

Annual Accounts 2015

STOCKHOLM 4 FEBRUARY 2016

“In an exceptional year we have continued to support our customers. The end of 2015 marks the end of SEB’s three-year business plan. We delivered on what we set out to do. Going forward customer experience will be key. We are committed to deliver world-class service in everything we do.”

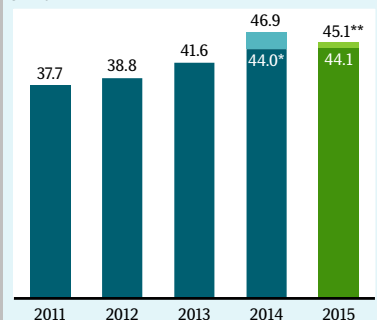
Annika Falkengren



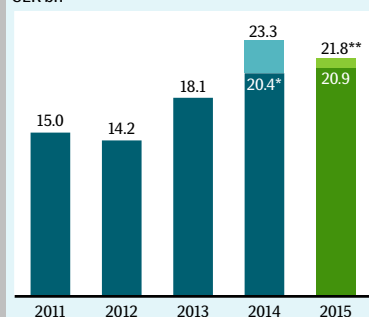
SEB

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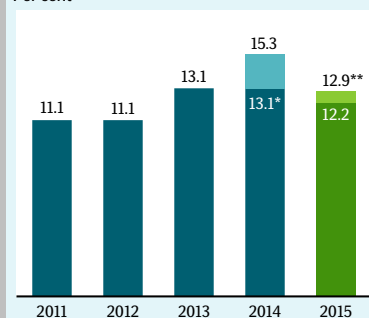
Operating income SEK bn



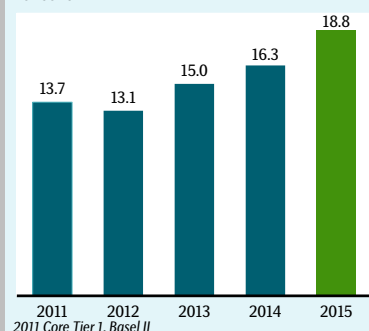
Operating profit SEK bn



Return on Equity Per cent



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



* Excluding the divestments of Euroline AB and MasterCard Inc.

** Excluding Swiss withholding tax decision

2015

(Compared with 2014)

- Operating profit SEK 20.9bn (23.3). Net profit SEK 16.6bn (19.2).
- Operating income SEK 44.1bn (46.9) and operating expenses SEK 22.2bn (22.1).
- Net credit losses SEK 0.9bn (1.3). Credit loss level 0.06 per cent (0.09).
- Return on equity 12.2 per cent (15.3) and earnings per share SEK 7.57 (8.79).

Fourth quarter 2015

(Compared with the fourth quarter 2014)

- Operating profit SEK 5.5bn (6.6). Net profit SEK 4.6bn (5.7).
- Operating income SEK 11.4bn (12.8) and operating expenses SEK 5.6bn (5.8).
- Net credit losses SEK 0.2bn (0.3). Credit loss level 0.06 per cent (0.09).
- Return on equity 13.2 per cent (17.3) and earnings per share SEK 2.10 (2.60).

Volumes

(Compared with 31 December 2014)

- Loans to the public SEK 1,353bn (1,356).
- Deposits from the public SEK 884bn (943).
- Assets under management SEK 1,700bn (1,708).

Capital and liquidity

(Compared with 31 December 2014)

- Common Equity Tier 1 capital ratio 18.8 per cent (16.3).
- Leverage ratio 4.9 per cent (4.8).
- Liquidity Coverage Ratio (LCR) 128 per cent (115).
- Core liquidity reserve SEK 352bn (410).

Proposed dividend

- The Board of Directors proposes a dividend to shareholders of SEK 5.25 per share (4.75).

President's comment

Looking back at the global economic development over the past year, there has been little of a normal recovery sentiment even though global growth reached close to 3 per cent. Several countries in Europe experienced negative interest rates. In Sweden, the central bank lowered its repo rate to -0.35 per cent. Stock markets were volatile and credit spreads widened. Times are all but normal. The banking community is operating within a continuously changing regulatory framework risking hampering real growth. Commodity prices have dropped sharply and global tension is rising on the back of war and terror attacks.

Diverse business mix and robust profitability

The shifting market environment impacted customer behaviours. Large corporate and institutional customers demand for risk management services was high, while low corporate investments led to a continued low demand for credit. The historically low interest rate levels and favourable equity market conditions supported the record-high activity in the Nordic IPO market where SEB was the lead arranger. Small and medium-sized companies in Sweden were somewhat more optimistic and increased their demand for credit; especially towards the second half of the year. The shifting demographic trends increase the need for long-term savings. While customers increased their savings by SEK 59bn, they also grew more risk-averse and reallocated from equity funds to mainly balanced funds and deposits. We have developed our digital services in all areas, e.g. in life insurance where our digital advisory capabilities have enabled a more simplistic approach for customers to gain insight in retirement issues.

Year-on-year, SEB's operating income was up 2 per cent to SEK 45.1bn and operating profit was up 7 per cent to SEK 21.8bn (excluding the negative one-off effect from Swiss withholding tax and positive effects in 2014 from the sale of Euroline and MasterCard). Costs were below our cap of SEK 22.5bn.

Completion of our three year business plan

The end of 2015 also marks the end of SEB's three-year business plan. We delivered on what we set out to do. We have invested in a growing and active customer base. We continued to grow in core segments in the Nordic countries and Germany, among SMEs in Sweden and in the long-term savings area. The past years we have increased capital and cost efficiency, while investing in enhanced customer solutions in the range of SEK 1.5-2bn per year. Three years ago we communicated that our ambition was to reach an income growth of 15 per cent and a return on equity of 15 per cent on a Common Equity Tier 1 ratio (CET1) of 13 per cent. Since then, capital requirements have increased, and as we close our business plan we achieved a return on equity of 12.9 per cent, excluding one-offs, given a CET1 of 18.8 per cent.

A long-term vision to deliver world-class service

The pace of change continues to be high. Digitisation is impacting all industries, not least banking. In this context, we have worked with a long-term strategy in terms of how we see customer behaviour changing, the rapid technological development, continuing regulatory impact and changing competition. Our vision – to deliver world-class service – reflects our view of the future in which customer orientation and digitisation increase in importance. Customer experience will be key. A shift towards a mix of products, strong services and proactive advice based on customer behaviour calls for new ways of working. To clearly signal a new paradigm, we have reorganised into customer segments. We are investing in service design. We aim to provide omni-channel connectivity to our customers including personalised advisory tools and to increase efficiency by automating end-to-end processes.

We target to grow in all our businesses in Sweden, further improve our Nordic and German franchise and continue to grow in the savings area. In terms of profitability we maintain our long-term aspiration to reach a return of 15 per cent given a CET1 ratio of around 150 bps above the requirement from the Swedish FSA.

The whole SEB team is deeply committed to take on this new journey and deliver world-class service in everything we do. We want to be perceived as the preferred choice over the long-term in the eyes of our customers.



A handwritten signature in black ink, appearing to read 'Cecilia Fors', written in a cursive style.

The Group

Fourth quarter isolated

Operating profit amounted to SEK 5,505m (6,577) and net profit (after tax) amounted to SEK 4,601m (5,688).

Operating income

Total operating income amounted to SEK 11,373m (12,763).

Net interest income amounted to SEK 4,677m (5,010).

The decrease year-on-year was due to the negative Swedish repo rate which was -0.35 per cent during the quarter. Net interest income was virtually unchanged compared to the third quarter.

	Q4	Q3	Q4
SEK m	2015	2015	2014
Customer-driven NII	4 810	4 640	4 703
NII from other activities	-133	43	307
Total	4 677	4 683	5 010

Customer-driven net interest income increased by SEK 170m compared to the third quarter and by SEK 107m compared to the fourth quarter 2014. Year-on-year, a negative effect from deposit margins was counteracted by a positive effect from lending margins and higher loan volumes. Net interest income from other activities decreased by SEK 176m from the third quarter and by SEK 440m compared to the fourth quarter last year. Low interest rates overall affected the net interest income from other activities negatively.

Net fee and commission income dropped by 11 per cent to SEK 4,043m (4,553). Compared to the third quarter, net fee and commission income grew by 8 per cent. Payment and card fees decreased year-on-year, mainly due to the divestment of Euroline AB, the card acquiring business, in 2014, and the new regulatory cap on interchange fees that came into effect in December. Lending fees were down year-on-year reflecting the low customer activity evident throughout most of the year, but both lending activity and fees rebounded in the fourth quarter. Performance fees for the fourth quarter amounted to SEK 175m (279).

Net financial income increased by SEK 826m to SEK 1,169m year-on-year (343) and by 26 per cent from the third quarter. The strong customer demand for hedging and risk management products given high volatilities and the oil price development affected the commodities and foreign exchange businesses. The unrealised valuation adjustments from counterparty risk (CVA) and own credit standing in derivatives (DVA) and own credits, i.e. issued structured bonds, (OCA) explain SEK 157m of the net financial income increase year-on-year.

Net life insurance income rose by SEK 68m year-on-year, to SEK 922m (854), and by SEK 216m from the third quarter. The increase from 2014 was mainly unit-linked insurance related whereas the increase compared to the third quarter was mainly in traditional and risk insurance.

Net other income amounted to SEK 562m (2,003). The fourth quarter 2015 included realised capital gains as well as unrealised valuation and hedge accounting effects. There was

a one-off gain at an amount of SEK 1,661m from the divestment of Euroline AB in the fourth quarter 2014.

Operating expenses

Total operating expenses were stable at SEK 5,571m compared to the third quarter and decreased by 4 per cent year-on-year (5,791). Year-on-year salary expenses were lower. Other expenses decreased.

Gains less losses from tangible and intangible assets

The net loss from tangible and intangible assets amounted to a loss of SEK 78m (85), representing mostly impairments on assets held for sale within the Baltic real estate holding companies.

Credit losses and provisions

Net credit losses amounted to SEK 219m (310). The credit loss level was 6 basis points (9).

Income tax expense

Total income tax expense was SEK 904m (889) and the effective tax rate was 16 per cent. The effective tax rate was relatively low due to a revaluation of certain tax losses carried forward.

Other comprehensive income

The other comprehensive income amounted to SEK 1,317m in total (485).

The net revaluation of the defined benefit pension plans had a positive effect of SEK 2,736m in the fourth quarter. This was due to an increase in the return on plan assets and the revaluation of the pension obligation. In the fourth quarter, the discount rate was increased to 3.1 per cent in Sweden from 2.6 per cent in the third quarter. In Germany it increased to 2.4 per cent from 2.3 in the third quarter.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, e.g. cash-flow hedges, available-for-sale financial assets and translation of foreign operations, was negative in the amount of SEK -1,419m (1,475). The main reason for the difference year-on-year was the revaluation of the cash flow hedges.

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

The full year 2015 excluding one-off items

In the years 2014 and 2015 there were three one-off items which affect comparison of the result. The result in the following table excludes the one-off items:

1. In the second quarter 2015, a withholding tax refund application dating back to 2006-2008 was denied by the Swiss Supreme Court. Net interest income was affected by SEK 82m and net financial income (within operating income) by SEK 820m, i.e. a total amount of SEK 902m. The amounts are added back in the table.
2. In the third quarter 2014, SEB sold its shares in MasterCard Inc. at a gain of SEK 1,321m. The gain is deducted from net other income (within operating income) in the table. The related tax expense of SEK 182m is added back to income tax expense.
3. In the fourth quarter 2014, SEB divested Euroline AB at a capital gain of SEK 1,661m. The amount is deducted from net other income (within operating income) in the table.

SEK m	Jan-Dec		%
	2015	2014	
Total operating income	45 050	43 954	2
Total operating expenses	-22 187	-22 143	0
Profit before credit losses	22 863	21 811	5
Net credit losses etc	-1 096	-1 445	-24
Operating profit	21 767	20 366	7
Income tax expense	-4 284	-3 947	9
Net profit	17 483	16 419	6

The full year 2015

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

Operating income

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

Net interest income decreased by 5 per cent to SEK 18,938 (19,943). Overall repo interest rates decreased by

SEK m	Jan - Dec		Change %
	2015	2014	
Customer-driven NII	18 609	18 831	-1
NII from other activities	329	1 112	-70
Total	18 938	19 943	-5

around 0.7 percentage points on average during the year. This affected net interest income negatively by around SEK 2.5bn.

Customer-driven net interest income decreased by SEK 222m year-on-year. Lending-related net interest income increased due to margins and volumes to an equal degree. The deposit side was affected by the low interest rates.

Net interest income from other activities decreased by SEK 783m compared with 2014 due primarily to the lower interest rates. Specifically, a one-off interest expense in the amount of SEK 82m related to the Swiss withholding tax decision was included. Stability funds, deposit guarantee and resolution fees amounted to SEK 1,201m (1,147).

Net fee and commission income grew by 4 per cent to SEK 16,877m (16,306). The effect from the generally lower corporate event-driven activity level in the third quarter was

more than offset by the overall increase during the year as a whole. Lending fees were down compared to last year reflecting that the high customer activity in 2014 subsided in 2015. The asset management business had a good year and performance and transaction fees grew by SEK 220m to SEK 679m due to strong fund performance. Payment and card fees decreased compared to 2014, mainly due to effects from the divestment of Euroline AB.

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

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

Net other income amounted to SEK 915m (4,421) and consisted of hedge accounting effects, capital gains, dividend income and other items. In 2015, there was a negative effect from the goodwill allocation on the divestment of SEB Asset Management AG amounting to SEK 187m. The 2014 income included one-off gains from the sale of shares in MasterCard Inc. at an amount of SEK 1,321m and a capital gain at an amount of SEK 1,661m from the divestment of Euroline AB.

Operating expenses

Total operating expenses were virtually unchanged from 2014 and amounted to SEK 22,187m (22,143). Higher salary and pension costs were offset by lower consultancy and premises costs.

The operating expenses were below the cost cap of SEK 22.5bn despite increased pension costs and currency effects amounting to SEK 615m, corresponding to an underlying cost efficiency of 2.7 per cent.

Gains less losses from tangible and intangible assets

The net loss from tangible and intangible assets amounted to SEK 213m (121). The main reason for the increase was valuation adjustments on assets held for sale within the Baltic real estate holding companies.

Credit losses and provisions

Asset quality remained robust and the overall credit loss level was lower than 2014. Net credit losses amounted to SEK 883m (1,324). The credit loss level was 6 basis points (9).

Non-performing loans (NPL) amounted to SEK 8,027m (10,599). Non-performing loans consist of individually assessed impaired loans which amounted to SEK 4,900m (6,791), portfolio assessed loans past due >60 days which

amounted to SEK 2,922m (3,534) and *restructured loans* which amounted to SEK 205m (274).

The *total reserve ratio for individually assessed impaired loans* and the *NPL coverage ratio* was 68 (62) per cent and 62 (59) per cent, respectively.

Income tax expense

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

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

Other comprehensive income

The *other comprehensive income* amounted to SEK 2,219m (1,030).

The net revaluation of the defined benefit pension plans had a positive effect of SEK 4,178m compared to a negative effect of SEK -2,700m for 2014. The revaluation change was a net of the decreased pension liability, an effect from increased discount rates and an increase in the value of the plan assets. The discount rate in Sweden was 3.1 per cent (2.3) and in Germany 2.4 per cent (2.0) at year-end.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income statement, e.g. cash-flow hedges, available-for-sale financial assets and translation of foreign operations, was negative in the amount of SEK -1,959m (3,730). The main reason was the revaluation of cash flow hedges.

Business volumes

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

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

	Dec	Dec
SEK bn	2015	2014
General governments	38	50
Households	530	519
Corporates	708	689
Repos	59	76
Debt securities	18	22
Loans to the public	1353	1356

SEB's total credit portfolio (which includes both on- and off-balance sheet volumes) amounted to SEK 2,065bn (2,094). During the year total household loans and

commitments increased by 2 per cent or SEK 13bn. The combined corporate and property management loans and contingent liabilities decreased by 1 per cent, or SEK 14bn.

Deposits from the public amounted to SEK 884bn, a decrease of SEK 59bn compared to last year.

	Dec	Dec
SEK bn	2015	2014
General governments	29	62
Households	262	246
Corporates	586	629
Repos	7	6
Deposits and borrowings from the public	884	943

Compared to 2014, deposits from households were SEK 16bn higher while corporate deposits decreased by SEK 43bn for the reasons mentioned above.

Total assets under management were unchanged at SEK 1,700bn (1,708). The net inflow of assets during the year was SEK 60bn and there was a decrease of SEK 75bn from the divestment of SEB Asset Management AG. The total market value rose by SEK 7bn.

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

Market risk

The trading business is customer flow-driven. Value-at-Risk (VaR) in the trading operations averaged SEK 117m 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. High market volatilities relating to the development of interest rates, stock markets and commodities during the year led to the increase in average VaR compared to 2014.

Liquidity and long-term funding

During the year SEK 79bn of long-term funding matured (of which SEK 9bn was legacy hybrid tier 1 capital, SEK 51bn covered bonds and SEK 19bn senior debt) and SEK 95bn was issued (of which SEK 55bn constituted covered bonds and SEK 40bn senior debt). The hybrid tier 1 capital that matured in March was prefunded in November 2014. Commercial papers and certificates of deposits decreased by SEK 68bn year-on-year.

The core liquidity reserve at the end of the period amounted to SEK 352bn (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 128 per cent (115). The USD and EUR LCRs were 230 and 226 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 111 per cent.

Rating

Moody's rates SEB's long-term senior unsecured debt at Aa3 with a stable outlook due to SEB's asset quality, earnings stability and diversification as well as increased efficiency.

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

S&P completed its review of the implementation of the Bank Recovery and Resolution Directive in Sweden in December 2015 and put all Swedish banks, except SEB, on negative outlook due to the heightened economic risks in Sweden. S&P's view on SEB is based on the bank's positive capital and earnings development which may off-set the effect of the heightened economic risks. S&P rates SEB's long-term senior unsecured debt at A+ with a stable outlook.

Capital position

SEB's Common Equity Tier 1 (CET1) capital ratio was 18.8 per cent. At year-end, SEB's estimate of the full pillar 1 and 2 common equity tier 1 capital requirements – where the pillar 2 requirements were calculated according to the methods set by the Swedish Financial Supervisory Authority (SFSA) – was 16 per cent. As previously communicated the bank aspires to have a buffer of about 150 basis points above the regulatory requirement.

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

	Dec	Dec
Own funds requirement, Basel III	2015	2014
Risk exposure amount, SEK bn	571	617
Common Equity Tier 1 capital ratio, %	18.8	16.3
Tier 1 capital ratio, %	21.3	19.5
Total capital ratio, %	23.8	22.2
Leverage ratio, %	4.9	4.8

The risk exposure amount (REA) was SEK 46bn lower than year-end 2014. Credit risk REA decreased mainly due to changes in volumes and risk composition. The decrease was also due to the effects from model approvals by the SFSA which amounted to SEK 16bn, relating to both credit risk and counterparty risk. Against the background of the SFSA's upcoming review of corporate risk weights, SEB has agreed with the SFSA to, as a measure of prudence, increase the Additional Risk Exposure Amount by SEK 9 bn.

The CET 1 capital ratio improved by 2.5 percentage points during the year partly driven by the lower REA but, primarily, by the net profit.

Dividend

The Board proposes to the Annual General Meeting a dividend of SEK 5.25 per Class A and Class C share, which corresponds to a pay-out ratio of 69 per cent. The total dividend amounts to SEK 11.2bn (10.4), calculated on the total number of issued

shares as per 31 December 2015, excluding own shares held. The proposal shall be seen with reference to the dividend policy, the outlook for the economic environment, the Group's earnings generation and capital situation.

The SEB share will be traded ex-dividend on 23 March 2016. The proposed record date for the dividend is 24 March 2016 and dividend payments will be disbursed on 31 March 2016.

Strategy and business plan

During the year, management has together with the Board of Directors worked on a long-term road map for the bank, Vision 2025. The long-term strategy reflects the continuously rapid development in terms of changing customer behaviours, technological development, regulatory impact and competition. SEB has formulated a new vision – to deliver world-class service – and has also revamped the corporate values to underline new ways of working.

The long-term ambition has been specified in a business plan for the years 2016-2018. In the new business plan, the long-term strategic priorities remain to:

- focus on a leading customer experience,
- ensure resilience and flexibility
- grow in areas of strength, i.e. large Nordic and German corporates and financial institutions, small and medium-sized enterprises in Sweden and long-term savings.

The business plan 2016-2018 also defines three focus areas to reach the long-term ambition:

- *Service leadership.* SEB will focus on customer journeys using digital solutions and personal advice in order to create a leading customer experience for all segments.
- *Digitisation.* Digital customer intelligence will be used to provide customised customer tools and interfaces. Internal processes will also be digitised and automated.
- *Next generation competences.* A broadening in the role for client executives and a shift in the required IT development skill set will be made.

Financial targets

The Board of Directors has together with management also reviewed SEB's long-term financial targets and they remain unchanged:

- to pay a yearly dividend that is 40 per cent or above of the earnings per share,
- to maintain a Common Equity Tier 1 capital ratio of around 150 bps above the current requirement from the Swedish Financial Supervisory Authority, and
- to 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.

Organisation and reporting

As communicated on 17 November 2015, the bank reorganised to be truly customer-centric, in line with its

strategy, as of the beginning of the year 2016. The *division Large Corporates & Financial Institutions* covers the operations of the former Merchant Banking as well as institutional clients' business activities from the former Wealth Management division. The *division Corporate & Private Customers* serves small & medium-sized companies and private customers, including Private Banking, in Sweden. The *division Life & Investment Management* supports the customer-oriented divisions. It includes the Life division as well as the investment management operations which were part of the Wealth Management division. The *Baltic division* remains unchanged.

The new organisation will be reflected in the first quarterly report in 2016. As a result of the reorganisation, goodwill will be reallocated to the appropriate cash-generating units.

The presentation of the life insurance business will be adjusted and the line item Net Life Insurance Income will be removed and split into Net Fee and Commission Income and Net Financial Income. The deferred acquisition costs will be part of the Net Fee and Commission line item instead of being reported as operating expenses.

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 p 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 world-wide may create direct and indirect effects that are difficult to assess. The market uncertainty has been impacted by the unfolding geopolitical development, the sharp drop in oil prices and the potential ramifications of the stock market development in China following more subdued GDP-growth. In addition, there is uncertainty around the effects from a potential prolongation of the current low or negative interest rates.

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 to the divisions.

Other information

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

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

Stockholm 4 February 2016

The President declares that the Annual Accounts for 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.

Annika Falkengren
President and Chief Executive Officer

Press conference and webcasts

The press conference at 9 am on 4 February 2016, at Kungsträdgårdsgatan 8 with the President and CEO Annika Falkengren can be followed live in Swedish on www.sebgroup.com/sv/ir. A simultaneous translation into English will be available on www.sebgroup.com/ir. A replay will be available afterwards.

Access to telephone conference

The telephone conference at 1 pm on 4 February 2016 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 0077 or +46(0)8 5052 0110. Please quote conference id: 957250 and call at least 10 minutes in advance. A replay of the conference call will be available on www.sebgroup.com/ir.

Further information is available from:

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Additional financial information is available in SEB's Fact Book which is published quarterly on www.sebgroup.com/ir.

Financial information calendar

1 March 2016	Annual report 2015
22 March 2016	Annual general meeting
27 April 2016	Interim report January-March 2016
14 July 2016	Interim report January-June 2016
20 October 2016	Interim report January-September 2016

Published on-line

The silent period starts 7 April
The silent period starts 7 July
The silent period starts 7 October

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 came 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 31 December 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 4 February 2016

PricewaterhouseCoopers AB

Peter Nyllinge

Authorised Public Accountant

Partner in charge

The SEB Group

Income statement – SEB Group

SEK m	Q4			Q3			Q4			Jan - Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	
Net interest income	4 677	4 683	0	5 010	-7	18 938	19 943	-5				
Net fee and commission income	4 043	3 748	8	4 553	-11	16 877	16 306	4				
Net financial income	1 169	928	26	343		4 118	2 921	41				
Net life insurance income	922	706	31	854	8	3 300	3 345	-1				
Net other income	562	14		2 003	-72	915	4 421	-79				
Total operating income	11 373	10 079	13	12 763	-11	44 148	46 936	-6				
Staff costs	-3 524	-3 602	-2	-3 414	3	-14 436	-13 760	5				
Other expenses	-1 566	-1 323	18	-1 781	-12	-5 759	-6 310	-9				
Depreciation, amortisation and impairment of tangible and intangible assets	- 481	- 527	-9	- 596	-19	-1 992	-2 073	-4				
Total operating expenses	-5 571	-5 452	2	-5 791	-4	-22 187	-22 143	0				
Profit before credit losses	5 802	4 627	25	6 972	-17	21 961	24 793	-11				
Gains less losses from tangible and intangible assets	- 78	- 53	47	- 85	-8	- 213	- 121	76				
Net credit losses	-219	-256	-14	-310	-29	-883	-1324	-33				
Operating profit	5 505	4 318	27	6 577	-16	20 865	23 348	-11				
Income tax expense	-904	-915	-1	-889	2	-4 284	-4 129	4				
Net profit	4 601	3 403	35	5 688	-19	16 581	19 219	-14				
Attributable to minority interests							1	-100				
Attributable to shareholders	4 601	3 403	35	5 688	-19	16 581	19 218	-14				
Basic earnings per share, SEK	2.10	1.55		2.60		7.57	8.79					
Diluted earnings per share, SEK	2.09	1.54		2.58		7.53	8.73					

Statement of comprehensive income – SEB Group

SEK m	Q4			Q3			Q4			Jan - Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	
Net profit	4 601	3 403	35	5 688	-19	16 581	19 219	-14				
<i>Items that may subsequently be reclassified to the income statement:</i>												
Available-for-sale financial assets	-387	-39		132		-719	-11					
Cash flow hedges	-562	140		945		-667	3 094					
Translation of foreign operations	-470	220		398		-573	647					
<i>Items that will not be reclassified to the income statement:</i>												
Defined benefit plans	2 736	-345		-990		4 178	-2 700					
Other comprehensive income (net of tax)	1 317	- 24		485	172	2 219	1 030	115				
Total comprehensive income	5 918	3 379	75	6 173	-4	18 800	20 249	-7				
Attributable to minority interests				-2	-100							
Attributable to shareholders	5 918	3 379	75	6 175	-4	18 800	20 249	-7				

Balance sheet – SEB Group

SEK m	31 Dec 2015	31 Dec 2014
Cash and cash balances with central banks	101 429	103 098
Other lending to central banks	32 222	16 817
Loans to credit institutions ¹⁾	58 542	90 945
Loans to the public	1 353 386	1 355 680
Financial assets at fair value through profit or loss ²⁾	826 945	936 671
Fair value changes of hedged items in a portfolio hedge	104	173
Available-for-sale financial assets ²⁾	37 368	46 014
Held-to-maturity investments ²⁾		91
Assets held for sale	801	841
Investments in associates	1 181	1 251
Tangible and intangible assets	26 203	27 524
Other assets	57 783	62 141
Total assets	2 495 964	2 641 246
Deposits from central banks and credit institutions	118 506	115 186
Deposits and borrowing from the public	883 785	943 114
Liabilities to policyholders	370 709	364 354
Debt securities issued	639 444	689 863
Financial liabilities at fair value through profit or loss	230 785	278 764
Fair value changes of hedged items in a portfolio hedge	1 608	1 999
Other liabilities	75 084	70 257
Provisions	1 873	2 868
Subordinated liabilities	31 372	40 265
Total equity	142 798	134 576
Total liabilities and equity	2 495 964	2 641 246
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.	295 444	343 964

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

Pledged assets, contingent liabilities and commitments – SEB Group

SEK m	31 Dec 2015	31 Dec 2014
Collateral pledged for own liabilities ¹⁾	496 825	437 991
Assets pledged for liabilities to insurance policyholders	370 709	364 354
Collateral and comparable security pledged for own liabilities	867 534	802 345
Other pledged assets and comparable collateral ²⁾	146 521	127 792
Contingent liabilities	109 297	116 566
Commitments	609 872	559 575

1) Of which collateralised for covered bonds SEK 354,651m (359,276).

2) Securities lending SEK 63,528m (51,722) and pledged but unencumbered bonds SEK 73,781m (73,496).

Key figures – SEB Group

	Q4	Q3	Q4	Jan - Dec	
	2015	2015	2014	2015	2014
Return on equity, %	13.19	10.08	17.26	12.24	15.25
Return on equity excluding one-off items ¹⁾ , %	13.10	10.01	12.37	12.85	13.07
Return on total assets, %	0.65	0.47	0.81	0.57	0.71
Return on risk exposure amount, %	3.10	2.21	3.79	2.71	3.23
Cost/income ratio	0.49	0.54	0.45	0.50	0.47
Cost/income ratio excluding one-offs ¹⁾	0.49	0.54	0.52	0.49	0.50
Basic earnings per share, SEK	2.10	1.55	2.60	7.57	8.79
Weighted average number of shares ²⁾ , millions	2 193	2 192	2 191	2 191	2 187
Diluted earnings per share, SEK	2.09	1.54	2.58	7.53	8.73
Weighted average number of diluted shares ³⁾ , millions	2 203	2 203	2 204	2 203	2 202
Net worth per share, SEK	72.09	68.90	68.13	72.09	68.13
Equity per share, SEK	65.11	62.24	61.47	65.11	61.47
Average shareholders' equity, SEK, billion	139.6	135.1	131.8	135.5	126.1
Credit loss level, %	0.06	0.07	0.09	0.06	0.09
Liquidity Coverage Ratio (LCR) ⁴⁾ , %	128	116	115	128	115
Own funds requirement, Basel III					
Risk exposure amount, SEK m	570 840	604 206	616 531	570 840	616 531
Expressed as own funds requirement, SEK m	45 667	48 337	49 322	45 667	49 322
Common Equity Tier 1 capital ratio, %	18.8	17.8	16.3	18.8	16.3
Tier 1 capital ratio, %	21.3	20.1	19.5	21.3	19.5
Total capital ratio, %	23.8	22.7	22.2	23.8	22.2
Leverage ratio, %	4.9	4.5	4.8	4.9	4.8
Number of full time equivalents ⁵⁾	15 416	15 497	15 910	15 605	15 714
Assets under custody, SEK bn	7 196	7 401	6 763	7 196	6 763
Assets under management ⁶⁾ , SEK bn	1 700	1 631	1 708	1 700	1 708

1) Divestments of shares in MasterCard Inc. in Q3 2014, divestments of Euroline AB in Q4 2014 and Swiss withholding tax decision in Q2 2015.

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

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

4) According to Swedish FSA regulations for respective period.

5) Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period. The number of FTEs decreased by approximately 140 in Q3 2015 due to the divestment of SEB Asset Management AG.

6) Assets under management decreased by approximately SEK 75bn in Q3 2015 due to the divestment of SEB Asset Management AG.

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

Income statement on quarterly basis - SEB Group

SEK m	Q4	Q3	Q2	Q1	Q4
	2015	2015	2015	2015	2014
Net interest income	4 677	4 683	4 632	4 946	5 010
Net fee and commission income	4 043	3 748	4 812	4 274	4 553
Net financial income	1 169	928	766	1 255	343
Net life insurance income	922	706	732	940	854
Net other income	562	14	142	197	2 003
Total operating income	11 373	10 079	11 084	11 612	12 763
Staff costs	-3 524	-3 602	-3 754	-3 556	-3 414
Other expenses	-1 566	-1 323	-1 347	-1 523	-1 781
Depreciation, amortisation and impairment of tangible and intangible assets	- 481	- 527	- 505	- 479	- 596
Total operating expenses	-5 571	-5 452	-5 606	-5 558	-5 791
Profit before credit losses	5 802	4 627	5 478	6 054	6 972
Gains less losses from tangible and intangible assets	- 78	- 53	- 6	- 76	- 85
Net credit losses	- 219	- 256	- 220	- 188	- 310
Operating profit	5 505	4 318	5 252	5 790	6 577
Income tax expense	- 904	- 915	-1 326	-1 139	- 889
Net profit	4 601	3 403	3 926	4 651	5 688
Attributable to minority interests					
Attributable to shareholders	4 601	3 403	3 926	4 651	5 688
Basic earnings per share, SEK	2.10	1.55	1.79	2.12	2.60
Diluted earnings per share, SEK	2.09	1.54	1.78	2.11	2.58

Income statement by division – SEB Group

Jan-Dec 2015, SEK m	Merchant	Retail	Wealth	Life	Baltic	Other	Eliminations	SEB Group
	Banking	Banking	Management					
Net interest income	7 999	7 749	558	- 41	2 005	697	- 29	18 938
Net fee and commission income	5 891	4 424	4 240		1 115	47	1 160	16 877
Net financial income	3 962	341	197		241	- 623		4 118
Net life insurance income				4 986			-1 686	3 300
Net other income	515	42	46		29	296	- 13	915
Total operating income	18 367	12 556	5 041	4 945	3 390	417	- 568	44 148
Staff costs	-3 715	-2 775	-1 245	-1 212	- 729	-4 810	50	-14 436
Other expenses	-4 787	-2 995	-1 265	- 514	- 967	4 251	518	-5 759
Depreciation, amortisation and impairment of tangible and intangible assets	- 108	- 67	- 85	-1 021	- 69	- 642		-1 992
Total operating expenses	-8 610	-5 837	-2 595	-2 747	-1 765	-1 201	568	-22 187
Profit before credit losses	9 757	6 719	2 446	2 198	1 625	- 784		21 961
Gains less losses from tangible and intangible assets	1				- 216	2		- 213
Net credit losses	- 299	- 459			- 128	3		- 883
Operating profit	9 459	6 260	2 446	2 198	1 281	- 779		20 865

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	Q4			Q3			Q4			Jan- Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	
Net interest income	2 040	2 019	1	2 005	2	7 999	8 315	-4				
Net fee and commission income	1 400	1 194	17	1 811	-23	5 891	6 169	-5				
Net financial income	1 113	983	13	441	152	3 962	2 817	41				
Net other income	235	132	78	102	130	515	808	-36				
Total operating income	4 788	4 328	11	4 359	10	18 367	18 109	1				
Staff costs	- 915	- 921	-1	- 922	-1	- 3 715	- 3 654	2				
Other expenses	-1 160	-1 199	-3	-1 149	1	-4 787	-4 624	4				
Depreciation, amortisation and impairment of tangible and intangible assets	- 25	- 37	-32	- 33	-24	- 108	- 126	-14				
Total operating expenses	-2 100	-2 157	-3	-2 104	0	-8 610	-8 404	2				
Profit before credit losses	2 688	2 171	24	2 255	19	9 757	9 705	1				
Gains less losses from tangible and intangible assets				- 1		1	- 13					
Net credit losses	- 90	- 90	0	- 86	5	- 299	- 604	-50				
Operating profit	2 598	2 081	25	2 168	20	9 459	9 088	4				
Cost/Income ratio	0.44	0.50		0.48		0.47	0.46					
Business equity, SEK bn	58.8	60.8		52.4		60.9	52.3					
Return on business equity, %	13.6	10.5		12.7		12.0	13.4					
Number of full time equivalents ¹⁾	2 174	2 224		2 224		2 212	2 212					

¹⁾ Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

- Full year operating profit improved by 4 per cent
- Modest global growth and turbulent markets spurred high demand for risk management products
- High IPO activity but lower level of large event-based transactions

Comments on 2015

Heightened financial volatility generated high client demand for risk management services. Industrial activity remained muted keeping corporate investment levels low. However, interest rate levels and favorable equity market conditions led to a high number of Nordic IPOs. Pricing continued to reflect the exceptionally low interest rate environment that has evolved during the year.

SEB has continued to deepen its relationships with its core client base and to attract targeted new clients. The second phase of the Nordic and German growth has further enhanced the geographical diversification as well as the utilisation of SEB's broad service offering.

Operating income amounted to SEK 18,367m (18,109). Operating expenses increased by 2 per cent to SEK 8,610m, mainly related to currency effects. Net credit losses amounted to SEK 299m reflecting a continued high asset quality equivalent to a credit loss level of 5 basis points. Operating profit increased by 4 percent year-on-year.

Markets' operating income surpassed the level of 2014 with high client demand on the back of high market volatility. The foreign exchange and commodities businesses

experienced high client activity throughout the year especially in the seasonally strong fourth quarter. The fixed income business returned to normal levels and the IPOs benefited the equities business.

Transaction Banking presented an income level slightly below last year. Given the challenging interest rate levels, the result was satisfactory. Assets under custody grew to SEK 7,196bn (6,763).

Corporate & Investment Banking income was lower than in 2014. Growth within some financing areas, partly currency driven, was counteracted by the lower level of larger event-based transactions. However, SEB arranged a record number of IPOs thereby claiming the no. 1 position in the Nordic region. Generally, there was somewhat lower demand for new credits amongst corporate clients.

SEB continued to invest in the development of digital solutions aiming at increasing client usability and ease of product access and the bank received recognition as client satisfaction among corporates in Sweden was recorded at an all-time high.

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	Q4			Q3		Q4			Jan- Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%
Net interest income	1982	1973	0	1976	0	7 749	8 141	-5			
Net fee and commission income	1062	1078	-1	1125	-6	4 424	4 232	5			
Net financial income	80	81	-1	81	-1	341	318	7			
Net other income	20	7	186	31	-35	42	121	-65			
Total operating income	3144	3139	0	3213	-2	12 556	12 812	-2			
Staff costs	-701	-672	4	-680	3	-2775	-2701	3			
Other expenses	-813	-690	18	-774	5	-2995	-2943	2			
Depreciation, amortisation and impairment of tangible and intangible assets	-17	-16	6	-17	0	-67	-63	6			
Total operating expenses	-1 531	-1 378	11	-1 471	4	-5 837	-5 707	2			
Profit before credit losses	1 613	1 761	-8	1 742	-7	6 719	7 105	-5			
Gains less losses from tangible and intangible assets											
Net credit losses	-91	-141	-35	-118	-23	-459	-483	-5			
Operating profit	1 522	1 620	-6	1 624	-6	6 260	6 622	-5			
Cost/Income ratio	0.49	0.44		0.46		0.46	0.45				
Business equity, SEK bn	34.5	34.4		25.2		34.4	24.6				
Return on business equity, %	13.6	14.5		19.9		14.0	20.7				
Number of full time equivalents ¹⁾	3 292	3 303		3 417		3 304	3 370				

¹⁾ Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

- Operating profit decreased by 5 percent due to the negative repo rate
- Growth in lending and deposit volumes as well as assets under management
- 98 per cent of all customers with new mortgages loans with an LTV ratio above 70 per cent amortised

Comments on 2015

The exceptional low interest rates in Sweden and the volatile stock market were reflected in clients' activities. Corporate customers' willingness to invest was hesitant in the beginning of the year but recovered during the second half of 2015. Corporate lending increased by SEK 12bn to SEK 180bn.

During the year, SEB attracted 9,300 new full-service customers in the corporate segment and the number of full-service customers amounted to 158,800. Total deposits from corporates and private customers increased by 22bn to SEK 263bn. Net savings in mutual funds increased by SEK 7bn.

Residential mortgages increased by 14bn and amounted at year-end to SEK 409bn. Customers' willingness to amortise accelerated and at year-end 98 per cent of all customers with new loans with a loan-to-value (LTV) ratio above 70 per cent amortised their mortgage. The number of full-service customers in the private segment increased by 5,575 and amounted to 482,000.

Operating profit decreased by 5 per cent compared to 2014, primarily driven by the low interest rates which put

further pressure on deposit margins. Net interest income decreased by 5 per cent. Operating expenses amounted to SEK 5,837m (5,707), an increase primarily due to increased pension costs. Loan losses remained stable and amounted to SEK 459m for the year.

The development of the comprehensive savings offering continued. The smart phone app for private customers was updated with functionality to manage pensions, savings and insurance. 97 per cent of all customer interactions were digital. Swish corporate, a mobile service for payments between companies and individuals was launched during the year. The service model will be further calibrated in order to strengthen digital advisory and value creation aligned with tomorrow's customer behaviour.

Profit in the continuing operations in the card business increased based on higher turnover despite the introduction of new regulatory caps on card interchange fees in December.

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	Q4			Q3			Q4			Jan- Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	
Net interest income	133	140	-5	146	-9	558	685	-19				
Net fee and commission income	1001	890	12	1197	-16	4240	3884	9				
Net financial income	40	37	8	29	38	197	152	30				
Net other income	2	-2		3		46	193	-76				
Total operating income	1176	1065	10	1375	-14	5041	4914	3				
Staff costs	-284	-298	-5	-330	-14	-1245	-1216	2				
Other expenses	-302	-306	-1	-388	-22	-1265	-1382	-8				
Depreciation, amortisation and impairment of tangible and intangible assets	-6	-66	-91	-8	-25	-85	-39	118				
Total operating expenses	-592	-670	-12	-726	-18	-2595	-2637	-2				
Profit before credit losses	584	395	48	649	-10	2446	2277	7				
Gains less losses from tangible and intangible assets												
Net credit losses				-2			-19					
Operating profit	584	395	48	647	-10	2446	2258	8				
Cost/Income ratio	0.50	0.63		0.53		0.51	0.54					
Business equity, SEK bn	9.1	9.4		8.5		9.5	8.6					
Return on business equity, %	19.8	12.9		23.5		19.8	20.3					
Number of full time equivalents ¹⁾	728	737		884		842	882					

¹⁾ Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

- Operating profit increased by 8 per cent, driven by strong fund performance
- Strengthened efforts to integrate sustainability into portfolio management processes
- In the prevailing market environment, private customers reallocated from equity to balanced funds

Comments on 2015

Capital markets remained a challenge throughout the year, with volatile equity markets and sustained low interest rates. In this market environment customers reduced portfolio risk by reallocating from equity funds to mainly balanced funds, while institutional investors searched for yield outside traditional asset classes; an area where SEB continued to develop higher margin products.

Total assets under management amounted to SEK 1,626bn (1,635). Strong net inflows were offset by a SEK 75bn decrease from the divestment of SEB Asset Management AG.

The operating profit of SEK 2,446m increased by 8 per cent compared to previous year (2,258). Base commissions increased to SEK 3,273m (3,061), driven by higher average asset volumes in 2015. The Group's performance and transaction fees increased by SEK 220m to SEK 679m – due to a strong fund performance – of which SEK 628m (434) was included in Wealth Management's result. Net interest income

decreased due to the sustained low interest rate environment. Brokerage fees were lower than 2014 when brokerage activity was higher than normal. Operating expenses were 2 per cent lower than in 2014, mainly due to the divestment of SEB Asset Management in Germany.

The private banking and institutional clients segments attracted new customers over the year and together generated SEK 42bn in net inflows of assets under management. SEB was awarded as the best Private Banking provider in Sweden by both Euromoney and Professional Wealth Management/The Banker.

SEB intensified its efforts to integrate sustainability factors into its investments and portfolio management processes. The SEB Green Bond and SEB Global Sustainability Funds were launched and the Montréal Carbon Pledge was signed. SEB maintained its number 2 position in Morningstar's long-term performance valuation of the largest fund providers in Sweden.

Life

The Life division offers life insurance services to private individuals and corporate customers, mainly in Sweden, Denmark and the Baltic countries.

Income statement

SEK m	Q4			Q3			Q4			Jan- Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	
Net interest income	- 11	- 10	10	- 11	0	- 41	- 46	-11				
Net life insurance income	1 320	1 115	18	1 218	8	4 986	4 833	3				
Total operating income	1 309	1 105	18	1 207	8	4 945	4 787	3				
Staff costs	- 298	- 294	1	- 312	-4	-1 212	-1 225	-1				
Other expenses	- 146	- 124	18	- 141	4	- 514	- 508	1				
Depreciation, amortisation and impairment of tangible and intangible assets	- 267	- 253	6	- 265	1	-1 021	- 988	3				
Total operating expenses	- 711	- 671	6	- 718	-1	-2 747	-2 721	1				
Profit before credit losses	598	434	38	489	22	2 198	2 066	6				
Operating profit	598	434	38	489	22	2 198	2 066	6				
Cost/Income ratio	0.54	0.61		0.59		0.56	0.57					
Business equity, SEK bn	8.4	8.4		8.2		8.4	8.2					
Return on business equity, %	24.7	17.9		20.7		22.7	21.9					
Number of full time equivalents ¹⁾	1 274	1 287		1 301		1 285	1 309					

¹⁾ Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

- Operating profit increased by 6 per cent year-on-year
- Broadened and more digitised customer offerings well received
- International recognition at the IPE Awards event

Comments on 2015

The insurance industry is facing multiple challenges and opportunities. The level of publicly funded pensions is decreasing putting more pressure on individuals to cater for their long-term savings needs. At the same time, retirement issues are often perceived as complex. SEB made several initiatives during 2015 in order to make it easier for companies and private individuals to gain insight and to take responsibility for their future retirement. In Sweden, the customer offering was broadened with traditional insurance. Client meetings were simplified and digitised. Here digital information retrieval and screen-sharing are essential components as they enable customers to choose where and when they can get an overview and obtain pension advice. Customer surveys show that this is highly appreciated.

During the year, the new concept for financial security solutions for newly started and small companies was implemented on a digital platform with digital signing for the customer.

SEB was recognised for its investment strategy in the international IPE Awards (Best Equities and Smart Beta).

Operating profit improved during the fourth quarter and increased by 6 per cent year-on-year to SEK 2,198m (2,066).

Income in the unit-linked related business grew by 12 per cent due to higher fund values during the year and continued to represent the major part of total income. Income from traditional insurance products decreased as a consequence of unfavourable financial markets and a decline in risk insurance in Sweden. In total, operating income increased by 3 per cent and operating expenses increased by 1 per cent from 2014.

The weighted sales volume of new policies increased by 20 per cent to SEK 54bn, primarily in the Swedish market. The unit-linked related segment represented 82 per cent of sales (85) and the share of corporate paid policies declined to 70 per cent (75).

Total premium income relating to both new and existing policies increased by 5 per cent to SEK 38bn.

The total fund value in the unit-linked related segment amounted to SEK 295bn, which was SEK 21bn higher than at the beginning of the year. The net inflow was SEK 3bn and the appreciation in value was SEK 9bn. Customers in Denmark also utilised an option to transfer from traditional guaranteed insurance to a unit-linked option, Tidspension. The transferred volume amounted to SEK 9bn. Total assets under management amounted to SEK 576bn.

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	Q4			Q3			Q4			Jan- Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	
Net interest income	472	513	-8	544	-13	2 005	2 203	-9				
Net fee and commission income	292	283	3	282	4	1 115	1 065	5				
Net financial income	55	47	17	73	-25	241	295	-18				
Net other income	-2	21		-7	-71	29	-32					
Total operating income	817	864	-5	892	-8	3 390	3 531	-4				
Staff costs	-187	-181	3	-192	-3	-729	-704	4				
Other expenses	-235	-244	-4	-268	-12	-967	-965	0				
Depreciation, amortisation and impairment of tangible and intangible assets	-16	-18	-11	-24	-33	-69	-93	-26				
Total operating expenses	-438	-443	-1	-484	-10	-1 765	-1 762	0				
Profit before credit losses	379	421	-10	408	-7	1 625	1 769	-8				
Gains less losses from tangible and intangible assets	-77	-55	40	-82	-6	-216	-107	102				
Net credit losses	-39	-56	-30	-103	-62	-128	-217	-41				
Operating profit	263	310	-15	223	18	1 281	1 445	-11				
Cost/Income ratio	0.54	0.51		0.54		0.52	0.50					
Business equity, SEK bn	7.5	7.7		8.3		7.9	8.9					
Return on business equity, %	12.4	14.2		9.6		14.4	14.5					
Number of full time equivalents ¹⁾	2 612	2 641		2 821		2 678	2 783					

¹⁾ Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

Baltic Banking (excl RHC)

Operating profit	359	384	-7	336		1 574	1 664	-5
Cost/Income ratio	0.52	0.50		0.52		0.50	0.48	
Business equity, SEK bn	7.2	7.4		7.9		7.5	8.5	
Return on business equity, %	17.8	18.5		15.2		18.6	17.5	

- Stable profitability with return on business equity at 18.6 per cent, excluding the real estate holding companies
- Higher lending demands in Estonia and Lithuania
- SEB named the Best Private Bank in each of the Baltic countries by The Banker

Comments on 2015

The Baltic countries continued to experience economic growth during the year, mainly sustained by growing domestic demand. Strong real incomes, lower unemployment and low interest rates have led to a growth in domestic demand. This mitigated the effects of the sanctions following the Russia-Ukraine conflict.

SEB continued to invest in better customer offerings and advisory services, for instance the new card offering MasterCard World Elite. Baltic home banking customers increased by 13,000 year-on-year.

Loan volumes amounted to SEK 104bn (105) and were 2 per cent higher year-on-year (in local currency terms). Estonian and Lithuanian lending volumes increased in both the household and corporate segments. Lending volumes in Latvia were generally lower. Lending margins remained relatively stable across the portfolio, with slightly higher margins on new loans.

The deposit volumes amounted to SEK 94bn (92) and were 5 per cent higher year-on-year (in local currency terms).

Deposits increased in all Baltic countries. With the very low deposit margins prevailing in the Baltics, net interest income decreased by 9 per cent year-on-year. However, net fee and commission income was 5 per cent higher year-on-year.

Operating profit was 11 per cent lower, due in part to property impairments in the real estate holding companies. Non-performing loans declined by 11 per cent during the year. Credit losses relating to Russian sanctions were minimal.

At year-end, the real estate holding companies (RHC) held assets with a total book value of SEK 1,739m (2,605). The operating loss for 2015 was SEK 292m (219).

The Banker Magazine awarded SEB as the best bank in Estonia for 2015 and the best private bank in each of Estonia, Latvia and Lithuania in 2015.

A Baltic financial literacy program was launched where SEB volunteers reached 6,000 students with lectures on budgeting, loans and pensions. In Estonia, SEB's charity fund was awarded as Supporter of the Year by Tallinn City.

SEB's markets

In Sweden and the Baltic countries, SEB offers universal financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany, the operations focus on a full-service offering to corporate and institutional clients. SEB also serves its corporate and institutional customers through its international network.

Profit per country

Distribution by country Jan - Dec SEK m	Total operating income			Total operating expenses			Operating profit			Operating profit in local currency		
	2015	2014	%	2015	2014	%	2015	2014	%	2015	2014	%
Sweden	26 184	28 088	- 7	-13 851	-14 179	- 2	11 682	12 934	- 10	11 682	12 934	- 10
Norway	3 378	3 991	- 15	-1 195	-1 180	1	2 126	2 733	- 22	2 030	2 510	- 19
Denmark	2 697	3 114	- 13	-1 311	-1 241	6	1 423	1 711	- 17	1 134	1 402	- 19
Finland	1 829	1 820	0	- 741	- 713	4	1 081	1 100	- 2	116	121	- 4
Germany ¹⁾	2 840	3 183	- 11	-1 559	-1 722	- 9	1 255	1 568	- 20	134	172	- 22
Estonia	1 260	1 226	3	- 568	- 539	5	727	687	6	78	75	4
Latvia	934	949	- 2	- 502	- 537	- 7	256	212	21	27	23	17
Lithuania	1 465	1 660	- 12	- 768	- 763	1	495	772	- 36	53	85	- 38
International network and elimination	3 561	2 905	23	-1 692	-1 269	33	1 820	1 631	12			
Total	44 148	46 936	- 6	-22 187	-22 143	0	20 865	23 348	- 11			

¹⁾ Excluding Treasury operations.

- Maintained focus on the targeted expansion in the Nordic countries and Germany
- Excluding one-off items, operating profit in Sweden, Norway and Denmark improved
- Operating profit in the international network increased by 12 per cent

Comments on 2015

In *Sweden*, operating profit represented 56 per cent of the group total and decreased by 10 per cent year-on-year. Excluding one-off effects²⁾³⁾, operating profit grew by 10 per cent. Net interest income declined in the negative interest rate environment, partly offset by an increase in lending volumes from both private and corporate segments. Net financial income increased each quarter this year and was in total SEK 1.7bn higher than 2014.

In *Norway*, market conditions were challenging with credit spreads widening in the third quarter and the sharp drop in oil prices. This was counteracted by the result of the investment banking and card business held up. With almost flat costs and excluding the one-off item²⁾ operating profit increased by 3 per cent, to a record high level.

In *Denmark*, the operating profit amounted to SEK 1,423m (1,711). The underlying business performed well and operating profit excluding the one-off item⁴⁾ increased by 36 per cent year-on-year, mainly due to higher income from corporate and institutional clients, whereas SEB Pension maintained the high performance from last year.

In *Finland*, the steady underlying income combined with some event-driven activities upheld the operating profit which was 2 per cent lower than previous year. The card business

result improved with effects from the investment in Nets' Eurocard operations in 2014.

In *Germany*, the full year operating profit was down by 20 per cent in an increasingly competitive market. However, Merchant Banking's operating profit was 5 per cent higher, in local currency, than 2014, excluding the impact from the wind-down of the non-strategic business. Further restructuring measures were initiated. SEB Asset Management AG, with SEK 75bn in assets under management, was divested during the year.

In *Estonia* the bank benefited from the relatively steady economic development in the past few years with loan portfolio growth, good margins and low credit provisions. There were positive signs and some portfolio growth in the bank in *Lithuania*, but income in the wake of the euro conversion and low interest rates was lower. In *Latvia*, the bank's growth was challenged. See also the information on the Baltic division.

In *the international network*, SEB's offer, mainly to local units of internationally active home market customers, led to an increase in operating profit.

²⁾ The sale of MasterCard Inc. in 2014.

³⁾ The sale of Euroline AB in 2014.

⁴⁾ The withholding tax decision made by the Swiss Supreme court in 2015. It related to a former entity of SEB Denmark and has no effect on SEB's current business.

The SEB Group

Net interest income – SEB Group

SEK m	Q4			Q3			Q4			Jan - Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	
Interest income	9 042	9 083	0	10 479	- 14	37 726	43 557	- 13				
Interest expense	-4 365	-4 400	- 1	-5 469	- 20	-18 788	-23 614	- 20				
Net interest income	4 677	4 683	0	5 010	- 7	18 938	19 943	- 5				

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	Q4			Q3			Q4			Jan - Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	
Issue of securities and advisory	258	188	37	281	- 8	834	1 000	- 17				
Secondary market and derivatives	415	401	3	529	- 22	3 197	2 439	31				
Custody and mutual funds	2 028	1 957	4	2 114	- 4	8 500	7 573	12				
Payments, cards, lending, deposits, guarantees and other	2 564	2 308	11	2 861	- 10	9 809	10 406	- 6				
<i>Whereof payments and card fees</i>	1 386	1 396	- 1	1 551	- 11	5 521	6 047	- 9				
<i>Whereof lending</i>	648	500	30	892	- 27	2 445	2 785	- 12				
Fee and commission income	5 265	4 854	8	5 785	- 9	22 340	21 418	4				
Fee and commission expense	-1 222	-1 106	10	-1 232	- 1	-5 463	-5 112	7				
Net fee and commission income	4 043	3 748	8	4 553	- 11	16 877	16 306	4				
<i>Whereof Net securities commissions</i>	2 040	2 014	1	2 267	- 10	9 299	8 545	9				
<i>Whereof Net payments and card fees</i>	850	861	- 1	896	- 5	3 435	3 416	1				

Net financial income – SEB Group

SEK m	Q4			Q3			Q4			Jan - Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%	
Equity instruments and related derivatives ¹⁾	677	-1 069		201		- 141	1 899					
Debt securities and related derivatives	- 678	1 075		- 830	- 18	266	-1 913					
Currency and related derivatives	1 114	902	24	1 078	3	3 831	3 091	24				
Other	56	20	180	- 106		162	- 156					
Net financial income	1 169	928	26	343		4 118	2 921	41				
<i>Whereof unrealized valuation changes from counterparty risk and own credit standing in derivatives and own issued securities.</i>	121	6		- 36		603	- 302					

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

For fourth quarter the effect from structured products offered to the public was approximately SEK 445m (Q3 2015: -1,290, Q4 2014: 165) in Equity related derivatives and Credit related derivatives SEK 295m (Q3 2015: -110, Q4 2014: 220) and a corresponding effect in Debt securities and related derivatives SEK -755m (Q3 2015: 1,380, Q4 2014: -415).

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.

Staff costs – SEB Group

SEK m	Jan - Dec		
	2015	2014	%
Salaries*	-10 563	-10 459	1
Short-term incentive*	- 786	- 956	-18
Long-term incentive*	- 864	- 570	52
Pension costs	-1 372	-1 014	35
Redundancy costs*	- 234	- 154	52
Other staff costs	- 617	- 607	2
Staff costs	-14 436	-13 760	5

* including social charges

SEK m	Jan - Dec		
	2015	2014	%
Short-term incentive (STI) to staff	- 660	- 780	-15
Social benefit charges on STI	- 126	- 176	-28
Short-term incentive remuneration	- 786	- 956	-18

SEK m	Jan - Dec		
	2015	2014	%
Long-term incentive (LTI) to staff	- 662	- 373	77
Social benefit charges on LTI	- 202	- 197	3
Long-term incentive remuneration	- 864	- 570	52

Defined benefit pension plans

Balance sheet, SEK m	Jan - Dec		
	2015	2014	%
Defined benefit obligation	25 059	28 690	-13
Fair value of plan assets	30 234	28 954	4
Net amount recognised in the balance sheet	5 175	264	0

Income statement, SEK m	Jan - Dec		
	2015	2014	%
Service costs	- 618	- 421	47
Interest costs	- 631	- 801	-21
Calculated interest on plan assets	643	961	-33
Included in staff costs	- 606	- 261	132

Other comprehensive income, SEK m	Jan - Dec		
	2015	2014	%
Defined benefit pension plans	4 178	-2 700	

Net credit losses – SEB Group

SEK m	Q3			Q4		Jan - Dec		
	2015	2015	%	2014	%	2015	2014	%
<i>Provisions:</i>								
Net collective provisions for individually assessed loans	58	62	-6	338	-83	74	459	-84
Net collective provisions for portfolio assessed loans	163	54		129	26	362	414	-13
Specific provisions	-222	-229	-3	-524	-58	-1 058	-1 448	-27
Reversal of specific provisions no longer required	58	58		52	12	507	279	82
Net provisions for contingent liabilities	-24	32		-32	-25	3	-42	
Net provisions	33	-23		-37	-189	-112	-338	
<i>Write-offs:</i>								
Total write-offs	-563	-699	-19	-671	-16	-2 256	-2 401	-6
Reversal of specific provisions utilized for write-offs	247	430	-43	329	-25	1 301	1 229	6
Write-offs not previously provided for	-316	-269	17	-342	-8	-955	-1 172	-19
Recovered from previous write-offs	64	36	78	69	-7	184	186	-1
Net write-offs	-252	-233	8	-273	-8	-771	-986	-22
Net credit losses	-219	-256	-14	-310	-29	-883	-1 324	-33

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			
Jan-Dec 2015									
Opening balance	21 942	108 435	1 367	3 877	-1 370	292	134 543	33	134 576
Net profit		16 581					16 581		16 581
Other comprehensive income (net of tax)			-719	-667	-573	4 178	2 219		2 219
Total comprehensive income		16 581	-719	-667	-573	4 178	18 800		18 800
Dissolvement of minority interest								-33	-33
Dividend to shareholders		-10 400					-10 400		-10 400
Equity-based programmes ¹⁾		-164					-164		-164
Change in holdings of own shares		19					19		19
Closing balance	21 942	114 471	648	3 210	-1 943	4 470	142 798		142 798
Jan-Dec 2014									
Opening balance	21 942	97 704	1 378	783	-2 018	2 992	122 781	33	122 814
Net profit		19 218					19 218	1	19 219
Other comprehensive income (net of tax)			-11	3 094	648	-2 700	1 031	-1	1 030
Total comprehensive income		19 218	-11	3 094	648	-2 700	20 249		20 249
Dividend to shareholders		-8 725					-8 725		-8 725
Equity-based programmes ¹⁾		485					485		485
Change in holdings of own shares		-247					-247		-247
Closing balance	21 942	108 435	1 367	3 877	-1 370	292	134 543	33	134 576

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-Dec 2015	Jan-Dec 2014
Number of shares owned by SEB, million		
Opening balance	5,5	14,4
Repurchased shares	3,4	2,3
Sold/distributed shares	-8,0	-11,2
Closing balance	0,9	5,5

Market value of shares owned by SEB, SEK m	76	547
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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 - Dec		
	2015	2014	%
Cash flow from operating activities	21 002	-148 500	
Cash flow from investment activities	903	4 310	- 79
Cash flow from financing activities	-19 102	8 527	
Net increase in cash and cash equivalents	2 803	-135 663	- 102
Cash and cash equivalents at the beginning of year	105 848	213 388	- 50
Exchange rate differences on cash and cash equivalents	2 119	28 123	- 92
Net increase in cash and cash equivalents	2 803	-135 663	
Cash and cash equivalents at the end of period¹⁾	110 770	105 848	5

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	31 Dec 2015		31 Dec 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1 522 503	1 529 152	1 533 550	1 549 504
Equity instruments	98 207	98 207	129 074	129 074
Debt instruments	299 943	300 106	352 369	352 573
Derivative instruments	215 551	215 551	273 511	273 511
Financial assets - policyholders bearing the risk	271 613	271 613	258 945	258 945
Other	37 666	37 666	43 557	43 557
Financial assets	2 445 483	2 452 295	2 591 006	2 607 164
Deposits	957 599	957 895	1 007 257	1 005 514
Equity instruments	12 927	12 927	15 237	15 237
Debt instruments	725 950	745 370	806 986	827 052
Derivative instruments	190 039	190 039	237 712	237 712
Liabilities to policyholders - investment contracts	271 995	271 995	259 275	259 275
Other	59 619	59 619	35 417	35 417
Financial liabilities	2 218 129	2 237 845	2 361 884	2 380 207

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	31 Dec 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
Assets								
Financial assets - policyholders bearing the risk	255 175	13 831	2 607	271 613	249 543	7 335	2 067	258 945
Equity instruments at fair value through profit and loss	75 565	11 473	11 677	98 715	101 814	15 139	12 635	129 588
Debt instruments at fair value through profit and loss	132 789	144 948	1 204	278 941	145 703	174 255	1 198	321 156
Derivative instruments at fair value	2 061	202 261	11 229	215 551	5 020	258 520	9 971	273 511
Investment properties			7 169	7 169			7 497	7 497
Assets held for sale		801		801		841		841
Total	465 590	373 314	33 886	872 790	502 080	456 090	33 368	991 538
Liabilities								
Liabilities to policyholders - investment contracts	255 581	13 812	2 602	271 995	249 914	7 305	2 056	259 275
Equity instruments at fair value through profit and loss	12 445	37	445	12 927	14 714	48	475	15 237
Debt instruments at fair value through profit and loss	7 025	38 191		45 216	16 657	40 705		57 362
Derivative instruments at fair value	2 534	176 103	11 401	190 038	6 826	221 226	9 660	237 712
Other financial liabilities		17 377		17 377				0
Total	277 585	245 520	14 448	537 553	288 111	269 284	12 191	569 586

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.

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

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.

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 Assets for sale classified Equity instruments in the amount of SEK 247m has been reclassified from level 2 to level 3 due to reassessment of valuation method. During the third quarter Debt Instruments, Swedish and Norwegian Municipalities, in the amount of SEK 11bn has been transferred from Level 1 to Level 2 as the market deemed not as active as required.

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 31 Dec 2015
Assets												
Financial assets - policyholders bearing the risk	2 067	38		2 100	-1 606			81			-73	2 607
Equity instruments at fair value	12 635	-189	-156	2 611	-3 059			12	-117	247	-307	11 677
Debt instruments at fair value	1 198	117		641	-723						-29	1 204
Derivative instruments at fair value	9 971	1 266		947	-618		-32				-305	11 229
Investment properties	7 497	170		64	-339						-223	7 169
Total	33 368	1 402	-156	6 363	-6 345	0	-32	93	-117	247	-937	33 886
Liabilities												
Liabilities to policyholders - investment contracts	2 056	38		2 094	-1 596			81			-71	2 602
Equity instruments at fair value	475	90		-114							-6	445
Debt instruments at fair value	0											0
Derivative instruments at fair value	9 660	1 260		954	-184		19				-308	11 401
Total	12 191	1 388	0	2 934	-1 780	0	19	81	0	0	-385	14 448

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	31 Dec 2015				31 Dec 2014			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Derivative instruments ^{1) 2) 4)}	919	-813	106	97	1 143	-983	160	51
Equity instruments ^{3) 6)}	1 517	-445	1 072	233	1 864	-475	1 389	279
Insurance holdings - Financial instruments ^{5) 7)}	21 415	-10 595	10 820	1 539	10 989	-128	10 861	1 524
Insurance holdings - Investment properties ^{6) 7)}	7 169		7 169	717	7 497		7 497	750

1) Sensitivity from a shift of inflation linked swap spreads by 16 basis points (5) and implied volatilities by 5 percentage points (5).

2) Sensitivity from a shift of swap spreads by 5 basis points (5).

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

4) Shift in implied volatility down by 10 percentage points (10).

5) Sensitivity analysis is based on a shift in private equity of 20 per cent (20), structured credits 10 per cent (10) and derivative market values of 10 per cent (10).

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

7) The sensitivity show changes in the value of the insurance holdings which do not at all times affect the P/L of the Group since any surplus in the traditional life portfolios are consumed first.

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			
31 Dec 2015								
Derivatives	219 186	-4 514	214 672	-133 854	-33 135	47 683	879	215 551
Reversed repo receivables	71 161	-10 850	60 311	-4 604	-55 468	239	5	60 316
Securities borrowing	22 582	-75	22 507	-5 976	-16 531		5 984	28 491
Client receivables	335	-333	2			2	11 752	11 754
Assets	313 264	-15 772	297 492	-144 434	-105 134	47 924	18 620	316 112
Derivatives	192 675	-4 514	188 161	-133 854	-49 311	4 996	1 878	190 039
Repo payables	20 459	-10 850	9 609	-4 604	-4 128	877		9 609
Securities lending	17 538	-75	17 463	-5 976	-11 260	227	6	17 469
Client payables	333	-333					9 812	9 812
Liabilities	231 005	-15 772	215 233	-144 434	-64 699	6 100	11 696	226 929
31 Dec 2014								
Derivatives	278 687	-6 916	271 771	-194 316	-46 678	30 777	1 740	273 511
Reversed repo receivables	93 230	-9 412	83 818	-7 130	-73 562	3 126	6 961	90 779
Securities borrowing	24 599		24 599	-10 979	-10 719	2 901	5 835	30 434
Client receivables	5 915	-5 915					9 398	9 398
Assets	402 431	-22 243	380 188	-212 425	-130 959	36 804	23 934	404 122
Derivatives	243 719	-6 916	236 803	-194 316	-35 519	6 968	909	237 712
Repo payables	16 623	-9 412	7 211	-7 130	-81		4 211	11 422
Securities lending	23 417		23 417	-10 979	-9 318	3 120	11 045	34 462
Client payables	5 915	-5 915					7 402	7 402
Liabilities	289 674	-22 243	267 431	-212 425	-44 918	10 088	23 567	290 998

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	Q4			Q3		Q4			Jan - Dec		
	2015	2015	%	2014	%	2015	2014	%	2015	2014	%
Reclassified											
Opening balance	8 114	8 958	-9	13 485	-40	13 428	18 845	-29			
Amortisations	-2 128	-1 713	24	- 615		-7 081	-4 340	63			
Securities sold	- 92	- 2		- 14		- 620	-2 294	-73			
Accrued coupon	- 4	- 3	33	- 2	100	- 15	- 7	114			
Exchange rate differences	- 53	874		574		125	1 224	-90			
Closing balance*	5 837	8 114	-28	13 428	-57	5 837	13 428	-57			
* Market value	5 785	8 193	-29	13 537	-57	5 785	13 537	-57			
Fair value impact - if not reclassified											
In Other Comprehensive Income (AFS origin)	- 33	- 18	83	3		- 34	168	-120			
In Income Statement (HFT origin)	- 11	- 30	-63	- 2		- 64	- 25	156			
Total	- 44	- 48	-8	1		- 98	143	-169			
Effect in Income Statements**											
Net interest income	11	34	-68	34	-68	115	199	-42			
Net financial income	6	802	-99	342	-98	224	814	-72			
Other income	- 1	- 23	-96	- 2	-50	- 93	- 1				
Total	16	813	-98	374	-96	246	1 012	-76			

** 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

	31 Dec	31 Dec
SEK m	2015	2014
Individually assessed impaired loans		
Impaired loans, past due > 60 days	4 091	6 541
Impaired loans, performing or past due < 60 days	809	250
Total individually assessed impaired loans	4 900	6 791
Specific reserves	- 2 044	- 2 834
<i>for impaired loans, past due > 60 days</i>	- 1 757	- 2 708
<i>for impaired loans, performing or past due < 60 days</i>	- 287	- 126
Collective reserves	- 1 304	- 1 387
Impaired loans net	1 552	2 570
Specific reserve ratio for individually assessed impaired loans	41.7%	41.7%
Total reserve ratio for individually assessed impaired loans	68.3%	62.2%
Net level of impaired loans	0.20%	0.29%
Gross level of impaired loans	0.35%	0.49%
Portfolio assessed loans		
Portfolio assessed loans past due > 60 days	2 922	3 534
Restructured loans	205	274
Collective reserves for portfolio assessed loans	- 1 530	- 1 936
Reserve ratio for portfolio assessed loans	48.9%	50.8%
Reserves		
Specific reserves	- 2 044	- 2 834
Collective reserves	- 2 834	- 3 323
Reserves for off-balance sheet items	- 81	- 87
Total reserves	- 4 959	- 6 244
Non-performing loans		
Non-performing loans*	8 027	10 599
NPL coverage ratio	61.8%	58.9%
NPL % of lending	0.57%	0.76%

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

Seized assets – SEB Group

	31 Dec	31 Dec
SEK m	2015	2014
Properties, vehicles and equipment	1 116	1 945
Shares	39	48
Total seized assets	1 155	1 993

Assets and liabilities held for sale – SEB Group

SEK m	31 Dec 2015	31 Dec 2014
Other assets	801	841
Total assets held for sale	801	841
Other liabilities		
Total liabilities held for sale	0	0

The Baltic division has a divestment plan for investment properties. Through the continuation of the plan, additional properties were reclassified as assets held for sale until the derecognition at concluded sales agreement. The net amount of these activities during the fourth quarter was SEK -135m.

SEB consolidated situation

Capital adequacy analysis for SEB consolidated situation

SEK m	31 Dec 2015	31 Dec 2014
Own funds		
Common Equity Tier 1 capital	107 535	100 569
Tier 1 capital	121 391	120 317
Total own funds	135 782	136 899
Own funds requirement		
Risk exposure amount	570 840	616 531
Expressed as own funds requirement	45 667	49 322
Common Equity Tier 1 capital ratio	18.8%	16.3%
Tier 1 capital ratio	21.3%	19.5%
Total capital ratio	23.8%	22.2%
Own funds in relation to own funds requirement	2.97	2.78
Regulatory Common Equity Tier 1 capital requirement including buffer	10.5%	7.0%
of which capital conservation buffer requirement	2.5%	2.5%
of which systemic risk buffer requirement	3.0%	
of which countercyclical capital buffer requirement	0.5%	
Common Equity Tier 1 capital available to meet buffer ¹⁾	14.3%	11.8%
Transitional floor 80% of capital requirement according to Basel I		
Minimum floor own funds requirement according to Basel I	79 123	79 581
Own funds according to Basel I	135 478	136 015
Own funds in relation to own funds requirement Basel I	1.71	1.71
Leverage ratio		
Exposure measure for leverage ratio calculation	2 463 479	2 505 146
of which on balance sheet items	2 094 445	2 165 651
of which off balance sheet items	369 034	339 495
Leverage ratio	4.9%	4.8%

¹⁾ CET1 ratio less minimum capital requirement of 4.5% excluding buffers. In addition to the CET1 requirements there is a total capital requirement of additional 3.5%.

Internally assessed capital requirement

As per 31 December 2015, the internally assessed capital requirement amounted to SEK 51bn (61). 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	31 Dec 2015	31 Dec 2014
Shareholders equity	21 942	21 942
Retained earnings	53 458	45 167
Accumulated other comprehensive income and other reserves	50 817	48 215
Independently reviewed profit for the year ¹⁾	16 581	19 219
Minority interests		33
Total equity according to balance sheet	142 798	134 576
Deductions related to the consolidated situation and other foreseeable charges	-12 398	-12 743
Common Equity Tier 1 capital before regulatory adjustments ²⁾	130 400	121 833
Additional value adjustments	-937	-1 314
Intangible assets	-11 942	-12 168
Deferred tax assets that rely on future profitability	-501	-603
Fair value reserves related to gains or losses on cash flow hedges	-3 210	-3 877
Negative amounts resulting from the calculation of expected loss amounts	-571	-188
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-145	400
Defined-benefit pension fund assets	-2 927	
Direct and indirect holdings of own CET1 instruments	-179	-1 294
Securitisation positions with 1,250% risk weight	-43	-594
Adjustments relating to unrealised gains (AFS)		-1 626
Total regulatory adjustments to Common Equity Tier 1	-20 455	-21 264
Common Equity Tier 1 capital	109 945	100 569
Additional Tier 1 instruments	9 257	8 545
Grandfathered additional Tier 1 instruments	4 598	11 203
Tier 1 capital	123 800	120 317
Tier 2 instruments	16 091	16 552
Grandfathered Tier 2 instruments		1 533
Net provisioning amount for IRB-reported exposures	875	1 072
Holdings of Tier 2 instruments in financial sector entities	-2 575	-2 575
Tier 2 capital	14 391	16 582
Total own funds	138 191	136 899

¹⁾ 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 have reviewed 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.

²⁾ The Common Equity Tier 1 capital is presented on a consolidated basis, and differs from total equity according to IFRS. The insurance business contribution to equity is excluded and there is a dividend deduction calculated according to Regulation (EU) No 575/2013 (CRR). At year-end the proposed dividend is included.

Risk exposure amount for SEB consolidated situation

SEK m	31 Dec 2015		31 Dec 2014	
	Risk exposure amount	Own funds requirement ¹⁾	Risk exposure amount	Own funds requirement ¹⁾
Credit risk IRB approach				
Exposures to institutions	22 701	1 816	34 013	2 721
Exposures to corporates	307 618	24 609	344 576	27 566
Retail exposures	53 163	4 253	51 826	4 146
of which secured by immovable property	32 784	2 623	31 905	2 552
of which qualifying revolving retail exposures	248	20	1 498	120
of which retail SME	3 255	260	3 099	248
of which other retail exposures	16 876	1 350	15 324	1 226
Securitisation positions	4 114	329	5 035	403
Total IRB approach	387 596	31 007	435 450	34 836
Credit risk standardised approach				
Exposures to central governments or central banks	1 425	114	743	59
Exposures to regional governments or local authorities	51	4	40	3
Exposures to public sector entities	5	0	7	1
Exposures to institutions	1 062	85	1 222	98
Exposures to corporates	15 568	1 245	16 743	1 339
Retail exposures	14 821	1 186	16 593	1 327
Exposures secured by mortgages on immovable property	4 159	333	4 161	333
Exposures in default	520	42	634	51
Exposures associated with particularly high risk	1 823	146	1 791	143
Securitisation positions	208	17	40	3
Exposures in the form of collective investment undertakings (CIU)	56	4	48	4
Equity exposures	2 182	175	2 371	190
Other items	6 364	509	10 216	817
Total standardised approach	48 244	3 860	54 609	4 368
Market risk				
Trading book exposures where internal models are applied	34 233	2 739	25 144	2 012
Trading book exposures applying standardised approaches	11 608	929	18 813	1 505
Foreign exchange rate risk	4 778	382	5 010	401
Total market risk	50 619	4 050	48 967	3 918
Other own funds requirements				
Operational risk advanced measurement approach	47 804	3 824	48 126	3 850
Settlement risk	1	0	42	3
Credit value adjustment	6 910	553	9 286	743
Investment in insurance business	15 525	1 242	15 525	1 242
Other exposures	5 243	419	4 526	362
Additional risk exposure amount ²⁾	8 898	712		
Total other own funds requirements	84 381	6 750	77 505	6 200
Total	570 840	45 667	616 531	49 322

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

²⁾ Regulation (EU) No 575/2013 (CRR) Article 3.

Risk exposure amount	SEK bn
Balance 31 December 2014	617
Volume and mix changes	-23
Currency effect	-2
Process and regulatory changes	-21
Risk class migration	-6
Underlying market and operational risk changes	6
Balance 31 December 2015	571

The risk exposure amount (REA) decreased by SEK 46bn in 2015. The decrease was mostly driven by a change in the volume and mix lowering REA by SEK 23bn.

The exchange rates were relatively volatile during the year, but at year-end the effect was fairly low and decreased REA by SEK 2bn.

Risk model approvals by the Swedish FSA decreased REA by SEK 16bn. There were also a number of process improvements. Against the background of the SFSA's upcoming review of corporate risk weights, SEB has agreed with the SFSA to, as a measure of prudence, increase the Additional Risk Exposure Amount by SEK 9 bn.

Corporate migration towards better risk classes decreased REA.

Underlying market risk added to REA volatility during the year and its contribution was SEK 6bn at the end of the year.

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.

IRB reported credit exposures (less repos and securities lending)	31 Dec	31 Dec
Average risk-weight	2015	2014
Exposures to institutions	24.4%	23.5%
Exposures to corporates	32.3%	36.2%
Retail exposures	9.8%	9.7%
of which secured by immovable property	6.9%	6.9%
of which qualifying revolving retail exposures	42.4%	7.5%
of which retail SME	62.9%	54.6%
of which other retail exposures	28.4%	35.0%
Securitisation positions	46.5%	43.5%

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 42.4 per cent.

Skandinaviska Enskilda Banken AB (publ.)

Income statement – Skandinaviska Enskilda Banken AB (publ.)

In accordance with FSA regulations SEK m	Q4			Q3		Q4		Jan - Dec		
	2015	2015	%	2014	%	2015	2014	%		
Interest income	7 258	7 200	1	8 213	-12	30 092	34 788	-13		
Leasing income	1 372	1 364	1	1 334	3	5 439	5 442	0		
Interest expense	-3 722	-3 741	-1	-4 553	-18	-16 043	-20 447	-22		
Dividends	1 462	253		1 217	20	8 028	3 375	138		
Fee and commission income	3 065	2 754	11	3 347	-8	12 258	11 090	11		
Fee and commission expense	- 732	- 711	3	- 556	32	-3 058	-1 855	65		
Net financial income	1 153	807	43	36		3 428	2 121	62		
Other income	486	154		455	7	1 137	1 714	-34		
Total operating income	10 342	8 080	28	9 493	9	41 281	36 228	14		
Administrative expenses	-3 361	-3 230	4	-3 664	-8	-13 458	-13 909	-3		
Depreciation, amortisation and impairment of tangible and intangible assets	-1 346	-1 411	-5	-1 340	0	-5 447	-5 157	6		
Total operating expenses	-4 707	-4 641	1	-5 004	-6	-18 905	-19 066	-1		
Profit before credit losses	5 635	3 439	64	4 489	26	22 376	17 162	30		
Net credit losses	- 64	- 186	-66	- 193	-67	- 520	-1 065	-51		
Impairment of financial assets	- 113	- 237	-52	-1 770	-94	- 775	-2 721	-72		
Operating profit	5 458	3 016	81	2 526	116	21 081	13 376	58		
Appropriations	262	- 308	-185	274	-4	781	966	-19		
Income tax expense	-1 159	- 424	173	- 45		-3 679	-2 072	78		
Other taxes	- 148			- 16		- 138	19			
Net profit	4 413	2 284	93	2 739	61	18 045	12 289	47		

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

SEK m	Q4			Q3		Q4		Jan - Dec		
	2015	2015	%	2014	%	2015	2014	%		
Net profit	4 413	2 284	93	2 739	61	18 045	12 289	47		
<i>Items that may subsequently be reclassified to the income statement:</i>										
Available-for-sale financial assets	- 362	- 4		118		- 423	863			
Cash flow hedges	- 561	141		945		- 665	3 095			
Translation of foreign operations	- 34	- 23	48	- 25	36	- 41	- 3			
Other comprehensive income (net of tax)	- 957	114		1 038		-1 129	3 955			
Total comprehensive income	3 456	2 398	44	3 777	-8	16 916	16 244	4		

Balance sheet - Skandinaviska Enskilda Banken AB (publ.)

Condensed SEK m	31 Dec 2015	31 Dec 2014
Cash and cash balances with central banks	55 712	59 170
Loans to credit institutions	166 267	194 285
Loans to the public	1 080 438	1 056 807
Financial assets at fair value	415 321	511 738
Available-for-sale financial assets	12 985	16 042
Held-to-maturity investments		91
Investments in associates	1 001	921
Shares in subsidiaries	52 398	54 294
Tangible and intangible assets	40 577	41 471
Other assets	41 906	51 323
Total assets	1 866 605	1 986 142
Deposits from credit institutions	134 816	144 776
Deposits and borrowing from the public ¹⁾	690 301	706 452
Debt securities	632 403	682 519
Financial liabilities at fair value	202 791	247 510
Other liabilities	53 532	49 956
Provisions	144	173
Subordinated liabilities	31 372	40 191
Untaxed reserves	23 466	23 102
Total equity	97 780	91 463
Total liabilities, untaxed reserves and shareholders' equity	1 866 605	1 986 142
1) Private and SME deposits covered by deposit guarantee	111 990	110 659
Private and SME deposits not covered by deposit guarantee	124 753	107 188
All other deposits	453 558	488 605
Total deposits from the public	690 301	706 452

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

SEK m	31 Dec 2015	31 Dec 2014
Collateral and comparable security pledged for own liabilities	399 047	366 518
Other pledged assets and comparable collateral	135 864	116 228
Contingent liabilities	87 798	98 966
Commitments	434 656	382 324

Capital adequacy - Skandinaviska Enskilda Banken AB (publ.)

SEK m	31 Dec 2015	31 Dec 2014
Own funds		
Common Equity Tier 1 capital	91 951	83 027
Tier 1 capital	105 806	102 775
Total own funds	119 472	118 480
Own funds requirement		
Risk exposure amount	478 376	513 426
Expressed as own funds requirement	38 270	41 074
Common Equity Tier 1 capital ratio	19.2%	16.2%
Tier 1 capital ratio	22.1%	20.0%
Total capital ratio	25.0%	23.1%
Own funds in relation to capital requirement	3.12	2.88
Regulatory Common Equity Tier 1 capital requirement including buffers	7.6%	7.0%
of which capital conservation buffer requirement	2.5%	2.5%
of which countercyclical capital buffer requirement	0.6%	
Common Equity Tier 1 capital available to meet buffers ¹⁾	14.7%	11.7%

¹⁾ CET1 ratio less minimum capital requirement of 4.5% excluding buffers. In addition to the CET1 requirements there is a total capital requirement of additional 3.5%.

The internally assessed capital requirement for the parent company amounted to SEK 44bn (52).

This is SEB

Our vision	To deliver world-class service to our customers.
Our purpose	We believe that entrepreneurial minds and innovative companies are key to creating a better world. We are here to enable them to achieve their aspirations and succeed through good times and bad.
Our overall ambition	To be the undisputed leading Nordic bank for corporations and institutions and the top universal bank in Sweden and the Baltic countries.
Whom we serve	2,300 large corporations, 700 financial institutions, 257,000 home bank SMEs and 1,3 million private home bank customers bank with SEB. We serve them mainly in eight countries around the Baltic Sea.
Our strategic priorities	<p>Leading customer experience – develop long-term relationships based on trust so that customers feel that the services and advice offered are insightful about their needs, are convenient and accessible on their terms and that SEB shares knowledge and acts proactively in their best interest.</p> <p>Growth in areas of strength – pursue growth in three selected core areas – large corporations and financial institutions, small and medium-sized enterprises in Sweden, and savings offering to private individuals and corporate customers.</p> <p>Resilience and flexibility – maintain resilience and flexibility in order to adapt operations to the prevailing market conditions. Resilience is based upon cost and capital efficiency.</p>
Values	Guided by our Code of Business Conduct and our core values: customer first, commitment, collaboration and simplicity.
People	Around 15,500 highly skilled people serving customers from locations in some 20 countries; covering different time zones, securing reach and local market knowledge.
History	160 years of business, 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