidity Coverage Ratio (LCR) was 123 per cent (115).
- The core liquidity reserve amounted to SEK 462bn (410).

## President's comment

The exceptional market environment dominated the first six months of 2015. Close to seven years after the collapse of Lehman, central banks have maintained an accommodative monetary policy with massive liquidity measures and very low or even negative interest rates. This has supported the real economy and reduced deflationary risks, but global imbalances remain. Volatility in asset prices and FX rates have increased substantially and credit spreads have widened over the last months. In China, where growth is consolidating, the highly leveraged equity market has seen its steepest decline in more than 20 years. In Europe, Greece and the eurozone leaders on 13 July seem to have reached an agreement on a bail-out package avoiding a Grexit. The crisis has underlined that there is no easy way forward for Greece. It has shaken the core of the eurozone.

Banks now operate within a continuously changing regulatory framework. As a result, in the prevailing environment banks have to act with caution in order to secure our vital long-term role to support private and corporate customers. In recent years, the unregulated shadow banking system has grown rapidly. Standardised, instead of risk-based, regulatory measures as presently being discussed, may lead to risk-taking not being priced correctly and a relatively higher proportion of credit being supplied outside the banking system. In times of turmoil it could lead to illiquid markets. It is important that banks' risk-absorbing capacity is not hampered by unintended consequences following the new regulatory requirements.

### Higher profitability with a diverse business mix

SEB continues to deliver on its long-term business plan. Over the past years we have built a broader platform, strengthening our Nordic and German corporate franchise. We have grown with our customers, supporting them with our strong advisory capabilities. We have benefitted from higher customer activity and increased operating leverage.

We believe that our diverse business mix is key for delivering sustainable profitable growth. SEB's operating profit increased to SEK 11.0bn in the first half of 2015. Excluding the negative one-off item in the second quarter, operating profit would have reached SEK 11.9bn, up by 18 per cent compared to the first six months last year, and return on equity 14.2 per cent. All divisions delivered profitability levels above 14 per cent. We have strengthened our resilience further through an even stronger balance sheet. The Common Equity Tier 1 capital ratio increased to 17.2 per cent.

### High customer activity

As the leading Nordic corporate bank, we quickly notice changes in business sentiment. This is evidenced by the strong result for Merchant Banking, up 18 per cent excluding the negative one-off item; net fee income and net financial income were particularly strong. On the back of the heightened volatility levels, corporate and institutional customers' demand for hedging interest rate and foreign exchange risks increased. At the same time, the broad-based demand for corporate credit remained subdued. All through the year the market for IPOs has been favourable. SEB participated in 11 transactions and continued to hold a no. 1 position in Nordic league tables.

Retail Banking performed well despite the impact of negative interest rates affecting deposit margins and operating income decreased only by 3 per cent compared to the first six months of last year. Business sentiment among SMEs remained subdued.

The increased risks for asset bubbles have made us even more active in advising our customers. Private individuals have tended to increase investments in fixed income and balanced funds, while institutional investors continued their search for yield outside the traditional asset classes. Our bancassurance model with a full service offering in the long-term savings area, including traditional life insurance, continues to be appreciated by our customers.

We are continuously investing in our customer offerings and during the year we have further developed our mobile banking services as well as our digital advisory capabilities within life insurance.

### SEB's commitment as *the* relationship bank

Each and everyone in SEB is committed to deliver on our long-term business plan. We have shown that by being fully focused on our customers' long-term needs, we reach our long-term goals. Recently this was evidenced by Moody's upgrade of SEB's long-term debt to Aa3. SEB is *the* relationship bank in our part of the world.



# The Group

## Second quarter isolated

As disclosed in SEB's press release on 5 May 2015, the Swiss Supreme Court denied SEB's application for a refund of withholding tax dating back to the years 2006 through 2008. The following table shows the impact on the second quarter result from the one-off item.

SEK m	Underlying	One-off	Reported
	Q2 2015	item	Q2 2015
Total operating income	11 986	902	11 084
- Whereof Net interest income	4 714	82	4 632
- Whereof Net financial income	1 586	820	766
Total operating expenses	-5 606		-5 606
<b>Profit before credit losses</b>	<b>6 380</b>	<b>902</b>	<b>5 478</b>
Net credit losses etc	-226		-226
<b>Operating profit</b>	<b>6 154</b>	<b>902</b>	<b>5 252</b>
Income tax expense	-1 326		-1 326
<b>Net profit</b>	<b>4 828</b>	<b>902</b>	<b>3 926</b>

Operating profit amounted to SEK 5,252m (5,251) and net profit (after tax) amounted to SEK 3,926m (4,174).

## Operating income

Total operating income amounted to SEK 11,084m (11,077).

Net interest income decreased by 6 per cent to SEK 4,632m (4,943). Net interest income in the second quarter reflected the impact of the negative repo rates.

SEK m	Q2	Q1	Q2
	2015	2015	2014
Customer-driven NII	4 510	4 559	4 752
NII from other activities	122	387	191
<b>Total</b>	<b>4 632</b>	<b>4 946</b>	<b>4 943</b>

Customer-driven net interest income decreased by SEK 49m compared to the first quarter. The effect from the low interest rate environment was partially counteracted by increased volumes and improved lending margins.

Net interest income from other activities decreased by SEK 265m compared to the first quarter due to the interest rate volatility and business mix. There was also an interest expense in the amount of SEK 82m related to the one-off item.

Net fee and commission income amounted to SEK 4,812m (4,211), an increase of SEK 601m or 14 per cent compared to the second quarter 2014. Seasonal securities lending activities had a strong positive effect. In the low interest rate environment there was a large number of initial public offerings. SEB participated in 11 of these. These two factors, partially offset by the effect of lower performance fees, partly explain the increase in fee and commission income of SEK 538m from the first quarter.

Net financial income amounted to SEK 766m (845). Excluding the effect from the one-off item in the amount of SEK 820m, net financial income reached SEK 1,586m, an increase of 26 per cent year-on-year. In the current market environment there was a strong demand for hedging and risk management products within fixed income and foreign

exchange trading. The positive unrealised valuation adjustment from counterparty risk (CVA) and own credit standing in derivatives (DVA) and own credit adjustment (OCA) was SEK 342m during the second quarter.

Net life insurance income decreased to SEK 732m year-on-year (844). The financial turmoil during June with falling stock markets as well as increasing long-term interest rates, have had a negative effect in the traditional insurance area, especially in Denmark.

Net other income amounted to SEK 142m consisted of capital gains, dividend income, hedging effects and other items (234).

## Operating expenses

Total operating expenses amounted to SEK 5,606m (5,519). The increase of 2 per cent was mainly explained by foreign exchange effects. Staff costs increased by SEK 261m partially because of increased pension costs.

## Credit losses and provisions

Net credit losses amounted to SEK 220m (283). The credit loss level was 6 basis points (8).

## Income tax expense

Total income tax expense was SEK 1,326m (1,077) and the effective tax rate was 25 per cent. The higher than normal tax rate reflected the non-deductibility of the one-off item.

## Other comprehensive income

The other comprehensive income amounted to SEK 1,327m (-410).

The net revaluation of the defined benefit pension plans had a positive effect of SEK 2,554m in the second quarter. The main reason was the discount rate. In the second quarter, it increased in Sweden to 2.2 per cent from 1.6 per cent in the first quarter. In Germany it increased from 1.4 per cent to 2.4 per cent.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, e.g. cash-flow hedges and available-for-sale financial assets, was negative in the amount of SEK -1,227m (1,575), primarily due to negative cash-flow hedge effects.

Comparative numbers - in parenthesis - for the income statement refer to the corresponding period 2014. Business volumes are compared year-end 2014, unless otherwise stated.



## The first six months

As disclosed in SEB's press release on 5 May 2015, the Swiss Supreme Court denied SEB's application for a refund of withholding tax dating back to the years 2006 through 2008. The following table shows the result for the first six months excluding this one-off item.

SEK m	Underlying	One-off	Reported
	Jan - Jun 2015	item	Jan - Jun 2015
Total operating income	23 598	902	22 696
- Whereof Net interest income	9 660	82	9 578
- Whereof Net financial income	2 841	820	2 021
Total operating expenses	-11 164		-11 164
<b>Profit before credit losses</b>	<b>12 434</b>	<b>902</b>	<b>11 532</b>
Net credit losses etc	-490		-490
<b>Operating profit</b>	<b>11 944</b>	<b>902</b>	<b>11 042</b>
Income tax expense	-2 465		-2 465
<b>Net profit</b>	<b>9 479</b>	<b>902</b>	<b>8 577</b>

Operating profit amounted to SEK 11,042m (10,106) and net profit (after tax) amounted to SEK 8,577m (8,058).

## Operating income

Total operating income amounted to SEK 22,696m (21,520).

Net interest income decreased by 2 per cent to SEK 9,578m (9,761).

SEK m	Jan - Jun		Change
	2015	2014	%
Customer-driven NII	9 069	9 390	-3
NII from other activities	509	371	37
<b>Total</b>	<b>9 578</b>	<b>9 761</b>	<b>-2</b>

The impact of the repo rate cuts on the customer-driven net interest income on deposits was partly offset by increased loan volumes and lending margins. The customer-driven net interest income decreased by 3 per cent compared with the first six months 2014.

Net interest income from other activities increased by SEK 138m compared with the first six months 2014. It includes an interest expense in the amount of SEK 82m related to the one-off item.

Net fee and commission income increased by 14 per cent to SEK 9,086m (7,939). Performance and transaction fees increased by SEK 428m to SEK 492m compared to the same period last year. The stock market appreciated and the volumes of asset under management increased. The high level of event-driven corporate activities (initial public offerings-IPOs) was maintained in the low interest environment. The contribution from securities lending was high.

Net financial income increased to SEK 2,021m (1,924). Excluding the negative effect of SEK 820m from the one-off item, net financial income amounted to SEK 2,841m, an increase of 48 per cent. Client demand for hedging and risk management products within fixed income and currency trading operations was high in a market with high volatility.

Net life insurance income was virtually flat at SEK 1,672m year-on-year (1,662). Total income generated from life insurance business including an internal allocation from fund companies increased by 7 per cent.

Net other income amounted to SEK 339m (234) and consisted of hedge accounting effects, capital gains, dividend income and other items.

## Operating expenses

Total operating expenses amounted to SEK 11,164m (10,857), an increase of 3 per cent compared to the corresponding period 2014, mainly because of foreign exchange effects and pension costs.

The operating expenses are in line with the cost cap of below SEK 22.5bn annually, which is applicable for 2015 and 2016.

## Credit losses and provisions

Asset quality remained robust and the overall credit loss level was in line with the level of the previous two years. Net credit losses amounted to SEK 408m (541). The credit loss level was 6 basis points (8).

Non-performing loans (NPL) amounted to SEK 9,845m (10,599). Non-performing loans consist of individually assessed impaired loans which amounted to SEK 6,257m (6,791), portfolio assessed loans past due >60 days which amounted to SEK 3,370m (3,534) and restructured loans which amounted to SEK 218m (274).

The total reserve ratio for individually assessed impaired loans and the NPL coverage ratio was 61 (62) per cent and 58 (59) per cent, respectively.

## Income tax expense

Total income tax expense was SEK 2,465m (2,048), corresponding to an effective tax rate of 22 per cent.

Taking the non-deductibility of the one-off item into account, SEB's effective tax rate for the year is expected to be 21 per cent.

## Other comprehensive income

The other comprehensive income amounted to SEK 926m.

The net revaluation of the defined benefit pension plans had a positive effect of SEK 1,787m compared to a negative effect of SEK -1,842m for the first six months 2014. The revaluation change was a net of the effect from increased discount rates and the revaluation of the plan assets.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, e.g. cash-flow hedges and available-for-sale financial assets, was negative in the amount of SEK -861m (2,607), primarily due to negative cash-flow hedge effects.

## Business volumes

Total assets at the end of the period were SEK 2,760bn (2,641). Loans to the public amounted to SEK 1,395bn, an increase of SEK 39bn since year-end.

SEK bn	Jun	Dec	Jun
	2015	2014	2014
Public administration	47	50	53
Private individuals	527	519	509
Corporate	706	689	697
Repos	94	76	107
Debt instruments	21	22	22
<b>Loans to the public</b>	<b>1 395</b>	<b>1 356</b>	<b>1 388</b>

SEB's total credit portfolio (which includes both on- and off-balance sheet volumes) amounted to SEK 2,108bn (2,094). Since year-end, total household loans and commitments increased by SEK 23bn. The combined corporate and property management credit portfolio was virtually unchanged. An increase in corporate lending was offset by a decrease in corporate contingent liabilities and other off-balance sheet volumes.

Deposits from the public amounted to SEK 970bn, an increase of SEK 27bn compared to year-end.

SEK bn	Jun	Dec	Jun
	2015	2014	2014
Public administration	65	62	85
Private individuals	260	246	237
Corporate	627	629	559
Repos	18	6	9
<b>Deposits and borrowings from the public</b>	<b>970</b>	<b>943</b>	<b>890</b>

Since year-end, deposits from private individuals increased by SEK 14bn while there was a decline in deposits from corporations in the amount of SEK 2bn.

At the end of the first six months, assets under management amounted to SEK 1,780bn (1,708). The net inflow of assets during the first six months was SEK 42bn and the market value increased by SEK 30bn.

Assets under custody amounted to SEK 7,621bn (6,763).

### Market risk

The trading business is customer flow-driven. Value-at-Risk (VaR) in the trading operations averaged SEK 120m in 2015 (2014 average 98). On average, the Group is not expected to lose more than this amount during a period of ten trading days, with 99 per cent probability. Market volatilities relating to the development of interest rates and stock markets led to the increase in VaR during the first six months.

### Liquidity and long-term funding

During the first six months, SEK 62bn of long-term funding matured (of which SEK 8bn was hybrid tier 1 capital, SEK 48bn covered bonds and SEK 6bn senior debt) and SEK 40bn was issued (of which SEK 26bn constituted covered bonds and SEK 14bn senior debt).

The core liquidity reserve at the end of the period amounted to SEK 462bn (410).

The Liquidity Coverage Ratio (LCR), according to the rules adapted for Sweden by the Swedish Financial Supervisory Authority, must be at least 100 per cent in total and in EUR and USD, separately. At the end of the period, the LCR was

123 per cent (115). The USD and EUR LCRs were 135 and 158 per cent, respectively.

The Bank is committed to a stable funding base. SEB's internal structural liquidity measure, which measures the proportion of stable funding in relation to illiquid assets, Core Gap, was 106 per cent.

### Rating

Moody's upgraded SEB's long-term senior unsecured debt from A1 to Aa3 based on its view on SEB's asset quality, earnings stability and diversification as well as increased efficiency.

Fitch rates SEB's long-term senior unsecured bonds as A+ with a positive outlook. The rating reflects SEB's strong domestic franchise, particularly in corporate banking, its solid capitalisation, sound asset quality and robust revenue generation.

SEB's long-term senior unsecured rating of A+ by Standard & Poor's is on negative outlook based on their view on the implicit government support of Swedish and European banks. The outlook on SEB's stand-alone credit worthiness remains stable.

### Capital position

The Swedish Financial Supervisory Authority (FSA) publishes its future expected capital requirements on banks on a quarterly basis. The requirements on SEB published in May 2015 were a Common Equity Tier 1 capital ratio of 15.6 per cent and a total capital ratio of 20.1 per cent.

The following table shows the risk exposure amount and capital ratios according to Basel III.

Own funds requirement, Basel III	Jun	Dec	Jun
	2015	2014	2014
Risk exposure amount, SEK bn	614	617	598
Common Equity Tier 1 capital ratio, %	17.2	16.3	16.0
Tier 1 capital ratio, %	19.4	19.5	17.9
Total capital ratio, %	21.7	22.2	20.5
Leverage ratio, %	4.4	4.8	4.0

The risk exposure amount was SEK 3bn lower than at year-end. A decrease from an improvement in corporate average risk weight was counteracted by an increase in market risk.

The Common Equity Tier 1 capital ratio improved by 0.9 percentage points since year-end primarily driven by the net profit.

The total capital ratio decreased compared to year-end due to redemptions of two hybrid Tier 1 capital issues in March. The redemptions were pre-financed by a CRR/CRD IV compliant additional Tier 1 capital issue of USD 1.1bn in November 2014.

### Long-term financial targets

SEB's long-term financial targets are to:

- pay a yearly dividend that is 40 per cent or above of the earnings per share,
- maintain a Common Equity Tier 1 capital ratio of around 150 bps above the requirement from the Swedish Financial Supervisory Authority (FSA), and
- generate a return on equity that is competitive with peers.

In the long term, SEB aspires to reach a sustainable return on equity of 15 per cent.

The currently expected regulatory Common Equity Tier 1 requirement is 15.6 per cent. The capital requirements from the FSA will come fully into force late 2015. At that point in time and based on the current understanding of the requirements and SEB's balance sheet as per 31 December 2014, it is estimated that SEB's capital target would be a pro forma Common Equity Tier 1 capital ratio of around 17 per cent to achieve the targeted 150 bps margin over the regulatory requirement.

### Risks and uncertainties

SEB assumes credit, market, liquidity, IT and operational as well as life insurance risks. The risk composition of the Group, as well as the related risk, liquidity and capital management, are described in SEB's Annual Report for 2014 (see pp 28-33) and in the Capital Adequacy and Risk Management report for 2014. Further information is presented in the Fact Book on a quarterly basis.

The macroeconomic development remains uncertain, the large global economic imbalances remain and the potential reduction of liquidity support to financial markets from central banks may create direct and indirect effects that are difficult to assess. The market uncertainty has been impacted by the unfolding geopolitical development as well as by the uncertainty around the development of oil prices. Highest on the current agenda is the uncertainty around the on-going Greek debt restructuring. In addition, there is uncertainty around the effects in the case that the current low or negative interest rates are prolonged, in particular around the financial and practical ramifications.

### Realignment of management accounting

In order to ensure that the Basel III requirements are fully integrated throughout the organisation, SEB has since 2012 gradually adjusted the management accounting. In 2012, 2013 and 2014, SEK 16bn, 23bn and 10bn of additional capital, respectively, was allocated to the divisions from the central function – in total SEK 49bn. In 2015, another SEK 17bn was allocated.

## Stockholm, 14 July 2015

The President and the Board of Directors declare that the Interim Accounts for January – June 2015 provide a fair overview of the Parent Company's and the Group's operations, their financial position and results and describe material risks and uncertainties facing the Parent Company and the Group.

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\**

Håkan Westerberg  
*Director\**

Annika Falkengren  
*President and Chief Executive Officer*

\* appointed by the employees

### Press conference and webcasts

The press conference at 9 am (local time) on 14 July 2015, at Kungsträdgårdsgatan 8 with the President and CEO Annika Falkengren can be followed live in Swedish on [www.sebgroup.com/sv/ir](http://www.sebgroup.com/sv/ir). A simultaneous translation into English will be available on [www.sebgroup.com/ir](http://www.sebgroup.com/ir). A replay will be available afterwards.

### Access to telephone conference

The telephone conference at 1 pm (CEST) on 14 July 2015 with the President and CEO Annika Falkengren, the CFO Jan Erik Back and the Head of Investor Relations Jonas Söderberg, can be accessed by telephone, +44(0)20 7162 0177 or +46(0)8 5052 0114. Please quote conference id: 954026, and call at least 10 minutes in advance. A replay of the conference call will be available on [www.sebgroup.com/ir](http://www.sebgroup.com/ir).

### Financial information calendar

21 October 2015 Interim report January-September 2015

### Further information is available from:

Jan Erik Back, Chief Financial Officer  
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Corporate organisation number: 502032-9081

Additional financial information is available in SEB's Fact Book which is published quarterly on [www.sebgroup.com/ir](http://www.sebgroup.com/ir).



### **Accounting policies**

This Interim Report is presented in accordance with IAS 34 *Interim Financial Reporting*. 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, the *Supplementary Accounting Rules for Groups (RFR 1)* from the Swedish Financial Reporting Board have been applied. The Parent company has prepared its accounts in accordance with Swedish Annual Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) on annual reports in credit institutions and securities companies and the *Supplementary accounting rules*

*for legal entities (RFR 2)* issued by the Swedish Financial Reporting Board.

From the financial year 2015 clarifications of several standards come into force. IAS 19 *Employee Benefits* has been amended regarding employee contributions in defined benefit plans, and an interpretation from IFRIC clarifies when to recognise a liability to pay a levy accounted for according to IAS 37 *Provisions, contingent liabilities and contingent assets*. Several standards have also been clarified within the Annual Improvements 2010-2012 and 2011-2013 Cycles. These changes have not had a material impact on the financial statements of the Group or on capital adequacy and large exposures.

In all other material aspects, the Group's and the Parent company's accounting policies, basis for calculations and presentations are unchanged in comparison with the 2014 Annual Report.

### **Review report**

We have reviewed this report for the period 1 January 2015 to 30 June 2015 for Skandinaviska Enskilda Banken AB (publ.). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies regarding the Group, and with the Swedish Annual Accounts Act for Credit institutions and Securities Companies, regarding the Parent Company.

**Stockholm, 14 July 2015**

PricewaterhouseCoopers AB

Peter Nyllinge  
Authorised Public Accountant  
Partner in charge

Magnus Svensson Henryson  
Authorised Public Accountant

# The SEB Group

## Income statement – SEB Group

SEK m	Q2			Q1			Q2			Jan - Jun			Full year
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	2014	
Net interest income	4 632	4 946	-6	4 943	-6	9 578	9 761	-2	19 943				
Net fee and commission income	4 812	4 274	13	4 211	14	9 086	7 939	14	16 306				
Net financial income	766	1 255	-39	845	-9	2 021	1 924	5	2 921				
Net life insurance income	732	940	-22	844	-13	1 672	1 662	1	3 345				
Net other income	142	197	-28	234	-39	339	234	45	4 421				
<b>Total operating income</b>	<b>11 084</b>	<b>11 612</b>	<b>-5</b>	<b>11 077</b>	<b>0</b>	<b>22 696</b>	<b>21 520</b>	<b>5</b>	<b>46 936</b>				
Staff costs	-3 754	-3 556	6	-3 493	7	-7 310	-6 954	5	-13 760				
Other expenses	-1 347	-1 523	-12	-1 549	-13	-2 870	-2 980	-4	-6 310				
Depreciation, amortisation and impairment of tangible and intangible assets	- 505	- 479	5	- 477	6	- 984	- 923	7	-2 073				
<b>Total operating expenses</b>	<b>-5 606</b>	<b>-5 558</b>	<b>1</b>	<b>-5 519</b>	<b>2</b>	<b>-11 164</b>	<b>-10 857</b>	<b>3</b>	<b>-22 143</b>				
<b>Profit before credit losses</b>	<b>5 478</b>	<b>6 054</b>	<b>-10</b>	<b>5 558</b>	<b>-1</b>	<b>11 532</b>	<b>10 663</b>	<b>8</b>	<b>24 793</b>				
Gains less losses from tangible and intangible assets	- 6	- 76	-92	- 24	-75	- 82	- 16		- 121				
Net credit losses	- 220	- 188	17	- 283	-22	- 408	- 541	-25	-1 324				
<b>Operating profit</b>	<b>5 252</b>	<b>5 790</b>	<b>-9</b>	<b>5 251</b>	<b>0</b>	<b>11 042</b>	<b>10 106</b>	<b>9</b>	<b>23 348</b>				
Income tax expense	-1 326	-1 139	16	-1 077	23	-2 465	-2 048	20	-4 129				
<b>Net profit</b>	<b>3 926</b>	<b>4 651</b>	<b>-16</b>	<b>4 174</b>	<b>-6</b>	<b>8 577</b>	<b>8 058</b>	<b>6</b>	<b>19 219</b>				
Attributable to minority interests												1	
Attributable to shareholders	3 926	4 651	-16	4 174	-6	8 577	8 058	6	19 218				
Basic earnings per share, SEK	1.79	2.12		1.90		3.92	3.67		8.79				
Diluted earnings per share, SEK	1.78	2.11		1.89		3.89	3.65		8.73				

## Statement of comprehensive income – SEB Group

SEK m	Q2			Q1			Q2			Jan - Jun			Full year
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	2014	
<b>Net profit</b>	<b>3 926</b>	<b>4 651</b>	<b>-16</b>	<b>4 174</b>	<b>-6</b>	<b>8 577</b>	<b>8 058</b>	<b>6</b>	<b>19 219</b>				
<i>Items that may subsequently be reclassified to the income statement:</i>													
Available-for-sale financial assets	- 388	95		294		- 293	701	-142	- 11				
Cash flow hedges	- 743	498		887	-184	- 245	1 533	-116	3 094				
Translation of foreign operations	- 96	- 227	-58	394	-124	- 323	373	-187	647				
<i>Items that will not be reclassified to the income statement:</i>													
Defined benefit plans	2 554	- 767		-1 985		1 787	-1 842	-197	-2 700				
<b>Other comprehensive income (net of tax)</b>	<b>1 327</b>	<b>- 401</b>		<b>- 410</b>		<b>926</b>	<b>765</b>	<b>21</b>	<b>1 030</b>				
<b>Total comprehensive income</b>	<b>5 253</b>	<b>4 250</b>	<b>24</b>	<b>3 764</b>	<b>40</b>	<b>9 503</b>	<b>8 823</b>	<b>8</b>	<b>20 249</b>				
Attributable to minority interests													
Attributable to shareholders	5 253	4 250	24	3 764	40	9 503	8 823	8	20 249				

## Balance sheet – SEB Group

SEK m	30 Jun 2015	31 Dec 2014	30 Jun 2014
Cash and cash balances with central banks	202 714	103 098	184 555
Other lending to central banks	9 183	16 817	7 705
Loans to other credit institutions <sup>1)</sup>	88 606	90 945	117 076
Loans to the public	1 395 426	1 355 680	1 387 929
Financial assets at fair value <sup>2)</sup>	912 783	936 844	822 099
Available-for-sale financial assets <sup>2)</sup>	39 359	46 014	49 537
Held-to-maturity investments <sup>2)</sup>		91	88
Assets held for sale	1 113	841	900
Investments in associates	1 107	1 251	1 346
Tangible and intangible assets	26 515	27 524	28 424
Other assets	83 633	62 141	54 125
<b>Total assets</b>	<b>2 760 439</b>	<b>2 641 246</b>	<b>2 653 784</b>
Deposits from central banks and credit institutions	185 724	115 186	201 269
Deposits and borrowing from the public	969 897	943 114	890 049
Liabilities to policyholders	379 040	364 354	340 449
Debt securities	701 802	689 863	743 392
Other financial liabilities at fair value	264 135	280 763	253 025
Liabilities held for sale	218		1 721
Other liabilities	92 543	70 257	68 129
Provisions	2 043	2 868	2 278
Subordinated liabilities	31 667	40 265	30 248
Total equity	133 370	134 576	123 224
<b>Total liabilities and equity</b>	<b>2 760 439</b>	<b>2 641 246</b>	<b>2 653 784</b>
1) Loans to credit institutions and liquidity placements with other direct participants in interbank fund transfer systems.			
2) Whereof bonds and other interest bearing securities.	341 618	343 964	329 078

A more detailed balance sheet is included in the Fact Book.

## Pledged assets, contingent liabilities and commitments – SEB Group

SEK m	30 Jun 2015	31 Dec 2014	30 Jun 2014
Collateral pledged for own liabilities <sup>1)</sup>	492 699	437 991	436 038
Assets pledged for liabilities to insurance policyholders	379 040	364 354	340 449
<b>Collateral and comparable security pledged for own liabilities</b>	<b>871 739</b>	<b>802 345</b>	<b>776 487</b>
Other pledged assets and comparable collateral <sup>2)</sup>	144 640	127 792	138 985
Contingent liabilities	110 880	116 566	107 841
Commitments	611 704	559 575	559 508

1) Of which collateralised for covered bonds SEK 330,953m (359,276/335,679).

2) Securities lending SEK 63,991m (51,722/61,630) and pledged but unencumbered bonds SEK 71,899m (73,496/73,392).

## Key figures – SEB Group

	Q2	Q1	Q2	Jan - Jun		Full year
	2015	2015	2014	2015	2014	2014
Return on equity, %	12.04	13.81	13.77	12.88	13.14	15.25
Return on total assets, %	0.53	0.64	0.61	0.58	0.61	0.71
Return on risk exposure amount, %	2.54	2.99	2.81	2.77	2.72	3.23
Cost/income ratio	0.51	0.48	0.50	0.49	0.50	0.47
Basic earnings per share, SEK	1.79	2.12	1.90	3.92	3.67	8.79
Weighted average number of shares, millions <sup>1)</sup>	2 191	2 189	2 186	2 190	2 193	2 187
Diluted earnings per share, SEK	1.78	2.11	1.89	3.89	3.65	8.73
Weighted average number of diluted shares, millions <sup>2)</sup>	2 202	2 202	2 204	2 202	2 208	2 202
Net worth per share, SEK	67.91	66.22	62.47	67.91	62.47	68.13
Equity per share, SEK	60.84	58.76	56.27	60.84	56.27	61.47
Average shareholders' equity, SEK, billion	130.5	134.7	121.3	133.2	122.6	126.1
Credit loss level, %	0.06	0.05	0.08	0.06	0.08	0.09
Liquidity Coverage Ratio (LCR) <sup>3)</sup> , %	123	124	127	123	127	115
<b>Own funds requirement, Basel III</b>						
Risk exposure amount, SEK m	614 063	623 454	598 162	614 063	598 162	616 531
Expressed as own funds requirement, SEK m	49 125	49 874	47 853	49 125	47 853	49 322
Common Equity Tier 1 capital ratio, %	17.2	16.6	16.0	17.2	16.0	16.3
Tier 1 capital ratio, %	19.4	18.8	17.9	19.4	17.9	19.5
Total capital ratio, %	21.7	21.1	20.5	21.7	20.5	22.2
Number of full time equivalents <sup>4)</sup>	15 773	15 695	15 771	15 714	15 667	15 714
Assets under custody, SEK bn	7 621	7 603	6 161	7 621	6 161	6 763
Assets under management, SEK bn	1 780	1 832	1 605	1 780	1 605	1 708

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 2,600,000 shares and 6,257,979 shares have been sold. Thus, as at June 30 2015 SEB owned 1,837,883 Class A-shares with a market value of SEK195m.

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) Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

In SEB's Fact Book, this table is available with nine quarters of history.

## Income statement on quarterly basis - SEB Group

SEK m	Q2	Q1	Q4	Q3	Q2
	2015	2015	2014	2014	2014
Net interest income	4 632	4 946	5 010	5 172	4 943
Net fee and commission income	4 812	4 274	4 553	3 814	4 211
Net financial income	766	1 255	343	654	845
Net life insurance income	732	940	854	829	844
Net other income	142	197	2 003	2 184	234
<b>Total operating income</b>	<b>11 084</b>	<b>11 612</b>	<b>12 763</b>	<b>12 653</b>	<b>11 077</b>
Staff costs	-3 754	-3 556	-3 414	-3 392	-3 493
Other expenses	-1 347	-1 523	-1 781	-1 549	-1 549
Depreciation, amortisation and impairment of tangible and intangible assets	- 505	- 479	- 596	- 554	- 477
<b>Total operating expenses</b>	<b>-5 606</b>	<b>-5 558</b>	<b>-5 791</b>	<b>-5 495</b>	<b>-5 519</b>
<b>Profit before credit losses</b>	<b>5 478</b>	<b>6 054</b>	<b>6 972</b>	<b>7 158</b>	<b>5 558</b>
Gains less losses from tangible and intangible assets	- 6	- 76	- 85	- 20	- 24
Net credit losses	- 220	- 188	- 310	- 473	- 283
<b>Operating profit</b>	<b>5 252</b>	<b>5 790</b>	<b>6 577</b>	<b>6 665</b>	<b>5 251</b>
Income tax expense	-1 326	-1 139	- 889	-1 192	-1 077
<b>Net profit</b>	<b>3 926</b>	<b>4 651</b>	<b>5 688</b>	<b>5 473</b>	<b>4 174</b>
Attributable to minority interests				1	
Attributable to shareholders	3 926	4 651	5 688	5 472	4 174
Basic earnings per share, SEK	1.79	2.12	2.60	2.50	1.90
Diluted earnings per share, SEK	1.78	2.11	2.58	2.48	1.89

## Income statement by Division – SEB Group

Jan-Jun 2015, SEK m	Merchant	Retail	Wealth	Life	Baltic	Other	Eliminations	SEB Group
	Banking	Banking	Management					
Net interest income	3 940	3 794	285	- 20	1 020	581	- 22	9 578
Net fee and commission income	3 297	2 284	2 349		540	19	597	9 086
Net financial income	1 866	180	120		139	- 284		2 021
Net life insurance income				2 551			- 879	1 672
Net other income	148	15	46		10	130	- 10	339
<b>Total operating income</b>	<b>9 251</b>	<b>6 273</b>	<b>2 800</b>	<b>2 531</b>	<b>1 709</b>	<b>446</b>	<b>- 314</b>	<b>22 696</b>
Staff costs	-1 879	-1 402	- 663	- 620	- 361	-2 409	24	-7 310
Other expenses	-2 428	-1 492	- 657	- 244	- 488	2 149	290	-2 870
Depreciation, amortisation and impairment of tangible and intangible assets	- 46	- 34	- 13	- 501	- 35	- 355		- 984
<b>Total operating expenses</b>	<b>-4 353</b>	<b>-2 928</b>	<b>-1 333</b>	<b>-1 365</b>	<b>- 884</b>	<b>- 615</b>	<b>314</b>	<b>-11 164</b>
<b>Profit before credit losses</b>	<b>4 898</b>	<b>3 345</b>	<b>1 467</b>	<b>1 166</b>	<b>825</b>	<b>- 169</b>		<b>11 532</b>
Gains less losses from tangible and intangible assets	1				- 84	1		- 82
Net credit losses	- 119	- 227			- 33	- 29		- 408
<b>Operating profit</b>	<b>4 780</b>	<b>3 118</b>	<b>1 467</b>	<b>1 166</b>	<b>708</b>	<b>- 197</b>		<b>11 042</b>



## SEB's markets

SEB offers universal financial advice and services in Sweden and the Baltic countries. In Denmark, Finland, Norway and Germany, the bank's operations have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients. In addition, SEB serves its corporate and institutional customers through its international network.

### Profit per country

Distribution by country Jan - Jun	Total operating income			Total operating expenses			Operating profit			Operating profit in local currency		
	2015	2014	%	2015	2014	%	2015	2014	%	2015	2014	%
Sweden	13 507	12 188	11	-7 083	-7 082	0	6 076	4 675	30	6 076	4 675	30
Norway	1 728	1 629	6	- 520	- 549	- 5	1 177	1 030	14	1 090	952	14
Denmark <sup>1)</sup>	1 041	1 701	- 39	- 654	- 600	9	440	1 078	- 59	351	898	- 61
Finland	959	934	3	- 379	- 352	8	576	576	0	62	64	- 3
Germany <sup>2)</sup>	1 842	1 857	- 1	- 836	- 829	1	1 013	1 058	- 4	108	118	- 8
Estonia	645	603	7	- 285	- 263	8	386	353	9	41	39	5
Latvia	462	482	- 4	- 254	- 260	- 2	154	144	7	17	16	6
Lithuania	750	786	- 5	- 377	- 337	12	284	435	- 35	30	49	- 39
Other countries and eliminations	1 762	1 340	31	- 776	- 585	33	936	757	24			
<b>Total</b>	<b>22 696</b>	<b>21 520</b>	<b>5</b>	<b>-11 164</b>	<b>-10 857</b>	<b>3</b>	<b>11 042</b>	<b>10 106</b>	<b>9</b>			

<sup>1)</sup>Including the negative one-off effect from Swiss withholding tax decision.

<sup>2)</sup>Excluding Treasury operations.

- Targeted expansion in the Nordic countries and Germany continued
- Excluding the one-off item<sup>1</sup>, Danish operating profit increased by 24 per cent
- SEB's international network's customer offer in other countries led to a 24 per cent increase in operating profit

### Comments on the first six months

In Sweden, operating profit represented 55 per cent of the group total and increased by SEK 1,401m, 30 per cent, year-on-year. Customers in both the private and corporate segments increased lending and deposit volumes compared to June 2014. Fee income increased mainly from asset management operations. Operating expenses were unchanged from last year.

In Norway, business activity increased during the first six months and strong income was combined with low costs. Operating income increased by 6 per cent and contributed to an increase in operating profit by 14 per cent compared to the same period last year. This reflects a development where SEB saw high customer-event driven activity. The card business saw increased income.

In Denmark, the operating profit amounted to SEK 440m. The result of underlying activities was SEK 1,342m<sup>1</sup>, an increase of 24 per cent compared to same period in 2014 based on strong performance in Corporate Banking, Markets and Wealth Management.

In Finland, the development of operating profit was supported by steady underlying income level, especially in

Investment Banking with event-driven income during the second quarter. The positive effect from the recently acquired card portfolio continued. Wealth Management was able to maintain its operating profit level.

The German operating profit was 4 per cent lower than 2014 in a challenging market. The net interest income reflected the current low interest rate environment while net fee and commission income was in line with the corresponding period 2014. SEB Asset Management AG was sold to Savills plc. The closing of the transaction is expected to take place during the third quarter.

The Baltic operations were resilient to the development in Russia but business sentiment remained subdued. See also the information on the Baltic division.

<sup>1</sup>See page 4 for information on a withholding tax decision made by the Swiss Supreme Court. The comment excludes the effects of the decision. It relates to a former entity of SEB Denmark and has no effect on SEB's current business.

## Merchant Banking

The Merchant Banking division offers commercial and investment banking services to large corporate and institutional clients, mainly in the Nordic region and Germany. Customers are also served through an extensive international presence.

### Income statement

SEK m	Q2		Q1		Q2		Jan- Jun			Full year
	2015	2015	%	2014	%	2015	2014	%	2014	
Net interest income	1 870	2 070	-10	2 218	-16	3 940	4 237	-7	8 315	
Net fee and commission income	2 011	1 286	56	1 752	15	3 297	3 157	4	6 169	
Net financial income	639	1 227	-48	785	-19	1 866	1 753	6	2 817	
Net other income	85	63	35	101	-16	148	64	131	808	
<b>Total operating income</b>	<b>4 605</b>	<b>4 646</b>	<b>-1</b>	<b>4 856</b>	<b>-5</b>	<b>9 251</b>	<b>9 211</b>	<b>0</b>	<b>18 109</b>	
Staff costs	- 947	- 932	2	- 929	2	-1 879	-1 821	3	-3 654	
Other expenses	-1 233	-1 195	3	-1 156	7	-2 428	-2 310	5	-4 624	
Depreciation, amortisation and impairment of tangible and intangible assets	- 23	- 23	0	- 31	-26	- 46	- 63	-27	- 126	
<b>Total operating expenses</b>	<b>-2 203</b>	<b>-2 150</b>	<b>2</b>	<b>-2 116</b>	<b>4</b>	<b>-4 353</b>	<b>-4 194</b>	<b>4</b>	<b>-8 404</b>	
<b>Profit before credit losses</b>	<b>2 402</b>	<b>2 496</b>	<b>-4</b>	<b>2 740</b>	<b>-12</b>	<b>4 898</b>	<b>5 017</b>	<b>-2</b>	<b>9 705</b>	
Gains less losses from tangible and intangible assets	1			- 12		1	- 12		- 13	
Net credit losses	- 26	- 93	-72	- 144	-82	- 119	- 196	-39	- 604	
<b>Operating profit</b>	<b>2 377</b>	<b>2 403</b>	<b>-1</b>	<b>2 584</b>	<b>-8</b>	<b>4 780</b>	<b>4 809</b>	<b>-1</b>	<b>9 088</b>	
Cost/Income ratio	0.48	0.46		0.44		0.47	0.46		0.46	
Business equity, SEK bn	62.2	61.6		52.7		61.9	51.7		52.3	
Return on business equity, %	11.8	12.0		15.1		11.9	14.3		13.4	
Number of full time equivalents <sup>1)</sup>	2 221	2 208		2 216		2 218	2 207		2 212	

<sup>1)</sup> Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

- Operating profit improved by 18 per cent<sup>1</sup> excluding the one-off item
- Continued favourable markets for IPOs
- High demand for risk management products

### Comments on the first six months

Central banks continued to lower interest rates and the second quarter saw high demand for IPOs and spurred demand for risk management products. Further volatility was accentuated by decreased liquidity brought on by tougher capital requirements on banks. SEB continued to leverage on the strong advisory capabilities by being the market leader in the Nordic IPO and capital markets.

The effect of negative interest rates continued to be monitored and selectively implemented in pricing models. Large corporations' business sentiment remained stable during the second quarter and demand for new loans and revolving credit facilities remained at a low level.

Operating income amounted to SEK 10,153m<sup>1</sup>, an increase of 10 per cent year-on-year. This was to a large extent driven by high client activity within risk management as well as securities lending. Operating expenses increased by 4 per cent to SEK 4,353m (4,194), mainly related to currency effects. Net credit losses amounted to SEK 119m (196) reflecting a continued high asset quality equivalent to credit losses of

4 basis points. Operating profit increased with 18 per cent<sup>1</sup> year-on-year.

*Markets' operating income<sup>1</sup>* grew substantially on the back of increased client demand and heightened volatility levels within both fixed income operations and foreign exchange. The equities business also presented seasonally strong income.

*Transaction Banking* ended the first six months slightly below last year where volume growth did not fully compensate for lower or negative interest rates. Assets under custody amounted to SEK 7,621bn (6,763).

*Corporate & Investment Banking* performed in line with the corresponding period last year. A decline in larger event-based transactions relating to M&A and bond issuance was compensated by growth in other areas.

<sup>1)</sup> See page 4 for information on a withholding tax decision made by the Swiss Supreme Court. Operating income and operating profit are commented upon excluding the effects of the decision.

## Retail Banking

The Retail Banking division offers full banking and advisory services to private individuals and small and medium-sized corporate customers in Sweden, as well as card services in four Nordic countries.

### Income statement

SEK m	Q2		Q1		Q2		Jan- Jun			Full year
	2015	2015	%	2014	%	2015	2014	%	2014	
Net interest income	1 896	1 898	0	2 119	-11	3 794	4 181	-9	8 141	
Net fee and commission income	1 141	1 143	0	1 053	8	2 284	2 035	12	4 232	
Net financial income	91	89	2	82	11	180	162	11	318	
Net other income	11	4	175	20	-45	15	68	-78	121	
<b>Total operating income</b>	<b>3 139</b>	<b>3 134</b>	<b>0</b>	<b>3 274</b>	<b>-4</b>	<b>6 273</b>	<b>6 446</b>	<b>-3</b>	<b>12 812</b>	
Staff costs	- 697	- 705	-1	- 673	4	-1 402	-1 347	4	-2 701	
Other expenses	- 769	- 723	6	- 753	2	-1 492	-1 476	1	-2 943	
Depreciation, amortisation and impairment of tangible and intangible assets	- 16	- 18	-11	- 16	0	- 34	- 29	17	- 63	
<b>Total operating expenses</b>	<b>-1 482</b>	<b>-1 446</b>	<b>2</b>	<b>-1 442</b>	<b>3</b>	<b>-2 928</b>	<b>-2 852</b>	<b>3</b>	<b>-5 707</b>	
<b>Profit before credit losses</b>	<b>1 657</b>	<b>1 688</b>	<b>-2</b>	<b>1 832</b>	<b>-10</b>	<b>3 345</b>	<b>3 594</b>	<b>-7</b>	<b>7 105</b>	
Gains less losses from tangible and intangible assets										
Net credit losses	- 122	- 105	16	- 135	-10	- 227	- 270	-16	- 483	
<b>Operating profit</b>	<b>1 535</b>	<b>1 583</b>	<b>-3</b>	<b>1 697</b>	<b>-10</b>	<b>3 118</b>	<b>3 324</b>	<b>-6</b>	<b>6 622</b>	
Cost/Income ratio	0.47	0.46		0.44		0.47	0.44		0.45	
Business equity, SEK bn	34.6	34.0		24.4		34.3	24.4		24.6	
Return on business equity, %	13.7	14.3		21.4		14.0	21.0		20.7	
Number of full time equivalents <sup>1)</sup>	3 412	3 305		3 453		3 319	3 364		3 370	

<sup>1)</sup> Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

- Operating profit decreased by 6 per cent, driven primarily by lower deposit margins
- Public comparative figures for the average interest rate on mortgages were introduced
- Savings volumes increased

### Comments on the first six months

Private consumption increased in Sweden while the business sentiment continued to be more subdued. The Swedish central bank lowered the repo rate to below zero in several steps. SEB and other Swedish banks published average interest rates on mortgage loans in accordance with the FSA's new rules.

Activity among corporate clients remained cautious even though the willingness to invest recovered somewhat from the first quarter. Since year-end, corporate lending increased by SEK 4bn to SEK 173bn and SEB gained market share in the corporate segment. 'Swish företag', a mobile service that facilitates payment transactions between companies and individuals, was launched as part of the focus on an enhanced digital offering.

SEB attracted 4,000 new full-service customers in the private market to a total of 480,600. The mortgage portfolio growth was close to market growth and mortgages increased by SEK 10bn during the first six months. Total lending to individuals increased by 2.1 per cent. Despite the uniquely low interest rates in Sweden total corporate and private deposits

increased by SEK 14bn since year-end. Private individuals' savings in mutual funds increased by SEK 5bn during the same period and SEB's market share increased.

Operating income decreased by 3 per cent compared with the first six months 2014, driven primarily by the exceptionally low interest rates and lower deposit margins. Net interest income decreased by 9 per cent. In the difficult interest rate and business environment, operating income was unchanged between the first and second quarter. Operating expenses amounted to SEK 2,928m (2,852). The increase is mainly explained by increased pension costs. Loan losses amounted to SEK 227m during the first six months, corresponding to a loan loss ratio of 8 basis points.

The card operations developed positively. During the quarter, a digital newsroom for Eurocard was launched to enhance the customer experience.

## Wealth Management

The Wealth Management division offers a full spectrum of asset management and advisory services to institutions and high net-worth individuals, including the leading Nordic private banking offering.

### Income statement

SEK m	Q2		Q1		Q2		Jan- Jun			Full year
	2015	2015	%	2014	%	2015	2014	%	2014	
Net interest income	137	148	-7	194	-29	285	377	-24	685	
Net fee and commission income	1060	1289	-18	895	18	2349	1744	35	3884	
Net financial income	68	52	31	45	51	120	96	25	152	
Net other income	37	9		57	-35	46	64	-28	193	
<b>Total operating income</b>	<b>1 302</b>	<b>1 498</b>	<b>-13</b>	<b>1 191</b>	<b>9</b>	<b>2 800</b>	<b>2 281</b>	<b>23</b>	<b>4 914</b>	
Staff costs	-323	-340	-5	-305	6	-663	-612	8	-1216	
Other expenses	-324	-333	-3	-318	2	-657	-650	1	-1382	
Depreciation, amortisation and impairment of tangible and intangible assets	-4	-9	-56	-9	-56	-13	-19	-32	-39	
<b>Total operating expenses</b>	<b>-651</b>	<b>-682</b>	<b>-5</b>	<b>-632</b>	<b>3</b>	<b>-1 333</b>	<b>-1 281</b>	<b>4</b>	<b>-2 637</b>	
<b>Profit before credit losses</b>	<b>651</b>	<b>816</b>	<b>-20</b>	<b>559</b>	<b>16</b>	<b>1 467</b>	<b>1 000</b>	<b>47</b>	<b>2 277</b>	
Gains less losses from tangible and intangible assets										
Net credit losses	-1	1							-19	
<b>Operating profit</b>	<b>650</b>	<b>817</b>	<b>-20</b>	<b>559</b>	<b>16</b>	<b>1 467</b>	<b>1 000</b>	<b>47</b>	<b>2 258</b>	
Cost/Income ratio	0.50	0.46		0.53		0.48	0.56		0.54	
Business equity, SEK bn	9.7	9.9		8.4		9.8	8.7		8.6	
Return on business equity, %	20.7	25.5		20.5		23.1	17.7		20.3	
Number of full time equivalents <sup>1)</sup>	904	906		893		901	883		882	

<sup>1)</sup> Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

- Strong inflows and rising asset values led to an increase in operating profit by 47 per cent
- Continued strong inflow of new volumes across all customer segments and markets
- New product launches, including Private Equity III and Micro Finance 3, in the institutional market

### Comments on the first six months

During the second quarter, renewed concerns around a potential "Grexit" lead to increased volatility across capital markets. Customers' strong interest for savings in general and specifically asset allocation solutions continued. With a slower equity market development in the second quarter, private individuals tended to decrease portfolio risk by increasing investments in fixed income and balanced funds. In the sustained low interest rate environment institutional investors continued their search for yield outside the traditional asset classes. This is an area in which SEB continues to develop new products, such as private equity and microfinance funds.

Total assets under management increased by 4 per cent from year-end 2014 and amounted to SEK 1,706bn (1,635). This was a result of higher net inflows in combination with the positive equity market development during 2015.

The operating profit of SEK 1,467m increased by 47 per cent compared with the first six months last year. Base commissions increased to SEK 1,709m as a result of the higher

average asset values (1,479). Compared to same period last year, Group performance and transaction fees increased by SEK 428m to SEK 492m, of which SEK 442m (64) was included in Wealth's result. Net interest income decreased as an effect of the low interest rate environment. Brokerage fees were in line with the first six months of 2014. Operating expenses were 4 per cent higher than the first six months last year, primarily due to currency effects and pension costs.

Private Banking continued to attract new customers in all markets with SEK 9bn in net new volumes raised during the first six months (21).

For Institutional Clients, new products were launched during the second quarter, including Private Equity III and Micro Finance 3. The positive start of the year continued during the second quarter with high client activity and several mandates awarded.

SEB's ranking as number 2 in Morningstar's long-term performance evaluation of the largest local fund providers strengthened (from 5th place in 2013).

## Life

The Life division offers life insurance products with a focus on unit-linked and also traditional insurance for private individuals and corporate customers, mainly in Sweden, Denmark and the Baltic countries.

### Income statement

SEK m	Q2			Q1			Q2			Jan- Jun			Full year
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	2014	
Net interest income	- 10	- 10		- 11	- 9	- 20	- 23	- 13	- 46				
Net life insurance income	1 174	1 377	- 15	1 208	- 3	2 551	2 395	7	4 833				
<b>Total operating income</b>	<b>1 164</b>	<b>1 367</b>	<b>- 15</b>	<b>1 197</b>	<b>- 3</b>	<b>2 531</b>	<b>2 372</b>	<b>7</b>	<b>4 787</b>				
Staff costs	- 303	- 317	- 4	- 311	- 3	- 620	- 611	1	- 1 225				
Other expenses	- 141	- 103	37	- 141	0	- 244	- 237	3	- 508				
Depreciation, amortisation and impairment of tangible and intangible assets	- 256	- 245	4	- 250	2	- 501	- 478	5	- 988				
<b>Total operating expenses</b>	<b>- 700</b>	<b>- 665</b>	<b>5</b>	<b>- 702</b>	<b>0</b>	<b>- 1 365</b>	<b>- 1 326</b>	<b>3</b>	<b>- 2 721</b>				
<b>Profit before credit losses</b>	<b>464</b>	<b>702</b>	<b>- 34</b>	<b>495</b>	<b>- 6</b>	<b>1 166</b>	<b>1 046</b>	<b>11</b>	<b>2 066</b>				
<b>Operating profit</b>	<b>464</b>	<b>702</b>	<b>- 34</b>	<b>495</b>	<b>- 6</b>	<b>1 166</b>	<b>1 046</b>	<b>11</b>	<b>2 066</b>				
Cost/Income ratio	0.60	0.49		0.59		0.54	0.56		0.57				
Business equity, SEK bn	8.4	8.4		8.2		8.4	8.2		8.2				
Return on business equity, %	19.1	29.0		21.0		24.1	22.1		21.9				
Number of full time equivalents <sup>1)</sup>	1 283	1 304		1 308		1 293	1 318		1 309				

<sup>1)</sup> Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

- Operating profit increased by 11 per cent
- Sales increased by 32 per cent supported by enhanced product offering
- The roll-out of new digital customer services continued

### Comments on the first six months

Continued low interest rates and volatile stock markets affected both the traditional life portfolios and customers' savings in unit-linked insurance.

SEB re-opened traditional life insurance in Sweden to give customers access to a broad range of long-term savings products. Demand for guaranteed products has increased during the past years and therefore long-term growth in traditional life insurance is expected. The new traditional life insurance product has a broad investment strategy and reduced guaranteed levels that balances SEB's risk.

From 2015, the annual tax deductible amount for private pension savings in Sweden was reduced from SEK 12,000 to SEK 1,800. The 270,000 customers who were affected have been actively advised about other savings alternatives.

SEB launched a package of sickness insurance and other insurance solutions for newly started and small companies. This has been well received and a success factor is the possibility to sign electronically. Several new digital initiatives are underway, for instance a screen-sharing option in an advisory meeting. SEB is also developing bancassurance in the three Baltic countries.

Operating profit increased by 11 per cent year-on-year to SEK 1,166m (1,046). Income in unit-linked related business

grew by 17 per cent and continued to represent a major part of total income. The increase was primarily a result of higher fund values, but also of higher premium volumes, especially in Sweden. Income from traditional insurance products decreased due to rising bond yields in the second quarter. In total, operating income increased by 7 per cent. Expenses increased by 3 per cent due to higher sales-related costs.

The weighted sales volume of new policies increased significantly from last year, by 32 per cent to SEK 30bn. The increase was primarily in the Swedish market. The unit-linked related segment represented 83 per cent of sales (85) and the share of corporate paid policies declined to 69 per cent (73).

Total premium income relating to both new and existing policies also increased, by 11 per cent and amounted to SEK 20bn.

The total fund value in the unit-linked related segment amounted to SEK 297bn, which was SEK 23bn higher than at the beginning of the year. The net inflow was SEK 2bn and the appreciation in value was SEK 15bn. Customers in Denmark utilised their option to transfer from their traditional guaranteed insurance to a unit-linked option, Tidspension. This led to an increase of SEK 6bn. Total assets under management amounted to SEK 589bn.



## Baltic

The Baltic division provides full banking and advisory services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania. The Baltic real estate holding companies (RHC) are part of the division. The full Baltic geographical segmentation, including other activities in the region, is reported in SEB's Fact Book.

### Income statement

SEK m	Q2			Q1			Q2			Jan- Jun			Full year
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	2014	
Net interest income	505	515	-2	558	-9	1020	1090	-6	2203			2203	
Net fee and commission income	276	264	5	261	6	540	507	7	1065			1065	
Net financial income	53	86	-38	73	-27	139	148	-6	295			295	
Net other income	17	-7		-11		10	-17		-32			-32	
<b>Total operating income</b>	<b>851</b>	<b>858</b>	<b>-1</b>	<b>881</b>	<b>-3</b>	<b>1709</b>	<b>1728</b>	<b>-1</b>	<b>3531</b>			<b>3531</b>	
Staff costs	-182	-179	2	-175	4	-361	-339	6	-704			-704	
Other expenses	-246	-242	2	-227	8	-488	-463	5	-965			-965	
Depreciation, amortisation and impairment of tangible and intangible assets	-16	-19	-16	-22	-27	-35	-46	-24	-93			-93	
<b>Total operating expenses</b>	<b>-444</b>	<b>-440</b>	<b>1</b>	<b>-424</b>	<b>5</b>	<b>-884</b>	<b>-848</b>	<b>4</b>	<b>-1762</b>			<b>-1762</b>	
<b>Profit before credit losses</b>	<b>407</b>	<b>418</b>	<b>-3</b>	<b>457</b>	<b>-11</b>	<b>825</b>	<b>880</b>	<b>-6</b>	<b>1769</b>			<b>1769</b>	
Gains less losses from tangible and intangible assets	-8	-76	-89	-12	-33	-84	-4		-107			-107	
Net credit losses	-42	9		-4		-33	-75	-56	-217			-217	
<b>Operating profit</b>	<b>357</b>	<b>351</b>	<b>2</b>	<b>441</b>	<b>-19</b>	<b>708</b>	<b>801</b>	<b>-12</b>	<b>1445</b>			<b>1445</b>	
Cost/Income ratio	0.52	0.51		0.48		0.52	0.49		0.50			0.50	
Business equity, SEK bn	7.9	8.5		9.2		8.2	9.2		8.9			8.9	
Return on business equity, %	16.1	14.6		17.1		15.3	15.5		14.5			14.5	
Number of full time equivalents <sup>1)</sup>	2 685	2 688		2 780		2 713	2 783		2 783			2 783	

<sup>1)</sup> Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

#### Baltic Banking (excl RHC)

<b>Operating profit</b>	<b>384</b>	<b>446</b>	<b>-14</b>	<b>480</b>		<b>830</b>	<b>859</b>	<b>-3</b>	<b>1664</b>
Cost/Income ratio	0.51	0.50		0.46		0.50	0.47		0.48
Business equity, SEK bn	7.5	8.1		8.7		7.8	8.8		8.5
Return on business equity, %	18.2	19.6		19.5		18.9	17.4		17.5

- Strong consumer confidence and household income drove Baltic GDP growth
- SEB was named best bank in Estonia, Latvia and Lithuania
- Profitability above 15 per cent

#### Comments on the first six months

Baltic GDP growth has been driven mainly by robust private consumption, fuelled by strong consumer confidence and strong real household incomes. Exports have also risen, partly due to a geographic diversification away from Russia and Ukraine.

Baltic home banking customers increased by 35,000 year-on-year. SEB's Baltic Financial Advisory Tool, a full needs-based advisory tool that provides individually tailored financial advice, was rolled out in Lithuania. SEB was bookrunner on the first-ever green bond issue in Latvia from the electricity utility Latvenergo. To facilitate financial awareness and encourage customers to plan for life, SEB contributed to a documentary drama, Tomorrow Came Yesterday, broadcast on TV across the Baltic countries.

Baltic loan volumes were stable at SEK 103bn (105). Growth in Estonian and Lithuanian lending volumes was offset in Latvia, where lending volumes decreased. Lending

margins remained relatively stable across the portfolios. Baltic deposit volumes were SEK 88bn (92). With the very low deposit margins prevailing in each of the Baltic countries, net interest income decreased by 6 per cent.

Operating profit decreased by 12 per cent year-on-year, due in part to property impairments made in the real estate holding companies. Operating profit for Baltic Banking stand-alone decreased by 3 per cent year-on-year and non-performing loans declined by 11 per cent.

SEB was awarded as best bank in Estonia and Lithuania by Euromoney. Global Finance magazine named SEB as best bank in Latvia, and in the Latvian Corporate Sustainability Index 2015, SEB was ranked in the gold category for the fifth year in a row.

The real estate holding companies held assets at a total book value of SEK 2,203m (2,605).

# The SEB Group

## Net interest income – SEB Group

SEK m	Q2			Q1			Q2			Jan - Jun		Full year
	2015	2015	%	2014	%	2015	2014	%	2015	2014	2014	
Interest income	9 398	10 203	- 8	11 096	- 15	19 601	22 106	- 11	43 557			
Interest expense	-4 766	-5 257	- 9	-6 153	- 23	-10 023	-12 345	- 19	-23 614			
<b>Net interest income</b>	<b>4 632</b>	<b>4 946</b>	<b>- 6</b>	<b>4 943</b>	<b>- 6</b>	<b>9 578</b>	<b>9 761</b>	<b>- 2</b>	<b>19 943</b>			

In Q1 2015 an adjustment was made in the presentation of finance lease agreements within net interest income. The comparative information has been restated.

## Net fee and commission income – SEB Group

SEK m	Q2			Q1			Q2			Jan - Jun		Full year
	2015	2015	%	2014	%	2015	2014	%	2015	2014	2014	
Issue of securities and advisory	270	118	129	297	- 9	388	529	- 27	1 000			
Secondary market and derivatives	1 746	635	175	1 015	72	2 381	1 497	59	2 439			
Custody and mutual funds	2 200	2 315	- 5	1 831	20	4 515	3 584	26	7 573			
Payments, cards, lending, deposits, guarantees and other	2 498	2 439	2	2 594	- 4	4 937	4 990	- 1	10 406			
<i>Whereof payments and card fees</i>	1 387	1 352	3	1 538	- 10	2 739	2 969	- 8	6 047			
<i>Whereof lending</i>	649	648	0	654	- 1	1 297	1 306	- 1	2 785			
<b>Fee and commission income</b>	<b>6 714</b>	<b>5 507</b>	<b>22</b>	<b>5 737</b>	<b>17</b>	<b>12 221</b>	<b>10 600</b>	<b>15</b>	<b>21 418</b>			
<b>Fee and commission expense</b>	<b>-1 902</b>	<b>-1 233</b>	<b>54</b>	<b>-1 526</b>	<b>25</b>	<b>-3 135</b>	<b>-2 661</b>	<b>18</b>	<b>-5 112</b>			
<b>Net fee and commission income</b>	<b>4 812</b>	<b>4 274</b>	<b>13</b>	<b>4 211</b>	<b>14</b>	<b>9 086</b>	<b>7 939</b>	<b>14</b>	<b>16 306</b>			
<i>Whereof Net securities commissions</i>	2 859	2 386	20	2 278	26	5 245	4 309	22	8 545			
<i>Whereof Net payments and card fees</i>	879	845	4	858	2	1 724	1 645	5	3 416			

## Net financial income – SEB Group

SEK m	Q2			Q1			Q2			Jan - Jun		Full year
	2015	2015	%	2014	%	2015	2014	%	2015	2014	2014	
Equity instruments and related derivatives <sup>1)</sup>	-1 300	1 551		684		251	1 526	-84	1 899			
Debt instruments and related derivatives	1 159	-1 290		- 536		- 131	- 978	-87	-1 913			
Currency and related derivatives	853	962	-11	650	31	1 815	1 299	40	3 091			
Other	54	32	69	47	15	86	77	12	- 156			
<b>Net financial income</b>	<b>766</b>	<b>1 255</b>	<b>-39</b>	<b>845</b>	<b>- 9</b>	<b>2 021</b>	<b>1 924</b>	<b>5</b>	<b>2 921</b>			
<i>Whereof unrealized valuation changes from counterparty risk and own credit standing in derivatives and own issued securities.</i>	342	134	155	-144		476	- 225		-301			

The result within Net financial income is presented on different rows based on type of underlying financial instrument.

For second quarter the effect from structured products offered to the public was approximately SEK -730m (Q1 2015: 1,790, Q2 2014: 460) in Equity related derivatives and Credit related derivatives SEK -300m (Q1 2015: 190, Q2 2014: -10) and a corresponding effect in Debt instruments and related derivatives SEK 1,090m (Q1 2015: -1,970, Q2 2014: -490).

1) During the second quarter 2015 a negative one-off item of SEK 820m is included within Equity instruments and related derivatives in accordance with the Swiss Supreme Court's decision as disclosed in SEB's press release dated May 5th 2015.

## Net credit losses – SEB Group

SEK m	Q2		Q1		Q2		Jan - Jun		Full year
	2015	2015	%	2014	%	2015	2014	%	2014
<i>Provisions:</i>									
Net collective provisions for individually assessed loans	-138	92		-52	165	-46	-80	-43	459
Net collective provisions for portfolio assessed loans	63	82	-23	126	-50	145	201	-28	414
Specific provisions	-223	-384	-42	-170	31	-607	-290	109	-1 448
Reversal of specific provisions no longer required	242	148	64	87	178	390	161	142	279
Net provisions for off-balance sheet items	-5					-5	-11	-55	-42
<b>Net provisions</b>	<b>-61</b>	<b>-62</b>	<b>-2</b>	<b>-9</b>		<b>-123</b>	<b>-19</b>		<b>-338</b>
<i>Write-offs:</i>									
Total write-offs	-614	-379	62	-584	5	-993	-947	5	-2 401
Reversal of specific provisions utilized for write-offs	410	214	92	272	51	624	362	72	1 229
Write-offs not previously provided for	-204	-165	24	-312	-35	-369	-585	-37	-1 172
Recovered from previous write-offs	45	39	15	38	18	84	63	33	186
<b>Net write-offs</b>	<b>-159</b>	<b>-126</b>	<b>26</b>	<b>-274</b>	<b>-42</b>	<b>-285</b>	<b>-522</b>	<b>-45</b>	<b>-986</b>
<b>Net credit losses</b>	<b>-220</b>	<b>-188</b>	<b>17</b>	<b>-283</b>	<b>-22</b>	<b>-408</b>	<b>-541</b>	<b>-25</b>	<b>-1 324</b>

## Statement of changes in equity – SEB Group

SEK m	Share capital	Retained earnings	Other reserves				Total Shareholders' equity	Minority interests	Total Equity
			Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Defined benefit plans			
<b>Jan-Jun 2015</b>									
Opening balance	21 942	108 435	1 367	3 877	-1 370	292	134 543	33	134 576
Net profit		8 577					8 577		8 577
Other comprehensive income (net of tax)			-293	-245	-323	1 787	926		926
<b>Total comprehensive income</b>		<b>8 577</b>	<b>-293</b>	<b>-245</b>	<b>-323</b>	<b>1 787</b>	<b>9 503</b>		<b>9 503</b>
Dissolvement of minority interest								-33	-33
Dividend to shareholders		-10 400					-10 400		-10 400
Equity-based programmes <sup>1)</sup>		-368					-368		-368
Change in holdings of own shares		92					92		92
<b>Closing balance</b>	<b>21 942</b>	<b>106 336</b>	<b>1 074</b>	<b>3 632</b>	<b>-1 693</b>	<b>2 079</b>	<b>133 370</b>		<b>133 370</b>

<b>Jan-Dec 2014</b>									
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
<b>Total comprehensive income</b>		<b>19 218</b>	<b>-11</b>	<b>3 094</b>	<b>648</b>	<b>-2 700</b>	<b>20 249</b>		<b>20 249</b>
Dividend to shareholders		-8 725					-8 725		-8 725
Equity-based programmes <sup>1)</sup>		485					485		485
Change in holdings of own shares		-247					-247		-247
<b>Closing balance</b>	<b>21 942</b>	<b>108 435</b>	<b>1 367</b>	<b>3 877</b>	<b>-1 370</b>	<b>292</b>	<b>134 543</b>	<b>33</b>	<b>134 576</b>

<b>Jan-Jun 2014</b>									
Opening balance	21 942	97 704	1 378	783	-2 018	2 992	122 781	33	122 814
Net profit		8 058					8 058		8 058
Other comprehensive income (net of tax)			701	1 533	373	-1 842	765		765
<b>Total comprehensive income</b>		<b>8 058</b>	<b>701</b>	<b>1 533</b>	<b>373</b>	<b>-1 842</b>	<b>8 823</b>		<b>8 823</b>
Dividend to shareholders		-8 725					-8 725		-8 725
Equity-based programmes <sup>1)</sup>		365					365		365
Change in holdings of own shares		-53					-53		-53
<b>Closing balance</b>	<b>21 942</b>	<b>97 349</b>	<b>2 079</b>	<b>2 316</b>	<b>-1 645</b>	<b>1 150</b>	<b>123 191</b>	<b>33</b>	<b>123 224</b>

Amounts under Other reserves may be reclassified in the future to the income statement under certain circumstances, e.g. if they are related to the sale of Available for sale financial assets, dissolved Cash flow hedges or Translation of foreign operations when SEB ceases to consolidate a foreign operation. Amounts related to Defined benefit plans will not be reclassified to the income statement.

1) The acquisition cost for the purchase of own shares is deducted from shareholders' equity. The item includes changes in nominal amounts of equity swaps used for hedging of equity-based programmes.

	Jan-Jun 2015	Jan-Dec 2014	Jan-Jun 2014
<b>Number of shares owned by SEB, million</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
Opening balance	5.5	14.4	14.4
Repurchased shares	2.6	2.3	
Sold/distributed shares	-6.3	-11.2	-9.4
<b>Closing balance</b>	<b>1.8</b>	<b>5.5</b>	<b>5.0</b>

Market value of shares owned by SEB, SEK m

In accordance with the decision by the Annual General Meeting, SEB holds own shares of Class A for the long-term equity-based programmes. The transactions may take place at one or several occasions during the year.

## Cash flow statement – SEB Group

SEK m	Jan - Jun			Full year
	2015	2014	%	2014
Cash flow from operating activities	110 084	- 9 021		- 148 500
Cash flow from investment activities	1 032	- 182		4 310
Cash flow from financing activities	- 8 268	- 1 467		8 527
<b>Net increase in cash and cash equivalents</b>	<b>102 848</b>	<b>- 10 670</b>		<b>- 135 663</b>
Cash and cash equivalents at the beginning of year	105 848	213 388	- 50	213 388
Exchange rate differences on cash and cash equivalents	2 374	- 6 457		28 123
Net increase in cash and cash equivalents	102 848	- 10 670		- 135 663
<b>Cash and cash equivalents at the end of period<sup>1)</sup></b>	<b>211 070</b>	<b>196 261</b>	<b>8</b>	<b>105 848</b>

1) Cash and cash equivalents at the end of period is defined as Cash and cash balances with central banks and Loans to other credit institutions payable on demand.

## Financial assets and liabilities – SEB Group

SEK m	30 Jun 2015		31 Dec 2014		30 Jun 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1 667 444	1 680 040	1 533 550	1 549 504	1 663 210	1 679 442
Equity instruments	126 986	126 986	129 074	129 074	151 261	151 261
Debt instruments	350 983	351 208	352 369	352 573	344 542	344 592
Derivative instruments	225 335	225 335	273 511	273 511	166 770	166 770
Financial assets - policyholders bearing the risk	275 453	275 453	258 945	258 945	240 924	240 924
Other	61 823	61 823	43 557	43 557	34 703	34 703
<b>Financial assets</b>	<b>2 708 024</b>	<b>2 720 845</b>	<b>2 591 006</b>	<b>2 607 164</b>	<b>2 601 410</b>	<b>2 617 692</b>
Deposits	1 108 965	1 110 255	1 007 257	1 005 514	1 091 319	1 098 274
Equity instruments	14 759	14 759	15 237	15 237	53 321	53 321
Debt instruments	810 694	823 957	806 986	827 052	826 645	841 910
Derivative instruments	197 030	197 030	237 712	237 712	144 960	144 960
Liabilities to policyholders - investment contracts	276 014	276 014	259 275	259 275	242 118	242 118
Other	74 326	74 326	35 417	35 417	30 416	30 416
<b>Financial liabilities</b>	<b>2 481 788</b>	<b>2 496 341</b>	<b>2 361 884</b>	<b>2 380 207</b>	<b>2 388 779</b>	<b>2 410 999</b>

SEB has aggregated its financial instruments by class taking into account the characteristics of the instruments. The fair value of each class of financial assets and liabilities are compared with its carrying amount. A description of the characteristics of the classes can be found in note 39 in the Annual Report 2014.



## Assets and liabilities measured at fair value – SEB Group

SEK m	30 Jun 2015				31 Dec 2014			
	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
<b>Assets</b>								
Financial assets - policyholders bearing the risk	261 445	11 728	2 280	<b>275 453</b>	249 543	7 335	2 067	<b>258 945</b>
Equity instruments at fair value	97 965	17 346	11 989	<b>127 300</b>	101 814	15 139	12 635	<b>129 588</b>
Debt instruments at fair value	136 960	185 916	1 392	<b>324 268</b>	145 703	174 255	1 198	<b>321 156</b>
Derivative instruments at fair value	3 464	212 430	9 441	<b>225 335</b>	5 020	258 520	9 971	<b>273 511</b>
Investment properties			7 082	<b>7 082</b>			7 497	<b>7 497</b>
<b>Total</b>	<b>499 834</b>	<b>427 420</b>	<b>32 184</b>	<b>959 438</b>	<b>502 080</b>	<b>455 249</b>	<b>33 368</b>	<b>990 697</b>
<b>Liabilities</b>								
Liabilities to policyholders - investment contracts	262 008	11 726	2 279	<b>276 013</b>	249 914	7 305	2 056	<b>259 275</b>
Equity instruments at fair value	14 219	38	502	<b>14 759</b>	14 714	48	475	<b>15 237</b>
Debt instruments at fair value	17 589	42 972		<b>60 561</b>	16 657	40 705		<b>57 362</b>
Derivative instruments at fair value	3 867	183 564	9 598	<b>197 029</b>	6 826	221 226	9 660	<b>237 712</b>
Other financial liabilities		20 108		<b>20 108</b>				<b>0</b>
<b>Total</b>	<b>297 683</b>	<b>258 408</b>	<b>12 379</b>	<b>568 470</b>	<b>288 111</b>	<b>269 284</b>	<b>12 191</b>	<b>569 586</b>

### Fair value measurement

The objective of 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 valuation process and 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.

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 counterparty. 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.

When valuing financial liabilities at fair value own credit standing is reflected.

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 Annual Report 2014. 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 counterparties 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 and investment properties.

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.

## Assets and liabilities measured at fair value – continued - SEB Group

### 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. At the end of the second quarter Available for sale classified Equity instruments in the amount of SEK 247m have been reclassified from level 2 to level 3 due to reassessment of valuation method.

Changes in level 3	Closing balance 31 Dec 2014	Gain/loss in Income statement	Gain/loss in Other comprehensive income	Purchases	Sales	Issues	Settlements	Transfers into Level 3	Transfers out of Level 3	Reclassifi- cation	Exchange rate differences	Closing balance 30 Jun 2015
<b>Assets</b>												
Financial assets - policyholders bearing the risk	2 067	60		1 812	-1 605						-54	2 280
Equity instruments at fair value	12 635	-202	-1	954	-1 285			12	-117	247	-254	11 989
Debt instruments at fair value	1 198	167		532	-476						-29	1 392
Derivative instruments at fair value	9 971	-119		348	-463		-67				-229	9 441
Investment properties	7 497	70		11	-307						-189	7 082
<b>Total</b>	<b>33 368</b>	<b>-24</b>	<b>-1</b>	<b>3 657</b>	<b>-4 136</b>	<b>0</b>	<b>-67</b>	<b>12</b>	<b>-117</b>	<b>247</b>	<b>-755</b>	<b>32 184</b>
<b>Liabilities</b>												
Liabilities to policyholders - investment contracts	2 056	60		1 908	-1 690						-55	2 279
Equity instruments at fair value	475	93		-61							-5	502
Debt instruments at fair value	0										0	0
Derivative instruments at fair value	9 660	-499		570	-5		100				-228	9 598
<b>Total</b>	<b>12 191</b>	<b>-346</b>	<b>0</b>	<b>2 417</b>	<b>-1 695</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-288</b>	<b>12 379</b>

### Sensitivity of Level 3 assets and liabilities 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.

SEK m	30 Jun 2015				31 Dec 2014			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
FID - swaps <sup>1)</sup>	762	-995	-233	30	1 041	-976	65	33
FID - swaptions <sup>2)</sup>	114	-11	103	15	102	-7	95	18
WM Portfolio COP <sup>3)</sup>	146		146	29			0	
Venture Capital holding and similar holdings <sup>3 4 5)</sup>	1 722	-502	1 220	249	1 864	-475	1 389	279
Insurance holdings - Financial instruments <sup>4 6)</sup>	17 513	-7 669	9 844	1 400	10 989	-128	10 861	1 524
Insurance holdings - Investment properties <sup>5 6)</sup>	7 082		7 082	708	7 497		7 497	750

1) Sensitivity from a shift of index-linked swap spreads by 5 basis points (5).

2) Implied volatilities up by 5 percentage points (5).

3) Valuation is estimated in a range of reasonable outcomes. Sensitivity analysis is based on 20 per cent shift in market values.

4) 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).

5) Sensitivity from a shift of investment properties/real estate funds fair values of 10 per cent (10).

6) 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.

## Financial assets and liabilities subject to offsetting or netting arrangements – SEB Group

SEK m	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			
<b>30 Jun 2015</b>								
Derivatives	228 918	-4 646	224 272	-144 898	-48 434	30 940	1 063	225 335
Reversed repo receivables	117 535	-23 662	93 873	-28 040	-65 660	173	13 688	107 561
Securities borrowing	31 775		31 775	-7 256	-24 519		8 124	39 899
Client receivables	3 363	-3 361	2			2	39 541	39 543
<b>Assets</b>	<b>381 591</b>	<b>-31 669</b>	<b>349 922</b>	<b>-180 194</b>	<b>-138 613</b>	<b>31 115</b>	<b>62 416</b>	<b>412 338</b>
Derivatives	199 971	-4 646	195 325	-144 898	-46 207	4 220	1 705	197 030
Repo payables	52 813	-23 662	29 151	-28 040	-328	783	10 926	40 077
Securities lending	14 713		14 713	-7 256	-6 743	714	10 120	24 833
Client payables	3 361	-3 361					25 436	25 436
<b>Liabilities</b>	<b>270 858</b>	<b>-31 669</b>	<b>239 189</b>	<b>-180 194</b>	<b>-53 278</b>	<b>5 717</b>	<b>48 187</b>	<b>287 376</b>
<b>31 Dec 2014</b>								
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
<b>Assets</b>	<b>402 431</b>	<b>-22 243</b>	<b>380 188</b>	<b>-212 425</b>	<b>-130 959</b>	<b>36 804</b>	<b>23 934</b>	<b>404 122</b>
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	-82	-1	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
<b>Liabilities</b>	<b>289 674</b>	<b>-22 243</b>	<b>267 431</b>	<b>-212 425</b>	<b>-44 919</b>	<b>10 087</b>	<b>23 567</b>	<b>290 998</b>
<b>30 Jun 2014</b>								
Derivatives	168 447	-6 895	161 552	-121 147	-35 197	5 208	5 218	166 770
Reversed repo receivables	149 323	-8 567	140 756	-17 623	-109 524	13 609	2 734	143 490
Securities borrowing	40 178		40 178	-13 561	-26 433	184	6 196	46 374
Client receivables	8 507	-8 504	3			3	14 866	14 869
<b>Assets</b>	<b>366 455</b>	<b>-23 966</b>	<b>342 489</b>	<b>-152 331</b>	<b>-171 154</b>	<b>19 004</b>	<b>29 014</b>	<b>371 503</b>
Derivatives	150 069	-6 895	143 174	-121 147	-16 866	5 161	1 786	144 960
Repo payables	27 064	-8 567	18 497	-17 623	-196	678	782	19 279
Securities lending	20 435		20 435	-13 561	-6 874		3 935	24 370
Client payables	8 504	-8 504					6 964	6 964
<b>Liabilities</b>	<b>206 072</b>	<b>-23 966</b>	<b>182 106</b>	<b>-152 331</b>	<b>-23 936</b>	<b>5 839</b>	<b>13 467</b>	<b>195 573</b>

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 statement of financial position 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.

## Reclassified portfolios – SEB Group

SEK m	Q2			Q1			Q2			Jan - Jun		Full year 2014
	2015	2015	%	2014	%	2015	2014	%				
<b>Reclassified</b>												
Opening balance	12 827	13 428	-4	16 267	-21	13 428	18 845	-29	18 845			
Amortisations	-1 989	-1 251	59	- 948	110	-3 240	-2 636	23	-4 340			
Securities sold	- 510	- 16		- 280	82	- 526	-1 318	-60	-2 294			
Accrued coupon	- 6	- 2	200	- 7	-14	- 8	- 2		- 7			
Exchange rate differences	-1 364	668		387		- 696	530		1 224			
<b>Closing balance*</b>	<b>8 958</b>	<b>12 827</b>	<b>-30</b>	<b>15 419</b>	<b>-42</b>	<b>8 958</b>	<b>15 419</b>	<b>-42</b>	<b>13 428</b>			
* Market value	9 113	12 422	-27	15 528	-41	9 113	15 528	-41	13 537			
<b>Fair value impact - if not reclassified</b>												
In Other Comprehensive Income (AFS origin)	62	- 45		136	-54	17	146	-88	168			
In Income Statement (HFT origin)	- 23			2		- 23	- 21	10	- 25			
<b>Total</b>	<b>39</b>	<b>- 45</b>	<b>-187</b>	<b>138</b>	<b>-72</b>	<b>- 6</b>	<b>125</b>	<b>-105</b>	<b>143</b>			
<b>Effect in Income Statements**</b>												
Net interest income	33	37	-11	55	-40	70	117	-40	199			
Net financial income	- 841	257		196		- 584	330		814			
Other income	- 62	- 7				- 69	3		- 1			
<b>Total</b>	<b>- 870</b>	<b>287</b>		<b>251</b>		<b>- 583</b>	<b>450</b>		<b>1 012</b>			

\*\* The effect in the Income Statement is the 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 foreign currency effect related to the reclassified portfolio but does not include the off-setting foreign currency effects from financing activities. Other income is the realised gains or losses from sales in the portfolio.

## Non-performing loans – SEB Group

	30 Jun	31 Dec	30 Jun
SEK m	2015	2014	2014
<b>Individually assessed impaired loans</b>			
Impaired loans, past due > 60 days	5 911	6 541	4 053
Impaired loans, performing or past due < 60 days	346	250	185
<b>Total individually assessed impaired loans</b>	<b>6 257</b>	<b>6 791</b>	<b>4 238</b>
Specific reserves	- 2 408	- 2 834	- 2 339
<i>for impaired loans, past due &gt; 60 days</i>	- 2 222	- 2 708	- 2 204
<i>for impaired loans, performing or past due &lt; 60 days</i>	- 186	- 126	- 135
Collective reserves	- 1 424	- 1 387	- 1 877
<b>Impaired loans net</b>	<b>2 425</b>	<b>2 570</b>	<b>22</b>
Specific reserve ratio for individually assessed impaired loans	38.5%	41.7%	55.2%
Total reserve ratio for individually assessed impaired loans	61.2%	62.2%	99.5%
Net level of impaired loans	0.26%	0.29%	0.13%
Gross level of impaired loans	0.42%	0.49%	0.29%
<b>Portfolio assessed loans</b>			
Portfolio assessed loans past due > 60 days	3 370	3 534	3 974
Restructured loans	218	274	350
Collective reserves for portfolio assessed loans	- 1 756	- 1 936	- 2 102
Reserve ratio for portfolio assessed loans	49.0%	50.8%	48.6%
<b>Reserves</b>			
Specific reserves	- 2 408	- 2 834	- 2 339
Collective reserves	- 3 180	- 3 323	- 3 979
Reserves for off-balance sheet items	- 91	- 87	- 51
<b>Total reserves</b>	<b>- 5 679</b>	<b>- 6 244</b>	<b>- 6 369</b>
<b>Non-performing loans</b>			
Non-performing loans*	9 845	10 599	8 562
NPL coverage ratio	57.7%	58.9%	74.4%
NPL % of lending	0.66%	0.76%	0.58%

\* Impaired loans + portfolio assessed loans past due > 60 days + restructured portfolio assessed loans

## Seized assets – SEB Group

	30 Jun	31 Dec	30 Jun
SEK m	2015	2014	2014
Properties, vehicles and equipment	1 383	1 945	2 682
Shares	46	48	48
<b>Total seized assets</b>	<b>1 429</b>	<b>1 993</b>	<b>2 730</b>

## Assets and liabilities held for sale – SEB Group

<b>SEK m</b>	<b>30 Jun 2015</b>	<b>31 Dec 2014</b>	<b>30 Jun 2014</b>
Other assets	1 113	841	900
<b>Total assets held for sale</b>	<b>1 113</b>	<b>841</b>	<b>900</b>
Other liabilities	218		1 721
<b>Total liabilities held for sale</b>	<b>218</b>	<b>0</b>	<b>1 721</b>

The assets and liabilities held for sale comprises of two parts: the divestment of SEB Asset Management AG reclassified in the first quarter 2015 with expected finalisation of divestment during third quarter 2015 and the divestment plan for investment properties within Baltic Division. Through the continuation of the divestment plan for investment properties, additional properties were reclassified as assets held for sale until the derecognition at concluded sales agreement. The net amount of these activities during second quarter was SEK -148m.

# SEB consolidated situation

## Capital adequacy analysis for SEB consolidated situation

SEK m	30 Jun 2015	31 Dec 2014	30 Jun 2014
<b>Own funds</b>			
Common Equity Tier 1 capital	105 547	100 569	95 608
Tier 1 capital	119 244	120 317	106 811
Total own funds	133 504	136 899	122 703
<b>Own funds requirement</b>			
Risk exposure amount	614 063	616 531	598 162
Expressed as own funds requirement	49 125	49 322	47 853
Common Equity Tier 1 capital ratio	17.2%	16.3%	16.0%
Tier 1 capital ratio	19.4%	19.5%	17.9%
Total capital ratio	21.7%	22.2%	20.5%
Own funds in relation to own funds requirement	2.72	2.78	2.56
Regulatory Common Equity Tier 1 capital requirement including buffer	10.0%	7.0%	7.0%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
of which systemic risk buffer requirement	3.0%		
Common Equity Tier 1 capital available to meet buffer <sup>1)</sup>	12.7%	11.8%	11.5%
<b>Transitional floor 80% of capital requirement according to Basel I</b>			
Minimum floor own funds requirement according to Basel I	80 753	79 581	77 613
Own funds according to Basel I	133 630	136 015	121 907
Own funds in relation to own funds requirement Basel I	1.65	1.71	1.57
<b>Leverage ratio</b>			
Exposure measure for leverage ratio calculation	2 680 201	2 505 146	2 505 618
of which on balance sheet items	2 326 800	2 165 651	2 211 495
of which off balance sheet items	353 401	339 495	294 123
Leverage ratio	4.4%	4.8%	4.0%

<sup>1)</sup> 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%.

### Internally assessed capital requirement

As per 30 June 2015, the internally assessed capital requirement amounted to SEK 62bn (61 at year-end). The internal capital requirement is assessed using SEB's internal models for economic capital and is not fully comparable to the estimated capital requirement published by the Swedish Financial Supervisory Authority due to differences in assumptions and methodologies.



## Own funds for SEB consolidated situation

SEK m	30 Jun 2015	31 Dec 2014	30 Jun 2014
Shareholders equity	21 942	21 942	21 942
Retained earnings	53 739	45 167	45 258
Accumulated other comprehensive income and other reserves	49 112	48 215	47 900
Independently reviewed interim profits <sup>1)</sup>	8 577	19 219	8 058
Minority interests		33	33
<b>Total equity according to balance sheet</b>	<b>133 370</b>	<b>134 576</b>	<b>123 191</b>
Deductions related to the consolidated situation and other foreseeable charges	-7 641	-12 743	-7 748
<b>Common Equity Tier 1 capital before regulatory adjustments <sup>2)</sup></b>	<b>125 729</b>	<b>121 833</b>	<b>115 443</b>
Additional value adjustments	-921	-1 314	-660
Intangible assets	-12 125	-12 168	-12 496
Deferred tax assets that rely on future profitability	-421	-603	-473
Fair value reserves related to gains or losses on cash flow hedges	-3 632	-3 877	-2 316
Negative amounts resulting from the calculation of expected loss amounts	-126	-188	-200
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	36	400	432
Defined-benefit pension fund assets	-1 130		-820
Direct and indirect holdings of own CET1 instruments	-1 425	-1 294	-987
Securitisation positions with 1,250% risk weight	-438	-594	-851
Adjustments relating to unrealised gains (AFS)		-1 626	-1 464
<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>-20 182</b>	<b>-21 264</b>	<b>-19 835</b>
<b>Common Equity Tier 1 capital</b>	<b>105 547</b>	<b>100 569</b>	<b>95 608</b>
Additional Tier 1 instruments	9 080	8 545	
Grandfathered additional Tier 1 instruments	4 617	11 203	11 203
<b>Tier 1 capital</b>	<b>119 244</b>	<b>120 317</b>	<b>106 811</b>
Tier 2 instruments	16 160	16 552	16 022
Grandfathered Tier 2 instruments	675	1 533	1 450
Net provisioning amount for IRB-reported exposures		1 072	995
Holdings of Tier 2 instruments in financial sector entities	-2 575	-2 575	-2 575
<b>Tier 2 capital</b>	<b>14 260</b>	<b>16 582</b>	<b>15 892</b>
<b>Total own funds</b>	<b>133 504</b>	<b>136 899</b>	<b>122 703</b>

<sup>1)</sup> The Swedish Financial Supervisory Authority has approved SEB's application to use the net profit in measuring own funds on condition that the responsible auditors (PwC) can confirm the surplus, that the surplus is calculated in accordance with applicable accounting frameworks, that predictable costs and dividends have been deducted in accordance with EU regulation No 575/2013 and that the calculation was made in accordance with EU regulation No 241/2014.

<sup>2)</sup> 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).

Total own funds decreased due to the redemptions of two Tier 1 capital issues (EUR 500m and USD 423m) in March 2015. The redemptions were pre-financed by a CRR/CRD IV compliant additional Tier 1 capital issue of USD 1.1bn in 2014.

## Risk exposure amount for SEB consolidated situation

SEK m	30 Jun 2015		31 Dec 2014		30 Jun 2014	
	Risk exposure amount	Own funds requirement <sup>1)</sup>	Risk exposure amount	Own funds requirement <sup>1)</sup>	Risk exposure amount	Own funds requirement <sup>1)</sup>
<b>Credit risk IRB approach</b>						
Exposures to institutions	31 591	2 527	34 013	2 721	28 104	2 248
Exposures to corporates	327 703	26 217	344 576	27 566	335 428	26 834
Retail exposures	52 967	4 237	51 826	4 146	50 673	4 054
of which secured by immovable property	30 052	2 404	31 905	2 552	39 000	3 120
of which qualifying revolving retail exposures	251	20	1 498	120	1 330	106
of which retail SME	3 888	311	3 099	248	1 289	103
of which other retail exposures	18 776	1 502	15 324	1 226	9 054	724
Securitisation positions	3 531	282	5 035	403	4 743	379
<b>Total IRB approach</b>	<b>415 792</b>	<b>33 263</b>	<b>435 450</b>	<b>34 836</b>	<b>418 948</b>	<b>33 515</b>
<b>Credit risk standardised approach</b>						
Exposures to central governments or central banks	854	68	743	59	464	37
Exposures to regional governments or local authorities	38	3	40	3	37	3
Exposures to public sector entities	276	22	7	1	7	1
Exposures to institutions	2 214	177	1 222	98	1 354	108
Exposures to corporates	15 613	1 251	16 743	1 339	16 029	1 282
Retail exposures	14 306	1 144	16 593	1 327	22 485	1 799
Exposures secured by mortgages on immovable property	4 553	364	4 161	333	4 035	323
Exposures in default	471	38	634	51	1 597	128
Exposures associated with particularly high risk	1 831	146	1 791	143	2 099	168
Securitisation positions			40	3	38	3
Exposures in the form of collective investment undertakings (CIU)	52	4	48	4	43	3
Equity exposures	2 028	162	2 371	190	1 996	160
Other items	7 322	586	10 216	817	8 967	717
<b>Total standardised approach</b>	<b>49 558</b>	<b>3 965</b>	<b>54 609</b>	<b>4 368</b>	<b>59 151</b>	<b>4 732</b>
<b>Market risk</b>						
Trading book exposures where internal models are applied	46 019	3 681	25 144	2 012	27 918	2 233
Trading book exposures applying standardised approaches	21 270	1 702	18 813	1 505	24 312	1 945
Foreign exchange rate risk	4 849	388	5 010	401	3 322	266
<b>Total market risk</b>	<b>72 138</b>	<b>5 771</b>	<b>48 967</b>	<b>3 918</b>	<b>55 552</b>	<b>4 444</b>
<b>Other own funds requirements</b>						
Operational risk advanced measurement approach	48 677	3 894	48 126	3 850	40 096	3 208
Settlement risk			42	3	2	0
Credit value adjustment	8 060	645	9 286	743	8 427	674
Investment in insurance business	15 525	1 242	15 525	1 242	11 949	956
Other exposures	4 313	345	4 526	362	4 037	323
<b>Total other own funds requirements</b>	<b>76 575</b>	<b>6 126</b>	<b>77 505</b>	<b>6 200</b>	<b>64 511</b>	<b>5 161</b>
<b>Total</b>	<b>614 063</b>	<b>49 125</b>	<b>616 531</b>	<b>49 322</b>	<b>598 162</b>	<b>47 852</b>

<sup>1)</sup> Own funds requirement 8% of risk exposure amount according to Regulation (EU) No 575/2013 (CRR).

Risk exposure amount	SEK bn
Balance 31 December 2014	617
Volume and mix changes	-16
Currency effect	1
Process and regulatory changes	-6
Risk class migration	-5
Market and operational risk changes	23
<b>Balance 30 June 2015</b>	<b>614</b>

The risk exposure amount (REA) decrease related to volume and mix changes was mainly driven by a decrease in the average risk weight of corporate exposures. Exposure volumes have been stable in most asset classes and have not contributed significantly to changes in REA.

A continued improvement of the quality of existing exposures through migration had a lowering effect on REA.

More conservative processes for measuring credit risk added to REA but this was more than balanced by the effect from improvements in data processes, e.g. reporting of collateral.

Market risk increased largely driven by the increased volatility in the financial markets.

### Average risk-weight

The following table summarises average risk-weights (risk exposure amount divided by exposure at default, EAD) for exposures where the risk exposure amount is calculated according to the internal ratings based (IRB) approach. Repos

and securities lending transactions are excluded from the analysis since they carry low risk-weight and can vary considerably in volume, thus making numbers less comparable.

<b>IRB reported credit exposures (less repos and securities lending)</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>
<b>Average risk-weight</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
Exposures to institutions	22.6%	23.5%	23.0%
Exposures to corporates	34.4%	36.2%	36.5%
Retail exposures	9.6%	9.7%	10.1%
of which secured by immovable property	6.3%	6.9%	8.6%
of which qualifying revolving retail exposures	41.7%	7.5%	6.9%
of which retail SME	70.7%	54.6%	41.7%
of which other retail exposures	29.8%	35.0%	38.6%
Securitisation positions	34.0%	43.5%	38.8%

Swedish card related exposures were moved from qualifying revolving retail exposures to other retail. The remaining qualifying revolving retail exposures relate to Estonia and Latvia with a risk-weight of 42 per cent.

## Skandinaviska Enskilda Banken AB (publ.)

### Income statement – Skandinaviska Enskilda Banken AB (publ.)

In accordance with FSA regulations	Q2			Q1			Q2			Jan - Jun			Full year
SEK m	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	2014	
Interest income	7 516	8 118	-7	9 064	-17	15 634	17 953	-13	34 788				
Leasing income	1 368	1 335	2	1 369	0	2 703	2 724	-1	5 442				
Interest expense	-4 122	-4 458	-8	-5 553	-26	-8 580	-11 079	-23	-20 447				
Dividends	4 968	1 345		1 777	180	6 313	2 049		3 375				
Fee and commission income	3 494	2 945	19	2 640	32	6 439	5 269	22	11 090				
Fee and commission expense	- 979	- 636	54	- 433	126	-1 615	- 857	88	-1 855				
Net financial income	437	1 031	-58	673	-35	1 468	1 575	-7	2 121				
Other income	240	257	-7	259	-7	497	469	6	1 714				
<b>Total operating income</b>	<b>12 922</b>	<b>9 937</b>	<b>30</b>	<b>9 796</b>	<b>32</b>	<b>22 859</b>	<b>18 103</b>	<b>26</b>	<b>36 228</b>				
Administrative expenses	-3 524	-3 343	5	-3 450	2	-6 867	-6 900	0	-13 909				
Depreciation, amortisation and impairment of tangible and intangible assets	-1 329	-1 361	-2	-1 274	4	-2 690	-2 524	7	-5 157				
<b>Total operating expenses</b>	<b>-4 853</b>	<b>-4 704</b>	<b>3</b>	<b>-4 724</b>	<b>3</b>	<b>-9 557</b>	<b>-9 424</b>	<b>1</b>	<b>-19 066</b>				
<b>Profit before credit losses</b>	<b>8 069</b>	<b>5 233</b>	<b>54</b>	<b>5 072</b>	<b>59</b>	<b>13 302</b>	<b>8 679</b>	<b>53</b>	<b>17 162</b>				
Net credit losses	- 131	- 139	-6	- 291	-55	- 270	- 432	-38	-1 065				
Impairment of financial assets	- 425			- 2		- 425	- 51		-2 721				
<b>Operating profit</b>	<b>7 513</b>	<b>5 094</b>	<b>47</b>	<b>4 779</b>	<b>57</b>	<b>12 607</b>	<b>8 196</b>	<b>54</b>	<b>13 376</b>				
Appropriations	313	514	-39	168	86	827	369	124	966				
Income tax expense	-995	-1 101	-10	-479	108	-2 096	-1 179	78	-2 072				
Other taxes	- 2	12		33	-106	10	36	-72	19				
<b>Net profit</b>	<b>6 829</b>	<b>4 519</b>	<b>51</b>	<b>4 501</b>	<b>52</b>	<b>11 348</b>	<b>7 422</b>	<b>53</b>	<b>12 289</b>				

### Statement of comprehensive income – Skandinaviska Enskilda Banken AB (publ.)

	Q2			Q1			Q2			Jan - Jun			Full year
SEK m	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	2014	
<b>Net profit</b>	<b>6 829</b>	<b>4 519</b>	<b>51</b>	<b>4 501</b>	<b>52</b>	<b>11 348</b>	<b>7 422</b>	<b>53</b>	<b>12 289</b>				
<i>Items that may subsequently be reclassified to the income statement:</i>													
Available-for-sale financial assets	- 141	84		152		- 57	582		863				
Cash flow hedges	- 744	499		887		- 245	1 533		3 095				
Translation of foreign operations	- 18	34		2		16	6		- 3				
<b>Other comprehensive income (net of tax)</b>	<b>- 903</b>	<b>617</b>		<b>1 041</b>		<b>- 286</b>	<b>2 121</b>		<b>3 955</b>				
<b>Total comprehensive income</b>	<b>5 926</b>	<b>5 136</b>	<b>15</b>	<b>5 542</b>	<b>7</b>	<b>11 062</b>	<b>9 543</b>	<b>16</b>	<b>16 244</b>				

## Balance sheet - Skandinaviska Enskilda Banken AB (publ.)

<b>Condensed</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>
<b>SEK m</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
Cash and cash balances with central banks	139 744	59 170	173 638
Loans to credit institutions	223 602	194 285	193 387
Loans to the public	1 107 062	1 056 807	1 081 164
Financial assets at fair value	493 715	511 738	450 561
Available-for-sale financial assets	13 579	16 042	18 959
Held-to-maturity investments		91	88
Investments in associates	939	921	1 077
Shares in subsidiaries	52 787	54 294	53 856
Tangible and intangible assets	41 213	41 471	40 968
Other assets	69 259	51 323	43 937
<b>Total assets</b>	<b>2 141 900</b>	<b>1 986 142</b>	<b>2 057 635</b>
Deposits from credit institutions	250 625	144 776	266 519
Deposits and borrowing from the public <sup>1)</sup>	742 849	706 452	637 953
Debt securities	695 515	682 519	734 875
Financial liabilities at fair value	233 819	247 510	231 743
Other liabilities	72 360	49 956	47 649
Provisions	144	173	161
Subordinated liabilities	31 667	40 191	30 177
Untaxed reserves	23 103	23 102	23 694
Total equity	91 818	91 463	84 864
<b>Total liabilities, untaxed reserves and shareholders' equity</b>	<b>2 141 900</b>	<b>1 986 142</b>	<b>2 057 635</b>
1) Private and SME deposits covered by deposit guarantee	110 409	110 659	112 941
Private and SME deposits not covered by deposit guarantee	118 475	107 188	104 236
All other deposits	513 965	488 605	420 776
Total deposits from the public	<b>742 849</b>	<b>706 452</b>	<b>637 953</b>

## Pledged assets, contingent liabilities and commitments - Skandinaviska Enskilda Banken AB (publ.)

	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>
<b>SEK m</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
Collateral and comparable security pledged for own liabilities	390 985	366 518	374 048
Other pledged assets and comparable collateral	133 284	116 228	126 740
Contingent liabilities	94 026	98 966	88 909
Commitments	414 275	382 324	382 316

## Capital adequacy - Skandinaviska Enskilda Banken AB (publ.)

SEK m	30 Jun 2015	31 Dec 2014	30 Jun 2014
<b>Own funds</b>			
Common Equity Tier 1 capital	90 237	83 027	90 368
Tier 1 capital	103 935	102 775	101 571
Total own funds	118 195	118 480	119 140
<b>Own funds requirement</b>			
Risk exposure amount	533 815	513 426	506 675
Expressed as own funds requirement	42 705	41 074	40 534
Common Equity Tier 1 capital ratio	16.9%	16.2%	17.8%
Tier 1 capital ratio	19.5%	20.0%	20.0%
Total capital ratio	22.1%	23.1%	23.5%
Own funds in relation to capital requirement	2.77	2.88	2.94
Regulatory Common Equity Tier 1 capital requirement including buffers	7.0%	7.0%	7.0%
of which capital conservation buffer requirement	2.5%	2.5%	2.5%
Common Equity Tier 1 capital available to meet buffers <sup>1)</sup>	12.4%	11.7%	13.3%

<sup>1)</sup> 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%.

The internally assessed capital requirement for the parent company amounted to SEK 54bn (52 at year-end).

# This is SEB

<b>Mission</b>	To help people and businesses thrive by providing quality advice and financial resources.
<b>Vision</b>	To be <i>the</i> trusted partner for customers with aspirations.
<b>Values</b>	Guided by our Code of Business Conduct and our core values: professionalism, commitment, mutual respect and continuity.
<b>Customers and markets</b>	3,000 large corporations and institutions, 400,000 SMEs and 4 million private customers bank with SEB. They are mainly located in eight markets around the Baltic Sea.
<b>Brand promise</b>	Rewarding relationships.
<b>Corporate objectives</b>	The leading Nordic bank for corporates and institutions.  The top universal bank in Sweden and the Baltic countries.
<b>Strategic value-driving priorities</b>	Long-term customer relationships – build and develop relationships based on the customers' long-term needs with a holistic perspective.  Growth in areas of strength – pursue growth in three selected core areas – large corporations and financial institutions in the Nordic countries and Germany, small and medium-sized companies in Sweden, and a holistic savings offering.  Resilience and flexibility – ensure the financial strength needed to demonstrate stability and resilience as well as the flexibility to adapt operations in a cost-efficient manner to the prevailing market conditions.
<b>People</b>	Around 16,000 highly skilled people serving customers from locations in some 20 countries; covering different time zones, securing reach and local market knowledge.
<b>History</b>	Over 150 years of business, building trust and sharing knowledge. The Bank has always acted responsibly in society promoting entrepreneurship, international outlook and long-term relationships.

Additional financial information is available in SEB's Fact Book which is published quarterly on [www.sebgroup.com/ir](http://www.sebgroup.com/ir)